

Masterton District Council

Annual Report

2011/12

ISSN 1178-5039

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**MASTERTON
DISTRICT COUNCIL**
As at 30 June 2012

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

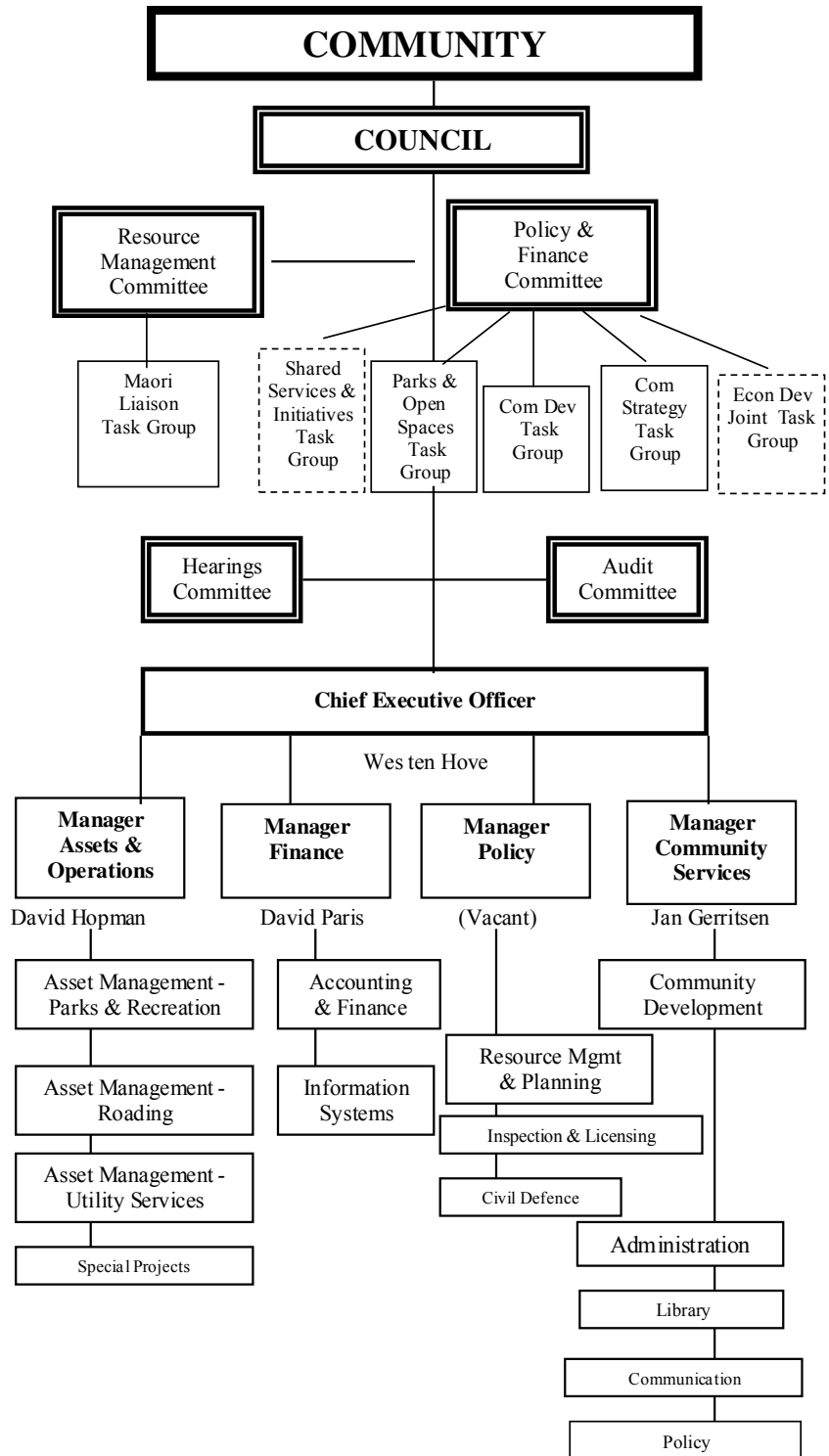
Auditor
Audit New Zealand, Wellington
on behalf of the Auditor
General

Bankers
Westpac, Masterton

Solicitors
Gawith Burridge, Masterton

Insurance Broker
Jardine Risk Consultants Ltd

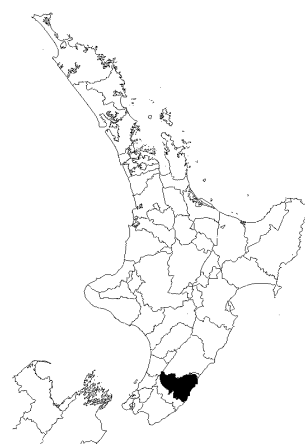
Organisation Structure



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.

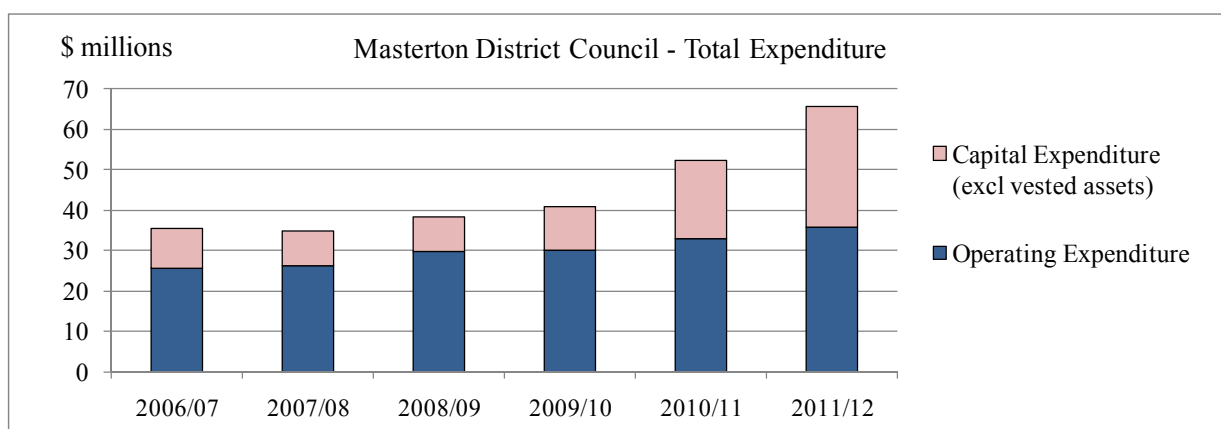
MAYOR & CHIEF EXECUTIVE’S REPORT

We are pleased to introduce the Annual Report of the Masterton District Council for the 2011/12 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 impacts of expenditure on Council infrastructure is well understood by the Masterton community and the general forbearance of our citizens is acknowledged.

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 Plan. The economic downturn has shown little sign of easing its grip on the local, national or world economies, and the Wairarapa economy has not been immune to these factors. Despite this the Council has not slowed up on its progressive programme of infrastructure upgrades. The imperative of meeting environmental and resource consent-driven standards is a key driver and has had to take precedence over the option of slowing up and easing the economic impacts. 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 2011/12 year has seen the Council’s total expenditure increase to over \$65 million – its highest ever level (as per the graph below) – and largely due to the major capital projects being undertaken. Loan funding has been utilised for the urban sewerage upgrade project as it is a long term investment by the community where intergenerational benefits will accrue.



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. \$15.3 million was spent on the project which includes construction of new oxidation ponds, a new river discharge structure, irrigation to land and buffer planting. The wetter than usual summer weather played a part in the construction work not keeping to schedule, while issues with the design saw the Council, its consultants and the contractor going through dispute resolution processes during the year.
- The Riversdale Beach community sewerage scheme was commissioned in November 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 in full during the construction period. 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 and lateral renewals continued during the year, with 4.8km either renewed or relined (last year 3.0km). While some 6.2km of water mains were renewed (last year 0.5km).
- The upgrade of Mawley Park has progressed during the year, with a new operating regime starting from November 2011 to go with the upgraded buildings. The occupancy and revenue has shown marked improvement for this key facility for visitors to our district.
- The Council spent much of the year developing and consulting on a new Long Term Plan (the LTP). Considerable effort was put in by councilors and staff, developing and improving our asset management plans, defining levels of service, setting operating budgets, funding policies and performance measures. The resulting document was adopted by the Council in June 2012 and will be the blueprint for the delivery of services and projects for the next three years.
- We were fortunate that Masterton was chosen to be the first provincial town to have Ultra-Fast Broadband (UFB) installed. During the year large areas of Masterton have benefited from the Government's roll out of the ultra-fast broadband telecommunications network (fibre-optic cables). While the contractors were busy digging up footpaths, some Council footpath renewal work was delayed, but we will reap the long-term economic benefits to our community from better access to the internet.

The Council has been working during the year with the other two Wairarapa Councils on a governance review that could see us move beyond the efficiencies gained through working more closely, to a point where we can consider the best options for structural changes to local governance in the Wairarapa. This work has been progressed alongside similar reviews of governance across the Wellington region.

We wish to sincerely thank the staff of the Council and our contractors – we can assure the ratepayers and residents of Masterton 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

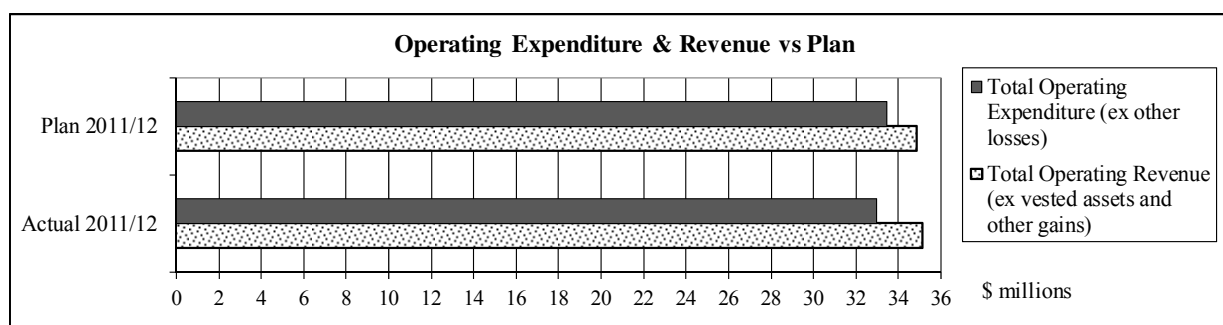
In the 2011/12 year the Council has continued to deliver a range of services to Masterton District’s residents. The local roads were maintained and renewed, treated water was delivered to some 8,000 properties in the urban supply area, while sewerage services dealt with wastewater. The urban transfer station and recycling facility was open seven days per week throughout the year, rubbish and recycling collections were available in the urban areas and regulatory services such as dog control and planning were provided. The many parks and gardens in the district were maintained and the swimming pools and War Memorial stadium continued to be available and used by residents and visitors alike. These being only some of the services the Council has delivered or supported for the residents and community of Masterton.

The Council’s work programme was based on ‘Year 3’ of the 2009-19 Long Term Council Community Plan (LTCCP). The Plan figures are based on the 2011/12 Annual Plan that was adopted in June 2011. Apart from a few exceptions, the work programme laid out in that plan has been largely completed and the following information describes some of the major aspects.

FINANCIAL SUMMARY

The Council is in a sound financial position after again achieving an operating surplus and having most operational areas come in close to or less than the plan. Good progress was made on a number of large infrastructural asset projects, including the upgrading of the Homebush sewerage treatment plant, completion and commissioning of Riversdale Beach sewerage scheme, the renewal of urban water and sewer reticulation assets and completing the upgrading of Mawley Holiday Park.

Operating revenue was \$35.2m (excluding one-off gains) compared to a Plan of \$34.9m. Operating expenditure was \$33.0m (excluding one-off losses) compared to a Plan of \$33.4m. The figure below illustrates these figures in a graphical way.



A surplus of operating revenue over expenditure of \$0.6m was achieved, but after excluding one-off gains and losses the surplus is \$2.2m versus a Plan of \$1.45m.

Capital expenditure was \$30.2m compared to a Plan of \$36.1m.

Areas where variances from Plan have occurred include:

- Riversdale Beach sewerage rates \$189,000 (21.3%) more income as a number of joining properties paid capital contributions earlier than expected
- interest income \$137,000 more than planned – generated by having more funds than planned on deposit earning interest
- roading subsidy income from NZTA \$156,400 less than planned – there was a large amount of renewal programme catch up work completed during the year, but a planned bridge replacement job was not completed this year and the associated NZTA subsidy was not claimed
- roading operating costs were \$534,000 less than planned (9.5%), but this is offset by subsidised roading renewals work (capitalised) being \$731,600 (15.9%) more than planned. This is as a result of urban reseal work carried forward from the previous year. The footpath resurfacing programme was severely curtailed due to the broadband installation work needing to be done first
- personnel costs were \$79,400 (1.6%) less than planned

- interest costs were \$434,600 (16.6%) less than planned as a result of lower average interest rates, later draw-downs and less loan funding required for the major capital projects
- depreciation expense was \$876,600 (10.0%) more than planned due to the planned figures under-estimating the effect of the infrastructural asset revaluation at 30 June 2011, particularly for roading assets
- excluding roading, a net \$270,500 (2.4%) of savings have been made against other operating expenditure items, including expenditure in some areas higher than planned
- the urban wastewater upgrade project capital expenditure was \$15.3m against a plan of \$20.45m. Significant progress was made on constructing the new oxidation ponds and land disposal system, but delays due to weather and design and contract dispute issues have meant the project is not as far through construction as was planned
- A number of capital projects have been progressed, including the completion of the Riversdale Beach sewerage scheme, water and sewer main renewals, the airport runway reseal and parking meter replacements.

On the Statement of Financial Position (Balance Sheet) at 30 June 2012 the Council has \$20.6m of current and financial assets. This compares to \$21.9m last year and \$15.9m planned. Current liabilities are \$16.0m, but this includes a \$5m debenture that was scheduled for repayment in July 2012. This debt was refinanced in July 2012. Creditors at 30 June 2012 of \$8.6m are \$1.1m more than the prior year and \$4.1m more than planned – also reflecting the high value capital projects underway at year end. Loans (financial liabilities) both current and non-current of \$41.9m are less than the planned \$49.8m due to the urban wastewater upgrade project not being as far advanced as expected.

A revaluation of land and buildings was completed for 30 June 2012 and resulted in a decrease of \$362,000. The plan anticipated an increase of \$5m. Infrastructural assets were revalued as at 30 June 2011 and resulted in a \$65.5m increase in the DRV (depreciated replacement value), a 12.5% increase which was not fully anticipated in the plan figures. In public equity, the special funds and restricted reserves have finished the year at \$17.0m, some \$3.2m more than the \$13.8m 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

Masterton District Council has spent some 15 years going through the process of gaining a long term resource consent from Wellington Regional Council for the discharge of treated wastewater from the Homebush treatment plant. After a lengthy and expensive process, a consent was granted in April 2009, based on a plant upgrade that will see a significant reduction of flow into the Ruamahanga River, particularly at times of low river flow. Further process for appeals, mediation, review and modification took a further 18 months.

The upgrade includes building new oxidation ponds to replace existing ponds, a new river discharge outlet and diffuser, an irrigation system for disposal to land of treated wastewater and a number of other consent-related aspects such as buffer planting. Two separate contracts to construct the upgrade of the Homebush treatment plant were let to Hopper Construction with work starting in early 2010. The contracts were for the civil works (ponds & border strip irrigation) and structural/mechanical/engineering (SME) work. The upgrade is designed to meet the various performance aspects of the resource consent – the ultimate aim being the reduction of the Masterton plant's effects on the Ruamahanga River.

During 2011/12 there was considerable progress made on construction of the new ponds, including completion of the under-cut work to ensure the new pond walls met the required standards. As was mentioned in last year's annual report, design omissions and forecasting errors by the Council's consulting engineers resulted in the capital project sum revised upwards to over \$30m. The liability and legal issues that arose from those errors have run parallel to the construction progress during 2011/12.

A further issue relating to availability of material to construct the ponds' liner held up completion of the ponds as planned. The wetter than usual summer and autumn months also contributed to less work than planned being completed. The liability and contract disputes were concluded in October 2012 with a negotiated settlement achieved. The settlement does not impact on the year end position as reported in this report and in financial terms, the budgets set for 2012/13 and beyond will be achievable. The Council can now move forward and complete the project.

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 progressed through 2010/11 and the first four months of 2011/12. The scheme was commissioned in November 2011, following testing of all aspects of the reticulation, treatment and disposal components. Property owners have progressively been installing connections to the scheme since November 2011. The Riversdale Terraces subdivision owners have agreed to join the community scheme, with the Council taking over ownership of their pressure reticulation network and owners paying capital contributions as they connect to the community scheme.

The funding model for the RBCSS has seen the capital costs of the project spread across existing, connecting properties with a government subsidy applied and the Council also contributing a subsidy and acting as financier of a loan. That loan is expected to be repaid as Riversdale develops and more properties connect to the scheme. Over twelve years in development, the Council has spent \$9.8 million on the design, consultation and construction of the scheme. Funding has been approximately 55% from initial connecting properties, 28% from subsidies (government and Council) and 17% from loan funding/future connections.

Of the initially assessed 350 residential equivalent connections, 237 (68%) have now paid their capital contribution of \$16,969 (incl GST) via a lump sum payment or over two years. A further 113 residential equivalents are paying off their contributions over either five years or 20 years. At 30 June 2012 the Council is carrying a debt of \$3.1m on behalf of the RBCSS. \$1.44m of this will be repaid by ratepayers who are paying off their contributions and the balance via capital contributions charged to new joiners to the scheme.

WATER & SEWERAGE MAINS RENEWED

During 2011/12 some 6.2 km of water mains were renewed (last year 2.68 km) at a value of \$951,200. Water mains were replaced in Kuripuni St, South Belt, River Road, High Street, Perry Street, Railway Cres and Renall St. This length makes up 3.9% of the network.

2011/12 has been the third year of work on a sewer renewal programme that has seen close to \$6 million spent on replacing or relining 13.65 km of sewer pipes. These lengths make up 10% of the sewer network. The work has been undertaken largely with in-house design and contract supervision and follows through on the commitments made in the 2009 LTCCP to address the aspects of the reticulation networks that need renewal.

Sewer mains replaced in 2011/12 include Victoria St, College St, Cole St, Hope St, Solway Cres, Totara St, and Kitchener St and 720 metres of sewer trunk in Te Whiti Road was relined. A renewal job in Dixon Street was underway at year end. The renewal work includes replacing lateral connections to property boundaries and has shown positive results through fewer blockages and reduced flows into the treatment plant.

ROAD UPGRADES

2011/12 was Year 3 in the NZTA three year programme with a total of \$5.34 million spent of subsidised renewals work. Several aspects of the renewals programme had been carried forward from Years 1 & 2 and completed in Year 3, in particular the resealing of a number of urban streets following services renewals in 2009/10. The replacement of Black Swamp bridge did not proceed during the year and the construction of a permanent 'fix' of the slump near the Tinui landfill was part-constructed at 30 June 2012.

The non-subsidised work programme included refurbishment of the Queen Elizabeth Park footbridge, but less footpath resurfacing than planned as the Council waited for the contractors installing broadband cabling to finish their work. New parking meters were installed in the CBD, but footpath resurfacing work was only part-completed at year end as it was also delayed by the broadband installation. A portion of Solway Crescent received an upgrade to urban-standard roading following subdivision and development over a number of years.

SOLID WASTE

The solid waste contracts continued to deliver good value services to ratepayers through the collection of both waste and recyclables and the operation of transfer stations at Nursery Road, Mauriceville, Riversdale Beach and Castlepoint. The recycling and composting operations at Nursery Road have benefited from the investment in upgraded buildings over the last two years.

The Council's main contractor, Earthcare Environmental has added South Wairarapa waste contracts to their broad-based Wairarapa coverage and have achieved operational efficiencies by the handling some of the Carterton and South Wairarapa waste and all of their recycling, through the Nursery Road Masterton facility. This facility has become the key hub for the operation of the solid waste services in the Wairarapa. The gate fee revenue has exceeded the plan expectations through a simplified pricing structure and higher volumes of cleanfill than expected. That cleanfill is being stockpiled for future use as cover material on the closed landfill.

MAWLEY HOLIDAY PARK UPGRADE

In 2010 the Council adopted a business plan to improve the usage and turnover of Mawley Holiday Park, with capital expenditure on upgrading the facility spread over two financial years and totalling \$1.8 million. The business plan anticipated a change to the management of the facility and a steady improvement in usage and revenue generated.

The expenditure on the upgrade over the two years has totaled \$1.85 million while operating revenue of \$178,000 for 8 months to 30 June 2012 has exceeded the business plan expectations for Year 1 by 47%. The net rates input into Mawley Holiday Park for 2011/12 was \$147,750 but actual rates required has been \$110,213, a saving of 25%.

PARKS AND RECREATION UPGRADES

The Council progressed the upgrading of community recreation assets in a number of areas during 2011/12. Queen Elizabeth Park rejuvenation expenditure of \$176,200, funded from Reserves, was largely around the old depot and aviary areas where fencing, access roads and carparking areas were upgraded. Recreation trails were developed along the Waipoua River, including bollards and a carpark near the northern roundabout. The Wairarapa Artificial Track Trust had raised enough funding to proceed with the installation of an artificial surface running track at the Colin Pugh Sportsbowl, with the Council providing a grant of \$331,000 towards the facility.

Safety matting was installed in a number of playgrounds, and public toilet redevelopments were either completed or underway at Riversdale Beach, Kuripuni and Queen Elizabeth Park. The Genesis Energy Recreation Centre continued to have problems with the water heating system. A temporary diesel boiler was installed to ensure there was sufficient heating capacity to maintain service levels, but the fuel and hire costs for this extra plant have contributed to the operating costs of the facility being 22% higher than planned.

WAIRARAPA COMMUNITY CENTRE

The Council has been working over a number of years with the Wairarapa Community Centre, focusing on finding new premises for them as their old leased building did not meet the standards for a public building. In March 2012 they officially opened their new premises which were purchased with help from a Lottery Community Facilities grant and a \$100,000 grant from the Council. The new premises provide modern, airy offices, a commercial kitchen and improved meeting facilities. The groups whose offices are housed in the new centre are appreciating their new working environment, with energy efficiencies and are working to further enhance co-ordination of their services.

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.

SHARED SERVICES & GOVERNANCE REVIEW

The Council has been working with South Wairarapa & Carterton District Councils and the wider Wellington region on a number of initiatives to achieve efficiencies through collaboration. Consultants Morrison Low were engaged to analyse options for future governance in the Wairarapa. They reported back their recommendations in September 2012.

Opportunities for shared services across the Wairarapa Region have been progressed and we have participated in Wellington shared services initiatives. GIS and Emergency management services were run from 1 July 2011 as shared services across the Wairarapa and from 1 July 2012, Emergency Management has transferred to the Wellington Region. From 1 July 2011 the Wairarapa Rural Fire District took over the operational assets and responsibility for service delivery of the three Council's rural fire responsibilities. The Councils, along with the Dept of Conservation, continue to fund the service via rates.

From September 2011 the library service to our residents received a major boost as the Council joined with Porirua, Hutt City, Kapiti Coast District Councils and Weltec and Whitireia Polytech to launch the SMART service that enabled residents to borrow from any of the participating libraries. This service has increased the items available to our residents from 60,000 to 600,000.

MASTERTON DISTRICT COUNCIL
STATEMENT OF COMPLIANCE AND RESPONSIBILITY
FOR THE YEAR ENDED 30TH JUNE 2012

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 2012 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

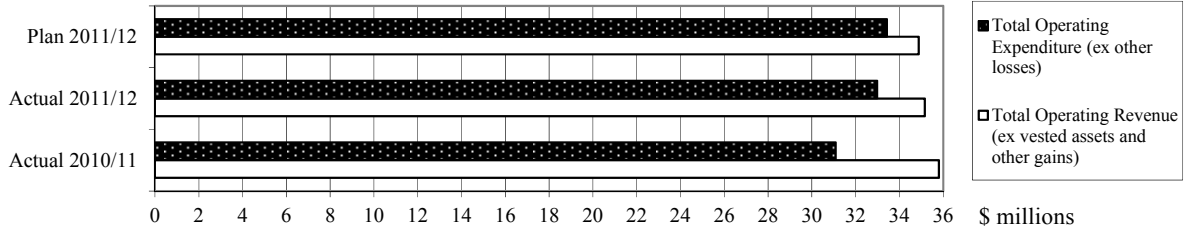
Date: 31 October 2012
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Last Year

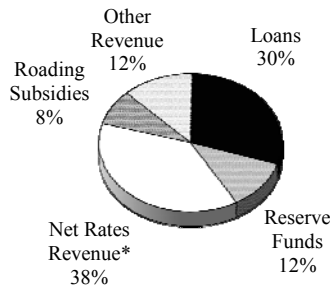
Actual 2010/11		Actual 2011/12		Plan 2011/12	
\$ 48,835,766	Total Expenditure (incl Capital items)	\$ 60,025,897		\$ 66,679,010	
\$ 22,788,753	Funded by: Net Rates Revenue*	\$ 22,670,809	38%	\$ 22,564,910	34%
\$ 3,658,121	Roading Subsidies	\$ 4,984,193	8%	\$ 5,140,610	8%
\$ 9,359,338	Other Revenue	\$ 7,508,388	13%	\$ 7,179,660	11%
\$ 9,631,749	Loans	\$ 17,916,943	30%	\$ 23,850,000	36%
\$ 3,397,805	Reserve Funds	\$ 6,945,564	12%	\$ 7,943,830	12%
\$ 48,835,766		\$ 60,025,897		\$ 66,679,010	

*Includes Riversdale Beach sewerage scheme capital contributions

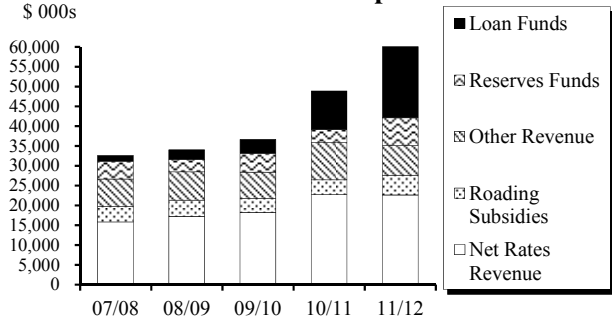
Revenue & Expenditure Comparisons



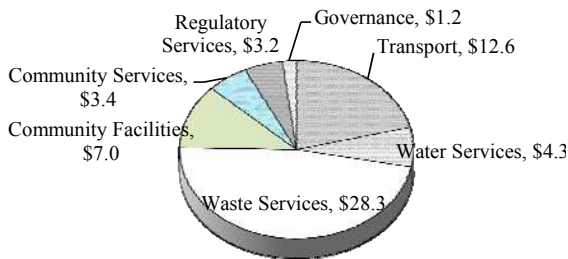
Source of Funds 2011/12



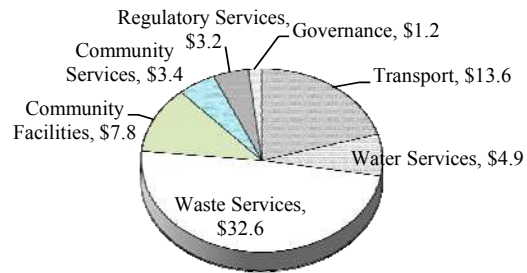
Source of Funds Comparison



Total Expenditure by Activity Actual 2011/12 \$60 million



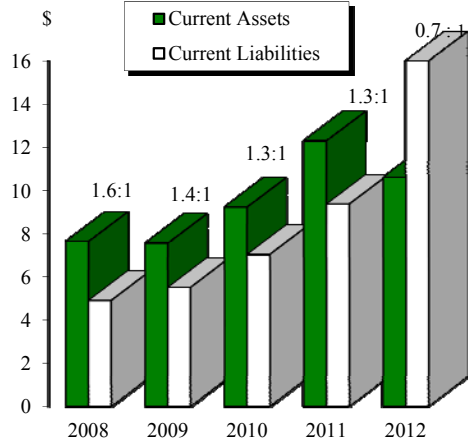
Plan 2011/12 \$66.7 million



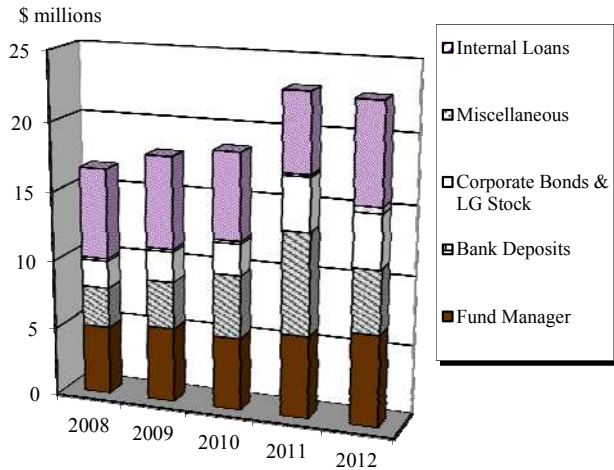
Financial Ratios

	2009/10	2010/11	2011/12	Plan 11/12
Current Ratio	1.3	1.3	0.7	1.6
Liquidity Ratio	1.5	1.4	0.7	1.5
Long Term Debt (external) per rateable property	\$1,450	\$2,153	\$2,949	\$4,041
Long Term Debt (external) per capita	\$764	\$1,142	\$1,504	\$2,061
Interest costs as % of rates income	7.3%	9.0%	11.3%	13.3%
Debt servicing costs as % of rates income	11.8%	17.4%	16.9%	19.2%
Reserve Funds as % of rates income	86.5%	92.4%	78.2%	63.4%
Investments (external) as % of rates income	77.2%	91.7%	71.5%	57.5%
Rates receivable as % of rates levied	1.0%	1.1%	1.6%	1.5%

