



Assurance and Risk Committee Meeting Agenda – 25 October 2023

NOTICE OF MEETING

This meeting will be held in the Supper Room, Waihinga Centre, 62 Texas Street, Martinborough and via audio-visual conference, commencing at 12.30pm. The meeting will be held in public and will be live-streamed and will be available to view on our [YouTube channel](#).

All meeting agendas and minutes can be found on the SWDC website: <https://swdc.govt.nz/meetings/>

Open Section

A1. Mihi / Karakia Timatanga - Opening

A2. Apologies

A3. Conflicts of interest

A4. Public participation

As per standing order 14.17 no debate or decisions will be made at the meeting on issues raised during the forum unless related to items already on the agenda.

A5. Actions from public participation

A6. Extraordinary business

A7. Confirmation of Minutes

Pages 1-3

Proposed Resolution: *That the minutes of the Assurance and Risk Committee meeting held on 9 August 2023 are a true and correct record.*

A8. Matters arising from previous minutes.

B Information Reports from Chief Executive and Staff

B1. Finance Report

Pages 4-72

B2. Democracy and Engagement Update

Pages 73-97

B3. Action Items

Pages 98-100

C. Public Excluded

C1. Public Excluded Minutes

(Distributed separately)

Proposed Resolution: *That the public excluded minutes of the Assurance and Risk Committee meeting held on 9 August 2023 are a true and correct record.*

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

Report/General Subject Matter	Reason for passing this resolution in relation to the matter	Ground(s) under Section 48(1) for the passing of this Resolution
Public Excluded Minutes from the Assurance and Risk Committee meeting held on 9 August 2023 (Discussion relating to Councillor Gray's statement).	Good reason to withhold exists under Section 7(2)(f)(i) and 7(2)(f)(ii)	Section 48(1)(a)

This resolution is made in reliance on Section 48(1) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public are as follows:

Reason for passing this resolution in relation to the matter	Ground(s) under Section 48(1) for the passing of this Resolution
The withholding of the information is necessary to maintain the effective conduct of public affairs through the free and frank expression of opinions by or between or to members or officers or employees of any local authority in the course of their duty.	7(2)(f)(i)
The withholding of the information is necessary maintain the effective conduct of public affairs through the protection of such members, officers, employees, and persons from improper pressure or harassment.	s7(2)(f)(ii)

D. Karakia Whakamutunga - Closing



Assurance and Risk Committee Minutes from 9 August 2023

Present:	Bruce Robertson (Independent Chair), Mayor Martin Connelly (via Zoom), Deputy Mayor Melissa Sadler-Futter, Councillor Alistair Plimmer, and Karen Mikaera (via Zoom) (Māori Standing Committee).
Apologies:	Councillors Kaye McAulay and Aidan Ellims.
In Attendance:	Councillors Colin Olds and Rebecca Gray.
Also in attendance:	Paul Gardner (Interim Chief Executive), Amanda Bradley (General Manager Policy and Governance), Russell O’Leary (Group Manager Planning and Environment), Karon Ashforth (General Manager Finance) and Amy Andersen (Committee Advisor).
Conduct of Business:	This meeting was held in the Supper Room, Waihinga Centre, 62 Texas Street, Martinborough and via audio-visual conference. This meeting was live-streamed is available to view on our YouTube channel. The meeting was held in public under the above provisions from 2:52pm to 4:58pm except where expressly noted.

A Open Section

A1. Karakia Timatanga - Opening

Mr Gardner opened the meeting.

A2. Apologies

ASSURANCE AND RISK COMMITTEE RESOLVED (A&R2023/07) to accept apologies from Cr McAulay and Cr Ellims.

(Moved Robertson/Seconded Cr Plimmer)

Carried

A3. Conflicts of Interest

There were no conflicts of interest.

A4. Public Participation

There was no public participation.

A5. Actions from public participation

There was no public participation.

A6. Extraordinary Business

There was no extraordinary business.

A7. Confirmation of minutes

ASSURANCE AND RISK COMMITTEE RESOLVED (A&R2023/08) to:

1. Accept the minutes of the Assurance and Risk Committee meeting held on 3 May 2023 as a true and correct record; and
2. Accept the public excluded minutes of the Assurance and Risk Committee meeting held on 3 May 2023 as a true and correct record; and

[Items 1-2 read together]

(Moved Robertson/Seconded Deputy Mayor Sadler-Futter) Carried

A8. Matters from previous minutes

There were no matters arising from previous minutes.

B Information Reports from Chief Executive and Staff

B1. Finance Report

Ms Ashforth spoke to matters in the report and responded to queries from members including: Wellington Water authorised overspend; rates arrears; insurance increase on premiums and costs (vehicle fleet), future decisions on insurance coverage; risk appetite; leave management plans for staff; “go live” date for water entities and why is it being done in mid financial year; recruitment of staff to support transition to Entity G and capacity of other councils to support this transition; Audit NZ timeframes to review the year-end draft report; LGOIMAs – defining and managing vexatious requests; and Council’s financial strategy.

Action 313: To further explain roading costs included in the Finance Report (9 August 2023) and whether all claims to Waka Kotahi have been requested/actioned. *S Corbett/T Langley*

Noted that discussions regarding insurance will be referred to the Long-Term Plan process, including land valuations.

Noted that the Committee’s workplan will include the review of the Council’s insurance strategy in 2024.

ASSURANCE AND RISK COMMITTEE RESOLVED (AR2023/09) to receive the Finance Report.

(Moved Robertson/Seconded Cr Plimmer) Carried

B2. Policy and Governance Update

Ms Bradley spoke to matters in the report.

Members queried LTP – project plan; register has been drafted for review with ELT; any highlighted risks (QV / audit timeframes); risk register definitions and rework; and reducing list of risks.

During discussion regarding the social licence risk theme, Cr Gray read a statement.

C Public Excluded Business

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

Report/General Subject Matter	Reason for passing this resolution in relation to the matter	Ground(s) under Section 48(1) for the passing of this Resolution
Discussion relating to Councillor Gray’s statement raised during item B2 of the Assurance and Risk Committee meeting 9 August 2023.	Good reason to withhold exists under Section 7(2)(f)(i) and 7(2)(f)(ii)	Section 48(1)(a)

This resolution (AR2023/10) is made in reliance on Section 48(1) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public are as follows:

Reason for passing this resolution in relation to the matter	Ground(s) under Section 48(1) for the passing of this Resolution
The withholding of the information is necessary to maintain the effective conduct of public affairs through the free and frank expression of opinions by or between or to members or officers or employees of any local authority in the course of their duty.	7(2)(f)(i)
The withholding of the information is necessary maintain the effective conduct of public affairs through the protection of such members, officers, employees, and persons from improper pressure or harassment.	s7(2)(f)(ii)

(Moved Robertson/Seconded Cr Plimmer)

Carried

D Karakia Whakamutunga – Closing

Cr Gray closed the meeting.

The meeting closed at 4:58pm.

Confirmed as a true and correct record

.....(Mayor)

.....(Date)



25 October 2023

**Finance Committee Agenda
Item: B1**

**Assurance and Risk Committee
Agenda Item: B1**

Finance Report

1. Purpose

To inform Council of the draft (unaudited) financial results for yearend 30 June 2023 and other relevant financial updates on audit, Annual Report, and Water Services Reform Programme.

This report is presented to both the Finance Committee and the Assurance and Risk Committee due to related subjects for both committees.

2. Recommendations

Officers recommend that the Finance Committee and Assurance and Risk Committee:

1. Receive the draft financial results for yearend 30 June 2023.
2. Inform and receive an update on insurance premiums summary and final charges for 2023-24.
3. Receive an update on the final audit and the 2022/23 Annual Report.
4. Inform and receive update on Water Services Reform Programme for the Finance and Commercial workstream.
5. Inform and receive a draft of the revised Financial Delegated Policy.

3. Items for Consideration

3.1 Draft Finance Results as at 30 June 2023

Refer Draft Annual Report 2022/23, Finance Section.

3.2 Insurance Premiums 2023/24

As previously reported at the last Finance Committee meeting (9th August), the insurance premiums for both above and below ground assets have been confirmed.

The insurance premiums from Marsh (above ground assets) for the period 1 July 2023 to 30 June 2024 have been issued, with an average increase of 56%.

The insurance premiums from the Local Authority Protection Programme (LAPP), (below ground assets) for the period 1 November 2023 to 31 October have now been issued with an average increase of 1%.

Insurers are now covering less, increasing premiums and increasing excess allowances. This combined with an increase in asset values and inflationary challenges has led to this increase.

The table below confirms the budget for 2023-24 compared to actual premiums is currently \$5.7k (1%) over budget, therefore budgeting for 2023/24 is on track.

<i>All figures excl GST</i>		Insurance Premiums				
List of Policies		2022/23	2023/24	Variance	% var	
General Liability	1 Jul-30 Jun	\$ 358	\$ 395	\$ 37	10%	
Employers Liability	1 Jul-30 Jun	\$ 540	\$ 567	\$ 27	5%	
Personel Accident	1 Jul-30 Jun	\$ 948	\$ 1,024	\$ 76	8%	
Environmental Liability	1 Jul-30 Jun	\$ 1,579	\$ 1,500	-\$ 79	-5%	
Commercial	1 Jul-30 Jun	\$ 3,395	\$ 4,069	\$ 674	20%	
Statutory Liability	1 Jul-30 Jun	\$ 5,130	\$ 5,643	\$ 513	10%	
Motor Vehicles	1 Jul-30 Jun	\$ 5,613	\$ 9,128	\$ 3,515	63%	
Crime	1 Jul-30 Jun	\$ 8,181	\$ 9,408	\$ 1,227	15%	
Consulting Fee	1 Jul-30 Jun	\$ 9,240	\$ 9,935	\$ 695	8%	
Machinery Breakdown	1 Jul-30 Jun	\$ 14,419	\$ 11,962	-\$ 2,457	-17%	
Combined Liability	1 Jul-30 Jun	\$ 74,604	\$ 93,256	\$ 18,652	25%	
Material Damage	1 Jul-30 Jun	\$ 224,820	\$ 397,010	\$ 172,191	77%	
		\$ 348,828	\$ 543,897	\$ 195,070	56%	
Local Authority Proection Programme	1 Nov-31 Oct	\$ 137,365	\$ 151,196	\$ 13,830	15%	
Totals		\$ 486,193	\$ 695,093			
Budget 2023-24			\$ 689,340	-5,753	-1%	

3.3 Annual Audit 2022/23

The final audit commenced for three weeks from 25th September to 13th October 2023. The draft annual report for 2022/23 was presented to AuditNZ for review 10th October 2023.

Due to resource constraints (and major projects i.e., full rating review) fair value assessments and delays in impairments the adoption of the Annual Report, which was due 31 October, has now been re-scheduled to 22 November 2023.

The draft financial statements will be subject to amendments when the results of the final audit are confirmed. AuditNZ have confirmed that the fair value assessment of SWDC infrastructure assets is to be included in financial statements. The 30 June 2023 fair value of SWDC infrastructure assets assessed is \$489.61m. This is an increase of \$31.7m (6.92%) of three waters and roading assets since the 30 June 2022 fair value

review, and a \$71.5m (17.1%) increase since the 2021 full valuation of these asset groups. Infrastructure assets make up 83.24% of total Council assets.

3.4 Water Services Reform Programme-Finance & Commercial workstream

Implementation of the April 2023 water reform reset.

In early April 2023 the Government decided on changes to the water service reform programme. These changes included increasing the number of new water entities from four to ten. Council would belong to Water Services Entities (WSEs) 'G' along with the other Wellington Regional Councils.

Based on the progression of the related legislation, and the draft transition date released in August for Entity G, it is expected Council will not be responsible for the delivery and infrastructure of three water services from 1 October 2024. There is however uncertainty give the date is draft, and the general election on the 14th October could impact the programme.

High level guidance has been issued that outlines which assets would transfer to the new entity, however there is not enough clarity to be able to quantify the financial impacts on asset values, revenue and associated debt with certainty, though significant work on this is ongoing.

3.4.1. Issues and Risks

The WWL shareholder Councils along with WWL continue to work collaboratively on identifying issues and managing the risks that SWDC face in common through the reform transitional period.

The Wairarapa councils are also being represented collectively as part of a reference group working alongside a newly formed Regional Establishment Group within the DIA that has accountability to programme and plan the stand-up of Entity G.

Key risks/issues that Council currently faces are summarised as follows.

- Clarity on Long Term Plan content, as it relates to water.
- A potential requirement that SWDC establish/maintain billing processes and systems on behalf of the WSE in time for the 'go live' date.
- A lack of clarity of those residual functions and accountabilities that may remain with Council once the entity is operational, and the requirements for funding and delivering these.
- A lack of funding and resources for Council to continue to fully participate in the transition process for the 2023-2025 financial year.
- Transition activities put added pressure on WWL resources, impacting the quality and timeliness of water services being delivered on Council's behalf.

3.4.2. Mitigations

- Working collectively with WWL and other shareholder councils and engaging with the NTU wherever possible, ensures that we are well informed and more able to share resources, thinking and plans to manage the transition, along with identified issues and risks, more effectively.
- Working collaboratively with the newly formed Regional Establishment Group to ensure that there is accountability to work with Entity G councils to understand and mitigate council risks as far as is possible.

A risk register has been developed by WWLASC and the WWL Transition Group Programme Director.

3.4.3. Finance workstream – Debt Validation 30 June 2022

As at 30 June 2022, the estimated value of SWDC three waters assets that would transfer over to the WSE was \$88.7m and the value of three waters related debt has been calculated at \$21.4m.

The debt settlement validation as at 30 June 2022 has been issued in September 2023 (copy attached), however these figures are not final amounts that will be paid to councils.

3.4.4. Financial and Resourcing – transition funding

SWDC was allocated \$350,000 to meet costs transitional costs in the previous financial year 2022/23.

DIA has advised that initially for 2023-24, six months of additional transition funding will be made available to councils at \$450,000 p.a.

3.5 Financial Delegations Policy – draft review of the policy as at September 2023

A recent review of the Financial Delegations Policy was undertaken, and a draft of the new proposed policy is included in Appendix 3.

4. Appendices

Appendix 1 –Draft financial statements as at 30 June 2023, included in the draft annual report.

Appendix 2 – WSE Letter – payment for water services infrastructure debt as at 30 June 2022

Appendix 3 – Proposed draft Financial Delegation Policy.

Contact Officer: Karon Ashforth, General Manager Finance

**Appendix 1 –Draft financial statements
as at 30 June 2023, included in the
draft annual report**

Financial Statements

NGA PORONGO POTEA

Financial Statements

Ngā Pūrongo Pūtea

Statement of Comprehensive Revenue and Expense for the Year Ended 30 June 2023

The accompanying notes and accounting policies form part of these financial statements. Explanations of major variances against budget are provided in Note 28.

Actual 2021/2022 \$000		Note	Actual 2022/2023 \$000	Budget 2022/2023 \$000
Operating Revenue				
19,980	Rates	2	21,507	21,388
4,109	Grants, subsidies, and donations	4	1,118	55
3,288	Waka Kotahi subsidy		5,770	3,089
2,505	Fees, licences, charges		2,483	2,802
2,769	Development, and financial contributions		2,618	1,378
759	Rental income		757	790
287	Miscellaneous revenue	5	348	254
238	Finance revenue	3	422	252
33,936	Total operating revenue		35,022	30,009
Operating Costs				
8,810	Community facilities & services		8,715	7,530
5,913	Land transport		9,161	6,152
4,679	Water supply		4,460	4,342
3,153	Wastewater		3,709	2,952
3,077	Planning & regulatory services		3,302	3,185
1,753	Governance		2,129	2,221
822	Stormwater drainage		662	615
13	Bad debts		11	28
-	Loss on share revaluation		-	-
-	Impairment of assets		-	-
2	Loss on disposal of assets		-	-
28,223	Total operating costs		32,148	27,026
5,713	Total Operating Surplus/(Deficit)		2,874	2,983
2,435	Assets vesting in Council	4	1,719	-
1,542	Other gains and losses	6	(1,592)	413
9,690	Total Surplus/(Deficit)		3,001	3,395
Comprehensive Revenue and Expense				
48,083	Increase/(decrease) in revaluation reserves	6	(0)	-
57,773	Total other comprehensive revenue and expense		3,001	3,395
Note: Operating costs include the following expenses:				
4,927	Depreciation & amortisation	8	5,601	5,412
707	Finance costs	3	854	722

Note: Exchange revenue is Rentals, Finance revenue and Profit on sale, the other operating revenue is non-exchange.

Statement of Changes in Net Assets/Equity for the Year Ended 30 June 2023

The accompanying notes and accounting policies form part of these financial statements.

Actual 2021/2022 \$000		Note	Actual 2022/2023 \$000	Budget 2022/2023 \$000
507,273	Equity at 1 July		565,047	508,771
57,773	Total comprehensive revenue and expense		3,001	3,395
565,047	Balance at 30 June		568,048	512,166

Statement of Financial Position as at 30 June 2023

Actual 2021/2022 \$000		Note	Actual 2022/2023 \$000	Budget 2022/2023 \$000
ASSETS				
Current assets				
4,128	Cash and cash equivalents	9	6,722	(366)
8,656	Investments	11	6,169	12,616
2,614	Debtors and other receivables	10	3,746	3,332
42	Inventories		46	46
66	Non-current assets held for sale	12	-	-
15,505	Total current assets		16,681	15,627
Non-current assets				
524	Investments	11	637	474
Other financial assets:				
131	Investments in CCOs and other similar entities	11	131	131
227	Investments in other entities	11	126	120
359	Total other financial assets		258	252
15,757	Investment properties	13	14,224	15,152
84	Intangible assets	14	109	137
564,268	Property, plant, and equipment	15	572,309	522,405
580,992	Total non-current assets		587,537	538,418
596,497	TOTAL ASSETS		604,218	554,046
LIABILITIES AND EQUITY				
Current liabilities				
4,183	Creditors and other payables	16	6,312	4,795
519	Employee entitlements	17	625	468
34	Provisions - current portion	18	33	34
3,300	Borrowings - current portion	19	2,000	-
8,035	Total current liabilities		8,970	5,297
Non-current liabilities				
315	Provisions - non-current portion	18	300	381
23,100	Borrowings - non-current portion	19	26,900	32,742
23,415	Total non-current liabilities		27,200	33,124
Equity				
167,906	Public equity	20	169,425	161,432
28,268	Restricted reserves and trust funds	20	29,750	32,559
368,873	Asset revaluation reserve	20	368,873	321,633
0	Other reserves	20	0	0
565,047	Total equity		568,048	515,625
596,497	TOTAL LIABILITIES AND EQUITY		604,218	554,046

Statement of Cash Flows for the Year Ended 30 June 2023

Actual 2021/2022 \$000	Note	Actual 2022/2023 \$000	Budget 2022/2023 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was received from:			
19,939	Receipts from rates revenue	21,146	21,342
6,757	Government grants & subsidies	7,240	3,144
72	Petrol tax	61	91
6,229	Other revenue	5,943	5,207
5,218	Regional Council rates	5,306	4,969
103	Interest on investments	296	252
38,318		39,992	35,005
Cash was applied to:			
21,629	Payments to suppliers & employees	25,249	21,851
5,218	Regional Council rates	5,306	4,969
722	Interest paid	707	722
27,568		31,262	27,541
10,749	Net cash flow from operating activities	8,731	7,464
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was received from:			
1	Sale of property, plant, & equipment	96	-
20,103	Term investments, deposits, shares, & advances	12,835	543
20,103		12,931	543
Cash was applied to:			
10,875	Purchase of property, plant, & equipment	11,181	11,314
21,301	Term investments, deposits, shares, & advances	10,387	1,641
32,176		21,568	12,955
(12,073)	Net cash flow from investing activities	(8,637)	(12,412)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was received from:			
7,900	Drawdown of public debt	5,800	5,329
7,900		5,800	5,329
Cash was applied to:			
5,900	Repayment of public debt	3,300	-
5,900		3,300	-
2,000	Net cash flow from financing activities	2,500	5,329
676	Net increase/(decrease) in cash held	2,594	381
3,452	Add cash at start of year (1 July)	4,128	2,781
4,128	Balance at end of year (30 June)	6,722	3,161
REPRESENTED BY:			
2,128	Cash and cash equivalents	1,722	(536)
2,000	Short-term investments	5,000	3,865
4,128		6,722	3,329

**South Wairarapa District Council: Funding Impact Statement
for the year ending 30 June 2023 (Whole of Council)**

	30 June 2022 Long Term Plan \$000	30 June 2022 Annual Report \$000	30 June 2023 Annual Plan \$000	30 June 2023 Actual \$000
Sources of operating funding				
General rates, Uniform Annual General charges, rates penalties	13,473	10,883	13,483	10,944
Targeted rates	6,548	9,097	7,831	10,563
Subsidies and grants for operating purposes	1,463	5,818	1,540	4,673
Fees and charges	2,039	2,592	2,641	2,483
Interest and dividends from investments	109	238	252	422
Internal charges and overheads recovered				
Local authorities fuel tax, fines, infringement fees, and other receipts	1,150	960	1,280	1,352
Total operating funding (A)	24,782	29,588	27,027	30,437
Applications of operating funding				
Payments to staff and suppliers	18,718	22,544	21,332	25,683
Finance costs	614	707	722	854
Internal charges and overheads				
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	19,332	23,251	22,054	26,536
Surplus /(deficit) of operating funding (A - B)	5,450	6,336	4,973	3,901
Sources of capital funding				
Subsidies and grants for capital expenditure	2,307	1,579	1,604	1,831
Development and financial contributions	900	1,981	951	2,005
Increase/(decrease) in debt	7,503	2,000	5,329	2,500
Gross proceeds from sale of assets	-	1	-	96
Lump sum contributions	397	788	427	749
Other dedicated funding	-	-	-	-
Total capital funding (C)	11,107	6,348	8,311	7,181
Applications of capital funding				
- to meet additional demand	1,175	2,489	2,607	1,700
- to improve the level of service	6,494	717	5,120	3,970
- to replace existing assets	4,645	7,638	3,588	6,362
Increase/(decrease) in reserves	4,243	1,841	1,970	(951)
Total applications of capital funding (D)	16,557	12,685	13,284	11,081
Surplus/(deficit) of capital (C - D)	(5,450)	(6,336)	(4,973)	(3,901)
Funding balance (A - B) + (C - D)	-	-	-	-

Notes to the Financial Statements

He Kōrero mō ngā Pūrongo Pūtea

Note 1: Statement of Accounting Policies for the Year Ended 30 June 2023

Reporting Entity

South Wairarapa District Council (SWDC) is a territorial local body governed by the Local Government Act 2002 (LGA 2002 and Local Government Rating Act 2002) and is domiciled in New Zealand.

The SWDC is a separate legal entity and does not have any subsidiaries.

The SWDC has designated itself as a public benefit entity for financial reporting purposes.

On 26 September 2019, South Wairarapa District Council (SWDC) became a shareholder of Wellington Water Limited (WWL).

WWL issued 150 Class A Shares and 25 Class B Shares to SWDC for a total consideration of \$50,000.00, being a 12.50% shareholding. As this is a minority shareholding, the financial results of WWL are not consolidated into the accounts. Instead, the shareholding is held as an investment (included in Note 11). SWDC works with WWL to carry out the maintenance and development of the Three Waters infrastructure on its behalf.

