



MEETING of Audit and Risk Committee AGENDA

Time: 3:00 pm
Date: Wednesday, 15 November 2023
Venue: Waiata House, 27 Lincoln Road,
Masterton

MEMBERSHIP

Chair Philip Jones (Chairperson)

Mayor Gary Caffell

Councillor Bex Johnson

Councillor Craig Bowyer

Councillor Brent Goodwin

Councillor David Holmes

Councillor Tom Hullena

Councillor Stella Lennox

Councillor Tim Nelson

Iwi Representative Ra Smith

Councillor Marama Tuuta

Values

1. **Public interest:** members will serve the best interests of the people within the Masterton district and discharge their duties conscientiously, to the best of their ability.
2. **Public trust:** members, in order to foster community confidence and trust in their Council, will work together constructively and uphold the values of honesty, integrity, accountability and transparency.
3. **Ethical behaviour:** members will not place themselves in situations where their honesty and integrity may be questioned, will not behave improperly and will avoid the appearance of any such behaviour.
4. **Objectivity:** members will make decisions on merit; including appointments, awarding contracts, and recommending individuals for rewards or benefits.
5. **Respect for others:** will treat people, including other members, with respect and courtesy, regardless of their ethnicity, age, religion, gender, sexual orientation, or disability. Members will respect the impartiality and integrity of Council staff.
6. **Duty to uphold the law:** members will comply with all legislative requirements applying to their role, abide by this Code, and act in accordance with the trust placed in them by the public.
7. **Equitable contribution:** members will take all reasonable steps to ensure they fulfil the duties and responsibilities of office, including attending meetings and workshops, preparing for meetings, attending civic events, and participating in relevant training seminars.
8. **Leadership:** members will actively promote and support these principles and ensure they are reflected in the way in which MDC operates, including a regular review and assessment of MDC's collective performance.

These values complement, and work in conjunction with, the principles of section 14 of the LGA 2002; the governance principles of section 39 of the LGA 2002; and our MDC governance principles:

Whakamana Tangata	Respecting the mandate of each member, and ensuring the integrity of the committee as a whole by acknowledging the principle of collective responsibility and decision-making.
Manaakitanga	Recognising and embracing the mana of others.
Rangatiratanga	Demonstrating effective leadership with integrity, humility, honesty and transparency.
Whanaungatanga	Building and sustaining effective and efficient relationships.
Kotahitanga	Working collectively.

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1 CONFLICTS OF INTEREST

Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as a member and any private or other external interest they might have.

2 APOLOGIES

The Chair invites notice from members of apologies, including apologies for lateness and early departure from the meeting.

3 PUBLIC FORUM

4 ITEMS NOT ON THE AGENDA

The Chairperson will give notice of items not on the agenda as follows:

Matters requiring urgent attention as determined by resolution of the Council

- The reason why the item is not on the agenda; and
- The reason why discussion of the item cannot be delayed until a subsequent meeting.

Minor matters relating to the general business of Council

No resolution, decision or recommendation may be made in respect of the item except to refer it to a subsequent meeting of Masterton District Council for further discussion.

5 REPORTS FOR DECISION

5.1 ASSET MANAGEMENT POLICY

File Number:

Author: Matt Steele, Senior Policy Advisor

Authoriser: Kym Fell, Chief Executive

PURPOSE

The purpose of this report is to seek endorsement from the Audit and Risk Committee of the revised Asset Management Policy (Attachment 1).

RECOMMENDATIONS

That the Audit and Risk Committee:

- i) notes a review of the Asset Management Policy has been completed;
- ii) notes the revised Asset Management Policy was approved by the Strategic Leadership Team on 2 November 2023; and
- iii) endorses the revised Asset Management Policy included as Attachment 1.

CONTEXT

The purpose of the Asset Management Policy is to outline Masterton District Council's (MDC's) commitment to asset management and set a consistent framework for asset management at MDC. It is applied across all Council asset management activities in alignment with the Council's vision, strategic priorities and community outcomes.

The Policy articulates the policy context that MDCs asset management processes operate within. It also illustrates the relationship between the Policy, the Infrastructure Strategy, the Long-Term Plan, and the various levels of asset management. Council's goal is to ensure sustainable, long-term asset management for community benefit.

The Policy applies to all MDC infrastructure assets. MDC manages infrastructure assets like water, sewerage, stormwater, roading, community facilities, and senior housing to serve residents, businesses, and visitors. Asset management is a significant part of Council's budget, covering creation, operation, maintenance, renewal, and disposal of assets.

REVIEW PROCESS

MDC has committed to reviewing the Asset Management Policy every three years, as part of the LTP process. The review was completed over September/October 2023. As part of the review process, staff involved in asset management provided input on the Policy and desktop research was undertaken to compare with other local government asset management policies. The Policy was also checked against relevant legislation and central government guidance.

No changes have been made to the purpose or scope of the Policy.

As a result of the review, the following changes have been made:

Addition of further context and update of formatting

The Policy now includes a section on the strategic context. This section sets out how the Policy relates to a number of Council's other strategic and statutory documents which outline Council's roles, services and operations.

As part of the review tables have also been added covering the scope of the Policy, lifecycle management, and roles and responsibilities. This information has been put into table format to improve clarity and readability.

Updated requirements on condition assessment reporting

The Policy previously committed MDC to report annually to the committee about the condition of all assets via the annual report. This is not a legislative requirement. Given it is not a legislative requirement, and reporting on the condition of all assets annually would require significant resource and investment, this commitment has been removed from the Policy. The Asset Management Plans that are peer reviewed and published every three years include information on condition assessment so information will still be available on a three yearly basis.

Amendments to roles and responsibilities

The role of the Chief Executive was not previously included in the Policy. The roles and responsibilities have been updated to include the Chief Executive, with the following responsibilities:

- Take charge and lead the charge in promoting dynamic asset management among the staff, Council, and the community.
- Collaborate with senior management to promote a cross-functional approach to asset management.
- Monitor compliance with this asset management policy.

There has also been a change of role description from Asset Management Advisor to Asset Planning Engineer. This reflects the current staffing at MDC.

AUDIT AND RISK ENDORSEMENT

The Asset Management Policy is an internal policy that is approved by the Strategic Leadership Team (SLT) and is endorsed by the Audit and Risk Committee, as it is one of the policies that is monitored by this Committee. The policy was approved by SLT on 2 November 2023.

Once endorsed by the Audit and Risk Committee, the Policy will be due for review in November 2026, unless there are any significant legislative drivers that would trigger an early review.

OPTIONS CONSIDERED

A summary of the options considered is included in the table below.

Option	Advantages	Disadvantages
Option 1: Endorse the revised Asset Management Policy.	<p>The revised policy reflects current legislation.</p> <p>The revised policy reflects current asset management practice and is consistent with Council's strategic and statutory documents.</p>	No disadvantages identified.
Option 2: Retain the 2017 Asset Management Policy with no changes.	No advantages identified.	<p>Policy does not include the updated roles and responsibilities.</p> <p>Policy commits Council to annual reporting on the condition of all assets.</p>

RECOMMENDED OPTION

Option 1 is recommended. The revised Policy reflects current legislation, asset management practice, and Council's strategic and statutory documents.

SUMMARY OF CONSIDERATIONS

Strategic, Policy and Legislative Implications

The revised Policy reflects the associated legal frameworks regarding asset management, and current asset management practice.

Significance, Engagement and Consultation

The policy does not trigger criteria under the Significance and Engagement Policy to require community engagement or consultation. It is an internal Policy that has been reviewed by internal staff and SLT.

Financial Considerations

There are no specific financial considerations associated with the revision of this Policy.

Implications for Māori

There are no implications for Māori associated with the revision of this Policy.

Communications/Engagement Plan

There are no decisions for this report that require either a communication or engagement plan.

Environmental/Climate Change Impact and Considerations

There are no environmental/climate change impacts or considerations arising out of the report provided.

Next steps

Following endorsement from the Audit and Risk Committee, the Policy will be updated on our website and promulgated to staff.

ATTACHMENTS

1. **Asset Management Policy** [↓](#) 

Asset Management Policy

Applicable to:	MDC Staff	Policy Number:	MDC023
Issued by:	Chief Executive	Last Approved:	XX November 2023
Contact Person:	Manager Assets and Operations	Review Date:	XX November 2026

Purpose

The purpose of the Asset Management Policy is to state Masterton District Council's/Te Kaunihera ā-rohe o Whakaoriori (MDC's) commitment to asset management and set a consistent framework for asset management at MDC.

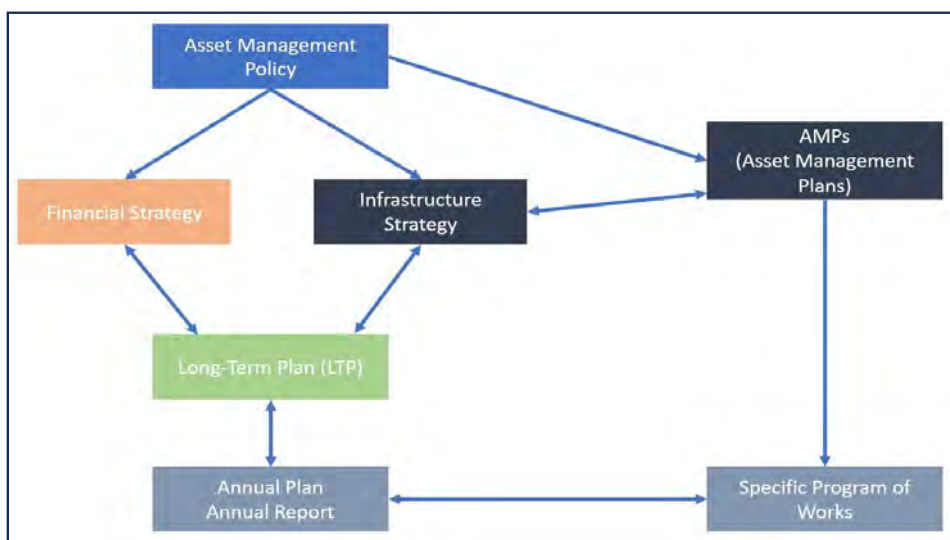
Policy Context

Masterton District Council (MDC) manages infrastructure assets like water, sewerage, stormwater, roading, community facilities, and senior housing to serve residents, businesses, and visitors. MDC is committed to systematic asset management for efficiency and cost-effectiveness. Asset management is a significant part of Council's budget, covering creation, operation, maintenance, renewal, and disposal of assets. Council's goal is to ensure sustainable, long-term asset management for community benefit.

Strategic Context

A number of internal strategic and statutory documents outline the Council's roles, services, and operations. These documents must align to ensure the efficient and effective delivery of asset-related functions, services, and activities.

The relationship between this Asset Management Policy, the Infrastructure Strategy, Long-Term Plan and the various levels of asset management is set out below:



Scope

This policy applies to all MDC infrastructure assets. In general terms the categories of assets and associated asset types that Council owns, or controls, and are covered by this policy are:

Activities	Example of Assets
Parks and open spaces	Public open space, street and park trees, stadium, cemeteries, playgrounds, lakes
Community facilities and property	Recreation Centre, Library, Public toilets
Roading	Roads, bridges, culverts, footpaths, kerb and channels, shared paths, cycle lanes, cycle paths, streetlights, signs, traffic signals, road markings and bus shelters
Water Supply ¹	Treatment plants, pipelines, reservoirs, and connections (laterals, tobies and meters)
Solid Waste	Landfill and transfer stations
Stormwater ¹	Pipelines, open drains, and land drainage scheme
Wastewater ¹	Treatment plants, gravity pipelines, rising mains, and pump stations

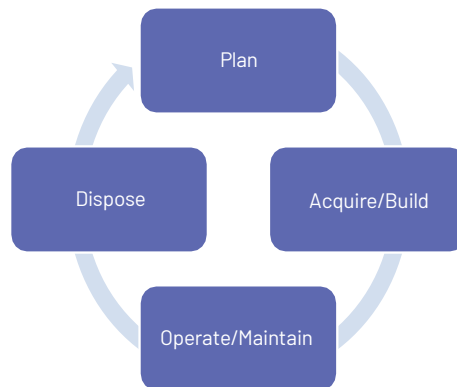
Council contractor assets are exempt from this policy.

Principles of Asset Management

Council takes an integrated and multi-disciplinary approach to asset management. Assets are managed with the primary purpose of providing a desired level of service, in the most cost-effective manner, to meet present and future needs.

A systematic, whole of life approach is taken to manage assets, as illustrated by the asset lifecycle following.

¹ Three Waters assets are part of the council, but they will be transferred to the National Transition Unit (NTU) of DIA before July 1, 2026. So, it might not be an asset to the council after that period. NTU is responsible for the Three Waters AMP, and all the geospatial data related to Three Waters is sent to NTU.



All asset management decisions will be made in accordance with the following principles:

- Assets will be created or acquired for their service delivery potential. Service delivery needs and levels of service will be defined in consultation with the community, also taking into consideration relevant demographic, social, environmental, technical and financial factors.
- Asset management planning will be fully integrated with all activities across MDC.
- Asset management decisions will be made in line with service provision determined through the Long-Term Plan and Section 17A reviews.
- Assets will be managed to effectively and efficiently meet the needs of the community now and in the future.
- Responsibilities for the control and management of assets will be defined.

Asset Management Plans

Asset Management Plans (AMPs) document the activities, resources and timeframes required for assets to achieve MDC's objectives. MDC develops AMPs for all key asset and activity areas, namely:

- Parks and open spaces;
- Community facilities and property;
- Roading;
- Water Supply;
- Solid Waste;
- Stormwater; and
- Wastewater.

Each of the key asset and activity areas will be assigned an Asset Manager, responsible for the development and implementation of the AMP. AMPs should be updated regularly, in line with budget and planning decisions, with a strategic review every three years, in line with the LTP development.

Lifecycle Management

Asset lifecycle management is the process used to ensure we get the full life out of assets via planning and maintenance to boost productivity, extend asset lifespans, and reduce costs. The four major stages of an asset's lifecycle are plan, acquire, operate/use, maintain, dispose.

MDC will effectively manage its assets throughout the lifecycle. This is further detailed below:

Lifecycle stages	Lifecycle activities
Plan	<ul style="list-style-type: none"> - Identify an asset's necessity, its technical requirements, and potential solutions for procurement. - Evaluation, prioritisation and selection of capital investment proposals will be based on lifecycle cost-benefit analysis. - Budget for new assets and asset renewals will be considered and approved through the Long-Term Plan (LTP) and Annual Plan process.
Acquire/Build	<ul style="list-style-type: none"> - Organisation and control of the purchase of new, updated or renewed assets. - All purchases should follow the principles and objectives of the MDC Procurement Policy.
Operate and Maintain	<ul style="list-style-type: none"> - Assets will be used for the purposes set out in the planning stage. - Operation of assets is tracked with regular evaluation of function and use. - Infrastructure assets will be managed, at a minimum, in accordance with the Core Asset Management Practices as defined in the New Zealand Asset Management Support's (NAMS) International Infrastructure Management Manual 2020. - Detailed asset registers will be maintained for all MDC-owned or controlled assets.
Dispose	<ul style="list-style-type: none"> - All assets will be assigned an 'economic life' and valuations and depreciation will be defined in accordance with all relevant MDC financial policies. - Any disposals will be undertaken as per any contractual terms, consideration of mana whenua, and in accordance with relevant MDC policies.

Audit & Reporting

An independent peer review of the AMPs will be completed every three years, in addition to audits of the AMPs by the Office of the Auditor General as part of the LTP process.

Roles & Responsibilities

Roles	Responsibilities
CEO	<ul style="list-style-type: none"> - Take charge and lead the charge in promoting dynamic asset management among the staff, council, and the community. - Collaborate with senior management to promote a cross-functional approach to asset management. - Monitor compliance with this asset management policy.
Senior Management Team	<ul style="list-style-type: none"> - Ensure that asset managers are equipped with all the essential skills, training, resources, and assistance required to achieve their asset management goals successfully. - Act as a review panel for asset management plans and projects. - Ensure approved AMPs are implemented within budget and service parameters. - Ensure that accurate and reliable information is presented to Council for decision making. - Ensure agreed work programme relating to AMPs is delivered. - Monitor and review organisational performance in achieving the asset management strategy. - Ensure community consultation is undertaken at appropriate times and in accordance with the Local Government Act 2002 and MDC's Significance and Engagement Policy, and that other legal and statutory obligations are met.
Asset Managers (Individuals)	<ul style="list-style-type: none"> - Assist in the development of appropriate policy, strategy and guidelines/processes as required. - Ensure their asset group data is accurate and current. - Develop AMPs for their asset group in accordance with the requirements of this policy.

	<ul style="list-style-type: none"> - Implement improvement plans for their asset group. - Implement approved AMPs for their asset group. - Deliver levels of service for their asset group to agreed risk and cost standards. - Review AMPs to agreed timeframes, in consultation with the Asset Planning Engineer.
Asset Planning Engineer	<ul style="list-style-type: none"> - Develop and enhance asset management functions within MDC. - Raise awareness of the value of asset management within MDC. - Coordinate and review asset management systems and processes, objectives and guidelines. - Coordinate AMP development, implementation and review. - Audit and report on asset management. - Seek external expertise as needed.

Review of Policy

This policy will be reviewed in conjunction with the LTP every three years.

Definitions

Asset: Any item, thing or entity that has potential or actual value to an organisation.

Asset Management: The combination of management, financial, economic, engineering and other practices applied to physical assets with the objective of providing the required level of service in the most cost-effective manner.

Lifecycle Cost Analysis: A method of determining the cost-effective option to purchase, operate, maintain and dispose of an asset, when each available option is equally appropriate to be implemented on technical grounds.

Related Documents

- Asset Management Plans (published each LTP cycle)
- [Masterton District Council Long-Term Plan](#)
- [Masterton District Council Procurement Policy](#)
- [Masterton District Council Significance and Engagement Policy](#)

References

- [Local Government Act 2002](#)

Version Control

Version	Date	Summary of Amendments	Approved By
1.0	11/7/2017	Removal of procedural content.	Senior Management Team Endorsed by Council 20/09/2017
2.0	XX/XX/2023	Addition of further context and update of formatting. Updated requirements on condition assessment reporting. Inclusion of CE in roles and responsibilities. Change of role description from Asset Management Advisor to Asset Planning Engineer – to reflect current staffing.	Senior Leadership Team approved 2/11/2023

5.2 NON FINANCIAL PERFORMANCE 2023/24 QUARTER 1 REPORT

File Number:

Author: Tania Madden, Principal Advisor Strategy and Governance

Authoriser: Karen Yates, Manager Strategy and Governance

PURPOSE

The purpose of this report is to advise the Audit and Risk Committee of performance against non-financial measures year to date. The figures in this report are for the period from 1 July 2023 to 30 September 2023.

EXECUTIVE SUMMARY

This is the first non-financial performance report for Year 3 (2023/24) of the 2021-31 Long-Term Plan (LTP).

Results against performance measures are reported for seven activity areas. The activity areas are:

- Roads and Footpaths
- Water Supply
- Wastewater
- Stormwater
- Solid Waste
- Community Facilities and Parks
- Regulatory Services

In total there are 43 measures across the seven activity areas, with 36 available to report in Quarter 1 of 2023/24.

Of the 36 measures reported, 76.7% (33 measures) were achieved or expect to be achieved, and 7.0% (3 measures) were not achieved or not on track to be achieved at year end. Seven measures were not available to report, with the majority of these being measures that are only reported at year-end. Further information is provided in Attachment 1.

For comparison, at the end of Quarter 1 of the 2022/23 financial year, 62.8% (27 measures) were achieved/on track, and 20.9% (9 measures) were not achieved or not expected to be achieved at year end. Seven measures were not available to report.

Results for Quarter 1 of the 2023/24 financial year are an improvement on the same quarter last year. In particular, wastewater and stormwater results have seen an increase in the number of measures that have been achieved compared to the equivalent period last year. Quarter 1 results for these activity areas last year were impacted by heavy rain exacerbated by high groundwater tables.

Q1 Results – Current Year vs Previous Year

	Q1 2023/24 (current year)	Q1 2022/23 (previous year)
Achieved/Expect to Achieve	76.7% (33)	62.8% (27)
Not Achieved/Not Expected to be Achieved at Year End	7.0% (3)	20.9% (9)

Not Available to Report	16.3% (7)	16.3% (7)
Total:	43	43

The number of measures achieved compared to Q1 of the previous year:

Number of Measures Achieved:	Q1 2023/24 (current year)	Q1 2022/23 (previous year)
Roads (6 measures - 4 reported at year end)	2	2
Wastewater (6 measures)	6	3
Stormwater (5 measures)	5	4
Water Supply (9 measures – 2 reported at year end)	5	7
Solid Waste (3 measures)	3	2
Community Facilities & Activities (6 measures – 1 no longer available to report)	5	5
Regulatory (8 measures)	5	4

RECOMMENDATIONS

That the Audit and Risk Committee

- i) Receives the Quarter 1 non-financial performance report for the 2023/24 financial year.
- ii) Recommends Council confirm the Year 3 (current year) targets for the two water measures that are reported annually as follows:
 - Percentage of Real Water Loss – target for Year 3: no more than 32.5%.
 - Average Consumption - target for Year 3: no more than 578/litres/person/day.

CONTEXT

The Local Government Act 2002 requires Councils to include performance measures and targets for activity areas in its Long-Term Plan. This is the first non-financial performance report for Year 3 of the 2021-31 Long-Term Plan (LTP).

The performance measure framework was last reviewed and revised as part of the 2021-31 Long-Term Plan process .

There are some mandatory measures identified by the Department of Internal Affairs (DIA) that all Councils must report on. These primarily relate to infrastructure services and have been included in the performance measure framework. They are identified as Mandatory Measures in Attachment 1.

The measures that were adopted as part of the 2021-31 Long-Term Plan apply from 1 July 2021. Council is required to report on progress against the measures and targets at least annually.

Confirming Water Measure Targets for Year 3 (the current financial year)

There are two water measures that are reported annually: Percentage of Real Water Loss and Average Consumption. For those measures we indicated in the 2021-31 LTP that the target would be set annually to align with water meter installation and associated data.

In August 2023 staff recommended new targets for these measures that aligned with how measures had been set in previous years – i.e. that the result would be no more than what was achieved in the year prior:

- Percentage of Real Water Loss – Proposed target for Year 3: no more than 32.4% (i.e. real water loss in Year 3 is no more than the Year 2 result).
- Average Consumption - Proposed target for Year 3: no more than 578/litres/ person/ day (i.e. consumption in Year 3 is no more than Year 2 target, noting that this target was not achieved in 2022/23).

The Audit and Risk Committee recommended more ambitious targets for Year 3 of:

- Percentage of Real Water Loss – target for Year 3: no more than 30%
 - In Year 2 the target was no more than 32.5% and the result was 32.4%.
 - In Year 1 the target was no more than 34% and the result was 32.5%, which became the Year 2 target.
- Average Consumption - target for Year 3: no more than 530/litres/person/day
 - In Year 2 the target was no more than 578/litres/person/day and the result was 586/l/p/d so not achieved.
 - In Year 1 the target was no more than 586/litres/person/day and the result was 578//p/d which became the Year 2 target.

It was subsequently advised that staff would report back to Council with more information regarding the context for the measures proposed.

At the time these water measures were set through the 2021-31 LTP it was anticipated that a water meter charging regime would be introduced in the urban area; and that this would influence

consumption and water loss – i.e. people would reduce water use given the charging regime and meters would assist people to identify and remedy water leaks on private property.

Given that, the 2021-31 LTP signalled an opportunity to review measures annually to enable elected members to take the impact of the water meters and associated charging regime into consideration, however with the Three Waters review pending, the introduction of water meter charging was deferred.

Targets should be set at a level that is realistic taking into account previous results and the level of service and investment for that activity. As water meter charging has not yet been introduced, and there has been no change in levels of service or budget for water services since the 2021-31 LTP was adopted, there is no current driver to substantially change the targets for these measures. Staff do not recommend setting aspirational targets that are unlikely to be achieved.

The targets proposed by staff for Year 3 align with how measures have been set in the past and signal a desire for continual improvement in alignment with the previous year's results – i.e. we aim to do better this year than we did last year.

It is therefore recommended that the targets proposed by staff be confirmed for the current year (Year 3 of the 2021-31 LTP), noting Council will have the opportunity to set new targets for non-financial performance measures through the 2024-34 LTP.

Highlights in Quarter 1 include:

Roading

The two measures available to report have been achieved; and there has been a decrease in the number of urgent (40 vs 96) and non-urgent (261 vs 340) complaints compared to the same period last year, noting that Q1 last year was impacted by weather.

Three Waters

As noted in previous reports to Audit & Risk, rain and weather events since February 2022 have impacted results for Council's wastewater and stormwater services over the past 18 months. However, for Quarter 1 of this year, the majority of measures that are available to report have been achieved.

- Wastewater complaints are significantly lower with 28 complaints compared to 137 for the same period last year. At this level, the number of complaints is more comparable with results prior to the February 2022 rain event. (19 complaints in Q1 of 2021/22). Attendance and resolution times for the quarter have also improved compared to the same quarter last year.
- Stormwater complaints have also decreased from 31 for Q1 last year to 14 this year. Most complaints related to wastewater/stream maintenance.
- One port-a-loo was deployed in Q1 compared to 81 for the same period last year. This is the lowest number of port-a-loos deployed since the February 2022 rain event.

- No flooding events were reported.

Two water measures are reported as not achieved. These relate to compliance with Part 4 and Part 5 of the Drinking Water Standards. The data requirements for these measures have changed, resulting in a technical non-compliance. This has been addressed but will mean, given the non-compliance in this quarter, that these measures will not be achieved in the current year.

Community Facilities and Parks

Quarter 1 results for community facilities and parks were positive. All five measures that were available to report were achieved, as they were last year.

Trust House Recreation Centre gym usage is tracking up compared to the previous two years, while swim and stadium use is comparable to last year. Stadium events have declined from 2,124 in the same period last year to 507 this year. This is primarily a reflection of the B-Legends childcare programme that previously used the stadium frequently closing down.

In the Library, all categories of library use are trending up compared to the same periods last year and the year before. The number of in-person visits is also trending up, while housebound and digital visits are at a level comparable with 2021/22 year (an increase on last year).

Regulatory

Five of the eight regulatory measures were achieved, and two were not achieved in Q1 but are expected to be achieved at year-end. The measure that is not expected to be achieved based on current projections is the number of swimming pool inspections completed. In Year 3 of the 2021-31 LTP this target increases from 50% to 80%. Currently the team have inspected 53% of all known pools.

SUMMARY OF CONSIDERATIONS

Strategic, Policy and Legislative Implications

Under legislation, Council is required to identify performance measures and targets for its activity areas and periodically report on these. Council must also report on those measures that are identified as mandatory for all councils.

Significance, Engagement and Consultation

The recommendation to receive this report does not trigger criteria under the significance and engagement policy.

Financial Considerations

There are no specific financial considerations associated with this update.

Implications for Māori

There are no considerations or implications specific to Māori arising out of the receipt of this report.

Communications/Engagement Plan

Not applicable.

Environmental/Climate Change Impact and Considerations

There are no environmental/climate change impacts or considerations arising from the receipt of this report.

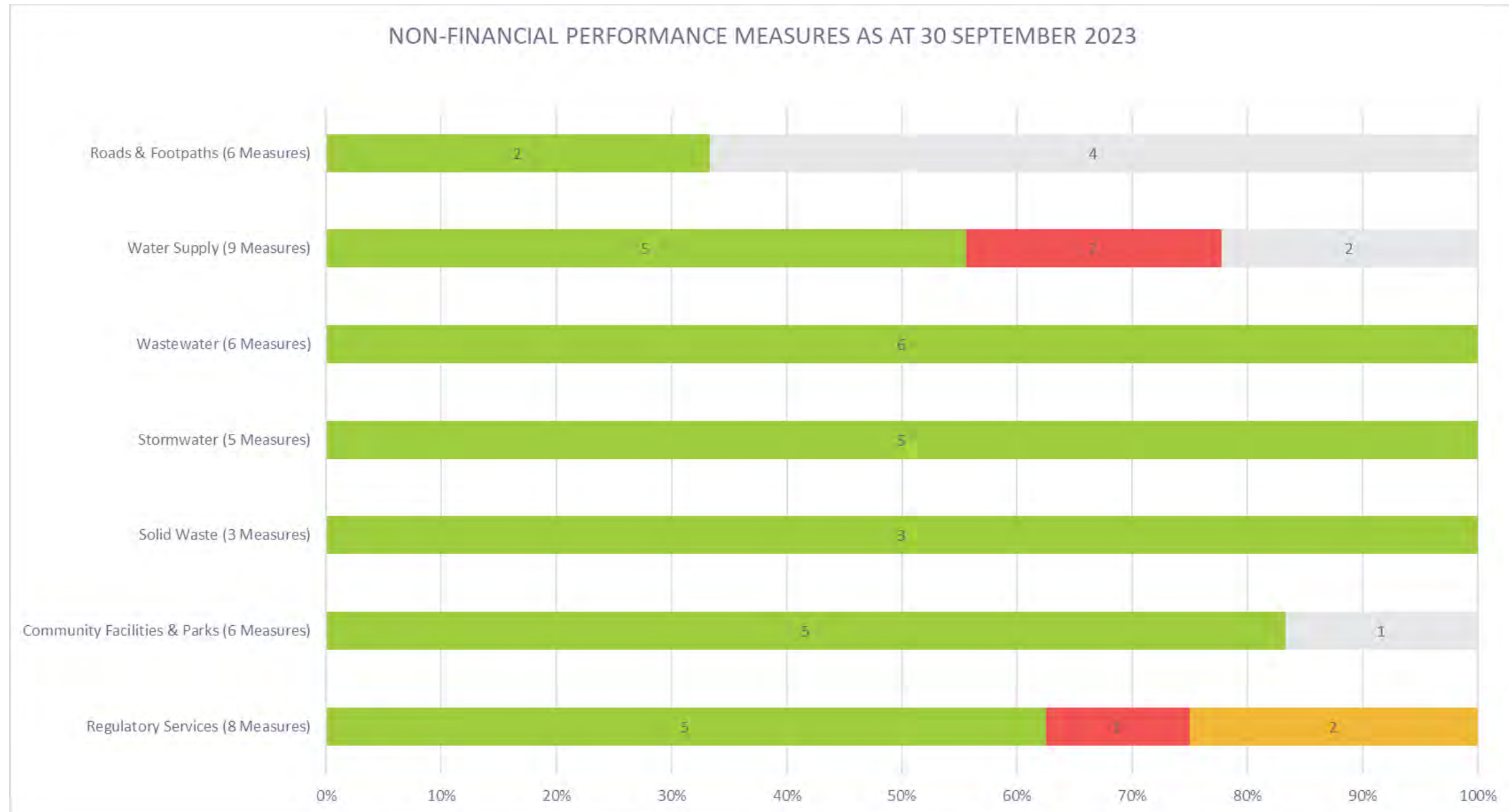
ATTACHMENTS

1. **Non-Financial Performance Measures for 2023/24 Quarter 1** [↓](#) 

ATTACHMENT 1: Non-Financial Performance Measures for 2023/24 Quarter 1

The graph below shows the percentage of measures against each activity area that:

- have been achieved as at 30 September 2023 (green);
- have not been achieved as at 30 September 2023 but expect to be achieved at year end (orange);
- have not been achieved as at 30 September and not expected to be achieved at year end (red);
- Are not applicable and/or information is not available as at 30 September 2023 (grey).



2023/24 Quarter 1 Non-Financial Performance Measure Results

MEASURE	CURRENT YEAR END RESULTS			PREVIOUS YEAR END RESULTS (WHERE APPLICABLE)		COMMENTARY
	2023/24 Annual Target	Quarter 1: Result as at 30/9/23 (Year 3 of 2021-31 LTP)	Status at 30/09/23	Year End Result as at 30/06/23 (Year 2 of 2021-31 LTP)	Year End Result as at 30/06/22 (Year 1 of 2021-31 LTP)	
Roading						
Number of fatalities and serious injury crashes on the local road network. (Mandatory Measure)	No more than the 5 year average.	Reported at Year End	Not Available to Report	No fatalities and nine serious injury crashes.	One fatality and twelve serious injury crashes.	
Average quality of ride on a sealed local road network, measured by smooth travel exposure. (Mandatory Measure)	Maintain or improve on 90%	Reported at Year End	Not Available to Report	94% network smooth travel exposure (as at 30/6/23)	94% network smooth travel exposure (as at 30/6/22)	
Percentage of sealed local road network that is resurfaced. (Mandatory Measure)	Maintain within 5-7%	Reported at Year End	Not Available to Report	1.9% Resurfaced 10.05 km of the total 535 km sealed local road network.	5% Resurfaced 28.5km of the total 534.5km sealed local road network.	
Percentage of footpaths where the condition falls within the level of service defined in MDC's Asset Management Plan (Mandatory Measure)	90% of footpaths are rated excellent, good or fair	Reported at Year End	Not Available to Report	91.7% 196.2km of 214km of the footpath network surveyed to June 2023 was condition rated excellent, good and Average. (Other condition ratings are poor, very poor and unknown)	92% 193km of 210km of the footpath network surveyed to June 2022 was condition rated excellent, good or fair.	
Percentage of urgent customer service requests responded to within 2 days. (Mandatory Measure)	95% within specified timeframe	97.5% 39 of 40 urgent requests were responded to within two days.	Achieved	98.9% 270 of 273 urgent requests were responded to within two days. Q1: 100% (96/96) Q2: 100% (62/62) Q3: 97.3% (72/74) Q4: 97.6% (40/41)	99.6% 283 out of 284 urgent requests were responded to within two days. Q1: 100% (79/79) Q2: 97.8% (44/45) Q3: 100% (101/101) Q4: 100% (59/59)	Year End Result: 97.5% 39 out of 40 urgent requests have been responded to within specified timeframes. 2023/24 Quarterly Results: Q1: 97.5% (39/40)

MEASURE	CURRENT YEAR END RESULTS			PREVIOUS YEAR END RESULTS (WHERE APPLICABLE)		COMMENTARY
	2023/24 Annual Target	Quarter 1: Result as at 30/9/23 (Year 3 of 2021-31 LTP)	Status at 30/09/23	Year End Result as at 30/06/23 (Year 2 of 2021-31 LTP)	Year End Result as at 30/06/22 (Year 1 of 2021-31 LTP)	
<p>Percentage of non-urgent customer service requests responded to within the timeframes specified in MDC's Asset Management Plan and placed on appropriate maintenance programme. Specified response times for non-urgent requests vary by category, ranging from 7 days to 30 days.</p> <p>(Mandatory Measure)</p>	70% within specified timeframe	82.4% 220 out of 261 non-urgent requests were responded to within the timeframe.	Achieved	82.9% 978 out of 1167. Q1: 81.5% (276/340) Q2: 87.5% (175/200) Q3: 79.2% (240/303) Q4: 88.6% (287/324)	91.5% 762 out of 833 Q1: 100% (173/173) Q2: 81.3% (161/198) Q3: 89.3% (217/243) Q4: 96.3% (211/219)	<p>Year End Result: 82.4%</p> <p>220 out of 261 non-urgent requests have been responded to within specified timeframes.</p> <p>2023/24 Quarterly Results: Q1: 82.4% (220/261)</p> <p>The variability in results for non-urgent requests responded to on time reflects the broad variety and often complex nature of requests in this category. Often a request is responded to but not resolved.</p>
Water Supply						
<p>Number of complaints received about drinking water clarity, taste, odour, pressure or flow, continuity of supply, or MDC's response to any of these issues.</p> <p>(Mandatory Measure)</p>	Less than or equal to 6 complaints/1000 connections	0.5 complaints/1000 connections Actual Complaints: 5	Achieved	4.88 complaints/1000 connections Actual Complaints: 48 Q1: 0.711/1000 (7) Q2: 0.61/1000 (6) Q3: 2.03/1000 (20) Q4: 1.52/1000 (15)	2.37 complaints/1000 connections Actual Complaints: 23 Q1Result:0.41/1000(4) Q2 Result: 0.52/1000 (5) Q3 Result: 0.72/1000 (7) Q4 Result: 0.72/1000 (7)	<p>YTD: 0.5 complaints/1000 connections</p> <p>Year to date: Actual Complaints: 5</p> <p>2023/24 Quarterly Results: Q1: 0.5/1000 (5 complaints)</p>
Response time to call outs to a fault or unplanned interruption to MDC's networked reticulation system:						
<p>a) attendance at urgent call outs (from notification to arrival on site)</p> <p>(Mandatory Measure)</p>	60 minutes or less	23 minutes	Achieved	50 minutes Q1: 50 minutes Q2: 54 minutes Q3: 32 minutes Q4: 47 minutes	38 minutes Q1: 39 minutes Q2: 30 minutes Q3: 38 minutes Q4: 28 minutes	<p>YTD: 23 minutes</p> <p>2023/24 Quarterly Results: Q1: 23 minutes</p>

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b) resolution of urgent call outs (from notification to confirmation of resolution) (Mandatory Measure)	480 minutes or less	177 minutes	Achieved	113 minutes Q1: 125 minutes Q2: 155 minutes Q3: 85 minutes Q4: 113 minutes	137 minutes Q1: 196 minutes Q2: 142 minutes Q3: 78 minutes Q4: 58 minutes	YTD: 177 minutes 2023/24 Quarterly Results: Q1: 177 minutes
c) attendance at non-urgent call outs (from notification to arrival on site) (Mandatory Measure)	7 days or less	57 minutes	Achieved	69 minutes Q1: 102 minutes Q2: 68 minutes Q3: 61 minutes Q4: 59 minutes	53 minutes 2021/22 Qtly Results: Q1: 22 minutes Q2: 67 minutes Q3: 49 minutes Q4: 34 minutes	YTD: 57 minutes 2023/24 Quarterly Results: Q1: 57 minutes
d) resolution of non-urgent call outs (from notification to confirmation of resolution) (Mandatory Measure)	3 months or less	94 minutes	Achieved	108 minutes Q1: 130 minutes Q2: 188 minutes Q3: 100 minutes Q4: 182 minutes	115 minutes Q1: 53 minutes Q2: 94 minutes Q3: 137 minutes Q4: 71 minutes	YTD: 94 minutes 2023/24 Quarterly Results: Q1: 94 minutes
Council's drinking water supply complies with:						
a) part 4 of the Drinking Water Standards (bacteria compliance criteria). (Mandatory Measure)	Fully compliant	Partially Compliance	Not Achieved	Fully compliant	Fully compliant	Changes to DWQAR in 2022 have resulted in technical non-compliance. Data is collected but there is a new requirement to now continually monitor parameters. This has required installation of new technology. Systems are now installed and future years will be compliant.
b) part 5 of the Drinking Water Standards (protozoal compliance criteria). (Mandatory Measure)	Fully compliant	Partially Compliant	Not Achieved	Fully Compliant for 98.9% of days (361 out of 365 days). There were 4 days where filtered turbidity exceeded the standard for more than 1% of the time.	Fully compliant	Changes to DWQAR in 2022 have resulted in technical non-compliance. Data is collected but there is a new requirement to now continually monitor parameters. This has required installation of new technology. Systems are now installed and future years will be compliant.

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	2023/24 Annual Target	Quarter 1: Result as at 30/9/23 (Year 3 of 2021-31 LTP)	Status at 30/09/23	Year End Result as at 30/06/23 (Year 2 of 2021-31 LTP)	Year End Result as at 30/06/22 (Year 1 of 2021-31 LTP)	
Percentage of real water loss from MDC's reticulation system (calculated using minimum night flow). (Mandatory Measure)	Year 2: No more than 32.5% Note: The Year 3 Target is to be established (to align with water meter installation and associated data).	Reported at Year End	Not Available to Report	32.4%	32.5%	
Average consumption of drinking water per day per resident within the district. (Demand management). (Mandatory Measure)	Year 2: No more than 578 litres/person/day Note: The Year 3 Target is to be established (to align with water meter installation and associated data).	Reported at Year End	Not Available to Report	586 litres/person/day	578 litres/person/day	

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Wastewater						
<p>Number of complaints received about sewerage odour, system faults, system blockages, MDC's response to issues with its sewerage system.</p> <p>(Mandatory Measure)</p>	Less than or equal to 8 complaints/1000 connections.	<p>2.83 complaints/1,000 connections</p> <p>Actual Complaints: 28</p>	Achieved	<p>26.56 complaints/1000 connections</p> <p>Actual Complaints: 257</p> <p>Q1: 14.16/1000 (137) Q2: 4.3/1000 (42) Q3: 4.44/1000 (43) Q4: 3.62/1000 (35)</p> <p>The higher number of complaints this year were primarily related to a continuation of issues with the wastewater network resulting from groundwater tables that have remained high since the February 2022 heavy rain event.</p>	<p>15.95 complaints/1000 connections</p> <p>Actual Complaints: 152</p> <p>Q1: 1.99/1000 (19) Q2: 1.26/1000 (12) Q3: 11.43/1000 (109) Q4: 1.26/1000 (12)</p> <p>During the February 2022 record rain event water infiltrated the sewer system leading to overflows. As a result, there were an increased number of complaints. Port-a-loos were provided to impacted properties, and overflows were cleaned up once the water subsided, which took several days.</p> <p>The increased number of complaints, and the time it took for water to subside, also impacted results for attendance and resolution, as noted below.</p>	<p>YTD: 2.83 complaints/1000 connections</p> <p>YTD Actual Complaints: 28</p> <p>2023/24 Quarterly Results: Q1: 2.83/1000 (28 complaints)</p> <p>The result for Q1 of this year is more comparable with results prior to the February 2022 rain event. Results over the past 18 months have been impacted by heavy rain and high groundwater.</p> <p>Work is being progressed to mitigate the impact of heavy rainfall on our wastewater networks, especially in areas that have experienced challenges for an extended period of time.</p>

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Median response time to sewerage overflows resulting from a blockage or other fault to MDC's sewerage system:						
a) attendance (from time of notification to the time service personnel arrive onsite) (Mandatory Measure)	6 hours or less	32 minutes	Achieved	YTD: 52 minutes Q1: 75 minutes Q2: 50 minutes Q3: 37 minutes Q4: 35 minutes	Year End: 131 minutes (2.18 hours) Q1: 30 minutes Q2: 47 minutes Q3: 2829 minutes (47.15 hours) Q4: 48 minutes The February 2022 flooding event happened afterhours. The volume of complaints received resulted in longer attendance times despite staff working extra hours and over the weekend.	YTD: 32 minutes 2023/24 Quarterly Results: Q1: 32 minutes
b) resolution (from time of notification to the time service personnel confirm resolution) (Mandatory Measure)	12 hours or less	135 minutes	Achieved	102 minutes 2022/23 Quarterly Results: Q1: 159 minutes Q2: 75 minutes Q3: 59 minutes Q4: 136 minutes	1084 minutes (18.07 hours) Q1: 161 minutes Q2: 147 minutes Q3: 3950 minutes (65.83 hours) Q4: 105 minutes The clean-up of overflows in Q3 following the February 2022 flood event could not be completed until the water subsided. This took several days, impacting resolution times.	YTD: 135 minutes 2023/24 Quarterly Results: Q1: 135 minutes
Number of dry weather sewerage overflows from MDC's sewerage system (Mandatory Measure)	Less than or equal to 2/1000 connections	0.4 complaints/1000 connections (4 complaints)	Achieved	0.41/1000 connections Actual: 4 complaints Q1: 0.10/1000 (1) Q2: 0.10/1000 (1) Q3: 0.10/1000 (1) Q4: 0.10/1000 (1)	1.15/1000 connections Actual: 11 complaints Q1: 0.31/1000 (3) Q2: 0.21/1000 (2) Q3: 0.42/1000 (4) Q4: 0.21/1000 (2)	YTD: 0.4 complaints/1000 connections YTD Actual: 4 complaints 2023/24 Quarterly Results: Q1: 0.4/1000 (4 complaints)

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<p>Compliance with MDC's resource consents for discharge from its sewerage system, measured by the number of abatement notices, infringement notices, enforcement orders or convictions received by MDC in relation to those consents.</p> <p>(Mandatory Measure)</p>	100% - no consent breaches	100% compliant	Achieved	<p>One abatement notice served.</p> <p>An Abatement Notice was served on MDC on 25/8/22, requiring compliance with consent conditions.</p> <p>This related to a breach of Resource Consent conditions due to occasional high E-Coli results detected in the final treatment pond (not the wastewater discharge).</p>	<p>One infringement received</p> <p>An infringement was received in Quarter 2 due to an overflow (with limited effects) that resulted from a sewer line blockage. The blockage was caused by foreign material being flushed into the sewer. The blocked line was in the process of being upgraded and work has now been completed on that section.</p>	<p>YTD: 100% compliant</p> <p>Q1: 100% compliant</p>
<p>Alternative system provided where loss of service exceeds 24 hours</p>	Less than or equal to 1/1000 connections	0.1/1000 connections (1 port-a-loo provided)	Achieved	<p>YTD: 16.53/1000 connections (160 port-a-loos required)</p> <p>2022/23 Quarterly Results: Q1: 8.37/1000 (81 required) Q2: 2.79/1000 (27 required) Q3: 2.99/1000 (29 required) Q4: 2.38/1000 (23 required)</p> <p>The high number of port-a-loos provided in Q1 were primarily a result of issues with the wastewater network resulting from groundwater tables remaining high following the heavier than usual rainfall through before and during Q1. The groundwater conditions and heavy rainfall continued to impact through the year.</p>	<p>6.4/1000 connections (61 port-a-loos required)</p> <p>Q1: 0/1000 Q2: 0/1000 Q3: 6.2/1000 (59 required) Q4: 0.21/1000 (2 required)</p> <p>Port-a-loos were provided to properties that experienced wastewater overflows as a result of the February 2022 rain event in Q3.</p> <p>The two port-a-loos reported in Q4 related to the flooding event in Q3. Service requests for these two port-a-loos were completed in Q4.</p>	<p>YTD: 0.1/1000 connections (1 port-a-loo required)</p> <p>2023/24 Quarterly Results: Q1: 0.1/1000 connections (1 required)</p> <p>Results over the past 18 months have been impacted by heavy rain and high groundwater. The result for Q1 of this year is more comparable with results prior to the February 2022 rain event.</p>

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Stormwater:						
Number of flooding events that occur in the district (Mandatory Measure)	10 events or less	No Flooding Events reported	Achieved	5 Flooding Events Q1: 3 flooding events Q2: 2 flooding events Q3: No flooding events Q4: No flooding events	2 Flooding Events Q1: No flooding events Q2: No flooding events Q3: 2 flooding events Q4: No flooding events	YTD: No Flooding Events Reported Q1: No flooding events
For each flooding event, the number of habitable floors affected (Mandatory Measure)	Less than or equal to 1/1000 connections	0/1000 connections. No habitable floors affected	Achieved	0/1000 connections. No habitable floors affected Q1: No habitable floors affected Q2: No habitable floors affected Q3: No habitable floors affected Q4: No habitable floors affected	0.33/1000 connections. 3 habitable floors affected Q1: No habitable floors affected Q2: No habitable floors affected Q3: 2 habitable floors affected Q4: 1 habitable floors affected The habitable floor reported in Q4 was related to the flooding event in Q3. The service request was completed in Q4.	YTD: 0/1000 connections. No habitable floors affected Q1: No habitable floors affected
Compliance with MDC's resource consents for discharge from its stormwater system, measured by the number of abatement notices, infringement notices, enforcement orders or convictions received by MDC in relation to those consents. (Mandatory Measure)	100% compliance	100% - no consent breaches	Achieved	100% - no consent breaches	100% - no consent breaches	YTD: 100% - no consent breaches

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<p>Number of complaints received about the performance of MDC's stormwater system</p> <p>(Mandatory Measure)</p>	Less than or equal to 3/1000	<p>1.6 complaints/1000 connections</p> <p>Actual Complaints at Year End: 14</p>	Achieved	<p>10.11 complaints/1000 connections</p> <p>Actual: 91 complaints</p> <p>Q1: 3.44/1000 (31) Q2: 1.33/1000 (12) Q3: 2.22/1000 (20) Q4: 3.11/1000 (28)</p> <p>The higher number of complaints are primarily related to groundwater tables remaining high following the heavier than usual rainfall since February 2022.</p>	<p>4.11 complaints/1000 connections</p> <p>Actual: 37 complaints</p> <p>Q1: 0.56/1000 (5) Q2: 0.67/1000 (6) Q3: 2/1000 (18) Q4: 0.89/1000 (8)</p> <p>The February 2022 rain event in Q3 contributed to an increased number of complaints in that quarter.</p>	<p>YTD: 1.6 complaints/1000 connections</p> <p>YTD Actual: 14 complaints</p> <p>Q1: 1.6/1000 (14 complaints)</p> <p>The number of complaints received has reduced compared to last year, but is still higher than results prior to the February 2022 rain event. Most complaints related to wastewater/stream maintenance.</p>
<p>Median response time to attend a flooding event (from time of notification to the time service personnel arrive onsite)</p> <p>(Mandatory Measure)</p>	60 minutes or less	N/A – no flooding events reported	Achieved	<p>21 minutes</p> <p>2022/23 Quarterly Results: Q1: 47 minutes – 3 flooding events reported Q2: 16 minutes – 2 flooding events reported Q3: N/A – no flooding events reported Q4: N/A – no flooding events reported</p>	<p>6531 (109 hours)</p> <p>Q1: No flooding events Q2: No flooding events Q3: 6530 minutes Q4: 25 minutes</p> <p>The volume of complaints relating to flooding and wastewater issues over the period of the rain event in Q3 resulted in longer response times, despite staff working extra hours and over the weekend.</p> <p>The response time reported in Q4 was related to the flooding event in Q3. The service request was completed in Q4.</p>	<p>YTD: N/A</p> <p>2023/24 Quarterly Results: Q1: No flooding events</p>

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Solid Waste						
Number of call backs due to non-collection of official rubbish bag in each weekly collection	No more than 52 call-backs per annum.	6 call backs	Achieved	8 Call Backs Q1 Result: 2 Q2 Result: 3 Q3 Result: 3 Q4: Result: 0	9 Call Backs 2021/22 Quarterly Results: Q1 Result: 1 Q2 Result: 1 Q3 Result: 2 Q4 Result: 5	YTD: 6 Call Backs Q1 Result: 6
Tonnage of waste transferred to landfill per head of population	Reduction on previous year (0.513 tonne per head of population) Note: When the new bylaw is implemented, a new baseline will be established for reporting purposes.	0.472 tonne per head of population (Q1 annualised) <i>(est. population as at 30/6/23: 29,000)</i> 3,420 tonnes of waste transferred ex Masterton in first 3 months (last year 4,031 tonnes)	Achieved	0.513 tonne per head of population (Q4 annualised) <i>(est. population as at 30/6/22: 29,000)</i> 14,882 tonnes YTD of waste transferred ex Masterton	0.599 tonne per head of population <i>(est. population as at 30/6/21: 28,200)</i> 16,883 tonnes of waste transferred (16.6% increase on previous year) Result excludes 277 tonnes of recyclable materials that were damaged and dumped as a result of a fire in the MRF in August 2021.	YTD Result: 0.472 tonne per head of population (annualised) –3,420 tonne of waste transferred Q1 – 0.472 tonne per head of population (annualised) – 3,420 tonne of waste transferred <i>Results are based on estimated population of 29,000 as at 30/6/22.</i>
Urban and rural transfer stations, recycling, composting facilities and landfills operate within approved resource consent conditions	100% compliance	100% compliance	Achieved	100% compliance	100% compliance	

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Community Facilities and Parks						
Number of people using our library and archive reflected by: Overall library usage and number of visits to the library and archive.	<p>Library Usage:</p> <p>No less than 5 year average for overall library usage</p> <p>Usage consists of:</p> <ul style="list-style-type: none"> Physical issues Digital issues Computer/Wi-Fi sessions 	<p>YTD Library Usage: 87,840</p> <ul style="list-style-type: none"> Physical issues: 50,531 Digital issues: 15,993 Computer/Wi-Fi sessions: 21,316 	On Track to Achieve	<p>Library Usage: 324,662</p> <p>Physical issues: 187,344</p> <p>Digital issues: 52,431</p> <p>Computer/Wi-Fi sessions: 84,887</p> <p>The 5 year average for Library usage was: 290,315 made up of:</p> <p>Physical issues: 214,591</p> <p>Digital issues: 16,614</p> <p>Computer/Wi-Fi sessions: 59,110</p> <p>Q1 Library Usage: 79,668</p> <p>Physical issues: 46,211</p> <p>Digital issues: 13,369</p> <p>Computer/Wi-Fi sessions: 20,088</p> <p>Q2 Library Usage: 80,294</p> <p>Physical issues: 46,517</p> <p>Digital issues: 11,745</p> <p>Computer/Wi-Fi sessions: 22,032</p> <p>Q3 Library Usage: 76,205</p> <p>Physical issues: 46,777</p> <p>Digital issues: 13,000</p> <p>Computer/Wi-Fi sessions: 16,428</p> <p>Q4 Library Usage: 88,495</p> <p>Physical issues: 47,839</p> <p>Digital issues: 14,317</p> <p>Computer/Wi-Fi sessions: 26,339</p>	<p>Library Usage: 278,960</p> <p>Physical issues: 182,546</p> <p>Digital issues: 44,838</p> <p>Computer/Wi-Fi sessions: 51,576</p> <p>The 5 year average for Library usage was: 318,686 made up of:</p> <p>Physical issues: 231,430</p> <p>Digital issues: 12,958</p> <p>Computer/Wi-Fi sessions: 74,298</p> <p>Q1 Library Usage: 53,666</p> <p>Physical issues: 40,529</p> <p>Digital issues: 8,751</p> <p>Computer/Wi-Fi sessions: 4,386</p> <p>Q2 Library Usage: 63,777</p> <p>Physical issues: 47,147</p> <p>Digital issues: 11,844</p> <p>Computer/Wi-Fi sessions: 4,786</p> <p>Q3 Library Usage: 71,517</p> <p>Physical issues: 46,638</p> <p>Digital issues: 10,400</p> <p>Computer/Wi-Fi sessions: 14,479</p> <p>Q4 Library Usage: 87,326</p> <p>Physical issues: 48,226</p> <p>Digital issues: 12,073</p> <p>Computer/Wi-Fi sessions: 27,027</p>	<p>The 5 year average for Library Usage is: 277,238 (this equates to a quarterly average of 69,310) made up of:</p> <ul style="list-style-type: none"> Physical issues: 202,520 Digital issues: 20,636 Computer/Wi-Fi sessions: 54,082 <p>YTD Library Usage: 87,840</p> <ul style="list-style-type: none"> Physical issues: 50,531 Digital issues: 15,933 Computer/Wi-Fi sessions: 21,316 <p>Quarterly Results:</p> <p>Q1 Library Usage: 87,840</p> <ul style="list-style-type: none"> Physical issues: 50,531 Digital issues: 15,993 Computer/Wi-Fi sessions: 21,316 <p>All categories of library use have increased compared to Q1 in the previous two years. This result is on track to be achieved at year end.</p>

MEASURE	CURRENT YEAR END RESULTS			PREVIOUS YEAR END RESULTS (WHERE APPLICABLE)		COMMENTARY
	2023/24 Annual Target	Quarter 1: Result as at 30/9/23 (Year 3 of 2021-31 LTP)	Status at 30/09/23	Year End Result as at 30/06/23 (Year 2 of 2021-31 LTP)	Year End Result as at 30/06/22 (Year 1 of 2021-31 LTP)	
<p>Library Visits:</p> <p>No less than 5 year average for number of visits to the library and archive</p> <p>Visits consists of:</p> <ul style="list-style-type: none"> In Person Visits Digital Housebound <p>Note: Digital visits include website, OPAC and social media.</p>	<p>YTD Library Visits: 71,756</p> <p>Visits consists of:</p> <ul style="list-style-type: none"> In Person: 28,409 Digital: 43,123 Housebound: 224 	<p>On Track to Achieve</p>	<p>Library Visits: 329,929</p> <p>Visits consist of:</p> <p>In Person: 99,132 Digital: 229,709 Housebound: 1,088</p> <p>The 5 year average for Library visits was: 233,332 made up of:</p> <p>In Person Visits: 128,351 Digital Visits: 104,178 Housebound Visits: 803</p> <p>Q1 Library Visits: 59,240</p> <p>In Person: 24,748 Digital: 34,168 Housebound: 324</p> <p>Q2 Library Visits: 71,457</p> <p>In Person: 23,405 Digital: 47,740 Housebound: 312</p> <p>Q3 Library Visits: 78,484</p> <p>In Person: 24,021 Digital: 54,249 Housebound: 214</p> <p>Q4 Library Visits: 98,216</p> <p>In Person: 26,709 Digital: 71,269 Housebound: 238</p>	<p>Library Visits: 363,490</p> <p>Visits consist of:</p> <p>In Person: 83,400 Digital: 278,944 Housebound: 1,146</p> <p>The 5 year average for Library visits was: 215,501 made up of:</p> <p>In Person Visits: 148,062 Digital Visits: 66,745 Housebound Visits: 694</p> <p>Q1 Library Visits: 64,440</p> <p>In Person: 20,798 Digital: 43,412 Housebound: 230</p> <p>Q2 Library Visits: 54,911</p> <p>In Person: 21,469 Digital: 33,041 Housebound: 401</p> <p>Q3 Library Visits: 58,268</p> <p>In Person: 19,361 Digital: 38,675 Housebound: 232</p> <p>Q4 Library Visits: 185,871</p> <p>In Person: 21,772 Digital: 163,816 (social media only measured at year end) Housebound: 283</p>	<p>The 5 year average for Library Visits is: 245,616 (this equates to a quarterly average of 61,404) made up of:</p> <ul style="list-style-type: none"> In Person Visits: 113,191 (28,298 per quarter average) Digital Visits: 131,524 (32,881 per quarter average) Housebound Visits: 901 (225 per quarter average) <p>Digital visits include website, OPAC and social media.</p> <p>YTD Library Visits: 71,756</p> <ul style="list-style-type: none"> In Person: 28,409 Digital: 43,123 Housebound: 224 <p>Quarterly Results:</p> <p>Q1 Library Visits: 71,756</p> <ul style="list-style-type: none"> In Person: 28,409 Digital: 43,123 Housebound: 224 <p>Overall visits have increased in Q1 of this year compared to the previous two years. In person have continued to trend up (compared to Q1 of the previous two years), likely reflecting people returning to the library in person after previous years with COVID-19 concerns and restrictions. There has also been an increase in digital visits compared to Q1 of last year. The number of digital visits is comparable with Q1 in 2021/22.</p> <p>This measure is on track to be achieved at year end.</p>	

MEASURE	CURRENT YEAR END RESULTS			PREVIOUS YEAR END RESULTS (WHERE APPLICABLE)		COMMENTARY
	2023/24 Annual Target	Quarter 1: Result as at 30/9/23 (Year 3 of 2021-31 LTP)	Status at 30/09/23	Year End Result as at 30/06/23 (Year 2 of 2021-31 LTP)	Year End Result as at 30/06/22 (Year 1 of 2021-31 LTP)	
Percentage of Council parks and open spaces urgent customer service requests that are resolved within 4 work hours.	90% resolved within 4 work hours.	100% responded to within 4 hours. 5 urgent requests received. All 5 were responded to within 4 hours.	Achieved	93.8% responded to within 4 hours. 46 out of 49 urgent requests received were responded to within 4 hours. Q1: 90% (18/20) Q2: 90% (9/10) Q3: 100% (11) Q4: 100% (8)	96% responded to within 4 hours. 54 out of 56 urgent requests were responded to within 4 hours. Q1: 100% (7) Q2: 100% (14) Q3: 100% (10) Q4: 92% (25)	Year to Date: 100% responded to within 4 hours. 5 out of 5 urgent requests received were responded to within 4 hours. Q1: 100% (5/5 urgent requests)
Number of people using the recreational trails that are part of our parks and reserves network	Utilisation = at least the 2 year average The 2 year average (as at 30/6/20) equates to: 289,612 See note regarding targets in commentary column.	This measure was set as part of the 2021-31 Long-Term Plan process. At that time, data loggers were recording the number of people using the recreational trails. However, over the past two years we have been unable to report results due to ongoing issues with the data loggers that have not been permanently resolved.	Not Available to Report	Year End: Results unable to be reported due to issues with data loggers through the year.	Year End: Results unable to be reported due to issues with data loggers through the year.	Work to resolve the Trail Counter functionality has been attempted but has not produced reliable results over the reporting period. Despite being unable to report usage, staff have received consistent positive feedback about the trails.

