

MEETING

of

Audit and Risk Committee

AGENDA

Supplementary Report

Time: 1:00 pm
Date: Wednesday, 13 November 2024
Venue: Waiata House, 27 Lincoln Road,
Masterton

MEMBERSHIP

Chair Philip Jones (Chairperson)

Mayor Gary Caffell

Councillor Bex Johnson

Councillor Craig Bowyer

Councillor Brent Goodwin

Councillor Marama Tuuta

Iwi Representative Robin Potangaroa

Councillor David Holmes

Councillor Tom Hullena

Councillor Stella Lennox

Councillor Tim Nelson

Iwi Representative Jo Hayes

Order Of Business

6	Reports for Information.....	4
6.9	2023/2024 Annual Report	4

6 REPORTS FOR INFORMATION

6.9 2023/2024 ANNUAL REPORT

File Number:

Author: David Paris, Manager Finance

Authoriser: Kym Fell, Chief Executive

PURPOSE

The purpose of this report is to provide the draft Annual Report for 2023/24, for information and ahead of Council consideration for adoption on 27 November 2024.

RECOMMENDATIONS

That the Audit and Risk Committee:

1. receives the draft (pre audited) Annual Report for 2023/24; and
2. notes the final Annual Report for 2023/24 will be considered for adoption by Council on 27 November 2024.

CONTEXT

The Local Government Act 2022 (LGA) requires all Councils to prepare an Annual Report at the end of the financial year. Council's financial year end was 30 June 2024.

Under the LGA Council is required to adopt the Annual Report by 31 October each year. Due to resourcing issues within Council's Finance team, the draft Annual Report and supporting information was not available to the auditors when they were scheduled to start the audit. The auditors have subsequently reallocated resources to finish other audits and so the completion of Masterton's audit has had to be delayed. The audit of the Annual Report is progressing and it is anticipated that Council will be able to adopt it, with an audit report, on 27 November 2024.

A copy of the draft Annual Report is attached to this report (Attachment 1). The draft is near completion, with only some final detail in the Notes to the Financial statements to be completed. There may be adjustments to come based on feedback or discussions arising from the audit process.

DISCUSSION

Purpose of the Annual Report

The purpose of an annual report is:

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

The 2023/24 Annual Report is reporting on Year 3 of the 2021-2031 Long-Term Plan and budgets that were set in the 2023/24 Annual Plan. It covers the period from 1 July 2023 to 30 June 2024.

The Annual Report document includes an introductory section with highlights of the year's achievements and detailed commentary at the activity level, of the achievements of the organisation as well as full financial reporting that meets Public Benefit Entity (PBE) financial reporting standards.

The Annual Report includes detailed commentary of the performance and achievements of the organisation during the year.

Financial Highlights

There is commentary throughout the report on both the financial and non-financial performance of the Council over the 2023/24 financial year. The Council's financial position and financial performance remain sound. The weather event shocks in early 2023 have been worked through and some roading projects remain on-going as Council's roading asset managers have responded to the cyclone damage incurred.

The Weather Events Recovery office is working through the process of buying a number of properties that can no longer be lived in. This is part of the Government's 50/50 buy programme.

The accounting surplus of \$10.02 million represents funding that has been applied to capital expenditure, particularly NZTA funding for roading assets.

Building and Land assets were revalued as at 30 June 2024. This revaluation resulted in an uplift in these asset values of 9 per cent.

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 \$30.6 million of capital expenditure being 62 per cent of the planned value. 70.8 per cent of the capital expenditure programme (\$28.95 million) and had \$5.23 million added to the Council's assets as infrastructure vested as part of subdivision developments. More than planned capital expenditure was expended on water and wastewater network renewals due to both project delivery timing and decisions to increase the programme of work on these asset renewals.

Audit of the Annual Report

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

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

Publishing the Annual Report

Once adopted, scheduled for 27 November 2024, it is a legal requirement for Council to publish the document, and a summary of this, within one month. Proof-reading will be completed prior to publication. Audit NZ will also review the summary document prior to publication to ensure consistency with the Annual Report.

SUMMARY OF CONSIDERATIONS

Strategic, Policy and Legislative Implications

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

Under the LGA Council is required to adopt the Annual Report by 31 October. However, due to several factors including internal resourcing pressures and auditors' availability to complete their aspects this deadline has not been met. The audit of the Report is progressing, and it is anticipated that Council will be able to adopt it on 27 November 2023.

Significance, Engagement and Consultation

It is noted that the Annual Report is an important element of Council's accountability to the community. The Annual Report and a Summary of this will be published and made available to the community within one month of adoption. In the interim, our community can access a copy of the draft 2023/24 Annual Report and Annual Report Summary through this agenda.

Financial Considerations

The Annual Report includes extensive financial information on the Council's performance in the 2023/24 year. There are no financial considerations beyond the report itself.

Implications for Māori

The adoption of the Annual Report does not have any implications specific to Māori.

Communications/Engagement Plan

Council is required to publish the Annual Report and Summary document and make these available to the public within one month of adoption. For the 2023/24 Annual report, this is likely to be in December 2024.

Environmental/Climate Change Impact and Considerations

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

ATTACHMENTS

1. **Draft 2023/24 Annual Report** [↓](#)

DRAFT

2023/24 PŪRONGO Ā TAU **2023/24** **ANNUAL REPORT**



MSTN.GOV.T.NZ
f @MastertonDC





NGĀ HUA O ROTO

CONTENTS

Mayor’s foreword	2
Reading this report	4
Our people – Our place – Our future	6
Our people	6
Our place.....	8
Our future	11
Our year at a glance	12
Our year in numbers.....	12
Financial overview	15
Report on financial contributions	16
Our performance	17
Responding, protecting, and connecting.....	18
Our performance in detail	20
Reporting service performance information	20
Roads, streets, footpaths and parking areas	22
Water supplies (urban and rural)	30
Wastewater services	37
Stormwater	43
Solid waste management	48
Community facilities and parks	53
Regulatory services	66
Leadership, strategy and corporate services	76
Our financials	83
Reporting as required by the Local Government (Financial Reporting and Prudence) Regulations 2014	84
Funding impact statements	89
2023/24 financial statements and notes to the accounts	99
Notes to the financial statements	102
Summary of significant accounting policies	104
Notes to the accounts.....	118
Audit and compliance	157

KŌRERO WHAKATAKI A TE KOROMATUA

MAYOR'S FOREWORD

Kōrero whakataki a te koromatua me te tūmuaki

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

The year to 30 June 2024 has been another busy and challenging time for Masterton District Council.

Much of what we undertook during the year was carried out within the context of tight economic conditions, with parts of the District also still dealing with recovering from the impacts of adverse weather events, including those of Cyclones Hale and Gabrielle in early 2023.

To that point, the Council has been active in supporting residents and communities impacted by the weather events, which caused significant property and infrastructure damage to eastern and coastal parts of our district in early 2023.

Ongoing recovery efforts have been coordinated by the Wairarapa Recovery Office, which was established to work across the three district councils in the region and in collaboration with government agencies, iwi, and rural sector and community organisations.

Following a public consultation, the Council voted in December 2023 to enter the Government's Future of Severely Affected Locations (FOSAL) voluntary buy-out programme for properties severely impacted by the cyclones.

This programme will see the Government and the Council each contribute 50 per cent of the agreed cost of buying out properties after insurance and any other payments have been deducted. At the time of this report, implementation of this programme is well underway and is due for completion by 30 June 2025.

A consistent message we hear from our community is a desire to deliver the basics – roads, drinking water, wastewater, stormwater. That has been a huge focus for our Council.

Over the past 12 months we renewed 3.74km of water mains and replaced or relined 4.3km of sewer mains.

In the roading space, our network of 812km of roads has been maintained in the face of ongoing pressure from the weather and the economy. As you will read in this report, we've adopted some innovative new approaches to land stabilisation with good results.

We've resealed 31km of roads and applied 12,000 tonnes of gravel to unsealed roads. We've also resurfaced 4.9km of sealed footpath.

In other business-as-usual activity we processed 541 building consents and completed the first full round of swimming pool inspections, and just over 6100 dogs were registered.

In June we made publicly available an independent report into wastewater overflows, which have affected properties in the Cockburn Street area at times of high rainfall.

The installation of 21 non-return valves and 13 tanks on properties has been effective for the worst affected properties but was only the start of work.

We have implemented the recommendation of the report, to make this area a pilot study for identifying the source of stormwater entering the wastewater system and eliminating it, so that the sewers operate as designed.

Central Government initiatives have kept us busy, with the previous Government's Three Waters Reform programme being repealed and replaced with Local Water Done Well – requiring councils across New Zealand to plan for a new delivery mode of water services. This work continues into the new financial year.

The Council has consulted on and implemented a revised Revenue and Financing policy, it has reviewed levels of service for all activities, updated asset management plans and developed a 2024-34 Long Term Plan that was also consulted with our community. These documents form the basis of everything we do. The work that goes into these democratic and consultative processes should not be underestimated and I commend the councillors, iwi reps and staff who have worked together brilliantly to provide our community with a sound plan to put into action.

The Council's financial performance has again been sound despite the challenging economic environment with escalating cost pressures. We achieved an operating surplus of \$10.02 million, generated by revenue received to fund capital and renewal projects. The impact of the 2023 weather events recovery can be seen in the operating expenditure (excluding depreciation and other losses) at \$50.9 million or 12.6 per cent more than planned. Much of this relates to cyclone recovery work that was planned as capital expenditure, but ended up as operating. Operating revenue (excluding vested assets and other gains) was \$79.1 million, 4.7 per cent less than the planned level due to less roading subsidies on less cyclone recovery work than planned. Total capital expenditure (excluding vested assets) was \$30.5 million against the planned total of \$49.6 million - some 61.5 per cent spent (last year 70.8 per cent). Progress was made on several major projects, in particular the roading renewal and recovery work, the animal shelter contract was let and the airport runway widening contract was partly completed, but on hold through the winter months.

It has been another busy and successful year for the Council which included developing, consulting on and adopting an LTP, delivering multiple projects and services and the continued prudent financial management of this key community-owned organisation.

Thank you for working with us.



Gary Caffell
Mayor



REO MĀORI TRANSLATION

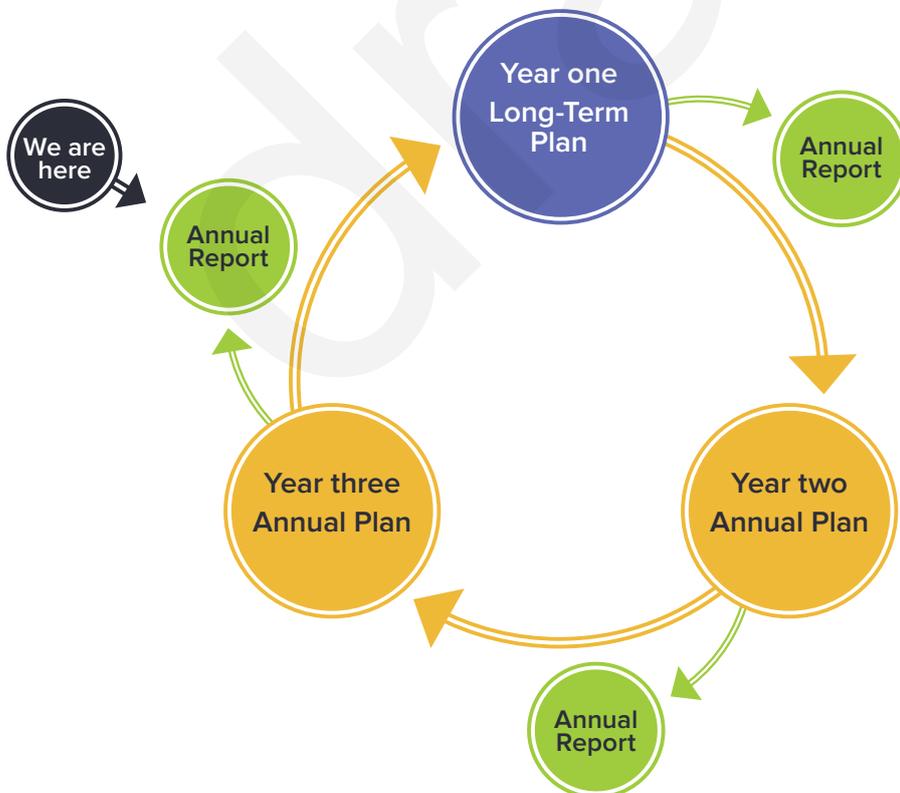
READING THIS REPORT

This Annual Report tells our community how we have performed against the goals we set in the 2023/24 Annual Plan (Year 3 of our 2021-31 Long-Term Plan).

Reporting back to you on our performance is part of the Council planning and reporting cycle and one of the ways we uphold our commitment of accountability and transparency to our community.

Here's a reminder of how our planning and reporting cycles fit together.

- **Long-Term Plan:** Every three years we produce a Long-Term Plan (LTP). This sets out what we intend to do over the next 10 years to work towards our long-term vision and community outcomes. It includes what services and projects we'll deliver, how much they will cost and how we'll pay for it, along with how we'll measure our performance.
- **Annual Plan:** In the two years following the LTP, we develop an Annual Plan. This details the work programme and budget for the year ahead and will - generally align closely with Years 2 and 3 of the current LTP.
- **Annual Report:** At the end of every year, we produce an Annual Report like this one. In this document we report back on our progress against what we said we would do.



This report is divided into four main sections:

Section 1: Our People – Our Place – Our Future

In this section we'll cover information about our community and Council, how we're working with our key partners, and share our long-term vision and community outcomes.

Section 2: Our year at a glance

In this section we'll give you a high-level overview of how we have performed, and how our finances have stacked up.

Section 3: Our performance in detail

In this section we provide detailed information about the performance of each of our activities, along with a few stories about our work in the community. We'll also provide actual spending compared to our budgets for each activity.

Section 4: Our finances

This section is dedicated to detailed financial information for the year 2023/24.

TĀNGATA WĀHI ANAMATA **OUR PEOPLE – OUR PLACE – OUR FUTURE**

Our people

Our community

About 29,000 people live in the Masterton District. Our population increased by 370 in the year to June 2023. Our base population declined by 40¹, which was off-set by 270 people moving to Masterton from within New Zealand² and 140 from overseas³.

Our population is older than other regions with a median age of 42.7 (compared to 38.1 in the rest of New Zealand). Nearly a quarter (22.7 per cent) of our residents are over 65 years of age (compared to 16.5 per cent for the rest of New Zealand).

We have a higher proportion of residents who identify as Māori compared to the rest of New Zealand (22.6 per cent cf. 17.8 per cent).

Employment data for the year to June 2024, puts our average unemployment rate at 3.1 per cent, lower than New Zealand at 4.2 per cent for the same period.

¹ Natural increase: Births minus deaths.

² Internal net migration: The number of arrivals from other areas in New Zealand minus the number of departures.

³ International net migration: The number of arrivals from outside of New Zealand minus the number of departures.





From left to right: Brent Goodwin, Marama Tuuta, David Holmes, Gary Caffell, Tim Nelson, Bex Johnson, Tom Hullena, Stella Lennox, Craig Bowyer

Your Council

Masterton District Council has a Mayor and eight Councillors. These positions are elected within the Masterton Whakaoriori General Ward, Masterton Whakaoriori Māori Ward, and at-large, every three years. Responsibility for Council activities sit with the Mayor and Councillors.

The Council makes decisions about the range of services and activities that will be provided for our community, and then the staff are tasked with delivering these. In delivering for our community, the Council has to operate within the laws, regulations and requirements that are set by Central Government.

Your current Council

- Mayor:** Gary Caffell
- Deputy Mayor:** Bex Johnson
- Whakaoriori Masterton Māori Ward Councillor:** Marama Tuuta
- Whakaoriori Masterton General Ward Councillors:**
 - Craig Bowyer
 - Tim Nelson
 - Tom Hullena
- At Large Councillors:**
 - Stella Lennox
 - David Holmes
 - Brent Goodwin



Relationships with mana whenua

The Council is committed to strengthening relationships between the Council and mana whenua and providing opportunities for greater participation in Council decision-making that go beyond minimum legislative requirements.

In 2023/24, the Council continued working with mana whenua to advance our cultural competency framework. We also recognised the necessity to reconfirm our relationships with Rangitāne o Wairarapa and Ngāti Kahungunu ki Wairarapa, given that Ngāti Kahungunu ki Wairarapa Tāmaki Nui ā Rua has now settled.

Our place

From a high peak of the Remutaka Range centuries ago, Haunui-a-nanaia, the grandson of the famous Māori voyager Kupe, gazed across forest, grassland, rivers and lakes of a wide fertile valley. When he looked towards a lake he was sitting across from, the reflection of the sun caught his eyes and made them water. It was this incident that led to the name of this region being Wairarapa which translates as 'Glistening Waters'⁴.

Whakaoriori, the original name related to our district, is in reference to the melodious birdsong in the region, which was said to be so soothing that mothers did not need to sing lullabies or oriori to their children⁵.

Whakaoriori/Masterton is situated on the banks of the Waingawa and Waipoua Rivers - 100 kilometres north-east of Wellington.

Masterton was founded by the Small Farms Association in 1854. It aimed to settle working people in villages and on the land.

Today Masterton is Wairarapa's largest town and previously named New Zealand's most beautiful city⁶.

The town is known for its strong farming community and agricultural heritage. Surrounded by rolling hills and lush pastures, it serves as a hub for sheep and dairy farming. Just a short drive away along the rugged coastlines are the stunning beaches of Castlepoint and Riversdale. The region is also famous for its vineyards, producing some of New Zealand's finest wines. Masterton is home to several iconic events and attractions, including the Golden Shears, a world-famous sheep-shearing competition that celebrates the town's agricultural roots. The Wings Over Wairarapa air show brings aviation enthusiasts together for a spectacular display of aircraft, while Aratoi Museum of Art and History showcases the region's cultural and historical treasures, making Masterton a unique blend of rural charm and lively community spirit.

⁴ Excerpt from Masterton | People+Places (peopleandplaces.nz)

⁵ Street Stories - Why we name things - Street Stories (street-stories.nz)

⁶ Masterton named New Zealand's most beautiful city | Stuff



Our history: Prominent people that made our place

Retimana Te Korou, son of Te Raku and Te Kai from both Rangitane and Ngati Kahungunu of Wairarapa is a prominent figure in Masterton's history. Born in the late 18th Century, Te Korou and his family were among those who were forced to flee from Wairarapa to Nukutaurua, on Mahia Penisular, where they remained.

In 1841 Te Korou returned home and was one of the Chiefs that restored peace in Wairarapa. Ngati Kahungunu, Rangitane and other tribes also returned from the north. During this time Te Korou and his family were drawn towards Christianity. When the missionary William Colenso called in to Kaikokirikiri pa, on the banks of the Waipoua River above what was to become Masterton, Te Korou and four generations of his family were baptised .

Joseph Masters (after who Masterton is named) was born in 1802 in Derby, England. He moved to New Zealand in 1840s initially settling in Wellington. After seeing others obtaining large land he promoted the concept of small farm settlements – where working men could pool together and buy blocks of land from the Government that they could subdivide among themselves.

In March 1853 a Small Farms Association was formed. Masters and other members met with Te Korou and his family at Ngaumutawa kainga. After meeting with the Association Te Korou believed a town near his village would bring benefits to his people. His son-in-law Ihaiah Whakamairu returned with the members, to start arrangements for the sale.

In the years following, Te Korou's son Karaitiana took over being a representative for his tribe in all affairs. Te Korou and Karaitiana were supporters of Te Kiingitanga. In January 1882 Te Korou passed away at Manaia. Many of Masterton's leading settlers joined in the 300 strong procession to Te Korou's final resting place.

Upon settling, Masters threw himself into establishing a future for himself and his family. As well as successfully farming his lands he represented the area in the Wellington Provincial Council and promoted the Trust Lands Trust. He had a strong influence over Masterton until his death in December 1873.

References: <https://library.mstn.govt.nz/wairarapa-stories/our-people/retimana-te-korou/>
<https://library.mstn.govt.nz/wairarapa-stories/our-people/joseph-masters/>



Our future

Our vision for Masterton/Wakaoriori

The vision we outlined in our 2021-31 Long-Term Plan was that Masterton/Whakaoriori offers the best of rural provincial living⁷.

We want ‘the best’ for everyone in our community, and especially our tamariki and mokopuna. We want them to be proud of who they are, and where they come from. We want Masterton to be a place where everyone thrives.

We have identified five aspirational outcomes that will help us achieve our vision for Masterton and enhance wellbeing for our community.

You will see these symbols appear throughout the report so you can see how we contribute to each community outcome and each of the four wellbeings (social, economic, environmental, and cultural).



An Engaged and Empowered Community

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



Pride in our Identity and Heritage

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



A Sustainable and Healthy Environment

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



A Thriving and Resilient Economy

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



Efficient, Safe and Effective Infrastructure

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

⁷ The updated vision “Working Together Our people – Our place – Our Future” was adopted as part of the 2024-34 Long-Term Plan and will be reported against in the following 2024/25 Annual Report.

REO MĀORI TRANSLATION
OUR YEAR AT A GLANCE

Our year in numbers

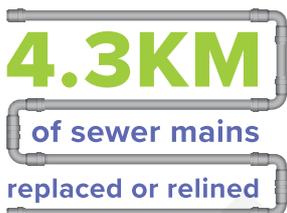
Maintained
4.9KM
of sealed footpaths



8,000
native plants planted
at Southern Reserve,
Riversdale Beach



4.3KM
of sewer mains
replaced or relined



150,349
visits to Trust House
Recreation Centre



700KG
of batteries recycled



0 flooding
events
(5 last year)



700+
free events
at the Library



836
submissions received for the
2024-34 Long-Term Plan
(145% increase on the previous LTP)



812km
of roading
network
maintained



which included
30
face-to-face engagements
with the community



6,106
registered
dogs



**winning the
SuperEngaged
Award at the LGNZ
Super Local Awards**

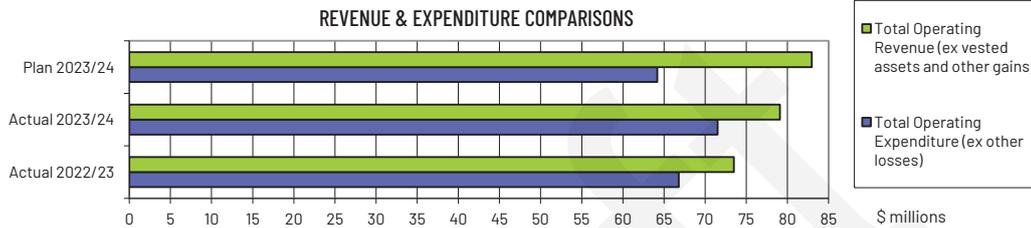


FINANCIAL STATISTICS

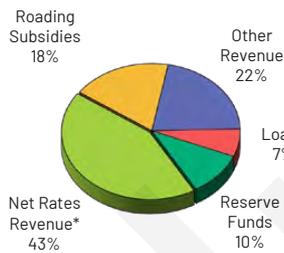
Last Year Actual 2022/23		Actual 2023/24		Budget 2023/24	
\$ 92,716,804	Total Expenditure	\$ 95,428,842		\$ 108,031,632	
\$ 37,803,408	Funded by: Net Rates Revenue*	\$ 41,076,009	43%	\$ 40,891,298	38%
\$ 17,549,755	Roading Subsidies	\$ 17,423,763	18%	\$ 22,022,968	20%
\$ 18,136,464	Other Revenue	\$ 20,556,794	22%	\$ 20,044,035	19%
\$ 5,000,000	Loans	\$ 6,400,000	7%	\$ 11,673,800	11%
\$ 14,227,177	Reserve Funds	\$ 9,972,277	10%	\$ 13,399,531	12%
\$ 92,716,804		\$ 95,428,842		\$ 108,031,632	

*Includes Riversdale Beach sewerage scheme capital contributions

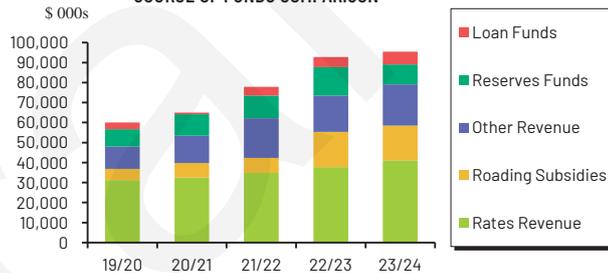
REVENUE & EXPENDITURE COMPARISONS



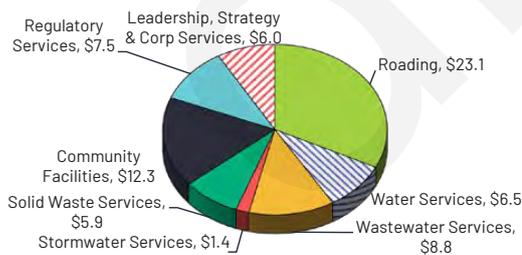
SOURCE OF FUNDS 2023/24



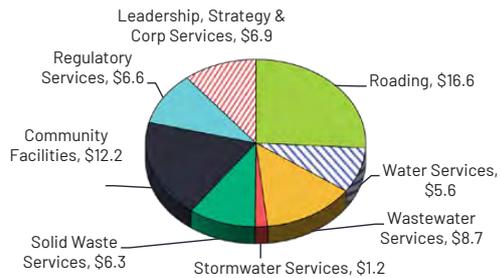
SOURCE OF FUNDS COMPARISON



**OPERATING EXPENDITURE BY ACTIVITY
ACTUAL 2023/24 \$71.5 million**



BUDGET 2023/24 \$64.2 MILLION

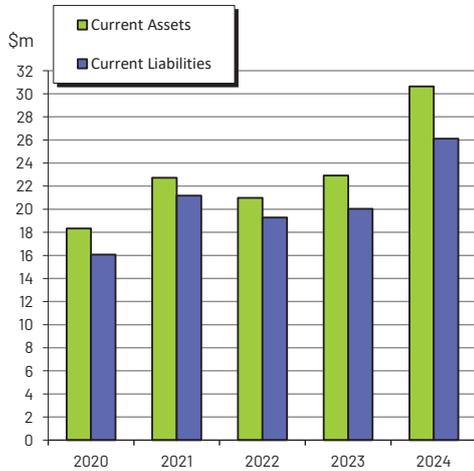


Financial Ratios

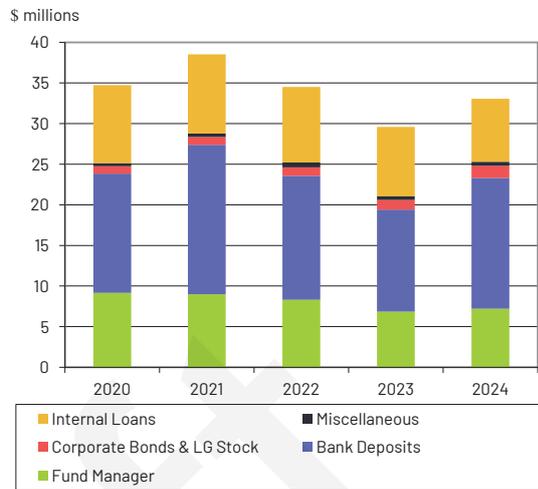
	2021/22	2022/23	2023/24	Budget 23/24
Current Ratio	1.1	1.1	1.2	0.7
Liquidity Ratio	1.0	1.1	1.2	0.6
Long Term Debt (external) per rateable property	\$3,845	\$3,855	\$4,036	\$4,425
Long Term Debt (external) per capita	\$1,724	\$1,783	\$1,897	\$2,079
Interest costs as % of rates revenue	5.5%	6.7%	7.7%	7.3%
Debt servicing costs as % of rates revenue	13.2%	15.4%	15.3%	14.8%
Reserve Funds as % of rates revenue	81.4%	65.6%	60.4%	66.5%
Investments (external) as % of rates revenue	72.5%	55.7%	78.1%	56.6%
Rates receivable as % of rates levied	1.3%	1.7%	1.9%	1.5%
Net External Debt as % of operating revenue	39.9%	41.7%	38.7%	44.8%

FINANCIAL STATISTICS

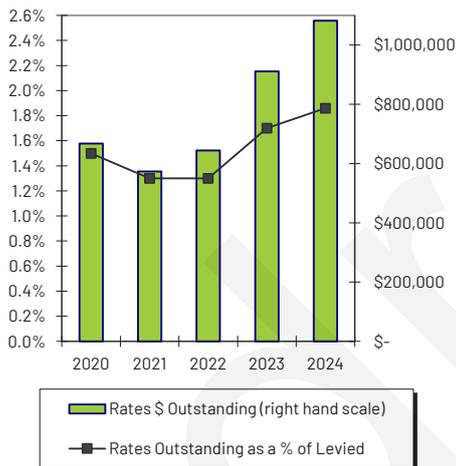
CURRENT ASSETS TO CURRENT LIABILITIES



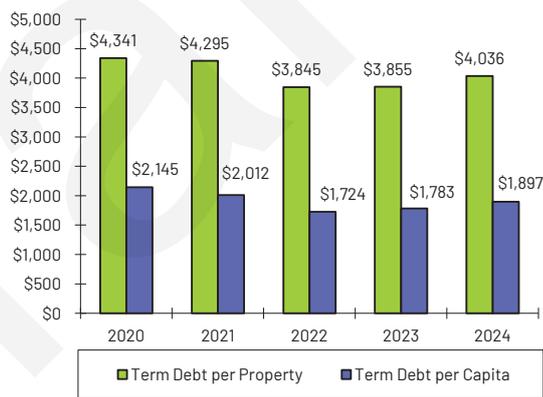
INVESTMENTS



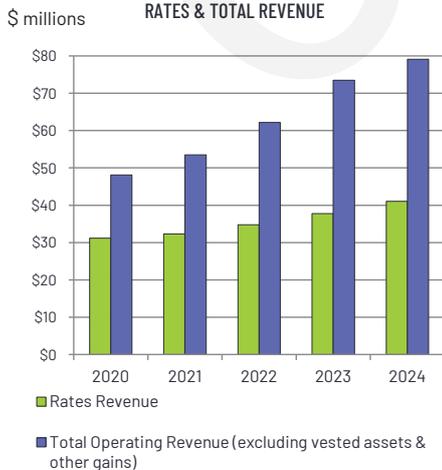
RATES ARREARS



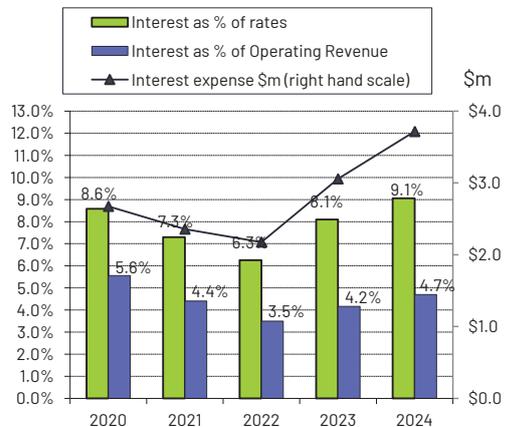
TERM LIABILITIES (EXTERNAL) PER RATEPAYER AND PER CAPITA



RATES & TOTAL REVENUE



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



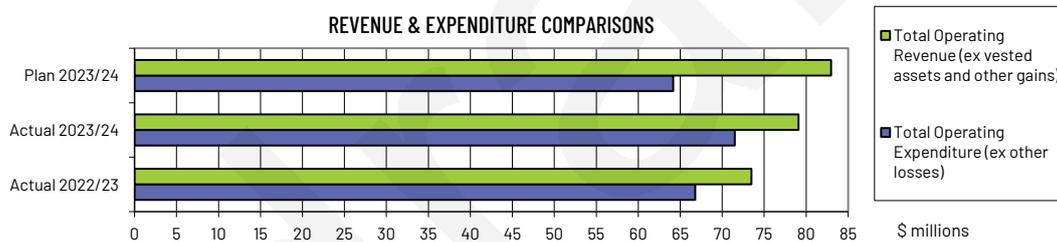
Financial overview

There is detailed financial information in each of the Cost of Service Statements in this report, as well as the Financial Prudence benchmark reporting, the financial statements and the notes to the financial statements. Information and commentary about variances from the adopted Annual Plan for 2023/24 can be found in Note 31.

The planned operating surplus of \$23.2 million was expected to be generated from NZTA subsidies on cyclone recovery work and government subsidies on the airport upgrade project and funding related to three waters (known as 'Better Off' funding). The actual result of a surplus of \$10.0 million shows less revenue from all of those sources and more operating expenditure incurred on cyclone recovery roading work, but off set by some of this work being planned as capital expenditure.

Overall, the Council's expenditure funded by rates has been close to the level planned and external funding has been utilised as much as possible. The Council has maintained a steady financial position, while using a prudent level of reserve funds as planned while scaling back the level of borrowing from reserves (also known as rates smoothing that was implemented in the 2021-31 LTP).

The graph that follows shows the 2023/24 financial performance compared to the Annual Plan and prior year. It shows higher actual income and expenditure than planned.





Rates revenue makes up 52 per cent of operating revenue (excluding vested assets and other gains). Rates arrears at 30 June 2024 were 1.86 per cent of the value levied, up from last years 1.75 per cent but still at a relatively low level . We revalued our land and buildings assets as at 30 June 2024. The three-yearly revaluation resulted in an overall uplift in those asset values by 9.0 percent. We continued to deliver maintenance and renewal programmes for roads, footpaths, water supplies, wastewater systems and stormwater network assets and we have continued our programme of asset renewals of district facilities assets such as the Trust House Recreation Centre.

The year 2023/24 has again seen the capital expenditure on sewer main renewals exceed \$3 million, plus another \$1.26 million on the Colombo Road bridge pumping station. The on-going response to the weather-related flooding and sewer overflow events has been the reason for this on-going high level of renewal spending on this infrastructure. Some of the funding has come from Government's Three Waters 'Better Off' funding and resilience funding and added to the Council's depreciation funds and new loans as sources. The success of the additional renewals work has yet to be assessed, but the issues do not have a 'quick fix' and will require a long term renewal strategy, including renewing pipes on private properties.

The level of subdivision activity and new residential building has tapered off slightly from last year. This is seen in financial contributions from developers being \$2.3 million, or \$0.18 million more than planned but \$1.3 million less than last year. Building consent fee revenue was \$1.23 million, which was very close to planned but 15 per cent down on last year.

Report on financial contributions

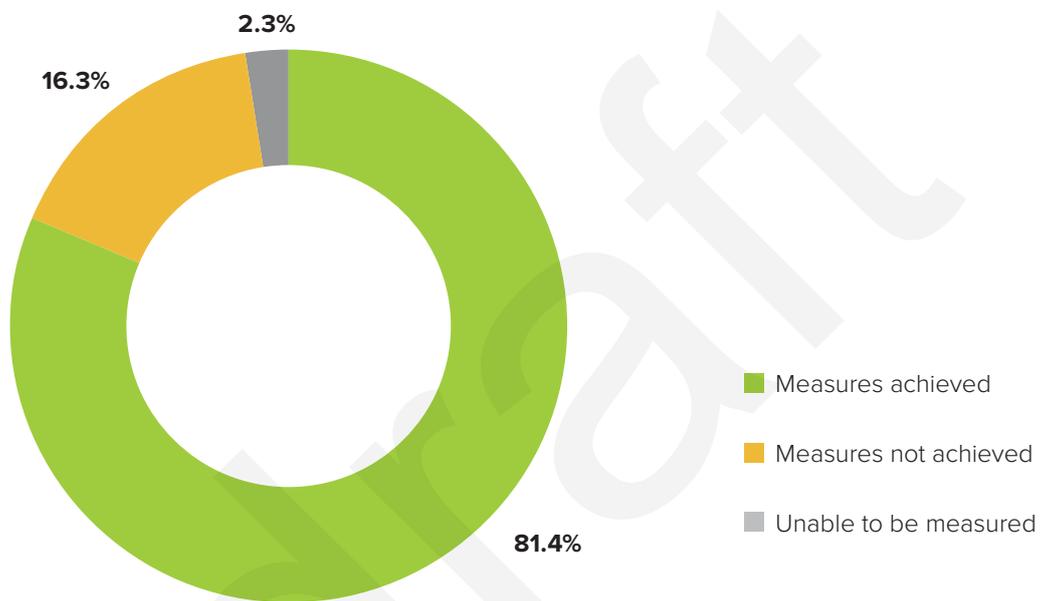
With respect to revenue from development, we charge financial contributions using the provisions of the Resource Management Act 1991, the Wairarapa Combined District Plan, and our Development and Financial Contributions Policy. This year we levied and/or collected \$2.3 million, which has been recognised as revenue in the period to 30 June 2024. This is \$1.3 million less than what was collected in the previous financial year, but still reflects consistent growth in development and expansion of the district. Financial contributions have been set aside as part of Special Funds and Reserves designated for parks and reserves development, infrastructure, and roading upgrades. The majority of these contributions are not specifically required to be spent on one locality or project, so have no residual liability associated with them.

