



Finance Committee Meeting Agenda – 9 August 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 10.00am. The meeting will be held in the SWDC Office and will be live-streamed and will be available to view on our [YouTube channel](#).

Committee Membership: Mayor Martin Connelly, Councillor Colin Olds (Chair), Councillor Kaye McAulay, Councillor Aaron Woodcock, Councillor Martin Bosley, and Narida Hooper (Māori Standing Committee representative).

All SWDC meeting minutes and agendas are available on our 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 1-4

Proposed resolution: *That the minutes of the Finance Committee meeting held on 3 May 2023 are a true and correct record.*

A8. Matters arising from previous minutes

B. Decision Reports from Chief Executive and Staff

B1. Wairarapa Economic Development Strategy (WEDS) Work Programme for Approval

Pages 5-30

C Information Reports from Chief Executive and Staff

C1. Finance Report

Page 31-96

D. Public Excluded

D1. Confirmation of public excluded minutes

(distributed separately)

Proposed resolution: *That the public excluded minutes of the Finance Committee meeting held on 3 May 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 of the Finance Committee held on 3 May 2023 (Financial Systems Report)	Good reason to withhold exists under section 6a), 6b) and 7(2)(a)	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
That good reason exists for excluding the public from the whole or any part of the proceedings of any meeting as the public disclosure of information that would be likely to prejudice the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial; or to endanger the safety of any person.	Section 6(a)/6(b)
The withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons.	Section 7(2)(a)

E. Karakia Whakamutunga - Closing



Finance Committee Minutes from 3 May 2023

Present:	Councillor Colin Olds (Chair), Mayor Martin Connelly (until 10:47am), Councillors Martin Bosley and Aaron Woodcock.
Apologies:	Councillor Kaye McAulay, Harry Wilson (Chief Executive Officer)
In Attendance:	Councillors Pip Maynard and Alistair Plimmer
Also in Attendance:	Paul Gardner (Acting Chief Executive/General Manager HR and Corporate Services), Karon Ashforth (General Manager Finance), Amanda Bradley (General Manager Policy and Governance), Russell O’Leary (Group Manager Planning and Environment), Robyn Wells (Principal Advisor Water Transition), and Amy Andersen (Committee Advisor).
Conduct of Business:	This meeting was held in Pūtahi Room, 19 Kitchener Street, Martinborough and via audio-visual conference. This meeting was live-streamed and is available to view on our YouTube channel. The meeting was held in public under the above provisions from 10:00am to 11:30am except where expressly noted.
Public forum:	Lauren-Beth Stitt and Kylie Evans.

Open Section

A1. Mihi/Karakia Timatanga - Opening

Mr Gardner opened the meeting.

A2. Apologies

FINANCE COMMITTEE RESOLVED (FI2023/05) to accept apologies from Cr McAulay and Mr Wilson.

(Moved Cr Olds, Seconded Cr Bosley)

Carried

A3. Conflicts of Interest

There were no conflicts of interest.

A4. Public Participation

Ms Stitt supported by Ms Evans, both being local business owners, spoke to a written statement regarding costs for local food businesses, including registration and charges for National Programme verification and Food Plan certification; they are seeking a review of charges and policies, as well as a shared arrangement across the Wairarapa Councils.

A5. Actions from public participation

Action 172: Group Manager Planning and Environment to provide a report to the Finance Committee on the issues raised by Ms Stitt regarding costs for local food businesses, associated policies/applications and shared arrangements, as per her written statement and supplementary information. *R O'Leary*

A6. Extraordinary Business

There was no extraordinary business.

A7. Confirmation of Minutes

FINANCE COMMITTEE RESOLVED (FI2023/06) that the minutes of the Finance Committee held on 15 February 2023 are a true and correct record.

(Moved Cr Bosley, Seconded Cr Woodcock)

Carried

A8. Matters arising from previous minutes

There were no matters arising from the previous minutes.

B Information Reports from Chief Executive and Staff

B1. Finance Report

Ms Ashforth spoke to matters included in the report and provided further updates to the draft Annual Report 2021/22. Ms Ashforth noted the audit for the Annual Report 2022/23 was due to commence in July 2023 and the draft report would be ready for Council to review by 30 September 2023 and for adoption by 30 October 2023.

Members queried operating costs for land transport (emergencies); Wellington Water Limited (WWL) expenditure and processes for the authorisation of unbudgeted costs and overspending, procurement and delegations; and water services reform – changes since the recent programme amendments and possible LTP deferral - it was noted Taituarā are lobbying on behalf of Councils; and further details to be included in LGOIMA register report.

FINANCE COMMITTEE RESOLVED (FI2023/07) to:

1. Receive the Finance Report.

(Moved Cr Woodcock, Seconded Cr Bosley)

Carried

2. Receive an update on the Annual Report 2021/22 and final audit progress.

(Moved Cr Woodcock, Seconded Cr Bosley)

Carried

3. Wellington Water to provide a full report to the Council on 7 June regarding the authorisation of emergency event expenditure in July 2022, including who was responsible and the process that was followed.

(Moved Mayor Connelly, Seconded Cr Olds)

Carried

4. Receive the WWL Operational expenditure forecasted overspend for 2022/23 report.

5. Inform and receive update on Water Services Reform Programme for the Finance and Commercial workstream.

6. To receive LGOIMAs register January-March 2023.

[Items 4-6 read together]

(Moved Cr Olds, Seconded Cr Bosley)

Carried

Mayor Connelly left the meeting at 10:47am

C Chairperson's Report

C1. Report from Finance Committee Chair

*FINANCE COMMITTEE RESOLVED (FI2023/08) to receive the Chairperson's report.
(Moved Cr Woodcock/Seconded Cr Bosley) Carried*

D Member's Report

D1. Report from Mayor Connelly

Ms Bradley noted there would be no consultation on fees and charges and would be included in the LTP process. Mr O'Leary noted there are comparative checks across the district on a regular basis to ensure fees and charges are fair and reasonable. Noted that the actions from public participation would still occur.

E 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
Public excluded minutes of the Finance Committee held on 15 February 2023 (IT Systems and Architecture – Critical Spend and Programme of Work)	Good reason to withhold exists under section 7(2)(j)	Section 48(1)(a)
Financial Systems Report, 3 May 2023	Good reason to withhold exists under section 6a), 6b) and 7(2)(a)	Section 48(1)(a)

This resolution (FI2023/09) 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
That good reason exists for excluding the public from the whole or any part of the proceedings of any meeting as the public disclosure of information that would be likely to prejudice the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial; or to endanger the safety of any person.	Section 6(a)/6(b)
The withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons.	Section 7(2)(a)
The withholding of the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage.	Section 7(2)(j)

(Moved Cr Woodcock/Seconded Cr Bosley)

Carried

- E1. Confirmation of public excluded minutes**
- E2. Financial Systems Report**

F Karakia Whakamutunga – Closing
Mr Gardner closed the meeting.

The meeting was closed at 11:30am.

Confirmed as a true and correct record

.....(Chair)

.....(Date)

Wairarapa Economic Development Strategy (WEDS) Work Programme for Approval

1. Purpose

For the Committee/Council to review and approve the Wairarapa Economic Development Strategy (WEDS) Work Programme for 2023-2024.

2. Recommendations

Officers recommend that the Finance Committee:

1. Receives the Report (Appendix 1).
2. Receives the Letter of Endorsement from the WEDS Forum Chair (Appendix 2).
3. Recommend to Council to approve the WEDS Work Programme for 2023-2024, as per the attached workplan (Appendix 3) and budget (Appendix 4).
4. Notes that the WEDS MoU and budget will be reviewed as part of the 2024 LTP process.
5. Notes that progress on the work programme will be reported to the WEDS Forum who oversee the implementation of the WEDS Strategy.

3. Significance

The matters for decision in this report are not considered to be of significance under the Significance and Engagement Policy.

4. Background

The Wairarapa Economic Development Strategy was adopted in October 2022. The Strategy vision is for Wairarapa to THRIVE. This will be achieved through growing comparative advantage (opportunities), fostering enterprise that underpins the future economy, and building resilience (enablers) by protecting what we have got and working to make it better.

The 2022-2024 Memorandum of Understanding (MoU) between the three Wairarapa District Councils (Carterton, Masterton and South Wairarapa) and the Wellington Regional Economic Development Agency (WellingtonNZ) records the commitment to support the delivery and implementation of the WEDS. The MoU reflects the responsibilities of the four parties; allocates funding from each District Council to WellingtonNZ for the implementation of the WEDS; defines the role and structure of the WEDS Forum; and specifies the review period:

- a. WellingtonNZ agrees to provide the Programme Management Office (PMO) function for the WEDS. WellingtonNZ commits to employ and fund a programme manager and a programme coordinator.
- b. The three Wairarapa District Councils individually agree to their respective funding contribution for implementing the WEDS: \$100,000 from Masterton District Council; \$60,000 from Carterton District Council; \$75,000 from South Wairarapa District Council (note: amounts are per financial year and exclusive of GST).
- c. The purpose of the WEDS Forum is to govern the execution of the work programme. The Forum members include the independent chair, the mayor and the chief executive of each of the three Wairarapa District Councils, a representative from Greater Wellington Regional Council, a representative from Rangitāne Tū Mai Rā, a representative from Ngāti Kahungunu ki Wairarapa, the chairperson of Destination Wairarapa, a primary industry leader, and a business sector leader.
- d. The MoU will be reviewed by the WEDS Forum and presented to the three Wairarapa District Councils for endorsement at the beginning of each LTP cycle, with the next review due in June 2024.

An annual workplan and budget forecast will be included annually for approval by Councils. This is the purpose of this paper.

5. Discussion

5.1 Delivery of the WEDS Action Plan (2022-2023)

The initial period since October has been spent establishing the foundations for success and kick-starting delivery of the Action Plan.

Significant progress has been achieved with strategic actions refined with input from the newly elected Wairarapa Councils and the WEDS Forum. These actions represent the first steps in what are aspirational, multi-year efforts to grow economic resilience and comparative advantage for our region and are based on a leverage model.

The WEDS Activity Report for the period to 31 May 2023 can be found in Appendix 1. The report shows that progress has been made towards each focus area of the WEDS.

The WEDS PMO are forecasting to carry forward \$75,000 into financial year 2023-2024. This is due to delays in the adoption of the strategy and prioritisation of actions at the start of the year. Carry-over of funds is permitted under the terms of the MoU, and the carry-over amount is included in the 2023-2024 budget.

The annual report for the financial year 2022-2023 will be presented to Council by 31 August 2023.

5.2 Workplan and budget for approval (2023-2024)

The MoU requires that a workplan and budget be presented to Council for approval annually.

The workplan and budget have been designed to reflect the WEDS Focus Areas and Strategic Actions that have been identified as priorities for implementation in 2023-2024.

The priority Areas and Actions have been identified through consultation with the WEDS Forum in March, alongside individual workshops with each of the three District Councils in April.

Budget has been allocated to each Focus Area based on priorities, and initiatives have been identified for delivery under each Strategic Action.

The workplan and budget were unanimously agreed by the WEDS Forum in May and presented to the Wairarapa Combined Councils Forum on the 31st of May. A Letter of Endorsement from the Independent Chair of the WEDS Forum can be found in **Appendix 2**.

An overview of the workplan and budget is included below, and more details can be found in **Appendix 3** (workplan) and **Appendix 4** (budget).

Focus Area	Strategic Action	Initiative	Budget
Business	Acceleration Programmes	Rebel Business School	\$50,000
		Other acceleration programmes	
	Business Capability Development	WNZ Business Support Services	
		New capability development opportunities	
People	Tourism Sector Support	Dark Skies	\$25,000
	Wairarapa Workforce Plan Implementation	'GAP Year' pilot programme	\$50,000
		Wairarapa Workforce Plan initiatives	
Land Use & Water Resilience	Water Resilience Opportunities & Strategy	Waingawa Industrial Park water resilience	\$30,000
		Wairarapa Water entity	
		'Cluster' water education and small storage	
	Primary Sector Land Use	WEDS Forum advocacy for primary sector land use	\$-
Iwi	Māori Economic Development Framework	Māori Economic Development Plan	\$30,000
Technology	WNZ Tech Sector Strategy	Tech Sector Strategy connections	\$40,000
	Digital Training and Capability Building	Digital Infrastructure stocktake	
Infrastructure	Advocacy and Support	WEDS Forum advocacy for infrastructure	\$-
Operational	WEDS and Wairarapa Skills Leadership Group (WSLG)	WEDS Forum and WSLG Group governance, events, and marketing	\$65,000
		WNZ PMO operational overheads	\$20,000

		WNZ PMO people resources	\$250,000
		TOTAL WEDS EXPENDITURE FY23-24	\$560,000
		FY22-23 WEDS funding (carried forward)	\$75,000
		FY23-24 WEDS funding from Councils	\$235,000
		FY23-24 WNZ funding (people resources)	\$250,000
		TOTAL WEDS INCOME FY23-24	\$560,000

6. Options

- A summary of the options considered is included in the table below.

#	Option	Advantages	Disadvantages
1	Council approves the WEDS work programme for 2023-2024	Priority actions for economic development identified by Council for the Wairarapa get implemented. WEDS Forum and PMO focus their efforts on driving the implementation of the WEDS.	None.
2	Council does not approve the WEDS work programme for 2023-2024	None.	Implementation of priority economic development actions is delayed. WEDS Forum and PMO efforts are diverted back to planning instead of delivering.

7. Next Steps

Masterton District Council, Carterton District Council, and South Wairarapa District Council are considering the WEDS work programme 2023-2024 for approval at their respective Ordinary Council meetings on 28 June 2023.

Once approved by all three councils, the WEDS PMO function provided by WellingtonNZ and the initiative leads will be delivering the work programme from 1 July, under the oversight of the WEDS Forum.

Quarterly progress reports on the workplan and budget will be presented at the Wairarapa Council Combined Forums and received by each council. An annual report will be provided within two months of financial year end.

The MoU will be reviewed by the WEDS Forum and presented to the three Wairarapa District Councils for endorsement as part of the LTP process in June 2024.

8. Considerations

8.1 Climate change

- Climate change and the environment have been considered throughout the development of the WEDS.
- The workplan includes Water Resilience as a Strategic Action and identifies three initiatives under this action: supporting the implementation of a commercial water resilience solution (infrastructure) for Waingawa industrial park; supporting Greater Wellington Regional Council to implement the Wairarapa Water Resilience Strategy; and supporting 'cluster' water education opportunities as identified by the Wairarapa User Groups and Federated Farmers.
- The workplan includes WEDS Forum advocacy for primary sector land use as a Strategic Action, with an initiative to empower the Forum to understand the scale of the issue and support through advocacy for primary sector land use change and impacts.

8.2 Tāngata whenua

- Iwi are voting members on the WEDS Forum, which governs the work programme. The Forum includes a representative from Rangitāne Tū Mai Rā and a representative from Ngāti Kahungunu ki Wairarapa.
- The WEDS Forum also includes the Chairperson of the Wairarapa Skills Leadership Group (non-voting advisory member). The Chairperson speaks on behalf of the Skills Leadership Group, which includes representation from Māori in Business Wairarapa.
- The priority Focus Areas and Strategic Actions for the work plan have been determined through workshops with the WEDS Forum and each of the three councils, including Māori representatives.
- A priority Strategic Action in the workplan is to support the WEDS Iwi Representatives to develop a Māori Economic Development Plan, to be tied into the WEDS.

8.3 Financial impact

- Funding for the delivery of the WEDS comes from the funds set aside for economic development as part of the long-term plan of each of the three Wairarapa district councils. For the 2023-2024 financial year, the contribution from MDC is \$100,000 ex GST, the contribution from CDC is \$60,000 ex GST, and the contribution from SWCD is \$75,000 ex GST.
- WellingtonNZ contributes to the delivery of the workplan through the provision of human resources for the PMO, at a cost of \$250,000.
- A further \$75,000 will be carried forward from this financial year, as permitted under the terms of the MoU.
- The above contributions amount to a total income of \$560,000 for the 2023-2024 budget. This amount is allocated to expenditure totalling \$560,000 which will be used to cover personnel costs (\$250,000), support Strategic Actions and initiatives (\$225,000), run the WEDS Forum, Wairarapa Skills Group, and associated operational expenditure (\$65,000), and cover overhead costs for the PMO (\$20,000).

- The implementation of the Strategic Actions and initiatives is based on a leverage model, utilising the budget available to target opportunities with regional impact using a 'Wairarapa-wide' lens, and maximising external co-funding opportunities.

8.4 Community Engagement requirements

- Extensive consultation was undertaken as part of the review and refresh of the WEDS in 2021-2022. Input was sought from across business and industries, with feedback used to develop the refreshed WEDS. The WEDS was launched in November 2022 at a public event.
- The WEDS Forum governs the delivery of the work plan. Alongside representation from councils and iwi, the Forum includes voting members from the tourism sector, primary industry, and the business sector.
- The priority Focus Areas and Strategic Actions for 2023-2024 were determined through workshops with each council, and the WEDS PMO will present quarterly reports to the Combined Councils Forum.

8.5 Risks

- A limited amount of funding is available for the delivery of the workplan Strategic Actions and initiatives. It is insufficient to fund every initiative, or to fund initiatives in full.
- Funding has been allocated to Strategic Areas based on the priorities identified through the workshops. The WEDS PMO will work to allocate funding to initiatives under the oversight of the WEDS Forum, considering which initiatives will receive the most benefit from the funding available, including by leveraging our funding to get underway and to attract further investment from other sources such as private investors and Central Government.
- The WEDS PMO will work alongside the initiative leads to identify support required, networks and funding pathways, to enable the successful delivery of the initiatives. As with any workplan and budget, there is a risk that the desired outcomes are not achieved.
- The WEDS Forum will mitigate this by frequently monitoring progress. Initiative leads will be required to provide regular updates to the WEDS PMO, including for the quarterly reports to council. Progress will also be outlined in the eight-weekly Activity Report provided to the WEDS Forum.

9. Appendices

Appendix 1 – WEDS Activity Report (to 31 May 2023)

Appendix 2 – WEDS Forum Letter of Endorsement

Appendix 3 – WEDS Workplan 2023-2024

Appendix 4 – WEDS Budget 2023-2024

Author: Matt Carrere, Regional Economic Development Team Lead, WellingtonNZ

Contact Officer: Amanda Bradley, General Manager Policy and Governance

Reviewed by: Paul Gardner, Interim Chief Executive Officer

Appendix 1 Appendix 1 – WEDS Activity Report (to 31 May 2023)

WEDS Activity Report

Combined Council Forum, 31 May 2023

Prepared By: WellingtonNZ Programme Management Office (PMO)

Period: September 2022 - May 2023

Executive Summary

The refreshed WEDS was adopted by Wairarapa Councils in September 2022, with financial contributions commencing from the Councils in accordance with the WEDS MOU. This initial period has been spent establishing the foundations for success, as we embed the WEDS as a permanent function for our region & kick-start the *Action Plan*. Copies of the strategy and MOU can be downloaded from our new website: www.thrivewairarapa.nz.

Collaboration will be key as we maximise delivery opportunities heading into FY24 and settle into the WEDS ‘operating rhythm’ with our Forum partners. The Strategy is based on a leverage model, using a modest budget to target opportunities with regional impact using a ‘Wairarapa-wide’ lens. To achieve this, our actions will remain lean and targeted against the five focus areas identified in the WEDS Matrix (Annex A).

Significant progress has been achieved building the foundations of our focus areas, with strategic actions refined with input from the newly elected Wairarapa Councils and the WEDS Forum. These actions represent the first steps in what are aspirational, multi-year efforts to grow economic resilience and comparative advantage for our region.

The below table provides a summary of milestones achieved to date. These are expanded within the report.

WEDS Setup	Strategy publication, website build, public launch event
	MOU, funding agreement and Governance Forum establishment
	Wairarapa Economic Datasets Project
	Stocktake of WEDS activity 2018-2020; review of PGF bids and major regional projects
Business	Bringing the WellingtonNZ Toolkit to the Wairarapa
	Support to Business Wairarapa activities
	Rebel Business School establishment and fund-sourcing
	Profile raising – WEDS and Regional Business Partner Programme
People (Workforce)	‘Gap Year’ initiative scoping
	Healthcare recruitment initiative
	Good 2 Great Programme & KiwiHost training series
	Upcoming WSLG developments
People (Tourism)	Leveraging the <i>Dark Skies</i> opportunity with Destination Wairarapa
	Coordinating applications for Wairarapa to MBIE’s <i>Innovation Fund for Tourism Recovery</i>
	Support to the inaugural <i>Dark Skies Exhibition</i> and <i>Pop-Up Space Science Centre</i>
	Support to MDC and CDC funding applications to Waka Kotahi for cycle trail investment
Land Use & Water	Water Resilience Strategy progress with GWRC
	Waingawa commercial water resilience project and application to Kānoa
	Support to the food and fibre Sector (Foodstuffs Forum and On-Farm Water Storage event)
Iwi	Māori Economic Development Framework
	Supporting the establishment of the Māori in Business Wairarapa network
Technology	Securing and supporting ‘Digital Boost’ contracts with MBIE for pilot delivery in Wairarapa
	Establishing the Waitech Trust
	Delivering local technology events (Techweek’23 and career events)
Operational	Delivering the PMO operational functions for the WEDS and WSLG
	Communications, marketing, and media (The ‘Value Add’ story)
	Budget Summary and variance statement

1. WEDS Setup

Purpose

The purpose of the WEDS is to formalise the economic development function across the Wairarapa and align resources and effort behind a shared set of priorities for the region. The efficacy of the WEDS model relies on laying a strong foundation and bringing stakeholders together to achieve results.