MEASURE	CURRENT YEAR END RESULTS			PREVIOUS YEAR END RESULTS (WHERE APPLICABLE)		COMMENTARY
	2023/24 Annual Target	Quarter 1: Result as at 30/9/23 (Year 3 of 2021-31 LTP)	Status at 30/09/23	Year End Result as at 30/06/23 (Year 2 of 2021-31 LTP)	Year End Result as at 30/06/22 (Year 1 of 2021-31 LTP)	
Number of people using the Trust House Recreation Centre	No less than 5 year average for overall Trust House Recreation Centre usage total Usage consists of: <ul style="list-style-type: none"> Swim Gym Stadium Sports Stadium Events 	Trust House Recreation Centre Usage: 33,693 Usage consists of: <ul style="list-style-type: none"> Swim: 22,878 Gym: 8,729 Stadium Sports: 1,579 Stadium Events: 507 	On Track to Achieve	Usage:152,095 made up of: Swim: 106,191 Gym: 27,687 Stadium Sports: : 5,830 Stadium Events: 12,387 The 5 year usage was: 121,703. This consists of: Swim: 79,983 Gym: 30,152 Stadium Sports: 3,367 Stadium Events: 8,202 Q1 Usage: 34,476 Swim: 24,333 Gym: 6,244 Stadium Sports: 1,775 Stadium Events: 2,124 Q2 Usage: 39,272 Swim: 28,490 Gym: 6,715 Stadium Sports: 1,137 Stadium Events: 2,930 Q3 Usage: 44,213 Swim: 28,728 Gym: 7,972 Stadium Sports: 1,760 Stadium Events: 5,753 Q4 Usage: 34,134 Swim: 24,640 Gym: 6,756 Stadium Sports: 1,158 Stadium Events: 1,580	Usage: 99,899 made up of: Swim: 65,357 Gym: 25,214 Stadium Sports: 3,717 Stadium Events: 5,601 The 5 year usage was: 106,018. This consists of: Swim: 70,348 Gym: 25,695 Stadium Sports: 2,761 Stadium Events: 7,215 Q1 Usage: 21,716 Swim: 14,247 Gym: 5,002 Stadium Sports: 787 Stadium Events: 1,680 Q2 Usage: 23,697 Swim: 15,241 Gym: 6,653 Stadium Sports: 757 Stadium Events: 1,046 Q3 Usage: 28,413 Swim: 18,721 Gym: 7,844 Stadium Sports: 724 Stadium Events: 1.124 Q4 Usage: 26,063 Swim: 17,148 Gym: 5,715 Stadium Sports: 1,449 Stadium Events: 1,751	The 5 year average for Trust House recreation Centre usage is: 123,364 (equating to a quarterly average of 30,841). This consists of: <ul style="list-style-type: none"> Swim: 82,366 (quarterly average: 20,591) Gym: 28,383 (quarterly average: 7,096) Stadium Sports: 3,844 (quarterly average: 961) Stadium Events: 8,771 (quarterly average: 2,193) YTD Usage: 33,693 <ul style="list-style-type: none"> Swim: 22,878 Gym: 8,729 Stadium Sports: 1,579 Stadium Events: 507 Q1 33,693 <ul style="list-style-type: none"> Swim: 22,878 Gym: 8,729 Stadium Sports: 1,579 Stadium Events: 507 Compared to the same quarter last year, gym usage has increased but other categories of use have seen a decline in numbers. The biggest difference is in stadium events. This is a reflection of the closure of the B-Legends childcare programme that is no longer operating. Overall usage is comparable with the same quarter last year, and is tracking slightly ahead of the 5 year quarterly average for all categories except stadium events.
Compliance with the healthy homes standards for Council owned rental units and houses.	Applies to all Council rental units/houses: All units/houses comply with the healthy home standards (or have exemptions).	Proportion of new/renewed tenancy agreements where the unit/house rented is compliant (or has an exemption) at the time of lease: 100% (1/1)	Achieved	100% Five units were let and all five were fully compliant at the time of lease	83.3% Six units were let and five were fully compliant at the time of lease. The non-compliance was addressed within the same quarter.	YTD: 100% - 1 unit has been Let. That was fully compliant at the time of lease. Q1: 100% - 1 unit was let. That unit was fully compliant. All Council housing is now fully compliant with new standards, ahead of schedule (31 December 2022) and the legal deadline for compliance (1 July 2024).

MEASURE	CURRENT YEAR END RESULTS			PREVIOUS YEAR END RESULTS (WHERE APPLICABLE)		COMMENTARY
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Regulatory:						
Response time to attend Priority 1 urgent call outs (e.g. dog attacks).	90% attended within one hour	86.4% (38 out of 44 urgent call-outs attended on time)	Not Achieved in Q1 but expect to achieve at year-end.	Year End: 95.3% 162/170 attended on time Q1 – 93.54% (29/31) Q2 – 90.39% (47/52) Q3 – 100% (48/48) Q4 – 97.5% (38/39)	Year End: 94% 141/150 attended on time Q1 – 98.08% (51/52) Q2 – 90.62% (29/32) Q3 – 86.21% (25/29) Q4 – 92.11% (35/38)	YTD: 86.4% (38/44 attended on time) Q1 – 86.4% (38/44) Priority 1 call outs include dog attacks on people, animals, protected wildlife and stock, as well as rushing's, stock worrying, welfare and police assistance. Ten of the 44 call outs in Q1 were for attacks on people, and all of these call outs were attended within time. During this quarter Animal Services were operating with reduced staff, impacting response rates. This was publicised so our community were aware of the temporary reduction in service levels.
Response time to attend noise control call outs.	90% attended within one hour	93.8% (122/130 complaints attended within one hour)	Achieved	Year End: 93% 573/616 attended on time Q1 – 95.83% (115/120) Q2 – 91.38% (159/174) Q3 – 89.1% (139/156) Q4 – 96.4% (160/166)	Year End: 93.7% 687/733 attended on time Q1 – 95.6% (132/138) Q2 – 96% (264/275) Q3 – 92.5% (149/161) Q4 – 89.3% (142/159)	YTD: 93.8% (122/130 attended on time) Q1 – 93.8% (122/130) The increased number of call outs in Quarter 2 is likely to reflect seasonal change – i.e. moving into spring/early summer with more people socialising outdoors, using power tools etc.
Number of animal control community education and engagement activities.	A minimum of 6 per annum related to high priority issues or concerns	No Education/ Engagement Activities	Not Achieved in Q1 but expect to achieve at year-end.	YTD: 8 education/ engagement activities Q1 – No education/ engagement activities Q2 – 5 Q3 – 3 Q4 – No education/ engagement activities	8 education/engagement activities Q1 – No education/ engagement activities Q2 – 2 Q3 – 4 Q4 – 2	YTD: No education/engagement activities Q1 – No education/engagement activities The team still anticipate completing six activities through the year to meet the annual target.

MEASURE	CURRENT YEAR END RESULTS			PREVIOUS YEAR END RESULTS (WHERE APPLICABLE)		COMMENTARY
	2023/24 Annual Target	Quarter 1: Result as at 30/9/23 (Year 3 of 2021-31 LTP)	Status at 30/09/23	Year End Result as at 30/06/23 (Year 2 of 2021-31 LTP)	Year End Result as at 30/06/22 (Year 1 of 2021-31 LTP)	
Percentage of resource consents processed within statutory timeframes	90%	97.7% (42 of 43 resource consents were processed within statutory timeframes)	Achieved	92.2% 142 of 154 resource consents were processed within statutory timeframes Q1: 90% (28/33) Q2: 97.5% (39/40) Q3: 94.1% (32/34) Q4: 91.5% (43/47)	93% 210 of 226 resource consents were processed within statutory timeframes Q1: 98% (52/53) Q2: 100% (72/72) Q3: 90.2% (46/51) Q4: 89.7% (35/39)	YTD: 97.7% (42/43) Q1: 97.7% (42/43)
Percentage of building consents processed within statutory timeframes	90%	91% (42/43 consents issued were processed within statutory timeframes)	Achieved	83% 538 of 649 consents issued were processed within statutory timeframes. The average processing time was 16.5 working days. Q1: 73% (141/194) / 17 days Q2: 77% (124/161) / 19 days Q3: 94% (130/138) / 15 days Q4: 92% (143/156) / 15 days	65% 442 of 685 consents issued were processed within statutory timeframes. The average processing time was 20 working days. Q1: 52% (93/178) – 22 days Q2: 74% (102/138) – 15 days Q3: 87% (144/165) - 16 days Q4: 75% (156/207) – 17 days	Quarter 1: 158 of 174 building consents were issued within statutory timeframes. The average processing time was 14 working days. YTD: 91% (158/174 / 14 working days) Q1: 91% (158/174) / 14 working days There were a higher number of consents received compared to Q3 and Q4 of 2022/23, but targets for processing were still achieved by the team. This improvement compared to Q1 in the two previous years reflects growth in the team.
Percentage of code compliance certificates processed within statutory timeframes	90%	94% (133 of 141 certificates were processed within statutory timeframes)	Achieved	90% 520 of 577 certificates were processed within statutory timeframes. The average processing time was 15 working days. Q1: 83% (130/156)/20.9 days Q2: 87% (159/183) /13 days Q3: 97% (95/98) /16 days Q4: 97% (136/140) /10 days.	79% 453 of 573 code compliance certificates were processed within statutory timeframes. The average processing time was 17 working days. Q1: 72% (118/163)/15 days Q2: 95% (137/145)/9 days Q3: 85% (97/114)/14 days Q4: 85% (139/163)/13 days	Quarter 1: 141 code compliance certificates were issued, with 94% processed within statutory timeframes. The average processing time was 15 working days. YTD on time: 94% (133/141) / 15 working days Q1: 94% (133/141) / 15 working days Results are comparable with Q3 and Q4 of last year.
Percentage of commercial Building Warrant of Fitness' (BWOFs) that have been reviewed within 20 days of their due date.	At least 90% of BWOFs have been reviewed within 20 days of their due date.	92%	Achieved	100% reviewed within 20 days of the due date. Q1: 100% Q2: 100% Q3: 100% Q4: 100% 98% compliance across 398 Building Warrant of Fitness.	100% reviewed within 20 days of the due date. Q1: 100% Q2: 100% Q3: 100% Q4: 100% 90% compliance across 387 Building Warrant of Fitness.	92% current compliance across 109 Building Warrant of Fitness due this quarter, 8 overdue. Overdue means that the building owner (or their agent) has not provided a BWoF in the month of their anniversary date, and MDC are following up. YTD: 92% reviewed within 20 days of the due date. Q1: 92% - 101 BWOFs were due in Q1 – 8 are overdue.

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Proportion of known residential swimming pools that have been inspected.	<p>The year 3 target is 80%</p> <p>The year 1 target was 25%</p> <p>The year 2 target was 50%</p> <p>Target changes from Year 4:</p> <p>Years 4-10: cycle to be repeated but ensuring 100% of pools have been re-inspected by the end of Years 6 and 9.</p>	<p>53% of total pools inspected</p> <p>45% of total pools compliant</p> <p>YTD: 60 inspections undertaken</p>	<p>Not Likely to Achieve By Year End</p>	<p>48% inspected</p> <p>508 inspections undertaken</p> <p>Q1: 233 inspections undertaken over 190 pools = 23% inspected and 13% of total pools compliant</p> <p>Q2: 44 inspections undertaken over 26 pools = 27% inspected and 19% of total pools compliant</p> <p>Q3: 87 inspections undertaken over 87 pools = 37% inspected and 30% of total pools compliant</p> <p>Q4: 144 inspections undertaken over 144 pools = 48% inspected and 39% of total pools compliant</p>	<p>3% inspected</p> <p>28 inspections undertaken.</p> <p>Q1: No inspections.</p> <p>Q2: No inspections.</p> <p>Q3: 15 inspections.</p> <p>Q4: 13 inspections.</p> <p>Pool inspections scheduled for 2021/22 were impacted by a lack of resource in the team due to a resignation.</p>	<p>YTD: 60 inspections undertaken over 60 recorded pools, with 27 of those pools remaining on our database* of pools inspected. 33 pools included on the database were not located upon site inspection and were removed from the database.</p> <p>Q1: 60 inspections undertaken over 27 pools = 53% of total pools inspected and 45% of total pools compliant</p> <p>Based on current results, the team do not expect to achieve the target of 80% of pools inspected by year end.</p> <p><i>*Note: Some pools are decommissioned following inspection and/or the pool is confirmed as no longer existing when staff visit the site.</i></p>

Leadership, Strategy and Corporate Services

Every year Council produces an Annual Report that informs our community about what has been achieved and how well we performed against the plans and budgets that were set for that year. In addition, there is regular reporting to the Senior Leadership Team and Council on progress with work and projects in this activity group, and once every three years Council undertakes a Community Satisfaction Survey that includes questions about Council's leadership and reputation.

6 REPORTS FOR INFORMATION

6.1 MINUTES OF THE PREVIOUS MEETING HELD ON 23 AUGUST 2023

File Number:

Author: Harriet Kennedy, Governance Advisor

Authoriser: Karen Yates, Manager Strategy and Governance

PURPOSE

For the Audit and Risk Committee to receive the minutes of the previous meeting held 23 August 2023.

EXECUTIVE SUMMARY

The minutes of the Committee held on 23 August 2023 were confirmed by Council at its meeting on 13 September 2023 and are being brought to the Committee for their receipt.

RECOMMENDATION

That the Audit and Risk Committee receives the minutes of the previous meeting held 23 August 2023.

ATTACHMENTS

- 1. Minutes 23 August 2023** [↓](#) 



MINUTES

Audit and Risk Committee Meeting Wednesday, 23 August 2023

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MINUTES OF MASTERTON DISTRICT COUNCIL
AUDIT AND RISK COMMITTEE MEETING
HELD AT THE WAIATA HOUSE, 27 LINCOLN ROAD, MASTERTON
ON WEDNESDAY, 23 AUGUST 2023 AT 3:00 PM

PRESENT: Philip Jones (Chair), Mayor Gary Caffell, Councillors B Johnson, C Bowyer, B Goodwin, D Holmes, T Hullena, T Nelson and M Tuuta

IN ATTENDANCE: Interim Chief Executive, Manager Finance, Acting Manager Strategy and Governance, Manager Community Facilities and Activities, Manager Assets and Operations, Manager Communications and Engagement, Manager People and Culture, Policy Manager, Senior Policy Advisor, Governance Advisor.

1 CONFLICTS OF INTEREST

No conflicts of interest were declared.

2 APOLOGIES

COMMITTEE RESOLUTION 2023/21

Moved by Councillor B Johnson
Seconded by Councillor B Goodwin

That the apology received from Councillor Stella Lennox be accepted

CARRIED

3 PUBLIC FORUM

There was no public forum.

4 ITEMS NOT ON THE AGENDA

The meeting was advised of the following items for inclusion in the agenda: 2024-2034 LTP update

This item had not been available for inclusion with the agenda and could not be held over until a later meeting.

COMMITTEE RESOLUTION 2023/22

Moved by Councillor D Holmes
Seconded by Councillor T Nelson

That in terms of section 46A(7) of the Local Government Official Information and Meetings Act 1987 the item: 2024-2043 LTP Update be dealt with at this meeting.

CARRIED

5 REPORTS FOR DECISION

5.1 NON FINANCIAL PERFORMANCE 2022/2023 QUARTER 4/YEAR END REPORT

The report advising the Audit and Risk Committee of performance against non-financial measures for the period from 1 July 2022 to 30 June 2023 and recommending that Council confirm the Year 3 targets for the two annually reported water measures (Percentage of Real Water Loss and Average Consumption) was presented by the Acting Manager Strategy and Governance.

The recommendation to Council in relation to the water measures was discussed. Staff advised that at the time the targets were set it was indicated that they would be reviewed annually, noting water meters were being installed. The proposed target for Real Water Loss was to be no more than the previous year. The current target for average consumption hadn't been achieved so it was proposed to also set that target at no more than the previous year, that approach was consistent with how measures had been set the previous year,

Some members supported reducing the targets for percentage of real water loss and average consumption rates to encourage people to use less water and to recognise that water meters had already had an effect by providing the ability to monitor water use.

An amendment to the staff recommendation was proposed to reduce the Percentage of Real Water Loss – target for Year 3 to no more than **30%** and to reduce the Average Consumption - target for Year 3 to no more than **530**/litres/person/day.

Those who did not support the proposed changes thought that the targets shouldn't be picked out of thin air, and that if the target was to be reduced, asked what strategies were in place to achieve that, and, that staff should be asked to report back on an achievable target.

[Note to Minutes: Staff will report back to the November Audit and Risk Meeting on achievable targets for the percentage of real water loss and average consumption.]

COMMITTEE RESOLUTION 2023/23

Moved by Councillor B Goodwin
Seconded by Councillor T Nelson

That the Audit and Risk Committee

1. Receives the Quarter 4/year end non-financial performance report for the 2022/23 financial year.
2. Recommends Council confirms the Year 3 targets for the two water measures that are reported annually as follows:
 - i. Percentage of Real Water Loss – target for Year 3: no more than **30%**.
 - ii. Average Consumption - target for Year 3: no more than **530**/litres/person/day.

CARRIED

6 REPORTS FOR INFORMATION

6.1 MINUTES OF THE PREVIOUS MEETING HELD ON 24 MAY 2023

For the Audit and Risk Committee to receive the minutes of the previous meeting held 24 May 2023 which were confirmed by Council at its meeting on 28 June 2023.

COMMITTEE RESOLUTION 2023/24

Moved by Councillor C Bowyer
Seconded by Councillor B Johnson

That the Audit and Risk Committee receives the minutes of the previous meeting held 24 May 2023.

CARRIED

6.2 SERVICE PROVISION REPORTS: ARATOI AND NUKU ORA

The report providing the Committee with the quarterly report against key result indicators for Aratoi Regional Trust, and the six-month report against key initiatives for Nuku Ora was introduced by the Manager Community Facilities and Activities.

Sarah McLintock (Director) Aratoi and Chloe Fredericksen (Partnership Manager, Masterton) and Marcus Sherwood (GM Delivery) from Nuku Ora were in attendance to present their reports.

COMMITTEE RESOLUTION 2023/25

Moved by Councillor B Johnson
Seconded by Councillor B Goodwin

That the Audit and Risk Committee receives the Service Provision Reports: Aratoi and Nuku Ora, which cover:

- (a) the summary results of the key result indicators for the quarter 1 April – 30 June 2023 from **Aratoi Regional Trust**
- (b) the summary results of the key initiatives for the six months 1 January – 30 June 2023 from **Nuku Ora**.

CARRIED

6.3 DESTINATION WAIRARAPA QUARTERLY REPORT (1 APRIL 2023 TO 30 JUNE 2023)

The report providing the Audit and Risk Committee with the fourth quarter (1 April 2023 – 30 June 2023) progress report on key deliverables for Destination Wairarapa was presented by Anna Nielsen, General Manager, Destination Wairarapa.

COMMITTEE RESOLUTION 2023/26

Moved by Councillor C Bowyer
Seconded by Councillor D Holmes

That the Audit and Risk Committee receives the fourth quarter report (1 April 2023 – 30 June 2023) from Destination Wairarapa.

CARRIED

6.4 KEY POLICIES MONITORED BY THE AUDIT AND RISK COMMITTEE

The report providing a status update of policies that are monitored by the Audit and Risk Committee was presented by the Policy Manager.

The Chair requested the review of the Asset Management Policy be completed by the next Audit and Risk Committee meeting in November.

COMMITTEE RESOLUTION 2023/27

Moved by Councillor T Hullena
Seconded by Councillor C Bowyer

That the Audit and Risk Committee:

1. **notes** that the following policies are monitored by the Audit and Risk Committee:
 - Asset Management Policy
 - Fraud, Dishonesty and Corruption Control Policy
 - Workplace Health and Safety and Staff Wellbeing Policy
 - Procurement Policy
 - Revenue and Financing Policy
 - Risk Management Policy
 - Significance and Engagement Policy
 - Sensitive Expenditure Policy, and
 - Treasury Management Policy.
2. **notes** that a status update for each of these policies in this Report; and
3. **notes** that further work will be undertaken to identify any further policies that should be monitored by the Audit and Risk Committee.

CARRIED

6.5 TREASURY MANAGEMENT REPORT

The report providing Council with detailed information on 30 June 2023 position with respect to the Council's investments and debt was presented by the Manager Finance, who noted that the impact of the rates smoothing in the last LTP was becoming clear in the gradual decline in Council's investment funds.

COMMITTEE RESOLUTION 2023/28

Moved by Councillor T Hullena

Seconded by Councillor D Holmes

That the Audit and Risk Committee receives the Treasury Management Report as at 30 June 2023.

CARRIED

6.6 INSURANCE UPDATE

The report providing the Audit and Risk Committee with confirmation that all insurance cover has been renewed from 1 July 2023 and providing information about the cost increases of that insurance was presented by the Manager Finance.

COMMITTEE RESOLUTION 2023/29

Moved by Mayor G Caffell

Seconded by Councillor B Goodwin

That the Audit & Risk Committee receives the report and notes the information regarding the Council's insurances.

CARRIED

6.7 RATES RECEIVABLE REPORT AS AT 30 JUNE 2023

The report providing Council with detailed information on its 30 June 2023 position with respect to rates collection and arrears was presented by the Manager Finance.

COMMITTEE RESOLUTION 2023/30

Moved by Councillor C Bowyer

Seconded by Councillor B Johnson

That the Audit and Risk Committee receives the Rates Receivable Report to 30 June 2023.

CARRIED

6.8 INTERIM FINANCIAL RESULT FOR 2022/23

The report providing the Audit and Risk Committee with interim financial reporting for the twelve months to 30 June 2023 was presented by the Manager Finance, who noted that there was still work to be done before the final result was available.

The impact of rate smoothing was discussed and the Chair noted that the discussion should take place as part of the Financial Strategy discussion. The Audit and Risk Committee had a monitoring role.

COMMITTEE RESOLUTION 2023/31

Moved by Councillor D Holmes

Seconded by Councillor C Bowyer

That the Audit & Risk Committee receives the interim financial result and commentary for the 12 months to 30 June 2023.

CARRIED

The meeting adjourned from 5.01pm to 5.06pm

Philip Jones, Mayor Gary Caffell, Councillors B Johnson, C Bowyer, B Goodwin, D Holmes, T Hullena, T Nelson and M Tuuta were present when the meeting reconvened.

6.9 2024-2034 LONG TERM PLAN UPDATE

The report providing the Audit and Risk Committee with an update on progress with the development of the 2024-34 Long Term Plan was presented by the Acting Manager Strategy and Governance.

The uncertainty around the three waters reform was discussed and staff advised that Council needed to continue working on the basis that the reforms would proceed and that it would be easier to keep the three waters in the Long Term Plan and remove them if required, than to have to add them later.

COMMITTEE RESOLUTION 2023/32

Moved by Mayor G Caffell
Seconded by Philip Jones

That the Audit and Risk Committee

1. Receives the 2024-34 Long-Term Plan update report.
2. Notes the risks identified in this report.

CARRIED

7 PUBLIC EXCLUDED

RESOLUTION TO EXCLUDE THE PUBLIC

COMMITTEE RESOLUTION 2023/33

Moved by Councillor D Holmes
Seconded by Councillor T Hullena

That the public be excluded from the following parts of the proceedings of this meeting.

The general subject matter of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48 of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution

<p>7.1 - Minutes of the Audit and Risk Committee Meeting held with the public excluded on 24 May 2023</p>	<p>s7(2)(c)(i) - the withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied</p> <p>s7(2)(c)(ii) - the withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest</p>	<p>s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7</p>
<p>7.2 - Health and Safety Quarterly Report</p>	<p>s7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons</p>	<p>s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7</p>
<p>7.3 - 2022/23 Quarter 4 Risk Management Update Report</p>	<p>s7(2)(c)(i) - the withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied</p> <p>s7(2)(c)(ii) - the withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of</p>	<p>s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7</p>

	any enactment, where the making available of the information would be likely otherwise to damage the public interest	
7.4 - Initial Cyclone Recovery Risk Report	<p>s7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons</p> <p>s7(2)(d) - the withholding of the information is necessary to avoid prejudice to measures protecting the health or safety of members of the public</p> <p>s7(2)(e) - the withholding of the information is necessary to avoid prejudice to measures that prevent or mitigate material loss to members of the public</p> <p>s7(2)(i) - the withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</p>	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
7.5 - SLT Risk Discussion	<p>s7(2)(c)(i) - the withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied</p> <p>s7(2)(c)(ii) - the withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest</p>	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7

CARRIED

The Meeting moved into public excluded at 5.17pm
The Meeting moved out of public excluded at 6.17pm
The Meeting closed at 6.17pm.

The minutes of this meeting were confirmed at the Council meeting held on 13 September 2023.

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MAYOR

6.2 SERVICE PROVISION REPORT - ARATOI REGIONAL TRUST

File Number:

Author: Corin Haines, Manager Community Facilities and Activities

Authoriser: Kym Fell, Chief Executive

PURPOSE

The purpose of this report is to provide the committee with the quarterly report against key result indicators for Aratoi Regional Trust.

RECOMMENDATIONS

That the Audit and Risk Committee receives the Service Provision Report Aratoi Regional Trust covering the summary results of the key result indicators for the quarter 1 July - 30 September 2023.

CONTEXT

The Aratoi Regional Trust provides the Council with a report on funding they receive, in accordance with the Provision of Service Agreement and Memorandum of Understanding.

Aratoi Regional Trust

The Aratoi Regional Trust provides community infrastructure and a community service, to support council's outcome "*Pride in our Identity and Heritage.*"

A Provision of Services Agreement and Memorandum of Understanding is in place for a six-year term through to 30 June 2027.

SUMMARY OF CONSIDERATIONS

Strategic, Policy and Legislative Implications

Aratoi Regional Trust contributes towards Council's community outcomes and key strategies: *He Hiringa Tangata*, *He Hiringa Whenua*, the Arts, Culture and Heritage Strategy and the Wairarapa Economic Development Strategy.

Significance, Engagement and Consultation

The information contained in this report has been assessed against the Council's Significance and Engagement Policy and is of no significance as there is no decision that impacts on any matters identified in the assessment of significance.

Financial Considerations

Funding to the service provider was via the 2021-31 Long-Term Plan and as agreed in the Provision of Services Agreement and Memorandum of Understanding.

Implications for Māori

Included in Aratoi's key result indicators is a measure to ensure that Taonga Māori is displayed and an ongoing relationship between the institution and iwi is maintained and fostered.


Communications/Engagement Plan

There is no requirement for communication or engagement in the reports provided.

Environmental/Climate Change Impact and Considerations

There are no environmental/climate change impacts or considerations arising out of the reports provided.

ATTACHMENTS

1. **Aratoi Quarter 1 2023/2024 Report** [↓](#) 

Aratoi Regional Trust – Quarter 1 2023/2024

Key Result Areas	Result	Assurance (How Achieved)
<p>A sustainable and thriving organisation:</p> <ul style="list-style-type: none"> ▪ Revenue from other sources (other than Masterton District Council and Masterton Trust Lands Trust) is greater than or equal to 20% of total revenue. ▪ Increases in self-generated revenue. <ul style="list-style-type: none"> ➢ <i>[Baseline: increase on 2020/21 result]</i> ▪ Resident and visitor satisfaction with Aratoi services. <ul style="list-style-type: none"> ➢ <i>[Baseline for 2023/24; 80% (4 or 5 stars)]</i> 	<p>On track</p> <p>On track</p> <p>On track</p>	<p>42% of Aratoi's income was from other sources for the quarter July to September 2023.</p> <p>Aratoi's self-generated income streams for the quarter ended 30 September 2023 were 5% below budget.</p> <p>Satisfaction with Aratoi services on track as per online ratings:</p> <ul style="list-style-type: none"> ➢ 4.6 stars on Google ➢ 4.5 stars on Facebook ➢ 4.5 stars on TripAdvisor. <p>A Museum survey is scheduled for March 2024.</p>
<p>Provider of arts, culture and heritage services that reflect the history and heritage of the Masterton district and wider Wairarapa region:</p> <ul style="list-style-type: none"> ▪ Number of programmes/events/activities undertaken annually that include local artists (or artists that whakapapa to the Wairarapa region). <ul style="list-style-type: none"> ➢ <i>[Baseline: established in 2019/20, then no decreases based on the previous year]</i> ▪ A Taonga Māori display is held annually. <ul style="list-style-type: none"> ➢ <i>[Baseline: 1 or more per annum]</i> ▪ Exhibition held that tells the stories of our local history and heritage. <ul style="list-style-type: none"> ➢ <i>[Baseline: 1 or more per annum]</i> 	<p>Achieved</p> <p>On track</p> <p>On track</p>	<p>500+ artists in exhibitions and programmes including:</p> <ul style="list-style-type: none"> ▪ Jenny Keate: Looking Sideways ▪ Wairarapa Camera Club: Reflecting on Our Place ▪ The Wairarapa Embroiderers Guild: Knot Just Threads ▪ Breadcraft Wairarapa Schools Art ▪ Light and Space: Sculpture from the collection ▪ Carol Ann Bauer: Have the most fun you can before they make you stop. <p>25+ local artists represented in the shop.</p> <p>The ongoing display of Waipupū Waka in the Main Gallery and a Taonga exhibition in development.</p> <p>Bragge's historic photographs of the Wairarapa, a collection-based social history exhibition, and the ongoing vestibule exhibitions that display historical objects from the collection as in the current 'Choice' exhibition.</p>

<p>To professionally manage and maintain all Aratoi assets, including the permanent collection:</p> <ul style="list-style-type: none"> ▪ Collections housed in best practice conditions – adherence to professional museum standards. ▪ Taonga, artworks and heritage objects are managed in line with the Aratoi Collection Policy. ▪ Collections are documented in line with professional museum standards. 	<p>Achieved</p> <p>Achieved</p> <p>Achieved (Vernon database)</p>	<p>Housed in best practice conditions with adherence to professional museum standards.</p> <p>Managed in accordance with the Aratoi Collection Policy.</p> <p>Documented in line with professional museum standards.</p>
<p>Genuine partnerships and effective relationships:</p> <ul style="list-style-type: none"> ▪ Iwi and Māori are offered opportunities to contribute towards key projects/initiatives led by Aratoi. <ul style="list-style-type: none"> ➢ <i>[Baseline: annual reporting]</i> ▪ Key partnerships are offered to contribute towards key projects/initiatives led by Aratoi. <ul style="list-style-type: none"> ➢ <i>[Baseline: annual reporting]</i> 	<p>Achieved</p> <p>Achieved</p> <p>Achieved</p>	<p>Two representatives from each of the following iwi are on the Trust Board:</p> <ul style="list-style-type: none"> ▪ Ngāti Kahungunu ki Wairarapa ▪ Rangitāne o Wairarapa. <p>Exhibitions developed with iwi and Māori input:</p> <ul style="list-style-type: none"> • Waipupū Waka. <ul style="list-style-type: none"> ▪ Breadcraft Wairarapa Limited for <i>Wairarapa Schools Art</i> ▪ Arrow FM for Aratoi’s monthly radio programme <i>Ara Toi: Pathway to Art highlights artists and creatives in the Wairarapa</i>

6.3 DESTINATION WAIRARAPA QUARTERLY REPORT (1 JULY 2023 TO 30 SEPTEMBER 2023)

File Number:

Author: Matt Steele, Senior Policy Advisor

Authoriser: Kym Fell, Chief Executive

PURPOSE

The purpose of this report is to provide the Audit and Risk Committee with the first quarter (1 July 2023 – 30 September 2023) progress report on key deliverables for Destination Wairarapa.

RECOMMENDATION

That the Audit and Risk Committee receives the first quarter report (1 July 2023 – 30 September 2023) from Destination Wairarapa.

CONTEXT

Destination Wairarapa is a regional tourism organisation (RTO) servicing the Wairarapa region. Their role is to attract visitors to the region, to help grow tourism revenue, and to support local tourism operators.

The three Wairarapa District Councils and Destination Wairarapa have a Memorandum of Understanding (MOU) that sets out key deliverables to be met by Destination Wairarapa in alignment with council funding and investment. An updated MOU was endorsed by all three Wairarapa District Councils in September 2022, with Masterton and South Wairarapa committing to a three-year funding term. Carterton committed to a two-year funding term, with funding being reviewed as part of their Long-Term Plan process.

The Wairarapa Destination Management Plan, endorsed by the three Wairarapa District Councils in 2022, further details tourism priorities for the region. This plan is reflected in the Wairarapa Economic Development Strategy (WEDS).

The following table outlines the results against each of the key deliverables of Destination Wairarapa:

Key Deliverables	Result	Assurance (How Achieved)
To increase the number of visitors to the Wairarapa, the length of time they stay in the region and the amount they spend.	Partially Achieved Accommodation Data for this	Accommodation Data ¹ , August 2023: <ul style="list-style-type: none"> Total guest nights: 14,200 (August 22 – 16,900) Average nights stayed: 1.9

¹ The Accommodation Data Programme replaced Commercial Accommodation Monitor in 2019. This data captures 33 registered accommodation establishments in Wairarapa. This methodology does not capture unregistered establishments.

Key Deliverables	Result	Assurance (How Achieved)
<p>Specifically, Destination Wairarapa are tasked with delivering growth in domestic and in international visitor spend per annum and in line with the Tourism Industry Aotearoa's Tourism Beyond 2025 framework.</p> <p>In particular this growth needs to be seen across the winter period. This information will be reported as Wairarapa-wide and by TLA where available.</p>	<p>period does not reflect growth, however spend data does indicate growth.</p>	<p>(August 22 – 1.9)</p> <p>Although July's Total Guest night figures for 2022 and 2023 are the same, August is 2.7K down on the year previous, and it appears the 'bounce' upwards that typically comes in September for the Wairarapa, is not going to come until later.</p> <p>A similar trend has been observed in Wellington over the past couple of months.</p> <p>Tourism Electronic Card Transactions for Wairarapa²: Domestic tourism electronic spend in Wairarapa increased by 1.3% in July 2023, from \$12.3m in July 2022 to \$12.5m in July 2023. Of all 31 RTO's Wairarapa ranked 6th highest in terms of growth.</p> <p>International tourism electronic card spend in Wairarapa increased by 52.6% in July 2023, from \$469.5k in July 2019 to \$716.5k in July 2023. Of all 31 RTO's Wairarapa ranked 4th highest in terms of growth in July 2023 compared with July 2019. Pre Covid, International tourists did not really visit Wairarapa during the winter months. It is hoped the Wairarapa Dark Sky Reserve in time will change that trend.</p>
<p>Represent the Wairarapa in the Business Events market in partnership with suitable venues, activities and other services.</p>	<p>In progress</p>	<p>Provide support and promotion for a wide range of events:</p> <ul style="list-style-type: none"> • Masterton Cultural Festival • Matariki • Festival of Christmas • Jazz in Martinborough • Daffodil Festival • Longbush Tulip Festival

² Interim data methodology, Tourism Electronic Card Transactions (TECTs), was used due to the COVID-19 disruptions. It is solely based on physical electronic card transactions and does not include any other form of spending such as cash, pre-purchases or online spend.

Key Deliverables	Result	Assurance (How Achieved)
		<ul style="list-style-type: none"> Wedding Expo
Destination Management Plan	Completed	The Wairarapa Destination Management Plan (DMP) has been received and endorsed by all three of the Wairarapa District Councils. It is a plan for the sustainable growth of tourism in the region, and key elements are reflected in the new MOU, as well as the refreshed Wairarapa Economic Development Strategy (WEDS).
To provide an online Wairarapa events calendar and a PDF downloadable version of major events.	Achieved	Available on the Destination Wairarapa website.
Represent the Wairarapa in the Inbound market in partnership with suitable venues and activities.	Achieved	Hosted Di Reid the new trade marketing manager from WgtnNZ. She has since been offshore and promoted Wairarapa operators at Tourism NZ's Kiwilink USA and South East Asia.
Host the Wairarapa core economic development information around "Buy & Invest", "Live & Work" and "Study" on the Destination Wairarapa website.	Achieved	Accessible on the following website link: https://wairarapanz.com/live-work
To provide a balanced budget.	Achieved	The Quarter 1 General Manager's and Marketing Board report for 4 months ended September 2023 has been received.
To report quarterly to the council, including attending council meetings. The report is to cover progress towards all deliverables.	Achieved	The Quarter 1 General Manager's and Marketing Board Report ended September 2023 has been received and reported on in this report.

1. Other activities undertaken during this reporting period

a) Examples of promotion:

- Provided support and promotion for a wide range of events including the Masterton Cultural Festival, Matariki and the Festival of Christmas.

- Digital Reach Campaign with Tomohawk. The objective was to drive messaging and content via paid social, widely into the lower half of North Island. The overarching objective is to get the region in front of more people. Across the campaign ads were seen 1.3 million times reaching 480,000 unique users.
- Worked with the Foley Wines marketing and PR teams on the promotion of their new cellar door and restaurant.
- Pūkaha Te Wānanga Taiao – worked with the marketing manager to draft a marketing plan to attract bookings for this new environment, ecology, education and conference centre at Pūkaha.

b) Media:

- Put in place a stakeholder comms programme, designed to lift Destination Wairarapa's activity, and deliver it in a format for local media and stakeholders
- Hosted Pamela Wade, a freelance travel writer. This resulted in an article on Wairarapa as a destination in The Post.
- Articles in Stuff and associated Fairfax publications promoting the Wairarapa Dark Sky Reserve, and Wairarapa as a winter day trip destination.

c) Funding:

- The Strategic Tourism Assets Protection Programme (STAPP) funding finished at the end of the financial year (June 2023). The end of this funding limits the print and sponsored activity Destination Wairarapa can undertake in the future.
- Funding was secured from WEDS to retain a staffing resource (Chrissy Cummings) to begin work on developing a multi-stakeholder, regional programme aimed at leveraging the opportunity that International Dark Skies accreditation has brought the region. Chrissy is also part of the team providing advice for the Masterton Dark Skies accreditation process.

d) Trade promotion

- Hosted Di Reid the new trade marketing manager from WgtnNZ. She immediately went offshore and promoted Wairarapa operators at Tourism NZ's Kiwilink USA and South East Asia.
- Finalised a trade ready FIT (Free Independent Traveller) product for Greytown Honey and for Star Safari (a dark sky experience business based in Ponatahi).

Other relevant updates

a) Website development:

- Design work has commenced on the development of the new website. primary design approach to the new site is 'Lean', focusing on a streamlined content structure and an uncluttered, user-friendly design and layout, contributing to an enhanced user experience. With nearly 70% of existing website users accessing the site through mobile devices, our

website development and design strategy places a strong emphasis on a 'mobilefirst' approach.

b) Major Events Strategy Development:

- James Patterson, an events professional, has completed a foundation study to inform the development of a future Wairarapa Events Strategy – a recommended action in the Wairarapa DMP. The findings of this study were presented to the Wairarapa Combined Council on 30 August 2023.
- Further advice and recommendations for this work are being prepared to inform the development of the LTP's of the three district councils.

c) Wairarapa Dark Sky International Reserve:

- Leveraging the Wairarapa International Dark Sky Reserve Programme with a dedicated programme champion co-ordinating activity as well as developing tourism product/experiences, has been identified as the best way to take advantage of dark sky accreditation. It is a staged approach across multiple workstreams and involving multiple Stakeholders that is cognisant of the current businesses, their characteristics and aspirations, and the broader visitor strategies of the Wairarapa and the Greater Wellington region.
- Destination Wairarapa and WEDS are currently co-funding the programme champion/product development manager in order to get this initiative off the ground for the region. This source of funding however will come to an end on 31 March 2024.
- The programme champion is supporting Masterton District Council in the development of our dark sky application.
- Further advice and recommendations for this work are being prepared to inform the development of the LTP's of the three district councils.

SUMMARY OF CONSIDERATIONS

Strategic, Policy and Legislative Implications

The work undertaken by Destination Wairarapa supports Council's community outcome and economic development vision statement in *He Hiringa Tangata, He Hiringa Whenua* (Councils Wellbeing Strategy): *Masterton/Whakaoriori has a strong, sustainable economy that supports our people and places.*

Significance, Engagement and Consultation

The information contained in this report has been assessed against Council's Significance and Engagement Policy. The report does not include any decisions that impact on matters identified in the assessment of significance within the policy.

Financial Considerations

Funding for Destination Wairarapa is part of the Memorandum of Understanding with the three Wairarapa District Councils.

Implications for Māori

Destination Wairarapa secured funding to support the development of a Māori Tourism Strategy. Key to the successful development of this Strategy will be inclusion and support from iwi, hapū, marae and those leading Māori tourism initiatives.

Communications/Engagement Plan

There are no decisions for this report that require either a communication or engagement plan.

Environmental/Climate Change Impact and Considerations

There are no environmental/climate change impacts or considerations arising out of the report provided.

ATTACHMENTS

Nil

6.4 CORPORATE CARBON EMISSIONS REDUCTION PLAN IMPLEMENTATION: PROGRESS REPORT

File Number:

Author: Tania Madden, Principal Advisor Strategy and Governance

Authoriser: Karen Yates, Manager Strategy and Governance

PURPOSE

The purpose of this report is to advise the Audit and Risk Committee of progress on the implementation of the Corporate Carbon Emissions Reduction Plan (CCERP 2021).

RECOMMENDATION

That the Audit and Risk Committee receives the second six-monthly progress report on the implementation of the Corporate Carbon Emissions Reduction Plan.

CONTEXT

Masterton District Council (Council) is taking up the challenge of climate change action in two ways. Firstly, we developed an internal Corporate Carbon Emissions Reduction Plan in 2021, which sets out the ways the Council will reduce its climate pollution as an organisation. Secondly, we established a community focus group to help us develop a Climate Action Plan for the Masterton District and this was adopted in 2022.

The Corporate Carbon Emissions Reduction Plan (CCERP) was approved by the Senior Leadership Team (SLT) on 4 March 2021. The CCERP has 50 actions that fall under the categories of:

1. improve energy efficiency/conservation
2. minimise waste
3. prepare to adapt for future changes
4. work towards a low carbon economy
5. promote cleaner transport
6. general.

These categories align with the environmental objectives under the Council's Well-Being Strategy *He Hiringa Tangata, He Hiringa Whenua*.

Each action has been assigned responsibility/lead(s) and a timeframe (immediate; ongoing; short term <1 year; medium term 1 to 3 years; long term >5 year). Certain actions in the CCERP are the collective responsibility of the organisation. Other actions are the responsibility of individual teams or business groups.

Regular monitoring to track progress of the CCERP is essential to keeping it front and centre in the Council's business-as-usual work and decision-making. It was agreed by SLT in 2022 that progress reports will be provided to the Audit and Risk Committee every six months. This is the second progress report, following the report to the Committee in May 2023.

ANALYSIS AND ADVICE

Progress against each of the actions in the CCERP is detailed in Attachment 1.

The tables below summarise the current status of the CCERP actions.

Action by theme	Not started	In progress	Completed	Combined Total
Energy efficiency section	3	8	0	11
Waste section	2	6	2	10
Adaptation/resilience section	1	8	0	9
Low carbon economy section	5	2	0	7
Transport section	0	4	1	5
General section	0	7	0	7
All of plan	11	35	3	49

Action by timeframe	Not started	In progress	Completed	Combined Total
Immediate [2021]	0	5	0	5
Short term actions [2021/22]	2	5	2	9
Short term (ongoing) actions [2021/22]	0	4	1	5
Short to medium term actions [2021-2023]	5	9	0	14
Medium term actions [2021-2023]	4	6	0	10
Medium to long term actions [2021-2025+]	0	1	0	1
Long term actions [2026+]	0	0	0	0
Ongoing [2021+]	0	5	0	5
Total	11	35	3	49

To date, we have completed three actions (May 2023: 1 completed). The two actions completed since the last report were actions #16 (packaging requirements for catering) and #21 (signage and information for recycling in the office).

Seventeen actions have started since the last report, leaving eleven yet to start (May 2023: 29 not started). A number of these actions will start as opportunities arise. For example, action #5 relates to a Green Star rating for any new build or major refurbishments.

Actions categorised as 'ongoing actions' are those that are not one-off initiatives but where we may do things periodically or continually. An example of this is action #30 where we contribute to the Wellington Region Leadership Committee regional initiatives.

One action, which had not started (#35 – partnership with local developers to showcase a green/sustainable village/subdivision) has been removed. It is not an action that relates to reducing the emissions of the organisation. It is more appropriate to be included under the Council's Climate Action Plan, which covers external, community-focussed actions.

SUMMARY OF CONSIDERATIONS

Strategic, Policy and Legislative Implications

The CCERP is our internal plan to reduce our climate pollution as an organisation. Actions in the CCERP align with the Masterton District Climate Action Plan.

Significance, Engagement and Consultation

Providing a progress report on the implementation of the CCERP does not trigger the requirements for consultation under the Significant and Engagement Policy.

Financial Considerations

The CCERP actions currently underway will be resourced from within existing budgets. The Policy team will work with teams across the business to ensure that any projects planned for the 2023/24 financial year are within planned budgets for the 2023/24 Annual Plan. Other actions may require a business case to be considered or incorporating actions into business-as-usual as part of developing the 2024-34 Long-Term Plan.

Implications for Māori

Items of specific and general interest to iwi and mana whenua are incorporated in the actions under the CCERP and the CAP. This progress report on the implementation of the CCERP has not identified any specific issues to highlight for iwi and mana whenua.

Communications/Engagement Plan

The CCERP has an internal focus. The CAP however is outward-facing and its implementation will include communications and engagement with the community. This is an opportunity to highlight emission reduction successes arising from CCERP actions.

Environmental/Climate Change Impact and Considerations

The CCERP highlights where emissions reductions are desirable within MDC's operations. Reducing organisational emissions will have a positive environmental benefit to the Masterton District.

ATTACHMENTS

1. **Corporate Carbon Emissions Reduction Plan** [↓](#) 

Attachment 1 – CCERP review (last updated November 2023)

Action #	Action	Timeline	New team responsible (post-restructure)	Status: - in progress, - completed, - not started.	Action update (description of progress to date, any next steps for the project, explanation of delays, links to associated policies/plans/news articles etc).
ENERGY EFFICIENCY					
1	Undertake energy assessments for: <ul style="list-style-type: none"> • Waiata house • Recreation centre 	Short to medium term [2021-2023]	Community Facilities and Activities	In progress	A whole of Rec Centre facility condition assessment has funding through the Better Off Funding and the scope includes an energy assessment.
2	Identify any other council buildings and facilities that have potential to significantly reduce carbon emissions	Medium term [2021-2023]	Community, Facilities & Activities Assets & Operations	In progress	Smart power/LED lighting at Waiata House, and as other opportunities arise. There are opportunities at the animal shelter. The building has been pre-wired for solar and for rainwater collection.
3	Implement energy assessment recommendations as practicable	Medium term [2021-2023]	Community Facilities and Activities	Not started	Waiting on energy assessment.
4	Choose sustainable materials, energy efficient technology and low-emission options when acquiring new office spaces and facilities	Ongoing [2021+]	Senior Leadership Team	In progress	As new spaces are acquired.
5	Aim for Green Star rating no less than 5 Star 'NZ Excellence' for any new build and major refurbishments	Medium term [2021-2023]	Community, Facilities & Activities Assets & Operations	Not started	As new build or refurbishments are undertaken.
6	Aim for NABERSNZ 4 star 'excellent performance' rating or higher for any new build and major refurbishments	Medium term [2021-2023]	Community, Facilities & Activities Assets & Operations	Not started	As new build or refurbishments are undertaken.
7	Prioritise energy-efficient and low-emission options when replacing or planning new infrastructure and infrastructure facilities	Medium term [2021-2023]	Community, Facilities & Activities Assets & Operations	In progress	Solar Power, LED Lighting, Smart Power, Water tank for recreational services. Chinese Pavillion - Bronze plaques (can be melted down, not plastic). Smaller public information signs with QR codes for links to more detailed information online. Billboards for election were reskinned on old billboards (reusing where possible). Signage on wooden poles not metal/plastic. Can re-skin signs (e.g. on the new bridge).
8	Secure budget for energy efficiency improvements	Medium term [2021-2023]	Senior Leadership Team	In progress	LTP discussion has included a bid for energy assessment across key buildings.

