

Masterton District Council

Annual Report

2006/07

Front Cover
Riversdale Beach Sunrise
Photographer: Lynne Drake

ISSN 1172-1863

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**MASTERTON
DISTRICT COUNCIL**
As at 30 June 2007

HIS WORSHIP THE MAYOR
Mr R.C. (Bob) Francis QSO MBE JP

DEPUTY MAYOR
Cr G E (Garry) Daniell

URBAN WARD COUNCILLORS
Cr B.S. (Bruce) Bishop

Cr G.E. (Garry) Daniell
Cr B.L. (Brent) Goodwin

Cr R.J. (Jonathan) Hooker

Cr. O.G. (Owen) Perry

Cr C. (Chris) Peterson

Cr J. (Jane) Terpstra

RURAL WARD COUNCILLORS
Cr J.D. (Judith) Callaghan

Cr D.M. (Derek) Daniell

Cr R.T. (Roddy) McKenzie

DIRECTORY

Council Office
64 Chapel Street
Masterton

Auditor

Audit New Zealand, Wellington
on behalf of the Auditor General

Bankers

Westpac, Masterton

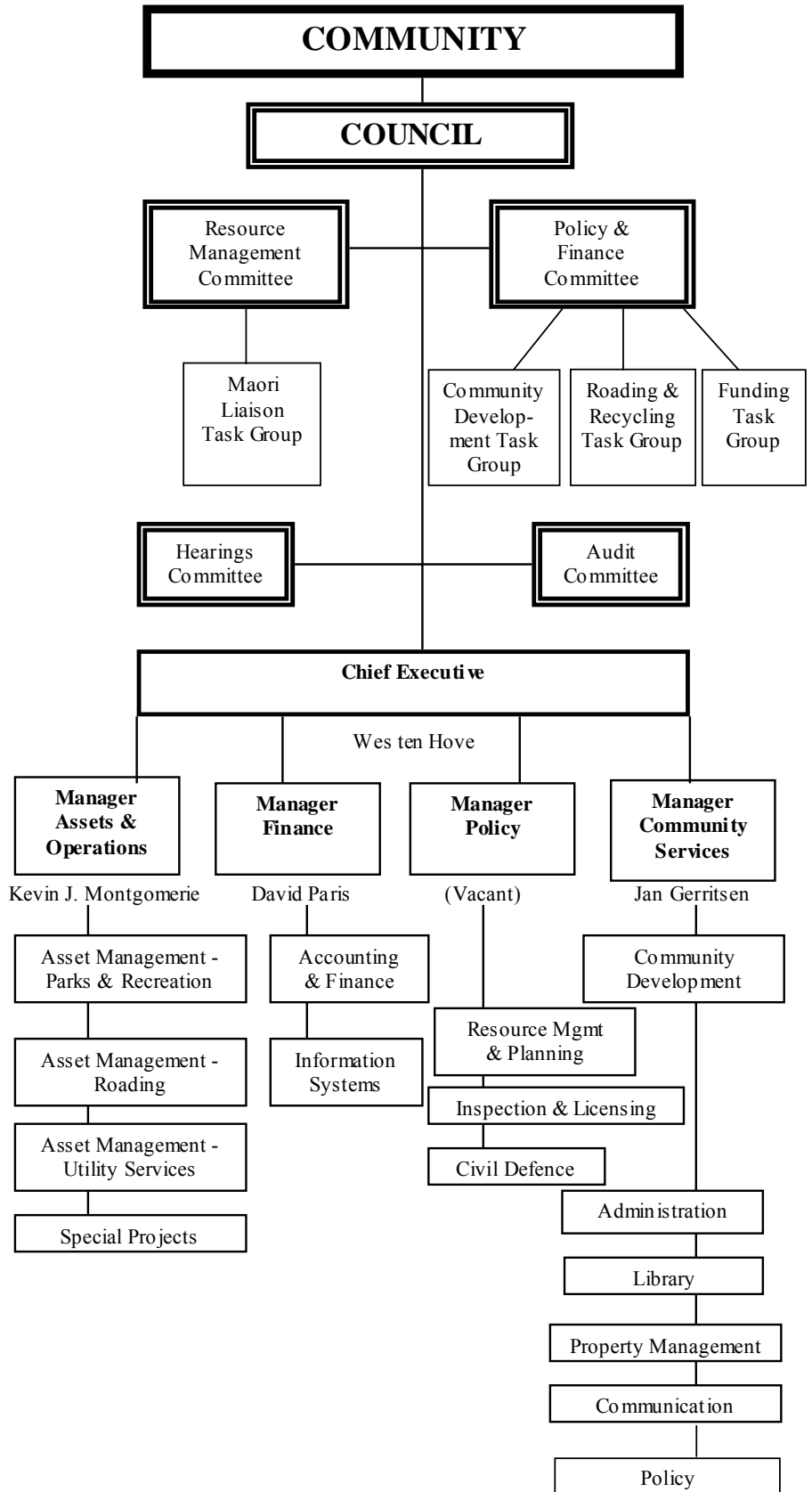
Solicitors

Gawith Burridge, Masterton

Insurance Broker

Jardine Risk Consultants Ltd

Organisation Structure



MASTERTON DISTRICT COUNCIL

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

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



MAYOR & CHIEF EXECUTIVE OFFICER'S REPORT

We are proud to introduce this Annual Report of the Masterton District Council for the 2006/07 year. It details the Council's performance in meeting the objectives and budget targets of Year 1 of the 2006/16 Long Term Council Community Plan (LTCCP) and 2006/07 Annual Plan. This report also highlights the activities which the Council has delivered or facilitated towards achieving the community outcomes as identified in the LTCCP.

