

Masterton District Council

Annual Report

2013/14

Front Cover:

Description: Masterton has many options for an “Active and Involved Community”

Photographer: Main Photograph – Catherine Rossiter-Stead

ISSN 1172-1863

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**MASTERTON
DISTRICT COUNCIL**
As at 30 June 2014

HER WORSHIP THE MAYOR

Mrs L (Lyn) Paterson

DEPUTY MAYOR

Cr G (Graham) McClymont

AT LARGE COUNCILLORS

Cr B (Brent) Goodwin

Cr P (Pip) Hannon

Cr D (David) Holmes

Cr J (Jonathan) Hooker

Cr C (Chris) Peterson

URBAN COUNCILLORS

Cr D (Doug) Bracewell

Cr G (Gary) Caffell

Cr M (Mark) Harris

Cr S (Simon) O'Donoghue

RURAL COUNCILLOR

Cr G (Graham) McClymont

DIRECTORY
Council Office
*64 Chapel Street
Masterton*

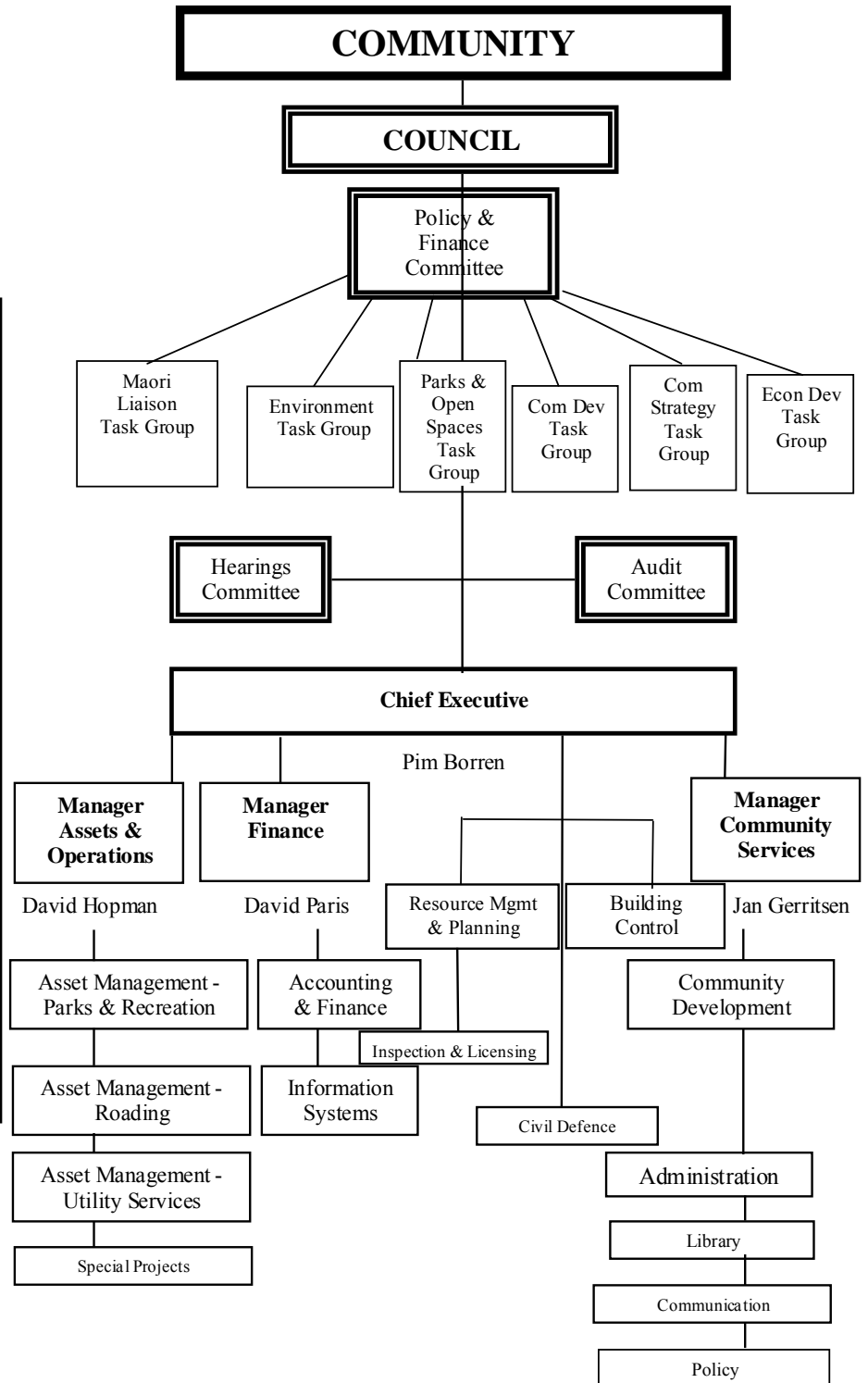
Auditor
*Audit New Zealand, Wellington
on behalf of the Auditor General*

Bankers
Westpac, Masterton

Solicitors
Gawith Burridge, Masterton

Insurance Broker
Jardine Risk Consultants Ltd

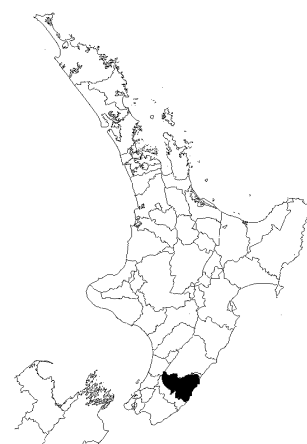
Organisation Structure



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 2013 census was 23,352, with 18,132 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.

Photo here

Photo here

MAYOR & CHIEF EXECUTIVE'S REPORT

We are pleased to introduce the Annual Report of the Masterton District Council for the 2013/14 year. In this report you will find information about the performance of the Council compared to our Annual Plan and Long Term Plan (LTP).

Words to come.....

Lyn Patterson
Mayor

Pim Borren
Chief Executive

HIGHLIGHTS

The year to 30 June 2014 has been Year Two of the Council's 2012-22 Long Term Plan. The Council has maintained its focus on delivering the services that were set out in that Plan. Those services have been delivered within the financial constraints that were set in the Plan and the subsequent Annual Plan for 2013/14.

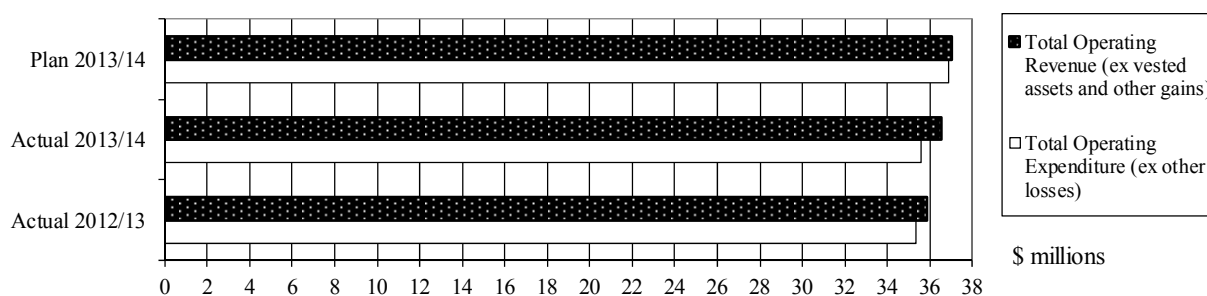
The Council organisation spans across 28 distinct service areas. Every one has some impact on some, or all of the people who live in Masterton District. These services include roads, streets and footpaths, water supplies, sewerage systems, stormwater systems, rubbish and recycling services, the library and archive, parks, sportsfields and cemeteries, the swimming pools, the town hall and other property functions and the range of regulatory services that maintain a structure and order in our community.

This Annual Report provides full detail of the Council's performance against financial and non-financial measures. As well as meeting the generally accepted accounting standards, the report also complies with all the requirements of the Local Government Act. These include providing Statements of Service Performance and Funding Impact Statements by Group of Activity, the various note disclosures in the financial statements relating to remuneration, infrastructural assets, insurance, rating base and the new Financial (Reporting and Prudence) Regulations.

FINANCIAL SUMMARY

The financial statements show an accounting surplus of \$1.75 million compared to a planned surplus of \$0.25 million. After excluding Other Gains and Losses and vested assets, the surplus is just over \$1.0 million, which is 2.9% of Operating Expenditure. The graph below shows the total operating revenue and expenditure compared to the Plan and the prior year. Overall, revenue is close to the amount planned and expenditure has been held below the level planned.

Revenue & Expenditure Comparisons



Property rates made up 65% of total operating revenue. Rates are set at the start of the year, via the Annual Plan and they increased 3.3% overall from the prior year.

The accounting surplus is the result of many factors, including cost savings in operational areas such as roading, solid waste and corporate administration. Several one-off income items also contributed, including a gain on harvesting the 17 hectares of Kaituna forest, more financial contributions from joiners to sewerage services and higher than planned user charges income in the solid waste activity. Income was less than planned from roading subsidies and the sewerage treatment plant sale of baleage. The former because two projects that would have attracted NZTA subsidy, did not proceed during the year and the later because of the delayed start to irrigating the Homebush site and the full site not being available for grass production.

In terms of financial position, the Council's financial assets (cash in the bank and investments) increased from \$15.6 million to \$17.3 million. This is largely the result of \$0.7m proceeds from the forestry harvest being invested, \$0.5m funded to repay internal loans (which increases cash on hand) and carrying forward unspent funding to be utilised in future years. External debt of \$52.6 million was \$1.8 million less than planned due to lower spending on the capital projects that were planned to be debt funded. Overall, capital expenditure was \$12.3 million compared to the plan of \$15.2 million.

Further commentary on the financial variances from Plan is included in the Cost of Service Statement for each activity and in the Notes to the Financial Statements, specifically Note 17 (Capital Expenditure) and Note 31 (Plan Comparison and Budget Variations).

MASTERTON WASTEWATER UPGRADE

2013/14 saw the completion of construction of the new oxidation ponds at Homebush. The Council had spent some 15 years going through the process of gaining a long-term resource consent from Wellington Regional Council to continue to operate the urban wastewater treatment plant. The consent includes conditions for land disposal and discharge of treated wastewater from the Homebush treatment plant to the Ruamahanga River. The 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. The project has cost over \$42 million over that 15 year period, including land purchases.

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. Construction started in early 2010. 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.

In April 2013 the inflow was diverted through the new screening plant into two of the three new oxidation ponds. The new river diffuser discharge structure was in use by June 2013. Since then the third of the oxidation ponds has been finished, the irrigation areas have been irrigated through the summer and baleage produced, tested for quality and sold. The plant is exceeding all consent conditions for the quality of the treated effluent.

Full commissioning of the upgrade was scheduled for 2015, once the old ponds are de-slugged and the final irrigation areas are established. Groundwater under the old ponds has proven to be an issue causing delays in completing this final stage of the project. A range of solutions and contract scope variations were being considered at the end of the financial year.

WATER & SEWERAGE SYSTEM RENEWALS

During 2013/14 we renewed some 4.1km of water mains (last year 4.22 km) and over 420 connections for a value of \$1.25 million. Water mains were replaced in Totara Street, Ngaumutawa Road, South Road, Lansdowne Cres and Queen Alexandra Street. This length makes up 2.6% (last year 2.6%) of the water reticulation network.

The project to replace water filter beds at the Kaituna water treatment plant was expanded (as part of the 2013/14 Annual Plan) to completely replace the three old, free-standing filters when they were deemed an earthquake risk. The project, valued at nearly \$1.0 million, was part completed at 30 June 2014 and is scheduled to be commissioned by early summer, 2014.

2013/14 has been the fifth year of work on a sewer renewal programme that has seen \$9.1 million spent on replacing or relining 22.7km of sewer pipes. These lengths make up 16.6% 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.

The 4.87 km of sewer mains replaced in 2013/14 include Oxford Street, Jordan Tee, Cambridge Tee, Roberts Road, Kummer Cres, Michael Street and Perry Street. 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

2013/14 was Year 2 in an NZTA-agreed three year programme, with a total of \$3.28 million spent on subsidised renewals work this year. The strengthening of Wardells Bridge was completed during the year for considerably less than initial estimates. The replacement of Manawa/Black Swamp bridge did not proceed and the repairs to dropouts on the Big Saddle section of the Masterton-Castlepoint Road were also delayed – both due to cost-effective engineering design solutions continuing to be assessed. The non-subsidised work programme included a catch-up programme of footpath resurfacing totaling \$0.465 million. Much of this work had been delayed until after the contractors installing broadband cabling around the town had finished their work.

The Council has worked with Carterton and South Wairarapa District Councils to put out a group contract tender for road maintenance from 1 July 2015. The tender was won by Fulton Hogan and is expected to produce reasonable savings over the medium term.

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, Riversdale Beach and Castlepoint. Waste volumes sent to Bonny Glen landfill (near Marton) increased 4% over the previous year to 12,1870 tonnes, while recycling and composting tonnes increased 9.5% to 7,679 tonnes. The recycling and composting operations continue to benefit from the investment in upgraded buildings at Nursery Road, where waste and recyclables are also brought from both Carterton and South Wairarapa District Councils.

PARKS AND RECREATION UPGRADES

This area of Council activities had a relatively quiet year in terms of expenditure on projects, but significant planning and consultation took place. The next stage of the Queen Elizabeth Park rejuvenation project was consulted on, particularly around the removal of a number of trees that were deemed dangerous. Planning for a new playground in McJorrow Park was progressed and recreation trails were further developed along the Waipoua River. The provision made to contribute \$250,000 to sports facilities was not used, but was rolled in the 2014/15 Annual Plan, awaiting a sports facilities strategy report.

Progress was made on planning the beachfront public toilet replacement at Riversdale Beach. The plan allowed for the Genesis Energy Recreation Centre water heating system to be replaced at a cost of \$530,000, but delays in delivering the equipment mean it will not be installed until October 2014.

In mid 2013 the Council gave a local developer, Mr David Borman, the approval to redevelop the land on Chapel Street between the Town Hall and the Wairarapa Times Age building. Mr Borman intended to raise charitable funding and to work closely with the Council and a number of local contractors to produce a town square and new parking area. The town square was completed in November 2013 and has significantly lifted the visual appeal of the area and enhanced the District Building and Town Hall frontage. The Council's contribution was initially to be \$85,000 to assist with undergrounding of power and moving street lighting. A number of additional items were added as the project progressed and a funding application was unsuccessful – this saw the Council

ultimately contribute \$219,123 to a project which increased Council's assets by \$530,282.

SMART LIBRARY

Masterton Library through its membership of SMART Libraries provides access to around 500,000 items in addition to its own collection of around 60,000 items. For the year ending 30 June 2014 the Masterton library issued 283,789 items to its residents and other SMART library members while Masterton residents also borrowed around 10,000 from the wider SMART collection. SMART Libraries include Hutt City, Porirua City, Kapiti Coast District Council and tertiary libraries from Weltec and Whitireia.

SHARED SERVICES & GOVERNANCE REVIEW

As reported in the 2012/13 Annual Report, the future local governance of the Wellington region has been up for consideration and review. The three Wairarapa councils opted for a Wairarapa Unitary Authority and lodged a proposal with the Local Government Commission in May 2013. The Commission has been considering this proposal alongside a number of alternative proposals. They are undertaking research on the potential impacts and the viability of the proposed options. They were expected to conclude their initial assessment by February/March 2014, but delays and complexities have seen them wait until after the central Government election in October 2014 before producing their recommendations.

Meanwhile, the following collaborative activities reflect the extent to which Masterton District has been working with, or providing services to the other two District Councils in the Wairarapa.

- A joint approach to the Sale and Supply of Alcohol resulted in the appointment of the District Licensing Committee members and the Wairarapa Alcohol Working Group to prepare the Local Alcohol Policy.
- The Psychoactive Substances Bill was similarly responded to on a Wairarapa-wide basis.
- Roading professional services for Carterton District Council are provided by Masterton engineering staff.
- The three Councils, in June 2014, awarded Group contracts for road maintenance (to Fulton Hogan).
- A shared solid waste contract achieved consistency of cost and income across the three Councils. A waste projects officer was shared across the three Councils.
- Shared bylaws with Sth Wairarapa have achieved consistency across the two Councils
- Planning documents and forms are consistent across the three Wairarapa Councils
- The Wairarapa Combined District Plan and subsequent plan changes are carried out collaboratively.
- MDC coordinated a combined Council tender for electricity supply resulting in savings across all three Councils.
- The three Councils share a GIS platform, operated by MDC, for holding and viewing maps, aerial photography, asset and property information held by each District.

MASTERTON DISTRICT COUNCIL
STATEMENT OF COMPLIANCE AND RESPONSIBILITY
FOR THE YEAR ENDED 30TH JUNE 2014

COMPLIANCE

The Council and management of Masterton District Council certify that all the statutory requirements of the Local Government Act 2002, including the Local Government (Financial Reporting and Prudence) Regulations 2014, 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, Statements of Service Performance, reporting as per the Regulations 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, the statements of service performance and reporting per the regulations.

In the opinion of the Council and management of Masterton District Council, the annual Financial Statements, Statements of Service Performance and reporting per the regulations for the year ended 30th June 2014, fairly reflect the financial position and operations of Masterton District Council.

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Lyn Patterson
Mayor

.....
Pim Borren
Chief Executive

.....
D E Paris
Manager Finance

Date:

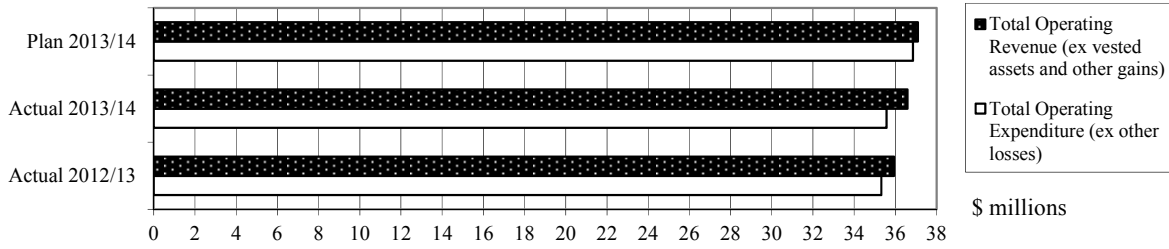
MASTERTON DISTRICT COUNCIL

FINANCIAL STATISTICS

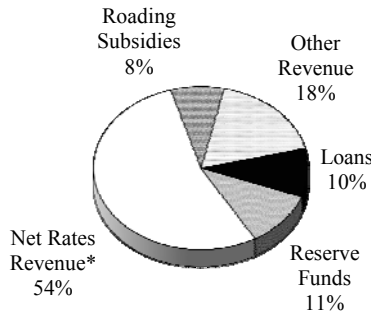
Last Year Actual 2012/13		Actual 2013/14		Plan 2013/14	
Total Expenditure (incl Capital items)		\$ 46,105,676		\$ 49,222,166	
\$ 50,227,530					
\$ 23,999,270	Funded by:	\$ 24,802,645	54%	\$ 24,579,367	50%
\$ 4,146,392	Net Rates Revenue*	\$ 3,688,988	8%	\$ 4,743,242	10%
\$ 7,809,655	Roading Subsidies	\$ 8,112,785	18%	\$ 7,790,607	16%
\$ 8,632,772	Other Revenue	\$ 4,470,368	10%	\$ 5,592,000	11%
\$ 5,639,441	Loans	\$ 5,030,890	11%	\$ 6,516,950	13%
\$ 50,227,530	Reserve Funds	\$ 46,105,676		\$ 49,222,166	

*Includes Riversdale Beach sewerage scheme capital contributions

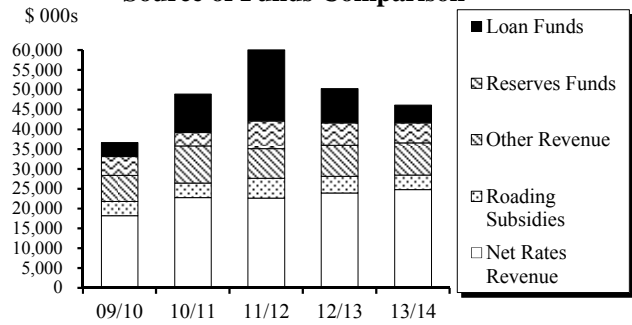
Revenue & Expenditure Comparisons



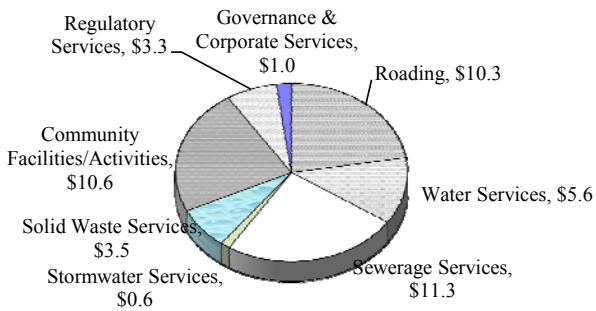
Source of Funds 2013/14



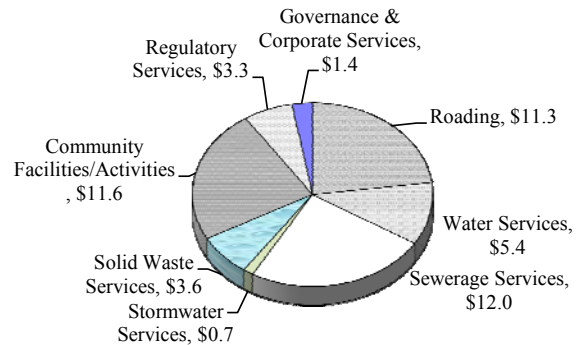
Source of Funds Comparison



**Total Expenditure by Activity
Actual 2013/14 \$46.1 million**



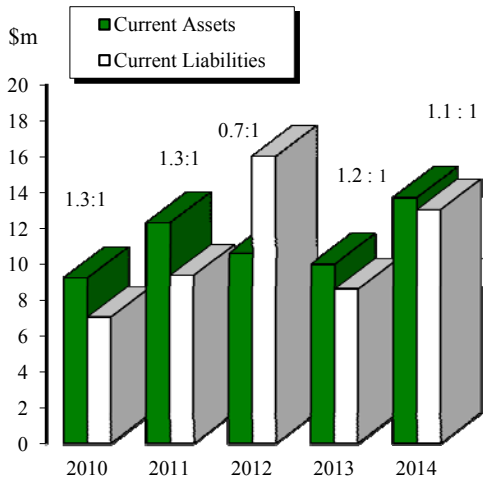
Plan 2013/14 \$49.2 million



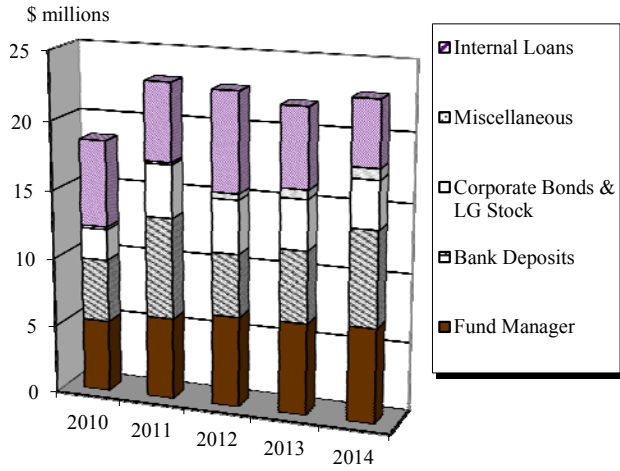
Financial Ratios

	2011/12	2012/13	2013/14	Plan 13/14
Current Ratio	0.7	1.2	1.1	0.8
Liquidity Ratio	0.7	1.1	1.0	0.8
Long Term Debt (external) per rateable property	\$2,949	\$4,002	\$3,822	\$4,300
Long Term Debt (external) per capita	\$1,504	\$2,073	\$2,001	\$2,246
Interest costs as % of rates income	11.3%	12.7%	13.2%	14.1%
Debt servicing costs as % of rates income	16.9%	20.6%	19.5%	19.7%
Reserve Funds as % of rates income	78.2%	72.9%	80.0%	65.8%
Investments (external) as % of rates income	71.5%	68.7%	74.8%	61.9%
Rates receivable as % of rates levied	1.6%	1.9%	1.8%	1.8%
Net External Debt as % of operating revenue	110.9%	130.5%	127.6%	140.5%

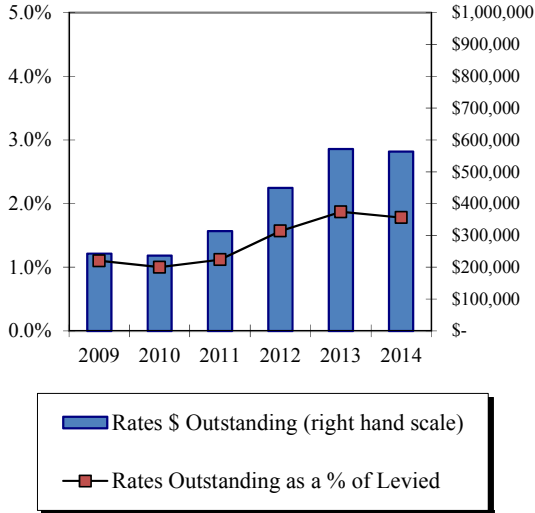
CURRENT ASSETS TO CURRENT LIABILITIES



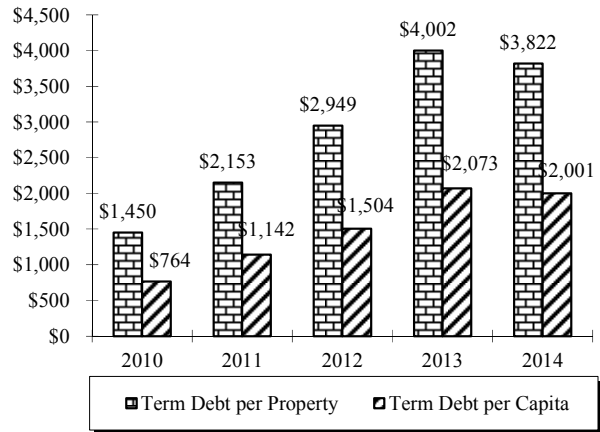
INVESTMENTS



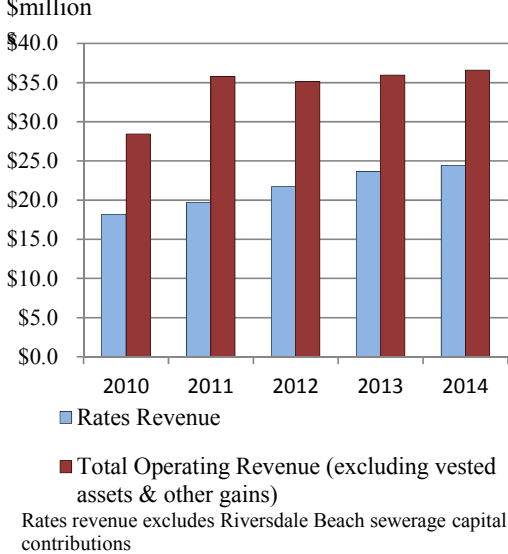
RATES ARREARS



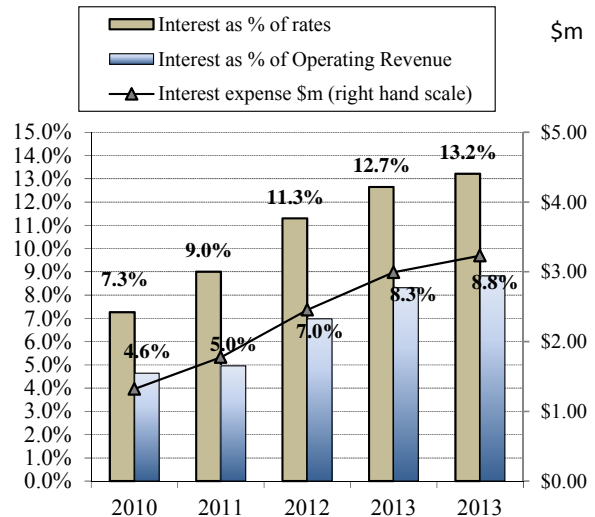
TERM LIABILITIES (external) per Ratepayer and per Capita

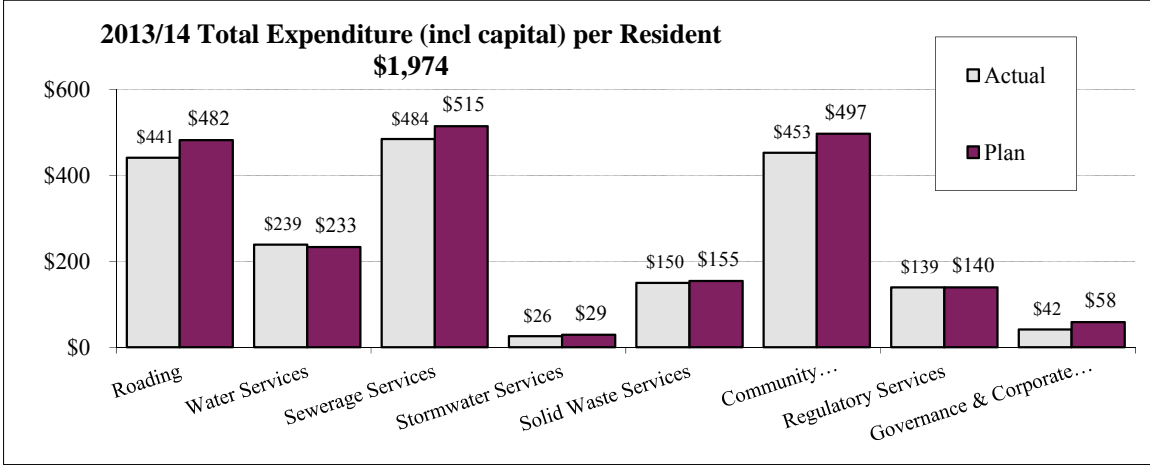
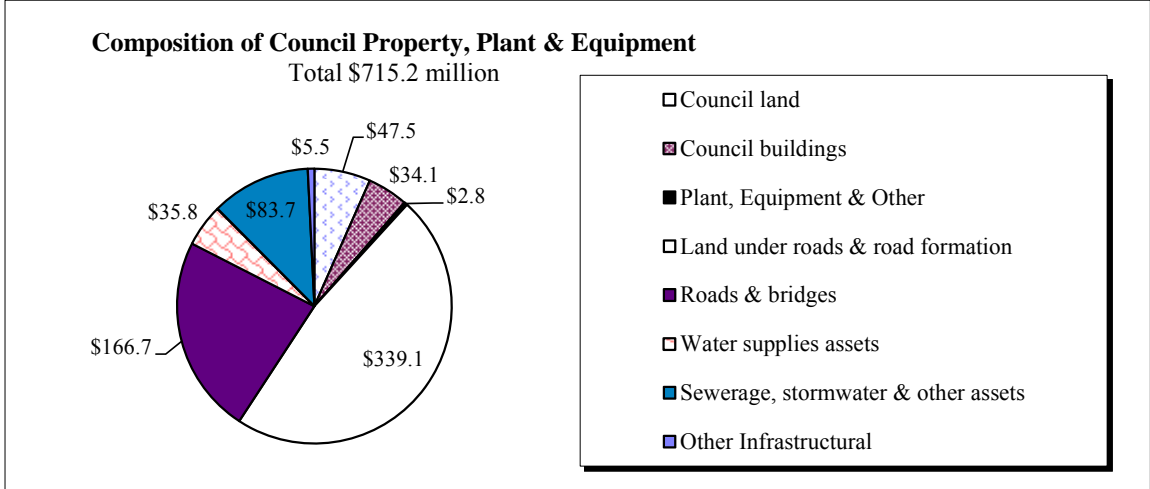
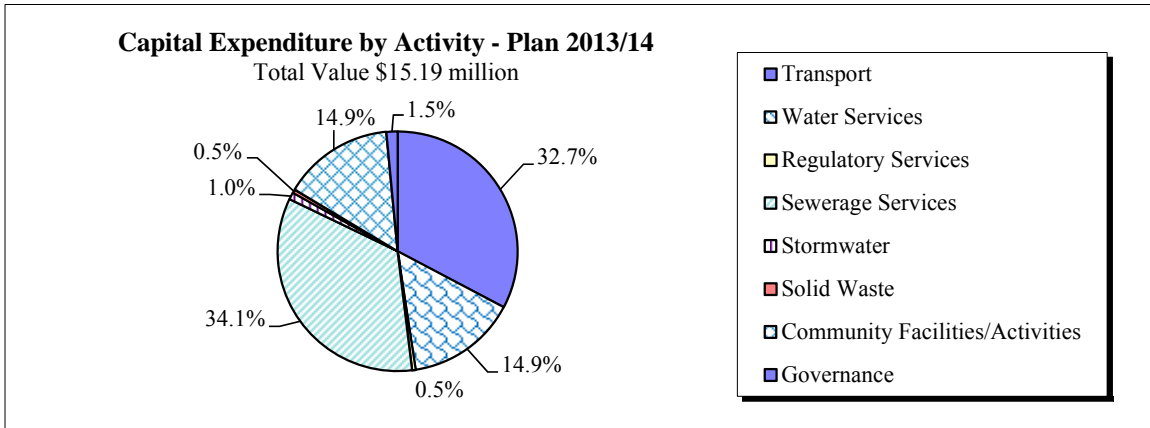
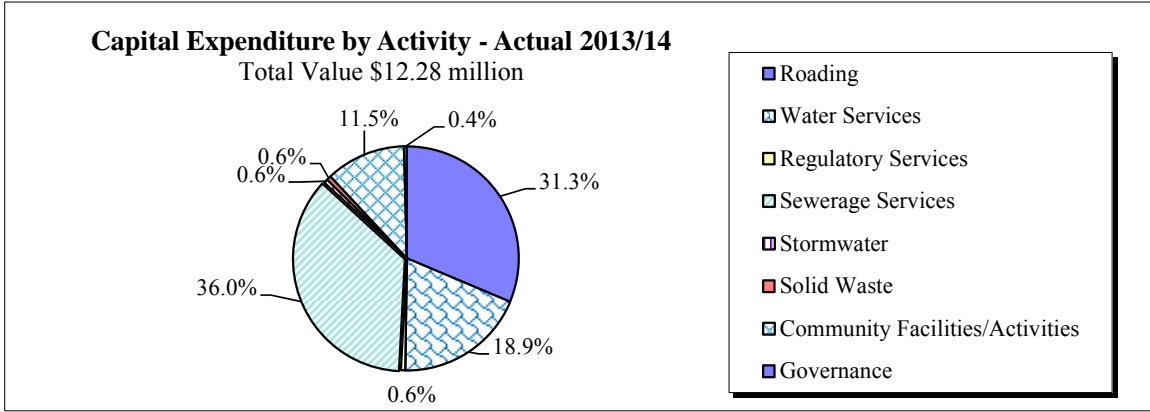


RATES & TOTAL REVENUE



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





MASTERTON DISTRICT COUNCIL
REPORT ON COMMUNITY OUTCOMES

From the 2012-22 Long-Term Plan, the Council has stated it wants Masterton to be a good place for families and a great place to live. The following outcomes have been identified by Councillors and consulted on through extensive community involvement, particularly as part of the lead up to the 2006 Long Term Council Community Plan.