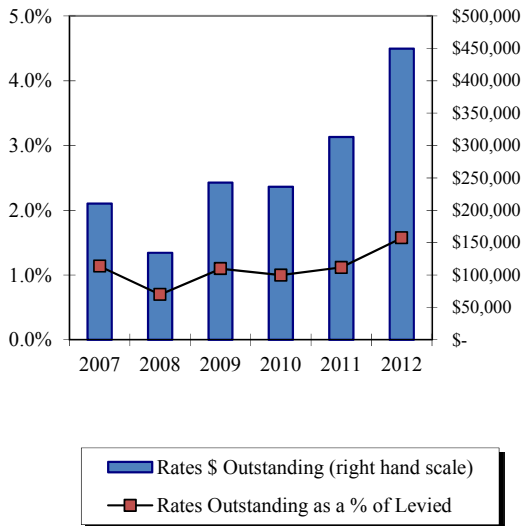
CURRENT ASSETS TO CURRENT LIABILITIES



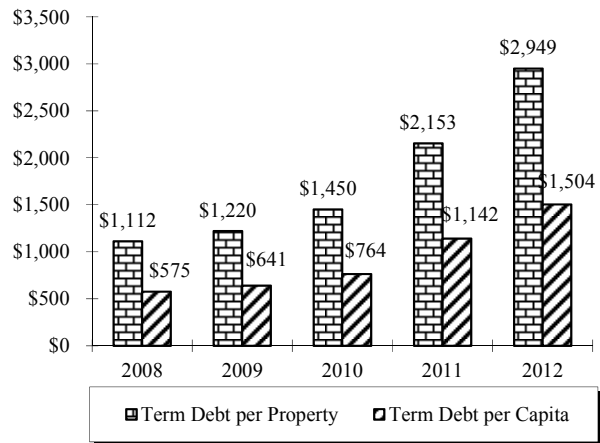
INVESTMENTS



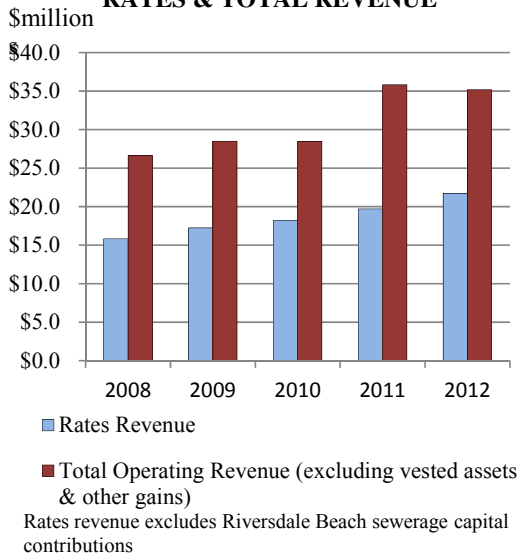
RATES ARREARS



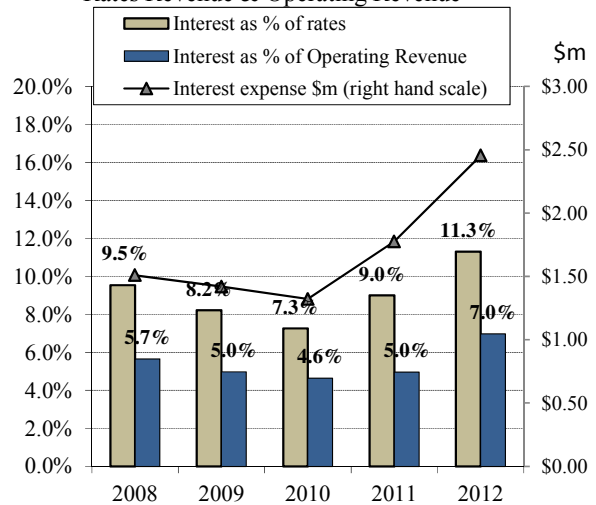
TERM LIABILITIES (external) per Ratepayer and per Capita

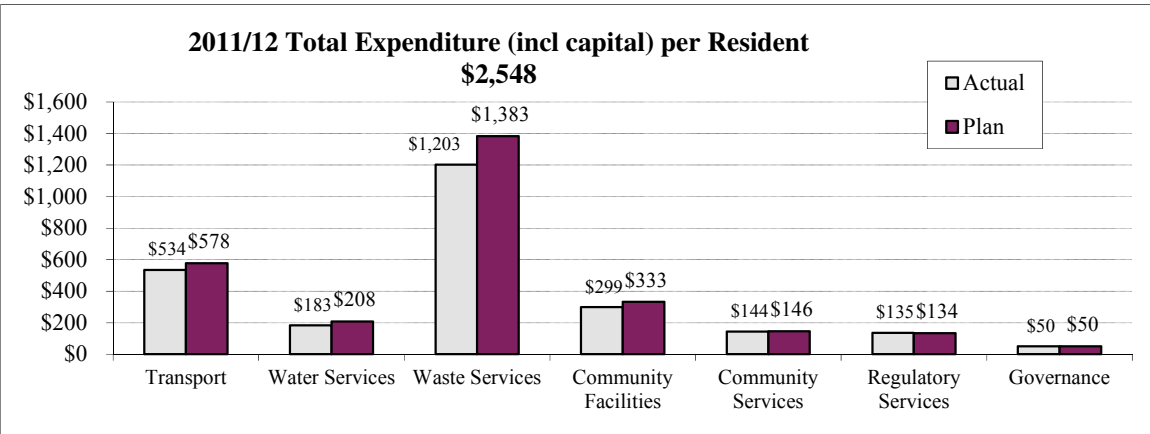
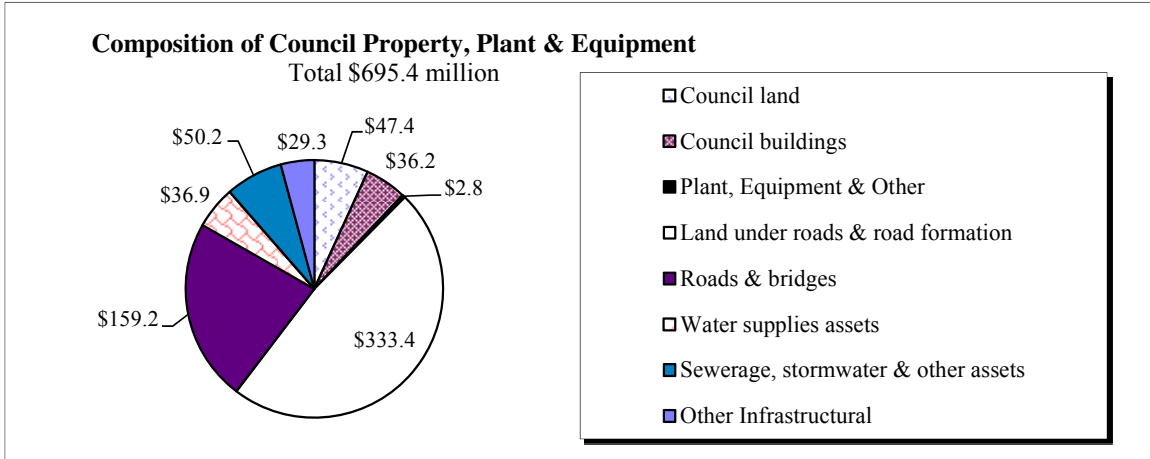
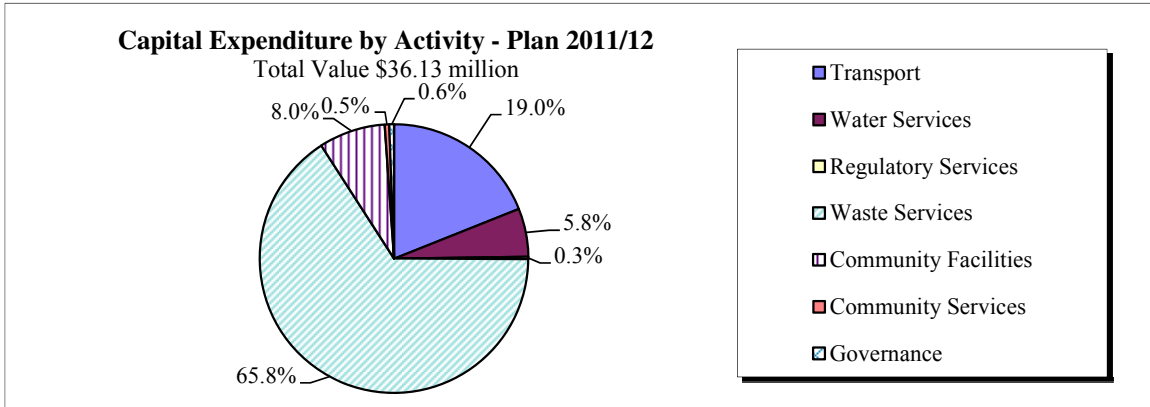
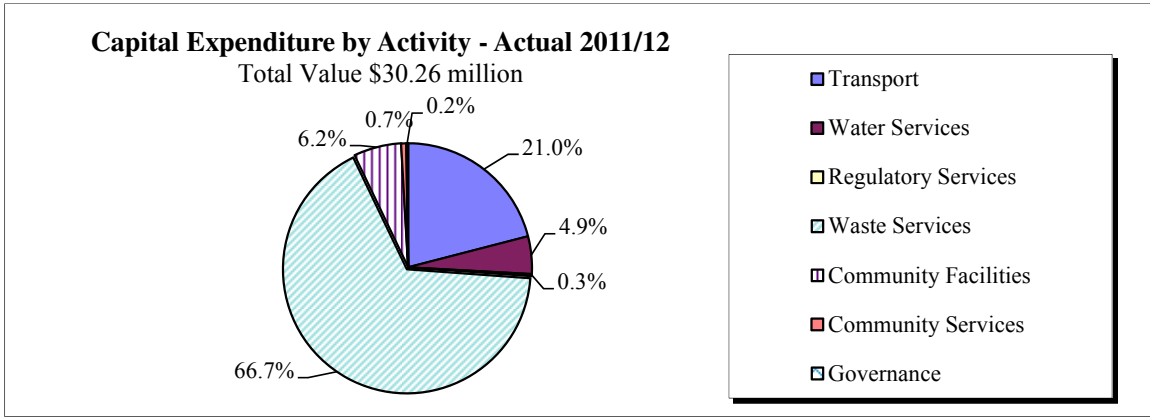


RATES & TOTAL REVENUE



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





MASTERTON DISTRICT COUNCIL

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

Community Outcomes

The Community Outcomes developed in 2006-16 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 2011/12 was the third 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 2011/12 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 2011/12?

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 2011/12 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 that opened early in 2011 has enhanced the 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 was developed and released for submissions that closed on 30th September 2011. A revised draft plan was sent to the Riversdale Ratepayers Association for comment in March 2012. The Plan will now be modified again to reflect decisions made by the Council in preparing the Long Term Plan and recirculated to the Association for final approval before its formal notification.

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	9.5 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)	8.9 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)	8.9 hectares of park per 1000 residents in the Masterton District (MDC Parks, 2012) 77 QEII covenants cover 1,309 hectares (GWRC 2012) High-value ecosystems remain at 10.6 % of the Masterton District land area (GWRC 2012)
	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)	Of the 467 recorded Total Control and Containment sites in the Masterton District, 202 (43.25%) were clear at last inspection (GWRC, June 10)	Of the 505 recorded Total Control and Containment sites in the Masterton District, 337 66.7% were clear at last inspection (GWRC, 2012)
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, 2010/11): Coastal Sites (5 sites): 2 sites very good, 2 sites good and 1 site not determined.	Grades for Masterton District sites* (GWRC, 2012): Coastal Sites (5 sites) average grade over previous 5 years*: 3 sites very good and 2 sites good.

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 site fair/poor; 2 sites very poor and 1 site not determined Aa rating maintained (2011)	Freshwater sites (5 sites) average grade over previous 5 years*: 2 sites good, 1 site fair and 2 sites very poor *Please note, there has been a change in the way this information is reported. Aa rating maintained (2012)
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)	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, 2010)	Carbon monoxide and nitrogen rates are at least 'good' 100% of the time. Fine particle (PM10) rates are at least 'good' 75.6% of the time; but reached 'alert/action' levels 5% of the time. (GWRC, 2012)
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 2010/11 by 5.1% from the previous year, with an average annual reduction of 3.6% per annum over the last six years.	Waste to landfill reduced in 2011/12 by 1.78% from the previous year, with an average annual reduction of 2.2% 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)	71% of people are very/fairly satisfied with efforts to preserve the natural environment (Feb, 2011).	71% of people are very/fairly satisfied with efforts to preserve the natural environment (Feb, 2012).

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 2011/12?

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 2011/12 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. Masterton Library users now have access to a wider range of materials.

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 the Mayor's fortnightly column in the Wairarapa News and newsletters on both the Riversdale Sewerage Scheme and the Urban Wastewater Treatment Plant Upgrade. A key areas of consultation during the year was developing the 2012/22 Draft Long Term Plan that attracted 77 written submissions plus a further 52 filled out the submission form that sought opinions on specific questions.

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

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 2011/12 financial year, is listed below:

Indicator	Council's Role	Baseline	As at Date Last Reported:	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)	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% 0-4 year olds in the Masterton District are enrolled in licensed early childhood education services (Ministry of Education, for 2008 year) *Actual number = 1162	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)	1132 0-4 year olds in the Masterton District are enrolled in licensed early childhood education services (Ministry of Education, for 2011 year) Please note, there has been a change in the way this information is reported. Without a Census update the proportion of 0-4 year olds has not been reported.
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.	91.6% of school leavers left school with NCEA 1 or above 80.3% of school leavers left school with NCEA 2 or above 53.4% of school leavers left school with a University Entrance Standard 8.4% of school leavers left school without achieving at least NCEA 1. (Ministry of Education, for 2011 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)	52% of people in the Masterton District have access to the internet in their home (Census, 2006)
Indicator	Council's Role	Baseline	Progress to Date	Indicator

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)	54% of enrolled voters in the Masterton District cast a vote in the 2010 local government election (2010)
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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 2011/12?

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 2011/12 financial year include:

Waitangi Day Origins Festival

The sixth Waitangi Day Origins Festival was held at Henley Lake on Waitangi Day 2012. 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 took the form of a family picnic and provided a range of activities for children and families. 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. 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)
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 2011/12?

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 2011/12 financial year include:

Arts, Culture & Heritage Strategy Implementation

Toi Wairarapa, the Wairarapa Arts, Culture and Heritage Trust is 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 facilitates the addition of an arts dimension to many activities including Golden Shears. A series of winter workshops promoting art and cultural skills and knowledge were 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, Golden Shears, Waitangi Day Festival and this year the Rugby World Cup where we hosted the Georgian team.. Summer Hummer and Summer Swing were not held this year as the Council looks at alternative formats for these events. 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 2011/12 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)	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)	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)	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>	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)	88% of people reported that they definitely or mostly felt that Masterton was a safe place to live (Feb 2011).	90% of people reported that they definitely or mostly felt that Masterton was a safe place to live (Feb 2012).
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)	54% of enrolled voters in the Masterton District cast a vote in the 2010 local government election (2010)	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)	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)	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)	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). 10% thought it was worse than 3 years ago.	33% of people thought Masterton was a better place to live than it was 3 years ago; 53% thought it was 'about the same' (Feb, 2012). 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)	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 2011/12?

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 2011/12 financial year, please see the appropriate Cost of Services Statement by Activity section of this Annual Report.

Measuring Progress Towards This Outcome:

In 2006 when the 2006/16 LTCCP was adopted, progress indicators were identified for each of the community outcomes. Progress to date, where measured in the 2011/12 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)	0 Fatal crashes. 7 Serious injury crashes 50 minor injury and 210* non-injury crashes (2010) <i>*Note: there was an error in the data provided. This figure should have been: 153</i>	3 Fatal crashes. 7 Serious injury crashes 48 minor injury and 97 non-injury crashes (2011)
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)	0 deaths, 8 serious casualties and 57 minor casualties (2010)	3 deaths, 11 serious casualties and 63 minor casualties (2011)
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)	75% of people are "very/fairly satisfied" with roads and 54% of people are "very/fairly satisfied" with footpaths (Feb, 2011)	71% of people are "very/fairly satisfied" with roads and 61% of people are "very/fairly satisfied" with footpaths (Feb, 2012)
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. Train carriages have been replaced with new ones.	Consultation on the bus service resulted in plans to extend the bus route to incorporate eastern urban areas. 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)	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)	Carbon monoxide and nitrogen rates are at least 'good' 100% of the time. Fine particle (PM10) rates are at least 'good' 75.6% of the time; but reached 'alert/action' levels 5% of the time. (GWRC, 2012)

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 2011/12?

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 2011/12 financial year, please see the appropriate Activity section of this Annual Report.

Some highlights and achievements for the 2011/12 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 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.	In the year 1 July 2011- 30 June 2012, there was a total of 135,968 visitors (an average of 11,331 per month) with a high of 18,174 in January 2012 and a low of 5,911 in August 2011.
Indicator	Council's Role	Baseline	As at Date Last Reported:	Progress to date

Building	Council is a key contributor in that it manages safety and standards for all building construction in the District	994 building permits with a total value of \$70,396,299 were issued in the 2004/05 financial year (MDC, 2005)	640 building permits with a total value of \$42,936,716 were issued in the 2010/11 financial year (MDC, 2011)	837 building permits with a total value of \$43,088,320 were issued in the 2011/12 financial year (MDC, 2012)
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 number of working age Unemployment Benefit recipients in Masterton as at 30 June 2011 was: 385 (MSD, 2011)	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 2012 was: 399 (MSD, 2012)
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 Regional Strategy	Real Value Added (GDP) Growth: 3.2% GDP per capita Growth: 3.2 Productivity Growth: 2.4 Business Units Growth: 1.7 Business Size Growth: -0.9		In 2007, the Masterton District employed 9,218 FTEs in 2,944 businesses and generated \$713 million 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 2011/12?

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 2011/12 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 2011/12 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 their decisions to relocate here and/or to continue to reside here	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)
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 five times during the year 2011-12. The group was expanded to include representatives of marae and hapu as well as iwi. Work has been undertaken on refining criteria for grants to the Maori community and for marae development.
- Iwi were consulted on the Wairarapa Landscape Plan which will be released for wider public consultation in 2012/13
- 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 \$431,825 (last year \$501,364) and have been recognised as income in the period to 30 June 2012.

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 \$1,900 has been taken specifically for the purposes of a future upgrade of the Opaki Road sewer pipe.

The Wairarapa Combined District Plan is fully operative. Progress was made during the year on a number of Plan changes. No changes were proposed 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 2012

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 other information required by schedule 10 of the Local Government Act 2002 (other information) of the District Council on her behalf.

We have audited¹:

- the financial statements of the District Council on pages 91 to 132, that comprise the statement of financial position as at 30 June 2012, 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, explanatory information and other information required by schedule 10 of the Local Government Act 2002; and
- the statement of service performance of the District Council on pages 34 to 89 that includes other information required by schedule 10 of the Local Government Act 2002.

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

In our opinion:

- The financial statements of the District Council on pages 91 to 132:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the District Council's financial position as at 30 June 2012; and
 - the results of its operations and cash flows for the year ended on that date.
- The statement of service performance of the District Council on pages 34 to 89:
 - 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 2012, 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 other information of the District Council contained in the financial statements and the statement of service performance, complies with the requirements of Schedule 10 of the Local Government Act 2002 applicable to the annual report and fairly reflects the required information.

Our audit was completed on 31 October 2012. 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 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 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 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 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 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, statement of service performance and other information;
- 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 information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, statement of service performance and other 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 forecast; and
- other information in accordance with Schedule 10 of the Local Government Act 2002 that fairly reflects the required information.

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 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 other 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 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,
Palmerston North, New Zealand

Matters relating to the electronic presentation of the audited financial statements, statement of service performance and the other requirements

This audit report relates to the financial statements, statement of service performance and the other requirements of Masterton District Council for the year ended 30 June 2012 included on Masterton District Council's website. The Council is responsible for the maintenance and integrity of Masterton District 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, statement of service performance and the other requirements since they were initially presented on the website.

The audit report refers only to the financial statements, statement of service performance 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, statement of service performance 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, statement of service performance and the other requirements as well as the related audit report dated 31 October 2012 to confirm the information included in the audited financial statements, statement of service performance 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.

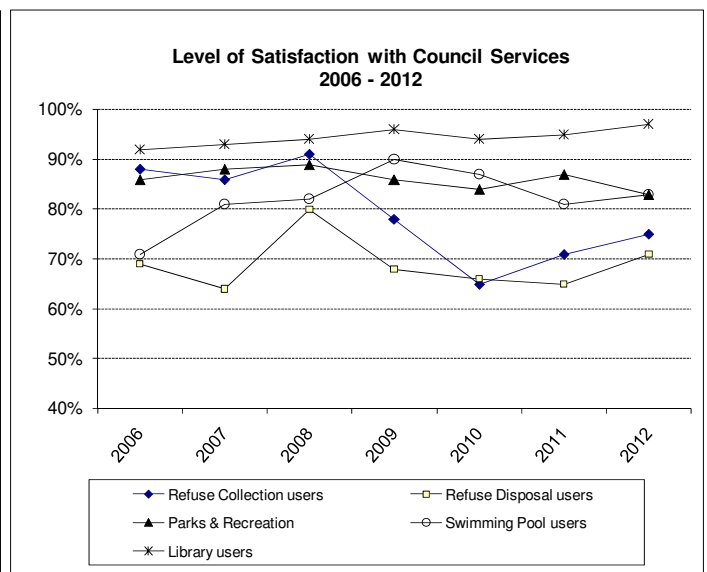
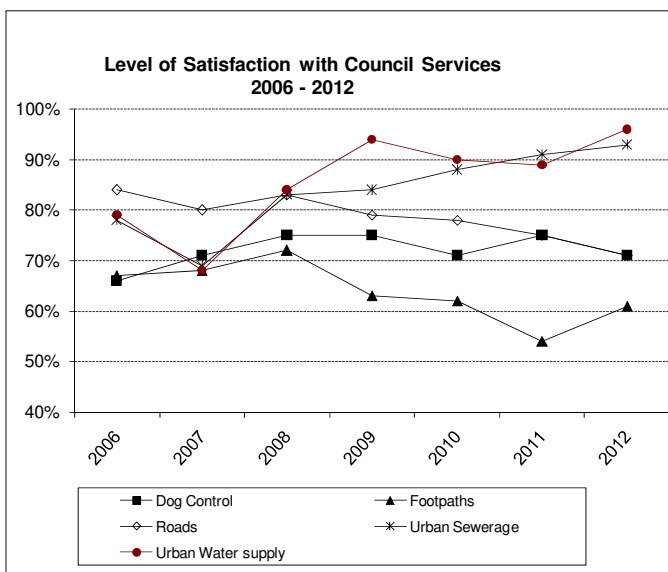
The performance measures are separately identified for each activity and the results reported have been audited. Each significant activity's performance measures try to incorporate elements of quality, quantity, timeliness, cost and location where they are relevant to the activity.

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

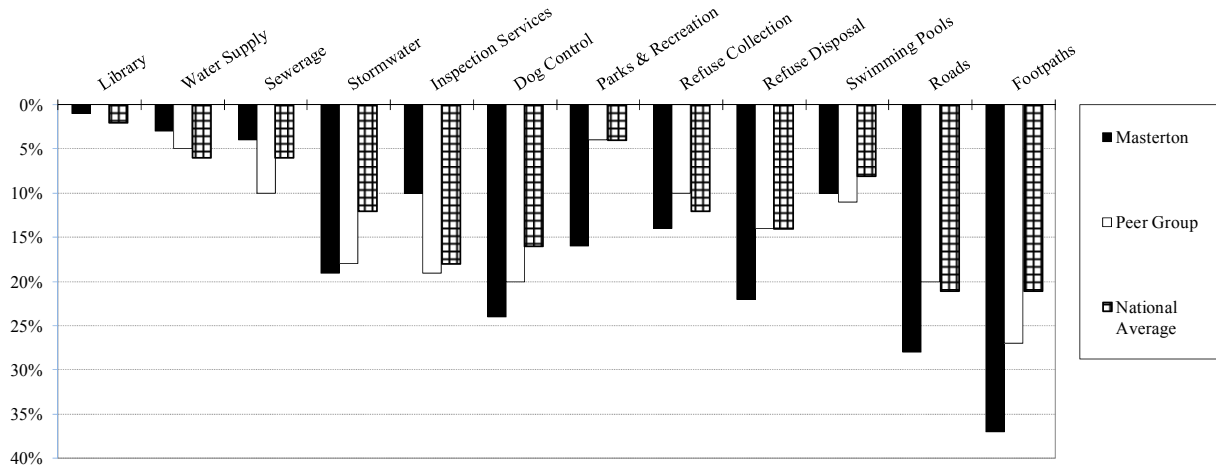
The Masterton District Council again commissioned the National Research Bureau to undertake a Communitrak™ survey as a means of measuring the Council's effectiveness in representing the wishes and viewpoints of its residents. Understanding residents' opinions and needs will allow the Council to be more 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 2012 indicate similar levels of satisfaction with the previous year for most Council services.

