



**SOUTH WAIRARAPA
DISTRICT COUNCIL**

Kia Reretahi Tātau

Summary of the Annual Report 2021/22

For the year ended 30 June 2022

PŪRONGO-Ā-TAU 2021/22
Year One of the 2021-2031
Long Term Plan



Summary of the Annual Report

This document is a summary of the Council's annual report for the 2021/22 financial year.

The summary outlines the major matters dealt with in the full annual report, which was adopted by the Council on 7th June 2023. This summary was authorised for issue by the Mayor and Chief Executive on 7th June 2023.

This summary report cannot be expected to provide a complete understanding of the Council as provided in the Annual Report.

This summary has been prepared in accordance with financial reporting standards and has been examined by the Council's auditors for consistency with the full annual report. The auditors expressed an unmodified audit opinion on the Council's full audited statement of service performance and audited financial statements and other audited information in their report dated 7th June 2023.

The summary financial statements do not include all the disclosures provided in the full financial statements and cannot be expected to provide as complete an understanding as provided by the full report. Readers are referred to the annual report if they require more details.

In its full financial statements, the Council has made an explicit and unreserved statement of compliance with the PBE Standards Reduced Disclosure Regime. The summary financial statements are in compliance with the PBE FRS 43 standard.

The full annual report is available from the South Wairarapa District Council offices, 19 Kitchener Street, Martinborough or can be downloaded from the Council's website www.swdc.govt.nz, or at Council libraries in Featherston, Greytown and Martinborough.

Message from the Mayor

Kia Reretahi Tātou

Ko te kōtuitui i ētahi āhuatanga e rua, nui ake rānei, kia ngātahi ai te mahi.

It is the interlinking of two or more things to work together.

It is our pleasure to present this South Wairarapa District Council Annual Report and provide feedback to you on what this Council has achieved in the 2021/22 year.

As we come to prepare the Council's Annual Report, we are still feeling the effect of Covid-19, as we have done all year. But during the year, other concerns have arisen; there is a war in Europe and there are increasing concerns about the economic outlook. The flow-on effect of these events has affected our capacity to deliver the services as quickly and efficiently as we would have liked.

Some significant developments and achievements by the Council during 2021/22 were:

- Stage one of the Papawai wastewater pipeline
- Upgrade and expansion of the Waiohine water treatment plant
- Overseeing extensive renovations to several marae or civic structures and the building of the Tauherenikau suspension bridge, thanks to stimulus and external funding
- A joint review with Carterton and Masterton councils, of the Wairarapa Combined District Plan. This is progressing well, and the draft plan will be released in October 2022
- The Mayor's Taskforce for Jobs found 43 jobs for young people
- Advancing the Greytown Wheels Park project
- Multiple improvements to parks, reserves and amenities.

Some things the Council had to do were not planned. The weather and associated events required much unforeseen work. Two major projects that come to mind were:

- Fixing the ruptured water pipe which carries Featherston's water supply across the Tauherenikau River from Greytown, after a leak became evident during low river levels. A short-term repair has been made while decisions about a more permanent solution are made.
- Addressing the urgent needs of the Hinekura Valley residents after they were cut off from Martinborough by the road slipping away on June 14. The Hinekura community needed prompt action and the Council-led inter-agency response made that happen. The Council will continue to place a high priority on pursuing options for secure connectivity between the valley and Martinborough.

Although we have had a focus on infrastructure, we also continue to support community wellbeing, district cultural activities, our environment and our district's social cohesion.

Council funds made available for Community & Youth Grants this year totaled \$233,478. Some of the well-deserving bodies that were approved a grant were:

- Order of St John for health shuttles \$5,000
- Featherston Heritage Museum \$5,000
- Greytown Cobblestones \$20,000
- Featherston Community Patrol \$3,500
- Country Village Heaven \$10,000
- Martinborough Waiwaste and Foodbank \$10,000.



