



MEETING

of the

Audit and Risk Committee

AGENDA

Time: 3:00 pm
Date: Wednesday, 24 May 2023
Venue: Waiata House, 27 Lincoln Road,
Masterton

MEMBERSHIP

Chair Philip Jones (Chairperson)

Mayor Gary Caffell

Councillor Bex Johnson

Councillor Craig Bowyer

Councillor Brent Goodwin

Councillor David Holmes

Councillor Tom Hullena

Councillor Stella Lennox

Councillor Tim Nelson

Iwi Representative Ra Smith

Councillor Marama Tuuta

Values

1. **Public interest:** members will serve the best interests of the people within the Masterton district and discharge their duties conscientiously, to the best of their ability.
2. **Public trust:** members, in order to foster community confidence and trust in their Council, will work together constructively and uphold the values of honesty, integrity, accountability and transparency.
3. **Ethical behaviour:** members will not place themselves in situations where their honesty and integrity may be questioned, will not behave improperly and will avoid the appearance of any such behaviour.
4. **Objectivity:** members will make decisions on merit; including appointments, awarding contracts, and recommending individuals for rewards or benefits.
5. **Respect for others:** will treat people, including other members, with respect and courtesy, regardless of their ethnicity, age, religion, gender, sexual orientation, or disability. Members will respect the impartiality and integrity of Council staff.
6. **Duty to uphold the law:** members will comply with all legislative requirements applying to their role, abide by this Code, and act in accordance with the trust placed in them by the public.
7. **Equitable contribution:** members will take all reasonable steps to ensure they fulfil the duties and responsibilities of office, including attending meetings and workshops, preparing for meetings, attending civic events, and participating in relevant training seminars.
8. **Leadership:** members will actively promote and support these principles and ensure they are reflected in the way in which MDC operates, including a regular review and assessment of MDC's collective performance.

These values complement, and work in conjunction with, the principles of section 14 of the LGA 2002; the governance principles of section 39 of the LGA 2002; and our MDC governance principles:

Whakamana Tangata	Respecting the mandate of each member, and ensuring the integrity of the committee as a whole by acknowledging the principle of collective responsibility and decision-making.
Manaakitanga	Recognising and embracing the mana of others.
Rangatiratanga	Demonstrating effective leadership with integrity, humility, honesty and transparency.
Whanaungatanga	Building and sustaining effective and efficient relationships.
Kotahitanga	Working collectively.

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1 CONFLICTS OF INTEREST

Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as a member and any private or other external interest they might have.

2 APOLOGIES

The Chair invites notice from members of apologies, including apologies for lateness and early departure from the meeting.

3 PUBLIC FORUM

4 ITEMS NOT ON THE AGENDA

The Chairperson will give notice of items not on the agenda as follows:

Matters requiring urgent attention as determined by resolution of the Council

- The reason why the item is not on the agenda; and
- The reason why discussion of the item cannot be delayed until a subsequent meeting.

Minor matters relating to the general business of Council

No resolution, decision or recommendation may be made in respect of the item except to refer it to a subsequent meeting of Masterton District Council for further discussion.

5 REPORTS FOR DECISION

5.1 TREASURY MANAGEMENT POLICY REVIEW

File Number:

Author: David Paris, Manager Finance

Authoriser: David Hopman, Chief Executive

PURPOSE

To provide the Audit & Risk Committee with an updated Treasury Management Policy for review.

EXECUTIVE SUMMARY

The Council's Treasury Management Policy sets out the parameters under which the Council expects its investment funds and debt to be managed. There are financial risks around both investments and debt and the Policy is in place to mitigate those risks. The limits defined in the Policy are designed to ensure the prudent management of the financial assets and liabilities of the Council.

The Council's Long Term Plan contains a Financial Strategy in which predicted debt levels, revenue and expenditure over ten years are summarised and combined to present a coherent high level view of the organisation's financial sustainability. The Treasury Management Policy is a key tool to ensure the strategy can be delivered.

RECOMMENDATIONS

That the Audit and Risk Committee recommends that Council adopts the 2023 revisions to the Treasury Management Policy outlined in Attachment 2.

CONTEXT

The management of the treasury functions of the Council is a specialist and technical area.

Both the Manager Finance and Financial Accountant are well versed in dealing with loans and investments, but external advice in this area is regarded as a prudent investment. That advice is currently provided by PricewaterhouseCoopers (PwC), particularly in relation to strategies for interest rate risk management, debt market and debt maturity options and the monitoring of compliance with the Treasury Management Policy.

PwC have provided some of the recommended revisions to the Policy. Their advice is attached (see Attachment 1).

ANALYSIS AND ADVICE

Liability Management

PwC recommend adding reference to the Trust Act 2019 as Council has obligations under this Act. They recommend adding in the need for debt forecasting and scenario modelling.

They have recommended clarifying how pre-funding is reported - that is where Council borrows earlier than the repayment due date of a bond, in anticipation of using those funds to make the repayment and holding the funds on deposit until the bond maturity.

They have recommended reducing (from 10% to 0%) the minimum proportion of debt that matures in the 7 years plus time band. This requirement has been difficult to meet at times. As time rolled forward and maturities fell out of that time band, it drove the need to borrow long dated maturities when they were not always the best priced option in the market at the time.

Externally Managed Investment Funds

The Council has had a portion of its financial assets managed by an investment manager for more than 20 years. Currently some \$6.7 million is invested 50/50 between two unitized bond funds called the Sovereign Bond Fund and the High Grade Bond Fund. These funds are managed by ANZ Investments Ltd. The Council made the decision to move to these fund vehicles in August 2016, due to the low risk nature and the low fees. The policies around which these funds are managed are summarised in the Treasury Management Policy and available in detail in the ANZ Investments documentation.

The Treasury Management Policy is where the Council decides its risk appetite. Given the funds the Council is investing are public funds, a prudent and conservative approach has been taken. Minimal risk for the loss of capital is a guiding principle of the Policy. The use of the bond fund vehicle is an example how the low risk strategy is being implemented.

Investment Policy – Loans to Third Parties

An amendment to the Loan Advances' section of the policy is proposed, to include other local authorities. This section enables Council to loan money to specified entities for strategic or commercial purposes. As an example, this addition would enable Council to loan money to another council to help fund a project that has benefits for Masterton District Council. A loan under this section can be made by Council resolution only.

Investment Policy – Avoiding Technical Breaches, Appendix 2

The maximum amount invested with any one bank is currently \$6.0 million. This sum has been too low at times in the last three years, meaning Council has had to spread its bank deposits across several banks and receive lower interest rates on some. It is recommended the limit is increased to \$8.0m with any one of the major banks.

The Council's investment policy requires deposits with Wairarapa Building Society (WBS) to total no more than \$2.5 million and to be less than 15% of the investment portfolio. The investment portfolio value does fluctuate depending on cashflow needs and use of reserve funds, so there have been times when the 15% level has been breached. A change to the policy is recommended to increase the WBS limit to a maximum of 20% of the investment portfolio value.

RECOMMENDATION

It is recommended that the Audit and Risk Committee recommends to Council that the revised Treasury Management Policy be adopted. This ensures that the Policy reflects recent developments and treasury management best practice as outlined by PwC and it continues to enable Council to achieve its objectives of prudent financial management of investments and debt.

SUMMARY OF CONSIDERATIONS

Strategic, Policy and Legislative Implications

The Local Government Act (Section 102) requires councils to adopt a liability management policy and an investment management policy. Together, these policies make up Masterton District Council's Treasury Management Policy.

Significance, Engagement and Consultation

The amendments proposed to the Treasury Management Policy are not significant in terms of Council's Significance and Engagement Policy.

Financial Considerations

The Treasury Management Policy is a key tool to ensure Council's Financial Strategy can be delivered and contributes to ensuring the prudent management of the financial assets and liabilities of the Council.

Implications for Māori

There are no implications for Māori in the amendments proposed to the Treasury Management Policy.

Communications/Engagement Plan

No communications or engagement plan is required in relation to the proposal to amend the Treasury Management Policy.

Environmental/Climate Change Impact and Considerations

There are no environmental or climate change impacts or considerations in the proposal to amend the Treasury Management Policy.

ATTACHMENTS

1. **Attachment 1 PricewaterhouseCoopers Memo re Treasury Management Policy Review**
[!\[\]\(73ae4d61a44e0d3e280171a702047018_img.jpg\) !\[\]\(240de69c4eae84075121456f04252941_img.jpg\)](#)
2. **Attachment 2 Treasury Management Policy (showing amendments)** [!\[\]\(48c2517c5b97dc6016c48c9f65082038_img.jpg\) !\[\]\(02fd3011c8afda847816c93ee00ecbb7_img.jpg\)](#)



Masterton District Council

To: Audit and Risk Committee

From: Brett Johanson, Partner

Date: 3 May 2023

Subject: Treasury Management Policy Review

Background

We have reviewed Masterton District Council's (Council) Treasury Management Policy (Policy) at the request of Management. The review of the Policy has been performed to satisfy internal requirements for an external review to be conducted every three years. We have performed this review with consideration of recent developments impacting policies generally and with treasury management best practice in mind. Set out below is a summary of the significant changes made to Council's Policy.

Policy changes (by section)

Purpose, section 1

Council's previous Policy did not reference the Trust Act 2019 (Act). Given Council has obligations under the Act, we have included wording to this effect in the reviewed Policy, notably around obligations arising out of its duties to ratepayers when investing monies.

Interest Rate Risk, section 8.2

We have reviewed the language around determining the gross external debt forecast and suggest adding in a comment that enables the Chief Financial Officer (CFO) to consider alternative debt forecast scenarios when evaluating long-term debt and interest rate management decisions. This will provide management with greater insight around how the interest rate risk profile will change under different debt forecast scenarios to that of the base case debt forecast. Reviewing alternative debt forecast scenarios will reduce the risk of Council being in an over or under-hedged position in events such as the Three Waters Programme or changes to the capital expenditure programme. Management will continue to report to Council against the CFO approved and agreed base case debt forecast for its Treasury Compliance and Reporting.

Liquidity and Funding Risk, section 8.1

We have detailed how pre-funded debt is incorporated within the debt funding maturity profile calculation percentages. Once upcoming maturing debt has been pre-funded and the proceeds are held in a contracted term deposit that is ear-marked to repay the maturing debt, the term deposit amount held is netted off the upcoming maturing debt amount. This illustrates the forward management of the debt refinancing risk.

We have updated the minimum amount of debt that matures in the 7 years plus time band. This was previously requiring 10% of Council's debt portfolio to have a maturity date of 7 years plus. Consistent with other Councils policies we have reduced the minimum requirement to zero. We believe that the policy adequately enforces a spread of debt maturities in the 0 - 3 year and 3 - 7 year funding time bands. The LGFA provides good access to liquidity and the term debt markets providing comfort that access and effective debt pricing will continue to be available to the sector and Council. Recent financial market shocks have shown, with the support of the RBNZ, that access to these markets



continues. Council has the flexibility to borrow for terms of greater than 7 years on an opportunistic basis.

For greater clarification we have included “unutilised” in the liquidity ratio definition. This better reflects the amount of available capacity Council has within its committed bank facilities should there be existing drawn amounts.

Other considerations

We have considered the size of the counterparty credit limits and believe they remain suitable for the treasury activities undertaken by Council.

The borrowing limits (section 6.1) have not been altered as these limits would be considered at the time that Council is reviewing its financial strategy as part of the LTP.

We have clarified what ‘treasury financial investments’ are as per the Policy and updated the approved financial instruments section in Appendix 1 accordingly. Cash and cash equivalent instruments as defined in section 14 have been excluded given their primary use for liquidity management purposes.

There are no further Policy review comments.



Disclaimer

This memo is subject to the engagement letter dated 5 November 2012 and the following restrictions. It is a memo addressed to you Masterton District Council.

This memo should not be reproduced or supplied to any other party without first obtaining our (PwC New Zealand) written consent. We accept no responsibility for any reliance that may be placed on our memo should it be used for any purpose other than that set out below and in any event we will accept no liability to any party other than you in respect of its contents. In the course of our work we have not verified any of the information provided to us by you, nor have we carried out anything in the nature of an audit. Accordingly, we express no opinion on the reliability, accuracy or completeness of the information provided to us and upon which we have relied. The statements and opinions contained in this memo are based on data obtained from the financial markets and are so contained in good faith and in the belief that such statements, opinions and data are not false or misleading. In preparing this memo, we have relied upon information which we believe to be reliable and accurate. We reserve the right (but will be under no obligation) to review our assessment and if we consider it necessary, to revise our opinion in the light of any information existing at the date of this memo which becomes known to us after that date. This memo must be read in its entirety. Individual sections of this memo could be misleading if considered in isolation from each other.



Treasury Management Policy

Including

Liability Management Policy

&

Investment Policy

24 May 2023

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Appendix 1: Approved Financial Instruments

Appendix 2: Investment Counterparty Limits

Adopted by:	Masterton District Council (as recommended by the Audit and Risk Committee)
Date of Approval:	24 June 2020
Policy Number:	MDC025
Review Date:	20 May 2020
	24 May 2023

1 PURPOSE

The purpose of the Treasury Management Policy is to ensure Masterton District Council (MDC) undertakes its borrowing and investment activities, prudently, efficiently and in accordance with the requirements of the:

- Local Government Act 2002 (LGA), in particular Part 6 including sections 101, 102, 104, 105, 112 and 116.;
- Local Government (Financial Reporting and Prudence) Regulations 2014, in particular Schedule 4; and
Trustee Act 1956; and
- Liability Management Policy and Investment Policy as outlined within this document.

Also, as an investor of ratepayer's monies, Council must have consideration of the Trust Act 2019. When acting as a trustee or investing money on behalf of others, trustees have a duty to invest prudently and that they shall exercise care, diligence, and skill that a prudent person of business would exercise in managing the affairs of others.

2 OBJECTIVE

The objective of this Policy is to control and manage borrowing costs, investment returns, liquidity and risks associated with managing the Council's financial assets and liabilities.

3 SCOPE

This policy applies to all MDC borrowing and investment activity (referred to as treasury activity).

This policy does not apply to other aspects of MDC's financial operations (eg transactional banking and systems of internal control)

4 PRINCIPLES OF TREASURY ACTIVITY

MDC will undertake all treasury activities in accordance with the LGA and the following principles:

- To prudently manage MDC's Treasury liability and investment policies, and all identified treasury risks within policy limits and parameters.
- Minimise costs and risks in the management of MDC's borrowing through flexibility and spread of debt maturities.
- Where debt is raised for a specific activity or project, the debt servicing and repayment is funded from the revenue mechanisms associated with that activity.
- Manage investments to optimise returns in the long term whilst balancing risk and return considerations.
- Safeguard MDC's financial assets and investment capital through restricting assets classes to low risk and accepting lower returns that will result.
- Maintain appropriate liquidity levels and manage MDC's cash flows to meet known and predictable funding requirements.
- To minimise exposure to credit risk by dealing with and investing in credit worthy counterparties.
- Ensure that financial planning will not impose an unequitable spread of costs/benefits over current and future ratepayers.
- To ensure adequate internal controls exist to protect MDC's financial assets and to prevent unauthorised transactions.
- Ensure compliance with all risk control limits, financial ratios, and external lender requirements.
- Develop and maintain relationships with financial institutions, LGFA, investors and investment counterparties.

MDC is risk averse and will avoid risk in its treasury management activities. MDC seeks to manage, not capitalise on, any risk associated with interest rates, liquidity, funding, default or credit, and operations. Any activity which may be construed as speculative in nature is not permitted under this policy.

5 DELEGATION OF AUTHORITY

MDC will ensure effective controls over treasury management and segregation of duties controls are in place. All treasury activities will be undertaken in accordance with the authority limits set out in the Governance Delegations Manual and the Chief Executive and Staff Delegations Manual.

6 LIABILITY MANAGEMENT POLICY

MDC may borrow in order to:

- raise specific debt associated with projects and capital expenditure;
- fund the balance sheet as a whole, including working capital requirements; or
- fund assets whose useful lives extend over several generations of ratepayers

Borrowing provides a basis to achieve inter-generational equity by aligning long-term assets with long-term funding sources, ensuring that costs are met by those ratepayers benefiting from the investment.

6.1 Borrowing Limits

MDC will manage external borrowing within the limits detailed in the table below.

Item	Borrowing Limit
Net External Debt/Total Revenue	<150%
Net Interest on External Debt/Total Revenue	<10%
Net Interest on External Debt/Annual Rates Income	<15%
Net Interest on Internal and External Debt/Annual Rates Income	<20%
Liquidity (External term debt + unutilised committed loan facilities + cash and cash equivalents / External term debt)	>110%

Borrowing limit definitions are outlined within the Appendices.

Financial covenants are measured on MDC only, there is no consolidated group.

Disaster recovery requirements will be met through the liquidity ratio and special reserve funds that held as term investments.

Net External Debt is defined as Total External Borrowing less all Financial Assets (as listed in the Statement of Financial Position) and is consistent with the LGFA's definition. See Section 13 of this policy for the LGFA's definition of Net Debt.

Approval of Borrowing

New debt and the debt repayment programme is approved at the time of adopting the Long Term Plan (LTP) or Annual Plan. MDC's Financial Strategy (as included in the LTP) depicts the impact of the changing levels of debt and investments over the future ten year period.

All projected external borrowing is approved in advance by the Council as part of the Annual Plan or LTP process, or by resolution of the Council.

6.2 Borrowing Mechanisms

MDC will use the most appropriate and cost effective borrowing method available. Approved borrowing mechanisms include:

- issuing stock/bonds;
- commercial paper (CP) and debentures;
- direct bank borrowing;
- bonds issued by New Zealand Local Government Funding Agency (LGFA);

- accessing the short and long-term wholesale/retail debt capital markets directly or indirectly (including LGFA bespoke and short-term lending);
- accessing stand-by facilities with the LGFA; and
- internal borrowing – offset by cash holdings of reserves and special funds.

6.3 Security

MDC's security is provided by a charge over rates revenue, offered through a Debenture Trust Deed.

Under the Debenture Trust Deed, MDC's borrowing is secured by a floating charge over all MDC rates levied under the Local Government (Rating) Act 2002. The security offered by MDC ranks equally with other lenders.