1. A Strong, Resilient Economy

We want Masterton to be a desirable place to do business and for our people to benefit from a strong, diverse economy.

2. A Sustainable, Healthy Environment

We will look after our green spaces and waterways, reduce our waste to landfill and reduce our energy consumption.

3. An Active, Involved and Caring Community

We want all residents to participate fully in our strong, vibrant community; to be able to access social services and support as needed; to pursue their own personal sporting, recreational and cultural goals and to support others to achieve theirs.

4. A Knowledgeable Community

We want people in the Masterton District to have access to the knowledge they need, underpinned by quality educational opportunities.

5. An Easy Place to Move Around

We want our transport links to be efficient, reliable, convenient and safe.

The environmental, social, community and economic well-beings provide the umbrella for our community outcomes. The chart below illustrates the links between the well-beings and the community outcomes.

Outcome	Environmental Well-being	Social Well-being	Cultural Well-being	Economic Well-being
A Strong, Resilient Economy		<input type="checkbox"/>		<input type="checkbox"/>
A Sustainable, Healthy Environment	<input type="checkbox"/>		<input type="checkbox"/>	
An Active, Involved and Caring Community		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
A Knowledgeable Community		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
An Easy Place to Move Around	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>

Included in the Service Performance Statements for each of the Groups of Activities is a statement linking how the activity has contributed to the community outcomes.

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 met three times (July, September and December 2013). Since that time, the newly elected Council has been reviewing its options with respect to the best way to engage with Maori/Iwi.
- Iwi have been involved in consultation processes for areas of significance to them as part of resource consents processes.
- Implementation for the Memorandum of Partnerships with the two iwi is in progress. Targets are to be set for implementation of the Memoranda of Partnership with the two iwi, while the previous Council agreed to develop Te Reo and Treaty of Waitangi Policies. Progress on those policies has been slow due to lack of resources and other priorities.

REPORT ON DEVELOPMENT AND FINANCIAL CONTRIBUTIONS

The Council has adopted a policy, as part of its LTP, as required by Section 106 of the Local Government Act 2002. The policy states that the Council will levy financial contributions using the provisions of the Resource Management Act 1991 and according to policy adopted as part of the 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 \$625,453 (last year \$551,275) and have been recognised as income in the period to 30 June 2014.

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. Contributions totalling \$50,650 have 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.

Audit opinion

Audit opinion

Audit opinion

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.

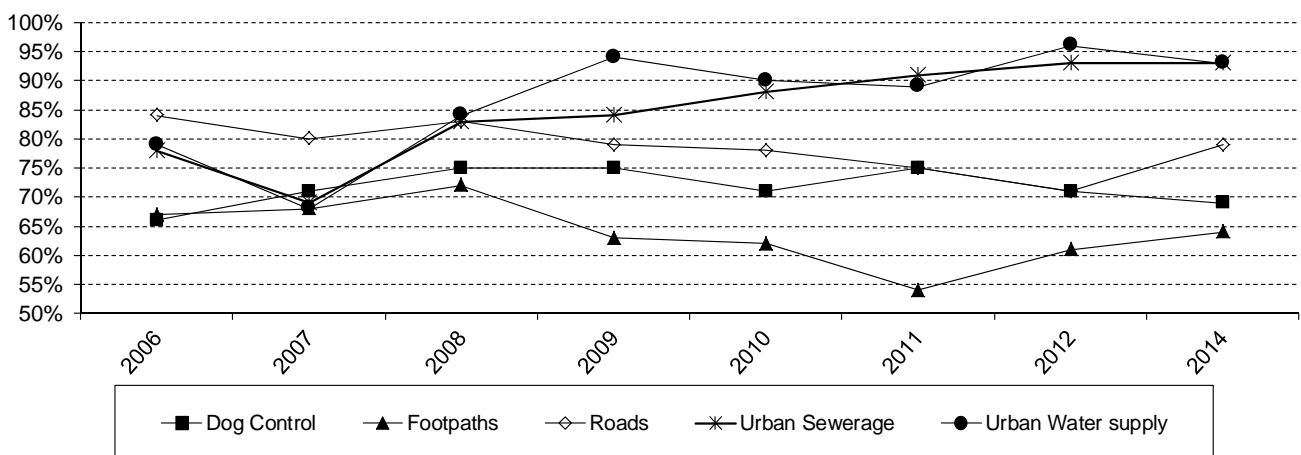
Quality processes (which may affect the quality of the output) are also a standard feature of the internal management control systems.

In particular:

- *Preparation of LTP, 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 - the Council has undertaken a Communitrak™ survey (undertaken by the National Research Bureau) of residents' views of the Council's services. No survey was done in 2012/13, but the current and previous years survey results are reported on the next two pages. Copies of the surveys can be obtained from the Masterton District Council Offices.

Level of Satisfaction with Council Services 2006 - 2014



OVERALL PERFORMANCE

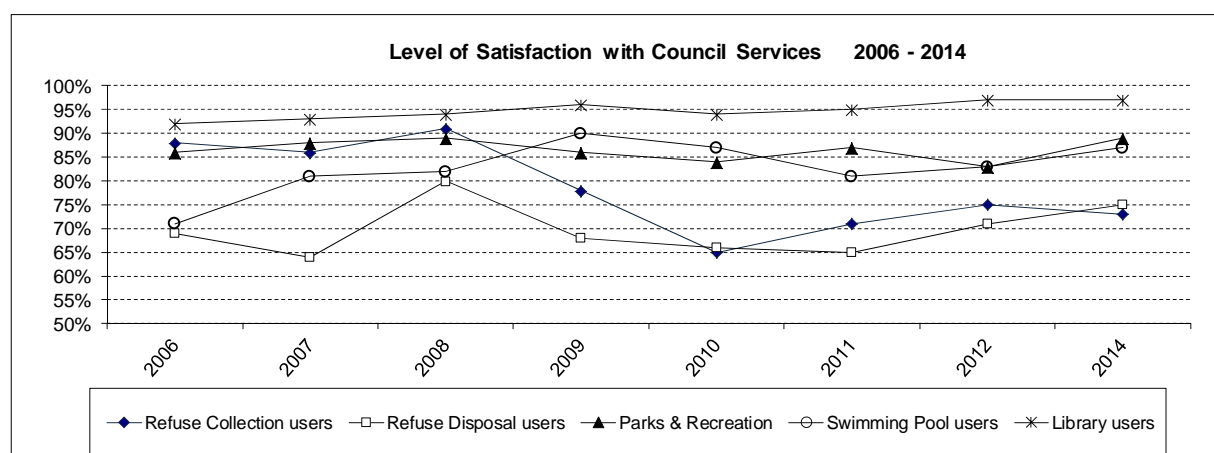
The Masterton District Council has commissioned the National Research Bureau to undertake a Communitrak™ survey in February 2014 as a means of measuring the Council’s effectiveness in representing the wishes and viewpoints of its residents. The Council decided not to undertake the survey in 2013. Communitrak™ 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%**. For the 2014 survey, respondents were given the following choice of responses:

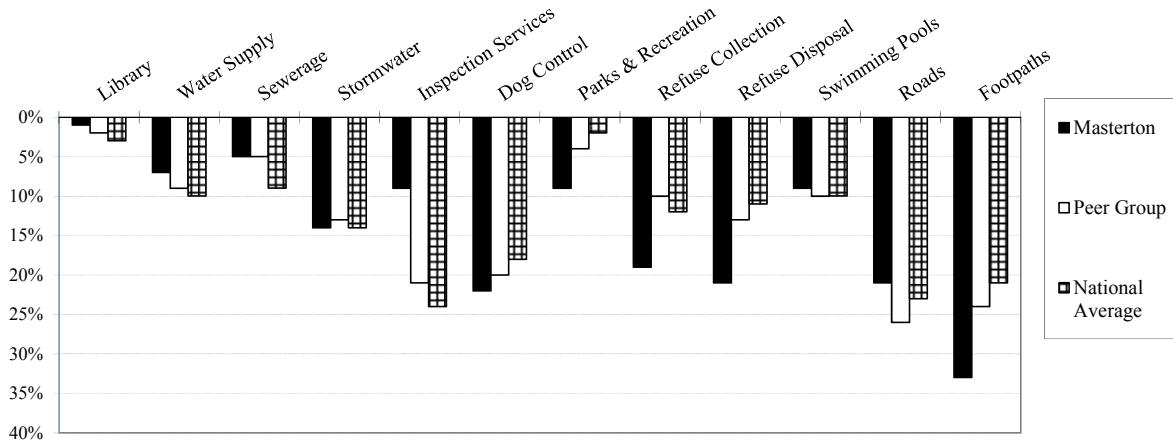
Very satisfied, Satisfied, Dissatisfied, Very dissatisfied or Don’t know.

The results in February 2014 are compared to the previous results from 2012.

- The services receiving the highest levels of visits by households surveyed were: parks and reserves with 93% (93% in 2012), a transfer station 75% (78%) and the library 69% (77%). 71% (58%) had attended a community event and 51% (58%) had used or visited the Genesis Energy Recreation Centre.
- The highest levels of satisfaction by users of a service were the library 97% (97%), urban water supply 93% (96%), community events 94% (93%), urban sewerage system 93% (93%), parks and reserves 89% (83%), roads 79% (71%), CBD parking 74% (82%), and inspection services 72% (68%).
- Satisfaction with swimming pools has dipped to 66% (69%) and is below the peer group average of 71%, however an increase to 87% (83%) of users of the Genesis Energy Recreation Centre are satisfied.
- Overall satisfaction with the library at 85% is slightly below the peer group of 89%, but 97% of library users reporting being satisfied and the dissatisfaction level at 1% is better than the national average of 3% for libraries.
- Satisfaction with Aratoi Wairarapa Museum of Art and History, provided by the Wairarapa Cultural Trust, had an overall satisfaction of 72% (73%) which is higher than the peer group average of 59%. 53% of households had visited Aratoi and they recorded a 93% satisfaction.
- Satisfaction with Footpaths increased to 64% (61%). Peer group satisfaction is 71%. Satisfaction with the district’s roads increased to 79% (71%) and is better than the peer group at 73%.
- Refuse collection satisfaction recorded 73% (75%), while refuse disposal dissatisfaction levels reduced to 21% (22%) which is higher than the peer group average of 13%.
- Most people (87%) 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%). 18% (last survey 21%) of people surveyed were dissatisfied with Council’s consultation and the way it involves the public in decisions it makes. Peer group average for this was 25% dissatisfaction.

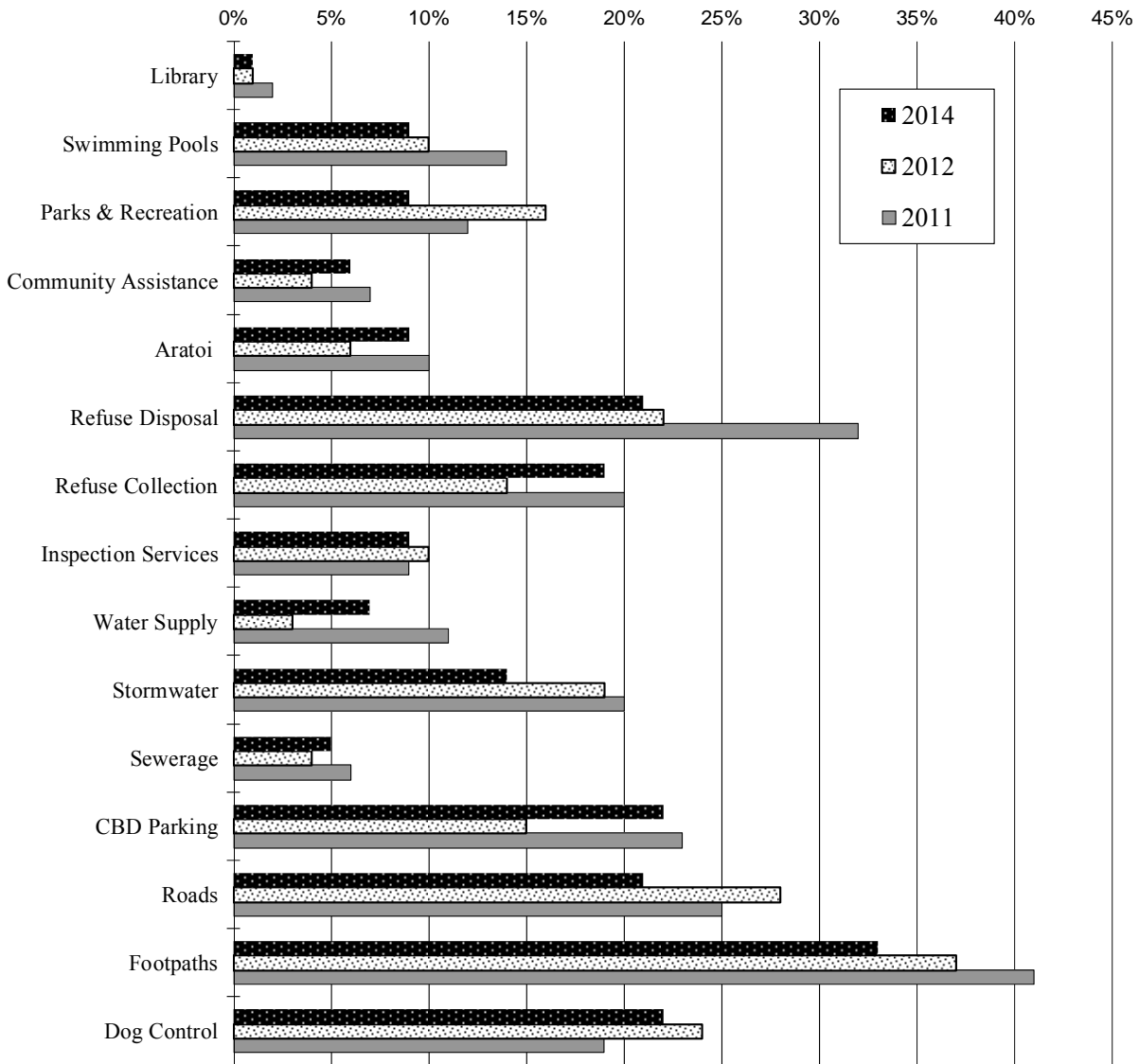


Surveyed Dissatisfaction Comparison to Peer Group & National Average



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

% Not Satisfied



STATEMENTS OF SERVICE PERFORMANCE

GROUPS OF ACTIVITIES REPORTS

ROADING

Incorporating Roads, Streets, Footpaths and Parking areas

The Council constructs, manages and maintains the local road, street and footpath networks - including pavements, bridges, traffic services and streetlights - throughout the district. We own and maintain off-street car park spaces and on-street metered time-limit spaces. Parking control is part of the Regulatory group of activities.

Overall Performance: Service levels have been maintained as per the Long Term Plan (LTP). The LTP did not provide for any significant increase in service levels for this activity.

Contribution to Community Outcomes: This activity contributed to the outcomes of A Strong Resilient Economy and An Easy Place to Move Around by maintaining the roading and footpath network as agreed with NZTA. The Council contributes funding to road safety programmes. While there was a reduction in crashes causing injury compared with the previous five year period nearly three quarters of injury accidents were on the State Highway that is outside the Council's jurisdiction.

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 2013/14	Results Relative to Target
Percentage of customers satisfied with the condition of the roading network	Maintain satisfaction level	<p><u>Achieved</u> The 2014 survey of residents indicated 79% were satisfied with roads which is 8% more than the previous survey in 2012. The result is above the baseline of 75% achieved in 2010/11. The peer group average is 73% satisfaction and the national average is 76%.</p>
Road pavement and road surface condition indices meet or exceed national averages	National averages met: Pavement integrity	<p><u>Achieved</u> The Pavement Integrity Index* for 2013/14 for Masterton sealed roads was 97.5. Aggregated national averages for 2012/13 were 93.7. The national average figure for 2013/14 is not yet available. Records since 2003/04 indicate the New Zealand average pavement integrity has remained between 93.4 and 94.2.</p> <p><i>*Pavement Integrity Index is a 'weighted sum' of combined pavement defects determined from RAMM data divided by the total lane lengths of sealed road.</i></p>

Performance Indicators	Targets 2013/14	Results Relative to Target
Road pavement integrity and condition indices meet or exceed national averages	National averages met: Condition index	<u>Not Achieved</u> The Condition Index* for 2013/14 for the Masterton network was 98.0. Aggregated national averages for 2012/13 were 98.1 – the figure for 2013/14 is not yet available. Records since 2003/04 indicate the New Zealand average condition has remained between 96.9 and 98.1. <i>*Condition Index is a 'weighted sum' of combined surface faults determined from RAMM data for sealed road surfaces.</i>
Percentage of sealed roads providing a smooth and comfortable ride (measured by roughometer)	At least 90%	<u>Achieved</u> 96 percent of Masterton roads are currently below the threshold of 150, based on a road roughness survey on all sealed roads last undertaken in October 2012 by a special-purpose vehicle. This survey will be repeated in September 2014. <i>The roughness value in NAASRA counts is held in the RAMM database and a 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.</i>
The number of crashes causing injuries is reduced.	Reduction on previous year (five year moving average)	<u>Achieved</u> The annual average number of all injury crashes recorded within the district for the five year period 2009-2013 was 57.6. This was an improvement on the 63.2 recorded for 2008-2012.
Cycle usage at key sites is monitored to assess demand for cycle facilities.	Survey due 2014/15	<u>Achieved</u> A cycle count survey was undertaken at the four monitor sites in December 2013 to monitor cycle usage.
Percentage of customer satisfied with the condition of the footpath network	Maintain satisfaction level	<u>Achieved</u> The 2014 survey of residents indicates 64% satisfaction with footpaths. This has improved since the last survey (61% in 2012 and 54% in 2011). The peer group average is 71% satisfaction and the national average is 74%.
Customers satisfaction with parking control services	Maintain satisfaction level	<u>Not Achieved</u> The 2014 survey of residents indicates 74% satisfaction with parking in the CBD. This has declined since the previous survey (82% satisfaction in 2012). The peer group average is 70% and the national average is 63%.

COMMUNITY SURVEY RESULTS BELOW

COMMUNITY SURVEY – PERFORMANCE RATING

Roads	2008/09	2009/10	2010/11	2011/12	2013/14
Very satisfied/fairly satisfied	79%	78%	75%	71%	79%
Not very satisfied	20%	21%	25%	28%	21%
Don't know	1%	1%	0%	1%	0%

Footpaths	2008/09	2009/10	2010/11	2011/12	2013/14
Very satisfied/fairly satisfied	63%	62%	54%	61%	64%
Not very satisfied	32%	35%	41%	37%	33%
Don't know	5%	3%	4%	2%	3%

Roads, Streets & Footpaths

Cost of Service Statement

2012/13		2013/14	2013/14
Actual		Actual	Plan
\$		\$	\$
	Operating Costs		
3,725,402	Subsidised roading programme - maintenance	3,656,718	3,791,951
1,316,280	Non-subsidised roading	1,288,583	1,371,291
525,746	Flood damage expenditure	182,220	844,000
4,489,558	Depreciation	4,522,060	4,456,600
10,056,986		9,649,581	10,463,842
	Operating Income		
2,115,434	NZ Transport Agency subsidy (on maint.)*	1,827,838	2,212,382
165,540	Local authority petrol tax	167,825	165,000
68,578	Roading contributions (ex developers)	85,949	80,000
89,094	Other recoveries	100,341	81,400
2,438,646		2,181,953	2,538,782
	Appropriations		
-	Net transfer to/(from) flood damage fund	254,400	(150,000)
68,578	Transfers to reserves	335,948	80,000
(120,000)	Transfers from reserves	(113,750)	(155,000)
129,227	Provision for loan repayments	147,088	122,583
(4,072,508)	Depreciation not rates funded**	(4,045,676)	(3,995,970)
3,623,638	Rates Requirement (Operational)	4,045,638	3,826,673

* 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.

Variiances from Plan

2013/14 was the second year of the current NZTA-approved programme and the Council has spent 3.6% less than planned on subsidised road maintenance. The non-subsidised programme was 6% under-spent due largely to less engineering staff input than planned. The flood damage budget included repairs to several drop-outs – this work has been delayed as cost-effective designs were worked on. The unspent rates funding that was allowed for both road maintenance and flood damage has been carried forward in reserves at year end.

The NZTA subsidy income is less than planned due to both lower maintenance spend and lower flood damage repair spending than planned.

ROADING**Rates Requirement Summary**

2012/13 Actual \$	Activity	2013/14 Actual \$	2013/14 Plan \$
3,383,823	Subsidised roading	3,488,140	3,629,265
1,443,167	Non-subsidised roading (urban)	1,578,755	1,567,555
158,375	Non-subsidised roading (rural)	178,473	169,553
220,813	Flood damage	332,321	238,240
\$5,206,178	Rates Requirement	\$5,577,689	\$5,604,613

ROADING**Capital Expenditure Summary**

2012/13 Actual \$	Roadings	2013/14 Actual \$	2013/14 Plan \$
2,590,003	Asset renewals - Rural roading programme	2,352,168	2,436,000
701,943	Asset renewals - Urban roading programme	594,633	857,000
29,189	Asset renewals - Bridges	170,052	775,000
238,836	Urban footpath upgrades & reseals	465,192	433,000
-	Railway Station streetscape upgrade	-	25,000
10,817	Car park developments	14,447	26,000
-	Rural/Urban Minor Improvements	184,898	341,000
30,870	Footpath land ex subdivision	-	-
252,278	CBD footpath resurfacing project	-	-
350,248	Asset renewals - Tinui slump	-	60,000
-	High Street berms renewals	14,069	15,000
2,024	QE Park footbridge refurbishment	50,595	-
4,206,208		3,846,054	4,968,000
	Capital Funding		
(2,030,958)	NZ Transport Agency subsidy (on renewals)	(1,861,150)	(2,530,860)
(442,709)	Transfers from reserves	(452,853)	(659,200)
(150,000)	Loan funds	-	-
(2,623,667)		(2,314,003)	(3,190,060)
\$1,582,541	Rates Requirement (Capital)	\$1,532,051	\$1,777,940

Variances from Plan – Capital Expenditure

2013/14 was the second year of the 3 yearly NZTA-approved programme. Council has spent 11% less than planned on renewals expenditure, excluding the Black Swamp bridge replacement. There have been delays on some contracts resulting in work being completed in 2014/15, while some urban resurfacing work has been deferred in order to align with the utilities replacement programme.

The replacement of Black Swamp bridge did not proceed during the year, but the strengthening of Wardells bridge was completed and designated as a minor improvement rather than construction project.

The urban footpath resurfacing programme included some catch-up work that had been delayed by the laying of broadband cabling around the town. The Queen Elizabeth Park footbridge final stage of refurbishment was completed early in the year from funding carried forward.

The overall rates required for the Roothing activity was \$27,000 (0.5%) less than planned, after allowing for unspent rates funding to be carried forward.

WATER SERVICES

Incorporating Urban and Rural water supplies and water races

The Council provides appropriately treated water to the urban reticulation system and to the Waingawa industrial area, 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.

Overall Performance: Service levels have been maintained as per the Long Term Plan (LTP). The LTP did not provide for any significant change in service levels for this activity.

Contribution to Community Outcomes: Water Services Contribute to a Sustainable Healthy Environment and a A Strong Resilient Economy by continuing renewal of reticulation and treatment infrastructure and by managing water consumption to comply with consents for extraction from the Waingawa River in order to maintain its quality.

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 2013/14	Results Relative to Target
Customer satisfaction with urban water supply services	Maintain satisfaction and equal or exceed peer group average	<u>Achieved</u> Survey result is 93% satisfied. This is better than the baseline of 89% from 2010/11 and 90% for the peer group.
Supply is restored within four hours following a planned or emergency shutdown	More than 95% of shutdowns	<u>Not Achieved</u> There were 30 planned or emergency water shutdowns. On 26 occasions (87%) these did not exceed the 4 hours. 4 occasions exceeded the 4 hours.
An alternative water supply is provided when shutdown exceeds 24 hours	100% of occasions	<u>Achieved</u> No shutdowns exceeded 24 hours
Compliance with NZ Drinking Water Standards for urban supply	100% of occasions	<u>Achieved</u> 130 water samples tested and confirmed compliance with standards.
Compliance with NZ Drinking Water Standards microbiological criteria for Tinui rural supply	100% compliant	<u>Achieved</u> 12 water samples tested and confirmed compliance with standards
Water consumption/conservation is managed to ensure compliance with river water flows (resource consents for drawing water)	100% compliant	<u>Achieved</u> Consent 'take' from the Waingawa River was never exceeded. Water conservation measures enforced during summer (alternate-day sprinkler restrictions Dec to Mar). Leak detection and repair programme on-going.

COMMUNITY SURVEY RESULTS BELOW

COMMUNITY SURVEY – PERFORMANCE RATING

Water Supply (Users)*	2008/09	2009/10	2010/11	2011/12	2013/14
Very satisfied/fairly satisfied	94%	90%	89%	96%	93%
Not very satisfied	6%	9%	11%	3%	7%
Don't know/NA	-	1%	0%	1%	0%

*urban users only

WATER SERVICES

Urban Water Supply

Cost of Service Statement

2012/13		2013/14	2013/14
Actual		Actual	Plan
\$	Operating Costs	\$	\$
1,068,960	Water treatment costs	1,087,010	1,081,181
761,439	Water reticulation costs	760,665	745,044
1,194,974	Depreciation	1,196,274	1,206,895
3,025,373		3,043,949	3,033,119
	Operating Income		
106,367	User charges & recoveries	180,286	144,000
	Appropriations		
-	Transfer to reserves	41,700	-
193,191	Provision for loan repayment	205,941	200,175
(411,000)	Reverse depreciation	(293,000)	(307,750)
\$2,701,197	Rates Requirement	\$2,818,305	\$2,781,544

WATER SERVICES

Rural Water Supplies

Cost of Service Statement

2012/13		2013/14	2013/14
Actual		Actual	Plan
\$	Operating Costs	\$	\$
218,345	Rural water supplies & races	257,384	227,289
50,645	Depreciation & decline in service	54,826	52,000
268,990		312,210	279,289
	Operating Income		
146,047	Rural water scheme charges	181,231	148,140
	Appropriations		
(22,190)	Transfer from reserves	(13,654)	-
-	Transfer to reserves	38,243	-
	Provision for loan repayment	1,558	431
(2,750)	Reverse depreciation	(2,750)	(24,600)
\$98,003	Rates Requirement	\$154,377	\$106,980

Variiances from Plan – Water supplies

Urban water supply operating costs were slightly above planned, requiring \$36,760 more rates funding than planned, which was 1.3%. A one-off gain from the sale of old in-situ pipes (for broadband cabling) was transferred to reserves.

Rural water supplies include the costs and scheme rates for the Wainuioru Rural Water Supply. The scheme's assets are included and accounted for as part of the District Council's assets. The sale of several units of Wainuioru water is the reason income is above planned.

Operating costs of the Te Ore Ore water race exceeded the planned level by \$37,000. The targeted rates from the users of the water race do not cover the over-expenditure.

WATER SERVICES
Rates Requirement Summary

2012/13 Actual \$	Activity	2013/14 Actual \$	2013/14 Plan \$
2,701,197	Masterton urban water supply	2,818,305	2,781,544
9,362	Tinui water supply	19,366	17,200
39,189	Opaki water race	44,007	37,763
31,107	Te Ore Ore water race	76,304	34,312
18,345	Miscellaneous rural water costs	14,700	17,705
\$2,799,200	Rates Requirement	\$2,972,682	\$2,888,524

WATER SERVICES
Capital Expenditure Summary

2012/13 Actual \$	Urban water treatment	2013/14 Actual \$	2013/14 Plan \$
126,460	Water treatment plant & equip. renewals	106,937	90,000
31,873	Water treatment - buildings & grounds	0	-
186,761	Water treatment - filter refurbishment	858,479	970,000
-	Consent renewal	-	50,000
345,094		965,416	1,110,000
	Urban water reticulation		
1,106,326	Water main & reservoir renewals	1,066,174	750,000
286,223	Water connections renewals	190,066	315,000
1,392,549		1,256,240	1,065,000
	Rural water reticulation		
30,139	Wainuioru water supply renewals	3,257	15,000
-	Tinui Water Supply upgrades	20,160	50,000
20,112	Te Ore Ore water race consent renewal	74,639	20,000
50,251	Water take metering	0	-
1,787,894	Total Water Supplies capital expenditure	2,319,712	2,260,000
	Capital Funding		
(706,873)	Loan funds	(1,264,531)	(1,240,000)
(4,310)	External funds	(1,363)	(15,000)
(1,076,711)	Transfer from reserves	(1,053,818)	(1,005,000)
(1,787,894)		(2,319,712)	(2,260,000)

Variiances from Plan – Water Supplies Capital Expenditure

The water treatment plant filter refurbishment and replacement project was progressed during the year, but construction delays have meant the new filters were not commissioned by 30 June 2014. Completion and commissioning is expected by September 2014.

Some 4.1 km (last year 4.2km) of water main renewals were completed during the year. The capital budget for mains renewals was exceeded but the connections renewals was under spent.

Costs for the consent renewals at the water treatment plant were less than expected. Costs for preparation of the Te Ore Ore water race resource consent application and additional rock protection for the intake saw the capital expenditure budget exceeded for this scheme.

SEWERAGE SERVICES

Incorporating the Urban sewerage system and three Rural sewerage systems.

The Council provides systems to collect, treat and dispose of wastewater from all residential, commercial and industrial properties in the urban area and the Waingawa industrial area, and at Riversdale Beach, Castlepoint Beach and some of Tinui village.

Overall Performance: Service levels have been maintained as per the Long Term Plan (LTP). The LTP did provide for an increase in service level for the urban sewerage system via the Homebush treatment plant upgrade – the commissioning of the plant during the year has meant the project remains on track to deliver the service level improvements (specifically river quality).

Contribution to Community Outcomes: Sewerage Services contribute to A Sustainable Healthy Environment and A Strong Resilient Economy. Good progress has been made towards completion of the Urban Waste Water Upgrade that will improve the quality and reduce the quantity of treated effluent being released into the Ruamahunga River. Also, further progress was made on renew of the reticulation infrastructure.

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 2013/14	Results Relative to Target
Customer satisfaction with urban wastewater services	Maintain satisfaction level and within 10% of peer group average	<u>Achieved</u> Survey result is 93% satisfied. This is better than the baseline of 91% from 2010/11 and close to the 94% reported for the peer group.
Proportion of urgent wastewater service requests responded to within 6 hours of notification	Baseline 2010/11 = 100% Target 2013/14 = 94%	<u>Achieved:</u> 100% of urgent wastewater service requests were responded to within 6 hours of notification. 241 wastewater service requests received, 90 requests had potential to be network problems (and deemed urgent). All were responded to within 6 hours of being notified.
Connection to system renewed within 12 hours	More than 95% of incidents	<u>Achieved:</u> 100% of network-related requests had service restored within 12 hours
Alternative system provided where loss of service exceeds 24 hours	100% of occasions	<u>Achieved:</u> No alternative systems were required

Compliance with resource consents	100%	Partially achieved: No consent breaches for wastewater reticulation and wastewater consents except for technical non-compliances regarding occasions when the daily irrigation rate at Riversdale was exceeded by 0.6mm due to a controller fault and temporary odour and river clarity problems associated with the commissioning of the new ponds at Homebush.
Proportion of network failures that had environmental effects	less than 1%	Achieved: No environmental effects resulted from network failures.

COMMUNITY SURVEY RESULTS BELOW

COMMUNITY SURVEY – PERFORMANCE RATING

Sewerage	2008/09	2009/10	2010/11	2011/12	2013/14
Very satisfied/fairly satisfied	84%	88%	91%	93%	93%
Not very satisfied	15%	9%	6%	4%	5%
Don't know/NA	1%	3%	3%	3%	2%

* Urban area respondents only

SEWERAGE SERVICES

Sewerage Services - urban

Cost of Service Statement

2012/13		2013/14	2013/14
Actual		Actual	Plan
\$		\$	\$
	Operating Costs		
937,015	Sewerage reticulation	1,056,878	1,049,511
2,820,834	Wastewater treatment	3,151,912	3,296,585
1,650,065	Depreciation	2,056,868	1,763,344
5,407,914		6,265,659	6,109,440
	Operating Income		
297,719	User charges & other income	296,763	597,000
	Appropriations		
248,000	Transfer to reserves	-	-
(650,000)	Transfer from reserves	(420,000)	(280,000)
1,411,367	Provision for loan repayments	1,118,153	1,120,841
(1,032,000)	Reverse depreciation not rates funded	(1,195,000)	(900,000)
\$5,087,562	Rates Requirement	\$5,472,048	\$5,453,281

Variiances from Plan – Urban wastewater

Net operating costs, excluding depreciation, were nearly \$137,300 (3.2%) below planned. This includes some \$100,000 of interest expense (4.4%) less than planned. Those interest savings were offset by additional costs related to project management, water consents and lease issues. There were cost savings against budget from the Homebush baleage operation, as it was done in-house rather than contracted.

Delayed commissioning of the new plant resulted in less area irrigated and a later start to the season to produce baleage. The lower volume production of baleage than planned has resulted in reporting lower income than planned.

Planned depreciation expense was estimated, and as the components of the Homebush wastewater plants have been added to the asset register, more accurate figures have been included as actuals.

A nominal transfer of \$150,000 has been made from carried forward reserve funds to balance the rates requirement of this activity.

SEWERAGE SERVICES

Sewerage Services - rural schemes

Cost of Service Statement

2012/13 Actual \$		2013/14 Actual \$	2013/14 Plan \$
	Operating Costs		
41,398	Castlepoint sewerage scheme	45,402	35,540
228,441	Riversdale sewerage scheme	237,812	244,808
17,830	Tinui sewerage scheme	14,436	14,803
234,113	Depreciation	254,853	181,200
521,782		552,504	476,351
	Operating Income		
99,375	Capital Contribution & other income	88,406	66,492
6,513	Internal Recoveries	7,398	5,000
105,888		95,803	71,492
	Appropriations		
-	Transfer from reserves	(35,000)	(30,000)
204,634	Loan Repayment	383,542	197,732
(194,872)	Reverse depreciation not rates funded	(229,895)	(157,000)
\$425,656	Rates Requirement (Operational)	\$575,347	\$415,591

Variances from Plan – Rural wastewater

Operating costs for the three rural sewerage schemes have run close to planned. Depreciation is higher than planned due to the Riversdale Beach community sewerage scheme depreciation being under-estimated in the plan.

Loan repayments are above planned as more Riversdale Beach scheme capital repayments have been received than planned. Ratepayers are choosing to pay off the capital contributions they had originally chosen to pay over time. The Council continues to carry a significant debt for the scheme (some \$2.5 million), with the intention that the owners paying off contributions and connection fees from new joining properties and subdivision will reduce that debt over time.

