

ANNUAL REPORT 2019/20

PŪRONGO Ā TAU 2019/20



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MAYOR AND CHIEF EXECUTIVE'S FOREWORD

KŌRERO WHAKATAKI A TE KOROMATUA ME TE TUMUAKI

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

Masterton District Council continued to deliver positive outcomes for our community over the 12 months to the end of June. We judge our performance based on measures that we set at the start of every financial year. It's always heartening to report achievement on these measures, and how they influence improvements within our community.

COVID-19 has impacted our community, and our council work, significantly. We had to adapt to the changing environment and reset our priorities, focusing on work that had to be done and putting aside some work that wasn't urgent.

We dealt with the immediate impact well, working with our neighbouring councils and our health and welfare partners to keep our community informed. All essential services, such as water supply, roading, and animal control, continued to operate through the COVID-19 restrictions. We also managed a flood event during this period.

The challenge has produced positive outcomes, such as the development of Ko Wairarapa Tenei, a COVID-19 response for iwi, developed and being implemented by iwi, and joint working groups to support Wairarapa's rebound from COVID-19. It has also encouraged different ways of working that we've adopted to improve our service delivery to the community.

In October 2019 we welcomed new elected members to the council table following a successful local government election. Masterton's voter turnout increased from 44.6 per cent in the 2016 election to 49 per cent, bucking the national downward trend. All elected members, new and returning, completed an intensive induction programme.

We've progressed our big projects, finalising designs for the redevelopment of lower Queen Street, between Jackson and Bannister Streets, and refining options for a multi-purpose civic centre. We also supported our community to come up with a plan for revamping our skatepark, which led to a successful bid for Government funding.

Upgrades to the cricket grandstand in Queen Elizabeth Park and the Lido pool were completed in late 2019, which we celebrated with our community in December. Construction of Te Puna Ako, the library learning centre, continued, with the completed facility opened to the public in June 2020. We also had the official blessing of Waiata House, with staff moving into the facility in August 2019. The rejuvenation of the Queen Elizabeth Park Lake of Remembrance surrounds was completed before the end of June 2020.

Progress on environmental improvements has continued with successful plantings days, collaboration with Greater Wellington Regional Council and NIWA enabling new technology to measure air quality, all of our streetlights being changed to energy-efficient LED lights, the start of water meter installation throughout the town, and the roll-out of recycling wheelie bins.

We've added to the cultural fabric of our community through numerous initiatives, such as the digital public art trail, another successful Waifest event, and launching a new Te Reo me ōna Tikanga programme for council staff.

On top of all the positive and completed projects, we've continued to deliver business-as-usual services such as processing the equivalent of a Land Information Memorandum for every day of the year, more than two building consents for every day of the year, and completing urbanisation work in Solway Crescent.

Our teams resealed 3.1 kilometres of footpaths, 28 kilometres of roads, delivered 4.4 billion litres of safe drinking water, renewed 3.9 kilometres of water mains, and upgraded stormwater drains in five locations around town. The strength of the local economy is evident in the value of assets the council has had vested from subdivisions, and financial contributions received from developers.

The Council's financial performance has been sound. We have stayed within the planned levels of operating expenditure and exceeded the planned operating revenue. The operating surplus of \$6.57 million includes the \$5.1 million of assets vested from subdivision developers.

It's safe to say it's been another busy, and successful year. But one that looked very different to what we initially planned.

Thank you for working with us as we navigated the challenges we faced.



A handwritten signature in black ink, appearing to read 'Lyn Patterson'.

Lyn Patterson,
Mayor

A handwritten signature in black ink, appearing to read 'Kath Ross'.

Kath Ross,
Chief Executive

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 2018-28 Long-Term Plan are:

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



AN ENGAGED AND EMPOWERED COMMUNITY

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



PRIDE IN OUR IDENTITY AND HERITAGE

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



A SUSTAINABLE AND HEALTHY ENVIRONMENT

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



A THRIVING AND RESILIENT ECONOMY

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



EFFICIENT AND EFFECTIVE INFRASTRUCTURE

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

OUR YEAR IN REVIEW

AROTAKENGA O TE TAU



KEY HIGHLIGHTS

NGĀ KAUPAPA TĪPAKO

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 and enhanced community wellbeing. Further detail of achievements is listed in the activity sections of this report. Each activity is linked to specific Community Outcomes which contribute to the wellbeing of our community.



AN ENGAGED AND EMPOWERED COMMUNITY

- We bucked the national trend and increased voter turnout for the 2019 Local Elections.
- Provided space and staff for the Emergency Operations Centre (EOC) activated in response to COVID-19. The EOC Facebook page was followed by 6,000 individuals and made 108 Facebook posts. The EOC staff 'Tik Tok' had 47,000 impressions.
- Started work to develop a new engagement framework for Iwi, Hapū, Marae and Hapori Māori.
- Progressed the establishment of a Rural Advisory Group.
- Opened Te Puna Ako, our Library Learning Centre
- Worked with youth to design our Skate Park revamp
- Delivered 480 literacy programmes at Masterton District Library.
- Worked with dog owners, the SPCA and wider community to rehome 23 dogs and return 152 dogs to their owners.



PRIDE IN OUR IDENTITY AND HERITAGE

- Launched He Hiringa Akoranga, a new Te Reo me ōna Tikanga programme for staff.
- Promoted Te Wiki o te Reo Māori 2019 (Māori Language Week 2019).
- Launched the online Public Art Trail to promote public art in Masterton.
- Held Wai Fest 2020 on 6 February 2020 at Queen Elizabeth Park, with 5,000–6,000 attending.
- We were involved with and/or funded a number of local events , including the Block Party 2019 and new events for Halloween which attracted almost 2,000 participants.



A SUSTAINABLE AND HEALTHY ENVIRONMENT

- Supplied 4.4 billion litres of safe drinking water to the community.
- Commenced work on a Climate Change Action Plan for the district that will help to prioritise actions.
- Began work on a Stormwater Strategy.
- Converted all streetlights to energy-efficient LEDs.
- Began installation of smart water meters.
- Progressed the development of wetlands at the Homebush Treatment Plant.
- Rolled out new kerbside recycling wheelie bins to 9,368 urban properties.
- Progressed work on a Parks and Open Space Strategy
- Completed Phase 1 of the Lansdowne Recreation Trails Wetlands Restoration Project.
- Held twelve community planting days with 6,500 eco sourced plants and 3,000 bulbs planted.
- Continued to engage with and advocate for our community, making submissions on the National Policy Statement (NPS) on Urban Development and the Proposed NPS on Highly Productive Land.



A THRIVING AND RESILIENT ECONOMY

- Released an immediate response package to support our community through the initial stages of COVID-19 and began work with other Wairarapa Councils on the development of a Recovery Plan.
- Processed 119 resource consents and 695 building consents.
- Achieved accreditation to verify National Food Programme premises under the Food Act.
- Completed detailed designs for lower Queen Street and Park Street improvements.
- Progressed a Wairarapa Water Resilience Strategy.
- Progressed plans for the development of Hood Aerodrome.
- Continued implementing the Wairarapa Economic Development Strategy that was adopted in October 2018.



EFFICIENT AND EFFECTIVE INFRASTRUCTURE

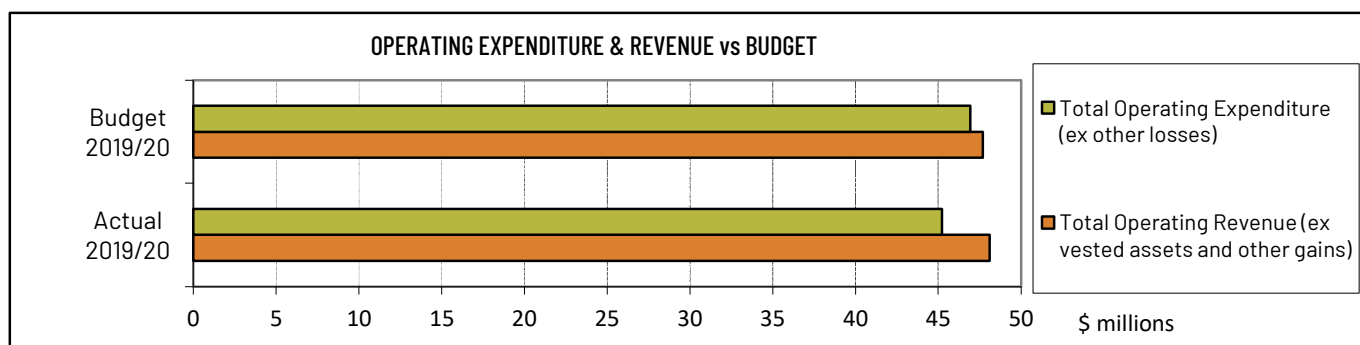
- Upgraded the historic Queen Elizabeth Park Grandstand.
- Completed Queen Elizabeth Park rejuvenation project (stage 5) with a path that circles the park lake, and improvements to Memorial Drive.
- Completed maintenance of the clubroom building at the Colin Pugh Sportsbowl
- Renewed 1.7km of sewer mains and 3.9km of water mains.
- Completed the Solway Crescent upgrade.
- Resealed 28km of roadway and resurfaced 3.1km of footpath.
- Reviewed speed limits across our roading network to improve the safe use of our roads.
- Upgraded stormwater drains in five locations across the urban area.

Over the past 12 months, we've been busy planning and delivering projects committed to as part of the 2018-28 Long Term Plan. Examples include progressing designs for the Town Centre Revamp project, rolling out new kerbside recycling wheelie bins, and beginning the installation of smart water meters.

The overall financial result is a surplus of income over expenditure of \$6.57m, with \$5.1m of this generated from the value of assets being vested in the council from subdivision developments. The surplus, excluding the vested assets and other gains and losses, is \$2.87m versus the plan of \$0.79m. This surplus is a result of lower expenditure than planned.

Operating expenditure, excluding other losses, is \$45.2 million compared to the \$46.9m figure in the Annual Plan (3.6 per cent less). Operating revenue (excluding vested assets) is \$48.1m which is 0.9 per cent more than planned.

The graph below shows the 2019/20 financial performance compared to the Plan. In summary, expenditure is 3.6 per cent less than planned and revenue is 0.9 per cent more, resulting in a \$2.87m surplus.



Rates revenue made up 65 per cent of operating revenue and rates arrears were 1.5 per cent of the amount levied, an increase from 1.3 per cent at 30 June 2019. The impact of the COVID-19 Alert Level 4 and 3 lockdowns on the financial result has 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 2020. This resulted in the values increasing 14.7 per cent or \$84.1 million. The value changes relate directly to the increasing costs of renewing long-life assets such as roads, water and sewer reticulation, treatment plants, and stormwater pipes.

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. Of particular note is the completion of the upgrade of the Queen Elizabeth Park Grandstand and the surrounds of the Lake of Remembrance in the Park.

We spent nearly 64 per cent of the capital expenditure programme (\$15.2m) and had \$5.1m added to the Council's assets as infrastructure vested as part of subdivision developments. Three large capital projects, Civic Centre, Town Centre and the Civil Defence building, which were not progressed as quickly as anticipated make up a large portion of the under-spent capital.

We completed \$5.6 million of subsidised roading renewals and upgrading work, which is 9.4 per cent more than planned. The footpath and urban renewals programmes were not completed. Extra work relates to the project to urbanise Solway Crescent, where the third stage was brought forward and completed in one contract, and attracted NZTA (New Zealand Transport Authority) subsidy.





Two major projects have had project planning and consultation work carried out during the year:

- The Town Centre Revamp project progressed through concept and detailed design stages. Two components of work, Park Street and lower Queen Street, were presented to the council as part of the 2020/21 Annual Plan deliberations. Lower Queen Street will progress to construction in 2021.
- The Civic Centre project has been the subject of further consultation with the community, specifically around demolition options and/or retaining the façade of the building. The Council's 2020/21 Annual Plan resolution included a commitment to build a new civic centre, but to first explore where the best location is for this facility.

The majority of council staff moved into the Waiata House office building in August 2019, with some of the capital costs for setting up the space being allowed for in the prior year's budget resulting in an over-spend in the current year. Other projects carried over from 2018/19 were the Solway Crescent upgrade, the Library Learning Centre and the Queen Elizabeth Park lake surrounds rejuvenation.

The level of subdivision activity and new residential building remained high during the year. This is seen in financial contributions from developers being \$2.03 million, or \$0.66 million more than planned. Income from building consent fees was \$1.25 million, or 11.4 per cent more than planned. Assets worth \$5.1 million have been vested in the council from subdivision development.

We have done a lot in, for, and with our communities over the past 12 months. We have provided financial assistance in the form of grants to community groups through our Community Wellbeing, Events, and Arts funds.

Our Long-Term Plan and Annual Plan identified a separate budget area for Wellbeing, split into four areas - community development, arts and culture, environmental, and economic development. The operating expenditure in this budget area was \$3.55 million and actual expenditure totalled \$3.23 million. We have participated in, and supported, a number of local events such as the Block Party 2019, and HalloWhere 2019 as well as holding Waifest 2020 - our annual Waitangi Day celebrations. We have held 12 community planting days to restore wilderness and riparian areas, and continued support for a youth-led social enterprise.

We provided continued support for neighbourhood planning in the Eastside, Lansdowne, Upper Plain, and Solway communities to grow the leadership capacity of communities to empower them to make changes they want to see in their neighbourhoods. Village planning has also been supported for both Castlepoint and Riversdale Beach.

We have met just over two thirds (67.1 per cent) of our targets for non-financial performance measures, despite some challenges associated with COVID-19 restrictions which impacted some of our results across a range of activities. Highlights in our non-financial reporting include strong results in our water infrastructure activities. Wastewater and stormwater services achieved all targets for the year, and water supply services achieved 10 out of 11 targets. The 'not achieved' related to water loss from Council's reticulation system, which was consistent with 2018-19 against a target to reduce this. Water meters are being installed at residential properties, which will assist the council and the community to identifying potential leaks.

COVID-19 RESPONSE AND IMPACTS

The impacts on the business of council from the COVID-19 pandemic over the last three months of the financial year have been significant, but manageable. The organisation and our community have coped very well with the unique and unusual circumstances of the pandemic in our community. Masterton District Council provided the Emergency Operations Centre (EOC) for the Wairarapa, with staffing coming from all four councils, including over 20 Masterton District Council staff. The EOC response focused on responding to our community's welfare needs and providing information and messaging to the community about keeping safe during the lockdown restrictions.

The council was classed as an emergency service during lockdown, supplying services such as water supply, wastewater, stormwater, roading, animal services, and parks. A number of council facilities were closed, including the Recreation Centre, Library, Archives and playgrounds. Cemetery operations were restricted, while most regulatory functions could only offer on-line services for the level 4 period.

The majority of council staff were able to work from home during Alert Levels 4 and 3. Most IT support systems and equipment to enable that were already in place prior to lockdown. Council meetings and staff collaboration was achieved using the Zoom meeting technology. Staff and suppliers continued to be paid, the Annual Plan consultation process ran its course and the willingness of staff to be both flexible and innovative in doing their jobs was a notable feature of the lockdown period.

In terms of financial impacts on the 2019/20 year, some areas of income in the last quarter are below the levels planned, (e.g. rates penalties, solid waste transfer station charges (net), sports fields lease income, parking meter takings, petrol tax, and waste levy). These are estimated to total \$270,000. Additional costs incurred due to the pandemic are estimated at \$80,000. Combined this is 0.7 per cent of operating revenue. 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.

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 to focus on strengthening our health and safety culture across all aspects of the organisation through our Health and Safety Committee and relevant training.

Following the aircraft collision south of Hood Aerodrome that shocked our community in June 2019, a full review of health and safety at the Aerodrome was undertaken. The aerodrome was found to be well managed and the reviewer provided a number of recommendations for improvement which were adopted by the council and a workplan agreed.

We value a diverse and inclusive workplace. Our Good Employer Policy reflects our commitment to diversity and inclusion. We are also a member of Diversity Works, the national organisation that supports businesses to develop diverse and inclusive workplaces.

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.

In 2019/20, representatives from Kahungunu ki Wairarapa and Rangitāne o Wairarapa were 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 Henley Lake and Homebush Working Group, and have commenced work on a new engagement framework for Iwi, Hapū, Marae and Hapori Māori

A successful outcome of COVID-19 was the collective work of Wairarapa Māori, who developed the Ko Wairarapa Tēnei – Wairarapa Māori COVID-19 Response Plan for Rangitāne o Wairarapa uri and Ngāti Kahungunu ki Wairarapa uri (including mātawaka), supported by Wairarapa Emergency Operation Centre, Wairarapa DHB – Māori Health Directorate and Wairarapa Police.

Wairarapa Māori organisations and individuals collectively came together under Ko Wairarapa Tēnei delivering kai, heating solutions, social services, emergency services, surveys, hygiene packs and other needs throughout the Wairarapa. Those organisations were: He Kāhui Wairarapa; Kahungunu ki Wairarapa; Ngāti Kahungunu ki Wairarapa Tamaki Nui a Rua Treaty Settlement Trust; Rangitāne o Wairarapa; Rangitāne Tū Mai Rā; Te Hauora Rūnanga o Wairarapa and Whaiora.

Ko Wairarapa Tēnei collectively made the decision to continue into a Reset (recovery) phase for Wairarapa Māori and are developing the Ko Wairarapa Tēnei – Wairarapa Māori Reset (Recovery) Plan. Ko Wairarapa Tēnei is being supported by Masterton District Council, Carterton District Council, South Wairarapa District Council, Greater Wellington Regional Council, Te Puni Kokiri and the Ministry of Social Development. Masterton District Council has provided administration, coordination, and financial support since coming out of Alert Levels 3 and 4 rāhui.

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 collectively developed the Wairarapa Economic Development Strategy and action plan, and are working with Iwi, stakeholders and the community to deliver it.

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.

Staff from all four councils worked in the Emergency Operations Centre during COVID-19, and Wairarapa Councils, with Iwi, are working together on a Wairarapa Recovery Plan.

Our Wairarapa Policy Working Group Committee, comprised of elected members from the three Wairarapa councils, was reconfirmed following the 2019 Local Elections and will continue to work together on bylaws and policies for the Wairarapa.

We also undertook a joint procurement process to appoint a contractor to support the review of the Wairarapa Combined District Plan, which is being progressed.

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

- Civil Defence Emergency Management Committee
- Ruamāhanga Whaitua 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

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 \$2.03 million, which has been recognised as revenue in the period to 30 June 2020. This is \$0.276 million more than the \$1.76 million collected in the previous financial year and \$0.66 million (48 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.



FINANCIAL STATISTICS

Last Year
Actual 2018/19

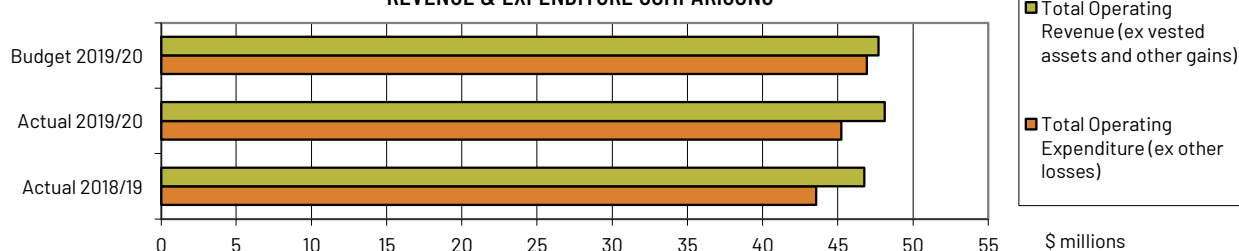
Actual 2019/20

Budget 2019/20

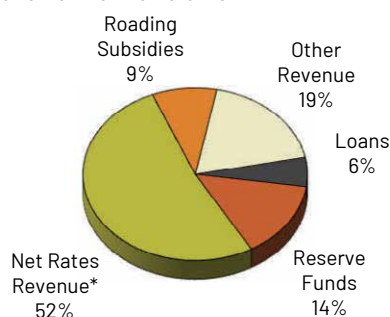
\$ 58,554,352	Total Expenditure (incl Capital items)	\$ 60,020,944		\$ 68,662,854	
\$ 29,520,911	Funded by: Net Rates Revenue*	\$ 31,273,449	52%	\$ 31,363,499	46%
\$ 5,721,680	Roading Subsidies	\$ 5,595,243	9%	\$ 5,522,949	8%
\$11,529,731	Other Revenue	\$11,223,127	19%	\$ 10,836,406	16%
\$ 4,034,401	Loans	\$ 3,300,000	5%	\$ 7,315,000	11%
\$ 7,747,629	Reserve Funds	\$ 8,629,125	14%	\$ 13,625,000	20%
\$ 58,554,352		\$ 60,020,944		\$ 68,662,854	

*Includes Riversdale Beach sewerage scheme capital contributions

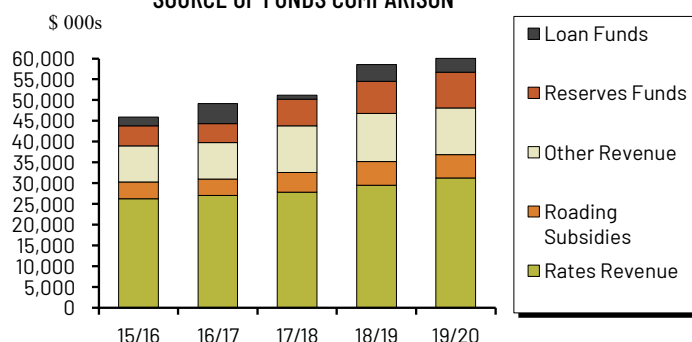
REVENUE & EXPENDITURE COMPARISONS



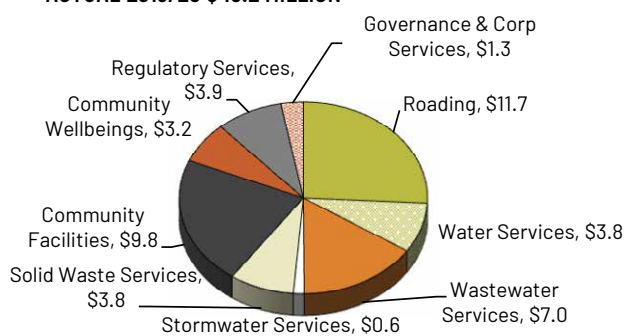
SOURCE OF FUNDS 2019/20



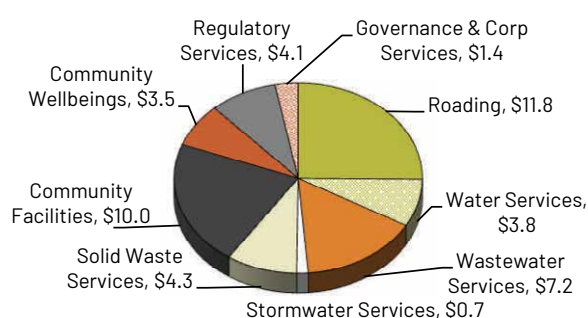
SOURCE OF FUNDS COMPARISON



OPERATING EXPENDITURE BY ACTIVITY ACTUAL 2019/20 \$45.2 MILLION



BUDGET 2019/20 \$46.9 MILLION

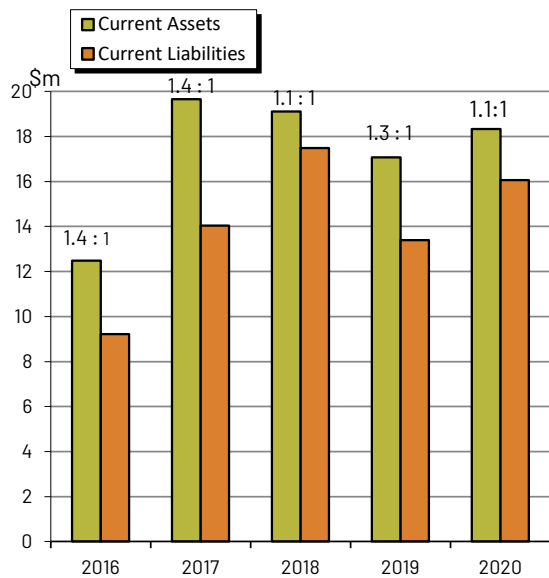


Financial Ratios

	2017/18	2018/19	2019/20	Budget 19/20
Current Ratio	1.1	1.3	1.1	0.8
Liquidity Ratio	1.1	1.2	1.1	0.8
Long Term Debt (external) per rateable property	\$4,181	\$4,001	\$4,023	\$4,341
Long Term Debt (external) per capita	\$2,063	\$1,961	\$1,988	\$2,145
Interest costs as % of rates revenue	9.4%	8.9%	7.6%	8.0%
Debt servicing costs as % of rates revenue	34.7%	15.8%	14.7%	14.9%
Reserve Funds as % of rates revenue	97.4%	101.7%	91.8%	72.3%
Investments (external) as % of rates revenue	83.4%	82.7%	80.5%	70.6%
Rates receivable as % of rates levied	1.5%	1.3%	1.5%	1.5%
Net External Debt as % of operating revenue	66.0%	57.9%	54.0%	69.3%

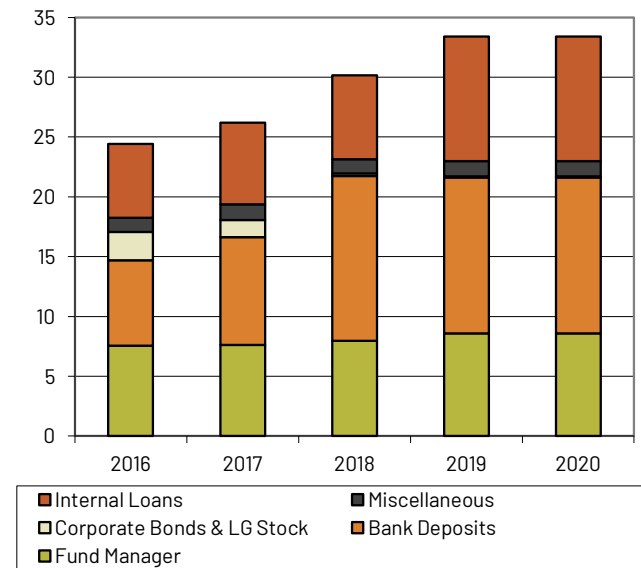
FINANCIAL STATISTICS

CURRENT ASSETS TO CURRENT LIABILITIES

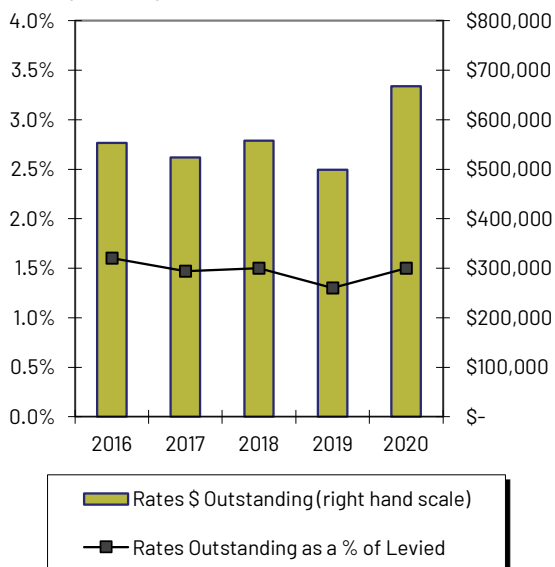


INVESTMENTS

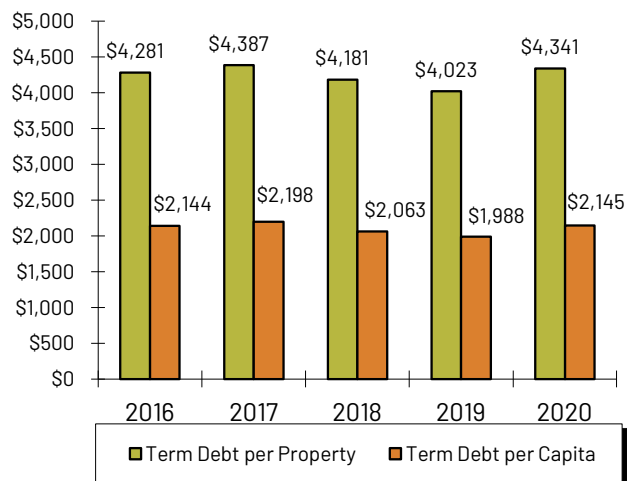
\$ millions



RATES ARREARS

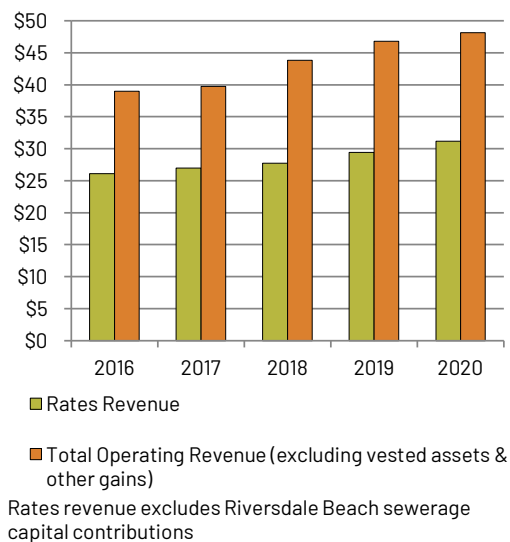


TERM LIABILITIES (EXTERNAL) PER RATEPAYER AND PER CAPITA

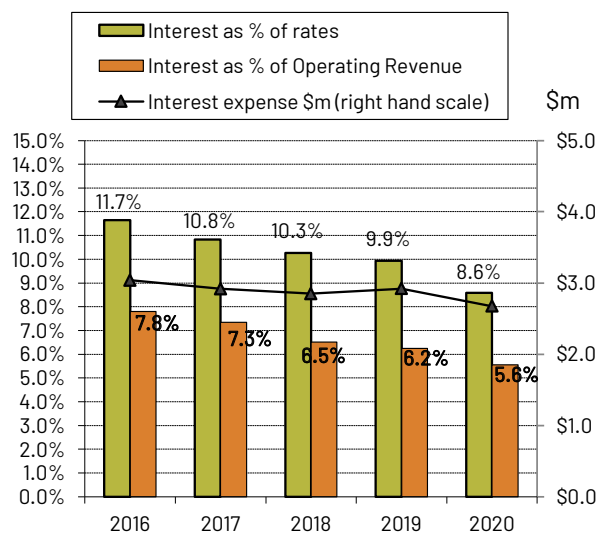


RATES & TOTAL REVENUE

\$ millions



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



STATEMENTS OF SERVICE PERFORMANCE TAUĀKĪ PAEARU MAHI



NON-FINANCIAL PERFORMANCE PĀEARU MAHI KORE PUTEA

Our 2018-28 LTP defines the level of service we aim to achieve for each of our nine activity areas. Performance targets are set that assist us to measure how well we are delivering that level of service.

The LTP includes 76 performance targets across council activities. In 2018/19 we reported on 74 targets but this year a measure in the library that has three individual targets has been separated out for reporting purposes.

The graph right shows that we achieved 51 of our 76 targets (67.1 per cent) and did not achieve 24 targets (31.6 per cent). One target (1.3 per cent) was reported as not applicable.

This is the second year of reporting against the 2018-28 LTP. Compared to last year we have achieved fewer targets (67.1 per cent compared to 71.6 per cent last year) and not achieved more (31.6 per cent this year compared to 25.7 per cent last year).

COVID-19 restrictions have impacted our ability to achieve 9 targets (11.8 per cent of all council targets / 36 per cent of those not achieved in 2019/20).

COVID-19 restrictions were identified as the key reason for the non-achievement of the following 7 targets:

- The Masterton District Library was closed for 57 days resulting in fewer people visiting the library.
- A number of events were cancelled during the third and fourth quarters of the year impacting on the number of structured activities and events in Council's parks and sportsgrounds.
- No 'Learn to Swim' lessons were held between the start of Alert Level 4 lockdown and the end of June 2020, impacting our learn to swim result.
- Our Environmental Health team was unable to complete all inspections for food and other premises, affecting two results for this activity.
- Three resource consents were not processed on time due to consultants not being able to complete inspections during lockdown.
- Two learning opportunities that elected members had registered for were deferred affecting our result for elected member participation in learning opportunities.

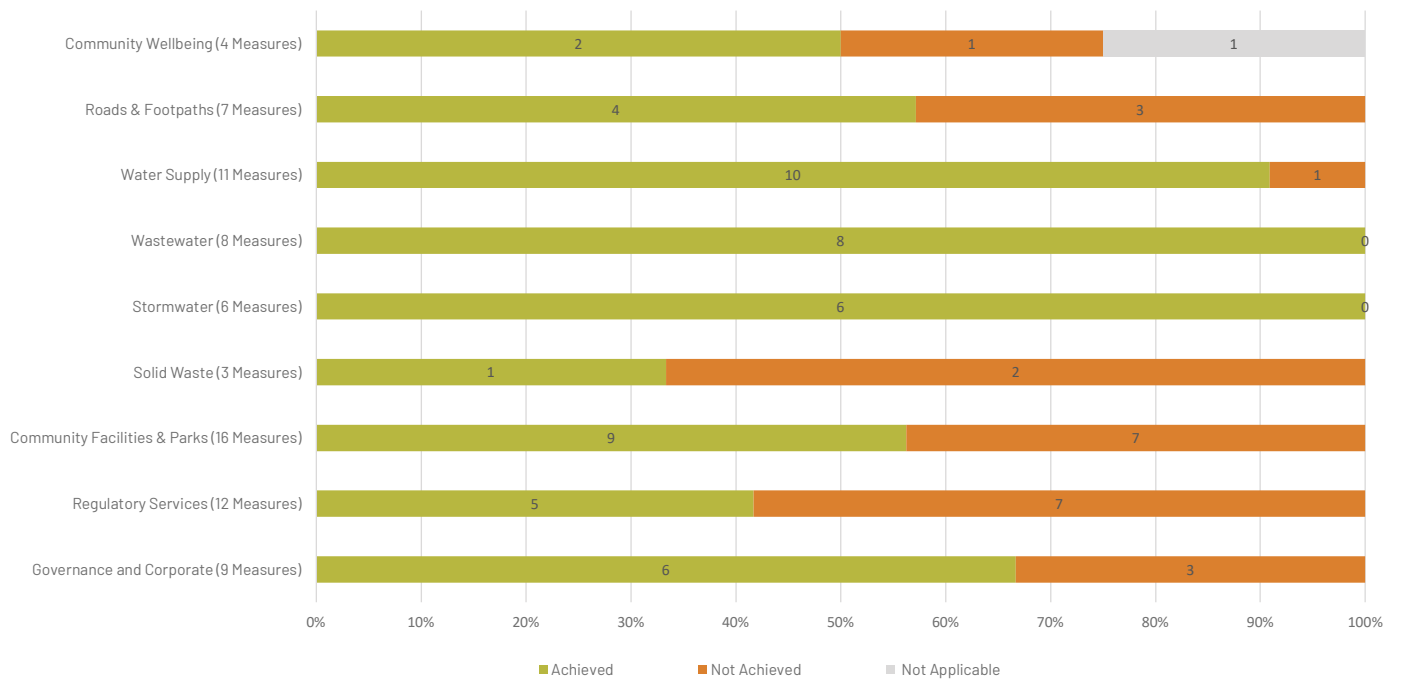
COVID-19 restrictions are also believed to have indirectly contributed to the non-achievement of two Animal Services targets:

- More dog attacks were reported during the lockdown period, which is thought to be related to there being more people out exercising and walking their dogs. Given the increased number of attacks in the second half of the year, this target was not achieved.
- In contrast, almost half as many dogs were impounded during the second half of the year compared to the first half of the year. This is believed to be related to there being more people at home with their pets during the day following the introduction of COVID-19 restrictions. While fewer impoundments are positive, this did impact on targets for the rehoming or return of pets to their owners.

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

Full details of performance targets are provided in the following activity area reports.

NON-FINANCIAL PERFORMANCE MEASURES AS AT YEAR END 30 JUNE 2020



RESIDENT SATISFACTION

Key Research, an independent research company, undertook a Resident's Satisfaction Survey on behalf of Council over April and May 2020. The results of the survey will help to inform our long-term planning.

A total of 3000 invitations were posted to Masterton residents randomly selected from the electoral roll, and 579 responses were received. Highlights of the 2020 Satisfaction Survey included:

Overall Performance

- Overall Satisfaction with Masterton District Council – 52%
- Satisfaction with Reputation – 54%
- Satisfaction with Services & Facilities – 64%
- Satisfaction with Value for Money – 45%

Overall Satisfaction with Services by Category

- Parks, Reserves & Open Spaces Overall – 76%
- Waste Management – 74%
- Regulatory – 52%
- Water Management (water, stormwater and wastewater) – 52%
- Roads & Footpaths – 48%

Within service categories satisfaction ratings overall were highest for:

- Parks, Reserves, Green Spaces – 81%
- Kerbside Recycling Collection – 81%
- Kerbside Rubbish Collection – 79%
- Library and Archive – 79%
- Sports fields and Playgrounds – 72%
- Green waste drop-off points, transfer stations and recycling services – 72%
- Cleanliness of streets in general – 71%

Within service categories satisfaction ratings overall were lowest for:

- Stormwater Services – 49%
- Hood Aerodrome – 49%
- Ease of Moving around the District – 45%
- Cycling within the District – 45%
- Control of barking dogs – 42%
- Footpaths – 41%
- Planning & Building Services – 39%

This is the first Satisfaction Survey that Key Research have conducted for the Council. Given that, there is no directly comparative data.



COMMUNITY WELLBEING

TE ORANGA O TE HAPORI



WHAT WE DO

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. Supporting this strategy is a three-year Implementation Plan (2018-21) that outlines the projects we plan to deliver as we work towards realising our vision for community wellbeing. 2019/20 was year two of the Wellbeing Strategy Implementation Plan.

We also provide funding via partnership agreements with local organisations such as Aratoi – Wairarapa Museum of Art and History, Destination Wairarapa, Connecting Communities Wairarapa, and Sport Wellington Wairarapa.

WHAT WE ACHIEVED IN 2019/20

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.

Community Wellbeing projects and initiatives that were completed or progressed in 2019/20 include:

Social Wellbeing/Development

- Working with youth, we developed designs to revamp our skate park to a standard that could attract national competitions as well as offering new experiences for members of our community. Based on the designs produced, council agreed to proceed with the full revamp of our skate park in 2020/21, and Provincial Growth Fund (PGF) support of \$1.3m has since been confirmed for the project.
- Placemaking work continued with the detailed design for lower Queen Street completed in 2019/20. The physical work is expected to commence in the third quarter of 2020/21.
- Opening of the Library Learning Centre, Te Puna Ako, providing a venue for making, sharing, and learning.
- Commenced work on a Community Development and Prioritisation Framework, which will be completed in 2020/21.