Our performance

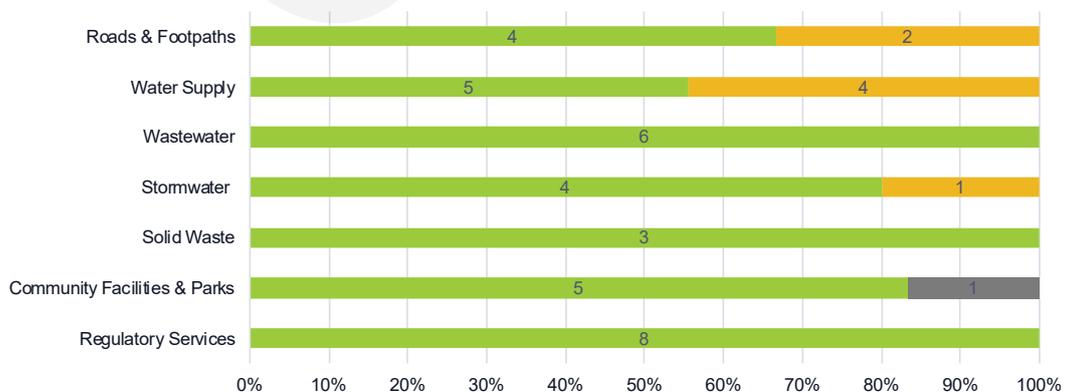
This section provides a summary of our non-financial performance across all our services and by each activity group.

Overall our performance in 2023/24 is stronger than it was in 2022/23. In 2023/24, 35 measures out of 43 (81.4 per cent) were achieved (see below), compared to 33 (76.7 per cent) in 2022/23. The improvement is largely driven by an increase in the number of wastewater and regulatory services measures that have been achieved.

Overall performance in 2023/24



Our performance broken down by activity:



Responding, protecting, and connecting

Cyclone Gabrielle recovery

Cyclone Gabrielle and other severe weather events had a big impact on our community over the three years since we adopted the 2021-31 LTP.

Ongoing recovery efforts have been coordinated by the Wairarapa Recovery Office, which was established following the adverse weather events to work across the three district councils in the region and in collaboration with government agencies, iwi, and rural sector and community organisations.

More information about our recovery efforts can be found under “Mana whakariterite - Regulatory services” (page 68) and “Our services in action” case studies on pages 27 and 46.

Health and safety / a diverse and inclusive workplace

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

We value a diverse and inclusive workplace, and this is reflected through our tikanga and organisational values.

A collaborative approach

Engagement with iwi and Māori communities

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

Representatives from Kahungunu ki Wairarapa and Rangitāne o Wairarapa have continued to be members of the Council’s committees with full speaking and voting rights.



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

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

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

In consultation with iwi, the Council decided to adopt a Māori ward for the 2022 and 2025 elections in May 2021. Following this in April 2024, the Minister of Local Government announced changes to the legislation.

These changes now require councils with established Māori wards to hold a poll on whether they should remain. Councils can also resolve to disestablish the Māori ward without a poll.

In July 2024, the Council decided to retain a Māori ward for the 2025 election and to hold a poll alongside the election. In making this decision council engaged with the governance members of the four local iwi entities (Kahungunu ki Wairarapa, Kahungunu ki Wairarapa Iwi Development Trust, Rangitāne o Wairarapa, and Rangitāne Tū Mai Rā Trust).

Collaboration with other local authorities and bodies

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

We participate in quarterly combined council meetings to discuss joint projects and matters of common interest. We have continued to work with iwi, stakeholders and the community to review the Wairarapa Combined District Plan.

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

Our Wairarapa Policy Working Group Committee comprised of elected members from the three Wairarapa councils continues to work together on bylaws and policies for the Wairarapa.

In the past 12 months we have progressed work on reviews of the Wairarapa Local Alcohol Policy and adopted the Wairarapa Class 4 Gambling and Standalone TAB Venues Policy.

At a Wellington regional level, we have participated in a range of projects being led by the Wellington Regional Leadership Committee and have participated in several regional committees including:

- Civil Defence Emergency Management Committee
- Remutaka Hill Road Committee
- Te Kauru Upper Ruamāhanga River Floodplain Management Committee
- Wellington Regional Transport Committee
- Climate Change Working Group
- Wellington Region Waste Management and Minimisation Joint Committee.

REO MĀORI TRANSLATION

OUR PERFORMANCE IN DETAIL

Reporting service performance information

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

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

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

As acknowledged in the PBE FRS 48 Standard, the following attributes apply to the current service performance reporting environment:

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

Council requirements for service performance reporting

The Council has set the following requirements for its service performance reporting:

- Provide users with:
 - adequate contextual details to enable users to understand the Council's overarching objectives (community outcomes) and strategies – details of the Council's vision and community outcomes are included on page 11 with activities and achievements that have contributed to these outlined on pages 22-82.
 - details regarding the Council's activities and accomplishments during the reporting period in alignment with these objectives – details of the Council's achievements (financial and non-financial) for each activity are included under the "Statements of performance" section from pages 22-82.
- Present its service performance information and its financial statements together in the Annual Report [FRS 48 para 6] – financial and non-financial performance is reported for each activity under the "Statement of performance" section.
- Present service performance information for the same entity and same reporting period as the financial statements [FRS 48 para 11] - financial and non-financial information is reported for the financial year. For this Annual Report, that is from 1 July 2023 to 30 June 2024.

- Apply the following qualitative characteristics in the context as described in the Public Benefit Entities' (PBE) Conceptual Framework: relevance, faithful representation, understandability, timeliness, comparability and verifiability [FRS 48 para 7] – these characteristics are considered when performance measures are developed and/or reviewed through the Long-Term Plan process.
- Disclose judgements that have the most significant effect on the selection, measurement, aggregation and presentation of service performance information [FRS 48 para 44] – the performance measure framework is set through the Long-Term Plan (LTP) process.
- Provide comparative information [FRS 48 para 37] – comparative data, where available, is included for the current and previous two years.

Scope of service performance reporting

The Council's service performance information is contained within the 'Our year in review' (Our community outcomes and actions we have taken to progress these) and the "Statements of service performance" section (financial and non-financial information for each activity) of this Annual Report.

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

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

Selecting and Aggregating Service Performance Information

The level of aggregation used by the Council has been based on:

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

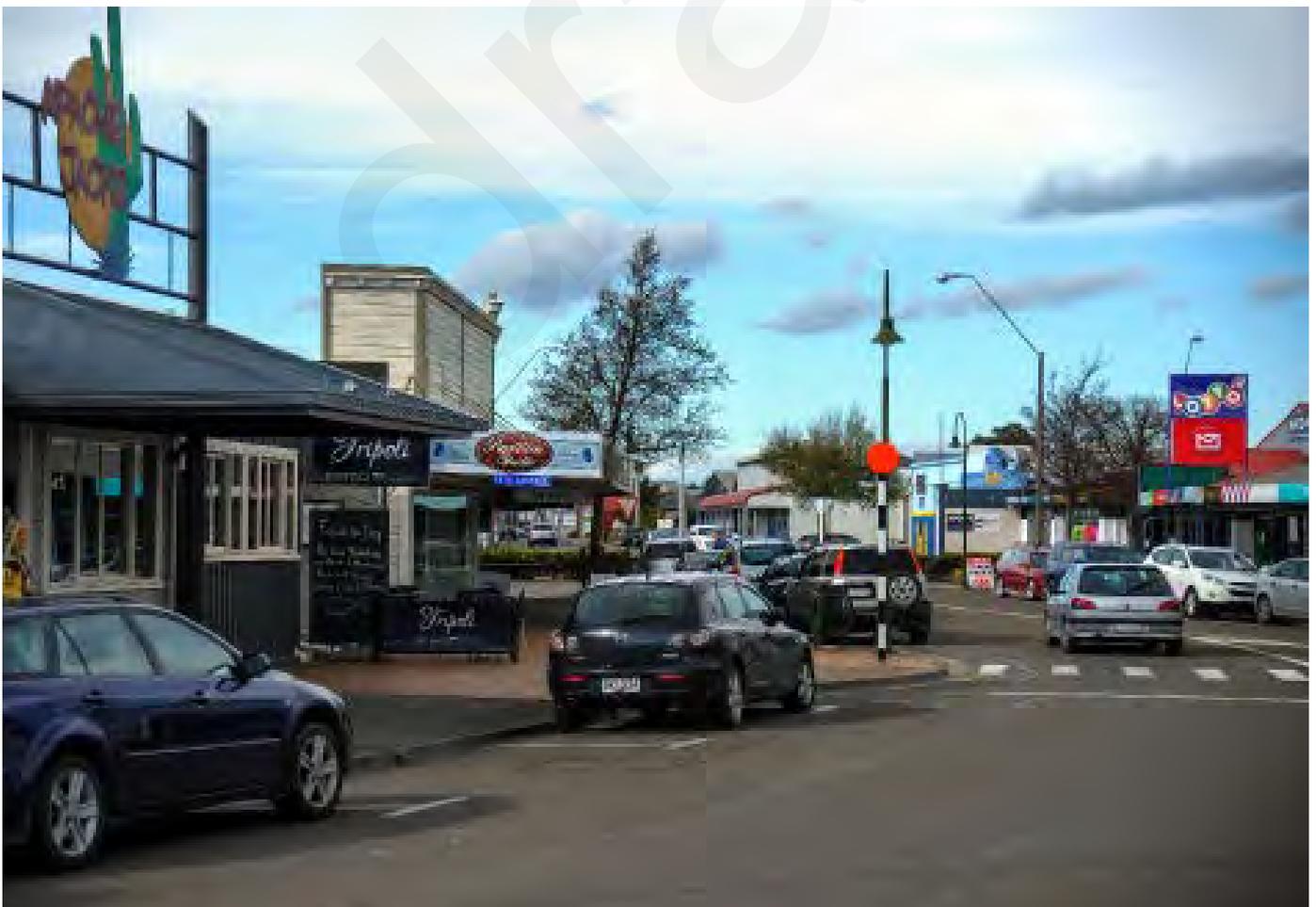
When setting measures through the Long-Term Plan process other considerations include materiality, cost-benefit, and the balance between timeliness, understandability and relevance of information for the end users.

NGĀ HUARAHI WAKA, ARA-HIKOI, ME NGĀ TŪRANGA WAKA
**ROADS, STREETS, FOOTPATHS
AND PARKING AREAS**



What we do

We provide and maintain the local transport network across the Masterton District to ensure safe and efficient movement of people, goods, and services. This includes the construction, management, and upkeep of roads, streets, footpaths, bridges, shared paths, and cycling lanes. We also manage essential infrastructure like street lighting, traffic facilities such as signs and street furniture, public parking facilities, and road stormwater drainage to support safe and effective transport. Our work extends to promoting sustainable transportation options, ensuring our network evolves with changing community needs and technological advancements.



Why we do it

Our roading and transport activities are vital to Masterton District's social, cultural, economic, and environmental wellbeing. By providing a reliable and safe transport network, we facilitate seamless access to employment, education, health services, and recreational activities, which enhances the quality of life for our residents. Our infrastructure supports economic growth by enabling efficient goods transportation and by attracting businesses to the region. By providing infrastructure that enables active transport modes like walking and cycling, we contribute to the district's environmental sustainability. This infrastructure also plays a crucial role in emergency response and access to other essential utility networks (power, telecommunications, water, sewer stormwater, public transport), making it integral to the district's resilience and development.

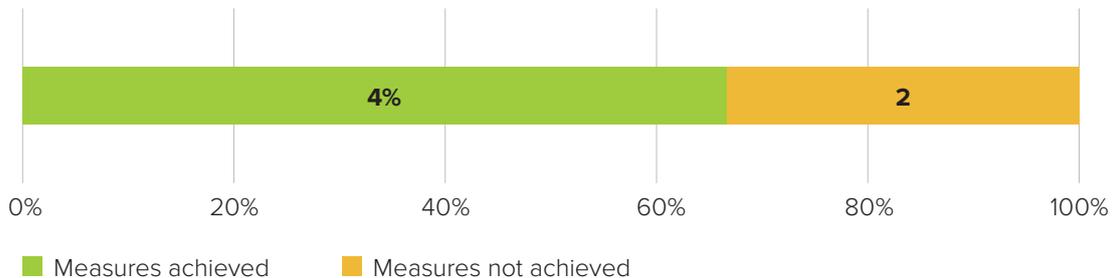
Our highlights from the year

During the year we have continued to focus on delivering projects and ongoing maintenance that improve our road network.

Highlights and key activities from 2023/24 include:

- Reinstatement of rural roads: Completed major repairs on rural roads damaged by weather events, including Cyclone Gabrielle. These efforts included the construction of 17 different retaining and support structures (see "Our service in action: Innovative roadway repair"), and three major repairs to bridge abutments. The level of service was also restored on sections of our two major rural routes, Masterton Castlepoint Road and Blairlogie Langdale Road.
- Reinstatement of approximately 7km of subsoils drainage in the rural area to keep water away from the road.
- Completed the new road between Kitchener and Gordon Streets, including footpaths, lighting, and essential services.
- Town centre improvements: Developed designs and costings for the town centre for consultation as part of the 2024-34 process. Following consultation, the Council confirmed their preferred option of completing essential work to improve water and roading infrastructure.
- Roading safety improvements: Executed key safety improvements including upgrades to the pedestrian crossing on Pownall Street new enhanced signage and "curve marking" safety signs installed on major routes to provide clear visual cues on road direction, shoulder widening on Masterton Castlepoint Road, and installation of roadside barriers at Te Kanuka on Masterton Castlepoint Road.
- Roading renewal programme: Renewed 31km of road surface, completely reconstructing 3.7km of road, constructed a retaining wall on Oxford Street and added approximately 12,000 tonnes of maintenance gravel to the unsealed road network.
- Completed reconstruction/renewal of the Ngaumutawa Road-Renall Street Roundabout; and roading network stormwater improvements at flood-prone intersections in the Masterton urban area.
- Renewed 4.9km of footpaths
- Maintained the 812km roading network, including road marking, bridges, drainage, signage, and lighting.

Our performance at a glance



We achieved four out of six roading measures. One of the two measures not achieved relates to the number of fatalities and serious injury crashes on the local road network, which was higher than the five-year average. The other relates to footpath condition.

The Council has a footpath renewal program aimed at improving the condition of footpaths in the district. One-third of the network is assessed each year. This scoring informs the performance measure for footpaths - 'Percentage of footpaths where the condition falls within the level of service defined in MDC's Asset Management Plan'. In 2023/24, 181km of the 210km footpath network (86.3 per cent) was rated as excellent, good or fair/average. This is below the target of 90 per cent.

This year there has been a concerted effort to reseal the local road network with 31.3km (5.8 per cent) resealed compared with 10.1km (1.9 per cent) last year.

The operating expenditure of \$23.1 million was \$6.4 million more than planned, largely due to \$3.4 million of cyclone repairs to roads that were planned as capital expenditure, but did not result in identifiable asset components (ie could not be capitalised). Also depreciation is \$1.4 million more than planned. The overall renewals and capital programme of \$7.6 million was 83 per cent spent (excluding vested assets and the cyclone damage work). The extension of Kitchener Street to Gordon Street was nearing completion at year end, while work on cycleways and the town entrances were not progressed as Government and Council priorities changed.

Our performance in detail

Measure	Target	2023/24 Result	2022/23 Result	2021/22 Result
Number of fatalities and serious injury crashes on the local road network ¹ (Mandatory measure)	No more than the 5-year average. The 5-year average (to 30/06/2023) is one fatality and 10 serious injury crashes.	Not achieved Two fatalities and seven serious injury crashes.	Achieved No fatalities and nine serious injury crashes.	Not achieved One fatality and twelve serious injury crashes.
Average quality of ride on a sealed local road network, by smooth travel exposure ² (Mandatory measure)	Maintain or improve on 90 per cent.	Achieved 92 per cent network smooth travel exposure.	Achieved 94 per cent network smooth travel exposure.	Achieved 94 per cent network smooth travel exposure.
Percentage of sealed local road network that is resurfaced. (Mandatory measure)	Maintain within 5-7 per cent.	Achieved 5.8 per cent (Resurfaced 31.3 km of the total 538 km sealed local road network).	Not achieved 1.9 per cent (Resurfaced 10.1 km of the total 535 km sealed local road network).	Achieved 5.0 per cent (Resurfaced 28.5 km of the total 535 km sealed local road network).
Percentage of footpaths where the condition falls within the level of service defined in MDC's Asset Management Plan (Mandatory measure)	90 per cent of footpaths are rated excellent, good or fair/average.	Not achieved 86.3 per cent (181km of 210km of the footpath network surveyed to June 2024 was in condition rated excellent, good or average) ³ .	Achieved 91.7 per cent (196.2km of 214km of the footpath network surveyed to June 2023 was in condition rated excellent, good or average).	Achieved 91.9 per cent (193km of 210km of the footpath network surveyed to June 2022 was in condition rated excellent, good or fair).

Measure	Target	2023/24 Result	2022/23 Result	2021/22 Result
Percentage of urgent customer service requests responded to within 2 days. (Mandatory measure)	95 per cent within specified timeframe	Achieved 95.1 per cent (175 out of 184 urgent requests were responded to within two days).	Achieved 98.9 per cent (270 out of 273 urgent requests were responded to within two days).	Achieved 99.6 per cent (283 out of 284 urgent requests were responded to within two days).
Percentage of non-urgent customer service requests responded to within the timeframes specified in MDC's Asset Management Plan and placed on appropriate maintenance programme. (Mandatory measure)	70 per cent within specified timeframe	Achieved 86.4 per cent (746 out of 863 non-urgent requests were responded to within the timeframe).	Achieved 82.9 per cent (978 out of 1167 non-urgent requests were responded to within the timeframe).	Achieved 91.5 per cent (762 out of 833 non-urgent requests were responded to within the timeframe).

Notes:

¹Numbers are taken from Waka Kotahi's Crash Analysis System, which is updated continuously.

²Smooth Travel Exposure (STE) is a customer outcome measure indicating 'ride quality'. It is an indication of the percentage of vehicle kilometres travelled on a road network with roughness below a defined upper threshold level. The threshold varies depending on the traffic volume band and urban/rural environment of the road.

³The Council has a footpath renewal program aimed at improving the condition of footpaths in the district. One-third of the network is assessed each year, resulting in a lag in condition scoring. This scoring informs the performance measure for footpaths - 'Percentage of footpaths where the condition falls within the level of service defined in MDC's Asset Management Plan'. A proposal for 'catch up' work to achieve the mandatory asset condition ratings was table with NZTA. This was declined. Catch up is unlikely without additional funding from NZTA. At this stage, they have indicated this is unlikely in the foreseeable future.

Our service in action

Innovative roadway repair with enhanced resilience and significant cost savings

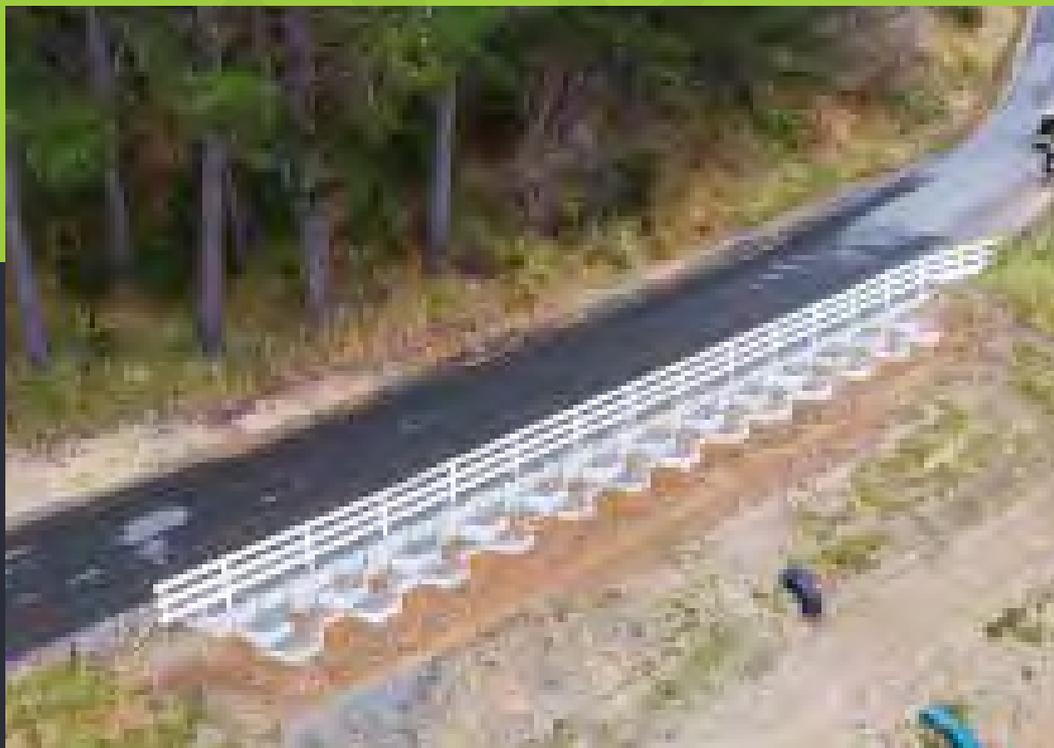
Following severe weather in 2022 and cyclones Hale and Gabrielle in 2023, Masterton District faced urgent challenges with roadside slips that disrupted transportation and posed significant safety risks. Restoring these roads was vital for maintaining regional access and preventing further erosion and slips, particularly in vulnerable areas.

A strategic decision was made for some suitably assessed sites to use the EcoReef system — an innovative solution featuring interlocking hexagonal modules designed to create a self-supporting structure. This approach promised not only to repair but also to enhance the long-term resilience of the roads.

The Council's Roothing Services team worked closely with Fulton Hogan and EcoReef to deliver the project ahead of schedule and achieved significant cost savings of over \$1.2m. The savings reflect a reduction in immediate repair costs and represent a proactive investment in minimising future maintenance, showcasing a commitment to both fiscal responsibility and innovative solutions.

The repairs restored safe, functional roadways that are crucial for everyday travel and connectivity in the district and laid the groundwork for future infrastructure strategies.

Council Roothing Services Manager, Kaine Jaquiere said: "While this specific repair project addresses immediate needs, ongoing maintenance and monitoring will be required to ensure the long-term stability of the repaired sections. The success of this approach may lead to further applications of the EcoReef system in future recovery or maintenance projects, making it a potentially evolving part of the region's infrastructure strategy."



Cost of service statement

Roads, Streets, Footpaths & Parking Areas			
2022/23		2023/24	2023/24
Actual		Actual	Budget
\$	Operating Costs	\$	\$
7,303,042	Road maintenance - subsidised ***	7,744,136	6,476,049
1,355,414	Road maintenance - non subsidised	1,803,026	1,407,636
5,127,801	Emergency response***	3,367,456	0
7,816,635	Depreciation	10,168,448	8,752,342
21,602,892		23,083,067	16,636,027
	Operating Revenue		
8,256,542	Waka Kotahi (NZTA) subsidy (on maint.)*	7,250,706	3,095,638
147,346	Local authority petrol tax	143,680	200,000
969,318	Financial contributions (roading)	538,956	600,000
80,668	Other recoveries	85,011	96,000
9,453,873		8,018,353	3,991,638
	Appropriations		
969,318	Transfers to reserves	1,038,956	1,100,000
(778,162)	Transfers from reserves	(380,000)	(180,000)
72,328	Provision for loan repayments	68,008	67,212
(7,208,600)	Depreciation not rates funded**	(9,588,516)	(8,172,410)
5,203,904	Rates Requirement (Operational)	6,203,161	5,459,191

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

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

*** Note the 2023/24 plan included an Emergency Response/reinstatement provision of \$18.92m expected to be capital expenditure. As at 30 June 2024, a portion of the work completed has not created new assets, so has been treated as operating expenditure. A higher than planned subsidy results from this also.

Roads, Streets, Footpaths & Parking Areas			
Rates Requirement Summary			
2022/23		2023/24	2023/24
Actual	Activity	Actual	Budget
\$		\$	\$
6,194,503	Subsidised roading	6,904,055	6,868,578
1,250,825	Non-subsidised roading (urban)	1,349,135	1,264,384
204,747	Non-subsidised roading (rural)	281,847	201,759
0	Storm damage provision (restore reserves)	500,000	500,000
\$7,650,074	Rates Requirement	\$9,035,036	\$8,834,721

Roads, Streets, Footpaths & Parking Areas

Capital Expenditure Summary

2022/23		2023/24	2023/24
Actual		Actual	Budget
\$	Roading	\$	\$
2,914,011	Asset renewals - Rural programme	3,245,610	3,201,160
1,509,660	Asset renewals - Urban programme	1,556,294	2,398,332
460,951	Asset renewals - Bridges	22,499	0
35,900	Urban footpath upgrades (non subsidised)	0	0
479,424	Urban footpath upgrades (subsidised)	505,956	565,777
38,138	Car park renewals & signage	0	62,120
765,767	Roading minor improvement projects	1,464,472	1,741,210
1,178,468	Retaining wall - Kerosene Ridge	0	0
88,478	CBD upgrade (Town Centre project)	0	105,300
4,174,761	Colombo Road, Waipoua bridge	772	0
0	Gordon Street - urbanisation project	43,533	0
210,468	Kitchener Street to Gordon Street	697,664	450,000
0	Cycleways	0	215,180
79,945	What's Our Welcome- Sthn entrance	29,685	360,000
3,527,192	Retaining structures (emergency response)	9,770,153	18,920,000
1,909,852	Vested roading assets ex subdivision	1,868,546	0
612,477	Vested assets - road reserve land	888,072	0
17,985,491		20,093,256	28,019,079
	Capital Funding		
(9,293,213)	Waka Kotahi (NZTA) subsidy (on renewals)	(10,173,056)	(18,927,329)
(3,555,357)	Transfers from reserves	(979,121)	(710,120)
-	External contrib.	0	0
(2,522,329)	Vested assets (ex developers)	(2,756,618)	0
(168,423)	Loan funds	(3,352,586)	(5,006,100)
(15,539,321)		(17,261,381)	(24,643,549)
\$2,446,170	Rates Requirement (Capital)	\$2,831,874	\$3,375,530

HOPUA WAI (TĀONE ME TE TAIWHENUA)
WATER SUPPLIES
(URBAN AND RURAL)



What we do

We provide treated water that is safe to drink to the Masterton urban reticulation system, Tinui, and the Waingawa industrial area. In rural areas, we provide non-drinking water to rural 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.

Why we do it

Our water supply activity contributes to wellbeing by ensuring residents and visitors have access to clean, safe water, and by providing that water with minimal environmental impact. Through this activity we contribute to our community's health and safety, support residential and commercial water needs and protect the environment.



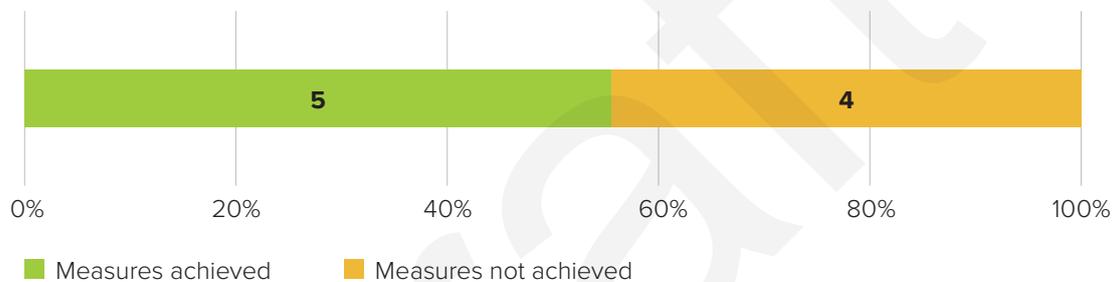
Our highlights from the year

During the year we have continued to focus on delivering projects and ongoing maintenance that improve our water supply.

Highlights and key activities from 2023/24 include:

- Maintaining the safety and integrity of our drinking water supplies for Masterton and Tinui, including meeting reporting requirements for Taumata Arowai.
- Investing in the replacement of the water network, with a \$2.6 million spend (see “Our service in action: Building water resilience: Masterton’s commitment to a sustainable future”)
- Commenced the implementation of a technological compliance management and monitoring system.
- Continued support for the rural water supply networks.

Our performance at a glance



We achieved five out of nine water supply measures.

Measures that were achieved related to the number of complaints received about drinking water, and timeliness of attendance and resolutions for call outs.

Two measures relating to the Drinking Water Quality Assurance Rules (DWQAR) compliance with Part 4 and 5 of the Drinking Water Standards have been reported as “Partially compliant – not achieved”. This is due to a change in the regulatory data requirements, resulting in technical non-compliance, rather than a safety issue with Masterton’s drinking water. The technical data reporting requirements issue has now been addressed.

In 2023/24 we have changed our approach to the way we calculate water loss following advice from our last end of year audit [refer to note 6]. Due to the change in approach the results reported are not comparable to previous years, or the target.

Masterton’s urban water supply operating costs (excluding depreciation) were overspent in 2023/24 by 15.5% (\$3.7 million vs \$3.2 million). This is largely down to more water connection and water mains repairs needed to meet service levels, while maintenance and chemicals costs at the water treatment plant have again exceeded budget. Water mains renewal contracts and connection renewals totaled \$2.77 million versus a budget of \$1.6 million. Much of the accelerated spending is a result of the unplanned replacing the Kitchener Street main to facilitate improved stormwater drainage associated with the road extension. The water meter installation project continued with the spend being in line with budget.

Our performance in detail

Measure	Target	2023/24 Result	2022/23 Result	2021/22 Result
Number of complaints received about drinking water clarity, taste, odour, pressure or flow, continuity of supply, or MDC's response to any of these issues. (Mandatory measure)	Less than or equal to 6 complaints per 1000 connections	Achieved 2.58 complaints per 1000 connections (26 actual complaints)	Achieved 4.88 complaints per 1000 connections (48 actual complaints)	Achieved 2.37 complaints per 1000 connections (23 actual complaints)
Response time to call outs to a fault or unplanned interruption to MDC's networked reticulation system:				
a) Attendance at urgent call outs ¹ (from notification to arrival on site) (Mandatory measure)	60 minutes or less	Achieved 28 minutes	Achieved 50 minutes	Achieved 38 minutes
b) Resolution of urgent call outs (from notification to confirmation of resolution) (Mandatory measure)	480 minutes or less	Achieved 61 minutes	Achieved 113 minutes	Achieved 137 minutes
c) Attendance at non-urgent call outs ² (from notification to arrival on site) (Mandatory measure)	7 days or less	Achieved 74 minutes	Achieved 69 minutes	Achieved 53 minutes
d) Resolution of non-urgent call outs (from notification to confirmation of resolution) (Mandatory measure)	3 months or less	Achieved 140 minutes	Achieved 108 minutes	Achieved 115 minutes
Council's drinking water supply complies with:				
a) Part 4 of the Drinking Water Standards (bacteria compliance criteria) ³ . (Mandatory measure)	Fully compliant	Not achieved <i>Masterton:</i> Compliant <i>Tinui:</i> Partially compliant ⁵	Achieved Fully compliant	Achieved Fully compliant

b) Part 5 of the Drinking Water Standards (protozoal compliance criteria) ⁴ . (Mandatory measure)	Fully compliant	Not achieved <i>Masterton:</i> Compliant <i>Tinui:</i> Partially compliant ⁵	Achieved Fully compliant	Not achieved Fully compliant for 98.9 per cent of days (361 out of 365 days). There were four days where filtered turbidity exceeded the standard for more than 1 per cent of the time.
Percentage of real water loss from MDC's reticulation system (calculated using minimum night flow). (Mandatory measure)	Year 3: No more than 32.4 per cent (Based on historic approach of calculating water loss) ⁶	Not achieved 45 per cent ⁶	Achieved New approach: 47.0 per cent ⁶ Previously reported as 32.4 per cent using historic approach.	Achieved New approach: 47.0 per cent ⁶ Previously reported as 32.5 per cent using historic approach.
Average consumption of drinking water per day per resident within the district. (Demand management). (Mandatory measure)	Year 3: No more than 578 litres per person per day	Not achieved 664 litres per person per day ⁷	Not achieved 586 litres per person per day	Achieved 578 litres per person per day

Notes:

¹ An urgent call-out is one that leads to a complete loss of supply of drinking water.

² A non-urgent call-out is one where there is still a supply of drinking water.

³ For bacterial compliance testing, E. coli is used as the indicator organism for contamination of drinking-water by faecal material (Further Information)

⁴ The compliance criteria for protozoa are based on the probability that the treatment process has inactivated (by disinfecting to achieve the prescribed C.t value) or removed (by achieving target filtrate turbidity) any protozoa present (Further Information)

⁵ Changes to DWQAR in 2022 have resulted in technical non-compliance. Data is collected but there is a new requirement to now continually monitor parameters. This has required installation of new technology. Systems are now installed.

⁶ The Department of Internal Affairs Water Loss Guidelines (WLG) sets out two approaches for calculating water loss: a water balance methodology, and a night flow measurement. In previous years, the Council has used a night flow measurement approach, using a single lowest nighttime flow with allowances for real use for key users, including hospitals, schools and JNL LTD, and for households. As part of the audit of the 2022/23 Annual Report, Audit New Zealand reviewed our approach and recommended we change to a water balance approach. The WLG note that any water loss calculation that "is not based on an annual water balance can only be regarded as an indicative value". The 2022/23 Annual Report notes MDC's intention to move to a water balance approach for future water loss calculations. The water balance approach has been applied to the 2023/24 results. Given that, results are not directly comparable with results from previous years. To enable some comparison, the new approach to calculating water loss has been retrospectively applied to the previous two years: 2022/23 – 47%, 2021/22 47%. These numbers are to be regarded as indicative as per WLG. They will be used as a baseline against an improved quality set of data following the introduction of water meters and our hydraulic model for the water network.

⁷ Accuracy will be tested up against monthly meter reads. Improvement projects are in place for the 24/25 year, which are likely to see a reduction in the average daily consumption across the district.

Our service in action

Building water resilience: Masterton's commitment to a sustainable future

Water is an important and critical resource for our community. Safeguarding long-term water resilience is a priority for Masterton.

Over the past 12 months we have continued to work alongside Carterton and South Wairarapa District Councils and Greater Wellington Regional Council to implement a jointly developed Water Resilience Strategy.

We have also continued work on leak detection and remediation, key elements of our water renewals program, which will continue to address issues across the district.

Water resilience is a consideration in our 2024 Long-Term Plan, adopted 30 June 2024. The Council has allocated significant funding in the 2024-34 Long-Term Plan for water infrastructure improvements. Over the next few years, \$8.4 million will be invested in constructing larger raw water storage ponds at the Kaituna water treatment plant, ensuring greater capacity during times of need. An additional \$7.9 million will go towards a new treated water reservoir, further bolstering our ability to meet future demand.

Other major projects include renewing the trunk mains that carry bulk water into urban areas and upgrading the water main in the CBD, both of which are vital for maintaining a reliable water supply.

In tandem with these infrastructure projects, water meters are being installed across urban properties. These meters not only help users identify leaks on private property but also encourage responsible water usage and aid consumer behaviour changes. We have been working on developing an equitable charging regime to ensure fairness in water costs.

The Proposed Wairarapa Combined District Plan (formally notified in October 2023) includes new requirements for domestic water storage, supporting conservation efforts and further strengthening our community's resilience.

By investing in both infrastructure and policy, the Council is taking proactive steps to ensure we have enough water to meet our community's needs now and in the future.