SEWERAGE SERVICES

Rates Requirement Summary

2012/13 Actual \$	Activity	2013/14 Actual \$	2013/14 Plan \$
5,087,562	Urban sewerage system	5,472,048	5,453,281
46,707	Castlepoint sewerage scheme	47,257	44,390
135,432	Riversdale Beach sewerage scheme (RBCSS)	144,246	139,256
345,441	Riversdale & Tinui Capital Contributions	366,686	219,937
19,922	Tinui sewerage scheme	17,158	12,008
\$5,635,064	Rates Requirement	\$6,047,395	\$5,868,872

Capital Expenditure Summary

2012/13 Actual \$		2013/14 Actual \$	2013/14 Plan \$
Urban Sewerage system			
6,901,174	Homebush sewerage upgrade project	2,850,970	3,100,000
1,730,212	Sewerage reticulation mains renewals	1,394,897	2,070,000
8,631,386		4,245,867	5,170,000
Rural Sewerage schemes			
219,078	Riversdale Beach sewerage scheme	155,947	-
1,991	Tinui sewerage scheme	-	5,000
15,417	Castlepoint sewerage scheme	13,332	-
236,486		169,279	5,000
8,867,872	Total	4,415,146	5,175,000
Capital Funding			
(7,601,174)	Loan funds	(3,195,667)	(4,200,000)
(31,392)	External funds	(3,939)	-
(1,113,460)	Transfer from reserves	(1,215,540)	(975,000)
(8,746,026)		(4,415,146)	(5,175,000)
\$121,846	Rates Requirement (Capital Contributions)	\$0	\$0

Variances from Plan – Capital Expenditure

Although the Homebush wastewater treatment plant was commissioned in April 2013, construction work continued on the site through much of 2013/14 to complete the new oxidation ponds and decommission the old ponds. High groundwater issues have resulted in delays completing the decommissioning task. At 30 June 2014, alternative design options were being developed as all of the old pond land area will not now be suitable for irrigation.

The sewer reticulation renewals programme continued during the year, partly funded by borrowing. There were several contracts in progress at 30 June 2014. This programme is being completed using a number of experienced local contactors and the design and supervision work is being done in-house in order to keep costs down.

Riversdale Beach Sewerage scheme capital was largely the purchase of additional land from East Leigh in order to preserve the option of increasing the irrigation/disposal area in future. This purchase was part of the agreement with East Leigh when the Council took over the private subdivision's sewerage assets.

Castlepoint sewerage scheme upgrade was for replacement telemetry equipment to remotely monitor the scheme operation. Although not planned, the cost was met from depreciation funds for the scheme.

STORMWATER SERVICES

The Council provides systems, including use of natural channels and streams, 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.

Overall Performance: Service levels have been maintained as per the Long Term Plan (LTP). The LTP did not provide for any significant increase in service levels for this activity.

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.

Contribution to Community Outcomes: Stormwater Services contributed to A Sustainable Healthy Environment, An Easy Place to Move Around and A Strong Resilient Economy by reticulating stormwater away from urban areas in a timely manner to enable people to move around safely and to reduce storm impacts on people's health and businesses.

Performance Measures

Performance Indicators	Targets 2013/14	Results Relative to Target
Percentage of residents satisfied with stormwater services	Maintain satisfaction level	<u>Achieved</u> Survey result is 71% satisfied. This is better than the baseline of 67% from 2010/11 and close to the 75% reported for the peer group
Proportion of reported stormwater ponding incidents cleared within two days of a rainfall event ending	100%	<u>Achieved</u> 98 stormwater-related incidents, all attended to and resolved. No ponding lasted more than 2 days.
Compliance with resource consents	100% compliant	<u>Achieved</u>
Proportion of reported stormwater/flooding incidents that resulted in residual environmental effects	Less than 1% for a one in ten year event	<u>Achieved</u> 98 stormwater-related incidents, all attended to and resolved. No environmental effects resulted.

COMMUNITY SURVEY RESULTS BELOW

COMMUNITY SURVEY – PERFORMANCE RATING

	2008/09	2009/10	2010/11	2011/12	2013/14
Stormwater					
Very satisfied/fairly satisfied	61%	53%	67%	69%	71%
Not very satisfied	23%	34%	20%	19%	14%
Don't know	16%	13%	14%	12%	15%

STORMWATER

Stormwater

Cost of Service Statement

2012/13 Actual \$		2013/14 Actual \$	2013/14 Plan \$
	Operating Costs		
272,962	Stormwater	278,618	311,131
228,489	Depreciation	305,786	223,000
501,451		584,404	534,131
	Operating Income		
-	User charges & other income	224	-
	Appropriations		
(135,000)	Transfer from reserves	(131,250)	(135,000)
85,654	Provision for loan repayment	133,373	98,585
(100,000)	Reverse depreciation not rates funded	(182,000)	(95,000)
\$352,105	Rates Requirement	\$424,304	\$402,716

STORMWATER

Rates Requirement Summary

2012/13 Actual \$	Activity	2013/14 Actual \$	2013/14 Plan \$
352,105	Stormwater	424,304	402,716
\$352,105	Rates Requirement	\$424,304	\$402,716

STORMWATER

Capital Expenditure Summary

2012/13 Actual \$	Stormwater	2013/14 Actual \$	2013/14 Plan \$
104,871	Stormwater renewals & upgrades	61,921	120,000
87,311	Retention dam & cut off drains	12,359	30,000
192,182		74,280	150,000
	Capital Funding		
(174,725)	Loan funds	-	-
(17,457)	Transfer from reserves	(74,280)	(150,000)
(192,182)		(74,280)	(150,000)
\$0	Rates Requirement	\$0	\$0

Variances from Plan – Stormwater

Operating cost savings were achieved and enabled increased debt repayment than planned. An improved inventory of stormwater assets was updated in the asset register and resulted in more depreciation than planned.

The stormwater renewal and upgrades budget was not fully spent as water and wastewater renewal projects were made a priority in this year.

SOLID WASTE SERVICES

The Council owns, maintains and manages one urban and two rural transfer stations in the Masterton District, with residual waste transferred to Bonny Glen landfill near Marton. Former landfill sites are closed and monitored and the Nursury Road landfill has some limited use. The current refuse collection, landfill and transfer operations, gate fee collection, composting, and recycling services at both Nursery Road and in the rural areas are carried out under performance-based contracts let by competitive tender to the private sector.

Overall Performance: Service levels have been maintained as per the Long Term Plan (LTP). The LTP did not provide for any significant increase in service levels for this activity.

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.

Contribution to Community Outcomes: Solid Waste Services contributed to A Sustainable Healthy Environment, A Knowledgeable Community and A Strong Resilient Economy by providing a solid waste and recycling collection service in the urban area and providing transfer stations at the beach areas. We encouraged reducing quantities to the landfill through promotion of recycling. There were increases in both recycling tonnages and tonnes to landfill this year.

Performance Measures

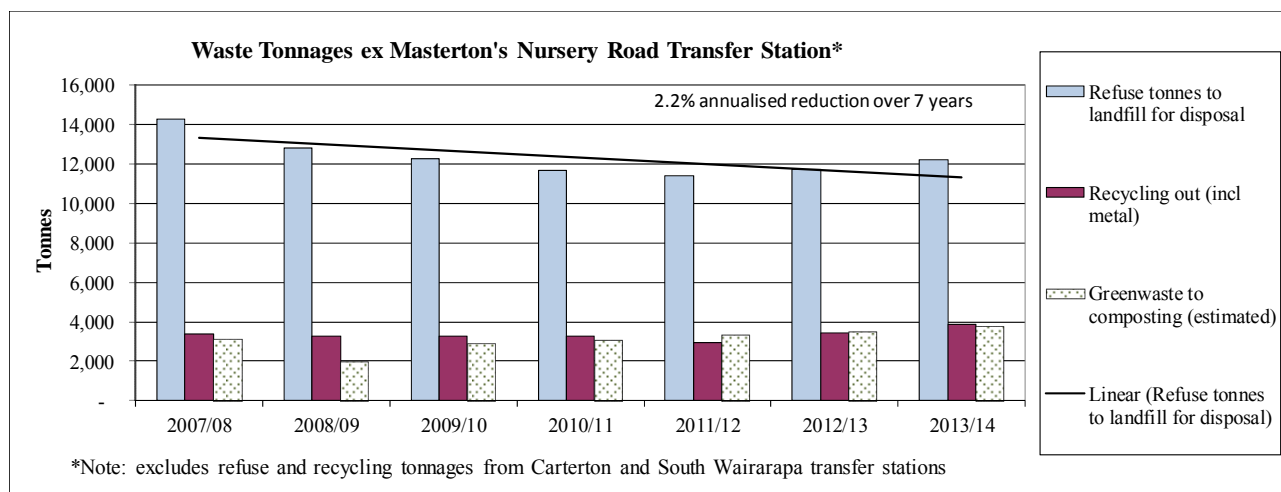
Performance Indicators	Targets 2013/14	Results Relative to Target
Percentage of residents satisfied with the urban and rural transfer stations, recycling and composting facilities	Maintain satisfaction level	<u>Achieved</u> Survey result is 72% satisfied. This is better than the baseline of 65% from 2010/11 and close to the 76% reported for the peer group
Proportion of advertised hours that the transfer stations and recycling centre is open to the public	100%	<u>Not Achieved</u> Service request records indicate the Riversdale transfer station was not open or closed early, on 7/7/2013.
Percentage of residents satisfied with solid waste collection services Number of call-backs due to non-collection of official rubbish bags in each weekly collection.	Maintain satisfaction level Less than one call-back per 200 households	<u>Achieved</u> Survey result is 73% satisfied. This is better than the baseline of 71% from 2010/11 and less than the 79% reported for the peer group There were 46 missed recycling and 35 missed rubbish bag calls recorded for the year. This is less than 1 per 200 households.
Tonnage of waste delivered for transfer is reduced annually	Annual reduction of waste taken to the Transfer Station	<u>Not Achieved</u> Waste tonnes taken to landfill has increased by 4% in the 2013/14 year.
Urban and rural transfer stations, recycling, composting facilities and landfills operate within approved resource consent conditions	100% compliance	<u>Partially Achieved</u> All rural landfills and transfer stations achieved 100% consent compliance, while the main Masterton landfill, composting and transfer station achieved compliance, except for groundwater quality limits – these consent limits are not practical to comply with.

COMMUNITY SURVEY – PERFORMANCE RATING

Refuse Collection	2008/09	2009/10	2010/11	2011/12	2013/14
Very satisfied/fairly satisfied	66%	65%	71%	75%	73%
Not very satisfied	17%	23%	20%	14%	19%
Don't know/NA	17%	12%	9%	10%	8%

COMMUNITY SURVEY – PERFORMANCE RATING

Refuse Disposal (overall)	2008/09	2009/10	2010/11	2011/12	2013/14
Very satisfied/fairly satisfied	66%	64%	65%	71%	72%
Not very satisfied	29%	27%	32%	22%	21%
Don't know/NA	5%	9%	3%	6%	7%



Solid Waste Services

Cost of Service Statement

2012/13 Actual		2013/14 Actual	2013/14 Plan
\$		\$	\$
Operating Costs			
416,586	Urban refuse collection costs	420,994	411,093
41,658	Nursery Rd landfill closure costs*	(65,163)	80,000
1,755,943	Transfer station operation & refuse disposal	1,828,240	1,776,828
886,374	Waste minimisation (incl recyc.& composting)	952,897	1,052,810
218,882	Rural refuse operations	202,045	215,652
3,319,443		3,339,013	3,536,383
Operating Income			
1,794,755	User charges - external	1,955,961	1,864,050
197,798	User charges - internal	201,235	198,905
68,603	Recoveries - waste levy	73,641	65,000
353,968	Recoveries from bag sales	390,212	361,200
2,415,124		2,621,049	2,489,155
Appropriations			
(10,000)	Transfers from reserves	(7,500)	(10,000)
150,000	Transfers to reserves	143,000	-
82,568	Provision for loan repayment	82,075	62,297
-	Reverse depreciation not rates funded	-	(60,000)
\$1,126,887	Rates Requirement	\$935,539	\$1,039,525

*Nursery Road landfill closure costs have been reassessed and spread over a longer timeframe. The resulting decrease in the closure provision has resulted in a credit adjustment against this budget line. The funding that was allowed to do the work in 2013/14 has been carried forward in reserves.

Variances from Plan - Operating

Overall, operating costs (excluding the landfill closure costs) were 1.5% less than planned and operating income was 5.3% more than planned. Refuse bag sales income was above plan by 8%, while collection operating costs were 2.4% higher than plan. Cost savings against Plan have been made in the recycling and composting operations areas.

The \$143,000 carried forward in reserves represents funding for unspent waste minimisation project work and building funds to progressively cover/cap the Nursery Road landfill.

SOLID WASTE SERVICES

Rates Requirement Summary

2012/13 Actual \$	Activity	2013/14 Actual \$	2013/14 Plan \$
405,959	Refuse & recycling collections	402,057	393,742
204,670	Refuse transfer station & landfill	2,608	68,566
313,548	Waste minimisation (recycling & composting)	341,751	380,216
202,710	Rural refuse services	189,122	197,001
\$1,126,887	Rates Requirement	\$935,539	\$1,039,525

SOLID WASTE SERVICES

Capital Expenditure Summary

2012/13 Actual \$	Solid Waste Management	2013/14 Actual \$	2013/14 Plan \$
15,993	Urban transfer station facilities	66,088	70,000
16,807	Urban transfer station - grit trap	12,104	-
32,800		78,192	70,000
	Capital Funding		
-	Loan funds	-	-
(32,800)	Transfer from reserves	(78,192)	(70,000)
(32,800)		(78,192)	(70,000)
\$0	Rates Requirement	\$0	\$0

Variances from Plan – Capital

Reconstruction and sealing of the composting drop-off area was completed during the year.

COMMUNITY FACILITIES AND ACTIVITIES

The Council provides and supports community services and facilities in order to:

- contribute to the social, economic, environmental and cultural strength and richness of the Masterton community;
- to work collaboratively with other providers to implement the vision for the Wairarapa as a place to live that is rich with interest, strong with involvement and celebrating a highly visible cultural and recreational dimension.

Overall Performance: Service levels have been maintained as per the Long Term Plan (LTP). The LTP did not provide for any significant increase in service levels for this group of activities.

Contribution to Community Outcomes: The activities within this group contributed to A Sustainable Healthy Environment, An Active Involved and Caring Community, A Strong Resilient Economy and A Knowledgeable Community.

- We provided support funding for community groups to continue their services, supported an all-weather athletic track, supported the arts community by funding Aratoi Wairarapa Museum of Art and History and Toi Wairarapa,
- The library's contribution to education was enhanced by its membership of SMART that makes available 600,000 items from five other library groups in the region including two tertiary libraries. Programmes for all age groups and free access to computers and the internet were a well supported feature of the library service.
- We continued to provide for physical activity by maintaining our parks, reserves and open spaces and extended our recreational trails as well as providing the Genesis Energy Recreation Centre. We provided funding to Sport Wellington Wairarapa to support the effectiveness of our sports clubs.
- We supported the economy through funding tourism promotion, funding events that attract visitors, operating a camping ground and the Hood Aerodrome.
- Environmental funding supported Enviro-schools and stream improvement projects.

COMMUNITY ACTIVITIES

Community Activities covers a range of areas including community development, arts and culture, economic development, district promotion and environmental initiatives. In most cases the 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 2013/14	Results Relative to Target
Provide funding to support community groups to deliver services for the benefit of the community.	Recipients report at least annually on outcomes of funding	<u>Achieved</u> All recipients of Community Development Grants submitted their accountability forms. Grants included support for administration, purchase of minor equipment, community events, holiday programmes and promotion of services. The largest grant was \$5,000 for holiday programmes and the smallest was \$200.

Performance Indicators	Targets 2013/14	Results Relative to Target
<p>Destination Wairarapa reports tourism promotional activities and visitor numbers</p> <p>Outcomes of investment in economic development are reported annually</p>	<p>Quarterly Report</p> <p>Annual Report</p>	<p><u>Achieved</u> Destination Wairarapa reported to the Audit Committee in Aug, Nov 2013 and Feb, May 2014. Visitor numbers continued to increase and proportional increases tracked higher than neighbouring comparator areas.</p> <p>Council invested in:</p> <ul style="list-style-type: none"> • encouragement to participate in the Gigatown on-line competition - promoting the benefits of Ultra Fast Broadband • various events that were expected to attract visitors to the area; • a Made in Masterton expo, local TECNZ conference and the Wellington regional Business Gold Awards
<p>The impact of investment into environmental initiatives is reported annually</p> <p>Satisfaction with the natural environment</p>	<p>Annual Report</p> <p>Maintain satisfaction level</p>	<p><u>Achieved</u> Council funded Enviroschools that delivers sustainability programmes to 11 schools and early childhood centres in the district. Funds were allocated to conservation week plantings and the Makoura Stream. All reported to Council via the Environment Task Group.</p> <p><u>Achieved</u> 74% of residents were very satisfied or satisfied that Masterton District's natural environment is being preserved and sustained for future generations (Satisfaction Survey Feb 2014). Baseline from 2010/11 was 71%</p>
<p>The Aratoi Regional Trust reports on activities and outcomes at Aratoi Museum and art and history</p> <p>The Wairarapa Arts, Culture and Heritage Strategy is progressively implemented</p>	<p>Quarterly Report</p> <p>Toi Wairarapa reports six-monthly on progress</p>	<p><u>Achieved</u> Aratoi Regional Trust reported to the Audit Committee in Aug, Nov 2013 and Feb, May 2014. They exceeded their target for the number of exhibitions.</p> <p><u>Achieved</u> Toi Wairarapa reported to the Audit Committee in Aug 2013 Feb 2014.</p>

Performance Indicators	Targets 2013/14	Results Relative to Target
The impact of other investment into arts, culture and heritage initiatives is reported	Annual Report	Achieved In order to support local involvement in arts, culture and heritage the Council invested in the International Festival of the Arts events in the Wairarapa; the inaugural Kokomai Festival, Matariki, Waitangi Day (a lecture series on the Treaty in the Wairarapa at local marae); a concert at the A&P Show; and a youth music event.
Sport Wellington Wairarapa reports six-monthly on its support for involvement in sport	Sport Wellington Wairarapa reports six-monthly	Achieved Sport Wellington Wairarapa reported to the Audit Committee in Aug 2013 and Feb 2014 They reported a growth in participation and volunteering, as well as their supporting of the governance of sports groups.

COMMUNITY SURVEY RESULTS BELOW

COMMUNITY SURVEY – PERFORMANCE RATING

Community Assistance	2008/09	2009/10	2010/11	2011/12	2013/14
Very satisfied/fairly satisfied	77%	63%	65%	66%	61%
Not very satisfied	3%	4%	7%	4%	6%
Don't know/NA	20%	33%	28%	29%	33%

COMMUNITY SURVEY – PERFORMANCE RATING

Aratoi	2008/09	2009/10	2010/11	2011/12	2013/14
Very satisfied/fairly satisfied	71%	71%	73%	73%	72%
Not very satisfied	10%	11%	10%	6%	9%
Don't know/NA	19%	18%	17%	21%	19%

Community Development

Cost of Service Statement

2012/13 Actual		2013/14 Actual	2013/14 Plan
\$	Operating Costs	\$	\$
440,685	Community development (including grants)	468,915	538,711
	Operating Income		
18,864	Government grants - specific programmes	32,261	10,580
	Appropriations		
(15,000)	Transfers from reserves	(10,961)	(89,000)
30,738	Transfers to reserves (funding c/fwd)	18,220	-
\$437,559	Rates Requirement	\$443,912	\$439,131

Arts & Culture

Cost of Service Statement

2012/13 Actual		2013/14 Actual	2013/14 Plan
\$	Operating Costs	\$	\$
351,698	Arts & culture expenditure	361,381	362,338
	Operating Income		
20,158	Creative NZ grants	20,158	18,500
	Appropriations		
-	Transfers from reserves	-	-
-	Transfers to reserves	-	-
\$331,540	Rates Requirement	\$341,223	\$343,838

Economic Development & Promotion

Cost of Service Statement

2012/13 Actual		2013/14 Actual	2013/14 Plan
\$	Operating Costs	\$	\$
496,890	Economic development & promotion	501,300	546,257
20,000	Regional amenities contribution	40,000	40,000
44,352	CBD Amenities (including security cameras)	41,650	60,400
561,242		582,949	646,657
	Operating Income		
30,333	Events grants & other recoveries	22,267	-
	Appropriations		
-	Transfers from reserves	(6,678)	(10,000)
41,500	Transfers to reserves	67,650	-
10,399	Provision for loan repayments (Go Wairarapa)	11,248	11,748
\$582,808	Rates Requirement	\$632,902	\$648,405

Variances from Plan

Community Development costs and grants were underspent, with the environmental initiatives, Masterton East project and the marae project budgets all being under-spent. Some funding was anticipated from carried forward funds for these, so the transfer from reserves has not been actioned where it is not required.

In the economic development area, external income for events was received (unplanned), while not all of the events and economic development budgets were spent. The unspent current year funding has been carried forward in reserve funds.

COMMUNITY FACILITIES AND ACTIVITIES

LIBRARY AND ARCHIVE

The Council owns and maintains a library building from which library services are delivered and an archive facility, operated from rented premises, provides storage of, and access to the community's historic records.

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 2013/14	Results Relative to Target
Resident satisfaction with library services	Maintain satisfaction level within 10% of peer group.	<u>Achieved</u> 85% of respondents were satisfied compared with a base from 2010/11 of 82% and the peer group of 89%. Masterton had a higher 'Don't Know' response (15% vs 9%), with only 1% being dissatisfied. (Community Satisfaction Survey February 2014)
The library collection is constantly updated and appropriately sized for the Masterton District: i) New books added to the collection annually ii) 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 2.7 per person	<u>Achieved</u> 14.4% of collection is less than 1 year old <u>Achieved</u> 2.78 items per person held 30/06/2014
Participants are satisfied with children's summer reading, maths; seniors and Te Reo programmes	Maintain satisfaction level	<u>Achieved</u> Summer Reading Programme 99.9% fairly or very satisfied Winter Warmers 100% satisfied or fairly satisfied Maths is Fun 100% satisfied or fairly satisfied Seniors Programmes Attendance numbers vary according to topic. Regularly over 60 attending. Preschool Programmes Average of 23 per programme attend weekly

Performance Indicators	Targets 2013/14	Results Relative to Target
Archived material is available to the public from the archives 20 hours a week.	20 hours per week	Achieved Archive has remained open for correct number of hours per week.
The number of items available on-line increases each year.	9,500 items available online	Achieved Now over 15,000 items available on Picture Wairarapa with full records
i) History articles published in local media	6+ articles per year	Achieved Published two books Produced 14 feature stories 30 speeches delivered

COMMUNITY SURVEY RESULTS BELOW

COMMUNITY SURVEY – PERFORMANCE RATING

Library Services	2008/09	2009/10	2010/11	2011/12	2013/14
Very satisfied/fairly satisfied	83%	80%	82%	87%	85%
Not very satisfied	1%	3%	2%	1%	1%
Don't know/NA	16%	18%	16%	12%	15%

Library & Archive

Cost of Service Statement

2012/13 Actual \$	Operating Costs	2013/14 Actual \$	2013/14 Plan \$
1,124,674	Operating costs - Library	1,147,360	1,106,124
261,840	Operating costs - Archive	268,307	286,384
129,379	Depreciation - books	143,995	150,000
98,821	Depreciation - bldg, furniture & equipment	110,517	87,215
1,614,714		1,670,180	1,629,723
	Operating Income		
24,934	Grants & donations	30,065	24,100
90,160	User charges & other recoveries	80,379	106,500
115,094		110,444	130,600
	Appropriations		
(12,335)	Transfers from reserves	-	-
-	Transfers to reserves	5,000	-
\$1,487,285	Rates Requirement	\$1,564,736	\$1,499,123

Analysis of Rates Requirement

1,239,175	Library	1,288,998	1,216,505
248,110	Archive	275,738	282,617
\$1,487,285		\$1,564,736	\$1,499,122

Variiances from Plan

The Library's operating costs have exceeded the plan and include the writing off of \$17,715 worth of book value following a book inventory stock-take. User charges income is down on plan due to lower fines and lost book recoveries – internet renewals and email reminders have seen borrowers not incurring so many fines.

Depreciation costs are above plan following the library's continuing investment in technology to deliver their services – the increased depreciation cost was under-estimated.

COMMUNITY FACILITIES AND ACTIVITIES

PROPERTY

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

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 2013/14	Results Relative to Target
<p>Public buildings are safe and clean for public use:</p> <p>i) Monthly inspections of Municipal Building and public toilets meet cleanliness and safety standards</p> <p>ii) Town Hall facilities are operational for all bookings</p> <p>iii) % occupancy of Mawley Parking Camping Ground</p>	<p>95% compliance</p> <p>100% compliance</p> <p>5% increase on previous year</p>	<p><u>Not Achieved</u> 83% (10 out of 12) monthly cleaning contractor reports were provided, so cannot demonstrate compliance. Cleanliness and safety standards were met for the months reported.</p> <p><u>Achieved</u> Town Hall facilities have been fully operational, except for the long-standing restrictions on use of the stage flying systems.</p> <p><u>Achieved</u> Mawley Park revenue increased 7.9% on previous year. 2014/15 occupancy results Tents 8% Cabins 53% Ensuites 55% Powered sites 19% Overall average 32% (6.7% increase)</p>
<p>All pensioner units are fully occupied, averaged over all complexes, excluding refurbishment periods</p> <p>There is no net cost to the rate payer for pensioner housing</p>	<p>Minimum annual occupancy 95%</p> <p>100% user pays</p>	<p><u>Achieved</u> 97.8% occupancy achieved on 76 pensioner units (excluding refurbishment weeks on 9 units) Rental income 2.85% above plan.</p> <p><u>Achieved</u> No rates input required, but not all depreciation is funded.</p>

COMMUNITY FACILITIES / ACTIVITIES

Property

Cost of Service Statement

2012/13 Actual \$		2013/14 Actual \$	2013/14 Plan \$
	Operating Costs		
355,211	District Building	343,288	394,027
239,628	Housing for the Elderly	242,700	285,119
578,728	Other Property	564,880	580,617
346,686	Mawley Park campground	332,141	301,401
748,157	Depreciation	762,309	733,804
2,268,410		2,245,318	2,294,968
	Operating Income		
47,059	Rental income - Halls & Dist. Bldg	43,728	57,200
371,614	Rental income - Housing for the Elderly	393,770	351,800
175,269	Rental income - Other Property	175,225	179,800
0	Forestry harvest (net proceeds)	278,022	-
266,507	Mawley Park campground	285,929	250,000
35,004	Internal recoveries - ex roadside forestry	53,324	35,000
187,812	Internal recoveries - office rental	187,248	183,264
1,083,265		1,417,247	1,057,064
	Appropriations		
(10,000)	Transfers from reserves	(20,000)	(60,000)
21,700	Transfers to reserves	262,500	-
134,071	Provisions for loan repayments	85,092	73,565
(395,203)	Depreciation not rates funded	(313,470)	(367,524)
\$935,713	Rates Requirement	\$842,194	\$883,944

Variances from Plan – Property

District Building – savings were made against heating and several maintenance cost areas.

Housing for the Elderly – less redecoration work was carried than planned, while better than expected occupancy saw income 11.9% better than planned. These two things have combined to enable \$62,000 more funding to be added to depreciation reserves for these properties than planned.

Mawley Holiday Park’s income was better than planned by 14.4%, while its operating costs were also ahead of plan.

The gain from the harvest of trees from the Kaituna forest was not in the Plan. The favourable log prices in September and October enabled a gain over and above the book value of the trees. The majority of that gain, plus the book value of the trees has been added to General Capital reserves.

COMMUNITY FACILITIES AND ACTIVITIES

PARKS, RESERVES AND SPORTS FIELDS

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 2013/14	Results Relative to Target
Percentage of residents satisfied with the parks and reserves	Maintain satisfaction level	<u>Achieved</u> 89% of residents satisfied with Parks and Reserves, up from 83% at last survey and 87% baseline in 2010/11
Percentage of households who have visited a park in the past year	91%	<u>Achieved</u> 93% of households visited Parks in the last year
Percentage of users/visitors satisfied with the service	Maintain satisfaction level	89% of visitors were satisfied or very satisfied compared to 2010/11 baseline of 88%
Council owned sports facilities meet the standard agreed with sports codes (measured by seasonal survey)	75%	<u>Not Achieved</u> Survey question responses rated 60% satisfied or very satisfied, however very few responses received back to the questionnaires sent to clubs - so low confidence in data.
All playgrounds meet safety standards	100%	<u>Achieved</u> No reported non-compliance in monthly reports. External audit programmed next year to verify.
Percentage of customer service requests completed within specified deadlines	95%	<u>Not Achieved</u> Total 472 jobs received and 75% reported as completed within specified time. Deadline of 3 days is set by system default – the shortfall from the target of 95% completion mainly includes jobs that are realistically going to take longer than 3 days. Recommend a review of procedures for setting/ managing deadlines of larger jobs when calls are received.

COMMUNITY SURVEY RESULTS BELOW

COMMUNITY SURVEY – PERFORMANCE RATING

Parks and Sportsfield (Users)	2008/09	2009/10	2010/11	2011/12	2013/14
Very satisfied/fairly satisfied	86%	84%	87%	83%	89%
Not very satisfied	11%	12%	12%	16%	9%
Don't know	3%	4%	1%	2%	2%

COMMUNITY FACILITIES / ACTIVITIES

Parks, Reserves & Sportsfields

Cost of Service Statement

2012/13		2013/14	2013/14
Actual		Actual	Plan
\$	Operating Costs	\$	\$
1,280,810	Parks & Reserves maintenance	1,360,171	1,390,750
461,984	Sportsfields maintenance	485,836	526,932
376,966	Depreciation	402,327	374,471
2,119,760		2,248,333	2,292,152
	Operating Income		
54,085	Miscellaneous parks income	67,514	61,100
32,392	Sportsground rentals	27,749	28,475
20,004	Internal Recoveries	20,004	-
106,481		115,267	89,575
	Appropriations		
(153,000)	Transfers from reserves - project funding	(154,400)	(232,500)
78,000	Transfer to reserves	23,038	-
157,384	Provisions for loan repayments	63,683	43,811
(116,000)	Depreciation not rates funded	(71,300)	(43,800)
\$1,979,663	Rates Requirement	\$1,994,087	\$1,970,088

Variances from Plan

Savings of around 2% have been made on operating and maintenance costs for parks and reserves.

For Sportsfields, the project to develop a sports facilities strategy (\$50,000) was planned but no costs incurred as at 30 June 2014. Funding for this had been carried forward from the prior year, so is not required as a transfer from reserves in 2013/14.

COMMUNITY FACILITIES AND ACTIVITIES

GENESIS ENERGY RECREATION CENTRE

The Council owns and maintains the Genesis Energy Recreation Centre which consists of a stadium and a range of indoor and outdoor pools. A contractor manages the facility and also operates a gymnasium on the premises.

Performance Measures

Performance Indicators	Targets 2013/14	Results Relative to Target
Percentage of residents satisfied with the service	Maintain satisfaction levels	Achieved 66% of residents satisfied with Genesis Recreation Centre compared to 69% at last survey and 67% baseline in 2010/11 – this is within the margin of error.
Percentage of households that have used the facility in the last 12 months	Baseline = 58% Target for 2013/14 = 65%	Not achieved 51% of households visited facility in last year, below target of 65% but in line with peer group average of 53%.
Percentage of users satisfied with the facility	85%	Achieved 87% of facility users were satisfied compared to 83% at last survey.
Temperature and water treatment within specification and agreed standards, which are: Disinfection 85% Microbial 99% Chemical balance 90%	85% average of test results within agreed range	Achieved 89% Disinfection 100% Microbial 95% Chemical balance

COMMUNITY SURVEY RESULTS BELOW

COMMUNITY SURVEY – PERFORMANCE RATING

Swimming Pools	2008/09	2009/10	2010/11	2011/12	2013/14
Very satisfied/fairly satisfied	74%	70%	67%	69%	66%
Not very satisfied	8%	9%	14%	10%	9%
Don't know/NA	18%	22%	19%	21%	25%

COMMUNITY FACILITIES / ACTIVITIES

Genesis Energy Recreation Centre

Cost of Service Statement

2011/12 Actual \$		2013/14 Actual \$	2013/14 Plan \$
	Operating Costs		
1,189,293	Recreation centre operating costs*	1,064,745	1,083,324
404,731	Depreciation	412,474	403,320
1,594,024		1,477,219	1,486,644
	Operating Income		
86,052	Miscellaneous facility income	52,978	45,000
	Appropriations		
58,980	Loan repayments	40,105	40,135
(231,000)	Depreciation not rates funded	(210,000)	(224,675)
\$1,335,952	Rates Requirement	\$1,254,347	\$1,257,104

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

COMMUNITY FACILITIES AND ACTIVITIES

CEMETERIES

The Council owns and operates two urban and several small rural cemeteries.

Performance Measures

Performance Indicators	Targets 2013/14	Results Relative to Target
Percentage of residents satisfied with the service	Maintain satisfaction levels	<u>Not achieved</u> 56% of residents satisfied with cemeteries compared to 60% at last survey. Cemetery project deferred – includes establishment of friends groups and improvements to grounds to address below target results.
Satisfaction amongst those who have visited a cemetery	80% satisfied	<u>Achieved</u> 78% of cemetery visitors were satisfied. Same as last survey, baseline from 2010/11 was 74%. Result is within the margin of error.
Access to Accurate burial records	100% accuracy within 30 days of burial Historical errors corrected within 30 days of being reported	<u>Not Achieved</u> All current records loaded between 10 th and 15 th of month following burial - therefore burials occurring in first week of any month are loaded slightly longer than 30 days after. Cemetery project deferred – includes correction of records.

COMMUNITY SURVEY RESULTS BELOW

CEMETERIES SURVEY – PERFORMANCE RATING

Satisfaction with Cemeteries	2008/09	2009/10	2010/11	2011/12	2013/14
Very satisfied/fairly satisfied	66%	58%	59%	60%	56%
Not very satisfied	9%	6%	9%	10%	11%
Don't know	25%	36%	32%	31%	33%

Cemeteries

Cost of Service Statement

2012/13		2013/14	2013/14
Actual		Actual	Plan
\$	Operating Costs	\$	\$
153,381	Cemeteries operating and maintenance	161,420	163,360
3,051	Depreciation	3,051	3,048
156,432		164,471	166,408
	Operating Income		
86,369	Burial fees and sale of plots	74,058	83,700
86,369		74,058	83,700
	Appropriations		
-	Transfers from reserves	-	-
\$70,063	Rates Requirement	\$90,413	\$82,708

COMMUNITY FACILITIES AND ACTIVITIES

AIRPORT

The Council manages and operates Hood Aerodrome, for the benefit of travelling, commercial and recreational aircraft users from within and outside the District.

