

# THE YEAR IN BRIEF: 2017-18 ANNUAL REPORT SUMMARY



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# OUR COMMUNITY OUTCOMES

## Ko ngā hua mō te hāpori

The community outcomes that we aspired to as part of the 2015-25 Long-Term Plan were:



### A STRONG, RESILIENT ECONOMY

We want Masterton to be a desirable place to do business and for our people to benefit from a strong economy

### A SUSTAINABLE, HEALTHY ENVIRONMENT

We will look after our green spaces and waterways, reduce waste to landfill and reduce our energy consumption



### AN ACTIVE, INVOLVED AND CARING COMMUNITY

We want all residents to participate fully in our strong, vibrant community; to be able to access social services and support as needed; to pursue their own personal sporting, recreational and cultural goals and to support others to achieve theirs

### A KNOWLEDGEABLE, LEARNING COMMUNITY

We want people in the Masterton district to have access to the knowledge they need, underpinned by quality educational opportunities



### AN EASY PLACE TO MOVE AROUND

We want our transport links to be efficient, reliable, convenient and safe

### A RELIABLE AND WELL MAINTAINED INFRASTRUCTURE

We want to provide water supply, stormwater and wastewater systems in a cost-effective way to address the present and future needs of the district





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Masterton District Council/Te Kaunihera ā-rohe o Whakaoriori is pleased to provide this summary of our Annual Report for the 2017-18 financial year. This report provides information about our performance against targets set for Year Three of the 2015-25 Long-Term Plan.

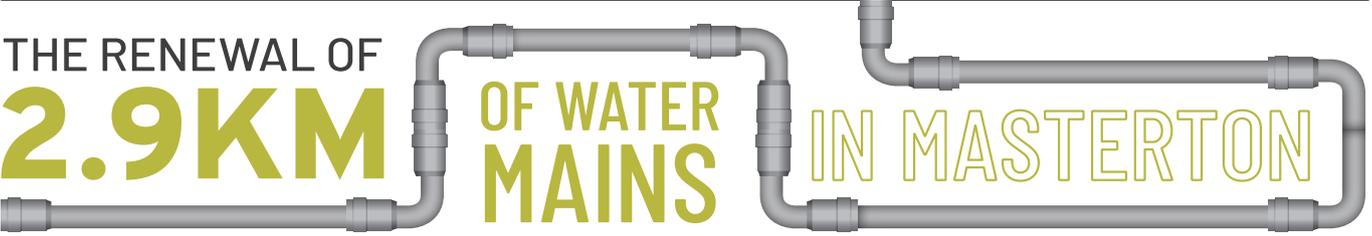
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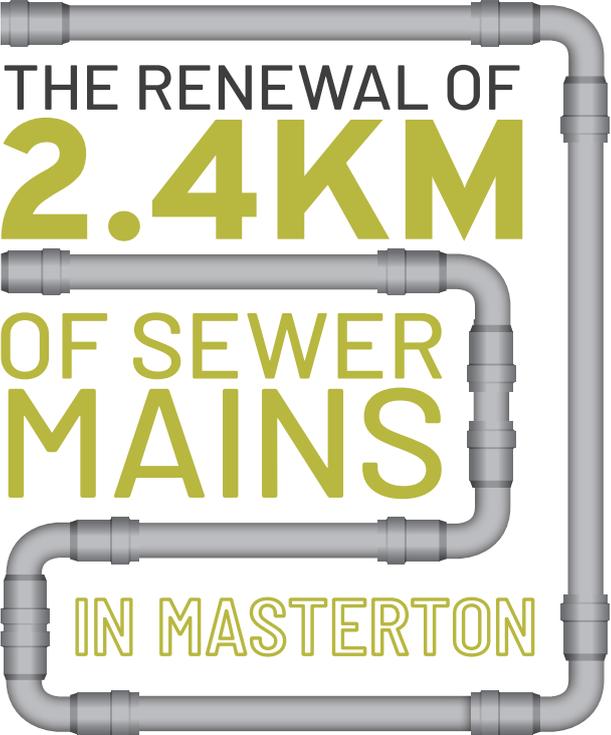
# THE YEAR IN NUMBERS

RESEALING OF **24KM** OF ROADWAY

REHABILITATION OF **2.3KM** OF SEALED ROAD PAVEMENT 

THE SUPPLY OF **4.7 BILLION LITRES** OF SAFE DRINKING WATER TO THE COMMUNITY 

THE RENEWAL OF **2.9KM** OF WATER MAINS IN MASTERTON 

THE RENEWAL OF **2.4KM** OF SEWER MAINS IN MASTERTON 

 **29** COMMUNITY DEVELOPMENT GRANTS AWARDED

MANAGED A **17%** INCREASE IN  **BUILDING CONSENTS** WITH A TOTAL OF **789**

 **72%** OF RESIDENTS SATISFIED WITH **TRANSFER STATIONS, RECYCLING AND COMPOSTING** 

# MAYOR'S YEAR IN REVIEW

## Kōrero Whakataki a te Koromatua

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

During the year we had robust discussion around whether the three Wairarapa Councils should amalgamate. While I personally saw merit in amalgamation, I respect the views of the majority of voters who did not support the proposal.

We are still working closely on a number of projects with Carterton and South Wairarapa District Councils, as well as Greater Wellington Regional Council, and will continue to do so. One of the projects we are working on is the development of a Wairarapa Economic Development Strategy.

We were proud to adopt our Well-being Strategy *He Hiringa Tangata, He Hiringa Whenua* in February of this year – once again bringing community well-being to the forefront of Local Government thinking. We are currently working on how to implement the strategy, with a number of projects already underway to make the strategy's vision and priorities a reality. This work coincides with the Local Government (Community Well-being) Amendment Bill that is at Select Committee. It intends to restore the purpose of local government to a focus on the social, economic, environmental and cultural well-being of our communities. Budget 2019 is also gearing up to be our first "Well-being Budget" which is exciting for us with our renewed focus on the Well-beings.

We have seen tremendous growth in our district over the past year, with the GDP increasing 4.5% in the year to 30 June 2018. New home building activity is at its highest level since 2011-12. New subdivisions, both approved and in the planning stages, are providing exciting opportunities for new and existing residents. On the infrastructure front, Council has been working on ways to make further improvements to our Homebush Wastewater Treatment Plant – we've committed to a 25-year strategy to guide its future development.