Memorandum Of Understanding (MOU), Funding Arrangement, Governance Forum

1. Alongside the Chair, the PMO led development of the WEDS MOU - the working agreement between MDC, CDC, SWDC and WellingtonNZ (WNZ). As an informal 'hybrid' function, the MOU documents the roles & responsibilities of the parties, the funding model, service level agreement, reporting and Governance arrangements for the WEDS.
2. The WEDS Governance function has matured over this period, led by the Chair Adrienne Young-Cooper. The Forum is currently finalising arrangements to appoint the two remaining vacant positions (representatives from the primary and commercial sector). In addition, the Forum has placed a value on the need for good governance, including Iwi membership, with unpaid members receiving a stipend for their contributions.

Strategy Publication, Website & Launch Event (Importance of wider public/stakeholder connection)

3. The PMO led the development and publication of the WEDS strategy booklet, to accompany the public launch event on 2 November 2022 at the Carterton Events Centre. This was attended by over 100 people (including newly elected officials) and set the tone for region-wide stakeholder connection and collaboration. The event told the story of the WEDS, our vision, focus areas, and the plan to translate strategy into meaningful action.
4. The PMO led the creation of the new WEDS website www.thrivewairarapa.nz as a tool to create a public interface, and help navigate the complex relationships and contracts between the vested entities (WNZ, GWRC, Wairarapa Councils, the RTO, Chamber of Commerce, Iwi, major industry and the WRLC). The 'News' section is updated regularly, alongside WEDS social media channels, and the site also hosts the email enquiries portal.

Economic Datasets

5. Providing quality economic data is key for enabling the WEDS Forum make evidence-based decisions. The PMO led a project alongside GWRC & Infometrics over a period of four months to develop bespoke datasets for Wairarapa. The two products available are shared with the WEDS Forum and published on the 'News' section of the website:
 - a. **Regional Economic Profile for Wairarapa.** This 'deep dive' document is published annually for the previous tax year. This is a comprehensive package of data; however, it is nearly 12-months old at the time of publishing due to significant lead times involved.
 - b. **Quarterly Economic Monitor for Wairarapa.** This quarterly report aggregates real time data to gain an accurate 'pulse check' of economic fluctuations. This is useful for time sensitive decision making and identifying regional trends. The March quarter is included as Annex C.

WEDS Activity Stocktake

6. Significant effort was made in the foundation phase to conduct a stocktake of activities, reports, and projects from the 2018-2020 *Grow Wairarapa* WEDS effort. This included following up on major regional projects, applications to the Provincial Growth Fund (PGF) and 'Shovel-Ready' Funds, as well as following leads on emerging innovation and activity across the region.
7. As a result of this effort, the PMO brokered 12 meetings with the Kānoa Investment Unit to pursue opportunities under the \$200M *Regional Strategic Partnerships Fund*. Consequently, one application has been submitted for review by the Minister, one project received additional funding, and two further initiatives remain in active discussions with Kānoa. This is significant, as the Wairarapa has not received funds from the RSPF to date, and the programme is closing in July 2023. However, there is likely to be some form of support from Central Government for Regional Economic Development in the future.

2. Business Focus

Purpose

The Wairarapa is over-represented by small businesses, with over 6,000 registered in the region. This means that small business is the backbone of the local economy, identity, and workforce. When considered in the context of COVID-19 impacts and recent economic shocks, building resilience into our business community must be a priority focus. Working alongside Business Wairarapa, we aim to bring capability development & acceleration services to the table.

Bringing the WellingtonNZ Toolkit to the Wairarapa

1. The WEDS PMO sits within WellingtonNZ's *Business and Innovation Team*, who provide a number of services across the Greater Wellington Region including:
 - a. Business growth advice and support contracted with MBIE's *Regional Business Partners Network*.
 - b. Providing R&D support and innovation funding contracted by *Callaghan Innovation*
 - c. Delivering the *Regional Economic Development Plan* governed by the Wellington Regional Leadership Committee
 - d. Māori business and strategic relationship support alongside *Te Matarau a Māui*
 - e. Film attraction, permitting and advocacy with *Screen Wellington (Regional Film Office)*
2. The PMO have strived to make these services more accessible to a Wairarapa audience. This has involved piloting local 'Drop-In' sessions and dedicated business discovery sessions to build up the profile of the WNZ Toolkit; and the free support available to maximise local uptake into the support & capability programmes.
3. This year we have trialled five drop-in sessions, brokered ten free discovery sessions, three innovation sessions and conducted four briefings to Wairarapa business network groups. This effort has been supported by a dedicated marketing campaign across print and social media, and through business newsletters and networks (locally and regionally).
4. The major value-add for the WEDS PMO is the cross-regional visibility of opportunities, ensuring the Wairarapa connection to opportunities across the entire 'reach' of WNZ services.



Support to Business Wairarapa

5. The PMO recognise the Wairarapa Chamber as the business SME for our region – aligning to one of the five key focus areas in the WEDS. The PMO has supported efforts by Business Wairarapa over the last year to integrate all the individual business groups under a sole umbrella. This has resulted in BW achieving a reach of 1,500+ members and growing, a significant milestone for all involved.
6. Aligning with the effort above, the PMO supports day-to-day operations of the Chamber including co-funding development activities, speaking to business groups, and sponsoring the *Business Summit* and *Business Awards*. These events are critical to recognise and support our local business community, especially when confidence and staffing levels are at an all-time low in the post-COVID-19 environment.

Rebel Business School

7. Rebel is a **FREE-TO-PARTICIPANTS** business education and incubation programme with over 1,400 graduates nationwide. Their mission is to *transform lives and communities through small business across Aotearoa New Zealand*. Rebel have successfully operated programmes around New Zealand for 6 years and are an accredited provider through MSD.
8. The PMO is working to pilot two Rebel courses in the Wairarapa. These will help advance business capability, support new enterprise, and inspire entrepreneurship amongst our young people.
 - a. *Rebel Business School Wairarapa Edition (19-30 June) 70 places*
 - b. *Rangatahi Hustle Young Entrepreneurs Programme for ages 16-25 (10-14 July) unlimited places*.
9. The PMO hosted a planning meeting with regional stakeholders in December 2022, including WEDS, Business Wairarapa, Destination Wairarapa, RSLG, Māori in Business, REAP, Youth2Work & MSD. We heard from these stakeholders that there is appetite and demand to run both programmes as part of our Wairarapa launch.
10. The PMO have been busy securing funding, venues, guest speakers, logistics and business support to kick off these opportunities in June. The PMO have also coordinated the marketing and education campaign to gain the maximum 'reach' possible, including briefing interest groups, hosting radio interviews, speaking to recent graduates and compiling a business feature for print media.
11. We have currently secured the following sponsors: MSD, WNZ, REAP/Y2WW, MTFJ, Ka Pai Carterton, WINZ and WBS (pending) to co-fund this opportunity alongside \$15,000 from the WEDS OPEX budget. This is an example of the leverage model, utilising the WEDS budget to maximum effect with co-funding opportunities.

Wairarapa youth who want to hustle, have you ever thought?

Could I start a business?

The Rangatahi Hustle is an awesome FREE event for young entrepreneurs aged 16+ to learn how to create and start a business.

Dates:
Carterton Events Centre
50 Holloway St, Carterton
10 - 14 July 2023
9:30am - 3:00pm Daily

Come try out your ideas and gain all the inspiration, resources and skills you need to learn about business.

Sound good? Sign up for your FREE space
<https://www.rebelbusinessschool.nz/rangatahi-wairarapa-2023>

Logos: Ministry of Social Development, Kapai Carterton, WEDS, REAP, MTFJ

Hey Wairarapa! Have you ever thought:

Could I start a business?

... but not known where to start?

REBEL BUSINESS SCHOOL

FREE to attend
19 - 30 June 2023
9.30-2.30 weekdays
10 days, 20 workshops
Carterton Events Centre
50 Holloway St, Carterton

REGISTER NOW

<https://www.rebelbusinessschool.nz/wairarapa-june-2023>
Making business possible for anyone and everyone.

Logos: WEDS, REAP Wairarapa, Youth2Work, WellingtonNZ, Ministry of Social Development

Profile Raising – WEDS & Regional Business Partner Network

1. The www.regionalbusinesspartners.co.nz programme is a nationwide business support programme sponsored by MBIE. WNZ is the contracted delivery agent in the Wellington region (and has been for the last ten years). The programme is targeted at growing small businesses via co-funding over multiple years aimed at capability development and job growth. Wairarapa businesses have been historically under-represented in the programme, largely due to lack of a dedicated Economic Development effort in the region.

2. The PMO have made dedicated efforts to connect more businesses with the support available and raise the profile via advertising and attending multiple business events/socials. As of May there are now 26 Wairarapa businesses registered in the RBP programme and growing slowly.
3. The concept of RBP is 'business helping business' and we have commenced efforts to identify and register specialist Wairarapa service providers inside the programme. The aim is to create a 'Wairarapa database' to ensure support is available locally (where possible) and delivered with knowledge of the Wairarapa environment.

3. People Focus

Workforce Development

Wairarapa Skills Leadership Group (WSLG) Purpose

The Wairarapa Skills Leadership Group was formed in 2018 as a collaborative approach dedicated to meeting the future workforce needs of the region. The Group have access to the refreshed Wairarapa Workforce Plan, developed an Action Plan and will oversee the implementation of the Plan. The Group provides advice and support to workforce related projects in the WEDS. The Group's membership includes representatives from Central Government agencies, local Government, iwi, recruitment, Mayoral Taskforce for Jobs, UCOL/Te Pūkenga, REAP, and seven sector groups. The support given to the WSLG by the WEDS Forum aims to increase the overall population of the productive age group by 2,000 people by 2030.

GAP Year Project

1. A working group has been established to begin scoping the GAP Year project, the group includes recruitment, WINZ/MSD, Mayoral Taskforce for Jobs, sectors, Te Pūkenga/UCOL, REAP and secondary school representatives.
2. The group are currently identifying the best direction for the project to ensure we maximise the current available services, bolster any areas that need assistance and deliver something different for possible participants.

Healthcare Recruitment Initiative

3. WEDS funded \$5,000 towards *WaiHealthSkills* to create a website portal and run a trial advertisement in the *Canadian Family Physician* magazine. The objective was to leverage the Tū Ora national drive to attract overseas health professionals to NZ, under the recent fast-track visa legislation for areas of acute skills shortage. This would ensure that the Wairarapa region was featured strongly and could wrap a local support system around any applicants. This was the catalyst to form the working group and advance the programme with multi-agency support. Tū Ora are currently in communication with two potential healthcare professionals in Canada.

Fancy moving somewhere like this...?

HEALTHCARE PROFESSIONALS WELCOMED BY RURAL NEW ZEALAND

'The region's three Mayors, indigenous people (iwi), community groups, organisations and health funders are all working together to give you and your family a warm, exciting future here – for a short time or a long time. Come on over!'

Greg Lang, Mayor of Carterton +64-27 898-1618

Check out the 'Wine Country Doctor' initiative in Wairarapa Valley

waihealthskills.nz

Doctors, nurses, paramedics, allied health professionals
Register your interest now, recruitment early 2023 – no obligation!

4. A relationship with an Australian-based programme team has been established who have successfully implemented healthcare workforce attraction programmes in Australia and Canada. The programme team have expressed interest to assist Wairarapa to launch an initial New Zealand programme.
5. A working group has been established and preparatory work completed in readiness to commence programme scoping, a location specific solution to healthcare workforce challenges.
6. The working group has received interest from the sector to progress, including signals from the primary health organisation for funding contributions to enable the project to progress. WEDS has allocated \$20,000 towards seed funding this initiative, noting the Wairarapa has the most acute shortage of GP's per capita in the Country.
7. The working group are currently welcoming mana whenua and Paskifika participation into the group.

Good 2 Great Programme

8. The Good 2 Great Programme was a primary sector initiative to better support leadership and communication within primary sector teams. A successful pilot concluded in early-2022 with 18 teams graduating and over 140 individual participants from across the region.
9. The Good 2 Great project team were the only successful applicant to receive a second year of MPI funding to run another programme that commenced on 26 April with 16 teams enrolled. The participating teams include representation from sheep and beef, contracting, community catchment groups, dairy, apiculture and has expanded to tourism and construction teams this year.
10. Business Wairarapa are supporting the 2023 programme by agreeing to be the contract party with MPI.
11. The WEDS PMO are providing programme coordination and contract reporting on behalf of the project team.
12. More information & programme details can be found on the Good 2 Great website - <https://www.good2great.nz/>.



KiwiHost

13. During the development of WEDS and the Workforce Plan, the constant feedback from our tourism, hospitality and retail sector was a request to bring KiwiHost, a nationwide programme delivered in the 1990's, to Wairarapa.
14. Business Wairarapa, with the encouragement of Destination Wairarapa and the WEDS PMO, have bought the KiwiHost training series to Wairarapa to upskill any customer/client facing roles. The series includes four workshops focused on customer relations foundations, skilfully upselling, dealing with challenging situations and managing/leading teams.
15. An oversubscribed first successful workshop was held in April.
16. The KiwiHost brand is being disestablished and moving offshore, Wairarapa have secured the opportunity to retain the brand, to be called WaiHost.
17. Trust House have partnered with Business Wairarapa to deliver the future WaiHost programme and the WEDS Forum have recently endorsed \$10,000 in co-funding to support the delivery of the series for the next 12-months.

Upcoming WSLG Initiatives

18. The WSLG are constantly identifying opportunities to better support our current and future workforce. Pending councils approval of the WEDS Workplan and budget for FY24, the WSLG will formulate a plan for the year and implement.

Sector Development

Tourism Sector

The WEDS identified the need to support sectors as means to enable job creation and grow comparative advantage. The tourism sector was chosen as a priority - noting the impacts of COVID-19 - as well as several advanced opportunities with the accreditation of South Wairarapa and Carterton districts as NZ's newest *International Dark Sky Reserve*, alongside the recent adoption of the *Destination Management Plan* and the *Five Towns Trail* Masterplan. The PMO meet with Destination Wairarapa weekly to collaborate and share information between our networks.

Leveraging the Dark Skies Opportunity

1. Representatives from WNZ and Destination Wairarapa met in February to discuss how best to achieve this, with the agreed outcome being the creation of a multi-stakeholder Dark Skies Project Plan. The development will be led by Destination Wairarapa. The creation of a Project Plan is a crucial step, as it will allow stakeholders to identify specific objectives, allocate resources, and coordinate efforts towards achieving a shared vision for the region. The WEDS Forum recently endorsed the allocation of \$25,000 to fund a dedicated *Dark Skies* Project Manager within Destination Wairarapa, to drive this initiative forward. Further funding will be required in support for FY24, which has been considered in the proposed FY24 Workplan and Budget.

Funding applications for Tourism Business

2. MBIE opened a \$54M *Innovation Fund for Tourism Recovery* in November 2022. This fund was aimed at supporting transformational initiatives in the tourism sector via co-funding from feasibility through to implementation. The PMO supported three businesses to work up applications and business cases for this fund. Unfortunately, none were successful. To date, only \$140,000 has been awarded fund to 12 projects across NZ. A summary is available here: <https://www.mbie.govt.nz/immigration-and-tourism/tourism/tourism-funding/innovation-programme-for-tourism-recovery/programme-funding-recipient/>
3. The PMO continues to work with these businesses to align avenues of support for proposed projects that have potential to make a regional impact. The latest opportunity lies with the recently launched *Arohia Innovation Trailblazer Fund*: <https://www.callaghaninnovation.govt.nz/funding/%C4%81rohia-innovation-trailblazer-grant>

Inaugural Dark Skies Exhibition and 'Pop Up' Space Science Centre (Carterton)

4. The PMO supported the inaugural *Dark Skies* exhibition and 'Pop-Up' Space science centre in Carterton, running from December – February. This was a key opportunity to promote the accreditation announcement and educate the local community on what being a *Dark Skies* reserve means. This included exhibit preparation, fund sourcing and communications support. The exhibition was attended by over 3,500 people. The PMO attended a business event at the venue to discuss the opportunity with local business owners and speak to the support services available through WNZ & Destination Wairarapa. Follow-up support activity is ongoing.

4. Water Resilience and Land Use Change

Purpose

Water resilience in the Wairarapa is identified as a critical component of both the WEDS and the *Regional Economic Development Plan*.

Water Resilience Strategy

1. WNZ is building relationships with newly appointed GWRC staff and supporting them to progress the Wairarapa Water Resilience Strategy (WWRS). GWRC have advised the WEDS Forum and the Wairarapa Committee on options to progress the WWRS and action plan. The preferred option is to resource a dedicated Programme Manager. Part of that role would be to implement the plan in liaison with a steering group or local entity involving mana whenua and the four councils, with input and advice from the WEDS Forum. GWRC have advised they are currently working on a Terms of Reference & Position Description; and have allocated funds to employ a Project Manager in the next financial year. The PMO have identified funds in FY24 to safeguard timely development of the steering group and position recruitment.

Water Resilience Project

2. The PMO have been assisting with the development of a significant water resilience project at Waingawa Estate. This was identified as a result of investment scoping activities in collaboration with Kānoa. The concept is a collaboration between MDC, CDC, and Waingawa users to install a parallel commercial (raw) water distribution system across the Estate from a deep-water aquifer. This will remove reliance on the Waingawa River, supplied through Masterton's municipal water supply, relieving pressure during acute summer shortages and protecting employment and business continuity. This will future proof planned expansion of the Estate in future. In addition, it is intended that commercial water will be treated and returned to the Waingawa River at a forecasted rate of 500 household units per day, returning further resilience benefits to the environment.
3. The PMO have worked alongside CDC to compile an application to Kānoa for \$1.75M in co-funding for this proposal. This will be reviewed by MBIE's investment team and presented to the Minister for approval in July.

Food and Fibre

4. The PMO supported the *Wairarapa Water Users Society* to organise an 'On-Farm Scale Water Storage Forum' designed to stimulate discussion and investigate alternate water resilience options for primary producers following the demise of Wairarapa Water Limited. The original event was postponed and is due to run again on the 20 of June in Martinborough. All are welcome: https://www.nzipim.co.nz/Event?Action=View&Event_id=619
5. Foodstuffs *Emerging Supplier* Forum: WNZ was approached by *Foodstuffs North Island* and the *Food Innovation Network* to run a Forum to help promote their newly established role helping support local producers into retail supply stores. The PMO were able to advocate for an additional bespoke event in the Wairarapa, which ran on 29 May. This created a new database of food & fibre businesses to channel into support services.
6. The PMO and the Chamber of Commerce are often the 'first port of call' for Wairarapa enquiries. As well as providing information & contacts, we support other agencies to bring nationwide opportunities to the region. The latest example is assisting MPI to run a 'Supply Chain/Exporters Event' in Wairarapa in June: https://www.nzipim.co.nz/Event?Action=View&Event_id=606



WellingtonNZ

Emerging Supplier Forum

Wellington – 29 May 2023
Wairarapa – 29 May 2023
Kāpiti Coast – 30 May 2023

Calling all established food and beverage businesses or start-ups keen to get products into supermarkets

Gain real insights into the retail grocery journey for small businesses at a series of free forums

- ▶ Learn how Foodstuffs North Island works
- ▶ Get tips and tricks on speaking with new supply partners
- ▶ Discover the latest customer insights and trends
- ▶ Network with other like-minded businesses

Email contact@WellingtonNZ.com to register

IN PARTNERSHIP WITH

foodstuffs NORTH ISLAND

Food Innovation Network



ROADSHOW:

A MORE HOLISTIC UNDERSTANDING OF SUPPLY CHAINS
now more important than ever

A more Holistic Understanding of Supply Chains - Martinborough event

A major shake-up in global supply chains due to COVID-19 resulted in damaged business confidence here in New Zealand. Hear from speakers nationally and locally on ways that regional business can move towards a more holistic understanding of supply chains.

📍 **Martinborough**

📅 **29 Jun 23**

5. Iwi Focus

Purpose

Building Iwi focus into the Strategy, ensuring representation at Governance Forum, remuneration, WNZ appointment of new role, Head of Māori Business Projects, and Strategic Relationships (Toni Kerr).

Māori Economic Development Framework

1. A key action in the WEDS is to support the development of a Māori Economic Development Framework (separate from Iwi commercial arm investment plans). The PMO have supported Iwi reps with the draft framework and elevating the project to the WEDS Forum for visibility and support. Momentum has increased recently with assistance from Toni Kerr. \$30,000 is proposed to activate this effort in FY24, led by the WEDS Iwi representatives.