Cost of service statement

Urban Water Supply			
2022/23		2023/24	2023/24
Actual		Actual	Budget
\$		\$	\$
	Operating Costs		
1,746,152	Water treatment costs	1,854,148	1,742,975
1,685,576	Water reticulation costs	1,828,190	1,444,008
1,906,508	Depreciation	2,485,027	2,093,372
5,338,237		6,167,364	5,280,355
	Operating Revenue		
505,849	User charges & other revenue	717,971	313,478
111,200	Internal Recoveries	130,800	130,800
617,049		848,771	444,278
	Appropriations		
330,613	Provision for loan repayment	298,197	291,117
(636,860)	Reverse depreciation	(1,008,000)	(605,000)
\$4,414,940	Rates Requirement	\$4,608,791	\$4,522,194

Rural Water Supplies			
2022/23		2023/24	2023/24
Actual		Actual	Budget
\$		\$	\$
	Operating Costs		
387,499	Rural water supplies & races (incl Wainuioru)	302,763	283,355
147,275	Depreciation	174,778	194,589
534,773		477,541	477,944
	Operating Revenue		
251,053	Rural water scheme fees	257,359	236,600
	Appropriations		
13,980	Transfers to reserves	9,245	-
6,945	Provision for loan repayment	5,928	5,928
(75,650)	Reverse depreciation	(87,064)	(94,456)
\$228,996	Rates Requirement	\$148,292	\$152,816

Water Supplies			
Rates Requirement Summary			
2022/23		2023/24	2023/24
Actual	Activity	Actual	Budget
\$		\$	\$
4,414,940	Masterton urban water supply	4,608,791	4,522,194
87,427	Tinui water supply	64,682	61,119
120,454	Opaki water race	63,747	66,584
21,114	Miscellaneous rural water costs	19,862	25,113
\$4,643,936	Rates Requirement	\$4,757,083	\$4,675,010

Water Supplies

Capital Expenditure Summary

2022/23		2023/24	2023/24
Actual		Actual	Budget
\$		\$	\$
	Urban water treatment		
108,976	Water treatment plant & equip. renewals	207,722	238,900
11,910	Water treatment - buildings & grounds	18,695	25,000
69,537	Water take consent renewal	10,021	0
190,424		236,439	263,900
	Urban water reticulation		
2,316,958	Water mains renewals	2,342,005	1,500,000
45,189	Water main renewal - stimulus projects	0	0
6,512	Water connection replacements	425,024	106,500
600,798	Water meters installation	459,515	500,000
66,664	Treated water storage - Nikau Heights	12,010	0
57,341	Bulk tanker water supply terminal	0	0
-	Water mains extension - Millard Ave	0	180,000
536,008	Assets vested from developers	399,143	0
3,629,469		3,637,698	2,286,500
	Rural water reticulation		
121,465	Wainuioru water supply renewals	4,756	31,950
20,045	Tinui water supply upgrades	22,501	5,325
225,327	Wainuioru Water supply - stimulus project	0	0
366,836		27,257	37,275
4,186,729	Total Water Supplies capital expenditure	3,901,394	2,587,675
	Capital Funding		
(1,140,798)	Loan funds	(889,374)	(950,000)
(225,327)	External funds	0	0
(536,008)	Assets vested by subdividers	(399,143)	0
(2,284,596)	Transfers from reserves	(2,612,877)	(1,637,675)
(4,186,729)		(3,901,394)	(2,587,675)

RATONGA WAI PARU

WASTEWATER SERVICES



What we do

Wastewater services are provided to approximately 9,600 separate connected residential, commercial and industrial properties in the urban area, Waingawa industrial area, Riversdale, Castlepoint, and Tinui. The services include maintaining our network of pipes, pump stations, treatment plants, wetland cells and a waste stabilisation pond. The system provides for efficient and safe collection, treatment and disposal of wastewater, which drains from things like our toilets, showers, baths, sinks, washing machines and dishwashers.

Why we do it

Our wastewater activity contributes to wellbeing by protecting the health and safety of our community, supporting residential and business development, and ensuring that wastewater disposal has minimal impact on the natural environment.



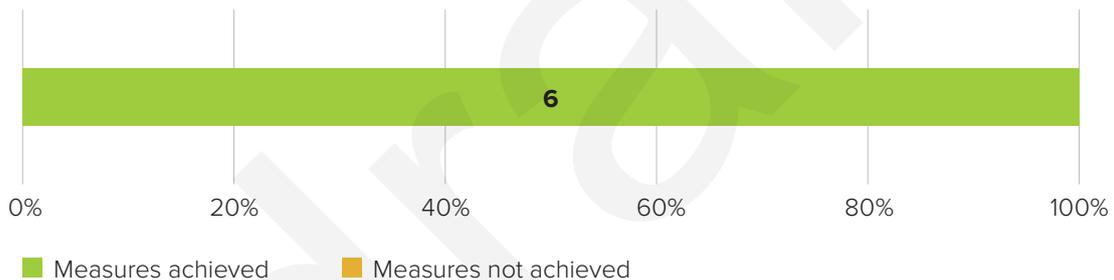
Our highlights from the year

During the year we have continued to focus on delivering projects and ongoing maintenance that improve our wastewater services.

Highlights and key activities from 2023/24 include:

- Replaced or relined 4.3km of sewer mains, substantially more than the 2.3km planned for the year. This has been achieved by working with new technology to reline, rather than replace, sewer mains.
- Installed and commissioned the Colombo Road pump station. The pump station is operating successfully.
- Continued investigation and remedial work for the Cockburn Street catchment to alleviate historic problems with sewer overflows impacting residents (see “Our service in action: Cockburn Street stormwater solution under the stormwater activity”).
- Launched a dedicated wastewater and stormwater project to isolate and resolve asset issues relating to the Cockburn Street catchment including the development of a long-term strategic roadmap for stormwater and wastewater.

Our performance at a glance



We achieved all six wastewater measures.

It is hard to make direct comparison with previous years due to the rain and weather events since February 2022 that impacted results for the Council’s wastewater and stormwater services.

The number of complaints received about sewerage is about quarter the number that was received last year, while the median response time to attend sewerage overflows have halved. This year only two port-a-loos needed to be deployed compared to 160 last year.

Urban wastewater operating costs (excluding depreciation) of \$4.8 million were 8.3 per cent more than planned. This was largely due to higher costs of sewer reticulation, in particular pump hire costs during the construction of the Colombo Road pumping station. Wastewater main renewal costs were \$2.99 million versus a budget of \$3.29 million. Some \$1.8 million of this cost has been funded externally through ‘Better Off’ and Resilience funding. The new Colombo Road pump station project was completed at close the the planned budget. The \$1.3 million extension of the Millard Avenue sewer main did not proceed this year.

Our performance in detail

Measure	Target	2023/24 Result	2022/23 Result	2021/22 Result
Number of complaints received about sewerage odour, system faults, system blockages, MDC's response to issues with its sewerage system. (Mandatory measure)	Less than or equal to 8 complaints per 1,000 connections.	Achieved 6.56 complaints per 1000 connections (65 actual complaints)	Not achieved 26.56 complaints per 1,000 connections (257 actual complaints)	Not achieved 15.95 complaints per 1,000 connections (152 actual complaints)
Median response time to sewerage overflows¹ resulting from a blockage or other fault to MDC's sewerage system:				
a) attendance (from time of notification to the time service personnel arrive onsite) (Mandatory measure)	6 hours or less	Achieved 25 minutes	Achieved 52 minutes	Achieved 131 minutes (2.18 hours)
b) resolution (from time of notification to the time service personnel confirm resolution) (Mandatory measure)	12 hours or less	Achieved 161 minutes (2.68 hours)	Achieved 102 minutes (1.7 hours)	Achieved 1,084 minutes (18.07 hours)
Number of dry weather sewerage overflows ² from MDC's sewerage system (Mandatory measure)	Less than or equal to 2 per 1,000 connections	Achieved 1.01 per 1,000 connections (10 Actual complaints)	Achieved 0.41 per 1,000 connections (4 actual complaints)	Achieved 1.15 per 1,000 connections (11 actual complaints)

Measure	Target	2023/24 Result	2022/23 Result	2021/22 Result
Compliance with MDC’s resource consents for discharge from its sewerage system, measured by the number of abatement notices, infringement notices, enforcement orders or convictions received by MDC in relation to those consents. (Mandatory measure)	100 per cent - no consent breaches	Achieved 100 per cent compliant	Not achieved One abatement notice served	Not achieved One infringement received
Alternative system provided where loss of service exceeds 24 hours	Less than or equal to 1 per 1,000 connections	Achieved 0.2 per 1,000 connections (2 port-a-loos provided)	Not achieved 16.53 per 1,000 connections (160 port-a-loos required)	Not achieved 6.4 per 1,000 connections (61 port-a-loos required)

Notes:

¹ Sewerage overflow means sewage that escapes MDC’s sewerage system and enters the environment

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



Cost of service statement

Wastewater Services - urban			
2022/23		2023/24	2023/24
Actual		Actual	Budget
\$	Operating Costs	\$	\$
1,780,449	Sewerage reticulation	2,018,862	1,612,534
2,589,864	Wastewater treatment	2,784,231	2,824,260
3,046,632	Depreciation	3,196,775	3,411,153
7,416,945		7,999,868	7,847,947
	Operating Revenue		
683,309	User charges & other revenue	724,695	531,993
8,000	Internal Recoveries	9,000	9,000
691,309		733,695	540,993
	Appropriations		
2,579,715	Provision for loan repayments	2,398,327	2,373,438
(1,840,000)	Reverse depreciation not rates funded	(1,957,441)	(2,123,441)
\$7,465,352	Rates Requirement	\$7,707,059	\$7,556,951

Wastewater Services - rural schemes			
2022/23		2023/24	2023/24
Actual		Actual	Budget
\$	Operating Costs	\$	\$
132,835	Castlepoint sewerage scheme	163,094	134,601
194,539	Riversdale sewerage scheme	183,717	212,207
35,726	Tinui sewerage scheme	20,616	21,814
488,162	Depreciation	468,037	547,856
851,262		835,464	916,478
	Operating Revenue		
143,833	Capital contributions	421,589	170,000
30,000	Internal Recoveries	30,000	30,155
173,833		451,589	200,155
	Appropriations		
0	Transfers to reserves	130,000	0
(50,000)	Transfers from reserves	(50,000)	(50,000)
162,718	Loan Repayment	291,120	170,524
(356,786)	Reverse depreciation not rates funded	(284,965)	(395,277)
\$433,362	Rates Requirement (Operational)	\$470,030	\$441,570

Wastewater Services

Rates Requirement Summary

2022/23		2023/24	2023/24
Actual		Actual	Budget
\$	Activity	\$	\$
7,465,352	Urban sewerage system	7,707,059	7,556,951
120,146	Castlepoint sewerage scheme	150,434	120,883
217,805	Riversdale Beach sewerage scheme	243,902	245,890
50,303	Riversdale & Tinui capital contributions	50,303	45,586
45,108	Tinui sewerage scheme	25,392	29,211
\$7,898,714	Rates Requirement	\$8,177,089	\$7,998,521

Wastewater Services

Capital Expenditure Summary

2022/23		2023/24	2023/24
Actual		Actual	Budget
\$	Urban Wastewater system	\$	\$
66,491	Homebush treatment plant renewals	73,901	53,250
3,149,802	Wastewater reticulation renewals	1,152,395	1,171,500
713,549	Wastewater renewals - Better Off funding	1,436,545	2,115,000
0	Wastewater renewals - Resilience funding	401,192	0
84,638	Homebush farm irrigation	11,732	532,500
53,268	Homebush aerators - stimulus project	0	0
194,072	Colombo Road bridge sewer pump station	1,264,789	1,200,000
0	Services extension - Millard Ave	0	1,300,000
1,051,765	Assets vested from subdivisions	925,860	0
5,313,585		5,266,414	6,372,250
	Rural Wastewater schemes		
32,334	Riversdale Beach sewerage renewals	8,783	31,950
30,440	Tinui sewerage scheme	21,375	0
0	Castlepoint sewerage renewals	20,117	10,650
62,774		50,275	42,600
5,376,359	Total Capital Expenditure	5,316,689	6,414,850
	Capital Funding		
(1,805,231)	Loan funds	(1,264,789)	(1,732,500)
(713,549)	External funds	(1,837,737)	(2,115,000)
(1,051,765)	Assets vested from subdivisions	(925,860)	0
(1,805,814)	Transfers from reserves	(1,288,302)	(2,567,350)
(5,376,359)		(5,316,689)	(6,414,850)
\$0	Rates Requirement (Capital Contributions)	\$0	\$0

WAIMARANGAI **STORMWATER**



What we do

We provide stormwater systems, including the use of natural channels and streams, to collect and dispose of surface water run-off from residential, commercial and industrial properties in the urban area. The stormwater system in rural areas is primarily open drains.

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.



Why we do it

Our stormwater system contributes to wellbeing by minimising the impact of significant events, such as flooding, protecting the health and safety of our community.

Our highlights from the year

During the year we have continued to focus on delivering projects and ongoing maintenance that improve our wastewater services.

- Granted Stage 1 Stormwater Monitoring Consent. This provides valuable insights into our environmental impact and allows us to take proactive steps to mitigate any negative effects.
- Engaged with Greater Wellington Regional Council forums for ongoing management of the stormwater protections in the Masterton District.
- Scoped and commenced the Cockburn Street sewer/stormwater project (See “Our service in action: Cockburn Street stormwater solution”).

Our performance at a glance



We achieved four of our five stormwater measures.

It is hard to make direct comparison with previous years due to the rain and weather events since February 2022 that impacted results for Council’s wastewater and stormwater services.

All stormwater measures have improved. There were no reported events of flooding, or consent breaches. While the number of complaints received about the performance of our stormwater system was significantly lower than last year (29 complaints vs 91) we were still slightly above our target.

Operating costs in this activity exceeded the planned level by \$169k (30 per cent). This is due to the Council’s contribution to GWRC’s flood resilience work on the Ruamahanga River (\$160k) being treated as operating cost - it was budgeted as a capital expenditure item. Work associated with stopbanks through QE Park was not progressed.

Our performance in detail

Measure	Target	2023/24 Result	2022/23 Result	2021/22 Result
Number of flooding events ¹ that occur in the district (Mandatory measure)	10 events or less	Achieved No flooding events	Achieved 5 flooding events	Achieved 2 flooding events
For each flooding event, the number of habitable floors affected (Mandatory measure)	Less than or equal to 1 per 1,000 connections	Achieved 0 per 1,000 connections No habitable floors affected	Achieved 0 per 1,000 connections No habitable floors affected	Achieved 0.33 per 1,000 connections 3 habitable floors affected
Compliance with MDC's resource consents for discharge from its stormwater system, measured by the number of abatement notices, infringement notices, enforcement orders or convictions received by MDC in relation to those consents.) (Mandatory measure)	100 per cent compliance	Achieved 100 per cent - no consent breaches	Achieved 100 per cent - no consent breaches	Achieved 100 per cent - no consent breaches
Number of complaints received about the performance of MDC's stormwater system (Mandatory measure)	Less than or equal to 3 per 1,000 connections	Not achieved 3.22 complaints per 1,000 connections (29 actual complaints)	Not achieved 10.11 complaints per 1,000 connections (91 actual complaints)	Not achieved 4.11 complaints per 1,000 connections (37 actual complaints)
Median response time to attend a flooding event (from time of notification to the time service personnel arrive onsite) (Mandatory measure)	60 minutes or less	Achieved N/A – no flooding events reported	Achieved 21 minutes	Not achieved 6,531 minutes (109 hours)

Notes:

¹ A flooding event means an overflow of stormwater from MDC's stormwater system that enters a habitable floor.

² Habitable floor refers to a floor of a building (including a basement) but does not include ancillary structures such as stand-alone garden sheds or garages.

Our service in action

Cockburn Street stormwater solution: A pilot for sustainable wastewater/stormwater infrastructure

Cockburn Street and Colombo Road have faced overflow issues for a number of years with wastewater overflowing onto properties following heavy rainfall - most recently following cyclones Hale and Gabrielle in 2023.

Following Cyclone Gabrielle, the Council initiated a project to install valves and storage tanks at the worst-affected properties. This was recognised as a temporary, short-term fix, and a more permanent solution was needed.

In 2023, the Council engaged consultants to work in conjunction with staff to identify sources of stormwater inflow to the sewer and develop solutions.

The first stage has commenced, with investigations into the source of stormwater inflow. This work has already had a positive effect on the network but will be ongoing for some time.

Eliminating stormwater entering the sewerage system will reduce flows, which will in turn reduce the likelihood of overflows and reduce the volume of wastewater to be treated.

The Stormwater Wastewater pilot project has seen Council work close with the affected residents to make sure their concerns are heard and addressed.

Looking ahead, the Cockburn Street project will serve as a template for the future.



Cost of service statement

Stormwater			
2022/23		2023/24	2023/24
Actual		Actual	Budget
\$	Operating Costs	\$	\$
886,188	Stormwater	730,298	561,334
542,430	Depreciation	635,921	594,302
1,428,618		1,366,219	1,155,636
	Operating Revenue		
94,310	Other revenue - 3 Waters Stimulus	-	-
	Appropriations		
(180,000)	Transfers from reserves	(160,000)	-
41,884	Provision for loan repayment	39,567	39,567
(280,000)	Reverse depreciation not rates funded	(312,987)	(272,987)
\$916,192	Rates Requirement	\$932,799	\$922,216

Stormwater			
Capital Expenditure Summary			
2022/23		2023/24	2023/24
Actual		Actual	Budget
\$	Stormwater	\$	\$
475,351	Stormwater renewals & upgrades	279,787	319,500
0	Improve flood protection	0	159,750
0	Stopbank - associated pipe work upgrade	0	213,000
1,330,165	Assets vested from subdivisions	1,149,468	0
1,805,516		1,429,255	692,250
	Capital Funding		
0	Loan funds	-	(213,000)
(475,351)	Transfers from reserves	(279,787)	(479,250)
(1,330,165)	Assets vested from subdivisions	(1,149,468)	0
(1,805,516)		(1,429,255)	(692,250)

TARI WHAKARITE PARAPARA

SOLID WASTE MANAGEMENT



What we do

We provide a reliable, environmentally safe and cost-effective rubbish collection and disposal service. We also work to promote the adoption of sustainable waste minimisation practices.

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 at Nursery Road, Masterton and two rural transfer stations (Castlepoint and Riversdale), including associated buildings and the weighbridge at the urban landfill.



Why we do it

Our solid waste service contributes to wellbeing by supporting our community to manage waste and promoting waste minimisation. Together this protects our community's health and natural environment.

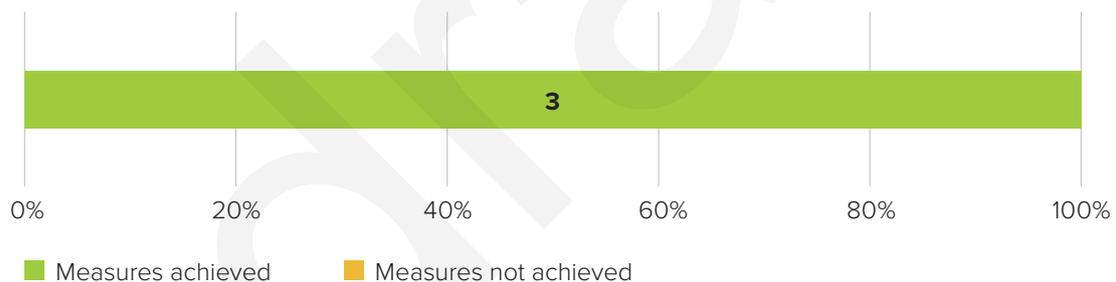
Our highlights from the year

During the year we have continued to support our community to manage waste and promote waste minimisation.

Highlights and key activities from 2023/24 include:

- Completed and adopted the Wellington Region Waste Management and Minimisation Plan
- Completed a service delivery review of our solid waste activity, known under the Local Government Act as a Section 17A. The purpose of the review is to identify the most cost-effective method for delivering services to the community.
- Successfully obtained funding from Ministry for the Environment to do a feasibility study on an organics kerbside collection. The funding was a joint application with South Wairarapa and Carterton District Councils, with each council also contributing funding.
- Launched a battery recycling programme at the Riversdale and Castlepoint transfer stations (see "Our service in action: Powering a cleaner and safer future").

Our performance at a glance



We achieved all three solid waste measures.

The amount of waste transferred to the landfill has continued its downward trend.

The delivery of our solid waste service was fully compliant with all resource consent requirements. The number of call-backs for the non-collection of rubbish bags slightly increased with 11 call-backs compared to eight.

External user charge revenue was down 13 per cent on planned due to lower tonnes of waste coming into the Masterton transfer station. Correspondingly, costs for waste disposal were 11.3 per cent less. Waste minimisation (including recycling) costs were close to planned.

Our performance in detail

Measure	Target	2023/24 Result	2022/23 Result	2021/22 Result
Number of call backs due to non-collection of official rubbish bag in each weekly collection	No more than 52 call-backs per annum.	Achieved 11 call-backs	Achieved 8 call-backs	Achieved 5 call-backs
Tonnage of waste transferred to landfill per head of population	Reduction on previous year (0.513 tonne per head of population) Note: When the new bylaw is implemented, a new baseline will be established for reporting purposes.	Achieved 0.462 tonne per head of population (est. population as at 30/6/23: 29,000) 13,391 tonnes of waste transferred	Achieved 0.513 tonne per head of population (est. population as at 30/6/23: 29,000) 14,882 tonnes of waste transferred	Not achieved 0.582 tonne per head of population (est. population as at 30/6/23: 29,000) 16,883 tonnes of waste transferred
Urban and rural transfer stations, recycling, composting facilities and landfills operate within approved resource consent conditions	100 per cent compliance	Achieved 100 per cent compliance	Achieved 100 per cent compliance	Achieved 100 per cent compliance

Our service in action

Powering a cleaner and safer future: Masterton's community-driven battery recycling initiative

We've stepped up our commitment to sustainable waste minimisation practices with a battery recycling (Lithium-ion) product stewardship scheme at Riversdale and Castlepoint Transfer Stations.

The initiative, driven primarily by the community and supported by staff and contractors, was designed to ensure that lithium-ion batteries are disposed of ethically and safely. This isn't just about getting rid of old batteries – it's about preventing harmful chemicals from leaking into the environment and reducing the risk of fires igniting in kerbside wheelie bins, waste trucks, transfer stations, and landfills. The Council's commitment to this project aligns perfectly with our Waste Minimisation and Management Plan (WMMP) objectives, focusing on protecting both people and the environment.

The impact of this project has been significant. Not only has it provided a safe disposal method for the community, but it has also allowed Fire and Emergency New Zealand (FENZ) to safely dispose of lithium-ion batteries from smoke alarms as part of their fire prevention efforts. This collaboration highlights how local initiatives can have a broader positive effect.

What stands out most about this project is the community's enthusiastic response. "Without any campaign as such, our community has taken up on this initiative and is using it more and more," says Joanne Dean, Waste and Resource Recovery Advisor. So far, 700 kilograms of batteries have been collected, demonstrating the community's commitment to the environment.

With the community already showing such strong support, the future of battery recycling in Masterton looks bright.



Cost of service statement

Solid Waste Services			
2022/23		2023/24	2023/24
Actual		Actual	Budget
\$	Operating Costs	\$	\$
300,641	Urban refuse collection costs	322,369	327,803
3,134,357	Transfer station operation & refuse disposal	3,601,898	4,062,671
1,575,455	Waste minimisation (incl recyc.& composting)	1,764,205	1,798,576
314,496	Rural refuse operations	367,424	334,277
5,324,949		6,055,896	6,523,327
Operating Revenue			
3,616,034	User charges - external	3,871,531	4,435,400
139,548	User charges - internal	135,008	180,400
282,388	Recoveries - waste levy	488,733	430,000
209,923	Recoveries from bag sales	244,760	240,000
4,247,893		4,740,031	5,285,800
Appropriations			
0	Transfers from reserves	(35,000)	(30,000)
204,706	Provision for loan repayment	197,710	197,711
(74,000)	Reverse depreciation not rates funded	(92,281)	(92,281)
\$1,207,762	Rates Requirement	\$1,386,294	\$1,312,957

Solid Waste Services			
Rates Requirement Summary			
2022/23		2023/24	2023/24
Actual	Activity	Actual	Budget
\$		\$	\$
690,169	Recycling collections	775,981	753,247
(80,122)	Refuse collection & transfer station	74,994	(47,835)
327,399	Waste minimisation (recycling & composting)	191,160	299,268
270,316	Rural refuse services	344,160	308,277
\$1,207,762	Rates Requirement	\$1,386,294	\$1,312,957

Solid Waste Services			
Capital Expenditure Summary			
2022/23		2023/24	2023/24
Actual		Actual	Budget
\$	Solid Waste Management	\$	\$
-	Nursery Road landfill capping	-	20,920
18,115	Transfer station renewals	94,036	400,000
18,115		94,036	420,920
Capital Funding			
-	External funds	-	(200,000)
(18,115)	Transfers from reserves	(94,036)	(220,920)
(18,115)		(94,036)	(420,920)

NGĀ WHARE O TE HAPORI ME NGĀ PĀKA
**COMMUNITY FACILITIES
AND PARKS**



What we do

We provide and support a wide range of parks and facilities throughout the district for use by the community, including:

- the Library and Archive,
- property (74 senior housing units, 13 public toilets, seven rural halls, rural holding paddocks, small roadside forestry blocks, Mawley Park camping ground and other rental properties),
- 215 hectares of urban and rural parks, reserves and sports fields,
- the 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; however these are currently closed to the community due to risks associated with the buildings' low earthquake rating.





Why we do it

We provide community facilities and activities to support wellbeing and contribute to making Masterton an enjoyable place to live.

The Library and Archive service provides a learning environment where people can access resources that increase their skills and knowledge, and preserves and promotes the historical records of the Wairarapa. This empowers the community and allows greater connection to our culture and heritage.

The properties we own and/or manage support the community by providing accessible locations for the Council's operations; enabling residents to meet and participate in social, cultural and leisure activities; and ensuring low-cost, well-maintained rental accommodation is provided for older members of our community who have limited financial resources. In addition, community health is protected by the provision of public toilets throughout the district and tourism is encouraged through Mawley Park, which provides temporary accommodation for visitors to the area.

Our parks, reserves and sports fields provide recreational opportunities for residents and visitors, while also protecting, preserving and enhancing the natural environment. In addition, the Trust House Recreation Centre provides a facility where people can learn to swim and engage in physical activity. It also hosts key events like the Golden Shears. Through offering attractive environments for exercise and sport, we encourage active and healthy lifestyles and promote community health and wellbeing.

Cemeteries are provided to give the community an attractive and respectful environment for the remembrance of the deceased. This service ensures that burials and cremations are socially and culturally appropriate and do not pose a risk to public health. Through this service we also maintain cemetery records, which provide a valuable resource to people researching their family history.

Hood Aerodrome provides a strategic air facility for small private passenger flights, freight and air ambulance services to the Wairarapa. The aerodrome also encourages economic development through provision of facilities for pilot training, recreational aviation, aviation-related businesses and major air events.

Our highlights from the year

Library and Archive

- Library usage increased with more people returning to the library in person following Covid-19.
- Delivered over 700 free events with 12,000+ attendees at the Library.
- The Archive delivered 36 presentations to the community.

Community development

- Hosted a successful events programme, including the Christmas Parade, Halloween Cultural Festival and Waitangi Day events (see “Our service in action: Celebrating together: Developing community spirit through inclusive family-friendly events”)
- Approved the Riversdale Beach Community Plan for 2024–34.
- Secured external funding to enhance our community events, initiatives, and programmes.
- Held two Community Association meetings, bringing together our five associations from the Masterton District.
- Engaged with youth through dedicated strategies, the Youth Council, and the Waka Tākaro Play Trailer.

Property

- Completed the rear carpark expansion at Panama Village, increasing the parking capacity for residents and support agencies. The adjacent grassed area had three raised planting beds installed for residents to utilise. A non-potable water storage tank was installed to provide an alternative water source for the garden beds if water restrictions are in place.
- Continued interior refurbishments within the senior housing portfolio as units became available. All units continue to be maintained and compliant with the healthy homes standards.
- Completed earthquake strengthening of the Queen Elizabeth Park Sports Club and installed energy efficient heat pumps.
- Construction of new accessible ramp at the Douglas Villa Clubrooms began during the fourth quarter of the 2023/24.
- Upgraded the sewerage system and installed extra non-potable water storage at the Tinui Rural Hall to help support community resilience.

Parks, reserves and sports fields

- Added approximately 8,000 native plants to the escarpment area in the Southern Reserve at Riversdale Beach to support the maintenance and expansion of the key native eco-system.
- Restored and secured beach access at Northern Reserve for the Riversdale Beach Surf Life Saving Club following Cyclone Gabrielle through the installation of a rock wall.
- Started a regenerative turf study across 11 sports grounds. The results will help identify opportunities to restore the soil health and reduce the need for chemical applications. Research into drought tolerant sports turf surfaces has also begun.
- Undertook research into options for the artificial track surface at the Colin Pugh Sports Bowl, which included consideration for a return to grass. As a result, artificial turf replacement remains the preferred option and is budgeted for within the 2024-34 LTP.
- Completed the conversion of the Riverside Cemetery to lawn style and expanded the Returned Services area.

- Upgraded McJorrow Park playground to improve accessibility to play equipment, including the addition of several interactive play panels to enhance the play experience.
- Progressed plans for using an existing council asset for the Youth Hub at the skatepark. Completion of the project is planned for the end of October 2024.
- Developed a collaborative funding model approach for the Henley Lake Playground. This will include contributions from Henley Trust, Masterton Host Waipoua Lions and the Lansdowne Residents Association.
- Enhanced Solway Reserve in collaboration with Friends of Solway Reserve and Greater Wellington Regional Council by clearing out noxious weeds and pests and increasing native plantings. Solway Reserve is one of the last remaining areas of remnant bush.

Trust House Recreation Centre

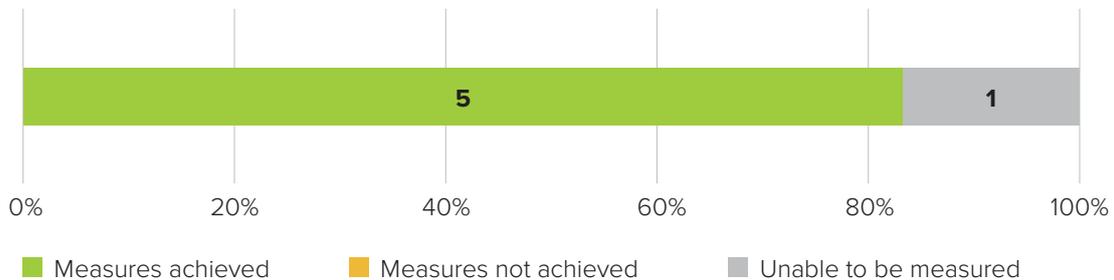
- Completed a Condition and Energy Assessment, with work progressing on necessary remedial work.
- Completed a significant amount of corrective work during a facility shutdown between April and May 2024. This included upgrading the heat pump and improving the floor surface in the changing facilities for the main pool.
- Delivered cost efficiencies by consolidating the toddler pool roof repairs into a larger roof upgrade project. Designs for the toddler pool roof were completed.

Hood Aerodrome

- Appointed a contractor for the runway widening project and preparation work to create the new 30m wide runway was completed. Final surfacing had to be postponed due to weather conditions. The runway was returned to an operational state until weather conditions improve – completion of work is planned for November 2024.
- Increased the apron area near the terminal as part of the runway project. This will be finished with the main runway work in November 2024.
- Continued work on the Enhancement Project to settle on the layout for future hangar development. The work was done in preparation for a tender process to carry out the civil engineering and installation of services in year one of the 2024-34 LTP.
- Continued development of the Safety Management System and preparation of documentation for the certification application to CAA.



Our performance at a glance



We achieved five of our six community facilities and park measures.

Library usage is higher in 2023/24 than it has been for the previous two years, with increases in physical book issues, digital issues and computer/wi-fi sessions.

There have been changing trends in library visits, with in person visits increasing by almost 20 per cent compared to last year. In contrast, digital visits have been declining. This is likely to be associated with changing trends post Covid-19.

The overall number of people using the Trust House Recreation Centre was a similar level to last year. Breaking that usage down, there have been increases in the number of people using the gym, and a decrease in stadium use.

All 10 Council-owned rental units and houses that were let are compliant with the healthy homes standards.

We were unable to report on one measure relating to the use of the recreational trails that are part of our parks and reserves network. Ongoing issues with faulty data loggers have meant we have been unable to report accurate results for the past three financial years.

The financial performance across some of these activities has seen savings made versus budgets, particularly in the parks, reserves and sports fields activities (2.5 per cent). The Recreation Centre operations and maintenance budgets were overspent by 8.2% as electricity and plant maintenance costs ran at higher levels than planned. The Cemeteries activity has incurred project costs as part of upgrading the environs of Riverside Cemetery that had been planned as capital expenditure, but have been treated as operating cost. Mawley Holiday Park revenue was 3.9 per cent below the plan and 11.7% below the prior year indicating more difficult trading environment. Across the \$104 million community facilities and activities rates requirement, they have come in under by 0.5 per cent. Capital expenditure projects across these activities are extensive in range and scale. There have been a number of underspends as work has progressed slower than expected. The airport upgrade had \$3.8 million allowed as capital on runway widening and land purchase for a runway extension. Both aspects progressed, with \$2.2 million spent. The construction contract was underway at year end. Other smaller projects like upgrading sports buildings and facilities and Henley Lake water level management have not progressed as more work is done around the feasibility and best solutions for these projects. The Civic/Events facility design stage work was focussed on providing options and information to support consultation on this project through the Long Term Plan process.

Our performance in detail

Measure	Target	2023/24 Result	2022/23 Result	2021/22 Result
Number of visits to the library and archive.	No less than 5 year average (245,616) for number of visits to the library and archive Visits consist of: <ul style="list-style-type: none"> • In-person visits • Digital¹ • Housebound 	Achieved Library visits: 271,519 <ul style="list-style-type: none"> • In-person: 117,847 • Digital: 152,808 • Housebound: 864 	Achieved Library visits: 329,929 <ul style="list-style-type: none"> • In-person: 99,132 • Digital: 229,709 • Housebound: 1,088 	Achieved Library visits: 363,490 <ul style="list-style-type: none"> • In-person: 83,400 • Digital: 278,944 • Housebound: 1,146
Percentage of Council parks and open spaces urgent customer service requests that are resolved within 4 work hours.	90 per cent resolved within 4 work hours.	Achieved 100 per cent responded to within 4 hours. All 20 urgent requests have been responded to within 4 hours.	Achieved 94 per cent responded to within 4 hours. 46 out of 49 urgent requests were responded to within 4 hours.	Achieved 96 per cent responded to within 4 hours. 54 out of 56 urgent requests were responded to within 4 hours.
Number of people using the recreational trails that are part of our parks and reserves network	No less than 2 year average for recreational trails usage total	N/A – Not available to report²	N/A – Not available to report²	N/A – Not available to report²

<p>Number of people using the Trust House Recreation Centre</p>	<p>No less than 5 year average for overall Trust House Recreation Centre usage total</p> <p>Usage consists of:</p> <ul style="list-style-type: none"> • Swim • Gym • Stadium Sports • Stadium Events 	<p>Achieved</p> <p>Usage: 150,349</p> <ul style="list-style-type: none"> • Swim: 101,382 • Gym: 34,843 • Stadium Sports: 4,402 • Stadium Events: 9,722 	<p>Achieved</p> <p>Usage: 152,095</p> <ul style="list-style-type: none"> • Swim: 106,191 • Gym: 27,687 • Stadium Sports: 5,830 • Stadium Events: 12,387 	<p>Achieved</p> <p>Usage: 99,899</p> <ul style="list-style-type: none"> • Swim: 65,357 • Gym: 25,214 • Stadium Sports: 3,717 • Stadium Events: 5,601
<p>Compliance with the healthy homes standards³ for Council-owned rental units and houses.</p>	<p>Applies to all Council rental units/houses:</p> <p>All units/houses comply with the healthy home standards (or have exemptions).</p>	<p>Achieved</p> <p>100 per cent</p> <p>Ten units were let and all ten were full compliant at the time of lease.</p>	<p>Achieved</p> <p>100% per cent</p> <p>Five units were let and all five were fully compliant at the time of lease</p>	<p>Not achieved</p> <p>83.3% per cent</p> <p>Six units were let and five were fully compliant at the time of lease. The non-compliance was addressed within the same quarter.</p>

Notes:

¹ Digital visits include website, OPAC and social media.

² This measure was set as part of the 2021-31 Long-Term Plan process. At that time, data loggers were recording the number of people using the recreational trails. However, over the past two years we have been unable to report results due to ongoing issues with the data loggers that have not been permanently resolved

³ <https://www.legislation.govt.nz/regulation/public/2019/0088/latest/whole.html>

Our service in action

Celebrating together: Developing community spirit through inclusive family-friendly events

Following the challenges of COVID-19, the Council recognised the need to foster community spirit and create opportunities to reconnect and celebrate together. This vision materialised through the Council's community event programme, led by the Community Development team, which includes three signature events: the popular Halloween festivities, the cherished Christmas Parade, and a newly introduced Whānau Day as part of the Waitangi Day celebrations in 2024.

Halloween has become a staple in the district, transforming Queen Elizabeth Park into a fun and safe environment where families can enjoy the thrills of the season. In 2023, the festivities grew to include Coronation Hall, the green space around Queen Elizabeth Park Island (aka Halloween Island) and a new Haunted House thanks to Wai Techs. With decorations, face painting, roaming Halloween characters, spot prizes for best dressed, and a focus on inclusivity, this event has successfully drawn families out of their homes to experience the community in a vibrant, engaging way. It's more than just a night of costumes and candy; it's a chance for people of all ages to connect and appreciate all our place has to offer.

The Christmas Parade, a long-standing tradition, holds a special place in the hearts of the community. It's not just an event but a shared experience that spans generations. Grandparents, parents, and children come together, reminiscing about parades of the past while creating new memories. The parade reflects the community's values—family, togetherness, and celebration. It showcases local talent, businesses, and the spirit of the season, making it a highlight of the year for many.

In 2024, in partnership with iwi, the Council introduced Whānau Day on Saturday, 3 February, as a meaningful addition to the community's Waitangi Day programme. This event was carefully designed to honour the day's significance while remaining accessible and enjoyable for everyone. It was crucial that Whānau Day respected the occasion, serving as a platform for the wider community to learn about the Treaty of Waitangi while also providing a space for families to gather and enjoy Council facilities at no cost. The day featured free all-day access to the Trust House Recreation Centre Pools, the Queen Elizabeth Park miniature train and paddle boats on the Lake of Remembrance, along with a sausage sizzle and music.