The financial statements of the SWDC are for the year ended 30 June 2023. The financial statements were authorised for issue by Council on dd mmm yy

Basis of Preparation

The financial reports have been prepared on a going concern basis and accounting policies have been applied consistently throughout the period.

Statement of Compliance

The financial statements of the SWDC have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP) in New Zealand.

These financial statements have been prepared in accordance with Public Benefit Standards with reduced disclosure requirements (Tier 2). The SWDC qualifies for Tier 2 reporting tier as the SWDC has less than \$30 million of expenditure.

These financial statements comply with PBE RDR Accounting Standards.

Measurement Base

The financial statements have been prepared on a historical cost basis, except where modified by the revaluation of land and buildings, certain infrastructure assets, investment property, playground assets, library books and certain financial instruments.

Functional and Presentation Currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000) and this could result in rounding differences. The functional currency of the SWDC is New Zealand dollars.

Changes in Accounting Policies

There have been no changes in accounting policies during the year.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Significant Accounting Policies

Revenue

Revenue is measured at the fair value of consideration received or receivable.

Rates Revenue

The following policies for rates have been applied:

General rates, targeted rates (excluding water-by-meter), and uniform annual general charges are set annually by a resolution from Council and relate to a financial year. All ratepayers are invoiced within the financial year to which the rates have been set. General rates, targeted rates (excluding water-by-meter), and uniform annual general charges are recognised when invoices are created.

Rates are a tax, as they are payable under the Local Government Ratings Act 2002, and therefore meet the definition of non-exchange transactions.

Rates arising from late payment penalties are recognised as revenue when rates become overdue.

Revenue from water-by-meter rates is recognised

on an accrual basis. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.

Rates remissions are recognised as a reduction of rates revenue when the Council has received an application that satisfies its rates remission policy.

Rates collected on behalf of the Greater Wellington Regional Council (GWRC) are not recognised in the financial statements, apart from the Statement of Cash flows, as SWDC is acting as an agent for the GWRC.

Other Revenue

SWDC receives government grants from the New Zealand Transport Agency Waka Kotahi, which subsidises part of SWDC'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 are received 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 grants are satisfied. Revenue from the rendering of services 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.

Revenue from the rendering of services 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 are recognised when a product is sold to the customer. Sales are in cash. The recorded revenue is the gross amount of the sale.

Where revenue is derived by acting as an agent for another party, the revenue that is recognised is the commission or fee on the transaction.

Interest revenue is recognised using the effective interest method.

Development Contributions

Development contributions and financial contributions are recognised as revenue when the council provides, or is able to provide, the service for which the contribution was charged. Otherwise,

development contributions and financial contributions are recognised as liabilities until such time as the SWDC provides, or is able to provide, the service.

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 SWDC 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 SWDC's decision.

Leases

Finance Leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, the SWDC 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 statement of financial performance 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 SWDC 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.

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.

A provision for impairment of receivables is established when there is objective evidence that the SWDC 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.

Financial Assets

SWDC classifies its financial assets into the following categories: held-to-maturity investments and loans and receivables.

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.

Purchases and sales of investments are recognised on trade-date, the date on which the SWDC 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 SWDC has transferred substantially all the risks and rewards of ownership.

The categories of financial assets are:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets. SWDC's loans and receivables comprise term deposits.

Held to maturity investments

Held to maturity investments are assets with fixed or determinable payments and fixed maturities that SWDC has the positive intention and ability to hold to maturity. They are included in current assets, except for maturities greater than 12

months after the balance date, which are included in non-current assets.

Fair value through other comprehensive revenue and expense

Financial assets at fair value through other comprehensive revenue and expense are those that are designated into the category at initial recognition or are not classified in any of the other categories above. They are included in non-current assets unless management intends to dispose of, or realise, the investment within 12 months of balance date. The Council includes in this category:

- Investments that it intends to hold long-term but which may be realised before maturity; and
- Shareholdings that it holds for strategic purposes.

These investments are measured at their fair value, with gains and losses recognised in other comprehensive revenue and expense, except for impairment losses, which are recognised in the surplus or deficit.

On de-recognition, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

Fair Value

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. SWDC uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as discounted expected cash flows, are used to determine fair value for the remaining financial instruments.

Impairment of Financial Assets

Financial assets are assessed for objective evidence of impairment at each balance date. Impairment losses are recognised in the surplus or deficit.

Loans and other receivables, and held to maturity investments

Impairment is established when there is objective evidence that the SWDC will not be able to collect amounts due according to the original terms of the debt. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit.

When the receivable is uncollectible, it is written-off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due). Impairment in term deposits, local authority stock, government stock, and community loans, are recognised directly against the instruments carrying amount.

Financial assets at fair value through other comprehensive revenue and expense

For equity investments, a significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment.

For debt investments, significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered objective indicators that the asset is impaired.

If impairment evidence exists for the investments at fair value through other comprehensive revenue and expense, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the surplus or deficit) recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

Equity instrument impairment losses recognised in the surplus or deficit are not reversed through the surplus or deficit.

If in a subsequent period the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed 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 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 Non-current Assets held for sale are recognised in the statement of Comprehensive Revenue and Expense.

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have previously been recognised.

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 consist of:

Operational Assets

These include land, buildings, landfill post closure, library books, plant and equipment, and motor vehicles.

Restricted Assets

Restricted assets are parks and reserves owned by the SWDC which provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

Infrastructure Assets

Infrastructure assets are the fixed utility systems owned by the SWDC. Each asset class includes all items that are required for the network to function, for example, sewer reticulation includes reticulation piping and sewer pump stations.

Heritage Assets

Heritage assets are assets owned by the SWDC which are of cultural or historical significance to the community and cannot be replaced due to the nature of the assets. Buildings recorded under the Historic Places Act 1993 have been recorded as heritage assets.

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 SWDC and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant and equipment is recognised at cost. Where an asset is acquired at no cost, or for 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 statement of Comprehensive revenue and expense. 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 SWDC and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant, and equipment are recognised in the surplus or deficit as they are incurred.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land (which also includes the landfill and water races), at rates which will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The estimated useful economic lives of major classes of assets have been estimated as below:

Table 6: Depreciation

Asset	Estimated Life	Percentage
Buildings and Improvements	20 to 100 years	1% to 5%
Heritage assets	70 to 120 years	0.80% to 1.4%
Furniture and equipment	5 to 22 years	4.5% to 20%
Motor vehicles	5 years	20%
Library collections	7 years	14.3%
Roading*	1 to 100 years	1% to 100%
Bridges*	30 to 100 years	1% to 3.3%
Water infrastructure*	15 to 103 years	0.97% to 3.3%
Sewer infrastructure*	14 to 123 years	0.81% to 10%
Stormwater infrastructure*	30 to 100 years	1% to 3.3%
Parks and reserves	25 to 32 years	3.1% to 4%
Playground equipment*	5 to 20 Years	5% to 20%

In relation to infrastructural assets marked * (above), depreciation has been calculated at a componentry level based on the estimated remaining useful lives as assessed by Council's engineers and independent registered valuers.

Land under roads and formation are not depreciated. A summary of these lives is detailed above.

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year-end.

Revaluation

Land, buildings (operational and restricted), heritage assets, library books, and infrastructural assets (except land under roads) are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years. All other assets are carried at depreciated historical cost.

SWDC assesses the carrying values of its revalued assets annually 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.

SWDC 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. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the statement of Comprehensive revenue and expense. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the statement of financial performance will be recognised first in the statement of financial performance up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

Those asset classes that are revalued are valued on a three-yearly 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.

Land and Buildings

An independent valuation is carried out to ascertain fair value as determined from market-based evidence. The most recent valuation was performed by Jaime Benoit (B.App Sci (VFM, AG), MPINZ) of QV Asset & Advisory, and the valuation is effective as at 30 June 2022.

Heritage assets are also included in this category. Additions are recorded at cost.

Infrastructure Assets

Infrastructure asset classes are roads, bridges and footpaths, water systems, wastewater (sewerage) systems, stormwater systems.

At fair value determined on a depreciated replacement cost basis by an independent valuer. At balance date the SWDC assesses the carrying values of

its infrastructure assets to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued. The most recent valuation was performed by John Vessey (BE (Civil), BA (Economics), FIPENZ (Civil), CPEng, and IntPE) of WSP on 30 June 2021. A further fair value assessment was performed by WSP to revalue our infrastructure assets on 30 June 2022. Additions are recorded at cost.

Playground Equipment

At fair value determined on a depreciated replacement costs basis by an independent valuer. At balance date the SWDC assesses the carrying values of its playground equipment to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued. The most recent valuation was performed by John Vessey (BE (Civil), BA (Economics), FIPENZ (Civil), CPEng, and IntPE) of WSP on 30 June 2021. Additions are recorded at cost.

Vested Assets

At the actual cost or the current cost of providing identical services.

Library Collections

At depreciated replacement cost in accordance with the guidelines released by the New Zealand Library Association and the National Library of New Zealand in May 2002. Library valuations are performed by Brian Sherman (CMEngNZ, CPEng) of IAMC Consulting, and the valuation is effective as at 30 June 2020. Library collections are no longer revalued.

Assets Held for Sale

Assets held for sale are valued annually at the lower of carrying value and fair value less costs to sell and the valuation is effective as at 30 June 2022. Assets held for sale are valued at the agreed sale price.

Intangible Assets

Software Acquisition and Development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software are recognised as an expense when incurred. Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include the software development

employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised as an expense when incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when an asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the statement of Comprehensive Revenue and Expense.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

TANGIBLE ASSET	ASSET LIFE	AMORTISATION RATE
Computer Software	5 years	20%

Investment Properties

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation.

Investment property is measured initially at cost, including transaction costs.

After initial recognition, the SWDC measures all investment property at fair value as determined annually by an independent valuer.

Investment properties are valued annually at fair value as determined from market-based evidence by an independent valuer. The most recent valuation was performed by Jaime Benoit (B.App Sci (VFM, AG), MPINZ) of QV Asset & Advisory, and the valuation is effective as at 30 June 2023.

Gains and losses arising from a change in the fair value of investment property are recognised in the surplus or deficit.

Impairment of Property, Plant, Equipment and Intangible Assets

Assets that have an indefinite useful life or not yet available for use, are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for impairment wherever events or

changes in circumstances indicate that the carrying amount may not be recovered. When there is an indicator of impairment, the asset recoverable amount is estimated. An impairment loss is recognised for 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 the depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the assets ability to generate net cash flows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential.

The value in use for cash-generating assets is the present value of expected future cash flows.

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

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 statement of Comprehensive revenue and expense.

For assets not carried at a revalued amount, the total impairment loss is recognised in the statement of Comprehensive revenue and expense.

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 statement of financial performance, a reversal of the impairment loss is also recognised in the statement of Comprehensive revenue and expense.

For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the statement of Comprehensive revenue and expense.

Creditors and Other Payables

Creditors and other payables are recorded at their face value.

Employee Entitlements

Short-term Employee Entitlements

Employee benefits that the SWDC expects to be settled within twelve 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, long service leave entitlements expected to be settled within twelve months, and sick leave.

The SWDC 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 SWDC anticipates it will be used by staff to cover those future absences.

The SWDC recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

Presentation of Employee Entitlements

Sick leave, annual leave, vested long service leave, and non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date, are classified as a current liability. All other employee entitlements are classified as a non-current liability.

Long-term Employee Entitlements

Superannuation Schemes

Obligations for contributions to Kiwi Saver are accounted for as defined contribution superannuation schemes and are recognised as an expense in the statement of financial performance as incurred.

Provisions

The SWDC 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 a finance cost expense.

Borrowings

Borrowings are initially recognised at their fair value net of transaction costs incurred. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless SWDC has an unconditional right to defer settlement of the liability for at least 12 months after the balance date or if the borrowings are expected to be settled after 12 months of balance date.

Equity

Equity is the community's interest in the SWDC 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:

- Public equity – accumulated funds
- Special reserves and trust funds
- Asset revaluation reserves

Restricted and Council Created Reserves

Restricted reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by the SWDC.

Restricted reserves are those subject to specific conditions accepted as binding by the SWDC and which may not be revised by the SWDC 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 restricted reserves are reserves restricted by Council decision. The Council may alter them without references to any third party or the

Courts. Transfers to and from these reserves are at the discretion of the Council.

The asset revaluation reserve relates to the revaluation of property, plant and equipment to fair value.

Fair value through other comprehensive revenue and expense reserves comprises the net cumulative change in the fair value through other comprehensive revenue and expense instruments.

Goods and Services Tax (GST)

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (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, are classified as an operating cash flow in the statement of cash flows. Commitments and contingencies are disclosed exclusive of GST.

Budget Figures

The budget figures are those approved by SWDC in its 2022/23 Annual Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the SWDC for the preparation of the financial statements. Please refer to Note 28 for an explanation of significant variances to budget.

Cost Allocation

The SWDC has derived the cost of service for each significant activity of the SWDC using the cost allocation system outlined below.

- Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs, which cannot be identified in an economically feasible manner, with a significant activity.
- Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers and floor area.

Critical Accounting Estimates and Assumptions

In preparing these financial statements, the SWDC has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgments 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 estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Landfill Aftercare Provision

Note 18 discloses an analysis of the exposure of the SWDC in relation to the estimates and uncertainties surrounding the landfill aftercare provision.

Infrastructural Assets

There are a number of assumptions and estimates used when performing the Depreciated Replacement Cost (DRC) valuations over infrastructural assets.

These include:

- The physical deterioration and condition of an asset, for example the SWDC could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets, which are not visible, for example stormwater, wastewater and water supply pipes that are underground. This risk is minimized by the SWDC performing a combination of physical inspections and condition modelling assessments of underground assets.
- Estimating any obsolescence or surplus capacity of an asset.
- Estimates are made when determining the remaining useful lives over which the assets will be depreciated. These estimates can be impacted 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 SWDC could be over- and under-estimating the annual depreciation charge recognised as an expense in the statement of Comprehensive revenue and expense.
- To minimise this risk, SWDC's infrastructural assets' useful 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 condition modelling are also carried out regularly as part of the SWDC asset management planning activities, which gives the SWDC further assurance over its useful life estimates.

- Experienced independent valuers perform the Council's infrastructural asset revaluations.

Critical Judgments in Applying the SWDC's Accounting Policies

Management has exercised the following critical judgments in applying the SWDC's accounting policies for the year ended 30 June 2023.

Classification of Property

SWDC 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 SWDC's social housing policy. These properties are accounted for as property, plant and equipment.

Statement of Cash Flows

Cash means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which the SWDC invests as part of its day-to-day cash management. GST is disclosed net as disclosing gross amounts does not provide any further meaningful information.

Operating activities include cash received from all revenue sources and cash payments made for the supply of goods and services. Agency transactions (the collection of Regional Council rates) are recognised as receipts and payments in the statement of cash flows because they flow through the SWDC's main bank account.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise the change in equity and debt structure of the SWDC.

Standards Issued but not yet effective and not early adopted

Standards and amendments, issued but not yet effective that have been early adopted, and which are relevant to the Council are:

Check if any

Note 2: Rates Revenue

	30 June 2023 \$000	30 June 2022 \$000
General Rates	10,807	10,765
Targeted Rates Attributable to Activities		
Water	3,646	3,098
Wastewater	3,094	2,524
Amenities	2,668	2,462
Refuse	859	722
Water races	174	159
Total Targeted Rates	10,440	8,964
Total Rates, Excluding Targeted Rates for Water by Meter	21,247	19,730
Targeted Rates for Water By Meter	123	133
Rates penalties	136	117
Total Revenue from Rates and Penalties	21,507	19,980

Rates Remission

Revenue is shown net of rates remissions and non-rateable land. Under the Council's rate remission policies, the Council allowed remissions of \$22,833 (2022 \$22,584) for the purposes listed below:

	30 June 2023 \$000	30 June 2022 \$000
Rates Revenue Before Remissions	21,507	19,980
Council policy remissions:		
Total Remissions	23	23
Total Revenue from Rates and Penalties	21,484	19,958

In accordance with the Local Government (Rating) Act 2002 certain properties cannot be rated for general rates. This includes schools, places of religious worship, public gardens and reserves. These non-rateable properties, where applicable, may be subject to targeted rates in respect of wastewater, water, refuse and sanitation. Non-rateable land does not constitute a remission under SWDC's rates remission policy.

Note 3: Finance Revenue and Costs

	30 June 2023	30 June 2022
	\$000	\$000
FINANCE REVENUE		
Interest revenue:		
Term deposits	422	238
Total finance revenue	422	238
FINANCE COSTS		
Interest expense:		
Interest on borrowings	854	707
Total finance costs	854	707

Note 4: Grants, Subsidies and Donations

	30 June 2023	30 June 2022
	\$000	\$000
Grants and Subsidies		
Libraries	80	361
Community buildings	2	2
Waihinga Centre Project	-	2
Community development	54	-
Mayor's Task Force for Jobs	229	313
Provincial Growth Fund	251	1,162
Water Reform Stimulus	-	2,215
Water Reform Transition Support	247	-
Wairarapa Moana	137	-
Miscellaneous	109	55
Donations		
Miscellaneous	9	-
Total grants, subsidies, and donations	1,118	4,109

There are no unfulfilled conditions and other contingencies attached to subsidies and grants recognised \$Nil (2022: \$Nil).

Assets Vesting in Council

Vested Infrastructure from property development \$1,716,435 (2021: \$2,429,451). Other vested assets \$2,704 for shared cost of fencing between Council and private property (2021: \$5,421 for furniture in public spaces).

Note 5: Miscellaneous Revenue

	30 June 2023	30 June 2022
	\$000	\$000
Commissions	82	81
Other recoveries	109	118
Petrol tax	61	87
Gain on sale of assets	96	1
Total miscellaneous revenue	348	287

Note 6: Other Gains and Losses

	30 June 2023	30 June 2022
	\$000	\$000
Gain/(loss) in fair value of investment property	(1,587)	1,435
Gain/(loss) in fair value of carbon credits	(101)	107
Gain/(loss) in asset disposal	96	1
Gain/(loss) in fair value of plant, property & equipment	(0)	48,083
Total gains/(losses)	(1,592)	49,626

Note 7: Personnel Costs

	30 June 2023	30 June 2022
	\$000	\$000
Salaries and wages	6,481	5,592
Defined contribution plan employer contributions	166	140
Increase/(decrease) in employee entitlements/liabilities	106	51
Total personnel costs	6,754	5,783

Employer contributions to defined contribution plans are contributions to KiwiSaver and are recorded net of any rebate provided by the Government.

Further detail on salaries and staff numbers is provided in Note 24.

Note 8: Other Expenses

	30 June 2023	30 June 2022
	\$000	\$000
EXPENDITURE		
Depreciation		
Roads	1,916	1,695
Water systems	989	951
Wastewater systems	660	561
Bridges	566	519
Furniture & equipment	347	300
Stormwater systems	315	291
Buildings	280	204
Heritage assets	208	151
Library collections	174	115
Parks & reserves	79	76
Motor vehicles	55	56
Total depreciation expense	5,589	4,919
Amortisation	11	8
Councillors' remuneration	369	339
Interest expense	854	707
Provision: discount unwinding	15	67
Rates remissions	23	23
Additional provision for doubtful debts	-	-
Superannuation contributions	166	140
Total other expenses	7,027	6,203

Note 9: Cash and Cash Equivalents

	30 June 2023	30 June 2022
	\$000	\$000
Cash at bank and in hand	1,722	2,128
Term deposits with maturities of less than three months at acquisition	5,000	2,000
Total cash and cash equivalents	6,722	4,128

Cash and cash equivalents include the above for the purposes of the cash flow statement.

Maturity Analysis and Effective Interest Rates

The maturity analysis for all other financial assets with the exception of equity investments are as follows:

	30 June 2023	30 June 2022
Short term deposits (\$000)	5,000	2,000
Weighted average effective interest rate (%)	2.69%	0.95%

Note 10: Debtors and Other Receivables

	30 June 2023	30 June 2022
	\$000	\$000
Rates receivables	683	538
Other receivables	2,299	1,735
Goods and services tax	640	419
Prepayments	219	39
	3,841	2,731
Less provision for impairment of receivables	(95)	(117)
Total debtors & other receivables	3,746	2,614

The impairment provision has been calculated based on expected losses for the SWDC's pool of debtors. Expected losses have been determined based on an analysis of the SWDC's losses in previous periods, and review of specific debtors.

	30 June 2023	30 June 2022
	\$000	\$000
Collective impairment	95	117
Total provision for impairment	95	117

Movements in the provision for the impairment of receivables and community loans are as follows:

	30 June 2023	30 June 2022
	\$000	\$000
Balance at 1 July	117	131
Additional provisions made during the year	-	-
Provisions reversed during the year	(22)	(14)
Receivables written off during the year	-	-
Balance at 30 June	95	117

Note 11: Investments

	30 June 2023	30 June 2022
	\$000	\$000
Current portion		
Term deposits	6,137	8,603
LGFA borrower notes	32	53
Total current portion	6,169	8,656
Non-current portion		
Held to maturity		
Term deposits	-	-
LGFA borrower notes	628	515
Other investments	9	9
Total non-current portion	637	524

There were no impairment provisions for other financial assets.

Maturity Analysis and Effective Interest Rates

The maturity analysis for all other financial assets with the exception of equity investments are as follows:

Weighted average effective interest rates (%)	30 June 2023	30 June 2022
Term deposits	5.01%	1.87%
LGFA borrower notes	3.04%	2.81%

Other Financial Assets

	30 June 2023 \$000	30 June 2022 \$000
Investment in CCOs and other similar entities		
Civic Financial Services Limited (53,930 shares)	81	81
Wellington Water (25 shares)	50	50
Total investment in CCOs and other similar entities	131	131
Investment in other entities		
Carbon Credits	125	226
Farmlands Trading Society Ltd (699 shares)	1	1
Total investment in other entities	126	227
Total other financial assets	258	359

Unlisted Shares – Valuation

The fair value of the unlisted shares of Farmlands Trading Limited and Wellington Water Limited have been revalued to market value based on advice supplied by the respective companies as there is no active market to determine the value of the shares.

The Civic Financial Services Limited (formerly New Zealand Local Government Insurance Corporation Limited) shares, have been revalued to market value on an annual basis using the net asset backing per share value as at 30 June 2023.

Carbon credits have been revalued to market value on an annual basis using the per unit value as at 30 June 2023.

Impairment

There were no impairment provisions for other financial assets. None of the financial assets are either past due or impaired. *We now have impairments for roading and water assets*

Note 12: Non-Current Assets Held for Sale

	30 June 2023 \$000	30 June 2022 \$000
Assets held for sale are:		
Buildings	-	-
Land	-	66
Total assets held for sale	-	66

At 30 June 2023 SWDC does not currently hold any properties with the intention of sale.

