

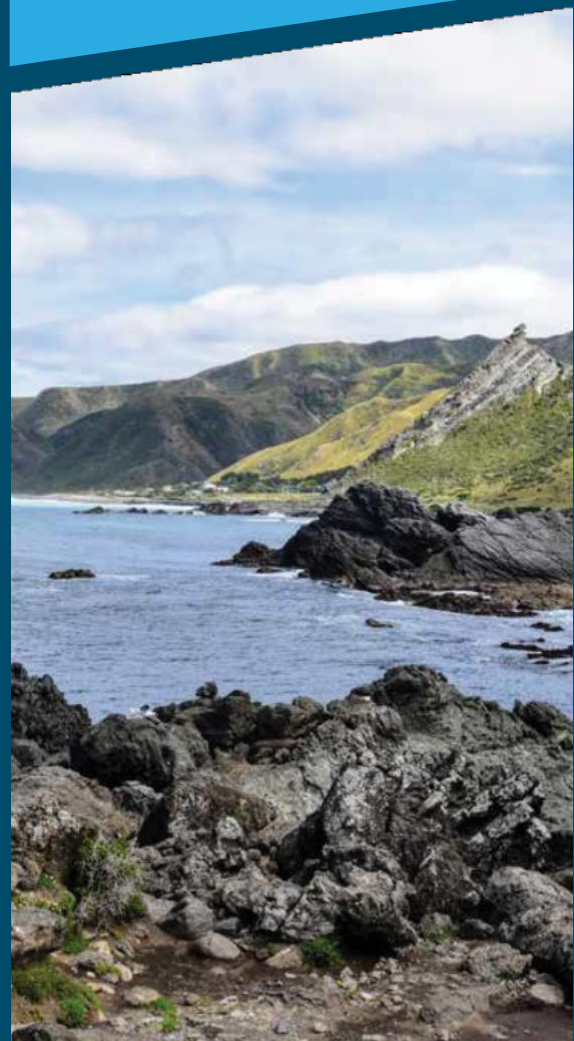


**SOUTH WAIRARAPA
DISTRICT COUNCIL**
Kia Reretahi Tātau

Summary of the Annual Report 2023/24

For the year ended 30 June 2024

PŪRONGO-Ā-TAU 2023/24
Year Three 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 2023-24 financial year.

The summary outlines the major matters dealt with in the full annual report, which was adopted by the Council on 20 November 2024.

This summary was authorised for issue by the Mayor and Chief Executive on 18 December 2024.

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 Auditor's Independent Report dated 20 November 2024 expressed an unmodified audit opinion on the Council's audited financial statements and other audited information, and a qualified opinion on its audited statement of service performance. The qualification was for the mandatory road smoothness measure. This was due to the estimates used to determine the result for 2023-24 were not sufficiently up to date, as described in page 96 of the full Annual Report for 2023-24.

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 Public Benefit Entity Reporting Standards.

The full annual report is available to view at 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.

Non-compliance with Statutory Deadline

Due to resourcing issues, Audit New Zealand was unable to complete the necessary work to enable the issuance of the audit opinion on time. This has meant that Council has been unable to adopt the Annual Report within the statutory deadline of 31 October 2024. The Annual Report was adopted on the 20th of November 2024.

A message from the Mayor and Chief Executive Officer

**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**

Annual Report 2023-24

From the Mayor and Chief Executive's offices

Mayor Martin Connelly and Chief Executive Officer Janice Smith

Nau mai, haere mai

Welcome

This year's Annual Report sets out the performance of your council for the 2023-24 year. It compares our actual performance and spending with what we planned to do. This report forms a key part of our accountability to you, the residents, of South Wairarapa.

This year was made easier due to the absence of cyclones and other disasters that caused a perfect storm for many in the community over the previous two years and prevented us from achieving goals for roading and water.

As a result of the better weather, this year we have made improvements to our water network and to our roads. There were no major interruptions to water supplies, and we continue to work on our water treatment plants to ensure compliance with the regulations.

We carried out planned erosion prevention work on coastal roads. We were also extremely grateful to have reopened Hinekura Road, a significant goal for the community there, who were cut off following a landslide in 2022, which destroyed a portion of their road and their connectivity. Easy travel has been reestablished for Hinekura residents travelling to Martinborough.

