

MASTERTON DISTRICT COUNCIL

AGENDA

AUDIT AND RISK COMMITTEE

WEDNESDAY 16 FEBRUARY 2022 AT 2.00PM

MEMBERSHIP OF THE COMMITTEE

Philip Jones (Chairperson)

Her Worship the Mayor

Cr B Gare

Cr G McClymont

Cr T Nelson

Cr T Nixon

Cr C Peterson

Iwi representative T Te Tau

Quorum: Four

Notice is given that the meeting of the Masterton District Council Audit and Risk Committee will be held on Wednesday 16 February 2022 by zoom commencing at 2.00pm.

**RECOMMENDATIONS IN REPORTS ARE NOT TO BE CONSTRUED AS COUNCIL
POLICY UNTIL ADOPTED**

11 February 2022



1

AGENDA ITEMS

1. CONFLICTS OF INTEREST (Members to declare conflicts, if any)
2. APOLOGIES
3. PUBLIC FORUM
4. LATE ITEMS
5. **MINUTES OF PREVIOUS MEETING TO BE RECEIVED (226/21)** Pages 401-406

FOR DECISION

6. **PROCUREMENT POLICY (010/22)** Pages 411-425

FOR INFORMATION

7. **SERVICE PROVISION REPORT – ARATOI AND NUKU ORA (006/22)**
Pages 426-433
8. **SERVICE PROVISION REPORT – DESTINATION WAIRARAPA (007/22)**
Pages 434-438
9. **NON-FINANCIAL PERFORMANCE 2021/22 SECOND QUARTER REPORT (008/22)**
Pages 439-457
10. **HEALTH AND SAFETY QUARTERLY REPORT (009/22)** Pages 458-469
11. **REPORT TO THE COUNCIL ON THE AUDIT FOR THE YEAR ENDED 30 JUNE 2021 (011/22)** Pages 470-487
12. **6 MONTHS TO DATE FINANCIAL REPORT 2021/22 (012/22)** Pages 488-493

MATTERS TO BE TAKEN WITH THE PUBLIC EXCLUDED

Moved by

Seconded by

Under section 48 (1) of the Local Government Official Information and Meetings Act 1987 the following matters will be taken with the public excluded :-

Minutes of the previous meeting

13. Receive the Minutes of the previous meeting held with the public excluded 17 November 2021.

General Business

14. Risk Policy and Register Update
15. SLT Risk Discussion.

The general subject of the matters to be considered while the public is excluded, the reason for passing this resolution in relation to the 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 is as follows:-

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
Minutes of Previous Meeting held 17 November 2021	See page 405-406	s48(1)(d) That the exclusion of the public from the whole or the relevant part of the proceedings of the meeting is necessary to enable the local authority to deliberate in private on its decision or recommendation in any proceeding to which this paragraph applies
Risk Policy and Register Update	7(2)(c)(i) The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or information from the same source and it is in the public interest that such information should continue to be supplied. 7(2)(c)(ii) The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any	s48(1)(d) That the exclusion of the public from the whole or the relevant part of the proceedings of the meeting is necessary to enable the local authority to deliberate in private on its decision or recommendation in any proceeding to which this paragraph applies

3

person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to damage the public interest

SLT Risk Discussion

7(2)(c)(i)

The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or information from the same source and it is in the public interest that such information should continue to be supplied.

7(2)(c)(ii)

The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to damage the public interest.

s48(1)(d)

That the exclusion of the public from the whole or the relevant part of the proceedings of the meeting is necessary to enable the local authority to deliberate in private on its decision or recommendation in any proceeding to which this paragraph applies

401

226/21

**REPORT OF THE AUDIT & RISK COMMITTEE MEETING HELD AT WAIATA HOUSE, 27
LINCOLN ROAD, MASTERTON, ON WEDNESDAY 17 NOVEMBER AT 3.00 PM**

PRESENT

Philip Jones (Chair), Mayor L Patterson, Councillors B Gare, G McClymont, T Nixon, T Nelson, and C Peterson and iwi representative Tiraumaera Te Tau.

IN ATTENDANCE

Acting Chief Executive, Manager Finance, Manager Regulatory Services, Manager Community Facilities and Activities, Communications and Engagement Manager, People and Culture Manager, Corporate Planner, Policy Manager, Senior Policy Advisor and Governance Advisor.

CONFLICT OF INTEREST

No conflicts were declared.

**LATE ITEMS FOR INCLUSION UNDER SECTION 46A(7) OF THE LOCAL
GOVERNMENT OFFICIAL INFORMATION AND MEETINGS ACT 1987**

There were no late items.

APOLOGIES

There were no apologies.

MINUTES OF PREVIOUS MEETING TO BE RECEIVED (153/21)

Moved by Councillor T Nelson

That the minutes of the previous meeting of the Audit and Risk Committee held 18 August 2021 be received.

Seconded by Councillor B Gare and CARRIED

SERVICE PROVISION REPORT ARATOI FIRST QUARTER(216/21)

The report providing the Committee with the quarterly progress report against key result areas for Aratoi Regional Trust was taken as read.

The Manager Community Facilities and Activities advised that the Memorandum of Understanding with Aratoi was still under discussion and in particular the setting of the key performance area around customer satisfaction. It was noted that three year funding was confirmed through the LTP process.

402

In relation to a question about the key result area that Collections are documented in line with professional museum standards it was advised that a key result area could be included to require a three yearly independent review.

Moved by Mayor L Patterson

That Council receives Service Provision Report 216/21, which provides the summary results of Key Result Areas for the 1 July – 30 September 2021 quarter, from Aratoi Regional Trust.

Seconded by Councillor C Peterson and CARRIED

SERVICE PROVISION REPORT: DESTINATION WAIRARAPA FIRST QUARTER(217/21)

The report providing the first quarter report from Destination Wairarapa was presented by the Senior Policy Manager who advised that the Destination Management Plan would be brought to Council in the new year.

In relation to a question about the total guest nights and why the average nights stayed had stayed the same when the total guest nights had reduced staff advised that they would follow up.

Moved by Councillor G McClymont

That the Audit and Risk Committee receives Service Provision Report 217/21 that includes a summary of results of key deliverables for the first quarter, 1 July – 30 September 2021, from Destination Wairarapa.

Seconded by Councillor B Gare and CARRIED

NON-FINANCIAL PERFORMANCE 2021-22 FIRST QUARTER REPORT (218/21)

The report advising the Committee of performance against non-financial measures that are reported at year end was taken as read. It was noted that the measures reported against were the new measures set in the 2021-2031 Long Term Plan. Covid impacts had been noted.

A request was made for the next report to note those measures which weren't achieved in the current quarterly report, but would likely be achieved by year end, and also those that would not be achieved by year end, given the quarterly result.

Moved by Philip Jones

That the Audit and Risk Committee receives the Quarter 1 non-financial performance report for the 2021/22 financial year.

Seconded by Councillor B Gare and CARRIED

LGFA ANNUAL GENERAL MEETING (219/21)

The report advising the Committee of the action being taken under delegated authority with respect to Council's voting on matters at the Local Government Funding Agency's AGM was taken as read.

403

Moved by Philip Jones

That the Audit and Risk Committee notes the proxy vote to be cast under delegated authority on behalf of the Council at the Local Government Funding Agency's Annual General Meeting being held on 23 November 2021.

Seconded by Councillor T Nelson and CARRIED

MONITORING OF POLICIES (220/21)

The report providing a status update for each of the policies that the Audit and Risk Committee are responsible for monitoring was presented by the Policy Manager.

In relation to the Asset Management Policy, it was advised that, in the light of the three waters reform programme, there would be guidance coming from government about what will happen to councils' asset management plans.

A request was made for the Procurement Policy to be prioritised.

It was noted that the role of the Committee was oversight rather than responsibility as some of the policies monitored by the Committee were not required to be approved by Council.

Moved by Councillor T Nelson

That the Audit and Risk Committee

(a) **notes that the following policies are monitored by the Audit and Risk Committee;**

- **Asset Management Policy**
- **Fraud, Dishonesty and Corruption Control Policy**
- **Workplace Health and Safety and Staff Wellbeing Policy**
- **Procurement Policy**
- **Revenue and Financing Policy**
- **Risk Management Policy**
- **Significance and Engagement Policy**
- **Sensitive Expenditure Policy**
- **Treasury Management Policy, and**

(b) **notes the status update for each of these policies in Report 220/21.**

Seconded by Mayor Lyn Patterson and CARRIED

HEALTH & SAFETY QUARTERLY REPORT (221/21)

The report providing an update to assist elected members carry out their role as officers under the Health and Safety at Work Act 2015 was taken as read.

In response to a question about how Council would be responding to the latest COVID requirements, staff advised that Council was waiting for more guidance as it was important to ensure some consistency in approach across councils. Council had obligations under the Health and Safety Act as an employer and guidance from Worksafe would be coming to outline how issues could be managed.

Moved by Councillor B Gare

The Audit and Risk Committee notes the content and receives the Health and Safety Report for the quarter (1 Jul 2021 to 31 Oct 2021).

Seconded by Councillor C Peterson and CARRIED

NZTA INVESTMENT AUDIT (222/21)

The purpose of this report is to provide the Committee with an update on the actions arising out of the 2020 NZTA Investment Audit as requested at the 18 November 2020 meeting of the Audit and Risk Committee.

In response to a question, it was advised that the next audit hadn't been confirmed and could be anywhere between 2-5 years.

Moved Councillor T Nixon

That the Audit and Risk Committee receives the update on the actions arising out of the September 2020 NZTA Investment Audit Report.

Seconded Councillor B Gare and CARRIED

THREE MONTHS TO DATE FINANCIAL REPORT (223/21)

The report providing the Audit and Risk Committee with the financial report for the three months to 30 September 2021 was presented by the Manager Finance who noted that overall expenditure was on track or slightly below budget.

A request was made, in relation to the rates information reported, for a breakdown of the aged receivables (i.e. how old the debt was) and some commentary on whether the current figures were an outlier and had continued and, if the trend had continued, where the arrears were e.g. commercial, rural or residential.

Another request was made for the next report, after the December results, to include a forecast of capital expenditure ie a realistic likely spend to the end of the year by activity and where there is uncertainty and why (e.g. Where there were potential supply shortages).

Moved Councillor McClymont

That the Audit and Risk Committee receives the 2021/2022 Three Months to Date Financial Report and Commentary

Seconded Councillor T Nixon and CARRIED

MATTERS TO BE TAKEN WITH THE PUBLIC EXCLUDED

Moved by Mayor L Patterson

Under section 48 (1) of the Local Government Official Information and Meetings Act 1987 the following matters will be taken with the public excluded :-

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13. Receive the Minutes of the previous meeting held with the public excluded 18 August 2021.

General Business

14. SLT Risk Discussion.

The general subject of the matters to be considered while the public is excluded, the reason for passing this resolution in relation to the 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 is as follows:-

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
Minutes of Previous Meeting held 18 August 2021	See pages 406-407	s48(1)(a)(i) That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.
SLT Risk Discussion	7(2)(c)(i) The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely	s48(1)(a) That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.

406

to prejudice the supply of similar information or information from the same source and it is in the public interest that such information should continue to be supplied.

7(2)(c)(ii)

The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to damage the public interest.

Seconded by Councillor C Peterson and CARRIED

The public was excluded at 3.47 pm

The meeting returned to open session at 4.23 pm

The meeting concluded at 4.23 pm

To:	Audit and Risk Committee
From:	Matt Steele, Senior Policy Advisor – Economic Development
Endorsed by:	David Hopman, Chief Executive
Date:	16 February 2022
Subject:	Procurement Policy
FOR ENDORSEMENT	
Recommendation:	
That the Audit and Risk Committee:	
<ul style="list-style-type: none"> a) notes a review of the Procurement Policy is complete; b) notes the revised Procurement Policy was approved by the Strategic Leadership Team on 3 February 2022; and c) endorses the revised Procurement Policy included as Attachment 1 to Report 010/22. 	

PURPOSE

The purpose of this report is to seek endorsement from the Audit and Risk Committee on the revised Procurement Policy (Attachment 1).

BACKGROUND

The purpose of the Procurement Policy (the Policy) is to provide a framework to ensure that a consistent procurement practice is applied across all Council procurement activities in alignment with the Council's vision, strategic priorities, and community outcomes. It does not supersede the New Zealand Government procurement policies and guidelines. For example, any activities funded through the National Land Transport Programme will follow the Waka Kotahi New Zealand Transport Agency procurement procedures.

The Policy articulates how Council seeks to maximise the overall benefits that can be delivered through its procurement activity, enabling the Council to deliver value for money as well as advancing the social, environmental, and economic wellbeing of the Masterton district and its community.

Procurement covers all aspects of purchasing and delivering goods, services and works. It starts with identifying the needs, then planning the best way to meet them; continues through sourcing the goods/services/works then managing the contract; and ends with expiry of either the contract or the asset's useful life.

REVIEW PROCESS

The review of the Procurement Policy was completed in January 2022. As part of the review process, staff who procure works and services provided input on the revised policy, desktop research was undertaken looking at other council procurement policies, and well as discussions with officials that work in the New Zealand Government procurement area. As a result of the review, the following changes and considerations were made:

The importance of supporting Wairarapa businesses is recognised, with a commitment to seek opportunities to involve Wairarapa businesses, with a particular focus on Māori, Pasifika, and social enterprises.

The policy includes three new principles: *'Value Wairarapatanga'*, *'Get the best deal for everyone'* and *'Play by the rules'*. The two key aspects of the *'Value Wairarapatanga'* principle are to include a Wairarapa Māori lens in procurement planning, and to ensure supplier diversity. This is in line with the expectation that government agencies must increase the diversity of suppliers by changing their practices to increase procurement opportunities for Māori businesses.

The principles of *'Get the best deal for everyone'* and *'Play by the rules'*, are part of the Government procurement principles. The focus of these principles is to ensure that Council procurement processes actively promote best public value, and that Council processes meet the highest standards of fairness, honesty and integrity.

The policy now includes a set of clearly defined objectives, with a focus on both social responsibility and environmental sustainability. These objectives reflect the strategic direction set out in the Council's wellbeing strategy *My Masterton Our People, Our Land: He Hiringa Tangata, He Hiringa Whenua*.

A monitoring and evaluation section has been included in the revised policy.

The following legislation, guidelines and framework have been referenced as part of the review process:

- [Office of the Auditor-General, June 2008, Procurement guidance for public entities](#)
- [New Zealand Government Procurement Charter](#)
- [New Zealand Government Procurement Principles](#)
- [New Zealand Government Procurement Rules](#)

Changes have not been made to the purpose or scope of the policy.

The Procurement Policy is an internal policy that is approved by the Strategic Leadership team (SLT) and is endorsed by the Audit and Risk Committee, as it is one of the policies that is monitored by this Committee. The Policy was approved by the SLT on 3 February 2022.

The Procurement Policy is currently on 3 year review cycle. Once the Audit and Risk Committee endorse the Policy, it will be due for review in February 2025 unless there are any significant legislative drivers that would trigger an earlier review.

OPTIONS CONSIDERED

A summary of the options considered is included in the table below:

Option:	Advantages:	Disadvantages:
Option 1: Endorse the revised Procurement Policy.	<p>The revised policy reflects current legislation.</p> <p>The revised policy reflects current Government procurement frameworks, and the Council's wellbeing strategy.</p>	No disadvantages identified.
Option 2: Retain the 2017 Procurement Policy with no changes.	No advantages identified.	Policy does not reflect the updated Government procurement principles, or the Council's wellbeing framework.

Recommended Option

Option 1 is recommended. The revised policy reflects current legislation, the current Government Procurement Frameworks and associated policies and guidelines.

SUPPORTING INFORMATION

Strategic, Policy and Legislative Implications

The revised Procurement Policy reflects the associated legal frameworks regarding procurement, and the most recent frameworks as set out by Government.

Significance, Engagement and Consultation

The policy does not trigger criteria under the Significance and Engagement Policy to require community engagement or consultation. It is an internal policy that has been reviewed by internal staff and SLT.

Financial Considerations

There are no specific financial considerations associated with the revision of this policy.

Implications for Māori

The revised Procurement Policy now includes the principle of '*Value Wairarapatanga*' that is focused on including a Wairarapa Māori lens in procurement planning, including who should be providing that expertise, and supplier diversity.

Communications/Engagement Plan

A Communications/Engagement Plan is not required for this policy.

Environmental/Climate Change Impact and Considerations

The revised Procurement Policy has been guided by the New Zealand Government Procurement Framework that includes a new paradigm for sustainable procurement.

The 'Plan and manage for great results' principle includes council focusing on minimising any environmental impacts by encouraging and promoting e-procurement.

The policy also includes council making decisions that consider broader outcomes, including environmental outcomes that can be achieved throughout the procurement process.

One of the objectives of the policy is environmental sustainability and council's procurement activity recognising proactive strategies that deliver better outcomes for the environment.

NEXT STEPS

Following endorsement from the Audit and Risk Committee, the Procurement Procedure and associated guidelines and templates will be updated. They will then be promulgated to staff, with associated training rolled out.

PROCUREMENT POLICY

Applicable to:	All employees
Issued by:	Strategic Leadership Team
Policy Number:	MDC011
Review Date:	February 2025
Contact Person:	Manager Finance

CONTENTS

Contents	2
Purpose	3
About this policy.....	3
Scope.....	3
The New Zealand government procurement framework	3
Principles of procurement	4
Objectives of this policy	6
Financial thresholds	7
Exemptions from open competition.....	7
How Council will operate a panel of suppliers	8
Policy owner	8
Compliance	8
Review of policy	8
Monitoring and evaluation	9
Definitions	9
Related Documents	11
References	11

PURPOSE

The purpose of this Policy is to provide a framework to ensure that a consistent procurement practice is applied across all Council procurement activities in alignment with the Council's vision, strategic priorities, and community outcomes. This Policy does not supersede the New Zealand Government procurement policies and guidelines.

The Procurement Policy articulates how Masterton District Council (Council) seeks to maximise the overall benefits that can be delivered through its procurement activity, enabling the Council to deliver value for money as well as advancing the social, environmental, and economic wellbeing of the Masterton district and its community.

ABOUT THIS POLICY

Procurement covers all aspects of purchasing and delivering goods, services and works. It starts with identifying the needs, then planning the best way to meet them; continues through sourcing the goods/services/works then managing the contract; and ends with expiry of either the contract or the asset's useful life.

Activities funded through the National Land Transport Programme will follow the Waka Kotahi New Zealand Transport Agency procurement procedures.

This document should be read in conjunction with Council's Procurement Procedure (MDC011A).

SCOPE

This policy applies to all contracting and procurement activities at Council and is binding upon councillors, council staff and suppliers engaged by Council. This policy applies to the procurement of:

- Goods and services of any kind (e.g., refurbishment, new construction works);
- Goods or services supplied by non-commercial entities such as iwi, volunteer and other community organisations.