The District goes from strength to strength with ground-breaking work on a number of fronts, not least a New Zealand first with the Combined District Plan being developed here. The Wairarapa Combined District Plan celebrates a regional commitment to the Wairarapa as a whole and will give each of the three councils an opportunity to work collaboratively under one set of planning rules, in the interests of all Wairarapa residents.

The District experienced a series of high rainfall events in July and August 2006 with resulting flooding and sewerage system problems, which are reported on in this Annual Report.

Community spirit is strong and there is obvious pride in the District, with Masterton people enjoying a quality of life that is improving in line with the buoyancy of our economy. This can be measured by the growth in employment, property values and building activity. Both rural and urban economies have shown strength throughout the year and the demand for commercial and industrial land in the area suggests that this demand will have some longer term benefits.

The following list is a summary of the major initiatives and activities the Council has been involved with and progressed over the 12 months to 30 June 2007.

Wairarapa Combined District Plan

The three Wairarapa councils are close to achieving a first for New Zealand local government with the development of the Wairarapa Combined District Plan progressing through significant stages during the year. The proposed plan was launched in August 2006 and with that the councils entered a period where each district effectively operated its regulatory functions under dual planning rules. Following the launch, submissions on the proposed plan were received and, at year end, preparations were in hand to commence the joint hearing of those submissions.

The Combined District Plan process has taken a great deal of time and resources, with Masterton District Council providing the administrative functions. It has increased the level of regional co-operation and co-ordination. The flow on from this, as well as other combined initiatives, will enable the Wairarapa economy to consolidate. Other examples of regional collaboration are the Wairarapa Arts, Culture and Heritage Strategy, the Wairarapa Physical Activity Plan and the Gambling Venues Policy.

Sewerage System Upgrades

With the ongoing need to minimise the environmental impact of wastewater on the environment, the Council has been working towards gaining the resource consents to upgrade and operate the Masterton urban sewage treatment and disposal scheme, and installing sewerage schemes in Tinui and at Riversdale Beach. The resource consent applications for the urban upgrade, supported by an assessment of environmental effects, were lodged in May 2007. This is a major milestone in the Council's drive towards upgrading the scheme. The proposal for the long term upgrade includes enhancing the existing pond system to improve the quality of treated effluent and maximising the irrigation of treated effluent onto land. In March 2007, the Council took an opportunity to purchase 107ha of additional land next to the oxidation ponds. This purchase is anticipated to provide Council with expanded options for land

disposal. The Cockburn Street sewer replacement project began in June, good progress was made with construction of the Tinui upgrade, and planning continues for the Riversdale Beach wastewater project.

Solid Waste

A further facet of the 'Solid Waste Management Plan for Wairarapa' came to fruition with the opening of a refuse transfer station at Nursery Road, Masterton, in October 2006. The facility serves as the collection point for solid waste from throughout the Masterton District ahead of it being transferred by truck to a purpose-built landfill at Bonny Glen, near Marton. The need to close the Masterton landfill has long been recognised as a further step towards minimising our community's impact on our environment. Increased user pays gate fees have been required to cover increased costs.

Riversdale Beach Sewerage Scheme

Scheme options for the development of a reticulated scheme to cater for the collection, treatment and disposal of sewage at Riversdale Beach have continued to be developed during the year. This has included design work, options to secure land for pond-based treatment and disposal, and consulting on cost sharing scenarios. Further public consultation will take place ahead of the Council deciding on a preferred option. The LTCCP anticipated the receipt of \$1.935 million subsidy from the government sanitary works subsidy scheme, but progress on the scheme was not sufficient to uplift the subsidy in 2006/07.

Castlepoint Seawall

With completion of the Castlepoint Seawall as far down as the end of Jetty Road, stage two of the project to the south of Guthrie Crescent is on hold awaiting provision of an Integrated Foreshore Management Plan. This is being developed by Council with input from the Castlepoint Ratepayers and Residents Association, DoC and other interested parties.

Queen Elizabeth Park Rejuvenation

Stage 1 of the project was completed early in the financial year with the rose garden being planted, with a number of the bushes sponsored by the public. Also part of stage 1 was the creation of a promenade along the Dixon Street frontage to Queen Elizabeth Park. Stage 2 will see the completion of this promenade from the Bruce Street entrance to Memorial Drive. Planning and consultation on stage 2 was carried out in line with the management plan, however opposition to the removal of the Hosking sunken gardens has meant the Council has not progressed stage 2 of the project as quickly as the LTCCP anticipated.

