



# **ATTACHMENTS**

**Extraordinary Council Meeting  
Under Separate Cover**

**Wednesday, 24 May 2023**



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# ANNUAL REPORT 2021/22

## PŪRONGO Ā TAU 2021/22



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MAYOR AND CHIEF EXECUTIVE'S FOREWORD Kōrero whakataki a te koromatua me te tūmuaki

## **MAYOR AND CHIEF EXECUTIVE'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.

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

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

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

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

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

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

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

MAYOR AND CHIEF EXECUTIVE'S FOREWORD Kōrero whakataki a te koromatua me te tūmuaki

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

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

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

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

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

It has been another busy and successful year.

Thank you for working with us.



**David Hopman**  
Chief Executive



**Gary Caffell**  
Mayor



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

# OUR VISION AND COMMUNITY OUTCOMES

## Te moemoeā me ngā hua a te hapori

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

### MASTERTON/WHAKAORI: 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, and Nuku Ora (previously Sport Wellington Wairarapa).

Community wellbeing projects and initiatives that were completed or progressed in 2021/22 (listed under the community outcome that they primarily contribute to) include:

#### An Engaged and Empowered Community

- Undertook a Representation Review, which included consultation with our community, to implement a Māori Ward for at least the 2022 and 2025 local body elections. As a result of the review, a Masterton-Whakaoriori General Ward was established to sit alongside the Masterton-Whakaoriori Māori Ward. Councillors will be elected from each of these Wards and at large, from across the whole district. The decision was also made to reduce the number of Councillors from ten to eight.
- Consultation on an amendment to the 2021-31 Long-Term Plan to enable Council to seek High Court permission to sell the vacant land at Panama Village for the development of public housing, and undertaking community engagement on levels of service to find out what service levels our community would like Council to consider changing in future.
- Continued support for the Rural Advisory Group and Refugee Resettlement steering group, and recruitment and appointment of a new Wairarapa Youth Council.
- Delivered a collaborative Youth Week project with Carterton and South Wairarapa District Councils, and a Youth Symposium to support SADD (Students Against Drink Driving).



OUR YEAR IN REVIEW Arotakenga o te tau

- Appointed a new Welcoming Communities Coordinator to develop our Welcoming Plan, funded by the Ministry of Business, Innovation and Employment (MBIE).
- Continued work on a new engagement framework for iwi, hapū, marae and hapori Māori.
- Delivered 389 activities and events at Masterton District Library, including Matariki celebrations and school holiday programmes. Assisted over 650 people to download the COVID-19 vaccine pass app, and delivered 65 digital courses attended by over 900 people.
- Worked with dog owners, the SPCA, and wider community to rehome 29 dogs and return 195 dogs to their owners.

**Pride in our Identity and Heritage**

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

**A Sustainable and Healthy Environment**

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

**A Thriving and Resilient Economy**

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



OUR YEAR IN REVIEW Arotakenga o te tau

### Efficient and Effective Infrastructure

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

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

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

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



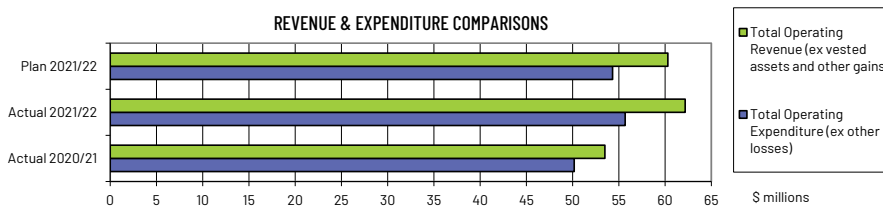
OUR YEAR IN REVIEW Arotakenga o te tau

**Overall Financial and Non-Financial Results**

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

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

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



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

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

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

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

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

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

- Through the 2021-31 LTP process Council resolved to make the vacant land at Panama Village on Ngaumutawa Road available for someone else to build public housing on. This year we have completed an LTP amendment that will enable Council to apply to the High Court for permission to sell the vacant land.





OUR YEAR IN REVIEW Arotakenga o te tau

- Funding for the Civic Facility project, which includes the Masterton District Library and Archive, was a topic for consultation in the 2021-31 Long-Term Plan (LTP). The Council's 2020/21 Annual Plan resolution committed to building a new civic centre. In June 2021, the Council confirmed a minimum of \$4 million external funding would be targeted, with the balance to be loan funded. During 2021/22 Council received updated cost estimates for the Civic Facility and agreed to undertake a review of the project to assist the new Council (elected in October 2022) to make a decision early in the new triennium regarding the future of this project.
- We also consulted on options for the Town Centre Revamp project as part of the 2021-31 LTP process. The decision was made to defer the start of significant work to 2024, and then proceed with the full Masterton Revamp programme of work over a 10-year period.

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

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

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

OUR YEAR IN REVIEW Arotakenga o te tau

## COVID-19 RESPONSE AND IMPACTS

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

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

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

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

## 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 committed to developing and maintaining positive working relationships with tangata whenua, taura here, and other Māori communities in 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 2019 election.

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

Council undertook a Representation Review to implement a Māori ward following Council's decision in May 2021 to establish a Māori ward for at least the 2022 and 2025 local elections. This will enhance representation for Māori in our district.

Our Pou Ahurea Māori completed a 12 month secondment to He Kāhui Wairarapa to support Provincial Growth Fund Marae Renovations for six Wairarapa Marae.

Council also continued with its own Marae Development grants, with 2021/22 funding being allocated to Tūmapūhia-ā-rangi Marae.

We have been working with Ngāti Te Korou Hapū to develop an interactive community space at the Ngāti Te Korou Reserve. The work with the Hapū also involves developing a training programme for maintaining native plants.

We also engaged with Iwi regarding the Whitipoua Bridge over the Waipoua River, which includes carved panels representing local stories related to the site. The bridge has since opened and is proving popular with our community.

In response to engagement with Iwi, Council identified an alternative location for a 24 hour RV dump station. Initially proposed to be located at Henley Lake, in response to Iwi feedback it was decided that the dump station would be located at Te Whiti Road instead.

### 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 review the Wairarapa Economic Development Strategy that was developed by the four Wairarapa Councils collectively.

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 commenced work on reviews of the Wairarapa Local Alcohol Policy, the Wairarapa Rangatahi Strategy and the Wairarapa Smokefree Policy.

OUR YEAR IN REVIEW Arotakenga o te tau

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



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 \$3.2 million, which has been recognised as revenue in the period to 30 June 2022. This is \$0.8 million more than what was collected in the previous financial year and \$1.7 million (117 per cent) more than planned.

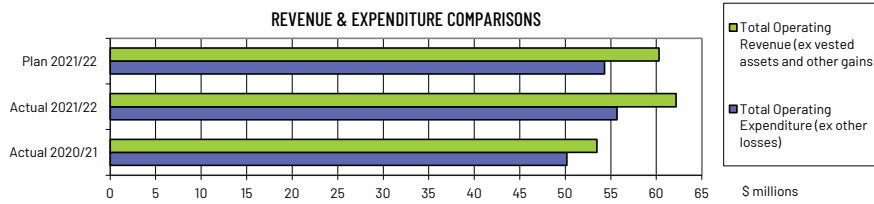
Financial contributions have been set aside as part of Special Funds and Reserves designated for parks and reserves development, infrastructure, and roading upgrades. The majority of these contributions are not specifically required to be spent on one locality or project, so have no residual liability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

OUR YEAR IN REVIEW Arotakenga o te tau

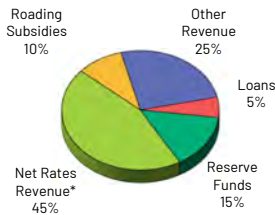
**FINANCIAL STATISTICS**

Last Year Actual 2020/21		Actual 2021/22		Budget 2021/22
\$ 65,004,764	<b>Total Expenditure</b>	<b>(incl Capital items)</b>	<b>\$ 77,868,616</b>	\$ 89,143,799
\$ 32,449,995	<b>Funded by:</b>	<b>Net Rates Revenue*</b>	<b>\$ 34,826,775</b>	\$ 34,741,289
\$ 7,293,321	Roading Subsidies		<b>\$ 7,496,860</b>	\$ 7,293,321
\$13,741,635	Other Revenue		<b>\$19,850,046</b>	\$ 18,272,490
\$ 845,357	Loans		<b>\$ 4,318,572</b>	\$ 16,340,767
\$ 10,674,456	Reserve Funds		<b>\$ 11,376,365</b>	\$ 12,495,932
\$ 65,004,764			<b>\$ 77,868,616</b>	\$ 89,143,799

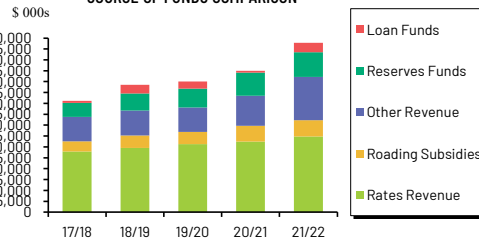
\*Includes Riversdale Beach sewerage scheme capital contributions



**SOURCE OF FUNDS 2021/22**

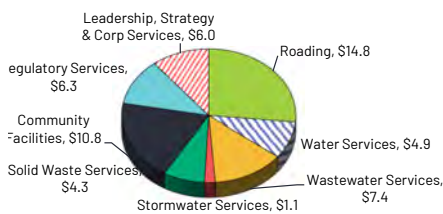


**SOURCE OF FUNDS COMPARISON**

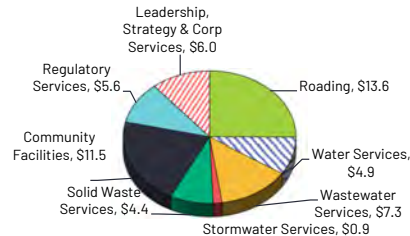


**OPERATING EXPENDITURE BY ACTIVITY**

**ACTUAL 2021/22 \$55.7 MILLION** Leadership, Strategy & Corp Services \$6.0



**BUDGET 2021/22 \$54.3 MILLION** Leadership, Strategy & Corp Services \$6.0

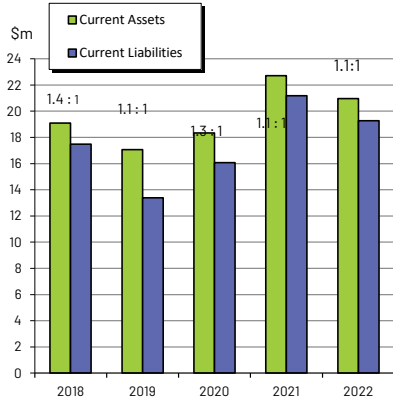


**Financial Ratios**

	2019/20	2020/21	2021/22	Budget 21/22
Current Ratio	1.1	1.1	1.1	0.9
Liquidity Ratio	1.1	1.1	1.0	0.9
Long Term Debt (external) per rateable property	\$4,023	\$3,834	<b>\$3,845</b>	<b>\$4,784</b>
Long Term Debt (external) per capita	\$1,988	\$1,796	<b>\$1,724</b>	\$2,145
Interest costs as % of rates revenue	7.6%	6.6%	<b>5.5%</b>	6.2%
Debt servicing costs as % of rates revenue	14.7%	14.6%	<b>13.2%</b>	13.8%
Reserve Funds as % of rates revenue	91.8%	90.2%	<b>81.4%</b>	73.9%
Investments (external) as % of rates revenue	80.5%	89.0%	<b>72.5%</b>	62.7%
Rates receivable as % of rates levied	1.5%	1.3%	<b>1.3%</b>	1.3%
Net External Debt as % of operating revenue	54.0%	36.8%	<b>39.9%</b>	67.0%

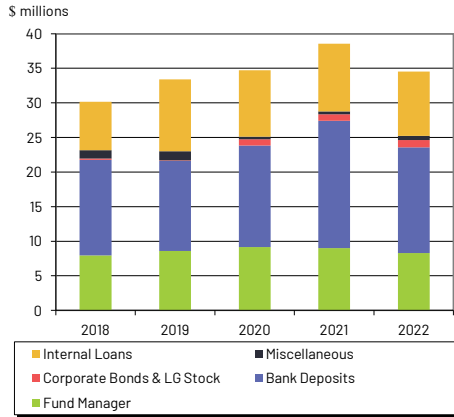
OUR YEAR IN REVIEW Arotakenga o te tau

**CURRENT ASSETS TO CURRENT LIABILITIES**

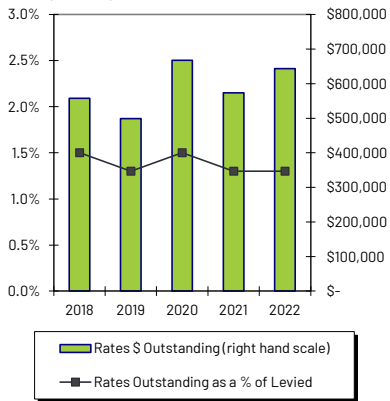


**FINANCIAL STATISTICS**

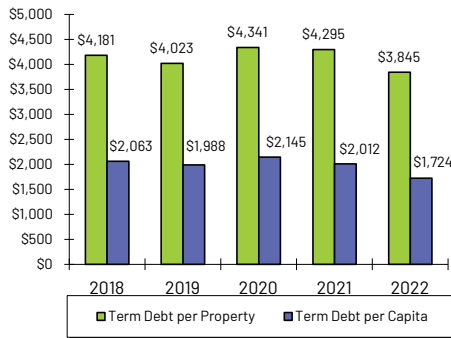
**INVESTMENTS**



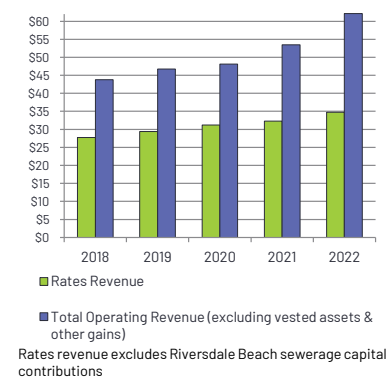
**RATES ARREARS**



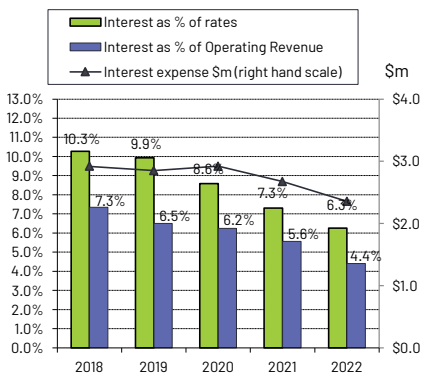
**TERM LIABILITIES (EXTERNAL) PER RATEPAYER AND PER CAPITA**



**RATES & TOTAL REVENUE**



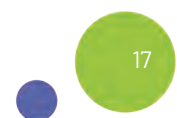
**INTEREST (EXTERNAL & INTERNAL) AS A % OF RATES REVENUE & OPERATING REVENUE**



STATEMENTS OF SERVICE PERFORMANCE Tauākī paearu mahi

# STATEMENTS OF SERVICE PERFORMANCE Tauākī paearu mahi

NEW SECTION PAGE - INSERT IMAGE





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 27 of our 43 targets (62.8 per cent) and did not achieve 16 targets (37.2 per cent).

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

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

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

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

#### COVID-19

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

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

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

- The number of in-person library visits was down in all quarters (compared to the average of approximately 37,000 per quarter for the last five years) but digital visits (in Quarter 1 in particular) and housebound visits

NON-FINANCIAL PERFORMANCE Paearu mahi kore putea

(especially in Quarter 2) were up compared to 5-year quarterly averages, resulting in the target being achieved overall at year end.

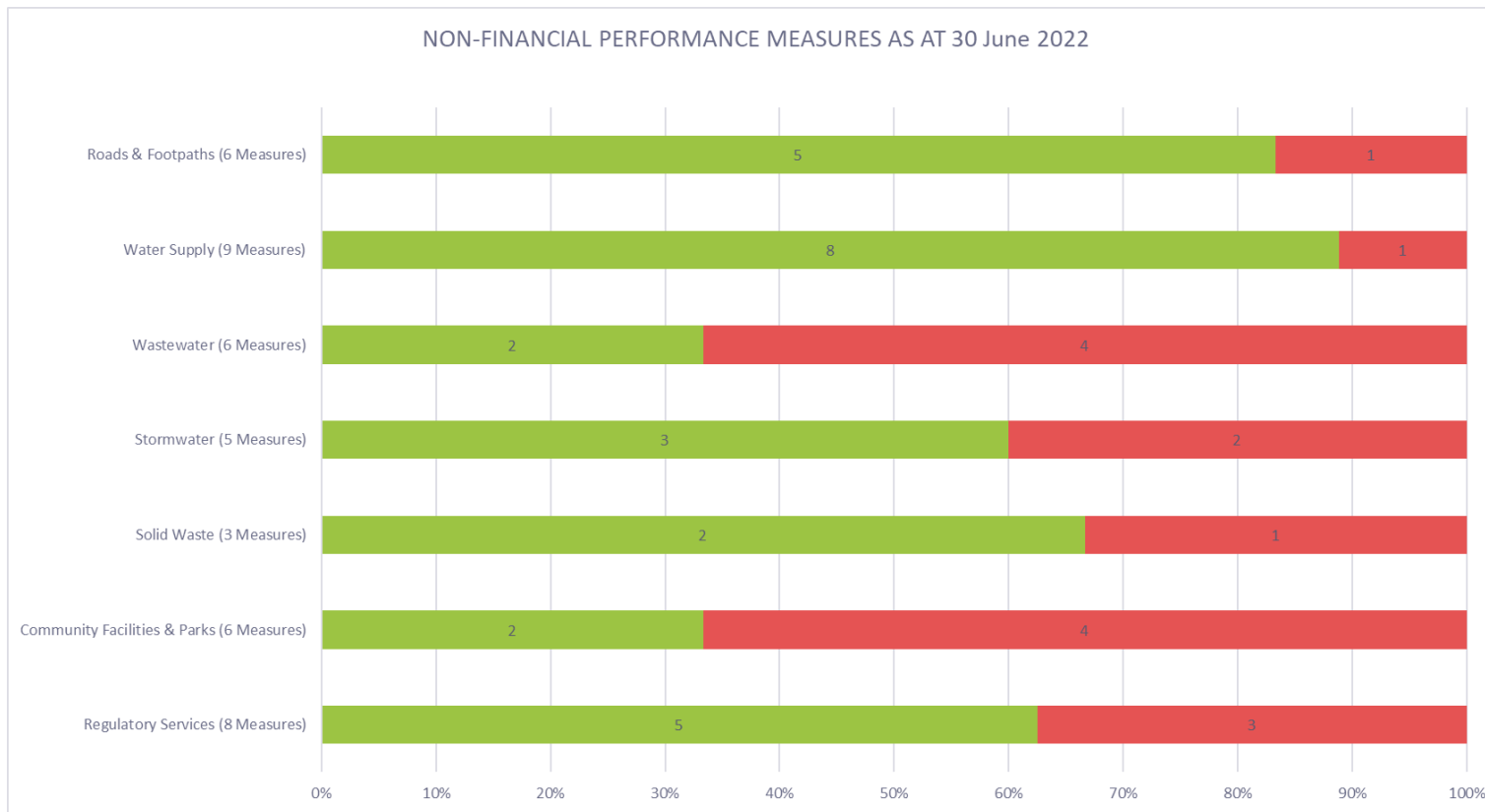
- The target for animal control community education and engagement activities was not achieved in Quarter 1 as sessions were cancelled due to COVID-19 restrictions. However, additional sessions were scheduled, and the team have turned the result around, exceeding their year-end target of eight sessions by year end.

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

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



NON-FINANCIAL PERFORMANCE Paearu mahi kore putea



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, traffic services, on and off-street parking and streetlights.

#### WHAT WE ACHIEVED IN 2021/22

During the year we have continued to focus on delivering projects and ongoing maintenance that improve our road network. Highlights and key activities from 2021/22 include:

- 24.7km of sealing activity was completed on the road network.
- 2.5km of sealed road pavement and 0.8km of unsealed road was rehabilitated.
- 12,489 cubic metres of unsealed metalling was completed.
- 165m of culvert and 798m of kerb and channel renewal work was completed.
- 1.6km of the sealed footpath network was resurfaced.
- Responding to the February 2022 rain event which resulted in major disruption to a range of rural roads including: Mataikona Road where there was a large slip, blockages and flooding; Masterton Stronvar Road where there was a shoulder drop-out; Upper Plain Road where there was flooding and scouring; Tinui Valley Road where road reinstatement from large landslips and drainage improvements is required; and Mangapurupuru and Mikimiki Roads where culverts required clearance due to slips.
- There were also a range of over slips that needed to be cleared, including on Opaki Kaiparoro Road, Blairlogie Langdale Road, Ngahape Road, Clellands Road, Masterton Stronvar Road, Homewood Road, and on Masterton Castlepoint Road.
- Work to renew the Colombo Road Bridge was also brought forward following the rain event as flooding and scouring damaged the bridge. Work on bridge replacement commenced in April 2022 and are on schedule to be completed in 2022/23.
- Several route safety projects have been completed to improve safety for both pedestrians and vehicles in the vicinity of Lakeview School, Fernridge School and sporting facilities on Colombo Road.

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

- Installing a new roundabout on Te Ore Ore Road at the intersection of Blair and Totara Streets. The roundabout will enhance safety for pedestrians and vehicles.
- Renewal of a retaining wall on Masterton Castlepoint Road at Taweru.
- Reviewing Council's Roading Procurement strategy which is a basic requirement of Council's funding agreement with Waka Kotahi. It was adopted by Council in February 2022 and endorsed by Waka Kotahi in May 2022. The Strategy details what is being tendered, the scope of works, release of contracts to the market and explain risks and how these will be mitigated.
- MDC have commenced work with other Councils in the region on the timing and development of a speed management plan as required by the government's new regulatory framework for speed management.

## HOW WELL WE PERFORMED

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

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

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

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

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

## COVID-19

Resourcing and supply lines disruptions as a result of COVID-19 have continued in creating a challenging environment for construction again in 2021/22. Some projects have been difficult to programme, plan, resource and fund such as sourcing materials for the construction of Colombo Road bridge. Resourcing issues have been exacerbated further by an exceedingly wet 2022 which has resulted in a significant increase in environmental and slip clearance work across the network. No financial impacts of COVID-19 have been evident outside of project delays and timing.

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

<b>What we do: Provide safe and well-maintained roading, footpath and on-road cycling networks</b>				
<b>Measure</b>	<b>2021-31 Target</b>	<b>2021/22 Result (Y1 of 2021-31 LTP)</b>	<b>2020/21 Result (Y3 of 2018-28 LTP)</b>	<b>2019/20 Result (Y2 of 2018-28 LTP)</b>
Number of fatalities and serious injury crashes on the local road network (MANDATORY MEASURE)	No more than the 5 year average  The five-year average (to 30/06/2021) was 1.6 fatalities and 10.2 serious injury crashes.  2018-28 Target:  Reduction in fatalities and serious injury crashes compared to previous year.	<b>Not Achieved</b>  One fatality and twelve serious injury crashes.	<b>Not Achieved</b>  No fatalities and twelve serious injury crashes.	<b>Achieved</b>  One fatality and nine serious injury crashes.  Overall, there was one less incident than in 2018/19. The number of serious crash injuries were the same as 2018/19, but there was one less fatality.
Average quality of ride on a sealed local road network, measured by smooth travel exposure (MANDATORY MEASURE)	Maintain or improve on 90 per cent	<b>Achieved</b>  94 per cent network smooth travel exposure (as at 30/6/22).	<b>Achieved</b>  91 per cent network smooth travel exposure (as at 30/06/21).	<b>Achieved</b>  92 per cent network smooth travel exposure (as at 30 June 2020).
Percentage of sealed local road network that is resurfaced (MANDATORY MEASURE)	Maintain within 5-7%	<b>Achieved</b>  5%  Resurfaced 28.5km of the total 534.5km sealed local road network	<b>Achieved</b>  5%  Resurfaced 26.4km of the total 532.5km sealed local road network.	<b>Achieved</b>  6.5%  Resurfaced 34.4km of the total 529.5km 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 per cent of footpaths are rated excellent, good or fair  2018-28 Target:  97 per cent of footpaths are rated excellent, good or fair.	<b>Achieved</b>  92 per cent  193km of 210km of the footpath network surveyed to June 2022 is condition rated excellent, good or fair.	<b>Not Achieved</b>  92 per cent  181.6km of 198.2km of the footpath network surveyed to June 2021 is condition rated excellent, good or fair.	<b>Not Achieved</b>  94 per cent  182.5km of 195km of the footpath network surveyed between 2016 and 2019 is condition rated excellent, good or fair.

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

<b>What we do: Provide safe and well-maintained roading, footpath and on-road cycling networks</b>				
<b>Measure</b>	<b>2021-31 Target</b>	<b>2021/22 Result (Y1 of 2021-31 LTP)</b>	<b>2020/21 Result (Y3 of 2018-28 LTP)</b>	<b>2019/20 Result (Y2 of 2018-28 LTP)</b>
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 per cent 2018-28 Target: 95 per cent	<b>Achieved</b> 99.6 per cent 283 out of 284 urgent requests were responded to within two days.	<b>Achieved</b> 99.7 per cent. 360 out of 361 urgent requests were responded to within two days.	<b>Achieved</b> 99.7 per cent. 347 of 348 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 per cent 2018-28 Target: 80 per cent	<b>Achieved</b> 91.5 per cent 762 out of 833 non-urgent requests responded to within specified timeframes.	<b>Achieved</b> 91.3 per cent. 705 out of 772 non-urgent requests were responded to within specified timelines.	<b>Not Achieved</b> 69 per cent. 515 of 749 non-urgent requests were responded to within specified timelines.



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

## COST OF SERVICE STATEMENT

Roads, Streets, Footpaths & Parking Areas				
2020/21			2021/22	2021/22
Actual			Actual	Budget
\$	Operating Costs		\$	\$
5,732,418	Road maintenance - subsidised ***		7,227,697	5,874,177
2,338,800	Road maintenance - non subsidised		1,260,870	1,268,664
6,208,023	Depreciation		6,314,758	6,470,022
<b>14,279,241</b>			<b>14,803,325</b>	<b>13,612,863</b>
Operating Revenue				
3,256,417	Waka Kotahi (NZTA) subsidy (on maint.)*		3,684,943	2,885,024
206,995	Local authority petrol tax		186,664	190,000
635,859	Roading contributions (ex developers)		746,268	375,000
1,015,500	Other recoveries		51,798	73,147
<b>5,114,771</b>			<b>4,669,673</b>	<b>3,523,171</b>
1,019,859	Transfers to reserves		1,341,268	375,000
(484,923)	Transfers from reserves		(685,343)	(469,000)
48,308	Provision for loan repayments		58,121	56,883
(5,468,728)	Depreciation not rates funded**		(5,708,600)	(5,708,600)
<b>4,278,985</b>	<b>Rates Requirement (Operational)</b>		<b>5,139,098</b>	<b>4,343,975</b>

\* 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 NZTA subsidies.

\*\*\* Note the 2020/21 plan has been restated so the Flood damage provision is now included in Road maintenance - subsidised

Roads, Streets, Footpaths & Parking Areas				
Rates Requirement Summary				
2020/21			2021/22	2021/22
Actual	Activity		Actual	Budget
\$			\$	\$
5,317,398	Subsidised roading		6,356,206	5,985,730
1,114,596	Non-subsidised roading (urban)		1,140,705	1,134,210
331,377	Non-subsidised roading (rural)		211,749	214,998
<b>\$6,763,371</b>	<b>Rates Requirement</b>		<b>\$7,708,660</b>	<b>\$7,334,938</b>



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

**Roads, Streets, Footpaths & Parking Areas**

**Capital Expenditure Summary**

2020/21 Actual \$		2021/22 Actual \$	2021/22 Budget \$
	<b>Roading</b>		
2,741,921	Asset renewals - Rural programme	3,111,656	3,529,940
1,859,717	Asset renewals - Urban programme	1,701,024	1,478,900
12,707	Asset renewals - Bridges	24,624	0
532,371	Urban footpath upgrades (subsidised)	144,844	549,000
241,649	Car park renewals & signage	210,584	85,000
42,432	Carpark lighting - sAGety initiative	66,999	17,792
1,419,834	Roading minor improvement projects	1,160,480	1,293,500
259,189	CBD upgrade (Town Centre project)	92,607	100,000
2,172	Colombo Road, Waipoua bridge	232,669	285,000
192,767	Under veranda lighting renewals	160,305	70,000
0	Gordon Street - urbanisation project	1,391,313	500,000
12,914	Millard Ave - urbanisation project	76,549	15,000
	Kitchener Street to Gordon Street	27,500	0
0	CBD recycling bins	0	10,000
4,080	Cycleways	0	70,000
0	Matakona front hill upgrade	0	200,000
0	What's Our Welcome- North Entrance	56,691	231,000
0	What's Our Welcome- South Entrance	97,711	121,000
0	Chamberlain Road upgrade	48,012	325,000
295,154	Retaining structures (emergency response)	198,724	-
1,271,860	Vested roading assets ex subdivision	700,732	-
532,528	Vested assets - road reserve land	288,515	-
<b>9,421,296</b>		<b>9,791,540</b>	<b>8,881,132</b>
	<b>Capital Funding</b>		
(4,036,904)	Waka Kotahi (NZTA) subsidy (on renewals)	(3,811,917)	(2,933,257)
(836,429)	Transfers from reserves	(1,833,009)	(1,576,912)
-	External contrib.	(340,797)	-
(1,804,388)	Vested assets (ex developers)	(989,247)	-
(259,189)	Loan funds	(247,009)	(1,380,000)
<b>(6,936,911)</b>		<b>(7,221,978)</b>	<b>(5,890,169)</b>
<b>\$2,484,385</b>	<b>Rates Requirement (Capital)</b>	<b>2,569,562</b>	<b>\$2,990,963</b>

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 2021/22**

Highlights and key activities from 2021/22 include:

- 4.16 billion litres of safe drinking water supplied to the community.
- Renewed water mains to prevent water loss through leakage.
- Access provided to a separate fluoride-free water supply.
- Continued smart water meter installations, with 7,100 meters now installed.
- Purchased land to expand water storage at the Kaituna water treatment plant for our community.

