



## **Finance Committee Meeting Agenda – 25 October 2023**

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### **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 9.30am. The meeting will be held in public, live-streamed where possible 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/>

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### **A. 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 1-9

***Proposed resolution:*** That the minutes of the Finance Committee meeting held on 9 August 2023 and 13 September 2023 are a true and correct record.

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

Pages 10-11

**A8. Matters arising from previous minutes**

### **B. Information Reports from the Interim Chief Executive and Council Officers**

**B1. Finance Report**

Pages 12-80

**B2. Action Items**

Pages 81-83

**C. Community and Youth Grants 2023-24**

**C1.** Continuation of Grant Funding Deliberations 2023/2024

Pages 84-90

**C2.** Improve Community & Youth Grant process 2024/2025

Pages 91-92

**D. Karakia Whakamutunga - Closing**

**Finance Committee  
Minutes from 9 August 2023**

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<b>Present:</b>	Councillor Colin Olds (Chair), Mayor Martin Connelly (via Zoom), Councillors Martin Bosley and Aaron Woodcock, Narida Hooper (via Zoom from 10:21am to 12:08pm)
<b>Apologies:</b>	Councillor Kaye McAulay
<b>In Attendance:</b>	Deputy Mayor Melissa Sadler-Futter, Councillor Pip Maynard
<b>Also In Attendance:</b>	Paul Gardner (Acting Chief Executive/General Manager HR and Corporate Services), Karon Ashforth (General Manager Finance), Russell O’Leary (Group Manager Planning and Environment), Rick Mead (Manager Environmental Services), and Amy Andersen (Committee Advisor). Darren Williamson (via Zoom) (Marsh Insurance)
<b>Conduct of Business:</b>	This meeting was held in Supper Room, Waihinga Centre, Texas 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 10:01am to 12:19pm except where expressly noted.

**Public forum:**

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**Open Section**

- A1. Mihi/Karakia Timatanga - Opening**  
Cr Bosley opened the meeting.
- A2. Apologies**  
*FINANCE COMMITTEE RESOLVED (FI2023/12)* to accept apologies from Cr McAulay.  
(Moved Cr Woodcock/Seconded Cr Bosley) Carried
- A3. Conflicts of Interest**  
There were no conflicts of interest.
- A4. Public Participation**  
There was no public participation.

**A5. Actions from public participation**

There was no public participation.

**A6. Extraordinary Business**

There was no extraordinary business.

**A7. Confirmation of Minutes**

*FINANCE COMMITTEE RESOLVED (FI2023/13)* that the minutes of the Finance Committee held on 3 May 2023 are a true and correct record.

*(Moved Cr Bosley, Seconded Cr Woodcock)*

Carried

**A8. Matters arising from previous minutes**

*A5. Actions from public participation*

Mr O’Leary and Mr Mead provided an interim update on Action 172 and noted this report is in progress and confirmed this would be sent directly to members of the committee prior to the next meeting.

Mr Meads provided an update and background, discussion with the Ministry for Primary Industries to become accredited and costs in terms of what council would need to do this, including compliance costs.

Members queried alignment with other local councils, and possible amalgamation with Masterton and Carterton District Councils.

Noted: Shared/integrated services will be included in the Long-Term Plan 2024-2034.

**B Decision Reports from Chief Executive and Staff**

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

Mr Gardner spoke to matters included in the report and responded to queries from members including whether headway was being made with actions, outcomes, reporting and measures of success.

Members discussed the background of the project and the budget presented by WEDS.

Noted: Discussion with local business groups regarding their views on economic development would be included in the Long-Term Plan process.

*FINANCE COMMITTEE RESOLVED (FI2023/14) to:*

1. Receives the *Wairarapa Economic Development Strategy (WEDS) Work Programme for Approval Report*.
2. Receives the Letter of Endorsement from the WEDS Forum Chair.
3. Approve the WEDS Work Programme for 2023-2024, as per the attached workplan and budget.

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.

*(Moved Mayor Connelly, Seconded Cr Bosley)*

Carried

## C

### Information Reports from Chief Executive and Staff

#### C1. Finance Report

Ms Ashforth spoke to the report, noting it would also be tabled at the Assurance & Risk Committee.

Ms Ashforth noted that the year-end report -1<sup>st</sup> draft would be ready by 31 August for Audit NZ. It was also noted that there had been an increase in abuse and complaints to staff following the recent rates increase.

Ms Ashforth responded to queries from members including: Wellington Water over-expenditure; rates arrears; the amount of people using direct debit to pay their rates; the mechanisms are in place to support staff wellbeing when abuse from ratepayers occurs; whether unused capital could be spent on Greytown pensioner housing that is currently vacant; commercial building use of council buildings/venues; further explanation of the water services summary breakdown of borrowing; new spaces purchased; expenditure relating to smart meters; funding relating to the Greytown Wheels Park; decline in income relating to the buildings sector; coastal areas refuse/recycling (Long-Term Plan /rating review); and green spaces / placemaking.

**Action 306:** Provide to Committee members a breakdown of summary of borrowings from LGFA confidentially via email. K Ashforth

Members acknowledged Council Officers for staying under budget.

Mr Gardner noted he met with Louise Brown, Greytown Community Board Chairperson and Stefan Corbett, Group Manager Partnerships & Operations regarding the use of Greytown council buildings and there was a pause on any plans for the Greytown building pending exploratory work.

Also, Mr Gardner noted he had met with Cr Gray and Deputy Mayor Sadler-Futter regarding the review of Council buildings to identify the future use of property.

Members queried the possible use of land (85-87 West Street, Greytown); it was noted that discussions were being held at a Greytown level and district wide to better understand the appropriate use of council land and properties into the future.

Mr Gardner noted the current [Investments Policy](#) is conservative, and that Council would need to review policy to ensure this is fit for purpose.

Noted this would be added to list of policies for review under the Long-Term Plan process.

**Q&A session:**

- What are your previous Audit fees last year and the new ones?  
Audit NZ have issued have provided new costs. Meeting with Audit NZ next week, proposing 2023 fees are increased 108k to 153k for annual year-end audit, excludes LTP audit. No impact on budget now, but unsure for LTP at this stage.
- Combined with the three I's of inflation, interest, insurance, what is council looking to do to manage costs? Cost savings possible through service level changes.
- How are employee entitlements being managed? Annual leave accruals are a concern every year, it hasn't been identified as a significant risk, but is getting there. Certain areas of the organisation have higher accruals due to resourcing constraints, legislative compliance and long serving members of staff who have accrued over time, and still feeling effects of COVID.

The meeting was adjourned at 11:19am.

The meeting was reconvened at 11:33am.

Ms Ashforth, supported by Mr Williamson of Marsh, spoke to matters relating to insurance. It was noted, the current figures included in the report are not final, estimates only, and these would be finalised at next meeting of the committee. Mr Williamson responded to members queries including: ability to bulk buy with other councils; self-funding of insurance; any significant losses that Council had incurred; how many claims Council has made in the last year; vehicle insurance increases; and any suggestions from Marsh regarding the current approach to help ratepayers recognise that Council has done its best to moderate the increase.