- Continued support for neighbourhood/village planning:
 - The Solway Neighbourhood Planning Group created their own signs in collaboration with Council staff to help improve the visibility of a local community asset, Kirk's Reserve.
 - The Eastside Community Group created a new neighbourhood park space. Currently called Kōwhai Corner, this space includes native plants, two pou carved by a local carver, and a new pathway. The area was previously a derelict site.
 - The Upper Plain Neighbourhood Group undertook native replanting and held a neighbourhood clean-up day.
 - The Lansdowne Residents' Association is continuing to develop the natural play area, and also undertook another season of native planting in collaboration with the council.
- Progressed design options for the Youth Café (a youth-led social enterprise project). Further engagement was undertaken with youth to confirm that the project still meets their needs and aspirations, and feedback confirmed that it does.
- Prepared for the arrival of Syrian refugees as part of the national refugee resettlement programme. Refugees were scheduled to arrive in June of 2020, but COVID-19 restrictions delayed this.
- Progressed discussions with Ministry for Business, Innovation and Employment (MBIE) on a Te Ao Māori version of Welcoming Communities.
- Continued implementation of the Positive Ageing Strategy.
- A variety of free community events were delivered including HalloWHERE, and a new Halloween event on the Queen Elizabeth Park island which saw close to 2,000 people participate.

Community Wellbeing, Events, and Arts funding was provided to a number of individuals, community groups and organisations over the 2019/20 year:

- Community Wellbeing Grants – 37 out of 50 applicants were allocated community wellbeing funding. The grants, ranging from \$500 to \$20,000, provided assistance towards operating expenses, training, programmes and community needs related projects.
- Community Events Fund – 22 out of 25 applicants were allocated community events funding. Twenty applications were from returning organisations and five were first-time applicants. Funding applications were for sporting, community, and cultural-related events.
- Masterton Arts Fund – three out of four applicants were allocated Masterton Arts Funding. Two grants of \$2,000 were allocated, and one grant of \$8,000. The grants were for musical instruments, outdoor poems, and a reproduction of the 1894 oil painting of Mr Tikawenga Te Tau, the paramount Chief of Ngāti Kahungunu, and the Ngāi Tūmapūhia-a-rangi hapū, by Samuel Te Tau.

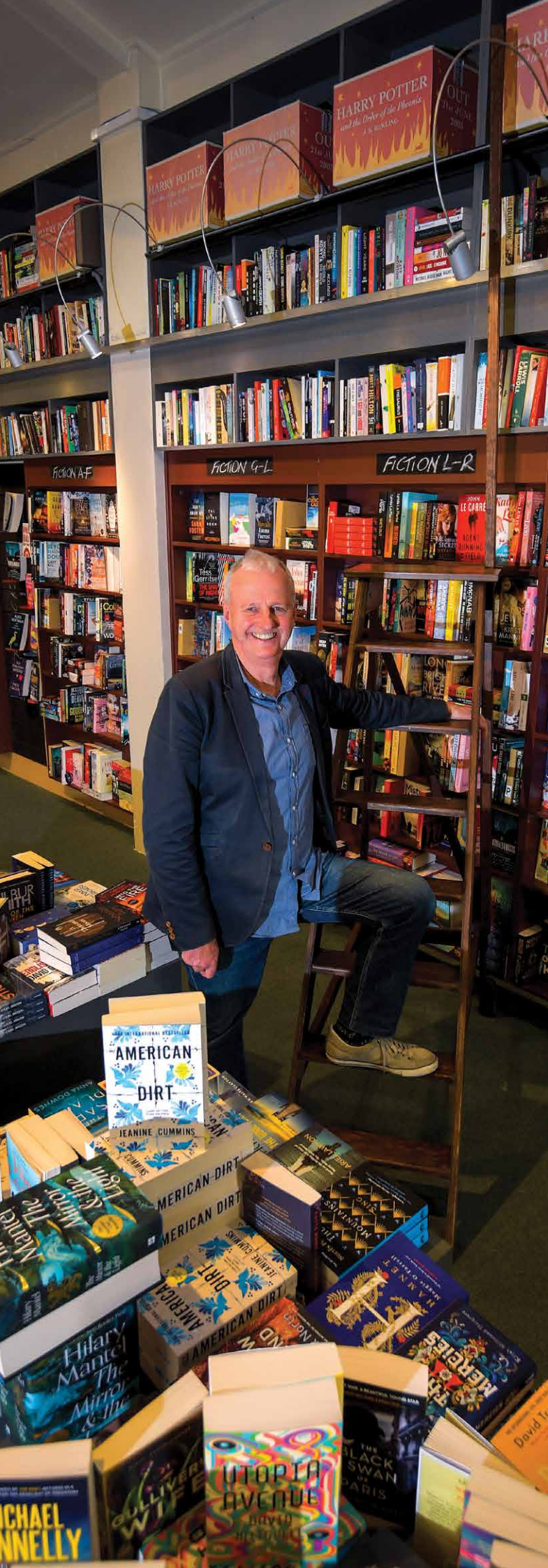
Cultural Wellbeing/Development

- A Public Art Trail (one of our Arts, Culture and Heritage Strategy projects) was completed in 2019/20. This digital map promotes public art in the Masterton district and provides background information on the artist and their inspiration.
- He Hiringa Akoranga, a new te reo Māori and tikanga module that has had iwi input, was developed and rolled out to staff, with 19 staff members completing this in the first year.
- Promoted Te Wiki o te Reo Māori 2019 (Māori Language Week 2019).
- Work started on the development of a new engagement framework for iwi, hapū, marae and hapori Māori.
- Waifest 2020 was held on 6 February 2020 at Queen Elizabeth Park. Waifest 2020 had a large entertainment stage with different performing groups, a range of food and community organisation information stalls, a kaumātua lounge, and a wide range of children's activities. All performers were from our local community, apart from the headline act, Herbs. An estimated 5,000 – 6,000 people attended the event.



Environmental Wellbeing/Development

- Work has started on a Climate Change Action Plan (CCAP) that will prioritise actions we can take as a council to reduce our emissions (mitigation) and to adapt to changes in response to climate change. This plan will be completed in the 2020/21 year.
- The audit to re-certify the council under the Toitū carbon reduction programme (previously known as Enviro-Mark's Certified Emissions Measurement and Reduction Scheme or CEMARS), was scheduled for May 2020. This was deferred to September 2020. Certification officially acknowledges that we are working to measure and manage our carbon footprint.
- In collaboration with Greater Wellington Regional Council (GWRC) and the National Institute of Water and Atmospheric Research (NIWA), we installed temporary air quality sensors across the urban area in June 2020. These sensors (24 in total) will be in place for at least three months and will record air quality data to improve our understanding of air pollution and inform future monitoring and policy.
- The majority of council staff moved into Waiata House in July/August 2019. Waiata House is a modern design and incorporates energy-saving features such as automated heating and lighting. Recycling bins have been installed in workspaces across the building, and a worm farm established in the kitchen area to recycle food scraps.
- An EV charging station has also been installed at Waiata House, in alignment with the Electric Vehicle (EV) Support Strategy for the Wellington Region. The strategy has an overarching long-term vision of replacing fossil fuels for road transport in the region with renewable energy options. Council has one hybrid and one electric vehicle and will be adding to the fleet.
- Continuing support has been provided to the Wairarapa Healthy Homes (WHH) programme, with 74 Masterton households benefiting from the programme in 2019/20.



Economic Wellbeing/Development

- Continued the implementation of the Wairarapa Economic Development Strategy (WEDS).
- Progressed the Wairarapa Water Resilience Strategy (having secured funds through the Provincial Growth Fund for this work) to describe the freshwater challenges in the Wairarapa and seek an effective balance between its functional, cultural and environmental significance. This work is expected to be completed in 2020/21.
- Commenced work on a strategic plan for a network of recreation trails across Wairarapa. We are working with Carterton District Council and South Wairarapa District Council to develop the plan.
- Continuing to support transport infrastructure projects including rail improvements for the region.
- Other work undertaken by the WEDS team included:
 - submitting an application to central government's Provincial Growth Fund for redevelopment work at Hood Aerodrome which has since been approved
 - supporting a successful application to the Provincial Growth Fund for the Pūkaha Environment and Ecology Programme.
 - supporting WellingtonNZ COVID-19 initiatives across Wairarapa.
 - initiating a series of free business resilience workshops to help business prepare for future challenges
 - implementing an Economic Growth Study, along with a plan to achieve Dark Sky Reserve status in Wairarapa
 - contracting and guiding the delivery of the Wairarapa Workforce Plan to develop training programmes from the ground up
 - helping to form the Wairarapa Agricultural Skills Leadership Group to support the Growing Future Farmers apprenticeship pilot
 - forming and supporting the Wairarapa Construction Skills Leadership Group
 - supporting the re-establishment of agricultural training at the Taratahi Centre.

HOW WELL WE PERFORMED

Two of the four performance measures for this activity (50 per cent) were achieved in 2019/20, compared to three (75 per cent) in 2018/19. One measure is no longer applicable after the *He Korowai Wairua* programme was discontinued and replaced with a different programme.

COVID-19 impacted Masterton's economy which had seen steady growth previously. While Masterton district's GDP was down 0.5 per cent for the year compared to the previous year, it was ahead of the Wellington region which saw a decline of 1.5 per cent.

In the 2018-28 LTP, we acknowledged the importance of taking action on climate change and have been working to minimise our environmental impact. We have started developing a Climate Change Action Plan (CCAP) that will be finalised in 2020/21. We are also accredited members of the Toitū carbon reduction programme. Our accreditation audit for the 2019/20 year took place in September 2020 and evidenced a small decline in CO2 emissions compared to the previous year.

There were eight days in the 2019 calendar year where monitored sites at Herbert and Pownall Streets recorded air pollution levels greater than the limits set in the National Environmental Standards for Air Quality (NES-AQ) that need to be achieved by 2021. This is two more than what was recorded in 2017 and 2018, meaning we did not achieve our target of reducing the number of exceedance days. The exceedance days all occurred in winter and primarily relate to the wide use of wood burning fires for home heating.

Improving air quality is a key priority and we aim to achieve no more than one exceedance per year by 2021. We know this will be a challenge. Our geography and climate exacerbate winter air quality issues, particularly on cold still nights when smoke from wood fires accumulates.

We are working with Greater Wellington Regional Council (GWRC) to take steps to improve Masterton's winter air quality. We have supported GWRC's 'Better Burning' campaign, to help inform our community about safer and more efficient ways of heating their homes. GWRC also offers financial assistance to Masterton residents to replace their old woodburners and open fires with clean-heating appliances, such as heat pumps. Information obtained from the air quality sensors that were installed will also assist in informing air quality actions.

We have continued to focus on enhancing our capacity to better engage with our Māori communities in 2019/20. A new programme for staff, *He Hiringa Akoranga*, was launched in 2019 with a high level of interest and participation from staff. The council's Senior Leadership Team (SLT) have also participated in *He Hiringa Akoranga* but were unable to complete the programme due to the COVID-19 rāhui restrictions. SLT will complete the programme in 2020/21.

The Community Wellbeing budget totalled \$3.55 million of expenditure, spread across the four areas of activity. Actual expenditure was \$3.21 million, with the underspend largely in the environmental initiatives area where staff support was moved across to the Policy team.

COVID-19

The COVID-19 pandemic has impacted this activity through the close involvement of the Community Development team in the welfare function of the Emergency Operations Centre (EOC), which was operational throughout the Alert Level 4 and 3 rāhui period. Many of the community organisations that the council supports with grants (e.g. WaiWaste, Foodbank, Connecting Communities) provided highly valued services to people in need during the months of April and May 2020.

The challenge of the pandemic has produced positive outcomes for local iwi with the development of Ko Wairarapa Tenei, a COVID-19 response for iwi, by iwi. This initiative included joint working groups to support Wairarapa's rebound from COVID-19. An initiative with the Pasifika community was also a catalyst to bring people together to ensure there was community support where it was needed. The council's community development team has had close involvement in these initiatives.

WHAT WE DO: ENHANCE THE WELLBEING OF OUR PEOPLE

Measure	2017/18 Result	2018-28 Target	2018/19 Result	2019/20 Result
Number of air quality exceedances	Six exceedance days were recorded in the 2017 calendar year, which is five breaches of the NES-AQ standard (National Environmental Standards for Air Quality)	Reduction in the number of exceedances compared to the previous year	Not Achieved Six exceedance days were recorded in the 2018 calendar year, which is five breaches of the NES-AQ standard.	Not Achieved Eight exceedance days were recorded in the 2019 calendar year, which is seven breaches of the NES-AQ standard. One day per 12-month period is known as a permissible exceedance. Refer to the 'How well we performed' section for further information.
CO ₂ emissions per head of population (measured in tonnes of carbon dioxide equivalent - tCO ₂ e)	Revised result ¹ : 0.198 for 2017/18 year (tCO ₂ e).	Annual reduction in CO ₂ emissions per head of population.	Achieved Revised result ¹ : 0.174 (tCO ₂ e) for 2018/19. This is a reduction of 0.024 (tCO ₂ e) compared to the 2017/18 year.	Achieved 0.168 (tCO ₂ e) for 2019/20. There was a slight reduction of 0.006 (tCO ₂ e) compared to the 2018/19 year.
Percentage of staff that have completed He Korowai Wairua, MDC's introductory Māori language and tikanga Māori programme	As at 31/12/2017, 7 of 92 permanent staff (7.6 per cent) had completed the programme.	Annual increase in the proportion of staff who have completed the programme.	Achieved 20 of 105 permanent staff (19 per cent) completed the programme	Not Applicable Due to a change in staff, the <i>He Korowai Wairua</i> programme was discontinued. A new programme, <i>He Hiringa Akoranga</i> , was launched in 2019, and 19 of 117 permanent staff (16 per cent) have completed the new programme. Nineteen current staff had completed the original <i>He Korowai Wairua</i> programme, and 4 staff have now completed both programmes.
Masterton Gross Domestic Product (GDP) percentage change relative to Wellington region GDP	New measure.	GDP equal to or greater than Wellington region average	Achieved GDP growth estimate of 2.3 per cent for Masterton, compared to 2.1 per cent for the Wellington region	Achieved GDP growth estimate of -0.5 per cent for Masterton, compared to -1.5 per cent for the Wellington region.

Note¹: The methodology for calculating wastewater emissions has changed. Given that, results for the 2017/18 and 2018/19 years have been revised using the current methodology.

COST OF SERVICE STATEMENT

Community Wellbeing			
2018/19		2019/20	2019/20
Actual		Actual	Budget
\$	Operating Costs	\$	\$
1,292,811	Community development	1,467,853	1,559,103
480,918	Arts & culture	507,910	554,735
1,003,213	Economic development & promotion	1,043,809	1,055,693
180,846	Environmental initiatives	133,703	317,324
51,962	Depreciation	59,423	65,348
3,009,750		3,212,698	3,552,203
	Operating Revenue		
19,738	Government grants	15,046	101,000
30,069	Creative NZ grants	33,133	22,347
65,173	Events grants & other recoveries	93,636	18,700
50,337	Internal recoveries	60,140	66,140
165,316		201,955	208,187
	Appropriations		
(382,313)	Transfers from reserves	(369,819)	(524,000)
122,933	Transfers to reserves	105,500	-
14,065	Provision for loan repayments	1,535	1,535
(14,065)	Depreciation not rates funded	-	-
\$2,585,054	Rates Requirement	\$2,747,959	\$2,821,551

Community Wellbeing			
Rates Requirement Summary			
2018/19		2019/20	2019/20
Actual		Actual	Budget
\$	Activity	\$	\$
980,242	Community Development	1,037,481	1,043,836
481,113	Arts and Culture	511,131	518,132
987,867	Economic Development and Promotion	1,030,160	1,041,734
135,831	Environmental Initiatives	169,187	217,849
\$2,585,054	Rates Requirement	\$2,747,959	\$2,821,551



Community Wellbeing

Capital Expenditure Summary

2018/19 Actual		2019/20 Actual	2019/20 Budget
\$		\$	\$
	Economic Development & Promotion		
18,050	CBD security cameras	19,360	20,420
6,318	Christmas decorations	17,082	15,000
-	Solway Showgrounds dump station	0	70,000
-	Street name signage	-	32,000
24,368		36,442	137,420
	Capital Funding		
(24,368)	Transfers from reserves	(36,442)	(137,420)
(\$24,368)		(\$36,442)	(\$137,420)

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

WHAT WE ACHIEVED IN 2019/20

During the year we have continued to focus on delivering projects and ongoing maintenance that improve our road network. Highlights and key activities from 2019/20 include:

- A review of speed limits in the Masterton district was undertaken during 2019/20 and consulted on alongside the 2020/21 Annual Plan. Changes in speed limits as a result of the review will be implemented in 2020/21.
- The Town Centre Strategy was adopted in August 2018. Over 2019/20 we progressed detailed designs for lower Queen Street and Park Street. The council made the decision to commence work in lower Queen Street first, and to explore external funding support to progress Park Street improvements. Construction is expected to start in lower Queen Street in the third quarter of 2020/21. The Town Centre Revamp website launched last year continues to keep the community informed of progress.
- Work on the Solway Crescent upgrade was completed in 2019/20. The urbanisation work included the reconstruction of approximately 750m of urban sealed road; kerb, channel and footpath construction; and improvements to site drainage.
- A new 210-metre shared path between the Queen Elizabeth Park swing bridge and Dixon Street was completed.

- 28km of sealing activity was completed on the road network.
- 4.4km of sealed road pavement was rehabilitated.
- 3.1km of sealed footpath was resurfaced.
- 350 metres of shared lime paths were constructed alongside rural roadways.
- All urban streetlights converted from high-pressure sodium to energy-efficient LEDs.
- Two retaining walls constructed as part of flood damage repairs on the Masterton-Castlepoint and Blairlogie-Langdale Roads.

HOW WELL WE PERFORMED

Four of the seven performance measures for this activity (57 per cent) were achieved in 2019/20. In 2018/19 four measures (57 per cent) were also achieved.

The new road maintenance contract started 1 July 2019. There was no impact on road maintenance service levels through the transition. We maintained the quality of the local network and delivered our road resurfacing programme.

Almost 100 per cent, 347 of 348 urgent customer service requests were responded to within the specified timeframe of two days. However, results for non-urgent requests declined compared to the previous and baseline years. Many non-urgent matters need further investigation to clarify the request before a meaningful response can be given, resulting in delays to response times. Identifying efficiencies to improve response times is part of a joint Continuous Improvement Project for the Roding and Customer Service teams. This will involve a review of Standard Operating

Procedures and upskilling frontline Customer Service staff to enable them to answer more enquiries at the point of contact, as well as investigating changes in the way information is recorded.

It was pleasing to see a reduction in the number of fatalities on our roads compared to the previous year and baseline. The number of serious injury crashes was comparable with 2018/19. 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 education initiatives.

There was a further reduction in the number of cyclists recorded using our urban roading network, down 7 per cent compared to the previous year and 11 per cent compared to 2017/18. The survey was taken one month later than the 2018 survey, but during the same month as the baseline survey so the timing is not expected to have impacted results. The monitoring survey sites tend to capture commuter cycling rather than recreational cycling.

A total of 94 percent of footpaths met or exceeded the defined level of service, which is a 1 per cent increase compared to the previous year but is still 3 per cent less than the target. We know that our community has high expectations for footpaths and we have invested in an accelerated footpath renewal programme to improve footpaths in the district. Contractor availability meant only 35 per cent of the programme was able to be spent in 2019/20. An additional \$100,000 has been allowed for footpath renewals in each year of the 2018-28 LTP.

The operating expenditure of \$11.675 million was 1 per cent less than the level planned. The emergency response provision was budgeted as operating expenditure but allocated to construction of retaining walls. The renewals and capital programme of \$7.4 million was 84 per cent spent (\$6.2 million). Only \$0.48 million of the \$1.825 million budget for the Town Centre revamp was spent. Conversely, the Solway Crescent urbanisation work was completed and cost \$1.18 million compared to a plan figure of \$0.28 million. The council approved bringing forward stage three of this project, completing it with stage two, which was started in 2018/19. A total of 38 per cent of the project work was able to be funded from NZTA subsidy, the balance being funded by roading contributions from subdivisions.



COVID-19

During the COVID-19 pandemic lockdown our roading contractors were an essential service and responded to issues and emergencies as needed. However, the contracted maintenance and renewals work was not able to be carried out during Alert Level 4. Once we moved to Level 3 our contractors were able to return to work and they prioritised completing the work that they had started in March. Some urban kerb and footpath renewal work was not completed by 30 June, and the council's share of funding for this work has been carried forward to 2020/21. Local authority petrol tax revenue was approximately \$20,000 less than planned in the last quarter of the year – put down to the impacts of less vehicle use during lockdown.

WHAT WE DO: PROVIDE SAFE AND WELL-MAINTAINED ROADING, FOOTPATH AND ON-ROAD CYCLING NETWORKS

Measure	2017/18 Result	2018-28 Target	2018/19 Result	2019/20 Result
Number of fatalities and serious injury crashes on the local road network	Four fatalities and 14 serious injuries (2017/18).	Reduction in fatalities and serious injury crashes compared to previous year	Achieved Two fatalities and nine serious injury crashes. Note: In 2018/19 this result was reported as two fatalities and eight serious injury crashes. There was a delay with one of the serious injury crashes being added to the database.	Achieved 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	92 per cent	Maintain or improve on 90 per cent	Achieved 94 per cent network smooth travel exposure (as at 12 July 2019).	Achieved 92 per cent network smooth travel exposure (as at 30 June 2020).
Percentage of sealed local road network that is resurfaced	5.9 per cent	Maintain within 5-7 per cent	Achieved 6.3 per cent Resurfaced 34.1 km of the total 528 km sealed local road network.	Achieved 6.5 per cent Resurfaced 34.4km of the total 529.5km sealed local road network.

Measure	2017/18 Result	2018-28 Target	2018/19 Result	2019/20 Result
Percentage of footpaths where the condition falls within the level of service defined in MDC's Asset Management Plan	96 per cent	97 per cent of footpaths are rated excellent, good or fair	Not Achieved 93 per cent 150km of 161.3 km of the footpath network surveyed between 2016 and 2018 is condition rated excellent, good or fair.	Not Achieved 94 per cent 182.5km of 195km of the footpath network surveyed between 2016 and 2019 is condition rated excellent, good or fair. An increased footpath renewal programme is in place to improve the state of footpaths in the district.
Percentage of urgent customer service requests responded to within 2 days	99 per cent	95 per cent	Achieved 98 per cent. 421 of 430 urgent requests were responded to within two days.	Achieved 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	76 per cent	80 per cent	Not Achieved 76 per cent. 595 of 785 non-urgent requests were responded to within specified timelines.	Not Achieved 69 per cent. 515 of 749 non-urgent requests were responded to within specified timelines.
Number of cyclists using our urban roading network	184 counted during annual survey in November 2017.	Increase on previous year	Not Achieved 176 counted during annual survey conducted in October 2018. Four monitoring sites were manually surveyed for cycle usage over both the 2-hour morning and afternoon peaks.	Not Achieved 164 counted during annual survey conducted in November 2019 Four monitoring sites were manually surveyed for cycle usage over both the 2-hour morning and afternoon peaks.

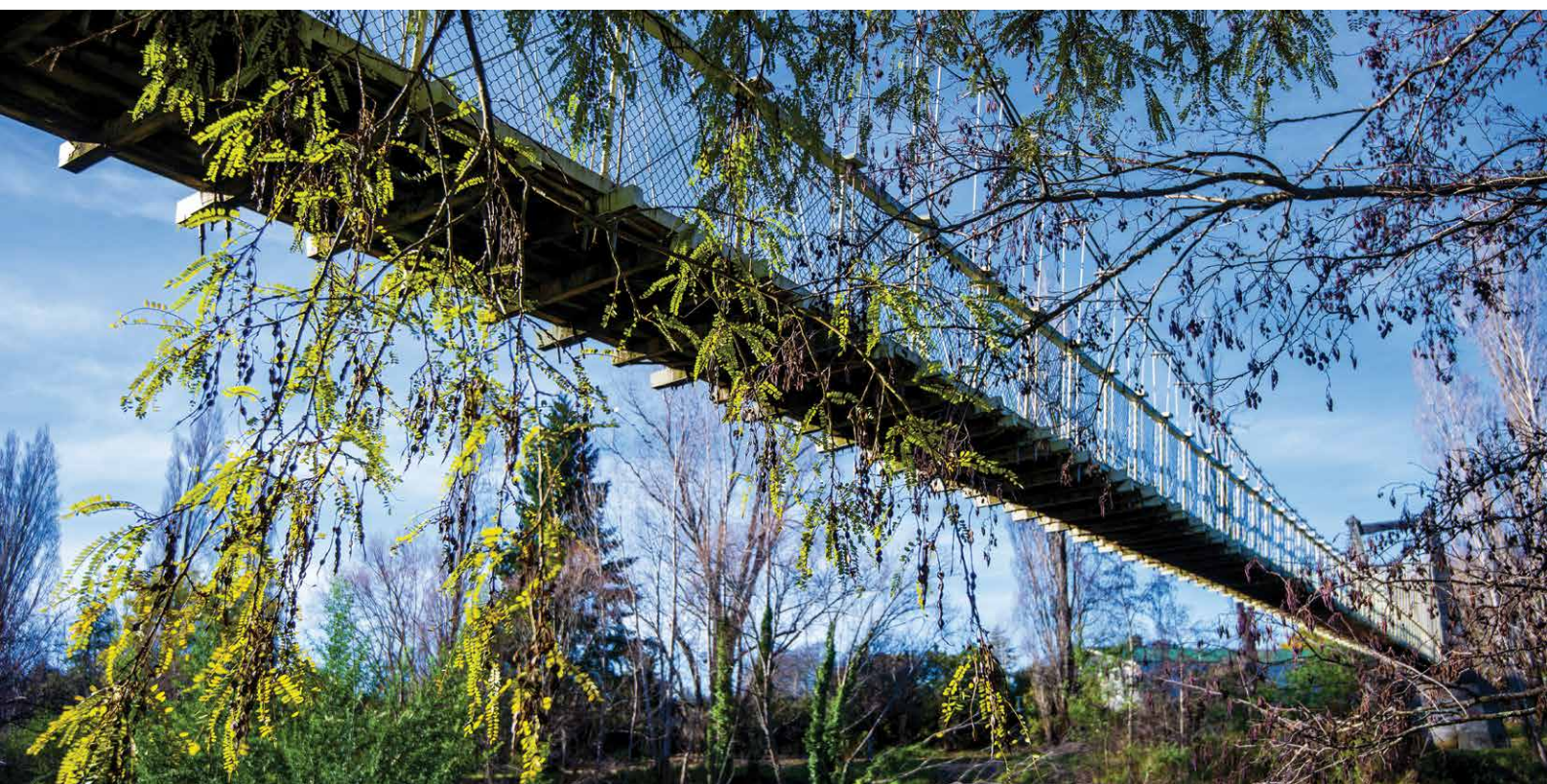
COST OF SERVICE STATEMENT

Roads, Streets, Footpaths & Parking Areas				
2018/19		2019/20	2019/20	
Actual		Actual	Budget	
\$	Operating Costs	\$	\$	
4,785,125	Road maintenance - subsidised	5,190,029	5,232,860	
1,203,590	Road maintenance - non subsidised	1,352,244	1,373,286	
403,199	Emergency response provision***	0	180,000	
4,934,106	Depreciation	5,133,186	5,013,722	
11,326,021		11,675,459	11,799,867	
	Operating Revenue			
2,597,978	NZ Transport Agency subsidy (on maint.)*	2,594,278	2,670,571	
213,241	Local authority petrol tax	191,418	212,000	
398,534	Roading contributions (ex developers)	462,635	260,000	
69,077	Other recoveries	136,796	77,308	
3,278,830		3,385,128	3,219,879	
	Appropriations			
448,534	Transfers to reserves	763,071	260,000	
(63,621)	Transfers from reserves	(187,500)	(175,000)	
36,338	Provision for loan repayments	41,822	41,808	
(4,310,556)	Depreciation not rates funded**	(4,483,728)	(4,383,728)	
4,157,886	Rates Requirement (Operational)	4,423,995	4,323,068	

* 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.

*** Emergency Response Provision (formerly Flood Damage) was budgeted as an operating item but work carried out is in Capital Expenditure Summary below as Retaining Structures (Emergency Response).



Roads, Streets, Footpaths & Parking Areas

Rates Requirement Summary

2018/19 Actual \$	Activity	2019/20 Actual \$	2019/20 Budget \$
4,436,377	Subsidised roading	4,616,550	4,692,397
1,067,542	Non-subsidised roading (urban)	1,105,726	1,185,158
172,006	Non-subsidised roading (rural)	283,787	193,205
173,376	Emergency Response	77,374	77,400
\$5,849,301	Rates Requirement	\$6,083,436	\$6,148,160

Roads, Streets, Footpaths & Parking Areas

Capital Expenditure Summary

2018/19 Actual \$	Roadings	2019/20 Actual \$	2019/20 Budget \$
2,778,872	Asset renewals - Rural programme	2,758,947	2,380,000
1,049,371	Asset renewals - Urban programme	494,730	880,000
-	Asset renewals - Bridges	36,061	100,000
1,035	Urban footpath upgrades (non subsidised)	0	0
513,338	Urban footpath upgrades (subsidised)	192,643	551,000
4,348	Land purchase for roading strip	0	-
107,107	Streetlight upgrades & renewals	112,615	140,000
4,800	Car park renewals & signage	17,560	170,000
-	Carpark Lighting - safety initiative	52,105	40,840
978,878	Roadings minor improvement projects	366,576	814,400
275,817	Roadings - Solway Cres urbanisation	1,181,243	280,000
221,240	CBD upgrade (Town Centre project)	475,745	1,825,000
-	CBD recycling bins	0	10,000
-	Cycleways	58,972	70,000
-	Retaining Structures (emergency response)	430,171	-
-	Streetscape & neighbourhood design	3,740	140,000
810,489	Vested roading assets ex subdivision	2,485,127	-
102,780	Vested assets - land under roads	900,337	-
6,848,074		9,566,572	7,401,240
Capital Funding			
(3,123,702)	NZ Transport Agency subsidy (on renewals)	(3,000,965)	(2,852,378)
(1,119,688)	Transfers from reserves	(1,329,835)	(1,170,999)
-	External contrib.	(3,740)	-
(913,269)	Vested assets (ex developers)	(3,385,464)	-
-	Loan funds	(187,127)	(1,552,771)
(5,156,659)		(7,907,131)	(5,576,148)
\$1,691,415	Rates Requirement (Capital)	1,659,440	\$1,825,092

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 2019/20

Highlights and key activities from 2019/20 include:

- 4.4 billion litres of safe drinking water supplied to the community
- 3.9 km of water mains renewed in Masterton to prevent water lost through leakage
- Access provided to a separate fluoride free water supply
- 3,800 smart water meters installed - remaining water meters will be installed during 2020/21
- Support provided for Phase 1 of the Wairarapa Community Water Storage (Wakamoekau) project. In May 2019, Water Wairarapa secured \$800,000 of PGF funding to build on earlier investigation work.
- Recognising the importance of water for our economy, work on a Water Resilience Strategy commenced as part of the Wairarapa Economic Development Strategy. This is expected to be completed in 2020/21.

HOW WELL WE PERFORMED

Ten of the 11 performance measures for this activity (90.1 per cent) were achieved in 2019/20, compared to nine (81.8 per cent) in 2018/19.

We supplied 4.4 billion litres of safe water to urban households during the year. This equates to 601 litres per person per day, 1 per cent less than the previous year and 6 per cent less than 2017/18. This reduction is partly due to less leakage across the network as a result of our repair and renewal work.

The number of complaints received about drinking water has continued to decline, from four complaints per 1000 connections in 2017/18 to three complaints per 1000 connections in 2019/20.

Response times for urgent and non-urgent callouts has also continued to improve this year, with staff on site within one hour of notification, and issues resolved within one and a half hours of notification, for both urgent and non-urgent callouts.

The percentage of real water loss was consistent with 2018/19. Water loss is identified as a key issue in the 2018-28 LTP. We purchased 9,000 smart water meters during the year. The project to install those meters was started in February 2020, but was delayed due to COVID-19. The installation project is scheduled for completion in early 2021. The meters will enable leaks to be identified, repaired and greater water conservation achieved.

COVID-19 restrictions and a lack of contractors prevented a large proportion of the pipe renewal work from being completed. Outstanding work has been carried forward to the 2020/21 year.

Operating expenditure for the urban water supply was \$3.51 million compared to a budget of \$3.53 million and was also very close to the total cost in the prior year. Operating costs of the rural water supplies (Tinui and Wainuioru) ran ahead of the level planned. The extra costs being funded from carried forward reserve funds.

Capital expenditure on the urban water supply includes \$1.8 million on the purchase of water meters, with installation of the meters started and scheduled for completion in early 2021. The water reticulation renewals programme was only 39% spent as contractor's availability to complete Council projects was limited by the high level of private work available to them.

COVID-19

The COVID-19 pandemic has not impacted the delivery of water supplies to any significant extent. Water has been an essential service and the Masterton urban supply treatment plant continued to operate, albeit with pandemic protocols that saw key staff isolating themselves to ensure no potential exposure or spread of the virus. The council's maintenance contractor operated during Alert Level 4, responding to essential service issues. Renewal contracts were suspended during Alert Level 4, so less progress was made on those contracts than expected.

WHAT WE DO: DELIVER SAFE DRINKING WATER EFFICIENTLY AND EFFECTIVELY TO URBAN HOUSEHOLDS

Measure	2017/18 Result	2018-28 Target	2018/19 Result	2019/20 Result
Number of complaints received about drinking water clarity, taste, odour, pressure or flow, continuity of supply, or MDC's response to any of these issue	4 complaints per 1,000 connections (35 complaints)	Less than or equal to 6 complaints per 1,000 connections	Achieved 3.2 complaints per 1,000 connections (29 complaints)	Achieved 3 complaints per 1,000 connections (27 complaints)
Response time to call-outs to a fault or unplanned interruption to MDC's networked reticulation system:				
a) attendance at urgent call-outs (from notification to arrival on site)	39 minutes	60 minutes or less	Achieved 24 minutes	Achieved 15 minutes
b) resolution of urgent call-outs (from notification to confirmation of resolution)	152 minutes	480 minutes or less	Achieved 231 minutes	Achieved 25 minutes
c) attendance at non-urgent call-outs (from notification to arrival on site)	3 days	7 days or less	Achieved 60 minutes	Achieved 47 minutes
d) resolution of non-urgent call-outs (from notification to confirmation of resolution)	5 days	3 months or less	Achieved 115 minutes	Achieved 86.5 minutes

Measure	2017/18 Result	2018-28 Target	2018/19 Result	2019/20 Result
Council's drinking water supply complies with:				
a) Part 4 of the Drinking Water Standards (bacteria compliance criteria)	Fully compliant	Fully compliant	Achieved Fully compliant	Achieved Fully compliant
b) Part 5 of the Drinking Water Standards (protozoal compliance criteria)	Fully compliant	Fully compliant	Achieved Fully compliant	Achieved Fully compliant
Percentage of real water loss from MDC's reticulation system (calculated using minimum night flow)	36 per cent	Reduction on previous year	Not Achieved 37 per cent	Not Achieved 37 per cent Installation of water meters will better enable leaks to be located and repaired.
Average consumption of drinking water per day per resident within the district	646 litres/ person/day	Reduction on previous year	Achieved 609 litres per person per day	Achieved 601 litres per person per day
Alternative water supply is provided when shutdown exceeds 24 hours	No shutdown exceeded 24 hours	Less than or equal to 1 per 1,000 connections	Achieved No shutdown exceeded 24 hours.	Achieved No shutdown exceeded 24 hours.
Percentage of water pipe renewals completed	New measure	90 per cent of planned work	Not Achieved 80 per cent Some planned renewal works were not completed, due to contractors having limited resource and there being added competition for resource from increased subdivision work in the private sector.	Achieved 90 per cent of planned work completed.



COST OF SERVICE STATEMENT

Urban Water Supply

2018/19 Actual \$		2019/20 Actual \$	2019/20 Budget \$
Operating Costs			
1,271,554	Water treatment costs	1,263,219	1,279,415
960,834	Water reticulation costs	964,149	991,377
1,271,478	Depreciation	1,280,131	1,262,393
3,503,866		3,507,500	3,533,185
Operating Revenue			
256,685	User charges	255,062	271,140
125,000	Internal Recoveries	135,400	135,400
381,686		390,462	406,540
Appropriations			
(50,000)	Transfer from reserves	-	-
99,837	Provision for loan repayment	111,065	110,660
(30,000)	Reverse depreciation	(88,500)	(88,500)
\$3,142,018	Rates Requirement	\$3,139,603	\$3,148,805

Rural Water Supplies

2018/19 Actual \$		2019/20 Actual \$	2019/20 Budget \$
Operating Costs			
277,540	Rural water supplies & races	370,629	244,526
68,219	Depreciation & decline in service	74,089	65,343
345,759		444,718	309,869
Operating Revenue			
200,288	Rural water scheme charges	205,985	244,698
Appropriations			
(36,733)	Transfer from reserves	(128,704)	(13,620)
-	Transfer to reserves	-	47,000
5,112	Provision for loan repayment	6,146	6,145
(7,116)	Reverse depreciation	(6,622)	(6,622)
\$106,735	Rates Requirement	\$109,553	\$98,074

Water Supplies

Rates Requirement Summary

2018/19 Actual \$	Activity	2019/20 Actual \$	2019/20 Budget \$
3,142,018	Masterton urban water supply	3,139,603	3,148,805
47,468	Tinui water supply	43,090	35,972
51,099	Opaki water race	54,163	49,341
8,167	Miscellaneous rural water costs	12,300	12,761
\$3,248,752	Rates Requirement	\$3,249,156	\$3,246,879



Water Supplies

Capital Expenditure Summary

2018/19 Actual \$		2019/20 Actual \$	2019/20 Budget \$
Urban water treatment			
185,725	Water treatment plant & equip. renewals	116,693	101,680
8,613	Water treatment - buildings & grounds	9,725	100,000
11,260	Fluoride-free water access	-	30,720
-	Water treatment sludge handling upgrade	11,000	200,000
205,598		137,418	432,400
Urban water reticulation			
1,168,868	Water mains & trunk main upgrades	449,429	1,433,600
166,875	Water connections replacements	188,343	204,800
-	Water meters - part project	1,821,347	2,000,000
-	Reservoir upgrades	-	20,480
112,000	Assets vested by subdividers	421,305	-
1,447,743		2,880,424	3,658,880
Rural water reticulation			
48,383	Wainuioru water supply renewals	95,051	300,000
-	Tinui water supply upgrades	-	5,120
-	Opaki water race equipment	-	15,360
-	Opaki water race consent renewal	-	15,683
5,337	Castlepoint water supply upgrade	7,742	-
53,720		102,793	336,163
1,707,061	Total Water Supplies capital expenditure	3,120,635	4,427,443
Capital Funding			
-	Loan funds	(1,821,347)	(2,000,000)
(5,712)	External funds	(8,075)	-
(112,000)	Assets vested by subdividers	(421,305)	-
(1,589,350)	Transfer from reserves	(869,908)	(2,427,443)
(1,707,061)		(3,120,635)	(4,427,443)

WASTEWATER SERVICES

RATONGA WAI PARU



WHAT WE DO

Wastewater services are provided to approximately 8,880 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 2019/20

Key achievements in 2019/20 include:

- 1.7km of sewer main renewals completed to ensure performance of our wastewater system.
- Progressed wetlands development, and investment in irrigation systems at the Homebush Treatment Plant. Work on the irrigation system is underway and we are developing a tender process for the balance of work.