- Booktown (young readers' programme) \$15,000
- Wairarapa Whanau Trust (running costs and youth co-ordinator) \$25,000
- Kahutara Parents and Citizens (equipment for all weather sports court) \$10,000

Community Boards & Māori Standing Committee Grants granted \$15,797. We also administer funds on behalf of other agencies such as:

- Sport NZ Rural Travel Fund \$9,786
- Creative Communities Scheme \$35,990

I wish to make a special mention of our libraries that continue to provide such outstanding services in our three towns. As the Argentinean writer Jorge Luis Borges once said, "I have always imagined that Paradise will be a kind of a "Library"

We acknowledge the significant and unexpected increase in rates that happened at the start of the last financial year. The Council arranged several public meetings to explain what had happened, and why. On September 3, 2021, the Mayor (former) and Chief Executive issued a written explanation and apology, which is available on our website at swdc.govt.nz/wp-content/uploads/SWDC-Rates-Increase-Ad-V3.pdf

For a Council to achieve results there must be teamwork. I would like to thank the previous Mayor, Councillors, Community Board members, for the time and effort they put into achieving the best outcomes for our district.

I thank all the new Councillors and Community Board members for offering their time and energy to carrying on the mahi started by our predecessors.

I want to make a special mention of the Māori Standing Committee and its Chairperson, Narida Cooper. This committee has met 20 times over the past three years and has provided excellent advice to the Council on many matters of considerable importance such as providing advocacy and support for the development of the role of Principal Advisor, Pou Māori, and the design and placement of a Pou for the Tauherenikau suspension bridge.

We value that advice, and we value the significant relationship that has been built up between the Committee and the Council. The newly elected Council members place great value on strengthening our relationships with Tangata Whenua and giving voice to your ambitions.

"Naku te rourou nau te rourou ka ora ai te iwi"

"With your basket and my basket, the people will thrive."

I also thank Council officers and staff for the work they have done and continue to do. On behalf of all people in the district, thank you for your mahi and enthusiasm.

Lastly, thank you to everyone who resides in our district. You are our stakeholders and our customers. We value your feedback and your suggestions. In particular, we value all of those other events such as Booktown, the Midwinter Christmas Festival, the cycle trails, and the Martinborough Fairs that you organise and run. And especially the many volunteers who run such events.

Ngā mihi

Martin Connelly



Mayor

Message from the Chief Executive

This financial year has certainly been a year of challenges. A very wet winter, turbulence over water services, supply issues and sickness are some of what we faced.

But I've also seen a lot of kindness, particularly towards foodbanks, Covid-19 recovery projects and Pack the Bus. These are the kind of extremes that a community service provider sees all the time.

It would be remiss of me not to mention the big matter on many people's minds this year and that is the increase in our rates.

The rates increase in 2021/22 was very high for many of you and more than we had advised during the Long-Term Plan consultation last year. Through that document, the Council signaled it was going to start addressing historic underspending on many of our assets such as roading and infrastructure. However, Covid-19 caught us all by surprise and we had to rethink how this would be done.

By undertaking a one-off loan of \$1.5m in 2020, Council was able to continue with its proposed programme of work and keep rates increases relatively low.

But that effective rates holiday was only for one year, and the borrowing needed to be repaid in the short term. This was not factored into our communication of the rates increase for 2021/22; that it would add to the revenue we were expecting to take from rates thereby impacting many households through higher-than-expected rates increases.

As we've said before, the future impact of the loan in 2020 should have been better communicated to you and we are sincerely sorry for not fully explaining the impact of this to you. We did introduce a grace period for rates payments, and we do have some mechanisms to help people. So, if you are still finding it tough to pay your rates, please contact us.

What's important now is what we plan to do next so that this does not happen again. To that effect, we have commissioned an independent 'lessons learnt' report to ensure we have a robust process, so this is not repeated.

We already have a ratings model review scheduled for the next financial year that will give us the opportunity to deep dive into what makes for an effective rating system. Ratepayers and residents will have the opportunity to provide their views.

Our processes have improved to include a significantly greater focus on what we communicate and how we communicate. We have brought in external financial experts to peer review as and when needed and we will carefully consider any recommendations to the new Council later this year on how to best structure and resource key committees such as Finance, Audit and Risk. We will continue to aim to work hard at rebuilding your trust and confidence in us.

Because we want our workplace to be an employer of choice, we have put considerable effort into improving from within. We adopted a set of values internally focused on trust, responsiveness, and customer centricity. We were forced to be innovative during Covid-19 and that drive has continued with our changing IT architecture and support systems. It's vital that we are meeting our residents' needs for modern systems and also protecting ourselves against ever-increasing cyber threats. This work is just starting and will continue into the years ahead. We are also refreshing our working practices, strengthening our financial systems, and digitising many of our documents. In doing so, we are readying ourselves for reforms that we know are ahead.