Ms Ashforth noted that Marsh work with other local councils who are experiencing the same issues.

Noted for inclusion in Long-Term Plan discussions: full insurance of assets, funding losses independently, bulk-buying with other councils / integration and alignment (MDC/CDC), review of insurance policy (e.g. toilet blocks).

Ms Ashforth responded to queries including revaluation of assets for audit versus insurance.

*FINANCE COMMITTEE RESOLVED (FI2023/15) to:*

1. Receive the *Finance Report* as of 31 May 2023.  
(*Moved Cr Bosley/Seconded Cr Woodcock*)

Carried

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.

**D**

*[Items 2-10 read together]*

*(Moved Olds/Seconded Connelly)*

Carried

### 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 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 (FI2023/16) 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)

*(Moved Cr Olds/Seconded Cr Bosley)*

Carried

### D1. Confirmation of public excluded minutes

**E**

### Karakia Whakamutunga – Closing

Cr Bosley closed the meeting.

The meeting was closed at 12:19pm.

**Confirmed as a true and correct record**

.....(Chair)

.....(Date)





**Finance Committee  
Community and Youth Grants Considerations and Deliberations  
Minutes from 13 September 2023**

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<b>Present:</b>	Councillor Martin Bosley (Chair), Mayor Martin Connelly, Councillor Aaron Woodcock and Narida Hooper (Māori Standing Committee Representative) (from 11:16am).
<b>Apologies:</b>	Councillors Colin Olds and Kaye McAulay
<b>In Attendance:</b>	Amanda Bradley (General Manager, Policy and Governance), Nicki Ansell (Lead Advisor Community Governance), Siv Fjaerestad (Community Development Co-ordinator) and Amy Andersen (Committee Advisor).
<b>Applicants:</b>	Amanda Taylor, Michael Wilson, Robbie Taylor, Jorge Sandoval, Mike Butterick, John Gilberthorpe, Luke Tiller, Pat Dette, Lloyd Warren, Rebecca Vergunst, Sarah McClintock, Max Stevens and Pam Colenso, Rachel Fletcher, Nick Rogers, May Croft, Tahlia Steedman, Taizak Walker, Cheryl Watson, Mary Biggs, and Dougall Shelton.
<b>Conduct of Business:</b>	This meeting was held in Supper Room, Waihinga Centre, Texas 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 10:33am to 3:43pm except where expressly noted.

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**Open Section**

**A1. Mihi/Karakia Timatanga - Opening**

Cr Bosley opened the meeting.

**A2. Apologies**

*FINANCE COMMITTEE RESOLVED (FI2023/18) to accept apologies from Cr Olds and Cr McAulay; and Ms Hooper for lateness.*

*(Moved Cr Woodcock /Seconded Mayor Connelly)*

**Carried**

**A3. Conflicts of Interest**

Mayor Connelly declared conflicts with Featherston RSA and Greytown MenzShed as he is a member of both. Cr Bosley declared a conflict with Country Village Heaven Trust due to his involvement in Festival of Christmas (note: this was declared in section C after the applicants had presented).

#### **A4. Applicants speaking schedule**

Cr Bosely clarified changes to the speaking schedule.

#### **B Community and Youth Grants Considerations**

The following applicants spoke to the Committee regarding their application:

- Amanda Taylor – House of Science
- Michael Wilson – Access Radio
- Robbie Taylor – Featherston Memorial RSA
- Jorge Sandoval – All Kiwi Sports Club Inc.
- Mike Butterick – Wings Over Wairarapa
- John Gilberthorpe – Greytown Little Theatre

Ms Hooper joined the meeting at 11:16am.

- Luke Tiller – Youthline

Meeting adjourned at 11:28am.

Meeting reconvened at 12:29pm.

- Pat Dette and Lloyd Warren – Martinborough Community Patrol
- Rebecca Vergunst – Hokai Tahi Charitable Trust
- Sarah McClintock – Aratoi Regional Trust
- Max Stevens and Pam Colenso – Martinborough Museum
- Rachel Fletcher and Nick Rogers – Country Village Heaven Trust
- May Croft – Martinborough Waiwaste and Foodbox
- Wairarapa Whanau Trust – Tahlia Steedman & Taizak Walker
- Wellington Free Ambulance – Cheryl Watson
- Mary Biggs – Booktown
- Dougall Shelton – Greytown Scout Group

Meeting reconvened at 2:24pm.

#### **C Deliberations**

Members discussed the allocation of funds, with support from Ms Bradley, Ms Ansell and Ms Fjaerestad.

The applicants identified as being required to submit further information will be contacted by Council Officers and further information will be presented to the Committee at their next meeting for consideration on 25 October 2023.

*FINANCE COMMITTEE RESOLVED (FI2023/19) to:*

1. Receive the *Grant Funding Allocations 2023-24* Report.

*(Moved Cr Woodcock / Seconded Mayor Connolly)*

Carried

2. Grant community and youth grant applicants (as agreed and attached) a combined total of \$74,494.00 to undertake projects as outlined in applications as submitted.

*(Moved Mayor Connelly/Seconded Cr Woodcock)*

Carried

**D Karakia Whakamutunga – Closing**

Ms Hooper closed the meeting.

The meeting was closed at 3:43pm.

**Appendix 1: Community and Youth Grants 2023-2024**

**Confirmed as a true and correct record**

.....(Chair)

.....(Date)

..... (Chief Executive)

.....(Date)



**Finance Committee  
Public Excluded Minutes from 9 August 2023**

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<b>Present:</b>	Councillor Colin Olds (Chair), Mayor Martin Connelly (via Zoom), Councillors Martin Bosley and Aaron Woodcock.
<b>Apologies:</b>	Councillor Kaye McAulay
<b>In Attendance:</b>	Deputy Mayor Melissa Sadler-Futter, Councillor Pip Maynard
<b>Also In Attendance:</b>	Paul Gardner (Interim Chief Executive) Karon Ashforth (General Manager Finance), Russell O’Leary (Group Manager Planning and Environment), and Amy Andersen (Committee Advisor).
<b>Conduct of Business:</b>	This meeting was held in Supper Room, Waihinga Centre, Texas 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 12:18pm to 12:19pm except where expressly noted.

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**Open Section**

**A1. Mihi/Karakia Timatanga - Opening**

Cr Bosley opened the meeting.

**A2. Apologies**

*FINANCE COMMITTEE RESOLVED (FI2023/12) to accept apologies from Cr McAulay.*

*(Moved Cr Woodcock/Seconded Cr Bosley)*

Carried

**E Public Excluded Business**

**D 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 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 (FI2023/16) 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)

*(Moved Cr Olds/Seconded Cr Bosley)*

Carried

## **D1 Confirmation of public excluded minutes**

FINANCE COMMITTEE RESOLVED (FI2023/17PE) that:

1. The public excluded minutes of the Finance Committee held on 3 May 2023 are a true and correct record.
2. The associated minutes stay in public excluded until the Chief Executive determines there are no longer any reasons to withhold the information under the Act.