Weather events – July 2006

Three severe rainfall events were experienced in July 2006 and resulted in the Council-operated sewerage and stormwater systems being placed under significant pressure. Surface flooding across wide areas of both urban and rural Masterton resulted in significant inundation of stormwater into the sewerage network and resultant inability of the system to handle the volumes of water. Some 38 properties were issued with temporary toilet facilities, while nine properties were evacuated to allow sewage contaminated stormwater on their properties to be cleaned up. Subsequent work has included heavy cleaning of trunk sewers and site-specific analysis of priorities for further work.

The wet winter also impacted severely on the District's roading network with close to \$1 million of flood damage repairs required and extra maintenance being needed to ensure the roads continued to provide the required level of service. The additional expenditure on flood damage attracted an increased LTNZ subsidy rate of 65% (normally 55%).

Sustainable Use of the Environment

As noted above, the Council's own infrastructural asset initiatives with respect to improving the environment are a significant driver of projects. Collaboration and partnerships with other agencies and organisations such as Iwi, government departments, funding groups, local business and community groups has also enabled Council to participate in District-wide initiatives to consider mitigating and adapting to climate change, as well as energy efficiency and waste minimisation initiatives. All three councils belong to the Communities for Climate Protection Programme and the Energy Wise Councils group. One tangible programme which again received Council support was the Wairarapa Healthy

Homes Project which assisted some 200 low-income households throughout the Wairarapa to insulate their homes.

Advocacy

Council is continuing to build its links with community support agencies and the other two councils to assist with bettering lifestyles for people in the Wairarapa. With Masterton Trust Lands Trust and Masterton Trust House Charitable Trust present in the community, Council is fortunate to be able to take on an advocacy role, particularly in relation to funding organisations to support their communities.

Financial Summary

The Council's overall financial result for the 2006/07 year is a small deficit of income over expenditure of \$25,300, which compares to a planned surplus of \$2.162 million (which included the \$1.935m sanitary works subsidy (SWSS) for Riversdale's proposed sewerage system). Excluding the SWSS subsidy the surplus was planned to be \$227,000.

Operating expenditure of \$25.54 million was 4% (\$988,000) more than planned.

Operating revenue (excluding Other Gains/(Losses)) of \$25.51 million was 1.5% (\$362,000) more than planned (excluding the SWSS subsidy).

The reasons for the Council not achieving the planned financial result are many and varied, but significant items are briefly explained below.

Significant variances from the Plan include:

- Roading maintenance and flood damage expenditure was some \$1.06 million (13.8%) more than planned due to the period of very wet weather in July and August 2006 and the resultant damage and repair costs on the District's rural roading network. To fund this extra cost the Council received additional LTNZ subsidy, drew on flood damage reserve funds and reduced the quantity of renewals work undertaken in the year.
- Stormwater and sewerage expenditure also exceeded the planned levels as a result of Council's response to the effects of the weather events in 2006, with some \$216,000 (9.5%) costs above planned. Extra costs included immediate response costs during the events and heavy cleaning and flushing of sewerage and stormwater pipes subsequent to the events.
- Solid waste costs ran \$130,000 (5.6%) above planned due to higher volumes of refuse to be disposed of and some operating costs associated with the operation of the Nursery Rd Transfer Station being under-estimated when budgets were set. Council has also had to provide for the potential to write off \$110,000 of refuse bag recoveries that are caught up in the receivership of the refuse bag supplier.
- Costs in the regulatory activities of Council have run ahead of planned by \$120,000 (4.4%) due to a sustained high level of activity, higher than planned costs associated with the Wairarapa Combined District Plan process and costs associated with the building control activity gaining accreditation.
- Income from reserves and infrastructure contributions has exceeded plan by \$285,000, while vested assets from subdivision have been valued as income of a further \$285,000.
- Other gains included in operating revenue have been made on asset revaluation of forestry and investment properties totaling \$815,600. These are offset by unrealised losses on the market valuation of financial assets (\$187,000) and losses on the writedown of assets disposed of (\$256,000).
- The Council has converted its financial reporting policies to NZ IFRS (International Financial Reporting Standards) for this 2006/07 Annual Report. Reporting of prior year comparatives has involved the restatement of aspects of the 2005/06 financial statements. Note 2 to the financial statements provides details of the effects of the conversion of the comparatives.

Council Elections


While this report reviews the year to 30 June 2007, it is adopted in late October 2007 and after the Council elections. The retirement of Mayor Bob Francis after 21 years on the Council and 15 years as Mayor has been marked with a number of functions. Also not standing for Council are Derek Daniell, Owen Perry and Bruce Bishop, all of whom have made significant and worthwhile contributions during their terms on the Council. We extend our thanks to those retiring members and wish them well, and we welcome those newly elected and returning members of the Council.