Those reforms will be ground-breaking. Three Waters, we know, will affect some of our core activities providing drinking water, wastewater and stormwater services. We are still finding out the finer transition details. We also know new environmental standards and changes to the Resource Management Act are on the way and this will set the direction for much of our planning. And there is constant talk of local government reforms. Those are central government decisions for the political arm of Council to consider but the ramifications will be widely felt.

There are many more challenges facing us, including a better wastewater solution for Featherston, ongoing roading pressures like the realignment of Hinekura Road, and some promises we made around projects like the Greytown Wheels Park and the Greytown Sports Pavilion.

We can also celebrate the great achievements already done, sometimes with external funding help, such as the Tauherenikau suspension bridge, and the ongoing maintenance of things we highly value, like our libraries, cemeteries, pools, rubbish/recycling, sports fields and playgrounds, and parks.

A great benefit to our community is the coordinators we share with other Councils in the Positive Ageing, Parks, Cycling and Walking, and Climate Change spaces. They provide in-depth advice to help our district mitigate and adapt to climate challenges, help encourage better digital skills in the senior population, encourage a healthier lifestyle through movement, and highlight important issues like elder abuse.

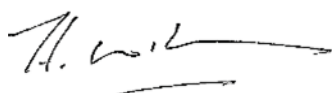
Our own community development coordinator encourages our participation in many cross-agency and community initiatives like Neighbours Day, Pack the Bus, Youth Week and Parks Week. They also worked with key community figures and groups such as Featherston's Covid-19 response group Kia Ataawhai, foodbanks and schools - important work in the often unsung community support area.

I want to thank a number of people, not least yourselves, the ratepayers and residents for your patience in these trying times. We are committed to doing our best, and should things not work out as you expect, we will listen and will always work to do better.

To all current elected members and the Māori Standing Committee, thank you for your dedication and your contribution to representing your community. As we approach the new triennium, I especially extend this gratitude to those who may choose to step down after, often many, years of service.

Thank you also to our staff who delivered a massive workload in challenging times. This is a great place to live and I'm proud of all we've achieved in the last year. Please read all about it in this document.

Ngā mihi Harry Wilson



Chief Executive



Measuring progress against performance measures

The Annual Plan 2021/22 included a number of performance measures for each significant activity. Here are some highlights showing how the Council performed against targets during the year ended 30 June 2022.



Governance

Key Performance Indicators	2020/21 Results	2021/22 Results	Target 2021/22	How it will be measured
Meeting and committee agendas are made available to the public within statutory timeframes (2 working days prior to meetings)	n/a	97%	100%	Council records
Residents are satisfied with the accessibility of the Mayor and councillors	51%	25%	80%	Customer survey
Mana whenua are satisfied with their relationship with Council	28%	21%	80%	Customer survey
The Annual Plan and Long-Term Plan are adopted within statutory timeframes	100%	100%	100%	Council records



Planning and Regulatory Services

Key Performance Indicators	2020/21 Results	2021/22 Results	Target 2021/22	How it will be measured
Consent applications completed within statutory timeframes	100%	100%	100%	Council records
Premises have appropriate FMP in place and meet the risk-based standards set out in the Plan	100%	100%	100%	Council inspection records
Building consent applications are processed within 20 working days	97.5%	98%	100%	Council records



Community Facilities and Services

Key Performance Indicators	2020/21 Results	2021/22 Results	Target 2021/22	How it will be measured
Residents are satisfied with community buildings, parks and open spaces	n/a	71%	90%	Customer survey
Library collection turnover meets or betters national averages by 2023/24	n/a	80%	80%	Council records
% of commercial ratepayers satisfied with the level of services essential for their business operations (information provided, response time, fairness and consistency)	n/a	65%	65%	Customer survey



Land Transport

Key Performance Indicators	2020/21 Results	2021/22 Results	Target 2021/22	How it will be measured
Using the RAMM measurement system, average smooth travel exposure on urban roads to be 85% and rural roads 95% with maximum variation of 5%	94% urban 99% rural	93% urban 99% rural	95%	Council records
5% of sealed roads are resealed each year subject to availability of NZTA subsidy	100%	100%	100%	Council records
Footpath Condition rating 95% compliant with SWDC AMP Standard	98%	97%	95%	Council records