Māori in Business Wairarapa

2. The PMO supported MiBW to register as a Trust, open bank accounts as a legal entity and provide administrative support. This ensures the network is sustainable and empowered going forward to attract grant funding to achieve their purpose in supporting the local Māori business community and aspiring entrepreneurs. MiBW is represented at the WSLG and at the WEDS Governance Forum.

6. Digital and Technology Focus

Purpose

New technologies and industry continue to emerge, change is taking place and Wairarapa needs to be able to harness this. Firstly, this focus must be built on a digital network capable of enabling delivery. The WEDS aims to encourage technology/digital adoption in our local businesses to ensure they are competitive and able to access the end user most efficiently.

Digital Boost Programme – Wairarapa Pilot

1. In June 2022, MBIE announced a pilot programme to deliver their *Digital Boost* online training series via in-person tailored cohorts of 15-20 businesses. WNZ was approached to be the contract partner and facilitate ten funded cohorts across the region. The WEDS PMO acted quickly to secure three of the ten contracts for Wairarapa. These were awarded to *Business Wairarapa*, *3Mile Coworking Limited*, and *Māori in Business Network*. This ensured 60 Wairarapa businesses were able to benefit from local facilitators over a period of 12-months. The PMO have provided ongoing support to the delivery sessions and students. The funded *Digital Boost* programme wrapped in May 2023. Unfortunately, MBIE do not intend to continue the model into FY24 and have redirected their funds. Local feedback indicates there is ongoing demand for this service, and the WEDS PMO will investigate the potential to revive the programme organically.



Maori In Business Wairarapa · Join
Vernette Shapland · 22 Aug 2022 · 🌐

This Thursday 25th we have the next Digital Boost Hui in Greytown. We got a great turn out for the previous one and some fantastic feedback. If you want to be part of this digital learning for your business send me (Vernette) a message or email korero@mibwairarapa.nz



Digital Boost
In-person workshop



Fab Feathy · Follow
2 Aug 2022 · 🌐

📣 Calling all local businesses 📣

[Business Wairarapa](#), [3Mile Coworking Community](#) and [Wairarapa Maori In Business](#) have organised a FREE programme with [Digital Boost](#) - intending to upskill our local businesses and help them to prepare for an increasingly digital future. They will be covering lots of topics, with sessions being held monthly in Carterton and Greytown. Sessions will be held over 11 months.

And it's all for FREE!

Register with Nicola by emailing info@wairarapachamber.co.nz and she'll send you everything you need to know.

Check out Digital Boost here 📌
<https://youtu.be/BIS18eCSSa4>

Establishing Waitech Trust

2. The PMO supported the technology sector group, a collective of local business volunteers (a subgroup of the WSLG) to form as a Charitable Trust, open bank accounts as a legal entity and provides administrative support. This ensures the network is sustainable and enabled going forward to attract external funding to achieve their purpose in supporting the community to access local technology education and participate in technology training and leisure activities.

Waitech Trust Events

3. Step into Virtual Reality, Gaming and the Metaverse: Waitech Trust held an event at the Carterton Event Centre in 2022, using E-Sports as a way to connect with the community. The event was attended by over 80 members of the community to hear from a range of speakers, including the CEO of the New Zealand E-Sport Federation.
4. Techweek'23 event: Waitech Trust ran the first Techweek event in Wairarapa on 15 May with a roadshow to three Wairarapa Colleges to inspire over 200 secondary school students to consider a technology sector career. The roadshow included four young local Wairarapa speakers who attended school here. Feedback from the colleges involved has been very positive.
5. Digital Fluency Baseline Testing: Waitech Trust have secured funding and are scoping a pilot to begin assessing secondary school students baseline digital fluency, much like literacy and numeracy testing. This project is planned to be rolled out in FY24.

6. Operational Focus

Purpose

Managing the WEDS 'function' as joint stakeholder effort involves a significant administration overhead, to ensure clear communication and collaboration between parties. Managing calendars across multiple organisations is challenging and requires both flexibility and surge efforts. The following is a summary of efforts to date in FY23:

Running the WEDS Forum & Wairarapa Skills Leadership Group (WSLG)

1. Organising and running eight WEDS Governance Forums and seven Skills Leadership Group sessions - including agenda development, activity reports and distribution/monitoring of minutes and action items.

Support to the *Regional Economic Development Plan (REDP)* and *Regional Leadership Committee (WRLC)*

2. Compiling quarterly reporting for Wairarapa initiatives in the REDP (including Water, Skills, Food & Fibre, Five Towns Trail & Dark Skies initiatives) and championing these through the REDP Steering Group to the WRLC.
3. WNZ are an active supporter of the WRLC – a formal Joint Committee under the Local Government Act. This Joint Committee takes responsibility for all key matters of *Region Wide* importance where collective planning and action is required. The WEDS PMO is currently assisting WRLC and providing the voice for economic development in the Wairarapa to the Regional *Emissions Strategy* Framework, as well as the Regional *Industrial Land Demand* Study under development.

Council Reporting and Activities

4. Organising and running the WEDS 'launch' event; presenting to four Combined Council workshops; three individual Ordinary Council meetings; two councillor induction events; three individual council priority workshops; and coordinating six meetings with the WEDS Chair and the Wairarapa Mayors. Distribution of agenda, presentations, and minutes for the above.

Communications, Marketing and Media – The 'Value Add'

5. The PMO maintain the WEDS website and provide regular updates via www.thirvewairarapa.nz/news (1,546 views since launch) & <https://www.facebook.com/wearewairarapa/> (579 followers to date). The PMO maximise outreach by leveraging multiple channels including WNZ marketing and communications, *Destination Wairarapa*, *Federated Farmers*, regular updates via *Business Wairarapa* Newsletters, and fortnightly advertising through the Wairarapa Times Age & Midweek periodicals. This is supplemented by surge efforts to maximise 'reach' across Wairarapa.

6. It is important to realise this *value-add* component to the WEDS workstream. Ensuring opportunities are connected for the widest possible benefit helps drive successful outcomes. For this reason, the PMO will continue to budget accordingly for venues, visits, travel, and advertising to multiply the efforts of two FTE staff.

Budget Summary

Entity	Contribution	FY22/23 (current)	FY21/22 (previous)
Wairarapa Councils	MDC, CDC, SWDC contributions to OEPX	\$75,000 WEDS Overheads* \$85,000 to support projects* \$75,000 to carry forward	\$0
	Councils Total	\$235,000	\$0
WellingtonNZ	WNZ Staff salaries, costs, and overheads (including B&I department support)	\$250,000	\$180,000
	WellingtonNZ Total	\$250,000	\$180,000
Third Parties	Central Gov Funding for WEDS & WSLG activities	\$100,000 – MPI (Good 2 Great) \$60,000 – MBIE: Digital Boost	\$80,000 – MBIE: WEDS refresh \$40,000 – MSD: Workforce Plan
	Grants and Sponsorship	\$8,500 – TH/WBS: Waitech \$40,000 – Rebel Business School	\$25,000 – WNZ: Waitech \$100,000 – MPI
	External Total	\$208,500	\$245,000
EOFY Totals		\$693,500 (forecast)	\$425,000

**WEDS OPEX Spend to EOFY is forecast to be \$160,000. The WEDS Overheads in this FY include establishment costs such as strategy brochure production, creation and hosting of the new website, public launch event, Governance Fees, support to start-up WSLG initiatives & staff sundries such as lease of office space, travel, comms & venue hire.*

Commentary

- The last two financial years have been focused on WEDS establishment activity – developing the Strategy and Workforce Plan over 18 months of public consultation and analysis. WNZ and Central Government contributed \$300,000 to complete that phase. The Strategy was then adopted by Wairarapa Councils in September 2022.

Budget Variance

- The PMO are forecasting to carry forward \$75,000 of WEDS OPEX into FY24, as allowed under the WEDS MOU. There are two main factors contributing to this underspend. These include the late adoption of the MOU by Wairarapa Councils, meaning invoicing did not commence until October 2022. Following the recent local body elections, the newly elected leadership requested the PMO to conduct additional briefings and prioritisation workshops in early-2023. This effort was to ensure alignment and agreed focus ahead of developing the annual workplan. The underspend will ensure a healthy budget to focus project efforts in FY24.

Annex A – WEDS Matrix

Annex B – Wairarapa Quarterly Economic Monitor Report (January-March 2023)

Appendix 2 – WEDS Forum Letter of Endorsement

14 June 2023

Masterton District Council
Carterton District Council
South Wairarapa District Council

Re: Proposed FY24 WEDS Workplan and Budget

Tena koutou Rangatira

As your independent chair, I am writing of behalf of the Wairarapa Economic Development Strategy (WEDS) Forum to recommend approval of the attached WEDS Workplan and Budget to the three Councils. The Forum is the governing body for implementation of the WEDS, ensuring representative participation across regional stakeholders. The role and membership of the Forum is outlined in the [WEDS MoU](#).

The FY24 Workplan is the culmination of a series of workshops and engagements with the three Councils and Forum members to reassess and confirm the economic development priorities for the Wairarapa. This will lay the foundation of an aspirational, multi-year programme of effort across the five key focus areas in the WEDS.

There has been strong alignment between the WEDS (adopted in October 2022) and the reassessed priorities discussed by the Forum and the three Wairarapa Councils. This will see a particular focus next financial year on Workforce Growth, Business Development, Water Resilience, the Māori Economy and supporting the Tourism Sector.

A summary of the consultation and reassessment process undertaken included:

Activity	Group	Dates
- Strategic Priorities Workshop	WEDS Forum	13 March 2023
- Individual Council Workshops	MDC/CDC/SWDC	April 2023
- Review draft Workplan & Budget	WEDS Forum	04 May 2023
- Present draft Workplan & Budget	Combined Councils	31 May 2023

Our aim is to leverage opportunities to grow comparative advantage for Wairarapa, via best allocation of our limited resources. The initiatives included also align with the [Wellington Regional Economic Development Plan](#) and the [Wairarapa Destination Management Plan](#).

Please accept my endorsement of the FY24 Workplan and Budget on behalf of the WEDS Forum.

Ngā Mihi



Adrienne Young-Cooper
Independent Chair
WEDS Governance Forum
adrienneyc@me.com
www.thrivewairarapa.nz

Appendix 3 – WEDS Workplan 2023- 2024

Wairarapa Economic Development Strategy

Proposed Annual Workplan for FY23-24

Initiatives - May 2023

Focus Area	Strategic Action	Initiative	Overview	Initiative Lead	Key Partners	Stage
Business	Acceleration Programmes	Rebel Business School	Proposed 'Rebel Business School' and 'Rangatahi Hustle' programmes in FY24.	WNZ	RBS, BW, REAP, WSLG	Investment attraction
		Other acceleration programmes	Identify other business support and funding programmes relevant to Wairarapa businesses, and support businesses to access them.	WNZ	BW	Planning
	Business Capability Development	WNZ Business Support Services	Deliver WellingtonNZ business support services in the Wairarapa as a local satellite programme, including Business Growth Advisors, Regional Business Partner programme and Callaghan Innovation advisors.	WNZ	BW, MBIE	Delivery
		Capability development opportunities	Support other business capability development opportunities in partnership with Business Wairarapa.	BW	WNZ, MBIE	Planning
People	Tourism Sector Support	Dark Skies	Support Destination Wairarapa to develop and champion a multi stakeholder Dark Skies work programme, to leverage outcomes for the tourism sector. 10-month foundation stage of an aspirational multi-year coordinated effort to realise potential.	DW	Dark Skies Society, Iwi, BW, District Councils, WNZ	Planning
	Wairarapa Workforce Plan Implementation	'GAP Year' pilot programme	Lead a stakeholder group through the WSLG to design a 'GAP' pilot programme - to provide youth with opportunities and to retain workforce within the Wairarapa. To include funding youth engagement and implementation support.	WSLG	Sector Groups, REAP, UCOL, MTFJ, BW, Schools, Industry, Recruiters	Planning
		Wairarapa Workforce Plan initiatives	Support WSLG initiatives developed by Sector Groups, including: 1. Recruiting and retaining healthcare workforce (WaiHealthSkills) 2. Primary Sector Good 2 Great programme 3. WaiTech Trust digital literacy and capability programmes 4. Hospitality/Tourism KiwiHost workshop programme 5. Other workforce initiatives as supported by the WSLG	WSLG	Sector Groups, BW, MPI, WNZ	1. Investment attraction 2. Delivery 3. Planning 4. Delivery 5. Planning

Land Use & Water Resilience	Water Resilience Opportunities & Strategy	Waingawa Industrial Park water resilience	Support the implementation of a commercial water resilience solution (infrastructure) for Waingawa Industrial Park. Continue to assist the funding application process and help develop an implementation team (if funding is successful)	CDC	MDC, JNL, Waingawa Industrial Park, MBIE (Kānoa), WNZ	Investment attraction
		Wairarapa Water Resilience Strategy	Support GWRC to establish a Wairarapa implementation arm for the Water Resilience Strategy, including employment of a dedicated Programme Manager to enact.	GWRC	District Councils, Iwi, Water Users, Primary Industry	Planning
		'Cluster' water education and small storage	Support 'cluster' water education opportunities, as identified by Wairarapa User Groups/Fed Farmers to encourage collaborative small storage schemes	TBC	District Councils, GWRC, Iwi, Water Users, Primary Industry	Planning
	Primary Sector Land Use	WEDS Forum advocacy for primary sector land use	Empower the WEDS Forum to advocate for primary sector, land use change and impacts, e.g., afforestation	WEDS Forum	District Councils, GWRC, Iwi, Water Users, Primary Industry	Advocacy
Iwi	Māori Economic Devt Framework	Māori Economic Development Plan	Support WEDS Iwi Representatives to develop a Māori Economic Development plan, to be tied into the WEDS and He Kai Kei Aku Ringa as well as Tu Mai Ra and Kahungunu ki Wairarapa Investment strategies.	WEDS Iwi Representatives	WNZ, Te Matarau a Māui, GWRC, TPK, Hapū	Planning
Technology	WNZ Tech Sector Strategy	Tech Sector Strategy connections	Maximise Wairarapa opportunities and involvement for Tech Sector acceleration, investment and profiling opportunities (including Film/Screen Wellington).	WNZ	WaiTech Trust, CreativeHQ	Delivery
	Digital Training and Capability Building	Digital Infrastructure stocktake	Explore opportunity to undertake a Digital Infrastructure stocktake through an external consultant, to identify connectivity gaps and impact for the region on digital capability.	WNZ	District Councils	Planning
Infrastructure	Advocacy and Support	WEDS Forum advocacy for infrastructure	Leverage the WEDS Forum for advocacy in support of infrastructure projects regionally significant for the Wairarapa, including transport.	WEDS Forum	District Councils, Forum Members, BW	Advocacy

Appendix 4 – WEDS Budget 2023-2024

Wairarapa Economic Development Strategy

Proposed Annual Workplan for FY23-24

Budget - May 2023

Focus Area	Strategic Action	Initiative	Budget	Comments
Business	Acceleration Programmes	Rebel Business School	\$ 50,000	Ext funding tbc (\$50k)
		Other acceleration programmes		
	Business Capability Development	WNZ Business Support Services		
		New capability development opportunities		
People	Tourism Sector Support	Dark Skies	\$ 25,000	Ext funding: DW (\$30k)
	Wairarapa Workforce Plan Implementation	'GAP Year' pilot programme	\$ 50,000	
Wairarapa Workforce Plan initiatives				
Land Use & Water Resilience	Water Resilience Opportunities & Strategy	Waingawa Industrial Park water resilience	\$ 30,000	Ext funding tbc: Kānoa (\$1.75m tbc), industry (\$1m tbc) ,
		Wairarapa Water entity		Ext funding tbc (\$120k)
		'Cluster' water education and small storage		
	Primary Sector Land Use	WEDS Forum advocacy for primary sector land use	\$ -	
Iwi	Māori Economic Devt Framework	Māori Economic Development Plan	\$ 30,000	
Technology	WNZ Tech Sector Strategy	Tech Sector Strategy connections	\$ 40,000	
	Digital Training and Capability Building	Digital Infrastructure stocktake		
Infrastructure	Advocacy and Support	WEDS Forum advocacy for infrastructure	\$ -	
Operational	WEDS and WSLG	WEDS Forum and WSLG Group governance, events and marketing	\$ 65,000	Governance fees, marketing, communications (inc. website), venue and catering costs, etc.
		WNZ PMO operational overheads	\$ 20,000	Office rental, travel, and other running costs.
		WNZ PMO people resources	\$ 250,000	Staff costs and management overheads
		TOTAL WEDS EXPENDITURE FY23-24	\$ 560,000	
		FY22-23 WEDS funding (carried forward)	\$ 75,000	
		FY23-24 WEDS funding from Councils	\$ 235,000	
		FY23-24 WNZ funding (people resources)	\$ 250,000	
		TOTAL WEDS INCOME FY23-24	\$ 560,000	

Finance Report

1. Purpose

To inform Council of the Financial Results YTD May 2023 and other relevant financial updates on Audit, Annual Reports, 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 Finance Report as of 31 May 2023.
2. Inform and receive an update on insurance premiums summary and proposed increases for 2023-24.
3. Receive an update on the interim audit, final audit and Annual Report for year ended 2022/23.
4. Receive and inform Fair Value Assessment of Infrastructure Assets report.
5. Inform and receive a change to Financial Reporting PBE IPSAS Tier 2 to PBE IPSAS Tier 1 transition 2024-25.
6. Inform and receive update on Water Services Reform Programme for the Finance and Commercial workstream.
7. Inform and receive update on Rating Review project.
8. Inform and receive update LINZ 2023 Revaluation Schedule
9. Inform and receive LGOIMA's register April-July 2023.
10. Inform and receive Financial Delegated Policy.

3. Items for Consideration

3.1 Finance Report as at 31 May 2023

Full report in Appendix 1.

3.2 Insurance

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

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 insurance premiums from the Local Authority Protection Programme (LAPP), (below ground assets) for the period 1 November 2023 to 31 October are not yet due. The table below summaries the new premiums for 2023-24 and the LAPP premium has been forecasted to increase by 15%.

The forecast below indicates that the budget for 2023-24 compared to actual premiums received is currently \$12k (2%) over budgeted. This will be confirmed when the LAPP premiums are received later in the year.

<i>All figures excl GST</i>			Insurance Premiums			
Insurer	List of Policies		2022/23	2023/24	Variance	% var
Marsh Limited	General Liability	1 Jul-30 Jun	\$ 358	\$ 395	\$ 37	10%
Marsh Limited	Employers Liability	1 Jul-30 Jun	\$ 540	\$ 567	\$ 27	5%
Marsh Limited	Personel Accident	1 Jul-30 Jun	\$ 948	\$ 1,024	\$ 76	8%
Marsh Limited	Environmental Liability	1 Jul-30 Jun	\$ 1,579	\$ 1,500	-\$ 79	-5%
Marsh Limited	Commercial	1 Jul-30 Jun	\$ 3,395	\$ 4,069	\$ 674	20%
Marsh Limited	Statutory Liability	1 Jul-30 Jun	\$ 5,130	\$ 5,643	\$ 513	10%
Marsh Limited	Motor Vehicles	1 Jul-30 Jun	\$ 5,613	\$ 9,128	\$ 3,515	63%
Marsh Limited	Crime	1 Jul-30 Jun	\$ 8,181	\$ 9,408	\$ 1,227	15%
Marsh Limited	Consulting Fee	1 Jul-30 Jun	\$ 9,240	\$ 9,935	\$ 695	8%
Marsh Limited	Machinery Breakdown	1 Jul-30 Jun	\$ 14,419	\$ 11,962	-\$ 2,457	-17%
Marsh Limited	Combined Liability	1 Jul-30 Jun	\$ 74,604	\$ 93,256	\$ 18,652	25%
Marsh Limited	Material Damage	1 Jul-30 Jun	\$ 224,820	\$ 397,435	\$ 172,615	77%
			\$ 348,828	\$ 544,322	\$ 195,494	56%
LAPP	Local Authority Proection Programme	1 Nov-31 Oct	\$ 137,365	\$ 157,970	\$ 20,605	15%
	Totals		\$ 486,193	\$ 702,292		
	Budget 2023-24			\$ 689,340	-12,952	-2%

Premium summary from Marsh is included in Appendix 2.

3.3 Annual Audit

3.3.1. Audit 2021/2022

Audit NZ completed the audit for 30 June 2022 and have issued an unmodified audit opinion. Audit recommendations are, are categorised by three priority ratings: urgent, necessary, beneficial, which are based on assessment of how far short current practice is from a standard that is appropriate for the size, nature, and complexity of the business. The 2021/22 audit included three new necessary recommendations.

Previous recommendations include two necessary and three beneficial which will be reviewed as part of the 2022/23 audit.

The Audit Management Report 30 June 2022 outlines these recommendations and is attached Appendix 3.

3.3.2. Audit 2022/2023

Interim audit commenced 26th June for one week on-site.

The final audit is scheduled to commence for three weeks from 25th September to 13th October 2023. This timeframe is very tight for the completion of the Annual Report completion and adoption by 31 October 2023.

