

ANNUAL REPORT 2020/21

PŪRONGO Ā TAU 2020/21



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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 had a significant impact on our community and our council work last year, and has continued to impact this year. Our district's economic recovery has generally been positive, but we know some people have been affected by COVID-19 more than others. We have taken action to support recovery for all members of our community, including working with our neighbouring councils to develop a Wairarapa Recovery Plan.

Developing the Long-Term Plan (LTP) has been a key focus for the Council and our community over the past year. We attended 25 different 'face to face' engagement activities and received 346 submissions from our community, as well as informal feedback and comments.

Key decisions were made that will contribute to our vision for Masterton/Whakaoriori to offer the best of rural provincial living over the next 10 years. The Civic Facility will offer a future-proofed space where our community can come together. Making land available at Panama Village for public housing will help with affordable housing challenges. And the Masterton Revamp will modernise our town and create a vibrant and welcoming space.

We were proud of our Council's decision in May 2021 to establish a Māori ward for at least the next two elections. This decision will enhance representation for Māori in our community. We also established our new Rural Advisory Group, which will provide a vehicle for two-way communication and engagement on rural issues.

We were successful with our bids for central government funding. In July 2020, a \$10 million investment was confirmed to support development at Hood Aerodrome. The same month we also received confirmation of \$1.3 million in central government funding for the community-led skatepark revamp. Over the year, we have progressed the Hood Aerodrome Masterplan to guide development plans, and commenced work on the skatepark revamp.

We took action to address some key environmental challenges facing our community including finalising a Corporate Carbon Emissions Reduction Plan for Council and establishing a community forum to support co-development of an equivalent plan for our community.

We also converted under-verandah lighting units in the CBD to energy efficient LEDs, added new electric vehicles to our fleet, implemented electronic council meeting agendas that reduced our paper use, and installed more Smart Water meters, with more than 6,000 units now in place.

The three Wairarapa Councils received the Wairarapa Water Resilience Strategy in May 2021, and have also commenced a joint review of the Wairarapa Combined District Plan. This review will include consideration of how the District Plan can assist with water resilience and climate change action, as well as other challenges facing our community, such as growth and the availability of affordable housing.

On top of all the positive and completed projects, we've continued to deliver business-as-usual services, including processing an average of more than one Land Information Memorandum, and more than two building consents, for every day of the year, and completing safety improvements on our roads.

Our teams resealed 5.1 kilometres of footpath, 27 kilometres of roads, delivered 4.2 billion litres of safe drinking water, renewed 2.4 kilometres of water mains, and 4.3 kilometres of sewer mains, and completed routine inspections at more than 25 stormwater sites around town.

The Council's financial performance has been sound. We have held operating expenditure to the planned level and exceeded the planned operating revenue. The operating surplus of \$8.3 million includes the \$3.7 million of assets vested from subdivision developers. The surplus after excluding vested assets and valuation gains and losses was \$3.3 million, compared to the planned \$0.8 million.

It has been another busy and successful year.

Thank you for working with us.



A stylized, handwritten signature in dark blue ink, appearing to read 'D Hopman'.

David Hopman,
Chief Executive



A stylized, handwritten signature in dark blue ink, appearing to read 'L Patterson'.

Lyn Patterson,
Mayor

OUR VISION AND COMMUNITY OUTCOMES

Te moemoeā me ngā hua a te hāpori

The vision and community outcomes that we committed to as part of the 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.

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

OUR YEAR IN REVIEW

Arotakenga o te tau

KEY HIGHLIGHTS

Our Community Outcomes align with our Wellbeing Strategy *He Hiringa Tangata, He Hiringa Whenua* and our Infrastructure Strategy. Listed below under the Community Outcome headings are highlights of where we have delivered services and/or progressed work 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

- Consulted on key projects for the next 10 years through our 2021-31 Long-Term Plan process. We attended 25 face-to-face sessions and received 346 submissions.
- Confirmed a Māori Ward for at least the 2022 and 2025 local body elections.
- Established a Rural Advisory Group that met four times over the year.
- Progressed work on a new engagement framework for iwi, hapū, marae and hapori Māori.
- Reviewed our Significance and Engagement Policy, that guides how and when we will consult with our community on decisions.
- Successfully accessed external funding for the skatepark revamp that was designed in partnership with youth - and got work on the revamp underway.
- Delivered 635 activities and events at Masterton District Library.
- Worked with dog owners, the SPCA, and wider community to rehome 19 dogs and return 164 dogs to their owners.

Pride in our Identity and Heritage

- Restored the mana of the name Mākoura by correcting the spelling of the road in Masterton East.
- Promoted Te Wiki o te Reo Māori 2020 (Māori Language Week 2020).
- Celebrated Matariki at our library.
- Held Waifest 2021 on 6 February 2021 at Queen Elizabeth Park, with 2-3,000 attending.
- We were involved with and/or funded a number of local events, including the Masterton Christmas Parade and HalloWHERE, a Halloween event that attracted almost 2,000 participants.

A Sustainable and Healthy Environment

- Developed a Corporate Emissions Reductions Plan.
- Established a Community Climate Change Working Group to support the development of a Climate Change Action Plan for the district to help prioritise actions.

- Converted all 392 under-verandah lighting units in the town centre to energy-efficient LEDs.
- Progressed work on a Parks and Open Space Strategy that has since been adopted.
- Continued installation of smart water meters.
- Commenced work on the Wairarapa Combined District Plan review.
- Progressed the development of wetlands at the Homebush Treatment Plant.
- Held six community planting days with more 1,000 eco-sourced plants and amenity plants planted.

A Thriving and Resilient Economy

- Developed a COVID-19 Recovery Plan with Carterton and South Wairarapa District Councils.
- Processed 207 resource consents and 851 building consents.
- Consulted on a master plan for Hood Aerodrome.
- Received the Wairarapa Water Resilience Strategy, developed as part of the Wairarapa Economic Development Strategy (WEDS) work programme.
- Continued implementing the WEDS strategy adopted in October 2018.

Efficient and Effective Infrastructure

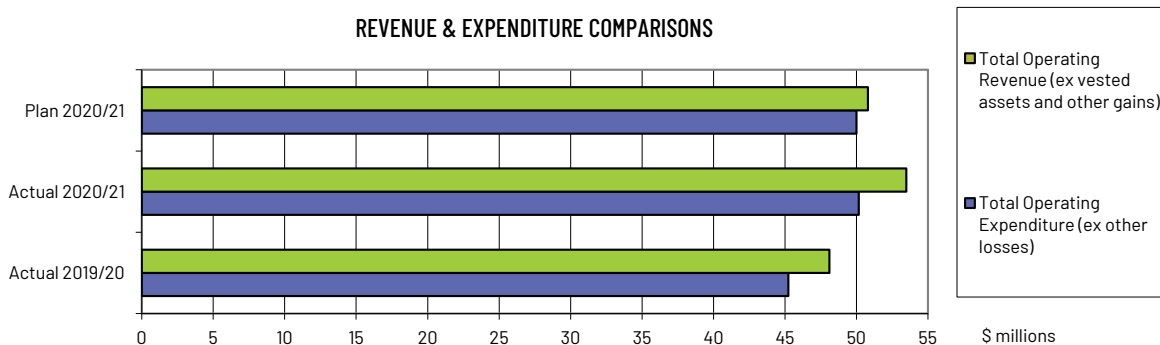
- Renewed 4.3km of sewer mains (3.1%) and 2.4km of water mains (1.4%).
- Resealed 27km of roads and resurfaced 5.1km of footpath.
- Supplied 4.2 billion litres of safe drinking water to the community.
- Completed the extension and upgrade of the eastern Castlepoint toilet block, with the facility opening to the public in November 2020.
- Completed the upgrade of the Archer Street Cemetery, with 237 new ash plots installed.
- Replaced the deck of the Queen Elizabeth Park swing bridge.



The overall financial result is a surplus of income over expenditure of \$8.3 million, with \$3.7 million 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 \$3.32 million versus the plan of \$0.82 million. This surplus is a result of more revenue than planned.

Operating expenditure, excluding other losses, is \$50.2 million compared to the \$50.0 million figure in the Annual Plan (0.3 per cent more). Operating revenue (excluding vested assets and other gains) is \$53.5 million which is \$2.66 million (5.2 per cent) more than planned.

The graph below shows the 2020/21 financial performance compared to the Plan. In summary, expenditure is very close to planned and revenue is 2.66 per cent more, resulting in a \$3.32 million surplus (before vested assets and other gains and losses).



Rates revenue made up 60 per cent of effective operating revenue and rates arrears were 1.3 per cent of the amount levied, a decrease from 1.5 per cent at 30 June 2020. The impact of COVID-19 restrictions over the course of the financial result has again been minimal. This report provides more detail in each of the activity areas about the effects of, and responses to, the COVID-19 pandemic.

We revalued our land and buildings assets as at 30 June 2021. This resulted in the values increasing 31.7 per cent or \$31.3 million. The Plan anticipated a value increase of \$7.0 million. Another valuation adjustment has been made to road culverts (-\$9.2 million), due to an error in the revaluation last year.

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

We spent 69 per cent of the capital expenditure programme (\$16.9 million) and had \$3.7 million added to the Council's assets as infrastructure vested as part of subdivision developments. Four capital projects - the Town Centre Revamp, water meter installs, the skatepark upgrade, and airport runway widening - were not progressed as quickly as anticipated and these make up a large proportion of the under-spent capital.

We completed \$6.9m of subsidised roading renewals and upgrading work, which is 6.5 per cent more than planned. Two major contracts were only part-completed at 30 June 2021 - the Essex Street carpark renewal and Te Ore Ore Rd/Blair St roundabout construction contract.

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

- Funding for the Civic Facility project, which includes the Masterton District Library and Archive, was a topic for consultation in the 2021-31 Long-Term Plan (LTP). The Council's 2020/21 Annual Plan resolution committed to building a new civic centre. In June 2021, the Council confirmed a minimum of \$4 million external funding would be targeted, with the balance to be loan funded.

- Options for the Town Centre Revamp project were also consulted on as part of the 2021-31 LTP process. The decision was made to defer the start of significant work to 2024, and then proceed with the full Masterton Revamp programme of work over a 10-year period.
- More housing for seniors was a third LTP consultation topic. Council resolved to make vacant land at Panama Village on Ngaumutawa Road available for someone else to build public housing on. This will minimise Council's financial contribution and may enable consideration of public housing for younger people and families too.

Projects carried over from prior years included several contracts for sewer mains renewals. The more-than-planned expenditure on these renewals in 2020/21 reflects a catch-up of several years of the contracting market being unable to deliver the full programme of work.

The level of subdivision activity and new residential building remained high during the year. This is seen in financial contributions from developers being \$2.4 million, or \$1.15 million more than planned. Income from building consent fees was \$1.49 million, or 41 per cent more than planned. Assets worth \$3.66 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 2018-28 Long-Term Plan and 2020/21 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 \$3.35 million. We have participated in, and supported, a number of local events including HalloWhere 2020 and Waifest 2021, our annual Waitangi Day celebrations. We have continued support for a youth-led social enterprise and for neighbourhood planning in the Eastside, Lansdowne, Upper Plain, and Solway communities.

We have met just over two thirds (67.1 per cent) of our targets for non-financial performance measures, despite COVID-19 restrictions continuing to impact some of our results. Highlights in our non-financial reporting include strong results in our water infrastructure activities. Our wastewater, stormwater and water supply activities achieved more than 90 per cent of all applicable measures.

COVID-19 RESPONSE AND IMPACTS

While the organisation, and our community as a whole, recovered well from the challenges of 2020, the COVID-19 pandemic has continued to impact some areas of council over the last twelve months.

The progression through Alert Levels in the first half of the 2020/2021 financial year, and subsequent returns to Alert Level 2 at times during the year, has impacted results for areas of our business that are customer facing and/or support events, such as the Masterton District Library and Trust House Recreation Centre. Supply line and resourcing disruptions as a result of COVID-19 have also created challenges for some projects and renewal work for our infrastructure teams.

In terms of financial impacts on the 2020/21 year, some areas of income are below normal expectations. Rates penalties not being levied on unpaid instalment 1 rates was allowed for in the Plan. Parking meter takings remained below expectations throughout the year, but the financial impact has been minor. Other income such as local fuel tax and our share of the waste levy have achieved close to planned levels. The pandemic has not had a significant impact on the council's ability to continue delivering services. There is no reason to believe the going concern basis of the organisation will be affected, provided the local economy remains positive.

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

HEALTH AND SAFETY / A DIVERSE AND INCLUSIVE WORKPLACE

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

We value a diverse and inclusive workplace. 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 May 2021 Council resolved to establish a Māori ward for at least the 2022 and 2025 local elections. This will enhance representation for Māori in our district.

Representatives from Kahungunu ki Wairarapa and Rangitāne o Wairarapa have continued to be members of the Council's Committees with full speaking and voting rights. Appointments were reconfirmed after the 2019 election.

We also have iwi representation on our Henley Lake and Homebush Working Group, and have been progressing work on a new engagement framework for iwi, hapū, marae and hapori Māori.

Collaboration with other Local Authorities and Bodies

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

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

We have continued to work with Iwi, stakeholders and the community to deliver the Wairarapa Economic Development Strategy and action plan, that was developed by the four Wairarapa Councils collectively.

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

All four councils, with Iwi, have worked 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 \$2.4 million, which has been recognised as revenue in the period to 30 June 2021. This is \$0.38 million more than what was collected in the previous financial year and \$1.16 million (92 per cent) more than planned.

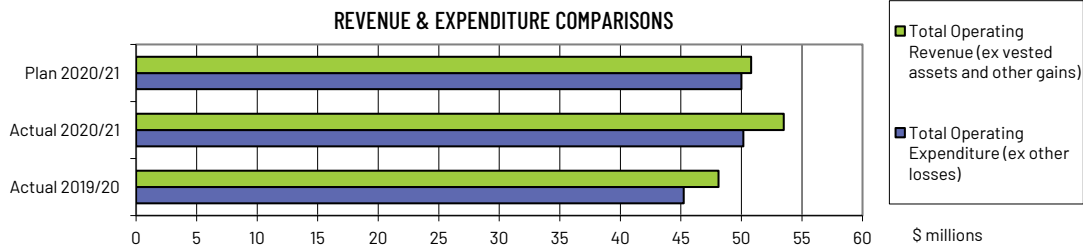
Financial contributions have been set aside as part of Special Funds and Reserves designated for parks and reserves development, infrastructure, and roading upgrades. The majority of these contributions are not specifically required to be spent on one locality or project, so have no residual liability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



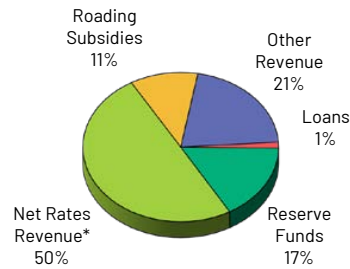
FINANCIAL STATISTICS

Last Year Actual 2019/20		Actual 2020/21		Budget 2020/21	
\$ 60,020,944	Total Expenditure (incl Capital items)	\$ 65,004,764		\$ 71,693,630	
\$ 31,273,449	Funded by: Net Rates Revenue*	\$ 32,449,995	50%	\$ 32,366,945	45%
\$ 5,595,243	Roading Subsidies	\$ 7,293,321	11%	\$ 7,165,235	10%
\$11,223,127	Other Revenue	\$13,741,635	21%	\$ 11,296,450	16%
\$ 3,300,000	Loans	\$ 845,357	1%	\$ 5,824,000	8%
\$ 8,629,125	Reserve Funds	\$ 10,674,456	16%	\$ 15,041,000	21%
\$ 60,020,944		\$ 65,004,764		\$ 71,693,630	

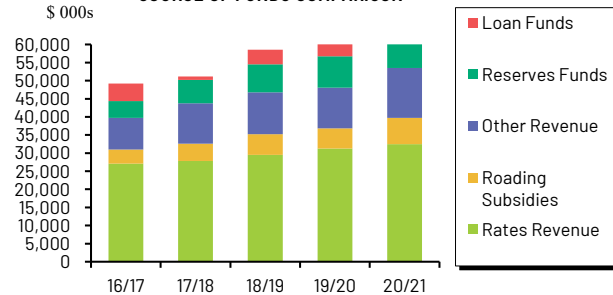
*Includes Riversdale Beach sewerage scheme capital contributions



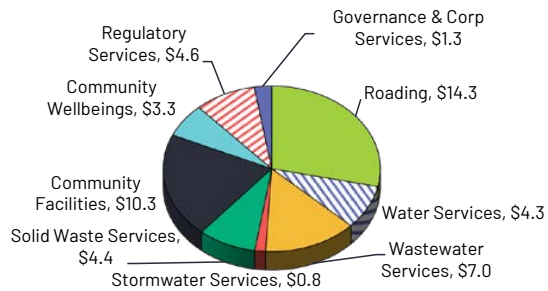
SOURCE OF FUNDS 2020/21



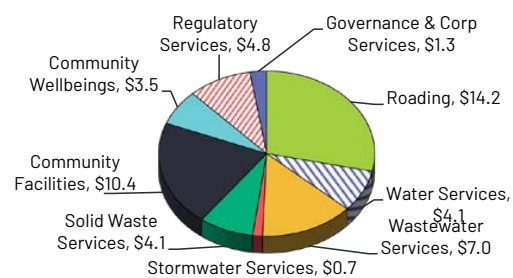
SOURCE OF FUNDS COMPARISON



OPERATING EXPENDITURE BY ACTIVITY ACTUAL 2020/21 \$50 MILLION



BUDGET 2020/21 \$50.2 MILLION

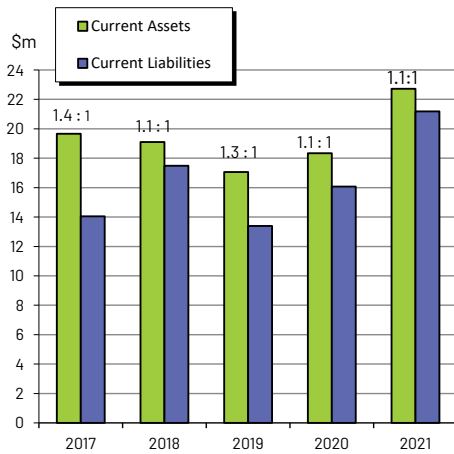


Financial Ratios

	2018/19	2019/20	2020/21	Budget 2021
Current Ratio	1.3	1.1	1.1	0.6
Liquidity Ratio	1.2	1.1	1.1	0.6
Long Term Debt (external) per rateable property	\$4,001	\$4,023	\$3,834	\$4,295
Long Term Debt (external) per capita	\$1,961	\$1,988	\$1,796	\$2,012
Interest costs as % of rates revenue	8.9%	7.6%	6.6%	6.7%
Debt servicing costs as % of rates revenue	15.8%	14.7%	14.6%	14.7%
Reserve Funds as % of rates revenue	101.7%	91.8%	90.2%	69.6%
Investments (external) as % of rates revenue	82.7%	80.5%	89.0%	45.7%
Rates receivable as % of rates levied	1.3%	1.5%	1.3%	1.3%
Net External Debt as % of operating revenue	57.9%	54.0%	36.8%	77.9%

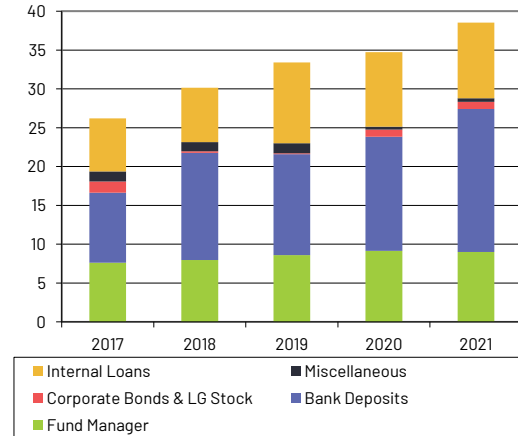
FINANCIAL STATISTICS

CURRENT ASSETS TO CURRENT LIABILITIES

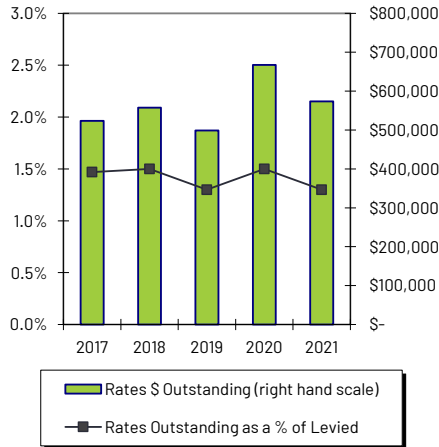


INVESTMENTS

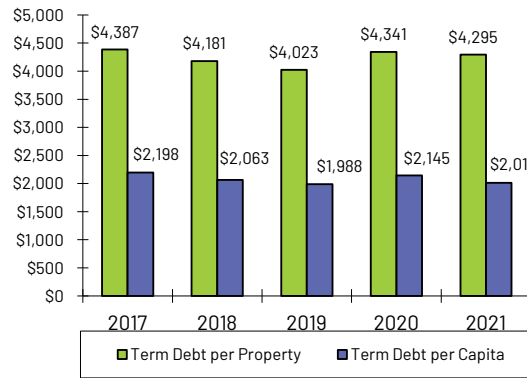
\$ millions



RATES ARREARS

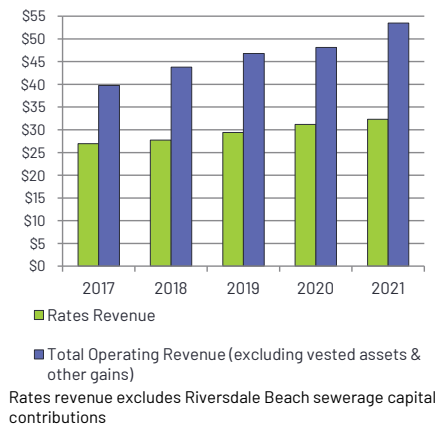


TERM LIABILITIES (EXTERNAL) PER RATEPAYER AND PER CAPITA

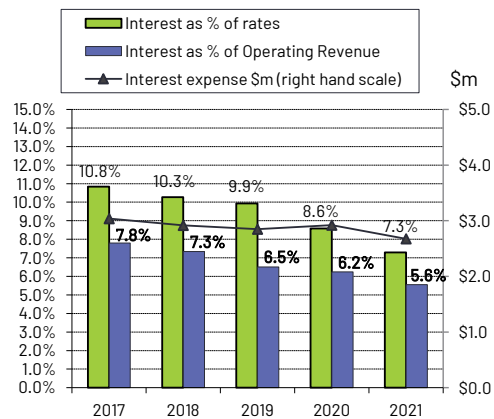


RATES & TOTAL REVENUE

\$ millions

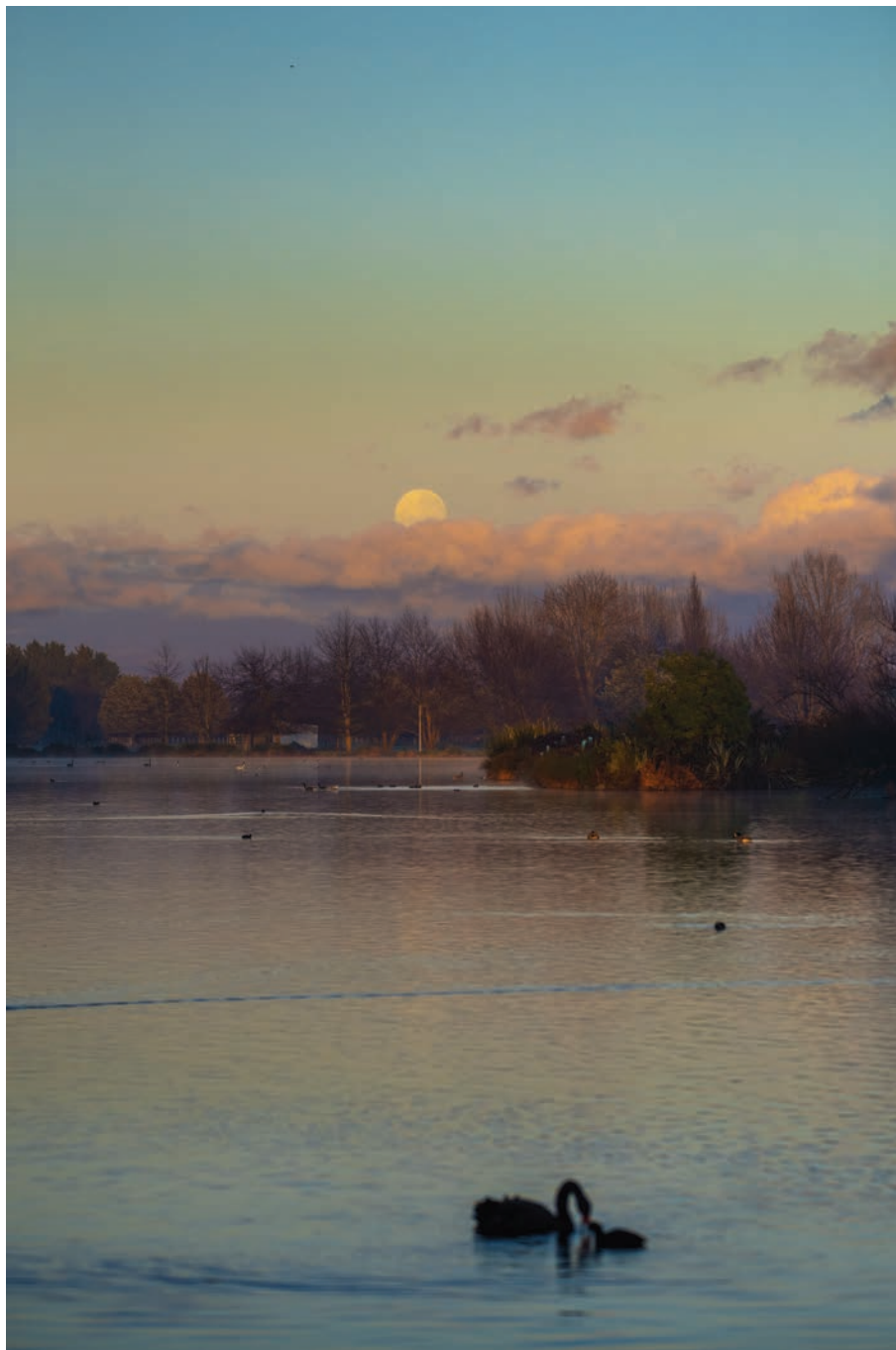


INTEREST (EXTERNAL & INTERNAL) AS A % OF RATES REVENUE & OPERATING REVENUE



STATEMENTS OF SERVICE PERFORMANCE

Tauākī paearu mahi



NON-FINANCIAL PERFORMANCE

Paearu 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 last year (2019/20) a measure in the library that has three individual targets was separated out for reporting purposes.

The graph that follows shows that we achieved 51 of our 76 targets (67.1 per cent) and did not achieve 20 targets (26.3 per cent). Five targets (6.6 per cent) were reported as not applicable.

This is the third year of reporting against the 2018-28 LTP. Compared to last two years:

- The number of targets we achieved this year is the same as last year (67.1 per cent), but down compared to 2018/19, when we achieved 71.6 per cent.
- The number of targets we did not achieve is less than last year and comparable with 2018/19 (26.3 per cent this year compared to 32.9 per cent in 2019/20 and 25.7 per cent in 2018/19).

COVID-19 restrictions have impacted five targets (6.6 per cent of all Council targets and 25 per cent of those not achieved in 2020/21). This compares with nine targets being specifically impacted by COVID-19 in 2019/20 (11.8 per cent of all targets and 36 per cent of those not achieved in 2019/20).

COVID-19 restrictions were identified as a contributing factors for the non-achievement of the following 5 targets:

- The Masterton District Library operated a 'click and collect' service for 30 days of the year and 41 library programmes were cancelled during Alert Level 2. This resulted in fewer people visiting the library.
- The number of structured activities and events in the Council's parks and sportsgrounds was down in Quarter 1, compared to the previous year. Numbers increased over Quarters 2-4 and at year-end were up compared to 2019/20 but lower than the year prior. The flow-on effects from the 2019/20 year and alert level changes in 2020/21 are likely to have impacted results in the 2020/21 year.
- There were no 'Learn to Swim' participants in Quarter 1 and only one school participated in Quarter 2. While numbers did track up over Quarters 3 and 4, annual targets were not achieved due to continuing impacts of COVID-19, alert level changes, and the resulting impact on school curriculum priorities in 2020/21.
- Our Environmental Health team was unable to complete all verifications for food and other premises, affecting two measures. Two food verifications were specifically delayed due to COVID-19 level 2 restrictions and re-booked for July 2021. Carrying forward 36 food verifications and 10 other inspections from the previous year (rescheduled due to COVID-19 restrictions in 2019/20) contributed to increased workloads in the current year, which is also likely to have contributed to the team not achieving targets in 2020/21.

COVID-19 restrictions in 2019/20 are also believed to have indirectly contributed to the non-achievement of the following target:

- The tonnage of waste transferred to landfill per head of population increased in 2020/21 compared to 2019/20. This meant the target, which is a reduction compared to the previous year, was not achieved. However, this is more likely to reflect very low waste volumes in 2019/20 (19.3 per cent lower than the year prior) which were at least in part a result of COVID-19 lockdown in 2019/20.

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

NON-FINANCIAL PERFORMANCE MEASURES AS AT 30 JUNE 2021



COMMUNITY WELLBEING

Te oranga o te hāpori



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. 2020/21 was year three 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, and Nuku Ora (previously Sport Wellington Wairarapa).

WHAT WE ACHIEVED IN 2020/21

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 2020/21 include:

Social Wellbeing/Development

- The Council decided, through the 2021–31 LTP process, to make land available at Panama Village for someone else to build public housing. Work to enable this will be progressed in 2021/22.
- Physical work on the Masterton Skatepark Revamp commenced. The revamp was designed in partnership with local youth to bring our skatepark to a standard that could attract national competitions and offer new experiences for our community. Provincial Growth Fund (PGF) support of \$1.3 million was secured for this project.
- Work on a Community Development and Prioritisation Framework continued. This will establish a decision-making framework for the strategic delivery of Masterton District Council's community development services in order to maximise the community benefits from this activity. The Framework is expected to be adopted in 2021/22.
- Continued support for neighbourhood/village planning for Solway Neighbourhood Planning Group, Eastside Community Group, Upper Plain Neighbourhood Group, and Lansdowne Residents' Association. Highlights for 2020/21 included: 1) The Solway Neighbourhood Planning Group hosted two successful community planting days at Kirk's Reserve to further develop and improve the visibility of this community

asset. More than 60 community members came together to support the planting day at Kirk's reserve.

2) The Eastside Community Group continue to host community events such as their Spring Festival. Key support was given to community members during and post Alert Level 4 lockdowns, by way of food and firewood donations.

- Progressed the youth-led social enterprise project, with the building expected to be completed early 2022. Further engagement with youth and the Youth council was undertaken to finalise, name, final design and social impact of the space.
- Continued work with a group of stakeholders including MBIE, the Red Cross and other agencies to prepare for the arrival of Ahmadiyya Muslim Refugees. A steering group has been formed which includes representatives from the Ahmadiyya community as well as the various agencies. The first refugees are scheduled to arrive in late 2021 or early 2022, with more arriving during the year through to June 2022.
- Received funding from MBIE for a part time Welcoming Communities co-ordinator.
- Continued implementation of the Positive Ageing Strategy.
- A variety of free community events were delivered, including the second HalloWHERE 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 2020/21 year:

- Community Wellbeing Grants – 46 out of 57 applicants were allocated community wellbeing funding over two rounds. The grants, ranging from \$500 to \$12,000, provided assistance towards operating expenses, training, programmes and community needs-related projects.
- Community Events Fund – 19 out of 21 applicants were allocated community events funding. Nine applications were from returning organisations and 12 were first-time applicants. Funding applications were for sporting, community, and cultural-related events.
- COVID-19 Sports Grant – establishment of a one-year, \$50,000 fund to support our sporting community as a response to COVID-19 recovery. Twelve applications were received and funding was allocated to three sports clubs.
- Masterton Arts Fund – three applicants were allocated Masterton Arts Funding. The grants were \$2,000 for outdoor poems, \$2,434.20 for the Yarns and Barns reading festival, and \$7,565.80 for the reproduction of the 1870 oil painting of Mrs Kaipaoe Te Tau, the third wife of paramount Chief of Ngāti Kahungunu, and the Ngāi Tūmapūhia-a-rangi hapū, by Samuel Te Tau.