Our new Chief Executive, Kathryn Ross, joined us in August 2018. She brings with her more than 20 years' experience in local government, across



both district and regional councils. Kath's most recent leadership role was as General Manager Strategic Planning and Policy for the Far North District Council.

Kath's experience in strategic planning and policy, and engaging with local Iwi and Hapū, makes her a great fit for the Chief Executive role here at Masterton District Council. We welcome Kath and her whānau to Masterton District Council and the Masterton district.

Our outgoing Chief Executive Pim Borren showed great dedication and commitment to the role during his four years with us at Masterton District Council and is acknowledged for his service.

The 2017-18 year has brought us a mix of growth, exciting changes, and certainty, and I believe this bodes well for the year ahead.

Ngā mihi, nā

Lyn Patterson  
Mayor

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

# OUR PERFORMANCE

## Tauāki Paearu Mahi

### FINANCIAL HIGHLIGHTS

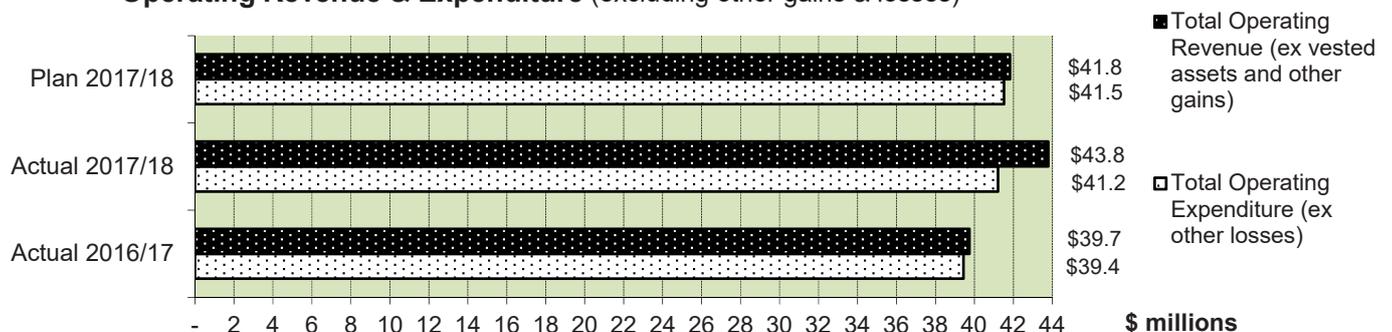
#### Paearu Mahi Pire

We achieved a very good financial result for the 2017-18 financial year and continued to operate in accordance with our financial strategy. We ended the year with an accounting surplus of \$6.48 million – much better than the planned surplus of \$0.35 million. One-off gains from assets transferred to Council at zero cost (vested assets) account for a large proportion of this surplus\*. Excluding those vested assets and other valuation gains and losses, the surplus is \$2.57 million or 6.1 per cent of turnover.

Over the year Council received close to \$2 million of extra, unplanned revenue from higher financial contributions, building consent fees and solid waste income. Meanwhile, operating expenditure, or what we planned to spend on business as usual activities, was very close to what we planned. We had a budget of \$41.52 million for operating expenditure. Actual operating expenditure (excluding valuation losses) was \$41.22 million, a saving of 0.7%.

Overall, operating expenditure was 99.3% of the Plan and operating revenue was 104.7% of the Plan.

**Operating Revenue & Expenditure** (excluding other gains & losses)



\*The \$4.266 million worth of vested infrastructural assets includes roads, land under roads, water and sewer mains and stormwater infrastructure that Council has taken over from five separate subdivision developments that were completed in the last year.

Our planned capital expenditure totaled \$20.8 million, however the actual amount spent, excluding vested assets, was \$9.4 million or 45 per cent of what we planned. There are many reasons for the reduced spending, but some of the main ones are:

- The budget provision of \$4.5m to strengthen the district building was not spent while we explored options and instead purchased an alternate building (settlement yet to proceed)
- The water trunk main renewal (\$1.45m) was not required
- A lack of contractor availability meant we couldn't complete \$1.28m worth of work on urban footpaths, cycleways and streetscape work or the Queen Elizabeth Park upgrade project (\$0.62m)
- We didn't spend the \$0.48m budget for the upgrade of the Henley Lake intake because of resource consent delays
- We also deferred work on the solid waste transfer station (\$0.64m) after we reassessed priorities.

## NON-FINANCIAL PERFORMANCE

### Paearu Mahi Pirekore

In addition to our financial performance, we also measure our non-financial performance. There were 116 performance targets for the 2017-18 financial year.

Overall, we achieved 69 per cent of the 116 targets (see right). We didn't achieve our targets on 25 per cent of the measures and a further 6 per cent were considered not applicable due to not being measured in this financial year, or no longer being relevant. The full performance results are available in the Annual Report.

## RESIDENT SATISFACTION SURVEY

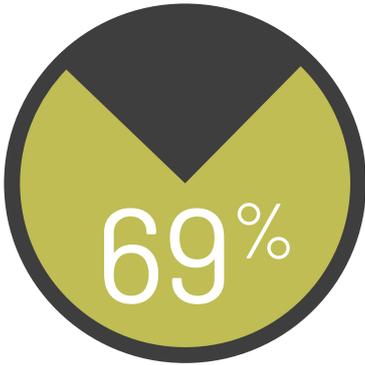
### He Arotake Whakatūtataki Hapori

Every year we also ask our community (via the National Research Bureau) how satisfied it is with our services. Key points from this year's research include:

- 93 per cent of residents are very satisfied/satisfied with community events
- 76 per cent of residents think the natural environment in the district is being preserved and sustained for future generations
- As a place to live, 41 per cent of residents think Masterton is better than it was three years ago
- 40 per cent are dissatisfied/very dissatisfied with footpaths