*(Moved Cr Bosley/Seconded Cr Woodcock)*

Carried

## **E Karakia Whakamutunga – Closing** Cr Bosley closed the meeting.

The meeting closed at 12:19pm.

**Confirmed as a true and correct record**

.....(Chair)

.....(Date)



25 October 2023

Finance  
Committee Agenda  
Item: B1

Assurance and Risk Committee  
Agenda Item: B1

## Finance Report

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### 1. Purpose

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

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

### 2. Recommendations

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

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

### 3. Items for Consideration

#### 3.1 Draft Finance Results as at 30 June 2023

Refer Draft Annual Report 2022/23, Finance Section.

#### 3.2 Insurance Premiums 2023/24

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

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

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

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

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

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

### 3.3 Annual Audit 2022/23

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

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

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

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

### **3.4 Water Services Reform Programme-Finance & Commercial workstream**

#### **Implementation of the April 2023 water reform reset.**

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

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

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

#### **3.4.1. Issues and Risks**

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

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

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

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



### **3.4.2. Mitigations**

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

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

### **3.4.3. Finance workstream – Debt Validation 30 June 2022**

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

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

### **3.4.4. Financial and Resourcing – transition funding**

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

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

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

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

## **4. Appendices**

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

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

Appendix 3 – Proposed draft Financial Delegation Policy.

Contact Officer: Karon Ashforth, General Manager Finance

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



# **Financial Statements**

## **NGA PORONGO POTEA**

# Financial Statements

## Ngā Pūrongo Pūtea

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

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

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

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

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

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

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

## Statement of Financial Position as at 30 June 2023

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

## Statement of Cash Flows for the Year Ended 30 June 2023

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

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

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

# Notes to the Financial Statements

## He Kōrero mō ngā Pūrongo Pūtea

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

#### Reporting Entity

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

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

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

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

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

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

#### Basis of Preparation

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

#### Statement of Compliance

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

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

These financial statements comply with PBE RDR Accounting Standards.

#### Measurement Base

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

#### Functional and Presentation Currency

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

#### Changes in Accounting Policies

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

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

### Significant Accounting Policies

#### Revenue

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

#### Rates Revenue

The following policies for rates have been applied:

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

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

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

Revenue from water-by-meter rates is recognised



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

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

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

#### **Other Revenue**

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

Other grants are recognised as revenue when they are received unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grants are satisfied. Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.

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

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

Interest revenue is recognised using the effective interest method.

#### **Development Contributions**

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

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

#### **Borrowing Costs**

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

#### **Grant Expenditure**

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where SWDC has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of the SWDC's decision.

#### **Leases**

##### **Finance Leases**

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

At the commencement of the lease term, the SWDC recognises finance leases as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The finance charge is charged to the statement of financial performance over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether the SWDC will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

##### **Operating Leases**

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

### **Debtors and Other Receivables**

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

A provision for impairment of receivables is established when there is objective evidence that the SWDC will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest method.

### **Financial Assets**

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

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Financial assets and liabilities are initially measured at fair value plus transaction costs.

Purchases and sales of investments are recognised on trade-date, the date on which the SWDC commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the SWDC has transferred substantially all the risks and rewards of ownership.

The categories of financial assets are:

#### ***Loans and receivables***

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

#### ***Held to maturity investments***

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

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

### ***Fair value through other comprehensive revenue and expense***

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

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

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

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

### **Fair Value**

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

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

### **Impairment of Financial Assets**

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

### **Loans and other receivables, and held to maturity investments**

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

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

### **Financial assets at fair value through other comprehensive revenue and expense**

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

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

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

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

If in a subsequent period the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed in the surplus or deficit.

### **Non-Current Assets Held for Sale**

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

Any impairment losses for write-downs of Non-current Assets held for sale are recognised in the statement of Comprehensive Revenue and Expense.

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

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

### **Property, Plant and Equipment**

Property, plant and equipment consist of:

#### ***Operational Assets***

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

#### ***Restricted Assets***

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

#### ***Infrastructure Assets***

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

#### ***Heritage Assets***

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

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

### Additions

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

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

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

### Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the statement of Comprehensive revenue and expense. When revalued assets are

sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

### Subsequent Costs

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

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

### Depreciation

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

**Table 6: Depreciation**

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

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

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

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

## Revaluation

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

SWDC assesses the carrying values of its revalued assets annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued.

SWDC accounts for revaluations of property, plant and equipment on a class of asset basis.

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

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

## Land and Buildings

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

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

## Infrastructure Assets

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

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

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

## Playground Equipment

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

## Vested Assets

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

## Library Collections

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

## Assets Held for Sale

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

## Intangible Assets

### Software Acquisition and Development

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



employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised as an expense when incurred.

### **Amortisation**

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

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

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

### **Investment Properties**

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

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

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

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

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

### **Impairment of Property, Plant, Equipment and Intangible Assets**

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

changes in circumstances indicate that the carrying amount may not be recovered. When there is an indicator of impairment, the asset recoverable amount is estimated. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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

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

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

If an asset's carrying amount exceeds its recoverable amount the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the statement of Comprehensive revenue and expense.

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

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in the statement of financial performance, a reversal of the impairment loss is also recognised in the statement of Comprehensive revenue and expense.

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

## Creditors and Other Payables

Creditors and other payables are recorded at their face value.

## Employee Entitlements

### Short-term Employee Entitlements

Employee benefits that the SWDC expects to be settled within twelve months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, long service leave entitlements expected to be settled within twelve months, and sick leave.

The SWDC recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earning in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that the SWDC anticipates it will be used by staff to cover those future absences.

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

### Presentation of Employee Entitlements

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

## Long-term Employee Entitlements

### Superannuation Schemes

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

### Provisions

The SWDC recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the

obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as a finance cost expense.

## Borrowings

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

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

## Equity

Equity is the community's interest in the SWDC and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves.

The components of equity are:

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

## Restricted and Council Created Reserves

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

Restricted reserves are those subject to specific conditions accepted as binding by the SWDC and which may not be revised by the SWDC without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Also included in restricted reserves are reserves restricted by Council decision. The Council may alter them without references to any third party or the

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

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

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

### Goods and Services Tax (GST)

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

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, are classified as an operating cash flow in the statement of cash flows. Commitments and contingencies are disclosed exclusive of GST.