HOW WELL WE PERFORMED

All eight of the performance measures for this activity were achieved (100 per cent) in 2019/20, compared to seven (88 per cent) in 2018/19. This is a great result for our wastewater activity.

We delivered our wastewater services in full compliance with resource consent requirements.

The number of complaints about our wastewater service was consistent with 2018/19 and half the number received in 2017/18. This reflects the decision made by the council in 2018 to

take responsibility for all private lateral sewer connection pipes, which has allowed us to address renewal issues and ensure that levels of service are maintained.

Ninety percent of the planned wastewater pipe renewals in 2019/20 were completed, up 10 per cent compared to the previous year.

Operating costs of Masterton's wastewater system were \$6.46 million compared to the planned level of \$6.68 million, 3.2 per cent less than planned. The majority of the savings have arisen from lower interest costs on the debt associated with the wastewater treatment plant. Revenue from the sale of baleage was well ahead of the planned level, while costs associated with the baleage operation were also less than planned.

Some \$250,000 of rates funding has been carried forward in reserve funds, to be applied in the 2020/21 financial year.

Capital expenditure on reticulation renewals (\$1.13m) was 100 per cent of the value planned compared to 67 per cent last year, but work did not proceed on the Homebush farm irrigation area expansion.

The rural sewerage schemes at Riversdale Beach, Castlepoint and Tinui have operated well during the year, although costs at Castlepoint and Tinui exceeded the levels planned. The Riversdale Beach scheme had capital contributions from new joiners totalling \$175,050, compared to a budget of \$100,800. These extra contributions have been applied to reduce the internal loan the council is carrying on behalf of scheme.

COVID-19

The COVID-19 pandemic has not impacted the delivery of wastewater services to any significant extent. Wastewater has been an essential service and the reticulation and treatment plants continued to operate, albeit with pandemic protocols that saw key staff isolating themselves to ensure no potential exposure or spread of the virus. The council's maintenance contractor operated during level 4, responding to essential service issues. Renewal contracts were suspended during level 4, so less progress was made on those contracts than expected.

WHAT WE DO: DELIVER SAFE AND ACCEPTABLE SYSTEMS FOR THE COLLECTION, TRANSFER AND DISPOSAL OF WASTEWATER

Measure	2017/18 Result	2018-28 Target	2018/19 Result	2019/20 Result
Number of complaints received about sewerage odour, system faults, system blockages, MDC's response to issues with its sewerage system	10.44 complaints per 1,000 connections (94 complaints)	Less than or equal to 8 complaints per 1,000 connections	Achieved 5.44 complaints per 1,000 connections (49 complaints)	Achieved 5.22 complaints per 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)	29 minutes	6 hours or less	Achieved 34 minutes	Achieved 32 minutes
b) resolution (from time of notification to the time service personnel confirm resolution)	85 minutes	12 hours or less	Achieved 170 minutes	Achieved 143 minutes
Number of dry weather sewerage overflows from MDC's sewerage system	0.2 per 1,000 connections (2 overflows)	Less than or equal to 2 per 1,000 connections	Achieved 0.33 per 1,000 connections (3 complaints)	Achieved 1.22 per 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	One infringement notice received	100 per cent compliance	Achieved 100 per cent compliance	Achieved 100 per cent compliance

Measure	2017/18 Result	2018-28 Target	2018/19 Result	2019/20 Result
Alternative system provided where loss of service exceeds 24 hours	0 per 1,000	Less than or equal to 1 per 1,000 connections	Achieved 0.22 per 1,000 connections 2 portaloos were deployed on 27/11/2018 and removed on 29/11/2018	Achieved 0 per 1,000 connections No portaloos were deployed
Percentage of wastewater pipe renewals completed	New Measure	90 per cent of planned work	Not Achieved 80 per cent Some planned renewal works were not completed due to a lack of contractor availability given increased subdivision works in the private sector.	Achieved 90 per cent of planned work was completed

WHAT WE DO: FOCUS ON MINIMISING THE ENVIRONMENTAL IMPACT OF OUR WASTEWATER SERVICE

Measure	2017-18 Result	2018-28 Target	2018-19 Result	2019-20 Result
Recreation quality of the Ruamāhanga River water, downstream of Homebush Wastewater Treatment Plant (known as the Cliffs)	Suitability of Swimming Grade: Low Risk	Long-term improvement trend, with no decline in water quality from baseline (Suitability of Swimming Grade: Low Risk)	Achieved Suitability of Swimming Grade: Low Risk	Achieved Suitability of Swimming Grade: Low Risk





COST OF SERVICE STATEMENT

Wastewater Services - urban				
2018/19 Actual \$		2019/20 Actual \$	2019/20 Budget \$	
	Operating Costs			
1,105,431	Sewerage reticulation	1,164,827	1,323,657	
3,018,649	Wastewater treatment	3,064,672	3,173,928	
2,212,430	Depreciation	2,233,056	2,178,633	
6,336,510		6,462,556	6,676,217	
	Operating Revenue			
305,244	User charges & other revenue	541,435	415,940	
	Appropriations			
260,000	Transfer to reserves	250,000	30,000	
(130,000)	Transfer from reserves	(118,333)	(130,000)	
1,732,374	Provision for loan repayments	1,928,798	1,905,860	
(1,096,000)	Reverse depreciation not rates funded	(1,208,250)	(1,153,250)	
\$6,797,640	Rates Requirement	\$6,773,336	\$6,912,887	

Wastewater Services - rural schemes				
2018/19 Actual \$		2019/20 Actual \$	2019/20 Budget \$	
	Operating Costs			
58,437	Castlepoint sewerage scheme	91,994	66,134	
267,920	Riversdale sewerage scheme	182,230	205,751	
11,721	Tinui sewerage scheme	32,621	13,881	
293,338	Depreciation	283,338	286,967	
631,416		590,183	572,733	
	Operating Revenue			
126,364	Capital Contribution & other revenue	184,650	100,800 *	
2,150	Internal Recoveries	10,054	8,322 *	
128,514		194,704	109,122	
	Appropriations			
(50,000)	Transfer from reserves	(60,833)	(50,000)	
130,195	Loan Repayment	252,894	132,663	
(220,461)	Reverse depreciation not rates funded	(222,788)	(221,970)	
\$362,635	Rates Requirement (Operational)	\$364,752	\$324,305	

* Note Budget restated due to an error in classification between internal and external income.

Wastewater Services

Rates Requirement Summary

2018/19		2019/20	2019/20
Actual		Actual	Budget
\$	Activity	\$	\$
6,797,640	Urban sewerage system	6,773,336	6,912,887
58,296	Castlepoint sewerage scheme	59,528	69,599
167,586	Riversdale Beach sewerage scheme	177,142	180,568
121,784	Riversdale & Tinui capital contributions	91,227	57,019
14,970	Tinui sewerage scheme	36,855	17,118
\$7,160,275	Rates Requirement	\$7,138,087	\$7,237,192

Wastewater Services

Capital Expenditure Summary

2018/19		2019/20	2019/20
Actual		Actual	Budget
\$	Urban Wastewater system	\$	\$
83,742	Homebush treatment plant renewals	306,688	258,500
771,602	Sewerage reticulation mains renewals	1,127,507	1,126,400
-	Network investigations	0	51,200
130,245	Homebush treatment plant upgrade	15,533	520,480
14,392	New sewer connections	4,571	-
166,404	Assets vested by subdividers	713,212	-
1,166,386		2,167,510	1,956,580
	Rural Wastewater schemes		
6,765	Riversdale Beach sewerage scheme	33,568	10,240
5,513	Tinui sewerage scheme	5,196	-
66,856	Castlepoint sewerage scheme	29,205	5,120
79,133		67,970	15,360
1,245,519	Total	2,235,480	1,971,940
	Capital Funding		
(130,245)	Loan funds	0	(500,000)
(9,422)	External funds	(7,071)	-
(166,404)	Assets vested by subdividers	(713,212)	-
(939,448)	Transfer from reserves	(1,515,197)	(1,471,940)
(1,245,519)		(2,235,480)	(1,971,940)
\$0	Rates Requirement (Capital Contributions)	\$0	\$0

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 2019/20

Highlights and key activities from 2019/20 include:

- Upgrade of stormwater drains completed in five locations including Macara Street, Totara Street, Lansdowne Crescent, Colombo Road, and Queen Street.
- Work underway on a Stormwater Strategy. The strategy will ensure we meet our community's vision to manage the district's stormwater and adapt to the changing environment, and is expected to be completed in the 2020/21.

HOW WELL WE PERFORMED

All six performance measures for this activity (100 per cent) were achieved in 2019/20 compared to five (83 per cent) in 2018/19.

We delivered our stormwater systems in full compliance with resource consent requirements.

The number of complaints received about the stormwater system remained low in 2019/20, at half the number received 2018/19 and almost 90 per cent less than the baseline year (2017/18). This is likely due to drought conditions experienced in the Wairarapa over the 2019/20 year.

44 per cent of the budget for stormwater renewal work was spent during the year, up from 30 per cent in 2018/19, with contractor availability being a major factor. Operating costs were 8.7 per cent less than budget with less spent on emergency response costs and stream-bed cleaning.

COVID-19

The COVID-19 pandemic has not impacted the delivery of stormwater services to any significant extent. Stormwater has been an essential service and the network was called on to perform during the first week of Alert Level 4 restrictions when a heavy rain event occurred. The council's maintenance contractors operated during level 4, responding to essential service issues.

WHAT WE DO: DELIVER STORMWATER SYSTEMS EFFICIENTLY AND EFFECTIVELY TO PROTECT PUBLIC HEALTH AND PRIVATE PROPERTY

Measure	2017/18 Result	2018-28 Target	2018/19 Result	2019/20 Result
Percentage of stormwater renewals completed	New measure	90 per cent of planned work	Not Achieved 30 per cent Planned renewal works were not completed due to a lack of contractor availability given increased subdivision works in the private sector	Achieved 100 per cent of planned renewal work was completed
Number of flooding events that occur in the district	1 event	10 events or less	Achieved None	Achieved None
For each flooding event, the number of habitable floors affected	None	Less than or equal to 1 per 1,000 connections	Achieved None	Achieved None
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.	100 per cent	100 per cent - no consent breaches	Achieved 100 per cent compliance, no consent breaches	Achieved 100 per cent compliance, no consent breaches
Number of complaints received about the performance of MDC's stormwater system	5.11 complaints per 1,000 connections (49 complaints)	Less than or equal to 2 complaints per 1,000 connections	Achieved 1.33 complaints per 1,000 connections (12 complaints)	Achieved 0.67 complaints per 1,000 connections (6 complaints)
Median response time to attend a flooding event (from time of notification to the time service personnel arrive onsite)	34 minutes	60 minutes or less	Achieved 28 minutes	Achieved No flooding events occurred

COST OF SERVICE STATEMENT

Stormwater

2018/19 Actual		2019/20 Actual	2019/20 Budget
\$		\$	\$
	Operating Costs		
277,565	Stormwater	326,709	397,413
299,237	Depreciation	306,726	296,687
576,802		633,436	694,100
	Operating Revenue		
-	User charges & other revenue	-	-
	Appropriations		
(81,761)	Transfer from reserves	(78,168)	(160,000)
29,183	Provision for loan repayment	31,720	31,614
(29,000)	Reverse depreciation not rates funded	(85,300)	(65,300)
\$495,224	Rates Requirement	\$501,688	\$500,414

Stormwater

Capital Expenditure Summary

2018/19 Actual		2019/20 Actual	2019/20 Budget
\$		\$	\$
	Stormwater		
25,052	Stormwater renewals & upgrades	148,543	337,920
-	Stormwater Consent	0	102,400
174,879	Assets vested by subdividers	582,428	-
199,931		730,971	440,320
	Capital Funding		
(25,052)	Transfer from reserves	(148,543)	(440,320)
(174,879)	Assets vested by subdividers	(582,428)	-
(199,931)		(730,971)	(440,320)



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 2019/20

Highlights and key activities from 2019/20 include:

- New kerbside recycling wheelie bin service roll-out to 9,368 urban households and commercial properties.

HOW WELL WE PERFORMED

Only one of the three performance measures for this activity (33 per cent) was achieved in 2019/20, compared to two (67 per cent) in 2018/19.

The delivery of our solid waste service was not fully compliant with all resource consent requirements in 2019/20. The non-compliance conditions were a result of not turning windrows monthly and failing to seek advice when a minor exceedance occurred with a Chemical Oxygen Demand (COD) reading from a monitoring bore. Action has been taken to ensure these matters are addressed and do not result in future non-compliance.

Despite the number of call-backs for the non-collection of rubbish bags continuing to increase (49 in 2019/20 compared to 29 in 2018/19 and 13 in 2017/18), the overall number is low relative to the number of properties (9,368) that receive our weekly kerbside collection service.

Waste volumes transferred to landfill continued to decline, down almost 20 per cent on the previous year. That has meant less income from user charges and also lower direct costs of transporting and dumping the waste we received at the transfer station. Revenue from the sale of blue bags (to recover the costs of the refuse kerbside collection) has declined 42 per cent as competition from wheelie bin services has seen less people using the council service.

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.

Our solid waste contractor invested \$3 million in a Materials Recovery Facility (MRF), housed indoor at Masterton's Nursery Road Transfer Station, and this started operating 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.

COVID-19

The COVID-19 pandemic has impacted this activity and level of service to the public. The Nursery Road transfer station was closed to the public during Alert Level 4 and kerbside collection of recycling was suspended for the first two weeks of level 4 until appropriate safety measures were put in place for the contractor's staff handling recycled materials. Kerbside refuse collections continued, with both council and private services operating. Tonnages of waste through the transfer station dropped during level 4, resulting in gate fee revenue being down by about \$123,000 on expectations. Direct costs of disposing of that waste were also down (by \$65,000). Our waste contractor charged a surcharge for handling glass during the restriction levels – the extra cost to MDC was approximately \$5,000.

WHAT WE DO: PROVIDE SOLID WASTE SOLUTIONS ACROSS THE DISTRICT

Measure	2017/18 Result	2018-28 Target	2018/19 Result	2018/19 Result
Number of call-backs due to non-collection of official rubbish bag in each weekly collection	13 call-backs	Improvement on previous year	Not Achieved 29 call-backs	Not Achieved 49 call-backs Staff continue to work with the contractor to maintain and improve the call back rate. This equates to one call back per 10,000 serviced properties.
Tonnage of waste transferred to landfill per head of population	0.59 tonne per head of population 15,203 tonnes of waste transferred (estimated population as at 30/6/18: 25,700)	Reduction on previous year	Achieved 0.56 tonne per head of population 14,264 tonnes of waste transferred (6 per cent less than the previous year) (estimated population as at 30/6/19: 25,700)	Achieved 0.43 tonne per head of population 11,505 tonnes of waste transferred (19.3 per cent less than the previous year) (estimated population as at 30/6/20: 26,800)
Urban and rural transfer stations, recycling, composting facilities and landfills operate within approved resource consent conditions	Minor non-compliance	100 per cent compliance	Achieved 100 per cent compliance Operations of all sites complied with resource consent conditions, and GWRC issued compliance reports for each site.	Not Achieved Greater Wellington Regional Council's compliance report gave MDC 2 stars out of 4 stars for compliance. Refer to the 'How well we performed' section above for further information.

COST OF SERVICE STATEMENT

Solid Waste Services

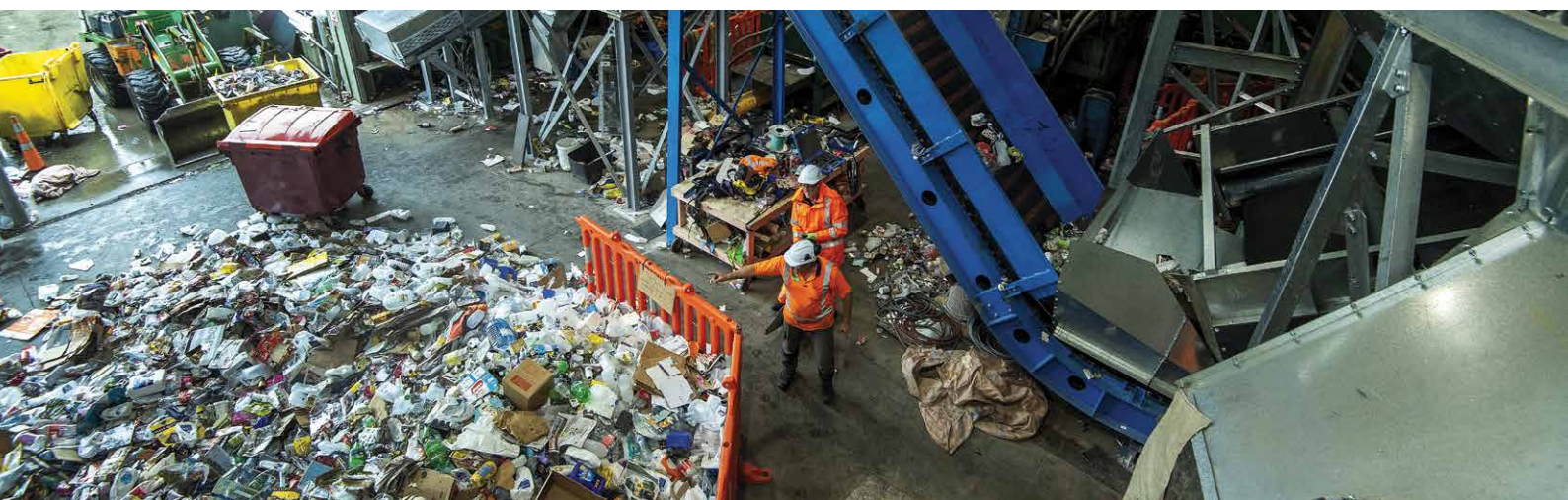
2018/19 Actual \$		2019/20 Actual \$	2019/20 Budget \$
Operating Costs			
399,917	Urban refuse collection costs	321,718	388,909
2,422,843	Transfer station operation & refuse disposal	2,034,809	2,548,914
1,243,753	Waste minimisation (incl recyc.& composting)	1,266,486	1,298,406
258,961	Rural refuse operations	265,714	266,715
4,325,474		3,888,728	4,502,943
Operating Revenue			
2,722,089	User charges - external	2,279,314	2,736,425
172,082	User charges - internal	88,765	165,855
97,076	Recoveries - waste levy	89,669	100,000
377,182	Recoveries from bag sales	217,463	374,000
3,368,429		2,675,212	3,376,280
Appropriations			
(105,000)	Transfers from reserves	(70,000)	(120,000)
100,000	Transfers to reserves	-	-
111,669	Provision for loan repayment	121,891	121,642
(80,000)	Reverse depreciation not rates funded	(141,000)	(91,000)
\$983,715	Rates Requirement	\$1,124,408	\$1,037,305

Solid Waste Services

Rates Requirement Summary

2018/19 Actual \$	Activity	2019/20 Actual \$	2019/20 Budget \$
434,843	Refuse & recycling collections	498,694	519,842 *
(91,316)	Refuse transfer station & landfill	123,918	22,197
397,361	Waste minimisation (recycling & composting)	250,533	245,373 *
242,826	Rural refuse services	251,262	249,894
\$983,714	Rates Requirement	\$1,124,407	\$1,037,305

* Budget restated due to an error in classification between recycling & waste minimisation





Solid Waste Services

Capital Expenditure Summary

2018/19 Actual		2019/20 Actual	2019/20 Budget
\$	Solid Waste Management	\$	\$
-	Recycling Wheely Bins	693,830	340,000
-	Nursery Road land fill capping	0	20,420
79,241	Transfer station roof & upgrades	3,459	554,200
79,241		697,289	914,620
	Capital Funding		
-	Loan funds	(693,830)	(690,000)
-	External funds	-	-
(79,241)	Transfer from reserves	(3,459)	(224,620)
(79,241)		(697,289)	(914,620)

COMMUNITY FACILITIES AND PARKS

NGĀ WHARE O TE HAPORI 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:

- the 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 also 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.

WHAT WE ACHIEVED IN 2019/20

Highlights and key activities from 2019/20 include:

Library and Archive

- In the annual plan for 2019/20 we indicated that we would be progressing plans for a library redevelopment. These plans were put on hold while we considered whether the library might be part of a new shared multi-purpose facility. We will consider the next steps for the library upgrade once that decision is made, which is expected to be during 2020/21. In

the meantime, the Library Learning Centre, Te Puna Ako, which opened in June 2020, allows more space for library activities and programmes.

- Despite COVID-19 restrictions, the library delivered 496 activities and events – almost twice as many as we delivered in 2017/18 (baseline year).
- The archive continued sharing our stories, publishing more than three times the target number. and our District Archivist, Gareth Winter, was selected for the Archives Council, which is recognition of his talents at a national level.
- The library increased its digital content to enable greater remote access to reading material in the form of e-books, and learning information from databases such as the Clarity IELTS (International English Language Testing System) resource, and the Haynes Motor Manuals collection.
- A total of 220 Spark Jump modems were distributed, providing families with low-cost access to the Internet at home. A total of 28 Stepping Up courses were delivered to the community covering training on internet security, introduction to tablets and smartphones, online banking, and Microsoft and Google products.
- Support services were provided to the community using the library's computers and Wi-Fi to gain free access to online services and information.
- Digital Inclusion for Seniors training was provided, enabling access to services and a space for their volunteer group within the Library.



Property

- The majority of council staff moved into Waiata House in July and August 2019. The building offers a modern work environment for staff who are based there, a 'home' for council meetings and our Civil Defence Emergency Operations Centre. Waiata House was the Wairarapa base for these services during the initial COVID-19 response. As a modern building, Waiata House also offers 'green' opportunities, such as automated lighting and heating. We have retained our public facing presence at 161 Queen Street, where the community can conduct day-to-day council business.
- Further conversations took place with our community regarding options for the Town Hall, and former Municipal and Civil Defence Buildings. This included engagement pre- Christmas 2019 and formal consultation as part of the development of our 2020/21 annual plan. Having considered the views of our community, the council has committed to developing a new multi-purpose facility. What that will include and where it will be located will be considered in the coming year. Once these decisions are made, the future of the buildings on the Chapel Street site will be decided.
- The upgrade of the historic Queen Elizabeth Park grandstand was completed and formally opened in December 2019. The upgrade involved seismic strengthening, restoration and improvements to the building interior, and extension and upgrade of changing rooms. This work involved re-roofing, seismic strengthening of free-standing block wall elements in the changing room, as well as cladding and drainage repairs.
- Major repairs to the Queen Elizabeth Park depot building were completed. These included repairs to roof and guttering, interior fitout, and renewal of the parking and storage lot.

Parks, Reserves and Sportsfields

- Engagement and consultation took place regarding the future of Henley Lake, given the requirement to seek a new resource consent to take water from the Ruamāhanga River for the lake. A decision was made to pursue a consent to take water only when the river is above minimum flow. The consent application will be progressed in 2020/21.
- A youth-led design to revamp the skatepark was developed, and work on constructing this will get underway in 2020/21.
- Work commenced on a Park and Open Spaces Strategy that will provide direction for the future development of our green spaces. This is expected to be completed in 2020/21.
- The first year of the new parks and open spaces maintenance contract was completed. The new contract framework is modelled in a collaborative manner to support shared goals and objectives for achieving contract outcomes. The annual review noted the Service Team (which includes staff from Recreational Services and the council) and the contract itself, were in a good place to continue developing and delivering more value for the community.
- During COVID-19 Alert Level 4 lockdown our contract partner worked closely with the council to support the community by ensuring all essential services were covered and operated seamlessly. Following the move to Alert Level 3, the team worked hard to bring all parks and open spaces back up to specification.
- During the year, 12 community planting days were held to restore four wilderness and riparian areas, resulting in the planting of over 6,500 eco-sourced plants and amenity planting of 3,000 bulbs.
- Stage 5 of the Queen Elizabeth Park Rejuvenation project was completed, improving accessibility for visitors around the Lake of Remembrance, and adding new plantings, seating, and a shared path from the swing bridge connecting to the park.

Trust House Recreation Centre

- The Learn to Swim programme continued, with enrolment numbers almost as high as the previous year despite there being no lessons during the last quarter of the year due to COVID-19 restrictions.
- In line with the maintenance contract for the facility daily checks (with the exception of the Alert Level 4 lockdown period), essential repairs, and preventative maintenance were undertaken.

Masterton Airport (Hood Aerodrome)

- A full review of health and safety at Hood Aerodrome was undertaken following the aircraft collision south of the aerodrome in June 2019. The aerodrome was found to be well managed and the reviewer provided a number of recommendations for improvement. These were adopted by the council and a workplan agreed. A short runway was closed, the taxiways realigned, and new aerodrome procedures published as part of the safety workplan. The council also supported the Police, Civil Aviation Authority (CAA), and Transport Accident Investigations Commission (TAIC) investigations into the accident.
- Plans to develop Hood Aerodrome were progressed and an application was made to seek central government funding to assist with that development. We have since been advised that \$10 million of funding from the Provincial Growth Fund has been approved, and a Strategic Advisory Group has been established. Plans to improve the runway, security, infrastructure and lighting will be progressed, and work on the runway extension will begin in 2020/21.
- Five hangars were approved for construction following the release of the first tranche of new hangar sites to market.
- The aerodrome hosted a number of events over the summer including the National Aerobatics Championships, Vintage Aviator flying weekends, a New Year's Day 'fly-in'; and visits from the Wellington Aeroclub. In addition, the Wairarapa Aeroclub offered pilot flight training, the Wairarapa Flying Tigers continued to offer flights in open cockpit Tiger Moths, and the Kitty Hawke Café was open over the summer.

HOW WELL WE PERFORMED

Nine of the 16 performance measures for this activity (56 per cent) were achieved in 2019/20. This is comparable with 2018/19, but the measures that were achieved varied across the two years. The library was closed for 57 days due to COVID-19 restrictions, and library results were therefore down on the previous year across a range of measures.

Despite the impacts of COVID-19, we continued to offer a range of library and archive activities, programmes, and events for our community through the year. This included information and community support services, such as Justice of the Peace and Digital Inclusion for Seniors, outreach visits to rest homes, after-school digital programming, a knitting and craft group, and new book clubs. In total, 496 structured activities and events were delivered, almost double the number (280) delivered in 2017/18.

While the completion rate was lower than it has been in the past two years, we received positive feedback from the parents of children who completed the Summer Reading Programme. The library was closed for a week over Christmas which may have influenced the completion rate.

Fewer people used the library space in 2019/20 compared to previous years, reflecting the library closure and restrictions on programmes and events related to COVID-19. Recording of website visits was interrupted due to the implementation of the new website and online catalogue in 2018/19, and this was thought to have impacted results in that year. The method of measurement through Google Analytics also changed, impacting reporting. This is thought to have affected results in the current year also.

We saw a 61 per cent increase in the number of people using our free online computer services and a 21 per cent increase in free Wai-Fi sessions compared to 2018/19. There has also been a six per cent increase in the number of cemetery records accessed online compared to the previous year, and 37.5 per cent increase compared to 2017/18. Online services are growing in general, in marked contrast to web traffic.

Free online sessions are still lower than 2017/18, which is partly due to computer access sessions being extended from 30 minutes to 45 minutes per session in 2018/19, reducing the number of sessions available each day. This change was made in response to community requests for longer sessions to allow more complex tasks such as writing CVs or accessing government services, to be completed in one transaction. Increased access to affordable data plans will also be impacting on this result. Another reason for the drop could be the continued distribution of modems to families as part of the Library's Spark Jump programmes. Two hundred modems were distributed last year and another 220 in 2019/20.

The archive has continued to develop as a place that tells the communities stories, exceeding the target of one story per month.

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 restrictions impacted utilisation of these facilities and spaces, and as a result, performance against some measures.



The number of structured activities in our parks and sportsgrounds was down compared to previous years as many events scheduled for the last quarter of the financial year were cancelled. In contrast, while the number of events for the fourth quarter was low, the number of activities/events in the War Memorial Stadium was up 44 per cent compared to the previous year. Events included birthday parties, group fitness classes and usage by schools. Hood Aerodrome landings were down only four per cent compared to the previous year and were up 33 per cent compared to 2017/18, despite decreased utilisation during COVID-19 restrictions.

Our target for increasing use of the recreational trails that are part of our parks and reserves network was impacted by faulty data loggers. Based on logged data the result was not achieved in 2019/20 despite reports of people using these trails more for exercise during COVID-19 Alert Levels 3 and 4.

Despite the suspension of all lessons during the last quarter of the year due to COVID-19 restrictions, the number of under-12s enrolled in swim school increased by two per cent compared to the previous year and was on track to achieve a result similar to 2018/18 (589 enrolments).

Last year we compared the senior housing rent against Tenancy Services data. However, this year, that data was highly influenced by our own rentals. The tenancy tribunal median rent for 2019/20 for a one bedroom flat was \$102 with a range of \$102-\$265 based on nine bonds lodged. During that period, Council had lodged eight bond applications for bedsits and one bedroom units. Given that, the result was measured against an independent appraisal of the market rent value for our pensioner housing units. This assessed the median rent as \$175 with a range of \$170-\$185, compared to our median rent of \$104 with a range of \$101 - \$111.

COVID-19

The COVID-19 pandemic has significantly affected the operational aspects of many of these activities, summarised as follows:

Parks and reserves – playgrounds and public toilets were closed during Alert Levels 3 and 4, and an increased cleaning regime was introduced for level 2. Council's parks, reserves and walking trails were well used during the lockdown period as people took the opportunity to exercise more. The maintenance contractor, Recreational Services, performed admirably once the lifting of restrictions allowed them to catch up on maintenance of our parks, facilities and sports grounds.

Trust House Recreation Centre – was closed during levels 3 and 4. The opportunity, during the level 3 closure, was taken to undertake deferred maintenance and renewals. The facility management contractor continued to be paid the contract rate to operate while they could not generate any revenue from users.

Library and Archives – were closed during levels 3 and 4, but on-line services were available and taken up by many residents. The Council decided to provide charging relief to encourage post-lockdown recovery – no fines or charging for premium books. Costs of these measures have not significantly impacted the operating budgets.

Council Offices – the pandemic has seen additional spending on cleaning regimes, sanitary supplies and personal protective measures such as screens at public counters. An estimated \$32,000 has been spent above budgets on these measures.

Senior Housing – COVID-19 saw a change in the way we support our Senior Housing residents such as ringing and checking in with the residents and making grocery deliveries.

Property – COVID-19 recovery measures included the granting of rent relief to a targeted number of Council tenants for 3 or 6 months, including sports clubs.

Mawley Holiday Park – occupancy dropped during lockdown, but not significantly.

The financial performance across most of these activities has been close to plan, except for expenditure on the Airport. The focus on safety reviews and operational issues at the Airport have seen the operating expenditure some \$160,000 or 54 per cent more than planned.

WHAT WE DO: DELIVER A LIBRARY AND ARCHIVE SERVICE WITH ENGAGING AND RELEVANT ACTIVITIES

Measure	2017/18 Result	2018-28 Target	2018/19 Result	2018/19 Result
Number of library and archive engagements with our community	New measure Baseline: 280 structured activities and events	Increasing over time, and at least baseline	Not Achieved 708 structured activities and events	Not Achieved 496 structured activities and events
	181,957 people used the library space A new people counting system was implemented in May 2018 to improve the accuracy of recording visitor numbers to the library. The 2018/19 result of 158,867 people is a more accurate baseline for future comparisons		Not Achieved 158,867 people used the library space	Not Achieved 130,693 people used the library space COVID-19 restrictions meant the Library was closed for 57 days and had reduced programmes for two months.
	91,779 website visits		Not Achieved 51,524 website visits	Not Achieved 33,630 website visits There has been a change in the way data is captured which is likely to have impacted results.
Number of literacy programmes offered (including library promotions and digital literacy)	New measure Baseline: 224 programmes	Increasing over time, and at least baseline	Achieved 612 programmes (noting all library programming has a literary or information component) The recording of the programming has changed this calendar year to reflect the need to accurately record all activities for performance reporting. This is reported to the National Data Collections for Public Libraries of NZ.	Achieved 480 programmes (noting all library programming has a literary or information component) The annual result is well above the baseline target of 224, but below last year's result of 612 programmes.

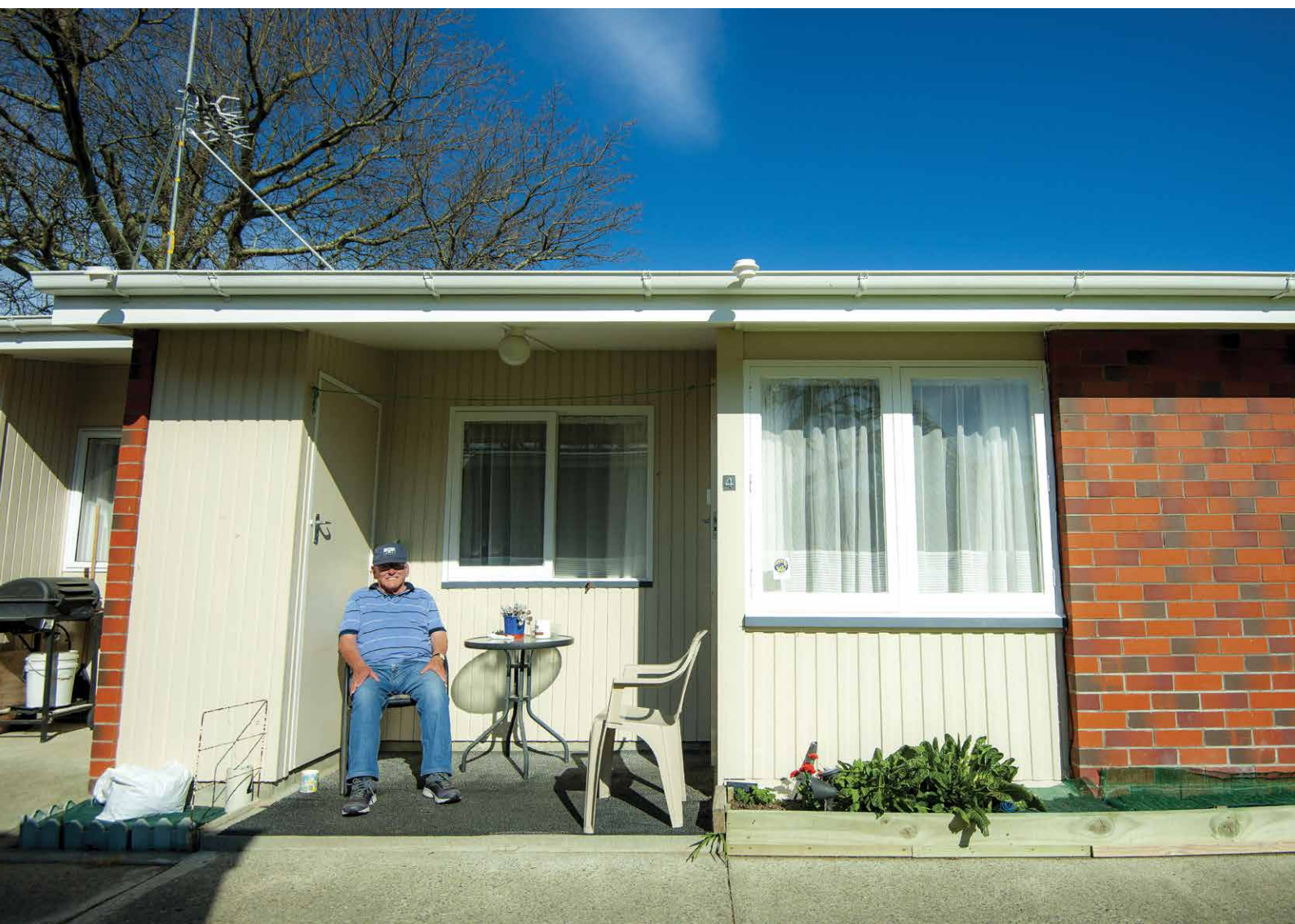
Measure	2017/18 Result	2018-28 Target	2018/19 Result	2018/19 Result
Number of children participating in the Summer Reading Programme	New measure Baseline: 317 completed, 375 registered	Increasing over time, and at least baseline	Not Achieved 314 completed, 390 registered.	Not Achieved 289 completed, 413 registered Maximum number of participants is 375. A higher number of registrations are accepted in anticipation of actual participant numbers being less. The 2019/20 programme was one week shorter due to the Library closure at Christmas.
Number of people using free online services per head of population	New measure Baseline: 3.8 free online sessions per head of population (96,712 total sessions) Estimated population as at 30/6/17: 25,200	Free online sessions increasing over time, and at least baseline	Not Achieved 1.2 free online sessions per head of population (31,076 total sessions) Estimated population as at 30/6/19: 25,700 Distributed 220 Spark Jump modems to people without home internet access, reducing demand for free services	Not Achieved 1.9 free online sessions per head of population (50,062 total sessions) Estimated population as at 30/6/20: 26,800
	New measure Baseline: 1.2 free Wai-Fi sessions per head of population (30,800 total sessions) Estimated population as at 30/6/17: 25,200	Free Wai-Fi sessions increasing over time, and at least baseline	Achieved 1.2 free Wai-Fi sessions per head of population (30,412 total sessions) Estimated population as at 30/6/19: 25,700 Includes 13,140 e-centre sessions; 1,481 Te Awhina WiFi sessions; and 15,791 Library WiFi sessions.	Achieved 1.4 free Wai-Fi sessions per head of population (37,487 total sessions). Estimated population as at 30/6/20: 26,800



Measure	2017/18 Result	2018-28 Target	2018/19 Result	2018/19 Result
Number of archive feature stories/ publications (media and online)	New measure An average of 14.1 archive feature stories/ publications per year over the previous 10 years.	Average of 1 per month or 12 per annum	Achieved 126 stories, average of 10.5 per month The 100 stories completed as part of "100 Years 100 Lives" features with the Wairarapa Times-Age increased numbers	Achieved 40 stories - average of 3.3 per month.
Cemetery records accessed online	New measure Baseline: 7,447	Maintain baseline	Achieved 9,667 cemetery records accessed online	Achieved 10,242 cemetery records accessed online

WHAT WE DO: PROVIDE COMMUNITY FACILITIES AND OPEN SPACES THAT SUPPORT A RANGE OF CULTURAL AND RECREATIONAL NEEDS FOR OUR COMMUNITY AND VISITORS

Measure	2017/18 Result	2018-28 Target	2018/19 Result	2018/19 Result
Number of structured activities/events in MDC's parks and sportsgrounds	New measure	Increasing utilisation over time	Achieved 359 Baseline has been established	Not Achieved 236 structured activities/ events. COVID-19 restrictions resulted in the cancellation of events in the fourth quarter impacting results for the year.
Number of people using the recreational trails that are part of our parks and reserves network	New measure	Increasing utilisation over time	Achieved 312,440 Baseline has been established. Based on an average of 856 counts per day.	Not Achieved 266,783 There have been issues with data loggers not working due to tampering and insects, impacting results. Increased monitoring is being undertaken while options to address this are explored.