This policy does not apply to:

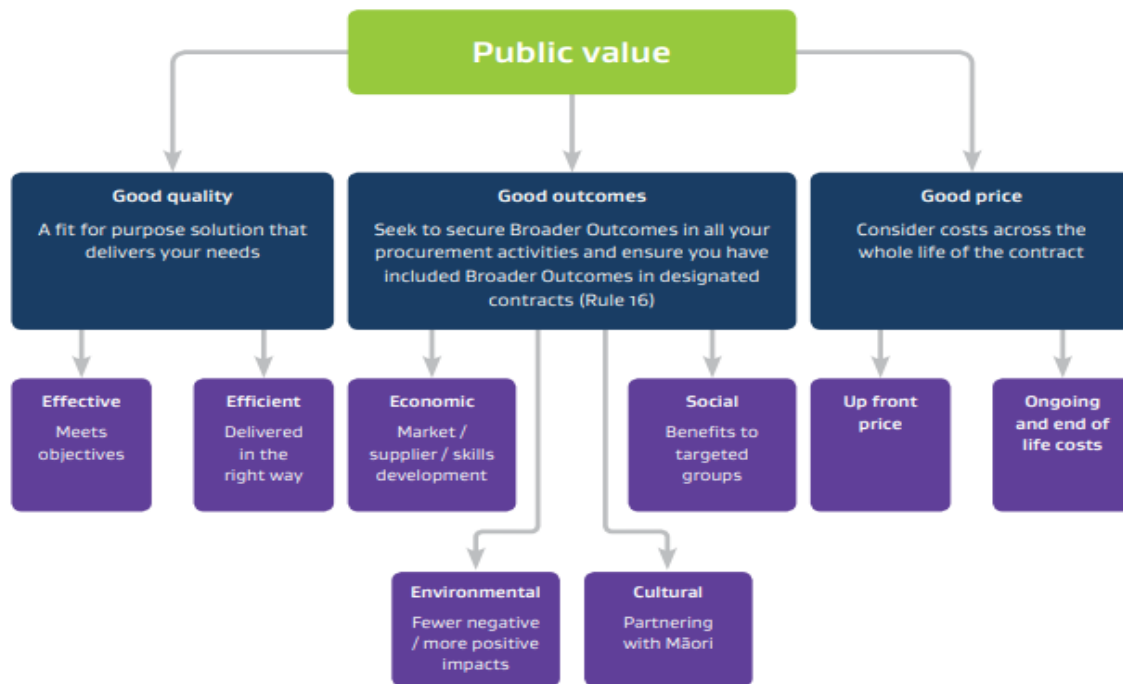
- The employment of staff (staff are not defined as contractors and consultants to supply services)
- The acquisition or lease of land or buildings (excluding the design, construction, or refurbishment of Council-owned buildings)
- Disposals and sales of Council assets
- Investments, loans, guarantees, or other financial instruments
- Koha, gifts, donations, and grants including time/labour or services in kind
- Non-contractual agreements between public sector agencies, such as memorandums of understanding and shared services agreements
- Statutory, governance or ministerial appointments.

THE NEW ZEALAND GOVERNMENT PROCUREMENT FRAMEWORK

The New Zealand Government Procurement Framework has been used to guide this policy as it provides a new paradigm for sustainable and inclusive procurement¹. This framework is designed to be used for a range of procurement activity from simple and low risk to complex and high risk. It aims to drive consistent and balanced procurement decisions that create public value (Figure 1).

¹ <https://www.procurement.govt.nz/procurement/principles-charter-and-rules/>

Figure 1: Adopted from the Government Procurement Rules



This policy adopts the five principles of Government Procurement with the addition of a Wairarapatanga principle. These principles provide the foundations of good procurement practice. The six principles are:

1. Plan and manage for great results.
2. Be fair to all suppliers.
3. Value Wairarapatanga.
4. Get the right supplier.
5. Get the best deal for everyone.
6. Play by the rules.

1. Plan and manage for great results

The Council will plan and manage procurement effectively by identifying the need, including what broader outcomes should be achieved. It should be clear what is being procured and why, before approaching the market.

The Council will include suppliers early and in a timely manner, and work with them to get the best possible outcomes.

The Council will choose the right approach to procurement that will depend on the value, complexity and any risks involved.

The Council will focus on minimising any environmental impacts by encouraging and promoting e-procurement (for example, tenders sent by email).

2. Be fair to all suppliers

The Council will create transparent and effective competition and encourage capable suppliers to respond to achieve the most effective procurement outcome.

The Council will seek opportunities to involve Wairarapa businesses, with a particular focus on Māori², Pasifika, and social enterprises.

Clear criteria will be set ahead of commencing procurement. The criteria will be used to evaluate proposals and determine which proposal satisfies the specific procurement requirements and provides value for money over the procurement life cycle.

The Council will provide a clear explanation on how proposals will be assessed so that the suppliers know what to focus on.

The Council will provide feedback to the successful and unsuccessful suppliers on their proposals.

3. Value Wairarapatanga

There are two key aspects of this principle:

a) Including a Wairarapa Māori lens in procurement planning

Procurement planning requires advice and input with a Wairarapa Māori lens that first and foremost utilises our internal expertise, and when appropriate, external expertise. A Wairarapa Māori lens will consider things such as Māori cultural knowledge, te reo Māori (Māori language), mātauranga Māori (Māori understanding, knowledge and skill), tikanga Māori (procedures, customs, and practices) and kawa (protocols).

b) Supplier diversity

- Ensuring local Māori businesses have opportunities to tender for works and services, in line with the Government's work to increase the diversity of suppliers and improve Māori participation in the economy³;
- Support business and employment prosperity of local Māori businesses; and
- Enable and support all of our suppliers to be more informed of appropriate Māori cultural practices as part of their work/services (e.g. if works/services involves disruption of land and accidental discovery of taonga Māori – that appropriate people are contacted to conduct the necessary tikanga and kawa).

4. Get the right supplier

Our procurement process will apply sound ethical considerations to provide an equitable and fair opportunity for procurement.

The Council will seek innovative and sustainable approaches from the market as part of our procurement processes.

The Council will identify relevant risks and manage them effectively.

5. Get the best deal for everyone

Our procurement process will actively promote best public value. This means getting the best possible result from procurement, using resources effectively, economically and without waste, and taking into account: the total costs and benefits of a procurement (total cost of ownership), and its contribution to the results being sought.

The Council will make balanced decisions considering broader outcomes: social, environmental, economic effects and cultural outcomes and how those could be achieved throughout our procurement process.

This means we will focus on:

- value over the whole of life, rather than just the initial cost
- avoiding unnecessary consumption, manage demand and minimise waste
- minimising environmental impacts over the whole of life of the goods/services/works
- increase opportunities to support transition to low carbon economy

² Māori businesses are defined by Te Puni Kōkiri as a Māori authority (as classified by the Inland Revenue Department) or a minimum 50% Māori ownership.

³ <https://www.tpk.govt.nz/en/a-matou-kaupapa/maori-economic-resilience/progressive-procurement>

- using procurement to encourage and support continuous improvement, skills development, adherence to health and safety rules by our suppliers, and support job creation in the Masterton District.

The Council will have clear performance measures to monitor and manage supplier performance.

6. Play by the rules

The Local Government Act 2002, Section 14⁴ details the principles relating to local authorities. These principles apply to all work within local government including this policy.

All individuals and groups that the policy applies to are expected to conduct themselves to the highest standards of fairness, honesty, and with integrity throughout the procurement process. Employees and suppliers will adhere to these standards, all applicable laws, and avoid all perceptions of conflict of interest and impropriety.

The Council will ensure procurement processes are transparent and reasonable through procurement procedures and plans, ensuring accountability for any decisions that are made.

Commercially sensitive information, intellectual property, and conflict of interest will be identified and managed. Any breaches will be reported immediately to the responsible Strategic Leadership Team member or Project Sponsor, with the appropriate management steps put in place.

Ensuring probity of action is everyone's responsibility when conducting procurement activities. This means:

- undertaking due process
- obtaining appropriate approvals
- documenting decisions, and reasons for decisions as appropriate.

The Council will openly advertise on the Government Electronic Tenders Service (GETS):

- if the maximum total estimated value of the procurement meets or exceeds the relevant value threshold
- when there is no exemption from open advertising.

If the procurement is exempt from open advertising, the Council will use either a closed competitive process (with a limited number of known suppliers) or a direct source process (with a known supplier).

OBJECTIVES OF THIS POLICY

The objectives of this Policy are for Council's procurement activity to promote achievement of:

1. *Value for money* – provide the best value for money, considering whole of life costs and benefits, and sustainable outcomes.
2. *Transparency* – follow procurement procedures and guidelines and have open, easily accessible, and transparent procurement processes.
3. *Accountability* – Council takes an active role in monitoring and managing supplier performance.
4. *Council's strategic vision* – ensure procurement principles and process are aligned to the Council's vision and strategic priorities and promote efficient and effective delivery of Long-Term Plan and Annual Plan work programmes and levels of service.
5. *Social responsibility* – Council is committed to promoting improved outcomes across the community. A focus is placed on those who are underrepresented and people with less opportunity, to help build more resilient communities. Where possible, Council will explore opportunities to engage social enterprises to provide works, goods, and services, while ensuring that the principles of this policy are met.
6. *Environmental sustainability* – Council's procurement activity will recognise proactive strategies that deliver better outcomes for the environment. The Council is committed to

⁴ <https://www.legislation.govt.nz/act/public/2002/0084/latest/DLM171810.html>

exploring opportunities through procurement that conserve resources, save energy, minimise waste, protect human health and enhance environmental safety, while ensuring the principles of this policy are met. Focus will be given to improving energy and water efficiency, reducing and recycling, and minimising greenhouse gas emissions.

FINANCIAL THRESHOLDS

Procurement Value (excluding GST)	Procurement Method	Conditions and exemptions
Up to \$20,000	Direct Procurement	Purchase directly from preferred suppliers.
\$20,000 to \$250,000	Staff may use Closed Competition or Open Competition.	For the avoidance of doubt Open Competition is still possible at these amounts, and the higher the value, the more consideration should be given to Open Competition (in accordance with the principles of this Policy). Staff should also consider workload and impact on the supplier market when considering use of Open Competitive processes for lower value procurements.
\$250,000 to \$1,000,000	Open Competition is required unless approved by the Chief Executive.	The use of Direct or Closed procurement must meet one or more of the valid exceptions to open competition listed in this policy.
Total value greater than \$1,000,000	Open Competition is required unless approved by Council.	Council (or a subordinate Council decision-making body delegated authority for approving financial expenditure) may determine the use of Direct Procurement or Closed Competition. The use of Direct or Closed procurement must meet one or more of the valid exceptions to open competition listed in this policy.
N/A	Waka Kotahi NZ Transport Agency Subsidies	For contracts where the cost will be part-funded by a Waka Kotahi NZ Transport Agency subsidy, the procurement decision must follow NZTA guidelines.

EXEMPTIONS FROM OPEN COMPETITION

1. Emergency procurement

The Council will from time to time need to react efficiently and effectively to genuinely unforeseen urgent circumstances which may result in injury, loss of life or critical damage to property or infrastructure.

These situations may require the need for rapid procurement and may mean it is not possible or prudent to satisfy all requirements of this Policy.

The Council will take all practical efforts to document and account for all emergency procurement activity and to uphold transparency. These will be recorded in an emergency procurement register.

Appropriate authorisation should be gained from the relevant delegated authority before any emergency procurement is made.

2. Other exemptions

A closed competitive process or direct source process to procure goods, services and works may be used if:

- a) Following an open competitive process:
 - the contract opportunity was openly advertised in the last 12 months
 - the core procurement requirements have not substantially changed
 - the first time the opportunity was advertised it did not receive any responses.
- b) Secondary procurement:
 - When using a pre-approved panel of suppliers or purchasing under an All-of-Government contract.
- c) Only one supplier:
 - If the goods, services, or works can be supplied by only one supplier and for technical reasons there is no reasonable alternative or substitute.

HOW COUNCIL WILL OPERATE A PANEL OF SUPPLIERS

For regular purchases of specific type of good, service or works, the Council will set up a panel of suppliers. The panel of suppliers will be reviewed two-yearly.

A panel of suppliers is a list of suppliers who have been pre-approved by Council and who have agreed to the terms and conditions for supply. Before engaging a preferred supplier, it must be confirmed that the supplier has been tested against the market within the last two years.

Establishing a panel of suppliers will follow the procedures set out in the Council procurement panel.

POLICY OWNER

The Strategic Leadership Team is the policy owner and is responsible for developing and implementing this policy and ensuring minimum standards are met in managing procurement activities.

COMPLIANCE

All teams from across the Council will comply with this policy, other guidance, and procedures documentation.

REVIEW OF POLICY

This policy will be reviewed every three (3) years, or as required. The policy review shall also consider timing and outcomes of any Section 17A reviews.

Section 17A requirements

Service delivery reviews are a legislative requirement under Section 17A5 of the Local Government Act (2002). Section 17A of the Local Government Act requires Council to regularly review the cost effectiveness of current arrangements for providing local infrastructure, services and regulatory functions at regular intervals, which informs decisions to insource or outsource services or deliver as a shared service.

Any contracts for services will be reviewed in accordance with section 17A of the Local Government Act 2002 (amended on 8 August 2014). The triggers for these reviews are:

- when considering significant changes to service levels

⁵ <https://www.legislation.govt.nz/act/public/2002/0084/latest/DLM6236168.html>

- within two years of expiration of a contract or other binding agreement to deliver a service
- the passing of six years since the last review under section 17A.

There are two statutory circumstances where a review is not necessary (even when triggers have been activated):

- There is a contract or other agreement in place that cannot reasonably be changed within two years.
- It can be justified that the costs of doing the review outweigh the benefits.

The Strategic Leadership Team will approve when service delivery reviews are required.

MONITORING AND EVALUATION

The Council will measure success of this policy by evaluating the following:

- Consistent and transparent procurement practice across the organisation;
- How a Wairarapa Māori lens is applied in procurement planning;
- Increasing our procurement with Māori-owned businesses, Pasifika-owned businesses and social enterprises
- Reduced environmental impacts over the whole of life of the goods/services/works including GHG emissions impact.

DEFINITIONS

Term	Meaning
Broader Outcomes	The secondary benefits which are generated due to the way goods, services or works are produced or delivered. They include economic, environmental, social, and cultural outcomes.
Competition	Rivalry between suppliers for sales, profits and market share. Competitive tension in the market and can produce innovation, better-quality goods or services, better value and better pricing.
Commercially sensitive information	Information that, if disclosed, could prejudice a supplier's commercial interests (e.g. trade secret, profit margin or new ideas).
Conflict of interest	A conflict of interest is where someone's personal interests or obligations conflict, or have the potential to conflict, with the responsibilities of their job or position or with their commercial interests. It means that their independence, objectivity, or impartiality can be called into question. For more information see www.procurement.govt.nz
Evaluation criteria	The criteria that are used to evaluate responses. These include measures to assess the extent to which competing responses meet requirements and expectations (e.g. criteria to shortlist suppliers following a Registration of Interest or criteria to rank responses in awarding the contract).
New Zealand Government Procurement Framework	Government framework to drive a consistent and flexible procurement process. It consists of Procurement Principles, Government Rules of Sourcing (the Rules) and Guidance.
Goods	Items which are capable of being owned. This includes physical goods and personal property as well as intangible property such as Intellectual Property (e.g., a software product).

Panel of Suppliers	A list of suppliers Council has pre-approved to supply goods or services and who have agreed to Council's terms and conditions for supply.
Probity	Means that the procurement will be carried out in a transparent, accountable, impartial, and equitable way. Its principles are fundamental to how the public sector is expected to carry out procurement. Officers need to be able to demonstrate the integrity of the process in the event of challenge. These principles include accountability, openness, value for money, lawfulness, fairness, and integrity.
Procurement	Procurement covers all aspects of purchasing and delivering goods, services and works (including refurbishment and new construction). It starts with identifying the needs, then planning the best way to meet them; continues through sourcing the goods/services/works then managing the contract; and ends with expiry of either the contract or the asset's useful life. This is called the procurement lifecycle.
Procurement plan	A plan to analyse the need for specific goods, services or works and the outcome the agency wants to achieve. It identifies an appropriate strategy to approach the market, based on market research and analysis, and summaries the proposed procurement process. It usually includes the indicative costs (budget), specification of requirements, indicative timeline, evaluation criteria and weightings and an explanation of the broader outcomes an agency will seek to achieve through the procurement.
Public Value	Public value means getting the best possible result from your procurement, using resources effectively, economically and without waste, and considering: the total costs and benefits of a procurement (total cost of ownership), and its contribution to the results you are trying to achieve.
Purchasing	Transactional processes concerned with acquiring goods and services, including payment of invoices. It is a narrower term than procurement, describing reactive, tactical processes. Typically purchasing processes are triggered by the development of a request to purchase by a user.
Services	Acts or work performed for another party, e.g., accounting, legal services, cleaning, consultancy, training, medical treatment, or transportation.
Supplier	A person, business, company, or organisation that supplies or can supply goods or services or works to an agency.
Te Ao Māori lens	The Māori world view (te ao Māori) acknowledges the interconnectedness and interrelationship of all living and non-living things.
Wairarapatanga	A Wairarapa Māori lens. Wairarapatanga is about the whenua, te reo Māori, tikanga, kawa, wai, natural resources, sites of significance, mana whenua (Ngāti Kahungunu ki Wairarapa and Rangitāne o Wairarapa), marae, and hapū.

RELATED DOCUMENTS

Legislation and central government guidance

- Office of the Auditor-General, June 2008, Procurement guidance for public entities
- Construction Contracts Act 2002
- Contract and Commercial Law Act 2017
- Commerce Act 1986
- Health and Safety at Work Act 2015
- Any such other government policies on procurement which are applicable to local government bodies
- Applicable legislation, including the Local Government Act 2002, the Fair Trading Act 1986, the Official Information Act 1982, Local Government Official Information and Meetings Act 1987
- Privacy Act 2020

Council Policies

- Conflict of Interest Policy
- Fraud, Dishonesty and Corruption Control Policy
- Health, Safety and Wellbeing Policy
- Acceptable Use and Information Security Standard
- Risk Management Policy
- Sensitive Expenditure Policy Manual
- Staff Conduct Policy

Council Strategies

- Roading Procurement Strategy
- Wellbeing Strategy
- Financial Strategy
- Infrastructure Strategy
- Town Centre Strategy

REFERENCES

Government Procurement Rules: Rules for sustainable and inclusive procurement

<https://www.procurement.govt.nz/assets/procurement-property/documents/government-procurement-rules.pdf>

Mastering procurement: A structured approach to strategic procurement

<https://www.procurement.govt.nz/assets/procurement-property/documents/guide-mastering-procurement.pdf>

Guide 1 to Sustainable Procurement

<https://www.procurement.govt.nz/assets/procurement-property/documents/1-guide-identifying-sustainable-procurement-priorities-sustainable-procurement.pdf>

To:	Audit and Risk Committee
From:	Corin Haines, Manager Community Facilities and Activities Deanna Elwin, Personal Assistant
Endorsed by:	David Hopman, Chief Executive
Date:	16 February 2022
Subject:	Service Provision Report – Aratoi and Nuku Ora
FOR INFORMATION	
Recommendation:	
That Council receives Service Provision Report 006/22, which covers:	
(a) the summary results of the key result indicators for the quarter 1 October – 31 December 2021 from Aratoi Regional Trust	
(b) the summary results of the key initiatives for the six months 1 July – 31 December 2021 from Nuku Ora	

Purpose

The purpose of this report is to provide the committee with the quarterly report against key result indicators for Aratoi Regional Trust, and the six-month report against key initiatives for Nuku Ora (previously known as Sport Wellington Wairarapa).

Context

The Aratoi Regional Trust and Nuku Ora provide Council with reports for funding they respectively receive, and agreements made through a Provision of Service Agreement /Memorandum of Understanding, and a Partner Plan.

Funding for these service providers was confirmed via the 2021-31 Long Term Plan.

Aratoi Regional Trust

The Aratoi Regional Trust provides community infrastructure and a community service, to support council's outcome "*Pride in our Identity and Heritage*".

The three-year term Provision of Services Agreement and Memorandum of Understanding expired on 30 June 2021 and discussions are in place with Aratoi Regional Trust to work through and agree to key result areas for the next three-year term. This report is based on the existing key result indicators in the interim.

Nuku Ora

Nuku Ora provides a community public service to support council's outcome "*An Engaged and Empowered Community*".

A Partner Plan was established in April 2018 between the Chief Executive, Masterton District Council and Chief Executive Officer, Nuku Ora. This is currently being reviewed by the Manager Community Facilities and Activities together with the General Manager Partnerships, Nuku Ora.