### Budget Figures

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

### Cost Allocation

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

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

### Critical Accounting Estimates and Assumptions

In preparing these financial statements, the SWDC has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

#### Landfill Aftercare Provision

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

#### Infrastructural Assets

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

These include:

- The physical deterioration and condition of an asset, for example the SWDC could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets, which are not visible, for example stormwater, wastewater and water supply pipes that are underground. This risk is minimized by the SWDC performing a combination of physical inspections and condition modelling assessments of underground assets.
- Estimating any obsolescence or surplus capacity of an asset.
- Estimates are made when determining the remaining useful lives over which the assets will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then the SWDC could be over- and under-estimating the annual depreciation charge recognised as an expense in the statement of Comprehensive revenue and expense.
- To minimise this risk, SWDC's infrastructural assets' useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local



conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of the SWDC asset management planning activities, which gives the SWDC further assurance over its useful life estimates.

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

### **Critical Judgments in Applying the SWDC's Accounting Policies**

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

#### **Classification of Property**

SWDC owns a number of properties, which are maintained primarily to provide housing to pensioners. The receipt of market-based rental from these properties is incidental to holding these properties. These properties are held for service delivery objectives as part of the SWDC's social housing policy. These properties are accounted for as property, plant and equipment.

#### **Statement of Cash Flows**

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

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

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

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

#### **Standards Issued but not yet effective and not early adopted**

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

**Check if any**

## Note 2: Rates Revenue

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

### Rates Remission

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

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

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

### Note 3: Finance Revenue and Costs

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

### Note 4: Grants, Subsidies and Donations

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

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

### Assets Vesting in Council

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

### Note 5: Miscellaneous Revenue

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

### Note 6: Other Gains and Losses

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

## Note 7: Personnel Costs

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

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

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

## Note 8: Other Expenses

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

## Note 9: Cash and Cash Equivalents

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

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

## Maturity Analysis and Effective Interest Rates

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

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

## Note 10: Debtors and Other Receivables

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

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

	30 June 2023 \$000	30 June 2022 \$000
Collective impairment	95	117
<b>Total provision for impairment</b>	<b>95</b>	<b>117</b>

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

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

## Note 11: Investments

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

There were no impairment provisions for other financial assets.

## Maturity Analysis and Effective Interest Rates

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

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

## Other Financial Assets

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

## Unlisted Shares – Valuation

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

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

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

## Impairment

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

## Note 12: Non-Current Assets Held for Sale

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

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

### Note 13: Investment Properties

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

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

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

### Note 14: Intangible Assets

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

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

### Note 15: Property, Plant and Equipment 2022-2023

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

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



**Note 15: Property, Plant and Equipment 2021-2022**

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

## Depreciation and Amortisation Expense by Group of Activity

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

## Note 16: Creditors and Other Payables

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

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

## Note 17: Employee Entitlements

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

## Note 18: Provisions

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

### Provision for Landfill Aftercare Costs

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

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

## Note 19: Borrowings

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

### Fixed-rate Debt

SWDC's secured debt of \$28,900,000 (2022: \$26,400,000) is issued at fixed rates of interest.

The weighted average interest rate of SWDC's debt is 3.27% (2022: 2.81%)

### Security

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

SWDC manages its borrowings in accordance with its funding and financial policies, which includes a Liability Management policy. These policies have been adopted as part of the SWDC's Long Term Plan.

## Note 20: Equity

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

## Note 21: Statement of Capital Commitments and Operating Leases

	30 June 2023 \$000	30 June 2022 \$000
<b>Capital commitments</b>		
Roding	1,201	2,402
Pain Farm	-	27
<b>Total capital commitments</b>	<b>1,201</b>	<b>2,429</b>

Refer to Note 13 for capital commitments for investments properties.

### Operating Leases as Lessor

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

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

### Operating Leases as Lessee

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

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

## Note 22: Contingencies

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

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

No contingent rents have been recognised during the period.

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

### Local Government Funding Agency (LGFA)

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

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

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

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

- the Council is not aware of any local authority debt default events in New Zealand; and,
- Local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

## Note 23: Related Party Transactions

### Key Management Personnel

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

## Note 24: Remuneration

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

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

### Chief Executive

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

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

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

### Severance Payments

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

## Elected Representatives

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

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

\* Newly elected October 2022

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

## **Note 25: Events after Balance Date**

### **Riskpool**

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

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

### **Water Services Reform Programme**

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

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

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

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

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



## Note 26: Financial Instrument Categories

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

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

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

## Note 27: Internal Borrowing

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

## Note 28: Explanation of Major Variances against Budget

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

### Statement of Comprehensive Revenue and Expense

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

The increase in revenue reflects:

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

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

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

### Statement of Financial Position

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

### Statement of Cashflows

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

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

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

## Other Legislative Disclosures

### Local Government Act 2002 – Financial Disclosures

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

### Insurance of Assets

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

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

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

### Reporting Format

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

### Rating Base Information

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

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

## Network Assets

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

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

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

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

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

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

# Financial Prudence Benchmarks

## Ngā Paerewa Pūtea

### Financial Prudence Disclosure Statement

#### What is the purpose of this statement?

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

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

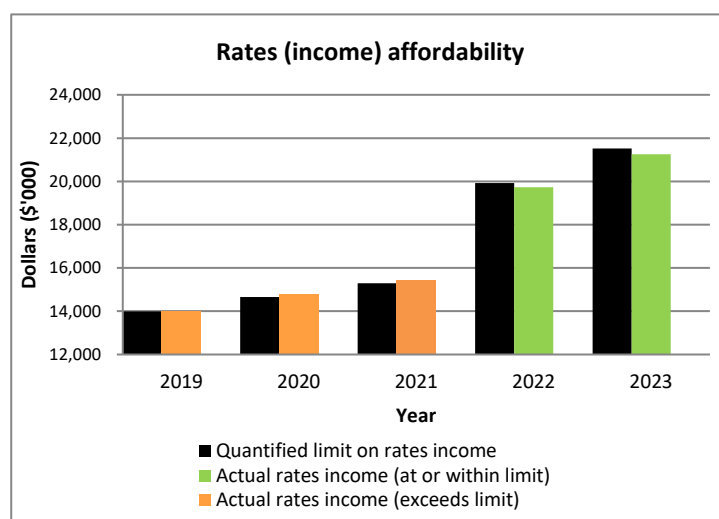
#### Rates affordability benchmark

The Council meets the rates affordability benchmark if:

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

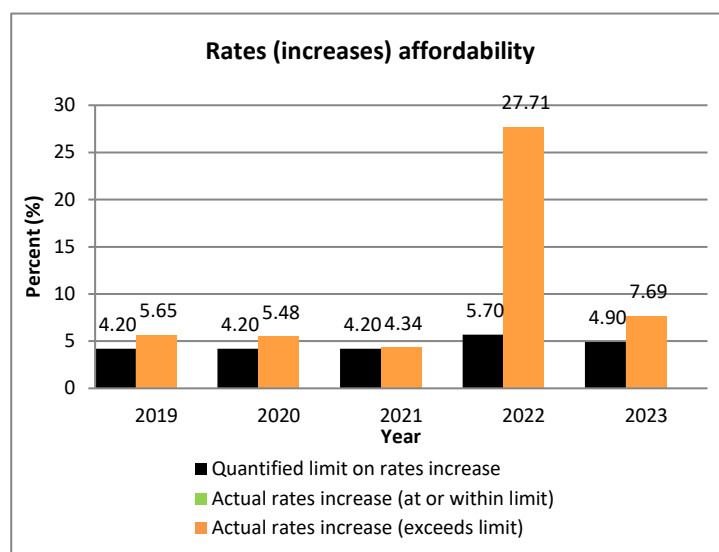
#### Rates (income) affordability

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



#### Rates (increases) affordability

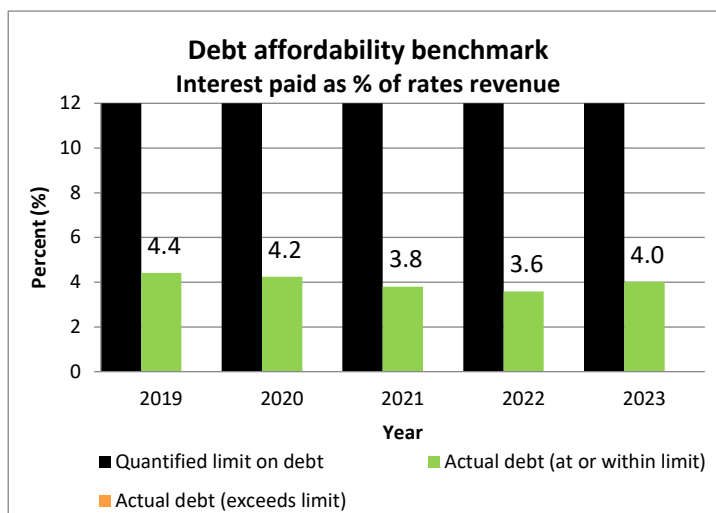
This graph compares the Council's actual rates increases with a quantified limit on rates increases included in the financial strategy of the Council's long-term plan. The quantified limit is the percentage change in average rates and should not exceed the increase in the opening BER local government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



### Debt affordability benchmark

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

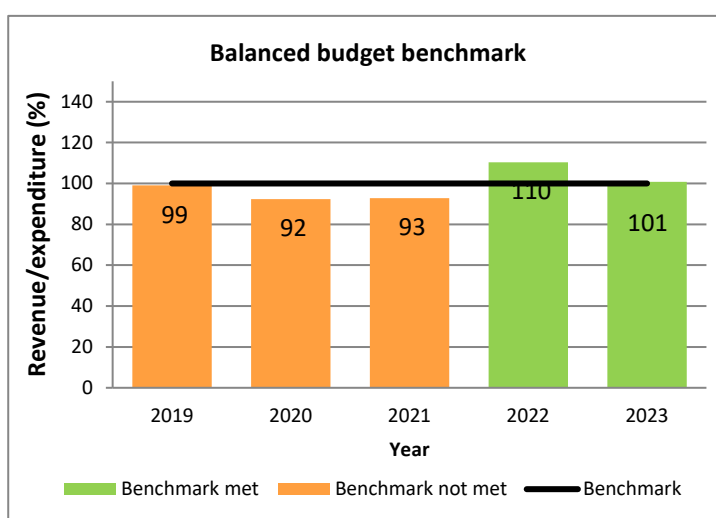
The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council's long-term plan. The quantified limit is that gross interest paid on term debt must not exceed 12 percent of rates revenue.



### Balanced budget benchmark

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

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

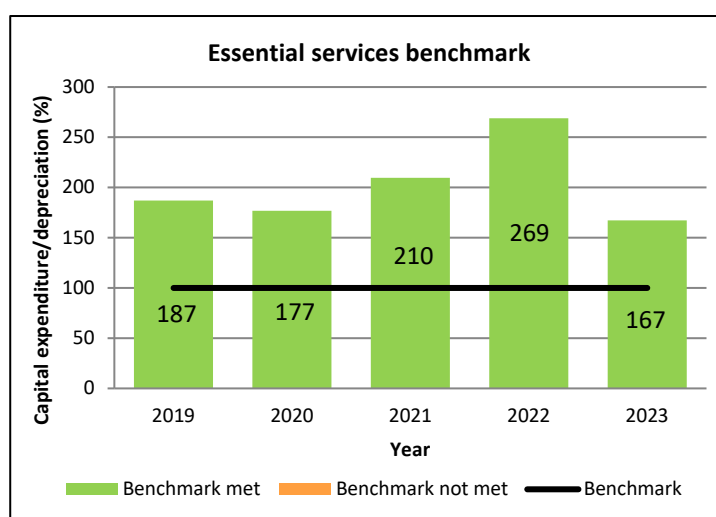


### Essential services benchmark

This graph displays the Council's capital expenditure on network services as a proportion of depreciation on network services.

The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.

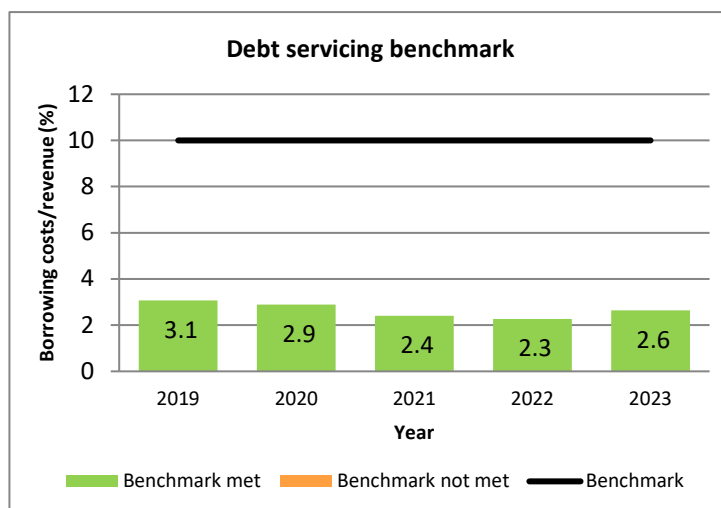
Council plans its network expenditure to ensure assets are maintained for the very long term, and on an as needed basis. Expenditure is based on maintenance need. Unspent funds are held in reserve until required.