### **HOW WELL WE PERFORMED**

Eight of the nine performance measures for this activity (89 per cent) were achieved in 2021/22. The one not achieved relates to a minor technical non-compliance with drinking water quality protozoal standard - on 4 out of 365 days the filtered turbidity exceeded 0.1 NTU for more than 1% of the time.

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

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

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

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

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

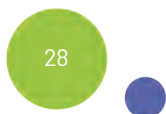
Urban water supply operating costs of \$4.4 million were very close to planned (1.2 per cent more). Three Waters stimulus funding has been utilised to fund some pipe stock and trunk main upgrade design costs. Contractor availability has continued to impact our ability to complete all work in 2021/22,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

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

**COVID-19**

Water is an essential service. The Masterton urban supply treatment plant has continued to operate through all Alert Levels with appropriate pandemic protocols.

What we do: Deliver safe drinking water efficiently and effectively to urban households				
Measure	2021-31 Target	2021/22 Result (Y1 of 2021-31 LTP)	2020/21 Result (Y3 of 2018-28 LTP)	2019/20 Result (Y2 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/1,000 connections.  2018-28 Target: Less than or equal to 6 complaints/1,000 connections.	<b>Achieved</b> 2.37 complaints/1000 connections (23 complaints).	<b>Achieved</b> 2.45 complaints/1,000 connections (23 complaints).	<b>Achieved</b> 3 complaints/1,000 connections (27 complaints).



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

<b>What we do: Deliver safe drinking water efficiently and effectively to urban households</b>				
<b>Measure</b>	<b>2021-31 Target</b>	<b>2021/22 Result (Y1 of 2021-31 LTP)</b>	<b>2020/21 Result (Y3 of 2018-28 LTP)</b>	<b>2019/20 Result (Y2 of 2018-28 LTP)</b>
Response time to call-outs to a fault or unplanned interruption to MDC's networked reticulation system:				
a) attendance at urgent callouts (from notification to arrival on site) (MANDATORY MEASURE)	60 minutes or less 2018-28 Target: Less than or equal to 6 complaints/1,000 connections.	<b>Achieved</b> 38 minutes	<b>Achieved</b> 34 minutes	<b>Achieved</b> 15 minutes
b) resolution of urgent callouts (from notification to confirmation of resolution) (MANDATORY MEASURE)	480 minutes or less 2018-28 Target: 480 minutes or less	<b>Achieved</b> 137 minutes	<b>Achieved</b> 102 minutes	<b>Achieved</b> 25 minutes
c) attendance at non-urgent callouts (from notification to arrival on site) (MANDATORY MEASURE)	7 days or less 2018-28 Target: 7 days or less	<b>Achieved</b> 53 minutes	<b>Achieved</b> 119 minutes	<b>Achieved</b> 47 minutes
d) resolution of non-urgent callouts (from notification to confirmation of resolution) (MANDATORY MEASURE)	3 months or less 2018-28 Target: 3 months or less	<b>Achieved</b> 115 minutes	<b>Achieved</b> 172 minutes	<b>Achieved</b> 86.5 minutes

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

<b>What we do: Deliver safe drinking water efficiently and effectively to urban households</b>				
Measure	2021-31 Target	2021/22 Result (Y1 of 2021-31 LTP)	2020/21 Result (Y3 of 2018-28 LTP)	2019/20 Result (Y2 of 2018-28 LTP)
Council's drinking water supply complies with:				
a) Part 4 of the Drinking Water Standards (bacteria compliance criteria) (MANDATORY MEASURE)	Fully compliant 2018-28 Target: Fully compliant	<b>Achieved</b> Fully compliant	<b>Achieved</b> Fully compliant	<b>Achieved</b> Fully compliant
b) Part 5 of the Drinking Water Standards (protozoal compliance criteria) (MANDATORY MEASURE)	Fully compliant 2018-28 Target: Fully compliant	<b>Not Achieved</b> 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.	<b>Achieved</b> Fully compliant	<b>Achieved</b> Fully compliant
Percentage of real water loss from MDC's reticulation system (calculated using minimum night flow) (MANDATORY MEASURE)	Year 1: No more than 37 per cent 2018-28 Target: Reduction on previous year	<b>Achieved</b> 32.5 per cent	<b>Achieved</b> 34 per cent	<b>Not Achieved</b> 37 per cent
Average consumption of drinking water per day per resident within the district (MANDATORY MEASURE)	Year 1: No more than 601 litres/person/per day 2018-28 Target: Reduction on previous year.	<b>Achieved</b> 578 litres/person/day.	<b>Not Achieved</b> 639 litres/person/day.	<b>Achieved</b> 601 litres/person/day.



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

**COST OF SERVICE STATEMENT**

Urban Water Supply			
2020/21 Actual \$		2021/22 Actual \$	2021/22 Budget \$
	<b>Operating Costs</b>		
1,328,810	Water treatment costs	1,544,512	1,555,855
1,159,313	Water reticulation costs	1,274,620	1,211,166
1,523,912	Depreciation	1,558,455	1,560,351
<b>4,012,034</b>		<b>4,377,587</b>	<b>4,327,372</b>
	<b>Operating Revenue</b>		
372,214	User charges & other revenue	659,494	462,600
100,500	Internal Recoveries	102,600	102,600
<b>472,714</b>		<b>762,094</b>	<b>565,200</b>
	<b>Appropriations</b>		
-	Transfer from reserves	(100,000)	(100,000)
-	Transfer to reserves - for stimulus-funded pipe stock	142,951	-
172,070	Provision for loan repayment	186,454	194,321
(245,000)	Reverse depreciation	(244,300)	(264,300)
<b>\$3,466,390</b>	<b>Rates Requirement</b>	<b>\$3,600,598</b>	<b>\$3,592,193</b>

Rural Water Supplies			
2020/21 Actual \$		2021/22 Actual \$	2021/22 Budget \$
	<b>Operating Costs</b>		
273,632	Rural water supplies & races	543,788	587,149
118,349	Depreciation & decline in service	120,554	125,164
<b>391,981</b>		<b>664,342</b>	<b>712,312</b>
	<b>Operating Revenue</b>		
<b>248,071</b>	Rural water scheme charges & 3 waters stimulus funding	<b>532,182</b>	<b>514,318</b>
	<b>Appropriations</b>		
(19,425)	Transfer from reserves	-	-
23,454	Transfer to reserves	4,137	-
6,245	Provision for loan repayment	6,538	6,539
(25,868)	Reverse depreciation	(26,000)	(80,500)
<b>\$128,316</b>	<b>Rates Requirement</b>	<b>\$116,835</b>	<b>\$124,033</b>

Water Supplies			
Rates Requirement Summary			
2020/21 Actual \$	Activity	2021/22 Actual \$	2021/22 Budget \$
3,466,390	Masterton urban water supply	3,600,598	3,592,193
52,826	Tinui water supply	35,139	42,566
63,633	Opaki water race	72,153	61,763
11,858	Miscellaneous rural water costs	9,544	19,704
<b>\$3,594,707</b>	<b>Rates Requirement</b>	<b>\$3,717,433</b>	<b>\$3,716,226</b>

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

Water Supplies				
Capital Expenditure Summary				
2020/21 Actual		2021/22 Actual	2021/22 Budget	
\$		\$	\$	\$
	<b>Urban water treatment</b>			
86,049	Water treatment plant & equip. renewals	115,444	270,000	
-	Water treatment - buildings & grounds	-	20,000	
74,745	Water treatment SCADA & electrical - stimulus project	18,829	60,000	
69,112	Water treatment sludge handling upgrade	-	800,000	
-	Purchase land future water storage	2,467,144	-	
-	Fish Inlet - Stimulus project	0	70,000	
-	Generator load bank - Stimulus project	0	45,000	
-	Water treatment - filter refurbishment	-	-	
-	Water take consent renewal	-	50,000	
-	Reseal access road WTP	-	-	
<b>229,905</b>		<b>2,601,417</b>	<b>1,315,000</b>	
	<b>Urban water reticulation</b>			
1,079,823	Water mains renewals	454,856	1,700,000	
-	Water main renewal - stimulus project	775,605	600,000	
71,787	Water connections replacements	5,169	200,000	
515,750	Water meters installation - part project	494,260	1,350,000	
3,458	Treated water storage - Nikau Heights			
	Lansdowne - stimulus project	457,584	796,500	
3,143	bulk tanker water supply terminal construction - stimulus project	0	82,000	
1,050	Water mains extension - Millard Ave	0	0	
273,128	Assets vested from developers	155,360	-	
<b>1,948,140</b>		<b>2,342,835</b>	<b>4,728,500</b>	
	<b>Rural water reticulation</b>			
10,629	Wainuioru water supply renewals	25,621	30,000	
-	Wainuioru Water supply - UV system and filters - stimulus project	303,782	680,000	
-	Opaki water race consent renewal	-	30,000	
45,841	Emergency package tmt plant - in progress	26,720	0	
3,433	Castlepoint water supply upgrade	3,382	-	
<b>59,903</b>		<b>359,504</b>	<b>745,000</b>	
<b>2,237,948</b>	<b>Total Water Supplies capital expenditure</b>	<b>5,303,756</b>	<b>6,788,500</b>	
	<b>Capital Funding</b>			
(430,703)	Loan funds	(2,961,404)	(2,660,000)	
(89,744)	External funds	(1,555,800)	(2,333,500)	
(273,128)	Assets vested by subdividers	(155,360)	-	
(1,444,374)	Transfer from reserves	(631,192)	(1,795,000)	
<b>(2,237,948)</b>		<b>(5,303,756)</b>	<b>(6,788,500)</b>	

WASTEWATER SERVICES Ratonga wai paru

# WASTEWATER SERVICES

## Ratonga wai paru



### WHAT WE DO

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

### WHAT WE ACHIEVED IN 2021/22

Key achievements in 2021/22 include:

- Responding to the February 2022 record rain event where there was a total of 190 mm of rain in a 48 hour window, and 350 mm over the full month of February. The sewer network was overwhelmed in some locations with 61 portaloos deployed where sewer systems were not able to discharge into the network. There were very high levels of customer enquiries and requests during the event which occurred over a weekend.
- Renewed sewer main renewals completed to support performance of our wastewater system.
- Progressed wetlands development, and investment in irrigation systems at the Homebush Wastewater Treatment Plant.

### HOW WELL WE PERFORMED

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

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

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

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

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



WASTEWATER SERVICES Ratonga wai parū

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

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

**COVID-19**

Wastewater is an essential service and the reticulation and treatment plants have continued to operate through all Alert Levels with appropriate protocols. Renewal contracts were suspended during Level 4 in 2021/22. COVID-19 has contributed to challenges in 2021/22, such as increasing prices for some materials and the availability of materials due to supply issues. Some contractors have also experienced challenges with skill/labour shortages, also related to COVID-19.

<b>What we do: Deliver safe and acceptable systems for the collection, transfer, and disposal of wastewater</b>				
<b>Measure</b>	<b>2021-31 Target</b>	<b>2021/22 Result (Y1 of 2021-31 LTP)</b>	<b>2020/21 Result (Y3 of 2018-28 LTP)</b>	<b>2019/20 Result (Y2 of 2018-28 LTP)</b>
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/ 1,000 connections.  2018-28 Target: Less than or equal to 8 complaints/ 1,000 connections.	<b>Not Achieved</b> 15.95 complaints/1000 connections (152 complaints).	<b>Achieved</b> 7.34 complaints/ 1,000 connections (69 complaints).	<b>Achieved</b> 5.22 complaints /1,000 connections (47 complaints).
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	<b>Achieved</b> 131 minutes (2.18 hours)	<b>Achieved</b> 27 minutes	<b>Achieved</b> 32 minutes
b) resolution (from time of notification to the time service personnel confirm resolution) (MANDATORY MEASURE)	12 hours or less	<b>Not Achieved</b> 1084 minutes (18.07 hours)	<b>Achieved</b> 139 minutes	<b>Achieved</b> 143 minutes



WASTEWATER SERVICES Ratonga wai parū

<b>What we do: Deliver safe and acceptable systems for the collection, transfer, and disposal of wastewater</b>				
<b>Measure</b>	<b>2021-31 Target</b>	<b>2021/22 Result (Y1 of 2021-31 LTP)</b>	<b>2020/21 Result (Y3 of 2018-28 LTP)</b>	<b>2019/20 Result (Y2 of 2018-28 LTP)</b>
Number of dry weather sewerage overflows from MDC's sewerage system (expressed per 1,000 connections to the system) (MANDATORY MEASURE)	Less than or equal to 2/1,000 connections.	<b>Achieved</b> 1.15/1,000 connections  (11 complaints)	<b>Achieved</b> 0.96/1,000 connections.  (9 complaints)	<b>Achieved</b> 1.22/1,000 connections.  (11 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 per cent compliance.	<b>Not Achieved</b> One infringement received.	<b>Achieved</b> 100 per cent compliance.	<b>Achieved</b> 100 per cent compliance.
Alternative system provided where loss of service exceeds 24 hours	Less than or equal to 1/1,000 connections.	<b>Not Achieved</b> 6.4/1000 connections  Sixty-one portaloos provided.  Portaloos were deployed due to the February 2022 heavy rain event.	<b>Achieved</b> 0.64/1000 connections  Six portaloos provided.  Three portaloos were deployed in November 2020 and another three in June 2021 due to heavy rain.	<b>Achieved</b> 0/1,000 connections.  No portaloos were deployed.  No loss of service exceeded 24 hours.

WASTEWATER SERVICES Ratonga wai paru

**COST OF SERVICE STATEMENT**

<b>Wastewater Services - urban</b>			
<b>2020/21</b>		<b>2021/22</b>	<b>2021/22</b>
<b>Actual</b>		<b>Actual</b>	<b>Budget</b>
<b>\$</b>	<b>Operating Costs</b>	<b>\$</b>	<b>\$</b>
1,279,048	Sewerage reticulation	1,973,914	1,736,920
2,558,262	Wastewater treatment	2,400,589	2,402,054
2,444,524	Depreciation	2,416,475	2,530,705
<b>6,281,834</b>		<b>6,790,978</b>	<b>6,669,679</b>
	<b>Operating Revenue</b>		
477,492	User charges & other revenue	1,278,982	1,001,440
8,000	Internal Recoveries	8,000	8,000
<b>485,491</b>		<b>1,286,982</b>	<b>1,009,440</b>
	<b>Appropriations</b>		
(122,500)	Transfer from reserves	(30,000)	(70,000)
2,128,652	Provision for loan repayments	2,151,877	2,151,877
(1,385,000)	Reverse depreciation not rates funded	(1,070,000)	(1,200,000)
<b>\$6,417,495</b>	<b>Rates Requirement</b>	<b>\$6,555,873</b>	<b>\$6,542,116</b>

<b>Wastewater Services - rural schemes</b>			
<b>2020/21</b>		<b>2021/22</b>	<b>2021/22</b>
<b>Actual</b>		<b>Actual</b>	<b>Budget</b>
<b>\$</b>	<b>Operating Costs</b>	<b>\$</b>	<b>\$</b>
114,073	Castlepoint sewerage scheme	100,430	106,087
190,697	Riversdale sewerage scheme	172,939	183,656
18,179	Tinui sewerage scheme	12,956	17,765
382,838	Depreciation	386,082	385,639
<b>705,787</b>		<b>672,407</b>	<b>693,147</b>
	<b>Operating Revenue</b>		
114,075	Capital Contribution & other revenue	189,450	123,000
16,524	Internal Recoveries	35,000	30,154
<b>130,599</b>		<b>224,450</b>	<b>153,154</b>
	<b>Appropriations</b>		
(64,000)	Transfer from reserves	(50,000)	(55,000)
193,875	Loan Repayment	153,908	153,908
(263,068)	Reverse depreciation not rates funded	(189,702)	(277,000)
<b>\$441,995</b>	<b>Rates Requirement (Operational)</b>	<b>\$362,163</b>	<b>\$361,901</b>

WASTEWATER SERVICES Ratonga wai parū

**Wastewater Services**

**Rates Requirement Summary**

2020/21		2021/22	2021/22
Actual		Actual	Budget
\$	Activity	\$	\$
6,417,495	Urban sewerage system	6,555,873	6,542,116
123,062	Castlepoint sewerage scheme	87,232	87,024
187,293	Riversdale Beach sewerage scheme	203,314	195,805
102,887	Riversdale & Tinui capital contributions	47,945	55,590
28,752	Tinui sewerage scheme	23,672	23,482
<b>\$6,859,489</b>	<b>Rates Requirement</b>	<b>\$6,918,036</b>	<b>\$6,904,017</b>

**Wastewater Services**

**Capital Expenditure Summary**

2020/21		2021/22	2021/22
Actual		Actual	Budget
\$	Urban Wastewater system	\$	\$
239,946	Homebush treatment plant renewals	16,924	152,000
2,653,840	Sewerage reticulation mains renewals	1,975,105	1,100,000
19,045	Homebush irrigation extension	33,441	300,000
0	Homebush aerators - stimulus project	437,615	450,000
11,816	New sewer connections	0	-
2,400	Services extension design - Millard Ave	0	0
489,883	Assets vested from subdivisions	227,037	-
<b>3,416,929</b>		<b>2,690,123</b>	<b>2,002,000</b>
	<b>Rural Wastewater schemes</b>		
39,392	Riversdale Beach sewerage scheme	27,530	30,000
73,223	Castlepoint sewerage scheme renewals	3,789	10,000
<b>112,615</b>		<b>31,319</b>	<b>40,000</b>
<b>3,529,544</b>	<b>Total</b>	<b>2,721,441</b>	<b>2,042,000</b>
	<b>Capital Funding</b>		
-	Loan funds	0	(300,000)
(10,326)	External funds	(437,615)	(450,000)
(489,883)	Assets vested from subdivisions	(227,037)	-
(3,029,336)	Transfer from reserves	(2,056,789)	(1,292,000)
<b>(3,529,544)</b>		<b>(2,721,441)</b>	<b>(2,042,000)</b>
<b>\$0</b>	<b>Rates Requirement (Capital Contributions)</b>	<b>\$0</b>	<b>\$0</b>

STORMWATER Waimarangai

## STORMWATER Waimarangai



### 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 2021/22

Highlights and key activities from 2021/22 include:

- Responding to the February 2022 rain event where there was a total of 190 mm of rain in a 48 hour window. This resulted in flooding in some parts of town.
- Completed routine inspections of 29 stormwater sites.
- Progressed work to maintain our stormwater system.

### HOW WELL WE PERFORMED

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

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

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

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

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

### COVID-19

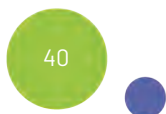
Stormwater is an essential service. There have been no substantive impacts on this activity as a result of COVID-19.

STORMWATER Waimarangi

<b>What we do: Deliver stormwater systems efficiently and effectively to protect public health and private property</b>				
<b>Measure</b>	<b>2021-31 Target</b>	<b>2021/22 (Y1 of 2021-31 LTP)</b>	<b>2020/21(Y3 of 2018-28 LTP)</b>	<b>2019/20 Result (Y2 of 2018-28 LTP)</b>
Number of flooding events that occur in the district (MANDATORY MEASURE)	10 events or less	<b>Achieved</b> 2 flooding events reported	<b>Achieved</b> 2 flooding events reported	<b>Achieved</b> No flooding events reported
For each flooding event, the number of habitable floors affected (expressed per 1,000 connections to MDC's stormwater system) (MANDATORY MEASURE)	Less than or equal to 1/1,000 connections	<b>Achieved</b> 0.33/1000 connections 3 habitable floors affected	<b>Achieved</b> 0.22/1000 connections 2 habitable floors affected	<b>Achieved</b> 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 per cent - no consent breaches.	<b>Achieved</b> 100 per cent compliance, no consent breaches.	<b>Achieved</b> 100 per cent compliance, no consent breaches.	<b>Achieved</b> 100 per cent 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 1,000. 2018-28 Target: Less than or equal to 2 per 1,000.	<b>Not Achieved</b> 4.11 complaints/1000 connections (37 Complaints).	<b>Achieved</b> 2.33 complaints/1,000 connections (21 complaints).	<b>Achieved</b> 0.67 complaints/1,000 connections (6 complaints).

STORMWATER Waimarangi

What we do: Deliver stormwater systems efficiently and effectively to protect public health and private property				
Measure	2021-31 Target	2021/22 (Y1 of 2021-31 LTP)	2020/21 (Y3 of 2018-28 LTP)	2019/20 Result (Y2 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	Not Achieved 6531 minutes (109 hours)	Achieved 22 minutes	Achieved 28 minutes



STORMWATER Waimarangai

**COST OF SERVICE STATEMENT**

Stormwater			
2020/21		2021/22	2021/22
Actual		Actual	Budget
\$	Operating Costs	\$	\$
427,017	Stormwater	726,757	528,997
376,009	Depreciation	383,966	374,149
<b>803,026</b>		<b>1,110,723</b>	<b>903,145</b>
	<b>Operating Revenue</b>		
-	Other revenue - 3 Waters Stimulus	<b>225,356</b>	<b>200,000</b>
	<b>Appropriations</b>		
-	Transfer to reserves	-	100,000
(92,000)	Transfer from reserves	(54,333)	(25,000)
35,025	Provision for loan repayment	36,122	36,122
(160,300)	Reverse depreciation not rates funded	(150,000)	(150,000)
<b>\$585,751</b>	<b>Rates Requirement</b>	<b>\$717,156</b>	<b>\$664,267</b>

Stormwater			
Capital Expenditure Summary			
2020/21		2021/22	2021/22
Actual		Actual	Budget
\$	Stormwater	\$	\$
307,016	Stormwater renewals & upgrades	495,855	380,000
9,209	Stormwater Consent	1,500	100,000
-	Improve flood protection	0	180,000
1,750	Services extension design - Millard Ave	0	0
708,758	Assets vested from subdivisions	351,989	-
<b>1,026,733</b>		<b>849,344</b>	<b>660,000</b>
	<b>Capital Funding</b>		
(317,975)	Transfer from reserves	(497,355)	(660,000)
(708,758)	Assets vested from subdivisions	(351,989)	-
<b>(1,026,733)</b>		<b>(849,344)</b>	<b>(660,000)</b>



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 2021/22**

Highlights and key activities from 2021/22 include:

- We continued to provide the kerbside recycling wheellie 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 second 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.

### **HOW WELL WE PERFORMED**

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

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

The number of call-backs for the non-collection of rubbish bags improved with only five call-backs in 2021/22, compared to 26 the previous year and 49 in 2019/20. This 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 increased 16.6 per cent on the previous year. Actual tonnage per head of population increased from 0.527 in 2020/21 to 0.582 in 2021/22.

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



SOLID WASTE MANAGEMENT Tari whakarite parapara

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

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

**COVID-19**

The Nursery Road transfer station has operated and kerbside collections have continued through all Alert Levels in 2020/21.



SOLID WASTE MANAGEMENT Tari whakarite parapara

What we do: Provide solid waste solutions across the district				
Measure	2021-31 Target	2021/22 Result (Y1 of 2021-31 LTP)	2020/21 Result (Y3 of 2018-28 LTP)	2019/20 Result (Y2 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.	<b>Achieved</b> 5 call-backs.	<b>Achieved</b> 26 call-backs.	<b>Not Achieved</b> 49 call-backs.
Tonnage of waste transferred to landfill per head of population	Reduction on previous year	<b>Not Achieved</b> 0.582 tonne per head of population 16,883 tonnes of waste transferred (16.6 per cent increase on previous year)  (based on estimated population as at 30/6/22: 29,000)	<b>Not Achieved</b> 0.527 tonne per head of population 14,480 tonnes of waste transferred (25.9 per cent increase on previous year)  (based on estimated population as at 30/6/20: 27,500)	<b>Achieved</b> 0.429 tonne per head of population 11,505 tonnes of waste transferred (19.3 per cent less than the previous year)  (based on estimated population as at 30/6/20: 26,800). <i>Note: The 30 June 2020 estimated population was updated to 27,500 (as reported in 2020/21 in October 2020 after the 2019/20 result was finalised).</i>  This result was influenced by the closure of the Transfer Station during Alert Level 4 lockdown. In the previous year, a total of 14,264 tonne of waste had been transferred.



SOLID WASTE MANAGEMENT Tari whakarite parapara

What we do: Provide solid waste solutions across the district				
Measure	2021-31 Target	2021/22 Result (Y1 of 2021-31 LTP)	2020/21 Result (Y3 of 2018-28 LTP)	2019/20 Result (Y2 of 2018-28 LTP)
Urban and rural transfer stations, recycling, composting facilities and landfills operate within approved resource consent conditions	100 per cent compliance.	<b>Achieved</b> 100 per cent compliance.	<b>Achieved</b> 100 per cent compliance.	<b>Not Achieved</b> Greater Wellington Regional Council's compliance report gave MDC 2 stars out of 4 stars for compliance.  Action has been taken to ensure the non-compliance matters are addressed and do not result in future non-compliance.



SOLID WASTE MANAGEMENT Tari whakarite parapara

## COST OF SERVICE STATEMENT

Solid Waste Services			
2020/21 Actual		2021/22 Actual	2021/22 Budget
\$	Operating Costs	\$	\$
315,759	Urban refuse collection costs	317,853	286,824
2,452,389	Transfer station operation & refuse disposal	2,834,921	2,452,617
1,381,735	Waste minimisation (incl recyc.& composting)	1,606,771	1,470,369
306,636	Rural refuse operations	294,340	276,848
<b>4,456,519</b>		<b>5,053,885</b>	<b>4,486,658</b>
	Operating Revenue		
2,828,139	User charges - external	3,521,176	2,927,220
100,122	User charges - internal	144,984	73,290
93,238	Recoveries - waste levy	166,479	180,000
210,392	Recoveries from bag sales	217,180	223,250
<b>3,231,892</b>		<b>4,049,819</b>	<b>3,403,760</b>
	Appropriations		
(93,600)	Transfers from reserves	(86,786)	(93,600)
184,213	Provision for loan repayment	182,171	182,170
(150,000)	Reverse depreciation not rates funded	(131,000)	(150,000)
<b>\$1,165,241</b>	<b>Rates Requirement</b>	<b>\$968,452</b>	<b>\$1,021,468</b>

Solid Waste Services			
Rates Requirement Summary			
2020/21 Actual		2021/22 Actual	2021/22 Budget
\$	Activity	\$	\$
585,250	Refuse & recycling collections	632,499	625,539
(51,245)	Refuse transfer station & landfill	(348,127)	(157,652)
339,009	Waste minimisation (recycling & composting)	424,321	299,233
292,226	Rural refuse services	259,758	254,348
<b>\$1,165,240</b>	<b>Rates Requirement</b>	<b>\$968,452</b>	<b>\$1,021,468</b>

Solid Waste Services			
Capital Expenditure Summary			
2020/21 Actual		2021/22 Actual	2021/22 Budget
\$	Solid Waste Management	\$	\$
-	Nursery Road land fill capping	0	60,420
14,644	Transfer station renewals	180,878	200,000
<b>14,644</b>		<b>180,878</b>	<b>260,420</b>
	Capital Funding		
-	Loan funds	-	-
-	External funds	(36,409)	-
-	Assets vested by subdividers	0	-
(14,644)	Transfer from reserves	(144,469)	(260,420)
<b>(14,644)</b>		<b>(180,878)</b>	<b>(260,420)</b>

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

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

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

### WHAT WE ACHIEVED IN 2021/22

Highlights and key activities from 2021/22 include:

#### Library and archive

- Despite COVID-19 restrictions and not being able to offer programmes for about five months of the year, the library delivered 389 activities and events. The programme "The Gathering" was created directly as a need that came after the 2020 lockdown. The group continues to meet weekly, coming together to alleviate loneliness.
- With the vaccine pass mandate, the library helped over 650 people download and access the vaccine pass app, a great example of how the library is a place of teaching and support for our community.
- A total of 108 Spark Jump modems were distributed, providing families with low-cost access to the internet at home.
- A new 'home' was found for the archive, ensuring our history and heritage is stored in a safe and appropriate manner. The new location at 3 Albert Street will open early in 2023.

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

- The archive continued sharing our stories, publishing a range of articles. Archive staff member Mark Pacey also published books on the Wairarapa history of ship wrecks.
- A total of 65 digital courses were delivered to the community covering training on STEM (Science, Technology, Engineering and Math) initiatives, internet security, introduction to tablets and smartphones, online banking, and Microsoft and Google products. Over 930 people attended these courses.
- Programmes continued to help job seekers return to work. The Library now offers one on one help with CVs, including creating and reviewing, 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.

### Community Development

- Continuing support for community activities and initiatives via Council's Community Wellbeing and Events Grants, with an additional Matariki Grant offered in 2021/22.
- Continuing to connect with resident associations to collaborate and provide support on community initiatives.
- Supporting the Riversdale Beach Community Plan Project.
- Successfully recruiting and appointing a new Youth Council, delivering a collaborative Youth Week project with Carterton and South Wairarapa District Councils, and a Youth Symposium to support SADD (Students Against Drink Driving) to connect with youth and deliver workshops.
- Continuing support for new refugee families relocating to the Masterton district via the Refugee Settlement Steering group.
- Appointing a new Welcoming Communities coordinator, with external funding for the role from MBIE.
- Securing Tu Manawa Funding for Waka Takaro (Play Trailer), supporting community health activation.
- Supporting community consultation and engagement across Council projects.