Measure	2017/18 Result	2018-28 Target	2018/19 Result	2018/19 Result
Number of structured activities/events that have been run in the War Memorial Stadium	New measure Baseline: 19 events	Increasing utilisation over time	Achieved 52 Activities and events have included sports team training, birthday parties; basketball and netball games; futsal and schools indoor programme.	Achieved 75 Activities and events have included, the Golden Shears event; birthday parties; school basketball; and group fitness classes and After School Care programmes.
Number of landings at Hood Aerodrome	9,549	Increasing over time and at least baseline (7,821).	Achieved 10,890	Achieved 10,406 The number of landings at Hood Aerodrome was impacted by COVID-19 Alert Levels 3 and 4 restrictions, but still exceeded the baseline of 7,821.
Number of new hangars at Hood Aerodrome	New measure Baseline: 19 hangars	Increase in hangars over time	Not Achieved No new hangars. There are four sites on market as of 30 June 2019.	Achieved One new hangar was built. Four more were signed off for development.
Ratio of average MDC senior housing weekly rent compared to average private sector rent	New measure Baseline: Senior housing rental equates to 41.9 per cent of the market rental for a one-bedroom flat	Maintain senior housing rentals at no more than 60 per cent of the market rental for a one-bedroom flat	Achieved 47 per cent of market rent. Average rent for MDC senior housing units is \$99.04 per week, compared to median market rent of \$210 per week for a one bedroom flat in Masterton. Reference from Tenancy Services and is for the period 1 Jan 2019 - 30 Jun 2019	Achieved 59.4 per cent of market rent. Average rent for Council senior housing units is \$104 per week, compared to median market rent of \$175 per week based on an independent appraisal. Refer to the 'How well we performed' section above for further information.
Number of under-12s enrolled in Learn to Swim programmes	589 swim school enrolments	Annual increase	Not Achieved 465 swim school enrolments The reduction in figures may be due to year 8 students completing the programme last year while they were in year 7.	Not Achieved 465 swim school enrolments. The suspension of all lessons during Quarter 4 due to COVID-19 impacted results.

COST OF SERVICE STATEMENT

Parks, Reserves & Sportsfields				
2018/19		2019/20	2019/20	
Actual		Actual	Budget	
\$	Operating Costs	\$	\$	
1,766,693	Parks & Reserves maintenance	2,124,853	2,212,680	*
527,130	Sportsfields maintenance	431,436	451,566	*
640,967	Depreciation	654,275	617,936	
2,934,790		3,210,564	3,282,182	
	Operating Revenue			
45,786	Miscellaneous parks revenue	28,946	41,146	
56,525	Sportsground rentals	19,986	38,688	
102,311		48,932	79,834	
	Appropriations			
(203,953)	Transfers from reserves - project funding	(127,927)	(156,500)	
3,256	Transfer to reserves	103,560	-	
81,202	Provision for loan repayments	87,735	87,694	
(205,000)	Depreciation not rates funded	(162,000)	(162,000)	
\$2,507,985	Rates Requirement	\$3,062,999	\$2,971,541	

*An error in the Budget has meant the split between Parks & Reserves and Sportsfields costs has been restated.

Trust House Recreation Centre				
2018/19		2019/20	2019/20	
Actual		Actual	Budget	
\$	Operating Costs	\$	\$	
693,825	Recreation centre operating costs*	706,744	740,345	
558,864	Depreciation	585,555	595,298	
1,252,689		1,292,299	1,335,643	
	Operating Revenue			
35,831	Miscellaneous facility revenue	35,559	35,735	
	Appropriations			
(34,000)	Transfers from reserves	-	-	
24,018	Loan repayments	25,932	25,927	
(270,000)	Depreciation not rates funded	(255,000)	(265,000)	
\$936,876	Rates Requirement	\$1,027,672	\$1,060,835	

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

Cemeteries

2018/19		2019/20	2019/20
Actual		Actual	Budget
\$		\$	\$
	Operating Costs		
126,343	Cemeteries operating and maintenance	156,728	163,555
5,747	Depreciation	5,796	5,767
132,089		162,524	169,322
	Operating Revenue		
74,509	Burial fees and sale of plots	85,758	75,316
74,509		85,758	75,316
	Appropriations		
(992)	Transfers from reserves	(2,500)	(5,000)
19,000	Transfers to reserves	-	-
\$75,588	Rates Requirement	\$74,267	\$89,007

Library & Archive

2018/19		2019/20	2019/20
Actual		Actual	Budget
\$		\$	\$
	Operating Costs		
1,451,102	Operating costs - Library	1,471,094	1,538,913
359,763	Operating costs - Archive	376,247	384,130
215,460	Depreciation - books	186,846	190,000
82,156	Depreciation - bldg, furniture & equipment	114,894	134,495
2,108,482		2,149,080	2,247,538
	Operating Revenue		
45,203	Grants & donations	16,272	31,631
66,116	User charges & other recoveries	51,504	75,460
111,320		67,776	107,091
	Appropriations		
0	Provision for loan repayments	6,787	7,766
0	Transfers to reserves	40,000	-
(37,700)	Reverse depreciation	(15,500)	(15,500)
\$1,959,462	Rates Requirement	\$2,112,591	\$2,132,713

Analysis of Rates Requirement

1,605,718	Library	1,737,472	1,754,145
353,744	Archive	375,119	378,568
\$1,959,462		\$2,112,591	\$2,132,713

Property

2018/19		2019/20	2019/20
Actual		Actual	Budget
\$	Operating Costs	\$	\$
731,420	District Building	867,107	863,868
429,186	Housing for the Elderly	450,997	426,760
743,942	Other Property	809,319	904,303
440,129	Mawley Holiday Park	481,618	473,149
818,807	Depreciation	947,104	884,049
3,163,484		3,556,146	3,552,129
	Operating Revenue		
3,363	Rental revenue - Halls & Dist. Bldg	696	3,420
444,732	Rental revenue - Housing for the Elderly	425,726	430,494
247,324	Rental revenue - Other Property	272,249	267,158
0	Forestry harvest (proceeds)	0	-
463,881	Mawley Holiday Park	482,983	436,084
52,000	Internal recoveries - forestry	30,000	50,000
396,383	Internal recoveries - office rental	433,543	429,961
1,607,683		1,645,196	1,617,118
	Appropriations		
(28,492)	Transfers from reserves	(61,667)	(75,000)
252,245	Transfers to reserves	-	-
243,583	Provisions for loan repayments	254,945	254,451
(409,713)	Depreciation not rates funded	(487,000)	(457,000)
\$1,613,425	Rates Requirement	\$1,617,228	\$1,657,462

Masterton Airport (Hood Aerodrome)

2018/19		2019/20	2019/20
Actual		Actual	Budget
\$	Operating Costs	\$	\$
319,235	Airport operation & maintenance	450,944	291,340
83,547	Depreciation	83,326	80,722
402,781		534,270	372,062
	Operating Revenue		
207,024	Leases and other revenue	207,232	200,806
14,000	Internal recoveries	14,000	14,000
221,024		221,232	214,806
	Appropriations		
(30,000)	Transfers from reserves	(42,114)	(10,000)
104,502	Provision for loan repayments	112,959	112,367
(65,000)	Reverse depreciation not rates funded	(49,000)	(49,000)
\$191,260	Rates Requirement	\$334,883	\$210,623



Community Facilities & Parks

Rates Requirement Summary

2018/19 Actual \$	Activity	2019/20 Actual \$	2019/20 Budget \$
2,507,985	Parks, reserves & sportsfields	3,062,999	2,971,541
936,876	Trust House Recreation Centre	1,027,672	1,060,835
75,588	Cemeteries	74,267	89,007
755,032	District building	720,145	696,733
48,908	Housing for the elderly	67,754	53,098
267,678	Other rental properties	274,912	302,273
315,009	Public conveniences	342,219	348,421
140,931	Rural halls	90,288	106,714
3,184	Forestry	13,365	20,332
82,682	Mawley Holiday Park	108,545	129,891
191,260	Airport	334,883	210,623
1,605,718	Library	1,737,472	1,754,145
353,744	Archives	375,119	378,568
\$7,284,596	Rates Requirement	\$8,229,639	\$8,122,182

Community Facilities & Parks

Capital Expenditure Summary

2018/19 Actual \$		2019/20 Actual \$	2019/20 Budget \$
Parks, Reserves & Sportsfields			
347,459	QE Park rejuvenation - stage 5	605,660	415,000
9,815	QE Park - Irrigation System	16,165	-
8,269	Recreation trails extended	37,366	226,662
60,520	Upgrade facilities - (incl playgrounds)	120,148	425,902
53,171	Colin Pugh Sports Bowl upgrades	2,735	-
7,628	Street trees renewal & new	1,336	17,102
-	Furniture renewals	11,470	10,210
-	Henley Lake building upgrades	231,481	354,885
5,965	Henley Lake - intake upgrade	0	-
367,559	QE Park cricket grandstand upgrade	622,986	620,000
87,750	Sports facilities upgrades	284,829	537,940
19,775	Chinese pagoda	0	-
-	Parks & open spaces signage	0	2,042
967,912		1,934,175	2,609,743
Trust House Recreation Centre			
18,138	Pools plant & equipment renewals	99,617	80,000
257,705	Building & services upgrades	143,171	76,575
359,745	Outdoor pools renewals	0	-
635,588		242,788	156,575
Cemeteries			
0	Cemetery renovations & extensions	5,899	204,200
0		5,899	204,200
District Building			
182,858	New Events Centre	2,598	2,000,000
4,598	Facilities & equipment	0	10,210
186,314	Building upgrades & office renovations	439,903	180,630
0	Emergency Operations Centre building	0	714,700
53,224	Emergency generator	6,855	-
426,995		449,357	2,905,540
Housing for the Elderly			
135,372	Pensioner housing upgrades	117,199	241,540
135,372		117,199	241,540

* Note This capital statement is continued on the next page

Community Facilities & Parks (continued)

Capital Expenditure Summary

2018/19		2019/20	2019/20
Actual		Actual	Budget
\$	Other Property	\$	\$
3,680	Public conveniences upgrade	10,214	71,351
4,956	Castlepoint Toilet upgrade	84,549	315,000
40,697	Rental & Other property upgrades	132,394	50,000 *
-	Asbestos Removal - all property	0	160,000 *
3,600,000	Waiata House purchase	0	-
24,404	Mawley Park facility upgrades	18,286	89,023 *
0	Mawley Park Playground	0	20,420 *
-	Rural hall upgrades	18,403	-
3,673,738		263,846	705,794
	Library & Archive		
230,928	Book stock renewals	184,461	192,000
69,199	Computer system upgrades	60,522	45,000
293,410	Library Learning Centre	216,804	-
61,699	Building and furniture upgrades	7,150	40,000
-	Archive renewals (incl. IT)	0	125,000
655,236		468,937	402,000
	Airport		
5,531	Other Airport upgrades	1,000	80,000
-	Runway light replacement	9,753	150,000
50,745	Hanger area expansion (services)	65,231	362,554
0	Airport runway reseal	0	153,150
56,277		75,984	745,704
\$6,551,118		3,558,184	\$7,971,096
	Capital Funding		
(3,904,156)	Loan funds	(597,695)	(2,572,307)
(2,464,479)	Transfers from reserves	(2,930,477)	(5,298,789)
(182,483)	External contrib.	(30,012)	(100,000)
(\$6,551,118)		(3,558,184)	(7,971,096)

* Note the Budget between Rental and Mawley Park upgrades was incorrect and has been restated above.



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 involves delivering on our responsibilities under legislation, including:

- resource management and planning
- building control
- environmental health and alcohol licencing
- parking control
- animal control
- Civil Defence and emergency management.

WHAT WE ACHIEVED IN 2019/20

Highlights and key activities from 2019/20 include:

Resource Management and Planning

- 119 resource consents processed, and all building consents checked for planning implications.
- 365 Land Information Memorandum (LIMs) processed.
- Submitted on a range of central government policy and national environment standards, including the National Policy Statement (NPS) on Urban Development and the Proposed NPS on Highly Productive Land.
- Presented at hearings and attended submitter negotiations for the Greater Wellington Regional Council's Proposed Natural Resources Plan.

- Began a review of the Riversdale Beach Management Plan, which will continue in 2020/21.
- Worked with Carterton and South Wairarapa District Councils to appoint a contractor to support the review of the Wairarapa Combined District Plan. This review is scheduled to take place over the next three years.
- Worked with developers to enable extensive development that enhances the district and meets the needs of our community.

Building Services

- 695 building consents processed with an average processing time of 13 days. Of these, 79 were commercial consents and 171 were new residential dwellings.
- 5,395 inspections undertaken.
- 534 Code Compliance Certificates issued, with an average processing time of 15 days.

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

- Achieved accreditation to verify National Food Programme premises under the Food Act 2014. This required developing an auditable Quality Management System to support food verification services. Masterton is the only accredited Council in the Wairarapa at this stage.
- 186 inspections and verifications completed across food premises, personal services businesses, and alcohol-licensed premises.



Animal Services

- 86 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 180.
- 23 dogs rehomed (either by us or the SPCA), and 152 dogs returned to their owners.
- A new 'Take the Lead' initiative was undertaken to engage with dog owners at Henley Lake during the nesting season. Dog owners were offered a free dog lead and informed about when and where their dog is required to be on a lead.
- Four 'Doggy Day Out' events held to engage with dog owners and provide microchipping and registration services.
- Planned and scoped redevelopment of the Masterton Animal Shelter (pound), with building scheduled to get underway in 2021.

Civil Defence And Emergency Management

Civil Defence and Emergency Management is about keeping our communities safe 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 was integral to our community's COVID-19 response this year. The EOC was activated on Sunday 22 March 2020 and operated out of Waiata House for 69 days, staffed in staggered shifts by 55 employees from the three Wairarapa district councils and Greater Wellington Regional Council. Between 1 April and 29 May, the EOC received 207 calls and delivered 286 parcels. The EOC Facebook page was followed by 6,000 individuals and made 108 Facebook posts; and the EOC staff 'Tik Tok' had 47,000 impressions.

Outside of the COVID-19 response, WREMO continued working in the community to promote community hubs where residents can provide volunteer support to the community in the event of an emergency. Further information, including specific performance measures, are available in WREMO's annual report.

HOW WELL WE PERFORMED

Five of the 12 performance measures for this activity (42 per cent) were achieved in 2019/20, compared to seven (58 per cent) in 2018/19.

We know how important people's pets and working dogs are to them. The Animal Services team continued to work hard during the year to ensure that impounded dogs were returned to their owners or, where that wasn't possible, rehomed where suitable. As there were fewer impoundments, especially during COVID-19 Alert Level 4 restrictions, when most people were at home with their pets, the target for the year was not achieved.

There was an increase in the overall number of dog attacks through the year, up around 35 per cent on the previous two years. However, the number of attacks on people (as opposed to attacks on animals) decreased. During the year we have continued to focus on education and engagement with the community about dog safety and have promoted our services to remind the community that we are available 365 days a year to respond to incidents.

We have also promoted responsible dog ownership and have almost doubled the number of registered 'responsible owners', from 94 in 2018/19 to 180 in 2019/20.

We completed 186 inspections or verifications across food premises, personal services businesses, and alcohol-licensed premises (compared to 236 last year), to ensure they were operating safely, responsibly, and in accordance with national legislation and local bylaws. In addition, we supported a Controlled Purchase Operation (CPO). CPOs are planned operations to monitor the enforcement of provisions relating to the sale of alcohol to minors.

Both our Planning and Building teams faced resourcing challenges through 2019/20. While additional resource was approved for both teams, a national shortage of staff with experience in these areas meant recruitment was difficult.

The number of resource consent applications 'normalised' in 2019/20 following a surge in consents in 2018/19 (up 48 per cent compared to 2017/18). Despite resourcing challenges, 116 of the 119 consents that were received were processed on time. The three consents that went over time were all processed during the COVID-19 Alert Level 4 lockdown period.

There was an 8.7 per cent decline in the total number of building consents received in 2019/20 compared to the previous year. However, the number of consents received is only part of the story. More complex consents take longer to process and require more inspections, impacting work volumes for our building team. Higher volumes of more complex consents continued in 2019/20.

Despite resourcing challenges, and a heavy workload, 91.4 per cent of building consents were processed on time. Meeting inspection demand after COVID-19 level 4 restrictions also impacted on processing timelines in the last two months of the year.

We also continued to work with commercial building owners to ensure the buildings in our community are safe. We take a systematic approach to identifying earthquake-prone buildings and will continue to develop a profile of our district and work with building owners to ensure they meet their commitments under legislation. Priority buildings have already been identified and building owners have been notified.

Compliance schedules were current for 764 percent of commercial buildings that are required to have a Building Warrant of Fitness (BWOF). Recruiting to fill current vacancies will be a priority in 2020/21 as additional resource will enable a greater focus on increasing the number of current compliance schedules.

Reserves and infrastructure contributions from developers were \$1.38 million compared to the \$0.96 million in the annual plan, reflecting the continuing high level of subdivision activity during the year.

Building development income of \$1.25 million was 13 per cent more than planned, reflecting the continuing high level of activity in residential building. Costs in this area are 4 per cent more than planned, partly due to higher processing costs related to the high volumes of consents and partly due to ongoing legal costs incurred in defending liability claims.

Emergency Management costs were \$113,240 (44 per cent) more than planned, reflecting the costs of operating the EOC during the COVID-19 lockdown. Cost recoveries have seen no significant impact on the net rates required for this activity.

COVID-19

The COVID-19 pandemic has impacted some of these activities. Planning and building services saw little drop in activity during level 4 lockdown, despite building work not being an essential service. Staff were able to work from home to process consent applications, but inspections were deferred. As noted above, time limits on three resource consents were not met due to consultants not being able to undertake inspections during the lockdown period.

COVID-19 restrictions impacted on our ability to complete all food premise inspections that were due in the 2019/20 year. Inspections that were not completed were rescheduled and prioritised. There were no implications for businesses as a result of this. Implementation of the new Food Act and associated training was delayed due to COVID-19.

Animal Services activity was busier than usual during the lockdown period as more people were out with their dogs and more incidents were attended.

Parking control revenue has been impacted by the COVID-19 lockdown. As a recovery measure, the council decided not to charge for metered spaces until 1 September. In the last quarter, to 30 June 2020, parking revenue was down \$31,200.

The Council hosted the EOC in Waiata House during lockdown. The costs incurred in providing welfare services have been recovered from Central Government, while the operational costs of the EOC have been shared by the three Wairarapa district councils and Greater Wellington Regional Council. The MDC share of those costs (approximately \$40,000) has been funded from an emergency costs self-insurance fund.

WHAT WE DO: DELIVER FAIR, APPROPRIATE AND CUSTOMER-FRIENDLY REGULATORY SERVICES THAT SUPPORT COMMUNITY HEALTH AND SAFETY

Measure	2017/18 Result	2018-28 Target	2018/19 Result	2019/20 Result
Number of dog attacks (on people and stock) in our district	New measure Baseline: 65 attacks 17 dog attacks on people and 48 attacks on stock, domestic animals or poultry (average over the previous three years)	Reducing over time and no more than baseline	Achieved 63 attacks 24 attacks on people and 39 attacks on stock, domestic animals or poultry	Not Achieved 86 attacks 14 attacks on people and 72 attacks on stock, domestic animals or poultry.
Number of 'responsible owners' of dogs	New measure	Increasing number of 'responsible owners'	Achieved 94 responsible owners	Achieved 180 responsible owners

Measure	2017/18 Result	2018-28 Target	2018/19 Result	2019/20 Result
Number of pet/working dogs reunited with their owner or rehomed	New measure Baseline: 207	Increasing over time and at least baseline	Achieved 209 191 returned to owners, 18 rehomed (by MDC or the SPCA)	Not Achieved 175 152 returned to owners, 23 rehomed (by MDC or the SPCA) Refer to the 'How well we performed' section above for further information.
Proportion of known food premises scheduled for assessment or verification in the current financial year that were assessed or verified of safe sale and/or service	81 per cent of scheduled assessments completed	At least one inspection per known premise scheduled for assessment or verification in that year	Not Achieved 92 per cent 129 of 140 scheduled verifications completed. All final Food Act transitions were completed by the end of February 2019 deadline . This resulted in longer inspection times and required additional staff resourcing.	Not Achieved 73 per cent 99 of 135 scheduled verifications completed. COVID-19 restrictions impacted the team's ability to complete all the scheduled inspections by the end of June 2020. There were no implications for businesses as a result of this.
Proportion of known personal services (hair, beauty etc) premises scheduled for assessment or inspection in the current financial year that were assessed or verified of safe sale and/or service	66 per cent of scheduled assessments completed (note this figure included camping grounds, offensive trade licenses, etc)	At least one inspection per known premise scheduled for assessment in that year	Not Achieved 84 per cent 43 of 51 required inspections completed. This is an improvement on the previous year despite not being achieved. Eight inspections were not completed due to premises not being open or unavailable at scheduled times. These will be rescheduled in 2019/20.	Not Achieved 84.8 per cent 56 of 66 required inspections completed. This is an improvement on the previous year despite not being achieved. COVID-19 restrictions impacted the team's ability to complete all the scheduled inspections by the end of June 2020. There were no implications for businesses as a result of this.

Measure	2017/18 Result	2018-28 Target	2018/19 Result	2019/20 Result
Proportion of known licensed premises assessed or inspected of safe sale and/or service	50 per cent of premises assessed	At least one inspection per known premise scheduled for assessment in that year	Achieved 100 per cent. There were 32 premises that required assessment in 2018/19. All 32 were completed.	Achieved 100 per cent. There were 31 premises that required assessment in 2019/20. All 31 were completed.
Percentage of consents processed within statutory timeframes	98 per cent 789 of 804 building consents received were processed within statutory timeframes (average of 13 working days)	99 per cent	Not Achieved 96 per cent. 729 of 761 building consents received were processed within statutory timeframes (average of 12 working days). The volume of consents and available resources had an impact on results for the year.	Not Achieved 91.4 per cent. 635 of 695 building consents received were processed within statutory timeframes (average of 13 working days). Vacancies within the team impacted on our ability to meet this target.
	97 per cent (of 154) non-notified resource consents There were no notified resource consents.		Achieved 100 per cent of resource consents processed within statutory timeframes (195 resource consents received).	Not Achieved 97.5 per cent of resource consents processed within statutory timeframes (119 resource consents received). Three consents processed during COVID-19 Level 4 'lockdown' were not processed on time.
Percentage of building consent applicants that were satisfied with consent process and customer service received	New measure	Improving over time, and at least baseline	Achieved 87.5 per cent rated their overall experience at least 3 out of 5. This result establishes the baseline.	Achieved 100 per cent rated their experience 5 out of 5, noting there were only two responses. Refer to the 'How well we performed' section above for further information.

Measure	2017/18 Result	2018-28 Target	2018/19 Result	2019/20 Result
Percentage of planning consent applicants that were satisfied with consent process and customer service received	New measure	Improving over time, and at least baseline	Not Achieved A survey to inform satisfaction with consent process and customer service received was undertaken, but this focused on building consents as opposed to planning consents. The baseline for planning will be established in the coming year.	Not Achieved 66.7 per cent of resource consent applicants who completed the survey were 'very happy' rating the team 5/5. 100 per cent rated the team at least 3 out of 5, noting there were only six responses. Refer to the 'How well we performed' section above for further
Percentage of commercial buildings that have a current Building Warrant of Fitness (BWOF)	72 per cent 259 of 360 BWOFs current	At least 80 per cent	Not Achieved 67 per cent 267 of 398 active compliance schedules are current. The volume of consents and available resources impacted results for the year.	Not Achieved 64 per cent 224 of 352 active compliance schedules are current. The availability of resources impacted results for the year.
Percentage of notified potentially Earthquake-Prone (EQP) priority buildings where the owners have responded to advise action or have remediated the EQP status of their building	New measure	Annual increase, with 100 per cent by the legislative deadline*.	Achieved 17 per cent Owners that have received a potentially earthquake-prone building notice: 12 Owners that have either strengthened or demolished: 2 Baseline established.	Achieved 19 per cent Owners that have received a potentially earthquake-prone building notice: 21 Owners that have either strengthened or demolished: 4

*Note, the legislative deadline has been reported as 2025 previously, however owners actually have 7 years from the time that their building is confirmed as earthquake prone to remediate this.

COST OF SERVICE STATEMENT

Resource Management & Planning			
2018/19		2019/20	2019/20
Actual		Actual	Budget
\$	Operating Costs	\$	\$
524,328	Resource management & Budgetning	738,405	674,070
150,265	River scheme contributions	153,276	152,711
46,747	Wairarapa District Budget (MDC share)	2,203	260,210
721,340		893,885	1,086,991
	Operating Revenue		
143,063	User charges - consent fees & recoveries	123,462	107,757
1,258,006	Reserves & infrastructure contributions	1,382,371	965,000
1,401,068		1,505,833	1,072,757
	Appropriations		
(80,802)	Transfers from reserves	(700)	(251,500)
270,000	Transfer to reserves	120,000	120,000
1,258,006	Transfer to reserves - various contributions	1,382,371	965,000
\$767,476	Rates Requirement	\$889,723	\$847,734



Building Development

2018/19 Actual \$		2019/20 Actual \$	2019/20 Budget \$
	Operating Costs		
1,622,335	Building Services costs	1,732,007	1,658,315
4,119	Project - Earthquake assessments	2,050	10,000
\$1,626,454		\$1,734,057	\$1,668,315
	Operating Revenue		
1,130,725	Consent fees & charges	1,246,583	1,105,529
\$1,130,725		\$1,246,583	\$1,105,529
	Appropriations		
(20,000)	Transfers from reserves	(146,900)	(112,500)
0	Transfer to reserves	110,000	-
\$475,730	Rates Requirement	\$450,574	\$450,286

Environmental Health & Licensing

2018/19 Actual \$		2019/20 Actual \$	2019/20 Budget \$
	Operating Costs		
623,742	Environmental health & licensing costs	656,459	710,373
135,408	Alcohol Act enforcement activities	152,574	189,511
759,150		809,033	899,884
	Operating Revenue		
60,588	License fees & charges	54,044	63,622
74,224	Alcohol licensing fees & charges	79,300	88,500
256,308	Internal recoveries	256,949	256,951
391,120		390,293	409,073
	Appropriations		
0	Transfers from reserves	-	(25,000)
25,000	Transfer to reserves - project funding	15,000	-
\$393,030	Rates Requirement	\$433,741	\$465,811





Parking Services

2018/19		2019/20	2019/20
Actual		Actual	Budget
\$	Operating Costs	\$	\$
166,022	Parking control costs	191,794	189,792
16,844	Depreciation - meters	16,881	17,234
182,866		208,675	207,026
	Operating Revenue		
252,691	Parking meters and fines	216,306	247,511
	Appropriations		
(\$69,825)	Rates Requirement (surplus)	(\$7,630)	(\$40,485)

Animal Services

2018/19		2019/20	2019/20
Actual		Actual	Budget
\$	Operating Costs	\$	\$
409,261	Dog control services incl. pound	456,617	486,162
	Operating Revenue		
368,622	Dog registration fees & other revenue	380,117	379,030
	Appropriations		
(2,233)	Transfers from reserves	(1,163)	(20,000)
30,000	Transfer to reserves	10,000	-
\$68,406	Rates Requirement	\$85,337	\$87,131



Emergency Management

2018/19		2019/20	2019/20
Actual		Actual	Budget
\$	Operating Costs	\$	\$
119,479	Emergency management costs	244,424	130,987
124,631	WREMO CD/EM costs (MDC Share)	126,408	126,604
244,109		370,832	257,591
	Operating Revenue		
39,486	Misc. recoveries - CD/EM Wairarapa	115,252	25,595
	Appropriations		
-	Transfer from reserves - project funding	(40,000)	(20,000)
8,236	Transfer to reserves - self insurance	5,000	5,000
\$212,860	Rates Requirement	\$220,580	\$216,997

Regulatory Services

Rates Requirement Summary

2018/19		2019/20	2019/20
Actual	Activity	Actual	Budget
\$		\$	\$
617,210	Resource Management & Planning	736,446	695,023
150,265	River Scheme contributions	153,276	152,711
475,730	Building Services	450,574	450,286
393,030	Environmental Health & Licensing	433,741	465,811
(69,825)	Parking Services	(7,630)	(40,485)
68,406	Animal Services	85,337	87,131
212,860	Emergency Management	220,580	216,997
\$1,847,675	Rates Requirement	\$2,072,323	\$2,027,474

Regulatory Services

Capital Expenditure Summary

2018/19		2019/20	2019/20
Actual		Actual	Budget
\$	Regulatory Services	\$	\$
-	Emergency Management equipment	11,173	58,000
-	Environmental Health equipment	-	8,168
4,495	Animal Services equipment & signage	17,084	30,420
-	New Animal pound	40,560	100,000
-	Parking equipment	6,638	15,000
\$4,495		75,455	\$211,588
	Capital Funding		
(4,495)	Transfer from reserves	(75,455)	(211,588)
(\$4,495)		(\$75,455)	(\$211,588)

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).

2018/19		2019/20	2019/20
Actual		Actual	Budget
\$	Operating Costs	\$	\$
-	District Licensing Committee costs	-	13,000
128,381	Inspector Operations	144,371	168,011
7,027	Alcohol Act enforcement activities	8,203	8,500
135,408	Total Alcohol licensing costs	152,574	189,511
	Operating Revenue		
74,224	Alcohol Act Licensing fees & charges	79,300	88,500
\$61,184	Rates Requirement	\$73,274	\$101,011



GOVERNANCE AND CORPORATE SERVICES

MANA WHAKAHAERE ME NGĀ RATONGA ŌKAWA



WHAT WE DO

We provide support to elected members by facilitating council and committee meetings, publishing agendas, and making them available to the public, supporting iwi-council relationships, consulting with the community on key decisions, and running the local body election process every three years.

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 leadership.

WHAT WE ACHIEVED IN 2019/20

Key achievements in 2019/20 include:

- The council responded to COVID-19 with an immediate package that included up to 12 month's rent relief for community groups, individuals and businesses renting council property that could demonstrate hardship; no rent increases on council-owned properties for 2020/21; the offer to refund building consent fees for consents granted where there had been no inspection and the new build was not going to proceed; free parking in the town centre until 31 August 2020 and 100 per cent subsidy on registration fees for services such as hairdressers and beauticians. We also began work on a COVID-19 Recovery Plan for the Wairarapa which is being developed in collaboration with Carterton and South Wairarapa District Councils.
- The 2019 local body election took place on 12 October 2019. This resulted in five new elected members for Masterton District Council. An induction programme was rolled out for the new council from October 2019, and there have been ongoing training and development opportunities for elected members.
- Our campaign to promote the election and encourage people to have their say attracted national media attention and our Communications and Marketing Team won two national awards for the campaign. Masterton's voter turn-out increased by 4.4 per cent compared to the previous election (from 44.6 per cent to 49 per cent), bucking nationwide trends of declining voter turn-out.
- The Governance Statement and Code of Conduct were reviewed after the election, in alignment with the election cycle.
- The new council's committee structure includes a Rural Advisory Group. Terms of Reference were adopted in June 2020 for that group, which will be established in 2020/21.
- Background work has continued in preparation for a move to electronic council meeting agendas, which will be rolled out in 2020/21.

- The Annual Plan 2020/21 was completed and adopted by the council on 24 June 2020 and incorporated some new approaches, such as hearings held via Zoom, given COVID-19 restrictions. A total of 332 submissions were received - the most feedback we have received on an annual plan in recent years.
- We started preliminary work on our 2021-31 Long Term Plan, which will be consulted on in the 2020/21 year. This work included a Resident Satisfaction Survey. Refer to Page 17 for further information.
- We progressed policy and bylaw reviews, including a number of internal facing policy reviews and a review of Speed Limits across the District.
- We made 12 submissions on a range of topics over the last 12 months, including submissions on the Climate Change Response (Zero Carbon Amendment Bill, the Resource Management Amendment Bill, and on National Policy Statements on Urban Development and Highly Productive Land.



HOW WELL WE PERFORMED

Six of the nine performance measures for this activity (66.7 per cent) were achieved in 2019/20, compared to seven (78 per cent) in 2018/19.

We continued a focus on improving efficiency during the year. We increased the number of rates invoices sent out via email and more people made payments online. This makes things easier for our community and means we can provide a greater level of service.

We are also working to ensure our policies are up to date. While all the policies we are required to have under legislation are current, there are a number of other policies that need to be reviewed or developed, which will also enable greater efficiency. There are currently 64 policies recorded in the Policy Register. Of these, 38 (59 per cent) are current and 11 (17 per cent) are overdue. The remaining policies are under review, in development or have been identified for development.

Our community is diverse, and we want to make sure everyone has an opportunity to have their say so we are always looking for new ways to genuinely engage with our community, beyond what we're required to do under legislation.

Our campaign to promote the local elections and the opportunity to vote included some new approaches that attracted attention and won an award. These included using local faces to encourage voting, dressing staff in bright 'election orange' t-shirts and 'mobile voting boxes' at places like Mitre 10 Mega and the local Wairarapa-Bush rugby finals. The voting box also toured our rural areas, enabling those who are more remote to vote easily.

Unfortunately, COVID-19 restrictions meant we couldn't proceed with our plans for face-to-face consultation sessions on the 2020/21 Annual Plan over March and April. Additional social and print media activity was undertaken instead. We also adapted submissions and hearing processes, receiving submissions via the telephone and holding hearings via Zoom. In total, 332 submissions were received. There was an increase in the number of younger submitters, but less diversity in the ethnicity of submitters compared to the baseline year (2016/17).

Earlier in 2019/20 we sought the community's views on topics to help inform the options included in the Annual Plan 2020/21 and the Speed Limit Review. A 'Have Your Say' office was established in our Queen Street Customer Service Centre, providing people with an opportunity to comment on the Civic Centre project and the Speed Limit Review. A range of 'pop-up' and face-to-face opportunities were also provided, including surveying people at Henley Lake and attending Waifest to gauge opinions on key projects.

The costs of the governance activity were 5.9 per cent less than the level planned while Corporate Services costs have run 7.2 per cent less than planned. Savings of \$200,000 have been carried forward in reserves. Savings have arisen from lower spending of training budgets and a number of budgeted staff positions not filled for the full year.

COVID-19

The COVID-19 pandemic has impacted the governance and corporate services activities in a range of ways.

The council continued to hold meetings using Zoom. The democratic process was able to be maintained, despite the restrictions that were imposed on community.

The council decided, as a relief measure during the pandemic lockdown, to not charge the instalment penalty on unpaid rates on the May 2020 instalment. The impact of this decision was forgoing some \$60,000 of penalty income.

Rate arrears at 30 June 2020 were 29 per cent more than the prior year (\$140,761). As a percentage of total rates levied it was an increase from 1.3 per cent to 1.5 per cent. Some of that increase can be attributed to ratepayers having financial difficulties as a result of COVID-19, but some ratepayers were simply taking advantage of there being no penalty for late payment.

The council needed to invest in a range of IT equipment to ensure it could have staff delivering services from home during lockdown and in preparation for further possible restrictions.

WHAT WE DO: DELIVER HIGH QUALITY CUSTOMER SERVICE TO OUR COMMUNITY AND PROVIDE OPPORTUNITIES FOR PARTICIPATING IN COUNCIL DECISION-MAKING

Measure	2017/18 Result	2018-28 Target	2018/19 Result	2019/20 Result
Annual staff turnover (excluding fixed term appointments)	New measure Baseline: 11 per cent	Within 5-15 per cent	Achieved 12.3 per cent	Achieved 13.9 per cent
Ratio of compliments to complaints as a reflection of customer satisfaction with the service received from our frontline teams	New measure Baseline: 1.15 compliments for every one complaint 148 compliments, 129 complaints	Improving over time and at least baseline (1.15 to 1)	Achieved 4.2 compliments for every one complaint 104 compliments, 25 complaints	Achieved 8.1 compliments for every one complaint 73 compliments, 9 complaints
Percentage of rates invoices emailed (instead of posted)	New measure Baseline: 14 per cent 1,790 of 12,425 rated properties	Increase over time.	Achieved 15.5 per cent 1,974 of 12,704 rated properties.	Achieved 22.4 per cent 2,844 of 12,704 rated properties.
Transactions completed electronically (including via our website)	New measure Baseline: 83.5 per cent of transactions were electronic in the year ending 30/6/17 Mostly automatic payments or direct debits	Increase over time, with no decline from baseline (83.5 per cent).	Achieved 85.5 per cent of transactions were electronic.	Achieved 88 per cent of transactions were electronic.
Number of learning opportunities (training sessions/forums/conferences) elected members have attended	New measure	Increase over time and at least maintain the baseline	Achieved 17 learning opportunities attended by elected members Baseline established	Not Achieved 16 learning opportunities attended by elected members. Two learning opportunities were deferred due to COVID-19 restrictions.
Proportion of policies in our register that are current	52 per cent current	Annual improvement, with 95 per cent by Year 3	Achieved 56 per cent current	Achieved 59 per cent current

Measure	2017/18 Result	2018-28 Target	2018/19 Result	2019/20 Result
Media coverage of MDC decisions and activities	New measure Baseline established in 2018/19 2.5 positive for every 1 negative 76 positive, 30 negative.	Improve the ratio of positive to negative media coverage over time, and at least maintain the baseline.	Achieved 2.5 positive for every 1 negative 76 positive, 30 negative.	Not Achieved 1.1 positive for every 1 negative 32 positive, 29 negative.
The diversity of people who had their say on MDC's Annual or Long-Term Plan	For the 2016/17 Annual Plan (the baseline for this measure): 22 per cent identified as Māori or Other	Increase in the percentage of respondents who identify as Māori or Other	Not Applicable Consultation was not undertaken on the 2019-20 Annual Plan, as no significant issues were identified	Not Achieved 14.9 per cent identified as Māori, Asian or Other.
	For the 2016/17 Annual Plan (the baseline for this measure): 9 per cent were aged under 50.	Increase in the percentage of respondents aged under 50		Achieved 42.4 per cent were aged 44 or under and 17.8 per cent were aged 45-54.