The success of these events has been a source of pride for the Council, particularly the Community Development team, which has seen the positive impact of their efforts in the high levels of community engagement and support. These events have not only brought people together but have also highlighted our beautiful spaces and the vibrancy of local businesses. Looking ahead, the Community Development team is eager to build on this success, continuing to innovate and expand these events to ensure they remain a cornerstone of community life for years to come.



Cost of service statement

Parks, Reserves & Sportsfields			
2022/23		2023/24	2023/24
Actual		Actual	Budget
\$		\$	\$
	Operating Costs		
2,175,615	Parks & Reserves maintenance	2,451,377	2,477,122
477,932	Sportsfields maintenance	454,134	540,723
819,103	Depreciation	830,897	816,151
3,472,650		3,736,408	3,833,996
	Operating Revenue		
55,770	Miscellaneous parks revenue	62,196	31,670
26,551	Sportsground rentals	37,050	31,614
82,320		99,246	63,284
	Appropriations		
(85,948)	Transfers from reserves - project funding	(157,550)	(135,000)
2,870	Transfers to reserves	53,000	-
131,226	Provision for loan repayments	125,687	125,717
(257,000)	Depreciation not rates funded	(228,166)	(218,166)
\$3,181,478	Rates Requirement	\$3,430,132	\$3,543,263

Trust House Recreation Centre			
2022/23		2023/24	2023/24
Actual		Actual	Budget
\$		\$	\$
	Operating Costs		
1,065,688	Recreation centre operating costs*	1,363,998	1,260,783
552,485	Depreciation	558,344	554,771
1,618,173		1,922,342	1,815,554
	Operating Revenue		
31,592	Miscellaneous facility revenue	173,425	152,000
	Appropriations		
12,000	Transfers to reserves	42,382	-
29,347	Loan repayments	30,312	30,313
(245,000)	Depreciation not rates funded	(175,000)	(175,000)
\$1,382,927	Rates Requirement	\$1,571,612	\$1,503,867

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

Cemeteries			
2022/23		2023/24	2023/24
Actual		Actual	Budget
\$		\$	\$
	Operating Costs		
316,425	Cemeteries operating and maintenance	319,164	271,056
11,410	Depreciation	16,663	19,714
327,835		335,827	290,770
	Operating Revenue		
112,493	Burial fees and sale of plots	93,817	94,955
	Appropriations		
(30,000)	Transfers from reserves	(60,000)	(30,000)
-	Loan repayments	3,299	2,126
\$185,342	Rates Requirement	\$185,309	\$167,941

Library & Archive			
2022/23		2023/24	2023/24
Actual		Actual	Budget
\$	Operating Costs	\$	\$
1,803,895	Operating costs - Library	1,856,942	1,931,439
581,667	Operating costs - Archive	630,661	622,187
196,281	Depreciation - books	185,746	216,576
138,003	Depreciation - bldg, furniture & equipment	163,070	130,545
2,719,845		2,836,419	2,900,747
	Operating Revenue		
34,981	Grants & donations	19,341	26,000
26,366	User charges & other recoveries	19,932	21,323
61,347		39,273	47,323
	Appropriations		
17,440	Provision for loan repayments	28,380	27,871
(50,000)	Reverse depreciation	(82,000)	(40,000)
\$2,625,937	Rates Requirement	\$2,743,525	\$2,841,295

Analysis of Rates Requirement			
2,021,383	Library	2,084,250	2,190,117
604,554	Archive	659,276	651,178
\$2,625,937		\$2,743,525	\$2,841,295

Property			
2022/23		2023/24	2023/24
Actual		Actual	Budget
\$	Operating Costs	\$	\$
900,563	District Building	967,649	961,830
542,507	Housing for the Elderly	647,834	631,222
1,039,599	Other Property	1,089,818	1,126,337
577,342	Mawley Holiday Park	567,197	576,393
825,092	Depreciation	847,296	832,309
3,885,103		4,119,795	4,128,091
	Operating Revenue		
1,783	Rental revenue - Halls & Dist. Bldg	3,015	775
426,567	Rental revenue - Housing for the Elderly	452,847	464,310
270,935	Rental revenue - Other Property	271,284	274,399
609,343	Mawley Holiday Park	538,110	560,000
67,500	Internal recoveries - forestry	37,500	37,500
687,998	Internal recoveries - office rental	762,036	751,348
2,064,127		2,064,792	2,088,332
	Appropriations		
(92,300)	Transfers from reserves	(83,054)	(115,000)
358,609	Provisions for loan repayments	309,223	311,095
(277,500)	Depreciation not rates funded	(369,359)	(347,759)
\$1,809,786	Rates Requirement	\$1,911,813	\$1,888,095

Masterton Airport (Hood Aerodrome)

2022/23		2023/24	2023/24
Actual		Actual	Budget
\$	Operating Costs	\$	\$
559,994	Airport operation & maintenance	689,626	617,702
140,575	Depreciation	187,365	146,304
700,568		876,991	764,006
	Operating Revenue		
280,329	Leases and other revenue	303,633	286,421
15,200	Internal recoveries	15,200	15,200
295,529		318,833	301,621
	Appropriations		
(20,000)	Transfers from reserves	(40,000)	(40,000)
60,912	Provision for loan repayments	78,779	85,992
(65,000)	Reverse depreciation not rates funded	(120,622)	(80,622)
\$380,951	Rates Requirement	\$476,315	\$427,755

Community Facilities & Parks

Rates Requirement Summary

2022/23		2023/24	2023/24
Actual	Activity	Actual	Budget
\$		\$	\$
3,181,478	Parks, reserves & sportsfields	3,430,132	3,543,263
1,382,927	Trust House Recreation Centre	1,571,612	1,503,867
185,342	Cemeteries	185,309	167,941
583,433	District building	503,733	511,275
159,042	Housing for the elderly	220,514	195,593
314,056	Other rental properties	317,118	352,396
481,658	Public conveniences	519,870	496,544
131,038	Rural halls	140,524	143,389
37,169	Forestry	44,218	34,927
103,390	Mawley Holiday Park	165,835	153,971
380,951	Airport	476,315	427,755
2,021,383	Library	2,084,250	2,190,117
604,554	Archives	659,276	651,178
\$9,566,422	Rates Requirement	\$10,318,707	\$10,372,216

Community Facilities & Parks

Capital Expenditure Summary

2022/23 Actual		2023/24 Actual	2023/24 Budget
\$		\$	\$
109,999	Parks, Reserves & Sportsfields	21,490	12,029
278,086	QE Park upgrades	0	0
35,632	Waipoua Cycle/Pedestrian Bridge	39,836	30,000
2,279	Recreation trails extended	86,460	180,000
-	Upgrade facilities - (incl playgrounds)	-	20,000
13,134	Colin Pugh Sports Bowl - track renewal	0	-
-	Rural Reserves upgrades	11,189	136,610
15,319	Urban Reserves upgrades	3,851	25,000
41,395	QE Park lake alt water source	4,368	22,500
8,521	Street trees renewal & new	1,618	0
28,949	Parks furniture renewals	0	26,150
-	Henley Lake buildings & services upgrades	0	409,200
11,314	Henley Lake - lake level management	12,997	20,920
366,912	QE Park cricket grandstand upgrade	361,820	1,196,336
-	Sports buildings & facilities upgrades	22,164	25,104
27,913	South Park sports facilities upgrades	18,214	75,000
-	Parks & open spaces signage	0	1,046
95,599	Netball facility upgrade	142,918	0
1,035,052	Land purchase local purpose reserve	726,925	2,179,895
	Trust House Recreation Centre		
74,787	Pools plant & equipment renewals	0	0
213,538	Building & services upgrades	291,695	500,000
288,325		291,695	500,000
	Cemeteries		
144,509	Cemetery renovations & extensions	125,704	330,000
144,509		125,704	330,000
	District Building		
186,086	New Civic/Events facility - design stage	278,650	300,000
63,383	Building upgrades & office renovations	126,057	100,000
107,849	Leasehold improvements	0	10,000
357,317		404,707	410,000
	Housing for the Elderly		
114,918	Housing upgrades & renewals	174,141	98,000
-	Panama carpark - renew & extend	199,801	350,000
114,918		373,942	448,000

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

Community Facilities & Parks (continued)

Capital Expenditure Summary

2022/23 Actual		2023/24 Actual	2023/24 Budget
\$		\$	\$
1,239	Other Property	1,699	15,000
5,136	Public conveniences upgrade	0	0
51,036	Castlepoint toilet upgrade	64,962	35,690
-	Rental & Other property upgrades	-	120,000
0	Asbestos removal - all property	9,800	0
10,597	Other Council buildings upgrades	17,473	11,500
107,527	Riversdale Beach toilets upgrade	53,235	55,150
74,116	Mawley Park facility upgrades	7,561	15,845
249,652	Rural Hall upgrades	154,729	253,185
	Library & Archive		
190,884	Book stock renewals	119,373	152,880
11,784	Computer system upgrades	6,167	31,380
1,212	Library building upgrade - design	-	-
5,677	Building and furniture upgrades	17,269	11,506
622,262	Archive upgrades & renewals (incl. IT)	0	0
831,820		142,809	195,766
	Airport		
2,500	Airport equipment upgrades	5,850	2,500
563,866	Hangar area expansion (services)	65,494	0
983,957	Airport precinct upgrades - stage 1	375,572	1,500,000
-	Runway widening & development	1,709,269	2,300,000
1,550,323		2,156,185	3,802,500
\$4,571,917		4,376,695	\$8,119,346
	Capital Funding		
(1,766,048)	Loan funds	(718,860)	(2,272,200)
(2,379,549)	Transfers from reserves	(1,717,640)	(3,307,146)
(426,320)	External funds	(1,940,195)	(2,540,000)
(\$4,571,917)		(4,376,695)	(8,119,346)

MANA WHAKARITERITE **REGULATORY SERVICES**



What we do

We plan for Masterton's future by ensuring development is sustainable, our natural and physical heritage is protected, and public health and safety is preserved and promoted. This activity involves delivering on our responsibilities under legislation, including:

- resource management and planning
- building control
- environmental health, alcohol licensing and parking control
- animal control
- financial contributions and staffing support for civil defence and emergency management provided by the Wellington Region Emergency Management Office (WREMO).

The Wairarapa Recovery Office (WRO) was established following the North Island Weather Events (NIWE) of early 2023 to coordinate recovery efforts across the three district councils in the region (Masterton, Carterton and South Wairarapa).



Why we do it

Regulatory services contribute to community wellbeing in several ways. We provide regulatory services to support sustainable development and to promote public health and safety.

Through the District Plan we support the management, appropriate use, development and protection of the district's natural and physical resources, including our heritage.

Our building and planning activities contribute to economic development by facilitating development outcomes, planning ahead for future growth and supporting the safety of buildings in our district.

Our support for Civil Defence and Emergency Management contributes to planning for resilience, responding in an emergency and recovery after an event.

Our regulatory services also support community health and safety through a mix of education, community engagement and enforcement activities.

Our highlights from the year

Resource Management and Planning

- Progressed the review of the operative Wairarapa Combined District Plan with the proposed District Plan notified on 11 October 2023 and hearings started in mid-2024.

Building services

- Completed the first full round of inspections of swimming pools in the district, inspecting all accessible pools.
- Completed 541 building consents.
- Kept up to date with Building Warrant of Fitness.
- Improved staff competency and efficiencies.
- Improved timeliness of service), with the majority of inspections for Code of Compliances undertaken within two to three days.

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

- Completed a very successful Quality Management System Audit maintaining our high level for quality food verification service.
- Completed a Parking Study to review the Council's public parking assets and existing capacity across Masterton to inform how parking will be managed in the future (see "Our service in action: Balancing demand").

Animal Services

- Progressed the development of a new animal shelter.
- Completed 17 education events including: "Hounds at Henley" microchipping event, "Dogs in Togs" and 15 school education talks about being safe around dogs. Staff noted that when out in public with their own dog children are asking permission before patting the staff members dog without being prompted.

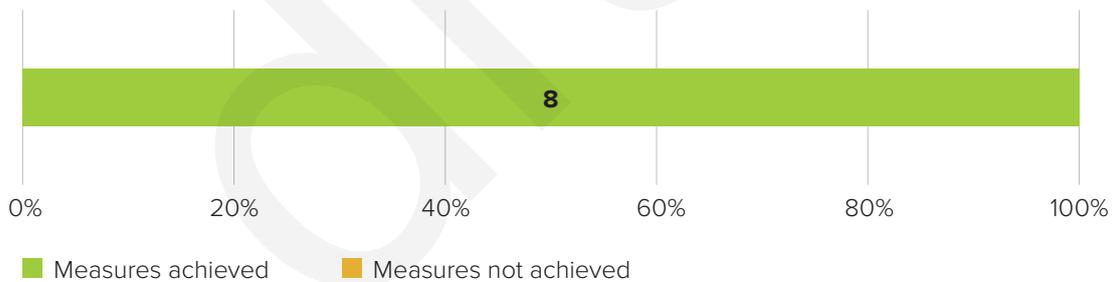
Civil Defence and Emergency Management

- Continued to support the community to be resilient and prepared to respond and recover from emergency events.

Wairarapa Recovery Office

- Continued to work closely with government agencies and rural sector, community and iwi organisations to support individuals, whānau and communities that were impacted by North Island weather events. This included managing and distributing funding to provide practical support and foster community wellbeing. Specific initiatives included support for fencing repair schemes, funding a rural health nurse to provide health checks and referrals at farming and community events, and supporting community-led initiatives such as planting days and a rural community kitchen’s food packages.
- Continued to work with WREMO on activities to equip and prepare communities to recover from future disasters. This included installing water tanks, AEDs and additional wireless capability to community halls and marae that provide assistance during emergency events.
- Developed and implemented the Future of Severely Affected Locations (FOSAL) Voluntary Buy-out and Relocation Programme for the Masterton district. The programme was established to support owners of land assessed as being no longer safe to live on due to the risk to life from future flooding. Under the funding programme, the Government and the Council each contribute 50 per cent towards the cost of buying out these properties (deemed Category 3), after insurance, EQC and other payments have been deducted. Some landowners also have the option to relocate their residential dwellings to another part of the property that is not Category 3 land. In addition to assisting impacted landowners, the one-off programme aims to ensure residential dwellings are not built on this land in the future, to remove any further risk to life during severe weather events. The programme will continue to be implemented over the 2024/25 year, with all buy-out and relocation settlements required to be completed by 30 June 2025.

Our performance at a glance



We achieved all eight regulatory services measures.

The Animal Control team completed 15 school educational visits in April, lifting the total number of community education sessions to 17 (exceeding the target of 6).

The proportion of Priority 1 urgent call outs (e.g. dog attacks) that were attended to within one hour was reduced compared to previous years but still within target (90.1 per cent in 2023/24 compared to 95.3 per cent in 2022/23).

Across consents, a higher proportion of resource and building consents, and code of compliance certificates were processed within statutory timeframes compared to previous years.

Reserves and infrastructure contributions from developers were \$1.34 million compared to the \$2.55 million in the prior year, reflecting a reduction from the high levels of subdivision activity over the previous three years. (Note: Roading contributions are recorded against the Roading activity). Revenue from resource consents at \$0.39 million is 20 per cent above planned and includes cost recovery for hearings. Work on the Wairarapa Combined District Plan continued during the year, with MDC's share being \$0.398 million (prior year \$0.526 million). Building development income of \$1.23 million was close to planned and 14.7 per cent less than the prior year, reflecting the decline from the high level of activity in residential building. Operating costs were 5 per cent less than planned reflecting efficiencies as consent volumes declined. Parking Control revenue is close to planned, but costs of enforcement and meter maintenance have exceeded plan by 7.6 per cent. Animal Services costs have exceeded plan by 6.3 per cent while revenue (including dog fees) has fallen 1.7 per cent short of planned. Staffing levels in this area now reflect the level of service needs (including after-hours call-outs) and health and safety standards. Included in this report is a new activity of Council - Weather Events Recovery. It was not budgeted, but it's financial performance is able to be reported separately, with \$1.1 million of costs incurred, all funded by grants from either central Government or charitable grants.



Our performance in detail

Measure	Target	2023/24 Result	2022/23 Result	2021/22 Result
Response time to attend Priority 1 urgent call outs (e.g. dog attacks).	90% per cent attended within one hour	Achieved 90.1 per cent (139 out of 153 attended on time)	Achieved 95.3 per cent (162 out of 170 attended on time)	Achieved 94 per cent (141 out of 150 attended on time)
Response time to attend noise control call outs.	90% per cent attended within one hour	Achieved 95 per cent (594 out of 625 attended within one hour).	Achieved 93 per cent (573 out of 616 attended within one hour).	Achieved 93.7 per cent (687 out of 733 attended within one hour).
Number of animal control community education and engagement activities.	A minimum of 6 per annum related to high priority issues or concerns	Achieved (17 education/engagement activities)	Achieved (8 education/engagement activities)	Achieved (8 education/engagement activities)
Percentage of resource consents processed within statutory timeframes ¹	90 per cent	Achieved 93.4 per cent (155 out of 160 processed within statutory timeframes)	Achieved 92.2 per cent (142 out of 154 processed within statutory timeframes)	Achieved 93 per cent (210 out of 226 processed within statutory timeframes)
Percentage of building consents processed within statutory timeframes ²	90 per cent	Achieved 92.5 per cent (518 out of 560 processed within statutory timeframes)	Not achieved 83 per cent (538 out of 649 processed within statutory timeframes)	Not achieved 65 per cent (442 out of 685 processed within statutory timeframes)
Percentage of code compliance certificates processed within statutory timeframes ²	90 per cent	Achieved 94.1 per cent (490 out of 520 processed within statutory timeframes)	Achieved 90 per cent (520 out of 577 processed within statutory timeframes)	Not achieved 79 per cent (453 out of 573 processed within statutory timeframes)

Percentage of commercial Building Warrant of Fitness' (BWOFs) that have been reviewed within 20 days of their due date.	90 per cent	Achieved 100 per cent	Achieved 100 per cent	Achieved 100 per cent
Proportion of known residential swimming pools that have been inspected.	The year 3 target is 80 per cent The year 1 target was 25 per cent The year 2 target was 50 per cent Target changes from Year 4: Years 4-10: cycle to be repeated but ensuring 100 per cent of pools have been re-inspected by the end of Years 6 and 9.	Achieved 96 per cent inspected 82 per cent of total pools compliant 310 inspections undertaken ³ .	Not achieved 48 per cent inspected 39 per cent of total pools compliant 508 inspections undertaken.	Not achieved 3 per cent inspected 28 inspections undertaken.

Notes:

- ¹ The statutory timeframe differs depending on the nature of the notified resource consent. The applicable statutory timeframes relating to this measure are included in Part 6 of the Resource Management Act 1991.
- ² The time it takes to process consents is measured according to MBIE and IANZ guidelines as to the correct application of the Building Act 2004 and the Resource Management Act 1991 about when timing starts and stops.
- ³ Seventeen pools could not be accessed for inspection. Letters sent to owners requesting access to their pools.

Our service in action

Balancing demand: Insights from Masterton's 2023 parking study

In 2023, the Council completed a survey of parking to support decision-making on parking-related issues concerning our growing population and aging parking infrastructure. The study aimed to evaluate current parking performance, explore meter replacement options, and improve community outcomes.

The Council's parking inventory includes 2,065 public spaces (1,228 on-street and 837 off-street) and approximately 1,900 private spaces. Council-managed spaces represent about 52 per cent of the total public parking.

Using mobile license plate recognition technology, the study gathered data across key areas in November 2023. Surveys conducted every two hours revealed a peak parking demand of 72 per cent in the town centre. High demand (over 90 per cent) was noted at some fringe off-street car parks, while the Horseshoe and QE Park car parks saw minimal use. Residential streets on the outskirts did not experience significant commuter spillover.

The study confirmed that parking demand is below the industry standard of 85 per cent peak occupancy, indicating sufficient availability. As part of the 2025/26 Annual Plan, the Council will explore options with the community on upgrading our parking infrastructure, including how charging and enforcement will work. Future long-term options include mobility park provisions and potential options for seniors.

By balancing demand management with improved efficiency, the Council aims to enhance the parking experience for Masterton's residents. This proactive approach will position the town for better parking management and increased community satisfaction in the future.



Cost of service statement

Resource Management & Planning			
2022/23		2023/24	2023/24
Actual		Actual	Budget
\$	Operating Costs	\$	\$
1,288,667	Resource management & planning	1,338,720	1,477,909
156,771	River scheme contributions	163,527	160,971
526,079	Wairarapa District Plan (MDC share)	398,037	425,000
1,971,516		1,900,285	2,063,880
	Operating Revenue		
476,047	User charges - consent fees & recoveries	387,437	323,222
2,550,498	Reserves & infrastructure contributions	1,339,870	1,353,500
3,026,545		1,727,307	1,676,722
	Appropriations		
(519,121)	Transfers from reserves	(429,233)	(581,500)
140,000	Transfers to reserves	100,000	100,000
2,550,498	Transfers to reserves - contributions	1,339,870	1,353,500
\$1,116,349	Rates Requirement	\$1,183,615	\$1,259,158

Building Development			
2022/23		2023/24	2023/24
Actual		Actual	Budget
\$	Operating Costs	\$	\$
2,164,278	Building Services costs	2,263,931	2,364,631
4,960	Project - Earthquake assessments	0	10,000
\$2,169,238		\$2,263,931	\$2,374,631
	Operating Revenue		
1,437,916	Consent fees & charges	1,226,902	1,229,791
\$1,437,916		\$1,226,902	\$1,229,791
	Appropriations		
0	Transfers to reserves	50,000	-
\$731,322	Rates Requirement	\$1,087,029	\$1,144,840

Environmental Services			
2022/23		2023/24	2023/24
Actual		Actual	Budget
\$	Operating Costs	\$	\$
871,965	Environmental health & licensing costs	1,012,952	959,268
173,187	Alcohol Act enforcement activities	186,121	239,826
1,045,153		1,199,073	1,199,094
	Operating Revenue		
79,505	License fees & charges	97,160	71,306
74,060	Alcohol licensing fees & charges	92,400	77,820
305,927	Internal recoveries - monitoring services	340,806	322,406
459,492		530,366	471,532
	Appropriations		
-	Transfers from reserves	(15,000)	(15,000)
\$585,661	Rates Requirement	\$653,707	\$712,562

Parking Control			
2022/23		2023/24	2023/24
Actual		Actual	Budget
\$	Operating Costs	\$	\$
238,203	Parking control costs	240,041	223,089
17,571	Depreciation - meters	17,571	18,140
255,774		257,611	241,229
	Operating Revenue		
236,275	Parking meters and fines	234,694	238,500
	Appropriations		
\$19,499	Rates Requirement (surplus)	\$22,917	\$2,729

Animal Services			
2022/23		2023/24	2023/24
Actual		Actual	Budget
\$	Operating Costs	\$	\$
694,620	Animal management services	767,396	722,181
	Operating Revenue		
511,529	Dog registration fees & other revenue	572,236	582,350
	Appropriations		
(15,500)	Transfers from reserves	(9,271)	(8,000)
12,477	Provision for loan repayments	12,308	11,624
(8,600)	Depreciation not rates funded	(5,000)	(5,000)
\$171,468	Rates Requirement	\$193,197	\$138,455

Emergency Management			
30000		80000	0
Actual		Actual	Budget
\$	Operating Costs	\$	\$
171,146	Emergency management costs	177,909	166,011
136,624	WREMO CD/EM costs (MDC Share)	155,537	141,000
307,770		333,446	307,011
	Operating Revenue		
84,787	Misc. recoveries - CD/EM Wairarapa	55,113	25,978
	Appropriations		
3,000	Transfers to reserves - self insurance	3,000	3,000
\$225,983	Rates Requirement	\$281,333	\$284,033

Weather Events Recovery			
2022/23		2023/24	2023/24
Actual		Actual	Budget
\$	Operating Costs	\$	\$
0	Weather Events Recovery project costs	1,122,013	0
	Operating Revenue		
0	Government & other grants	1,122,013	0
	Appropriations		
\$0	Rates Requirement	(\$0)	\$0

Regulatory Services

Rates Requirement Summary

2022/23		2023/24	2023/24
Actual	Activity	Actual	Budget
\$		\$	\$
959,578	Resource Management & Planning	1,020,088	1,098,187
156,771	River Scheme contributions	163,527	160,971
731,322	Building Development	1,087,029	1,144,840
585,661	Environmental Services	653,707	712,562
19,499	Parking Control	22,917	2,729
171,468	Animal Services	193,197	138,455
225,983	Emergency Management	281,333	284,033
0	Weather Events Recovery	0	0
\$2,850,280	Rates Requirement	\$3,421,798	\$3,541,777

Regulatory Services

Capital Expenditure Summary

2022/23		2023/24	2023/24
Actual		Actual	Budget
\$		\$	\$
	Regulatory Services		
477	Environmental Services equipment	-	2,000
6,873	Animal Services equipment & signage	23,926	30,000
119,501	New Animal shelter	174,390	2,500,000
-	Software upgrades	12,400	15,000
\$126,852		210,717	\$2,547,000
	Capital Funding		
(7,351)	Transfers from reserves	(36,326)	(\$1,047,000)
(119,501)	Loan funding	(174,390)	(1,500,000)
(\$126,852)		(\$210,717)	(\$2,547,000)

ALCOHOL ACT AND ALCOHOL LICENSING

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

2022/23		2023/24	2023/24
Actual		Actual	Budget
\$		\$	\$
	Operating Costs		
-	District Licensing committee costs	612	5,000
167,802	Inspector operations	177,494	223,090
5,385	Alcohol Act enforcement activities	8,015	11,736
173,187	Total Alcohol licensing costs	186,121	239,826
	Operating Revenue		
74,060	Alcohol Act Licensing fees & charges	92,400	77,820
\$99,127	Rates Requirement	\$93,721	\$162,006

MANA WHAKAHAERE ME NGĀ RATONGA ŌKAWA
**LEADERSHIP, STRATEGY AND
CORPORATE SERVICES**



What we do

Services activity provides strategic direction and leadership to the Council and our community. It enables democratic decision-making that is open, transparent and accountable, and supports the effective and efficient operation of all Council activities.

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

The corporate activity supports the organisation through various professional services including human resources, communications, finance, IT, policy and strategic planning, corporate planning and reporting, project management, elected member support, general administration and senior management.

Why we do it

Leadership, Strategy and Corporate Services gives long-term strategic direction to Council, ensuring all activities are working towards the common goal defined in our vision and our community outcomes. This is also the mechanism by which the community can engage in decision-making and hold Council accountable. Corporate services provide advice and support that enables the efficient delivery of all activities.



Our highlights from the year

- Adopted the 2024-34 Long-Term Plan following extensive public participation that saw 836 people taking the opportunity to complete a submission, and 78 participating in hearings held over 22-24 May 2024. (See Our service in action: Super Engaged).
- Reviewed Council's key financial policies, including the Revenue and Financing Policy. The review considered and invited community feedback on matters such as the fairest way to share the costs of Council services among users and ratepayers, and which sectors of the community should contribute and how.
- Reviewed and consulted on the Rates Remission and Postponement on Māori Freehold Land Policy to ensure it aligned with changes made by the local Government (Rating of Whenua Māori) Amendment Act 2021 to reduce rating barriers for Māori landowners.
- Continued to represent Council and our community on workstreams led by the Wellington Regional Leadership Committee, including the Regional Climate Change Impact Assessment and Adaptation Plan, Regional Economic Development Plan, Industrial Land Study and Food Systems Strategy.
- Continued to convene meetings of our community advisory groups including the Climate and Rural Advisory Groups and Youth Council and sought expressions of interests to from community members to join our Disability Advisory Group.
- Approved 12 designated climate change community funds as part of the District Climate Change Action Plan.
- Commenced work on an application to extend the existing Wairarapa Dark Sky Reserve to include Masterton.
- Received approval from Crown Law and the Solicitor-General to apply to the High Court to sell or lease the vacant land next to Panama Village.
- Partnered with iwi entities to strengthen our cultural competency including improving pronunciation of local place names, coordinating professional development for Te Reo Māori speaking staff, and guiding staff representation at events held on Marae.
- Continued to engage with Post Settlement Governance Entities (PSGE), hapū, and marae to address various matters of significance to Māori, including developing Memorandums of Partnership.
- Supported the implementation of Wairarapa Economic Development Strategy with \$100,000 funding.
- Worked alongside South Wairarapa and Carterton District Council to prepare and consult on a joint gambling policy for adoption in early 2024/25. The Policy aims to prevent any increase in gaming machines (pokies) and limits movement of existing machines, while preventing the set-up of any standalone TAB venues.
- Progressed work in relation to the legislative change in April 2024 concerning Māori Wards. On 31 July, our Council decided to retain a Māori ward for the 2025 election and to hold a poll alongside the election. In making this decision, the Council engaged with the governance members of the four local iwi entities (Kahungunu ki Wairarapa, Kahungunu ki Wairarapa Iwi Development Trust, Rangitāne o Wairarapa, and Rangitāne Tū Mai Rā Trust).



Our performance at a glance

Every year Council produces an Annual Report that informs our community about what has been achieved and how well we performed against the plans and budgets that were set for that year.

In addition, there is regular reporting to the Senior Leadership Team and Council on progress with work and projects in this activity group, and once every three years Council undertakes a Community Satisfaction Survey that includes questions about Council's leadership and reputation. This survey was last done in 2022/23 and is not included in this year's Annual Report.

Operating costs across the corporate areas at \$8.5 million were 3.7 per cent less than planned. The value of support services allocated internally was \$5.7 million which was 9.8 per cent less than the level planned. The well-being activities of Council have all performed close to their budgeted levels.

Our service in action

Super engaged: How Masterton’s Long-Term Plan consultation captivated the community and scooped up an award

Engaging a community in long-term planning can be challenging, especially when many issues have been consulted on previously. The Council’s solution for the challenge for the Long-Term Plan (LTP) 2024-34 was to do different things well, and familiar things better.

By refining traditional methods and introducing new, creative tactics, the Council saw a remarkable 145 per cent increase in submissions, with 836 responses—far exceeding the previous average of around 340. This demonstrated that with fresh, innovative strategies, it is possible to broaden community engagement.

The consultation document was designed to be visually appealing and accessible, using stylistic representations that could be not so much anyone, but everyone. Clear, concise information was presented alongside detailed data for those interested. A one-page summary resembling a newspaper page, and handy business cards with QR codes, made participation easy. The Council also employed creative street decals, a town crier, and engaging posters co-designed by Masterton Youth Councillors to reach younger audiences. An in-house TV ad following the viral Wes Anderson trend further expanded the reach, particularly among residents under 44.

More than 100 hours of staff time were spent co-ordinating, supporting, and attending 30 face-to-face engagements. These included weekly pop-ups, like ‘Mayor in a Chair’ at the library, elected members answering community questions at the Thursday Night Food Markets, and a ‘town hall-style’ meeting about the Town Hall, that was also livestreamed to our Facebook and YouTube pages.

The Council’s efforts paid off, with a significant increase in submissions from diverse demographics. The inclusion of gender-diverse categories and targeted outreach to Māori and younger residents resulted in a more inclusive consultation. The Council’s responsiveness was evident in the adjustments made based on community feedback, particularly in the contentious decision regarding the Town Hall. The final decision balanced cost concerns with community desires, showing that the engagement process directly influenced the outcome.

The LTP consultation process won the SuperEngaged prize at the LGNZ’s SuperLocal Awards. Judges said the consultation used clear, sharp messaging and closed feedback loops to overcome public consultation fatigue. “It was clear that the combination of bespoke engagements led to significant improvement in community engagement.”

This successful engagement has set a new benchmark for future consultations, highlighting the importance of inclusivity, creativity, and transparency in fostering meaningful community participation. The Council’s commitment to listening to its residents and acting on their feedback ensures that Masterton’s future is shaped by the collective voice of its community.



Cost of service statement

Representation			
2022/23		2023/24	2023/24
Actual		Actual	Budget
\$		\$	\$
	Operating Costs		
589,947	Mayor & Councillors' remuneration	614,291	657,564
33,292	Reporting & consultation	17,268	35,000
140,459	Election costs	0	25,000
588,647	Operating expenses	663,135	863,783
1,352,344		1,294,694	1,581,347
	Operating Revenue		
515,983	Internal allocation of governance costs (per funding policy 40% internal)	549,599	612,539
67,387	Recoveries of Election Costs	0	0
583,370		549,599	612,539
	Appropriations		
(25,000)	Transfers from reserves	-	(50,000)
30,000	Transfers to reserves	80,000	-
\$773,975	Rates Requirement	\$825,095	\$918,808

Development (Social, Cultural, Economic & Environmental)			
2022/23		2023/24	2023/24
Actual		Actual	Budget
\$		\$	\$
	Operating Costs		
1,809,430	Community development	1,435,464	1,464,086
547,742	Arts & culture	584,302	639,002
1,348,785	Economic development & promotion	957,883	989,575
352,314	Environmental initiatives	499,043	1,158,708 *
44,157	Depreciation	50,357	36,725
4,102,428		3,527,049	4,288,096
	Operating Revenue		
522,884	Government grants	7,007	2,436
30,420	Creative NZ grants	40,287	30,957
414,771	Other recoveries	221,241	644,341 *
20,000	Internal recoveries	40,000	40,000
988,075		308,536	717,734
	Appropriations		
(231,120)	Transfers from reserves	(354,063)	(522,500)
94,705	Transfers to reserves	78,900	-
5,969	Provision for loan repayments	4,909	4,909
\$2,983,908	Rates Requirement	\$2,948,260	\$3,052,771

Roading Advisory Services

2022/23 Actual \$		2023/24 Actual \$	2023/24 Budget \$
	Operating Costs		
1,011,357	Professional staff & operating costs	1,182,951	1,289,469
22,362	Depreciation	24,736	15,316
1,033,719		1,207,687	1,304,785
	Operating Revenue		
633,045	Prof. services - subsidised roading	775,294	850,361
167,898	Prof. services - non-subsidised roading	195,314	190,000
232,776	Prof. services - other Council activities	237,079	254,000
-	External revenue	-	10,424
1,033,719		1,207,687	1,304,785
	Appropriations		
-	Transfers to reserves	-	-
\$0	Rates Requirement	(\$0)	\$0

Asset & Project Management

2022/23 Actual \$		2023/24 Actual \$	2023/24 Budget \$
	Operating Costs		
1,694,257	Professional staff & operating costs	1,937,334	2,015,008
	Operating Revenue		
1,638,644	Internal charges & recoveries	1,935,020	1,994,344
55,614	External recoveries	2,314	20,664
1,694,257		1,937,334	2,015,008
	Appropriations		
(\$0)	Rates Requirement	(\$0)	\$0

Corporate Services

2022/23 Actual \$		2023/24 Actual \$	2023/24 Budget \$
	Operating Costs		
1,982,163	Management & administration	1,735,463	1,904,264
2,046,915	Financial management	2,447,270	2,357,804
1,328,525	Strategic Planning	1,414,888	1,537,645
1,153,010	Information systems	1,372,189	1,306,402
738,231	Communications & engagement	751,859	867,437
627,965	Human Resources	621,037	711,328
162,937	Council vehicle fleet costs	183,611	172,485
8,039,747		8,526,318	8,857,365
	Operating Revenue		
359,264	Miscellaneous revenue & recoveries	289,830	210,943
1,009,572	Interest revenue (external)	1,600,771	1,173,500
528,782	Interest revenue (on internal loans)	548,203	420,165
290,305	Other Internal recoveries	296,454	284,000
4,880,596	Support services allocated internally	5,697,466	6,316,272
162,937	Council vehicle fleet recoveries	183,611	172,485
7,231,456		8,616,336	8,577,365
	Appropriations		
(1,355,000)	Transfers (from) reserves	(700,000)	(855,000)
65,000	Transfers to reserves	40,000	25,000
481,709	Transfers to reserves - interest	750,018	550,000
\$0	Rates Requirement	\$0	\$0

Leadership, Strategy & Corporate Services

Rates Requirement Summary

2022/23		2023/24	2023/24
Actual		Actual	Budget
\$	Activity	\$	\$
773,975	Representation	825,095	918,808
0	Internal Functions (net)	0	-
1,056,729	Community Development	1,104,249	1,126,373
556,214	Arts and Culture	548,202	562,232
1,017,997	Economic Development and Promotion	910,808	912,958
352,968	Environmental Initiatives	385,000	451,208
\$3,757,882	Rates Requirement	\$3,773,355	\$3,971,579

Leadership, Strategy & Corporate Services

Capital Expenditure Summary

2022/23		2023/24	2023/24
Actual		Actual	Budget
\$		\$	\$
12,250	Roading Advisory Services Survey Equipment	26,777	0
	Corporate Services		
78,149	IT equipment replacement	150,315	100,000
10,018	Audio Visual & IT Equipment - Comms	11,197	10,000
-	GIS aerial photos & data capture	0	36,000
-	Meeting room technology upgrades	21,959	30,000
30,137	Website Upgrade	17,500	0
-	Phone systems upgrade	30,380	40,000
29,670	Pool Vehicle replacements	127,178	190,000
87,846	Information management project	0	50,000
235,820		358,529	456,000
	Development		
27,800	Security cameras	30,710	20,920
23,765	Decorative lighting	0	5,230
-	Christmas decorations	0	20,920
6,450	Flag mounting system	0	0
-	Dark Skies - measurement tool	6,391	0
12,809	Youth hub at Skatepark	14,261	300,000
70,824		51,362	347,070
318,894	Total capital expenditure	436,668	803,070
	Capital Funding		
(318,894)	Transfers from reserves	(416,016)	(803,070)
-	External funds	(20,652)	0
(318,894)		(436,668)	(803,070)

REO MĀORI TRANSLATION
OUR FINANCIALS



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 2024	\$ millions	Optimised Replacement Values	Optimised Depreciated Replacement Values
Roads, bridges & footpaths			
(includes bridges & culverts, excludes land)		809.0	620.4
Water treatment plant & facilities - Masterton		22.0	8.1
Water reticulation (including rural supplies)		134.7	62.8
Sewerage treatment plant & facilities - Masterton		47.2	39.2
Sewerage reticulation - Masterton		161.5	85.9
Sewerage systems - rural*		19.7	14.0
Stormwater assets		62.0	35.6
Flood protection & control works		7.9	5.7
		<u>1,264.0</u>	<u>871.7</u>

Notes: - excludes land values associated with the assets.