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

Cultural Wellbeing/Development

- Restored the mana of the name Mākoura by correcting the spelling of the road in Masterton East from Makora to Mākoura Road.
- Promoted Te Wiki o te Reo Māori 2020 (Māori Language Week 2020).
- Work progressed on the development of a new engagement framework for iwi, hapū, marae and hapori Māori.
- Waifest 2021 was held on Waitangi Day, 6 February 2021 at Queen Elizabeth Park. Waifest 2021 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 including bouncy castles and merry-go-round

rides. Seven of our local performers shared the stage with some of New Zealand's top musicians, including headliner Lion Rezz, who shocked the crowd when he introduced special guest artist Scribe to the stage. An estimated 2-3000 people attended the event.

Environmental Wellbeing/Development

- A Corporate Carbon Emissions Reduction Plan that prioritises actions we can take as a council to reduce our emissions (mitigation) and to adapt to changes in response to climate change was developed.
- A community forum was established to support co-development of an equivalent Climate Change Action Plan for our district. This plan will look more broadly at what we can do together as a community to respond to climate change challenges.
- We commenced implementation of a new tool to measure the Council's carbon emissions so we can track progress over time. This is expected to be operational in 2021/22.
- In collaboration with Greater Wellington Regional Council (GWRC), we continued to promote action to improve air quality in our district.
- Two electric vehicles (EV) and one Plug-in Hybrid Electric vehicle (PHEV) have been added to our corporate fleet.
- Continuing support has been provided to the Wairarapa Healthy Homes (WHH) programme, with 74 Masterton households benefiting from the programme in 2020/21.

Economic Wellbeing/Development

- Continued the implementation of the Wairarapa Economic Development Strategy (WEDS).
- Received 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 was developed as part of the Wairarapa Economic Development Strategy (WEDS).
- Progressed 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.



HOW WELL WE PERFORMED

Two of the four performance measures for this activity (50 per cent) were achieved in 2020/21. This is consistent with 2019/20. The two measures that were not achieved this year are no longer applicable. The He Korowai Wairua programme was discontinued and replaced with a different programme in 2019/20, and transitioning to a new system for measuring carbon emissions means we are currently unable to report on CO2 emissions for the 2020/21 year. These will be reported once the new system is operational.

Masterton's economic recovery from COVID-19 impacts was more positive than some areas of New Zealand. While last year, following the Alert Level 4 lockdown, Masterton District's GDP was down 0.5 per cent compared to the previous year, in the year to June 2021 GDP grew 6.3 per cent. That exceeds the 4.2 per cent growth for the Wellington region for the same period.

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 developed a Corporate Carbon Emissions Reduction Plan and are now working with representatives of our community to develop a Community Climate Change Action Plan that we expect to finalise in 2021/22. We are also implementing a new tool that will assist the Council in measuring progress and managing our carbon emissions. This is expected to be operational in 2021/22.

There were three days in the 2020 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). This is five less than the number recorded in 2019, meaning we achieved our target of reducing the number of exceedance days compared to the previous year. 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. The NES-AQ standard is to achieve no more than one exceedance per year by 2021. We knew this would be a challenge. Our geography and climate exacerbate winter air quality issues, particularly on cold still nights when smoke from wood fires accumulates. We continue to work 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.

The Community Wellbeing budget totalled \$3.55 million of expenditure, spread across the four areas of activity. Actual expenditure was \$3.35 million, with slightly lower spending on economic development and environmental initiatives than planned.

COVID-19

While Masterton's economic recovery has been stronger than some other parts of the country, the COVID-19 pandemic has impacted our community's wellbeing, some more than others. Many of the community organisations that the Council supports with grants (e.g. WaiWaste and Foodbank) have continued to provide highly valued services to people in need over the 2020/21 year. The Council renewed funding arrangements for these groups as part of the 2021-31 Long-Term Plan process.

The challenge of the pandemic has produced positive outcomes for local iwi with the development of Ko Wairarapa Tēnei, a COVID-19 response for iwi, by iwi. 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. Council also committed funding for Pasifika o Wairarapa through the 2021-31 Long-Term Plan process.

What we do: Enhance the wellbeing of our people

Measure	2018-28 Target	2020/21 Result (Y3 of 2018-28 LTP):	2019/20 Result (Y2 of 2018-28 LTP):	2018/19 Result (Y1 of 2018-28 LTP):
Number of air quality exceedances	<p>Reduction in the number of exceedances compared to the previous year</p> <p>Baseline Result 2017/18:</p> <p>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)</p>	<p>Achieved</p> <p>Three exceedance days were recorded in the 2020 calendar year, which is two breaches of the NES-AQ (National Environmental Standard for Air Quality) standard.</p> <p>One day per 12 month period is known as a 'permissible exceedance'.</p> <p>Refer to the 'How well we performed' section for further information.</p>	<p>Not Achieved</p> <p>Eight exceedance days were recorded in the 2019 calendar year, which is seven breaches of the NES-AQ standard.</p> <p>One day per 12 month period is known as a permissible exceedance.</p>	<p>Not Achieved</p> <p>Six exceedance days were recorded in the 2018 calendar year, which is five breaches of the NES-AQ standard.</p> <p>One day per 12-month period is known as a permissible exceedance.</p>

What we do: Enhance the wellbeing of our people

Measure	2018-28 Target	2020/21 Result (Y3 of 2018-28 LTP):	2019/20 Result (Y2 of 2018-28 LTP):	2018/19 Result (Y1 of 2018-28 LTP):
CO ² emissions per head of population (measured in tonnes of carbon dioxide equivalent - tCO ₂ e)	<p>Annual reduction in CO² emissions per head of population.</p> <p>Baseline Result 2017/18: Revised result¹: 0.198 for 2017/18 year (tCO₂e).</p> <p>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.</p>	<p>Not Applicable</p> <p>Unable to report as transitioning to a new system for measuring our carbon emissions. We will report to Council on our emissions as soon as the new system is operational.</p>	<p>Achieved</p> <p>0.168 (tCO₂e) for 2019/20.</p> <p>There was a slight reduction of 0.006 (tCO₂e) compared to the 2018/19 year.</p>	<p>Achieved</p> <p>Revised result¹: 0.174 (tCO₂e) for 2018/19.</p> <p>This is a reduction of 0.024 (tCO₂e) compared to the 2017/18 year.</p>
Percentage of staff that have completed He Korowai Wairua, MDC's introductory Māori language and tikanga Māori programme	<p>Annual increase in the proportion of staff who have completed the programme.</p> <p>Baseline Result 2017/18: As at 31/12/2017, 7 of 92 permanent staff (7.6 per cent) had completed the programme.</p>	<p>Not Applicable</p> <p>He Korowai Wairua was discontinued and a new programme, He Hiringa Akotanga, launched in 2019.</p>	<p>Not Applicable</p> <p>Due to a change in staff, the <i>He Korowai Wairua</i> programme was discontinued.</p> <p>A new programme, <i>He Hiringa Akotanga</i>, was launched in 2019, and 19 of 117 permanent staff (16 per cent) have completed the new programme. 19 current staff had completed the original <i>He Korowai Wairua</i> programme, and 4 staff have now completed both programmes.</p>	<p>Achieved</p> <p>20 of 105 permanent staff (19 per cent) completed the programme.</p>

What we do: Enhance the wellbeing of our people

Measure	2018-28 Target	2020/21 Result (Y3 of 2018-28 LTP):	2019/20 Result (Y2 of 2018-28 LTP):	2018/19 Result (Y1 of 2018-28 LTP):
Masterton Gross Domestic Product (GDP) percentage change relative to Wellington region GDP	GDP equal to or greater than Wellington region average. Baseline Result 2017/18: New measure.	Achieved GDP growth estimate of 6.3 per cent for Masterton, compared to 4.2 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.	Achieved GDP growth estimate of 2.3 per cent for Masterton, compared to 2.1 per cent for the Wellington region.



COST OF SERVICE STATEMENT

Community Wellbeing				
2019/20		2020/21	2020/21	
Actual		Actual	Budget	
\$	Operating Costs	\$	\$	
1,467,853	Community development	1,365,580	1,335,185	
507,910	Arts & culture	549,962	589,704	
1,043,809	Economic development & promotion	1,152,965	1,279,391	
133,703	Environmental initiatives	234,192	317,158	
59,423	Depreciation	48,775	29,387	
3,212,698		3,351,475	3,550,826	
	Operating Revenue			
15,046	Government grants	29,985	1,000	
33,133	Creative NZ grants	37,366	30,500	
93,636	Events grants & other recoveries	144,338	53,300	
60,140	Internal recoveries	47,744	66,296	
201,955		259,433	151,096	
	Appropriations			
(369,819)	Transfers from reserves	(470,616)	(706,000)	
105,500	Transfers to reserves	67,401	-	
1,535	Provision for loan repayments	1,595	1,595	
\$2,747,959	Rates Requirement	\$2,690,422	\$2,695,325	

Community Wellbeing				
Rates Requirement Summary				
2019/20		2020/21	2020/21	
Actual		Actual	Budget	
\$	Activity	\$	\$	
1,037,481	Community Development	922,145	907,723	
511,131	Arts and Culture	538,041	523,398	
1,030,160	Economic Development and Promotion	981,502	1,016,481	
169,187	Environmental Initiatives	248,734	247,723	
\$2,747,959	Rates Requirement	\$2,690,422	\$2,695,325	

Community Wellbeing

Capital Expenditure Summary

2019/20 Actual		2020/21 Actual	2020/21 Budget
\$	Economic Development & Promotion	\$	\$
19,360	CBD security cameras	34,949	50,000
17,082	Christmas decorations	11,455	20,000
-	Flag mounting system	50,605	40,000
-	Street name signage	-	10,000
36,442		97,009	120,000
	Capital Funding		
(36,442)	Transfers from reserves	(97,009)	(120,000)
(\$36,442)		(\$97,009)	(\$120,000)



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 2020/21

During the year we have continued to focus on delivering projects and ongoing maintenance that improve our road network. Highlights and key activities from 2020/21 include:

- 27km of sealing activity was completed on the road network.
- 2.5km of sealed road pavement and 1.7km of unsealed road was rehabilitated.
- 158m of culvert and 873m of kerb and channel renewal work was completed.
- 5.1km of the sealed footpath network was resurfaced and 655m of new footpath was constructed, including a 191m footpath extension to Cashmere Oaks on State Highway 2.
- Speed limit changes following the 2019/20 speed limit review were implemented.
- The deck of the Queen Elizabeth Park swing bridge over the Waipoua River was replaced.
- Safety improvements including road widening and safety barrier installation were also implemented at Goodlands Bridge on the Masterton-Castlepoint Road.
- Safety improvements were implemented for pedestrians and vehicles at the Church Street and Colombo Road intersection.
- All 392 under-veranda lighting units in the CBD were converted to more energy efficient LEDs.

HOW WELL WE PERFORMED

Five of the seven performance measures for this activity (71 per cent) were achieved in 2020/21. This is an improvement on the past two years. In 2018/19 and in 2019/20 four measures (57 per cent) were achieved.

Almost 100 per cent, 360 of 361, urgent customer service requests were responded to within the specified timeframe of two days, and results for non-urgent requests improved substantially compared to the previous two years. In 2020/21, 91.3 per cent of non-urgent requests were responded to within the specified timeframes, compared to only 76 per cent in 2019/20 and 69 per cent in 2018/19.

It was pleasing to see no fatalities on our roads in 2020/21, but the number of serious injury crashes increased to 12, from eight in 2018/19 and nine in 2019/20. 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 the central government, and support/fund education initiatives through the Wairarapa Road Safety Council.

There was an increase in the number of cyclists recorded using our urban roading network, up 16 per cent (or 27 cyclists) compared to the previous year. The monitoring survey sites tend to capture commuter cycling rather than recreational cycling.

A total of 92 percent of footpaths met or exceeded the defined level of service, which is a 2 per cent decline compared to the previous year and 5 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 \$14.3 million was very close to the level planned, but includes \$606,000 of depreciation that was more than planned. The emergency response spending of \$407,000 exceeded the budget provision of \$180,000 following a number of minor storm events. The overall renewals and capital programme of \$9.4 million was 81.4 per cent spent (\$7.6 million). The underspend is largely due to only \$0.26 million of the \$1.4 million budget for the Town Centre revamp was spent. The subsidised renewals and improvements expenditure \$7.0 million versus a budget of \$6.7 million. Three capital projects were underway at year end - Essex St carpark, Te Ore Ore Rd/Blair St roundabout, and under-veranda lighting renewals (beyond the CBD).

COVID-19

Some urban kerb and footpath renewal work that was not completed in 2019/20 due to COVID-19 restrictions was carried forward to the 2020/21 year. This has now been completed.

Resourcing and supply lines have been disrupted as a result of COVID-19 and this has meant that some projects have been difficult to programme, plan, resource and fund. This created a challenging environment for construction in 2020/21 that will continue in future reporting years.

No financial impacts evident outside of project delays and timing.

What we do: Provide safe and well-maintained roading, footpath and on-road cycling networks				
Measure	2018-28 Target	2020/21 Result (Y3 of 2018-28 LTP)	2019/20 Result (Y2 of 2018-28 LTP)	2018/19 Result (Y1 of 2018-28 LTP)
Number of fatalities and serious injury crashes on the local road network	Reduction in fatalities and serious injury crashes compared to previous year. Baseline Result 2017/18: Four fatalities and 14 serious injuries (2017/18).	Not Achieved No fatalities and 12 serious injury crashes.	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.	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.
Average quality of ride on a sealed local road network, measured by smooth travel exposure	Maintain or improve on 90 per cent Baseline Result 2017/18: 92 per cent	Achieved 91% network smooth travel exposure (as at 30/06/21).	Achieved 92 per cent network smooth travel exposure (as at 30 June 2020).	Achieved 94 per cent network smooth travel exposure (as at 12 July 2019).
Percentage of sealed local road network that is resurfaced	Maintain within 5-7 per cent Baseline Result 2017/18: 5.9 per cent	Achieved 5 per cent Resurfaced 26.4km of the total 532.5km sealed local road network.	Achieved 6.5 per cent Resurfaced 34.4km of the total 529.5km sealed local road network.	Achieved 6.3 per cent Resurfaced 34.1km of the total 528km sealed local road network.

What we do: Provide safe and well-maintained roading, footpath and on-road cycling networks				
Measure	2018-28 Target	2020/21 Result (Y3 of 2018-28 LTP)	2019/20 Result (Y2 of 2018-28 LTP)	2018/19 Result (Y1 of 2018-28 LTP)
Percentage of footpaths where the condition falls within the level of service defined in MDC's Asset Management Plan	97 per cent of footpaths are rated excellent, good or fair. Baseline Result 2017/18: 96 per cent	Not Achieved 92 per cent 181.6km of 198.2km of the footpath network surveyed to June 2021 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.	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.
Percentage of urgent customer service requests responded to within two days	95 per cent Baseline Result 2017/18: 99 per cent	Achieved 99.7 per cent 360 out of 361 urgent requests were responded to within two days.	Achieved 99.7 per cent. 347 of 348 urgent requests were responded to within two days.	Achieved 98 per cent. 421 of 430 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	80 per cent Baseline Result 2017/18: 76 per cent	Achieved 91.3 per cent 705 out of 772 non-urgent requests responded to within specified timeframes.	Not Achieved 69 per cent. 515 of 749 non-urgent requests were responded to within specified timelines.	Not Achieved 76 per cent. 595 of 785 non-urgent requests were responded to within specified timelines.

What we do: Provide safe and well-maintained roading, footpath and on-road cycling networks

Measure	2018-28 Target	2020/21 Result (Y3 of 2018-28 LTP)	2019/20 Result (Y2 of 2018-28 LTP)	2018/19 Result (Y1 of 2018-28 LTP)
Number of cyclists using our urban roading network	Increase on previous year. Baseline Result 2017/18: 184 counted during annual survey in November 2017.	Achieved 191 counted during the annual survey conducted in November 2020 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.	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.



COST OF SERVICE STATEMENT

Roads, Streets, Footpaths & Parking Areas				
2019/20 Actual \$		2020/21 Actual \$	2020/21 Budget \$	
	Operating Costs			
5,190,029	Road maintenance - subsidised	5,325,909	6,393,310	
1,352,244	Road maintenance - non subsidised	2,338,800	2,048,883	
0	Emergency response provision***	406,509	180,000	
5,133,186	Depreciation	6,208,023	5,601,202	
11,675,459		14,279,241	14,223,395	
	Operating Revenue			
2,594,278	Waka Kotahi (NZTA) subsidy (on maint.)*	3,256,417	3,327,431	
191,418	Local authority petrol tax	206,995	180,000	
462,635	Road contributions (ex developers)	635,859	250,000	
136,796	Other recoveries	1,015,500	869,147	
3,385,128		5,114,771	4,626,578	
	Appropriations			
763,071	Transfers to reserves	1,019,859	250,000	
(187,500)	Transfers from reserves	(484,923)	(587,976)	
41,822	Provision for loan repayments	48,308	50,894	
(4,483,728)	Depreciation not rates funded**	(5,468,728)	(4,843,728)	
4,423,995	Rates Requirement (Operational)	4,278,985	4,466,007	

* 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.

*** In 2019/20 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				
2019/20 Actual \$	Activity	2020/21 Actual \$	2020/21 Budget \$	
4,616,550	Subsidised roading	5,317,398	4,798,210	
1,105,726	Non-subsidised roading (urban)	1,114,596	1,370,479	
283,787	Non-subsidised roading (rural)	331,377	237,163	
77,374	Emergency response	0	77,400	
\$6,083,436	Rates Requirement	\$6,763,371	\$6,483,252	

Roads, Streets, Footpaths & Parking Areas

Capital Expenditure Summary

2019/20 Actual \$		2020/21 Actual \$	2020/21 Budget \$
	Roadings		
2,758,947	Asset renewals - Rural programme	2,741,921	2,579,160
494,730	Asset renewals - Urban programme	1,859,717	1,747,429
36,061	Asset renewals - Bridges	12,707	115,000
192,643	Urban footpath upgrades (subsidised)	532,371	672,000
112,615	Streetlight upgrades & renewals	0	-
17,560	Car park renewals & signage	241,649	407,206
52,105	Carpark lighting - safety initiative	42,432	60,000
366,576	Roadings minor improvement projects	1,419,834	1,264,400
1,181,243	Roadings - Solway Cres urbanisation	0	-
475,745	CBD upgrade (Town Centre project)	259,189	1,400,000
0	Colombo Road, Waipoua bridge design	2,172	285,000
0	Under veranda lighting renewals	192,767	180,000
0	Gordon Street - urbanisation project	0	400,000
0	Millard Ave - urbanisation project	12,914	50,000
-	CBD recycling bins	0	10,000
58,972	Cycleways	4,080	70,000
430,171	Retaining structures (emergency response)	295,154	-
3,740	Streetscape & neighbourhood design	0	120,000
2,485,127	Vested roadings assets ex subdivision	1,271,860	-
900,337	Vested assets - road reserve land	532,528	-
9,566,572		9,421,296	9,360,195
	Capital Funding		
(3,000,965)	Waka Kotahi (NZTA) subsidy (on renewals)	(4,036,904)	(3,837,804)
(1,329,835)	Transfers from reserves	(836,429)	(2,045,146)
(3,740)	External contrib.	-	-
(3,385,464)	Vested assets (ex developers)	(1,804,388)	-
(187,127)	Loan funds	(259,189)	(1,460,000)
(7,907,131)		(6,936,911)	(7,342,949)
\$1,659,440	Rates Requirement (Capital)	2,484,385	\$2,017,246

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 2020/21

Highlights and key activities from 2020/21 include:

- 4.2 billion litres of safe drinking water supplied to the community.
- 2.4 km of water mains renewed in Masterton to prevent water loss through leakage.
- Access provided to a separate fluoride-free water supply.
- Continued smart water meter installations. A total of 6,348 meters have now been installed. Remaining water meters will be installed during 2021/22.
- Continued support for Phase 1 of the Wairarapa Community Water Storage (Wakamoekau) project.
- Received the Water Resilience Strategy, developed as part of the Wairarapa Economic Development Strategy, recognising the importance of water for our economy.

HOW WELL WE PERFORMED

Ten of the 11 performance measures for this activity (90.1 per cent) were achieved in 2020/21. This is consistent with last year and an increase compared to the nine measures (81.8 per cent) achieved in 2018/19.

We supplied 4.2 billion litres of safe water to urban households during the year. This equates to 639 litres per person per day, a 6.3 per cent increase compared to the previous year.

In contrast there was a small reduction in the percentage of water lost from our system. This reduction is partly due to less leakage across the network as a result of our repair and renewal work.

Water loss was identified as a key issue in the 2018-28 LTP. We purchased some 9,000 smart water meters during 2019/20. The installation of those meters was delayed due to COVID-19 but a total of 6,348 units have now been installed. The meters will enable leaks to be identified and repaired, which will support improved water conservation outcomes.

The number of complaints received about drinking water has continued to decline, from 3.2 complaints per 1,000 connections in 2018/19 to 2.45 complaints per 1,000 connections in 2020/21. Response and resolution times for urgent and non-urgent callouts have increased but are still well within target. Staff have been working on the installation of water meters as well as responding to call outs.

Most planned water pipe renewals were completed in 2020/21, including work carried forward from 2019/20 that could not be completed in that year due to COVID-19 restrictions and a lack of contractors. Contractor availability has continued to impact our ability to complete all work in 2020/21. Operating expenditure for the urban water supply was \$4.01 million compared to a budget of \$3.86 million – 4 per cent more.

Capital expenditure on the urban water supply totaled \$2.2 million versus a budget of \$4.15 million. There was further progress on the installation of smart meters, but only \$0.52 million versus a budget of \$1.8 million. The water reticulation renewals programme was only 62 per cent spent as contractors' availability is limited by the high level of private work available to them.

COVID-19

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

What we do: Deliver safe drinking water efficiently and effectively to urban households				
Measure	2018-28 Target	2020/21 Result (Y3 of 2018-28 LTP)	2019/20 Result (Y2 of 2018-28 LTP)	2018/19 Result (Y1 of 2018-28 LTP)
Number of complaints received about drinking water clarity, taste, odour, pressure or flow, continuity of supply, or MDC's response to complaints received	Less than or equal to 6 complaints/1,000 connections. Baseline Result 2017/18: 4 complaints/1,000 connections (35 complaints)	Achieved 2.45 complaints/1000 connections (23 complaints).	Achieved 3 complaints/1,000 connections (27 complaints).	Achieved 3.2 complaints/1,000 connections (29 complaints).
Response time to call-outs to a fault or unplanned interruption to MDC's networked reticulation system:				
a) attendance at urgent callouts (from notification to arrival on site)	60 minutes or less Baseline Result 2017/18: 39 minutes	Achieved 34 minutes	Achieved 15 minutes	Achieved 24 minutes

What we do: Deliver safe drinking water efficiently and effectively to urban households				
Measure	2018-28 Target	2020/21 Result (Y3 of 2018-28 LTP)	2019/20 Result (Y2 of 2018-28 LTP)	2018/19 Result (Y1 of 2018-28 LTP)
b) resolution of urgent callouts (from notification to confirmation of resolution)	480 minutes or less Baseline Result 2017/18: 152 minutes	Achieved 102 minutes	Achieved 25 minutes	Achieved 231 minutes
c) attendance at non-urgent callouts (from notification to arrival on site)	7 days or less Baseline Result 2017/18: 3 days	Achieved 119 minutes	Achieved 47 minutes	Achieved 60 minutes
d) resolution of non-urgent callouts (from notification to confirmation of resolution)	3 months or less Baseline Result 2017/18: 5 days	Achieved 172 minutes	Achieved 86.5 minutes	Achieved 115 minutes

What we do: Deliver safe drinking water efficiently and effectively to urban households				
Measure	2018-28 Target	2020/21 Result (Y3 of 2018-28 LTP)	2019/20 Result (Y2 of 2018-28 LTP)	2018/19 Result (Y1 of 2018-28 LTP)
Council's drinking water supply complies with:				
a) Part 4 of the Drinking Water Standards (bacteria compliance criteria)	Fully compliant Baseline Result 2017/18: Fully compliant	Achieved Fully compliant	Achieved Fully compliant	Achieved Fully compliant
b) Part 5 of the Drinking Water Standards (protozoal compliance criteria)	Fully compliant Baseline Result 2017/18: Fully compliant	Achieved Fully compliant	Achieved Fully compliant	Achieved Fully compliant
Percentage of real water loss from MDC's reticulation system (calculated using minimum night flow)	Reduction on previous year Baseline Result 2017/18: 36 per cent	Achieved 34 per cent	Not Achieved 37 per cent Installation of water meters will better enable leaks to be located and repaired.	Not Achieved 37 per cent
Average consumption of drinking water per day per resident within the district	Reduction on previous year. Baseline Result 2017/18: 646 litres/person/day.	Not Achieved 639 litres/person/day.	Achieved 601 litres/person/day.	Achieved 609 litres/person/day.
Alternative water supply is provided when shutdown exceeds 24 hours	Less than or equal to 1 per 1,000 connections. Baseline Result 2017/18: No shutdown exceeded 24 hours.	Achieved No shutdown exceeded 24 hours.	Achieved No shutdown exceeded 24 hours.	Achieved No shutdown exceeded 24 hours.

What we do: Deliver safe drinking water efficiently and effectively to urban households				
Measure	2018-28 Target	2020/21 Result (Y3 of 2018-28 LTP)	2019/20 Result (Y2 of 2018-28 LTP)	2018/19 Result (Y1 of 2018-28 LTP)
Percentage of water pipe renewals completed	90 per cent of planned work completed. Baseline Result 2017/18: New measure	Achieved 100 per cent completed.	Not Achieved 90 per cent completed.	Achieved 80 per cent of planned work completed. 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.



COST OF SERVICE STATEMENT

Urban Water Supply

2019/20 Actual \$		2020/21 Actual \$	2020/21 Budget \$
	Operating Costs		
1,263,219	Water treatment costs	1,328,810	1,338,420
964,149	Water reticulation costs	1,159,313	1,027,111
1,280,131	Depreciation	1,523,912	1,492,098
3,507,500		4,012,034	3,857,629
	Operating Revenue		
255,062	User charges	372,214	313,840
135,400	Internal Recoveries	100,500	100,500
390,462		472,714	414,340
	Appropriations		
-	Transfer from reserves	-	(20,000)
111,065	Provision for loan repayment	172,070	169,389
(88,500)	Reverse depreciation	(245,000)	(205,000)
\$3,139,603	Rates Requirement	\$3,466,390	\$3,387,678

Rural Water Supplies

2019/20 Actual \$		2020/21 Actual \$	2020/21 Budget \$
	Operating Costs		
370,629	Rural water supplies & races	273,632	265,269
74,089	Depreciation & decline in service	118,349	75,596
444,718		391,981	340,864
	Operating Revenue		
205,985	Rural water scheme charges	248,071	217,698
	Appropriations		
(128,704)	Transfer from reserves	(19,425)	-
-	Transfer to reserves	23,454	-
6,146	Provision for loan repayment	6,245	6,246
(6,622)	Reverse depreciation	(25,868)	(25,868)
\$109,553	Rates Requirement	\$128,316	\$103,545

Water Supplies

Rates Requirement Summary

2019/20 Actual \$	Activity	2020/21 Actual \$	2020/21 Budget \$
3,139,603	Masterton urban water supply	3,466,390	3,387,678
43,090	Tinui water supply	52,826	36,383
54,163	Opaki water race	63,633	55,025
12,300	Miscellaneous rural water costs	11,858	12,137
\$3,249,156	Rates Requirement	\$3,594,707	\$3,491,222

Water Supplies

Capital Expenditure Summary

2019/20 Actual \$		2020/21 Actual \$	2020/21 Budget \$
	Urban water treatment		
116,693	Water treatment plant & equip. renewals	86,049	40,000
9,725	Water treatment - buildings & grounds	-	20,000
-	Water treatment SCADA & electrical - stimulus project	74,745	-
11,000	Water treatment sludge handling upgrade	69,112	200,000
137,418		229,905	260,000
	Urban water reticulation		
449,429	Water mains renewals	1,079,823	1,800,000
188,343	Water connections replacements	71,787	50,000
1,821,347	Water meters installation - part project	515,750	1,800,000
-	Bulk Tanker Water Supply Terminal	3,143	-
-	Water reservoir upgrades	3,458	20,480
-	Water mains extension - Millard Ave	1,050	20,000
421,305	Assets vested from developers	273,128	-
2,880,424		1,948,140	3,690,480
	Rural water reticulation		
95,051	Wainuioru water supply renewals	10,629	50,000
-	Opaki water race consent renewal	-	50,000
-	Emergency package tmt plant - in progress	45,841	100,000
7,742	Castlepoint water supply upgrade	3,433	-
102,793		59,903	200,000
3,120,635	Total Water Supplies capital expenditure	2,237,948	4,150,480
	Capital Funding		
(1,821,347)	Loan funds	(430,703)	(2,150,000)
(8,075)	External funds	(89,744)	-
(421,305)	Assets vested by subdividers	(273,128)	-
(869,908)	Transfer from reserves	(1,444,374)	(2,000,480)
(3,120,635)		(2,237,948)	(4,150,480)

WASTEWATER SERVICES

Ratonga wai paru



WHAT WE DO

Wastewater services are provided to approximately 9,200 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 2020/21

Key achievements in 2020/21 include:

- 4.3km of sewer main renewals completed to ensure performance of our wastewater system.
- Progressed wetlands development, and investment in irrigation systems at the Homebush Wastewater Treatment Plant.

HOW WELL WE PERFORMED

All seven applicable performance measures for this activity were achieved (100 per cent) in 2020/21, consistent with last year. This is a great result for our wastewater activity.

One measure, the recreation quality of the Ruamāhanga River, is not applicable as the way that the base data is reported has changed and we are unable to report on this.

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

The number of complaints about our wastewater service have increased since 2018/19 (from 49 to 69) but are still 27 per cent less than 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.

Three portaloos were deployed in November 2020 and three in June 2021 due to heavy rain causing a sewer back up in Cockburn Street and Colombo Road.

The number of kilometres of wastewater pipe renewals completed in 2020/21 was more than double what was planned – 4.3 kilometres compared to 2 kilometres of planned work. This is also well above the 1.7 kilometres of renewal work completed in 2019/20. This result reflects the pipe lining method that was used.

Operating costs of Masterton's wastewater system were \$6.28 million compared to the planned level of \$6.38 million, 1.5 per cent less than planned. The small savings have arisen from lower interest costs on the debt associated with the wastewater treatment plant.

The Castlepoint sewerage scheme has incurred higher operating costs than planned (\$29k or 33 per cent). Repayment of debt on the Riversdale Beach sewerage scheme has continued at higher than planned level as capital contributions allow.

Capital expenditure on reticulation renewals (\$2.65m) was twice the value planned (see above), as the opportunity to take advantage of new pipe renewal technology was taken. Funding of this extra work has been able to be drawn from depreciation reserve funds.

COVID-19

Wastewater is an essential service and the reticulation and treatment plants have continued to operate through all Alert Levels with appropriate protocols. Renewal contracts were suspended during Level 4 in 2020, but this work resumed in 2020/21. COVID-19 has contributed to challenges in 2020/21, such as increasing prices for some materials and the availability of materials due to supply issues. Some contractors have also experienced challenges with skill/labour shortages, also related to COVID-19.