Staff

The LTCCP recognises the challenge for the Council to maintain capacity and capability in a highly competitive employment environment. The Council has been well served by staff during the year, with staff being involved extensively on all major infrastructure projects as well as emergency responses to the July 2006 flood event. Other initiatives, such as the regional cooperation through the Wairarapa Combined District Plan process, regional economic development, and pandemic planning have also involved additional efforts by Council's staff. We express our appreciation to Council staff and the members of the management team, Manager Assets and Operations, Kevin Montgomerie, Manager Finance, David Paris and Manager Community Services Jan Gerritsen.

Summary

The 2006/07 year has not been without its challenges for the Council, particularly those resulting from the July 2006 floods and their impacts on the capacity of the Council to deliver the planned programme of works throughout the balance of the financial year. Nevertheless the Council can tick off some significant achievements such as the closure of the Masterton landfill and opening of a purpose-built transfer station, submitting the resource consent applications for the upgrading of the Homebush sewerage treatment plant, securing an additional 107ha of land for potential use for sewage treatment, completing stage 1 of the Queen Elizabeth Park rejuvenation project and, in the regulatory area launching the Proposed Wairarapa Combined District Plan and processing record numbers of resource consents.



R.C. (Bob) Francis
Mayor (until 13th October 2007)



Wes ten Hove
Chief Executive Officer

.....

MASTERTON DISTRICT COUNCIL
STATEMENT OF COMPLIANCE AND RESPONSIBILITY
FOR THE YEAR ENDING 30TH JUNE 2007

COMPLIANCE


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

RESPONSIBILITY

The Council and management of Masterton District Council accept responsibility for the preparation of the annual Financial Statements and 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 financial reporting.

In the opinion of the Council and management of Masterton District Council, the annual Financial Statements for the year ended 30th June 2007 fairly reflect the financial position and operations of Masterton District Council.



.....
G E Daniell
Mayor



.....
W ten Hove
Chief Executive Officer



.....
D E Paris
Manager Finance

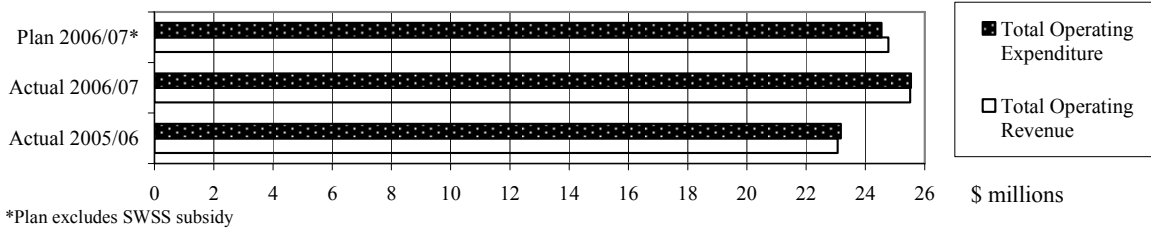
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MASTERTON DISTRICT COUNCIL

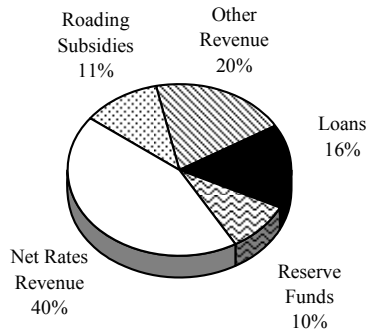
FINANCIAL STATISTICS

Last Year 2005/06		Actual 2006/07		Plan 2006/07	
Total Expenditure (incl Capital items)		\$ 33,601,495		\$ 33,417,717	
\$ 29,362,126					
\$ 13,358,838	Funded by: Net Rates Revenue	\$ 14,612,412	43%	\$ 14,549,108	44%
\$ 3,168,920	Roading Subsidies	\$ 3,853,884	11%	\$ 3,780,492	11%
\$ 6,570,273	Other Revenue	\$ 6,671,132	20%	\$ 8,380,417	25%
\$ 2,228,675	Loans	\$ 5,252,415	16%	\$ 2,055,290	6%
\$ 4,035,420	Reserve Funds	\$ 3,211,652	10%	\$ 4,652,410	14%
\$ 29,362,126		\$ 33,601,495		\$ 33,417,717	