- Infrastructural assets were revalued as at 30 June 2023

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

RATING BASE INFORMATION

The Local Government Act (Amendment No.3) includes a clause 30A in Schedule 10. The information below satisfies the disclosure requirements of that clause and adds comparative information for the current year, value of rates income and average rates.

30 June 2024

Number of rating units within the District	13,628
Capital Value of rating units as at 30 June 2024	\$10,559 million
Land Value of rating units as at 30 June 2024	\$5,756 million
Rates income for 2024/25 (per Annual Plan)	\$46,240,000 (excl GST & capital contribution rates)
Average rates income per rating unit	\$3,393 (excl GST)

30 June 2023

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

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 2024

Asset values from Statement of Financial Position	Carrying value 1 July 2023	All values in \$000's
Property, plant and equipment	140,430	
Infrastructural assets	962,556	
Forestry	478	
Investment properties	-	
	1,103,464	
Less:		
Land component of operational assets	89,583	
Land under roads & road formation	88,076	
	177,659	
Net Non-Financial Assets (excluding land)	\$ 925,805	
Insurance Arrangements 2023/24		
Material damage cover for buildings, plant, contents	\$ 188,870	Cover spread over 5 insurers, \$5k excess, covers 236 buildings or assets, of which 42 are insured for indemnity value only, the balance for full reinstatement value, contents cover totals \$5.7 million, earthquake claims are subject to higher deductibles. The
Motor vehicle insurance cover - value estimate	\$ 814	Insured for market value, carrying value assumed here.
Forestry (standing timber) cover	\$ 434	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)	\$ 445,460	This is the replacement value (ORV) of assets listed on the LAPP Fund schedule for 2023/24. LAPP cover equated to three events at levels of \$75m, \$115m and \$170m (at 100%), with a claim threshold of \$600k and deductible of \$240k. LAPP factor up the ORV for additional costs of recovery. 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 \$673k (0.0075% of CV of the District).
Cover for roading assets (subsidised)	\$ 790,602	This is the replacement value of all roading assets that would be subject to Waka Kotahi subsidies, including bridges and culverts, but excluding land and formation value. The subsidy on flood and other roading network damage is 56%, but a sliding scale would see that increase depending on the severity of the event. Council's share of the recovery costs on these assets would be met from existing budgets, the flood damage fund, bridge depn funds, general capital funds and raising new debt (if required).
Assets Self-insured		
Airport runway & taxiways	\$ 6,314	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)	\$ 18,444	This is the replacement value of roading assets which are not subject to Waka Kotahi. The risk of damage to these assets is low and other than depreciation funds held, no specific insurance cover is provided for.

The Council has no insurances relating to financial or intangible assets

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

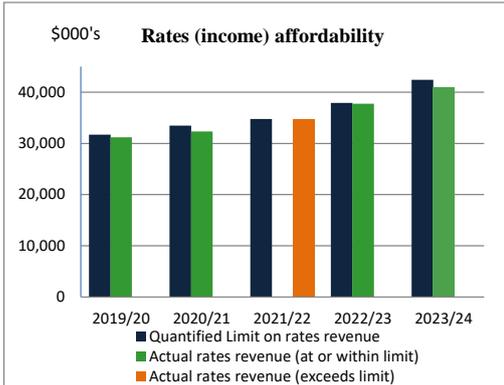
RATES AFFORDABILITY BENCHMARKS

The Council meets this benchmark if:

1. The actual rates revenue equals or is less than each quantified limit on rates; and
2. Actual rates increases equal or are less than each quantified limit on rates increases.

Rates (income) affordability

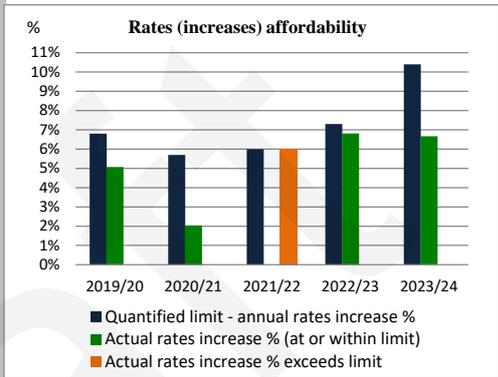
This graph compares the Council's actual revenue from rates, with the rates revenue limit forecast in the Long-Term Plan and Annual Plan.



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

Rates (increases) affordability

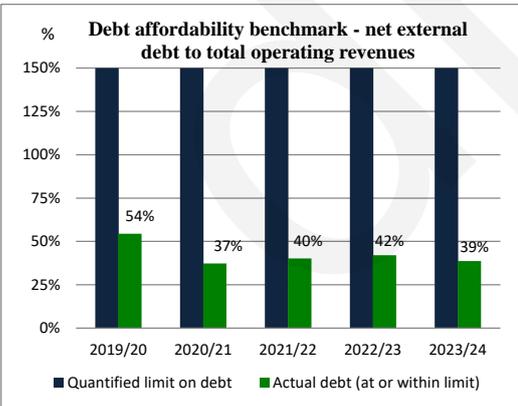
The quantified rates increase limit is after the effect of rating base growth. The limit is the LGCI increase in the year, plus 3.5% (from 2018) or 4.5% (from 2021). Actual percentage increase is calculated by taking the change in revenue less the percentage of planned growth in the rating base. In 2021/22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



DEBT AFFORDABILITY BENCHMARKS

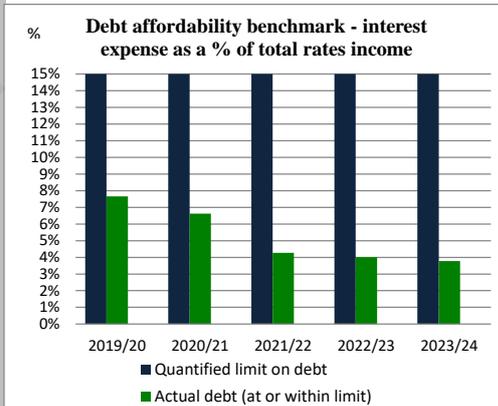
The Council meets the debt affordability benchmarks if its actual borrowing and borrowing costs are within the Council's quantified limits for borrowing, as set in the LTP.

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.

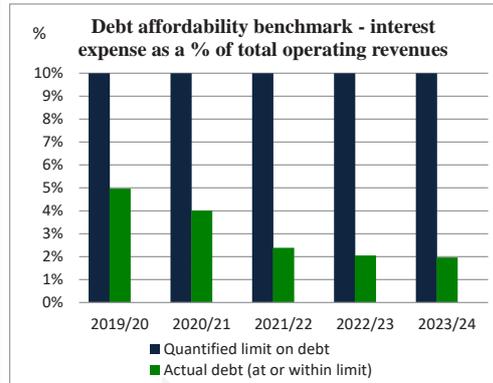


(2) Operating Revenue is as per the Statement of Comprehensive Revenue & Expense - all earnings including financial contributions, but excluding vested assets.

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



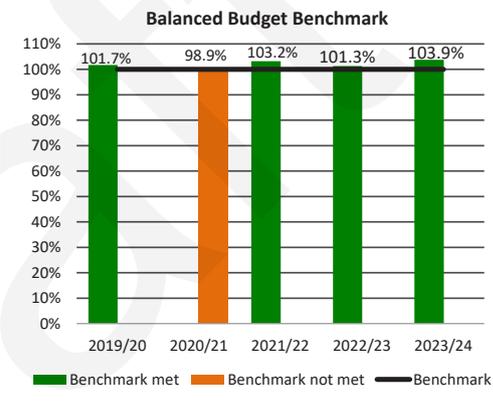
BALANCED BUDGET BENCHMARK

The graph below shows the Council's operating revenue as a proportion of operating expenses. The Council meets this benchmark if its revenue equals or is greater than its operating expenses.

As per the regulations, Operating Revenue definition excludes financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment. Operating Expenses excludes losses on derivative financial instruments and any losses on revaluation of property, plant, or equipment.

Notes:

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



ESSENTIAL SERVICES BENCHMARK

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

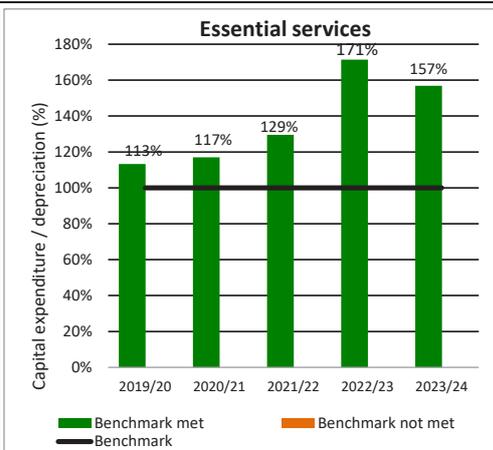
Notes:

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

In both 2022/23 and 2023/24 capital and renewals expenditure on Roothing was more than depreciation due partly to expenditure on restoring rural roads following storm events and the replacement of the Colombo Road bridge.

In 2023/24 Water supply capital and renewals of \$3.9m is \$1.35m more than depreciation.

Wasterwater renewals capital totalled \$4.4m versus depreciation of \$3.2m.



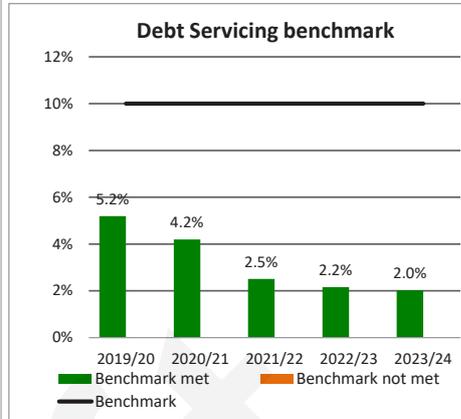
DEBT SERVICING BENCHMARK

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 three years has been the result of a lower level of capital expenditure funded by debt and better interest earned on investments.



DEBT CONTROL BENCHMARK

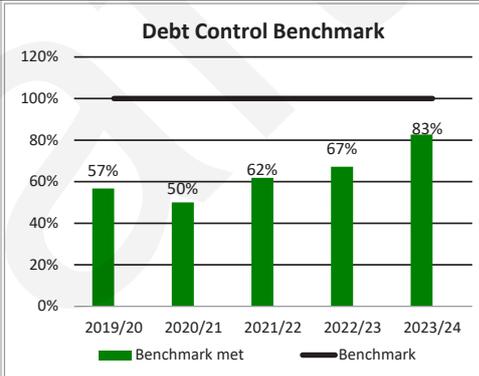
The following graph displays the Council's actual net debt as a proportion of planned net debt (per the last AP). The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.

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

Notes:

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

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

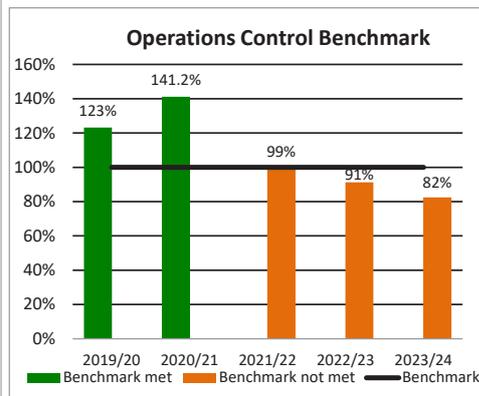


OPERATIONS CONTROL BENCHMARK

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

Notes:

The Council's cashflow from operation's in the last two years has been less than planned due to variations around the spending and subsidy income relating to cyclone recovery work on rural roads. In 2023/24 a portion of the recovery work that was planned as capital expenditure, ended up being categorised as operating expenditure.



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 10 pages, are the funding impact statements in the required format. Annual 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	2022-23	2022-23	2023-24	2023-24
	Annual Plan	Actual	Annual Plan	Actual
	\$000s	\$000s	\$000s	\$000s
Sources of Operating Funding				
General rates, uniform charges, rates penalties*	225	275	275	348
Targeted rates (excluding water by meter)*	37,505	37,528	40,616	40,728
Subsidies and grants (for operating)	3,621	9,979	4,368	9,699
Fees & charges (incl metered water)	10,115	10,056	10,244	10,060
Interest & dividends	357	1,027	1,185	1,626
Other receipts (incl petrol tax & fines)	328	301	364	321
Total operating funding (A)	52,151	59,167	57,052	62,783
Applications of Operating Funding				
Payments to staff and suppliers	40,420	46,996	42,261	47,768
Finance costs	1,709	2,538	2,966	3,178
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	42,129	49,534	45,227	50,945
Surplus/(Deficit) of operating funding (A-B)	10,021	9,634	11,825	11,838
Sources of Capital Funding				
Subsidies & grants for capital expenditure	10,730	10,658	23,582	13,880
Development & financial contributions	3,831	3,664	2,124	2,301
Increase/(decrease) in debt	5,194	1,700	8,600	10,900
Gross proceeds from sale of assets	5,365	456	5,365	23
Lump sum contributions	-	5,440	200	5,323
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	25,120	21,919	39,871	32,427
Application of Capital Funding				
Capital expenditure:				
- to meet additional demand	7,552	5,687	2,280	6,172
- to improve level of service	15,091	10,149	12,954	6,306
- to replace existing assets	18,263	18,554	34,371	23,380
Increase/(decrease) in reserves	(6,476)	(3,557)	1,421	21
Increase/(decrease) in investments	711	720	671	8,385
Total application of capital funding (D)	35,141	31,552	51,696	44,265
Surplus / (deficit) of capital funding (C-D)	(10,021)	(9,634)	(11,825)	(11,838)
Funding balance (A-B)+(C-D)	0	0	0	-

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

FUNDING IMPACT STATEMENT				
	2022-23	2022-23	2023-24	2023-24
	Annual Plan	Actual	Annual Plan	Actual
	\$000s	\$000s	\$000s	\$000s
Reconciliation				
- between FIS & Financial Statements				
Operating Revenue - per FIS	52,151	59,167	57,052	62,783
Capital Funding (revenue)- per FIS	14,561	19,763	25,906	21,504
	<u>66,712</u>	<u>78,930</u>	<u>82,958</u>	<u>84,288</u>
Other Gains	-	1,012	-	117
	<u>66,712</u>	<u>79,941</u>	<u>82,958</u>	<u>84,405</u>
Operating Revenue - per Stmt of Comp. Rev. & Exp.	71,081	79,941	87,347	84,405
Less Other Gains/ (Losses) on Sale of Assets	4,369	1,012	4,389	117
	<u>66,712</u>	<u>78,930</u>	<u>82,958</u>	<u>84,288</u>
	-	-	-	-
Operating Expenditure - per FIS	42,129	49,534	45,227	50,945
Add depreciation	15,967	17,226	18,946	20,567
	<u>58,096</u>	<u>66,759</u>	<u>64,173</u>	<u>71,512</u>
Other Losses	-	2,623	-	2,876
Operating Expenditure - per Stmt of Comp. Rev. & Exp.	58,096	69,382	64,173	74,388
	-	-	-	-
Capital Expenditure - per FIS	40,906	34,390	49,604	35,859
Capital Expenditure - per Cost of Service Statements	40,906	34,390	49,604	35,859
	-	-	-	-
Transfer to/(from) Reserves - per COSS	(17,992)	(9,864)	(10,268)	(6,257)
Depreciation transferred to reserves - per COSS	6,151	5,851	6,324	6,255
Proceeds from sale of assets - tsf to reserves	5,365	456	5,365	23
	<u>(6,476)</u>	<u>(3,557)</u>	<u>1,421</u>	<u>21</u>
Increase/(Decrease) in Reserves - per FIS	(6,476)	(3,557)	1,421	21
	-	-	-	-

DEPRECIATION by Group				
	2022-23	2022-23	2023-24	2023-24
	Annual Plan	Actual	Annual Plan	Actual
	\$000s	\$000s	\$000s	\$000s
Groups of Activities				
Roading	7,286	7,817	8,752	10,168
Water Services	1,937	2,054	2,288	2,660
Wastewater Services	3,154	3,535	3,959	3,665
Stormwater	422	542	594	636
Solid Waste Services	204	209	247	235
Community Facilities/Activities	2,612	2,683	2,718	2,789
Regulatory Services	44	50	46	49
Leadership, Strategy & Corporate Services	308	336	343	365
	<u>15,967</u>	<u>17,226</u>	<u>\$18,946</u>	<u>\$20,567</u>

FUNDING IMPACT STATEMENT

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

ROADING	LTP Amended Year 2 2022-23 \$000s	LTP Amended Year 3 2023-24 \$000s	Actual 2023-24 \$000s
Sources of Operating Funding			
General rates, uniform charges, rates penalties	-	-	-
Targeted rates	7,683	8,342	8,804
Subsidies and grants (for operating)	2,921	3,030	7,251
Fees & charges	75	77	85
Internal charges & overheads recovered	-	-	-
Interest & dividends	-	-	-
Other receipts (incl petrol tax & fines)	194	200	144
Total operating funding (A)	10,872	11,649	16,283
Applications of Operating Funding			
Payments to staff and suppliers	5,848	6,156	9,991
Finance costs	49	75	187
Internal charges and overheads applied	1,418	1,535	2,736
Other operating funding applications	-	-	-
Total applications of operating funding (B)	7,315	7,766	12,915
Surplus/(Deficit) of operating funding (A-B)	3,557	3,884	3,369
Sources of Capital Funding			
Subsidies & grants for capital expenditure	4,939	2,772	10,173
Development & financial contributions	378	381	539
Increase /(decrease) in debt	1,068	1,257	3,330
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	2,757
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	6,385	4,410	16,799
Application of Capital Funding			
Capital expenditure:			
- to meet additional demand	1,276	1,197	3,498
- to improve level of service	1,988	1,230	1,494
- to replace existing assets	9,114	5,907	15,101
Increase/(decrease) in reserves	(2,436) *	(40) *	260 *
Increase/(decrease) in investments	-	-	(185)
Total application of capital funding (D)	9,942	8,294	20,168
Surplus / (deficit) of capital funding (C-D)	(3,557)	(3,884)	(3,369)
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		
	Amended Year 2 2022-23 \$000s	LTP Amended Year 3 2023-24 \$000s	Actual 2023-24 \$000s
Sources of Operating Funding			
General rates, uniform charges, rates penalties	-	-	-
Targeted rates (excl water by meter)	4,368	4,483	4,613
Subsidies and grants (for operating)	-	-	338
Fees & charges (incl metered water)	547	576	619
Internal charges & overheads recovered	104	107	131
Interest & dividends	5	5	17
Other receipts (incl petrol tax & fines)	-	-	-
Total operating funding (A)	5,024	5,171	5,718
Applications of Operating Funding			
Payments to staff and suppliers	1,934	1,990	2,651
Finance costs	193	178	404
Internal charges and overheads applied	858	935	931
Other operating funding applications	-	-	-
Total applications of operating funding (B)	2,984	3,104	3,985
Surplus/(Deficit) of operating funding (A-B)	2,040	2,067	1,733
Sources of Capital Funding			
Subsidies & grants for capital expenditure	-	-	-
Development & financial contributions	-	-	1
Increase /(decrease) in debt	140	9,483	617
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	399
Other operating funding applications	-	-	-
Total sources of capital funding (C)	140	9,483	1,017
Application of Capital Funding			
Capital expenditure:			
- to meet additional demand	613	-	399
- to improve level of service	82	7,593	472
- to replace existing assets	1,886	3,781	3,031
Increase/(decrease) in reserves	(401) *	176 *	(1,039) *
Increase/(decrease) in investments	-	-	(112)
Total application of capital funding (D)	2,180	11,550	2,750
Surplus / (deficit) of capital funding (C-D)	(2,040)	(2,067)	(1,733)
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 Amended Year 2 2022-23 \$000s	LTP Amended Year 3 2023-24 \$000s	Actual 2023-24 \$000s
Sources of Operating Funding			
General rates, uniform charges, rates penalties	-	-	-
Targeted rates	7,229	7,443	7,997
Subsidies and grants (for operating)	-	-	102
Fees & charges	571	589	622
Internal charges & overheads recovered	34	29	39
Interest & dividends	-	-	-
Other receipts (incl petrol tax & fines)	-	-	-
Total operating funding (A)	7,833	8,061	8,760
Applications of Operating Funding			
Payments to staff and suppliers	1,402	1,433	3,242
Finance costs	1,080	912	1,826
Internal charges and overheads applied	1,149	1,228	102
Other operating funding applications	-	-	-
Total applications of operating funding (B)	3,631	3,573	5,171
Surplus/(Deficit) of operating funding (A-B)	4,203	4,488	3,590
Sources of Capital Funding			
Subsidies & grants for capital expenditure	-	-	1,838
Development & financial contributions	123	123	422
Increase /(decrease) in debt	(2,667)	(2,348)	(969)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	926
Other operating funding applications	-	-	-
Total sources of capital funding (C)	(2,544)	(2,225)	2,216
Application of Capital Funding			
Capital expenditure:			
- to meet additional demand	818	-	926
- to improve level of service	-	639	1,277
- to replace existing assets	1,523	1,267	3,114
Increase/(decrease) in reserves	(681) *	357 *	214 *
Increase/(decrease) in investments	-	-	275
Total application of capital funding (D)	1,659	2,263	5,806
Surplus / (deficit) of capital funding (C-D)	(4,203)	(4,488)	(3,590)
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

LIP

	Amended Year 2 2022-23 \$000s	LTP Amended Year 3 2023-24 \$000s	Actual 2023-24 \$000s
Sources of Operating Funding			
General rates, uniform charges, rates penalties	-	-	-
Targeted rates	792	856	924
Subsidies and grants (for operating)	-	-	-
Fees & charges	-	-	-
Internal charges & overheads recovered	-	-	-
Interest & dividends	-	-	-
Other receipts (incl petrol tax & fines)	-	-	-
Total operating funding (A)	792	856	924
Applications of Operating Funding			
Payments to staff and suppliers	296	202	379
Finance costs	13	15	20
Internal charges and overheads applied	211	224	331
Other operating funding applications	-	-	0
Total applications of operating funding (B)	520	441	730
Surplus/(Deficit) of operating funding (A-B)	271	415	194
Sources of Capital Funding			
Subsidies & grants for capital expenditure	-	-	-
Development & financial contributions	-	-	-
Increase /(decrease) in debt	112	164	(40)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	1,149
Other operating funding applications	-	-	-
Total sources of capital funding (C)	112	164	1,110
Application of Capital Funding			
Capital expenditure:			
- to meet additional demand	-	426	1,149
- to improve level of service	153	213	-
- to replace existing assets	307	479	280
Increase/(decrease) in reserves	(76) *	(539) *	(117) *
Increase/(decrease) in investments	-	-	(8)
Total application of capital funding (D)	384	579	1,304
Surplus / (deficit) of capital funding (C-D)	(271)	(415)	(194)
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

LIP

	Amended Year 2 2022-23 \$000s	LTP Amended Year 3 2023-24 \$000s	Actual 2023-24 \$000s
Sources of Operating Funding			
General rates, uniform charges, rates penalties	-	-	-
Targeted rates	1,105	1,065	1,315
Subsidies and grants (for operating)	264	355	489
Fees & charges	3,359	3,633	4,116
Internal charges & overheads recovered	76	83	135
Interest & dividends	-	-	-
Other receipts (incl petrol tax & fines)	-	-	-
Total operating funding (A)	4,804	5,135	6,055
Applications of Operating Funding			
Payments to staff and suppliers	3,979	4,257	5,105
Finance costs	45	36	76
Internal charges and overheads applied	428	475	640
Other operating funding applications	-	-	-
Total applications of operating funding (B)	4,452	4,768	5,821
Surplus/(Deficit) of operating funding (A-B)	352	367	234
Sources of Capital Funding			
Subsidies & grants for capital expenditure	-	-	-
Development & financial contributions	-	-	-
Increase /(decrease) in debt	(202)	(214)	(151)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other operating funding applications	-	-	-
Total sources of capital funding (C)	(202)	(214)	(151)
Application of Capital Funding			
Capital expenditure:			
- to meet additional demand	-	-	-
- to improve level of service	20	21	-
- to replace existing assets	-	21	94
Increase/(decrease) in reserves	130 *	111 *	13 *
Increase/(decrease) in investments	-	-	(25)
Total application of capital funding (D)	151	153	83
Surplus / (deficit) of capital funding (C-D)	(352)	(367)	(234)
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		
	Amended Year 2 2022-23 \$000s	LTP Amended Year 3 2023-24 \$000s	Actual 2023-24 \$000s
Sources of Operating Funding			
General rates, uniform charges, rates penalties	-	-	-
Targeted rates	10,128	11,278	10,468
Subsidies and grants (for operating)	50	51	132
Fees & charges	1,660	1,703	1,843
Internal charges & overheads recovered	685	705	815
Interest & dividends	42	85	-
Other receipts (incl petrol tax & fines)	-	-	-
Total operating funding (A)	12,566	13,822	13,258
Applications of Operating Funding			
Payments to staff and suppliers	7,086	7,273	7,910
Finance costs	439	584	348
Internal charges and overheads applied	2,383	2,575	2,780
Other operating funding applications	-	-	-
Total applications of operating funding (B)	9,908	10,433	11,038
Surplus/(Deficit) of operating funding (A-B)	2,658	3,390	2,219
Sources of Capital Funding			
Subsidies & grants for capital expenditure	5,013	1,682	1,869
Development & financial contributions	0	0	-
Increase /(decrease) in debt	6,746	9,767	349
Gross proceeds from sale of assets	5,535	-	-
Lump sum contributions	-	-	71
Other operating funding applications	-	-	-
Total sources of capital funding (C)	17,295	11,449	2,289
Application of Capital Funding			
Capital expenditure:			
- to meet additional demand	1,082	-	200
- to improve level of service	12,754	12,436	2,818
- to replace existing assets	2,072	1,649	1,359
Increase/(decrease) in reserves	4,045 *	753 *	(224) *
Increase/(decrease) in investments	-	-	356
Total application of capital funding (D)	19,953	14,839	4,509
Surplus / (deficit) of capital funding (C-D)	(2,658)	(3,390)	(2,219)
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	LIP		
	Amended Year 2 2022-23 \$000s	LTP Amended Year 3 2023-24 \$000s	Actual 2023-24 \$000s
Sources of Operating Funding			
General rates, uniform charges, rates penalties	-	-	-
Targeted rates	2,658	2,685	3,550
Subsidies and grants (for operating)	-	-	1,122
Fees & charges	2,325	2,424	2,480
Internal charges & overheads recovered	299	307	341
Interest & dividends	1	1	9
Other receipts (incl petrol tax & fines)	114	128	178
Total operating funding (A)	5,397	5,545	7,679
Applications of Operating Funding			
Payments to staff and suppliers	4,321	4,206	5,810
Finance costs	39	34	19
Internal charges and overheads applied	1,517	1,644	1,966
Other operating funding applications	-	-	-
Total applications of operating funding (B)	5,877	5,884	7,795
Surplus/(Deficit) of operating funding (A-B)	(480)	(339)	(116)
Sources of Capital Funding			
Subsidies & grants for capital expenditure	-	-	-
Development & financial contributions	993	1,002	1,340
Increase /(decrease) in debt	(45)	(50)	166
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other operating funding applications	-	-	-
Total sources of capital funding (C)	948	952	1,506
Application of Capital Funding			
Capital expenditure:			
- to meet additional demand	-	-	-
- to improve level of service	-	-	174
- to replace existing assets	441	25	36
Increase/(decrease) in reserves	27 *	588 *	1,047 *
Increase/(decrease) in investments	-	-	132
Total application of capital funding (D)	468	613	1,390
Surplus / (deficit) of capital funding (C-D)	480	339	116
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

LEADERSHIP, STRATEGY & CORPORATE SERVICES

	LIP		
	Amended Year 2 2022-23 \$000s	LTP Amended Year 3 2023-24 \$000s	Actual 2023-24 \$000s
Sources of Operating Funding			
General rates, uniform charges, rates penalties	-	-	-
Targeted rates	3,823	4,091	3,982
Subsidies and grants (for operating)	202	208	265
Fees & charges	237	244	295
Internal charges & overheads recovered	9,073	9,889	10,458
Interest & dividends	355	378	1,601
Other receipts (incl petrol tax & fines)	-	-	-
Total operating funding (A)	13,691	14,809	16,602
Applications of Operating Funding			
Payments to staff and suppliers	12,208	12,527	12,679
Finance costs	12	11	298
Internal charges and overheads applied	2,588	2,795	3,152
Other operating funding applications	-	-	-
Total applications of operating funding (B)	14,808	15,333	16,128
Surplus/(Deficit) of operating funding (A-B)	(1,117)	(524)	473
Sources of Capital Funding			
Subsidies & grants for capital expenditure	-	-	-
Development & financial contributions	-	-	-
Increase /(decrease) in debt	(14)	(16)	7,597
Gross proceeds from sale of assets	20	20	23
Lump sum contributions	-	-	21
Other operating funding applications	-	-	-
Total sources of capital funding (C)	6	4	7,640
Application of Capital Funding			
Capital expenditure:			
- to meet additional demand	-	-	-
- to improve level of service	-	-	71
- to replace existing assets	254	282	365
Increase/(decrease) in reserves	(1,366) *	(803) *	(134) *
Increase/(decrease) in investments	-	-	7,811
Total application of capital funding (D)	(1,112)	(520)	8,113
Surplus / (deficit) of capital funding (C-D)	1,117	524	(473)
Funding balance (A-B)+(C-D)	-	-	-

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

2023/24 financial statements and notes to the accounts

Finance to add

MASTERTON DISTRICT COUNCIL

STATEMENT OF FINANCIAL POSITION as at 30 June 2024				
\$		Notes	\$	\$
30 June 2023			30 June 2024	Annual Plan
CURRENT ASSETS				
4,094,336	Cash & cash equivalents	10	6,742,963	4,502,967
8,627,577	Other financial assets	11	16,270,031	5,005,251
676,763	Inventories	8	542,669	396,930
33,792	Derivative financial instruments	22	14,032	0
9,479,989	Debtors and other receivables	9	7,058,553	4,807,032
<u>22,912,458</u>	Total Current Assets		<u>30,628,248</u>	<u>14,712,180</u>
NON-CURRENT ASSETS				
140,430,296	Property, equipment & other assets	12,13	153,536,404	169,620,247
962,556,018	Infrastructural assets	12,13	978,086,588	961,276,300
3,204,853	Intangible assets	14	2,895,826	2,394,132
478,346	Forestry assets	15	515,718	452,182
0	Investment property	16	0	0
1,286,811	Derivative financial instruments	22	884,401	428,900
	Other financial assets	11		
214,507	- Investments in CCO's & other similar entities		214,507	238,327
8,095,110	- Investments in other entities		8,814,536	13,349,513
<u>1,116,265,941</u>	Total Non-current Assets		<u>1,144,947,980</u>	<u>1,147,759,601</u>
<u>\$1,139,178,399</u>	TOTAL ASSETS		<u>\$1,175,576,228</u>	<u>\$1,162,471,781</u>
CURRENT LIABILITIES				
13,760,600	Creditors & other payables	20	13,657,860	10,295,170
0	Derivative financial instruments	22	0	0
1,138,368	Employee benefits	21	1,233,487	1,078,000
28,302	Provisions (current)	23	33,019	20,000
5,100,000	Financial liabilities - current portion	24	11,200,000	11,200,000
<u>20,027,270</u>	Total Current Liabilities		<u>26,124,366</u>	<u>22,593,170</u>
NON-CURRENT LIABILITIES				
46,600,000	Financial liabilities	24	51,400,000	49,099,812
0	Derivative financial instruments	22	22,453	1,471
9,928	Employee benefits	21	0	10,853
109,990	Provisions & other liabilities	23	118,653	32,351
<u>46,719,918</u>	Total Non-current Liabilities		<u>51,541,106</u>	<u>49,144,487</u>
<u>\$1,072,431,211</u>	NET ASSETS		<u>\$1,097,910,756</u>	<u>\$1,090,734,124</u>
PUBLIC EQUITY				
472,929,962	Retained earnings (ratepayers' equity)	25	488,563,036	470,671,854
574,738,111	Revaluation reserves	25	584,563,640	592,889,224
24,763,138	Special funds & restricted reserves	28	24,784,080	27,173,046
<u>\$1,072,431,211</u>	TOTAL PUBLIC EQUITY		<u>\$1,097,910,756</u>	<u>\$1,090,734,124</u>

The accompanying notes form part of these financial statements.

MASTERTON DISTRICT COUNCIL

STATEMENT OF COMPREHENSIVE REVENUE & EXPENSE				
For the Year Ended 30 June 2024				
\$		Note	\$	\$
Actual			Actual	Budget
2022/23			2023/24	2023/24
OPERATING REVENUE				
37,753,105	Rates Revenue	3	41,025,706	40,840,995
50,303	Rural sewerage scheme capital rates	3 & 4	50,303	50,303
3,663,910	Financial Contributions		2,301,443	2,123,500
20,637,349	Subsidies and grants	4	23,579,459	27,950,537 *1
1,027,397	Finance Revenue	5	1,626,495	1,184,750
10,357,563	Other Operating Revenue	4	10,473,160	10,808,217 *1
5,440,267	Assets vested from subdivisions	4	5,231,090	-
1,011,545	Other Gains	4a	117,339	4,388,794
79,941,438	Total Operating Revenue		84,404,994	87,347,095
OPERATING EXPENDITURE				
13,215,698	Personnel Costs	6	14,710,060	14,723,796
33,779,940	Other Expenses	7	33,057,483	27,537,524
2,538,112	Finance Costs	5	3,177,761	2,965,665
17,225,696	Depreciation & amortisation	12, 13, 14	20,566,679	18,946,210
2,622,527	Other Losses	4a	2,875,567	-
69,381,973	Total Operating Expenditure		74,387,549	64,173,195
\$10,559,466	Surplus/(Deficit) before taxation		\$10,017,445	\$23,173,900
-	Income tax expense		-	-
\$ 10,559,466	SURPLUS/(DEFICIT) AFTER TAXATION		\$ 10,017,445	\$23,173,900
Other Comprehensive Revenue & Expense				
76,543,780	Gain/(Loss) on asset revaluations	12, 13, 25	15,461,432	21,172,877
(476)	Financial assets fair value movement	25	668	-
76,543,303	Total Other Comprehensive Revenue & Expense		15,462,100	21,172,877
\$ 87,102,769	TOTAL COMPREHENSIVE REVENUE & EXPENSE		\$ 25,479,545	\$44,346,777

STATEMENT OF CHANGES IN EQUITY						
For the Year Ended 30 June 2024						
	\$	\$	\$	\$	\$	\$
	Revaluations	Special Funds	Ratepayers'	Actual	Annual Plan	Prior Year
	(Note 25)	& Reserves	Equity	2023/24	2023/24	2022/23
		(Note 28)	(Note 25)			
Opening Balance						
As at 1 July 2023	574,738,111	24,763,138	472,929,962	\$1,072,431,211	1,046,387,348	985,328,441
Comprehensive revenue & expense for the year	15,462,100		10,017,445	25,479,545	44,346,777	87,102,769
Tsf disposals revaltns	(5,636,571)		5,636,571	0		
Transfers from Reserves		(9,972,278)	9,972,278	0		
Transfers to Reserves		3,715,373	(3,715,373)	0		
Tsf proceeds on sale of assets		22,570	(22,570)	0		
Tsf depreciation to reserves		6,255,278	(6,255,278)	0		
Closing Balance	584,563,640	24,784,080	488,563,036	\$1,097,910,756	1,090,734,124	1,072,431,210

*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 2023				
Last Year		\$	Actual	Budget
2022/23	Cash Flows from Operating Activities:	<i>Notes</i>	2023/24	2023/24
	Cash was provided from:			
37,520,708	Rates (M.D.C. only)		40,877,161	40,750,095
50,303	Rural sewerage scheme capital rates		50,303	50,303
3,663,910	Financial Contributions		2,301,443	2,123,500
16,836,957	Subsidies and grants		29,303,395	27,950,537
925,251	Interest & Dividends received		1,442,886	1,184,750
10,440,342	Receipts from other revenue		9,469,258	10,576,993
69,437,472			83,444,446	82,636,178
	Cash was applied to:			
(26,762,856)	Payments to suppliers		(35,509,388)	(27,904,814)
(13,163,378)	Payments to employees		(14,624,869)	(14,723,796)
(2,301,217)	Interest paid		(3,060,955)	(2,965,665)
(365,797)	Goods and services tax (paid)/received (net)		290,926	-
(42,593,248)			(52,904,286)	(45,594,275)
26,844,224	Net Cash from Operating Activities	29	30,540,160	37,041,903
	Cash Flows from Investing Activities:			
	Cash was provided from:			
455,991	Receipts from sale of property, plant and equipment		22,570	5,365,000
-	Forestry/investment property proceeds		-	-
4,901,749	Receipts from sale of investments		2,427,577	461,701
5,357,740			2,450,147	5,826,701
	Cash was applied to:			
(32,515,200)	Purchase of property, plant and equipment		(30,413,771)	(50,464,217)
(188,465)	Purchase of intangible assets		(108,315)	-
(3,426,436)	Acquisition of investments		(10,719,594)	(12,369)
(36,130,101)			(41,241,680)	(50,476,587)
(30,772,361)	Net Cash from Investing Activities		(38,791,533)	(44,649,885)
	Cash Flows from Financing Activities:			
	Cash was provided from:			
5,000,000	Proceeds from new financial liabilities		14,000,000	11,673,800
5,000,000			14,000,000	11,673,800
	Cash was applied to:			
(3,300,000)	Repayment of term liabilities		(3,100,000)	(3,073,993)
-	Repayment of finance lease liabilities		-	-
(3,300,000)			(3,100,000)	(3,073,993)
1,700,000	Net Cash from Financing Activities		10,900,000	8,599,807
(2,228,137)	Net Increase/(Decrease) in Cash and cash equivalents		2,648,627	\$991,825
6,322,473	Cash and cash equivalents at beginning of the year		4,094,336	8,516,393
\$ 4,094,336	Cash and cash equivalents at the end of the year	10	\$ 6,742,963	\$ 9,508,218

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 (2023: \$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 2024

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 2024. The financial statements were authorised for issue by the Council on 13 November 2024.