### Debt servicing benchmark

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

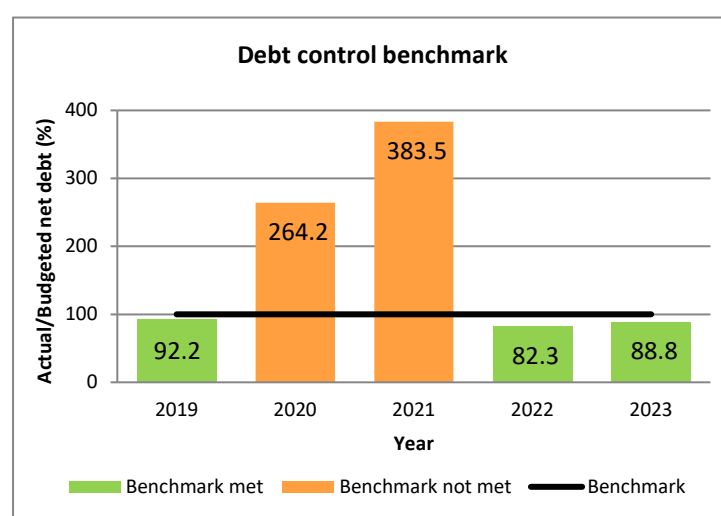
Because Statistics New Zealand projects the Council's population will grow more slowly than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



### Debt control benchmark

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

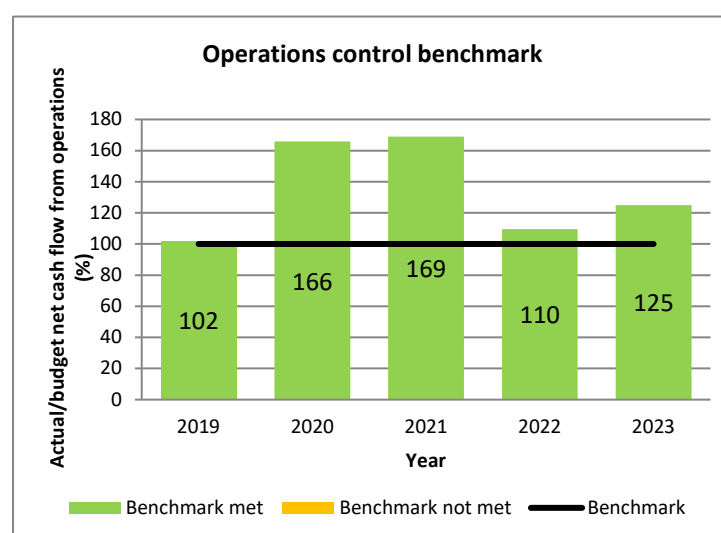
Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



### Operations control benchmark

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

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





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

Paul Gardner  
 South Wairarapa District Council  
 PO Box 6  
 Martinborough  
 5741

**RE: Payment for water services infrastructure debt**

Dear Paul

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

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

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

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

**Balances as at 30 June 2022**

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

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

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

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

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

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

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

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

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

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

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

Yours faithfully



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

**Department of Internal Affairs | Te Tari Taiwhenua**

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

*Thriving local communities, together*

## **Appendix 3 – Proposed draft Financial Delegation Policy**



SOUTH WAIRARAPA  
DISTRICT COUNCIL

*Kia Reretahi Tātau*

# Financial Delegations Policy

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

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# Financial Delegations Policy

## 1. Purpose

This internal Policy:

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

## 2. Scope

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

## 3. Principles

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

## 4. Limitations

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

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

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



## 5. Policy Statements

### 5.1. Delegations:

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

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

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

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

### 5.2. General rules

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

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

### 5.3. One-up Rule

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

The one-up rule must be used when:

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

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

## 5.4. Temporary delegations

Temporary delegated authority:

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

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

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

## 5.5. Non-existent positions

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

## 5.6. Unclear or conflicting delegations

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

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

## 6. Delegations Schedules

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

### 6.1. 1: DFA Levels and positions with the Council

DFA Level	Position within the Council
7	Council
6	Chief Executive Officer
5	General Manager Finance Group Managers: <ul style="list-style-type: none"><li>▸ Partnerships and Operations</li><li>▸ Planning and Environment</li></ul>
4	General Managers: <ul style="list-style-type: none"><li>▸ Policy and Governance</li><li>▸ Human Resources and Corporate Services</li></ul>
3	Roading Manager Partnerships and Operations Manager (Amenities)
2	Managers: <ul style="list-style-type: none"><li>▸ Planning Building</li><li>▸ Environmental Services</li><li>▸ Library Services</li></ul> Senior Financial Accountant
1	Other Council Officers

## 6.2. Schedule 2: Operating Expenditure and Revenue.

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

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

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

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

### 6.3. Schedule 3: Capital Expenditure.

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

## 6.4. Schedule 4 - Treasury Management Delegations

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

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

## 7. Chief Executive Officer Delegations

### 7.1. Financial Delegations from Council to the Chief Executive Officer

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

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

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



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

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

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

## 7.2. Appointment of an Interim Chief Executive Officer

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

## 7.3. In the Chief Executive Officer's Absence

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

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

## 7.4. Authorised Signatories

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

## 8. Individual delegations

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

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

### 8.1. Business Unit (BU) Specific

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

### 8.2. Assigning Delegations

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

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

### 8.3. Delegated Form

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

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

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

## 8.4. Monitoring of Financial Delegations

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

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

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

## 8.5. Transferring Roles – Cancelling Delegations

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

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

# 9. Financial Management and Transactions

## 9.1. Budgets

### Seeking Approval for Overspend

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

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

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

### Long Term Plan and Annual Plan Budgets

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

### Use of Reserves – Budgeted and Unbudgeted

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

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

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

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

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

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## 9.2. Fees and charges

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

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

User charges are in two categories:

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

## 9.3. Payment Authorisation

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

### Requirements in regard to payment authorisation

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

## 9.4. Ruamahanga Roads

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

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

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

## 9.5. Wellington Water Limited (WWL)

On 1 October 2019 SWDC became a shareholder in WWL.

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

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

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

Procedures:

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

## 10. Appendices

### 10.1. Appendix 1 - Delegations by Costs Centre

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

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



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

## 10.2. Appendix 2 – Delegated Authority Form

### South Wairarapa District Council Delegation Form

To be completed when new Managers appointed at SWDC.

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

Name of employee: \_\_\_\_\_

whilst performing the Role of: \_\_\_\_\_

Date Delegation commences: \_\_\_\_\_

Date Delegation ceases (for temporary delegations) \_\_\_\_\_

#### Signed by the Delegatee:

\_\_\_\_\_  
(Signature) (Initials)

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date signed: \_\_\_\_\_

#### Witnessed by:

\_\_\_\_\_  
(Signature)

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date signed: \_\_\_\_\_

## Council Action Items Report

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### 1. Purpose

To present the Committee with updates on actions and resolutions.

### 2. Executive Summary

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

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

### 3. Appendices

Appendix 1 – Action Items to 25 October 2023

Contact Officer: Amy Andersen, Committee Advisor

Reviewed By: Paul Gardner, Interim Chief Executive Officer

## **Appendix 1 – Action Items to 25 October 2023**

Number	Raised Date	Responsible Manager	Action or Task details	Open	Notes
172	3 May 23	R O'Leary	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.	Open	9/08/23: Council officers provided in person update to the committee. Report will be provided via email.