Performance Measures

Performance Indicators	Targets 2013/14	Results Relative to Target
Safe availability of runways, approaches and open spaces: Compliance with inspection schedule	100% requirements met	<u>Achieved</u> 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	<u>Achieved</u> All non-availability was notified to users.
Annual usage levels	Usage is no less than previous year.	<u>Achieved</u> Total aircraft movements 2013/14 = 8,838 (last year = 8,655) Total stopped landings 2013/14 = 3,086 (last year = 3,160)

Masterton Airport (Hood Aerodrome)

Cost of Service Statement

2012/13 Actual		2013/14 Actual	2013/14 Plan
\$	Operating Costs	\$	\$
238,576	Airport operation & maintenance	200,363	255,771
72,535	Depreciation	73,167	78,050
311,111		273,530	333,821
	Operating Income		
243,874	Leases and other income	220,326	259,000
	Appropriations		
(20,000)	Transfers from reserves	(7,500)	(10,000)
12,920	Transfers to reserves	-	-
68,344	Provision for loan repayments	69,482	71,761
(14,000)	Reverse depreciation not rates funded	(14,000)	(20,000)
\$114,501	Rates Requirement	\$101,186	\$116,582

Variances from Plan

Operating costs were less than planned, while operating income was lower due to less landing fees following the cancellation of the Eagle Air service.

COMMUNITY FACILITIES / ACTIVITIES

Rates Requirement Summary

2012/13 Actual \$	Activity	2013/14 Actual \$	2013/14 Plan \$
1,979,663	Parks, reserves & sportsfields	1,994,087	1,970,088
1,335,952	Genesis Energy Recreation Centre	1,254,347	1,257,104
70,063	Cemeteries	90,413	82,708
280,932	District building	283,213	315,893
(0)	Housing for the elderly	16	18
70,001	Other rental properties	61,313	75,895
320,941	Public conveniences	267,565	249,865
80,584	Rural halls	83,764	96,828
26,111	Forestry	20,249	21,285
157,144	Mawley Park	126,073	124,161
114,501	Airport	101,186	116,582
1,239,175	Library	1,288,998	1,216,505
248,110	Archives	275,738	282,617
437,559	Community Development	443,912	439,131
331,540	Arts and Culture	341,223	343,838
582,808	Economic Development and Promotion	632,902	648,405
\$7,275,084	Rates Requirement	\$7,264,999	\$7,240,923

COMMUNITY FACILITIES / ACTIVITIES

Capital Expenditure Summary

2012/13 Actual \$	Library & Archive	2013/14 Actual \$	2013/14 Plan \$
147,864	Book purchases	157,640	150,000
83,545	Computer system upgrades	44,048	44,750
0	Library issue desk & public toilet upgrade	44,264	50,000
31,956	Building and furniture upgrades	31,324	40,000
0	Film reader - Archive	15,990	15,000
7,706	Leasehold improvements Archive	-	6,000
\$271,071		\$293,266	\$305,750
	Capital Funding		
(38,060)	Finance lease funding	-	-
(233,011)	Transfers from reserves	(293,266)	(305,750)
(\$271,071)		(\$293,266)	(\$305,750)

Community Facilities Capital Expenditure - Variances from Plan

On the following page, the QE Park rejuvenation plan was progressed, but less work completed than planned.

The Sports facilities grant provision of \$250,000 was deferred to be included in the 2014/15 Annual Plan, where a greater sum was nominated to assist with several projects, including the QE Park cricket grandstand, Memorial Park upgrade (lights and artificial pitch) and an upgrade of the netball facilities.

The Genesis Energy Recreation Centre heat pump replacement contract had been let at 30 June 2014, with delivery and installation scheduled in 2014/15.

The town square project saw the Council capitalise over \$530,000 of assets while contributing \$219,123 of funding to the project. The Council's Plan allowed \$85,000 as the contribution to what was a privately driven project on Council land. The project didn't raise the charitable grant funding expected, so the Council has picked up the balance of the costs.

Riversdale Beach toilet replacement is planned for construction in 2014/15.

COMMUNITY FACILITIES/ACTIVITIES
Capital Expenditure Summary

2012/13 Actual		2013/14 Actual	2013/14 Plan
\$		\$	\$
Parks, Reserves & Sportsfields			
53,982	Q E Park - rejuvenation project	45,786	150,000
181,969	Q E Park - new 24 hours toilets	0	0
0	Q E Park - lake water pump upgrade	12,929	15,000
0	Drinking fountains	6,257	5,000
31,106	Recreation trails extended	43,543	40,000
0	McJorrow Park playground	5,334	52,000
19,618	Street tree strategy	18,776	15,000
0	Castlepoint rubbish bins	0	5,000
14,390	Henley Lake improvements	8,633	20,000
0	Sports facilities carpark reseals	0	16,000
0	Sports facilities upgrades - provision	0	250,000
0	Playgrounds - safety matting & equipment	48,115	25,000
1,560	Robinson Park land acquisition	0	0
86,293	Netball carpark extension & carpark reseal	0	0
30,000	Sportsfield upgrades	12,705	0
418,918		202,078	593,000
Genesis Energy Recreation Centre			
55,394	Pools plant & equipment renewals	37,048	14,000
0	GERC heat pump replacement (part c/fwd)	26,600	530,000
48,600	War Memorial Stadium - Eq. strengthening	-	-
103,994		63,648	544,000
Cemeteries			
-	Cemetery landscaping	-	40,000
0		0	40,000
District Building			
0	Town Square project	530,282	85,000
23,006	Facilities & equipment	66,023	40,000
11,626	Building upgrades	5,569	250,000
34,632		601,874	375,000
Housing for the Elderly			
35,512	Pensioner housing upgrades	24,483	64,000
35,512		24,483	64,000
Other Property			
116,161	Public conveniences upgrade	0	3,000
15,328	Rental & Other property upgrades	16,774	42,000
115,409	Riversdale Beach toilets upgrade	54,016	75,000
80,191	Mawley Park facility upgrades	18,780	10,000
-	Other Property upgrades	-	-
0	Rural Hall upgrades	-	0
327,089		89,570	130,000
Airport			
0	Airport development /certification	-	50,000
0		0	50,000
Economic Development & Promotion			
0	CBD security cameras & public WIFI	47,164	67,500
0	CBD under verandah lighting	4,811	-
0	Signage & promotional signs	-	30,000
0	Motorplex facility access road (grant c/fwd)	89,950	65,000
0		141,925	162,500
\$920,145		\$1,123,578	\$1,958,500
Capital Funding			
(918,145)	Transfer from reserves	(800,249)	(1,806,500)
-	Loan funds	(10,170)	(152,000)
(2,000)	External contrib - including Town Square	(313,159)	-
(\$920,145)		(\$1,123,578)	(\$1,958,500)

REGULATORY SERVICES

The Council provides Regulatory Services in order to:

- manage the development and protection of the natural and physical resources in a sustainable manner;
- protect the safety and wellbeing of the community;
- protect people from hazards to their health and safety.

Overall Performance: Service levels have been maintained as per the Long Term Plan (LTP). The LTP did not provide for any significant increase in service levels for this group of activities.

Contribution to Community Outcomes: Regulatory Services contributed to A Sustainable Healthy Environment, A Strong Resilient Economy, A Knowledgeable Community, An Active Involved and Caring Community and An Easy Place to Move Around. This area implemented and monitored the Wairarapa Combined District Plan including any resource consent conditions, encouraged biodiversity, issued resource consents for events to ensure public safety and protection of the environment. The Environmental Health, Liquor Licensing and General Inspection services monitored public and environmental health standards, undertook water quality testing for public safety and advised when recreational water was unsafe for activities, issued liquor and food premises licences and inspected conditions. Animal Control monitored registration of dogs, ensured that complaints were responded to in a timely manner, and impounded wandering dogs.

Public programmes to educate on rights and responsibilities were undertaken.

RESOURCE MANAGEMENT AND PLANNING

Council staff implement planning policies and manage the planning functions. These include 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 2013/14	Results Relative to Target
Resource consents, LIMs and PIMs processed within the requirements of the Resource Management Act		<u>Achieved</u> Total Consents 84, all within timeframes
i) % non-notified consents completed on time	100%	Land Use 53 Subdivisions 30 Outline Plan 1
ii) % notified consents completed on time	100%	<u>Achieved</u> 2 Notified Consents – both within timeframe
iii) % Land Information Memoranda completed on time	100%	<u>Achieved</u> 381 LIMS have been processed with an average annual processing time of 6 days . 100% of LIMS have been processed within the required 5 or 10 days turnaround
iv) % Project Information Memoranda completed on time	100%	There were no Project Information Memoranda requested.
v) % of Building Consents checked for planning implications	100%	<u>Achieved</u> All 603 Building Consent Applications have been checked to ensure that they meet the requirements of the Wairarapa Combined District Plan.

Performance Indicators	Targets 2013/14	Results Relative to Target
No loss of agreed protected areas	100%	<u>Achieved</u> No loss to our knowledge.
Completion and implementation of a Management Plan for Castlepoint	Implementation of Management Plan	<u>Achieved</u> The Castlepoint management plan was completed as part of the Wairarapa Combined District Plan and was adopted in 2008. There were no implementation issues in 2013/14.
Preparation and implementation Riversdale Beach Management Plan	Implementation of Management Plan	<u>Not Achieved</u> Plan not yet notified.

REGULATORY SERVICES

Resource Management & Planning

Cost of Service Statement

2012/13 Actual \$		2013/14 Actual \$	2013/14 Plan \$
	Operating Costs		
457,399	Resource management & planning	409,898	482,527
129,718	River scheme contributions	153,481	132,877
587,117		563,379	615,404
	Operating Income		
79,613	User charges - consent fees & recoveries	66,386	58,700
482,697	Reserves & infrastructure contributions	420,005	270,000
41,004	Internal recoveries	41,004	41,000
603,314		527,395	369,700
	Appropriations		
(1,400)	Transfers from reserves - project funding	(1,100)	(2,000)
140,000	Transfer to reserves - project funding	159,000	117,000
482,697	Transfer to reserves - various contributions	420,005	270,000
\$605,100	Rates Requirement	\$613,889	\$630,704

Variiances from Plan

The Plan allowed for several planning projects (including heritage, urban design and Wairarapa Combined District Plan changes) but few costs have not been incurred against them. Some of the funding for these projects has been carried forward.

Extra river scheme contributions (to GWRC) were required for the Waipoua scheme to effect flood control measures near Henley Lake.

Reserves and infrastructure contributions reflect a higher level of activity than planned, including a sewerage network contribution from Rathkeale College for their connection to discharge into the urban sewerage system. All contributions are charged under the financial contributions regime of the Wairarapa Combined District Plan and are transferred to reserves.

REGULATORY SERVICES

BUILDING CONTROL

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

Performance Measures

Performance Indicators	Targets 2013/14	Results Relative to Target
Retain building consent authority accreditation when assessed every two years	Renew accreditation	<u>Achieved</u> Current accreditation valid. Next review due 17-19 September 2015
Proportion of Building consent applications processed within 20 working days; (excludes days when consent is on hold awaiting additional information)	100%	<u>Not Achieved</u> The 100% target for consents processed within 20 working days has not been achieved over the 12 month period 1 July to 30 June 2014. 99% of consents processed in the 12 month period were processed within 20 working days. 4 consents exceeded the target time due to quality of submissions
Proportion of 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 with requirements (drained if non-compliant)	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.
Progress on addressing earthquake-risk buildings	100% of earthquake-risk buildings assessed and reports received. Follow up action reviewed with owner	<u>Not Achieved</u> 61% of identified buildings have had IEP reports completed. Owners of identified earthquake prone buildings have been written to requesting a full assessment of their buildings.

COMMUNITY SURVEY RESULTS BELOW

COMMUNITY SURVEY – PERFORMANCE RATING

Inspections and Consents	2008/09	2009/10	2010/11	2011/12	2013/14
Very satisfied/fairly satisfied	38%	43%	48%	44%	49%
Not very satisfied	12%	12%	9%	10%	9%
Don't know	50%	44%	43%	46%	41%

REGULATORY SERVICES

Building Control

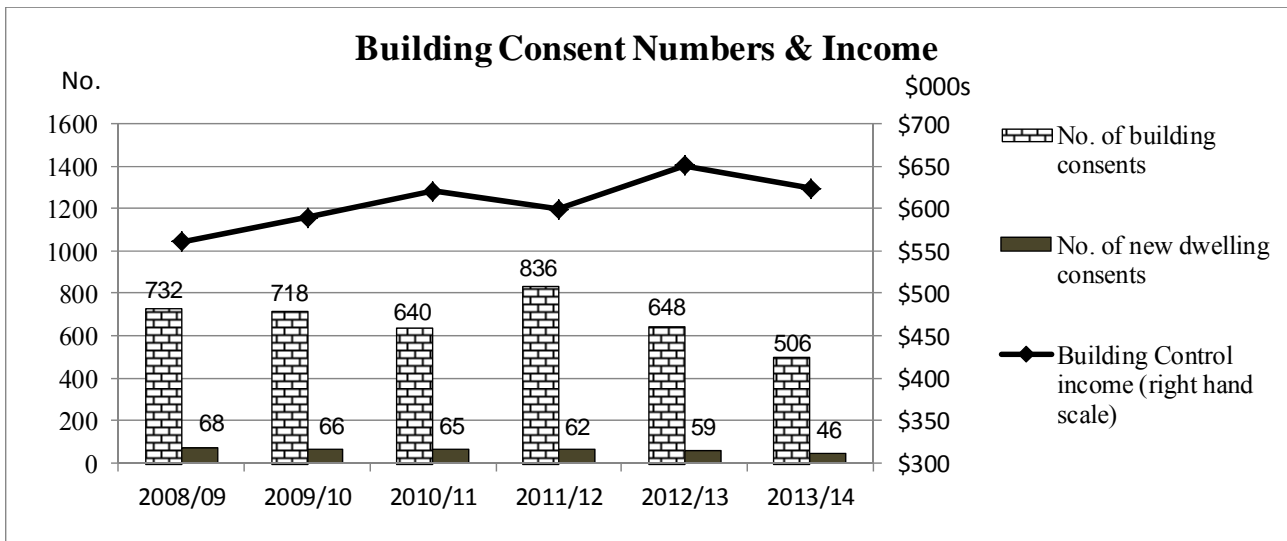
Cost of Service Statement

2012/13 Actual		2013/14 Actual	2013/14 Plan
\$	Operating Costs	\$	\$
822,535	Building Control costs	750,083	740,785
193,805	Project - Digitising building records	-	-
\$1,016,340		\$750,083	\$740,785
	Operating Income		
650,496	Consent fees & charges	624,020	661,900
\$650,496		\$624,020	\$661,900
	Appropriations		
(193,800)	Transfers from reserves	-	-
-	Transfer to reserves	30,000	30,000
\$172,044	Rates Requirement	\$156,063	\$108,885

Variances from Plan

The Building Control activity costs were close to the planned level, with external costs for structural calculation checking going over.

Building consent fee income came in 8.2% below the planned level reflecting the lower consent numbers depicted in the graph below.



REGULATORY SERVICES

ENVIRONMENTAL HEALTH, LIQUOR LICENSING, GENERAL INSPECTION AND PARKING CONTROL

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 trade waste licences as well as enforcing bylaws and regulatory requirements and patrolling and enforcing parking restrictions.

Performance Measures

Performance Indicators	Targets 2013/14	Results Relative to Target
All registered premises comply with public safety requirements as evidenced by annual inspection and followed up with further visits for enforcement if necessary	100%	<p><u>Achieved</u> 229 food premises inspections and an additional 44 re-inspections were carried out. 61 health licence inspections were carried out with 2 follow up re-inspections required. No enforcement action necessary.</p> <p><u>Not Achieved</u> 121 trade waste inspections were carried out covering 87% of Trade Waste premises (139 registered premises).</p> <p>4 inspections were carried out at the 5 known unregistered premises.</p>
Proportion of all licences or consents issued within statutory or policy deadlines	100%	<p><u>Achieved</u> 84 Special Licences issued after all reports received and processed within 10 working days of all reports received.</p>
Proportion of i) noise and other urgent complaints responded to within one hour	90%	<p><u>Achieved</u> 843 noise complaints received. 780 responded to within one hour (92.5%) Response time is dependent on contractor availability.</p> <p><u>Achieved</u> 324 other urgent complaints received and responded to within 1 hour.</p>
ii) other 'general' complaints responded to within two working days of notification;	100%	<p><u>Achieved</u> 454 non-urgent complaints received and 96% responded to within 2 working days.</p>

Performance Indicators	Targets 2013/14	Results Relative to Target
Community water supplies are safe to drink. (Compliance with NZ Drinking Water Standards 2005 for monitoring community water supplies)	100% compliant	Achieved 10 community water supplies monitored for water quality in compliance to DWSNZ 2005 (revised 2008) bacterial criteria
Monitoring of compliance with environmental consent conditions for resource consents	100% compliance	Achieved 19 consents/sub-consents monitored in accordance with the consent conditions.
Number of public education programmes undertaken annually	2+ initiatives per year	Achieved Educational information and community training offered to food premises and community water supplies. Water quality of pools at schools and hotels/motels were tested and educational information given to operators. 21 site visits were carried out. Hosted third year medical students and during community contact week. Also one secondary student job placement and work experience offered to students.

COMMUNITY SURVEY RESULTS BELOW

COMMUNITY SURVEY – PERFORMANCE RATING

Inspections and Consents	2008/09	2009/10	2010/11	2011/12	2013/14
Very satisfied/fairly satisfied	38%	43%	48%	44%	49%
Not very satisfied	12%	12%	9%	10%	9%
Don't know/NA	50%	44%	43%	43%	41%

Environmental Health & Licensing

Cost of Service Statement

2012/13 Actual		2013/14 Actual	2013/14 Plan
\$	Operating Costs	\$	\$
606,908	Environmental health & licensing costs	656,103	620,020
	Operating Income		
86,313	License fees & charges	124,610	97,470
204,830	Internal recoveries	209,971	204,810
291,143		334,582	302,280
	Appropriations		
-	Transfer to/(from) reserves - project funding	-	-
\$315,765	Rates Requirement	\$321,522	\$317,740

Alcohol Act & Liquor Licensing

The figures reported below are included within the activity Environmental Health & Licensing Cost of Service Statement (as reported on the previous page). Separate disclosure below is per the requirements of Sale and Supply of Alcohol (Fees) Regulations 2013 s19 (1).

2012/13		2013/14	2013/14
Actual		Actual	Plan
\$	Operating Costs	\$	\$
0	District Liquor Licensing costs	11,653	0
94,867	Inspector Operations	109,626	100,718
6,151	Alcohol Act enforcement activities	8,735	6,500
101,018	Total Alcohol and Liquor licensing costs	130,013	107,218
	Operating Income		
35,177	Alcohol Act Licensing fees & charges	68,033	48,000
\$65,841	Rates Requirement	\$61,981	\$59,218

REGULATORY SERVICES

Bylaw Control / General Inspection

Cost of Service Statement

2012/13		2013/14	2013/14
Actual		Actual	Plan
\$	Operating Costs	\$	\$
244,878	General inspection (includes pool vehicles)	257,962	250,845
	Operating Income		
8,081	Miscellaneous recoveries	10,663	6,600
178,773	Internal recoveries	172,073	170,000
186,854		182,736	176,600
	Appropriations		
-	Transfers from reserves - project funding	-	-
\$58,024	Rates Requirement	\$75,225	\$74,245

REGULATORY SERVICES

Parking Control

Cost of Service Statement

2012/13		2013/14	2013/14
Actual		Actual	Plan
\$	Operating Costs	\$	\$
142,478	Parking control costs	143,573	140,537
18,125	Depreciation - meters	18,400	16,922
160,603		161,973	157,459
	Operating Income		
224,028	Parking meters and fines	236,980	217,700
	Appropriations		
-	Transfers to reserves	-	-
5,225	Provision for loan repayments	6,474	4,864
(\$58,201)	Rates Requirement	(\$68,533)	(\$55,377)

REGULATORY SERVICES

ANIMAL CONTROL

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 2013/14	Results Relative to Target
Customer satisfaction with animal control services	Maintain satisfaction	Not Achieved 2014 survey result is 69% satisfied. This compares to 75% baseline 2011 and 71% in 2012. Peer Group is 74%
Proportion of urgent complaints responded to within one hour (dog attacking people or animals)	100%	Not Achieved Total received = 137 and all responded to. Responded to within one hour time = 132 (96%)
Proportion of non-urgent complaints responded to within 24 hours of notification (barking dogs or wandering animals)	100%	Not Achieved Total received = 1,337 and all responded to. Responded to within 24 hours = 1,300 (97%)
Undertake public education, school and community visits to promote safe behaviour around dogs and/or responsible dog ownership	6+ visits	Achieved 8 visits completed. 2 Daycare 2 Intermediates 2 Primary Schools 2 Kindergartens

COMMUNITY SURVEY RESULTS BELOW

COMMUNITY SURVEY – PERFORMANCE RATING

Animal Control	2008/09	2009/10	2010/11	2011/12	2013/14
Very satisfied/fairly satisfied	75%	71%	75%	71%	69%
Not very satisfied	21%	22%	19%	24%	22%
Don't know/NA	4%	7%	6%	5%	9%

Animal Control

Cost of Service Statement

2012/13 Actual		2013/14 Actual	2013/14 Plan
\$	Operating Costs	\$	\$
347,646	Dog control & pound	341,733	347,872
	Operating Income		
337,458	Dog registration fees & fines	296,176	336,850
	Appropriations		
-	Transfers from reserves	-	-
-	Transfer to reserves	-	-
\$10,188	Rates Requirement	\$45,557	\$11,022

REGULATORY SERVICES

EMERGENCY MANAGEMENT AND RURAL FIRE

Rural Fire

This activity is managed externally by the Wairarapa Rural Fire Authority. The Council pays a share of that organisation's operational costs, sourcing the funding from rural rates. The Council also incurs other costs such as depreciation on the fire station buildings it owns and corporate overheads allocated to the activity. No performance measures have been set for this activity as it is delivered by an external agency.

Emergency Management

The Wellington region is exposed to a wide range of natural and man-made hazards (earthquake, flooding, landslide, tsunami, storm, biological, chemical, terrorism, etc.). However, there is a great deal that we can do to reduce the impact of these hazards on our communities. Our approach to emergency management is based on the principles of reduction of risk, readiness, response and recovery.

Greater Wellington has joined with the city and district councils in the region to form a semi-autonomous Wellington Region Emergency Management Office (WREMO). All the councils' emergency management staff and resources are pooled together. We expect this to lead to improved effectiveness from increased scale and co-ordination, as well as efficiencies from the centralised provision of services such as training and public education. Local emergency management offices have been retained to enable effective local responses to emergencies.

The Civil Defence Emergency Management Act 2002 requires each region to have a CDEM Group and prepare a CDEM Group Plan. The Act also requires Greater Wellington to be the administering authority for the Wellington region CDEM Group. All WREMO staff are now employed by Greater Wellington while the work of WREMO is overseen by the CDEM Group (a joint committee of all the Mayors in the region, along with the Chair of Greater Wellington) and the Co-ordinating Executive Group (CEs of the nine councils, CEs of the district health boards, senior representatives from Police, Fire Service, Lifelines Organisations and Regional Welfare (Ministry of Social Development)). Operational matters are overseen by the CEG Sub Committee (the general managers responsible for emergency management of the nine councils).

The new team has been in place since 1 July 2012 and in 2013/14 undertook the following:

- Developed and implemented the next generation Wellington Region CDEM Group Plan and associated plans (CDEM Business Plan, WREMO Annual Plan);
- produced a Community Resilience Strategy that can be viewed on the WREMO website
- educated people about the risks they face and how to prepare for emergency events;
- maintained the Wellington Region's emergency coordination centre (ECC) and the city and district councils' emergency operations centres (EOCs) so that they could be quickly activated to manage a regional emergency event. These centres have information management systems, robust communication systems and trained volunteer staff;
- worked with central government, emergency services, welfare groups, lifeline utilities and a wide range of interested and affected organisations on emergency management issues.

In Masterton the resource register is a living document and is regularly being updated to include rural/coastal coordinators and other key agencies.

REGULATORY SERVICES

**Emergency Management/CD & Rural Fire
Cost of Service Statement**

2012/13 Actual		2013/14 Actual	2013/14 Plan
\$		\$	\$
	Operating Costs		
73,533	Emergency management costs	82,600	66,956
127,948	WREMO CD/EM costs (MDC Share)	90,200	130,000
88,341	Rural fire costs - MDC admin costs	48,388	41,316
204,799	Wairarapa Rural Fire Authority (MDC share)	218,501	210,900
494,621		439,689	449,172
	Operating Income		
43,533	Rural fire & CD/EM recoveries	47,067	22,000
	Appropriations		
25,000	Transfers to reserves	21,000	5,000
\$476,088	Rates Requirement	\$413,621	\$432,172

REGULATORY SERVICES

Rates Requirement Summary

2012/13 Actual		2013/14 Actual	2013/14 Plan
\$	Activity	\$	\$
475,382	Resource Management & Planning	460,408	497,827
129,718	River Scheme Contributions	153,481	132,877
172,044	Building Control	156,063	108,885
315,765	Environmental Health & Licensing	321,522	317,740
58,024	Bylaw Control & General Inspection	75,225	74,245
(58,201)	Parking control	(68,533)	(55,377)
259,767	Rural Fire Control	249,058	252,216
10,188	Animal Control	45,557	11,022
216,321	Emergency Management	164,563	179,956
\$1,579,008	Rates Requirement	\$1,557,344	\$1,519,391

REGULATORY SERVICES

Capital Expenditure Summary

2012/13 Actual		2013/14 Actual	2013/14 Plan
\$	Capital Expenditure	\$	\$
57,461	Fleet vehicle replacements	66,361	65,000
4,848	Rural Fire & EM/CD	-	-
6,414	Environmental Health equipment	1,830	7,000
6,017	Parking meters	6,676	-
\$74,740		\$74,867	\$72,000
	Capital Funding		
(74,740)	Transfer from reserves	(74,867)	(72,000)
(\$74,740)		(\$74,867)	(\$72,000)

GOVERNANCE AND CORPORATE SERVICES

Governance and corporate services together perform the duties of local government under the Local Government Act 2002. They maintain the democratic process of Local Government and deliver a range of public services.

Overall Performance: Service levels have been maintained as per the Long Term Plan (LTP). The LTP did not provide for any significant increase in service levels for this group of activities.

Contribution to Community Outcomes: Through its oversight of all Council services this activity contributed to A Knowledgeable Community, An Active, Involved and Caring Community, A Sustainable, Healthy Environment and a Strong, Resilient Economy. Minutes and agendas were posted on the Council's website and available in the Library and the Council building. The Council supported the Wellington Regional Strategy and contributed to the Regional Amenities Fund recognising the benefits of the wider Wellington to the Masterton economy. The Council jointly submitted a reorganisation proposal for a Wairarapa United Authority as being in the best strategic interests of the region. The Sister Cities programme resulted in a number of visits to Masterton from contacts and further opportunities for export and exchanges are being followed up.

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 2013/14	Results Relative to Target
Key documents and projects are consulted on and adopted following consideration of submissions		<u>Achieved</u>
i) Adoption of Annual Plan	By 30 June each year	The 2014/15 Annual Plan was adopted on 25 June 2014
ii) Adoption of Annual Report	By end of October 2013	The 2012/13 Annual Report was adopted on 30 October 2013
iii) New or revised policies incorporate concepts of sustainable development and are consulted on in accordance with the Policy on Significance.		No new policies triggered consultation requirements.
The public is informed about council decisions and performance:		<u>Achieved</u>
i) Satisfaction with consultation on Council decisions	Maintain satisfaction	48% of residents are very satisfied or satisfied with the way Council involves the public in the decision is makes. This is up from 38% in 2011 and 43% in 2012.
ii) Key Council information is communicated to all householders and ratepayers via summaries of major documents, the council column and online	100% compliance	<u>Achieved</u> The Mayor had a fortnightly column in the Wairarapa News and three-weekly in the Wairarapa Times Age. Summaries of the Annual Plan and Annual Report were published in the Wairarapa News and on-line.

Performance Indicators	Targets 2013/14	Results Relative to Target
<p>i) Māori Liaison Task Group considers and reports to the Council on issues of relevance to Māori</p> <p>ii) Report on implementation of the Memorandum of Relationship with Rangitāne o Wairarapa and Ngati Kahungunu ki Wairarapa</p> <p>iii) Iwi advice is sought on relevant resource management issues</p>	<p>At least four times annually</p> <p>Members report satisfaction with outcomes of meetings</p> <p>Annual Report on progress against Implementation Plan</p> <p>Iwi advice reported</p>	<p><u>Not Achieved</u> The Maori Liaison Task Group met 3 times - on 8 July, 10 September and 3 December, 2013. It did not meet in 2014 while the Council considered other options for engaging with Maori. No survey of members satisfaction was done.</p> <p><u>Not Achieved</u> No report prepared as Council is reviewing current structures for engaging with Iwi at a community leadership level and on specific projects. However Iwi participated in pōwhiri to welcome the new CEO and as part of the swearing in of the new Council.</p> <p><u>Achieved</u> One requirement for advice on a planning issue this year</p>
<p>Report on impact of collaborative activities with other local authorities</p>	<p>Report Annually</p>	<p><u>Achieved</u> The following collaborative activities have been reported to the Council</p> <ul style="list-style-type: none"> • A joint approach to the Sale and Supply of Alcohol resulted in the appointment of the District Licensing Committee members and the Wairarapa Alcohol Working Group to prepare the Local Alcohol Policy. • The Psychoactive Substances Bill was similarly responded to on a Wairarapa-wide basis. • Joint roading contract with Carterton District Council is managed by Masterton. • The three Councils awarded a Group road maintenance contract awarded to Fulton Hogan. • A shared solid waste contract achieved consistency of cost and income across the three councils. A waste projects officer was shared across the three councils. • Shared bylaws with Sth Wairarapa have achieved consistency across the two councils • Planning documents and forms are consistent across the three Wairarapa Councils • The Wairarapa Combined District Plan and subsequent plan changes are carried out collaboratively. • MDC coordinated a combined Council tender for electricity supply resulting in savings across all three Councils. • The three councils shared a GIS platform for mapping of their districts and the location of infrastructure services

Governance

Cost of Service Statement

2012/13 Actual \$	Operating Costs	2013/14 Actual \$	2013/14 Plan \$
321,361	Mayor & Councillors' remuneration	334,309	342,800
66,755	Reporting & consultation	86,704	92,000
340,416	Wairarapa governance study (MDC share)	26,471	60,000
20,675	Election costs (net)	29,137	45,000
367,167	Operating expenses	416,964	425,215
1,116,374		893,585	965,015
	Operating Income		
352,765	Internal allocation of governance costs (per Funding Policy 40% internal)	360,000	375,000
352,765		360,000	375,000
	Appropriations		
(254,429)	Transfers from reserves	(15,000)	(40,000)
20,000	Transfers to reserves	20,288	-
\$529,179	Rates Requirement	\$538,873	\$550,015

Variances from Plan

Not all of the Governance study cost provision was used as the Council has been waiting on a draft proposal on the region's future governance from the LG Commission. Election costs were spread across two financial years and are shown net of recoveries from other entities that the Council ran elections for.

INTERNAL FUNCTIONS

Roading Advisory Services

Cost of Service Statement

2012/13 Actual \$	Operating Costs	2013/14 Actual \$	2013/14 Plan \$
490,995	Professional staff & operating costs	481,996	482,849
3,910	Depreciation	3,066	4,430
494,905		485,062	487,279
	Operating Income		
315,288	Prof. services - subsidised roading	272,314	215,000
195,558	Prof. services - non-subsidised roading	195,972	161,000
17,497	Prof. services - other Council activities	21,814	150,992
6,389	External income	51,490	500
534,732		541,590	527,492
	Appropriations		
-	Transfer to reserves	5,000	5,000
(\$39,827)	Rates Requirement	(\$51,528)	(\$35,213)

INTERNAL FUNCTIONS

Asset & Project Management

Cost of Service Statement

2012/13 Actual \$	Operating Costs	2013/14 Actual \$	2013/14 Plan \$
585,470	Professional staff & operating costs	594,360	609,563
	Operating Income		
584,803	Internal charges	593,960	594,563
667	External recoveries	400	15,000
585,470		594,360	609,563
	Appropriations		
-	Transfer to reserves	-	-
\$0	Rates Requirement	\$0	\$0

INTERNAL FUNCTIONS

Corporate Services

Cost of Service Statement

2012/13 Actual \$		2013/14 Actual \$	2013/14 Plan \$
	Operating Costs		
1,265,294	Management & administration	1,362,085	1,457,840
1,204,679	Financial management	1,246,004	1,268,250
394,171	Information systems	384,681	418,408
2,864,144		2,992,770	3,144,498
	Operating Income		
202,547	Miscellaneous income & recoveries	208,579	190,850
912,413	Interest income (external)	693,634	810,000
261,289	Interest income (on internal loans)	311,188	283,500
53,865	Other Internal recoveries	53,757	35,000
2,579,069	Support services allocated internally	2,603,340	2,598,648
4,009,183		3,870,498	3,917,998
	Appropriations		
-	Transfer (from) reserves	-	(40,000)
270,000	Transfers to reserves (c/fwd funds)	110,000	-
875,040	Transfer to reserves - interest	767,727	813,500
\$0	Rates Requirement	\$0	\$0

INTERNAL FUNCTIONS

Capital Expenditure Summary

2012/13 Actual \$		2013/14 Actual \$	2013/14 Plan \$
	Services Engineering		
12,604	Survey Equipment	-	-
	Corporate Services		
84,964	Computer system upgrades	46,901	80,000
35,686	GIS server, aerial photos & database	4,131	-
-	Records management system	-	50,000
-	Asset Management system	-	100,000
133,254		51,032	230,000
	Capital Funding		
(133,254)	Transfer from reserves	(51,032)	(230,000)

Variances from Plan

The Roading Advisory function provided professional engineering services to Carterton District Council during the year and the external revenue reported above reflects this.

Cost savings across the corporate functions have been achieved and \$110,000 of these savings have been carried forward in reserves to be applied in future years.

Interest income was less than planned as market interest rates on investments remained lower than expected. As a consequence, less interest has been transferred to reserves.

The total of \$2.6 million of corporate costs allocated across the organisation was close to the planned level and represents 7.1% of the organisation's operating expenditure.

Reporting as required by the:

Local Government (Financial Reporting and Prudence) Regulations 2014

The Local Government Act 2002 sets out a number of disclosure requirements for Councils over and above the generally accepted accounting practice (GAAP) information. Some of these have disclosures were in place last year, while several new disclosures have been added in recent legislative changes and additions to the Local Government (Financial Reporting and Prudence) Regulations 2014.

Network Assets

Schedule 6 of the Regulations requires the Council to add to the information currently disclosed under GAAP, to enable separate disclosure for each of the five network infrastructures (water supply; sewerage; stormwater; roads and footpaths; and flood protection and control works). In addition, water supply and sewerage are to be separated between treatment plant and facilities and other assets. Also, any asset additions are to be split between assets constructed by the Council and those transferred to (or vested in) the Council.

Most of detail required to comply with these regulations can be found in Notes 12 and 13 to the Financial Statements. Additional information on the replacement values of network assets is disclosed below.