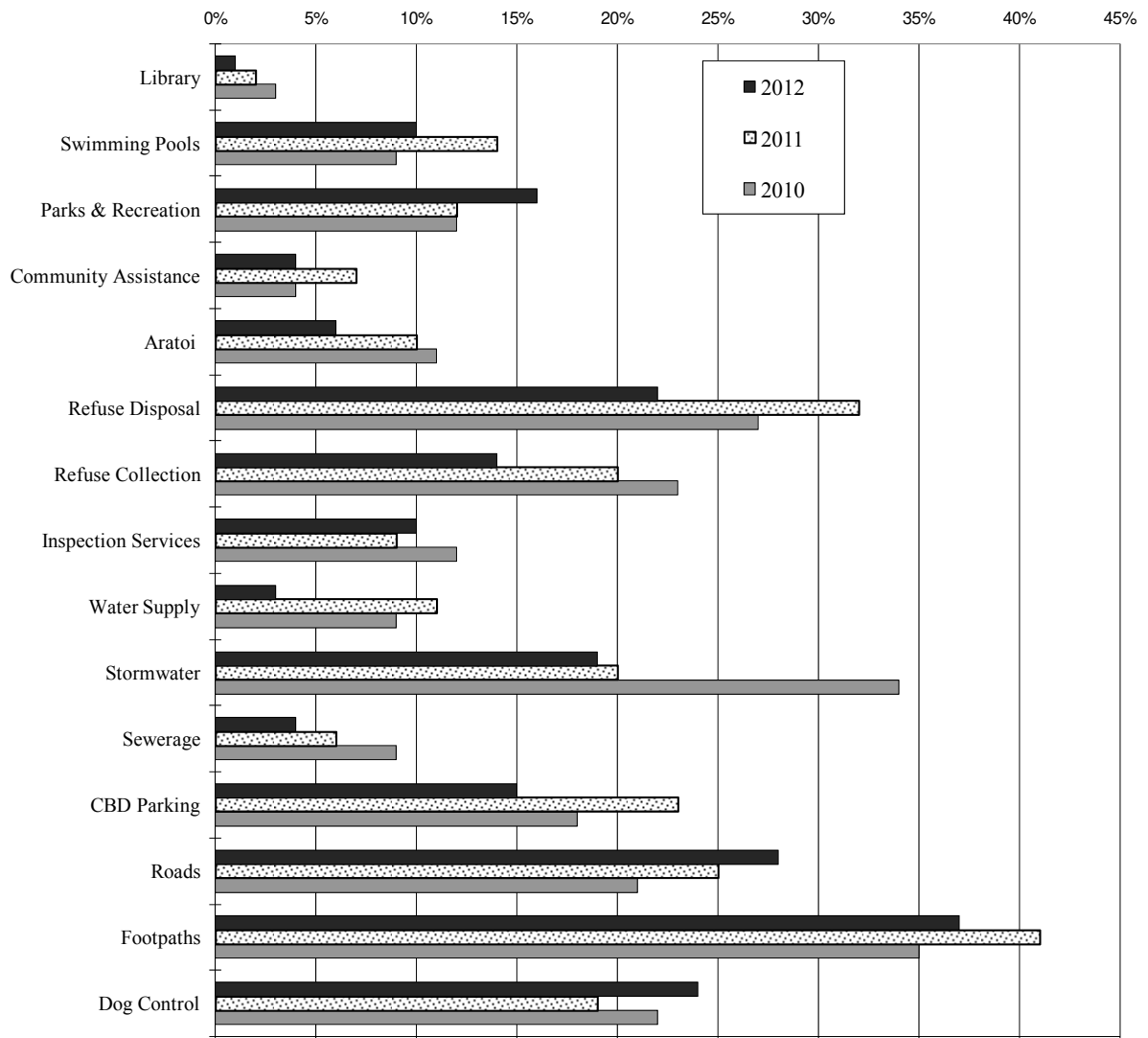
- The services receiving the highest levels of visits by households surveyed were: parks and reserves by 93% (94% in 2011), a transfer station 78% (82%), library 77% (71%) Aratoi, Wairarapa Museum of Art & History had been visited by 53% (60%) of households, 58% had attended a community event while 58% had used or visited the Genesis Energy Recreation Centre.
- The highest levels of satisfaction by users of a service were the library 97% (95%), urban water supply 96% (89%) events 93% (92%), urban sewerage system 93% (91%), parks and reserves 83% (88%), roads 71% (75%), cemeteries 78% (76%), CBD parking 82% (75%), inspection services 68% (73%).
- Overall satisfaction with swimming pools has been maintained at 69% (67%) and matches the peer group average. 83% of those who use the Genesis Energy Recreation Centre are satisfied
- Overall satisfaction with the library at 87% matches the peer group of 87%, with 97% of library users reporting being satisfied. Dissatisfaction level at 1% is similar to the national average.
- Satisfaction with Aratoi Wairarapa Museum of Art and History, provided by the Wairarapa Cultural Trust, maintained the previous year's satisfaction of 73% which is higher than the peer group average of 55%. Dissatisfaction at 6% (10%) remains higher than the peer group average of 4%.
- Satisfaction with Footpaths increased to 61% (54%). Peer group satisfaction is 67%.
- Refuse collection satisfaction recovered to 75% (71%) while refuse disposal dissatisfaction levels reduced to 22% (32%) which is higher than the peer group average of 14% and is likely to be due to user pays 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 (90%).
- 21% of people surveyed were dissatisfied with Council's consultation and the way it involves the public in decisions it makes. This compares to 31% 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

GROUPS OF ACTIVITIES REPORTS

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 2011/12	Results
Percentage of customers satisfied with the condition of the roading network	Maintain satisfaction level	<u>Not Achieved</u> The 2012 survey of 401 randomly selected residents indicated 71% were satisfied with roads, which is 4% less than the previous year. This is within the margin of error for a sample of this size. The result is below the baseline of 83% achieved in 2008. In 2012 the peer group average is 80% and national average is 79%. Feedback indicated a correlation between the main areas of concern and the location of recent utility services replacement in the urban area had contributed to the decline in satisfaction.
Percentage of sealed roads providing a smooth and comfortable ride (measured by roughometer)	At least 90%	<u>Achieved</u> 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 currently below the 150 threshold is significantly better than the national average of 91% (2010/11).

Performance Indicators	Targets 2011/12	Results
		Records since 2007/08 indicate road roughness values in Masterton continue to improve. A roughness survey was last conducted in October 2011.
<p>Roading and cycle networks are managed in an efficient and cost effective manner:</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>National averages met</p>	<p><u>Achieved</u> 2011/12 was the final year of a 3 year funding programme. The approved allocation for maintenance and renewals in the Land Transport Programme for 2011/12 was \$7,150,150 which included carry-overs for under-expended funding from the previous two years of the programme. Year-end expenditure was \$7,103,984 and therefore within the allocation.</p> <p>All planned capital and renewal projects were 100% completed with the exception of the Double Bridges strengthening (21% completed), the Renall/Pownall roundabout (88% completed) and the Tinui Slip repair (55% completed).</p> <p><u>Achieved</u> 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 2011/12 for Masterton sealed road network was 97.10 compared with the national average of 93.74. Records plotted since 2005/06 indicate pavement integrity has remained constant.</p> <p><u>Achieved</u> 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 2011/12 for the Masterton network was 98.40 compared with the national average of 97.88. Records plotted since 2003/04 indicate the condition has remained constant.</p>

Performance Indicators	Targets 2011/12	Results
Monthly audit of CBD cleaning complies with performance criteria. (Measured by litter, cleanliness and safety)	90% average monthly compliance	<u>Achieved</u> A monthly audit of a randomly selected area of segmental paving (approximately 200m ²) and asphalt (approximately 200m ²) is conducted under the Road Maintenance Contract. The 2011/12 audits indicate 95.5% compliance on segmented paving and 94.3% compliance on asphalt paths in the CBD.
The number of crashes causing injuries is reduced.	58 (five year moving average)	<u>Not Achieved</u> The annual average number of injury crashes recorded for the five year period 2007-2011 was 64.6. Although not achieving the target of 58, the result did represent a reduction from the 67.8 recorded for 2006-2010. There was one fatality in 2011.
Percentage of customers satisfied with the condition of the footpath network.	Maintain satisfaction level	<u>Achieved</u> 2012 survey of 401 randomly selected residents indicates 61% satisfaction with footpaths has improved (54% in 2011). The peer group average is 67% and the national average is 75%.
Annual footpath programme completed on time Monthly audit of footpath tasks complies with performance criteria (condition of paths)	100% completion At least 95% compliance	<u>Not Achieved</u> Programme of urban footpath resurfacing was suspended as the first stage of the ultra fast broadband project was implemented. Pedestrian safety issues were addressed as ordered maintenance work. <u>Achieved</u> 100%. A random audit on 10% of all ordered works is undertaken by the contractor and Masterton District Council to confirm that routine work conforms with the performance criteria in the Road Maintenance Contract. There were no non-conforming footpath tasks. A separate audit on a 10% random sample of ordered work for the period indicates 100% satisfactory completion of tasks.

COMMUNITY SURVEY – PERFORMANCE RATING

Roads	2007/08	2008/09	2009/10	2010/11	2011/12
Very satisfied/fairly satisfied	83%	79%	78%	75%	71%
Not very satisfied	17%	20%	21%	25%	28%
Don't know	0%	1%	1%	0%	1%

Footpaths	2007/08	2008/09	2009/10	2010/11	2011/12
Very satisfied/fairly satisfied	72%	63%	62%	54%	61%
Not very satisfied	21%	32%	35%	41%	37%
Don't know	7%	5%	3%	4%	2%

TRANSPORT SERVICES

Roads, Streets & Footpaths

Cost of Service Statement

2010/11 Actual \$		2011/12 Actual \$	2011/12 Plan \$
	Operating Costs		
3,348,791	Subsidised roading programme - maintenance	3,793,279	4,069,857
1,257,253	Non-subsidised roading	1,283,715	1,217,008
513,516	Flood damage expenditure	0	325,000
4,395,714	Depreciation	4,448,414	3,844,500
9,515,274		9,525,408	9,456,365
	Operating Income		
1,994,507	Land Transport NZ subsidy (on maintenance)*	1,966,487	2,144,395
159,700	Local authority petrol tax	166,766	168,000
110,588	Roading contributions (ex developers)	106,173	150,000
49,243	Other recoveries	84,468	48,000
2,314,038		2,323,894	2,510,395
	Appropriations		
90,000	Net transfer to/(from) flood damage fund	146,250	-
559,788	Transfers to reserves	106,173	150,000
(160,000)	Transfers from reserves	(152,680)	(205,680)
95,570	Provision for loan repayments	96,297	89,900
(4,092,148)	Depreciation not rates funded**	(4,111,918)	(3,504,000)
3,694,446	Rates Requirement (Operational)	3,285,636	3,476,190

* Further subsidy income is shown in the Capital Expenditure Summary

** Most depreciation is reversed in lieu of renewals expenditure which is shown in the Capital Expenditure Summary and is funded by rates income and NZTA subsidies.

Variances from Plan

2011/12 was the third year of the 3 yearly NZTA-approved programme and the Council has spent 6.8% less than planned on maintenance expenditure, excluding flood damage. This is offset by a higher level of spending on renewals work (see Transport Services Capital Expenditure Summary). No flood damage expenditure was required, so the rates-funded share of this item has been carried forward, adding to the Flood Damage reserve fund.

Depreciation on roading assets was more than planned. The plan anticipated a reduction related to extended seal and pavement lives, but the effect of the revaluation of those assets as at 30 June 2011 offset any reduction of depreciation expense.

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 2011/12	Results
Customer satisfaction with parking control services.	Maintain satisfaction level	Achieved Satisfaction of 82% exceeds previous year of 75%.
Total number of car parks patrolled.	243 metered 501 time limited	Achieved All car parks patrolled. 208 on new meters + 50 pot bellies totals 298 patrolled parks with a further 587 time limit spaces There has been an increase of 96 time limit spaces in Lincoln Road, Dixon Street, Kuripuni (Queen Street & Crayne Street) and First Street.
Number of car parks designated as disability parks	24	Achieved A total of 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.	7 hours Monday-Friday 3 hours Saturday	Achieved Meter and time limit areas continue to be patrolled 7 hours each day Mondays to Friday and 3 hours on Saturday mornings.

COMMUNITY SURVEY – PERFORMANCE RATING

Parking in the CBD	2007/08	2008/09	2009/10	2010/11	2011/12
Very satisfied/fairly satisfied	78%	84%	78%	75%	82%
Not very satisfied	20%	13%	18%	23%	15%
Don't know	2%	3%	4%	2%	3%

TRANSPORT SERVICES

Parking Control

Cost of Service Statement

2010/11		2011/12	
Actual		Actual	Plan
\$	Operating Costs	\$	\$
133,651	Parking control costs	134,757	143,733
3,029	Depreciation - meters	5,499	15,000
136,680		140,256	158,733
	Operating Income		
177,787	Parking meters and fines	166,572	188,000
	Appropriations		
0	Transfers to reserves	-	-
3,240	Provision for loan repayments	3,240	3,242
-	Depreciation not rates funded	-	(3,200)
(\$37,867)	Rates Requirement	(\$23,076)	(\$29,225)

TRANSPORT SERVICES

MASTERTON HOOD AIRPORT

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 2011/12	Results
Compliance with relevant Civil Aviation Authority Standards	100% compliance	Achieved CAA audit found no non-compliance issues. Three recommendations were made which were acted on.
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. 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 2010/11 = 10,701 aircraft movements, 4,177 stop landings in the 12 month period.	Not Achieved Aircraft movements are less than last year. 2011/12 = 9,586 movements, 3,421 stop landings. Weather conditions meant little flying was able to be done over the winter.

TRANSPORT SERVICES

Masterton Hood Airport

Cost of Service Statement

2010/11 Actual		2011/12 Actual	2011/12 Plan
\$	Operating Costs	\$	\$
214,240	Airport operation & maintenance	245,605	234,492
56,286	Depreciation	66,522	65,600
270,526		312,127	300,092
	Operating Income		
192,014	Leases and other income	278,619	213,000
	Appropriations		
(20,000)	Transfers from reserves	(18,000)	(20,000)
-	Transfers to reserves	67,000	-
73,520	Provision for loan repayments	80,365	56,200
(10,000)	Reverse depreciation not rates funded	(34,000)	(10,000)
\$122,032	Rates Requirement	\$128,873	\$113,292

TRANSPORT SERVICES**Rates Requirement Summary**

2010/11 Actual \$	Activity	2011/12 Actual \$	2011/12 Plan \$
3,285,608	Subsidised roading	3,628,321	3,610,304
1,326,249	Non-subsidised roading (urban)	1,320,851	1,330,880
121,294	Non-subsidised roading (rural)	177,679	148,341
305,677	Flood damage	146,250	146,250
(37,867)	Parking control	(23,076)	(29,225)
122,032	Airport	128,873	113,292
\$5,122,992	Rates Requirement	\$5,378,898	\$5,319,842

TRANSPORT SERVICES**Capital Expenditure Summary**

2010/11 Actual \$	Roadings	2011/12 Actual \$	2011/12 Plan \$
2,313,002	Asset renewals - Rural roading programme	3,030,936	2,927,500
649,670	Asset renewals - Urban roading programme	1,893,976	1,131,800
-	Asset renewals - Bridges	-	600,000
11,790	Urban footpath upgrades & reseals	69,264	355,000
52,375	Solway Crescent upgrade	264,986	400,000
-	Car park developments	7,286	20,000
-	CBD footpath resurfacing project (stage 1)	132,516	330,000
-	Asset renewals - Tinui slump	415,967	550,000
33,533	QE Park footbridge refurbishment	160,340	60,000
-	Parking		
-	Replacement parking meters	276,711	300,000
-	Airport		
126,031	Airport development	5,277	25,000
-	Airport runway reseal	82,477	150,000
3,186,401		6,339,736	6,849,300
	Capital Funding		
(1,663,614)	Land Transport NZ subsidy (on renewals)	(3,017,706)	(2,996,215)
(178,406)	Transfers from reserves	(1,334,565)	(1,893,500)
-	Loan funds	-	(200,000)
(1,842,020)		(4,352,271)	(5,089,715)
\$1,344,381	Rates Requirement (Capital)	\$1,987,465	\$1,759,585

Variances from Plan

2011/12 was the third year of the 3 yearly NZTA-approved programme and the Council has spent 21% more than planned on renewals expenditure, excluding bridges. This is offset by a lower spend on maintenance and a catchup of work (and rates funding) carried forward from prior years.

The replacement of Black Swamp bridge did not proceed during the year and the re-instatement of the Tinui slump was incomplete at year end, awaiting more favourable weather conditions.

The urban footpath and CBD footpath resurfacing programmes were again deferred as the Council waited for contractors to finish laying broadband cabling around the town. The planned Solway Crescent urbanisation work was completed, with the value of work shown above only being the roading portion. There was also stormwater, sewer and water mains work done as part of the same job and budget.

The Hood airport runway seal was rejuvenated with an emulsion coat projected to have a 6 year life.

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 2011/12	Results
Customer satisfaction with wastewater services.	Maintain satisfaction level and within 10% of peer group average	<u>Achieved</u> A result of 93% is in line with previous year (91%) and exceeds peer group of 88%.
Proportion of urgent wastewater service requests responded to within 6 hours of notification.	95%	<u>Achieved</u> 99% There were 102 incidences of urgent wastewater service requests in the 12 month period. One of these took longer than 6 hours to attend.
Renewal of disposal on connected properties within 12 hours.	More than 95% of incidents	<u>Achieved</u> 100% of affected properties were connected within 12 hours.
Alternative system provided where loss of service exceeds 24 hours.	100% of occasions	<u>Achieved</u> No properties lost wastewater service for longer than 24 hours.
Wastewater assets managed to the level specified and agreed in the Asset Management Plan.	Work/projects scheduled for 2011/12 are completed	<u>Achieved</u> Sewerage renewal completed for Cole Street, College Street, Victoria Street, Wrigley Street, Dixon Street, Douglas Villa, Nursery Road, and Te Whiti Road.
Complete a six-yearly sanitary services assessment of wastewater service provision in the District.	Completed by 31/12/2011	<u>Not Achieved</u> Water and Sanitary Services Assessment was completed in March 2012.
Compliance with resource consents.	100%	<u>Achieved</u> Monitoring and reporting carried out according to resource consent requirements. Homebush upgrade project work is currently still in progress.
Proportion of reported network failures that had environmental effects.	Less than 1%	<u>Achieved</u> No reported network failures have had any environmental effects.

COMMUNITY SURVEY – PERFORMANCE RATING

Sewerage	2007/08	2008/09	2009/10	2010/11	2011/12
Very satisfied/fairly satisfied	83%	84%	88%	91%	93%
Not very satisfied	16%	15%	9%	6%	4%
Don't know/NA	1%	1%	3%	3%	3%

* Urban area respondents only

WASTE SERVICES

Wastewater - urban

Cost of Service Statement

2010/11 Actual \$		2011/12 Actual \$	2011/12 Plan \$
	Operating Costs		
743,273	Sewerage reticulation	782,636	827,264
1,709,294	Wastewater treatment	2,190,293	2,491,003
1,293,578	Depreciation	1,511,510	1,440,350
3,746,145		4,484,439	4,758,617
	Operating Income		
351,732	User charges & other income	324,467	261,250
	Appropriations		
89,250	Transfer to reserves	572,000	74,000
(156,000)	Transfer from reserves	(80,000)	(130,000)
685,405	Provision for loan repayments	481,193	571,100
(869,400)	Reverse depreciation not rates funded	(892,000)	(819,900)
\$3,143,668	Rates Requirement	\$4,241,165	\$4,192,567

WASTE SERVICES

Wastewater - rural schemes

Cost of Service Statement

2010/11 Actual \$		2011/12 Actual \$	2011/12 Plan \$
	Operating Costs		
22,376	Castlepoint sewerage scheme	33,369	37,150
202,839	Riversdale sewerage scheme	222,090	208,100
5,888	Tinui sewerage scheme	18,428	5,760
89,058	Depreciation	173,075	105,000
320,161		446,962	356,010
	Operating Income		
16,984	User charges & other income	4,063	58,000
	Internal Recoveries	3,640	-
16,984		7,703	58,000
	Appropriations		
\$307,679	Transfer to reserves	-	1,000
-	Transfer from reserves	(40,000)	(20,000)
356,399	Loan Repayment	87,312	57,225
(75,308)	Reverse depreciation not rates funded	(134,791)	(37,000)
\$891,947	Rates Requirement (Operational)	\$351,780	\$299,235

Variations from Plan – Urban wastewater

Operating costs, excluding depreciation were \$345,000 (10.4%) below planned. This includes some \$458,000 of interest expense (20.1%) less than planned because less loan funding for capital expenditure was needed - both timing (later draw on loan facilities) and quantity (less spent on Homebush upgrade than planned). Savings on some maintenance areas were offset by additional costs in other areas, in particular legal fees associated with design and contract disputes.

A transfer to reserve funds carried forward of \$500,000 has been done and will be applied to the Homebush capital project in 2012/13, thereby reducing both the debt funding needed for the project and the on-going rating impact.

Variations from Plan – Rural wastewater

The Riversdale Beach community sewerage scheme was commissioned during the year and operating costs reflect a part-year operation. The planned figures for operating costs and depreciation for the scheme were best estimates made prior to its completion. The Council continues to carry a significant debt for the scheme (see below), with the intention that the connection fees from new joining properties and subdivision will reduce that debt over time.

Riversdale Beach Sewerage Scheme - Financial Detail			
	<u>2001-2010</u>	<u>2010/11</u>	<u>2011/12</u>
Costs 2001-2009	2,185,508		
Costs 2009/10	1,863,237		
Costs 2010/12 - Operating		30,708	61,070
- Interest		172,132	161,020
- Capital		4,036,043	1,981,459
Depreciation - funded			26,425
Loan repayments			86,333
Discounts on prompt payments		45,615	
	<u>4,048,745</u>	<u>4,284,498</u>	<u>2,316,307</u>
Funded By:			
Rates	190,181	53,275	121,641
Reserves*	812,679	(287,679)	280,000
Internal Loans*	717,689	(221,012)	418,978
External Loans*	2,328,196	(134,287)	-
Capital Contributions charged via Rates		3,074,201	957,244
Riversdale Terraces assets contributed to the scheme			422,000
SWSS Subsidy		1,800,000	116,444
	<u>4,048,745</u>	<u>4,284,498</u>	<u>2,316,307</u>
<i>* Reserves and loans were partially repaid from capital contributions and subsidy in 2010/11</i>			
Summary of Capital Funding to Date			
		1,800,000	1,916,444
SWSS Subsidy		1,800,000	1,916,444
Capital Contributions charged via Rates (net of discounts)		3,028,586	3,985,830
Reserves		570,515	850,515
Loans		2,690,586	3,109,564
		<u>8,089,687</u>	<u>9,862,353</u>
Loan balance is made up of:			
Scheme deficit - to be repaid over time from new joiners		983,789	1,671,658
Capital contributions being paid off over 5 years		382,291	300,828
Capital contributions being paid off over 20 years		1,324,506	1,137,078
		<u>2,690,586</u>	<u>3,109,564</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 2011/12	Results
Customer satisfaction with stormwater services.	Maintain satisfaction level	<u>Achieved</u> 69% satisfaction compares with 67% in 2011.
Proportion of reported stormwater ponding incidents cleared within two days of a rainfall event ending.	100%	<u>Achieved</u> Customer Call Centre had 101 reported service requests, including flooding, which were cleared on the day notified.
Stormwater assets managed to the level specified and agreed in the Asset Management Plan.	Work/projects scheduled for 2011/12	<u>Achieved</u> A number of stormwater sites were cleaned, repaired and renewed according to resource consent conditions. Stormwater capital projects completed for Colombo Road and Essex Street, and a project design ready to start for Douglas Park School/Kummer Cres.
Complete a three-yearly assessment of wastewater service provision in the District.	Due 31/12/2011. On time and 100% compliant with LGA2002	<u>Not Achieved</u> Water and Sanitary Services Assessment was completed March 2012.
Compliance with resource consents.	100% compliant	<u>Achieved</u> No non-compliance with resource consents was reported.
Proportion of reported stormwater/flooding incidents that resulted in residual environmental effects.	Less than 1%	<u>Achieved</u> No known residual environmental effect was reported from stormwater/flooding events.

COMMUNITY SURVEY – PERFORMANCE RATING

	2007/08	2008/09	2009/10	2010/11	2011/12
Stormwater					
Very satisfied/fairly satisfied	79%	61%	53%	67%	69%
Not very satisfied	17%	23%	34%	20%	19%
Don't know	4%	16%	13%	14%	12%

WASTE SERVICES

Stormwater

Cost of Service Statement

2010/11 Actual \$		2011/12 Actual \$	2011/12 Plan \$
	Operating Costs		
269,755	Stormwater	244,920	315,821
227,609	Depreciation	223,588	245,000
497,364		468,508	560,821
	Operating Income		
-	User charges & other income	84	-
	Appropriations		
(135,000)	Transfer from reserves	(100,000)	(135,000)
79,299	Provision for loan repayment	81,868	71,300
(119,600)	Reverse depreciation not rates funded	(100,000)	(121,300)
\$322,063	Rates Requirement	\$350,292	\$375,821

Variances from Plan – Stormwater

Savings were made through lower interest rates and less value of stormwater and creek clearing work than planned.

WASTE SERVICES

SOLID WASTE MANAGEMENT

What do we do?

The Council owns, maintains and manages a transfer station at Nursury Road and three others at Riversdale Beach, Castlepoint and Mauriceville. The current refuse and recycling collection service, transfer station operations, gate fee collection, composting, and recycling services are carried out under performance-based contracts let by competitive tender to the private sector.

All landfills are closed, including the old urban landfill at Nursury Road, except for cleanfill and small quantities of special waste. Residual waste from transfer stations is sent 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 2011/12	Results
Percentage of customers satisfied with the urban and rural transfer stations, recycling and composting facilities.	Maintain satisfaction level	<u>Achieved</u> 71% exceeds previous year satisfaction of 65% and the previous two years. While it is below 79% recorded in 2008 the measure since 2010 relates to the whole facility where previously only landfills and recycling were surveyed. The 79% baseline was 18% points higher than the previous year and 13% points higher than the following year suggesting an aberrant result in that year.
Proportion of advertised hours that the transfer stations and recycling centre is open to the public.	100%	<u>Achieved</u> All sites were open according to advertised hours.
Percentage of customers satisfied with solid waste collection services	Maintain satisfaction level	<u>Achieved</u> 75% satisfaction is slightly higher than previous year of 71%.
Number of call-backs due to non-collection of official rubbish bags in each weekly collection.	No more than one call-back per 200 urban households	<u>Achieved</u> Total missed bags for the 12 months was 19 for recycling, and 11 for rubbish bags, which averaged just over one per week and equated 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	<u>Not Achieved</u> Annual reduction was 1.78% to 11,431 tonnes.
The Solid Waste Management Plan for Wairarapa is reviewed.	Public consultation on Review of Solid Waste Management Plan for the Wairarapa completed.	<u>Achieved</u> Wellington Regional Waste Management Plan completed and adopted in September 2011.

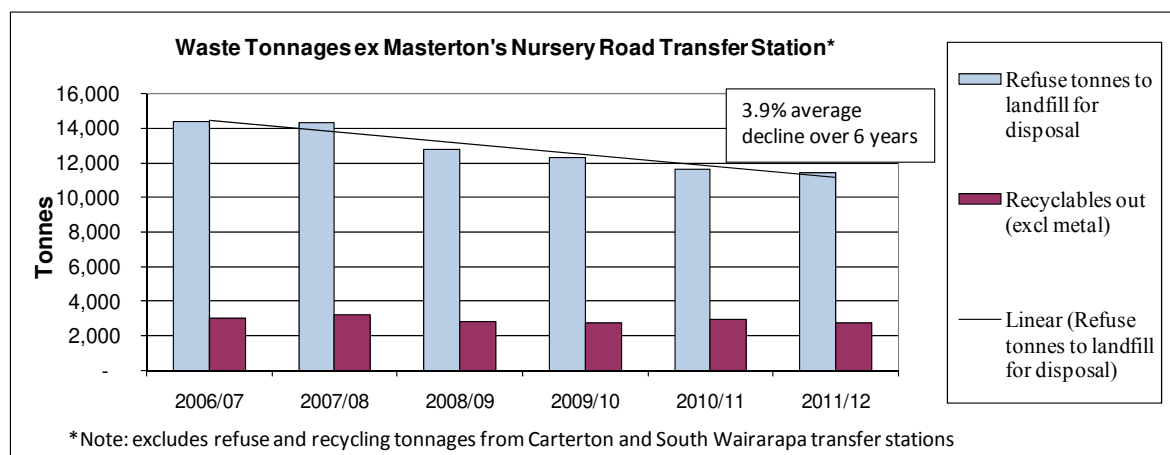
Performance Indicators	Targets 2011/12	Results
Urban and rural transfer stations, recycling, composting facilities and landfills operate within approved resource consent conditions.	100% compliance	Not Achieved On Track Three closed rural landfills complied with resource consents. Two other rural landfills will be reported by end of September 2012. Operation, sampling and monitoring of the urban landfill and transfer station is being carried out for consents and will be reported at end of the reporting period, i.e. November
Complete a three yearly assessment of wastewater service provision in the District.	Due 31/12/2011. On time and compliant with LGA2002	Not Achieved Water and Sanitary Services Assessment was completed March 2012.

COMMUNITY SURVEY – PERFORMANCE RATING

Refuse Collection	2007/08	2008/09	2009/10	2010/11	2011/12
Very satisfied/fairly satisfied	91%	66%	65%	71%	75%
Not very satisfied	7%	17%	23%	20%	14%
Don't know/NA	2%	17%	12%	9%	10%

COMMUNITY SURVEY – PERFORMANCE RATING

Refuse Disposal (overall)	2007/08	2008/09	2009/10	2010/11	2011/12
Very satisfied/fairly satisfied	79%	66%	64%	65%	71%
Not very satisfied	17%	29%	27%	32%	22%
Don't know/NA	4%	5%	9%	3%	6%



WASTE SERVICES

Solid Waste Management

Cost of Service Statement

2010/11 Actual \$		2011/12 Actual \$	2011/12 Plan \$
	Operating Costs		
377,497	Urban refuse collection costs	400,039	392,231
43,019	Nursery Rd landfill cover & closure	30,663	80,000
1,863,104	Transfer station operation & refuse disposal	1,695,545	1,708,502
1,053,833	Waste minimisation (incl recyc.& composting)	834,388	951,280
248,985	Rural refuse operations	207,117	259,897
3,586,438		3,167,752	3,391,910
	Operating Income		
1,726,381	User charges - external	1,729,645	1,585,000
199,951	User charges - internal	222,318	247,000
369,316	Recoveries from bag sales	372,709	391,000
2,295,648		2,324,672	2,223,000
	Appropriations		
(13,300)	Transfers from reserves	-	(10,000)
30,709	Provision for loan repayment	56,049	48,700
(37,500)	Reverse depreciation not rates funded	-	(60,350)
\$1,270,699	Rates Requirement	\$899,129	\$1,147,260

Variances from Plan

Refuse collection costs were close to planned, but income from bag sales fell short by 4.7%. Waste volumes dropped from the previous year (see graph) while costs of waste disposal were close to planned. Savings were made on the waste minimisation contract (12.2% below planned) due to recycling volumes not increasing as much as expected. Very similar levels of gate fee revenue were recorded versus the previous year and 9.1% better than planned – the planned figures being based on a conservative estimate of gate revenue.