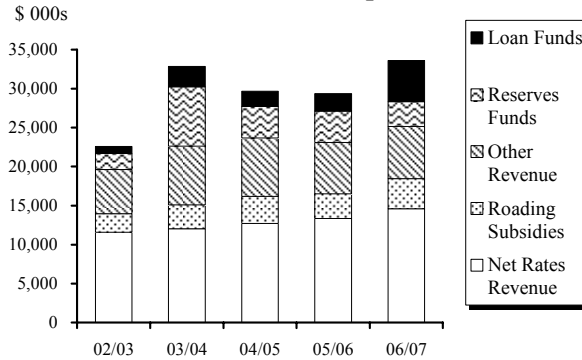
Revenue & Expenditure Comparisons



Source of Funds 2006/07

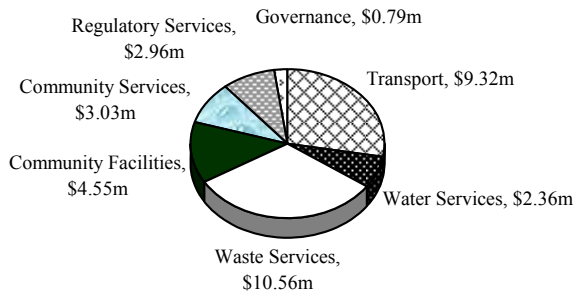


Source of Funds Comparison

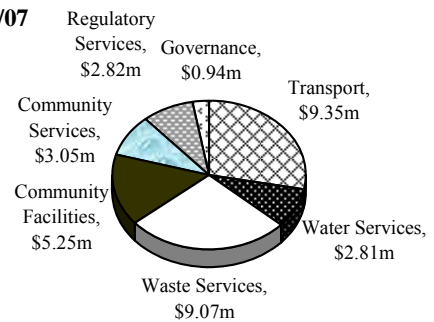


Total Expenditure by Activity

Actual 2006/07



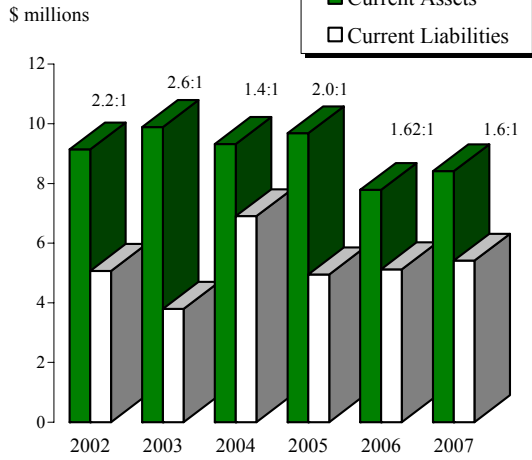
Plan 2006/07



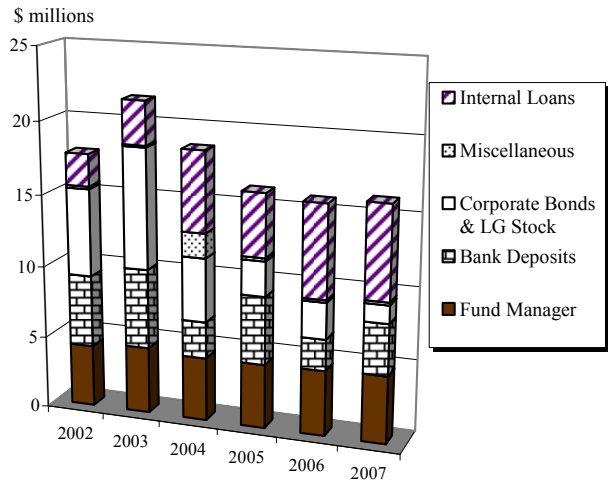
Financial Ratios

	2004/05	2005/06	2006/07	Plan 06/07
Current Ratio	1.96	1.6	1.6	1.9
Liquidity Ratio	2.1	1.6	1.7	2.1
Long Term Debt (external) per rateable property	\$688	\$651	\$1,041	\$751
Long Term Debt (external) per capita	\$334	\$330	\$532	\$375
Interest costs as % of rates income	6.1%	6.5%	7.4%	7.0%
Debt servicing costs as % of rates income	10.2%	11.2%	11.6%	11.0%
Reserve Funds as % of rates income	111.0%	101.9%	97.7%	85.2%
Investments (external) as % of rates income	94.3%	71.7%	66.9%	68.1%
Rates Receivable as % of rates income	2.1%	2.1%	1.1%	2.0%