COST OF SERVICE STATEMENT

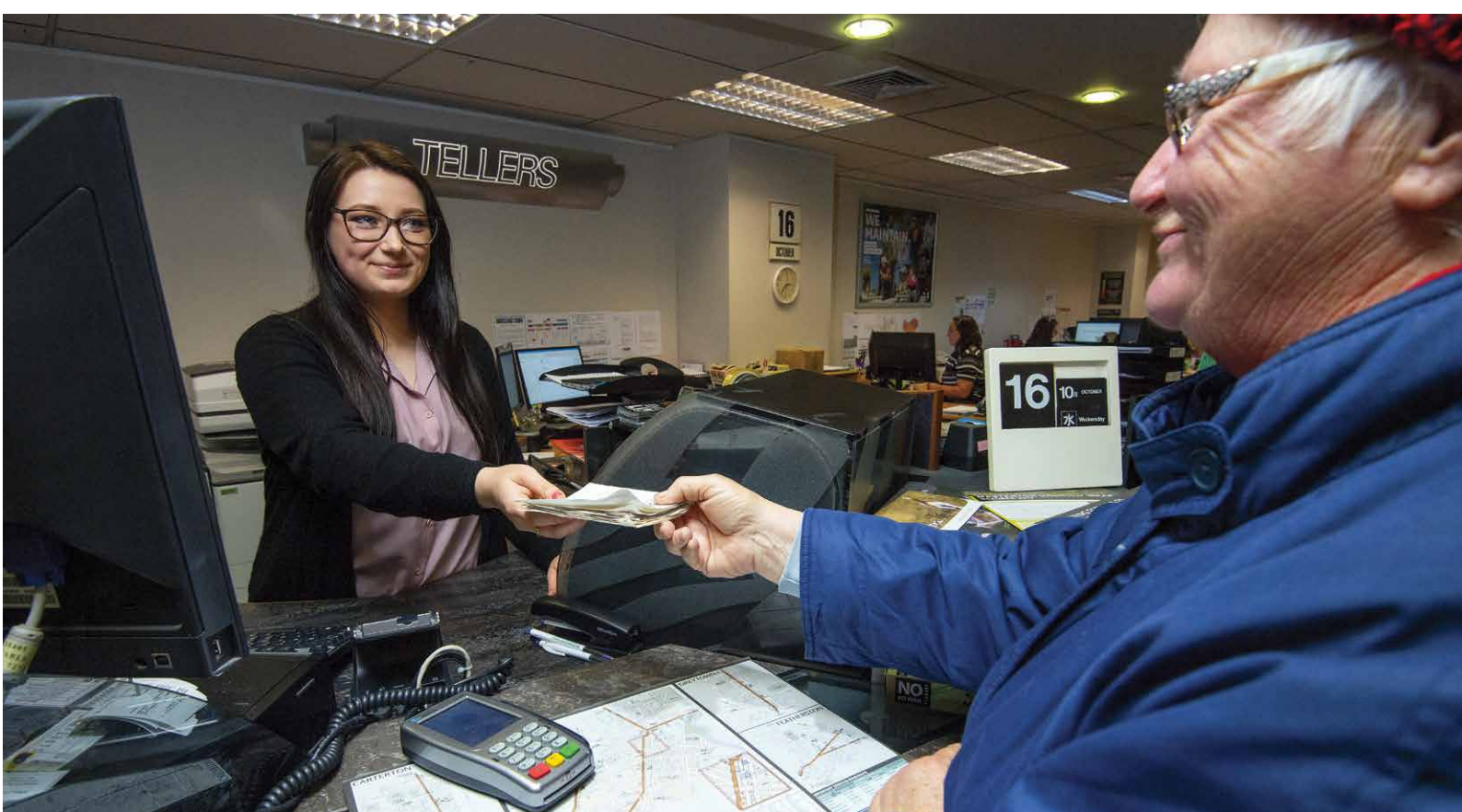
Governance				
2018/19		2019/20	2019/20	
Actual		Actual	Budget	
\$	Operating Costs	\$	\$	
419,725	Mayor & Councillors' remuneration	488,045	502,280	
36,490	Reporting & consultation	41,004	47,605	
23,949	Election costs	136,096	130,000	
583,616	Operating expenses	663,706	732,351	
1,063,781		1,328,850	1,412,236	
	Operating Revenue			
0	Recoveries of Election Costs	96,636	85,000	
429,015	Internal allocation of governance costs	494,973	520,895	
1,244	Misc. Income	1,495	-	
430,259		593,103	605,895	
	Appropriations			
-	Transfers from reserves	(18,288)	(25,000)	
10,000	Transfers to reserves	25,000	-	
\$643,522	Rates Requirement	\$742,459	\$781,341	

Roothing Advisory Services

2018/19		2019/20	2019/20
Actual		Actual	Budget
\$		\$	\$
Operating Costs			
715,200	Professional staff & operating costs	751,363	769,908
11,356	Depreciation	14,046	7,979
726,556		765,409	777,887
Operating Revenue			
585,317	Prof. services - subsidised roading	510,603	489,480
83,087	Prof. services - non-subsidised roading	163,726	153,088
39,650	Prof. services - other Council activities	83,645	80,185
18,502	External revenue	7,435	55,134
726,556		765,409	777,887
Appropriations			
-	Transfer to reserves	-	-
\$0	Rates Requirement	\$0	\$0

Asset & Project Management

2018/19		2019/20	2019/20
Actual		Actual	Budget
\$		\$	\$
Operating Costs			
1,428,421	Professional staff & operating costs	1,480,973	1,570,920
Operating Revenue			
1,400,444	Internal charges & recoveries	1,473,033	1,550,440
27,978	External recoveries	7,940	20,480
1,428,421		1,480,973	1,570,920
Appropriations			
\$0	Rates Requirement	(\$0)	(\$0)



Corporate Services

2018/19		2019/20	2019/20
Actual		Actual	Budget
\$		\$	\$
Operating Costs			
1,246,401	Management & administration	1,452,173	1,591,645
1,381,593	Financial management	1,415,297	1,475,963
602,499	Strategic Planning	715,499	664,980
600,392	Information systems	722,891	874,757
468,471	Communications & Promotion	631,862	650,157
404,986	Human Resources	448,118	548,238
199,786	Council Vehicle Fleet Costs	209,753	220,378
4,904,127		5,595,594	6,026,117
Operating Revenue			
226,296	Miscellaneous revenue & recoveries	202,879	225,271
1,159,637	Interest revenue (external)	945,012	771,000
283,022	Interest revenue (on internal loans)	291,957	370,605
9,969	Other Internal recoveries	11,770	13,294
3,862,712	Support services allocated internally	4,814,979	4,970,569
199,786	Council Vehicle Fleet Recovery	209,753	220,378
5,741,423		6,476,351	6,571,117
Appropriations			
(17,500)	Transfer (from) reserves	-	(40,000)
-	Transfers to reserves (c/fwd funds)	200,000	-
854,795	Transfer to reserves - interest	680,757	585,000
\$0	Rates Requirement	\$0	\$0

Internal Functions

Capital Expenditure Summary

2018/19		2019/20	2019/20
Actual		Actual	Budget
\$		\$	\$
Asset Management			
-	Asset management system & equipment	-	25,000
Corporate Services			
132,650	IT equipment replacement	130,210	91,890
-	GIS aerial photos & data capture	1,565	25,525
-	Phone system upgrade	-	6,000
12,355	IT Council Meetings Info System	-	-
39,100	Pool Vehicle replacement	133,418	170,000
-	Document management system	-	10,210
184,106		265,193	328,625
Capital Funding			
(184,106)	Transfer from reserves	(265,193)	(328,625)

FINANCIAL REPORTS

NGĀ PŪRONGO PŪTEA



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 2020	\$ millions	Optimised Replacement Values	Optimised Depreciated Replacement Values
Roads, bridges & footpaths (includes bridges & culverts, excludes land)		627.24	482.69
Water treatment plant & facilities - Masterton		17.26	5.60
Water reticulation (including rural supplies)		84.10	35.74
Sewerage treatment plant & facilities - Masterton		39.67	35.21
Sewerage reticulation - Masterton		100.28	51.37
Sewerage systems - rural*		15.57	10.94
Stormwater assets		36.23	21.11
Flood protection & control works		6.38	4.87
		<u>926.71</u>	<u>647.54</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 2020

Number of rating units within the District	12,702
Capital Value of rating units as at 30 June 2020	\$6,080.7 million
Land Value of rating units as at 30 June 2020	\$3,073.5 million
Rates income for 2020/21 (per 2020/21 Annual Plan)	\$33,012,538 (excl GST & capital contribution rates)
Average rates income per rating unit	\$2,599.00 (excl GST)

30 June 2019

Number of rating units within the District	12,500
Capital Value of rating units as at 30 June 2019	\$5,981.3 million
Land Value of rating units as at 30 June 2019	\$3,055.6 million
Rates income for 2019/20 (per 2019-20 Annual Plan)	\$31,823,763 (excl GST & capital contribution rates)
Average rates income per rating unit	\$2,545.90 (excl GST)

INSURANCE INFORMATION

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

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

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

Insurance of Assets – for the year ending 30 June 2020

Asset values from Statement of Financial Position	Carrying value 1 July 2019	All values in \$000's
Property, plant and equipment	102,729	
Infrastructural assets	652,439	
Forestry	536	
Investment properties	2,668	
	758,372	
Less:		
Land component of operational assets	58,256	
Land under roads & road formation	356,556	
	414,812	
Net Non-Financial Assets (excluding land)	\$ 343,560	
Insurance Arrangements 2019/20		
Material damage cover for buildings, plant, contents	\$ 126,678	Cover spread over 5 insurers, \$5k excess, covers 230 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	\$ 650	Insured for market value, carrying value assumed here.
Forestry (standing timber) cover	\$ 675	Cover for trees declared value for fire, windstorm value \$17.5k, deductible of 1.5% of declared value
Risk Sharing Arrangements		
Cover for infrastructural assets as a member of LAPP (underground assets)	\$ 223,831	This is the replacement value (ORV) of assets listed on the LAPP Fund schedule for 2017/18. LAPP cover equated to 40% ie \$88,919k, with a deductible of \$600k. LAPP factor up the ORV for additional costs of recovery and had reinsurance to cover up to \$100m through the course of 2018/19. 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)	\$ 278,880	This is the replacement value of all roading assets that would be subject to NZTA subsidies, including bridges and culverts, but excluding land and formation value. The NZTA subsidy on flood and other roading network damage is 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
Assets Self-insured		
Airport runway & taxiways	\$ 4,069	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)	\$ 12,120	This is the replacement value of roading assets which are not subject to NZTA subsidy. The risk of damage to these assets is low and other than depreciation funds held, no specific insurance cover is provided for.

The Council has no insurances relating to financial or intangible assets

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

RATES AFFORDABILITY BENCHMARKS

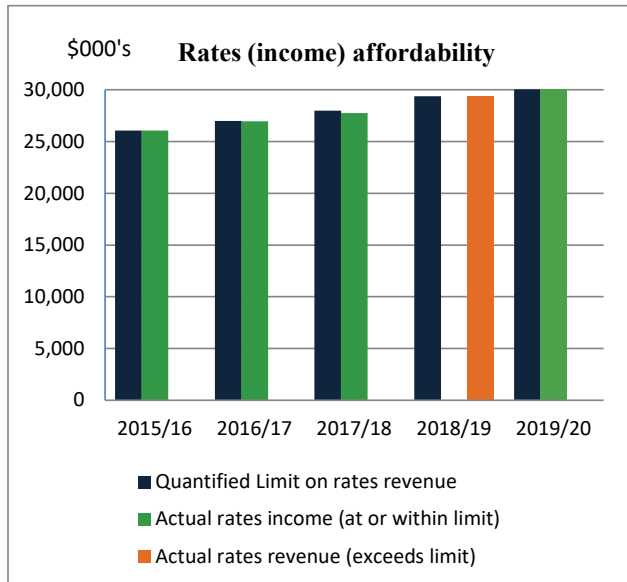
The Council meets this benchmark if:

1. The actual rates 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

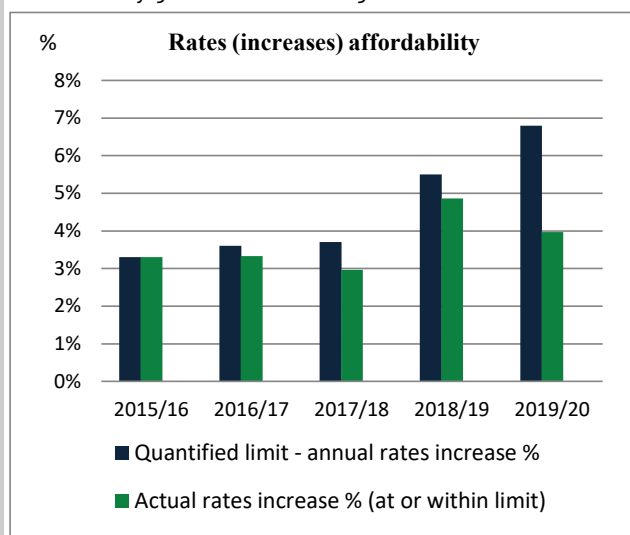
This graph compares the Council's actual revenue from rates, with the rates revenue limit forecast in the Long-Term Plan and Annual Plan.



The rates income signalled in the 2015 and 2018 LTPs were modified in subsequent Annual Plans.

Rates (increases) affordability

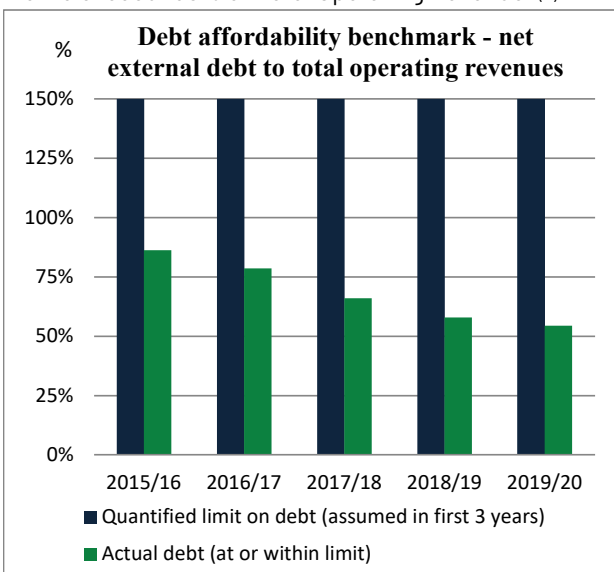
This graph compares the Council's actual rates increases with a quantified limit on rates increases included in the 2015 & 2018 financial strategy and LTP. The limit is that rates increases will be within the LGCI increase, plus 1% or 3.5% (from 2018) and are after taking into account the effect of any growth in the rating base.



DEBT AFFORDABILITY BENCHMARKS

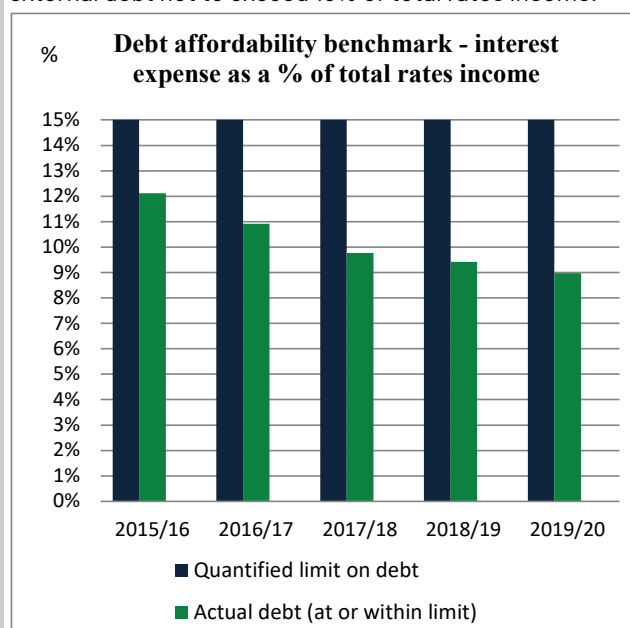
The Council meets the debt affordability benchmarks if its actual borrowing and borrowing costs are within the Council's quantified limits for borrowing, as set in the LTP.

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



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

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

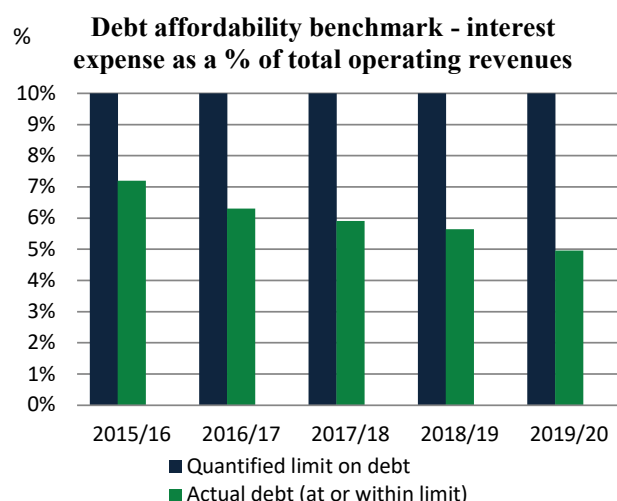


(2) Operating Revenue is as per the Statement of Comprehensive Revenue & Expense - all earnings including financial contributions, but excluding vested assets.

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.

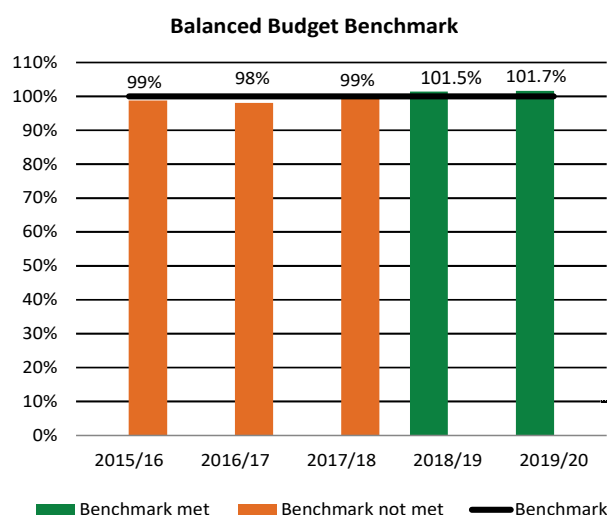


BALANCED BUDGET BENCHMARK

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 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 results each 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.

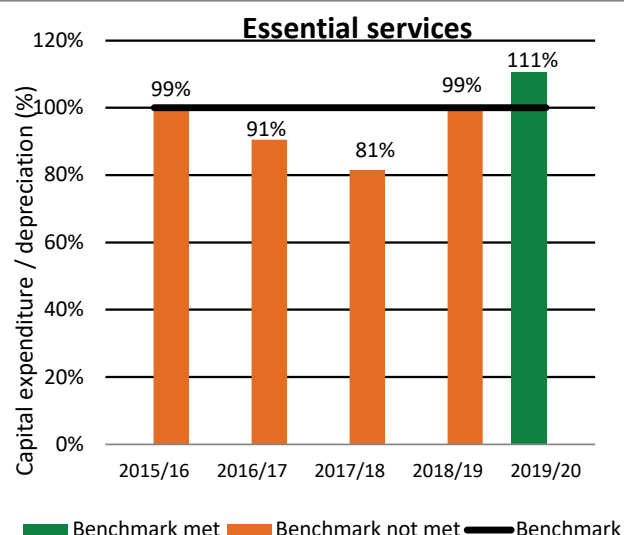
Notes:

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

2019/20 capital and renewals expenditure on Roothing of \$5.7m was more than depreciation of \$5.1m, however close to \$1.2m of that expenditure was on upgrading Solway Crescent (ie urbanising a rural lane).

The water meters project saw \$1.8m spent on new assets, which has also helped achieve a spend greater than depreciation in the 2019/20 year.

With the Homebush wastewater plant only completed in 2015 and the Riversdale wastewater system built in 2012, the renewals expenditure needs will be lower than the depreciation booked against those assets for many years, making this benchmark difficult to achieve.



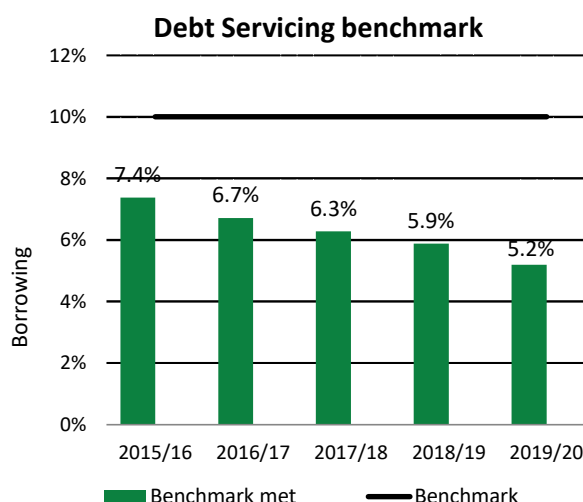
DEBT SERVICING BENCHMARK

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

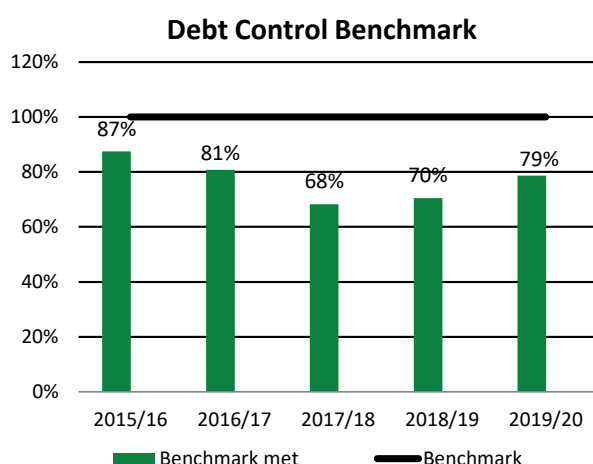
The following graph displays the Council's actual net debt as a proportion of planned net debt. The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.

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.

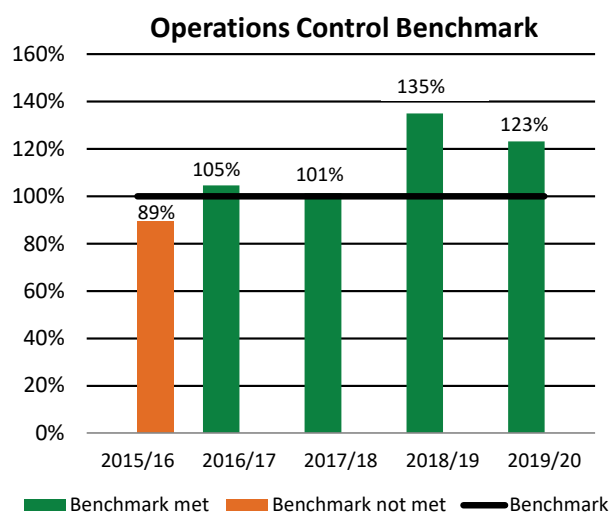


OPERATIONS CONTROL BENCHMARK

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

Notes:

The Council's cashflow from operation's has been consistently better than planned over the last 5 years, except for 2015/16 when a receivable at year end from NZTA of some \$1.3m meant net cash from operating was adversely affected.



FUNDING IMPACT STATEMENTS

As per the Local Government Act 2002 (Schedule 10, sec 26) the Council is required to produce an audited funding impact statement for the Council and for each group of activities comparing the information in the required format with the Long-Term Plan. Set out below and on the following 12 pages are the funding impact statements in the required format. Both Plan, Long-Term Plan and prior year comparatives are shown where required.

FUNDING IMPACT STATEMENT

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

COUNCIL	2018-19 Annual Plan	2018-19 Actual	2019-20 Annual Plan	2019-20 Actual
	\$000s	\$000s	\$000s	\$000s
Sources of Operating Funding				
General rates, uniform charges, rates penalties*	200	196	200	167
Targeted rates (excluding water by meter)*	29,259	29,325	29,259	31,106
Subsidies and grants (for operating)	2,562	2,866	2,562	2,907
Fees & charges (incl metered water)	7,189	7,800	7,189	7,571
Interest & dividends	698	1,174	698	956
Other receipts (incl petrol tax & fines)	296	334	296	320
Total operating funding (A)	40,203	41,695	40,203	43,028
Applications of Operating Funding				
Payments to staff and suppliers	28,948	29,030	28,948	30,497
Finance costs	2,598	2,638	2,598	2,388
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	31,546	31,668	31,546	32,885
Surplus/(Deficit) of operating funding (A-B)	8,657	10,027	8,657	10,142
Sources of Capital Funding				
Subsidies & grants for capital expenditure	2,600	3,306	2,600	3,002
Development & financial contributions	682	1,756	682	2,032
Increase /(decrease) in debt	1,415	(2,027)	1,415	1,091
Gross proceeds from sale of assets	-	161	-	91
Lump sum contributions	-	1,382	-	5,151
Other dedicated capital funding	150	-	150	-
Total sources of capital funding (C)	4,848	4,577	4,848	11,366
Application of Capital Funding				
Capital expenditure:				
- to meet additional demand	910	1,936	910	6,505
- to improve level of service	6,516	6,102	6,516	4,944
- to replace existing assets	10,881	8,806	10,881	8,837
Increase/(decrease) in reserves	(5,410)	1,189	(5,410)	418
Increase/(decrease) in investments	610	(3,429)	610	804
Total application of capital funding (D)	13,506	14,604	13,505	21,508
Surplus / (deficit) of capital funding (C-D)	(8,658)	(10,027)	(8,657)	(10,142)
Funding balance (A-B)+(C-D)	0	0	0	0

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

FUNDING IMPACT STATEMENT

	2018-19 Annual Plan \$000s	2018-19 Actual \$000s	2019-20 LTP \$000s	2019-20 Actual \$000s
Reconciliation				
- between FIS & Financial Statements				
Operating Revenue - per FIS	40,203	41,695	40,203	43,028
Capital Funding (revenue)- per FIS	3,433	6,444	3,433	10,184
	<u>43,636</u>	<u>48,139</u>	<u>43,636</u>	<u>53,212</u>
Other Gains	21	412	21	122
	<u>43,657</u>	<u>48,551</u>	<u>43,657</u>	<u>53,334</u>
Operating Revenue - per Stmt of Comp. Rev. & Exp.	43,657	48,551	43,657	53,334
Less Other Gains/ (Losses) on Sale of Assets	(21)	(412)	(21)	(122)
	<u>43,636</u>	<u>48,139</u>	<u>43,636</u>	<u>53,212</u>
	-	-	-	-
Operating Expenditure - per FIS	31,546	31,668	31,546	32,885
Add depreciation	11,735	11,889	11,735	12,350
	<u>43,281</u>	<u>43,557</u>	<u>43,281</u>	<u>45,236</u>
Other Losses	-	2,457	-	1,529
Operating Expenditure - per Stmt of Comp. Rev. & Exp.	43,281	46,013	43,281	46,765
	-	-	-	-
Capital Expenditure - per FIS	18,306	16,844	18,306	20,286
Capital Expenditure - per Cost of Service Statements	18,306	16,844	18,306	20,286
	-	-	-	-
Transfer to/(from) Reserves - per COSS	(10,396)	(4,086)	(10,396)	(4,819)
Depreciation transferred to reserves - per COSS	4,986	5,114	4,986	5,146
Proceeds from sale of assets - tsf to reserves	-	161	-	91
	<u>(5,410)</u>	<u>1,189</u>	<u>(5,410)</u>	<u>418</u>
Increase/(Decrease) in Reserves - per FIS	(5,410)	1,189	(5,410)	418
	-	-	-	-

DEPRECIATION by Group

	2018-19 Annual Plan \$000s	2018-19 Actual \$000s	2019-20 LTP \$000s	2019-20 Actual \$000s
Groups of Activities				
Roading	5,096	4,934	5,014	5,133
Water Services	1,297	1,340	1,328	1,354
Sewerage Services	2,460	2,506	2,466	2,516
Stormwater	292	299	297	307
Solid Waste Services	101	110	110	162
Community Facilities/Activities	2,270	2,406	2,512	2,578
Regulatory Services	49	61	49	51
Governance	0	10	21	3
Community Wellbeing	-	-	65	59
Internal Functions	126	172	200	186
	<u>11,691</u>	<u>\$11,837</u>	<u>\$12,062</u>	<u>\$12,350</u>

FUNDING IMPACT STATEMENT

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

ROADING

Sources of Operating Funding

	LTP 2018/19 \$000s	LTP 2019/20 \$000s	Actual 2019/20 \$000s
General rates, uniform charges, rates penalties	-	-	-
Targeted rates	5,983	6,106	6,130
Subsidies and grants (for operating)	2,383	2,558	2,652
Fees & charges	86	88	79
Internal charges & overheads recovered	-	-	-
Interest & dividends	-	-	-
Other receipts (incl petrol tax & fines)	195	199	191
Total operating funding (A)	8,647	8,951	9,053

Applications of Operating Funding

Payments to staff and suppliers	4,911	5,205	5,507
Finance costs	6	6	6
Internal charges and overheads applied	1,134	1,163	1,030
Other operating funding applications	-	-	-
Total applications of operating funding (B)	6,052	6,374	6,542

Surplus/(Deficit) of operating funding (A-B)

2,595	2,577	2,511
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Sources of Capital Funding

Subsidies & grants for capital expenditure	2,600	2,710	3,001
Development & financial contributions	160	140	463
Increase /(decrease) in debt	(36)	1,493	181
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	3,389
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	2,724	4,343	7,034

Application of Capital Funding

Capital expenditure:

- to meet additional demand	580	-	4,567
- to improve level of service	1,574	2,559	1,070
- to replace existing assets	4,118	3,900	3,930
Increase/(decrease) in reserves	(953) *	462 *	(105) *
Increase/(decrease) in investments	-	-	83
Total application of capital funding (D)	5,319	6,920	9,545

Surplus / (deficit) of capital funding (C-D)

(2,595)	(2,577)	(2,511)
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Funding balance (A-B)+(C-D)

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

FUNDING IMPACT STATEMENT

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

WATER SERVICES

	LTP 2018/19 \$000s	LTP 2019/20 \$000s	Actual 2019/20 \$000s
Sources of Operating Funding			
General rates, uniform charges, rates penalties	-	-	-
Targeted rates (excl water by meter)	3,219	3,352	3,209
Subsidies and grants (for operating)	-	-	-
Fees & charges (incl metered water)	378	387	451
Internal charges & overheads recovered	124	127	135
Interest & dividends	10	10	10
Other receipts (incl petrol tax & fines)	-	-	-
Total operating funding (A)	3,731	3,876	3,806

*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

Applications of Operating Funding

Payments to staff and suppliers	1,489	1,506	1,794
Finance costs	125	150	118
Internal charges and overheads applied	754	785	685
Other operating funding applications	-	-	-
Total applications of operating funding (B)	2,367	2,441	2,598

Surplus/(Deficit) of operating funding (A-B)	1,364	1,435	1,208
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Sources of Capital Funding

Subsidies & grants for capital expenditure	-	-	-
Development & financial contributions	7	7	-
Increase /(decrease) in debt	497	3,562	1,722
Gross proceeds from sale of assets	-	-	5
Lump sum contributions	-	-	429
Other operating funding applications	-	-	-
Total sources of capital funding (C)	504	3,569	2,156

Application of Capital Funding

Capital expenditure:			
- to meet additional demand	-	20	421
- to improve level of service	100	3,087	1,832
- to replace existing assets	1,788	2,104	867
Increase/(decrease) in reserves	(20) *	(208) *	265 *
Increase/(decrease) in investments	-	-	(23)
Total application of capital funding (D)	1,868	5,004	3,363

Surplus / (deficit) of capital funding (C-D)	(1,364)	(1,435)	(1,208)
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Funding balance (A-B)+(C-D)	-	-	-
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* The Plan allowed for depreciation funded into reserves as part of the change in investments.

FUNDING IMPACT STATEMENT

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

WASTEWATER SERVICES

Sources of Operating Funding

	LTP 2018/19 \$000s	LTP 2019/20 \$000s	Actual 2019/20 \$000s
General rates, uniform charges, rates penalties	-	-	-
Targeted rates	7,105	7,374	7,262
Subsidies and grants (for operating)	-	-	-
Fees & charges	360	369	541
Internal charges & overheads recovered	8	8	10
Interest & dividends	-	-	-
Other receipts (incl petrol tax & fines)	-	-	-
Total operating funding (A)	7,473	7,751	7,813

Applications of Operating Funding

Payments to staff and suppliers	1,394	1,423	1,298
Finance costs	2,135	2,084	1,950
Internal charges and overheads applied	1,222	1,248	1,280
Other operating funding applications	-	-	-
Total applications of operating funding (B)	4,751	4,755	4,527

Surplus/(Deficit) of operating funding (A-B)

2,723	2,996	3,286
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Sources of Capital Funding

Subsidies & grants for capital expenditure	-	-	-
Development & financial contributions	75	101	185
Increase /(decrease) in debt	(1,283)	(2,005)	(1,757)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	720
Other operating funding applications	-	-	-
Total sources of capital funding (C)	(1,208)	(1,904)	(852)

Application of Capital Funding

Capital expenditure:			
- to meet additional demand	-	-	718
- to improve level of service	630	51	16
- to replace existing assets	1,325	1,193	1,502
Increase/(decrease) in reserves	(440) *	(152) *	(359) *
Increase/(decrease) in investments	-	-	558
Total application of capital funding (D)	1,515	1,092	2,434

Surplus / (deficit) of capital funding (C-D)

(2,723)	(2,996)	(3,286)
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Funding balance (A-B)+(C-D)

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

FUNDING IMPACT STATEMENT

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

STORMWATER SERVICES

	LTP 2018/19 \$000s	LTP 2019/20 \$000s	Actual 2019/20 \$000s
Sources of Operating Funding			
General rates, uniform charges, rates penalties	-	-	-
Targeted rates	495	501	500
Subsidies and grants (for operating)	-	-	-
Fees & charges	-	-	-
Internal charges & overheads recovered	-	-	-
Interest & dividends	-	-	-
Other receipts (incl petrol tax & fines)	-	-	-
Total operating funding (A)	495	501	500
Applications of Operating Funding			
Payments to staff and suppliers	216	175	102
Finance costs	28	27	26
Internal charges and overheads applied	163	170	199
Other operating funding applications	-	-	0
Total applications of operating funding (B)	407	372	327
Surplus/(Deficit) of operating funding (A-B)	88	129	174
Sources of Capital Funding			
Subsidies & grants for capital expenditure	-	-	-
Development & financial contributions	-	-	-
Increase /(decrease) in debt	(29)	(31)	(32)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	582
Other operating funding applications	-	-	-
Total sources of capital funding (C)	(29)	(31)	551
Application of Capital Funding			
Capital expenditure:			
- to meet additional demand	-	-	582
- to improve level of service	-	102	-
- to replace existing assets	330	338	149
Increase/(decrease) in reserves	(272) *	(342) *	(5) *
Increase/(decrease) in investments	-	-	(1)
Total application of capital funding (D)	58	98	724
Surplus / (deficit) of capital funding (C-D)	(88)	(129)	(174)
Funding balance (A-B)+(C-D)	-	-	-

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

FUNDING IMPACT STATEMENT

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

SOLID WASTE SERVICES

Sources of Operating Funding

	LTP 2018/19 \$000s	LTP 2019/20 \$000s	Actual 2019/20 \$000s
General rates, uniform charges, rates penalties	-	-	-
Targeted rates	986	1,315	1,041
Subsidies and grants (for operating)	95	97	90
Fees & charges	2,811	2,870	2,497
Internal charges & overheads recovered	198	202	89
Interest & dividends	-	-	-
Other receipts (incl petrol tax & fines)	-	-	-
Total operating funding (A)	4,089	4,484	3,716

Applications of Operating Funding

Payments to staff and suppliers	3,355	3,591	3,086
Finance costs	63	103	65
Internal charges and overheads applied	559	574	576
Other operating funding applications	-	-	-
Total applications of operating funding (B)	3,977	4,268	3,726

Surplus/(Deficit) of operating funding (A-B)	112	216	(10)
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Sources of Capital Funding

Subsidies & grants for capital expenditure	-	-	-
Development & financial contributions	-	-	-
Increase /(decrease) in debt	773	(167)	614
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other operating funding applications	-	-	-
Total sources of capital funding (C)	773	(167)	614

Application of Capital Funding

Capital expenditure:			
- to meet additional demand	-	-	-
- to improve level of service	905	20	694
- to replace existing assets	-	204	3
Increase/(decrease) in reserves	(19) *	(176) *	(52) *
Increase/(decrease) in investments	-	-	(42)
Total application of capital funding (D)	886	49	603

Surplus / (deficit) of capital funding (C-D)	(112)	(216)	10
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Funding balance (A-B)+(C-D)	-	-	-
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* The Plan allowed for depreciation funded into reserves as part of the change in investments.