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

Measure	2018-28 Target	2020/21 Result (Y3 of 2018-28 LTP)	2019/20 Result (Y2 of 2018-28 LTP)	2018/19 Result (Y1 of 2018-28 LTP)
Number of complaints received about sewage odour, system faults, system blockages and MDC's response to issues with its sewerage system	Less than or equal to 8 complaints/1,000 connections. Baseline Result 2017/18: 10.44 complaints/1,000 connections (94 complaints).	Achieved 7.34 complaints/1000 connections (69 complaints).	Achieved 5.22 complaints/1,000 connections (47 complaints).	Achieved 5.44 complaints /1,000 connections (49 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)	6 hours or less Baseline Result 2017/18: 29 minutes	Achieved 27 minutes	Achieved 32 minutes	Achieved 34 minutes
b) resolution (from time of notification to the time service personnel confirm resolution)	12 hours or less Baseline Result 2017/18: 85 minutes	Achieved 139 minutes	Achieved 143 minutes	Achieved 170 minutes
Number of dry weather sewerage overflows from MDC's sewerage system (expressed per 1,000 connections to the system)	Less than or equal to 2/1,000 connections. Baseline Result 2017/18: 0.2/1,000 connections. (2 overflows)	Achieved 0.96/1,000 connections (9 complaints)	Achieved 1.22/1,000 connections. (11 complaints)	Achieved 0.33/1,000 connections. (3 complaints)

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

Measure	2018-28 Target	2020/21 Result (Y3 of 2018-28 LTP)	2019/20 Result (Y2 of 2018-28 LTP)	2018/19 Result (Y1 of 2018-28 LTP)
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	100 per cent compliance. Baseline Result 2017/18: One infringement notice received.	Achieved 100 per cent compliance.	Achieved 100 per cent compliance.	Achieved 100 per cent compliance.
Alternative system provided where loss of service exceeds 24 hours	Less than or equal to 1/1,000 connections. Baseline Result 2017/18: 0/1,000	Achieved 0.64/1000 connections (6 portaloos provided) Three portaloos were deployed in November 2020 and another three in June 2021 due to heavy rain.	Achieved 0/1,000 connections. No portaloos were deployed.	Achieved 0.22/1,000 connections. Two portaloos were deployed on 27/11/2018 and removed on 29/11/2018.
Percentage of wastewater pipe renewals completed	90 per cent of planned work. Baseline Result 2017/18: New Measure	Achieved 215 per cent 4.3km of sewer main was renewed in the financial year, compared to 2km of planned renewals.	Achieved 90 per cent	Not Achieved 80 per cent of planned work was completed. Some planned renewal works were not completed due to a lack of contractor availability given increased subdivision works in the private sector.

What we do: Focus on minimising the environmental impact of our wastewater service

Measure	2018-28 Target	2020/21 Result (Y3 of 2018-28 LTP)	2019/20 Result (Y2 of 2018-28 LTP)	2018/19 Result (Y1 of 2018-28 LTP)
Recreational quality of the Ruamāhanga River water, downstream of Homebush Wastewater Treatment Plant (known as the Cliffs)	<p>Long-term improvement trend, with no decline in water quality from baseline. (Suitability of Swimming Grade: Low Risk)</p> <p>Baseline Result 2017/18:</p> <p>Suitability of Swimming Grade: Low Risk.</p>	<p>Not Applicable</p> <p>The way that suitability for swimming data is reported has changed so results are not directly comparable.</p> <p>Suitability of Swimming Grade: Suitable for Swimming 91%</p> <p>10 out of 11 samples were categorised as "good". One sample was categorised as "fair".</p>	<p>Achieved</p> <p>Suitability of Swimming Grade: Low Risk.</p>	<p>Achieved</p> <p>Suitability of Swimming Grade: Low Risk.</p>



COST OF SERVICE STATEMENT

Wastewater Services - urban				
2019/20		2020/21	2020/21	
Actual		Actual	Budget	
\$	Operating Costs	\$	\$	
1,164,827	Sewerage reticulation	1,279,048	1,322,301	
3,064,672	Wastewater treatment	2,558,262	2,675,215	
2,233,056	Depreciation	2,444,524	2,379,011	
6,462,556		6,281,834	6,376,526	
	Operating Revenue			
541,435	User charges & other revenue	477,492	474,940	
-	Internal Recoveries	8,000	8,000	
541,435		485,491	482,940	
	Appropriations			
250,000	Transfer to reserves	-	-	
(118,333)	Transfer from reserves	(122,500)	(220,000)	
1,928,798	Provision for loan repayments	2,128,652	2,119,580	
(1,208,250)	Reverse depreciation not rates funded	(1,385,000)	(1,260,000)	
\$6,773,336	Rates Requirement	\$6,417,495	\$6,533,166	

Wastewater Services - rural schemes				
2019/20		2020/21	2020/21	
Actual		Actual	Budget	
\$	Operating Costs	\$	\$	
91,994	Castlepoint sewerage scheme	114,073	85,820	
182,230	Riversdale sewerage scheme	190,697	202,927	
32,621	Tinui sewerage scheme	18,179	14,654	
283,338	Depreciation	382,838	319,498	
590,183		705,787	622,901	
	Operating Revenue			
184,650	Capital Contribution & other revenue	114,075	123,154 *	
10,054	Internal Recoveries	16,524	8,168 *	
194,704		130,599	131,322	
	Appropriations			
(60,833)	Transfer from reserves	(64,000)	(68,000)	
252,894	Loan Repayment	193,875	167,586	
(222,788)	Reverse depreciation not rates funded	(263,068)	(255,870)	
\$364,752	Rates Requirement (Operational)	\$441,995	\$335,295	

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

Wastewater Services

Rates Requirement Summary

2019/20		2020/21	2020/21
Actual		Actual	Budget
\$	Activity	\$	\$
6,773,336	Urban sewerage system	6,417,495	6,533,166
59,528	Castlepoint sewerage scheme	123,062	74,496
177,142	Riversdale Beach sewerage scheme	187,293	187,049
91,227	Riversdale & Tinui capital contributions	102,887	55,590
36,855	Tinui sewerage scheme	28,752	18,160
\$7,138,087	Rates Requirement	\$6,859,489	\$6,868,461

Wastewater Services

Capital Expenditure Summary

2019/20		2020/21	2020/21
Actual		Actual	Budget
\$	Urban Wastewater system	\$	\$
306,688	Homebush treatment plant renewals	239,946	310,000
1,127,507	Sewerage reticulation mains renewals	2,653,840	1,300,000
-	Network investigations	0	50,000
15,533	Homebush irrigation extension	19,045	300,000
4,571	New sewer connections	11,816	-
0	Services extension design - Millard Ave	2,400	20,000
713,212	Assets vested from subdivisions	489,883	-
2,167,510		3,416,929	1,980,000
	Rural Wastewater schemes		
33,568	Riversdale Beach sewerage scheme	39,392	70,000
5,196	Tinui sewerage scheme	0	-
29,205	Castlepoint sewerage scheme renewals	73,223	5,000
67,970		112,615	75,000
2,235,480	Total	3,529,544	2,055,000
	Capital Funding		
-	Loan funds	0	(300,000)
(7,071)	External funds	(10,326)	-
(713,212)	Assets vested from subdivisions	(489,883)	-
(1,515,197)	Transfer from reserves	(3,029,336)	(1,755,000)
(2,235,480)		(3,529,544)	(2,055,000)
\$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 2020/21

Highlights and key activities from 2020/21 include:

- Completed routine inspection of over 25 stormwater sites.
- Progressed work to maintain our stormwater system.
- Continued work 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.

HOW WELL WE PERFORMED

Five of the six performance measures for this activity (83 per cent) were achieved in 2020/21 compared to five (83 per cent) in 2018/19 and all six last year (2019/20).

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

The number of complaints received about the stormwater system increased to 21 or 2.33 per 1,000 connections, resulting in non-achievement of that target. The low number of complaints in 2019/20 is likely due to drought conditions experienced in Wairarapa over that year. While the 2020/21 result is an increase, it is less than half the number of complaints received in the 2017/18 baseline year.

93 per cent of the budget for stormwater renewal work was spent during the year, up from 44 per cent in 2019/20, with contractor availability still being a major factor. A component of that renewal work related to the Essex Street carpark upgrade.

COVID-19

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

What we do: Deliver stormwater systems efficiently and effectively to protect public health and private property				
Measure	2018-28 Target	2020/21 (Y3 of 2018-28 LTP)	2019/20 Result (Y2 of 2018-28 LTP)	2018/19 Result (Y1 of 2018-28 LTP)
Percentage of stormwater renewals completed	90 per cent of planned work Baseline Result 2017/18: New measure	Achieved 100 per cent of planned renewal work was completed.	Achieved 100 per cent of planned renewal work was completed.	Not Achieved 30 per cent of planned renewal work was completed. Planned renewal works were not completed due to a lack of contractor availability because of increased subdivision works in the private sector.
Number of flooding events that occur in the district	10 events or less Baseline Result 2017/18: 1 event	Achieved 2 events reported	Achieved None	Achieved None
For each flooding event, the number of habitable floors affected (expressed per 1,000 connections to MDC's stormwater system)	Less than or equal to 1/1,000 connections Baseline Result 2017/18: None	Achieved 0.22/1000 connections 2 habitable floors affected	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 - no consent breaches. Baseline Result 2017/18: 100 per cent	Achieved 100 per cent compliance, no consent breaches.	Achieved 100 per cent compliance, no consent breaches.	Achieved 100 per cent compliance, no consent breaches.

What we do: Deliver stormwater systems efficiently and effectively to protect public health and private property				
Measure	2018-28 Target	2020/21 (Y3 of 2018-28 LTP)	2019/20 Result (Y2 of 2018-28 LTP)	2018/19 Result (Y1 of 2018-28 LTP)
Number of complaints received about the performance of MDC's stormwater system (expressed per 1,000 connections to MDC's stormwater system)	Less than or equal to 2 per 1,000. Baseline Result 2017/18: 5.11 complaints/1,000 connections (49 complaints).	Not Achieved 2.33 complaints/1000 connections (21 Complaints).	Achieved 1.33 complaints/1,000 connections (12 complaints).	Achieved 0.67 complaints/1,000 connections (6 complaints).
Median response time to attend a flooding event (from time of notification to the time service personnel arrive onsite)	60 minutes or less Baseline Result 2017/18: 34 minutes	Achieved 22 minutes	Achieved 28 minutes	Achieved



COST OF SERVICE STATEMENT

Stormwater			
2019/20 Actual \$		2020/21 Actual \$	2020/21 Budget \$
	Operating Costs		
326,709	Stormwater	427,017	404,622
306,726	Depreciation	376,009	324,669
633,436		803,026	729,291
	Operating Revenue		
-	User charges & other revenue	-	-
	Appropriations		
(78,168)	Transfer from reserves	(92,000)	(93,000)
31,720	Provision for loan repayment	35,025	35,025
(85,300)	Reverse depreciation not rates funded	(160,300)	(110,300)
\$501,688	Rates Requirement	\$585,751	\$561,016

Stormwater			
Capital Expenditure Summary			
2019/20 Actual \$		2020/21 Actual \$	2020/21 Budget \$
	Stormwater		
148,543	Stormwater renewals & upgrades	307,016	330,000
-	Stormwater Consent	9,209	52,000
-	Services extension design - Millard Ave	1,750	20,000
582,428	Assets vested from subdivisions	708,758	-
730,971		1,026,733	402,000
	Capital Funding		
(148,543)	Transfer from reserves	(317,975)	(402,000)
(582,428)	Assets vested from subdivisions	(708,758)	-
(730,971)		(1,026,733)	(402,000)

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 2020/21

Highlights and key activities from 2020/21 include:

- In 2019/20 the new kerbside recycling wheelie bin service rolled-out to 9,368 urban households and commercial properties. 2020/21 saw the completion of the first full year of operation with widespread acceptance and use of the services.
- The contractor's new recycling sorting line installed at Nursery Road Transfer Station completed its first full year of operation. This line sorts all recycling collected from the kerbside and from all Wairarapa transfer stations, reducing contamination and the amount of recyclable material transferred to landfill.

HOW WELL WE PERFORMED

Two of the three performance measures for this activity (67 per cent) were achieved in 2020/21. This is consistent with 2018/19 and one more than last year (2019/20).

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

The number of call-backs for the non-collection of rubbish bags was comparable with 2018/19 (26 compared to 29) after an increase was observed in 2019/20. 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 increased 25.9 per cent on the previous year. The 2019/20 waste tonnages were affected by the COVID-19 lockdown and the increased competition between waste collection contractors, some of whom take waste directly to Wellington landfills.

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.

2020/21 was the first full year of operation of the Materials Recovery Facility (MRF) that was installed by our solid waste contractor and became operational in October 2019. The MRF receives, separates, and prepares recyclable materials from all three Wairarapa councils for on-selling to end-user manufacturers. With the MRF, there is less recycling contamination reducing the risk of recycling being rejected by buyers. Ultimately, it also reduces waste transferred to landfill. As the global recycling scene changes, we are able to re-programme the MRF accordingly.

Tonnages of waste through the transfer station over the 12 months increased above pre-Covid levels and the levels budgeted for. This has resulted in 14 per cent higher revenue and 11.6 per cent higher direct costs of disposal. Overall the Solid Waste activity has achieved a financial result close to budget.

COVID-19

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



What we do: Provide solid waste solutions across the district				
Measure	2018-28 Target	2020/21 Result (Y3 of 2018-28 LTP)	2019/20 Result (Y2 of 2018-28 LTP)	2018/19 Result (Y1 of 2018-28 LTP)
Number of call-backs due to non-collection of official rubbish bags in each weekly collection	Improvement on previous year. Baseline Result 2017/18: 13 call-backs	Achieved 26 call-backs.	Not Achieved 49 call-backs.	Not Achieved 29 call-backs.
Tonnage of waste transferred to landfill per head of population	Reduction on previous year 0.59 tonne per head of population 15,203 tonnes of waste transferred (based on estimated population as at 30/6/18: 25,700).	Not Achieved 0.527 tonne per head of population 14,480 tonnes of waste transferred (25.9 per cent increase on previous year) (based on estimated population as at 30/6/20: 27,500)	Achieved 0.43 tonne per head of population 11,505 tonnes of waste transferred (19.3 per cent less than the previous year) (based on estimated population as at 30/6/20: 26,800). <i>Note: The 30 June 2020 estimated population was updated to 27,500 (as reported in 2020/21 in October 2020 after the 2019/20 result was finalised).</i>	Achieved 0.56 tonne per head of population 14,264 tonnes of waste transferred (6 per cent less than the previous year) (based on estimated population as at 30/6/18: 25,700).
Urban and rural transfer stations, recycling, composting facilities and landfills operate within approved resource consent conditions	100 per cent compliance. Baseline Result 2017/18: Minor non-compliance.	Achieved 100 per cent compliance.	Not Achieved Greater Wellington Regional Council's compliance report gave MDC 2 stars out of 4 stars for compliance. Action has been taken to ensure the non-compliance matters are addressed and do not result in future non-compliance.	Achieved 100 per cent compliance.

COST OF SERVICE STATEMENT

Solid Waste Services				
2019/20		2020/21	2020/21	
Actual		Actual	Budget	
\$	Operating Costs	\$	\$	
321,718	Urban refuse collection costs	315,759	303,774	
2,034,809	Transfer station operation & refuse disposal	2,452,389	2,198,375	
1,266,486	Waste minimisation (incl recyc.& composting)	1,381,735	1,398,656	
265,714	Rural refuse operations	306,636	270,970	
3,888,728		4,456,519	4,171,775	
	Operating Revenue			
2,279,314	User charges - external	2,828,139	2,482,400	
88,765	User charges - internal	100,122	83,125	
89,669	Recoveries - waste levy	93,238	100,000	
217,463	Recoveries from bag sales	210,392	197,370	
2,675,212		3,231,892	2,862,895	
	Appropriations			
(70,000)	Transfers from reserves	(93,600)	(173,600)	
121,891	Provision for loan repayment	184,213	186,697	
(141,000)	Reverse depreciation not rates funded	(150,000)	(150,000)	
\$1,124,408	Rates Requirement	\$1,165,241	\$1,171,977	

Solid Waste Services				
Rates Requirement Summary				
2019/20		2020/21	2020/21	
Actual	Activity	Actual	Budget	
\$		\$	\$	
498,694	Refuse & recycling collections	585,250	604,789	
123,918	Refuse transfer station & landfill	(51,245)	65,160	
250,533	Waste minimisation (recycling & composting)	339,009	245,422	
251,262	Rural refuse services	292,226	256,606	
\$1,124,407	Rates Requirement	\$1,165,240	\$1,171,977	

Solid Waste Services

Capital Expenditure Summary

2019/20 Actual		2020/21 Actual	2020/21 Budget
\$	Solid Waste Management	\$	\$
693,830	Recycling Wheely Bins	0	0
-	Nursery Road land fill capping	0	40,420
3,459	Transfer station renewals	14,644	50,000
697,289		14,644	90,420
	Capital Funding		
(693,830)	Loan funds	-	-
(3,459)	Transfer from reserves	(14,644)	(90,420)
(697,289)		(14,644)	(90,420)

COMMUNITY FACILITIES AND PARKS

Ngā whare o te hāpori me ngā pāka



WHAT WE DO

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

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

We are 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 2020/21

Highlights and key activities from 2020/21 include:

Library and archive

- The decision has been made to include the Masterton District Library and the Wairarapa Archive in the new Civic Facility. Work on the Civic Facility is expected to commence in 2022/23.
- Despite COVID-19 restrictions, the library delivered 635 activities and events – more than twice the number we delivered in 2017/18 (the baseline year). The programme "The Gathering" was created directly as a need that came after lockdown. The group meets weekly to come together to alleviate loneliness.
- A total of 165 Spark Jump modems were distributed, providing families with low-cost access to the internet at home.
- The archive continued sharing our stories, publishing more than three times the target number.
- A total of 101 digital courses were delivered to the community covering training on STEM (Science, Technology, Engineering and Math) initiatives, internet security, introduction to tablets and smartphones, online banking, and Microsoft and Google products.
- This year, programmes were created to help job seekers return to work. The Library now offers one on one help with CVs, including creating and reviewing, and digital courses to upskill those returning to the workforce.
- Digital Inclusion for Seniors training continued to be provided, enabling access to services and space for their volunteer group within the library.
- Support services were provided to the community using the library's computers and Wi-Fi to gain free access to online services and information.

Property

- Further conversations took place with our community regarding funding for the new Civic Facility as part of the 2021-31 Long-Term Plan process. A preferred location for the new facility was also identified to the north of town. No decisions have been made yet regarding the future of the town hall, and former municipal and Civil Defence buildings, on the Chapel Street site.
- Extension and upgrade of the eastern Castlepoint toilet block was completed and the facility opened to the public in November 2020. This work completely re-modeled the facility, adding two fully accessible cubicles, increasing pans from three to eight and greatly improving the visual appeal of this important tourist asset. Work was also completed on the Henley Lake public toilet block which included the creation of a 24-hour accessible unisex cubicle.
- Phase 2 works on the Douglas Villa Clubroom were completed. This included exterior recladding and landscaping to improve accessibility.
- Work continued on the Council's residential property portfolio to align with the Healthy Homes requirements. This included progression of our programme to install mechanical ventilation in bathrooms and kitchens.

Parks, Reserves and Sports Fields

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

- Opening the Taranaki Street Reserve
- Completing the Percy Reserve upgrade to reduce vandalism
- Creating a children's interactive garden in Queen Elizabeth Park
- Replacing the flying fox at Queen Elizabeth Park

- Completing the Archer Street Cemetery upgrade and installation of 237 new ash plots.
- Work on constructing a youth-led design to revamp the skatepark commenced and is expected to be completed in 2021/22.
- Consultation on a Parks and Open Spaces Strategy to provide direction for the future development of our green spaces was completed. The strategy has since been adopted.
- During the year, six community planting days were held to restore three wilderness and riparian areas, resulting in the planting of more than 1,000 eco-sourced plants and amenity plants.

Trust House Recreation Centre

- The facility continued to operate with appropriate protocols in place through varying Alert Levels in 2020/21. In line with the maintenance contract for the facility daily checks, essential repairs, and preventative maintenance were undertaken.
- There was a highly successful \$1 swim initiative offered during the summer holidays with more than 10,000 visitors making use of this offer over 30 days.

Mawley Park

- Revenue at the park exceeded the targets set for the year.

Hood Aerodrome

- Safety remains an important focus for the aerodrome and operators. Regular safety group meetings were held and hazards and occurrences reviewed. A Safety Management System (SMS) has been prepared and will be implemented over the next two years.
- A draft Masterplan was prepared for Hood Aerodrome and reviewed by the Strategic Advisory Group on the 30 June 2021. The Masterplan is intended to protect options for development of the Aerodrome for 20 years and beyond.
- The Shovel Ready Project for Hood Aerodrome began following confirmation of \$10 million funding from the Provincial Growth Fund. Initial work including security fencing, and infrastructure for hangars was completed. Plans include improving the runway, security, infrastructure, and lighting. Design work on the runway extension has begun, with all work to be completed by 2025
- Five hangars were approved for construction following the release of the first tranche of new hangar sites to market. Three hangars have been completed in the past year with a fourth nearing completion.
- The aerodrome hosted a number of events over the summer including the biennial Wings Over Wairarapa event, National Aerobatics Championships, Vintage Aviator flying weekends, and visits from the Wellington Aeroclub. The Wairarapa Aeroclub offered pilot flight training, and the Wairarapa Flying Tigers continued to offer flights in open cockpit Tiger Moths. Aircraft activity is increasing from previous year

HOW WELL WE PERFORMED

Nine of the 16 performance measures for this activity (56 per cent) were achieved in 2020/21, consistent with the previous year (2019/20).

COVID-19 Alert Levels restrictions have continued to impact many of the activities in this group over the 2020/21 year.

Activities 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

Participation in the Summer Reading Programme was down compared to 2019/20 and is thought to be attributable to the COVID-19 situation.

There was also a reduction in the number of people using the library space in 2020/21 compared to the previous year. This is likely to reflect COVID-19 impacts and varying Alert Level restrictions during the year. In 2019/20, COVID-19 impacts were primarily in the last quarter of the year.

Website visits almost doubled compared to 2019/20 but were still below baseline. The method of measurement through Google Analytics has changed since the baseline was established, impacting reporting.

While website visits were up, the number of people using our free online computer services declined compared to 2019/20, and fewer free Wai-Fi sessions were accessed. The growing number of families with Skinny Jump low-cost internet modems may be reducing demand for free online and Wai-Fi services. Two hundred modems were distributed in 2018/19, 220 in 2019/20 and a further 165 families were provided with internet modems in 2020/21.

A further consideration is the extension of computer access sessions 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.

The archive has continued to develop as a place that tells the community's 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 have impacted utilisation of these facilities and spaces over the year, and as a result, performance against some measures.

The number of structured activities in our parks and sportsgrounds was down in Quarter 1 compared to the previous year (19 vs 89). Overall results for the year exceeded 2019/20 (313 vs 236) but were below baseline and 2018/19 levels. Alert level changes in 2020/21 are likely to have impacted results this year.

While the number of events for the first quarter was also lower than the previous year for the number of activities/events in the War Memorial Stadium (27 vs 43), by year end results were more than double 2019/20 and more than three times the baseline. Events included birthday parties, group fitness classes and usage by schools. B-Legends daily afternoon play is now included in the reporting results and will be a key contributing factor.

Hood Aerodrome landings were up compared to the previous two years, with a substantial increase compared to the 2017/18 baseline (12,757 landings compared to 7,821). The increase in 2020/21 is in part attributable to the Wings Over Wairarapa event held in January 2021. Although the event was affected by COVID-19 restrictions, this only affected the last day of the air show.

Our target for increasing use of the recreational trails that are part of our parks and reserves network was impacted by faulty data loggers. Ongoing issues have meant we are unable to report results for the 2020/21 year. Additional loggers are being ordered to better capture the data.

COVID-19 restrictions in 2019/20 had impacts for swimming lesson participation in 2020/21. There were no participants in Quarter 1 and only one school participated in Quarter 2. Interest from schools was impacted by academic pressures following the COVID-19 lockdown. Participation had increased by Quarter 4.

Senior housing rent was measured against an independent appraisal of the market rent value for our pensioner housing units. They assessed the median rent as \$200 with a range of \$200-\$225, compared to our median rent of \$104 with a range of \$101-\$111.

The financial performance across most of these activities has seen some savings made versus budgets, particularly in the parks and library. Operating expenditure on the Airport continues the focus on safety with the financial result reflecting 29 per cent spending above plan. Mawley Holiday Park has achieved 26 per cent more revenue than planned, but it is offset by higher operating costs of the same quantum.

Capital expenditure projects across these activities are extensive in range and scale. Two high-value projects have not progressed as quickly as budgeted. One is the skatepark upgrade with \$421k spent versus a plan of \$1.35 million, however the consultation, design and tendering phases were completed, the contract let and work commenced in May 2021. The Hood Aerodrome upgrade planned at \$1.58 million has had \$475k spent, but the project changed scope following a PGF funding application being successful, with runway work now rescheduled in a new masterplan for the facility.

COVID-19

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

- Parks and reserves – playgrounds and public toilets had increased cleaning regimes at Alert Level 2 and above.
- Trust House Recreation Centre – Closed during Alert Levels 3 and 4 and operated in line with the appropriate protocols at Alert Levels 1 and 2 which included restrictions on numbers using the facility at Alert Level 2.
- Library and archive – COVID-19 and level 2 restrictions resulted in 41 programmes being cancelled, and the library operated a click and collect service for 30 days of the year, reducing the number of people using the library space and attending programmes.
- Council Offices – the pandemic has seen additional spending on cleaning regimes, sanitary supplies and personal protective measures.
- Hood Aerodrome – COVID-19 impacted the last day of the Wings Over Wairarapa Airshow that was held at Hood Aerodrome, a major biennial event at Hood that the Council supports.
- Mawley Holiday Park – Revenue for Mawley Park exceeded targets. This could be associated with increased domestic tourism as a result of COVID-19 restrictions. The Wairarapa has seen an increase in tourism activity over this period.

The capital expenditure projects list is extensive and is notable for a number of completed projects.



What we do: Deliver a library and archive service with engaging and relevant activities				
Measure	2018-28 Target	2020/21 Result (Y3 of 2018-28 LTP)	2019/20 Result (Y2 of 2018-28 LTP)	2018/19 Result (Y1 of 2018-28 LTP)
Number of library and archive engagements with our community	Increasing over time, and at least baseline. Baseline Result 2017/18: 280 structured activities and events.	Achieved 635 structured activities and events.	Achieved 496 structured activities and events.	Achieved 708 structured activities and events.
	181,957 people used the library space in 2017/18. A new people counting system was implemented in May 2018 to improve the accuracy of recording visitor numbers to the library. Given that, the 2018/19 result of 158,867 people is considered a more accurate baseline for future comparisons.	Not Achieved 94,672 people used the library space. COVID-19 restrictions meant the Library operated a click and collect service for 30 days of the year and 41 programmes were cancelled in AL2.	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.	Not Achieved 158,867 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.
	91,779 website visits.	Not Achieved 63,812 website visits There has been a change in the way data is captured which is likely to have impacted results.	Not Achieved 33,630 website visits There has been a change in the way data is captured which is likely to have impacted results.	Not Achieved 51,524 website visits. There has been a change in the way data is captured which is likely to have impacted results.

What we do: Deliver a library and archive service with engaging and relevant activities				
Measure	2018-28 Target	2020/21 Result (Y3 of 2018-28 LTP)	2019/20 Result (Y2 of 2018-28 LTP)	2018/19 Result (Y1 of 2018-28 LTP)
Number of literacy programmes offered (including library promotions and digital literacy)	Increasing over time, and at least baseline. Baseline Result 2017/18: Baseline: 224 programmes	Achieved 353 programmes	Achieved 480 programmes (noting all library programming has a literary or information component)	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.
Number of children participating in the Summer Reading Programme	Increasing over time, and at least baseline. Baseline Result 2017/18: 317 completed. 375 registered.	Achieved 353 participants	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.	Not Achieved 314 completed, 390 registered.

What we do: Deliver a library and archive service with engaging and relevant activities				
Measure	2018-28 Target	2020/21 Result (Y3 of 2018-28 LTP)	2019/20 Result (Y2 of 2018-28 LTP)	2018/19 Result (Y1 of 2018-28 LTP)
Number of people using free online services per head of population	Free online sessions increasing over time, and at least baseline Baseline Result 2017/18: 3.8 free online sessions per head of population (96,712 total sessions) Estimated population as at 30/6/17: 25,200	Not Achieved 1.26 free online sessions per head of population (33,793 total sessions) Estimated population as at 30/6/20: 27,500	Not Achieved 1.9 free online sessions per head of population (50,062 total sessions). Estimated population as at 30/6/20: 26,400 <i>Note: Population estimates for 30 June 2020 were updated in October 2020 after this result was calculated. This is why the population referenced is different to the estimate for the same period in 2020/21.</i>	Not Achieved 1.2 free online sessions per head of population (31,076 total sessions). Estimated population as at 30/6/19: 25,700
	Free Wai-Fi sessions increasing over time, and at least baseline. Baseline Result 2017/18: 1.2 free Wai-Fi sessions per head of population (30,800 total sessions) Estimated population as at 30/6/17: 25,200	Not Achieved 1.06 free Wai-Fi sessions per head of population (28,423 total sessions) Estimated population as at 30/6/20: 27,500	Achieved 1.4 free Wai-Fi sessions per head of population (37,487 total sessions). Estimated population as at 30/6/20: 26,400 <i>Note: Population estimates for 30 June 2020 were updated in October 2020 after this result was calculated. This is why the population referenced is different to the estimate for the same period in 2020/21.</i>	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 Wi-Fi sessions; and 15,791 Library Wi-Fi sessions.

What we do: Deliver a library and archive service with engaging and relevant activities				
Measure	2018-28 Target	2020/21 Result (Y3 of 2018-28 LTP)	2019/20 Result (Y2 of 2018-28 LTP)	2018/19 Result (Y1 of 2018-28 LTP)
Number of archive feature stories/ publications (media and online)	Average of 1 per month/ 12 per annum. Baseline Result 2017/18: An average of 14.1 archive feature stories/publications per year over the previous 10 years.	Achieved 46 stories - average of 3.8 per month	Achieved 40 stories - average of 3.3 per month.	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.
Cemetery records accessed online	Maintain baseline Baseline Result 2017/18: 7,447	Achieved 10,090 cemetery records accessed online.	Achieved 10,242 cemetery records accessed online	Achieved 9,667 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	2018-28 Target	2020/21 Result (Y3 of 2018-28 LTP)	2019/20 Result (Y2 of 2018-28 LTP)	2018/19 Result (Y1 of 2018-28 LTP)
Number of structured activities/events in Council's parks and sportsgrounds	Increasing utilisation over time. Baseline Result 2018/19: 359 structured activities/events.	Not Achieved 313 structured activities/events in MDC parks and sportsgrounds	Not Achieved 236 structured activities/events. COVID-19 restrictions resulted in the cancellation of events in the fourth quarter impacting results for the year.	Achieved 359 structured activities/events. Baseline has been established.

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

Measure	2018-28 Target	2020/21 Result (Y3 of 2018-28 LTP)	2019/20 Result (Y2 of 2018-28 LTP)	2018/19 Result (Y1 of 2018-28 LTP)
Number of people using the recreational trails that are part of our parks and reserves network	Increasing utilisation over time. Baseline Result 2018/19: 312,440	Not Applicable Unable to report due to issues with data loggers and data collection.	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.	Achieved 312,440 Baseline has been established. Based on an average of 856 counts per day.
Number of structured activities/events that have been run in the War Memorial Stadium	Increasing utilisation over time. Baseline Result 2017/18: 19 events	Achieved 186 Activities and events have included, community events; birthday parties; group fitness classes; marching and After School Care programmes.	Achieved 75 Activities and events have included, the Golden Shears event; birthday parties; school basketball; and group fitness classes and After School Care programmes.	Achieved 52 Activities and events have included sports team training, birthday parties; basketball and netball games; futsal and schools indoor programmes.

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

Measure	2018-28 Target	2020/21 Result (Y3 of 2018-28 LTP)	2019/20 Result (Y2 of 2018-28 LTP)	2018/19 Result (Y1 of 2018-28 LTP)
Number of landings at Hood Aerodrome	Increasing over time and at least baseline Baseline Result 2017/18: 7,821	Achieved 12,757	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.	Achieved 10,890
Number of new hangars at Hood Aerodrome	Increase in hangars over time Baseline Result 2017/18: Baseline: 19 hangars	Achieved Three new hangars.	Achieved One new hangar. Four more were signed off for development.	Not Achieved No new hangars. There are four sites on the market as of 30 June 2019.
Ratio of average Council senior housing weekly rent compared to average private sector rent	Maintain senior housing rentals at no more than 60 per cent of the market rental for a one-bedroom flat Baseline Result 2017/18: Senior housing rental equates to 41.9 per cent of the market rental for a one-bedroom flat.	Achieved 52 per cent of market rent. Average rent for Council senior housing units is \$104 per week, compared to median market rent of \$200 per week based on an independent appraisal.	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. An independent appraisal was undertaken to determine market rental as tenancy tribunal data was heavily influenced by Council's own rentals.	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. The tenancy tribunal average rent for 2020/21

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

Measure	2018-28 Target	2020/21 Result (Y3 of 2018-28 LTP)	2019/20 Result (Y2 of 2018-28 LTP)	2018/19 Result (Y1 of 2018-28 LTP)
Number of under-12s enrolled in Learn to Swim programmes	Annual increase Baseline Result 2017/18: 589 swim school enrolments	Not Achieved 342 swim school enrolments. Annual targets have not been achieved due to continuing impacts of COVID-19, alert level changes, and the resulting impact on school curriculum priorities in 2020/21.	Not Achieved 475 swim school enrolments. The suspension of all lessons during Quarter 4 due to COVID-19 impacted results.	Not Achieved 465 swim school enrolments. The reduction in figures may be due to lower participation from year 8 students who had completed the programme the previous year while in year 7.