Aratoi Regional Trust

Key Result Areas	Result	Assurance (How Achieved)
<p>A sustainable and thriving organisation:</p> <ul style="list-style-type: none"> ▪ Revenue from other sources (other than Masterton District Council and Masterton Trust Lands Trust) is greater than or equal to 20% of total revenue ▪ Increases in self-generated revenue <ul style="list-style-type: none"> ➤ <i>[Baseline: increase on 2020/21 result]</i> ▪ Resident and visitor satisfaction with Aratoi services <ul style="list-style-type: none"> ➤ <i>[Baseline: to be established, then an increase on the previous year result]</i> 	<p>On Track</p> <p>On Track</p> <p>In progress</p>	<p>37% of Aratoi's income was from other sources for the period July to December 2021</p> <p>Self-generated income streams for the quarter were 29% below budget due to COVID-19 restrictions, cancelled events and face to face meetings via ZOOM</p> <p>Baseline yet to be established</p>
<p>Provider of arts, culture and heritage services that reflect the history and heritage of the Masterton district and wider Wairarapa region:</p> <ul style="list-style-type: none"> ▪ Number of programmes/events/activities undertaken annually that include local artists (or artists that whakapapa to the Wairarapa region) <ul style="list-style-type: none"> ➤ <i>[Baseline: to be established in 2019/20, then no decreases based on the previous year]</i> 	<p>Achieved</p>	<p>Over 25 local artists represented in the shop</p> <p>Over 1,040 artists in exhibitions and programmes including:</p> <ul style="list-style-type: none"> ▪ Pukana ▪ Astro photographers ▪ The Disappearing Woman ▪ More Precious than Rubies – Treasures from 40 years of Stitch ▪ Breadcraft Wairarapa Schools Art ▪ Linda Tilyard - A Year and More of Magical Thinking ▪ Wairarapa Camera Club ▪ King Street Artworks ▪ Esther Bunning, ▪ Wairarapa Art Review

Key Result Areas	Result	Assurance (How Achieved)
<ul style="list-style-type: none"> ▪ Taonga Māori display held annually <ul style="list-style-type: none"> ➤ <i>[Baseline: 1 or more per annum]</i> ▪ Exhibition held that tells the stories of our local history and heritage <ul style="list-style-type: none"> ➤ <i>[Baseline: 1 or more per annum]</i> 	<p>Achieved</p> <p>Achieved</p>	<ul style="list-style-type: none"> ▪ <i>Pukana: Te Kura o Te Ika</i> – Moments in Māori Performance ▪ <i>Eye to Eye: Portraits from the Collection</i> ▪ <i>Pukana: Te Kura o Te Ika</i> – Moments in Māori Performance
<p>To professionally manage and maintain all Aratoi assets, including the permanent collection:</p> <ul style="list-style-type: none"> ▪ Collections housed in best practice conditions – adherence to professional museum standards ▪ Taonga, artworks and heritage objects are managed in line with the Aratoi Collection Policy ▪ Collections are documented in line with professional museum standards 	<p>Achieved</p> <p>Achieved</p> <p>Achieved (Vernon database)</p>	<p>Housed in best practice conditions with adherence to professional museum standards</p> <p>Managed in accordance with the Aratoi Collection Policy</p> <p>Documented in line with professional museum standards</p>

<p>Genuine partnerships and effective relationships:</p> <ul style="list-style-type: none"> ▪ Iwi and Māori are offered opportunities to contribute towards key projects/initiatives led by Aratoi <ul style="list-style-type: none"> ➤ <i>[Baseline: annual reporting]</i> ▪ Key partnerships are offered to contribute towards key projects/initiatives led by Aratoi <ul style="list-style-type: none"> ➤ <i>[Baseline: annual reporting]</i> 	<p>Achieved</p> <p>Achieved</p> <p>Achieved</p>	<p>Two representatives from each of the following iwi are on the Trust Board:</p> <ul style="list-style-type: none"> ▪ Ngāti Kahungunu ki Wairarapa ▪ Rangitāne o Wairarapa <p>Exhibition</p> <ul style="list-style-type: none"> ▪ <i>Pukana: Te Kura o Te Ika</i> – Moments in Māori Performance developed in partnership with the local Māori community ▪ <i>Eye to Eye: Portraits from the Collection</i> <ul style="list-style-type: none"> ▪ Hedley’s Booksellers (cancelled due to COVID-19 for <i>Colin McCahon: The Aratoi Collection in Context</i>) ▪ Alexander Turnbull Library ▪ Breadcraft Wairarapa Limited for <i>Wairarapa Schools Art</i> ▪ CIRCUIT Artist, Film & Video for <i>Steve Carr: Making Space</i> ▪ Print Council Aotearoa NZ for <i>Distant Kinship / Verre Verwanten</i> ▪ Local businesses for <i>Wairarapa Art Review</i>
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Nuku Ora

Key Initiatives	Result	Assurance (how achieved)
<p>1. Participation Opportunities: <i>Customer Insights</i> - ensure a thorough understanding of current and potential participants and share information to support informed, evidence-based decision making</p>	Achieved	<p>Progress has continued delivering the Living Well (Wellington region physical activity strategy) with emphasis in the Wairarapa being placed on collaboration and connection.</p> <p>Partnership with Māori organisations for Nuku Ora has progressed this period, with hui held at Rangitāne o Wairarapa and Ngati Kahungunu ki Wairarapa, together with Wairarapa Chief Executives and operational staff.</p> <p>COVID-19 has continued to impact participation in play, active recreation, and sport. Participation dropped with the arrival of COVID-19 and has never recovered to its original level, this will be further impacted with the Omicron wave.</p> <p>The activities that people chose to participate in have changed, with an increase in information active recreation (tramping, running) and playing, and a decrease in organized sports.</p>
<p>2. Participation Opportunities: <i>Integration of Physical Literacy Approach</i> – take a holistic view of the participant and ensure that delivery meets participant needs and inspires ongoing participation</p>	In Progress	<p><u>Healthy Active Learning in the Wairarapa</u> This is a joint government initiative between Sport NZ, Ministry of Health and Ministry of Education to improve the wellbeing of tamariki through healthy eating, drinking and quality physical activity. Part of the Child and Youth Wellbeing Strategy, Healthy Active Learning is supported by a government investment of \$47.6m between 2020 – 2024 across New Zealand.</p> <p>Seven schools in Masterton have signed agreements: Fernridge, Hadlow, St Patrick’s, Masterton Immediate, Wainuioru, Lakeview and Solway.</p>

Key Initiatives	Result	Assurance (how achieved)
<p>3. Participation Opportunities: <i>Low Participant Group Initiatives</i> – work alongside low participation communities to develop targeted programmes and services which reduce barriers and increase participation in sport and physical activity</p>	<p>In Progress</p>	<p><u>Living Well</u></p> <p>Nuku Ora has been contracted to develop a Wairarapa Wellbeing Plan by the Wairarapa District Health Board.</p> <p>The intent is to coordinate approaches and actions to enable interested groups to work together to positively impact wellbeing through physical activity in neighbourhoods across the Wairarapa.</p> <p>It will be important that the plan addresses inequities in health (particularly for Māori and Pasifika and those living in deprived communities) as well as addressing the environment and be community-led in its development and delivery.</p>
<p>4. Spaces and Places: Regional Facilities Plan – develop an integrated network of local and regional places and spaces that provide more people in the region</p>	<p>In Progress</p>	<p>The delivery of key projects in the Regional Facilities Plan has been a key focus for this reporting period.</p> <ul style="list-style-type: none"> ▪ Appointment of a Spaces and Places (Facilities) Lead ▪ Initiating the Regional Sportsfield Review – all Wairarapa council’s have committed to the review of the strategy.

Key Initiatives	Result	Assurance (how achieved)
<p>5. Workforce Excellence: Improving Sports and Clubs Capability – support sports and clubs to grow their capability and deliver high quality sport and active recreation opportunities to participants</p>	<p>Achieved</p>	<p><u>Leadership Development</u> A three-hour orientation workshop deep diving into the Puna Leadership Framework was delivered to a mix of Regional Sports Organisations, secondary school principals, community workers and physical activity providers. The orientation was followed up with a reflection session, with the goal to continue sharing their journey of purpose, culture, and delivery.</p> <p><u>Coach Development</u> Planning for the Student Coach 2022 workshops has been undertaken and will target senior secondary school students coaching Years 7 – 10. A Wairarapa based Coach Developer network is in development with the Regional Sports Organisations and local coach developers contributing to what this will look like.</p> <p><u>Regional Sports Organisation Collective</u> Support has been provided to help with transitions through COVID-19 alert levels and traffic light settings, discussion on improving governance within the sector and ongoing needs.</p>
<p>7. Budget – provide balanced budget</p>	<p>Achieved</p>	<p>Financials provided in the Nuku Ora 6 Month Report for the period 1 July - 31 December 2021</p>

SUPPORTING INFORMATION

Strategic, Policy and Legislative Implication

Both service providers contribute towards Council's community outcomes and key strategies: *He Hiringa Tangata, He Hiringa Whenua*, the Arts, Culture and Heritage Strategy and the Wairarapa Economic Development Strategy.

Significance, Engagement and Consultation

The information contained in this report has been assessed against Council's Significance and Engagement Policy and is of no significance as there is no decision that impacts on any matters identified in the assessment of significance.

Financial Considerations

Funding to the service providers was via the 2021-31 Long-Term Plan and as stated in the Provision of Services Agreement/ Memorandum of Understanding and Partner Plan.

Treaty Considerations/Implications for Māori

There are no Treaty considerations/Implications for Māori arising out of the reports provided.

Communications/Engagement Plan

There is no requirement for communication or engagement on the reports provided.

Environmental/Climate Change Impact and Considerations

There are no environmental/climate change impact considerations arising out of the reports provided.

To:	Audit and Risk Committee
From:	Nerissa Aramakutu, Policy Manager
Endorsed by:	David Hopman, Chief Executive
Date:	16 February 2022
Subject:	Service Provision Report: Destination Wairarapa
FOR INFORMATION	
Recommendation:	That the Audit and Risk Committee receives Service Provision Report 007/22 that includes a summary of results of key deliverables for the second quarter, 1 October – 31 December 2021, from Destination Wairarapa.

Purpose

The purpose of this report is to provide the Audit and Risk Committee with the second quarter (1 October – 31 December 2021) progress report on key deliverables of Destination Wairarapa.

Context

Destination Wairarapa is a regional tourism organisation servicing the Wairarapa region. Their role is to attract visitors to the region, to help grow tourism revenue, and to support local tourism operators.

The three Wairarapa District Councils and Destination Wairarapa have a Memorandum of Understanding that sets out key deliverables to be met by Destination Wairarapa in alignment with funding and investment from the Councils. A three-year term (1 October 2019 to 30 September 2022) Memorandum of Understanding is in place.

At the presentation of the quarter one (Q1) report at the last Committee meeting a question was asked about why in Q1 total guest nights had reduced while average nights had stayed the same. Destination Wairarapa have confirmed that this is a result of the August 2021 COVID lockdown.

The following table outlines the results against each of the key deliverables of Destination Wairarapa:

Key Deliverables	Result	Assurance (How Achieved)
<p>To increase the number of visitors to the Wairarapa, the length of time they stay in the region and the amount they spend.</p> <p>Specifically, Destination Wairarapa are tasked with delivering 3% growth in domestic and 6% in international visitor spend per annum and in line with the Tourism Industry Aotearoa's Tourism Beyond 2025 framework. In particular this growth needs to be seen across the winter period. This information will be reported as Wairarapa-wide and by TLA where available.</p>	Data reflects continued growth trend	<p>Accommodation Data¹, October 2021:</p> <ul style="list-style-type: none"> Total guest nights: 25,500 (Q1 21/22 -9,700) Average nights stayed: 1.9 (Q1 21/22-1.9) <p>Tourism Electronic Card Transactions for Masterton District²: \$89m in 2021 (\$79m in 2020).</p> <p>Year-end October tourism spend rebounded to pre lockdown levels in October 2021 across the region.</p>
Represent the Wairarapa in the Business Events market in partnership with suitable venues, activities and other services	In progress	<p>Events support:</p> <ul style="list-style-type: none"> Provided support to event organisers for Country Music festival, 121 Dance Festival and Balloon Festival.
Destination Management Plan	Completed	<ul style="list-style-type: none"> Destination Management Plan has been presented to the Masterton District Council and the Wairarapa Economic Development Strategy Governance group. Dates are yet to be confirmed to present to Carterton District Council and South Wairarapa District Council.
To provide an online Wairarapa events calendar and a PDF downloadable version of major events	Achieved	<ul style="list-style-type: none"> Available on the Destination Wairarapa website.
Represent the Wairarapa in the Inbound market in partnership with	Achieved	<ul style="list-style-type: none"> The closure of the trans-Tasman bubble, and continued operation

¹ The Accommodation Data Programme replaced Commercial Accommodation Monitor in 2019. This data captures 33 registered accommodation establishments in Wairarapa. This methodology does not capture unregistered establishments.

² Interim data methodology, Tourism Electronic Card Transactions (TECTs), was used due to the COVID-19 disruptions. It is solely based on physical electronic card transactions and does not include any other form of spending such as cash, pre-purchases or online spend.

Key Deliverables	Result	Assurance (How Achieved)
suitable venues and activities		of MIQ, has impacted the work on the Inbound market. Destination Wairarapa will continue to explore opportunities and contribute to work in this space.
Host the Wairarapa core economic development information around “Buy & Invest”, “Live & Work” and “Study” on the Destination Wairarapa website	Achieved	Accessible on the following website link: https://wairarapanz.com/live-work
To provide a balanced budget	Achieved	The Quarter 2 General Manager’s and Marketing Board report for 3 months ended December 2021 has been received.
To report quarterly to the council, including attending council meetings The report is to cover progress towards all deliverables	Achieved	The Quarter 2 General Manager’s and Marketing Board Report has been received and reported on in this report.

1. Other activities undertaken during this reporting period

a) Examples of promotion:

- Development of the 2022 Visitor Guide/Wine Map. This is a large project each year and this year has attracted some new advertisers and experiences. The guide can be found at https://wairarapanz.com/sites/default/files/image_library/VisitorGuide/Visitor%20Guide%202022%20FA2%20lr.pdf
- Working closely with event organisers for Country Music, 121 Dance Festive, Balloons and as they progress their events.
- Working with the Wellington Regional Events team on 121 media coverage planning.
- Promoting Pukaha Garden Tour - which included the first Masterton based Booktown event. This was a hugely successful tour.
- Promoting the new January TOAST Martinborough date (subsequently postponed to November 2022).
- Packaging up Labour weekend for promotion to visitors - variety of events.
- Developing an “Eat Drink Wairarapa” – Toast weekend replacement proposition in order to encourage those that had already pre booked accommodation and restaurant bookings etc for the weekend, to keep them and come anyway to the region.

b) Continuous improvement:

- Nothing for this quarterly report update.

c) Media:

- Articles on Wairarapa as a destination published on the AA Travel Website, Stuff, New Zealand Herald, and an Australian travel website.

d) Social media and digital marketing:

- Engaged Digital Media experts – Tomahawk, using STAPP funding to help run a digital campaign during this period to acquire more of a digital audience from target markets. Tomahawk undertook three different activities:
 - Competition (win trip to Wharekauhau) – Tomahawk described the results as incredible with high click through rates, cheap cost per click and a large amount of link clicks. Ultimately 8,829 new names were gained for the email database. These new names each received a ‘welcome email’ with some gentle offers and information relating to events and reasons to visit Wairarapa this summer. It was a major boost to the database.
 - Brand awareness – served approx. 895,000 Facebook ads to 99,000 individuals, generating an estimated ad recall of 13,500 (this many additional people will remember the Destination Wairarapa brand compared to when the campaign started).
 - Page likes remarketing campaign - this campaign showed 301,000 ads to approx. 77,000 individuals generating 2422 additional page likes for the Destination Wairarapa Facebook Page

e) Funding:

- Destination Wairarapa receives funding from the Ministry of Business, Innovation and Employment (MBIE) via the Strategic Tourism Assets Protection Programme to deliver a Destination Management Plan, capability building and domestic marketing. Destination Wairarapa applied for and received an additional \$400k to support its work, which was confirmed in Q1 21/22.

2. Other relevant updates**a) Travel Trade:**

- Tourism New Zealand developed a video of the region which has been used in trade travel webinars in Singapore and Australia.
- Live webinar was held with Singapore travel agents.
- Virtual trade expo was held with Australian travel agents.
- Trade content developed for a paid campaign to Australian trade – paid for by Tourism New Zealand.

b) Product development and capability building:

- Martin Jenkins Consultancy have begun and completed a funding application for Dark Skies support. The next step is to consult with key Stakeholders to ensure that MJ have heard correctly what is needed for the region in order to maximise the opportunity that Dark Skies accreditation will bring.
- Kylie Ruwhiu-Karawana from TRC Tourism has been engaged to develop a Wairarapa Māori Tourism Strategy and Implementation Plan.

SUPPORTING INFORMATION

Strategic, Policy and Legislative Implication

The work undertaken by Destination Wairarapa supports Council's community outcome and economic development vision statement in He Hiringa Tangata, He Hiringa Whenua (Councils Wellbeing Strategy): *Masterton/Whakaoriori has a strong, sustainable economy that supports our people and places.*

Significance, Engagement and Consultation

The information contained in this report has been assessed against Council's Significance and Engagement Policy. The report does not include any decisions that impact on matters identified in the assessment of significance within the policy.

Financial Considerations

Funding for Destination Wairarapa is part of the Memorandum of Understanding with the three Wairarapa District Councils.

Treaty Considerations/Implications for Māori

Destination Wairarapa have been working with Wairarapa iwi regarding the Destination Management Plan.

Communications/Engagement Plan

There are no decisions for this report that require either a communication or engagement plan.

Environmental/Climate Change Impact and Considerations

There are no environmental/climate change impacts or considerations arising out of the report provided.

To:	Audit and Risk Committee
From:	Karen Yates, Manager Strategy and Governance
Endorsed by:	David Hopman, Chief Executive
Date:	16 February 2022
Subject	Non-Financial Performance 2021/22 Quarter 2 Report
INFORMATION	
Recommendation:	
That the Audit and Risk Committee receives the Quarter 2 non-financial performance report for the 2021/22 financial year.	

PURPOSE

The purpose of this report is to advise the Audit and Risk Committee of performance against non-financial measures year to date. The figures in this report are for the period from 1 July 2021 to 31 December 2021.

EXECUTIVE SUMMARY

This is the second non-financial performance report for Year 1 (2021/22) of the 2021-31 Long-Term Plan (LTP).

Results against performance measures are reported for seven activity areas. The activity areas are:

- Roads and Footpaths
- Water Supply
- Wastewater
- Stormwater
- Solid Waste
- Community Facilities and Parks
- Regulatory Services

In total there are 43 measures across the seven activity areas. Of the 43 measures, 36 were available to report and seven were not applicable in this quarter. Four roading measures and two water measures rely on data that is only produced annually at the end of the financial year. One stormwater measure relates to response times for attending flooding events and was not applicable in this quarter as no flooding events were reported.

Of the 36 measures available to report, 72.2% (26 measures) were achieved and 27.8% (10 measures) were not achieved.

Further information is provided in Attachment 1.

CONTEXT

The Local Government Act 2002 requires Councils to include performance measures and targets for activity areas in its Long-Term Plan. This is the second non-financial performance report for Year 1 of the 2021-31 Long-Term Plan (LTP).

The performance measure framework was reviewed and revised as part of the 2021-31 Long-Term Plan process.

There are some mandatory measures identified by the Department of Internal Affairs (DIA) that all Councils must report on. These primarily relate to infrastructure services and have been included in the performance measure framework. They are identified as Mandatory Measures in Attachment 1.

The measures that were adopted as part of the 2021-31 Long-Term Plan apply from 1 July 2021.

Council is required to report on progress against the measures and targets at least annually.

HIGHLIGHTS

Three Waters

Our water infrastructure activities continue to perform well against targets. Wastewater and water supply services have achieved 100% (all 13) applicable measures for this quarter; and stormwater achieved three of the four applicable measures.

Building

The Quarter 2 results are an improvement on Quarter 1 with 74% of building consents and 95% of code compliance certificates processed on time in Quarter 2 (compared to 52% and 72% in Quarter 1). All BWOs (Building Warrant of Fitness) due for review have been completed on time; and processes/resources are now in place to commence swimming pool inspections in Quarter 3.