Optimised Replacement Value of network assets is as follows:

as at 30 June 2014	\$ millions	Optimised Replacement Values	Optimised Depreciated Replacement Values
Roads & footpaths (includes bridges & culverts, excludes land)		514.1	420.9
Water treatment plant & facilities - Masterton		18.7	8.3
Water reticulation (including rural supplies)		60.8	27.5
Sewerage treatment plant & facilities - Masterton		31.7	30.5
Sewerage reticulation - Masterton		83.9	24.9
Sewerage systems - rural*		9.9	9.0
Stormwater assets		25.5	15.1
Flood protection & control works		5.4	4.2
		<u>\$ 750.1</u>	<u>\$ 541.9</u>

Notes: excludes land values associated with the assets.

Infrastructural assets were revalued as at 30 June 2014

* Rural sewerage systems at Riversdale Beach, Castlepoint and Tinui have not been split into treatment and reticulation components, but the value split is estimated at 29/71 (treatment/retic).

Rating Base Information

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

30 June 2013

Number of rating units within the District as at 30 June 2013	12,163
Capital Value of rating units as at 30 June 2013	\$4,462.9 million
Land Value of rating units as at 30 June 2013	\$2,415.3 million
Rates revenue for 2013/14 (per Stmt of Comp. Income)	\$24,435,959 (excl GST & capital contribution rates)
Average rates income per rating unit	\$2,008 (excl GST)

30 June 2014

Number of rating units within the District as at 30 June 2014	12,227
Capital Value of rating units as at 30 June 2014	\$4,510.7 million
Land Value of rating units as at 30 June 2014	\$2,426.2 million
Rates revenue for 2014/15 (per Annual Plan for 2014/15)	\$25,168,272 (excl GST & capital contribution rates)
Average rates income per rating unit	\$2,058 (excl GST)

Insurance information

Local Government Act (Amendment No.3) clause 31A in Schedule 10 requires disclosure of information relating to the insurance of assets.

The cost of the Canterbury earthquakes has highlighted the importance of good risk management and the part insurance and/or risk financing plays when it comes to rebuilding public assets. In many instances, Councils can provide services in the future only through the continuing use of their assets. Public entities have had to think carefully about how they are managing their risks and how they are using the insurance and risk finance options available to them.

Set out below is detail of the Council's insurance of assets, under the prescribed three headings.

Insurance of Assets - for the year ending 30 June 2014

Asset values from Statement of Financial Position	Carrying value 1 July 2013	All values in \$000's
Property, plant and equipment	85,512	
Infrastructural assets	612,618	
Forestry	899	
Investment properties	2,042	
	701,071	
Less:		
Land component of operational assets	47,388	
Land under roads & road formation	334,034	
	381,422	
Net Non-Financial Assets (excluding land)	\$ 319,649	
Insurance Arrangements 2013/14		
Material damage cover for buildings, plant, contents	\$ 94,414	Cover spread over 3 insurers, \$5k excess, covers 226 buildings, of which 44 are insured for indemnity value only, the balance for full reinstatement value, contents cover totals \$4.5 million, earthquake claims are limited to \$75 million annual aggregate (shared with CDC & SWDC).
Motor vehicle insurance cover - value estimate	\$ 280	Insured for market value, carrying value assumed here.
Forestry (standing timber) cover	\$ 899	Cover for trees declared value for fire, windstorm value \$17.5k, deductible of 1.5% of declared value
Risk Sharing Arrangements		
Cover for infrastructural assets as a member of LAPP (generally underground assets)	\$ 209,404	This is the replacement value (ORV) of assets listed on the LAPP Fund schedule for 2013/14. LAPP cover equated to 40% ie \$83,762k, with a deductible of \$2,089k. LAPP factor up the ORV for additional costs of recovery and had reinsurance to cover up to \$100m through the course of 2013/14. The Government's disaster recovery plan commits to paying 60% of the costs of recovering from a disaster, with a deductible for Masterton DC of \$336k.
Cover for roading assets (subsidised)	\$ 235,168	This is the replacement value of all roading assets that would be subject to NZTA subsidies, including bridges and culverts, but excluding land and formation value. The NZTA subsidy on flood and other roading network damage is 54%, but a sliding scale would see that increase depending on the severity of the event. Council's share of the recovery costs on these assets would be met from existing budgets, the flood damage fund, bridge depreciation funds, general capital funds and raising new debt (if required).
Assets Self-insured		
Airport runway & taxiways	\$ 3,563	Masterton airport's runway and taxiways are not covered by insurance. The risk of damage is low and it is expected that in the event of an earthquake causing damage, the cost of repair would be done from Council's general reserves (currently \$4m).
Non-subsidised roading (footpaths, CBD paving, street furniture, berms and street trees)	\$ 22,280	This is the replacement value of roading assets which are not subject to NZTA subsidy. The risk of damage to these assets is low and other than depreciation funds held, no specific insurance cover is provided for.

The Council has no insurances relating to financial or intangible assets

Benchmarks - per LG (Financial Reporting and Prudence) Regulations 2014

Rates affordability benchmarks

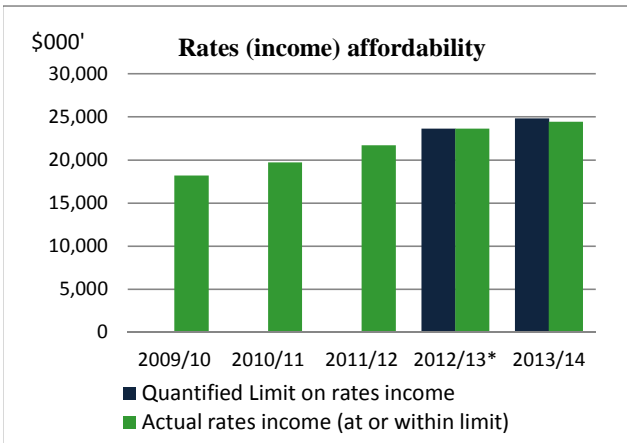
The Council meets this benchmark if: 1. The actual rates income equals or is less than each quantified limit on rates; and

2. Actual rates increases equal or are less than each quantified limit on rates increases.

Note: prior to 2012, there were no specified limits on rates income or increases in the 2009-19 LTCCP.

Rates (income) affordability

This graph compares the Council's actual income from rates, with the rates income (limit) forecast in the 2012-22 Long-term plan (LTP). The planned/forecast rates income is effectively the quantified limit, specified here in \$000's.

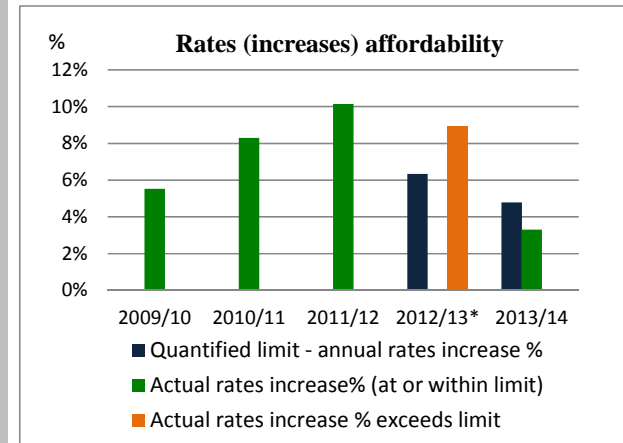


* 2012/13 rates were 0.04% above planned - this is considered to be 'at the limit'.

The rates income signalled in the 2012 LTP for 2013/14 was modified in subsequent Annual Plan.

Rates (increases) affordability

This graph compares the Council's actual rates increases with a quantified limit on rates increases included in the 2012 financial strategy, and LTP. The limit is that rates increases will be within the LGCI increase, plus 1%.



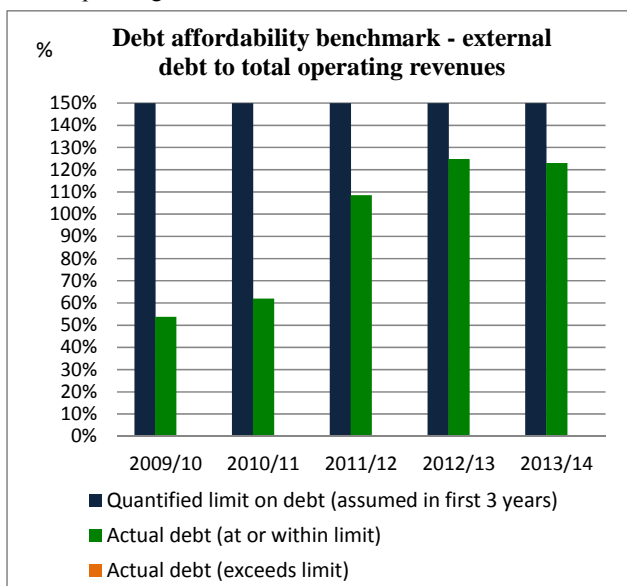
* In the 2012-22 LTP, the first year was specifically noted as being an exception - the rates increase would exceed the limit.

The rates increases from 2009 to 2011 were well signalled in the 2009-19 LTP and were largely driven by the urban sewerage treatment upgrade project.

Debt affordability benchmarks

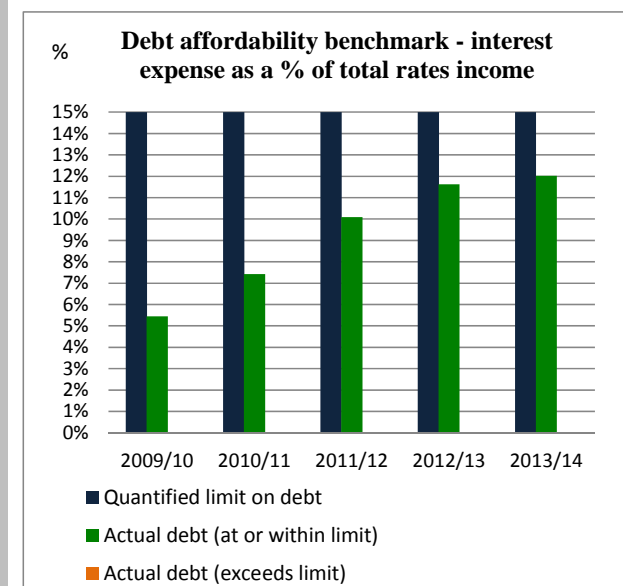
The Council meets the debt affordability benchmarks if its actual borrowing and borrowing costs are within the Council's quantified limits for borrowing, as set in the LTP.

The graph below compares the Council's actual borrowing with the quantified limit: Net External Debt⁽¹⁾ not to exceed 150% of Total Operating Revenues⁽²⁾.



(1) Net External Debt is defined as gross external debt less short term financial assets, but excluding cash in bank.

The graph below compares the Council's actual borrowing cost with the quantified limit: Interest expense on external debt not to exceed 15% of total rates income.

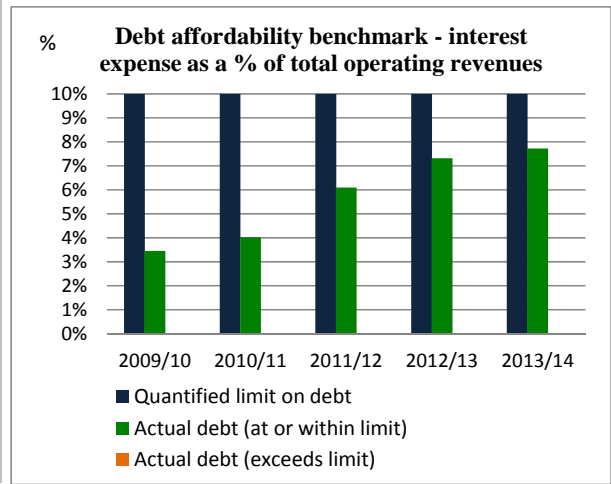


(2) Operating Revenue is as per the Statement of Comprehensive Income - all earnings including financial contributions, but excluding vested assets.

Debt affordability benchmarks (continued)

The graph to the right compares the Council’s actual borrowing cost with the quantified limit: Interest expense on external debt not to exceed 10% of total operating revenues (1).

(1) Operating revenue is defined as earnings from rates, government grants and subsidies, user charges, interest, dividends, financial and other revenue.



Balanced budget benchmark

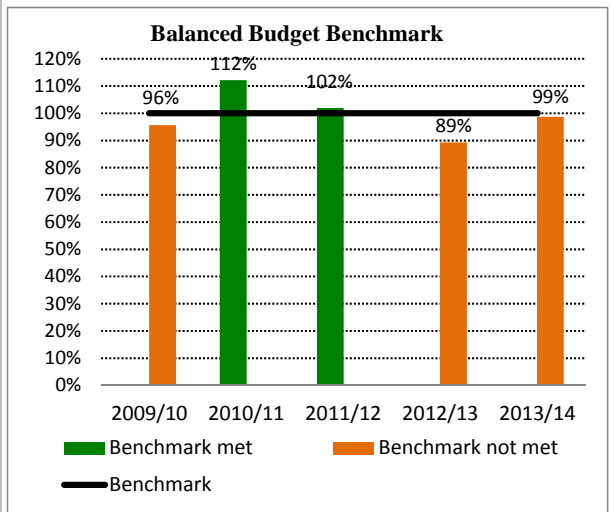
The graph below shows the Council’s operating revenue as a proportion of operating expenses. The Council meets this benchmark if its revenue equals or is greater than its operating expenses.

As per the regulations, Operating Revenue definition excludes financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment. Operating Expenses excludes losses on derivative financial instruments and any losses on revaluation of property, plant, or equipment.

Notes:

In both 2010/11 and 2011/12 the revenue includes capital contributions and a central government subsidy for the Riversdale Beach sewerage scheme.

In 2012/13 the Council wrote down \$3.9m in asset value on the urban wastewater treatment plant oxidation ponds, resulting in an unplanned accounting deficit. The ponds were replaced as part of an upgrade based on a 2009 resource consent for the plant. The plant upgrade has been loan funded. Without the asset value write down the result would have been 99%.



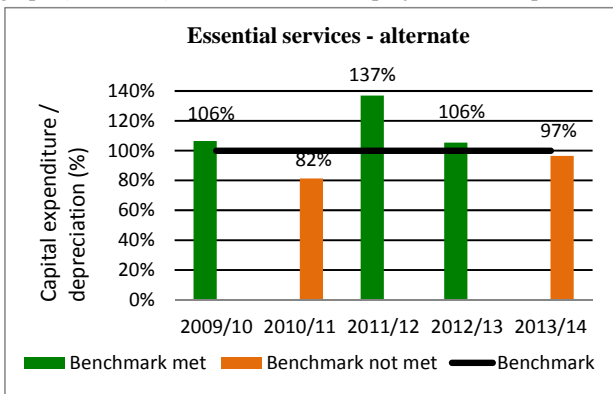
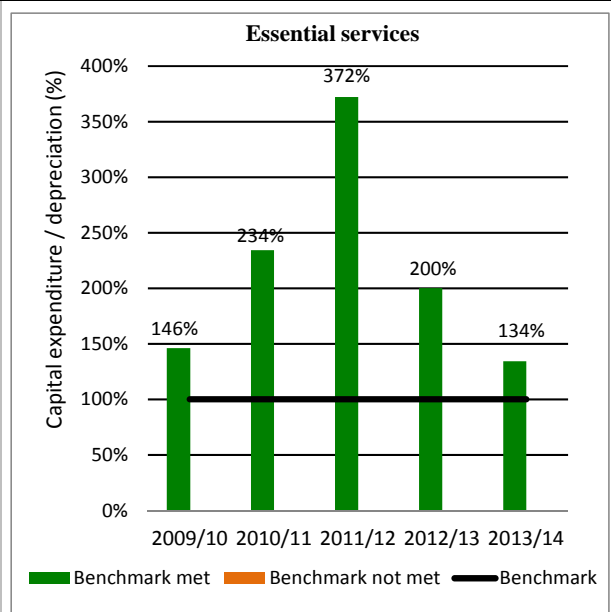
Essential services benchmark

The graph below to the right shows the Council’s capital expenditure on network services as a proportion of depreciation on network services. The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on those network services.

Notes:

Essential services are: roads and footpaths, water supplies, sewerage systems and stormwater systems.

Capital expenditure on the Homebush wastewater plant and the Riversdale Beach sewerage scheme have significantly influenced the result in the graph on the right. The alternate graph (see below) excludes those two projects from capex.



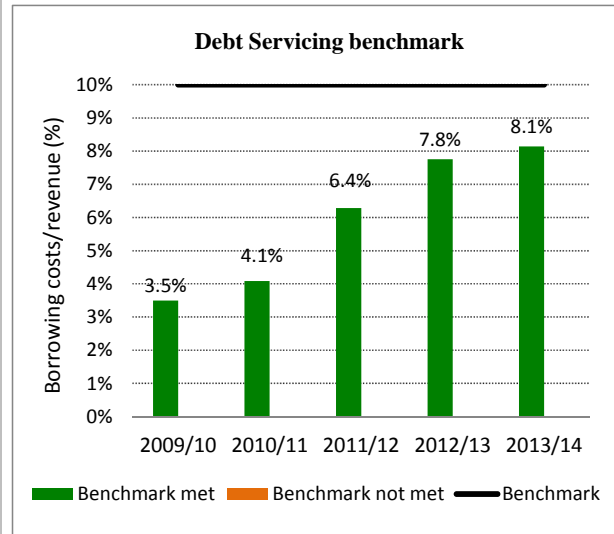
Debt servicing benchmark

The graph on the right shows the Council's borrowing costs as a proportion of operating revenue, as required by the regulations. The benchmark to stay within is 10%.

This measure differs from the Council's debt affordability benchmark as Operating Revenue definition excludes financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment.

Notes:

The cost of debt servicing has increased over the last five years in line with the Council's investment in the upgrade of the Homebush wastewater treatment and disposal facility and the Riversdale Beach sewerage scheme.



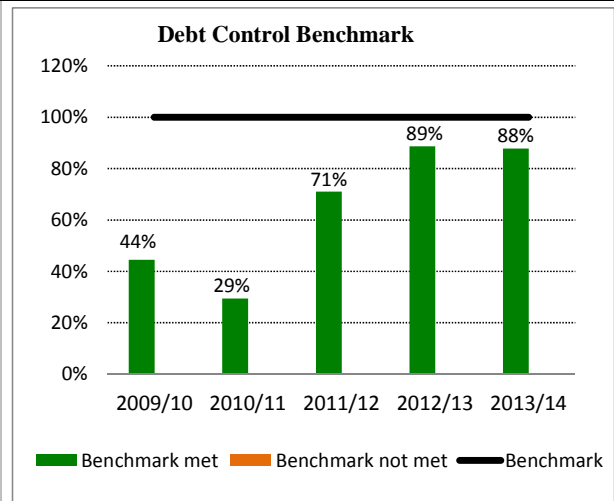
Debt control benchmark

The following graph displays the Council's actual net debt as a proportion of planned net debt. The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt

In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

Notes:

As the Homebush project proceeded, some delays resulted in later drawing of debt that was planned. This saw actual debt being well below the planned level in 2009 to 2012.

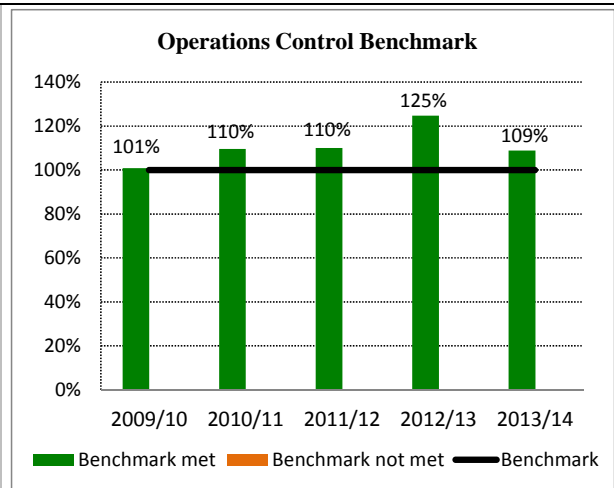


Operations control benchmark

The graph below shows the Council's actual net cash flow from operations as a proportion of its planned net cash flow from operations. The Council meets the benchmark when actual net cash flow from operations equals or is greater than its planned net cash flow from operations.

Notes:

The Council's cashflow from operation's has been consistently better than planned over the last 5 years, indicating operational expenditure is being managed within budgets.



FUNDING IMPACT STATEMENTS

As per the Local Government Act 2002 (Schedule 10, sec 26) the Council is required to produce an audited funding impact statement for the Council and for each group of activities comparing the information in the required format with the Long-term plan. Set out below and on the following 10 pages are the funding impact statements in the required format. Both Plan, LTP and prior year comparatives are shown where required.

FUNDING IMPACT STATEMENT

As required by the Local Government (Financial Reporting & Prudence) Regulations 2014

COUNCIL	2012-13 Annual Plan \$000s	2012-13 Actual \$000s	2013-14 Annual Plan \$000s	2013-14 Actual \$000s
Sources of Operating Funding				
General rates, uniform charges, rates penalties*	13,759	13,781	13,708	14,001
Targeted rates (excluding water by meter)*	10,112	10,218	10,871	10,802
Subsidies and grants (for operating)	2,014	2,342	2,255	2,034
Fees & charges (incl metered water)	5,969	5,654	6,293	6,304
Interest & dividends	734	925	822	712
Other receipts (incl petrol tax & fines)	248	252	280	260
Total operating funding (A)	32,836	33,173	34,228	34,113
Applications of Operating Funding				
Payments to staff and suppliers	22,841	22,591	23,703	22,034
Finance costs	3,035	2,749	3,144	2,936
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	25,877	25,340	26,848	24,970
Surplus/(Deficit) of operating funding (A-B)	6,959	7,833	7,381	9,142
Sources of Capital Funding				
Subsidies & grants for capital expenditure	2,482	2,069	2,531	2,180
Development & financial contributions	334	714	354	625
Increase/(decrease) in debt	10,790	8,108	3,911	2,539
Gross proceeds from sale of assets	-	13	215	871
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	13,606	10,903	7,011	6,215
Application of Capital Funding				
Capital expenditure:				
- to meet additional demand	-	-	-	-
- to improve level of service	11,305	8,113	4,878	3,739
- to replace existing assets	10,437	8,373	10,311	8,537
Increase/(decrease) in reserves	(1,139)	249	(1,125)	2,308
Increase/(decrease) in investments	(38)	2,001	327	773
Total application of capital funding (D)	20,565	18,736	14,391	15,357
Surplus / (deficit) of capital funding (C-D)	(6,959)	(7,833)	(7,380)	(9,142)
Funding balance (A-B)+(C-D)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

* Rates income at the Council level is net of rates charged on Council properties.

FUNDING IMPACT STATEMENT

	2012-13 Annual Plan \$000s	2012-13 Actual \$000s	2013-14 Annual Plan \$000s	2013-14 Actual \$000s
Reconciliation				
- between FIS & Financial Statements				
Operating Income - per FIS	32,836	33,173	34,228	34,113
Capital Funding (income)- per FIS	2,816	2,782	2,885	2,805
	<u>35,652</u>	<u>35,955</u>	<u>37,113</u>	<u>36,917</u>
Other Gains	0	1,634		1,374
Operating Income - per Stmt of Comp. Income	<u>35,652</u>	<u>37,589</u>	<u>37,113</u>	<u>38,291</u>
	-	-	-	-
Operating Expenditure - per FIS	25,877	25,340	26,848	24,970
Add depreciation	9,739	9,981	10,013	10,609
	<u>35,616</u>	<u>35,321</u>	<u>36,860</u>	<u>35,579</u>
Other Losses	0	4,377	0	957
Operating Expenditure - per Stmt of Comp. Income	<u>35,616</u>	<u>39,698</u>	<u>36,860</u>	<u>36,536</u>
	-	-	-	-
Capital Expenditure - per FIS	21,742	16,486	15,189	12,276
Capital Expenditure - per Cost of Service Statements	<u>21,742</u>	<u>16,486</u>	<u>15,189</u>	<u>12,276</u>
	-	-	-	-
Transfer to/(from) Reserves - per COSS	(4,590)	(3,175)	(5,196)	(2,288)
Depreciation transferred to reserves - per COSS	3,451	3,412	3,871	4,052
Proceeds from sale of assets - tsf to reserves			200	544
	<u>(1,139)</u>	<u>236</u>	<u>(1,125)</u>	<u>2,308</u>
Increase/(Decrease) in Reserves - per FIS	<u>(1,139)</u>	<u>236</u>	<u>(1,125)</u>	<u>2,308</u>
	-	-	-	-

DEPRECIATION by Group

	2012-13 Annual Plan \$000s	2012-13 Actual \$000s	2013-14 Annual Plan \$000s	2013-14 Actual \$000s
Groups of Activities				
Roading	4,433	4,490	4,457	4,522
Water Services	1,238	1,246	1,259	1,251
Sewerage Services	1,744	1,878	1,945	2,311
Stormwater	223	235	223	306
Solid Waste Services	76	83	83	83
Community Facilities/Activities	1,796	1,836	1,871	1,910
Regulatory Services	107	106	106	102
Governance	18	14	25	17
Internal Functions	106	94	84	106
	<u>9,739</u>	<u>\$9,981</u>	<u>\$10,052</u>	<u>\$10,609</u>

FUNDING IMPACT STATEMENT

As required by the Local Government (Financial Reporting and Prudence) Regulations 2014

ROADING	Year 1 LTP 2012/13 \$000s	Year 2 LTP 2013/14 \$000s	Actual 2013/14 \$000s
Sources of Operating Funding			
General rates, uniform charges, rates penalties	5,343	5,502	5,582
Targeted rates	-	-	-
Subsidies and grants (for operating)	1,931	1,991	1,828
Fees & charges	60	62	100
Internal charges & overheads recovered	-	-	-
Interest & dividends	-	-	-
Other receipts (incl petrol tax & fines)	162	162	168
Total operating funding (A)	7,495	7,717	7,678
Applications of Operating Funding			
Payments to staff and suppliers	4,338	4,474	3,970
Finance costs	28	28	22
Internal charges and overheads applied	1,140	1,140	1,135
Other operating funding applications	-	-	-
Total applications of operating funding (B)	5,507	5,642	5,128
Surplus/(Deficit) of operating funding (A-B)	1,989	2,075	2,551
Sources of Capital Funding			
Subsidies & grants for capital expenditure	2,482	2,008	1,861
Development & financial contributions	100	103	86
Increase /(decrease) in debt	33	(122)	(93)
Gross proceeds from sale of assets	-	-	105
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	2,615	1,990	1,959
Application of Capital Funding			
Capital expenditure:			
- to meet additional demand	-	-	-
- to improve level of service	573	303	-
- to replace existing assets	4,529	3,601	3,846
Increase/(decrease) in reserves	(732)	(924) *	605
Increase/(decrease) in investments	234	1,085	59
Total application of capital funding (D)	4,604	4,065	4,510
Surplus / (deficit) of capital funding (C-D)	(1,989)	(2,075)	(2,551)
Funding balance (A-B)+(C-D)	(0)	(0)	0

* The Plan allowed for depreciation funded into reserves as part of the change in investments.

FUNDING IMPACT STATEMENT

As required by the Local Government (Financial Reporting and Prudence) Regulations 2014

WATER SERVICES	Year 1 LTP 2012/13 \$000s	Year 2 LTP 2013/14 \$000s	Actual 2013/14 \$000s
Sources of Operating Funding			
General rates, uniform charges, rates penalties	-	-	-
Targeted rates (excl water by meter)	2,686	2,988	2,865
Subsidies and grants (for operating)	-	-	-
Fees & charges (incl metered water)	271	280	320
Internal charges & overheads recovered	-	-	-
Interest & dividends	10	10	10
Other receipts (incl petrol tax & fines)	-	-	-
Total operating funding (A)	2,966	3,278	3,195
Applications of Operating Funding			
Payments to staff and suppliers	1,386	1,432	1,496
Finance costs	119	162	105
Internal charges and overheads applied	477	483	505
Other operating funding applications	-	-	-
Total applications of operating funding (B)	1,981	2,077	2,105
Surplus/(Deficit) of operating funding (A-B)	985	1,201	1,090
Sources of Capital Funding			
Subsidies & grants for capital expenditure	-	-	1
Development & financial contributions	4	4	31
Increase /(decrease) in debt	1,070	542	961
Gross proceeds from sale of assets	-	-	42
Lump sum contributions	-	-	-
Other operating funding applications	-	-	-
Total sources of capital funding (C)	1,074	546	1,035
Application of Capital Funding			
Capital expenditure:			
- to meet additional demand	-	-	-
- to improve level of service	87	52	-
- to replace existing assets	2,156	1,691	2,320
Increase/(decrease) in reserves	(993)	(1,001) *	(32) *
Increase/(decrease) in investments	809	1,005	(162)
Total application of capital funding (D)	2,059	1,747	2,126
Surplus / (deficit) of capital funding (C-D)	(985)	(1,201)	(1,091)
Funding balance (A-B)+(C-D)	-	-	-

* The Plan allowed for depreciation funded into reserves as part of the change in investments.

FUNDING IMPACT STATEMENT

As required by the Local Government (Financial Reporting and Prudence) Regulations 2014

SEWERAGE SERVICES

	Year 1 LTP 2012/13 \$000s	Year 2 LTP 2013/14 \$000s	Actual 2013/14 \$000s
Sources of Operating Funding			
General rates, uniform charges, rates penalties	-	-	-
Targeted rates	5,618	6,065	6,022
Subsidies and grants (for operating)	-	-	-
Fees & charges	554	620	297
Internal charges & overheads recovered	4	4	7
Interest & dividends	-	-	-
Other receipts (incl petrol tax & fines)	-	-	-
Total operating funding (A)	6,177	6,690	6,326
Applications of Operating Funding			
Payments to staff and suppliers	1,224	1,370	1,113
Finance costs	2,688	2,846	2,501
Internal charges and overheads applied	709	708	893
Other operating funding applications	-	-	-
Total applications of operating funding (B)	4,621	4,924	4,506
Surplus/(Deficit) of operating funding (A-B)	1,555	1,766	1,820
Sources of Capital Funding			
Subsidies & grants for capital expenditure	-	-	4
Development & financial contributions	-	-	88
Increase /(decrease) in debt	3,616	470	2,025
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other operating funding applications	-	-	-
Total sources of capital funding (C)	3,616	470	2,117
Application of Capital Funding			
Capital expenditure:			
- to meet additional demand	-	-	-
- to improve level of service	3,750	887	3,007
- to replace existing assets	1,805	1,778	1,408
Increase/(decrease) in reserves	(1,050)	(1,123) *	(784)
Increase/(decrease) in investments	666	694	306
Total application of capital funding (D)	5,171	2,236	3,937
Surplus / (deficit) of capital funding (C-D)	(1,555)	(1,766)	(1,820)
Funding balance (A-B)+(C-D)	-	-	-

* The Plan allowed for depreciation funded into reserves as part of the change in investments.

FUNDING IMPACT STATEMENT

As required by the Local Government (Financial Reporting and Prudence) Regulations 2014

STORMWATER SERVICES

	Year 1 LTP 2012/13 \$000s	Year 2 LTP 2013/14 \$000s	Actual 2013/14 \$000s
Sources of Operating Funding			
General rates, uniform charges, rates penalties	381	418	403
Targeted rates	-	-	-
Subsidies and grants (for operating)	-	-	-
Fees & charges	-	-	-
Internal charges & overheads recovered	-	-	-
Interest & dividends	-	-	-
Other receipts (incl petrol tax & fines)	-	-	-
Total operating funding (A)	381	418	403
Applications of Operating Funding			
Payments to staff and suppliers	122	126	86
Finance costs	76	76	67
Internal charges and overheads applied	111	112	126
Other operating funding applications	0	-	0
Total applications of operating funding (B)	309	314	279
Surplus/(Deficit) of operating funding (A-B)	72	104	125
Sources of Capital Funding			
Subsidies & grants for capital expenditure	-	-	-
Development & financial contributions	-	-	-
Increase /(decrease) in debt	70	(97)	(118)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other operating funding applications	-	-	-
Total sources of capital funding (C)	70	(97)	(118)
Application of Capital Funding			
Capital expenditure:			
- to meet additional demand	-	-	-
- to improve level of service	150	31	12
- to replace existing assets	155	125	62
Increase/(decrease) in reserves	(260)	(261) *	(62)
Increase/(decrease) in investments	97	112	(6)
Total application of capital funding (D)	142	7	7
Surplus / (deficit) of capital funding (C-D)	(72)	(104)	(125)
Funding balance (A-B)+(C-D)	-	-	-

* The Plan allowed for depreciation funded into reserves as part of the change in investments.

FUNDING IMPACT STATEMENT

As required by the Local Government (Financial Reporting and Prudence) Regulations 2014

SOLID WASTE SERVICES

	Year 1 LTP 2012/13 \$000s	Year 2 LTP 2013/14 \$000s	Actual 2013/14 \$000s
Sources of Operating Funding			
General rates, uniform charges, rates penalties	805	831	583
Targeted rates	393	440	458
Subsidies and grants (for operating)	66	68	74
Fees & charges	2,071	2,105	2,346
Internal charges & overheads recovered	179	162	201
Interest & dividends	-	-	-
Other receipts (incl petrol tax & fines)	-	-	-
Total operating funding (A)	3,515	3,607	3,662
Applications of Operating Funding			
Payments to staff and suppliers	2,717	2,815	2,646
Finance costs	101	102	99
Internal charges and overheads applied	613	597	511
Other operating funding applications	-	-	-
Total applications of operating funding (B)	3,431	3,514	3,256
Surplus/(Deficit) of operating funding (A-B)	85	93	407
Sources of Capital Funding			
Subsidies & grants for capital expenditure	-	-	-
Development & financial contributions	-	-	-
Increase /(decrease) in debt	46	(62)	(53)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other operating funding applications	-	-	-
Total sources of capital funding (C)	46	(62)	(53)
Application of Capital Funding			
Capital expenditure:			
- to meet additional demand	-	-	-
- to improve level of service	100	-	-
- to replace existing assets	20	73	78
Increase/(decrease) in reserves	(30)	(83) *	141
Increase/(decrease) in investments	41	41	135
Total application of capital funding (D)	131	31	354
Surplus / (deficit) of capital funding (C-D)	(85)	(93)	(407)
Funding balance (A-B)+(C-D)	-	-	-

* The Plan allowed for depreciation funded into reserves as part of the change in investments.