COST OF SERVICE STATEMENTS

Parks, Reserves & Sportsfields

2019/20 Actual \$		2020/21 Actual \$	2020/21 Budget \$
	Operating Costs		
2,124,853	Parks & Reserves maintenance	2,024,169	2,223,907
431,436	Sportsfields maintenance	480,464	505,382
654,275	Depreciation	774,010	628,340
3,210,564		3,278,642	3,357,628
	Operating Revenue		
28,946	Miscellaneous parks revenue	26,550	25,161
19,986	Sportsground rentals	19,688	14,712
48,932		46,238	39,873
	Appropriations		
(127,927)	Transfers from reserves - project funding	(77,000)	(183,000)
103,560	Transfer to reserves	0	-
87,735	Provision for loan repayments	103,631	102,675
(162,000)	Depreciation not rates funded	(302,000)	(162,000)
\$3,062,999	Rates Requirement	\$2,957,035	\$3,075,430

Trust House Recreation Centre

2019/20 Actual \$		2020/21 Actual \$	2020/21 Budget \$
	Operating Costs		
706,744	Recreation centre operating costs*	996,871	1,017,553
585,555	Depreciation	576,838	558,990
1,292,299		1,573,710	1,576,543
	Operating Revenue		
35,559	Miscellaneous facility revenue	34,892	35,420
	Appropriations		
-	Transfers from reserves	(100,000)	(140,000)
25,932	Loan repayments	27,004	27,005
(255,000)	Depreciation not rates funded	(280,000)	(260,000)
\$1,027,672	Rates Requirement	\$1,185,822	\$1,168,128

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

Cemeteries

2019/20		2020/21	2020/21
Actual		Actual	Budget
\$	Operating Costs	\$	\$
156,728	Cemeteries operating and maintenance	207,795	247,966
5,796	Depreciation	6,016	5,772
162,524		213,811	253,738
	Operating Revenue		
85,758	Burial fees and sale of plots	78,195	79,778
85,758		78,195	79,778
	Appropriations		
(2,500)	Transfers from reserves	(12,000)	(35,000)
\$74,267	Rates Requirement	\$123,616	\$138,961

Library & Archive

2019/20		2020/21	2020/21
Actual		Actual	Budget
\$	Operating Costs	\$	\$
1,471,094	Operating costs - Library	1,531,777	1,593,453
376,247	Operating costs - Archive	425,216	435,602
186,846	Depreciation - books	209,865	180,000
114,894	Depreciation - bldg, furniture & equipment	114,317	126,782
2,149,080		2,281,176	2,335,838
	Operating Revenue		
16,272	Grants & donations	77,386	31,631
51,504	User charges & other recoveries	36,824	58,418
67,776		114,210	90,049
	Appropriations		
6,787	Provision for loan repayments	13,412	13,498
40,000	Transfers to reserves	5,000	-
(15,500)	Reverse depreciation	(58,000)	(8,000)
\$2,112,591	Rates Requirement	\$2,127,377	\$2,251,287

Analysis of Rates Requirement

1,737,472	Library	1,703,094	1,820,478
375,119	Archive	424,284	430,808
\$2,112,591		\$2,127,377	\$2,251,287

Property

2019/20		2020/21	2020/21
Actual		Actual	Budget
\$	Operating Costs	\$	\$
867,107	District Building	756,607	825,347
450,997	Housing for the Elderly	525,739	536,513
809,319	Other Property	885,018	1,016,456
481,618	Mawley Holiday Park	610,633	497,470
947,104	Depreciation	749,969	703,916
3,556,146		3,527,965	3,579,703
	Operating Revenue		
696	Rental revenue - Halls & Dist. Bldg	1,566	3,420
425,726	Rental revenue - Housing for the Elderly	405,835	430,404
272,249	Rental revenue - Other Property	279,511	267,226
482,983	Mawley Holiday Park	559,083	444,084
30,000	Internal recoveries - forestry	45,000	45,000
433,543	Internal recoveries - office rental	532,833	529,251
1,645,196		1,823,828	1,719,385
	Appropriations		
(61,667)	Transfers from reserves	(75,000)	(160,000)
254,945	Provisions for loan repayments	282,084	282,084
(487,000)	Depreciation not rates funded	(392,000)	(352,000)
\$1,617,228	Rates Requirement	\$1,519,221	\$1,630,402

Masterton Airport (Hood Aerodrome)

2019/20		2020/21	2020/21
Actual		Actual	Budget
\$	Operating Costs	\$	\$
450,944	Airport operation & maintenance	559,606	434,073
83,326	Depreciation	107,944	84,079
534,270		667,551	518,152
	Operating Revenue		
207,232	Leases and other revenue	321,267	229,401
14,000	Internal recoveries	14,700	14,700
221,232		335,967	244,101
	Appropriations		
(42,114)	Transfers from reserves	(32,000)	(20,000)
112,959	Provision for loan repayments	121,613	122,358
(49,000)	Reverse depreciation not rates funded	(75,000)	(50,000)
\$334,883	Rates Requirement	\$426,196	\$326,409

Community Facilities & Parks

Rates Requirement Summary

2019/20 Actual \$	Activity	2020/21 Actual \$	2020/21 Budget \$
3,062,999	Parks, reserves & sportsfields	2,957,035	3,075,430
1,027,672	Trust House Recreation Centre	1,185,822	1,168,128
74,267	Cemeteries	123,616	138,961
720,145	District building	509,480	562,992
67,754	Housing for the elderly	64,135	55,118
274,912	Other rental properties	251,841	297,902
342,219	Public conveniences	400,689	404,245
90,288	Rural halls	111,714	121,037
13,365	Forestry	16,265	21,397
108,545	Mawley Holiday Park	165,096	167,710
334,883	Airport	426,196	326,409
1,737,472	Library	1,703,094	1,820,478
375,119	Archives	424,284	430,808
\$8,229,639	Rates Requirement	\$8,339,267	\$8,590,616

Community Facilities & Parks

Capital Expenditure Summary

2019/20 Actual \$		2020/21 Actual \$	2020/21 Budget \$
Parks, Reserves & Sportsfields			
621,825	QE Park rejuvenation	69,647	90,250
0	Q E Park - lake water pump upgrade	6,584	0
0	Waipoua Cycle/Pedestrian Bridge	47,053	0
37,366	Recreation trails extended	40,631	248,662
120,148	Upgrade facilities - (incl playgrounds)	76,411	275,000
2,735	Colin Pugh Sports Bowl - track renewal	118,869	110,000
0	Rural Reserves upgrades	8,599	-
1,336	Street trees renewal & new	18,476	16,750
11,470	Parks furniture renewals	0	0
231,481	Henley Lake buildings & services upgrades	182,444	140,000
0	Henley Lake - intake upgrade	29,770	80,000
0	Henley Lake - overflow carpark	32,918	30,000
622,986	QE Park cricket grandstand upgrade	0	0
284,829	Sports buildings & facilities upgrades	361,194	750,000
0	Percys Reserve upgrade	45,795	50,000
0	Skatepark Upgrade - part project	421,136	1,350,000
0	Parks & open spaces signage	0	4,042
0	Castlepoint Seawall handrails	43,518	30,000
0	Bike Skills Park Track (vested)	61,000	0
0	Reserve land acquired subdivision (vested)	325,587	0
1,934,175		1,889,631	3,174,704
Trust House Recreation Centre			
99,617	Pools plant & equipment renewals	42,085	90,000
143,171	Building & services upgrades	156,016	110,000
-	Outdoor pools renewals	0	80,000
242,788		198,101	280,000
Cemeteries			
5,899	Cemetery renovations & extensions	58,080	268,900
5,899		58,080	268,900
District Building			
2,598	New Civic/Events facility - design stage	110,030	250,000
0	Facilities & equipment	11,360	20,000
439,903	Building upgrades & office renovations	40,107	55,000
0	Leasehold improvements	2,109	22,000
6,855	Emergency generator	0	-
449,357		163,606	347,000
Housing for the Elderly			
117,199	Pensioner housing upgrades	77,768	266,050
117,199		77,768	266,050

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

Community Facilities & Parks (continued)

Capital Expenditure Summary

2019/20 Actual \$		2020/21 Actual \$	2020/21 Budget \$
	Other Property		
10,214	Public conveniences upgrade	11,053	20,000
84,549	Castlepoint toilet upgrade	266,733	250,000
132,394	Rental & Other property upgrades	57,875	195,000
-	Asbestos removal - all property	84,091	160,000
0	Other Council buildings upgrades	0	50,000
18,286	Mawley Park facility upgrades	12,323	65,000
18,403	Rural Hall upgrades	17,491	60,000
263,846		449,566	800,000
	Library & Archive		
184,461	Book stock renewals	201,754	180,000
60,522	Computer system upgrades	24,136	45,750
216,804	Library Learning Centre	14,501	-
0	Library building upgrade - design	-	200,000
7,150	Building and furniture upgrades	10,050	15,500
-	Archive upgrades & renewals (incl. IT)	2,279	125,000
468,937		252,720	566,250
	Airport		
1,000	Other Airport upgrades	11,338	80,000
9,753	Runway light replacement	0	150,000
65,231	Hanger area expansion (services)	466,366	420,000
0	Airport runway widening & reseal	9,175	1,160,000
75,984		486,878	1,810,000
\$3,558,184		3,576,349	\$7,512,904
	Capital Funding		
(597,695)	Loan funds	-	(1,514,200)
-	Vested assets	(386,587)	-
(2,930,477)	Transfers from reserves	(2,480,543)	(5,253,704)
(30,012)	External funds	(709,219)	(745,000)
(\$3,558,184)		(3,576,349)	(7,512,904)

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 2020/21

Highlights and key activities from 2020/21 include:

Resource Management and Planning

- 207 resource consents processed, and all building consents checked for planning implications.
- 390 Land Information Memorandum (LIMs) processed.
- Commenced work with Carterton and South Wairarapa District Councils on the review of the Wairarapa Combined District Plan. This review will continue 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

- Maintained accreditation as a Building Control Authority.
- 851 building consents processed with an average processing time of 17 days. Of these, 72 were commercial consents and 187 were new residential dwellings.
- 6,513 inspections undertaken.
- 638 Code Compliance Certificates issued, with an average processing time of 15 days.

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

- Maintained accreditation to verify National Food Programme premises under the Food Act 2014. Masterton continues to be the only accredited council in the Wairarapa at this stage.
- 239 inspections and verifications completed across food premises, personal services businesses, and alcohol-licensed premises.

Animal Services

- 36 dog owners achieved 'Responsible Dog Owner Status' and received a discounted registration fee for meeting our responsible dog owner criteria. This brings the total number of responsible dog owners to 216.
- 19 dogs rehomed (either by us or the SPCA), and 164 dogs returned to their owners.
- 'Take the Lead', an initiative to engage with dog owners at Henley Lake during the nesting season, ran from 1 August to 30 November. Dog owners were offered a free dog lead and informed about when and where their dog is required to be on a lead.
- Four 'Doggy Day Out' events held to engage with dog owners and provide microchipping and registration services.
- Progressed 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 has continued to support COVID-19 responses at all Alert Levels through 2020/21.

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 2020/21, consistent with the previous year.

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.

There were fewer dog attacks during the year, with the number of attacks comparable with 2018/19 (68 vs 63) after a spike in 2019/20. 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 the number of registered 'responsible owners' has continued to increase, from 94 in 2018/19 to 216 in 2020/21.

We completed 239 inspections or verifications across food premises, personal services businesses, and alcohol-licensed premises (comparable with the 236 completed in 2018/19), to ensure they were operating safely, responsibly, and in accordance with national legislation and local bylaws. In addition, we supported three Controlled Purchase Operations (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 continued to face resourcing challenges through 2020/21. A national shortage of staff with experience in these areas meant recruitment to match capacity to demand has been slower than previous processes.

Volumes of resource consent applications surged again in 2020/21 to 207, exceeding the previous high of 195 consents in 2018/19 (which was an increase of 48 per cent on 2017/18). Despite resourcing challenges, 202 of the 207 consents that were received were processed within statutory timeframes.

Building consents also surged with 851 consents, also exceeding the previous high of 761 consents in 2018/19. With resourcing challenges, and a heavy workload, only 78 per cent of building consents were processed within statutory timeframes.

Higher volumes of more complex consents also continued in 2020/21. More complex consents take longer to process and require more inspections, impacting work volumes for our building team.

Compliance schedules were current for 86 percent of commercial buildings that are required to have a Building Warrant of Fitness (BWOF), a marked improvement on the previous two years. This reflects a dedicated effort to work with building owners to improve this result.

Reserves and infrastructure contributions from developers were \$1.56 million compared to the \$1.38 million in the prior year, reflecting the continuing high level of subdivision activity during the year. (Note: Roding contributions are recorded against the Roding activity.) Fee income from resource consents at \$169k was 66% more than planned. Work on the Wairarapa Combined District Plan was not as extensive as allowed for in the plan.

Building development income of \$1.49 million was 41 per cent more than planned, reflecting the continuing high level of activity in residential building. Costs in this area are 6 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. A rates funding surplus of \$320,000 has been carried forward in reserves, to be applied in 2021/22 (as per the LTP).

COVID-19

COVID-19 restrictions in 2020 impacted our ability to complete all food premises inspections that were due in the 2019/20 year. Inspections that were not completed were deferred to the current year and have since been completed. There were no implications for businesses as a result of this, but the deferral has increased workloads for the Environmental Health team in the current year.

Parking control revenue has been impacted by the COVID-19 recovery. As a recovery measure, the council decided not to charge for metered spaces until 1 September 2021. Even though the reduced revenue was planned for in the 2020/21 year, parking revenue was below plan by 20 per cent.

What we do: Deliver fair, appropriate and customer-friendly regulatory services that support community health and safety				
Measure	2018-28 Target	2020/21 Result (Y3 of 2018-28 LTP)	2019/20 Result	2018/19 Result
Number of dog attacks (on people and stock) in our district	Reducing over time and no more than baseline. Baseline Result 2017/18: 65 attacks 17 dog attacks on people and 48 attacks on stock, domestic animals or poultry (average over the previous three years).	Not Achieved 68 attacks 21 attacks on people and 47 attacks on stock, domestic animals or poultry.	Not Achieved 86 attacks 14 attacks on people and 72 attacks on stock, domestic animals or poultry.	Achieved 63 attacks 24 attacks on people and 39 attacks on stock, domestic animals or poultry.
Number of 'responsible owners' of dogs	Increasing number of 'responsible owners'. Baseline Result 2017/18: New measure	Achieved 216 responsible dog owners.	Achieved 180 responsible owners.	Achieved 94 responsible owners.
Number of pet/working dogs reunited with their owner or rehomed	Increasing over time and at least baseline. Baseline Result 2017/18: 207	Achieved 208 164 returned to owners, 19 rehomed (by MDC or the SPCA) <i>Note: This result has been assessed as achieved as it exceeds the baseline despite no increasing trend over time.</i>	Not Achieved 175 152 returned to owners, 23 rehomed (by MDC or the SPCA)	Achieved 209 191 returned to owners, 18 rehomed (by MDC or the SPCA).

What we do: Deliver fair, appropriate and customer-friendly regulatory services that support community health and safety				
Measure	2018-28 Target	2020/21 Result (Y3 of 2018-28 LTP)	2019/20 Result	2018/19 Result
<p>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</p> <p><i>Note: In the 2018-28 Long-Term all premises were included as one measure. They have subsequently been split into three measures - one each for food, personal services and licensed premises. See measures that follow.</i></p>	<p>At least one inspection per known premise scheduled for assessment or verification in that year.</p> <p>Baseline Result 2017/18:</p> <p>81 per cent of scheduled assessments completed.</p>	<p>Not Achieved</p> <p>94.6 per cent</p> <p>141 of 149 scheduled verifications completed.</p>	<p>Not Achieved</p> <p>73 per cent</p> <p>99 of 135 scheduled verifications completed.</p> <p>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.</p>	<p>Not Achieved</p> <p>92 per cent</p> <p>129 of 140 scheduled verifications completed.</p> <p>All final Food Act transitions were completed by the end of February 2019 deadline.</p> <p>This resulted in longer inspection times and required additional staff resourcing.</p>

What we do: Deliver fair, appropriate and customer-friendly regulatory services that support community health and safety				
Measure	2018-28 Target	2020/21 Result (Y3 of 2018-28 LTP)	2019/20 Result	2018/19 Result
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	<p>At least one inspection per known premise scheduled for assessment in that year.</p> <p>Baseline Result 2017/18:</p> <p>66 per cent of scheduled assessments completed.</p> <p>(note this figure included camping grounds, offensive trade licenses, etc)</p>	<p>Not Achieved</p> <p>98.6 per cent</p> <p>73 of 74 required inspections completed.</p>	<p>Not Achieved</p> <p>84.8 per cent</p> <p>56 of 66 required inspections completed.</p> <p>This is an improvement on the previous year despite not being achieved.</p> <p>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.</p>	<p>Not Achieved</p> <p>84 per cent</p> <p>43 of 51 required inspections completed.</p> <p>This is an improvement on the previous year despite not being achieved.</p> <p>Eight inspections were not completed due to premises not being open or unavailable at scheduled times. These will be rescheduled in 2019/20.</p>
Proportion of known licensed premises assessed or inspected of safe sale and/or service	<p>At least one inspection per known premise scheduled for assessment in that year.</p> <p>Baseline Result 2017/18:</p> <p>50 per cent of premises assessed.</p>	<p>Achieved</p> <p>100 per cent.</p> <p>There were 44 premises that required assessment in 2020/21. All 44 were completed.</p>	<p>Achieved</p> <p>100 per cent.</p> <p>There were 31 premises that required assessment in 2019/20. All 31 were completed.</p>	<p>Achieved</p> <p>100 per cent.</p> <p>There were 32 premises that required assessment in 2018/19. All 32 were completed.</p>

What we do: Deliver fair, appropriate and customer-friendly regulatory services that support community health and safety				
Measure	2018-28 Target	2020/21 Result (Y3 of 2018-28 LTP)	2019/20 Result	2018/19 Result
Percentage of consents processed within statutory timeframes	99 per cent Baseline Results 2017/18: 98 per cent 789 of 804 building consents received were processed within statutory timeframes (average of 13 working days)	Not Achieved 78 per cent 664 of 851 building consents received were processed within statutory timeframes (average of 17 working days). The volume of consents and available resources continued to have 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). The volume of consents and available resources continued to have an impact on results for the year.	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.
	Baseline Results 2017/18: 97 per cent (of 154) non-notified resource consents There were no notified resource consents.	Not Achieved 98 per cent of resource consents processed within statutory timeframes (207 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.	Achieved 100 per cent of resource consents processed within statutory timeframes (195 resource consents received).
Percentage of building consent applicants that were satisfied with consent process and customer service received	Improving over time, and at least baseline Baseline Results 2018/19: 87.5 per cent rated their overall experience at least 3 out of 5.	Not Applicable No building consent applicants completed the survey in the year ending 30 June 2021.	Achieved 100 per cent rated their experience 5 out of 5, noting there were only two responses.	Achieved 87.5 per cent rated their overall experience at least 3 out of 5. This result establishes the baseline.

What we do: Deliver fair, appropriate and customer-friendly regulatory services that support community health and safety				
Measure	2018-28 Target	2020/21 Result (Y3 of 2018-28 LTP)	2019/20 Result	2018/19 Result
Percentage of planning consent applicants that were satisfied with consent process and customer service received	Improving over time, and at least baseline. Baseline Results 2019/20: 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.	Achieved 100 per cent of resource consent applicants who completed the survey were 'very happy' rating their overall experience of dealing with the planning team 5 out of 5.	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. This result establishes the baseline.	Not Achieved A survey to inform satisfaction with the 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.
Percentage of commercial buildings that have a current Building Warrant of Fitness (BWOF)	At least 80 per cent. Baseline Results 2017/18: 72 per cent 259 of 360 BWOFs current	Achieved 86 per cent 324 of 375 active compliance schedules are current.	Not Achieved 64 per cent 224 of 352 active compliance schedules are current. The volume of consents and available resources impacted results for the year.	Not Achieved 67 per cent 267 of 398 active compliance schedules are current. The availability of resources impacted results for the year.

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

Measure	2018-28 Target	2020/21 Result (Y3 of 2018-28 LTP)	2019/20 Result	2018/19 Result
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	<p>Annual increase, with 100 per cent by the legislative deadline*.</p> <p>*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.</p> <p>Baseline Results 2018/19: 17 per cent</p>	<p>Not Achieved</p> <p>No change in 2020/21.</p> <p>19 per cent</p> <p>Owners that have received a potentially earthquake-prone building notice: 21</p> <p>Owners that have either strengthened or demolished: 4</p>	<p>Achieved</p> <p>19 per cent</p> <p>Owners that have received a potentially earthquake-prone building notice: 21</p> <p>Owners that have either strengthened or demolished: 4</p>	<p>Achieved</p> <p>17 per cent</p> <p>Owners that have received a potentially earthquake-prone building notice: 12</p> <p>Owners that have either strengthened or demolished: 2</p> <p>Baseline established.</p>



COST OF SERVICE STATEMENTS

Resource Management & Planning			
2019/20 Actual		2020/21 Actual	2020/21 Budget
\$	Operating Costs	\$	\$
738,405	Resource management & planning	792,051	765,267
153,276	River scheme contributions	156,045	152,711
2,203	Wairarapa District Plan (MDC share)	134,232	351,000
893,885		1,082,328	1,268,978
	Operating Revenue		
123,462	User charges - consent fees & recoveries	169,526	102,204
1,382,371	Reserves & infrastructure contributions	1,559,746	875,000
1,505,833		1,729,272	977,204
	Appropriations		
(700)	Transfers from reserves	(185,127)	(401,500)
120,000	Transfer to reserves	150,000	120,000
1,382,371	Transfer to reserves - various contributions	1,559,746	875,000
\$889,723	Rates Requirement	\$877,676	\$885,274

Building Development			
2019/20 Actual		2020/21 Actual	2020/21 Budget
\$	Operating Costs	\$	\$
1,732,007	Building Services costs	1,901,858	1,787,884
2,050	Project - Earthquake assessments	18,058	30,000
\$1,734,057		\$1,919,917	\$1,817,884
	Operating Revenue		
1,246,583	Consent fees & charges	1,494,572	1,059,340
\$1,246,583		\$1,494,572	\$1,059,340
	Appropriations		
(146,900)	Transfers from reserves	(90,000)	(117,500)
110,000	Transfer to reserves	320,000	-
\$450,574	Rates Requirement	\$655,344	\$641,044

Environmental Health & Licensing

2019/20		2020/21	2020/21
Actual		Actual	Budget
\$	Operating Costs	\$	\$
656,459	Environmental health & licensing costs	693,624	751,833
152,574	Alcohol Act enforcement activities	135,680	164,383
809,033		829,304	916,216
	Operating Revenue		
54,044	License fees & charges	75,449	40,624
79,300	Alcohol licensing fees & charges	85,511	88,500
256,949	Internal recoveries	230,598	260,600
390,293		391,558	389,724
	Appropriations		
0	Transfers from reserves	-	(10,000)
15,000	Transfer to reserves - project funding	-	-
\$433,741	Rates Requirement	\$437,745	\$516,493

Parking Services

2019/20		2020/21	2020/21
Actual		Actual	Budget
\$	Operating Costs	\$	\$
191,794	Parking control costs	186,919	203,016
16,881	Depreciation - meters	17,500	18,266
208,675		204,419	221,282
	Operating Revenue		
216,306	Parking meters and fines	172,082	215,511
	Appropriations		
(\$7,630)	Rates Requirement (surplus)	\$32,337	\$5,771

Animal Services

2019/20		2020/21	2020/21
Actual		Actual	Budget
\$	Operating Costs	\$	\$
456,617	Dog control services incl. pound	510,214	512,395
	Operating Revenue		
380,117	Dog registration fees & other revenue	410,213	395,530
	Appropriations		
(1,163)	Transfers from reserves	(15,026)	(30,000)
10,000	Transfer to reserves	-	-
\$85,337	Rates Requirement	\$84,975	\$86,864

Emergency Management

2019/20		2020/21	2020/21
Actual		Actual	Budget
\$	Operating Costs	\$	\$
244,424	Emergency management costs	152,938	160,125
126,408	WREMO CD/EM costs (MDC Share)	127,016	129,400
370,832		279,954	289,525
	Operating Revenue		
115,252	Misc. recoveries - CD/EM Wairarapa	60,386	25,595
	Appropriations		
(40,000)	Transfer from reserves - project funding	-	(20,000)
5,000	Transfer to reserves - self insurance	3,000	3,000
\$220,580	Rates Requirement	\$222,568	\$246,931

Regulatory Services

Rates Requirement Summary

2019/20		2020/21	2020/21
Actual	Activity	Actual	Budget
\$		\$	\$
736,446	Resource Management & Planning	721,630	732,563
153,276	River Scheme contributions	156,045	152,711
450,574	Building Services	655,344	641,044
433,741	Environmental Health & Licensing	437,745	516,493
(7,630)	Parking Services	32,337	5,771
85,337	Animal Services	84,975	86,864
220,580	Emergency Management	222,568	246,931
\$2,072,323	Rates Requirement	\$2,310,645	\$2,382,377

Regulatory Services

Capital Expenditure Summary

2019/20		2020/21	2020/21
Actual		Actual	Budget
\$	Regulatory Services	\$	\$
11,173	Emergency Management equipment	2,106	58,000
-	Environmental Health equipment	10,536	8,000
17,084	Animal Services equipment & signage	11,650	30,000
40,560	New Animal pound - part project	155,465	400,000
6,638	Parking equipment	2,838	0
-	Building Control equipment	2,255	14,000
-		-	-
\$75,455		184,850	\$510,000
	Capital Funding		
(75,455)	Transfer from reserves	(29,385)	(\$110,000)
-	Loan funding	(155,465)	(400,000)
(\$75,455)		(\$184,850)	(\$510,000)

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).

2019/20		2020/21	2020/21
Actual		Actual	Budget
\$	Operating Costs	\$	\$
-	District Licensing Committee costs	-	13,000
144,371	Inspector Operations	129,782	141,748
8,203	Alcohol Act enforcement activities	5,897	9,635
152,574	Total Alcohol licensing costs	135,680	164,383
	Operating Revenue		
79,300	Alcohol Act Licensing fees & charges	85,511	88,500
\$73,274	Rates Requirement	\$50,168	\$75,883

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 council and committee meeting agendas and making them available to the public, supporting and strengthening 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 2020/21

Key achievements in 2020/21 include:

- In May 2021, the Council resolved to establish a Māori Ward for at least the 2022 and 2025 local elections. Work on a Representation Review has commenced to enable this to be implemented.
- The new Rural Advisory Group was established and has now met four times.
- A COVID-19 Recovery Plan for the Wairarapa was developed in collaboration with Carterton and South Wairarapa District Councils.
- The 2021-31 Long- Term Plan was completed and adopted by the Council on 30 June 2021. A total of 346 submissions were received..
- Electronic council meeting agendas have been implemented, creating efficiencies, and reducing our paper consumption.
- We completed reviews of key policies associated with the Long-Term Plan, including our Significance and Engagement Policy. Other policy reviews undertaken include the Local Approved Products Policy and a range of internal facing policies.
- The Governance Statement and Code of Conduct were reviewed after the election, in alignment with the election cycle.
- Work to implement a new document management system was also progressed, with the new system scheduled to 'go live' in July 2021.
- We made three submissions over the last 12 months, on the National Environmental Standards for Air Quality: particulate matter and mercury emissions, Extension of Government Procurement Rules Discussion Document, and He Pou a Rangi Climate Change Commission 2021 Draft Advice.

HOW WELL WE PERFORMED

Six of the nine performance measures for this activity (67 per cent) were achieved in 2020/21, consistent with the previous year (2019/20).

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 also implemented electronic Council agendas which are more efficient and reduce paper use.

We are working to ensure our policies are up to date. All the policies that we are required to have under legislation that were scheduled for review in 2020/21 have been revised. However, there are a number of other policies that still need to be reviewed or developed. There are currently 67 policies recorded in the Policy Register. Of these, 30 (45 per cent) are current and 16 (24 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 on important decisions. The key consultation in 2020/21 year was for the 2021-31 Long-Term Plan.

In total, 346 submissions were received. While the number of younger submitters declined compared to the 2019/20 Annual Plan, numbers were still more than three times the baseline. There was an increase in the diversity of submitters compared to last year, but the proportion was still lower than the baseline year (2016/17).

Operating costs of the governance activity were 4 per cent less than the level planned while Corporate Services costs have run 2.7 per cent more than planned, some \$180k.

COVID-19

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

The Council has continued to hold meetings using Zoom where Alert Level restrictions have required this, and now livestream all key Council meetings. The democratic process has been maintained, despite varying restrictions at times throughout the year.

COVID-19 also highlighted our ability to maintain services while working remotely. The Council needed to invest in a range of IT equipment to ensure it could have staff delivering services from home during the 2020 lockdown. We have continued to invest in IT improvements will further support and enable business continuity in future. In 2020/21 we have implemented electronic Council agendas and a new document management system that is scheduled to 'go live' in July 2021.

Rate arrears at 30 June 2021 were reduced from the prior year's COVID-19-influenced result. As a percentage of total rates levied it was an decrease from 1.5 per cent to 1.3 per cent of total rates levied (including GST and GWRC rates).



What we do: Deliver high quality customer service to our community and provide opportunities for participating in Council decision-making				
Measure	2018-28 Target	2020/21 Result (Y3 of 2018-28 LTP)	2019/20 Result (Y2 of 2018-28 LTP)	2018/19 Result (Y1 of 2018-28 LTP)
Annual staff turnover (excluding fixed term appointments)	Within 5-15 per cent. Baseline Result 2017/18: 11 per cent	Achieved 11.5 per cent	Achieved 13.9 per cent	Achieved 12.3 per cent
Ratio of compliments to complaints as a reflection of customer satisfaction with the service received from our frontline teams	Improving over time and at least baseline (1.15:1). Baseline Result 2017/18: 1.15 compliments:1 complaint. 148 compliments / 129 complaints.	Achieved 5.6 compliments:1 complaint 79 compliments/14 complaints	Achieved 8.1 compliments:1 complaint. 73 compliments/9 complaints.	Achieved 4.2 compliments: 1 complaint. 104 compliments/25 complaints.
Percentage of rates invoices emailed (instead of posted)	Increase over time. Baseline Result 2017/18: 14 per cent 1,790 of 12,425 rated properties.	Achieved 33 per cent 4,191 of 12,888 rated properties	Achieved 22.4 per cent 2,844 of 12,704 rated properties.	Achieved 15.5 per cent 1,974 of 12,704 rated properties.
Transactions completed electronically (including via our website)	Increase over time, with no decline from baseline. Baseline Result 2017/18: 83.5 per cent of transactions were electronic in the year ending 30/6/17 Mostly automatic payments or direct debits	Achieved 90.7 per cent of transactions were electronic.	Achieved 88 per cent of transactions were electronic.	Achieved 85.5 per cent of transactions were electronic.