As previously reported, Quarter 1 results reflected vacancies in the team, factors impacting the sector (such as supply and demand challenges in part related to COVID-19); and increased volumes of consents issued over 2018/19 reaching code compliance certificate (CCC) stage after delays due to COVID-19.

Community Facilities and Activities

Our community activities measures, in particular the measures relating to usage of the Library and Trust House Recreation Centre, have been impacted by COVID-19 lockdown in Quarter 1 and subsequent restrictions. This is discussed further below. These measures were not achieved in Quarters 1 and 2 and are not expected to be achieved at year end.

In Quarter 2, recreation trail use and compliance with healthy home standards were also not achieved, which will impact results at year end. There were issues with data loggers on the recreation trails in 2020/21. Faults have recurred in Quarter 2 and are being investigated. The non-compliance for rental properties relates to work that is yet to be completed on ventilation in a unit that was let during Quarter 2. The work is scheduled and will be completed.

COVID-19 Implications

The COVID-19 Alert Level 4 lock down in Quarter 1, and subsequent restrictions in Quarter 2, have impacted results for some measures:

- The target for library usage was not achieved. This is in part due to the library being closed for 19 days and unable to issue physical items due to Alert Level 4 restrictions. There were also restrictions on numbers in the library during subsequent alert levels. Quarter 2 results do show an increase in usage compared to Quarter 1, but based on the Quarter 2 result, this measure is not expected to be achieved at year end.
- The number of in-person library visits was down in Quarter 1 and again in Quarter 2 (Q1 20,798 and Q2 21,469 compared to an average of approximately 37,000 per quarter for the last five years), but digital visits (in Q1 in particular) and housebound visits (especially in Q2) are up compared to the 5-year quarterly averages, resulting in the target being achieved overall.
- The target for Trust House Recreation Centre usage was not achieved. This result was also impacted by COVID-19 Alert level restrictions requiring complete closure of the facility between 18 August and 8 September 2021, and restrictions on numbers in subsequent alert levels. Quarter 2 results were up compared to Quarter 1 but based on results as at 31 December 2021, this measure is not expected to be achieved at year end.
- The target for animal control community education and engagement activities was not achieved in Quarter 1. Two sessions that were booked for Quarter 1 were cancelled due to COVID-19 restrictions. Two sessions were held in Quarter 2. If additional sessions can proceed before year end, there is potential to 'make up' sessions and achieve the year-end target of six sessions.
- As noted above, there have also been some indirect impacts of COVID-19 on building team results.

SUPPORTING INFORMATION

Strategic, Policy and Legislative Implications

Under legislation, Council is required to identify performance measures and targets for its activity areas and periodically report on these. Council must also report on those measures that are identified as mandatory for all Councils.

Significance, Engagement and Consultation

The recommendation to receive this report does not trigger criteria under the significance and engagement policy.

Financial Considerations

There are no specific financial considerations associated with this update.

Treaty Considerations/Implications for Māori

There are considerations or implications specific to Māori arising out of the receipt of this report.

Communications/Engagement Plan

Not applicable.

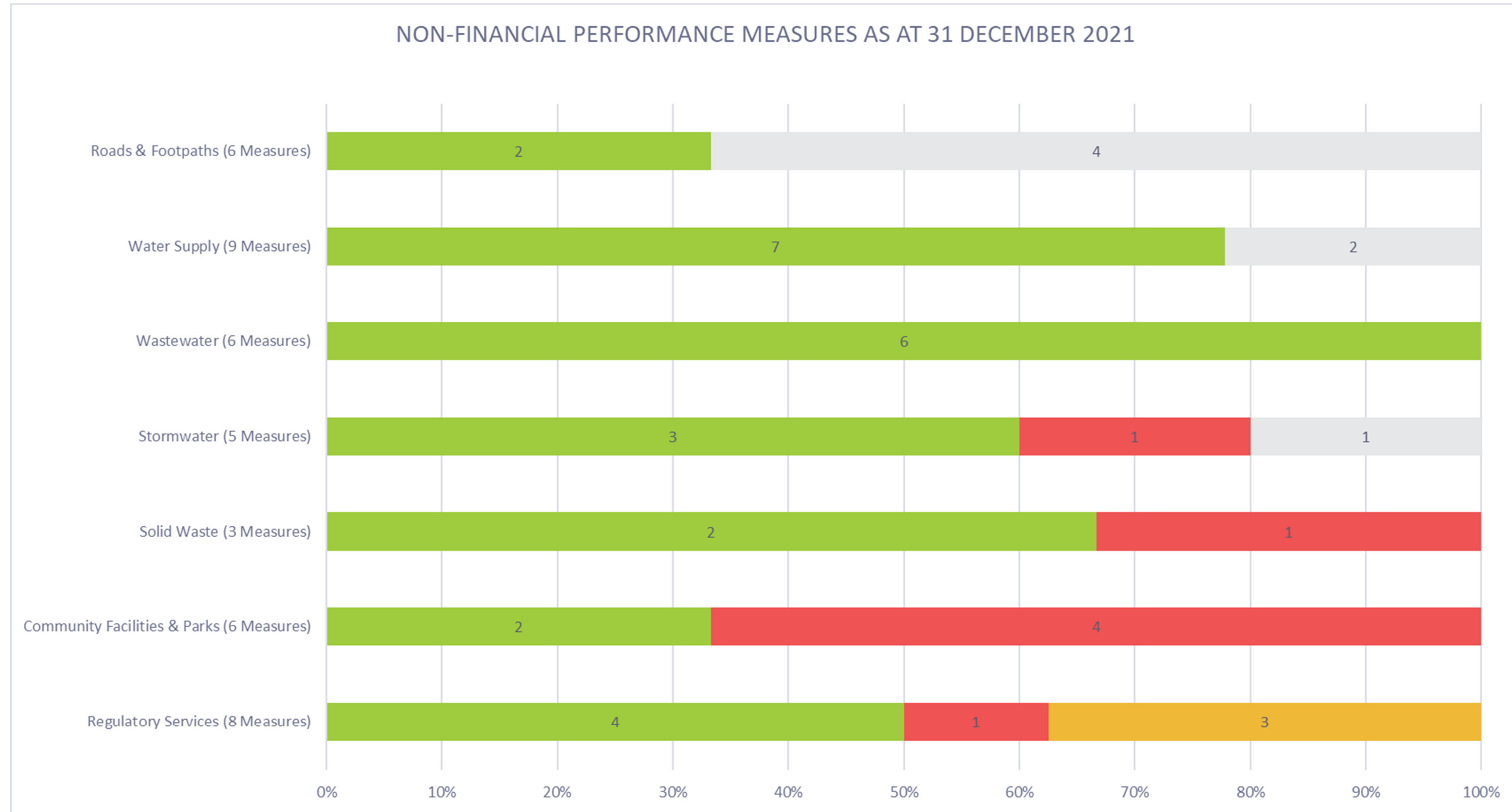
Environmental/Climate Change Impact and Considerations

There are no environmental/climate change impacts or considerations arising from the receipt of this report

ATTACHMENT 1: Non-Financial Performance Measures for 2021/22 Quarter 2

The graph below shows the percentage of measures against each activity area that:

- GREEN - have been achieved as at 31 December 2021;
- RED - have not been achieved as at 31 December 2021 and are not expected to be achieved at year end
- ORANGE – have not been achieved as at 31 December 2021 but could be achieved at year end
- GREY - are not applicable and/or information is not available as at 31 December 2021.



MEASURE	CURRENT YEAR END RESULTS			PREVIOUS YEAR END RESULTS (WHERE APPLICABLE)		COMMENTARY
	2021/22 Annual Target	Quarter 2: Result as at 31/12/21 (Year 1 of 2021-31 LTP)	Status at 31/12/21	Year End Result as at 30/06/21 (Year 3 of 2018-28 LTP)	Year End Result as at 30/06/20 (Year 2 of 2018-28 LTP)	
Roading						
Number of fatalities and serious injury crashes on the local road network. (Mandatory Measure)	No more than the 5 year average.	This measure relies on data that is published annually at the end of each financial year.	Not Applicable	No fatalities and twelve serious injury crashes.	One fatality and nine serious injury crashes.	The five-year average (1/07/2015-30/06/2020) is 2 fatalities and 9 serious injury crashes.
Average quality of ride on a sealed local road network, measured by smooth travel exposure. (Mandatory Measure)	Maintain or improve on 90%	This measure relies on data that is published annually at the end of each financial year.	Not Applicable	91% network smooth travel exposure (as at 30/06/21).	92% network smooth travel exposure (as at 30/6/20).	
Percentage of sealed local road network that is resurfaced. (Mandatory Measure)	Maintain within 5-7%	This measure relies on data that is published annually at the end of each financial year.	Not Applicable	5% Resurfaced 26.4km of the total 532.5km sealed local road network.	6.5% Resurfaced 34.4km of the total 529.5km sealed local road network.	
Percentage of footpaths where the condition falls within the level of service defined in MDC's Asset Management Plan (Mandatory Measure)	90% of footpaths are rated excellent, good or fair	This measure relies on data that is published annually at the end of each financial year.	Not Applicable	92% 181.6km of 198.2km of the footpath network surveyed to June 2021 is condition rated excellent, good or fair.	94% 182.5km of 195km of the footpath network surveyed to June 2020 is condition rated excellent, good or fair.	
Percentage of urgent customer service requests responded to within 2 days. (Mandatory Measure)	95% within specified timeframe	99.2% 123 of 124 urgent requests were responded to within two days.	Achieved	Year End Result: 99.7% 360 out of 361 urgent requests have been responded to within specified timeframes. 2020/21 Quarterly Results: Q1: 100% (128/128) Q2: 100% (103/103) Q3: 100% (62/62) Q4: 98.5% (67/68)	Year End Result: 100% 347 of 348 urgent requests were responded to within two days. 2019/20 Quarterly Results: Q1: 100% (107/107) Q2: 99.1 (110/111) Q3: 100% (70/70) Q4: 100% (60/60)	YTD Result: 99.2% 123 out of 124 urgent requests have been responded to within specified timeframes. 2021/22 Quarterly Results: Q1: 100% (79/79) Q2: 97.8% (44/45) Q3: Q4: There have been fewer urgent requests year to date than for the same period in the previous two financial years. Over 99% of all urgent requests have been responded to on time.

MEASURE	CURRENT YEAR END RESULTS			PREVIOUS YEAR END RESULTS (WHERE APPLICABLE)		COMMENTARY
	2021/22 Annual Target	Quarter 2: Result as at 31/12/21 (Year 1 of 2021-31 LTP)	Status at 31/12/21	Year End Result as at 30/06/21 (Year 3 of 2018-28 LTP)	Year End Result as at 30/06/20 (Year 2 of 2018-28 LTP)	
<p>Percentage of non-urgent customer service requests responded to within the timeframes specified in MDC's Asset Management Plan and placed on appropriate maintenance programme. Specified response times for non-urgent requests vary by category, ranging from 7 days to 30 days.</p> <p>(Mandatory Measure)</p>	70% within specified timeframe	90% 334 of 371 non-urgent requests were responded to within the timeframe.	Achieved	<p>Year End Result: 91.3% 705 out of 772</p> <p>2020/21 Quarterly Results: Q1: 92.2% (200/217) Q2: 90.7% (165/182) Q3: 89.6% (146/163) Q4: 92.4% (194/210)</p>	<p>Year End Result: 69% 515 out of 749</p> <p>2019/20 Quarterly Results: Q1: Not Available Q2: 62.4% (128/205) Q3: 70.6% (161/228) Q4: 76% (75/99)</p>	<p>YTD Result: 90%</p> <p>334 out of 371 non-urgent requests have been responded to within specified timeframes.</p> <p>2021/22 Quarterly Results: Q1: 100% (173/173) Q2: 81.3% (161/198) Q3: Q4:</p> <p>In 2021/22 Q2 81.3% of non-urgent service requests were responded to within specified timeframes. The lower proportion of non-urgent requests responded to on time in Q2 reflects the broad variety of requests in this category. This trend will be monitored. The result is still above target, and the YTD result at 90% is comparable with response rates for the previous year (2020/21) and is an improvement on 2019/20 results.</p>
Water Supply						
<p>Number of complaints received about drinking water clarity, taste, odour, pressure or flow, continuity of supply, or MDC's response to any of these issues.</p> <p>(Mandatory Measure)</p>	Less than or equal to 6 complaints/1000 connections	0.93 complaints/1000 connections Q2 Complaints: 5 YTD Complaints: 9	Achieved	<p>Year End Result: 2.45 complaints/1000 connections</p> <p>Year End: Actual Complaints: 23</p> <p>2020/21 Quarterly Results: Q1 Result: 0.42/1000 (4) Q2 Result: 0.53/1000 (5) Q3 Result: 0.85/1000 (8) Q4 Result: 0.64/1000 (6)</p>	<p>Year End Result: 3 complaints/1000 connections</p> <p>Actual Complaints: 27</p> <p>2019/20 Quarterly Results: Q1: 1/1000 (9) Q2: 0.89/1000 (8) Q3: 0.89/1000 (8) Q4: 0.22/1000 (2)</p>	<p>YTD Result: 0.93 complaints/1000 connections YTD: Actual Complaints: 9</p> <p>Q2 Result: 0.52 complaints/1000 connections Q2 Actual Complaints: 5</p> <p>2021/22 Quarterly Results: Q1 Result: 0.41/1000 (4) Q2 Result: 0.52/1000 (5) Q3 Result: Q4 Result:</p>
Response time to call outs to a fault or unplanned interruption to MDC's networked reticulation system:						
<p>a) attendance at urgent call outs (from notification to arrival on site)</p> <p>(Mandatory Measure)</p>	60 minutes or less	37 minutes	Achieved	<p>Year End: 34 minutes</p> <p>2020/21 Quarterly Results: Q1: N/A – no call outs Q2: 20 minutes Q3: 43 minutes Q4: 6 minutes</p>	<p>Year End: 15 minutes</p> <p>2019/20 Quarterly Results: Q1: 12.5 minutes Q2: 40 minutes Q3: 16 minutes Q4: N/A - none</p>	<p>YTD: 37 minutes</p> <p>2021/22 Quarterly Results: Q1: 39 minutes Q2: 30 minutes Q3: Q4:</p>
<p>b) resolution of urgent call outs (from notification to confirmation of resolution)</p> <p>(Mandatory Measure)</p>	480 minutes or less	140 minutes	Achieved	<p>Year End: 102 minutes</p> <p>2020/21 Quarterly Results: Q1: N/A – no call outs Q2: 49 minutes Q3: 111 minutes Q4: 104 minutes</p>	<p>Year End: 25 minutes</p> <p>2019/20 Quarterly Results: Q1: 22.5 minutes Q2: 342 minutes Q3: 28.5 minutes Q4: N/A - none</p>	<p>YTD: 140 minutes</p> <p>2021/22 Quarterly Results: Q1: 196 minutes Q2: 142 minutes Q3: Q4:</p>

MEASURE	CURRENT YEAR END RESULTS			PREVIOUS YEAR END RESULTS (WHERE APPLICABLE)		COMMENTARY
	2021/22 Annual Target	Quarter 2: Result as at 31/12/21 (Year 1 of 2021-31 LTP)	Status at 31/12/21	Year End Result as at 30/06/21 (Year 3 of 2018-28 LTP)	Year End Result as at 30/06/20 (Year 2 of 2018-28 LTP)	
c) attendance at non-urgent call outs (from notification to arrival on site) (Mandatory Measure)	7 days or less	79 minutes	Achieved	Year End: 119 minutes 2020/21 Quarterly Results: Q1: 665 minutes Q2: 21 minutes Q3: 73 minutes Q4: 88 minutes	Year End: 47 minutes 2019/20 Quarterly Results: Q1: 15 minutes Q2: 63 minutes Q3: 55 minutes Q4: 26 minutes	YTD: 79 minutes 2021/22 Quarterly Results: Q1: 22 minutes Q2: 67 minutes Q3: Q4: The YTD median time from notification to arrival on site has decreased compared to last year. In the 2020/21 financial year staff were working on water meter installation as a priority.
d) resolution of non-urgent call outs (from notification to confirmation of resolution) (Mandatory Measure)	3 months or less	115 minutes	Achieved	Year End: 172 minutes 2020/21 Quarterly Results: Q1: 704 minutes Q2: 43 minutes Q3: 93 minutes Q4: 132 minutes	Year End: 86.5 minutes 2019/20 Quarterly Results: Q1: 81 minutes Q2: 112 minutes Q3: 104 minutes Q4: 46 minutes	YTD: 115 minutes 2021/22 Quarterly Results: Q1: 53 minutes Q2: 94 minutes Q3: Q4: The YTD median time from notification to arrival on site has decreased compared to last year. In the 2020/21 financial year staff were working on water meter installation as a priority.
Council's drinking water supply complies with:						
a) part 4 of the Drinking Water Standards (bacteria compliance criteria). (Mandatory Measure)	Fully compliant	Fully Compliant	Achieved	Fully compliant	Fully compliant	YTD: Fully Compliant
b) part 5 of the Drinking Water Standards (protozoal compliance criteria). (Mandatory Measure)	Fully compliant	Fully Compliant	Achieved	Fully compliant	Fully compliant	YTD: Fully Compliant
Percentage of real water loss from MDC's reticulation system (calculated using minimum night flow). (Mandatory Measure)	No more than 37% Note: From Year 2 - Target to be established as part of the Annual Plan process to align with water meter installation and associated data.	This result is calculated and reported at year end.	Not Applicable	34%	37%	

MEASURE	CURRENT YEAR END RESULTS			PREVIOUS YEAR END RESULTS (WHERE APPLICABLE)		COMMENTARY
	2021/22 Annual Target	Quarter 2: Result as at 31/12/21 (Year 1 of 2021-31 LTP)	Status at 31/12/21	Year End Result as at 30/06/21 (Year 3 of 2018-28 LTP)	Year End Result as at 30/06/20 (Year 2 of 2018-28 LTP)	
Average consumption of drinking water per day per resident within the district. (Mandatory Measure)	Year 1: No more than 601 litres/person/day Note: From Year 2 - Target to be established as part of the Annual Plan process (to align with water meter installation and associated data).	This result is calculated and reported at year end.	Not Applicable	639 litres/person/day The rainfall events over summer were less frequent than the previous year resulting in slightly higher garden watering demand.	601 litres/person/day	
Wastewater						
Number of complaints received about sewerage odour, system faults, system blockages, MDC's response to issues with its sewerage system. (Mandatory Measure)	Less than or equal to 8 complaints/1000 connections.	3.25 complaints/1,000 connections Actual Complaints: 31	Achieved	Year End: 7.34 complaints/1000 connections Actual Complaints: 69 2020/21 Quarterly Results: Q1: 3.09/1000 (29 complaints) Q2: 2.02/1000 (19) Q3: 0.64/1000 (6) Q4: 1.60/1000 (15)	Year End: 5.22 complaints/ 1000 connections Actual Complaints: 47 2019/20 Quarterly Results: Q1: 2.11/1000 (19 complaints) Q2: 1.56/1000 (14) Q3: 1/1000 (9) Q4: 0.56/1000 (5)	YTD: 3.25 complaints/1000 connections YTD Actual Complaints: 31 2021/22 Quarterly Results: Q1: 1.99/1000 (19 complaints) Q2: 1.26/1000 (12 complaints) Q3: Q4:
Median response time to sewerage overflows resulting from a blockage or other fault to MDC's sewerage system:						
a) attendance (from time of notification to the time service personnel arrive onsite) (Mandatory Measure)	6 hours or less	34 minutes	Achieved	Year End: 27 minutes 2020/21 Quarterly Results: Q1: 27 minutes Q2: 23 minutes Q3: 21 minutes Q4: 46 minutes	Year End: 32 minutes 2019/20 Quarterly Results: Q1: 31 minutes Q2: 33 minutes Q3: 33 minutes Q4: 32 minutes	YTD: 34 minutes 2021/22 Quarterly Results: Q1: 30 minutes Q2: 47 minutes Q3: Q4:
b) resolution (from time of notification to the time service personnel confirm resolution) (Mandatory Measure)	12 hours or less	155 minutes	Achieved	Year End: 139 minutes 2020/21 Quarterly Results: Q1: 153 mins Q2: 63 mins Q3: 146 minutes Q4: 219 minutes	Year End: 143 minutes 2019/20 Quarterly Results: Q1: 190 minutes Q2: 149.5 minutes Q3: 143 minutes Q4: 97 minutes	YTD: 155 minutes 2021/22 Quarterly Results: Q1: 161 minutes Q2: 147 minutes Q3: Q4:

MEASURE	CURRENT YEAR END RESULTS			PREVIOUS YEAR END RESULTS (WHERE APPLICABLE)		COMMENTARY
	2021/22 Annual Target	Quarter 2: Result as at 31/12/21 (Year 1 of 2021-31 LTP)	Status at 31/12/21	Year End Result as at 30/06/21 (Year 3 of 2018-28 LTP)	Year End Result as at 30/06/20 (Year 2 of 2018-28 LTP)	
Number of dry weather sewerage overflows from MDC's sewerage system (Mandatory Measure)	Less than or equal to 2/ 1000 connections	0.52/1000 connections (5 complaints)	Achieved	Year End: 0.96 complaints/1000 connections Actual: 9 complaints 2020/21 Quarterly Results: Q1: 0.53/1000 (5 complaints) Q2: 0.21/1000 (2 complaints) Q3: 0/1000 (no complaints) Q4: 0.21/1000 (2 complaints)	Year End: 1.22/1000 connections Actual Complaints: 11 2019/20 Quarterly Results: Q1: 0.44/1000 (4 complaints) Q2: 0.33/1000 (3 complaints) Q3: 0.22/1000 (2 complaints) Q4: 0.22/1000 (2 complaints)	YTD: 0.52 complaints/1000 connections YTD Actual: 5 complaints 2021/22 Quarterly Results: Q1: 0.31/1000 (3 complaints) Q2: 0.21/1000 (2 complaints) Q3: Q4:
Compliance with MDC's resource consents for discharge from its sewerage system, measured by the number of abatement notices, infringement notices, enforcement orders or convictions received by MDC in relation to those consents. (Mandatory Measure)	100% - no consent breaches	100% - no consent breaches	Achieved	100% - no consent breaches	100% - no consent breaches	YTD: 100% - no consent breaches
Alternative system provided where loss of service exceeds 24 hours	Less than or equal to 1/1000 connections	0/1000 connections (No portaloos required)	Achieved	0.64/1000 connections (6 portaloos provided) Three portaloos were deployed on 10 November 2020 and three were deployed on 21 June 2021, both due to heavy rain causing a sewer back up in Cockburn Street and Colombo Road.	0/1000 connections (No portaloos provided) No loss of service exceeded 24 hours.	YTD: 0/1000 connections Q1: 0/1000 connections (No portaloos required) Q1: 0/1000 connections (No portaloos required)
Stormwater:						
Number of flooding events that occur in the district (Mandatory Measure)	10 events or less	No flooding events reported	Achieved	Year End: 2 Flooding Events Q1: No events Q2: One flooding event Q3: No events Q4: One flooding event	Year End Result: No events All Quarters: No events	YTD: No Flooding Events Q1: No flooding events Q2: No flooding events Q3: Q4:
For each flooding event, the number of habitable floors affected (Mandatory Measure)	Less than or equal to 1/1000 connections	0/1000 connections No habitable floors affected	Achieved	Year End: 0.22/1000 connections. Two habitable floors affected Q1: No events Q2: One habitable floor affected Q3: No events Q4: One habitable floor affected	Year End result: No habitable floors affected as no events All Quarters: No habitable floors affected as no events	YTD: 0/1000 connections. No habitable floors affected Q1: No habitable floors affected Q2: No habitable floors affected Q3: Q4:

MEASURE	CURRENT YEAR END RESULTS			PREVIOUS YEAR END RESULTS (WHERE APPLICABLE)		COMMENTARY
	2021/22 Annual Target	Quarter 2: Result as at 31/12/21 (Year 1 of 2021-31 LTP)	Status at 31/12/21	Year End Result as at 30/06/21 (Year 3 of 2018-28 LTP)	Year End Result as at 30/06/20 (Year 2 of 2018-28 LTP)	
<p>Compliance with MDC's resource consents for discharge from its stormwater system, measured by the number of abatement notices, infringement notices, enforcement orders or convictions received by MDC in relation to those consents.</p> <p>(Mandatory Measure)</p>	100% compliance	One infringement received	Not Achieved	100% - no consent breaches	100% - no consent breaches	<p>YTD: One infringement</p> <p>Q1: 100% - no consent breaches Q2: Infringement received</p> <p>An infringement was received due to an overflow (with limited effects) that resulted from a sewer line blockage. The blockage was caused by foreign material being flushed into the sewer. The blocked line was in the process of being upgraded and work has now been completed on that section.</p>
<p>Number of complaints received about the performance of MDC's stormwater system</p> <p>(Mandatory Measure)</p>	Less than or equal to 3/1000	1.22 complaints/ 1000 connections Actual Complaints: 11	Achieved	<p>Year End: 2.33 complaints/1000 connections</p> <p>Actual: 21 complaints</p> <p>2020/21 Quarterly Results: Q1: 0.44/1000 (4 complaints) Q2: 0.56/1000 (5 complaints) Q3: 0.33/1000 (3 complaints) Q4: 0.99/1000 (9 complaints)</p>	<p>Year End: 0.67 complaints/ 1000 connections</p> <p>Actual: 6 complaints</p> <p>2019/20 Quarterly Results: Q1: 0.11/1000 (1) Q2: 0/1000 (None) Q3: 0.55/1000 (5) Q4: 0/1000 (None)</p>	<p>YTD: 1.22 complaints/1000 connections</p> <p>YTD Actual: 11 complaints</p> <p>2021/22 Quarterly Results: Q1: 0.56/1000 (5 complaints) Q2: 0.67/1000 (6 complaints) Q3: Q4:</p>
<p>Median response time to attend a flooding event (from time of notification to the time service personnel arrive onsite)</p> <p>(Mandatory Measure)</p>	60 minutes or less	N/A – no flooding events reported	Not Applicable	<p>Year End: 22 minutes</p> <p>Q1: No flooding events Q2: 30 minutes Q3: No flooding events Q4: 14 minutes</p>	<p>Year End: No flooding events</p> <p>N/A No flooding events occurred through the year.</p>	<p>YTD: N/A – no flooding events reported</p> <p>Q1: N/A – no flooding events reported Q2: N/A – no flooding events reported Q3: Q4:</p>
Solid Waste						
<p>Number of call backs due to non-collection of official rubbish bag in each weekly collection</p>	No more than 52 call-backs per annum.	2 call backs	Achieved	<p>Year End: 26 Call Backs</p> <p>2020/21 Quarterly Results: Q1 Result: 2 Q2 Result: 10 Q3 Result: 6 Q4 Result: 8</p>	<p>Year End: 49 Call Backs</p> <p>2019/20 Quarterly Results: Q1 Result: 4 Q2 Result: 15 Q3 Result: 18 Q4 Result: 12</p>	<p>YTD: 2 Call Backs</p> <p>2021/22 Quarterly Results: Q1 Result: 1 Q2 Result: 1 Q3 Result: Q4 Result:</p>

MEASURE	CURRENT YEAR END RESULTS			PREVIOUS YEAR END RESULTS (WHERE APPLICABLE)		COMMENTARY
	2021/22 Annual Target	Quarter 2: Result as at 31/12/21 (Year 1 of 2021-31 LTP)	Status at 31/12/21	Year End Result as at 30/06/21 (Year 3 of 2018-28 LTP)	Year End Result as at 30/06/20 (Year 2 of 2018-28 LTP)	
Tonnage of waste transferred to landfill per head of population	Reduction on previous year (0.527 tonne per head of population) Note: When the new bylaw is implemented, a new baseline will be established for reporting purposes.	0.601 tonne per head of population (Q2 annualised) <i>(estimated population as at 30/6/21: 28,200)</i> 8,467 tonnes of waste transferred ex Masterton (26% increase on half year tonnage and includes 277 tonnes of recyclable materials that were damaged as a result of a fire in the MRF in August)	Not Achieved	0.527 tonne per head of population <i>(estimated population as at 30/6/20: 27,500)</i> 14,480 tonnes of waste transferred (25.9% increase on previous year) <i>Note: The 30 June 2020 and 30 June 2021 results both refer to population as at 30 June 2020 but the estimated population is different. That is because the estimated population as at 30 June 2020 was revised after the 2019/20 results were published. If the revised population was used as the basis for the calculation, the tonnage per head of population in 2019/20 would be less than reported. This would not change the not achieved result in 2020/21.</i>	0.429 tonne per head of population <i>(est. population as at 30/6/20: 26,800)</i> 11,505 tonnes of waste transferred (19.3% decrease on previous year) The 2019/20 waste tonnages were affected by the COVID-19 lockdown and the increased competition between waste collection contractors, some of whom take waste directly to Wellington landfills.	Currently this measure is not tracking to be achieved by year end. Q1 Result: 0.563 tonne per head of population (annualised) – based on estimated population of 27,500 – new estimates were released in October 2021. Q2 Result: 0.601 tonne per head of population (annualised) Excluded from the tonnage figures are materials diverted from recycling to landfill due to a fire in the Earthcare recycling facility. The Q2 result includes 277 tonnes of recyclable material that was damaged as a result of a fire in the MRF (material recovery facility) in August 2021.
Urban and rural transfer stations, recycling, composting facilities and landfills operate within approved resource consent conditions	100% compliance	100% compliance	Achieved	100% compliance	Two non-compliance conditions. The Greater Wellington Regional Council compliance report gave MDC 2 stars out of 4 stars for compliance. The non-compliance conditions were a result of not turning windrows monthly and failing to seek advice when a minor exceedance occurred with a COD (Chemical Oxygen Demand) reading. Action has been taken to ensure these matters are addressed and do not result in future non-compliance.	The next compliance report will be issued in February 2022.

MEASURE	CURRENT YEAR END RESULTS			PREVIOUS YEAR END RESULTS (WHERE APPLICABLE)		COMMENTARY
	2021/22 Annual Target	Quarter 2: Result as at 31/12/21 (Year 1 of 2021-31 LTP)	Status at 31/12/21	Year End Result as at 30/06/21 (Year 3 of 2018-28 LTP)	Year End Result as at 30/06/20 (Year 2 of 2018-28 LTP)	
Community Facilities and Parks						
Number of people using our library and archive reflected by: Overall library usage and number of visits to the library and archive.	<p>Library Usage:</p> <p>No less than 5 year average for overall library usage</p> <p>Usage consists of:</p> <ul style="list-style-type: none"> Physical issues Digital issues Computer/Wi-Fi sessions 	<p>Library Usage: 117,443</p> <p>Usage consists of:</p> <ul style="list-style-type: none"> Physical issues: 87,676 Digital issues: 20,595 Computer/Wi-Fi sessions: 9,172 	Not Achieved	N/A – New Measure	N/A – New Measure	<p>Currently this measure is not tracking to be achieved by year end.</p> <p>The 5 year average for Library Usage is: 318,686 (this equates to a quarterly average of 79,671) made up of:</p> <ul style="list-style-type: none"> Physical issues: 231,430 Digital issues: 12,958 Computer/Wi-Fi sessions: 74,298 <p>YTD Library Usage: 117,443</p> <ul style="list-style-type: none"> Physical issues: 87,676 Digital issues: 20,595 Computer/Wi-Fi sessions: 9,172 <p>Quarterly Results:</p> <p>Q1 Library Usage: 53,666</p> <ul style="list-style-type: none"> Physical issues: 40,529 Digital issues: 8,751 Computer/Wi-Fi sessions: 4,386 <p>Q2 Library Usage: 63,777</p> <ul style="list-style-type: none"> Physical issues: 47,147 Digital issues: 11,844 Computer/Wi-Fi sessions: 4,786 <p>We are slightly behind the half year average for Library Usage. This is in part due to being closed for 19 days and unable to issue physical items due to COVID-19 Alert Level 4 restrictions in Quarter 1. The reduction in the number of computers from ten to four to maintain physical distancing requirements has also impacted our usage.</p>

MEASURE	CURRENT YEAR END RESULTS			PREVIOUS YEAR END RESULTS (WHERE APPLICABLE)		COMMENTARY
	2021/22 Annual Target	Quarter 2: Result as at 31/12/21 (Year 1 of 2021-31 LTP)	Status at 31/12/21	Year End Result as at 30/06/21 (Year 3 of 2018-28 LTP)	Year End Result as at 30/06/20 (Year 2 of 2018-28 LTP)	
<p>Visits:</p> <p>No less than 5 year average for number of visits to the library and archive</p> <p>Visits consists of:</p> <ul style="list-style-type: none"> In Person Visits Digital (website, OPAC, social media) Housebound 	<p>Library Visits: 119,351</p> <p>Visits consists of:</p> <ul style="list-style-type: none"> In Person Visits: 42,267 Digital (website, OPAC, social media) Visits: 76,453 Housebound Visits: 631 	Achieved	N/A – New Measure	N/A – New Measure	<p>The 5 year average for Library Visits is: 215,501 (this equates to a quarterly average of 53,875) made up of:</p> <ul style="list-style-type: none"> In Person Visits: 148,062 (37,105 per quarter average) Digital (website, OPAC, social media) Visits: 66,745 (16,686 per quarter average) Housebound Visits: 694 (174 per quarter average) <p>YTD Library Visits: 119,351</p> <ul style="list-style-type: none"> In Person: 42,267 Digital: 76,453 Housebound: 631 <p>Quarterly Results:</p> <p>Q1 Library Visits: 64,440</p> <ul style="list-style-type: none"> In Person: 20,798 Digital: 43,412 Housebound: 230 <p>Q2 Library Visits: 54,911</p> <ul style="list-style-type: none"> In Person: 21,469 Digital: 33,041 Housebound: 401 <p>We are slightly ahead of the half year average for overall library visits and on track to exceed the 5 year average for overall visits.</p> <p>Our in-person visits are down year to date (compared to the annual and quarterly averages). For Q1 this was attributed to the library being closed due to COVID-19 restrictions. Customers did utilise the website and social media pages over that quarter. In quarter 2 we have seen an increase in the number of 'in person' visits, however numbers are still below the 5 year quarterly average.</p> <p>At the half year mark we have exceeded the annual 5 year average for digital usage and are on track to also exceed the annual 5 year average for housebound visits.</p>	
<p>Percentage of Council parks and open spaces urgent customer service requests that are resolved within 4 work hours.</p>	<p>90% resolved within 4 work hours.</p>	<p>100% responded to within 4 hours.</p> <p>14 urgent requests were received and responded to within 4 hours.</p>	Achieved	N/A – New Measure	N/A – New Measure	<p>Year to Date: 100% responded to within 4 hours.</p> <p>21 urgent requests received.</p> <p>Q1: 100% (7 urgent requests)</p> <p>Q2: 100% (14 urgent requests)</p>

MEASURE	CURRENT YEAR END RESULTS			PREVIOUS YEAR END RESULTS (WHERE APPLICABLE)		COMMENTARY
	2021/22 Annual Target	Quarter 2: Result as at 31/12/21 (Year 1 of 2021-31 LTP)	Status at 31/12/21	Year End Result as at 30/06/21 (Year 3 of 2018-28 LTP)	Year End Result as at 30/06/20 (Year 2 of 2018-28 LTP)	
Number of people using the recreational trails that are part of our parks and reserves network	<p>Utilisation = at least the 2 year average</p> <p>The 2 year average (as at 30/6/20) equates to: 289,612</p> <p>Targets change from Year 2:</p> <p>Year 2: Utilisation = at least the 3 year average</p> <p>Year 3: Utilisation = at least the 4 year average</p> <p>From Year 4: Utilisation = at least the 5 year average</p>	59,750	Not Achieved	<p>Year End: Results unable to be reported due to issues with data loggers through the year.</p>	<p>Year End: 266,783</p> <p>2019/20 Q1 & Q2 result: 148,309</p> <p>2019/20 Q3 & Q4 result: 118,474</p> <p>There were issues with data loggers in 2019/20 that impacted results. Given that, the actual results in 2019/20 are likely to be higher than the reported result.</p>	<p>Currently this measure is not tracking to be achieved by year end.</p> <p>The 2 year average (as at 30/6/20) was: 289,612 (this equates to approximately 72,403 per quarter).</p> <p>YTD Result: 59,750</p> <p>Q1: 47,531 Q2: 12,219</p> <p>The quarter 2 result has been impacted due to issues with data loggers. This is being investigated.</p> <p>The 2 year average was calculated based on year end results for: 2019/20: 266,783 2018/19: 312,440 2020/21: Data was unable to be reported at year end due to issues with data loggers through the year.</p>

MEASURE	CURRENT YEAR END RESULTS			PREVIOUS YEAR END RESULTS (WHERE APPLICABLE)		COMMENTARY
	2021/22 Annual Target	Quarter 2: Result as at 31/12/21 (Year 1 of 2021-31 LTP)	Status at 31/12/21	Year End Result as at 30/06/21 (Year 3 of 2018-28 LTP)	Year End Result as at 30/06/20 (Year 2 of 2018-28 LTP)	
Number of people using the Trust House Recreation Centre	<p>No less than 5 year average for overall Trust House Recreation Centre usage total</p> <p>Usage consists of:</p> <ul style="list-style-type: none"> Swim Gym Stadium Sports Stadium Events 	<p>Trust House recreation Centre Usage: 19,947</p> <p>Usage consists of:</p> <ul style="list-style-type: none"> Swim: 12,376 Gym: 5,726 Stadium Sports: 645 Stadium Events: 1,200 	Not Achieved	N/A – New Measure	N/A – New Measure	<p>Currently this measure is not tracking to be achieved by year end.</p> <p>The 5 year average for Trust House recreation Centre Usage is: 106,018 (equating to a quarterly average of 26,505). This consists of:</p> <ul style="list-style-type: none"> Swim: 70,348 (quarterly average: 17,587) Gym: 25,695 (quarterly average: 6424) Stadium Sports: 2,761 (quarterly average: 690) Stadium Events: 7,215 (quarterly average: 1804) <p>YTD Usage: 45,413</p> <ul style="list-style-type: none"> Swim: 29,488 Gym: 11,655 Stadium Sports: 1,544 Stadium Events: 2,726 <p>Q1 Usage: 21,716 (previously reported as 19,947)</p> <ul style="list-style-type: none"> Swim: 14,247 (reported as 12,376) Gym: 5,002 (reported as 5,726) Stadium Sports: 787 (reported as 645) Stadium Events: 1,680 (reported as 1,200) <p>Q2 Usage: 23,697</p> <ul style="list-style-type: none"> Swim: 15,241 Gym: 6,653 Stadium Sports: 757 Stadium Events: 1,046 <p>Year to date results are not on track to achieve the 5 year average at year end. Numbers have been impacted by the cancellation of events (e.g. swimming and big stadium events) and reduced capacity due to COVID-19 restrictions, and the complete closure of the facility at Alert Levels 3 and 4 between 18 August and 8 September 2021.</p> <p><i>Note: In the Q1 report to Council the total 5 year average was reported as 141,687 (equating to a quarterly average of 35,422). Belgravia has since reconciled data when calculating the breakdown of total usage and have advised that there was an error in the information supplied for Q1. The 5 year average and Q1 results have been revised. This correction does not affect the overall result for Q1, which was not achieved.</i></p>