WASTE SERVICES

Rates Requirement Summary

2010/11 Actual \$	Activity	2011/12 Actual \$	2011/12 Plan \$
3,143,668	Urban sewerage system	4,241,165	4,192,567
38,254	Castlepoint sewerage scheme	37,031	44,150
53,275	Riversdale Beach sewerage scheme (RBCSS)	170,047	119,300
3,028,586	RBCSS - capital contributions (inclgd interest)	908,837	768,600
36,475	Tinui sewerage scheme	19,902	10,985
322,063	Stormwater	350,292	375,821
328,523	Refuse & recycling collections	322,893	377,400
290,590	Urban transfer station & refuse disposal	73,945	183,158
414,331	Waste minimisation (recycling & composting)	299,575	349,880
237,255	Rural refuse services	202,716	236,822
\$7,893,019	Rates Requirement	\$6,626,403	\$6,658,683

Capital Expenditure Summary

2010/11 Actual \$		2011/12 Actual \$	2011/12 Plan \$
	Urban Sewerage system		
6,285,350	Homebush sewerage upgrade project	15,325,214	20,450,000
1,413,054	Sewerage reticulation mains renewals	2,263,740	1,900,000
	Rural Sewerage schemes		
4,036,043	Riversdale sewerage scheme	1,559,459	1,000,000
-	Riversdale Terraces reticulation vested	422,000	-
49,579	Tinui sewerage scheme	2,233	-
-	Castlepoint sewerage scheme	3,219	-
	Stormwater		
125,974	Stormwater upgrades	343,821	400,000
	Solid Waste Management		
1,351,017	Urban transfer station & recycling facilities	198,144	-
-	Urban transfer station Sewer Line	48,951	-
-	Urban transfer station Weighbride Equipment	5,110	-
-	Landfill closure & special waste facility	-	30,000
13,261,017		20,171,891	23,780,000
	Capital Funding		
(8,494,011)	Loan funds	(17,243,029)	(21,950,000)
(1,877,602)	External funds	(168,373)	(116,200)
-	Assets vested by subdividers	(422,000)	-
(624,761)	Transfer from reserves	(1,554,452)	(1,070,000)
(10,996,374)		(19,387,854)	(23,136,200)
\$2,264,643	Rates Requirement (RBCSS Capital)	\$784,037	\$643,800

Variations from Plan – Waste Services Capital Expenditure

Construction of the Homebush sewerage upgrade continued through the year. A wet summer and autumn resulted in delays to preparing border areas and design and contractual disputes also held up progress. The result was underspending of the plan by \$5.1m, requiring less loan funding and consequent savings in interest expense.

Several reticulation renewal jobs were in progress at 30 June 2011. The completion of those and progressing a range of new projects meant the expenditure exceeded the current year plan but is within the plan over two years.

Riversdale Beach sewerage scheme was commissioned in November with the timing of the final project costs not matching the provision in the Plan due to timing differences. The pressure reticulation of the Riversdale Terraces subdivision has been incorporated into the community scheme and recognised as a vested asset addition.

Stormwater upgrades include the partial completion of a retention dam in the Opaki catchment, replacement of several culverts and new assets at Solway Crescent.

The transfer station items relate to the replacement of a utility building (largely from insurance proceeds) following a fire in 2010 and the upgrading of the sewer main within the site following blockage issues.

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 2011/12	Results
Customer satisfaction with urban water supply services.	Maintain satisfaction and equal or exceed peer group average	<u>Achieved</u> 96% exceeds previous year satisfaction of 89%. Peer group average was 93%.
Proportion of the time that treatment plants are able to receive and treat raw water.	100%	<u>Achieved</u> No down time was recorded.
Supply is restored within four hours following a planned or emergency shutdown	More than 95% of shutdowns	<u>Achieved</u> 96% of shutdowns were completed within four hours. There were 23 planned and emergency valve shutdowns. One shutdown of five hours exceeded the four hour limit.
An alternative water supply is provided when shutdown exceeds 24 hours	100% of occasions	<u>Achieved</u> There was no requirement for an alternative water supply.
Water supply assets managed to the level specified and agreed in the Asset Management Plan.	Work/projects scheduled for 2011/12 are completed	<u>Not Achieved</u> Planned and emergency works to water supply assets were carried out, including clear water tank cleaning completed; water main replacement in Kuripuni Street, Perry Street, River Road, Railway Crescent, High Street, Oxford Street, and Sussex Street completed. The budget provision for trunk main replacement was transferred to the higher priority urban water mains. Design work on the treatment plant filter upgrade was progressed and work will commence in 2012/13.
Complete a six- yearly assessment of water service provision in the District.	Due: 31/12/2011. Completed on time and 100% compliant LGA2002	<u>Not Achieved</u> Water and Sanitary Services Assessment was completed March 2012.

Performance Indicators	Targets 2011/12	Results
Compliance with NZ Drinking Water Standards for urban supply.	100% compliant	Achieved 100% compliance with DWSNZ 2005 (revised 2008) for all criteria.
Compliance with NZ Drinking Water Standards microbiological criteria for Tinui rural supply	100% compliant	Achieved 100% compliance with DWSNZ 2005 (revised 2008) bacterial criteria.
Compliance with resource consents for drawing water.	100% compliant	Achieved No non-compliance is 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 Service, repair work is undertaken and/or the water main is replaced.

COMMUNITY SURVEY – PERFORMANCE RATING

Water Supply (Users)*	2007/08	2008/09	2009/10	2010/11	2011/12
Very satisfied/fairly satisfied	84%	94%	90%	89%	96%
Not very satisfied	15%	6%	9%	11%	3%
Don't know/NA	1%	-	1%	0%	1%

*urban users only

WATER SERVICES

Urban Water Supply

Cost of Service Statement

2010/11 Actual		2011/12 Actual	2011/12 Plan
\$		\$	\$
	Operating Costs		
965,657	Water treatment costs	996,480	1,044,639
584,288	Water reticulation costs	655,041	707,779
998,177	Depreciation	1,233,893	1,065,000
2,548,122		2,885,414	2,817,418
	Operating Income		
139,860	User charges & recoveries	88,169	98,000
	Appropriations		
-	Transfer from reserves	-	-
134,027	Provision for loan repayment	117,848	122,785
(268,000)	Reverse depreciation	(441,000)	(372,750)
\$2,274,289	Rates Requirement	\$2,474,093	\$2,469,453

Variations from Plan – Urban water supply

Urban water supply operating costs have come in 5.75% less than planned. Savings have been made on reticulation maintenance and less interest due to the filter upgrade not going ahead. Depreciation is more than planned following the revaluation of assets at 30 June 2011. \$103,000 more depreciation than planned has been added to depreciation reserves.

WATER SERVICES

Rural Water Supplies

Cost of Service Statement

2010/11 Actual \$		2011/12 Actual \$	2011/12 Plan \$
	Operating Costs		
233,825	Rural water supplies & races	211,925	202,750
47,793	Depreciation & decline in service	50,912	45,450
281,618		262,837	248,200
	Operating Income		
134,278	Rural water scheme charges	136,222	144,800
	Appropriations		
(60,401)	Transfer from reserves	(25,407)	-
-	Transfer to reserves	-	-
(2,750)	Reverse depreciation	(2,750)	(22,000)
\$84,189	Rates Requirement	\$98,458	\$81,400

WATER SERVICES

Rates Requirement Summary

2010/11 Actual \$	Activity	2011/12 Actual \$	2011/12 Plan \$
2,274,289	Masterton urban water supply	2,474,093	2,469,453
11,557	Tinui water supply	15,441	12,000
19,371	Opaki water race	29,563	24,900
32,882	Te Ore Ore water race	38,766	26,100
20,379	Miscellaneous rural water costs	14,688	18,400
\$2,358,478	Rates Requirement	\$2,572,551	\$2,550,853

Capital Expenditure Summary

2010/11 Actual \$		2011/12 Actual \$	2011/12 Plan \$
	Urban water treatment		
119,683	Water treatment plant & equip. renewals	153,804	135,000
15,316	Water treatment - buildings & grounds	38,981	15,000
22,076	Water treatment - filter refurbishment	15,000	1,000,000
51,832	Water treatment - clear water tank bypass	-	-
0	Water trunk mains renewals	-	320,000
	Urban water reticulation		
363,715	Water main & reservoir renewals	951,167	410,000
265,777	Water connections renewals	275,245	200,000
	Rural water reticulation		
5,223	Wainuioru water supply renewals	25,924	16,000
12,450	Te Ore Ore & Opaki water race upgrades	16,962	-
856,072		1,477,083	2,096,000
	Capital Funding		
(73,908)	Loan funds	-	(1,000,000)
(12,791)	External funds	-	-
(769,373)	Transfer from reserves	(1,477,083)	(1,096,000)
(856,072)		(1,477,083)	(2,096,000)

Variances from Plan – Water Supplies

The water treatment plant filter refurbishment project did not proceed, however design work was nearing completion. No water trunk main renewals were done, but the budget was effectively transferred to complete 6.2km of water main renewals throughout the urban area. Over the last two years the renewals budget for water reticulation of \$1.92m has been 96.5% spent.

The Te Ore Ore water race has had its intake rebuilt with heavy rock to reduce maintenance costs.

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 2011/12	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.	<u>Achieved</u> \$497,041 net cost was recorded as directly funding community development activities. This is 2.2% of rates levied. Costs include \$87,524 of contestable community grants and \$309,517 allocated through the annual plan process and a one-off grant to the Wairarapa Community Centre of \$100,000 towards their building purchase.
All funds distributed comply with the Community Development Policy.	100% compliance with policy	<u>Achieved</u> All grants were disbursed 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	<u>Achieved</u> All recipients reported on their use of the funds and those receiving over \$20,000 were reported satisfactorily to the Audit Committee.
Collaborative activities are reported at least annually.	Reporting requirements met	<u>Achieved</u> 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.
The Council receives annual progress reports on: Implementation of the Wairarapa Arts, Culture and Heritage Strategy	Reporting requirements met	<u>Achieved</u> Toi Wairarapa reported to the Audit Committee in November 2011 on its activities to implement the strategy that included organising workshops, working with providers to enhance their services and networking with iwi.

Performance Indicators	Targets 2011/12	Results
The Council receives annual progress reports on: Implementation of the Wairarapa Physical Activity Plan;	Reporting requirements met	<u>N/A</u> The Wairarapa Physical Activity Plan group has disbanded. The Council continues to provide public recreation and sports facilities to support physical activity through its parks and footpaths activities.
The Council receives six monthly progress reports on: Activities of the Masterton Safe and Healthy Community Council including Violence Free Wairarapa; Sport Wellington Wairarapa.	Reporting requirements met	<u>Achieved</u> Masterton Safe and Healthy Community Council reported in August and February. Violence Free Wairarapa is no longer part of the MSHCC activities. Sport Wellington Wairarapa submitted its June to July 2011 full year report in September and its July to December 2011 report in February.
The Council receives quarterly progress reports from: Wairarapa Cultural Trust (Aratoi); Destination Wairarapa.	Reporting requirements met	<u>Achieved</u> Wairarapa Cultural Trust and Destination Wairarapa reported quarterly through the Audit Committee and met or exceeded their performance targets.
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	<u>Achieved</u> Rural Travel Fund \$14,010 distributed and reported to Sport NZ Creative Communities \$19,840 distributed and reported to Creative NZ as required. Some funding from the Ministry of Youth Development for the Youth Action Project was carried forward from the previous year and reporting was completed.
Destination Wairarapa reports tourism activities and outcomes	Quarterly	<u>Achieved</u> Reported quarterly to the Audit Committee as above. Tourism trends were similar to, or exceeded, the Wellington region and the Manawatu visitor statistics. Wairarapa overnight visitor numbers for the year were close to 136,000 compared with 126,000 in the previous year.
The impact of investment into environmental initiatives is reported annually	Annual report	<u>Achieved</u> The Council assisted with provision of native plants to restoration projects and advertising of conservation week activities

Performance Indicators	Targets 2011/12	Results
Satisfaction with the natural environment	70%	Achieved 71% reported satisfaction with preservation of the Natural Environment with 14% being very satisfied and 57% satisfied, 11% were dissatisfied or very dissatisfied. These results are comparable with the previous year and are similar to the peer group of similar councils at 74% and the national average of 75%..

COMMUNITY SURVEY – PERFORMANCE RATING

Community Assistance	2007/08	2008/09	2009/10	2010/11	2011/12
Very satisfied/fairly satisfied	65%	77%	63%	65%	66%
Not very satisfied	3%	3%	4%	7%	4%
Don't know/NA	32%	20%	33%	28%	29%

COMMUNITY SURVEY – PERFORMANCE RATING

Aratoi	2007/08	2008/09	2009/10	2010/11	2011/12
Very satisfied/fairly satisfied	59%	71%	71%	73%	73%
Not very satisfied	14%	10%	11%	10%	6%
Don't know/NA	27%	19%	18%	17%	21%

COMMUNITY SERVICES

Community Development

Cost of Service Statement

2010/11 Actual \$		2011/12 Actual \$	2011/12 Plan \$
470,913	Operating Costs		
	Community development (including grants)	585,455	606,767
145,308	Operating Income		
	Government grants - specific programmes	46,696	10,580
(55,975)	Appropriations		
	Transfers from reserves	(141,114)	(188,000)
78,430	Transfers to reserves (funding c/fwd)	28,200	-
\$348,060	Rates Requirement	\$425,845	\$408,187

Arts & Culture

Cost of Service Statement

2010/11 Actual \$		2011/12 Actual \$	2011/12 Plan \$
392,455	Operating Costs		
	Arts & culture expenditure	338,091	378,104
66,734	Operating Income		
	Grants & other income	21,158	30,500
-	Appropriations		
	Transfers from reserves	-	-
-	Transfers to reserves	15,000	-
\$325,721	Rates Requirement	\$331,933	\$347,604

Economic Development & Promotion

Cost of Service Statement

2010/11 Actual \$		2011/12 Actual \$	2011/12 Plan \$
	Operating Costs		
570,314	Economic development & promotion	649,601	574,947
53,142	CBD Amenities (including security cameras)	40,724	89,000
623,456		690,325	663,947
	Operating Income		
49,802	Events grants & other recoveries	27,387	21,000
	Appropriations		
(85,000)	Transfers from reserves	(110,000)	(58,000)
50,000	Transfers to reserves	5,000	-
8,346	Provision for loan repayments (Go Wairarapa)	9,835	-
(15,000)	Depreciation not rates funded	-	(15,000)
\$532,000	Rates Requirement	\$567,773	\$569,947

Variances from Plan

The economic development costs include a grant of \$100,000 to Masterton Motorplex towards their drag racing complex. This grant was originally budgeted as a capital item, but has now been treated as an operating grant.

Depreciation on the CBD security cameras is less than planned as the assets are now fully depreciated.

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 2011/12	Results
Resident satisfaction with library services.	Within 10% of peer group satisfaction	<u>Achieved</u> 87% is matched by peer group satisfaction. 97% of library users reported being very or fairly satisfied.
The library service is managed efficiently: Turnover at 5 times per item	Turnover at least 5 times per item.	<u>Achieved</u> 5 average issues per item for the year Issues increased 8% from 2010/2011. The collection is being rebalanced towards more fiction books and DVDs and fewer non-fiction to reflect changes in borrowing patterns and best practice guidelines.
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 book collection less than one year old 270 per 1,000 residents 2.7 per person	<u>Achieved</u> 8,876 new items, 14.5% of total of 60,987 items. <u>Achieved</u> 392 new items per 1,000 residents. <u>Achieved</u> 2.7 items per person.
Participants are satisfied with children's summer reading, maths; seniors and Te Reo programmes.	85%	<u>Achieved</u> Summer Reading Programme 95% satisfied. Maths is Fun 92% satisfied. Winter Warmers 100% satisfied.

Performance Indicators	Targets 2011/12	Results
Archived material is protected for future generations:		
i) Optimum standards for storage of archival material are maintained	99% of time	Achieved Humidity control has been improved after servicing, but is still not at optimum operation levels in part due to extremes of temperature in the local climate.
ii) History articles published in local media	6 plus articles per year	Achieved Eight articles produced, plus 2 books, articles in national magazines and 2 journals. Reinstated 1 photo per week in WTA on Saturday.

COMMUNITY SURVEY – PERFORMANCE RATING

Library Services	2007/08	2008/09	2009/10	2010/11	2011/12
Very satisfied/fairly satisfied	81%	83%	80%	82%	87%
Not very satisfied	3%	1%	3%	2%	1%
Don't know/NA	16%	16%	18%	16%	12%

COMMUNITY SERVICES

Library & Archive

Cost of Service Statement

2010/11 Actual \$	Operating Costs	2011/12 Actual \$	2011/12 Plan \$
1,027,906	Operating costs - Library	1,081,120	1,102,487
235,414	Operating costs - Archive	256,764	246,316
140,975	Depreciation - books	126,341	140,300
114,722	Depreciation - bldg, furniture & equipment	108,567	108,000
1,519,017		1,572,792	1,597,103
	Operating Income		
64,663	Grants & donations	32,356	29,000
168,705	User charges & other recoveries	129,366	152,450
233,368		161,722	181,450
	Appropriations		
-	Transfers from reserves	(37,665)	(75,000)
50,000	Transfers to reserves	-	-
-	Reverse depreciation	-	-
\$1,335,649	Rates Requirement	\$1,373,405	\$1,340,653

Analysis of Rates Requirement

1,129,238	Library	1,141,552	1,123,337
206,411	Archive	231,853	217,316
\$1,335,649		\$1,373,405	\$1,340,653

Variances from Plan

The Library's contract to supply services to UCOL ended in December 2011. The revenue was planned for the whole year, hence a revenue shortfall is reported, but is offset with a reduction in operating costs.

Less carried forward reserves funding has been used than was planned as the funding is tied to specific projects.

COMMUNITY SERVICES**Rates Requirement Summary**

2010/11 Actual \$	Activity	2011/12 Actual \$	2011/12 Plan \$
1,129,238	Library	1,141,552	1,123,337
206,411	Archives	231,853	217,316
348,060	Community Development	425,845	408,187
325,721	Arts and Culture	331,933	347,604
532,000	Economic Development and Promotion	567,773	569,947
\$2,541,430	Rates Requirement	\$2,698,956	\$2,666,391

COMMUNITY SERVICES**Capital Expenditure Summary**

2010/11 Actual \$	Library & Archive	2011/12 Actual \$	2011/12 Plan \$
149,376	Book purchases	136,861	140,300
22,045	Computer system upgrades	26,191	22,000
12,064	Building and furniture upgrades	15,805	22,500
	Economic Development & Promotion		
2,380	CBD security camera equipment	17,540	10,000
14,693	CBD under verandah lighting	4,660	-
\$200,558		\$201,057	\$194,800
	Capital Funding		
-	External funding	(1,812)	-
(200,558)	Transfers from reserves	(199,245)	(194,800)
(\$200,558)		(\$201,057)	(\$194,800)

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 2011/12	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	<u>Achieved</u> All Council properties received at least one inspection visit during the year.
Public buildings are safe and clean for public use: i) All relevant properties have a current building warrant of fitness ii) Cleaning contracts for the Municipal Building and public toilets comply with monthly performance criteria	100% compliance 95% compliance	<u>Achieved</u> All Council public buildings have current building warrants of fitness <u>Not Achieved</u> Municipal Building cleaning contract was assessed against performance criteria in 10 out of 12 months, achieving 83% compliance.
All pensioner units are fully occupied, averaged over all complexes, excluding refurbishment periods.	Minimum annual occupancy 95%	<u>Not Achieved</u> Over 74 pensioner units the average occupancy was 93.2% over the year. Occupancy at 30 June was 95.6%
There is no net cost to the rate payer for pensioner housing.	100% user pays	<u>Achieved</u> No rates input required, but not all depreciation is funded.
Compliance with the Tenancy Act.	100% - No complaints upheld	<u>Achieved</u> There were no complaints laid with the Tenancy Tribunal

Performance Indicators	Targets 2011/12	Results
Town Hall facilities are operational for all bookings.	100%	Achieved Block booking of the Town Hall and Frank Cody Lounge by the Ministry of Justice for a temporary Court room has restricted access for some other users. Users of the Town Hall are required to check with Shand Shelton on safety of loading on stage infrastructure for performances.
Public toilets have acceptable quality water and appropriate wastewater treatment.	Sanitary services in public toilets to be reviewed by 31/12/11. Compliance with new Standards	Achieved Assessment completed and all facilities compliant with new standard as at 30 November 2011.

COMMUNITY FACILITIES

District Building

Cost of Service Statement

2010/11		2011/12	2011/12
Actual		Actual	Plan
\$	Operating Costs	\$	\$
299,957	Operation & maintenance	352,490	376,652
160,764	Depreciation	162,609	155,500
460,721		515,099	532,152
	Operating Income		
61,855	Rental income - halls and meeting rooms	65,851	61,200
170,784	Internal recoveries - offices rental	175,016	175,000
232,639		240,867	236,200
	Appropriations		
20,000	Transfers to reserves	-	
53,739	Provisions for loan repayments	60,286	55,000
(45,000)	Depreciation not rates funded	(48,000)	(55,000)
\$256,821	Rates Requirement	\$286,518	\$295,952

COMMUNITY FACILITIES

Housing for the Elderly

Cost of Service Statement

2010/11		2011/12	2011/12
Actual		Actual	Plan
\$	Operating Costs	\$	\$
239,230	Operation & maintenance	209,107	289,014
225,962	Depreciation	226,933	225,000
465,192		436,040	514,014
	Operating Income		
316,491	Rental income	342,902	331,950
	Appropriations		
(10,800)	Transfers from reserves	-	(42,000)
10,099	Provisions for loan repayments	10,571	10,661
(148,000)	Depreciation not rates funded	(103,709)	(150,660)
\$0	Rates Requirement	\$0	\$65

COMMUNITY FACILITIES

Other Property

Cost of Service Statement

2010/11 Actual \$		2011/12 Actual \$	2011/12 Plan \$
	Operating Costs		
451,261	Operation & maintenance	502,200	558,129
38,234	Mawley Park campground	225,182	99,749
224,135	Depreciation	268,894	200,000
713,630		996,276	857,878
	Operating Income		
161,592	Rental income	190,084	167,800
5,836	Mawley Park campground	177,870	0
26,996	Internal recoveries - ex roadside forestry	68,190	35,000
194,424		436,144	202,800
	Appropriations		
(10,000)	Transfers from reserves	-	(25,000)
40,000	Transfers to reserves	30,000	-
27,463	Provisions for loan repayments	35,716	35,600
(101,500)	Depreciation not rates funded	(135,000)	(107,600)
\$475,169	Rates Requirement	\$490,848	\$558,078

Variations from Plan – Property

Operations & maintenance costs across the range of property activities are below planned. This is largely due to maintenance expenditure not required, while costs such as electricity and insurance were above planned levels.

Housing for the elderly income is 3.3% ahead of planned and 8.3% ahead of last year due to higher occupancy of the units. Depreciation reserve funds for these units are some \$90,000 better off due to the reduced level of maintenance expenditure.

Mawley Holiday Park was budgeted as a net cost to Council, but from November 2011, following its redevelopment, the Council began a new management regime and has reported all revenue and expenditure through the Council's accounts.

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 2011/12	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 Maintain satisfaction (86% in 2010)	<u>Achieved</u> 83% overall satisfaction is a decrease of 4% from last year and 10% less than peer group. This reduction is within the margin of error for the survey sample. User satisfaction at 83% is also lower than previous year of 88% and five year average of 85.8% satisfied but remains within the margin of error.
Percentage of households who have visited a park in the past year.	91%	<u>Achieved</u> 93% of households surveyed had visited a park or reserve in previous 12 months compared to a five year average of 91.8%.
Sports Turf meets standard agreed with sports code.	95% of playing season	<u>Not Measured</u> The seasonal club survey seeks the level of satisfaction with the playing surface. For 2011/12, 87% of respondents were satisfied with the playing surface compared with 78% the previous year. The survey does not directly capture whether the turf standard was met.
All playgrounds meet safety standards	100%	<u>Achieved</u> All playgrounds comply with NZS:5825.
Service requests are acknowledged within five working days.	100%	<u>Not measured</u> Acknowledgment time for responding to service requests was not measured and the measure has been modified in the 2012 LTP to measure completion timeframes instead of acknowledgements. Service requests are monitored and actioned within the timeframes required of the contract.

Performance Indicators	Targets 2011/12	Results
Buildings have a current WOF	100%	Achieved All public buildings have a current warrant of fitness at 30 June 2012.
Reserves have current Management Plans (reviewed five yearly)	100%	Not Achieved 49% of parks are covered by Management Plans. A number of reserves have been newly identified as not covered by, or requiring, management plans. Additional staff have been employed to address the issue.

COMMUNITY SURVEY – PERFORMANCE RATING

Parks and Sportsfield (Users)	2007/08	2008/09	2009/10	2010/11	2011/12
Very satisfied/fairly satisfied	89%	86%	84%	87%	83%
Not very satisfied	9%	11%	12%	12%	16%
Don't know	2%	3%	4%	1%	2%

COMMUNITY FACILITIES

Parks, Reserves & Sportsfields

Cost of Service Statement

2010/11 Actual \$		2011/12 Actual \$	2011/12 Plan \$
	Operating Costs		
1,150,633	Parks & Reserves maintenance	1,116,615	1,190,430
399,539	Sportsfields maintenance	430,378	432,131
364,598	Depreciation	373,586	385,050
1,914,770		1,920,579	2,007,611
	Operating Income		
32,828	Miscellaneous parks income	33,670	26,500
23,326	Sportsground rentals	23,592	23,300
-	Internal Recoveries	20,000	-
56,154		77,262	49,800
	Appropriations		
(133,000)	Transfers from reserves - project funding	(111,500)	(170,000)
4,163	Transfer to reserves	7,400	-
6,680	Provisions for loan repayments	7,004	40,900
(129,300)	Depreciation not rates funded	(106,000)	(120,800)
\$1,607,159	Rates Requirement	\$1,640,221	\$1,707,911

Variances from Plan

This activity operated within planned levels during the year. Some property management functions were added to Parks management and the associated internal recovery has helped the 4% below planned rates requirement.

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 2011/12	Results
Satisfaction of residents with the service.	Maintain satisfaction levels	Achieved 69% Satisfaction is similar to previous year of 67% and five year average of 68.6%.
Satisfaction of facility users with the service.	Maintain satisfaction levels	Achieved 83% of users are satisfied compared with 81% in 2011 and five year average of 84%
Proportion of households using the service.	55%	Achieved 58% of households used the facility in the last 12 months and five year average is 56.6%.
Building has a current Warrant of Fitness.	100%	Achieved Building Warrant of Fitness current at 30 June 2012.
Programmed and reactive maintenance completed within agreed times.	85%	Achieved 89% of jobs completed in specified time.
Disinfection and microbiological test results are within NZS 5826 or agreed range.	85%	Achieved Average of 89% of results of tests were within the specified range.
Water is chemically balanced plus or minus 1 Langelier Point.	85%	Achieved Average of 97% of results of tests were within the specified range.
Lifeguards and water treatment staff hold current qualifications	95%	Achieved 100% of staff hold minimum specified qualifications at 30 June 2012.

COMMUNITY SURVEY – PERFORMANCE RATING

Swimming Pools	2007/08	2008/09	2009/10	2010/11	2011/12
Very satisfied/fairly satisfied	63%	74%	70%	67%	69%
Not very satisfied	10%	8%	9%	14%	10%
Don't know/NA	27%	18%	22%	19%	21%

COMMUNITY FACILITIES

Genesis Energy Recreation Centre

Cost of Service Statement

2011/12 Actual		2011/12 Actual	2011/12 Plan
\$	Operating Costs	\$	\$
931,266	Recreation centre operating costs*	1,198,294	956,499
390,358	Depreciation	402,877	387,400
1,321,624		1,601,171	1,343,899
	Operating Income		
84,134	Miscellaneous facility income	73,888	73,000
	Appropriations		
58,437	Loan repayments	57,295	57,000
(228,000)	Depreciation not rates funded	(233,000)	(219,675)
\$1,067,927	Rates Requirement	\$1,351,578	\$1,108,224

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

Variances from Plan

Operating costs were 20% (\$241,800) above the planned level due to several factors: insurance cost increases were not anticipated (extra \$28,000), the need for a back-up for the primary water heating system saw installation, boiler rental and fuel (diesel) costs of \$181,000 more than planned and a range of other plant maintenance resulted in \$22,000 more cost than planned. The problems with the compressors on the pools heating plant have been the subject of extensive investigation and the Council will consider options for a more permanent solution before the end of 2012. The use of the temporary diesel boiler has enabled the pool temperature to be maintained at appropriate service levels throughout the 2012 winter.

COMMUNITY FACILITIES

CEMETERIES

What do we do?

The Council owns and maintains both urban and rural cemeteries.