What we do: Deliver high quality customer service to our community and provide opportunities for participating in Council decision-making				
Measure	2018-28 Target	2020/21 Result (Y3 of 2018-28 LTP)	2019/20 Result (Y2 of 2018-28 LTP)	2018/19 Result (Y1 of 2018-28 LTP)
Number of learning opportunities (training sessions/forums/conferences) elected members have attended	<p>Increase over time and at least maintain the baseline.</p> <p>Baseline Result 2018/19:</p> <p>17 learning opportunities attended by elected members.</p>	<p>Achieved</p> <p>20 learning opportunities attended by elected members</p>	<p>Not Achieved</p> <p>16 learning opportunities attended by elected members.</p> <p>Two learning opportunities were deferred due to COVID-19 restrictions.</p>	<p>Achieved</p> <p>17 learning opportunities attended by elected members.</p> <p>Baseline established.</p>
Proportion of policies in our register that are current	<p>Annual improvement, with 95 per cent by Year 3.</p> <p>Baseline Result 2018/19:</p> <p>52 per cent current.</p>	<p>Not Achieved</p> <p>45 per cent current.</p>	<p>Achieved</p> <p>59 per cent current.</p>	<p>Achieved</p> <p>56 per cent current.</p>
Media coverage of MDC decisions and activities	<p>Improve the ratio of positive to negative media coverage over time, and at least maintain the baseline.</p> <p>Baseline Result 2018/19:</p> <p>2.5 positive:1 negative</p> <p>76 positive/30 negative</p>	<p>Not Achieved</p> <p>1 negative:1 positive</p> <p>28 positive / 28 negative</p>	<p>Not Achieved</p> <p>1.1 positive:1 negative</p> <p>32 positive/29 negative.</p>	<p>Achieved</p> <p>2.5 positive:1 negative</p> <p>76 positive/30 negative.</p>

What we do: Deliver high quality customer service to our community and provide opportunities for participating in Council decision-making				
Measure	2018-28 Target	2020/21 Result (Y3 of 2018-28 LTP)	2019/20 Result (Y2 of 2018-28 LTP)	2018/19 Result (Y1 of 2018-28 LTP)
The diversity of people who had their say on MDC's Annual or Long-Term Plan	<p>Increase in the percentage of respondents who identify as Māori or Other (relative to baseline).</p> <p>Baseline Result 2016/17:</p> <p>2016/17 Annual Plan: 22 per cent identified as Māori or Other.</p> <p>Increase in the percentage of respondents aged under 50 (relative to baseline).</p> <p>Baseline Result 2016/17:</p>	<p>Not Achieved</p> <p>17.4 per cent identified as Māori, Asian or Other.</p>	<p>Not Achieved</p> <p>14.9 per cent identified as Māori, Asian or Other.</p>	<p>Not Applicable</p> <p>Consultation was not undertaken on the 2019/20 Annual Plan, as no significant issues were identified</p>
	<p>2016/17 Annual Plan: 9 per cent were aged under 50.</p>	<p>Achieved</p> <p>36.1 per cent were aged under 50.</p>	<p>Achieved</p> <p>42.4 per cent were aged 44 or under and 17.8 per cent were aged 45-54.</p>	<p>Not Applicable</p> <p>Consultation was not undertaken on the 2019/20 Annual Plan, as no significant issues were identified.</p>

COSTS OF SERVICE STATEMENTS

Governance			
2019/20		2020/21	2020/21
Actual		Actual	Budget
\$	Operating Costs	\$	\$
488,045	Mayor & Councillors' remuneration	509,554	511,800
41,004	Reporting & consultation	20,000	27,500
136,096	Election costs	1,285	25,000
663,706	Operating expenses	763,492	786,365
1,328,850		1,294,331	1,350,665
	Operating Revenue		
96,636	Recoveries of Election Costs	0	0
494,973	Internal allocation of governance costs	527,733	529,066
1,495	Misc. Income	-	-
593,103		527,733	529,066
	Appropriations		
(18,288)	Transfers from reserves	-	(28,000)
25,000	Transfers to reserves	25,000	-
\$742,459	Rates Requirement	\$791,599	\$793,599

Roading Advisory Services			
2019/20		2020/21	2020/21
Actual		Actual	Budget
\$	Operating Costs	\$	\$
751,363	Professional staff & operating costs	821,838	830,390
14,046	Depreciation	16,000	12,830
765,409		837,837	843,220
	Operating Revenue		
510,603	Prof. services - subsidised roading	549,124	599,737
163,726	Prof. services - non-subsidised roading	209,731	153,088
83,645	Prof. services - other Council activities	78,982	80,185
7,435	External revenue	-	10,210
765,409		837,837	843,220
	Appropriations		
-	Transfer to reserves	-	-
\$0	Rates Requirement	\$0	\$0

Asset & Project Management

2019/20 Actual \$		2020/21 Actual \$	2020/21 Budget \$
1,480,973	Operating Costs		
	Professional staff & operating costs	1,833,382	1,782,899
	Operating Revenue		
1,473,033	Internal charges & recoveries	1,829,069	1,762,419
7,940	External recoveries	4,313	20,480
1,480,973		1,833,382	1,782,899
	Appropriations		
(\$0)	Rates Requirement	\$0	\$0

Corporate Services

2019/20 Actual \$		2020/21 Actual \$	2020/21 Budget \$
	Operating Costs		
1,452,173	Management & administration	1,542,947	1,501,369
1,415,297	Financial management	1,678,202	1,627,469
715,499	Strategic Planning	1,127,136	1,046,535
722,891	Information systems	881,831	859,841
631,862	Communications & Promotion	611,017	679,412
448,118	Human Resources	662,329	631,216
209,753	Council Vehicle Fleet Costs	239,981	217,973
5,595,594		6,743,443	6,563,815
	Operating Revenue		
202,879	Miscellaneous revenue & recoveries	269,025	212,871
945,012	Interest revenue (external)	377,061	566,000
291,957	Interest revenue (on internal loans)	213,769	301,599
11,770	Other Internal recoveries	200,183	205,494
4,814,979	Support services allocated internally	5,587,309	5,409,878
209,753	Council Vehicle Fleet Recovery	239,981	217,973
6,476,351		6,887,328	6,913,815
	Appropriations		
-	Transfer (from) reserves	(62,025)	(35,000)
200,000	Transfers to reserves (c/fwd funds)	-	-
680,757	Transfer to reserves - interest	205,910	385,000
\$0	Rates Requirement	\$0	\$0

Internal Functions

Capital Expenditure Summary

2019/20 Actual		2020/21 Actual	2020/21 Budget
\$	Roading Advisory Services	\$	\$
-	Survey Equipment	4,163	-
	Corporate Services		
132,650	IT equipment replacement	156,467	90,000
-	GIS aerial photos & data capture	25,030	25,525
12,355	IT Council Meetings Info System	-	-
39,100	Pool Vehicle replacement	72,582	100,000
-	Information management - system renewal	171,276	-
184,106		429,519	215,525
	Capital Funding		
(184,106)	Transfer from reserves	(429,519)	(215,525)

FINANCIAL REPORTS

Ngā pūrongo putea



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

LOCAL GOVERNMENT ACT 2002 - FINANCIAL DISCLOSURES

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

NETWORK ASSETS

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

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

Optimised Replacement Value of network assets is as follows:

as at 30 June 2021	\$ millions	Optimised Replacement Values	Optimised Depreciated Replacement Values
Roads, bridges & footpaths (includes bridges & culverts, excludes land)		633.12	475.04
Water treatment plant & facilities - Masterton		17.33	5.23
Water reticulation (including rural supplies)		83.37	35.94
Sewerage treatment plant & facilities - Masterton		39.68	34.55
Sewerage reticulation - Masterton		100.63	52.18
Sewerage systems - rural*		15.68	10.68
Stormwater assets		37.23	21.76
Flood protection & control works		6.38	4.80
		<u>933.42</u>	<u>640.18</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 2021

Number of rating units within the District	13,007
Capital Value of rating units as at 30 June 2021	\$8,663 million
Land Value of rating units as at 30 June 2021	\$4,675 million
Rates income for 2021/22 (per 2021-31 Long Term Plan)	\$35,308,371 (excl GST & capital contribution rates)
Average rates income per rating unit	\$2,714.60 (excl GST)

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)

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 2021

Asset values from Statement of Financial Position	Carrying value 1 July 2020	All values in \$000's
Property, plant and equipment	104,245	
Infrastructural assets	742,285	
Forestry	525	
Investment properties	2,676	
	849,731	
Less:		
Land component of operational assets	60,932	
Land under roads & road formation	87,106	
	148,038	

Net Non-Financial Assets (excluding land) \$ 701,693

Insurance Arrangements 2020/21		
Material damage cover for buildings, plant, contents	\$ 123,078	Cover spread over 5 insurers, \$5k excess, covers 236 buildings or assets, of which 45 are insured for indemnity value only, the balance for full reinstatement value, contents cover totals \$5.0 million, earthquake claims are subject to higher deductibles. The policy is shared with CDC & SWDC.
Motor vehicle insurance cover – value estimate	\$ 912	Insured for market value, carrying value assumed here.
Forestry (standing timber) cover	\$ 525	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)	\$ 276,882	This is the replacement value (ORV) of assets listed on the LAPP Fund schedule for 2020/21. LAPP cover equated to 40% ie \$110,753k, with a claim threshold of \$600k and deductible of \$240k. LAPP factor up the ORV for additional costs of recovery and had reinsurance to cover up to \$100m through the course of 2020/21. 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)	\$ 622,744	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 debt
Assets Self-insured		
Airport runway & taxiways	\$ 3,400	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)	\$ 10,376	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**

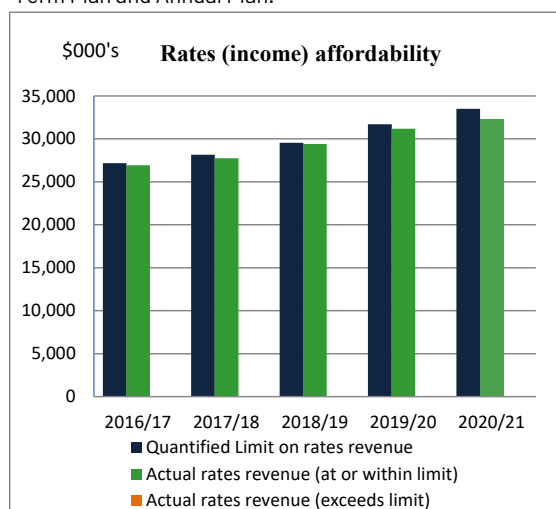
The Council meets this benchmark if:

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

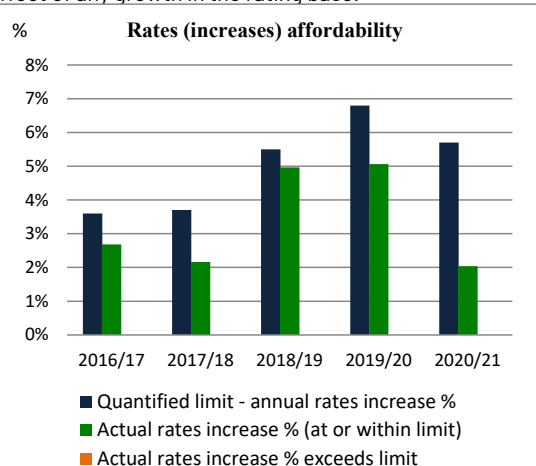
This graph compares the Council's actual revenue from rates, with the rates revenue limit forecast in the Long-Term Plan and Annual Plan.



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

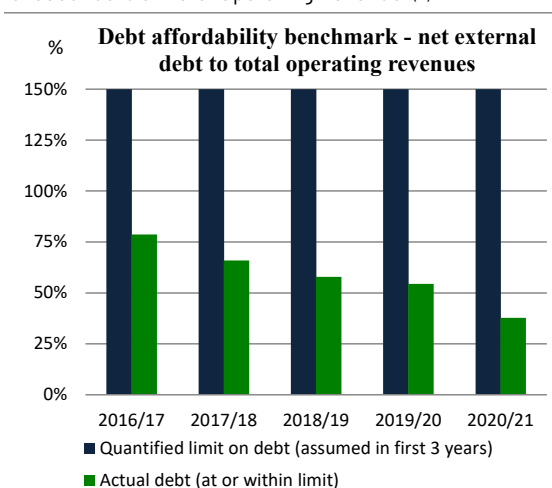
Rates (increases) affordability

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**

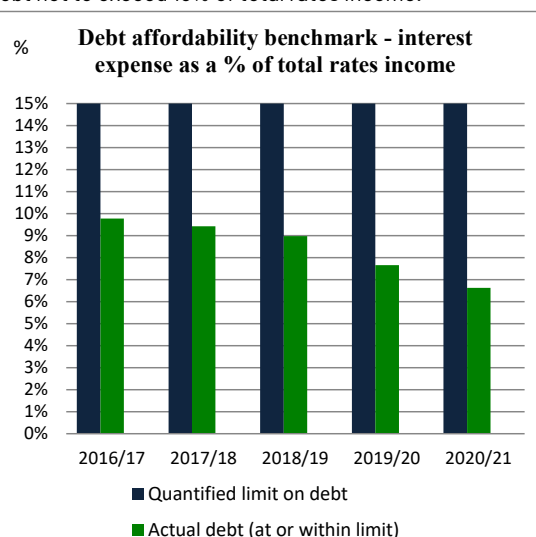
The Council meets the debt affordability benchmarks if its actual borrowing and borrowing costs are within the Council's quantified limits for borrowing, as set in the LTP.

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.

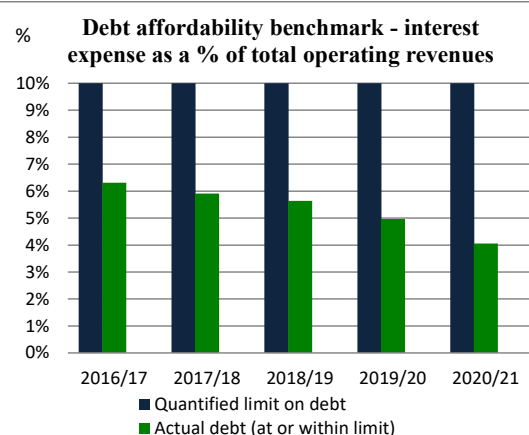


(2) Operating Revenue is as per the Statement of Comprehensive Revenue & Expense - all earnings including financial contributions, but excluding vested assets.

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.

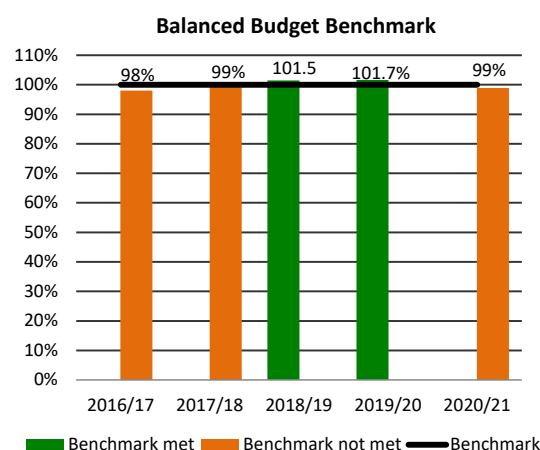
**BALANCED BUDGET BENCHMARK**

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 result may result in any one year.

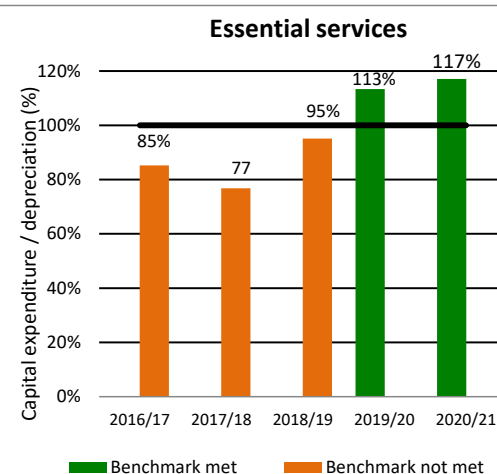
**ESSENTIAL SERVICES BENCHMARK**

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

Notes:

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

2020/21 capital and renewals expenditure on Roothing of \$7.6m was more than depreciation of \$6.2m. Urban wastewater reticulation renewals of \$2.9m were more than the depreciation on those assets of \$2.4m



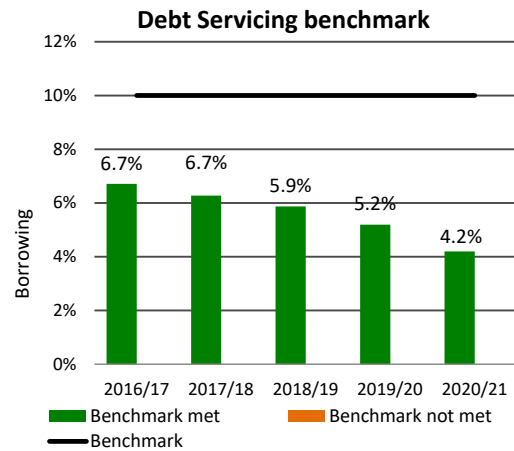
DEBT SERVICING BENCHMARK

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

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

Notes:

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

**DEBT CONTROL BENCHMARK**

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

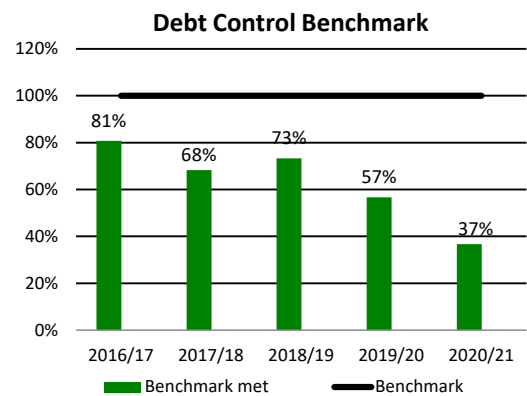
In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

Notes:

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

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

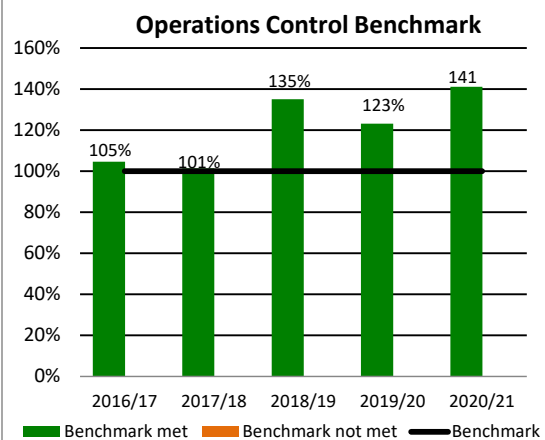
The 2018-28 LTP anticipated some large capital expenditure projects which required debt funding. A number of these have not progressed so net debt levels are significantly lower than planned for in that LTP.

**OPERATIONS CONTROL BENCHMARK**

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

Notes:

The Council's cashflow from operation's has been significantly better than planned over the last 3 years due to revenue exceeding the planned levels.



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	2019-20 Annual Plan	2019-20 Actual	2020-21 Annual Plan	2020-21 Actual
	\$000s	\$000s	\$000s	\$000s
Sources of Operating Funding				
General rates, uniform charges, rates penalties*	200	167	145	149
Targeted rates (excluding water by meter)*	29,259	31,106	32,222	32,301
Subsidies and grants (for operating)	2,562	2,907	4,363	4,774
Fees & charges (incl metered water)	7,189	7,571	7,362	8,311
Interest & dividends	698	956	578	381
Other receipts (incl petrol tax & fines)	296	320	288	308
Total operating funding (A)	40,203	43,028	44,958	46,226
Applications of Operating Funding				
Payments to staff and suppliers	28,948	30,497	34,961	33,958
Finance costs	2,598	2,388	2,149	2,143
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	31,546	32,885	37,110	36,101
Surplus/(Deficit) of operating funding (A-B)	8,657	10,142	7,847	10,125
Sources of Capital Funding				
Subsidies & grants for capital expenditure	2,600	3,002	3,838	4,827
Development & financial contributions	682	2,032	1,258	2,413
Increase /(decrease) in debt	1,415	1,091	3,234	(2,600)
Gross proceeds from sale of assets	-	91	2,420	2,517
Lump sum contributions	-	5,151	-	3,681
Other dedicated capital funding	150	-	745	-
Total sources of capital funding (C)	4,848	11,366	11,495	10,839
Application of Capital Funding				
Capital expenditure:				
- to meet additional demand	910	6,505	470	3,711
- to improve level of service	6,516	4,944	10,605	4,518
- to replace existing assets	10,881	8,837	13,341	12,289
Increase/(decrease) in reserves	(5,410)	418	(5,769)	564
Increase/(decrease) in investments	610	804	694	(117)
Total application of capital funding (D)	13,505	21,508	19,342	20,964
Surplus / (deficit) of capital funding (C-D)	(8,657)	(10,142)	(7,847)	(10,125)
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

	2019-20 Annual Plan	2019-20 Actual	2020-21 Annual Plan	2020-21 Actual
	\$000s	\$000s	\$000s	\$000s
Reconciliation				
- between FIS & Financial Statements				
Operating Revenue - per FIS	40,203	43,028	44,958	46,226
Capital Funding (revenue)- per FIS	3,433	10,184	5,841	10,922
	43,636	53,212	50,798	57,148
Other Gains	21	122	-	3,059
	43,657	53,334	50,798	60,207
Operating Revenue - per Stmt of Comp. Rev. & Exp.	43,657	53,334	50,829	60,207
Less Other Gains/ (Losses) on Sale of Assets	(21)	(122)	(30)	(3,059)
	43,636	53,212	50,798	57,148
	-	-	-	-
Operating Expenditure - per FIS	31,546	32,885	37,110	36,101
Add depreciation	11,735	12,350	12,902	14,066
	43,281	45,236	50,012	50,167
Other Losses	-	1,529	-	1,779
Operating Expenditure - per Stmt of Comp. Rev. & Exp.	43,281	46,765	50,012	51,946
	-	-	-	-
Capital Expenditure - per FIS	18,306	20,286	24,417	20,518
Capital Expenditure - per Cost of Service Statements	18,306	20,286	24,417	20,518
	-	-	-	-
Transfer to/(from) Reserves - per COSS	(10,396)	(4,819)	(13,408)	(7,215)
Depreciation transferred to reserves - per COSS	4,986	5,146	5,219	5,261
Proceeds from sale of assets - tsf to reserves	-	91	2,420	2,517
	(5,410)	418	(5,769)	564
Increase/(Decrease) in Reserves - per FIS	(5,410)	418	(5,769)	564
	-	-	-	-

DEPRECIATION by Group

	2019-20 Annual Plan	2019-20 Actual	2020-21 Annual Plan	2020-21 Actual
	\$000s	\$000s	\$000s	\$000s
Groups of Activities				
Roading	5,014	5,133	5,601	6,208
Water Services	1,328	1,354	1,568	1,642
Sewerage Services	2,466	2,516	2,699	2,827
Stormwater	297	307	325	376
Solid Waste Services	110	162	176	184
Community Facilities/Activities	2,512	2,578	2,293	2,539
Regulatory Services	49	51	46	52
Governance	21	3	15	5
Community Wellbeing	65	59	29	49
Internal Functions	200	186	149	184
	12,062	12,350	\$12,902	\$14,066

FUNDING IMPACT STATEMENT

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

ROADING

	LTP 2019-20 \$000s	LTP 2020-21 \$000s	Actual 2020-21 \$000s
Sources of Operating Funding			
General rates, uniform charges, rates penalties	-	-	-
Targeted rates	6,106	6,559	6,491
Subsidies and grants (for operating)	2,558	2,614	4,206
Fees & charges	88	90	66
Internal charges & overheads recovered	-	-	-
Interest & dividends	-	-	-
Other receipts (incl petrol tax & fines)	199	204	207
Total operating funding (A)	8,951	9,467	10,970
Applications of Operating Funding			
Payments to staff and suppliers	5,205	5,350	6,766
Finance costs	6	83	13
Internal charges and overheads applied	1,163	1,202	1,292
Other operating funding applications	-	-	-
Total applications of operating funding (B)	6,374	6,634	8,071
Surplus/(Deficit) of operating funding (A-B)	2,577	2,832	2,899
Sources of Capital Funding			
Subsidies & grants for capital expenditure	2,710	2,727	4,037
Development & financial contributions	140	100	636
Increase /(decrease) in debt	1,493	(77)	(11)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	1,804
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	4,343	2,750	6,466
Application of Capital Funding			
Capital expenditure:			
- to meet additional demand	-	-	1,817
- to improve level of service	2,559	989	2,213
- to replace existing assets	3,900	3,908	5,391
Increase/(decrease) in reserves	462 *	686 *	438 *
Increase/(decrease) in investments	-	-	(494)
Total application of capital funding (D)	6,920	5,583	9,365
Surplus / (deficit) of capital funding (C-D)	(2,577)	(2,832)	(2,899)
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

WATER SERVICES

	LTP 2019-20 \$000s	LTP 2020-21 \$000s	Actual 2020-21 \$000s
Sources of Operating Funding			
General rates, uniform charges, rates penalties	-	-	-
Targeted rates (excl water by meter)	3,352	3,780	3,458
Subsidies and grants (for operating)	-	-	108
Fees & charges (incl metered water)	387	397	484
Internal charges & overheads recovered	127	129	101
Interest & dividends	10	11	4
Other receipts (incl petrol tax & fines)	-	-	-
Total operating funding (A)	3,876	4,317	4,155
*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	1,506	1,545	1,718
Finance costs	150	329	176
Internal charges and overheads applied	785	799	868
Other operating funding applications	-	-	-
Total applications of operating funding (B)	2,441	2,673	2,762
Surplus/(Deficit) of operating funding (A-B)	1,435	1,644	1,393
Sources of Capital Funding			
Subsidies & grants for capital expenditure	-	-	81
Development & financial contributions	7	7	23
Increase /(decrease) in debt	3,562	2,615	(161)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	282
Other operating funding applications	-	-	-
Total sources of capital funding (C)	3,569	2,622	226
Application of Capital Funding			
Capital expenditure:			
- to meet additional demand	20	-	278
- to improve level of service	3,087	2,205	709
- to replace existing assets	2,104	1,775	1,252
Increase/(decrease) in reserves	(208) *	287 *	(69) *
Increase/(decrease) in investments	-	-	(550)
Total application of capital funding (D)	5,004	4,266	1,619
Surplus / (deficit) of capital funding (C-D)	(1,435)	(1,644)	(1,393)
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

WASTEWATER SERVICES

	LTP 2019-20 \$000s	LTP 2020-21 \$000s	Actual 2020-21 \$000s
Sources of Operating Funding			
General rates, uniform charges, rates penalties	-	-	-
Targeted rates	7,374	7,510	6,915
Subsidies and grants (for operating)	-	-	82
Fees & charges	369	378	396
Internal charges & overheads recovered	8	8	25
Interest & dividends	-	-	-
Other receipts (incl petrol tax & fines)	-	-	-
Total operating funding (A)	7,751	7,896	7,417
Applications of Operating Funding			
Payments to staff and suppliers	1,423	1,454	1,246
Finance costs	2,084	1,997	1,627
Internal charges and overheads applied	1,248	1,262	1,288
Other operating funding applications	-	-	-
Total applications of operating funding (B)	4,755	4,713	4,160
Surplus/(Deficit) of operating funding (A-B)	2,996	3,183	3,257
Sources of Capital Funding			
Subsidies & grants for capital expenditure	-	-	-
Development & financial contributions	101	106	114
Increase /(decrease) in debt	(2,005)	(2,173)	(1,975)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	500
Other operating funding applications	-	-	-
Total sources of capital funding (C)	(1,904)	(2,067)	(1,361)
Application of Capital Funding			
Capital expenditure:			
- to meet additional demand	-	-	504
- to improve level of service	51	53	19
- to replace existing assets	1,193	1,370	3,006
Increase/(decrease) in reserves	(152) *	(306) *	(2,037) *
Increase/(decrease) in investments	-	-	403
Total application of capital funding (D)	1,092	1,116	1,896
Surplus / (deficit) of capital funding (C-D)	(2,996)	(3,183)	(3,257)
Funding balance (A-B)+(C-D)	-	-	-

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

FUNDING IMPACT STATEMENT

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

STORMWATER SERVICES

	LTP 2019-20 \$000s	LTP 2020-21 \$000s	Actual 2020-21 \$000s
Sources of Operating Funding			
General rates, uniform charges, rates penalties	-	-	-
Targeted rates	501	525	562
Subsidies and grants (for operating)	-	-	-
Fees & charges	-	-	-
Internal charges & overheads recovered	-	-	-
Interest & dividends	-	-	-
Other receipts (incl petrol tax & fines)	-	-	-
Total operating funding (A)	501	525	562
Applications of Operating Funding			
Payments to staff and suppliers	175	153	172
Finance costs	27	25	21
Internal charges and overheads applied	170	172	234
Other operating funding applications	-	-	0
Total applications of operating funding (B)	372	351	427
Surplus/(Deficit) of operating funding (A-B)	129	174	135
Sources of Capital Funding			
Subsidies & grants for capital expenditure	-	-	-
Development & financial contributions	-	-	-
Increase /(decrease) in debt	(31)	72	(35)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	709
Other operating funding applications	-	-	-
Total sources of capital funding (C)	(31)	72	674
Application of Capital Funding			
Capital expenditure:			
- to meet additional demand	-	-	711
- to improve level of service	102	105	9
- to replace existing assets	338	347	307
Increase/(decrease) in reserves	(342) *	(206) *	(194) *
Increase/(decrease) in investments	-	-	(24)
Total application of capital funding (D)	98	246	809
Surplus / (deficit) of capital funding (C-D)	(129)	(174)	(135)
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

	LTP 2019-20 \$000s	LTP 2020-21 \$000s	Actual 2020-21 \$000s
Sources of Operating Funding			
General rates, uniform charges, rates penalties	-	-	-
Targeted rates	1,315	1,448	1,177
Subsidies and grants (for operating)	97	99	93
Fees & charges	2,870	2,932	3,039
Internal charges & overheads recovered	202	206	100
Interest & dividends	-	-	-
Other receipts (incl petrol tax & fines)	-	-	-
Total operating funding (A)	4,484	4,685	4,409
Applications of Operating Funding			
Payments to staff and suppliers	3,591	3,782	3,597
Finance costs	103	96	81
Internal charges and overheads applied	574	589	594
Other operating funding applications	-	-	-
Total applications of operating funding (B)	4,268	4,467	4,272
Surplus/(Deficit) of operating funding (A-B)	216	218	137
Sources of Capital Funding			
Subsidies & grants for capital expenditure	-	-	-
Development & financial contributions	-	-	-
Increase /(decrease) in debt	(167)	73	(142)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other operating funding applications	-	-	-
Total sources of capital funding (C)	(167)	73	(142)
Application of Capital Funding			
Capital expenditure:			
- to meet additional demand	-	-	-
- to improve level of service	20	271	-
- to replace existing assets	204	-	15
Increase/(decrease) in reserves	(176) *	19 *	(74) *
Increase/(decrease) in investments	-	-	54
Total application of capital funding (D)	49	291	(5)
Surplus / (deficit) of capital funding (C-D)	(216)	(218)	(137)
Funding balance (A-B)+(C-D)	-	-	-

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

FUNDING IMPACT STATEMENT

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

COMMUNITY FACILITIES / ACTIVITIES

	LTP 2019-20 \$000s	LTP 2020-21 \$000s	Actual 2020-21 \$000s
Sources of Operating Funding			
General rates, uniform charges, rates penalties	-	-	-
Targeted rates	7,578	8,145	8,653
Subsidies and grants (for operating)	57	59	96
Fees & charges	1,543	1,602	1,665
Internal charges & overheads recovered	472	482	593
Interest & dividends	-	-	-
Other receipts (incl petrol tax & fines)	-	-	-
Total operating funding (A)	9,650	10,287	11,006
Applications of Operating Funding			
Payments to staff and suppliers	5,291	5,381	6,153
Finance costs	298	602	207
Internal charges and overheads applied	2,116	2,186	2,644
Other operating funding applications	-	-	-
Total applications of operating funding (B)	7,705	8,168	9,004
Surplus/(Deficit) of operating funding (A-B)	1,946	2,120	2,002
Sources of Capital Funding			
Subsidies & grants for capital expenditure	-	-	709
Development & financial contributions	-	-	80
Increase /(decrease) in debt	5,817	8,783	(276)
Gross proceeds from sale of assets	-	-	2,501
Lump sum contributions	-	-	387
Other operating funding applications	-	-	-
Total sources of capital funding (C)	5,817	8,783	3,401
Application of Capital Funding			
Capital expenditure:			
- to meet additional demand	-	-	401
- to improve level of service	6,565	10,319	1,345
- to replace existing assets	1,623	773	1,830
Increase/(decrease) in reserves	(426) *	(189) *	1,242 *
Increase/(decrease) in investments	-	-	585
Total application of capital funding (D)	7,762	10,903	5,403
Surplus / (deficit) of capital funding (C-D)	(1,946)	(2,120)	(2,002)
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 2019-20 \$000s	LTP 2020-21 \$000s	Actual 2020-21 \$000s
Sources of Operating Funding			
General rates, uniform charges, rates penalties	-	-	-
Targeted rates	1,788	1,858	2,382
Subsidies and grants (for operating)	-	-	-
Fees & charges	1,700	1,790	2,366
Internal charges & overheads recovered	258	264	231
Interest & dividends	2	2	-
Other receipts (incl petrol tax & fines)	103	105	101
Total operating funding (A)	3,850	4,019	5,080
Applications of Operating Funding			
Payments to staff and suppliers	2,842	2,982	3,364
Finance costs	-	31	-
Internal charges and overheads applied	1,030	1,059	1,411
Other operating funding applications	-	-	-
Total applications of operating funding (B)	3,872	4,072	4,774
Surplus/(Deficit) of operating funding (A-B)	(22)	(53)	306
Sources of Capital Funding			
Subsidies & grants for capital expenditure	-	-	-
Development & financial contributions	440	440	1,560
Increase /(decrease) in debt	613	(14)	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other operating funding applications	-	-	-
Total sources of capital funding (C)	1,053	426	1,560
Application of Capital Funding			
Capital expenditure:			
- to meet additional demand	-	-	-
- to improve level of service	613	-	160
- to replace existing assets	29	19	24
Increase/(decrease) in reserves	390 *	353 *	1,765 *
Increase/(decrease) in investments	-	-	(84)
Total application of capital funding (D)	1,031	372	1,866
Surplus / (deficit) of capital funding (C-D)	22	53	(306)
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	LTP 2019-20 \$000s	LTP 2020-21 \$000s	Actual 2020-21 \$000s
Sources of Operating Funding			
General rates, uniform charges, rates penalties	-	-	-
Targeted rates	675	686	620
Subsidies and grants (for operating)	-	-	-
Fees & charges	102	-	-
Internal charges & overheads recovered	450	457	528
Interest & dividends	-	-	-
Other receipts (incl petrol tax & fines)	-	-	-
Total operating funding (A)	1,226	1,143	1,147
Applications of Operating Funding			
Payments to staff and suppliers	792	650	695
Finance costs	-	-	-
Internal charges and overheads applied	446	454	595
Other operating funding applications	-	-	-
Total applications of operating funding (B)	1,238	1,104	1,289
Surplus/(Deficit) of operating funding (A-B)	(12)	38	(142)
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) *	38 *	30 *
Increase/(decrease) in investments	-	-	(172)
Total application of capital funding (D)	(12)	38	(142)
Surplus / (deficit) of capital funding (C-D)	12	(38)	142
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