Attachment 1 – CCERP review (last updated November 2023)

Action #	Action	Timeline	New team responsible (post-restructure)	Status: - in progress, - completed, - not started.	Action update (description of progress to date, any next steps for the project, explanation of delays, links to associated policies/plans/news articles etc).
9	Investigate investing in renewable energy including types of renewable energy are most fit for purpose e.g. water and wastewater plants, office buildings	Short to medium term [2021-2023]	Community, Facilities & Activities Assets & Operations	In progress	As opportunities arise, eg three wind-activated and wind-powered aerators have been installed at the Homebush treatment station.
10	Promote energy savings behaviour: <ul style="list-style-type: none"> • Maintain an internal optimum temperature for offices between 19°C and 21°C • Ensure that heating systems are switched off when not required • Only operate offices between the hours of 7am to 7pm (unless otherwise required) • Ensure building heating systems will run to match office peak occupancy hours, e.g. between 8am and 5pm • Where there is sufficient natural light, switch off lights • Switch off and unplug any electrical equipment that is not in use • Ensure that all external doors and windows are kept closed when heating or cooling systems are in operation • Avoid using electrical portable heaters while air con is on 	Ongoing [2021+]	Community Facilities and Activities	In progress	Lights on timers. More staff education needed
11	Identify and install LED lights where practicable	Short term - ongoing [2021/22]	Community, Facilities & Activities Assets & Operations	In progress	<ul style="list-style-type: none"> • Existing buildings - conversion • New builds - project specification • Standard practice for replacement • Skate park LED lights • Dark Sky status will require the lighting rules to be adopted in the District Plan (currently being consulted) and we will need to move all our publicly owned lights to LED.
WASTE					
12	Improve data on the volume of office waste	Short term [2021/22]	Strategy and Governance	Not started	
13	Improve management of office waste	Short term [2021/22]	Strategy and Governance	In progress	Soft plastic and coffee pod recycling requested from Facilities Team
14	Investigate concrete recycling	Short to medium term [2021-2023]	Assets & Operations	Not started	Opportunities for concrete recycling will be included as projects that involve demolition are undertaken.

Attachment 1 – CCERP review (last updated November 2023)

Action #	Action	Timeline	New team responsible (post-restructure)	Status: - in progress, - completed, - not started.	Action update (description of progress to date, any next steps for the project, explanation of delays, links to associated policies/plans/news articles etc).
15	Implement and promote waste minimisation at every council event e.g. zero waste, plastic free	Short term (and ongoing) [2021/22]	Community Facilities and Activities	In progress	Budet made available to Facilities for waste minimisation event plan. Online forms and guidance to be updated as part of Waste Minimisation Officers role
16	Requirements for catering to be no or only minimal food packaging (no plastic) for council sponsored/held workshops/meetings	Short term (and ongoing) [2021/22]	Strategy and Governance	Implemented	Staff catering guidelines developed, and take into account packaging when ordering.
17	Investigate viability of using shredded office recycled paper for garden mulch	Short term [2021/22]	Strategy and Governance	In progress	Cardboard from digihub went to worm farm
18	Develop less paper policy/guideline	Short to medium term [2021-2023]	Strategy and Governance	In progress	Paper use can be tracked per business unit.
19	Improve our business systems and develop more online services – electronic purchase orders, data management system, electronic forms, e-signatures for all staff	Short to medium term [2021-2023]	Finance Technology Innovation/Technology Solutions	In progress	<ul style="list-style-type: none"> • electronic forms - progressing through each form • e-signatures for all staff - electronic approvals has been completed • on-boarding processes are complete • general work continues on the internal culture to encourage the uptake of on-line services
20	Monitor paper usage	Short term (and ongoing) [2021/22]	Strategy and Governance	In progress	Paper use can be tracked per business unit.
21	Improved signage and information for recycling in the office	Short term [2021/22]	Strategy and Governance Community, Facilities & Activities	Completed	Earthcare signage more visible Internal recycling provision enhanced
ADAPTATION / RESILIENCE					
22	Develop and embed clear criteria and objectives around sustainability and carbon emissions reduction in all of our procurement processes including what is required from suppliers/contractors	Short to medium term [2021-2023]	Strategy and Governance	In progress	Procurement policy developed. Procurement guidelines and training to be developed.
23	Develop and embed requirements for carbon reduction in all business case and project management processes and frameworks	Short to medium term [2021-2023]	Strategy and Governance Assets & Operations	Not started	Opportunities to incorporate carbon reduction measures in projects will be taken as projects develop. Business case documents required to reference Council strategies and Policies.
24	Embed the sustainability principles and incentivise sustainable technologies in the Wairarapa Combined District Plan (e.g. low carbon footprint buildings; energy efficiency; renewable energy use in buildings; enhanced green/sustainable urban/subdivision design, blue/green infrastructure)	Medium term [2021-2023]	Regulatory Services	In progress	In the proposed Wairarapa Combined District Plan. Water tanks for new builds (5000lt+) Carpark clause (don't need car parks on developments)
25	Ensure the Wairarapa Combined District Plan review futureproofs a long-term management approach for our changing coastline	Medium term [2021-2023]	Regulatory Services	In progress	In the Wairarapa Combined District Plan

Attachment 1 – CCERP review (last updated November 2023)

Action #	Action	Timeline	New team responsible (post-restructure)	Status: - in progress, - completed, - not started.	Action update (description of progress to date, any next steps for the project, explanation of delays, links to associated policies/plans/news articles etc).
26	Integrate connected, nature-based solutions in development planning; such as protecting, restoring or enhancing natural habitats or incorporating natural elements into built environment projects e.g. green infrastructure	Medium to long term [2021-2025+]	Senior Leadership Team	In progress	The upcoming National Engineering Design Standard (NEDS) will set out national requirements in this area.
27	Ensure climate change impacts are embedded into MDC spatial planning	Medium term [2021-2023]	Regulatory Services Strategy and Governance	In progress	Through the Wairarapa Combined District Plan and Future Development Strategy. There needs to be a strategy for tree planting (right tree right place) so not to damage infrastructure and street tree policy was on the programme for 2022/23.
28	Increase indigenous tree plantings in road corridors, parks and open spaces	Short to medium term [2021-2023]	Community Facilities and Activities	In progress	Bark preferred over rubber in parks where practical allowing for increased accessibility. Trees preferred over sun shade cloth for creating cool space where practical. (favour planting). Favour indigenous species when planting where possible. For example, plantings at Riverside Cemetery. Looking to report planting statistics in future.
29	Plant permanent forest on suitable council land for sequestration and to increase biodiversity	Short to medium term [2021-2023]	Community, Facilities & Activities Assets & Operations	In progress	Forest 360 report has been received. The next step is to work through each opportunity identified.
30	Continue to collaborate with local and central government colleagues, in particular, work collectively through the Wellington Regional Climate Change Forum	Ongoing [2021+]	Strategy and Governance	In progress	Changed to the Wellington Region Leadership Committee process instead of the Climate Change Forum.
LOW CARBON ECONOMY					
31	Investigate how to address high emissions associated with wastewater and wastewater treatment process	Short to medium term [2021-2023]	Assets & Operations	Not started	Will be investigating research project on measuring emissions from treatment processes at Homebush. This may be Wairarapa-wide. Action #33 should precede #31 and #32.
32	Improve our understanding of how to improve the wastewater emissions calculations	Short to medium term [2021-2023]	Assets & Operations	Not started	Will be investigating research project on measuring emissions from treatment processes at Homebush. This may be Wairarapa-wide. Action #33 should precede #31 and #32.
33	Collaborate on a regional study into wastewater emissions if opportunity arises	Short to medium term [2021-2023]	Assets & Operations	Not started	Will be investigating research project on measuring emissions from treatment processes at Homebush. This may be Wairarapa-wide. Action #33 should precede #31 and #32.
34	Develop appropriate procedures and recording for use of refrigerants in MDC buildings/operations	Short term [2021/22]	Community Facilities and Activities	Not started	

Attachment 1 – CCERP review (last updated November 2023)

Action #	Action	Timeline	New team responsible (post-restructure)	Status: - in progress, - completed, - not started.	Action update (description of progress to date, any next steps for the project, explanation of delays, links to associated policies/plans/news articles etc).
35	Investigate opportunities for partnership with local developers to showcase a green/sustainable village/subdivision			REMOVED	This action has been removed from the Emissions Reduction Plan. It is not an action that relates to reducing the emissions of the organisation. It is more appropriate to be included in the implementation of the Council's Climate Action Plan, which covers external, community-focussed actions.
36	Develop a guideline/plan for sustainable practices in parks and gardens	Short to medium term [2021-2023]	Community Facilities and Activities	In progress	The development of guidelines has started
37	Encourage the adoption of innovation, green technology and circular solutions, and support suppliers as they transition to a lower carbon economy	Medium term [2021-2023]	Senior Leadership Team	Not started	Will workshop our ICT infrastructure renewal programme
38	Identify opportunities to sequester the equivalent carbon through forestry activities	Short to medium term [2021-2023]	Strategy and Governance Assets & Operations Community Facilities and Activities Finance	In progress	Forest 360 report has been received. The next step is to work through each opportunity identified.
TRANSPORT					
39	Adopt a target of a fully electric corporate vehicle fleet by 2030 (if mature technology is available)	Short term [2021/22]	Senior Leadership Team	In progress	The parking compound now has four charging stations, and the fleet includes three EVs and an e-bike (see action #42)
40	Investigate and evaluate options for off-road and high-performance electric vehicles	Short term (and ongoing) [2021/22]	Community, Facilities & Activities	In progress	Investigation by Facilities Officer when looking at replacement fleet vehicles.
41	Prioritise petrol over diesel in the absence of mature EV technology for off road and high-performance vehicles	Short term [2021/22]	Community, Facilities & Activities	In progress	There are two vehicles due for replacement. Both are petrol vehicles and will be replaced with plug-in hybrid.
42	Incorporate E-bikes into the fleet	Short term [2021/22]	Community, Facilities & Activities	In progress	Staff training for the trial bike has been delivered and staff have started using the bike. Use is being monitored to measure success and issues.
43	Construct MDC car fleet parking compound	Short term [2021/22]	Community, Facilities & Activities	Completed	
GENERAL					
44	Allocate responsibility for corporate carbon emissions through cascading KPIs [SMART KPIs] from CE through to SLT and staff	Immediate [2021]	Senior Leadership Team People & Capability	In progress	Cascading KPIs are no longer used. They are in the process of being replaced with growth and development goals. This is an opportunity to embed emissions reduction ambitions throughout the organisation.

Attachment 1 – CCERP review (last updated November 2023)

Action #	Action	Timeline	New team responsible (post-restructure)	Status: - in progress, - completed, - not started.	Action update (description of progress to date, any next steps for the project, explanation of delays, links to associated policies/plans/news articles etc).
45	Senior Leadership Team demonstrates climate change priority and leadership throughout our business to staff and councillors	Immediate [2021]	Senior Leadership Team	In progress	<ul style="list-style-type: none"> Discussed with Recreation Services opportunities arising from technology changes in their business Modelling behaviour eg participating in e-bike training Communications Team are taking a digital-by-default approach to internal and external comms, minimising the use of printed collateral wherever possible.
46	Senior Leadership Team takes collective responsibility for the overall climate change and emissions reduction actions implementation	Immediate [2021]	Senior Leadership Team	In progress	<p>SLT members are driving discussion on climate change and emissions reduction in their team's planning for infrastructure strategy, asset management, and the ten-year plan.</p> <p>SLT has added climate change and emissions reductions as a regular item on their Strategic sessions agenda.</p>
47	Senior Leadership Team meetings - climate change and emissions reduction reporting as a regular agenda item	Immediate [2021]	Senior Leadership Team	In progress	SLT has added climate change and emissions reductions as a regular item on their Strategic sessions agenda.
48	Establish and support a climate champions group to support, drive and promote implementation of this plan	Immediate [2021]	Senior Leadership Team	In progress	Membership of the Climate Champions Group has been agreed. Their first meeting will be held before the end of the year.
49	Seek opportunities for central government funding and grants	Ongoing [2021+]	Strategy and Governance	In progress	Continuing to look for opportunities. Recovery funding being sought to implement CAP/LTP projects.
50	Celebrate our success and share our story	Ongoing [2021+]	Communications and Engagement	In progress	A communications and engagement plan for the Climate Action work has been drafted.

6.5 2022/2023 ANNUAL REPORT

File Number:

Author: David Paris, Manager Finance

Authoriser: Karen Yates, Manager Strategy and Governance

PURPOSE

The purpose of this report is to provide the draft Annual Report for 2022/23, for information and ahead of Council consideration for adoption on 29 November 2023.

RECOMMENDATIONS

That the Audit and Risk Committee:

- i) receives the draft (pre-final) audit opinion, Annual Report for 2022/23; and
- ii) notes the final Annual Report for 2022/23 will be considered for adoption by Council on 29 November 2023.

CONTEXT

The Local Government Act 2022 (LGA) requires all Councils to prepare an Annual Report at the end of the financial year. Council's financial year end was 30 June 2023.

Under the LGA Council is required to adopt the Annual Report by 31 October. However, due to a number of factors including valuation delays, resourcing and capacity challenges across the organisation, this deadline has not been met. The audit of the Report is progressing and it is anticipated that Council will be able to adopt it on 29 November 2023.

A copy of the draft Annual Report is attached to this report (Attachment 1). The draft is 98% complete, with final amendments to come which may arise through discussion with the auditors. The words remain subject to final review and proof reading.

DISCUSSION

Purpose of the Annual Report

The purpose of an annual report is:

- to compare the actual activities and performance of the Council against what was planned for that year in the Long-Term Plan and the annual plan; and
- to promote accountability to the community for the decisions made throughout the year.

The 2022/23 Annual Plan Report is reporting against Year 2 of the 2021-31 Long-Term Plan.

The draft Annual Report document includes an introductory section with highlights of the year's achievements and also detailed commentary of the activity level, of the achievements of the organisation as well as full financial reporting.

The draft Annual Report includes detailed commentary of the performance and achievements of the organisation during the year. Specific reference is made to the impacts of the rainfall events, and the lingering effects of the COVID-19 pandemic.

Financial Highlights

The Council's financial performance has been sound. The weather event shocks have been able to be responded to without significantly affecting the Council's financial position. Council's external debt is \$51.7m versus the Plan of \$55.2m. The operating surplus of \$10.56 million has been generated from revenue received to fund capital and renewal projects. The impact of the weather events can be seen in the operating expenditure (excluding depreciation and other losses) at \$49.5 million or 17.6 per cent more than planned. Offsetting this extra expenditure has been operating income (excluding other gains) of \$73.5 million or 10.2 per cent more than the planned level.

The operating surplus of \$10.56 million includes \$5.44 million of assets vested from subdivision developers and financial instrument revaluation gains of \$0.74 million. The surplus after excluding vested assets and valuation gains and losses was \$6.73 million, compared to the planned \$8.62 million.

Total capital expenditure (excluding vested assets) was \$28.95 million against the planned total of \$40.91 million - some 70.8% (last year 59.3 per cent). Delays and slow progress on several major projects have contributed to that lower level of spending, in particular the Animal Shelter and the Airport upgrade account for much of the underspent capital budget.

The planned and actual accounting surplus represents external funding that has helped fund capital expenditure, particularly to be applied to renew or reinstate roading assets.

Infrastructural assets were revalued as at 30 June 2023 and land and buildings assets as at 30 June 2021. The 2023 revaluation resulted in a further uplift in these asset values of 8.7 per cent following a fair value increase that was allowed for in 2022. The Plan did not anticipate a value increase.

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

We spent 70.8 per cent of the capital expenditure programme (\$28.95 million) and had \$5.44 million added to the Council's assets as infrastructure vested as part of subdivision developments. More than planned capital expenditure was expended on water and wastewater network renewals due to both project delivery timing and decisions to increase the programme of work on these asset renewals.

We completed \$10.3 million of subsidised roading renewals and upgrading work, including the Colombo Road bridge replacement. This was 89 per cent of planned as contractor resources were diverted into emergency response and repairs to roads following the major storm events from February 2022. Events in July 2022, January and February 2023 resulted in further damage to the network. \$3.5 million of unplanned work was completed on retaining walls and road renewals as a response to the storm events. In addition \$5.13 million was spent on immediate response and cleanup of roads following the weather events. Funding assistance from Waka Kotahi has been at higher subsidy levels than the usual programme rate.

2022-23 has again seen the capital expenditure on sewer main renewals exceed planned levels (\$3.15 million vs plan of \$1.52 million). This has occurred as a response to the weather-related flooding and sewer overflow events. The extra expenditure has been an attempt to reduce storm

and ground water entering the wastewater network. The extra funding needed has come from Government's Three Waters 'Better Off' funding, Council's depreciation funds and new loans. The success of the additional renewals work has yet to be assessed, but the issues do not have a 'quick fix' and will require a long-term renewal strategy, including renewing pipes on private properties.

The level of subdivision activity and new residential building remained high during the year. This is seen in financial contributions from developers being \$3.66 million, or \$0.8 million more than last year. Income from building consent fees was \$1.44 million, or 12 per cent less than planned and last year.

Audit of the Annual Report

Under the Public Audit Act 2001, the Auditor-General is required to carry out annual audits of all public organisations. Audit New Zealand undertake Masterton District Council's audit on behalf of the Auditor General.

An auditor gives an independent opinion on an organisation's financial and service performance statements. These statements are an important part the annual report. The auditor's opinion provides guidance on the reliability of the information in the annual report and must be completed prior to the adoption of the annual report.

Publishing the Annual Report

Once adopted, which is expected to be 29 November 2023, it is a legal requirement for Council to publish the Annual Report document, and a summary of this, within one month noting Audit New Zealand are also required to review the summary document to ensure consistency with the final Annual Report.

The final published version of the document will include images/icons and final formatting to enhance the aesthetic look and readability of the document. Proof-reading will also be completed.

SUMMARY OF CONSIDERATIONS

Strategic, Policy and Legislative Implications

Sections 98 and 99 of the Local Government Act 2002 require councils to prepare an Annual Report for the financial year just ended and in accordance with the information required by Part 3 of Schedule 10 of the same Act. The report has been prepared in accordance with the legislation.

Under the LGA Council is required to adopt the Annual Report by 31 October. However, due to a number of factors including valuation delays, resourcing and capacity challenges across the organisation, this deadline has not been met. The audit of the Report is progressing and it is anticipated that Council will be able to adopt it on 29 November 2023.

Significance, Engagement and Consultation

It is noted that the Annual Report is an important element of Council's accountability to the community. The Annual Report and a Summary of this will be published and made available to the community within one month of adoption. In the interim, our community can access a copy of the draft 2022/23 Annual Report through this agenda.

Financial Considerations

The Annual Report includes extensive financial information on the Council's performance in the 2022/23 year. There are no financial considerations beyond the report itself.

Implications for Māori

The adoption of the Annual Report does not trigger any Treaty of Waitangi considerations or implications specific to Māori.

Communications/Engagement Plan

Council is required to publish the Annual Report and Summary document and make these available to the public within one month of adoption. For the 2022/23 Annual report, this is likely to be in December 2023.

Environmental/Climate Change Impact and Considerations

There are no environmental/climate change impacts or considerations arising from the adoption of the Annual Report. The publication of the Annual Report and Summary documents will be done principally via the Council's website. Minimal hard copies will be printed.

ATTACHMENTS

1. **Draft Annual Report** [↓](#) 

PŪRONGO Ā TAU 2022/23

ANNUAL REPORT 2022/23



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MAYOR'S FOREWORD Kōrero whakataki a te koromatua me te tūmuaki

MAYOR'S FOREWORD

Kōrero whakataki a te koromatua me te tūmuaki

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

Over the year to 30 June 2023, Masterton District Council has continued its commitment to serve the community. Our financial plan and performance measures, set through our Long-Term Plan process, have guided our actions and our accomplishments. These achievements underscore how our efforts have contributed to improvements for our community. However, as we reflect on the year, it is important to also acknowledge some of the challenges that have confronted our community.

The COVID-19 pandemic situation has moved on and evolved, with the bulk of controls and restrictions that were put in place to manage the outbreak, lifted. However, our ability to deliver has been impacted by several associated factors. The high levels of inflation have led to increased costs across the board, making it more expensive to deliver services. Resourcing remains a challenge, with the tight labour market and low levels of immigration through the COVID period presenting employment challenges for both Council and contractors. Plant and materials supply has remained constrained as operations across the globe slowly return to normal.

Weather challenges were significant this year. Right from June/July 2022 and a very wet winter through to January/February 2023 where we felt the impact of both Cyclone Hale and Cyclone Gabrielle. Cyclone Gabrielle in particular hit parts of the district hard with extensive flooding in the Tinui district, major rural road damage and coastal settlements being cut-off. Our initial response was designed to re-establish the road access for those isolated communities and provide a welfare response for the people impacted. Our roading team has worked progressively since the event to repair and re-establish the network and the job remains on-going into 2024.

Following the initial Civil Defence and roading response, work transitioned into recovery, with the establishment of the Wairarapa Recovery Office, a joint venture by all three Wairarapa district councils, based in Masterton. One of the first tasks of that unit was to run a process to distribute donations made to a Mayoral Storm Relief fund. Our thoughts are with those who were impacted by these weather events, particularly those who suffered damage to houses, properties and livelihoods.

The severe and repeated wet weather events have impacted the ability of the Masterton wastewater network to cope with infiltration and inundation of stormwater and groundwater. The results have seen a number of occasions where areas of the town had surcharging sewers, with some residents not able to use the wastewater system for days at a time and some of those having wastewater discharge on their properties. Council has responded to these events by providing interim solutions and cleanup on private properties as well as focusing on medium-term solutions to reduce the infiltration. The sewer renewal programme was ramped up during the year, while Government Three Waters 'Better Off' funding was also channeled into this work.

The difficulties our community encountered over the past year have been formidable. Nevertheless, amidst these challenges, we have also found reasons to celebrate some successes.

The 2022 Local Government election included, for the first time, a Māori ward, which enhances representation at the Council table for Māori in our community. Mana whenua representatives have continued to participate in and contribute to Council decision making. We also provided grants to support Matariki events and support the celebration of our Māori culture and heritage.

MAYOR'S FOREWORD Kōrero whakataki a te koromatua me te tūmuaki

The new Colombo Road bridge over the Waipoua was completed on schedule. The Lansdowne Mountain Bike Park was opened. This project illustrated the power of community and Council working together. The library experienced high levels of use, as COVID restrictions were removed. Our new Archives facility opened in January 2023, restoring the community access to the Archive material.

We continued our work in the climate space, with the Masterton District Climate Change Action Plan adopted by Council in September 2022. A Climate Advisory Group, made up of community members, to provide Council with advice, information and recommendations on issues associated with climate change that are affecting the Masterton District. We also submitted on a range of central government proposals related to the environment, and progressed work on the review of the Wairarapa Combined District Plan. This review includes consideration of how the District Plan can assist with water resilience and climate change action, as well as other challenges facing our community, such as growth and the availability of affordable housing.

We continue to work alongside the other council's in the Wellington Region on key regional projects and strategies including the Wellington Regional Climate Change Risk and Impact Assessment, Wellington Regional Emissions Reduction Strategy, Wellington Regional Economic Development Plan, Regional Food Systems Strategy, Regional Future Development Strategy and the Regional Housing and Business Capacity Assessment Update.

Community-led events are a strong focus for council and our community development team has supported the delivery of successful events such as Halloween island and Summer Hummer while a number of community groups and organisations have benefitted from grants funding.

Through our Annual Plan consultation process we sought feedback on a potential reduced scope for the proposed Civic Facility. Following this feedback Council agreed to get costs for two options for further consultation with the community. We've created a Project Advisory Group to help redefine the project's scope, with a strong focus on affordability, to support the further development of these options. Consultation on these options will be part of the upcoming Long-Term Plan process.

On top of all these projects, we've continued to deliver business-as-usual services, including processing close to 400 Land Information Memorandums (LIMs), more than 640 building consents, and completing on average more than 100 building inspections each week.

Despite the challenges posed by rising costs, resourcing constraints and high levels of rainfall, our teams resealed 10.05 kilometres of roads, delivered 4.22 billion litres of safe drinking water, completed the new walking/cycling bridge over the Waipoua River and the new Colombo Road bridge. We also continued the ambitious programme of renewing of sewer and water mains.

The Council's financial performance has been sound with an operating surplus of \$10.56 million generated by revenue received to fund capital and renewal projects. The impact of the weather events can be seen in the operating expenditure (excluding depreciation and other losses) at \$49.5 million or 17.6 per cent more than planned. Much of this relates to emergency response costs that were not planned. Offsetting this operating expenditure is operating income (excluding other gains) which was \$73.5 million, 10.2 per cent more than the planned level.

The operating surplus of \$10.56 million includes \$5.44 million of assets vested from subdivision developers and financial instrument revaluation gains of \$0.74 million. The surplus after excluding vested assets and valuation gains and losses was \$6.73 million, compared to the planned \$8.62 million.

Total capital expenditure (excluding vested assets) was \$28.95 million against the planned total of \$40.91 million - some 70.8% (last year 59.3 per cent). Delays and slow progress on several major projects have contributed to that lower level of spending, in particular the Animal Shelter and the Airport upgrade account for much of the under-spent capital budget.

MAYOR'S FOREWORD Kōrero whakataki a te koromatua me te tūmuaki

It has been another busy and successful year for the Council which included a local government election and continued prudent financial management, but it was impacted by weather events which created challenges for the Council and many residents of our District.

Thank you for working with us.



DRAFT

OUR VISION AND COMMUNITY OUTCOMES Te moemoeā me ngā hua a te hāpori

OUR VISION AND COMMUNITY OUTCOMES

Te moemoeā me ngā hua a te hāpori

The vision and community outcomes that we committed to as part of the 2021-31 Long-Term Plan are:

MASTERTON/WHAKAORIORI: PROVIDING THE BEST OF RURAL, PROVINCIAL LIVING



An Engaged and Empowered Community

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



Pride in our Identity and Heritage

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



A Sustainable and Healthy Environment

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



A Thriving and Resilient Economy

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



Efficient, Safe, and Effective Infrastructure

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

These icons will be used throughout this Annual Report to reflect alignment of our work to relevant community outcomes.

OUR YEAR IN REVIEW Arotakenga o te tau

OUR YEAR IN REVIEW

Arotakenga o te tau

KEY HIGHLIGHTS

Our community outcomes align with our wellbeing strategy *He Hiringa Tangata, He Hiringa Whenua* and our Infrastructure Strategy. Listed below under the Community Outcome headings are highlights of where we have delivered services or progressed work and enhanced community wellbeing. Further detail of achievements is listed in the activity sections of this report. Each Council activity is linked to specific Community Outcomes which contribute to the wellbeing of our community.

We support Community Wellbeing by initiating and supporting projects and partnerships that foster community capacity, celebrate diversity and culture, protect our natural heritage and grow the local economy.

Our Wellbeing Strategy *He Hiringa Tangata, He Hiringa Whenua* outlines the Council's vision for each of the four aspects of wellbeing: social, cultural, environmental and economic. An initial three-year implementation plan (2018-21) supported this strategy outlining the projects that we plan to deliver as we work towards realising our vision for community wellbeing.

We continued to progress projects included in the Wellbeing Strategy Implementation Plan, and aligned strategies such as the Arts, Culture and Heritage Strategy, and Wairarapa Economic Development Strategy. These strategies and associated implementation plans include projects that contribute to all aspects of wellbeing for our community. We intend to review the Wellbeing Strategy Implementation Plan as part of the development of our 2024-34 Long-Term Plan.

We also provide funding via partnership agreements with local organisations such as Aratoi – Wairarapa Museum of Art and History, Destination Wairarapa, Business Wairarapa, and Nuku Ora (previously Sport Wellington Wairarapa).

Community wellbeing projects and initiatives that were completed or progressed in 2022/23 (listed under the community outcome that they primarily contribute to) include:

An Engaged and Empowered Community

- Continued support for the Rural Advisory Group, Refugee Resettlement steering group, and establishment of the Masterton Youth Council.
- Supported Youth Week in partnership with the Masterton District Youth Council, including an event at the skatepark featuring skate competitions, spot prizes, VR experiences delivered by the library, art activities, live music and a sausage sizzle.
- Continued to participate in the Welcoming Communities | Te Waharoa ki ngā Hapori, a programme to support newcomers to Masterton to feel welcome and able to participate in the economic, civic, cultural and social life of their new community.
- Delivered over 680 programmes to 9,000 people at Masterton District Library. Just under 100,000 people visited the library in person and around 229,000 accessed our services online.
- Worked with dog owners, the SPCA, and wider community to rehome 18 dogs and return 188 dogs to their owners.



OUR YEAR IN REVIEW Arotakenga o te tau

Pride in our Identity and Heritage

- Promoted Te Wiki o Te Reo Māori 2022 (Māori Language Week 2022).
- Celebrated Matariki at our library and provided funding totaling \$3,850 for eleven community Matariki events.
- The archive continued sharing our stories, publishing a range of articles and presenting throughout the community.

A Sustainable and Healthy Environment

- Introduced new planting themes at Queen Elizabeth Park in response to climate impact and for future sustainability.
- Established the Masterton District Climate Advisory Group to provide Council with advice, information and recommendations on climate change issues.
- Leased an electric bike for staff travel in Masterton.
- Ordered two hybrid vehicles to replace petrol vehicles in our fleet. Due to supply constraints these will be delivered in the next financial year.
- Continued installation of smart water meters.
- Progressed work to review and update the Wairarapa Combined District Plan.
- Continued work to develop wetlands at the Homebush Treatment Plant.
- Provided funding to eight groups from the inaugural Masterton District Council Community Climate Fund. The funding was allocated to groups undertaking projects that met the themes and goals of the Council's Climate Change Action Plan.

A Thriving and Resilient Economy

- Processed 154 resource consents and 649 building consents.
- Progressed the Hood Aerodrome Masterplan.
- Provided operational funding to both Destination Wairarapa and Business Wairarapa to support tourism and business development in the district. A one-off grant to Pukaha National Wildlife Centre of \$335,000 was also made this year.
- Contributed to the Wellington Leadership Committee Economic Development workstream, including being part of the Wellington Regional Economic Development Plan Steering Group.

Efficient and Effective Infrastructure

- Continued the accelerated sewer main relining and renewals work programme, including utilising 'Better Of' funding. 2.55 km completed.
- Continued water main renewals contracts, some of which related to work contracted in 2021/22. 4.2 km of work completed with several contracts still in Work in Progress.
- Resealed 10.5 km of roads and completed 19,660 cubic metres of unsealed metalling.

OUR YEAR IN REVIEW Arotakenga o te tau

- Undertook response work in the wake of Cyclone Gabrielle in February 2023, with the initial focus being on bringing major roads to a safe level of service, reinstating bridge abutments, removing forestry slash and setting up temporary traffic management measures on roads with washouts and dropouts.
- Supplied 4.22 billion litres of safe drinking water to the community.
- Progressed work under the Hood Aerodrome Masterplan to support development of the aerodrome, including tendering the stage 1 runway improvements.
- Commenced work to add 16 new car parks at Panama Village for use by tenants and caregivers.

We also provided Community Wellbeing, Events, and Arts funding to a number of individuals, community groups and organisations over the 2022/23 year supporting them to undertake projects and initiatives that support the wellbeing of our community:

- Community Wellbeing Grants – 34 out of 36 applicants were allocated community wellbeing funding, with a total amount of \$126,240. The grants, ranging from \$1,000 to \$12,000, provided assistance towards operating expenses, training, programmes and community needs-related projects.
- Community Events Fund – 18 of 19 applicants were allocated community events funding totaling \$78,026. Funding applications were for sporting, community, and cultural-related events.
- Masterton Arts Fund – four applicants were allocated Masterton Arts Funding. This included funding for: 2023 Young Readers Programme; Masterton Theatre Company's Aladdin and the Curse of Qataban performance; Preserving our Cinematic Stories; and Yarns in Barns as part of the Wairarapa Festival of Reading.

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

OUR YEAR IN REVIEW Arotakenga o te tau

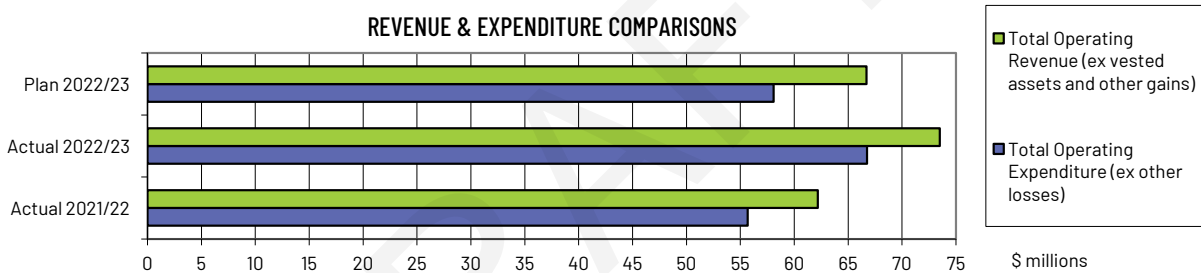
Overall Financial and Non-Financial Results

The Council’s financial performance has been sound with an operating surplus of \$10.56 million generated by revenue received to fund capital and renewal projects. The impact of the weather events can be seen in the operating expenditure (excluding depreciation and other losses) at \$49.5 million or 17.6 per cent more than planned. Offsetting this operating income (excluding other gains) of \$73.5 million or 10.2 per cent more than the planned level.

The operating surplus of \$10.56 million includes \$5.44 million of assets vested from subdivision developers and financial instrument revaluation gains of \$0.74 million. The surplus after excluding vested assets and valuation gains and losses was \$6.73 million, compared to the planned \$8.62 million.

Total capital expenditure (excluding vested assets) was \$28.95 million against the planned total of \$40.91 million - some 70.8% (last year 59.3 per cent). Delays and slow progress on several major projects have contributed to that lower level of spending, in particular the Animal Shelter and the Airport upgrade account for much of the under-spent capital budget.

The graph that follows shows the 2022/23 financial performance compared to the Annual Plan and prior year. In summary, both expenditure and revenue are more than planned, resulting in a surplus of \$6.73 million (before vested assets and other gains and losses). The planned and actual surplus represents external funding that has helped fund capital expenditure, particularly to reinstate roading assets.



Rates revenue made up 47 per cent of effective operating revenue and rates arrears were 1.7 per cent of the amount levied, an increase from 1.3 per cent at the same time last year. The slowing economy and impacts of inflation on many households is likely to be the reason for the small increase in numbers and value of rates arrears.

We revalued our infrastructural assets as at 30 June 2023 and land and buildings assets as at 30 June 2021. The 2023 revaluation resulted in a further uplift in these asset values of 8.7 per cent following a fair value increase that was allowed for in 2022. The Plan did not anticipate a value increase.

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

We spent 70.8 per cent of the capital expenditure programme (\$28.95 million) and had \$5.44 million added to the Council’s assets as infrastructure vested as part of subdivision developments. This compares to the prior year where \$24.6 million was achieved. Three capital projects - the animal shelter, airport upgrade and Millard Avenue urbanisation - were not progressed as quickly as anticipated and these make up a large proportion of the under-spent capital. More than planned capital expenditure was expended on water and wastewater network renewals due to both project delivery timing and decisions to increase the programme of work on these asset renewals.



OUR YEAR IN REVIEW Arotakenga o te tau

We completed \$10.3 million of subsidised roading renewals and upgrading work, including the Colombo Road bridge replacement. This was 89 per cent of planned as contractor resources were diverted into emergency response and repairs to roads as a result of a series of weather events. Events in July 2022, January and February 2023 severely impacted the network. \$3.5 million of work was completed on retaining walls and road renewals as a response to the storm events. A further \$5.14 million (nearly all unbudgeted) was spent on immediate response to storm damage to the roading network. Funding assistance from Waka Kotahi at rates higher than our standard rate of 56 per cent, has reduced the financial impact on the Council, but there has still needed to be a draw on the Storm/Flood Damage fund of \$1.85 million, leaving the fund in deficit by \$1.62 million.

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

- Through the 2021-31 LTP process Council resolved to make the vacant land at Panama Village on Ngaumutawa Road available for someone else to build public housing on. Following the LTP amendment in 2021/22, Council has been progressing work for the High Court application to seek permission to sell the vacant land.
- Funding for the Civic Facility project, which includes the Masterton District Library and Archive, was a topic for consultation in the 2021-31 Long-Term Plan (LTP). The Council's 2020/21 Annual Plan resolution committed to building a new civic centre. Following the receipt of updated cost estimates for the Civic Facility in 2022, and public consultation as part of the 2023/24 Annual Plan process, Council has resolved to explore alternative options ahead of consultation as part of the 2024-34 Long-Term Plan.
- We also consulted on options for the Town Centre Revamp project as part of the 2021-31 LTP process. The decision was made to defer the start of significant work to 2024, and then proceed with the full Masterton Revamp programme of work over a 10-year period. This will be revisited as part of the 2024-34 Long-Term Plan process.

2022-23 has again seen the capital expenditure on sewer main renewals exceed planned levels (\$3.15 million vs plan of \$1.52 million). This has occurred as a response to the weather-related flooding and sewer overflow events. The extra expenditure has been an attempt to reduce storm and ground water getting into the wastewater network. The extra funding needed has come from Government's Three Waters 'Better Off' funding, Council's depreciation funds and new loans. The success of the additional renewals work has yet to be assessed, but the issues do not have a 'quick fix' and will require a long term renewal strategy, including renewing pipes on private properties.

The level of subdivision activity and new residential building remained high during the year. This is seen in financial contributions from developers being \$3.66 million, or \$0.8 million more than last year. Income from building consent fees was \$1.44 million, or 12 per cent less than planned and last year. Assets worth \$5.44 million have been vested in the Council from subdivision development.

We met 79.1 per cent of our non-financial performance measures, and improvement on the previous year. In particular, community facilities and activities have seen an increase in the number of measures that have been achieved, associated with increasing usage trends in the Library and Recreation Centre compared to the previous Covid-19 impacted years. Highlights in our non-financial reporting include strong results in our water supply activity with eight out of nine measures (88.9 per cent) achieved, stormwater with four out of five measures achieved (80 per cent) and in roading where five out of six measures (83.3 per cent) were achieved.

OUR YEAR IN REVIEW Arotakenga o te tau

CYCLONE GABRIELLE AND WEATHER RESPONSE AND IMPACTS

The Masterton District has been significantly impacted by rain and weather events over the past 18 months. Cyclone Gabrielle, which hit the district in February 2023, had a particularly devastating impact in areas like Tinui, where floodwaters impacted homes and businesses, with many still feeling the effects. These events have impacted our ability to deliver some aspects of our business-as-usual work, as efforts have been directed to response and recovery.

As noted in the introductory section of this report, the Masterton urban area has also been impacted by the weather events, with heavy rain and continually high ground water conditions causing the wastewater network to not cope due to infiltration. There have been properties which have not had wastewater services on three or four separate occasions over the course of the year for periods of several days. Temporary services such as portaloos have been provided and property cleanups have been done following overflow events. At the end of June 2023, installation of improved mitigations had started, including back-flow valves and emergency holding tanks on the worst affected properties.

The financial impacts of the weather events have come through additional spending on:

1. Roading maintenance (\$5.13 million of emergency response costs) and unplanned roading capital expenditure on assets such as retaining walls (\$4.7 million)
2. Wastewater network renewals (\$3.9 million versus the plan of \$1.52 million)
3. Operating costs in the wastewater reticulation and stormwater activities being \$0.9 million more than planned (some 53%)

COVID-19 RESPONSE AND IMPACTS

In March 2023, the World Health Organization (WHO) declared that Covid-19 no longer represented a "global health emergency". The statement represented a major step towards ending the pandemic, three years after WHO first declared its highest alert level for the virus.

The New Zealand Covid-19 Protection Framework, or traffic light system, ended on 13 September 2022, removing requirements such as masks and restrictions on gatherings.

Government vaccine mandates ended on 26 September 2022.

The lifting of restrictions has had an impact on numbers using our services, as people have returned to patterns of use more in line with pre-pandemic. In particular, the library has seen increased uses across its services.

The economic impacts in the aftermath of the pandemic have seen inflation spike and supply chain shortages. The costs of many projects the Council has had planned have escalated and this has resulted in reconsideration of some of them.

HEALTH AND SAFETY / A DIVERSE AND INCLUSIVE WORKPLACE

We value our people and aim to provide a safe, inclusive, and healthy environment for them. During the year we have continued strengthening our health and safety culture across all aspects of the organisation through our Health and Safety Committee and relevant training.

We value a diverse and inclusive workplace and this is reflected through our Good Employer Policy. We are also a member of Diversity Works, the national organisation that supports businesses to develop diverse and inclusive workplaces.

OUR YEAR IN REVIEW Arotakenga o te tau

A COLLABORATIVE APPROACH

Engagement with Iwi and Māori Communities

We are dedicated to fostering and upholding constructive partnerships with tangata whenua, taura here, and various Māori communities within the Masterton district

Representatives from Kahungunu ki Wairarapa and Rangitāne o Wairarapa have continued to be members of the Council's Committees with full speaking and voting rights. Appointments were reconfirmed after the 2022 election.

We also have iwi representation on our Civic Facility, Wairarapa Combined District Plan Review, and Henley Lake Working Groups, and have been continuing work on a new engagement framework for iwi, hapū, marae and hapori Māori.

The election for the first Masterton District Māori ward was held as part of the 2022 local body elections.

Our Pou Ahurea Māori role was elevated to SLT in May 2022, supporting our commitment to strengthen and maintain opportunities for greater decision-making between Council and Iwi, and to integrate tangata whenua values, culture and language into the business of Council.

We are working with iwi on the development of the Māori Purpose Zone, Tangata Whenua Chapter and Wahi Tapu inside of the Sites of Significance Chapter as part of the Wairarapa Combined District Plan.

Rangitāne o Wairarapa and Ngāti Kahungunu ki Wairarapa are important partners for the resilience investment project for Mataikona Road, and have been engaged in the work undertaken to date.

Collaboration with other Local Authorities and Bodies

We have continued to work collaboratively with the Carterton and South Wairarapa District Councils, and the Greater Wellington Regional Council throughout the year.

We participate in quarterly combined council meetings to discuss joint projects and matters of common interest.

We have continued to work with Iwi, stakeholders and the community to review the Wairarapa Combined District Plan, and to develop Te Rautaki Rangatahi o Wairarapa: Wairarapa Youth Strategy, which was adopted by all three district councils in April and May 2023.

We have shared services for GIS Services, Civil Defence, and managing the joint solid waste contract. These shared service arrangements have continued to be undertaken and operated in an effective manner.

Our Wairarapa Policy Working Group Committee, comprised of elected members from the three Wairarapa councils, was reconfirmed following the 2019 Local Elections and continues to work together on bylaws and policies for the Wairarapa. In the past twelve months we have progressed work on reviews of the Wairarapa Local Alcohol Policy, the Wairarapa Class 4 Gambling and Standalone TAB Venues Policy and the Wairarapa Smokefree Policy.

At a Wellington regional level, we have participated in a range of projects being led by the Wellington Regional Leadership Committee. These include the development of a Housing and Business Capacity Assessment (HBA) and Future Development Strategy (FDS), as well as regional climate change initiatives.

We have also participated in a number of regional committees including:

- Civil Defence Emergency Management Committee
- Remutaka Hill Road Committee
- Te Kauru Upper Ruamāhanga River Floodplain Management Committee

OUR YEAR IN REVIEW Arotakenga o te tau

- Wellington Regional Transport Committee
- Wellington Regional Leadership Committee
- Wellington Region Climate Change Working Group
- Wellington Region Waste Management and Minimisation Joint Committee

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OUR YEAR IN REVIEW Arotakenga o te tau

DEVELOPMENT AND FINANCIAL CONTRIBUTIONS

We charge financial contributions using the provisions of the Resource Management Act 1991, the Wairarapa Combined District Plan, and our Development and Financial Contributions Policy.

This year we levied and/or collected \$3.66 million, which has been recognised as revenue in the period to 30 June 2023. This is \$0.8 million more than what was collected in the previous financial year.

Financial contributions have been set aside as part of Special Funds and Reserves designated for parks and reserves development, infrastructure, and roading upgrades. The majority of these contributions are not specifically required to be spent on one locality or project, so have no residual liability associated with them.

Updated highlight graphs to come

Updated highlight graphs to come

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STATEMENTS OF SERVICE PERFORMANCE Tauākī paearu mahi

STATEMENTS OF SERVICE PERFORMANCE

Tauākī paearu mahi



NON-FINANCIAL PERFORMANCE Paearu mahi kore putea

NON-FINANCIAL PERFORMANCE

Paearu mahi kore putea

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

The LTP includes 43 performance targets across council activities.

The graph that follows shows that we achieved 33 of our 43 targets (76.7 per cent) and did not achieve 9 targets (20.9 per cent). One measure (2.3 per cent) was not available to report.

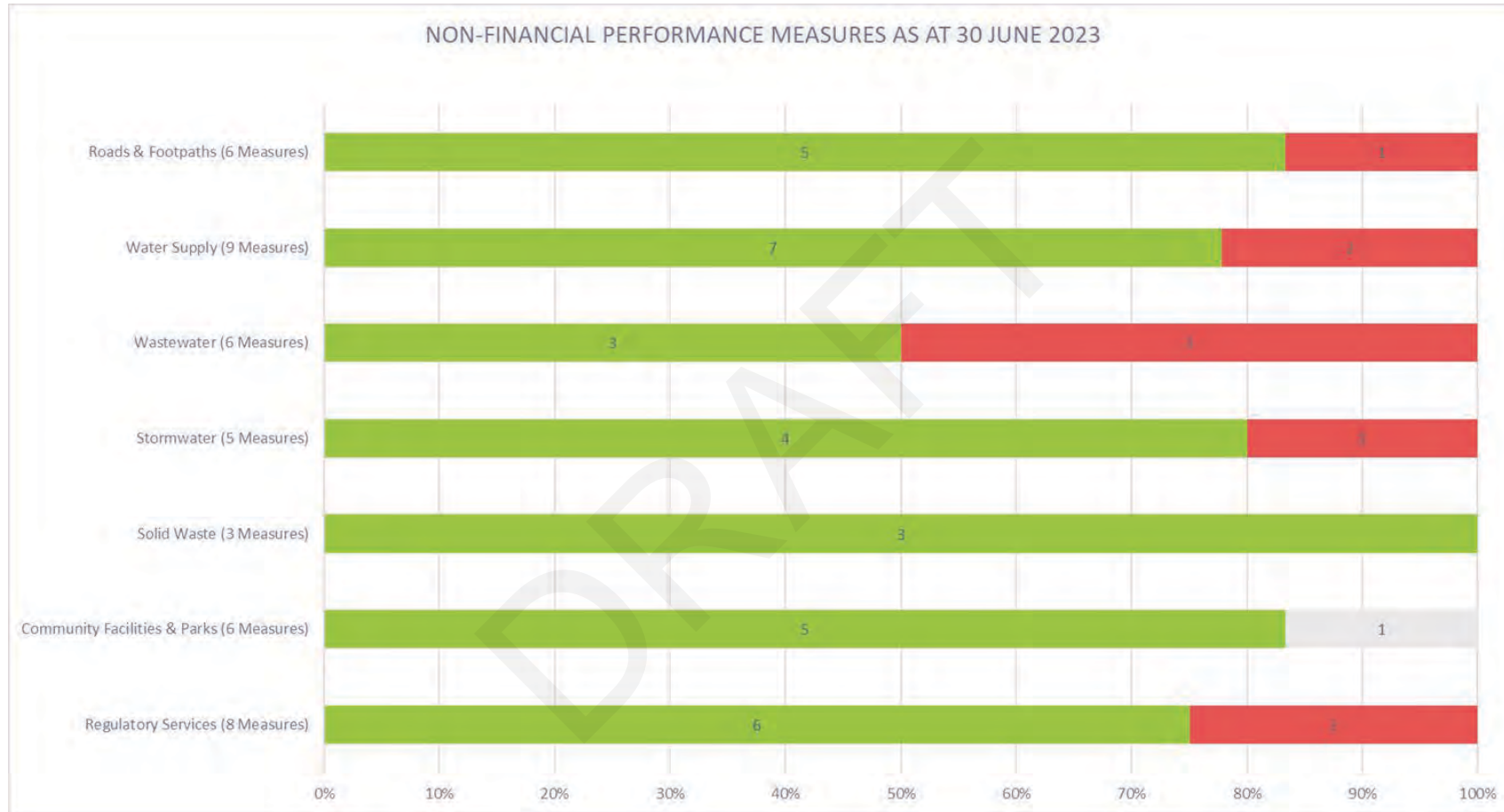
This is the second year of reporting against the 2021-31 LTP.

Our water infrastructure activities have generally performed well against targets. However, the higher than usual rainfall experienced in the district since February 2022 impacted wastewater and stormwater results in 2022/23. Three of the six wastewater measures, and one of the five stormwater measures, were not achieved.

We received a higher number of complaints about our wastewater service, primarily related to continued issues with the wastewater network resulting from high groundwater tables. In the February heavy rainfall events, 29 portaloos were deployed on a pre-emptive basis.

The COVID-19 pandemic situation has evolved, with the bulk of the controls and restrictions put in place by the Government to manage the outbreak now lifted. However, there remains a long tail to the impact, with economic and social disruption. Global supply lines for goods continue to be impacted, contributing to the high levels of inflation that we are seeing both nationally and internationally. Despite the recent upturn in immigration, many sectors are still facing staffing challenges due to the delayed impacts of previously closed borders.

NON-FINANCIAL PERFORMANCE Paearu mahi kore putea



NON-FINANCIAL PERFORMANCE Paearu mahi kore putea

Reporting Service Performance Information

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

The Standard requires public benefit entities, including local government, to apply the requirements of the standard to annual reports that relate to a period beginning on or after 1 January 2022.

This Statement of Service Performance has been prepared in accordance with the requirements of the standard and the Local Government Act 2002, which includes the requirement to report on the level of service achieved for a group of activities against the performance target or targets for that group of activities.

As acknowledge in the PBE FRS 48 Standard, the following attributes apply to the current Service Performance Reporting environment:

- 1 *Service Performance reporting is an area of reporting that continues to evolve;*
- 2 *Entities may be subject to a range of service performance reporting requirements, including legislative requirements and may use a variety of performance frameworks; and*
- 3 *It provides flexibility for entities to determine how best to 'tell their story' in an appropriate and meaningful way.*

Council Requirements for Service Performance Reporting

The Council has set the following requirements for its Service Performance Reporting:

1. Provide users with
 - 1 Adequate contextual details to enable users to understand the Council's overarching objectives (community outcomes) and strategies – details of Council's vision and community outcomes are included on PX with activities and achievements that have contributed to these outlined on pages X-X
 - 2 Details regarding the Council's activities and accomplishments during the reporting period in alignment with these objectives – details of Council's achievements (financial and non-financial) for each activity are included under the Statements of Performance section from PX-X.
- 2 Present its Service Performance Information and its financial statements together in the Annual Report [FRS 48 para 6] – financial and non-financial performance is reported for each activity under the Statement of Performance section.
- 3 Present Service Performance Information for the same entity and same reporting period as the financial statements [FRS 48 para 11] – financial and non-financial information is reported for the financial year. For this Annual Report, that is from 1 July 2022 to 30 June 2023.
- 4 Apply the following qualitative characteristics in the context as described in the Public Benefit Entities' (PBE) Conceptual Framework: Relevance, Faithful Representation, Understandability, Timeliness, Comparability and Verifiability [FRS 48 para 7] – these characteristics are considered when performance measures are developed and/or reviewed through the Long-Term Plan process.
- 5 Disclose judgements that have the most significant effect on the selection, measurement, aggregation and presentation of service performance information [FRS 48 para 44] – the performance measure framework is set through the Long-Term Plan (LTP) process.
- 6 Provide comparative information [FRS 48 para 37] – comparative data, where available, is included for the current and previous two years.

Scope of Service Performance Reporting

NON-FINANCIAL PERFORMANCE Paearu mahi kore putea

The Council's Service Performance Information is contained within the 'Our Year in Review' (Our Community Outcomes and actions we have taken to progress these) and the Statements of Service Performance section (financial and non-financial information for each activity) of this Annual Report.

The community outcomes are drawn from Council's 2021-31 Long-Term Plan and also align with *He Hiringa Tangata, He Hiringa Whenua* (Council's Wellbeing Strategy) and Council's Infrastructure Strategy.

PBE FRS 48 emphasises the need for judgement when determining the extent of information to disclose concerning the current reporting period and progress toward long-term objectives. MDC has presented key work that has been progressed and achievements that contribute toward Council's Community Outcomes.

Selecting and Aggregating Service Performance Information

The level of aggregation used by MDC has been based on:

- 1 Reporting against Levels of Service - Our performance measures reflect the levels of service that were confirmed in the Long-Term Plan, and include mandatory measures that local government is required to report on.
- 2 Reporting LTP targets for Levels of Service - Our targets are set to reflect the level of service for the activity.

When setting measures through the Long-Term Plan process other considerations include materiality, cost-benefit, and the balance between timeliness, understandability and relevance of information for the end users.

NON-FINANCIAL PERFORMANCE Paearu mahi kore putea

Key Research, an independent research company, undertook a Resident's Satisfaction Survey on behalf of Council. Data was collected in two waves, between 20 Feb – 22 March (wave 1) and 3-31 May 2023 (wave 2). The results of the survey will help to inform our long-term planning.

Research Objectives

- Assess satisfaction among residents in relation to the services, facilities and other activities provided by Council.
- Determine changes in performance over time.
- Assess Council performance on communication and community engagement with residents.
- Identify and prioritise opportunities for improvement that will be valued by residents.

Methodology

- A statistically robust survey conducted online and via postal survey with a sample of n=490 residents across the Masterton District area.
- Post data collection, the sample has been weighted so it is aligned with known population distributions for the Masterton District Council area, as per the Census 2018 results, based on age, gender and ethnicity.
- A total of 3,200 invitations were posted. At an aggregate level the sample has an expected 95% confidence interval (margin of error) of +/- 4.1%.
- Data collection took place between 20 Feb – 22 March (wave 1) and 3-31 May 2023 (wave 2).