### Property

- Commencing work on a review of the Civic Facility project to provide the new Council (elected in October 2022) with information to enable a decision on next steps for this project. This decision was made after revised cost estimates for the facility were received.
- Installing a public toilet at the Boat Shed in Queen Elizabeth Park.
- Completing work on Douglas Villa clubrooms to ensure the facility is safe and compliant for our community.
- Continuing work on the Council's residential property portfolio to align with the Healthy Homes requirements. All Council owned residential properties now meet requirements, ahead of the scheduled completion date for compliance.
- Installing security cameras at Waiata House.
- Progressing 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

### Parks, Reserves and Sports Fields

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

- Completing the construction of a youth-led revamp for the skatepark which has been a popular improvement to Queen Elizabeth park.  
Adoption of a Parks and Open Spaces Strategy, following consultation with our community, to provide direction for the future development of our green spaces.
- Upgrading and installing replacement play equipment at Burling Park following community engagement. The preferred play items which have been installed include a double flying fox, basket swing and climbing tower. The new playground equipment was officially opened on 23 June 2022.
- Completing work on the Henley Lake overflow carpark all-weather section to revamp drainage and gravel.
- Supporting the community-led Mountain Bike Park build on the Lansdowne Recreation Trail.
- Progressing the development of the Whitipoua Bridge, which has since opened.
- Ongoing planting, including planting of 400 plants received from Greater Wellington Regional Council for planting at the Opaki wetlands. During the year, four community planting days were held to restore five wilderness and riparian areas, resulting in the planting of more than 12,000 eco-sourced plants and amenity plants.
- Completion of phase one of the Riverside Cemetery landscape development project including the removal of raised stone gardens, the planting of 53 pin oak trees and creation of 114 new burial plots.
- We also held the first biannual all sports codes meeting, providing an opportunity to network, work toward stronger partnerships and encourage codes to work together for the benefit of community sport.

### Trust House Recreation Centre

- The facility was closed for the Alert Level 4 lock-down over August/September 2021 but continued to operate with appropriate protocols in place through the remainder of the year. In line with the maintenance contract for the facility daily checks, essential repairs and preventative maintenance were undertaken.
- Automatic doors were installed in the foyer of the Trust House Recreation Centre, enhancing accessibility.
- Belgravia Leisure, the contractors who run the facility, were awarded Outstanding Pool of the Year from Recreation Aotearoa. The award is judged for excellence, innovation and effectiveness in the provision of pool services. The Contractor was recognised for its excellent customer service, innovative approach to teaching, access and inclusion, and its success in encouraging members of the local community to participate in learning to swim.
- Work also commenced on the upgrade of the hydro slide stairs and sauna door replacement, which have since been completed. A top coat of 'anti-slip' application, which creates a non-slip texture, was also applied to the reception area flooring.

### Mawley Park

- Revenue at the park again exceeded the targets set for the year.
- Six new picnic benches were installed.



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

### Hood Aerodrome

- Safety remains an important focus for the aerodrome and operators. Regular safety group meetings were held and hazards and occurrences reviewed. The implementation of the Safety Management System (SMS) is under action and a part time Safety Officer is now employed to assist this work.
- An aeronautical safety study, as required by the Civil Aviation Authority (CAA), was completed in December 2021. At the end of the financial year we were awaiting a response from CAA, expecting that the CAA will require the aerodrome to be Certified under the CAA aviation rules.
- The Masterplan prepared for Hood Aerodrome and reviewed by the Strategic Advisory Group on the 30 June 2021 has now been adopted. The Masterplan is intended to protect options for development of the Aerodrome for 20 years and beyond. These include options related to community resilience such as medical flights, the important role of Hood Aerodrome during a disaster response, Wings over Wairarapa and other events, and the potential for a passenger service.
- The Shovel Ready Project for Hood Aerodrome continues following confirmation of \$10 million funding from the Provincial Growth Fund in 2020/21. Plans include improving the runway, security, infrastructure, and lighting. Work on the runway extension continues, with all work to be completed by 2025.
- Five new hangars have been constructed at the aerodrome and a new tranche of six sites released to the market.
- The aerodrome hosted 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.

### HOW WELL WE PERFORMED

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

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

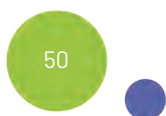
Library activities included information and community support services, such as Justice of the Peace and Age Concern collaborations, outreach visits to rest homes, after-school digital programming, a knitting and craft group. The Summer Reading Programme was held on line given the COVID-19 situation.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

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

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

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

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



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

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

The number of people using the Trust House Recreation Centre was down at 99,899 compared to the five year average of 106,018. This reflects the impacts of COVID-19 lockdown between 18 August and 8 September 2021, subsequent restrictions and community transmission through the rest of the year. Despite the overall results and implications of COVID-19, for the sub-category of stadium sports, utilisation was up at 3,717 compared to the five-year average of 2,761.

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

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

The financial performance across some of these activities has seen savings made versus budgets, particularly in the parks and recreation centre activities. Operating expenditure in 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 12.8 per cent more revenue than planned, and offset by only 3% higher operating costs. Across the \$9.4 million C F & A Rates Requirement, they have come in with savings of 3.8%.

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

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

### COVID-19

The COVID-19 pandemic has continued to affect the operational aspects of many of these activities, summarised as follows:

- Parks and reserves – playgrounds and public toilets had increased cleaning regimes at Alert Level 2 and above.
- Trust House Recreation Centre – Closed during Alert 4 and operated in line with the appropriate protocols at other alert levels, which included restrictions on numbers using the facility.
- Library and archive – COVID-19 and associated restrictions resulted in 125 programmes being cancelled, and due to social distancing requirements, there was a reduction in the number of people using the library space and attending programmes.

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

- Council Offices – the pandemic has seen additional spending on cleaning regimes, sanitary supplies and personal protective measures.
- Mawley Holiday Park – Revenue for Mawley Park exceeded targets. This could be associated with increased domestic tourism as a result of COVID-19 restrictions. The Wairarapa has seen an increase in tourism activity over this period, however Mawley Park also benefited from consistent periods of occupancy as a result of Forestry Contract Workers.

What we do: Deliver a library and archive service with engaging and relevant activities				
Measure	2021-31 Target	2021/22 Result (Y1 of 2021-31 LTP)	2020/21 Result (Y3 of 2018-28 LTP)	2019/20 Result (Y2 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"> <li>• Physical issues - 231,430</li> <li>• Digital issues - 12,958</li> <li>• Computer/ Wi-Fi sessions - 74,298</li> </ul>	<p><b>Not Achieved</b></p> <p>Library Usage: 278,960</p> <p>Made up of:</p> <ul style="list-style-type: none"> <li>• Physical issues: 182,546</li> <li>• Digital issues: 44,838</li> <li>• Computer/Wi-Fi sessions: 51,576</li> </ul>	N/A - New Measure	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"> <li>• In Person Visits - 148,062</li> <li>• Digital (website, OPAC, social media) - 66,745</li> <li>• Housebound - 694</li> </ul>	<p><b>Achieved</b></p> <p>Library Visits: 363,490</p> <p>Made up of:</p> <ul style="list-style-type: none"> <li>• In Person Visits: 83,400</li> <li>• Digital Visits: 278,944</li> <li>• Housebound Visits: 1,146</li> </ul>	N/A - New Measure	N/A - New Measure



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

<b>What we do : Provide community facilities and open spaces that support a range of cultural and recreational needs for our community and visitors</b>				
<b>Measure</b>	<b>2021-31 Target</b>	<b>2021/22 Result (Y1 of 2021-31 LTP)</b>	<b>2020/21 Result (Y3 of 2018-28 LTP)</b>	<b>2019/20 Result (Y2 of 2018-28 LTP)</b>
Percentage of Council parks and open spaces urgent customer service requests that are resolved within 4 work hours.	90% resolved within 4 work hours.	<b>Achieved</b> 96% responded to within 4 hours. 56 urgent requests were received and 54 were responded to within 4 hours.	N/A - New Measure	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"> <li>Year 2: Utilisation = at least the 3 year average</li> <li>Year 3: Utilisation = at least the 4 year average</li> <li>From Year 4: Utilisation = at least the 5 year average</li> </ul>	<b>Not Achieved</b> 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	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	2021/22 Result (Y1 of 2021-31 LTP)	2020/21 Result (Y3 of 2018-28 LTP)	2019/20 Result (Y2 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"> <li>Swim - 70,348</li> <li>Gym - 25,695</li> <li>Stadium Sports - 2,761</li> <li>Stadium Events - 7,215</li> </ul>	<p><b>Not Achieved</b></p> <p>Trust House recreation Centre Usage: 99,899</p> <p>Usage consists of:</p> <ul style="list-style-type: none"> <li>Swim: 65,357</li> <li>Gym: 25,214</li> <li>Stadium Sports: 3,717</li> <li>Stadium Events: 5,601</li> </ul>	N/A - New Measure	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	2021/22 Result (Y1 of 2021-31 LTP)	2020/21 Result (Y3 of 2018-28 LTP)	2019/20 Result (Y2 of 2018-28 LTP)
Compliance with the healthy homes standards 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>Baseline Result 2017/18: An average of 14.1 archive feature stories/publications per year over the previous 10 years.</p>	<p><b>Not Achieved</b></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	N/A - New Measure

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

## COST OF SERVICE STATEMENTS

Parks, Reserves & Sportsfields			
2020/21 Actual \$		2021/22 Actual \$	2021/22 Budget \$
	<b>Operating Costs</b>		
2,024,169	Parks & Reserves maintenance	2,293,962	2,290,895
480,464	Sportsfields maintenance	451,657	561,123
774,010	Depreciation	804,927	957,166
<b>3,278,642</b>		<b>3,550,546</b>	<b>3,809,184</b>
	<b>Operating Revenue</b>		
26,550	Miscellaneous parks revenue	80,102	31,202
19,688	Sportsground rentals	36,965	31,148
<b>46,238</b>		<b>117,066</b>	<b>62,350</b>
	<b>Appropriations</b>		
(77,000)	Transfers from reserves - project funding	(156,083)	(160,000)
-	Transfer to reserves	50,746	-
103,631	Provision for loan repayments	107,578	107,577
(302,000)	Depreciation not rates funded	(169,400)	(369,400)
<b>\$2,957,035</b>	<b>Rates Requirement</b>	<b>\$3,266,321</b>	<b>\$3,325,011</b>

Trust House Recreation Centre			
2020/21 Actual \$		2021/22 Actual \$	2021/22 Budget \$
	<b>Operating Costs</b>		
996,871	Recreation centre operating costs*	895,527	1,077,066
576,838	Depreciation	568,680	694,816
<b>1,573,710</b>		<b>1,464,208</b>	<b>1,771,882</b>
	<b>Operating Revenue</b>		
<b>34,892</b>	Miscellaneous facility revenue	<b>30,445</b>	<b>35,420</b>
	<b>Appropriations</b>		
(100,000)	Transfers from reserves	-	-
27,004	Loan repayments	28,131	28,130
(280,000)	Depreciation not rates funded	(193,000)	(320,000)
<b>\$1,185,822</b>	<b>Rates Requirement</b>	<b>\$1,268,894</b>	<b>\$1,444,592</b>

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

Cemeteries			
2020/21 Actual \$		2021/22 Actual \$	2021/22 Budget \$
	<b>Operating Costs</b>		
207,795	Cemeteries operating and maintenance	264,112	260,913
6,016	Depreciation	7,951	10,766
<b>213,811</b>		<b>272,062</b>	<b>271,679</b>
	<b>Operating Revenue</b>		
78,195	Burial fees and sale of plots	96,291	79,778
<b>78,195</b>		<b>96,291</b>	<b>79,778</b>
	<b>Appropriations</b>		
(12,000)	Transfers from reserves	(20,000)	(35,000)
<b>\$123,616</b>	<b>Rates Requirement</b>	<b>\$155,771</b>	<b>\$156,901</b>

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

<b>Library &amp; Archive</b>			
2020/21		2021/22	2021/22
Actual		Actual	Budget
\$		\$	\$
	<b>Operating Costs</b>		
1,531,777	Operating costs - Library	1,748,712	1,797,569
425,216	Operating costs - Archive	486,018	469,027
209,865	Depreciation - books	201,170	180,000
114,317	Depreciation - bldg, furniture & equipment	123,561	178,111
<b>2,281,176</b>		<b>2,559,461</b>	<b>2,624,707</b>
	<b>Operating Revenue</b>		
77,386	Grants & donations	197,119	170,505
36,824	User charges & other recoveries	25,485	43,182
<b>114,210</b>		<b>222,604</b>	<b>213,687</b>
	<b>Appropriations</b>		
0	Transfers from reserves	(696)	-
13,412	Provision for loan repayments	14,505	14,504
5,000	Transfers to reserves	-	-
(58,000)	Reverse depreciation	-	(50,000)
<b>\$2,127,377</b>	<b>Rates Requirement</b>	<b>\$2,350,666</b>	<b>\$2,375,524</b>

<b>Analysis of Rates Requirement</b>			
1,703,094	Library	1,886,737	1,911,475
424,284	Archive	463,929	464,049
<b>\$2,127,377</b>		<b>\$2,350,666</b>	<b>\$2,375,524</b>

<b>Property</b>			
2020/21		2021/22	2021/22
Actual		Actual	Budget
\$		\$	\$
	<b>Operating Costs</b>		
756,607	District Building	820,041	833,268
525,739	Housing for the Elderly	499,404	548,578
885,018	Other Property	928,698	1,009,826
610,633	Mawley Holiday Park	520,065	504,687
749,969	Depreciation	947,309	867,639
<b>3,527,965</b>		<b>3,715,517</b>	<b>3,763,997</b>
	<b>Operating Revenue</b>		
1,566	Rental revenue - Halls & Dist. Bldg	1,396	764
405,835	Rental revenue - Housing for the Elderly	426,041	434,200
279,511	Rental revenue - Other Property	262,407	262,398
559,083	Mawley Holiday Park	535,571	475,000
45,000	Internal recoveries - forestry	50,000	30,000
532,833	Internal recoveries - office rental	630,375	626,793
<b>1,823,828</b>		<b>1,905,789</b>	<b>1,829,155</b>
	<b>Appropriations</b>		
(75,000)	Transfers from reserves	(8,580)	(60,000)
282,084	Provisions for loan repayments	303,343	303,342
(392,000)	Depreciation not rates funded	(368,000)	(337,000)
<b>\$1,519,221</b>	<b>Rates Requirement</b>	<b>\$1,736,491</b>	<b>\$1,841,184</b>



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

<b>Masterton Airport (Hood Aerodrome)</b>				
2020/21			2021/22	2021/22
Actual			Actual	Budget
\$	Operating Costs		\$	\$
559,606	Airport operation & maintenance		457,542	444,251
107,944	Depreciation		126,600	119,940
<b>667,551</b>			<b>584,142</b>	<b>564,191</b>
	Operating Revenue			
321,267	Leases and other revenue		282,574	257,401
14,700	Internal recoveries		14,920	14,920
<b>335,967</b>			<b>297,494</b>	<b>272,321</b>
	Appropriations			
(32,000)	Transfers from reserves		(10,000)	(20,000)
121,613	Provision for loan repayments		87,373	87,374
(75,000)	Reverse depreciation not rates funded		(45,000)	(45,000)
<b>\$426,196</b>	Rates Requirement		<b>\$319,021</b>	<b>\$314,244</b>

<b>Community Facilities &amp; Parks</b>				
<b>Rates Requirement Summary</b>				
2020/21			2021/22	2021/22
Actual	Activity		Actual	Budget
\$			\$	\$
2,957,035	Parks, reserves & sportsfields		3,266,321	3,325,011
1,185,822	Trust House Recreation Centre		1,268,894	1,444,592
123,616	Cemeteries		155,771	156,901
509,480	District building		543,343	539,813
64,135	Housing for the elderly		141,134	144,226
251,841	Other rental properties		285,309	331,196
400,689	Public conveniences		456,140	477,790
111,714	Rural halls		148,775	149,645
16,265	Forestry		39,050	31,002
165,096	Mawley Holiday Park		122,740	167,512
426,196	Airport		319,021	314,244
1,703,094	Library		1,886,737	1,911,475
424,284	Archives		463,929	464,049
<b>\$8,339,267</b>	Rates Requirement		<b>\$9,097,165</b>	<b>\$9,457,455</b>

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

**Community Facilities & Parks**

**Capital Expenditure Summary**

2020/21 Actual		2021/22 Actual	2021/22 Budget
\$		\$	\$
	<b>Parks, Reserves &amp; Sportsfields</b>		
69,647	QE Park upgrades	116,557	50,000
6,584	Q E Park - lake water pump upgrade	10,052	0
47,053	Waipoua Cycle/Pedestrian Bridge	328,774	312,000
40,631	Recreation trails extended	86,116	140,000
76,411	Upgrade facilities - (incl playgrounds)	146,470	20,400
118,869	Colin Pugh Sports Bowl - track renewal	5,399	8,000
8,599	Rural Reserves upgrades	0	-
0	Urban Reserves upgrades	53,094	115,000
0	Carpark Reseals Urban Reserves	23,517	24,000
0	QE Park lake alt water source	0	50,000
18,476	Street trees renewal & new	19,270	16,750
0	Parks furniture renewals	0	0
182,444	Henley Lake buildings & services upgrades	18,749	105,000
29,770	Henley Lake - intake upgrade	0	-
32,918	Henley Lake - overflow carpark	74,668	50,000
361,194	Sports buildings & facilities upgrades	122,810	863,500
45,795	Percys Reserve upgrade	0	-
421,136	Skatepark Upgrade - part project	1,729,603	965,000
0	Parks & open spaces signage	22,919	20,000
43,518	Castlepoint Seawall handrails	30,132	30,000
0	Netball facility upgrade	0	1,000
0	Land purchase local purpose reserve	104,478	0
61,000	Bike Skills Park Track (vested)	0	0
325,587	Reserve land acquired subdivision (vested)	0	0
<b>1,889,631</b>		<b>2,892,608</b>	<b>2,770,650</b>
	<b>Trust House Recreation Centre</b>		
42,085	Pools plant & equipment renewals	89,341	60,000
156,016	Building & services upgrades	36,462	195,000
-	Outdoor pools renewals	0	-
<b>198,101</b>		<b>125,803</b>	<b>255,000</b>
	<b>Cemeteries</b>		
58,080	Cemetery renovations & extensions	103,017	94,000
<b>58,080</b>		<b>103,017</b>	<b>94,000</b>
	<b>District Building</b>		
110,030	New Civic/Events facility - design stage	326,549	4,945,000
11,360	Facilities & equipment	15,494	0
40,107	Building upgrades & office renovations	68,387	154,300
2,109	Leasehold improvements	0	0
0	Emergency generator	0	-
<b>163,606</b>		<b>410,429</b>	<b>5,099,300</b>
	<b>Housing for the Elderly</b>		
77,768	Pensioner housing upgrades	354,576	341,000
<b>77,768</b>		<b>354,576</b>	<b>341,000</b>

\* 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			
2020/21 Actual		2021/22 Actual	2021/22 Budget
\$	Other Property	\$	\$
11,053	Public conveniences upgrade	0	19,000
266,733	Castlepoint toilet upgrade	0	0
57,875	Rental & Other property upgrades	28,150	542,000
84,091	Asbestos removal - all property	52,463	100,000
12,323	Mawley Park facility upgrades	18,300	74,000
17,491	Rural Hall & Fire Station upgrades	35,358	205,000
<b>449,566</b>		<b>134,271</b>	<b>940,000</b>
	<b>Library &amp; Archive</b>		
201,754	Book stock renewals	186,603	180,000
24,136	Computer system upgrades	17,593	45,750
14,501	Library Learning Centre	0	-
10,050	Building and furniture upgrades	10,973	11,000
2,279	Archive upgrades & renewals (incl. IT)	0	1,130,000
252,720		<b>215,170</b>	<b>1,366,750</b>
	<b>Airport</b>		
11,338	Other Airport upgrades	48,836	15,000
0	Runway light replacement	0	0
466,366	Hanger area expansion (services)	424,035	260,000
0	Airport runway and precinct upgrades - taxiway and apron - stage 1	169,729	3,348,750
0	Runway construction & road realignment- stage 2	0	287,180
9,175	Airport runway widening & reseal	0	2,962,623
<b>486,878</b>		<b>642,600</b>	<b>6,873,553</b>
<b>\$3,576,349</b>		<b>4,878,474</b>	<b>\$17,740,253</b>
	<b>Capital Funding</b>		
-	Loan funds	(892,650)	(10,282,190)
(386,587)	Vested assets	-	-
(2,480,543)	Transfers from reserves	(2,239,452)	(2,973,500)
(709,219)	External funds	(1,746,373)	(4,484,563)
<b>(\$3,576,349)</b>		<b>(4,878,474)</b>	<b>(17,740,253)</b>

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 licencing
- parking control
- animal control
- Civil Defence and emergency management.

#### WHAT WE ACHIEVED IN 2021/22

Highlights and key activities from 2021/22 include:

##### Resource Management and Planning

- 226 resource consents processed, and all building consents checked for planning implications.
- 390 Land Information Memorandum (LIMs) processed.
- Work with Carterton and South Wairarapa District Councils on the review of the Wairarapa Combined District Plan continued. The draft Wairarapa Combined Plan has since been released for consultation. Feedback will inform the Proposed District Plan, expected to be released in mid-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 Control Authority.
- 832 building consents processed with an average processing time of 20 days. Of these, 83 were commercial consents and 185 were dwelling consents. In some cases a single consent covers multiple dwelling units. The total number of new dwellings consented over the period was 274.
- 5,621 inspections undertaken.
- 533 Code Compliance Certificates and ten Certificates of Acceptance were issued, with an average processing time of 20 days.
- Inspected 11 pool barriers.
- Maintained 95 per cent BWOF (Building Warrant of Fitness) compliance across 390 buildings.
- Completed the identification of Potentially Earthquake Prone buildings, with over 600 buildings reviewed.

### 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.
- 169 inspections and verifications completed across food premises, personal services businesses, and alcohol-licensed premises.

### Animal Services

- 36 dog owners achieved 'Responsible Dog Owner Status' and received a discounted registration fee for meeting our responsible dog owner criteria. This brings the total number of responsible dog owners to 252.
- 29 dogs were rehomed (either by us or the SPCA), and 195 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.
- Two "Hounds at Henley" events were held at Henley Lake and four 'Doggy Day Out' events were held to engage with dog owners and provide microchipping and registration services.
- Progressed redevelopment of the Masterton Animal Shelter (pound), with building expected to get underway in 2022/23.

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.

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.

## HOW WELL WE PERFORMED

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

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

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

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

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

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

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

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

Reserves and infrastructure contributions from developers were \$1.93 million compared to the \$1.56 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 \$0.37 million includes cost recovery for hearings. Work on the Wairarapa Combined District Plan ramped up in the year to the extent that \$0.324 million was spent (Prior year \$0.134 million).

REGULATORY SERVICES Mana whakariterite

Building development income of \$1.63 million was 22 per cent more than planned and 9 per cent more than the prior year, reflecting the continuing high level of activity in residential building. Operating costs, excluding costs incurred via legal challenges were 3.6% more than planned, partly due to higher processing costs related to the high volumes of consents. Legal and settlement costs incurred defending liability claims are partly funded by reserves and there is an expectation of recovery of these costs from insurers (see Contingencies note 33).

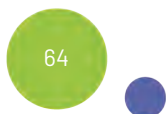
Parking control revenue is up by 31% on the prior, Covid affected year, the the revenue has not returned to pre-Covid levels. Animal services costs have increased 21 per cent over the prior year as staffing levels have been increased to met level of service and health and safety standards.

**COVID-19**

COVID-19 restrictions in 2021 impacted our ability to complete all food premises inspections due over that period. Inspections that were impacted were deferred and have since been completed. There were no implications for businesses as a result of this.

Parking control revenue has been impacted by the COVID-19 recovery. As a recovery measure, the council decided not to charge for metered spaces until 1 September 2021, reducing income potential for the year.

<b>What we do: Deliver fair, appropriate and customer-friendly regulatory services that support community health and safety</b>				
<b>Measure</b>	<b>2021-31 Target</b>	<b>2021/22 Result (Y1 of 2021-31 LTP)</b>	<b>2020/21 Result (Y3 of 2018-28 LTP)</b>	<b>2019/20 Result (Y2 of 2018-28 LTP)</b>
Response time to attend Priority 1 urgent call outs (e.g. dog attacks).	90% attended within one hour	<b>Achieved</b> 94% (141 out of 150 urgent call-outs attended on time)	N/A - New Measure	N/A - New Measure
Response time to attend noise control call outs.	90% attended within one hour	<b>Achieved</b> 93.7% (687 of 733 complaints attended within one hour)	N/A - New Measure	N/A - New Measure
Number of animal control community education and engagement activities.	A minimum of 6 per annum related to high priority issues or concerns	<b>Achieved</b> 8 Education/Engagement Activities	N/A - New Measure	N/A - New Measure



REGULATORY SERVICES Mana whakariterite

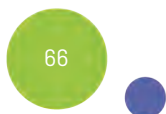
<b>What we do: Deliver fair, appropriate and customer-friendly regulatory services that support community health and safety</b>				
<b>Measure</b>	<b>2021-31 Target</b>	<b>2021/22 Result (Y1 of 2021-31 LTP)</b>	<b>2020/21 Result (Y3 of 2018-28 LTP)</b>	<b>2019/20 Result (Y2 of 2018-28 LTP)</b>
Percentage of building consents processed within statutory timeframes	90 per cent	<b>Not Achieved</b> 58.2 per cent 477 out of 832 consents granted (including amendments) were processed within statutory timeframes	<b>Not Achieved</b> 78 per cent 664 of 851 consents were processed within statutory timeframes	<b>Not Achieved (target was 99 per cent)</b> 91.4 per cent 635 of 695 consents were processed within statutory timeframes.
Percentage of code compliance certificates processed within statutory timeframes	90 per cent	<b>Not Achieved</b> 75 per cent 400 of 533 certificates were processed within statutory timeframes	<b>N/A - New Measure</b>	<b>N/A - New Measure</b>
Percentage of resource consents processed within statutory timeframes	90 per cent	<b>Achieved</b> 93 per cent 210 of 226 resource consents were processed within statutory timeframes	<b>Not Achieved (target was 99 per cent)</b> 98 per cent 202 of 207 resource consents received were processed within statutory timeframes	<b>Not Achieved (target was 99 per cent)</b> 98.5 per cent 116 of 119 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 per cent of BWOFs have been reviewed within 20 days of their due date.	<b>Achieved</b> 100 per cent 100 per cent reviewed within 20 days of the due date. 90 per cent compliance across 387 Building Warrant of Fitness.	<b>N/A - New Measure</b>	<b>N/A - New Measure</b>





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	2021/22 Result (Y1 of 2021-31 LTP)	2020/21 Result (Y3 of 2018-28 LTP)	2019/20 Result (Y2 of 2018-28 LTP)
Proportion of known residential swimming pools that have been inspected.	25 per cent  Target changes from Year 2: <ul style="list-style-type: none"> <li>• Year 2: 50%</li> <li>• Year 3: 80%</li> <li>• Years 4-10: cycle to be repeated but ensuring 100% of pools have been re-inspected by the end of Years 6 and 9</li> </ul>	<b>Not Achieved</b>  3 per cent  28 inspections undertaken	N/A - New Measure	N/A - New Measure



REGULATORY SERVICES Mana whakariterite

## COST OF SERVICE STATEMENTS

Resource Management & Planning			
2020/21 Actual		2021/22 Actual	2021/22 Budget
\$	Operating Costs	\$	\$
792,051	Resource management & planning	1,132,531	1,110,324
156,045	River scheme contributions	158,794	159,085
134,232	Wairarapa District Plan (MDC share)	324,283	505,000
<b>1,082,328</b>		<b>1,615,608</b>	<b>1,774,409</b>
	<b>Operating Revenue</b>		
169,526	User charges - consent fees & recoveries	365,813	161,204
1,559,746	Reserves & infrastructure contributions	1,926,128	983,000
<b>1,729,272</b>		<b>2,291,942</b>	<b>1,144,204</b>
	<b>Appropriations</b>		
(185,127)	Transfers from reserves	(329,590)	(751,500)
150,000	Transfer to reserves	130,000	130,000
1,559,746	Transfer to reserves - various contributions	1,926,128	983,000
<b>\$877,676</b>	<b>Rates Requirement</b>	<b>\$1,050,204</b>	<b>\$991,705</b>

Building Development			
2020/21 Actual		2021/22 Actual	2021/22 Budget
\$	Operating Costs	\$	\$
1,901,858	Building Services costs	2,821,442	1,989,408
18,058	Project - Earthquake assessments	590	0
<b>\$1,919,917</b>		<b>\$2,822,032</b>	<b>\$1,989,408</b>
	<b>Operating Revenue</b>		
1,494,572	Consent fees & charges	1,631,071	1,331,563
<b>\$1,494,572</b>		<b>\$1,631,071</b>	<b>\$1,331,563</b>
	<b>Appropriations</b>		
(90,000)	Transfers from reserves	(575,000)	-
320,000	Transfer to reserves	-	-
<b>\$655,344</b>	<b>Rates Requirement</b>	<b>\$615,961</b>	<b>\$657,845</b>

REGULATORY SERVICES Mana whakariterite

Environmental Services			
2020/21		2021/22	2021/22
Actual		Actual	Budget
\$	Operating Costs	\$	\$
693,624	Environmental health & licensing costs	812,778	812,468
135,680	Alcohol Act enforcement activities	160,027	210,093
<b>829,304</b>		<b>972,805</b>	<b>1,022,561</b>
	<b>Operating Revenue</b>		
75,449	License fees & charges	67,459	39,597
85,511	Alcohol licensing fees & charges	77,298	88,500
230,598	Internal recoveries	262,098	294,191
<b>391,558</b>		<b>406,855</b>	<b>422,288</b>
	<b>Appropriations</b>		
0	Transfers from reserves	-	(10,000)
-	Transfer to reserves - project funding	8,000	-
<b>\$437,745</b>	<b>Rates Requirement</b>	<b>\$573,950</b>	<b>\$590,273</b>