AuditNZ have issued their Engagement Letter for 2022/23 and the Audit Proposal Letter for 2022/2023 which includes their fees has not been issued at time of writing.

3.4 Fair Value Assessment of Infrastructure Assets report 2023

SWDC infrastructure assets are revalued every three years. This includes land and buildings, three waters and roading. These assets were last revalued in June 2021 and investment property assets are revalued annually.

Infrastructure assets were last revalued in 30 June 2021, and in June 2022 and 2023 a Fair Value Assessment was requested by AuditNZ to obtain indicative percentage movements in asset classes (three waters and roading) that could materially increase (or decrease) the value of these assets.

WSP valuers have recently completed fair value assessment for infrastructure assets as at 30 June 2023. The WSP report is included in Appendix 4 and notes an increase in total value from 2022 to 2023 of 7% (three waters 8% and roading 7%). In June 2022 the total increase was 9% (three waters 7% and roading 10%). The increases in asset valuations were accounted for in the financial statements as at 30 June 2022 due to the materiality threshold by AuditNZ to record the increase in asset valuations.

The 30 June 2023 fair value of SWDC infrastructure assets is assessed to be \$489.61m. An increase of \$31.7m (6.92%) of three waters and roading assets since 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 assets.

AuditNZ have been asked to confirm if the recent fair value assessments % increases for 30 June 2023 meet their materiality levels and are required to be accounted for in the financial statements as at 30 June 2023.

3.5 Financial Reporting PBE IPSAS Tier 2 to PBE IPSAS Tier 1 transition

3.5.1. Background

Current accounting standards allow Public Benefit Entities (PBE) entities with an operating revenue of \$30m or less to report at a simpler level of financial reporting (Tier 2), however this changes when an entity exceeds \$30m of operating revenue.

3.5.2. SWDC Financial Reporting

SWDC operating revenue budget for 2022-23 is \$30m, and reports under PBE Tier 2 accounting standards.

The operating revenue budget for 2023-24 is \$35m which is above the \$30m threshold for moving from Tier 2 into Tier 1. Per s48 of XRB A1 Public Service entities can continue to report as Tier 2 in the year in which the threshold is reached, in SWDC case this is 2023-24.

In 2024-25 SWDC are expecting to have reduced operating expenses of approx. \$8m due to the water reform programme, which was going to be live on 1 July 2024, but is now planning on going to go live on 1 October 2024. As the Local Government (Rating) Act 2002 requires authorities to rate for the expenses for full rating years (1 July to 30 June) the intention is for SWDC to collect the full year's water-related rates and pass on the unspent portion at go-live to the new entity. Therefore, SWDC now expect to have to report under Tier 1 standards in 2024-25, which is year one of the LTP 2024/34.

PricewaterhouseCoopers NZ financial reporting specialists have established a fee estimate to assist SWDC with their transition from PBE IPSAS Tier 2 to PBE IPSAS Tier 1 of up to \$10,000 depending on the complexity they encounter. The \$10,000 unbudgeted expenditure falls within the current delegated financial authority policy for the Interim CE to approve.

This report is to inform Councillor's only of the work that will be undertaken shortly.

3.6 Water Services Reform Programme-Finance & Commercial workstream

3.6.1. Background

The Government announced its major reform of water services in July 2020, and over the course of 2021 and 2022 the reform programme has been progressing. The reform proposes to transition delivery and management of water services from individual councils to large publicly owned entities.

The Water Services National Transition Unit (NTU), operating within the Department of Internal Affairs (DIA), is tasked with establishing the new Water Services Entities (WSE) and have developed a transition programme to implement the reform and the transition of water services.

SWDC is participating in transition activities across the various NTU programme workstreams. As Council's three water services are mostly delivered by Wellington Water Limited (WWL) on its behalf, Council is working closely with WWL and the other shareholder councils on the transition programme (collectively known as WWLASC).

3.6.2. Implementation of the April 2023 water reform reset

The Government has also continued with work to give effect to its reform reset announced on 13 April 2023. On 16 June the Government introduced a new amendment bill to give effect to its reset changes announced April 2023. The Water Services Entities Amendment Bill also contains additional policy decisions and transitional arrangements for local government long term planning, reporting, and rate setting over this period.

The Water Services Entities Amendment Bill gives effect to Cabinet decisions on the water services reforms made in April and May – including decisions to establish 10 new water services entities, and to introduce a staggered timeframe over which these entities will be established and 'go live' between 1 July 2024 & 1 July 2026. SWDC is part of Entity G. The latest Amendment Bill does not include a defined start date for Entity G.

The Government intends to pass all legislation regarding the reforms before Parliament rises for this year's election.

The National Transition Unit (NTU) lead the reform transition programme and the delivery model continues to be adjusted while the legislative process is completed to give some more certainty to the reforms.

The change in transition timeframes means Council is now preparing to include water services in its next Long-Term Plan (LTP) 2024-2034 for the initial one or two years until the water services transfer to the new entity, at a date to be confirmed.

With the current recasting of the transition programme to respond to the reset, and the general election scheduled for 14 October 2023, there is still significant uncertainty over the Water Services Reform programme. The approach up until now has been to continue with the transition activities based on current policy but with some regards for potential changes and current risks.

3.6.3. 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.
- Uncertainty as to the process for reaching an agreement on the timing of debt repayments and debt calculations.

3.6.4. 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.

3.6.5. Finance workstream – key activities

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 process is still in progress and the latest Amendment Bill includes changes to the process.

A key priority remains the agreement with the NTU on the debt settlement process that will need to occur. There are two steps in the process, firstly agreeing on the 30 June 2022 debt balance and then agreeing on the methodology to be applied going forward until 30 June 2024. An indicative agreement on the balances as at 30 June 2022 was reached, however the Council is waiting for formal notification from the NTU.

Since the start of the Three Waters Reform programme back in 2021, DIA had communicated that Councils would receive a cash payment for debt around 30 June 2024. This changed in February 2023 when the NTU issued a “Three waters debt settlement funding strategy and options paper” which outlined a five-year debt transfer approach. Latest indications from the NTU are that a draft process for debt settlement be distributed in July but we expect this to be late.

There has been no further request for financial information. The NTU’s current focus is on Entity A. Staff have attended a number of workshops to identify and work through issues arising along with potential solutions.

There remains a high degree of uncertainty and risk to SWDC regarding a range of financial aspects, such as the debt payment, reimbursement of stranded overhead costs and how the “no worse off” funding will be allocated.

There is a “no worse off” \$100m contestable fund for indirect stranded overhead costs and a \$250m contestable fund for adverse financial impacts. The NTU had advised that they are in the process of drafting a methodology related to this funding. This is another area where there are both uncertainty and risks.

Other key areas of priority for the Finance Workstream of the NTU remain the capital structure for the new entities, together with drafting the WSE Funding and Pricing methodology and plans and working alongside Council’s on AMP plans for LTP input. There is ongoing work planned in these areas across the period April to September 2023. Under the reset, responsibility for the debt funding strategy has been moved to Treasury.

3.6.6. Financial and Resourcing

In July 2022, Government (through DIA) allocated funding to local authorities to undertake transition activities for the 2022-23 financial year. SWDC was allocated \$350,000 which has been sufficient to meet costs in the previous financial year. DIA has advised that initially for 2023-24, six months of additional transition funding could be made available to councils. SWDC are expecting further details on the process for disbursement of this additional allocation in August.

3.7 Rating review project

3.7.1. Background

On 17th November 2021 at a public meeting, Council advised that an in-depth rating review would be prioritised early 2022.

Council also recognised the need to prioritise a rating review to ensure equity in the distribution of rates. This would also explore future rating options for revenue from those who benefit from Council infrastructure, but who do not presently pay for its services, such as visitors to the region.

The last full rating review was held in 2009 and a further (not full) review in 2019 therefore there were no changes to the current process.

In May 2022 SWDC engaged an independent local government advisor to conduct a full rating review, also known as a first principles review. A first principles review goes back to basics and considers all the required background information as if there were no previous funding decisions or existing funding related policies.

A rates or funding review needs to follow the steps below, otherwise there is a risk that the Council's final decision could be overturned. It is accepted this process can take between 12 and 18 months.

1. Complete the Funding Needs Analysis (FNA) Section 101(3) LGA 2002.
2. Model the rates impact on the FNA.
3. Consider the overall impacts of step 1 and update the FNA.
4. Model and confirm the preferred rates allocation option.
5. Draft Revenue & financing policy and supporting rating policies.
6. Draft the proposal and supporting information for consultation.
7. Carry out community consultation.
8. Hear submissions.
9. Update and amend policies after considering submissions.
10. Adopt new policies.
11. Set the rates.

3.7.2. Strategic Alignment

This project will result in updated rating policies (including the revenue and financing policy and the rates remissions and postponement policies).

The revenue and financing policy is a statutory requirement for inclusion in the Council's LTP and is one of the foundations for Council to set rates.

In undertaking the rates review consideration will be given to how the setting of rates can align to and support the Council's strategic priorities and outcomes.

3.7.3. Current Timetable

There have been several workshops with previous and new Councillors and the next workshop is scheduled for 17th August, consultation in September 2023.

Step	Dates	
	Start	Finish
4. Model and confirm the preferred rates allocation option	1-Jul-23	31-Jul-23
5. Consider the use of remission and or postponement policies	1-Aug-23	31-Aug-23
6. Draft Revenue & financing policy and supporting rating policies	1-Aug-23	31-Aug-23
7. Draft the proposal and supporting information for consultation	1-Aug-23	31-Aug-23
8. Carry out community consultation	1-Sep-23	30-Sep-23
9. Hear submissions	7-Oct-23	31-Oct-23
10. Update rates and amend policies after considering submissions	1-Nov-23	15-Nov-23
11. Adopt new policies		30-Nov-23
12. Set the rates	1-Jun-24	30-Jun-24
13. Implement new rating system	1-Jul-24	

The implementation of the full rating review is to be made in conjunction with the LTP 2024-2034.

3.8 LINZ 2023 Revaluation Schedule

Every three years, rates payers land values are reviewed by Land Information New Zealand (LINZ).

SWDC have recently been notified by Land Information New Zealand of the 2023 Revaluation Schedule. The schedule lists the following key dates:

- 1 September 2023 – Effective Date
- 1 February 2024 - OVG Site visit (two days)
- 16 February 2024 – Audit approval
- 17 February 2024 – Implementation date
- 21 February 2024 – Public Notice Date
- 28 February 2024 – Owners Notices Lodged
- 5 April 2024 – Earliest Last Day of Objection

Impacts on the Finance team and the ability to complete the work required on time could be the delayed receipt of the new valuation figures for the LTP2024-2034 and rates modelling. Previously, SWDC received the data file from QV on 3rd February 2021, now it appears this will not be received until the end of February or early March. Any changes will apply for the rates from 1 July 2024 and together with the rating review this could have an impact on the rates estimates etc for consultation processes.

Further information will be provided to the Committee when available.

3.9 List of Official Information requests (LGOIM'S)

LGOIMA's received since 23 April to 30 June 2023 (60) and a new register from 1 July to 26 July (20) (date of report), a total of 80 requests.

For the period 11 January 2023 to 20 April 2023 SWDC received 21 requests.

Refer Appendix 5 for a full list.

3.10 Financial Delegations Policy

A reminder this policy provides Council guidance to enable effective Local Government, by delegating financial authority and powers to the Chief Executive and Staff.

[Financial Delegations Policy](#) current can be found on the Council's website.

The current policy requires unbudgeted operating expenditure over \$20k to be presented to the finance committee for recommendation to Council.

Financial delegation	Council	CEO	ELT	Managers	Other
Capital expenditure – emergency works* up to \$50,000		√			
Capital expenditure – emergency works* over \$50,000	√				
Other unbudgeted work up to \$20,000		√			
Other unbudgeted work from \$20,000 to \$100,000	√				Finance Audit and Risk Committee
All unbudgeted work over \$100,000	√				
Unbudgeted use of Reserves					
Unbudgeted use of Reserves up to \$75,000		√			
Unbudgeted use of Reserves from \$75,000 to \$100,000	√				Finance Audit and Risk Committee. The Committee will take into consideration if the use of the reserve will result in a credit balance and how long this is likely to remain.
Unbudgeted use of Reserves over \$100,000	√				Council will take into consideration if use of the reserve will result in a credit balance and how long this is likely to remain.

4. Appendices

Appendix 1 – Finance Report YTD May 2023

Appendix 2 – Insurance Premium Summary SWDC - Marsh

Appendix 3 – Audit NZ Management Report 30 June 2022

Appendix 4 – Fair Value Assessment of Infrastructure Assets

Appendix 5 – LGOIMA’s register to 23 July 2023

Contact Officer: Karon Ashforth, General Manager Finance

Appendix 1 – Finance Report YTD May 2023



**SOUTH WAIRARAPA
DISTRICT COUNCIL**

Kia Reretahi Tātau

**Monthly Financial Statements
For the period ended
31 May 2023**

Contents

1. Executive Summary - Financial Report
2. Statement of Financial Performance
3. Statement of Financial Position
4. Investment and Borrowing Summary
5. Capital Expenditure - Significant Projects
6. Rates Arrears

Statement of Comprehensive Revenue and Expenses for the Period Ended 31 May 2023		Actual YTD 2022/2023 \$000	Budget YTD 2022/2023 \$000	Variance YTD 2022/2023 \$000	Budget 2022/2023 \$000
Operating Revenue					
19,980	Rates	21,366	21,318	47	21,388
4,061	Grants, subsidies, and donations	768	56	711	55
3,288	Waka Kotahi subsidy	4,402	2,831	1,570	3,089
2,505	Fees, licences, charges	2,340	2,574	(234)	2,802
2,769	Development, and financial contributions	1,878	1,168	709	1,378
746	Rental income	697	648	49	790
324	Miscellaneous revenue	225	234	(9)	254
238	Finance revenue	373	231	142	252
33,911	Total operating revenue	32,048	29,062	2,985	30,009
Operating Costs					
8,710	Community facilities & services	7,738	6,672	(1,066)	7,530
5,896	Land transport	7,972	5,247	(2,725)	6,152
4,671	Water supply	4,049	3,924	(125)	4,342
3,147	Wastewater	3,222	2,715	(507)	2,952
3,052	Planning & regulatory services	2,928	2,967	39	3,185
1,732	Governance	1,918	1,985	67	2,221
822	Stormwater drainage	622	566	(55)	615
13	Bad debts	7	-	(7)	-
28,044	Total operating costs	28,457	24,076	(4,380)	26,998
5,867	Total Operating Surplus/(Deficit)	3,591	4,986	(1,395)	3,011
2,435	Assets vesting in Council	3	-	3	-
1,542	Other gains and losses	96	-	96	413
9,844	Total Surplus/(Deficit)	3,689	4,986	(1,296)	3,423
Comprehensive Revenue and Expense					
48,083	Increase/(decrease) in revaluation reserves	(53)	-	(53)	-
57,927	Total other comprehensive revenue and expense	3,636	4,986	(1,350)	0
Note: Operating costs include the following expenses:					
4,927	Depreciation & amortisation	5,114	4,961	(153)	5,412
707	Finance costs	628	722	93	722

Executive Summary

The purpose of this report is to provide Council with a commentary on the year to date 31 May results.

Operating Surplus

The May YTD actuals to budgets results in an overall surplus of \$3.6m, which is below the budgeted surplus of \$4.9m, partly due to timing of NZTA emergency funding due in June, and other emergency events.

Operating revenue

Operating revenue actual is \$32m vs budget of \$29m, \$3m above budget.

Rates income comprises 70% of total income and is tracking at budget YTD and full year.

The increase in revenue is due to unbudgeted subsidies received, and additional funding from Waka Kotahi due to emergency works claims.

Operating Expenditure

Operating costs are \$28.4m vs budget of \$24m, \$4.4m above budget.

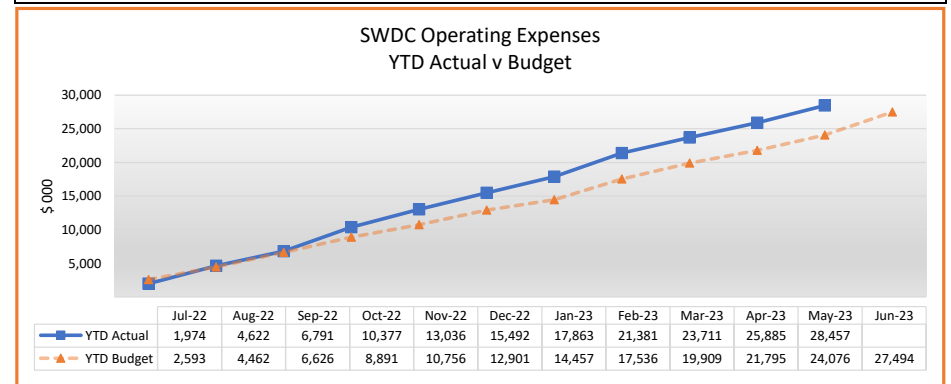
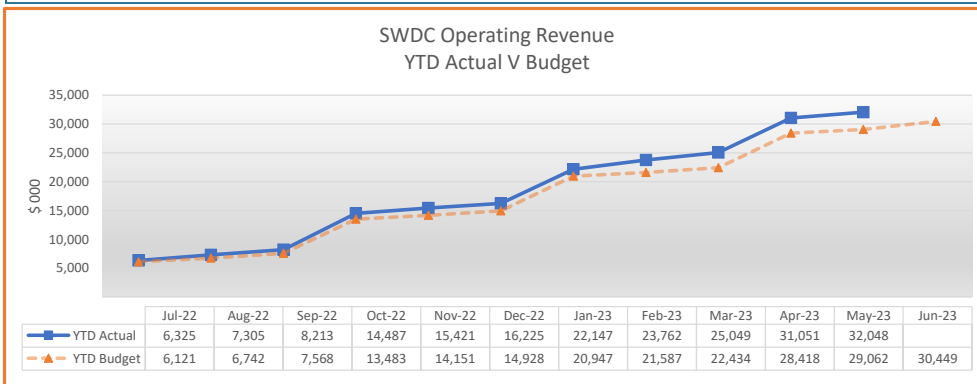
This includes roading expenditure relating to the unbudgeted subsidies (\$1.9m) received as detailed below.

Community facility overspend impacted by unbudgeted additional library cost, City Care and cleaning.

Further commentary on revenue and expenditure is included in this report on the following pages.

Budgets have been phased based on last year's actual spend and this will create variances where actuals vs budgets are not aligned; this is referred to as timing differences.

Summary of Unbudgeted Items	Total grant YTD	Act YTD	Balance sheet	Comments
Mayor's Taskforce	325,000	140,516	184,484	
Provincial Growth Fund (Tauherenikau Bridge)	251,495	250,052	-	not on B/s
Three Waters Reform transition assistance	350,000	204,824	145,176	
Hinekura hall Lottery Grant	30,000	14,576	-	not on B/s
Welcoming communities	50,000	25,347	29,140	
NZLPP funding	80,000	40,000	40,000	
NZTA unbudgeted	1,961,626	1,895,627	-	subsidised by 100%, 72% or 52%
Hinekura Mayoral Grant (roading)	25,000	20,000	-	not on B/s
	3,073,121	2,590,942	398,800	

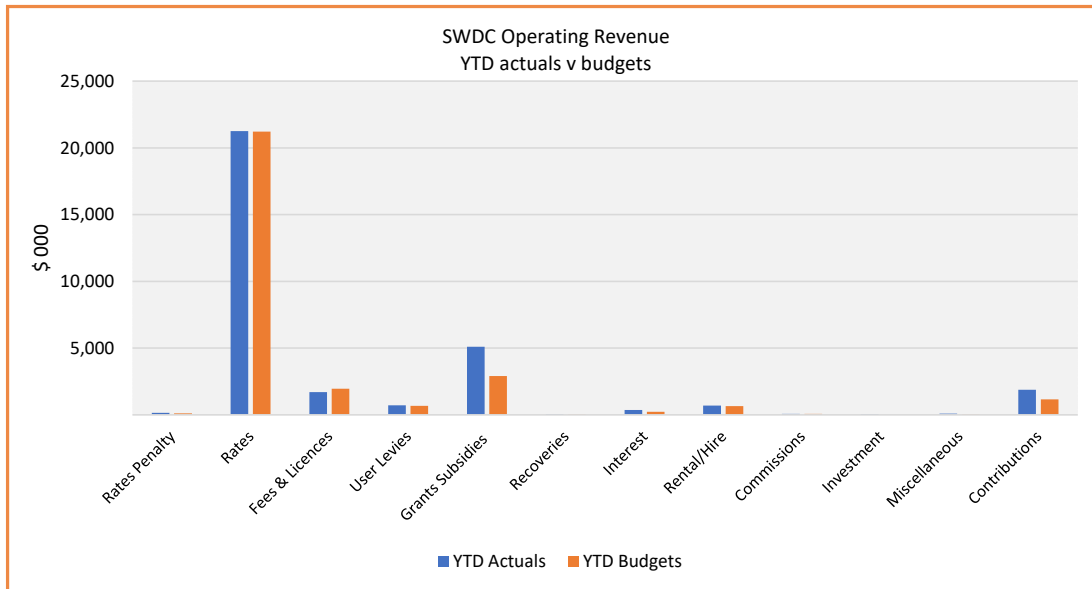


Statement of Financial Performance

Operating Income YTD May 2023

Income	2022/23	2022/23	2022/23	2022/23	2022/23
	YTD Actuals	YTD Budgets	YTD \$ Variance	YTD % Variance	Full Year Budget
	May \$000	May \$000	May \$000	May	\$000
Grand Total	32,146	29,062	3,084	10.6%	30,421
Rates Penalty	143	110	33	30.5%	104
Rates	21,247	21,210	38	0.2%	21,210
Fees & Licences	1,700	1,958	(258)	(13.2%)	2,123
User Levies	721	672	49	7.3%	809
Grants Subsidies & Donations	5,106	2,915	2,191	75.1%	3,180
Recoveries	57	41	16	38.4%	45
Interest	373	231	142	61.3%	252
Rental/Hire	697	648	49	7.5%	790
Commissions	72	78	(6)	(7.8%)	85
Miscellaneous	54	30	24	77.4%	32
Investment	98	(0)	98	100.0%	413
Contributions	1,878	1,168	709	60.7%	1,378

*Reclassification - Investment shown in "other gains and losses" line separately on executive summary



Income Summary

Operating Income YTD is favourable to budget by \$3,084k or 10.6%.