With Council approval, security may be offered by providing a charge over one or more of MDC's assets. Physical assets will be charged only where:

- there is a direct relationship between the debt and the purchase or construction of the asset, which it funds (e.g. project finance); or
- Council considers a charge over physical assets to be appropriate.

Any pledging of physical assets must comply with the terms and conditions contained within the security arrangement.

6.4 Debt Repayment

All portions of debt will be progressively repaid or refinanced as it falls due, in accordance with the applicable borrowing mechanism.

Subject to the appropriate approval and debt limits, a loan may be rolled over or re-negotiated as and when appropriate.

6.5 Guarantees, Contingent Liabilities and Other Financial Arrangements

MDC may act as guarantor to financial institutions on loans or enter into incidental arrangements for organisations, clubs, Trusts, or business units, if the purposes of the loan are in line with MDC's strategic objectives.

MDC will not guarantee loans to Council-Controlled Trading Organisations, in accordance with the LGA (s.62).

MDC will ensure that sufficient funds or lines of credit exist to meet amounts guaranteed. Guarantees given will not exceed any amount agreed by Council or Council committee. The Manager Finance will monitor guarantees and report annually to Council.

Conditions to financial arrangements, such as loan advances, are detailed later in this document.

6.6 Internal Borrowing

Internal loans are sourced from MDC's cash investments and are recognised as a valid means of funding projects, minimising the cost of borrowing while providing a market return on investment funds.

6.7 New Zealand Local Government Funding Agency (LGFA) Limited

Regardless of any other provision in this policy, MDC may borrow from the LGFA and, in connection with that borrowing, may enter into the following related transactions to the extent it considers appropriate:

- contribute a portion of its borrowing back to the LGFA as an equity contribution to the LGFA e.g. borrower notes;
- provide a guarantee over the indebtedness of the LGFA and to the extent of the MDC's shareholding percentage in the LGFA itself;
- commit to contributing additional equity (or subordinated debt) to the LGFA if required;
- secure its borrowing from the LGFA and the performance of other obligations to the LGFA or its creditors with a charge over MDC's rates and rates revenue (using a Debenture Trust Deed), or
- subscribe for shares and uncalled capital in the LGFA.

7 INVESTMENT POLICY

MDC's primary objective is to protect its investment capital and ensure that a prudent approach to risk/return is applied, in accordance with this policy.

MDC may hold financial, property, forestry, and equity investments if there is strategic, commercial, economic or other valid reason (e.g. where it is the most appropriate way to deliver or administer a Council function).

Generating a commercial return on strategic investments is a secondary objective.

MDC will act effectively and appropriately to:

- protect MDC's capital;
- ensure investments are available to benefit MDC's current and future ratepayers;
- ensure ethical investing principles are followed, where they may be applicable to an investment decision;
- maintain a prudent level of liquidity and flexibility to meet both planned and unforeseen cash requirements; and
- use investment funds to repay debt.

MDC is a net borrower, meaning external debt is more than financial assets. There are strategic reasons to hold investments while also holding debt. However, MDC recognises that holding too much in financial assets, which generally earn less than the cost of the debt, is not prudent.

A prudent maximum level of financial assets is regarded as between \$14m and \$16m and a medium term target level is reducing it to \$12m. These totals exclude short term cash and deposits held for working cashflow purposes and any funds held and invested on behalf of related entities.

Investment funds can be used to repay debt early and that debt/investment will be tracked using internal loans/investments.

MDC will regularly review its approach to all major investments and the credit rating of approved financial institutions.

7.1 Acquisition of New Investments

With the exception of financial investments, new investments are acquired if an opportunity arises and approval is given by the Council, based on advice and recommendations from MDC staff. Before approving any new investments, due consideration will be given to the contribution the investment will make in fulfilling MDC's strategic objectives, and the financial risks of owning the investment.

The authority to acquire financial investments is delegated to the Chief Executive and Manager Finance. Financial investments are reported to Council annually. Refer to the Treasury Management Procedures.

7.2 Equity Investments

Equity investments include investments held in CCO/CCTO and other shareholdings.

Equity investments may be held where MDC considers there to be strategic community value. MDC may also acquire shares that are gifted or are a result of restructuring.

MDC seeks to achieve an acceptable rate of return on all its equity investments consistent with the nature of the investment.

Any purchase or disposal of equity investments requires Council approval.

Unless otherwise directed by the Council, the proceeds from the disposal of equity investments will be used firstly to repay any debt relating to the investment and then utilised to reduce other MDC debt.

MDC recognises that there are risks associated with holding equity investments and to minimise these risks Council, through the relevant committee, monitors the performance of its equity investments on a yearly basis to ensure that the stated objectives are being achieved. MDC seeks professional advice regarding its equity investments when appropriate.

New Zealand Local Government Funding Agency Limited

Despite any other clause in this policy, MDC may invest in shares and other financial instruments of the New Zealand Local Government Funding Agency Limited (LGFA), and may borrow to fund that investment.

MDC's objective in making any such investment will be to:

- obtain a return on the investment; and
- ensure that the LGFA has sufficient capital to remain viable, meaning that it continues as a source of debt funding for MDC.

MDC may invest in LGFA bonds and commercial paper as part of its financial investment portfolio.

As a borrower, MDC's investment is recognised through shares and borrower notes. As an investor in LGFA shares and as a Guarantor, MDC subscribes for uncalled capital in the LGFA.

7.3 Property Investment

Property disposals are managed to ensure compliance with statutory requirements and, where appropriate, consultation with local communities.

MDC's property holdings for the provision of services such as parks and reserves, sports fields, senior housing, the district building, rural halls and housing of community groups are not considered property investments under this policy.

MDC may acquire property related to the provision or expansion of a service i.e. **water sewage** treatment land or **land adjoining an MDC facility (eg airport)**, ~~a commercially leased portion of a MDC facility~~. Again, these will not be considered as property investments.

Council may undertake property development initiatives and hold strategic property assets as it thinks appropriate within the local economy.

7.4 Financial Investments

MDC may only invest in approved creditworthy counterparties. Credit ratings are monitored and reported quarterly to Council.

MDC may invest in approved financial instruments as set out in Appendix 1. These investments are aligned with MDC's objective of investing in high credit quality and highly liquid assets.

MDC's investment portfolio will be arranged to provide sufficient funds for planned expenditure and allow for the payment of obligations as they fall due. MDC prudently manages liquid financial investments as follows:

- Any liquid investments must be restricted to a term that meets future cash flow and capital expenditure projections.
- MDC may choose to hold specific reserves in cash and direct what happens to that investment income.
- Internal investments/borrowing can be used as an alternative to external borrowing.
- Financial investments do not include shares.

Special Funds and Reserve Funds

Liquid assets are not required to be held against all special funds and reserve funds. MDC may internally borrow or utilise these funds where possible.

Trust Funds

Where MDC holds funds as a trustee, or manages funds in-trust, then such funds must be invested on the terms provided by the other party. If the other party's Investment Policy is not specified then this policy will apply.

Loan Advances

MDC may provide advances to CCOs, CCTOs, charitable trusts, ~~and~~ community organisations **and other local authorities** for strategic and commercial purposes. New loan advances are by Council resolution only.

MDC may allow time for ratepayers to pay rates via postponement arrangements or other agreements to pay off debts over time. Those arrangements are governed by separate policies and are not regarded as Loan Advances.

MDC does not lend money, or provide any other financial accommodation, to a CCO or CCTO on terms and conditions that are more favourable than those that would apply if MDC were borrowing the money or obtaining the financial accommodation.

MDC does not lend to CCTOs on more favourable terms than what it can achieve itself, without charging any rate or rate revenue as security. MDC will not guarantee loans to CCTOs in accordance with the LGA (s.62).

MDC reviews performance of its loan advances on a regular basis to ensure strategic and economic objectives are being achieved. The Manager Finance monitors loan advances and reports to Council annually.

Borrowing mechanisms for council controlled organisations and council controlled trading organisations

To better achieve its strategic and commercial objectives, Council may provide financial support in the form of debt funding directly or indirectly to CCO/CCTOs.

Guarantees of financial indebtedness to CCTOs are prohibited, but financial support may be provided by subscribing for shares as called or uncalled capital.

Any lending arrangement to a CCO or CCTO must be approved by Council. In recommending an arrangement for approval the Manager Finance considers the following:

- Credit risk profile of the borrowing entity, and the ability to repay interest and principal amount outstanding on due date.
- Impact on Council’s credit standing, debt cap amount (where applied), lending covenants with the LGFA and other lenders and Council’s future borrowing capacity.
- The form and quality of security arrangements provided.
- The lending rate given factors such as, CCO or CCTO credit profile, external Council borrowing rates, borrower note and liquidity buffer requirements, term etc.
- Lending arrangements to CCTO must be documented on a commercial arm's length basis. A term sheet, including matters such as borrowing costs, interest payment dates, principal payment dates, security and expiry date is agreed between the parties.
- Accounting and taxation impact of on-lending arrangement.

All lending arrangements must be executed under legal documentation (e.g. loan, guarantee) reviewed and approved by Council’s independent legal counsel.

External Funds Management

Investments made through external fund managers will be to a maximum of \$12 million. Investments must be limited to fixed income and cash/cash equivalent securities only.

The current mandate is as follows:

Asset	Allocation	Credit Range
ANZ Wholesale Sovereign Bond Fund	45% - 55%	AA to AAA
ANZ Wholesale High Grade Bond Fund	45% - 55%	A- to AAA

The credit restrictions for funds placed with any one institution (per Appendix 2) do not apply to externally managed funds as the portfolio is held in wholesale bond fund products via a trustee.

This policy allows the addition of other investment management products and fund managers to complement or replace the ANZ bond funds.

Monthly and Quarterly Investment Reports provide a performance summary to ensure the investment guidelines are being adhered to.

Interest Rate Risk Management

This section refers to the externally managed investment portfolio which has a direct exposure to a change in interest rates, impacting the return and capital value of its fixed rate investments.

Management of the bond fund products by the external fund managers assumes the use of interest rate risk management strategies as part of the day-to-day management of the bond fund portfolios.

7.5 Internal Loans/Investments

Investment funds held by MDC may be invested in Council capital projects, subject to Council’s selection of debt funding for those projects, via the annual planning or LTP cycle.

As a principle, no more than half of the value of special funds and reserves balances is available for internal borrowing/investment. Generally, smaller projects will be funded by way of internal loans.

7.6 Investment Management and Reporting Procedures

Investments and associated risks are monitored and managed, and regularly reported to Council.

Investments that are managed directly by MDC are a mix of term and current fixed interest investments, with sufficient minimum immediate cash reserves and a cash buffer maintained.

The performance of investments is regularly reviewed to ensure MDC's strategic objectives are being met. Both performance and policy compliance are reviewed through regular reporting.

8 RISK RECOGNITION/IDENTIFICATION MANAGEMENT

The definition and recognition of liquidity, funding, interest rate, counterparty credit, operational and legal risk of Council is detailed below and applies to both the Liability Management Policy and Investment Policy.

The following section excludes investment funds under external management outlined in section 6.5

8.1 Liquidity and Funding Risk

Risk Recognition

Liquidity risk management focuses on the ability to access committed funding at that future time to fund the gaps. Funding risk management centres on the ability to re-finance or raise new debt at a future time at acceptable pricing (fees and borrowing margins) and maturity terms of existing loans and facilities.

Liquidity/Funding Risk Control Limits

To ensure funds are available when needed MDC ensures that:

- There is sufficient available operating cash flow, liquid investments and committed bank facilities to meet cash flow requirements between rates instalments as determined by the Manager Finance.
- External term loans and **unutilised** committed debt facilities together with available cash/cash equivalent investments must be maintained at an amount of 110% over existing external debt. The liquidity ratio excludes externally managed funds.
- MDC has the ability to pre-fund up to 18 months forecast debt requirements including re-financings. Re-financings that have been pre-funded, will remain included within the funding maturity profile until their maturity date.
- The maturity profile of the total committed funding in respect to all external debt/loans and committed debt facilities, is to be controlled by the following system:

Period	Minimum %	Maximum %
0 to 3 years	15%	60%
3 to 7 years	25%	85%
7 years plus	0% 10%	60%

- A funding maturity profile that is outside the above limits, but self corrects within 90-days is not in breach of this policy. However, maintaining a maturity profile beyond 90-days requires specific approval by Council.
- **Once debt has been refinanced with a contracted term deposit (pre-funded), the term deposit amount will net off the maturing debt instrument from the funding maturity profile percentage calculation.**
- To minimise concentration risk the LGFA require that no more than the greater of NZD 100 million or 33% of MDC's borrowings from the LGFA will mature in any 12-month period.

8.2 Interest Rate Risk on External Borrowing

Risk Recognition

Interest rate risk is the risk that funding costs will materially impact projections included in the LTP or Annual Plan. This would adversely impact revenue projections, cost control, and capital investment decisions, returns and feasibilities.

The primary objective of interest rate risk management is to reduce uncertainty relating to interest rate movements through fixing/hedging of interest costs. Certainty around interest costs will be achieved through active management of underlying interest rate exposures.

Interest Rate Risk Control Limits

Exposure to interest rate risk is managed and mitigated through the risk control limits defined in the table below.

Council’s forecast gross external debt should be within the following fixed/floating interest rate risk control limits.

Forecast gross external debt is the amount of total external debt for a given period. This Forecasting gross external debt allows for pre-hedging in advance of projected physical drawdown or raising of new debt.

The CFO can consider and approve alternative debt forecast scenarios that make assumptions around such matters as, the delivery and timing of the capital expenditure programme when designing the interest rate strategy. However, the interest rate risk position is measured and reported to a CFO-agreed and approved base case debt forecast.

When approved forecasts are changed (signed off by the CFO or equivalent), the amount of interest rate fixing in place may have to be adjusted to ensure compliance with the Policy minimum and maximum limits.

Debt Interest Rate Policy Parameters (calculated on rolling monthly basis)					
Debt Period Ending	Debt Amount	Minimum Fixed	Maximum Fixed	Actual Fixed	Compliant (Y/N)
Current		40%	90%		
Year 1		40%	90%		
Year 2		35%	85%		
Year 3		30%	80%		
Year 4		25%	75%		
Year 5		20%	70%		
Year 6		0%	65%		
Year 7		0%	60%		
Year 8		0%	50%		
Year 9		0%	50%		
Year 10		0%	50%		
Year 11 plus		0%	25%		

A fixed-rate maturity profile that is outside the above limits, but self corrects within 90-days is not considered to be a breach of this policy. Maintaining a maturity profile beyond 90-days requires specific approval by Council.

- “Fixed Rate” is defined as all known interest rate obligations on forecast gross external debt, including where hedging instruments have fixed movements in the applicable reset rate.
- “Floating Rate” is defined as any interest rate obligation subject to movements in the applicable reset rate.
- Fixed interest rate percentages are calculated based on the average amount of fixed interest rate obligations relative to the average forecast gross external debt amounts for the given period (as defined in the table above).
- Interest rate swap maturities beyond the maximum LGFA bond maturity must be approved by Council through a specific approval.
- Hedging outside the above risk parameters must be approved by Council.
- Interest rate options must not be sold outright. However, one for one collar option structures are allowable, whereby the sold option is matched precisely by amount and maturity to the simultaneously purchased option. During the term of the option, only the sold side of the collar can be closed out (i.e. repurchased) otherwise, both sides must be closed simultaneously. The sold option leg of the collar structure must not have a strike rate “in-the-money”.
- Purchased borrower swaptions mature within 18 months.

- Interest rate options with a maturity date beyond 12 months that have a strike rate (exercise rate) higher than 2.00% above the appropriate swap rate, cannot be counted as part of the fixed rate hedge percentage calculation. (i.e. an ineffective hedge).
- Forward start period on swaps and collar strategies to be no more than 36 months unless the forward start swap/collar starts on the expiry date of an existing swap/collar and has a notional amount which is no more than that of the existing swap/collar.

Hedging outside the above risk parameters must be approved by Council.

8.3 Financial Investment Interest Rate/Maturity limits

The following control limits are designed to manage interest rate and maturity risk on the financial investment portfolio managed internally by MDC (i.e. excludes externally managed funds). The portfolio comprises treasury financial investments (as defined in Appendix 1), and excludes cash and cash equivalent instruments used for liquidity management purposes as defined in section 14.

An important objective of the financial investment portfolio is to match the portfolio's maturity term to planned expenditure thereby ensuring that investments are available when required. Financial investments should be restricted to a term that meets future cash flow projections and be mindful of forecast debt associated with future capital expenditure programmes as outlined within the LTP.

Period	Minimum %	Maximum %
0 to 6 months	30%	80%
6 to 12 months	20%	70%
1 to 3 years	0%	50%
3 years plus	0%	20%

The repricing/maturity mix can be changed, within the above limits through sale/purchase of financial investments.

8.4 Counterparty Credit Risk

Counterparty credit risk is the risk of losses (realised or unrealised) arising from a counterparty defaulting on a financial instrument where MDC is a party. The credit risk to MDC in a default event will be weighted differently depending on the type of instrument entered into. MDC will only borrow from strongly rated banks with a minimum long-term credit rating of at least "A" (S&P, or equivalent Fitch or Moody's rating).

Treasury related transactions will only be entered into with organisations specifically approved by the Council. Entities and financial instruments are outlined within the Appendices.

Counterparties and limits are only approved on the basis of Standard & Poor's (S&P, or equivalent Fitch or Moody's rating) long and short-term credit ratings matrix provided within the Appendices.

8.5 Financial Instruments

Approved financial instruments for cash management and borrowing, investments, interest rate and foreign exchange risk management are outlined in Appendix 1.

9 OTHER

9.1 Foreign Currency

MDC has minor foreign exchange exposure through the occasional purchase of foreign exchange denominated services, plant and equipment.

Generally, all individual commitments over NZ\$100,000 equivalent are hedged using forward foreign exchange contracts, once expenditure is approved, legal commitment occurs and the purchase order is placed, exact timing, currency type and amount are known.

Per the LGA, MDC will not borrow or enter into incidental arrangements, within or outside New Zealand, in currency other than New Zealand currency.

MDC does not hold investments denominated in foreign currency.

9.2 Operational Risk

Operational risk is the risk of loss as a result of human error (or fraud), system failures and inadequate procedures and controls. Refer to the Treasury Management Procedures.