While water infrastructure and roads are key aspects of our work, councils are also required to promote the social, economic, environmental and cultural wellbeing of their communities. In the past year we added a new recreation trail along Underhill Road in Featherston, which is being enjoyed by runners, walkers, and cyclists. We also leased the land used by the Greytown Rugby Club from the Greytown Lands Trust, thus securing the use of that land for the community for the next 99 years.

Economic activity in tough times

We know that the 2023-24 year has been a difficult one economically for many. We are very aware of the need to promote economic activity in our district and the wider region through our investment and participation in: Destination Wairarapa; the Wairarapa Economic Development Strategy; Wairarapa Skills Leadership Group; and Business Wairarapa (the regional Chamber of Commerce).

Mayors' Taskforce for Jobs

As economic times have got tougher, so too has life become more difficult for young people and

others looking for work. In 2023-24 the Mayors' Taskforce for Jobs (MTFJ) secured sustainable outcomes in work; which means 30 hours or more for 91 days or more.

- People in sustainable employment 62
- A further 28 were placed in employment
- These figures apply across the entire Wairarapa region

Volunteers officially recognised

We are a big district with a small population and this year we paid tribute to the volunteers who help to our district work. The invaluable role they play is much appreciated and often goes unacknowledged. We said a warm thank you to volunteers in our district over morning tea at the Waihinga Centre in Martinborough this year. Nearly 100 people came and each received a certificate from the council for their hard work, their smiling faces, their time and resources, all of which so often fly under the radar.

Significant achievements in 2023-24

- Hinekura Road was reopened
- Lake Ferry and Pirinoa wastewater treatment plants were improved
- A Māori Ward was established
- A new recreation trail on Underhill Road was completed
- Social housing units in Featherston, Greytown and Martinborough were upgraded
- A new Waste Management Minimisation Plan adopted in February 2024
- We won the Waka Kotahi SuperIdea Award at the 2023 LGNZ Conference – for the sustainable Dog Pound in Featherston
- Greytown Rugby Grounds secured for 99 years for sports use
- More work completed on the Ecoreef to prevent coastal erosion on Cape Palliser Road
- Donald Street Pump Station in Featherston - wastewater pipes completely upgraded
- We appointed a new Chief Executive Officer
- Lighting in the Martinborough Square was repaired upgraded
- Our offices opened for longer to make it easier for the community to use council services
- 173 out of 198 recorded Official Requests of Information (LGOIMAs) were completed within the statutory timeframe. The volume of requests increased from a recorded 124 requests the previous year.
- We thanked our local volunteers as part of Volunteer Month; and
- A Community Wellbeing Fund was formed of \$500,000

We recognise Te Tiriti o Waitangi

Councils are required to provide opportunities for Māori to contribute to the decision making processes of the local authority. After much deliberation, the council agreed to establish a Māori Ward as one way to fulfil this requirement.

The Council continues to engage positively with Mana Whenua. We play an active role on the Moana Statutory Board which is tasked with governing the Wairarapa Moana Wetlands and surrounding reserves.

Another aspect of our work has been to identify and protect all areas of historic and cultural significance to Māori, as part of the update of the Combined Wairarapa District Plan.

Climate change work

Climate change continues to be an ongoing concern. The South Wairarapa is represented through the Wellington Regional Leadership Committee on climate change projects, which includes the Regional Emissions Reduction Plan. In February, we adopted a new Waste Minimisation Plan, along with the other regional councils. This six year plan encourages less waste across the entire Greater Wellington Region. Two important aspects of this plan include finding better ways to manage waste from construction and building sites and providing organic waste processing by 2029.

Business as usual

We have brought greater resilience to our infrastructure during 2023-24. A significant part of this is the water upgrade work at the Donald Street Pump Station in Featherston, which was completed in September 2023. This includes pipework (known as a rising main) and an underground storage tank, which significantly increases the amount of wastewater (sewage) transported to the treatment facilities. Significant improvements have been noticed with no overflows since the installation.