	LTP 2019-20 \$000s	LTP 2020-21 \$000s	Actual 2020-21 \$000s
Sources of Operating Funding			
General rates, uniform charges, rates penalties	-	-	-
Targeted rates	3,114	3,201	2,878
Subsidies and grants (for operating)	28	29	157
Fees & charges	1	1	55
Internal charges & overheads recovered	79	81	48
Interest & dividends	-	-	-
Other receipts (incl petrol tax & fines)	-	-	-
Total operating funding (A)	3,222	3,312	3,138
Applications of Operating Funding			
Payments to staff and suppliers	2,498	2,587	2,306
Finance costs	-	-	-
Internal charges and overheads applied	679	700	996
Other operating funding applications	-	-	-
Total applications of operating funding (B)	3,177	3,287	3,303
Surplus/(Deficit) of operating funding (A-B)	45	24	(165)
Sources of Capital Funding			
Subsidies & grants for capital expenditure	-	-	-
Development & financial contributions	-	-	-
Increase /(decrease) in debt	(1)	(2)	0
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other operating funding applications	-	-	0
Total sources of capital funding (C)	(1)	(2)	0
Application of Capital Funding			
Capital expenditure:			
- to meet additional demand	-	-	-
- to improve level of service	-	21	62
- to replace existing assets	20	21	35
Increase/(decrease) in reserves	23	(19) *	(451) *
Increase/(decrease) in investments	-	-	189
Total application of capital funding (D)	44	23	(165)
Surplus / (deficit) of capital funding (C-D)	(45)	(24)	165
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

INTERNAL FUNCTIONS

	LTP 2019-20 \$000s	LTP 2020-21 \$000s	Actual 2020-21 \$000s
Sources of Operating Funding			
General rates, uniform charges, rates penalties	-	-	-
Targeted rates	-	-	-
Subsidies and grants (for operating)	-	-	32
Fees & charges	282	288	241
Internal charges & overheads recovered	6,699	6,899	8,908
Interest & dividends	636	686	377
Other receipts (incl petrol tax & fines)	-	-	-
Total operating funding (A)	7,617	7,873	9,559
Applications of Operating Funding			
Payments to staff and suppliers	5,988	6,168	7,941
Finance costs	-	-	19
Internal charges and overheads applied	951	983	1,271
Other operating funding applications	-	-	-
Total applications of operating funding (B)	6,938	7,151	9,231
Surplus/(Deficit) of operating funding (A-B)	679	722	328
Sources of Capital Funding			
Subsidies & grants for capital expenditure	-	-	-
Development & financial contributions	-	-	-
Increase /(decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	16
Lump sum contributions	-	-	-
Other operating funding applications	-	-	-
Total sources of capital funding (C)	-	-	16
Application of Capital Funding			
Capital expenditure:			
- to meet additional demand	-	-	-
- to improve level of service	-	31	-
- to replace existing assets	276	198	430
Increase/(decrease) in reserves	403 *	493 *	(86) *
Increase/(decrease) in investments	-	-	-
Total application of capital funding (D)	679	722	344
Surplus / (deficit) of capital funding (C-D)	(679)	(722)	(328)
Funding balance (A-B)+(C-D)	-	-	-

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

2020/21 FINANCIAL STATEMENTS AND NOTES TO THE ACCOUNTS

MASTERTON DISTRICT COUNCIL

STATEMENT OF FINANCIAL POSITION as at 30 June 2021				
\$		Notes	\$	\$
30 June 2020			30 June 2021	Budget
CURRENT ASSETS				
9,059,894	Cash & cash equivalents	10	7,026,850	3,033,130
5,703,070	Other financial assets	11	11,501,700	3,221,648
259,065	Inventories	8	254,458	290,566
3,316,078	Debtors and other receivables	9	3,935,737	3,884,005
18,338,107	Total Current Assets		22,718,745	10,429,349
NON-CURRENT ASSETS				
104,244,564	Property, equipment & other assets	12,13	136,453,304	116,781,266
742,284,592	Infrastructural assets	12,13	737,718,064	697,316,672
3,870,477	Intangible assets	14	3,657,702	3,223,581
524,553	Forestry assets	15	539,452	577,767
2,676,200	Investment property	16	0	321,564
0	Derivative financial instruments	22	0	0
	Other financial assets	11		
220,868	- Investments in CCO's & other similar entities		222,141	197,045
10,126,614	- Investments in other entities		10,053,696	8,302,856
863,947,867	Total Non-current Assets		888,644,360	826,720,750
\$882,285,975	TOTAL ASSETS		\$911,363,105	\$837,150,100
CURRENT LIABILITIES				
7,958,942	Creditors & other payables	20	11,815,680	8,041,043
167,741	Derivative financial instruments	22	207,075	0
897,802	Employee benefits	21	1,104,045	953,709
42,453	Provisions (current)	23	57,000	20,000
7,000,000	Financial liabilities - current portion	24	8,000,000	8,000,000
16,066,938	Total Current Liabilities		21,183,800	17,014,752
NON-CURRENT LIABILITIES				
44,100,000	Financial liabilities	24	40,500,000	46,333,787
6,500,946	Derivative financial instruments	22	3,626,865	5,600,000
9,167	Employee benefits	21	9,494	9,920
50,125	Provisions & other liabilities	23	35,649	29,900
50,660,238	Total Non-current Liabilities		44,172,009	51,973,607
\$815,558,799	NET ASSETS		\$846,007,297	\$768,161,741
PUBLIC EQUITY				
436,438,680	Retained earnings (ratepayers' equity)	25	444,904,979	434,672,916
350,499,700	Revaluation reserves	25	371,918,371	311,006,729
28,620,419	Special funds & restricted reserves	28	29,183,947	22,482,096
\$815,558,799	TOTAL PUBLIC EQUITY		\$846,007,297	\$768,161,741

The accompanying notes form part of these financial statements.

MASTERTON DISTRICT COUNCIL

STATEMENT OF COMPREHENSIVE REVENUE & EXPENSE				
For the Year Ended 30 June 2021				
\$ Actual 2019/20		Note	\$ Actual 2020/21	\$ Budget 2020/21
OPERATING REVENUE				
31,182,223	Rates Revenue	3	32,347,108	32,306,638
91,227	Rural sewerage scheme capital rates	3 & 4	102,887	60,307
2,031,968	Financial Contributions		2,413,134	1,258,000
5,908,147	Subsidies and grants	4	9,601,928	8,947,265 *1
956,044	Finance Revenue	5	381,479	577,838
7,939,966	Other Operating Revenue	4	8,638,415	7,648,418 *1
5,102,409	Assets vested from subdivisions	4	3,662,745	-
122,400	Other Gains	4a	3,059,462	30,164
53,334,384	Total Operating Revenue		60,207,158	50,828,630
OPERATING EXPENDITURE				
9,682,479	Personnel Costs	6	10,725,121	10,972,239
20,814,686	Other Expenses	7	23,232,825	23,989,164
2,388,227	Finance Costs	5	2,143,004	2,148,779
12,350,383	Depreciation & amortisation	12, 13, 14	14,066,205	12,901,945
1,528,826	Other Losses	4a	1,778,518	-
46,764,601	Total Operating Expenditure		51,945,673	50,012,127
\$6,569,783	Surplus/(Deficit) before taxation		\$8,261,485	\$816,503
-	Income tax expense		-	-
\$ 6,569,783	SURPLUS/(DEFICIT) AFTER TAXATION		\$ 8,261,485	\$816,503
Other Comprehensive Revenue & Expense				
84,135,692	Gain/(Loss) on asset revaluations	12, 13, 25	22,145,138	6,982,246
(107,105)	Financial assets fair value movement	25	41,876	-
84,028,587	Total Other Comprehensive Revenue & Expense		22,187,014	6,982,246
\$ 90,598,370	TOTAL COMPREHENSIVE REVENUE & EXPENSE		\$ 30,448,500	\$7,798,749

STATEMENT OF CHANGES IN EQUITY						
For the Year Ended 30 June 2021						
	\$ Revaluations (Note 25)	\$ Special Funds & Reserves (Note 28)	\$ Ratepayers' Equity (Note 25)	\$ Total 2020/21	\$ Plan 2020/21	\$ Prior Year 2019/20
Opening Balance						
1 July 2020	350,499,699	28,620,419	436,438,680	\$815,558,797	760,362,992	724,960,428
Comprehensive revenue & expense for the year	22,187,014		8,261,486	30,448,500	7,798,749	90,598,370
Tsf disposals revaltns	(768,342)		768,342	0		
Transfers from Reserves		(10,674,455)	10,674,455	0		
Transfers to Reserves		3,459,371	(3,459,371)	0		
Tsf proceeds on sale of assets		2,517,372	(2,517,372)	0		
Tsf depreciation to reserves		5,261,241	(5,261,241)	0		
Closing Balance	371,918,371	29,183,947	444,904,979	\$846,007,297	768,161,741	815,558,798

*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.

MASTERTON DISTRICT COUNCIL

STATEMENT OF CASHFLOWS for the Year Ending 30 June 2021

Last Year 2019/20		\$ Notes	Actual 2020/21	Budget 2020/21
Cash Flows from Operating Activities:				
	Cash was provided from:			
31,035,900	Rates (M.D.C. only)		32,428,565	32,277,748
91,227	Rural sewerage scheme capital rates		102,887	60,307
2,031,968	Financial Contributions		2,413,134	1,258,000
6,251,055	Subsidies and grants		11,710,916	8,945,765
1,078,482	Interest & Dividends received		372,541	577,838
8,568,041	Receipts from other revenue		8,162,337	7,757,357
49,056,673			55,190,380	50,877,016
	Cash was applied to:			
(20,289,945)	Payments to suppliers		(22,045,580)	(23,212,363)
(9,961,272)	Payments to employees		(10,518,551)	(10,972,239)
(2,478,474)	Interest paid		(2,165,110)	(2,148,779)
155,172	Goods and services tax (paid)/received (net)		70,415	-
(32,574,519)			(34,658,826)	(36,333,381)
16,482,154	Net Cash from Operating Activities	29	20,531,554	14,543,635
Cash Flows from Investing Activities:				
	Cash was provided from:			
59,704	Receipts from sale of property, plant and equipment		16,061	20,000
31,193	Forestry/investment property proceeds		2,501,311	2,165,805
4,844,286	Receipts from sale of investments		2,974,370	1,837,809
4,935,183			5,491,742	4,023,614
	Cash was applied to:			
(15,440,117)	Purchase of property, plant and equipment		(16,617,408)	(24,416,524)
(17,182)	Purchase of intangible assets		(113,835)	-
(2,219,457)	Acquisition of investments		(8,725,097)	(20,000)
(17,676,756)			(25,456,340)	(24,436,524)
(12,741,573)	Net Cash from Investing Activities		(19,964,598)	(20,412,910)
Cash Flows from Financing Activities:				
	Cash was provided from:			
3,300,000	Proceeds from new financial liabilities		-	5,824,200
3,300,000			-	5,824,200
	Cash was applied to:			
(2,200,000)	Repayment of term liabilities		(2,600,000)	(2,590,412)
(9,368)	Repayment of finance lease liabilities		-	-
(2,209,368)			(2,600,000)	(2,590,412)
1,090,632	Net Cash from Financing Activities		(2,600,000)	3,233,788
4,831,213	Net Increase/(Decrease) in Cash and cash equivalents		(2,033,044)	(\$2,635,487)
4,228,681	Cash and cash equivalents at beginning of the year		9,059,894	8,890,265
\$ 9,059,894	Cash and cash equivalents at the end of the year	10	\$ 7,026,850	\$ 6,254,778

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 (2020: \$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 2021

Reporting Entity

The Council is a Territorial Authority governed by the Local Government Act 2002 (LGA). The council was constituted on 1 November 1989 pursuant to the Local Government (Wellington Region) Reorganisation Order 1989. The Council consists of a single operating entity with no subsidiaries or associates, which provides local infrastructure, local public services, and performs regulatory functions for the community. The Council's primary objective is to provide goods and services for the community or social benefit, rather than making a financial return. Accordingly, the Council has designated itself as a public benefit entity (PBE) for financial reporting purposes.

The financial statements of the council are for the year ended 30 June 2021. The financial statements were authorised for issue by the Council on 9 November 2021.

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 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 PBE IPSAS 41

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

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

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

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 the year ending 30 June 2022, with early application permitted. This amendment will result in additional disclosures. 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 *Presentation of Financial Statements* and is effective for the year ending 30 June 2023, with early adoption permitted. The Council has not yet determined how application of PBE FRS 48 will affect its statement of performance. It does not plan to adopt the standard early.

Changes in Accounting Policies

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Goods and Services Tax

Items in the financial statements are stated exclusive of GST, except for receivables and payables, which are presented on a GST inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense. The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the statement of financial position. The net GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cashflows. Commitments and contingencies are disclosed exclusive of GST.

Budget Figures

The budget figures are those approved by the Council in its 2020/21 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.
- *Judgement re Three Waters Assets*
- Following the announcement by the Local Government Minister on 27 October 2021 regarding central government proceeding with the three waters service delivery reforms using a legislated "all in" approach, Council continues to recognise its three waters assets at 30 June 2021 in accordance the accounting policies set out below. There has been no adjustment in these financial statements to reflect the expected future transfer of assets to a new water entity. It is expected central government will develop details around the mechanism for the transfer of the water assets and this will be completed prior to 1 July 2024. As further details are established this may require adjustments to Council's three water assets either in respect of disclosure or measurement.

Revenue

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

Rates Revenue

Rates are set annually by resolution and according to the processes required under the LGA and the LG(Rating) Act 2002 and they relate to a financial year. All ratepayers are invoiced within the financial year to which the rates have been set.

Rates revenue is recognised when payable. Rates arising from late payment penalties are recognised as revenue when rates become overdue. Rates remissions are recognised as a reduction of rates revenue when the council applies the remission to the rates accounts of those properties which qualify for the remissions, as per the remissions policy.

Rates collected on behalf of the Greater Wellington Regional Council (GWRC) are not recognised in the financial statements, as the council is acting as an agent for GWRC.

Other Revenue

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

The council receives government grants from the New Zealand Transport Agency, which subsidises part of the council's costs in maintaining the local roading infrastructure. The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

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

The 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:

Buildings - component lives range from	5 to 100 years	1% - 20 %
Plant and equipment	7-20 years	5%- 14 %
Intangibles - software	4 years	25%
Motor vehicles	6.67 years	15%

Buildings - component lives range from	5 to 100 years	1% - 20 %
Office equipment, office furniture	4 to 10 years	10% to 25%
Library books	3 to 4 years	25% to 33.3%
Infrastructural assets		
Roothing network		
Formation (not depreciated)		
Top surface (seal) 2nd coat/1st coat	17 and 80 years	5.9% and 1.25%
Road metal (unsealed)	3 years	33%
Pavement (base course) 50 per cent depreciated	80 years	1.25%
Pavement (sub base) 15 per cent depreciated	80 years	1.25%
Pipe culverts	90 years	1.1%
Footpaths (basecourse) 40 per cent depreciated	50 years	2%
Footpaths (seal) chip/AC/concrete	15/18/50 years	6.67%, 5.55%, 2%
Kerb and Channel	80 years	1.25%
Signs	12 years	8.33%
Road markings	1 year	100%
Streetlights (lamps, fittings and poles)	5/15/60 years	20%, 6.67% and 1.67%
Bridges	65 to 100 years	1% to 1.54%
Other structures	50 years	2%
Water system		
Treatment plant	10 to 100 years	1% to 10%
Pipes	73 to 100 years	1.0 % to 1.37 %
Valves, hydrants, connections	50 years	2 %
Reservoirs and tanks	50 and 80 years	1.25 % and 2 %
Sewerage System		
Pipes	64 to 85 years	1.18 % to 1.56 %
Manholes	75 years	1.33 %
Treatment plant	10 to 80 years	1.25 % to 10 %

Buildings - component lives range from	5 to 100 years	1% - 20 %
Drainage network		
Pipes	80 to 90 years	1.1 % to 1.25 %
Stopbanks	300 years	0.33%
Seawall and river weirs	100 years	1%
Airport runway		
Pavement and seal	80 years and 17 years	(1.25 % and 5.88 %)

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

Revaluation

Those asset classes that are revalued are valued on a three yearly valuation cycle on the basis described below. All other asset classes are carried at depreciated historical cost. The carrying values of revalued items are reviewed at each balance date to ensure that those values are not materially different to fair value.

Operational Land and Buildings

Valued at fair value as determined from market-based evidence by an independent valuer. The most recent valuation was performed by Jones Lang LaSalle Ltd, and the valuation is effective as at 30 June 2021.

Restricted Land and Buildings

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

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

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

At balance date, the council assesses the carrying values of its infrastructural assets to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued. The most recent valuation was performed by WSP.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 2021.

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 2021 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. Council currently holds no properties for investment.

Impairment of Non-Financial Assets

Non-financial assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised as the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential.

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

The value in use for cash-generating assets is the present value of expected future cash flows. If an asset's carrying amount exceeds its recoverable amount the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit.

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 2.27 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				
2019/20 Actual		2020/21 Actual	2020/21 Budget	Variance
Groups & Activities				
\$	Roading	\$	\$	\$
4,693,923	Subsidised Roading	5,317,398	4,875,610	(441,788)
1,389,512	Non-subsidised Roading	1,445,973	1,607,642	161,669
Water Services				
3,139,603	Urban Water Supply	3,466,390	3,387,678	(78,713)
109,553	Rural Water Supplies & Races	128,316	103,545	(24,772)
Wastewater Services				
6,773,336	Wastewater Services - Urban	6,417,495	6,533,166	115,672
364,752	Wastewater Services - Rural*	441,995	335,295	(106,700)
Stormwater Services				
501,688	Urban Stormwater System	585,751	561,016	(24,735)
Solid Waste Services				
873,874	Solid Waste Services	826,232	926,555	100,323
250,533	Waste Minimisation Services	339,009	245,422	(93,587)
Community Facilities/Activities				
3,062,999	Parks, Reserves & Sportsfields	2,957,035	3,075,430	118,395
1,027,672	Trust House Recreation Centre	1,185,822	1,168,128	(17,694)
74,267	Cemeteries	123,616	138,961	15,345
2,112,591	Library & Archive	2,127,377	2,251,287	123,909
1,508,683	Property	1,354,125	1,462,692	108,567
334,883	Airport	426,196	326,409	(99,787)
108,545	Mawley Park	165,096	167,710	2,614
Community Wellbeing				
1,037,481	Community Development	922,145	907,723	(14,422)
511,131	Arts and Culture	538,041	523,398	(14,643)
1,030,160	Economic Development	981,502	1,016,481	34,979
169,187	Environmental Initiatives	248,734	247,723	(1,011)
Regulatory Services				
889,723	Resource Management & Planning	877,676	885,274	7,598
433,741	Environmental Services	437,745	516,493	78,747
450,574	Building Development	655,344	641,044	(14,300)
(7,630)	Parking Services	32,337	5,771	(26,566)
85,337	Animal Services	84,975	86,864	1,890
220,580	Emergency Management	222,568	246,931	24,363
Governance				
742,459	Representation	791,599	793,599	2,000
0	Internal Functions	0	\$0	(0)
31,889,155	Total Rates Requirement	33,100,491	33,037,845	(62,646)
Rates Revenue				
31,825,032	Masterton District rates levied	33,027,607	33,012,538	15,069
91,227	Rural Sewerage capital contributions*	102,887	60,307	42,580
540,013	Rates penalties	458,256	145,000	313,256
(537,804)	Rates remissions	(477,929)	(180,000)	(297,929)
31,918,468	Rates Revenue (incl Council properties)	33,110,821	33,037,845	72,976
29,313	Net Rates Surplus/(Deficit)	10,330	0	10,330

*The budget for solid waste and waste minimisation has been restated due to an error.

*Rural wastewater net cost is offset by capital contributions.

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

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

Notes to the Accounts

Note 2

SUMMARY REVENUE AND EXPENDITURE FOR GROUPS OF ACTIVITIES

	\$ Actual 2020/21	\$ Budget 2020/21	\$ Last Year 2019/20
Revenue			
Roading	10,956,064	8,464,382	9,775,299
Water Services	1,083,657	632,038	1,025,826
Wastewater Services	1,116,299	614,262	1,456,421
Stormwater Services	708,758	-	582,428
Solid Waste Services	3,231,892	2,862,895	2,675,212
Community Facilities/Activities	3,529,136	2,950,024	2,134,466
Community Wellbeing	259,433	151,096	201,955
Regulatory Services	4,258,084	3,062,904	3,854,383
Governance	527,733	529,066	593,103
Internal Functions	9,558,548	9,539,934	8,722,732
Total activity revenue	35,229,602	28,806,600	31,021,824
plus other gains	3,059,462	30,164	122,400
Less internal revenue	(10,531,901)	(10,375,079)	(9,083,289)
Rates revenue	32,449,995	32,366,945	31,273,449
Total revenue	\$60,207,158	\$50,828,630	\$53,334,384
Expenses			
Roading	14,279,241	14,223,395	11,675,458
Water Services	4,404,016	4,198,493	3,952,218
Wastewater Services	6,987,621	6,999,427	7,052,739
Stormwater Services	803,026	729,291	633,436
Solid Waste Services	4,456,519	4,171,775	3,888,728
Community Facilities/Activities	11,542,854	11,618,019	10,904,883
Community Wellbeing	3,351,475	3,550,826	3,212,698
Regulatory Services	4,826,136	5,026,281	4,473,098
Governance	1,294,331	1,350,665	1,328,850
Internal Functions	9,414,663	9,189,934	7,841,975
Total activity expenses	61,359,882	61,058,106	54,964,082
plus other losses	1,778,518	-	1,528,826
Less internal expenses	(11,192,727)	(11,045,979)	(9,728,307)
Total expenses	\$51,945,673	\$50,012,127	\$46,764,601

Notes to the Accounts

Note 3

RATES REVENUE		Notes	\$	\$	\$
			Actual	Budget	Last Year
			2020/21	2020/21	2019/20
excluding metered water supply rates					
Gross MstnDC Rates Levied			33,027,607	33,012,538	31,825,032
less	Rates levied on Council properties		(660,826)	(670,900)	(645,018)
plus	Rates Penalties		458,256	145,000	540,013
less	Rates Remissions	30	(477,929)	(180,000)	(537,804)
			32,347,108	32,306,638	31,182,223
Rural Sewerage capital contributions			102,887	60,307	91,227
Total Revenue From Rates			32,449,995	\$32,366,945	\$31,273,450

Notes to the Accounts

Note 4

		Actual	Budget	Last Year
		2020/21	2020/21	2019/20
SUBSIDIES AND GRANTS				
Rooding subsidies Waka Kotahi		7,293,321	7,165,235	5,595,243
Other Government grants		1,909,430	939,841	200,916
Other grants		399,177	842,189	111,988
Total Subsidies and Grants		\$9,601,928	\$8,947,265	\$5,908,147
OTHER REVENUE				
Regulatory fee revenue		2,355,718	1,841,624	2,019,027
Rental revenue		966,601	976,326	945,843
Solid waste user charges		3,038,532	2,679,770	2,496,778
Other user charges and recoveries		1,610,835	1,501,458	1,834,929
Metered water & sewer rates charged in CDC area		358,428	361,740	323,008
Infringements and fines		101,306	107,500	128,962
Local authority petrol tax		206,995	180,000	191,418
Sub total		8,638,415	7,648,418	7,939,966
Revenue recognised from vested assets		3,662,745	-	5,102,409
Total Other Revenue		\$12,301,159	\$7,648,418	\$13,042,375
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)		32,449,995	31,273,450	
Targeted water supply rates (metered water)		266,596	255,062	
Rates levied in Carterton District for sewerage		91,832	67,947	
		\$32,808,423	\$31,596,458	

Notes to the Accounts

Note 4a

OTHER GAINS/(LOSSES)		\$ Actual 2020/21	\$ Budget 2020/21	\$ Last Year 2019/20
Gains				
	Forestry asset revaluation gain	60,190	20,691	15,429
	Property, plant and equipment gains on disposal	79,917	-	52,780
	Library books revaluation gain	21,073	9,473	-
	Carbon credits revaluation gain on forestry	58,905	-	44,625
	Investment bond gain on disposal	4,630	-	1,566
	Investment property revaluation gains	-	-	8,000
	Total non-financial instrument gains	224,715	30,164	122,400
	Gain on valuation of financial assets (fair value thru surplus/deficit)		-	
	Gain on mark-to-market valuation of cash flow hedges *	2,834,747	-	-
	Total Gains	3,059,462	30,164	122,400
Losses				
	Carbon credits revaluation loss on forestry		-	
	Property, plant and equipment losses on disposal	(1,442,810)	-	(402,115)
	Library books revaluation loss	-	-	(14,397)
	Investment fund value change loss	(335,708)	-	-
	Total non-financial instrument losses	(1,778,518)	-	(416,512)
	Loss on valuation of financial assets (fair value thru surplus/deficit)		-	
	Loss on mark-to-market valuation of cash flow hedges *	-	-	(1,112,314)
	Total Losses	(1,778,518)	-	(1,528,826)

* 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.

Notes to the Accounts

Note 4b

REVENUE ANALYSIS - Exchange & Non-exchange

	\$ Actual 2020/21	\$ Budget 2020/21	\$ Last Year 2019/20
Exchange Revenue			
Finance revenue	381,479	577,838	956,044
Rental revenue	966,601	976,326	945,843
Solid waste user charges	3,038,532	2,679,770	2,496,778
Other user charges and recoveries	1,610,835	1,501,458	1,834,929
Metered water & sewer rates charged in CDC area	358,428	361,740	323,008
Total Exchange Revenue	\$6,355,875	\$6,097,132	6,556,602
Non-Exchange Revenue			
Rates revenue	32,449,995	32,366,945	31,273,450
Financial contributions	2,413,134	1,258,000	2,031,968
Subsidies and grants	9,601,928	8,947,265	5,908,147
Regulatory fee revenue	2,355,718	1,841,624	2,019,027
Infringements and fines	101,306	107,500	128,962
Local authority petrol tax	206,995	180,000	191,418
Assets vested from developments/subdivisions	3,662,745	-	5,102,409
Other gains	3,059,462	30,164	122,400
Total Non-Exchange Revenue	\$53,851,283	\$44,731,498	\$46,777,782
Total Revenue	\$60,207,158	\$50,828,630	\$53,334,384

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			
Interest Revenue on:			
	\$ Actual 2020/21	\$ Budget 2020/21	\$ Last Year 2019/20
- financial assets held/invested by Council	163,305	227,838	365,484
- financial assets invested from funds borrowed in advance	20,697	-	24,118
- financial assets managed by ANZ Investments Ltd	197,477	350,000	566,441
Total finance revenue	381,479	577,838	956,044
Finance costs			
Interest expense:			
- on bank borrowings	29,438	29,000	28,964
- on LGFA bonds	2,089,241	2,114,779	2,352,732
- on loan funds borrowed in advance	18,771	-	-
- on finance leases	-	-	1,021
Discount unwind on provisions (Note 23)	5,555	5,000	5,510
Total finance costs	2,143,004	2,148,779	2,388,227
Net Finance Costs/(Revenue)	\$1,761,525	\$1,570,941	\$1,432,184

Notes to the Accounts

Note 6

PERSONNEL COSTS			
	Actual 2020/21	Budget 2020/21	Last Year 2019/20
Salaries & wages	9,278,167	9,669,373	8,811,824
Mayor & Councillors' honorariums	500,887	503,300	479,184
Medical insurance (incl FBT)	296,580	320,518	273,088
Superannuation - employer contributions	391,303	422,653	350,170
Income Protection Insurance	51,614	56,395	47,005
Incr/(Decr) in employee benefits liability	206,570	-	(278,793)
Total Personnel costs	\$10,725,121	\$10,972,239	\$9,682,479

Notes to the Accounts

Note 7

OTHER EXPENSES			
	Actual 2020/21	Budget 2020/21	Last Year 2019/20
Fees to principal auditor:			
- for annual report	120,193	118,000	112,663
- for debenture trust deed	4,000	4,000	4,000
- for LTP audit	75,500	82,250	0
Donations	5,517	9,000	5,651
Grants - funding community development	503,166	641,450	576,721
Grants - funding arts & culture	373,945	371,000	360,584
Grants - funding economic development	509,329	528,000	505,397
Grants - other	27,069	55,105	26,274
ACC levies	21,688	29,382	21,600
Inventories (change in value)	4,607	-	114,880
Impairment of receivables	10,152	1,533	19,672
Election costs	1,285	25,000	136,096
Civic entertainment costs	2,825	3,000	5,356
Ceremonies & presentations	7,140	10,800	5,326
Other operating expenses	21,566,409	22,110,644	18,920,467
Total other expenses	\$23,232,825	\$23,989,164	\$20,814,686

Notes to the Accounts**Note 7a****COST OF SERVICE STMT RECONCILIATION**

	Actual	Budget
	2020/21	2020/21
Revenue		
Financial Contributions	2,413,134	1,258,000
Subsidies and grants (per note 4)	9,601,928	8,947,265
Other Revenue (per Note 4)	12,301,159	7,648,418
Finance Revenue (per Note 5)	381,479	577,838
Total Operating Revenue	*1 24,697,701	18,431,521
Expenditure		
Personnel Costs (per Note 6)	10,725,121	10,972,239
Other Expenses (per Note 7)	23,232,825	23,989,164
Finance Costs (per Note 5)	2,143,004	2,148,779
Depreciation (per Notes 12,13,14)	14,066,205	12,901,945
Total Operating Expenditure	*2 \$50,167,155	\$50,012,127
Add back MstnDC rates on Council properties (net of discount)	660,826	670,900
Net Operating Cost	\$26,130,279	\$32,251,506

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

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

Notes to the Accounts**Note 8****INVENTORIES**

\$		\$
30 June 2020		30 June 2021
	Held for distribution inventory:	
126,639	Water & sewer reticulation spares	122,993
18,489	Street furniture & pavers	11,377
65,077	Water treatment chemicals	54,501
26,470	Pre-paid envelopes	22,225
	Commercial inventory:	
4,652	Rubbish bags & bins	4,564
0	Baleage - ex Homebush	20,400
17,737	Miscellaneous items	18,398
\$259,065	Total Stock	\$254,458

Notes to the Accounts

Note 9

DEBTORS & OTHER RECEIVABLES

\$		\$
30 June 2020		30 June 2021
667,217	Rates receivables	573,542
805,579	Roading subsidies receivable	1,124,731
1,432,014	Sundry debtors & receivables	1,658,812
309,275	GST receivable	359,245
226,409	Prepayments	337,480
3,440,493		4,053,810
(124,415)	- less provision for doubtful debts	(118,073)
\$3,316,078	Total Debtors & Other Receivables	\$3,935,737
	<i>Total receivables comprise:</i>	
1,388,088	Receivables from exchange transaction	1,501,343
1,927,990	Receivables from non-exchange transaction	2,434,393

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 2020 and 2021 are detailed below:

30 June 2020		30 June 2021
2,421,448	Not past due	3,216,124
454,676	Past due 1-60 days	397,090
217,503	Past due 61-120 days	122,267
346,866	Past due > 120 days	318,330
\$3,440,493	Total	\$4,053,810

30 June 2020		30 June 2021
30,109	Individual impairment	10,116
94,306	Collective impairment	107,957
\$124,415	Total provision for impairment	\$118,073

30 June 2020		30 June 2021
0	Past due 1-60 days	0
0	Past due 61-120 days	0
30,109	Past due > 120 days	10,116
\$30,109	Total individual impairment	\$10,116

30 June 2020		30 June 2021
168,358	At 1 July	124,415
19,723	Additional provisions made during the year	28,825
(24,712)	Provisions reversed during the year	(5,482)
(38,954)	Receivables written off during the year	(29,685)
\$124,415	As At 30 June	\$118,073

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

Notes to the Accounts

Note 10

CASH & CASH EQUIVALENTS

\$			
30 June 2020		30 June 2021	
9,059,894	Cash at bank and in hand	7,026,850	
0	Short term deposits of 3 months or less (from acquisition)	0	
\$9,059,894	Total cash and cash equivalents	\$7,026,850	

The carrying value of cash at bank and term deposits with maturities less than three months approximate their fair value. The total value of cash and cash equivalents that can only be used for a specific purpose as outlined in the relevant Trust Deed is \$270,366 (2020 = \$272,666).