9.3 Legal Risk

Legal risks relate to the unenforceability of a transaction due to an organisation not having the legal capacity or power to enter into the transaction usually because of prohibitions contained in legislation. While legal risks are more relevant for banks, MDC may be exposed to such risks.

MDC will seek to minimise this risk by the:

- use of standing dealing and settlement instructions (including bank accounts, authorised persons, standard deal confirmations, contacts for disputed transactions) to be sent to counterparties;
- matching of third party confirmations and the immediate follow-up of anomalies; and
- use of expert advice.

Agreements

Financial instruments can only be entered into with banks that have in place an executed ISDA Master Agreement with MDC. All ISDA Master Agreements for financial instruments must be signed under seal by the Council.

MDC's CE and/or internal/appointed legal counsel must sign under seal all documentation for new loan borrowings, re-financings and investment structures.

Financial Covenants and Other Obligations

MDC will not enter into any transactions where it would cause a breach of financial covenants under existing contractual arrangements.

MDC must comply with all obligations and reporting requirements under existing funding facilities and legislative requirements.

10 MEASURING TREASURY PERFORMANCE

Measuring the effectiveness of MDC's treasury activities is achieved through a mixture of subjective and objective measures. The predominant subjective measure is the overall quality of treasury management information. The Chief Executive has primary responsibility for determining this overall quality.

11 EXCEPTIONS

Exceptions to this policy are permitted if it would advance MDC's broader social or other policy objectives.

Any resolution authorising an investment under this provision shall note that it departs from MDC's ordinary policy and the reasons justifying that departure.

12 REVIEW OF POLICY

The policy is to be formally reviewed every three years, and annually for internal purposes.

The Manger Finance has the responsibility to prepare the annual review report (following the preparation of annual financial statements) that is presented to the Chief Executive. The report will include:

- a recommendation as to changes, deletions and additions to the policy;

- an overview of the treasury function in achieving the stated treasury objectives and performance benchmarks; and
- a summary of breaches of policy and one-off approvals outside policy.

The Council receives the report, approves policy changes and/or rejects recommendations for policy changes. The policy review should be completed and presented to the Council within five months of the financial year-end.

13 REPORTING

Council and management reporting on treasury activities is based on comprehensive and regular communication of the following areas to ensure high standards of governance and control:

- Policy compliance
- Risk/exposure position
- Performance

Council ensures reporting of the Liability and Investment Management Policies is consistent with the requirements of the LGA.

14 DEFINITIONS

Net External Debt: Net debt is defined as total debt less liquid investments/cash equivalents. When calculating net debt, the LGFA allows the deduction of:

- Cash, term deposits and any investments held within investment portfolios (whether these are ring fenced or not). Investment portfolios might include listed equities, fixed interest securities, listed property securities or units in managed funds.
- LGFA borrower notes can be deducted.
- Any council lending to a CCO or CCTO can also be deducted but only where the CCO or CCTO is a going concern and not dependent upon council financial support.

Annual Rates Income: The amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002 (including volumetric water charges levied) together with any revenue received from other local authorities for services provided (and for which the other local authorities rate).

Cash/cash equivalents: Assets defined as being:

- overnight cash deposits;
- wholesale/retail bank term deposits no greater than 30-days; or
- RCDs less than 181 days.

Core External Gross Debt: The total external debt maturing beyond 12 months.

Floating Rate: any interest rate obligation subject to movements in the applicable reset rate.

Investment Property: Properties owned by MDC which MDC is actively seeking to sell/dispose or properties held for strategic purposes but are not part of MDC's current service delivery needs.

Liquidity Ratio: External term debt plus unutilised committed bank facilities, plus cash/cash equivalents, divided by current external debt.

Net Debt: Total consolidated debt less cash/cash equivalents and financial investments.

Net Interest on External Debt: The amount equal to all interest and financing costs (on external debt) less interest income for the relevant period (and includes interest from MDC's externally managed investment funds).

Total Revenue: Cash earnings from rates, government capital grants and subsidies, user charges, interest, dividends, financial and other revenue and excludes non-government capital contributions (e.g. developer contributions and vested assets).

15 RELATED DOCUMENTS

Governance Delegations Manual

CE and Staff Delegations Manuals
Corporate Risk Management Policy
Treasury Procedures and Process Manual

16 VERSION CONTROL

Date	Summary of Amendments	Approved By
24/06/2020	As per Amendments approved by A&R Committee (see marked up version)	Audit & Risk (May 2020) Council (24 June 2020)

Appendix 1: Approved Financial Instruments

Approved financial instruments (which do not include shares or equities) are as follows:

Category	Instrument
Cash management and borrowing	<ul style="list-style-type: none"> • Bank overdraft • Committed cash advance and bank accepted bill funding facilities (short term and long term loan facilities) • Loan stock /bond issuance • Floating Rate Note (FRN) • Fixed Rate Note (Medium Term Note/Bond) • Commercial paper (CP)/Promissory notes • Committed stand-by facilities from the LGFA • Forward starting committed debt with the LGFA
Treasury Financial Investments	<ul style="list-style-type: none"> • Bank call/term deposits • Bank registered certificates of deposit (RCDs) • Treasury bills • LGFA FRNs/bonds/CP/borrower notes • Local Authority/State Owned Enterprise (SOE) Medium Term Notes (MTNs)/CP/bonds and FRNs (senior) • Corporate CP/MTNs/FRNs bonds (senior) • Building societies short term deposits (up to three months)
Interest rate risk management	<ul style="list-style-type: none"> • Forward rate agreements (FRAs) on bank bills • Interest rate swaps including: <ul style="list-style-type: none"> - Forward start swaps/collars. Start date <24 months, unless linked to existing maturing swaps/collars - Swap extensions and shortenings • Interest rate options on: <ul style="list-style-type: none"> - Bank bills (purchased caps and one for one collars) - Interest rate swaptions (purchased swaptions and one for one collars only)
Foreign exchange management	<ul style="list-style-type: none"> • Spot foreign exchange • Forward exchange contracts (including par forwards) • Purchased options and collars (1:1 only)

Any other financial instrument must be specifically approved by the Council on a case-by-case basis.

All unsecured investment securities must be senior in ranking. The following types of investment instruments are expressly excluded;

- Structured debt where issuing entities are not a primary borrower/ issuer.
- Subordinated debt (other than Borrower Notes subscribed from the LGFA), junior debt, perpetual notes and debt/equity hybrid notes such as convertibles.

Appendix 2: Investment Counterparty Limits

Counterparty / Issuer	Minimum S&P (or equivalent) long term/short term credit rating	Investments maximum per counterparty (\$m)	Risk management instruments maximum per counterparty (\$m)	Total maximum per counterparty (\$m)	Maximum investment portfolio percentage
NZ Government	N/A	Unlimited	None	Unlimited	Unlimited
Local Government Funding Agency (LGFA)	AA-/A-1	10.0	None	10.0	< 35%
NZ Registered Bank (minimum rating)	A /A-1	8.0 6.0 (with the exception of Council's transactional bankers ¹ which may exceed this for up to 5 working days and when funds are held as pre-funding to match loan maturities)	10.0	20.0	100%
Local authorities	A /A-1	1.5	None	1.5	< 35%
SOEs and Corporates	BBB /A-2	No more than \$0.5m with any single issuer with BBB credit rating.	None	1.5	<35% exposed to SOEs/ corporates < 10% exposed to BBB credit ratings.
Building Societies, incl Wairarapa Building Society ²	BB+ (long term)	2.5	None	2.5	< 20% 15%

Note

Note 1:

Limit for Council's principal bankers (Westpac & ANZ) excludes balances in current and call accounts designated as working funds required for operational cash management purposes and deposits held as pre-funding of an up-coming loan maturity.

Note 2: Limit excludes funds held and invested on behalf of other entities.

In determining the usage of the above gross limits, the following product weightings will be used:

- Investments (e.g. Bank Deposits) – Transaction Principal Weighting 100% (unless a legal right of set-off exists).
- Interest Rate Risk Management (e.g. swaps, FRAs) – Transaction Notional Maturity (years) 3%.
- Foreign Exchange - Transactional face value amount x (the square root of the Maturity (years) x 15%).

6 REPORTS FOR INFORMATION

6.1 MINUTES OF THE PREVIOUS MEETING HELD ON 22 FEBRUARY 2023

File Number:

Author: Harriet Kennedy, Governance Advisor

Authoriser: David Hopman, Chief Executive

PURPOSE

For the Audit and Risk Committee to receive the minutes of the previous meeting held 22 February 2023.

EXECUTIVE SUMMARY

The minutes of the Committee held on 22 February 2023 were confirmed by Council at its meeting on 5 April 2023 and are being brought to the Committee for their receipt.

RECOMMENDATION

That the Audit and Risk Committee receives the minutes of the previous meeting held 15 February 2023.

ATTACHMENTS

- 1. Minutes of the Audit and Risk Committee Meeting held 22 February 2023** [↓](#) 



MINUTES

Audit and Risk Committee Meeting **Wednesday, 22 February 2023**

Order Of Business

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MINUTES OF MASTERTON DISTRICT COUNCIL
AUDIT AND RISK COMMITTEE MEETING
HELD AT THE GREATER WELLINGTON REGIONAL COUNCIL OFFICES, 34 CHAPEL
STREET, MASTERTON ON WEDNESDAY, 22 FEBRUARY 2023 AT 3:00 PM

PRESENT: Philip Jones (Chair), Mayor Gary Caffell, Councillors B Johnson, C Bowyer, B Goodwin, D Holmes, T Hullena, S Lennox, T Nelson and M Tuuta And Iwi Representative Jo Hayes

IN ATTENDANCE: Chief Executive, Manager Finance, Manager Community Facilities and Activities, Manager Communications and Engagement, Manager People and Capability, Manager Regulatory Services, Corporate Planner and Governance Advisor

1 CONFLICTS OF INTEREST

No conflicts of interest were declared.

2 APOLOGIES

Moved by Councillor Hullena
Seconded by Philip Jones

That the apology from iwi representative Ra Smith for non attendance be received.

CARRIED

3 PUBLIC FORUM

There was no public forum

4 ITEMS NOT ON THE AGENDA

There were no late items

5 REPORTS FOR INFORMATION

5.1 MINUTES OF THE PREVIOUS MEETING HELD ON 23 NOVEMBER 2022

The minutes of the previous meeting held 23 November 2022 were provided for the Committee.

Two corrections were noted: the Memorandum of Understanding with Aratoi was in its second year rather than its first year and although the MOU was for six years the agreed funding was for three years in line with the LTP.

[Note to minutes: amendments have been made to the Minutes as requested]

COMMITTEE RESOLUTION 2023/1

Moved by Philip Jones
Seconded by Councillor T Nelson

That the Audit and Risk Committee receives the minutes of the previous meeting held 23 November 2022.

CARRIED

5.2 SERVICE PROVISION REPORTS: ARATOI AND NUKU ORA

The report providing 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 was presented by the Manager Community Facilities and Activities.

Sarah McLintock, Director of Aratoi, was in attendance to speak to her report.

Michelle Hayward (General Manager Partnerships), Jamie Milne (Partnership Manager), Andrew Leslie (Chief Executive) and Chloe Frederickson (Partnership Manager – Wairarapa and Iwi) from Nuku Ora were in attendance by Teams to speak to their report.

COMMITTEE RESOLUTION 2023/2

Moved by Councillor B Johnson

Seconded by Philip Jones

That the Audit and Risk Committee receives the Service Provision Reports: Aratoi and Nuku Ora, which covers:

- (a) the summary results of the key result indicators for the quarter 1 October – 31 December 2022 from **Aratoi Regional Trust**
- (b) the summary results of the key initiatives for the six months 1 July – 31 December 2022 from **Nuku Ora**.

CARRIED

5.3 DESTINATION WAIRARAPA QUARTERLY REPORT (1 OCTOBER 2022-31 DECEMBER 2022)

The report providing the Audit and Risk Committee with the second quarter (1 October 2022 – 31 December 2022) progress report on key deliverables of Destination Wairarapa was presented by the Senior Policy Advisor.

Anna Nielson, General Manager, Destination Wairarapa spoke to her report, noting that the impact of the postponement of Wings over Wairarapa would be reflected in the next quarterly report.

COMMITTEE RESOLUTION 2023/3

Moved by Councillor B Johnson

Seconded by Councillor D Holmes

That the Audit and Risk Committee receives the second quarter report (1 October 2022 – 31 December 2022) from Destination Wairarapa.

CARRIED

5.4 NON FINANCIAL PERFORMANCE REPORT QUARTER 2 2022/2023

The report advising the Audit and Risk Committee of performance against non-financial measures year to date was presented by the Corporate Planner. The figures in the report relate to the period from 1 July 2022 to 31 December 2022.

A request was made in relation to the report for the next meeting for the Executive Summary to show last year's figures as well as those reported for the current year.

COMMITTEE RESOLUTION 2023/4

Moved by Councillor C Bowyer
Seconded by Councillor T Nelson

That the Audit and Risk Committee receives the Quarter 2 non-financial performance report for the 2022/23 financial year.

CARRIED

5.5 SIX MONTHS TO DATE FINANCIAL REPORT 2022/2023

The report providing the Audit and Risk Committee with financial reporting for the six months to 31 December 2022 was presented by the Manager Finance.

A request was made, in relation to the rates arrears information, for the number of actual properties that had arrears to be reported, in addition to the dollar value, for the May or August Committee meeting.

COMMITTEE RESOLUTION 2023/5

Moved by Councillor B Johnson
Seconded by Philip Jones

That the Audit and Risk Committee receives the 6 months to date financial report and commentary contained in Report 2022/2023.

CARRIED

5.6 HEALTH AND SAFETY QUARTERLY REPORT

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. The quarterly report provides information to assist elected members to carry out these roles. The report was presented by the Manager People and Culture.

COMMITTEE RESOLUTION 2023/6

Moved by Councillor D Holmes
Seconded by Councillor T Hullena

That the Audit and Risk Committee notes the content and receives the Health and Safety Report for the quarter from 1 October 2022 to 31 December 2022.

.CARRIED

5.7 BUILDING CONSENT AUTHORITY RISK MITIGATION

The report explaining the background to building control in New Zealand, the risk to Council from the Building Consent Authority and reviews our recent accreditation assessment was presented by the Manager Regulatory Services.

COMMITTEE RESOLUTION 2023/7

Moved by Councillor C Bowyer
Seconded by Councillor D Holmes

That the Audit and Risk Committee receives the Building Consent Authority Risk Mitigation Report.

CARRIED

6 PUBLIC EXCLUDED

RESOLUTION TO EXCLUDE THE PUBLIC

COMMITTEE RESOLUTION 2023/8

Moved by Philip Jones
Seconded by Councillor D Holmes

That the public be excluded from the following parts of the proceedings of this meeting.

The general subject matter of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48 of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are 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 for the passing of this resolution
<p>6.1 - Minutes of the Audit and Risk Committee Meeting held with the public excluded on 23 November 2022</p>	<p>s7(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</p>	<p>s48(1)(a)(i) - the public conduct of 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 under section 6 or section 7</p>

	s7(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 otherwise to damage the public interest	
6.2 - 2022/2023 Quarter 2 Risk Management Update Report	<p>s7(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</p> <p>s7(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 otherwise to damage the public interest</p>	s48(1)(a)(i) - the public conduct of 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 under section 6 or section 7
6.3 - SLT Risk Discussion	<p>s7(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</p> <p>s7(2)(c)(ii) - the withholding of the information is necessary to</p>	s48(1)(a)(i) - the public conduct of 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 under section 6 or section 7

	<p>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 otherwise to damage the public interest</p>	
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CARRIED

The Meeting moved into public excluded at 4.57pm

The Meeting closed at 5.40pm.

The minutes of this meeting were confirmed at the Council meeting held on 5 April 2023.

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MAYOR

6.2 SERVICE PROVISION REPORT ARATOI REGIONAL TRUST

File Number:

Author: Corin Haines, Manager Community Facilities and Activities

Authoriser: David Hopman, Chief Executive

PURPOSE

The purpose of this report is to provide the Committee with the quarterly report against key result indicators for Aratoi Regional Trust.

RECOMMENDATION

That the Audit and Risk Committee receives the Service Provision Report Aratoi Regional Trust, covering the summary results of the key result indicators for the quarter 1 January – 31 March 2023.

CONTEXT

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

The Aratoi Regional Trust provides council with a report for funding it receives which was confirmed via the 2021-31 Long Term Plan.

In place is a Provision of Services Agreement /Memorandum of Understanding which is in place for a six-year term through to 30 June 2027.

SUMMARY OF CONSIDERATIONS

Strategic, Policy and Legislative Implication

Aratoi Regional Trust contributes 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 Aratoi Regional Trust was via the 2021-31 Long-Term Plan and as agreed in the Provision of Services Agreement/ Memorandum of Understanding and Partner Plan.

Implications for Māori

Included in Aratoi's key result indicators is a measure to ensure that Taonga Māori is displayed and an ongoing relationship between the institution and iwi is maintained and fostered.