Overall performance

- Overall Satisfaction with Masterton District Council - 41%
- Satisfaction with Reputation - 46%
- Satisfaction with Services and Facilities - 57%
- Satisfaction with Value for Money - 45%

Overall Satisfaction with Services by Category

- Parks, Reserves & Open Spaces - 74%
- Waste Management - 69%
- Water Management (water, stormwater and wastewater) - 52%
- Regulatory Services - 47%
- Roads and Footpaths - 31%

Within service categories satisfaction ratings overall were highest for:

- Parks, Reserves and Green Spaces - 82%
- Sports fields and Playgrounds - 75%
- Library and Archive - 74%
- Kerbside Recycling Collection - 74%
- Kerbside Rubbish Collection - 72%

Within service categories satisfaction ratings overall were lowest for:

- Roads throughout the district - 27%

NON-FINANCIAL PERFORMANCE Paearu mahi kore putea

- Ease of moving around district - 35%
- Planning Services - 35%
- Stormwater Services - 36%
- Building Services - 39%
- Hood Aerodrome - 39%

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ROADS, STREETS, FOOTPATHS AND PARKING AREAS Ngā huarahi waka, ara-hikoi, me ngā tūranga waka

ROADS, STREETS, FOOTPATHS AND PARKING AREAS

Ngā huarahi waka, ara-hikoi, me ngā tūranga waka



WHAT WE DO

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

WHAT WE ACHIEVED IN 2022/23

During the year we have continued to focus on delivering projects and ongoing maintenance that improve our road network. Highlights and key activities from 2022/23 include:

- 10.05km of sealing activity was completed on the road network.
- 1.6km of sealed road pavement and 3.3km of unsealed road was rehabilitated.
- 19,660 cubic metres of unsealed metalling was completed.
- 188m of culvert, 3.9km subsoil drainage (drainage to deal with water issues below the surface of roads), and 22m of kerb and channel renewal work was completed.
- 4.3km of the sealed footpath network was resurfaced.
- 89m² of retaining wall constructed.
- 89 lane metres of bridge renewals including:
 - The complete replacement of the rural bridge on Te Mara Road.
 - The replacement of the eastern, south-bound section of the Colombo Road bridge over the Waipoua River which was completed in April 2023, ahead of schedule. The new section features an extra wide footpath to increase safety for all users, with the bridge being a major part of the route for users heading to and from Lakeview School.
- Responding to Cyclone Gabrielle, which hit New Zealand between 12 - 16 February. While impacts were felt across the district, Tinui and surrounding areas were the worst impacted, with almost 300mm of rain falling over a 24-hour period. Damage to the network included massive over and under land slips, flooding and debris, culvert and subsoil stormwater systems washed out, damage to bridging abutments at Homewood, Mataikona, and Tnuui, silt laden swale drains and culverts and fallen and dangerous trees on and over the road corridor.

ROADS, STREETS, FOOTPATHS AND PARKING AREAS Ngā huarahi waka, ara-hikoī, me ngā tūranga waka

- The initial response focused on bringing major roads to a safe level of service, reinstating bridge abutments, removing forestry slash and setting up temporary traffic management measures on roads with washouts and dropouts. Moving into the recovery phase, specialist assessment is taking place to identify the type and scope of the work required, and the associated costs.
- Six carparks at the 70 Dixon Street public carpark have been converted to electric vehicle charging. The charging infrastructure has been provided by Meridian Energy, and the addition of this infrastructure has doubled the publicly available electric vehicle charging facilities available in Masterton.
- Work to extend Kitchener Street to Gordan Street commenced. This work includes drainage improvements, stormwater and other service upgrades, construction of a new concrete footpath, and forming a sealed road from a paper road.
- Council adopted the Masterton District Speed Management Plan in June. The Speed Management Plan is required by Government and sets out Council's 10-year vision and three-year implementation plan for speed management and associated infrastructure improvements on the roads in our district.

HOW WELL WE PERFORMED

Five of the six performance measures for this activity (83 per cent) were achieved in 2022/23.

Almost 100 per cent, 270 of 273, urgent customer service requests were responded to within the specified timeframe of two days, and results for non-urgent requests exceeded target with 978 of 1167 (82.9 per cent) responded to within the specified timeframe, noting response times for non-urgent requests vary depending on the nature of the request.

There were no fatal and nine serious injury crashes in 2022/23. The five year average is 2 fatalities and 11 serious injury crashes so the target of being no more than the five year average was achieved. While we cannot control all the factors that contribute to road crashes, the Council has an important role to play. We take our commitment to road safety seriously and will continue to deliver improvements that make our roads safer, advocate to central government, and support/fund education initiatives through the Wairarapa Road Safety Council.

A total of 91.7 percent of footpaths met or exceeded the defined level of service, consistent with the previous year and above the target of 90 per cent. We know that our community has high expectations for footpaths and we have invested additional funding to accelerate the footpath renewal programme and improve footpaths in the district.

The operating expenditure of \$21.6 million was more than the \$15.1 million planned, largely due to \$5.1 million of emergency reinstatement and immediate response costs that only had a budget of \$0.3 million. The overall renewals and capital programme of \$18.5 million was 84 per cent spent (\$15.5 million) (excluding vested assets). There were unders and overs across the programme with large variances relating Millard Avenue Urbanisation Project, which has yet to start, but unbudgeted emergency response costs of \$3.5m. A number of capital projects were underway at year-end such as the Kitchener Street to Gordon Street upgrades and Storm damage reinstatement activities at Kerosine Ridge and Blairlogie Landgale.

The road resurfacing target has not been achieved this year. There has been a lack of contract resources available to conduct essential pavement repairs before resurfacing and limited specialist plant availability. These resources were redirected to emergency works resulting from the impact of three cyclones and unusually heavy rainfall in 2022 and 2023. There has also been an increased demand for pavement building and strengthening, with more resources and funding being allocated to those projects.

Our ability to deliver our work programme has been hindered by a number of factors. The high rates of inflation experienced over the last 12-18 months have driven cost increases, making it more expensive to deliver our planned works. In addition to this, resourcing has become a significant challenge. Finding contractors, plant,

ROADS, STREETS, FOOTPATHS AND PARKING AREAS Ngā huarahi waka, ara-hikoi, me ngā tūranga waka

and materials for the work has proven to be increasingly difficult. Furthermore, the exceedingly wet 2023, following a wet 2022, has resulted in an increase in environmental and slip clearance work across the network, further impacting our ability to deliver planned work.

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ROADS, STREETS, FOOTPATHS AND PARKING AREAS Ngā huarahi waka, ara-hikoi, me ngā tūranga waka

What we do: Provide safe and well-maintained roading, footpath and on-road cycling networks				
Measure	2021-31 Target	2022/23 Result (Y2 of 2021-31 LTP)	2021/22 Result (Y1 of 2021-31 LTP)	2020/21 Result (Y3 of 2018-28 LTP)
Number of fatalities and serious injury crashes on the local road network ¹ (MANDATORY MEASURE)	No more than the 5 year average. The five-year average (to 30/06/2022) was 2 fatalities and 11 serious injury crashes. 2018-28 Target: Reduction in fatalities and serious injury crashes compared to previous year.	Achieved No fatalities and nine serious injury crashes.	Not Achieved One fatality and twelve serious injury crashes.	Not Achieved No fatalities and twelve serious injury crashes.
Average quality of ride on a sealed local road network, measured by smooth travel exposure ² (MANDATORY MEASURE)	Maintain or improve on 90%	Achieved 94% network smooth travel exposure (as at 30/6/23)	Achieved 94% network smooth travel exposure (as at 30/6/22).	Achieved 91% network smooth travel exposure (as at 30/06/21).
Percentage of sealed local road network that is resurfaced (MANDATORY MEASURE)	Maintain within 5 - 7%	Not Achieved 1.9% Resurfaced 10.05 km of the total 535 km sealed local road network.	Achieved 5% Resurfaced 28.5km of the total 534.5km sealed local road network.	Achieved 5% Resurfaced 26.4km of the total 532.5km sealed local road network.
Percentage of footpaths where the condition falls within the level of service defined in MDC's Asset Management Plan (MANDATORY MEASURE)	90% of footpaths are rated excellent, good or fair. 2018-28 Target: 97% of footpaths are rated excellent, good or fair.	Achieved 91.7% 196.2km of 214km of the footpath network surveyed to June 2023 was condition rated excellent, good and Average. (Other condition ratings are poor, very poor and unknown)	Achieved 92% 193km of 210km of the footpath network surveyed to June 2022 is condition rated excellent, good or fair.	Not Achieved 92% 181.6km of 198.2km of the footpath network surveyed to June 2021 is condition rated excellent, good or fair.

ROADS, STREETS, FOOTPATHS AND PARKING AREAS Ngā huarahi waka, ara-hikoi, me ngā tūranga waka

What we do: Provide safe and well-maintained roading, footpath and on-road cycling networks				
Measure	2021-31 Target	2022/23 Result (Y2 of 2021-31 LTP)	2021/22 Result (Y1 of 2021-31 LTP)	2020/21 Result (Y3 of 2018-28 LTP)
An increased footpath renewal programme is in place to improve the state of footpaths in the district.				Note: Prior to 2021/22 the target was 97%. As part of the development of the 2021-31 LTP the target was revised to a more realistic target of 90%.
Percentage of urgent customer service requests responded to within two days (MANDATORY MEASURE)	95% 2018-28 Target: 95%	Achieved 98.9% 270 of 273 urgent requests were responded to within two days.	Achieved 99.6% 283 of 284 urgent requests were responded to within two days.	Achieved 99.7% 360 of 361 urgent requests were responded to within two days.
Percentage of non-urgent customer service requests responded to within the timeframes specified in MDC's Asset Management Plan and placed on appropriate maintenance programme (MANDATORY MEASURE)	70% 2018-28 Target: 80%	Achieved 82.9% 978 of 1167 non-urgent requests were responded to within the timeframe.	Achieved 91.5% 762 of 833 non-urgent requests responded to within specified timeframes.	Achieved 91.3% 705 of 772 non-urgent requests were responded to within specified timelines.

1. Numbers are taken from Waka Kotahi's Crash Analysis System, which is updated continuously.
2. Smooth Travel Exposure (STE) is a customer outcome measure indicating 'ride quality'. It is an indication of the percentage of vehicle kilometres travelled on a road network with roughness below a defined upper threshold level. The threshold varies depending on the traffic volume band and urban/rural environment of the road.

ROADS, STREETS, FOOTPATHS AND PARKING AREAS Ngā huarahi waka, ara-hikoī, me ngā tūranga waka

COST OF SERVICE STATEMENT

Roads, Streets, Footpaths & Parking Areas				
2021/22			2022/23	2022/23
Actual			Actual	Budget
\$	Operating Costs		\$	\$
7,227,697	Road maintenance - subsidised ***		7,303,042	6,263,191
1,260,870	Road maintenance - non subsidised		1,355,414	1,336,373
0	Emergency Response***		5,127,801	260,000
6,314,758	Depreciation		7,816,635	7,285,737
14,803,325			21,602,892	15,145,302
	Operating Revenue			
3,684,943	Waka Kotahi (NZTA) subsidy (on maint.)*		8,256,542	3,215,131
186,664	Local authority petrol tax		147,346	200,000
746,268	Roading contributions (ex developers)		969,318	2,300,000
51,798	Other recoveries		80,668	96,000
4,669,673			9,453,873	5,811,131
	Appropriations			
1,341,268	Transfers to reserves		969,318	2,300,000
(685,343)	Transfers from reserves		(778,162)	(461,800)
58,121	Provision for loan repayments		72,328	68,107
(5,708,600)	Depreciation not rates funded**		(7,208,600)	(6,678,600)
5,139,098	Rates Requirement (Operational)		5,203,904	4,561,877

* Further subsidy revenue is shown in the Capital Expenditure Summary.

** Most depreciation is reversed in lieu of renewals expenditure which is shown in the Capital Expenditure Summary. Renewals are funded by rates revenue and Waka Kotahi subsidies.

*** Note the 2022/23 plan included the Flood damage provision in Road maintenance - subsidised. Due to the storm events this year this provision has been shown separately against the actual expenditure.

Roads, Streets, Footpaths & Parking Areas				
Rates Requirement Summary				
2021/22			2022/23	2022/23
Actual	Activity		Actual	Budget
\$			\$	\$
6,356,206	Subsidised roading		6,194,503	6,410,574
1,140,705	Non-subsidised roading (urban)		1,250,825	1,165,307
211,749	Non-subsidised roading (rural)		204,747	232,994
\$7,708,660	Rates Requirement		\$7,650,074	\$7,808,875

ROADS, STREETS, FOOTPATHS AND PARKING AREAS Ngā huarahi waka, ara-hikoi, me ngā tūranga waka

Roads, Streets, Footpaths & Parking Areas

Capital Expenditure Summary

2021/22		2022/23	2022/23
Actual		Actual	Budget
\$	Roading	\$	\$
3,111,656	Asset renewals - Rural programme	2,914,011	3,404,687
1,701,024	Asset renewals - Urban programme	1,509,660	1,659,844
24,624	Asset renewals - Bridges	460,951	634,200
0	Urban footpath upgrades (non subsidised)	35,900	0
144,844	Urban footpath upgrades (subsidised)	479,424	581,583
210,584	Car park renewals & signage	38,138	102,100
66,999	Carpark lighting - Safety initiative	0	17,792
1,160,480	Roading minor improvement projects	765,767	1,559,373
0	Retaining wall - Kerosene Ridge	1,178,468	935,000
92,607	CBD upgrade (Town Centre project)	88,478	102,100
232,669	Colombo Road, Waipoua bridge	4,174,761	3,750,000
160,305	Under veranda lighting renewals	0	0
1,391,313	Gordon Street - urbanisation project	0	0
76,549	Millard Ave - urbanisation project	0	3,700,000
27,500	Kitchener Street to Gordon Street	210,468	1,290,000
0	CBD recycling bins	0	10,000
0	Cycleways	0	141,470
56,691	What's Our Welcome- North Entrance	8,078	185,000
97,711	What's Our Welcome- South Entrance	71,867	380,000
48,012	Chamberlain Road upgrade	0	0
198,724	Retaining structures (emergency response)	3,527,192	-
700,732	Vested roading assets ex subdivision	1,909,852	-
288,515	Vested assets - road reserve land	612,477	-
9,791,540		17,985,491	18,453,149
	Capital Funding		
(3,811,917)	Waka Kotahi (NZTA) subsidy (on renewals)	(9,293,213)	(7,219,710)
(1,833,009)	Transfers from reserves	(3,555,357)	(7,319,342)
(340,797)	External contrib.	-	-
(989,247)	Vested assets (ex developers)	(2,522,329)	-
(247,009)	Loan funds	(168,423)	(667,100)
(7,221,978)		(15,539,321)	(15,206,152)
\$2,569,562	Rates Requirement (Capital)	2,446,170	\$3,246,998

WATER SUPPLIES (URBAN AND RURAL) Hopua wai (tāone me te taiwhenua)

WATER SUPPLIES (URBAN AND RURAL) **Hopua wai (tāone me te taiwhenua)**



WHAT WE DO

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

WHAT WE ACHIEVED IN 2022/23

Highlights and key activities from 2022/23 include:

- 4.22 billion litres of safe drinking water supplied to the community.
- Repairs to the Tinui water treatment plant following damage caused by Cyclone Gabrielle, with the plant back up and operational within 24 hours.
- Renewed water mains to prevent water loss through leakage.
- Continued access to a separate fluoride-free water supply.
- Continued smart water meter installations, with meters now installed on 91% of all properties.
- Ongoing support for rural water supplies

HOW WELL WE PERFORMED

Seven of the nine performance measures for this activity (78 per cent) were achieved in 2022/23. One not achieved relates to the average consumption of drinking water per day per resident within the district. The other not achieved relates to the Drinking Water Quality Assurance Rules (DWQAR) - Bacterial Compliance, due to the need to install new monitoring equipment for this standard. This equipment has now been installed. It is expected that this measure will be achieved for next year.

It is important to note that the non-achievement of the two measures does not reflect any issues with the safety of Masterton's drinking water.

We supplied 4.22 billion litres of safe water to urban households during the year. This equates to 586 litres per person per day; 8 litre per day increase compared to the previous year.

There was also a small reduction in the percentage of water lost from our system, down to 32.4 per cent, compared to 32.5 per cent last year and 34 per cent in 2020/21. This reduction is partly due to less leakage across the network as a result of our repair and renewal work.

WATER SUPPLIES (URBAN AND RURAL) Hopua wai (tāone me te taiwhenua)

Water loss was identified as a key issue in the 2018-28 LTP. We purchased some 9,000 smart water meters during 2019/20. The installation of those meters was delayed due to COVID-19 but over 91% of installs have now been completed. The meters will enable leaks to be identified and repaired, which will support continued improvements in water conservation.

The number of complaints received about drinking water rose this year, from 2.37 complaints per 1,000 connections in 2021/22 to 4.88 complaints per 1,000 connections this year. Response and resolution times for urgent and non-urgent callouts have increased but are still well within target.

Both Urban and Rural water supply operating costs were overspent in 2022/23. Total operating costs were \$5.9 million resulting in an overspend in the 2022/23 year (18.5 per cent more). This was due to an increased number of water connection and water mains repairs needed to meet service levels, while maintenance and chemicals costs at the water treatment plant exceeded budget, and extra costs were incurred on storm cleanup costs at the Upper Plain Reservoir and Tinui water supply.

Water mains renewal contracts were \$2.32 million versus a budget of \$1.80 million. This accelerated spending is a result of contractors completing work that had been let in the previous financial year. The water meter installation project continued with the spend being in line with budget. Delays with work on Millard Avenue has resulted in underspends against the water main extension budget. There were a number of water main renewal projects (\$1.2m) ongoing at year-end which will be completed in the 2023/24 financial year.

What we do: Deliver safe drinking water efficiently and effectively to urban households

Measure	2021-31 Target	2022/23 Result (Y2 of 2021-31 LTP)	2021/22 Result (Y1 of 2021-31 LTP)	2020/21 Result (Y3 of 2018-28 LTP)
Number of complaints received about drinking water clarity, taste, odour, pressure or flow, continuity of supply, or MDC's response to complaints received (MANDATORY MEASURE)	Less than or equal to 6 complaints/1000 connections. 2018-28 Target: Less than or equal to 6 complaints/1000 connections.	Achieved 4.88 complaints/1000 connections (48 complaints).	Achieved 2.37 complaints/1000 connections (23 complaints).	Achieved 2.45 complaints/1000 connections (23 complaints).

WATER SUPPLIES (URBAN AND RURAL) Hopua wai (tāone me te taiwhenua)

What we do: Deliver safe drinking water efficiently and effectively to urban households				
Measure	2021-31 Target	2022/23 Result (Y2 of 2021-31 LTP)	2021/22 Result (Y1 of 2021-31 LTP)	2020/21 Result (Y3 of 2018-28 LTP)
Response time to call-outs to a fault or unplanned interruption to MDC's networked reticulation system:				
a) attendance at urgent callouts ¹ (from notification to arrival on site) (MANDATORY MEASURE)	60 minutes or less 2018-28 Target: 60 minutes or less	Achieved 50 minutes	Achieved 38 minutes	Achieved 34 minutes
b) resolution of urgent callouts ¹ (from notification to confirmation of resolution) (MANDATORY MEASURE)	480 minutes or less 2018-28 Target: 480 minutes or less	Achieved 113 minutes	Achieved 137 minutes	Achieved 102 minutes
c) attendance at non-urgent callouts ² (from notification to arrival on site) (MANDATORY MEASURE)	7 days or less 2018-28 Target: 7 days or less	Achieved 69 minutes	Achieved 53 minutes	Achieved 119 minutes
d) resolution of non-urgent callouts ² (from notification to confirmation of resolution) (MANDATORY MEASURE)	3 months or less 2018-28 Target: 3 months or less	Achieved 108 minutes	Achieved 115 minutes	Achieved 172 minutes

WATER SUPPLIES (URBAN AND RURAL) Hopua wai (tāone me te taiwhenua)

What we do: Deliver safe drinking water efficiently and effectively to urban households				
Measure	2021-31 Target	2022/23 Result (Y2 of 2021-31 LTP)	2021/22 Result (Y1 of 2021-31 LTP)	2020/21 Result (Y3 of 2018-28 LTP)
Council's drinking water supply complies with:				
a) Part 4 of the Drinking Water Standards 2005 (revised 2018) - bacterial compliance ³ (MANDATORY MEASURE from 1 July 2022 to 31 December 2022)	Fully compliant 2018 - 2028 Target: Fully compliant	Achieved Fully compliant	Achieved Fully compliant	Achieved Fully compliant
b) Part 5 of the Drinking Water Standards 2005 (revised 2018) - protozoal compliance ⁴ (MANDATORY MEASURE from 1 July 2022 to 31 December 2022)	Fully compliant 2018 - 2028 Target: Fully compliant	Achieved Fully compliant	Not Achieved Fully compliant for 98.9% of days (361 out of 365 days) There were 4 days where filtered turbidity exceeded the standard for more than 1% of the time.	Achieved Fully compliant
c) Drinking Water Quality Assurance Rules (DWQAR) - Bacterial Compliance (MANDATORY MEASURE from 1 January 2023)	Fully Compliant From 1 January 2023, new Drinking Water Quality Assurance Rules (DWQAR) reporting has started, as introduced by Taumata Arowai.	Not Achieved New reporting and monitoring requirement were introduced during the 2022 / 2023 year. Contact time with Chlorine now needs to be continually monitored. Upgrade equipment now installed.	N/A	N/A
d) Drinking Water Quality Assurance Rules (DWQAR) - Protozoal Compliance	Fully Compliant From 1 January 2023, new Drinking Water Quality	Achieved Fully complaint	N/A	N/A

WATER SUPPLIES (URBAN AND RURAL) Hopua wai (tāone me te taiwhenua)

What we do: Deliver safe drinking water efficiently and effectively to urban households				
Measure	2021-31 Target	2022/23 Result (Y2 of 2021-31 LTP)	2021/22 Result (Y1 of 2021-31 LTP)	2020/21 Result (Y3 of 2018-28 LTP)
(MANDATORY MEASURE from 1 January 2023)	Assurance Rules (DWQAR) reporting has started, as introduced by Taumata Arowai.			
Percentage of real water loss from MDC's reticulation system ⁵ (calculated using minimum night flow) (MANDATORY MEASURE)	Year 2: No more than 32.5% Year 1: No more than 37% 2018-28 Target: Reduction on previous year	Achieved 32.4%	Achieved 32.5%	Achieved 34%
Average consumption of drinking water per day per resident within the district ⁶ (MANDATORY MEASURE)	Year 2: No more than 578 litres/person/day Year 1: No more than 601 litres/person/day 2018-28 Target: Reduction on previous year.	Not Achieved 586 litres/person/day	Achieved 578 litres/person/day.	Not Achieved 639 litres/person/day.

1. An urgent call-out is one that leads to a complete loss of supply of drinking water.
2. A non-urgent call-out is one where there is still a supply of drinking water.
3. For bacterial compliance testing, E. coli is used as the indicator organism for contamination of drinking-water by faecal material [https://www.moh.govt.nz/notebook/nbbooks.nsf/0/B9917ABBB22BE387CC2583B2007928FE/\\$file/dwsnz-2005-revised-mar2019.pdf](https://www.moh.govt.nz/notebook/nbbooks.nsf/0/B9917ABBB22BE387CC2583B2007928FE/$file/dwsnz-2005-revised-mar2019.pdf)
4. The compliance criteria for protozoa are based on the probability that the treatment process has inactivated (by disinfecting to achieve the prescribed C.t value) or removed (by achieving target filtrate turbidity) any protozoa present [https://www.moh.govt.nz/notebook/nbbooks.nsf/0/B9917ABBB22BE387CC2583B2007928FE/\\$file/dwsnz-2005-revised-mar2019.pdf](https://www.moh.govt.nz/notebook/nbbooks.nsf/0/B9917ABBB22BE387CC2583B2007928FE/$file/dwsnz-2005-revised-mar2019.pdf)
5. This measure tracks unexplained water losses as a percentage of total water produced. These losses are calculated by deducting water sales volumes and allowable unbilled water usage from the total volume of water produced. Taumata Arowai introduced new Drinking Water Quality Assurance Rules (DWQAR) from 14 November 2022. The reporting against it started from 1 January 2023.

WATER SUPPLIES (URBAN AND RURAL) Hopua wai (tāone me te taiwhenua)

6. A Department of Internal Affairs (DIA) mandatory measure to provide information on whether the water supply system is being managed to ensure demand does not outstrip capacity. Careful management of the demand for water is an important component of integrated water resources management to ensure that demand does not exceed capacity, that water is allocated efficiently, and that productivity is maximised.

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WATER SUPPLIES (URBAN AND RURAL) Hopua wai (tāone me te taiwhenua)

COST OF SERVICE STATEMENT

Urban Water Supply			
2021/22		2022/23	2022/23
Actual		Actual	Budget
\$		\$	\$
	Operating Costs		
1,544,512	Water treatment costs	1,746,152	1,542,397
1,274,620	Water reticulation costs	1,685,576	1,203,974
1,558,455	Depreciation	1,906,508	1,782,074
4,377,587		5,338,237	4,528,445
	Operating Revenue		
659,494	User charges & other revenue	505,849	313,478
102,600	Internal Recoveries	111,200	111,200
762,094		617,049	424,678
	Appropriations		
(100,000)	Transfers from reserves	-	-
	Transfers to reserves - for stimulus-funded pipe stock	-	-
142,951			
186,454	Provision for loan repayment	330,613	327,403
(244,300)	Reverse depreciation	(636,860)	(221,860)
\$3,600,598	Rates Requirement	\$4,414,940	\$4,209,309

Rural Water Supplies			
2021/22		2022/23	2022/23
Actual		Actual	Budget
\$		\$	\$
	Operating Costs		
543,788	Rural water supplies & races	387,499	271,182
120,554	Depreciation	147,275	154,855
664,342		534,773	426,036
	Operating Revenue		
	Rural water scheme charges & 3 waters stimulus funding		
532,182		251,053	226,000
	Appropriations		
4,137	Transfers to reserves	13,980	-
6,538	Provision for loan repayment	6,945	6,944
(26,000)	Reverse depreciation	(75,650)	(69,650)
\$116,835	Rates Requirement	\$228,996	\$137,330

Water Supplies			
Rates Requirement Summary			
2021/22		2022/23	2022/23
Actual	Activity	Actual	Budget
\$		\$	\$
3,600,598	Masterton urban water supply	4,414,940	4,209,309
35,139	Tinui water supply	87,427	52,462
72,153	Opaki water race	120,454	62,059
9,544	Miscellaneous rural water costs	21,114	22,809
\$3,717,433	Rates Requirement	\$4,643,936	\$4,346,640

WATER SUPPLIES (URBAN AND RURAL) Hopua wai (tāone me te taiwhenua)

Water Supplies				
Capital Expenditure Summary				
2021/22			2022/23	2022/23
Actual			Actual	Budget
\$	Urban water treatment		\$	\$
115,444	Water treatment plant & equip. renewals		108,976	180,000
-	Water treatment - buildings & grounds		11,910	20,000
18,829	Water treatment SCADA & electrical - stimulus project		-	-
2,467,144	Purchase land future water storage			-
-	Water take consent renewal		69,537	50,000
2,601,417			190,424	250,000
	Urban water reticulation			
454,856	Water mains renewals		2,316,958	1,800,000
775,605	Water main renewal - stimulus project		45,189	0
5,169	Water connections replacements		6,512	50,000
494,260	Water meters installation - part project		600,798	600,000
457,584	Treated water storage - Nikau Heights			
	Lansdowne - stimulus project		66,664	-
	bulk tanker water supply terminal construction - stimulus project		57,341	0
-	Water mains extension - Millard Ave		0	180,000
155,360	Assets vested from developers		536,008	-
2,342,835			3,629,469	2,630,000
	Rural water reticulation			
25,621	Wainuioru water supply renewals		121,465	25,000
-	Tinui water supply upgrades		20,045	-
303,782	Wainuioru Water supply - UV system and filters - stimulus project		225,327	0
26,720	Emergency package tmt plant - in progress		0	0
3,382	Castlepoint water supply upgrade		-	-
359,504			366,836	25,000
5,303,756	Total Water Supplies capital expenditure		4,186,729	2,905,000
	Capital Funding			
(2,961,404)	Loan funds		(1,140,798)	(1,140,000)
(1,555,800)	External funds		(225,327)	-
(155,360)	Assets vested by subdividers		(536,008)	-
(631,192)	Transfers from reserves		(2,284,596)	(1,765,000)
(5,303,756)			(4,186,729)	(2,905,000)

WASTEWATER SERVICES Ratonga wai parū

WASTEWATER SERVICES

Ratonga wai parū



WHAT WE DO

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

WHAT WE ACHIEVED IN 2022/23

Key achievements in 2022/23 include:

- Responding to the February 2023 rainfall events, and Cyclone Gabrielle impact to the region. 29 portaloos were deployed on a pre-emptive basis. The majority of the rain impacted the east coast communities.
- Sewer main renewals were completed to support the performance of our wastewater system.
- Progressed wastewater upgrades, including upgrades and renewals at Castlepoint and Riversdale.
- \$2.25 million of the first tranche of Council's Three Waters Better Off Funding was allocated to targeted wastewater renewals. In June 2023 Council agreed to seek permission from the Department of Internal Affairs to transfer an additional \$425,000 from other projects to this work.
- Commenced work on a temporary solution for Cockburn Street residents whose properties experience wastewater issues during periods of heavy rain.
- Progressed wastewater upgrades, including upgrades and renewals at Castlepoint and Riversdale.

HOW WELL WE PERFORMED

Three of the six performance measures for this activity were achieved (50 per cent) in 2022/23.

Cyclone Gabrielle, which struck New Zealand in February 2023, impacted results for this activity and contributed to the non-achievement of targets in 2022/23.

The number of complaints about our wastewater service increased, from 152 in 2021/22 to 257 in 2022/23. The higher number of complaints were primarily related to continued issues with the wastewater network resulting from high groundwater tables. The higher than usual rainfall over the last year has resulted in overflows of the wastewater network.

Despite the high volume of complaints, response times were still achieved. The average response time was 52 minutes, well ahead of the target of six hours, and quicker than 131 minutes in 2021/22. Resolution times were also achieved at 102 minutes, over 10 hours quicker than the 12 hours or less target.

WASTEWATER SERVICES Ratonga wai parū

The number of portaloos provided for 2022/23 was 160, which is more than double the number provided in the previous year. Most of the portaloos were deployed in Quarter 1, primarily a result of issues with the wastewater network resulting from groundwater tables remaining high following the heavier than usual rainfall before and during this period. While the number of portaloos required was less in subsequent quarters, the groundwater conditions and heavy rainfall have continued to have an impact.

We received a resource consent infringement in Quarter 1 due to occasional high E-Coli results detected in the final treatment pond (not wastewater discharge). No further issues were detected, but work is being undertaken to determine the cause of the bacteria in the ponds.

Urban Wastewater operating costs of \$7.4 million were 17.3 per cent more than planned. This was due to sewer reticulation costs coming in much higher than budgeted from the impact of storm damage cleanup. While wastewater main renewal costs were \$3.15 million versus a budget of \$1.52 million. The increased spending is a result of increased priority renewals and relining work following the number of flooding events in recent years. New relining technologies were utilised for much of this work. There was also additional external Better Off Funding received during the year which was used to accelerate repairs and upgrade work in this area.

What we do: Deliver safe and acceptable systems for the collection, transfer, and disposal of wastewater

Measure	2021-31 Target	2022/23 Result (Y2 of 2021-31 LTP)	2021/22 Result (Y1 of 2021-31 LTP)	2020/21 Result (Y3 of 2018-28 LTP)
Number of complaints received about sewage odour, system faults, system blockages and MDC's response to issues with its sewerage system (MANDATORY MEASURE)	Less than or equal to 8 complaints/1000 connections. 2018-28 Target: Less than or equal to 8 complaints/1000 connections.	Not Achieved 26.56 complaints/1000 connections (257 complaints)	Not Achieved 15.95 complaints/1000 connections (152 complaints)	Achieved 7.34 complaints/1000 connections (69 complaints)
Median response time to sewerage overflows ¹ resulting from a blockage or other fault to MDC's sewerage system:				
a) attendance (from time of notification to the time service personnel arrive onsite) (MANDATORY MEASURE)	6 hours or less	Achieved 52 minutes	Achieved 131 minutes (2.18 hours)	Achieved 27 minutes
b) resolution (from time of notification to the time service personnel confirm resolution)	12 hours or less	Achieved 102 minutes	Not Achieved 1084 minutes (18.07 hours)	Achieved 139 minutes

WASTEWATER SERVICES Ratonga wai parū

What we do: Deliver safe and acceptable systems for the collection, transfer, and disposal of wastewater				
Measure	2021-31 Target	2022/23 Result (Y2 of 2021-31 LTP)	2021/22 Result (Y1 of 2021-31 LTP)	2020/21 Result (Y3 of 2018-28 LTP)
(MANDATORY MEASURE)				

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WASTEWATER SERVICES Ratonga wai parū

What we do: Deliver safe and acceptable systems for the collection, transfer, and disposal of wastewater				
Measure	2021-31 Target	2022/23 Result (Y2 of 2021-31 LTP)	2021/22 Result (Y1 of 2021-31 LTP)	2020/21 Result (Y3 of 2018-28 LTP)
Number of dry weather sewerage overflows from MDC's sewerage system (expressed per 1,000 connections to the system) ² (MANDATORY MEASURE)	Less than or equal to 2/1000 connections.	Achieved 0.41 complaints/1000 connections (4 complaints)	Achieved 1.15/1000 connections (11 complaints)	Achieved 0.96/1000 connections. (9 complaints)
Compliance with MDC's resource consents for discharge from its sewerage system, measured by the number of abatement notices, infringement notices, enforcement orders, or convictions received by MDC in relation to those consents (MANDATORY MEASURE)	100% compliance.	Not Achieved One abatement notice served	Not Achieved One infringement received	Achieved 100% compliance
Alternative system provided where loss of service exceeds 24 hours	Less than or equal to 1/1000 connections.	Not Achieved 16.53/1000 connections One hundred and sixty portaloos provided	Not Achieved 6.4/1000 connections Sixty-one portaloos provided Portaloos were deployed due to the February 2022 heavy rain event.	Achieved 0.64/1000 connections Six portaloos provided Three portaloos were deployed in November 2020 and another three in June 2021 due to heavy rain.

1. Sewerage overflow means sewage that escapes MDC's sewerage system and enters the environment.
2. Dry weather sewerage overflow means sewage that escapes a territorial authority's sewerage system and enters the environment during periods of dry weather.

WASTEWATER SERVICES Ratonga wai parū

COST OF SERVICE STATEMENT

Wastewater Services - urban			
2021/22		2022/23	2022/23
Actual		Actual	Budget
\$	Operating Costs	\$	\$
1,973,914	Sewerage reticulation	1,780,449	1,283,238
2,400,589	Wastewater treatment	2,589,864	2,312,722
2,416,475	Depreciation	3,046,632	2,728,541
6,790,978		7,416,945	6,324,501
	Operating Revenue		
1,278,982	User charges & other revenue	683,309	491,993
8,000	Internal Recoveries	8,000	8,000
1,286,982		691,309	499,993
	Appropriations		
(30,000)	Transfers from reserves	-	-
2,151,877	Provision for loan repayments	2,579,715	2,589,729
(1,070,000)	Reverse depreciation not rates funded	(1,840,000)	(1,504,000)
\$6,555,873	Rates Requirement	\$7,465,352	\$6,910,237

Wastewater Services - rural schemes			
2021/22		2022/23	2022/23
Actual		Actual	Budget
\$	Operating Costs	\$	\$
100,430	Castlepoint sewerage scheme	132,835	123,233
172,939	Riversdale sewerage scheme	194,539	173,039
12,956	Tinui sewerage scheme	35,726	14,384
386,082	Depreciation	488,162	425,589
672,407		851,262	736,245
	Operating Revenue		
189,450	Capital Contribution & other revenue	143,833	123,000
35,000	Internal Recoveries	30,000	30,155
224,450		173,833	153,155
	Appropriations		
(50,000)	Transfers from reserves	(50,000)	(50,000)
153,908	Loan Repayment	162,718	162,751
(189,702)	Reverse depreciation not rates funded	(356,786)	(297,100)
\$362,163	Rates Requirement (Operational)	\$433,362	\$398,741

Wastewater Services			
Rates Requirement Summary			
2021/22		2022/23	2022/23
Actual	Activity	Actual	Budget
\$		\$	\$
6,555,873	Urban sewerage system	7,465,352	6,910,237
87,232	Castlepoint sewerage scheme	120,146	113,111
200,956	Riversdale Beach sewerage scheme	217,805	220,319
50,303	Riversdale & Tinui capital contributions	50,303	45,729
23,672	Tinui sewerage scheme	45,108	19,582
\$6,918,036	Rates Requirement	\$7,898,714	\$7,308,978

WASTEWATER SERVICES Ratonga wai parū

Wastewater Services			
Capital Expenditure Summary			
2021/22		2022/23	2022/23
Actual		Actual	Budget
\$		\$	\$
	Urban Wastewater system		
16,924	Homebush treatment plant renewals	66,491	55,000
1,975,105	Sewerage reticulation mains renewals	3,149,802	1,524,200
0	Targeted Wastewater Renewals - BOF	713,549	0
33,441	Homebush irrigation extension	84,638	300,000
437,615	Homebush aerators - stimulus project	53,268	0
0	Colombo Road Bridge sewermain/pump station	194,072	0
0	Services extension design - Millard Ave	0	1,300,000
227,037	Assets vested from subdivisions	1,051,765	-
2,690,123		5,313,585	3,179,200
	Rural Wastewater schemes		
27,530	Riversdale Beach sewerage scheme	32,334	40,000
0	Castlepoint wastewater consent upgrade	0	100,000
-	Tinui sewerage scheme	30,440	-
3,789	Castlepoint sewerage scheme renewals	0	215,000
31,319		62,774	355,000
2,721,441	Total	5,376,359	3,534,200
	Capital Funding		
-	Loan funds	(1,805,231)	(300,000)
(437,615)	External funds	(713,549)	
(227,037)	Assets vested from subdivisions	(1,051,765)	-
(2,056,789)	Transfers from reserves	(1,805,814)	(3,234,200)
(2,721,441)		(5,376,359)	(3,534,200)
\$0	Rates Requirement (Capital Contributions)	\$0	\$0

STORMWATER Waimarangi

STORMWATER Waimarangi



WHAT WE DO

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

WHAT WE ACHIEVED IN 2022/23

Highlights and key activities from 2022/23 include:

- Responding to Cyclone Gabrielle, which hit New Zealand between 12 - 16 February. While impacts were felt across the district, Tinui and surrounding areas were the worst impacted, with almost 300mm of rain falling over a 24-hour period. This resulted in flooding in some parts of town.
- Progressed work to maintain our stormwater system.

HOW WELL WE PERFORMED

Four of the five performance measures for this activity (80 per cent) were achieved in 2022/23.

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

The number of complaints received about the stormwater system increased to 91 or 10.11 per 1,000 connections, resulting in non-achievement of that target. The higher number of complaints are primarily related to groundwater tables remaining high following the heavier than usual rainfall since February 2022.

Response times for attendance at a flooding event were achieved, with the median response time of 21 minutes well within the target of 60 minutes or less.

Operating costs in this activity exceeded the planned level by 62 per cent (\$1.43 million vs \$0.88 million). This is due to the additional costs of responding to the flooding events during the year. Close to \$0.5 million was spent on renewals and upgrading of stormwater assets versus a budget provision of \$0.32 million.

STORMWATER Waimarangai

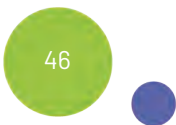
What we do: Deliver stormwater systems efficiently and effectively to protect public health and private property				
Measure	2021-31 Target	2022/23 (Y2 of 2021-31 LTP)	2021/22 (Y1 of 2021-31 LTP)	2020/21 Result (Y3 of 2018-28 LTP)
Number of flooding events ¹ that occur in the district (MANDATORY MEASURE)	10 events or less	Achieved 5 Flooding events reported	Achieved 2 flooding events reported	Achieved 2 flooding events reported
For each flooding event, the number of habitable floors ² affected (expressed per 1,000 connections to MDC's stormwater system) (MANDATORY MEASURE)	Less than or equal to 1/1000 connections	Achieved 0/1000 connections No habitable floors affected	Achieved 0.33/1000 connections 3 habitable floors affected	Achieved 0.22/1000 connections 2 habitable floors affected
Compliance with MDC's resource consents for discharge from its stormwater system, measured by the number of abatement notices, infringement notices, enforcement orders or convictions received by MDC in relation to those consents (MANDATORY MEASURE)	100% - no consent breaches.	Achieved 100% compliance, no consent breaches.	Achieved 100% compliance, no consent breaches.	Achieved 100% compliance, no consent breaches.
Number of complaints received about the performance of MDC's stormwater system (expressed per 1,000 connections to MDC's stormwater system)(MANDATORY MEASURE)	Less than or equal to 3 per 1000. 2018-28 Target: Less than or equal to 2 per 1000.	Not Achieved 10.11 complaints/1000 connections (91 complaints)	Not Achieved 4.11 complaints/1000 connections (37 Complaints)	Achieved 2.33 complaints/1000 connections (21 complaints)

STORMWATER Waimarangi

What we do: Deliver stormwater systems efficiently and effectively to protect public health and private property				
Measure	2021-31 Target	2022/23 (Y2 of 2021-31 LTP)	2021/22 (Y1 of 2021-31 LTP)	2020/21 Result (Y3 of 2018-28 LTP)
Median response time to attend a flooding event (from time of notification to the time service personnel arrive onsite)(MANDATORY MEASURE)	60 minutes or less	Achieved 21 minutes	Not Achieved 6531 minutes (109 hours)	Achieved 22 minutes

1. A flooding event means an overflow of stormwater from MDC's stormwater system that enters a habitable floor.
2. Habitable floor refers to a floor of a building (including a basement) but does not include ancillary structures such as stand-alone garden sheds or garages.

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STORMWATER Waimarangai

COST OF SERVICE STATEMENT

Stormwater				
2021/22			2022/23	2022/23
Actual			Actual	Budget
\$	Operating Costs		\$	\$
726,757	Stormwater		886,188	457,734
383,966	Depreciation		542,430	422,424
1,110,723			1,428,618	880,158
Operating Revenue				
225,356	Other revenue - 3 Waters Stimulus		94,310	-
Appropriations				
(54,333)	Transfers from reserves		(180,000)	-
36,122	Provision for loan repayment		41,884	41,883
(150,000)	Reverse depreciation not rates funded		(280,000)	(80,000)
\$717,156	Rates Requirement		\$916,192	\$842,041

Stormwater				
Capital Expenditure Summary				
2021/22			2022/23	2022/23
Actual			Actual	Budget
\$	Stormwater		\$	\$
495,855	Stormwater renewals & upgrades		475,351	320,000
1,500	Stormwater Consent		0	0
-	Improve flood protection		0	155,000
351,989	Assets vested from subdivisions		1,330,165	-
849,344			1,805,516	475,000
Capital Funding				
-	Loan funds		-	(155,000)
(497,355)	Transfers from reserves		(475,351)	(320,000)
(351,989)	Assets vested from subdivisions		(1,330,165)	-
(849,344)			(1,805,516)	(475,000)

SOLID WASTE MANAGEMENT Tari whakarite parapara

SOLID WASTE MANAGEMENT

Tari whakarite parapara



WHAT WE DO

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

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

WHAT WE ACHIEVED IN 2022/23

Highlights and key activities from 2022/23 include:

- We continued to provide the kerbside recycling wheelie bin service introduced in 2019/20 for urban households and commercial properties. There has been widespread acceptance and use of the service.
- The recycling sorting line installed at Nursery Road Transfer Station completed its third full year of operation. This line sorts all recycling collected from the kerbside and from all Wairarapa transfer stations, reducing contamination and the amount of recyclable material transferred to landfill.
- Masterton District Council, alongside the other Councils in the Wellington Region, progressed a review of the current waste management and minimisation plan, which will inform the development of a new Wellington Region Waste Management and Minimisation Plan (2023-2029).
- Progressing a programme of renewals work at the Nursery Road Transfer Station.

HOW WELL WE PERFORMED

All three performance measures were achieved for this activity, which is an improvement on the two of the three (67 per cent) achieved in 2020/21 and 2021/22.

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

The number of call-backs for the non-collection of rubbish bags slightly increased with eight call backs compared with five call-backs in 2021/22. This was still much less than the 26 in 2020/21. This overall number is very low relative to the number of properties (9,478) that receive our weekly kerbside collection service.

Waste volumes transferred to landfill decreased by 11.9 per cent on the previous year. Actual tonnage per head of population decreased from 0.582 in 2021/22 to 0.513 in 2022/23.

SOLID WASTE MANAGEMENT Tari whakarite parapara

2022/23 was our third full year of operation of the Materials Recovery Facility (MRF) that was installed by our solid waste contractor and became operational in October 2019. The MRF receives, separates, and prepares recyclable materials from all three Wairarapa councils for on-selling to end-user manufacturers. With the MRF, there is less recycling contamination reducing the risk of recycling being rejected by buyers. Ultimately, it also reduces waste transferred to landfill. As the global recycling scene changes, we are able to re-programme the MRF accordingly.

Tonnages of waste through the transfer station over the 12 months decreased by 13.3 per cent resulting in lower revenues and costs than planned. Waste minimisation (including recycling) costs were lower than planned also. Overall, the rates required to fund the net costs of this activity were 6.0 per cent less than planned.

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SOLID WASTE MANAGEMENT Tari whakarite parapara

What we do: Provide solid waste solutions across the district				
Measure	2021-31 Target	2022/23 Result (Y2 of 2021-31 LTP)	2021/22 Result (Y1 of 2021-31 LTP)	2020/21 Result (Y3 of 2018-28 LTP)
Number of call-backs due to non-collection of official rubbish bags in each weekly collection	No more than 52 call-backs per annum. 2018-28 target: Improvement on previous year.	Achieved 8 call-backs.	Achieved 5 call-backs.	Achieved 26 call-backs.
Tonnage of waste transferred to landfill per head of population	Reduction on previous year	Achieved 0.513 tonne per head of population 14,882 tonnes of waste transferred (based on estimated population as at 30/6/22: 29,000)	Not Achieved 0.582 tonne per head of population 16,883 tonnes of waste transferred (16.6% increase on previous year) (based on estimated population as at 30/6/22: 29,000)	Not Achieved 0.527 tonne per head of population 14,480 tonnes of waste transferred (25.9% increase on previous year) (based on estimated population as at 30/6/20: 27,500)

SOLID WASTE MANAGEMENT Tari whakarite parapara

What we do: Provide solid waste solutions across the district				
Measure	2021-31 Target	2022/23 Result (Y2 of 2021-31 LTP)	2021/22 Result (Y1 of 2021-31 LTP)	2020/21 Result (Y3 of 2018-28 LTP)
Urban and rural transfer stations, recycling, composting facilities and landfills operate within approved resource consent conditions	100% compliance.	Achieved 100% compliance.	Achieved 100% compliance.	Achieved 100% compliance.

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SOLID WASTE MANAGEMENT Tari whakarite parapara

COST OF SERVICE STATEMENT

Solid Waste Services			
2021/22		2022/23	2022/23
Actual		Actual	Budget
\$	Operating Costs	\$	\$
317,853	Urban refuse collection costs	300,641	331,955
2,834,921	Transfer station operation & refuse disposal	3,134,357	3,268,573
1,606,771	Waste minimisation (incl recyc.& composting)	1,575,455	1,708,401
294,340	Rural refuse operations	314,496	321,499
5,053,885		5,324,949	5,630,427
Operating Revenue			
3,521,176	User charges - external	3,616,034	3,812,400
144,984	User charges - internal	139,548	159,000
166,479	Recoveries - waste levy	282,388	260,000
217,180	Recoveries from bag sales	209,923	220,000
4,049,819		4,247,893	4,451,400
Appropriations			
(86,786)	Transfers from reserves	-	(30,000)
182,171	Provision for loan repayment	204,706	204,707
(131,000)	Reverse depreciation not rates funded	(74,000)	(69,000)
\$968,452	Rates Requirement	\$1,207,762	\$1,284,734

Solid Waste Services			
Rates Requirement Summary			
2021/22		2022/23	2022/23
Actual	Activity	Actual	Budget
\$		\$	\$
632,499	Recycling collections	690,169	752,451
(348,127)	Refuse collection & transfer station	(80,122)	(195,815)
424,321	Waste minimisation (recycling & composting)	327,399	432,599
259,758	Rural refuse services	270,316	295,499
\$968,452	Rates Requirement	\$1,207,762	\$1,284,734

Solid Waste Services			
Capital Expenditure Summary			
2021/22		2022/23	2022/23
Actual		Actual	Budget
\$	Solid Waste Management	\$	\$
-	Nursery Road land fill capping	0	20,320
180,878	Transfer station renewals	18,115	150,000
180,878		18,115	170,320
Capital Funding			
(36,409)	External funds	-	-
(144,469)	Transfers from reserves	(18,115)	(170,320)
(180,878)		(18,115)	(170,320)

COMMUNITY FACILITIES AND PARKS Ngā whare o te hāpori me ngā pāka

COMMUNITY FACILITIES AND PARKS

Ngā whare o te hāpori me ngā pāka



WHAT WE DO

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

- Library and archive.
- Property (76 senior housing units, 13 public toilets, seven rural halls, rural holding paddocks, small roadside forestry blocks, Mawley Holiday Park camping ground, and other rental properties).
- There are eight sports buildings. Seven are leased, two require earthquake strengthening or demolition.
- Other leased facilities include the Queen Elizabeth Park Mini-putt, Rose Cottage, Recreation Services Depot and Mower Shed, and Coronation Hall.
- 215 hectares of urban and rural parks, reserves and sports fields.
- Trust House Recreation Centre (including a stadium and a range of indoor and outdoor pools).
- Five cemeteries.
- Hood Aerodrome.

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

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

WHAT WE ACHIEVED IN 2022/23

Highlights and key activities from 2022/23 include:

Library and archive

- Just under 100,000 people visited the library in person and around 229,000 accessed our services online.
- The Library delivered over 680 programmes to 9,000 people; issued over 187,000 physical items and over 52,000 digital items.
- Our homebound service made 1,088 book deliveries to those who are unable to leave their homes.
- A total of 97 Spark Jump modems were distributed, providing families with low-cost access to the internet at home.

COMMUNITY FACILITIES AND PARKS Ngā whare o te hapori me ngā pāka

- Programmes continued to help job seekers return to work. The Library offers 'one on one' assistance with CVs and digital courses to upskill those returning to the workforce.
- Support services were provided to the community using the library's computers and Wi-Fi to gain free access to online services and information.
- The Archive opened in its new location at 3 Albert Street in January 2023. The new facility allows for the collection and archive staff to be co-located.
- The archive continued sharing our stories, publishing a range of articles and presenting throughout the community. Archive Librarian Michelle Clausen assisted the Tinui Museum with flood cleanup post Cyclone Gabrielle, teaching volunteers how to clean and preserve the damaged materials.

Community Development

- Supported the Cyclone Gabrielle recovery efforts, including the administration of grant processes to distribute donations to the Mayoral Fund and Government funding post the event.
- Offered ongoing support for community activities and initiatives via Council's Community Wellbeing and Events Grants, with an additional Matariki Grant offered again in 2022/23.
- Continued to connect with resident associations to collaborate and provide support on community initiatives.
- Supported the Riversdale Beach Community Plan Project and the delivery of Te Rautaki Rangatahi o Wairarapa: Wairarapa Youth Strategy and implementation plan.
- Implementing play-based activities and programmes to enhance the well-being of residents.
- Continued support for new refugee families relocating to the Masterton district via the Refugee Settlement Steering group and delivered the Welcoming Communities programme to integrate newcomers and promote inclusivity.
- Organising and executing community events that promote engagement and social interaction including Halloween Island and the Summer Hummer.
- Continued support for community consultation and engagement across Council projects.

The Cost of Service Statement for this activity is included in the Leadership, Strategy and Corporate Services section of the report. Expenditure of \$1.8 million versus Plan of \$1.46 million reflects the the \$0.5 million in donations and grant funding paid out to cyclone-affected people in the Wairarapa.

Property

- Progressed work on the Civic Facility project to support decision making as part of the Long-Term Plan 2024-34 process.
- Continued work on Douglas Villa clubrooms to ensure the facility is safe and compliant for our community, including progressing work to install ramp access to the top floor.
- All Council owned residential properties now meet healthy home requirements, ahead of the scheduled completion date for compliance. We commenced work to extend carparking at Panama Village, and fully refurbished five senior housing units.
- Commenced work on the development of a Lease Policy to set the approach for how Council will manage the occupancy and use of public land and facilities.

COMMUNITY FACILITIES AND PARKS Ngā whare o te hapori me ngā pāka

- Increased the water storage capacity at Basil Bodle Reserve public toilet facility at Riversdale Beach, to cope with increased demand and to reduce costs associated with water deliveries through the summer holiday period.
- Progressed engineering design work for earthquake strengthening of the Queen Elizabeth Park Sports Club, and started renovations, including installation of energy efficient heat pumps.
- The installation of an energy efficient heat pump into the Long Room of the Grandstand at The Oval, Queen Elizabeth Park to improve summer and winter conditions for users.
- Completed renovations on Coronation Hall in Queen Elizabeth Park and installed an energy efficient heat pump into the Long Room of the Grandstand at The Oval, Queen Elizabeth Park.

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COMMUNITY FACILITIES AND PARKS Ngā whare o te hapori me ngā pāka

Parks, Reserves and Sports Fields

A range of improvements were made to our parks and reserves including:

- A covered community BBQ was added to compliment the Skate-park facility, along with two picnic tables and seating; and park furniture upgrades were completed within Queen Elizabeth Park and at Henley Lake.
- New planting themes, reflective of climate impact and future sustainability, were introduced at Queen Elizabeth Park at Hosking's Sunken Garden and the garden areas along the promenade beside the Lake of Remembrance.
- Opening of the community-led Mountain Bike Park on the Lansdowne Recreation Trail.
- Opening of the Whitipoua Bridge, which also celebrated and acknowledged the cultural significance of its location. The bridge has enabled the expansion of the Waipoua River recreation trail circuit.
- Continuing work with GWRC to conserve and enhance biodiversity and optimise ecological health at Riversdale Coast and Mataikona Coast Key Native Eco-system sites. This includes co-funding and implementing pest animal, ecological weed and revegetation operational work and facilitating community planting events.
- Continued development of the Riverside Cemetery landscape project has seen the last raised stone gardens removed, and groundworks progressed to convert the area to a lawn style cemetery. Boundary fencing work and removal of problematic trees has opened up the space.