Water

We are working towards desludging both the Martinborough and Greytown wastewater treatment plants. This work will take place in two parts. Firstly, the construction of the laydown areas, which is currently planned to be done before the end of 2024. Secondly, the actual desludging (removal of sludge from settling ponds), which is scheduled to begin from early 2025, firstly in Martinborough followed by Greytown. We expect the work to be complete by around June 2025.

- 1,623 million litres of safe, healthy drinking water supplied to South Wairarapa residents and businesses
- 966,000,000 litres of wastewater (sewage) treated at South Wairarapa wastewater treatment plants
- 178 metres water pipes constructed

Roading

The South Wairarapa has 635km of roads. Our work over the past year included:

- Potholes filled: 414
- Roads inspected (more than once): 3171km
- Roads resealed: 13.6km (or 116211m²)
- Sealed road rehabilitation: 1.0km (or 6636m²)
- Unsealed roads graded (more than once): 1445km
- Unsealed roads maintenance metal applied: 9071m³
- Culverts inspected: 1072
- Culverts flushed: 199 metres
- Culverts replaced: 170.7 metres
- Kerb and Channel replaced: 289 metres
- Signs inspected: 1095
- New signs installed: 414
- New sign posts installed: 468
- Footpaths resurfaced: 1132 metres

Wairarapa Library Service

- New members joined 809
- Books (print items) loaned 119,274
- Digital use loaned: ebooks 15,441; audio books 13,292; emagazines issued via Libby app 11,248
- New print books purchased 6,539
- WLS members borrowed 14,944 items from SMART partners

Building work

- Building consent applications issued: 415 (average processing 14 days)
- Code compliance certificates issued: 409
- Building inspections carried out: 4118
- Swimming Pool audit inspections: 137

Funds and grants

During the 2023-24 year the Council, three Community Boards (Featherston, Greytown and Martinborough) and Māori Standing Committee gave grants to organisations in our community. Income from Pain Estate generated funds, which were given to sports in the community.

Community Boards and Māori Standing Committee

- 34 applicants received \$107,000, including, among others:
- Hau Ariki Marae received \$9000 to replace mattresses
- Featherston Football & Netball Club received \$5,000 for uniforms and equipment

Community and Youth Grant

- 22 applicants received \$120,000, including, among others:
- Cobblestone's Museum in Greytown \$10,000
- Featherston Booktown Karukatea Festival \$25,000
- Martinborough WaiWaste and Foodbox \$15,000
- Wellington Free Ambulance \$11,750

Pain Estate

Gave up to \$50,000 to the community with money generated from the estate. Funds given to:

- Martinborough Golf Club \$10,000
- Martinborough Junior Cricket Club \$8000
- Martinborough School \$1249
- Martinborough Squash Club \$5000
- Martinborough Youth Trust, \$25,000

External funding

We also gave funding to the South Wairarapa community from external sources:

- Creative Communities NZ fund gave \$28,220 to the community
- The Sport NZ Rural Travel Fund gave \$11,060 to the community

Venues

Venue use grew throughout the district in 2023-24 in Featherston, Greytown and Martinborough, all of which tracked up on the previous 12 months.

- Featherston venues (ANZAC Hall, Kiwi Hall & Card Reserve Sports Stadium) booking days 222
Up to 65% from 63%
- Greytown venues (Town Centre Forum & WBS meeting rooms) booking days 272
Up to 80% from 77%
- Martinborough venues (Waihinga Centre/Martinborough Town Hall & Supper Room)
booking days 238
Up to 70% from 67%

Side panel

New Chief Executive Officer Janice Smith

In November 2023, the Council welcomed its new Chief Executive, Janice Smith.

Janice came to us from the Far North with an extensive background in local government management and expertise in financial management. In a short time Janice has made her mark, particularly in four developments, which show the value she is adding to both the Council and to our district.

- After a detailed examination of our accounting practices, Janice noticed an unusual long standing practice that we have since amended, which reduced our collective rates by 10%. This means that our rates could have been 10% higher, had we continued as we had been.
- She has been instrumental in discovering some historic overcharging of residents, sometimes going back a long time. These have rapidly been corrected and compensated.
- Since she has arrived, we have seen a steady improvement in customer service. Residents' concerns are taken seriously and responded to fairly and quickly. I can cite many examples.