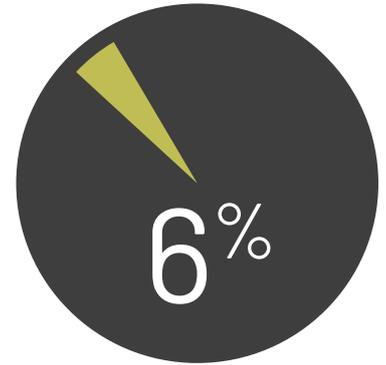
# NON-FINANCIAL PERFORMANCE MEASUREMENTS



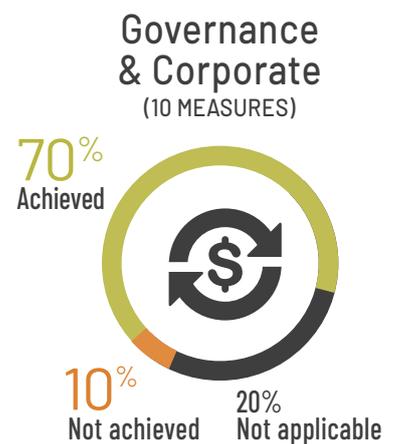
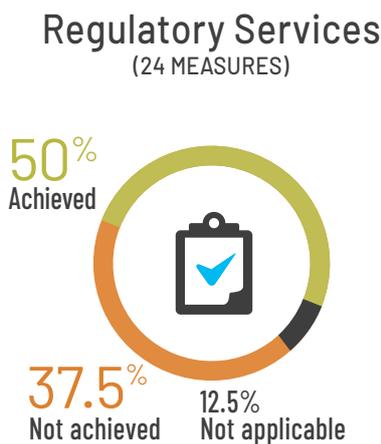
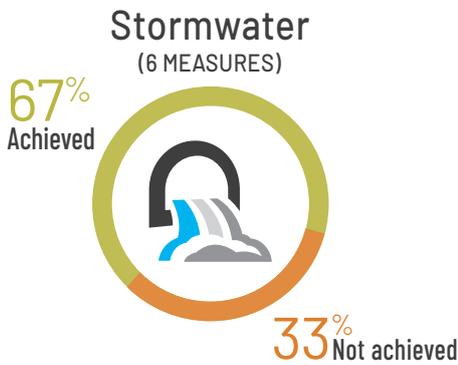
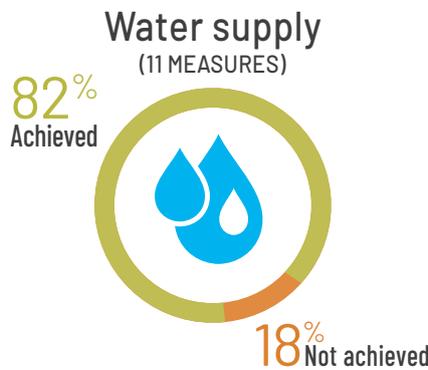
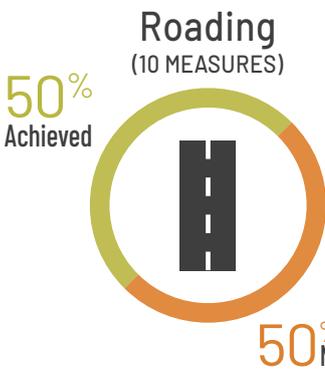
Achieved



Not achieved



Not applicable



# SUMMARY OF OUR WORK OVER 2017-18

## Te Whakarāpopototanga o tō mātou mahi 2017-18

### LEADERSHIP Hautūtanga

#### Long-Term Plan 2018-28

Developing the Long-Term Plan 2018-28 was a major focus of the work programme of the organisation throughout the last financial year. The Plan was adopted by Council on 27 June 2018. It outlines our direction for the activities we will deliver throughout the Masterton district over the next ten years.

A number of key decisions were made by Council through the Long-Term Plan:

- We are proceeding with building a new civic centre, allocating \$15.5 million for this project
- A provision of \$3.63 million was confirmed to develop our town centre
- An allocation of up to \$5 million was allowed to develop our library
- We chose to invest \$500,000 per annum into well-being projects to enable the well-being strategy *He Hiringa Tangata, He Hiringa Whenua* to be implemented
- We will be installing smart water meters
- An additional \$600,000 per annum (inflated) has been allowed to increase the rate of water pipe renewals
- We will be introducing kerbside wheelie bins for recycling
- Establishing an e-waste drop off service
- Establishing a recycling/recovery centre.

#### Key strategies adopted

To shape the long-term direction set out in the Long-Term Plan, Council also adopted key strategies in the 2017-18 financial year.

**Wastewater Strategy:** Council adopted a long-term (25 year) strategy to guide the future development of the Homebush Wastewater Treatment Plant.

**Well-being and Education Strategies:** *The My Masterton Our People Our Land Strategy He Hiringa Tangata, He Hiringa Whenua* and *Education Strategy Te Hiringa i te Mahara* were adopted by Council in February 2018. *He Hiringa Tangata, He Hiringa Whenua* sets out Council's long-term strategic direction for the Masterton/Whakaoriori district across four key focus areas: Social Development, Cultural Development, Environmental Development, and Economic Development. *Te Hiringa i te Mahara* focuses on the areas of education that will have the most significant and positive impacts on our Masterton community and its people. It also considers how Council might best support these areas of education.

**Town Centre Strategy:** In June 2018 Council signed off on Masterton's first-ever Town Centre Strategy. It prioritises ten key projects for us to focus on when working to bring more life and vibrancy into Masterton's town centre. The strategy is supported by a \$3.63m budget provision.

**CEMARS certification:** Council is proud to have become one of the first New Zealand Councils to be certified under the internationally-recognised Enviro-Mark Certified Emissions Measurement and Reduction Scheme (CEMARS) scheme. The certification means Council is officially recognised as actively working to measure and manage its carbon footprint.

KEY HIGHLIGHTS:

ADOPTED **LONG-TERM PLAN**  
**2018-28** 

ADOPTED KEY STRATEGIES ON

**WELL-BEING,**



**WASTEWATER**



**& EDUCATION**



ACHIEVED INTERNATIONAL

**EMISSION-  
REDUCTION  
CERTIFICATION**



FINALISED AND ADOPTED  
MASTERTON'S FIRST-EVER

**TOWN  
CENTRE  
STRATEGY**



**10** COUNCIL MEETINGS **&** **28** COMMITTEE MEETINGS HELD



# ROADS STREETS, FOOTPATHS AND PARKING AREAS

## Ngā Rori, Tiriti, Ara-Hikoī me ngā Papawaka

Council constructs, manages and maintains the road, street and footpath networks including pavements, bridges, traffic services and streetlights throughout the Masterton district. Council also owns and maintains off-street car park spaces and on-street metered time-limit spaces.