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Compliance with the healthy homes standards for Council owned rental units and houses.	<p>Year 1 and Year 2:</p> <p>Applies to all new or renewed tenancy agreements for Council rental units/houses from 1 July 2021:</p> <p>All units/houses comply with the healthy home standards (or have exemptions) at the time they are leased.</p> <p>From Year 3:</p> <p>Applies to all Council rental units/houses:</p> <p>All units/houses comply with the healthy home standards (or have exemptions).</p> <p><i>Note: This aligns with the requirement for all private rentals to comply (or have been granted exemptions) by 1 July 2024. Council properties are categorised as private rentals</i></p>	<p>Proportion of new/renewed tenancy agreements where the unit/house rented is compliant (or has an exemption):</p> <p>66% (2/3)</p>	Not Achieved	N/A – New Measure	N/A – New Measure	<p>In Year 1 and 2, the measure applies to new or renewed tenancy agreements for Council rental units/houses from 1 July 2021. From Year 3 the measure applies to all Council rental units/houses.</p> <p>YTD: 66% - Three units have been let. Two were fully compliant.</p> <p>Q1: 100% - One unit was let. That unit was fully compliant. Q2: 50% - Two units were let. One was fully compliant.</p> <p>The non-compliance in Q2 is due to the ventilation in that unit not being completed yet.</p> <p>A work programme is currently underway to install mechanical ventilation in all bathrooms and kitchens, and air conditioning units in all housing that do not already comply. Mechanical ventilation is programmed for completion by the end of 2022.</p> <p>Insulation standards have been revised. As a result, 14 units need an insulation 'top up'. This is scheduled for completion by the 30/6/2022.</p> <p>Air conditioner installation was completed in December 2021.</p> <p>All Council housing is expected to be fully compliant with new standards by year end 2022.</p> <p>Compliance relates to the following individual standards: Heating – 100% Insulation – 92% (79/85 compliant or exempt) Ventilation – 47% (40/85) Moisture/Drainage – 68% (58/85) Draught Stopping – 100%</p> <p><i>Note: This aligns with the requirement for all private rentals to comply (or have been granted exemptions) by 1 July 2024. Council properties are categorised as private rentals.</i></p>
Regulatory: -						
Response time to attend Priority 1 urgent call outs (e.g. dog attacks).	90% attended within one hour	95.2% (80 out of 84 urgent call-outs attended on time)	Achieved	N/A – New Measure	N/A – New Measure	<p>YTD: 95.2% (80/84 attended on time)</p> <p>Q1 – 98.08% (51/52) Q2 – 90.62% (29/32)</p>

MEASURE	CURRENT YEAR END RESULTS			PREVIOUS YEAR END RESULTS (WHERE APPLICABLE)		COMMENTARY
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Response time to attend noise control call outs.	90% attended within one hour	95.9% (396 of 413 complaints attended within one hour)	Achieved	N/A – New Measure	N/A – New Measure	YTD: 95.9% (396/413 attended on time) Q1 – 95.6% (132/138) Q2 – 96% (264/275) The increased number of call outs in Quarter 2 is likely to reflect seasonal change (moving into spring/early summer) when more people are socialising outdoors, using power tools etc.
Number of animal control community education and engagement activities.	A minimum of 6 per annum related to high priority issues or concerns	2 Education/Engagement Activities	Not Achieved as at Q2 – Potential to Achieve at Year End	N/A – New Measure	N/A – New Measure	Currently this measure is not tracking to be achieved by year end, however staff intend to schedule additional sessions in the second half of the year. Contact has been made with a number of organisations to arrange sessions. The year-end target may still be achieved dependent on COVID-19 Alert Level restrictions. YTD: 2 education/engagement activities Q1 – No education/engagement activities Q2 – 2 Two sessions were booked for Q1 at Masterton Intermediate School's career day. These were cancelled due to COVID-19 restrictions.
Percentage of building consents processed within statutory timeframes	90%	61.7% (195 of 316 consents issued were processed within statutory timeframes)	Not Achieved	78% (664 of 851 consents issued were processed within statutory timeframes)	91.4% (635 of 695 consents received were processed within statutory timeframes)	This measure is not on track and is not expected to be achieved at year end. Quarter 2: 138 building consents were issued. The average processing time was 15 working days. YTD: 61.7% (195/316) Q1: 52% (93/178) / 22 working days Q2: 74% (102/138) / 15 working days The Q2 results are an improvement over a difficult first quarter. Wider industry challenges are moderating incoming applications.
Percentage of code compliance certificates processed within statutory timeframes	90%	82.8% (255 of 308 code compliance certificates were processed within statutory timeframes)	Not Achieved as at Q2 – Potential to Achieve at Year End	N/A – New Measure	N/A – New Measure	The half year result for this measure is 'not achieved', however Q2 results are an improvement on Q1 and if maintained, the year end result could be achieved. Quarter 2: 145 code compliance certificates were issued. The average processing time was 9 working days. YTD: 82.8% (255/308) Q1: 72% (118/163) / 15 working days Q2: 95% (137/145) / 9 working days

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Percentage of resource consents processed within statutory timeframes	90%	99.2% (124 of 125 resource consents were processed within statutory timeframes)	Achieved	98% (202 of 207 resource consents received were processed within statutory timeframes)	97.5% (116 of 119 resource consents received were processed within statutory timeframes)	YTD: 99.2% (124/125) Q1: 98% (52/53) Q2: 100% (72/72)
Percentage of commercial Building Warrant of Fitness' (BWOs) that have been reviewed within 20 days of their due date.	At least 90% of BWOs have been reviewed within 20 days of their due date.	100%	Achieved	N/A – New Measure	N/A – New Measure	YTD: 100% Q1: 100% Q2: 100% The addition of dedicated compliance staff working in this area has enabled improvements and an increase in the proportion of commercial buildings with current compliance schedules (up from 64% in 2019/20 to 86% by the end of 2020/21).
Proportion of known residential swimming pools that have been inspected.	25% Target changes from Year 2: Year 2: 50% Year 3: 80% Years 4-10: cycle to be repeated but ensuring 100% of pools have been re-inspected by the end of Years 6 and 9.	0%	Not Achieved as at Q2 – Potential to Achieve at Year End	N/A – New Measure	N/A – New Measure	The half year result for this measure is 'not achieved', however processes and resources are now in place with inspections commencing in Q3. There is potential to achieve the year end result. YTD: No swimming pool inspections undertaken. Q1: No swimming pool inspections undertaken. Q2: No swimming pool inspections undertaken. Inspections to start Quarter 3. Processes have been finalised. Resourcing includes one FTE with a second Building Services Officer to be recruited who will support.

Leadership, Strategy and Corporate Services

Every year Council produces an Annual Report that informs our community about what has been achieved and how well we performed against the plans and budgets that were set for that year. In addition, there is regular reporting to the Senior Leadership Team and Council on progress with work and projects in this activity group, and once every three years Council undertakes a Community Satisfaction Survey that includes questions about Council's leadership and reputation.

To:	Audit and Risk Committee
From:	Ben Jessep, People and Culture Manager
Endorsed by:	David Hopman, Chief Executive
Date:	16 February 2022
Subject:	Health and Safety Quarterly Report
FOR INFORMATION	
Recommendation:	
The Audit and Risk Committee notes the content and receives the Health and Safety Report for the quarter (1 November 2021 to 31 January 2022).	

Purpose

Under the Health and Safety at Work Act 2015, all elected members are deemed 'officers' and must exercise a duty of due diligence in relation to health and safety.

These quarterly reports provide information to assist elected members to carry out that role.

Executive Summary

Work continues as normal in the knowledge that extra awareness is necessary owing to the continuing presence of Covid 19.

With the presence of Omicron at both our northern and southern borders it would seem to be only a matter of time before there is wider spread community transmission in the Wairarapa. Given this we have increased the measures we are taking to protect staff. These include:

- recording the entry and exit of staff to every Council building where staff are present,
- risk mitigation plans for staff who are not vaccinated or who won't divulge their vaccination status.
- encouraging staff to work from home wherever possible, and
- business continuity plans are being or have been developed for each department to ensure that appropriate measures are taken to ensure, as far as possible, that critical staff are always available.

All these measures are reported in more detail throughout this report.

Key Updates for the Quarter

GOSH Upgrade

The latest upgrade to our Health and Safety tool GOSH took place on 29 Oct 21. Work is now underway to assess the functionality of this system for better application of Masterton District

Council's needs by reviewing active reports currently within the system and archiving inactive records. The Health and Safety Committee is also discussing engagement with GOSH and improving the metrics that are able to be produced from the system.

Health and Safety Review

We have engaged Julie Wallace, a Health and Safety Specialist and a previous Senior Health and Safety Advisor with Council, to return for a short period to provide mentoring and support for our recently appointed Health, Safety and Wellbeing Advisor and to take an independent look at every aspect of health and safety at Council, including the various computer programmes used and to make recommendations on any gaps in the system together with any actions that could be taken to make processes run more effectively and efficiently.

Covid Vaccinations

On 17 December the Chief Executive sent a Consultation Document to all staff regarding the possible options for Council to respond to the ever-increasing complexity of the Covid pandemic.

In that Document staff were advised that the Strategic Leadership Team (SLT) had been considering how Council could best protect its staff from Covid in both the current and future environments.

Staff were advised that recent Covid updates across the country show there was the potential for a significant increased risk of community transmission in the Wairarapa in 2022. This was based on lifting travel restrictions for Auckland residents, increased travel during the summer period, and the potential spread of the more transmittable Covid variant *Omicron*. They were told that this had driven the need for Masterton District Council to ensure it took appropriate measures to reduce the risk of transmission of Covid in our workplace.

Staff were advised that the SLT had determined that given modelling around COVID and its likely spread in 2022 – they needed to make some decisions at that time to ensure Council can continue to deliver the business of Council while maintaining the safety of staff. With this in mind – SLT proposed a vaccination policy for MDC and asked staff for their thoughts.

After listening to staff feedback SLT made the following decisions:

1. All staff who are required to leave the building and deal with members of the public in uncontrolled environments will need to be fully vaccinated.
2. All front-line staff who deal directly with members of the public (whose vaccination status is unknown) will need to be fully vaccinated
3. Any staff who are not fully vaccinated will be required to have an individual Covid risk mitigation plan signed off by their SLT Manager

4. All new staff employed from that day will be required to be fully vaccinated
5. Vaccine Passes will not be required for entry to our Library and Queen Street locations



Remote, isolated, lone workers




Lone worker beacons are currently in a trial phase for staff working remotely within the Environmental Health and Animal Control departments. Feedback from trial will be presented in the next quarter.

Fleet management systems including GPS tracking is currently on hold until the appointment of new Fleet manager.

Due Diligence Summary

There has been no change to the traffic light reporting below this quarter.

MDC OFFICERS H&S DUE DILIGENCE PLAN MONITORING			
	Objectives	Status	Rating
Know	Keep up to date with health and safety matters	Health, Safety and Wellbeing is a standing item at each SLT meeting. Currently, requests and issues from the H&S committee are escalated via rotating SLT rep. Each SLT member is also able to escalate requests and issues via this forum.	
Understand	Understand the nature of the Council's business and its hazards and risks	<p>Top organisational risks continue to be reviewed and assessed with each work group to identify specific work group risks (ongoing). The hazard & risk register is being updated as we work on these with each work group.</p> <p>With the appointment of a new Health, Safety and Wellbeing Adviser we will again commence worksite safety inspections for risks. This will include actions for Managers to address any issues identified.</p>	

	Objectives	Status	Rating
Resource	Ensure H & S person has appropriate resources and processes to manage risks to health and safety	The new Health, Safety and Wellbeing Adviser has commenced and is familiarising themselves with MDC current H&S state. Action items are addressed on a priority basis. GOSH, our H&S tool has been upgraded and is accessible from Tohu.	
Monitor	Ensure there are appropriate reporting and investigation processes in place	The H&S system ensures work group managers are aware of investigations and act in conjunction with the People and Culture team. We are upskilling our people leaders and the Health and Safety Committee to ensure that Investigations are completed for all reported incidents, accidents and near misses.	
Comply	Ensure the Council has and implements processes for complying with duties under the HSWA Act 2015	Processes are being reviewed across all work groups in consultation with H&S Committee and subject matter experts. The ongoing message to staff and managers is that H&S is everyone's responsibility (not just the committee and P&C) and that all workers and managers are expected to give H&S high priority across all activities carried out by Council.	

TOP HEALTH AND SAFETY RISKS ORGANISATION-WIDE

Description of risk	Controls and reduction measures	Update
COVID-19 Global pandemic Public health risk	<ul style="list-style-type: none"> • Workplace H&S plans • Hygiene protocols • Contact tracing • Roles risk assessments • Information requests for vaccination and vulnerable status of employees 	<p>MDC continues to support and encourage contact tracing. H&S Discussions at SLT are focused on the need to remain vigilant and the need to be prepared for potential community transmission in future.</p> <p>All staff have been asked to provide the People and Culture team of their vaccination status and this has been done with a couple of exceptions which are actively being followed up.</p>

Description of risk	Controls and reduction measures	Update
		<p>iPads are placed at the entrance to each building and staff are to record their entry and exit times so that we are aware who is in the buildings at any given time.</p> <p>Risk mitigation plans are in place for those staff who are either not vaccinated or will not inform us of their vaccination status.</p> <p>In addition, business continuity plans are being or have been developed for each department to ensure that appropriate measures are taken to ensure, as far as possible, that critical staff are always available and that, where possible, they work in shifts so as to limit any exposure within a team.</p>
<p>Vehicles, Roads, Driving</p> <p>(1) Driver risk factors (2) Journey risk factors (3) Vehicle risk factors (4) Working with/near vehicles risk factors.</p>	<ul style="list-style-type: none"> • Driver training • Fleet maintenance • Hazard identification • Fleet tracking 	<p>The updated RT base unit has been installed in Waiata House (vehicles have RT units), but support is required to work through some technical issues. Training has yet to be delivered, and we are working with Teletronics on training design and delivery.</p> <p>A fleet management system will be investigated further once the Fleet Manager position has been filled.</p> <p>Driver training options are currently being explored.</p>
<p>Interacting with customers</p> <p>Violence, mental health issues, conflict</p>	<ul style="list-style-type: none"> • De-escalation training • Personal safety training • Leadership support for staff 	<p>Aggressive and/ or abusive customer events continue to be reported.</p> <p>Each specific incident continues to be investigated by the department manager and procedures updated, and training provided where appropriate.</p> <p>Further training for personal safety, conflict de-escalation, and mental resilience will be invested in for implementation during 2022.</p>

Description of risk	Controls and reduction measures	Update
<p>Stressors</p> <p>Fatigue (physical & mental), time pressure, bullying, harassment, mental health</p>	<ul style="list-style-type: none"> • Employee Assistance Programme (EAP) • Leadership support • Staff engagement • Staff Surveys • Leave 	<p>MDC's employee assistance provider Vitae's proactive services continues. People leaders communicate the opportunity for any staff to contact Vitae to speak to counsellors.</p> <p>MDC implemented an extended close down over the December-January holiday period to allow staff to have a significant time away from work to recharge.</p> <p>We are about to undertake a "pulse" survey of staff as a follow up to the major staff engagement survey completed last year. This will allow us to look at certain areas in more detail and to determine what progress has been made in the last six or so months.</p> <p>We have developed a policy on how Council will deal with staff with excessive leave balances, and this is about to be sent to SLT for approval. If approved, it will require managers to start conversations with staff regarding the development of Leave Plans to get balances under control. ELMO, our current HR Information System allows staff to apply for leave electronically and can pre-empt these conversations by sending out requests for Leave Plans once a certain pre-set threshold of accumulated leave has been met</p> <p>With a large proportion of staff working from home measures are being investigated to deliver wellbeing exercises/programmes to keep staff emotionally fit during the current phase of the traffic light system.</p> <p>Wellbeing calendar is under development and will be open to all and visible via staff intranet Tohu.</p>

<p>Lone worker safety</p> <p>Knowing where people are, that they are accounted for, tracking when out of the office for safety purposes, after hours, working alone</p>	<ul style="list-style-type: none"> • Lone worker tracking system trial • MiCollab / Outlook/ Teams • Communication in teams • Personal safety training • Fleet management system investigation 	<p>Each work group has their own system, given that their circumstances vary (e.g. call outs for animal control).</p> <p>A fleet monitoring project is currently paused until the appointment of a new fleet manager.</p> <p>Working from home checklist have been resent in the Red traffic light system to assist staff to audit their home workspaces to maintain a safe environment.</p>
<p>Contractor Management</p>	<ul style="list-style-type: none"> • Regular communication between contractors and MDC relationship managers • Quarterly/ annual reporting 	<p>A collective database is being developed by GWRC to record contractors with the correct H&S compliance record. All councils in the wider region are able to use this data.</p> <p>Contractors need to satisfy us they have robust H&S systems in place. Following their engagement on any high risk or longer-term projects daily or weekly site visits are conducted which include health and safety checks. For smaller low risk projects contractors from an approved database are used and monitoring is on an as needed basis, particularly if they have been previously engaged without incident.</p> <p>Work has commenced to audit contractor compliance and provide support as required. There is significant work to be done on this prior to full implementation.</p> <p>Our contractor process and forms have been redesigned for rollout to staff and Contractors. A video is being produced to assist with technical role inductions.</p>
<p>Change resilience</p>	<ul style="list-style-type: none"> • Local Government reform • Three Waters 	<p>In the last quarter activity in the two major industry change initiatives (Local Government reform and Three Waters) has had a relatively low impact on our people. However, in the next quarter activity particularly in the three Waters program will have more public focus. This could also result in more regular</p>

		<p>communication between Department of Internal Affairs, Three waters Transition Team and our people.</p> <p>We will be proactive in managing any external communications or organisational proposals which may impact our people to ensure they are well supported and represented.</p> <p>With the potential for significant change within the local government sector it is important that change resilience become a key part of our well-being strategy. To be successful through a period of uncertainty we will be focusing on ensuring our people are change resilient.</p>
<p>Workforce Planning</p>	<ul style="list-style-type: none"> • Recruitment • Succession 	<p>We have noticed within the last six months that for certain, largely specialised positions, the number of applicants is rapidly diminishing. We are not alone in this, and many other local authorities are reporting similar issues.</p> <p>To somewhat mitigate this, where specialist qualifications are not involved, we are looking at making positions available internally in the first instance and thus adopting a “grow your own” practice. Where specialist qualifications are involved, and we still have capability on site we are investigating offering cadetships to young school leavers who intend to study (say engineering) at an Industry Training Organisation. They can thus gather practical skills on the job with us as an employee at the same time as gathering theoretical skills through the ITO</p> <p>We will be establishing a more structured succession planning framework to ensure we have more proactive plans to support the potential loss of critical people and roles.</p>

Lag indicators

These indicators measure our performance in the form of past statistics.

All incidents that have been notified via the H&S system are reviewed by the appropriate manager as well as the H&S Committee, who must be satisfied that appropriate action has been taken to reduce the likelihood of future incidents.

Incident type	Q2 Oct to Dec 21	Q3 Jan to March 22	Q4 April to June22	Q1 July to Sept 22
Serious Harm / Lost time injury	0			
Medical Treatment Injury (beyond First Aid)	0			

Lead indicators

Lead indicators are proactive in nature and look at regular activity carried out to prevent accidents, injuries and/or incidents and control risk.