At the Council table, Janice provides crisp and accurate information alongside sensible options and advice on which we can base our decisions.

This year we are looking forward to putting together a Long-Term Plan that will set out a blueprint and direction for the next ten years.

We sincerely hope you will take every chance to get involved.

Ngā mihi



Martin Connelly

The Mayor

18 December 2024



Janice Smith

Chief Executive

18 December 2024

Significant Activities

Governance

Building our Mahi Tahī with Māori

In November 2023, Council voted in favour of the establishment of a Māori Ward for South Wairarapa District, further cementing our commitment to build strong relationships with iwi/Māori, to create opportunities for representation and being a part of the decision-making process.

LGOIMA response

173 out of 198 recorded Official Requests of Information were completed within the statutory timeframe for the 2023-24 year. The volume of requests has again significantly increased year on year, up from a recorded 124 requests in the previous year.

Council approved the Proactive Release Policy in September 2023 which outlined how Council will continue to promote good governance and encourage transparency in decision-making by increasing the availability of official information in the community.

Ceremonies

Council hosted or supported several ceremonies and civic events in our community. We welcomed new citizens, commemorated ANZAC Day and the 81st anniversary of the Featherston Incident.

Grants

Funding provides pivotal support to our communities, and we endeavour to promote best practice grant distribution and funding capability to our district. The Community & Youth, Creative Communities Scheme, Creative Communities Festival Fund, Sport New Zealand Rural Travel Fund, Community Board grants, and the Māori Standing Committee grants all allocated funds to projects and initiatives across the district.

Representation Review

A Representation Review is conducted every six years and will conclude in time to be implemented before the next local government election in 2025. A Representation Review addresses the total number of councillors there should be for the district or region and the way they are elected.

Finance and Corporate Support

Council's emergency recovery and resilience

Building on a successful public Emergency Resilience Expo in Greytown in early 2023, community engagements were held in Martinborough and Featherston during the year. These events focused on the Community Emergency Hubs and the community connections needed for the hubs to succeed. The Wellington region has had Community Emergency Hubs for several years and, at one of these events, representatives from Hawke's Bay councils and FENZ attended to see one of our hubs in action as their region took on the Community Emergency Hub model.

Planning and Regulatory Services

Featherston Masterplan

The Featherston Masterplan was adopted by Council on 5 June 2024. The Masterplan sets out a framework to enable growth to occur in a way that responds to challenges, respecting and building on what is valued by the community while allowing for growth, change and new developments. It proposes better connections among existing amenities especially parks, the railway station and Fitzherbert Street/State Highway 2.

Wairarapa Combined District Plan

Review work on the Wairarapa Combined District Plan continued through 2023 with very careful assessment given to all chapters of the current plan. The District Plan has been reviewed and rewritten to align closely with the National Planning Standards and to also capture strategic and key land use policy and rules pertinent to the future of the Wairarapa. It will be finalised in 2025.

Community Facilities and Services

Social housing upgrades

The Council has worked to ensure that its social housing meets health and safety standards. We want all residents in these homes to be comfortable and safe. Throughout 2023-24, upgrades were made across our Featherston, Greytown and Martinborough flats.

Wairarapa Library Service in numbers

- New members joined 809
- Books (print items) loaned 119,274
- Digital use loaned: eBooks 15,441; audio books 13,292; emagazines issued via Libby app 11,248
- New print books purchased 6,539
- WLS members borrowed 14,944 items from SMART partners

Recreation trail on Underhill Road

A purpose built recreation trail was completed on Underhill Road on 31 May 2024 and funded entirely from central government's COVID-19 Infrastructure Investment Fund, administered by Kanoa.

Heritage buildings maintenance

ANZAC Hall and the Old Featherston Courthouse both underwent maintenance, including painting, asbestos removal, and new flooring.

Martinborough Square lights up

Martinborough Square is now lighter for evening walks, due to the repair of existing uprights which are now fully functional. The repairs make walking in the dark safer while retaining full compliance with criteria set out by the Wairarapa Dark Sky Reserve Association, which was consulted with throughout the process to ensure their regulations were met.

Waste Management and Minimisation Plan

A new Waste Management and Minimisation Plan (WMMP) was adopted by the Council in February 2024 to reduce landfill waste and transition the community to a circular economy.