Parking Control			
2020/21		2021/22	2021/22
Actual		Actual	Budget
\$	Operating Costs	\$	\$
186,919	Parking control costs	212,859	191,257
17,500	Depreciation - meters	17,571	17,745
<b>204,419</b>		<b>230,430</b>	<b>209,002</b>
	<b>Operating Revenue</b>		
<b>172,082</b>	Parking meters and fines	<b>226,018</b>	<b>233,511</b>
	<b>Appropriations</b>		
<b>\$32,337</b>	<b>Rates Requirement (surplus)</b>	<b>\$4,411</b>	<b>(\$24,509)</b>

Animal Services			
2020/21		2021/22	2021/22
Actual		Actual	Budget
\$	Operating Costs	\$	\$
<b>510,214</b>	Dog control services incl. pound	<b>617,608</b>	<b>593,145</b>
	<b>Operating Revenue</b>		
<b>410,213</b>	Dog registration fees & other revenue	<b>489,578</b>	<b>465,082</b>
	<b>Appropriations</b>		
(15,026)	Transfers from reserves	(12,139)	(12,000)
-	Transfer to reserves	-	-
-	Provision for loan repayments	4,905	4,732
-	Depreciation not rates funded	(3,000)	(3,000)
<b>\$84,975</b>	<b>Rates Requirement</b>	<b>\$117,797</b>	<b>\$117,795</b>

REGULATORY SERVICES Mana whakariterite

Emergency Management			
2020/21		2021/22	2021/22
Actual		Actual	Budget
\$	Operating Costs	\$	\$
152,938	Emergency management costs	170,039	166,096
127,016	WREMO CD/EM costs (MDC Share)	129,562	132,000
<b>279,954</b>		<b>299,601</b>	<b>298,096</b>
	Operating Revenue		
<b>60,386</b>	Misc. recoveries - CD/EM Wairarapa	<b>83,601</b>	<b>25,595</b>
	Appropriations		
-	Transfer from reserves - project funding	-	(20,000)
3,000	Transfer to reserves - self insurance	3,000	3,000
<b>\$222,568</b>	Rates Requirement	<b>\$219,000</b>	<b>\$255,502</b>

Regulatory Services			
Rates Requirement Summary			
2020/21		2021/22	2021/22
Actual	Activity	Actual	Budget
\$		\$	\$
721,630	Resource Management & Planning	891,411	832,620
156,045	River Scheme contributions	158,794	159,085
655,344	Building Development	615,961	657,845
437,745	Environmental Services	573,950	590,273
32,337	Parking Control	4,411	(24,509)
84,975	Animal Services	117,797	117,795
222,568	Emergency Management	219,000	255,502
<b>\$2,310,645</b>	Rates Requirement	<b>\$2,581,324</b>	<b>\$2,588,609</b>

Regulatory Services			
Capital Expenditure Summary			
2020/21		2021/22	2021/22
Actual		Actual	Budget
\$	Regulatory Services	\$	\$
2,106	Emergency Management equipment	-	0
10,536	Environmental Services equipment	-	8,000
11,650	Animal Services equipment & signage	21,148	24,000
155,465	New Animal pound - part project	217,509	1,300,000
2,838	Parking equipment	-	0
2,255	Building Development equipment	1,236	4,000
<b>\$184,850</b>		<b>239,894</b>	<b>\$1,336,000</b>
	Capital Funding		
(29,385)	Transfer from reserves	(22,385)	(\$36,000)
(155,465)	Loan funding	(217,509)	(1,300,000)
<b>(\$184,850)</b>		<b>(\$239,894)</b>	<b>(\$1,336,000)</b>

REGULATORY SERVICES Mana whakariterite

**ALCOHOL ACT AND ALCOHOL LICENSING**

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

2021/22 Actual		2021/22 Actual	2021/22 Budget
\$	Operating Costs	\$	\$
-	District Licensing Committee costs	-	10,000
129,782	Inspector Operations	153,818	190,456
5,897	Alcohol Act enforcement activities	6,209	9,637
<b>135,680</b>	<b>Total Alcohol licensing costs</b>	<b>160,027</b>	<b>210,093</b>
0	<b>Operating Revenue</b>		
85,511	Alcohol Act Licensing fees & charges	77,298	88,500
<b>\$50,168</b>	<b>Rates Requirement</b>	<b>\$82,729</b>	<b>\$121,593</b>

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, corporate planning and reporting, project management, elected member support, general administration and senior management.

### WHAT WE ACHIEVED IN 2021/22

Key achievements in 2021/22 include:

- Undertaking a Representation Review to implement the decision that Council made in May 2021 to establish a Māori Ward for at least the 2022 and 2025 local elections. As a result of the Representation Review, the Masterton-Whakaoriori Māori Ward was established along with a Masterton-Whakaoriori General Ward. Councillors will be elected from these Wards and At Large, from across the whole district. The total number of Councillors was reduced from ten to eight.
- Supporting the refresh of Council's internal organisational values. The new values and tikanga (Ngā Whanonga Pono o Tēnei Kaunihera) are based on whakataukī and were launched to all staff on 29 November 2021. The new values have been well received by staff. Implementation of these values supports us as we work towards being a values-led organisation.
- Working with a community focus group to develop a Climate Change Action Plan for our district. This was adopted for consultation on 29 June 2022. Consultation has since been undertaken and the plan adopted on 14 September 2022.
- Completing an amendment to the 2021-31 Long- Term Plan which was adopted by Council on 29 June 2022. The amendment enables Council to seek permission from the High Court to sell the vacant land at Panama Village for the development of public housing.
- Leading the preparation of Council's key corporate documents including the 2020/21 Annual Report which was adopted on 9 November 2021, and the 2022/23 Annual Plan adopted on 29 June 2022.
- Supporting the Rural Advisory Group that was newly established in 2020/21. In 2021/22 the group have had four meetings.

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

- Planning and preparing for the 2022 Local Elections, including the completion of Council's pre-election report, and a refresh of election protocols for staff and the 2022 Candidate Handbook.
- Representing Council and our community on policy and strategy work being undertaken jointly by the three Wairarapa District Councils, including the review of the Wairarapa Economic Development Strategy (WEDS) that has since been endorsed by Council on 14 September 2022. Community policy reviews have also progressed for the Wairarapa Local Alcohol Policy and Wairarapa Smoke and Vape Free Policy. We also commenced work on the review of the Wairarapa Rangatahi (youth) Strategy.
- Representing Council and our community on workstreams led by the Wellington Regional Leadership Committee, including the Wellington Regional Climate Change Risk and Impact Assessment, Wellington Regional Emissions Reduction Strategy, and Wellington Regional Economic Development Strategy.
- Contributing to the development of a Wellington Regional Economic Development Plan that was subsequently endorsed by the Wellington Regional Leadership Committee on 2 August 2022.
- 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.
- We developed and reviewed internal policies, including completing a review of Council's Procurement Policy, and development of Council's first Flexible Working Policy and Covid-19 policy.
- We implemented a new document management system, with the new system going 'live' in July 2021. We also scanned a back-log of Council documents into the new system and undertook scanning work for both Greater Wellington Regional Council and South Wairarapa District Council.
- We made four submissions over the last 12 months, including submissions on the Māori Electoral Option, and to Ministry for Environment Managing on their Wetlands discussion document, Transitioning to a Low-Emissions and Climate Resilient Future discussion document, and the National Adaptation Plan (with CDC and SWDC). We also supported the LGNZ submission on managing exotic afforestation incentives.

## 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 2021/22 Annual Report. Key highlights and achievements for the 2021/22 financial year are included.

The next Community Satisfaction Survey is scheduled for early in 2023. Results will be included in the next Annual Report.

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

## COSTS OF SERVICE STATEMENTS

Representation				
2020/21		2021/22	2021/22	
Actual		Actual	Budget	
\$	Operating Costs	\$	\$	
509,554	Mayor & Councillors' remuneration	534,500	526,751	
20,000	Reporting & consultation	2,544	7,500	
1,285	Election costs	21,142	40,000	
763,492	Operating expenses	646,732	665,094	
<b>1,294,331</b>		<b>1,204,919</b>	<b>1,239,345</b>	
	<b>Operating Revenue</b>			
527,733	Internal allocation of governance costs	499,968	483,738	
<b>527,733</b>		<b>499,968</b>	<b>483,738</b>	
	<b>Appropriations</b>			
-	Transfers from reserves	(30,000)	(30,000)	
25,000	Transfers to reserves	75,000	-	
<b>\$791,599</b>	<b>Rates Requirement</b>	<b>\$749,951</b>	<b>\$725,607</b>	

Roading Advisory Services				
2020/21		2021/22	2021/22	
Actual		Actual	Budget	
\$	Operating Costs	\$	\$	
821,838	Professional stAGf & operating costs	918,760	1,061,902	
16,000	Depreciation	21,179	13,440	
<b>837,837</b>		<b>939,939</b>	<b>1,075,342</b>	
	<b>Operating Revenue</b>			
549,124	Prof. services - subsidised roading	680,539	831,859	
209,731	Prof. services - non-subsidised roading	184,271	153,088	
78,982	Prof. services - other Council activities	75,129	80,185	
-	External revenue	-	10,210	
<b>837,837</b>		<b>939,939</b>	<b>1,075,342</b>	
	<b>Appropriations</b>			
-	Transfer to reserves	-	-	
<b>\$0</b>	<b>Rates Requirement</b>	<b>\$0</b>	<b>\$0</b>	

Asset & Project Management				
2020/21		2021/22	2021/22	
Actual		Actual	Budget	
\$	Operating Costs	\$	\$	
<b>1,833,382</b>	Professional stAGf & operating costs	<b>1,633,387</b>	<b>1,922,407</b>	
	<b>Operating Revenue</b>			
1,829,069	Internal charges & recoveries	1,630,732	1,901,927	
4,313	External recoveries	2,654	20,480	
<b>1,833,382</b>		<b>1,633,387</b>	<b>1,922,407</b>	
	<b>Appropriations</b>			
<b>\$0</b>	<b>Rates Requirement</b>	<b>\$0</b>	<b>\$0</b>	



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

<b>Corporate Services</b>			
<b>2020/21</b>		<b>2021/22</b>	<b>2021/22</b>
<b>Actual</b>		<b>Actual</b>	<b>Budget</b>
<b>\$</b>		<b>\$</b>	<b>\$</b>
	<b>Operating Costs</b>		
1,542,947	Management & administration	2,143,479	1,849,412
1,678,202	Financial management	1,599,522	1,667,115
1,127,136	Strategic Planning	1,503,629	1,340,577
881,831	Information systems	1,027,022	916,734
611,017	Communications	656,247	782,865
662,329	Human Resources	657,081	704,951
239,981	Council vehicle fleet costs	153,650	155,576
<b>6,743,443</b>		<b>7,740,630</b>	<b>7,417,232</b>
	<b>Operating Revenue</b>		
269,025	Miscellaneous revenue & recoveries	345,897	242,861
377,061	Interest revenue (external)	413,191	425,000
213,769	Interest revenue (on internal loans)	277,064	293,584
200,183	Other Internal recoveries	296,000	266,000
5,587,309	Support services allocated internally	5,357,914	5,184,211
239,981	Council vehicle fleet recoveries	153,650	155,576
<b>6,887,328</b>		<b>6,843,715</b>	<b>6,567,232</b>
	<b>Appropriations</b>		
(62,025)	Transfer (from) reserves	(1,124,600)	(1,160,000)
-	Transfers to reserves	25,000	25,000
205,910	Transfer to reserves - interest	262,685	285,000
-	Depreciation not rates funded	(60,000)	-
<b>\$0</b>	<b>Rates Requirement</b>	<b>\$0</b>	<b>\$0</b>

<b>Leadership, Strategy &amp; Corporate Services</b>			
<b>Rates Requirement Summary</b>			
<b>2020/21</b>		<b>2021/22</b>	<b>2021/22</b>
<b>Actual</b>		<b>Actual</b>	<b>Budget</b>
<b>\$</b>	<b>Activity</b>	<b>\$</b>	<b>\$</b>
791,599	Representation	749,951	725,607
-	Internal Functions (net)	0	0
922,145	Community Development	1,161,910	1,137,126
538,041	Arts and Culture	547,485	582,283
981,502	Economic Development and Promotion	975,834	945,297
248,734	Environmental Initiatives	314,424	320,095
<b>\$3,482,021</b>	<b>Rates Requirement</b>	<b>\$3,749,605</b>	<b>\$3,710,408</b>

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

**Leadership, Strategy & Corporate Services**

**Capital Expenditure Summary**

2020/21 Actual		2021/22 Actual	2021/22 Budget
\$		\$	\$
<b>4,163</b>	<b>Roading Advisory Services</b>		
	Survey Equipment	-	-
	<b>Corporate Services</b>		
156,467	IT equipment replacement	96,500	120,000
	Computer programmes/Software	62,429	10,000
-	System Security Upgrades	29,796	0
25,030	GIS aerial photos & data capture	-	-
72,582	Pool Vehicle replacement	125,881	100,000
171,276	Information management - system upgrade	37,363	50,000
<b>425,356</b>		<b>351,967</b>	<b>280,000</b>
	<b>Development</b>		
34,949	CBD security cameras	18,574	20,000
-	Decorative lighting upgrade	0	5,000
11,455	Christmas decorations	0	0
50,605	Flag mounting system	0	0
-	Community Assets	12,782	0
-	Youth hub at Skatepark	248,030	538,570
97,009		<b>279,387</b>	<b>563,570</b>
<b>530,691</b>	<b>Total capital expenditure</b>	<b>631,354</b>	<b>843,570</b>
	<b>Capital Funding</b>		
(530,691)	Transfer from reserves	(511,354)	(305,000)
-	Loan funds	-	(418,577)
-	External funds	(120,000)	(119,993)
<b>(530,691)</b>		<b>(631,354)</b>	<b>(843,570)</b>

FINANCIAL REPORTS Ngā pūrongo putea

# FINANCIAL REPORTS

## Ngā pūrongo putea

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## 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 2022	\$ millions	Optimised Replacement Values	Optimised Depreciated Replacement Values
Roads, bridges & footpaths (includes bridges & culverts, excludes land)		753.07	563.63
Water treatment plant & facilities - Masterton		19.33	5.32
Water reticulation (including rural supplies)		109.18	46.83
Sewerage treatment plant & facilities - Masterton		46.96	40.08
Sewerage reticulation - Masterton		134.35	68.59
Sewerage systems - rural*		19.99	13.17
Stormwater assets		51.98	29.92
Flood protection & control works		7.93	5.88
		<u>1142.79</u>	<u>773.41</u>

Notes: - excludes land values associated with the assets.

- Infrastructural assets were revalued as at 30 June 2020

\* 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 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)

#### 30 June 2021

Number of rating units within the District	13,007
Capital Value of rating units as at 30 June 2021	\$8,663 million
Land Value of rating units as at 30 June 2021	\$4,675 million
Rates income for 2021/22 (per 2021-31 Long Term Plan)	\$35,308,371 (excl GST & capital contribution rates)
Average rates income per rating unit	\$2,715 (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 2022**

<b>Asset values from Statement of Financial Position</b>	Carrying value 1 July 2021	<b>All values in \$000's</b>
Property, plant and equipment	136,453	
Infrastructural assets	737,718	
Forestry	539	
Investment properties	-	
	<b>874,710</b>	
Less:		
Land component of operational assets	87,182	
Land under roads & road formation	87,484	
	<b>174,666</b>	
<b>Net Non-Financial Assets (excluding land)</b>	<b>\$ 700,044</b>	
<b>Insurance Arrangements 2020/21</b>		
Material damage cover for buildings, plant, contents	\$ 148,222	Cover spread over 5 insurers, \$5k excess, covers 236 buildings or assets, of which 45 are insured for indemnity value only, the balance for full reinstatement value, contents cover totals \$5.0 million, earthquake claims are subject to higher deductibles. The policy is shared with CDC & SWDC.
Motor vehicle insurance cover - value estimate	\$ 831	Insured for market value, carrying value assumed here.
Forestry (standing timber) cover	\$ 532	Cover for trees declared value for fire, windstorm value \$17.5k, deductible of 1.5% of declared value
<b>Risk Sharing Arrangements</b>		
Cover for infrastructural assets as a member of LAPP (underground assets)	\$ 309,076	This is the replacement value (ORV) of assets listed on the LAPP Fund schedule for 2021/22. LAPP cover equated to 40% ie \$123.630k, 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 up to \$100m through the course of 2021/22. 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)	\$ 618,609	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).
<b>Assets Self-insured</b>		
Airport runway & taxiways	\$ 4,543	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)	\$ 13,325	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

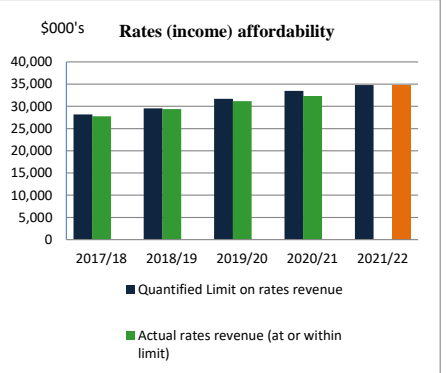
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**BENCHMARKS - PER LG (FINANCIAL REPORTING AND PRUDENCE) REGULATIONS 2014**

**RATES AFFORDABILITY BENCHMARKS**

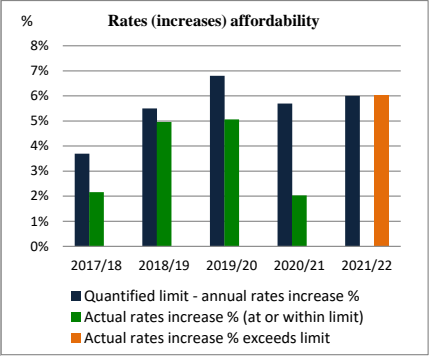
The Council meets this benchmark if:  
1. The actual rates revenue equals or is less than each quantified limit on rates; and  
2. Actual rates increases equal or are less than each quantified limit on rates increases.

**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.

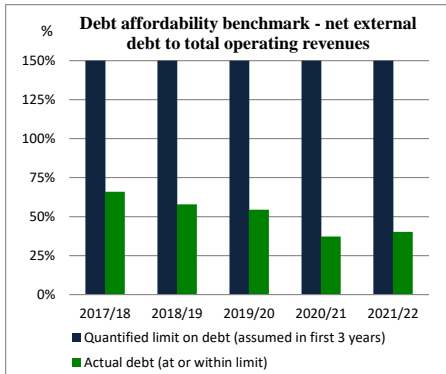
**Rates (increases) affordability**  
The quantified rates increase limit is after the effect of rating base growth. The limit is the LGCI increase in the year, plus 3.5% (from 2018) or 4.5% (from 2021). Actual percentage increase is calculated by taking the change in revenue less the percentage of planned 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**

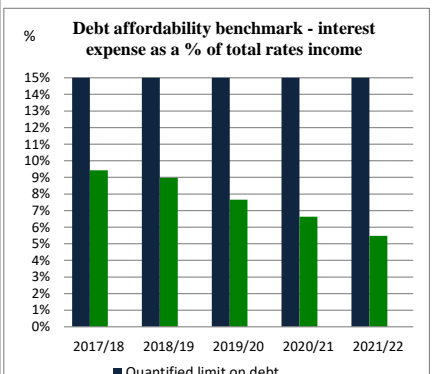
The Council meets the debt affordability benchmarks if its actual borrowing and borrowing costs are within the Council's quantified limits for borrowing, as set in the LTP.

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



(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.

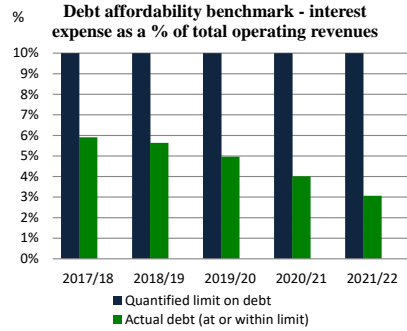


(2) Operating Revenue is as per the Statement of Comprehensive Revenue & Expense - all earnings including financial contributions, but excluding vested assets.

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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.



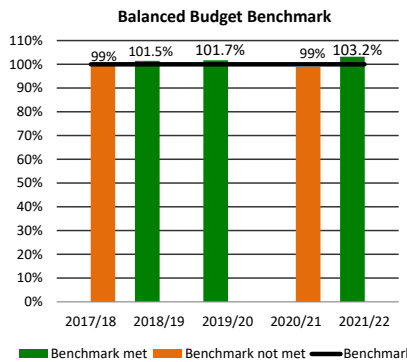
**BALANCED BUDGET BENCHMARK**

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**

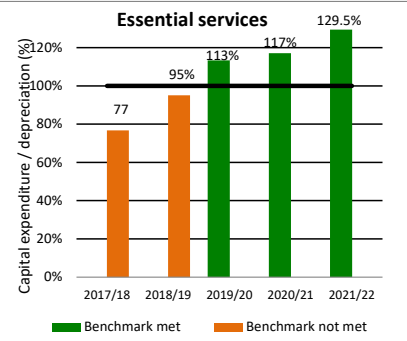
The graph below to the right shows the Council's capital expenditure on network services as a proportion of depreciation on network services. The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on those network services.

**Notes:**

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

2021/22 capital and renewals expenditure on Roading of \$8.8m was more than depreciation of \$6.3m. Urban wastewater reticulation renewals of \$2.5m were close to the depreciation on those assets of \$2.4m.

Water capital and renewals of \$2.7m is \$1.0m more than depreciation and includes projects funded by stimulus funding and excludes land purchased for future water storage.



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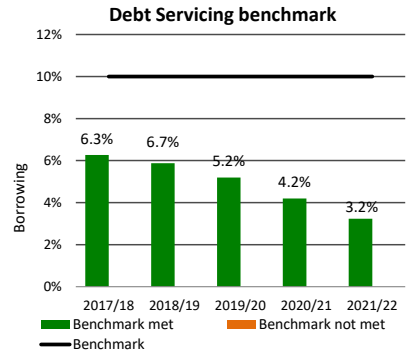
**DEBT SERVICING BENCHMARK**

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.

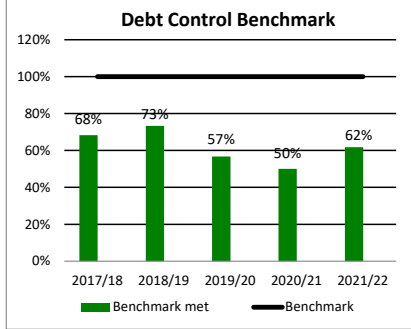
In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

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 2018-28 LTP anticipated some large capital expenditure projects which required debt funding. A number of these have not progressed so net debt levels are significantly lower than planned for in that LTP.

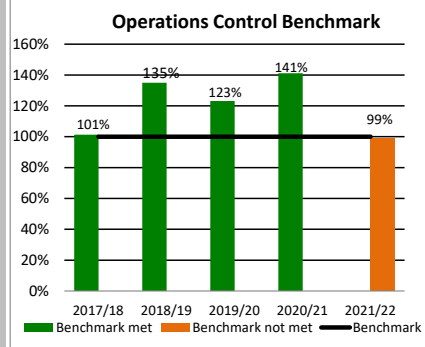


**OPERATIONS CONTROL BENCHMARK**

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 2021/22 the Plan included Govt funding on the Airport project - actual funding was less than Plan largely accounting for the benchmark not met.





FINANCIAL REPORTS Ngā pūrongo putea

## 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.

<b>FUNDING IMPACT STATEMENT</b>				
As required by the Local Government (Financial Reporting & Prudence) Regulations 2014				
<b>COUNCIL</b>	<b>2020-21 Annual Plan</b>	<b>2020-21 Actual</b>	<b>2021-22 Annual Plan</b>	<b>2021-22 Actual</b>
	\$000s	\$000s	\$000s	\$000s
<b>Sources of Operating Funding</b>				
General rates, uniform charges, rates penalties*	145	149	210	238
Targeted rates (excluding water by meter)*	32,222	32,301	34,531	34,589
Subsidies and grants (for operating)	4,363	4,774	4,679	5,803
Fees & charges (incl metered water)	7,362	8,311	8,348	9,871
Interest & dividends	578	381	431	418
Other receipts (incl petrol tax & fines)	288	308	306	339
<b>Total operating funding (A)</b>	<b>44,958</b>	<b>46,226</b>	<b>48,505</b>	<b>51,258</b>
<b>Applications of Operating Funding</b>				
Payments to staff and suppliers	34,961	33,958	37,579	39,242
Finance costs	2,149	2,143	1,800	1,904
Other operating funding applications	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>37,110</b>	<b>36,101</b>	<b>39,378</b>	<b>41,146</b>
<b>Surplus/(Deficit) of operating funding (A-B)</b>	<b>7,847</b>	<b>10,125</b>	<b>9,126</b>	<b>10,112</b>
<b>Sources of Capital Funding</b>				
Subsidies & grants for capital expenditure	3,838	4,827	10,321	8,013
Development & financial contributions	1,258	2,413	1,481	2,867
Increase/(decrease) in debt	3,234	(2,600)	13,711	1,500
Gross proceeds from sale of assets	2,420	2,517	20	-
Lump sum contributions	-	3,681	-	1,760
Other dedicated capital funding	745	-	-	-
<b>Total sources of capital funding (C)</b>	<b>11,495</b>	<b>10,839</b>	<b>25,533</b>	<b>14,139</b>
<b>Application of Capital Funding</b>				
Capital expenditure:				
- to meet additional demand	470	3,711	840	3,267
- to improve level of service	10,605	4,518	23,996	10,589
- to replace existing assets	13,341	12,289	13,715	10,741
Increase/(decrease) in reserves	(5,769)	564	(4,592)	(863)
Increase/(decrease) in investments	694	(117)	699	518
<b>Total application of capital funding (D)</b>	<b>19,342</b>	<b>20,964</b>	<b>34,660</b>	<b>24,252</b>
<b>Surplus / (deficit) of capital funding (C-D)</b>	<b>(7,847)</b>	<b>(10,125)</b>	<b>(9,126)</b>	<b>(10,112)</b>
Funding balance (A-B)+(C-D)	0	0	0	-

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

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<b>FUNDING IMPACT STATEMENT</b>				
	2020-21 Annual Plan	2020-21 Actual	2021-22 Annual Plan	2021-22 Actual
	\$000s	\$000s	\$000s	\$000s
<b>Reconciliation</b>				
<b>- between FIS &amp; Financial Statements</b>				
Operating Revenue - per FIS	44,958	46,226	48,505	51,258
Capital Funding (revenue)- per FIS	5,841	10,922	11,802	12,639
	50,798	57,148	60,307	63,897
Other Gains	-	3,059	36	4,576
	50,798	60,207	60,343	68,473
Operating Revenue - per Stmt of Comp. Rev. & Exp.	50,829	60,207	60,343	68,473
Less Other Gains/ (Losses) on Sale of Assets	30	3,059	36	4,576
	50,798	57,148	60,307	63,897
	-	-	-	-
Operating Expenditure - per FIS	37,110	36,101	39,378	41,146
Add depreciation	12,902	14,066	14,938	14,527
	50,012	50,167	54,317	55,673
Other Losses	-	1,779	-	2,884
Operating Expenditure - per Stmt of Comp. Rev. & Exp.	50,012	51,946	54,317	58,557
	-	-	-	-
Capital Expenditure - per FIS	24,417	20,518	38,552	24,597
Capital Expenditure - per Cost of Service Statements	24,417	20,518	38,552	24,597
	-	-	-	-
Transfer to/(from) Reserves - per COSS	(13,408)	(7,215)	(10,595)	(7,033)
Depreciation transferred to reserves - per COSS	5,219	5,261	5,983	6,169
Proceeds from sale of assets - tsf to reserves	2,420	2,517	20	-
	(5,769)	564	(4,592)	(863)
Increase/(Decrease) in Reserves - per FIS	(5,769)	564	(4,592)	(863)
	-	-	-	-

<b>DEPRECIATION by Group</b>				
	2020-21 Annual Plan	2020-21 Actual	2021-22 Annual Plan	2021-22 Actual
	\$000s	\$000s	\$000s	\$000s
<b>Groups of Activities</b>				
Roading	5,601	6,208	6,470	6,315
Water Services	1,568	1,642	1,686	1,679
Wastewater Services	2,699	2,827	2,916	2,803
Stormwater	325	376	374	384
Solid Waste Services	176	184	215	204
Community Facilities/Activities	2,293	2,539	3,012	2,780
Regulatory Services	46	52	52	51
Leadership, Strategy & Corporate Services	194	237	213	312
	12,902	14,066	\$14,938	\$14,527