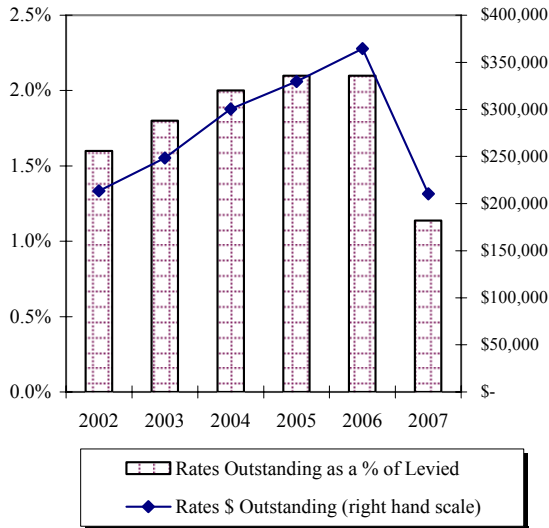
CURRENT ASSETS TO CURRENT LIABILITIES



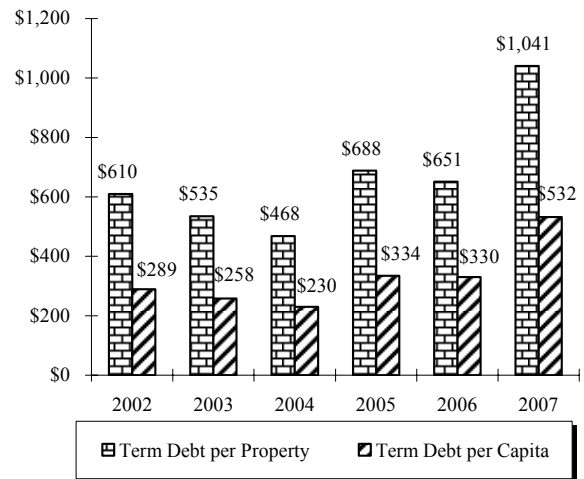
INVESTMENTS



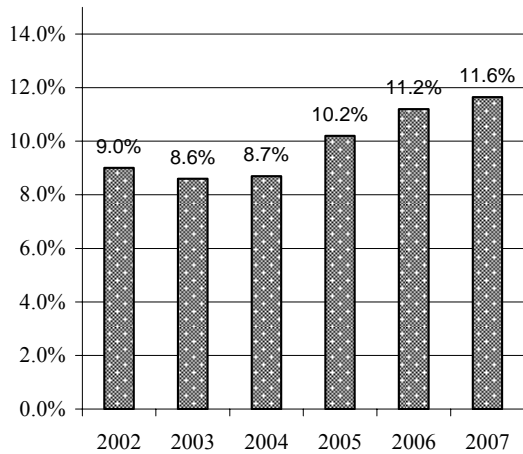
RATES ARREARS



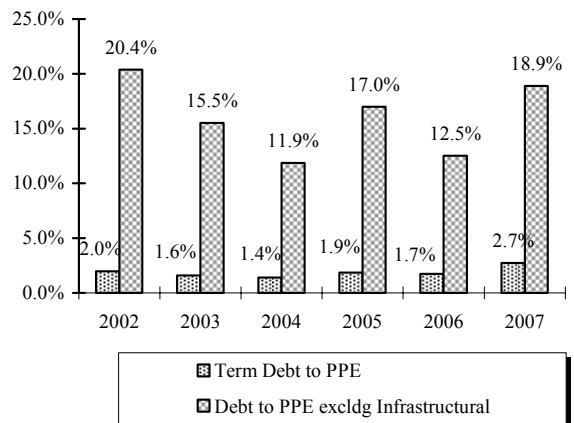
TERM LIABILITIES (external) per Ratepayer and per Capita