Performance Measures

Performance Indicators	Targets 2011/12	Results
General satisfaction with cemeteries.	Maintain satisfaction and keep within 10% of peer group satisfaction	<u>Achieved</u> 60% overall satisfaction compared to 59% previous year. <u>Not Achieved</u> The result is below peer group satisfaction of 77% which is higher than the national average of 70%. Masterton and the national average have a higher percentage of Don't Know responses 31% & 27% respectively than the peer group of 19% that reduces the percentage of Masterton and national respondents that are satisfied.
Satisfaction amongst those who have visited a cemetery.	75-80%	<u>Achieved</u> 78% visitors are satisfied, which compares to five year average of 79% satisfied.
Compliance with the Burial & Cremations Act 1964.	100%	<u>Achieved</u> No reported breaches.
Proportion of time that cemetery management contracts are met each month.	95%	<u>Achieved</u> Monthly scores ranged between 89%-100% with an average of 97.25% for internal audits and 100% for external.
Accurate online access to burial records.	100% accuracy within 30 days of burial	<u>Achieved</u> All current records loaded in the month following burial. Errors in historical records will be addressed as part of a cemetery mapping and photographing project in 2014-2016

CEMETERIES SURVEY – PERFORMANCE RATING

Satisfaction with Cemeteries	2007/08	2008/09	2009/10	2010/11	2011/12
Very satisfied/fairly satisfied	62%	66%	58%	59%	60%
Not very satisfied	8%	9%	6%	9%	10%
Don't know	30%	25%	36%	32%	31%

Cemeteries

Cost of Service Statement

2010/11 Actual \$		2011/12 Actual \$	2011/12 Plan \$
	Operating Costs		
133,280	Cemeteries operating and maintenance	141,178	146,220
2,982	Depreciation	3,024	3,000
136,262		144,202	149,220
	Operating Income		
78,705	Burial fees and sale of plots	79,636	78,260
78,705		79,636	78,260
	Appropriations		
(3,715)	Transfers from reserves	(9,460)	(10,000)
-	Transfers to reserves	-	-
\$53,842	Rates Requirement	\$55,106	\$60,960

COMMUNITY FACILITIES

Capital Expenditure Summary

2010/11 Actual \$		2011/12 Actual \$	2011/12 Plan \$
	Parks, Reserves & Sportsfields		
70,139	Q E Park - rejuvenation project	176,217	150,000
-	New 24 hours Toilets	24,025	157,000
-	Recreation trails	38,246	20,000
12,653	Parks & reserves upgrades	-	23,500
-	Sportsbowl artificial running track (MDC) share	331,000	300,000
-	Motorplex facility access upgrading	-	165,000
5,496	Street tree strategy	12,605	15,000
200,102	Castlepoint seawall & landscaping	-	0
17,515	Henley Lake improvements	4,295	75,000
-	Memorial Park refurbishment	-	15,000
-	QE Park - skatepark lighting & features	-	25,000
-	Playgrounds - safety matting, replacement equip	36,643	65,000
10,000	Robinson Park land acquisition	7,857	-
-	Sportsfield turf renovations	-	20,000
43,625	Sportsfield building upgrades	20,345	30,000
	Genesis Energy Recreation Centre		
149,806	Recreation centre - incldg energy efficiency	71,464	74,000
-	War Memorial Stadium - seating & extension	-	400,000
	Cemeteries		
-	Riverside cemetery landscaping	1,900	60,000
	District Building		
27,625	Facilities & equipment	-	44,000
-	Building upgrades	39,504	40,000
51,483	Town hall stage equipment renewal	-	179,000
	Housing for the Elderly		
45,611	Pensioner housing upgrades	27,725	106,000
	Other Property		
83,097	Public conveniences upgrade (Riversdale)	143,566	267,000
77,598	Rental property upgrades	11,533	59,000
924,390	Mawley Park facility upgrades	921,914	600,000
32,174	Rural Hall upgrades	10,837	-
\$1,751,314		\$1,879,676	\$2,889,500
	Capital Funding		
(589,836)	Transfer from reserves	(1,203,762)	(2,189,500)
(1,063,830)	Loan funds	(673,914)	(700,000)
(97,648)	Subsidy/external contributions	(2,000)	-
(\$1,751,314)		(\$1,879,676)	(\$2,889,500)

Community Facilities Capital Expenditure - Variances from Plan

New public toilets on the Dixon Street frontage of QE Park – the decision to proceed was made in May with only design costs spent by 30 June.

Recreation trails – the Council decided to proceed with more extensive quantity of work than planned following submissions to the LTP in May 2012

Artificial track – the Council contributed an additional \$31,000 for installation of the new athletics track at the Colin Pugh Sportsbowl.

Motoplex – a grant of \$100,000 was paid as an operating expense rather than capital expenditure.

Henley Lake outlet control – the project to automate this was not required.

War Memorial Stadium – the provision for extra seating and a building extension that was proposed by Golden Shears Society was not supported by other funders.

Riverside cemetery – landscaping work was not progressed.

Town Hall – facility and equipment upgrades and the stage equipment renewal have been delayed due to re-evaluating the scope and funding options for the work.

Renewals work on the pensioner units was deferred.

Expenditure on Riversdale toilets upgrading included the Southern Reserve toilets and design costs of the new domain facility. Costs also include the second part of the capital contributions for the three Riversdale public toilets to connect to the Riversdale Beach sewerage scheme.

Mawley Holiday Park upgrade has been spread over two financial years, with costs totaling just over the \$1.8 million planned.

COMMUNITY FACILITIES

Rates Requirement Summary

2010/11 Actual \$	Activity	2011/12 Actual \$	2011/12 Plan \$
1,607,159	Parks, reserves & sportsfields	1,640,221	1,707,911
1,067,927	Genesis Energy Recreation Centre	1,351,578	1,108,224
53,842	Cemeteries	55,106	60,960
256,821	District building	286,518	295,952
0	Housing for the elderly	0	65
53,694	Other rental properties	54,121	65,822
123,722	Mawley Park	110,213	147,750
215,194	Public conveniences	230,526	237,310
71,769	Rural halls	76,785	88,496
10,790	Forestry	19,203	18,700
\$3,460,919	Rates Requirement	\$3,824,271	\$3,731,190

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 2011/12	Results
Resource consents are processed within the requirements of the Resource Management Act: i) Percentage non-notified consents completed on time. ii) Percentage notified consents completed on time. iii) Percentage Land Information Memoranda completed on time. iv) Percentage Project Information Memoranda completed on time. v) Percentage of Building Consents checked for planning implications	90% 80% 100% 100% 100%	<u>Achieved</u> 100% of all 75 non-notified consents were completed on time. <u>Achieved</u> 100% of the 3 notified consents were completed within the required time frames. <u>Achieved</u> 100% of the average time to complete 286 LIM's was 4 days. <u>Achieved</u> 100% of the 2 PIM's were completed on time. <u>Achieved</u> 99.4% of the 830 building consents were checked for planning implications.
Consultation processes are consistent with the Resource Management Act and principles of the Treaty of Waitangi: i) All affected parties are notified ii) Information is available on the Wairarapa Combined District Plan	No justified complaints of non-notification Information on status available; Information on requirements available when plan is operational	<u>Achieved</u> No complaints received. <u>Achieved</u> Information on website.

Performance Indicators	Targets 2011/12	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 reported</p> <p>No target in 2011/12</p> <p>No target in 2011/12</p> <p>Outstanding landscapes identified for consultation</p>	<p><u>N/A</u> The Combined District Plan has only been operative since May 2011, so trends have yet to appear.</p> <p><u>N/A</u> 4 Plan changes undertaken, 3 completed and 1 at appeal stage.</p> <p><u>N/A</u> We are continuing contact with landowners to provide information and encourage further protection of significant areas of vegetation and habitats of indigenous fauna.</p> <p><u>Achieved</u> 16 outstanding natural features and landscapes have been identified. Land owner consultation and public meetings have been completed. Plan change process to begin late 2012.</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 frame.</p> <p>ii) Proportion of written complaints responded to within 10 working days.</p>	<p>100%</p> <p>100%</p>	<p><u>Achieved</u> 100% of consent conditions were monitored for compliance</p> <p><u>Achieved</u> 100%</p>
Complete a Management Plan for Castlepoint.	N/A	N/A
Prepare a Draft Management Plan for Riversdale Beach.	Draft Riversdale Beach Management Plan completed and adopted for consultation.	<u>Achieved</u> Draft Plan completed and sent out for comment. Meeting held with Riversdale Beach Ratepayers Association. More meetings to be held.

Resource Management & Planning

Cost of Service Statement

2010/11 Actual \$		2011/12 Actual \$	2011/12 Plan \$
	Operating Costs		
544,921	Resource management & planning	501,618	564,952
88,958	Wairarapa Combined District Plan (MDC share)	37,578	40,000
633,879		539,196	604,952
	Operating Income		
105,206	User charges - consent fees & recoveries	55,814	116,200
316,526	Reserves & infrastructure contributions	325,652	280,000
20,004	Internal recoveries	20,004	20,000
441,736		401,470	416,200
	Appropriations		
-	Transfers from reserves - project funding	(17,146)	-
62,146	Transfer to reserves - project funding	114,700	107,000
316,526	Transfer to reserves - various contributions	325,652	280,000
\$570,815	Rates Requirement	\$560,932	\$575,752

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 2011/12	Results
Compliance with the NZ Building Code for all work issued with a building consent.	100%	<u>Achieved</u> All of the 830 building consents issued achieved full compliance with the NZ Building Code. 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.
Building consents are processed within the requirements of the Building Act 2004: i) Percentage building consent applications processed within 20 working days; ii) Percentage Council inspectors with required training certification.	100% 100%	<u>Not Achieved</u> 99.4% of consents processed in the 12 month period were processed within 20 working days. 5 consents exceeded the target time due to insufficient application data received from applicant. <u>Achieved</u> 100% achieved. All Council building control staff are currently trained.
Percentage Inspections carried out within one working day of requested inspection date.	100%	<u>Achieved</u> All inspections carried out within one working day or same day in some circumstances. No complaints received from applicants.
Proportion of known swimming pools inspected for compliance and/or drained if non-complying.	100%	<u>Achieved</u> New pools constructed under building consent or existing pools inspected on request. If non-compliant, pool is required to be drained.

COMMUNITY SURVEY – PERFORMANCE RATING

Inspections and Consents	2007/08	2008/09	2009/10	2010/11	2011/12
Very satisfied/fairly satisfied	38%	38%	43%	48%	44%
Not very satisfied	9%	12%	12%	9%	10%
Don't know	53%	50%	44%	43%	46%

Building Control

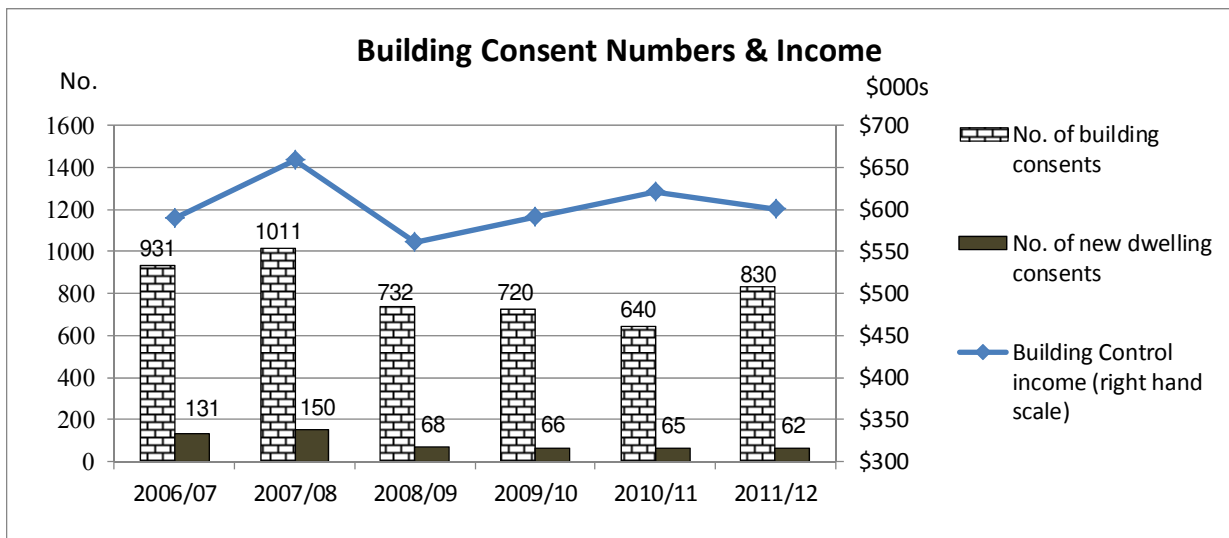
Cost of Service Statement

2010/11 Actual		2011/12 Actual	2011/12 Plan
\$	Operating Costs	\$	\$
775,660	Building Control costs	742,765	768,337
0	Project - Digitising building records	115,579	-
\$775,660		\$858,344	\$768,337
	Operating Income		
620,391	Consent fees & charges	599,567	656,400
-	Transfers from reserves	(115,000)	-
\$155,269	Rates Requirement	\$143,777	\$111,937

Variances from Plan

Building consent fee income has come in \$56,800 (8.66%) under plan while lower operating costs only partially made up that shortfall.

A project to convert all paper building plans and files to digital images was started during the year and was approximately 40% completed at 30 June 2012. Although unbudgeted, the Council considered there was good justification to proceed with the job, utilising the skills of a dedicated team at Hutt City Council.



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 2011/12	Results
Proportion of registered premises that are inspected at least once annually and followed up with further visits for enforcement if necessary.	100%	<p><u>Achieved</u> 100% of Health premises registered (including Food Premises) have been inspected and follow up inspections have been carried out as required. 35 inspections have been carried out.</p> <p><u>Not Achieved</u> Trade Waste premises registered were not inspected in this financial year. All inspections will be carried out by Oct 2012 and again before June 2013.</p>
Proportion of licences or consents issued within statutory or policy deadlines.	100%	<p><u>Achieved</u> 100% - 185 Health licences issued on receipt of all application details and within deadlines.</p> <p><u>Achieved</u> 100% - 148 Trade Waste consents issued on receipt of all application details and within deadlines.</p>
Proportion of special licences processed within 10 working days of completion by external agencies.	100%	<p><u>Achieved</u> 108 Special Licences issued. All issued within 10 working days of receiving reports from external agencies.</p>
Proportion of noise complaints responded to within one hour	90%	<p><u>Not Achieved</u> 758 noise complaints received. 676 responded to within one hour (89%). After hours response time is dependent on contractor availability.</p>
Proportion of other 'general' complaints responded to within two working days of notification; or one hour if urgent.	100%	<p><u>Achieved</u> 354 non-urgent complaints received and responded to within 2 working days. 258 urgent complaints received and responded to within 1 hour.</p>

Performance Indicators	Targets 2011/12	Results
Compliance with NZ Drinking Water Standards 2005 for monitoring community water supplies	100% compliant	Achieved 100% 11 community water supplies monitored for water quality in compliance to DWSNZ 2005 (revised 2008) bacterial criteria that requires three samples per quarter.
Compliance with consent conditions for monitoring of resource consents.	100% compliant	Achieved 100% 19 consents/sub-consents monitored in accordance with the consent conditions.
Number of public education programmes undertaken annually.	2+ initiatives per year	Achieved Food safety information presented at Rotary Club meeting. Information provided in regard to fencing of swimming pools to public and pool owners via newspapers, leaflets and pamphlets and enquiries from customers. Educational information and material covering all legislative requirements is available to public. Specialised information supplied on request. Water quality of pools at schools and hotels/motels was tested and educational information given to operators. 29 inspections and follow up inspections were carried out.

COMMUNITY SURVEY – PERFORMANCE RATING

Inspections and Consents	2007/08	2008/09	2009/10	2010/11	2011/12
Very satisfied/fairly satisfied	38%	38%	43%	48%	44%
Not very satisfied	9%	12%	12%	9%	10%
Don't know/NA	53%	50%	44%	43%	43%

PLANNING & REGULATORY

Environmental Health & Licensing

Cost of Service Statement

2010/11 Actual		2011/12 Actual	2011/12 Plan
\$ 622,424	Operating Costs	\$ 630,037	\$ 605,364
	Environmental health & licensing costs		
	Operating Income		
97,746	License fees & charges	100,741	91,550
262,201	Internal recoveries	214,187	210,500
359,947		314,928	302,050
	Appropriations		
-	Transfer to/(from) reserves - project funding	-	-
\$262,477	Rates Requirement	\$315,109	\$303,314

Bylaw Control / General Inspection

Cost of Service Statement

2010/11 Actual \$		2011/12 Actual \$	2011/12 Plan \$
290,184	Operating Costs		
	General inspection costs (includes pool vehicle	249,363	308,611
	Operating Income		
3,135	Miscellaneous recoveries	9,529	4,920
235,394	Internal recoveries	196,320	232,000
238,529		205,849	236,920
	Appropriations		
-	Transfers from reserves - project funding	-	-
\$51,655	Rates Requirement	\$43,514	\$71,691

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 2011/12	Results
Customer satisfaction with animal control services.	Maintain satisfaction	Achieved 71% is slightly lower than previous year of 75% but within the margin of error for the sample size.
Proportion of urgent complaints responded to within one hour. (Dog attacking people or animals)	100%	Achieved Total requests 158 Response within 1 hour 158 – 100%
Proportion of non-urgent complaints responded to within 24 hours of notification. (Barking dogs or wandering animals)	100%	Not Achieved 99.69% achieved. Of the 965 total requests, 962 were responded to within 24 hours–
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 97.1% of known dogs were registered for the year being 5,573 dogs.
Undertake public education, school and community visits to promote safe behaviour around dogs and/or responsible dog ownership.	6+ visits	Not Achieved 3 visits only recorded 1 Day care 1 Intermediate 1 Primary/Intermediate

COMMUNITY SURVEY – PERFORMANCE RATING

Animal Control	2007/08	2008/09	2009/10	2010/11	2011/12
Very satisfied/fairly satisfied	75%	75%	71%	75%	71%
Not very satisfied	18%	21%	22%	19%	24%
Don't know/NA	7%	4%	7%	6%	5%

PLANNING & REGULATORY

Animal Control

Cost of Service Statement

2010/11 Actual		2011/12 Actual	2011/12 Plan
\$	Operating Costs	\$	\$
346,163	Dog control & pound	357,991	341,269
333,493	Operating Income Dog registration fees & fines	333,056	330,850
(2,000)	Appropriations Transfers from reserves	-	-
-	Transfer to reserves	-	-
\$10,670	Rates Requirement	\$24,935	\$10,419

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 2011/12	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	N/A Work is now undertaken by the Wairarapa Rural Fire District.
Proportion of priority fire permits processed within three days.	100%	N/A No fire restrictions were in place over the 12 months period, so no permits had to be processed.
Annual review of Masterton District resource and equipment schedules completed & revisions reported in time for the annual fire plan review.	Due August 2011	N/A Work is now undertaken by the Wairarapa Rural Fire District.

PLANNING & REGULATORY

Rural Fire Control

Cost of Service Statement

2010/11 Actual		2011/12 Actual	2011/12 Plan
\$	Operating Costs	\$	\$
194,525	Rural fire costs	60,123	29,150
73,500	Wairarapa Rural Fire Authority (MDC share)	199,200	195,200
268,025		259,323	224,350
	Operating Income		
102,085	Miscellaneous recoveries	25,959	-
	Appropriations		
-	Transfers from reserves	-	-
\$165,940	Rates Requirement	\$233,364	\$224,350

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 2011/12	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%</p> <p>Food supplies- 60%</p> <p>Household plan - 50%</p> <p>Equipment - 60%</p>	<p><u>Not Achieved</u></p> <p>The proposed week long public awareness programme was deferred due to the impact of the Christchurch earthquake and reorganisation of the Wellington Group.</p> <p>Seven public presentations have been conducted between July-June.</p> <p><u>Achieved</u></p> <p>Food supplies and equipment exceeded the target in both surveys.</p> <p>Water – 93% <i>exceeded</i></p> <p>Food supplies – 60% <i>achieved</i></p> <p>Equipment – 78% <i>exceeded</i></p> <p><u>Not Achieved</u></p> <p>Household plan targets were not achieved in either survey.</p> <p>Household plan – 27% <i>not achieved</i></p>
<p>An effective Civil Defence Emergency Management System is in place:</p> <p>i) Emergency Operations Centre 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><u>Achieved</u></p> <p>Exercise Pacific Wave November 2011 Tsunami response standard operating procedures were evaluated.</p> <p>EOC response to the Kermadec Islands Tsunami 7th July 2011.</p> <p>EOC monitoring role for:</p> <p>-Snow event 14-17 August 2011</p> <p>-Severe weather event 2-3 March 2012</p>
<p>Complete Wellington Region Civil Defence Emergency Management Group work programme identified for Masterton.</p>	<p>Annual programme completed</p>	<p><u>Not Achieved</u></p> <p>On track – current work programmed to be replaced with new programme once the CDEM Group Plan is adopted.</p>

PLANNING & REGULATORY

Emergency Management

Cost of Service Statement

2010/11 Actual \$		2011/12 Actual \$	2011/12 Plan \$
149,553	Operating Costs		
	Emergency management costs	203,712	186,005
18	Operating Income		
	Recoveries ex Wairarapa Councils	57,477	-
5,000	Appropriations		
	Transfer to reserves - self insurance	5,000	5,000
\$154,535	Rates Requirement	\$151,235	\$191,005

PLANNING & REGULATORY

Rates Requirement Summary

2010/11 Actual \$	Activity	2011/12 Actual \$	2011/12 Plan \$
481,857	Resource Management & Planning	523,354	535,752
155,269	Building Control	143,777	111,937
262,477	Environmental Health & Licensing	315,109	303,314
51,655	Bylaw Control & General Inspection	43,514	71,691
165,940	Rural Fire Control	233,364	224,350
10,670	Animal Control	24,935	10,419
154,535	Emergency Management	151,235	191,005
88,958	Combined District Plan development	37,578	40,000
\$1,371,361	Rates Requirement	\$1,472,866	\$1,488,468

PLANNING & REGULATORY

Capital Expenditure Summary

2010/11 Actual \$	Capital Expenditure	2011/12 Actual \$	2011/12 Plan \$
65,551	Fleet vehicle replacements	73,388	90,000
14,873	Rural fire station upgrade	10,426	12,000
3,559	Environmental Health equipment	2,715	7,250
11,216	Civil Defence equipment		3,100
6,949	Dog Control facilities upgrade		-
\$102,148		\$86,529	\$112,350
	Capital Funding		
(84,303)	Transfer from reserves	(81,316)	(112,350)
(17,845)	External contributions	(5,213)	
(\$102,148)		(\$86,529)	(\$112,350)

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 2011/12	Results
Timely completion of Long Term Plan and Annual plans.	By 30 June 2012	<u>Achieved</u> Long Term Plan adopted 27 June 2012.
New or revised policies and projects consulted on in accordance with the Policy on Significance.	100%	<u>N/A</u> The Policy on Significance was not triggered in the financial year. The Wairarapa Gambling Venues Policy followed the special consultative procedure.
New or revised policies incorporate concepts of sustainable development as outlined in Council's Sustainable Development decision making guidelines.	100%	<u>N/A</u> The sustainable development guidelines were not required for new policies in the financial year.
The public is informed about council decisions and performance: i) Satisfaction with consultation on Council decisions ii) Agendas are available to the public for all Council meetings two working days in advance. iii) A summary of the Draft Long Term Plan and the Annual Report is circulated. iv) Council newsletters are distributed. v) Report on annual activities adopted by the Council.	Maintain satisfaction 100% compliance Distributed to all households and ratepayers Four issues annually By 31 October 2011	<u>Achieved</u> i) 43% satisfaction with council consultation and community involvement was more than 38% satisfaction in the previous year, ii) Agendas are available at the Council and the Library two days prior to meetings and are available on the website. iii) The summary of the Draft Long Term Plan and the Annual Report was printed in a community newspaper, mailed to out of district ratepayers and on the website. iv) The Council newsletter has been replaced with a fortnightly column in the local community newspaper. v) The report on annual Activities was adopted by the Council on 26/10/11.

Performance Indicators	Targets 2011/12	Results
<p>Maori Liaison Task Group meets regularly.</p> <p>Report on implementation of the Memorandum of Relationship with Rangitāne o Wairarapa</p> <p>Report on Memorandum of Partnership with Ngati Kahungunu</p>	<p>At least four times annually</p> <p>Annual report on implementation</p> <p>Annual report on implementation</p>	<p><u>Achieved</u> The Maori Liaison Task Group met on 18 August and 15 November 2011 and 23 February, 3 April and 24 May 2012.</p> <p><u>Achieved</u> The Mayor and CEO report that they meet regularly with representatives of both iwi for sharing of information and resolution of issues particularly in regard to building the capacity of Maori. Councillors were made familiar with the Treaty issues as they affected the Wairarapa claim.</p>
<p>Report on impact of collaborative activities with other local authorities</p>	<p>Annually</p>	<p><u>Achieved</u> The main collaborative focus has been on shared services and future governance options for the Wairarapa and the wider Wellington Region. An Assessment of Options for the Wairarapa was reported to the Council on 4 April 2012, and ongoing consideration and further studies have continued.</p> <p>The SMART libraries linked catalogues and borrowing services. Waste minimisation was reviewed across the wider-Wellington Region. GIS (mapping) services operated as a Wairarapa service. The Wairarapa Regional Civil Defence operation evolved into a Wellington Regional operation</p>

Governance

Cost of Service Statement

2010/11		2011/12	2011/12
Actual	Operating Costs	Actual	Plan
\$		\$	\$
289,077	Mayor & Councillors' remuneration	312,586	317,600
73,920	Reporting & consultation	97,591	106,000
-	Wairarapa governance study (MDC share)	136,547	40,000
38,533	Election costs (net)	-	-
387,268	Operating expenses	373,233	370,668
788,798		919,957	834,268
	Operating Income		
310,940	Internal allocation of governance costs (per Funding Policy 40% internal)	354,000	325,000
310,940		354,000	325,000
	Appropriations		
(14,385)	Transfers from reserves	(42,245)	(40,000)
34,623	Transfers to reserves	15,000	15,000
\$498,096	Rates Requirement	\$538,712	\$484,268

INTERNAL FUNCTIONS

Corporate Services

Cost of Service Statement

2010/11 Actual \$		2011/12 Actual \$	2011/12 Plan \$
	Operating Costs		
1,250,114	Management & administration	1,347,853	1,407,011
1,099,971	Financial management	1,208,996	1,204,356
282,979	Information systems	406,240	404,950
2,633,064		2,963,089	3,016,317
	Operating Income		
176,529	Miscellaneous income & recoveries	239,292	172,450
910,461	Interest income (external)	868,252	775,000
331,190	Interest income (on internal loans)	283,252	342,000
13,800	Other Internal recoveries	35,456	-
2,281,838	Support services allocated internally	2,431,644	2,551,867
3,713,818		3,857,896	3,841,317
	Appropriations		
-	Transfer (from) reserves	(25,000)	(45,000)
129,400	Transfers to reserves (c/fwd funds)	30,000	-
951,354	Transfer to reserves - interest	889,807	870,000
\$0	Rates Requirement	\$0	\$0

INTERNAL FUNCTIONS

Roading Advisory Services

Cost of Service Statement

2010/11 Actual \$		2011/12 Actual \$	2011/12 Plan \$
	Operating Costs		
374,771	Professional staff & operating costs	459,970	368,415
6,756	Depreciation	7,514	6,800
381,527		467,484	375,215
	Operating Income		
233,203	Prof. services - subsidised roading	269,977	215,000
173,744	Prof. services - non-subsidised roading	195,558	161,000
9,468	Prof. services - other Council activities	17,497	38,500
-	External income	12,703	500
416,415		495,735	415,000
	Appropriations		
5,000	Transfer to reserves	5,000	5,000
(\$29,888)	Rates Requirement	(\$23,251)	(\$34,785)

INTERNAL FUNCTIONS

Asset & Project Management

Cost of Service Statement

2010/11 Actual \$		2011/12 Actual \$	2011/12 Plan \$
	Operating Costs		
470,177	Professional staff & operating costs	520,519	623,063
	Operating Income		
470,177	Internal charges	519,986	623,063
-	External recoveries	533	-
470,177		520,519	623,063
	Appropriations		
-	Transfer to reserves	-	-
\$0	Rates Requirement	\$0	\$0

INTERNAL FUNCTIONS**Capital Expenditure Summary**

2010/11 Actual		2011/12 Actual	2011/12 Plan
\$		\$	\$
3,839	Engineering Consultancy Traffic Counting Equipment	-	-
	Corporate Services		
87,152	Computer system upgrades	69,925	80,000
-	GIS server & database	-	50,000
-	Records management system	-	75,000
90,991		69,925	205,000
	Capital Funding		
(90,991)	Transfer from reserves	(69,925)	(205,000)

Variances from Plan

Within Governance activity, the joint Wairarapa Councils' study of governance options has exceeded the budget provision as the project grew from the scope it was initially envisaged as.

Within corporate cost centres some operational cost savings have been achieved, with the \$2.43 million allocated across operating activities being 4.7% below the value planned. Corporate costs allocated are 7.3% of planned operating expenditure.

In the capital projects, the GIS server was purchased in the previous year and the database conversion work was not capitalised. The records management project has again been deferred, pending alignment of the Wairarapa Councils' IT needs and capabilities.

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.