Note 13: Investment Properties

	30 June 2023	30 June 2022
	\$000	\$000
Balance at 1 July	15,757	14,322
Disposals	-	-
Transfers	-	-
Additions	57	-
Depreciation	(3)	-
Fair value gains/(losses) on valuation	(1,587)	1,435
Balance at 30 June	14,224	15,757

SWDC's investment properties are valued at fair value with the latest valuation effective 30 June 2023. All investment properties were based on open market evidence. The valuation was performed by Jaime Benoit (B.App Sci (VFM, AG), MPINZ) of QV Asset & Advisory.

Contractual obligations in relation to investment properties at balance date but not recognised in the financial statements are nil. There are no capital commitments as at 30 June 2023 (2022: Nil).

Note 14: Intangible Assets

	30 June 2023	30 June 2022
	\$000	\$000
Cost		
Balance at 1 July	401	382
Additions	36	19
Disposals	-	-
Balance at 30 June	437	401
Accumulated amortisation and impairment		
Balance at 1 July	317	309
Amortisation charge	11	8
Disposals	-	-
Balance at 30 June	328	317
Carrying amount		
Balance at 30 June	109	84

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

Note 15: Property, Plant and Equipment 2022-2023

Current Year 30 June 2023	Cost/ Revaluation 30 June 2022 \$000	Accumulated Depreciation 30 June 2022 \$000	Carrying Amount 30 June 2022 \$000	Current Year Additions \$000	Current Year Disposals \$000	Current Year Transfers \$000	Current Year Gain/(Loss) on Sale \$000	Current Year Depreciation \$000	Revaluation, Impairment, Depreciation Recovered \$000	Cost Revaluation 30 June 2023 \$000	Accumulated Depreciation 30 June 2023 \$000	Carrying Amount 30 June 2023 \$000
Infrastructural assets												
Roads	344,178	5	344,173	4,603	-	-	-	1,916	-	348,781	1,921	346,860
Bridges	20,946	-	20,946	-	-	-	-	566	-	20,946	566	20,380
Water systems	43,134	-	43,134	1,584	-	-	-	989	-	44,718	989	43,729
Wastewater systems	28,052	19	28,033	39	-	-	-	660	-	28,091	680	27,412
Stormwater systems	21,915	-	21,915	264	-	-	-	315	-	22,179	315	21,863
Total infrastructural assets	458,225	24	458,201	6,491	-	-	-	4,447	-	464,715	4,471	460,245
Operational assets												
Land	69,367	-	69,367	-	-	-	-	14	-	69,367	14	69,353
Buildings	11,262	224	11,038	728	-	-	-	263	-	11,991	487	11,503
Furniture & equipment	3,601	2,257	1,327	297	-	(10)	-	347	0	3,872	2,604	1,268
Library collections	1,085	251	834	106	-	-	-	174	-	1,191	425	766
Motor vehicles	462	350	112	172	-	-	-	55	-	634	405	230
Parks & reserves	498	291	206	-	-	-	-	17	-	498	308	189
Playgrounds	749	59	690	21	-	-	-	62	-	770	121	648
Total operational assets	87,024	3,433	83,574	1,325	-	(10)	-	931	0	88,322	4,364	83,958
Other assets												
Heritage assets	17,653	3	17,650	16	-	10	-	208	-	17,679	211	17,468
Work in progress	4,843	-	4,843	5,796	-	-	-	-	-	10,639	-	10,639
Total other assets	22,496	3	22,493	5,812	-	10	-	208	-	28,318	211	28,107
Total assets	567,744	3,460	564,268	13,627	-	-	-	5,586	0	581,355	9,046	572,309

There are no restrictions over the title of SWDC's property, plant and equipment assets, nor are any of these assets pledged as security for liabilities.

Note 15: Property, Plant and Equipment 2021-2022

Previous Year30 June 2022	Cost/ Revaluation 30 June 2021 \$000	Accumulated Depreciation 30 June 2021 \$000	Carrying Amount 30 June 2021 \$000	Current Year Additions \$000	Current Year Disposals \$000	Current Year Transfers \$000	Current Year Gain/(Loss) on Sale \$000	Current Year Depreciation \$000	Revaluation, Impairment, Depreciation Recovered \$000	Cost Revaluation 30 June 2022 \$000	Accumulated Depreciation 30 June 2022 \$000	Carrying Amount 30 June 2022 \$000
Infrastructural assets												
Roads	314,730	0	314,729	4,465	-	-	-	1,695	24,983	344,178	5	344,173
Bridges	19,230	-	19,230	2	-	-	-	519	1,714	20,946	-	20,946
Water systems	40,442	-	40,442	2,245	-	-	-	951	448	43,134	-	43,134
Wastewater systems	23,333	-	23,333	3,708	-	-	-	561	927	28,052	19	28,033
Stormwater systems	20,341	-	20,341	386	-	-	-	291	1,188	21,915	-	21,915
Total infrastructural assets	418,075	0	418,074	10,805	-	-	-	4,017	29,260	458,225	24	458,201
Operational assets												
Land	62,956	-	62,956	2	-	610	-	14	5,799	69,367	-	69,367
Buildings	7,828	403	7,424	85	-	-	-	191	3,350	11,262	224	11,038
Furniture & equipment	3,146	1,974	1,172	445	(18)	11	(2)	300	0	3,601	2,257	1,327
Library collections	972	136	836	113	-	-	-	115	-	1,085	251	834
Motor vehicles	462	294	167	-	-	-	-	56	-	462	350	112
Parks & reserves	1,140	274	866	29	-	(671)	-	17	-	498	291	206
Playgrounds	708	-	708	41	-	-	-	59	-	749	59	690
Total operational assets	77,212	3,082	74,130	714	(18)	(50)	(2)	751	9,149	87,024	3,433	83,574
Other assets												
Heritage assets	12,841	342	12,499	9	-	-	-	151	4,804	17,653	3	17,650
Work in progress	3,109	(0)	3,109	1,900	-	(11)	-	-	(154)	4,843	-	4,843
Total other assets	15,950	342	15,608	1,908	-	(11)	-	151	4,649	22,496	3	22,493
Total assets	511,237	3,424	507,812	13,428	(18)	(61)	(2)	4,919	43,058	567,744	3,460	564,268

Depreciation and Amortisation Expense by Group of Activity

	30 June 2023 \$000	30 June 2022 \$000
Depreciation and attributable depreciation and amortisation expense by activity		
Land Transport	2,497	2,221
Water supply	990	952
Community facilities & services	879	682
Wastewater	686	582
Stormwater drainage	315	291
Planning & regulatory services	60	55
Governance	3	6
Total directly attributable depreciation and amortisation expense	5,430	4,790
Depreciation and amortisation not directly related to group of activities	170	137
Total other expenses	5,601	4,927

Note 16: Creditors and Other Payables

	30 June 2023 \$000	30 June 2022 \$000
Trade payables	5,670	3,530
Accrued expenses	265	411
Revenue in advance	97	(10)
Rates in advance	280	252
Total creditors and other payables	6,312	4,183

Except for rates in advance, all creditors and payables are assessed as exchange as these balances are from Transactions carried at normal business terms.

Note 17: Employee Entitlements

	30 June 2023 \$000	30 June 2022 \$000
Accrued pay	203	128
Annual leave	422	391
Total employee entitlements	625	519
Comprising:		
Current portion	625	519
Non-current portion	-	-
Total employee entitlements	625	519

Note 18: Provisions

	30 June 2023 \$000	30 June 2022 \$000
Landfill aftercare provision		
Balance at 1 July	348	415
Provision expensed for the year	(35)	(34)
Adjustment to NPV	20	(34)
Total provisions	334	348
Comprising:		
Current portion	33	34
Non-current portion	300	315
Total provisions	334	348

Provision for Landfill Aftercare Costs

SWDC gained resource consent to operate the landfill. SWDC has responsibility under the resource consent to provide on-going maintenance and monitoring of the landfill after the site has closed until February 2035.

The cash outflows for landfill post-closure are not expected to occur until 2035. The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and using a discount rate of 4.75% (2022: 4.05%).

Note 19: Borrowings

	30 June 2023 \$000	30 June 2022 \$000
Current		
Secured loans	2,000	3,300
Total current borrowings	2,000	3,300
Current		
Secured loans	26,900	23,100
Total non-current borrowings	26,900	23,100
Total borrowings	28,900	26,400

Fixed-rate Debt

SWDC's secured debt of \$28,900,000 (2022: \$26,400,000) is issued at fixed rates of interest. The weighted average interest rate of SWDC's debt is 3.27% (2022: 2.81%)

Security

SWDC's loans are secured over either separate or general rates of the district, no assets have borrowings secured against them.

SWDC 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 SWDC's Long Term Plan.

Note 20: Equity

	30 June 2023 \$000	30 June 2022 \$000
Public equity		
Balance at 1 July	167,906	158,716
Net transfer (to)/from reserves	(1,482)	(500)
Total surplus / (deficit) for the year	3,001	9,690
Balance at 30 June	169,425	167,906
Restricted reserves & trust funds		
Balance at 1 July	28,268	27,768
Transfers to fund	11,842	10,541
Transfers from fund	(10,359)	(10,041)
Balance at 30 June	29,750	28,268
Restricted reserves & trust funds consist of:		
Discretionary reserves	544	316
Community board reserves	133	123
Restricted reserves	3,176	2,754
Water race reserves	365	293
Council loan redemption reserves	10,854	8,513
Other reserves	14,528	16,145
Trusts	149	124
Total restricted reserves & trust funds	29,750	28,268
Asset revaluation reserve		
Balance at 1 July	368,873	320,789
Transfers to fund	-	48,083
Transfers from fund	-	-
Balance at 30 June	368,873	368,873
Asset revaluation reserve consists of:		
Land	55,316	55,316
Buildings	6,855	6,855
Heritage assets	8,858	8,858
Library collections	1,429	1,429
Bridges	17,585	17,585
Roading	211,069	211,069
Water	34,769	34,769
Wastewater	10,858	10,858
Stormwater	21,898	21,898
Playground equipment	229	229
Other equipment	8	8
Total asset revaluation reserve	368,873	368,873

Note 21: Statement of Capital Commitments and Operating Leases

	30 June 2023 \$000	30 June 2022 \$000
Capital commitments		
Roading	1,201	2,402
Pain Farm	-	27
Total capital commitments	1,201	2,429

Refer to Note 13 for capital commitments for investments properties.

Operating Leases as Lessor

Investment property is leased under operating leases. The leases have non-cancellable terms ranging from 11 months to 76 months. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	30 June 2023 \$000	30 June 2022 \$000
Operating leases as lessor		
Not later than one year	288	251
Later than one year and not later than five years	408	128
Later than five years	152	80
Total non-cancellable operating leases	849	459

Operating Leases as Lessee

Council leases buildings and plant and equipment in the normal course of its business. The leases have non-cancellable terms ranging from 8 months to 60 months. The future aggregate minimum lease payments payable under non-cancellable operating leases are as follows:

	30 June 2023 \$000	30 June 2022 \$000
Operating leases as lessee		
Not later than one year	67	67
Later than one year and not later than five years	74	139
Later than five years	-	-
Total non-cancellable operating leases	142	207

Note 22: Contingencies

Contingent liability for 2023 is \$Nil (2022: \$Nil).

There are no contingent assets for 2023 (2022: \$Nil).

No contingent rents have been recognised during the period.

There are no unfulfilled conditions and other contingencies attached to New Zealand Transport Agency Waka Kotahi subsidies recognised.

Local Government Funding Agency (LGFA)

The Council is a guarantor of LGFA. The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. It has a current credit rating from Standard and Poor's of AA+.

As at 30 June 2023, the Council is one of several local authority borrowers and guarantors of the LGFA. The LGFA's loans to local authorities are \$18.6 billion (2022: \$16.8 billion), of which the Council have borrowed \$0.026 billion (2022: \$0.024 billion). As a result, the Council's cross guarantee on LGFA's loans to other local authorities is \$18.6 billion (2022: \$16.8 billion).

Public Benefit Entity (PBE) Accounting Standards require the Council to recognise the guaranteed liability at fair value.

However, the Council have been unable to determine a sufficiently reliable fair value for the guarantee, and therefore, has not recognised a liability. The Council consider the risk of the LGFA defaulting on repayment of interest or capital to be very low on the basis that:

- the Council is 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.

Note 23: Related Party Transactions

Key Management Personnel

During the year councillors and key management, as part of a normal customer relationship, were involved in minor transactions with Council (such as payment of rates and purchase of rubbish bags etc.). All payments were made on a cash basis and no payments were delayed. No interest was charged and there are no outstanding balances as at 30 June 2023. No provision has been required, nor any expense recognised for impairment of receivables for any loans or other receivables to related parties (2022: \$Nil).

Note 24: Remuneration

	30 June 2023	30 June 2022
Councillors		
Remuneration	\$ 368,879	\$ 339,291
Number of members	10.0	10.0
Senior Management Team, including Chief Executive		
Remuneration	\$ 1,271,059	\$ 1,149,579
Full-time equivalent members	7.0	7.0
Total key management personnel compensation	\$ 1,639,938	\$ 1,488,870

Due to the difficulty in determining the full-time equivalent for Councillors, the full-time equivalent figure is taken as the number of Councillors. Key management personnel include the Mayor, Councillors and Senior Management Team, including the Chief Executive.

Chief Executive

The Chief Executive of the SWDC appointed under section 42 of the Local Government Act 2002. Harry Wilson was the Chief Executive for the year ended 30 June 2023. He received a salary of \$250,000. (2022: Harry Wilson \$250,000). Mr Wilson resigned May 2023. Paul Gardner was appointed Interim Chief Executive.

Council Employees	30 June 2023	30 June 2022
<\$60,000	17	30
\$60,000 to \$79,999	25	23
\$80,000 to \$119,999	15	11
\$120,000 to \$259,999	8	7
Total employees	65	71
Full-time employees	51	52
Full-time equivalent employees	9	13

Total remuneration includes non-financial benefits provided to employees. A full-time employee is determined on the basis of a 37.5-hour working week.

Severance Payments

One severance payment was made in 2023 totalling \$27,765 (2022: \$Nil)

Elected Representatives

Council	30 June 2023 \$	30 June 2022 \$
Councillors		
A Beijen**	25,263	91,744
A Plimmer	35,210	27,663
B Jephson**	6,987	25,734
B West**	6,964	23,501
G Emms**	10,161	35,275
L Hay**	8,168	27,934
P Colenso**	7,757	26,422
P Maynard	28,015	25,148
R Fox**	8,284	28,362
C Olds	26,306	18,855
R Vickery**		8,653
M Bosley*	20,603	
M Connelly (Mayor)*	77,106	
A Ellims*	20,603	
R Gray*	20,603	
K McAulay*	20,603	
M Saddler-Futter*	25,643	
A Woodcock*	20,603	
Total councillors' remuneration	368,879	339,291

Community Boards	30 June 2023 \$	30 June 2022 \$
Featherston Community Board		
C Bleakley **	1,105	3,302
M Shepherd (Chair) **	2,063	6,605
M Gray **	1,105	3,302
T Tahinurua **	1,105	3,302
P Dennison*	2,961	
W Maxwell*	2,961	
T Rutherford (Chair)*	5,456	
A Schroeder*	2,965	
Greytown Community Board		
G Gray **	1,105	3,302
A Rainford (Chair) **	2,063	6,605
S Symes **	1,105	3,302
S Baker **	1,105	3,302
L Brown (Chair)*	5,457	
N Morrison*	1,375	
J Woodcock*	2,961	
W Woodgyer*	2,961	
Martinborough Community Board		
A Ellims **	1,105	3,302
N Fenwick **	1,105	3,302
M Honey **	1,105	3,302
M Maynard (Chair)	5,412	6,605
A Brown*	2,961	
K Krogh*	2,961	
S Roberston (Chair)*	5,456	
Total community board members' remuneration	57,953	49,533

* Newly elected October 2022

** Not re-elected/did not stand for re-election October 2022

Note 25: Events after Balance Date

Riskpool

South Wairarapa 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 a liability for that member's claim 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.

Water Services Reform Programme

In July 2020, the Government launched the Three Waters Reform Programme – a three-year programme to reform local government provision of three waters services. Currently 67 different councils own and operate the majority of the drinking water, wastewater and stormwater services across New Zealand.

The proposed reform programme is being progressed through a partnership-basis approach with the local government sector, alongside iwi/Māori as the Crown's Treaty Partner. Under this plan four new publicly owned Water Services Entities (WSEs) will run New Zealand's drinking water, wastewater and stormwater services-currently operated by councils on behalf of communities.

In early April 2023 the Government decided on changes to the water services reform programme. These changes included increasing the number of new water entities from four to ten. Council would belong to WSE 'G' along with other Wellington Regional Councils.

Based on the progression of the related legislation, and the draft transition date released in August for Entity G, it is expected Council will not be responsible for the delivery and infrastructure of three water services from 1 October 2024. There is however uncertainty given the date is draft, and the general election in October could impact the programme.

High level guidance has been issued that outlines which assets would transfer to the new entity, however there is not yet enough clarity to be able to quantify the financial impacts on asset values, revenue and associated debt with certainty, though significant work on this is ongoing.

Note 26: Financial Instrument Categories

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

Financial Assets	30 June 2023	30 June 2022
	\$000	\$000
Loans and receivables		
Cash and cash equivalents	6,722	4,128
Debtors and other receivables	3,746	2,614
Other financial assets:		
- investments	6,137	8,603
Total loans and receivables	16,604	15,345
Held to maturity		
Other financial assets:		
- investments	660	567
Total held to maturity	660	567
Fair value through other comprehensive income		
Other financial assets:		
- unlisted shares	258	359
Total fair value through other comprehensive income	258	359
Total financial instruments	17,521	16,271

Financial Liabilities	30 June 2023	30 June 2022
	\$000	\$000
Financial liabilities at amortised cost		
Creditors and other payables	6,312	4,183
Borrowings		
- secured loans	28,900	26,400
Total financial liabilities at amortised cost	35,212	30,583

Note 27: Internal Borrowing

As at 30 June 2023 there were no internal borrowings (2022: Nil)

Note 28: Explanation of Major Variances against Budget

Explanations for major variations from South Wairarapa District Council's estimated figures in the 2022/23 Annual Plan are as follows.

Statement of Comprehensive Revenue and Expense

Operating surplus for the year was very close to budget (\$0.4m lower than budget), however there were greater than planned revenues (\$5.0m higher than budget), offset by greater than planned expenses (\$5.1m higher than budget) within the overall result.

The increase in revenue reflects:

- continued high levels of developmental activity within the district, shown in greater than planned income from sub-division, and financial contributions (\$1.2m).
- subsidy from Waka Kotahi (\$2.7m), which was offset by corresponding increases in expense in Land Transport (\$3.0m) related to emergency works caused by weather events.
- revenue from grants for programmes funded by central government initiatives, which was offset by corresponding increases in expense in the relevant activities:
 - Water Reform Transition Support (\$0.2m), across the three water activities,
 - Infrastructure Reference Group (\$0.3m) for the Tauherenikau Cycle Bridge, in Community Facilities & Services,
 - Mayor's Taskforce for Jobs (\$0.2m), in Community Facilities & Services,
 - New Zealand Library Partnership, Rangatahi Strategy, Welcoming Communities, Lotteries Grant, (\$0.1m total) in Community Facilities & Services,

- Crown contribution for supporting Wairarapa Moana, (\$0.1m) which has been ringfenced into a reserve for future use.

Investment properties were revalued this year to reflect market values resulting in a decrease (\$1.6m) to total surplus.

Statement of Financial Position

The overall position shows Council is able to meet commitments having sufficient means to cover current liabilities. Assets held to support the delivery of Council services increased in value due to positive cyclical revaluations and increased capital expenditure and assets vested council. Public debt increased this financial year, in line with budget expectations. Overall, equity has increased. Transfers to special and restricted reserves balances reflect increasing development within the district and the accumulation of funds for repayment of loans.

Statement of Cashflows

Net cashflow from operating activities is positive, and is \$1.3m higher than budget.

Net cashflow from investing activities is unfavourable, but less so than budget due to delays to capital projects in the three water activities.

Net cashflow from financing activities was \$2.8m lower than budget due to delays in debt funded capital projects.

Other Legislative Disclosures

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 (GAPP) information. New disclosures were added in legislative changes and additions to the Local Government (Financial Reporting and Prudence) Regulations 2014.

Insurance of Assets

	30 June 2023 \$000	30 June 2022 \$000
Total value of property, plant, and equipment (excluding land)	502,956	494,833
Value of assets covered by risk share arrangements	89,481	118,607
Value of assets covered by insurance contracts	114,678	108,991

The value of assets covered by insurance excludes land and land under roads.

In addition to Council's insurance, in the event of natural disaster it is assumed that Central Government will contribute, 60% towards the restoration of Council owned underground drainage, waste and water assets and the New Zealand Transport Agency will contribute between 49-59% towards the restoration of Roding assets.

Reporting Format

These financial statements incorporate applicable amendments to legislation governing financial reporting requirements.

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 this current financial year.