Lead Indicators	
H&S committee meetings	Meetings continue to be held every six weeks.
H&S training	<p>A record of H&S Rep training to be complied with the view of updating training. An in-house option is being explored</p> <p>The H&S Committee is looking at getting all members trained to a minimum of H&S rep training Level 2</p> <p>H&S training units are available through the new LMS system, these are to be reviewed and further developed to cover a broad range of topics.</p>
H & S Culture	<p>Training sessions have built awareness across the organisation of the importance of everyone's role in H&S culture across the workplace and the Masterton region as representatives of MDC. Further areas of interest are being investigated for future training.</p> <p>We are currently implementing a system of Competency Assessment and Goal Achievement to replace the traditional Performance Appraisal. We have determined four Core Competencies that will apply to every position. One of those is Health and Safety. The descriptor of the Competency is:</p>

	<p>HEALTH AND SAFETY</p> <p><i>Committing to applying core safety knowledge, skills and attitudes to everyday work to optimise health and safety. Promoting safety through effective communication. Anticipating, recognising and managing situations that place individuals at risk. Recognising the occurrence of an incident or near miss, responding effectively to mitigate harm to individuals, ensuring proper reporting and preventing recurrence.</i></p>
<p>Staff inductions</p>	<p>All new staff have been inducted following our established H&S induction process.</p> <p>The Health and Safety Committee members and team leaders will be conducting the generic H&S inductions with new staff.</p> <p>A staff orientation plan is currently in development to be presented to SLT in February where all new employees of three months tenure or less will receive an introduction to the Council, its senior managers and all its functions to give these new staff a comprehensive understanding of what Councils do and how they work.</p>
<p>Wellbeing initiatives</p>	<p>Employee Assistance Program (EAP) contracted onsite visits continue to occur, with the representative ensuring coverage of MDC workplaces.</p> <p>Initiatives are currently being compiled and programmed by the new Health, Safety and Wellbeing Advisor.</p> <p>Wellbeing calendar is under development with staff participation key. Areas of interest are being investigated for inclusion into the calendar throughout the year. Delivery poses a challenge, but work will be done to overcome this to get maximum participation from staff.</p> <p>The LMS system provides a great tool for staff lead learning supported by People and Culture team to source relevant topics.</p> <p>Kaitakawaienga engagement with implementation of wellbeing initiatives is sought to give a Te Ao Maori lens on programming.</p>

<p>Good catch: A good catch is action oriented; staff recognise a situation or condition with potential to cause an incident but didn't because of corrective action and/or timely intervention.</p>	<p>All incidents notified via the H&S system are reviewed by the appropriate manager who must be satisfied that appropriate action has been taken to reduce the likelihood of future incidents.</p>		
<p>Near miss: Event not causing harm, but potential to.</p>	<p>All incidents notified via the H&S system are reviewed by the appropriate manager who must be satisfied that appropriate action has been taken to reduce the likelihood of future incidents.</p>		
<p>Good catch summary</p>			
<p>Q2 Oct to Dec 21</p>	<p>Q3 Jan to March 22</p>	<p>Q4 April to June22</p>	<p>Q1 July to Sept 22</p>
<p>0</p>			

Our Values

The Councils new values were developed by staff and approved by management late last year. They are:

<p>HĪKINA TE MĀNUKA</p>	<p>By figuratively lifting the 'mānuka' we show that we are responding and rising to challenges by being innovative, hard-working, and collaborative.</p>
<p>MANA TĀNGATA</p>	<p>Our organisation recognises the diversity and individuality of each of our staff members. We act with integrity and respect each other's lived experiences and the value they bring to the workplace.</p>
<p>HE TOA TAKITINI</p>	<p>Every staff member is a crucial part of the team that makes up Masterton District Council. We trust and support each other to succeed by drawing on our collective strengths.</p>

Supporting Information

Strategic, Policy and Legislative Implications

In accordance with Health and Safety at Work Act 2015, Masterton District Council, as a Person Conducting a Business or Undertaking (PCBU), must ensure, so far as is reasonably practicable, the health and safety of Council's employees, volunteers or contractors (including their subcontractors), and that other people are not put at risk by our work. This includes visitors to our workplaces and members of the public who could be affected by the work we do.

Significance, Engagement and Consultation

The recommendation to receive this report does not trigger criteria under the significance and engagement policy.

Financial Considerations

There are no specific financial considerations associated with this update.

Treaty Considerations/Implications for Māori

There are no Treaty considerations or implications for Māori arising out of this report.

Communications/Engagement Plan

Not applicable.

Environmental/Climate Change Impact and Considerations

There are no environmental/climate change impact or considerations arising from this report.

To:	Audit and Risk Committee
From:	David Paris, Manager Finance
Endorsed by:	David Hopman, Chief Executive
Date:	16 February 2022
Subject	Report to the Council on the Audit for the year ended 30 June 2021
FOR INFORMATION	
Recommendation:	
That Audit & Risk Committee receives the Report on the Audit of Masterton District Council for the year ended 30 June 2021 attached to Report 011/22.	

Purpose

To provide the Audit and Risk Committee with the Report from Council's Auditors, Audit New Zealand on their audit of Council for the year ended 30 June 2021.

Executive Summary

The Council's auditors, Audit New Zealand, undertook their audit from 28 September 2021. We were able to use the Audit Dashboard software to provide the audit team with electronic copies of reports and workpapers. This enabled their team to work remotely for the first two weeks. There were some delays in the audit due to availability of audit staff and the audit was completed in early November. Council adopted the audited Annual Report on 9 November 2021. This was the second year when there has been a relaxation of the usual statutory deadline of 31 October for the adoption of the Council's Annual Report, due to the impacts of Covid-19.

The attached report of the auditor includes one new recommendation. This relates to the process for independent review and evidencing of journals. This has been noted and the documenting of the checking of journals will be improved. Of the previous recommendations, one has been closed and six remain open. The three categorised as 'Necessary' are noted as 'In Progress'. The item relating to procurement policy is being progressed in this month's Audit and Risk Committee agenda.

The report is attached (see Attachment 1).

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

Masterton District Council

For the year ended 30 June 2021

Contents

Key messages	3
1 Recommendations	4
2 Our audit report	5
3 Assessment of internal control	6
4 Matters raised in the Audit Plan	7
5 Other matters arising during the audit	10
6 Public sector audit.....	11
7 Useful publications.....	12
Appendix 1: Status of previous recommendations	14
Appendix 2: Disclosures	16

Key messages

We have completed the audit for the year ended 30 June 2021. This report sets out our findings from the audit and draws attention to areas where the Masterton District Council (the District Council) is doing well and where we have made recommendations for improvement.

Audit opinion

We issued an unmodified audit opinion dated 9 November 2021, without modifying our audit opinion, we included an emphasis of matter paragraph to draw the users' attention to the relevant note in the financial statements which outlines that subsequent to year-end, the Government announced it will introduce legislation to establish four publicly owned water services entities to take over responsibilities for service delivery and infrastructure from local authorities from 1 July 2024.

Assessment of the control environment

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

Matters identified during the audit

We have not identified any significant new audit issues to bring to your attention. We have raised one new recommendation which is summarised in section 1.1 of this report.

Business risks and areas of focus

In our audit plan we identified areas that we consider to be a significant risk or specific areas of audit focus for the 2020/21 audit. We conclude on these areas in section 3 of this report and as follows:

Asset revaluations and fair value assessments

The District Council revalued its land and buildings for the 2020/21 financial statements. It used an independent external valuer to perform this work in accordance with the District Council's internal policies and the financial reporting framework. We reviewed the valuation methodology used by the independent external valuer and assessed the methodology and underlying assumptions as reasonable. We have no issues with the process followed in terms of the requirements of PBE IPSAS 17, Property, Plant and Equipment.

Infrastructure assets were revalued in the previous year. The District Council provided an assessment about movement in the fair value of these assets at 30 June 2021. We reviewed this assessment and supporting information, and concluded that the fair value at 30 June 2021 did not differ materially to the carrying value of these assets.

Thank you

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



John Whittal
Appointed Auditor
8 February 2022

1 Recommendations



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

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

1.1 New recommendations

The following table summarises our recommendations and their priority.

Recommendation	Reference	Priority
Review of journals – The Finance team should ensure that the process for independent review of journals and the evidence of this review is adequately documented.	4 – Risk of management override of internal controls	Necessary

1.2 Status of previous recommendations

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

Priority	Priority			
	Urgent	Necessary	Beneficial	Total
Open	0	3	4	7
Implemented or closed	0	0	1	1
Total	0	3	3	6

2 Our audit report

2.1 We issued a non-standard audit report



We issued an unmodified opinion on 9 November 2021. This means we were satisfied that the financial statements and statements of service performance present fairly the District Council's activity for the year and its financial position at the end of the year.

Without modifying our audit opinion we included an emphasis of matter paragraph to draw the readers' attention to the relevant note in the in the financial statements which outlines that subsequent to year-end, the Government announced it will introduce legislation to establish four publicly owned water services entities to take over responsibilities for service delivery and infrastructure from local authorities from 1 July 2024.

2.2 Uncorrected misstatements

The financial statements are free from material misstatements, including omissions. During the audit, we have discussed with management any misstatements that we found, other than those which were clearly trivial. The only misstatement that has not been corrected relates to an understatement of accruals at balance date for amounts due and the impact on other expenditure, for event after year-end. The amount is subject to an insurance settlement in progress therefore management decided not to adjust the financial statements. We are satisfied that these misstatements are individually and collectively immaterial.

2.3 Quality and timeliness of information provided for audit



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

3 Assessment of internal control



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

3.1 Control environment

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

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

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

3.2 Internal controls

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

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

We found the systems were operating as described, with internal controls operating effectively throughout the year. We did not identify any new matters to bring to your attention.

We also considered the systems and controls for the material performance measures included in the annual report.

We have no new recommendations to bring to your attention, we found that relevant internal controls for key financial functions are in place and were operating effectively throughout the year under audit.

4 Matters raised in the Audit Plan



In our Audit Plan of 20 July 2021, we identified the following matters as the main audit risks and issues:

Audit risk/issue	Outcome
Asset revaluations and fair value assessment	
<p>PBE IPSAS 17, Property, Plant and Equipment, requires that valuations be conducted with sufficient regularity to ensure that the carrying amount does not differ materially from fair value.</p> <p>The District Council has adopted a policy to revalue its infrastructure, and land and building assets on a cyclical basis. The District Council last revalued its infrastructure assets during the 2019/20 financial year, and land and building assets in the 2017/18 financial year.</p>	<p>Property, Plant and Equipment</p> <p><i>For assets not revalued</i></p> <p>Infrastructure assets were revalued in 2019/20. The District Council provided an assessment about movement in the fair value of these assets at 30 June 2021. We reviewed management's assessment and we are satisfied that the basis of the assessment and the assumptions used were reasonable.</p> <p>We also compared managements fair value assessment to relevant information, including comparison to available information, to determine whether fair values were likely to have increased significantly from when the assets were last valued.</p> <p>From the work we performed we are satisfied that the current carrying value of infrastructure and the land and buildings was not materially different to the fair value.</p> <p><i>For assets revalued</i></p> <p>We have audited the revaluation performed for land and buildings. The revaluation resulted in an overall increase of \$31.3 million.</p> <p>We have reviewed the methodology used by the District Council's external valuers (including assumptions applied and relevant factors considered) and confirmed these are appropriate and reasonable.</p> <p>The valuations were completed in line with the relevant accounting standard, PBE IPSAS 17 Property, Plant and Equipment.</p> <p>We have reviewed how the valuation results have been reflected in the District Council's financial statements and the associated disclosures in the annual report. We are satisfied that these comply with the requirements of PBE IPSAS 17 Property, Plant and Equipment and are fairly stated in District Council's financial statements.</p>

Audit risk/issue	Outcome
Capital projects	
<p>A number of major projects are either underway or about to commence.</p> <p>The key financial statement risks associated with capital projects include:</p> <ul style="list-style-type: none"> • costs not being appropriately accounted for in accordance with accounting standards; • balances being included in WIP at balance date when the assets have been completed and should have been capitalised; and • contracts entered into before balance date that are not disclosed as commitments in the notes to the financial statements. <p>We ask you to keep us informed on progress with significant projects.</p>	<p>Civic Centre</p> <p>In 2021, Funding for the Civic Facility project, which now includes the Masterton District Library and Archive, was a topic for consultation in the 2021-31 long-term plan (LTP). The Council's 2020/21 Annual Plan resolution committed to building a new civic centre. In June 2021, Council confirmed a minimum of \$4 million external funding would be targeted with the balance to be loan funded.</p> <p>We will continue to follow up with the District Council on the progress made on Civic Centre project and consider if any audit work is required to address procurement and project management risks associated with the project as part of the 2021/22 audit.</p> <p>Other</p> <p>Projects carried over from prior years included several contracts for sewer mains renewals. The more than planned expenditure on these renewals in 2020/21 reflects a catch-up of several years of the contracting market being unable to deliver the full programme of work.</p> <p>As part of our additions testing for Property, Plant and Equipment, we reviewed a sample of costs incurred on the projects and ensured the costs have been classified in accordance with generally accepted accounting practice.</p> <p>No issues were noted from our review.</p>
The risk of management override of internal controls	
<p>There is an inherent risk in every organisation of fraud resulting from management override of internal controls.</p> <p>Management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Auditing standards require us to treat this as a risk on every audit.</p>	<p>We have concluded that the overall control environment is effective for the purposes of our audit.</p> <p>We completed audit procedures on journal entries. We utilised computer aided audit-tools for journal testing to focus on journals based on risk factors. We are satisfied that journals were appropriately prepared and there were no issues with the accuracy or level of support for journals.</p> <p>Through our work performed over journal entries we noted that there is currently no evidence of post-input review of journals.</p> <p>We recommend that management ensure that the post-input reviews of journals are evidenced going forward.</p>

Audit risk/issue	Outcome
	<p>Management comment</p> <p><i>Journals in both GL and rates systems are reviewed independently, but it is acknowledged that the recording and timeliness of the reviews can be improved.</i></p> <p>We have also considered accounting estimates, for bias and maintained awareness of any significant transactions that were outside the normal course of business, or that otherwise appear to be unusual given our understanding of the District Council and its environment, and other information obtained during the audit.</p> <p>We have not identified any issues to be reported.</p>
Covid-19 pandemic	
<p>The impact of the Covid-19 pandemic on the sector has been wide and varied.</p> <p>The long-term impact of Covid-19 in New Zealand, and how it might affect public entities, remains unknown. The pandemic is still significantly impacting people and organisations globally. The borders remain closed and it is likely the pandemic will continue to have effects throughout the financial year ended 30 June 2021.</p>	<p>Throughout the audit, we discussed the impact of the pandemic on the District Council's business, particularly its effect on business continuity.</p> <p>The District Council has included disclosure around Covid-19 in its financial statements, and where applicable, included disclosures in its non-financial reporting for results directly affected by Covid-19.</p> <p>We assessed the District Council's disclosure in the financial statements and statement of service performance around these impacts and concluded that it was appropriate.</p>

5 Other matters arising during the audit

5.1 Impact of the three waters reform

The three waters reform programme is one of the most significant policy programmes affecting local authorities.

During 2020/21, the District Council signed a non-binding Memorandum of Understanding (MoU) with the Crown. By signing this MoU, the District Council agreed to participate in the exploration of future service delivery options for the three waters services and to collaborate with agencies involved in the reform.

On signing of the MoU, the District Council subsequently received a share of \$761 million Crown stimulus funding, which was the first tranche of funding that was provided under the reform programme. It is important that the District Council is appropriately accounting for its share of the funding and is meeting the obligations of the funding agreement.

We reviewed the accounting for the grant received against the requirements of generally accepted accounting practice. Management has recognised revenue to the extent of expenditure incurred and deferred the unspent portion of the grant to be recognised as revenue once the expenditure is incurred. We believe that this is supported by GAAP. We are satisfied that the revenue recognition is materially correct.

On 27 October 2021, the Local Government Minister announced that central government will proceed with the three waters service delivery reforms using a legislated “all in” approach. The three waters reform involves the creation of four statutory water services entities to be responsible for the service delivery and infrastructure from local authorities from 1 July 2024.

The District Council has included disclosure around the 27 October 2021 announcement in its financial statements. We assessed the District Council’s disclosure in the financial statements around this subsequent event and concluded that it was appropriate.

5.2 Subsequent events

The District Council settled a claim for structural issues subsequent to year-end. IPSAS 14 *Events After the Reporting Date* requires that the financial statements are adjusted to reflect such events after reporting date. The reason for this is that the settlement after the reporting date of the case that confirms that the District Council had a present obligation at the reporting date.

The amount is not material and is subject to an insurance settlement in progress therefore management decided not to adjust the financial statements.

6 Public sector audit



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

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

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

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

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

The District Council investigated one instance where procurement processes were not followed as required. The District Council's investigation did not identify any loss from the actions, the employee was dismissed for not following process.

7 Useful publications



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

Description	Where to find it
Performance reporting	
Public organisations are responsible for reporting their performance to Parliament and the public in a way that meaningfully reflects their organisation's aspirations and achievements. The Auditor-General published a discussion paper that explores five areas for improvement in performance reporting.	On the Office of the Auditor-General's website under publications. Link: The problems, progress, and potential of performance reporting
Local government risk management practices	
The Covid-19 pandemic is a stark reminder for all organisations about the need for appropriate risk management practices. In our audit work, we often see instances where councils do not have effective risk management. This report discusses the current state of local government risk management practices and what councils should be doing to improve their risk management.	On the Office of the Auditor-General's website under publications. Link: Observations on local government risk management practices
Public accountability	
Public accountability is about public organisations demonstrating to Parliament and the public their competence, reliability, and honesty in their use of public money and other public resources. This discussion paper explores how well New Zealand's public accountability system is working in practice.	On the Office of the Auditor-General's website under publications. Link: Building a stronger public accountability system for New Zealanders
Setting and administering fees and levies for cost recovery	
This good practice guide provides guidance on settings fees and levies to recover costs. It covers the principles that public organisations should consider when making any decisions on setting and administering fees and levies. It also sets out the matters public organisations should consider when calculating the costs of producing goods or providing services and setting charges to recover those costs.	On the Office of the Auditor-General's website under publications. Link: Setting and administering fees and levies for cost recovery: Good practice guide

Description	Where to find it
Managing conflicts of interest involving council employees	
This article discusses findings across four councils on how conflicts of interest of council employees, including the chief executive and staff, are managed.	On the Office of the Auditor-General's website under publications. Link: Getting it right: Managing conflicts of interest involving council employees
Covid-19 implications for financial reporting and audit in the public sector	
Audit New Zealand Executive Director Steve Walker and Head of Accounting Robert Cox joined an online panel hosted by Victoria University of Wellington and the External Reporting Board. They discuss the effects of Covid-19 and the economic recovery on financial reporting and audit in the public sector.	On our website under good practice. Link: Covid-19 page Link: Webinar
Sensitive expenditure	
The Auditor-General's good practice guide on sensitive expenditure provides practical guidance on specific types of sensitive expenditure, outlines the principles for making decisions about sensitive expenditure, and emphasises the importance of senior leaders "setting the tone from the top". It also describes how organisations can take a good-practice approach to policies and procedures for managing sensitive expenditure.	On the Office of the Auditor-General's website under good practice. Link: Sensitive expenditure
The Auditor-General's report on the results of recent audits	
The OAG publishes a report on the results of the each cycle of annual audits for the sector.	On the OAG's website under publications. Link: Local government 2019/20 audits
Procurement	
<p>The OAG are continuing their multi-year work programme on procurement.</p> <p>They have published an article encouraging reflection on a series of questions about procurement practices and how processes and procedures can be strengthened.</p> <p>Whilst this is focused on local government, many of the questions are relevant to all types of public sector entities.</p>	On the OAG's website under publications. Links: Strategic suppliers: Understanding and managing the risks of service disruption Getting the best from panels of suppliers Local government procurement

Appendix 1: Status of previous recommendations

Open recommendations

Recommendation	First raised	Status
Necessary		
<p>Revaluation of Property, Plant and Equipment</p> <p>The independent valuer has raised recommendations for the District Council to work through for future valuations. These recommendations should be implemented and monitored to ensure the valuations remain appropriate.</p>	2019/20	<p>In progress.</p> <p>The District Council Staff continue to work on improving the data and implementing the recommendations as part of the District Council's asset management plan improvement programme.</p> <p>We will review progress against this during our 2022 audit.</p>
<p>Procurement</p> <p>The District Council maintains appropriate documentation, proportionate to the value and risk of each procurement, to support evaluation of pre-conditions, and to demonstrate that conflict of interest management processes followed. Appropriate documentation is important to demonstrate that a robust process was followed, which supports accountability.</p>	2019/20	<p>In progress.</p> <p>The scope of our audit for the current year did not include a follow up procurement and contract management review. We will review progress against this during our 2022 audit.</p>
<p>Procurement Policy – staff training</p> <p>We recommend staff receive training on the updates to the Procurement Policy and policy requirements as soon as practicable.</p>	2016/17	<p>In progress.</p> <p>The scope of our audit for the current year did not include a follow up procurement and contract management review. We will review progress against this during our 2022 audit.</p>
Beneficial		
<p>Contract Management – roading</p> <p>Management is due to update the roading Contract Management Plan (CMP), the update should ensure that the CMP reflects what the Council requires in terms of the frequency and content of reporting and meetings. Management should ensure that actual contract management is operating in line with the CMP.</p> <p>We also recommend that management complete a regular formal review of the contractor's performance using the quarterly contract performance evaluation template set out in the contract.</p>	Interim 2019/20	<p>In progress.</p> <p>The scope of our audit for the current year did not include a follow up procurement and contract management review. We will review progress against this during our 2022 audit.</p>

Recommendation	First raised	Status
<p>Contract management</p> <p>We recommend the District Council improves its contract management and reporting processes by implementing a standardised approach to contract management.</p>	2016/17	<p>In progress.</p> <p>The scope of our audit for the current year did not include a follow up procurement and contract management review. We will review progress against this during our 2022 audit.</p>
<p>Timeliness of reconciliations</p> <p>We recommend review of monthly bank, debtors and creditors reconciliations should occur before the end of the next month.</p>	2016/17	<p>In progress.</p> <p>Through our testing of reconciliations, we have found that most reconciliations have been prepared and reviewed before the end of the next month. However, we continued to identify instances where this was not the case.</p> <p>We will review progress against this during our 2022 audit.</p>

Implemented or closed recommendations

Recommendation	First raised	Status
<p>We recommend a review is completed over the annual report to consider whether some information can be removed, or adjusted, to make the annual report more concise and clear to the reader.</p>	2018/19	Completed.