Rates

Rates are on track YTD and full year. Instalment 4 (final) was issued in April 2023.

Rates income comprises 70% of total income and is tracking at budget YTD and full year.

Fees & Licences

Unfavourable by \$258k due to economic decline in building and resource consents, also partly due to delays with Wellington Water and roading on charges.

Consents expected to increase with proposed District Plan.

User levies

Favourable by \$49k mainly due to Septic tank disposals and the waste minimisation levy - offset with expenditure.

Grants, Donations & Subsidies

Favourable by \$2.1m. Please refer to the "Summary of unbudgeted items" table on Executive summary page.

Waka Kotahi operating subsidies \$1.3m and capex subsidies \$295k due to Emergency works claims and increased maintenance for general wet weather.

Rental Income

Favourable by \$49k due to higher than expected income for rental properties and Community buildings with venues being used more frequently.

Miscellaneous Income

Favourable by \$24k due to contributions from Greater Wellington Regional Council (GWRC).

Contributions

Favourable by \$709k.

Higher than expected contributions from Greytown road/footpath contributions \$210k and Greytown sewer contributions \$350k. Overall subdivision contributions are favourable by \$109k due to Greytown development. Featherston and Martinborough are lower than expected however completion rate is strong.

Statement of Financial Performance

YTD May 2023

Operating Expenditure

Expenditure	2022/23	2022/23	2022/23	2022/23	2022/23 Full Year Budget
	YTD Actuals May	YTD Budgets May	YTD \$ Variance May	YTD % Variance May	
	\$000	\$000	\$000		\$000
	28,457	24,076	(4,380)	(18.2%)	26,997
Finance & Corporate Support	3,154	3,210	56	1.8%	3,494
Governance	1,133	1,238	105	8.5%	1,406
Planning & Regulatory Services	2,417	2,447	30	1.2%	2,617
Community Facilities & Services	6,829	5,902	(927)	(15.7%)	6,690
Land Transport	7,559	4,878	(2,680)	(54.9%)	5,750
Water Supply	3,779	3,713	(65)	(1.8%)	4,112
Wastewater	3,002	2,591	(411)	(15.9%)	2,817
Stormwater Drainage	584	531	(52)	(9.8%)	578

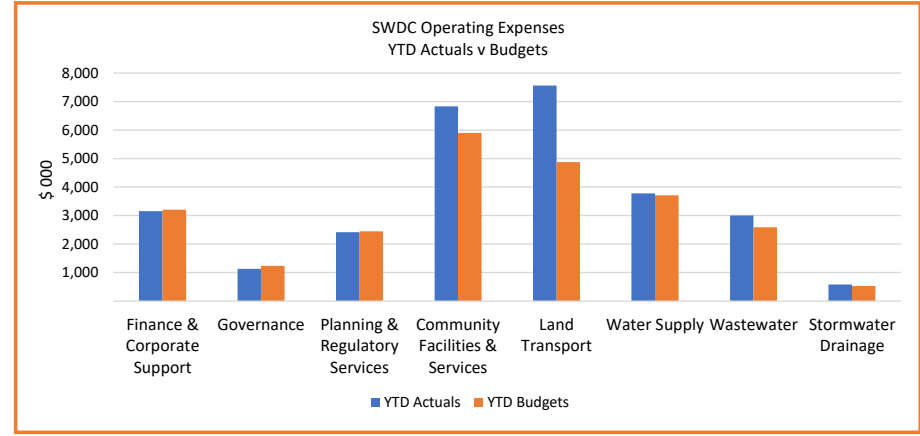
Expenditure Summary

Operating expenditure YTD is unfavourable to budget by \$4m, 18.8%. Expenditure is reported by significant activities as set out in the Annual Plan and LTP. Due to economic conditions, costs are rising above the current inflation rate of 7.2% and most suppliers are indicating double digit increases on costs for next year. Capital goods price index as at June 2022 forecasted double digit increases up to 15%

Finance & Corporate Support
Due to recent changes in information technology (IT) support and accounting standards, the cost of software and hardware has significantly changed in this year. Previously most IT support including hardware and software was capital expenditure. With the move to nearly all software now 'on the cloud', referred to as 'Software as a Service' (Saas), costs are now classified as part of operating expenses. This has been budgeted as capital expenditure in the current financial year. As a result of urgent work are being carried out to improve the current IT platforms and systems of Council, this is causing a significant overspend that has been previously advised to Council.

Governance
The current underspend in Governance costs are largely due to consultancy and training. This is partially due to timing with a large portion expected to be spent before the end of the financial year.

Community Facilities & Services
Community services is unfavourable by \$18k mainly due to timing with Youth/Community grants being paid ahead ahead of budget. Will correct by year end. Economic development paid out ahead of budget Wairarapa Economic Strategy (WEDS) shared services, variance \$31k, timing issue to correct at year end. Work costs have increased for parks and reserves, housing and toilets (Citycare) and the current year's budget not aligning with contract, variance \$296k. Cleaning costs have increased due to outsourcing. Overall \$84k overspent. Budget has increased for next FY. Libraries currently overspent due to staff shortages, however this will be recovered in part from \$40k NZLPP funding and recharging CDC for shared costs in June (\$55k), May variance \$177k. Refuse and recycling is unfavourable by \$82k partially due to higher volumes of landfill/recycling in the summer months, particularly in coastal areas and Martinborough. Overall 94% of the full year budget has been spent. Swimming pools are favourable by \$76k due to timing with work being completed after pool closures.



Land Transport
The \$3.1m overspend is largely attributable to emergency works for swell and flooding and weather events. Council will be advised on emergency funding requirements in Q3. YTD offset by \$1.9m in emergency income.

Planning & Regulatory Services
There has been an overspend in building contractors and this is likely to reduce for the remainder of the financial year with increased staff and less outsourcing for consent processing. Resource management is favourable by \$206k due to underspend in spatial plan costs and legal expenses.

Three Waters & Wellington Water Ltd (WWL)
Three Waters includes water supply, wastewater and stormwater drainage. Operating expenses are on track overall with 83% of the full year budget spent for management fees. Works costs are slightly unfavourable for Water Supply, there is an overspend in network costs however this is slightly offset with an underspend in monitoring and investigations. Works costs for Wastewater are unfavourable by \$187k due to network costs for flooding repairs in Featherston. Overall works costs are on track with 86% of the full year budget spent.

WWL Operating Expense Summary			
Works costs	YTD Actuals	FY Budget	Percentage spent
Water Supply	2,162	2,338	92%
Wastewater	1,344	1,263	106%
Stormwater	147	199	74%
	3,653	3,800	96%
Management Fee	YTD Actuals	FY Budget	Percentage spent
Water Supply	86	179	48%
Wastewater	157	132	119%
Stormwater	43	33	130%
	286	343	83%
Total	3,939	4,143	95%

Statement of Financial Position

Statement of Financial Position as at 31 May 2023	
Actual 2021/2022 \$000	Actual YTD 2022/2023 \$000
ASSETS	
Current assets	
4,128 Cash and cash equivalents	7,977
4,566 Investments	2,000
2,614 Debtors and other receivables	2,452
42 Inventories	28
66 Non-current assets held for sale	-
11,415 Total current assets	12,456
Non-current assets	
4,614 Investments	5,078
Other financial assets:	
131 <i>Investments in CCOs and other similar entities</i>	131
227 <i>Investments in other entities</i>	227
359 Total other financial assets	359
15,757 Investment properties	15,811
84 Intangible assets	415
564,268 Property, plant, and equipment	566,890
585,081 Total non-current assets	588,553
596,497 TOTAL ASSETS	601,010
LIABILITIES AND EQUITY	
Current liabilities	
4,029 Creditors and other payables	4,963
519 Employee entitlements	562
34 Provisions - current portion	34
3,300 Borrowings - current portion	3,300
7,881 Total current liabilities	8,859
Non-current liabilities	
315 Provisions - non-current portion	315
23,100 Borrowings - non-current portion	23,100
23,415 Total non-current liabilities	23,415
Equity	
168,083 Public equity	171,649
28,245 Restricted reserves and trust funds	28,268
368,873 Asset revaluation reserve	368,819
0 Other reserves	0
565,200 Total equity	568,736
Community wellbe TOTAL LIABILITIES AND EQUITY	601,010

Financial Statement Summary

Working Capital

Working Capital (current assets less current liabilities) which expresses the ability of council to meet its short-term obligations is acceptable with a ratio of 1.4 times.

Assets

Debtors and other Receivables

Prepayments and receivables total \$2,452k, key components are :

- General Debtors \$535k (current due 42%)
- Rates total YTD \$1,239k (total due \$1,004k, Rates in advance \$235k)
- NZTA & Fuel Tax Receivable \$579k
- Water debtors \$58k

Investments

SWDC's investment policy provides that financial investments should be spread over several financial institutions to reduce the potential risk of loss to Council.

These investments are spread over our bankers BNZ, and other banks Westpac, ANZ, ASB and Wairarapa Building Society (WBS) (see investment schedule next page)

The maximum amount to be invested with anyone approved institution is 50% of Council's total investments.

Liabilities

Payables and Accruals

Payables and accruals total \$4,963k, key components are :

- Sundry creditors \$782k
- SWDC rates in advance \$167k
- GWRC rates payable & in advance \$1,309k
- Accrued expenses not yet invoiced \$191k
- Income in advance (MTFJ, NZLPP and three water transition, Wairarapa Moana, Welcoming communities) \$646k
- Levies, bonds currently outstanding \$1,297k

Total Debt

Total public debt stands at \$26,400k (current portion \$3.3m).

The average fixed interest rate on borrowings is 3.03%.

(see debt breakdown on the next page)

Summary Of Investments and Lending

Summary Of Investments as at 31 May 2023			
Account	Total Invested	Interest Rate	Maturity date
Westpac Bank			
Term deposit	2,000,000	5.30%	22/02/2024
ASB Bank			
Call Account	512,755		
Term deposit	1,000,000	5.20%	5/12/2023
ANZ Bank			
Term deposit	1,000,000	5.20%	9/12/2023
BNZ Bank			
Call Account	3,268,634		
Term deposit	1,057,783	4.50%	25/11/2023
Term deposit	2,000,000	3.80%	4/07/2023
Wairarapa Building Society			
Term deposit	500,000	4.30%	5/09/2023
Term deposit	209,946	4.60%	21/11/2023
Term deposit	203,724	4.60%	24/11/2023
Term deposit	165,051	5.50%	20/12/2023
TOTAL	11,917,894		
BONDS			
LGFA Borrower Bonds	597,000		
FORESTRY			
Plantation - Hurupi Stock	9,305		
SHARES			
Farmlands	1,159		
NZ Local Government Insurance Compar	81,434		
Wellington Water Limited	50,000		
TOTAL INVESTMENTS	12,656,792		

Summary Of Borrowing as at 31 May 2023				
Loan	Rate	Matures	Principal	Total Loan
3 Waters				
	3.89%	1/07/2024	2,000,000	2,000,000
3 Waters				
	5.23%	15/04/2026	678,802	
Land Transport				
	5.23%	15/04/2026	1,081,706	
Additional funding				
	5.23%	15/04/2026	39,492	1,800,000
Community Buildings				
	5.23%	15/04/2026	1,500,000	1,500,000
3 Waters				
	1.49%	15/04/2024	2,000,000	2,000,000
3 Waters				
	1.69%	15/04/2025	4,942,813	
Additional funding				
	1.69%	15/04/2025	57,187	5,000,000
Smoothing Loan AP 20-21				
	1.78%	15/04/2026	1,500,000	1,500,000
3 Waters				
	2.72%	15/05/2031	5,700,000	
Community Buildings				
	2.72%	15/05/2031	1,000,000	6,700,000
3 Waters				
	4.20%	1/07/2024	3,999,419	
Community Buildings				
	4.20%	1/07/2024	300,581	
Additional Funding				
	4.20%	1/07/2024	200,000	4,500,000
3 Waters				
	2.75%	1/07/2024	1,400,000	1,400,000
Total Lending				26,400,000
Lending Summary				
3 Waters	20,721,034			
Land Transport	1,081,706			
Community Buildings	2,800,581			
Smoothing Loan AP 20-21	1,500,000			
Additional Funding	296,680			
				26,400,000

Note: Call Account is considered cash in the balance sheet as it is under 90days.

Loan movements and interest rates in Q4 are forecasted to increase however this will be offset by the reduction of new loans and not expected to impact the year end results

Capital Expenditure - Significant Projects

SOUTH WAIRARAPA DISTRICT COUNCIL

SCHEDULE OF CAPITAL EXPENDITURE

For the period ended 31 March 2023

Activity	Project/Cost Centre	Category	Funding Source	YTD Actual Spent	2021/22	2022/23	Total Budget Available	% of Budget Spent YTD
				\$000's	Carried Forward Budget \$000's	New Budget Annual Plan \$000's		
Finance & Corporate Services								
	Council offices	Renew	Loan	49,938	300,000	5,105	305,105	16%
	Furniture	Renew	Reserves - Depreciation	-	-	12,252	12,252	0%
	GIS	Renew	Reserves - Depreciation	-	-	10,210	10,210	0%
	Intangibles	Improve	Reserves - Depreciation	-	20,000	9,189	29,189	0%
	IT hardware	Renew	Reserves - Depreciation	106,234	-	101,050	101,050	105%
	IT software	Renew	Reserves - Depreciation	51,508	78,000	51,050	129,050	40%
	Motor vehicles	Renew	Reserves - Depreciation	172,418	140,000	61,260	201,260	86%
	Office equipment	Renew	Reserves - Depreciation	-	-	10,210	10,210	0%
				380,098	538,000	260,326	798,326	48%
Community Facilities & Services								
	Purchase of land for new open spaces	Grow	Loan	-	-	1,531,500	1,531,500	0%
	Greytown wheels park	Grow	Reserves - Restricted	-	300,000	-	300,000	0%
	Featherston sports stadium	Improve	Reserves - Restricted	29,609	50,000	-	50,000	59%
	Greytown sports facility	Improve	Loan	19,356	989,245	-	989,245	2%
	Gateway to the Wairarapa	Improve	Reserves - Depreciation	-	-	61,260	61,260	0%
	Campgrounds	Renew	Reserves - Depreciation	64,348	15,000	15,315	30,315	212%
	Cemeteries	Renew	Reserves - Depreciation	18,691	232,422	35,735	268,157	7%
	Community buildings	Renew	Reserves - Depreciation	27,960	408,200	20,420	428,620	7%
	Housing	Renew	Reserves - Housing	1,410	136,000	61,260	197,260	1%
	Library collection	Renew	Reserves - Depreciation	87,606	-26,019	112,310	86,291	102%
	Parks & reserves	Renew	Reserves - Depreciation	23,987	150,000	20,420	170,420	14%
	Playgrounds	Renew	Reserves - Depreciation	-	-	51,050	51,050	0%
	Rental properties	Renew	Reserves - Maintenance	29,630	-	20,420	20,420	145%
	Swimming pools	Renew	Reserves - Depreciation	10,186	190,000	51,050	241,050	4%
	Toilets	Renew	Reserves - Depreciation	-	-	51,050	51,050	0%
	Transfer stations	Renew	Reserves - Depreciation	-	-	10,210	10,210	0%
				312,781	2,444,848	2,042,000	4,486,848	7%
Planning & Regulatory Services								
	Dog pound*	Renew	Loan	433,532	340,000	-	340,000	128%
	IT hardware - Planning & Regularatory Services	Renew	Reserves - Depreciation	-	10,000	4,084	14,084	0%
	IT software - Planning & Regularatory Services	Renew	Reserves - Depreciation	-	15,000	1,000	16,000	0%
	Liquifaction modelling for building regulations	Improve	Loan	703	127,362	-	127,362	1%
	Combined District Plan	Renew	Reserves - Combined District Plan	217,068	27,119	122,640	149,759	145%
	Spatial Plan	Improve	Reserves - Spatial Plan	108,905	163,564	204,400	367,964	30%
				760,208	683,045	332,124	1,015,169	75%

* Dog pound approved budget: 22/23 AP \$340k Aug 27 Addition \$116k - Total \$456k

Activity	Project/Cost Centre	Category	Funding Source	YTD Actual Spent	Carried Forward Budget	New Budget Annual Plan	Total Budget Available	% of Budget Spent YTD
				\$000's	\$000's	\$000's	\$000's	(%)
Land Transport								
	Hinekura - emergency works	Renew	Waka Kotahi & Depreciation Reserve	244,051	-	-	-	0%
	Hinekura - access works	Renew	Reserves - Rural Roading	163,561	-	-	-	0%
	Hinekura - Admiral Hill	Improve	Reserves - Rural Roading	76,442	-	-	-	0%
	Hinekura - Phase 1 alignment & design	Improve	Loan	141,206	-	-	-	0%
	Bridges	Renew	Reserves - Depreciation	-	-	-	-	0%
	Drainage	Renew	Waka Kotahi & Depreciation Reserve	48,669	-	171,049	171,049	28%
	Footpath additions	Grow	Rates	326,864	400,000	409,600	809,600	40%
	Footpath renewals	Renew	Waka Kotahi & Depreciation Reserve	25,104	-	130,492	130,492	19%
	Other minor works	Improve	Waka Kotahi & Depreciation Reserve	551,814	-	704,256	704,256	78%
	Rehabilitation	Renew	Waka Kotahi & Depreciation Reserve	158,291	-	250,948	250,948	63%
	Reseals	Renew	Waka Kotahi & Depreciation Reserve	830,593	-	805,053	805,053	103%
	Road metalling	Renew	Waka Kotahi & Depreciation Reserve	221,207	-	414,720	414,720	53%
	Seal extentions	Improve	Waka Kotahi & Depreciation Reserve	-	-	-	-	0%
	Signs, guardrails, & safety	Improve	Waka Kotahi & Depreciation Reserve	433,886	-	283,680	283,680	153%
	Structures	Renew	Waka Kotahi & Depreciation Reserve	4,409	-	131,503	131,503	3%
	Traffic services	Renew	Waka Kotahi & Depreciation Reserve	34,987	-	53,186	53,186	66%
				3,261,084	400,000	3,354,487	3,754,487	87%
Water Supply								
	Consents, models, & plans	Improve	Reserves - Depreciation	-	-	51,350	51,350	0%
	Infrastructure upgrades - Water Supply	Improve		-	-	-	-	0%
	Infrastructure renewals - Water Supply	Renew	Reserves - Depreciation	656,717	-	375,882	375,882	175%
	Smart meters	Improve	Loan	-	-	1,027,000	1,027,000	0%
	Water supply & treatment - Featherston	Improve	Reserves - Depreciation	-	-	99,824	99,824	0%
	Water supply & treatment - Greytown	Renew	Reserves - Depreciation	144,404	-	-	-	0%
	Water supply & treatment - Martinborough	Grow	Loan	-	-	443,664	443,664	0%
				801,121	-	1,997,720	1,997,720	40%
Wastewater								
	Consents, models, & plans	Renew		-	-	-	-	0%
	Health & safety upgrades	Improve	Reserves - Infrastructure	-	-	110,916	110,916	0%
	Infrastructure upgrades - Wastewater	Improve		-	-	-	-	0%
	Infrastructure renewals - Wastewater	Renew	Reserves - Depreciation	1,037,385	-	346,099	346,099	300%
	Wastewater treatment & disposal - Featherston	Improve	Loan	1,298,065	-	2,327,000	2,327,000	56%
	Wastewater treatment & disposal - Greytown	Grow	Reserves - Infrastructure	-	-	266,198	266,198	0%
	Wastewater treatment & disposal - Martinboroug	Improve	Reserves - Infrastructure	-	-	277,290	277,290	0%
				2,335,450	-	3,327,503	3,327,503	70%
Stormwater								
	Consents, models, & plans	Renew		-	-	-	-	0%
	Stormwater upgrades	Improve		-	-	-	-	0%
	Stormwater renewals	Renew	Reserves - Depreciation	34,770	-	-	-	0%
	Water races	Renew	Reserves - Water Races	-	-	-	-	0%
				34,770	-	-	-	0%
	Total Capital Expenditure			7,885,513	4,065,893	11,314,160	15,380,053	51%