Trust House Recreation Centre

- Undertook maintenance on the pool's heating and air conditioning system; and completed the hydro slide stairs upgrade, sauna door replacement, and carpeting of the upstairs Gym area.
- Further enhanced the automatic doors installed in the foyer of the Trust House Recreation Centre to support accessibility, with opaque panels added for the visually impaired.
- Commenced a Condition and Energy Assessment, which includes assessing the feasibility of a 'splash pad'.

Mawley Park

- Revenue at the park again exceeded the targets set for the year.
- Installed new boundary fencing on the Oxford Street side, creating a consistent appearance that fully encloses the campground.
- Completed groundworks on two areas of Mawley Park to enable better parking for Mobile Homes.

Hood Aerodrome

- Safety remains an important focus for the aerodrome and operators. Safety group meetings were held and hazards and occurrences reviewed. The implementation of the Safety Management System (SMS) is under action. A part time Safety Officer was employed to assist this work.
- Commenced the process to become a Qualifying Aerodrome, with a target date of July 2025 to submit our application. Having already commissioned the Aeronautical Study in 2021, steady progress is being made.

COMMUNITY FACILITIES AND PARKS Ngā whare o te hapori me ngā pāka

- Continuing work on the 'Shovel Ready Project' for Hood Aerodrome. Plans include improving the runway, security, infrastructure, and lighting.
- Hosted a range of events over the summer including Vintage Aviator flying weekends and visits from other aeroclubs. The Wairarapa Aeroclub offered pilot flight training, and the Wairarapa Flying Tigers continued to offer flights in open cockpit Tiger Moths. The Massey School of Aviation is a regular visitor to the aerodrome. Wings over Wairarapa had to postpone their Event and rescheduled to November 2023

HOW WELL WE PERFORMED

Five of the six performance measures for this activity (83.3 per cent) were achieved in 2022/23. The final measure was not able to be reported.

Library activities included information and community support services, such as Justice of the Peace and Age Concern collaborations, outreach visits to rest homes, after-school digital programming, a knitting and craft group.

The number of people using the library space in 2022/23 was up on the previous year with 99,132 in person visits and 187,344 physical issues compared to 83,400 visits and 182,546 physical issues in 2021/22. This increase is a reflection of the lifting of COVID restrictions and people returning to previous patterns of behaviour.

In contrast, digital visits were down on 2021/22, with 229,709 digital visits in 2022/23 compared to 278,944 in the previous year.

The number of people using our free online computer services/Wi-Fi sessions is up with 84,887 sessions compared to 51,576 sessions in 2021/22. The removal of social distancing requirements allowed the full utilisation of the computer services at the library.

There was a slight fall in home visits, from 1146 visits in 2021/22 compared to 1,088 on 2022/23.

We continued to provide facilities and open spaces, such as parks, sportsgrounds, halls, sports facilities, recreational trails, and the Hood Aerodrome, that can be used by our community for activities and events. The removal of COVID-19 restrictions has seen the utilisation of these facilities increase.

The number of people using the Trust House Recreation Centre was up at 152,095 compared to the five year average of 106,018. All types of usage (swim, gym, stadium sports and stadium events) were up on both the five year average and 2021/22.

Our target for increasing use of the recreational trails that are part of our parks and reserves network was impacted by faulty data loggers. Ongoing issues have meant we are unable to report accurate results for the past two financial years.

We achieved our target of 100 per cent of all new/renewed tenancy agreements compliant with the healthy home standards.

The financial performance across some of these activities has seen savings made versus budgets, particularly in the parks, reserves and sportsfields activities. Operating expenditure in the Parks, reserves and sportsfields reflects a lower level of staffing than was planned as well as some maintenance budgets for sports facilities not being needed. The Recreation Centre operations and maintenance budgets were underspent, producing savings. In both cases the savings made have been able to be added to depreciation funds carried forward. Mawley Holiday Park has achieved 25 per cent more revenue than planned, and offset by 12 per cent higher operating costs. Across the \$9.6 million C F & A Rates Requirement, they have come in with savings of 4.2 per cent.

COMMUNITY FACILITIES AND PARKS Ngā whare o te hapori me ngā pāka

Capital expenditure projects across these activities are extensive in range and scale. There have been a number of underspends across projects this year as work has progressed slower than budgeted. One large project relating to the Airport upgrade had \$6.72 million allowed as capital on runway widening and land purchase for a runway extension. Progress on this project has been slower than expected with only \$1.55 million spent over the last year. Other smaller projects like upgrading sports buildings and facilities, upgrades to the Trust House Recreation Centre and Henley Lake level management have hit delays whilst more work is done around the feasibility and best solutions for these projects.

As part of the sale of the Panama land a budget provision of \$1.1m was included to upgrade stormwater drainage to enable further development once the sale of the land goes through. As this sale is still ongoing there has been no spend against this budget resulting in an underspend.

What we do: Deliver a library and archive service with engaging and relevant activities

Measure	2021-31 Target	2022/23 Result (Y2 of 2021-31 LTP)	2021/22 Result (Y1 of 2021-31 LTP)	2020/21 Result (Y3 of 2018-28 LTP)
Number of people using our library and archive reflected by: Overall library usage and number of visits to the library and archive	<p>Library Usage: No less than 5 year average for overall library usage</p> <p>The 5 year average for Library usage was: 318,686</p> <p>Usage consists of:</p> <ul style="list-style-type: none"> Physical issues: 231,430 Digital issues: 12,958 Computer/ Wi-Fi sessions: 74,298 	<p>Achieved</p> <p>Library usage: 324,662</p> <p>Made up of:</p> <ul style="list-style-type: none"> Physical issues: 187,344 Digital issues: 52,431 Computer/Wi-Fi sessions: 84,887 	<p>Not Achieved</p> <p>Library Usage: 278,960</p> <p>Made up of:</p> <ul style="list-style-type: none"> Physical issues: 182,546 Digital issues: 44,838 Computer/Wi-Fi sessions: 51,576 	N/A - New Measure
	<p>Visits: No less than 5 year average for number of visits to the library and archive</p> <p>The 5 year average for Library Visits was: 215,501</p> <p>Visits consists of:</p> <ul style="list-style-type: none"> In Person Visits: 148,062 Digital (website, OPAC, social media): 66,745 Housebound: 694 	<p>Achieved</p> <p>Library visits: 329,929</p> <p>Made up of:</p> <ul style="list-style-type: none"> In Person Visits: 99,132 Digital Visits: 229,709 Housebound Visits: 1,088 	<p>Achieved</p> <p>Library Visits: 363,490</p> <p>Made up of:</p> <ul style="list-style-type: none"> In Person Visits: 83,400 Digital Visits: 278,944 Housebound Visits: 1,146 	N/A - New Measure

COMMUNITY FACILITIES AND PARKS Ngā whare o te hapori me ngā pāka

What we do: Provide community facilities and open spaces that support a range of cultural and recreational needs for our community and visitors

Measure	2021-31 Target	2022/23 Result (Y2 of 2021-31 LTP)	2021/22 Result (Y1 of 2021-31 LTP)	2020/21 Result (Y3 of 2018-28 LTP)
Percentage of Council parks and open spaces urgent customer service requests that are resolved within 4 work hours.	90% resolved within 4 work hours.	Achieved 93.8% responded to within 4 hours. 49 urgent requests received and 46 were responded to within 4 hours.	Achieved 96% responded to within 4 hours. 56 urgent requests were received and 54 were responded to within 4 hours.	N/A - New Measure
Number of people using the recreational trails that are part of our parks and reserves network	Utilisation = at least the 2 year average The 2 year average (as at 30/6/20) equates to: 289,612 Targets change from Year 2: <ul style="list-style-type: none"> Year 2: Utilisation = at least the 3 year average Year 3: Utilisation = at least the 4 year average From Year 4: Utilisation = at least the 5 year average 	N/A - Not available to Report This measure was set as part of the 2021-31 Long-Term Plan process. At that time, data loggers were recording the number of people using the recreational trails. However, over the past two years we have been unable to report results due to ongoing issues with the data loggers that have not been permanently resolved.	Not Achieved 101,024 people were recorded as using the recreational trails. Trail usage data was unable to be recorded through most of the year due to issues of unreliability with data loggers. Given that, the figure reported is not an accurate reflection of actual use across the whole year.	N/A - New Methodology for Measure

COMMUNITY FACILITIES AND PARKS Ngā whare o te hapori me ngā pāka

What we do: Provide community facilities and open spaces that support a range of cultural and recreational needs for our community and visitors

Measure	2021-31 Target	2022/23 Result (Y2 of 2021-31 LTP)	2021/22 Result (Y1 of 2021-31 LTP)	2020/21 Result (Y3 of 2018-28 LTP)
Number of people using the Trust House Recreation Centre	<p>No less than 5 year average for overall Trust House Recreation Centre usage total</p> <p>The 5 year average for Trust House Recreation Centre Usage was: 106,018</p> <p>Usage consists of:</p> <ul style="list-style-type: none"> Swim: 70,348 Gym: 25,695 Stadium Sports: 2,761 Stadium Events: 7,215 	<p>Achieved</p> <p>Trust House Recreation Centre Usage: 152,095</p> <p>Usage consists of:</p> <ul style="list-style-type: none"> Swim: 106,191 Gym: 27,687 Stadium Sports: 5,830 Stadium Events: 12,387 	<p>Not Achieved</p> <p>Trust House Recreation Centre Usage: 99,899</p> <p>Usage consists of:</p> <ul style="list-style-type: none"> Swim: 65,357 Gym: 25,214 Stadium Sports: 3,717 Stadium Events: 5,601 	N/A - New Measure

COMMUNITY FACILITIES AND PARKS Ngā whare o te hapori me ngā pāka

What we do: Provide community facilities and open spaces that support a range of cultural and recreational needs for our community and visitors

Measure	2021-31 Target	2022/23 Result (Y2 of 2021-31 LTP)	2021/22 Result (Y1 of 2021-31 LTP)	2020/21 Result (Y3 of 2018-28 LTP)
Compliance with the healthy homes standards ¹ for Council owned rental units and houses.	<p>Year 1 and Year 2: Applies to all new or renewed tenancy agreements for Council rental units/houses from 1 July 2021: All units/houses comply with the healthy home standards (or have exemptions) at the time they are leased.</p> <p>From Year 3: Applies to all Council rental units/houses: All units/houses comply with the healthy home standards (or have exemptions).</p> <p>Note: This aligns with the requirement for all private rentals to comply (or have been granted exemptions) by 1 July 2024. Council properties are categorised as private rentals</p>	<p>Achieved</p> <p>Proportion of new/renewed tenancy agreements where the unit/house rented is compliant (or has an exemption) at the time of lease: 100% (5/5)</p>	<p>Not Achieved</p> <p>Proportion of new/renewed tenancy agreements where the unit/house rented is compliant (or has an exemption) at the time of lease: 83.3% (5/6)</p> <p>Two units were let in Quarter 2. One was fully compliant at the time of lease. The non-compliance in the other unit was due to the ventilation in that unit not being completed at the time of lease. The non-compliance was addressed and the unit is now fully compliant.</p>	N/A - New Measure

1. <https://www.legislation.govt.nz/regulation/public/2019/0088/latest/whole.html>

COMMUNITY FACILITIES AND PARKS Ngā whare o te hapori me ngā pāka

COST OF SERVICE STATEMENTS

Parks, Reserves & Sportsfields			
2021/22		2022/23	2022/23
Actual		Actual	Budget
\$	Operating Costs	\$	\$
2,293,962	Parks & Reserves maintenance	2,175,615	2,438,083
451,657	Sportsfields maintenance	477,932	606,837
804,927	Depreciation	819,103	784,226
3,550,546		3,472,650	3,829,146
	Operating Revenue		
80,102	Miscellaneous parks revenue	55,770	31,670
36,965	Sportsground rentals	26,551	31,615
117,066		82,320	63,285
	Appropriations		
(156,083)	Transfers from reserves - project funding	(85,948)	(135,000)
50,746	Transfers to reserves	2,870	-
107,578	Provision for loan repayments	131,226	131,969
(169,400)	Depreciation not rates funded	(257,000)	(237,000)
\$3,266,321	Rates Requirement	\$3,181,478	\$3,525,831

Trust House Recreation Centre			
2021/22		2022/23	2022/23
Actual		Actual	Budget
\$	Operating Costs	\$	\$
895,527	Recreation centre operating costs*	1,065,688	1,136,449
568,680	Depreciation	552,485	542,684
1,464,208		1,618,173	1,679,133
	Operating Revenue		
30,445	Miscellaneous facility revenue	31,592	31,000
	Appropriations		
-	Transfers to reserves	12,000	-
28,131	Loan repayments	29,347	29,347
(193,000)	Depreciation not rates funded	(245,000)	(245,000)
\$1,268,894	Rates Requirement	\$1,382,927	\$1,432,480

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

Cemeteries			
2021/22		2022/23	2022/23
Actual		Actual	Budget
\$	Operating Costs	\$	\$
264,112	Cemeteries operating and maintenance	316,425	284,358
7,951	Depreciation	11,410	11,423
272,062		327,835	295,781
	Operating Revenue		
96,291	Burial fees and sale of plots	112,493	69,954
96,291		112,493	69,954
	Appropriations		
(20,000)	Transfers from reserves	(30,000)	(30,000)
\$155,771	Rates Requirement	\$185,342	\$195,827

COMMUNITY FACILITIES AND PARKS Ngā whare o te hapori me ngā pāka

Library & Archive			
2021/22		2022/23	2022/23
Actual		Actual	Budget
\$		\$	\$
	Operating Costs		
1,748,712	Operating costs - Library	1,803,895	1,853,973
486,018	Operating costs - Archive	581,667	523,555
201,170	Depreciation - books	196,281	180,000
123,561	Depreciation - bldg, furniture & equipment	138,003	149,193
2,559,461		2,719,845	2,706,721
	Operating Revenue		
197,119	Grants & donations	34,981	23,109
25,485	User charges & other recoveries	26,366	21,823
222,604		61,347	44,932
	Appropriations		
(696)	Transfers from reserves	-	-
14,505	Provision for loan repayments	17,440	19,092
-	Reverse depreciation	(50,000)	(50,000)
\$2,350,666	Rates Requirement	\$2,625,937	\$2,630,882
Analysis of Rates Requirement			
1,886,737	Library	2,021,383	2,105,726
463,929	Archive	604,554	525,155
\$2,350,666		\$2,625,937	\$2,630,882
Property			
2021/22		2022/23	2022/23
Actual		Actual	Budget
\$		\$	\$
	Operating Costs		
820,041	District Building	900,563	873,902
499,404	Housing for the Elderly	542,507	610,645
928,698	Other Property	1,039,599	1,058,612
520,065	Mawley Holiday Park	577,342	516,632
947,309	Depreciation	825,092	805,717
3,715,517		3,885,103	3,865,508
	Operating Revenue		
1,396	Rental revenue - Halls & Dist. Bldg	1,783	775
426,041	Rental revenue - Housing for the Elderly	426,567	440,713
262,407	Rental revenue - Other Property	270,935	266,334
535,571	Mawley Holiday Park	609,343	487,200
50,000	Internal recoveries - forestry	67,500	37,500
630,375	Internal recoveries - office rental	687,998	687,972
1,905,789		2,064,127	1,920,494
	Appropriations		
(8,580)	Transfers from reserves	(92,300)	(125,000)
303,343	Provisions for loan repayments	358,609	349,400
(368,000)	Depreciation not rates funded	(277,500)	(300,000)
\$1,736,491	Rates Requirement	\$1,809,786	\$1,869,415

COMMUNITY FACILITIES AND PARKS Ngā whare o te hapori me ngā pāka

Masterton Airport (Hood Aerodrome)				
2021/22			2022/23	2022/23
Actual			Actual	Budget
\$	Operating Costs		\$	\$
457,542	Airport operation & maintenance		559,994	508,435
126,600	Depreciation		140,575	136,040
584,142			700,568	644,474
	Operating Revenue			
282,574	Leases and other revenue		280,329	286,419
14,920	Internal recoveries		15,200	15,200
297,494			295,529	301,619
	Appropriations			
(10,000)	Transfers from reserves		(20,000)	(20,000)
87,373	Provision for loan repayments		60,912	60,036
(45,000)	Reverse depreciation not rates funded		(65,000)	(55,000)
\$319,021	Rates Requirement		\$380,951	\$327,891

Community Facilities & Parks				
Rates Requirement Summary				
2021/22			2022/23	2022/23
Actual	Activity		Actual	Budget
\$			\$	\$
3,266,321	Parks, reserves & sportsfields		3,181,478	3,525,831
1,268,894	Trust House Recreation Centre		1,382,927	1,432,480
155,771	Cemeteries		185,342	195,827
543,343	District building		583,433	544,872
141,134	Housing for the elderly		159,042	169,556
285,309	Other rental properties		314,056	317,394
456,140	Public conveniences		481,658	493,173
148,775	Rural halls		131,038	144,446
39,050	Forestry		37,169	36,081
122,740	Mawley Holiday Park		103,390	163,894
319,021	Airport		380,951	327,891
1,886,737	Library		2,021,383	2,105,726
463,929	Archives		604,554	525,155
\$9,097,165	Rates Requirement		\$9,566,422	\$9,982,325

COMMUNITY FACILITIES AND PARKS Ngā whare o te hapori me ngā pāka

Community Facilities & Parks			
Capital Expenditure Summary			
2021/22		2022/23	2022/23
Actual		Actual	Budget
\$	Parks, Reserves & Sportsfields	\$	\$
116,557	QE Park upgrades	109,999	50,000
10,052	QE Park - lake water pump upgrade	0	0
328,774	Waipoua Cycle/Pedestrian Bridge	278,086	0
86,116	Recreation trails extended	35,632	114,000
146,470	Upgrade facilities - (incl playgrounds)	2,279	65,000
5,399	Colin Pugh Sports Bowl - track renewal	0	20,000
-	Rural Reserves upgrades	13,134	-
53,094	Urban Reserves upgrades	0	147,500
23,517	Carpark Reseals Urban Reserves	0	82,000
-	QE Park lake alt water source	15,319	100,000
19,270	Street trees renewal & new	41,395	17,000
-	Parks furniture renewals	8,521	12,000
18,749	Henley Lake buildings & services upgrades	28,949	29,500
0	Henley Lake - lake level management	0	200,000
74,668	Henley Lake - overflow carpark	0	-
0	QE Park cricket grandstand upgrade	11,314	22,000
122,810	Sports buildings & facilities upgrades	366,912	1,395,000
0	South Park Sports Facilities Provision	0	6,000
1,729,603	Skatepark Upgrade - part project	0	-
22,919	Parks & open spaces signage	27,913	20,000
30,132	Castlepoint Seawall handrails	0	0
0	Netball facility upgrade	0	10,000
104,478	Land purchase local purpose reserve	95,599	0
2,892,608		1,035,052	2,290,000
	Trust House Recreation Centre		
89,341	Pools plant & equipment renewals	74,787	60,000
36,462	Building & services upgrades	213,538	550,000
-	Outdoor pools renewals	0	15,000
125,803		288,325	625,000
	Cemeteries		
103,017	Cemetery renovations & extensions	144,509	400,000
103,017		144,509	400,000
	District Building		
326,549	New Civic/Events facility - design stage	186,086	300,000
15,494	Facilities & equipment	0	0
68,387	Building upgrades & office renovations	63,383	120,000
0	Leasehold improvements	107,849	50,000
410,429		357,317	470,000
	Housing for the Elderly		
354,576	Pensioner housing upgrades	114,918	500,000
0	Panama land - stormwater & other	0	1,082,000
354,576		114,918	1,582,000

* Note: this capital statement is continued on the next page

COMMUNITY FACILITIES AND PARKS Ngā whare o te hapori me ngā pāka

Community Facilities & Parks (continued)			
Capital Expenditure Summary			
2021/22		2022/23	2022/23
Actual		Actual	Budget
\$		\$	\$
	Other Property		
0	Public conveniences upgrade	1,239	12,500
0	Castlepoint toilet upgrade	5,136	10,500
28,150	Rental & Other property upgrades	51,036	52,000
52,463	Asbestos removal - all property	0	0
-	Riversdale Beach toilets upgrade	10,597	10,000
18,300	Mawley Park facility upgrades	107,527	129,000
35,358	Rural Hall & Fire Station upgrades	74,116	-
<u>134,271</u>		<u>249,652</u>	<u>214,000</u>
	Library & Archive		
186,603	Book stock renewals	190,884	182,880
17,593	Computer system upgrades	11,784	25,400
-	Library building upgrade - design	1,212	-
10,973	Building and furniture upgrades	5,677	11,500
-	Archive upgrades & renewals (incl. IT)	622,262	630,000
215,170		<u>831,820</u>	<u>849,780</u>
	Airport		
48,836	Other Airport upgrades	2,500	8,000
424,035	Hangar area expansion (services)	563,866	1,010,000
169,729	Airport runway and precinct upgrades - taxiway and apron - stage 1	983,957	3,200,000
0	Airport runway widening & reseal	0	2,500,000
<u>642,600</u>		<u>1,550,323</u>	<u>6,718,000</u>
\$4,878,474		4,571,917	\$13,148,780
	Capital Funding		
(892,650)	Loan funds	(1,766,048)	(4,832,000)
(2,239,452)	Transfers from reserves	(2,379,549)	(4,806,780)
(1,746,373)	External funds	(426,320)	(3,510,000)
(\$4,878,474)		(4,571,917)	(13,148,780)

REGULATORY SERVICES Mana whakariterite

REGULATORY SERVICES

Mana whakariterite



WHAT WE DO

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

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

- Resource Management and Planning
- Building Control
- Environmental Health and Alcohol Licensing
- Bylaws
- Parking Control
- Animal Control
- Civil Defence and Emergency Management.

WHAT WE ACHIEVED IN 2022/23

Highlights and key activities from 2022/23 include:

Resource Management and Planning

- 154 resource consents processed within statutory timeframes, and all building consents checked for planning implications.
- 390 Land Information Memorandum (LIMs) processed within the required timeframe.
- Continued work with Carterton and South Wairarapa District Councils on the review of the Wairarapa Combined District Plan . Consultation on the draft Wairarapa Combined District Plan took place between 25 October 2022 and 6 December 2022. The 'proposed' District Plan was notified for submissions in October 2023.
- Worked with developers to enable medium density development that enhances the district and meets the needs of our community. There has been increased interest from developers given the Government direction to increase housing and relax parking requirements.

REGULATORY SERVICES Mana whakariterite

Building Services

- Maintained accreditation as a Building Consent Authority, after a successful assessment in November 2022.
- 649 building consents processed with an average processing time of 16.5 days. Of these, 55 were commercial consents and 594 were residential consents. Residential consents include dwellings, alterations, outbuildings and ancillary work.
- 5,728 building consent inspections undertaken.
- 577 Code Compliance Certificates and 6 Certificates of Acceptance were issued, with an average processing time of 15 days.
- Maintained 98 per cent BWOFF (Building Warrant of Fitness) compliance across 398 Compliance Schedules.
- Completed the identification of Potentially Earthquake Prone buildings, with over 600 buildings reviewed.
- Introduced and maintained Compliance Schedule and Building Warrant of Fitness (BWOFF) auditing.

Environmental Health, Alcohol Licensing and Bylaws (including Parking Services)

- Maintained accreditation to verify National Food Programme premises under the Food Act 2014. Masterton continues to be the only accredited council in the Wairarapa at this stage.
- 187 inspections and verifications completed across food premises, personal services businesses, and alcohol-licensed premises. This was 18 more than the previous year.
- 337 service requests were received by Environmental Health this was 42 more than the previous year and excludes noise complaints.
- Water and Consent Monitoring Sampling increased with 1051 samples taken compared to 1013 the previous year.
- 89 abandoned vehicles were reported and actioned by staff - an increase from 70 the previous year.
- 77 over hanging tree service requests were actioned - an increase from 59 the previous year.

Animal Services

- There were 500 more service requests relating to dogs for the 22/23 year. Many service requests require multiple actions and repeat visits to the area of concern.
- 18 dogs were rehomed (either by us or the SPCA), and 188 dogs returned to their owners.
- 'Take the Lead', an initiative to engage with dog owners at Henley Lake during the bird nesting season, ran from 1 August to 30 November. Dog owners were offered a free dog lead and informed about when and where their dog is required to be on a lead.
- One "Hounds at Henley" event was held to engage with dog owners and provide microchipping and registration services.
- Seven education visits about dog safety with schools or organisations.
- Progressed redevelopment of the Masterton Animal Shelter (pound), with building expected to get underway in 2023/24.

REGULATORY SERVICES Mana whakariterite

CIVIL DEFENCE AND EMERGENCY MANAGEMENT

Civil Defence and Emergency Management is about making the community resilient and prepared to respond and recover from emergencies. This area is largely managed externally by Wellington Regional Emergency Management Office (WREMO), and we contribute funding and staff support on behalf of the Masterton district.

Our Emergency Operations Centre (EOC) services the Wairarapa Region and is supported by Carterton, South Wairarapa and Greater Wellington Councils.

The frequent weather events are a challenge to our communities and highlight the importance of Residents communities.

In February 2023 a Civil Defence response was activated due to the impacts of Cyclone Gabrielle. Individuals from WREMO and across the three district Councils were joined by representatives from FENZ, Police, Wellington Free Ambulance, Te Whatu Ora, NZDF the Upper Hutt Community Rescue Trust, Federated Farmers, Eastern Rural Support Trust and MSD as part of the response.

WREMO continued working in the community to promote community hubs where residents can provide volunteer support to the community in the event of an emergency. Further information, including specific performance measures, are available in WREMO's annual report.

RECOVERY OFFICE

Following the North Island weather events in January/February 2023, the Wairarapa Recovery Office under the guidance of the three territorial authorities (Masterton, Carterton & South Wairarapa District Councils) was activated to support recovery across the Wairarapa following the initial Emergency Response. The Office handled and dispersed the Mayoral Fund for eligible applicants living in the Wairarapa region and the MBIE Business Support Grants Programme. Since then, the Recovery Office has started to resource up to manage additional funding for Wellbeing and Natural initiatives to support communities hard hit by the weather events and continue the clearance of rivers/waterways and road slips. The ongoing focus of the Recovery Office will be to help communities and infrastructure be more resilient when the next event occurs.

HOW WELL WE PERFORMED

Six of the eight performance measures for this activity (75 per cent) were achieved in 2022/23.

The Animal Services team continued to work hard during the year to undertake community education and engagement activities to promote responsible dog ownership, and to respond to issues when they arose. The team delivered eight engagement activities, exceeding their target of six per annum, and responded to 162 out of 170 urgent call-outs (95.3 per cent) within one hour. The number of urgent call-outs increased from 150 in 2021/22.

Response times to attend noise call outs also exceeded target with 93 per cent (573 of the 616 complaints) attended within one hour.

Volumes of resource consent applications decreased in 2022/23 to 154, after the previous high of 226 consents last year, however the complexity of applications has increased. Despite a major project underway with the review of the Wairarapa Combined District Plan, 142 of the 154 consents that were received were processed within statutory timeframes.

We received and processed a private plan change to rezone Rural (Future Urban Zone) to residential for retirement village and residential development.

REGULATORY SERVICES Mana whakariterite

In 2022/23, the Building team processed 649 consents, including amendments, with 83 per cent within statutory timeframes. While not achieving the target, this was an improvement on 58.2 per cent within statutory timeframes in 2021/22. In addition, 577 code compliance certificates were processed, with 90 per cent processed within statutory timeframes.

Throughout this year 100 per cent of Building Warrants of Fitness have been reviewed within 20 days of their due date.

Pool inspections scheduled for 2022/23 were impacted by the death of a team member. A total of 508 inspections were undertaken. The number of pool inspections undertaken is expected to increase in the coming year.

The Wairarapa EOC has seen a large increase in trained EOC staff numbers with 44 new staff and eleven staff leaving, resulting in an increase of 33 staff. Thirty staff have been involved with the EOC for more than a year.

Reserves and infrastructure contributions from developers were \$2.55 million compared to the \$1.93 million in the prior year, reflecting the continuing high level of subdivision activity during the year. (Note: Roding contributions are recorded against the Roding activity.) Fee income from resource consents at \$0.48 million includes cost recovery for hearings. Work on the Wairarapa Combined District Plan continued during the year, with MDC's share being \$0.526 million (prior year \$0.324 million).

Building development income of \$1.44 million was 12 per cent less than planned and 12 per cent less than the prior year, reflecting the start of a decline from the high level of activity in residential building. Operating costs were 10 per cent less than planned reflecting adjustments made as consent volumes declined. Prior year costs reflect legal and settlement costs incurred defending liability claims (see Contingencies note 33).

Parking Control revenue is up by 5 per cent on the plan, but costs of enforcement and meter maintenance have exceeded plan by 11.9 per cent.

Animal Services costs have exceeded plan by 12.5 per cent while revenue (including dog fees) has fallen 4.5 per cent short of plan. Staffing levels have needed to increase to meet the level of service needs (including after-hours call-outs) and health and safety standards. The \$0.171 million rates required has ended up being 24.7 per cent of the operating costs versus a plan target of 20 per cent.

What we do: Deliver fair, appropriate and customer-friendly regulatory services that support community health and safety

Measure	2021-31 Target	2022/23 Result (Y2 of 2021-31 LTP)	2021/22 Result (Y1 of 2021-31 LTP)	2020/21 Result (Y3 of 2018-28 LTP)
Response time to attend Priority 1 urgent call outs (e.g. dog attacks).	90% attended within one hour	Achieved 95.3% 162 of 170 urgent call-outs attended on time	Achieved 94% 141 of 150 urgent call-outs attended on time	N/A - New Measure
Response time to attend noise control call outs.	90% attended within one hour	Achieved 93% 573 of 616 complaints attended within one hour	Achieved 93.7% 687 of 733 complaints attended within one hour	N/A - New Measure

REGULATORY SERVICES Mana whakariterite

What we do: Deliver fair, appropriate and customer-friendly regulatory services that support community health and safety

Measure	2021-31 Target	2022/23 Result (Y2 of 2021-31 LTP)	2021/22 Result (Y1 of 2021-31 LTP)	2020/21 Result (Y3 of 2018-28 LTP)
Number of animal control community education and engagement activities.	A minimum of 6 per annum related to high priority issues or concerns	Achieved 8 Education/Engagement Activities	Achieved 8 Education/Engagement Activities	N/A - New Measure
Percentage of building consents processed within statutory timeframes ¹	90%	Not Achieved 83% 538 of 649 consents issued were processed within statutory timeframes	Not Achieved 58.2% 477 of 832 consents granted (including amendments) were processed within statutory timeframes	Not Achieved 78% 664 of 851 consents were processed within statutory timeframes
Percentage of code compliance certificates processed within statutory timeframes ¹	90%	Achieved 90% 520 of 577 certificates were processed within statutory timeframes	Not Achieved 75% 400 of 533 certificates were processed within statutory timeframes	N/A - New Measure
Percentage of resource consents processed within statutory timeframes ¹²	90%	Achieved 92.2% 142 of 154 resource consents were processed within statutory timeframes	Achieved 93% 210 of 226 resource consents were processed within statutory timeframes	Not Achieved (target was 99%) 98% 202 of 207 resource consents received were processed within statutory timeframes
Percentage of commercial Building Warrant of Fitness' (BWOFs) that have been reviewed within 20 days of their due date.	At least 90% of BWOFs have been reviewed within 20 days of their due date.	Achieved 100%	Achieved 100% 100% reviewed within 20 days of the due date. 90% compliance across 387 Building Warrant of Fitness.	N/A - New Measure

REGULATORY SERVICES Mana whakariterite

What we do: Deliver fair, appropriate and customer-friendly regulatory services that support community health and safety				
Measure	2021-31 Target	2022/23 Result (Y2 of 2021-31 LTP)	2021/22 Result (Y1 of 2021-31 LTP)	2020/21 Result (Y3 of 2018-28 LTP)
reviewed within 20 days of their due date.				

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REGULATORY SERVICES Mana whakariterite

What we do: Deliver fair, appropriate and customer-friendly regulatory services that support community health and safety				
Measure	2021-31 Target	2022/23 Result (Y2 of 2021-31 LTP)	2021/22 Result (Y1 of 2021-31 LTP)	2020/21 Result (Y3 of 2018-28 LTP)
Proportion of known residential swimming pools that have been inspected.	25% Target changes from Year 2: <ul style="list-style-type: none"> Year 2: 50% Year 3: 80% Years 4-10: cycle to be repeated but ensuring 100% of pools have been re-inspected by the end of Years 6 and 9 	Not Achieved 48% inspected 39% of total pools compliant 508 Inspections undertaken	Not Achieved 3% 28 inspections undertaken	N/A - New Measure

1. The time it takes to process consents is measured according to MBIE and IANZ guidelines as to the correct application of the Building Act 2004 and the Resource Management Act 1991 about when timing starts and stops.
2. The statutory timeframe differs depending on the nature of the notified resource consent. The applicable statutory timeframes relating to this measure are included in Part 6 of the Resource Management Act 1991.

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REGULATORY SERVICES Mana whakariterite

COST OF SERVICE STATEMENTS

Resource Management & Planning			
2021/22		2022/23	2022/23
Actual		Actual	Budget
\$	Operating Costs	\$	\$
1,132,531	Resource management & planning	1,288,667	1,587,441
158,794	River scheme contributions	156,771	161,471
324,283	Wairarapa District Plan (MDC share)	526,079	501,015
1,615,608		1,971,516	2,249,927
	Operating Revenue		
365,813	User charges - consent fees & recoveries	476,047	418,222
1,926,128	Reserves & infrastructure contributions	2,550,498	1,408,500
2,291,942		3,026,545	1,826,722
	Appropriations		
(329,590)	Transfers from reserves	(519,121)	(801,500)
130,000	Transfers to reserves	140,000	140,000
1,926,128	Transfers to reserves - various contributions	2,550,498	1,408,500
\$1,050,204	Rates Requirement	\$1,116,349	\$1,170,205

Building Development			
2021/22		2022/23	2022/23
Actual		Actual	Budget
\$	Operating Costs	\$	\$
2,821,442	Building Services costs	2,164,278	2,402,688
590	Project - Earthquake assessments	4,960	0
\$2,822,032		\$2,169,238	\$2,402,688
	Operating Revenue		
1,631,071	Consent fees & charges	1,437,916	1,634,636
\$1,631,071		\$1,437,916	\$1,634,636
	Appropriations		
(575,000)	Transfers from reserves	-	-
\$615,961	Rates Requirement	\$731,322	\$768,052

Environmental Services			
2021/22		2022/23	2022/23
Actual		Actual	Budget
\$	Operating Costs	\$	\$
812,778	Environmental health & licensing costs	871,965	890,647
160,027	Alcohol Act enforcement activities	173,187	223,042
972,805		1,045,153	1,113,689
	Operating Revenue		
67,459	License fees & charges	79,505	66,370
77,298	Alcohol licensing fees & charges	74,060	89,827
262,098	Internal recoveries	305,927	294,191
406,855		459,492	450,388
	Appropriations		
0	Transfers from reserves	-	(15,000)
8,000	Transfers to reserves - project funding	-	-
\$573,950	Rates Requirement	\$585,661	\$648,301

REGULATORY SERVICES Mana whakariterite

Parking Control			
2021/22		2022/23	2022/23
Actual		Actual	Budget
\$	Operating Costs	\$	\$
212,859	Parking control costs	238,203	202,737
17,571	Depreciation - meters	17,571	18,084
230,430		255,774	220,821
	Operating Revenue		
226,018	Parking meters and fines	236,275	217,500
	Appropriations		
\$4,411	Rates Requirement (surplus)	\$19,499	\$3,321

Animal Services			
2021/22		2022/23	2022/23
Actual		Actual	Budget
\$	Operating Costs	\$	\$
617,608	Dog control services incl. pound	694,620	669,315
	Operating Revenue		
489,578	Dog registration fees & other revenue	511,529	523,550
	Appropriations		
(12,139)	Transfers from reserves	(15,500)	(15,000)
4,905	Provision for loan repayments	12,477	12,761
(3,000)	Depreciation not rates funded	(8,600)	(8,600)
\$117,797	Rates Requirement	\$171,468	\$134,926

Emergency Management			
2021/22		2022/23	2022/23
Actual		Actual	Budget
\$	Operating Costs	\$	\$
170,039	Emergency management costs	171,146	161,942
129,562	WREMO CD/EM costs (MDC Share)	136,624	133,980
299,601		307,770	295,922
	Operating Revenue		
83,601	Misc. recoveries - CD/EM Wairarapa	84,787	25,978
	Appropriations		
-	Transfers from reserves - project funding	-	-
3,000	Transfers to reserves - self insurance	3,000	3,000
\$219,000	Rates Requirement	\$225,983	\$272,944

Regulatory Services			
Rates Requirement Summary			
2021/22	Activity	2022/23	2022/23
Actual		Actual	Budget
\$		\$	\$
891,411	Resource Management & Planning	959,578	1,008,734
158,794	River Scheme contributions	156,771	161,471
615,961	Building Development	731,322	768,052
573,950	Environmental Services	585,661	648,301
4,411	Parking Control	19,499	3,321
117,797	Animal Services	171,468	134,926
219,000	Emergency Management	225,983	272,944
\$2,581,324	Rates Requirement	\$2,850,280	\$2,997,748

REGULATORY SERVICES Mana whakariterite

Regulatory Services				
Capital Expenditure Summary				
2021/22		2022/23	2022/23	
Actual		Actual	Budget	
\$	Regulatory Services	\$	\$	
-	Environmental Services equipment	477	6,000	
21,148	Animal Services equipment & signage	6,873	2,400	
217,509	New Animal pound - part project	119,501	1,400,000	
-	Parking equipment	-	20,000	
1,236	Building Development equipment	-	20,000	
-		-	-	
\$239,894		126,852	\$1,448,400	
	Capital Funding			
(22,385)	Transfers from reserves	(7,351)	(\$48,400)	
(217,509)	Loan funding	(119,501)	(1,400,000)	
(\$239,894)		(\$126,852)	(\$1,448,400)	

ALCOHOL ACT AND ALCOHOL LICENSING

The figures reported below are included within the Environmental Services Statement (above) and provide more breakdown of the Alcohol Act enforcement activities costs. Separate disclosure below is per the requirements of Sale and Supply of Alcohol (Fees) Regulations 2013 s19 (1).

2022/23		2022/23	2022/23	
Actual		Actual	Budget	
\$	Operating Costs	\$	\$	
-	District Licensing Committee costs	-	10,000	
153,818	Inspector Operations	167,802	203,261	
6,209	Alcohol Act enforcement activities	5,385	9,781	
160,027	Total Alcohol licensing costs	173,187	223,042	
0	Operating Revenue			
77,298	Alcohol Act Licensing fees & charges	74,060	89,827	
\$82,729	Rates Requirement	\$99,127	\$133,215	

LEADERSHIP, STRATEGY AND CORPORATE SERVICES Mana whakahaere me ngā ratonga ōkawa

LEADERSHIP, STRATEGY AND CORPORATE SERVICES

Mana whakahaere me ngā ratonga ōkawa



WHAT WE DO

We provide strategic direction and leadership to the Council and our community, enable democratic decision-making that is open, transparent and accountable, and support the effective and efficient operation of all Council activities.

This includes working with iwi, consulting with the community on key decisions, running the local body election process every three years and pursuing strategic objectives for our community.

The corporate activity supports the organisation through various professional services including human resources, communications, finance, IT, policy and strategic planning – including responsibility for climate change, environment and economic development portfolios, corporate planning and reporting, project management, elected member support, general administration and senior management.

WHAT WE ACHIEVED IN 2022/23

Key achievements in 2022/23 include:

- Progressing Year 1 implementation of the Masterton District Climate Action Plan. Key actions that have been completed include:
- Established the Masterton District Climate Advisory Group to provide Council with advice, information and recommendations on issues associated with climate change that are affecting the Masterton District. Members include councillors, iwi reps, and members of our community.
- Established the Council's first Community Climate Fund with funding allocated towards eight community-led projects.
- Secured external funding to establish a 3-year fixed-term Climate Change Activator role to support the delivery of the Masterton District Climate Action Plan and Corporate Carbon Emissions Reduction Plan.
- Continued work to enable the sale of vacant land at Panama Village for the development of public housing.
- Led the preparation of Council's key corporate documents including the 2021/22 Annual Report which was adopted on 24 May 2023, and the 2023/24 Annual Plan adopted on 28 June 2023.
- Re-established the Rural Advisory Group that was established in the previous triennium.
- Supported the 2022 Local Elections. The election took place on 8 October 2022 and resulted in the election of four new members for Masterton District Council, including our first Māori ward member. An induction programme for the new Council took place in the months following the election.

LEADERSHIP, STRATEGY AND CORPORATE SERVICES Mana whakahaere me ngā ratonga ōkawa

- Revised the Local Governance Statement and published the Pre-election report to support the 2022 Local Elections.
- Represented Council and our community on policy and strategy work being undertaken jointly by the three Wairarapa District Councils, including the completing the review of the Wairarapa Rangatahi (Youth) Strategy and the Wairarapa Smoke and Vape Free Policy. Community policy reviews were also progressed for the Wairarapa Local Alcohol Policy and the Wairarapa Class 4 Gambling and Standalone TAB Venues Policy.
- Developed and reviewed a range of Masterton specific policies, including reviewing the Masterton district Easter Sunday Shop Trading Policy and Council's Protected Disclosures Policy; and developed Council's first Social Media Policy and Submissions Policy.
- Continued representing Council and our community on Wellington Regional Growth Framework workstreams led by the Wellington Regional Leadership Committee, including the Wellington Regional Climate Change Risk and Impact Assessment, Wellington Regional Emissions Reduction Strategy, Wellington Regional Economic Development Plan, Regional Food Systems Strategy, Regional Future Development Strategy and the Regional Housing and Business Capacity Assessment Update.
- Continued monitoring, assessing, keeping Council informed of and responding to requests for information related to central government reforms, in particular the Three Waters, Resource Management Act and Future for Local Government reforms.
- Worked with Iwi entities to progress the development and implementation of an Iwi/Hapū/Marae/Hapori Māori engagement framework and implementation of our Te Reo and Tikanga policy. We also commenced work on the development of Council's first Bilingual Signage Policy, Cultural Competency Framework and associated Cultural Competency Policy.
- We made nine submissions over the last 12 months, including submissions on the proposed Change 1 to the Regional Policy Statement for the Wellington Region, Waka Kotahi State Highway Interim Speed Management Plan, Water Services Legislation Bill, Future for Local Government, Severe Weather Emergency Recovery Legislation, and the Charging our Future Strategy. We also supported the Taituara Sale and Supply of Alcohol (Community Participation) Amendment Bill submission and provided feedback on Greater Wellington Regional Council's draft Biodiversity Framework – Mauri Tūhono.

HOW WELL WE PERFORMED

Every year Council produces an Annual Report that informs our community about what has been achieved and how well we performed against the plans and budgets that were set for that year. In addition, there is regular reporting to the Senior Leadership Team and Council on progress with work and projects in this activity group, and once every three years Council undertakes a Community Satisfaction Survey that includes questions about Council's leadership and reputation.

This document is the 2022/23 Annual Report. Key highlights and achievements for the 2022/23 financial year are included in this document.

The three-yearly satisfaction survey took place this year - further detailed in the Resident Satisfaction section. The survey, undertaken by research company Key Research, is based on online responses from 490 residents who were asked about satisfaction across a range of areas of Council responsibility, including services and facilities, the performance of the Mayor and councillors, and staff, value for money, and reputation. The 2023 results saw a drop in overall satisfaction compared with the 2020 survey.

Expenditure in the Economic Development activity exceeded Plan as a one-off grant from Three Waters 'Better Off' funding of \$335,000 was paid to Pukaha Mt Bruce.

LEADERSHIP, STRATEGY AND CORPORATE SERVICES Mana whakahaere me ngā ratonga ōkawa

COSTS OF SERVICE STATEMENTS

Representation			
2021/22		2022/23	2022/23
Actual		Actual	Budget
\$	Operating Costs	\$	\$
534,500	Mayor & Councillors' remuneration	589,947	593,550
2,544	Reporting & consultation	33,292	31,612
21,142	Election costs	140,459	131,000
646,732	Operating expenses	588,647	753,939
1,204,919		1,352,344	1,510,101
	Operating Revenue		
499,968	Internal allocation of governance costs (per funding policy 40% internal)	515,983	546,640
0	Recoveries of Election Costs	67,387	63,500
499,968		583,370	610,140
	Appropriations		
(30,000)	Transfers from reserves	(25,000)	(80,000)
75,000	Transfers to reserves	30,000	-
\$749,951	Rates Requirement	\$773,975	\$819,961

Development (Social, Cultural, Economic & Environmental)			
2021/22		2022/23	2022/23
Actual		Actual	Budget
\$	Operating Costs	\$	\$
1,320,629	Community development	1,809,430	1,459,432
508,275	Arts & culture	547,742	641,762
897,398	Economic development & promotion	1,348,785	1,143,324
284,344	Environmental initiatives	352,314	428,158
47,539	Depreciation	44,157	47,034
3,058,186		4,102,428	3,719,709
	Operating Revenue		
53,690	Government grants	522,884	2,436
38,176	Creative NZ grants	30,420	30,957
143,055	Other recoveries	414,771	60,657
32,887	Internal recoveries	20,000	58,100
267,808		988,075	152,151
	Appropriations		
(167,213)	Transfers from reserves	(231,120)	(525,000)
374,826	Transfers to reserves	94,705	-
1,662	Provision for loan repayments	5,969	7,361
\$2,999,654	Rates Requirement	\$2,983,908	\$3,049,919

LEADERSHIP, STRATEGY AND CORPORATE SERVICES Mana whakahaere me ngā ratonga ōkawa

Roading Advisory Services			
2021/22		2022/23	2022/23
Actual		Actual	Budget
\$	Operating Costs	\$	\$
918,760	Professional staff & operating costs	1,011,357	1,127,116
21,179	Depreciation	22,362	13,028
939,939		1,033,719	1,140,144
Operating Revenue			
680,539	Prof. services - subsidised roading	633,045	691,835
184,271	Prof. services - non-subsidised roading	167,898	183,491
75,129	Prof. services - other Council activities	232,776	254,394
-	External revenue	-	10,424
939,939		1,033,719	1,140,144
Appropriations			
-	Transfers to reserves	-	-
\$0	Rates Requirement	\$0	(\$0)

Asset & Project Management			
2021/22		2022/23	2022/23
Actual		Actual	Budget
\$	Operating Costs	\$	\$
1,633,387	Professional staff & operating costs	1,694,257	1,980,402
Operating Revenue			
1,630,732	Internal charges & recoveries	1,638,644	1,959,738
2,654	External recoveries	55,614	20,664
1,633,387		1,694,257	1,980,402
Appropriations			
\$0	Rates Requirement	(\$0)	(\$0)

Corporate Services			
2021/22		2022/23	2022/23
Actual		Actual	Budget
\$	Operating Costs	\$	\$
2,143,479	Management & administration	1,982,163	2,217,838
1,599,522	Financial management	2,046,915	1,807,297
1,503,629	Strategic Planning	1,328,525	1,393,654
1,027,022	Information systems	1,153,010	1,122,355
656,247	Communications & engagement	738,231	926,397
657,081	Human Resources	627,965	690,588
153,650	Council vehicle fleet costs	162,937	129,616
7,740,630		8,039,747	8,287,745
Operating Revenue			
345,897	Miscellaneous revenue & recoveries	359,264	385,598
413,191	Interest revenue (external)	1,009,572	348,500
277,064	Interest revenue (on internal loans)	528,782	250,423
296,000	Other Internal recoveries	290,305	268,120
5,357,914	Support services allocated internally	4,880,596	5,785,740
153,650	Council vehicle fleet recoveries	162,937	129,616
6,843,715		7,231,456	7,167,997
Appropriations			
(1,124,600)	Transfers (from) reserves	(1,355,000)	(1,414,748)
25,000	Transfers to reserves	65,000	60,000
262,685	Transfers to reserves - interest	481,709	235,000
(60,000)	Depreciation not rates funded	-	-
\$0	Rates Requirement	\$0	(\$0)

LEADERSHIP, STRATEGY AND CORPORATE SERVICES Mana whakahaere me ngā ratonga ōkawa

Leadership, Strategy & Corporate Services

Rates Requirement Summary

2021/22		2022/23	2022/23
Actual		Actual	Budget
\$	Activity	\$	\$
749,951	Representation	773,975	819,961
0	Internal Functions (net)	0	(0)
1,161,910	Community Development	1,056,729	1,101,370
547,485	Arts and Culture	556,214	564,992
975,834	Economic Development and Promotion	1,017,997	1,015,400
314,424	Environmental Initiatives	352,968	368,158
\$3,749,605	Rates Requirement	\$3,757,882	\$3,869,880

Leadership, Strategy & Corporate Services

Capital Expenditure Summary

2021/22		2022/23	2022/23
Actual		Actual	Budget
\$	Roading Advisory Services	\$	\$
-	Survey Equipment	12,250	-
	Corporate Services		
96,500	IT equipment replacement	78,149	130,000
62,429	Computer programmes/Software	0	0
29,796	System Security Upgrades	0	0
-	Audio Visual Equipment	10,018	10,000
-	Website Upgrade	30,137	30,000
-	IT Council Meetings Info System	-	50,000
125,881	Pool Vehicle replacement	29,670	115,000
37,363	Information management - system upgrade	87,846	100,000
351,967		235,820	435,000
	Development		
18,574	CBD security cameras	27,800	24,000
-	Decorative lighting upgrade	23,765	12,000
-	Flag mounting system	6,450	0
12,782	Community Assets	0	0
248,030	Youth hub at Skatepark	12,809	300,000
279,387		70,824	336,000
-			
631,354	Total capital expenditure	318,894	771,000
	Capital Funding		
(511,354)	Transfers from reserves	(318,894)	(771,000)
(120,000)	External funds	-	-
(631,354)		(318,894)	(771,000)

FINANCIAL REPORTS Ngā pūrongo putea

FINANCIAL REPORTS

Ngā pūrongo putea



FINANCIAL REPORTS Ngā pūrongo putea

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FINANCIAL REPORTS Ngā pūrongo putea

REPORTING AS REQUIRED BY THE LOCAL GOVERNMENT (FINANCIAL REPORTING AND PRUDENCE) REGULATIONS 2014

LOCAL GOVERNMENT ACT 2002 - FINANCIAL DISCLOSURES

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

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 the 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 2023	\$ millions	Optimised Replacement Values	Optimised Depreciated Replacement Values
Roads, bridges & footpaths (includes bridges & culverts, excludes land)		790.05	610.53
Water treatment plant & facilities - Masterton		21.92	8.58
Water reticulation (including rural supplies)		131.78	61.10
Sewerage treatment plant & facilities - Masterton		47.18	39.99
Sewerage reticulation - Masterton		157.98	82.66
Sewerage systems - rural*		19.58	14.38
Stormwater assets		60.03	34.42
Flood protection & control works		7.86	5.76
		<u>1236.38</u>	<u>857.43</u>

Notes: - excludes land values associated with the assets.

- Infrastructural assets were revalued as at 30 June 2023

* 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 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 income and average rates.

30 June 2023

Number of rating units within the District	13,411
Capital Value of rating units as at 30 June 2023	\$8,975 million
Land Value of rating units as at 30 June 2023	\$4,776 million
Rates income for 2023/24 (per Annual Plan)	\$41,478,694 (excl GST & capital contribution rates)
Average rates income per rating unit	\$3,093 (excl GST)

30 June 2022

Number of rating units within the District	13,179
Capital Value of rating units as at 30 June 2022	\$8,816 million
Land Value of rating units as at 30 June 2022	\$4,712 million
Rates income for 2022/23 (per Annual Plan)	\$38,330,774 (excl GST & capital contribution rates)
Average rates income per rating unit	\$2,908 (excl GST)

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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 2023

Asset values from Statement of Financial Position	Carrying value 1 July 2022	All values in \$000's
Property, plant and equipment	140,119	
Infrastructural assets	871,542	
Forestry	387	
Investment properties	-	
	1,012,048	
Less:		
Land component of operational assets	89,738	
Land under roads & road formation	87,668	
	177,406	
Net Non-Financial Assets (excluding land)	\$ 834,642	
Insurance Arrangements 2022/23		
Material damage cover for buildings, plant, contents	\$ 171,207	Cover spread over 5 insurers, \$5k excess, covers 236 buildings or assets, of which 42 are insured for indemnity value only, the balance for full reinstatement value, contents cover totals \$5.7 million, earthquake claims are subject to higher deductibles. The policy is shared with CDC & SWDC.
Motor vehicle insurance cover - value estimate	\$ 1,066	Insured for market value, carrying value assumed here.
Forestry (standing timber) cover	\$ 606	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 (underground assets)	\$ 340,644	This is the replacement value (ORV) of assets listed on the LAPP Fund schedule for 2022/23. LAPP cover equated to 40% ie \$136,258k, with a claim threshold of \$600k and deductible of \$240k. LAPP factor up the ORV for additional costs of recovery and had reinsurance to cover for up to three events with claims of \$65m, \$105m and \$150m. 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 \$355k.
Cover for roading assets (subsidised)	\$ 749,741	This is the replacement value of all roading assets that would be subject to Waka Kotahi subsidies, including bridges and culverts, but excluding land and formation value. The subsidy on flood and other roading network damage is 57%, 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 depn funds, general capital funds and raising new debt (if required).
Assets Self-insured		
Airport runway & taxiways	\$ 5,851	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.
Non-subsidised roading (CBD paving, street furniture, berms, car parks and street trees)	\$ 16,100	This is the replacement value of roading assets which are not subject to Waka Kotahi. 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

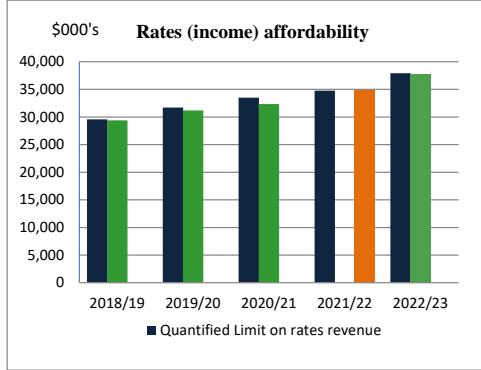
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BENCHMARKS - PER LG (FINANCIAL REPORTING AND PRUDENCE) REGULATIONS 2014

RATES AFFORDABILITY BENCHMARKS

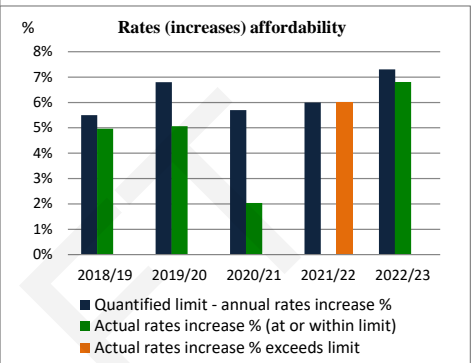
The Council meets this benchmark if:
 1. The actual rates revenue equals or is less than each quantified limit on rates; and
 2. Actual rates increases equal or are less than each quantified limit on rates increases.