Basis of Preparation

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

Statement of Compliance

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

Measurement Base

The financial statements have been prepared on a historical cost basis, modified by the revaluation of land and buildings, infrastructural assets, investment property, forestry assets, library books and certain financial instruments (including derivative instruments). The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Functional and presentation currency

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

New Amendment Applied - PBE IPSAS 2 Statement of Cash Flows

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

New Standards Issued and Effective

Financial Instruments PBE IPSAS 41

In March 2019, the External Reporting Board (XRB) issued PBE IPSAS 41 Financial Instruments, which supersedes both PBE IFRS 9 Financial Instruments and PBE IPSAS 29 Financial Instruments: Recognition and Measurement. The council has applied this standard in preparing its 30 June 2023 and 2024 financial statements.

PBE FRS 48 Service Performance Reporting

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

Changes in Accounting Policies

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

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 2023-24 Annual Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the council in preparing these financial statements.

Critical Accounting Estimates and Assumptions

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

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

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

Critical judgements exercised by management in applying accounting policies:

- Classification of investment property - Note 16
- Infrastructural assets - there are a number of estimates and assumptions exercised when valuing infrastructural assets using the depreciated replacement cost method. These include:
 - Estimating any obsolescence or surplus capacity of the asset.
 - Estimating the replacement cost of the asset. The replacement cost is derived from recent construction contracts in the region for similar assets.
 - Estimates of the remaining useful life over which the asset will be depreciated. These estimates can be affected by the local conditions. For example, weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then the council could be over- or under-estimating the annual depreciation charge recognised as an expense in the statement of comprehensive revenue and expense. To minimise this risk, infrastructural asset lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and asset condition-modelling are also carried out regularly as part of asset management planning activities, which provides further assurance over useful life estimates.

- Classification of Property
 - The council owns a number of properties, which are maintained primarily to provide housing to pensioners. The receipt of market-based rental from these properties is incidental to holding these properties. These properties are held for service delivery objectives as part of the council's senior housing policy. These properties are accounted for as property, plant and equipment.
- The Council previously had partly occupied land and buildings in its ownership that had been occupied by the Masterton Borough Council depot and gasworks. This land had been identified by the council as surplus to requirements, but site contamination issues and previous ownership issues meant it could not be regarded as a 'property intended for sale'. During the 2022/23 year the Council has sold the property.
- Urban Wastewater Resource Consent and Treatment Plant Upgrade
 - The Council has worked through the process of renewing its resource consent for its wastewater treatment and disposal facility and constructed a new plant between 2010 and 2015. Over the previous 14 years, costs relating to the options analysis, consultation, concept design and resource consent application process, have been capitalised as intangible assets – recognising the one-off costs of gaining the consent. In December 2009 the Council was granted a consent, based on a proposed scheme, for 25 years. The capitalised costs of the consent have been assumed to be written off over the 25-year life of the consent.
- Judgement relating to Water Services Reform Programme
 - Following the announcement by the Local Government Minister on 27 October 2021 regarding central government proceeding with the three waters service delivery reforms using a legislated "all in" approach, Council continues to recognise its three waters assets at 30 June 2023 in accordance with the accounting policies set out below. There has been no adjustment in these financial statements to reflect the expected future transfer of assets and debt to a new water entity. It is expected central government will continue to develop details around the mechanism and timing for the transfer. As further details are established this may require adjustments to Council's three water assets either in respect of disclosure or measurement.

Revenue

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

Rates Revenue

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

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

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

Other Revenue

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

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

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

Revenue from the providing of services (e.g. building consent fees) is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided. Sales of goods and services (e.g. transfer station fees) are recognised when a product or service is sold to the customer. Sales are usually in cash or by credit account.

Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised as revenue. Assets vested in the council are recognised as revenue when control over the asset is obtained.

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

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

For Financial Contributions, the revenue recognition point is at the latter of the point when the council is ready to provide the service for which the contribution was levied, or the event that will give rise to a requirement for a development or financial contribution under the legislation or Council's operative District Plan. Financial contributions revenue is shown separately on the Statement of Comprehensive Revenue and Expense. Those contributions that are required as a nominal contribution towards specific future work are recognised as revenue and held as part of special funds (equity).

Classification of Revenue

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

Revenue from Exchange Transactions

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

Revenue from Non-Exchange Transactions

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

Approximately Equal Value

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

Borrowing Costs

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

Grant Expenditure

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received. Discretionary grants are those grants where the Council has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of the council's decision.

Income Tax

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

Finance Leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred. Currently the Council has no Finance Leases. If we did, the accounting treatment is as follows.

At the commencement of the lease term, the council recognises finance leases as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments. The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability. The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether the council will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Operating Leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less from date of acquisition, and bank overdrafts. Bank overdrafts (if any) are shown within borrowings in current liabilities in the Statement of Financial Position.

Debtors and Other Receivables

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Loans, including loans to community organisations made by the council at nil, or below market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar asset/investment.

They are subsequently measured at amortised cost using the effective interest method. The difference between the face value and present value of expected future cash flows of the loan is recognised in the statement of comprehensive revenue and expense as a grant. A provision for impairment of receivables is established when there is objective evidence that the council will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest method.

Inventories

Inventories (such as spare parts and other items) held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at the lower of cost and current replacement cost. The cost of purchased inventory is determined using the FIFO method.

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

The write down from cost to current replacement cost or net realisable value is recognised in the surplus or deficit in the Statement of Comprehensive Revenue and Expense.

Financial Assets

The council classifies its financial assets into one of the following four categories: financial assets at fair value through surplus or deficit, held-to-maturity investments, loans and receivables and financial assets at fair value through other comprehensive revenue. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Financial assets and liabilities are initially measured at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the Statement of Comprehensive Revenue and Expense.

Purchases and sales of investments are recognised on trade-date, the date on which the council commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the council has transferred substantially, all the risks and rewards of ownership. The fair value of financial instruments, whether traded in active markets or not, is based on a market price valuation supplied by an investment advisor.

The four categories of financial assets are defined below.

Financial Assets at Fair Value through Surplus or Deficit

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception.

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date. After initial recognition they are measured at their fair values. Gains or losses on re-measurement are recognised in the Statement of Comprehensive Revenue and Expense. Financial assets in this category include the investment funds managed by ANZ Investments Ltd.

Loans and Receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included as current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets. After initial recognition, they are measured at amortised cost using the effective interest method, less impairment.

Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit. There are no loans to community organisations made at nil or below market interest rates. Loans and receivables are classified as “debtors and other receivables” in the Statement of Financial Position.

Held to Maturity Investments

These are assets with fixed or determinable payments and fixed maturities that the council has the positive intention and ability to hold to maturity. After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the Statement of Comprehensive Revenue and Expense.

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-recognisation the cumulative gain or loss previously recognised in other comprehensive revenue is re-classified from equity to surplus or deficit.

Impairment of Financial Assets

At each balance sheet date, the council assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the surplus or deficit.

Carbon Credits

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

Accounting for Derivative Financial Instruments

The Council uses derivative financial instruments (interest rate swaps) to manage exposure to interest rate risks arising from interest rate fluctuations. In accordance with its treasury policy, the council does not hold or issue derivative financial instruments for trading purposes. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each balance date. The associated gains or losses on derivatives are recognised in the surplus or deficit.

Non-Current Assets held for Sale

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of noncurrent assets held for sale are recognised in the surplus or deficit. Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Property, Plant and Equipment

Property, plant and equipment consists of:

- Operational assets - these include land, buildings, landfill post closure, library books, plant and equipment, and motor vehicles.
- Restricted assets - parks and reserves owned by which provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.
- Infrastructure assets - the fixed utility systems owned by the council. Each asset class includes all items that are required for the network to function, for example sewer reticulation includes reticulation piping, manholes, sewer pump stations and a portion of the laterals to private properties.

Property, plant and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the council and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

Subsequent Costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the council and the cost of the item can be measured reliably.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Asset	Useful life	Depreciation rate
Buildings - component lives range from	5 to 100 years	1% - 20%
Plant and equipment	7-20 years	5%- 14%
Intangibles - software	4 years	25%
Motor vehicles	6.67 years	15%
Office equipment, office furniture	4 to 10 years	10% to 25%
Library books	3 to 4 years	25% to 33.3%
Infrastructural assets		
Roading network		
Formation (not depreciated)		
Top surface (seal) 2nd coat/1st coat	15 and 80 years	6.7% and 1.25%
Road metal (unsealed)	3 years	33%
Pavement (base course) 50 per cent depreciated	57 years	1.75%
Pavement (sub base) 15 per cent depreciated	57 years	1.75%

Pipe culverts	67 years	1.5%
Footpaths (basecourse) 40 per cent depreciated	50 years	2%
Footpaths (seal) chip/AC/concrete	40 years (average)	2.5%
Kerb and Channel	100 years	1%
Signs	15 years	6.7%
Road markings	2 years	50%
Streetlights (lamps, fittings and poles)	5/15/60 years	20%, 6.67% and 1.67%
Bridges	90 years	1.11%
Other structures	50 years	2%
Water system		
Treatment plant	10 to 43 years	2.3% to 10%
Pipes	73 to 100 years	1.0 % to 1.37 %
Valves, hydrants & connections, meters	50 years, 20 years	2 % & 5%
Reservoirs and tanks	50 years	2 %
Sewerage System		
Pipes & laterals	64 to 85 years	1.18 % to 1.56 %
Manholes	75 years	1.33 %
Treatment plant	10 to 60 years	1.67 % to 10 %
Drainage network		
Pipes	93 years	1.1 %
Stopbanks	134 years	0.74%
Seawall and river weirs	80 years	1.25%
Airport runway		
Pavement and seal	50 years and 17 years	2% 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. A fair value assessment has been undertaken by the same valuer as at 30 June 2023 and no adjustment to the 2021 fair values has been considered necessary.

Restricted Land and Buildings

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

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

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

At balance date, the council assesses the carrying values of its infrastructural assets to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued. A valuation was performed by WSP New Zealand Limited with an effective date of 30 June 2020. A fair value assessment was provided by the same valuer, effective 30 June 2022 where they applied an indexing approach. A full revaluation has been calculated and applied as at 30 June 2023, again by WSP New Zealand Limited. Other asset classes carried at valuation were revalued as below.

Land under Roads

Land under roads was valued based on fair value of adjacent land determined by Opus International Consultants Ltd, effective 30 June 2003. Under the previous NZ IFRS the council has elected to use the fair value of land under roads as at 30 June 2003 as deemed cost. Land under roads is no longer revalued.

Library Collections

At depreciated replacement cost in accordance with the guidelines released by the New Zealand Library Association and the National Library of NZ in May 2002. Library valuations are performed by the Library Manager and are not subject to an independent review because books are purchased at current market prices and these are used to determine fair value. The last valuation was performed in June 2023.

Accounting for Revaluations

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

Intangible Assets

Software Acquisition and Development

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

Resource Consents

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

Easements

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

Forestry Assets

Forestry assets are independently revalued annually. The 30 June 2023 valuation has been performed by Jack Palmer of Forme Consulting Group Ltd, at fair value less estimated point of sale costs. The valuation has been peer reviewed. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined pre-tax rate.

Gains or losses arising on initial recognition of biological assets at fair value less estimated point of sale costs and from a change in fair value less estimated point of sale costs are recognised in the surplus or deficit. The costs to maintain the forestry assets are included in the surplus or deficit.

Investment Property

From time to time the Council has held a small number of investment properties for strategic purposes that have been valued at fair value as determined annually by an independent valuer. Gains or losses arising from a change in the fair value of investment property are recognised in the surplus or deficit. There are properties, not defined as investment properties, where rental returns are earned. These properties which are leased to third parties under operating leases, are owned primarily to meet service delivery objectives. Council currently holds no properties for investment.

Impairment of Non-Financial Assets

Non-financial assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for impairment

whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised as the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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

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

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

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. Last year a discount rate of 5.37 per cent, and an inflation factor of 2 per cent were used but this year the amount remaining is for only one staff member and the amount is current so no discount factor has been used.

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				
2022/23 Actual		2023/24 Actual	2023/24 Budget	Variance
	Groups & Activities			
\$	Roading	\$	\$	\$
6,194,503	Subsidised Roothing	7,404,055	7,368,578	(35,477)
1,455,572	Non-subsidised Roothing	1,630,981	1,466,143	(164,838)
	Water Services			
4,414,940	Urban Water Supply	4,608,791	4,522,194	(86,597)
228,996	Rural Water Supplies & Races	148,292	152,816	4,524
	Wastewater Services			
7,465,352	Wastewater Services - Urban	7,707,059	7,556,951	(150,108)
433,362	Wastewater Services - Rural*	470,030	441,570	(28,460)
	Stormwater Services			
916,192	Urban Stormwater System	932,799	922,216	(10,583)
	Solid Waste Services			
190,194	Solid Waste Services	419,154	260,442	(158,712)
1,017,568	Waste Minimisation Services	967,140	1,052,515	85,375
	Community Facilities/Activities			
3,181,478	Parks, Reserves & Sportsfields	3,430,132	3,543,263	113,131
1,382,927	Trust House Recreation Centre	1,571,612	1,503,867	(67,745)
185,342	Cemeteries	185,309	167,941	(17,368)
2,625,937	Library & Archive	2,743,525	2,841,295	97,770
1,706,395	Property	1,745,978	1,734,124	(11,854)
380,951	Airport	476,315	427,755	(48,560)
103,390	Mawley Park	165,835	153,971	(11,864)
	Regulatory Services			
1,116,349	Resource Management & Planning	1,183,615	1,259,158	75,543
585,661	Environmental Services	653,707	712,562	58,855
731,322	Building Development	1,087,029	1,144,840	57,811
19,499	Parking Services	22,917	2,729	(20,188)
171,468	Animal Services	193,197	138,455	(54,742)
225,983	Emergency Management	281,333	284,033	2,700
-	Weather Events Recovery	0	-	(0)
	Leadership, Strategy & Corporate Services			
773,975	Representation	825,095	918,808	93,713
0	Internal Functions (net)	0	\$0	(0)
1,056,729	Community Development	1,104,249	1,126,373	22,124
556,214	Arts and Culture	548,202	562,232	14,030
1,017,997	Economic Development	910,808	912,958	2,150
352,968	Environmental Initiatives	385,000	451,208	66,208
38,491,263	Total Rates Requirement	41,802,160	41,628,998	(173,162)
	Rates Revenue			
38,337,649	Masterton District rates levied	41,583,822	41,478,695	105,127
50,303	Rural Wastewater capital contributions*	50,303	50,303	(0)
712,379	Rates penalties	815,230	275,000	540,230
(604,291)	Rates remissions	(653,680)	(175,000)	(478,680)
38,496,041	Rates Revenue (incl Council properties)	41,795,676	41,628,998	166,678
4,778	Net Rates Surplus/(Deficit)	(6,484)	0	(6,484)

*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.

<i>Notes to the Accounts</i>		Note 2	
SUMMARY REVENUE AND EXPENDITURE FOR GROUPS OF ACTIVITIES			
	\$ Actual	\$ Budget	\$ Actual
	2023/24	2023/24	2022/23
Revenue			
Roading	20,948,028	22,918,967	21,269,415
Water Services	1,505,273	680,878	1,629,438
Wastewater Services	3,948,881	2,856,148	2,630,455
Stormwater Services	1,149,468	-	1,424,475
Solid Waste Services	4,740,031	5,485,800	4,247,893
Community Facilities/Activities	4,729,581	5,283,880	3,073,728
Regulatory Services	5,468,631	4,224,873	5,756,545
Leadership, Strategy & Corporate Services	12,640,143	13,227,431	11,530,877
Total activity revenue	55,130,036	54,677,977	51,562,825
plus other gains	117,339	4,388,794	1,011,545
Less internal revenue	(11,918,390)	(12,610,975)	(10,436,339)
Rates revenue	41,076,009	40,891,298	37,803,408
Total revenue	\$84,404,994	\$87,347,096	\$79,941,438
Expenses			
Roading	23,083,067	16,636,027	21,602,892
Water Services	6,644,906	5,758,299	5,873,010
Wastewater Services	8,835,332	8,764,425	8,268,207
Stormwater Services	1,366,219	1,155,636	1,428,618
Solid Waste Services	6,055,896	6,523,327	5,324,949
Community Facilities/Activities	13,827,782	13,729,529	12,724,175
Regulatory Services	7,843,755	6,908,026	6,444,071
Leadership, Strategy & Corporate Services	16,493,082	18,046,601	16,222,496
Total activity expenses	84,150,038	77,521,870	77,888,419
plus other losses	2,875,567	-	2,622,527
Less internal expenses	(12,638,056)	(13,348,675)	(11,128,972)
Total expenses	\$74,387,549	\$64,173,195	\$69,381,973

Notes to the Accounts

Note 3

RATES REVENUE	Notes	\$	\$	\$
excluding metered water supply rates		Actual	Budget	Actual
		2023/24	2023/24	2022/23
Gross MstnDC Rates Revenue		41,583,822	41,478,695	38,337,649
made up of the following (all rates are targeted)				
Land Value rates for Roading (urban & rural)		6,593,020	6,617,859	5,874,281
Uniform Charges for Roading (urban & rural)		2,192,501	2,195,640	1,910,044
Capital Value rates (urban & rural)		13,857,964	13,794,211	12,944,297
Capital Value Water & Wastewater rates (urban)		9,058,435	9,006,910	8,308,302
Uniform Charges Water & Wastewater (urban)		3,056,423	3,043,218	2,813,441
Uniform Charges (targeted between urban & rural)		5,510,368	5,508,549	5,226,377
Uniform Charges Recycling (urban & beach)		871,278	867,155	853,188
Uniform Charges Rural water & wastewater schemes		444,387	445,153	407,719
less Rates levied on Council properties		(719,666)	(737,700)	(692,633)
plus Rates Penalties		815,230	275,000	712,379
less Rates Remissions	30	(653,680)	(175,000)	(604,291)
		41,025,706	40,840,995	37,753,105
Rural Wastewater capital contributions		50,303	50,303	50,303
Total Revenue From Rates		41,076,009	\$40,891,298	\$37,803,408

Notes to the Accounts

Note 4

SUBSIDIES AND GRANTS	Actual	Budget	Actual
	2023/24	2023/24	2022/23
Roading subsidies Waka Kotahi	17,423,763	22,022,968	17,549,755
Other Government grants	6,030,686	5,838,569	3,033,613
Other grants	125,010	89,000	53,981
Total Subsidies and Grants	\$23,579,459	\$27,950,537	\$20,637,349
OTHER REVENUE			
Regulatory fee revenue	2,499,773	2,410,846	2,751,280
Rental revenue	1,067,447	1,091,791	1,048,042
Solid waste user charges	4,116,291	4,675,400	3,825,957
Other user charges and recoveries	2,026,668	1,884,556	2,029,603
Metered water & wastewater, incl Waingawa area	441,735	381,594	401,232
Infringements and fines	177,566	164,030	154,104
Local authority petrol tax	143,680	200,000	147,346
Sub total	10,473,160	10,808,217	10,357,563
Revenue recognised from vested assets	5,231,090	-	5,440,267
Total Other Revenue	\$15,704,249	\$10,808,217	\$15,797,830
There are no unfulfilled conditions or other contingencies attached to government grants recognised.			
Annual Rates Revenue - per LGFA Guarantee and Indemnity Deed	Actual	Actual	
Rates revenue per Note 3 (includes rural wastewater capital contributions)	41,076,009	37,803,408	
Targeted water supply rates (metered water)	338,892	301,012	
Rates levied in Carterton District for wastewater	102,843	100,220	
	\$41,517,743	\$38,204,639	

Notes to the Accounts

Note 4a

OTHER GAINS/(LOSSES)		\$ Actual 2023/24	\$ Budget 2023/24	\$ Actual 2022/23
Gains	Forestry asset revaluation gain	37,372	45,342	90,879
	Property, plant and equipment gains on disposal	12,186	4,333,300	158,197
	Library books revaluation gain	14,690	10,152	18,304
	Total non-financial instrument gains	64,248	4,388,794	267,380
	Gain on valuation of financial assets (fair value via surplus/deficit)	-	-	-
	Gain on mark-to-market valuation of cash flow hedges *	-	-	744,165
	Carbon credits of forestry - revaluation gain	53,091	-	-
	Total Gains	117,339	4,388,794	1,011,545
Losses	Property, plant and equipment losses on disposal	(2,430,944)	-	(2,265,700)
	Library books revaluation loss	-	-	-
	Forestry asset revaluation loss	-	-	-
	Total non-financial instrument losses	(2,430,944)	-	(2,265,700)
	Loss on valuation of financial assets (fair value via surplus/deficit)	-	-	(178,582)
	Loss on mark-to-market valuation of cash flow hedges *	(444,623)	-	-
	Carbon credits of forestry - revaluation loss	-	-	(178,245)
	Total Losses	(2,875,567)	-	(2,622,527)

* 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	Budget	Actual
	2023/24	2023/24	2022/23
Exchange Revenue			
Finance revenue	1,626,495	1,184,750	1,027,397
Rental revenue	1,067,447	1,091,791	1,048,042
Solid waste user charges	4,116,291	4,675,400	3,825,957
Other user charges and recoveries	2,026,668	1,884,556	2,029,603
Metered water & sewer rates charged in CDC area	441,735	381,594	401,232
Total Exchange Revenue	\$9,278,636	\$9,218,091	8,332,231
Non-Exchange Revenue			
Rates revenue	41,076,009	40,891,298	37,803,408
Financial contributions	2,301,443	2,123,500	3,663,910
Subsidies and grants	23,579,459	27,950,537	20,637,349
Regulatory fee revenue	2,499,773	2,410,846	2,751,280
Infringements and fines	177,566	164,030	154,104
Local authority petrol tax	143,680	200,000	147,346
Assets vested from developments/subdivisions	5,231,090	-	5,440,267
Other gains	117,339	4,388,794	1,011,545
Total Non-Exchange Revenue	\$75,126,359	\$78,129,005	\$71,609,207
Total Revenue	\$84,404,994	\$87,347,096	\$79,941,438
Explanation of the Analysis			
Revenue may be derived from either exchange or non-exchange transactions.			
Revenue from exchange transactions			
This revenue arises where the Council provides goods or services to another entity or individual and directly receives approximately equal value in a willing arm's length transaction (primarily in the form of cash in exchange).			
Revenue from non-exchange transactions			
This revenue arises when the Council receives value from another party without giving approximately equal value directly in exchange for the value received.			
Approximately equal value			
Approximately equal value is considered to reflect a fair or market value, which is normally commensurate with an arms length commercial transaction between a willing buyer and willing seller. Some goods or services that Council provides (e.g. the sale of goods at market rates) are defined as being exchange transactions. Only a few services provided by Council operate on a full user pays, cost recovery or breakeven basis and these are considered to be exchange transactions unless they are provided at less than active and open market prices. Most of the services that Council provides for a fee are subsidised by rates and therefore do not constitute an approximately equal exchange. Accordingly most are non-exchange.			
Broad category basis			
Due to the volume of transactions, classifying revenue as exchange or non-exchange is on a broad category basis where the deciding factor is the nature of the main proportion of transactions within any revenue stream.			

Notes to the Accounts

Note 5

FINANCE REVENUE & FINANCE COSTS	\$	\$	\$
Finance revenue	Actual	Budget	Actual
	2023/24	2023/24	2022/23
Interest Revenue on:			
- financial assets held/invested by Council	946,653	684,750	621,418
- financial assets invested from funds borrowed in advance	295,904	300,000	160,761
- financial assets managed by ANZ Investments Ltd	383,938	200,000	245,218
Total finance revenue	1,626,495	1,184,750	1,027,397
Finance costs			
Interest expense:			
- on bank borrowings	35,879	34,000	34,181
- on LGFA bonds	2,841,861	2,626,665	2,257,876
- on loan funds borrowed in advance	291,723	300,000	238,159
Discount unwind on provisions (Note 23)	8,298	5,000	7,895
Total finance costs	3,177,761	2,965,665	2,538,112
Net Finance Costs/(Revenue)	\$1,551,266	\$1,780,915	\$1,510,714

<i>Notes to the Accounts</i>		Note 6	
PERSONNEL COSTS	Actual	Budget	Actual
	2023/24	2023/24	2022/23
Salaries & wages	13,081,704	13,112,651	11,710,860
Mayor & Councillors' honorariums	605,565	647,564	580,480
Medical insurance (incl FBT)	411,787	414,842	378,616
Superannuation - employer contributions	525,814	548,739	493,422
Incr/(Decr) in employee benefits liability	85,190	-	52,320
Total Personnel costs	\$14,710,060	\$14,723,796	\$13,215,698

<i>Notes to the Accounts</i>		Note 7	
OTHER EXPENSES	Actual	Budget	Actual
	2023/24	2023/24	2022/23
Fees to principal auditor:			
- for annual report	193,346	134,000	179,543
- for debenture trust deed	6,750	6,000	4,750
- for LTP audit	92,900	85,000	0
Donations	1,297	7,000	1,240
Grants - funding community development	390,376	453,888	913,645
Grants - funding arts & culture	456,412	460,276	422,895
Grants - funding economic development	427,702	528,000	835,763
Grants - other	142,031	657,897	84,263
ACC levies	27,961	39,639	24,189
Inventories (change in value - increase in stock value held results in reduced expenses)	134,094	-	179,002
Impairment of receivables	(1,145)	1,553	5,532
Election costs	0	25,000	140,459
Civic entertainment costs	1,283	3,090	2,775
Ceremonies & presentations	2,717	8,537	4,301
Other operating expenses	31,181,759	25,127,644	30,981,583
Total other expenses	\$33,057,483	\$27,537,524	\$33,779,940

<i>Notes to the Accounts</i>		Note 7a	
COST OF SERVICE STMT RECONCILIATION	Actual	Budget	
	2023/24	2023/24	
Revenue			
Financial Contributions	2,301,443	2,123,500	
Subsidies and grants (per Note 4)	23,579,459	27,950,537	
Other Revenue (per Note 4)	15,704,249	10,808,217	
Finance Revenue (per Note 5)	1,626,495	1,184,750	
Total Operating Revenue	*1 43,211,646	42,067,004	
Expenditure			
Personnel Costs (per Note 6)	14,710,060	14,723,796	
Other Expenses (per Note 7)	33,057,483	27,537,524	
Finance Costs (per Note 5)	3,177,761	2,965,665	
Depreciation (per Notes 12,13,14)	20,566,679	18,946,210	
Total Operating Expenditure	*2 \$71,511,982	\$64,173,195	
Add back MstnDC rates on Council properties	719,666	737,700	
Net Operating Cost	\$29,020,002	\$22,843,891	

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

draft

Notes to the Accounts

Note 9

DEBTORS & OTHER RECEIVABLES

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

Fair Value

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

Impairment

The Council has provided for a nominal sum of \$5,000 for any impairment of rates receivable, as the Local Govt (Rating) Act 2002 provides a range of powers to recover outstanding debts, including approaching mortgage holders and legal proceeding which can lead to sale of the property to recover the rates.

Ratepayers can apply for payment plan options to allow them to catchup. The value of those debts is not considered significant enough to calculate discounted values.

Exchange & Non-Exchange

Receivables from exchange transactions includes outstanding amounts for commercial sales, fees & charges that have not been subsidised by rates.

Receivables from non-exchange transactions includes outstanding amounts for rates, grants, infringements & fees and charges that are partly subsidised by rates.

The status of receivables as at 30 June 2021 and 2022 are detailed below:

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

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

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

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

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		\$
<u>30 June 2023</u>		<u>30 June 2024</u>
4,094,336	Cash at bank and in hand	6,742,963
0	Short term deposits of 3 months or less (from acquisition)	0
<u>\$4,094,336</u>	Total cash and cash equivalents	<u>\$6,742,963</u>

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 \$241,044 (2023 = \$235,230).

Notes to the Accounts

Note 11

OTHER FINANCIAL ASSETS			\$
<u>30 June 2023</u>	<u>Current</u>	<i>Notes</i>	<u>30 June 2024</u>
8,487,000	Short term deposits - maturities > 3 but less than 12 mths	*2	16,091,000
140,577	Corporate bonds & Borrower Notes (LGFA)	*4&5	179,031
0	Investments held by fund manager	*3	0
<u>\$8,627,577</u>	Total Current Portion of Financial Assets		<u>\$16,270,031</u>
Non-current			
Investments in CCO's & other similar entities			
214,507	Shares (NZLGFA & Civic Financial Services)	*1	214,507
<u>\$214,507</u>			<u>\$214,507</u>
Investments in other entities			
1,046,475	Borrower notes (NZ LGFA)	*5	1,328,872
209,100	NZ Units - Carbon Credits on forestry	*7	262,191
6,839,535	NZ fixed interest investments held by fund manager	*3	7,223,473
<u>\$8,095,110</u>			<u>\$8,814,536</u>
<u>\$8,309,617</u>	Total Non-Current Portion of Financial Assets		<u>\$9,029,043</u>
<u>\$16,937,194</u>	Total Other Financial Assets		<u>\$25,299,074</u>
Internal loans/investments			
\$8,547,792	Balance at 30 June (also see Note 24)	*6	\$7,756,038
<u>\$29,579,322</u>	Total Funds On Hand or Invested (including Cash & Internal)		<u>\$39,798,075</u>

Notes:

- Fair value:** the carrying amount of term deposits approximates their fair value.
- Impairment:** There are no impairment provisions for Other Financial Assets. None of the financial assets are either past due or impaired.
- *1 Shares are valued as 'fair value through other comprehensive revenue & expense' and consist of: 127,230 Civic Financial Services fully paid ordinary \$1.00 shares valued at \$0.90 each, and 100,000 paid up shares in the NZ LGFA valued at cost of \$1 each (a further 100,000 remain uncalled).
 - *2 Bank deposits have maturity dates which range from 11 days to 12 months. Deposits are spread across three financial institutions, as per the Council's investment policy and are valued as 'held to maturity'.
 - *3 ANZ Investments actively manage an investment portfolio that was converted to a 50/50 split between two (High Grade and Sovereign) bond funds. This portfolio is valued as 'fair value through surplus/deficit'.
 - *4 Corporate bonds held directly by the Council are valued as 'fair value through Other Comprehensive Revenue & Expense'.
 - *5 The Council holds \$1.47 million of borrower notes issued by NZ LGFA (incl accrued interest), valued at 'fair value through Other Comprehensive Revenue & Expense'. These will be repaid on maturity of borrowings from the NZ LGFA, with interest accrued also payable on maturity.
 - *6 The Council has continued to utilise internal loans/investments for both long term funding of certain capital projects and short term cash flow funding to allow optimal timing of external debt drawdowns.
 - *7 The Council has been allocated 5,100 NZU carbon credits, based on it's forestry area. These have been re valued at the estimated carbon price at 30 June 2024 of \$51.41 per NZU.

Note 12												
Notes to the Accounts												
PROPERTY PLANT & EQUIPMENT 2024												
	Original Cost/ Valuation 30-Jun-23	Accum. Depreciation & Impairment 30-Jun-23	Carrying Amount 30-Jun-23	Current Year Additions	Vested Assets*5	Impairment	Current Year Disposals*1	Current Year Transfers/ Admits*2	Current Year Depreciation Revaluation*6	Original Cost/ Valuation 30-Jun-24	Accum. Depreciation & Impairment 30-Jun-24	Carrying Amount 30-Jun-24
Operational Assets												
Land	89,583,255	-	89,583,255	217,571	-	-	1,133,339	-	(6,786,664)	84,147,500	-	84,147,500
Buildings	47,710,366	(4,411,740)	43,298,626	1,745,940	-	(4,795)	-	(2,254,384)	19,751,780	62,537,166	0	62,537,166
Plant & vehicles	5,466,216	(3,796,476)	1,669,740	350,625	-	(16,646)	-	(329,466)	5,717,791	(4,043,479)	0	1,674,252
Equipment & furniture	9,390,685	(6,248,718)	3,141,967	475,902	-	(4)	-	(593,576)	9,830,143	(6,805,854)	0	3,024,289
Library books	509,705	-	509,705	119,373	-	(9,529)	-	(1,133,339)	14,690	458,022	-	458,022
Work in progress	2,227,005	-	2,227,005	601,509	-	-	(1,133,339)	-	1,878,033	-	-	1,878,033
Total operational assets	154,887,231	(14,456,935)	140,430,296	3,510,919	-	(30,973)	-	(3,353,643)	12,979,807	164,568,595	(10,849,333)	153,719,263
Infrastructural Assets												
Land (under roads)	88,076,270	-	88,076,270	0	861,856	-	-	-	-	88,938,126	-	88,938,126
Roading network	610,532,092	-	610,532,092	13,991,840	1,894,763	-	(287,308)	2,877,000	1,483,440	630,491,827	(10,129,011)	620,362,817
Water treatment plant - Masterton	8,580,423	-	8,580,423	64,699	-	-	-	(530,635)	6,645,122	(530,635)	-	8,114,487
Water reticulation (incl rural supplies)	61,104,877	-	61,104,877	1,766,341	395,143	-	(331,683)	1,290,972	620,998	64,850,648	(2,018,640)	62,832,008
Sewerage treatment plant - Masterton	39,989,329	-	39,989,329	19,509	-	-	-	(5772,834)	40,008,838	(772,834)	-	39,236,004
Sewerage reticulation - Masterton	82,656,028	-	82,656,028	4,105,020	925,860	-	(1,761,128)	1,960,583	87,886,363	(1,969,403)	-	85,916,960
Sewerage systems - rural *4	14,383,213	-	14,383,213	50,275	-	(370)	30,440	-	14,463,558	(438,768)	-	14,024,790
Stormwater assets	34,423,188	-	34,423,188	279,787	1,149,468	-	(29,040)	-	36,215,281	(655,211)	-	35,560,070
Flood protection & control works	5,759,834	-	5,759,834	0	-	-	-	-	5,759,834	(87,246)	-	5,672,588
Other infrastructure	6,523,190	-	6,523,190	0	-	-	-	0	6,523,190	(202,427)	-	6,320,763
Work in progress (WIP)	10,527,574	-	10,527,574	6,799,996	-	-	(6,158,996)	-	11,107,975	-	-	11,107,975
Total infrastructural assets	962,556,018	-	962,556,018	27,016,867	5,231,090	0	(2,409,528)	(6,158,996)	2,496,316	994,890,763	(16,804,176)	978,086,588
Total Property, Plant & Equipment	\$ 1,117,443,249	(\$14,456,934)	\$ 1,102,986,314	\$ 30,527,786	\$ 5,231,090	\$ 0	(\$2,440,501)	\$ 0	\$ (20,157,818)	\$ 1,159,459,358	(\$27,653,508)	\$ 1,131,805,851

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: further costs were added to WIP for the Animal shelter project, Town Hall project, Youth Hub and softball lime diamond & structures at South Park.
 In Land, prior year costs of purchasing land for future airport use have been added to Land assets.
 In Infrastructural assets, sewer & water reticulation jobs and some roading structure work were completed & transferred out of work in progress.
 Included in current year additions: WIP are part-completed sewer & water reticulation work, airport development costs, and roading work yet to be completed.