Waste Management and illegal dumping

Another top priority and grave concern that the council is addressing is illegal rubbish dumping, which is prevalent around the South Wairarapa district. The council is working closely with external authorities to remove the waste and launch a campaign to highlight the toxic impact this type of dumping is having on the environment.

Land Transport (Roothing and Footpaths)

Hinekura Road

The Hinekura Road reopened in March 2024 following work to reinstate the road, which began in early January 2024. The reinstated road was constructed on approximately the same alignment on a 400-metre stretch of the road, as agreed with the Hinekura community.

Ecoreef

Ecoreef is a relatively new structural product, which has been installed along Cape Palliser Road/Matakitaki a Kupe Road to reinforce the road and prevent coastal erosion. The Ecoreef hexagonal model used on the coast road forms an interlocking system to provide medium to long term protection of infrastructure.

Land Transport by the numbers

During the year we focussed on delivering projects and outcomes with ongoing maintenance in the district to improve the roading network. Highlights and key activities from the 2023-24 year include:

- 414 potholes filled
- 3171 km of roads inspected
- 13.6 km or 116211m² of roads resealed
- 1 km or 6636m² sealed road rehabilitation
- 1445 km unsealed roads graded
- 9071 m³ unsealed roads maintenance metal applied
- 1072 culverts inspected
- 199 m culverts flushed
- 170.7 m culverts replaced
- 289 m kerb and channel replaced
- 1095 signs inspected
- 414 new signs installed
- 468 new signposts
- 1132 m² footpaths resurfaced

Water Supply

Building Martinborough's water network resilience

A backup power generator was installed at the Martinborough Water Treatment Plant, which means that backup power is available on site if a power cut occurs. It avoids the need to transport a power generator from Wellington.

Water treatment and safety improvements at Martinborough Reservoir

An automatic chlorine dosing system was installed to improve the treatment process and health and safety. The new system means staff can add chlorine at the ground level, rather than having to feed it through a hose from on top of the reservoir. A new safer, secure ladder has also been installed for when staff do need to access the reservoir roof.

New equipment installed at water treatment plants

In June 2024, a range of new treatment instruments were installed across the district, bringing the three main water treatment plants – Soldiers Memorial Park (Greytown), Waiohine Water Treatment Plant (providing water to Featherston and Greytown) and Martinborough Water Treatment Plant- into compliance with Taumata Arowai drinking water standards.

Wastewater

Donald Street Pump Station completed

A new wastewater pump station facility was installed along Donald Street in Featherston in September 2023. The upgrade includes the pump station itself as well as pipework, which is known as a rising main. It also includes an underground storage tank. This has significantly increased the amount of wastewater (sewage) being transported from the eastern part of Featherston to treatment facilities, preventing the network from getting overloaded on rainy days when groundwater can seep into the ageing wastewater network.