Water Supply

Key Performance Indicators	2020/21 Results	2021/22 Results	Target 2021/22	How it will be measured
Water supply systems comply with Ministry of Health Drinking Water Standards - Bacteriological	MBA: No GTN: No FSTN: No	No Yes No	Yes	Council records
Water supply systems comply with Ministry of Health Drinking Water Standards - Protozoa	MBA: No GTN: No FSTN: No	No No Yes	Yes	Council records
Ratepayers and residents satisfied with level of service for water	45%	39%	65%	Customer survey



Wastewater

Key Performance Indicators	2020/21 Results	2021/22 Results	Target 2021/22	How it will be measured
Ratepayers and residents' satisfaction with wastewater services	69%	60%	53%	Customer survey
Number of dry weather sewerage overflows per 1000 connections	7.39	4.8	<10	Breach of Consent
% of resource consent conditions complied with to mainly complying or better*	100%	100%	90%	Council records



Storm Water

Key Performance Indicators	2020/21 Results	2021/22 Results	Target 2021/22	How it will be measured
% of ratepayers and residents satisfied with stormwater drains	29%	19%	58%	Customer survey
% of urgent (any blockage causing extensive flooding of buildings or other serious flooding) requests for service responded to within 5 hours	100%	100%	95%	Council records

Summary financial statements

The specific disclosures included in these summary financial statements have been extracted from the full financial statements adopted by the Council on 7th June 2023.

The full financial statements of the Council were 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), and in accordance with the PBE Standards Reduced Disclosure Regime (RDR).

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000).

Summary Statement of Comprehensive Revenue and Expense

Table 1 provides a summary of the comparative financial performance for the Council for the 2021/22 and 2020/21 financial years. This statement and the Changes in Equity summarise the operating income and expenditure as well as other financial transactions that have impacted on the Council's net equity.

Actual 2020/2021 \$000		Table 1	Actual 2021/2022 \$000	Budget 2021/2022 \$000
26,463	Total operating revenue		33,936	28,405
26,244	Total operating costs *		28,223	23,938
3,225	Other gains and losses		1,542	417
1,538	Assets vesting in Council		2,435	-
4,983	Total Surplus/(Deficit)		9,690	4,884
48,767	Increase/(decrease) in revaluation reserves		48,083	-
53,750	Total comprehensive revenue and expense		57,773	4,884
586	* Operating costs includes Finance costs of:		707	614

Summary Statement of Changes in Net Assets/Equity

Table 2 details public equity, and the components of total equity.

Actual 2020/2021 \$000		Table 2	Actual 2021/2022 \$000	Budget 2021/2022 \$000
453,524	Equity at 1 July		507,273	482,228
53,750	Total comprehensive revenue and expense		57,773	4,884
507,273	Balance at 30 June		565,047	487,112
	<i>Represented by:</i>			
158,716	Public equity		167,906	155,029
27,768	Restricted reserves and trust funds		28,268	28,435
320,789	Asset revaluation reserve		368,873	303,647
-	Other reserves		-	-

Summary Statement of Financial Position

Table 3 provides a summary for the Council's financial position as at 30 June 2022 compared with the financial position as at 30 June 2021. This position presents the assets Council own and the liabilities owed to other parties.

Actual 2020/2021 \$000		Table 3	Actual 2021/2022 \$000	Budget 2021/2022 \$000
14,441	Total current assets		15,505	13,071
522,910	Total non-current assets		580,992	506,788
537,352	TOTAL ASSETS		596,497	519,859
11,197	Total current liabilities		8,035	4,093
18,881	Total non-current liabilities		23,415	28,654
507,273	Total equity		565,047	487,112
537,352	TOTAL LIABILITIES AND EQUITY		596,497	519,859

Summary Statement of Cash Flows

Table 4 summarises how the Council generated and used cash during the respective financial periods.

Actual 2020/2021 \$000		Table 4	Actual 2021/2022 \$000	Budget 2021/2022 \$000
5,744	Net cash flow from operating activities		10,749	9,053
(6,996)	Net cash flow from investing activities		(12,073)	(13,491)
2,500	Net cash flow from financing activities		2,000	2,947
1,248	Net increase/(decrease) in cash held		676	(1,491)

Events After Balance Date

There were no other significant events after balance date.

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. Council would belong to WSE 'C' along with 22 other Councils.

These entities will own and operate drinking water, wastewater and stormwater (three waters) services across New Zealand. The Department of Internal Affairs (DIA) is tasked with the successful implementation of these reforms and will work with all stakeholders to ensure a smooth transition to the new arrangements.