Success for us in this space includes:

- Customer satisfaction with condition of roading network
- Quality of ride on sealed local road network
- Reduction in number of serious crashes
- Urgent customer service requests are responded to within four days
- Customer satisfaction with parking services

Over 2017-18 we achieved 50 per cent of our 10 targeted performance measures in this area. Road resurfacing and quality of ride performance targets across Council's network were achieved, however resident satisfaction with roads is declining.

There was also an increase in the number of serious and fatal crashes on the Masterton local road network in the 2017-18 year. Unfortunately this is a nationwide trend. While we don't have ultimate control over preventing these incidents, we are committed to road safety and ensuring our road network is safe to use.

### KEY HIGHLIGHTS:

RESEALING OF  
**24KM**  
OF ROADWAY



REHABILITATION OF  
**2.3KM**  
OF SEALED ROAD  
PAVEMENT



WORK COMMENCED  
ON A NEW  
**SHARED  
PATH**



ON UPPER PLAIN ROAD

INSTALLATION OF  
**LED**  
STREET LIGHTING



**FLOOD DAMAGE WORK**  
UNDERTAKEN IN THE MASTERTON RURAL AREA

**EPARAIMA BRIDGE**  
**JENNINGS BRIDGE**  
**BLAIRLOGIE-LANGDALE ROAD**

COMPLETION OF  
**SIGHT LINE  
IMPROVEMENTS**  
AT WESTBUSH ROAD



# WATER SUPPLIES (URBAN AND RURAL)

## Hoatutanga Wai (Tāone Me Te Taiwhenua)

Council provides appropriately treated water to the urban reticulation system and to the Waingawa industrial area, and provides and maintains an effective, economic and secure distribution system for drinkable water. It also supports the provision of non-drinking and water race supplies in rural areas.

For us, success in this area includes:

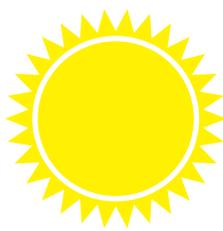
- Resident satisfaction with drinking water
- Number of complaints about clarity, taste, pressure etc
- Response time for urgent and non-urgent callouts
- Percentage of water lost from Council's reticulation system
- Compliance with drinking water standards

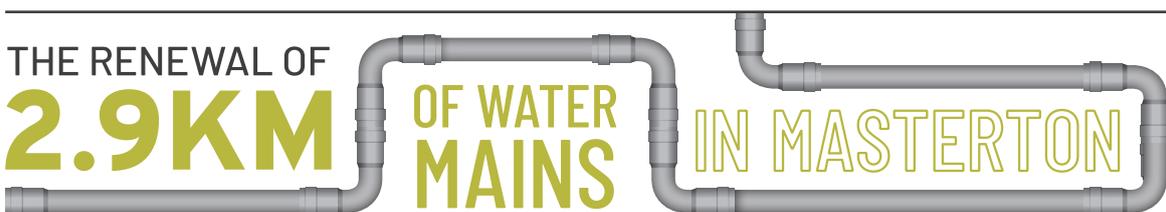
Over 2017-18 we achieved nine out of the 11 performance measures for this area. We didn't achieve our target result for customer satisfaction with urban water supply services. One of the ways we plan to further increase satisfaction levels with water supply is through additional funding of \$600,000 per annum (inflated) to increase the rate of water pipe renewals as part of the 2018-28 Long-Term Plan.

We also missed our target result on percentage of water lost from Council's reticulation system. This will be addressed through the introduction of smart water meters, which will help us locate leaks that need to be repaired. A provision of \$5.2 million has been allocated as part of the 2018-28 Long-Term Plan for this.

### KEY HIGHLIGHTS:

THE SUPPLY OF **4.7** BILLION LITRES OF SAFE DRINKING WATER TO THE COMMUNITY 

 SUCCESSFULLY CARRIED OUT THE **SUMMER WATER CONSERVATION PROGRAMME** 

THE RENEWAL OF **2.9KM** OF WATER MAINS IN MASTERTON 

# WASTEWATER SERVICES

## Ratonga Waihawa

Council provides systems to collect and dispose of wastewater from residential, commercial and industrial properties in the urban area, the Waingawa industrial area, and at Riversdale, Castlepoint and Tinui.

Success in this area includes:

- Customer satisfaction with urban wastewater services
- Total number of complaints related to odour, system faults, blockages etc
- Time taken to resolve complaints
- Compliance with resource consents

Over 2017-18 we achieved eight out of our 10 performance targets for wastewater. The measures not achieved related to complaints received about sewer overflows during and after significant rain events, and compliance with resource consents. We received one infringement notice in November 2017 for environmental non-compliance; a sewer on railway land was leaking through to Makoura Stream. Land access was negotiated with the landowner and the discharge issue addressed.

In response to the number of complaints we received about wastewater services, in our 2018-28 Long-Term Plan, we have committed to adopt private wastewater laterals from the wastewater pipe main to the property boundary. This will assist Council in addressing renewal issues experienced in some areas and ensure current levels of service are maintained.

### KEY HIGHLIGHTS:

WASTE  
WATER  
STRATEGY  
ADOPTED



THE RENEWAL OF  
**2.4KM**  
OF SEWER  
MAINS  
IN MASTERTON

OPERATING COSTS OF URBAN  
WASTEWATER SYSTEM

 **1.7%**  
LESS  
THAN BUDGETED

CONTINUED HIGH  
RESIDENT  
SATISFACTION AT



**91%**

# STORMWATER

## Waiparoro

Council provides systems, including use of natural channels and streams, to collect and dispose of stormwater from residential, commercial and industrial properties in the urban area. The stormwater system in the rural area is largely open drains.