	30 June 2023	30 June 2022
Rating Base Information		
Number of rating units	7,274	7,107
	\$Million	\$Million
Capital Value of rating units	6,582	6,350
Land value of rating units	3,966	3,838

Network Assets

Current Year 30 June 2023	Acquisitions/ Constructed by SWDC \$000	Transferred to SWDC \$000	Closing Book Value \$000	Replacement Cost \$000
Water Supply				
Treatment plants and facilities	949	-	10,917	10,917
Land	-	-	2,307	2,307
Other Assets	347	288	32,812	32,812
Wastewater				
Treatment plants and facilities	-	-	360	360
Land	-	-	18,058	18,058
Other Assets	(306)	345	27,052	27,052
Stormwater Drainage				
Stormwater systems	57	206	21,863	21,863
Land Transport				
Roads & Footpaths	4,603	877	346,860	346,860

Current Year 30 June 2022	Acquisitions/ Constructed by SWDC \$000	Transferred to SWDC \$000	Closing Book Value \$000	Replacement Cost \$000
Water Supply				
Treatment plants and facilities	810	-	10,260	10,260
Land	-	-	2,125	2,125
Other Assets	1,131	304	30,567	30,567
Wastewater				
Treatment plants and facilities	406	-	387	387
Land	-	-	18,058	18,058
Other Assets	2,943	358	9,588	9,588
Stormwater Drainage				
Stormwater systems	22	363	21,915	21,915
Land Transport				
Roads & Footpaths	4,467	1,404	344,173	344,173

Statement of Special and Separate Funds for Year Ended 30 June 2023

Current Year	Activities to which reserve relates	Opening Balance \$000	Transfers In \$000	Transfers Out \$000	Closing Balance \$000
District Property					
To be used for Town Centre Development	All activities	134	315	(213)	236
Asset Realisation					
Capital gains from the sale of Council Assets that have been realised over time.	All activities	298	-	-	298
Plantation Reserve					
For road protection schemes and seal extensions in the future.	All activities	(117)	-	(30)	(147)
Disaster Recovery Reserve					
To be used for strengthening Council's business continuity	All activities	10	10	-	20
Wairarapa Moana Reserve					
To be used to establish and support the board that will lead guardianship and management of the moana and its surrounds	All activities	-	137	-	137
Community Board Reserves					
Community Board funds carried over:					
Featherston	Governance	5	5	(7)	3
Greytown	Governance	10	5	(1)	14
Martinborough	Governance	5	5	(7)	3
Te Māngai O Ngā Hapori Māori (Māori Standing Committee)	Governance	31	-	(6)	25
Featherston Community Development Fund	Governance	26	12	(12)	26
Greytown Community Development Fund	Governance	17	12	(5)	24
Martinborough Community Development Fund	Governance	13	12	(1)	24
Martinborough Swimming Pool	Governance	15	-	-	15
Restricted Reserves					
To provide for the acquisition and development of reserves and open spaces in response to the needs arising from subdivision and development, to protect conservation values. To provide opportunities for public access to and along water bodies, to provide recreational opportunities near water bodies	All activities	2,754	862	(440)	3,176
Water Race Reserves					
Featherston/Longwood Water race	Water	9	83	(41)	52
Moroa	Water	284	90	(60)	314
Trusts					
Campground Memorial: Pain Farm	Amenities	7	-	-	7
Maintaining and improving the Borough's parks, sports grounds, camping ground, swimming baths, providing and maintaining sports facilities and a children's playground.	Amenities	116	141	(116)	142
Infrastructure Contributions					
To provide a potable water supply, to safeguard the health of inhabitants and protect the natural environment for inappropriate disposal of sewage, to prevent damage to property or amenity from the indiscriminate and uncontrolled runoff of Stormwater, to ensure sufficient water is available for fire fighting purposes. To provide for the safe and convenient movement on roads of vehicular, bicycles and pedestrians within and through the Wairarapa.	All activities	3,423	1,756	(1,580)	3,598
Planning Reserves					
To spread the costs of the Combined District Plan over the life of the plan	Resource Management	(118)	60	(280)	(338)
To spread the costs of the Spatial Plan over the life of the plan	Resource Management	13	133	(135)	11
Loan Redemption Reserve					
To cover loan principal repayments	All activities	8,513	2,342	-	10,854
Depreciation Reserves					
To fund new capital projects	All activities	11,591	5,251	(6,587)	10,255
Martinborough Town Hall Reserve					
Waihinga Centre Project	Amenities	22	-	(12)	10
Rural Rooding Reserve					
Rural Rooding	Rooding	1,453	300	(485)	1,268
Housing Reserve					
Housing	Amenities	(226)	281	(342)	(287)
Maintenance Reserve					
To cover maintenance to buildings	Amenities	(21)	33	-	12
Total Special and Separate Funds		28,268	11,842	(10,359)	29,750

Statement of Special and Separate Funds for Year Ended 30 June 2022

Current Year	Activities to which reserve relates	Opening Balance \$000	Transfers In \$000	Transfers Out \$000	Closing Balance \$000
District Property					
To be used for Town Centre Development	All activities	95	222	(183)	134
Asset Realisation					
Capital gains from the sale of Council Assets that have been realised over time.	All activities	298	-	-	298
Plantation Reserve					
For road protection schemes and seal extensions in the future.	All activities	(84)	-	(33)	(117)
Disaster Recovery Reserve					
To be used for strengthening Council's business continuity	All activities	-	10	-	10
Community Board Reserves					
Community Board funds carried over:					
Featherston	Governance	3	5	(2)	5
Greytown	Governance	9	5	(4)	10
Martinborough	Governance	2	5	(2)	5
Māori Standing Committee	Governance	42	-	(11)	31
Featherston Beautification	Governance	22	11	(6)	26
Greytown Beautification	Governance	36	11	(30)	17
Martinborough Beautification	Governance	4	11	(1)	13
Martinborough Swimming Pool	Governance	18	-	(2)	15
Restricted Reserves					
To provide for the acquisition and development of reserves and open spaces in response to the needs arising from subdivision and development, to protect conservation values. To provide opportunities for public access to and along water bodies, to provide recreational opportunities near water bodies	All activities	1,894	861	(1)	2,754
Water Race Reserves					
Featherston/Longwood Water race	Water	(45)	77	(23)	9
Moroa	Water	263	90	(69)	284
Trusts					
Campground Memorial: Pain Farm	Amenities	7	-	-	7
Maintaining and improving the Borough's parks, sports grounds, camping ground, swimming baths, providing and maintaining sports facilities and a children's playground.	Amenities	115	132	(131)	116
Infrastructure Contributions					
To provide a potable water supply, to safeguard the health of inhabitants and protect the natural environment for inappropriate disposal of sewage, to prevent damage to property or amenity from the indiscriminate and uncontrolled runoff of Stormwater, to ensure sufficient water is available for fire fighting purposes. To provide for the safe and convenient movement on roads of vehicular, bicycles and pedestrians within and through the Wairarapa.	All activities	3,851	1,908	(2,337)	3,423
Planning Reserves					
To spread the costs of the Combined District Plan over the life of the plan	Resource Management	(4)	60	(174)	(118)
To spread the costs of the Spatial Plan over the life of the plan	Resource Management	-	133	(120)	13
Loan Redemption Reserve					
To cover loan principal repayments	All activities	6,259	2,253	-	8,513
Depreciation Reserves					
To fund new capital projects	All activities	13,670	4,137	(6,216)	11,591
Martinborough Town Hall Reserve					
Waihinga Centre Project	Amenities	32	2	(13)	22
Rural Roading Reserve					
Rural Roading	Rooding	1,490	300	(337)	1,453
Housing Reserve					
Housing	Amenities	(156)	275	(345)	(226)
Maintenance Reserve					
To cover maintenance to buildings	Amenities	(54)	33	-	(21)
Total Special and Separate Funds		27,768	10,541	(10,041)	28,268

Financial Prudence Benchmarks

Ngā Paerewa Pūtea

Financial Prudence Disclosure Statement

What is the purpose of this statement?

The purpose of this statement is to disclose the Council’s financial performance in relation to various benchmarks to enable the assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The Council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the Regulations). Refer to the Regulations for more information, including definitions of some of the terms used in this statement.

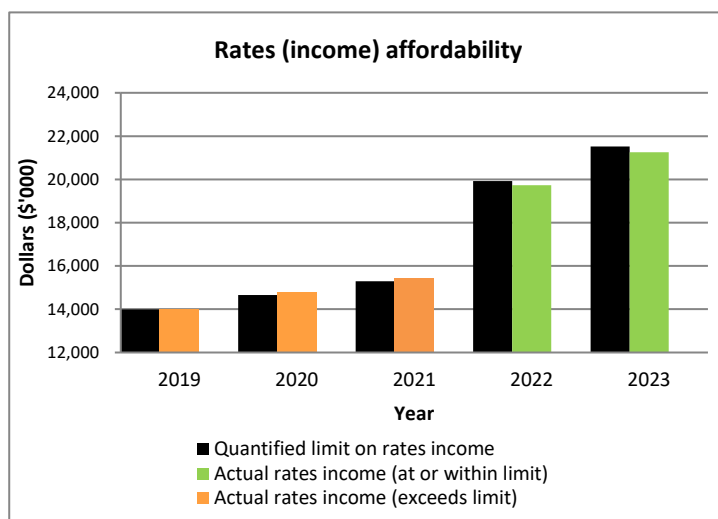
Rates affordability benchmark

The Council meets the rates affordability benchmark if:

Its actual rates income equals, or is less than, each quantified limit on rates; and
 Its actual rates increase equal, or are less than, each quantified limit on rates increases.

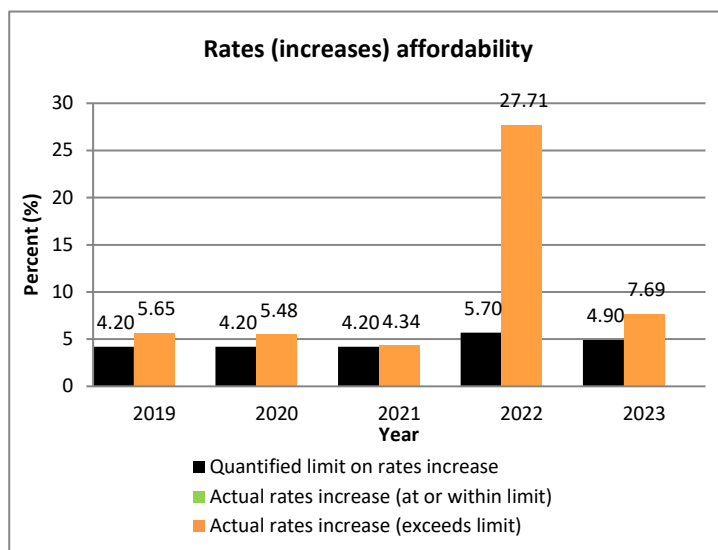
Rates (income) affordability

This graph compares the Council’s actual rates income with the quantified limit on rates set in the financial strategy included in the Council’s long-term plan. Actual rates increases were slightly above the quantified limits set.



Rates (increases) affordability

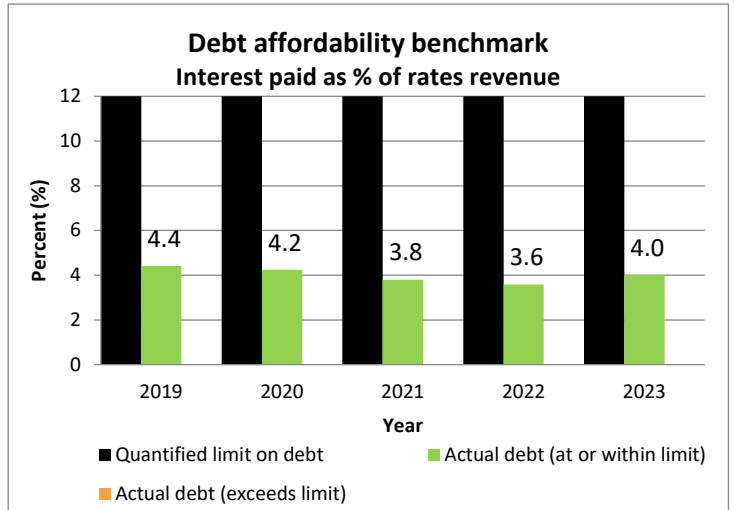
This graph compares the Council’s actual rates increases with a quantified limit on rates increases included in the financial strategy of the Council’s long-term plan. The quantified limit is the percentage change in average rates and should not exceed the increase in the opening BER local government cost index plus 2 percent. Quantified limits on rates increases were first set for the year ended 30 June 2013.



Debt affordability benchmark

The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.

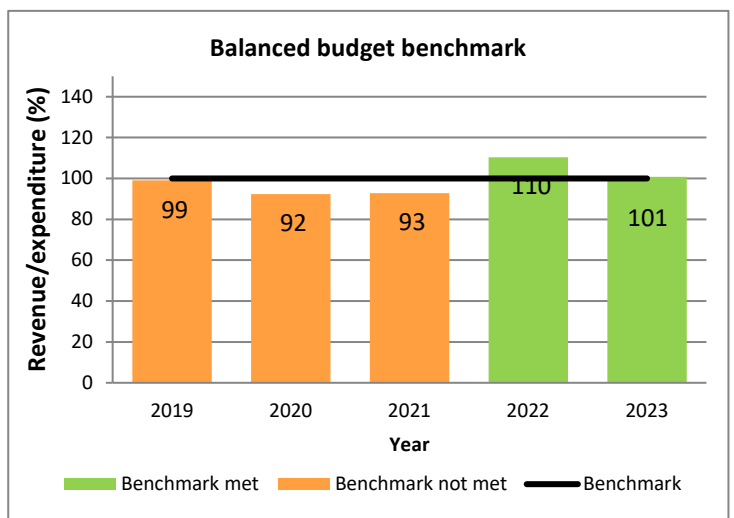
The following graph compares the Council’s actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council’s long-term plan. The quantified limit is that gross interest paid on term debt must not exceed 12 percent of rates revenue.



Balanced budget benchmark

This graph displays the Council’s revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

The Council meets this benchmark if its revenue equals or is greater than its operating expenses.

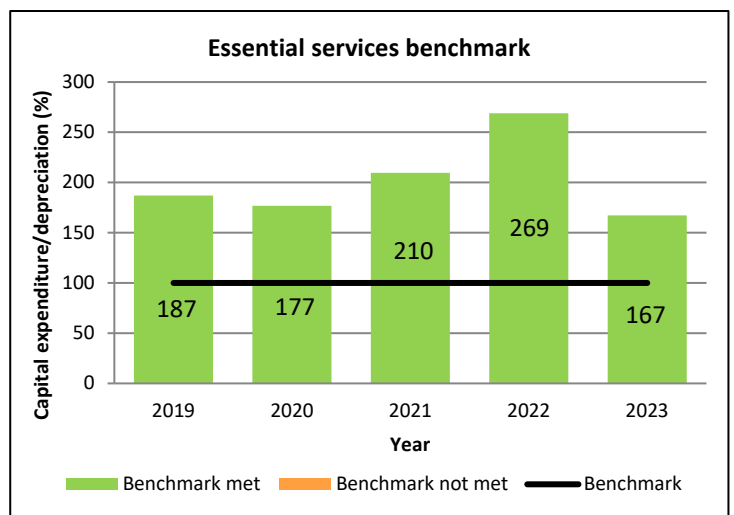


Essential services benchmark

This graph displays 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 network services.

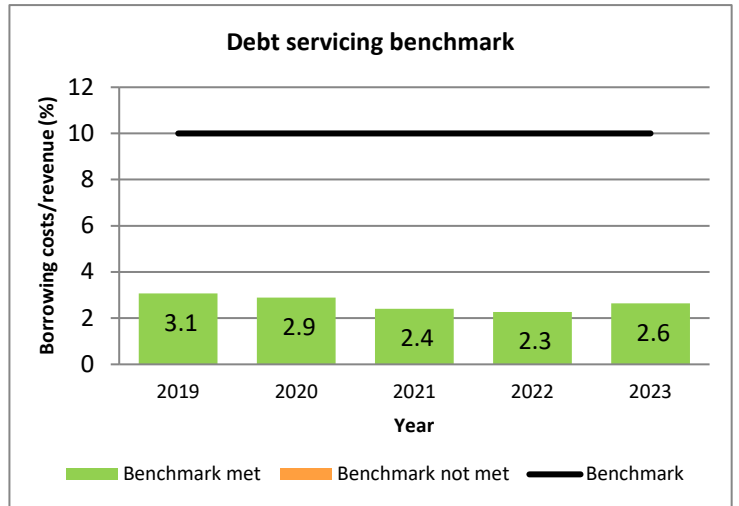
Council plans its network expenditure to ensure assets are maintained for the very long term, and on an as needed basis. Expenditure is based on maintenance need. Unspent funds are held in reserve until required.



Debt servicing benchmark

This graph displays the Council’s borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).

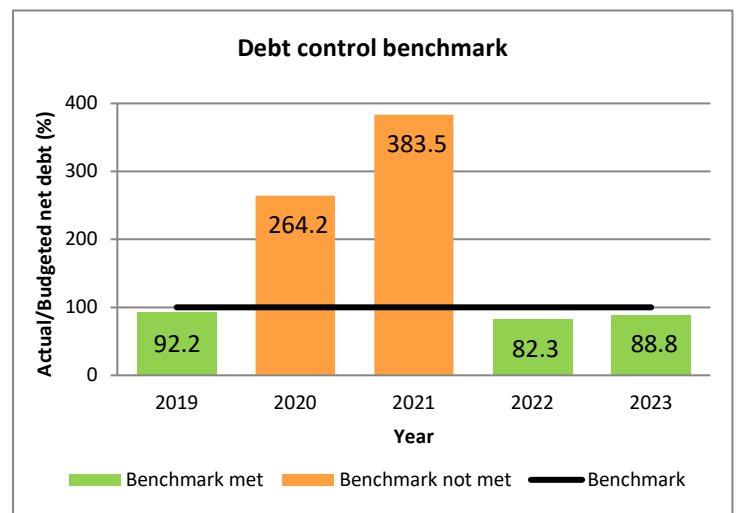
Because Statistics New Zealand projects the Council’s population will grow more slowly than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



Debt control benchmark

The following graph displays the Council’s actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

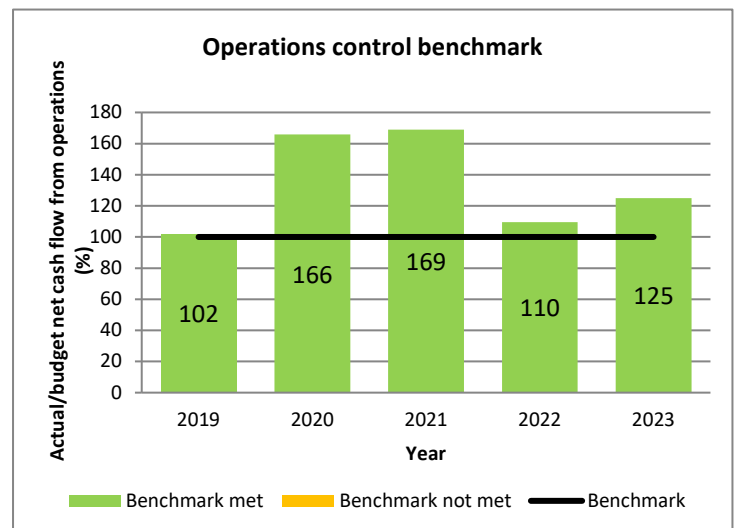
Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



Operations control benchmark

The following graph displays the Council’s actual net cash flow from operations as a proportion of its planned net cash flow from operations.

The Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



**Appendix 2 – WSE Letter – payment for
water services infrastructure debt as at
30 June 2022**

Paul Gardner
 South Wairarapa District Council
 PO Box 6
 Martinborough
 5741

RE: Payment for water services infrastructure debt

Dear Paul

The payment to be made by a water services entity (**WSE**) to each of the Councils in its service area (being an amount equivalent to the total debt owed by each Council in relation to water services infrastructure that: (i) is wholly or partly used in the provision of water services; and (ii) is transferred to the WSE) is an important part of the Water Services Reform programme.

In December 2022, Councils completed a request for financial information issued by the Department of Internal Affairs' National Transition Unit (**NTU**). The requested information included the amount of debt and reserves held by Councils in relation to water services infrastructure used in the provision of water services. Between February and May 2023, NTU staff met with Council staff to consider the approach on the debt and reserves as at 30 June 2022.

Under this approach NTU staff: (i) completed a due diligence process to form a view as to the "reasonableness" of Councils' debt and reserves information provided; and (ii) met with Council staff to discuss and form a preliminary view on the baseline debt and reserve amounts.

For completeness, no decisions have been made as to the final amount that will be paid to Councils and the net debt figures set out in this letter do not represent the final debt figure amounts. Rather the net debt figures are intended to form a baseline for monitoring and settling with Councils the final debt figure amounts to be paid by the WSEs. The Water Services Entities Act 2022 as recently amended (the **WSE Act**) provides a process for setting the final debt figure amounts in a debt payment schedule, which includes further consultation with Councils.

Balances as at 30 June 2022

The preliminary view of the baseline debt and reserves balances for South Wairarapa District Council as at 30 June 2022 is as follows:

	\$'000	Debt	Reserves	Net Debt
Water		2,900	1,900	1,000
Wastewater		21,200	3,900	17,300
Stormwater		0	900	(900)

Debt for water services infrastructure will continue to be monitored through the funding impact statements for three waters activities in Councils' Annual Reports. Those reports contain financial information for the activities including movements in debt and reserves. Those movements, to the extent they relate to relevant water services infrastructure that is to be transferred to the relevant WSE, will be taken into account in determining the amount to be paid by a WSE to the Council.

The funding impact statement is prepared on an accrual accounting basis and will (subject to minor exceptions and any other relevant considerations) be used to inform the draft debt payment schedules prepared by NTU.

The minor exceptions currently contemplated include items included in the funding impact statement where the financial impact/ benefit will actually pass to the WSE, for example, contract retentions that have accrued but will actually be paid by the WSE after the retention period and unread water meter charges which will be accrued as revenue by Council but will ultimately be billed by the WSE.

Debt payment schedules and the process for setting the final debt figure amounts

The WSE Act provides for the Minister to recommend a debt payment schedule that: (i) prescribes the amount payable by a WSE to each Council; and (ii) prescribes the date (or dates) on which the amount (or amounts) must be paid. As noted above, the NTU will assist the Minister with preparing the draft debt payment schedules.

Before the Minister makes a recommendation, a copy of the draft debt payment schedule will be provided to each Council and your Council will have an opportunity to make written comments on the draft. The Minister is required to have particular regard to any comments received from your Council and inform you in writing of the reasons for any amendments made to the draft as a result of comments received.

It is NTU's expectation that Councils will continue to maintain revenue for the three waters activities for the period up until transfer to a WSE to ensure the continued funding and on-going sustainability of the services. In discussions with Council staff, we have advised that we expect to see a reasonable level of proportionality in revenue increases between three waters activities and other activities. As a reminder, Councils are required to notify the NTU about certain intended decisions relating to the provision of water services and seek confirmation where those intended decisions may significantly prejudice the water services reform; significantly constrain the powers or capacity of the WSEs; or have a significant negative impact on the assets, liabilities, or other matters that are transferred to the WSEs.

Transfer of assets, and liabilities and other matters will take place in accordance with the WSE Act as recently amended.

The legislation requires Councils to co-operate with the Department of Internal Affairs and any relevant WSE to enable a successful transition for the WSEs. I would like to thank you for the cooperation to date and look forward to that continuing.

Yours faithfully



Heather Shotter | Executive Director - National Transition Unit
Water Services Reform Programme

Department of Internal Affairs | Te Tari Taiwhenua

45 Pipitea St, Te Whanganui-a-Tara (Wellington) 6140, Aotearoa | www.dia.govt.nz

Thriving local communities, together

Appendix 3 – Proposed draft Financial Delegation Policy



SOUTH WAIRARAPA
DISTRICT COUNCIL

Kia Reretahi Tātau

Financial Delegations Policy

Date of Approval	DD MMM YYYY
Policy ID	PI-0200
Next Review	June 2026
Policy Owner	Chief Executive Officer
Policy Sponsor	General Manager Finance
Version History	Insert information about version history, including first adopted date and subsequent reviews.

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DRAFT

Financial Delegations Policy

1. Purpose

This internal Policy:

- Outlines the rules and context for Council delegations.
- Explains how to assign and cancel delegations.
- Details the level of authority required to approve expenditure, set revenue/price of goods/services and carry out actions or make decisions in specific situations.

2. Scope

This internal Policy applies to all staff (permanent, fixed term, casual) and contractors at South Wairarapa District Council (SWDC) that are referred to as staff throughout this policy.

3. Principles

Council supports the principle of effective and efficient decision-making, and timely conduct of Council business. To assist in achieving this, Council authorises the Chief Executive Officer to undertake financial management activities and expend within prescribed limits. The Chief Executive Officer also subdelegates authority to staff for effective operation.

4. Limitations

Council's ability to delegate functions comes from Clause 32, Schedule 7 of the Local Government Act 2002 (LGA).

In accordance with the LGA, Council may delegate any function except:

- a. the power to make a rate; or
- b. the power to make a bylaw; or
- c. the power to borrow money, or purchase or dispose of assets, other than in accordance with the long-term plan; or
- d. the power to adopt a long-term plan, annual plan or annual report; or
- e. the power to appoint a chief executive; or
- f. the power to adopt policies required to be adopted and consulted on under the LGA in association with the long-term plan or developed for the purpose of the local governance statement or
- g. the power to adopt a remuneration and employment policy.