Legislation passed in December 2022 established four publicly owned water services entities to carry out responsibilities for the delivery of three waters services and related assets and liabilities currently controlled by local authorities. A water services Bill to enable the transfer of these assets and liabilities to the water services entities, is currently before Parliament.

On 13 April 2023, the Government announced further proposed amendments to the number of water services entities and to stagger their establishment dates starting from early 2025, with all the water services entities to be established by 1 July 2026. The timing of the transfer of assets and liabilities is therefore uncertain until amendments to existing legislation are passed.

Explanations of Major Variances against Budget

Explanations for major variations from South Wairarapa District Council's estimated figures in the 2021/22 Annual Plan are as follows:

Statement of Comprehensive Revenue and Expense

The higher than planned operating surplus (\$1.2m higher than budget) was the result of greater than planned revenues (\$5.5m higher than budget), partly offset by greater than planned expenses (\$4.1m higher than budget).

The increase in revenue reflects continued high levels of developmental activity within the district, shown as income from development and financial contributions (\$1.4m).

Revenue from grants for programmes funded by central government initiatives was offset by corresponding increases in expense in the relevant activities:

- Provincial Growth (\$1.0m), with the expense split across the Amenities and Economic, Cultural & Community Development activities,
- Water Stimulus (\$2.2m), across the three water activities,
- Mayor's Taskforce for Jobs (\$0.3m), in the Economic, Cultural & Community Development activity, and
- New Zealand Library Partnership Programme (NZLPP) (\$0.4m).

Investment properties were revalued this year to reflect market values resulting in a positive increase (\$1.5m) to total surplus.

Statement of Financial Position

The overall position shows Council can 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.

Council's buildings and land were revalued this year to reflect market values resulting in a positive increase (\$9.5m) to reserves.

Statement of Cashflows

Net cashflow from operating activities are positive. Net cashflow from investing activities is unfavourable to budget reflecting increased costs to deliver the Three Waters Programme and timing of previous years capital projects carried forward to this financial year. Net cashflow from financing activities reflects \$2.0m of new debt for Wastewater projects (\$1.8m) and planned upgrade to Council offices (\$0.2m).

Other disclosures

Related Parties

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 2022. No provision has been required, nor any expense recognised for impairment of receivables for any loans or other receivables to related parties (2021: \$Nil).

Commitments

Total Capital Commitments at 30 June 2022 were \$2.4m (2021: \$3.6m) and predominantly relates to roading. Operating lease commitments as a lessee were \$0.2m (2021: \$0.3m).

Contingencies

No contingent assets or liabilities existed as at 30 June 2022 (2021: Nil).

Independent Auditor's Report

Te Pūrongo o te Kaitātari Kaute

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

To the readers of South Wairarapa District Council's summary of the annual report for the year ended 30 June 2022

The summary of the annual report was derived from the annual report of the South Wairarapa District Council (the District Council) for the year ended 30 June 2022.

The summary of the annual report comprises the following summary statements on pages 7 to 12:

- the summary statement of financial position as at 30 June 2022;
- the summaries of the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2022;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary statement of service performance.

Opinion

In our opinion:

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

Summary of the annual report

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

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

The full annual report and our audit report thereon

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2022 in our auditor's report dated 07 June 2023.

Our auditor's report on the full annual report also includes an emphasis of matter paragraph drawing attention to developments in the Government's water services reform programme which will affect the District Council in future years. Legislation passed in December 2022 established four publicly owned water services entities to carry out responsibilities for the delivery of three water services and related assets and liabilities currently controlled by local authorities. A water services Bill to enable the transfer of these assets and liabilities to the water services entities is currently before Parliament. Until the Bill is passed, the financial impact of the transfer on the District Council remains uncertain. On 13 April 2023, the Government announced further proposed amendments to the number of water services entities and to stagger their establishment dates starting from early 2025, with all the water services entities to be established by 1 July 2026. The timing of the transfer of assets and liabilities is therefore uncertain until amendments to existing legislation are passed. This matter is disclosed on page 11 of the summary financial statements.

Council's responsibility for the summary of the annual report

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

Auditor's responsibility

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

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

In addition to our audit and our report on the disclosure requirements, we have performed a limited assurance engagement related to the District Council's Debenture Trust Deed. Other than these engagements, we have no relationship with, or interests in, the District Council.



Jacques Du Toit
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand
26 June 2023