Communications/Engagement Plan

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

Environmental/Climate Change Impact and Considerations

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

ATTACHMENTS

1. **Attachment 1 Aratoi Regional Trust Q3 Summary Results** [↓](#) 

Attachment 1 Aratoi Regional Trust Q3 Summary Results

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 2021/22 result]</i> ▪ Resident and visitor satisfaction with Aratoi services <ul style="list-style-type: none"> ➢ <i>[Baseline for 2022/23; 80% (4 or 5 stars)]</i> 	<p>On Track</p> <p>On Track</p> <p>In progress</p>	<p>35% of Aratoi's income was from other sources for the period 1 July to 31 March 2023</p> <p>Self-generated income streams for the quarter were 20% below budget. Commissions from sales were \$3,639, venue hire \$1,755 and donations \$6,746.</p> <p>Satisfaction with Aratoi services is on track as per online ratings – a formal satisfaction survey is to take place later in the fiscal year. In the March Museums Aotearoa Survey – in a scoring system out of 9, the responders rated Aratoi at 8.1 – extremely satisfied</p>

Key Result Areas	Result	Assurance (How Achieved)
<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: established in 2019/20, then no decreases based on the previous year]</i> ▪ 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>On Track</p> <p>Achieved</p>	<p>Over 500 artists in exhibitions and programmes including:</p> <ul style="list-style-type: none"> ▪ Masterton Museum: A Cabinet of Curiosities ▪ Breadcraft Wairarapa Schools Art 2022 ▪ Kotahitanga: Coming Together Again ▪ Look Closely and Tell Me What You See: Photographs from the Collection ▪ Julia Teale: Koha – Presenting Plenitude ▪ Leah Creaven: Land Girl ▪ Ngāhere: The Bush of Aotearoa (Professional Weavers of New Zealand) ▪ Burn it all down ▪ Alice Vallance Hoskings and Kirsty Gardiner: Conversations through Time ▪ Celebration: Print Council of Aotearoa New Zealand <p>Over 25 local artists represented in the shop</p> <p>Waipupū Waka in the Main Gallery</p> <p>Masterton Museum: A Cabinet of Curiosities</p>

Key Result Areas	Result	Assurance (How Achieved)
<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>

Key Result Areas	Result	Assurance (How Achieved)
<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>On Track</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>Exhibitions are currently being developed with iwi and Māori input</p> <ul style="list-style-type: none"> ▪ Breadcraft Wairarapa Limited for <i>Wairarapa Schools Art</i> ▪ Print Council Aotearoa NZ for their 20th anniversary exhibition - Celebration ▪ King Street for 25th Birthday ▪ Masterton Trust Lands Trust for <i>Masterton Museum & Continuing Legacy</i>

6.3 DESTINATION WAIRARAPA QUARTERLY REPORT (1 JANUARY 2023 TO 31 MARCH 2023)

File Number:

Author: Karen Yates, Manager Strategy and Governance

Authoriser: David Hopman, Chief Executive

PURPOSE

The purpose of this report is to provide the Audit and Risk Committee with the third quarter (1 January 2023 – 31 March 2023) progress report on key deliverables of Destination Wairarapa.

RECOMMENDATION

That the Audit and Risk Committee receives the third quarter report (1 January 2023 – 31 March 2023) from Destination Wairarapa.

CONTEXT

Destination Wairarapa is a regional tourism organisation (RTO) 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 (MOU) that sets out key deliverables to be met by Destination Wairarapa in alignment with funding and investment from the Councils. An updated MOU was endorsed by all three Wairarapa District Councils in September 2022, with Masterton and South Wairarapa committing to a three-year funding term. Carterton committed to a two-year funding term, with funding being reviewed as part of their Long-Term Plan process.

The Wairarapa Destination Management Plan, endorsed by Councils in 2022, further details tourism priorities for the region. This plan is reflected in the Wairarapa Economic Development Strategy.

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

Key Deliverables	Result	Assurance (How Achieved)
To increase the number of visitors to the Wairarapa, the length of time they stay in the region and the amount they spend. Specifically, Destination Wairarapa	Data reflects continued growth trend	Accommodation Data ¹ , February 2023: <ul style="list-style-type: none"> Total guest nights: 26,100 (February 22 – 21,100) Average nights stayed: 1.9

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.

Key Deliverables	Result	Assurance (How Achieved)
<p>are tasked with delivering growth in domestic and in international visitor spend per annum and in line with the Tourism Industry Aotearoa's Tourism Beyond 2025 framework.</p> <p>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>		<p>(February 22 – 1.9)</p> <p>The increase in guest nights is largely due to an increase in international guest nights, up 4,200 from the equivalent period in 2022.</p> <p>Tourism Electronic Card Transactions for Wairarapa²: \$154.7m to year end February 2023. This compares favourably to \$127.4m for the same time period in 2020 (pre-COVID).</p>
<p>Represent the Wairarapa in the Business Events market in partnership with suitable venues, activities and other services.</p>	In progress	<p>Events support:</p> <ul style="list-style-type: none"> • Provided support for a wide range of events including, Tauherenikau Races and Music in the Country at Tauherenikau, Lavender picking at various locations, Martinborough Fairs, Wheels at Wairarapa, Harvest Festival, 121 Festival. • Working with and supporting upcoming events including Wings Over Wairarapa, Featherston Booktown Festival
<p>Destination Management Plan</p>	Completed	<p>The Wairarapa Destination Management Plan (DMP) has been received and endorsed by all three of the Wairarapa District Councils. It is a plan for the sustainable growth of tourism in the region, and key elements are reflected in the new MOU, as well as the refreshed Wairarapa Economic Development Strategy (WEDS).</p>
<p>To provide an online Wairarapa events calendar and a PDF downloadable version of major</p>	Achieved	<p>Available on the Destination Wairarapa website.</p>

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)
events.		
Represent the Wairarapa in the Inbound market in partnership with suitable venues and activities.	Achieved	Attended Tourism Connect – the annual two-day event with face-to-face meetings with over 100 trade representatives. After a busy season and with high awareness of the Dark Sky status, there’s good interest in the region and opportunities for new business.
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 3 General Manager’s and Marketing Board report for 3 months ended March 2023 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 ended March 2023 has been received and reported on in this report.

1. Other activities undertaken during this reporting period

a) Examples of promotion:

- Provided support for a wide range of events including, Tauherenikau Races and Music in the Country at Tauherenikau, Lavender picking at various locations, Martinborough Fairs, Wheels at Wairarapa, Harvest Festival, 121 Festival.
- Hari and Sam from Milky Way Kiwi/Star Safari developed a pop-up Space Science Centre in the old Video Ezy building in Carterton. DW got right behind promoting this and it was terrific to see over 3,000 people (lots and lots of kids) visit the between December and Waitangi weekend. Hari featured in numerous media interviews, many of which DW facilitated.
- Joined forces with Classic NZ Wine Trail partners Hawke’s Bay, Wellington, and Marlborough to co-invest (STAPP funded) in a Trail wide photo and video shoot. Objective was to portray Australian visitors on this road trip and their experiences across the entire Trail. This is the first time DW have worked on an integrated shoot with partner regions.

b) Media:

- Denise Landow joined DW as a media comms contractor.

- Developed a media release in conjunction with the Wairarapa Dark Sky group and provisioned it widely to partners including WellingtonNZ and Tourism NZ. Significant pick up of the announcement across main media outlets, as well as a feature in the March Kia Ora magazine.
- Region promotion in the March Kia Ora magazine.
- Hosted first international journalist since COVID, Rob McGregor from Forbes Advisor (USA).
- Worked with Wairarapa Lifestyle magazine and delivered prepared stories. DW continue to fund placement of this well-regarded magazine into Koru Clubs in Wellington, Auckland and Palmerston North.
- Stuff feature on the website exploring Wairarapa this summer developed in conjunction with Tourism NZ and funded by them. Also ran as a print feature in the Sunday Star Times.
- In partnership with Tourism NZ hosted a German writer who focused on the Classic NZ Wine Trail.

c) Social media and digital marketing:

- Hosted two content creators from Roady, which is an app and a social channel which enables travellers to plan and share New Zealand road trips. In February DW hosted two content creators capturing travel content. Deliverables were:
 - 100+ professionally captured images
 - 36 Instagram stories which averaged 3800 views on each
 - 3 Instagram reels (7 Must Visit Places, Guide to Cape Palliser, Castlepoint)
 - Instagram content reached 73,603 people
- Continued social media presence with regular posts highlighting events and attractions in the region.

d) Funding:

- The Strategic Tourism Assets Protection Programme (STAPP) funding will finish at the end of this financial year (June 2023). The end of this funding will limit the print and sponsored activity Destination Wairarapa will be able to undertake in the future. DW will continue to explore other funding opportunities.

e) Trade promotion

- Attended Tourism Connect which is an annual two-day event with face-to-face meetings with over 100 trade representatives. After a busy season and with high awareness of the Dark Sky status there's good interest in the region and opportunities for new business.
- Following Cycle Gabrielle DW proactively approached some tour series companies and trade partners and offered assistance with tours/groups unable to visit Hawke's Bay – this displacement assistance was very well received and product like Greytown Honey and Le Gra was for several operators 'discovered' and liked.

Other relevant updates

a) Product development and capability building:

- As identified in the Wairarapa Destination Management Plan under Strategic Imperative 2- ENHANCE THE BEACON – Empowering Destination Development, work has begun on two key identified actions:
 - *Develop experiences that support the positioning of the region.* The Martin Jenkins investment proposal to develop dark skies experiences that support the positioning of the region has been completed and submitted to WEDS for consideration. Destination Wairarapa will continue to support this work through the marketing and promotion of Wairarapa Dark Skies experiences.
 - *Work with iwi to determine tourism aspirations and provide support in the development of experiences.* A Wairarapa Māori Tourism Strategy, in conjunction with iwi, has been completed and passed to iwi for their consideration. DW will support Māori where and when they can to help release their aspirations in tourism.
 - *Develop a strategic approach for events that will invite investment and assist in positioning the region.* At the recommendation of the WellingtonNZ Major Events Team, a consultant specialising in this area has been engaged to begin initial work on this strategic imperative. This work will be completed by June 2023 and submitted to the three councils for consideration. DW will continue to market and promote major events that attract visitors to the region.
 - *Develop the capability of new and existing operations in the region.* For the past 9 months – and thanks to central Government STAPP funding, Destination Wairarapa has had the opportunity to employ an FTE to focus solely on product development and capability for the region. This is the first time the region has had someone dedicated to do this work for Tourism. In this relatively short time period Chrissy Cummings has been able to achieve a considerable amount for the region. Least of all – attracting \$85,000 spend from confirmed group bookings to the region in the next 6 months with another \$150,000 potentially in the pipeline in the next 12months – and that is just the tip of the iceberg. With her connections and knowledge, enquiries for events and groups like this land in her inbox on a weekly basis now. In addition, she has coached 6 new operators to achieve Tourism New Zealand Qualmark status, with another 20 in discussions. A Qualmark accredited operator working in the export market is able to increase their per person yield considerably. In simple terms that means an increase in visitor spend for the region.

b) Website development:

- In this period DW identified priorities for the new site being primarily self-managed, top performing, and have engaging and visually appealing content. This will support increased website traffic with users having a positive user-experience.
- The website Request for Proposal (RFP) went out to three businesses on 22nd March. DW are currently awaiting final proposals for evaluation.

- Evaluation will be supported by an external website developer who has experience and a strong grasp of what will be required for the future site.

SUMMARY OF CONSIDERATIONS

Strategic, Policy and Legislative Implications

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.

Implications for Māori

Destination Wairarapa secured funding to support the development of a Māori Tourism Strategy. Key to the successful development of this Strategy will be inclusion and support from iwi, hapū, marae and those leading Māori tourism initiatives.

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.

ATTACHMENTS

Nil

6.4 HEALTH AND SAFETY QUARTERLY REPORT

File Number:

Author: Ben Jessep, Manager People and Culture

Authoriser: David Hopman, Chief Executive

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.

RECOMMENDATION

The Audit and Risk Committee notes the content and receives the Health and Safety Report for the quarter (1 January 2023 to 31 March 2023).

CONTEXT

This quarter the key contributing event which influenced health and safety was related to the Cyclone Gabrielle weather event. Due to the level of damage a state of emergency was called in the Wairarapa which resulted in the emergency operation centre being initiated. Key staff were seconded into their emergency operations roles to help support short term emergency response which then moved into the medium-term emergency recovery program. This has resulted in council having to redeploy resources from other areas in the business to respond effectively to the Cyclone.

The Cyclone Gabrielle weather event was more destructive due to the accumulation effect from the significant number of weather events we have encountered in 2022. This has significantly impacted the resilience of our assets in particular our roading and water networks. Staff have had to change work programs to respond to critical infrastructure issues which has resulted in excessive hours being worked and increased stress and fatigue in our operational workforce and our infrastructure contractor partners.

In addition, MDC has also been operating under significant stress to deliver some key workstreams which have had intense scrutiny from our community. This includes the annual plan process which has created targeted commentary from our community. This has had an impact on staff well-being in particular strategic discussions about operational costs and the potential impact of job security. The on-going water related issues that our community has been facing due to limitations in our water networks has caused significant stress with-in our workforce. Our people are passionate about delivery of a great service to our community and when we see significant continued distress with-in our community due to services we provide it causes significant issues to our staff well-being.

There is a continued environment of a culture of uncertainty; relating to several announcements concerning the national change programs that may impact councils, such as the 3 Waters Program, Local Government Reforms, and RMA reform.

This quarter began in a summer holiday period which it was thought would evolve into a more consistent organisational sickness absence profile. However, this did not develop as expected and MDC saw a significant spike of sick leave in this quarter, which impacted MDC business continuity. Moving into the winter season next quarter we do not expect this absence profile to reduce, and we will need to focus on ensuring we can maintain a fit and healthy workforce.

Key Updates for the Quarter

Cyclone Gabrielle

As stated in the executive summary the cyclone had a significant impact on our operational direction this quarter. There are significant opportunities to look at how we assign resources to emergency response events and this event again highlighted the demanding impact environment influences have on our core business. To deliver effectively to our community during these challenging times requires effective health and safety management processes to reduce risk for internal staff and contractors. This has highlighted even more the importance of a growing our health and safety culture throughout our council to delivering improved health and safety operational practice.

Fatigue/stress management

We continue to monitor stresses in the workplace which mainly attributed to the amount of work and the type we deliver here at council. Additionally, we have noticed a stress increase from external factors, particularly the current economic environment. To mitigate this risk we are continuing to establish the following initiatives: absence management processes, workforce planning activities, leadership development, and our employee well-being program.

Contractor management

Contractor health and safety practice is still a significant health and safety risk. Proactively lifting health and safety practice both internally and with our third-party contractors is critical to ensure we are doing all we practically can to keep people safe.

Steps to improve the operational management of contractors across the organisation have continued this past quarter.

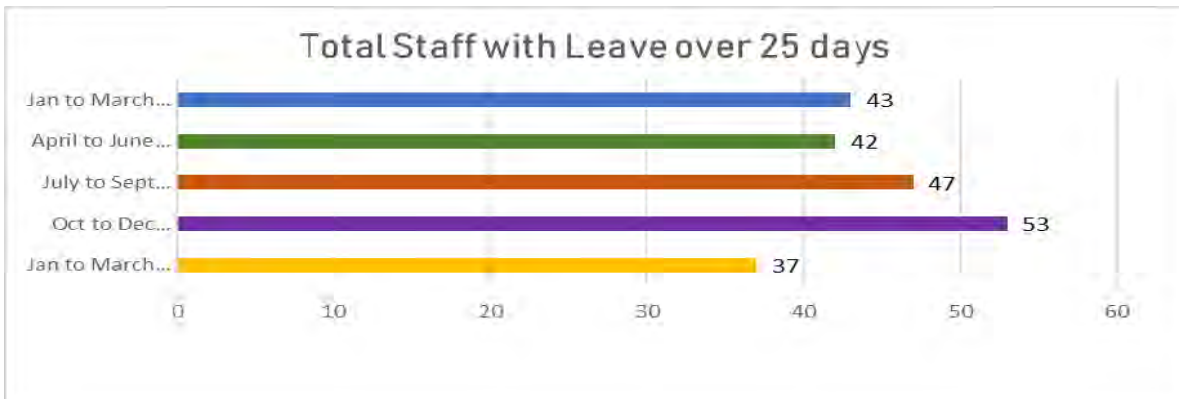
The prequalification platform SiteWise has progressed the process to expand our contractor list and to date 48 of 149 contractors are signed on and developing their registration with SiteWise with these 47 contractors scoring an average of 86%.

We are now looking for a mobile platform and integration into our Health and safety Management System for ease of use and accessibility.

People and Culture Metrics:

HR Metrics were first reported to the last Audit and Risk Committee meeting in August 2022. These are now part of the MDC regular reporting cycle. This will also be an on-going piece of work as MDC improves on its information maturity enabling greater insights into key issues such as health, safety, and wellbeing initiatives.

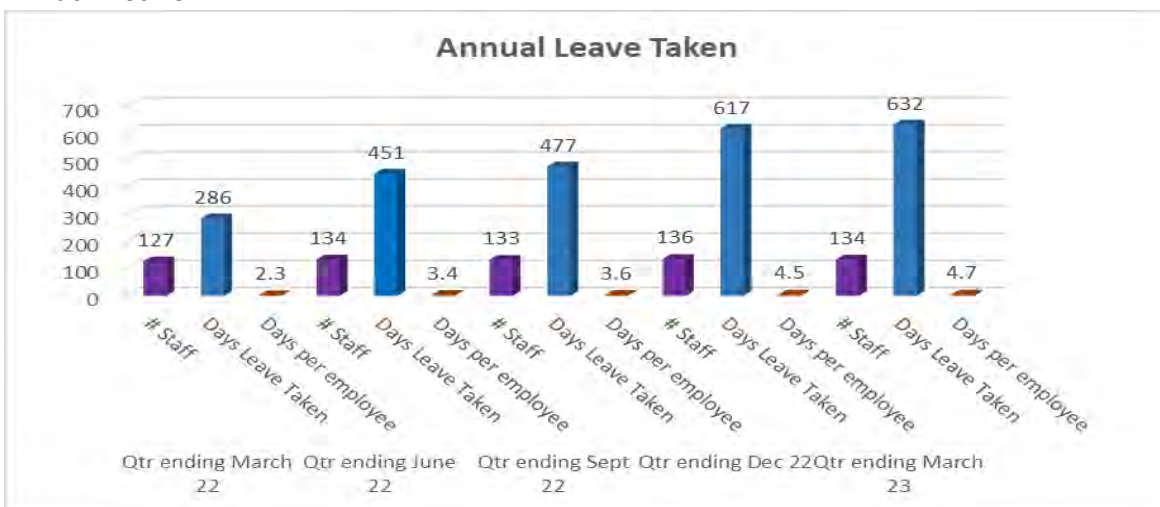
Excessive Annual Leave



There is a significant decrease in staff who have over 25 days of annual leave outstanding. This is in part due to the office closing down and in part due to the time of year when staff generally take large amounts of their annual leave in order to have a good summer break with family and friends.