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<b>FUNDING IMPACT STATEMENT</b>			
As required by the Local Government (Financial Reporting and Prudence) Regulations 2014			
<b>ROADING</b>	<b>LTP 2020-21 \$000s</b>	<b>LTP 2021-22 \$000s</b>	<b>Actual 2021-22 \$000s</b>
<b>Sources of Operating Funding</b>			
General rates, uniform charges, rates penalties	-	-	-
Targeted rates	6,559	7,335	7,327
Subsidies and grants (for operating)	2,614	2,885	3,685
Fees & charges	90	73	52
Internal charges & overheads recovered	-	-	-
Interest & dividends	-	-	-
Other receipts (incl petrol tax & fines)	204	190	187
<b>Total operating funding (A)</b>	<b>9,467</b>	<b>10,483</b>	<b>11,251</b>
<b>Applications of Operating Funding</b>			
Payments to staff and suppliers	5,350	5,673	6,580
Finance costs	83	11	11
Internal charges and overheads applied	1,202	1,459	1,897
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>6,634</b>	<b>7,143</b>	<b>8,489</b>
<b>Surplus/(Deficit) of operating funding (A-B)</b>	<b>2,832</b>	<b>3,340</b>	<b>2,763</b>
<b>Sources of Capital Funding</b>			
Subsidies & grants for capital expenditure	2,727	2,933	4,153
Development & financial contributions	100	375	746
Increase/(decrease) in debt	(77)	1,323	236
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	989
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>2,750</b>	<b>4,631</b>	<b>6,124</b>
<b>Application of Capital Funding</b>			
Capital expenditure:			
- to meet additional demand	-	840	2,533
- to improve level of service	989	2,113	1,834
- to replace existing assets	3,908	5,928	5,425
Increase/(decrease) in reserves	686 *	(909) *	(571) *
Increase/(decrease) in investments	-	-	(334)
<b>Total application of capital funding (D)</b>	<b>5,583</b>	<b>7,972</b>	<b>8,886</b>
<b>Surplus / (deficit) of capital funding (C-D)</b>	<b>(2,832)</b>	<b>(3,340)</b>	<b>(2,763)</b>
Funding balance (A-B)+(C-D)	-	-	-
* The Plan allowed for depreciation funded into reserves as part of the change in investments			

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**FUNDING IMPACT STATEMENT**

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

WATER SERVICES	LTP 2020-21 \$000s	LTP 2021-22 \$000s	Actual 2021-22 \$000s
<b>Sources of Operating Funding</b>			
General rates, uniform charges, rates penalties	-	-	-
Targeted rates (excl water by meter)	3,780	3,716	3,666
Subsidies and grants (for operating)	-	440	546
Fees & charges (incl metered water)	397	532	641
Internal charges & overheads recovered	129	103	103
Interest & dividends	11	5	4
Other receipts (incl petrol tax & fines)	-	-	-
<b>Total operating funding (A)</b>	<b>4,317</b>	<b>4,796</b>	<b>4,960</b>
*Disclosure of the General and Targeted Rates from 2014/15 financial statements are restated to align with definitions within the Local Government (Rating) Act 2002			
<b>Applications of Operating Funding</b>			
Payments to staff and suppliers	1,545	2,327	2,413
Finance costs	329	146	179
Internal charges and overheads applied	799	881	771
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>2,673</b>	<b>3,354</b>	<b>3,363</b>
<b>Surplus/(Deficit) of operating funding (A-B)</b>	<b>1,644</b>	<b>1,442</b>	<b>1,597</b>
<b>Sources of Capital Funding</b>			
Subsidies & grants for capital expenditure	-	2,334	1,556
Development & financial contributions	7	-	0
Increase/(decrease) in debt	2,615	2,459	2,682
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	155
Other operating funding applications	-	-	-
<b>Total sources of capital funding (C)</b>	<b>2,622</b>	<b>4,793</b>	<b>4,393</b>
<b>Application of Capital Funding</b>			
Capital expenditure:			
- to meet additional demand	-	-	155
- to improve level of service	2,205	4,604	4,544
- to replace existing assets	1,775	2,185	604
Increase/(decrease) in reserves	287 *	(554) *	825 *
Increase/(decrease) in investments	-	-	(138)
<b>Total application of capital funding (D)</b>	<b>4,266</b>	<b>6,234</b>	<b>5,991</b>
<b>Surplus / (deficit) of capital funding (C-D)</b>	<b>(1,644)</b>	<b>(1,442)</b>	<b>(1,597)</b>
Funding balance (A-B)+(C-D)	-	-	-

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

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<b>FUNDING IMPACT STATEMENT</b>			
As required by the Local Government (Financial Reporting and Prudence) Regulations 2014			
<b>WASTEWATER SERVICES</b>			
	LTP 2020-21 \$000s	LTP 2021-22 \$000s	Actual 2021-22 \$000s
<b>Sources of Operating Funding</b>			
General rates, uniform charges, rates penalties	-	-	-
Targeted rates	7,510	6,904	6,893
Subsidies and grants (for operating)	-	500	755
Fees & charges	378	501	524
Internal charges & overheads recovered	8	38	43
Interest & dividends	-	-	-
Other receipts (incl petrol tax & fines)	-	-	-
<b>Total operating funding (A)</b>	<b>7,896</b>	<b>7,944</b>	<b>8,215</b>
<b>Applications of Operating Funding</b>			
Payments to staff and suppliers	1,454	1,878	2,103
Finance costs	1,997	1,392	1,431
Internal charges and overheads applied	1,262	1,177	1,127
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>4,713</b>	<b>4,446</b>	<b>4,661</b>
<b>Surplus/(Deficit) of operating funding (A-B)</b>	<b>3,183</b>	<b>3,497</b>	<b>3,554</b>
<b>Sources of Capital Funding</b>			
Subsidies & grants for capital expenditure	-	450	438
Development & financial contributions	106	123	189
Increase/(decrease) in debt	(2,173)	(2,006)	(2,071)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	227
Other operating funding applications	-	-	-
<b>Total sources of capital funding (C)</b>	<b>(2,067)</b>	<b>(1,433)</b>	<b>(1,217)</b>
<b>Application of Capital Funding</b>			
Capital expenditure:			
- to meet additional demand	-	-	227
- to improve level of service	53	300	33
- to replace existing assets	1,370	1,742	2,461
Increase/(decrease) in reserves	(306) *	22 *	(594) *
Increase/(decrease) in investments	-	-	210
<b>Total application of capital funding (D)</b>	<b>1,116</b>	<b>2,064</b>	<b>2,337</b>
<b>Surplus / (deficit) of capital funding (C-D)</b>	<b>(3,183)</b>	<b>(3,497)</b>	<b>(3,554)</b>
Funding balance (A-B)+(C-D)	-	-	-

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

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<b>FUNDING IMPACT STATEMENT</b>			
As required by the Local Government (Financial Reporting and Prudence) Regulations 2014			
<b>STORMWATER SERVICES</b>			
	<b>LTP 2020-21 \$000s</b>	<b>LTP 2021-22 \$000s</b>	<b>Actual 2021-22 \$000s</b>
<b>Sources of Operating Funding</b>			
General rates, uniform charges, rates penalties	-	-	-
Targeted rates	525	664	664
Subsidies and grants (for operating)	-	200	225
Fees & charges	-	-	-
Internal charges & overheads recovered	-	-	-
Interest & dividends	-	-	-
Other receipts (incl petrol tax & fines)	-	-	-
<b>Total operating funding (A)</b>	<b>525</b>	<b>864</b>	<b>890</b>
<b>Applications of Operating Funding</b>			
Payments to staff and suppliers	153	298	498
Finance costs	25	17	18
Internal charges and overheads applied	172	213	211
Other operating funding applications	-	-	0
<b>Total applications of operating funding (B)</b>	<b>351</b>	<b>529</b>	<b>727</b>
<b>Surplus/(Deficit) of operating funding (A-B)</b>	<b>174</b>	<b>335</b>	<b>163</b>
<b>Sources of Capital Funding</b>			
Subsidies & grants for capital expenditure	-	-	-
Development & financial contributions	-	-	-
Increase/(decrease) in debt	72	(36)	(36)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	352
Other operating funding applications	-	-	-
<b>Total sources of capital funding (C)</b>	<b>72</b>	<b>(36)</b>	<b>316</b>
<b>Application of Capital Funding</b>			
Capital expenditure:			
- to meet additional demand	-	-	352
- to improve level of service	105	100	2
- to replace existing assets	347	560	496
Increase/(decrease) in reserves	(206) *	(361) *	(318) *
Increase/(decrease) in investments	-	-	(53)
<b>Total application of capital funding (D)</b>	<b>246</b>	<b>299</b>	<b>479</b>
<b>Surplus / (deficit) of capital funding (C-D)</b>	<b>(174)</b>	<b>(335)</b>	<b>(163)</b>
Funding balance (A-B)+(C-D)	-	-	-

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

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<b>FUNDING IMPACT STATEMENT</b>			
As required by the Local Government (Financial Reporting and Prudence) Regulations 2014			
<b>SOLID WASTE SERVICES</b>			
	<b>LTP 2020-21 \$000s</b>	<b>LTP 2021-22 \$000s</b>	<b>Actual 2021-22 \$000s</b>
<b>Sources of Operating Funding</b>			
General rates, uniform charges, rates penalties	-	-	-
Targeted rates	1,448	1,021	1,025
Subsidies and grants (for operating)	99	180	166
Fees & charges	2,932	3,150	3,738
Internal charges & overheads recovered	206	73	145
Interest & dividends	-	-	-
Other receipts (incl petrol tax & fines)	-	-	-
<b>Total operating funding (A)</b>	<b>4,685</b>	<b>4,425</b>	<b>5,075</b>
<b>Applications of Operating Funding</b>			
Payments to staff and suppliers	3,782	3,769	4,255
Finance costs	96	61	68
Internal charges and overheads applied	589	442	528
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>4,467</b>	<b>4,271</b>	<b>4,850</b>
<b>Surplus/(Deficit) of operating funding (A-B)</b>	<b>218</b>	<b>154</b>	<b>225</b>
<b>Sources of Capital Funding</b>			
Subsidies & grants for capital expenditure	-	-	-
Development & financial contributions	-	-	-
Increase/(decrease) in debt	73	(182)	(138)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	36
Other operating funding applications	-	-	-
<b>Total sources of capital funding (C)</b>	<b>73</b>	<b>(182)</b>	<b>(102)</b>
<b>Application of Capital Funding</b>			
Capital expenditure:			
- to meet additional demand	-	-	-
- to improve level of service	271	60	-
- to replace existing assets	-	200	181
Increase/(decrease) in reserves	19 *	(289) *	(159) *
Increase/(decrease) in investments	-	-	101
<b>Total application of capital funding (D)</b>	<b>291</b>	<b>(28)</b>	<b>123</b>
<b>Surplus / (deficit) of capital funding (C-D)</b>	<b>(218)</b>	<b>(154)</b>	<b>(225)</b>
Funding balance (A-B)+(C-D)	-	-	-

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

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**FUNDING IMPACT STATEMENT**

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

**COMMUNITY FACILITIES / ACTIVITIES**

	LTP 2020-21 \$000s	LTP 2021-22 \$000s	Actual 2021-22 \$000s
<b>Sources of Operating Funding</b>			
General rates, uniform charges, rates penalties	-	-	-
Targeted rates	8,145	9,457	9,521
Subsidies and grants (for operating)	59	189	212
Fees & charges	1,602	1,628	1,758
Internal charges & overheads recovered	482	675	695
Interest & dividends	-	-	-
Other receipts (incl petrol tax & fines)	-	-	-
<b>Total operating funding (A)</b>	<b>10,287</b>	<b>11,950</b>	<b>12,186</b>
<b>Applications of Operating Funding</b>			
Payments to staff and suppliers	5,381	7,173	6,871
Finance costs	602	173	178
Internal charges and overheads applied	2,186	2,448	2,316
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>8,168</b>	<b>9,794</b>	<b>9,366</b>
<b>Surplus/(Deficit) of operating funding (A-B)</b>	<b>2,120</b>	<b>2,156</b>	<b>2,821</b>
<b>Sources of Capital Funding</b>			
Subsidies & grants for capital expenditure	-	4,485	1,746
Development & financial contributions	-	-	5
Increase/(decrease) in debt	8,783	9,741	610
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other operating funding applications	-	-	-
<b>Total sources of capital funding (C)</b>	<b>8,783</b>	<b>14,226</b>	<b>2,361</b>
<b>Application of Capital Funding</b>			
Capital expenditure:			
- to meet additional demand	-	-	-
- to improve level of service	10,319	14,967	3,604
- to replace existing assets	773	2,774	1,274
Increase/(decrease) in reserves	(189) *	(1,358) *	(379) *
Increase/(decrease) in investments	-	-	682
<b>Total application of capital funding (D)</b>	<b>10,903</b>	<b>16,382</b>	<b>5,182</b>
<b>Surplus / (deficit) of capital funding (C-D)</b>	<b>(2,120)</b>	<b>(2,156)</b>	<b>(2,821)</b>
Funding balance (A-B)+(C-D)	-	-	-

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



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<b>FUNDING IMPACT STATEMENT</b>			
As required by the Local Government (Financial Reporting and Prudence) Regulations 2014			
<b>REGULATORY SERVICES</b>			
	LTP 2020-21 \$000s	LTP 2021-22 \$000s	Actual 2021-22 \$000s
<b>Sources of Operating Funding</b>			
General rates, uniform charges, rates penalties	-	-	-
Targeted rates	1,858	2,589	2,612
Subsidies and grants (for operating)	-	-	-
Fees & charges	1,790	2,229	2,788
Internal charges & overheads recovered	264	294	262
Interest & dividends	2	1	1
Other receipts (incl petrol tax & fines)	105	116	152
<b>Total operating funding (A)</b>	<b>4,019</b>	<b>5,228</b>	<b>5,815</b>
<b>Applications of Operating Funding</b>			
Payments to staff and suppliers	2,982	4,269	4,958
Finance costs	31	-	0
Internal charges and overheads applied	1,059	1,566	1,549
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>4,072</b>	<b>5,835</b>	<b>6,507</b>
<b>Surplus/(Deficit) of operating funding (A-B)</b>	<b>(53)</b>	<b>(607)</b>	<b>(692)</b>
<b>Sources of Capital Funding</b>			
Subsidies & grants for capital expenditure	-	-	-
Development & financial contributions	440	983	1,926
Increase/(decrease) in debt	(14)	1,295	218
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other operating funding applications	-	-	-
<b>Total sources of capital funding (C)</b>	<b>426</b>	<b>2,278</b>	<b>2,144</b>
<b>Application of Capital Funding</b>			
Capital expenditure:			
- to meet additional demand	-	-	-
- to improve level of service	-	1,304	219
- to replace existing assets	19	32	21
Increase/(decrease) in reserves	353 *	335 *	1,176 *
Increase/(decrease) in investments	-	-	36
<b>Total application of capital funding (D)</b>	<b>372</b>	<b>1,671</b>	<b>1,452</b>
<b>Surplus / (deficit) of capital funding (C-D)</b>	<b>53</b>	<b>607</b>	<b>692</b>
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

<b>FUNDING IMPACT STATEMENT</b>			
As required by the Local Government (Financial Reporting and Prudence) Regulations 2014			
<b>LEADERSHIP, STRATEGY &amp; CORPORATE SERVICES</b>			
	<b>LTP 2020-21 \$000s</b>	<b>LTP 2021-22 \$000s</b>	<b>Actual 2021-22 \$000s</b>
<b>Sources of Operating Funding</b>			
General rates, uniform charges, rates penalties	-	-	-
Targeted rates	3,887	3,710	3,683
Subsidies and grants (for operating)	29	285	213
Fees & charges	289	234	370
Internal charges & overheads recovered	7,437	9,406	9,188
Interest & dividends	686	425	413
Other receipts (incl petrol tax & fines)	-	-	-
<b>Total operating funding (A)</b>	<b>12,328</b>	<b>14,060</b>	<b>13,868</b>
<b>Applications of Operating Funding</b>			
Payments to staff and suppliers	9,406	12,565	11,563
Finance costs	-	-	19
Internal charges and overheads applied	2,137	2,687	2,683
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>11,542</b>	<b>15,252</b>	<b>14,265</b>
<b>Surplus/(Deficit) of operating funding (A-B)</b>	<b>785</b>	<b>(1,191)</b>	<b>(397)</b>
<b>Sources of Capital Funding</b>			
Subsidies & grants for capital expenditure	-	120	120
Development & financial contributions	-	-	-
Increase/(decrease) in debt	(2)	417	(0)
Gross proceeds from sale of assets	-	20	-
Lump sum contributions	-	-	-
Other operating funding applications	-	-	-
<b>Total sources of capital funding (C)</b>	<b>(2)</b>	<b>557</b>	<b>120</b>
<b>Application of Capital Funding</b>			
Capital expenditure:			
- to meet additional demand	-	-	-
- to improve level of service	52	549	353
- to replace existing assets	219	295	278
Increase/(decrease) in reserves	512 *	(1,478) *	(843) *
Increase/(decrease) in investments	-	-	(65)
<b>Total application of capital funding (D)</b>	<b>784</b>	<b>(634)</b>	<b>(277)</b>
<b>Surplus / (deficit) of capital funding (C-D)</b>	<b>(785)</b>	<b>1,191</b>	<b>397</b>
Funding balance (A-B)+(C-D)	-	-	-

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

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## 2021/22 FINANCIAL STATEMENTS AND NOTES TO THE ACCOUNTS

### MASTERTON DISTRICT COUNCIL

<b>STATEMENT OF FINANCIAL POSITION as at 30 June 2022</b>				
\$		Notes	\$	\$
30 June 2021			30 June 2022	Budget
<b>CURRENT ASSETS</b>				
7,026,850	Cash & cash equivalents	10	6,322,473	4,356,507
11,501,700	Other financial assets	11	9,101,750	6,482,070
254,458	Inventories	8	855,765	250,564
0	Derivative financial instruments	22	65,968	0
3,935,737	Debtors and other receivables	9	4,627,833	4,272,875
<u>22,718,745</u>	<b>Total Current Assets</b>		<u>20,973,789</u>	<u>15,362,016</u>
<b>NON-CURRENT ASSETS</b>				
136,453,304	Property, equipment & other assets	12,13	140,119,083	138,313,727
737,718,064	Infrastructural assets	12,13	871,541,736	755,921,822
3,657,702	Intangible assets	14	3,396,201	3,376,714
539,452	Forestry assets	15	387,467	530,408
0	Investment property	16	0	0
0	Derivative financial instruments	22	512,939	0
	Other financial assets	11		
222,141	- Investments in CCO's & other similar entities		225,958	240,962
10,053,696	- Investments in other entities		9,573,503	10,681,748
<u>888,644,359</u>	<b>Total Non-current Assets</b>		<u>1,025,756,887</u>	<u>909,065,381</u>
<b>\$911,363,104</b>	<b>TOTAL ASSETS</b>		<b>\$1,046,730,676</b>	<b>\$924,427,397</b>
<b>CURRENT LIABILITIES</b>				
11,815,680	Creditors & other payables	20	10,172,231	8,068,974
207,075	Derivative financial instruments	22	0	0
1,104,045	Employee benefits	21	1,086,623	1,004,336
57,000	Provisions (current)	23	23,585	20,000
8,000,000	Financial liabilities - current portion	24	8,000,000	8,000,000
<u>21,183,800</u>	<b>Total Current Liabilities</b>		<u>19,282,439</u>	<u>17,093,310</u>
<b>NON-CURRENT LIABILITIES</b>				
40,500,000	Financial liabilities	24	42,000,000	54,210,979
3,626,865	Derivative financial instruments	22	2,469	7,002,121
9,494	Employee benefits	21	9,353	9,378
35,649	Provisions & other liabilities	23	107,974	30,649
<u>44,172,008</u>	<b>Total Non-current Liabilities</b>		<u>42,119,796</u>	<u>61,253,127</u>
<b>\$846,007,297</b>	<b>NET ASSETS</b>		<b>\$985,328,441</b>	<b>\$846,080,960</b>
<b>PUBLIC EQUITY</b>				
444,904,979	Retained earnings (ratepayers' equity)	25	456,714,681	449,168,938
371,918,371	Revaluation reserves	25	500,293,219	371,285,396
29,183,947	Special funds & restricted reserves	28	28,320,541	25,626,626
<u>\$846,007,297</u>	<b>TOTAL PUBLIC EQUITY</b>		<u>\$985,328,441</u>	<u>\$846,080,960</u>

*The accompanying notes form part of these financial statements.*

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Draft until audited

MASTERTON DISTRICT COUNCIL

STATEMENT OF COMPREHENSIVE REVENUE & EXPENSE				
For the Year Ended 30 June 2022				
\$			\$	\$
Actual		Note	Actual	Budget
2020/21			2021/22	2021/22
<b>OPERATING REVENUE</b>				
32,347,108	Rates Revenue	3	34,776,472	34,692,272
102,887	Rural sewerage scheme capital rates	3 & 4	50,303	49,017
2,413,134	Financial Contributions		2,866,901	1,481,000
9,601,928	Subsidies and grants	4	13,815,233	14,954,600 *1
381,479	Finance Revenue	5	418,159	431,000
8,638,415	Other Operating Revenue	4	10,246,612	8,699,211 *1
3,662,745	Assets vested from subdivisions	4	1,723,633	-
3,059,462	Other Gains	4a	4,576,128	35,660
60,207,158	<b>Total Operating Revenue</b>		68,473,441	60,342,760
<b>OPERATING EXPENDITURE</b>				
10,725,121	Personnel Costs	6	12,311,176	13,078,498
23,232,825	Other Expenses	7	26,930,509	24,500,162
2,143,004	Finance Costs	5	1,904,048	1,799,808
14,066,205	Depreciation & amortisation	12, 13, 14	14,527,220	14,938,115
1,778,518	Other Losses	4a	2,884,021	-
51,945,673	<b>Total Operating Expenditure</b>		58,556,974	54,316,583
\$8,261,485	<b>Surplus/(Deficit) before taxation</b>		\$9,916,467	\$6,026,177
-	Income tax expense		-	-
<b>\$ 8,261,485</b>	<b>SURPLUS/(DEFICIT) AFTER TAXATION</b>		<b>\$ 9,916,467</b>	<b>\$6,026,177</b>
<b>Other Comprehensive Revenue &amp; Expense</b>				
22,145,138	Gain/(Loss) on asset revaluations	12, 13, 25	129,409,082	-
41,876	Financial assets fair value movement	25	(4,405)	-
22,187,014	<b>Total Other Comprehensive Revenue &amp; Expense</b>		129,404,677	0
<b>\$ 30,448,500</b>	<b>TOTAL COMPREHENSIVE REVENUE &amp; EXPENSE</b>		<b>\$ 139,321,145</b>	<b>\$6,026,177</b>

STATEMENT OF CHANGES IN EQUITY						
For the Year Ended 30 June 2022						
	\$	\$	\$	\$	\$	\$
	Revaluations	Special Funds & Reserves	Ratepayers' Equity	Total	Plan	Prior Year
	(Note 25)	(Note 28)	(Note 25)	2021/22	2021/22	2020/21
<b>Opening Balance</b>						
1 July 2021	371,918,371	29,183,947	444,904,979	<b>\$846,007,297</b>	840,054,783	815,558,797
Comprehensive revenue & expense for the year	129,404,677		9,916,467	<b>139,321,145</b>	6,026,177	30,448,500
Tsf disposals revaltns	(1,029,829)		1,029,829	0		
Transfers from Reserves		(11,376,365)	11,376,365	0		
Transfers to Reserves		4,343,741	(4,343,741)	0		
Tsf proceeds on sale of assets		0	-	0		
Tsf depreciation to reserves		6,169,218	(6,169,218)	0		
<b>Closing Balance</b>	500,293,219	28,320,541	456,714,681	<b>\$985,328,441</b>	846,080,960	846,007,297

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

\*1 An amount of \$46,000 budgeted for a grant in the plan is now included as other operating revenue.

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MASTERTON DISTRICT COUNCIL

<b>STATEMENT OF CASHFLOWS for the Year Ending 30 June 2022</b>				
<b>Last Year</b>		<b>\$</b>	<b>Actual</b>	<b>Budget</b>
<b>2020/21</b>	<b>Cash Flows from Operating Activities:</b>	<i>Notes</i>	<b>2021/22</b>	<b>2021/22</b>
	Cash was provided from:			
32,428,565	Rates (M.D.C. only)		34,715,387	34,623,685
102,887	Rural sewerage scheme capital rates		50,303	49,017
2,413,134	Financial Contributions		2,866,901	1,481,000
11,710,916	Subsidies and grants		13,612,562	15,000,600
372,541	Interest & Dividends received		406,515	431,000
8,162,337	Receipts from other revenue		7,616,721	7,718,848
<u>55,190,380</u>			<u>59,268,390</u>	<u>59,304,150</u>
	Cash was applied to:			
(22,045,580)	Payments to suppliers		(26,806,419)	(25,972,397)
(10,518,551)	Payments to employees		(12,328,739)	(13,078,498)
(2,165,110)	Interest paid		(1,868,852)	(1,799,808)
70,415	Goods and services tax (paid)/received (net)		30,307	-
<u>(34,658,826)</u>			<u>(40,973,703)</u>	<u>(40,850,703)</u>
<b>20,531,554</b>	<b>Net Cash from Operating Activities</b>	<u>29</u>	<b>18,294,687</b>	<b>18,453,447</b>
	<b>Cash Flows from Investing Activities:</b>			
	Cash was provided from:			
16,061	Receipts from sale of property, plant and equipment		-	20,000
2,501,311	Forestry/investment property proceeds		-	-
2,974,370	Receipts from sale of investments		7,851,700	-
<u>5,491,742</u>			<u>7,851,700</u>	<u>20,000</u>
	Cash was applied to:			
(16,617,408)	Purchase of property, plant and equipment		(22,333,239)	(38,551,875)
(113,835)	Purchase of intangible assets		(146,750)	-
(8,725,097)	Acquisition of investments		(5,870,775)	(667,382)
<u>(25,456,340)</u>			<u>(28,350,764)</u>	<u>(39,219,257)</u>
<b>(19,964,598)</b>	<b>Net Cash from Investing Activities</b>		<b>(20,499,064)</b>	<b>(39,199,257)</b>
	<b>Cash Flows from Financing Activities:</b>			
	Cash was provided from:			
-	Proceeds from new financial liabilities		4,200,000	16,340,767
-			4,200,000	16,340,767
	Cash was applied to:			
(2,600,000)	Repayment of term liabilities		(2,700,000)	(2,629,788)
-	Repayment of finance lease liabilities		-	-
<u>(2,600,000)</u>			<u>(2,700,000)</u>	<u>(2,629,788)</u>
<b>(2,600,000)</b>	<b>Net Cash from Financing Activities</b>		<b>1,500,000</b>	<b>13,710,979</b>
<b>(2,033,044)</b>	<b>Net Increase/(Decrease) in Cash and cash equivalents</b>		<b>(704,377)</b>	<b>(\$7,034,831)</b>
9,059,894	Cash and cash equivalents at beginning of the year		7,026,850	17,873,408
<u><b>\$ 7,026,850</b></u>	<b>Cash and cash equivalents at the end of the year</b>	<u>10</u>	<u><b>\$ 6,322,473</b></u>	<u><b>\$ 10,838,577</b></u>

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

During the period, the Council acquired PPE (office equipment) totalling \$0 (2021: \$0) by means of finance leases. 10 & 29 refer to Note 10 & Note 29

*The accompanying notes form part of these financial statements.*

## NOTES TO THE FINANCIAL STATEMENTS

Statement of Accounting Policies for the year ended 30 June 2022

### 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 2022. The financial statements were authorised for issue by the Council on 24 May 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.

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### Standards Issued and Not Yet Effective and Not Early Adopted

#### 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 not applied this standard in preparing its 30 June 2022 financial statements. The council has not yet assessed the effects of the new standard. Financial disclosures are based on PBE IPSAS 30 Financial Instrument Disclosures.

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, with early adoption permitted. The Council has not yet determined how application of PBE FRS 48 will affect its statement of performance. It does not plan to adopt the standard early.

### 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.

## 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 2021-31 Long Term 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 currently has partly-occupied land and buildings in its ownership that had previously been occupied by the Masterton Borough Council depot and gasworks. This land has been identified by the council as surplus to requirements, but site contamination issues and previous ownership issues will require further work before it can realistically be regarded as a 'property intended for sale'. It remains listed within Property, Plant and Equipment, with its valuation discounted as a result of the site contamination.
- *Urban Wastewater Resource Consent and Treatment Plant Upgrade*
  - The Council has worked through the process of renewing its resource consent for its 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 2022 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.

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### 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:

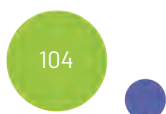
<b>Buildings - component lives range from</b>	<b>5 to 100 years</b>	<b>1% - 20 %</b>
Plant and equipment	7-20 years	5% - 14%
Intangibles - software	4 years	25%
Motor vehicles	6.67 years	15%
Office equipment, office furniture	4 to 10 years	10% to 25%
Library books	3 to 4 years	25% to 33.3%
<b>Infrastructural assets</b>		
Rozading 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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<b>Buildings - component lives range from</b>	<b>5 to 100 years</b>	<b>1% - 20 %</b>
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%
<b>Water system</b>		
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 %
<b>Sewerage System</b>		
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 %
<b>Drainage network</b>		
Pipes	80 to 90 years	1.1 % to 1.25 %
Stopbanks	300 years	0.33%
Seawall and river weirs	100 years	1%
<b>Airport runway</b>		
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.

#### 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. The most recent valuation was performed by WSP New Zealand Limited with an effective date of 30 June 2020. A fair value assessment has been provided by the same valuer, effective 30 June 2022 where they applied an indexing approach. 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 2022.