5. Policy Statements

5.1. Delegations:

- a. Must be in writing, between the Chief Executive Officer and an Executive Leadership Team (ELT) member, or between an officer and the relevant Executive Leadership Team member.
- b. Are to individual officers in defined positions.
- c. Are for an indefinite term unless stated otherwise.
- d. Are limited to the officer's own area of responsibility and cost centre(s) as set out in their Delegated Authority Letter (Appendix 2).
- e. Can be given by the Chief Executive Officer to any officer or by an Executive Leadership Team member to an officer within their own group, noting that the Chief Executive's authority to delegate is limited by the budgets approved in the Council's Annual and Long-Term Plans.

Any person exercising a delegation is accountable for the results of their actions.

The Council's delegation's framework is based on the following principles:

- a. To ensure compliance with all legal requirements.
- b. To reflect the separate roles of governance and management. To reduce unnecessary complexity and promote efficiency and effectiveness.
- c. Should be delegated to those at the lowest practical level.
- d. If consideration is being given to a decision that would alter the level of service of a significant activity, it must be discussed with the Council prior to any decision being made or commitment being given.

5.2. General rules

Delegated decisions are a decision of the Council and are binding on the Council.

Apart from the Chief executive Officer the delegations to officers apply to specific cost centres as noted in Appendix 1.

5.3. One-up Rule

The one-up rule means obtaining the approval of someone senior who also has appropriate delegated authority before committing to the expenditure or making the decision. The leader initiating will be required to discuss with their manager for approval. This is usually an immediate manager (or, in their absence, the person acting in their capacity). This may be a standing open-ended approval.

The one-up rule must be used when:

- a. specifically required, such as when seeking review of decisions.
- b. the decision may be politically sensitive.
- c. the decision relates to "Sensitive Expenditure."
- d. there is uncertainty as to how delegated authority should be applied.
- e. the delegated officer or a related party will, or may, personally benefit or be seen to benefit.
- f. there is, or may seem to be, a conflict of interest between the parties.
- g. approving a temporary delegated authority (refer next section).

Note: A related party is a family member or an entity in which the delegated officer has a financial or management interest, such as a business partnership.

5.4. Temporary delegations

Temporary delegated authority:

- a. may be given to an officer to cover for another's officer's absence, whether it is planned or unplanned.
- b. must be made in writing and signed by the relevant Executive Leadership Team member or Chief Executive.

Only the Chief Executive can give a temporary delegation to an officer who is acting in the role of an Executive Leadership Team member.

The authority to approve a temporary delegation sits with the one-up manager. The leader initiating will be required to discuss with their manager for approval.

5.5. Non-existent positions

If a current SWDC Council bylaw delegates authority to a specific officer and the position no longer exists, it is regarded as having been replaced by the relevant Executive Leadership Team member who may then delegate authority to an existing role.

5.6. Unclear or conflicting delegations

The Council operates under a number of Acts of Parliament, policies and Council / committee resolutions. Where Acts have been amended, or where legislation, delegations or policies are in conflict with each other the conflict must be referred to the:

- a. The relevant Executive Team Leader if:
 - i. there is an apparent conflict of delegations.
 - ii. the delegations are not clearly defined or do not exist for the situation.
 - iii. there are apparent conflicting policies.
 - iv. there is a lack of clear policy or recent appropriate precedent.
- b. If the Executive Team Leader is unable to resolve the conflict it should be referred to the appropriate Council committee for policy issues.

6. Delegations Schedules

All figures noted in this delegation schedule are per transaction/commitment or if there is a contract, the total contract cost. All figures are GST exclusive.

6.1. 1: DFA Levels and positions with the Council

DFA Level	Position within the Council
7	Council
6	Chief Executive Officer
5	General Manager Finance Group Managers: ▸ Partnerships and Operations ▸ Planning and Environment
4	General Managers: ▸ Policy and Governance ▸ Human Resources and Corporate Services
3	Roading Manager Partnerships and Operations Manager (Amenities)
2	Managers: ▸ Planning Building ▸ Environmental Services ▸ Library Services Senior Financial Accountant
1	Other Council Officers

6.2. Schedule 2: Operating Expenditure and Revenue.

The dollar amount of financial delegations in respect to individuals is scheduled below. It applies to each item of operating expenditure (OPEX) (per transaction), excluding GST, at the time a liability is incurred.

	LEVEL 7 Council	LEVEL 6 CEO	LEVEL 5 ELT	LEVEL 4 ELT	LEVEL 3 Managers	LEVEL 2 Managers	LEVEL 1	Comments
Maximum budgeted expenditure limits per transaction								
Budgeted operating expenditure	Unlimited	Unlimited	\$100,000	\$50,000	\$10,000	\$10,000	Branch Librarians \$250	
Payments to Wellington Water Limited (WWL)	Unlimited (unbudgeted)							GM Operations approves purchase orders as part of the Annual Plan.
Payments to Ruamahunga Roads					\$75,000 Roothing Manager			
Revenue/funding, excluding rates	Unlimited	Unlimited	\$100,000 General Manager Finance					
Maximum contract limits for goods and services to be procured in accordance with the Procurement Policy								
Authority to enter, sign, go to market and vary contracts for the supply of goods and services	Unlimited	\$500,000	\$100,000	\$50,000	N/A	N/A	N/A	
Unbudgeted Expenditure & Use of Reserve Funded								
Emergency Works – Capital Expenditure	Infrastructure & Community Services Committee \$400,000 All of Council Unlimited	\$50,000						“Emergency Expenditure” means a sudden and unforeseen event requiring immediate action.
Activities & Unbudgeted Expenditure Outside of the AP – Operational	Infrastructure & Community Services Committee	\$20,000						Must not trigger the Significant & Engagement Policy or other legislative requirements

	LEVEL 7 Council	LEVEL 6 CEO	LEVEL 5 ELT	LEVEL 4 ELT	LEVEL 3 Managers	LEVEL 2 Managers	LEVEL 1	Comments
	\$100,000 All of Council Unlimited							
Unbudgeted Use of Reserve Funds	Infrastructure & Community Services Committee \$400,000 All of Council Unlimited	\$75,000						Council will take into consideration if the use of the reserve will result in a credit balance and how long this is likely to remain.
Stock								
Sales of surplus/ Obsolete Stock		Chief Executive Officer	General Manager					
Write Off Stock			Budget Manager with the General Manager Finance	Budget Manager with the General Manager Finance		Senior Financial Accountant		This requires two to review and approve
Debtors								
Ability to write-off bad debt as considered appropriate, subject to all reasonable steps having been taken to obtain recovery	Unlimited	\$10,000	General Manager Finance \$5,000					
Write off additional water usage accounts (in line with the Water by Meter Leak Write-Off Policy)			General Manager Finance & Group Manager Operations			Senior Financial Accountant		This requires two to review and approve.
Remission of rates		Unlimited	General Manager Finance					Within the rates remission policy
Remission of rates penalties within policy			General Manager Finance \$5,000			Senior Financial Accountant \$1,000	Rates Officer \$100 Penalties Only	Within the Rates Remission Policy

	LEVEL 7 Council	LEVEL 6 CEO	LEVEL 5 ELT	LEVEL 4 ELT	LEVEL 3 Managers	LEVEL 2 Managers	LEVEL 1	Comments
Remission of rates penalties outside policy		Chief Executive Officer						Rates remission outside the guidelines must be approved by the Chief Executive Officer
Refunds of overpayments relating to Debtor's accounts								Mostly relevant on overpayments. Chief Executive Officer, General Manager Finance, Senior Financial Accountant only
Restricted Items								
Payroll Payment Runs		Chief Executive Officer	General Manager Finance			Senior Financial Accountant and Rooding Manager	Prepared By Payroll Officer	This requires two managers to review and approve.
Payment of Great Wellington Regional Council			General Manager Finance			Senior Financial Accountant	Prepared by Rates Officer	General Manager Finance, Senior Financial Accountant only
Payment of GST/IRD Payments			General Manager Finance			Senior Financial Accountant		General Manager Finance, Senior Financial Accountant only
Giving Koha (external parties)		Chief Executive Officer						Must be approved before payment. One up Approval required. Refer to the Discretionary Expenditure Policy
Expenditure claims for staff		Chief Executive Officer						The Expense claims for the Mayor and the Council should be Signed off by the Chair of the Finance Committee. The expense claims for the CEO should be signed off by the Mayor. For all other officers the One-up rule applies.

6.3. Schedule 3: Capital Expenditure.

	LEVEL 7 Council	LEVEL 6 CEO	LEVEL 5 ELT	LEVEL 4 ELT	LEVEL 3 Managers	LEVEL 2 Managers	LEVEL 1	Comments
Budgeted Capital Expenditure	Unlimited	\$500,000	\$200,000	\$50,000	\$75,000	\$10,000	N/A	
Sale and purchase of land and buildings including gifts and vesting.	Full Council approval required							
Sale and Disposal and Write off of Assets								
Sale or dispose of obsolete, surplus or non-repairable vehicles.		Unlimited						
Plant and Equipment			\$5,000 Net book value	\$5,000 Net book value				
Computer Equipment			Relevant General Manager	Relevant General Manager				
Sale of Library Books			Group Manager Operations			Library Services Manager		
Fleet Assets purchase and sale	Unlimited	\$500,000						

6.4. Schedule 4 - Treasury Management Delegations

The Investment and Liability Management Policies detail the delegations to management. Noted below is a summary of these delegations.

Activity	Delegated Authority	Limit
Approving and changing the Investment and Liabilities Management Policies	The Council	Unlimited
Approving annual external borrowing requirement as set out in the AP/LTP	The Council	Unlimited (subject to legislative and other regulatory limitations)
New borrowings	The Council	Unlimited (subject to legislative and other regulatory limitations)
	The Chief Executive Officer and the General Manager Finance	Subject to prior approval by Council through the Annual Plan / LTP or Council resolution
Acquisition and disposition of investments other than treasury investments	The Council	Unlimited
Issuing of Securities under the Council Debenture Trust Deed	The Chief Executive Officer The General Manager Finance (delegated by the Chief Executive)	Subject to the Investment and Liability Management policies
Overall day-to-day risk management	The Chief Executive (delegated by Council) The General Manager Finance (delegated by the Chief Executive)	Subject to the Investment and Liability Management policy
Managing funding and treasury investment maturities in accordance with Council approved facilities	The General Manager Finance (Delegated by the Chief Executive)	In accordance with the Investment and Liability Management policy

7. Chief Executive Officer Delegations

7.1. Financial Delegations from Council to the Chief Executive Officer

Schedule 1 sets out authorised financial delegations from the Council to the Chief Executive Officer. Any transaction exceeding the authorised limit is required to be approved by resolution at a meeting by the Finance, Audit and Risk Committee (provided it falls within their delegated financial authority set out in Part A above), or by Council.

The Chief Executive Officer can sub-delegate any of the powers and functions to staff but retains the right to perform any sub-delegation.

Activity	
Financial Management	<ul style="list-style-type: none"> ▪ Opening and operating accounts with the Council's selected bankers as necessary for the conduct of Council business ▪ Reviewing the services provided by the selected banker, opening and operating accounts with, and accepting banking services from, other registered banks (if and when required) ▪ Monitoring the circumstances of approved institutions and reporting back to Council should they be, or appear likely to be required to be, excluded from use for investment purposes. ▪ Authority to facilitate Council borrowing with recognised banking institutions under the Local Government Funding Authority (LGFA)

Activity	
	<ul style="list-style-type: none"> ▪ Investing surplus Council funds in accordance with investment policies, strategies, limits and security requirements ▪ Transfer of funds between South Wairarapa District Council's bank accounts ▪ Transfer and payments approved within the Long-Term Plan and Annual Plan.
Variation of Budget	<p>Delegated the authority to vary the constituent sums that make up a budget where:</p> <ul style="list-style-type: none"> ▪ the General Manager Finance and the Chief Executive Officer confirm that the variation can be appropriately funded or will be funded from savings made on other sums with the same budget; and ▪ the variation will allow the department concerned to better achieve the purpose or purposes for which the budget was adopted.
Additional financial functions	<ul style="list-style-type: none"> ▪ Write-off debts up to \$10,000 per transaction (excluding GST) ▪ Approve rates penalty remission outside of policy. ▪ Sell or dispose of obsolete, surplus or non-repairable vehicles, computer equipment and plant and equipment up to \$5,000 net book value. ▪ Sell or write-off surplus, obsolete or damaged stock

For the avoidance of doubt, the following financial transactions have not been authorised to be performed by the Chief Executive Officer:

- The sale or disposal of obsolete, surplus or non-repairable land and building assets, which is required to be approved by Council resolution.
- The sale or disposal of obsolete, surplus or non-repairable plant and equipment over \$5,000 net book value, which is required to be approved by resolution of the Finance, Audit and Risk Committee.

7.2. Appointment of an Interim Chief Executive Officer

When there is a long term absence of a Chief Executive Officer and the Council has appointed an Interim Chief Executive Officer, all delegations are passed on to the Interim.

7.3. In the Chief Executive Officer's Absence

In the absence of the Chief Executive, and where an Acting Chief Executive has not been appointed, two Executive Leadership Team members may jointly undertake the Chief Executive's delegated authority provided that:

- the matter requires urgent resolution and cannot await the Chief Executive's return.
- at least one level 5 Executive Leadership Team member is included in the joint review of the authority request.

7.4. Authorised Signatories

Action	Authorised Signatories
Apply the Council Common Seal	Chief Executive Officer General Manager Finance Group Manager Planning and Environment General Manager Policy & Governance General Manager Human Resources and Corporate Services
Release Payments	Two people are authorised to release payments. Refer to Payment Authorisation for the current list of staff with appropriate authority

8. Individual delegations

Delegated Authority or Delegations is the authority to approve expenditure, carry out actions or make decisions on behalf of the Council in specific situations. The terms 'delegated financial authority' (DFA) or 'delegations' are identical in meaning and are used interchangeably.

Job descriptions, employment contracts or other documents that mention that a position has delegated authority do not grant the authority.

8.1. Business Unit (BU) Specific

Each BU manager is responsible for identifying and ensuring that their staff has the delegated authority required to carry out their role.

8.2. Assigning Delegations

Each manager is responsible for identifying the relevant delegations to specific Council officers in their area. Delegations are assigned through a Delegated Authority Form which is approved by the appropriate Executive Leadership Team Member.

Managers must immediately cancel an individual's delegations and their warrant (if applicable) whenever staff leave the Council or transfer to another area within the Council. A Council officer can exercise their delegations upon countersigning their Delegated Authority Form, unless directed otherwise.

8.3. Delegated Form

The SWDC Delegation Form describes the conditions of an officer's authority. It is authorised by the Chief Executive or the appropriate Executive Leadership Team member. The letter must be and countersigned by the officer. Once signed, the manager scans the letter and places the original in the officer's employee file. The scanned letter is then emailed to Accounts.

Payment Services update the Delegations Register to add the individual's delegations and files the letters in Delegations Register.

Note: If a delegation is to be added to or amended then a completely new delegated authority letter is required. Any new delegation letter supersedes all previous delegations.

8.4. Monitoring of Financial Delegations

The Council's financial management information system (MAGIQ) monitors financial delegations at a transaction level.

Transactions should be referred via the system to someone with the appropriate cost centre delegation level. Compliance with delegated authority must be ensured by both the purchaser and the authorising officer.

It is expected that officers know and understand the policies and adhere to them, regardless of whether the limits allow it or not.

8.5. Transferring Roles – Cancelling Delegations

When staff transfer, all existing delegations, and warrants (where applicable) are automatically revoked, and the new manager should issue a delegation authority appropriate to the employee's new role. The new manager must save a copy in the employee's file and send a copy of the new authority to accounts.

Payment Services will update the Delegations Register to remove the individual's delegations and file the letters in the Archived Delegations Register

9. Financial Management and Transactions

9.1. Budgets

Seeking Approval for Overspend

Authority is delegated to commit expenditure within the budgeted amount. For a cost centre overrun, the manager must find savings within the cost centres they are responsible for. This applies to the total budget for a cost centre or the individual programme or activity budgets. Operating Expenses (OPEX) cannot be transferred to Capital Expenditure (CAPEX), and vice versa. The manager must also identify any impact at an activity level.

As soon as a cost centre manager becomes aware that a cost centre or activity budget may be overspent, they must discuss with their Manager and Finance. The Chief Executive Officer has the authority to approve OPEX variances in a strategy or activity area by an amount no greater than 5% and CAPEX variances in a strategy or activity area by an amount no greater than 5% as long as the overall annual plan budget for the year is not exceeded.

Overspends up over \$20,000 for OPEX or for \$50,000 CAPEX without commensurate savings must be recommended by the Finance Committee to be approved by Council. Any overspends in excess of \$100,000 without commensurate savings must be approved by full Council.

Long Term Plan and Annual Plan Budgets

The Chief Executive Officer has the authority to approve OPEX variances in an activity area by an amount no greater than 5% and CAPEX variances in a strategy or activity area by an amount no greater than 5% as long as the overall annual plan budget for the year is not exceeded.

Use of Reserves – Budgeted and Unbudgeted

The use of reserves is approved in the LTP or Annual Plan, which are approved by Council.

The Chief Executive Officer can approve unbudgeted use of Reserves up to \$75,000 with endorsement from the General Manager Finance.

The Infrastructure & Community Services Committee (ICS) can approve the use of reserves for emergency funding up to a maximum of \$400,000. The ICS Committee can approve the use of \$100,000 unbudgeted that does not trigger the Significance and Engagement Policy.

The Finance Committee and the Assurance & Risk Committee have no delegated financial authority and can only recommend to Council funding requests and approvals of unbudgeted expenditure.

Any other Committees not listed above have no Financial Delegated Authority.

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9.2. Fees and charges

The Council has more than 1,000 different fees and charges. They are one way the Council can recover the costs it incurs when undertaking many of its functions. The Council's [Revenue and Financing Policy](#) sets the rationale for the setting of fees and charges.

They are usually set or amended as part of an LTP or Annual Plan or where there is a change in circumstance including changes in legislation.

User charges are in two categories:

- a. Charges set by Council where there is significant community interest, and/or legislative requirement to set the charge. For these, Council resolves maximum fee levels, but officers may vary charges below the maximum, within policy and process constraints.
- b. Charges that are not constrained by legislation or bylaws and where Council has determined that officers may vary charges within policy constraints.

9.3. Payment Authorisation

The following applies to staff authorising electronic payments in accordance with delegated financial authority.

Requirements in regard to payment authorisation

Description	Delegated to
Payment Authorisation	
Authority to sign to operate the Council's accounts, endorse lodgements for credit or debit and authorise electronic funds. Two signatures are required. One of the electronic fund transfer signatories must include the General Manager Finance or the Senior Financial Accountant.	Chief Executive Officer, General Manager Finance, General Manager Policy & Governance, General Manager Human Resources and Corporate Services, Roothing Manager, General Manager Planning and Regulatory Services, Senior Financial Accountant

9.4. Ruamahanga Roads

On 1 July 2019, South Wairarapa District Council (SWDC) and Carterton District Council (CDC) entered into a joint contract to provide roading maintenance and capital works as part of a joint network covering the roads in both districts.

The two roading teams will work as one to deliver this contract via the lead contractor Fulton Hogan. On a day-to-day basis, the SWDC Roothing Manager may authorise roading works to occur within the Carterton District. Likewise, the CDC Senior Roothing Officer may authorise roading works to be done in the South Wairarapa District.

Delegated authority is given to these two positions up to \$75,000 for work covered by the joint contract. Anything over the delegated amount, or which is not covered by the joint contract, will be approved in line with normal delegation policies for each respective council. Records will be kept to ensure that expenditure on roading in one district is paid for by that district and that claims from NZTA for that district are received by that district. The purpose of this delegation is to ensure the smooth running of the roading shared service between SWDC and CDC known as Ruamahanga Roads.

9.5. Wellington Water Limited (WWL)

On 1 October 2019 SWDC became a shareholder in WWL.

Wellington Water manages the three waters infrastructure for the Greater Wellington Regional Council, South Wairarapa District Council, Wellington City Council, Hutt City Council, Upper Hutt City and Porirua City Council. It is a CCO which is owned by the six councils.

Currently, contracts are arranged by Wellington Water (WWL) in the name of the relevant council. The arrangements are based on the outcome-based business model, contracts in the main, will be entered into by Wellington Water as principal, not the relevant council.

Under the Local Government Act 2002 the Council cannot guarantee the obligations of Wellington Water.

Procedures:

- a. The Council and Wellington Water will agree a 'Contract for Provision of Management Services Relating to Water Services' for the supply of services from Wellington Water on behalf of the Council.
- b. Prior to the commencement of each financial year the Council and Wellington Water will agree the Annual Work Program (AWP) based on the Asset Management Plan (AMP). The AWP will include the agreed outcomes for the work program, the dollar budget estimates and the Council's share of running Wellington Water. During the year if there are changes to the work program, emergencies re-prioritisation and budgets variances the AWP will be amended and agreed with the whole of Council. The AWP will be a contract between the Council and Wellington Water and because of the amounts involved it will have to be signed by the Chief Executive Officer.
- c. The delegation limits in [Schedules 2 & 3](#) apply to all Purchase Orders and payments to Wellington Water.