Notes to the Accounts

Note 11

OTHER FINANCIAL ASSETS

\$				\$
30 June 2020	Current	Notes		30 June 2021
5,595,700	Short term deposits - maturities > 3 but less than 12 mths	*2		11,373,400
107,370	Corporate bonds & Borrower Notes (LGFA)	*4		128,300
0	Investments held by fund manager	*3		0
\$5,703,070	Total Current Portion of Financial Assets			\$11,501,700
Non-current				
Investments in CCO's & other similar entities				
220,868	Shares (NZLGFA & Civic Financial Services)	*1		222,141
\$220,868				\$222,141
Investments in other entities				
55,200	Corporate bonds	*4		60,192
748,938	Borrower notes (NZ LGFA)	*5		750,353
162,690	NZ Units - Carbon Credits on forestry	*7		221,595
9,159,786	NZ fixed interest investments held by fund manager	*3		9,021,556
\$10,126,614				\$10,053,696
\$10,347,482	Total Non-Current Portion of Financial Assets			\$10,275,837
\$16,050,552	Total Other Financial Assets			\$21,777,538
Internal loans/investments				
9,639,166	Balance at 30 June (also see Note 24)	*6		9,766,798
\$34,749,612	Total Funds On Hand or Invested (including Cash & Internal)			\$38,571,185

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 \$0.96 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 \$878,654 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 its forestry area. These have
been re valued at the estimated carbon price at 30 June 2021 of \$43.45 per NZU.

Notes to the Accounts

PROPERTY PLANT & EQUIPMENT												Note 12
2021												
Operational Assets	Original Cost/ Valuation	Accum. Depreciation & Impairment	Carrying Amount	Current Year Additions	Vested Assets *5	Impairment *3	Current Year Disposals *1	Current Year Transfers/ Adjustments *2	Current Year Depreciation	Current Year Revaluation	Original Cost/ Valuation	Accum. Depreciation & Impairment
	30-Jun-20	30-Jun-20	30-Jun-20	30-Jun-20	30-Jun-20	30-Jun-20	30-Jun-20	30-Jun-20	30-Jun-20	30-Jun-20	30-Jun-21	30-Jun-21
Land	58,256,001	-	58,256,001	0	325,587	-	-	286,200	-	28,313,963	87,181,751	-
Buildings	44,915,665	(4,217,795)	40,697,870	1,198,985	61,000	(45,067)	(45,067)	94,396	(2,083,469)	3,016,445	42,964,850	(24,689)
Plant & vehicles	4,671,997	(2,940,370)	1,731,627	462,629	-	(2,162)	(2,162)	-	(330,263)	-	5,057,530	(3,195,698)
Equipment & furniture	7,402,516	(4,712,073)	2,690,443	728,328	2,805	(2,805)	(2,805)	17,084	(484,491)	-	8,118,246	(5,169,686)
Library books	519,889	-	519,889	201,754	-	-	(38,292)	-	(171,573)	21,073	532,851	-
Work in progress	348,732	-	348,732	750,898	-	-	-	(111,480)	-	-	988,151	-
Total operational assets	116,114,801	(11,870,237)	104,244,564	3,342,595	386,587	-	(88,325)	286,200	(3,069,797)	31,351,481	144,843,378	(8,390,074)
Infrastructural Assets												
Land (under roads)	87,106,136	-	87,106,136	0	377,987	-	-	-	-	-	87,484,124	-
Roading network	482,691,572	-	482,691,572	6,476,017	1,426,401	-	(200,195)	7,506	(6,177,640)	(9,185,270)	481,216,032	(6,177,640)
Water treatment plant - Masterton	5,595,090	-	5,595,090	69,112	-	-	-	11,000	(448,156)	-	5,675,202	(448,156)
Water reticulation (incl rural supplies)	35,742,963	-	35,742,963	1,105,443	273,128	-	(107,628)	27,174	(1,104,464)	-	37,041,080	(1,104,464)
Sewerage treatment plant - Masterton	35,211,308	-	35,211,308	19,045	-	-	-	-	(\$677,084)	-	35,230,353	(677,084)
Sewerage reticulation - Masterton	51,369,514	-	51,369,514	2,540,680	489,883	-	(1,065,269)	156,602	(1,309,930)	-	53,491,410	(1,309,930)
Sewerage systems - rural *4	10,943,334	-	10,943,334	112,615	-	-	(13,243)	-	(360,909)	-	11,042,707	(360,909)
Stormwater assets	21,113,303	-	21,113,303	295,783	708,758	-	-	-	(387,536)	-	22,117,844	(387,536)
Flood protection & control works	4,870,010	-	4,870,010	0	-	-	-	-	(70,492)	-	4,870,010	(70,492)
Other infrastructure	4,310,835	-	4,310,835	245,152	-	-	-	33,150	(112,354)	-	4,589,137	(112,354)
Work in progress (WIP)	3,330,526	-	3,330,526	2,513,635	-	-	-	(235,432)	-	-	5,608,729	-
Total infrastructural assets	742,284,592	-	742,284,592	13,377,483	3,276,157	0	(1,386,334)	-	(10,648,564)	(9,185,270)	748,366,628	(10,648,564)
Total Property, Plant & Equipment	\$ 858,399,393	(\$11,870,236)	\$ 846,529,156	\$ 16,720,078	\$ 3,662,744	\$ 0	(\$1,474,659)	\$ 286,200	(\$13,718,361)	\$ 22,166,211	\$ 893,210,007	(\$19,038,638)

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

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

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

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

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

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

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

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

*5 Vested Assets included land, roading, water, sewer & stormwater assets transferred to the Council from completion of three subdivisions, known as Poplars Industrial Estate, Old Orchard Rd (stage 3) and Westbush Developments (stage 1).

Notes to the Accounts

Note 12a

PROPERTY PLANT & EQUIPMENT

2020

	Original Cost/ Valuation	Accum. Depreciation & Impairment	Carrying Amount	Current Year	Additions	Vested Assets *5	Impairment *3	Current Year	Disposals *1	Adjustments *2	Current Year	Current 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			\$0		1,111,771	(2,182,022)		58,256,001	-	58,256,001
Buildings	41,522,575	(2,082,447)	39,440,128	2,369,019	2,369,019			(41,026)					44,915,665	(4,217,795)	40,697,870
Plant & vehicles	4,167,390	(2,701,451)	1,465,939	568,259	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	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	-
Library books	536,671	-	536,671	184,461	184,461			(16,512)		-	(170,335)	(14,397)	519,889	-	519,889
Work in progress	1,471,586	-	1,471,586	156,028	156,028			(1,278,881)					348,732	-	348,732
Total operational assets	111,859,346	(9,130,791)	102,728,555	4,723,292	4,723,292	-	-	(76,114)	-	(3,116,772)	(14,397)	(11,870,237)	116,114,801	(11,870,237)	104,244,564
Infrastructural Assets															
Land (under roads)	86,205,799	-	86,205,799	0	0	900,337				353,516	(5,111,602)	49,196,554	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)					482,691,572		482,691,572
Water treatment plant - Masterton	9,132,330	(843,208)	8,289,122	9,725	9,725					-	(434,795)	(2,268,961)	5,595,090		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	35,742,963		35,742,963
Sewerage treatment plant - Masterton	33,415,418	(1,114,679)	32,300,739	30,513				(139,506)		-	(563,255)	3,443,311	35,211,308		35,211,308
Sewerage reticulation - Masterton	32,505,126	(2,516,251)	29,988,876	983,319				(20,084)		159,193	(1,271,300)	20,935,721	51,369,514		51,369,514
Sewerage systems - rural *4	8,960,315	(531,433)	8,428,882	67,969				(6,585)			(315,308)	2,725,697	10,943,334		10,943,334
Stormwater assets	16,257,909	(612,301)	15,645,608	430,861	582,428							4,776,299	21,113,303		21,113,303
Flood protection & control works	4,087,898	(124,397)	3,963,501	115,402				-		-	(63,367)	854,474	4,870,010		4,870,010
Other infrastructure	4,799,311	(158,547)	4,640,764	41,834				(253)			(82,439)	(289,071)	4,310,835		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	0	0	(353,724)	-	(8,926,005)	83,571,848	83,571,848	742,284,592	-	742,284,592
Total Property, Plant & Equipment	\$ 781,466,381	(\$26,298,443)	\$ 755,167,939	\$ 15,173,972	\$ 5,102,409	\$ 0	\$ 0	(\$429,837)	\$ 0	(\$12,042,776)	\$ 83,557,451	\$ 83,557,451	\$ 858,399,393	(\$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 Waiaira 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. 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.

PROPERTY PLANT & EQUIPMENT - NOTES**Critical accounting estimates and assumptions*****Estimating the fair value of land, buildings and infrastructure***

The most recent valuation of land and buildings was performed by an independent registered valuer, Jones Lang LaSalle Ltd. The valuation is effective as at 30 June 2021. This resulted in an increase of \$28.3 million (48.6%) in fair value of Land Assets after taking account of additions and deletions during the same period. The value of Building Assets increased by \$3.02 million (7.6%) in depreciated replacement cost after taking account of additions and depreciation over the period.

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

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

Buildings - specialised buildings are valued at fair value using depreciated replacement cost because no reliable market data is available for such buildings. Straight-line depreciation has been applied in determining the depreciated replacement value of the asset.

Buildings - non-specialised buildings (e.g. residential and office buildings) are valued at fair value using market-based evidence. The Town Hall and a large part of the District Building have been determined to be below the safe earthquake standard and the cost of strengthening exceeds the book value (also see Note 33 Contingencies). In 2017 the impairment value write-down was taken to the revaluation reserve while a residual value remained, representing the value of the portion of the office building still in use. This part of the building was added in the 1980s and is above 33% of the earthquake code. The revaluation of the buildings as at 30 June 2021 has meant the Town Hall and the old Administration Building were revalued to a nominal value of \$40,000 and a further value placed on the part of the administration building still in use. The future of this part of the building is yet to be determined.

Library books - these are valued at depreciated replacement cost. They are valued annually, in-house using the inventory of book stock as recorded on the library system and the average cost of books purchased, by category.

Infrastructural assets - the most recent 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. A \$9.2 million correction to decrease the valuation of culverts has been made since then, correcting a revaluation error.

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						
	\$ 2020 Computer Software	\$ 2020 Resource Consents	\$ 2020 Total	\$ 2021 Computer Software	\$ 2021 Resource Consents	\$ 2021 Total
Opening Original Cost	1,091,061	6,867,052	7,958,113	1,117,645	4,084,434	5,202,079
Opening Accum. Amortisation	(1,005,943)	(3,444,350)	(4,450,293)	(1,048,600)	(362,838)	(1,411,438)
Carrying Amount (start of year)	85,118	3,422,702	3,507,821	69,046	3,721,596	3,790,641
Additions	9,840	-	9,840	57,606	-	57,606
Revaluation	-	563,844	-	-	-	-
Disposals (net BV)	-	-	-	(1)	-	(1)
Amortisation Change	(42,657)	(264,951)	(307,607)	(32,570)	(315,273)	(347,843)
Transfers/Adjustments	16,744	-	16,744	-	-	-
Closing Original Cost	1,117,645	4,084,434	5,202,079	1,173,482	4,084,434	5,257,916
Closing Accum. Amortisation	(1,048,600)	(362,838)	(1,411,438)	(1,079,401)	(678,112)	(1,757,513)
Carrying Amount (end of year)	69,046	3,721,596	\$ 3,790,641	94,081	3,406,322	\$ 3,500,403
Work in progress	-	79,836	\$ 79,836	60,585	96,714	\$ 157,299
	69,046	3,801,431	\$ 3,870,477	154,666	3,503,036	\$ 3,657,702

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 2021	Actual 2020
Opening balance 1 July	524,553	536,029
Gains/(losses) arising from changes in fair value	60,190	15,429
Decreases due to harvest	(45,291)	(26,905)
Balance at 30 June	\$ 539,452	\$ 524,553

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 2021	Actual 2020
Opening balance 1 July	2,676,200	2,668,200
Acquisitions / (Disposals)	(2,390,000)	-
Transfers -	286,200.00	-
Fair value gains/(losses) on valuation	-	8,000
Balance at 30 June	\$ -	\$ 2,676,200

During the year the Council sold two of the properties in the investment portfolio to a developer for a new subdivision.

The remaining five properties have been transferred to our land portfolio as the Council was no longer marketing these for sale.

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

	2021	2020
Rental Revenue	-	109,488
Expenses from investment property generating Revenue	-	18,124
Expenses from investment property not generating Revenue	-	9,443

Notes to the Accounts

Note 17

CAPITAL EXPENDITURE SUMMARY		2020/21	2020/21	Source of Funding		
Activity	Project	Plan	Actual	Rates	Reserves	Other
Roading		<i>(Renewal/New/ Growth)</i>				
Roading - subsidised	Roading renewals - rural	R	2,579,160	2,741,921	1,124,188	1,617,734 *2
	Roading renewals - urban	R	1,747,429	1,859,717	776,393	1,083,324 *2
	Bridge renewals	R	115,000	12,707		7,497 *2
	Rural/Urban minor improvements	N	1,264,400	1,419,834	582,132	837,702 *2
	Bridge - Waipoua/Colombo Rd design	R	285,000	2,172		2,172
	Footpath upgrading [incl reseals]	R	672,000	532,371		218,272
	Cycleways	N	70,000	4,080	1,673	314,099 *2
	Car park seal renewals & signage	R	407,206	241,649		241,649
	Carpark lighting - safety initiative	N	60,000	42,432		42,432
	CBD Recycling Bins	N	10,000	-		2,407 *2
Roading - non-subsidised	Town Centre upgrade	N	1,400,000	259,189		259,189 *1
	Neighbourhood upgrades	N	120,000	-		
	Gordon Street upgrade	G	400,000	-		
	Millard Ave - design	G	50,000	12,914		12,914
	Retaining structures (event related)	N		295,154		121,013
	Under veranda lighting	N	180,000	192,767		174,141 *2
						192,767
Water Services						
Urban Treatment	Water treatment plant equip. renewal	R	40,000	86,049		86,049
	Water treatment - buildings & grounds	R	20,000			0
	WTP SCADA & electrical upgrades - S	N		74,745		74,745 *3
	WTP sludge handling upgrade	N	200,000	69,112		69,112 *1
Urban Water Reticulation	Water reticulation - mains renewals	R	1,800,000	1,079,823	1,079,823	
	Water reticulation - connections	R	50,000	71,787		65,749
	Water meters all urban properties	N	1,800,000	515,750		199,130
	Bulk Tanker water terminal	N		3,143		316,619 *1, 3
	Millard Ave/Andrews St - design	G	20,000	1,050		3,143 *3
	Reservoir upgrades	G	20,480	3,458		1,050
Rural Water	Opaki water race consent renewal	R	50,000			
	Water - emergency package plant	N	100,000	45,841		3,458 *3
	Castlepoint water supply upgrades	R		3,433		
	Wainuioru water supply upgrades	R	50,000	10,629		45,841 *1
Wastewater Services						
Urban Wastewater	Homebush equipment upgrades	R	310,000	239,946		239,946
	Sewerage reticulation renewals	R	1,350,000	2,653,840		2,653,840
	Homebush irrigation extension	N	300,000	19,045		19,045
	Millard Ave/Andrews St - design	G	20,000	2,400		2,400
	Sewer connections (new)	G		11,816		11,816 *3
Rural Wastewater	Riversdale Beach renewals	R	70,000	39,392		39,392
	Castlepoint sewerage plant renewals	R	5,000	73,223		73,223
Stormwater Services						
	Stormwater - renewals	R	330,000	307,016		307,016
	Millard Ave/Andrews St - design	G	20,000	1,750		1,750
	Stormwater consent	N	52,000	9,209		9,209
Solid Waste Services						
	Transfer Station renewals	R	50,000	14,644		14,644
	Nursery Road land fill capping	N	40,420			
Community Facilities/Activities						
Parks & Reserves	Queen Elizabeth Park rejuvenation	N	90,250	69,647		69,647
	Upgrade structures/facilities	R	275,000	76,411		76,411
	Waipoua cycle/pedestrian bridge	N		47,053		47,053
	Q E Park - lake water pump upgrade	R		6,584		6,584
	Street trees renewals & new	N	16,750	18,476		18,476
	Henley Lake services upgrades	R	140,000	182,444		182,444
	Henley - overflow carpark	N	30,000	32,918		32,918
	Henley - intake upgrade	N	80,000	29,770		29,770
	Recreation trails network	N	248,662	40,631		40,631
	Parks - Signage & Furniture	R	4,042	-		0
	Castlepoint seawall handrails	R	30,000	43,518		43,518
	Percys Reserve upgrade	N	50,000	45,795		45,795
	Rural Reserve upgrade	R		8,599		8,599
	Bike Skills Park track (vested)	Vested		61,000		61,000 *4
	Reserve land acquired from subdivision	Vested		325,587		325,587 *4
Sportsfields	Sportsfield buildings renewals	R	750,000	361,194		322,694
	Colin Pugh Sports Bowl - track renewal	R	110,000	118,869		118,869
	Skatepark upgrade	N	1,350,000	421,136		300,000
Trust House Recreation Centre	Outdoor pool upgrades	R	80,000			121,136 *3
	Building & services renewals	R	110,000	156,016		156,016
	Plant & equipment renewals	R	90,000	42,085		42,085
<i>sub totals to carry forward to next page</i>			\$ 19,512,799	\$ 15,041,740	\$ 2,484,385	\$ 7,184,266
						\$ 5,373,088

Note 17 (contd)

Notes to the Accounts

Note 18

RELATED PARTY TRANSACTIONS

During the year Councillors and staff of the Council were involved in minor transactions with the Council (such as payment of rates, transfer station charges, advertising spend and building consents). No disclosure is made where the transactions are within a normal supplier or client /recipient relationship and on terms and conditions no more or less favourable than those that it is reasonable to expect the Council would have adopted in dealing with the party at arm's length in the same circumstances.

During the year the Council had dealings with a entities where there is a direct relationship between a Councillor or senior staff member. These are considered related party transactions and the more significant ones are disclosed below for transparency purposes. The transactions disclosed were effectively 'at arm's length'. The individuals involved were either not part of the decision-making process, or did not vote on the Council resolution where a decision affecting their interests was made.

The agendas at all Council and committee meetings include an opportunity to declare any potential conflicts of interest. The intention is that these parties do not unfairly influence the decision. The notes below provide more detail on the more significant transactions and relationships.

Related party transactions disclosed:

- * **Masterton Trust Lands Trust (MTLT)** - during the year the Council had a range of dealings with MTLT. Four district councillors are also elected members of MTLT. They are Cr F Mailman, Cr R Johnson, Cr G Caffell and Cr S Ryan. The MTLT provided the Council's library activity with a grant for books of \$18,600. The Council has been a defendant in legal proceedings brought by MTLT in relation to the structural design of a number of their buildings. See further disclosure in contingencies note. The four councillors/trustees have been excluded from access to information and Council decision making in relation to these legal proceedings. The Council has commenced negotiations for purchasing land owned by MTLT as a site for a new civic facility. Advice has been sought as required and conflicts in relation to this transaction have been appropriately managed.
- * **Masterton Community Trust (MCT)**. The Council has applied to and been granted funding from the MCT (in 2020/21 \$6,000 for the Waitangi Day event). Cr R Johnson was elected to the MCT in Oct 2019.
- * **Masterton A & P Assoc (A&P Assoc)** - Council provides an annual grant nominally towards the value of rates levied on the Solway Showgrounds. 2020/21 = \$7,500 (2019/20 \$7,644). Council also paid a grant of \$10,000 towards the costs of installing a dump station at the showgrounds. Councillors T Nixon and D Holmes are both office holders of the A&P Assoc.
- * **Wairarapa Youth Charitable Trust** - have a land lease from the Council at 161 Dixon Street, 2020/21 value \$6,000. Council provided two grants to the trust totalling of \$10,000 in 2020/21 (2019/20 \$10,000). Cr F Mailman is a trustee.
- * **Mediaworks Ltd** is used by the Council as one of a number of communications channels for a range of community engagement projects. The value spent with the company in the 2020/21 year was \$56,427. Cr B Gare is employed by Mediaworks Ltd, but is not involved in any of the Council decision making related to communications and engagement expenditure.
- * **Lansdowne Residents Association (LRA), People First NZ and Concretextra Ltd**. The LRA was allocated funding of \$4,646 to undertake projects in their suburb/neighbourhood. People First NZ received a community wellbeing grant of 2,000 in Feb 2021. Concretextra supplied a picnic table to Council for Percy's Reserve, value \$5,923 in December 2021. Cr S Ryan is a committee member of LRA, is employed by People First NZ and is a managing shareholder in Concretextra Ltd.
- * **Wairarapa Bush Rugby Union (WBRU)** - holds the lease for Cameron & Soldiers Memorial Park. The lease payable to the Council in 2020/21 was \$17,275. Nine months lease was foregone as part of Council's relief/recovery response to COVID-19 impacts. The value of the lease foregone in 2020/21 was \$12,956. The relief provided was part of a package of measures the Council put in place for all sports groups who pay rent to the Council. The Manager of Community Facilities & Activities (until April 2021), Andrea Jackson was a board member of the WBRU.
- * **Digital Seniors Trust (DST)** - applied for and received two separate community wellbeing grants totaling \$5,000 in 2020/21 (2019/20 = \$4,000). The Manager Finance, David Paris is a trustee of DST.

Transactions with key management personnel		2020/21	2019/20
Councillors	Remuneration	\$509,554	\$479,184
	No. of members (incl iwi reps and Audit & Risk independent membe	14	13
Senior Management Team, including the Chief Executive			
	Remuneration	\$1,362,896	\$1,291,746
	Full-time equivalent members	7.0	7.2
Total key management personnel remuneration		\$1,872,451	\$1,770,930
Total full-time equivalent personnel		21.0	20.2

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

Notes to the Accounts**Note 19****REMUNERATION - Elected Representatives****2020/21****2019/20**

Masterton District Council consists of a Mayor and ten councillors. The Mayor's honorarium and Councillors' remuneration pool are set by the Remuneration Authority. The allocation of the 'pool' is decided by the Council. Two iwi representations were appointed in October 2016 and re-confirmed in October 2019.

Mayor	Lyn Patterson	116,326	114,959
Deputy Mayor	Graham McClymont	44,758	43,596
Councillor & committee chair	Gary Caffell	39,594	39,704
Councillor	Chris Peterson	34,430	33,119
Councillor & committee chair	Frazer Mailman	37,872	35,414
Councillor & committee chair	Bex Johnson	44,758	40,005
Councillor	Brent Gare (from Oct '19)	34,430	24,140
Councillor	Sandy Ryan (from Oct '19)	34,430	24,140
Councillor	Tim Nelson (from Oct '19)	34,430	24,140
Councillor	Tina Nixon (from Oct '19)	34,430	24,140
Councillor	David Holmes (from Oct '19)	34,430	24,140
Councillor & committee chair	Jonathan Hooker (to Oct '19)		12,570
Councillor	Brent Goodwin (to Oct '19)		8,979
Councillor	Simon O'Donoghue (to Oct '19)		8,979
Councillor	John Dalziel (to Oct '19)		8,979
Councillor	Deborah Davidson (to Oct '19)		8,979
Audit Committee independent	Philip Jones	8,667	
Iwi Representatives (x2)		11,000	3,200
		\$ 509,554	\$ 479,184

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.

	2020/21	2019/20
The annual salary package, including benefits was:	\$254,059	\$246,885

REMUNERATION - Council employees

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

2021		2020	
< \$60,000	55	< \$60,000	62
\$60,000- \$79,999	32	\$60,000- \$79,999	24
\$80,000- \$99,999	28	\$80,000- \$99,999	26
\$100,000- \$119,999	14	\$100,000- \$119,999	7
\$120,000- \$139,999	8	\$120,000- \$139,999	8
\$140,000- \$219,999	7		
\$220,000- \$259,999	1	\$140,000- \$249,999	6
Total Employees*	145	Total Employees[†]	133
Total FTEs	124	Total FTEs	107

*(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 104 (2020 = 86) full-time employees, with the balance of staff representing 20 (2020 = 21) 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 2021, the Council made zero (2019/20 = 0) and severance payments to employees totalling \$0 (2019/20 \$0).

The term severance payment includes non-monetary benefits but excludes salary, holiday pay, superannuation contributions and any other contractual entitlements to which the employee was entitled.

Notes to the Accounts

Note 20

CREDITORS & OTHER PAYABLES

\$

30 June 2020**30 June 2021**

5,261,366	Trade payables	6,606,790
532,792	Deposits & bonds	733,039
188,238	Agency rates collected - Greater Wellington Regional Council	182,414
1,804,392	Revenue received in advance	3,910,097
172,154	Community organisations - funds held in trust	383,339

\$7,958,942**\$11,815,680****Exchange & Non-exchange transactions analysis***Payables and deferred revenue under exchange transactions:*

4,777,585	Trade payables and accrued expenses	6,162,542
463,946	Contract retentions	434,248
5,241,531		6,596,790

Payables and deferred revenue under non-exchange transactions:

19,835	Grants Payable	10,000
360,392	Bequests & funds held in Trust	565,753
2,337,184	Payments received in advance (inclgd bonds)	4,643,137
2,717,411		5,218,890

\$7,958,942*Total payables and deferred revenue***\$11,815,680**

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 2020**30 June 2021**

897,950	Staff holiday provision	982,489
(88,811)	Salaries & wages accrued	74,874
(5,722)	Councillor's honorariums payable	(3,410)
9,376	Staff sick leave provision	10,244
5,375	Staff alternative leave provision	5,915
88,802	Staff retirement gratuities	43,428

\$906,969

Total Employee Benefit Liabilities

\$1,113,539

897,802	Comprising:	Current	1,104,045
9,167		Non-current	9,494
\$906,969		Total Employee Benefit Liabilities	\$1,113,539

The present value of staff retirement gratuities represents the discounted value of long service leave payable to three 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 2.27% (last year 2.8%) 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 2020	30 June 2021
-	-
167,741	207,075
6,500,946	3,626,865
\$6,668,687	\$3,833,940

Assets**Non-current**

Interest rate swaps - fair value

Liabilities**Current**

Interest rate swaps - fair value

Non-current

Interest rate swaps - fair value

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 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 \$48.7m (2020 \$56.7m). Five of these, with a nominal principal totalling \$9m, were forward start date contracts (2020 Seven with a total of \$14m). At 30 June 21, the fixed interest rates of interest rate swaps varied from 1.6525% to 5.515% (2020:

Notes to the Accounts

Note 23

PROVISIONS

30 June 2020		30 June 2021
\$	Landfill Aftercare Provision	\$
91,830	Opening balance	92,578
(50,378)	Amounts used during the year	(36,161)
45,616	Adjustments to provision*	30,677
5,510	Discount unwinding (Note 5)	5,555
92,578	Closing balance	92,649

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 liability for this work was originally recognised and allowed for over a 10 year time period to 2020.

The 2021-31 LTP has provided for the completion of the capping and planting over the first three years of the plan. The value in the liability provision reflects the cost of that work. On-going consent monitoring is treated as an operating cost. The sums expended in 2020/21 included moving cover material and cleanfill around on the site.

Provision for Financial Guarantees**NZ Local Government Funding Agency (LGFA)**

providing debt funding to local authorities in New Zealand and it has a credit rating from Standard and Poors of AAA.

Masterton District Council was one of 30 foundation council shareholders of the NZLGFA, along with the NZ Government. There are now 72 of the 78 councils who borrow from the LGFA, 63 of those councils are guarantors of LGFA, including Masterton DC. LGFA has uncalled capital of \$100,000 and when aggregated with uncalled capital of other shareholders, \$20m is available in the event that an imminent default is identified.

At 30 June 2021, NZLGFA had lent \$12.067 billion (2020: \$10.869 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 2021	Amount owing 30 June 2020
Masterton Motorplex Inc.	300,000	141,624	184,655
Wairarapa Multi-Sport Stadium Trust Board	100,000	39,668	57,165
Netball	135,000	49,385	102,463
	535,000	230,676	344,283

30 June 2020		30 June 2021
\$	Total Provisions	\$
92,578	Landfill aftercare provision	92,649
0	Financial guarantees provision	0
\$92,578	Closing carrying value - Provisions	\$92,649
42,453	Current	57,000
50,125	Non-current	35,649
\$92,578		\$92,649

Notes to the Accounts

Note 24

FINANCIAL LIABILITIES as at 30 June 2021

		\$	\$	\$
		30 June 2020	30 June 2021	Budget 2021
SUMMARY	Secured (bank) loans	0	0	0
	LGFA bonds	51,100,000	48,500,000	54,333,787
	Finance leases	0	0	0
	Internal loans	9,639,166	9,766,798	9,759,391
	Sub total - all financial liabilities	60,739,166	58,266,799	64,093,178
	Less current portion of external liabilities	(7,000,000)	(8,000,000)	(8,000,000)
	Internal loans/investments reversed	(9,639,166)	(9,766,798)	(9,759,391)
	Total non-current financial liabilities	\$44,100,000	\$40,500,000	\$46,333,787

	2020/21	\$	\$
		Actual	Budget
COST OF DEBT SERVICING			
Loan repayments (external)		2,600,000	2,590,412
Interest expense (external)		2,137,450	2,148,779
Cost of Debt Servicing (external)		4,737,450	4,739,191
Loan repayments (internal)		717,725	694,220
Interest expense (internal)		213,769	293,584
Cost of Debt Servicing (internal)		931,494	987,804
Treasury Policy Compliance			
Net External Debt to Operating Revenues		36.8%	150% 77.9%
Interest (external) as % of operating revenue		4.0%	10% 4.2%
Interest (external) as % of total rates revenue		6.6%	15% 6.7%
Interest (internal & external) as % of total rates revenue		7.3%	20% 7.6%

MOVEMENTS IN TOTAL DEBT

	\$ Actual	\$ Budget
Opening Balance 1 July 2020	\$60,739,166	\$61,523,610
Loan repayments	(3,317,725)	(3,284,632)
New borrowing (external, internal & finance leases)	845,357	5,854,200
Closing Balance 30 June 2021	\$58,266,798	\$64,093,178

MATURITY ANALYSIS

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

	30 Jun 2020	30 Jun 2021	
Repayments due in less than one year	7,000,000	8,000,000	Weighted average
Later than one year, less than five	32,300,000	32,100,000	interest on
Later than five years	11,800,000	8,400,000	external loans
	\$51,100,000	\$48,500,000	3.95%

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 6.5 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.

Notes to the Accounts**Note 24 (cont'd)****FINANCIAL LIABILITIES as at 30 June 2021**

Leases: As at the 30th June 2021 (and 2020) Council had no finance leases in place.

New Debt: The Council borrowed \$4.4M in new external borrowing during the 2020/21 year to part fund a bond maturity of \$7.0M.

Internal loans: Internal loan funds were used to fund 20/21 capital projects.