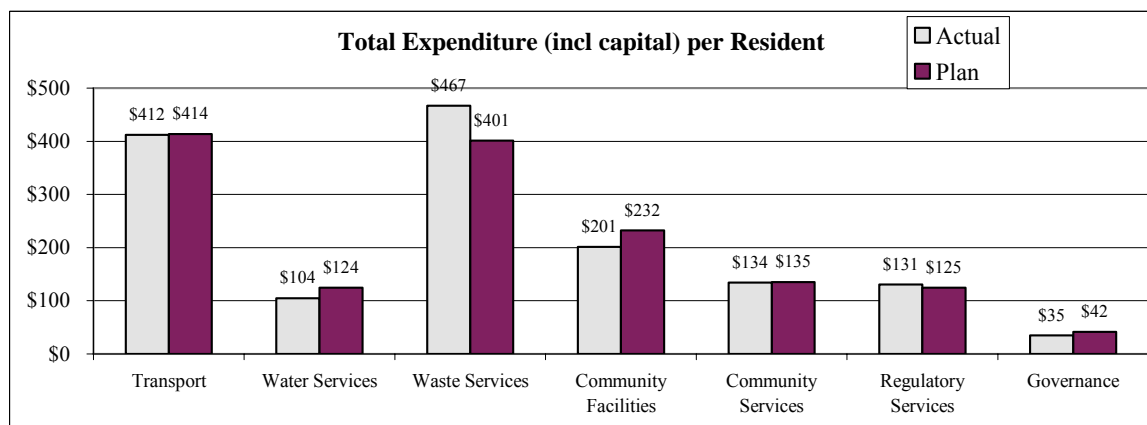
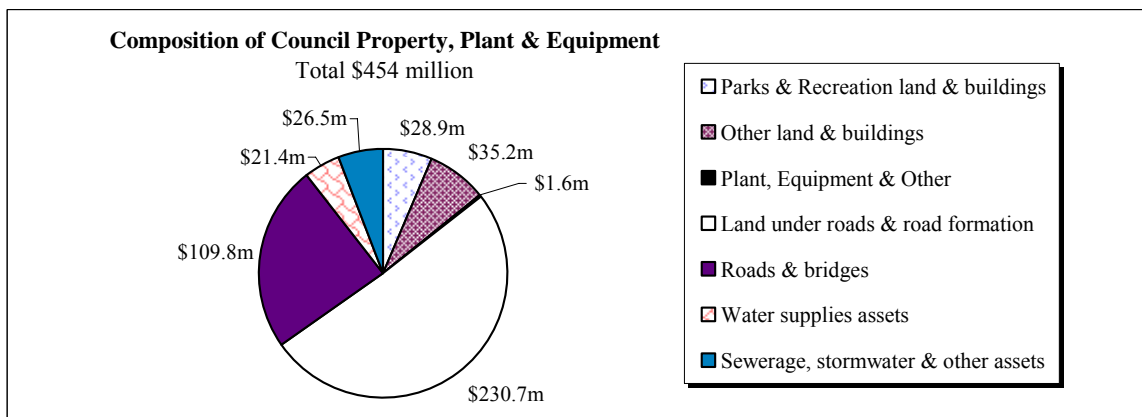
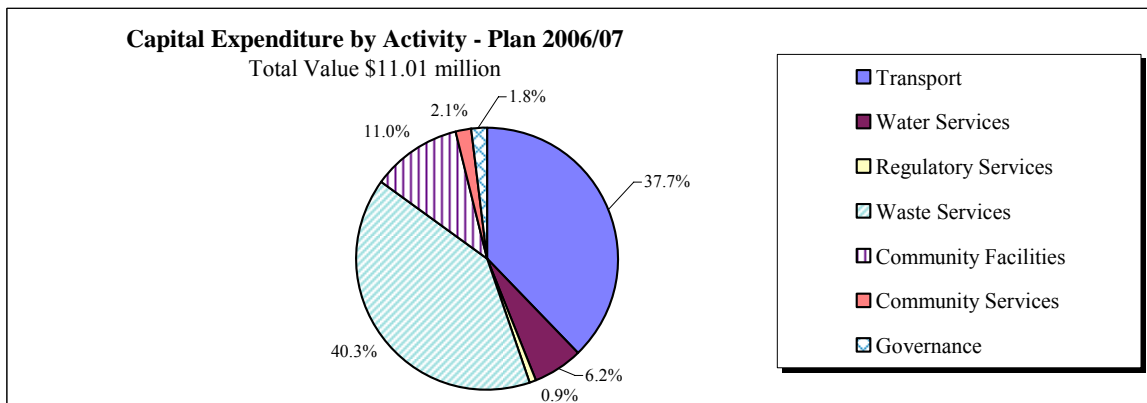
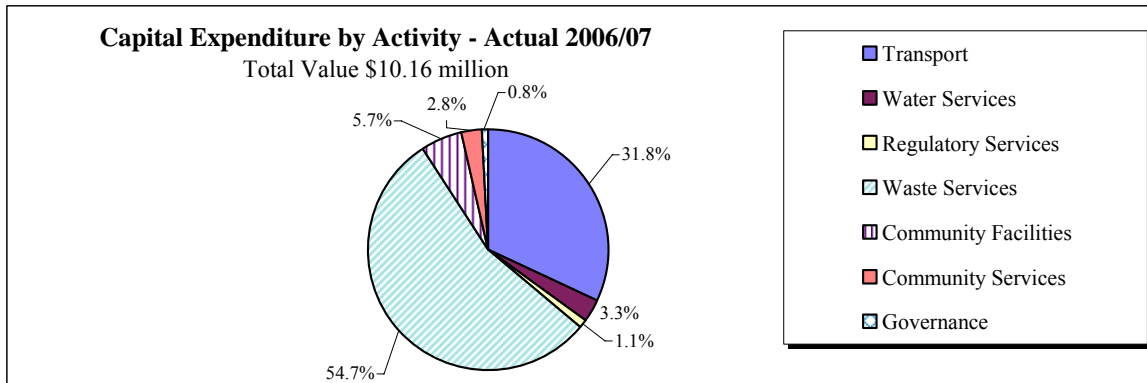


DEBT SERVICING COST as a % of Rates Income



TERM LIABILITIES (external) as a % of Property, Plant & Equipment





STATEMENT OF RESOURCES

Year Ended 30th June 2007

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

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

Statistics

Population (Census 2006)

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

District Rateable Valuations (June 2007)

Land Value	Rural	\$1,598,350,000	Capital Value	Rural	\$2,214,900,000
	Urban	\$616,585,000		Urban	\$1,690,300,000

No. Rateable Properties (UAGCs)	Rural	3,520
	Urban	<u>8,040</u>
		11,560

Staff

	<u>Male</u>	<u>Female</u>	<u>Total</u>
Full time	34	31	65
Part time	5	13	18

Water Reticulation (urban only)

Storage capacity (megalitres)	12
Kaituna	9
Lansdowne	3
Length of watermains (kms)	160
Storage reservoirs and tanks (megalitres)	12
Hydrants	1,051
Valves	819
Peak daily demand (Mstn) (m ³)	29,550
Water treatment plant at Kaituna	

Sewage Reticulation (urban only)

Length of sewers (kms)	132
Number of pumping stations	3
Number of manholes	1,760
Qty treated daily (average) (m ³)	14,600