FUNDING IMPACT STATEMENT

As required by the Local Government (Financial Reporting and Prudence) Regulations 2014

COMMUNITY FACILITIES / ACTIVITIES

	Year 1 LTP 2012/13 \$000s	Year 2 LTP 2013/14 \$000s	Actual 2013/14 \$000s
Sources of Operating Funding			
General rates, uniform charges, rates penalties	5,414	5,445	5,565
Targeted rates	1,597	1,662	1,684
Subsidies and grants (for operating)	81	53	123
Fees & charges	1,327	1,408	1,681
Internal charges & overheads recovered	216	223	261
Interest & dividends	-	-	-
Other receipts (incl petrol tax & fines)	23	24	-
Total operating funding (A)	8,658	8,815	9,314
Applications of Operating Funding			
Payments to staff and suppliers	6,222	6,288	6,191
Finance costs	247	241	140
Internal charges and overheads applied	1,163	1,162	1,239
Other operating funding applications	-	-	-
Total applications of operating funding (B)	7,632	7,691	7,570
Surplus/(Deficit) of operating funding (A-B)	1,026	1,123	1,744
Sources of Capital Funding			
Subsidies & grants for capital expenditure	-	-	314
Development & financial contributions	-	-	-
Increase /(decrease) in debt	(251)	35	(148)
Gross proceeds from sale of assets	-	-	710
Lump sum contributions	-	-	-
Other operating funding applications	-	-	-
Total sources of capital funding (C)	(251)	35	875
Application of Capital Funding			
Capital expenditure:			
- to meet additional demand	-	-	-
- to improve level of service	445	335	713
- to replace existing assets	1,225	654	704
Increase/(decrease) in reserves	(2,010)	(1,082) *	809
Increase/(decrease) in investments	1,114	1,251	392
Total application of capital funding (D)	774	1,158	2,618
Surplus / (deficit) of capital funding (C-D)	(1,025)	(1,123)	(1,743)
Funding balance (A-B)+(C-D)	-	-	-

* The Plan allowed for depreciation funded into reserves as part of the change in investments.

FUNDING IMPACT STATEMENT

As required by the Local Government (Financial Reporting and Prudence) Regulations 2014

REGULATORY SERVICES

	Year 1 LTP 2012/13 \$000s	Year 2 LTP 2013/14 \$000s	Actual 2013/14 \$000s
Sources of Operating Funding			
General rates, uniform charges, rates penalties	1,553	1,586	1,577
Targeted rates	-	-	-
Subsidies and grants (for operating)	-	-	-
Fees & charges	1,451	1,345	1,312
Internal charges & overheads recovered	390	401	423
Interest & dividends	2	2	1
Other receipts (incl petrol tax & fines)	63	65	93
Total operating funding (A)	3,459	3,400	3,406
Applications of Operating Funding			
Payments to staff and suppliers	2,394	2,326	2,224
Finance costs	4	4	1
Internal charges and overheads applied	832	850	844
Other operating funding applications	-	-	-
Total applications of operating funding (B)	3,230	3,180	3,069
Surplus/(Deficit) of operating funding (A-B)	228	220	337
Sources of Capital Funding			
Subsidies & grants for capital expenditure	-	-	-
Development & financial contributions	230	238	420
Increase/(decrease) in debt	(5)	(5)	(8)
Gross proceeds from sale of assets	-	-	13
Lump sum contributions	-	-	-
Other operating funding applications	-	-	-
Total sources of capital funding (C)	225	233	425
Application of Capital Funding			
Capital expenditure:			
- to meet additional demand	-	-	-
- to improve level of service	100	-	7
- to replace existing assets	67	70	68
Increase/(decrease) in reserves	180	277 *	669 *
Increase/(decrease) in investments	106	106	17
Total application of capital funding (D)	453	453	761
Surplus / (deficit) of capital funding (C-D)	(228)	(220)	(336)
Funding balance (A-B)+(C-D)	-	-	0

* The Plan allowed for depreciation funded into reserves as part of the change in investments.

FUNDING IMPACT STATEMENT

As required by the Local Government (Financial Reporting and Prudence) Regulations 2014

GOVERNANCE

	Year 1 LTP 2012/13 \$000s	Year 2 LTP 2013/14 \$000s	Actual 2013/14 \$000s
Sources of Operating Funding			
General rates, uniform charges, rates penalties	532	519	551
Targeted rates (excluding water by meter)	-	-	-
Subsidies and grants (for operating)	-	-	-
Fees & charges	-	-	-
Internal charges & overheads recovered	343	334	360
Interest & dividends	-	-	-
Other receipts (incl petrol tax & fines)	-	-	-
Total operating funding (A)	874	853	911
Applications of Operating Funding			
Payments to staff and suppliers	641	577	608
Finance costs	-	-	-
Internal charges and overheads applied	273	276	283
Other operating funding applications	-	-	-
Total applications of operating funding (B)	914	853	891
Surplus/(Deficit) of operating funding (A-B)	(40)	-	20
Sources of Capital Funding			
Subsidies & grants for capital expenditure	-	-	-
Development & financial contributions	-	-	-
Increase /(decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other operating funding applications	-	-	-
Total sources of capital funding (C)	-	-	-
Application of Capital Funding			
Capital expenditure:			
- to meet additional demand	-	-	-
- to improve level of service	-	-	-
- to replace existing assets	-	-	-
Increase/(decrease) in reserves	(40)	-	23
Increase/(decrease) in investments	-	-	(3)
Total application of capital funding (D)	(40)	-	20
Surplus / (deficit) of capital funding (C-D)	40	-	(20)
Funding balance (A-B)+(C-D)	-	-	0

FUNDING IMPACT STATEMENT

As required by the Local Government (Financial Reporting and Prudence) Regulations 2014

INTERNAL FUNCTIONS

	Year 1 LTP 2012/13 \$000s	Year 2 LTP 2013/14 \$000s	Actual 2013/14 \$000s
Sources of Operating Funding			
General rates, uniform charges, rates penalties	-	-	-
Targeted rates	-	-	-
Subsidies and grants (for operating)	-	-	6
Fees & charges	170	176	247
Internal charges & overheads recovered	3,988	3,989	4,052
Interest & dividends	722	743	701
Other receipts (incl petrol tax & fines)	-	-	-
Total operating funding (A)	4,880	4,908	5,006
Applications of Operating Funding			
Payments to staff and suppliers	3,755	3,845	3,698
Finance costs	-	-	1
Internal charges and overheads applied	248	254	268
Other operating funding applications	-	-	-
Total applications of operating funding (B)	4,004	4,099	3,967
Surplus/(Deficit) of operating funding (A-B)	877	809	1,040
Sources of Capital Funding			
Subsidies & grants for capital expenditure	-	-	-
Development & financial contributions	-	-	-
Increase /(decrease) in debt	-	-	(26)
Gross proceeds from sale of assets	-	-	1
Lump sum contributions	-	-	-
Other operating funding applications	-	-	-
Total sources of capital funding (C)	-	-	(25)
Application of Capital Funding			
Capital expenditure:			
- to meet additional demand	-	-	-
- to improve level of service	50	104	-
- to replace existing assets	180	83	51
Increase/(decrease) in reserves	505	547	938
Increase/(decrease) in investments	142	75	26
Total application of capital funding (D)	877	809	1,015
Surplus / (deficit) of capital funding (C-D)	(877)	(809)	(1,040)
Funding balance (A-B)+(C-D)	-	-	-

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.

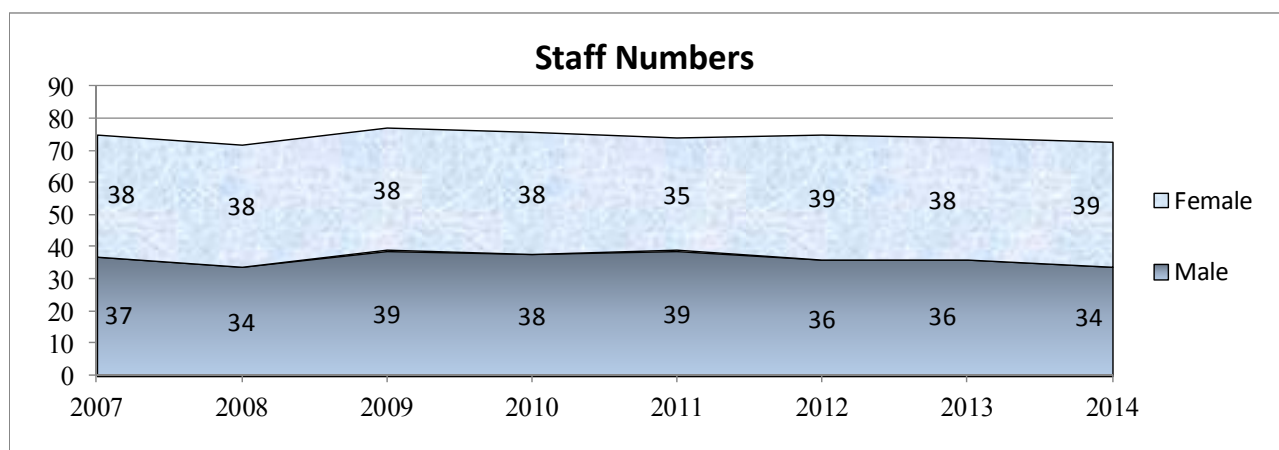
Key Activities

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 where a full time employee is determined on the basis of a 40 hour working week). The figures represent all staff employed by the Council, but exclude contractors and any people paid via the Council's payroll, but employed by other organisations. The numbers for part timers have been converted to full time equivalents to be consistent with the numbers reported in note 19. *2011 figures vary due to a change in methodology since 2012.

Staff Analysis	30 June 2011*		30 June 2012		30 June 2013		30 June 2014	
	F/T	P/T	F/T	P/T	F/T	P/T	F/T	P/T
Male								
Maori	0	1	0	1	0	1	0	1
European	35	2	33	1	32	2	29	3
Other	2	0	1	0	1	0	1	0
Female								
Maori	1	1	1	1	1	1	1	0
European	27	10	24	13	23	12	26	10
Other	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>2</u>	<u>0</u>
	66	14	59	16	58	16	59	14



FINANCIAL STATEMENTS

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NOTES TO THE ACCOUNTS



MASTERTON DISTRICT COUNCIL

STATEMENT OF FINANCIAL POSITION as at 30 June 2014

\$ 30 June 2013		Notes	\$ 30 June 2014	\$ Plan
CURRENT ASSETS				
3,234,041	Cash & cash equivalents	10	3,445,313	2,692,000
3,120,256	Other financial assets	11	5,882,149	2,283,000
185,783	Inventories	8	206,599	165,000
3,445,205	Debtors and other receivables	9	4,158,807	3,178,000
<u>9,985,285</u>	Total Current Assets		<u>13,692,868</u>	<u>8,318,000</u>
NON-CURRENT ASSETS				
85,512,426	Property, equipment & other assets	12,13	84,439,853	86,897,000
612,617,907	Infrastructural assets	12,13	630,722,898	673,085,000
4,593,021	Intangible assets	14	4,391,272	4,259,000
899,077	Forestry assets	15	459,436	424,000
2,041,700	Investment property	16	2,053,000	2,050,000
21,380	Derivative financial instruments	22	224,185	0
	Other financial assets	11		
659,819	- Investments in CCO's & other similar entities		764,016	700,000
9,207,951	- Investments in other entities		7,969,215	9,395,000
<u>715,553,281</u>	Total Non-current Assets		<u>731,023,875</u>	<u>776,810,000</u>
<u>\$725,538,566</u>	TOTAL ASSETS		<u>\$744,716,743</u>	<u>\$785,128,000</u>
CURRENT LIABILITIES				
6,079,438	Creditors & other payables	20	6,312,765	7,065,000
814,195	Employee benefits	21	791,369	760,000
103,774	Provisions (current)	23	58,963	100,000
1,646,202	Financial liabilities - current portion	24	5,859,902	1,964,000
<u>8,643,609</u>	Total Current Liabilities		<u>13,022,999</u>	<u>9,889,000</u>
NON-CURRENT LIABILITIES				
48,406,204	Financial liabilities	24	46,731,999	52,457,000
1,848,581	Derivative financial instruments	22	786,616	2,200,000
82,444	Employee benefits	21	87,980	55,000
274,246	Provisions & other liabilities	23	249,568	385,000
<u>50,611,475</u>	Total Non-current Liabilities		<u>47,856,163</u>	<u>55,097,000</u>
<u>\$666,283,482</u>	NET ASSETS		<u>\$683,837,581</u>	<u>\$720,142,000</u>
PUBLIC EQUITY				
425,164,322	Retained earnings (ratepayers' equity)	25	429,866,464	429,086,458
223,886,568	Revaluation reserves	25	234,430,510	275,020,000
17,232,592	Special funds & restricted reserves	28	19,540,607	16,035,542
<u>\$666,283,482</u>	TOTAL PUBLIC EQUITY		<u>\$683,837,581</u>	<u>\$720,142,000</u>

The accompanying notes form part of these financial statements.



MASTERTON DISTRICT COUNCIL

STATEMENT OF COMPREHENSIVE INCOME				
For the Year Ended 30 June 2014				
\$		Note	\$	\$
Actual			Actual	Plan
2012/13			2013/14	2013/14
INCOME				
23,653,829	Rates Revenue	3	24,435,959	24,359,430
345,441	Rural sewerage scheme capital rates	3 & 4	366,686	219,937
713,638	Financial Contributions		625,453	445,342
4,373,448	Subsidies and grants	4	3,894,862	4,895,942
924,124	Finance Income	5	705,019	821,800
5,944,837	Other Operating Revenue	4	6,576,439	6,370,765
-	Assets vested from developments/subdivisions	4	310,959	-
1,633,996	Other Gains	4a	1,374,566	-
37,589,313	Total Operating Revenue		38,289,943	37,113,216
EXPENDITURE				
5,463,334 *	Personnel Costs	6	5,622,444	5,658,700
17,127,960 *	Other Expenses	7	16,412,044	18,044,583
2,748,579	Finance Costs	5	2,935,802	3,144,329
9,980,961	Depreciation & amortisation	12, 13, 14	10,609,007	10,012,595
4,377,484	Other Losses	4a	956,798	-
39,698,318	Total Operating Expenditure		36,536,096	36,860,207
(\$2,109,005)	Surplus/(Deficit) before tax		\$1,753,847	\$253,009
-	Income tax expense		-	-
\$ (2,109,005)	SURPLUS/(DEFICIT) AFTER TAX		\$ 1,753,847	\$253,009
Other Comprehensive Income (CI)				
-	Gain/(Loss) on Infrastructure asset revaluations	12, 13, 25	11,212,109	50,450,000
-	Gain/(Loss) on Land and Buildings revaluations	13, 25	-	-
-	Infrastructure assets inventory adjustments	12	4,834,071	-
(35,257)	Change in value of financial assets at fair value through comprehensive income	25	(245,928)	-
(35,257)			15,800,252	50,450,000
(\$2,144,262)	TOTAL COMPREHENSIVE INCOME		\$ 17,554,099	\$50,703,009

STATEMENT OF CHANGES IN EQUITY						
For the Year Ended 30 June 2014						
	\$	\$	\$	\$	\$	\$
	Revaluations	Special Funds	Ratepayers'	Total	Plan	Total
	(Note 25)	& Reserves	Equity	2013/14	2013/14	2012/13
		(Note 28)	(Note 25)			
Opening Balance						
1 July 2013	223,886,568	17,232,592	425,164,322	\$666,283,482	669,438,991	\$668,427,744
Comprehensive Income for the year	10,966,181		6,587,918	17,554,099	50,703,009	(2,144,262)
Tsf disposals revaltns	(422,239)		422,239	0		
Transfers from Reserves		(5,030,889)	5,030,889	0		
Transfers to Reserves		2,463,520	(2,463,520)	0		
Tsf proceeds on sale of assets		823,468	(823,468)	0		
Tsf depreciation to reserves		4,051,916	(4,051,916)	0		
Closing Balance	234,430,510	19,540,607	429,866,464	\$683,837,581	720,142,000	\$666,283,482

* The previous years personnel costs and other expenses figure has been adjusted as Mayor & Councillors Honorariums now included in Personnel Costs rather than Other Expenses.

The accompanying notes form part of these financial statements.



STATEMENT OF CASHFLOWS for the Year Ending 30 June 2014

Last Year 2012/13		Notes	Actual 2013/14	Plan 2013/14
	Cash Flows from Operating Activities:			
	Cash was provided from:			
23,542,249	Rates (M.D.C. only)		24,443,119	24,109,000
345,441	Riversdale sewerage rates & subsidy		366,686	220,000
5,313,389	Subsidies and grants		3,336,307	4,793,000
931,388	Interest received		703,217	821,000
1,246	Dividends received		891	1,000
7,091,260	Other operating receipts		6,752,684	6,919,000
<u>37,224,973</u>			<u>35,602,904</u>	<u>36,863,000</u>
	Cash was applied to:			
(23,786,223)	Payments to suppliers and employees		(21,902,300)	(23,701,000)
(2,726,722)	Interest paid		(2,884,986)	(3,144,000)
128,570	Goods and services tax (paid)/received (net)		87,842	-
<u>(26,384,375)</u>			<u>(24,699,444)</u>	<u>(26,845,000)</u>
10,840,598	Net Cash from Operating Activities	<u>29</u>	10,903,460	10,018,000
	Cash Flows from Investing Activities:			
	Cash was provided from:			
8	Receipts from sale of property, plant and equipment		99,578	15,000
-	Receipts from sale of forestry		709,514	646,000
782,151	Receipts from sale of investments		88,614	215,000
<u>782,159</u>			<u>897,706</u>	<u>876,000</u>
	Cash was applied to:			
(17,797,904)	Purchase of property, plant and equipment		(11,881,357)	(15,189,000)
(84,458)	Purchase of intangible assets		(119,725)	-
(1,243,809)	Acquisition of investments		(2,331,112)	-
<u>(19,126,171)</u>			<u>(14,332,194)</u>	<u>(15,189,000)</u>
(18,344,012)	Net Cash from Investing Activities		(13,434,488)	(14,313,000)
	Cash Flows from Financing Activities:			
	Cash was provided from:			
10,248,986	Proceeds from new financial liabilities		4,469,770	5,592,000
<u>10,248,986</u>			<u>4,469,770</u>	<u>5,592,000</u>
	Cash was applied to:			
(2,083,946)	Repayment of term liabilities		(1,675,231)	(1,646,000)
(35,614)	Repayment of finance lease liabilities		(52,239)	(35,000)
<u>(2,119,560)</u>			<u>(1,727,470)</u>	<u>(1,681,000)</u>
8,129,426	Net Cash from Financing Activities		2,742,300	3,911,000
\$626,012	Net Increase/(Decrease) in Cash and cash equivalents		211,272	(\$384,000)
2,608,029	Cash and cash equivalents at beginning of the year		3,234,041	5,360,000
<u>\$ 3,234,041</u>	Cash and cash equivalents at the end of the year	<u>10</u>	<u>\$ 3,445,313</u>	<u>\$ 4,976,000</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 \$9,570 (2013: \$47,986) 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 2014

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 2014. The financial statements were authorised for issue by the Council on 29 October 2014. 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 and legislation during the financial year, which have had only a presentational or disclosure effect:

- New requirements resulting from amendments to the Local Government Act 2002 – specifically schedule 10

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 financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through the surplus/deficit. The new standard is required to be adopted for the year ended 30 June 2016. However, as a new Accounting Standards Framework will apply before this date, there is no certainty when an equivalent standard to NZ IFRS 9 will be applied by public benefit entities.

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 access 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. Financial contributions are shown separately on the Statement of Comprehensive Income.

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	17 and 40 years	(5.9% & 2.5%)
Road metal (unsealed)	3 years	(33%)
Pavement (base course) 50% depreciated	40 years	(2.5%)
Pavement (sub base) 15% 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 2014. 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 2014.

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 4.5%, 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 two 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 two 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 2014

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. As at 30 June 2014, over 95% of the construction costs had been incurred and the plant was fully operational.

RATES REQUIREMENT SUMMARY				
2012/13		2013/14	2013/14	
Actual		Actual	Plan	Variance
	Groups & Activities			
	Roading			
\$		\$	\$	\$
3,604,636	Subsidised Roothing	3,820,461	3,867,505	47,044
1,601,542	Non-subsidised Roothing	1,757,228	1,737,108	(20,120)
	Water Services			
2,701,197	Urban Water Supply	2,818,305	2,781,544	(36,761)
98,003	Rural Water Supplies & Races	154,377	106,980	(47,397)
	Sewerage Services			
5,087,562	Urban Sewerage System	5,472,048	5,453,281	(18,767)
547,502	Rural Sewerage Schemes*	575,347	415,591	(159,756)
	Stormwater Services			
352,105	Urban Stormwater System	424,304	402,716	(21,588)
	Solid Waste Services			
813,338	Solid Waste Services	593,788	659,309	65,521
313,548	Waste Minimisation Services	341,751	380,216	38,465
	Community Facilities/Activities			
1,979,663	Parks, Reserves & Sportsfields	1,994,087	1,970,088	(23,998)
1,335,952	Genesis Energy Recreation Centre	1,254,347	1,257,104	2,757
70,063	Cemeteries	90,413	82,708	(7,705)
1,487,285	Library & Archive	1,564,736	1,499,122	(65,614)
778,569	Property	716,121	759,783	43,662
1,351,907	Community Services	1,418,036	1,431,374	13,338
114,501	Airport	101,186	116,582	15,396
157,144	Mawley Park	126,073	124,161	(1,912)
	Regulatory Services			
605,100	Resource Management & Planning	613,889	630,704	16,815
172,044	Building Control	156,063	108,885	(47,178)
315,765	Environmental Health	321,522	317,740	(3,782)
58,024	Bylaw Control/General Inspection	75,225	74,245	(980)
(58,201)	Parking	(68,533)	(55,377)	13,156
10,188	Animal Control	45,557	11,022	(34,535)
476,088	Emergency Management & Rural Fire	413,621	432,172	18,551
	Governance			
529,179	Representation	538,873	550,015	11,142
(39,827)	Internal Functions	(51,528)	(35,213)	16,315
24,462,878	Total Rates Requirement	25,267,297	25,079,367	(187,932)
	Rates Income			
24,106,657	Masterton District rates levied	24,889,559	24,844,430	45,129
345,441	Rural Sewerage capital contributions	366,686	219,937	146,749
300,522	Rates penalties	353,665	195,000	158,665
(229,213)	Rates remissions	(276,923)	(140,000)	(136,923)
(37,822)	Discounts (on prompt payment)	(37,925)	(40,000)	2,075
24,485,585	Rates Revenue (incl Council properties)	25,295,062	25,079,367	215,695
22,707	Net Rates Surplus/(Deficit)	27,765	(0)	27,764

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.

COST OF SERVICES SUMMARY			Actual Net	Plan Net	
for the 2013/14 Year			Operating Cost	Operating Cost	Capital Expenditure
	Operating Revenue	Operating Expenditure			
Roading					
Subsidised Roading	1,827,838	8,360,998	6,533,160	6,880,169	3,301,751
Non-subsidised Roading	354,115	1,288,583	934,468	1,044,891	544,303
Water Services					
Urban Water supply	180,286	3,043,949	2,863,663	2,889,119	2,221,656
Rural Water Supplies & Races	181,231	312,210	130,979	131,149	98,056
Sewerage Services					
Urban Sewerage System	296,763	6,265,659	5,968,896	5,512,440	4,245,867
Rural Sewerage Schemes	95,803	552,504	456,701	404,859	169,279
Stormwater Services					
Urban Stormwater System	224	584,404	584,180	534,131	74,280
Solid Waste Services					
Solid Waste Management	2,289,074	2,386,116	97,042	295,419	78,192
Waste Minimisation Services	331,975	952,897	620,922	751,810	
Community Facilities/Activities					
Parks, Reserves & Sportsfields	115,267	2,248,333	2,133,066	2,202,577	202,078
Genesis Energy Recreation Centre	52,978	1,477,219	1,424,241	1,441,644	63,648
Cemeteries	74,058	164,471	90,413	82,708	-
Library & Archive	110,444	1,670,180	1,559,736	1,499,123	293,266
Property	1,131,317	1,837,226	705,909	1,186,503	697,147
Community Services	74,687	1,413,245	1,338,558	1,518,626	141,925
Airport	220,326	273,530	53,204	74,821	-
Mawley Park	285,929	408,092	122,163	51,401	18,780
Regulatory Services					
Resource Management & Planning	527,395	563,379	35,984	245,704	
Building Control	624,020	750,083	126,063	78,885	
Environmental Health	334,582	656,103	321,521	317,740	1,830
Bylaw Control/General Inspection	182,736	257,962	75,226	74,245	66,361
Parking	236,980	161,973	(75,007)	(60,241)	6,676
Animal Control	296,176	341,733	45,557	11,022	
Emergency Management & Rural Fire	47,067	439,689	392,622	427,172	-
Governance					
Representation	360,000	893,585	533,585	590,015	
Internal Functions	5,006,450	4,072,193	(934,257)	(813,713)	51,032
External funding of capital expenditure*	2,179,611		(2,179,611)	(2,545,860)	
Eliminate internal recoveries**	(5,304,602)	(5,797,019)			
	12,112,732	35,579,297	23,958,983	24,826,358	12,276,127
* Includes NZTA subsidy for roading renewals					
** Includes rates paid for council properties					
		Capital expenditure	12,276,127	15,189,250	
		Add loan principal repayments	2,347,815	2,048,528	
		Less loan funds applied to capex	(4,470,368)	(5,592,000)	
		Less finance lease funds applied	-	-	
		Transfers to reserves	2,742,721	1,320,500	
		Transfers from reserves	(5,030,890)	(6,516,950)	
			31,824,388	31,275,686	
		Depreciation not funded from rates	(6,557,091)	(6,196,319)	
		Rates Requirement	\$25,267,297	\$25,079,367	

Notes to the Accounts

Note 3

RATES REVENUE		Notes	\$	\$	\$
			Actual	Plan	Last Year
			2013/14	2013/14	2012/13
excluding metered water supply rates					
	Gross MDC Rates Levied		24,889,559	24,844,430	24,106,657
less	Rates levied on Council properties		(505,016)	(500,000)	(498,759)
plus	Rates Penalties		353,665	195,000	300,522
less	Rates Remissions	30	(276,923)	(140,000)	(229,213)
less	Discounts on prompt payment		(25,326)	(40,000)	(25,377)
			24,435,959	24,359,430	23,653,829
	Rural Sewerage capital contributions		366,686	219,937	345,441
Total Revenue From Rates			\$24,802,645	\$24,579,367	\$23,999,270

Notes to the Accounts

Note 4

SUBSIDIES AND GRANTS			\$	\$	\$
			Actual	Plan	Last Year
			2013/14	2013/14	2012/13
	Roading subsidies ex NZTA		3,688,988	4,743,242	4,146,392
	Other Government grants		167,093	127,600	147,741
	Other grants		38,781	25,100	79,315
Total Subsidies and Grants			\$3,894,862	\$4,895,942	\$4,373,448
OTHER REVENUE					
	* Fees, User charges & other income		6,136,798	5,977,765	5,542,352
	Metered water & sewer rates charged in CDC area		172,199	159,000	142,117
	Infringements and fines		92,599	68,000	93,865
	Dividend income		7,018	1,000	963
	Local authority petrol tax		167,825	165,000	165,540
	Sub total		6,576,439	6,370,765	5,944,837
	Revenue recognised from vested assets		310,959	-	-
Total Other Revenue			\$6,887,398	\$6,370,765	\$5,944,837
*Note fees, user charges & other income includes rentals, recoveries and all income not otherwise disclosed.					
There are no unfulfilled conditions or other contingencies attached to government grants recognised.					
Annual Rates income - per LGFA Guarantee and Indemnity Deed requirement			\$	\$	\$
			Actual	Last Year	
	Rates revenue per Note 3 (includes Rural Sewerage capital contributions)		24,802,645	23,999,270	
	Targeted water supply rates (metered water)		135,103	106,367	
	Rates levied in Carterton District for sewerage		37,096	35,750	
			\$24,974,844	\$24,141,387	

Notes to the Accounts

Note 4a

OTHER GAINS/(LOSSES)			\$	\$	\$
			Actual	Plan	Last Year
			2013/14	2013/14	2012/13
Gains					
	Forestry asset revaluation gain		-	-	194,599
	Property, plant and equipment gains on disposal		61,723	-	12,879
	Library books revaluation gain		32,866	-	13,068
	Carbon credits value on forestry recognised		3,907	-	-
	Investment property revaluation gains		11,300	-	-
	Total non-financial instrument gains		109,796	-	220,546
	Gain on mark-to-market valuation of cash flow hedges *		1,264,770	-	1,413,450
Total Gains			1,374,566	-	1,633,996
Losses					
	Forestry asset revaluation loss		(10,159)	-	-
	Carbon credits revaluation loss on forestry		-	-	(9,085)
	Property, plant and equipment losses on disposal		(849,502)	-	(3,898,827)
	Investment property revaluation losses		-	-	(8,000)
	Total non-financial instrument losses		(859,661)	-	(3,915,912)
	Loss on valuation of financial assets (fair value thru surplus/deficit)		(97,137)	-	(461,572)
Total Losses			(956,798)	-	(4,377,484)

* Interest rate swaps (or cash flow hedges) are disclosed in Note 22. 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	\$	\$	\$
Finance income	Actual	Plan	Last Year
Interest Income on:	2013/14	2013/14	2012/13
- financial assets held/invested by MDC	421,325	421,800	399,250
- financial assets managed by ANZ Investments Ltd	283,694	400,000	524,874
Total finance income	705,019	821,800	924,124
Finance costs			
Interest expense:			
- on bank borrowings	1,304,695	2,114,329	1,649,576
- on debenture stock and LGFA bonds	1,609,592	1,000,000	1,075,242
- on finance leases	5,059	10,000	6,585
Discount unwind on provisions (Note 23)	16,455	20,000	17,176
Total finance costs	2,935,802	3,144,329	2,748,579
Net Finance Costs/(Income)	\$2,230,783	\$2,322,529	\$1,824,455

Notes to the Accounts

Note 6

PERSONNEL COSTS	Actual	Plan	Last Year
	2013/14	2013/14	2012/13
Salaries & wages	4,999,179	5,040,194	4,809,971
Mayor & Councillors' honorariums	329,436	332,800	313,758 *
Medical insurance (incl FBT)	130,733	118,613	112,691
Superannuation - employer contributions	180,386	167,093	154,125
Incr/(Decr) in employee benefits liability	(17,290)	-	72,789
Total Personnel costs	\$5,622,444	\$5,658,700	\$5,463,334

* The last year figures have been adjusted to show Mayor & Councillors Honorariums now included in Personnel Costs rather than Other Expenses.

Notes to the Accounts

Note 7

OTHER EXPENSES	Actual	Plan	Last Year
	2013/14	2013/14	2012/13
Fees to principal auditor			
Audit fees for annual report	102,235	105,000	99,528
Audit fees for LTP/projects	-	5,000	0
Donations	5,196	7,000	2,861
Grants - funding community development	432,054	425,030	382,115
Grants - funding arts & culture	319,716	329,500	309,314
Grants - funding economic development	441,559	460,000	400,507
ACC levies	30,834	38,189	31,951
Inventories (change in value)	(20,816)	-	(7,442)
Impairment of receivables	3,018	6,900	7,783
Election costs (net of recoveries)	29,137	55,000	20,675
Civic entertainment costs	10,320	13,000	8,026
Ceremonies & presentations	8,586	5,300	4,096
Other operating expenses	15,050,205	16,594,664	15,868,546
Total other expenses	\$16,412,044	\$18,044,583	\$17,127,960

Notes to the Accounts

Note 7a

COST OF SERVICE STMT RECONCILIATION - Note 2 to Other Notes	Actual	Plan
Revenue	2013/14	2013/14
Financial Contributions	625,453	445,342
Subsidies and grants (per note 4)	3,894,862	4,895,942
Other Revenue (per Note 4)	6,887,398	6,370,765
Finance Income (per Note 5)	705,019	821,800
Total Operating Revenue (per Note 2)	12,112,732	12,533,849
Expenditure		
Personnel Costs (per Note 6)	5,622,444	5,658,700
Other Expenses (per Note 7)	16,412,044	18,044,583
Finance Costs (per Note 5)	2,935,802	3,144,329
Depreciation (per Notes 12,13,14)	10,609,007	10,012,595
Total Operating Expenditure (per Note 2)	\$35,579,297	\$36,860,207
Add back MDC rates on Council properties (net of discount)	492,418	500,000
Net Operating Cost	\$23,958,983	\$24,826,358

Notes to the Accounts

Note 8

INVENTORIES		\$
30 June 2013		30 June 2014
	Held for distribution inventory:	
81,169	Water & sewer reticulation spares	81,009
6,541	Street furniture & pavers	5,960
37,646	Water treatment chemicals	30,587
11,349	Pre-paid envelopes	23,297
	Commercial inventory:	
31,087	Rubbish bags & bins	25,707
0	Baleage - ex Homebush	15,600
17,991	Miscellaneous items	24,439
\$185,783	Total Stock	\$206,599

No inventories are pledged as security for liabilities (2013 \$ nil). There have been no write-downs or reversals of write-downs of inventory held for distribution or commercial inventory. The loss of service potential of inventory held for distribution is determined on the basis of obsolescence.

Notes to the Accounts

Note 9

DEBTORS & OTHER RECEIVABLES		\$
30 June 2013		30 June 2014
581,434	Rates receivables	573,200
979,105	Roading subsidies receivable	1,537,660
1,450,668	Sundry debtors & receivables	1,784,930
6,820	Related party receivables (Note 18)	6,028
389,934	GST receivable	273,444
147,054	Prepayments	113,689
3,555,015		4,288,951
(109,810)	- less provision for doubtful debts	(130,144)
\$3,445,205	Total Debtors & Other Receivables	\$4,158,807

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 rates. Ratepayers can apply for payment plan options to allow them to catchup. The value of those debts is not considered significant enough to calculate discounted values.

The status of receivables as at 30 June 2013 and 2014 are detailed below:

30 June 2013		30 June 2014
2,674,417	Not past due	3,447,481
420,077	Past due 1-60 days	337,040
155,174	Past due 61-120 days	116,966
305,347	Past due > 120 days	387,464
\$3,555,015	Total	\$4,288,951

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 2013		30 June 2014
36,960	Individual impairment	38,812
72,850	Collective impairment	91,332
\$109,810	Total provision for impairment	\$130,144

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 2013		30 June 2014
0	Past due 1-60 days	0
8,404	Past due 61-120 days	405
28,556	Past due > 120 days	38,407
\$36,960	Total individual impairment	\$38,812

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

30 June 2013		30 June 2014
140,369	At 1 July	109,810
16,786	Additional provisions made during the year	24,834
(10,285)	Provisions reversed during the year	(4,500)
(37,060)	Receivables written off during the year	-
\$109,810	As At 30 June	\$130,144

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

Notes to the Accounts

Note 10

CASH & CASH EQUIVALENTS		\$
30 June 2013		30 June 2014
1,234,041	Cash at bank and in hand	605,313
2,000,000	Short term deposits of 3 months or less (from acquisition)	2,840,000
\$3,234,041	Total cash and cash equivalents	\$3,445,313

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 \$205,231.