FUNDING IMPACT STATEMENT

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

COMMUNITY FACILITIES / ACTIVITIES

	LTP 2018/19 \$000s	LTP 2019/20 \$000s	Actual 2019/20 \$000s
Sources of Operating Funding			
General rates, uniform charges, rates penalties	-	-	-
Targeted rates	7,182	7,578	8,150
Subsidies and grants (for operating)	56	57	35
Fees & charges	1,516	1,543	1,590
Internal charges & overheads recovered	462	472	478
Interest & dividends	-	-	-
Other receipts (incl petrol tax & fines)	-	-	-
Total operating funding (A)	9,216	9,650	10,252
Applications of Operating Funding			
Payments to staff and suppliers	5,399	5,291	5,876
Finance costs	241	298	218
Internal charges and overheads applied	2,069	2,116	2,233
Other operating funding applications	-	-	-
Total applications of operating funding (B)	7,710	7,705	8,327
Surplus/(Deficit) of operating funding (A-B)	1,507	1,946	1,925
Sources of Capital Funding			
Subsidies & grants for capital expenditure	-	-	1
Development & financial contributions	-	-	2
Increase /(decrease) in debt	897	5,817	363
Gross proceeds from sale of assets	-	-	73
Lump sum contributions	-	-	29
Other operating funding applications	150	-	-
Total sources of capital funding (C)	1,048	5,817	468
Application of Capital Funding			
Capital expenditure:			
- to meet additional demand	330	-	217
- to improve level of service	3,072	6,565	1,257
- to replace existing assets	2,953	1,623	2,085
Increase/(decrease) in reserves	(3,800) *	(426) *	(1,339) *
Increase/(decrease) in investments	-	-	174
Total application of capital funding (D)	2,554	7,762	2,393
Surplus / (deficit) of capital funding (C-D)	(1,507)	(1,946)	(1,925)
Funding balance (A-B)+(C-D)	-	-	-

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

FUNDING IMPACT STATEMENT

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

REGULATORY SERVICES

	LTP 2018/19 \$000s	LTP 2019/20 \$000s	Actual 2019/20 \$000s
Sources of Operating Funding			
General rates, uniform charges, rates penalties	-	-	-
Targeted rates	1,756	1,788	2,068
Subsidies and grants (for operating)	-	-	0
Fees & charges	1,757	1,700	2,085
Internal charges & overheads recovered	253	258	257
Interest & dividends	2	2	1
Other receipts (incl petrol tax & fines)	101	103	129
Total operating funding (A)	3,868	3,850	4,540
Applications of Operating Funding			
Payments to staff and suppliers	2,831	2,842	3,161
Finance costs	-	-	-
Internal charges and overheads applied	1,005	1,030	1,261
Other operating funding applications	-	-	-
Total applications of operating funding (B)	3,835	3,872	4,422
Surplus/(Deficit) of operating funding (A-B)	33	(22)	118
Sources of Capital Funding			
Subsidies & grants for capital expenditure	-	-	-
Development & financial contributions	440	440	1,382
Increase /(decrease) in debt	-	613	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other operating funding applications	-	-	-
Total sources of capital funding (C)	440	1,053	1,382
Application of Capital Funding			
Capital expenditure:			
- to meet additional demand	-	-	-
- to improve level of service	63	613	58
- to replace existing assets	46	29	17
Increase/(decrease) in reserves	364 *	390 *	1,430 *
Increase/(decrease) in investments	-	-	(4)
Total application of capital funding (D)	473	1,031	1,501
Surplus / (deficit) of capital funding (C-D)	(33)	22	(118)
Funding balance (A-B)+(C-D)	-	-	-

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

FUNDING IMPACT STATEMENT

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

GOVERNANCE

Sources of Operating Funding

	LTP 2018/19 \$000s	LTP 2019/20 \$000s	Actual 2019/20 \$000s
General rates, uniform charges, rates penalties	-	-	-
Targeted rates	654	675	781
Subsidies and grants (for operating)	-	-	-
Fees & charges	-	102	98
Internal charges & overheads recovered	436	450	495
Interest & dividends	-	-	-
Other receipts (incl petrol tax & fines)	-	-	-
Total operating funding (A)	1,089	1,226	1,374

Applications of Operating Funding

Payments to staff and suppliers	652	792	786
Finance costs	-	-	-
Internal charges and overheads applied	436	446	540
Other operating funding applications	-	-	-
Total applications of operating funding (B)	1,089	1,238	1,325

Surplus/(Deficit) of operating funding (A-B)

0 (12) 48

Sources of Capital Funding

Subsidies & grants for capital expenditure	-	-	-
Development & financial contributions	-	-	-
Increase /(decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other operating funding applications	-	-	-
Total sources of capital funding (C)	-	-	-

Application of Capital Funding

Capital expenditure:			
- to meet additional demand	-	-	-
- to improve level of service	-	-	-
- to replace existing assets	-	-	-
Increase/(decrease) in reserves	- *	(12) *	10 *
Increase/(decrease) in investments			38
Total application of capital funding (D)	-	(12)	48

Surplus / (deficit) of capital funding (C-D)

- 12 (48)

Funding balance (A-B)+(C-D)

- - -

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

FUNDING IMPACT STATEMENT

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

COMMUNITY WELLBEING

Sources of Operating Funding

	LTP 2018/19 \$000s	LTP 2019/20 \$000s	Actual 2019/20 \$000s
General rates, uniform charges, rates penalties	-	-	-
Targeted rates	2,639	3,114	2,779
Subsidies and grants (for operating)	27	28	126
Fees & charges	1	1	16
Internal charges & overheads recovered	75	79	60
Interest & dividends	-	-	-
Other receipts (incl petrol tax & fines)	-	-	-
Total operating funding (A)	2,743	3,222	2,980

Applications of Operating Funding

Payments to staff and suppliers	2,527	2,498	2,343
Finance costs	-	-	-
Internal charges and overheads applied	662	679	810
Other operating funding applications	-	-	-
Total applications of operating funding (B)	3,189	3,177	3,153

Surplus/(Deficit) of operating funding (A-B)

(446)	45	(173)
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Sources of Capital Funding

Subsidies & grants for capital expenditure	-	-	-
Development & financial contributions	-	-	-
Increase /(decrease) in debt	(14)	(1)	(0)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other operating funding applications	-	-	(0)
Total sources of capital funding (C)	(14)	(1)	(0)

Application of Capital Funding

Capital expenditure:			
- to meet additional demand	-	-	-
- to improve level of service	122	-	17
- to replace existing assets	20	20	19
Increase/(decrease) in reserves	(602)	23 *	(241) *
Increase/(decrease) in investments	-	-	32
Total application of capital funding (D)	(460)	44	(173)

Surplus / (deficit) of capital funding (C-D)

446	(45)	173
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Funding balance (A-B)+(C-D)

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

FUNDING IMPACT STATEMENT

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

INTERNAL FUNCTIONS

Sources of Operating Funding

	LTP 2018/19 \$000s	LTP 2019/20 \$000s	Actual 2019/20 \$000s
General rates, uniform charges, rates penalties	-	-	-
Targeted rates	-	-	-
Subsidies and grants (for operating)	-	-	4
Fees & charges	279	282	214
Internal charges & overheads recovered	6,489	6,699	7,559
Interest & dividends	686	636	945
Other receipts (incl petrol tax & fines)	-	-	-
Total operating funding (A)	7,454	7,617	8,723

Applications of Operating Funding

Payments to staff and suppliers	5,853	5,988	6,536
Finance costs	-	-	6
Internal charges and overheads applied	919	951	1,114
Other operating funding applications	-	-	-
Total applications of operating funding (B)	6,773	6,938	7,656

Surplus/(Deficit) of operating funding (A-B)	681	679	1,066
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Sources of Capital Funding

Subsidies & grants for capital expenditure	-	-	-
Development & financial contributions	-	-	-
Increase /(decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	13
Lump sum contributions	-	-	-
Other operating funding applications	-	-	-
Total sources of capital funding (C)	-	-	13

Application of Capital Funding

Capital expenditure:			
- to meet additional demand	-	-	-
- to improve level of service	50	-	-
- to replace existing assets	300	276	265
Increase/(decrease) in reserves	331 *	403 *	814 *
Increase/(decrease) in investments	-	-	-
Total application of capital funding (D)	681	679	1,079

Surplus / (deficit) of capital funding (C-D)	(681)	(679)	(1,066)
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Funding balance (A-B)+(C-D)	-	-	-
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* The Plan allowed for depreciation funded into reserves as part of the change in investments.

2019/20 FINANCIAL STATEMENTS AND NOTES TO THE FINANCIAL STATEMENTS



STATEMENT OF FINANCIAL POSITION as at 30 June 2020

\$ 30 June 2019		Notes	\$ 30 June 2020	\$ Budget
CURRENT ASSETS				
4,228,681	Cash & cash equivalents	10	9,059,894	3,924,437
8,864,286	Other financial assets	11	5,703,070	3,221,648
373,945	Inventories	8	259,065	337,141
3,600,778	Debtors and other receivables	9	3,316,078	4,855,255
17,067,690	Total Current Assets		18,338,107	12,338,481
NON-CURRENT ASSETS				
102,728,555	Property, equipment & other assets	12,13	104,244,564	108,612,849
652,439,384	Infrastructural assets	12,13	742,284,592	690,181,299
3,604,400	Intangible assets	14	3,870,477	3,439,450
536,029	Forestry assets	15	524,553	416,625
2,668,200	Investment property	16	2,676,200	278,200
0	Derivative financial instruments	22	0	0
	Other financial assets	11		
303,568	- Investments in CCO's & other similar entities		220,868	295,176
9,547,749	- Investments in other entities		10,126,614	14,648,387
771,827,885	Total Non-current Assets		863,947,867	817,871,985
\$788,895,575	TOTAL ASSETS		\$882,285,975	\$830,210,467
CURRENT LIABILITIES				
7,091,814	Creditors & other payables	20	7,958,942	7,205,786
61,613	Derivative financial instruments	22	167,741	0
1,177,825	Employee benefits	21	897,802	1,002,913
50,378	Provisions (current)	23	42,453	66,750
5,009,368	Financial liabilities - current portion	24	7,000,000	7,000,000
13,390,998	Total Current Liabilities		16,066,938	15,275,449
NON-CURRENT LIABILITIES				
45,000,000	Financial liabilities	24	44,100,000	48,139,208
5,494,760	Derivative financial instruments	22	6,500,946	3,844,171
7,937	Employee benefits	21	9,167	11,140
41,452	Provisions & other liabilities	23	50,125	99,107
50,544,149	Total Non-current Liabilities		50,660,238	52,093,626
\$724,960,428	NET ASSETS		\$815,558,799	\$762,841,392
PUBLIC EQUITY				
429,927,779	Retained earnings (ratepayers' equity)	25	436,438,680	436,650,895
266,829,958	Revaluation reserves	25	350,499,700	303,555,355
28,202,691	Special funds & restricted reserves	28	28,620,419	22,635,142
\$724,960,428	TOTAL PUBLIC EQUITY		\$815,558,799	\$762,841,392

The accompanying notes form part of these financial statements.

STATEMENT OF COMPREHENSIVE REVENUE & EXPENSE

For the Year Ended 30 June 2020

\$ Actual 2018/19		Note	\$ Actual 2019/20	\$ Budget 2019/20
OPERATING REVENUE				
29,399,127	Rates Revenue	3	31,182,223	31,301,763
121,784	Rural sewerage scheme capital rates	3 & 4	91,227	61,736
1,756,208	Financial Contributions		2,031,968	1,372,800
6,172,282	Subsidies and grants	4	5,908,147	5,933,230 *1
1,173,690	Finance Revenue	5	956,044	782,838
8,149,232	Other Operating Revenue	4	7,939,966	8,240,378 *1
1,366,552	Assets vested from subdivisions	4	5,102,409	-
411,658	Other Gains	4a	122,400	30,109
48,550,533	Total Operating Revenue		53,334,384	47,722,854
OPERATING EXPENDITURE				
8,934,069	Personnel Costs	6	9,682,479	10,252,995
20,095,462	Other Expenses	7	20,814,686	22,121,093
2,638,237	Finance Costs	5	2,388,227	2,499,138
11,888,910	Depreciation & amortisation	12, 13, 14	12,350,383	12,061,907
2,456,669	Other Losses	4a	1,528,826	-
46,013,347	Total Operating Expenditure		46,764,601	46,935,133
\$2,537,186	Surplus/(Deficit) before taxation		\$6,569,783	\$787,721
-	Income tax expense		-	-
\$ 2,537,186	SURPLUS/(DEFICIT) AFTER TAXATION		\$ 6,569,783	\$787,721
Other Comprehensive Revenue & Expense				
-	Gain/(Loss) on asset revaluations	12, 13, 25	84,135,692	36,321,046
261	Financial assets fair value movement	25	(107,105)	-
261	Total Other Comprehensive Revenue & Expense		84,028,587	36,321,046
\$ 2,537,447	TOTAL COMPREHENSIVE REVENUE & EXPENSE		\$ 90,598,370	\$37,108,767

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2020

	\$ Revaluations (Note 25)	\$ Special Funds & Reserves (Note 28)	\$ Ratepayers' Equity (Note 25)	\$ Total 2019/20	\$ Budget 2019/20	\$ Prior Year 2018/19
Opening Balance						
1 July 2019	266,829,958	28,202,691	429,927,779	\$724,960,428	725,732,625	722,422,981
Comprehensive revenue & expense for the year	84,028,587		6,569,783	90,598,370	37,108,767	2,537,447
Tsf disposals revaltns	(358,845)		358,845	0		
Transfers from Reserves		(\$8,629,125)	8,629,125	0		
Transfers to Reserves		3,810,260	(3,810,260)	0		
Tsf proceeds on sale of assets		90,897	(90,897)	0		
Tsf depreciation to reserves		5,145,695	(5,145,695)	0		
Closing Balance	350,499,700	28,620,419	436,438,680	\$815,558,798	762,841,392	724,960,428

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

The accompanying notes form part of these financial statements.

STATEMENT OF CASHFLOWS for the Year Ending 30 June 2020

Last Year 2018/19		\$ Notes	Actual 2019/20	Budget 2019/20
Cash Flows from Operating Activities:				
	Cash was provided from:			
29,450,098	Rates (M.D.C. only)		31,035,900	31,246,950
121,784	Rural sewerage scheme capital rates		91,227	61,736
1,756,208	Financial Contributions		2,031,968	1,372,800
7,045,456	Subsidies and grants		6,251,055	5,925,230
1,168,213	Interest & Dividends received		1,078,482	782,838
8,639,754	Receipts from other revenue		8,568,041	8,159,276
48,181,513			49,056,673	47,548,830
	Cash was applied to:			
(20,589,395)	Payments to suppliers		(20,289,945)	(21,502,412)
(8,924,317)	Payments to employees		(9,961,272)	(10,252,995)
(2,622,393)	Interest paid		(2,478,474)	(2,499,138)
250,602	Goods and services tax (paid)/received (net)		155,172	-
(31,885,503)			(32,574,519)	(34,254,545)
16,296,010	Net Cash from Operating Activities	29	16,482,154	13,294,285
Cash Flows from Investing Activities:				
	Cash was provided from:			
126,775	Receipts from sale of property, plant and equipment		59,704	-
33,789	Forestry/investment property proceeds		31,193	2,390,000
271,460	Receipts from sale of investments		4,844,286	2,324,013
432,024			4,935,183	4,714,013
	Cash was applied to:			
(14,543,679)	Purchase of property, plant and equipment		(15,440,117)	(23,804,291)
(80,555)	Purchase of intangible assets		(17,182)	-
(5,353,054)	Acquisition of investments		(2,219,457)	(2,923)
(19,977,288)			(17,676,756)	(23,807,214)
(19,545,264)	Net Cash from Investing Activities		(12,741,573)	(19,093,201)
Cash Flows from Financing Activities:				
	Cash was provided from:			
-	Proceeds from new financial liabilities		3,300,000	7,315,078
-			3,300,000	7,315,078
	Cash was applied to:			
(2,000,001)	Repayment of term liabilities		(2,200,000)	(2,175,872)
(27,181)	Repayment of finance lease liabilities		(9,368)	-
(2,027,182)			(2,209,368)	(2,175,872)
(2,027,182)	Net Cash from Financing Activities		1,090,632	5,139,206
(5,276,436)	Net Increase/(Decrease) in Cash and cash equivalents		4,831,213	(\$659,710)
9,505,117	Cash and cash equivalents at beginning of the year		4,228,681	7,805,795
\$ 4,228,681	Cash and cash equivalents at the end of the year	10	\$ 9,059,894	\$ 7,146,085

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 (2019: \$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 2020.

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. Council consists of a single operating entity with no subsidiaries or associates, which provides local infrastructure, local public services and performs regulatory functions to the community. Council's primary objective is to provide goods and services for the community or social benefit, rather than making a financial return. Accordingly, 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 2020. The financial statements were authorised for issue by the Council on 25 November 2020.

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).

STANDARDS ISSUED AND NOT YET EFFECTIVE THAT HAVE BEEN EARLY ADOPTED

Impairment of Revalued Assets

From 30 June 2017 onwards, the council has been required to assess at each reporting date whether there is any indication that an asset may be impaired. If any indication exists, the council is required to assess the recoverable amount of that asset and recognise an impairment loss if the recoverable amount is less than the carrying amount. The council can therefore impair a revalued asset without having to revalue the entire class of asset to which the asset belongs.

STANDARDS ISSUED AND NOT YET EFFECTIVE AND NOT EARLY ADOPTED

Service Concession Assets

In January 2017 the External Reporting Board (XRB) issued the 2016 Omnibus Amendments to PBE Standards, which incorporates a range of amendments to the PBE Standards. A relevant amendment is to PBE IPSAS 32 relating to grouping of similar assets for the purposes of measurement and disclosure under PBE IPSAS 17 Property, Plant and Equipment. The council has chosen not to early adopt this amendment and will continue the practice of disclosing water and sewerage treatment plant assets separately from the reticulation assets.

Financial Instruments

In January 2017 the XRB issued PBE IFRS 9 Financial Instruments as an interim standard. PBE IFRS 9 replaces PBE IPSAS 29 and is effective for annual reports on or after 1 January 2021, with early application permitted. The main changes under PBE IPSAS 9 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.

The XRB has issued PBE IPSAS 41 Financial Instruments in March 2019. This standard supersedes PBE IFRS 9 Financial Instruments and it is effective for reporting periods beginning on or after 1 January 2022. The council plans to apply this standard in preparing its 30 June 2022 financial statements. The council has not yet assessed the effects of the new standard.

Amendment to 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. This amendment is effective for annual periods beginning on or after 1 January 2021, with early application permitted. The Council does not intend to early adopt the amendment.

PBE FRS 48 Service Performance Reporting

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 and is effective for reporting periods beginning on or after 1 January 2021. The Council has not yet determined how application of PBE FRS 48 will affect its statement of performance.

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 2019-20 Annual Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the council in preparing these financial statements.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In preparing these financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from the actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

The significant estimates and assumptions that have the greatest risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

- Estimating the fair value of land, buildings and infrastructural assets – see Note 13
- 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 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.

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.

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.

CONSTRUCTION CONTRACTS

Contract costs are recognised as expenses by reference to the stage of completion of the contract at balance date. The stage of completion is measured by reference to the contract costs incurred up to balance date as a percentage of total estimated costs for each contract. Contract costs include all costs directly related to specific contracts, costs that are specifically chargeable to the customer under the terms of the contract and an allocation of overhead expenses incurred in connection with the group's construction activities in general.

BORROWING COSTS

Borrowing costs are recognised as an expense in the period in which they are incurred.

GRANT EXPENDITURE

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received. Discretionary grants are those grants where 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. 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.

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 profit or loss, held-to-maturity investments, loans and receivables and financial assets at fair value through 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.

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

Council has classified carbon credits in its investment portfolio. Purchased carbon credits are recognised at cost on acquisition. 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.

ACCOUNTING FOR DERIVATIVE FINANCIAL INSTRUMENTS

The council does use derivative financial instruments to manage exposure to interest rate risks arising from financing activities. 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.
- 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:

ASSET	LIFE OF ASSET	DEPRECIATION
Buildings - component lives range from	5 to 100 years	(1 per cent-20 per cent)
Plant and equipment	7-20 years	(5per cent - 14 per cent)
Intangibles - software	4 years	(25 per cent)
Motor vehicles	6.67 years	(15 per cent)
Office equipment, office furniture	4 to 10 years	(10 per cent to 25 per cent)
Library books	3 to 4 years	(25 per cent to 33.3 per cent)
Infrastructural assets		
Roading network		
Formation (not depreciated)		
Top surface (seal) 2nd coat/1st coat	17 and 80 years	(5.9 per cent and 1.25 per cent)
Road metal (unsealed)	3 years	(33 per cent)
Pavement (base course) 50 per cent depreciated	80 years	(1.25 per cent)
Pavement (sub base) 15 per cent depreciated	80 years	(1.25 per cent)
Pipe culverts	90 years	(1.1 per cent)
Footpaths (base course) 40 per cent depreciated	50 years	(2 per cent)
Footpaths (seal) chip/AC/concrete	15/18/50 years	(6.67 per cent, 5.55 per cent, 2 per cent)
Kerb and Channel	80 years	(1.25 per cent)

ASSET	LIFE OF ASSET	DEPRECIATION
Signs	12 years	(8.33 per cent)
Road markings	1 year	(100 per cent)
Streetlights (old lamps, fittings, new LED lamps and poles)	5/15/25/60 years	(20 per cent, 6.67 per cent, 4.0 per cent and 1.67 per cent)
Bridges	65 to 100 years	(1 per cent to 1.54 per cent)
Other structures	50 years	(2 per cent)
Water system		
Treatment plant	10 to 100 years	(1 per cent to 10 per cent)
Pipes	73 to 100 years	(1.0 per cent to 1.37 per cent)
Valves, hydrants, connections	50 years	(2 per cent)
Reservoirs and tanks	50 and 80 years	(1.25 per cent and 2 per cent)
Sewerage System		
Pipes	64 to 85 years	(1.18 per cent to 1.56 per cent)
Manholes	75 years	(1.33 per cent)
Treatment plant	10 to 80 years	(1.25 per cent to 10 per cent)
Drainage network		
Pipes	80 to 90 years	(1.1 per cent to 1.25 per cent)
Stopbanks	300 Years	(1.33 per cent)
Seawall and river weirs	100 Years	(1.0 per cent)
Airport runway		
Pavement and seal	80 years and 17 years	(1.25 per cent and 5.88 per cent)

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.

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 2018.

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.com and the valuation is effective as at 30 June 2020. 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 2020.

Accounting for Revaluations

The council accounts for revaluations of property, plant and equipment on a class of asset basis. The results of revaluing are credited or debited to an asset revaluation reserve for that class of asset in other comprehensive revenue. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the surplus or deficit. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the surplus or deficit, will be recognised first in the surplus or deficit up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

INTANGIBLE ASSETS

Software Acquisition and Development

Acquired computer software licenses are capitalised as intangible assets on the basis of the costs incurred to acquire and use the specific software. Costs associated with maintaining computer software are recognised as an expense when incurred. The council has not incurred any costs that are directly associated with the in-house development of software for use by the council only. Software assets are depreciated, straight line, over four years.

Resource Consents

The council holds resource consents for many of its activities. Where the consent has a life beyond one year and the costs of obtaining the consents have been identified separately from the asset, the value of the consent is treated as an intangible asset and is amortised over its useful life. Costs associated with gaining a consent are included with the consent value e.g. engineering investigations, assessment of environmental effects, legal review, consent processing charges, hearings and appeals. The period over which the consent value is amortised over (straight line) is based on the life of the consent as granted by the Greater Wellington Regional Council (e.g. wastewater plant consent was granted is for 25 years).

Easements

While the council holds easements for only some of its assets, no comprehensive register is kept, no historical cost information is available, and no attempt has been made to place a value on the easements held. Because easements have an indefinite useful life and are not generally amortised, the lack of recognition of the value does not significantly affect the financial results of the council.

FORESTRY ASSETS

Forestry assets are independently revalued annually. The 30 June 2020 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

The council holds 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.

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.

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 3.57 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.

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.

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.



NOTES TO THE ACCOUNTS

Notes to the Accounts

Note 1

RATES REQUIREMENT SUMMARY				
2018/19 Actual		2019/20 Actual	2019/20 Budget	Variance
Groups & Activities				
\$	Roading	\$	\$	\$
4,609,753	Subsidised Roothing	4,693,923	4,769,797	75,874
1,239,548	Non-subsidised Roothing	1,389,512	1,378,363	(11,150)
Water Services				
3,142,018	Urban Water Supply	3,139,603	3,148,805	9,202
106,735	Rural Water Supplies & Races	109,553	98,074	(11,479)
Wastewater Services				
6,797,640	Wastewater Services - Urban	6,773,336	6,912,887	139,552
362,635	Wastewater Services - Rural*	364,752	324,305	(40,447)
Stormwater Services				
495,224	Urban Stormwater System	501,688	500,414	(1,273)
Solid Waste Services**				
586,353	Solid Waste Services	873,874	791,933	(81,941)
397,361	Waste Minimisation Services	250,533	245,373	(5,161)
Community Facilities/Activities				
2,507,985	Parks, Reserves & Sportsfields	3,062,999	2,971,541	(91,457)
936,876	Trust House Recreation Centre	1,027,672	1,060,835	33,164
75,588	Cemeteries	74,267	89,007	14,740
1,959,462	Library & Archive	2,112,591	2,132,713	20,123
1,530,743	Property	1,508,683	1,527,571	18,888
191,260	Airport	334,883	210,623	(124,260)
82,682	Mawley Park	108,545	129,891	21,346
Community Wellbeing				
980,242	Community Development	1,037,481	1,043,836	6,355
481,113	Arts and Culture	511,131	518,132	7,001
987,867	Economic Development and Promotion	1,030,160	1,041,734	11,574
135,831	Environmental Initiatives	169,187	217,849	48,662
Regulatory Services				
767,476	Resource Management & Planning	889,723	847,734	(41,989)
393,030	Environmental Services	433,741	465,811	32,070
475,730	Building Development	450,574	450,286	(288)
(69,825)	Parking Services	(7,630)	(40,485)	(32,854)
68,406	Animal Services	85,337	87,131	1,795
212,860	Emergency Management	220,580	216,997	(3,583)
Governance				
643,522	Representation	742,459	781,341	38,883
0	Internal Functions	0	0	(0)
30,098,114	Total Rates Requirement	31,889,155	31,922,499	33,344
Rates Revenue				
29,960,291	Masterton District rates levied	31,825,032	31,823,763	1,269
121,784	Rural Sewerage capital contributions*	91,227	61,736	29,491
470,663	Rates penalties	540,013	205,000	335,013
(433,787)	Rates remissions	(537,804)	(168,000)	(369,804)
30,118,951	Rates Revenue (incl Council properties)	31,918,468	31,922,499	(4,032)
20,837	Net Rates Surplus/(Deficit)	29,313	(0)	29,312

*Rural wastewater net cost is offset by capital contributions

** Note Budget restated due to an error in classification between recycling & waste minimisation

The figures above represent the net requirement for rates funding for each significant activity of the Council.

The figures include capital expenditure from rates, transfers to and from reserves and loan principal repayments funded from rates. Depreciation not funded into asset replacement reserves has been reversed before arriving at the net figures.

COST OF SERVICES SUMMARY for the 2019/20 Year			Actual Net Operating Cost	Budget Net Operating Cost	Capital Expenditure
	Operating Revenue	Operating Expenditure			
Roading					
Subsidised Roding	2,594,278	10,323,215	7,728,937	7,756,010	5,245,593
Non-subsidised Roding	790,850	1,352,244	561,394	823,978	4,320,979
Water Services					
Urban Water supply	390,462	3,507,500	3,117,038	3,126,645	3,017,842
Rural Water Supplies & Races	205,985	444,718	238,733	65,171	102,793
Wastewater Services					
Wastewater Services - Urban	541,435	6,462,556	5,921,121	6,260,277	2,167,510
Wastewater Services - Rural	194,704	590,183	395,479	463,612	67,970
Stormwater Services					
Urban Stormwater System	-	633,436	633,436	694,100	730,971
Solid Waste Services					
Solid Waste Management	2,276,953	2,622,242	345,289	242,258	697,289
Waste Minimisation Services	398,259	1,266,486	868,227	884,406	
Community Facilities/Activities					
Parks, Reserves & Sportsfields	48,932	3,210,564	3,161,631	3,202,347	1,934,175
Trust House Recreation Centre	35,559	1,292,299	1,256,740	1,299,908	242,788
Cemeteries	85,758	162,524	76,767	94,007	5,899
Library & Archive	67,776	2,149,080	2,081,304	2,140,447	468,937
Property	1,162,213	2,981,313	1,819,100	1,897,946	812,116
Airport	221,232	534,270	313,038	157,256	75,984
Mawley Park	482,983	574,833	91,849	37,065	18,286
Community Wellbeing					
Community Development	133,577	1,468,706	1,335,129	1,420,836	
Arts and Culture	33,133	515,934	482,801	540,132	
Economic Dev and Promotion	25,245	1,093,869	1,068,624	1,105,199	36,442
Environmental Initiatives	10,000	134,187	124,187	277,849	
Regulatory Services					
Resource Mgmt & Planning	1,505,833	893,885	(611,948)	14,234	-
Environmental Services	390,293	809,033	418,741	490,811	-
Building Development	1,246,583	1,734,057	487,474	562,786	-
Parking Services	216,306	208,675	(7,630)	(40,485)	6,638
Animal Services	380,117	456,617	76,500	107,131	57,644
Emergency Management	115,252	370,832	255,580	231,997	11,173
Governance					
Representation	593,103	1,328,850	735,747	806,341	
Internal Functions	8,722,732	7,841,975	(880,757)	(544,999)	265,193
External funding of capital expend.*	8,152,271		(8,152,271)	(2,952,378)	
Eliminate internal recoveries**	(9,083,289)	(9,728,307)			
	21,938,534	45,235,775	23,942,259	31,164,887	20,286,220
* Includes NZTA subsidy for roading renewals					
** Includes rates paid for council properties					
		Capital expenditure	20,286,220	23,804,291	
		Add loan principal repayments	2,984,228	2,840,132	
		Less loan funds applied to capex	(3,300,000)	(7,315,078)	
		Less finance lease funds applied	-	-	
		Transfers to reserves	3,810,260	2,012,000	
		Transfers from reserves	(8,629,125)	(13,624,863)	
			39,093,843	38,881,369	
		Depreciation not funded from rates	(7,204,688)	(6,958,870)	
		Rates Requirement	\$31,889,155	\$31,922,499	

Notes to the Accounts
Note 3

RATES REVENUE		\$	\$	\$
		Actual	Budget	Last Year
		2019/20	2019/20	2018/19
excluding metered water supply rates				
	Gross MstnDC Rates Levied	31,825,032	31,823,763	29,960,291
less	Rates levied on Council properties	(645,018)	(559,000)	(598,040)
plus	Rates Penalties	540,013	205,000	470,663
less	Rates Remissions	(537,804)	(168,000)	(433,787)
		31,182,223	31,301,763	29,399,127
	Rural Sewerage capital contributions	91,227	61,736	121,784
	Total Revenue From Rates	31,273,450	\$31,363,499	\$29,520,911

Notes to the Accounts
Note 4

		Actual	Budget	Last Year
		2019/20	2019/20	2018/19
SUBSIDIES AND GRANTS				
	Roading subsidies NZTA	5,595,243	5,522,949	5,721,680
	Other Government grants	200,916	247,377	145,036
	Other grants	111,988	162,904	305,566
	Total Subsidies and Grants	\$5,908,147	\$5,933,230	\$6,172,282
OTHER REVENUE				
	Regulatory fee revenue	2,019,027	1,920,201	1,937,707
	Rental revenue	945,843	942,700	896,280
	Solid waste user charges	2,496,778	3,110,425	3,099,272
	Other user charges and recoveries	1,834,929	1,630,512	1,561,181
	Metered water & sewer rates charged in CDC area	323,008	319,040	320,959
	Infringements and fines	128,962	105,500	120,593
	Local authority petrol tax	191,418	212,000	213,241
	Sub total	7,939,966	8,240,378	8,149,232
	Revenue recognised from vested assets	5,102,409	-	1,366,552
	Total Other Revenue	\$13,042,375	\$8,240,378	\$9,515,784
There are no unfulfilled conditions or other contingencies attached to government grants recognised.				
Annual Rates Revenue - per LGFA Guarantee and Indemnity Deed		Actual	Last Year	
	Rates revenue per Note 3 (includes rural sewerage capital contributions)	31,273,450	29,520,911	
	Targeted water supply rates (metered water)	255,062	256,685	
	Rates levied in Carterton District for sewerage	67,947	64,274	
		\$31,596,458	\$29,841,870	

Notes to the Accounts
Note 4a

OTHER GAINS/(LOSSES)		\$ Actual	\$ Budget	\$ Last Year
		2019/20	2019/20	2018/19
Gains	Forestry asset revaluation gain	15,429	21,047	-
	Property, plant and equipment gains on disposal	52,780	-	34,381
	Library books revaluation gain		9,062	14,153
	Carbon credits revaluation gain on forestry	44,625	-	8,925
	Investment Bond gain on disposal	1,566	-	-
	Investment property revaluation gains	8,000	-	354,200
	Total non-financial instrument gains	122,400	30,109	411,658
	Gain on valuation of financial assets (fair value thru surplus/deficit)		-	-
	Gain on mark-to-market valuation of cash flow hedges *		-	-
	Total Gains	122,400	30,109	411,658
Losses	Carbon credits revaluation loss on forestry		-	-
	Property, plant and equipment losses on disposal	(402,115)	-	(634,167)
	Library books revaluation loss	(14,397)	-	-
	Forestry asset revaluation loss		-	(25,791)
	Investment Bond loss on disposal		-	(684)
	Forestry assets loss on harvest		-	(83,825)
	Total non-financial instrument losses	(416,512)	-	(744,467)
	Loss on valuation of financial assets (fair value thru surplus/deficit)		-	-
	Loss on mark-to-market valuation of cash flow hedges *	(1,112,314)	-	(1,712,202)
	Total Losses	(1,528,826)	-	(2,456,669)
* 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.				

REVENUE ANALYSIS - Exchange & Non-exchange

	\$ Actual 2019/20	\$ Budget 2019/20	\$ Last Year 2018/19
Exchange Revenue			
Finance revenue	956,044	782,838	1,173,690
Rental revenue	945,843	942,700	896,280
Solid waste user charges	2,496,778	3,110,425	3,099,272
Other user charges and recoveries	1,834,929	1,630,512	1,561,181
Metered water & sewer rates charged in CDC area	323,008	319,040	320,959
Total Exchange Revenue	\$6,556,602	\$6,785,515	\$7,051,380
Non-Exchange Revenue			
Rates revenue	31,273,450	31,363,499	29,520,911
Financial contributions	2,031,968	1,372,800	1,756,208
Subsidies and grants	5,908,147	5,933,230	6,172,282
Regulatory fee revenue	2,019,027	1,920,201	1,937,707
Infringements and fines	128,962	105,500	120,593
Local authority petrol tax	191,418	212,000	213,241
Assets vested from developments/subdivisions	5,102,409	-	1,366,552
Other gains	122,400	30,109	411,658
Total Non-Exchange Revenue	\$46,777,782	\$40,937,339	\$41,499,152
Total Revenue	\$53,334,384	\$47,722,854	\$48,550,532

Explanation of the Analysis

Revenue may be derived from either exchange or non-exchange transactions.

Revenue from exchange transactions

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

Revenue from non-exchange transactions

This revenue arises when the Council receives value from another party without giving approximately equal value directly in exchange for the value received.

Approximately equal value

Approximately equal value is considered to reflect a fair or market value, which is normally commensurate with an arms length commercial transaction between a willing buyer and willing seller. Some goods or services that Council provides (e.g. the sale of goods at market rates) are defined as being exchange transactions. Only a few services provided by Council operate on a full user pays, cost recovery or breakeven basis and these are considered to be exchange transactions unless they are provided at less than active and open market prices. Most of the services that Council provides for a fee are subsidised by rates and therefore do not constitute an approximately equal exchange. Accordingly most are non-exchange.

Broad category basis

Due to the volume of transactions, classifying revenue as exchange or non-exchange is on a broad category basis where the deciding factor is the nature of the main proportion of transactions within any revenue stream.

Notes to the Accounts
Note 5

FINANCE REVENUE & FINANCE COSTS			
Finance revenue			
	\$ Actual 2019/20	\$ Budget 2019/20	\$ Last Year 2018/19
Interest Revenue on:			
- financial assets held/invested by Council	365,484	432,838	461,207
- financial assets invested from funds borrowed in advance	24,118	-	84,888
- financial assets managed by ANZ Investments Ltd	566,441	350,000	627,595
Total finance revenue	956,044	782,838	1,173,690
Finance costs			
Interest expense:			
- on bank borrowings	28,964	29,000	28,923
- on LGFA bonds	2,352,732	2,461,150	2,556,930
- on loan funds borrowed in advance	-	-	37,844
- on finance leases	1,021	3,988	3,988
Discount unwind on provisions (Note 23)	5,510	5,000	10,552
Total finance costs	2,388,227	2,499,138	2,638,237
Net Finance Costs/(Revenue)	\$1,432,184	\$1,716,300	\$1,464,547

Notes to the Accounts
Note 6

PERSONNEL COSTS			
	Actual 2019/20	Budget 2019/20	Last Year 2018/19
Salaries & wages	8,811,824	8,989,975	7,870,969
Mayor & Councillors' honorariums	479,184	493,780	412,531
Medical insurance (incl FBT)	273,088	331,784	264,924
Superannuation - employer contributions	350,170	383,950	321,148
Income Protection Insurance	47,005	53,506	54,745
Incr/(Decr) in employee benefits liability	(278,793)	-	9,752
Total Personnel costs	\$9,682,479	\$10,252,995	\$8,934,069

Notes to the Accounts
Note 7

OTHER EXPENSES			
	Actual 2019/20	Budget 2019/20	Last Year 2018/19
Fees to principal auditor:			
- for annual report	112,663	115,000	110,998
- for debenture trust deed	4,000	4,000	4,000
- for LTP audit	0	0	0
Donations	5,651	9,000	5,753
Grants - funding community development	576,721	706,070	534,499
Grants - funding arts & culture	360,584	357,962	350,451
Grants - funding economic development	505,397	528,000	419,937
Grants - other	26,274	55,105	27,530
ACC levies	21,600	32,691	22,224
Inventories (change in value)	114,880	-	(181,747)
Impairment of receivables	19,672	1,533	2,636
Election costs	136,096	130,000	23,949
Civic entertainment costs	5,356	8,000	4,641
Ceremonies & presentations	5,326	10,600	7,631
Other operating expenses	18,920,467	20,163,132	18,762,958
Total other expenses	\$20,814,686	\$22,121,093	\$20,095,462

Notes to the Accounts

Note 7a

COST OF SERVICE STMT RECONCILIATION - Note 2 to Other Notes		
	Actual	Budget
Revenue	2019/20	2019/20
Financial Contributions	2,031,968	1,372,800
Subsidies and grants (per note 4)	5,908,147	5,933,230
Other Revenue (per Note 4)	13,042,375	8,240,378
Finance Revenue (per Note 5)	956,044	782,838
Total Operating Revenue (per Note 2)	21,938,534	16,329,246
Expenditure		
Personnel Costs (per Note 6)	9,682,479	10,252,995
Other Expenses (per Note 7)	20,814,686	22,121,093
Finance Costs (per Note 5)	2,388,227	2,499,138
Depreciation (per Notes 12,13,14)	12,350,383	12,061,907
Total Operating Expenditure (per Note 2)	\$45,235,775	\$46,935,133
Add back MstnDC rates on Council properties (net of discount)	645,018	559,000
Net Operating Cost	\$23,942,259	\$31,164,887

Notes to the Accounts

Note 8

INVENTORIES		
\$		\$
30 June 2019		30 June 2020
	Held for distribution inventory:	
126,639	Water & sewer reticulation spares	126,639
29,242	Street furniture & pavers	18,489
60,472	Water treatment chemicals	65,077
16,450	Pre-paid envelopes	26,470
	Commercial inventory:	
8,042	Rubbish bags & bins	4,652
113,750	Baleage - ex Homebush	0
19,349	Miscellaneous items	17,737
\$373,945	Total Stock	\$259,065

DEBTORS & OTHER RECEIVABLES

\$		\$
30 June 2019		30 June 2020
498,945	Rates receivables	667,217
1,144,835	Roading subsidies receivable	805,579
1,511,944	Sundry debtors & receivables	1,432,014
360,873	GST receivable	309,275
252,539	Prepayments	226,409
3,769,136		3,440,493
(168,358)	- less provision for doubtful debts	(124,415)
\$3,600,778	Total Debtors & Other Receivables	\$3,316,078
	<i>Total receivables comprise:</i>	
1,330,910	Receivables from exchange transaction	1,388,088
2,269,868	Receivables from non-exchange transaction	1,927,990

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 2018 and 2019 are detailed below:

30 June 2019		30 June 2020
2,914,528	Not past due	2,421,448
322,611	Past due 1-60 days	454,676
171,615	Past due 61-120 days	217,503
360,382	Past due > 120 days	346,866
\$3,769,136	Total	\$3,440,493

30 June 2019		30 June 2020
10,385	Individual impairment	30,109
157,973	Collective impairment	94,306
\$168,358	Total provision for impairment	\$124,415

30 June 2019		30 June 2020
0	Past due 1-60 days	0
0	Past due 61-120 days	0
10,385	Past due > 120 days	30,109
\$10,385	Total individual impairment	\$30,109

30 June 2019		30 June 2020
166,963	At 1 July	168,358
27,627	Additional provisions made during the year	19,723
(20,873)	Provisions reversed during the year	(24,712)
(5,359)	Receivables written off during the year	(38,954)
\$168,358	As At 30 June	\$124,415

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

CASH & CASH EQUIVALENTS

\$			\$
30 June 2019			30 June 2020
1,228,681	Cash at bank and in hand		9,059,894
3,000,000	Short term deposits of 3 months or less (from acquisition)		0
\$4,228,681	Total cash and cash equivalents		\$9,059,894

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 \$272,666 (2019 = \$262,818).