Rates (income) affordability
 This graph compares the Council's actual revenue from rates, with the rates revenue limit forecast in the Long-Term Plan and Annual Plan.



The rates revenue in 2021/22 exceeded the limit by a small amount as there was more growth in the rating base than the limit anticipated.

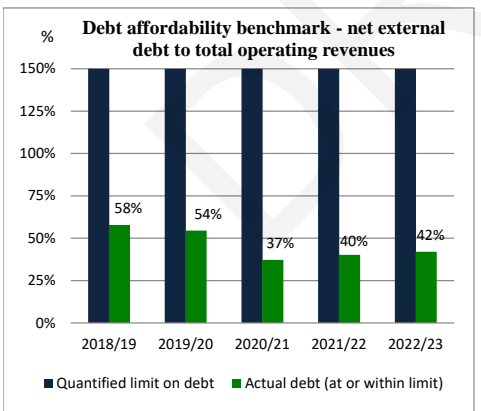
Rates (increases) affordability
 The quantified rates increase limit is after the effect of rating base growth. The limit is the LGCI increase in the year, plus 3.5% (from 2018) or 4.5% (from 2021). Actual percentage increase is calculated by taking the change in revenue less the percentage of planned growth in the rating base. In 2021/22 the growth has been slightly higher than planned resulting in the limit being exceeded.



DEBT AFFORDABILITY BENCHMARKS

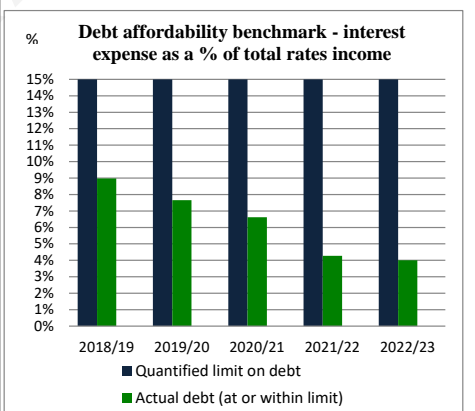
The Council meets the debt affordability benchmarks if its actual borrowing and borrowing costs are within the Council's quantified limits for borrowing, as set in the LTP.

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).

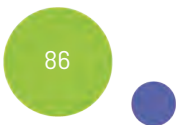


(1) Net External Debt is defined as gross external debt (aggregate borrowings of the council, including any capitalised finance leases and financial guarantees provided to third parties) less any financial assets (excluding trade and other receivables).

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 Revenue & Expense - all earnings including financial contributions, but excluding vested assets.

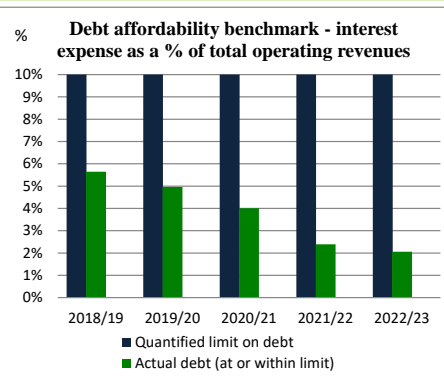


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DEBT AFFORDABILITY BENCHMARKS (CONTINUED)

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 but excluding vested assets.



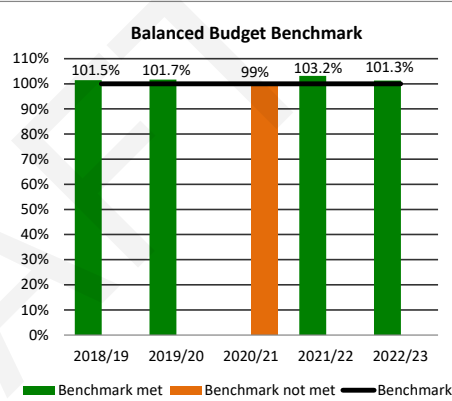
BALANCED BUDGET BENCHMARK

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:

Operating expenses include the losses from writing down the residual values of assets that have been renewed. These write-downs are not budgeted for or funded, hence, using the above definition, a small deficit result may result in any one year.



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.

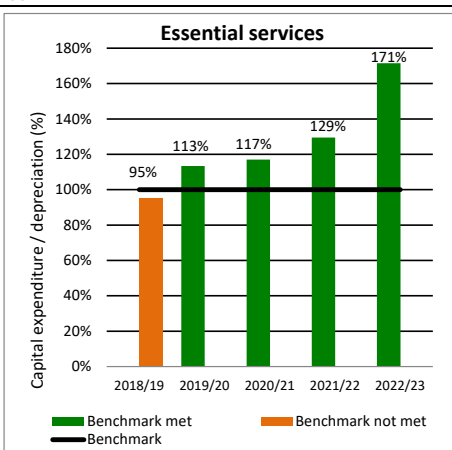
Notes:

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

2022/23 capital and renewals expenditure on Roothing of \$15.5m was more than depreciation of \$7.8m due to \$4.2m spent on Colombo Rd bridge replacement and \$4.7m spent on restoring rural roads following storm events, with a high proportion funded by Waka Kotahi.

Water supply capital and renewals of \$3.6m is \$1.6m more than depreciation and includes finishing renewal projects that were committed in the prior year.

Wasterwater renewals capital totalled \$4.3m versus depreciation of \$3.5m.



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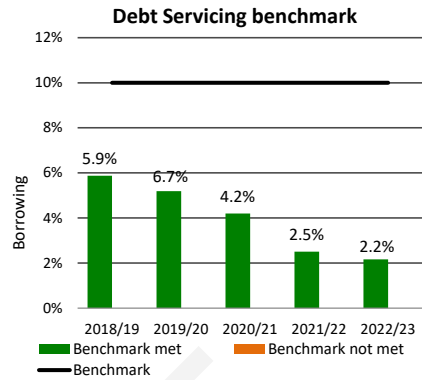
DEBT SERVICING BENCHMARK

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 decline in the last two years has been the result of a lower level of capital expenditure funded by debt and declining interest rates.



DEBT CONTROL BENCHMARK

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

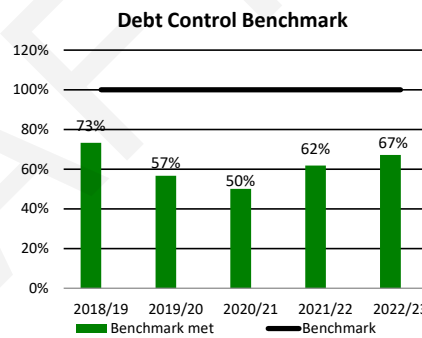
In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

Notes:

Delays in some capital projects have resulted in debt being below the level planned and funds on hand are higher than planned (reserve funds not drawn on).

Funds on hand (that off-set debt in the Net Debt calculation) are higher than planned due to better than expected financial contributions.

The 2021-31 LTP anticipated some large capital expenditure projects which required debt funding. A number of these have not progressed so net debt levels are lower than planned for in that LTP.



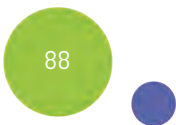
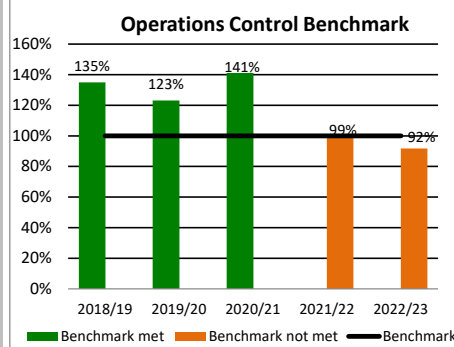
OPERATIONS CONTROL BENCHMARK

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 significantly better than planned in prior years due to revenue exceeding the planned levels.

In 2022/23 the Council incurred significant unplanned expenditure on rural roads in order to recover from two storm events, but the Waka Kotahi share of that expenditure was not confirmed until June, meaning a significant portion of that funding was a receivable at year end and operational cashflow reflects that.



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 12 pages, are the funding impact statements in the required format. Both Plan, Long-Term Plan, and prior year comparatives are shown where required.

FUNDING IMPACT STATEMENT				
As required by the Local Government (Financial Reporting & Prudence) Regulations 2014				
COUNCIL	2021-22	2021-22	2022-23	2022-23
	Annual Plan	Actual	Annual Plan	Actual
	\$000s	\$000s	\$000s	\$000s
Sources of Operating Funding				
General rates, uniform charges, rates penalties*	210	238	225	275
Targeted rates (excluding water by meter)*	34,531	34,589	37,505	37,528
Subsidies and grants (for operating)	4,679	5,803	3,621	9,979
Fees & charges (incl metered water)	8,348	9,871	10,115	10,056
Interest & dividends	431	418	357	1,027
Other receipts (incl petrol tax & fines)	306	339	328	301
Total operating funding (A)	48,505	51,258	52,151	59,167
Applications of Operating Funding				
Payments to staff and suppliers	37,579	39,242	40,420	46,996
Finance costs	1,800	1,904	1,709	2,538
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	39,378	41,146	42,129	49,534
Surplus/(Deficit) of operating funding (A-B)	9,126	10,112	10,021	9,634
Sources of Capital Funding				
Subsidies & grants for capital expenditure	10,321	8,013	10,730	10,658
Development & financial contributions	1,481	2,867	3,831	3,664
Increase/(decrease) in debt	13,711	1,500	5,194	1,700
Gross proceeds from sale of assets	20	-	5,365	456
Lump sum contributions	-	1,760	-	5,440
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	25,533	14,139	25,120	21,919
Application of Capital Funding				
Capital expenditure:				
- to meet additional demand	840	3,267	7,552	5,687
- to improve level of service	23,996	10,589	15,091	10,149
- to replace existing assets	13,715	10,741	18,263	18,554
Increase/(decrease) in reserves	(4,592)	(863)	(6,476)	(3,557)
Increase/(decrease) in investments	699	518	711	720
Total application of capital funding (D)	34,660	24,252	35,141	31,552
Surplus / (deficit) of capital funding (C-D)	(9,126)	(10,112)	(10,021)	(9,634)
Funding balance (A-B)+(C-D)	0	0	0	(0)

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

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FUNDING IMPACT STATEMENT				
	2021-22	2021-22	2022-23	2022-23
	Annual Plan	Actual	Annual Plan	Actual
	\$000s	\$000s	\$000s	\$000s
Reconciliation				
- between FIS & Financial Statements				
Operating Revenue - per FIS	48,505	51,258	52,151	59,167
Capital Funding (revenue)- per FIS	11,802	12,639	14,561	19,763
	60,307	63,897	66,712	78,930
Other Gains	36	4,576	-	1,012
	60,343	68,473	66,712	79,941
Operating Revenue - per Stmt of Comp. Rev. & Exp.	60,343	68,473	71,081	79,941
Less Other Gains/ (Losses) on Sale of Assets	36	4,576	4,369	1,012
	60,307	63,897	66,712	78,930
	-	-	-	-
Operating Expenditure - per FIS	39,378	41,146	42,129	49,534
Add depreciation	14,938	14,527	15,967	17,226
	54,317	55,673	58,096	66,759
Other Losses	-	2,884	-	2,623
Operating Expenditure - per Stmt of Comp. Rev. & Exp.	54,317	58,557	58,096	69,382
	-	-	-	-
Capital Expenditure - per FIS	38,552	24,597	40,906	34,390
Capital Expenditure - per Cost of Service Statements	38,552	24,597	40,906	34,390
	-	-	-	-
Transfer to/(from) Reserves - per COSS	(10,595)	(7,033)	(17,992)	(9,864)
Depreciation transferred to reserves - per COSS	5,983	6,169	6,151	5,851
Proceeds from sale of assets - tsf to reserves	20	-	5,365	456
	(4,592)	(863)	(6,476)	(3,557)
Increase/(Decrease) in Reserves - per FIS	(4,592)	(863)	(6,476)	(3,557)
	-	-	-	-

DEPRECIATION by Group				
	2021-22	2021-22	2022-23	2022-23
	Annual Plan	Actual	Annual Plan	Actual
	\$000s	\$000s	\$000s	\$000s
Groups of Activities				
Roading	6,470	6,315	7,286	7,817
Water Services	1,686	1,679	1,937	2,054
Wastewater Services	2,916	2,803	3,154	3,535
Stormwater	374	384	422	542
Solid Waste Services	215	204	204	209
Community Facilities/Activities	3,012	2,780	2,612	2,683
Regulatory Services	52	51	44	50
Leadership, Strategy & Corporate Services	213	312	308	336
	14,938	14,527	15,967	17,226

FINANCIAL REPORTS Ngā pūrongo putea

FUNDING IMPACT STATEMENT

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

ROADING	LTP 2021-22 \$000s	LTP Amended Year 2 2022-23 \$000s	Actual 2022-23 \$000s
Sources of Operating Funding			
General rates, uniform charges, rates penalties	-	-	-
Targeted rates	7,335	7,683	7,789
Subsidies and grants (for operating)	2,885	2,921	8,257
Fees & charges	73	75	81
Internal charges & overheads recovered	-	-	-
Interest & dividends	-	-	-
Other receipts (incl petrol tax & fines)	190	194	147
Total operating funding (A)	10,483	10,872	16,274
Applications of Operating Funding			
Payments to staff and suppliers	5,673	5,848	12,405
Finance costs	11	49	27
Internal charges and overheads applied	1,459	1,418	1,354
Other operating funding applications	-	-	-
Total applications of operating funding (B)	7,143	7,315	13,786
Surplus/(Deficit) of operating funding (A-B)	3,340	3,557	2,488
Sources of Capital Funding			
Subsidies & grants for capital expenditure	2,933	4,939	9,293
Development & financial contributions	375	378	969
Increase/(decrease) in debt	1,323	1,068	146
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	2,522
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	4,631	6,385	12,930
Application of Capital Funding			
Capital expenditure:			
- to meet additional demand	840	1,276	2,769
- to improve level of service	2,113	1,988	5,640
- to replace existing assets	5,928	9,114	9,577
Increase/(decrease) in reserves	(909) *	(2,436) *	(2,756) *
Increase/(decrease) in investments	-	-	189
Total application of capital funding (D)	7,972	9,942	15,418
Surplus / (deficit) of capital funding (C-D)	(3,340)	(3,557)	(2,488)
Funding balance (A-B)+(C-D)	-	-	-

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

FINANCIAL REPORTS Ngā pūrongo putea

FUNDING IMPACT STATEMENT

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

WATER SERVICES	LTP 2021-22 \$000s	LTP Amended Year 2 2022-23 \$000s	Actual 2022-23 \$000s
Sources of Operating Funding			
General rates, uniform charges, rates penalties	-	-	-
Targeted rates (excl water by meter)	3,716	4,368	4,289
Subsidies and grants (for operating)	440	-	153
Fees & charges (incl metered water)	532	547	591
Internal charges & overheads recovered	103	104	111
Interest & dividends	5	5	13
Other receipts (incl petrol tax & fines)	-	-	-
Total operating funding (A)	4,796	5,024	5,156
Applications of Operating Funding			
Payments to staff and suppliers	2,327	1,934	2,590
Finance costs	146	193	315
Internal charges and overheads applied	881	858	914
Other operating funding applications	-	-	-
Total applications of operating funding (B)	3,354	2,984	3,819
Surplus/(Deficit) of operating funding (A-B)	1,442	2,040	1,337
Sources of Capital Funding			
Subsidies & grants for capital expenditure	2,334	-	225
Development & financial contributions	-	-	0
Increase/(decrease) in debt	2,459	140	841
Gross proceeds from sale of assets	-	-	25
Lump sum contributions	-	-	536
Other operating funding applications	-	-	-
Total sources of capital funding (C)	4,793	140	1,628
Application of Capital Funding			
Capital expenditure:			
- to meet additional demand	-	613	536
- to improve level of service	4,604	82	1,030
- to replace existing assets	2,185	1,886	2,621
Increase/(decrease) in reserves	(554) *	(401) *	(904) *
Increase/(decrease) in investments	-	-	(317)
Total application of capital funding (D)	6,234	2,180	2,965
Surplus / (deficit) of capital funding (C-D)	(1,442)	(2,040)	(1,337)
Funding balance (A-B)+(C-D)	-	-	-

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

FINANCIAL REPORTS Ngā pūrongo putea

FUNDING IMPACT STATEMENT

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

WASTEWATER SERVICES

	LTP 2021-22 \$000s	LTP Amended Year 2 2022-23 \$000s	Actual 2022-23 \$000s
Sources of Operating Funding			
General rates, uniform charges, rates penalties	-	-	-
Targeted rates	6,904	7,229	7,291
Subsidies and grants (for operating)	500	-	169
Fees & charges	501	571	515
Internal charges & overheads recovered	38	34	38
Interest & dividends	-	-	-
Other receipts (incl petrol tax & fines)	-	-	-
Total operating funding (A)	7,944	7,833	8,012
Applications of Operating Funding			
Payments to staff and suppliers	1,878	1,402	1,887
Finance costs	1,392	1,080	1,584
Internal charges and overheads applied	1,177	1,149	1,263
Other operating funding applications	-	-	-
Total applications of operating funding (B)	4,446	3,631	4,733
Surplus/(Deficit) of operating funding (A-B)	3,497	4,203	3,279
Sources of Capital Funding			
Subsidies & grants for capital expenditure	450	-	714
Development & financial contributions	123	123	144
Increase/(decrease) in debt	(2,006)	(2,667)	(597)
Gross proceeds from sale of assets	-	-	8
Lump sum contributions	-	-	1,052
Other operating funding applications	-	-	-
Total sources of capital funding (C)	(1,433)	(2,544)	1,320
Application of Capital Funding			
Capital expenditure:			
- to meet additional demand	-	818	1,052
- to improve level of service	300	-	85
- to replace existing assets	1,742	1,523	4,240
Increase/(decrease) in reserves	22 *	(681) *	(510) *
Increase/(decrease) in investments	-	-	(268)
Total application of capital funding (D)	2,064	1,659	4,599
Surplus / (deficit) of capital funding (C-D)	(3,497)	(4,203)	(3,279)
Funding balance (A-B)+(C-D)	-	-	-

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

FINANCIAL REPORTS Ngā pūrongo putea

FUNDING IMPACT STATEMENT

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

STORMWATER SERVICES

	LTP 2021-22 \$000s	LTP Amended Year 2 2022-23 \$000s	Actual 2022-23 \$000s
Sources of Operating Funding			
General rates, uniform charges, rates penalties	-	-	-
Targeted rates	664	792	840
Subsidies and grants (for operating)	200	-	94
Fees & charges	-	-	-
Internal charges & overheads recovered	-	-	-
Interest & dividends	-	-	-
Other receipts (incl petrol tax & fines)	-	-	-
Total operating funding (A)	864	792	934
Applications of Operating Funding			
Payments to staff and suppliers	298	296	590
Finance costs	17	13	19
Internal charges and overheads applied	213	211	277
Other operating funding applications	-	-	0
Total applications of operating funding (B)	529	520	886
Surplus/(Deficit) of operating funding (A-B)	335	271	48
Sources of Capital Funding			
Subsidies & grants for capital expenditure	-	-	-
Development & financial contributions	-	-	-
Increase/(decrease) in debt	(36)	112	(42)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	1,330
Other operating funding applications	-	-	-
Total sources of capital funding (C)	(36)	112	1,288
Application of Capital Funding			
Capital expenditure:			
- to meet additional demand	-	-	1,330
- to improve level of service	100	153	-
- to replace existing assets	560	307	475
Increase/(decrease) in reserves	(361) *	(76) *	(393) *
Increase/(decrease) in investments	-	-	(76)
Total application of capital funding (D)	299	384	1,336
Surplus / (deficit) of capital funding (C-D)	(335)	(271)	(48)
Funding balance (A-B)+(C-D)	-	-	-

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

FINANCIAL REPORTS Ngā pūrongo putea

FUNDING IMPACT STATEMENT

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

SOLID WASTE SERVICES

	LTP 2021-22 \$000s	LTP Amended Year 2 2022-23 \$000s	Actual 2022-23 \$000s
Sources of Operating Funding			
General rates, uniform charges, rates penalties	-	-	-
Targeted rates	1,021	1,105	1,287
Subsidies and grants (for operating)	180	264	282
Fees & charges	3,150	3,359	3,826
Internal charges & overheads recovered	73	76	140
Interest & dividends	-	-	-
Other receipts (incl petrol tax & fines)	-	-	-
Total operating funding (A)	4,425	4,804	5,535
Applications of Operating Funding			
Payments to staff and suppliers	3,769	3,979	4,537
Finance costs	61	45	74
Internal charges and overheads applied	442	428	505
Other operating funding applications	-	-	-
Total applications of operating funding (B)	4,271	4,452	5,116
Surplus/(Deficit) of operating funding (A-B)	154	352	419
Sources of Capital Funding			
Subsidies & grants for capital expenditure	-	-	-
Development & financial contributions	-	-	-
Increase/(decrease) in debt	(182)	(202)	(158)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other operating funding applications	-	-	-
Total sources of capital funding (C)	(182)	(202)	(158)
Application of Capital Funding			
Capital expenditure:			
- to meet additional demand	-	-	-
- to improve level of service	60	20	-
- to replace existing assets	200	-	18
Increase/(decrease) in reserves	(289) *	130 *	117 *
Increase/(decrease) in investments	-	-	125
Total application of capital funding (D)	(28)	151	260
Surplus / (deficit) of capital funding (C-D)	(154)	(352)	(419)
Funding balance (A-B)+(C-D)	-	-	-

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

FINANCIAL REPORTS Ngā pūrongo putea

FUNDING IMPACT STATEMENT

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

COMMUNITY FACILITIES / ACTIVITIES

	LTP 2021-22 \$000s	LTP Amended Year 2 2022-23 \$000s	Actual 2022-23 \$000s
Sources of Operating Funding			
General rates, uniform charges, rates penalties	-	-	-
Targeted rates	9,457	10,128	10,041
Subsidies and grants (for operating)	189	50	59
Fees & charges	1,628	1,660	1,818
Internal charges & overheads recovered	675	685	771
Interest & dividends	-	42	-
Other receipts (incl petrol tax & fines)	-	-	-
Total operating funding (A)	11,950	12,566	12,688
Applications of Operating Funding			
Payments to staff and suppliers	7,173	7,086	7,367
Finance costs	173	439	263
Internal charges and overheads applied	2,448	2,383	2,411
Other operating funding applications	-	-	-
Total applications of operating funding (B)	9,794	9,908	10,041
Surplus/(Deficit) of operating funding (A-B)	2,156	2,658	2,647
Sources of Capital Funding			
Subsidies & grants for capital expenditure	4,485	5,013	426
Development & financial contributions	-	0	-
Increase/(decrease) in debt	9,741	6,746	1,403
Gross proceeds from sale of assets	-	5,535	415
Lump sum contributions	-	-	-
Other operating funding applications	-	-	-
Total sources of capital funding (C)	14,226	17,295	2,244
Application of Capital Funding			
Capital expenditure:			
- to meet additional demand	-	1,082	-
- to improve level of service	14,967	12,754	3,216
- to replace existing assets	2,774	2,072	1,356
Increase/(decrease) in reserves	(1,358) *	4,045 *	(389) *
Increase/(decrease) in investments	-	-	709
Total application of capital funding (D)	16,382	19,953	4,891
Surplus / (deficit) of capital funding (C-D)	(2,156)	(2,658)	(2,647)
Funding balance (A-B)+(C-D)	-	-	-

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

FINANCIAL REPORTS Ngā pūrongo putea

FUNDING IMPACT STATEMENT

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

REGULATORY SERVICES

	LTP 2021-22 \$000s	LTP Amended Year 2 2022-23 \$000s	Actual 2022-23 \$000s
Sources of Operating Funding			
General rates, uniform charges, rates penalties	-	-	-
Targeted rates	2,589	2,658	2,989
Subsidies and grants (for operating)	-	-	-
Fees & charges	2,229	2,325	2,741
Internal charges & overheads recovered	294	299	306
Interest & dividends	1	1	5
Other receipts (incl petrol tax & fines)	116	114	154
Total operating funding (A)	5,228	5,397	6,195
Applications of Operating Funding			
Payments to staff and suppliers	4,269	4,321	4,735
Finance costs	-	39	12
Internal charges and overheads applied	1,566	1,517	1,647
Other operating funding applications	-	-	-
Total applications of operating funding (B)	5,835	5,877	6,394
Surplus/(Deficit) of operating funding (A-B)	(607)	(480)	(199)
Sources of Capital Funding			
Subsidies & grants for capital expenditure	-	-	-
Development & financial contributions	983	993	2,550
Increase/(decrease) in debt	1,295	(45)	112
Gross proceeds from sale of assets	-	-	2
Lump sum contributions	-	-	-
Other operating funding applications	-	-	-
Total sources of capital funding (C)	2,278	948	2,665
Application of Capital Funding			
Capital expenditure:			
- to meet additional demand	-	-	-
- to improve level of service	1,304	-	120
- to replace existing assets	32	441	7
Increase/(decrease) in reserves	335 *	27 *	2,195 *
Increase/(decrease) in investments	-	-	144
Total application of capital funding (D)	1,671	468	2,467
Surplus / (deficit) of capital funding (C-D)	607	480	199
Funding balance (A-B)+(C-D)	-	-	-

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

FINANCIAL REPORTS Ngā pūrongo putea

FUNDING IMPACT STATEMENT

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

LEADERSHIP, STRATEGY & CORPORATE SERVICES	LTP 2021-22 \$000s	LTP Amended Year 2 2022-23 \$000s	Actual 2022-23 \$000s
Sources of Operating Funding			
General rates, uniform charges, rates penalties	-	-	-
Targeted rates	3,710	3,823	3,867
Subsidies and grants (for operating)	285	202	966
Fees & charges	234	237	485
Internal charges & overheads recovered	9,406	9,073	9,071
Interest & dividends	425	355	1,010
Other receipts (incl petrol tax & fines)	-	-	-
Total operating funding (A)	14,060	13,691	15,398
Applications of Operating Funding			
Payments to staff and suppliers	12,565	12,208	12,884
Finance costs	-	12	244
Internal charges and overheads applied	2,687	2,588	2,759
Other operating funding applications	-	-	-
Total applications of operating funding (B)	15,252	14,808	15,886
Surplus/(Deficit) of operating funding (A-B)	(1,191)	(1,117)	(488)
Sources of Capital Funding			
Subsidies & grants for capital expenditure	120	-	-
Development & financial contributions	-	-	-
Increase/(decrease) in debt	417	(14)	(4)
Gross proceeds from sale of assets	20	20	5
Lump sum contributions	-	-	-
Other operating funding applications	-	-	-
Total sources of capital funding (C)	557	6	1
Application of Capital Funding			
Capital expenditure:			
- to meet additional demand	-	-	-
- to improve level of service	549	-	59
- to replace existing assets	295	254	259
Increase/(decrease) in reserves	(1,478) *	(1,366) *	(917) *
Increase/(decrease) in investments	-	-	111
Total application of capital funding (D)	(634)	(1,112)	(487)
Surplus / (deficit) of capital funding (C-D)	1,191	1,117	488
Funding balance (A-B)+(C-D)	-	-	-

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

2022/23 FINANCIAL STATEMENTS AND NOTES TO THE ACCOUNTS

MASTERTON DISTRICT COUNCIL

STATEMENT OF FINANCIAL POSITION as at 30 June 2023				
\$		Notes	\$	\$
30 June 2022			30 June 2023	Plan
CURRENT ASSETS				
6,322,473	Cash & cash equivalents	10	4,094,336	4,345,327
9,101,750	Other financial assets	11	8,627,577	8,102,117
855,765	Inventories	8	676,763	245,958
65,968	Derivative financial instruments	22	33,792	0
4,627,833	Debtors and other receivables	9	9,479,989	4,305,117
<u>20,973,789</u>	Total Current Assets		<u>22,912,458</u>	<u>16,998,520</u>
NON-CURRENT ASSETS				
140,119,083	Property, equipment & other assets	12,13	140,430,296	148,689,776
871,541,736	Infrastructural assets	12,13	962,556,018	829,031,419
3,396,201	Intangible assets	14	3,204,853	3,769,793
387,467	Forestry assets	15	478,346	538,706
0	Investment property	16	0	0
512,939	Derivative financial instruments	22	1,286,811	0
	Other financial assets	11		
225,958	- Investments in CCO's & other similar entities		214,507	227,644
9,573,503	- Investments in other entities		8,095,110	9,799,603
<u>1,025,756,887</u>	Total Non-current Assets		<u>1,116,265,941</u>	<u>992,056,941</u>
\$1,046,730,676	TOTAL ASSETS		\$1,139,178,399	\$1,009,055,461
CURRENT LIABILITIES				
10,172,231	Creditors & other payables	20	13,760,600	12,444,783
0	Derivative financial instruments	22	0	0
1,086,623	Employee benefits	21	1,138,368	1,309,309
23,585	Provisions (current)	23	28,302	20,000
8,000,000	Financial liabilities - current portion	24	5,100,000	5,100,000
<u>19,282,439</u>	Total Current Liabilities		<u>20,027,270</u>	<u>18,874,092</u>
NON-CURRENT LIABILITIES				
42,000,000	Financial liabilities	24	46,600,000	50,093,652
2,469	Derivative financial instruments	22	0	3,010,000
9,353	Employee benefits	21	9,928	11,060
107,974	Provisions & other liabilities	23	109,990	72,351
<u>42,119,796</u>	Total Non-current Liabilities		<u>46,719,918</u>	<u>53,187,063</u>
\$985,328,441	NET ASSETS		\$1,072,431,211	\$936,994,305
PUBLIC EQUITY				
456,714,681	Retained earnings (ratepayers' equity)	25	472,929,962	477,196,913
500,293,219	Revaluation reserves	25	574,738,111	436,968,671
28,320,541	Special funds & restricted reserves	28	24,763,138	22,828,722
<u>\$985,328,441</u>	TOTAL PUBLIC EQUITY		<u>\$1,072,431,211</u>	<u>\$936,994,305</u>

The accompanying notes form part of these financial statements.

FINANCIAL REPORTS Ngā pūrongo putea

MASTERTON DISTRICT COUNCIL

STATEMENT OF COMPREHENSIVE REVENUE & EXPENSE				
For the Year Ended 30 June 2023				
\$ Actual 2021/22		Note	\$ Actual 2022/23	\$ Budget 2022/23
OPERATING REVENUE				
34,776,472	Rates Revenue	3	37,753,105	37,679,274
50,303	Rural sewerage scheme capital rates	3 & 4	50,303	50,446
2,866,901	Financial Contributions		3,663,910	3,831,498
13,815,233	Subsidies and grants	4	20,637,349	14,351,028 *1
418,159	Finance Revenue	5	1,027,397	357,250
10,246,612	Other Operating Revenue	4	10,357,563	10,442,234 *1
1,723,633	Assets vested from subdivisions	4	5,440,267	-
4,576,128	Other Gains	4a	1,011,545	4,368,960
68,473,441	Total Operating Revenue		79,941,438	71,080,690
OPERATING EXPENDITURE				
12,311,176	Personnel Costs	6	13,215,698	14,126,104
26,930,509	Other Expenses	7	33,779,940	26,294,341
1,904,048	Finance Costs	5	2,538,112	1,708,613
14,527,220	Depreciation & amortisation	12, 13, 14	17,225,696	15,966,833
2,884,021	Other Losses	4a	2,622,527	-
58,556,974	Total Operating Expenditure		69,381,973	58,095,891
\$9,916,467	Surplus/(Deficit) before taxation		\$10,559,466	\$12,984,800
-	Income tax expense		-	-
\$ 9,916,467	SURPLUS/(DEFICIT) AFTER TAXATION		\$ 10,559,466	\$12,984,800
Other Comprehensive Revenue & Expense				
129,409,082	Gain/(Loss) on asset revaluations	12, 13, 25	76,543,779	-
(4,405)	Financial assets fair value movement	25	(476)	-
129,404,677	Total Other Comprehensive Revenue & Expense		76,543,303	0
\$ 139,321,145	TOTAL COMPREHENSIVE REVENUE & EXPENSE		\$ 87,102,769	\$12,984,800

STATEMENT OF CHANGES IN EQUITY						
For the Year Ended 30 June 2023						
	\$	\$	\$	\$	\$	\$
	Revaluations (Note 25)	Special Funds & Reserves (Note 28)	Ratepayers' Equity (Note 25)	Total 2022/23	Plan 2022/23	Prior Year 2021/22
Opening Balance						
1 July 2022	500,293,219	28,320,541	456,714,681	\$985,328,441	924,009,505	846,007,297
Comprehensive revenue & expense for the year	76,543,303		10,559,466	87,102,769	12,984,800	139,321,145
Tsf disposals revaltns	(2,098,411)		2,098,411	0		
Transfers from Reserves		(14,227,176)	14,227,176	0		
Transfers to Reserves		4,363,080	(4,363,080)	0		
Tsf proceeds on sale of assets		455,992	(455,992)	0		
Tsf depreciation to reserves		5,850,700	(5,850,700)	0		
Closing Balance	574,738,111	24,763,138	472,929,962	\$1,072,431,211	936,994,305	985,328,441

*1 The budget for subsidies & grants has been adjusted to reflect more than just roading subsidies

The accompanying notes form part of these financial statements.

FINANCIAL REPORTS Ngā pūrongo putea

MASTERTON DISTRICT COUNCIL

STATEMENT OF CASHFLOWS for the Year Ending 30 June 2023			
Last Year 2021/22		\$ Notes	Budget 2022/23
	Cash Flows from Operating Activities:		
	Cash was provided from:		
34,715,387	Rates (M.D.C. only)	37,520,708	37,593,399
50,303	Rural sewerage scheme capital rates	50,303	50,446
2,866,901	Financial Contributions	3,663,910	3,831,498
13,612,562	Subsidies and grants	16,836,957	14,351,028
406,515	Interest & Dividends received	925,251	357,250
7,616,721	Receipts from other revenue	10,440,342	11,220,606
59,268,390		69,437,472	67,404,227
	Cash was applied to:		
(26,806,419)	Payments to suppliers	(26,643,639)	(22,176,989)
(12,328,739)	Payments to employees	(13,163,378)	(14,126,104)
(1,868,852)	Interest paid	(2,301,217)	(1,708,613)
30,307	Goods and services tax (paid)/received (net)	(347,914)	-
(40,973,703)		(42,456,148)	(38,011,706)
18,294,687	Net Cash from Operating Activities	29 26,981,324	29,392,521
	Cash Flows from Investing Activities:		
	Cash was provided from:		
-	Receipts from sale of property, plant and equipment	455,991	5,365,000
-	Forestry/Investment property proceeds	-	-
7,851,700	Receipts from sale of investments	4,901,749	1,080,553
7,851,700		5,357,740	6,445,553
	Cash was applied to:		
(22,333,239)	Purchase of property, plant and equipment	(32,515,200)	(41,937,549)
(146,750)	Purchase of intangible assets	(188,465)	-
(5,870,775)	Acquisition of investments	(3,563,536)	(5,503)
(28,350,764)		(36,267,201)	(41,943,053)
(20,499,064)	Net Cash from Investing Activities	(30,909,461)	(35,497,500)
	Cash Flows from Financing Activities:		
	Cash was provided from:		
4,200,000	Proceeds from new financial liabilities	5,000,000	8,494,100
4,200,000		5,000,000	8,494,100
	Cash was applied to:		
(2,700,000)	Repayment of term liabilities	(3,300,000)	(3,300,449)
-	Repayment of finance lease liabilities	-	-
(2,700,000)		(3,300,000)	(3,300,449)
1,500,000	Net Cash from Financing Activities	1,700,000	5,193,651
(704,377)	Net Increase/(Decrease) in Cash and cash equivalents	(2,228,137)	(\$911,328)
7,026,850	Cash and cash equivalents at beginning of the year	6,322,473	13,358,772
\$ 6,322,473	Cash and cash equivalents at the end of the year 10	\$ 4,094,336	\$ 12,447,444

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, the Council acquired PPE (office equipment) totalling \$0 (202: \$0) by means of finance leases. 10 & 29 refer to Note 10 & Note 29

The accompanying notes form part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS

Statement of Accounting Policies for the year ended 30 June 2023

Reporting Entity

The Council is a Territorial Authority governed by the Local Government Act 2002 (LGA). The council was constituted on 1 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, which provides local infrastructure, local public services, and performs regulatory functions for the community. The Council's primary objective is to provide goods and services for the community or social benefit, rather than making a financial return. Accordingly, the Council has designated itself as a public benefit entity (PBE) for financial reporting purposes.

The financial statements of the council are for the year ended 30 June 2023. The financial statements were authorised for issue by the Council on XX November 2023.

Basis of Preparation

The financial statements have been prepared on the going concern basis and the accounting policies have been applied consistently throughout the year.

Statement of Compliance

The financial statements of the Council have been prepared in accordance with the requirements of the LGA Part 6, Section 98 and Part 3 of Schedule 10, and the Local Government (Financial Reporting and Prudence) Regulations 2014 (LG(FRP)R), which includes the requirements to comply with New Zealand generally accepted accounting practice (NZ GAAP). These financial statements have been prepared in accordance with, and comply with, Tier 1 PBE Accounting Standards. These standards are based on International Public Sector Accounting Standards (IPSAS). With amendments for the New Zealand environment.

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.

Functional and presentation currency

The functional currency of the Council is New Zealand dollars. The financial statements are presented in New Zealand dollars and are rounded to the nearest dollar. Some Note disclosures use values rounded to the nearest thousands (\$000s).

New Amendment Applied - PBE IPSAS 2 Statement of Cash Flows

An amendment to PBE IPSAS 2 Statement of Cash Flows requires entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. No new information has been required by this amendment as the council does not have finance leases, a reconciliation has been provided for secured borrowings and the non-cash movement for accrued interest is trivial.

New Standards Issued and Effective

Financial Instruments PBE IPSAS 41

In March 2019, the External Reporting Board (XRB) issued PBE IPSAS 41 Financial Instruments, which supersedes both PBE IFRS 9 Financial Instruments and PBE IPSAS 29 Financial Instruments: Recognition and Measurement. It is effective for reporting periods beginning on or after 1 January 2022. The council has applied this standard

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in preparing its 30 June 2023 financial statements. In accordance with the transitional provisions in PBE PSAS 41, the Council have elected not to restate comparative information. The comparative information continues to be reported under PBE IPSAS 29.

The main changes between PBE IPSAS 29 and PBE IPSAS 41 are:

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised.
- A new impairment model for financial assets based on expected losses, which may result in the earlier recognition of impairment losses.
- Revised hedge accounting requirements to better reflect the management of risks.

PBE FRS 48 Service Performance Reporting

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 *Presentation of Financial Statements* and is effective for the year ending 30 June 2023.

Changes in Accounting Policies

There have been no other changes in accounting policies during the financial year as a consequence of changes in accounting standards.

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FINANCIAL REPORTS Ngā pūrongo putea

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Goods and Services Tax

Items in the financial statements are stated exclusive of GST, except for receivables and payables, which are presented on a GST inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense. The net amount of GST recoverable from, or payable to, the 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 cashflows. Commitments and contingencies are disclosed exclusive of GST.

Budget Figures

The budget figures are those approved by the Council in its 2022-23 Annual Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the council in preparing these financial statements.

Critical Accounting Estimates and Assumptions

In preparing these financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from the 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 significant estimates and assumptions that have the greatest risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

- Estimating the fair value of land, buildings and infrastructural assets – see Note 12
- Estimating the retirement gratuity obligations – see Note 21
- Estimating the landfill closure and aftercare provision – see Note 23

Critical judgements exercised by management in applying accounting policies:

- *Classification of investment property* – Note 16
- *Infrastructural assets* – there are a number of estimates and assumptions exercised when valuing infrastructural assets using the depreciated replacement cost method. These include:
 - Estimating any obsolescence or surplus capacity of the asset.
 - Estimating the replacement cost of the asset. The replacement cost is derived from recent construction contracts in the region for similar assets.
 - Estimates of the remaining useful life over which the asset will be depreciated. These estimates can be affected by the local conditions. For example, weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then the council could be over- or under-estimating the annual depreciation charge recognised as an expense in the statement of comprehensive revenue and expense. To minimise this risk, infrastructural asset 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.
- *Classification of Property*
 - *The council 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*

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properties are held for service delivery objectives as part of the council's senior housing policy. These properties are accounted for as property, plant and equipment.

- The Council previously had partly-occupied land and buildings in its ownership that had been occupied by the Masterton Borough Council depot and gasworks. This land had been identified by the council as surplus to requirements, but site contamination issues and previous ownership issues meant it could not be regarded as a 'property intended for sale'. During the 2022/23 year the Council has sold the property.
- *Urban Wastewater Resource Consent and Treatment Plant Upgrade*
 - The Council has worked through the process of renewing its resource consent for its wastewater treatment and disposal facility and constructed a new plant between 2010 and 2015. Over the previous 14 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 December 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.
- *Judgement relating to Water Services Reform Programme*
- Following the announcement by the Local Government Minister on 27 October 2021 regarding central government proceeding with the three waters service delivery reforms using a legislated "all in" approach, Council continues to recognise its three waters assets at 30 June 2023 in accordance the accounting policies set out below. There has been no adjustment in these financial statements to reflect the expected future transfer of assets and debt to a new water entity. It is expected central government will continue to develop details around the mechanism and timing for the transfer. As further details are established this may require adjustments to Council's three water assets either in respect of disclosure or measurement.

Revenue

Revenue is measured at the fair value of consideration received or receivable. The specific accounting policies for significant revenue items are explained below.

Rates Revenue

Rates are set annually by resolution and according to the processes required under the LGA 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 arising from late payment penalties are recognised as revenue when rates become overdue. Rates remissions are recognised as a reduction of rates revenue when the council applies the remission to the rates accounts of those properties which qualify for the remissions, as per the remissions policy.

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

Most water billing revenue is recognised on an accrual basis. Some revenue from low-use metered properties is recorded in the month invoiced. Parking and dog control infringements are recognised when infringement notices are issued.

The council receives government grants from the New Zealand Transport Agency, which subsidises part of the council'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.

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Other grants are recognised as revenue when they become receivable, unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

Revenue from the providing of services (e.g. building consent fees) 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 (e.g. transfer station fees) are recognised when a product or service 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 the council are recognised as revenue when control over the asset is obtained.

Interest revenue is recognised using the effective interest method. Dividends are recognised when the right to receive payment has been established.

Donated and bequeathed financial assets are recognised as revenue unless there are substantive use or return conditions. A liability is recorded if there are substantive use or return conditions and the liability released to revenue as the conditions are met (e.g. as the funds are spent for the nominated purpose).

For Financial Contributions, the revenue recognition point is at the latter of the point when the council 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 or Council's operative District Plan. Financial contributions revenue is shown separately on the Statement of Comprehensive Revenue and Expense. Those contributions that are required as a nominal contribution towards specific future work are recognised as revenue and held as part of special funds (equity).

Classification of Revenue

Revenue may be derived from either exchange or non-exchange transactions. Assets and revenues arising from exchange and non-exchange transactions are recognised in accordance with the requirements of PBE IPSAS 23 while revenue from exchange transactions in accordance with PBE IPSAS 9.

Revenue from Exchange Transactions

Revenue from exchange transactions arises where the council provides goods or services to another entity or individual and directly receives approximately equal value in a willing arm's length transaction (primarily in the form of cash in exchange).

Revenue from Non-Exchange Transactions

Revenue from non-exchange transaction arises when the council receives value from another party without giving approximately equal value directly in exchange for the value received.

Approximately Equal Value

Approximately equal value is considered to reflect a fair or market value, which is normally commensurate with an arm's length commercial transaction between a willing buyer and willing seller. Some goods or services that Council provides (e.g. the sale of goods at market rates) are defined as being exchange transactions. Only a few services provided by the council operate on a full user-pays, cost-recovery or breakeven basis and these are considered to be exchange transactions unless they are provided at less than active and open market prices. Most of the services that the council provides for a fee are subsidised by rates and therefore do not constitute an approximately equal exchange. Accordingly, most of the council's revenue is categorised as non-exchange. Due to the volume of transactions, classifying revenue as exchange or non-exchange is on a broad category basis where the deciding factor is the nature of the main proportion of transactions within any revenue stream.

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 the Council 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 council's decision.

Income Tax

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

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. Currently the Council has no Finance Leases. If we did, the accounting treatment is as follows.

At the commencement of the lease term, the council 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 the council will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Operating Leases

An operating lease is a lease that does not transfer substantially all 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 include 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 the council 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 revenue and expense as a grant. A provision for impairment of receivables is established when there is objective evidence that the council 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.

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Inventories acquired through non-exchange transactions are measured at fair value at the date of acquisition.

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 Revenue and Expense.

Financial Assets

The council classifies its financial assets into one of the following four categories: financial assets at fair value through surplus or deficit, held-to-maturity investments, loans and receivables and financial assets at fair value through other comprehensive revenue. 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 Revenue and Expense.

Purchases and sales of investments are recognised on trade-date, the date on which the council 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 the council 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 defined below.

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 Revenue and Expense. Financial assets in this category include the investment funds managed by ANZ Investments 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 organisations 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

These are assets with fixed or determinable payments and fixed maturities that the council 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 Revenue and Expense.

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Financial Assets at Fair Value through Other Comprehensive Revenue

These 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 the council intends to hold long-term, but which may be realised before maturity; and shareholdings that the council holds for strategic purposes. After initial recognition these investments are measured at their fair value.

Gains and losses are recognised directly in other comprehensive revenue 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 revenue is re-classified from equity to surplus or deficit.

Impairment of Financial Assets

At each balance sheet date, the council 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.

Carbon Credits

The Council has classified carbon credits as financial assets. Purchased carbon credits are recognised at cost on acquisition and revalued annually. Free carbon credits received from the Crown are recognised at fair value on receipt. They are not amortised but are instead tested for impairment annually. They are derecognised when they are used to satisfy carbon emission obligations. Their value is based on the carbon price and the change in value is recognised through the surplus or deficit.

Accounting for Derivative Financial Instruments

The Council uses derivative financial instruments (interest rate swaps) to manage exposure to interest rate risks arising from interest rate fluctuations. In accordance with its treasury policy, the council 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 associated gains or losses on derivatives are recognised in the surplus or deficit.

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 noncurrent 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.

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- Restricted assets - parks and reserves owned by which provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.
- Infrastructure assets - the fixed utility systems owned by the council. Each asset class includes all items that are required for the network to function, for example sewer reticulation includes reticulation piping, 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 the council 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 the council 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 %
Plant and equipment	7-20 years	5%- 14%
Intangibles - software	4 years	25%
Motor vehicles	6.67 years	15%
Office equipment, office furniture	4 to 10 years	10% to 25%
Library books	3 to 4 years	25% to 33.3%
Infrastructural assets		
Roading network		
Formation (not depreciated)		
Top surface (seal) 2nd coat/1st coat	17 and 80 years	5.9% and 1.25%
Road metal (unsealed)	3 years	33%

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Buildings - component lives range from	5 to 100 years	1% - 20 %
Pavement (base course) 50 per cent depreciated	80 years	1.25%
Pavement (sub base) 15 per cent depreciated	80 years	1.25%
Pipe culverts	90 years	1.1%
Footpaths (basecourse) 40 per cent depreciated	50 years	2%
Footpaths (seal) chip/AC/concrete	15/18/50 years	6.67%, 5.55% and 2%
Kerb and Channel	80 years	1.25%
Signs	12 years	8.33%
Road markings	1 year	100%
Streetlights (lamps, fittings and poles)	5/15/60 years	20%, 6.67% and 1.67%
Bridges	65 to 100 years	1% to 1.54%
Other structures	50 years	2%
Water system		
Treatment plant	10 to 100 years	1% to 10%
Pipes	73 to 100 years	1.0 % to 1.37 %
Valves, hydrants, connections	50 years	2 %
Reservoirs and tanks	50 and 80 years	1.25 % and 2 %
Sewerage System		
Pipes	64 to 85 years	1.18 % to 1.56 %
Manholes	75 years	1.33 %
Treatment plant	10 to 80 years	1.25 % to 10 %
Drainage network		
Pipes	80 to 90 years	1.1 % to 1.25 %
Stopbanks	300 years	0.33%
Seawall and river weirs	100 years	1%
Airport runway		
Pavement and seal	80 years and 17 years	1.25 % and 5.88 %

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

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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

Valued at fair value as determined from market-based evidence by an independent valuer. The most recent valuation was performed by Jones Lang LaSalle Ltd, and the valuation is effective as at 30 June 2021. A fair value assessment has been undertaken by the same valuer as at 30 June 2023 and no adjustment to the 2021 fair values has been considered necessary.

Restricted Land and Buildings

Some land owned by the council has reserve status while other land has obligations to prior owners if sold. Reserve status can be revoked and land with prior obligations is not of any significant value. On that basis the council has not identified any of its land and buildings assets as restricted.

Infrastructural Asset Classes: Roads, Water Systems, Sewerage Systems and Stormwater Systems

Valued at fair value determined on a depreciated replacement cost basis by an independent valuer.

At balance date, the council 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. A valuation was performed by WSP New Zealand Limited with an effective date of 30 June 2020. A fair value assessment was provided by the same valuer, effective 30 June 2022 where they applied an indexing approach. A full revaluation has been calculated and applied as at 30 June 2023, again by WSP New Zealand Limited. 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 the previous NZ IFRS the council 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 Library Manager and are not subject to an independent review because books are purchased at current market prices and these are used to determine fair value. The last valuation was performed in June 2023.

Accounting for Revaluations

The council accounts for revaluations of property, plant and equipment on a class of asset basis. The results of revaluing are credited or debited to an asset revaluation reserve for that class of asset in other comprehensive revenue. 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. The council has not incurred any costs that are directly associated with the in-house development of software for use by the council only. Software assets are depreciated, straight line, over four years.

Resource Consents

The Council 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 (e.g. wastewater plant consent was granted is for 25 years).

Easements

While the Council 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. The 30 June 2023 valuation has been performed by Jack Palmer of Forme Consulting Group Ltd, at fair value less estimated point of sale costs. The valuation has been peer reviewed. 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

From time to time the Council has held a small number of investment properties for strategic purposes that 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. There are properties, not defined as investment properties, where rental returns are earned. These properties which are leased to third parties under operating leases, are owned primarily to meet service delivery objectives. Council currently holds no properties for investment.

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 its remaining future economic benefits or service potential.

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return.

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.

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Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash generating assets, value is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

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 the Council 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, alternative leave owing but not taken for working on statutory holidays, and retiring gratuity entitlements expected to be settled within 12 months.

The Council 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 the council anticipates it will be used by a portion of staff to cover those future absences.

The Council 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 5.37 per cent, and an inflation factor of 2 per cent were used. The discount rate is based on the rate we apply to our internal loans which is halfway between investment funds and cost of loan funds. 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.

Provisions

The Council 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.

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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 the council 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 the council 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 the council 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 the council has an unconditional right to defer settlement of the liability for at least 12 months after the balance date or if the borrowings are not expected to be settled within 12 months.

Equity

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

- Retained earnings
- Special funds and 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 the council for a designated purpose.

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

Also included in 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.

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

Property Revaluation Reserves

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

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Cost Allocation

The Council has derived the cost of service for each significant activity of the council 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.

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NOTES TO THE ACCOUNTS

Notes to the Accounts		Note 1		
RATES REQUIREMENT SUMMARY				
2021/22 Actual		2022/23 Actual	2022/23 Budget	Variance
	Groups & Activities			
\$	Roading	\$	\$	\$
6,356,206	Subsidised Roothing	6,194,503	6,410,574	216,071
1,352,454	Non-subsidised Roothing	1,455,572	1,398,301	(57,270)
	Water Services			
3,600,598	Urban Water Supply	4,414,940	4,209,309	(205,631)
116,835	Rural Water Supplies & Races	228,996	137,330	(91,665)
	Wastewater Services			
6,555,873	Wastewater Services - Urban	7,465,352	6,910,237	(555,115)
362,163	Wastewater Services - Rural*	433,362	398,741	(34,621)
	Stormwater Services			
717,156	Urban Stormwater System	916,192	842,041	(74,151)
	Solid Waste Services			
544,131	Solid Waste Services	190,194	99,684	(90,510)
424,321	Waste Minimisation Services	1,017,568	1,185,050	167,482
	Community Facilities/Activities			
3,266,321	Parks, Reserves & Sportsfields	3,181,478	3,525,831	344,353
1,268,894	Trust House Recreation Centre	1,382,927	1,432,480	49,553
155,771	Cemeteries	185,342	195,827	10,485
2,350,666	Library & Archive	2,625,937	2,630,882	4,944
1,613,750	Property	1,706,395	1,705,521	(874)
319,021	Airport	380,951	327,891	(53,060)
122,740	Mawley Park	103,390	163,894	60,503
	Regulatory Services			
1,050,204	Resource Management & Planning	1,116,349	1,170,205	53,856
573,950	Environmental Services	585,661	648,301	62,640
615,961	Building Development	731,322	768,052	36,730
4,411	Parking Services	19,499	3,321	(16,178)
117,797	Animal Services	171,468	134,926	(36,542)
219,000	Emergency Management	225,983	272,944	46,961
	Leadership, Strategy & Corporate Services			
749,951	Representation	773,975	819,961	45,986
0	Internal Functions (net)	0	(\$0)	(0)
1,161,910	Community Development	1,056,729	1,101,370	44,641
547,485	Arts and Culture	556,214	564,992	8,777
975,834	Economic Development	1,017,997	1,015,400	(2,597)
314,424	Environmental Initiatives	352,968	368,158	15,190
35,457,831	Total Rates Requirement	38,491,263	38,441,221	(50,042)
	Rates Revenue			
35,342,568	Masterton District rates levied	38,337,649	38,330,774	6,875
50,303	Rural Wastewater capital contributions*	50,303	50,446	(143)
605,658	Rates penalties	712,379	225,000	487,379
(526,509)	Rates remissions	(604,291)	(165,000)	(439,291)
35,472,020	Rates Revenue (incl Council properties)	38,496,041	38,441,221	54,820
14,189	Net Rates Surplus/(Deficit)	4,778	(0)	4,778

*Rural wastewater net cost is offset by capital contributions.