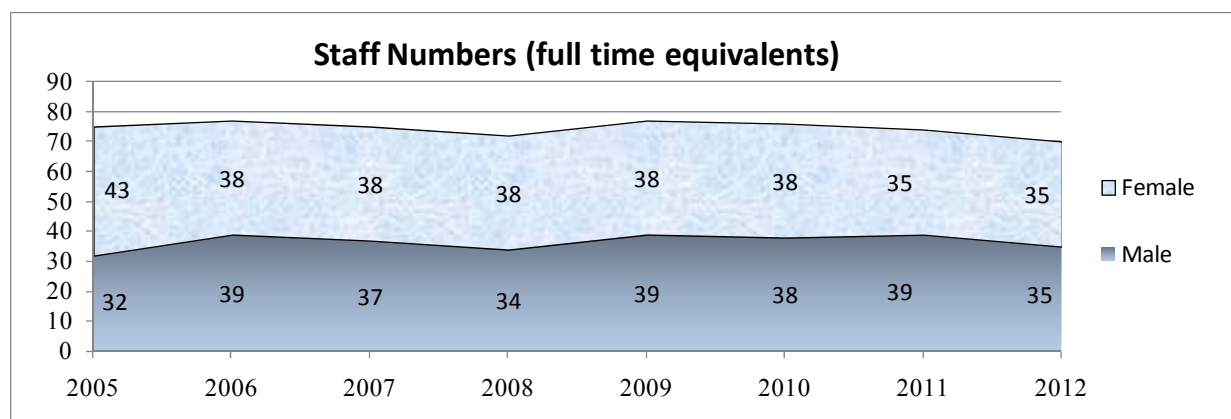
Key Activities

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)
 *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 2009*		30 June 2010		30 June 2011		30 June 2012	
	F/T	P/T	F/T	P/T	F/T	P/T	F/T	P/T
Male								
Maori	-	1	0	1	0	1	0	1
European	35	3	34	2	35	2	33	1
Other	2	0	2	0	2	0	1	0
Female								
Maori	1	1	1	1	1	1	1	1
European	29	12	30	10	27	10	29	8
Other	<u>1</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>
	68	17	68	14	66	14	64	11



FINANCIAL STATEMENTS

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NOTES TO THE ACCOUNTS



MASTERTON DISTRICT COUNCIL

STATEMENT OF FINANCIAL POSITION as at 30 June 2012				
\$		Notes	\$	\$
30 June 2011			30 June 2012	Plan
CURRENT ASSETS				
4,270,977	Cash & cash equivalents	10	2,608,029	3,752,000
4,237,157	Other financial assets	11	2,965,741	3,275,000
190,223	Inventories	8	178,341	165,000
3,611,207	Debtors and other receivables	9	4,869,843	3,178,000
<u>12,309,564</u>	Total Current Assets		<u>10,621,954</u>	<u>10,370,000</u>
NON-CURRENT ASSETS				
86,127,320	Property, equipment & other assets	12,13	86,383,250	94,073,000
591,313,058	Infrastructural assets	12,13	608,975,691	577,231,000
4,970,992	Intangible assets	14	4,769,392	4,384,000
864,706	Forestry assets	15	704,478	550,000
1,574,800	Investment property	16	2,049,700	1,600,000
0	Derivative financial instruments	21	0	0
9,578,054	Other financial assets	11	9,943,457	5,512,000
<u>694,428,930</u>	Total Non-current Assets		<u>712,825,968</u>	<u>683,350,000</u>
<u>\$706,738,494</u>	TOTAL ASSETS		<u>\$723,447,922</u>	<u>\$693,720,000</u>
CURRENT LIABILITIES				
7,558,487	Creditors & other payables	20	8,644,214	4,512,000
51,899	Derivative financial instruments	21	0	0
734,926	Employee benefits	22	741,947	750,000
75,472	Provisions (current)	23	82,548	100,000
949,464	Financial liabilities - current portion	24	6,540,457	1,240,000
<u>9,370,248</u>	Total Current Liabilities		<u>16,009,166</u>	<u>6,602,000</u>
NON-CURRENT LIABILITIES				
25,830,042	Financial liabilities	24	35,403,903	48,518,000
1,659,487	Derivative financial instruments	21	3,240,651	750,000
72,618	Employee benefits	22	80,240	60,000
308,289	Provisions & other liabilities	23	286,218	385,000
<u>27,870,436</u>	Total Non-current Liabilities		<u>39,011,012</u>	<u>49,713,000</u>
<u>\$669,497,810</u>	NET ASSETS		<u>\$668,427,744</u>	<u>\$637,405,000</u>
PUBLIC EQUITY				
424,501,697	Retained earnings (ratepayers' equity)	25	426,824,617	427,446,843
226,775,083	Revaluation reserves	25	224,619,781	196,146,000
18,221,030	Special funds & restricted reserves	28	16,983,346	13,812,157
<u>\$669,497,810</u>	TOTAL PUBLIC EQUITY		<u>\$668,427,744</u>	<u>\$637,405,000</u>

The accompanying notes form part of these financial statements.



MASTERTON DISTRICT COUNCIL

STATEMENT OF COMPREHENSIVE INCOME				
For the Year Ended 30 June 2012				
\$ Actual 2010/11		Note	\$ Actual 2011/12	\$ Plan 2011/12
INCOME				
19,714,552	Rates Revenue	3	21,713,565	21,796,310
	Capital Rates & Subsidy		-	
4,874,201	Riversdale Beach sewerage scheme	3 & 4	1,073,688	884,800
10,220,011	Other Operating Revenue	4	11,463,859	11,429,070
997,448	Finance Income	5	912,278	775,000
-	Assets vested from developments/subdivisions	4	422,000	-
570,935	Other Gains	4a	730,312	-
<u>36,377,147</u>	Total Operating Revenue		<u>36,315,702</u>	<u>34,885,180</u>
EXPENDITURE				
4,840,873	Personnel Costs	6	4,993,977	5,073,340
15,753,049	Other Expenses	7	16,127,063	16,931,582
1,464,425	Finance Costs	5,24	2,189,620	2,624,210
9,038,911	Depreciation & amortisation	12, 13, 14	9,683,170	8,806,550
1,821,677	Other Losses	4a	2,719,549	-
<u>32,918,936</u>	Total Operating Expenditure		<u>35,713,379</u>	<u>33,435,682</u>
\$3,458,211	Surplus/(Deficit) before tax		\$602,323	\$1,449,498
-	Income tax expense		-	-
\$3,458,211	SURPLUS/(DEFICIT) AFTER TAX		\$ 602,323	\$1,449,498
Other Comprehensive Income (CI)				
65,526,209	Gain/(Loss) on Infrastructure asset revaluations	12, 13, 25	(1,366,000)	-
-	Gain/(Loss) on Land and Buildings revaluations	13, 25	(361,982)	5,000,000
2,845,741	Infrastructure assets inventory adjustments	12	-	-
-	Revaluation portion of asset disposals		-	-
(63,887)	Change in value of financial assets at fair value through comprehensive income		55,593	-
<u>68,308,063</u>			<u>(1,672,389)</u>	<u>5,000,000</u>
\$71,766,274	TOTAL COMPREHENSIVE INCOME		\$ (1,070,066)	\$6,449,498

STATEMENT OF CHANGES IN EQUITY						
For the Year Ended 30 June 2012						
	\$ Revaluations (Note 25)	\$ Special Funds & Reserves (Note 28)	\$ Ratepayers' Equity (Note 25)	\$ Total 2011/12	\$ Plan 2011/12	\$ Total 2010/11
Opening Balance						
1 July 2011	226,775,083	18,221,030	424,501,697	\$669,497,810	630,956,000	\$597,731,536
Comprehensive Income for the year	(1,727,982)		657,916	(1,070,066)	6,449,498	71,766,274
Tsf disposals revaltns	(427,320)		427,320			
Transfers from Reserves		(6,945,564)	6,945,564	0		
Transfers to Reserves		2,362,182	(2,362,182)	0		
Tsf proceeds on sale of assets		4,696	(4,696)	0		
Tsf depreciation to reserves		3,341,002	(3,341,002)	0		
Closing Balance	<u>224,619,781</u>	<u>16,983,346</u>	<u>426,824,617</u>	\$668,427,744	637,405,498	\$669,497,810

The accompanying notes form part of these financial statements.



MASTERTON DISTRICT COUNCIL

STATEMENT OF CASHFLOWS for the Year Ending 30 June 2012

Last Year 2010/11		Notes	Actual 2011/12	Plan 2011/12
	Cash Flows from Operating Activities:			
	Cash was provided from:			
19,647,248	Rates (M.D.C. only)		21,591,309	22,046,000
4,874,201	Riversdale sewerage rates & subsidy		1,073,688	885,000
3,173,573	Subsidies and grants		4,322,142	5,191,000
915,190	Interest received		534,483	779,000
891	Dividends received		1,246	5,000
6,710,413	Other operating receipts		6,512,098	6,345,000
<u>35,321,516</u>			<u>34,034,966</u>	<u>35,251,000</u>
	Cash was applied to:			
(19,686,955)	Payments to suppliers and employees		(19,709,752)	(21,708,000)
(1,411,725)	Interest paid		(2,124,062)	(2,624,000)
(245,929)	Goods and services tax (paid)/received (net)		(179,198)	-
<u>(21,344,609)</u>			<u>(22,013,012)</u>	<u>(24,332,000)</u>
13,976,907	Net Cash from Operating Activities	<u>29</u>	12,021,954	10,919,000
	Cash Flows from Investing Activities:			
	Cash was provided from:			
49,957	Proceeds from sale of property, plant and equipment		51,394	15,000
	Proceeds from sale of investments		980,443	2,159,000
<u>49,957</u>			<u>1,031,837</u>	<u>2,174,000</u>
	Cash was applied to:			
(18,728,971)	Purchase of property, plant and equipment		(29,793,371)	(36,127,000)
(300,857)	Purchase of intangible assets		(88,222)	-
(3,526,170)	Acquisition of investments		-	-
<u>(22,555,998)</u>			<u>(29,881,593)</u>	<u>(36,127,000)</u>
(22,506,041)	Net Cash from Investing Activities		(28,849,756)	(33,953,000)
	Cash Flows from Financing Activities:			
	Cash was provided from:			
9,520,511	Proceeds from new financial liabilities		16,000,000	23,850,000
<u>9,520,511</u>			<u>16,000,000</u>	<u>23,850,000</u>
	Cash was applied to:			
(946,351)	Repayment of term liabilities		(803,059)	(784,000)
(34,528)	Repayment of finance lease liabilities		(32,087)	(30,000)
<u>(980,879)</u>			<u>(835,146)</u>	<u>(814,000)</u>
8,539,632	Net Cash from Financing Activities		15,164,854	23,036,000
\$10,498	Net Increase/(Decrease) in Cash and cash equivalents		(\$1,662,948)	\$2,000
4,260,479	Cash and cash equivalents at beginning of the year		4,270,977	3,750,000
<u>\$ 4,270,977</u>	Cash and cash equivalents at the end of the year	<u>10</u>	<u>\$ 2,608,029</u>	<u>\$ 3,752,000</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 Nil (2011: \$20,511) 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 2012

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 2012. The financial statements were authorised for issue by the Council on 31 October 2012. 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. The financial statements are rounded to the nearest dollar.

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:

- Amendments to NZ IAS 1 *Presentation of Financial Statements*. The amendments introduce a requirement to present, either in the Statement of Changes In Equity or the notes, for each component of equity, an analysis other comprehensive income by item. The Council has decided to present this in the Statement of Movements in Equity, with further disclosure in Notes 25 and 28.
- Amendments to NZIFRS 7 *Financial Instruments: Disclosures* – The amendment reduces the disclosure requirements relating to credit risk. Notes 26 and 27 have been updated for the amendments.
- FRS-44 *New Zealand Additional Disclosures and Amendments to NZ IFRS to harmonise with IFRS and Australian Accounting Standards (Harmonisation Amendments)* –The purpose of the new standard and amendments is to harmonise Australian and New Zealand accounting standards with source IFRS and to eliminate many of the differences between the accounting standards in each jurisdiction. The main effect of the amendments on the Council is that certain information about property valuations is no longer required to be disclosed. Note 13 has been updated for these changes.

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.

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the Council is classified as a Tier 1 reporting entity and it will be required to apply full Public Benefit Entity Accounting Standards (PAS). These standards are being developed by the XRB based on current international Public Sector Account Standards. The effective date for the new standards for public sector entities is expected to be for reporting periods beginning on or after 1 July 2014. This means the Council expects to transition to the new standards in preparing its 30 June 2015 financial statements. As some PAS are still under development, the Council is unable to assess the implications of the new Accounting Standards Framework at this time.

Due to the change in the Accounting Standards Framework for public benefit entities, it is expected that all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to public benefit entities. Therefore, the XRB has effectively frozen the financial reporting requirements for public benefit entities up until the new Accounting Standard Framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

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 statement of comprehensive income 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 OnePath (NZ) 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) 50% 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)	5/15/50 years	(20%, 6.67% and 2%)
Bridges	80 to 100 years	(1% to 1.25%)
Other structures	50 years	(2%)
Water system		
Treatment plant	10 to 100 years	(1% to 10%)
Pipes	60 to 80 years	(1.25% to 1.6%)
Valves, hydrants, connections	50 years	(2%)
Reservoirs & tanks	50 and 80 years	(1.25% and 2%)
Sewerage system		
Pipes	60 to 80 years	(1.25% to 1.6%)
Manholes	75 years	(1.33%)
Treatment plant	10 to 80 years	(1.25% to 10%)
Drainage network		

Pipes	70 to 90 years	(1.1% to 1.4%)
Stopbanks & seawall	100 years	(1%)
Airport runway Pavement & seal	80 years and 15 years	(1.25% and 6.67%)

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 2012.

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 2012.

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. There are a number of estimates and assumptions exercised when valuing infrastructural assets using the depreciated replacement cost method. These include:

- Estimating any obsolescence or surplus capacity of the asset.
- Estimating the replacement cost of the asset. The replacement cost is derived from recent construction contracts in the region for similar assets.
- Estimates of the remaining useful life over which the asset will be depreciated. These estimates can be affected by the local conditions. For example, weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then the Council could be over- or under-estimating the annual depreciation charge recognised as an expense in the statement of comprehensive income. To minimise this risk, infrastructural asset 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 asset condition-modelling are also carried out regularly as part of asset management planning activities, which provides further assurance over useful life estimates.

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. An alteration to the valuations was noted as part of the preparation of the Long Term Plan and resulted in an adjustment to the carrying values and depreciation. Other 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 2012.

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 not 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 reserves

These reserves relates to the revaluation of property, plant and equipment to fair value.

Goods 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 are listed under the Revaluation heading above.

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 2012

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 and Treatment Plant upgrade

The Council has worked through the process of renewing its resource consent for its waste water treatment and disposal facility and began construction of an upgrade in late 2009. Over the past 12 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 Dec 2009 the Council was granted a consent, based on a proposed scheme, for 25 years. The capitalised costs of the consent have been assumed to be written off over the 25 year life of the consent. The majority of the construction costs incurred to date remain classified as 'work in progress' and will be added to the Council's asset register at a detailed component level once the treatment plant upgrade is completed.

RATES REQUIREMENT SUMMARY				
2010/11 Actual		2011/12 Actual	2011/12 Plan	Variance
	Groups & Activities			
\$	Transport	\$	\$	\$
5,038,827	Roading	5,273,101	5,235,775	(37,326)
(37,867)	Parking	(23,076)	(29,225)	(6,149)
122,032	Airport	128,873	113,292	(15,581)
	Water Services			
2,274,289	Urban Water supply	2,474,093	2,469,453	(4,640)
84,189	Rural Water supplies & races	98,458	81,400	(17,058)
	Waste Services			
3,143,668	Urban Sewerage system	4,241,165	4,192,567	(48,598)
3,156,590	Rural Sewerage systems*	1,135,817	943,035	(192,782)
322,063	Stormwater	350,292	375,821	25,529
1,270,699	Solid Waste Management	899,129	1,147,260	248,131
	Community Facilities			
1,607,159	Parks, Reserves & Sportsfields	1,640,221	1,707,911	67,691
1,067,927	Genesis Energy Recreation Centre	1,351,578	1,108,224	(243,354)
53,842	Cemeteries	55,106	60,960	5,854
256,821	District Building	286,518	295,952	9,434
-	Housing for Elderly	0	65	64
475,169	Other Property	490,848	558,078	67,230
	Community Services			
1,335,649	Library & Archive	1,373,405	1,340,653	(32,752)
348,060	Community Development	425,845	408,187	(17,658)
325,721	Arts & Culture	331,933	347,604	15,671
532,000	Economic Development & Promotion	567,773	569,947	2,174
	Planning & Regulatory Services			
570,815	Resource Management & Planning	560,932	575,752	14,820
262,477	Environmental Health	315,109	303,314	(11,795)
155,269	Building Control	143,777	111,937	(31,840)
51,655	Bylaw Control/General Inspection	43,514	71,691	28,177
165,940	Rural Fire	233,364	224,350	(9,014)
10,670	Dog Control	24,935	10,419	(14,516)
154,535	Emergency Management	151,235	191,005	39,770
	Governance			
498,096	Representation	538,712	484,268	(54,444)
(29,888)	Internal Functions	(23,251)	(34,785)	(11,534)
23,216,408	Total Rates Requirement	23,089,406	22,864,910	(224,497)
	Rates Income			
20,226,402	Masterton District rates levied	22,148,495	22,096,310	52,185
3,074,201	Riversdale Beach Sewerage capital contrib.*	957,244	768,600	188,644
151,574	Rates penalties	181,972	150,000	31,972
(117,573)	Rates remissions	(138,109)	(120,000)	(18,109)
(102,978)	Discounts (on prompt payment)	(36,920)	(30,000)	(6,920)
23,231,626	Rates Revenue (incl Council properties)	23,112,682	22,864,910	247,772
15,218	Net Rates Surplus/(Deficit)	23,276	0	23,275

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.

*The higher costs against Riversdale Beach Sewerage are offset by higher than planned capital contributions.

Notes to the Accounts

Note 2

COST OF SERVICES SUMMARY for the 2011/12 Year			Actual Net Operating Cost	Plan Net Operating Cost	Capital Expenditure
	Operating Revenue	Operating Expenditure			
Transport					
Rooding	2,323,894	9,525,408	7,201,514	6,945,970	5,975,271
Parking	166,572	140,256	(26,316)	(29,267)	276,711
Airport	278,619	312,127	33,508	87,092	87,754
Water Services					
Urban Water supply	88,169	2,885,414	2,797,245	2,719,418	1,434,197
Rural Water supplies & races	136,222	262,837	126,615	103,400	42,886
Waste Services					
Urban Sewerage system	324,467	4,484,439	4,159,972	4,497,367	17,588,954
Rural Sewerage systems	7,703	446,962	439,259	298,010	1,986,911
Stormwater	84	468,508	468,424	560,821	343,821
Solid Waste Management	2,324,672	3,167,752	843,080	1,168,910	252,205
Community Facilities					
Parks, Reserves & Sportsfields	77,262	1,920,579	1,843,317	1,957,811	651,233
Genesis Energy Recreation Centre	73,888	1,601,171	1,527,283	1,270,899	71,464
Cemeteries	79,636	144,202	64,566	70,960	1,900
District Building	240,867	515,099	274,232	295,952	39,504
Housing for Elderly	342,902	436,040	93,138	182,064	27,725
Other Property	436,144	996,276	560,132	655,078	1,087,850
Community Services					
Library & Archive	161,722	1,572,792	1,411,070	1,415,653	178,857
Community Development	46,696	585,455	538,759	596,187	
Arts & Culture	21,158	338,091	316,933	347,604	
Economic Development & Promotion	27,387	690,325	662,938	642,947	22,200
Planning & Regulatory Services					
Resource Management & Planning	401,470	539,196	137,726	188,752	
Environmental Health	314,928	630,037	315,109	303,314	2,715
Building Control	599,567	858,344	258,777	111,937	
Bylaw Control/General Inspection	205,849	249,363	43,514	71,691	73,388
Rural Fire	25,959	259,323	233,364	224,350	10,426
Dog Control	333,056	357,991	24,935	10,419	-
Emergency Management	57,477	203,712	146,235	186,005	-
Governance					
Representation	354,000	919,957	565,957	509,268	
Internal Functions	4,874,152	3,951,092	(923,060)	(864,785)	69,925
External funding of capital expenditure*	3,617,104		(3,617,104)	(3,112,415)	
Eliminate internal recoveries**	(5,027,045)	(5,468,918)			
	12,914,581	32,993,830	20,521,122	21,415,412	30,225,897
* Includes NZTA subsidy for roading renewals					
** Includes rates paid for council properties					
		Capital expenditure	30,225,897	36,126,950	
		Add loan principal repayments	1,184,880	1,219,613	
		Less loan funds applied	(17,916,943)	(23,850,000)	
		Transfers to reserves	2,362,182	1,507,000	
		Transfers from reserves	(6,945,564)	(7,934,830)	
			29,431,574	28,484,145	
		Depreciation not funded from rates	(6,342,168)	(5,619,235)	
		Rates Requirement	\$23,089,406	\$22,864,910	

Notes to the Accounts

Note 3

RATES REVENUE	Notes	\$		
		Actual 2011/12	Plan 2011/12	Last Year 2010/11
Gross MDC Rates Levied		22,148,495	22,096,310	20,226,402
<i>less</i> Rates levied on Council properties		(453,217)	(300,000)	(454,234)
<i>plus</i> Rates Penalties		181,972	150,000	151,574
<i>less</i> Rates Remissions	30	(138,109)	(120,000)	(117,573)
<i>less</i> Discounts on prompt payment		(25,576)	(30,000)	(91,617)
		21,713,565	21,796,310	19,714,552
Riversdale Beach Sewerage capital contributions		957,244	768,600	3,074,201
Total Revenue From Rates		\$22,670,809	\$22,564,910	\$22,788,753

Notes to the Accounts

Note 4

OTHER REVENUE	\$		
	Actual 2011/12	Plan 2011/12	Last Year 2009/10
User charges	3,816,886	3,560,750	3,733,846
Regulatory income	1,143,403	1,149,420	1,178,183
Infringements and fines	72,276	72,000	65,393
Dividend income	1,601	5,000	891
Roading subsidies ex NZTA	4,984,193	5,140,610	3,658,121
Other Government grants	163,760	115,660	322,659
Local authority petrol tax	166,766	168,000	159,700
Financial contributions (from developers)	570,825	502,000	501,364
Other operating revenue	544,149	715,630	599,854
Sub total	11,463,859	11,429,070	10,220,011
MoH SWSS subsidy (Riversdale Beach Sewerage)	116,444	116,200	1,800,000
Revenue recognised from vested assets	422,000	-	-
Total Other Revenue	\$12,002,303	\$11,545,270	\$12,020,011

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

Notes to the Accounts

Note 4a

OTHER GAINS/(LOSSES)	\$		
	Actual 2011/12	Plan 2011/12	Last Year 2010/11
Gains			
Forestry asset revaluation gain	-	-	373,961
Property, plant and equipment gains on disposal	4,687	-	130,957
Library books revaluation gain	6,134	-	-
Carbon credits value on forestry recognised	12,356	-	-
Investment property revaluation gains	474,900	-	-
Total non-financial instrument gains	498,077	-	504,918
Gain on valuation of financial assets (fair value thru surplus/deficit)	232,235	-	66,017
Total Gains	730,312	-	570,935
Losses			
Forestry asset revaluation loss	(108,843)	-	-
Property, plant and equipment losses on disposal	(1,081,441)	-	(908,004)
Library books revaluation loss	-	-	(27,921)
Investment property revaluation losses	-	-	-
Total non-financial instrument losses	(1,190,284)	-	(935,925)
Loss on mark-to-market valuation of cash flow hedges *	(1,529,265)	-	(885,752)
Total Losses	(2,719,549)	-	(1,821,677)

* 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	Plan	Last Year
	2011/12	2011/12	2010/11
Finance income			
Interest Income on:			
- financial assets held/invested by MDC	498,893	275,000	627,719
- financial assets managed by OnePath (NZ) Ltd	413,385	500,000	369,729
Total finance income	912,278	775,000	997,448
Finance costs			
Interest expense:			
- on bank borrowings	1,663,300	2,144,210	1,082,442
- on debenture stock	498,443	450,000	349,045
- on finance leases	9,380	10,000	13,221
Discount unwind on provisions (Note 23)	18,497	20,000	19,717
Total finance costs	2,189,620	2,624,210	1,464,425
Net Finance Costs/(Income)	\$1,277,342	\$1,849,210	\$466,977

Notes to the Accounts

Note 6

PERSONNEL COSTS	Actual	Plan	Last Year
	2011/12	2011/12	2010/11
Salaries & wages	4,720,029	4,807,750	4,527,401
Medical insurance (incl FBT)	113,372	114,590	106,619
Superannuation	145,900	151,000	142,233
Incr/(Decr) in employee benefits liability	14,676	-	64,620
Total Personnel costs	\$4,993,977	\$5,073,340	\$4,840,873

Notes to the Accounts

Note 7

OTHER EXPENSES	Actual	Plan	Last Year
	2011/12	2011/12	2010/11
Fees to principal auditor			
Audit fees for annual report	97,000	97,000	93,137
Audit fees for LTP/projects	72,096	68,000	8,880
Donations	3,049	5,000	3,658
Grants - funding community development	514,950	511,230	396,763
Grants - funding arts & culture	316,407	299,500	298,289
Grants - funding economic development	452,587	393,000	401,464
ACC levies	31,216	37,410	38,979
Inventories (change in value)	11,882	-	(10,113)
Impairment of receivables	32,874	5,500	10,049
Election costs (net of recoveries)	0	0	38,533
Mayor & Councillors' honorariums	306,944	306,600	289,078
Civic entertainment costs	8,242	15,000	11,224
Ceremonies & presentations	5,184	5,300	4,221
Other operating expenses	14,274,632	15,188,042	14,168,887
Total other expenses	\$16,127,063	\$16,931,582	\$15,753,049

Notes to the Accounts

Note 7a

COST OF SERVICE STMT RECONCILIATION - Note 2 to Other Notes	Actual	Plan
	2011/12	2011/12
Revenue		
Other Revenue (per Note 4)	12,002,303	11,545,270
Finance Income (per Note 5)	912,278	775,000
Total Operating Revenue (per Note 2)	12,914,581	12,320,270
Expenditure		
Personnel Costs (per Note 6)	4,993,977	5,073,340
Other Expenses (per Note 7)	16,127,063	16,931,582
Finance Costs (per Note 5)	2,189,620	2,624,210
Depreciation (per Notes 12,13,14)	9,683,170	8,806,550
Total Operating Expenditure (per Note 2)	\$32,993,830	\$33,435,682
Add back MDC rates on Council properties (net of discount)	441,873	300,000
Net Operating Cost	\$20,521,122	\$21,415,412

Notes to the Accounts

Note 8

INVENTORIES		\$
30 June 2011		30 June 2012
87,948	Water & sewer reticulation spares	87,050
6,739	Street furniture & pavers	7,645
41,613	Water treatment chemicals	41,552
20,958	Rubbish bags & bins	12,594
16,638	Miscellaneous items	15,536
16,327	Pre-paid envelopes	13,964
\$190,223	Total Stock	\$178,341

No inventories are pledged as security for liabilities (2011 \$ nil). There are no inventories held for distribution.

Notes to the Accounts

Note 9

DEBTORS & OTHER RECEIVABLES		\$
30 June 2011		30 June 2012
313,287	Rates receivables	453,117
1,172,551	Roading subsidies receivable	1,998,362
1,628,534	Sundry debtors & receivables	1,975,223
7,845	Related party receivables (Note 18)	13,642
513,495	GST receivable	462,851
0	Community loans	0
104,225	Prepayments	107,017
3,739,937		5,010,212
(128,730)	- less provision for doubtful debts	(140,369)
\$3,611,207	Total Debtors & Other Receivables	\$4,869,843

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 2011 and 2012 are detailed below:

30 June 2011		30 June 2012
3,217,493	Not past due	4,159,644
188,984	Past due 1-60 days	374,297
131,480	Past due 61-120 days	71,316
201,979	Past due > 120 days	404,955
\$3,739,937	Total	\$5,010,212

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 2011		30 June 2012
57,367	Individual impairment	37,996
71,363	Collective impairment	102,373
\$128,730	Total provision for impairment	\$140,369

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 2011		30 June 2012
0	Past due 1-60 days	0
0	Past due 61-120 days	704
57,367	Past due > 120 days	37,292
\$57,367	Total individual impairment	\$37,996

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

30 June 2011		30 June 2012
120,020	At 1 July	128,730
38,866	Additional provisions made during the year	58,574
(30,156)	Provisions reversed during the year	(31,194)
-	Receivables written off during the year	(15,741)
\$128,730	As At 30 June	\$140,369

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

CASH & CASH EQUIVALENTS		\$
30 June 2011		30 June 2012
770,977	Cash at bank and in hand	2,592,029
3,500,000	Short term deposits of 3 months or less (from acquisition)	16,000
\$4,270,977	Total cash and cash equivalents	\$2,608,029

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.