OTHER FINANCIAL ASSETS

\$				\$
30 June 2019	Current	Notes		30 June 2020
8,785,852	Short term deposits - maturities > 3 but less than 12 mths	*2		5,595,700
78,434	Corporate bonds & Borrower Notes (LGFA)	*4		107,370
0	Investments held by fund manager	*3		0
\$8,864,286	Total Current Portion of Financial Assets			\$5,703,070
Non-current				
Investments in CCO's & other similar entities				
303,568	Shares (NZLGFA & Civic Financial Services)	*1		220,868
\$303,568				\$220,868
Investments in other entities				
60,000	Corporate bonds	*4		55,200
776,339	Borrower notes (NZ LGFA)	*5		748,938
118,065	NZ Units - Carbon Credits on forestry	*7		162,690
8,593,345	NZ fixed interest investments held by fund manager	*3		9,159,786
\$9,547,749				\$10,126,614
\$9,851,317	Total Non-Current Portion of Financial Assets			\$10,347,482
\$18,715,603	Total Other Financial Assets			\$16,050,552
Internal loans/investments				
\$10,423,393	Balance at 30 June (also see Note 24)	*6		\$9,639,166
\$33,367,677	Total Funds On Hand or Invested (including Cash & Internal)			\$34,749,612

Notes:

Fair value: the carrying amount of term deposits approximates their fair value.

Impairment: There are no impairment provisions for Other Financial Assets. None of the financial assets are either past due or impaired.

- *1 Shares are valued as 'fair value through comprehensive revenue & expense' and consist of:
127,230 Civic Financial Services fully paid ordinary \$1.00 shares valued at \$0.95 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 1 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 during the year from a segregated mandate 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 comprehensive revenue & expense'.
- *5 The Council holds \$856,308 of borrower notes issued by NZ LGFA (incl accrued interest), valued at 'fair value through comprehensive revenue & expense'. These will be repaid on maturity of borrowings from the NZ LGFA, with interest accrued and payable on maturity.
- *6 The Council has continued to utilise internal loans/investments for both long term funding of certain capital projects and short term cash flow funding to allow optimal timing of external debt drawdowns.
- *7 The Council has been allocated 5,100 NZU carbon credits, based on it's forestry area. These have been re valued at the estimated carbon price at 30 June 2020 of \$31.90 per NZU.

Notes to the Accounts

Note 12

PROPERTY PLANT & EQUIPMENT

2020

	Original Cost/ Valuation	Accum. Depreciation & Impairment	Carrying Amount	Current Year	Additions	Vested Assets *5	Impairment *3	Disposals *1	Current Year Transfers/	Current Year Depreciation	Current Year Revaluation	Original Cost/ Valuation	Accum. Depreciation & Impairment	Carrying Amount
	30-Jun-19	30-Jun-19	30-Jun-19									30-Jun-20	30-Jun-20	30-Jun-20
Operational Assets														
Land	58,256,001	-	58,256,001	0				\$0				58,256,001	-	58,256,001
Buildings	41,522,575	(2,082,447)	39,440,128	2,369,019				(41,026)	1,111,771	(2,182,022)	-	44,915,665	(4,217,795)	40,697,870
Plant & vehicles	4,167,390	(2,701,451)	1,465,939	568,259				(7,283)	8,696	(303,983)		4,671,997	(2,940,370)	1,731,627
Equipment & furniture	5,826,220	(4,274,572)	1,551,647	1,445,526				(11,293)	158,414	(453,851)		7,402,516	(4,712,073)	2,690,443
Office equip (finance lease)	78,902	(72,320)	6,582	-				(1)		(6,581)		0	0	-0
Library books	536,671	-	536,671	184,461				(16,512)	-	(170,335)	(14,397)	519,889	-	519,889
Work in progress	1,471,586	-	1,471,586	156,028					(1,278,881)			348,732	-	348,732
Total operational assets	111,859,346	(9,130,791)	102,728,555	4,723,292				(76,114)	-	(3,116,772)	(14,397)	116,114,801	(11,870,237)	104,244,564
Infrastructural Assets														
Land (under roads)	86,205,799	-	86,205,799	0	900,337							87,106,136		87,106,136
Roading network	440,054,226	(9,639,078)	430,415,149	5,426,054	2,485,127			(73,226)	353,516	(5,111,602)	49,196,554	497,442,251	(2,268,961)	482,691,572
Water treatment plant - Masterton	9,132,330	(843,208)	8,289,122	9,725				-		(434,795)		6,873,093		5,595,090
Water reticulation (incl rural supplies)	32,971,687	(1,627,760)	31,343,927	674,878	421,305			(102,809)	32,647	(824,807)	4,197,822	38,195,530		35,742,963
Sewerage treatment plant - Masterton	33,415,418	(1,114,679)	32,300,739	30,513				-		(563,255)	3,443,311	36,889,242		35,211,308
Sewerage reticulation - Masterton	32,505,126	(2,516,251)	29,988,876	983,319	713,212			(139,506)	159,193	(1,271,300)	20,935,721	55,157,065		51,369,514
Sewerage systems - rural *4	8,960,315	(531,433)	8,428,882	67,969				(20,084)		(259,130)	2,725,697	11,733,897		10,943,334
Stormwater assets	16,257,909	(612,301)	15,645,608	430,861	582,428			(6,585)		(315,308)	4,776,299	22,040,912		21,113,303
Flood protection & control works	4,087,898	(124,397)	3,963,501	115,402				-		(63,367)	854,474	5,057,774		4,870,010
Other infrastructure	4,799,311	(158,547)	4,640,764	41,834				(253)		(82,439)	(289,071)	4,551,821		4,310,835
Work in progress	1,217,017	-	1,217,017	2,670,124				(11,260)	(545,356)			3,330,526	-	3,330,526
Total infrastructural assets	669,607,035	(17,167,653)	652,439,384	10,450,680	5,102,409			(353,724)	-	(8,926,005)	83,571,848	768,378,248	-	742,284,592
Total Property, Plant & Equipment	\$ 781,466,381	(\$26,298,443)	\$ 755,167,939	\$ 15,173,972	\$ 5,102,409			\$ 0 (\$429,837)	\$ 0	(\$12,042,776)	\$ 83,557,451	\$ 884,493,049	(\$11,870,236)	\$ 846,529,156

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.

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

In operational, various buildings were finished and transferred out including the Library Learning Centre, QE Park Grandstand & QE Park Upgrade. In Plant a baler was bought and Waita house fitout was completed. Transferred in were more costs for the Castlepoint toilets and scoping costs for the Civic Centre. Initial costs of the Skate Park, New Pound and Poo Bins bought but yet to be installed.

In infrastructural assets sewer & water reticulation jobs were completed & transferred out along with some roading rehab and LED streetlighting.

Transferred in included progress payments on sewer & water reticulation work, water meters, hangar services extension costs, CBD design costs and roading work yet to be completed.

*3 In 2017 the Town Hall and District Building value were impaired on the basis of an engineering assessment placing it below the acceptable standard and the estimated cost to strengthen being uneconomic to proceed with. This impairment was taken into account with the valuation of Land and Building valuations being undertaken by Jones Lang La Salle as at 30 June 2018.

*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 a number of subdivisions including The Barracks, Tuatahi, Miro Street extension and Old Orchard Road.

Notes to the Accounts

Note 12a

PROPERTY PLANT & EQUIPMENT

2019

	Original Cost/ Valuation	Accum. Depreciation & Impairment	Carrying Amount	Current Year	Additions	Vested Assets *5	Impairment *3	Current Year	Disposals *1	Current Transfers/ Adjustments *2	Current Year	Depreciation	Revaluation	Current Valuation	Accum. Depreciation & Impairment	Carrying Amount
	30-Jun-18	30-Jun-18	30-Jun-18											30-Jun-19	30-Jun-19	30-Jun-19
Operational Assets																
Land	57,749,001	-	57,749,001	650,000				(143,000)						58,256,001	-	58,256,001
Buildings	37,301,042	0	37,301,042	3,823,633				(19,779)		419,800		(2,084,569)	-	41,522,575	(2,082,447)	39,440,128
Plant & vehicles	3,927,525	(2,475,143)	1,452,382	287,097				(2,870)				(270,670)		4,167,390	(2,701,451)	1,465,939
Equipment & furniture	5,451,618	(3,965,568)	1,486,050	388,742				(1,226)		-		(321,919)		5,826,220	(4,274,572)	1,551,647
Office equip (finance lease)	78,902	(46,022)	32,880	-				-				(26,298)		78,902	(72,320)	6,582
Library books	493,910	-	493,910	230,928				(39,463)		13,141		(175,998)	14,153	536,671	-	536,671
Work in progress	541,174	-	541,174	1,363,353				(432,941)						1,471,586	-	1,471,586
Total operational assets	105,543,172	(6,486,733)	99,056,439	6,743,753				(206,337)				(2,879,454)	14,153	111,859,346	(9,130,791)	102,728,555
Infrastructural Assets																
Land (under roads)	86,098,671	-	86,098,671	4,348		102,780								86,205,799	-	86,205,799
Roading network	433,707,559	(4,726,557)	428,981,003	5,314,140		810,489		(158,613)		380,651		(4,912,521)		440,054,226	(9,639,078)	430,415,149
Water treatment plant - Masterton	9,013,522	(416,408)	8,597,114	120,834				(2,026)				(426,800)		9,132,330	(843,208)	8,289,122
Water reticulation (incl rural supplies)	31,513,339	(809,315)	30,704,024	1,363,777		112,000		(345,145)		327,716		(818,445)		32,971,687	(1,627,760)	31,343,927
Sewerage treatment plant - Masterton	33,300,444	(554,995)	32,745,449	114,974								(559,684)		33,415,418	(1,114,679)	32,300,739
Sewerage reticulation - Masterton	31,924,060	(1,253,718)	30,670,343	467,445		166,404		(52,783)				(1,262,533)		32,505,126	(2,516,251)	29,988,876
Sewerage systems - rural *4	8,882,301	(262,303)	8,619,998	79,133				(1,119)				(269,130)		8,960,315	(531,433)	8,428,882
Stormwater assets	15,963,982	(303,406)	15,660,576	116,931		174,879				2,117		(308,895)		16,257,909	(612,301)	15,645,608
Flood protection & control works	4,065,422	(62,105)	4,003,317	22,476								(62,292)		4,087,898	(124,397)	3,963,501
Other infrastructure	4,735,480	(78,101)	4,657,378	63,831								(80,445)		4,799,311	(158,547)	4,640,764
Work in progress	949,679	-	949,679	977,823						(710,484)				1,217,017	-	1,217,017
Total infrastructural assets	660,154,459	(8,466,909)	651,687,552	8,645,711		1,366,552	0	(559,686)		0		(8,700,744)		669,607,035	(17,167,653)	652,439,384
Total Property, Plant & Equipment	\$ 765,697,632	(\$14,953,641)	\$ 750,743,991	\$ 15,389,464		\$ 1,366,552	\$ 0	(\$766,023)		\$ 0		(\$11,580,198)	\$ 14,153	\$ 781,466,381	(\$26,298,443)	\$ 755,167,939

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.

*2 In the Transfers & Adjustments column \$1,143,422 was transferred out of work in progress as detailed below:

In operational, the purchase of Waitata House, the seismic work at the Trust House Recreation Centre were completed and library books were capitalised.

In infrastructural assets, Roading Rehab work was completed, LED streetlight lamps installed and four sewer replacements started last year were completed.

*3 In 2017 the Town Hall and District Building value were impaired on the basis of an engineering assessment placing it below the acceptable standard and the estimated cost to strengthen being uneconomic to proceed with. This impairment was taken into account with the valuation of Land and Building valuations being undertaken by Jones Lang La Salle as at 30 June 2018.

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

*5 Vested Assets included land, roading, water, sewer & stormwater assets transferred to the Council from completion of a number of subdivisions including extensions to The Plains and Taranaki Street plus Gimson Street Stage 6.

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 2018. This resulted in an increase of \$8.4 Million (17.1%) in fair value of Land Assets after taking account of additions and deletions during the same period. The value of Building Assets increased by \$4.9 Million (15%) in depreciated replacement cost after taking account of additions and depreciation over the period.

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 2018 has seen an increase in the value to \$310,000.

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.

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 2018 has meant the Town Hall and the old Administration Building were revalued to a nil value with a value only 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 valuation of infrastructural assets was performed by WSP Consultants Ltd, with an effective date of 30 June 2020. The overall increase in values that resulted from the revaluation was \$84.1 million (14.7%), including resource consents which are part of Intangible 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.

Notes to the Accounts
Note 14

INTANGIBLE ASSETS	\$ 2019 Computer Software	\$ 2019 Resource Consents	\$ 2019 Total	\$ 2020 Computer Software	\$ 2020 Resource Consents	\$ 2020 Total
Opening Original Cost	1,041,144	6,851,780	7,892,925	1,091,061	6,867,052	7,958,113
Opening Accum. Amortisation	(961,913)	(3,179,667)	(4,141,580)	(1,005,943)	(3,444,350)	(4,450,293)
Carrying Amount (start of year)	79,231	3,672,113	3,751,344	85,118	3,422,702	3,507,821
Additions	49,917	15,272	65,189	9,840	-	9,840
Revaluation	-	-	-	-	563,844	-
Disposals (net BV)	-	-	-	-	-	-
Amortisation Change	(44,030)	(264,683)	(308,712)	(42,657)	(264,951)	(307,607)
Transfers/Adjustments	-	-	-	16,744	-	16,744
Closing Original Cost	1,091,061	6,867,052	7,958,113	1,117,645	4,084,434	5,202,079
Closing Accum. Amortisation	(1,005,943)	(3,444,350)	(4,450,293)	(1,048,600)	(362,838)	(1,411,438)
Carrying Amount (end of year)	85,118	3,422,702	\$ 3,507,821	69,046	3,721,596	\$ 3,790,641
Work in progress	16,744	79,836	\$ 96,580	-	79,836	\$ 79,836
	101,862	3,502,538	\$ 3,604,400	69,046	3,801,431	\$ 3,870,477

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 2020	Actual 2019
Opening balance 1 July	536,029	679,434
Gains/(losses) arising from changes in fair value	15,429	(25,791)
Decreases due to harvest	(26,905)	(117,614)
Balance at 30 June	\$ 524,553	\$ 536,029

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 55.7 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 2020, 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.

Notes to the Accounts
Note 16

INVESTMENT PROPERTY	Actual 2020	Actual 2019
Opening balance 1 July	2,668,200	2,314,000
Acquisitions / (Disposals)	-	-
Fair value gains/(losses) on valuation	8,000	354,200
Balance at 30 June	\$ 2,676,200	\$ 2,668,200

The Council's investment properties are valued at fair value effective 30 June 2020. All investment properties were valued on open market evidence. The valuation was performed by Nigel Fenwick NZIV, of Jones Lang LaSalle in accordance with PBE IPSAS 16. The valuer notes that due to the response to COVID-19 a higher degree of caution should be attached to this valuation than would normally be the case. The valuation is based on their current understanding of the property market and reasonable foreseeable events as at valuation date, but noted this could change due to subsequent events.

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

is listed below:

	2020	2019
Rental Revenue	109,488	115,438
Expenses from investment property generating Revenue	18,124	16,479
Expenses from investment property not generating Revenue	9,443	9,334

CAPITAL EXPENDITURE SUMMARY				2019/20	2019/20	Source of Funding			
Activity	Project		Budget	Actual	Rates	Reserves	Other		
Roading		(Renewal/New/ Growth)							
Roading - subsidised	Roading renewals - rural	R	2,380,000	2,758,947	1,186,347		1,572,600	*2	
	Roading renewals - urban	R	880,000	494,730	212,734		281,996	*2	
	Bridge renewals	R	100,000	36,061		36,061			
	Rural/Urban minor improvements	N	814,400	366,576	157,628		208,948	*2	
	Upgrade to LED streetlighting	N	140,000	112,615		16,892	95,722	*2	
	Footpath upgrading [incl reseals]	R	551,000	192,643		82,836	109,806	*2	
	Cycleways	N	70,000	58,972	25,358		33,614	*2	
	Car park seal renewals & signage	R	170,000	17,560		17,560			
Roading - non-subsidised	Carpark Lighting - safety initiative	N	40,840	52,105		52,105			
	CBD Recycling Bins	N	10,000	-					
	CBD upgrade	N	1,825,000	475,745		288,618	187,127	*1	
	Neighbourhood upgrades	N	140,000	3,740			3,740	*3	
	Solway Cres upgrading	G	280,000	1,181,243		728,162	453,080	*2	
	Retaining Structures (emergency response)	R	-	430,171	77,374	107,600	245,198	*2	
	Water Services								
	Urban Water Treatment	Water treatment plant equip. renewal	R	101,680	116,693		116,693		
Urban Water Reticulation	Fluoride Free - water access	N	30,720	-		0			
	Water treatment - buildings & grounds	R	100,000	9,725		9,725			
	WTP sludge handling upgrade	N	200,000	11,000		11,000			
	Water reticulation - mains renewals	R	1,433,600	449,429		449,429			
Rural Water	Water reticulation - connections	R	204,800	188,343		180,268	8,075	*3	
	Water meters all urban properties	N	2,000,000	1,821,347			1,821,347	*1	
	Reservoir upgrades	G	20,480	-		0			
	Opaki water race consent renewal	R	15,683	-					
Rural Water	Opaki water race equipment	N	15,360	-					
	Tinui water supply upgrades	R	5,120	-					
	Castlepoint water supply upgrades	R	-	7,742		7,742			
	Wainuioru water supply upgrades	R	300,000	95,051		95,051			
Wastewater Services									
Urban Wastewater System	Homebush treatment plant upgrade	N	520,480	15,533		15,533			
	Homebush equipment upgrades	R	258,500	306,688		306,688			
	Network investigations	N	51,200	-		0			
	Sewerage retic. mains renewals	R	1,126,400	1,127,507		1,125,007	2,500	*3	
	Sewer connections (new)	G	-	4,571		0	4,571	*3	
Rural Wastewater System	Riversdale renewals	R	10,240	33,568		33,568			
	Tinui sewerage scheme	R	-	5,196		5,196			
	Castlepoint sewerage plant renewals	R	5,120	29,205		29,205			
Stormwater Services									
	Stormwater - renewals	R	337,920	148,543		148,543			
	Stormwater consent	N	102,400	-					
Solid Waste Services									
	Transfer Station renewals	R	204,200	3,459		3,459			
	Nursery Road land fill capping	N	20,420	-					
	Recycling Wheely Bins	N	340,000	693,830			693,830	*1	
	Transfer Station Roof	N	350,000	-		-			
Community Facilities/Activities									
Parks & Reserves	Queen Elizabeth Park rejuvenation	N	415,000	605,660		290,000	315,660	*1	
	Upgrade Kidz Own Playground	R	237,503	38,800		38,800			
	Upgrade structures/facilities	R	188,399	81,348		81,348			
	Street trees renewals & new	N	17,102	1,336		1,336			
	Henley Lake Toilet Upgrade	R	354,885	231,481		231,481			
	Recreation trails network	N	226,662	37,366		37,366			
	Parks - Signage & Furniture	R	2,042	612			612	*3	
	Castlepoint furniture renewals	R	10,210	10,858		10,858			
Sportsfields	QE Park - Irrigation System	N	-	16,165		16,165			
	Cricket facility upgrade	R	620,000	622,986		622,986			
	Sportsfield buildings renewals	R	335,840	245,894		245,894			
	Colin Pugh Sports Bowl	R		2,735		2,735			
Trust House	Sport Facilities Provisions	N	202,100	38,935		38,935			
	Upgrade Building & Services	R	76,575	143,171		143,171			
Recreation Centre	Plant & equipment	R	80,000	99,617		99,617			
Cemeteries	Cemetery renovations & extensions	R	204,200	5,899		5,899			
	Upgrade online services	N		-		0			
sub totals to carry forward to next page			\$ 18,126,081	\$ 13,431,398	\$ 1,659,440	\$ 5,733,531	\$ 6,038,427		

CAPITAL EXPENDITURE SUMMARY			2019/20	2019/20	Source of Funding			
Activity	Project		Budget	Actual	Rates	Reserves	Other	
sub totals carried forward			\$ 18,126,081	\$ 13,431,398	\$ 1,659,440	\$ 5,733,531	\$ 6,038,427	
Community Facilities/Activities contd.								
Library	Book stock renewals	R	192,000	184,461		184,461		
	Computer & equipment upgrades	R	45,000	60,522		60,522		
	Library building & furniture upgrades	R	40,000	7,150		7,150		
	Library Learning Centre	G	-	216,804				216,804 *1
Archive	Archives equipment renewal	N	125,000	-				
District Building	District Building facilities & equip	R	10,210	-		-		
	Waiata House - upgrade F & F	N	180,630	439,903		439,903		
	New Civic/Events Centre	N	2,000,000	2,598		2,598		
	Emergency Operations Centre building	N	714,700	-				
Elderly Housing	Replace emergency generator	R	-	6,855		6,855		
	Pensioner housing renewals	R	190,490	68,575		68,575		
	Window upgrades	N	51,050	48,624		48,624		
Other Property	Public conveniences - misc items	R	71,351	10,214		10,214		
	Castlepoint Toilet Upgrade	R	315,000	84,549		84,549		
	Rental & other property upgrades	R	210,000	132,394		108,372		24,022 *3
	Rural Hall upgrades	R	-	18,403		13,025		5,378 *3
Airport	Airport internal roading	G	70,000	-				
	Airport development & upgrades	N	10,000	1,000		1,000		
	Runway reseal & remarking	R	153,150	-				
	Runway lights replacement	R	150,000	9,753		9,753		
	Hanger area expansion	N	362,554	65,231				65,231 *1
Mawley Park	Mawley Park facility - renewals	R	109,443	18,286		18,286		
Community Wellbeing								
Economic	CBD security cameras	R	20,420	19,360		19,360		
Development	Street Signage	N	32,000	-				
	Solway Showgrounds dump station	N	70,000	-				
	Christmas decorations	N	15,000	17,082		17,082		
Regulatory Services								
Environmental Services	Testing equipment	R	8,168	-				
Emergency Mgmt	Emergency welfare centres facilities	N	58,000	11,173		11,173		
Animal Services	Animal Services - Poo Bins	R	20,420	17,084		17,084		
	Animal & Bylaws signage	R	10,000	-				
	Animal Services - new animal pound	N	100,000	40,560		40,560		
Parking	Hand held parking devices	N	15,000	6,638		6,638		
Internal Functions								
Corporate Services	IT equipment replacement	R	91,890	130,210		130,210		
	Document Management System	R	10,210	-				
	GIS aerial photos & data capture	R	25,525	1,565		1,565		
	Phone System	R	6,000	-		0		
Asset Management	Pool Vehicle replacement	R	170,000	133,418		133,418		
	Asset Management system (c/fwd)	N	25,000	-				
Capital Expenditure (Ex Vested Assets)			\$ 23,804,291	\$ 15,183,811	\$ 1,659,440	\$ 7,174,509	\$ 6,349,862	
Vested Assets (acquired from subdivision)								
	Roads, water, sewer, stormwater	Vested		5,102,409				5,102,409 *4
Total Capital Expenditure			\$ 23,804,291	\$ 20,286,220	\$ 1,659,440	\$ 7,174,509	\$ 11,452,271	
*1 New external loan funding totals \$3,300,000 and internal loans total \$0 *2 NZ Transport Agency subsidies on roading capital and renewals expenditure totals \$3,000,965 *3 External funding towards asset purchases \$48,897 *4 Vested assets ex subdivision include; Roading \$3,385,464; Water \$421,305; Sewer \$713,212 and Stormwater \$582,428								
Capital Expenditure Analysis			Budget	Actual				
	Asset Renewals		12,163,673	8,837,460				
	Asset Growth		370,480	1,402,618				
	New Assets (improve level of service)		11,270,138	4,943,734				
	Vested Assets		-	5,102,409				
			\$23,804,291	\$ 20,286,220				
Work in Progress Analysis						2020	2019	
Property, plant and equipment in the course of construction by class of asset is detailed below:						\$ 000	\$ 000	
	Water supplies					1,859	44	
	Waste water reticulation					308	319	
	Roading network					1,079	803	
	Other infrastructure					84	51	
	Buildings					332	1,304	
	Plant & vehicles						9	
	Equipment & furniture					17	158	
	Consents applied for but not yet granted					80	80	
	Computer software & systems under development						17	
Variance from Budget								
Commentary is detailed in Note 31.						3,759	2,785	

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 and building consents). In addition, during the year the Council had dealings with a number of entities where there is a direct relationship between a Councillor or senior staff member. These are considered related party transactions and 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.

As part of the annual plan process and grants funding decisions during the year, the Council may decide on grants to, or funding of organisations to which there is a related party relationship. The agendas at any meeting where these grants are decided always start off with the declaring of any potential conflicts of interest. The intention is that these parties do not unfairly influence the decision. For the sake of public information, the detail below clarifies the potentially more significant transactions and relationships.

Related party transactions disclosed:

- * During the year the Council had a range of dealings with Masterton Trust Lands Trust (MTLT). Up until the October 2019 local government elections, Councillors R Johnson and F Mailman were elected members of the MTLT. At the election, those two councillors were re-elected to the Council and the MTLT, along with Cr G Caffell and Cr S Ryan also being elected to both the Council and MTLT. The MTLT provides the Council's library activity with a grant for books.
- * In 2018 MTLT initiated legal action related to the structural quality of the design of a number of their buildings and has joined the Council as second defendant (see full description in contingent liabilities).
- * Cr B Goodwin was a councillor until Oct 2019 and was an elected trustee of the Masterton Community Trust (MCT). Cr R Johnson was elected to the MCT in Oct 2019. The Council has applied to and been granted funding from the MCT (in 2019/20 for the Waitangi Day event).
- * Cr. C Peterson is a committee member of Sustainable Wairarapa, WaiWaste and King Street Artworks. These organisations received grant funding from the Council of \$0, \$15,000 and \$12,700 respectively (2018/19 \$2,500, \$10,000 and \$10,000). WaiWaste was involved in Covid-19 emergency response and recovery between April & June 2020 and was paid a total of \$9,465 for Foodbank support. King Street Artworks received both a Community Wellbeing grant, an Arts grant and Creative Communities grant.
- * The Bring it to Colombo Trust was formed in 2016 with the express purpose to redevelop the Council-owned netball courts at Colombo Road as a community-led project. The Council appointed three elected members and one staff member as trustees (11 trustees in total). Council appointees were the Mayor, Lyn Paterson, Cr G McClymont, Cr R Johnson and the Mgr Community Facilities & Activities, Andrea Jackson. The Council contributed \$800,000 in 2017/18 to the \$2.5 million project, which was completed in May 2018 and the Trust was wound up at the end of 2019. Council contributed \$20,000 to the operating costs of the Trust in 2019/20 and 2018/19. The Council provided a loan guarantee on a loan facility of up to \$200,000 to the Trust and has subsequently acknowledged the transfer of responsibility for a lower value loan, to Netball Wairarapa.
- * Cr F Mailman is a trustee of the Wairarapa Youth Charitable Trust. The Council provided a Community Wellbeing grant to the trust of \$10,000 (also \$10,000 in 2018/19).
- * Cr R Johnson was a committee member of the Wairarapa SPCA. The Council provided a Community Wellbeing grant to SPCA NZ of \$10,000 (2018/19 SPCA NZ \$10,000)
- * Cr J Hooker was a councillor until the LG elections in Oct 2019. Synergy Consultants Ltd, owned by Cr J. Hooker, is contracted to provide part time services for Wairarapa EM/CD Welfare function. The Council administers the Wairarapa EM/CD function in conjunction with Wellington Regional Emergency Management Office (WREMO). The value paid to Synergy for those contracted services in 2019/20 was \$23,431 (2018/19 \$20,511)
- * Wairarapa Balloon Society Inc. was given a \$10,000 grant towards the costs of running the annual ballooning festival. \$2,971 of the grant was returned as the 2020 event was cancelled. The Manager Finance, Mr D Paris was an office holder of the Society. (2018/19 the grant was \$10,000).
- * The Wairarapa Multi Sport Stadium Trust (WMSST) operates the sports facility at Cameron & Soldiers Memorial Park and has a Council-appointed representative on their Trust. From October 2016 that representative has been Cr J. Dalziel (councillor until October 2019). The WMSST share of the cost of temporary facilities provided during earthquake strengthening in 2017/18, has been written off in 2019/20 as a nominal operations grant (value \$9,834 plus GST).
- * The Manager of Community Facilities & Activities, Andrea Jackson is a board member of the Wairarapa Bush Rugby Union (WBRU). The WBRU holds the lease for Cameron & Soldiers Memorial Park. The lease paid to the Council in 2019/20 was \$17,275, but 3 months lease was refunded as part of Council's response to COVID-19 impacts (2018/19 lease income \$17,275).
- * Cr S Ryan (elected Oct 2019) is a committee member of the Lansdowne Residents Association (LRA). The LRA was allocated grant funding from the Council of \$3,000 to undertake projects in their suburb/neighbourhood.
- * Councillors T Nixon and D Holmes were both elected in Oct 2019 and are both committee members of the Masterton A&P Association. The Council provides an annual grant to the A&P Assoc of the value of rates levied on the Solway Showgrounds. Value of the 2019/20 grant was \$7,644.

Transactions with key management personnel		2019/20	2018/19
Councillors	Remuneration	\$479,184	\$412,531
	Number of members	13	14
Senior Management Team, including the Chief Executive			
	Remuneration	\$1,291,746	\$1,211,476
	Full-time equivalent members	7.2	7.2
Total key management personnel remuneration		\$1,770,930	\$1,624,007
Total full-time equivalent personnel		20.2	21.2

Full-time equivalent for Councillors is taken as the number of Councillors.

Notes to the Accounts

Note 19

REMUNERATION - Elected Representatives

2019/20

2018/19

The 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 representatives were appointed in August 2016 and there was a Whaitua rep appointed to that GWRC committee.

Mayor	Lyn Patterson	114,959	100,389
Deputy Mayor	Graham McClymont	43,596	37,730
Councillor & committee chair	Gary Caffell	39,704	36,382
Councillor	Chris Peterson	33,119	26,950
Councillor & committee chair	Frazer Mailman	35,414	26,950
Councillor & committee chair	Bex Johnson	40,005	26,950
Councillor	Brent Gare (from Oct '19)	24,140	
Councillor	Sandy Ryan (from Oct '19)	24,140	
Councillor	Tim Nelson (from Oct '19)	24,140	
Councillor	Tina Nixon (from Oct '19)	24,140	
Councillor & Whaitua rep.	David Holmes (Cr from Oct '19)	24,140	1,250
Councillor & committee chair	Jonathan Hooker (to Oct '19)	12,570	37,730
Councillor	Brent Goodwin (to Oct '19)	8,979	26,950
Councillor	Simon O'Donoghue (to Oct '19)	8,979	26,950
Councillor	John Dalziel (to Oct '19)	8,979	26,950
Councillor	Deborah Davidson (to Oct '19)	8,979	26,950
Iwi Representatives (x2)		3,200	10,400
		\$ 479,184	\$ 412,531

Notes to the Accounts

Note 19 (contd)

REMUNERATION - Chief Executive

The Chief Executive of the Masterton District Council is appointed under section 42 of the LG Act 2002.

Kathryn Ross's start date was 1 August 2018.

	2019/20	2018/19
The annual salary package, including benefits was:	\$246,885	
(prior year was 11 months)		\$219,692

REMUNERATION - Council employees

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

2020		2019	
< \$60,000	62	< \$60,000	75
\$60,000- \$79,999	24	\$60,000- \$79,999	21
\$80,000- \$99,999	26	\$80,000- \$99,999	23
\$100,000-\$119,999	7	\$100,000-\$139,999	10
\$120,000-\$139,999	8		
\$140,000-\$249,999	6	\$140,000-\$239,999	7
Total Employees*	133	Total Employees[†]	136
Total FTEs		Total FTEs	
107		106	

*(includes part time & casuals)

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 86 (2019 = 84) full-time employees, with the balance of staff representing 21 (2019 = 22) full-time equivalent (FTE) employees.

A full-time employee is determined on the basis of a 40 hour working week.

SEVERANCE PAYMENTS - Council employees

For the year ended 30 June 2020, the Council made zero (2018/19 = 2) severance payments to employees totalling \$0 (2018/19 (\$2019 \$1,750)).

The term severance payment includes non-monetary benefits but excludes salary, holiday pay, superannuation contributions

Notes to the Accounts

Note 20

CREDITORS & OTHER PAYABLES		\$
30 June 2019		30 June 2020
5,199,267	Trade payables	5,261,366
558,519	Deposits & bonds	532,792
145,692	Agency rates collected - Greater Wellington Regional Council	188,238
1,038,440	Revenue received in advance	1,804,392
149,896	Community organisations - funds held in trust	172,154
\$7,091,814		\$7,958,942
Exchange & Non-exchange transactions analysis		
<i>Payables and deferred revenue under exchange transactions:</i>		
4,716,050	Trade payables and accrued expenses	4,777,585
466,717	Contract retentions	463,946
5,182,767		5,241,531
<i>Payables and deferred revenue under non-exchange transactions:</i>		
16,500	Grants Payable	19,835
295,589	Bequests & funds held in Trust	360,392
1,596,958	Payments received in advance (inclg bonds)	2,337,184
1,909,047		2,717,411
\$7,091,814	<i>Total payables and deferred revenue</i>	\$7,958,942
Trade and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of trade and other payables approximates their fair value.		

Notes to the Accounts

Note 21

EMPLOYEE BENEFIT LIABILITIES		\$
30 June 2019		30 June 2020
815,499	Staff holiday provision	897,950
228,407	Salaries & wages accrued	(88,811)
7,709	Councillor's honorariums payable	(5,722)
8,753	Staff sick leave provision	9,376
2,388	Staff alternative leave provision	5,375
123,006	Staff retirement gratuities	88,802
\$1,185,762	Total Employee Benefit Liabilities	\$906,969
1,177,825	Comprising:	897,802
7,937	Current	9,167
\$1,185,762	Non-current	\$906,969
	Total Employee Benefit Liabilities	

The present value of staff retirement gratuities represents the discounted value of long service leave payable to four staff. The entitlement was 'grandfathered' in the 1990s, with the four staff having their entitlement frozen, except for salary movements. The discounted rate for future payments is 2.8% (last year 3.37%) while no salary inflation factor has been applied. The discounted rate has been applied to the best estimate of future cashflows. Any changes to these assumptions will affect the carrying amount of the liability.

Notes to the Accounts

Note 22

DERIVATIVE FINANCIAL INSTRUMENTS		\$	Actual
30 June 2019	Assets	30 June 2020	
-	Non-current	-	
	Interest rate swaps - fair value		
	Liabilities		
61,613	Current	167,741	
5,494,760	Non-current	6,500,946	
\$5,556,373	Interest rate swaps - fair value	\$6,668,687	

Fair value

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.

Interest rate swaps

The notional principal amounts of the outstanding interest rate swap contracts for the Council were \$56.7m (2019 \$61.2m). Seven of these, with a nominal principal totalling \$14m, were forward start date contracts (2019 Ten with a total of \$18m). At 30 June 20, the fixed interest rates of interest rate swaps varied from 1.6525% to 5.515% (2019:1.6525% to 5.8%).

PROVISIONS

30 June 2019		30 June 2020
\$	Landfill Aftercare Provision	\$
175,858	Opening balance	91,830
(50,472)	Amounts used during the year	(50,378)
(44,108)	Adjustments to provision*	45,616
10,552	Discount unwinding (Note 5)	5,510
91,830	Closing balance	92,578

Commentary

The Nursery Road landfill was closed for general refuse on 30th September 2006. An interim closure plan was accepted by the GWRC and a resource consent application has been lodged for the closure plan and on-going limited disposal of special wastes. The Council's responsibilities under the closure plan include progressive capping using cleanfill (as it is deposited) and some imported material. The liabilities for this work were recognised and allowed for over a 10 year time period to 2020.

* In 2010/11 the resource consent, including a closure plan was finalised. The sums expended in 2019/20 included \$43,423 on moving cover material and cleanfill. The capping work using this material is expected to be progressed over at least the next 2 years.

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

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

Masterton District Council is one of 30 council shareholders of the NZLGFA, along with the NZ Government. In that regard it has uncalled capital of \$100,000. When aggregated with uncalled capital of other shareholders, \$20m is available in the event that an imminent default is identified. Also, together with 54 borrower councils, Masterton DC is a guarantor of all of NZLGFA's borrowings. At 30 June 2020, NZLGFA had lent \$10.869 billion (2019: \$9.335 billion). Financial reporting standards require Masterton District Council to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficiently reliable fair value for the guarantee and therefore has not recognised a liability. The Council considers the risk of NZLGFA defaulting on repayment of interest or capital to be very low on the basis that:

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

Community Organisations

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.

	Value of Guarantee	Amount owing 30 June 2020	Amount owing 30 June 2019
Masterton Motorplex Inc.	300,000	184,655	218,834
Wairarapa Multi-Sport Stadium Trust Board	100,000	57,165	68,847
Bring It To Colombo Trust*	200,000	0	200,000
Netball*	135,000	102,463	0
	735,000	344,283	487,681

30 June 2019		30 June 2020
\$	Total Provisions	\$
91,830	Landfill aftercare provision	92,578
0	Financial guarantees provision	0
\$91,830	Closing carrying value - Provisions	\$92,578
50,378	Current	42,453
41,452	Non-current	50,125
\$91,830		\$92,578

FINANCIAL LIABILITIES as at 30 June 2020

	\$	\$	\$
	30 June 2019	30 June 2020	Budget 2020
SUMMARY			
Secured (bank) loans	0	0	0
Secure Floating Note (FRN)	0	0	0
LGFA bonds	50,000,000	51,100,000	55,139,208
Finance leases	9,368	0	0
Internal loans	10,423,394	9,639,166	9,768,732
Sub total - all financial liabilities	60,432,763	60,739,167	64,907,940
Less current portion of external liabilities	(5,009,368)	(7,000,000)	(7,000,000)
Internal loans/investments reversed	(10,423,394)	(9,639,166)	(9,768,732)
Total non-current financial liabilities	\$45,000,000	\$44,100,000	\$48,139,208

	2019/20	\$	\$
		Actual	Budget
COST OF DEBT SERVICING			
Loan repayments (external)		2,209,368	2,175,872
Interest expense (external)		2,382,717	2,499,138
Cost of Debt Servicing (external)		4,592,086	4,675,010
Loan repayments (internal)		784,228	664,260
Interest expense (internal)		291,598	370,605
Cost of Debt Servicing (internal)		1,075,826	1,034,865
Treasury Policy Compliance			
		Policy Limits	
Net External Debt to Operating Revenues	54.0%	150%	69.3%
Interest (external) as % of operating revenue	5.0%	10%	5.2%
Interest (external) as % of total rates revenue	7.6%	15%	8.0%
Interest (internal & external) as % of total rates revenue	8.6%	20%	9.2%

MOVEMENTS IN TOTAL DEBT

	\$ Actual	\$ Budget
Opening Balance 1 July 2019	\$60,432,763	\$64,333,072
Loan repayments	(2,993,596)	(2,840,132)
New borrowing (external, internal & finance leases)	3,300,000	3,415,000
Closing Balance 30 June 2020	\$60,739,167	\$64,907,940

MATURITY ANALYSIS

The following is a maturity analysis of the Council's borrowings (excluding finance leases & internal borrowings).