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

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

*5 Vested Assets included land, roading, water, sewer & stormwater assets transferred to the Council from completion of two subdivisions, known as Gordon Street (stage 1b) and Cashmere Oaks (stage 2).

*6 Revaluation - Land and Building assets were revalued as at 30 June 2024. There has been some realignment of values between land and buildings, with buildings increasing by 46% and land decreasing by 7.5%, the overall movement of \$13 million being a net 9.7% movement over three years. Adjustments have been made to infrastructure asset values due to inventory omissions discovered after the 30 June 2023 valuation was accepted.

Note 12a													
Notes to the Accounts													
PROPERTY PLANT & EQUIPMENT 2023													
	Original Cost/ Valuation 30-Jun-22	Accum. Depreciation & Impairment 30-Jun-22	Carrying Amount 30-Jun-22	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 30-Jun-23	Accum. Depreciation & Impairment 30-Jun-23	Carrying Amount 30-Jun-23
Operational Assets													
Land	89,737,656	-	89,737,656	95,599	0		(250,000)	301,977	(2,196,443)	-	89,583,255	-	89,583,255
Buildings	46,266,894	(2,319,616)	43,947,278	1,540,820			(295,007)			-	47,710,366	(4,411,740)	43,298,626
Plant & vehicles	5,307,605	(3,526,424)	1,781,181	252,623		(18,301)	(1,830)		(345,764)		5,466,216	(3,795,476)	1,669,740
Equipment & furniture	8,616,223	(5,693,736)	2,922,486	790,471		(3)	(570,988)		(570,988)		9,390,685	(6,248,718)	3,141,967
Library books	496,798	-	496,798	190,884			(29,227)		(167,054)	18,304	509,705	-	509,705
Work in progress	1,233,684	-	1,233,684	1,295,298			(301,977)			18,304	2,227,005	-	2,227,005
Total operational assets	151,658,859	(11,539,776)	140,119,083	4,165,696	-	(592,537)	(3,280,249)	-	(3,280,249)	18,304	154,887,231	(14,456,935)	140,430,296
Infrastructural Assets													
Land (under roads)	87,667,513	-	87,667,513	0	408,757		(457,082)	851,287	(7,778,048)	39,580,865	88,076,271	-	88,076,270
Roading network	563,627,108	-	563,627,108	12,594,391	2,113,572					3,709,278	610,532,093	-	610,532,093
Water treatment plant - Masterton	5,323,456	-	5,323,456	50,012					(502,323)	8,580,423	8,580,423	-	8,580,423
Water reticulation (incl rural supplies)	46,826,434	-	46,826,434	2,058,635	536,008		(228,993)	202,250	(1,441,910)	13,152,453	61,104,877	-	61,104,877
Sewerage treatment plant - Masterton	40,084,306	-	40,084,306	137,906			(335,228)	437,615	(5815,710)	480,439	39,989,329	-	39,989,329
Sewerage reticulation - Masterton	68,586,578	-	68,586,578	1,921,540	1,051,765		(933,414)	-	(1,763,611)	13,793,170	82,656,028	-	82,656,028
Sewerage systems - rural *4	13,170,121	-	13,170,121	32,334					(461,442)	1,642,200	14,383,213	-	14,383,213
Stormwater assets	29,916,023	-	29,916,023	475,351	1,330,165		(44,857)	-	(557,080)	3,303,586	34,423,188	-	34,423,188
Flood protection & control works	5,876,686	-	5,876,686	0					(87,339)	(29,513)	5,759,834	-	5,759,834
Other infrastructure	5,403,909	-	5,403,909	275,343				76,433	(143,797)	911,301	6,523,190	-	6,523,190
Work in progress (WIP)	5,059,602	-	5,059,602	7,036,557			(1,567,585)			10,527,573	10,527,573	-	10,527,574
Total Infrastructural assets	871,541,736	-	871,541,736	24,581,070	5,440,267	0	(1,999,574)	-	(13,551,260)	76,543,780	962,556,019	-	962,556,019
Total Property, Plant & Equipment	\$ 1,023,200,595	(\$ 11,539,776)	\$ 1,011,660,819	\$ 28,746,766	\$ 5,440,267	\$ 0	(\$ 2,592,110)	\$ 0	(\$ 16,831,508)	\$ 76,562,083	\$ 1,117,443,250	(\$ 14,456,934)	\$ 1,102,986,315

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

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

*2 The Transfers & Adjustments column shows transfers in and out of work in progress as detailed below:
In buildings, the hydro slide staircase at the pools was completed. Liquidation costs were written off for the Youth Hub. Further costs were added for the New pound & the future Civic Centre costs.
In land costs of purchasing future airport land was added.

In infrastructural assets sewer & water reticulation jobs, along with airport hanger expansion, Waipoua trails bridge and some roading work were completed & transferred out of work in progress.
Included in current year additions WIP are part-completed sewer & water reticulation work, airport planning costs, CBD design costs and roading work yet to be completed.

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

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

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

Notes to the Accounts

Note 13

PROPERTY PLANT & EQUIPMENT - NOTES

Critical accounting estimates and assumptions

Estimating the fair value of land, buildings and infrastructure

The most recent valuation of land and buildings was performed by an independent registered valuer, Jones Lang LaSalle Ltd. The valuation is effective as at 30 June 2024. This resulted in a decrease of \$6.8 million (7.5%) in the fair value of Land assets, reflecting a downward adjustment that the valuer believed to be justified. The value of Building Assets increased by \$19.75 million (46.2%) on fair values after taking account of additions and depreciation over the period. The overall impact of land and buildings revaluations together has resulted in a 9.7% increase in fair values.

Land (except land under roads) is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values. Any restrictions on the Council's ability to sell land would not normally impair the value of the land because the Council has operational use of the land for the foreseeable future and will substantially receive the full benefits of outright ownership. In 2017 the value of the land under the Town Hall and District Building included an impairment adjustment, allowing for the estimated cost of demolition of the buildings, reducing the land value from \$890,000 to \$40,000. The revaluation as at 30 June 2021 saw an increase in the value to \$444,500 and a decrease to \$419,000 with the 30th June 2024 valuation.

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

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

Buildings - non-specialised buildings (e.g. residential and office buildings) are valued at fair value using market-based evidence. The Town Hall and a large part of the District Building have been determined to be below the safe earthquake standard and the cost of strengthening exceeds the book value (also see Note 33 Contingencies). In 2017 the impairment value write-down was taken to the revaluation reserve while a residual value remained, representing the value of the portion of the office building still in use. This part of the building was added in the 1980s and is above 33% of the earthquake code. The revaluation of the buildings as at 30 June 2024 has meant the Town Hall and the old Administration Building were revalued to a nominal value of \$58,000 and a further value placed on the part of the administration building still in use. The future of this part of the building is yet to be determined.

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

Infrastructural assets - the most recent full valuation of infrastructural assets was performed by WSP Consultants Ltd, with an effective date of 30 June 2023. A fair value assessment of these assets was carried out, effective 30 June 2024 and concluded that no blanket fair value adjustment was needed, however as part of the year end asset capitalisation process for 30 June 2024, it was picked up that some of the 2023 revaluation inventory detail was inadequate and needed to be corrected. The corrections have resulted in a further value increase of \$2.5 million (0.26%).

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 length or per unit 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	\$		\$	\$		\$
	2023	2023		2024	2024	
	Computer Software	Resource Consents	2023 Total	Computer Software	Resource Consents	2024 Total
Opening Original Cost	1,348,747	3,455,666	4,804,413	1,477,565	3,470,986	4,948,551
Opening Accum. Amortisation	(1,151,260)	(364,500)	(1,515,760)	(1,239,021)	(670,927)	(1,909,948)
Carrying Amount (start of year)	197,487	3,091,166	3,288,653	238,544	2,800,059	3,038,602
Additions	117,983	15,320	133,303	31,895	3,851	35,746
Revaluation	-	-	-	-	-	-
Disposals (net BV)	-	-	-	-	-	-
Amortisation Change	(87,761)	(306,427)	(394,188)	(102,434)	(306,427)	(408,860)
Transfers/Adjustments	10,835	-	10,835	-	-	-
Closing Original Cost	1,477,565	3,470,986	4,948,551	1,509,460	3,474,836	4,984,296
Closing Accum. Amortisation	(1,239,021)	(670,927)	(1,909,948)	(1,341,455)	(977,354)	(2,318,809)
Carrying Amount (end of year)	238,544	2,800,059	3,038,602	168,005	2,497,482	\$ 2,665,487
Work in progress	-	166,251	166,251	-	230,339	\$ 230,339
	238,544	2,966,309	3,204,853	168,005	2,727,822	\$ 2,895,826

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 2024	Actual 2023
Opening balance 1 July	478,346	387,467
Gains/(losses) arising from changes in fair value	37,372	90,879
Decreases due to harvest	-	-
Balance at 30 June	\$ 515,718	\$ 478,346

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

The Council's investments in forestry total 68.6ha and are spread across the district in relatively small areas of planting.

These areas have been planted for one of two reasons: 1) the desire to best utilise what would otherwise be unproductive land, and 2) for stabilisation of roadsides.

Registered valuers Forme Consulting Group Ltd (Jack Palmer) have valued the forestry assets as at 30 June 2024, in accordance with PBE IPSAS 27. A discount rate of 7.8% has been used to discount the present value of expected cash flows from planted areas with trees over 5 years old.

A compound rate of 3.6% has been used on younger stands. Notional land rental costs have been included for freehold land. The forests have been valued on a going concern basis and include the value of the existing crops on a single rotation basis.

Log prices are based on a 12 quarter average for the lower North Island (this is to remove the impact of seasonal variation and short term price fluctuations). These have moved up slightly from the 2023 valuation. The valuation is also affected by increasing costs of harvest and cartage.

Notes to the Accounts

Note 16

INVESTMENT PROPERTY	Actual 2024	Actual 2023
Opening balance 1 July	-	-
Acquisitions / (Disposals)	-	-
Transfers	-	-
Fair value gains/(losses) on valuation	-	-
Balance at 30 June	\$ -	\$ -

In 2021 the year the Council sold two of the properties in the investment portfolio to a developer for a new subdivision.

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

Currently the Council has no investment properties to disclose.

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

	2024	2023
Rental Revenue	-	-
Expenses from investment property generating Revenue	-	-
Expenses from investment property not generating Revenue	-	-

Notes to the Accounts					Note 17		
CAPITAL EXPENDITURE SUMMARY					Source of Funding		
Activity	Project		2023/24 Plan	2023/24 Actual	Rates	Reserves	Other
Roading (Renewal/New/ Growth)							
Roading - subsidised	Roading renewals - rural	R	3,201,160	3,245,610	1,387,503	66,000	1,792,107 *2
	Roading renewals - urban	R	2,398,332	1,556,294	552,769	132,000	871,524 *2
	Bridge renewals	R		22,499		9,900	12,600 *2
	Rural/Urban minor improvements	N	1,741,210	1,464,472	668,982		795,490 *2
	Bridge - Waipoua/Colombo Rd design	R		772		340	432 *2
	Footpath upgrading [incl reseals]	R	565,777	505,956	222,621		283,336 *2
	Cycleways	N	215,180				
	Cyclone Damage Reinstatement	R	18,920,000	9,770,153			9,770,153 *1&2
Roading - non-	Car park seal renewals & signage	R	62,120				
	Masteron CBD Revamp	N	105,300				
	What's Our Welcome- South Entrance	N	360,000	29,685		29,685	
	Kitchener extension to Gordon St	G	450,000	697,664		697,664	
	Gordon Street upgrade	G		43,533		43,533	
Water Services							
Treatment Plant	Equipment renewals	R	175,000	207,722		207,722	
	Plant & equipment upgrades	N	63,900				
	Water tmt plant consent renewal	R		10,021		10,021	
	Buildings & grounds upgrades	R	25,000	18,695		18,695	
Urban Water							
Reticulation	Water reticulation - connections	R	106,500	425,024		425,024	
	Water meters all urban properties	N	500,000	459,515			459,515 *1
	Trunk Main replacement	R	1,500,000	2,342,005		1,912,147	429,859 *1
	Urbanisation of Millard Ave - design	G	180,000				
	Lansdowne reservoir - stimulus	N		12,010		12,010	
Rural Water	Tinui water supply upgrades	R	5,325	22,501		22,501	
	Wainuioru water supply upgrades	R	31,950	4,756		4,756	
Wastewater Services							
Urban Wastewater	Homebush equipment upgrades	R	53,250	73,901		73,901	
	Sewerage reticulation renewals	R	1,171,500	1,152,395		1,152,395	
	Targeted Wastewater Renewals - BOF	R	2,115,000	1,436,545			1,436,545 *3
	Wastewater renewals - Resilience funding	R		401,192			401,192 *3
	Homebush irrigation extention	N	532,500	11,732		11,732	
	Colombo Road Bridge sewermain/pump statio	N	1,200,000	1,264,789			1,264,789 *1
	Millard Ave/Andrews St - design	G	1,300,000				
Rural Wastewater	Riversdale Beach renewals	R	31,950	8,783		8,783	
System	Tinui sewerage scheme	R		21,375		21,375	
	Castlepoint sewerage plant renewals	R	10,650	20,117		20,117	
Stormwater Services							
	Stormwater - renewals	R	319,500	279,787		279,787	
	Projects to increase LOS	N	213,000				
	Improve flood protection	R	159,750				
Solid Waste Services							
	Transfer Station renewals	R	400,000	94,036		94,036	
	Nursery Road land fill capping	N	20,920				
Community Facilities/Activities							
Parks & Reserves	Queen Elizabeth Park	N	12,029	21,490		21,490	
	Upgrade structures/facilities	R	180,000	86,460		58,460	28,000 *3
	QE Park lake consent	N	25,000	3,851		3,851	
	Street trees renewals & new	N	22,500	4,368		4,368	
	Henley Lake building & services upgrades	R	5,230				
	Henley - lake level management	N	409,200				
	Henley - landscape development	R	20,920				
	Recreation trails network	N	30,000	39,836		34,410	5,426 *3
	Parks - Signage & Furniture	R	75,000	19,832		19,832	
	Urban reserves upgrades	N	136,610	11,189		11,189	
	Land acquired - local purpose reserve	N		142,918		142,918	
Sportsfields	Sportsfield buildings renewals	R	1,196,336	361,820		361,820	
	Netball Facility - Colombo Rd	R	1,046				
	Cricket Grandstand upgrade	R	20,920	12,997		12,997	
	Colin Pugh Sports Bowl renewals	R	20,000				
	South Park Facilities proviaion	N	25,104	22,164		22,164	
sub totals to carry forward to next page			\$ 40,314,669	\$ 26,330,465	\$ 2,831,874	\$ 5,947,622	\$ 17,550,968

Notes to the Accounts

Note 17 (contd)

CAPITAL EXPENDITURE SUMMARY		2023/24	2023/24	Source of Funding		
Activity	Project	Budget	Actual	Rates	Reserves	Other
sub totals carried forward		\$ 40,314,669	\$ 26,330,465	\$ 2,831,874	\$ 5,947,622	\$ 17,550,968
Community Facilities/Activities contd.						
Trust House	Building & services renewals	R 500,000	291,695		287,272	4,422 *3
Cemeteries	Cemetery renovations & extensions	R 100,000	125,704			125,704 *3
	Riverside - entranceway development	N 230,000				
Library	Book stock renewals	R 152,880	119,373		119,373	
	Computer & equipment upgrades	R 31,380	6,167		6,167	
	Library building & furniture upgrades	R 11,506	17,269		17,269	
District Buildings	Building upgrades & office renovations	N 100,000	126,057		126,057	
	New Civic/Events Centre	N 300,000	278,650			278,650 *1
	Leasehold improvements	N 10,000				
Elderly Housing	Pensioner housing renewals	R 98,000	174,141		107,623	66,518 *3
	Panama land - stormwater & other	G 350,000	199,801		199,801	
Other Property	Public conveniences upgrade	R 15,000	1,699		1,699	
	Riversdale Toilet upgrade	N 11,500	17,473		17,473	
	Rental & Other property upgrades	R 155,690	74,762		74,762	
	Rural Hall upgrades	R 15,845	7,561		7,561	
Airport	Airport runway and precinct upgrades	N 1,500,000	375,572			375,572 *1&3
	Equipment upgrades	R 2,500	5,850		5,850	
	Hangar area expansion (services)	N	65,494			65,494 *3
	Runway widening & development	N 2,300,000	1,709,269			1,709,269 *3
Mawley Park	Mawley Park facility - renewals	R 50,150	49,549		49,549	
	Mawley Park playground	R 5,000	3,686		3,686	
Regulatory Services						
Environmental Serv.	Testing equipment	R 2,000				
Building Devlpmt	Building Development - equipment	R 15,000	12,400		12,400	
Animal Services	Animal Control Equipment	R 30,000	23,926		23,926	
	New animal shelter	N 2,500,000	174,390			174,390 *1
Leadership, Strategy & Corporate Services						
Development	CBD security cameras	R 20,920	30,710		30,710	
	Dark Skies - measurement tool	N	6,391		6,391	
	Decorative lighting	R 5,230				
	Christmas decorations	R 20,920				
	Youth Hub at Skatepark	N 300,000	14,261		14,261	
Corporate Services	IT equipment replacement	R 100,000	150,315		150,315	
	Document Management System	R 50,000				
	IT Council meeting info systems	N 30,000	21,959		21,959	
	Audio Visual equipment	N 10,000	11,197		11,197	
	Website Upgrade	N	17,500		17,500	
	GIS aerial photos & data capture	R 36,000				
	Phone system upgrade	R 40,000	30,380		30,380	
	Fleet Vehicle replacement	R 190,000	127,178		127,178	
Roading Advisory	Survey Equipment	R	26,777		6,124	20,652 *3
	Sub total	\$ 49,604,190	\$ 30,627,620	\$ 2,831,874	\$ 7,424,105	\$ 20,371,640
Vested Infrastructure Assets (acquired from subdivision)						
	Roads, water, sewer, stormwater	Vested	5,231,090			5,231,090 *4
	Total Capital Expenditure	\$ 49,604,190	\$ 35,858,710	\$ 2,831,874	\$ 7,424,105	\$ 25,602,730
*1 New external loan funding totals \$6,400,000 and internal loans total \$0						
*2 Waka Kotahi (NZTA) subsidies on roading capital and renewals expenditure totals \$10,173,056						
*3 External funding towards asset purchases \$3,798,584						
*4 Vested assets ex subdivision include; Roading \$2,756,618; Water \$399,143; Sewer \$925,860 and Stormwater \$1,149,469						
Capital Expenditure Analysis						
		Plan	Actual	% of Plan (excl vested)		
	Asset Renewals	34,370,552	23,380,389	61%		
	Growth-driven	2,280,000	940,997			
	New Assets (improve level of service)	12,953,638	6,306,234			
	Vested Assets	-	5,231,090			
		\$ 49,604,190	\$ 35,858,710			
Work in Progress Analysis						
Property, plant and equipment in the course of construction by class of asset is detailed below:				2024	2023	
				\$ 000	\$ 000	
	Water supplies			2,749	2,542	
	Waste water reticulation			480	2,321	
	Roading network			5,374	4,899	
	Stormwater			2	4	
	Other infrastructure			2,503	761	
	Buildings			1,583	1,094	
	Land			112	1,133	
	Consents applied for but not yet granted			97	166	
	Computer software & systems under development			134	-	
	Total work in progress			13,034	12,921	
Variance from Budget						
Commentary is detailed in Note 31.						

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

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

Related party transactions disclosed:

- * **Masterton Trust Lands Trust (MTLT)** - during the year the Council had a range of dealings with MTLT. At the October 2022 election Mayor Caffell, Cr R Johnson and Cr T Hullena were elected to the Council and MTLT. The MTLT provided the Council's library activity a grant of \$25,000 and the Community Development activity a grant of \$5,000. In the last 12 months there have not been any significant decisions for Council in relation to the MTLT.
 - * **Masterton Community Trust & Trust House Ltd (MCT & TH)** - Cr B Johnson is an elected trustee and member of the board of TH Ltd. The Council applied for and received two grants totaling \$31,000 from MCT. TH Ltd sponsors the naming rights of Trust House recreation centre and the Council uses TH Ltd function/meeting venues on occasion. TH Ltd operates liquor outlets, gaming venues and a large portfolio of social housing properties, making TH Ltd subject to Council policies in those areas and a significant ratepayer. Cr Johnson has declared her conflict and not participated in decision making in relation to liquor licensing and gambling policy.
 - * **Te Hapori Skatepark group (THS)** - the group is chaired by Cr S Lennox. THS passed over to Council external grant funding of \$5,544 (prior yr \$7,965) to support Council in providing supervision at the skatepark. THS, in conjunction with Friends of QE Park Inc ran a music event (Summer Hummer) in Jan 2023 (prior year). In that year an event grant of \$3,000 was paid to THS. A further \$7,423 of event costs were funded from Council operating budgets to support the community event. Cr Lennox did not participate in the decisions to allocate the funding.
 - * **Elevate Wairarapa Community Trust (EWCT)** - Cr S Lennox is a trustee. EWCT ran a music event (Summer Hummer) in March 2024. The event was supported by the Council via two grants totalling \$6,000 from the Creative Communities Scheme and a \$10,000 allocation from Council's budget for event costs. Cr Lennox was not part of the decision making process to award the grants or allocate the events budget funding.
- Dirtboy Limited (DbL)** is a business owned by Cr C Bowyer. DbL has a contract with Council to provide grass mowing at Hood Aerodrome. The contract was in place before Cr Bowyer's election. The value paid to DbL in 2023/24 was \$29,459 (prior year \$27,857). Cr Bowyer also leases a hanger site at Hood Aerodrome and paid \$5,161 (+GST) in 2023/24 (prior yr \$5,065) and he also paid Council \$160 (+GST) for an annual landing fee for the plane ZK-CIM (and the same in 2022/23).
- * **Digital Seniors Trust (DST)** - applied for and had approved, 3 years of wellbeing grant funding in 2021/22 to the value of \$15,000 per annum. 2023/24 was the third year of that funding. The GM Finance, David Paris is a trustee of DST.

Transactions with key management personnel		2023/24	2022/23
Councillors	Remuneration	\$605,565	\$580,481
	No. of members (incl iwi reps and rural advisory board members)	12	12
Executive Management Team (ELT), including the Chief Executive	Remuneration	\$1,716,308	\$1,700,291
	Full-time equivalent members	8.0	9.0
	Total key management personnel remuneration	\$2,321,873	\$2,280,772
	Total full-time equivalent personnel	17.0	18.0

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

During the year ELT was restructured and the number reduced from nine to eight.

This excludes the independent Audit & Risk committee Chairperson where the cost is part of operating expenses.

Notes to the Accounts

Note 19

REMUNERATION - Elected Representatives

2023/24 **2022/23**

Up until October 2022 Masterton District Council consisted of a Mayor and ten councillors. From the October 2022 local government elections the Council has consisted of a Mayor and eight councillors, including one elected from a Maori ward. The Mayor's salary and Councillors' remuneration pool are set by the Remuneration Authority. The allocation of the 'pool' is decided by the Council. Two iwi representatives were appointed in October 2016 and re-confirmed in October 2019 and 2022.

Mayor - to Oct'22	Lyn Patterson	0	34,786
Mayor - from Oct'22	Gary Caffell	133,530	95,824
Deputy Mayor - to Oct '22	Graham McClymont	0	13,952
Councillor, then Deputy Mayor from Oct'22	Bex Johnson	74,783	66,515
Councillor - to Oct'22	Gary Caffell	0	11,530
Councillor - to Oct'22	Chris Peterson	0	10,733
Councillor - to Oct '22	Frazer Mailman	0	11,806
Councillor - to Oct '22	Brent Gare	0	10,733
Councillor - to Oct '22	Sandy Ryan	0	10,733
Councillor	Tim Nelson	56,732	51,007
Councillor - to Oct '22	Tina Nixon	0	10,733
Councillor	David Holmes	61,889	54,518
Councillor - from Oct '22	Marama Tuuta	51,575	36,764
Councillor - from Oct '22	Tom Hullena	51,575	36,764
Councillor - from Oct '22	Stella Lennox	51,575	36,764
Councillor - from Oct '22	Craig Bowyer	56,732	40,274
Councillor - from Oct '22	Brent Goodwin	51,575	36,764
	Rural Advisory Board & other governance members (x6)	4,100	683
	Iwi Representatives (x2)	11,500	9,600
		\$ 605,565	\$ 580,481

In addition (but included as part of operating expenses) Philip Jones the Audit Committee independent Chairperson was paid \$8,725 (last year \$9,466)

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.

David Hopman was Chief Executive until 30 June 2023	2023/24	2022/23
The salary package paid, including benefits was:	\$0	\$317,277

Note in 2023 the salary package included final holiday pay.

Karen Yates was acting Chief Executive from 1 July 2023 to 1 September 2023		
The salary package paid for that period, including benefits was:	\$45,829	\$0
Kym Fell was Chief Executive from 25 September 2023		
The salary package paid for the period to 30 June 2024, including benefits was:	\$256,105	\$0

REMUNERATION - Council employees

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

2024		2023	
< \$60,000	34	< \$60,000	42
\$60,000- \$79,999	35	\$60,000- \$79,999	32
\$80,000- \$99,999	30	\$80,000- \$99,999	33
\$100,000-\$119,999	26	\$100,000-\$119,999	19
\$120,000-\$139,999	9	\$120,000-\$139,999	12
\$140,000-\$159,999	7	\$140,000-\$179,999	10
\$160,000-\$199,999	8	\$180,000-\$319,999	3
\$200,000-\$339,999	3		
Total Employees*	152	Total Employees*	151
Total FTEs 132		Total FTEs 132	

*(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 106 (2023 = 108) full-time employees, with the balance of staff representing 26 (2023 = 24) full-time equivalent (FTE) employees.

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

SEVERANCE PAYMENTS - Council employees

For the year ended 30 June 2024, the Council made zero (2022/23 = 1) severance payments to employees totalling \$0 (2022/23 \$8,268).

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 2023		30 June 2024
10,434,077	Trade payables	8,045,351
1,182,298	Deposits & bonds	1,122,834
270,353	Agency rates collected - Greater Wellington Regional Council	360,902
1,721,536	Revenue received in advance	3,960,331
152,336	Community organisations - funds held in trust	168,440
\$13,760,600		\$13,657,860
Exchange & Non-exchange transactions analysis		
<i>Payables and deferred revenue under exchange transactions:</i>		
9,499,729	Trade payables and accrued expenses	6,897,115
858,847	Contract retentions	1,133,292
10,358,576		8,030,407
<i>Payables and deferred revenue under non-exchange transactions:</i>		
75,500	Grants Payable	14,946
422,689	Bequests & funds held in Trust	529,342
2,903,835	Payments received in advance (inclgd bonds)	5,083,165
3,402,024		5,627,453
\$13,760,600	Total payables and deferred revenue	\$13,657,860
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 2023		30 June 2024
1,066,813	Staff holiday provision	1,184,763
37,419	Salaries & wages accrued	15,858
-	Councillor's honorariums payable	-
17,418	Staff sick leave provision	24,748
13,361	Staff alternative leave provision	4,447
13,285	Staff retirement gratuities	3,671
\$1,148,297	Total Employee Benefit Liabilities	\$1,233,487
1,138,368	Comprising: Current	1,233,487
9,928	Non-current	0
\$1,148,297	Total Employee Benefit Liabilities	\$1,233,487
The present value of staff retirement gratuities represents the discounted value of long service leave payable to one staff member. The entitlement was 'grandfathered' in the 1990s, with the staff member having their entitlement frozen, except for salary movements. Last year a discounted rate for future payments was 5.37% but as this year the amount is current so no discount factor has been used.		

Notes to the Accounts

Note 22

DERIVATIVE FINANCIAL INSTRUMENTS		\$	Actual
30 June 2023			30 June 2024
33,792	Assets		
	Current	Interest rate swaps - fair value hedges	14,032
1,286,811	Non-current	Interest rate swaps - fair value	884,401
\$1,320,603			\$898,433
	Liabilities		
0	Current	Interest rate swaps - fair value	0
0	Non-current	Interest rate swaps - fair value	22,453
\$0			\$22,453
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 inputs to the valuation model are from independently sourced market parameters such as interest rate yield curves. Most market parameters are implied from instrument prices.			
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 \$41.4m (2023 \$32.4m). There are three forward start date contracts (2023 = nil). At 30 June 2024, the fixed interest rates of interest rate swaps varied from 2.75% to 4.47% (2023: 2.26% to 3.96%).			

Notes to the Accounts

Note 23

PROVISIONS

30 June 2023	Landfill Aftercare Provision	30 June 2024
\$		\$
131,559	Opening balance	138,292
(28,109)	Amounts used during the year	(34,759)
26,947	Adjustments to provision*	39,841
7,895	Discount unwinding (Note 5)	8,298
\$138,292	Closing balance	\$151,672

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 and allowed for over a 10 year time period to 2020.

height allowed under the consent. The value in the liability provision reflects the cost of the spreading cleanfill, capping and planting, to be completed over the next four years. On-going consent monitoring is treated as an operating cost. The sums expended in 2023/24 included moving cover material and cleanfill around on the site. Increasing costs of completing this work have resulted in an increasing provision.

Provision for Financial Guarantees

NZ Local Government Funding Agency (LGFA)

Council is a shareholder of the LGFA. The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and it has a credit rating from Standard and Poors of AAA.

Masterton District Council was one of 30 foundation council shareholders of the NZLGFA, along with the NZ Government. There are now 77 of the 78 councils and 3 CCOs who borrow from the LGFA, 63 of those councils are guarantors of LGFA, including Masterton DC. LGFA has uncalled capital of \$100,000 and when aggregated with uncalled capital of other shareholders, \$20m is available in the event that an imminent default is identified.

At 30 June 2023, NZLGFA had loans outstanding of \$17.6 billion (2022: \$15.79 billion). Financial reporting standards require Masterton District Council to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficiently reliable fair value for the guarantee and therefore has not recognised a liability. The Council considers the risk of NZLGFA defaulting on repayment of interest or capital to be very low on the basis that:

- * 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 is only one guarantee in place, last year there were three. Council is obligated under these guarantees to pay the overdraft or debt if the community organisation defaults. The exercising of guarantees will be dependent on the financial stability of the community organisations, which will vary over time. A financial provision would be prudent to be carried if any one of these groups' guarantees is likely to be called upon. No provision is currently considered necessary. The loan for Masterton Motorplex was fully repaid and the account closed during the financial year, therefore Council's obligation is now discharged.

30 June 2023	Value of Guarantee	Amount owing 30 June 2024	Amount owing 30 June 2023
	300,000	0	30,705
	300,000	0	30,705
30 June 2023			30 June 2024
\$			\$
138,292	Total Provisions		151,672
0	Landfill aftercare provision		0
\$138,292	Financial guarantees provision		\$151,672
	Closing carrying value - Provisions		
28,302	Current		33,019
109,990	Non-current		118,653
\$138,292			\$151,672

<i>Notes to the Accounts</i>		Note 24		
FINANCIAL LIABILITIES as at 30 June 2024				
		\$	\$	\$
		30 June 2023	30 June 2024	Budget 2024
SUMMARY				
	Secured (bank) loans	0	0	0
	LGFA bonds	51,700,000	62,600,000	60,299,812
	Finance leases	0	0	0
	Internal loans	8,547,792	7,756,039	6,883,514
	Sub total - all financial liabilities	60,247,792	70,356,039	67,183,326
	Less current portion of external liabilities	(5,100,000)	(11,200,000)	(11,200,000)
	Internal loans/investments reversed	(8,547,792)	(7,756,039)	(6,883,514)
	Total non-current financial liabilities	\$46,600,000	\$51,400,000	\$49,099,812
COST OF DEBT SERVICING				
		\$		\$
		2023/24		2023/24
		Actual		Budget
	Loan repayments (external)	3,100,000		3,073,993
	Interest expense (external)	3,169,463		2,965,665
	Cost of Debt Servicing (external)	6,269,463		6,039,658
	Loan repayments (internal)	791,753		671,159
	Interest expense (internal)	548,203		420,165
	Cost of Debt Servicing (internal)	1,339,957		1,091,324
	Treasury Policy Compliance		Policy Limits	
	Net External Debt to Operating Revenues	38.7%	150%	44.8%
	Interest (external) as % of operating revenue	4.0%	10%	3.6%
	Interest (external) as % of total rates revenue	7.7%	15%	7.3%
	Interest (internal & external) as % of total rates revenue	9.1%	20%	8.3%
MOVEMENTS IN TOTAL DEBT				
		\$ Actual	\$ Budget	
	Opening Balance 1 July 2023	\$60,247,792	\$62,434,378	
	Loan repayments	(3,891,753)	(3,745,152)	
	New borrowing (external, internal & finance leases)	14,000,000	8,494,100	
	Closing Balance 30 June 2024	\$70,356,039	\$67,183,326	
MATURITY ANALYSIS				
The following is a maturity analysis of the Council's borrowings (excluding finance leases & internal borrowings).				
		30 June 2023	30 June 2024	
	Repayments due in less than one year	5,100,000	11,200,000	Weighted average interest on external loans 5.55%
	Later than one year, less than five	33,400,000	43,400,000	
	Later than five years	13,200,000	8,000,000	
		\$51,700,000	\$62,600,000	
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: 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). At year end \$0 drawn and \$10m undrawn. Interest rate swaps have been used to fix interest rates for terms ranging from 4 months to 6.0 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 2024

Leases: As at the 30th June 2024 (and 2023) Council had no finance leases in place.

New Debt: In addition to the \$6.4M borrowed for a variety of new capital projects, the Council borrowed \$7.6M in new external borrowing during the 2023/24 year to part fund two bond maturities totaling \$7.6M in 2024/25. During the year Council also borrowed \$5.0M from the LGFA for three months to fund cash flow largely due to delayed payments from Waka Kotahi on Emergency works.

Internal

loans: \$0 Internal Loan funds were required to fund capital projects in 2023/24.

Internal interest paid/earned totalled \$548,203 and was charged on the average balance due. The interest rates charged averaged 5.45% for the year to 30 June 2024. 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 2024

External Interest \$ 000's		Opening Balance \$ 000's	New Borrowing \$ 000's	Reduction \$ 000's	Closing Balance \$ 000's
187	Roading	676	3,353	(22)	4,006
404	Water	7,512	889	(272)	8,129
1,826	Wastewater Services	34,649	1,265	(2,234)	33,680
68	Solid Waste	1,377	0	(151)	1,226
20	Stormwater	402	0	(40)	362
19	Regulatory	330	174	(8)	496
348	Community Facilities	6,631	719	(370)	6,980
292	Leadership, Strategy & Corporate Services	124	7,600	(3)	7,721 *
3,163		51,700	14,000	(3,100)	62,600

Schedule of Internal Loan/Investment Movements by Groups of Activities

for the year ended 30 June 2024

Internal Interest \$ 000's		Opening Balance \$ 000's	New Borrowing \$ 000's	Reduction \$ 000's	Closing Balance \$ 000's
124	Roading	687	-	(46)	641
49	Water	890	-	(32)	858
122	Wastewater Services	2,313	-	(456)	1,857
13	Solid Waste	245	-	(46)	199
0	Stormwater	0	-	-	0
8	Regulatory	145	-	(4)	141
232	Community Facilities	4,262	-	(206)	4,056
0	Leadership, Strategy & Corporate Services	6	-	(2)	4
548		8,548	-	(792)	7,756

*Note that Pre-funded loan maturities are included in Leadership, Strategy & Corporate Services

Notes to the Accounts

Note 25

EQUITY					
RETAINED EARNINGS					\$
30 June 2023					30 June 2024
456,714,681	Opening Balance				472,929,962
14,227,176	Transfers From Special Funds & Reserves				9,972,278
(10,669,773)	Transfers (To) Special Funds & Reserves				(9,993,220)
2,098,411	Transfer to equity revaluation reserve on disposal assets				\$ 5,636,571
10,559,466	Surplus/(Deficit) for the year				10,017,445
\$472,929,962	Closing Balance				\$488,563,036

REVALUATION RESERVE					
30 June 2023		Notes	Movements due to asset disposals & impairment	Revaluation Movements	30 June 2024
66,783,434	Land	*1		(6,786,664)	59,996,770
23,726,395	Buildings	*2	(312,466)	19,751,780	43,165,708
	Infrastructural Assets	*3			
3,707,759	Land (under roads)		(3,707,759)		0
328,524,475	Roading & footpath assets		(159,443)	1,483,440	329,848,472
40,363,536	Water supply - urban		(170,421)		40,193,115
3,310,660	Water supplies - rural			620,998	3,931,658
74,411,411	Sewerage system - urban		(1,266,423)		73,144,988
7,568,555	Sewerage systems - rural		(152)		7,568,403
18,838,536	Stormwater assets		(17,090)	391,878	19,213,324
3,156,041	Flood Protection & Control Works				3,156,041
3,867,221	Other infrastructure assets		(3,840)		3,863,381
563,844	Infrastructural resource consents			-	563,844
(83,749)	Financial assets value change via comprehensive revenue	*4	1,023	668	(82,058)
\$ 574,738,111			(\$5,636,571)	\$ 15,462,100	\$ 584,563,640

Analysis of Movements

*1 Land was revalued as at 30th June 2024 by Jones Lang LaSalle resulting in a \$6.8 million (7.5%) loss in fair value after taking account of additions and deletions during the same period.