Internal interest paid/earned totalled \$213,769 and was charged on the average balance due. The interest rates charged averaged 2.14% for the year to 30 June 2021. 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 2021

External Interest \$ 000's		Opening Balance \$ 000's	New Borrowing \$ 000's	Reduction \$ 000's	Closing Balance \$ 000's
13	Roading	306	0	(11)	295
176	Water	4,149	0	(161)	3,988
1,626	Wastewater Services	39,292	0	(1,975)	37,317
75	Solid Waste	1,815	0	(142)	1,673
21	Stormwater	515	0	(35)	480
0	Community Wellbeing	0	0	-	0
226	Community Facilities/ Activities	5,023	0	(276)	4,747
2,137		51,100	-	(2,600)	48,500

Schedule of Internal Loan/Investment Movements by Groups of Activities

for the year ended 30 June 2021

Internal Interest \$ 000's		Opening Balance \$ 000's	New Borrowing \$ 000's	Reduction \$ 000's	Closing Balance \$ 000's
15	Roading	561	259	(37)	783
14	Water	428	431	(18)	841
67	Wastewater Services	3,235	0	(347)	2,888
8	Solid Waste	378		(42)	336
0	Stormwater	0	-	-	0
0	Community Wellbeing	11		(2)	9
109	Community Facilities/ Activities	5,026	0	(271)	4,755
1	Regulatory	0	155	-	155
214		9,639	845	(718)	9,767

Notes to the Accounts

Note 25

EQUITY

RETAINED EARNINGS

		\$
30 June 2020		30 June 2021
429,927,779	Opening Balance	436,438,680
8,629,125	Transfers From Special Funds & Reserves	10,674,455
(9,046,852)	Transfers (To) Special Funds & Reserves	(11,237,983)
358,845	Transfer to equity revaluation reserve on disposal assets	\$ 768,342
6,569,783	Surplus/(Deficit) for the year	8,261,486
\$436,438,680	Closing Balance	\$444,904,979

REVALUATION RESERVE

30 June 2020		Notes	Movements due to asset disposals & impairment	Revaluation Movements	30 June 2021
38,649,471	Land			28,313,963	66,963,434
21,619,988	Buildings	*1	(42,663)	3,016,445	24,593,770
	Infrastructural Assets	*2			
3,707,759	Land (under roads)				3,707,759
213,213,507	Roading & footpath assets	*3	(58,203)	(9,185,270)	203,970,034
15,401,021	Water supply - urban		6,885		15,407,906
2,258,331	Water supplies - rural		(543)		2,257,788
39,949,699	Sewerage system - urban		(675,462)		39,274,237
3,087,871	Sewerage systems - rural		(2,986)		3,084,885
7,817,567	Stormwater assets		-		7,817,567
2,108,597	Flood Protection & Control Works		-		2,108,597
2,246,515	Other infrastructure assets				2,246,515
563,844	Infrastructural resource consents				563,844
(124,465)	Financial assets value change	*4	4,630	41,876	(77,959)
\$ 350,499,699	via comprehensive revenue		(\$768,342)	\$ 22,187,014	\$ 371,918,371

Analysis of Movements

*1 Land was revalued as at 30 June 2021 by Jones Lang LaSalle resulting in a \$28.3 million (48.1%) increase in fair value after taking account of additions and deletions during the same period.

*2 Building assets were revalued by Jones Lang La Salle as at 30 June 2021 resulting in \$3.0 million (7.4%) increase in depreciated replacement cost (DRC) over 3 years, after taking account of additions and depreciation for the same period.

Revalued portion of Buildings disposals:

Henley Lake viewing platform destroyed by fire	(22,603)
Castlepoint Toilets rebuilt	27,637
Taueru Hall services replaced	(9,257)
192 Chapel Street refitted	(35,942)
Castlepoint Fire Station electrics replaced	(2,498)

Infrastructural assets were revalued as at 30 June 2020. An error in the valuation of culverts since the

*3 annual report was published last year has resulted in a \$9.2m decrease in the valuation.

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

Roading assets: - kerb & channel, footpaths, signs, culverts, bridges	(58,203)
Water assets: - water reticulation mains & connections	6,342
Sewerage assets: - sewer reticulation, manholes & connections	(678,448)

*4 Revalued portion of investments maturing included the following:

LGFA Borrower Notes	4,630
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Notes to the Accounts

Note 26

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 2021	30 June 2020
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	9,022	9,160
	<u>9,022</u>	<u>9,160</u>
Cash Deposits, Receivables & Community Loans		
Debtors and other receivables	3,936	3,316
Cash and cash equivalents	7,027	9,060
Bank deposits – current financial assets	11,373	5,596
Bank deposits – non current financial assets	0	0
	<u>22,336</u>	<u>17,972</u>
Fair value through comprehensive revenue & expense		
Derivative financial instrument assets	0	0
Corporate bonds – current	128	107
Corporate bonds – non-current	811	804
Unlisted shares	222	221
	<u>1,161</u>	<u>1,132</u>

Financial Liabilities**Fair value through comprehensive revenue & expense**

Derivative financial instrument liabilities	3,834	6,669
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Financial liabilities at amortised cost

Trade and other payables	11,816	7,959
Borrowings – secured loans	0	0
– LGFA bonds	48,500	51,100
– Secure Floating Note (FRN)	0	0
	<u>60,316</u>	<u>59,059</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 2021 was 1.73 per cent (last year 3.99 per cent) and on the Council's borrowings (as shown in Note 24) the weighted average interest rate being charged at 30 June 2021 is 3.95 per cent (last year 4.27 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 2021 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 \$283,600 (2020 \$247,270). If interest rates on borrowings at 30 June 2021 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 \$485,000 (2020 \$511,000) as a result of higher/lower interest expense on borrowings.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose the council to cash flow interest rate risk. The Council manages its cash flow interest rate risk on borrowings by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings at floating rates and swaps them into fixed rates that are generally lower than those available if the council borrowed at fixed rates directly. Under the interest rate swaps, the Council agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

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 \$48.5 million from them at 30 June 2021. There are two cash advance facilities with Westpac and ANZ. The maximum amount that could be drawn down using these facilities during 2020/21 was \$10m (2020 \$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 2021 no money had been drawn against the CAFs (2020 \$0m).

The maturity profile of the Council's interest-bearing investments is disclosed in Note 11 with a split between cash, deposits of less than three months, financial assets of less than 12 months and financial assets with terms greater than 12 months. The table on the next page shows the financial assets exposed to credit risk and the credit ratings of the investments.

			Note 26a
Maximum exposure to credit risk			
	\$000	\$000	
	30 June 2021	30 June 2020	
Cash at bank and term deposits	18,400	14,656	
Debtors and other receivables	3,936	3,316	
Derivative financial instrument assets	0	0	
Local authority, LGFA and government stock	879	856	
Corporate bonds/discounted securities/SOEs	9,082	9,215	
	32,296	28,043	
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-	15,877	13,010
	Not Rated	2,523	1,646
Total cash at bank and term deposits		18,400	14,656
Government and LGFA Stock			
Government stock	AA	0	0
LGFA	AA+	879	856
Local authority stock	A	0	0
Total Government and LGFA Stock		879	856
Listed bonds			
	AAA	783	795
	AA	7,768	7,887
	A- to AA-	0	0
	A+	0	0
	A	471	478
	A1 & A1+	0	0
	BB+ to BBB+	60	55
Total listed bonds		9,082	9,215
Derivative financial instrument assets			
	AA-	0	0
Counterparties without credit ratings			
Debtors and other receivables		3,936	3,316
		3,936	3,316
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.

Note 26b

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 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
As at 30 June 2021					
Creditors and other payables	11,816	11,816	11,816		
Net settled derivative liabilities*	3,834	6,136	1,351	4,256	528
Committed cash advances	0	0	0	0	
Secure Floating Note (FRN)	0	0	0		
LGFA bonds	48,500	50,118	8,614	33,056	8,447
Finance leases	0	0	0	0	
	64,150	68,070	21,782	37,313	8,976

* 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.

Note 27

Sensitivity Analysis					2020 \$000's			
2021 \$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	(70)		70		(91)		91	
Other financial assets ¹	364	-	(364)	-	370	-	(370)	-
Other financial assets ²		98		(98)		60		(60)
Derivatives ³	-		-		-		-	
Financial Liabilities								
Term Debt	485		(485)		511		(511)	
Derivatives ³	(1,685)		1,583		(2,055)		1,926	
Total Sensitivity	(906)	98	804	(98)	(1,265)	60	1,136	(60)
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.

Note 28 Purpose and Application of Special Funds and Reserves

Plant and Equipment Depreciation Funds

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

General Capital Reserves

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

Investment Interest Fund

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

Reserves and Development Funds

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

Buildings Depreciation Funds

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

Roading, Bridges and Flood Damage Funds

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

Urban Infrastructure Depreciation Funds

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

Miscellaneous Funds

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

Notes to the Accounts

Note 28

MOVEMENTS IN SPECIAL FUNDS & RESERVES - 2020/21					
	Opening Balance	Transfers Out	Transfers In	Closing Balance	Budget
Plant & Equipment Funds	1,613,199	(831,208)	480,414	1,262,406	1,374,658
General Capital Funds	2,686,389	-	2,492,911	5,179,301	3,185,196
Investment Interest Fund	589,771	(347,000)	201,910	444,682	467,180
Reserves & Development Funds	1,739,450	(557,520)	657,797	1,839,728	1,368,621
Building Depreciation Funds	5,802,226	(2,023,306)	1,567,121	5,346,042	3,539,477
Roading, Bridges & Flood Damage	6,377,628	(1,083,413)	1,375,154	6,669,368	5,361,989
Urban Infrastructural Depreciation	6,644,054	(4,339,012)	3,254,169	5,559,212	5,227,130
Miscellaneous Funds	3,167,700	(1,492,996)	1,208,507	2,883,210	1,957,845
Total	\$28,620,419	(10,674,455)	\$11,237,984	\$29,183,947	\$22,482,096
				Actual	Budget
Analysis of Transfers 'OUT' of Funds & Reserves				2020/21	2020/21
Funding of Capital Expenditure from special funds & reserves				8,679,213	11,992,275
Funding of Operating Expenditure from special funds & reserves				1,995,242	3,048,576
				10,674,456	15,040,851
Analysis of Transfers 'IN' to Funds & Reserves					
Reserves & Development Contributions received				657,797	355,000
Infrastructure & Roothing Contributions received				1,617,808	770,000
Carry forward funding for on-going project commitments				977,855	222,889
Interest earned and retained in special funds				4,000	4,000
Interest earned and allocated to Investment Interest fund				201,910	281,111
			Sub Total	3,459,371	1,633,000
Depreciation funded into asset replacement reserves funds				5,261,241	5,219,179
Total of Transfers into funds from Operations				8,720,611	6,852,179
Proceeds from sale of plant & equipment assets				16,061	20,000
Proceeds from sale of land & building assets (including forestry harvested)				2,501,311	2,400,000
Total Transfers into funds from Asset Sales				2,517,372	2,420,000
				11,237,983	9,272,179

Explanation of variances from Budget:

The balance of Special Funds & Reserves, at \$29.2 million, is \$6.7 million or 29.8% more than budgeted.

Plant & Equipment Fund of \$1.3m is 8.2% less than Plan

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

General Capital Funds \$5.18 million is \$1.99m or 63% more than Plan

The plan anticipated a draw of \$620k from this fund to reduce the rates increase needed. Operational savings have meant that draw was not required. Also, \$1m was expected to be applied to the Airport development project, but the funding has not yet been required.

Reserves & Development Funds at \$1.8 million is \$471k or 34.4% more than Plan

Contributions received were \$303k (85%) more than planned. Expenditure from this fund was less than budgeted due to recreation trails development work not proceeding.

Building Depreciation Funds \$5.3 million is 51% more than Plan or \$1.8 million

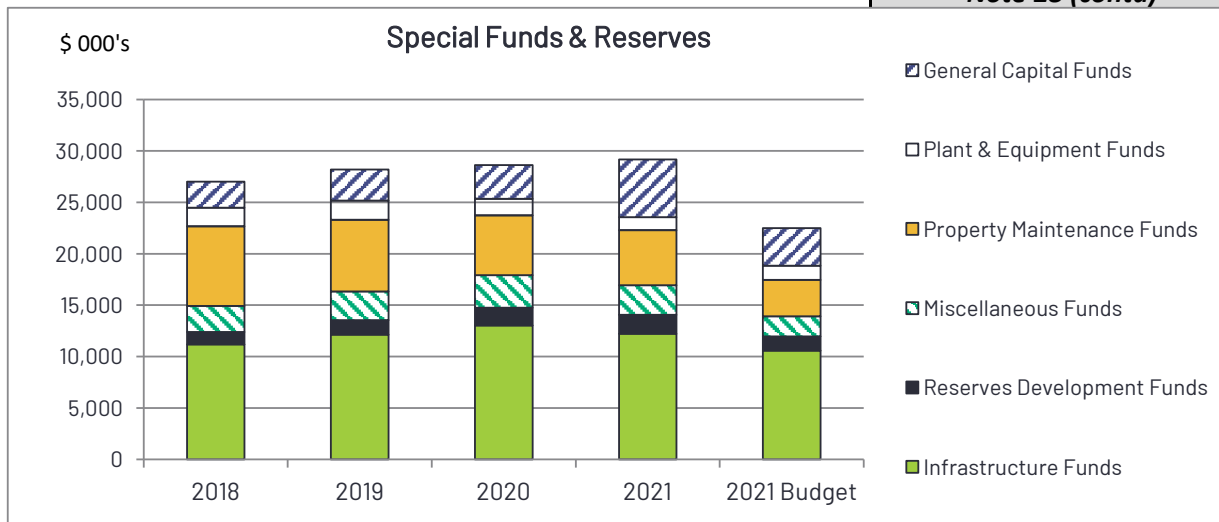
Only \$2.0m of \$3.7m budgeted expenditure from this fund was needed as a number of projects were not progressed, including the airport runway and playground renewal projects.

Roading & Infrastructural Assets Funds \$12.2 million - \$1.6m or 15% more than budgeted

Financial contributions for roading were \$386k more than planned while use of reserve funds on roading projects was \$945k less than planned. Urban infrastructure fund balance is \$0.33m or 6.3% more than budgeted. Some \$4.3m was applied to fund renewals compared to a budget of \$3.7m. Some of the water reticulation renewals programme could not be completed due to both contractor and materials availability.

Miscellaneous Funds of \$2.9m is \$0.9 or 47% more than Plan

Carried forward funding added to these reserves by \$986k which was \$763k more than planned, while use of carried forward balances during the year was \$495k less than planned.

Note 28 (contd)

Notes to the Accounts

Note 29

\$ 2019/20	RECONCILIATION OF NET SURPLUS/(DEFICIT) TO NET CASH INFLOW FROM OPERATING ACTIVITIES	\$ 2020/21
\$ 6,569,783	Operating Surplus / (Deficit)	\$ 8,261,486
	- Add (less) non-cash items	
12,350,383	Depreciation and amortisation	14,066,205
(5,102,409)	Vested asset gains	(3,662,745)
(15,429)	(Gains)/losses in fair value of biological assets (forestry)	(60,190)
(8,000)	(Gains)/losses in fair value of investment property	-
(30,228)	Other non-cash items	(79,978)
	- Add (less) items classified as investing or financing	
347,769	(Gains)/losses on disposal of property, plant & equipment	1,358,263
1,112,314	(Gains)/losses on change in fair value of financial assets/liabilities	(2,499,039)
	- Add (less) movements in working capital items	
258,570	(Increase)/decrease in receivables	(508,588)
26,130	(Increase)/decrease in prepayments	(111,071)
114,880	(Increase)/decrease in Inventories	4,607
271,490	Increase/(decrease) accounts payable	1,104,005
(278,793)	Increase/(decrease) in employee entitlements	206,570
865,693	Increase/(decrease) in other current liabilities	2,452,031
\$ 16,482,154	Net Cash Inflow from Operating Activities	\$ 20,531,554

Notes to the Accounts

Note 30

RATING POLICIES REPORT

RATES REMISSIONS

	2020/21		2019/20	
	No.	\$	No.	\$
The cost of the Council's Rates Remission Policy is summarised below.				
Rates remissions were given on:				
Community halls, volunteer & charitable groups	66	95,341	65	95,283
Sporting, arts and cultural use	23	47,435	23	43,712
Land protected for conservation or heritage purposes	84	16,920	81	16,288
Rate penalty remissions*	10,003	308,962 *	13,324	372,973
Uniform charges on non-contiguous units	5	1,807	5	1,759
Urban land with rural use	5	7,465	8	7,790
Total (as per Note 3)	10,186	\$477,929	13,506	\$537,804

* 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. 10,003 is the number of transactions, and these relate to penalty remissions on 3,898 properties. Lower penalty remissions are due to Council not levying a penalty on instalment 1 as part of its response to the Covid-19 local economy impacts.

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

RATES POSTPONEMENTS - Subdivision Developments

Under the Council policy on Rates Postponements for subdivision developments, zero (2020 = 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 2020/21, no properties (2019/20 = 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.

Notes to the Accounts

Note 31

ACTUAL VERSUS PLAN ANALYSIS

Treasury Policy

	Policy Limit	2020/21	2020/21	2019/20
		Actual	Budget	Actual
Net External Debt* as % of Operating revenue	150%	36.8%	77.9%	54.0%
Interest expense (external) as % of Op revenue	10%	4.0%	4.2%	5.0%
Interest expense as % of Rates revenue	15%	6.6%	6.7%	7.6%
Long Term Debt (external) per capita		\$1,796	\$2,012	\$1,893

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

Notes to the Accounts

Note 31 (contd)

ACTUAL VERSUS PLAN ANALYSIS**Major Variations from Plan**

Explanations for major variations in the Financial Statements from the 2020/21 Plan (Year 3 of 2018-28 LTP) are as follows:

Statement of Comprehensive Revenue & Expense

The accounting surplus of \$8.26m compares to the budgeted figure of \$0.82m surplus, but after excluding Other Gains & Losses and Vested Assets, there was a net overall surplus of \$3.32m

Total Operating Revenue of \$60.2m is more than Plan by \$9.4 m 15.6%

- * Revenue recognised but not budgeted includes gains from vested assets of \$3.66m and gain on revaluation of swaps of \$2.83m.
- * Financial contributions of \$2.4m were more than budgeted by \$1.15m. Last year \$2.03m. This revenue continues the trend of increasing contributions over the last three years and comes from the high level of subdivision activity in the urban area.
- * Subsidies & grants of \$9.6m was 7.3% more than planned. This included Waka Kotahi roading subsidy backdated funding of \$0.38m due to adjusted subsidy rates. Government funding towards Hood Airport, 3 Waters stimulus and the skatepark revamp have contributed to this revenue being higher than prior year.
- * Other operating revenue of \$8.6m was \$0.99m (12.9%) more than budgeted. A number of reasons account for this variances from the Plan, including building consents revenue being \$0.43m (41%) up and solid waste revenue being \$412k
- * Finance revenue of \$0.38m was \$0.2m less than planned after interest rates continued at low levels.

Total Operating Expenditure of \$51.9m is more than Plan by \$1.90 m 3.9%

Personnel Costs are less than Plan by \$0.25 m 2.3%

- * 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 Plan by \$0.76 m 3.2%

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

- * Roading costs, excluding depreciation, were 6.4% underspent on a budget of \$8.6m (under by \$551k). This saving was offset by higher capital/renewals expenditure. Rates funding required for renewals was \$467k more than planned.
- * Operating costs across the 3 waters, excluding depreciation, totalled \$7.6m. This was 1% less than the level planned.
- * Solid waste costs were some \$302k (10.9%) more than budgeted due to higher waste tonnages received at the transfer station than planned. This has been more than offset by increased gate fee revenue (noted above).
- * Mawley Park operating costs were \$112k more than planned, but offset by higher revenue, while Hood Airport operating costs were \$149k more than planned (28.8%).
- * Resource Mgmt. & Planning activity expenditure was underspent due to less progress than expected on the review of the Wairarapa Combined District Plan.
- * Across the Corporate Services activities of the Council, operating costs were \$180k (2.7%) higher than planned.

Finance costs were less than Plan by \$0.01 m 0.3%

- * Interest costs were very close to the planned level.

Depreciation & amortisation is more than Plan by \$1.16 m 9.0%

- * Depreciation costs increased as a result of the 2020 revaluation of infrastructural assets. The full amount of the increase was not anticipated in the budgets for the 2020/21 year.

Other Losses more than Plan by \$1.78 m

- * Other losses were not allowed for in the 2020/21 Plan include writing off residual value of assets renewed (\$1.4m) and the loss against the carrying value of the bond investment funds.

Statement of Financial Position as at 30 June 2021

- * Current assets of \$22.7m is \$12.2m higher than budgeted as more funds were held on short term deposits. Government stimulus funding in advance that will be used over the coming year contributed to these funds being higher than planned.
- * Shorter term investments are held as the flat yield curve has not justified using longer term deposits.
- * Property, Plant & Equipment at \$136m was \$19.7m more than budgeted, largely due to the revaluation of land and buildings being \$15m more than planned. Infrastructural assets are \$40.4m more than planned due to the full extent of the 2020 revaluation increase not being known when the plan was prepared.
- * In current liabilities, Creditors & Other Payables are \$11.8m which is 48.5% more than the last year. Trade payables include a number of high value contract payments that relate to work underway at year end. Revenue in advance is some \$2.1m more than last year due to several project funding amounts received carried into 2021/22. Employee liabilities have increased by 23% on last year. This includes holiday pay liability increasing 9.4% and accrual of backdated salary
- * Current financial liabilities include \$8m in two bond maturity due in April and May 2022.
- * Non-current financial liabilities are less than budgeted due to no new external loan funding being raised (internal loans were used to fund the capital expenditure that was budgeted to be loan funded).

Notes to the Accounts

Note 31 (contd)

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

- * Overall the Council's Equity is \$77m (10%) more than anticipated in the Plan largely due to the revaluation of infrastructural assets last year being higher than was anticipated in the plan.
- * Special funds and reserves are \$29.2m which is \$6.7m or 29.8% 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 \$20.5m is \$6.0m more than planned. There was more revenue than planned from financial contributions (\$1.2m) and subsidies & grants (\$2.8m) much of which is accounted for as income in advance. Cash applied to operating activities was \$1.7m less than planned (4.6% less).
- * Investing activities saw less capital expenditure (\$16.6m vs \$24.4m). This was offset by more funds available to be invested.
- * The Plan allowed for a net \$3.2m of additional external borrowing to fund capital expenditure. That funding was not needed as some capital projects did not proceed and internal borrowing was used for others. External debt repayment was close to the level planned.

Capital Expenditure

- * Subsidised roading renewals were \$6.86m versus the Plan of \$6.38m. The reasons for higher spending were the completion of unplanned, weather-related damage repairs of close to \$300k and approvals from Waka Kotahi to progress a number of 'low cost, low risk' projects such as the Te Ore Ore Road/Blair St roundabout.
- * Of the \$1.4m provision to start the CBD upgrade, only \$0.26m was spent on detailed design. Difficulties securing a contractor and uncertainty over Waka Kotahi funding for some aspects of the project have meant it has been put 'on hold'.
- * The Essex Street carpark renewal (surface & stormwater) was part completed at year end, as was the upgrading of under veranda lights in the CBD.
- * Water reticulation renewals of \$1.8m were budgeted. Only \$1.08m of work was completed as contractor availability again meant the programme of work was not fully delivered.
- * Water meter project continued to be rolled out across the town. \$0.52m spent vs a plan of \$1.8m. At balance date some 85% of meters had been installed. Contractor availability has been a factor in not completing this project also.
- * Sewerage reticulation renewals totalled \$2.65m which was double the plan. A number of reticulation renewal contracts, were able to be completed using pipe bursting techniques. This enabled a catchup on an number of prior years when renewals budgets were not fully spent. Adding to the irrigation area on the Homebush farm was delayed as the investment was reconsidered.
- * The stormwater upgrades programme was largely spent.
- * Several capital projects in the parks and recreation area have not progressed as much as expected, including playgrounds upgrades and recreation trail extensions. The skatepark project progressed through design and tendering stages and a construction contract was underway at 30 June 2021 (\$421k spent of \$1,350k budget).
- * The Plan included a provision of \$250k to progress a new Civic/Events facility and a further \$200k for designing a library building upgrade. \$110k was spent on progressing these projects' consultation options, including them being part of the LTP consultation process.
- * The nature of the Airport capital project changed during the year as PGF funding was secured to expand the scope. Progress was made on the initial hangar area expansion, but runway widening has been put on hold and has become part of a larger project from 2021/22.
- * The new animal pound provision of \$400k allowed for the construction to have started. Only \$156k was spent on designs and temporary solutions. The project remains included in the 2021/22 Plan.
- * An IT project has been progressed during the year that wasn't budgeted. It involves both digitisation of paper records and replacing the software which is Council's information management platform. The capital cost has been \$171k.
- * Vested Assets include the infrastructural assets of three separate subdivisions that have been provided by developers (\$3.3m).

Notes to the Accounts

Note 32

COMMITMENTS**As at 30 June 2021**

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	2021 No. Of Contracts	2021 \$	2020 \$
Roading	4	2,373,120	1,048,995
Water Services	2	309,548	1,456,618
Wastewater Services	4	504,786	1,361,740
Community Facilities - construction	2	994,166	222,352
	12	4,181,619	4,089,705

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

There are 12 significant construction contracts in progress at 30 June 2021 (2020 = 16). These were:

- * Rooding contracts in progress at 30 June 2021 include pavement rehabilitations under the main Higgins contract, the Essex St carpark upgrade, Goodlands bridge upgrade and Te Ore ore Rd/Blair St roundabout.
- * Four wastewater reticulation renewal contracts were committed but not complete. These relate to Waltons Ave, Keir Cres, Fleet Street and Sussex Street.
- * Two water reticulation contracts were committed but not complete. These relate to work on mains in South Belt and Essex Street.
- * Two Community facility projects were committed, but not complete. These relate to work on the Skatepark and Hood Aerodrome masterplan.

Contract Commitments

There were a number of professional and maintenance contracts commitments in operation at 30 June 2021.

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

Maintenance contract commitments 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:

	2021	2020
Not later than one year	9,084	191,275
Later than one year and not later than five years	0	9,084
Later than five years	0	0
Total Non-cancellable operating leases	\$9,084	\$200,359

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 18 for grazing, (2020 = 20), 15 sporting groups, including a mix of ground and building rentals (2020 = 15), 27 Airport sites (2020 = 24) and 19 other properties (2020 = 16). 11 of these leases expire in the next 12 months (2020 = 20), 31 within five years (2020 = 29) and 20 have a term greater than five years (2020 = 8).

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

	2021	2020
Not later than one year	433,036	384,566
Later than one year and not later than five years	697,859	514,642
Later than five years	531,149	152,427
Total non-cancellable operating leases	\$1,662,044	\$1,051,635

Notes to the Accounts

Note 33

CONTINGENT LIABILITIES and CONTINGENT ASSETS**As at 30 June 2021****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 2021 the Council had consulted a number of times (via its Annual Plans and LTPs) on broad options for the future of the buildings. The 2021-31 LTP includes provision for a new civic facility on another site. The future of the old District Building and Town Hall remains uncertain. The Council's main administration building is now Waiata House and the old buildings now are fully non-operational. A write-down to their impaired value was recognised in 2016/17.

Contaminated Sites

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

The former gas works site in Bentley Street is owned by the Council and may need some remediation in the future. The investigations to date indicate some limited off-site migration of a number of contaminants. This is not considered significant as the groundwater is not utilised in the area and the plumes are generally very limited in extent. Council 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 is used for passive recreation. One other site is in part Council ownership, part private. Studies have been commissioned by Council to establish that the level of contamination is not causing any threat to the current occupiers, but has accepted no liability for the site.

Local Government Funding Agency (LGFA) Guarantee

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

Court proceedings

- 1 The Council was named as second defendant in High Court proceedings brought by Masterton Trust Lands Trust (MTLT). The matters related to 6 separate buildings where it is alleged that the buildings do not comply with the earthquake standards at the time the buildings were built. The matters have been progressing through legal process for three years. Subsequent to 30 June 2021, 5 claims have been settled out of court and one is subject to a settlement offer via insurance. The details of the settlements remain confidential. The potential for recovery of a substantial portion of Council's costs remains subject to legal precedent to be decided by the Court of Appeal.
- 2 The Council has also been named as second defendant in a High Court proceedings brought by Masterton Trust Lands Trust (MTLT) in relation alleged defects in the building known as Waiata House. The Council is second defendant. The first defendant is the architect who oversaw the work and the third defendant is the construction company who undertook the original work. In an unrelated transaction, the Council purchased Waiata House in 2018.

As weathertightness claims are part of the claim, no insurance cover is available. Law firm, Heaney & Partners have been appointed to act in the Council's defence. Parties have filed and served statements of claim and defence. The legal process has been delayed by the focus on the structural claims in 1 above. The defects claim has been quantified and Council has engaged a number of expert witnesses to assist with the Council's defence. 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.

Notes to the Accounts**Note 33 contd****CONTINGENT LIABILITIES and CONTINGENT ASSETS
As at 30 June 2021****Court proceedings (continued)**

- 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.

Notes to the Accounts**Note 34****EVENTS AFTER BALANCE DATE**

There have been two events after balance date that are material, but do not have an effect on the 2020/21 financial statements.

1. There has been a settlement out-of-court of six of the liability claims brought by Masterton Trust Lands Trust. The settlements are confidential. Some aspects of the settlement of one claim remain subject to insurance recoveries where the insurers decision is reserved. See the disclosure in Note 33.
2. On 27 October 2021, the Local Government Minister announced that central government will proceed with the three waters service delivery reforms using a legislated "all in" approach. The three waters reform involves the creation of four statutory water services entities to be responsible for the service delivery and infrastructure from local authorities from 1 July 2024. There is still a number of uncertainties associated with the new three waters delivery model including the mechanism for how assets will be transferred to the newly established entities, and the control and governance of these entities. Notwithstanding the current uncertainty the announcement once legislated will mean Council is no longer responsible for the delivery and infrastructure of three waters services from 1 July 2024.

AUDIT AND COMPLIANCE

He arotake pūtea me te tūtohu ture

[Section Cover Page]

STATEMENT OF COMPLIANCE AND RESPONSIBILITY

Compliance

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

Responsibility

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

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

In the opinion of the Council and management of Masterton District Council, the annual Financial Statements, Statements of Service Performance and reporting as per the regulations for the year ended 30 June 2021, fairly reflect the financial position and operations of Masterton District Council.

Lyn Patterson

Mayor

Date: 9 November 2021

David Hopman

Acting Chief Executive

David Paris

Manager Finance

INDEPENDENT AUDITOR'S REPORT

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

TO THE READERS OF MASTERTON DISTRICT COUNCIL'S ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

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 9 November 2021. This is the date on which we give our report.

OPINION ON THE AUDITED INFORMATION

In our opinion:

- the financial statements on pages 113 to 169:
 - present fairly, in all material respects
 - the District Council's financial position as at 30 June 2021;
 - 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 101, 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 15 to 91:
 - presents fairly, in all material respects, the District Council's levels of service for each group of activities for the year ended 30 June 2021, 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 103 to 112, 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 103 to 112, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Long-term plan.

REPORT ON THE DISCLOSURE REQUIREMENTS

We report that the District Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 98 to 100, 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 – THE GOVERNMENT'S THREE WATERS REFORM PROGRAMME ANNOUNCEMENT

Without modifying our opinion, we draw attention to note 34 on page 169, which outlines that subsequent to year-end, the Government announced it will introduce legislation to establish four publicly owned water services entities to take over responsibilities for service delivery and infrastructure from local authorities from 1 July 2024. The impact of these reforms, once legislated, will mean that the District Council will no longer deliver three waters services.

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 statement of service performance, as a reasonable basis for assessing the levels of service achieved and reported by the District Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the District Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our 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 1 to 170, but does not include the audited information and the disclosure requirements.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENCE

We are independent of the District Council in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit of the audited information and our report on the disclosure requirements, we have audited the District Council's 2021-31 long term plan, and performed a limited assurance engagement related to the District Council's debenture trust deed. Other than these engagements, we have no relationship with, or interests in, the District Council.



John Whittal

Audit New Zealand

On behalf of the Auditor-General

Wellington, New Zealand



PHONE

06 370 6300 - 8am to 5pm except Tues 9am to 5pm
06 378 7752 - after hours

EMAIL

mdc@mstn.govt.nz

CALL INTO

161 Queen Street, Masterton
9am to 4pm

WRITE TO

Masterton District Council
PO Box 444, Masterton 5840



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WWW.MSTN.GOV.T.NZ