	30 Jun 2019	30 Jun 2020	
Repayments due in less than one year	5,000,000	7,000,000	Weighted average interest on external loans
Later than one year, less than five	27,000,000	32,300,000	
Later than five years	18,000,000	11,800,000	
	\$50,000,000	\$51,100,000	4.27%

ANALYSIS OF FINANCE LEASE LIABILITIES

	Actual 2019	Actual 2020
Payable no later than one year	10,388	0
Later than one, not later than two years	0	0
Later than two, not later than five years	0	0
Future financing charges	(1,020)	-
	\$9,368	\$0
Representing lease liabilities - Current	10,388	0
- Non-current	-1,020	0

Security: The Council has secured its loans and debenture borrowing using a Debenture Trust Deed (DTD). Under the DTD the Council's rates revenue is offered as security and all lenders rank equally, with a trustee representing the lenders. Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

Term: Each LGFA bond has a term shorter than the intended term of the borrowing, but for the maturity analysis above, it has been assumed that they will be repaid over sanctioned terms and refinanced as they mature. The loans include two Cash Advance Facilities (CAFs) with \$0 drawn and \$10m undrawn. Interest rate swaps have been used to fix interest rates for terms ranging from 2 months to 7.5 years.

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

FINANCIAL LIABILITIES as at 30 June 2020

Leases: The Council had previously entered into finance leases (photocopiers and a tractor). The value of these assets is disclosed in Note 13. The finance leases can be renewed and the Council did have the option to purchase the assets at the end of the lease term. There are no restrictions placed on the Council by any of the finance leasing arrangements. As at the 30th June 2020 Council had no finance leases in place.

New Debt: The Council borrowed \$3.3M in new external borrowing during the 2019/20 year to fund capital projects.

Internal loans: Internal funds were used to fund 19/20 capital projects during the year, but this was all repaid by year end. Internal interest paid/earned totalled \$291,598 and was charged on the average balance due. The interest rates charged averaged 2.71% for the year to 30 June 2020. 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 2020

External Interest \$ 000's		Opening Balance \$ 000's	New Borrowing \$ 000's	Reduction \$ 000's	Closing Balance \$ 000's
6	Roading	126	187	(7)	306
124	Water	2,427	1,821	(99)	4,149
2,130	Wastewater Services	41,040	0	(1,748)	39,292
62	Solid Waste	1,201	694	(80)	1,815
28	Stormwater	547	0	(32)	515
0	Community Wellbeing	0	0	-	0
278	Community Facilities/ Activities	4,669	598	(244)	5,023
2,628		50,010	3,300	(2,210)	51,100

Schedule of Internal Loan/Investment Movements by Groups of Activities

for the year ended 30 June 2020

Internal Interest \$ 000's		Opening Balance \$ 000's	New Borrowing \$ 000's	Reduction \$ 000's	Closing Balance \$ 000's
16	Roading	597		(36)	561
14	Water	445		(17)	428
98	Wastewater Services	3,669	0	(434)	3,235
16	Solid Waste	420		(42)	378
0	Community Wellbeing	12		(1)	11
148	Community Facilities/ Activities	5,280	0	(254)	5,026
292		10,423	-	(784)	9,639

EQUITY

RETAINED EARNINGS		\$
30 June 2019		30 June 2020
428,175,213	Opening Balance	429,927,779
7,747,629	Transfers From Special Funds & Reserves	8,629,125
(8,936,869)	Transfers (To) Special Funds & Reserves	(9,046,852)
404,620	Transfer to equity revaluation reserve on disposal assets	\$ 358,845
2,537,186	Surplus/(Deficit) for the year	6,569,783
\$429,927,779	Closing Balance	\$436,438,680

REVALUATION RESERVE			Movements due to asset disposals & impairment	Revaluation Movements	
30 June 2019		Notes			30 June 2020
38,649,471	Land				38,649,471
21,871,848	Buildings	*1	(251,860)		21,619,988
	Infrastructural Assets	*2			
3,707,759	Land (under roads)				3,707,759
164,037,297	Roading & footpath assets		(20,344)	49,196,554	213,213,507
15,343,531	Water supply - urban		(24,236)	81,726	15,401,021
415,332	Water supplies - rural		(4,137)	1,847,136	2,258,331
15,625,957	Sewerage system - urban		(55,291)	24,379,032	39,949,699
365,010	Sewerage systems - rural		(2,837)	2,725,697	3,087,871
3,042,815	Stormwater assets		(1,547)	4,776,299	7,817,567
1,254,123	Flood Protection & Control Works			854,474	2,108,597
2,535,746	Other infrastructure assets		(159)	(289,071)	2,246,515
0	Infrastructural resource consents			563,844	563,844
(18,926)	Financial assets value change	*3	1,566	(107,105)	(124,465)
\$ 266,829,958	via comprehensive revenue		(\$358,845)	\$ 84,028,587	\$ 350,499,699

Analysis of Movements

*1 Revalued portion of Buildings disposals:

Henley Lake barn destroyed by fire	(\$32,799)
QE Park Grandstand refitted & reroofed	(\$27,888)
QE Park Douglas Villa refitted	(\$54,091)
QE Park Sportsbowl building refitted & reroofed	(\$76,647)
Henley Lake Toilets refitted	(\$28,147)
Airport dwelling house refitted	(\$14,319)
QE Park Dwelling refitted	(\$17,969)

*2 Infrastructural assets were revalued as at 30 June 2020 resulting in \$84.1million (14.7%) increase in depreciated replacement cost (DRC) over 3 years, after taking account of additions and depreciation during that period ending 30th June 2020.

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

Roading assets: - kerb & channel, footpaths, signs, culverts, bridges	(\$20,344)
Water assets: - water reticulation mains & connections	(\$28,373)
Sewerage assets: - sewer reticulation, manholes & connections	(\$58,128)
Stormwater assets: - stormwater reticulation	(\$1,547)
Other assets: - airport light replacement	(\$159)

*3 Revalued portion of investments maturing included the following: LGFA Borrower Notes \$ 1,566

FINANCIAL INSTRUMENTS**Financial instrument categories**

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

	\$000	\$000
Financial Assets	30 June 2020	30 June 2019
Fair value through profit & loss		
Fund manager - cash and cash equivalents	0	0
Fund manager - current financial assets	0	0
Fund manager - non-current financial assets	9,160	8,593
	<u>9,160</u>	<u>8,593</u>
Cash Deposits, Receivables & Community Loans		
Debtors and other receivables	3,316	3,601
Cash and cash equivalents	9,060	4,229
Bank deposits - current financial assets	5,596	8,786
Bank deposits - non current financial assets	0	0
	<u>17,972</u>	<u>16,615</u>
Fair value through comprehensive revenue & expense		
Derivative financial instrument assets	0	0
Corporate bonds - current	107	78
Corporate bonds - non-current	804	836
Unlisted shares	221	304
	<u>1,132</u>	<u>1,218</u>
Financial Liabilities		
Fair value through comprehensive revenue & expense		
Derivative financial instrument liabilities	6,669	5,556
Financial liabilities at amortised cost		
Trade and other payables	7,959	7,092
Borrowings - secured loans	0	0
- LGFA bonds	51,100	50,000
- Secure Floating Note (FRN)	0	0
	<u>59,059</u>	<u>57,092</u>

FINANCIAL INSTRUMENT RISKS

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 2020 was 3.99 per cent (last year 5.45 per cent) and on the council's borrowings (as shown in Note 24) the weighted average interest rate being charged at 30 June 2020 is 4.27 per cent (last year 4.97 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 2020 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 \$238,400 (2019 \$225,200).

If interest rates on borrowings at 30 June 2020 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 \$511,000 (2019 \$500,100) as a result of higher/lower interest expense on borrowings.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose 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.

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 are secured by charges over rates. One investment fell below the BBB credit rating during the year and was still held at year end. This policy breach was reported to the council.

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 \$51.1 million from them at 30 June 2020. There are two cash advance facilities with Westpac and ANZ. The maximum amount that could be drawn down using these facilities during 2019/20 was \$10m (2019 \$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 2020 no money had been drawn against the CAFs (2019 \$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.

Maximum exposure to credit risk		\$000	\$000
		30 June 2020	30 June 2019
Cash at bank and term deposits		14,656	13,015
Debtors and other receivables		3,316	3,601
Derivative financial instrument assets		0	0
Local authority, LGFA and government stock		856	855
Corporate bonds/discounted securities/SOEs		9,215	8,653
		<u>28,043</u>	<u>26,123</u>
Credit quality of financial assets			
The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard & Poor's credit ratings (if available) or to historical information about counterparty default rates:			
Counterparties credit ratings			
Cash at bank and term deposits	AA-	13,010	11,379
	Not Rated	1,646	1,636
Total cash at bank and term deposits		<u>14,656</u>	<u>13,015</u>
Government and LGFA Stock			
Government stock	AA	0	0
LGFA	AA+	856	855
Local authority stock	A	0	0
Total Government and LGFA Stock		<u>856</u>	<u>855</u>
Listed bonds			
	AAA	795	746
	AA	7,887	7,399
	A- to AA-	0	0
	A+	0	0
	A	478	449
	A1 & A1+	0	0
	BB+ to BBB+	55	60
Total listed bonds		<u>9,215</u>	<u>8,654</u>
Derivative financial instrument assets			
	AA-	0	0
Counterparties without credit ratings			
Debtors and other receivables		3,316	3,601
		<u>3,316</u>	<u>3,601</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.

Contractual maturity analysis of financial liabilities

	Carrying amount \$000	Contractual cash flows \$000	Less than 1 year \$000	1-5 years \$000	More than 5 years \$000
As at 30 June 2019					
Creditors and other payables	7,092	7,092	7,092		
Net settled derivative liabilities*	5,556	9,104	1,869	5,818	1,417
Committed cash advances	0	0	0	0	
Secure Floating Note (FRN)	0	0	0		
LGFA bonds	50,000	51,840	5,512	33,189	13,139
Finance leases	9	9	9	0	
	62,658	68,045	14,483	39,006	14,556
As at 30 June 2020					
Creditors and other payables	7,959	7,959	7,959		
Net settled derivative liabilities*	6,669	7,329	1,674	4,614	1,042
Committed cash advances	0	0	0	0	
Secure Floating Note (FRN)	0	0	0		
LGFA bonds	51,100	52,661	7,583	33,230	11,847
Finance leases	0	0	0	0	
	65,728	67,949	17,216	37,844	12,889

* 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.

Sensitivity Analysis	2020 \$000's				2019 \$000's			
	-100bps		+100bps		-100bps		+100bps	
	Surplus	Other Equity	Surplus	Other Equity	Surplus	Other Equity	Surplus	Other Equity
Interest Rate Risk								
Financial Assets								
Cash & cash equivalents	(91)		91		(42)		42	
Other financial assets ¹	370	-	(370)	-	347	-	(347)	-
Other financial assets ²		60		(60)		54		(54)
Derivatives ⁵	-		-		-		49	
Financial Liabilities								
Term Debt	511		(511)		500		(500)	
Derivatives ³	(2,055)		1,926		(2,221)		2,030	
Total Sensitivity	(1,265)	60	1,136	(60)	(1,416)	54	1,274	(54)
Foreign Exchange Risk	Minimal - foreign exchange transactions are limited to some library book purchases.							
Equity Price Risk	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)								

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.

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.

MOVEMENTS IN SPECIAL FUNDS & RESERVES - 2019/20

	Opening Balance	Transfers Out	Transfers In	Closing Balance	Budget
Plant & Equipment Funds	1,867,009	(729,379)	475,569	1,613,199	1,393,584
General Capital Funds	2,655,196	-	31,193	2,686,389	4,856,589
Investment Interest Fund	374,681	(461,667)	676,757	589,771	330,255
Reserves & Development Funds	1,433,837	(241,576)	547,190	1,739,450	1,126,996
Building Depreciation Funds	6,971,223	(2,819,836)	1,650,838	5,802,226	3,192,885
Roading, Bridges & Flood Damage	6,612,452	(1,346,917)	1,112,093	6,377,627	6,418,222
Urban Infrastructural Depreciation	5,510,430	(1,956,414)	3,090,038	6,644,054	4,013,434
Miscellaneous Funds	2,777,863	(1,073,336)	1,463,175	3,167,701	1,303,177
Total	\$28,202,691	(8,629,125)	\$9,046,852	\$28,620,419	\$22,635,142

	Actual 2019/20	Budget 2019/20
Analysis of Transfers 'OUT' of Funds & Reserves		
Funding of Capital Expenditure from special funds & reserves	7,174,509	11,711,743
Funding of Operating Expenditure from special funds & reserves	1,454,616	1,913,120
	8,629,125	13,624,863
Analysis of Transfers 'IN' to Funds & Reserves		
Reserves & Development Contributions received	547,190	345,000
Infrastructure & Roothing Contributions received	1,300,128	880,000
Carry forward funding for on-going project commitments	1,282,186	198,000
Interest earned and retained in special funds	4,000	4,000
Interest earned and allocated to Investment Interest fund	676,757	585,000
Sub Total	3,810,260	2,012,000
Depreciation funded into asset replacement reserves funds	5,145,695	5,103,037
Total of Transfers into funds from Operations	8,955,955	7,115,037
Proceeds from sale of plant & equipment assets	17,826	
Proceeds from sale of land & building assets (including forestry harvested)	73,071	2,390,000
Total Transfers into funds from Asset Sales	90,897	2,390,000
	9,046,852	9,505,037

Explanation of variances from Budget:

The balance of Special Funds & Reserves, at \$28.6 million, is \$6.0 million or 26.4% more than budgeted. \$1.4 million of this is due to the opening balance being higher than anticipated in the budget last year.

Plant & Equipment Funds of \$1.6m is 15.8% more than budget

Not all of the plant & equipment capital budget was spent and more depreciation has flowed in than budgeted.

General Capital Funds \$2.68 million is \$2.1m or 44.7% less than Plan

The plan anticipated receiving the sale proceeds from an investment property, but they are yet to be confirmed

Investment Interest Fund balance of \$0.59million - \$259k or 78.6% more than budgeted

Interest income was more than budgeted and less draw on the fund meant a higher balance.

Reserves & Development Funds \$1.7 million - \$612k or 54.3% more than budgeted

Expenditure from this fund was less than budgeted and contributions received were more than budgeted.

Building Depreciation Funds \$5.8 million - 81.7% more than Plan or \$2.6 million more than budgeted.

Only \$2.8m of \$5.4m budgeted expenditure from this fund was needed as a number of projects were not progressed, including the Civic Centre and airport runway projects

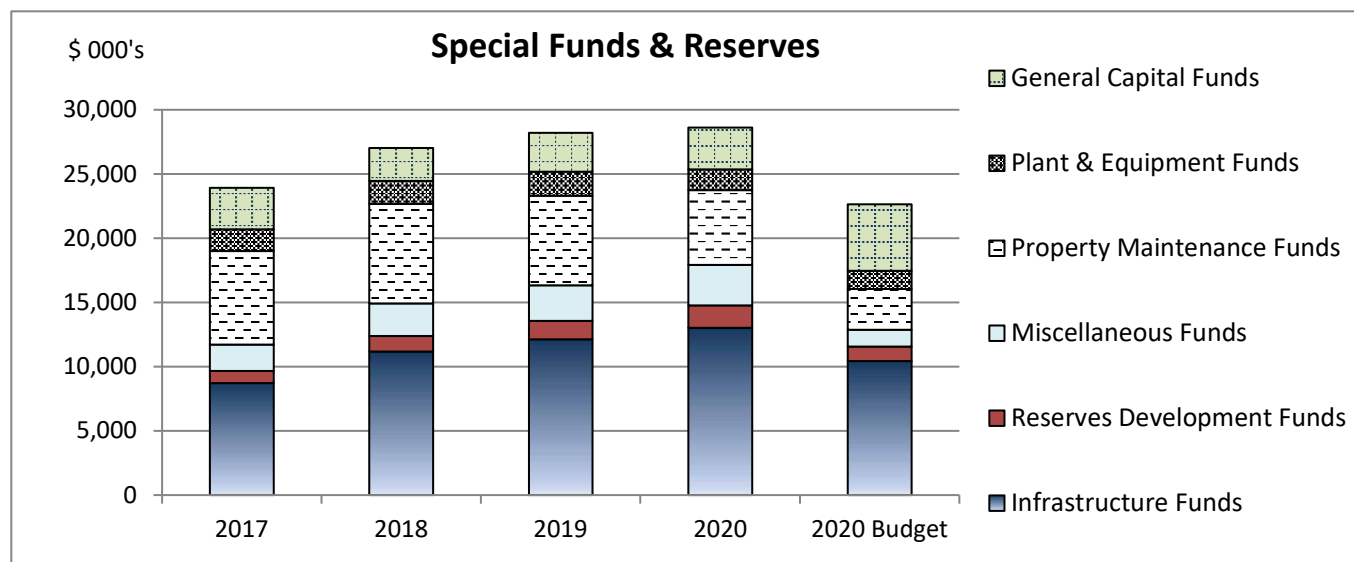
Roading & Infrastructural Assets Funds \$13 million - \$2.6m or 65% more than budgeted

Reserve funds held for Roothing were close to the level budgeted, with more funds flowing in from financial contributions than budgeted, but there was an unbudgeted draw on the flood damage fund to repair road dropouts.

Urban infrastructure fund \$2.6m or 66% more than budgeted. Some \$1.9m was applied to fund renewals compared to a budget of \$3.7m. Some of the reticulation renewals programme could not be completed due to both contractor availability and COVID-19 lockdown.

Miscellaneous Funds \$3.2m - \$1.86m or 143% more than Plan

These funds have ended the year well above the budgeted level due to the opening balance being \$0.7m more than plan and a little over \$1m of unspent funding being carried forward to fund future years expenditure.



\$ 2018/19	RECONCILIATION OF NET SURPLUS/(DEFICIT) TO NET CASH INFLOW FROM OPERATING ACTIVITIES	\$ 2019/20
\$ 2,537,186	Operating Surplus / (Deficit)	\$ 6,569,783
	- Add (less) non-cash items	
11,888,910	Depreciation and amortisation	12,350,383
(1,366,552)	Vested asset gains	(5,102,409)
25,791	(Gains)/losses in fair value of biological assets (forestry)	(15,429)
(354,200)	(Gains)/losses in fair value of investment property	(8,000)
(23,078)	Other non-cash items	(30,228)
	- Add (less) items classified as investing or financing	
684,294	(Gains)/losses on disposal of property, plant & equipment	347,769
1,712,202	(Gains)/losses on change in fair value of financial assets/liabilities	1,112,314
	- Add (less) movements in working capital items	
1,429,213	(Increase)/decrease in receivables	258,570
(65,108)	(Increase)/decrease in prepayments	26,130
(181,747)	(Increase)/decrease in Inventories	114,880
(194,648)	Increase/(decrease) accounts payable	271,490
9,752	Increase/(decrease) in employee entitlements	(278,793)
193,995	Increase/(decrease) in other current liabilities	865,693
\$ 16,296,010	Net Cash Inflow from Operating Activities	\$ 16,482,154

RATING POLICIES REPORT**RATES REMISSIONS**

	2019/20		2018/19	
	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	95,283	65	91,503
Sporting, arts and cultural use	23	43,712	26	43,828
Land protected for conservation or heritage purposes	81	16,288	80	15,351
Rate penalty remissions*	13,324	372,973 *	11,258	274,795
Uniform charges on non-contiguous units	5	1,759	5	1,626
Urban land with rural use	8	7,790	9	6,684
Total (as per Note 3)	13,506	\$537,804	11,443	\$433,787

* 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. 13,324 is the number of transactions, and these relate to penalty remissions on 4,631 properties. Some of the increase from the previous year, both in terms of volume and value, is a reflection of the growth in people paying by way of DD and in particular, choosing to pay on a weekly, fortnightly or monthly basis. Also, Council's decision to not levy a penalty on instalment 4 (due to COVID-19) has been actioned through the penalty remissions, resulting in approximately \$71,200 more remissions than would have normally been given.

No estimate has been attempted to establish the value of rates revenue which would have been chargeable on those properties which the Rating Act 2002 makes non-rateable. If those properties had been rateable the Council would have still collected the same total rates to fund its activities and the rates-in-the-\$ would have been less, effectively spreading the rates required over more properties and other ratepayers' rates less.

RATES POSTPONEMENTS - Subdivision Developments

Under the Council policy on Rates Postponements for subdivision developments, zero (2019 = 0) ratepayers have received the benefit of being allowed to postpone 50% of the rates on unsold sections.

- Postponements for Hardship or Against Equity

In 2019/20, no properties (2018/19 = 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.

ACTUAL VERSUS BUDGET ANALYSIS**Treasury Policy**

		2019/20	2019/20	2018/19
	Policy Limit	Actual	Budget	Actual
Net External Debt* as % of Operating revenue	150%	54.0%	69.3%	57.9%
Interest expense (external) as % of Op revenue	10%	5.0%	5.2%	5.6%
Interest expense as % of Rates revenue	15%	7.6%	8.0%	8.9%
Long Term Debt (external) per capita		\$1,893	\$2,050	\$2,033

* Net External Debt is defined as Financial Liabilities (including current), less current and term Financial Assets and Cash

ACTUAL VERSUS BUDGET ANALYSIS**Major Variations from Budget**

Explanations for major variations in the Financial Statements from the 2019/20 Budget (Year 2 of LTP) are as follows:

Statement of Comprehensive Revenue & Expense

The accounting surplus of \$6.57m compares to the budgeted figure of \$0.79m surplus, but after excluding Other Gains & Losses and Vested Assets, there was a net overall surplus of **\$2.87m**

Total Operating Revenue of \$53.3m is more than budget by \$5.6 m 11.8%

- * Revenue recognised but not budgeted includes gains from vested assets of \$5.1m and valuation gains of \$0.07m
- * Financial contributions of \$2.03m were more than budgeted by \$0.66m. This revenue continues the trend shown over the last two years and comes from the high level of subdivision activity in the urban area.
- * Subsidies & grants were very close to the level budgeted due to the roading programme being largely completed, and including a subsidy on the Solway Crescent urbanisation project. Some work not completed from the prior year was completed in 2019/20, including an extension of the LED streetlighting upgrade.
- * Other operating revenue of \$7.94m was \$300k (3.6%) less budgeted, with the biggest contributor being refuse transfer station charges running below budgeted levels by \$700k. The impact of revenue reductions across the Council that were a direct result of the COVID-19 lockdown period is just over \$260k. Offsetting this was revenue from the sale of baleage that was \$136k (80%) up on budget and building consents revenue being \$141k (12.8%) up.
- * Finance revenue of \$0.96m was \$0.17m more than budgeted after bond investments returned better than expected returns and a special dividend was paid by Civic Financial Services.

Total Operating Expenditure of \$46.8m is more than budget by \$0.17 m 0.4%

Personnel Costs are less than budget by \$0.57 m 5.6%

- * This has come in less than budgeted due to a number of budgeted positions not being filled for parts of the year.

Other Expenses are less than budget by \$1.31 m 5.9%

- * There were unders and overs of operating expenditure versus the budgeted levels, with an overall \$1.31m less.
- * Roothing costs were 1% underspent on a budget of \$11.8m (under by \$124k).
- * Four of the rural water supplies ran over budget during the year, totalling \$135k. These included Opaki Water Race costs of keeping the race flowing during the dry autumn, Tinui water supply ground water investigations and additional operating costs of the Wainuioru Water Supply.
- * On a budget of \$2.45m (excluding interest), urban wastewater operating costs were underspent by \$150k (6.1%).
- * Solid waste costs were some \$600k (13.6%) less than budgeted due to reduced waste tonnages received at the transfer station - a result of some waste operators taking waste direct to landfills.
- * The Resource Mgmt & Planning activity was underspent due to less progress than expected on the review of the Wairarapa Combined District Plan.

Finance costs were less than budget by \$0.11 m 4.4%

- * Declining interest rates realised some modest savings

Depreciation & amortisation is more than budget by \$0.29 m 2.4%

Other Losses more than budget by \$1.53 m

- * Other losses were not allowed for in the Budget or LTP. These include writing off residual value of assets renewed (\$0.4m), the loss against the book value of library books (\$0.014m) and losses on the mark-to-market valuation of cash flow hedges (\$1.1m).

Statement of Financial Position as at 30 June 2020

- * Current assets of \$18.3m is \$6m higher than budgeted as more funds were held on short term deposits.
- * Shorter term investments are held as the flat yield curve has not justified using longer term deposits.
- * Property, Plant & Equipment at \$104m was \$4.4m less than budgeted, due to a number of large capital projects not proceeding e.g. Civic Centre.
- * In current liabilities, creditors are 12.2% more than last year, with a higher number of contract payments as payable or accrued at year end, plus higher than anticipated income received in advance from ratepayers making regular payments and project funding received in advance and not yet spent. Employee liabilities are down on last year and on Budget due to the timing of the payroll accrual.
- * Current financial liabilities include a \$7m bond maturity due in May 2021.
- * Non-current financial liabilities are less than budgeted due to some of the capital expenditure that was budgeted to be loan funded, not being spent, so loan funds were not drawn.

ACTUAL VERSUS BUDGET ANALYSIS**Statement of Movements in Equity**

- * Overall the Council's Equity is \$52.7m (6.9%) more than anticipated in the Budget largely due to the revaluation of infrastructural assets being \$47.8m more than budgeted.
- * Special funds and reserves are \$28.6m which is \$6.0m or 26.5% more than budgeted. Reasons include less drawing on depreciation funds for renewal work, greater flows into funds from developer contributions and the underspent surplus funds being carried forward in special funds.

Statement of Cashflows

- * Overall net cash from operating at \$16.5m was close to the prior year level and \$3.2m more than budgeted. Cash from operating activities was \$1.5m (3.2%) more than plan, with revenue from financial contributions, subsidies and grants, interest & dividends and other operating revenue all up, as described above. Cash applied was below plan by 4.9% with lower payments to suppliers (down 5.6%) and lower payments to employees (down 2.8%).
- * Cash applied to investing activities of \$17.7m was \$6.1m less than budgeted due to a number of large capital projects not proceeding. The budgeted proceeds from sale of an investment property were not received as settlement was
- * A net \$1.1m was borrowed externally compared to a Plan of \$5.1m. This reflects the lower spending on capital projects that were budgeted to be loan funded.

Capital Expenditure

- * Subsidised roading renewals were \$4.45m versus the Plan of \$4.94m. The reasons for not spending \$0.48m include contractor availability to complete contracts for footpath resurfacing and minor improvements works.
- * Of the \$1.825m provision to start the CBD upgrade, only \$0.465m was spent on detailed design of two stages.
- * The Solway Crescent urbanisation work was continued from 2018/19, including stages 2 and 3 completed as one contract, with some of the work attracting NZTA subsidy.
- * Water reticulation renewals of \$1.4m were budgeted. Only \$0.45m of work was completed as contractor availability meant the contracts that had been let, were not all able to progress.
- * Water meter project saw the delivery of all meters for the Masterton urban area. The installation project started in February 2020, but was delayed by the COVID-19 level 4 lockdown.
- * Sewerage reticulation renewals totalled \$1.13m which was very close to the plan. Adding to the irrigation area on the Homebush farm was delayed as the investment was reconsidered.
- * Two solid waste capital projects were not progressed - transfer station concrete pad renewal and addition of a roof. The roll out of wheelie bins for recyclables was budgeted to be split between 2018/19 and 2019/20. The bins have ended up being all charged in the 2019/20 year.
- * A number of Community Facilities capital projects were finished in 2019/20, having been started in preceding years. The QE Park rejuvenation project around the park lake was completed, the Library Learning Centre landscaping work was completed, the QE Park grandstand upgrade was completed, the athletics building in the Colin Pugh Sportsbowl was refurbished, the Henley Lake toilets upgrade was completed and work to renew aspects of the indoor pool at the Trust House Recreation Centre were progressed.
- * The Council had budgeted in 2018/19 for costs of setting up Waiata House as the main office building. Delays to the setup saw the move not happen until Aug/Sep 2019, so the capital costs reflect spending that was committed in the previous financial year.
- * The project to design options and commence building a new civic centre was budgeted with a provision of \$2m. Only \$2.6k was spent as the Council evaluated and consulted on options. The information gathered to date will be used in further consultation in 2021.
- * The new animal pound provision of \$100k allowed for the planning and design. Only \$40.5k was spent, but the project remains included in the 2020/21 Annual Plan.
- * Vested Assets include the infrastructural assets of five separate subdivisions that have been provided by developers (\$5.1m).

COMMITMENTS**As at 30 June 2020**

This statement provides information about the funds that the Council is committed to spending on major projects and discloses information on contingent liabilities.

Capital Commitments

Activity	2020 No. Of Contracts	2020 \$	2019 \$
Roading	2	1,048,995	1,985,447
Water Services	5	1,456,618	460,287
Wastewater Services	8	1,361,740	545,329
Community Facilities - construction	1	222,352	877,808
	16	4,089,705	3,868,870

Capital commitments represent capital expenditure contracted for at balance date, but not yet incurred.

There are 16 significant construction contracts in progress at 30 June 2020 (2019 = 19). These were:

- * Roothing contracts in progress at 30 June 2019 have been completed, including Solway Crescent upgrading. One roading rehabilitation contract remained to be completed and one slip repair was underway at 30 June 2020.
- * Ten wastewater reticulation renewal contracts were committed but not complete. These relate to Renall St (rail crossing), Kuripuni St, Villa St, Waltons Ave, Third St, Keir Cres, Casel St, Fleet St, Miriam St and Hessey St.
- * Five water reticulation contracts were committed but not complete. These relate to work on mains in Raglan St, South Belt, Essex St, Cornwall St, and Dixon St.
- * One Community facility project was committed, but not complete. This relates to the Castlepoint (eastern) toilet building upgrade.

Contract Commitments

There were a number of professional and maintenance contracts commitments in operation at 30 June 2020.

Professional services contracts commitments have been made for wastewater, roading and community facilities. These are invoiced based on scheduled rates or on an hourly basis.

Maintenance contract commitments has been made for roading, services, parks, and solid waste.

In addition, there are facilities management contract commitments for the Recreation Centre and Mawley Park.

Operating Lease Commitments (as a lessee)

Council leases property in the normal course of its business. Three of these leases have non-cancellable terms and terminate in July & August 2021; the Wairarapa Archive, the Geneology Centre at 79 Queen Street and the main Council customer service centre at 161 Queen Street.

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

	2020	2019
Not later than one year	191,275	203,001
Later than one year and not later than five years	9,084	210,306
Later than five years	0	0
Total Non-cancellable operating leases	\$200,359	\$413,307

There are no restrictions placed on the Council by any of the leasing arrangements.

Operating Lease Commitments (as a lessor)

In the course of its business Council has a number of leases in place. Residential tenancies are not included as they have two weeks to one month notice periods. The non-cancellable leases include 20 for grazing, (2019 = 19), 15 sporting groups, including a mix of ground and building rentals (2019 = 15), 24 Airport sites (2019 = 24) and 16 other properties (2019 = 16). 20 of these leases expire in the next 12 months (2019 = 15), 29 within five years (2019 = 34) and 8 have a term greater than five years (2019 = 15).

A number of other leases are in the process of being renewed or are on year by year renewals. These future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	2020	2019
Not later than one year	384,566	377,653
Later than one year and not later than five years	514,642	517,822
Later than five years	152,427	190,673
Total Non-cancellable operating leases	\$1,051,635	\$1,086,148

CONTINGENT LIABILITIES and CONTINGENT ASSETS**As at 30 June 2020****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 most Council staff 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 2020 the Council had consulted (via its LTP) on broad options for the future of the buildings, commissioned a market demand analysis report and considered options and advice. The 2020/21 Annual Plan allows for progressing a new civic centre, including consideration of other sites. The future of the old District Building and Town Hall remains uncertain. In February 2019 the Council settled the purchase of Waiata House and in August 2019 some 70 staff moved into the new building. The District Building & Town Hall are only used for storage, no staff work out of these buildings. A write-down to their impaired value was recognised in 2016/17.

Weather-tight buildings

The Council is not aware of any residential properties with potential unresolved weather-tightness issues within the District. In relation to non-residential buildings, in April 2013 the Ministry of Education (MOE) initiated High Court proceedings against Carter Holt Harvey (CHH) and others alleging inherent defects in the cladding sheets and cladding systems manufactured and prepared by CHH. Subsequently, CHH commenced third party proceedings against 48 Councils, including the council, alleging a breach of duty in the processing of building consents, undertaking building inspections and issuing Code of Compliance Certificates. In September 2020 CHH have withdrawn their claim against the Councils with legal costs to remain with all the parties involved.

Contaminated Sites

The Council is aware of the existence of three sites within the Masterton urban boundary which have some level of contamination as a result of the operation of former gas works. The Council is meeting its obligations with respect to disclosure about these sites pursuant to the Resource Management Act and has commissioned studies into the levels of contamination and continues to undertake monitoring as required.

The former gas works site in Bentley Street is owned by the Council and may need some remediation in the future. The investigations to date indicate some limited off-site migration of a number of contaminants. This is not considered significant as the groundwater is not utilised in the area and the plumes are generally very limited in extent. Council is currently working with the Greater Wellington Regional Council as a resource consent for this site is in place and involves on-going monitoring costs.

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 will be 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 and is working with the property owners and insurers to resolve any issues.

Local Government Funding Agency - Guarantee

As stated in Note 23 (Provisions) and Note 26a (Financial Instrument Risks), the Council is a shareholding guarantor of the LGFA which has a credit rating of AA+. The Council holds \$0.1m value of shares and \$0.1m uncalled capital. That brings with it obligations in terms of the guarantee liability which has been disclosed in 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.

CONTINGENT LIABILITIES and CONTINGENT ASSETS**As at 30 June 2020****Court proceedings**

- 1 The Council has been named as second defendant in High Court proceedings brought by Masterton Trust Lands Trust (MTLT). The matters relate to 5 separate buildings where it is alleged that the buildings do not comply with the earthquake standards at the time the buildings were built. It is alleged that the first defendant, Kevin O'Conner & Associates, design was defective. The Council, as second defendant, is alleged to have breached an alleged duty of care in processing building consents, undertaking building inspections and issuing Code Compliance Certificates. The third defendant (in relation to four of the buildings) are the engineering firms who screened Kevin O'Connor's engineering design and provided advice to the Council that the building consent could be issued.

Law firm Heaney & Partners are acting for the Council in defence of the claims. Parties have filed and served statements of claim, defence and the legal process has advanced, but delays occurred during 2020 due to COVID-19. A confidential mediation process was held in Wellington in September 2020 for 4 of the 5 buildings. The claims did not settle at mediation. The parties are discussing whether one of the claims proceeds to trial. The Council's insurer is directing the lawyers for these 5 buildings and the Council's liability will be limited to its deductible, so no financial provision has been made.

- 2 The Council has also been named as second defendant in two High Court proceedings brought by Masterton Trust Lands Trust (MTLT) in relation to the building known as Waiata House. The first matter relates to the first defendant, Kevin O'Conner & Associates being alleged to have not designed to meet the earthquake standards at the time Waiata House was built. The Council is second defendant as per the other five claims described above. The second Waiata House proceeding relates to alleged building defects discovered in Waiata House during a strengthening construction process. The first defendant is the architect who oversaw the work and the third defendant is the construction company who undertook the original work.

The Council's insurer is yet to accept the claim as some aspects of the second claim relate to weathertightness defects which is excluded under the Council's policy of insurance. Heaney & Partners have been appointed by the Council to act in the Council's defence of the claim. Parties have filed and served statements of claim and defence and the legal process has been delayed by COVID-19. The claim has been quantified and Council has engaged a number of expert witnesses to assist with the Council's defence. The Council will continue to seek a change of stance from the insurers in order to have the claim accepted for insurance cover. The structural claim went to mediation in September 2020 (along with the other cases above). There was no agreement at mediation. Mediation on the building defects claim was scheduled for November 2020 but it looks likely that this will be postponed to 2021. There is currently no indication of the likelihood of the Council's defence being successful or otherwise, so no financial provision has been made. Legal costs relating to the claim have been and will be expensed as incurred.

- 3 Two 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 and another relates to plumbing issues in the Glenwood Masonic Hospital. Legal and insurance advice has been sought for these two issues. There is currently no indication of the likelihood of Council's defence being successful or otherwise, so no financial provision has been made.

Contingent Assets - carbon credits

The Council owns land and forestry assets that were planted prior to 1990. These forested areas are eligible for carbon credits under the Government's emissions trading scheme (ETS). An account for NZU carbon credits has been set up in the Council's name and 79 ha of pre-1990 forestry has initially been confirmed as eligible for carbon credits. A value has been assigned in these accounts for those credits, but their value remains subject to the market price of traded NZUs (refer to Note 11).

There were no other contingent assets.

EVENTS AFTER BALANCE DATE

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

AUDIT & COMPLIANCE

HE AROTAKE PŪTEA ME TE TŪTOHU TURE



STATEMENT OF COMPLIANCE AND RESPONSIBILITY

COMPLIANCE

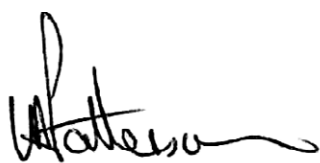
The Council and management of Masterton District Council certify that all the statutory requirements of the Local Government Act 2002, including the Local Government (Financial Reporting and Prudence) Regulations 2014, regarding financial management and borrowing have been complied with.

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 2020, fairly reflect the financial position and operations of Masterton District Council.



.....
Lyn Patterson
Mayor



.....
Kathryn Ross
Chief Executive



.....
David Paris
Manager Finance

Date: 25 November 2020

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF MASTERTON DISTRICT COUNCIL'S ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2020

The Auditor-General is the auditor of Masterton District Council (the District Council). The Auditor-General has appointed me, John Whittal, 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.

We completed our work on 25 November 2020. This is the date on which we give our report.

OPINION ON THE AUDITED INFORMATION

In our opinion:

- the financial statements on pages 108 to 162:
 - present fairly, in all material respects:
 - the District Council's financial position as at 30 June 2020;
 - 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 95, 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 20 to 88:
 - presents fairly, in all material respects, the District Council's levels of service for each group of activities for the year ended 30 June 2020, including:
 - 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 30 to 88, 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 97 to 106, 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 and annual plans.

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 90 to 94, 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 – IMPACT OF COVID-19

Without modifying our opinion, we draw attention to the disclosures about the impact of Covid-19 on the District Council as set out in note 31 to the financial statements and page 20 of the non-financial performance information.

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.

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 statements 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 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 164, but does not include the audited information and the disclosure requirements, and our auditor's report thereon.

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 (Revised): 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 performed a limited assurance engagement related to the District Council's Debenture Trust Deed which is compatible with those independence requirements. Other than this engagement, we have no relationship with, or interests in, the District Council.

A handwritten signature in black ink, appearing to read 'John Whittal', with a long horizontal stroke extending to the left.

John Whittal

Audit New Zealand

On behalf of the Auditor-General

Wellington, New Zealand



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