OTHER FINANCIAL ASSETS			\$
30 June 2011	Current	<i>Notes</i>	30 June 2012
3,871,171	Short term deposits - maturities > 3 but less than 12 mths	*2	1,972,816
251,159	Corporate bonds	*4	209,335
114,827	Investments held by fund manager	*3	783,590
\$4,237,157	Total Current Portion of Financial Assets		\$2,965,741
	Non-current		
117,480	Shares (NZLGFA, NZLGIC & Airtel)	*1	273,083
3,596,430	Corporate bonds	*4	3,663,363
0	Borrower notes (NZ LGFA)	*5	161,687
	NZ Units - Carbon Credits on Forestry	*7	12,356
5,864,144	Investments held by fund manager	*3	5,832,968
\$9,578,054	Total Non-Current Portion of Financial Assets		\$9,943,457
\$13,815,211	Total Other Financial Assets		\$12,909,198
	Internal loans/investments		
\$5,645,510	Internal Loans/Investments	*6	\$7,178,633
\$23,731,698	Total Funds On Hand or Invested (including Cash & Internal)		\$22,695,860

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:

127,230 New Zealand Local Government Insurance Corporation Ltd fully paid ordinary \$1.00 shares valued at \$ 1.27 each, 18,600 Airtel Ltd shares valued at \$1.48 each and 100,000 paid up shares in the NZ LGFA valued at cost of 83 cents each (a further 100,000 remains uncalled).

*2 Bank deposits have maturity dates which range from 3 to 12 months. The deposits are spread across two financial institutions, as per the Council's investment policy and are valued as 'held to maturity'.

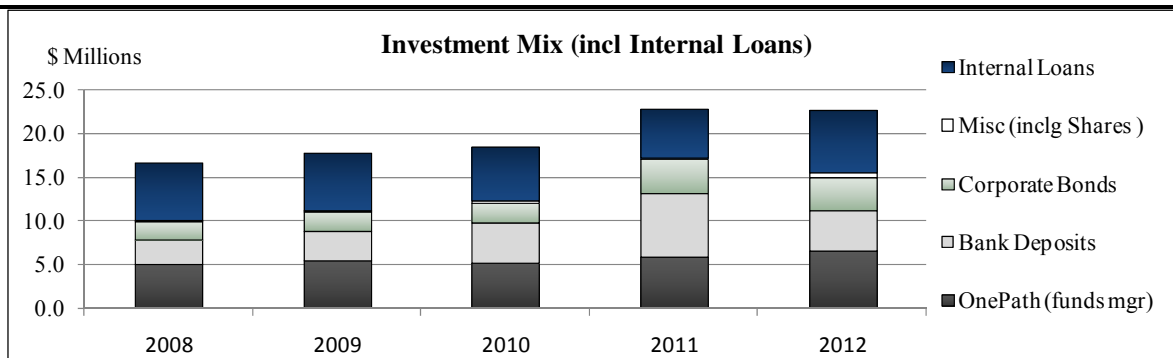
*3 OnePath (ANZ) have been contracted to manage a portion of the Council's investments. The fixed interest investments are managed by OnePath, within the Council's investment policies and are valued as 'fair value through surplus/deficit'.

*4 Corporate bonds held directly by the Council are valued as 'fair value through comprehensive income'.

*5 The Council holds \$160,000 of borrower notes issued by NZ LGFA, valued at 'fair value through comprehensive income'. These will be repaid on maturity of borrowings from the NZ LGFA, with interest accrued and payable on maturity.

*6 The Council has continued to utilise a level of internal loans/investment to fund capital projects. In July 2012, \$2m of external debt was drawn to replace short term internal borrowing that was needed for cash flow purposes at 30 June 2012.

*7 The Council has been allocated 1,817 NZU carbon credits, based on its forestry area. These have been valued at the estimated carbon price at 30 June 2012 of \$6.80 per NZU.



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.

PROPERTY PLANT & EQUIPMENT

2012	Original Cost/ Valuation 30-Jun-11	Accum. Depreciation 30-Jun-11	Carrying Amount 30-Jun-11	Current Year Additions	Current Year Disposals *1	Current Year Transfers/ Adjustments *2	Current Year Depreciation	Current Year Revaluation *3	Original Cost/ Valuation 30-Jun-12	Accum. Depreciation 30-Jun-12	Carrying Amount 30-Jun-12
Operational Assets											
Land	50,420,580	-	50,420,580	78,431				(3,113,737)	47,385,274	-	47,385,274
Buildings	36,018,363	(2,843,587)	33,174,776	1,518,107	(181,736)	438,899	(1,519,252)	2,751,755	36,182,549	-	36,182,549
Plant & vehicles	2,213,331	(1,431,249)	782,082	227,632	(4,817)		(169,637)		2,386,673	(1,551,413)	835,260
Equipment & furniture	3,408,355	(2,676,000)	732,355	488,972	(1,340)		(202,786)		3,643,085	(2,625,884)	1,017,201
Office equip (finance lease)	202,327	(101,401)	100,926	0	-		(31,821)		202,327	(133,222)	69,105
Library books	2,527,626	(2,065,594)	462,032	136,861	(22,460)		(126,341)	6,134	456,226	-	456,226
Work in progress	454,569	-	454,569	421,965		(438,899)			437,635	-	437,635
Total operational assets	95,245,151	(9,117,831)	86,127,320	2,871,968	(210,353)	-	(2,049,837)	(355,848)	90,693,769	(4,310,519)	86,383,250
Infrastructural Assets											
Land (under roads)	84,956,000	-	84,956,000	1,312	-		-	-	84,957,312	-	84,957,312
Roading network	408,307,000	-	408,307,000	5,306,607	(265,242)	85,908	(4,435,055)	(1,366,000)	412,068,273	(4,435,055)	407,633,218
Urban water supply	34,585,000	-	34,585,000	1,280,408	(448,581)	262,523	(1,107,094)	-	35,679,350	(1,107,094)	34,572,256
Urban sewerage	27,712,003	-	27,712,003	2,478,590	(178,512)		(1,255,118)	-	30,012,081	(1,255,118)	28,756,963
Stormwater assets	11,789,000	-	11,789,000	236,037	(1,228)		(223,588)	-	12,023,809	(223,588)	11,800,221
Other infrastructure	16,190,999	-	16,190,999	2,182,683	-	1,016,777	(333,687)	-	19,390,459	(333,687)	19,056,772
Work in progress	7,773,056	-	7,773,056	15,791,101		(1,365,208)		-	22,198,949	-	22,198,949
Total infrastructural assets	591,313,058	0	591,313,058	27,276,738	(893,563)	-	(7,354,542)	(1,366,000)	616,330,233	(7,354,542)	608,975,691
Total Property, Plant & Equipment	\$ 686,558,209	(\$9,117,831)	\$ 677,440,378	\$ 30,148,706	(\$1,103,916)	\$ 0	(\$9,404,379)	(\$1,721,848)	\$ 707,024,002	(\$11,665,061)	\$ 695,358,941

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 2012, 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.

*1 Disposals are reported net of accumulated depreciation.

*2 In the Transfers & Adjustments column \$438,899 was transferred out of work in progress in the operational area and back to buildings for both Mawley Park buildings and QE Park Development work completed.

Under infrastructural assets \$1,365,208 was transferred out of WIP for completed works including Riversdale sewerage, Solway Cres roading, water main renewals & QE Park swingbridge.

*3 Following reviews of asset management plans as part of the LTP process, adjustments were considered appropriate to the valuation of two roading components. The asset life and replacement cost assumptions for road seal and pavement were reviewed by Opus, resulting in an adjustment to the 30 June 2011 base valuation and subsequent depreciation of those components.

Notes to the Accounts

Note 14

INTANGIBLE ASSETS	\$		\$ 2011 Total	\$		\$ 2012 Total
	2011 Computer Software	2011 Resource Consents		2012 Computer Software	2012 Resource Consents	
Opening Original Cost	767,247	6,102,113	6,869,360	787,965	6,325,637	7,113,602
Opening Accum. Amortisation	(648,895)	(1,206,187)	(1,855,082)	(699,689)	(1,442,921)	(2,142,610)
Carrying Amount (start of year)	118,352	4,895,926	5,014,278	88,276	4,882,716	4,970,992
Additions	20,718	223,524	244,242	17,995	59,196	77,191
Disposals (net BV)	-	-	-	-	-	-
Amortisation Change	(50,794)	(236,734)	(287,527)	(41,133)	(237,658)	(278,791)
Closing Original Cost	787,965	6,325,637	7,113,602	805,960	6,384,833	7,190,793
Closing Accum. Amortisation	(699,689)	(1,442,921)	(2,142,610)	(740,822)	(1,680,579)	(2,421,401)
Carrying Amount (end of year)	88,276	4,882,716	\$ 4,970,992	65,138	4,704,254	\$ 4,769,392

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 received a 25 year consent in 2009.

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.

Notes to the Accounts

Note 15

FORESTRY ASSETS	Actual 2012	Actual 2011
Opening balance 1 July	864,706	490,745
Gains/(losses) arising from changes in fair value	(108,843)	373,961
Decreases due to harvest	(51,385)	-
Balance at 30 June	\$ 704,478	\$ 864,706

The Council's investments in forestry total some 74 ha 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 27 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.

Two blocks were harvest during the year - 1.1ha at Whareama and 2.0ha of the Tinui dump block.

Independent registered valuers PF Olsen Ltd (Mr Colin Hercus) have valued the forestry assets as at 30 June 2012, in accordance with NZ IAS 41. A pre-tax rate of 7% has been used to discount the present value of expected cash flows.

Notes to the Accounts

Note 16

INVESTMENT PROPERTY	Actual 2012	Actual 2011
Opening balance 1 July	1,574,800	1,574,800
Additions from acquisitions	-	-
Disposals	-	-
Fair value gains/(losses) on valuation	474,900	-
Balance at 30 June	\$ 2,049,700	\$ 1,574,800

MDC's investment properties are valued at fair value effective 30 June 2012. All investment properties were valued on open market evidence. The valuation was performed by Kerry Stewart FNZIV, of Darroch Valuations.

CAPITAL EXPENDITURE SUMMARY Significant Activity / Project			2011/12 Plan	2011/12 Actual	Source of Funding		
					Rates	Reserves	Other
sub totals carried forward			34,688,800	28,780,536	2,771,502	5,153,926	20,855,108
Community Facilities contd.							
Other Property	Public conveniences - Riversdale	R	267,000	143,566		143,566	
	Mawley Park facility upgrades	R	600,000	921,914		250,000	671,914 *1
	Rental & other property upgrades	R	59,000	11,533		11,533	
	Rural Hall upgrades	R	-	10,837		10,837	
Community Services							
Library	Library book purchases	R	140,300	136,861		136,861	
	Computer & equipment upgrades	R	22,000	26,191		26,191	
	Library building & furniture upgrades	R	22,500	15,805		15,805	
Economic Develpr	CBD security cameras	R	10,000	17,540		15,728	1,812 *3
	CBD under verandah lighting	R	-	4,660		4,660	
Planning & Regulatory Services							
Inspectorate	Council vehicle fleet replacements	R	90,000	73,388		73,388	
	Environmental Health testing equip	R	7,250	2,715		2,715	
Civil Defence	Emergency mgmt equip. & software	N	3,100	-			
Rural Fire	Rural fire capital upgrades	R	12,000	10,426		5,213	5,213 *3
Corporate Services/Internal Functions							
	Computer and office equip upgrades	R	80,000	69,925		69,925	
	GIS server & database	N	50,000	-			
	Records management system	N	75,000	-			
Total Capital Expenditure			\$ 36,126,950	\$ 30,225,897	\$ 2,771,502	\$ 5,920,348	\$ 21,534,047

*1 External loan funding totals \$16 million, internal loans total \$1,914,943 (\$2,000 Rec Centre against 2010 EECA Loan)

*2 NZ Transport Agency subsidies on roading capital and renewals expenditure totals \$3,017,706

*3 External grants & contributions towards asset purchases \$177,398 (including \$116,444 Riversdale Beach sewerage subsidy)

*4 Vested assets from subdivision include Roading \$0; Water \$0; Sewer & Stormwater \$422,000 (Riversdale Beach sewerage)

Capital Expenditure Analysis			Plan	Actual
	Asset Renewals		12,793,850	11,936,028
	New Asset Expenditure		23,333,100	17,867,869
	Vested Assets		-	422,000
			\$ 36,126,950	\$ 30,225,897

REPORT ON CAPITAL EXPENDITURE VARIANCES

Transport -

A portion of urban road renewals were carried forward from 2010/11 and completed this year. Black Swamp bridge renewal did not proceed but the final design option is in place. Urban and CBD footpath resurfacing work was deferred as the roll-out of broadband fibre optic cabling was done. The CBD footpath resurfacing project started in June and was completed in July. The upgrading to urban standard of one third of Solway Crescent was completed this year. Aspects of stormwater, sewer and water supply renewals were also incorporated into the job, with \$447,000 being spent in total. Work on the Tinui slump repair had been suspended at 30 June due to weather and ground conditions. It will be completed in 2012/13. The airport runway reseal was completed using an emulsion surfacing with an estimated life of six years being the most cost-effective solution.

Water Services -

The scheduled water treatment plant filter refurbishment did not proceed, but work on defining options was done. The water mains renewal programme, started in 2011/12 was continued, with 6.74km of mains replaced over the last two years. The budget for trunk main replacement was incorporated into the mains replacement programme. Te Ore Ore water race river inlet structure was fortified with heavy rock to reduce maintenance costs.

Waste Services -

Construction of the Homebush sewerage upgrade continued through the year. A wet summer and autumn resulted in delays to preparing border areas and design and contractual disputes also held up progress. The result was underspending of the plan by \$5.1m. There were sewer main renewals in progress at the beginning of the year that have come to charge this year. Sewer mains renewals over the last three years have totaled 11.2km (8.2% of the network) and have largely been managed in-house. Riversdale Beach sewerage system was commissioned in November 2011 with the timing of the final project costs not matching the provision in the Plan due to timing differences. The pressure reticulation of the Riversdale Terraces subdivision has been recognised as a vested asset addition. A green waste shed at Nursery Rd transfer station was replaced from insurance proceeds.

Community Facilities -

Several capital projects on community facilities were not progressed during the year - more detail is shown in the Cost of Statements. A grant to the Motorplex drag racing facility of \$100,000 was expensed as no Council asset could be capitalised. A decision on the QE Park public toilet upgrade was made in May and work was completed after year end. The War Memorial stadium extension, as proposed by Golden Shears Soc. was not progressed and the Town Hall stage renewals work was again deferred pending funding options. The public toilet in the domain at Riversdale was underway at year end, while the Mawley Holiday Park rejuvenation project was largely completed, with costs over two years being close to the \$1.8m budget.

Internal Functions -

The GIS server was capitalised in 2010/11 while the electronic records management system was not progressed.

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 entities 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 until June 2011 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 and event manager via Synergy Consultants Ltd.
- * **Cr J. Hooker and Mr D. Paris** (Mgr Finance) are members of the Wairarapa Balloon Society Inc. which received a grant from the Council.
- * **Cr J. Hooker** is the owner of Rekooh Motors Ltd, to which the Council both receives & supplies services.
- * **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.
- * **Cr G. Caffell & Cr P. Hannon** are members of the Wairarapa Community Centre Board which received Council grants.
- * **Mrs J. Gerritsen** (Mgr Community Services) was a trustee of the Wairarapa Community Counselling Centre which received grants.

Significant transactions and balances outstanding are as follows:

	\$ 2011/12	\$ 2010/11
Value of goods supplied by Mstn.Mitre 10	11,218	10,429
Value of goods supplied by Wai. Concrete Ltd.	0	0
Value of services supplied to Masterton Mitre 10 (landfill charges)	1,838	1,342
Value of services supplied to Wairarapa Concrete (landfill charges)	185	167
Council owes / is owed by Masterton Mitre 10 Ltd at year end	1209 / 417	515 / 121
Value of goods & services supplied by M.T.L.T.	5,453	3,318
Value of grants income received by Council from M.T.L.T.	46,000	71,000
Council is owed from M.T.L.T at year end	30,000	55,000
Value of services supplied by GT Environmental Services Ltd and GTG Ltd.	1,313	5,470
Value of services supplied to GT Environmental Services Ltd (waste charges)	82,498	77,000
Council owes / is owed by GT Environmental Services Ltd at year end	447 / 13,225	0 / 7,724
Grant given by the Council to Wairarapa Regional All Weather Track Trust	331,627	0
Grant given to the Wairarapa Workforce Development Trust	10,500	2,000
Payments to Synergy Consultants Ltd (as CD controller)	299	293
Payments to Synergy Consultants Ltd (event management)	405	6,000
Payments to Rekooh Motors Ltd	599	0
Grant given by the Council to the Wairarapa Balloon Society Inc.	10,000	10,000
Council is owed from Wairarapa Balloon Society at year end	3,809	0
Grants given to the Wairarapa Community Counselling Centre	2,000	2,000
Grants given to the Wairarapa Community Centre	110,000	0

Transactions with key management personnel

	\$ 2011/12	\$ 2010/11
Salaries & performance payments	915,094	880,979
Other benefits (professional fees, Kiwisaver, etc)	14,855	14,632
Post-employment, long term or termination benefits	0	0
	<u>\$929,949</u>	<u>\$895,611</u>

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

Severance payments - for the year ended 30 June 2012 MDC made 0 severance payments (2010/11 = 0)

REMUNERATION - Elected Representatives

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.

	\$ 2011/12	\$ 2010/11	
Mayor	Garry Daniell	78,400	73,410
Deputy Mayor	Jane Terpstra	26,527	25,889
Councillor & committee chair	Chris Peterson	26,527	25,889
Councillor & committee chair	Jonathan Hooker	26,527	25,889
Councillor & committee chair	Lyn Patterson	26,527	24,129
Councillor	Judith Callaghan	20,406	20,035
Councillor	David Holmes	20,406	20,035
Councillor	Doug Bracewell	20,406	14,224
Councillor	Gary Caffell	20,406	14,224
Councillor	Phillipa Hannon	20,406	14,224
Councillor	Graham McClymont	20,406	14,224
Councillor (until Oct'10)	Brent Goodwin		5,636
Councillor (until Oct'10)	Rod McKenzie		5,636
Councillor (until Oct'10)	Edwin Perry		5,636
		<u>\$ 306,944</u>	<u>\$ 289,078</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 2011, for the period to 30 June 2014. The annual salary package, including benefits is:

	\$ 2011/12 Per Agreement	\$ 2011/12 Paid to CEO	\$ 2010/11 Paid to CEO
Annual salary	180,500	181,267	181,254
Other (medical, phone, prof. fees incldg FBT)	2,500	3,215	3,209
	<u>\$183,000</u>	<u>\$184,482</u>	<u>\$184,463</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		\$ 30 June 2012
6,306,062	Trade payables	7,588,312
288,654	Deposits & bonds	288,682
58,339	Agency rates collected - Greater Wellington Regional Council	62,009
593,325	Income received in advance	606,503
312,106	Community organisations - funds held in trust	98,708
<u>\$7,558,487</u>		<u>\$8,644,214</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

30 June 2011		Actual 30 June 2012
\$	Assets	\$
-	Current Interest rate swaps - fair value hedges	-
-	Non-current Interest rate swaps - fair value hedges	-
<u>\$0</u>		<u>\$0</u>
	Liabilities	
51,899	Current Interest rate swaps - fair value hedges	0
1,659,487	Non-current Interest rate swaps - fair value hedges	3,240,651
<u>\$1,711,386</u>		<u>\$3,240,651</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)
2B	2,500,000	6.1 years	31/07/18	6.320%
3	2,500,000	6.6 years	30/01/19	6.660%
7	1,000,000	6.7 years	29/03/19	5.165%
8	1,200,000	3.1 years	20/07/15	4.030%
9	800,000	5.1 years	20/07/17	5.780%
10	1,200,000	2.8 years	20/04/15	4.785%
11	1,000,000	6.1 years	20/07/18	5.800%
12	1,500,000	3.9 years	23/05/16	4.800%
13	2,000,000	4.0 years	21/06/16	4.950%
14A	1,000,000	4.5 years	22/12/16	4.770%
14B	1,000,000	3.0 years	22/06/15	4.900%
15A	2,000,000	2.1 years	25/07/14	4.710%
16	2,000,000	6.3 years	23/10/18	5.350%
17	2,000,000	8.2 years	24/08/20	4.925% / 4.66% *1
18	2,000,000	3.8 years	20/04/16	4.81% / 4.30% *1
19	2,000,000	6.0 years	22/06/18	5.320%
20	2,000,000	4.9 years	22/05/17	5.220%
21	2,000,000	10.0 years	22/06/22	4.570%
22	2,000,000	9.2 years	22/09/21	4.570%
23	2,000,000	9.1 years	26/07/21	4.680%
24	1,000,000	7.7 years	22/02/20	5.64% / 4.98% *1
	<u>34,700,000</u>			

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.

*1 : At year end three swaps had their term extended and a new fixed interest rate will apply from the next rate reset date. The interest rates shown are as at the 30th June and from their next renewal (within 90 days).

Notes to the Accounts

Note 22

EMPLOYEE BENEFIT LIABILITIES		\$
30 June 2011		30 June 2012
625,683	Staff holiday provision	660,966
31,984	Salaries & wages accrued	19,776
19,359	Councillor's honorariums payable	19,325
8,897	Staff sick leave provision	8,693
121,622	Staff retirement gratuities	113,427
\$807,545	Total Employee Benefit Liabilities	\$822,187
734,926	Comprising: Current	741,947
72,618	Non-current	80,240
\$807,545	Total Employee Benefit Liabilities	\$822,187

Notes to the Accounts

Note 23

PROVISIONS		\$
30 June 2011		30 June 2012
387,629	Landfill Aftercare Provision	383,761
(58,963)	Opening balance	(75,472)
35,378	Amounts used during the year	41,980
19,717	Adjustments to provision*	18,497
\$383,761	Discount unwinding (Note 5)	\$368,766
	Closing balance	

Provision for Landfill aftercare costs

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 2011/12 included monitoring per the consent and on-going stock-piling of cover material. The capping and closure is now required by 2015 and unexpended provisions are added back.

Provision for Financial Guarantees**NZ Local Government Funding Agency**

Masterton District Council is a shareholder of the NZ Local Government Funding Agency Limited (NZLGFA). The NZLGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and it has a credit rating from Standard and Poors of AA+.

Masterton District Council is one of 19 shareholders of the NZLGFA. In that regard it has uncalled capital of \$100,000. When aggregated with uncalled capital of other shareholders, \$20m is available in the event that an imminent default is identified. Also, together with the other shareholders, Masterton District Council is a guarantor of all of NZLGFA's borrowings. At 30 June 2012, NZLGFA had borrowings totaling \$835m (2011:\$Nil). Financial reporting standards require Masterton District Council to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. The Council considers the risk of NZLGFA defaulting on repayment of interest or capital to be very low on the basis that:

- * we are not aware of any local authority debt default events in New Zealand; and
- * local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

Community Organisations

MDC has provided banks with guarantees on the borrowings of community organisations. Currently only one of these guarantees remains in place - it is listed below. MDC is obligated under these guarantees to pay the overdraft or debt if the community organisation defaults. The exercising of guarantees will be dependent on the financial stability of the community organisations, which will vary over time. A financial provision would be prudent to be carried if any one of these groups' guarantees is likely to be called upon. No provision is currently considered necessary.

	Value of Guarantee	Amount owing 30 June 2012	Amount owing 30 June 2011
	Harlequin Theatre Inc.	35,000	843 6,627
30 June 2011			30 June 2012
\$0	Value of Financial Guarantee Provision carried		\$0
\$	Total Provisions		\$
383,761	Landfill aftercare provision		368,766
0	Financial guarantees provision		0
\$383,761	Closing carrying value - Provisions		\$368,766
75,472	Current		82,548
308,289	Non-current		286,218
\$383,761			\$368,766

FINANCIAL LIABILITIES as at 30 June 2012			
	\$	\$	\$
	30 June 2011	30 June 2012	Plan 2012
Secured (bank) loans	21,570,460	26,791,001	44,617,000
Debenture and Security stock	5,000,000	15,000,000	5,010,000
EECA Energy Efficiency Crown Loan	94,610	71,010	71,000
Finance leases	114,436	82,349	60,000
Internal loans	5,645,512	7,178,635	5,469,000
Sub total - all financial liabilities	32,425,018	49,122,994	55,227,000
Less current portion of external liabilities	(949,464)	(6,540,457)	(1,240,000)
Internal loans/investments reversed	(5,645,512)	(7,178,635)	(5,469,000)
Total non-current borrowings	\$25,830,042	\$35,403,903	\$48,518,000
COST OF DEBT SERVICING			
	Actual		Plan
Loan repayments (external)	835,147		845,124
Interest expense (external)	2,171,123		2,610,000
Cost of Debt Servicing (external)	3,006,270		3,455,124
Loan repayments (internal)	381,820		375,876
Interest expense (internal)	283,252		343,000
Cost of Debt Servicing (internal)	665,072		718,876
Treasury Policy Compliance		Policy Limits	
Net External Debt to Operating Revenues	115.5%	150%	142.0%
Interest (external) as % of operating revenue	6.0%	10%	7.5%
Interest (external) as % of total rates revenue	10.0%	15%	11.8%
Interest (internal & external) as % of total rates revenue	11.3%	20%	13.3%
MOVEMENTS IN TOTAL DEBT			
	\$ Actual	\$ Plan	
Opening Balance 1 July 2011	\$32,425,018	\$32,598,000	
Loan repayments	(1,216,967)	(1,221,000)	
New borrowing (external & finance leases)	16,000,000	23,850,000	
New borrowing (internal loans)	1,914,943		
Closing Balance 30 June 2012	\$49,122,994	\$55,227,000	
MATURITY ANALYSIS			
The following is a maturity analysis of MDC's borrowings (excluding finance leases & internal borrowings).			
	30 Jun 2011	30 Jun 2012	
Repayments due in less than one year	917,377	6,499,138	Weighted average interest on external loans 6.3%
Later than one year, less than five	8,840,433	7,507,384	
Later than five years	16,907,260	27,855,489	
	\$26,665,070	\$41,862,011	
ANALYSIS OF FINANCE LEASE LIABILITIES			
	Actual 2011	Actual 2012	
Payable no later than one year	41,468	41,319	
Later than one, not later than two years	41,319	39,689	
Later than two, not later than five years	51,055	11,367	
Future financing charges	(19,406)	(10,026)	
	\$114,436	\$82,349	
Representing lease liabilities - Current	41,468	41,319	
- Non-current	72,968	41,030	
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 \$26.7m drawn and \$20m 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.			

FINANCIAL LIABILITIES as at 30 June 2012

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%. Swap transactions were used to fix the interest rate of this debt. A \$10m debenture was borrowed from the NZLGA (see Note:23), with \$6m replacing bank debt.

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.

New Debt: The Council borrowed \$22 million externally to fund capital projects, including the Homebush upgrade. \$16.0 million was for new borrowing and \$6.0 million replaced existing debt.

Internal loans: New borrowings of \$1,914,943 were made to fund capital projects. Internal interest paid/earned totalled \$283,252 and was charged on the average balance due. The interest rates charged were 4.70% to 31 December 2011 and 4.64% to 30 June 2012. These rates were based on the mid-point between what the Council could earn and what Council was paying on its external loans.

Notes to the Accounts

Note 25

EQUITY**RETAINED EARNINGS**

\$		\$
<u>30 June 2011</u>		<u>30 June 2012</u>
420,232,038	Opening Balance	424,501,697
3,397,805	Transfers From Special Funds & Reserves	6,945,564
(5,871,678)	Transfers (To) Special Funds & Reserves	(5,707,880)
(63,887)	Change in fair value of financial assets taken to equity	55,593
503,467	Revaluation reserve on disposal assets to equity	427,320
2,845,741	Infrastructure assets inventory adjustments	0
3,458,211	Surplus/(Deficit) for the year	602,323
<u>\$424,501,697</u>	Closing Balance	<u>\$426,824,617</u>

REVALUATION RESERVES

\$			\$	\$	\$
<u>30 June 2011</u>		Notes	<u>Movements due to asset disposals</u>	<u>Revaluation Movements</u>	<u>30 June 2012</u>
34,527,324	Land	*1		(3,113,737)	31,413,587
13,256,426	Buildings	*2	(157,603)	2,751,755	15,850,578
	Infrastructural Assets	*3			
3,709,589	Land (under roads)				3,709,589
143,922,046	Roading network		(71,066)	(1,366,000)	142,484,980
13,195,428	Urban water supply		(154,688)		13,040,740
11,458,510	Urban sewerage system		(43,507)		11,415,003
4,282,013	Stormwater assets		(456)		4,281,557
2,419,907	Other infrastructure assets				2,419,907
3,840	Work In Progress				3,840
<u>\$ 226,775,083</u>			<u>(\$427,320)</u>	<u>(\$1,727,982)</u>	<u>\$ 224,619,781</u>

Analysis of Movements

*1 Land revalued by Darroch Valuations as at 30 June 2012, per 3 yearly cycle.