Success in this area includes:

- Percentage of residents satisfied with stormwater services
- Number of complaints received about performance of stormwater system
- Number of flooding incidents and impact on buildings
- Response time in attending a flooding event

Over 2017-18 we achieved four out of our six performance measures. The two measures that were not achieved related to resident satisfaction and complaints received about the performance of our stormwater system. Non-achievement of these measures is attributed to a variety of factors including a significant flooding event in July 2017; there was 129mm of rain in July 2017 compared to an average 102mm.

### KEY HIGHLIGHTS:



# SOLID WASTE MANAGEMENT

## Mana Whakahaere Para

### KEY HIGHLIGHTS:



**72%**  
OF RESIDENTS SATISFIED WITH

**TRANSFER STATIONS,  
RECYCLING AND  
COMPOSTING**



### ADOPTED THREE INITIATIVES TO BE IMPLEMENTED TO REDUCE WASTE:



**KERBSIDE  
WHEELIE BINS  
FOR RECYCLING**



**PROVIDING  
E-WASTE  
SERVICES**



**ESTABLISHING A  
RECYCLING/  
RECOVERY CENTRE**

Council owns, maintains and manages three transfer stations in the Masterton district, with waste transferred to the Bonny Glen landfill near Marton. Former landfill sites are closed and monitored and the Nursery Road landfill has some limited use for cleanfill/cover material.

Success in this area includes:

- Resident satisfaction
- Reduced waste to landfill
- Reducing number of call backs due to non-collection of official rubbish bags

Over 2017-18 we achieved four of our six performance measures related to solid waste. The two measures that were not achieved were associated with resident satisfaction with solid waste collection service, and targets to reduce the community's waste tonnages to landfill.

The main reasons that residents stated dissatisfaction with our kerbside rubbish and recycling collection was the limit on number of bins; that not all the rubbish/recycling was taken on collection day; and that our council rubbish bags are too expensive.

In relation to tonnage to landfill, there was a 16% increase compared to the previous year. Population growth may be one of the contributing factors in not achieving our target.



# COMMUNITY FACILITIES AND ACTIVITIES

## Ngā Kaupapa me ngā Whare o te Hapori

Council provides and supports community services and facilities to contribute to the social, economic, environmental and cultural strength of the Masterton district. It includes community services (economic development, arts and culture), the library and archive, Council-owned property, parks, reserves and sportsfields, the Recreation Centre, cemeteries and the Masterton Airport (Hood Aerodrome).

Success across this area includes:

- Providing funding to support community groups
- Resident satisfaction with natural environment, library services, parks and reserves, recreation centre,
- Number of library items available online
- Occupancy of the Mawley Park camping ground
- Elderly units fully occupied
- All playgrounds meet safety standards
- Annual usage levels of Hood Aerodrome

Over 2017-18 the majority of performance targets for community facilities and activities were achieved. Key performance measures not achieved are noted below:

- There was lower usage of Hood Aerodrome which can be attributed to the Wings over Wairarapa event not being held in 2017-18 and low activity levels in April and May 2018 due to poor flying conditions.
- Council achieved the target of maintaining resident satisfaction with the Recreation Centre, however there was a decrease in the percentage of households that have used the facility in the last 12 months.
- There were no sports field closures in the last 12 months, which is an improvement from the previous year (five closures due to conditions). The target for council-owned sports facilities to meet the standard agreed with sports codes was not achieved – this is because the survey which we use to measure this was not completed in 2017-18.

### KEY HIGHLIGHTS:

ADOPTION OF  
**WELL-BEING  
STRATEGY**  
HE HIRINGA TANGATA,  
HE HIRINGA WHENUA



**29**

**COMMUNITY  
DEVELOPMENT  
GRANTS AWARDED**

RAN SUCCESSFUL  
**WAIFEST  
&  
CHRISTMAS  
ON QUEEN**  
EVENTS

ACHIEVED INTERNATIONAL  
**EMISSION-  
REDUCTION  
CERTIFICATION**



DISTRIBUTED OVER  
**150**  
OF THE 2,000



DESIGN PHASE OF  
**QUEEN ELIZABETH  
REJUVENATION**  
PROJECT COMPLETED



# REGULATORY SERVICES

## Mana Whakariterite

### KEY HIGHLIGHTS:

PROCESSED HIGH VOLUMES OF

**139** RESOURCE CONSENTS 

 AND LAND (LIMS) INFORMATION MEMORANDUMS **497**

MANAGED A **17%** INCREASE IN  

**BUILDING CONSENTS** WITH A TOTAL OF **789**

PROCESSED OVER **40** ALCOHOL LICENCE APPLICATIONS  

 ADOPTED THE REVISED **DOG POLICY & CONTROL OF DOGS BYLAW**

INTRODUCED THE NEW **RESPONSIBLE DOG OWNER** STATUS  

Council provides regulatory services in order to sustainably manage the development and protection of natural and physical resources and to protect the safety and wellbeing of the community.

Services across this area include resource management and planning, building services, environmental health and alcohol licensing, parking control, animal services and bylaws and civil defence and emergency management.

For us, success in this area includes:

- Resource consents, building consents and LIMs processed within legislative timeframes
- Progress on addressing earthquake risk buildings
- Number of alcohol license inspections
- Time taken to respond to noise complaints and animal services-related complaints
- Customer satisfaction with animal control services

Over 2017-18 we achieved the majority of our performance targets. The key targets not achieved are discussed below.

- Two of the three measures that were not achieved in the building services area related to the processing of building consents and Code of Compliance certificates within required timeframes. These measures were just 1 per cent and 2 per cent below the targets despite the increased number of consents processed.
- We did not achieve the measure to inspect 100 per cent of registered food premises. Transitioning food premises to the new Food Act 2014 impacted results in 2017-18.
- We responded to 99 per cent of general complaints within five working days, falling just short of meeting our target of 100 per cent.

Despite not meeting the 100 per cent targets for responding to urgent and non-urgent complaints, response rates were high (99 per cent for urgent, 99 per cent for non-urgent) and an improvement compared to the 2016-17 baseline (92 per cent for urgent and 94 per cent for non-urgent).