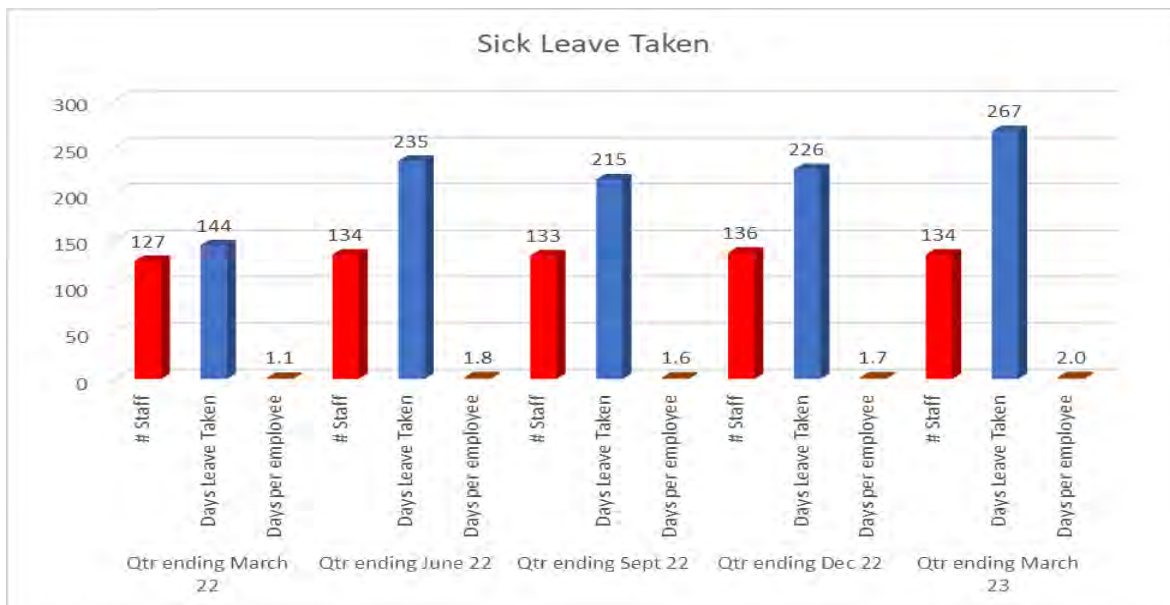
Annual Leave Taken and Sick Leave Taken

Annual Leave:



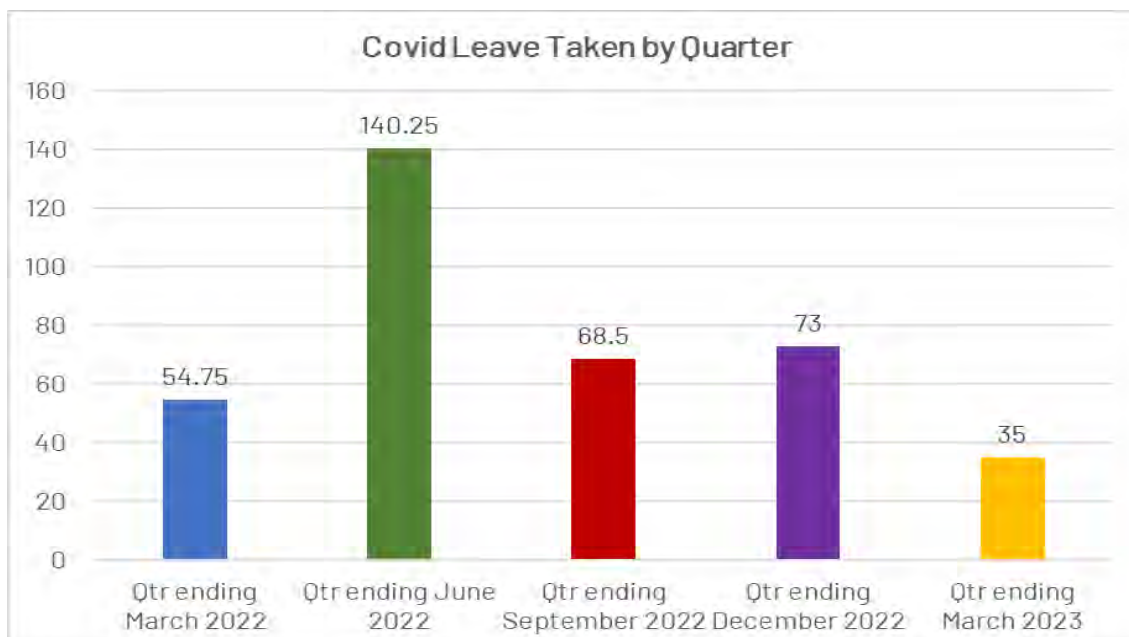
Expectedly the amount of annual leave taken has increased over the summer months. The period in the last quarter of 2022 and the first quarter of 2023 will have been helped by the decisions to close down the office on the days between Christmas and New Year and the week after New Year. Other than that, the increase can possibly be attributed to seasonal fluctuations even though this year's summer has been far from perfect.

Sick Leave:



The sick leave taken total for the first quarter of 2023 continues to increase. At first it was suspected that one or more staff had a significant period of the leave for something like post operative recovery but on examining the figures this appears not to be the case. Instead, the largest period of leave taken by one staff member in the quarter has been 19 days and not all of this leave has been in one continuous block. Other than a couple of other blocks of leave of more than one week most leave taken has been between one and five days and perhaps reflects the dismal summer we have had resulting in lots of minor illnesses. Another factor may be that the pressures put on staff due to the extreme weather events during the quarter has resulted in increased sick leave usage.

Covid Leave:



As advised in August 2022, MDC worked hard to ensure that any possibly COVID affected staff stayed away from work to prevent further spread. This policy was highly effective for MDC throughout the months when COVID was most prevalent across New Zealand.

Over the first quarter of 2023 Covid Leave has reduced to 35 days in total. Covid Leave was taken by just nine staff over the quarter and while Covid is very much still prevalent in the Wairarapa it is possible that some staff who may have Covid are not testing and treating it as a bad cold and taking sick leave instead. This is not ideal but might be one explanation for the unexpectedly high number of sick leave days in the quarter.

To reinforce the need for staff to act appropriately if they develop symptoms that could possibly be Covid related we will shortly commence an internal publicity campaign advising all staff to think of their colleagues and ensure that they test and, if positive, they isolate for the prescribed period of time so that they don't bring Covid into their workplace.

Lag indicators:

These indicators measure performance in the form of past statistics. All incidents notified via the H&S system are reviewed by the relevant manager in addition to the H&S Committee, who then review the implementation of appropriate measures to mitigate the likelihood of future incidents.



Reported incidents logged into the health and safety reporting system (GOSH) reflect the greatest area of reporting are incidents relating to abusive behaviours or other interactions, for customer facing roles. Hazards identified are minimized or removed where practicable. There have been a few minor slip and collision accidents this quarter, these were treated with first aid and did not result in any further medical treatment or lost hours of work. Of concern is the discovery in March of mould and bacteria and the subsequent closure and isolation of the basement area at the Masterton District Library, controls have been actioned to minimise the current risk and planning is underway for the next steps to be undertaken. The basement area has noted water ingress which is the root cause of the problem and needs remediation before the space can be cleaned for safe access without the use of recommended PPE (Personal Protective Equipment) and RPE (Respiratory Protective Equipment).

Due Diligence Summary:

There has been no change to the traffic light reporting below for this quarter. See Attachment 1 for details.

MDC TOP HEALTH AND SAFETY RISKS

Description of risk	Controls and reduction measures	Update
<p>COVID-19 Global pandemic. Public health risk.</p>	<p>H&S</p> <ul style="list-style-type: none"> • Workplace plans • Hygiene protocols. • Business Continuity Planning. 	<p>Continuous monitoring of this situation. Potentially look to remove this risk next quarter as COVID leave becomes more operational.</p>
<p>Contractor Management</p>	<ul style="list-style-type: none"> • Regular communication between contractors and MDC relationship managers. <ul style="list-style-type: none"> • Quarterly/ annual reporting. 	<p>MDC's Contractor Management approach is a key part of the Health and Safety Review, and updates are to be made over the next quarter.</p> <p>These include:</p> <ul style="list-style-type: none"> • Stage 2 of implementation of a third-party contractor pre-qualification system to ensure all contractors fulfil their H&S obligations prior to engagement by MDC. • Contractor process and forms are being tested in the field for review then for rollout to staff and Contractors. Continued development of this process and its integration with our Health and Safety Management System is underway. <p>Contractors are required to prove they have robust H&S systems in place. Following their engagement on any high risk or longer-term projects, daily or weekly site visits will be conducted, including health and safety checks. For smaller low risk projects, only contractors from an approved database are to be used and monitoring will be on an as needed basis; particularly if they have been previously engaged</p>

		without incident.
<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>A fleet management system is being investigated by the Fleet Manager. Two vehicles have been fitted with a GPS based system to trial and review before any full implementation.</p> <p>Driver training for 4x4 vehicles is scheduled for new recruits and selected drivers.</p>
<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 via online/app based or direct contact to access appropriate services.</p> <p>As with all Councils, MDC is going through a period of change with the three waters reform currently at the top of the list. Staff have been allocated to monitor and review the wellbeing of affected staff and ensure that feedback is provided to the relevant parties if affected levels rise and need to be addressed, thus protecting, and ensuring long term staff wellbeing.</p>
<p>Workforce Planning</p>	<ul style="list-style-type: none"> • Recruitment • Succession • Employee Development • Broadening role scope 	<p>Within the last 12 months, the number of applicants for certain specialised positions has rapidly diminished. MDC is not alone in experiencing this reduction in applicants; numerous local authorities across New Zealand are reporting similar issues.</p> <p>To mitigate this, some positions may be made available internally in the first instance (for positions where specialist knowledge/qualifications are not required); adopting a "grow your own" practice.</p> <p>We have adopted a more capability-based model of assigning work. If we have identified capability outside functional business groups, then where</p>

		<p>possible we will share resources.</p> <p>We are looking at processes and the use of technology across council to enable efficiencies where possible.</p> <p>There has been an increase in international candidates being available for specialist technical roles since the opening of New Zealand borders which has helped in recent recruitment activities.</p> <p>A more structured succession planning framework needs to be established to ensure there are more proactive plans to support the potential loss of critical staff and roles.</p>
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Lead indicators:

Lead indicators are proactive in nature and focus upon regular activities 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	The H&S Committee is aiming to get all members trained to a minimum of H&S rep training Level 2.
H & S Culture	<p>Training sessions have built-in organisational awareness of the importance of every person's role contributing to a successful H&S culture across the workplace and the wider Masterton region as representatives of MDC. Connection between business units and access to teams via leaders has improved the delivery of information across the organisation.</p> <p>There have been measures discussed and prepared for implementation regarding behavioural incidents in our public facing spaces. The effectiveness of these will be monitored over the coming months against incident report numbers for the previous year.</p>
Staff inductions	<p>All new staff have been inducted following MDC established H&S induction process.</p> <p>The Health and Safety Committee members and team</p>

	<p>leaders will be conducting the generic H&S inductions with new staff.</p> <p>The development of an MDC induction handbook has been completed. This includes responsibilities for</p>
Wellbeing initiatives	<p>Employee Assistance Program (EAP) contracted onsite visits continue to occur, with the representative ensuring coverage of MDC workplaces.</p> <p>The Wellbeing Calendar has been developed with staff participation being key, the calendar has flexibility to add additional special interest events, such as health, financial and charity events.</p> <p>The LMS (Learning management system) provides a great tool for staff learning supported by The People and Culture Team to source relevant topics.</p>
Good catch: A good catch is action oriented; staff recognise a situation or condition with potential to cause an incident, but it doesn't because of corrective action and/or timely intervention.	<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 Q3 Jan – Mar 23 = 0</p>
Near miss: Event not causing harm, but potential to.	<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>

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, as 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.

ATTACHMENTS

1. Due Diligence Summary [↓](#) 

Attachment 1

Due Diligence Summary:

There has been no change to the traffic light reporting below for 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 the HSW Advisor. 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	The main organisational risks continue to be reviewed and assessed with each work group identifying their specific work group risks (ongoing). The hazard & risk register is currently being updated in conjunction with each work group. Worksite safety inspections for risks; including actions for Managers to address any issues identified. (This is a regular audit for non-project-based sites also).	
Resource	Ensure H & S person has appropriate resources and processes to manage risks	Action items are addressed on a priority basis. GOSH, our H&S tool 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. People leaders will be upskilled, and the H & S Committee will ensure that Investigations are completed for all reported incidents, accidents, and near misses.	
Comply	Ensure the Council has, and implements, processes for complying with	Processes are being reviewed across all work groups in consultation with H&S Committee and subject matter experts.	

	duties under the HSWA Act 2015	The ongoing message to staff and managers is 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.	
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6.5 NON-FINANCIAL PERFORMANCE 2022-2023 QUARTER 3 REPORT

File Number:

Author: Tania Madden, Principal Advisor Strategy & Governance/Corporate Planner

Authoriser: David Hopman, Chief Executive

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 2022 to 31 March 2023.

RECOMMENDATION

That the Audit and Risk Committee receives the Quarter 3 non-financial performance report for the 2022/23 financial year.

EXECUTIVE SUMMARY

This is the third non-financial performance report for Year 2 (2022/23) 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. For quarter three, 35 measures were available to report.

Of the 35 measures reported, 82.9% (29 measures) were achieved or on track to be achieved, 2.9% (one measure) was not achieved in quarter three but could be achieved by year end, and 14.3% (five measures) were not achieved in quarter three and/or are not expected to be achieved at year end. Further information is provided in Attachment 1.

For comparison, in Quarter 3 of the 2021/22 financial year, 37 measures were available to report. Of those, 59.5% (22 measures) were achieved or on-track to be achieved at year end, and 40.15% (15 measures) were not achieved or not on track to be achieved at year end.

Q3 Results – Current Year vs Previous Year

	Q3 2022/23 (current year)	Q3 2021/22 (previous year)
Achieved/On Track to Achieve	85.8% (30)	56.8% (21)
Not Achieved/Not on Track to Achieve	14.3% (5)	43.2% (16)
Total Available to Report:	35	37

Areas where the number of measures achieved has improved compared to Q3 of the previous year include:

Number of Measures Achieved:	Q3 2022/23 (current year)	Q3 2021/22 (previous year)
Wastewater	3	1
Stormwater	4	3
Water Supply	7	6
Community Facilities & Activities	5	2
Regulatory	6	5

For other activity areas (Roads and Footpaths and Solid Waste), the number of measures achieved are consistent with the previous year.

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 third non-financial performance report for Year 2 of the 2021-31 Long-Term Plan (LTP).

The performance measure framework was last reviewed and revised as part of the 2021-31 Long-Term Plan process and will next be reviewed as part of the development of the 2024-34 Long-Term Plan.

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.

Roading

There has been an increase in the number of non-urgent roading customer service requests received this year. As at Quarter 3, we have received 843 non-urgent requests. This is more than we received over the full year in 2020/21 and 2021/22. The increase in the number of requests are attributable to cyclone occurrences in January and February 2023. Despite the higher volume of

requests, the roading team still responded to almost 80% (240 out of 303) requests within specified timeframes. This exceeds the target of 70% responded to within specified timeframes. In addition, 72 out of 74 urgent requests were responded to within two days in Quarter 3.

Three Waters

As noted in previous reports to Audit & Risk, rain and weather events since February 2022 have continued to impact results for Council's wastewater and stormwater services:

- Year to date for wastewater, 222 complaints have been received exceeding the total number received at year end in the two previous years (69 in 2020/21 and 152 in 2021/22). Consistent with that, 137 port-a-loos have been required year to date, compared to a total of 6 in 2020/21 and 61 last year.
- Stormwater complaints have also exceeded numbers for the two previous years, with 63 complaints received year to date compared to 21 in 2020/21 and 37 last year.

While wastewater complaints are up, response and resolution times have been trending down each quarter of the 2022/23 year. and the number of dry weather sewerage overflows is tracking to be less than in each of the past two years.

All water supply measures reported in Quarter 3 were achieved, however an increase in the number of water supply complaints received was observed in Quarter 3. Twenty complaints received. While this is within the target range, it is almost the same number of complaints in one quarter as we have received for the full year in 2020/21 and 2021/22. Staff have not noted any particular reason for this but will monitor trends.

Community Facilities and Parks

Quarter three results for community facilities and parks continue the positive trend. All five measures that were available to report were achieved, as they have been in Quarter 1 and Quarter 2.

Trust House Recreation Centre swim, stadium sports and stadium event numbers have exceeded the five-year averages, noting COVID-19 impacted results in the 2020/21 and 2021/22 years. Year to date total usage is almost at the level of the annual five-year average (117,961 compared to 121,703).

In the Library, digital issues, computer/Wi-fi sessions and housebound visits YTD have exceeded the five-year average. However, in person results (visits and physical issues) are currently tracking below the five-year average. This will continue to be monitored.

Regulatory

Six of the eight regulatory measures were achieved or on track to be achieved in quarter three.

With the other two measures:

- Building consents processed within statutory timeframes was achieved in Quarter 3 but is unlikely to be achieved overall at year end given results in Quarters 1 and 2.

- Swimming pool inspections completed was not achieved, however the team do expect to achieve this target by year end.

Building consent and Code Compliance Certificate processing times have improved compared to the first two quarters. This reflects the reduced number of applications in Quarter 3.

In Quarter 3, the animal services team responded to all 48 urgent call outs received within the one-hour target time. They also delivered two education/engagement activities, which means they have exceeded their annual target for the year with a total of eight activities.

COVID-19 Implications

There were no reports of results being impacted by COVID-19 in Quarter 3 of 2022/23.