Supporting remote rural communities at Lake Ferry and Pirinoa

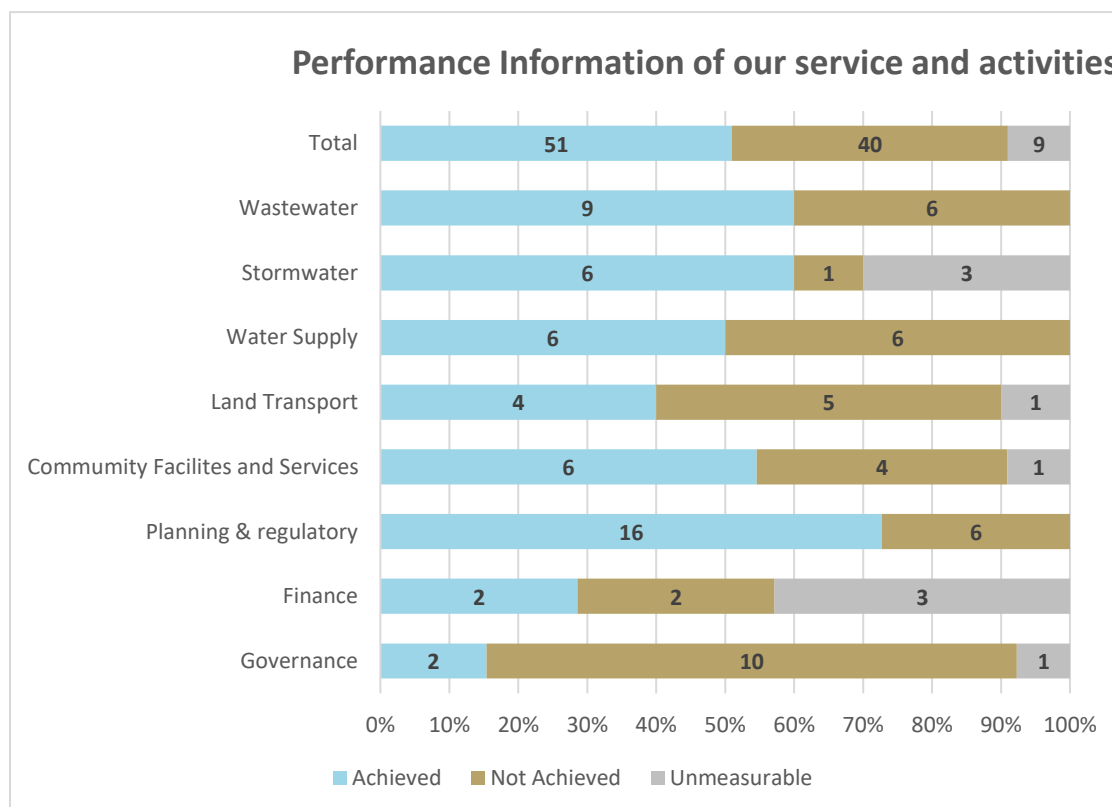
Flow meters have been installed at the Lake Ferry Wastewater Treatment Plant, which will provide water services to operate live, remotely accessible readings of the volume of wastewater (sewage) flowing through the plant. This data enables the understanding of trends that enable the plant to operate effectively, while also increasing resilience during high rainfall conditions.

Improving Greytown's environmental outcomes

100% of treated wastewater was discharged from the Greytown Wastewater Treatment Plant to land last summer. This was part of a trial to enable the long-term goal to discharge all of South Wairarapa's wastewater to land (rather than rivers and streams) all year round to improve environmental outcomes.

Measuring progress against performance measures

Council has 100 performance measures which were set by Council during the LTP 2021-2031 process. Of these 51 were achieved, 40 were not achieved and 9 were not applicable or unmeasurable for 2023/24.



Qualification on Statement of Service Provision

Council received a qualified audit opinion for our mandatory road smoothness measure. This was due to the estimates used to determine the result for 2023-24 were not sufficiently up to date, as described in page 96 of the full Annual Report for 2023-24.

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 20 November 2024.

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 Public Benefit Entity Reporting Standards.

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 2023/24 and 2022/23 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 2022/2023 \$000		Actual 2023/2024 \$000	Budget 2023/2024 \$000
34,912	Total operating revenue	39,022	35,392
33,555	Total operating costs *	34,629	33,303
(1,567)	Other gains and losses	461	485
1,719	Assets vesting in Council	1,192	-
1,509	Total Surplus/(Deficit)	6,046	2,574
(495)	Increase/(decrease) in revaluation reserves	48,888	32,864
1,014	Total other comprehensive revenue and expense	54,933	35,438
6,451	* Operating costs includes Finance and Depreciation	6,879	6,750

Summary Statement of Changes in Net Assets/Equity

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

Actual 2022/2023 \$000		Actual 2023/2024 \$000	Budget 2023/2024 \$000
565,046	Equity at 1 July	566,061	568,156
1,014	Total comprehensive revenue and expense	54,933	35,438
566,061	Balance at 30 June	620,994	603,594
	Represented by:		
166,683	Public equity	174,249	169,321
31,000	Restricted reserves and trust funds	29,480	32,536
368,378	Asset revaluation reserve	417,266	401,737
-	Other reserves	-	-

Summary Statement of Financial Position

Table 3 provides a summary for the Council's financial position as at 30 June 2024 compared with the financial position as at 30 June 2023. This position presents the assets Council own, and the liabilities owed to other parties.