#### 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.



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### 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 2022 valuation has been performed by Dan Gaddum of Forest360 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 3.41 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				
2020/21		2021/22	2021/22	
Actual		Actual	Budget	Variance
	<b>Groups &amp; Activities</b>			
	<b>Roading</b>			
\$		\$	\$	\$
5,317,398	Subsidised Roothing	6,356,206	5,985,730	(370,476)
1,445,973	Non-subsidised Roothing	1,352,454	1,349,208	(3,247)
	<b>Water Services</b>			
3,466,390	Urban Water Supply	3,600,598	3,592,193	(8,405)
128,316	Rural Water Supplies & Races	116,835	124,033	7,198
	<b>Wastewater Services</b>			
6,417,495	Wastewater Services - Urban	6,555,873	6,542,116	(13,756)
441,995	Wastewater Services - Rural*	362,163	361,901	(262)
	<b>Stormwater Services</b>			
585,751	Urban Stormwater System	717,156	664,267	(52,889)
	<b>Solid Waste Services</b>			
826,232	Solid Waste Services	544,131	722,235	178,104
339,009	Waste Minimisation Services	424,321	299,233	(125,088)
	<b>Community Facilities/Activities</b>			
2,957,035	Parks, Reserves & Sportsfields	3,266,321	3,325,011	58,689
1,185,822	Trust House Recreation Centre	1,268,894	1,444,592	175,698
123,616	Cemeteries	155,771	156,901	1,130
2,127,377	Library & Archive	2,350,666	2,375,524	24,858
1,354,125	Property	1,613,750	1,673,672	59,922
426,196	Airport	319,021	314,244	(4,777)
165,096	Mawley Park	122,740	167,512	44,772
	<b>Regulatory Services</b>			
877,676	Resource Management & Planning	1,050,204	991,705	(58,500)
437,745	Environmental Services	573,950	590,273	16,323
655,344	Building Development	615,961	657,845	41,884
32,337	Parking Services	4,411	(24,509)	(28,921)
84,975	Animal Services	117,797	117,795	(2)
222,568	Emergency Management	219,000	255,502	36,502
	<b>Leadership, Strategy &amp; Corporate Services</b>			
791,599	Representation	749,951	725,607	(24,344)
0	Internal Functions (net)	0	\$0	0
922,145	Community Development	1,161,910	1,137,126	(24,784)
538,041	Arts and Culture	547,485	582,283	34,797
981,502	Economic Development	975,834	945,297	(30,538)
248,734	Environmental Initiatives	314,424	320,095	5,671
<b>33,100,491</b>	<b>Total Rates Requirement</b>	<b>35,457,831</b>	<b>35,397,389</b>	<b>(60,442)</b>
	<b>Rates Revenue</b>			
33,027,607	Masterton District rates levied	35,342,568	35,308,372	34,196
102,887	Rural Wastewater capital contributions*	50,303	49,017	1,286
458,256	Rates penalties	605,658	210,000	395,658
(477,929)	Rates remissions	(526,509)	(170,000)	(356,509)
<b>33,110,821</b>	<b>Rates Revenue (incl Council properties)</b>	<b>35,472,020</b>	<b>35,397,389</b>	<b>74,631</b>
<b>10,330</b>	<b>Net Rates Surplus/(Deficit)</b>	<b>14,189</b>	<b>(0)</b>	<b>14,189</b>

\*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>		<b>Note 2</b>		
<b>SUMMARY REVENUE AND EXPENDITURE FOR GROUPS OF ACTIVITIES</b>				
	\$ Actual	\$ Budget	\$ Last Year	
	2021/22	2021/22	2020/21	
<b>Revenue</b>				
Roading	9,811,634	6,456,428	10,956,064	
Water Services	3,005,437	3,413,018	1,083,657	
Wastewater Services	2,176,085	1,612,594	1,116,299	
Stormwater Services	577,345	200,000	708,758	
Solid Waste Services	4,086,228	3,403,760	3,231,892	
Community Facilities/Activities	4,416,061	6,973,692	3,529,136	
Regulatory Services	5,129,064	3,622,242	4,258,084	
Leadership, Strategy & Corporate Services	10,304,815	10,469,949	10,345,714	
<b>Total activity revenue</b>	<b>39,506,668</b>	<b>36,151,684</b>	<b>35,229,602</b>	
plus other gains	4,576,128	35,660	3,059,462	
Less internal revenue	(10,436,130)	(10,585,874)	(10,531,901)	
Rates revenue	34,826,775	34,741,289	32,449,995	
<b>Total revenue</b>	<b>\$68,473,441</b>	<b>\$60,342,760</b>	<b>\$60,207,158</b>	
<b>Expenses</b>				
Roading	14,803,325	13,612,863	14,279,241	
Water Services	5,041,929	5,039,684	4,404,016	
Wastewater Services	7,463,385	7,362,826	6,987,621	
Stormwater Services	1,110,723	903,145	803,026	
Solid Waste Services	5,053,885	4,486,658	4,456,519	
Community Facilities/Activities	12,145,937	12,802,058	11,542,854	
Regulatory Services	6,558,083	5,886,620	4,826,136	
Leadership, Strategy & Corporate Services	14,577,060	15,464,703	14,060,469	
<b>Total activity expenses</b>	<b>66,754,328</b>	<b>65,558,557</b>	<b>61,359,882</b>	
plus other losses	2,884,021	-	1,778,518	
Less internal expenses	(11,081,375)	(11,241,974)	(11,192,727)	
<b>Total expenses</b>	<b>\$58,556,974</b>	<b>\$54,316,583</b>	<b>\$51,945,673</b>	

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<b>Notes to the Accounts</b>		<b>Note 3</b>		
<b>RATES REVENUE</b>	Notes	\$	\$	\$
		<b>Actual</b>	<b>Budget</b>	<b>Last Year</b>
		<b>2021/22</b>	<b>2021/22</b>	<b>2020/21</b>
excluding metered water supply rates				
Gross Masterton District Council Rates Revenue		35,342,568	35,308,372	33,027,607
<b>made up of the following (all rates are targeted)</b>				
Land Value rates for Roading (urban & rural)		5,544,323	5,544,476	4,949,840
Uniform Charges for Roading (urban & rural)		1,782,948	1,781,935	1,541,260
Capital Value General rates (urban & rural)		11,894,996	11,885,483	11,179,587
Capital Value Water & Wastewater rates (urban)		7,576,328	7,567,592	7,425,451
Uniform Charges Water & Wastewater (urban)		2,559,104	2,555,375	2,504,820
Uniform Charges General rates (urban & rural)		4,895,532	4,889,684	4,391,121
Uniform Charges Recycling (urban & beach)		715,857	711,234	695,507
Uniform Charges Rural water & wastewater schemes		373,479	372,593	340,021
less Rates levied on Council properties		(645,245)	(656,100)	(660,826)
plus Rates Penalties		605,658	210,000	458,256
less Rates Remissions	30	(526,509)	(170,000)	(477,929)
		34,776,472	34,692,272	32,347,108
Rural Wastewater capital contributions		50,303	49,017	102,887
<b>Total Revenue From Rates</b>		<b>34,826,775</b>	<b>\$34,741,289</b>	<b>\$32,449,995</b>

<b>Notes to the Accounts</b>		<b>Note 4</b>		
		<b>Actual</b>	<b>Budget</b>	<b>Last Year</b>
		<b>2021/22</b>	<b>2021/22</b>	<b>2020/21</b>
<b>SUBSIDIES AND GRANTS</b>				
Roading subsidies Waka Kotahi		7,496,860	5,818,281	7,293,321
Other Government grants		5,717,724	8,977,797	1,909,430
Other grants		600,649	158,522	399,177
<b>Total Subsidies and Grants</b>		<b>\$13,815,233</b>	<b>\$14,954,600</b>	<b>\$9,601,928</b>
<b>OTHER REVENUE</b>				
Regulatory fee revenue		2,761,384	2,261,125	2,355,718
Rental revenue		1,044,761	1,025,715	966,601
Solid waste user charges		3,738,357	3,150,470	3,038,532
Other user charges and recoveries		2,005,926	1,540,401	1,610,835
Metered water & wastewater rates charged in CDC area		357,115	416,000	358,428
Infringements and fines		152,406	115,500	101,306
Local authority petrol tax		186,664	190,000	206,995
Sub total		10,246,612	8,699,211	8,638,415
Revenue recognised from vested assets		1,723,633	-	3,662,745
<b>Total Other Revenue</b>		<b>\$11,970,246</b>	<b>\$8,699,211</b>	<b>\$12,301,159</b>
There are no unfulfilled conditions or other contingencies attached to government grants recognised.				
<b>Annual Rates Revenue - per LGFA Guarantee and Indemnity Deed</b>		<b>Actual</b>	<b>Last Year</b>	
Rates revenue per Note 3 (includes rural wastewater capital contributions)		34,826,775	32,449,995	
Targeted water supply rates (metered water)		271,218	266,596	
Rates levied in Carterton District for wastewater		85,897	91,832	
		<b>\$35,183,890</b>	<b>\$32,808,423</b>	

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<i>Notes to the Accounts</i>		<i>Note 4a</i>		
<b>OTHER GAINS/(LOSSES)</b>		<b>\$ Actual</b>	<b>\$ Budget</b>	<b>\$ Last Year</b>
		<b>2021/22</b>	<b>2021/22</b>	<b>2020/21</b>
<b>Gains</b>	Forestry asset revaluation gain	-	25,162	60,190
	Property, plant and equipment gains on disposal	-	-	79,917
	Library books revaluation gain	-	10,498	21,073
	Bond investments gain on disposal	-	-	4,630
	<b>Total non-financial instrument gains</b>	<b>-</b>	<b>35,660</b>	<b>165,810</b>
	Gain on valuation of financial assets (fair value via surplus/deficit)	-	-	-
	Gain on mark-to-market valuation of cash flow hedges *	4,410,378	-	2,834,747
	Carbon credits of forestry - revaluation gain	165,750	-	58,905
	<b>Total Gains</b>	<b>4,576,128</b>	<b>35,660</b>	<b>3,059,462</b>
<b>Losses</b>	Property, plant and equipment losses on disposal	(1,753,405)	-	(1,442,810)
	Library books revaluation loss	(21,487)	-	-
	Forestry asset revaluation loss	(151,985)	-	-
	<b>Total non-financial instrument losses</b>	<b>(1,926,877)</b>	<b>-</b>	<b>(1,442,810)</b>
	Loss on valuation of financial assets (fair value via surplus/deficit)	(957,144)	-	(335,708)
	Loss on mark-to-market valuation of cash flow hedges *	-	-	-
	<b>Total Losses</b>	<b>(2,884,021)</b>	<b>-</b>	<b>(1,778,518)</b>

\* 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>		<b>Note 4b</b>		
<b>REVENUE ANALYSIS - Exchange &amp; Non-exchange</b>				
		\$	\$	\$
		<b>Actual</b>	<b>Budget</b>	<b>Last Year</b>
<b>Exchange Revenue</b>		<b>2021/22</b>	<b>2021/22</b>	<b>2020/21</b>
Finance revenue		418,159	431,000	381,479
Rental revenue		1,044,761	1,025,715	966,601
Solid waste user charges		3,738,357	3,150,470	3,038,532
Other user charges and recoveries		2,005,925	1,540,401	1,610,835
Metered water & sewer rates charged in CDC area		357,115	416,000	358,428
<b>Total Exchange Revenue</b>		<b>\$7,564,317</b>	<b>\$6,563,586</b>	<b>6,355,875</b>
<b>Non-Exchange Revenue</b>				
Rates revenue		34,826,775	34,741,289	32,449,995
Financial contributions		2,866,901	1,481,000	2,413,134
Subsidies and grants		13,815,233	14,954,600	9,601,928
Regulatory fee revenue		2,761,384	2,261,125	2,355,718
Infringements and fines		152,406	115,500	101,306
Local authority petrol tax		186,664	190,000	206,995
Assets vested from developments/subdivisions		1,723,633	-	3,662,745
Other gains		4,576,128	35,660	3,059,462
<b>Total Non-Exchange Revenue</b>		<b>\$60,909,124</b>	<b>\$53,779,174</b>	<b>\$53,851,283</b>
<b>Total Revenue</b>		<b>\$68,473,441</b>	<b>\$60,342,760</b>	<b>\$60,207,158</b>
<b>Explanation of the Analysis</b>				
Revenue may be derived from either exchange or non-exchange transactions.				
<b>Revenue from exchange transactions</b>				
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).				
<b>Revenue from non-exchange transactions</b>				
This revenue arises when the Council receives value from another party without giving approximately equal value directly in exchange for the value received.				
<b>Approximately equal value</b>				
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.				
<b>Broad category basis</b>				
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>		<b>Note 5</b>		
<b>FINANCE REVENUE &amp; FINANCE COSTS</b>				
		\$	\$	\$
		<b>Actual</b>	<b>Budget</b>	<b>Last Year</b>
<b>Finance revenue</b>		<b>2021/22</b>	<b>2021/22</b>	<b>2020/21</b>
Interest Revenue on:				
- financial assets held/invested by Council		258,524	81,000	163,305
- financial assets invested from funds borrowed in advance		29,611	-	20,697
- financial assets managed by ANZ Investments Ltd		130,024	350,000	197,477
<b>Total finance revenue</b>		<b>418,159</b>	<b>431,000</b>	<b>381,479</b>
<b>Finance costs</b>				
Interest expense:				
- on bank borrowings		33,647	29,000	29,438
- on LGFA bonds		1,835,231	1,765,808	2,089,241
- on loan funds borrowed in advance		29,611	-	18,771
Discount unwind on provisions (Note 23)		5,559	5,000	5,555
<b>Total finance costs</b>		<b>1,904,048</b>	<b>1,799,808</b>	<b>2,143,004</b>
<b>Net Finance Costs/(Revenue)</b>		<b>\$1,485,889</b>	<b>\$1,368,808</b>	<b>\$1,761,525</b>

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<i>Notes to the Accounts</i>		<b>Note 6</b>		
PERSONNEL COSTS	Actual	Budget	Last Year	
	2021/22	2021/22	2020/21	
Salaries & wages	11,000,030	11,680,961	9,278,167	
Mayor & Councillors' honorariums	528,278	523,051	500,887	
Medical insurance (incl FBT)	333,866	357,704	296,580	
Superannuation - employer contributions	452,256	501,435	391,303	
Income Protection Insurance	14,309	15,347	51,614	
Incr/(Decr) in employee benefits liability	(17,563)	-	206,570	
<b>Total Personnel costs</b>	<b>\$12,311,176</b>	<b>\$13,078,498</b>	<b>\$10,725,121</b>	

<i>Notes to the Accounts</i>		<b>Note 7</b>		
OTHER EXPENSES	Actual	Budget	Last Year	
	2021/22	2021/22	2020/21	
Fees to principal auditor:				
- for annual report	127,566	127,600	120,193	
- for debenture trust deed	4,000	4,000	4,000	
- for LTP (amendment) audit	17,250	40,000	75,500	
Donations	1,800	9,000	5,517	
Grants - funding community development	411,057	503,050	503,166	
Grants - funding arts & culture	397,772	448,500	373,945	
Grants - funding economic development	440,287	528,000	509,329	
Grants - other	32,136	37,660	27,069	
ACC levies	24,563	35,321	21,688	
Inventories (adjustments to expenses)	(15,466)	-	4,607	
Impairment of receivables	(6,671)	1,533	10,152	
Election costs	21,142	40,000	1,285	
Civic entertainment costs	2,751	6,000	2,825	
Ceremonies & presentations	216	11,000	7,140	
Other operating expenses	25,472,106	22,708,498	21,566,409	
<b>Total other expenses</b>	<b>\$26,930,509</b>	<b>\$24,500,162</b>	<b>\$23,232,825</b>	

<i>Notes to the Accounts</i>		<b>Note 7a</b>	
COST OF SERVICE STMT RECONCILIATION	Actual	Budget	
	2021/22	2021/22	
<b>Revenue</b>			
Financial Contributions	2,866,901	1,481,000	
Subsidies and grants (per Note 4)	13,815,233	14,954,600	
Other Revenue (per Note 4)	11,970,246	8,699,211	
Finance Revenue (per Note 5)	418,159	431,000	
Total Operating Revenue	*1 29,070,538	25,565,811	
<b>Expenditure</b>			
Personnel Costs (per Note 6)	12,311,176	13,078,498	
Other Expenses (per Note 7)	26,930,509	24,500,162	
Finance Costs (per Note 5)	1,904,048	1,799,808	
Depreciation (per Notes 12,13,14)	14,527,220	14,938,115	
Total Operating Expenditure	*2 \$55,672,953	\$54,316,583	
Add back MstnDC rates on Council properties		645,245	656,100
<b>Net Operating Cost</b>	<b>\$27,247,659</b>	<b>\$29,406,872</b>	

\*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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<i>Notes to the Accounts</i>		<i>Note 8</i>
<b>INVENTORIES</b>		
	\$	\$
<u>30 June 2021</u>		<u>30 June 2022</u>
	Held for distribution inventory:	
122,993	Water & sewer reticulation spares	450,333
11,377	Street furniture & pavers	29,251
54,501	Water treatment chemicals	317,192
22,225	Pre-paid envelopes	19,784
	Commercial inventory:	
4,564	Rubbish bags & bins	14,586
20,400	Baleage - ex Homebush	0
18,398	Miscellaneous items	24,619
<u>\$254,458</u>	<b>Total Stock</b>	<u>\$855,765</u>



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Notes to the Accounts

Note 9

DEBTORS & OTHER RECEIVABLES

\$		\$
30 June 2021		30 June 2022
573,542	Rates receivables	643,790
1,124,731	Roading subsidies receivable	1,300,278
1,658,812	Sundry debtors & receivables	2,305,270
359,245	GST receivable	209,210
337,480	Prepayments	291,430
<b>4,053,810</b>		<b>4,749,978</b>
(118,073)	- less provision for doubtful debts	(122,145)
<b>\$3,935,737</b>	<b>Total Debtors &amp; Other Receivables</b>	<b>\$4,627,833</b>
<i>Total receivables comprise:</i>		
1,501,343	Receivables from exchange transaction	1,964,090
2,434,393	Receivables from non-exchange transaction	2,663,743

*Fair Value*

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

*Impairment*

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.

*Exchange & Non-Exchange*

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 2021 and 2022 are detailed below:

30 June 2021		30 June 2022
3,216,124	Not past due	3,751,517
397,090	Past due 1-60 days	424,856
122,267	Past due 61-120 days	208,017
318,330	Past due > 120 days	365,588
<b>\$4,053,810</b>	<b>Total</b>	<b>\$4,749,978</b>

30 June 2021		30 June 2022
10,116	Individual impairment	3,445
107,957	Collective impairment	118,700
<b>\$118,073</b>	<b>Total provision for impairment</b>	<b>\$122,145</b>

30 June 2021		30 June 2022
0	Past due 1-60 days	0
0	Past due 61-120 days	0
10,116	Past due > 120 days	3,445
<b>\$10,116</b>	<b>Total individual impairment</b>	<b>\$3,445</b>

30 June 2021		30 June 2022
124,415	At 1 July	118,073
28,825	Additional provisions made during the year	12,474
(5,482)	Provisions reversed during the year	(8,402)
(29,685)	Receivables written off during the year	-
<b>\$118,073</b>	<b>As At 30 June</b>	<b>\$122,145</b>

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

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Notes to the Accounts		Note 10
<b>CASH &amp; CASH EQUIVALENTS</b>		
		\$
<b>30 June 2021</b>		<b>30 June 2022</b>
7,026,850	Cash at bank and in hand	6,322,473
0	Short term deposits of 3 months or less (from acquisition)	0
<b>\$7,026,850</b>	<b>Total cash and cash equivalents</b>	<b>\$6,322,473</b>
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 \$270,106 (2021 = \$270,366).		

Notes to the Accounts		Note 11
<b>OTHER FINANCIAL ASSETS</b>		
		\$
<b>30 June 2021</b>	<b>Current</b>	<b>Notes</b>
11,373,400	Short term deposits - maturities > 3 but less than 12 mths	*2
128,300	Corporate bonds & Borrower Notes (LGFA)	*4&5
0	Investments held by fund manager	*3
<b>\$11,501,700</b>	<b>Total Current Portion of Financial Assets</b>	
	<b>Non-current</b>	
	<b>Investments in CCO's &amp; other similar entities</b>	
222,141	Shares (NZLGFA & Civic Financial Services )	*1
<b>\$222,141</b>		
	<b>Investments in other entities</b>	
60,192	Corporate bonds	*4
750,353	Borrower notes (NZ LGFA)	*5
221,595	NZ Units - Carbon Credits on forestry	*7
9,021,556	NZ fixed interest investments held by fund manager	*3
<b>\$10,053,696</b>		
<b>\$10,275,837</b>	<b>Total Non-Current Portion of Financial Assets</b>	<b>\$9,799,461</b>
<b>\$21,777,538</b>	<b>Total Other Financial Assets</b>	<b>\$18,901,210</b>
	<b>Internal loans/investments</b>	
\$9,766,798	Balance at 30 June (also see Note 24)	*6
<b>\$38,571,185</b>	<b>Total Funds On Hand or Invested (including Cash &amp; Internal)</b>	<b>\$34,486,365</b>

**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 \$0.99 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 14 days to 12 months. The deposits are spread across four 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 \$983,067 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 2022 of \$75.95 per NZU.

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Notes to the Accounts

Note 12

PROPERTY PLANT & EQUIPMENT 2022	Original Cost/		Accum.		Current	Vested	Impairment	Current	Current Year	Current	Current	Accum.	
	Valuation	Depreciation & Impairment	Carrying Amount	Year								Year	Year
	30-Jun-21	30-Jun-21	30-Jun-21	Additions	Assets *5	*3	Disposals *1	Transfers/ Adjustments *2	Depreciation	Revaluation	30-Jun-22	30-Jun-22	30-Jun-22
<b>Operational Assets</b>													
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)	2,922,487
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
<b>Total operational assets</b>	<b>144,843,378</b>	<b>(8,390,074)</b>	<b>136,453,304</b>	<b>7,303,028</b>	<b>-</b>	<b>-</b>	<b>(240,431)</b>	<b>-</b>	<b>(3,375,330)</b>	<b>(21,487)</b>	<b>151,658,859</b>	<b>(11,539,776)</b>	<b>140,119,083</b>
<b>Infrastructural Assets</b>													
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	576,089,124	-	563,627,108
Water treatment plant - Masterton	5,675,202	(448,156)	5,227,045	7,402			(611)		(448,858)	538,479	6,220,471	-	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	49,061,786	-	46,826,434
Sewerage treatment plant - Masterton	35,230,353	(677,084)	34,553,269	0			-		(\$677,084)	6,208,121	41,438,473	-	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	71,165,137	-	68,586,578
Sewerage systems - rural *4	11,042,707	(360,909)	10,681,798	31,319			(24,026)		(364,270)	2,845,300	13,895,299	-	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	30,699,053	-	29,916,023
Flood protection & control works	4,870,010	(70,492)	4,799,518	30,132			-	43,518	(73,438)	1,076,957	6,020,616	-	5,876,686
Other infrastructure	4,589,137	(112,354)	4,476,784	339,559			-		(121,838)	709,404	5,638,101	-	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
<b>Total infrastructural assets</b>	<b>748,366,628</b>	<b>(10,648,564)</b>	<b>737,718,064</b>	<b>15,444,504</b>	<b>1,723,633</b>	<b>0</b>	<b>(1,988,674)</b>	<b>-</b>	<b>(10,764,874)</b>	<b>129,409,082</b>	<b>892,955,175</b>	<b>-</b>	<b>871,541,736</b>
<b>Total Property, Plant &amp; Equipment</b>	<b>\$ 893,210,007</b>	<b>(\$19,038,638)</b>	<b>\$ 874,171,368</b>	<b>\$ 22,747,533</b>	<b>\$ 1,723,633</b>	<b>\$ 0</b>	<b>(\$2,229,105)</b>	<b>\$ 0</b>	<b>(\$14,140,204)</b>	<b>\$ 129,387,596</b>	<b>\$ 1,044,614,035</b>	<b>(\$11,539,776)</b>	<b>\$ 1,011,660,819</b>

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 Waiaata House Pool car compound was completed and these became operational. Youth Hub costs along with future Civil 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, 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 two subdivisions, known as Gordon Street and Cashmere Oaks (stage 1).



FINANCIAL REPORTS Ngā pūrongo putea

												Note 12a		
Notes to the Accounts														
PROPERTY PLANT & EQUIPMENT 2021														
	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-20	30-Jun-20	30-Jun-20								30-Jun-21	30-Jun-21	30-Jun-21	
<b>Operational Assets</b>														
Land	58,256,001	-	58,256,001	0	325,587	-	-	286,200	-	28,313,963	87,181,751	-	87,181,751	
Buildings	44,915,665	(4,217,795)	40,697,870	1,198,985	61,000	-	(45,067)	94,396	(2,083,469)	3,016,445	42,964,850	(24,689)	42,940,160	
Plant & vehicles	4,671,997	(2,940,370)	1,731,627	462,629	-	-	(2,162)	-	(330,263)	-	5,057,530	(3,195,698)	1,861,831	
Equipment & furniture	7,402,516	(4,712,073)	2,690,443	728,328	-	-	(2,805)	17,084	(484,491)	-	8,118,246	(5,169,686)	2,948,559	
Library books	519,889	-	519,889	201,754	-	-	(38,292)	-	-	21,073	532,851	-	532,851	
Work in progress	348,732	-	348,732	750,898	-	-	-	(111,480)	-	-	988,151	-	988,151	
<b>Total operational assets</b>	<b>116,114,801</b>	<b>(11,870,237)</b>	<b>104,244,564</b>	<b>3,342,595</b>	<b>386,587</b>	<b>-</b>	<b>(88,325)</b>	<b>286,200</b>	<b>(3,069,797)</b>	<b>31,351,481</b>	<b>144,843,378</b>	<b>(8,390,074)</b>	<b>136,453,304</b>	
<b>Infrastructural Assets</b>														
Land (under roads)	87,106,136	-	87,106,136	0	377,987	-	-	-	-	-	87,484,124	-	87,484,123	
Roading network	482,691,572	-	482,691,572	6,476,017	1,426,401	-	(200,195)	7,506	(6,177,640)	(9,185,270)	481,216,032	(6,177,640)	475,038,392	
Water treatment plant - Masterton	5,595,090	-	5,595,090	69,112	-	-	-	11,000	(448,156)	-	5,675,202	(448,156)	5,227,045	
Water reticulation (incl rural supplies)	35,742,963	-	35,742,963	1,105,443	273,128	-	(107,628)	27,174	(1,104,464)	-	37,041,080	(1,104,464)	35,936,617	
Sewerage treatment plant - Masterton	35,211,308	-	35,211,308	19,045	-	-	-	-	(\$677,084)	-	35,230,353	(677,084)	34,553,269	
Sewerage reticulation - Masterton	51,369,514	-	51,369,514	2,540,680	489,883	-	(1,065,269)	156,602	(1,309,930)	-	53,491,410	(1,309,930)	52,181,481	
Sewerage systems - rural *4	10,943,334	-	10,943,334	112,615	-	-	(13,243)	-	(360,909)	-	11,042,707	(360,909)	10,681,798	
Stormwater assets	21,113,303	-	21,113,303	295,783	708,758	-	-	-	(387,536)	-	22,117,844	(387,536)	21,730,307	
Flood protection & control works	4,870,010	-	4,870,010	0	-	-	-	-	(70,492)	-	4,870,010	(70,492)	4,799,518	
Other infrastructure	4,310,835	-	4,310,835	245,152	-	-	-	33,150	(112,354)	-	4,589,137	(112,354)	4,476,784	
Work in progress (WIP)	3,330,526	-	3,330,526	2,513,635	-	-	-	(235,432)	-	-	5,608,729	-	5,608,730	
<b>Total infrastructural assets</b>	<b>742,284,592</b>	<b>-</b>	<b>742,284,592</b>	<b>13,377,483</b>	<b>3,276,157</b>	<b>0</b>	<b>(1,386,334)</b>	<b>-</b>	<b>(10,648,564)</b>	<b>(9,185,270)</b>	<b>748,366,628</b>	<b>(10,648,564)</b>	<b>737,718,064</b>	
<b>Total Property, Plant &amp; Equipment</b>	<b>\$ 858,399,393</b>	<b>(\$11,870,236)</b>	<b>\$ 846,529,156</b>	<b>\$ 16,720,078</b>	<b>\$ 3,662,744</b>	<b>\$ 0</b>	<b>(\$1,474,659)</b>	<b>\$ 286,200</b>	<b>(\$13,718,361)</b>	<b>\$ 22,166,211</b>	<b>\$ 893,210,007</b>	<b>(\$19,038,638)</b>	<b>\$ 874,171,368</b>	

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 Castlepoint toilet upgrade was completed, while 5 pieces of land previously included as investment property have been added back into land assets.

In infrastructural assets sewer & water reticulation jobs were completed & transferred out of work in progress.

Included in current year additions WIP are part-completed sewer & water reticulation work, water meters, 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 three subdivisions, known as Poplars Industrial Estate, Old Orchard Rd (stage 3) and Westbush Developments (stage 1).



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. No fair value assessment has been undertaken as at 30 June 2022 as value changes over the last year are not considered significant enough to justify undertaking the valuation exercise.

*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 has seen 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 2020. Due to the current economic environment where costs have been rising faster than experienced for a number of years, a fair value assessment of these assets has been carried out and is effective 30 June 2022. The value increase applied in total was \$129.4 million or 19.8% average 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.



FINANCIAL REPORTS Ngā pūrongo putea

Notes to the Accounts						Note 14
INTANGIBLE ASSETS	2022			2021		
	Computer Software	Resource Consents	Total	Computer Software	Resource Consents	Total
Opening Original Cost	1,117,645	4,084,434	5,202,079	1,173,482	4,084,434	5,257,916
Opening Accum. Amortisation	(1,048,600)	(362,838)	(1,411,438)	(1,079,401)	(678,112)	(1,757,513)
Carrying Amount (start of year)	69,046	3,721,596	3,790,641	94,081	3,406,322	3,500,403
Additions	57,606	-	57,606	114,680	-	114,680
Revaluation	-	-	-	-	-	-
Disposals (net BV)	(1)	-	(1)	-	-	-
Amortisation Change	(32,570)	(315,273)	(347,843)	(71,859)	(315,157)	(387,016)
Transfers/Adjustments	-	-	-	60,585	-	60,585
Closing Original Cost	1,173,482	4,084,434	5,257,916	1,348,747	3,455,666	4,804,413
Closing Accum. Amortisation	(1,079,401)	(678,112)	(1,757,513)	(1,151,260)	(364,500)	(1,515,760)
Carrying Amount (end of year)	94,081	3,406,322	\$ 3,500,403	197,487	3,091,166	\$ 3,288,653
Work in progress	60,585	96,714	\$ 157,299	10,835	96,714	\$ 107,549
	154,666	3,503,036	\$ 3,657,702	208,322	3,187,880	\$ 3,396,201

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 2022	Actual 2021	
Opening balance 1 July	539,452	524,553	
Gains/(losses) arising from changes in fair value	(151,985)	60,190	
Decreases due to harvest	-	(45,291)	
Balance at 30 June	\$ 387,467	\$ 539,452	

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 49.9 ha and are spread across the district in relatively small areas of planting. These areas have been planted for one of two reasons: 1) the desire to best utilise what would otherwise be unproductive land, and 2) for stabilisation of roadsides. Registered valuers Forest360 (Dan Gaddum) have valued the forestry assets as at 30 June 2022, in accordance with PBE IPSAS 27. A discount rate of 8% has been used to discount the present value of expected cash flows on forests greater than 5 years old. A compound rate of 3% 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 includes 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 decreased on average 5% since 2021. The valuation is also affected by increasing costs of cartage rising an average of 20% year-on-year and harvesting up 10%.