## Continuation of Grants Deliberations 23-24 Report

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### 1. Purpose

To provide Finance Committee members with additional information that was requested during the 2023-2024 Community and Youth Grants Deliberations.

### 2. Recommendations

Officers recommend that the Committee:

1. Receive the *Continuation of Grants Deliberations 23-24 Report*.
2. Consider and agree on funding outcomes for the following applications.
  - *Community Networks Wairarapa*
  - *Dark Night Sky*
  - *Papawai Community Trust*
  - *Hokai Tahi*
3. Agree on how to proceed on any remaining Community & Youth Grant funds for the FY 2023/2024.

### 3. Background

Applications for Community and Youth discretionary grants for 2023-24 year closed on 31 August 2023. The total available discretionary grants for the 2023-24 financial year were set by Council as part of the Long-Term Plan 2021-31. Council reduced the allocation from \$150,000 to \$120,000 for community and youth grants for 2023/2024.

On 13 September 2023, Finance Committee met to allocate funding for the Community and Youth Grant.

\$74,494 was allocated at the Finance Meeting 13 September 2023.

Full details of the Grants Deliberation can be found on SWDC YouTube channel in three parts. Final deliberations can be seen here

<https://www.youtube.com/watch?v=csrWjNTkt1Q&t=886s>

## **4. Discussion**

Council delegated authority to the Finance Committee to allocate grants as per the Grants Policy and up to the specified budgeted limits set out in Year Three of the Long-Term Plan.

A total of \$345,880.92 was requested this year, \$74,494 has been allocated with a few grants referred to Community Boards and several with requests for further information.

The Finance Committee requested the following further information.

- Community Networks Wairarapa: Committee members were seeking clarity on the purpose of the funding and any other funding streams they receive.
- Dark Night Sky : Committee members were seeking clarity on what Dark Night Sky had received from the Wairarapa Economic Development Strategy.
- Papawai Community Trust: Committee members were seeking clarification on the structure of the trust.
- Hokai Tahi: Committee members had questions related to potential rent subsidies from their landlord as a form of support.

A summary of the community and youth grants applications received for the 2023-2024 financial year is available in Appendix 1.

Full applications and any further information received will be provided to members in confidence.

### **4.1 Grants Policy**

Council's policy seeks to support and resource initiatives that meet identified community needs, which contribute to community empowerment and strengthen communities. Community and Youth grants are primarily for the benefit of the district's residents.

The Policy sets out the eligibility and outcomes Council considers when allocating grant funding.

#### ***4.1.1. Funding outcomes***

Grants will be allocated to organisations which contribute to the community in at least one of the following six areas. The funding categories are aligned to the community outcomes as outlined in the Long-Term Plan (LTP).

Our Community Outcomes	
<b>Social wellbeing</b> <i>Oranga Hauora</i>	Residents are active, healthy, safe, resilient, optimistic and connected
<b>Environmental wellbeing</b> <i>Oranga Taiao</i>	Sustainable living, safe and secure water and soils, waste minimised, biodiversity enhanced
<b>Economic wellbeing</b> <i>Oranga Ōhanga</i>	A place of destination, new business and diverse employment that gives people independence and opportunity
<b>Cultural wellbeing</b> <i>Oranga Ahurea</i>	Strong relationships with iwi, hapū and whānau, celebrating diverse cultural identity, arts and heritage

The activities must benefit the South Wairarapa district, or, at the discretion of the Council, the Wairarapa region. Regional funding will be considered on a per capita basis and must show a tangible direct or indirect benefit to South Wairarapa.

#### **4.1.2. Eligibility**

As per the Grants Policy applicants need to meet the following eligibility criteria:

Community organisations, marae committees, an individual, or a group of individuals who have come together for a common purpose to benefit the South Wairarapa can apply, except:

- » to fund activities seeking to promote commercial, political or religious objectives.
- » for costs associated with fundraising events where profits or proceeds are redistributed to other organisations or individuals.
- » from organisations which have not completed the funding outcomes report for previous grant funding.

Community organisations, marae committees, an individual, or a group of individuals who have come together for a common purpose to benefit the South Wairarapa and who meet the eligibility criteria outlined above, may also be eligible for:

- » A concession of up to 50% of the cost or a charge for hire or similar fee payable for the short-term use of a Council owned facility.
- » A venue hire concession will only be available once per financial year for each applicant.

#### **4.1.3. Project Funding**

Project funding is for the purpose of delivering a project and does not include operational costs. Recipients will be required to return an Accountability Report from previous grant allocations prior to receiving further funding. A set of annual accounts including notes and review/audit report (for applications over \$1,500).



## **5. Appendices**

Appendix 1 – SWDC Community and Youth Grant Allocations 2023-24 (Excel)

Contact Officer: Nicki Ansell, Committee Advisor

Reviewed By: Amanda Bradley, General Manager, Policy & Governance

# **Appendix 1 – SWDC Community and Youth Grant Allocations 2023-24 (Excel)**

## South Wairarapa District Council Grants Tracking Tool 2023-2024

### COMMUNITY GRANTS

Application #	Applicant Name	Project Title	\$ Amount Requested	Area	Comment	\$ Amount Allocated2	Meeting Notes
202301	House of Science Wairarapa Charitable Trust	Science Educational Services	\$5,000.00	District	Social Wellbeing & Environmental Wellbeing	0	No
202302	Featherston Community Centre Charitable Trust	Community Centre	\$10,000.00	District	Social Wellbeing	3,000	Refer to FCB
202303	Access Radio	Radio Services	\$3,000.00	District	Social Wellbeing, Environmental Wellbeing, Economic Wellbeing, Cultural Wellbeing.	1,000	South Wairarapa focus required. No
202304	Community Networks Wairarapa	Support Community Networks	\$10,000.00	District	Social Wellbeing		Go back for further details
202305	Featherston Memorial RSA Inc	Repairs and modernisation of RSA building in Featherston	\$15,000.00	Featherston	Social Wellbeing, Environmental Wellbeing, Cultural Wellbeing		Refer to FCB
202306	Wairarapa Sports Artifical Surface Trust	LED Lights for Hockey turf.	\$25,000.00	District	Social Wellbeing, Environment Wellbeing, Economic Wellbeing.	0	No
202307	RNZSPCA - Masterton Centre	SPCA	\$3,000.00	District	Social Wellbeing, Environment Wellbeing.	1,000	part funding
202308	All Kiwi Sports	NZ Cycle Classic	\$15,000.00	District	Social Wellbeing, Environment Wellbeing, Economic Wellbeing, Cultural Wellbeing.	0	No
202309	Youthline Central North Island, Wairarapa Branch	To support the services of the Wairarapa Youthline.	\$5,000.00	District	Social Wellbeing, Cultural Wellbeing.		Refer to MSC 10 October 2023 and funding approved from MSC for \$5,000
202310	Wings over Wairarapa	To support the Wings over Wairarapa event	\$10,000.00	District	Social Wellbeing, Economic Wellbeing	5,000	Part funding
202311	Dark Night Sky	ongoing support	\$5,000.00	District	Social Wellbeing, Environment Wellbeing, Economic Wellbeing, Cultural Wellbeing.		Positive consideration possible reconsideration, further infomration required
202312	Greytown Little Threatre	Upgrate of Greytown Little Threatre.	\$10,000.00	Greytown	Socail Wellbeing, Culttural Wellbeing		Refer to GCB 18 October 2023
202313	Wariarapa Road Saftey Council	ongoing support	\$5,000.00	District	Social Wellbeing, Economic Wellbeing, Cultural Wellbeing.	5,000	