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

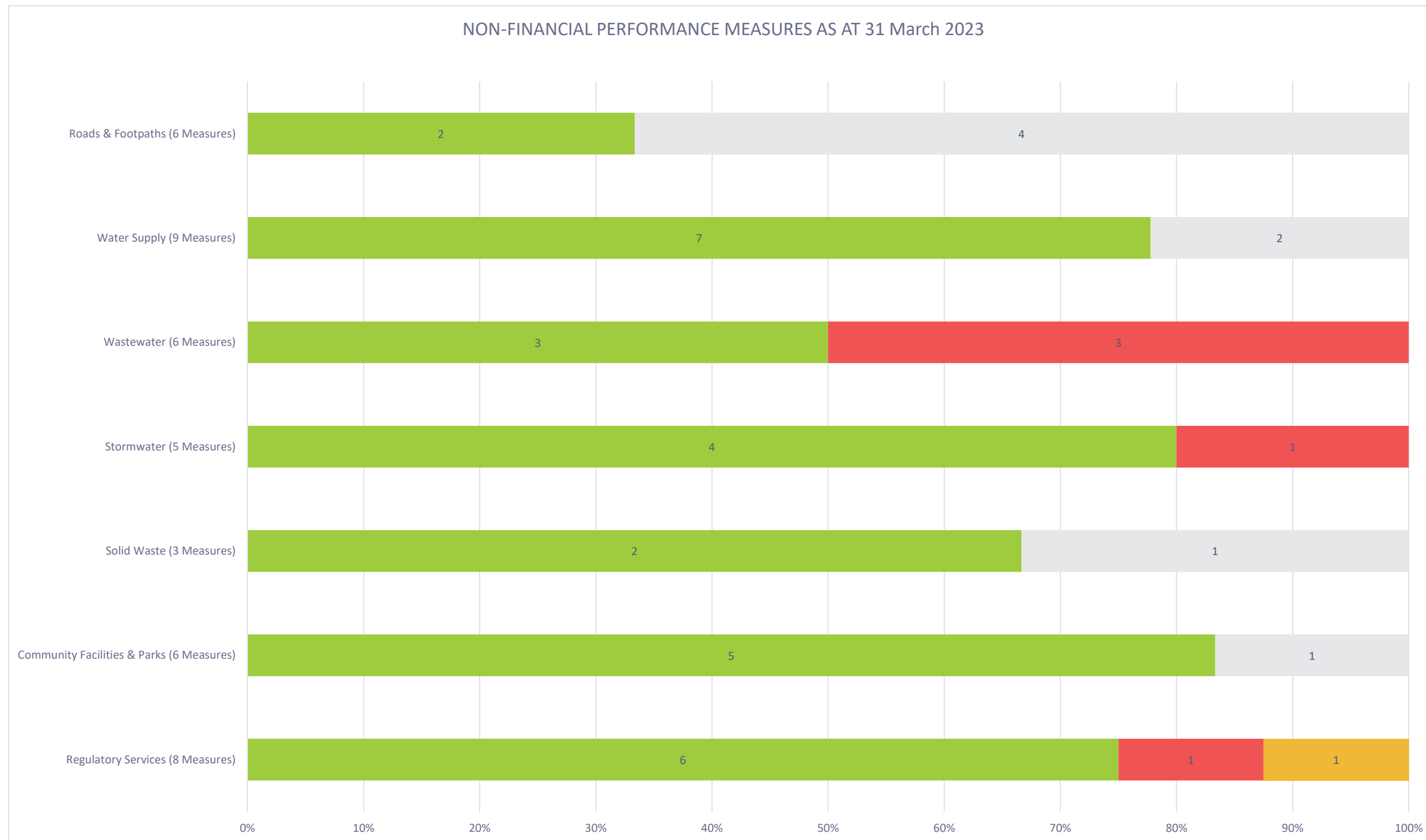
ATTACHMENTS

1. **Attachment 1 Non-Financial Performance Measures Q3 2022-2023** [!\[\]\(fbea698cdd18bad28d8e6b87acf959be_img.jpg\) !\[\]\(a65c8b450e4c61cdf4380ee7012e3c10_img.jpg\)](#)

ATTACHMENT 1: Non-Financial Performance Measures for 2022/23 Quarter 3

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

- have been achieved as at 31 March 2023 (green);
- have not been achieved as at 31 March 2023:
 - and/or are not expected to be achieved at year end (red) or
 - could be achieved at year end (orange)
- Are not applicable and/or information is not available as at 31 March 2023 (grey).



2022/23 Quarter 3 Non-Financial Performance Measure Results

MEASURE	CURRENT YEAR END RESULTS			PREVIOUS YEAR END RESULTS (WHERE APPLICABLE)		COMMENTARY
	2022/23 Annual Target	Quarter 3: Result as at 31/03/23 (Year 2 of 2021-31 LTP)	Status at 31/03/23	Year End Result as at 30/06/22 (Year 1 of 2021-31 LTP)	Year End Result as at 30/06/21 (Year 3 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	One fatality and twelve serious injury crashes.	No fatalities and twelve serious injury crashes.	The five-year average (to30/06/2021) is 1.6 fatalities and 10.2 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	94% network smooth travel exposure (as at 30/6/22)	91% network smooth travel exposure (as at 30/06/21)	
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 28.5km of the total 534.5km sealed local road network.	5% Resurfaced 26.4km of the total 532.5km 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% 193km of 210km of the footpath network surveyed to June 2022 was condition rated excellent, good or fair.	92% 181.6km of 198.2km of the footpath network surveyed to June 2021 was condition rated excellent, good or fair.	
Percentage of urgent customer service requests responded to within 2 days. (Mandatory Measure)	95% within specified timeframe	97.3% 72 of 74 urgent requests were responded to within two days.	Achieved	99.6% 283 out of 284 urgent requests were responded to within two days. Q1: 100% (79/79) Q2: 97.8% (44/45) Q3: 100% (101/101) Q4: 100% (59/59)	99.7% 360 out of 361 urgent requests were responded to within two days. Q1: 100% (128/128) Q2: 100% (103/103) Q3: 100% (62/62) Q4: 98.5% (67/68)	YTD Result: 99.1% 230 out of 232 urgent requests have been responded to within specified timeframes. 2022/23 Quarterly Results: Q1: 100% (96/96) Q2: 100% (62/62) Q3: 97.3% (72/74)

MEASURE	CURRENT YEAR END RESULTS			PREVIOUS YEAR END RESULTS (WHERE APPLICABLE)		COMMENTARY
	2022/23 Annual Target	Quarter 3: Result as at 31/03/23 (Year 2 of 2021-31 LTP)	Status at 31/03/23	Year End Result as at 30/06/22 (Year 1 of 2021-31 LTP)	Year End Result as at 30/06/21 (Year 3 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	<p>79.2%</p> <p>240 of 303 non-urgent requests were responded to within the timeframe.</p>	<p>Achieved</p>	<p>91.5%</p> <p>762 out of 833</p> <p>Q1: 100% (173/173) Q2: 81.3% (161/198) Q3: 89.3% (217/243) Q4: 96.3% (211/219)</p>	<p>91.3%</p> <p>705 out of 772</p> <p>Q1: 92.2% (200/217) Q2: 90.7% (165/182) Q3: 89.6% (146/163) Q4: 92.4% (194/210)</p>	<p>YTD Result: 82%</p> <p>691 out of 843 non-urgent requests have been responded to within specified timeframes.</p> <p>2022/23 Quarterly Results: Q1: 81.5% (276/340) Q2: 87.5% (175/200) Q3: 79.2% (240/303)</p> <p>The variability in results for non-urgent requests responded to on time reflects the broad variety and often complex nature of requests in this category.</p> <p>The number of requests YTD exceeds the number of requests at year end in the previous two years. This reflects weather conditions over the year, and the increased volume has impacted response rates.</p> <p>The number of requests in Q1 exceeded the number of requests received in any quarter over the previous two years. This is a reflection of wet weather and resulting damage to roads. The number of service requests in Q3 is also high, reflecting the cyclone occurrences in January and February 2023.</p> <p>The percentage of non-urgent requests responded to within timeframes in Q3 is within the range of results for Q1 when we also experienced a high volume of requests.</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	<p>3.35 complaints/1000 connections</p> <p>Actual Complaints: 20</p> <p>YTD Complaints: 33</p>	<p>Achieved</p>	<p>2.37 complaints/1000 connections</p> <p>Actual Complaints: 23</p> <p>Q1 Result: 0.41/1000 (4) Q2 Result: 0.52/1000 (5) Q3 Result: 0.72/1000 (7) Q4 Result: 0.72/1000 (7)</p>	<p>2.45 complaints/1000 connections</p> <p>Actual Complaints: 23</p> <p>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>YTD: 3.35 complaints/1000 connections</p> <p>Year to date: Actual Complaints: 33</p> <p>2022/23 Quarterly Results: Q1: 0.711/1000 (7 complaints) Q2: 0.61/1000 (6 complaints) Q3: 2.03/1000 (20 complaints)</p>
Response time to call outs to a fault or unplanned interruption to MDC's networked reticulation system:						

MEASURE	CURRENT YEAR END RESULTS			PREVIOUS YEAR END RESULTS (WHERE APPLICABLE)		COMMENTARY
	2022/23 Annual Target	Quarter 3: Result as at 31/03/23 (Year 2 of 2021-31 LTP)	Status at 31/03/23	Year End Result as at 30/06/22 (Year 1 of 2021-31 LTP)	Year End Result as at 30/06/21 (Year 3 of 2018-28 LTP)	
a) attendance at urgent call outs (from notification to arrival on site) (Mandatory Measure)	60 minutes or less	32 minutes	Achieved	38 minutes Q1: 39 minutes Q2: 30 minutes Q3: 38 minutes Q4: 28 minutes	34 minutes Q1: N/A – no call outs Q2: 20 minutes Q3: 43 minutes Q4: 6 minutes	YTD: 50 minutes 2022/23 Quarterly Results: Q1: 50 minutes Q2: 54 minutes Q3: 32 minutes
b) resolution of urgent call outs (from notification to confirmation of resolution) (Mandatory Measure)	480 minutes or less	85 minutes	Achieved	137 minutes Q1: 196 minutes Q2: 142 minutes Q3: 78 minutes Q4: 58 minutes	102 minutes Q1: N/A – no call outs Q2: 49 minutes Q3: 111 minutes Q4: 104 minutes	YTD: 112 minutes 2022/23 Quarterly Results: Q1: 125 minutes Q2: 155 minutes Q3: 85 minutes
c) attendance at non-urgent call outs (from notification to arrival on site) (Mandatory Measure)	7 days or less	61 minutes	Achieved	53 minutes 2021/22 Qtly Results: Q1: 22 minutes Q2: 67 minutes Q3: 49 minutes Q4: 34 minutes	119 minutes 2020/21 Qtly Results: Q1: 665 minutes Q2: 21 minutes Q3: 73 minutes Q4: 88 minutes	YTD: 70 minutes 2022/23 Quarterly Results: Q1: 102 minutes Q2: 68 minutes Q3: 61 minutes
d) resolution of non-urgent call outs (from notification to confirmation of resolution) (Mandatory Measure)	3 months or less	100 minutes	Achieved	115 minutes Q1: 53 minutes Q2: 94 minutes Q3: 137 minutes Q4: 71 minutes	172 minutes Q1: 704 minutes Q2: 43 minutes Q3: 93 minutes Q4: 132 minutes	YTD: 103 minutes 2022/23 Quarterly Results: Q1: 130 minutes Q2: 188 minutes Q3: 100 minutes
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

MEASURE	CURRENT YEAR END RESULTS			PREVIOUS YEAR END RESULTS (WHERE APPLICABLE)		COMMENTARY
	2022/23 Annual Target	Quarter 3: Result as at 31/03/23 (Year 2 of 2021-31 LTP)	Status at 31/03/23	Year End Result as at 30/06/22 (Year 1 of 2021-31 LTP)	Year End Result as at 30/06/21 (Year 3 of 2018-28 LTP)	
b) part 5 of the Drinking Water Standards (protozoal compliance criteria). (Mandatory Measure)	Fully compliant	Fully Compliant	Achieved	Fully Compliant for 98.9% of days (361 out of 365 days). There were 4 days where filtered turbidity exceeded the standard for more than 1% of the time.	Fully compliant	YTD: Fully Compliant
Percentage of real water loss from MDC's reticulation system (calculated using minimum night flow). (Mandatory Measure)	Year 2: No more than 32.5% Note: The Year 3 Target is to be established (to align with water meter installation and associated data).	This result is calculated and reported at year end.	Not Applicable	32.5%	34%	
Average consumption of drinking water per day per resident within the district. (Demand management). (Mandatory Measure)	Year 2: No more than 578 litres/person/day Note: The Year 3 Target is to be established (to align with water meter installation and associated data).	This result is calculated and reported at year end.	Not Applicable	578 litres/person/day	639 litres/person/day The rainfall events over summer were less frequent than the previous year resulting in slightly higher garden watering demand than the previous year (601 litres/person/day).	

MEASURE	CURRENT YEAR END RESULTS			PREVIOUS YEAR END RESULTS (WHERE APPLICABLE)		COMMENTARY
	2022/23 Annual Target	Quarter 3: Result as at 31/03/23 (Year 2 of 2021-31 LTP)	Status at 31/03/23	Year End Result as at 30/06/22 (Year 1 of 2021-31 LTP)	Year End Result as at 30/06/21 (Year 3 of 2018-28 LTP)	
Wastewater						
<p>Number of complaints received about sewerage odour, system faults, system blockages, MDC's response to issues with its sewerage system.</p> <p>(Mandatory Measure)</p>	Less than or equal to 8 complaints/1000 connections.	4.44 complaints/1,000 connections Actual Complaints: 43	Not Achieved	<p>Year End: 15.95 complaints/1000 connections</p> <p>Actual Complaints: 152</p> <p>Q1: 1.99/1000 (19 complaints) Q2: 1.26/1000 (12) Q3: 11.43/1000 (109) Q4: 1.26/1000 (12)</p> <p>During the February 2022 record rain event water infiltrated the sewer system leading to overflows. As a result, there were an increased number of complaints. Port-a-loos were provided to impacted properties, and overflows were cleaned up once the water subsided, which took several days.</p> <p>The increased number of complaints, and the time it took for water to subside, also impacted results for attendance and resolution, as noted below.</p>	<p>Year End: 7.34 complaints/1000 connections</p> <p>Actual Complaints: 69</p> <p>Q1: 3.09/1000 (29 complaints) Q2: 2.02/1000 (19) Q3: 0.64/1000 (6) Q4: 1.60/1000 (15)</p>	<p>YTD: 22.94 complaints/1000 connections</p> <p>YTD Actual Complaints: 222</p> <p>2022/23 Quarterly Results: Q1: 14.16/1000 (137 complaints) Q2: 4.3/1000 (42 complaints) Q3: 4.44/1000 (43 complaints)</p> <p>The high number of complaints in Q1 were primarily related to issues with the wastewater network resulting from groundwater tables remaining high following the heavier than usual rainfall before and during Q1. In July 2022 rainfall was twice what is usually expected for that month, and September rainfall was 1.5 times what is usual. With already high groundwater, this level of rainfall resulted in overflows of the wastewater network.</p> <p>While there has been a decline in the number of complaints received in Q2 compared to Q1, the number is still higher than previous years for Q2 and for most other quarters. The higher number of complaints in Q2 this year were primarily related to a continuation of issues with the wastewater network resulting from high groundwater tables. In Q2 rainfall was 70% higher what is usually expected for these months. As noted in Q1, with already high groundwater, the level of rainfall resulted in overflows of the wastewater network.</p> <p>Q3 results are comparable with Q2 of this year, and less than Q3 of the 2021/22 year when the February 2022 record rain event impacted. However, overall, the number of complaints received year to date exceeds the number for the full year in the previous two years. Given that, this measure is not expected to be achieved at year end.</p>
Median response time to sewerage overflows resulting from a blockage or other fault to MDC's sewerage system:						

MEASURE	CURRENT YEAR END RESULTS			PREVIOUS YEAR END RESULTS (WHERE APPLICABLE)		COMMENTARY
	2022/23 Annual Target	Quarter 3: Result as at 31/03/23 (Year 2 of 2021-31 LTP)	Status at 31/03/23	Year End Result as at 30/06/22 (Year 1 of 2021-31 LTP)	Year End Result as at 30/06/21 (Year 3 of 2018-28 LTP)	
a) attendance (from time of notification to the time service personnel arrive onsite) (Mandatory Measure)	6 hours or less	37 minutes	Achieved	Year End: 131 minutes (2.18 hours) Q1: 30 minutes Q2: 47 minutes Q3: 2829 minutes (47.15 hours) Q4: 48 minutes The February 2022 flooding event happened afterhours. The volume of complaints received resulted in longer attendance times despite staff working extra hours and over the weekend.	Year End: 27 minutes Q1: 27 minutes Q2: 23 minutes Q3: 21 minutes Q4: 46 minutes	YTD: 52 minutes 2022/23 Quarterly Results: Q1: 75 minutes Q2: 50 minutes Q3: 37 minutes
b) resolution (from time of notification to the time service personnel confirm resolution) (Mandatory Measure)	12 hours or less	59 minutes	Achieved	Year End: 1084 minutes (18.07 hours) Q1: 161 minutes Q2: 147 minutes Q3: 3950 minutes (65.83 hours) Q4: 105 minutes The clean-up of overflows in Q3 following the February 2022 flood event could not be completed until the water subsided. This took several days, impacting resolution times.	Year End: 139 minutes Q1: 153 mins Q2: 63 mins Q3: 146 minutes Q4: 219 minutes	YTD: 92 minutes 2022/23 Quarterly Results: Q1: 159 minutes Q2: 75 minutes Q3: 59 minutes
Number of dry weather sewerage overflows from MDC's sewerage system (Mandatory Measure)	Less than or equal to 2/ 1000 connections	0.10 complaints/1000 connections (1 complaint)	Achieved	Year End: 1.15/1000 connections YTD Actual: 11 complaints Q1: 0.31/1000 (3) Q2: 0.21/1000 (2) Q3: 0.42/1000 (4) Q4: 0.21/1000 (2)	Year End: 0.96/1000 connections Actual: 9 complaints Q1: 0.53/1000 (5) Q2: 0.21/1000 (2) Q3: 0/1000 (0) Q4: 0.21/1000 (2)	YTD: 0.33 complaints/1000 connections YTD Actual: 3 complaints 2022/23 Quarterly Results: Q1: 0.10/1000 (1 complaint) Q2: 0.10/1000 (1 complaint) Q3: 0.10/1000 (1 complaint)