# FINANCIAL SUMMARY

## SUMMARY STATEMENT OF COMPREHENSIVE REVENUE & EXPENSE

for the year ended 30 June 2018 - Masterton District Council

This statement shows the revenue Council received and what was spent on delivering services during the year. Overall Council has achieved a surplus higher than budget for the year, mainly due to higher capital revenues received from capital contributions and assets vested from new subdivisions.

	Actual 2017/18 \$000	Plan 2017/18 \$000	Last Year 2016/17 \$000
<b>REVENUE</b>			
Rates revenue	27,744	27,758	26,945
Other operating revenue	15,183	13,223	12,242
Finance revenue	765	774	423
Capital revenue incl vested assets & valuation gains	5,120	111	2,135
<b>TOTAL REVENUE</b>	<b>48,812</b>	<b>41,867</b>	<b>41,745</b>
<b>EXPENSES</b>			
Finance costs	2,615	2,879	2,633
Depreciation & amortisation	11,275	11,407	11,006
Other Expenses	27,328	27,234	25,798
Other losses (including write offs on disposal)	1,116	-	597
<b>TOTAL EXPENSES</b>	<b>42,334</b>	<b>41,520</b>	<b>40,034</b>
<b>NET SURPLUS/(DEFICIT)</b>	<b>6,477</b>	<b>347</b>	<b>1,711</b>
Income Tax Expense	-	-	-
<b>NET SURPLUS/(DEFICIT) AFTER TAX</b>	<b>6,477</b>	<b>347</b>	<b>1,711</b>
<b>OTHER COMPREHENSIVE REVENUE AND EXPENSE</b>			
Increase/(decrease) in asset valuations	13,303	27,403	19,809
Write down revaluation reserve impaired assets	-	-	(3,066)
Change in value of financial assets at fair value through comprehensive revenue & expense	(4)	-	23
<b>TOTAL COMPREHENSIVE INCOME AND EXPENSE</b>	<b>19,776</b>	<b>27,750</b>	<b>18,477</b>

### EXPLANATION OF THE MAJOR VARIANCES ARE

**Other operating revenue** - is nearly \$2m or 15% more than planned. The higher than planned level of financial contributions from developers makes up the majority (\$1.6m) of the difference. Building consents income of \$1.16m was \$0.37m (47%) better than planned.

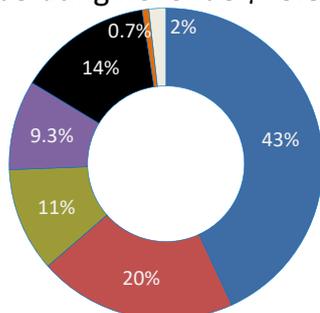
**Capital revenue** - This includes \$4.2m of new assets vested in the Council from new subdivisions.

**Other Expenses** - were very close to the planned level.

**Other losses** - this is revaluation losses on financial instruments and writing down the value of assets replaced during the year. No budget was allowed for these costs.

**Increase/(decrease) in asset valuations** - the budget assumed that land & buildings and infrastructure assets would be revalued, however only land and buildings were revalued this year. Infrastructural assets were revalued last year.

### Operating Revenue \$43.8m



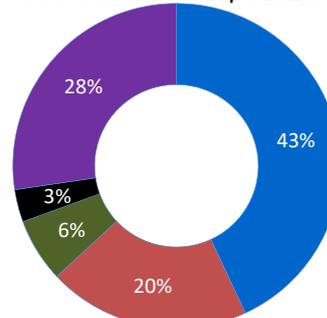
- Targeted Rates, value-based
- Targeted Rates, uniform charges
- NZTA subsidies
- Regulatory user charges & contributions
- Other services user charges & income
- Petrol tax & waste levy
- Interest income

63% of revenue came from rates. The Council sets targeted rates, split between urban and rural wards and uses both land value and capital value of properties to base the rates payable. Uniform charges are also used to spread a portion of the costs of Council services across properties, also on a targeted basis.

NZTA subsidies were close to the planned level, while regulatory income was 9.3% of total revenue (\$4.1m) versus the planned 5.0% (\$2.1m)

Not included in the graph above is income of \$4.5m which recognised the value of vested assets taken over by the Council from developers of subdivisions.

### Costs Incurred \$41.2m



- Expenditure on operating activities
- Employees & elected representative costs
- Interest expense
- Grants & funding to external organisations
- Depreciation

Council incurs costs to provide services necessary for the district to function. These include maintenance of infrastructure for water supply and waste services, roads and footpaths, sporting and recreational facilities and Council property.

Personnel costs at 20% of total operating costs compare to the planned level of 19.2%. Overall operating expenditure was very close to the planned level of \$41.5m.

Interest expense of \$2.6m is close to last year, but \$0.26m less than planned due to less borrowing and lower than planned interest rates through the year.

## SUMMARY STATEMENT OF FINANCIAL POSITION

### for the year ended 30 June 2018 - Masterton District Council

What we own and what we owe to other people is summarised below.

	Actual 2017/18 \$000	Plan 2017/18 \$000	Last Year 2016/17 \$000
Current assets	19,103	11,625	19,657
Non-current assets	766,761	774,472	752,837
<b>TOTAL ASSETS</b>	<b>785,864</b>	<b>786,097</b>	<b>772,494</b>
Current liabilities	17,491	9,229	14,040
Non-current liabilities	45,950	64,236	55,807
Ratepayers' equity	722,422	712,632	702,647
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>785,864</b>	<b>786,097</b>	<b>772,494</b>

#### EXPLANATION OF THE MAJOR VARIANCES ARE:

Current assets - more financial assets are held as short-term investments than planned.

Current liabilities - the Plan did not anticipate \$10m of borrowing being classified as current liability.

Non-current liabilities - the classification of \$10m as current and the lack of new borrowing both result in the variance from the Plan position.

## SUMMARY STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2018 - Masterton District Council

Changes in equity shows the movement in the net assets that ratepayers own. The growth in special funds and restricted reserves is a result of greater financial contributions and less capital expenditure being drawn from these funds than planned.