Notes to the Accounts

Note 11

OTHER FINANCIAL ASSETS			\$
30 June 2013	Current	Notes	30 June 2014
1,988,614	Short term deposits - maturities > 3 but less than 12 mths	*2	3,492,546
0	Corporate bonds & Borrower Notes (LGFA)	*4	64,000
1,131,642	Investments held by fund manager	*3	2,325,603
\$3,120,256	Total Current Portion of Financial Assets		\$5,882,149
	Non-current		
	Investments in CCO's & other similar entities		
248,859	Shares (NZLGFA & NZLGIC)	*1	242,498
410,960	Borrower notes (NZ LGFA)	*5	521,519
\$659,819			\$764,016
	Investments in other entities		
19,684	Shares (Airtel)	*1	20,216
3,627,113	Corporate bonds	*4	3,387,639
3,271	NZ Units - Carbon Credits on forestry	*7	7,177
5,557,883	NZ fixed interest investments held by fund manager		4,554,183
\$9,207,951			\$7,969,215
\$9,867,770	Total Non-Current Portion of Financial Assets		\$8,733,231
\$12,988,026	Total Other Financial Assets		\$14,615,380
	Internal loans/investments		
\$5,732,774	Balance at 30 June (also see Note 24)	*6	\$4,704,906
\$21,954,841	Total Funds On Hand or Invested (including Cash & Internal)		\$22,765,599

- 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 \$ 1.12 each, 13,300 Airtel Ltd shares valued at \$1.52 each and 100,000 paid up shares in the NZ LGFA valued at cost of \$1 each (a further 100,000 remains uncalled).
- *2 Bank deposits have maturity dates which range from 1 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 ANZ Investments (formerly OnePath) are contracted to actively manage a portfolio of fixed interest investments 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 \$496,000 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 internal loans/investments for both long term funding of certain capital projects and short term cash flow funding to allow optimal timing of external debt drawdowns.
- *7 The Council has been allocated 1,817 NZU carbon credits, based on its forestry area. These have been re valued at the estimated carbon price at 30 June 2014 of \$3.95 per NZU.

Notes to the Accounts

Note 12

PROPERTY PLANT & EQUIPMENT

2014

	Original Cost/ Valuation 30-Jun-13	Accum. Depreciation 30-Jun-13	Carrying Amount 30-Jun-13	Current Year Additions	Vested Assets *3	Current Year Disposals *1	Current Year Transfers/ Adjustments *2	Current Year Depreciation	Current Year Revaluation	Original Cost/ Valuation 30-Jun-14	Accum. Depreciation 30-Jun-14	Carrying Amount 30-Jun-14
Operational Assets												
Land	47,388,296	-	47,388,296	139,084						47,527,380	-	47,527,380
Buildings	37,261,952	(1,610,799)	35,651,153	263,012		(123,620)		(1,657,976)		37,396,064	(3,263,495)	34,132,569
Plant & vehicles	2,548,158	(1,664,617)	883,540	382,982		(2,861)		(197,339)		2,843,906	(1,777,584)	1,066,322
Equipment & furniture	3,838,652	(2,749,255)	1,089,397	280,138		(439)		(239,413)		4,056,324	(2,926,642)	1,129,682
Office equip (finance lease)	212,253	(165,652)	46,602	9,570		(4,295)		(32,037)		46,496	(26,657)	19,839
Library books	453,438	-	453,438	157,640		(17,716)		(143,995)	32,866	482,234	-	482,234
Work in progress	0	-	0	81,827		-		-		81,827	-	81,827
Total operational assets	91,702,749	(6,190,323)	85,512,426	1,314,253		(148,931)		(2,270,760)	32,866	92,434,231	(7,994,378)	84,439,853
Infrastructural Assets												
Land (under roads)	84,988,182	-	84,988,182	7,300		(44,490)		-	9	84,951,000		84,951,000
Roading network	416,546,555	(8,911,253)	407,635,302	4,055,033	310,959	(138,903)	33,619	(4,502,606)	13,492,597	420,886,000		420,886,000
Water treatment plant & facilities - Mastertc	9,343,528	(672,820)	8,670,708	23,788		-		(341,656)	(98,841)	8,254,000		8,254,000
Water reticulation (incl rural supplies)	29,146,250	(1,602,041)	27,544,209	1,341,878		(298,834)	3,667	(794,748)	(330,173)	27,466,000		27,466,000
Sewerage treatment plant - Masterton	28,734,747	(262,152)	28,472,595	2,598,927		-	-	(558,163)	(3,357)	30,510,000		30,510,000
Sewerage reticulation - Masterton	27,081,899	(2,356,908)	24,724,991	1,178,638		(259,402)	943,761	(1,187,188)	(495,800)	24,905,000		24,905,000
Sewerage systems - rural *4	9,661,307	(389,175)	9,272,132	30,194		(5,908)		(225,299)	(105,119)	8,966,000		8,966,000
Stormwater assets	12,718,842	(434,292)	12,284,550	96,955		(28,595)	4,834,071	(319,152)	(1,784,831)	15,083,000		15,083,000
Flood protection & control works	4,200,000	(107,054)	4,092,946	0		-		(53,527)	195,580	4,235,000		4,235,000
Other infrastructure	3,935,956	(140,549)	3,795,407	129,709		-		(72,159)	342,043	4,195,000		4,195,000
Work in progress	1,136,885	-	1,136,885	1,116,060			(981,047)			1,271,898	-	1,271,898
Total infrastructural assets	627,494,151	(14,876,244)	612,617,907	10,578,482	310,959	(776,131)	4,834,071	(8,054,497)	11,212,108	630,722,898	-	630,722,898
Total Property, Plant & Equipment	\$ 719,196,900	(\$21,066,567)	\$ 698,130,333	\$ 11,892,735	\$ 310,959	(\$925,062)	\$ 4,834,071	(\$10,325,258)	\$ 11,244,974	\$ 723,157,129	(\$7,994,378)	\$ 715,162,752

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 2014 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.

*1 Disposals are reported net of accumulated depreciation.

*2 In the Transfers & Adjustments column \$981,047 was transferred out of work in progress as detailed below:

Roading carpark & median work, one water reticulation mains renewal and six sewerage main replacement projects.

During the year work was done on improving the stormwater asset inventory and, prior to the asset revaluation, this was incorporated into the stormwater asset valuation.

This exercise resulted in \$4.8 million (39%) of asset value increase. This figure shows in the Stmt of Comprehensive Income as infrastructural asset adjustments.

*3 Vested Assets include assets transferred to the Council as part of the Town Square development.

*4 Rural sewerage systems at Riversdale Beach, Castlepoint and Tinui have not been split into treatment and reticulation components, but the value split is estimated at 29/71 (treatment/retic).

Notes to the Accounts

Note 13

PROPERTY PLANT & EQUIPMENT

2013	Original Cost/ Valuation 30-Jun-12	Accum. Depreciation 30-Jun-12	Carrying Amount 30-Jun-12	Current Year Additions	Vested Assets *3	Current Year Disposals *1	Current Year Transfers/ Adjustments *2	Current Year Depreciation	Current Year Revaluation	Original Cost/ Valuation 30-Jun-13	Accum. Depreciation 30-Jun-13	Carrying Amount 30-Jun-13
Operational Assets												
Land	47,385,274	-	47,385,274	3,022						47,388,296	-	47,388,296
Buildings	36,182,549	-	36,182,549	745,568		(94,830)	437,635	(1,619,770)	-	37,261,952	(1,610,799)	35,651,153
Plant & vehicles	2,386,673	(1,551,413)	835,260	221,633		(4)		(173,349)		2,548,158	(1,664,617)	883,540
Equipment & furniture	3,643,085	(2,625,884)	1,017,201	304,703		(3,833)		(228,672)		3,838,652	(2,749,255)	1,089,397
Office equip (finance lease)	202,327	(133,222)	69,105	9,926		-		(32,430)		212,253	(165,652)	46,602
Library books	456,226	-	456,226	147,864		(34,341)		(129,379)	13,068	453,438	-	453,438
Work in progress	437,635	-	437,635	0			(437,635)			0	-	0
Total operational assets	90,693,769	(4,310,519)	86,383,250	1,432,717	0	(133,008)	-	(2,183,600)	13,068	91,702,749	(6,190,323)	85,512,426
Infrastructural Assets												
Land (under roads)	84,957,312	-	84,957,312	30,870		-		-		84,988,182	-	84,988,182
Roading network	412,068,273	(4,435,055)	407,633,218	4,094,415		(214,705)	598,572	(4,476,199)		416,546,555	(8,911,253)	407,635,302
Water treatment plant & facilities - Masterton	7,637,129	(286,191)	7,350,938	196,835		(4,321)		(333,902)		7,829,643	(620,094)	8,670,708
Water reticulation (incl rural supplies)	28,042,221	(820,903)	27,221,318	1,440,320		(355,578)	19,287	(781,138)		29,146,250	(1,602,041)	27,544,209
Sewerage treatment plant - Masterton	3,914,484	(83,388)	3,831,096	6,769,438		(3,084,486)	21,135,311	(178,764)		28,734,747	(262,152)	28,472,595
Sewerage reticulation - Masterton	26,097,597	(1,171,730)	24,925,867	820,115		(139,531)	303,718	(1,185,178)		27,081,899	(2,356,908)	24,724,991
Sewerage systems - rural *4	9,450,688	(165,895)	9,284,793	210,619		-	-	(223,280)		9,661,307	(389,175)	9,272,132
Stormwater assets	12,344,991	(214,656)	12,130,335	276,393		-	97,458	(219,636)		12,718,842	(434,292)	12,284,550
Flood protection & control works	4,200,000	(53,527)	4,146,473	0		-	-	(53,527)		4,200,000	(107,054)	4,092,946
Other infrastructure	3,904,704	(70,471)	3,834,233	32,800		(1,548)	0	(70,078)		3,935,956	(140,549)	3,795,407
Work in progress	22,198,949	-	22,198,949	1,092,282			(22,154,346)			1,136,885	-	1,136,885
Total infrastructural assets	616,330,233	(7,354,542)	608,975,691	14,964,087	0	(3,800,169)	(0)	(7,521,703)	-	625,980,266	(14,823,519)	612,617,907
Total Property, Plant & Equipment	\$ 707,024,002	(\$11,665,061)	\$ 695,358,941	\$ 16,396,804	\$ 0	(\$3,933,177)	(\$0)	(\$9,705,303)	\$ 13,068	\$ 717,683,015	(\$21,013,841)	\$ 698,130,333

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 \$21.1 million was transferred out of work in progress, being the value of work from the prior three years on the Homebush sewerage treatment plant.

For the Roding network, the Tinui slump repair job and several other minor projects were completed and brought into assets from WIP.

For Buildings, a number of structures which were partly completed at 30 June 2012 were brought into assets from WIP during the year.

*3 Vested Assets are assets transferred to the Council.

*4 Rural sewerage systems at Riversdale Beach, Castlepoint and Tinui could not be easily split into treatment and reticulation components, but the value split is estimated at 29/71 (treatment/retic).

Notes to the Accounts

Note 14

INTANGIBLE ASSETS	\$		\$	\$		\$
	2013	2013		2014	2014	
	Computer Software	Resource Consents	2013 Total	Computer Software	Resource Consents	2014 Total
Opening Original Cost	805,960	6,384,833	7,190,793	856,731	6,433,347	7,290,078
Opening Accum. Amortisation	(740,822)	(1,680,579)	(2,421,401)	(776,319)	(1,920,738)	(2,697,057)
Carrying Amount (start of year)	65,138	4,704,254	4,769,392	80,412	4,512,609	4,593,021
Additions	50,771	48,514	99,285	28,815	53,186	82,001
Disposals (net BV)	-	-	-	-	-	-
Amortisation Change	(35,497)	(240,159)	(275,656)	(41,912)	(241,838)	(283,750)
Closing Original Cost	856,731	6,433,347	7,290,078	885,546	6,486,533	7,372,079
Closing Accum. Amortisation	(776,319)	(1,920,738)	(2,697,057)	(818,231)	(2,162,576)	(2,980,807)
Carrying Amount (end of year)	80,412	4,512,609	\$ 4,593,021	67,315	4,323,957	\$ 4,391,272

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 2014	Actual 2013
Opening balance 1 July	899,077	704,478
Gains/(losses) arising from changes in fair value	(10,159)	194,599
Decreases due to harvest	(429,482)	-
Balance at 30 June	\$ 459,436	\$ 899,077

The Council's investments in forestry total 72.5 ha and are spread across the district in relatively small areas of planting. These areas have been planted for one of two reasons: 1) the desire to best utilise what would otherwise be unproductive land and 2) for stabilisation of roadsides. Currently 28 separate blocks are recognised, measured and valued. Blocks vary in size from 0.3 ha to 16 ha. Roadside blocks are primarily planted for road asset protection and where a negative value is identified because of the cost of removal, a zero value has been assumed.

Independent registered valuers PF Olsen Ltd (Erin Leahy) have valued the forestry assets as at 30 June 2014, in accordance with NZ IAS 41. A discount rate of 7% has been used to discount the present value of expected cash flows. Notional land rental costs have been included for freehold land. The forests have been valued on a going concern basis and includes only the value of the existing crops on a single rotation basis. The valuation assumes inflation will impact equally on both costs and revenue at a rate of 3% pa. No allowance for cost improvements in future operations. Log prices are based on a 3 year average. The valuation does not include any value in respect of carbon trading opportunities. During September to November 2013 17 ha of the Kaituna block was harvested.

Notes to the Accounts

Note 16

INVESTMENT PROPERTY	Actual 2014	Actual 2013
Opening balance 1 July	2,041,700	2,049,700
Acquisitions / (Disposals)	-	-
Fair value gains/(losses) on valuation	11,300	(8,000)
Balance at 30 June	\$ 2,053,000	\$ 2,041,700

MDC's investment properties are valued at fair value effective 30 June 2014. All investment properties were valued on open market evidence. The valuation was performed by Eri Taylor FNZIV, of QV Asset & Advisory.

Further information required per NZ IAS 40.75	2014	2013
Rental Income	29,611	29,490
Expenses from investment property generating income	12,298	13,942
Expenses from investment property not generating income	3,672	3,370
Contractual obligations for capital expenditure	-	-
Contractual obligations for operating expenditure	-	-

CAPITAL EXPENDITURE SUMMARY		2013/14	2013/14	Source of Funding				
Activity	Project	Plan	Actual	Rates	Reserves	Other		
Roading		<i>(Renewal/New)</i>						
Roading	Roading renewals - rural	R 2,436,000	2,352,168	1,017,800		1,330,035	*2	
	Roading renewals - urban	R 857,000	594,633	296,017		298,616	*2	
	Bridge renewals - Manawa c/fwd	R 445,000	21,567		7,233	14,334	*2	
	Bridge renewals - Wardells strengthen	R 330,000	148,485		51,316	97,169	*2	
	Tinui slump - completion c/fwd	R 60,000	-					
	Urban footpath renewals	R 433,000	465,192	150,000	315,192			
	Rural/Urban minor improvements	R 341,000	184,898	68,234		120,997	*2	
	Car park seal renewals	R 26,000	14,447		14,447			
	High St (south) berm renewal	R 15,000	14,069		14,069			
	Railway station streetscape upgrade	R 25,000	-					
	QE Park footbridge refurbishment	R -	50,595		50,595			
Water Services								
Urban Water Tmt.	Water treatment plant equip. renewal	R 90,000	106,937		106,937			
	Water treatment consent renewal	N 50,000	-					
	Water tmt filter refurb & renewal	R 970,000	858,478			858,478	*1	
Urban Water Retic	Water reticulation - mains renewals	R 750,000	1,066,174		754,920	311,254	*1	
	Water reticulation - connections	R 315,000	190,066		188,704	1,363	*3	
Rural Water	Tinui water supply upgrade	R 50,000	20,160			20,160	*1	
	Te Ore Ore water race	R 20,000	74,639			74,639	*1	
	Wainuioru water supplies upgrades	R 15,000	3,257		3,257			
Sewerage Services								
Urban Sewerage	Homebush sewerage plant upgrade	N 3,100,000	2,850,970		194,543	2,656,427	*1	
	Sewerage reticulation mains renewals	R 2,070,000	1,394,897		993,757	401,140	*1&3	
Rural Sewerage	Tinui sewerage wetland	R 5,000	-					
	Riversdale sewerage scheme	N -	155,947		13,908	142,039	*1	
	Castlepoint sewerage equipment	R -	13,332		13,332			
Stormwater Services								
Stormwater	Stormwater - renewals	R 120,000	61,921		61,921			
	Retention dam and cutoff drains	N 30,000	12,359		12,359			
Solid Waste Services								
Solid Waste	Transfer Station Upgrades	R 70,000	78,192		78,192			
Community Facilities/Activities								
Parks & Reserves	Q. E. Park renewal project	R 150,000	45,786		45,786			
	Drinking fountains	N 5,000	6,257		6,257			
	Playgrounds - replacement equipment	R 25,000	48,115		48,115			
	Street trees additions & replacements	N 15,000	18,776		18,776			
	Henley Lake - flow & level control	R 20,000	8,633		8,633			
	Park lake water pump renewal	R 15,000	12,929		12,929			
	Recreational trails	N 40,000	43,543		43,543			
	Reserves - McJorow Park playground	N 52,000	5,334		5,334			
	Sports facilities upgrading - provision	N 250,000	-					
	Sportsfield irrigation	R -	12,705		12,705			
	Sports facilities carpark reseals	R 16,000	-					
	Castlepoint rubbish bins	R 5,000	-					
GE Rec Centre	GERC - misc items	R 14,000	37,048		24,878	12,170	*1&3	
	GERC - heat plant replacement	R 530,000	26,600		26,600			
Cemeteries	Cemetery landscaping	N 40,000	-					
Library	Library book purchases	R 150,000	157,640		157,640			
	Computer & equipment upgrades	R 44,750	44,048		44,048			
	Library building & furniture upgrades	R 40,000	31,324		31,324			
	Library issue desk upgrade	R 50,000	44,264		44,264			
Archive	Archives film reader renewal	R 15,000	15,990		15,990			
	Archive renewals	R 6,000	-					
District Building	District Building facilities & equipment	R 40,000	66,023		66,023			
	Town Square project	N 85,000	530,282		219,123	311,159	*3&4	
	Town hall stage flying system	R 250,000	5,569		5,569			
	sub totals to carry forward to next page			\$14,480,750	\$11,894,251	\$1,532,051	\$3,712,219	\$6,649,980

CAPITAL EXPENDITURE SUMMARY		2013/14	2013/14	Source of Funding		
Activity	Project	Plan	Actual	Rates	Reserves	Other
sub totals carried forward		\$14,480,750	\$11,894,251	\$1,532,051	\$3,712,219	\$6,649,980
Elderly Housing	Pensioner housing renewals	R 64,000	24,483		24,483	
Other Property	Public conveniences - misc items	R 3,000	-			
	Public conveniences - Riversdale	R 75,000	54,016		54,016	
	Rental & other property upgrades	R 42,000	16,774		16,774	
Airport	Airport certification/safety system	N 50,000	-			
Mawley Park	Mawley Park facility upgrades	N 10,000	18,780		18,780	
Economic Develpm	CBD security cameras - renewals	R 67,500	47,164		47,164	
	CBD under verandah lighting	R -	4,811		4,811	
	Motorplex facility access road c/fwd	N 65,000	89,950		89,950	
	Signage & promotional signs	N 30,000	-			
Regulatory Services						
Environ. Health	Testing equipment	R 7,000	1,830		1,830	
Gen. Inspection	Vehicle replacements	R 65,000	66,361		66,361	
Parking	Parking meter (new)	N -	6,676		6,676	
Internal Functions						
Corporate Serv.	Computer and office equip upgrades	R 80,000	46,901		46,901	
	Aerial photos - printing & display	R -	4,131		4,131	
	Asset Management system	N 100,000	-			
	Document Management system c/fwd	N 50,000	-			
Total Capital Expenditure		\$ 15,189,250	\$ 12,276,127	\$ 1,532,051	\$ 4,094,096	\$ 6,649,980
*1 New External loan funding totals \$4,365,400, internal loans total \$94,799 and \$10,170 Rec Centre from 2010 EECA Loan						
*2 NZ Transport Agency subsidies on roading capital and renewals expenditure totals \$1,861,151						
*3 External grants & contributions towards asset purchases \$7,502						
*4 Vested assets from subdivision include Town Square \$310,959; Roading \$0; Water \$0; Sewer & Stormwater \$0						
Capital Expenditure Analysis						
		Plan	Actual			
	Asset Renewals	11,217,250	8,537,252			
	New Assets (improve level of service)	3,972,000	3,427,916			
	Vested Assets	-	310,959			
		\$15,189,250	\$12,276,127			
COMMENTARY ON CAPITAL EXPENDITURE VARIANCES						
Transport						
One urban roading rehab contract was incomplete at 30 June 2014, so expenditure is less than planned.						
The Manawa bridge renewal project was again delayed because of hold-ups on approval of the final engineering design.						
Wardell's bridge strengthening work was completed at half the cost that was budgeted and done as a minor improvement job.						
The QE Park footbridge refurbishment work was a carry-over of the work started in the previous year.						
Water Services						
The water treatment plant filter bed refurbishment and construction of new filters was not quite complete at 30 June 2014.						
It is expected to be finished and operational by October 2014. The programme of water reticulation mains renewals continued during the year, with some catch-up expenditure against previous years budgets underspent.						
The Te Ore water race incurred unplanned costs to protect the river intake as well as prepare a resource consent application.						
The Tinui water treatment upgrade had site preparation work completed - installation scheduled in August 2014.						
Sewerage Services						
Homebush wastewater treatment plant upgrade made further progress towards completion. See Highlights section for detail.						
A range of farm equipment was purchased in order to undertake the baleage operation in-house - funded from reserve funds.						
The planned value of sewer main renewals included some catch-up from previous years. The length of pipes renewed (4.87km) was more than the previous year, with new technologies helping deliver lower costs.						
The Riversdale sewerage cost is for the purchase of Eastleigh land as a future disposal area - this expenditure was committed when the Council took over the Eastleigh sewerage scheme in 2010.						
Community Facilities						
Some aspects of the QE Park rejuvenation were completed, but the focus has been on consultation for the next stage of work.						
The sporting facilities provision of \$250,000 was not allocated, as part of the 2014/15 Annual Plan was rolled over.						
The GERC heat pump replacement project was progressed, but at year end was awaiting the delivery of the new unit.						
The Town Square project is described in the highlights section of this report. The Town Hall stage flying system upgrade had contracts let and construction underway in September 2014. It is expected to be completed within the budget.						
Internal Functions						
An asset management system has been selected, but work on it's installation had only just started by 30 June 2014.						

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 (until Oct 2013) **G.E. Daniell** is the owner of Wairarapa Concrete Ltd which supplies goods to the Council.
- * **G.E. Daniell and Cr C. Petersen** were elected members of the Lands Trust Masterton (LTM) which both receives and supplies services to the Council and is a provider of grants funding.
- * New Mayor **L. Patterson** is the Council appointee and chair of the Workforce Development Trust which received a grant.
- * **Mayor L. Patterson's** husband Phil Patterson (along with another party) has a ground lease at the Masterton Airport.
- * **Cr J. Hooker** is a trustee of Wairarapa All Weather Track Trust and Workforce Development Trust, which received grants from the Council. He also provides 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 M. Harris** is a trustee of Wairarapa All Weather Track Trust and a committee member of Team Wairarapa Athletics Inc. which received grants 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.
- * **Cr. S. O'Donoghue** is the owner of Masterton Glass Co. Ltd/Ziggys to which the Council both receives & supplies services.
- * **Cr. D. Holmes** is the owner of Pakaraka Land Ltd. which supplied services to the Council.

Significant transactions and balances outstanding are as follows:

	\$ 2013/14	\$ 2012/13
Value of goods supplied by Wai. Concrete Ltd.	2,400	217
Value of services supplied to Wairarapa Concrete (landfill charges)	60	122
Council owes / is owed by Wairarapa Concrete at year end	0 / 0	0 / 140
Value of goods & services supplied by Lands Trust Masterton	0	2,857
Value of goods & services supplied to Lands Trust Masterton	120,657	5,632
Value of grants income received by Council from Lands Trust Masterton	32,400	66,000
Value of services supplied to Mr Phil Patterson (his 1/3 share of lease)	1,538	1,454
Value of services supplied by GT Environmental Services Ltd and GTG Ltd.	3,587	3,462
Value of services supplied to GT Environmental Services Ltd (waste charges)	62,635	70,247
Council owes / is owed by GT Environmental Services Ltd at year end	0 / 6,017	0 / 6,680
Grant given by the Council to Wairarapa Regional All Weather Track Trust	0	25,000
Grant given to the Wairarapa Workforce Development Trust	5,000	5,000
Payments to Synergy Consultants Ltd (as CD controller)	842	65
Payments to Synergy Consultants Ltd (event management)	0	150
Payments to Rekooh Motors Ltd	210	477
Grants given by the Council to Team Wairarapa Athletics Inc.	2,560	0
Value of goods & services supplied by Pakaraka Land Ltd.	1,682	0
Value of goods & services supplied by Masterton Glass Co. Ltd.	2,000	0
Value of services supplied to Masterton Glass Co. Ltd. (landfill charges)	517	0
Council owes / is owed by Masterton Glass Co. Ltd. at year end	0 / 11	0 / 0
Grant given by the Council to the Wairarapa Balloon Society Inc.	13,500	13,500
Grants given to the Wairarapa Community Counselling Centre	2,000	0
Grants given to the Wairarapa Community Centre	10,015	11,500

Transactions with key management personnel*

	\$ 2013/14	\$ 2012/13
Salaries & performance payments	1,074,796	945,832
Other benefits (medical & Kiwisaver)	15,679	15,897
Post-employment, long term or termination benefits	0	0
	<u>\$1,090,475</u>	<u>\$961,729</u>

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

The increase in salary payments from last year includes annual leave on the former CEO's final pay.

Severance payments - for the year ended 30 June 2014: MDC made 0 severance payments (2012/13 = 0)

REMUNERATION - Elected Representatives		\$ 2013/14	\$ 2012/13
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 of the 'pool' decided by the Council.			
Mayor (since Oct'13)	Lyn Patterson	60,109	0
Deputy Mayor (since Oct'13)	Graham McClymont	20,624	0
Councillor & committee chair	Chris Peterson	25,881	27,005
Councillor & committee chair	Jonathan Hooker	27,443	27,005
Councillor & committee chair	David Holmes	24,947	20,773
Councillor & committee chair	Doug Bracewell	24,055	20,773
Councillor & committee chair	Gary Caffell	24,055	20,773
Councillor & committee chair	Phillipa Hannon	24,055	20,773
Councillor (since Oct'13)	Brent Goodwin	15,624	0
Councillor (since Oct'13)	Simon O'Donoghue	15,624	0
Councillor (since Oct'13)	Mark Harris	15,624	0
Mayor (until Oct'13)	Garry Daniell	23,394	81,100
Deputy Mayor (until Oct'13)	Jane Terpstra	7,913	27,005
Councillor & com'tee chair (until Oct'13)	Lyn Patterson	7,913	27,005
Councillor (until Oct'13)	Judith Callaghan	6,087	20,773
Councillor (until Oct'13)	Graham McClymont	6,087	20,773
		<u>\$ 329,436</u>	<u>\$ 313,758</u>

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 Council did not renew his appointment. The annual salary package, including benefits was:

	\$ 2013/14	\$ 2013/14	\$ 2012/13
	Per Agreement	Paid to CEO	Paid to CEO
Annual salary	190,413	252,694	184,170
Performance provision (discretionary to max of)	3,000	3,000	3,000
Other (medical, phone, prof. fees incldg FBT)	3,000	3,034	3,233
	<u>\$196,413</u>	<u>\$258,728</u>	<u>\$190,403</u>

Note: Variations between the agreed salary and the actual paid may occur due to holidays paid at a higher rate in complying with the Holidays Act 2003 and if there are any extra days in the pay year. The higher payment compared to the package was due to the final pay including 18 weeks of annual leave.

Mr Pim Borren's appointment was confirmed in March 2014, commencing in May 2014 for the period to 30 June 2016.

	\$ 2013/14	\$ 2013/14	\$ 2012/13
	Per Agreement	Paid to CEO	Paid to CEO
Annual salary	210,000	20,192	0
	<u>\$210,000</u>	<u>\$20,192</u>	<u>\$0</u>

REMUNERATION - Council employees

Total annual remuneration by band for employees as at 30 June:

	2014		2013	
< \$60,000	54		60	
\$60,000- \$79,999	22		23	
\$80,000- \$99,999	7		10	
\$100,000-\$139,999	6		4	
\$140,000-\$219,999	3			
(includes part time & casual)	<u>Total Employees</u>	<u>92</u>	<u>Total Employees *</u>	<u>97</u>
	<u>Total FTEs</u>	<u>73</u>	<u>Total FTEs</u>	<u>74</u>

Total remuneration includes all financial and non-financial benefits provided to employees.

Where the number of employees in any band is 5 or fewer, the number for that band is combined with the next-highest band. The band ranges differ between the two reporting years as a result of this. At balance date the Council employed 59 (2013 = 58) full-time employees, with the balance of staff representing 14 (2013 = 16) full-time equivalent (FTE) employees. A full-time employee is determined on the basis of a 40 hour working week.

CREDITORS & OTHER PAYABLES		\$
30 June 2013		30 June 2014
4,921,643	Trade payables	5,152,716
204,293	Deposits & bonds	189,797
81,048	Agency rates collected - Greater Wellington Regional Council	88,264
638,367	Income received in advance	717,175
234,087	Community organisations - funds held in trust	164,813
<u>\$6,079,438</u>		<u>\$6,312,765</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

EMPLOYEE BENEFIT LIABILITIES			\$
30 June 2013			30 June 2014
700,550	Staff holiday provision		658,841
19,723	Salaries & wages accrued		39,792
20,988	Councillor's honorariums payable		21,762
11,663	Staff sick leave provision		12,727
11,976	Staff alternative leave provision		7,433
131,737	Staff retirement gratuities		138,794
\$896,639		Total Employee Benefit Liabilities	\$879,349
814,195	Comprising:	Current	791,369
82,444		Non-current	87,980
\$896,639		Total Employee Benefit Liabilities	\$879,349

The present value of staff retirement gratuities represents the discounted value of long service leave payable to nine staff. The entitlement was 'grandfathered' in the 1990s, with the nine staff having their entitlement frozen, except for salary movements. The discounted rate for future payments is 4.5% (last year 4.5%) while no salary inflation factor has been applied. The discounted rate has been applied to the best estimate of future cashflows. Any changes to these assumptions will affect the carrying amount of the liability.

Notes to the Accounts

Note 22

DERIVATIVE FINANCIAL INSTRUMENTS					Actual
30 June 2013					30 June 2014
\$					\$
-	Assets				-
21,380	Current	Interest rate swaps - fair value hedges			
\$21,380	Non-current	Interest rate swaps - fair value hedges			224,185
-	Liabilities				-
1,848,581	Current	Interest rate swaps - fair value hedges			786,616
\$1,848,581	Non-current	Interest rate swaps - fair value hedges			\$786,616
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/Hedgebook Limited.					
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	6.3 years	30/10/20	6.100%	
3	2,500,000	7.1 years	30/07/21	6.350%	
7	1,000,000	4.7 years	29/03/19	5.165%	
8	1,200,000	1.1 years	20/07/15	4.030%	
9	800,000	5.1 years	20/07/19	5.340%	
10	1,200,000	2.8 years	20/04/17	4.200%	
11	1,000,000	4.1 years	20/07/18	5.800%	
12	1,500,000	3.9 years	22/05/18	4.480%	
13	2,000,000	3.7 years	21/03/18	4.650%	
14A	1,000,000	2.5 years	22/12/16	4.770%	
14B	2,000,000	3.0 years	22/06/17	4.045%	
15A	2,000,000	2.1 years	25/07/16	3.900%	
16	2,000,000	4.3 years	23/10/18	5.350%	
17	2,000,000	6.2 years	24/08/20	4.660%	
18	2,000,000	1.8 years	20/04/16	4.300%	
19	2,000,000	4.0 years	22/06/18	5.320%	
20	2,000,000	2.9 years	22/05/17	5.220%	
21	2,000,000	8.0 years	22/06/22	4.570%	
22	2,000,000	7.2 years	22/09/21	4.570%	
23	2,000,000	7.1 years	26/07/21	4.680%	
24	1,000,000	5.7 years	22/02/20	4.980%	
26	1,500,000	7.5 years	24/12/21	4.405%	
27	3,000,000	6.5 years	24/12/20	4.370%	
28	1,000,000	7.9 years	15/05/22	4.840%	
29	1,200,000	5.1 years	20/07/19	4.850% *1	
30	2,000,000	7.8 years	20/04/22	4.835% *1	
31	2,000,000	4.8 years	25/04/19	4.670% *1	
32	1,200,000	8.1 years	20/07/22	4.790% *1	
	47,600,000				
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 there were four forward dated swaps due to commence in the next one to two years.					

PROVISIONS

30 June 2013		30 June 2014
\$	Landfill Aftercare Provision	\$
368,766	Opening balance	378,020
(82,548)	Amounts used during the year	(29,749)
74,627	Adjustments to provision*	(56,196)
17,176	Discount unwinding (Note 5)	16,455
<u>\$378,020</u>	Closing balance	<u>\$308,531</u>

Commentary

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 some imported material. 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 2013/14 were less than expected (for monitoring and adding cover material on the site). The capping work is now expected to be done over the next 5 years cleanfill deposited at the site - hence a reduction in the provision.

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 30 council shareholders of the NZLGFA, along with the NZ Government. 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 DC is a guarantor of all of NZLGFA's borrowings. At 30 June 2014, NZLGFA had lent \$3.695 billion (2013: \$2.48 billion). 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 2014	Amount owing 30 June 2013
Masterton Motorplex Inc.	300,000	290,253	

30 June 2013		30 June 2014
\$0	Value of Financial Guarantee Provision carried	\$0
\$	Total Provisions	\$
378,020	Landfill aftercare provision	308,531
0	Financial guarantees provision	0
<u>\$378,020</u>	Closing carrying value - Provisions	<u>\$308,531</u>
103,774	Current	58,963
274,246	Non-current	249,568
<u>\$378,020</u>		<u>\$308,531</u>

FINANCIAL LIABILITIES as at 30 June 2014		\$	\$	\$
		30 June 2013	30 June 2014	Plan 2014
SUMMARY	Secured (bank) loans	24,910,276	17,516,040	19,338,000
	LGFA bonds	25,000,000	35,000,000	35,000,000
	EECA Energy Efficiency Crown Loan	47,410	23,810	24,000
	Finance leases	94,720	52,051	59,000
	Internal loans	5,174,688	4,704,906	4,768,000
	Sub total - all financial liabilities	55,227,094	57,296,807	59,189,000
	Less current portion of external liabilities	(1,646,202)	(5,859,902)	(1,964,000)
	Internal loans/investments reversed	(5,174,688)	(4,704,906)	(4,768,000)
	Total non-current financial liabilities	\$48,406,204	\$46,731,999	\$52,457,000
COST OF DEBT SERVICING		Actual		Plan
	Loan repayments (external)	1,835,476		1,646,202
	Interest expense (external)	2,919,347		3,147,527
	Cost of Debt Servicing (external)	4,754,823		4,793,729
	Loan repayments (internal)	564,578		431,533
	Interest expense (internal)	311,188		283,508
	Cost of Debt Servicing (internal)	875,766		715,041
	Treasury Policy Compliance		Policy Limits	
	Net External Debt to Total Equity	6.8%	10%	7.2%
	Net External Debt to Operating Revenues	126.5%	150%	119.0%
	Interest (external) as % of operating revenue	7.9%	10%	8.5%
	Interest (external) as % of total rates revenue	11.9%	15%	12.9%
	Interest (internal & external) as % of total rates revenue	13.2%	20%	14.1%
MOVEMENTS IN TOTAL DEBT		\$ Actual	\$ Plan	
	Opening Balance 1 July 2013	\$55,227,094	\$48,616,735	
	Loan repayments	(2,400,054)	(2,077,735)	
	New borrowing (external & finance leases)	4,469,770	12,650,000	
	Closing Balance 30 June 2014	\$57,296,810	\$59,189,000	
MATURITY ANALYSIS				
The following is a maturity analysis of MDC's borrowings (excluding finance leases & internal borrowings).				
		30 Jun 2013	30 Jun 2014	
	Repayments due in less than one year	1,646,202	5,859,902	Weighted average interest on external loans
	Later than one year, less than five	8,072,254	7,548,906	
	Later than five years	40,239,231	39,131,042	
		\$49,957,686	\$52,539,850	5.8%
ANALYSIS OF FINANCE LEASE LIABILITIES		Actual 2013	Actual 2014	
	Payable no later than one year	51,844	22,544	
	Later than one, not later than two years	22,910	15,819	
	Later than two, not later than five years	26,681	17,985	
	Future financing charges	(6,715)	(4,297)	
		\$94,720	\$52,051	
	Representing lease liabilities - Current	51,844	22,544	
	- Non-current	42,876	29,507	
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 two Cash Advance Facilities (CAFs) with \$17.5m drawn and \$14.5m undrawn. The CAFs 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 two to nine years.				