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 & from reserves & loan principal repayments funded from rates. Depreciation not funded into asset replacement reserves is reversed before arriving at the net figures.

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<i>Notes to the Accounts</i>		Note 2		
SUMMARY REVENUE AND EXPENDITURE FOR GROUPS OF ACTIVITIES				
	\$ Actual	\$ Budget	\$ Last Year	
	2022/23	2022/23	2021/22	
Revenue				
Roading	21,269,415	13,030,841	9,811,634	
Water Services	1,629,438	650,678	3,005,437	
Wastewater Services	2,630,455	653,148	2,176,085	
Stormwater Services	1,424,475	-	577,345	
Solid Waste Services	4,247,893	4,451,400	4,086,228	
Community Facilities/Activities	3,073,728	5,937,649	4,416,061	
Regulatory Services	5,756,545	4,678,774	5,129,064	
Leadership, Strategy & Corporate Services	11,530,877	11,050,835	10,304,815	
Total activity revenue	51,562,825	40,453,326	39,506,668	
plus other gains	1,011,545	4,368,960	4,576,128	
Less internal revenue	(10,436,339)	(11,471,316)	(10,436,130)	
Rates revenue	37,803,408	37,729,720	34,826,775	
Total revenue	\$79,941,438	\$71,080,690	\$68,473,441	
Expenses				
Roading	21,602,892	15,145,302	14,803,325	
Water Services	5,873,010	4,954,481	5,041,929	
Wastewater Services	8,268,207	7,060,746	7,463,385	
Stormwater Services	1,428,618	880,158	1,110,723	
Solid Waste Services	5,324,949	5,630,427	5,053,885	
Community Facilities/Activities	12,724,175	13,017,130	12,145,937	
Regulatory Services	6,444,071	6,952,361	6,558,083	
Leadership, Strategy & Corporate Services	16,222,496	16,638,102	14,577,060	
Total activity expenses	77,888,419	70,278,707	66,754,328	
plus other losses	2,622,527	-	2,884,021	
Less internal expenses	(11,128,972)	(12,182,816)	(11,081,375)	
Total expenses	\$69,381,973	\$58,095,891	\$58,556,974	

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Notes to the Accounts

		Note 3		
RATES REVENUE	Notes	\$	\$	\$
		Actual	Budget	Last Year
		2022/23	2022/23	2021/22
excluding metered water supply rates				
Gross MstnDC Rates Revenue		38,337,649	38,330,774	35,342,568
made up of the following (all rates are targeted)				
Land Value rates for Roading (urban & rural)		5,874,281	5,884,977	5,544,323
Uniform Charges for Roading (urban & rural)		1,910,044	1,911,710	1,782,948
Capital Value rates (urban & rural)		12,944,297	12,948,957	11,894,996
Capital Value Water & Wastewater rates (urban)		8,308,302	8,303,059	7,576,328
Uniform Charges Water & Wastewater (urban)		2,813,441	2,785,007	2,559,104
Uniform Charges (targeted between urban & rural)		5,226,377	5,231,028	4,895,532
Uniform Charges Recycling (urban & beach)		853,188	848,949	715,857
Uniform Charges Rural water & wastewater schemes		407,719	417,088	373,479
less Rates levied on Council properties		(692,633)	(711,500)	(645,245)
plus Rates Penalties		712,379	225,000	605,658
less Rates Remissions	30	(604,291)	(165,000)	(526,509)
		37,753,105	37,679,274	34,776,472
Rural Wastewater capital contributions		50,303	50,446	50,303
Total Revenue From Rates		37,803,408	\$37,729,720	\$34,826,775

Notes to the Accounts

		Note 4		
		Actual	Budget	Last Year
		2022/23	2022/23	2021/22
SUBSIDIES AND GRANTS				
Roading subsidies Waka Kotahi		17,549,755	10,434,841	7,496,860
Other Government grants		3,033,613	3,871,037	5,717,724
Other grants		53,981	45,150	600,649
Total Subsidies and Grants		\$20,637,349	\$14,351,028	\$13,815,233
OTHER REVENUE				
Regulatory fee revenue		2,751,280	2,881,761	2,761,384
Rental revenue		1,048,042	1,060,128	1,044,761
Solid waste user charges		3,825,957	4,032,400	3,738,357
Other user charges and recoveries		2,029,603	1,758,821	2,005,926
Metered water & wastewater, incl Waingawa area		401,232	381,594	357,115
Infringements and fines		154,104	127,530	152,406
Local authority petrol tax		147,346	200,000	186,664
Sub total		10,357,563	10,442,234	10,246,612
Revenue recognised from vested assets		5,440,267	-	1,723,633
Total Other Revenue		\$15,797,830	\$10,442,234	\$11,970,246
There are no unfulfilled conditions or other contingencies attached to government grants recognised.				
Annual Rates Revenue - per LGFA Guarantee and Indemnity Deed		Actual	Last Year	
Rates revenue per Note 3 (includes rural wastewater capital contributions)		37,803,408	34,826,775	
Targeted water supply rates (metered water)		301,012	271,218	
Rates levied in Carterton District for wastewater		100,220	85,897	
		\$38,204,639	\$35,183,890	

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<i>Notes to the Accounts</i>		<i>Note 4a</i>		
OTHER GAINS/(LOSSES)		\$ Actual	\$ Budget	\$ Last Year
		2022/23	2022/23	2021/22
Gains	Forestry asset revaluation gain	90,879	25,162	-
	Property, plant and equipment gains on disposal	158,197	4,333,300	-
	Library books revaluation gain	18,304	10,498	-
	Total non-financial instrument gains	267,380	4,368,960	-
	Gain on valuation of financial assets (fair value via surplus/deficit)	-	-	-
	Gain on mark-to-market valuation of cash flow hedges *	744,165	-	4,410,378
	Carbon credits of forestry - revaluation gain	-	-	165,750
	Total Gains	1,011,545	4,368,960	4,576,128
Losses	Property, plant and equipment losses on disposal	(2,265,700)	-	(1,753,405)
	Library books revaluation loss	-	-	(21,487)
	Forestry asset revaluation loss	-	-	(151,985)
	Total non-financial instrument losses	(2,265,700)	-	(1,926,877)
	Loss on valuation of financial assets (fair value via surplus/deficit)	(178,582)	-	(957,144)
	Loss on mark-to-market valuation of cash flow hedges *	-	-	-
	Carbon credits of forestry - revaluation loss	(178,245)	-	-
	Total Losses	(2,622,527)	-	(2,884,021)

* 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 PBE IPSAS 29.

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<i>Notes to the Accounts</i>		Note 4b		
REVENUE ANALYSIS - Exchange & Non-exchange		\$	\$	\$
		Actual	Budget	Last Year
		2022/23	2022/23	2021/22
Exchange Revenue				
Finance revenue		1,027,397	357,250	418,159
Rental revenue		1,048,042	1,060,128	1,044,761
Solid waste user charges		3,825,957	4,032,400	3,738,357
Other user charges and recoveries		2,029,603	1,758,821	2,005,926
Metered water & sewer rates charged in CDC area		401,232	381,594	357,115
Total Exchange Revenue		\$8,332,231	\$7,590,193	7,564,317
Non-Exchange Revenue				
Rates revenue		37,803,408	37,729,720	34,826,775
Financial contributions		3,663,910	3,831,498	2,866,901
Subsidies and grants		20,637,349	14,351,028	13,815,233
Regulatory fee revenue		2,751,280	2,881,761	2,761,384
Infringements and fines		154,104	127,530	152,406
Local authority petrol tax		147,346	200,000	186,664
Assets vested from developments/subdivisions		5,440,267	-	1,723,633
Other gains		1,011,545	4,368,960	4,576,128
Total Non-Exchange Revenue		\$71,609,207	\$63,490,497	\$60,909,124
Total Revenue		\$79,941,438	\$71,080,690	\$68,473,441
Explanation of the Analysis				
Revenue may be derived from either exchange or non-exchange transactions.				
Revenue from exchange transactions				
This revenue arises where the Council provides goods or services to another entity or individual and directly receives approximately equal value in a willing arm's length transaction (primarily in the form of cash in exchange).				
Revenue from non-exchange transactions				
This revenue arises when the Council receives value from another party without giving approximately equal value directly in exchange for the value received.				
Approximately equal value				
Approximately equal value is considered to reflect a fair or market value, which is normally commensurate with an arms length commercial transaction between a willing buyer and willing seller. Some goods or services that Council provides (e.g. the sale of goods at market rates) are defined as being exchange transactions. Only a few services provided by Council operate on a full user pays, cost recovery or breakeven basis and these are considered to be exchange transactions unless they are provided at less than active and open market prices. Most of the services that Council provides for a fee are subsidised by rates and therefore do not constitute an approximately equal exchange. Accordingly most are non-exchange.				
Broad category basis				
Due to the volume of transactions, classifying revenue as exchange or non-exchange is on a broad category basis where the deciding factor is the nature of the main proportion of transactions within any revenue stream.				

<i>Notes to the Accounts</i>		Note 5		
FINANCE REVENUE & FINANCE COSTS		\$	\$	\$
		Actual	Budget	Last Year
		2022/23	2022/23	2021/22
Finance revenue				
Interest Revenue on:				
- financial assets held/invested by Council		621,418	157,250	258,524
- financial assets invested from funds borrowed in advance		160,761	-	29,611
- financial assets managed by ANZ Investments Ltd		245,218	200,000	130,024
Total finance revenue		1,027,397	357,250	418,159
Finance costs				
Interest expense:				
- on bank borrowings		34,181	34,000	33,647
- on LGFA bonds		2,257,876	1,669,613	1,835,231
- on loan funds borrowed in advance		238,159	-	29,611
Discount unwind on provisions (Note 23)		7,895	5,000	5,559
Total finance costs		2,538,112	1,708,613	1,904,048
Net Finance Costs/(Revenue)		\$1,510,714	\$1,351,363	\$1,485,889

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<i>Notes to the Accounts</i>		Note 6	
PERSONNEL COSTS	Actual	Budget	Last Year
	2022/23	2022/23	2021/22
Salaries & wages	11,710,860	12,584,122	11,000,030
Mayor & Councillors' honorariums	580,480	584,550	528,278
Medical insurance (incl FBT)	378,616	416,288	333,866
Superannuation - employer contributions	493,422	541,144	452,256
Income Protection Insurance	-	-	14,309
Incr/(Decr) in employee benefits liability	52,320	-	(17,563)
Total Personnel costs	\$13,215,698	\$14,126,104	\$12,311,176

<i>Notes to the Accounts</i>		Note 7	
OTHER EXPENSES	Actual	Budget	Last Year
	2022/23	2022/23	2021/22
Fees to principal auditor:			
- for annual report	179,543	130,935	127,566
- for debenture trust deed	4,750	4,000	4,000
- for LTP (amendment) audit	0	0	17,250
Donations	1,240	9,000	1,800
Grants - funding community development	913,645	4,610,700	411,057
Grants - funding arts & culture	422,895	460,276	397,772
Grants - funding economic development	835,763	528,000	440,287
Grants - other	84,263	89,077	32,136
ACC levies	24,189	37,296	24,563
Inventories (change in value - increase in stock value held results in reduced expenses)	179,002	-	(601,307)
Impairment of receivables	5,532	1,533	(6,671)
Election costs	140,459	131,000	21,142
Civic entertainment costs	2,775	6,090	2,751
Ceremonies & presentations	4,301	11,142	216
Other operating expenses	30,981,583	20,275,292	26,057,948
Total other expenses	\$33,779,940	\$26,294,341	\$26,930,509

<i>Notes to the Accounts</i>		Note 7a	
COST OF SERVICE STMT RECONCILIATION	Actual	Budget	
Revenue	2022/23	2022/23	
Financial Contributions	3,663,910	3,831,498	
Subsidies and grants (per Note 4)	20,637,349	14,351,028	
Other Revenue (per Note 4)	15,797,830	10,442,234	
Finance Revenue (per Note 5)	1,027,397	357,250	
Total Operating Revenue	*1 41,126,486	28,982,010	
Expenditure			
Personnel Costs (per Note 6)	13,215,698	14,126,104	
Other Expenses (per Note 7)	33,779,940	26,294,341	
Finance Costs (per Note 5)	2,538,112	1,708,613	
Depreciation (per Notes 12,13,14)	17,225,696	15,966,833	
Total Operating Expenditure	*2 \$66,759,446	\$58,095,891	
Add back MstnDC rates on Council properties	692,633	711,500	
Net Operating Cost	\$26,325,594	\$29,825,381	

*1 Revenue reconciles to Total revenue in note 2 less rates revenue and other gains

*2 Expenditure reconciles to Total expenditure in Note 2 less other losses

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Notes to the Accounts

Note 8

INVENTORIES		
\$		\$
<u>30 June 2022</u>		<u>30 June 2023</u>
	Held for distribution inventory:	
450,333	Water & sewer reticulation spares	171,253
29,251	Street furniture & pavers	25,898
317,192	Water treatment chemicals	399,278
19,784	Pre-paid envelopes	24,461
	Commercial inventory:	
14,586	Rubbish bags & bins	10,151
0	Baleage - ex Homebush	31,490
24,619	Miscellaneous items	14,231
<u>\$855,765</u>	Total Stock	<u>\$676,763</u>

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<i>Notes to the Accounts</i>		<i>Note 9</i>
DEBTORS & OTHER RECEIVABLES		
\$		\$
30 June 2022		30 June 2023
643,790	Rates receivables	911,046
1,300,278	Roading subsidies receivable	4,862,610
2,305,270	Sundry debtors & receivables	3,151,707
209,210	GST receivable	377,474
291,430	Prepayments	371,129
4,749,978		9,673,966
(122,145)	- less provision for doubtful debts	(193,976)
\$4,627,833	Total Debtors & Other Receivables	\$9,479,989
<i>Total receivables comprise:</i>		
1,964,090	Receivables from exchange transaction	2,224,370
2,663,743	Receivables from non-exchange transaction	7,255,620
<i>Fair Value</i>		
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.		
<i>Impairment</i>		
The Council has provided for a nominal sum of \$5,000 for any impairment of rates receivable, as the Local Govt (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.		
<i>Exchange & Non-Exchange</i>		
Receivables from exchange transactions includes outstanding amounts for commercial sales, fees & charges that have not been subsidised by rates.		
Receivables from non-exchange transactions includes outstanding amounts for rates, grants, infringements & fees and charges that are partly subsidised by rates.		
The status of receivables as at 30 June 2022 and 2023 are detailed below:		
30 June 2022		30 June 2023
3,751,517	Not past due	8,082,436
424,856	Past due 1-60 days	711,954
208,017	Past due 61-120 days	344,083
365,588	Past due > 120 days	535,493
\$4,749,978	Total	\$9,673,966
30 June 2022		30 June 2023
3,445	Individual impairment	5,827
118,700	Collective impairment	188,149
\$122,145	Total provision for impairment	\$193,976
30 June 2022		30 June 2023
0	Past due 1-60 days	0
0	Past due 61-120 days	0
3,445	Past due > 120 days	5,827
\$3,445	Total individual impairment	\$5,827
30 June 2022		30 June 2023
118,073	At 1 July	122,145
12,474	Additional provisions made during the year	77,821
(8,402)	Provisions reversed during the year	(2,545)
-	Receivables written off during the year	(3,445)
\$122,145	As At 30 June	\$193,976
The Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.		

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<i>Notes to the Accounts</i>		<i>Note 10</i>
CASH & CASH EQUIVALENTS		
		\$
<u>30 June 2022</u>		<u>30 June 2023</u>
6,322,473	Cash at bank and in hand	4,094,336
0	Short term deposits of 3 months or less (from acquisition)	0
<u>\$6,322,473</u>	Total cash and cash equivalents	<u>\$4,094,336</u>
<p>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 \$235,230 (2022 = \$270,106).</p>		

<i>Notes to the Accounts</i>		<i>Note 11</i>
OTHER FINANCIAL ASSETS		
		\$
<u>30 June 2022</u>	<u>Current</u>	<u>30 June 2023</u>
8,973,140	Short term deposits - maturities > 3 but less than 12 mths	8,487,000
128,610	Corporate bonds & Borrower Notes (LGFA)	140,577
0	Investments held by fund manager	0
<u>\$9,101,750</u>	Total Current Portion of Financial Assets	<u>8,627,577</u>
Non-current		
Investments in CCO's & other similar entities		
225,958	Shares (NZLGFA & Civic Financial Services)	214,507
<u>\$225,958</u>		<u>\$214,507</u>
Investments in other entities		
58,802	Corporate bonds	0
854,457	Borrower notes (NZ LGFA)	1,046,475
387,345	NZ Units - Carbon Credits on forestry	209,100
<u>8,272,899</u>	NZ fixed interest investments held by fund manager	<u>6,839,535</u>
<u>\$9,573,503</u>		<u>\$8,095,110</u>
<u>\$9,799,461</u>	Total Non-Current Portion of Financial Assets	<u>\$8,309,617</u>
<u>\$18,901,210</u>	Total Other Financial Assets	<u>\$16,937,194</u>
Internal loans/investments		
\$9,262,681	Balance at 30 June (also see Note 24)	\$8,547,792
<u>\$34,486,365</u>	Total Funds On Hand or Invested (including Cash & Internal)	<u>\$29,579,322</u>

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 other comprehensive revenue & expense' and consist of: 127,230 Civic Financial Services fully paid ordinary \$1.00 shares valued at \$0.90 each, and 100,000 paid up shares in the NZ LGFA valued at cost of \$1 each (a further 100,000 remain uncalled).

*2 Bank deposits have maturity dates which range from 35 days to 12 months. Deposits are spread across two financial institutions, as per the Council's investment policy and are valued as 'held to maturity'.

*3 ANZ Investments are contracted to actively manage an investment portfolio that was converted to a 50/50 split between two (High Grade and Sovereign) bond funds. This portfolio is valued as 'fair value through surplus/deficit'.

*4 Corporate bonds held directly by the Council are valued as 'fair value through Other Comprehensive Revenue & Expense'.

*5 The Council holds \$1.128 million of borrower notes issued by NZ LGFA (incl accrued interest), valued at 'fair value through Other Comprehensive Revenue & Expense'. These will be repaid on maturity of borrowings from the NZ LGFA, with interest accrued also 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 5,100 NZU carbon credits, based on it's forestry area. These have been re valued at the estimated carbon price at 30 June 2023 of \$24.70 per NZU.

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Notes to the Accounts

Note 12

PROPERTY PLANT & EQUIPMENT 2023	Original Cost/		Accum.		Current Year	Vested Assets *5	Impairment *3	Current Year	Current Year Transfers/ Adjustments *2	Current Year	Current Year	Accum.		Carrying Amount
	Valuation	Depreciation & Impairment	Carrying Amount	Depreciation & Impairment								Original Cost/ Valuation	Depreciation & Impairment	
	30-Jun-22	30-Jun-22	30-Jun-22	30-Jun-22	Additions			Disposals *1		Depreciation	Revaluation	30-Jun-23	30-Jun-23	30-Jun-23
Operational Assets														
Land	89,737,656	-	89,737,656	95,599	0		(250,000)			(2,196,443)	-	89,583,255	-	89,583,255
Buildings	46,266,894	(2,319,616)	43,947,278	1,540,820			(295,007)	301,977		(2,196,443)	-	47,710,366	(4,411,740)	43,298,626
Plant & vehicles	5,307,605	(3,526,424)	1,781,181	252,623			(18,301)			(345,764)		5,466,216	(3,796,476)	1,669,740
Equipment & furniture	8,616,223	(5,693,736)	2,922,486	790,471			(3)			(570,988)		9,390,685	(6,248,718)	3,141,967
Library books	496,798	-	496,798	190,884			(29,227)			(167,054)	18,304	509,705	-	509,705
Work in progress	1,233,684	-	1,233,684	1,295,298				(301,977)				2,227,005	-	2,227,005
Total operational assets	151,658,859	(11,539,776)	140,119,083	4,165,696	-	-	(592,537)	-	(3,280,249)	18,304	154,887,231	(14,456,935)	140,430,296	
Infrastructural Assets														
Land (under roads)	87,667,513	-	87,667,513	0	408,757							88,076,271	-	88,076,270
Roading network	563,627,108	-	563,627,108	12,594,391	2,113,572		(457,082)	851,287		(7,778,048)	39,580,864	610,532,092	-	610,532,092
Water treatment plant - Masterton	5,323,456	-	5,323,456	50,012			-			(502,323)	3,709,278	8,580,423	-	8,580,423
Water reticulation (incl rural supplies)	46,826,434	-	46,826,434	2,058,635	536,008		(228,993)	202,250		(1,441,910)	13,152,453	61,104,877	-	61,104,877
Sewerage treatment plant - Masterton	40,084,306	-	40,084,306	137,906			(335,228)	437,615		(5815,710)	480,439	39,989,329	-	39,989,329
Sewerage reticulation - Masterton	68,586,578	-	68,586,578	1,921,540	1,051,765		(933,414)	-		(1,763,611)	13,793,170	82,656,028	-	82,656,028
Sewerage systems - rural *4	13,170,121	-	13,170,121	32,334			-			(461,442)	1,642,200	14,383,213	-	14,383,213
Stormwater assets	29,916,023	-	29,916,023	475,351	1,330,165		(44,857)	-		(557,080)	3,303,586	34,423,188	-	34,423,188
Flood protection & control works	5,876,686	-	5,876,686	0			-	-		(87,339)	(29,513)	5,759,834	-	5,759,834
Other infrastructure	5,403,909	-	5,403,909	275,343			-	76,433		(143,797)	911,301	6,523,190	-	6,523,190
Work in progress (WIP)	5,059,602	-	5,059,602	7,035,557				(1,567,585)				10,527,574	-	10,527,574
Total infrastructural assets	871,541,736	-	871,541,736	24,581,070	5,440,267	0	(1,999,574)	-	(13,551,260)	76,543,779	962,556,018	-	962,556,018	
Total Property, Plant & Equipment	\$ 1,023,200,595	(\$11,539,776)	\$ 1,011,660,819	\$ 28,746,766	\$ 5,440,267	\$ 0	(\$2,592,110)	\$ 0	(\$16,831,508)	\$ 76,562,082	\$ 1,117,443,249	(\$14,456,934)	\$ 1,102,986,314	

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

*1 Disposals are reported net of accumulated depreciation and represent the carrying value of the components that have been replaced.

*2 The Transfers & Adjustments column shows transfers in and out of work in progress as detailed below:

In buildings, the hydro slide staircase at the pools was completed. Liquidation costs were written off for the Youth Hub. Further costs were added for the New pound & the future Civic Centre costs.

In land costs of purchasing future airport land was added.

In infrastructural assets sewer & water reticulation jobs, along with airport hanger expansion, Waipoua trails bridge and some roading work were completed & transferred out of work in progress.

Included in current year additions WIP are part-completed sewer & water reticulation work, airport planning costs, CBD design costs and roading work yet to be completed.

*3 There have been no right-downs for impaired assets.

*4 Rural sewerage systems at Riversdale Beach, Castlepoint and Tinui are only the treatment components on this row, with their reticulation included in the row above. The value split is estimated at 29%/71% (treatment/retic).

*5 Vested Assets included land, roading, water, sewer & stormwater assets transferred to the Council from completion of six subdivisions, known as Poplars (stage 3), Westbush (stage 2 & 3), Seddon Street, 60 South Belt, Iorns Street & Roberts Road.

FINANCIAL REPORTS Ngā pūrongo putea

Notes to the Accounts

Note 12a

PROPERTY PLANT & EQUIPMENT 2022	Original Cost/ Valuation	Accum. Depreciation & Impairment	Carrying Amount	Current Year Additions	Vested Assets *5	Impairment *3	Current Year Disposals *1	Current Year Transfers/ Adjustments *2	Current Year Depreciation	Current Year Revaluation	Original Cost/ Valuation	Accum. Depreciation & Impairment	Carrying Amount
	30-Jun-21	30-Jun-21	30-Jun-21								30-Jun-22	30-Jun-22	30-Jun-22
Operational Assets													
Land	87,181,751	-	87,181,751	2,555,904	0						89,737,656	-	89,737,656
Buildings	42,964,850	(24,689)	42,940,160	3,021,011			(212,310)	525,533	(2,327,117)	-	46,266,894	(2,319,616)	43,947,278
Plant & vehicles	5,057,530	(3,195,698)	1,861,831	257,843			(646)		(337,847)		5,307,605	(3,526,424)	1,781,181
Equipment & furniture	8,118,246	(5,169,686)	2,948,559	510,600			(1,807)		(534,866)		8,616,223	(5,693,736)	2,922,486
Library books	532,851	-	532,851	186,603			(25,669)		(175,500)	(21,487)	496,798	-	496,798
Work in progress	988,151	-	988,151	771,066				(525,533)			1,233,684	-	1,233,684
Total operational assets	144,843,378	(8,390,074)	136,453,304	7,303,028	-	-	(240,431)	-	(3,375,330)	(21,487)	151,658,859	(11,539,776)	140,119,083
Infrastructural Assets													
Land (under roads)	87,484,124	-	87,484,123	-0	183,390						87,667,513	-	87,667,513
Roading network	481,216,032	(6,177,640)	475,038,392	8,007,738	805,857		(330,070)	1,065,266	(6,284,375)	85,324,300	563,627,108	-	563,627,108
Water treatment plant - Masterton	5,675,202	(448,156)	5,227,045	7,402			(611)		(448,858)	538,479	5,323,456	-	5,323,456
Water reticulation (incl rural supplies)	37,041,080	(1,104,464)	35,936,617	1,281,825	155,360		(165,987)	1,951,325	(1,130,889)	8,798,184	46,826,434	-	46,826,434
Sewerage treatment plant - Masterton	35,230,353	(677,084)	34,553,269	0			-		(567,084)	6,208,121	40,084,306	-	40,084,306
Sewerage reticulation - Masterton	53,491,410	(1,309,930)	52,181,481	1,975,105	227,037		(933,710)	274,945	(1,268,630)	16,130,349	68,586,578	-	68,586,578
Sewerage systems - rural *4	11,042,707	(360,909)	10,681,798	31,319			(24,026)		(364,270)	2,845,300	13,170,121	-	13,170,121
Stormwater assets	22,117,844	(387,536)	21,730,307	517,355	351,989		(83,937)	17,812	(395,493)	7,777,990	29,916,023	-	29,916,023
Flood protection & control works	4,870,010	(70,492)	4,799,518	30,132			-	43,518	(73,438)	1,076,957	5,876,686	-	5,876,686
Other infrastructure	4,589,137	(112,354)	4,476,784	339,559			-		(121,838)	709,404	5,403,909	-	5,403,909
Work in progress (WIP)	5,608,729	-	5,608,730	3,254,071			(450,333)	(3,352,866)			5,059,602	-	5,059,602
Total infrastructural assets	748,366,628	(10,648,564)	737,718,064	15,444,504	1,723,633	0	(1,988,674)	-	(10,764,874)	129,409,082	871,541,736	-	871,541,736
Total Property, Plant & Equipment	\$ 893,210,007	(\$19,038,638)	\$ 874,171,368	\$ 22,747,533	\$ 1,723,633	\$ 0	(\$2,229,105)	\$ 0	(\$14,140,204)	\$ 129,387,596	\$ 1,023,200,595	(\$11,539,776)	\$ 1,011,660,819

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

*1 Disposals are reported net of accumulated depreciation and represent the carrying value of the components that have been replaced.

*2 The Transfers & Adjustments column shows transfers in and out of work in progress as detailed below:

In buildings, the work on the Temporary Pound, the Skate Park and the Waiata House Pool car compound was completed and these became operational. Youth Hub costs along with future Civi Centre costs were added.

In land costs of purchasing future airport land along with design costs for one of our reserve landscaping work was added.

In infrastructural assets sewer & water reticulation jobs, along with water meter installation and some roading work were completed & transferred out of work in progress.

Included in current year additions WIP are part-completed sewer & water reticulation work, airport planning costs, CBD design costs and roading work yet to be completed.

*3 There have been no right-downs for impaired assets.

*4 Rural sewerage systems at Riversdale Beach, Castlepoin and Tinui are only the treatment components on this row, with their reticulation included in the row above. The value split is estimated at 29%/71% (treatment/retic).

*5 Vested Assets included land, roading, water, sewer & stormwater assets transferred to the Council from completion of two subdivisions, known as Gordon Street and Cashmere Oaks (stage 1).

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Notes to the Accounts

Note 13

PROPERTY PLANT & EQUIPMENT - NOTES

Critical accounting estimates and assumptions

Estimating the fair value of land, buildings and infrastructure

The most recent valuation of land and buildings was performed by an independent registered valuer, Jones Lang LaSalle Ltd. The valuation is effective as at 30 June 2021. This resulted in an increase of \$28.3 million (48.6%) in fair value of Land Assets after taking account of additions and deletions during the same period. The value of Building Assets increased by \$3.02 million (7.6%) in depreciated replacement cost after taking account of additions and depreciation over the period. A fair value assessment has been undertaken as at 30 June 2023 and has identified that there have not been material movements in value over the last two years to justify undertaking a revaluation exercise on these classes of assets.

Land (except land under roads) is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values. Any restrictions on the Council's ability to sell land would not normally impair the value of the land because the Council has operational use of the land for the foreseeable future and will substantially receive the full benefits of outright ownership. In 2017 the value of the land under the Town Hall and District Building included an impairment adjustment, allowing for the estimated cost of demolition of the buildings, reducing the land value from \$890,000 to \$40,000. The revaluation as at 30 June 2021 saw an increase in the value to \$444,500.

Land under roads was valued effective June 2003. On transition to NZ IFRS, Council elected to use fair value of land under roads as at 30 June 2003 as deemed cost. There have been no events or changes in circumstances over the year that have required any adjustments for impairment of the land values.

Buildings - specialised buildings are valued at fair value using depreciated replacement cost because no reliable market data is available for such buildings. Straight-line depreciation has been applied in determining the depreciated replacement value of the asset.

Buildings - non-specialised buildings (e.g. residential and office buildings) are valued at fair value using market-based evidence. The Town Hall and a large part of the District Building have been determined to be below the safe earthquake standard and the cost of strengthening exceeds the book value (also see Note 33 Contingencies). In 2017 the impairment value write-down was taken to the revaluation reserve while a residual value remained, representing the value of the portion of the office building still in use. This part of the building was added in the 1980s and is above 33% of the earthquake code. The revaluation of the buildings as at 30 June 2021 has meant the Town Hall and the old Administration Building were revalued to a nominal value of \$40,000 and a further value placed on the part of the administration building still in use. The future of this part of the building is yet to be determined.

Library books - these are valued at depreciated replacement cost. They are valued annually, in-house using the inventory of book stock as recorded on the library system and the average cost of books purchased, by category.

Infrastructural assets - the most recent full valuation of infrastructural assets was performed by WSP Consultants Ltd, with an effective date of 30 June 2023. A fair value assessment of these assets was carried out, effective 30 June 2022 as market value movements over two years meant it was needed. The value increase applied in 2022 was \$129.4 million (+19.8%) and in 2023 the revaluation increase has been another \$76.54 million or 8.7% average increase across these assets.

Roading, water, sewerage and stormwater infrastructural assets are valued using the depreciated replacement cost method. Road formation, pavements, footpaths, bridges and retaining walls have been valued based on either unit area or unit volume bases. Water, sewer and stormwater assets have been valued based on either unit area or unit volume bases. There are a number of estimates and assumptions exercised when valuing infrastructural assets using this method, including:

* Replacement cost is the cost of replacing existing infrastructure using present day technology, but maintaining the originally designed level of service. Unit costs have been obtained from a variety of sources, including recent construction contracts, WSP's costing database, contractors, manufacturers and suppliers. On-cost factors have been allowed for all costs incidental to bringing the asset into working condition. Optimisation has been used in the context of provision of the same utility at a minimum overall cost. It has been assumed that current assets are considered to be of an optimal status (no surplus capacity).

* Depreciated Replacement Value is a function of how far a component is through its economic life. The economic life is the period of time beyond which it is economically worthwhile to replace rather than continue to repair or maintain. The economic life varies for each asset.

Critical judgements in applying accounting policies

Classification of property

The Council owns a number of properties held to provide housing to pensioners. The receipt of below market-based rental from these properties is incidental to holding them. The properties are held for service delivery objectives as part of the council's social housing policy. The properties are therefore accounted for as property, plant and equipment rather than rental property.

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Notes to the Accounts

Note 14

INTANGIBLE ASSETS	\$		\$		\$	
	2022	2022	2022	2023		
	Computer Software	Resource Consents	Total	Computer Software	Resource Consents	Total
Opening Original Cost	1,173,482	4,084,434	5,257,916	1,348,747	3,455,666	4,804,413
Opening Accum. Amortisation	(1,079,401)	(678,112)	(1,757,513)	(1,151,260)	(364,500)	(1,515,760)
Carrying Amount (start of year)	94,081	3,406,322	3,500,403	197,487	3,091,166	3,288,653
Additions	114,680	-	114,680	117,983	15,320	133,303
Revaluation	-	-	-	-	-	-
Disposals (net BV)	-	-	-	-	-	-
Amortisation Change	(71,859)	(315,157)	(387,016)	(87,761)	(306,427)	(394,188)
Transfers/Adjustments	60,585	-	60,585	10,835	-	10,835
Closing Original Cost	1,348,747	3,455,666	4,804,413	1,477,565	3,470,986	4,948,551
Closing Accum. Amortisation	(1,151,260)	(364,500)	(1,515,760)	(1,239,021)	(670,927)	(1,909,948)
Carrying Amount (end of year)	197,487	3,091,166	\$ 3,288,653	238,544	2,800,059	\$ 3,038,602
Work in progress	10,835	96,714	\$ 107,549	-	166,251	\$ 166,251
	208,322	3,187,880	\$ 3,396,201	238,544	2,966,309	\$ 3,204,853

There are no restrictions over the title of Council'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.

Notes to the Accounts

Note 15

FORESTRY ASSETS	Actual 2023	Actual 2022
Opening balance 1 July	387,467	539,452
Gains/(losses) arising from changes in fair value	90,879	(151,985)
Decreases due to harvest	-	-
Balance at 30 June	\$ 478,346	\$ 387,467

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

The Council's investments in forestry total 68.6ha 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.

Registered valuers Forme Consulting Group Ltd (Jack Palmer) have valued the forestry assets as at 30 June 2023, in accordance with PBE IPSAS 27. A discount rate of 7.8% has been used to discount the present value of expected cash flows from planted areas with trees over 5 years old.

A compound rate of 3.6% has been used on younger stands. Notional land rental costs have been included for freehold land. The forests have been valued on a going concern basis and include the value of the existing crops on a single rotation basis.

Log prices are based on a 12 quarter average for the lower North Island (this is to remove the impact of seasonal variation and short term price fluctuations). These have moved up slightly from the 2022 valuation. The valuation is also affected by increasing costs of harvest and cartage.

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FINANCIAL REPORTS Ngā pūrongo putea

Notes to the Accounts		Note 17 (contd)				
CAPITAL EXPENDITURE SUMMARY		2021/22	2021/22	Source of Funding		
Activity	Project	Budget	Actual	Rates	Reserves	Other
sub totals carried forward		\$ 21,402,702	\$ 20,015,934	\$ 2,569,562	\$ 6,547,784	\$ 10,898,588
Community Facilities/Activities contd.						
Trust House	Building & services renewals	R 195,000	125,803		125,803	
Recreation Centre	Plant & equipment renewals	R 60,000	-		0	
Cemeteries	Cemetery renovations & extensions	R 94,000	103,017		103,017	
Library	Book stock renewals	R 180,000	186,603		186,603	
	Computer & equipment upgrades	R 45,750	17,593		17,593	
	Library building & furniture upgrades	R 11,000	10,973		10,973	
Archive	Archives equipment renewal	N 30,000	-		0	
	Archive extension	N 1,100,000	-			
District Buildings	Facilities & equipment	R -	15,494		15,494	
	Building upgrades & office renovations	N 154,300	68,387		68,387	
	New Civic/Events Centre	N 4,945,000	326,549		-	326,549 *1
Elderly Housing	Pensioner housing renewals	R 341,000	354,576		354,576	
Other Property	Public conveniences upgrade	R 19,000	-			
	Rental & Other property upgrades	R 542,000	28,150		28,150	
	Asbestos removal - all property	R 100,000	52,463		52,463	
	Rural Hall & Fire Station upgrades	R 85,000	1,152		1,152	
Airport	Rural halls - water stimulus project	N 120,000	34,206			34,206 *3
	Airport runway and precinct upgrades	N 1,170,000	76,998			76,998 *3
	Airport land purchase - stage 1	N 2,139,750	129,297			129,297 *1
	Runway & road realignment stage2	N 287,180	-			
	Runway reseal & remarking	R 10,000	-		0	
	Equipment upgrades	R 5,000	-			
	Hanger area expansion	N 260,000	424,035			424,035 *3
	Security fencing - stage 1	N 39,000	12,270			12,270 *3
	Runway widening & development	N 2,962,623	-			
Mawley Park	Mawley Park facility - renewals	R 74,000	18,300		18,300	
Regulatory Services						
Environmental Serv.	Testing equipment	R 8,000	-		0	
Building Devlpmt	Building Development - equipment	R 4,000	1,236		1,236	
Animal Services	Replaement poo bins	R 20,000	19,502		19,502	
	Security H & S equipment	N 4,000	1,646		1,646	
	New animal shelter	N 1,300,000	217,509			217,509 *1
Leadership, Strategy & Corporate Services						
Development	CBD security cameras	R 20,000	18,574		18,574	
	Library Book Houses	N -	12,782		12,782	
	Decorative lighting	R 5,000	-			
	Youth Hub at Skatepark	N 538,570	248,030			248,030 *1, 3
Corporate Services	IT equipment replacement	R 120,000	96,500		96,500	
	Document Management System	R 50,000	37,363		37,363	
	ICT Security upgrades	N -	29,796		29,796	
	Pool Vehicle replacement	R 100,000	125,881		125,881	
	Payment Approvals software app	N 10,000	62,429		62,429	
Sub total		\$ 38,551,875	\$ 22,873,047	\$ 2,569,562	\$ 7,936,004	\$ 12,367,482
Vested Infrastructure Assets (acquired from subdivision)						
Roads, water, sewer, stormwater		Vested	1,723,633			1,723,633 *4
Total Capital Expenditure		\$ 38,551,875	\$ 24,596,681	\$ 2,569,562	\$ 7,936,004	\$ 14,091,115
*1 New external loan funding totals \$4,200,000 and internal loans total \$118,572						
*2 Waka Kotahi (NZTA) subsidies on roading capital and renewals expenditure totals \$3,811,917						
*3 External funding towards asset purchases \$4,236,993						
*4 Vested assets ex subdivision include; Roading \$989,247; Water \$155,360; Sewer \$227,037 and Stormwater \$351,989						
Capital Expenditure Analysis						
		Plan	Actual	% of Plan (excl vested)		
Asset Renewals		13,717,990	10,740,785	58%		
Growth-driven		840,000	1,543,375			
New Assets (improve level of service)		23,993,885	10,588,887			
Vested Assets		-	1,723,633			
		\$ 38,551,875	\$ 24,596,681			
Work in Progress Analysis						
Property, plant and equipment in the course of construction by class of asset is detailed below:				2022	2021	
				\$ 000	\$ 000	
Water supplies				1,396	2,532	
Waste water reticulation				589	426	
Roading network				2,533	2,381	
Stormwater				4		
Other infrastructure				538	269	
Buildings				1,084	988	
Land				149		
Consents applied for but not yet granted				96	96	
Computer software & systems under development				11	61	
Variance from Budget						
Commentary is detailed in Note 31.				Total work in progress	6,401	6,754

FINANCIAL REPORTS Ngā pūrongo putea

Notes to the Accounts

Note 18

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, transfer station charges, advertising spend and building consents). No disclosure is made where the transactions are within a normal supplier or client /recipient relationship and on terms and conditions no more or less favourable than those that it is reasonable to expect the Council would have adopted in dealing with the party at arm's length in the same circumstances.

During the year the Council had dealings with a entities where there is a direct relationship between a Councillor or senior staff member. These are considered related party transactions and are monitored. The more significant relationships or values are disclosed below for transparency purposes. The transactions disclosed were effectively 'at arm's length'. The individuals involved were either not part of the decision-making process, or did not vote on the Council resolution where a decision affecting their interests was made.

The agendas at all Council and committee meetings include an opportunity to declare any potential conflicts of interest. The intention is that these parties do not unfairly influence the Council's decision. The notes below provide more detail on the more significant transactions and relationships.

Related party transactions disclosed:

- * **Masterton Trust Lands Trust (MTLT)** - during the year the Council had a range of dealings with MTLT. At the start of the year four district councillors were also elected members of MTLT. They were Cr F Mailman, Cr R Johnson, Cr G Caffell and Cr S Ryan. Following the October 2023 election Mayor Caffell, Cr R Johnson and Cr T Hullena were elected to the Council and MTLT. The MTLT provided the Council's library activity with a grant for books of \$25,000. Where there have been legal disputes or land sale/purchase negotiations involving MTLT over the last two years, the above councillors/trustees have been excluded from the decision-making process.
- * **Te Hapori Skatepark group (THS)** - the group is chaired by Cr S Lennox (councillor from October 2022). THS, in conjunction with Friends of QE Park ran a music event (Summer Hummer) in Jan 2023. Event grants of \$6,000 were paid for Summer Hummer and a further \$3,000 of advertising costs for the event were paid by the Council. THS also passed over to Council external grant funding of \$7,965 to support Council in providing supervision at the skatepark.
- * **Dirtboy Limited (DbL)** is a business owned by Cr C Bowyer (elected to Council in October 2022). DbL has a contract with Council to provide grass mowing at Hood Aerodrome. The contract was in place before Cr Bowyer's election. The value paid to DL in 2022/23 was \$26,861. Cr Bowyer also leases a hanger site at Hood Aerodrome and paid \$5,065 (+GST) in 2022/23 and he also paid Council \$160 (+GST) for an annual landing fee for the plane ZK-CIM
- * **Masterton A & P Assoc (A&P Assoc)** - Council provides an annual grant nominally towards the value of rates levied on the Solway Showgrounds. 2022/23 = \$7,500 (2021/22 \$7,500). Council also paid an events grant of \$1,000 towards the costs of running the 2023 A&P show (\$1,100 in 2022). Councillors D Holmes and T Nixon (until October 2022) were both office holders of the A&P Assoc.
- * **Wairarapa Youth Charitable Trust** - have a land lease from the Council at 161 Dixon Street, 2022/23 value \$5,870 (2020/21 = \$5,870). In 2022/23 Council paid the trust \$1,274 for a share of fencing materials and \$1,200 to lease a storage shed. In 2022/23 the Council paid a \$5,000 grant to the trust. Cr F Mailman (councillor until Oct 2022) was a trustee.
- * **Mediaworks Ltd** employs Cr B Gare (councillor until October 2022). The Council used them as one of a number of communications channels for a range of community engagement projects. Cr Gare was not involved in any of the Council decision making related to communications and engagement expenditure.
- * **Lansdowne Residents Association (LRA), People First NZ and Concretextra Ltd.** Cr S Ryan (councillor until October 2022) was a committee member of LRA, is employed by People First NZ and is a managing shareholder in Concretextra Ltd. In 2022/23 the LRA was allocated funding of \$3,000 (2021/22 = \$3,000) to undertake projects in their suburb/ neighbourhood. People First NZ received a community wellbeing grant of \$2,000 in 2022/23 (\$2,500 in 2021/22). Concretextra supplied goods to Council in 2022/23 valued at \$4,430.
- * **Digital Seniors Trust (DST)** - applied for and received community wellbeing grants in 2022/23 for \$15,000 and 2021/22 for \$15,000. The Manager Finance, David Paris is a trustee of DST.

FINANCIAL REPORTS Ngā pūrongo putea

Transactions with key management personnel		2022/23	2021/22
Councillors	Remuneration	\$580,481	\$570,079 *
	No. of members (incl iwi reps and rural advisory board members)	12	14
Senior Management Team, including the Chief Executive			
	Remuneration	\$1,700,291	\$1,401,942
	Full-time equivalent members	9.0	9.0
Total key management personnel remuneration		\$2,280,772	\$1,972,022
Total full-time equivalent personnel		18.0	20.0

Full-time equivalent for Councillors is taken as the eight Councillors and the Mayor.
*Prior year comparatives now exclude the independent Audit & Risk committee Chairperson.

Notes to the Accounts

Note 19

REMUNERATION - Elected Representatives		2022/23	2021/22
Up until October 2022 Masterton District Council consisted of a Mayor and ten councillors. From the October 2022 local government elections the Council has consisted of a Mayor and eight councillors, including one elected from a Maori ward. The Mayor's salary and Councillors' remuneration pool are set by the Remuneration Authority. The allocation of the 'pool' is decided by the Council. Two iwi representations were appointed in October 2016 and re-confirmed in October 2019 and 2022.			
Mayor - to Oct'22	Lyn Patterson	34,786	117,441
Mayor - from Oct'22	Gary Caffell	95,824	0
Deputy Mayor - to Oct '22	Graham McClymont	13,952	47,254
Councillor, then Deputy Mayor from Oct'22	Bex Johnson	66,515	47,254
Councillor - to Oct'22	Gary Caffell	11,530	41,801
Councillor - to Oct'22	Chris Peterson	10,733	36,349
Councillor - to Oct '22	Frazer Mailman	11,806	39,983
Councillor - to Oct '22	Brent Gare	10,733	36,349
Councillor - to Oct '22	Sandy Ryan	10,733	36,349
Councillor	Tim Nelson	51,007	36,349
Councillor - to Oct '22	Tina Nixon	10,733	36,349
Councillor	David Holmes	54,518	36,349
Councillor - from Oct '22	Marama Tuuta	36,764	41,801
Councillor - from Oct '22	Tom Hullena	36,764	0
Councillor - from Oct '22	Stella Lennox	36,764	0
Councillor - from Oct '22	Craig Bowyer	40,274	0
Councillor - from Oct '22	Brent Goodwin	36,764	0
	Rural Advisory Board members (x4)	683	2,850
	Iwi Representatives (x2)	9,600	13,600
		\$ 580,481	\$ 570,079

In addition (but included as part of operating expenses) Philip Jones the Audit Committee independent Chairperson was paid \$9,466 (last year \$9,072)

FINANCIAL REPORTS Ngā pūrongo putea

<i>Notes to the Accounts</i>		Note 19 (contd)	
REMUNERATION - Chief Executive			
The Chief Executive of the Masterton District Council is appointed under section 42 of the LG Act 2002.			
David Hopman was Chief Executive until 30 June 2023		2022/23	2021/22
The salary package paid, including benefits was:		\$317,277	\$252,360
Note in 2023 the salary package included final holiday pay.			
REMUNERATION - Council employees			
Total annual remuneration by band for employees as at 30 June:			
	2023		2022
< \$60,000	42	< \$60,000	55
\$60,000- \$79,999	32	\$60,000- \$79,999	29
\$80,000- \$99,999	33	\$80,000- \$99,999	32
\$100,000-\$119,999	19	\$100,000-\$119,999	12
\$120,000-\$139,999	12	\$120,000-\$139,999	8
\$140,000-\$179,999	10	\$140,000-\$179,999	9
\$180,000-\$319,999	3	\$180,000-\$289,999	3
	Total Employees*	Total Employees*	148
	151		
	Total FTEs	Total FTEs	125
	132		
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. At balance date the Council employed 108 (2022 = 101) full-time employees, with the balance of staff representing 24 (2022 = 24) full-time equivalent (FTE) employees.			
A full-time employee is determined on the basis of a 40 hour working week.			
SEVERANCE PAYMENTS - Council employees			
For the year ended 30 June 2023, the Council made one (2021/22 = 2) severance payments to employees totalling \$8,268 (2021/22 \$30,800).			
The term severance payment includes non-monetary benefits but excludes salary, holiday pay, superannuation contributions and any other contractual entitlements to which the employee was entitled.			

<i>Notes to the Accounts</i>		Note 20	
CREDITORS & OTHER PAYABLES		\$	
30 June 2022		30 June 2023	
6,954,094	Trade payables	10,434,077	
969,789	Deposits & bonds	1,182,298	
231,704	Agency rates collected - Greater Wellington Regional Council	270,353	
1,732,908	Revenue received in advance	1,721,536	
283,736	Community organisations - funds held in trust	152,336	
\$10,172,231		\$13,760,600	
Exchange & Non-exchange transactions analysis			
<i>Payables and deferred revenue under exchange transactions:</i>			
6,297,910	Trade payables and accrued expenses	9,499,729	
623,684	Contract retentions	858,847	
6,921,594		10,358,576	
<i>Payables and deferred revenue under non-exchange transactions:</i>			
32,500	Grants Payable	75,500	
515,440	Bequests & funds held in Trust	422,689	
2,702,697	Payments received in advance (inclgd bonds)	2,903,835	
3,250,637		3,402,024	
\$10,172,231	Total payables and deferred revenue	\$13,760,600	
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.			

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Notes to the Accounts

		Note 21
EMPLOYEE BENEFIT LIABILITIES		\$
30 June 2022		30 June 2023
1,063,386	Staff holiday provision	1,066,813
5,882	Salaries & wages accrued	37,419
(1,512)	Councillor's honorariums payable	-
9,499	Staff sick leave provision	17,418
6,213	Staff alternative leave provision	13,361
12,507	Staff retirement gratuities	13,285
\$1,095,976	Total Employee Benefit Liabilities	\$1,148,297
1,086,623	Comprising: Current	1,138,368
9,353	Non-current	9,928
\$1,095,976	Total Employee Benefit Liabilities	\$1,148,297
<p>The present value of staff retirement gratuities represents the discounted value of long service leave payable to two staff. The entitlement was 'grandfathered' in the 1990s, with the two staff having their entitlement frozen, except for salary movements. The discounted rate for future payments is 5.37% (last year 3.41%) 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.</p>		

Notes to the Accounts

		Note 22
DERIVATIVE FINANCIAL INSTRUMENTS		\$ Actual
30 June 2022		30 June 2023
Assets		
65,968	Current Interest rate swaps - fair value hedges	33,792
512,939	Non-current Interest rate swaps - fair value	1,286,811
\$578,907		\$1,320,603
Liabilities		
0	Current Interest rate swaps - fair value	0
2,469	Non-current Interest rate swaps - fair value	0
\$2,469		\$0
Fair value		
<p>The fair value of interest rate swaps have been determined by calculating the expected future cash flows under the terms of the swaps and discounting these values to present value. The inputs to the valuation model are from independently sourced market parameters such as interest rate yield curves. Most market parameters are implied from instrument prices.</p> <p>Movements in the value of the derivative instruments are shown through the Surplus/(Deficit) in the Statement of Comprehensive Revenue & Expenses, as per IPSAS 29 & 30.</p> <p>Interest rate swaps</p> <p>The notional principal amounts of the outstanding interest rate swap contracts for the Council were \$32.4m (2022 \$38.4m). There are no forward start date contracts (2022 = two with a total of \$3m). At 30 June 2023, the fixed interest rates of interest rate swaps varied from 2.26% to 3.96% (2022: 1.6525% to 3.96%).</p>		

FINANCIAL REPORTS Ngā pūrongo putea

Notes to the Accounts		Note 23		
PROVISIONS				
30 June 2022	Landfill Aftercare Provision	30 June 2023		
\$		\$		
92,649	Opening balance	131,559		
(23,596)	Amounts used during the year	(28,109)		
56,946	Adjustments to provision*	26,947		
5,559	Discount unwinding (Note 5)	7,895		
131,559	Closing balance	138,292		
Commentary				
<p>The Nursery Road landfill was closed for general refuse on 30th September 2006. An interim closure plan was accepted by the GWRC and a resource consent application has been lodged for the closure plan and on-going limited disposal of special wastes. The Council's responsibilities under the closure plan include progressive capping using cleanfill (as it is deposited) and some imported material. The liability for this work was originally recognised and allowed for over a 10 year time period to 2020.</p> <p>*The 2021-31 LTP has provided for the completion of the capping and planting over the first three years of the plan. The value in the liability provision reflects the cost of that work. On-going consent monitoring is treated as an operating cost. The sums expended in 2022/23 included moving cover material and cleanfill around on the site. Increasing costs of completing this work have resulted in an increasing provision.</p>				
Provision for Financial Guarantees				
NZ Local Government Funding Agency (LGFA)				
<p>Council is a shareholder of the LGFA. The LGFA 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 AAA. Masterton District Council was one of 30 foundation council shareholders of the NZLGFA, along with the NZ Government. There are now 77 of the 78 councils and 3 CCOs who borrow from the LGFA, 63 of those councils are guarantors of LGFA, including Masterton DC. LGFA has uncalled capital of \$100,000 and when aggregated with uncalled capital of other shareholders, \$20m is available in the event that an imminent default is identified.</p> <p>At 30 June 2023, NZLGFA had loans outstanding of \$17.6 billion (2022: \$15.79 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:</p> <ul style="list-style-type: none"> * 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				
<p>The Council has provided banks with guarantees on the borrowings of community organisations. Currently there is only one guarantee in place, last year there were three. Council 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. The loans for Wairarapa Multi-Sport Stadium Trust and Netball were both fully repaid and the accounts closed during the financial year, therefore Council's obligation for these two is now discharged.</p>				
	Value of Guarantee	Amount owing 30 June 2023		
		Amount owing 30 June 2022		
	Masterton Motorplex Inc.	300,000	30,705	91,185
	Wairarapa Multi-Sport Stadium Trust Board	100,000	0	30,246
	Netball	135,000	0	49,379
		535,000	30,705	170,810
30 June 2022				30 June 2023
\$	Total Provisions			\$
131,559	Landfill aftercare provision			138,292
0	Financial guarantees provision			0
131,559	Closing carrying value - Provisions			138,292
23,585	Current			28,302
107,974	Non-current			109,990
131,559				138,292

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<i>Notes to the Accounts</i>		Note 24		
FINANCIAL LIABILITIES as at 30 June 2023				
		\$	\$	\$
		30 June 2022	30 June 2023	Budget 2023
SUMMARY				
	Secured (bank) loans	0	0	0
	LGFA bonds	50,000,000	51,700,000	55,193,652
	Finance leases	0	0	0
	Internal loans	9,262,681	8,547,792	8,433,068
	Sub total - all financial liabilities	59,262,682	60,247,793	63,626,720
	Less current portion of external liabilities	(8,000,000)	(5,100,000)	(5,100,000)
	Internal loans/investments reversed	(9,262,681)	(8,547,792)	(8,433,068)
	Total non-current financial liabilities	\$42,000,000	\$46,600,000	\$50,093,652
COST OF DEBT SERVICING				
	2022/23	\$ Actual		\$ Budget
	Loan repayments (external)	3,300,000		3,300,449
	Interest expense (external)	2,530,217		1,708,613
	Cost of Debt Servicing (external)	5,830,217		5,009,062
	Loan repayments (internal)	714,889		711,039
	Interest expense (internal)	528,782		250,423
	Cost of Debt Servicing (internal)	1,243,671		961,462
	Treasury Policy Compliance		Policy Limits	
	Net External Debt to Operating Revenues	41.7%	150%	49.0%
	Interest (external) as % of operating revenue	3.4%	10%	2.6%
	Interest (external) as % of total rates revenue	6.7%	15%	4.5%
	Interest (internal & external) as % of total rates revenue	8.1%	20%	5.2%
MOVEMENTS IN TOTAL DEBT				
		\$ Actual	\$ Budget	
	Opening Balance 1 July 2022	\$59,262,682	\$59,144,108	
	Loan repayments	(4,014,889)	(4,011,488)	
	New borrowing (external, internal & finance leases)	5,000,000	8,494,100	
	Closing Balance 30 June 2023	\$60,247,793	\$63,626,720	
MATURITY ANALYSIS				
The following is a maturity analysis of the Council's borrowings (excluding finance leases & internal borrowings).				
		30 June 2022	30 June 2023	
	Repayments due in less than one year	8,000,000	5,100,000	Weighted average interest on external loans
	Later than one year, less than five	28,100,000	33,400,000	
	Later than five years	13,900,000	13,200,000	
		\$50,000,000	\$51,700,000	4.98%
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 LGFA bond has a term shorter than the intended 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) of which \$5m was borrowed for three months during the year. At year end \$0 drawn and \$10m undrawn. Interest rate swaps have been used to fix interest rates for terms ranging from 6 months to 6.3 years.				
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.				