10. Appendices

10.1. Appendix 1 - Delegations by Costs Centre

Cost Centre	Role(s) that can sign for this cost centre
General	General Manager Finance Senior Financial Accountant
Customer Services & Administration	General Manager Human Resources and Corporate Support
Corporate Facilities	General Manager Human Resources and Corporate Support Partnerships and Operations Manager (Amenities)
Information Management & Technology	General Manager Human Resources and Corporate Support
Finance	General Manager Finance Senior Financial Accountant
Human Resources & Health and Safety and Wellbeing	General Manager Human Resources and Corporate Support
Communications	General Manager Communications and Engagement
Policy and Governance	General Manager Policy and Governance
Elected Members	General Manager Finance Senior Financial Accountant General Manager Policy and Governance
Featherston Community Board	These roles can sign for this cost centre following a resolution from the Featherston Community Board: General Manager Finance Senior Financial Accountant General Manager Policy and Governance
Greytown Community Board	These roles can sign for this cost centre following a resolution from the Greytown Community Board: General Manager Finance Senior Financial Accountant General Manager Policy and Governance
Martinborough Community Board	These roles can sign for this cost centre following a resolution from the Martinborough Community Board: General Manager Finance Senior Financial Accountant General Manager Policy and Governance
Te Māngai O Ngā Hapori Māori	These roles can sign for this cost centre following a resolution from the Māori Standing Committee:

Cost Centre	Role(s) that can sign for this cost centre
	General Manager Finance Senior Financial Accountant General Manager Policy and Governance
Animal Control & Bylaws	General Manager Planning and Environment Environmental Services Manager
Public Protection & Health	General Manager Planning and Environment Environmental Services Manager
Building Control	General Manager Planning and Environment Building Manager
Resource Management	General Manager Planning and Environment Planning Manager
Emergency Management	General Manager Partnerships and Operations General Manager Human Resources and Corporate Support
Rural Fire	General Manager Partnerships and Operations
Community Wellbeing	General Manager Finance Senior Financial Accountant General Manager Partnerships and Operations Community and Youth Grants requires a resolution from Council or the Grants Subcommittee
Economic Development	General Manager Finance Senior Financial Accountant General Manager Partnerships and Operations
Mayor's Taskforce for Jobs	General Manager Partnerships and Operations General Manager Finance Senior Financial Accountant
Provincial Growth Fund	General Manager Partnerships and Operations General Manager Finance Senior Financial Accountant
Campgrounds	General Manager Partnerships and Operations Partnerships and Operations Manager (Amenities)
Cemeteries	General Manager Partnerships and Operations Partnerships and Operations Manager (Amenities)
Community Buildings	General Manager Partnerships and Operations

Cost Centre	Role(s) that can sign for this cost centre
	Partnerships and Operations Manager (Amenities)
Housing	General Manager Partnerships and Operations Partnerships and Operations Manager (Amenities)
Parks & Reserves	General Manager Partnerships and Operations Partnerships and Operations Manager (Amenities)
Pain Farm	General Manager Partnerships and Operations Partnerships and Operations Manager (Amenities)
Rental Properties	General Manager Partnerships and Operations Partnerships and Operations Manager (Amenities)
Swimming Pools	General Manager Partnerships and Operations Partnerships and Operations Manager (Amenities)
Public Toilets	General Manager Partnerships and Operations Partnerships and Operations Manager (Amenities)
Refuse & Recycling	General Manager Partnerships and Operations Partnerships and Operations Manager (Amenities)
Libraries	General Manager Partnerships and Operations Library Services Manager Partnerships and Operations Manager (Amenities)
Subsidised Land Transport	General Manager Partnerships and Operations Rooding Manager
Unsubsidised Land Transport	General Manager Partnerships and Operations Rooding Manager
Water Supply	General Manager Partnerships and Operations
Wastewater	General Manager Partnerships and Operations
Stormwater	General Manager Partnerships and Operations
Water Races	General Manager Partnerships and Operations
From time to time these cost centres may change due to coding structure changes within the financial systems, in particular LTP or AP.	

10.2. Appendix 2 – Delegated Authority Form

South Wairarapa District Council Delegation Form

To be completed when new Managers appointed at SWDC.

I agree to abide by all South Wairarapa District Council policies with regard to incurring expenditure and to stay within my delegation limit when exercising this delegation. I have read and understood the Financial Delegations Policy and agree to abide by the delegations appropriate to my role as outlined in Appendices 1,2, and 3 of the Financial Delegations Policy:

Name of employee: _____

whilst performing the Role of: _____

Date Delegation commences: _____

Date Delegation ceases (for temporary delegations) _____

Signed by the Delegatee:

(Signature) (Initials)

Name: _____

Title: _____

Date signed: _____

Witnessed by:

(Signature)

Name: _____

Title: _____

Date signed: _____

Democracy and Engagement Update

1. Purpose

To present the Policy and Governance Report for October 2023.

2. Recommendations

Officers recommend that the Assurance and Risk Committee:

1. Receive the *Democracy and Engagement Update Report*.

3. Executive Summary

Officers present the following updates for consideration by the Assurance and Risk Committee:

- Long Term Plan
- Significant Risk Register Review
- Governance
- Policy Updates
- Official Information Requests (LGOIMA)

4. Long-Term Plan - Planning Update

The Long-Term Plan (LTP) work continues to progress with a variety of workshops having been held to facilitate discussion with elected members and support with the formulation of ideas and priorities, understanding of the financials, setting community outcomes, activities and levels of service. Council Officers have been invited to some workshops to better understand the views and priorities highlighted by Council prior to the development of draft documentation.

The LTP governance group made up of Mayor Connelly, Councillor Gray, the Interim Chief Executive and the General Manager of Policy & Governance have held several meetings and LTP risks and mitigations are being monitored and updated as required.

The project plan has four phases that overlap and intersect. The first phase is Planning and Direction Setting, the second phase is Design and Engagement, the third phase is formal Consultation, and the fourth phase is the production of the final draft of the LTP and its adoption by Council.

We are currently in the Phase One – Planning and Direction Setting, moving into Phase Two in November. The following work is currently taking place:

- An environmental scan (refer to [Council meeting 27 September](#), item C6)
- Setting community outcomes
- The engagement plan and early engagement
- Confirming groups of activities and a review of service levels
- Review and development of key infrastructure and financial strategies and policies.

The LTP project plan page will go live within the coming weeks to keep the community informed of progress and next steps.

5. Significant Risk Register Review

The risk register will be reviewed quarterly as follows:

- May (Jan-April)
- August (May-July)
- Oct (Aug-Sept)

The Executive Leadership Team continue to have weekly risk meetings and fortnightly risk assessment discussions. Risks identified at these meetings are recorded in minutes and added to the appropriate risk register. Refer to Appendix 1 for more information.

In the previous meeting of the Assurance and Risk Committee, members queried how the significant risks were assessed. SWDC currently use the All of Government Risk Maturity Assessment Framework; refer to Appendix 2 for more information.

A second risk workshop has been scheduled for 25 October, which will occur following the formal meeting of this committee. The aim of the workshop is to provide further support and information to elected members on the assessment of risk across the organisation to support elected members in their decision-making and the review of the current SWDC Risk Policy (including the development of risk appetite statements).

6. Governance

The priorities for the governance team since August has included:

- Review of joint policies with Carterton and Masterton District Councils,
- Review of a number of SWDC regulatory policies and bylaws,
- Governance support to Council, committees and community boards, including coordination of submissions and hearings,
- Representation Review project progression and advice to Council,
- Staff update: We are currently advertising for the Lead Policy Advisor position previously held by Kaity Carmichael and the Pou Māori Principal Advisor position previously held by Leanne Karauna. Both Kaity and Leanne continue to provide a few hours a week of casual hours support to the team.

7. Policy Updates

Continual progress on the Policy and Bylaw programme of work has been made in the last few months.

- Consultation has closed on the Revenue and Financing Policy (Rating Review). Hearings will be conducted later in October.
- Consultation is open on the Freedom Camping Bylaw with hearings expected to be conducted in November.
- Adoption of the Dog Control Policy and Bylaw and the Proactive Release Policy.
- Ongoing joint work has been undertaken on the Wairarapa Local Alcohol Policy and the Wairarapa Class 4 Gambling and TAB Venues Policy.
- Ongoing progress with the Māori Policy and Risk Policy.

8. Official Information Requests

8.1 List of Official Information requests (LGOIMA)

For the period 27 July to 13 October 2023 SWDC received 48 requests. Refer Appendix 4 for a full list.

- For the period 1 July to 26 July SWDC received 20 requests.
- For the period 23 April to 30 June 2023 SWDC received 60 requests.
- For the period 11 January 2023 to 20 April 2023 SWDC received 21 requests.

8.2 Proactive Release Policy – Implementation Update

The Proactive Release Policy was adopted by Council on 27 September 2023 and has been uploaded to our website on our Policies page:

<https://swdc.govt.nz/governance/policies/>

The team are in the process of building a webpage to support the display of LGOIMA responses and documentation which has been released to the public via this policy. This is expected to be operational by the time the Committee's formal meeting takes place. The webpage will sit alongside the current Official information requests page:

<https://swdc.govt.nz/services/official-information-requests/>

9. Appendices

Appendix 1 – Long Term Plan 2023-24 Project Timeline as of 13 October 2023

Appendix 2 – Significant Risk Register as of July 2023

Appendix 3 – AoG Risk Maturity Assessment Framework

Appendix 4 – LGOIMA 27 Jul-13 Oct 2023

Contact Officer: Amanda Bradley, General Manager Policy and Governance

Reviewed By: Paul Gardner, Interim Chief Executive Officer

Appendix 1 – Long Term Plan 2023-24 Project Timeline as of 13 October 2023

SWDC 2024/2034 Long-Term Plan Timeline

as at October 2023

Project Sponsor: Martin Connelly

Project Sponsor Deputy: Rebecca Gray

Date	Task	Responsible
June		
7	Council Meeting	
	Establishment of the Project Team	Governance
	Establishment of the Governance Team, set up monthly meetings, write TOR	
	Project Plan Drafted – project objectives, scope, roles, and processes	Governance
	Project team to read through key Taituara documents – <i>Jigsaw 2024: Piecing it all Together; Living Through the Long-Term Plan 2024; Performance Management Frameworks: Your Side of the Deal 2021.</i>	All
	Community Direction/Outcomes setting as part of AP Consultation (analysis)	Governance
	Prepare Summary of Reform Impacts	Governance
	Environmental scan	Governance
	Development of draft Quality Assurance Plan	Governance
	Development of draft Audit Process Plan	Finance
	Development of draft Engagement Strategy	Comms
	Development of draft Forecast Financial Statement	Finance
	Forecasting Assumptions and Risk Analysis	Project Team
	Stocktake of relevant Plans and Strategies (internal/external)	Governance
	Stocktake of funding and financial policies: Revenue & Financing Policy; Liability Management Policy; Investment Policy; Remission & Postponement of Rates on Māori Freehold Land Policy; Significance & Engagement Policy; Grants Policy; Revenue & Finance Policy	Governance
	Information Management Plan Development	Governance/ Information Management
28	Council meeting	
July		
4	Project Team Working Meeting 1: Direction Setting focused on Community Wellbeing & Community Outcomes; Review of Project Plan/Timeline	
12	Elected member Workshop: Affordable Water Reform.	
18	Project Team Working Meeting 2: Prepare for LTP Workshop with elected members	All
	Pre-reading for LTP workshop prepared and provided to elected members	
19	Elected Member Workshop: Roading	
20	LTP Workshop 1: LTP Direction Setting & Project Plan (Focus on: Project Plan and expectations of/from elected members; Community direction/outcomes; organisational vision & values; strategic plan; overview of internal plans/strategies and how they fit together)	
26	Elected Member Workshop: Risk and RMA Reform	
	Grouping of LTP Activities	Governance
	Development of Activity Statements and Asset Management Plans	Project Team
TBC	All Staff Briefing on LTP	Comms/ Governance
August		

1	Project Team Working Meeting 3: Levels of Service and Performance Measures	
1	LTP Workshop: Community Boards and Māori Standing Committee	
2	Council Meeting	
	Development of the Financial & Infrastructure Strategies	
	Begin Early Community Engagement - Well-being and Significant Issues	
	Set up LTP external advisory group, set up meetings and write TOR	
15	Project Team Working Meeting 4: Full Day Managers Meeting	
TBC	LTP Workshop 2: could be rating review and this on 17 August	
29	Project Team Working Meeting 5: Policies and Strategies	
September		
	Policy Review completed	Governance
	Financial Forecasting	Governance
	LTP Workshop 3:	
	Ongoing Sector Engagement Meetings	
6	Council Meeting – Package of significant assumptions approved by Council	
27	Council Meeting	Governance
October		
	Annual Report completed	Comms
	LTP Workshop 4:	
	Ongoing Sector Engagement Meetings	
November		
	Engagement	
22	Council Meeting	
	Financial forecasts	
December		
	preparation of CD and consultation approach	
January		
	Engagement	
	Preparation of the consultation document	
	Formal audit	
February		
	LTP Workshop 9: Review of the Consultation Document (final opportunity for feedback)	
	LTP Workshop 10: Review of the Consultation Document (following feedback)	
March		
	Consultation Process opens	
	Council meeting	
	Adopt Consultation Document and Supporting Information	
April		

	Hearings (SCP)	
May		
	Council decision making	
June		
	LTP Workshop 11: Review of the LTP Document (final opportunity for feedback)	
	LTP Workshop 12: Review of the Final LTP Document (following feedback)	
26	Council Meeting <ul style="list-style-type: none"> • Final LTP sign off by elected members 	

**Appendix 2 – Significant Risk Register
as of July 2023**

Risk Theme	Risk and Impact Description	Risk Drivers (Existing and Potential Causes)	Accountable	Inherent Likelihood	Inherent Consequence	Inherent Risk	Existing Mitigations	Mitigations in Development	Responsible	Residual Likelihood	Residual Consequence	Residual Risk	Monitoring and review
Council decisions and processes do not fulfil our obligations under Te Tiriti o Waitangi, The Treaty of Waitangi, respectful of tikanga and iwi, hapū, te ao Māori, Māori world view	External or internal events may have a material impact on the quality of the relationship the SWDC has with iwi, hapū, Māori. The understanding of the SWDC role under Te Tiriti o Waitangi, The Treaty of Waitangi is developing and requires resourcing. If the SWDC does not respond adequately, it could result in decreasing trust, a claim under the Waitangi Tribunal, financial loss, and reputational damage.	Lack of or inadequate: <ul style="list-style-type: none"> Partnership Policy and outdated Māori Policy/Significance and Engagement Policy Staff and elected official cultural competence Sharing of relationship insights across council Sufficient resources Lack of a full and appropriate process of engagement or consulting with Mana whenua in identifying areas of significance to Māori/Mana Whenua 	CE	Almost Certain (5)	Moderate (3)	Extreme (5)	<ul style="list-style-type: none"> Appointment to role of Pou Māori (Principal Advisor Māori) Maintenance and support of the Māori Standing Committee this includes ensuring and maintaining full mana whenua representation Relationships held between marae committees, iwi entities, the CE, the and the Mayor Collaborations with other councils to align engagement with iwi on some projects (e.g. climate change) Cultural competence training for all staff and elected officials (in progress) Developing the role of Pou Māori to engage broadly internally and externally to better advise on the Councils obligations under Te Tiriti o Waitangi with iwi, hapū Coordinated collaboration with other councils to align engagement with iwi 	<ul style="list-style-type: none"> Te Ao Māori and Te Reo training for staff and elected officials Comprehensive induction for elected officials Representation review includes iwi, hapū, and marae from the outset towards a partnership approach Partnership and Māori Policies developed, Significance and Engagement Policy reviewed 	GM P&G and Pou Māori	Possible (3)	Minor (3)	Moderate (3)	Quarterly at Assurance and Risk Committee meetings
Climate Change	Failing to adapt to the impacts of climate change on our environment and failing to mitigate council's contributions to greenhouse gas emissions may result from the complexity of processes and dependencies that may not adequately consider climate impacts. There may be impacts on the environment, health and safety or wellbeing of staff and the community, reputation, operations and finance and strategic goals may not be delivered.	Lack of or inadequate: <ul style="list-style-type: none"> Preparedness Coordination across services (planning, roading, finance, etc) Connection to emergency management Investment Training of staff (understanding of issues, roles, and responsibilities) Leadership Communication internally, with key stakeholders, or the public 	CE	Almost Certain (5)	Extreme (5)	Extreme (5)	<ul style="list-style-type: none"> Appointment to role of Climate Change Advisor to lead this work Climate Change Carbon Reduction Strategy and Action Plan Wellington Regional common climate change assumptions used to carry out a risk assessment Contingency built into LTP budgets Energy audits Community self-assessment kits Climate Change Resilience and Risk Strategy (further detailed mitigations) Council's updated procurement policy supports sustainability Establishment of Climate Change and Environment Committee. 	<ul style="list-style-type: none"> Advancing planning measures including coastal retreat into our District Plan Involvement in Regional Climate Change Impacts Assessment, Emissions Reduction Strategy, and Food Systems Strategy projects under the Wellington Regional Leadership Committee which will provide regional- and district-specific actionable documents Community planting initiatives around forests and wetlands to increase carbon reservoirs and stormwater attenuation. 	ELT, Climate Change Advisor	Almost Certain (5)	Major (4)	Extreme (5)	Fortnightly at ELT meetings and quarterly at Assurance and Risk Committee meetings.
Crisis Management and Response	Risk relates to a natural or human-induced disaster event impacting the health and safety or wellbeing of staff and the community and service delivery and resulting in financial loss.	Lack of or inadequate: <ul style="list-style-type: none"> Preparedness Investment Training of staff (understanding of issues, roles, and responsibilities) Leadership Communication internally, with key stakeholders, or the public 	CE	Almost Certain (5)	Major (4)	Extreme (5)	<ul style="list-style-type: none"> Participation in Wellington Region Civil Defence Emergency Management Group Participation in the Wellington Regional Leaders Committee and developing the Regional Economic Response Plan Participation in the Wairarapa Emergency Operation Centre (EOC) Some degree of response built into the 2021-31 LTP Business Continuity Plan developed and CIMS framework adopted for management of emergency situations Engage the community boards to participate in the Community Emergency Hubs. 	<ul style="list-style-type: none"> Inhouse crisis response teams to respond to local events. Working with WREMO to strengthen the community's knowledge and response capacity Working with WREMO on coastal community tsunami response awareness. Further develop CDEM related business continuity Improve reporting. 	GM HR&CS and H&S Officer	Almost Certain (5)	Moderate (3)	Extreme (5)	Fortnightly at ELT meetings and quarterly at Assurance and Risk Committee meetings.
IT System Failure	Previous levels of investment in our IT architecture have not kept pace with the evolving needs of our organisation. Historically, there hasn't been the appetite for increasing our spend on our IT architecture and systems, instead adopting a patchwork approach. This has meant that our IT architecture is now not fit for purpose and presents an unnecessary risk to Council operations. Traditionally IT has been funded as capital expenditure but has moved to software as a service which means it should be funded as operational expenditure.	Lack of or inadequate: <ul style="list-style-type: none"> Protection against external cyber-attack e.g. ransomware Leadership Planning Understanding of the key issues Policies and processes to support good practice Training of staff (understanding of issues, roles, and responsibilities) System architecture and software Disaster recovery, business continuity and backups IT transition (migration) System resilience testing 	CE	Almost Certain (5)	Extreme (5)	Extreme (5)	<ul style="list-style-type: none"> Ongoing training for staff and regular updates on how to identify and respond to threats. Annual testing of system resilience Audit conducted of security measures and disaster recovery needs. Appointment of Lead Advisor Information Management Review and update of IT service contracts Development of ICT and Information rolling 3 year Strategic Plan 	<ul style="list-style-type: none"> Needs assessment of future data storage requirements 	GM HR&CS and GM P&G (Amy to work with Chris - adapting to information management risk)	Possible (3)	Moderate (3)	High (3)	Monthly at ELT meetings and quarterly at Assurance and Risk Committee meetings.
Fraud and Corruption	Risk of over-committing Council to work programmes, excess unbudgeted expenditure, fraud, inaccurate modelling, or financial shock. This may impact Council reputation, financial stability and sustainability, legal compliance, and ability to deliver strategic goals or meet service levels.	Lack of or inadequate: <ul style="list-style-type: none"> Financial policies and procedures Leadership Training of staff (understanding of issues, roles, and responsibilities) Code(s) of Conduct 	CE and GMF	Possible (3)	Major (4)	High	<ul style="list-style-type: none"> Financial policies and financial delegations Reporting to FAR Code(s) of Conduct reviewed and updated Staff training and elected member induction Conflict of Interest Register. 	<ul style="list-style-type: none"> Further work being developed 	ELT	Possible (3)	Major (4)	High (3)	Monthly at ELT meetings and quarterly at Assurance and Risk Committee meetings.

Legislative and Regulatory Reforms	There are number of significant government reforms including changes to climate change, resource management, three waters reform and the future of local government review. These changes may impact council's strategic direction and community confidence and may raise challenges in terms of change preparedness. There may be misalignment between government and Council's strategic goals and failure to adapt to changes may affect community wellbeing.	Lack of or inadequate: •Preparedness •Investment •Leadership •Communication internally, with key stakeholders, or the public	CE	Almost Certain (5)	Major (4)	Extreme	<ul style="list-style-type: none"> Principal Advisor Water Transition role established Participation in external forums on multiple levels WWLASC coordinated strategic approach for transition management planning and delivery Monthly updates and forward planning reports provided Appointment to Pou Māori role Participation by CE in external forums Agenda item on Executive Leadership fortnightly meetings Membership of LGNZ and Taituarā 	<ul style="list-style-type: none"> Organisational change management plan Regional change management plan for delivery of water services with or without reform Built into AP and LTP 	GM P&O, GM P&E, GM P&G, Principal Advisor Water Transition	Almost Certain (5)	Moderate (3)	Extreme (5)	Fortnightly at ELT meetings and quarterly at Assurance and Risk Committee meetings.
Social Licence to Operate and Reputation	This risk involves ongoing failure to effectively communicate or engage with the community on strategic, governance or operational matters, and includes risks associated with an ineffective media relationship. This may impact the ability to meet community outcomes and strategic goals, loss of trust and confidence, council reputation and operational delivery. Significant and ongoing failure may undermine Council's purpose and impact participation in, or effective conduct of, local democracy. This risk involves a failure to implement council's strategic direction; to monitor Council's performance against community outcomes; and to work effectively and cohesively at a governance level resulting in poor decision-making and failure to meet strategic goals. It also includes working effectively with Community Boards. This may impact Council reputation, trust and confidence and the ability to deliver strategic goals or meet service levels.	Lack of or inadequate: •Preparedness •Investment •Leadership •Communication internally, with key stakeholders, or the public •Communications & Engagement Strategy	CE	Likely (4)	Moderate (3)	High	<ul style="list-style-type: none"> Timely, fact-based responses to media enquiries Proactive information sharing and media releases via website, social media, and print media Regular general communications on relevant topics using multiple channels Improved connection between service delivery teams and comms team Improved website content Elected member e.g. drop in sessions, community forums etc. 	<ul style="list-style-type: none"> Development of Communications and Engagement Strategy Improvements to LGOIMA, e.g. Response times, public access on SWDC website Improvements to engagement practices and processes e.g. Internal capability 	GM C&E and GM P&G	Likely (4)	Minor (2)	High (3)	Monthly at ELT meetings and quarterly at Assurance and Risk Committee meetings.
Critical Asset Failure	There is a risk of operational failure that has a material impact on service delivery, including failure of critical assets and Council's ability to operate. This may impact health and safety or wellbeing of staff and the community, council reputation, loss of trust and confidence, not meeting service levels, strategic goals, regulatory or legal requirements and increased costs long term.	Lack of or inadequate: •Investment •Asset management programme •Leadership	CE	Almost Certain (5)	Major (4)	Extreme (5)	<ul style="list-style-type: none"> Revised Infrastructure Strategy for LTP Budget for asset planning, condition assessments and maintenance Wellington Water Delivery Manager Improved monitoring and control systems for early warning Improved supply contingency capabilities for water Improved communications with stakeholders Improved governance 	<ul style="list-style-type: none"> Increase resourcing to be examined as part of the LTP process Develop business continuity plan and improve reporting 	GM P&O	Likely (4)	Major (4)	Extreme (5)	Fortnightly at ELT meetings and quarterly at Assurance and Risk Committee meetings.
Economic Shock	New Zealand is likely to experience a recession in the coming months. Inflation is at it's highest rate since the 1980s. There is a shortage of resources including human and materials in the country and this impacts on potential development and infrastructure, particularly water and roading. We propose an ambitious capital works programme in the LTP and Audit NZ has identified the risk of non-delivery. The impacts would be on council reputation, loss of trust and confidence, not meeting service levels, strategic goals or regulatory requirements and increased costs long term.	Lack of or inadequate: •Preparedness and understanding of economic climate •Leadership and decision-making •Policies and procedures	CE	Likely (4)	Moderate (3)	High (4)	<ul style="list-style-type: none"> Planning – annual plan, long-term plan, project planning Membership of LGNZ and Taituarā Quarterly review of financial position to Finance Committee 	<ul style="list-style-type: none"> Develop contingency plans for constrained resources Prioritisation framework Collaboration with community response and support organisations. 	GMF	Likely (4)	Moderate (3)	High (3)	Monthly at ELT meetings and quarterly at Assurance and Risk Committee meetings.
Regulatory Failure and Liability from Consenting and Compliance Activities	Risk relates to the failure to identify and address deficiencies in consents or the consenting process or ineffective compliance monitoring activities which may expose Council to liability claims. Risk may result from complexity of processes, lack of processes, training, and supervision. Impact may be on Council reputation and result in financial loss.	Lack of or inadequate: •Monitoring and auditing processes and reporting •Employment of suitably qualified staff •Training •Increasing compliance requirements	CE	Likely (4)	Major (4)	Extreme	<ul style="list-style-type: none"> Recruitment processes Peer review Training Use of legal advice, opinions Maintenance of quality consent decision-making 	<ul style="list-style-type: none"> Process improvements 	GM P&O and GM P&E	Possible (3)	Moderate (3)	High (3)	Monthly at ELT meetings and quarterly at Assurance and Risk Committee meetings.
Single point of failure, staff resourcing	Several roles within Council are reliant on expertise, institutional knowledge and skills of a single staff member. If the staff attrition rate increases, then we may not be able to deliver some services.	Lack of or inadequate: •Contingent resource in teams •Clarity about roles and responsibility in leadership •Longer than ideal periods to appoint into roles •Systems and process to support staff wellbeing •Positive work culture.	CE	Likely (4)	Major (4)	High (4)	<ul style="list-style-type: none"> Recruitment processes Strategic workforce planning Rewards and benefits framework Clarity about roles and responsibilities of elected members 	<ul style="list-style-type: none"> Annual planning – recruitment planning CE recruitment 	GM HR&CS	Possible (3)	Moderate (3)	High (3)	Monthly at ELT meetings and quarterly at Assurance and Risk Committee meetings.