Appendix 2: Disclosures

Area	Key messages
Our responsibilities in conducting the audit	<p>We carried out this audit on behalf of the Controller and Auditor-General. We are responsible for expressing an independent opinion on the financial statements and performance information and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001.</p> <p>The audit of the financial statements does not relieve management or the Council of their responsibilities.</p> <p>Our Audit Engagement Letter contains a detailed explanation of the respective responsibilities of the auditor and the District Council.</p>
Auditing standards	<p>We carried out our audit in accordance with the Auditor-General's Auditing Standards. The audit cannot and should not be relied upon to detect all instances of misstatement, fraud, irregularity or inefficiency that are immaterial to your financial statements. The Council and management are responsible for implementing and maintaining your systems of controls for detecting these matters.</p>
Auditor independence	<p>We are independent of the District Council in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: <i>International Code of Ethics for Assurance Practitioners</i>, issued by New Zealand Auditing and Assurance Standards Board.</p> <p>In addition to our audit of the audited information and our report on the disclosure requirements, we have audited the District Council's 2021-31 long term plan and 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.</p>
Fees	<p>The audit fee for the year is \$120,193 excluding GST, as detailed in our Audit Proposal Letter.</p> <p>To date, other fees charged in the period are \$75,500 excluding GST and disbursements, for the long-term plan audit (including the consultation document audit) and \$4,000 excluding GST for the Debenture Trust Deed limited independent assurance report.</p>
Other relationships	<p>We are not aware of any situations where a spouse or close relative of a staff member involved in the audit occupies a position with the District Council that is significant to the audit.</p> <p>We are not aware of any situations where a staff member of Audit New Zealand has accepted a position of employment with the District Council during or since the end of the financial year.</p>

487

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

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To:	Audit and Risk Committee
From:	David Paris, Manager Finance
Endorsed by:	David Hopman, Chief Executive
Date:	16 February 2022
Subject:	6 Months to Date Financial Report 2021/22
FOR INFORMATION	
Recommendation:	
That Audit & Risk Committee receives the 6 months to date financial report and commentary, including the Operating and Capital Expenditure Statements contained in Report 012/22.	

PURPOSE

To provide the Audit and Risk Committee with the financial report for the six months to 31 December 2021.

EXECUTIVE SUMMARY

The **Rates Requirement Summary** to 31 December 2021 shows the Council's net spending of rates funding at \$16.55m compared to \$16.80m planned year to date, 1.5% less. Significant variances from the budgeted position are explained in the commentary below. Overall, the Council's net spending shows some unders and overs, but overall is 1.5% underspent after six months of the financial year. The reason for the actual and planned Surplus of rates income after six months is the timing of roading – much of the capital programme is spent in the second half of the year, yet rates revenue is spread evenly across the 4 quarters.

The **Statement of Revenue & Expenditure** shows a YTD (after 6 months) accounting deficit of \$0.26m. This is \$1.295m better than the planned YTD deficit, due to three main things: higher financial contributions, higher roading subsidies and higher operating revenue (including building consents and solid waste fees). Total Operating expenses are within 0.1% of the level planned at 6 months year to date, but there are variances between the expenditure types as described below.

Variances from Plan include:

- Financial Contributions of \$1.25m were 75.8% ahead of planned and reflect the continuing strong level of activity of urban subdivision development;
- Revenue from building consents of \$0.89m was 34.6% ahead of planned;
- Revenue from transfer station charges of \$1.84m was 20.5% ahead of planned;
- Personnel costs are running 5.8% below the plan at 6 months YTD due to a number of positions allowed in the plan not filled for some of the period.

- Other operating expenditure is 3.6% more than plan due to costs in a number of areas exceeding the levels planned, much of which are covered by the external revenue (eg building control & solid waste) – further detail below.

The **Summary Statement of Capital Expenditure** at halfway through the year shows \$12.11m spent which is 31% of the full year capital budget. The statement also includes a projection of the full year capital expenditure. Based on a number of assumptions, that currently is expected to be \$30.4 million or 79% of the budget. Commentary on variances and progress on some items is also included in the summary capital statement.

Statement of Revenue & Expenditure						
6 months 2019/20 Actual	6 Months Year to Date to 31 December 2021	6 months 2021/22			Full Year 2021/22	
		Actual	6 months 2021/22 Plan	Variance		
	Revenue					
15,843,286	Rates Revenue*	17,112,536	17,063,595	48,941 0.3%	34,741,289	
257,915	Interest Received (external)	165,193	214,998	(49,805) -23.2%	431,000	
2,636,242	NZTA Rooding Subsidies	3,128,255	2,941,851	186,405 6.3%	5,818,281	
911,956	Financial Contributions	1,247,437	709,752	537,685 75.8%	1,481,000	
5,385,246	Fees, Charges & Other Revenue	6,044,758	5,462,199	582,559 10.7%	17,871,190	
25,034,645	Total Operating Revenue	27,698,179	26,392,394	1,305,785 4.9%	60,342,760	
	Expenditure					
5,221,663	Personnel Costs	6,343,249	6,735,541	392,292 5.8%	13,078,498	
12,711,506	Other Operating Expenditure	13,328,404	12,842,814	(485,590) -3.8%	24,500,162	
1,101,123	Interest Expense	955,829	899,928	(55,901) -6.2%	1,799,808	
6,587,813	Depreciation & amortisation	7,330,276	7,469,106	138,830 1.9%	14,938,115	
25,622,105	Total Operating Expenses	27,957,758	27,947,389	(10,369) 0.0%	54,316,583	
(\$587,460)	Operating Surplus/(Deficit)	(\$259,579)	(\$1,554,995)	\$1,295,416	\$6,026,177	

*Rates Revenue excludes rates on Council properties

2021/22 6 Months to 31 December 2021

2020/21 6 Months	Rates Requirement Summary	2021/22 6 months	2021/22 YTD Plan	Variance		2021/22 Full Year Plan
\$		\$	\$	\$	%	\$
	RATES REQUIRED BY ACTIVITY					
	Transport					
2,929,860	Roading	3,166,078	2,923,235	(242,842)		7,334,938
	Water Services					
1,761,108	Urban Water supply	1,872,654	1,860,789	(11,865)		3,592,193
(32,847)	Rural Water supplies & races	71,296	63,029	(8,267)		124,033
	Wastewater Services					
2,379,877	Urban Sewerage system	2,502,534	2,409,205	(93,329)		6,542,117
170,344	Rural Sewerage systems	151,959	161,455	9,496		361,901
	Stormwater Services					
278,527	Stormwater	294,835	318,002	23,167		664,267
	Solid Waste Services					
322,823	Solid Waste Services	114,055	268,635	154,580		722,235
253,143	Waste Minimisation Services	226,144	186,623	(39,521)		299,233
	Community Facilities/Activities					
1,566,963	Parks, Reserves & Sportsfields	1,543,982	1,673,781	129,799		3,325,011
609,289	Trust House Recreation Centre	687,928	780,626	92,698		1,444,592
54,872	Cemeteries	62,495	84,415	21,920		156,901
1,118,701	Library & Archive	1,210,423	1,253,588	43,165		2,375,523
279,965	District Building	293,641	326,984	33,343		539,814
107,601	Housing for Elderly	162,699	136,656	(26,042)		144,226
368,243	Other Property	468,362	524,237	55,874		989,633
88,378	Hood Airport	116,161	81,455	(34,706)		314,244
47,802	Mawley Holiday Park	50,434	78,802	28,368		167,512
	Regulatory Services					
443,996	Resource Mgmt & Planning	613,074	585,880	(27,194)		991,705
286,467	Building Development	168,489	350,759	182,270		657,845
219,655	Environmental Services	309,758	307,862	(1,896)		590,273
39,230	Parking Control	(5,745)	(12,256)	(6,511)		(\$24,509)
(375)	Animal Services	3,996	7,984	3,988		117,795
117,897	Emergency Management	128,540	137,256	8,716		255,502
	Leadership, Strategy & Corporate Services					
377,474	Representation	393,113	341,349	(51,764)		725,607
219,924	Internal Functions (net)	448,325	389,900	(58,425)		0
503,786	Community Development	576,017	604,998	28,981		1,137,126
255,745	Arts & Culture	248,082	252,670	4,588		582,283
616,614	Economic Devlpmt & Promo	499,226	526,024	26,798		945,297
139,045	Environmental Initiatives	176,897	181,730	4,833		320,095
\$ 15,524,106	Total Rates Requirement	\$ 16,555,452	\$ 16,805,673	\$ 250,221	1.5%	\$ 35,397,389
	RATES INCOME					
16,549,712	Masterton District Council rates	17,707,293	17,678,695	28,599		35,357,389
48,146	Penalty Income	138,341	126,000	12,341		210,000
(93,746)	Rates Remissions	(87,854)	(85,000)	(2,854)		(170,000)
\$ 16,504,112	Net Rates Income	\$ 17,757,781	\$ 17,719,695	\$ 38,086	0.2%	\$ 35,397,389
\$ 980,006	Surplus/(Deficit) of Rates Income	\$ 1,202,328	\$ 914,022	\$ 288,307	1.7%	\$ 0

Summary Statement of Capital Expenditure					Comments on progress
	Actual 6 Months \$	Plan 6 Months \$	Plan Full Year 2021/22 \$	Full Year Forecast 2021/22 \$	
Roading - subsidised	2,992,373	2,975,208	7,406,340	7,860,100	Completion of 2 construction jobs that carried over from prior year - Te Ore Ore Rd roundabout & Taueru retaining wall.
Roading - non-subsidised	867,764	670,196	1,474,792	1,081,347	Full year includes two jobs carried over from prior year - Essex St carpark and under veranda lighting renewals. Northern entrance work has been delayed.
Water Services	3,694,369	1,498,250	6,788,500	6,335,811	Stimulus projects on track, water meter installation on-going but will not need full budget, mains renewal contracts yet to start so unlikely to spend all of the budget. Land purchase included here, unbudgeted.
Wastewater Services	1,190,900	1,296,000	2,042,000	2,105,000	Stimulus funded aerators ordered, 2/3 paid at Dec 2021. Mains renewals projected to be overspent.
Stormwater Services	479,909	520,000	660,000	700,000	Opaki Road stormwater upgrade completed.
Solid Waste Services	9,320	50,210	260,420	90,000	Cage renewal work expected to be done.
Parks, Reserves & Sportsfields	1,591,428	1,270,326	2,864,650	2,405,782	Skate park project's c/fwd budget was not enough, so projected overspend in current year, offset by underspend on sportsground buildings where projects remain in the planning stages.
Wellbeings (Amenities)	7,712	12,500	563,570	558,570	Youth hub project yet to start, but projected to be completed by year end.
Other Property	109,600	161,650	1,094,300	485,300	Bentley St project \$600k on-hold, to be scoped further.
Civic Facility	131,156	272,500	4,945,000	3,380,000	Full year projection includes estimate for concept design, project management and land purchase.
Recreation Centre	44,955	55,000	255,000	51,000	Plant & equipment renewals programme will be delayed.
Housing for the Elderly	219,173	220,500	341,000	306,000	Heat pump installs are underway.
Library & Archive	102,639	118,376	1,366,750	1,036,750	Provision allowed for purchase of shelving at Wairarapa Archive.
Airport	196,284	247,966	6,873,553	3,362,500	Completed current services extensions, roading & fencing. Further refining masterplan and land purchases expected by year end.
Regulatory Services	168,769	218,000	1,336,000	269,533	Animal shelter project has seen demolition of old pound and conversion of temporary facility. New animal shelter now projected in next financial year.
Corporate Services	305,238	215,000	280,000	373,000	IT hardware upgrades, records management software, security upgrades and software to improve productivity are in FY capital spending.
TOTAL COUNCIL	\$ 12,111,589	\$ 9,801,682	\$ 38,551,875	\$ 30,400,693	
% spent of full year Plan	31%			79%	

Commentary on Rates Requirement Summary variances from Plan

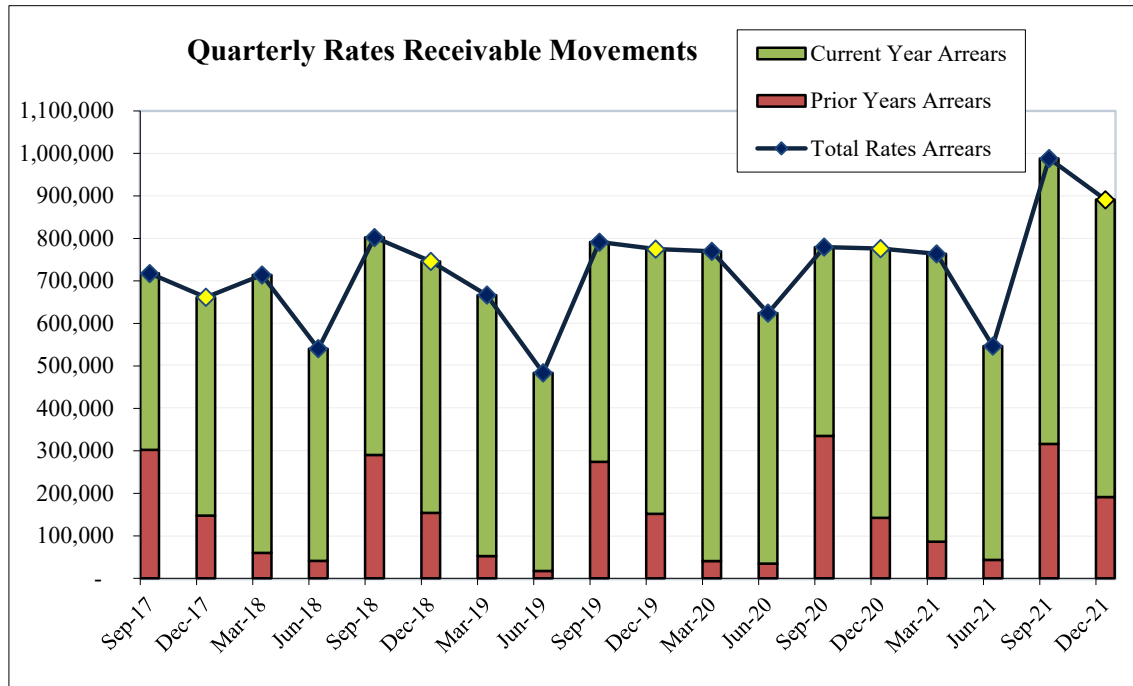
The variances year to date may not translate to the full year result, but the Plan figures for six months to date have been adjusted to match expected timing of income and expenditure, where known.

In the Activity areas:

- Roading – subsidised maintenance expenditure of \$3.55m is 15.7% above the planned level due to more pavement repair work being needed through the first six months of the year. Approximately one third of the road renewals programme has been spent, with the balance to be completed over the summer months.
- Urban Water Supply net rates required of \$1.87m is only 0.6% more than Plan
- In the urban Wastewater activity, the rates requirement of \$2.50m is 3.9% more than planned with costs in the mains maintenance contract running ahead of planned.
- In rural wastewater, both Riversdale and Castlepoint schemes have run at close to the planned levels. While Stormwater ran at 7.3% less than planned.
- Solid Waste revenue (gate fees) at Nursery Road of \$1.84m is 20.5% ahead of Plan due to greater waste tonnages coming through the gate. Revenue from sale of bags for the Council bag collection was very close to the level planned half way through the year. The tonnes of waste sent to landfill were 8,467 vs last year to date of 6,720, a 26% increase. Direct costs of disposing to landfill are up on plan by 12.6%, largely reflecting that increased volume. Overall, Solid Waste has run at \$115,059 less than the Planned rates required.
- The Community Facilities & Activities YTD net expenditure is tracking below planned levels, with savings in the Parks & Reserves, the Recreation Centre and Other Property areas. Some of those savings relate to staff roles yet to be filled, while in the Property areas activities there a maintenance budgets underspent YTD.
- The Airport operating costs reflect legal costs related to lease documentation reviews and results in YTD being \$34,700 more than planned.
- Library net operating costs of \$1.21m have run 3.4% below the level planned.
- Community Development net expenditure of \$0.57m is 4.8% less than planned.
- Resource Management and Planning income from financial contributions is 56% ahead of plan, while consent fee income is 129% ahead of plan (\$185k vs \$80.6k)
- Building Services revenue of 894k is 34.6% ahead of the planned level, reflecting the high numbers of consents that have been processed. While operating costs are 4% more than the planned level, principally due to having to pay for some consent processing by external contractors.
- Parking Control and Animal Control results are both close to the planned levels.
- Representation costs reflect legal, recruitment and other professional services costs that have exceeded the level planned YTD.
- Across the Internal functions there are under and over expenditure areas. In the ICT and Info Mgmt areas costs have run ahead of plan, relating to the digitisation project and the enhanced security programme that Council approved. Cost savings have arisen in Finance, Comms and People & Capability. Overall some \$58,400 more net costs than budgeted, which is 0.35% of the total Rates required.
- Interest income of \$286k is 20% less than planned as the bond fund investments have not performed as well as expected.

Rates Receivable

The graph below provides a picture of the changes in the value of rates receivable by quarter.



At the end of December 2021, the balance of rates unpaid was \$891,296. This is 12.8% more than the figure of \$789,934 at 31 December 2020. There were 3,459 properties with some level of rates unpaid at an average of \$257.67. That average arrears amount has dropped from \$313.61 one year ago.

Arrears from prior years were \$191,157, which is 35% of the balance of all arrears at 30 June 2021. This compares to \$142,432 and 22.8% at 31 December 2020. There is a residual effect of the Covid-19 caused delayed due date from the August instalment where a number of properties (largely urban residential) have got behind in their rates. This combined with delays to making demands on mortgage holders (again, Covid-related) have meant prior year arrears have not been collected as early in the year as they normally. Those demands have now been made and prior years arrears will return to historic levels by 31 March 2022.

Current year rates unpaid at 31 December 2021 were 10.5% more, at \$700,139 compared to \$633,567 at 31 December 2020. The growth is not yet a cause for concern. There was a growth in the total value of rates receivable (including GWRC rates) of some 9.4%. Also, a number of the properties who have missed a current instalment have signed up for payments by direct debit and will clear all their rates due by 30 June 2022. Our expectation is that unpaid rates will track back closer to historical levels by 30 June 2022.