Notes to the Accounts			Note 16
INVESTMENT PROPERTY			
	Actual 2022	Actual 2021	
Opening balance 1 July	-	2,676,200	
Acquisitions / (Disposals)	-	(2,390,000)	
Transfers	-	(286,200)	
Fair value gains/(losses) on valuation	-	-	
Balance at 30 June	\$ -	\$ -	

In 2021 the year the Council sold two of the properties in the investment portfolio to a developer for a new subdivision. The remaining five properties were transferred to our land portfolio as the Council was no longer marketing these for sale. Currently the Council has no investment properties to disclose.

Further information about the revenue & expenses in relation to investment property as required per IPSAS 16.86 is listed below:

	2022	2021
Rental Revenue	-	-
Expenses from investment property generating Revenue	-	-
Expenses from investment property not generating Revenue	-	-

FINANCIAL REPORTS Ngā pūrongo putea

Notes to the Accounts				Note 17		
CAPITAL EXPENDITURE SUMMARY				Source of Funding		
Activity	Project	2021/22 Plan	2021/22 Actual	Rates	Reserves	Other
		<i>(Renewal/New/ Growth)</i>				
Roading - subsidised	Roading renewals - rural	R 3,529,940	3,111,656	1,306,896		1,804,761 *2
	Roading renewals - urban	R 1,478,900	1,701,024	714,430		986,594 *2
	Bridge renewals	R -	24,624		10,342	14,282 *2
	Rural/Urban minor improvements	N 1,293,500	1,160,480	487,402		673,078 *2
	Bridge - Waipoua/Colombo Rd design	R 285,000	232,669		97,721	134,948 *2
	Footpath upgrading [incl reseals]	R 549,000	144,844	60,834		84,009 *2
	Cycleways	N 70,000	-	0		0 *2
	Retaining structures (event related)	N -	198,724		84,479	114,245 *2
	Mataikona Road - business case	N 200,000	-			-
Roading - non-subsidised	Car park seal renewals & signage	R 85,000	210,584		210,584	-
	Carpark lighting - safety initiative	N 17,792	66,999		66,999	-
	CBD Recycling Bins	N 10,000	-			-
	Masterton CBD Revamp	N 100,000	92,607			92,607 *1
	What's Our Welcome- North Entrance	N 231,000	56,691			56,691 *1
	What's Our Welcome- South Entrance	N 121,000	97,711			97,711 *1
	Chamberlain Rd upgrade	G 325,000	48,012		48,012	-
	Gordon Street upgrade	G 500,000	1,418,813		1,078,016	340,797 *3
	Millard Ave - design	G 15,000	76,549		76,549	-
	Under veranda lighting	N 70,000	160,305		160,305	-
Water Services	Water treatment plant equip. renewal	R 150,000	115,444		115,444	-
	Water treatment plant equip. upgrades	N 120,000	-		0	-
	Water tmt plant consent renewal	R 50,000	-		0	-
Urban Treatment	Water treatment - buildings & grounds	R 20,000	-		0	-
	Land purchase - future water storage	N -	2,467,144			2,467,144 *1
	SCADA & electrical upgrades - stimulus	N 60,000	18,829			18,829 *3
	Fish Inlet - stimulus project	N 70,000	-		0	-
	Generator load bank - stimulus project	N 45,000	-		0	-
	WTP sludge handling upgrade	N 800,000	-		0	-
Urban Water Reticulation	Water reticulation - mains renewals	R 1,700,000	454,856		454,856	-
	Water reticulation - connections	R 200,000	5,169		5,169	-
	Water meters all urban properties	N 1,350,000	494,260			494,260 *1
	Water main renewal - stimulus package	N 600,000	775,605			775,605 *3
	Bulk Tanker water terminal	N 82,000	-			0 *3
	Lansdowne reservoir - stimulus	N 796,500	457,584			457,584 *3
Rural Water	Opaki water race consent renewal	R 30,000	-			-
	Water - emergency package plant	N 26,720	-		26,720	-
	Tinui water supply upgrades	R 5,000	-			-
	Castlepoint water supply upgrades	R -	3,382		3,382	-
	Wainuioru Water supply - UV system and filters - stimulus project	N 680,000	303,782			303,782 *3
	Wainuioru water supply upgrades	R 30,000	25,621		25,621	-
Wastewater Services	Homebush equipment upgrades	R 152,000	16,924			16,924
Urban Wastewater	Homebush aerators - stimulus project	R 450,000	437,615			437,615 *3
	Sewerage reticulation renewals	R 1,100,000	1,975,105		1,975,105	-
	Homebush irrigation extension	N 300,000	33,441			33,441
Rural Wastewater	Riverdale Beach renewals	R 30,000	27,530			27,530
	Castlepoint sewerage plant renewals	R 10,000	3,789			3,789
Stormwater Services	Stormwater - renewals	R 380,000	495,855		495,855	-
	Improve flood protection	R 180,000	-			-
	Stormwater consent	N 100,000	1,500			1,500
Solid Waste Services	Transfer Station renewals	R 200,000	180,878		144,469	36,408 *3
	Nursery Road land fill capping	N 60,420	-			-
Community Facilities/Activities	Queen Elizabeth Park	N 50,000	116,557			116,557
Parks & Reserves	Upgrade structures/facilities	R 20,400	146,470			146,470
	QE Park - lake water pump upgrade	R -	10,052			10,052
	QE Park lake alt water source	N 50,000	-			-
	Street trees renewals & new	N 16,750	19,270			19,270
	Henley Lake building & services upgrades	R 55,000	-			0
	Henley - overflow carpark	N 50,000	74,668			74,668
	Henley - landscape development	R 20,000	18,749			18,749
	Henley - Dump Station	N 30,000	-			0
	Recreation trails network	N 140,000	86,116			86,116
	Carpark reseals - urban reserves	R 24,000	23,517			23,517
	Parks - Signage & Furniture	R 20,000	22,919			22,919
	Castlepoint seawall handrails	R 30,000	30,132			30,132
	Urban reserves upgrades	N 115,000	53,094			53,094
	Waipoua Cycle/Pedestrian Bridge	N 312,000	328,774			328,774 *1,3
	Land acquired - local purpose reserve	N -	104,478			104,478
Sportsfields	Sportsfield buildings renewals	R 833,500	94,875			94,875
	Netball Facility - Colombo Rd	R 1,000	-			-
	QE Park upgrades	N 30,000	27,936			27,936
	Colin Pugh Sports Bowl renewals	R 8,000	5,399			5,399
	Skatepark upgrade	N 965,000	1,729,603		550,739	1,178,864 *3
<i>sub totals to carry forward to next page</i>		\$ 21,402,702	\$ 20,015,934	\$ 2,569,562	\$ 6,547,784	\$ 10,898,588

FINANCIAL REPORTS Ngā pūrongo putea

Notes to the Accounts					Note 17 (contd)		
CAPITAL EXPENDITURE SUMMARY					Source of Funding		
Activity	Project	2021/22 Budget	2021/22 Actual	Rates	Reserves	Other	
sub totals carried forward		\$ 21,402,702	\$ 20,015,934	\$ 2,569,562	\$ 6,547,784	\$ 10,898,588	
<b>Community Facilities/Activities contd.</b>							
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		
	Rural halls - water stimulus project	N 120,000	34,206			34,206	*3
Airport	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		
<b>Regulatory Services</b>							
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
<b>Leadership, Strategy &amp; Corporate Services</b>							
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		
<b>Sub total</b>		<b>\$ 38,551,875</b>	<b>\$ 22,873,047</b>	<b>\$ 2,569,562</b>	<b>\$ 7,936,004</b>	<b>\$ 12,367,482</b>	
<b>Vested Infrastructure Assets (acquired from subdivision)</b>							
	Roads, water, sewer, stormwater	Vested	1,723,633			1,723,633	*4
<b>Total Capital Expenditure</b>		<b>\$ 38,551,875</b>	<b>\$ 24,596,681</b>	<b>\$ 2,569,562</b>	<b>\$ 7,936,004</b>	<b>\$ 14,091,115</b>	
*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							
<b>Capital Expenditure Analysis</b>							
		Plan	Actual	% of Plan (excl vested)			
	Asset Renewals	13,717,990	10,740,785				
	Growth-driven	840,000	1,543,375	58%			
	New Assets (improve level of service)	23,993,885	10,588,887				
	Vested Assets	-	1,723,633				
		<b>\$ 38,551,875</b>	<b>\$ 24,596,681</b>				
<b>Work in Progress Analysis</b>							
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		
<b>Variance from Budget</b>							
Commentary is detailed in Note 31.				Computer software & systems under development	11	61	
				Total work in progress	6,401	6,754	

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**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 the more significant ones 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. Four district councillors were also elected members of MTLT. They were Cr F Mailman, Cr R Johnson, Cr G Caffell and Cr S Ryan. The MTLT provided the Council's library activity with a grant for books of \$18,600. The Council has been a defendant in legal proceedings brought by MTLT in relation to the structural design of a number of their buildings. See further disclosure in contingencies note. The four councillors/trustees were excluded from access to information and Council decision making in relation to these legal proceedings. During the year the Council progressed negotiations for the purchase of land owned by MTLT, for a potential site for a new civic facility. The four councillors/trustees were excluded from Council considerations and decisions relating to the land purchase negotiations. Ultimately the purchase did not proceed.
- \* **Masterton A & P Assoc (A&P Assoc)** - Council provides an annual grant nominally towards the value of rates levied on the Solway Showgrounds. 2021/22 = \$7,500 (2020/21 \$7,500). Council also paid an events grant of \$1,100 towards the costs of running the 2022 A&P show. In 2020/21 a grant of \$10,000 was made by Council towards the cost of installing a dump station at the showgrounds. Councillors T Nixon and D Holmes were both office holders of the A&P Assoc.
- \* **Wairarapa Youth Charitable Trust** - have a land lease from the Council at 161 Dixon Street, 2021/22 value \$5,870 (2020/21 = \$6,000). In 2021/22 Council paid the trust \$1,312 for fencing materials and two small payments for assistance with community events (total \$700). In 2020/21 the Council paid two grants to the trust totaling \$10,000. Cr F Mailman is a trustee.
- \* **Mediaworks Ltd** is used by the Council as one of a number of communications channels for a range of community engagement projects. The value spent with the company in the 2021/22 year was \$53,153 (2020/21 = \$56,427). Cr B Gare is employed by Mediaworks Ltd, but 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.** In 2021/22 the LRA was allocated funding of \$3,000 (2020/21 = \$4,646) to undertake projects in their suburb/neighbourhood. People First NZ received a community wellbeing grants of \$2,000 in both 2021/22 and 2020/21. Concretextra supplied a bench seat for Lansdowne recreation trail, value \$695 and in 2020/21 a picnic table for Percy's Reserve, value \$5,923. Concretextra was also a subcontractor to the head contractor for the skatepark construction project. Cr S Ryan is a committee member of LRA, is employed by People First NZ and is a managing shareholder in Concretextra Ltd.
- \* **Digital Seniors Trust (DST)** - applied for and received community wellbeing grants in 2021/22 for \$15,000 and 2020/21 for \$5,000. The Manager Finance, David Paris is a trustee of DST.

Transactions with key management personnel	2021/22	2020/21
<b>Councillors</b>		
Remuneration	\$528,278	\$500,887 *
No. of members (incl iwi reps and rural advisory board members)	14	14
<b>Senior Management Team, including the Chief Executive</b>		
Remuneration	\$1,401,942	\$1,362,896
Full-time equivalent members	9.0	7.0
<b>Total key management personnel remuneration</b>	<b>\$1,930,221</b>	<b>\$1,863,784</b>
<b>Total full-time equivalent personnel</b>	<b>20.0</b>	<b>18.0</b>

Full-time equivalent for Councillors is taken as the ten Councillors and the Mayor.

\*Prior year comparatives now exclude the independent Audit & Risk committee Chairperson.

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<b>Notes to the Accounts</b>		<b>Note 19</b>	
<b>REMUNERATION - Elected Representatives</b>		<b>2021/22</b>	<b>2020/21</b>
Masterton District Council consists of a Mayor and ten councillors. The Mayor's honorarium 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.			
Mayor	Lyn Patterson	117,441	116,326
Deputy Mayor	Graham McClymont	47,254	44,758
Councillor & committee chair	Gary Caffell	41,801	39,594
Councillor	Chris Peterson	36,349	34,430
Councillor & committee chair	Frazer Mailman	39,983	37,872
Councillor & committee chair	Bex Johnson	47,254	44,758
Councillor	Brent Gare	36,349	34,430
Councillor	Sandy Ryan	36,349	34,430
Councillor	Tim Nelson	36,349	34,430
Councillor	Tina Nixon	36,349	34,430
Councillor	David Holmes	36,349	34,430
Rural Advisory Board members (x4)		2,850	0
Iwi Representatives (x2)		13,600	11,000
		<b>\$ 528,278</b>	<b>\$ 500,887</b>

In addition (but included as part of operating expenses) Philip Jones the Audit Committee independent Chairperson was paid \$9,072 (last year \$8,667)

<b>Notes to the Accounts</b>		<b>Note 19 (contd)</b>	
<b>REMUNERATION - Chief Executive</b>			
The Chief Executive of the Masterton District Council is appointed under section 42 of the LG Act 2002.			
Kathryn Ross was Chief Executive until August 2021			
	The salary package paid, including benefits was:	<b>2021/22</b>	<b>2020/21</b>
		\$128,156	\$254,059
David Hopman was Acting Chief Executive from 23rd July 2021 and appointed Chief Executive from 25th November 2021.			
	The salary package paid, including benefits was:	\$252,360	\$214,833
<b>REMUNERATION - Council employees</b>			
Total annual remuneration by band for employees as at 30 June:			
		<b>2022</b>	<b>2021</b>
< \$60,000	55	< \$60,000	55
\$60,000- \$79,999	29	\$60,000- \$79,999	32
\$80,000- \$99,999	32	\$80,000- \$99,999	28
\$100,000-\$119,999	12	\$100,000-\$119,999	14
\$120,000-\$139,999	8	\$120,000-\$139,999	8
\$140,000-\$179,999	9	\$140,000-\$219,999	7
\$180,000-\$289,999	3	\$220,000-\$259,999	1
	<b>Total Employees*</b>	<b>Total Employees*</b>	<b>145</b>
*(includes part time & casuals)			
	<b>Total FTEs</b>	<b>Total FTEs</b>	<b>124</b>
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 101 (2021 = 104) full-time employees, with the balance of staff representing 24 (2021 = 20) full-time equivalent (FTE) employees.			
A full-time employee is determined on the basis of a 40 hour working week.			
<b>SEVERANCE PAYMENTS - Council employees</b>			
For the year ended 30 June 2022, the Council made two (2020/21 = 0) severance payments to employees totalling \$30,800 (2020/21 \$0).			
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.			

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<i>Notes to the Accounts</i>		<b>Note 20</b>
<b>CREDITORS &amp; OTHER PAYABLES</b>		<b>\$</b>
<b>30 June 2021</b>		<b>30 June 2022</b>
6,606,790	Trade payables	6,954,094
733,039	Deposits & bonds	969,789
182,414	Agency rates collected - Greater Wellington Regional Council	231,704
3,910,097	Revenue received in advance	1,732,908
383,339	Community organisations - funds held in trust	283,736
<b>\$11,815,680</b>		<b>\$10,172,231</b>
<b>Exchange &amp; Non-exchange transactions analysis</b>		
<i>Payables and deferred revenue under exchange transactions:</i>		
6,162,542	Trade payables and accrued expenses	6,297,910
434,248	Contract retentions	623,684
6,596,790		6,921,594
<i>Payables and deferred revenue under non-exchange transactions:</i>		
10,000	Grants Payable	32,500
565,753	Bequests & funds held in Trust	515,440
4,643,137	Payments received in advance (inclgd bonds)	2,702,697
5,218,890		3,250,637
<b>\$11,815,680</b>	<i>Total payables and deferred revenue</i>	<b>\$10,172,231</b>
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.		

<i>Notes to the Accounts</i>		<b>Note 21</b>
<b>EMPLOYEE BENEFIT LIABILITIES</b>		<b>\$</b>
<b>30 June 2021</b>		<b>30 June 2022</b>
982,489	Staff holiday provision	1,063,386
74,874	Salaries & wages accrued	5,882
(3,410)	Councillor's honorariums payable	(1,512)
10,244	Staff sick leave provision	9,499
5,915	Staff alternative leave provision	6,213
43,428	Staff retirement gratuities	12,507
<b>\$1,113,539</b>	<b>Total Employee Benefit Liabilities</b>	<b>\$1,095,976</b>
1,104,045	Comprising:	1,086,623
9,494	Current	9,353
<b>\$1,113,539</b>	Non-current	<b>\$1,095,976</b>
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 3.41% (last year 2.27%) 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.		

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<i>Notes to the Accounts</i>			<i>Note 22</i>
<b>DERIVATIVE FINANCIAL INSTRUMENTS</b>			\$ <b>Actual</b>
<b>30 June 2021</b>	<b>Assets</b>		<b>30 June 2022</b>
-	<b>Current</b>	Interest rate swaps - fair value hedges	65,968
-	<b>Non-current</b>	Interest rate swaps - fair value	512,939
<b>\$0</b>			<b>\$578,907</b>
	<b>Liabilities</b>		
207,075	<b>Current</b>	Interest rate swaps - fair value	0
3,626,865	<b>Non-current</b>	Interest rate swaps - fair value	2,469
<b>\$3,833,940</b>			<b>\$2,469</b>
<b>Fair value</b>			
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 input into the valuation model are from independently sourced market parameters such as interest rate yield curves. Most market parameters are implied from instrument prices.			
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.			
<b>Interest rate swaps</b>			
The notional principal amounts of the outstanding interest rate swap contracts for the Council were \$38.4m (2021 \$48.7m). Two of these, with a nominal principal totalling \$3m, were forward start date contracts (2021 Five with a total of \$9m). At 30 June 22, the fixed interest rates of interest rate swaps varied from 1.6525% to 3.96% (2021: 1.6525% to 5.515%).			

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Notes to the Accounts		Note 23	
<b>PROVISIONS</b>			
<b>30 June 2021</b>		<b>30 June 2022</b>	
\$	<b>Landfill Aftercare Provision</b>	\$	
92,578	<b>Opening balance</b>	92,649	
(36,161)	Amounts used during the year	(23,596)	
30,677	Adjustments to provision*	56,946	
5,555	Discount unwinding (Note 5)	5,559	
<b>92,649</b>	<b>Closing balance</b>	<b>131,559</b>	
<b>Commentary</b>			
<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 2021/22 included moving cover material and cleanfill around on the site. Increasing costs of completing this work have resulted in an increasing provision.</p>			
<b>Provision for Financial Guarantees</b>			
<b>NZ Local Government Funding Agency (LGFA)</b>			
providing debt funding to local authorities in New Zealand and it has a credit rating from Standard and Poors of AAA.			
<p>Masterton District Council was one of 30 foundation council shareholders of the NZLGFA, along with the NZ Government. There are now 72 of the 78 councils 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 2022, NZLGFA had lent \$15.79 billion (2021: \$12.067 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"> <li>* we are not aware of any local authority debt default events in New Zealand; and</li> <li>* 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.</li> </ul>			
<b>Community Organisations</b>			
<p>The Council has provided banks with guarantees on the borrowings of community organisations. Currently there are three guarantees in place, which are listed below. 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.</p>			
	Value of Guarantee	Amount owing 30 June 2022	
		Amount owing 30 June 2021	
Masterton Motorplex Inc.	300,000	91,185	141,624
Wairarapa Multi-Sport Stadium Trust Board	100,000	30,246	39,668
Netball	135,000	49,379	49,385
	535,000	170,810	230,676
<b>30 June 2021</b>			<b>30 June 2022</b>
\$	<b>Total Provisions</b>		\$
92,649	Landfill aftercare provision		131,559
0	Financial guarantees provision		0
<b>\$92,649</b>	<b>Closing carrying value - Provisions</b>		<b>\$131,559</b>
57,000	<b>Current</b>		23,585
35,649	<b>Non-current</b>		107,974
<b>\$92,649</b>			<b>\$131,559</b>



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<i>Notes to the Accounts</i>		<b>Note 24</b>		
<b>FINANCIAL LIABILITIES as at 30 June 2022</b>				
		\$	\$	\$
		<b>30 June 2021</b>	<b>30 June 2022</b>	<b>Budget 2022</b>
<b>SUMMARY</b>				
	Secured (bank) loans	0	0	0
	LGFA bonds	48,500,000	50,000,000	62,210,977
	Finance leases	0	0	0
	Internal loans	9,766,798	9,262,681	9,272,088
	<b>Sub total - all financial liabilities</b>	<b>58,266,799</b>	<b>59,262,682</b>	<b>71,483,065</b>
	Less current portion of external liabilities	(8,000,000)	(8,000,000)	(8,000,000)
	Internal loans/investments reversed	(9,766,798)	(9,262,681)	(9,272,088)
	<b>Total non-current financial liabilities</b>	<b>\$40,500,000</b>	<b>\$42,000,000</b>	<b>\$54,210,977</b>
<b>COST OF DEBT SERVICING</b>				
	<b>2021/22</b>	<b>Actual</b>		<b>Budget</b>
	Loan repayments (external)	2,700,000		2,629,788
	Interest expense (external)	1,898,489		2,148,779
	<b>Cost of Debt Servicing (external)</b>	<b>4,598,489</b>		<b>4,778,567</b>
	Loan repayments (internal)	622,689		699,353
	Interest expense (internal)	277,064		293,584
	<b>Cost of Debt Servicing (internal)</b>	<b>899,753</b>		<b>992,937</b>
	<b>Treasury Policy Compliance</b>		<b>Policy Limits</b>	
	Net External Debt to Operating Revenues	39.9%	150%	67.0%
	Interest (external) as % of operating revenue	3.1%	10%	3.6%
	Interest (external) as % of total rates revenue	5.5%	15%	6.2%
	Interest (internal & external) as % of total rates revenue	6.3%	20%	7.0%
<b>MOVEMENTS IN TOTAL DEBT</b>				
		<b>\$ Actual</b>	<b>\$ Budget</b>	
	<b>Opening Balance 1 July 2021</b>	<b>\$58,266,798</b>	<b>\$68,958,006</b>	
	Loan repayments	(3,322,689)	(3,329,141)	
	New borrowing (external, internal & finance leases)	4,318,572	5,854,200	
	<b>Closing Balance 30 June 2022</b>	<b>\$59,262,681</b>	<b>\$71,483,065</b>	
<b>MATURITY ANALYSIS</b>				
The following is a maturity analysis of the Council's borrowings (excluding finance leases & internal borrowings).				
		30 June 2021	30 June 2022	
	Repayments due in less than one year	8,000,000	8,000,000	Weighted average interest on external loans <b>3.85%</b>
	Later than one year, less than five	32,100,000	28,100,000	
	Later than five years	8,400,000	13,900,000	
		<b>\$48,500,000</b>	<b>\$50,000,000</b>	
<b>Security:</b> 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.				
<b>Term:</b> 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) with \$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.				
<b>Debentures:</b> 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 2022**

**Leases:** As at the 30th June 2022 (and 2021) Council had no finance leases in place.

**New Debt:** In addition to the \$4.2M borrowed for a variety of new capital projects, the Council borrowed \$5.3M in new external borrowing during the 2021/22 year to part fund a bond maturity of \$8.0M.

**Internal loans:** \$118,572 of funding was needed as Internal Loan funds to fund the balance of the 21/22 capital projects. Internal interest paid/earned totalled \$277,064 and was charged on the average balance due. The interest rates charged averaged 2.69% for the year to 30 June 2022. 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 2022

External Interest \$ 000's		Opening Balance \$ 000's	New Borrowing \$ 000's	Reduction \$ 000's	Closing Balance \$ 000's
11	Roading	295	247	(12)	530
179	Water	3,988	2,843	(161)	6,670
1,431	Wastewater Services	37,317	0	(2,071)	35,246
62	Solid Waste	1,673	0	(138)	1,535
18	Stormwater	480	0	(36)	444
0	Regulatory	0	218	-	218
197	Community Facilities	4,747	892	(282)	5,357
<b>1,898</b>		<b>48,500</b>	<b>4,200</b>	<b>(2,700)</b>	<b>50,000</b>

**Schedule of Internal Loan/Investment Movements by Groups of Activities**  
for the year ended 30 June 2022

Internal Interest \$ 000's		Opening Balance \$ 000's	New Borrowing \$ 000's	Reduction \$ 000's	Closing Balance \$ 000's
22	Roading	783	0	(47)	736
30	Water	841	118	(31)	928
76	Wastewater Services	2,888	0	(236)	2,652
9	Solid Waste	336	-	(44)	292
0	Stormwater	0	-	-	0
8	Regulatory	155	0	(4)	151
132	Community Facilities	4,764	0	(260)	4,504
<b>277</b>		<b>9,767</b>	<b>118</b>	<b>(622)</b>	<b>9,263</b>

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Notes to the Accounts		Note 25	
<b>EQUITY</b>			
<b>RETAINED EARNINGS</b>		\$	
<b>30 June 2021</b>		<b>30 June 2022</b>	
436,438,680	Opening Balance	444,904,979	
10,674,455	Transfers From Special Funds & Reserves	11,376,365	
(11,237,983)	Transfers (To) Special Funds & Reserves	(10,512,959)	
768,342	Transfer to equity revaluation reserve on disposal assets	\$ 1,029,829	
8,261,486	Surplus/(Deficit) for the year	45,259,035	
<b>\$444,904,979</b>	Closing Balance	<b>\$492,057,249</b>	
<b>REVALUATION RESERVE</b>			
<b>30 June 2021</b>		<b>Movements due to asset disposals &amp; impairment</b>	<b>Revaluation Movements</b>
	<b>Notes</b>		<b>30 June 2022</b>
66,963,434	Land		66,963,434
24,593,770	Buildings	(174,357)	24,419,413
	Infrastructural Assets	*1	
3,707,759	Land (under roads)		3,707,759
203,970,034	Roading & footpath assets	(89,972)	289,204,362
15,407,906	Water supply - urban	(67,974)	23,775,919
2,257,788	Water supplies - rural	(5,573)	3,152,890
39,274,237	Sewerage system - urban	(652,587)	60,960,120
3,084,885	Sewerage systems - rural	(3,829)	5,926,355
7,817,567	Stormwater assets	(35,237)	15,560,320
2,108,597	Flood Protection & Control Works	-	3,185,554
2,246,515	Other infrastructure assets		2,955,920
563,844	Infrastructural resource consents		563,844
(77,959)	Financial assets value change via comprehensive revenue	*4 (300)	(82,664)
<b>\$ 371,918,371</b>		<b>(\$1,029,829)</b>	<b>\$ 500,293,219</b>
<i>Analysis of Movements</i>			
*1			
<i>Infrastructural Assets were revalued as at 30 June 2022 by WSP resulting in a \$129.4 million (19.8%) increase in fair value after taking account of additions and deletions during the same period.</i>			
<i>Revalued portion of Buildings disposals:</i>			
		Pound Dwelling Ngamutawa Rd demolished	(119,837)
		Castlepoint Firestation gifted to FENZ	9,983
		Riversdale Firestation gifted to FENZ	(2,849)
		Mauricville Firestation gifted to FENZ	(53,193)
		Wainuioru Firestation gifted to FENZ	(8,461)
<i>Revalued portion of infrastructural assets disposed/replaced included the following:</i>			
		Roading assets: - kerb & channel, footpaths, signs, culverts	(89,972)
		Water assets: - water reticulation mains & connections	(73,547)
		Sewerage assets: - sewer reticulation, manholes & connections	(691,653)
*4 <i>Revalued portion of investments maturing included the following:</i>			
		LGFA Borrower Notes	(300)

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Notes to the Accounts

Note 26

<b>FINANCIAL INSTRUMENTS</b>			
<b>Financial instrument categories</b>			
The accounting policies for financial instruments have been applied to the line items below:			
		<b>\$000</b>	<b>\$000</b>
<b>Financial Assets</b>		<b>30 June 2022</b>	<b>30 June 2021</b>
<b>Fair value through surplus/(deficit)</b>			
Bond funds (managed)		8,273	9,022
Interest rate swap - assets		579	0
Carbon credits		387	222
		<u>9,239</u>	<u>9,244</u>
<b>Cash Deposits, Receivables &amp; Community Loans</b>			
Debtors and other receivables		4,628	3,936
Cash and cash equivalents		6,322	7,027
Bank deposits - current		8,973	11,373
		<u>19,924</u>	<u>22,336</u>
<b>Fair value through other comprehensive revenue &amp; expense</b>			
Corporate bonds - current		129	128
Corporate bonds - non-current		913	811
Unlisted shares		226	222
		<u>1,268</u>	<u>1,161</u>
<b>Financial Liabilities</b>			
<b>Fair value through surplus/(deficit)</b>			
Interest rate swap - liabilities		2	3,834
<b>Financial liabilities at amortised cost</b>			
Trade and other payables		10,172	11,816
Borrowings			
- LGFA bonds		50,000	48,500
		<u>60,172</u>	<u>60,316</u>

Note 26a

<b>FINANCIAL INSTRUMENTS - Fair Value Hierarchy</b>			
For those instruments recognised at fair value in the Statement of Financial Position, fair values are determined according to the following hierarchy:			
Level 1 - Quoted market price			
Level 2 - Valuation technique using observable inputs			
Level 3 - Valuation techniques with significant non-observable inputs			
		<b>\$000</b>	<b>\$000</b>
<b>Financial Assets</b>	<b>Level</b>	<b>30 June 2022</b>	<b>30 June 2021</b>
Bond funds (managed)	1	8,273	9,022
Interest rate swap - assets	2	579	0
Carbon credits	2	387	222
Corporate bonds	2	1,042	939
Unlisted shares	3	226	222
<b>Financial Liabilities</b>			
Interest rate swap - liabilities	2	2	3,834
There were no transfers between different levels of the fair value hierarchy			
There were no significant movements in relation to the level 3 assets			

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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 2022 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 (2021 \$283,600). If interest rates on borrowings at 30 June 2022 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 \$500,000 (2021 \$485,000) 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.