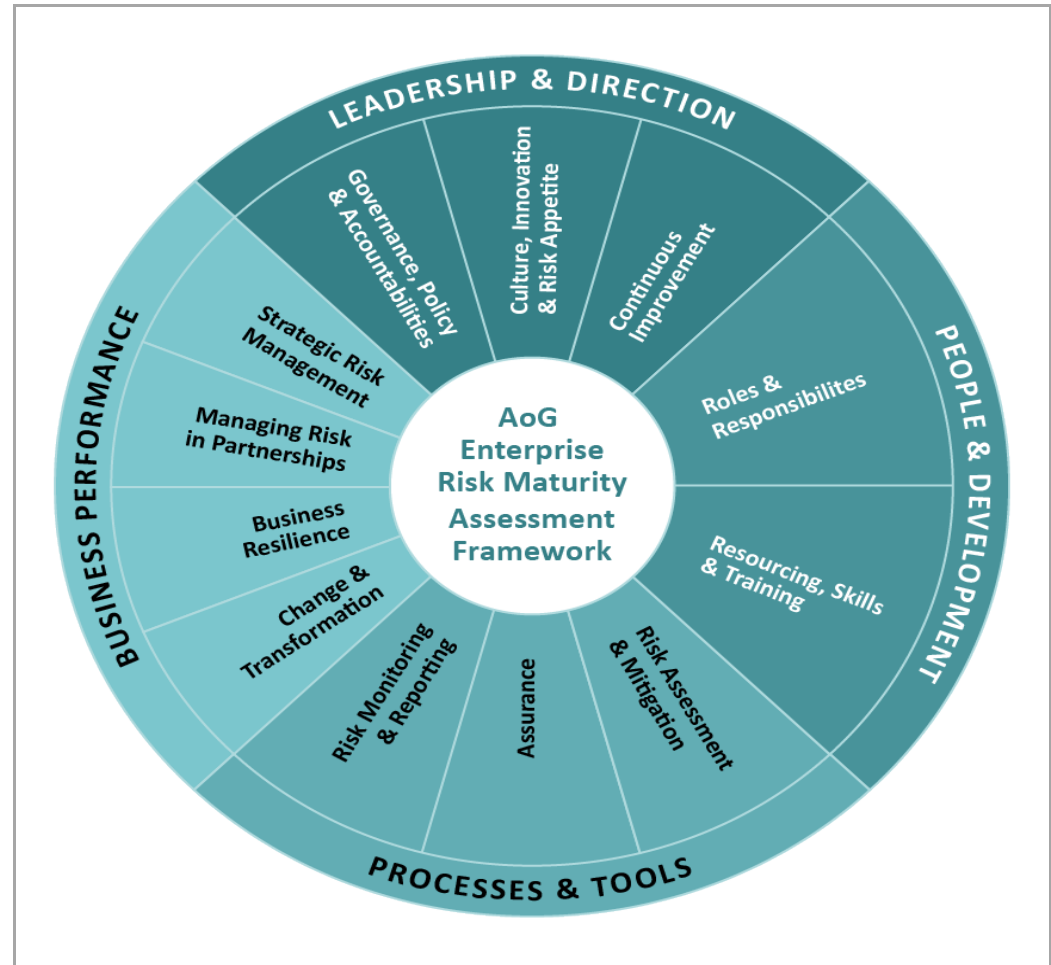
Appendix 3 – AoG Risk Maturity Assessment Framework

AoG Enterprise Risk Maturity Assessment Framework

The AoG Enterprise Risk Maturity Assessment Framework enables agencies to objectively measure their current level of risk maturity and identify improvement opportunities. This will assist senior business leaders to prioritise resources to those areas of greatest need to further strengthen risk management across the agency and help prepare for a PIF review. The framework recognises that not all agencies need to achieve the same level of maturity. Agencies can assess the level of inherent risk in their operating environment to 'right size' risk maturity for their agency so that risk management practices are fit for purpose.

Benefits of Enterprise Risk Management

- ✓ Enterprise risk management is an integrated, top-down approach to risk management that helps senior business leaders to cut across functional boundaries resulting in better quality risk information for decision making.
- ✓ As a result of a top-down approach, senior business leaders will have a better view of their strategic risks and be in a stronger position to manage these. Strategic risks have been found to have the most impact on an organisation's performance.
- ✓ An integrated approach helps to drive improved value and cost savings from current risk management practices, including:
 - Improved allocation of resources to those areas of greatest risk to the agency
 - Reduced compliance costs as a result of an integrated approach to risk and assurance activities
 - Reduced insurance costs by more clearly identifying underlying risk exposures.
- ✓ Enterprise risk management provides an overarching governance framework to support the agency's efforts in implementing functional risk management approaches e.g. privacy, health and safety, etc.



Core Expectations

Element	Attribute	Key Question	Core Expectations – What does good look like?
Leadership & Direction	Governance, Policy & Accountabilities	<i>Is there clear accountability and authority for managing risk at the leadership level?</i>	There is a comprehensive governance framework in place that explicitly assigns individual roles and responsibilities for managing risks, including risks with core partners.
	Culture, Innovation & Risk Appetite	<i>Does leadership promote a culture of risk informed decision making based on a clear understanding of acceptable and unacceptable risk?</i>	Organisational values and behaviours clearly support risk informed decision making and there is a comprehensive risk appetite statement in place that includes a common definition of innovation.
	Continuous Improvement	<i>Does leadership drive improvements in risk management?</i>	There is a regular formal review of risk management practices to identify improvements.
People & Development	Roles & Responsibilities	<i>Do staff clearly understand their roles and responsibilities for managing risk?</i>	Risk management roles and responsibilities are documented and communicated for all risk areas and are consistently reflected in position descriptions.
	Resources, Skills & Training	<i>Is resourcing sufficient and are staff adequately trained and experienced in risk management?</i>	Risk management activities are adequately resourced with assessment of skills and training undertaken on a regular basis.
Processes & Tools	Risk Assessment & Mitigation	<i>Are there effective processes in place for the identification, assessment and mitigation of risks?</i>	Risk assessment processes and templates are defined and applied consistently across the agency. Risk mitigation plans align to agreed tolerance levels.
	Assurance	<i>Is there an effective assurance framework in place?</i>	Risk-based assurance is consistently provided over agency changes, policy and operational areas including activities undertaken by core partners.
	Risk Monitoring & Reporting	<i>Does risk monitoring and reporting support decision making and management action?</i>	The senior management team regularly receives risk information aligned to business outcomes to support decision making and management action.
Business Performance	Strategic Risk Management	<i>Is there effective anticipation and management of strategic risks?</i>	Strategic risks and opportunities are explicitly identified and documented in the agency's strategic plan together with planned responses.
	Managing Risk in Partnerships	<i>Are there effective arrangements for managing risk with partners?</i>	There is a comprehensive partnering policy that addresses how to identify, assess and manage risks, including arrangements for risk ownership and sharing of risk information.
	Business Resilience	<i>Are there effective mechanisms in place to monitor, respond, anticipate and learn from disruptive and extreme events?</i>	Disruptive and extreme events are comprehensively assessed on a regular basis and there are mechanisms in place to monitor, respond, anticipate and learn from these events.
	Change & Transformation	<i>Is there a portfolio approach to managing risk for significant change initiatives?</i>	There is a comprehensive risk assessment process for approving significant change initiatives based on a portfolio view of risk related to change and transformation.

Maturity Levels

The AoG Enterprise Risk Maturity Assessment Framework enables agencies to objectively measure their risk management capability against a continuum of five possible maturity levels:

M1	M2	M3	M4	M5
<p>Risk management practices are not documented and rely on the dedicated efforts of a few individuals. There is no or limited awareness of the value of enterprise risk management by senior business leaders with decision making being wholly subjective and opinion-based. As a result, overall business performance is largely determined by 'chance' and may vary greatly from expected outcomes.</p>	<p>Basic risk management practices are documented but there is a lack of detailed guidance and risk management practices are not consistently applied across all business units. Senior business leaders have a high level appreciation of the value of enterprise risk management and promote its adoption. There is some use of evidence-based data to support risk informed decision making and provide assurance that risks are being managed effectively. As a result, overall business performance is somewhat determined by 'chance' and may vary from expected outcomes.</p>	<p>Risk management practices are well defined, documented and there is consistent application across all business units. Senior business leaders actively promote the value of enterprise risk management across the agency. There is good use of evidence-based data and more sophisticated risk management techniques to support risk informed decision making and provide risk-based assurance that risks are being managed effectively. As a result, overall business performance is predictable with limited variation from expected outcomes.</p>	<p>Risk management practices are partially integrated within the agency's structures, processes, systems and people capability. Risk management extends beyond organisational boundaries to include some inter-agency, sector and AoG outcomes. Senior business leaders proactively encourage a continuous improvement risk culture with input from the business. There is strong use of evidence-based data and advanced risk management techniques to support risk informed decision making and provide integrated assurance that risks are being managed effectively. As a result, overall business performance is consistently strong against expected outcomes.</p>	<p>Risk management practices are fully integrated within the agency's structures, processes, systems and people capability, and independently verified as 'best in class'. The agency takes the lead in managing system level risks in support of inter-agency, sector and AoG outcomes. Senior business leaders view risk management as a core competency to drive value and sustainable public outcomes. There is excellent use of evidence-based data and innovative risk management techniques to support risk informed decision making and provide dynamic and iterative assurance that risks are being managed effectively. As a result, overall business performance is optimised and often exceeds expected outcomes.</p>

Detailed Assessment

Element	Attribute	M1	M2	M3	M4	M5
Leadership & Direction	Governance, Policy & Accountabilities	<ul style="list-style-type: none"> The governance framework for overseeing risk management is not formally documented. An independent governance body does not exist. There is no internal audit function and the provision of assurance is primarily focussed on meeting external audit requirements. There is limited guidance on how risks should be managed and escalated. There is limited evidence of risk focussed discussions taking place at senior leadership team meetings. Limited action is taken based on the results of assurance activities. 	<ul style="list-style-type: none"> A formal governance framework exists that sets out high level accountabilities for overseeing risk management. An independent governance body (e.g. Audit and Risk Committee) exists but is largely passive e.g. reviews and approves risk management strategy / annual audit plan. An internal audit function has been set up with a focus on controls and compliance monitoring in specific areas. There is some guidance on how risks should be managed and escalated across the agency but this tends to have an operational focus e.g. health and safety. Application of the risk management guidance is not consistent across all business units. There is some evidence of risk focussed discussions taking place at senior leadership team meetings; however, there is limited evidence of challenge regarding risk and assurance information or proactive action being taken as a result, or action is taken in isolation to other business units. 	<ul style="list-style-type: none"> There is a comprehensive governance framework in place that explicitly assigns individual accountabilities for managing top risks, including risks with core delivery partners. An independent governance body exists that regularly reviews and monitors top risks and progress against the risk management strategy / annual audit plan. The internal audit function has a broad remit with a focus on risk assurance and process improvements. There is a formal risk management policy together with clear guidance for escalating risks (e.g. to whom) that has been approved by the senior leadership team and the governance body. Application of the risk management policy and guidance is consistent across all business units. The senior leadership team provides specific direction around the management of top risks and there is some evidence of challenge regarding risk and assurance information; action taken considers the potential impact on other business units and core delivery partners. 	<ul style="list-style-type: none"> There is a comprehensive governance framework in place with explicit accountabilities for managing top risks, including some system level risks in support of inter-agency, sector and AoG outcomes. An independent governance body exists that challenges and directs the senior leadership team on managing top risks and the results of assurance activities. The internal audit function is well established and provides assurance across a range of risks, including system level risks. Senior business leaders clearly understand the need to escalate risks and there is good evidence of this happening. There are mechanisms in place for sharing risk and assurance insights and lessons learned with senior business leaders. Risk is a standing agenda item at senior leadership team meetings and there is good evidence of risk focussed discussions and challenge regarding risk and assurance information e.g. deep dive into specific risks; action taken considers the potential impact on some inter-agency, sector and AoG outcomes. 	<ul style="list-style-type: none"> The risk management policy is formally reviewed by the independent governance body every one to two years or when significant changes occur. The effectiveness of the governance body and internal audit function are independently reviewed every three to five years and benchmarked against a recognised achievement standard as 'best in class'. Risks, including system level risks in support of inter-agency, sector and AoG outcomes, are escalated in near time. There are mechanisms in place for sharing risk and assurance insights and lessons learned with other agencies and partners. New and emerging risks are discussed at senior leadership team meetings with strong evidence of proactive action being taken in support of inter-agency, sector and AoG outcomes.
	Culture, Innovation & Risk Appetite	<ul style="list-style-type: none"> There is no clear link between organisational values and behaviours and risk informed decision making. There is limited understanding of the concept of risk appetite by senior business leaders. There is no formal definition of innovation and what it means for the agency's risk appetite. 	<ul style="list-style-type: none"> Risk informed decision making is implied in organisational values and behaviours. There is a basic understanding of the concept of risk appetite by senior business leaders, although tolerance levels for different types of risk have not been defined. The agency has a common definition of innovation but this is not linked to risk appetite in any way. Risk appetite, including the desire for innovation, is considered informally as part of strategic planning and decision making processes. 	<ul style="list-style-type: none"> There is an explicit link between organisational values and behaviours and risk informed decision making. There is a comprehensive risk appetite statement in place that has been approved by the senior leadership team. Risk tolerance levels for individual risks have been defined using basic risk rating criteria (e.g. High, Medium, Low). The agency has a common definition of innovation and there is some link to risk appetite e.g. tolerance levels for change and transformation risk have been agreed. Risk appetite and the desire for innovation are formally considered as part of strategic planning and decision making processes. 	<ul style="list-style-type: none"> Risk informed decision making is encouraged and supported through internal communications with a clear link to organisational values and behaviours. The risk appetite statement incorporates some system level risks in support of inter-agency, sector and AoG outcomes. Risk information, beyond basic risk rating criteria, is used to challenge the senior leadership team on what tolerance levels should be, including the acceptable level of risk for different types of innovation. Risk appetite and the desire for innovation are integrated into strategic planning and decision making processes through risk focussed discussions and analysis. 	<ul style="list-style-type: none"> Risk informed decision making is fully integrated into organisational values and behaviours and is visibly encouraged, supported and rewarded by senior business leaders. Risk appetite discussions are supported by a range of qualitative and quantitative tolerances that include inter-agency, sector and AoG outcomes. Risk appetite and the desire for innovation form an integral part of strategic planning and decision making processes and are regularly reviewed. There is strong evidence of risk appetite being applied to strategic options analysis and contingency planning.
	Continuous Improvement	<ul style="list-style-type: none"> There is no formal review of the effectiveness of risk management practices. There is no formal risk management strategy or assessment of resources required to deliver improvements. 	<ul style="list-style-type: none"> The effectiveness of risk management practices is periodically reviewed on a formal basis e.g. internally by the risk management or internal audit function every two to three years. Improvement opportunities are documented in a basic risk management strategy that has been approved by the independent governance body. There is no formal endorsement of the resources required to deliver improvements from the senior leadership team. 	<ul style="list-style-type: none"> The effectiveness of risk management practices is regularly reviewed on a formal basis e.g. internally by the risk management or internal audit function every one to two years. There is a comprehensive risk management strategy that has been approved by the independent governance body. There is formal endorsement of the resources required to deliver improvements from the senior leadership team and regular updates on progress against the risk management strategy. 	<ul style="list-style-type: none"> The effectiveness of risk management practices is informed by regular feedback from business units and core partners. The risk management strategy includes some initiatives to improve the management of system level risks in support of inter-agency, sector and AoG outcomes. Risk management outcomes are partially integrated into business performance reporting to the senior leadership team. 	<ul style="list-style-type: none"> The effectiveness of risk management practices is independently reviewed every three to five years and benchmarked against a recognised achievement standard (such as this framework) as 'best in class'. Inter-agency, sector and AoG risk management outcomes are fully integrated into business performance reporting to the senior leadership team.

Detailed Assessment

Element	Attribute	M1	M2	M3	M4	M5
People & Development	Roles & Responsibilities	<ul style="list-style-type: none"> • Risk management roles and responsibilities are not formally documented. • Risk management is being carried out by individuals on a self-initiated 'best endeavours' basis. • Senior business leaders do not expect or require assurance over their area of responsibility. 	<ul style="list-style-type: none"> • Risk management roles and responsibilities are documented and communicated in traditional areas, such as corporate risk management and compliance functions. • Corporate risk management roles and responsibilities are focused on risk reporting and compliance. • There may be some link to position descriptions, terms of reference, contracts and goals but this is not consistent across the agency. • Some senior business leaders may require assurance over their area of responsibility but this is ad hoc across the agency. 	<ul style="list-style-type: none"> • Risk management roles and responsibilities are documented and communicated for all risk areas and across all business units. • Corporate risk management roles and responsibilities are focused on driving elements of good practice across the agency. • Risk management roles and responsibilities are consistently reflected in position descriptions, terms of reference, contracts, goals and the agency's policy framework. • There is limited evidence that good risk management behaviours are rewarded. • Senior business leaders routinely expect and request assurance over their area of responsibility. 	<ul style="list-style-type: none"> • Risk management roles and responsibilities are well understood and are generally incorporated into individual performance objectives. • Corporate risk management roles and responsibilities are focused on driving good practice across the agency and there is a senior risk management advisor to provide leadership and direction. • There is some evidence that good risk management behaviours are rewarded. • Senior business leaders routinely expect and request assurance over their area of responsibility, and may ask for ad hoc reviews. 	<ul style="list-style-type: none"> • Risk management is regarded as a core competency and risk management roles and responsibilities are explicitly incorporated into individual performance objectives with a high degree of consistency across the agency. • Corporate risk management roles and responsibilities are focused on optimising good practice across the agency and there is a head of risk / chief risk officer who is seen in the agency as the senior risk management advisor. • There is strong evidence that good risk management behaviours are rewarded. • Senior business leaders plan for assurance advice and reviews without being prompted.
	Resourcing, Skills & Training	<ul style="list-style-type: none"> • Limited resourcing is allocated to risk management activities. • The agency has limited access to the skills and experience required to provide effective risk management. 	<ul style="list-style-type: none"> • There are some gaps in the effectiveness of risk management activities due to insufficient resourcing. • Risk management skills and experience are assessed at a high level for some key roles. • Some ad hoc risk management training exists for key roles. 	<ul style="list-style-type: none"> • Risk management activities are generally well resourced across the agency although some areas would benefit from additional resourcing. • Risk management skills and experience are formally assessed for all key roles, including the senior leadership team. • Structured risk management training is provided for all key roles. • Risk management forms part of induction training for all management and staff. 	<ul style="list-style-type: none"> • Resourcing is sufficient for the agency and supports some inter-agency, sector and AoG risk management outcomes. • Risk management skills and experience for all key roles are regularly reviewed to ensure alignment with risk management outcomes and strategy. • Risk management training needs are included in individual performance plans. • There are mechanisms in place for keeping staff up to date with developments in risk management e.g. newsletters and other regular internal communications. 	<ul style="list-style-type: none"> • Resourcing fully supports inter-agency, sector and AoG risk management outcomes • Risk management skills and experience are optimised and continually improved. • There are opportunities for secondments between the business and risk and assurance functions. • There are mechanisms in place to measure the effectiveness of risk management training.