Actual 2022/2023 \$000		Actual 2023/2024 \$000	Budget 2023/2024 \$000
16,943	Total current assets	13,012	15,186
585,834	Total non-current assets	641,269	625,981
602,777	Total Assets	654,281	641,168
9,515	Total current liabilities	21,487	7,052
27,200	Total non-current liabilities	11,799	30,521
566,061	Total equity	620,994	603,594
602,777	TOTAL LIABILITIES AND EQUITY	654,281	641,167

Summary Statement of Cash Flows

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

Actual 2022/2023 \$000		Actual 2023/2024 \$000	Budget 2023/2024 \$000
7,514	Net cash flow from operating activities	7,746	7,918
(7,420)	Net cash flow from investing activities	(8,556)	(11,402)
2,500	Net cash flow from financing activities	(2,000)	1,967
2,594	Net increase/(decrease) in cash held	(2,810)	(1,516)

Events after balance date

Water Services Reform

In October 2023, a new Government was elected, resulting in the Water Services Acts Repeal Act 2024 in February 2024, which removed the previous Government's legislation and reform programme. Since February 2024 legislative changes have been made to New Zealand's water management framework under the "Local Water Done Well" legislation which will have implications for how local councils manage and finance water services in future years. In August 2024, the Local Government (Water Services Preliminary Arrangements) Bill was passed to enable councils to develop their Water Services Delivery Plans during the 2024-25 year.

Key aspects of the new legislative model are:

- Councils are required to adopt a Water Services Delivery Plan (WSDP) by 3 September 2025 to set out how water services will be delivered, financed, and implemented. The WSDP will also outline when new arrangements will take effect.
- The legislative framework encourages councils to establish Water Council-Controlled Organisations (CCOs) to manage water services. These CCOs are permitted to borrow up to 500% of their operating revenues, subject to prudent credit criteria, from the New Zealand Local Government Funding Agency (LGFA), facilitating significant infrastructure investments. Subject to the form of any CCO, and delivery arrangement selected by Council, SWDC may

be required to provide a debt guarantee.

- Implementation of a new economic regulation regime, overseen by the Commerce Commission. This regime ensures that revenues collected for water services are ring-fenced and used solely for water-related projects, preventing use for other council priorities.
- Increased regulatory flexibility for Taumata Arowai, providing greater flexibility in water quality compliance, allowing exemptions for smaller water supplies, and introducing a single national standard for wastewater performance.

As part of the preparation for Local Waters Done Well reform, SWDC officers and elected members had been evaluating two joint delivery options—one involving the Wairarapa region and Tararua District (Wai+T), and another with a Wellington regional working group. On the 13th of November 2024 Council voted unanimously to exit the Wellington regional WSDP and focus on developing the Wai+T model. The collaborative Wairarapa and Tararua multi-council water services council-controlled organisation (CCO) model will be presented to the community for formal consultation in 2025.

Whilst these changes do not impact the financial or service performance information in this report, there will be potential impacts in future years. None of these impacts directly challenge the viability of Council, or its assumption of maintaining going concern status.

- **Financial Management:** The increased borrowing capacity through LGFA loans allows Councils and Water CCOs to invest in critical water infrastructure without immediate price increases.
- **Regulatory Compliance:** Councils and their CCOs will need to adhere to new economic regulations, ensuring that all water service revenues are transparently managed and invested solely in water services. This may require adjustments to existing financial and operational practices.
- **Strategic Planning:** The council must develop and submit Water Services Delivery Plans that outline how water services will be managed and financed under the new framework. This includes exploring partnerships with other councils via CCOs to leverage resources and reduce costs.

Other Events After Balance Date

There have been no other events after balance date.

Explanations of Major Variances against Budget

Explanations for major variations from SWDC's estimated figures in the 2023/24 Annual Plan are as follows.

Statement of Comprehensive Revenue and Expense

The operating surplus for the year was \$2.3 million more than expected because revenues were \$3.6 million higher than planned. This was partly offset by expenses that were \$1.3 million higher than planned.

The increase in revenue is due to:

- Subsidy from Waka Kotahi, which was \$2.8 million higher than budgeted. However, this was offset by \$2.1 million in higher expenses for Land Transport, due to emergency work caused by weather events.
- Higher interest revenue of \$0.2 million, thanks to increased interest rates on term investments.