Rates Review

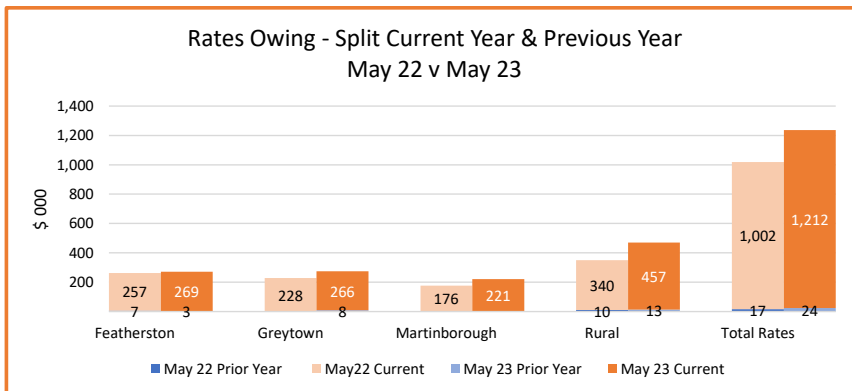
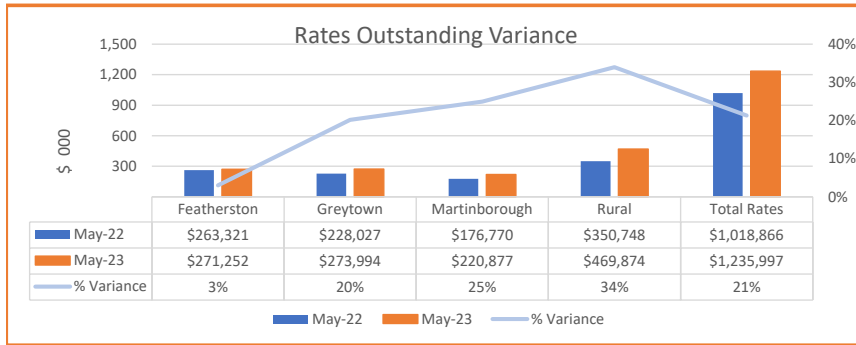
YTD MAY 2023

Rates 2022/23	Quarterly Installments due as at Apr	Owing on Current Installment	Overdue rates	% Overdue of outstanding rates
SWDC	24,473,617			
GWRC	5,432,154			
	29,905,771	29,905,771	880,475	355,521
				1%

Total Rates Outstanding (GST Incl)

Area	Jan-23	Feb-23	Mar-23	Apr-23	May-23
Featherston	93,246	304,104	137,932	101,659	271,252
Greytown	67,107	263,385	105,809	83,394	273,994
Martinborough	40,518	201,153	70,632	57,174	220,877
Rural	187,950	410,630	230,623	197,583	469,874
Total Rates	388,820	1,179,272	544,996	439,810	1,235,997

Rates Owing - March YTD Comparison



The final rates installment for 2022/23 was sent in April 23. Total rates in arrears is current 1% of all installments sent. However there is \$880k owing on the current installment which is not due until May 23.

The total rates outstanding is \$1,235k. However \$880k is owing from the current installment, which is not due until this month. Arrears for the current year rates is \$355k.

As the arrears are affected by the Quarterly invoicing, a clearer comparison is a YTD Comparison

There has been an increase in rates outstanding of \$271k compared to May the previous year. This is a 21% increase in outstanding rates compared to last year.

The majority of outstanding rates are for the current year rates (98%). There are 8 rating units still owing from the previous year owing \$24k

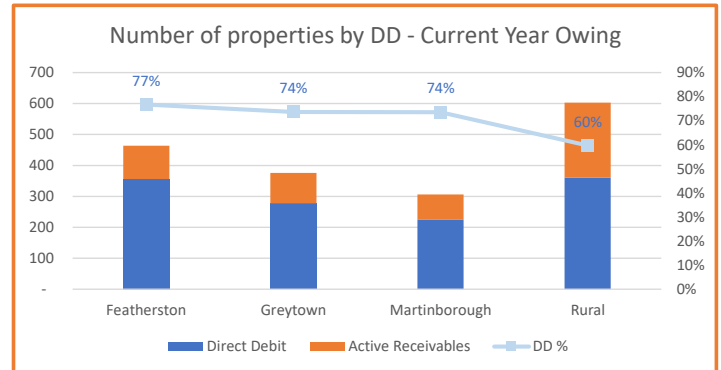
Rates by Number of Rating Units

Rating units in arrears	#Owing			Ave Debt	
	May-22	May-23	% Variance	May-22	May-23
Featherston	97	89	-8%	2,715	3,048
Greytown	80	80	0%	2,850	3,425
Martinborough	72	66	-8%	2,455	3,347
Rural	192	188	-2%	1,827	2,499
Total Rates	441	423	-4%	2,310	2,922

The average rates owing in May 23 is 26% higher than in 2022. The actual number of properties with arrears have decreased by 4%, which reflects the increase in rates charges in 2022/23

Direct Debits

	May-22	May-23
Total rating units	7251	7340
#Direct Debit	2801	2996
Total % of Direct Debits	39%	41%



The number of rate payers using direct debit has remained steady at 41% for the last 6 months. Overall 70% of rating units that have current rates owing have a direct debit in place.

The previous year rate arrears has reduced \$23k for a total eight rating units. Of these, three are currently on a repayment plan. Of the remaining five, one has been referred to their Mortgagee provider and Four have been referred to Legal.

Appendix 2 – Insurance Premium Summary SWDC – Marsh

Appendix 2 – Insurance Premium Summary SWDC – Marsh

Summary report of proposed insurance premiums provided by Marsh.

Premium Summary & Comparison – South Wairarapa District Council

The following is a comparison of the premiums that are to apply from renewal (*pending any changes being made*) compared to expiring premiums.

Policy	Expiring Premium	Renewal Premium
Material Damage Fire and Emergency Levies (FEL)	\$190,530 \$28,957	\$349,924 \$47,511
\$79,685,476 2023 – 2024 \$50,531,475 2022 – 2023		(Notes 2 and 3)
Value of Material Damage Assets Insured		
Business Interruption \$3m Additional Costs of Working + \$300K Claims Preparation Costs	\$3,395	\$4,074
(Sums Insured unchanged from 2022 – 2023)		(Notes 2 and 3)
Machinery Breakdown \$3,452,353 2023 - 2024 \$4,155,353 2022 – 2023	\$14,419	\$13,178
		(Notes 4)
Motor Vehicle FEL	\$5,436 \$177	\$8,934 IAG \$8,783 Vero
\$501,900 2023 - 2024 \$350,700 2022 – 2023		\$194
Value of Vehicles Insured		
Crime \$3m Limit 2023 – 2024	\$8,181	\$9,408
(Sums Insured unchanged from 2022 – 2023)		
Personal Accident – The Mayor, 9 District Councillors, 7 Executive Personnel and 10 Other Staff Members	\$985	\$1,024
(unchanged from 2022 – 2023)		
Statutory Liability \$2m Limit 2023 – 2024	\$5,130	\$5,643
(unchanged from 2022 – 2023)		
Employers Liability \$1m Limit 2023 – 2024	\$540	\$587
(unchanged from 2022 – 2023)		
Hall Hirers (General) Liability \$1m Limit 2023 – 2024	\$358	\$395
(unchanged from 2022 – 2023)		

Public Liability / Professional Indemnity \$300m AUD Limit (unchanged from 2022 – 2023)	\$74,604	\$93,256
Environmental Impairment Liability \$1m Limit (unchanged from 2022 – 2023)	\$1,579	\$1,500
TOTAL INSURER PREMIUM INCLUDING LEVIES	\$334,291	TO BE CONFIRMED

Notes:

1. Total premiums within the Premium Summary & Comparison Table and as shown within the 'Notes' which follow exclude GST where GST is applicable.
2. Material Damage and Business Interruption premiums as outlined on page 17 are recognised with co-insurer support.
3. Insurance capacity is subject to the use of the new 'Fast Track' insurance facility for which further details are outlined on pages 57 and 66 of this Report.

Notwithstanding what is outlined under 'Notes 2' which links in Business Interruption protection, if South Wairarapa DC adopts a raised 'Natural Disaster' deductible (10% of Site Value) would reduce the cost of this coverage by approximately \$19,670 excluding Fire and Emergency Levies.

A revised 'All Perils' other than 'Natural Disaster' deductible would reduce the cost of this coverage by approximately \$6,420 (\$50K) or \$12,930 (\$100K) excluding Fire and Emergency Levies.

4. Machinery Breakdown premium will reduce from as quoted if a revised deductible is adopted;
 - \$5K excess - \$11,962
 - \$10K excess - \$10,357

Appendix 3 – Audit NZ Management Report 30 June 2022

**Report to the Council
on the audit of**

South Wairarapa District
Council

For the year ended 30 June 2022

Contents

- Key messages 3
- 1 Recommendations 4
- 2 Our audit report 6
- 3 Assessment of internal control 7
- 4 Matters raised in the Audit Plan 10
- 5 Public sector audit..... 13
- 6 Useful publications..... 14
- Appendix 1: Status of previous recommendations 17
- Appendix 2: Disclosures 20

Key messages

We have completed the audit for the year ended 30 June 2022. This report sets out our findings from the audit and draws attention to areas where the South Wairarapa District Council (the District Council) is doing well and where we have made recommendations for improvement.

Audit opinion

We intend on issuing an unmodified audit opinion.

Our audit opinion will include an emphasis of matter paragraph in relation to the uncertainty of impacts and developments relating to Three Waters Reform. We elaborate on this in section 2.1 of this report.

Assessment of the control environment

Based on our audit work completed, our conclusion is that the overall control environment is effective for the purposes of our audit.

Matters identified during the audit

In our Audit Plan we identified areas that we consider to be a significant risk or specific areas of audit focus for the 2021/22 audit. We conclude on these areas in section 4 of this report.

We have identified several new issues and related recommendations for reporting to the Council:

- Verbal approval of journals
- Inadequate supporting information for grant expenditure
- Breaches of investment policy

We elaborate on these areas in section 3 of this report.

Thank you

We would like to thank the Council, management and staff for their assistance during the audit.



Jacques Du Toit
Appointed Auditor
19 April 2023

1 Recommendations



Our recommendations for improvement and their priority are based on our assessment of how far short current practice is from a standard that is appropriate for the size, nature, and complexity of your business. We use the following priority ratings for our recommended improvements.

Priority	Explanation
Urgent	<p>Needs to be addressed <i>urgently</i></p> <p>These recommendations relate to a significant deficiency that exposes the District Council to significant risk or for any other reason need to be addressed without delay.</p>
Necessary	<p>Address at the earliest reasonable opportunity, <i>generally within six months</i></p> <p>These recommendations relate to deficiencies that need to be addressed to meet expected standards of best practice. These include any control weakness that could undermine the system of internal control.</p>
Beneficial	<p>Address, <i>generally within six to 12 months</i></p> <p>These recommendations relate to areas where the District Council is falling short of best practice. In our view it is beneficial for management to address these, provided the benefits outweigh the costs.</p>

1.1 New recommendations

The following table summarises our recommendations and their priority.

Recommendation	Reference	Priority
<p>Verbal approval of journals</p> <p>Supporting documentation should be maintained on the approvals of all journal entries.</p>	3.3.1	Necessary
<p>Inadequate support for grant expenditure</p> <p>Appropriate processes and controls should be established, including record keeping, relating to all grant approvals.</p>	3.3.2	Necessary
<p>Breaches of investment policy</p> <p>Appropriate processes to be implemented to ensure compliance with the investment policy or update the policy if no longer fit for purpose.</p>	3.3.3	Necessary

1.2 Status of previous recommendations

Set out below is a summary of the action taken against previous recommendations. Appendix 1 sets out the status of previous recommendations in detail.

Priority	Priority			
	Urgent	Necessary	Beneficial	Total
Open	-	2	3	5
Implemented or closed	-	5	1	6
Total	-	7	4	11

2 Our audit report

2.1 We intend on issuing a non-standard audit report



We intend on issuing an unmodified opinion. This means we are satisfied that the financial statements and statements of service performance present fairly the District Council's activity for the year and its financial position at the end of the year.

Without modifying our audit opinion, we will include an emphasis of matter paragraph to draw the readers' attention to the relevant note in the financial statements which outlines that in June 2022, the Government introduced legislation to establish four publicly owned water services entities to take over responsibilities for service delivery and infrastructure from local authorities with effect from 1 July 2024. The legislation received royal assent from the Governor-General on 14 December 2022. The impact of these proposed reforms, once legislated, will mean that the District Council will no longer deliver three waters services or own the assets required to deliver these services. In December 2022, the Government introduced the Water Services Legislation Bill, which will transfer assets and liabilities to the water services entities.

2.2 Uncorrected misstatements

The financial statements are free from material misstatements, including omissions. During the audit, we have discussed with management any misstatements that we found, other than those which were clearly trivial. There were no significant misstatements identified during the audit, which were not corrected.

2.3 Quality and timeliness of information provided for audit



Management needs to provide information for audit relating to the annual report of the District Council. This includes the draft annual report with supporting working papers. At the start of the audit we were provided with a draft annual report, and supporting working papers.

These were generally of reasonable quality, however we recommend that management continue working at improving its documentation to support information reported within the annual report.

3 Assessment of internal control



The District Council, with support from management, is responsible for the effective design, implementation, and maintenance of internal controls. Our audit considers the internal control relevant to preparing the financial statements and the service performance information. We review internal controls relevant to the audit to design audit procedures that are appropriate in the circumstances. Our findings related to our normal audit work, and may not include all weaknesses for internal controls relevant to the audit.

3.1 Control environment

The control environment reflects the overall attitudes, awareness and actions of those involved in decision-making in the organisation. It encompasses the attitude towards the development of accounting and performance estimates and its external reporting philosophy, and is the context in which the accounting system and control procedures operate. Management, with the oversight of those charged with governance, need to establish and maintain a culture of honesty and ethical behaviour through implementation of policies, procedures and monitoring controls. This provides the basis to ensure that the other components of internal control can be effective.

We have performed a high-level assessment of the control environment, risk management process, and monitoring of controls relevant to financial and service performance reporting. We considered the overall attitude, awareness, and actions of the District Council and management to establish and maintain effective management procedures and internal controls.

The elements of the control environment provide an appropriate foundation for other components of internal control.

3.2 Internal controls

Internal controls are the policies and processes that are designed to provide reasonable assurance as to the reliability and accuracy of financial and service performance reporting. These internal controls are designed, implemented and maintained by the District Council and management.

We reviewed the internal controls in your information systems and related business processes. This included obtaining an understanding of the controls in place for your key financial and service performance information systems.

Our findings and recommendations relating to these internal controls are outlined below. New recommendations are outlined in section 5 and recommendations outstanding from previous years are included in Appendix 1.

We acknowledge that some of the challenges with implementing recommendations are inherently related to the size of the District Council, the number of staff available to implement full segregation of duties within the finance function, and the manual nature of some of the District Council's processes and controls, however we would encourage the District Council to continue to progress outstanding recommendations.

3.3 Recommendations arising from our audit

3.3.1 Verbal approval of journals

We identified that some instances where there were no evidence of approval for journals and from discussion with finance staff noted that there are instances where journals are approved verbally.

Due to the inherent risk posed by journals to the integrity of the general ledger, it is considered best practice that individual journals are independently reviewed and that proper audit trails of such reviews are maintained.

We recommend that supporting documentation is maintained on the approvals of all journal entries.

Management comment

Agree with recommendation, approvals have since been amended to include e-signatures or email approvals to be added to the journal input sheet and filed electronically.

3.3.2 Inadequate support for grant expenditure

As part of our work over related parties we perform checks to ascertain whether there are any potential related party transactions that were not disclosed in the financial statements. A grant paid to Featherston RSA was picked up due to a conflict declared by a councillor. We were unable to obtain a recent letter of approval for this grant.

We recommend that management implements appropriate processes and controls including record keeping relating to all grant approvals.

Management comment

This process has since been reviewed to ensure all grants are confirmed by resolution in the Council's minutes. The grants subcommittee meetings are recorded with minutes distributed to all members. Each grant application is accompanied by conflict-of-interest declaration. Elected Members who have a conflict of interest now sit outside the meeting and any decisions confirmed.

3.3.3 Breaches of investment policy

We noted multiple breaches of the District Council's investment policy limits. The policy has a limitation on the level of investments that can be held with a single institution, which is currently 50%. We identified the following breaches:

- In October 2021 and February 2022 investments with ANZ made up of 56% and 54% of investments respectively; and
- In November & December 2021 and January 2022 investments with BNZ made up of 61%, 57% and 55% of investments respectively.

The reason for the breaches was to pursue the most advantageous interest rates for these products.

We recommend that the District Council implements the necessary processes to ensure compliance with the investment policy or update the policy if no longer fit for purpose.

Management comment

This practice has since been amended from June 2022 and Council staff follow the policy on levels of investment with one institution or any breaches are reported to the Finance Committee.

4 Matters raised in the Audit Plan



In our Audit Plan, we identified the following matters as the main audit risks and issues:

Audit risk/issue	Outcome
The risk of management override of internal controls	
<p>There is an inherent risk in every organisation of fraud resulting from management override of internal controls.</p> <p>Management are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p> <p>Auditing standards require us to treat this as a significant risk on every audit.</p>	<p>Our audit response included:</p> <ul style="list-style-type: none"> • Testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements; • Reviewing accounting estimates for biases and evaluate whether the circumstances producing the bias, if any, represent a risk of material misstatement due to fraud; • For any significant transactions that are outside the normal course of business, or that otherwise appear to be unusual given our understanding of the entity and its environment and other information obtained during the audit, we evaluated whether the business rationale (or the lack thereof) of the transactions suggests that they may have been entered into to engage in fraudulent financial reporting or to conceal misappropriation of assets. <p>No new matters have been identified to bring to Council’s attention.</p>

Fair value of property, plant and equipment (non-valuation year)	
<p>PBE IPSAS 17, Property, Plant and Equipment, requires that valuations be conducted with sufficient regularity to ensure that the carrying amount does not differ materially from fair value.</p> <p>The District Council has adopted a policy to revalue its infrastructure, and land and building assets on a cyclical basis. The District Council last revalued its infrastructure assets during the 2020/21 financial year, and land and building assets in the 2018/19 financial year.</p> <p>We understand that the District Council has obtained fair value assessments from a management's expert on land and buildings and infrastructure assets as at 30 June 2022.</p> <p>There is increased risk of material misstatement in the financial statements due to the judgemental nature and large value of the assets.</p>	<p>We have reviewed the District Council's fair value assessments for reasonableness.</p> <p>As part of our work we have:</p> <ul style="list-style-type: none"> • obtained copies of the fair value assessments; • evaluated the qualifications, competence and expertise of the external valuers used; • reviewed the method of valuing and assess if the applicable methods used are in line with the financial reporting framework and valuation standards; • engaged with the valuers to assess the reasonableness of the assumptions used; and • reviewed the appropriateness of the accounting entries and the fixed asset register to ensure the values are correctly updated. <p>No new matters have been identified to bring to Council's attention.</p>
Capital projects	
<p>A number of major projects are either underway or about to commence, including water supply treatment and storage upgrades and the Featherston wastewater treatment plant, which we understand is accounted for in WIP, along with the new dog pound, yet to be completed.</p> <p>The key financial statement risks associated with capital projects include:</p> <ul style="list-style-type: none"> • costs not being appropriately accounted for in accordance with accounting standards; • balances being included in WIP at balance date when the assets have been completed and should have been capitalised; and • contracts entered into before balance date that are not disclosed as commitments in the notes to the financial statements. 	<p>We have reviewed the accounting for costs incurred on capital projects, including:</p> <ul style="list-style-type: none"> • assumptions and judgements used by management in classifying costs as either capital or operational; • appropriate capitalisation point for completed assets, including transfers from work in progress; • the reasonableness of depreciation rates and useful lives applied to asset components; and • the disclosures included within the financial statements, including those relating to capital commitments. <p>We are satisfied that the accounting for capital projects is materially correct.</p>

Drinking water performance measures	
<p>Council is responsible for reporting performance against the safe drinking water standards. In particular this requires Councils to report the extent to which the local authority's drinking water supply complies with:</p> <ul style="list-style-type: none"> (a) part 4 of the drinking-water standards (bacteria compliance criteria), and (b) part 5 of the drinking-water standards (protozoal compliance criteria). <p>Up until November 2021 performance related data was captured in the Drinking Water Online (DWO) database and compliance was assessed by Drinking Water Assessors (DWA). As a result of changes to the regulatory framework for drinking water quality, the DWO is no longer accessible and the DWA role no longer exists.</p> <p>Given these changes Council will need to ensure appropriate systems and controls are in place to ensure performance information is complete and accurate for reporting purposes.</p>	<p>We have updated our understanding of the systems and controls in place for reporting on compliance with the drinking water standards at Wellington Water. We have placed reliance on work performed by the Wellington Water audit team and were able gain sufficient appropriate audit evidence over the results reported.</p>
Impact of three waters reform	
<p>On 27 October 2021, the Local Government Minister announced the Government's intention to proceed with the three waters service delivery reforms. The Three Waters Reform involves the creation of four statutory water services entities to be responsible for the service delivery and infrastructure currently owned by local authorities, with effect from 1 July 2024. The Three Waters Reform programme is expected to result in significant changes to how water supply, wastewater and stormwater assets are owned and managed in the local government sector.</p> <p>There are still a number of uncertainties associated with the new three waters delivery model, however once legislated it will mean Council is no longer responsible for the delivery and infrastructure of three water services from 1 July 2024.</p> <p>The Council should ensure that sufficient disclosure about impact of the reform (to the extent that the impact is known) is included in the annual report.</p>	<p>In June 2022, the Government introduced legislation to establish four publicly owned water services entities to take over responsibilities for service delivery and infrastructure from local authorities with effect from 1 July 2024. The legislation received royal assent from the Governor-General on 14 December 2022. The impact of these proposed reforms, once legislated, will mean that the District Council will no longer deliver three waters services or own the assets required to deliver these services. In December 2022, the Government introduced the Water Services Legislation Bill, which will transfer assets and liabilities to the water services entities.</p> <p>Because the impact is likely to be significant, but is uncertain until formally legislated, we will include information in our audit report to draw the readers' attention to Council's disclosure about the Three Waters Reform programme.</p>

5 Public sector audit



The District Council is accountable to their local community and to the public for its use of public resources. Everyone who pays taxes or rates has a right to know that the money is being spent wisely and in the way the District Council said it would be spent.