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**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.

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		<i>Note 26b</i>	
		\$000	
<b>Maximum exposure to credit risk</b>		<b>30 June 2022</b>	<b>30 June 2021</b>
Cash at bank and term deposits		15,296	18,400
Debtors and other receivables		4,628	3,936
Derivative financial instrument assets		579	0
Local authority, LGFA and government stock		983	879
Corporate bonds/discounted securities/SOEs		8,332	9,082
		<u>29,817</u>	<u>32,296</u>
<b>Credit quality of financial assets</b>			
The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard & Poor's credit ratings (if available) or to historical information about counterparty default rates:			
<b>Counterparties credit ratings</b>			
<b>Cash at bank and term deposits</b>			
	AA-	12,772	15,877
	Not Rated	2,523	2,523
Total cash at bank and term deposits		15,296	18,400
<b>Government and LGFA Stock</b>			
Government stock	AA	0	0
LGFA	AA+	983	879
Local authority stock	A	0	0
Total Government and LGFA Stock		983	879
<b>Listed bonds</b>			
	AAA	718	783
	AA	7,123	7,768
	A- to AA-	0	0
	A+	0	0
	A	432	471
	A1 & A1+	0	0
	BB+ to BBB+	59	60
Total listed bonds		8,332	9,082
<b>Derivative financial instrument assets</b>			
	AA-	579	0
<b>Counterparties without credit ratings</b>			
Debtors and other receivables		4,628	3,936
		<u>4,628</u>	<u>3,936</u>
Debtors and other receivables mainly arise from the Council's statutory functions, therefore there are no procedures in place to monitor or report the credit quality of debtors with reference to internal or external credit ratings.			

**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.

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<b>Note 26c</b>					
<b>Contractual maturity analysis of financial liabilities</b>					
	Carrying amount	Contractual cash flows	Less than 1 year	1-5 years	More than 5 years
	\$000	\$000	\$000	\$000	\$000
<b>As at 30 June 2021</b>					
Creditors and other payables	11,816	11,816	11,816		
Net settled derivative liabilities*	3,834	6,136	1,351	4,256	528
Committed cash advances	0	0	0	0	
LGFA bonds	48,500	50,118	8,614	33,056	8,447
Finance leases	0	0	0	0	
	64,150	68,070	21,782	37,313	8,976
<b>As at 30 June 2022</b>					
Creditors and other payables	10,172	10,172	10,172		
Net settled derivative liabilities*	2	503	99	396	8
Committed cash advances	0	0	0	0	
LGFA bonds	50,000	52,899	8,657	29,781	14,461
Finance leases	0	0	0	0	
Financial guarantees	0	0	0		
	60,174	63,575	18,928	30,177	14,470

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

### Sensitivity Analysis

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.

<b>Note 27</b>								
<b>PBE IPSAS 30 Sensitivity Analysis - 30 June 2022</b>								
	<b>2022 \$000's</b>				<b>2021 \$000's</b>			
	-100bps		+100bps		-100bps		+100bps	
	Surplus	Other Equity	Surplus	Other Equity	Surplus	Other Equity	Surplus	Other Equity
<b>Interest Rate Risk</b>								
<b>Financial Assets</b>								
Cash & cash equivalents	(63)		63		(70)		70	
Other financial assets <sup>1</sup>	334	-	(334)	-	364	-	(364)	-
Other financial assets <sup>2</sup>		93		(93)		98		(98)
Derivatives <sup>3</sup>	(507)		1,175		-		-	
<b>Financial Liabilities</b>								
Variable rate Borrowings	(479)		479		485		(485)	
Interest rate Derivatives <sup>3</sup>	1,511		(977)		(1,685)		1,583	
<b>Total Sensitivity</b>	<b>796</b>	<b>93</b>	<b>406</b>	<b>(93)</b>	<b>(906)</b>	<b>98</b>	<b>804</b>	<b>(98)</b>
<b>Foreign Exchange Risk</b>	Minimal - foreign exchange transactions are limited to some library book purchases.							
<b>Equity Price Risk</b>	Nil - there are no listed shares within financial assets.							
1. Financial assets whose fair value change is shown through Surplus/(Deficit)								
2. Financial assets whose fair value change is shown through Comprehensive Revenue & Expense								
3. Derivatives (interest rate swaps) fair value change is shown through Surplus/(Deficit) (not hedge accounted)								



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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.

## FINANCIAL REPORTS Ngā pūrongo putea

**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. Roothing 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.

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<i>Notes to the Accounts</i>					<i>Note 28</i>
<b>MOVEMENTS IN SPECIAL FUNDS &amp; RESERVES - 2021/22</b>					
	<b>Opening</b>	<b>Transfers</b>	<b>Transfers</b>	<b>Closing</b>	
	<b>Balance</b>	<b>Out</b>	<b>In</b>	<b>Balance</b>	<b>Budget</b>
Plant & Equipment Funds	1,262,406	(641,372)	482,511	1,103,544	1,281,257
General Capital Funds	5,179,301	(575,000)	0	4,604,301	5,131,680
Investment Interest Fund	444,682	(197,500)	262,685	509,867	522,766
Reserves & Development Funds	1,839,728	(933,769)	980,975	1,886,934	2,477,082
Building Depreciation Funds	5,346,042	(1,642,771)	2,087,182	5,790,453	4,219,370
Roading, Bridges & Flood Damage	6,669,369	(2,157,347)	1,767,426	6,279,447	5,698,599
Urban Infrastructural Depreciation	5,559,212	(3,091,568)	3,647,586	6,115,229	6,675,094
Miscellaneous Funds	2,883,209	(2,137,038)	1,284,595	2,030,766	-379,222
<b>Total</b>	<b>\$29,183,947</b>	<b>(11,376,365)</b>	<b>\$10,512,959</b>	<b>\$28,320,541</b>	<b>\$25,626,626</b>
				<b>Actual</b>	<b>Budget</b>
				<b>2021/22</b>	<b>2021/22</b>
<b>Analysis of Transfers 'OUT' of Funds &amp; Reserves</b>					
Funding of Capital Expenditure from special funds & reserves				7,936,004	8,898,832
Funding of Operating Expenditure from special funds & reserves				3,440,361	3,597,100
				<b>11,376,366</b>	<b>12,495,932</b>
<b>Analysis of Transfers 'IN' to Funds &amp; Reserves</b>					
Reserves & Development Contributions received				980,975	453,000
Infrastructure & Rooding Contributions received				1,696,076	905,000
Carry forward funding for on-going project commitments				1,404,005	258,000
Interest earned and retained in special funds				0	4,000
Interest earned and allocated to Investment Interest fund				262,685	281,000
				<b>Sub Total</b>	<b>1,901,000</b>
Depreciation funded into asset replacement reserves funds				6,169,218	5,983,315
				<b>Total of Transfers into funds from Operations</b>	<b>7,884,315</b>
Proceeds from sale of plant & equipment assets				0	20,000
Proceeds from sale of land & building assets (including forestry harvested)				0	0
				<b>Total Transfers into funds from Asset Sales</b>	<b>20,000</b>
				<b>10,512,959</b>	<b>7,904,315</b>

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**Notes to the Accounts**

**Note 28 (contd)**

**Special Funds & Reserves - Explanation of variances from Budget:**

The balance of Special Funds & Reserves, at \$28.3 million, is \$2.7 million or 10.5% more than budgeted.

**Plant & Equipment Fund of \$1.1m is 13.8% less than Plan**

The capital budget funded from this reserve has included unplanned expenditure on IT equipment and projects (incl document management and security upgrades).

**General Capital Funds \$4.6 million is \$527K or 10.3% less than Plan**

A total of \$575K was used to fund some of the legal and settlement costs for building consent liability claims.

**Reserves & Development Funds at \$1.9 million is \$590k or 23.8% less than Plan**

Contributions received were \$981k (217%) more than planned. Expenditure from this fund was \$690K more than budgeted largely due to the additional features included in the skatepark project (eg pump track).

**Building Depreciation Funds \$5.7 million is 37% more than Plan or \$1.6 million**

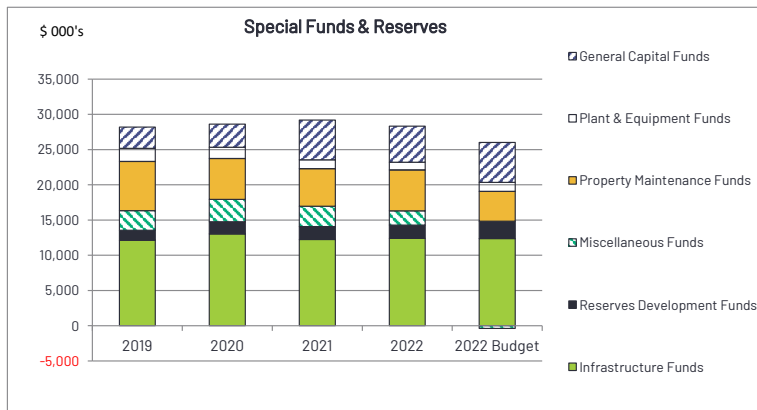
Only \$1.6m of \$3.1m budgeted expenditure from this fund was needed as a number of projects were not progressed, including sportsfield and transfer station upgrades.

**Roading & Infrastructural Assets Funds \$12.4 million - is very close to the budgeted amount.**

Financial contributions for roading were \$1.1 million more than planned while use of these funds on roading projects was \$1 million more than planned. Some \$580K was drawn from the flood damage fund due to weather related damage and \$415K of the rates surplus has been added to the Flood Damage Fund. Balance of that Fund at year end = \$229K. Upgrading Gordon Street costs were drawn from roading contributions. Urban infrastructure fund balance is \$560K or 8.4% less than budgeted. Some \$875K more than planned was spent on sewer reticulation renewals while the water reticulation renewals programme was not completed due to both contractor and materials availability.

**Miscellaneous Funds of \$2.0m is \$2.4 or 635% more than Plan**

Carried forward funding unplanned includes funding for water pipe stock of \$143k and a number of items of project funding that are committed but not completed. The use of carried forward balances during the year was \$1.2 less than planned with savings on the cost of the combined district plan review and other carried forward balances not being used to the extent planned. A total of \$1,070k has been 'borrowed' to achieve the planned rates smoothing that was a feature of the LTP.



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<i>Notes to the Accounts</i>		<i>Note 29</i>
\$	<b>RECONCILIATION OF NET SURPLUS/(DEFICIT) TO NET CASH INFLOW</b>	\$
2020/21	<b>FROM OPERATING ACTIVITIES</b>	2021/22
<b>\$ 8,261,486</b>	<b>Operating Surplus / (Deficit)</b>	<b>\$ 9,916,467</b>
	- Add (less) non-cash items	
14,066,205	Depreciation and amortisation	14,527,220
(3,662,745)	Vested asset gains	(1,723,633)
(60,190)	(Gains)/losses in fair value of biological assets (forestry)	151,985
-	(Gains)/losses in fair value of investment property	-
(79,978)	Other non-cash items	(144,263)
	- Add (less) items classified as investing or financing	
1,358,263	(Gains)/losses on disposal of property, plant & equipment	1,753,405
(2,499,039)	(Gains)/losses on change in fair value of financial assets/liabilities	(3,453,234)
	- Add (less) movements in working capital items	
(508,588)	(Increase)/decrease in receivables	(738,147)
(111,071)	(Increase)/decrease in prepayments	46,050
4,607	(Increase)/decrease in Inventories	(601,307)
1,104,005	Increase/(decrease) accounts payable	46,667
206,570	Increase/(decrease) in employee entitlements	(17,563)
2,452,031	Increase/(decrease) in other current liabilities	(1,468,960)
<b>\$ 20,531,554</b>	<b>Net Cash Inflow from Operating Activities</b>	<b>\$ 18,294,687</b>

<i>Notes to the Accounts</i>		<i>Note 30</i>	
<b>RATING POLICIES REPORT</b>			
<b>RATES REMISSIONS</b>		2021/22	2020/21
	No.	\$	No.
			\$
The cost of the Council's Rates Remission Policy is summarised below.			
Rates remissions were given on:			
Community halls, volunteer & charitable groups	65	88,676	66 95,341
Sporting, arts and cultural use	22	44,389	23 47,435
Land protected for conservation or heritage purposes	84	18,102	84 16,920
Rate penalty remissions*	13,128	367,439 *	10,003 308,962
Uniform charges on non-contiguous units	6	1,975	5 1,807
Urban land with rural use	6	5,928	5 7,465
	Total (as per Note 3)	13,311 \$526,509	10,186 \$477,929
* 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. 13,128 is the number of transactions, and these relate to penalty remissions on 3,618 properties. Higher penalty remissions from last year are due to Council not levying a penalty on instalment 1 last year as part of its response to the Covid-19 local economy impacts.			
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.			
<b>RATES POSTPONEMENTS - Subdivision Developments</b>			
Under the Council policy on Rates Postponements for subdivision developments, zero (2021 = 0) ratepayers have received the benefit of being allowed to postpone 50% of the rates on unsold sections.			
<b>- Postponements for Hardship or Against Equity</b>			
In 2021/22, no properties (2020/21 = 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		2021/22	2021/22	2020/21
Treasury Policy	Policy Limit	Actual	Budget	Actual
Net External Debt* as % of Operating revenue	150%	39.9%	67.0%	36.8%
Interest expense (external) as % of Op revenue	10%	3.1%	2.3%	4.0%
Interest expense as % of Rates revenue	15%	5.5%	3.9%	6.6%
Long Term Debt (external) per capita		\$1,724	\$2,784	\$1,796

\* 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 Year 1 of 2021-31 LTP are as follows:

**Statement of Comprehensive Revenue & Expense**

The accounting surplus of \$10.4m compares to the budgeted figure of \$6.03m surplus. After excluding Other Gains & Losses and Vested Assets, there was a net overall surplus of \$6.98m

**Total Operating Revenue of \$68.47m is more than Plan by \$8.1 m 13.5%**

\* Revenue recognised but not budgeted includes gains from vested assets of \$1.72m and gain on revaluation of swaps of \$4.4m. After eliminating these, revenue is \$1.9m more than planned (+3.0%).

\* Financial contributions of \$3.2m were more than budgeted by \$1.73m (last year \$2.41m). This result continues the trend of increasing contributions over the last three years and comes from the high level of subdivision activity in the urban area.

\* Subsidies & grants of \$13.5m was \$1.45m (9.7%) less than planned, but \$3.9m more than last year. This included Waka Kotahi roading subsidy of \$7.5m vs a Plan of \$5.8m largely due to more subsidy on unplanned storm damage costs. Government funding towards Hood Airport was planned at \$3.4m but only \$0.5m was able to be claimed. Other Government grants included Three Waters stimulus funding and a grant for the skatepark revamp.

\* Other operating revenue of \$10.2m was \$1.5m (17.4%) more than budgeted. A number of reasons account for this variance from the Plan, including regulatory revenue being \$0.50m (22%) up and solid waste revenue being \$0.59k (19%) up.

**Total Operating Expenditure of \$58.6m is more than Plan by \$4.24 m 7.8%**

**Personnel Costs are less than Plan by \$0.77 m 5.9%**

\* This is due to a number of budgeted positions not being filled for parts of the year.

**Other Expenses are more than Plan by \$2.43 m 9.9%**

There were unders and overs of operating expenditure versus the budgeted levels, including:

\* Roading costs, excluding depreciation, were 18.8% more than the a budget of \$7.1m (over by \$1.3m). This variance is the result of flood and storm damage response and clesanup costs. Waka Kotahi subsidy has been taken into account and funding drawn from the Flood Damage Fund to fund the deficit. Rates funding required for roading renewals was \$421k (14.1%) less than planned.

\* Operating costs across the 3 waters, excluding depreciation, totalled \$8.2m (last year \$7.6m). This was 6% more than planned. Additional revenue (stimulus funding) means rates required is close to planned except for the stormwater activity.

\* Solid waste costs were some \$567k (12.6%) more than budgeted due to higher waste tonnages received at the transfer station than planned. This has been more than offset by increased gate fee revenue (noted above).

\* Operating costs in the property activity ran 1.7% below the level planned, while the Sportsfields sub-activity and the Trust House Recreation Centre have recorded lower operating expenditure than planned.

\* Resource Mgmt. & Planning activity expenditure was underspent due to lower costs than budgeted on the review of the Wairarapa Combined District Plan. Building Development costs were more than planned due to higher volume of consents processed and the legal and settlement costs of defending a number of historic liability claims.

\* Across the Corporate Services activities of the Council, operating costs were \$323k (4.4%) higher than planned. Some of the extra costs have been in an ICT area with security upgrades, information and document management systems and a document digitisation project.

**Finance costs more than Plan by \$0.10 m 5.8%**

\* Interest costs were more than planned due to pre-funding for a bond maturity. The cost was largely offset by interest earned on deposit of those early-drawn funds.

**Depreciation & amortisation is less than Plan by \$0.40 m 2.8%**

\* Depreciation costs decreased slightly as a result of the 2021 revaluation of buildings assets.

**Other Losses more than Plan by \$2.88 m**

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

FINANCIAL REPORTS Ngā pūrongo putea

Notes to the Accounts	Note 31 (contd)
<b>ACTUAL VERSUS PLAN ANALYSIS</b>	
<b>Statement of Financial Position as at 30 June 2022</b>	
<ul style="list-style-type: none"> <li>* Current assets of \$21.4m is \$6.1m higher than budgeted as more funds were held on short term deposits. Inventories have</li> <li>* Shorter term investments are held as the flat yield curve has not justified using longer term deposits.</li> <li>* Infrastructural assets are \$115.6m (15.3%) more than planned due to the fair value assessment being undertaken a year earlier anticipated. The increase in value reflects the higher costs of replacing these assets in the current high inflationary environment.</li> <li>* In current liabilities, Creditors &amp; other payables are \$10.2m which is 13.9% less than the last year due to less revenue in advance than last year. Employee liabilities have decreased by 1.6% on last year. This includes holiday pay liability increasing 8.2%.</li> <li>* Current financial liabilities include \$8m in two bond maturity due in April 2023.</li> <li>* 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'.</li> </ul>	
<b>Statement of Movements in Equity</b>	
<ul style="list-style-type: none"> <li>* Overall the Council's Equity is \$139.2m (16.5%) more than anticipated in the Plan largely due to the revaluation of infrastructural assets which was not anticipated in the plan.</li> <li>* Special funds and reserves are \$28.3m which is \$2.7m or 10.5% more than planned. Reasons include less drawing on carried forward funds than anticipated, greater flows into funds from developer contributions and the underspent surplus funds being carried forward in special funds.</li> </ul>	
<b>Statement of Cashflows</b>	
<ul style="list-style-type: none"> <li>* Overall the net cashflow from Operating activities at \$18.3m is within 1% of the planned figure. The biggest variance coming from Govt grants and subsidies, planned but not received (Airport project). Financial contributions revenue of \$2.87m was 94% more than planned, while payments to employees were 5.7% less than planned.</li> <li>* Investing activities saw less capital expenditure than planned (\$22.3m vs \$38.55m). See explanations of capital expenditure variance below.</li> <li>* The Plan allowed for \$16.3m of external borrowing to fund capital expenditure. Only \$4.2m was needed to fund those loan-funded capital projects that did proceed. The repayment of loans that was planned was completed.</li> </ul>	
<b>Capital Expenditure</b>	
<ul style="list-style-type: none"> <li>* Subsidised roading renewals were \$6.6m versus the Plan of \$7.4m. The reasons for lower spending have included contractor capacity and disruptions due to weather events. In particular the footpath surface renewals budget of \$549k was only 26% spent.</li> <li>* The upgrading and urbanisation of upper Gordon Street had a budget provision of \$0.5m that was estimated prior to any design specifications. The project has largely been delivered and costs of the work in the financial year have been \$1.4m with contributions of \$0.34m from the developer of the Williams block. The Council's cost share has come from Rooding Contributions collected via the provisions of the Wairarapa Combined District Plan.</li> <li>* The Council took the opportunity to purchase land to the north-west of the water treatment plant at Kaituna, when it came on the market in October 2021. The investment of \$2.5m provides Council with the opportunity to add significantly to the raw water storage capacity, creating a much greater level of resilience for the urban water supply in times of drought and high river flows.</li> <li>* Water reticulation renewals of \$1.7m were budgeted. Only \$0.45m of work was completed as contractor availability meant the programme of work was not fully delivered. Contractors were prioritised to work on wastewater renewals.</li> <li>* The water meter project continued to be rolled out across the town. \$0.49m spent vs a plan of \$1.35m. At balance date 92% of urban properties have had meters installed. Contractor availability has been a factor in not completing this project also.</li> <li>* Sewerage reticulation renewals totalled \$1.975m which was 80% more than the \$1.1m planned. A number of reticulation renewal contracts, were able to be completed using pipe bursting techniques and the programme was increased during the year in response to significant flooding and stormwater infiltration into the network.</li> <li>* The stormwater upgrades programme spend was 130% of the plan level, including a new pipes and soakpit to alleviate stormwater on Opaki Road/Oxford Street corner.</li> <li>* In the parks and facilities activities the largest capital project has been the skatepark upgrade. The project had progressed through design and tendering stages in 2021 and construction was underway at 30 June 2021. The project received government funding of \$1.3 million and ended up costing \$2.15 million, including design costs, engineering and project management. The budget was revised a number of times as the scope changed, including Council adding a pump track to the design. Covid lockdowns also impacted the overall cost of the project.</li> <li>* The Plan included a provision of \$4.95 million to progress a new Civic/Events facility. \$1.1 million was also allowed to establish a temporary Archive following the imminent closure of the current Archive building. Neither project progressed to the point of confirming an agreed development concept. Costs incurred included further concept design, QS and project management work.</li> <li>* The Airport upgrade capital project changed in 2021/22 to now include PGF funding. The 2021/22 Plan included \$6.87m of capital expenditure on land and runway widening. Stage II in future years is for the runway extension. Progress was made on the sealing Moncreiff Drive, but runway widening has been delayed as designs are finalised and land purchase has not progressed as quickly as expected.</li> <li>* The new animal shelter project progressed with a move to a temporary location and the demolition of the old pound building. Concept designs for the new facility were still being developed at year end.</li> <li>* Three ICT projects that were initiated in the prior year were further progressed during 2021/22. The security system upgrades continued, the information management project was further implemented and a software application to improve purchasing and payment approval efficiencies was implemented.</li> <li>* Vested Assets include the infrastructural assets of two separate subdivisions that have been provided by developers (\$1.7m).</li> </ul>	

FINANCIAL REPORTS Ngā pūrongo putea

Notes to the Accounts		Note 32	
<b>COMMITMENTS</b>			
<b>As at 30 June 2022</b>			
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.			
<b>Capital Commitments</b>			
	<b>2022</b>	<b>2022</b>	<b>2021</b>
<b>Activity</b>	<b>No. Of Contracts</b>	<b>\$</b>	<b>\$</b>
Roading	9	6,758,493	2,373,120
Water Services	8	1,423,352	309,548
Wastewater Services	4	294,818	504,786
Community Facilities - construction	1	105,820	994,166
	<b>22</b>	<b>8,582,482</b>	<b>4,181,619</b>
Capital commitments represent capital expenditure contracted for at balance date, but not yet incurred.			
There are 22 significant construction contracts in progress at 30 June 2022 (2021 = 12). These were:			
* Roading contracts in progress at 30 June 2022 include pavement rehabilitations under the main Higgins contract, Goodlands bridge upgrade, work on Mataikona, Gordon St, Kitchener St, Colombo Bridge and emergency slip repairs at Homewood Road.			
* Four wastewater reticulation renewal contracts were committed but not complete. These relate to Waltons Ave, Keir Cres, Sussex Street and Ngaumutawa Road.			
* Eight water reticulation contracts were committed but not complete. These relate to work on Essex Street, Kitchener Street, Masters Cres, Bannister Street, Queen Street, Dixon Street, Bruce Street and King Street.			
* One Community facility project was committed, but not complete. This relates to surface sealing around the refuelling station at Hood Aerodrome.			
<b>Contract Commitments</b>			
There were a number of professional and maintenance contracts commitments in operation at 30 June 2022.			
<b>Professional services contracts</b> commitments have been made for wastewater, roading, legal and community facilities. These are invoiced based on scheduled rates or on an hourly basis.			
<b>Maintenance contract</b> 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.			
<b>Operating Lease Commitments (as a lessee)</b>			
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:			
	<b>2022</b>	<b>2021</b>	
Not later than one year	241,782	9,084	
Later than one year and not later than five years	662,842	0	
Later than five years	0	0	
<b>Total Non-cancellable operating leases</b>	<b>\$904,623</b>	<b>\$9,084</b>	
There are no restrictions placed on the Council by any of the leasing arrangements.			
<b>Operating Lease Commitments (as a lessor)</b>			
In the course of its business Council has a number of leases in place. Residential tenancies are not included as they have two weeks to one month notice periods. The non-cancellable leases include 16 for grazing, (2021 = 18), 15 sporting groups, including a mix of ground and building rentals (2021 = 15), 31 Airport sites (2021 = 27) and 17 other properties (2021 = 19). 37 of these leases expire in the next 12 months (2021 = 11), 23 within five years (2021 = 31) and 20 have a term greater than five years (2021 = 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:			
	<b>2022</b>	<b>2021</b>	
Not later than one year	467,726	433,036	
Later than one year and not later than five years	1,012,335	697,859	
Later than five years	609,268	531,149	
<b>Total non-cancellable operating leases</b>	<b>\$2,089,329</b>	<b>\$1,662,044</b>	



FINANCIAL REPORTS Ngā pūrongo putea

*Notes to the Accounts*

*Note 33*

**CONTINGENT LIABILITIES and CONTINGENT ASSETS**

**As at 30 June 2022**

**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 is owned by the Council and may need some remediation in the future. The investigations to date indicate some limited off-site migration of a number of contaminants. This is not considered significant as the groundwater is not utilised in the area and the plumes are generally very limited in extent. Council has a resource consent for this site which involves on-going monitoring costs. The Council has a resolution on record to progress the sale of this property.

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 The Council was named as second defendant in High Court proceedings brought by Masterton Trust Lands Trust (MTLT). The matters related to 6 separate buildings where it is alleged that the buildings do not comply with the earthquake standards at the time the buildings were built. The matters have been progressing through legal process for more than three years. In 2021, all 6 claims have been settled out of court. The details of the settlements remain confidential. The potential for recovery from insurers of costs relating to one claim remains subject to legal precedent currently before the courts.
- 2 The Council was also named as second defendant in High Court proceedings brought by Masterton Trust Lands Trust (MTLT) in relation alleged defects in the building known as Waiata House. In an unrelated transaction, the Council purchased Waiata House in 2018. This proceeding has also been settled out of court in 2022, with the settlement details remaining confidential.

FINANCIAL REPORTS Ngā pūrongo putea

Notes to the Accounts

Note 33 contd

**CONTINGENT LIABILITIES and CONTINGENT ASSETS**  
As at 30 June 2022

**Court proceedings (continued)**

3 Three further legal proceedings have been filed against the Council with respect to the Council's role in the building consenting process. 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. Legal and insurance advice has been sought for these three issues. There is currently no indication of the likelihood of Council's defence being successful or otherwise, so no financial provision has been made. The Glenwood Masonic case has subsequently been withdrawn.

**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, but it remains subject to a court decision and potentially further legal action, so it remains a contingent asset.

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 waters services and related assets and liabilities currently controlled by local authorities. A water services Bill to enable the transfer of these assets and liabilities to the water services entities, is currently before Parliament.

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

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 Masterton District Council certify that all the statutory requirements of the Local Government Act 2002, including the Local Government (Financial Reporting and Prudence) Regulations 2014, regarding financial management and borrowing have been complied with.

#### Responsibility

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

The Council and management of Masterton District Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the financial statements, the statements of service performance and reporting 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  
Date:

David Hopman  
Chief Executive

David Paris  
Manager Finance

AUDIT AND COMPLIANCE He arotake pūtea me te tūtohu ture

## INDEPENDENT AUDITOR'S REPORT

# INDEPENDENT AUDITOR'S REPORT



## 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 24th 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 annual 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 and annual plans.

## 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 annual 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 have audited the District Council's 2021-31 long term plan, and performed a limited assurance engagement related to the District Council's debenture trust deed. Other than these engagements, we have no relationship with, or interests in, the District Council.

Jacques Du Toit

Audit New Zealand

On behalf of the Auditor-General

Wellington, New Zealand

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