MEASURE	CURRENT YEAR END RESULTS			PREVIOUS YEAR END RESULTS (WHERE APPLICABLE)		COMMENTARY
	2022/23 Annual Target	Quarter 3: Result as at 31/03/23 (Year 2 of 2021-31 LTP)	Status at 31/03/23	Year End Result as at 30/06/22 (Year 1 of 2021-31 LTP)	Year End Result as at 30/06/21 (Year 3 of 2018-28 LTP)	
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	One abatement notice served. An Abatement Notice was served on MDC on 25/8/22, requiring compliance with consent conditions.	Not Achieved	One infringement received An infringement was received in Quarter 2 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.	100% - no consent breaches	YTD: One abatement notice received. Q1: One abatement notice received. Q2: 100% compliant Q3: 100% compliant In Q1, a breach of Resource Consent conditions due to occasional high E-Coli results detected in the final treatment pond (not the wastewater discharge) resulted in GWRC serving an abatement notice on Council on 25/8/22. MDC has since complied, as reported in Q2 and Q3. Further work is being undertaken to determine the cause of the bacteria in the ponds.
Alternative system provided where loss of service exceeds 24 hours	Less than or equal to 1/1000 connections	2.99/1000 connections (29 port-a-loos provided)	Not Achieved	6.4/1000 connections (61 port-a-loos required) Q1: 0/1000 Q2: 0/1000 Q3: 6.2/1000 (59 port-a-loos required) Q4: 0.21/1000 (2 port-a-loos required) Port-a-loos were provided to properties that experienced wastewater overflows as a result of the February 2022 rain event in Q3. The two port-a-loos reported in Q4 related to the flooding event in Q3. Service requests for these two port-a-loos were completed in Q4.	0.64/1000 connections (6 port-a-loos provided) Three port-a-loos 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.	YTD: 14.15/1000 connections (137 port-a-loos required) 2022/23 Quarterly Results: Q1: 8.37/1000 connections (81 port-a-loos) Q2: 2.79/1000 connections (27 port-a-loos) Q3: 2.99/1000 connections (29 port-a-loos) The high number of port-a-loos provided in Q1 are primarily a result of issues with the wastewater network resulting from groundwater tables remaining high following the heavier than usual rainfall through before and during Q1. While the number of port-a-loos required in Q2 and Q3 are less than Q1, the groundwater conditions and heavy rainfall have continued to impact. In July 2022 rainfall was twice what is usually expected for that month, and September rainfall was 1.5 times what is usual. In Q2, rainfall was 1.73 times what is usual over Q2 months. With already high groundwater, this level of rainfall has resulted in challenges with the wastewater network. The number of port-a-loos provided in Q1 exceeded the number provided for the full year last year. The number in Q2 was higher than usual, and while Q3 is less than the

MEASURE	CURRENT YEAR END RESULTS			PREVIOUS YEAR END RESULTS (WHERE APPLICABLE)		COMMENTARY
	2022/23 Annual Target	Quarter 3: Result as at 31/03/23 (Year 2 of 2021-31 LTP)	Status at 31/03/23	Year End Result as at 30/06/22 (Year 1 of 2021-31 LTP)	Year End Result as at 30/06/21 (Year 3 of 2018-28 LTP)	
						equivalent quarter last year, that was when we experienced the February 2022 record rain event. Year to date, the number provided is more than double what was provided for the full year last year and well above results for the 2020/21 year. Given that, this measure is not expected to be achieved at year end.
Stormwater:						
Number of flooding events that occur in the district (Mandatory Measure)	10 events or less	No Flooding Events	Achieved	Year End: 2 Flooding Events Q1: No flooding events Q2: No flooding events Q3: 2 flooding events Q4: No flooding events	Year End: 2 Flooding Events Q1: No flooding events Q2: One flooding event Q3: No flooding events Q4: One flooding event	YTD: 5 Flooding Events Q1: 3 flooding events Q2: 2 flooding events Q3: No flooding events The YTD result reflects the wet weather experienced, as noted under wastewater results above.
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: 0.33/1000 connections. 3 habitable floors affected Q1: No habitable floors affected Q2: No habitable floors affected Q3: 2 habitable floors affected Q4: 1 habitable floors affected The habitable floor reported in Q4 was related to the flooding event in Q3. The service request was completed in Q4.	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	YTD: 0/1000 connections. No habitable floors affected Q1: No habitable floors affected Q2: No habitable floors affected Q3: No habitable floors affected
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	100% compliance	100% - no consent breaches	Achieved	100% - no consent breaches	100% - no consent breaches	YTD: 100% - no consent breaches

MEASURE	CURRENT YEAR END RESULTS			PREVIOUS YEAR END RESULTS (WHERE APPLICABLE)		COMMENTARY
	2022/23 Annual Target	Quarter 3: Result as at 31/03/23 (Year 2 of 2021-31 LTP)	Status at 31/03/23	Year End Result as at 30/06/22 (Year 1 of 2021-31 LTP)	Year End Result as at 30/06/21 (Year 3 of 2018-28 LTP)	
MDC in relation to those consents. (Mandatory Measure)						
Number of complaints received about the performance of MDC's stormwater system (Mandatory Measure)	Less than or equal to 3/1000	2.22 complaints/1000 connections Actual Complaints: 20	Not Achieved	Year End: 4.11 complaints/1000 connections YTD Actual: 37 complaints Q1: 0.56/1000 (5) Q2: 0.67/1000 (6) Q3: 2/1000 (18) Q4: 0.89/1000 (8) The February 2022 rain event in Q3 contributed to an increased number of complaints in that quarter.	Year End: 2.33 complaints/1000 connections Actual: 21 complaints Q1: 0.44/1000 (4) Q2: 0.56/1000 (5) Q3: 0.33/1000 (3) Q4: 0.99/1000 (9)	YTD: 7 complaints/1000 connections YTD Actual: 63 complaints Q1: 3.44/1000 (31 complaints) Q2: 1.33/1000 (12 complaints) Q3: 2.22/1000 (20 complaints) The higher number of complaints in Q1 are primarily related to groundwater tables remaining high following the heavier than usual rainfall through before and during Q1. Groundwater tables and rainfall have continued to impact in Q2 and Q3. While complaints in Q2 and Q3 are less than Q1, they are still higher than usual (noting the higher number in Q3 last financial year were related to the February 2022 rain event). In July 2022 rainfall was twice what is usually expected for that month, and September rainfall was 1.5 times what is usual. Over Q2 rainfall was 1.73 times what is usual for these months. The number of complaints received YTD exceeds the number received for the full year last year. Given that, this measure is not expected to be achieved at year end.
Median response time to attend a flooding event (from time of notification to the time service personnel arrive onsite) (Mandatory Measure)	60 minutes or less	N/A – no flooding events reported	Achieved	YTD: 6531 (109 hours) Q1: No flooding events Q2: No flooding events Q3: 6530 minutes Q4: 25 minutes The volume of complaints relating to flooding and	Year End: 22 minutes Q1: No flooding events Q2: 30 minutes Q3: No flooding events Q4: 14 minutes	YTD: 21 minutes 2022/23 Quarterly Results: Q1: 47 minutes – 3 flooding events reported Q2: 16 minutes – 2 flooding events reported Q3: N/A – no flooding events reported

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				wastewater issues over the period of the rain event in Q3 resulted in longer response times, despite staff working extra hours and over the weekend. The response time reported in Q4 was related to the flooding event in Q3. The service request was completed in Q4.		
Solid Waste						
Number of call backs due to non-collection of official rubbish bag in each weekly collection	No more than 52 call-backs per annum.	3 call backs	Achieved	Year End: 9 Call Backs 2021/22 Quarterly Results: Q1 Result: 1 Q2 Result: 1 Q3 Result: 2 Q4 Result: 5	Year End: 26 Call Backs 2020/21 Quarterly Results: Q1 Result: 2 Q2 Result: 10 Q3 Result: 6 Q4 Result: 8	YTD: 8 Call Backs Q1 Result: 2 Q2 Result: 3 Q3 Result: 3

MEASURE	CURRENT YEAR END RESULTS			PREVIOUS YEAR END RESULTS (WHERE APPLICABLE)		COMMENTARY
	2022/23 Annual Target	Quarter 3: Result as at 31/03/23 (Year 2 of 2021-31 LTP)	Status at 31/03/23	Year End Result as at 30/06/22 (Year 1 of 2021-31 LTP)	Year End Result as at 30/06/21 (Year 3 of 2018-28 LTP)	
Tonnage of waste transferred to landfill per head of population	Reduction on previous year (0.599 tonne per head of population) Note: When the new bylaw is implemented, a new baseline will be established for reporting purposes.	0.537 tonne per head of population (Q3 annualised) <i>(est. population as at 30/6/22: 29,000)</i> 11,687 tonnes YTD of waste transferred ex Masterton	On Track to Achieve	Year End: 0.599 tonne per head of population <i>(est. population as at 30/6/21: 28,200)</i> 16,883 tonnes of waste transferred (16.6% increase on previous year) Result excludes 277 tonnes of recyclable materials that were damaged and dumped as a result of a fire in the MRF in August 2021.	Year End: 0.527 tonne per head of population <i>(est. 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>	YTD Result: 0.537 tonne per head of population (annualised) – 11,687 tonne of waste transferred Q1 – 0.556 tonne per head of population (annualised) - 4,031 tonne of waste transferred Q2 Result: 0.564 tonne per head of population (annualised) – 4,153 tonne of waste transferred Q3 Result: 0.537 tonne per head of population (annualised) – 3,503 tonne of waste transferred <i>Results are based on estimated population of 29,000 as at 30/6/22.</i> This result is currently tracking to be achieved at year end. <i>Note: In the Q1 report, the result was reported as 0.572 tonne per head of population (annualised). This was based on the estimated population as at 30/6/21 of 28,200. We now have the estimated population as at 30/6/22. The Q1 result has been revised using the updated population figure.</i>
Urban and rural transfer stations, recycling, composting facilities and landfills operate within approved resource consent conditions	100% compliance	N/A	Not Available to Report	100% compliance	100% compliance	Staff are working with GWRC to finalise the annual compliance report. We expect this will be finalised in time to report the result in Q4.

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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>YTD Library Usage: 240,739</p> <ul style="list-style-type: none"> Physical issues: 139,505 Digital issues: 38,114 Computer/Wi-Fi sessions: 63,120 <p>We are on target to surpass the 5 year average by 10%.</p>	On Track to Achieve	<p>Year End Library Usage: 278,960</p> <p>Physical issues: 182,546</p> <p>Digital issues: 44,838</p> <p>Computer/Wi-Fi sessions: 51,576</p> <p>The 5 year average for Library usage was: 318,686</p> <p>Physical issues: 231,430</p> <p>Digital issues: 12,958</p> <p>Computer/Wi-Fi sessions: 74,298</p> <p>Q1 Library Usage: 53,666</p> <p>Physical issues: 40,529</p> <p>Digital issues: 8,751</p> <p>Computer/Wi-Fi sessions: 4,386</p> <p>Q2 Library Usage: 63,777</p> <p>Physical issues: 47,147</p> <p>Digital issues: 11,844</p> <p>Computer/Wi-Fi sessions: 4,786</p> <p>Q3 Library Usage: 71,517</p> <p>Physical issues: 46,638</p> <p>Digital issues: 10,400</p> <p>Computer/Wi-Fi sessions: 14,479</p> <p>Q4 Library Usage: 87,326</p> <p>Physical issues: 48,226</p> <p>Digital issues: 12,073</p> <p>Computer/Wi-Fi sessions: 27,027</p>	N/A – New Measure	<p>The 5 year average for Library Usage is: 290,315 (this equates to a quarterly average of 72,579) made up of:</p> <ul style="list-style-type: none"> Physical issues: 214,591 Digital issues: 16,614 Computer/Wi-Fi sessions: 59,110 <p>YTD Library Usage: 240,739</p> <ul style="list-style-type: none"> Physical issues: 139,505 Digital issues: 38,114 Computer/Wi-Fi sessions: 63,120 <p>Quarterly Results:</p> <p>Q1 Library Usage: 79,668</p> <ul style="list-style-type: none"> Physical issues: 46,211 Digital issues: 13,369 Computer/Wi-Fi sessions: 20,088 <p>Q2 Library Usage: 80,278</p> <ul style="list-style-type: none"> Physical issues: 46,498 Digital issues: 11,745 Computer/Wi-Fi sessions: 22,032 <p>Q3 Library Usage: 80,777</p> <ul style="list-style-type: none"> Physical issues: 46,777 Digital issues: 13,000 Computer/Wi-Fi sessions: 21,000

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	2022/23 Annual Target	Quarter 3: Result as at 31/03/23 (Year 2 of 2021-31 LTP)	Status at 31/03/23	Year End Result as at 30/06/22 (Year 1 of 2021-31 LTP)	Year End Result as at 30/06/21 (Year 3 of 2018-28 LTP)	
<p>Library 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 Housebound <p>Note: Digital visits include website, OPAC and social media.</p>	<p>YTD Library Visits: 209,181</p> <p>Visits consists of:</p> <ul style="list-style-type: none"> In Person: 72,174 Digital: 136,157 Housebound: 850 <p>We are on target to surpass the 5 year average by 15%.</p>	<p>On Track to Achieve</p>	<p>Year End Library Visits: 363,490</p> <p>Visits consist of:</p> <ul style="list-style-type: none"> In Person: 83,400 Digital (website, OPAC, social media): 278,944 Housebound: 1,146 <p>The 5 year average for Library visits was: 215,501</p> <ul style="list-style-type: none"> In Person Visits: 148,062 Digital Visits: 66,745 Housebound Visits: 694 <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>Q3 Library Visits: 58,268</p> <ul style="list-style-type: none"> In Person: 19,361 Digital: 38,675 Housebound: 232 <p>Q4 Library Visits: 185,871</p> <ul style="list-style-type: none"> In Person: 21,772 Digital: 163,816 (social media is only measured at year end) Housebound: 283 	N/A – New Measure	<p>The 5 year average for Library Visits is: 233,332 (this equates to a quarterly average of 58,333) made up of:</p> <ul style="list-style-type: none"> In Person Visits: 128,351 (32,088 per quarter average) Digital Visits: 104,178 (26,044 per quarter average) Housebound Visits: 803 (201 per quarter average) <p>Digital visits include website, OPAC and social media.</p> <p>YTD Library Visits: 209,181</p> <ul style="list-style-type: none"> In Person: 72,174 Digital: 136,157 Housebound: 850 <p>Quarterly Results:</p> <p>Q1 Library Visits: 59,240</p> <ul style="list-style-type: none"> In Person: 24,748 Digital: 34,168 Housebound: 324 <p>Q2 Library Visits: 71,457</p> <ul style="list-style-type: none"> In Person: 23,405 Digital: 47,740 Housebound: 312 <p>Q3 Library Visits: 78,484</p> <ul style="list-style-type: none"> In Person: 24,021 Digital: 54,249 Housebound: 214 	
<p>Percentage of Council parks and open spaces urgent customer service requests that are</p>	<p>90% resolved within 4 work hours.</p>	<p>100% responded to within 4 hours.</p>	<p>Achieved</p>	<p>Year End: 96% responded to within 4 hours.</p>	N/A – New Measure	<p>Year to Date: 92.3% responded to within 4 hours.</p> <p>38 out of 41 urgent requests received were responded to within 4 hours.</p>

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resolved within 4 work hours.		11 urgent requests were received and 11 were responded to within 4 hours.		56 urgent requests received. 54 were responded to within 4 hours. Q1: 100% (7) Q2: 100% (14) Q3: 100% (10) Q4: 92% (25)		Q1: 90% (18/20 urgent requests) Q2: 90% (9/10 urgent requests) Q3: 100% (11/11 urgent requests)
Number of people using the recreational trails that are part of our parks and reserves network	Utilisation = at least the 2 year average The 2 year average (as at 30/6/20) equates to: 289,612 See note regarding targets in commentary column.	This measure was set as part of the 2021-31 Long-Term Plan process. At that time, data loggers were recording the number of people using the recreational trails. However, over the past two years we have been unable to report results due to ongoing issues with the data loggers. We are unable to report on this measure in Q3.	Not Applicable	Year End: Results unable to be reported due to issues with data loggers through the year.	Year End: Results unable to be reported due to issues with data loggers through the year.	In January 2023, all Trail Counters were retrieved to complete servicing, and to enable some design modifications. The Trail Counters were reinstated at the start of February 2023, with data collection from five sites: 1. Henley Lake 2. QEP Swing Bridge 3. Railway Crescent Trail 4. Fourth Street Trail 5. Milford Downs Trail Readings have been obtained for February and March 2023. Staff are aiming to have full data for Q4 reporting. While weather conditions impacted February 2023 Trail activity, March readings saw considerable growth in activity. There were an average of 29,116 trails users registered across the two months. If this average continued over a full year, trail use would exceed the 2 year average. The 2 year average (as at 30/6/20) was: 289,612 (this equates to approximately 72,403 per quarter). 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. Inaccuracies in 2020/21 data can be attributed to insects getting into the devices and interfering with the beam on the Trail counters, and periods of Covid lockdown.