Roading

System length (kilometres)	801
Sealed	516
Metalled	285

Buildings (owned)

District Building (including offices, town hall, council chambers and meeting rooms)	
Rental houses	9
Retail outlets	0
Residential flats	86
Public halls	9
Library	1
Sports/recreation facilities	12
Off-street carparks	845
Fire stations	3
First aid post	1
Public toilets	13
Camping ground, cabins & ancillary	24
Camping ground ancillary	5
Landfill buildings	6
Bentley Street ex-depot	1
Parks buildings	

Vehicles

Fleet number	24
Utilities/vans	9
Cars	8
Fire engines	7
Tractors	2

Recreation Reserves

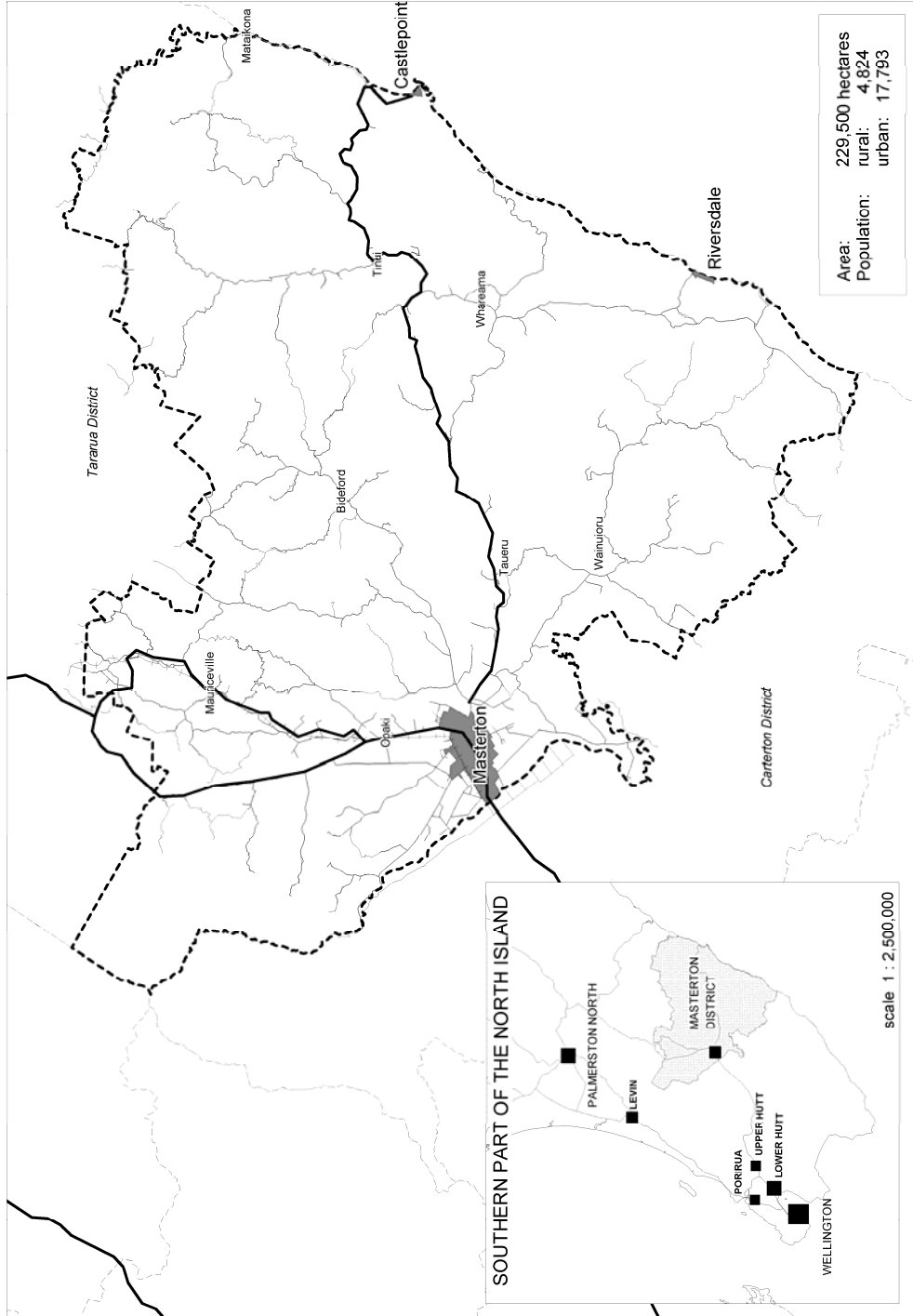
Total Area (hectares)	205
	<u>Urban</u> <u>Rural</u>
Natural Bush	2 39
Beach Front esplanades	- 9
Nursery, cemeteries/sports grounds/formal gardens	54 5
Neighbourhood reserves	49 47

MAP OF DISTRICT



MASTERTON DISTRICT

SCALE 1 : 400,000



Area:	229,500 hectares
Population:	rural: 4,824
	urban: 17,793