As such, public sector audits have a broader scope than private sector audits. As part of our audit, we have considered if the District Council has fairly reflected the results of its activities in its financial statements and non-financial information.

We also consider if there is any indication of issues relevant to the audit with:

- compliance with its statutory obligations that are relevant to the annual report;
- the District Council carrying out its activities effectively and efficiently;
- the District Council incurring waste as a result of any act or failure to act by a public entity;
- any sign or appearance of a lack of probity as a result of any act or omission, either by the District Council or by one or more of its members, office holders, or employees; and
- any sign or appearance of a lack of financial prudence as a result of any act or omission by a public entity or by one or more of its members, office holders, or employees.

We did not identify any issues to bring to your attention in relation these areas.

6 Useful publications



Based on our knowledge of the District Council, we have included some publications that the Council and management may find useful.

Description	Where to find it
Performance reporting	
Public organisations are responsible for reporting their performance to Parliament and the public in a way that meaningfully reflects their organisation's aspirations and achievements. The Auditor-General published a discussion paper that explores five areas for improvement in performance reporting.	On the Office of the Auditor-General's website under publications. Link: The problems, progress, and potential of performance reporting
The Office of the Auditor-General, the Treasury and Audit New Zealand have jointly prepared good practice guidance on reporting about performance. The guidance provides good practice examples from public organisations in central government. Those working in other sectors may also find this useful.	On Audit New Zealand's website under good practice. Link: Good practice in reporting about performance — Office of the Auditor-General New Zealand (oag.parliament.nz)
Local government risk management practices	
The Covid-19 pandemic is a stark reminder for all organisations about the need for appropriate risk management practices. In our audit work, we often see instances where councils do not have effective risk management. This report discusses the current state of local government risk management practices and what councils should be doing to improve their risk management.	On the Office of the Auditor-General's website under publications. Link: Observations on local government risk management practices
Public accountability	
Public accountability is about public organisations demonstrating to Parliament and the public their competence, reliability, and honesty in their use of public money and other public resources. This discussion paper explores how well New Zealand's public accountability system is working in practice.	On the Office of the Auditor-General's website under publications. Link: Building a stronger public accountability system for New Zealanders

Description	Where to find it
Setting and administering fees and levies for cost recovery	
<p>This good practice guide provides guidance on settings fees and levies to recover costs. It covers the principles that public organisations should consider when making any decisions on setting and administering fees and levies. It also sets out the matters public organisations should consider when calculating the costs of producing goods or providing services and setting charges to recover those costs.</p>	<p>On the Office of the Auditor-General’s website under publications.</p> <p>Link: Setting and administering fees and levies for cost recovery: Good practice guide</p>
Managing conflicts of interest involving Council employees	
<p>This article discusses findings across four councils on how conflicts of interest of Council employees, including the Chief Executive and staff, are managed.</p>	<p>On the Office of the Auditor-General’s website under publications.</p> <p>Link: Getting it right: Managing conflicts of interest involving council employees</p>
Sensitive expenditure	
<p>The Auditor-General’s good practice guide on sensitive expenditure provides practical guidance on specific types of sensitive expenditure, outlines the principles for making decisions about sensitive expenditure, and emphasises the importance of senior leaders “setting the tone from the top”. It also describes how organisations can take a good-practice approach to policies and procedures for managing sensitive expenditure.</p>	<p>On the Office of the Auditor-General’s website under good practice.</p> <p>Link: Sensitive expenditure</p>
The Auditor-General’s report on the results of recent audits	
<p>The OAG publishes a report on the results of each cycle of annual audits for the sector.</p>	<p>On the OAG’s website under publications.</p> <p>Link: Local government 2019/20 audits</p>

Description	Where to find it
Good practice	
<p>The OAG’s website contains a range of good practice guidance. This includes resources on:</p> <ul style="list-style-type: none"> • audit committees; • conflicts of interest; • discouraging fraud; • good governance; • service performance reporting; • procurement; • sensitive expenditure; and • severance payments. 	<p>On the OAG’s website under good practice.</p> <p>Link: Good practice</p>
Procurement	
<p>The OAG are continuing their multi-year work programme on procurement.</p> <p>They have published an article encouraging reflection on a series of questions about procurement practices and how processes and procedures can be strengthened.</p> <p>Whilst this is focused on local government, many of the questions are relevant to all types of public sector entities.</p>	<p>On the OAG’s website under publications.</p> <p>Links: Strategic suppliers: Understanding and managing the risks of service disruption</p> <p>Getting the best from panels of suppliers</p> <p>Local government procurement</p>

Appendix 1: Status of previous recommendations

Open recommendations

Recommendation	First raised	Status
Necessary		
<p>Statement of service performance – Survey results</p> <p>We recommend that the District Council investigates any significant underperformance against targets set for performance measures involving surveys, and where appropriate reports the reasons for underperformance in the annual report and actions intended to address any deficiencies.</p>	2018/19	<p>In progress</p> <p>2022 update:</p> <p>We note a number of survey-based measures where targets were not achieved in 2021/22, with no reporting on reasons for this or actions being taken by the District Council to address this.</p> <p>We will review progress against this during our 2023 audit.</p>
<p>Creditors Masterfile</p> <p>The District Council should independently review all changes to the Creditors Masterfile, including bank account changes and new creditors.</p> <p>The District Council should ensure that a report including all changes is run when Creditor Masterfile review is going to occur to ensure no changes are missed.</p> <p>We further recommend that the District Council should independently verify bank account changes with the vendor instead of using the details per the invoice only, as cyber-attacks and fraud are becoming increasingly sophisticated.</p>	2017/18	<p>In progress</p> <p>Changes have been implemented during the year and will be reviewed as part of the 2022/23 audit.</p>
Beneficial		
<p>Excessive annual leave balances</p> <p>The District Council should regularly review employee leave balances and ensure employees with excessive balances have leave plans put in place.</p>	2017/18	<p>In progress</p> <p>2022 update:</p> <p>Annual leave balances are actively managed by the District Council. Whilst there is no formal policy in place, management are required, wherever possible, to ensure that leave balances are kept beneath 200 hours. For those that are currently above this figure, discussions are underway for managing the leave</p>

Recommendation	First raised	Status
		balances. Audit will review this again as part of the 2023 audit.
<p>Expenditure approval</p> <p>Consider an alternate approver for the Mayor's expenditure.</p>	2019/20	<p>In progress</p> <p>2022 update: The District Council reviewed and updated the process for expense claims for the Mayor so Chair of FAR now signs off on Mayoral expenses, however all instances tested as part of our audit found that the expenditure was approved by the CE. We will review this again as part of our 2023 audit.</p> <p>We further note that per the discretionary expenditure policy, discretionary expenditure incurred by the CE is to be approved by the General Manager Finance, and expenditure incurred by elected members is to be approved by the CE – Good practice is to follow a one-up approval process and CE expenditure should ideally be approved by the Mayor and Council expenditure by the Chair of the FAR.</p>
<p>Sensitive Expenditure Policy</p> <p>The District Council should update the policy to ensure it covers all best practice guidelines.</p>	2018/19	<p>In progress</p> <p>2022 update: We recommend that the Council implements a formal Credit Card policy which incorporates the OAG good practice guidelines.</p>

Implemented or closed recommendations

Recommendation	First raised	Status
<p>Compliance with legislation – process and compliance</p> <p>We recommend the District Council continue its review of legislative compliance.</p>	2019/20	<p>Closed</p> <p>We have not identified any further issues in relation to legislative compliance.</p>
<p>Expenditure control not operating effectively</p> <p>The reviewers of expenditure batches are required to date and sign or otherwise</p>	2019/20	<p>Closed</p> <p>No issues identified in relation to evidencing approval of batch expenditure.</p>

Recommendation	First raised	Status
document their review, as evidence that that this was performed.		
<p>Expense claim not signed prior to payment</p> <p>The District Council systematically documents the expense approval prior to the payment, in particular for expense claims, and monitors operation of the control through periodical checks</p>	2019/20	<p>Closed</p> <p>We have not identified any further instances where there were no evidence of approval of expense claims prior to payment.</p>
<p>Conflicts of Interest Register for elected members and key management</p> <p>The District Council should ensure declarations by elected members and key management are completed and signed annually.</p>	2018/19	<p>Closed</p> <p>Council members and KMP are required to disclose their interests at least annually and subsequently if changes occur. Declarations completed as required.</p>
<p>Review of Batch Invoices</p> <p>All expenditure should be confirmed to appropriate documentation prior to payment, and that this review is evidenced.</p>	2018/19	<p>Closed</p> <p>No exceptions identified in this regard.</p>
<p>Procurement and Contract Management Policy</p> <p>The District Council should update the Procurement Policy to ensure it covers all of its procurement and contract management activities.</p>	2017/18	<p>Closed</p> <p>The scope of our audit for the current year did not include a follow up procurement and contract management review, however we confirmed that a new Procurement policy was adopted on 30 June 2022 and based on our review of the policy, did not identify any significant deficiencies.</p>

Appendix 2: Disclosures

Area	Key messages
Our responsibilities in conducting the audit	<p>We carried out this audit on behalf of the Controller and Auditor-General. We are responsible for expressing an independent opinion on the financial statements and performance information and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001.</p> <p>The audit of the financial statements does not relieve management or the Council of their responsibilities.</p> <p>Our Audit Engagement Letter contains a detailed explanation of the respective responsibilities of the auditor and the District Council.</p>
Auditing standards	<p>We carried out our audit in accordance with the Auditor-General's Auditing Standards. The audit cannot and should not be relied upon to detect all instances of misstatement, fraud, irregularity or inefficiency that are immaterial to your financial statements. The Council and management are responsible for implementing and maintaining your systems of controls for detecting these matters.</p>
Auditor independence	<p>We are independent of the District Council in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: <i>International Code of Ethics for Assurance Practitioners</i>, issued by New Zealand Auditing and Assurance Standards Board.</p> <p>In addition to our audit of the audited information and our report on the disclosure requirements, we have audited the District Council's 2021-31 long-term plan. Other than this engagement, we have no relationship with, or interests in, the District Council.</p>
Fees	<p>The audit fee for the year is \$102,472 excluding GST and disbursements, as detailed in our Audit Proposal Letter.</p> <p>To date, other fees charged in the period are \$60,400 excluding GST and disbursements, for the LTP audit (including the CD audit).</p>
Other relationships	<p>We are not aware of any situations where a spouse or close relative of a staff member involved in the audit occupies a position with the District Council that is significant to the audit.</p> <p>We are aware of one instance where a staff member of Audit New Zealand accepted a position of employment with the District Council during or since the end of the financial year.</p>

AUDIT NEW ZEALAND

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Appendix 4 – Fair Value Assessment of Infrastructure Assets

Project Number: 6-DTP00.13

South Wairarapa DC 2023 Fair Value Assessment of Infrastructure Assets Final

26 July 2023

CONFIDENTIAL



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Document History and Status

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Contents

Disclaimers and Limitations.....	1
Executive Summary.....	2
1 Introduction.....	3
2 Valuation Parameters.....	3
2.1 Unit Rates.....	3
2.2 Asset Lives.....	4
2.3 Residual Value.....	5
2.4 Optimisation.....	5
2.5 Additions and Deletions.....	5
2.6 Impairment.....	5
2.7 Depreciation.....	5
2.8 Other Changes in Assumptions.....	5
3 Changes in Value.....	6
4 Conclusion.....	10

Disclaimers and Limitations

This report ('Report') has been prepared by WSP exclusively for South Wairarapa District Council ('SWDC') as an update to fair value for financial reporting based on a previous full revaluation ('Purpose'). The findings in this Report are based on and are subject to the assumptions specified in the Report and in the previous valuation on which it relies. This updated fair value methodology is appropriate for "out of cycle" valuations where some sources of change in fair value are likely to be material. It does not replace a full valuation which should be performed according to the usual schedule.

WSP accepts no liability whatsoever for any reliance on or use of this Report, in whole or in part, for any use or purpose other than the Purpose. For clarity, as the Purpose is for financial reporting this report may be relied on by any audit of financial reports. Also, for clarity, the Purpose of this fair value does not include asset transfer or pricing.

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Executive Summary

South Wairarapa District Council (SWDC) is currently preparing its financial accounts for the year end 30 June 2023 and have requested WSP provide a fair value review of their 3 Waters and Roding assets as at 30 June 2023.

The last full valuation of SWDC's 3 waters and roading assets was carried out as at 30 June 2021, and a fair value update for these assets was carried out as at 30 June 2022.

WSP's assessment of 30 June 2023 fair value of SWDC's roading and 3 waters assets is based on the 30 June 2022 fair value update, updated to 30 June 2023 in compliance with the relevant valuation standards. Where appropriate, this review considers the full change since the 2021 full revaluation. This fair value review provides a valuation suitable for use in the financial accounts for 30 June 2023.

The Optimised Depreciated Replacement Cost (ODRC) methodology was used to value these assets in the last valuation so that methodology is implicit in this update. Valuation results include optimised replacement cost (ORC), optimised depreciated replacement cost (ODRC) and annual depreciation (AD). The ODRC is taken to be the current fair value of the assets. The valuations have an effective date of 30th June 2023 and have been prepared for financial reporting purposes.

Table 1 sets out the sources of variation that may cause the value of SWDC's infrastructure assets to be materially different from the previous valuation, with WSP's assessment of the change since the 30 June 2022 fair value review, where this is in the scope of this review.

Table 1: Summary of Variations in Value for SWDC Roding and 3 Waters Assets between 30 June 2022 and 30 June 2023

Source of Variation	2022 to 2023 Change 3 Waters ODRC	2022 to 2023 Change Roding ODRC	2022 to 2023 Change Total ODRC
Unit Rates	8%	7%	7%
Asset Lives	0%	0%	0%
Residual Value	0%	0%	0%
Optimisation	N/A	N/A	N/A
Impairment	N/A	N/A	N/A
Additions, Vested + Deletions	1%	0.13%	0.5%
Depreciation	-2%	-1%	-2%
Other Changes in assumptions	Excluded	Excluded	Excluded

The 30 June 2023 fair value of SWDC infrastructure assets ODRC is assessed to be **\$489.61M**. This is an increase to the combined ODRC of 3 Waters and Roding assets of **\$31.7M** (6.92%) since the 30 June 2022 fair value review, and a **\$ 71.5M** (17.1%) since the 2021 full valuation of these asset groups.

1 Introduction

South Wairarapa District Council (SWDC) is currently preparing its financial accounts for the year end 30 June 2023 and have requested WSP provide a fair value review of their 3 Waters and Roding assets as at 30 June 2023. The last full valuation of SWDC's 3 waters and roading assets was carried out as at 30 June 2021, and a fair value update for these assets was carried out as at 30 June 2022.

WSP's 30 June 2023 assessment of fair value of SWDC's roading and 3 waters assets is based on the 30 June 2022 fair value update, updated to 30 June 2023 in compliance with the relevant valuation standards. Where appropriate, this review considers the full change since the 2021 full revaluation. This fair value review provides a valuation suitable for use in the financial accounts for 30 June 2023.

Several sources of potential value variation since the last review of fair value have been assessed. The table below lists the components of value change and our assessment methodology.

Table 2: Potential sources of variation in Valuations

Source of Variation	2023 Valuation Update
Unit Rates	The unit rates assessment has been reviewed using the latest indices published by Stats NZ and tightening the combination of indices that best reflect the costs of different asset/project types.
Asset Lives	We will review the asset lives assumptions in more detail but expect little to no change in the value as a result
Residual Value	We reviewed the residual value assumptions in more detail. We concluded no change in the value as a result
Optimisation	We reviewed the optimisation assumptions. We conclude no change in the value as a result
Impairment	None applied
Vested Assets	We have included vested assets that have been capitalised as at 30 June 2023.
Depreciation	The depreciation estimate has been reviewed and concluded to be appropriate.
Other Changes in assumptions	We will confirm with SWDC that there are no changes to the other assumptions that should be included.

This report outlines the results of WSP's high level assessment of fair value as at 30 June 2023, including review of the key assumptions applied in the previous valuation upon which this fair value update is based, including assessment of whether these assumptions continue to be applicable as at 30 June 2023.

2 Valuation Parameters

2.1 Unit Rates

The individual unit costs used in the 2021 infrastructure valuation were obtained from SWDC engineering staff, Wellington Water, previous valuations and contract rates. Costs gathered from similar networks were used for comparison. This report assesses the likelihood that unit rates have increased significantly between 30 June 2021 and 30 June 2023, in order to deduce the change in value since 30 June 2022.

WSP use two sources of information to assess changes to unit rates. Inflation, or escalation is inferred using publicly available price indices. Recent construction contracts show actual costs from capital expenditure. This report assesses changes in price indices. While there is some anecdotal evidence that unit rates have been increasing at a faster rate than the price indices the sample size is too small to justify increases beyond that given by the price indices.

Inflation or escalation

To estimate price movement changes WSP now use a variety of price indices sourced from NZ Stats and Waka Kotahi combined to reflect the different costs within projects. This is compared to cost information and trends from our many valuations nationwide.

To replace forecasted indexing assumptions with published indices in our 2022 valuation, in 2023 we have recalculated the escalation for the 2021 – 2022 using actual published indices and subtracted this from our 2021 – 2023 indexing calculation. There is a component of forecasting for March 2023 to June 2023 in the index calculation below.

A full review of market rates compared to those used in the 2021 full valuation was carried out to we consider an appropriate high-level index adjustment for this valuation.

Table 3:WSP Index Forecasted Growth between 30 June 2021 and 30 June 2023

Index	Growth
Capital Goods Price Index	
Pipelines	24.67%
General Purpose plant and Machinery	14.84%
Earthmoving and site work	14.72%
Waka Kotahi Composite Indexes	
Waka Kotahi Construction (New Series)	15.96%
Waka Kotahi Structures (New Series)	19.10%

We use combinations of indices for all water assets, and Waka Kotahi composites for all roading asserts, to reflect the mix of costs of construction (including construction, labour, P&G) and on-cost (Professional Services and Project Management). Table 3 above shows the main drivers for the composite growth estimated between 30 June 2021 and 30 June 2023.

On-cost

On-cost factors are applied to allow for all expenses incidental to the asset acquisition and all costs directly attributable to bringing the asset into working condition and location. These additional costs include professional fees, administration costs and financial charges. Professional fees include planning, traffic management, investigation, design, performance & quality monitoring of physical works projects (maintenance and construction) and providing other specialist advice. Zero finance charge has been assumed.

We do not have sufficient evidence to change the relative value of oncost percentages, so the impact of on-cost increases is just that already included in the index calculations. This will be reviewed at the next full valuation.

2.2 Asset Lives

There is no evidence to suggest that there would be any change to any asset lives applied within the valuation, except normal aging affecting the remaining useful life. We therefore assume that all existing assets have aged by one year since 30 June 2022.

We note that many of the water treatment plant assets are at the end of life. Where asset classes have a higher proportion of assets at end of, we recommend these end of life assumptions are reviewed for the next full valuation.

2.3 Residual Value

No changes are suggested for the residual value.