The revenue for the year also includes grant funds from central government initiatives, which were matched by increases in expenses in the related activities:

- \$0.2 million for Water Reform Transition Support across the three water activities.
- \$0.2 million for the Infrastructure Reference Group, specifically for the Tauwharenikau Cycle Bridge under Community Facilities and Services.
- A total of \$0.5 million for the Mayor's Taskforce for Jobs, Rangatahi Strategy, Welcoming Communities, and Freedom Camping, also under Community Facilities and Services.

There is also an increase in expenses for Planning and Regulatory Services (\$1.0m) because spending on the Spatial Plan and Combined District Plan was reclassified from capital costs to operating costs.

Infrastructure and investment property assets were revalued based on market conditions, which increased the total surplus by \$51.3 million and \$0.4 million respectively. These are unrealised gains, meaning the market value went up, but the properties haven't been sold.

Statement of Financial Position

The overall position shows Council can meet its 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 decreased this financial year, in line with updated treasury policy guidelines.

Closing investments were \$6.0 million less than budgeted position, due to variance in opening position, and a change in treasury policy that directs term investments held for loan redemption to be used to reduce borrowings

Overall, equity has increased, mainly due to market revaluation of infrastructure and investment property assets. Transfers to and from special and restricted reserves balances reflect increasing development within the district and the use of accumulated funds to repay loans.

Statement of Cashflows

Net cash flow from operating activities closely aligns with the budget, as revenues and expenses were close to expectations.

Net cash flow from investing activities was unfavourable but better than budgeted (by \$2.8 million) due to delays in capital projects for the three water activities.

Net cash flow from financing activities was \$4.0 million lower than budget because the Council used available funds to pay down debt, and some capital projects were delayed.

Independent Auditor's Report

To the readers of South Wairarapa District Council summary of the annual report for the year ended 30 June 2024

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 2024.

The summary of the annual report comprises the following information on pages 8 to 16:

- the summary statement of financial position as at 30 June 2024;
- the summaries of the statement of comprehensive revenue and expenses, statement of changes in net assets/equity and statement of cash flows for the year ended 30 June 2024;
- the notes to the summary financial statements that include other explanatory information; and
- the summary of the statement of service provision

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*.

However, the summary of the statement of service provision includes a limitation in scope to the equivalent extent as the full audited statement of service provision. This limitation is explained below in *The full annual report and our audit report thereon* section.

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 a qualified opinion on the statement of service provision and an unmodified opinion on the other audited information in the full annual report for the year ended 30 June 2024 in our auditor's report date 20 November 2024. The basis for our qualified opinion on the statement of service provision is explained below.

Statement of service provision: Our work was limited in relation to the performance measure: The average quality of ride on the sealed local road network, measured by smooth travel exposure

The District Council is required to report against the performance measures set out in the Non-Financial Performance Measure Rules 2013 (the Rules) made by the Secretary for Local Government. These mandatory performance measures include the average quality of ride on the sealed local road network measured by smooth travel exposure. This performance measure is important because road smoothness is indicative of the quality of service provided to the community.

We were unable to obtain assurance over the accuracy of estimated traffic volumes used in the calculation of this performance measure. This is because these estimates are not sufficiently up to date, as described on page 96 of the full annual report. The actual average quality of ride on the sealed local road network may therefore differ materially from the result reported.

As a result, our work was limited and there were no practicable audit procedures we could apply to obtain assurance over the accuracy of reported performance for this measure.

Information about this matter is disclosed on page 2 and page 12 of the District Council's summary annual report.

Our audit was completed late

Our auditor's report on the full annual report also includes a paragraph acknowledging that our audit was completed later than required by section 98(3) of the Local Government Act 2002. This was due to Audit New Zealand capacity issues and was not due to late delivery by South Wairarapa District Council.

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 reporting on the summary and full annual reports, we have performed a limited assurance engagement related to the District Council's debenture trust deed. This engagement is compatible with those independence requirements.

Other than these engagements, we have no relationship with, or interests in, the District Council.

Karen Young

Karen Young
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand
18 December 2024