FINANCIAL LIABILITIES as at 30 June 2014

Debentures: The Local Government Funding Agency (LGFA) bonds are used to fund capital projects. These bonds are floating rate, with swaps used to fix interest rates to comply with treasury policies.

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 \$10 million externally during the year. The loan funds were applied to capital projects (\$4.36 million) while \$5.64 million was used to replace existing external debt.

Internal loans: \$94,800 in internal borrowing was used to fund new capital projects. Internal interest paid/earned totalled \$311,188 and was charged on the average balance due. The interest rates charged averaged 4.51% for the year to 30 June 2014. The rates were based on the mid-point between what the Council could earn and what Council was paying on its external loans.

Schedule of Internal Loan/Investment Movements by Groups of Activities

for the year ended 30 June 2014

Internal Interest \$ 000's		Opening Balance \$ 000's	New Borrowing \$ 000's	Reduction \$ 000's	Closing Balance \$ 000's
9	Roading	217	0	(55)	162
29	Water	0	95	-	95
177	Sewerage Services	2,756	0	(331)	2,425
0	Stormwater	15	0	(15)	0
23	Solid Waste	529	0	(29)	500
73	Community Facilities/ Activities	1,658	0	(135)	1,523
311		5,175	95	(565)	4,705

EQUITY**RETAINED EARNINGS**

30 June 2013		30 June 2014
426,748,869	Opening Balance	425,164,322
5,639,441	Transfers From Special Funds & Reserves	5,030,889
(5,888,687)	Transfers (To) Special Funds & Reserves	(7,338,904)
773,704	Revaluation reserve on disposal assets to equity	422,239
-	Infrastructure assets inventory adjustments	4,834,071
(2,109,005)	Surplus/(Deficit) for the year	1,753,847
\$425,164,322	Closing Balance	\$429,866,464

REVALUATION RESERVES

30 June 2013	Notes	Movements due to asset disposals	Revaluation Movements	30 June 2014
31,413,587	Land			31,413,587
15,822,752	Buildings	*1 (156,383)		15,666,369
	Infrastructural Assets			
3,709,589	Land (under roads)	(1,943)	9	3,707,655
142,415,673	Roading & footpath assets	(45,155)	13,492,597	155,863,115
12,913,169	Water supply - urban	(119,736)	(619,143)	12,174,290
67,747	Water supplies - rural		190,130	257,877
10,861,322	Sewerage system - urban	(88,427)	(499,156)	10,273,739
(13,717)	Sewerage systems - rural		(105,119)	(118,836)
4,156,477	Stormwater assets	(10,595)	(1,784,831)	2,361,051
2,494,797	Other infrastructure assets		537,622	3,032,419
45,172	Financial assets value change via comprehensive income		(245,928)	(200,756)
\$ 223,886,568		(\$422,239)	\$ 10,966,181	\$ 234,430,510

Analysis of Movements

*1 Buildings disposals: - Sewerage Tmt lab already included in infrastructural assets (\$156,383)

*2 Infrastructural assets were revalued as at 30 June 2014 resulting in \$11.2 million (1.8%) increase in depreciated replacement cost (DRC) over 3 years, after taking account of additions and depreciation during that period ending 30th June 2014.

Revalued portion of infrastructural assets disposed/replaced included the following:

Land assets:	- service lane land sold	(\$1,943)
Roading assets:	- kerb & channel, footpaths, signs, culverts, streetlighting	(\$45,155)
Water assets:	- water reticulation mains & connections	(\$119,736)
Sewerage assets:	- sewer reticulation, manholes & connections	(\$88,427)
Stormwater assets:	- stormwater reticulation	(\$10,595)

FINANCIAL INSTRUMENTS**Financial instrument categories**

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

	\$000	\$000
Financial Assets	30 June 2014	30 June 2013
Fair value through profit & loss		
Fund manager - cash and cash equivalents	6	9
Fund manager - current financial assets	2,326	1,132
Fund manager - non-current financial assets	4,554	5,558
	<u>6,885</u>	<u>6,699</u>
Cash Deposits, Receivables & Community Loans		
Debtors and other receivables	4,159	3,445
Cash and cash equivalents	3,440	3,225
Bank deposits - current financial assets	3,493	1,989
	<u>11,091</u>	<u>8,658</u>
Fair value through comprehensive income		
Derivative financial instrument assets	224	21
Corporate bonds - current	64	0
Corporate bonds - non-current	3,909	4,038
Unlisted shares	263	269
	<u>4,460</u>	<u>4,328</u>
Financial Liabilities		
Fair value through comprehensive income		
Derivative financial instrument liabilities	787	1,849
Financial liabilities at amortised cost		
Trade and other payables	6,313	6,079
Borrowings - secured loans	17,516	24,910
- debentures & LGFA bonds	35,000	25,000
	<u>58,829</u>	<u>55,989</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 Funding 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 2014 is 4.85% (last year 4.5%) and on MDC's borrowings (as shown in Note 24) weighted average interest rate is 5.79% (last year 5.7%).

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 and maximum level of borrowing (55% and 90%) that is to be subject to fixed interest. 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 2014 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 \$177,900 (2013 \$158,400). If interest rates on **borrowings** at 30 June 2014 had fluctuated by plus or minus 1%, the effect would be to decrease/increase the surplus/(deficit) in future periods by up to \$525,900 (2013 \$500,100) 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 manages 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 2014	30 June 2013
Cash at bank and term deposits	6,938	5,223
Debtors and other receivables	4,159	3,445
Local authority, LGFA and government stock	4,063	4,837
Corporate bonds/discounted securities/SOEs	6,425	5,890
	21,585	19,395
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- 5,445	3,734
	Not Rated 1,493	1,489
	6,938	5,223
Government stock	AA 3,062	3,659
LGFA	AA+ 1,001	
Local authority stock	A 364	1,179
	4,428	4,837
Corporate bonds/discounted securities	AAA 178	0
	AA 206	1,534
	A to AA- 4,063	3,390
	A1 & A1+ 1,400	966
	BBB 577	0
	6,425	5,890
Counterparties without credit ratings		
Debtors and other receivables	4,159	3,445
	4,159	3,445
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 is a shareholder in the NZ LGFA and borrowed \$10m from them during 2013/14. There are two cash advance facilities with Westpac and ANZ. The maximum amount that could be drawn down using these facilities during 2013/14 was \$36m (2013 \$40m). 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 \$17.5m (2013 \$24.9m).

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 2013					
Creditors and other payables	6,079	6,079	6,079		
Net settled derivative liabilities*	1,849	4,596	813	2,942	842
Committed cash advances	24,908	26,247	1,071	25,176	
Secured loans	50	52	26	26	
Debenture stock & LGFA bonds	25,000	30,444	1,089	4,355	25,000
Finance leases	95	101	52	49	
	57,980	67,519	9,130	32,547	25,842
As at 30 June 2014					
Creditors and other payables	6,313	6,313	6,313		
Net settled derivative liabilities*	787	9,963	1,998	6,160	1,804
Committed cash advances	17,516	17,949	346	17,603	
Secured loans	24	24	24	0	
Debenture stock & LGFA bonds	35,000	36,273	4,255	21,018	11,000
Finance leases	52	52	23	29	
	59,692	70,572	12,959	44,810	12,804

* 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
	\$000	\$000	\$000	\$000
as at 30 June 2013				
Financial Assets				
Derivatives	21		21	0
Local Authority stock	1,179	0	1,179	0
Shares	269	0	0	269
Corporate bonds & disc. securities	5,890	5,890	0	0
Government Bonds	3,659	3,659	0	0
	11,017	9,549	1,200	269
Financial Liabilities				
Derivatives	1,849		1,849	
as at 30 June 2014				
Financial Assets				
Derivatives	224		224	0
Local Authority stock & LGFA	1,366	0	1,366	0
Shares	263	0	0	263
Corporate bonds & disc. securities	6,425	6,425	0	0
Government Bonds	3,062	3,062	0	0
	11,340	9,487	1,590	263
Financial Liabilities				
Derivatives	787		787	

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 Plan (LTP) 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 LTP.

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 - 2013/14					
	Opening Balance	Transfers Out	Transfers In	Closing Balance	Plan
Plant & Equipment Funds	1,580,465	(450,755)	413,641	1,543,351	1,327,349
General Capital Funds	3,379,718	(186,797)	822,249	4,015,170	3,629,549
Investment Interest Fund	270,989	(570,000)	481,021	182,010	206,973
Reserves & Development Funds	1,135,424	(158,788)	90,280	1,066,916	1,140,569
Building Depreciation Funds	4,602,550	(692,349)	1,455,692	5,365,892	4,001,036
Roading, Bridges & Flood Damage	2,995,075	(333,663)	1,043,569	3,704,981	3,001,204
Urban Infrastructural Depreciation	2,339,253	(2,126,972)	2,179,733	2,392,014	2,124,062
Miscellaneous Funds	929,118	(511,566)	852,719	1,270,272	604,800
Total	\$17,232,592	(\$5,030,889)	\$7,338,905	\$19,540,607	\$16,035,542
				Actual 2013/14	Plan 2013/14
Analysis of Transfers 'OUT' of Funds & Reserves					
Funding of Capital Expenditure from special funds & reserves				4,094,096	4,921,750
Funding of Operating Expenditure from special funds & reserves				936,793	900,000
				5,030,889	5,821,750
Analysis of Transfers 'IN' to Funds & Reserves					
Reserves & Development Contributions received				73,885	130,000
Infrastructure & Roothing Contributions received				463,313	226,000
Carry forward funding for on-going project commitments				1,158,595	152,000
Interest earned and retained in special funds				286,706	261,507
Interest earned and allocated to Investment Interest fund				481,021	551,993
				Sub Total	2,463,520
Depreciation funded into asset replacement reserves funds				4,051,916	3,855,374
Total of Transfers into funds from Operations				6,515,436	5,176,874
Proceeds from sale of plant & equipment assets				56,268	15,000
Proceeds from sale of land & building assets (including forestry harvested)				767,200	200,000
Total Transfers into funds from Asset Sales				823,468	215,000
				7,338,905	5,391,874

Explanation of variances from Plan:

The balance of Special Funds & Reserves, at \$19.5 million, is \$3.5 million or 22% more than planned.

Plant & Equipment Funds - 16% more than Plan

The planned spending on an asset mgmt system was not needed and more depreciation has been added than was planned.

General Capital Funds - 10.6% more than Plan

The proceeds from harvest of the Kaituna forest (some \$680,000) were added to this fund, but were not in the Plan.

Investment Interest Fund - \$25,000 less than Plan

Less interest income was earned than was planned.

Reserves & Development Funds - 6% less than Plan

Income from reserves and development contributions was below Plan.

Building Depreciation Funds - 34% more than Plan, \$1.365 million

\$246k more depreciation has been funded while three projects expected to be funded were delayed - these were Town Hall stage (\$250k), the pools heating plant (\$503k) and the sports facility provision (\$250k).

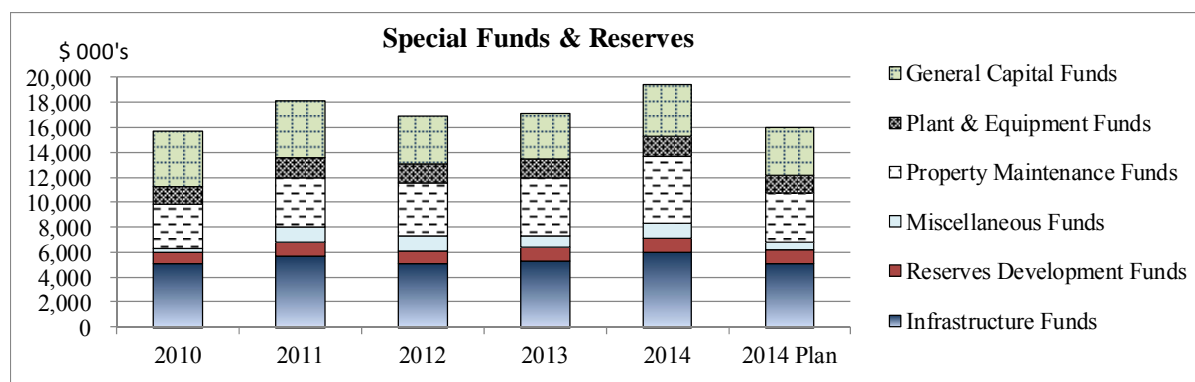
Infrastructural Assets Funds

Roothing funds are 23% more than planned, some \$700k, due to flood damage funding carried forward and the bridge replacement project that was planned, being deferred to next year. The Flood Damage fund has a balance of \$218k.

Urban infrastructure fund is 12.6% above the Plan level due to greater contributions income than planned.

Miscellaneous Funds

These funds have ended the year \$665k above the planned level due to a range of carried forward project funding items.



Purpose and Application of Special Funds & Reserves

Plant & Equipment Depreciation Funds

These funds are built up from depreciation on plant and equipment and are used to fund replacements.

General Capital Reserves

These funds have been set aside from the sale of assets, the most significant of which was the Wairarapa Electricity shares sold in 1996. Forestry sale proceeds are added to this reserve. Funds can be utilised for new asset purchases and to fund one-off Council projects and grants.

Investment Interest Fund

These funds are generated by receiving the proceeds of interest earnings on investments, after allocating interest at the rate of inflation to all other special funds balances. The funds are applied to offset debt servicing costs on specific projects including the CBD upgrading, Chapel St stormwater line, Castlepoint seawall and rural transfer stations.

Reserves & Development Funds

These funds represent reserves and development contributions that are generated from the District Plan provisions for financial contributions on development and subdivision. The funds can only be applied to the purpose for which they were taken ie development of assets on reserves and general district development.

Buildings Depreciation Funds

The Council has a series of specific depreciation reserve accounts for assets such as Housing for the Elderly, the District Building, Genesis Energy Recreation centre and parks & reserves buildings. Depreciation funds on these assets are accumulated in these funds and used for renewal expenditure as required.

Roading, Bridges & Flood Damage Funds

Most roading renewal expenditure is funded from rates and NZTA subsidies, but some funding for Council's share of bridge renewals and street furniture is being built up in this fund. Roading contributions taken as per the District Plan financial contributions are accumulated in this fund and a separate fund for responding to road flood damage is also part of this group. Use of these funds can be for roading and bridge renewals, upgrades and flood damage.

Urban Infrastructure Depreciation Funds

Depreciation on urban infrastructural assets is accumulated in this fund and applied to renewal of those assets. Infrastructure contributions taken as per the District Plan financial contributions are accumulated in this fund and utilised on renewing and upgrading the network assets.

Miscellaneous Funds

These funds are made up of surpluses and deficits of various distinct entities under Council's control. Separate balances are maintained for a number of rural water and sewerage supplies and the Dog Control carry forward surpluses. A separate Special Funds account represents a balance of funds carried forward. They are generally rated for specific items, but not spent. The sums are identified at year end and carried forward so they can be applied to the expenditure for which they were raised. The Council has also utilised, or borrowed from these funds to advance projects and repay back to the fund, eg Wairarapa Combined District Plan project.

RECONCILIATION OF NET SURPLUS/(DEFICIT) TO NET CASH INFLOW		
2012/13	FROM OPERATING ACTIVITIES	2013/14
(\$2,109,005)	Operating Surplus / (Deficit)	\$ 1,753,847
	- Add (less) non-cash items	
9,980,961	Depreciation and amortisation	10,609,007
-	Vested asset gains	(310,959)
(194,599)	(Gains)/losses in fair value of biological assets (forestry)	10,159
8,000	(Gains)/losses in fair value of investment property	(11,300)
(3,983)	Other non-cash items	(36,773)
	- Add (less) items classified as investing or financing	
3,885,948	(Gains)/losses on disposal of property, plant & equipment	466,047
(951,878)	(Gains)/losses on change in fair value of financial assets/liabilities	(1,167,633)
	- Add (less) movements in working capital items	
1,417,196	Receivables & current assets	(734,418)
591,827	Accounts payable	667,939
74,452	Payroll & accrued leave liabilities	(17,290)
(1,858,321)	Other current liabilities	(325,166)
\$ 10,840,598	Net Cash Inflow from Operating Activities	\$ 10,903,460

RATING POLICIES REPORT	2013/14		2012/13	
	No.	\$	No.	\$
RATES REMISSIONS				
The cost of the Council's Rates Remission Policy is summarised below.				
Rates remissions were given on:				
Community halls, volunteer & charitable groups	61	62,314	59	58,736
Sporting, arts and cultural use	27	47,494	27	46,639
Land protected for conservation or heritage purposes	70	6,802	26	2,495
Rate arrears penalties*	7,397	154,969 *	5,642	115,897
Uniform charges on non-contiguous units	4	1,452	4	1,437
Urban land with rural use	7	3,892	8	4,009
Total (as per Note 3)	<u>7,566</u>	<u>\$276,923</u>	<u>5,766</u>	<u>\$229,213</u>

* Note: The majority of these penalty remissions were given to properties which had a 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. The 7,397 is the number of transactions but relates to penalty remissions on 2212 properties. The large increase from the previous year, both in terms of volume and value, is a reflection of the growth in people paying by way of DD and in particular, choosing to pay on a weekly, fortnightly or monthly basis.

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 (2013 = 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 2013/14, no properties (2012/13 = 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		2013/14	2013/14	2012/13
Treasury Policy	Policy Limit	Actual	Plan	Actual
Net External Debt* as % of Operating revenue	150%	126.5%	140.5%	130.5%
Interest expense (external) as % of Op revenue	10%	7.9%	8.5%	7.6%
Interest expense as % of Rates revenue	15%	11.9%	12.9%	11.4%
Interest (external & internal) as % Rates revenue	20%	13.2%	14.1%	12.7%
Long Term Debt (external) per capita		\$2,001	\$2,251	\$2,073

* For consistency, the definition of Net External Debt used above, has changed from the one used in the 2013/14 Annual Plan. It is now Financial liabilities (including current), less current financial assets.

Major Variations from Plan

Explanations for major variations from the Council's 2013/14 Annual Plan are as follows:

Statement of Comprehensive Income

The accounting surplus of \$1.75m compares to the planned figure of \$0.25m surplus, but after excluding Other Gains & Losses and vested assets, there was an overall surplus of \$1.025m

Total Operating Revenue of \$38.3m is more than plan by \$1,176,727 3.2%

- Riversdale Beach sewerage capital contributions totaled \$0.367m which was \$0.15m more than planned. This was due to more ratepayers deciding to pay capital contributions off in full.
- Financial contributions of \$0.625m exceeded Plan by \$0.18m
- Other Gains total \$1.375m and include value increases on cash flow hedges, library, forestry and investment property revaluations plus gains on sale of assets.
- Other operating revenue of \$6.58m was \$0.2m (3.2%) above plan and includes \$0.28m from the net gain on sale of the Kaituna forestry block harvest, \$0.13m (5.3%) above plan solid waste user charges.
- Interest income of \$0.705m was \$0.120m less than planned.
- Subsidies (including roading subsidy income from NZTA) was \$1.0m less than planned due to the several capital projects not proceeding and reduced emergency works than planned.

Personnel & Other Expenses are less than plan by \$1,668,795 7.0%

- Personnel costs were very close to plan, while savings were made against a range of operating budgets.
- Solid waste/waste minimisation costs were underspent by \$0.2m the roading activity was \$0.8m underspent, much of that being flood damage repair work anticipated, but not incurred or able to be done.
- Property maintenance costs of \$0.08m (5%) and corporate support areas \$0.16m (4.8%) show savings against the level planned. In the Community Services area budgets for economic development, environmental initiatives and a community development project were all underspent.
- No activity areas show expenditure significantly above the planned levels.

Finance costs were less than plan by \$208,527 6.6%

- Lower than planned average interest rates on term debt have resulted in savings.

Depreciation & amortisation is more than plan by \$596,412 6.0%

- The plan depreciation provision did not anticipate the increase that resulted from the improved inventory of stormwater assets, or the full impact of depreciation generated from the component-level detail and asset lives on the Homebush and Riversdale sewerage system assets.

Other Losses more than planned by \$956,798

- Other losses were not allowed for in the Annual Plan. There were losses on revaluation of financial assets, forestry revaluation and write-downs of infrastructural assets disposed.

Statement of Financial Position as at 30 June 2014

- Current assets were \$13.7m at year end, a 37% increase from the prior year. Current liabilities were \$13.0m, a 50% increase from prior year. There were sufficient current funds to meet current liabilities. The increase in current assets relates partly to short term cashflow needs and partly to investment management decisions. Current liabilities includes a \$4.0m LGFA bond due for repayment in April 2015.
- Infrastructural assets were revalued at 30 June 2014. The plan included a \$50.45m increase in the revaluation reserve that ended up only being \$11.2m
- Non-current financial assets are \$1.36m less than planned, but offset by more current financial assets than planned.
- Current portion of financial liabilities includes a \$4.0m LGFA bond due for repayment in April 2015.
- Non-current liabilities are less than planned due to \$1.1m less borrowing for capital projects and the \$4m noted above, that falls into the definition of a current liability.

Statement of Movements in Equity

- Equity is less than planned because the revaluation of infrastructural assets was overestimated in the Plan.
- A one-off adjustment of \$4.8m to stormwater asset values was needed to recognise the value of additional assets added to the stormwater inventory following a thorough survey of those assets.

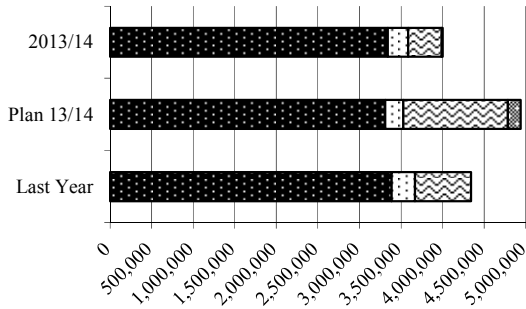
Statement of Cashflows

- Operating cashflows 'in' are \$1.3m less (3.4%) than planned due mostly to lower roading subsidies.
- Cash applied to operating activities is less than planned due to lower spending as noted above.
- Investing activities show \$3.3m less capital expenditure was spent than planned. This was offset by surplus funds being applied to investments.

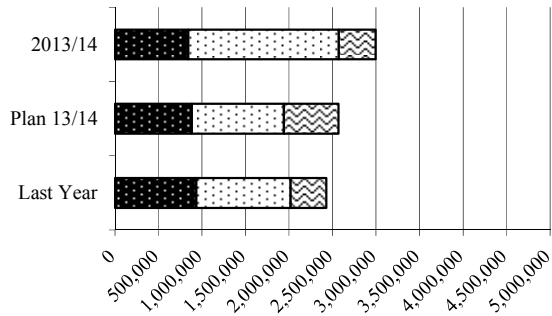
Funding Comparisons by Activity

■ Rates □ Other revenue ▨ Reserves ▩ Loans

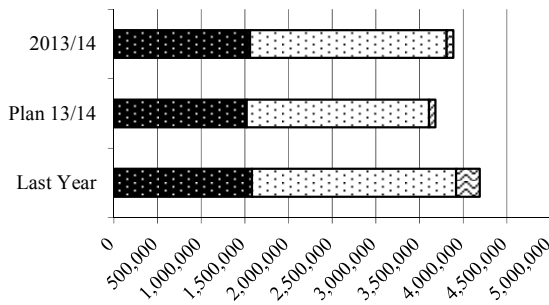
Parks & Recreation



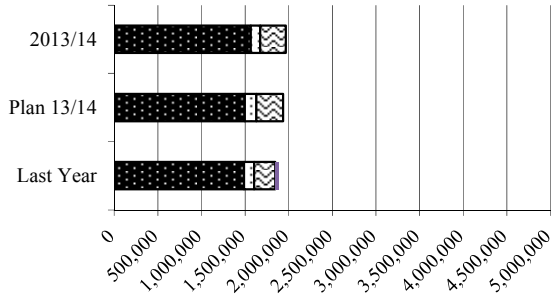
Property Mgmt (including Mawley Park)



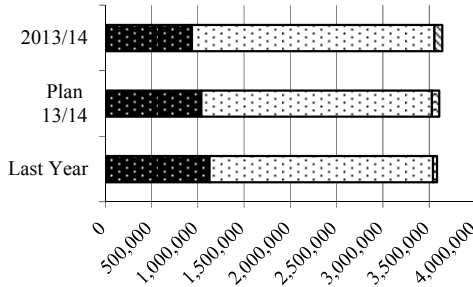
Regulatory Services



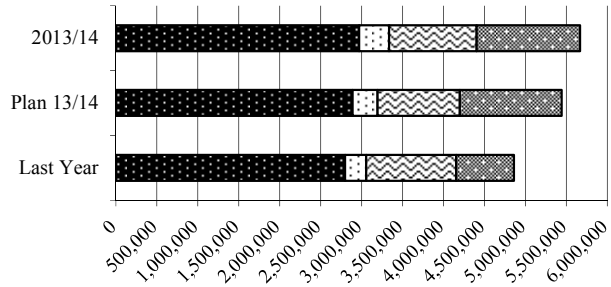
Library & Archives



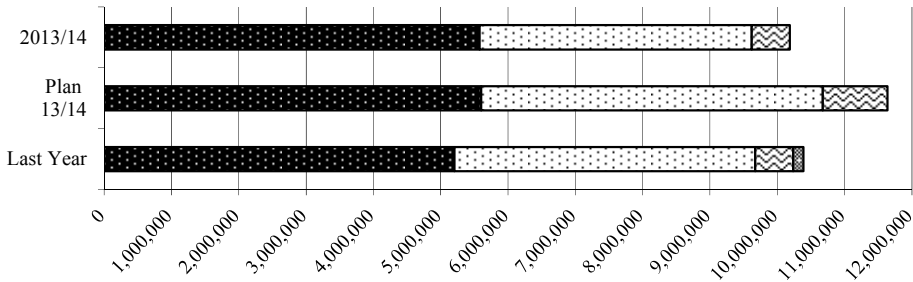
Solid Waste Services



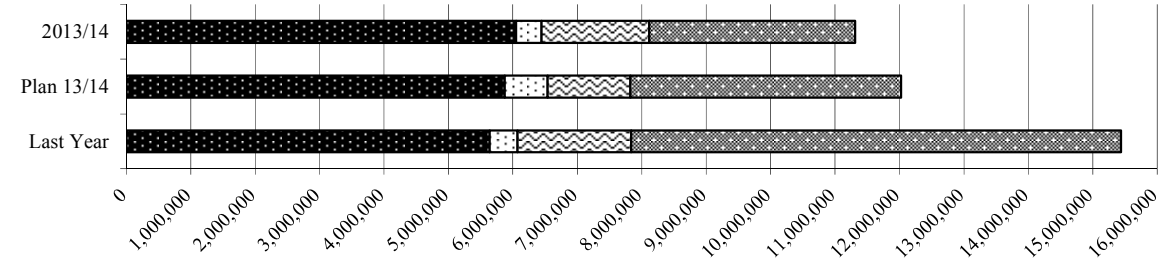
Water Supplies



Roading



Sewerage Services



STATEMENT OF COMMITMENTS AND CONTINGENCIES**As at 30 June 2014**

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 15 significant construction contracts in progress at 30 June 2014 (2013 = 13). These were:

- ♦ Sewerage treatment plant (Homebush) - Hopper Construction holds three contracts, all of which were started during 2010/11. The contracts are 96% complete based on the original design. A new 'Scope of Variation' contract needs to be completed for the project to be 100% finished. The value of the original contracts have a commitment remaining of \$1.3m for the overall project.
- ♦ Four sewer main renewal contracts were part completed: Higgins (Albert Street) with \$55,800 remaining, City Care Ltd (Jeans Street) with \$44,700 remaining, G & C Diggers (Roberts Road) \$47,500 and City Care Ltd (Roberts Road) with \$43,400 remaining.
- ♦ A sewer main renewal contract for Tararua Street was committed but not commenced before 30 June 2014. It was let to Higgins for \$206,350.
- ♦ A heat pump system contract for Genesis Energy Recreation Centre has been let to Hawkes Bay Refrigeration Ltd, commitment totalling \$440,111.
- ♦ Filtration Technology has partly completed two contracts to upgrade the water filters floors with the remaining commitment \$78,950.
- ♦ Rigg Zschokke Ltd partially completed a contract on Water Treatment Plant filter upgrade with \$127,200 commitment remaining.
- ♦ A water main renewal contract had been let to Higgins (for Ngaumutawa Road) which was 98% complete at 30 June 2014 leaving a \$5,600 commitment.
- ♦ Higgins partly completed one road sealed rehab contract (Ngaumutawa Road), leaving a \$56,200 commitment.
- ♦ Riverside Construction started the Bridge Concrete repairs contract which has \$123,300 commitment remaining.

Contract Commitments

Council has let a **professional services contract** for the urban sewerage upgrade project to Jacobs New Zealand Ltd (formerly Sinclair Knight Merz).

Three other professional services engagements were active at 30 June 2014, one with Eastern Consulting and two with Spiire. They relate to rehabilitation design, bridge replacements and bridge inspections. The three contracts invoice monthly based on scheduled rates or on an hourly basis.

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 is with Recreational Services Ltd and expires 30 June 2017. The roading maintenance contract held by Fulton Hogan Ltd and the Street Light Maintenance Contract is held by Alf Downs Streetlighting Ltd. Both contracts will expire on 30 June 2019. The Utility Services maintenance contract held by City Care Ltd has been extended to 30 June 2017.

The Recreation Centre management contract with Community Leisure Mgmt (CLM Ltd) will expire 30 June 2015. A contract for collection of waste and recycling and operation of the waste, recycling and composting facilities was tendered in 2010 and let to Earthcare Environmental Ltd for five years, plus 2. This expires 30 June 2017.

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 and the Genealogy Centre at 79 Queen Street.

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

	2014	2013
Not later than one year	37,100	37,100
Later than one year and not later than five years	8,350	43,283
Later than five years	0	0
Total Non-cancellable operating leases	\$45,450	\$80,383

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 are not included as they have two weeks to one month notice periods respectively. The non-cancellable leases include 20 for grazing (2013, 20), 15 sporting groups (including a mix of ground & building rentals) (2013, 17), 25 airport sites (2013, 23) and 12 other properties (2013 8). 14 of these leases expire in the next 12 months (2013, 15), 47 within five years (2013, 33) and 11 have a term greater than five years (2013, 6). These future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	2014	2013
Not later than one year	357,755	330,193
Later than one year and not later than five years	446,753	368,476
Later than five years	64,652	32,600
Total Non-cancellable operating leases	\$869,160	\$731,269

No contingent rents have been recognised during the period.

STATEMENT OF COMMITMENTS AND CONTINGENCIES**As at 30 June 2014****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.

Local Government Funding Agency - Guarantee

As stated in Note 23 (Provisions) and Note 26a (Financial Instrument Risks), the Council is a shareholding guarantor of the LGFA which has a credit rating of AA+. The Council holds \$0.1m value of shares and \$0.1m uncalled capital. That brings with it obligations in terms of the guarantee liability which has been disclosed in those Notes. The Council has been unable to determine a sufficiently reliable and fair value for the guarantee and therefore has not recognised a liability or contingency value.

Local Authority Protection Programme (LAPP) - Mutual self-insurance

The Council is a member of the LAPP disaster insurance scheme. The scheme is designed to provide the Council's 40% share of the cost of recovery of infrastructural assets (excluding roading) following a disaster. The Christchurch earthquakes have resulted in the fund being called on to the full extent and the member Councils having to rebuild the fund over several years. In order to do this and maintain an affordable level of re-insurance, the trustees of LAPP put in place a mutual self-insurance arrangement. If a member Council has an event where the claim on the fund is greater than \$15 million, the other members were required to contribute up to a level where re-insurance cover is available. The maximum call during 2013/14 was up to four times the member's annual contribution, which in MDC's case was \$875,000. Since 1 July 2014, the LAPP trustees have dropped the mutual self-insurance requirement.

Weather-tight Homes

The Council is not aware of any properties with potential unresolved weather-tightness issues within the District. Council's liability insurer, Riskpool is a mutual liability fund and they have made four 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 \$160,498. There were no calls made in 2013/14 and there are not expected to be any further calls by Riskpool.

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 accounts 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**

There are no events after balance date that have a material bearing on the financial statements.

STATEMENT OF RESOURCES

Year Ended 30th June 2014

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 2013)

Masterton	Rural area	5,220	<u>Area</u>	229,500 ha
	Urban area	<u>18,132</u>		(urban area – 1,796 ha)
		<u>23,352</u>		

District Rateable Valuations (June 2014)

Land Value	Rural	\$1,471,400,000	Capital Value	Rural	\$2,262,000,000
	Urban	\$ 954,800,000		Urban	\$2,248,700,000

No. Rateable Properties	Rural	3,872
	Urban	<u>8,355</u>
		12,227

Staff

	<u>Male</u>	<u>Female</u>	<u>Total</u>
Full time	30	29	59
Part time	4	10	14

Water Reticulation (urban only)

Storage capacity (megalitres)	12
Kaituna	9
Lansdowne	3

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

Sewage Reticulation (urban only)

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

Roading

System length (kilometres)	801
Sealed	516
Metalled	285

Buildings (owned)

District Building (including offices, town hall, Council chambers and meeting rooms)	7
Rental houses	0
Retail outlets	86
Residential flats	9
Public halls	1
Library	12
Sports/recreation facilities	845
Off-street carpark	5
Fire stations	1
First aid post	13
Public toilets	
Camping ground & cabins	24
Camping ground ancillary	5
Landfill buildings	6
Bentley Street ex-depot	1
Parks buildings	

Vehicles

Fleet number	26
Utilities/vans	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

MAP OF DISTRICT



MASTERTON DISTRICT

SCALE 1 : 400,000



Masterton District Council