	Total 2017/18 \$000	Plan 2017/18 \$000	Last Year 2016/17 \$000
<b>Equity at the beginning of the year</b>	702,647	684,882	684,169
Total Comprehensive Revenue & Expense	19,776	27,750	18,477
<b>EQUITY AT THE END OF THE YEAR</b>	<b>722,423</b>	<b>712,632</b>	<b>702,647</b>
Comprising:			
Retained earnings (ratepayers' equity)	428,175	426,911	424,575
Revaluation reserves	267,234	265,021	254,153
Special funds & restricted reserves	27,013	20,700	23,920
<b>EQUITY AT THE END OF THE YEAR</b>	<b>722,423</b>	<b>712,632</b>	<b>702,647</b>

## SUMMARY STATEMENT OF CASHFLOWS

for the year ended 30 June 2018 - Masterton District Council

The following table summarises how the Council generated and used cash during the respective financial years. Operating activities were close to the level planned. Investing activities variance from Plan is due to a lower level of capital expenditure than expected, with most of the capital expenditure being funded from internal funds rather than new external loan financing (as was planned). The Plan for cash flow from financing activities did not anticipate a bond repayment of \$5m.

	Actual 2017/18 \$000	Plan 2017/18 \$000	Last Year 2016/17 \$000
Net cash flow from operating activities	12,880	12,711	11,823
Net cash flow from investing activities	(1,187)	(20,948)	(17,352)
Net cash flow from financing activities	(7,028)	6,112	6,750
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>4,665</b>	<b>(2,125)</b>	<b>1,221</b>
Cash and cash equivalents at beginning of the year	4,840	10,562	3,619
<b>CASH, CASH EQUIVALENTS AND BANK ACCOUNTS AT THE END OF THE YEAR</b>	<b>9,505</b>	<b>8,437</b>	<b>4,840</b>

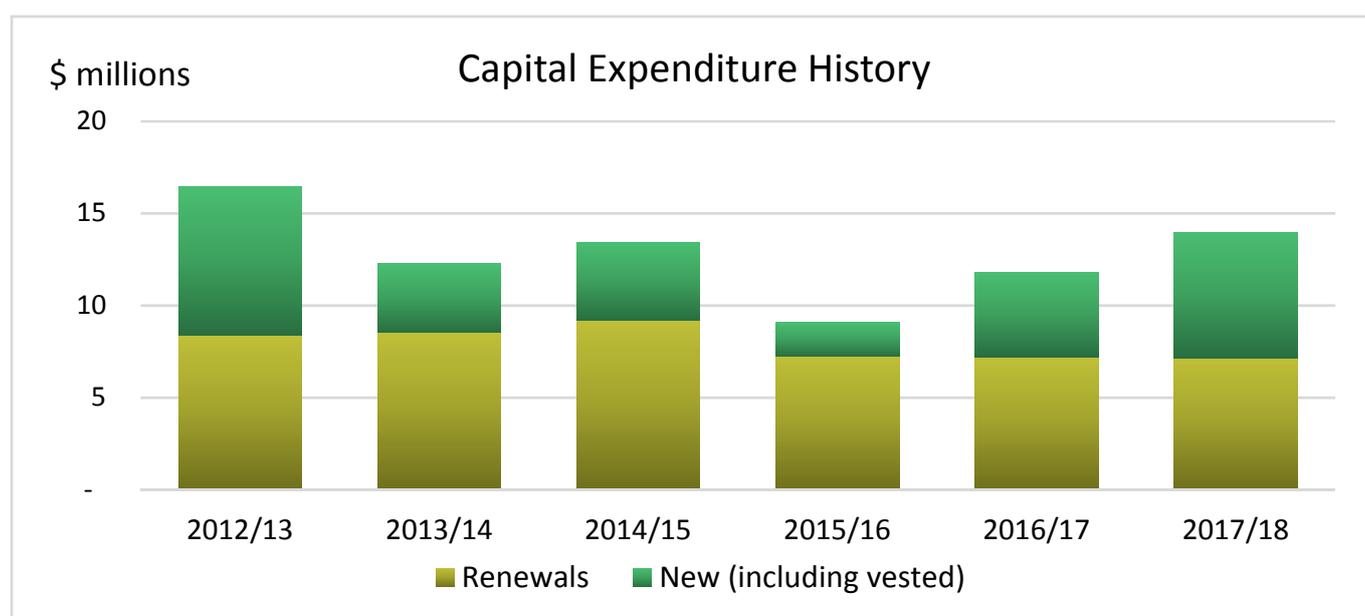


## SUMMARY STATEMENT OF CAPITAL EXPENDITURE

for the year ended 30 June 2018 - Masterton District Council

The table below shows a capital expenditure total of \$13.97 million against a Plan of \$20.8 million.

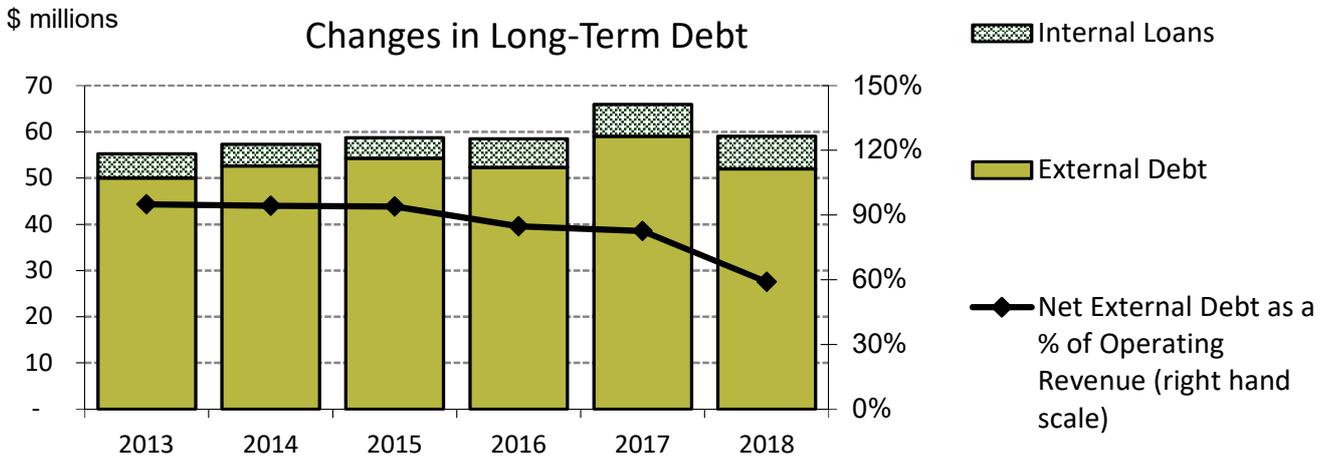
	Actual 2017/18 \$000	Plan 2017/18 \$000	Last Year 2016/17 \$000
Roading renewals programme	2,820	3,616	3,555
Other roading, streetlighting & footpaths	1,191	1,411	879
Town centre renewal project	179	593	71
Water supply renewals	1,254	2,839	1,029
Waste water treatment & disposal renewals	174	490	303
Sewerage network renewals	1,013	1,100	1,296
Stormwater upgrades	115	200	37
Riversdale & Castlepoint sewerage schemes	44	9	17
Solid waste management projects	16	640	20
Parks, Reserves & Sports facilities upgrades	1,265	3,296	331
Recreation Centre renewals	97	113	97
District Building and Town Hall	400	4,500	15
Airport upgrades & renewals	11	340	252
Other property	266	678	3,231
Library books & other capital	238	516	205
Other assets	325	446	460
Vested Assets	4,566	-	-
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>13,973</b>	<b>20,786</b>	<b>11,798</b>