2.4 Optimisation

Potential changes in optimisation were not within the scope of this assessment and therefore have not been included.

2.5 Additions, Deletions and Vested Assets

We have been supplied new vested and addition asset data for 2023 valuation. We have included \$800,000 of vested assets and \$653,000 of addition assets for 3 waters, \$465,000 of vested assets and \$2,773,000 of addition assets for roading, between 30 June 2022 and 30 June 2023. These assets have been assigned a commission date of 30 June 2023.

Any additional changes or further known write-offs, or work in progress will need to be separately adjusted by SWDC.

2.6 Impairment

We have not included impairments to the infrastructure assets in South Wairarapa for the fair value. We understand SWDC will make adjustments for any relevant impairment outside of this valuation.

2.7 Depreciation

Depreciation represents the loss in value of an asset as it is consumed over its useful life. This is directly related to the assets' age and economic life. We have assumed no changes to these assumptions and have assessed the change in value due to depreciation on this basis. This assessment will slightly overstate depreciation where asset have reached the end of their base life and continue to be in service. This overstatement is highly unlikely to be material.

2.8 Other Changes in Assumptions

No other changes in assumptions have been assessed in this report.

3 Changes in Value

This section sets out the change in value from the 30 June 2022 and 30 June 2021 values, at the level of asset types, considering the effects set out in the previous section. The main contributions to change in value are unit rate changes due to price escalation and aging of one year.

Tables 4 and 5 show the change in value of the 3 waters assets since the 2021 and 2022 values respectively. Tables 6 and 7 show the change in value of the roading assets since the 2021 and 2022 values respectively.

3.1 3 Waters Assets

The 30 June 2023 value of 3 Waters Assets, reflects increases as follows:

- from 2022 values of ORC 9.3%, ODRC 7.1% and AD 5.7%.
- From 2021 values of ORC 19.1%, ODRC 18.1% and AD 18.1%.

Table 4: SWDC 3 Waters Assets Values as at 30 June 2023 including change from 2021 Full Valuation

Asset Group	Category	2021 ORC	2021 ODRC	2021 AD	Ave Base Life	Ave RUL	Escalation Factor	2023 ORC	2023 ODRC	2023 AD	Adj Baseline	Adj RUL
Water Supply												
Pipe Reticulation	WS Pipes	\$47,921,117	\$28,722,239	\$704,517	68	41	117.92%	\$57,156,010	\$32,723,445	\$840,092	68	39
Node Assets	WS Nodes	\$4,223,622	\$1,806,382	\$103,653	41	17	117.92%	\$5,060,137	\$2,127,561	\$123,394	41	17
Headworks	WS Treatment Plant	\$5,758,195	\$3,157,971	\$141,087	41	22	115.08%	\$6,610,206	\$3,394,648	\$157,805	42	22
Treatment Plant	WS Treatment Plant	\$7,129,187	\$4,933,278	\$258,211	28	19	115.08%	\$8,642,568	\$5,738,528	\$284,271	30	20
Reservoirs	WS Treatment Plant	\$4,867,919	\$1,772,504	\$77,990	62	23	115.08%	\$5,586,121	\$1,921,188	\$88,338	63	22
Water Races	CGPI Earthworks + Site works	\$15,805,962	\$15,651,198	\$2,200			114.72%	\$18,132,275	\$17,951,488	\$2,490		
Stormwater												
Pipe Reticulation	SW Pipes	\$6,737,100	\$2,705,975	\$109,793	61	25	117.92%	\$8,169,161	\$3,235,698	\$130,152	63	25
Channels	CGPI Earthworks + Site works	\$1,282,549	\$1,282,549	\$0			114.72%	\$1,475,400	\$1,475,400	\$0		
Misc Stormwater	SW Nodes	\$1,429,028	\$750,616	\$23,286	61	32	117.92%	\$1,957,588	\$1,140,905	\$30,042	65	38
Waste Water												
Pipes	WW Pipes	\$29,947,597	\$15,812,377	\$376,243	80	42	117.92%	\$34,187,200	\$18,457,700	\$426,800	80	43
Pumps + Valves	WW Nodes	\$4,732,809	\$2,462,303	\$60,137	79	41	117.92%	\$4,897,472	\$2,758,322	\$62,376	79	44
Oxidation Ponds, Plant + Pump Stations	WW Treatment Plant	\$7,353,095	\$3,853,990	\$133,534	55	29	115.67%	\$11,503,795	\$7,153,505	\$207,187	56	35
Consents	WW Treatment Plant	\$1,487,174	\$1,288,884	\$49,572	30	26	115.67%	\$1,723,424	\$1,378,739	\$57,447	30	24

Table 5: SWDC 3 Waters Assets Values as at 30 June 2023 including change from 2022 Fair Value Update

Asset Group	Category	2022 ORC	2022 ODRC	2022 AD	Ave Base Life	Ave RUL	Escalation Factor	2023 ORC	2023 ODRC	2023 AD	Adj Baseline	Adj RUL
Water Supply												
Pipe Reticulation	WS Pipes	\$51,577,791	\$30,780,587	\$783,233	66	39	107.26%	\$57,156,010	\$32,723,445	\$840,092	68	39
Node Assets	WS Nodes	\$4,585,949	\$1,952,200	\$114,974	40	17	107.26%	\$5,060,137	\$2,127,561	\$123,394	41	17
Headworks	WS Treatment Plant	\$6,205,024	\$3,289,036	\$150,486	41	22	106.49%	\$6,610,206	\$3,394,648	\$157,805	42	22
Treatment Plant	WS Treatment Plant	\$7,725,959	\$5,202,967	\$273,009	28	19	106.49%	\$8,642,568	\$5,738,528	\$284,271	30	20
Reservoirs	WS Treatment Plant	\$5,245,663	\$1,857,022	\$83,488	63	22	106.49%	\$5,586,121	\$1,921,188	\$88,338	63	22
Water Races	CGPI Earthworks + Site works	\$17,032,485	\$16,864,213	\$0			106.46%	\$18,132,275	\$17,951,488	\$2,490		
Stormwater												
Pipe Reticulation	SW Pipes	\$7,445,579	\$2,933,742	\$121,339	61	24	107.26%	\$8,169,161	\$3,235,698	\$130,152	63	25
Channels	CGPI Earthworks + Site works	\$1,388,495	\$1,388,495	\$0			106.46%	\$1,475,400	\$1,475,400	\$0		
Misc Stormwater	SW Nodes	\$1,716,276	\$960,708	\$28,013	61	34	107.26%	\$1,957,588	\$1,140,905	\$30,042	65	38
Waste Water												
Pipes	WW Pipes	\$31,498,927	\$17,135,638	\$419,666	75	41	107.26%	\$34,187,200	\$18,457,700	\$426,800	80	43
Pumps + Valves	WW Nodes	\$4,529,323	\$2,567,466	\$62,454	73	41	107.26%	\$4,897,472	\$2,758,322	\$62,376	79	44
Oxidation Ponds, Plant + Pump Stations	WW Treatment Plant	\$10,516,337	\$6,595,322	\$190,239	55	35	106.58%	\$11,503,795	\$7,153,505	\$207,187	56	35
Consents	WW Treatment Plant	\$1,617,037	\$1,347,531	\$53,901	30	25	106.58%	\$1,723,424	\$1,378,739	\$57,447	30	24

3.2 Roothing Assets

The 30 June 2023 value of roading assets, reflects increases as follows:

- from 2022 values of ORC 7.5%, ODRC 6.9% and AD 8.7%.
- From 2021 values of ORC 18.4%, ODRC 16.8% and AD 23.1%.

Table 6: SWDC Roothing Assets Values as at 30 June 2023 including change from 2021 Full Valuation

Asset Group	Category	2021 ORC	2021 ODRC	2021 AD	Ave Base Life	Ave RUL	Escalation Factor	2023 ORC	2023 ODRC	2023 AD	Adj Baseline	Adj RUL
Roads												
Land	Waka Kotahi Construction New	\$81,569,946	\$81,569,946	\$0			115.96%	\$81,569,946	\$81,569,946	\$0		
Formation	Waka Kotahi Construction New	\$129,049,474	\$129,049,474	\$0			115.96%	\$157,225,872	\$157,225,872	\$0		
Unsealed	Waka Kotahi Construction New	\$20,099,380	\$19,851,960	\$0			115.96%	\$25,003,943	\$24,702,501	\$0		
Subbase	Waka Kotahi Construction New	\$29,641,481	\$28,672,315	\$19,383			115.96%	\$36,629,446	\$35,448,675	\$23,615		
Basecourse	Waka Kotahi Construction New	\$39,378,253	\$24,611,408	\$350,619			115.96%	\$48,492,125	\$30,501,118	\$427,172		
Surfacing	Waka Kotahi Construction New	\$11,406,190	\$2,339,313	\$570,310	20	4.1	115.96%	\$14,412,700	\$2,556,224	\$694,830	21	4
Bridges + Major Culverts												
Bridges	Waka Kotahi Structures New	\$51,547,016	\$17,816,376	\$570,770	90	31.2	119.10%	\$62,355,006	\$20,238,933	\$689,739	90	29
Major Culverts	Waka Kotahi Construction New	\$4,364,898	\$1,413,432	\$59,326	74	23.8	115.96%	\$5,280,097	\$1,654,726	\$71,059	74	23
Drainage												
Channels	Waka Kotahi Construction New	\$6,410,461	\$3,241,507	\$78,944	81	41.1	115.96%	\$7,485,620	\$3,822,115	\$92,189	81	41
Sumps	Waka Kotahi Construction New	\$1,071,400	\$376,546	\$21,428	50	17.6	115.96%	\$1,254,873	\$440,949	\$25,097	50	18
Culverts	Waka Kotahi Construction New	\$12,359,830	\$6,179,915	\$171,004	72	36.1	115.96%	\$14,486,353	\$7,243,177	\$200,426	72	36
Footpaths	Waka Kotahi Construction New	\$6,869,653	\$2,442,269	\$165,802	41	14.7	115.96%	\$9,231,309	\$3,713,599	\$203,466	45	18
Lighting	Waka Kotahi Construction New	\$993,366	\$562,874	\$57,657	17	9.8	115.96%	\$1,211,803	\$616,119	\$70,246	17	9
Markings	Waka Kotahi Construction New	\$432,022	\$221,303	\$84,288	5	2.6	115.96%	\$582,735	\$294,543	\$116,547	5	3
Signs	Waka Kotahi Construction New	\$1,300,211	\$676,486	\$86,662	15	7.8	115.96%	\$1,925,159	\$1,044,176	\$117,698	16	9
Walls + Traffic Facilities												
Retaining Walls	Waka Kotahi Construction New	\$12,689,357	\$9,172,918	\$253,787	50	36.1	115.96%	\$16,612,659	\$11,672,399	\$332,300	50	35
Berms	Waka Kotahi Construction New	\$5,276,996	\$5,276,996	\$0			115.96%	\$6,918,534	\$6,918,431	\$0		
Marker Posts	Waka Kotahi Construction New	\$319,766	\$159,883	\$27,490	12	5.8	115.96%	\$389,583	\$194,792	\$33,493	12	6
Railings	Waka Kotahi Construction New	\$1,465,019	\$282,034	\$29,300	50	9.6	115.96%	\$1,917,974	\$295,418	\$38,400	50	8

Table 7: SWDC Rooding Assets Values as at 30 June 2023 including change from 2022 Fair Value Update

Asset Group	Category	2022 ORC	2022 ODRC	2022 AD	Ave Base Life	Ave RUL	Escalation Factor	2023 ORC	2023 ODRC	2023 AD	Baselife	Adj RUL
Roads												
Land	Waka Kotahi Construction New	\$81,570,000	\$81,570,000	\$0			102.93%	\$81,570,000	\$81,570,000	\$0		
Formation	Waka Kotahi Construction New	\$145,860,000	\$145,860,000	\$0			102.93%	\$157,225,872	\$157,225,872	\$0		
Unsealed	Waka Kotahi Construction New	\$22,718,000	\$22,438,000	\$0			102.93%	\$25,003,943	\$24,702,501	\$0		
Subbase	Waka Kotahi Construction New	\$33,503,000	\$32,407,000	\$22,000			102.93%	\$36,629,446	\$35,448,675	\$23,615		
Basecourse	Waka Kotahi Construction New	\$44,508,000	\$27,817,000	\$396,000			102.93%	\$48,492,125	\$30,501,118	\$427,172		
Surfacing	Waka Kotahi Construction New	\$12,892,000	\$2,235,000	\$645,000	20	3.5	102.93%	\$14,412,700	\$2,556,224	\$694,830	21	4
Bridges + Major Culverts												
Bridges	Waka Kotahi Structures New	\$57,847,000	\$19,385,000	\$640,000	90	30.3	106.88%	\$62,355,006	\$20,238,933	\$689,739	90	29
Major Culverts	Waka Kotahi Construction New	\$4,898,000	\$1,561,000	\$66,000	74	23.7	102.93%	\$5,280,097	\$1,654,726	\$71,059	74	23
Drainage												
Channels	Waka Kotahi Construction New	\$6,903,000	\$3,488,000	\$85,000	81	41.0	102.93%	\$7,485,620	\$3,822,115	\$92,189	81	41
Sumps	Waka Kotahi Construction New	\$1,160,000	\$408,000	\$23,000	50	17.7	102.93%	\$1,254,873	\$440,949	\$25,097	50	18
Culverts	Waka Kotahi Construction New	\$13,439,000	\$6,720,000	\$186,000	72	36.1	102.93%	\$14,486,353	\$7,243,177	\$200,426	72	36
Footpaths	Waka Kotahi Construction New	\$7,741,000	\$2,683,000	\$187,000	41	14.3	102.93%	\$9,231,309	\$3,713,599	\$203,466	45	18
Lighting	Waka Kotahi Construction New	\$1,123,000	\$603,000	\$65,000	17	9.3	102.93%	\$1,211,803	\$616,119	\$70,246	17	9
Markings	Waka Kotahi Construction New	\$541,000	\$274,000	\$108,000	5	2.5	102.93%	\$582,735	\$294,543	\$116,547	5	3
Signs	Waka Kotahi Construction New	\$1,639,000	\$837,000	\$109,000	15	7.7	102.93%	\$1,925,159	\$1,044,176	\$117,698	16	9
Walls + Traffic Facilities												
Retaining Walls	Waka Kotahi Construction New	\$14,431,000	\$10,286,000	\$289,000	50	35.6	102.93%	\$16,612,659	\$11,672,399	\$332,300	50	35
Berms	Waka Kotahi Construction New	\$6,001,000	\$6,001,000	\$0			102.93%	\$6,918,534	\$6,918,431	\$0		
Marker Posts	Waka Kotahi Construction New	\$361,000	\$181,000	\$31,000	12	5.8	102.93%	\$389,583	\$194,792	\$33,493	12	6
Railings	Waka Kotahi Construction New	\$1,666,000	\$289,000	\$33,000	50	8.8	102.93%	\$1,917,974	\$295,418	\$38,400	50	8

4 Conclusion

The changes in the fair value of SWDC's 3 Waters and Rooding assets between 30 June 2023 and 30 June 2022 are summarised in Table 8 below.

Table 8: Summary of Variations in Value for SWDC Rooding and 3 Waters Assets between 30 June 2022 and 30 June 2023

Source of Variation	2022 to 2023 Change 3 Waters ODRC	2022 to 2023 Change Rooding ODRC	2022 to 2023 Change Total ODRC
Unit Rates	8.0%	6.8%	7.4%
Asset Lives	0%	0%	0%
Residual Value	0%	0%	0%
Optimisation	N/A	N/A	N/A
Impairment	N/A	N/A	N/A
Additions, Vested + Deletions	0.9%	0.1%	0.5%
Depreciation	-2.5%	-0.8%	-1.6%
Other Changes in assumptions	Excluded	Excluded	Excluded
Total 2022 to 2023 Change in Value	7.1	6.9	6.9%

We have assessed the total fair value of SWDC Rooding and 3 Waters Assets has increased by 6.9% between 30 June 2022 to 30 June 2023. This is made up of 7.4% increase in unit rates, a 0.5% increase in the combined effect of additions deletions and vested assets, with these increases partially offset by depreciation of 1.6%.

The June 2023 fair value of SWDC 3 Waters and Rooding assets is assessed to be **\$489.61M**. This is an increase of **\$ 71.5M** (17.1%) since the 2021 full valuation, or an increase of **\$31.7M** (6.9%) since the 2022 assessment.

We believe the values reported in this fair value assessment is suitable for inclusion in South Wairarapa District Council's 2023 financial reporting.

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Appendix 5 – LGOIMA's register to 23 July 2023

Appendix 5 – LGOIMA’s register to 23 July 2023

Official information requests 24 April-30 June 2023			
No.	Date Received	Date due	Request
064	24-Apr-23	23-May-23	Suspensions
065	24-Apr-23	23-May-23	Redundancies
066	24-Apr-23	23-May-23	Graphic Design
067	24-Apr-23	23-May-23	Cape Palliser Road
068	1-May-23	29-May-23	Sick Days
069	1-May-23	29-May-23	Bonuses/Pay awards
070	2-May-23	30-May-23	Council functions funded by the General Rate on Land Value and Functions funded by UAGC
071	5-May-23	2-Jun-23	Wairarapa Mayoral Relief Fund
079	5-May-23	2-Jun-23	Featherston Wastewater Treatment Plant
072	6-May-23	2-Jun-23	Rating and LTP policies (legal advice /contractors)
073	8-May-23	6-Jun-23	Geotech Reports for Greytown Orchards Retirement Village
074	9-May-23	7-Jun-23	Lowest rates query
076	9-May-23	7-Jun-23	Changes to Software Portal used to process Building Consent applications
075	9-May-23	14-Jun-23	Annual plan 23/24 - roading and financing weather events
077	10-May-23	8-Jun-23	Mayor's communications/ policies and papers on fluoridation
078	10-May-23	8-Jun-23	Application of agricultural sprays to foraging areas
105	10-May-23	30-Jun-23	Finances Annual Plan 23/24
080	15-May-23	13-Jun-23	Electric vehicles
081	16-May-23	14-Jun-23	Correspondence - Responsible Campers Association Inc (RCAi)
082	17-May-23	15-Jun-23	Council functions funded by the General Rate
083	17-May-23	15-Jun-23	Animal Control - loans and rates
084	17-May-23	15-Jun-23	Legal costs - call to close Te Awaiti and North Tora campsites in 2021.
085	18-May-23	16-Jun-23	Amenities
086	18-May-23	16-Jun-23	Road maintenance
087	19-May-23	19-Jun-23	Speed review
088	22-May-23	20-Jun-23	Watt Street Featherston - General Complaints
089	23-May-23	21-Jun-23	Rates, roading
114	23-May-23	7-Jul-23	Roading and contractor management
090	25-May-23	23-Jun-23	Library staff
091	26-May-23	26-Jun-23	Staffing, Advertising etc
092	26-May-23	26-Jun-23	Staffing costs
093	29-May-23	27-Jun-23	South Wairarapa Property Information
094	30-May-23	28-Jun-23	Rates review 2018
095	30-May-23	28-Jun-23	Code of conduct investigation
096	31-May-23	29-Jun-23	Burial fees
097	2-Jun-23	30-Jun-23	Arrears
098	7-Jun-23	5-Jul-23	Animal control bylaw
110	9-Jun-23	3-Jul-23	Annual Plan additional queries

Official information requests 24 April-30 June 2023			
No.	Date Received	Date due	Request
099	9-Jun-23	7-Jul-23	Improving the safety of boarding houses
100	11-Jun-23	7-Jul-23	Repair and installation of a footpath on Greenaway Place, Martinborough
101	13-Jun-23	11-Jul-23	Setting of rates - unanswered queries
102	13-Jun-23	11-Jul-23	Underhill Road Safety
103	13-Jun-23	11-Jul-23	Lake Ferry community sewerage system
104	14-Jun-23	12-Jul-23	195 East St Greytown
106	16-Jun-23	17-Jul-23	Wastewater
107	16-Jun-23	17-Jul-23	Report on the state of the underground network
108	16-Jun-23	17-Jul-23	Wellington Water - finances
109	16-Jun-23	17-Jul-23	Rateable properties
111	22-Jun-23	5-Jul-23	Water maintenance and preventative schedules
112	23-Jun-23	24-Jul-23	Most commercial/business/industrial rates owed by any individual/trust/company/other organisation in the Featherston ward
113	23-Jun-23	24-Jul-23	Rural road reserve and footpaths (rates)
115	28-Jun-23	27-Jul-23	Rates review 2018
116	28-Jun-23	27-Jul-23	Featherston Wastewater
117	28-Jun-23	27-Jul-23	Featherston Wastewater
118	28-Jun-23	27-Jul-23	Wastewater South Wairarapa
119	28-Jun-23	27-Jul-23	Wellington Water services
120	29-Jun-23	28-Jul-23	Rates reviews from 2002 to present
122	30-Jun-23	31-Jul-23	Bottled Water and Flowers expenditure
123	30-Jun-23	31-Jul-23	Lake Ferry Holiday Park
124	30-Jun-23	31-Jul-23	Overseas workers