Land disposals: nil

*2 Buildings revalued to market value as at 30 June 2012, per 3 yearly cycle.

Buildings disposals:

- Castlepoint Fire Stn roof replaced \$2,041
- QE Park Aviaries demolished (\$33,104)
- Mawley Park Old Kitchen/Laundry Ablution Block demolished (\$51,063)
- Mawley Park Old Cabin Block demolished (\$30,079)
- Mawley Park Old Cabin Ablution Block demolished (\$45,398)

*3 Infrastructural assets were revalued as at 30 June 2011, but an adjustment was made to underlying asset life assumptions for road seal and pavement during the year, resulting in an adjustment to the valuation of those components.

Infrastructure assets disposed/replaced included the following:

Roading assets: - Kerb & channel, signs, culverts
 Water assets: - water reticulation & connections
 Sewerage assets: - sewer mains & laterals
 Stormwater assets: - stormwater reticulation

FINANCIAL INSTRUMENTS**Financial instrument categories**

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

	\$000	\$000
	<u>30 June 2012</u>	<u>30 June 2011</u>
Financial Assets		
Fair value through profit & loss		
Fund manager - cash and cash equivalents	19	11
Fund manager - current financial assets	784	115
Fund manager - non-current financial assets	5,833	5,864
	<u>6,635</u>	<u>5,990</u>
Cash Deposits, Receivables & Community Loans		
Debtors and other receivables	4,870	3,611
Cash and cash equivalents	2,589	4,260
Bank deposits - current financial assets	1,973	3,871
	<u>9,432</u>	<u>11,742</u>
Fair value through comprehensive income		
Derivative financial instrument assets	0	0
Corporate bonds - current	209	251
Corporate bonds - non-current	3,825	3,596
Unlisted shares	273	165
	<u>4,307</u>	<u>4,012</u>
Financial Liabilities		
Fair value through comprehensive income		
Derivative financial instrument liabilities	3,241	1,711
Financial liabilities at amortised cost		
Trade and other payables	8,644	7,558
Borrowings - secured loans	26,791	21,665
- debentures	15,000	5,000
	<u>50,435</u>	<u>34,224</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, Airtel Ltd and NZ Local Government Finance Agency, none 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 rate that the MDC's investments are earning at 30 June 2012 is 5.29% (last year 5.16%) and on MDC's borrowings (as shown in Note 24) weighted average interest rate is 6.3% (last year 6.7%).

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 2012 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 \$152,100 (2011 \$179,600).

If interest rates on borrowings at 30 June 2012 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 \$419,400) 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 2012	30 June 2011
Cash at bank and term deposits	4,581	8,142
Debtors and other receivables	4,870	3,611
Local authority and government stock	5,028	4,407
Corporate bonds/discounted securities/SOEs	5,623	5,169
Financial guarantees	0	133
	20,102	21,462
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- Not Rated	4,292 289
		7,871 271
		8,142
Government stock	AA	3,612
Local authority stock	Not Rated	1,416
		5,028
Corporate bonds/discounted securities	AA+ AA A to AA- A-1+ BBB	0 1,286 3,589 616 132
		251 2,069 2,648 319 133
		5,420
Counterparties without credit ratings		
Debtors and other receivables		4,870
Financial guarantees		0
		4,870
		3,611 133
		3,744
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 became a shareholder in the NZ LGFA and borrowed \$10m from them during 2011/12. There are three cash advance facilities with Westpac, ANZ and BNZ. The maximum amount that can be drawn down against the three bank cash advance facilities is \$46.8m (2011 \$37.8m). 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 \$26.7m (2011 \$21.5m).

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 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
As at 30 June 2012					
Creditors and other payables	8,644	8,644	8,644		
Net settled derivative liabilities*	3,241	5,327	863	3,153	1,311
Committed cash advances	26,744	29,367	1,111	28,256	
Secured loans	118	120	70	50	
Debenture stock	15,000	16,924	5,385	1,539	10,000
Finance leases	82	92	41	51	
Financial guarantees	0	0	0		
	53,829	60,475	16,115	33,049	11,311

* 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 and include interest payments.

The table on the previous page also includes 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.

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
as at 30 June 2011				
Financial Assets	\$000	\$000	\$000	\$000
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	
as at 30 June 2012				
Financial Assets				
Derivatives	0	0	6	0
Local Authority stock	1,416	0	1,416	0
Shares	273	0	0	273
Corporate bonds & disc. securities	5,396	5,396	0	0
Government Bonds	3,612	3,612	0	0
	10,697	9,008	1,422	273
Financial Liabilities				
Derivatives	3,241		3,241	

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 - 2011/12

	Opening Balance	Transfers Out	Transfers In	Closing Balance	Plan
Plant & Equipment Funds	1,553,323	(433,079)	359,903	1,480,147	1,480,411
Reserves Development Funds	1,053,273	(187,257)	193,514	1,059,530	681,321
General Capital Funds	4,533,171	(1,137,347)	227,903	3,623,727	2,958,792
Investment Interest Funds	58,193	(503,000)	700,393	255,586	34,238
Property Funds	3,945,282	(774,933)	1,069,670	4,240,019	3,610,283
Infrastructural Assets Funds	5,798,105	(2,994,142)	2,349,606	5,153,569	4,782,599
Miscellaneous Special Funds	1,279,683	(915,806)	806,891	1,170,768	264,513
Total	18,221,030	(6,945,564)	5,707,880	16,983,346	13,812,157
				Actual 2011/12	Plan 2011/12
Analysis of Transfers 'OUT' of Funds & Reserves					
Funding of Capital Expenditure from special funds & reserves				5,920,348	4,814,150
Funding of Operating Expenditure from special funds & reserves				1,025,217	1,363,250
				6,945,564	6,177,400
Analysis of Transfers 'IN' to Funds & Reserves					
Reserves & Development Contributions received				183,002	150,000
Infrastructure & Roading Contributions received				387,823	344,000
Carry forward funding for on-going project commitments				901,550	195,850
Interest earned and retained in special funds				189,414	253,657
Interest earned and allocated to Investment Interest fund				700,393	616,343
			Sub Total	2,362,182	1,559,850
Depreciation funded into asset replacement reserves funds				3,341,002	3,194,465
			Total of Transfers into funds from Operations	5,703,184	4,754,315
Proceeds from sale of plant & equipment assets				4,696	15,000
Proceeds from sale of land & buildings assets					0
			Total Transfers into funds from Asset Sales	4,696	15,000
				5,707,880	4,769,315

Explanation of variances from Plan:**Reserves Development Funds**

The plan opening balance of these funds was underestimated by \$300k, hence closing balance varies from Plan.

General Capital Funds

One capital project item, Stadium seating & extension of \$400k, was planned but has not proceeded. The grant to Motorplex was \$65k short of planned, while the draw on the funds for property renewals was less than planned.

Property Funds

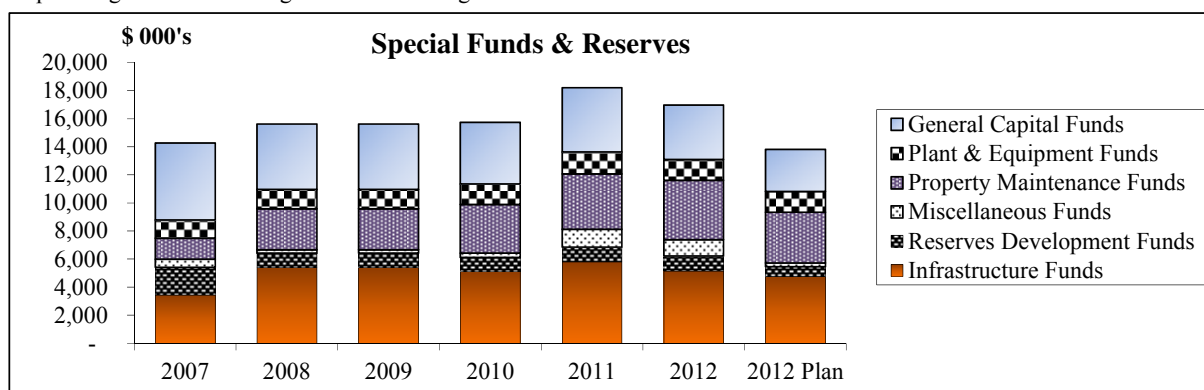
A number of renewal projects that were planned did not proceed, so the draw on the depreciation reserve funds is less than planned. Of note are QE Park toilets, town hall stage and pensioner flats redecoration.

Infrastructural Assets Funds

Use of these reserve funds was more than planned by \$200k due to renewals projects carried forward from the prior year. Some \$265k more funding was transferred in from unused flood damage provision and increased depreciation funding.

Miscellaneous Funds

The plan opening balance of these funds was underestimated by \$390k, hence closing balance varies from Plan. In addition unspent targeted rates funding for urban sewerage treatment of \$500k has been carried forward to allocate to costs in 2012/13.



RECONCILIATION OF NET SURPLUS/(DEFICIT) TO NET CASH INFLOW		
2010/11	FROM OPERATING ACTIVITIES	2011/12
\$ 3,458,211	Operating Surplus / (Deficit)	\$ 602,323
	- Add (less) non-cash items	
9,038,911	Depreciation and amortisation	9,683,170
	Vested asset gains	(422,000)
(373,961)	(Gains)/losses in fair value of biological assets (forestry)	108,843
-	(Gains)/losses in fair value of investment property	(474,900)
27,921	Other non-cash items	(18,490)
	- Add (less) items classified as investing or financing	
777,047	(Gains)/losses on disposal of property, plant & equipment	1,076,754
819,735	(Gains)/losses on change in fair value of financial assets/liabilities	1,297,030
	- Add (less) movements in working capital items	
(1,252,826)	Receivables & current assets	(1,246,754)
151,080	Accounts payable	(248,374)
80,794	Payroll & accrued leave liabilities	14,643
1,249,995	Other current liabilities	1,649,709
\$ 13,976,907	Net Cash Inflow from Operating Activities	\$ 12,021,954

RATING POLICIES REPORT		2011/12		2010/11	
RATES REMISSIONS		No.	\$	No.	\$
The cost of the Council's Rates Remission Policy is summarised below.					
Rates remissions were given on:					
Community halls, volunteer & charitable groups	61	57,236	42	41,315	
Sporting, arts and cultural use	22	34,653	15	25,284	
Land protected for conservation or heritage purposes	26	2,176	28	2,191	
Rate arrears penalties*	580	38,987 *	1,108	38,286	
Uniform charges on non-contiguous units	5	1,498	8	2,336	
Urban land with rural use	5	3,559	18	8,161	
Total (as per Note 3)	<u>699</u>	<u>\$138,109</u>	<u>1,219</u>	<u>\$117,573</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 (2011 = 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 2011/12, no properties (2010/11 = 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	2011/12	2011/12	2010/11
Ratio Analysis	Actual	Plan	Actual
Current Ratio (current assets to current liabilities)	0.7 : 1	1.6 : 1	1.3 : 1
Term debt to Total public equity	5.4%	7.8%	3.9%
External financing debt to PP&E (excl. Infrastructural)	46.9%	51.7%	30.5%
Term debt as % of Operating revenue	99.1%	139.1%	71.0%
Interest expense as % of Rates revenue	10.1%	12.0%	7.4%
Term debt per capita (external)	\$1,564	\$2,109	\$1,142
Investments as a percentage of rates income	59.5%	40.3%	70.3%

Major Variations from Plan

Explanations for major variations from the Council's 2011/12 Annual Plan are as follows:

Statement of Comprehensive Income

The accounting surplus of \$0.6m is less than the planned figure of \$1.45m, but after excluding one-off Gains and Losses and vested assets, the surplus is \$2.59m

Total Operating Revenue of \$36.3m is more than plan by \$1,430,500 4.1%

- Riversdale Beach sewerage capital contributions and government subsidy totaled \$1.074m which was \$0.189m more than planned. This was due to more ratepayers deciding to pay capital contributions in full.
- Vested assets (Riversdale Terrace sewer reticulation) of \$0.422m were not planned.
- Other Gains total \$0.73m and include value increases on investment property and financial assets, also not planned.
- User charges income includes waste transfer station income of \$1.73m which is \$0.145m (8.4%) more than planned and Mawley Holiday Park income of \$0.178m which was unplanned.
- Interest income of \$0.912m was \$0.137m better than planned.
- Roading subsidy income from NZTA was \$0.156m less than planned - bridge renewal not done
- Other external income items below planned include building control and library income.

Personnel & Other Expenses are less than plan by \$884,000 4.0%

- Savings were made against a range of operating budgets, with personnel costs being \$80,000 (1.6%) less.
- Solid waste operating costs were \$224,000 less than planned, while roading operating costs were \$535,000 less than planned. A range of planned property maintenance costs were underspent during the year, totaling \$160,000.
- Areas where costs were higher than planned include the Genesis Energy Recreation Centre where costs were \$242,000 more than plan (25%) due to water heating plant operating issues.

Finance costs were less than plan by \$434,600 16.6%

- Lower than planned spending on the Homebush sewerage project and lower interest rates than planned have seen a lower cost of debt financing than planned.

Depreciation & amortisation is more than plan by \$877,000 10.0%

- The plan depreciation provision did not anticipate the full increase that resulted from the revaluation dated 30 June 2011.

Other Losses were more loss than planned by \$2,719,500

- These were not allowed for in the Annual Plan. There were losses on asset revaluation of forestry and the write-downs of the value of asset disposals (largely infrastructural pipe renewals). Losses required to be brought through this statement include losses on cashflow hedges - these recognise the increase in the liability attached to interest rate swaps valued at mark-to-market on balance date.

Statement of Financial Position as at 30 June 2012

- Current assets were \$10.6m at year end, a 13.7% reduction - this is due to last year end holding extra funds to meet expenditure commitments. At 30 June 2012 a similar level of project expenditure had occurred, but less current funding was held as loan funding in July was expected to meet the commitments.
- Property and equipment assets were revalued at 30 June 2012. The plan included a \$5m revaluation increase that did not eventuate.
- Infrastructural asset revaluation at 30 June 2011 was more than allowed for in the plan.
- Non-current financial assets are at a similar level to last year but more than planned.
- Creditors are higher than last year and planned as several large projects were underway at 30 June 2012.
- Current portion of financial liabilities includes \$5m of debt that matures in July - not allowed for in the plan.
- 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 was underestimated in the plan.

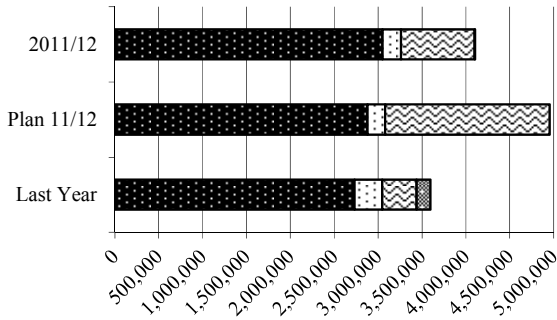
Statement of Cashflows

- Operating cashflows 'in' are less than planned due, in part to more roading subsidy income being receivable at year end. Cash applied is 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.

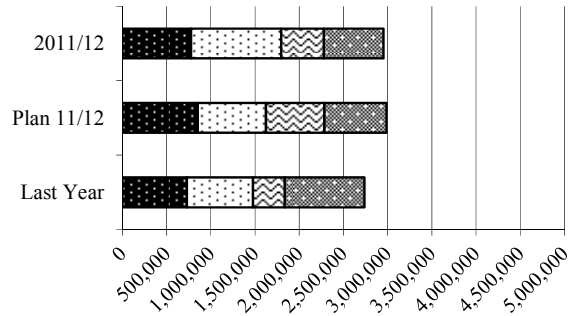
Funding Comparisons by Activity

■ Rates □ Other revenue ▨ Reserves ■ Loans

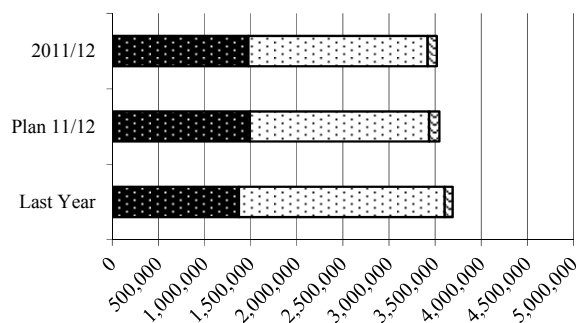
Parks & Recreation



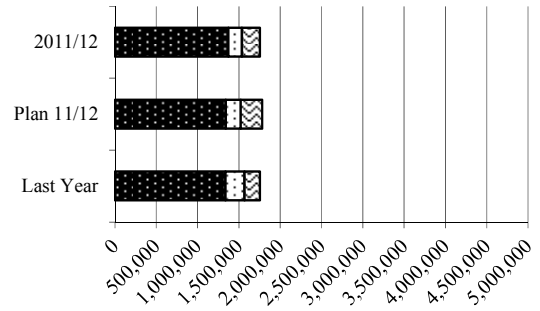
Property Mgmt



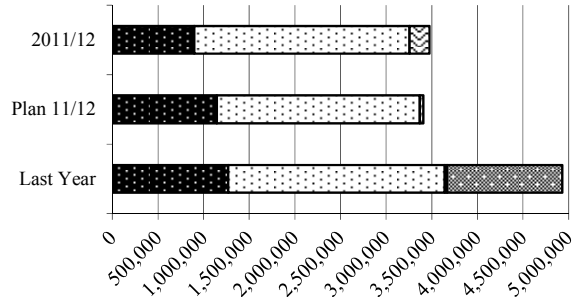
Res. Mgmt & Regulatory



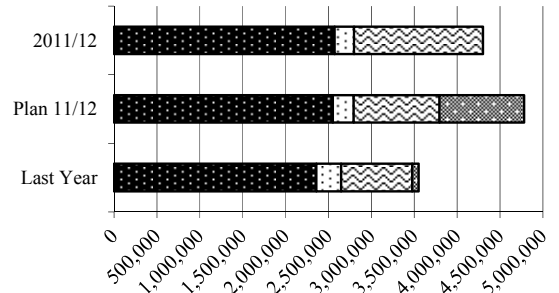
Library & Archives



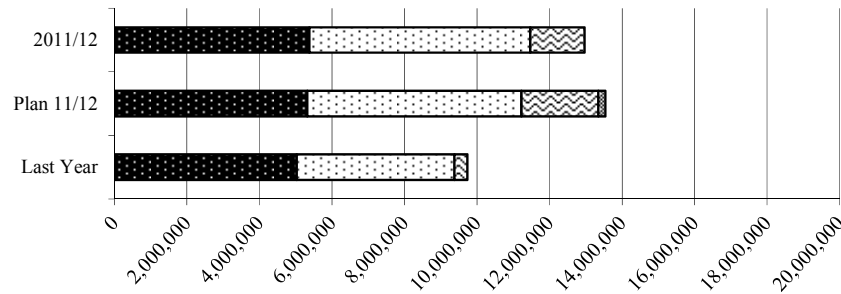
Solid Waste Mgmt.



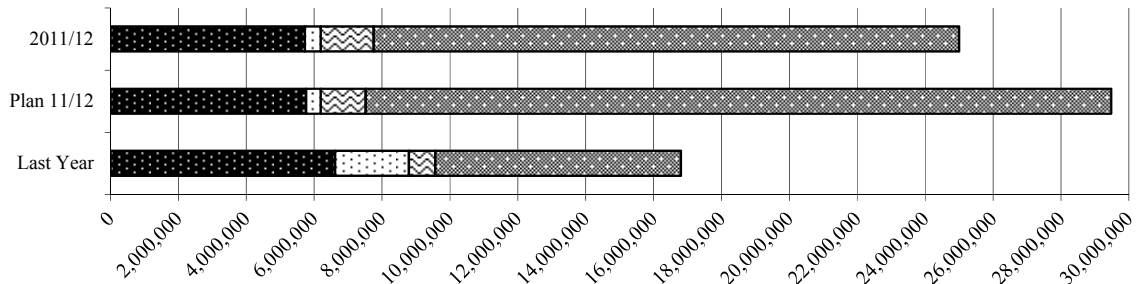
Water Supplies



Transport Services



Sewerage & Stormwater



STATEMENT OF COMMITMENTS AND CONTINGENCIES**As at 30 June 2012**

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 11 significant construction contracts in progress at 30 June 2012 (2011 = 13). These were:

- ♦ 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 \$6.3m, irrigation/border strips \$2.2m, structural/mechanical/electrical (SME) \$3.0m. A further contract for buffer strip planting and irrigation, let to Evergreen Landcare Ltd has \$90,000 remaining.
- ♦ Riversdale Beach Sewerage Scheme - Hopper Construction have completed this scheme but at 30 June 2012 there were minor contract items still to be claimed - value \$72,000.
- ♦ Two water main renewal contracts, one with Oldfield Asphalts (Oxford St) and one with Bruce Buchanan Ltd (Renall/Pownall St) - commitment \$60,000 and \$101,000 respectively.
- ♦ Two sewer main renewal contracts were part completed, Oldfields \$88,000 and G & C Diggers \$164,000
- ♦ Two road construction contracts were part-completed - Oldfields CBD footpath resurfacing had \$296,000 remaining, Oldfields Tinui slump renewal had \$372,000 remaining.

Contract Commitments

Council has let a **professional services contract** for the urban sewerage upgrade project to Beca Carter Hollings and Ferner Ltd. A dispute resolution process was underway at year end.

Four other professional services engagements were active at 30 June 2012, three with CPG, they relate to Riversdale sewerage scheme (final detail to be completed) and roading professional services (rehab design and bridge inspections). Filtration Technology has been engaged to design the water treatment plant filter upgrade. Work on these contracts 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. Expiry is 30 June 2013, but Council has indicated it is prepared to give an extension to 30 June 2014. Fulton Hogan Ltd hold the roading maintenance contract from 2009. The Utility Services maintenance contract was let to City Care Ltd from 1 July 2010. The Recreation Centre management contract with Community Leisure Management (CLM Ltd) was rolled for another three years from 1 July 2012.

A contract for collection of waste and recycling and operation of the recycling and composting facilities was tendered in 2010 and let to Earthcare Environmental 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 Genealogy Centre.

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

	2012	2011
Not later than one year	22,725	21,468
Later than one year and not later than five years	0	0
Later than five years	0	0
Total Non-cancellable operating leases	\$22,725	\$21,468

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 17 for grazing, 14 sporting groups (including a mix of ground & building rentals), 21 airport sites and 8 other properties. 5 of these leases expire in the next 12 months, 36 within five years and 1 has a term greater than five years. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	2012	2011
Not later than one year	281,119	249,608
Later than one year and not later than five years	445,536	504,261
Later than five years	62,629	68,343
Total Non-cancellable operating leases	\$789,284	\$822,212

No contingent rents have been recognised during the period.

STATEMENT OF COMMITMENTS AND CONTINGENCIES

As at 30 June 2012

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

The Council is aware of two properties in the District with unresolved and potential weather-tightness issues. Council's liability insurer, Riskpool is a mutual liability fund and they have made three calls on their member Councils relating to mutual liability for weather-tightness claims made in relation to fund years 2002/03 and 2003/04. The MDC share of those calls has been \$114,201 (three calls) expensed in the three years to 2010/11. There has been a further call in 2012/13 of \$46,298. No estimate of the potential for further calls is available.

Contingent Assets - carbon credits

The Council owns land and forestry assets that were planted prior to 1990. These forested areas are eligible for carbon credits under the Government's emissions trading scheme (ETS). An account for NZU carbon credits has been setup in the Council's name and 79 ha of pre-1990 forestry has initially been confirmed as eligible for carbon credits. A value has been assigned in these account for those credits, but their value remains subject to the market price of traded NZUs.

There were no other contingent assets.

EVENTS AFTER BALANCE DATE

Note 34

- The Council has been in a contract dispute process relating to the upgrading of the Homebush waterwater treatment and disposal plant. The dispute and mediation process involved both the principle contractor, Hopper Construction and consultant engineers Beca Industries. All parties have since reached a settlement (in October 2012). There are no implications or obligations that result from the settlement that will alter the financial result of the Council to 30 June 2012, as published in this Annual Report.

STATEMENT OF RESOURCES

Year Ended 30th June 2012

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 2012)

Land Value	Rural	\$1,459,000,000	Capital Value	Rural	\$2,217,000,000
	Urban	\$ 944,500,000		Urban	\$2,191,500,000

No. Rateable Properties	Rural	3,785
	Urban	<u>8,221</u>
		12,006

Staff

	<u>Male</u>	<u>Female</u>	<u>Total</u>
Full time	33	30	63
Part time	2	9	11

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 car parks	5
Fire stations	1
First aid post	13
Public toilets	

Vehicles

Fleet number	26
Utilities/vans	10
Cars	9
Fire engines	0
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

Camping ground & cabins	24
Camping ground ancillary	5
Landfill buildings	6
Bentley Street ex-depot	1
Parks buildings	

MAP OF DISTRICT

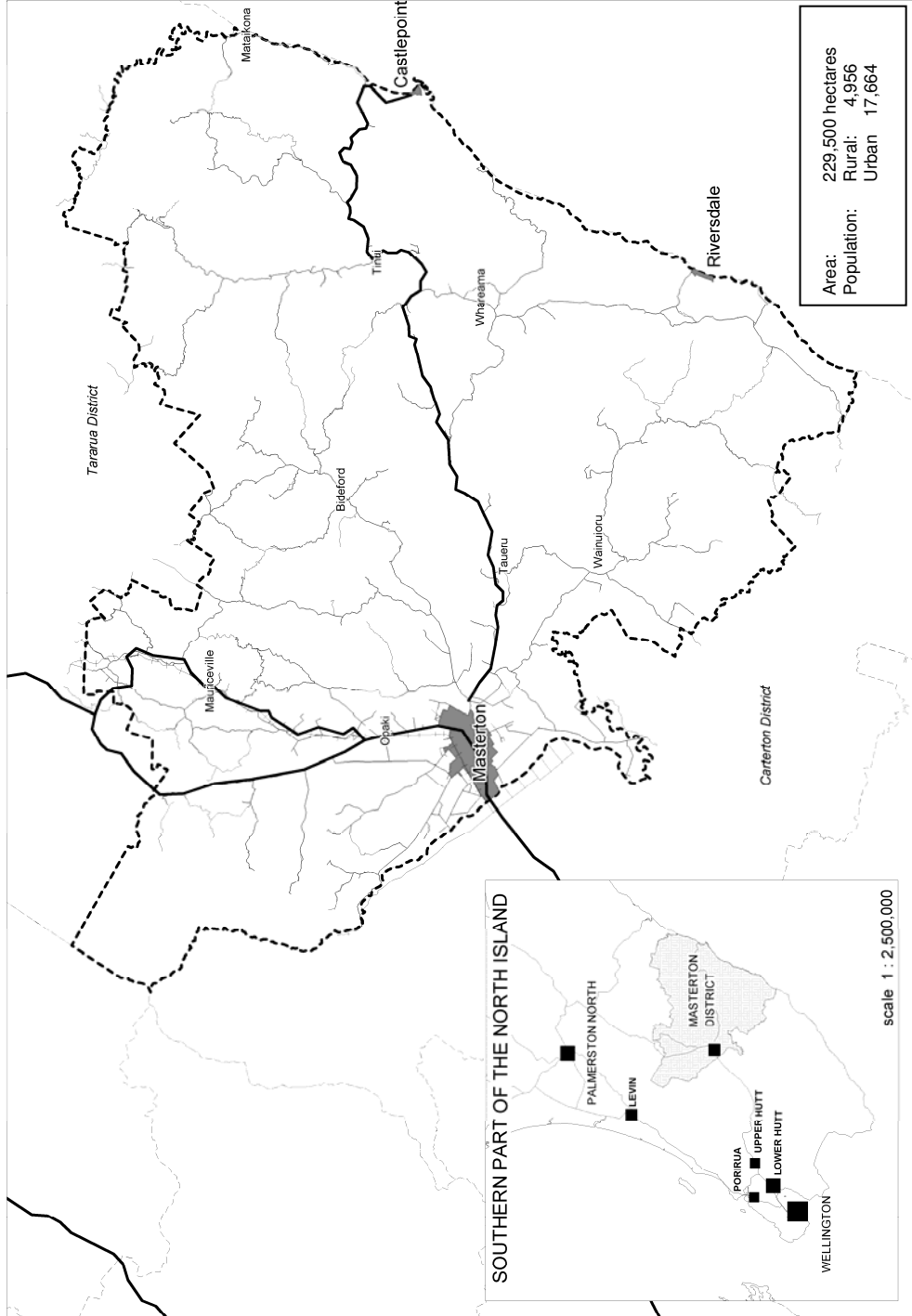


MASTERTON DISTRICT

SCALE 1 : 400,000



Masterton
District
Council



Area:	229,500 hectares
Population:	Rural: 4,956
	Urban 17,664

SOUTHERN PART OF THE NORTH ISLAND