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Notes to the Accounts

Note 24 (cont'd)

FINANCIAL LIABILITIES as at 30 June 2023

Leases: As at the 30th June 2023 (and 2021) Council had no finance leases in place.

New Debt: In addition to the \$5.0M borrowed for a variety of new capital projects, the Council borrowed \$4.7M in new external borrowing during the 2022/23 year to part fund a bond maturity of \$8.0M.

Internal loans: \$0 Internal Loan funds were required to fund capital projects in 2022/23.

Internal interest paid/earned totalled \$528,782 and was charged on the average balance due. The interest rates charged averaged 4.74% for the year to 30 June 2023. 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 External Loan & Finance Lease Movements by Groups of Activities

for the year ended 30 June 2023

External Interest \$ 000's		Opening Balance \$ 000's	New Borrowing \$ 000's	Reduction \$ 000's	Closing Balance \$ 000's
27	Roading	530	168	(22)	676
315	Water	6,670	1,141	(299)	7,512
1,584	Wastewater Services	35,246	1,805	(2,402)	34,649
66	Solid Waste	1,535	0	(158)	1,377
19	Stormwater	444	0	(42)	402
12	Regulatory	218	120	(8)	330
507	Community Facilities	5,357	1,766	(368)	6,755
2,530		50,000	5,000	(3,300)	51,701

Schedule of Internal Loan/Investment Movements by Groups of Activities

for the year ended 30 June 2023

Internal Interest \$ 000's		Opening Balance \$ 000's	New Borrowing \$ 000's	Reduction \$ 000's	Closing Balance \$ 000's
37	Roading	736	-	(49)	687
58	Water	928	-	(38)	890
139	Wastewater Services	2,652	-	(339)	2,313
13	Solid Waste	292	-	(47)	245
0	Stormwater	0	-	-	0
9	Regulatory	151	-	(6)	145
273	Community Facilities	4,504	-	(236)	4,268
529		9,263	-	(715)	8,548

Notes to the Accounts

Note 25

EQUITY				\$
RETAINED EARNINGS				30 June 2023
30 June 2022				30 June 2023
444,904,979	Opening Balance			456,714,681
11,376,365	Transfers From Special Funds & Reserves			14,227,176
(10,512,959)	Transfers (To) Special Funds & Reserves			(10,669,773)
1,029,829	Transfer to equity revaluation reserve on disposal assets			\$ 2,098,411
9,916,467	Surplus/(Deficit) for the year			10,559,466
\$456,714,681	Closing Balance			\$472,929,962

REVALUATION RESERVE		Movements due to asset disposals & impairment		Revaluation Movements	30 June 2023
30 June 2022	Notes				
66,963,434	Land	'	(180,000)		66,783,434
24,419,413	Buildings	*	(693,018)		23,726,395
	Infrastructural Assets	*3			
3,707,759	Land (under roads)				3,707,759
289,204,362	Roading & footpath assets		(260,751)	39,580,864	328,524,475
23,775,919	Water supply - urban		(114,349)	16,701,965	40,363,536
3,152,890	Water supplies - rural		(1,997)	159,766	3,310,660
60,960,120	Sewerage system - urban		(822,318)	14,273,609	74,411,411
5,926,355	Sewerage systems - rural		-	1,642,200	7,568,555
15,560,320	Stormwater assets		(25,370)	3,303,586	18,838,536
3,185,554	Flood Protection & Control Works		-	(29,513)	3,156,041
2,955,920	Other infrastructure assets		-	911,301	3,867,221
563,844	Infrastructural resource consents		-	-	563,844
(82,664)	Financial assets value change via comprehensive revenue	*4	(609)	(476)	(83,749)
\$ 500,293,219			(\$2,098,411)	\$ 76,543,303	\$ 574,738,111

Analysis of Movements

*1 Revalued portion of Land disposals:

Bentley Depot and former gasworks sold	(180,000)
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*2 Revalued portion of Building disposals:

Kitchener Street Trail closed	(3,164)
Sportsbuilding Services and fitout replaced	(103,896)
Rural Halls rewired	(36,439)
Leasehold improvements Queen Street Archive vacated	2,440
Café Cecile fitout replaced	(8,345)
Panama fitout replaced	(150,088)
Bentley Depot and former gasworks sold	(393,526)

*3 Infrastructural Assets were revalued as at 30 June 2023 by WSP resulting in a \$76.54 million (8.7%)

Revalued portion of Buildings disposals:

Roading assets: - kerb & channel, footpaths, signs, culverts, bridges	(260,751)
Water assets: - water reticulation mains & connections	(116,345)
Sewerage assets: - sewer reticulation, manholes & connections	(822,318)
Stormwater assets: - stormwater reticulation	(25,370)
Other assets: - airport light replacement	

*4 Revalued portion of investments maturing included the following:

LGFA Borrower Notes matured	(609)
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Note 26 to come

FINANCIAL REPORTS Ngā pūrongo putea

Masterton District Council (the Council) has a Treasury Management Policy in place to manage the risks associated with financial instruments. The Council is risk averse and seeks to minimise exposure from its treasury activities. The Council 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. The Council 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 the council's investment portfolio in accordance with the limits set out in the council's Investment policy.

The Council holds shares (equity instruments) in NZ Local Government Insurance Corporation and NZ Local Government Funding Agency, none of which are publicly traded. Change in value is calculated by calculating the council'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. The council is not exposed to currency risk, as it does not enter into foreign currency transactions.

Interest rate risk

The weighted average return on the council's investments (after fees) in the year to 30 June 2022 was -8.52 per cent (last year 1.73 per cent) and on the Council's borrowings (as shown in Note 24) the weighted average interest rate being charged at 30 June 2022 is 3.85 per cent (last year 3.95 per cent).

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 council to fair value interest rate risk. The council's Liability Management Policy outlines the minimum and maximum level of borrowing (40 per cent and 90 per cent) 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 the council has borrowed at floating rates.

In addition, investments at fixed interest rates expose the Council to fair value interest rate risk. If interest rates on investments at 30 June 2023 had fluctuated by plus or minus 1 per cent, the effect would have been to decrease/increase the fair value through P & L and/or equity reserve by \$246,100 (2022 \$246,100). If interest rates on borrowings at 30 June 2023 had fluctuated by plus or minus 1 per cent, the effect would be to decrease/increase the surplus/(deficit) in future periods by up to \$517,000 (2022 \$500,000) 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 the council to cash flow interest rate risk. The Council 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 the council borrowed at fixed rates directly. Under the interest rate swaps, the Council 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.

FINANCIAL REPORTS Ngā pūrongo putea

Credit risk

Credit risk is the risk that a third party will default on its obligation to the Council, causing the council to incur a loss. Due to the timing of its cash inflows and outflows, the council invests surplus cash into term deposits. The council 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. The council 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, via the LGFA, are secured by charges over rates.

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

Liquidity risk

Liquidity risk is the risk that the Council 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. The council aims to maintain flexibility in funding by keeping committed credit lines available. In meeting its liquidity requirements, the council maintains a prudent level of investments held short term to enable operational access to funds if required.

The Council 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 council's Long-Term Plan. The council is a shareholder in the NZ LGFA and has \$50.0 million from them at 30 June 2022. There are two cash advance facilities with Westpac and ANZ. The maximum amount that could be drawn down using these facilities during 2021/22 was \$10m (2021 \$10m). The intent of using these types 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. As at 30 June 2022 no money had been drawn against the CAFs (2021 \$0m).

The maturity profile of the Council's interest-bearing investments is disclosed in Note 11 with a split between cash, deposits of less than three months, financial assets of less than 12 months and financial assets with terms greater than 12 months. The table on the next page shows the financial assets exposed to credit risk and the credit ratings of the investments.

Note 26b to come

Contractual maturity of financial liabilities

Note 26b contains a table which discloses the relevant maturity groupings of the Council's term liabilities. The table on the next page analyses all the council'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 also includes the Council'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. A negative cashflow indicates that Council receives a net interest amount.

Note 26c to come

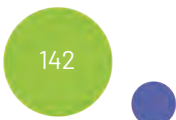
Sensitivity Analysis

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The table below illustrates the potential effect on the surplus or deficit and equity (excluding accumulated funds) for reasonably possible market movements, with all other variables held constant, based on the Council's financial instrument exposures at balance date.

Note 27 to come

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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.

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

- Reserves representing accumulating asset replacement provisions
- Reserves representing developer contributions towards assets and 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.

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Note 28 Purpose and Application of Special Funds and Reserves

Plant and 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 sale of Wairarapa Electricity shares 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 upgrade, Chapel Street stormwater line and Castlepoint seawall.

Reserves and 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, i.e. 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 Senior Housing, the District Building, Trust House Recreation Centre and parks and reserves buildings. Depreciation funds on these assets are accumulated in these funds and used for renewal expenditure as required.

Roading, Bridges and Flood Damage Funds

Most roading renewal expenditure is funded from rates and NZTA subsidies, but some funding for the 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 the 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, e.g. Wairarapa Combined District Plan project.

FINANCIAL REPORTS Ngā pūrongo putea

<i>Notes to the Accounts</i>					Note 28
MOVEMENTS IN SPECIAL FUNDS & RESERVES - 2022/23					
	Opening Balance	Transfers Out	Transfers In	Closing Balance	Budget
Plant & Equipment Funds	1,103,544	(420,586)	667,421	1,350,379	1,257,559
General Capital Funds	4,604,301	-	415,000	5,019,301	4,853,300
Investment Interest Fund	509,867	(505,000)	475,396	480,262	606,677
Reserves & Development Funds	1,886,934	(649,824)	1,441,813	2,678,923	2,214,033
Building Depreciation Funds	5,790,453	(1,912,948)	1,848,215	5,725,720	8,522,370
Roading, Bridges & Flood Damage	6,279,447	(4,158,732)	1,577,354	3,698,069	1,608,435
Urban Infrastructural Depreciation	6,115,229	(4,224,113)	3,648,488	5,539,605	5,416,099
Miscellaneous Funds	2,030,766	(2,355,972)	596,087	270,881	-1,649,751
Total	\$28,320,541	(14,227,176)	\$10,669,773	\$24,763,138	\$22,828,722
Analysis of Transfers 'OUT' of Funds & Reserves				Actual 2022/23	Budget 2022/23
Funding of Capital Expenditure from special funds & reserves				10,845,025	18,435,042
Funding of Operating Expenditure from special funds & reserves				3,382,151	3,703,048
				14,227,176	22,138,090
Analysis of Transfers 'IN' to Funds & Reserves					
Reserves & Development Contributions received				1,441,813	653,500
Infrastructure & Roothing Contributions received				2,078,003	3,054,998
Carry forward funding for on-going project commitments				361,555	203,002
Interest earned and retained in special funds				6,313	4,000
Interest earned and allocated to Investment Interest fund				475,396	231,000
				Sub Total	4,363,080
Depreciation funded into asset replacement reserves funds				5,850,700	6,151,023
Total of Transfers into funds from Operations				10,213,781	10,297,523
Proceeds from sale of plant & equipment assets				40,992	20,000
Proceeds from sale of land & building assets (including forestry harvested)				415,000	5,345,000
Total Transfers into funds from Asset Sales				455,992	5,365,000
				10,669,773	15,662,523

FINANCIAL REPORTS Ngā pūrongo putea

Notes to the Accounts

Note 28 (contd)

Special Funds & Reserves - Explanation of variances from Budget:

The balance of Special Funds & Reserves, at \$24.77 million, is \$1.94 million or 8.5% more than budgeted.

Plant & Equipment Fund of \$1.35m is 7.4% more than Plan

Several fleet vehicle replacements were delayed due to availability.

General Capital Funds \$5.02 million is \$166K or 3.4% more than Plan

The proceeds from the sale of the Bentley Street ex-Borough depot are reflected in the balance.

Reserves & Development Funds at \$2.7 million is \$465k or 21.8% more than Plan

Reserves Contributions received of \$1.44 million were 120% more than planned. Expenditure from these funds was \$429K less than budgeted largely due to not all sportfield building upgrades progressing.

Building Depreciation Funds \$5.7 million is 33% less than Plan or \$2.8 million

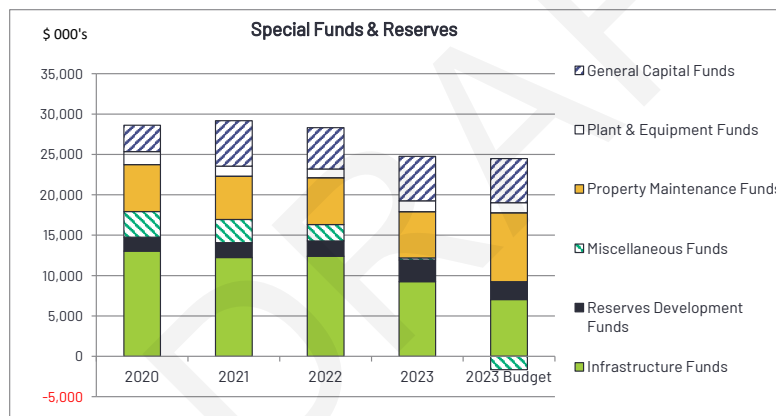
The sale of Panama land was planned and the proceeds expected to have been receipted into this fund. The land disposal was held up with the legal process so the closing balance is significantly less than planned.

Roading & Infrastructural Assets Funds \$9.2 million is \$2.2m more than planned

Financial contributions for roading were expected to be used on Millard Ave and Kitchener St upgrades, but both jobs have not progressed, but financial contributions from related developments have also not been received. Offsetting this net saving has been the need to draw on the Flood/Storm Damage fund to the extent of \$1.85 million versus the plan of \$512k. This fund's closing balance is -\$1.62 million. The Council share of the Colombo Road bridge replacement \$1.99 million was drawn from the Roothing depreciation fund. Urban infrastructure funds balance of \$5.5m is 2.3% more than planned. The balance of these funds declined by \$575k as more infrastructure renewals work was spent than was able to be funded from current revenue.

Miscellaneous Funds of \$271k compares to Planned balance of -\$1.65 million.

The use of carried forward balances during the year was \$565k less than planned with savings on the cost of the combined district plan review and not spending other carried forward balances to the extent planned. A total of \$1.355 million has been 'borrowed' to achieve the planned rates smoothing that was a feature of the LTP. The figure that was planned to be 'borrowed' from these reserve funds in 2022/23 was \$1.835 million. A total of \$2.395m currently needs to be repaid from current revenue over the balance of the 2021-31 LTP period.



Breakdown of the Infrastructure Funds		\$'000s
* 3 Waters depreciation and financial contributions		\$5,540
* Roothing depreciation and financial contributions		\$5,319
* Flood/Storm Damage Fund		(\$1,621)
		\$9,238



FINANCIAL REPORTS Ngā pūrongo putea

<i>Notes to the Accounts</i>		<i>Note 29</i>
\$	RECONCILIATION OF NET SURPLUS/(DEFICIT) TO NET CASH INFLOW	\$
2021/22	FROM OPERATING ACTIVITIES	2022/23
\$ 9,916,467	Operating Surplus / (Deficit)	\$ 10,559,466
	- Add (less) non-cash items	
14,527,220	Depreciation and amortisation	17,225,696
(1,723,633)	Vested asset gains	(5,440,267)
151,985	(Gains)/losses in fair value of biological assets (forestry)	(90,879)
-	(Gains)/losses in fair value of investment property	-
(144,263)	Other non-cash items	159,941
	- Add (less) items classified as investing or financing	
1,753,405	(Gains)/losses on disposal of property, plant & equipment	2,107,502
(3,453,234)	(Gains)/losses on change in fair value of financial assets/liabilities	(565,583)
	- Add (less) movements in working capital items	
(738,147)	(Increase)/decrease in receivables	(4,772,456)
46,050	(Increase)/decrease in prepayments	(79,699)
(601,307)	(Increase)/decrease in Inventories	179,002
46,667	Increase/(decrease) accounts payable	6,499,831
(17,563)	Increase/(decrease) in employee entitlements	52,320
(1,468,960)	Increase/(decrease) in other current liabilities	1,146,451
\$ 18,294,687	Net Cash Inflow from Operating Activities	\$ 26,981,324

<i>Notes to the Accounts</i>		<i>Note 30</i>	
RATING POLICIES REPORT			
RATES REMISSIONS		2022/23	2021/22
	No.	\$	No.
The cost of the Council's Rates Remission Policy is summarised below.			
Rates remissions were given on:			
Community halls, volunteer & charitable groups	64	94,261	65 88,676
Sporting, arts and cultural use	22	47,277	22 44,389
Land protected for conservation or heritage purposes	84	19,281	84 18,102
Rate penalty remissions*	3,765	437,146 *	3,618 367,439
Uniform charges on non-contiguous units	5	1,680	6 1,975
Urban land with rural use	4	4,647	6 5,928
Total (as per Note 3)	3,944	\$604,291	13,311 \$526,509
* 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. These relate to penalty remissions on 3,765 properties. Higher penalty remissions from last year are due to more people choosing to pay by direct debit.			
No estimate has been attempted to establish the value of rates revenue 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 spreading the rates required over more properties and other ratepayers' rates less.			
RATES POSTPONEMENTS - Subdivision Developments			
Under the Council policy on Rates Postponements for subdivision developments, zero (2022 = 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 2022/23, no properties (2021/22 = 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.			

FINANCIAL REPORTS Ngā pūrongo putea

Notes to the Accounts

Note 31

ACTUAL VERSUS PLAN ANALYSIS		2022/23	2022/23	2021/22
Treasury Policy	Policy Limit	Actual	Budget	Actual
Net External Debt* as % of Operating revenue	150%	42.2%	42.5%	39.9%
Net Interest expense as % of Op revenue	10%	2.1%	2.0%	3.1%
Net Interest expense as % of Rates revenue	15%	4.0%	3.6%	5.5%
Long Term Debt (external) per capita		\$1,783	\$1,903	\$1,724

* Net External Debt is defined as Financial Liabilities (including current), less current and term Financial Assets and Cash

Major Variations from Plan

Explanations for major variations in the Financial Statements from the 2022/23 Annual Plan are as follows:

Statement of Comprehensive Revenue & Expense

The accounting surplus of \$10.56 million compares to the budgeted figure of \$12.98 million surplus. After excluding Other Gains & Losses and Vested Assets, there was a net overall surplus of \$6.73m vs a Plan of \$8.62m.

Total Operating Revenue of \$79.9m is more than Plan by \$8.9 m 12.5%

* Revenue recognised but not budgeted includes gains from vested assets of \$5.44m and gains on revaluation of other assets of \$0.85m. After eliminating these and the budgeted gain on asset disposal, operating revenue is \$6.78m more than planned (+10.2%). This is largely the higher than planned revenue from Waka Kotahi (see below).

Subsidies & grants of \$20.6m was \$6.3m (43.8%) more than planned. The majority of this variance is due to Waka Kotahi roading subsidy of \$17.5m vs a Plan of \$10.4m - the extra being due to subsidies on storm damage costs incurred during the year (and not planned). Government funding towards Hood Aerodrome upgrade project was planned at \$3.5m but only \$0.4m was able to be claimed. Offsetting this were unplanned Other Government Grants for Three Waters 'stimulus' and 'better off' funding and a \$250k grant provided to use for cyclone relief grants.

* Financial contributions of \$3.7m were less than planned by \$0.17m, but more than last years \$2.87m. This result continues the trend of increasing contributions over the last three years and comes from the continuing high level of subdivision activity in the urban area.

* Finance revenue of \$1.0m was \$0.67m better than planned due to higher interest rates and interest earned on early drawn funds prior to use for debt repayment.

* Other operating revenue of \$10.36m was within 1% of budgeted. A number of unders and overs make up the close to plan result, including building services revenue being \$0.2m (12%) down, solid waste revenue being \$0.2m (5%) down and Mawley Holiday Park revenue was 25% up on the planned level.

Total Operating Expenditure of \$69.4m is more than Plan by \$11.30 m 19.4%

Personnel Costs are less than Plan by \$0.91 m -6.4%

* This is due to a number of budgeted positions not being filled for parts of the year.

Other Expenses of \$33.8m are more than Plan by \$7.50 m 28.5%

There were unders and overs of operating expenditure versus the budgeted levels, including:

* Roading costs, including depreciation, were \$6.6m (43.5%) more than planned. This variance is largely the result of storm damage response and cleanup costs of \$5.2m (unplanned). Waka Kotahi subsidy has been taken into account to fund a high proportion of this cost, but the Council has had to draw on the Flood Damage Reserve to fund the balance, leaving that reserve in deficit.

* Operating costs across the 3 waters, excluding depreciation, totalled \$9.6m (last year \$8.2m). This was 30% more than planned. Additional revenue of \$0.5m (including stimulus funding) helps offset some of this extra spending, but costs associated with responding to the weather events during the year have resulted in this significant over-expenditure. Less funds have been able to be put aside into depreciation reserves as a result of the higher operating costs.

* Solid waste costs were some \$248k (4.4%) less than budgeted due to lower waste tonnages received at the transfer station than planned. This is also reflected in the reduced revenue figures (down 5% on planned).

* Operating costs in the Community Facilities activities ran 2.3% below the level planned.

* Higher than planned expenditure in Community Development relates to cyclone relief grants, while in the Economic Development activity a grant to Pukaha was not planned, but was funded from external revenue.

* Across the Regulatory activities, they were 7.2% underspent, particularly Resource Mgmt. & Planning due to lower costs than budgeted on regional planning and a parking survey. Building Development costs were 9.7% less than planned due to cost savings being achieved as the volume of consents dropped off.

* Across the Corporate Services activities of the Council, operating cost savings of 4% have been achieved.

Finance costs more than Plan by \$0.83 m 48.5%

* Interest costs were more than planned due to pre-funding for a bond maturity, with the cost offset by interest earned on deposit of those early-drawn funds. Also, a short-term bank facility was drawn on for 3 months to balance cash flow needs following extraordinary costs incurred post-cyclone and before Waka Kotahi confirmed and paid subsidy funds.

Depreciation & amortisation is more than Plan by \$1.26 m 7.9%

* Depreciation increased following an unplanned fair value adjustment as at 30 June 2022 on infrastructural assets.

Other Losses more than Plan by \$2.62 m

* Other losses include writing off residual value of assets renewed (\$2.27m) and a loss of \$0.18m against the carrying value of the bond investment funds. Carbon credits on forestry assets also lost value.

Notes to the Accounts

Note 31 (contd)

ACTUAL VERSUS PLAN ANALYSIS

Statement of Financial Position as at 30 June 2023

- * Current assets of \$22.9m is \$5.9m higher than planned as there were more receivables, particularly Waka Kotahi roading subsidies on storm damage work.
- * Property, equipment and other assets are \$8.3m less than planned as a number of capital projects did not progress as expected, including the Animal Shelter, Youth Hub, sportsfield buildings, airport development and Panama land improvements.
- * Infrastructural assets are \$133.5m (16.1%) more than planned due to the revaluation of this class of assets being more than was anticipated in the Plan. The increase in value reflects the higher costs of replacing these assets in the current high inflationary environment.
- * In current liabilities, Creditors & other payables are \$13.76m which is 35.3% more than the last year due to the higher value of construction work underway at 30 June 2023. Employee liabilities have increased 4.8% on last year. This includes holiday pay liability increasing 0.3%.
- * The current financial liabilities Plan expected the valuation of derivatives to still be negative, but interest rate markets have moved to the extent that they have been revalued to now be assets.
- * Non-current financial liabilities are less than budgeted due to less borrowing for capital projects. The valuation of derivative financial instruments reflects the financial market-based valuation where these instruments are now 'in the money'.

Statement of Movements in Equity

- * Overall the Council's Equity is \$135.4m (14.4%) more than anticipated in the Plan largely due to the revaluation of infrastructural assets which was not anticipated in the plan.
- * Special funds and reserves are \$24.8m which is \$1.9m or 8.5% more than planned. Reasons include less drawing on depreciation and contributions funds than anticipated and greater flows into funds from developer contributions.

Statement of Cashflows

- * The net cashflow from Operating Activities of \$26.98m is 91.8% of the planned figure. This is due to the high level of receivables from Waka Kotahi at 30 June 2023.
- * Investing activities saw less capital expenditure than planned (\$32.5m vs \$41.9m). See explanations of capital expenditure variance below.
- * The Plan allowed for \$8.5m of external borrowing to fund capital expenditure. Only \$5.0m was needed to fund those loan-funded capital projects that did proceed. The repayment of loans that was planned was completed.

Capital Expenditure

- * Subsidised roading renewals were \$10.3m versus the Plan of \$11.6m, including the replacement of the eastern Colombo Road bridge over the Waipoua (costing \$4.17m). In addition, \$4.7m was spent on retaining structures as a result of damage from storm events. Further storm event spending is recorded in operating expenditure.
- * Two non-subsidised roading projects (Kitchener St extension and Millard Ave urbanisation) had \$4.99m allowed in the Plan, but only \$0.21m has been spent to date. The Council's cost share of these projects is still expected to come from Roading Contributions collected via the provisions of the Wairarapa Combined District Plan.
- * A total of \$3.3m was spent on urban water reticulation assets, including water meter installations. This compares to a Plan total of \$2.7m. The additional costs relate to several projects and contracts running over from the prior year. Some \$1.1m of loan funding was used, as planned and close to \$2.1m from depreciation reserves.
- * The Sewer renewal programme was stepped up during the year following a series of weather events that resulted in wastewater services disrupted and overflows on private properties. Infiltration of storm and ground water into sewers is the cause and so an increased focus on sewer renewal and relining was implemented, but has meant planned expenditure has been exceeded. Sewerage reticulation renewals totalled \$3.86m which included \$0.71m funded by Government 'Better Off Funding'. This compares to \$1.5m planned. A number of reticulation renewal contracts were able to be completed using pipe relining techniques. To fund this extra work, \$1.5m more debt has been raised for this activity than planned (substituted from other areas).
- * The stormwater upgrades programme spend was \$475k versus the plan of \$320k.
- * In Parks and Facilities the completion of the Waipoua pedestrian/cycle bridge was carried into the 2022/23 year (\$0.28m unplanned) while some renewal projects have not been able to be completed (recreation trails and sportsfield buildings in particular). The Archive was successfully moved into leased premises where shelving was installed (\$0.62m) as per budget. Pensioner housing renewals spending was only \$115k of a \$500k budget while no spending was incurred the upgrades to Panama land drainage as the land disposal and associated development have yet to be completed.
- * The Plan included a provision of \$300k to progress a new Civic/Events facility. Only \$186k was spent as the project was paused to re-focus following the October 2022 Council election.
- * The Airport upgrade capital project had a total of \$6.7m of capital expenditure allowed for in 2022/23 to progress both the runway widening and land purchase for the runway extension. The tendering process has taken longer than expected and the costs have escalated, causing a reset on the scope of work. As external (Government/Kanoa) funding is involved, that reset needed to be negotiated with Kanoa. Work done has included resurfacing the refueling area, design and tendering of the runway widening and reseal work and a land purchase has been committed. Construction work is now expected to be done in early 2024.
- * The new animal shelter project progressed with a revised design and tendering process underway. The contract has been let in September 2023 with a revised budget.
- * The youth hub at the skatepark was to be completed in 2022/23, but the supplier of the building went into liquidation and the Council has had to write off the investment to date. Also, the fleet vehicle budget was not fully spent as vehicle availability saw delays in delivery of replacements.
- * Vested Assets include the infrastructural assets from subdivisions that have been provided by developers (\$5.44m).

FINANCIAL REPORTS Ngā pūrongo putea

Notes to the Accounts		Note 32	
COMMITMENTS			
As at 30 June 2023			
This statement provides information about the funds that the Council is committed to spending on major contracts and projects and discloses information on contingent liabilities.			
Capital Commitments			
Activity	2023 No. Of Contracts	2023 \$	2022 \$
Roading	7	5,641,442	6,758,493
Water Services	7	1,584,429	1,423,352
Wastewater Services	10	1,392,177	294,818
Community Facilities - construction	0	0	105,820
	24	8,618,049	8,582,482
Capital commitments represent capital expenditure contracted for at balance date, but not yet incurred. There are 24 significant construction contracts in progress at 30 June 2023 (2022 = 22). These were:			
* Roading contracts in progress at 30 June 2023 include Gordon St and Kitchener St, and emergency slip repairs relating to the July 22 extreme weather event, Blairlogie Langdale retaining wall and Willow Brush Walls Recovery Project.			
* Ten wastewater reticulation renewal contracts were committed but not complete. These were Waltons Ave, Sussex St, Matai St, Bolton Rd, Worksop Rd, South Rd, High Street, Colombo Rd & Herbert St, Kuripuni St,			
* Seven water reticulation contracts were committed but not complete. These relate to work on Bannister Street, Queen Street, Cornwall St, Worksop Rd, Betts Avenue-Madden Place, Church St, Kitchener St			
Contract Commitments			
There were a number of professional and maintenance contracts commitments in operation at 30 June 2023.			
Professional services contracts commitments have been made for wastewater, roading, legal and community facilities. These are invoiced based on scheduled rates or on an hourly basis.			
Maintenance contract commitments have been made for roading, services, parks, and solid waste.			
In addition, there are facilities management contract commitments for the Recreation Centre and Mawley Park.			
Operating Lease Commitments (as a lessee)			
Council leases property in the normal course of its business. Two of these have reverted to monthly; the Wairarapa Archive and the Genealogy Centre at 79 Queen Street. The main Council customer service centre at 161 Queen Street lease was renewed in July 2021 for a term of five years. A short term lease of office space for a digitisation project and records storage was extended to November 2022. A new Archive lease on 3 Albert Street was started April 2022 for three years.			
Future aggregate minimum lease payments payable under non-cancellable operating leases are as follows:			
	2023	2022	
Not later than one year	228,006	241,782	
Later than one year and not later than five years	437,555	662,842	
Later than five years	0	0	
Total Non-cancellable operating leases	\$665,561	\$904,623	
There are no restrictions placed on the Council by any of the leasing arrangements.			
Operating Lease Commitments (as a lessor)			
In the course of it's business Council has a number of leases in place. Residential tenancies are not included as they have two weeks to one month notice periods. The non-cancellable leases include 20 for grazing, (2022 = 16), 15 sporting groups, including a mix of ground and building rentals (2022 = 15), 31 Airport sites (2022 = 31) and 15 other properties (2022 = 17). 47 of these leases expire in the next 12 months (2022 = 37), 16 within five years (2022 = 23) and 18 have a term greater than five years (2022 = 20).			
A number of leases are in the process of being renewed or are on year by year renewals. The current value of the future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:			
	2023	2022	
Not later than one year	476,181	467,726	
Later than one year and not later than five years	553,198	1,012,335	
Later than five years	407,941	609,268	
Total non-cancellable operating leases	\$1,437,321	\$2,089,329	

Notes to the Accounts

Note 33

CONTINGENT LIABILITIES and CONTINGENT ASSETS

As at 30 June 2023

Contingencies

Town Hall & District Building - Earthquake Prone Impairment

Comprehensive assessments of the earthquake rating of the Town Hall & District Building were received from a qualified structural engineer during 2016 and as a result of being below code, the older parts of the buildings were closed to the public and Council staff were relocated to alternate premises. A written report which provided remediation and strengthening options has been received and costed. The estimated cost of the work is between four and five times the value of the buildings. At 30 June 2022 the Council had consulted a number of times (via its Annual Plans and LTPs) on broad options for the future of the buildings. The 2021-31 LTP includes provision for a new civic facility on another site. The future of the Town Hall and District Building remains uncertain, but some action (demolition or strengthening) is required before 2026. The Council's main administration building is now Waiata House and the old buildings now are fully non-operational. A write-down to their impaired value was recognised in 2016/17.

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 was sold by the Council in 2022/23.

The Council purchased, for a nominal sum, a piece of land on the corner of Church St and Colombo Road. The site has some sub-soil contamination and subsidence problems and is used for passive recreation. One other site is in part Council ownership, part private. Studies have been commissioned by Council to establish that the level of contamination is not causing any threat to the current occupiers, but has accepted no liability for the site.

Local Government Funding Agency (LGFA) 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 these 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.

Court proceedings

- 1 As reported in the 2022 Annual Report three legal proceedings had been filed against the Council with respect to the Council's role in building consenting processes. One relates to structural issues with the Wairarapa DHB hospital which was built in 2006/07, the second relates to plumbing issues in the Glenwood Masonic Hospital and the third relates to a private house and the owner challenging whether Council staff executed a duty of care. The Glenwood Masonic Hospital claim has been withdrawn, while the private house claim is subject to the legal process. In the two current cases, there is currently no indication of the likelihood of Council's defence being successful or otherwise, so no financial provision has been made.
- 2 The Wairarapa Hospital claim (progressed to trial by Te Whatu Ora) was the subject of a four week High Court trial in August 2023. The judgement has yet to be released. Council and its insurers and legal representatives have strongly defended the claim. There is no indication of that defence being successful or otherwise, so no financial provision has been made.

FINANCIAL REPORTS Ngā pūrongo putea

Notes to the Accounts

Note 33 contd

CONTINGENT LIABILITIES and CONTINGENT ASSETS

As at 30 June 2023

Contingent Assets - insurance receivable

The Council has settled all claims brought against it by Masterton Trust Lands Trust with respect to structural issues they disputed with an engineering design company. The Council's insurers have reserved their decision with respect to accepting cover for one of the claims. A decision on the matter is subject to a legal decision of the Court of Appeal on a separate case, but one with similar facts to MDC's - ie weathertight issues were also challenged and insurance cover has been reserved. In the Council's view, the legal and settlement costs remain receivable from the insurers. There has been a decision by the Court of Appeal (in August 2023) in favour of the Council involved, which points to the potential for claiming legal and settlement costs back from insurers. The sums have yet to be

There were no other contingent assets.

Notes to the Accounts

Note 34

EVENTS AFTER BALANCE DATE

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

Legislation passed in December 2022 established four publicly owned water services entities to carry out responsibilities for the delivery of three water services and related assets and liabilities currently controlled by local authorities. A water services Bill to enable the transfer of these assets and liabilities to the water services entities, is currently before Parliament.

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

The national election in October 2023 has seen a change in government and created uncertainty about the water reforms as, at the time of writing, no government has been formed and changes to the previous regime's initiative have been signalled.

AUDIT AND COMPLIANCE He arotake pūtea me te tūtohu ture

AUDIT AND COMPLIANCE

He arotake pūtea me te tūtohu ture

[Section Cover Page]

STATEMENT OF COMPLIANCE AND RESPONSIBILITY

Compliance

The Council and management of the Masterton District Council confirm that all the statutory requirements in relation with the Annual Report have been complied in accordance with Clause 34 of Schedule 10 of the Local Government Act 2002, with the exception of the late adoption of the annual report as disclosed in *Note XX*.

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.

The service performance information has been prepared in accordance with the Public Benefit Entity Financial Reporting Standard 48 Service Performance Reporting.

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 as 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 as per the regulations for the year ended 30 June 2022, fairly reflect the financial position and operations of Masterton District Council.



Gary Caffell

Mayor

Kym Fell
Chief Executive



David Paris
Manager Finance

Date: November 2023

AUDIT AND COMPLIANCE He arotake pūtea me te tūtohu ture

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

TO THE READERS OF MASTERTON DISTRICT COUNCIL'S ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

The Auditor-General is the auditor of Masterton District Council (the District Council). The Auditor-General has appointed me, Jacques Du Toit, using the staff and resources of Audit New Zealand, to report on the information in the District Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the District Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the District Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

OUR AUDIT WAS COMPLETED LATE.

We completed our work on 24 May 2023. This is the date on which we give our report. We acknowledge that our audit was completed later than required by Section 98(7) of the Local Government Act 2002. This was due to an auditor shortage in New Zealand and the consequential effects of Covid-19.

OPINION ON THE AUDITED INFORMATION

In our opinion:

- the financial statements on pages 92 to 147:
 - present fairly, in all material respects:
 - the District Council's financial position as at 30 June 2022;
 - the results of its operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;
- the funding impact statement on page 82, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan;
- the statements of service performance on pages 18 to 75:
 - presents fairly, in all material respects, the District Council's levels of service for each group of activities for the year ended 30 June 2022, including:

AUDIT AND COMPLIANCE He arotake pūtea me te tūtohu ture

- the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
- the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
- complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 84 to 91, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's long-term plan; and
- the funding impact statement for each group of activities on pages 84 to 91, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long-term plan.

REPORT ON THE DISCLOSURE REQUIREMENTS

We report that the District Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 79 to 81, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council's audited information and, where applicable, the District Council's long-term plan.

EMPHASIS OF MATTER – UNCERTAINTY OVER THE WATER SERVICES REFORM PROGRAMME

Without modifying our opinion, we draw attention to Note 34 on page 147 which outlines developments in the Government's water services reform programme which will affect the District Council in future years.

Legislation passed in December 2022 established four publicly owned water services entities to carry out responsibilities for the delivery of three waters services and related assets and liabilities currently controlled by local authorities. A water services Bill to enable the transfer of these assets and liabilities to the water services entities, is currently before Parliament. Until the Bill is passed, the financial impact of the transfer on the District Council, remains uncertain.

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

BASIS FOR OUR OPINION ON THE AUDITED INFORMATION

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

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

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

AUDIT AND COMPLIANCE He arotake pūtea me te tūtohu ture

RESPONSIBILITIES OF THE COUNCIL FOR THE AUDITED INFORMATION

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

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

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

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

RESPONSIBILITIES OF THE AUDITOR FOR THE AUDITED INFORMATION

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists.

Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error.

Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

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

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

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

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

AUDIT AND COMPLIANCE He arotake pūtea me te tūtohu ture

conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the District Council to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.

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

OTHER INFORMATION

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 3 to 152 but does not include the audited information and the disclosure requirements.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

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

INDEPENDENCE

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

In addition to our audit of the audited information and our report on the disclosure requirements, we perform a limited assurance engagement related to the District Council's Debenture Trust Deed. Other than these engagements, we have no relationship with, or interests in, the District Council.

Karen Young

Audit New Zealand

On behalf of the Auditor-General

Wellington, New Zealand

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6.6 2024-2034 LONG-TERM PLAN UPDATE

File Number:

Author: Tania Madden, Acting Manager Strategy and Governance

Authoriser: Karen Yates, Manager Strategy and Governance

PURPOSE

The purpose of this report is to provide the Audit and Risk Committee with an update on progress with the development of the 2024-34 Long Term Plan.

RECOMMENDATIONS

That the Audit and Risk Committee

- i) Receives the 2024-34 Long-Term Plan update report.
- ii) Notes the risks identified in this report.

CONTEXT

Under section 93 of the Local Government Act 2002, councils are required to prepare and adopt a Long-Term Plan (LTP) every three years.

Section 93 of the LGA stipulates that the purpose of a long-term plan is to:

- describe the activities of the local authority; and
- describe the community outcomes of the local authority's district or region; and
- provide integrated decision-making and co-ordination of the resources of the local authority; and
- provide a long-term focus for the decisions and activities of the local authority; and
- provide a basis for accountability of the local authority to the community.

The LTP is Council's key planning document setting out council's strategic direction, activities and projects over a ten-year period, including services that will be provided, projects to be undertaken, how much will be spent, how it will be paid for and how performance and success will be measured.

The LTP process offers a timely mechanism for reviewing Council's services and activities, its financial policies, and for assessing/addressing any gaps or conflicts in our strategic direction.

Preparation of an LTP is a significant project that involves collaboration across all areas of council.

The 2024-34 LTP must be adopted by Council by **30 June 2024**.

DISCUSSION

In May 2023 the Audit and Risk Committee endorsed the scope of work, and noting it is not possible to comprehensively review all components of the LTP in one planning cycle, also endorsed three priorities for the 2024-34 LTP, being:

1. The Revenue and Policy Review.

2. Levels of Service Review.
3. Budget Review.

The three priority areas identified for full review as part of the 2024-34 LTP are:

1. Revenue & Finance Policy

The draft Revenue & Financing Policy (R & F Policy) was adopted for consultation on 18 October 2023. Further information is included in the adoption Report 4.1 available on the [Masterton District Council website](#).

Consultation launched on Friday 20 October, and closes on Monday 20 November 2023. At the time of writing 33 submissions had been received. Hearings are scheduled for 29 November 2023, and deliberations on proposed changes will be held as part of the Council meeting scheduled for 13 December 2023. New valuations from Quotable Value (QV) are also due in early December. Any policy implications resulting from the valuations will be considered early in 2024.

Council is consulting on a proposal to maximise user fees wherever possible, while ensuring they are fair and achievable. The impact of the proposal on fees and charges will be determined when the Council sets its fees and charges as part of the LTP process.

2. Levels of Service Review

Council committed to undertaking a full review of levels of service for the 2024-34 LTP, with the emphasis being on achieving efficient, effective and equitable service delivery that is appropriate for our community.

Asset Management Plans for infrastructure assets are currently being workshopped. Any potential changes in levels of service resulting from asset management discussions will be costed and considered through the budget review process. Any significant changes that are proposed will be consulted on.

Council workshopped levels of service for most other activity areas over May-July 2023. Key opportunities for potential change/improvement to be explored further include:

- Customer Services – needs and opportunities
- Community Development priorities
- Identification of land and rural halls that could be divested or repurposed
- Sports and Facilities – needs analysis and opportunities
- Street Tree Maintenance and Policy - review
- Playground Utilisation - needs and opportunities
- Public Toilet Facilities – utilisation and needs
- Grants Structure - review

The cost implications of any follow up action will be factored into budgets for Council consideration; and work that is confirmed will be programmed into the 2024-34 LTP and/or feedback will be sought as part of the LTP consultation process, noting any significant changes to levels of service must be consulted on.

3. Budget Review

Budget reviews are underway currently, with an initial draft budget scheduled to be shared with Council mid-December 2023. As noted, any options identified as part of the level of service review will be incorporated into the budget review, along with any other 'new or different' expenditure that is identified – e.g. if something new or different is required given legislative change or community growth/demand. Other drivers such as inflation assumptions and depreciation increases as a result of asset revaluations will also be identified and incorporated.

It is noted that Council has signalled a desire to minimise future rates impacts for our community, especially in the current economic climate and there will be an emphasis on identifying efficiencies/cost savings and providing the Council with options for prioritising revenue opportunities and spending.

Other Policy Reviews

In addition to the Revenue and Finance Policy, a range of other policies are scheduled for review as we develop the LTP. In May 2023 it was noted that other policy reviews will be targeted given they were reviewed as part of the 2021-31 LTP process.

The other policies scheduled for review are:

Policy:	Current Status:
Treasury Management Policy <ul style="list-style-type: none"> Liability Management Policy Investment Policy 	Review Complete - Reviewed by Audit & Risk in May 2023.
Development & Contributions Policy	Review early 2024
Postponement & Remission of Rates on Māori Freehold Land Policy	Currently being reviewed.
Rates Remission Policy	Reviewed with Revenue & Finance Policy
Rates Postponement Policy	Reviewed with Revenue & Finance Policy
Significance & Engagement Policy	Review has commenced. No substantive changes

	have been identified to date.
Asset Management Policy	Review Complete – Policy is included in this agenda for Audit and Risk endorsement.

Other LTP Work

The **Environmental Scan** was finalised in September 2023. A copy of the E-Scan will soon be available on the Council’s website in the LTP 2024-34 hub, which is currently being developed.

Updates on other LTP related work that is currently being progressed includes:

- **Forecasting Assumptions –**
 - **Climate change assumptions** have been workshopped with Council. A follow up workshop will be held to consider the implications for Council assets and activities, and the role of governance.
 - We initially indicated that revised **population and growth assumptions** would be workshopped with Council in June. That was then deferred to October given resourcing constraints in the Strategy & Governance team, and given the publication of the Housing and Business Capacity Assessment and the draft Future Development were pending. These documents are now available publicly and work on the growth assumptions is underway, noting there has been further delay given resource and capacity constraints in the Strategy & Governance team continue.
 - The BERL financial indicators are used as the basis for our **financial assumptions**. These have now been released and staff will review the financial assumptions as part of the budget review and assumption development process.
- **Asset Management Plans** for Roading, Solid Waste, Parks and Open Spaces and Property and Facilities are being progressed. Workshops have been held recently to consider the Roading and Three Waters AMPs, noting three waters AMPs were progressed by DIA with support from our team. Solid Waste, Parks and Open Spaces and Property and Facilities AMPs will be workshopped with Council through November 2023.
- A draft **Communications and Engagement Plan** for the 2024-34 LTP is being developed. This will be workshopped with Council and finalised once the key issues for consultation are confirmed.
- **Strategic Vision and Outcomes** for the 2024-34 LTP have been workshopped with Council. A new diagram of the strategic framework is being developed reflecting the strategic priorities Council have identified for the 2024-34 LTP (in no particular order):

- Progressing toward co-governance with mana whenua
- Growing community connections and mana/pride
- Improving our infrastructure
- Managing our growth and development well
- Improving our resilience through climate action
- Underpinned by key values of: Affordability; Equity; Mana/Pride; Trust and Accountability

These strategic priorities will support Council decision making when prioritising projects and budget for the 2024-34 LTP.

- A **Strategy Stocktake** is underway to assess how current strategies and policies align with Council's priorities, and to identify any gaps or conflicts. The assessment will be workshopped with Council.
 - Noting that the need to refresh (and most likely repurpose as a framework) *He Hiringa Tangata, He Hiringa Whenua* (Council's Wellbeing Strategy) has already been identified. This work will be scheduled for Year 1 of the 2024-34 LTP.

Over the next three months we will also:

- Review Council's **Infrastructure** and **Financial Strategies** – drawing on our Asset Management Plans and feedback from workshops to inform the Level of Service, Budget and Revenue and Finance Policy Reviews.
- Undertake a **targeted review** of Council's **performance measure** framework to reflect any changes to levels of service and/or investment that are confirmed, noting a full review was undertaken for the 2021-31 LTP.
- Confirm budgets and issues for consultation and begin drafting the **Consultation Document** to be adopted in March 2024.

Uncertainties and Assumptions

As previously reported, there are always uncertainties in an LTP process. Council's assumptions will acknowledge any uncertainties and how we have responded to those. We will use the best data or information that is available to us at the time a decision is required and will clearly state in our assumptions the data or information that we have relied upon and any potential limitations of that. We will also outline the potential consequences of, for example, higher or lower growth, inflation, interest rates etc.

For 2024 key uncertainties that have been identified to date include:

- Three Waters Reform – the recent general election has resulted in a change of government which currently presents some uncertainty regarding the future of the Three Waters Reform. We are considering how the LTP will reflect three waters while awaiting further direction from the new government.

- There is also the potential for other changes in policy given the change in government, which we will continue to monitor and respond accordingly.
- Economic uncertainty will impact our financial assumptions and cost estimates in particular. We will draw on BERL 2023 forecasts for our financial assumptions.
- Potential outcomes or implications of the Wairarapa Combined District Plan review process were signalled in May 2023. The proposed Plan is currently out for consultation, with hearings to be held in 2024. Any changes are unlikely to be confirmed for the 2024-34 LTP, but we will consider the proposed Plan in the development of the LTP.

LTP Project Risks

Risks and associated mitigation strategies identified by the project team were included in the May 2023 and August 2023 reports to the Audit and Risk Committee.

As reported previously, the key project risk currently is capacity to complete the work required for the 2024-34 LTP noting staffing shortages and vacancies and competing priorities in the Strategy and Governance team; the Finance team; and the Assets and Operations (A&O) team, noting the A&O team lead the development of AMPs and the Infrastructure Strategy.

The following actions have been undertaken to mitigate the risk to the LTP project:

- The Strategy & Governance Team have reprioritised the work programme to focus on LTP related work, noting some other work (such as non LTP related policy reviews) have been paused and/or deferred until current vacancies are filled.
- Contract support has been secured to lead the Revenue and Finance Policy workstream, and to support the review of Remissions on Māori Freehold Land Policy.
- The Senior Policy Advisor has been supporting work on the Parks and Open Spaces and Community Facilities AMPs, enabling the A&O team to prioritise work on the Roding, Three Waters and Solid Waste AMPs.
- Staff across all teams are working additional hours to progress the work needed to deliver the 2024-34 LTP and its component parts alongside the 2022/23 Annual Report.

SUMMARY OF CONSIDERATIONS

Strategic, Policy and Legislative Implications

Under the Local Government Act 2002 (LGA), councils are required to prepare and adopt a Long-Term Plan (LTP) every three years.

Section 93 of the LGA stipulates that the purpose of a long-term plan is to:

- describe the activities of the local authority; and
- describe the community outcomes of the local authority's district or region; and
- provide integrated decision-making and co-ordination of the resources of the local authority; and

- provide a long-term focus for the decisions and activities of the local authority; and
- provide a basis for accountability of the local authority to the community.

An audit of the LTP Consultation Document and the final LTP document are undertaken by Council's Auditors, Audit New Zealand, to ensure Council has complied with the requirements of the Act in developing its LTP.

Significance, Engagement and Consultation

The adoption of an LTP is a significant decision. The Local Government Act (LGA) requires Council to follow the Special Consultation Procedure (SPC) as prescribed in Section 83 of the LGA when adopting an LTP. The SCP requirements include adopting a Consultation Document, consulting for a period of at least one month and providing opportunities for our community to be heard.

Financial Considerations

Substantive resourcing is required to produce an LTP. This is primarily existing staff time with support from external consultants and legal advisors where necessary. Core project team members reflect the breadth of work and include staff from Finance, Policy, Asset Management, Communications and Community Development teams.

In addition to staff time, key costs include the cost of the audit process; any engagement and consultation that is undertaken; external consultant costs needed to support any element of the LTP process (eg asset management plan risk chapters); and support for any research or supporting information needed – e.g. to ascertain accurate costings for projects, to undertake condition assessments of assets etc.

Budget provisions across asset and corporate departments of Council total some \$270,000. These sums have been allowed for across the 2022/23 and 2023/24 Annual Plans. It includes the cost of the LTP audit which is expected to be close to \$100,000 and excludes staff time.

Implications for Māori

The communication and engagement plan will identify opportunities for iwi, hapū, marae, hapori Māori to contribute to the decision-making of the LTP 2024-34.

Communications/Engagement Plan

A communications and engagement plan is being developed for the 2024-34 LTP

Environmental/Climate Change Impact and Considerations

Climate change implications and actions will be considered as part of the development of the LTP 2024-34.

ATTACHMENTS

Nil

**6.7 THREE MONTHS TO DATE FINANCIAL REPORT QUARTER 1 2023/2024
(COVERING REPORT)**

File Number:

Author: David Paris, Manager Finance

Authoriser: Kym Fell, Chief Executive

EXECUTIVE SUMMARY

This document acts as a 'placeholder' for the report 'Three Months to Date Financial Report Quarter 1 2023/2024' which was unable to be completed in time for the circulation of the agenda due to the Finance Team dealing with audit queries in relation to the Annual Report over the past two weeks.

The report will be sent out to members under separate cover.

7 PUBLIC EXCLUDED

RESOLUTION TO EXCLUDE THE PUBLIC

RECOMMENDATIONS

That the public be excluded from the following parts of the proceedings of this meeting.

The general subject matter of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48 of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
<p>7.1 - Minutes of the Audit and Risk Committee Meeting held with the public excluded on 23 August 2023</p>	<p>s7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons</p> <p>s7(2)(c)(i) - the withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied</p> <p>s7(2)(c)(ii) - the withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest</p> <p>s7(2)(d) - the withholding of the information is necessary to avoid prejudice to measures protecting the health or safety of members of the public</p> <p>s7(2)(e) - the withholding of the information is necessary to avoid prejudice to measures that</p>	<p>s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7</p>

	<p>prevent or mitigate material loss to members of the public</p> <p>s7(2)(i) - the withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</p>	
7.2 - Health and Safety Quarterly Report	<p>s7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons</p>	<p>s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7</p>
7.3 - SLT Risk Discussion	<p>s7(2)(c)(i) - the withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied</p> <p>s7(2)(c)(ii) - the withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest</p>	<p>s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7</p>