*2 Land was revalued as at 30th June 2024 by Jones Lang LaSalle resulting in a \$19.75 million (46.2%) increase in depreciated replacement cost (DRC) over three years, after taking account of additions and depreciation for the same period.

Revalued portion of Building disposals:

Panama shed fire	(11,392)
Rural Halls rewired	(16,090)
Rural Halls upgraded	(121,888)
Rental Property upgrade	(28,448)
Pool replacements	(75,008)
Q E Park Bowling club roof replaced	(14,408)
Skatepark furniture replaced	(45,232)

*3 Infrastructural Assets were revalued as at 30 June 2023 by WSP resulting in a \$76.54 million (8.7%) gain in fair value after taking account of additions and deletions during the three year period.

As part of the year end asset capitalisation process for 30 June 2024, it was picked up that some of the 2023 revaluation inventory detail was inadequate and needed to be corrected. The corrections have resulted in a further value increase of \$2.5 million (0.26%).

Revalued portion of Infrastructural disposals:

Roading assets: - kerb & channel, footpaths, signs, culverts, bridges	(159,443)
Water assets: - water reticulation mains & connections	(170,421)
Sewerage assets: - sewer reticulation, manholes & connections	(1,266,575)
Stormwater assets: - stormwater reticulation	(17,090)
Other assets: - old reval cleared	(3,840)
Land under roads - class no longer revalued cleared	(3,707,795)

*4 Revalued portion of investments maturing included the following:

LGFA Borrower Notes matured	(27)
Fonterra recalled	\$ 1,050

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 2023	30 June 2022
Fair value through surplus/(deficit)			
Bond funds (managed)		6,840	8,273
Interest rate swap - assets		1,321	579
Carbon credits		209	387
		<u>8,370</u>	<u>9,239</u>
Cash Deposits, Receivables & Community Loans			
Debtors and other receivables		9,480	4,628
Cash and cash equivalents		4,094	6,322
Bank deposits - current		8,487	8,973
		<u>22,061</u>	<u>19,924</u>
Fair value through other comprehensive revenue & expense			
Corporate bonds - current		141	129
Corporate bonds - non-current		1,046	913
Unlisted shares		215	226
		<u>1,402</u>	<u>1,268</u>
Financial Liabilities			
Fair value through surplus/(deficit)			
Interest rate swap - liabilities		<u>0</u>	<u>2</u>
Financial liabilities at amortised cost			
Trade and other payables		13,761	10,172
Borrowings			
- LGFA bonds		51,700	50,000
		<u>65,461</u>	<u>60,172</u>

Note 26a

FINANCIAL INSTRUMENTS - Fair Value Hierarchy			
For those instruments recognised at fair value in the Statement of Financial Position, fair values are determined according to the following hierarchy:			
Level 1 - Quoted market price			
Level 2 - Valuation technique using observable inputs			
Level 3 - Valuation techniques with significant non-observable inputs			
		\$000	\$000
Financial Assets	Level	30 June 2023	30 June 2022
Bond funds (managed)	1	6,840	8,273
Interest rate swap - assets	2	1,321	579
Carbon credits	2	209	387
Corporate bonds	2	1,187	1,042
Unlisted shares	3	215	226
Financial Liabilities			
Interest rate swap - liabilities	2	0	2
There were no transfers between different levels of the fair value hierarchy			
There were no significant movements in relation to the level 3 assets			

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 2023 was 5.85 per cent (last year -8.52 per cent) and on the Council's borrowings (as shown in Note 24) the weighted average interest rate being charged at 30 June 2023 is 4.98 per cent (last year 3.85 per cent).

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowing issued at fixed rates exposes the council to fair value interest rate risk. The council's Liability Management Policy outlines the minimum and maximum level of borrowing (40 per cent and 90 per cent) that is to be subject to fixed interest. Floating to fixed interest rate swaps have been entered into to hedge the fair value interest rate risk arising where the council has borrowed at floating rates.

In addition, investments at fixed interest rates expose the Council to fair value interest rate risk. If interest rates on investments at 30 June 2023 had fluctuated by plus or minus 1 per cent, the effect would have been to decrease/increase the fair value through P & L and/or equity reserve by \$219,300 (2022 \$246,100). If interest rates on borrowings at 30 June 2023 had fluctuated by plus or minus 1 per cent, the effect would be to decrease/increase the surplus/(deficit) in future periods by up to \$517,000 (2022 \$500,000) as a result of higher/lower interest expense on borrowings.

Cash flow interest rate risk

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

Credit risk

Credit risk is the risk that a third party will default on its obligation to the Council, causing the council to incur a loss. Due to the timing of its cash inflows and outflows, the council invests surplus cash into term deposits. The council also holds reserve funds that are invested in a number of financial instruments, according to criteria in the Investment Policy. These investments can give rise to a credit risk. The council invests funds only in deposits with registered banks, local authority stock and corporate bonds of BBB credit rating or better, and its Investment Policy limits the amount of credit exposure to any one institution or organisation and the percentage of the portfolio that can be invested in less than A rated instruments. Investments in other Local Authorities, via the LGFA, are secured by charges over rates.

The council has no significant concentrations of credit risk in its general debtor assets as it has a large number of credit customers, mainly ratepayers, and the council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

Liquidity risk

Liquidity risk is the risk that the Council will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The council aims to maintain flexibility in funding by keeping committed credit lines available. In meeting its liquidity requirements, the council maintains a prudent level of investments held short term to enable operational access to funds if required.

The Council manages its borrowings in accordance with its funding and financial policies, which includes a Liability Management Policy. These policies have been adopted as part of the council's Long-Term Plan. The council is a shareholder in the NZ LGFA and has \$62.6 million from them at 30 June 2024. There are two cash advance facilities with Westpac and ANZ. The maximum amount that could be drawn down using these facilities during 2023/24 was \$10m (2023 \$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 2024 no money was drawn against the CAFs and no money was drawn down during the year to finance capital work (2023 \$5m).

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.

		<i>Note 26b</i>	
Maximum exposure to credit risk		\$000	\$000
		30 June 2023	30 June 2022
Cash at bank and term deposits		12,581	15,296
Debtors and other receivables		9,480	4,628
Derivative financial instrument assets		1,321	579
Local authority, LGFA and government stock		1,128	983
Corporate bonds/discounted securities/SOEs		6,898	8,332
		<u>31,409</u>	<u>29,817</u>
Credit quality of financial assets			
The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard & Poor's credit ratings (if available) or to historical information about counterparty default rates:			
Counterparties credit ratings			
Cash at bank and term deposits	AA-	10,294	12,772
	Not Rated	2,287	2,523
Total cash at bank and term deposits		<u>12,581</u>	<u>15,296</u>
Government and LGFA Stock			
Government stock	AA	0	0
LGFA	AA+	1,128	983
Local authority stock	A	0	0
Total Government and LGFA Stock		<u>1,128</u>	<u>983</u>
Listed bonds			
	AAA	594	718
	AA	5,889	7,123
	A- to AA-	0	0
	A+	0	0
	A	357	432
	A1 & A1+	0	0
	BB+ to BBB+	59	59
Total listed bonds		<u>6,898</u>	<u>8,332</u>
Derivative financial instrument assets			
	AA-	1,321	579
Counterparties without credit ratings			
Debtors and other receivables		9,480	4,628
		<u>9,480</u>	<u>4,628</u>
Debtors and other receivables mainly arise from the Council's statutory functions, therefore there are no procedures in place to monitor or report the credit quality of debtors with reference to internal or external credit ratings.			

Contractual maturity of financial liabilities

Note 26b contains a table which discloses the relevant maturity groupings of the Council's term liabilities. The table on the next page analyses all the council's financial liabilities based on the remaining period from the balance date to the contractual maturity date. Future interest payments on floating rate debt are based on the floating rate on the instrument at the balance date. The amounts disclosed are the undiscounted cash flows and include interest payments.

The table also includes the Council's derivative financial instruments that will be settled on a gross basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows. A negative cashflow indicates that Council receives a net interest amount.

Note 26c					
Contractual maturity analysis of financial liabilities					
	Carrying amount	Contractual cash flows	Less than 1 year	1-5 years	More than 5 years
	\$000	\$000	\$000	\$000	\$000
As at 30 June 2022					
Creditors and other payables	10,172	10,172	10,172	0	0
Net settled derivative liabilities*	2	503	99	396	8
Committed cash advances	0	0	0	0	0
LGFA bonds	50,000	52,899	8,657	29,781	14,461
Finance leases	0	0	0	0	0
	60,174	63,575	18,928	30,177	14,470
As at 30 June 2023					
Creditors and other payables	13,761	13,761	13,761	0	0
Net settled derivative liabilities*	0	0	0	0	0
Committed cash advances	0	0	0	0	0
LGFA bonds	51,700	56,765	6,538	36,810	13,417
Finance leases	0	0	0	0	0
	65,461	70,526	20,299	36,810	13,417

* 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								
PBE IPSAS 30 Sensitivity Analysis - 30 June 2023								
	2023 \$000's				2022 \$000's			
	-100bps	Other	+100bps	Other	-100bps	Other	+100bps	Other
	Surplus	Equity	Surplus	Equity	Surplus	Equity	Surplus	Equity
Interest Rate Risk								
Financial Assets								
Cash & cash equivalents	(41)		41		(63)		63	
Other financial assets ¹	276		(276)		334		(334)	
Other financial assets ²		89		(89)		93		(93)
Derivatives ³	(1,128)		1,258		(507)		1,175	
Financial Liabilities								
Variable rate Borrowings	517		(517)		(479)		479	
Interest rate Derivatives ³	(188)		-		1,511		(977)	
Total Sensitivity	(563)	89	506	(89)	796	93	406	(93)
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 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. the Wairarapa Combined District Plan project.

Notes to the Accounts

Note 28

MOVEMENTS IN SPECIAL FUNDS & RESERVES - 2023/24					Budget
	Opening Balance	Transfers Out	Transfers In	Closing Balance	
Plant & Equipment Funds	1,350,379	(633,546)	686,282	1,403,115	1,060,929
General Capital Funds	5,019,301	(14,261)	0	5,005,039	3,251,400
Investment Interest Fund	480,262	(735,000)	744,204	489,467	1,211,862
Reserves & Development Funds	2,678,923	(329,168)	702,108	3,051,864	2,863,822
Building Depreciation Funds	5,725,720	(1,772,573)	1,886,860	5,840,007	9,073,325
Roading, Bridges & Flood Damage	3,698,069	(781,122)	1,618,889	4,535,837	5,650,582
Urban Infrastructural Depreciation	5,539,605	(3,875,988)	3,491,750	5,155,366	5,676,396
Miscellaneous Funds	270,879	(1,830,621)	863,127	-696,613	-1,615,271
Total	\$24,763,137	(9,972,278)	\$9,993,220	\$24,784,080	\$27,173,046
				Actual	Budget
Analysis of Transfers 'OUT' of Funds & Reserves				2023/24	2023/24
Funding of Capital Expenditure from special funds & reserves				7,424,107	10,772,531
Funding of Operating Expenditure from special funds & reserves				2,548,172	2,627,000
				9,972,279	13,399,531
Analysis of Transfers 'IN' to Funds & Reserves					
Reserves & Development Contributions received				702,108	653,500
Infrastructure & Roothing Contributions received				1,176,718	1,470,000
Carry forward funding for on-going project commitments				1,086,528	458,000
Interest earned and retained in special funds				5,814	4,000
Interest earned and allocated to Investment Interest fund				744,204	546,000
				Sub Total	3,131,500
Depreciation funded into asset replacement reserves funds				6,255,278	6,323,811
				Total of Transfers into funds from Operations	9,455,311
Proceeds from sale of plant & equipment assets				22,570	20,000
Proceeds from sale of land & building assets (including forestry harvested)				0	5,345,000
				Total Transfers into funds from Asset Sales	5,365,000
				9,993,220	14,820,311

Notes to the Accounts

Note 28 (contd)

Special Funds & Reserves - Explanation of variances from Budget:

The balance of Special Funds & Reserves, at \$24.78 million, is \$2.39 million or 8.8% less than budgeted.

Plant & Equipment Fund of \$1.4m is 32.3% more than Plan

More capital expenditure renewals were expected to be drawn from the funds than actually happened.

General Capital Funds \$5.02 million is \$1.7 million or 54% more than Plan

The delay in the start of the animal shelter accounts for the bulk these funds not being applied as per the Plan.

Reserves & Development Funds at \$3 million is \$188k or 6.6% more than Plan

Reserves Contributions received of \$700K and expenditure of \$329K was around where we budgeted. The actual opening balance however was \$185K more than the plan prediction.

Building Depreciation Funds \$5.8 million is \$3.2 million or 36% less than Plan.

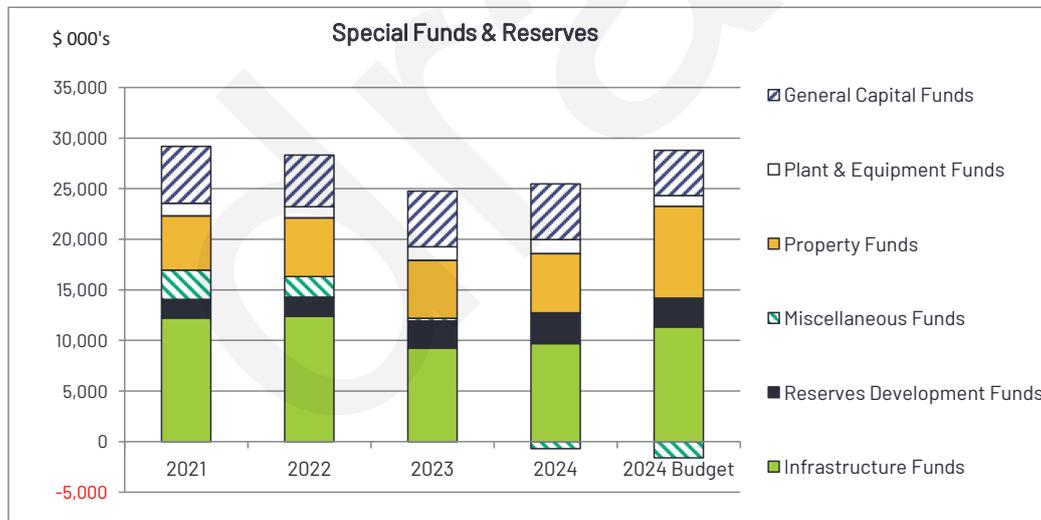
The sale of Panama land was planned and the proceeds expected to have been receipted into this fund. The land disposal was held up with the legal process so the closing balance does not include those sale proceeds.

Roading & Infrastructural Assets Funds \$9.7 million is \$1.6m or 28.9% more than planned.

Largely the difference was in the \$1.7 million opening balance difference where financial contributions for roading expected to be used on Millard Ave and Kitchener St upgrades were not required. Financial contributions in the current year were very close to plan. \$1.2 million more reserve funding for water main renewals was offset by delays in other areas including not progressing eg Millard Ave and flood protection work.

Miscellaneous Funds of -\$697k compares to Planned balance of -\$1.61 million.

The use of carried forward balances during the year was \$565k less than planned with less used on the combined district plan review and not using carried forward balances to the extent planned. A total of \$750k has been 'borrowed' to achieve the planned rates smoothing that was a feature of the LTP. The figure that was planned to be 'borrowed' from these reserve funds in 2023/24 was \$925K. A total of \$3.165m currently needs to be repaid from current revenue over future years and will continue to be factored into the Council LTP's.



Notes to the Accounts

Note 29

\$ 2022/23	RECONCILIATION OF NET SURPLUS/(DEFICIT) TO NET CASH INFLOW FROM OPERATING ACTIVITIES	\$ 2023/24
\$ 10,559,466	Operating Surplus / (Deficit)	\$ 10,017,445
	- Add (less) non-cash items	
17,225,696	Depreciation and amortisation	20,566,679
(5,440,267)	Vested asset gains	(5,231,090)
(90,879)	(Gains)/losses in fair value of biological assets (forestry)	(37,372)
-	(Gains)/losses in fair value of investment property	-
159,941	Other non-cash items	(67,781)
	- Add (less) items classified as investing or financing	
2,107,502	(Gains)/losses on disposal of property, plant & equipment	2,418,758
(565,583)	(Gains)/losses on change in fair value of financial assets/liabilities	444,623
	- Add (less) movements in working capital items	
(4,772,456)	(Increase)/decrease in receivables	2,582,943
(79,699)	(Increase)/decrease in prepayments	(161,507)
179,002	(Increase)/decrease in Inventories	134,094
6,380,614	Increase/(decrease) accounts payable	(1,129,793)
52,320	Increase/(decrease) in employee entitlements	85,191
1,128,568	Increase/(decrease) in other current liabilities	917,970
\$ 26,844,224	Net Cash Inflow from Operating Activities	\$ 30,540,160

Notes to the Accounts

Note 30

RATING POLICIES REPORT		2023/24		2022/23	
RATES REMISSIONS		No.	\$	No.	\$
The cost of the Council's Rates Remission Policy is summarised below.					
Rates remissions were given on:					
Community halls, volunteer & charitable groups	65	101,105		64	94,261
Sporting, arts and cultural use	21	50,042		22	47,277
Land protected for conservation or heritage purposes	84	21,311		84	19,281
Rate penalty remissions*	3,893	467,465 *		3,765	437,146
Cyclone remissions	5	6,550		-	0
Uniform charges on non-contiguous units	5	1,789		5	1,680
Urban land with rural use	5	5,418		4	4,647
Total (as per Note 3)	4,078	\$653,680		3,944	\$604,291
* Note: The majority of these penalty remissions were given to properties which had a direct debit (DD) in place to clear the instalment by the end of the quarter. At the penalty date they had a balance due on which an automatic penalty has been calculated, then remitted. These relate to penalty remissions on 3,893 properties. Higher penalty remissions from last year are due to more people choosing to pay by direct debit.					
No estimate has been attempted to establish the value of rates revenue which would have been chargeable on those properties which the Rating Act 2002 makes non-rateable. If those properties had been rateable the Council would have still collected the same total rates to fund its activities and the rates-in-the-\$ would have been less, effectively spreading the rates required over more properties and other ratepayers' rates less.					
RATES POSTPONEMENTS - Subdivision Developments					
Under the Council policy on Rates Postponements for subdivision developments, zero (2022/2023 = 0) ratepayers have received the benefit of being allowed to postpone 50% of the rates on unsold sections.					
- Postponements for Hardship or Against Equity					
In 2022/23, no properties (22/23 = 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		2023/24	2023/24	2022/23
Treasury Policy	Policy Limit	Actual	Budget	Actual
Net External Debt* as % of Operating revenue	150%	38.9%	45.1%	42.2%
Net Interest expense as % of Op revenue	10%	2.0%	2.1%	2.1%
Net Interest expense as % of Rates revenue	15%	3.8%	4.4%	4.0%
Long Term Debt (external) per capita **		\$1,964	\$2,154	\$1,783

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

** External Debt excludes bonds drawn as pre-funding for up-coming maturities.

Major Variations from Plan

Explanations for major variations in the Financial Statements from the 2023/24 Annual Plan are as follows:

Statement of Comprehensive Revenue & Expense

The accounting surplus of \$10.02 million compares to the budgeted figure of \$23.17 million. After excluding Other Gains & Losses and Vested Assets, there was a net overall surplus of \$7.54m vs a Plan of \$18.78m.

Total Operating Revenue of \$84.4m is less than Plan by \$2.9 m 3.3%

* Revenue recognised but not budgeted includes gains from vested assets of \$5.23m and gains on revaluation of other assets of \$0.11m. After eliminating these and excluding the budgeted gain on asset disposal, operating revenue of \$79.1m is \$3.9m (4.7%) less than planned.

Subsidies & grants of \$23.6m was \$4.4m (15.6%) less than planned. \$4.6m of this variance is due to Waka Kotahi roading subsidies being budgeted on \$18.9m of cyclone damage reinstatement works at 76%, and the spend being less and not all the work qualifying for 76% subsidy. Other Government funding was \$6.0m versus \$5.84m planned and incorporates funding for cyclone recovery office, three waters 'better-off funding' and a subsidies applied to the airport development expenditure.

* Financial contributions of \$2.3m were 8.3% more than planned (\$0.18m), but less than last years \$3.7m. This result follows the drop-off in subdivision activity in the urban area.

* Finance revenue of \$1.6m was \$0.44m better than planned due to higher interest rates and interest earned on early drawn funds prior to use for debt maturity repayment.

* Other operating revenue of \$10.5m was 3.1% less than planned. A number of unders and overs make up the close to plan result, including solid waste revenue being \$0.6m (10%) down on the planned level.

Total Operating Expenditure of \$74.4m is more than Plan by \$10.21 m 15.9%

Personnel Costs are less than Plan by \$0.01 m 0.1%

* This close to planned result incorporates savings due to some budgeted positions not being filled for parts of the year, offset by unbudgeted personnel costs of the Wairarapa Cyclone Recovery Office. The Recovery Office costs have been funded by way of external Government grants.

Other Expenses of \$33.1m are more than Plan by \$5.52 m 20.0%

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

* Roading costs, excluding depreciation, were \$5.1m (65.1%) more than planned. \$3.4m of this variance is due to cyclone recovery work being classified as operating cost, but it had been budgeted as capital expenditure. The balance of \$1.7m more than planned relates to higher costs of the road maintenance activity through the year and is offset by a lower spending on road renewals programme and lower corporate services allocation than planned.

* Operating costs for the urban water supply were \$0.55m (17.1%) more than planned, with higher costs being incurred in water reticulation repairs, improving compliance recording systems and holding costs of new water reservoirs. Additional external revenue of \$0.4m helps offset some of this extra spending. Operating costs for urban wastewater services have been \$0.43m (9.8%) more than planned, due to investigative costs, costs associated with the Colombo Road bridge pump station taking longer to complete than planned and higher interest costs than planned.

* Solid waste costs were some \$426k (6.5%) less than budgeted due to lower waste tonnages received at the transfer station than planned. This is also reflected in the reduced revenue figures (down 10% on planned).

* In the community facilities areas, operating costs of the Trust House Recreation Centre, Hood Airport and Mawley Holiday Park all incurred costs above the levels planned, but were offset by lower than planned expenditure in other sub-activities.

* In the Regulatory activities, costs for Resource Mgmt. & Planning (6.6%) and Building Services (3.3%) were less than planned, while costs in the animal services and Parking activities were more than planned. A new, unplanned activity (Weather Events Recovery) was set up and was funded from Government grants. Operating expenditure shows \$1.1m unplanned, but it is offset by external revenue as per above.

Finance costs more than Plan by \$0.21 m 7.2%

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

Depreciation & amortisation is more than Plan by \$1.62 m 8.6%

* Depreciation reflects the infrastructural asset revaluation as at 30 June 2023. The depreciation budgets for 2024/25 were set prior to knowing the revaluation result. This has resulted in some variances between plan and actual. The depreciation allowed to be funded into reserve funds remains at the level planned.

Other Losses more than Plan by \$2.88 m

* Other losses include writing off the residual value of assets renewed and valuation decreases of cash flow hedges.

Notes to the Accounts

Note 31 (contd)

ACTUAL VERSUS PLAN ANALYSIS

Statement of Financial Position as at 30 June 2024

- * Current assets of \$30.6m is \$15.9m higher than planned as there was \$7.6m of pre-funded debt held on deposit and more receivables, particularly Government subsidies on a range of programmes.
- * Property, equipment and other assets are \$16.1m less than planned as the revaluation was \$5.7m less, and a number of capital projects did not progress as expected, including the Animal Shelter, Youth Hub and airport development.
- * Infrastructural assets are \$16.8m (1.7%) more than planned due to the revaluation of this class of assets as at 30 June 2023 was more than was anticipated in the Plan. The increase in value reflects the higher costs of replacing these assets in the high inflationary environment.
- * In current liabilities, Creditors & other payables are \$13.66m which is 32.7% more than planned, but similar to last year. Employee liabilities have increased 8.4% on last year.
- * Current portion of Financial Liabilities at \$11.2m reflects having that value of debt maturing in the next 12 months and was anticipated in the Plan.
- * Non-current financial liabilities are \$2.3m more than planned due to pre-funding of loan maturities of \$7.6m, offset by less loan funding needed for capital expenditure projects than planned.

Statement of Movements in Equity

- * Overall the Council's Equity is \$7.2m (0.7%) more than anticipated in the Plan.
- * Special funds and reserves are \$24.8m which is \$2.4m or 8.8% less than planned. There was less drawing on depreciation funds than anticipated, while the planned proceeds on disposal of Panama land (and transfer into reserves) did not occur.

Statement of Cashflows

- * The net cashflow from Operating Activities of \$30.5m is 82.4% of the planned figure. This is partly due to a higher level of receivables at 30 June 2024 and some \$3.4m of roading expenditure that was planned as capital now being treated as operating expenditure.
- * Investing activities saw less capital expenditure than planned (\$30.4m vs \$50.5m). See explanations of capital expenditure variance below.
- * The Plan allowed for \$11.7m of external borrowing to fund capital expenditure. Only \$6.4m was needed to fund those loan-funded capital projects that did proceed, but \$7.6m was drawn as pre-funding and held at year end as investments, to be used as bond repayments fall due. The repayment of term liabilities took place as planned.

Capital Expenditure

- * Subsidised roading renewals were \$6.8m versus the Plan of \$7.9m, excluding cyclone recovery costs. In addition, \$9.8m was spent on cyclone recovery work (mainly retaining structures) as a result of damage from the 2023 storm events. The plan anticipated some \$18.9m of recovery capital expenditure, but not all work could be completed in the timeframe and some of the storm event spending is recorded as operating expenditure.
- * The non-subsidised roading project extending Kitchener St ran over from the prior year, with close to \$0.7m spent and completion scheduled for August 2024. The Council's cost share of this project has been drawn from Roading Contributions collected via the provisions of the Wairarapa Combined District Plan.
- * A total of \$3.2m (last year \$3.1m) was spent on urban water reticulation asset renewals and water meter installations. This compares to a Plan total of \$2.1m. The additional costs relate to several contracts running over from the prior year and the unplanned relocation of the Kitchener Street main to allow for the road extension and associated stormwater. Some \$0.9m of loan funding was used, as planned and close to \$2.6m from depreciation reserves, \$1.0m more than planned. The balance of the depreciation reserve funds remains positive.
- * The wastewater reticulation renewal programme was stepped up in the prior year following a series of weather events that resulted in wastewater services disrupted and overflows on private properties. Infiltration of storm and ground water into sewers is the cause and so an increased focus on sewer renewal and relining was implemented, along with mitigation measures on worse affected properties. Sewerage reticulation renewals totalled \$2.99m (last year \$3.86m) which included \$1.84m funded by Government 'Better Off' and 'Resilience' funding. This compares to \$3.29m planned. A number of reticulation renewal contracts were completed using pipe relining techniques. The budgeted project to replace the sewer pump station at the Colombo Road bridge was completed during the year.
- * In Parks and Facilities a number of building renewal projects were completed including the Douglas Villa building upgrade, while others were not progressed for various reasons. The renewal projects at the Trust House Recreation Centre totaled \$291k of a \$500k budget, while renewal expenditure on pensioner housing was \$374k of a \$448k budget.
- * The Plan included a provision of \$300k to progress the analysis of options for a new Civic/Events facility. Some \$278k was spent on the development of those option to allow meaningful consultation to take place as part of the Council's LTP.
- * The Airport upgrade capital project had a total of \$3.8m of capital expenditure allowed for in 2023/24 to progress the runway widening and reseal. The tendering process was completed during the year and construction work started in April 2024, but paused through the cooler winter months. Some \$2.16m of the budget was spent, with \$1.84m funded by the Government.
- * The new animal shelter project had a capital budget of \$2.5m, but it underwent further refinement as cost savings were sought with the design and specifications. The construction project began in August 2024.
- * The youth hub at the skatepark was progressed, was part completed as 30 June 2024 and was finished in October 2024.
- * Vested Assets include the infrastructural assets from subdivisions that have been provided by developers (\$5.23m).

Notes to the Accounts

Note 32

COMMITMENTS

As at 30 June 2024

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

Capital Commitments

Activity	2024	2024	2023
	No. Of Contracts	\$	\$
Roading	10	1,559,500	5,641,442
Water Services	4	1,597,832	1,584,429
Wastewater Services	5	401,408	1,392,177
Community Facilities - construction	5	3,917,447	0
	24	7,476,186	8,618,049

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

There are 24 significant construction contracts in progress at 30 June 2024 (2023 = 24). These were:

- * Rooding contracts in progress at 30 June 2024 include Gordon St and Kitchener St, and emergency slip repairs relating to the Cyclone Gabrielle extreme weather event, Masterton-Castlepoint retaining wall and Blairlogie Langdale retaining wall.
- * Five wastewater reticulation renewal contracts were committed but not complete. These were Waltons Avenue, Sussex Street, Bolton Road, Colombo Road & Herbert Street and Taranaki Street.
- * Four water reticulation contracts were committed but not complete. These relate to work on Cornwall Street, Worksop Road, Betts Avenue & Madden Place and Opaki Road.
- * There are a number of construction contracts either let or under way for the Hood Aerodrome and Youth Hub Skatepark.

Contract Commitments

There were a number of professional and maintenance contract commitments in operation at 30 June 2024.

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

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

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

Operating Lease Commitments (as a lessee)

Council leases property in the normal course of its business. The main Council customer service centre at 161 Queen Street lease was renewed in July 2021 for a term of five years. The Archive lease on 3 Albert Street was started April 2022 for three years.

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

	2024	2023
Not later than one year	230,931	228,006
Later than one year and not later than five years	211,742	437,555
Later than five years	0	0
Total Non-cancellable operating leases	\$442,673	\$665,561

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 24 for grazing, (2023 = 20), 15 sporting groups, including a mix of ground and building rentals (2023 = 15), 30 Airport sites (2023 = 31) and 13 other properties (2023 = 15). 45 of these leases expire in the next 12 months (2023 = 47), 5 within five years (2023 = 16) and 27 have a term greater than five years (2023 = 18).

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

	2024	2023
Not later than one year	471,796	476,181
Later than one year and not later than five years	713,066	553,198
Later than five years	663,970	407,941
Total non-cancellable operating leases	\$1,848,832	\$1,437,321

Notes to the Accounts

Note 33

CONTINGENT LIABILITIES and CONTINGENT ASSETS

As at 30 June 2024

Contingencies

1. Town Hall & District Building - Earthquake Prone Impairment

Comprehensive assessments of the earthquake rating of the Town Hall & District Building were received from a qualified structural engineer during 2016 and as a result of being below code, the older parts of the buildings were closed to the public and Council staff were relocated to alternate premises. A written report which provided remediation and strengthening options has been received and costed and considered uneconomic. By 30 June 2024 the Council had consulted a number of times (via its Annual Plans and LTPs) on different options for the future of the buildings and future civic facilities. The 2024-34 LTP consulted on revised options and resulted in the Council deciding to demolish the buildings and construct a new town hall on the existing site. Demolition costs are allowed for in the project costs. 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.

2. Contaminated Sites

The Council is aware of the existence of two sites within the Masterton urban boundary, still owned by the Council, 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.

3. 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 AAA. 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.

4. Liability challenges and insurance

As reported in previous Annual Reports the Council has been party to a number of legal proceedings related to its role in building consenting processes. Settlements have been reached in all but one case, and that one proceeding remains 'live' in terms of a court process. There is no indication of the case's defence being successful or otherwise, so no financial provision has been made.

The Wairarapa Hospital claim (progressed to trial by Te Whatu Ora) was the subject of a four week High Court trial in August 2023. The parties have subsequently settled before judgement was issued, with Council's liability insurers being involved in the decision making aspects of the confidential settlement.

5. Ongoing obligation relating to New Zealand Mutual Liability Riskpool scheme

Masterton District Council was previously a member of the New Zealand Mutual Liability Riskpool scheme ('Riskpool'). The Scheme is in wind down; however, the Council has an ongoing obligation to contribute to the scheme should a call be made in respect of any historical claims (to the extent those claims are not covered by reinsurance), and to fund the ongoing operation of the scheme.

The likelihood of any call, in respect of historical claims diminishes with each year as limitation periods expire. However, as a result of the Supreme Court decision on 1 August 2023 in Napier City Council v Local Government Mutual Funds Trustee Limited, it has been clarified that Riskpool has potential liabilities for members' claims in relation to non-weather-tight defects (in a mixed claim involving both weather-tight and non-weather-tight defects). Riskpool has advised that it is working through the implications of the Supreme Court decision. At this point any potential liability is unable to be quantified.

Notes to the Accounts

Note 33 contd

CONTINGENT LIABILITIES and CONTINGENT ASSETS

As at 30 June 2024

6. FOSAL buy-out obligations

Masterton District Council has signed an agreement with the Cyclone Response Unit of Government to participate in the FOSAL scheme (Future Of Severely Affected Locations). This involves the voluntary buy-out or relocation of flood affected properties in the Tinui area (from Cyclones Hale and Gabrielle) that have been assessed as being a risk to life from future flooding (category 3). Nine properties with twelve dwellings have been identified as eligible for the scheme and the value committed is \$5m, split 50/50 between the Government and Council.

There have been detailed assessments of insurance positions and valuation processes in order to establish the value of compensation which will be offered. As at 30 June 2024 no buy-out offers had been made. The transactions involved (asset purchases) have been budgeted in 2024/25, with Council's share of the buy-out cost intended to be loan-funded. Actual amounts remain contingent on valuations being agreed and sale and purchase agreements being signed. Another factor of uncertainty is that relocation options are available for some of the properties and the costs of those will be fully Government funded up to the maximum contribution limit. The first settlements are expected in November 2024.

Contingent Assets

The Council has settled all claims brought against it by Masterton Trust Lands Trust with respect to structural issues they disputed with an engineering design company. The Council's insurers have reserved their decision with respect to accepting cover for one of the claims. A decision on the matter is subject to a legal decision of the Court of Appeal on a separate case, but one with similar facts to MDC's - ie weathertight issues were also challenged and insurance cover has been reserved. In the Council's view, the legal and settlement costs remain receivable from the insurers. There has been a decision by the Court of Appeal (in August 2023) in favour of the Council involved, which points to the potential for claiming legal and settlement costs back from insurers. Contact has been made with the insurers and they have acknowledged the potential that the Council's circumstances may justify an insurance recovery. The legal processes are being worked through and the sums have yet to be determined so remain a contingent asset.

There were no other contingent assets.

Note 34

POST BALANCE DATE EVENTS

The following events after balance date are material to the financial statements:

Water services reform programme

In December 2023, the Government announced a new direction for water services (drinking water, wastewater and stormwater services) policy and legislation which it has called Local Water Done Well. This is being implemented in 3 stages namely:

- * Stage 1 - repealing the previous affordable water reforms(completed in February 2024);
- * Stage 2 - enacting the Local Government (Water ServicesPreliminary Arrangements) Act 2024 (the Act) which received Royal Assent on 2nd September 2024; and
- * Stage 3 - implementing further legislative change (expected to be introduced in December 2024 to be passed by mid 2025).

The Act requires the Council to submit a Water Services Delivery Plan (WSDP) to the Secretary of Local Government, by September 2025. In broad terms, a WSDP must identify the current state of the Council's water services and show how the Council will deliver those services in a way that:

1. meets relevant regulatory quality standards for stormwater, wastewater and water supply networks
2. is financially sustainable;
3. ensures compliance with drinking water standards; and
4. supports the council's housing growth and urban development objectives.

The Council has been working with other councils in the Greater Wellington region along with the Horowhenua District on a WSDP to reform the region's water services. The 10 councils have committed to the process and have been working on a model to provide an enduring approach to water management in our region. Masterton is also working with the other two Wairarapa councils and Tararua District to assess options for a smaller regional delivery model involving the three or four council areas. The Council is required to formally consult the community on aspects of a proposed model and arrangements for delivering water services, including a status quo option. The reforms to date have had no effect on the financial statements or performance information for the year to 30 June 2024.

Late adoption of Annual Report

The Council acknowledges that this Annual Report for the year to 30 June 2024 has not been adopted by the statutory date required by section 98(3) of the Local Government Act 2002. This was due to a combination of limited staff capacity and competing priorities such the Local Waters Done Well (LWDW) processes.



HE AROTAKE PŪTEA ME TE TŪTOHU TURE
AUDIT AND COMPLIANCE

Audit report TBC

draft

draft



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