The Council has consistently spent money on renewals at between \$7m and \$9m. Renewals is expenditure to maintain or extend the life of existing assets and is generally funded from depreciation reserves (ex rates) and roading subsidies. New asset capital expenditure for growth and development of the District can be funded by financial contributions, reserve funds, new borrowing, roading subsidies and external grants.

## CHANGES IN LONG-TERM DEBT

The graph below shows the changes in the Council's long-term debt over the last six years. The debt has largely stayed the same since 2013 with new borrowing offsetting repayments. At 30 June 2017 an extra \$5 million was held and used to repay a bond maturity in July 2017. Interest rate risk is managed by using swaps to fix a portion of the debt portfolio. The Council policy maximum is for net debt not to exceed 150% of operating revenue. Net debt is defined as external debt, less any financial assets (excluding trade and other receivables).



OUR COMMUNITY'S INVESTMENT	2016/17	2017/18	% Change from Last Year
Equity per rateable property	\$ 57,010	\$ 58,049	▲ 1.8% ✓
Equity per resident	\$ 28,563	\$ 28,645	▲ 0.3% ✓
Net debt per rateable property	\$ 2,665	\$ 2,345	▼ 12.0% ✓
Net debt per resident	\$ 1,335	\$ 1,157	▼ 13.3% ✓

The table above shows the equity investment of the community has increased since last year, while the net debt per property and per resident has decreased, both of which are positive.

## EVENTS AFTER BALANCE DATE

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



# INDEPENDENT AUDITOR'S REPORT

## He Pūrongo Arotake Pūtea

### TO THE READERS OF MASTERTON DISTRICT COUNCIL'S SUMMARY OF THE ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2018

The summary of the annual report was derived from the annual report of the Masterton District Council (the District Council) for the year ended 30 June 2018.

The summary of the annual report comprises the following summary statements on pages 9 and 19 to 21:

- the summary statement of financial position as at 30 June 2018;
- the summaries of the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended 30 June 2018;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary statement of service performance.

### OPINION

In our opinion:

- the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the summary statements comply with PBE FRS 43: Summary Financial Statements.

### SUMMARY OF THE ANNUAL REPORT

The summary of the annual report does not contain all the disclosures required by generally accepted accounting practice in New Zealand. Reading the summary of the annual report and the auditor's report thereon, therefore, is not a substitute for reading the full annual report and the auditor's report thereon.

The summary of the annual report does not reflect the effects of events that occurred subsequent to the date of our auditor's report on the full annual report.

### THE FULL ANNUAL REPORT AND OUR AUDIT REPORT THEREON

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2018 in our auditor's report dated 31 October 2018.

### COUNCIL'S RESPONSIBILITY FOR THE SUMMARY OF THE ANNUAL REPORT

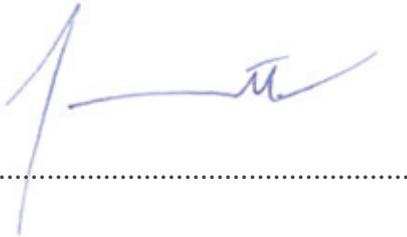
The Council is responsible for preparing the summary of the annual report which includes preparing summary statements, in accordance with PBE FRS 43: Summary Financial Statements.

## AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on whether the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the full annual report and whether the summary statements comply with PBE FRS 43: Summary Financial Statements.

Our opinion on the summary of the annual report is based on our procedures, which were carried out in accordance with the Auditor General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests in the District Council.



John Whittal,  
Audit New Zealand  
On behalf of the Auditor-General  
Wellington, New Zealand  
23 November 2018



# ABOUT THIS SUMMARY

This Summary Annual Report has been extracted from the full annual report to give an overview of the Council's operations as a legal entity for the year to 30 June 2018. The full Annual Report contains detailed information about our finances and service performance and was adopted by Council and approved for issue on 31 October 2018.

This summary has been prepared in accordance with PDE FRS 43: Summary Financial Statements. It cannot be expected to provide as complete an understanding as provided by the full financial report of the financial and service performance, financial position and cash flow of the Council.

The full financial statements for the year ended 30 June 2018 have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP).

They comply with NZ PBE IPSAS Tier 1, and other applicable Financial Reporting Standards, as appropriate for public benefit entities. The functional and presentation currency of Council is New Zealand dollars. Although the full financial statements are rounded to the nearest dollar, the summary report is rounded to the nearest thousand dollars.

Masterton District Council confirms that all other statutory requirements relating to the Annual Report have been complied with.

Audit New Zealand has audited the full financial statements and issued an unmodified audit report.

This Summary Annual Report was authorised for issue by the Mayor and Chief Executive on 23 November 2018.

A copy of the full Annual Report can be obtained from the Council offices at 161 Queen Street, from our website [www.mstn.govt.nz](http://www.mstn.govt.nz)







## PHONE

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8am - 5pm

## EMAIL

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