Detailed Assessment

Element	Attribute	M1	M2	M3	M4	M5
Processes & Tools	Risk Assessment & Mitigation	<ul style="list-style-type: none"> • There is no common definition of risk across the agency. • Risk assessment processes are informal and ad hoc with no clear linkage to business objectives. 	<ul style="list-style-type: none"> • There is a common definition of risk that is focused on the 'downside' of risk; some definitions exist for different types of risk but the boundaries are not always clear. • Risk assessment processes and templates are defined and may be applied in some key business units, but there is a lack of management buy-in in other areas. • Risk measurement is largely subjective based on high level qualitative likelihood and impact criteria. • Inherent and residual risk evaluations are undertaken but the link to control effectiveness is not clearly understood. • Risk mitigation plans are based on reactive responses. 	<ul style="list-style-type: none"> • There is a common definition of risk that recognises the 'upside' of risk and there is a formal risk categorisation model for the agency. • Risk assessment processes and templates are defined and applied consistently across all key business units. • There is some evidence of a data driven approach to risk measurement (e.g. based on internal management information). • Inherent and residual risk evaluations taking into account the effectiveness of controls are sometimes undertaken. • There is some evidence of alignment between risk mitigation plans and agreed tolerance levels for different types of risk. 	<ul style="list-style-type: none"> • There is a common definition of risk and a formal risk categorisation model that recognises the agency's role in supporting inter-agency, sector and AoG outcomes • Risk assessment processes and templates extend beyond the agency's boundaries to include some system level risks linked to inter-agency, sector and AoG outcomes. • There is some use of technology to improve the consistency and quality of risk assessment and mitigation processes. • Quantitative approaches (where appropriate) are used for risk measurement. • Inherent and residual risk evaluations taking into account the effectiveness of controls are consistently undertaken. • There is good evidence of alignment between risk mitigation plans and agreed tolerance levels for different types of risk. 	<ul style="list-style-type: none"> • There is a fully integrated risk management solution supporting an optimal risk and control framework that includes inter-agency, sector and AoG outcomes. • Risk and control assessments are performed near time. • Risk and control information is used to optimise insurance arrangements. • There is strong evidence of alignment between risk mitigation plans and agreed tolerance levels for different types of risk. • Cost-benefit analysis is performed to support prioritisation of risk mitigation plans.
	Assurance	<ul style="list-style-type: none"> • Senior business leaders have limited understanding of the need for assurance over their areas of responsibility. • The assurance framework (e.g. three lines of defence) is not formally documented. • Assurance activities cover only a few operational risk areas of the agency, or are reactive to specific events. • Controls and assurance activities are not formally considered when designing new systems, process and policies. • Assurance needs are not formally aligned to the agency's risk profile and there is limited evidence of assurance results being used to inform risk assessments. 	<ul style="list-style-type: none"> • Senior business leaders have some understanding of the need for assurance over their areas of responsibility. • There is a formal assurance framework in place but limited evidence of coordination across the 'three lines of defence' internally to better integrate risk and assurance activities. • Assurance activities are targeted at business unit operations on a cyclical basis and focus on historic transactional or systematic compliance. • Compliance-focused control and assurance activities are considered when designing new systems, processes and policy. • Assurance needs are somewhat aligned to the agency's risk profile and there is some evidence of assurance results being used to inform risk assessments. 	<ul style="list-style-type: none"> • Senior business leaders are able to describe the areas across the agency that require assurance and how this is being obtained. • There is a formal assurance framework in place and some evidence of coordination between the 'three lines of defence' both internally and with core delivery partners. • Assurance activities are targeted at critical enterprise-wide functions and focus on controls assurance and systemic improvements. • Risk assessments are undertaken when designing new systems, processes and policy, including for some core delivery partner activities. • Assurance needs are generally responsive to changing agency risks and assurance results are consistently used to inform risk assessments, including across a range of core delivery partner activities. 	<ul style="list-style-type: none"> • Senior business leaders understand the quality and amount of assurance required across the agency and this extends to some system level risks in support of inter-agency, sector and AoG outcomes. • There is an effective assurance framework with good coordination between the 'three lines of defence' both internally and externally in support of some inter-agency, sector and AoG outcomes. • Assurance activities are multi-layered and targeted at agency outcomes, including in support of some inter-agency, sector and AoG outcomes. • Risk assessments determine the assurance activities implemented when designing new systems, processes and policy, including some automated assurance activities. • Assurance needs are regularly reviewed and reprioritised and assurance results are used to inform some system level risk assessments. 	<ul style="list-style-type: none"> • Senior business leaders obtain the right quality and amount of assurance and promote a strong assurance culture including in support of inter-agency, sector and AoG outcomes. • There is a fully integrated assurance framework in place with seamless coordination between the 'three lines of defence' internally and externally in support of inter-agency, sector and AoG outcomes. • Assurance activities fully support inter-agency, sector and AoG outcomes and focus on improving performance across the system. • Automated assurance activities are embedded into new systems, processes and policy. • Assurance is forward-looking and assurance providers anticipate risks and expect priorities to change.
	Risk Monitoring & Reporting	<ul style="list-style-type: none"> • There is limited coordinated collection of risk data from business units. • There is limited formalised monitoring or reporting of risk information to support decision making or management action. 	<ul style="list-style-type: none"> • Risk data collection is formalised and coordinated on an annual basis. This is largely viewed as a compliance requirement and the quality of risk data is variable. • Risk data is aggregated across the agency to create a bottom-up view of the top risks faced by the agency which is presented to the senior leadership team. • There is some review of risk information to assist with decision making and management action. 	<ul style="list-style-type: none"> • Risk data collection is formalised and coordinated on a regular basis e.g. every three to six months. There is some quality review of risk data to address duplications, inconsistencies and gaps. • Aggregated risk data is supplemented by a top down assessment of strategic risks to give an enterprise-wide view of the top risks faced by the agency. • Senior business leaders regularly review risk information to assist with decision making and management action. 	<ul style="list-style-type: none"> • There is some use of technology to improve the quality and consistency of risk data collection and automate risk monitoring and reporting. • There is increasing use of semi-quantitative approaches to risk aggregation. • There an enterprise-wide view of the top risks faced by the agency that includes strategic risks and some system level risks in support of inter-agency, sector and AoG outcomes. • Risk monitoring and reporting is aligned to the agency's risk appetite framework to assist with decision making and management action. 	<ul style="list-style-type: none"> • Risk data collection, aggregation, monitoring and reporting is frequent, automated and fully integrated with the agency's risk appetite framework. • Risk reporting is easily able to be tailored to meet the needs of inter-agency, sector and AoG stakeholders. • Risk reporting has a distinct forward looking view using leading risk indicators, to assist with proactive decision making and management action.

Detailed Assessment

Element	Attribute	M1	M2	M3	M4	M5
Business Performance	Strategic Risk Management	<ul style="list-style-type: none"> There is limited integration of risk management into the strategic planning cycle. 	<ul style="list-style-type: none"> The strategic planning cycle includes a review of the agency's top risks. There is some evidence of strategic risks and opportunities being documented in the agency's strategic plan but there is no refresh of the agency's top risks based on strategic planning outcomes. Strategic risk contingency planning to safeguard the strategic and hedge delivery of business outcomes is not undertaken. 	<ul style="list-style-type: none"> The strategic planning cycle includes a review of the agency's top risks as well as some external trends and indicators to inform the level of risk in the external environment. There is good evidence of strategic risks and opportunities being documented in the agency's strategic plan together with planned response. A formal refresh of the agency's top risks is undertaken based on strategic planning outcomes. There are some risk contingency plans in place to safeguard the strategy and hedge delivery of business outcomes. 	<ul style="list-style-type: none"> The strategic planning cycle includes forward-looking scenario analysis to identify new and emerging risks, including some system level risks in support of inter-agency, sector and AoG outcomes. There is strong evidence of strategic risks and opportunities being documented in the agency's strategic and long term investment plans with a formal process for capturing new and emerging risks. Some key external trends and indicators have been identified but are not actively monitored by the senior leadership team. Risk contingency plans are in place to safeguard the strategy and hedge delivery of business outcomes. 	<ul style="list-style-type: none"> Strategic risk management practices are independently reviewed every three to five years and benchmarked against a recognised achievement standard as 'best in class'. Key external trends and indicators are actively monitored and their impact on the agency's business outcomes is regularly assessed by the senior leadership team. Strategic risk contingency plans are continuously reviewed and updated.
	Managing Risk in Partnerships	<ul style="list-style-type: none"> There is no clear definition of what a 'partner' is or what 'partnering' involves. There is no formal partnering policy providing guidance on how to manage partner related risks. 	<ul style="list-style-type: none"> 'Partner' is defined at a high level and a group of core partners has been identified. There is a basic partnering policy in place that addresses how to identify, assess and manage risks. Risk and reward trade-offs may be applied informally in individual contracts. There is some evidence of risk and performance monitoring of partners. 	<ul style="list-style-type: none"> The agency has a common definition of 'partner' that recognises the different types of partnership arrangements that exist. There is a comprehensive partnering policy that addresses how to identify, assess and manage risks, including arrangements for risk ownership and sharing of risk information. Risk and reward trade-offs are formally articulated and are generally applied in contracts. There is good evidence of risk and performance monitoring of partners, including testing of contingency arrangements. 	<ul style="list-style-type: none"> The agency has a formal partner scoring model in place that covers all key aspects of risk and performance. The partner scoring model is used to differentiate levels of monitoring and partner authority / delegation. Risk and reward trade-offs are articulated across a range of partners and are routinely applied in contracts. There is strong evidence of risk and performance monitoring of partners, including some integrated testing of contingency arrangements between different partners. 	<ul style="list-style-type: none"> Partnering practices are independently reviewed every three to five years and benchmarked against a recognised achievement framework as 'best in class'. Risk and reward trade-offs are clearly articulated across a wide range of partners and systematically applied. Contingency arrangements with partners are continuously reviewed and updated.
	Business Resilience	<ul style="list-style-type: none"> There is no formal process for assessing the potential impacts of disruptive or extreme events (e.g. environmental, social, economic, technological changes). 	<ul style="list-style-type: none"> Disruptive and extreme events are assessed but not on any regular basis. Assessment of impacts is high level and predominantly routine in nature. There is limited alignment between disruptive and extreme event assessment and BCP / DRP planning as well as longer term investment planning. There is no systematic 'feedback' loop to actively learn from disruptive or extreme events. 	<ul style="list-style-type: none"> Disruptive and extreme events are assessed on a regular basis using stress testing and scenario analysis. Potential reputational, financial and business impacts are comprehensively assessed. There is some alignment between disruptive and extreme event assessment and BCP / DRP planning as well as longer term investment planning. There is some evidence of 'feedback' in the wake of extreme or disruptive events which is used to make improvements. 	<ul style="list-style-type: none"> Disruptive and extreme events are assessed on a regular basis and cover a range of alternative, forward-looking scenarios. Early warning indicators exist that allow management to anticipate disruptive and extreme events. There is a clear link between disruptive and extreme event assessment and BCP / DRP planning that includes core partners as well as long term investment planning. There is a good evidence of post-event analysis and assessment and learning for the future. 	<ul style="list-style-type: none"> There is a fully integrated and ongoing programme of actions and interventions that support business resilience, including facilities and tools to support new knowledge and technologies, cross-agency and partner collaboration, and incentives for improving resilience.
	Change & Transformation	<ul style="list-style-type: none"> There is no clear definition of what constitutes a 'significant change' or formal process for assessing related risks. 	<ul style="list-style-type: none"> There is a basic process to assess the risks associated with significant change initiatives but this is applied informally and no independent assurance is sought. There is limited evidence of a portfolio view of risk related to significant change initiatives. 	<ul style="list-style-type: none"> There is a formal definition of what constitutes a 'significant change', including new services, business models and other strategic investments. There is a comprehensive risk assessment process for the approval of significant change initiatives that is consistently applied across the agency. There is a formal monitoring and assurance regime in place for significant change initiatives that includes independent assurance. There is some evidence of a portfolio view of risk related to significant change initiatives. 	<ul style="list-style-type: none"> The agency has a formal approach in place that allows risk and reward trade-off decisions across the agency's entire portfolio of change initiatives to be made in line with the agency's risk appetite. The monitoring and assurance regime is regularly reviewed and updated to reflect changes to the risk profile of significant change initiatives. There is good evidence of a portfolio view of risk related to significant change initiatives that includes active monitoring against the agency's risk appetite. 	<ul style="list-style-type: none"> P3M3 practices are independently reviewed every three to five years and benchmarked against a recognised achievement standard as 'best in class'. There is very strong evidence that risk and reward trade-offs across the agency's entire portfolio of change initiatives are clearly articulated and systematically applied. The monitoring and assurance regime is continuously reviewed and updated.

Minimum Maturity Level Calculator

The Minimum Maturity Level Calculator can be used to 'right size' the AoG Enterprise Risk Maturity Assessment Framework for your agency. Not all agencies need to achieve the same level of risk maturity. This will vary depending on the size, complexity, system role (e.g. inter-agency, sector or AoG focus), performance assessment and level of change activity for your agency. You can use the Minimum Maturity Level Calculator as a starting point to gain consensus on their desired (i.e. target) level of risk maturity.

There are eight criterion to help you assess the level of inherent risk in your operating environment both at a system level and an agency level.

CRITERION	CRITERION SCORE = 1	CRITERION SCORE = 3	CRITERION SCORE = 5	SCORE
System Level				
System role	Single purpose agency with limited inter-agency, sector or AoG focus	Contributing agency to the delivery of inter-agency, sector or AoG outcomes	Lead agency in the delivery of inter-agency, sector or AoG outcomes	
External scrutiny	Limited external scrutiny (e.g. regulatory, political, media or public interest)	Some external scrutiny (e.g. regulatory, political, media or public interest)	Significant external scrutiny (e.g. regulatory, political, media or public interest)	
Criticality of services	Limited number of critical services impacting a specific user group or geographical area	Limited number of critical services but with the potential to impact a wide group of users nationally	High number of critical services essential to the functioning of society and/or the economy	
Dependence on partners	Limited dependence on partners (e.g. third parties, vendors and other agencies) to deliver business outcomes	Some dependence on core partners to deliver business outcomes	High dependence on multiple core partners to deliver business outcomes	
Agency Level				
Size of agency	Annual spend (Opex and Capex) is less than \$100m	Annual spend (Opex and Capex) is greater than \$100m but less than \$500m	Annual spend (Opex and Capex) is greater than \$500m	
Complexity of business	Small range of business units and services operating from a single location	Some diversity of business units and services operating from more than one location	Diverse range of business units and services operating across multiple locations	
Performance assessment	Clearly articulated strategic direction with credible plans in place to deliver it (e.g. Well placed or Strong based on PIF rating)	Clearly articulated strategic direction but limited evidence of how it will be achieved (e.g. Needing development based on PIF rating)	Some strategy apparent but fragmented and no clear evidence of how it will be achieved (e.g. Weak based on PIF rating)	
Level of change	Organisation is relatively stable with only minor change initiatives underway or planned	Some change initiatives underway or planned but not significant in the context of the wider business	Significant organisational change underway or planned	
OVERALL SCORE				0

Recommended Minimum Maturity Level

SCORE	MINIMUM MATURITY LEVEL	GUIDANCE
8-20	Maturity Level 2	Smaller agencies operating in relatively stable environments will likely have less formalised and sophisticated risk management practices in place. Consideration should be given to assessing the need for more mature risk management practices in specific areas such as managing risk in partnerships, reputational risk, etc.
21-28	Maturity Level 3	Medium-sized agencies operating in more complex environments should have well defined and relatively sophisticated risk management practices in place. Consideration should be given to assessing the need for more mature risk management practices in specific areas such as managing risk in partnerships, organisational change, reputational risk, etc. In addition, a higher level of maturity would be expected if the agency plays an active role in contributing to inter-agency, sector or AoG outcomes.
29-36	Maturity Level 4	Large agencies operating in complex and changing environments should have embedded and sophisticated risk management practices in place. Risk management practices should extend beyond organisational boundaries to better manage system level risks to support the delivery of inter-agency, sector or AoG outcomes.
>36	Maturity Level 5	Best in class agencies will have fully integrated risk management practices in place and be able to demonstrate these are operating effectively to manage system level risks to support the delivery of inter-agency, sector or AoG outcomes. They take the lead in developing innovative ideas and techniques to better manage these risks.

Glossary

Common terms and definitions used in the AoG Enterprise Risk Maturity Assessment Framework are included below:

Term	Definition
AoG Enterprise Risk Maturity Assessment Framework	An All-of-Government (AoG) framework that allows agencies to objectively measure their current level of risk management capability and identify improvement opportunities that will enable them to reach a higher level of maturity.
Assurance	Assurance is an independent and objective assessment that provides credible information to support decision making. Assurance provides confidence to governance bodies and management. It encompasses more than just independent assurance (e.g. internal and external audit functions) and should include management assurance activities, such as governance and oversight committees, control self-assessment, attestations, or management-sponsored assessment reports.
Business resilience	Resilience describes the attributes of an agency which allow them to withstand, respond and/or adapt to a vast range of disruptive and extreme events by preserving and even enhancing critical functionality.
Business units	Business units refer to the functions, services and locations that make up the entirety of an agency's operations.
Current maturity level	Current maturity level refers to an agency's existing level of risk management capability. It does not take into account planned activities to improve risk management practices.
Disruptive events	A new or emerging trend that may have an disruptive impact on business activities over time (e.g. technological or demographic changes).
Enterprise risk management	A top-down, enterprise-wide approach to managing all the risk an agency is exposed to versus a traditional silo-based approach.
Governance body	A governance body is a group of people with the authority to exercise oversight and challenge over the agency's risk profile as whole or key risk area. It may be a separate committee or a sub-committee of a board of directors. It may include independent or non-executive directors.
Extreme event	An event that may have a sudden and extreme impact on business activities (e.g. natural disasters or the loss of a core partner).
Inherent risk	Inherent risk refers to the level of risk without taking into account the effectiveness of existing controls.
Minimum maturity level	Minimum maturity level refers to the recommended maturity level for an agency based on its size, complexity, system role, performance assessment, level of change activity, etc. Agencies can use the minimum maturity level as a starting point for gaining consensus on their target maturity level.
Partners	Partners refer to third parties, vendors and other agencies that are key to deliver business outcomes.
Residual risk	Residual risk refers to the level of risk remaining after taking into account the effectiveness of existing controls.
Risk	Risk refers to the effect of uncertainty on business objectives.

Term	Definition
Risk appetite	Risk appetite is a high-level (usually narrative) expression of the amount and type of risk that an agency is willing to take in the pursuit of its business objectives.
Risk tolerance	Risk tolerance is the specific maximum amount of risk (exposure) that an agency is willing to take / accept regarding each relevant risk to which it is exposed.
Risk management capability	The culture, practices, experience and application of risk management within an agency.
Risk management framework	The organisational arrangements an agency has put in place for systematically identifying, analysing, evaluating, treating, monitoring and reviewing risk.
Risk management policy	The agency's overall statement of risk management goals and objectives, core values, accountabilities and risk appetite.
Risk management strategy	The vision, guiding principles and key outcomes of the agency's investment in risk management. It sets out the short term and long term opportunities for improving risk management capability.
Risk mitigation	Risk mitigation refers to the management actions taken to further mitigate the level of risk to an acceptable level. Sometimes referred to as risk treatment.
Senior business leaders	Senior business leaders are those people in the agency who have been formally assigned the appropriate delegated authority from the Chief Executive to manage specific risks.
Senior leadership team	The senior leadership team refers to the Chief Executive and his/her direct reports. The senior leadership team may be referred to as the executive leadership team / board, senior management team or other similar title.
Significant change initiatives	Significant change initiatives refer to investments that have a high degree of importance in terms of their likelihood and impact on the agency's business outcomes.
System level risks	System level risks refer to an aggregated view of risk beyond the agency's organisational boundary. System level risks may be in the context of a specific area of functional risk across government such as ICT operational risk, a inter-agency or sector-wide initiative, result area or AoG strategic objective.
Target maturity level	Target maturity level refers to an agency's desired level of risk management capability after taking into account planned activities to improve risk management practices.
Three lines of defence	The three lines of defence model is a useful model to describe risk management roles and responsibilities across the agency. The first line of defence is the most important and is responsible for identifying and managing risks over day-to-day operations. The second line of defence establishes the policies and procedures for handling risk and provides oversight to ensure risks are being managed. The third line of defence provides independent assurance that risks are being managed which may come from your Internal Audit function or a third party assurance provider.
Top risks	Top risks refer to material risks that threaten the achievement of business outcomes. Top risks may be internal or external to the agency, resulting from operational activities, strategic initiatives and the environment in which the agency operates.

Appendix 4 – LGOIMA
27 Jul-13 Oct 2023

Official information requests 27 July-13 October 2023			
No.	Date Received	Date due	Request
021	27-Jul-23	24-Aug-23	AP vote details
022	31-Jul-23	28-Aug-23	Wairarapa Clay Target Club
023	2-Aug-23	30-Aug-23	Appearance Industries Bylaw
024	4-Aug-23	1-Sep-23	Library personnel costs - email from Mayor to Elected Members
025	4-Aug-23	1-Sep-23	Booktown funding
026	10-Aug-23	7-Sep-23	Annual Report statement of compliance
027	11-Aug-23	8-Sep-23	Contractor services
028	11-Aug-23	8-Sep-23	Expenditure on roads 1News interview
029	14-Aug-23	11-Sep-23	Sites & Areas of Significance – Wairarapa Combined District Plan
030	14-Aug-23	11-Sep-23	Changes to the general rate
031	14-Aug-23	11-Sep-23	Featherston properties
032	16-Aug-23	13-Sep-23	Insurance
033	17-Aug-23	12-Oct-23	Accounts
034	18-Aug-23	15-Sep-23	Statement of compliance follow up
035	21-Aug-23	N/A	Consents - Cancelled
036	22-Aug-23	19-Sep-23	Sites and Areas of Significance to Maori
037	24-Aug-23	21-Sep-23	Featherston properties (2)
038	25-Aug-23	22-Sep-23	Welcoming Communities Programme (2)
039	25-Aug-23	22-Sep-23	Wairarapa Library Service App
040	25-Aug-23	22-Sep-23	Vehicles on beaches
041	28-Aug-23	25-Sep-23	Annual Plan 2023-24 report to council
042	28-Aug-23	25-Sep-23	Rates increase query
043	30-Aug-23	27-Sep-23	Sites and areas of significance
044	31-Aug-23	28-Sep-23	Expenditure on commemorative services
045	1-Sep-23	29-Sep-23	Solar Farms - fire mitigations
046	4-Sep-23	2-Oct-23	Sites and Areas of Significance to Māori
048	7-Sep-23	5-Oct-23	Welcoming Communities Coordinator
047	7-Sep-23	19-Oct-23	Funding of library hours adjustment
049	14-Sep-23	12-Oct-23	Rubbish at Tora
050	18-Sep-23	16-Oct-23	Dog Pound
051	21-Sep-23	19-Oct-23	Reducing numbers of abandoned vehicles
052	22-Sep-23	20-Oct-23	Rating Review
053	25-Sep-23	24-Oct-23	Dog attack investigation
056	26-Sep-23	25-Oct-23	Land value vs Capital Value
058	26-Sep-23	25-Oct-23	General Rate
054	27-Sep-23	26-Oct-23	Rating Review Consultation
055	27-Sep-23	26-Oct-23	Rating Review Debt/Rating Units
057	27-Sep-23	26-Oct-23	Rating Review - capital value
059	29-Sep-23	27-Oct-23	Public pools
060	2-Oct-23	31-Oct-23	Gluepot
061	2-Oct-23	31-Oct-23	Rating Review 2023
062	3-Oct-23	1-Nov-23	Rating Review 2023 FAQ/Info
063	6-Oct-23	6-Nov-23	Dog Pound fencing - other
064	9-Oct-23	7-Nov-23	Rating Review Consultation - various
066	9-Oct-23	7-Nov-23	Rating review rural rates breakdown
065	10-Oct-23	8-Nov-23	Rating review proposed rates equation
067	11-Oct-23	N/A	CEO KPIs – On hold

068	12-Oct-23	10-Nov-23	Rating Review proposed rates equation
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Council Action Items Report

1. Purpose

To present the Committee with updates on actions and resolutions.

2. Executive Summary

Action items from recent meetings are presented to the Committee for information. The Chair may ask the Chief Executive for comment and all members may ask the Chief Executive for clarification and information through the Chair.

If the action has been completed between meetings it will be shown as 'actioned' for one meeting and then will remain in a master register but no longer reported on. Procedural resolutions are not reported on.

3. Appendices

Appendix 1 – Action Items to 25 October 2023

Contact Officer: Amy Andersen, Committee Advisor

Reviewed By: Paul Gardner, Interim Chief Executive Officer

Appendix 1 – Action Items to 25 October 2023

Number	Raised Date	Responsible Manager	Action or Task details	Open	Notes
313	9 Aug 23	S Corbett	To further explain roading costs included in the Finance Report (9 August 2023) and whether all claims to Waka Kotahi have been requested/actioned	Open	16/10/2023: No new update.