202314	Kuranui College	Breakfast club	\$2,500.00	Greytown	Social Wellbeing	0	No
2023 15	Aratoi	ongoing support	\$25,000.00	District	Cultural Wellbeing	0	South Wairarapa focus required. No
2023 16	Papawai Community Trust	Stream Restoration	\$10,000.00	Greytown	Social Wellbeing, Environment Wellbeing, Cultural Wellbeing		Further information requierd
2023 17	Martinborough Museum Trust	ongoing support	\$2,000.00	Martinborough	Social Wellbeing, Cultural Wellbeing.		Refer to MCB 19 October 2023
2023 18	Hokai Tahi	Free support	\$7,500.00	Greytown	Social Wellbeing		Positive consideration possible reconsideration
2023 19	Victory Youth	Youth Group	\$8,140.00	Martinborough	Social Wellbeing	0	No
2023 20	Fell Locomotive Museum	ongoing support	\$1,000.00	Featherston	Economic Wellbeing		Refer to FCB
2023 21	Wairarapa Bookshop Hop	Bookshop Hop	\$756.92	District	Economic Wellbeing, Cultural Wellbeing	0	No
2023 22	Ruamahanga Restoration Trust	Te Reo o te Wai	\$46,690.00	District	Social Wellbeing, Environmental Wellbeing, Cultrual Wellbeing.	0	No
2023 23	Martinborough Community Patrol	Patrol Vehicle	\$5,000.00	Martinborough	Social Wellbeing		Refer to MCB 19 Ocotber 2023
2023 24	Country Village Heaven Trust	Festival of Christmas	\$40,000.00	Greytown	Social Wellbeing, Economic Wellbeing, Cultural Wellbeing.	5,000	Part funding
2023 25	Wairarapa Whanau Trust	Youth Service	\$20,000.00	District	Social Wellbeing, Cultural Wellbeing.		Refer to MSC 10 October 2023 and funding approved from MSC for \$5,000
2023 26	Martinborough WaiWaste and Food Box	ongoing support	\$15,000.00	Districtict	Social Wellbeing, Environment Wellbeing, Economic Wellbeing, Cultural Wellbeing.	15,000	
2023 27	Greytown Scout Group	Scout Jamboree	\$2,200.00	Greytown/District	Social Wellbeing	2,200	
202328	Martinborough Playcentre	Playground saftey project	\$800.00	Martinborough	Social Wellbeing		Refer to MCB
202329	Booktown	Booktown	\$25,544.00	Featherston	Social Wellbeing, Economic Wellbeing, Cultural Wellbeing.	25,544	
2023 31	Greytown MeNZ Shed		\$1,000.00				Refer to GCB 18 October 2023
2023 30	Wellington Free Ambulance	ongoing support	\$11,750.00	District	Social Wellbeing	11,750	
			<b>\$345,880.92</b>			<b>\$74,494.00</b>	

## Improve Community & Youth Grant process 2024/2025

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### 1. Purpose

To provide Finance Committee members with a discussion paper to improve the process for Community & Youth Grant Allocation for 2024/2025.

### 2. Recommendations

Officers recommend that the Committee:

1. Receive the *Improve Community & Youth Grant process 2024/2025 report and*
2. *Review and discuss lessons learnt from 2023/2024 grant allocations completed at the Finance Committee meeting held on 13 September 2023.*

### 3. Background

Applications for Community and Youth discretionary grants for 2023-24 year closed on 31 August 2023. The total available discretionary grants for the 2023-24 financial year were set by Council as part of the Long-Term Plan 2021-31.

Council allocated \$120,000 for community and youth grants for 2023-2024. On 13 September 2023, Finance Committee met to allocate funding for the Community and Youth Grant.

\$74,494 was allocated at the Finance Committee meeting 13 September 2023. Community feedback on this meeting highlighted a need for improvement.

Full details of the Grants Deliberation can be found on SWDC YouTube channel in three parts. Final deliberations can be seen here

<https://www.youtube.com/watch?v=csrWjNTkt1Q&t=886s>

### 4. Discussion

South Wairarapa District Council Officers would like to make the following recommendations to the Finance Committee around improving the process for grant allocation in 2024/2025.

1. Current timeframe between grants closing and grants being considered is around two weeks. Council offers would like to extend that to one month to allow more time to process the grants.

2. Council Officers would like to recommend that the Finance Committee receive the grants with time and opportunity to relay questions and concerns back to council officers to follow-up before the grant allocation meeting.
3. That council officers provide the Finance Committee a more robust process (scoring and notes template) for assessing the grant applications against the grants policy and community outcomes listed below.
4. Conflicts of Interest are noted in advance so they can be managed more transparently for the applicants and public. This would also assist with quorum and voting processes.
5. Provide clarity about the value of more in-depth understanding of each of the applicants to ensure equity of representation. There was some confusion about groups presenting themselves, Councillors talking to their knowledge of the groups, and the value of council officers providing advice in support of applicants.

#### 4.1 Grants Policy

[Council's policy](#) seeks to support and resource initiatives that meet identified community needs, which contribute to community empowerment and strengthen Funding outcomes.

Grants will be allocated to organisations which contribute to the community in at least one of the following six areas. The funding categories are aligned to the community outcomes as outlined in the Long-Term Plan (LTP).

Our Community Outcomes	
<b>Social wellbeing</b> <i>Oranga Hauora</i>	Residents are active, healthy, safe, resilient, optimistic and connected
<b>Environmental wellbeing</b> <i>Oranga Taiao</i>	Sustainable living, safe and secure water and soils, waste minimised, biodiversity enhanced
<b>Economic wellbeing</b> <i>Oranga Ōhanga</i>	A place of destination, new business and diverse employment that gives people independence and opportunity
<b>Cultural wellbeing</b> <i>Oranga Ahurea</i>	Strong relationships with iwi, hapū and whānau, celebrating diverse cultural identity, arts and heritage

The activities must benefit the South Wairarapa district, or, at the discretion of the Council, the Wairarapa region. Regional funding will be considered on a per capita basis and must show a tangible direct or indirect benefit to South Wairarapa.

Contact Officer: Nicki Ansell, Lead Advisor – Community Governance

Reviewed By: Amanda Bradley, General Manager, Policy & Governance