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						<p>Note regarding Year 2 target:</p> <p>The target for Year 2 was to change to the 3 year average, however due to issues with data loggers in Year 1 we do not have accurate data to revise the Year 2 target. Given that, the target will remain the same as in Year 1 and we will look to revise this for Year 3 if the issues with data loggers are resolved.</p> <p>Targets were proposed to change from Year 2 as follows:</p> <ul style="list-style-type: none"> Year 2: Utilisation = at least the 3 year average Year 3: Utilisation = at least the 4 year average From Year 4: Utilisation = at least the 5 year average
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: 44,213</p> <p>Usage consists of:</p> <ul style="list-style-type: none"> Swim: 28,728 Gym: 7,972 Stadium Sports: 1,760 Stadium Events: 5,753 	<p>On Track to Achieve</p>	<p>Year End Usage: 99,899</p> <ul style="list-style-type: none"> Swim: 65,357 Gym: 25,214 Stadium Sports: 3,717 Stadium Events: 5,601 <p>The 5 year average for Trust House recreation Centre Usage was: 106,018. This consists of:</p> <ul style="list-style-type: none"> Swim: 70,348 Gym: 25,695 Stadium Sports: 2,761 Stadium Events: 7,215 <p>Q1 Usage: 21,716</p> <ul style="list-style-type: none"> Swim: 14,247 Gym: 5,002 Stadium Sports: 787 Stadium Events: 1,680 <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>Q3 Usage: 28,413</p>	N/A – New Measure	<p>The 5 year average for Trust House recreation Centre Usage is: 121,703 (equating to a quarterly average of 30,246). This consists of:</p> <ul style="list-style-type: none"> Swim: 79,983 (quarterly average: 19,996) Gym: 30,152 (quarterly average: 7,538) Stadium Sports: 3,367 (quarterly average: 842) Stadium Events: 8,202 (quarterly average: 2,051) <p>YTD Usage: 117,961</p> <ul style="list-style-type: none"> Swim: 81,551 Gym: 20,931 Stadium Sports: 4,672 Stadium Events: 10,807 <p>Q1 Usage: 34,476</p> <ul style="list-style-type: none"> Swim: 24,333 Gym: 6,244 Stadium Sports: 1,775 Stadium Events: 2,124 <p>Q2 Usage: 39,272</p> <ul style="list-style-type: none"> Swim: 28,490 Gym: 6,715 Stadium Sports: 1,137

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				<ul style="list-style-type: none"> Swim: 18,721 Gym: 7,844 Stadium Sports: 724 Stadium Events: 1.124 Q4 Usage: 26,063 <ul style="list-style-type: none"> Swim: 17,148 Gym: 5,715 Stadium Sports: 1,449 Stadium Events: 1,751 		<ul style="list-style-type: none"> Stadium Events: 2,930 Q3 Usage: 44,213 <ul style="list-style-type: none"> Swim: 28,728 Gym: 7,972 Stadium Sports: 1,760 Stadium Events: 5,753 Swim, stadium sports and stadium events have already exceeded the 5 year annual average. As at Q3, we have almost achieved the overall 5 year average (117,961 vs 121,703). YTD results for 2022/23 are on track to be achieved.
Compliance with the healthy homes standards for Council owned rental units and houses.	Year 1 and Year 2: Applies to all new or renewed tenancy agreements for Council rental units/houses from 1 July 2021: All units/houses comply with the healthy home standards (or have exemptions) at the time they are leased. From Year 3: Applies to all Council rental units/houses: All units/houses comply with the healthy home standards (or have exemptions). <i>Note: This aligns with the requirement for all private rentals to</i>	Proportion of new/renewed tenancy agreements where the unit/house rented is compliant (or has an exemption) at the time of lease: 100% (3/3)	Achieved	N/A – New Measure	N/A – New Measure	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. YTD: 100% - 3 units have been Let. All were fully compliant at the time of lease. Q1: 100% - 1 unit was let. That unit was fully compliant. Q2: 100% - 1 unit was let. That unit was fully compliant. Q3: 100% - 1 unit was let. That unit was fully compliant. All Council housing is now fully compliant with new standards, ahead of schedule (31 December 2022) and the legal deadline for compliance (1 July 2024).

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	<i>comply (or have been granted exemptions) by 1 July 2024. Council properties are categorised as private rentals</i>					
Regulatory:						
Response time to attend Priority 1 urgent call outs (e.g. dog attacks).	90% attended within one hour	100% (48 out of 48 urgent call-outs attended on time)	Achieved	Year End: 94% 141/150 attended on time Q1 – 98.08% (51/52) Q2 – 90.62% (29/32) Q3 – 86.21% (25/29) Q4 – 92.11% (35/38)	N/A – New Measure	YTD: 94.65% (124/131 attended on time) Q1 – 93.54% (29/31) Q2 – 90.39% (47/52) Q3 – 100% (48/48) Priority 1 call outs include dog attacks on people, animals, protected wildlife and stock, as well as rushing's, stock worrying, welfare and police assistance. Three of the 31 call outs in Q1 were for attacks on people. All three of these call outs were attended within time. Seven of the 52 call outs in Q2 were for attacks on people. All seven were attended to within one hour of notification of the attack. Eight of the 48 call outs in Q3 were for attacks on people. All eight were attended to within one hour of notification.
Response time to attend noise control call outs.	90% attended within one hour	97.5% (117 of 120 complaints attended within one hour)	Achieved	Year End: 93.7% 687/733 attended on time Q1 – 95.6% (132/138) Q2 – 96% (264/275) Q3 – 92.5% (149/161) Q4 – 89.3% (142/159) The increased number of call outs in Quarter 2 is likely to reflect seasonal change – i.e. moving into spring/early summer with more people	N/A – New Measure	YTD: 94.44% (391/414 attended on time) Q1 – 95.83% (115/120) Q2 – 91.38% (159/174) Q3 – 97.5% (117/120)

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				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	Achieved	8 education/engagement activities Q1 – No education/engagement activities Q2 – 2 Q3 – 4 Q4 - 2	N/A – New Measure	YTD: 8 education/engagement activities Q1 – No education/engagement activities Q2 – 5 education/engagement activities Q3 – 3 education/engagement activities The target of at least 6 education/engagement activities has been exceeded.
Percentage of building consents processed within statutory timeframes	90%	94% (130/138 consents issued were processed within statutory timeframes)	Achieved in Q3 but not expected to be achieved at Year End.	65% 442 of 685 consents issued were processed within statutory timeframes. The average processing time was 20 working days. Q1: 52% (93/178) – 22 days Q2: 74% (102/138) – 15 days Q3: 87% (144/165) - 16 days Q4: 75% (156/207) – 17 days	78% 664 of 851 consents issued were processed within statutory timeframes.	Quarter 3: 130 building consents were issued within statutory timeframes. The average processing time was 15 working days. YTD: 80% (395/493/ 18 days) Q1: 73% (141/194) / 17 working days Q2: 77% (124/161) / 19 working days Q3: 94% (130/138) / 15 working days There has been an improvement in compliance with statutory timeframes in Quarter 3. This reflects the reduced number of applications. Despite the improvement in Q3, the measure is unlikely to be achieved at year end given results in Q1 and Q2.
Percentage of code compliance certificates processed within statutory timeframes	90%	97% (95 of 98 certificates were processed within statutory timeframes)	Achieved	79% 453 of 573 code compliance certificates were processed within statutory timeframes. The average processing time was 17 working days. Q1: 72% (118/163) - 15 days Q2: 95% (137/145) - 9 days Q3: 85% (97/114) - 14 days	N/A – New Measure	Quarter 3: 95 code compliance certificates were issued, with 97% processed within statutory timeframes. The average processing time was 16 working days. YTD on time: 88% (384/437) 16.5 working days Q1: 83% (130/156) / 20.9 working days Q2: 87% (159/183) / 13 working days Q3: 97% (95/98) / 16 working days.

MEASURE	CURRENT YEAR END RESULTS			PREVIOUS YEAR END RESULTS (WHERE APPLICABLE)		COMMENTARY
	2022/23 Annual Target	Quarter 3: Result as at 31/03/23 (Year 2 of 2021-31 LTP)	Status at 31/03/23	Year End Result as at 30/06/22 (Year 1 of 2021-31 LTP)	Year End Result as at 30/06/21 (Year 3 of 2018-28 LTP)	
				Q4: 85% (139/163) - 13 days		There has been an improvement in the percentage processed on time, and a reduction in the average number of working days. This reflects the reduced number of applications. Based on improving trends, and the current YTD result, it is possible that this measure could be achieved at year end.
Percentage of commercial Building Warrant of Fitness' (BWOFs) that have been reviewed within 20 days of their due date.	At least 90% of BWOFs have been reviewed within 20 days of their due date.	100%	Achieved	Year End: 100% reviewed within 20 days of the due date. Q1: 100% Q2: 100% Q3: 100% Q4: 100% 90% compliance across 387 Building Warrant of Fitness.	N/A – New Measure	97% current compliance across 395 Building Warrant of Fitness, 12 overdue. Overdue means that the building owner (or their agent) has not provided a BWoF in the month of their anniversary date, and MDC are following up. YTD: 100% reviewed within 20 days of the due date. Q1: 100% Q2: 100% Q3: 100%
Proportion of known residential swimming pools that have been inspected.	Year 2 target: 50% The year 1 target was 25%. Target changes from Year 3: 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.	YTD 37% inspected 30% of total pools compliant YTD: 364 inspections undertaken	Not Achieved in Q3 but expect to achieve at year end	3% inspected YTD: 28 inspections undertaken. Q1: No inspections. Q2: No inspections. Q3: 15 inspections. Q4: 13 inspections. Pool inspections scheduled for 2021/22 were impacted by a lack of resource in the team due to a resignation.	N/A – New Measure	Quarter 2: 95 inspections undertaken over 87 pools. YTD: 364 inspections undertaken over 303 pools, with 269 of those pools remaining on our database* = 37% of pools inspected. Q1: 233 inspections undertaken over 190 pools = 23% inspected and 13% of total pools compliant Q2: 44 inspections undertaken over 26 pools = 27% inspected and 19% of total pools compliant Q3: 87 inspections undertaken over 87 pools = 37% inspected and 30% of total pools compliant Based on the YTD results, the target for Year 2 is expected to be achieved at Year End. <i>Note: Some pools are decommissioned following inspection and/or the pool is confirmed as no longer existing when staff visit the site.</i>

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.

6.6 NINE MONTHS TO DATE FINANCIAL REPORT 2022/2023

File Number:

Author: David Paris, Manager Finance

Authoriser: David Hopman, Chief Executive

PURPOSE

To provide the Audit and Risk Committee with financial reporting for the nine months to 31 March 2023.

RECOMMENDATION

That the Audit and Risk Committee receives the 9 months to date financial report and commentary.

REPORT AND COMMENTARY

The financial statements and commentary for the 9 months to 31 March 2023 is reported below. A full year forecast is being prepared, but was not ready at time of agenda cut-off. It will be available prior to the meeting.

The **Statement of Revenue & Expenditure** shows an accounting surplus of \$7.44 million. This is \$5.40 million better than the planned YTD surplus of \$2.04 million. This better-than-planned result is due to the following major aspects:

- Roading subsidies of \$10.95m are more than planned by \$4.44m or 68.3% as a result of the extra subsidy on higher than planned expenditure on storm damage response over the nine months. That unplanned expenditure has also attracted higher subsidy rates, some of which is at 97% or 77% instead of the FAR rate of 57%.
- Revenue from financial contributions is \$2.94m, being 2.4% more than planned and 30.1% more than YTD last year. It reflects the continuing number of subdivisions which are reaching completion.
- Interest received is \$0.6m ahead of the Plan YTD. The Plan allowed for low interest rates on funds invested, as had been the case for the previous few years. Also adding to the variance is the investment of pre-funding loan proceeds for 8 months prior to loan repayments in April.
- Fees, charges and other revenue of \$9.2m is 11.2% more than planned which is largely due to the final allocation of Three Waters stimulus funding which wasn't budgeted.
- Personnel costs of \$9.48m are \$0.857m (8.3%) less than planned, due to carrying a number of vacancies during the year. Several of those vacancies have recently been filled, but the savings made YTD will be available to offset other activities where there are cost pressures.

- Other Operating expenditure is 4.5% more than budgeted reflecting roading and other storm event response costs from events in July 2022 and Jan/Feb 2023. There numerous other unders and overs across all operating activities of Council.
- Interest expense of \$1.89m is 47.8% more than planned YTD. This arises from a combination of higher interest rates than planned and the pre-funding borrowing undertaken. The under and overs in interest earned and paid offset each other.

Statement of Revenue & Expenditure						
9 months 2021/22 Actual	9 Months Year to Date to 31 March 2023	9 months 2022/23 Actual	9 months 2022/23 Plan	Variance		Full Year Plan 2022/23
	Revenue					
25,975,746	Rates Revenue*	28,200,982	28,130,666	70,317	0.2%	37,729,720
229,306	Interest Received (external)	873,025	269,753	603,272	223.6%	357,250
5,305,809	NZTA Roothing Subsidies	10,952,691	6,508,945	4,443,746	68.3%	10,434,841
2,261,697	Financial Contributions	2,943,311	2,873,616	69,695	2.4%	3,831,498
9,046,545	Fees, Charges & Other Revenue	9,212,125	8,286,858	925,267	11.2%	18,727,381
42,819,103	Total Operating Revenue	52,182,134	46,069,838	6,112,296	13.3%	71,080,690
	Expenses					
9,045,113	Personnel Costs	9,482,399	10,339,375	856,976	8.3%	14,126,104
19,155,762	Other Operating Expenditure	21,336,430	20,409,511	(926,919)	-4.5%	26,294,340
1,445,447	Interest Expense	1,894,177	1,281,495	(612,682)	-47.8%	1,708,613
10,988,879	Depreciation & amortisation	12,024,560	11,975,148	(49,412)	-0.4%	15,966,833
40,635,201	Total Operating Expenses	44,737,565	44,005,529	(732,036)	-1.7%	58,095,891
\$2,183,902	Operating Surplus/(Deficit)	\$7,444,569	\$2,064,309	\$5,380,260		\$12,984,800

*Rates Revenue excludes rates on Council properties

The **Rates Requirement Summary** to 31 March 2023 shows the Council's net spending of rates funding at \$25.8m compared to \$25.65m planned year to date, 0.6% more. Overall that result is very close to what was planned, but within the result are activities where expenditure levels have exceeded the budgets, offset by underspending elsewhere.

The \$3.1m surplus of rates funding year to date reflects that the majority of debt repayments have yet to be made as at 31 March. An \$8m bond maturity in April is when \$3.3m of the repayment will be reflected through this statement.

2022/23 9 Months to 31 March 2023

2021/22 9 Months	Rates Requirement Summary	2022/23 YTD Actual	2022/23 YTD Plan	Variance		2022/23 Full Year Plan
\$		\$	\$	\$	%	\$
	RATES REQUIRED BY ACTIVITY					
	Transport					
5,095,080	Roading	4,959,737	4,896,809	(62,928)		7,808,875
	Water Services					
2,719,099	Urban Water supply	3,367,013	2,997,128	(369,885)		4,209,309
53,716	Rural Water supplies & races	137,210	100,370	(36,840)		137,330
	Wastewater Services					
3,550,393	Urban Sewerage system	3,772,272	3,505,135	(267,137)		6,910,237
223,112	Rural Sewerage systems	286,755	221,490	(65,265)		398,741
	Stormwater Services					
507,604	Stormwater	770,002	587,224	(182,778)		842,041
	Solid Waste Services					
455,598	Solid Waste Services	849,779	774,929	(74,850)		1,284,734
	Community Facilities/Activities					
2,243,416	Parks, Reserves & Sportsfields	2,443,149	2,631,964	188,815		3,525,831
1,039,078	Trust House Recreation Centre	1,034,764	1,098,636	63,873		1,432,480
91,074	Cemeteries	121,700	155,301	33,601		195,827
1,718,290	Library & Archive	1,996,401	1,971,775	(24,626)		2,630,882
341,284	District Building	430,645	400,397	(30,247)		544,872
148,677	Housing for Elderly	237,214	199,045	(38,169)		169,557
658,832	Other Property	721,986	704,276	(17,711)		991,092
177,203	Hood Airport	165,978	181,873	15,895		327,891
26,068	Mawley Holiday Park	27,127	87,425	60,298		163,894
	Regulatory Services					
749,592	Resource Mgmt & Planning	937,943	888,461	(49,482)		1,170,205
548,762	Building Development	540,536	554,116	13,580		768,052
432,105	Environmental Services	430,043	473,458	43,415		648,301
(4,644)	Parking Control	(13,982)	2,514	16,496		\$3,321
5,294	Animal Services	11,710	13,359	1,649		134,926
190,897	Emergency Management	200,903	205,360	4,457		272,944
	Leadership, Strategy & Corporate Services					
521,452	Representation	570,610	597,475	26,865		819,961
499,942	Internal Functions (net)	(463,251)	52,102	515,353		0
745,326	Community Development	887,173	910,595	23,422		1,101,370
371,788	Arts & Culture	392,618	403,302	10,684		564,992
725,679	Economic Devlpmt	816,785	840,409	23,624		1,015,400
227,588	Environmental Initiatives	170,430	201,633	31,203		368,158
\$ 24,062,306	Total Rates Requirement	\$ 25,803,251	\$ 25,656,561	(\$146,690)	-0.6%	\$ 38,441,221
	RATES INCOME					
26,560,176	Masterton District Council rates	28,808,077	28,785,916	22,162		38,381,221
193,424	Penalty Income	225,308	180,000	45,308		225,000
(132,610)	Rates Remissions	(139,770)	(123,750)	(16,020)		(165,000)
26,620,991	Net Rates Income	\$ 28,893,615	\$ 28,842,166	\$ 51,450	0.2%	\$ 38,441,221
\$ 2,558,684	Surplus/(Deficit) of Rates Income	\$ 3,090,364	\$ 3,185,606	(\$95,240)	-0.4%	\$ 0

Commentary on significant variances after 9 months YTD

Roading – overall this activity is only \$63,000 in a rates deficit year to date, but the weather events of June/July and Jan/Feb have incurred close to \$4m of immediate response costs. Based on Waka Kotahi advice the subsidy rates that will apply to those costs varies. Some will be at 77% and some at 97%. The current expectation is that \$997,500 YTD is needed from Council funding and it will be drawn from the Flood Damage Fund. This will take that fund into a deficit balance of \$(768,200). The 2023/24 Annual Plan includes a provision to rate for \$500,000 to begin to return those funds. The works programme needed in 2023/24, to repair and restore the rural roading network is the subject of a separate report. It identifies a much more significant shortfall of funding that the community will have to fund if additional funding assistance is not available from central Government.

Urban Water is 12.3% more than planned – operating costs have continued to exceed the planned levels, in particular maintenance work on water mains, at the water treatment plant and reservoirs. Also cost increases for water treatment chemicals have resulted in over budget costs. It is likely this cost overruns will run through to the year end.

Rural Water is 36.7% more than planned – over-budget expenditure on Opaki water race and Tinui water supply are the main reasons for this.

Urban Wastewater is 7.6% more than planned rates required – operating costs been impacted by weather events. Council's contractors have dealt with multiple issues during those events and that has come at higher than budgeted costs. Higher than planned interest rates also contribute to this activities over-budget YTD.

Rural Wastewater is 29.5% more than planned rates required – this results for Riversdale, Castlepoint and Tinui scheme maintenance and operating costs all running higher than planned.

Stormwater costs 31.1% more than planned reflect extra contractor costs of dealing with weather-related stormwater issues in the first 9 months of the year.

Solid Waste – rates required is \$75,000 (9.7%) more than planned YTD. This is largely due to waste tonnes to Bonny Glen being less than budgeted. Also impacting it is the one month delay in implementing the waste gate fee increases following Bonny Glen's price increase from 1st January. Also, the contract cost escalation from 1st July has been higher than the level budgeted (Plan allowed +8.3%, actual +11.2%), but costs remain below plan due to the reduced volumes of waste being received.

Community Facilities have a YTD rates required of \$7.4m and they are 3.4% under that amount. Cost savings include several vacant staff roles through part of the year. Additional costs have included paying rent on two premises for the Archive for part of the year. Mawley Park continues to perform better than Plan expectations with 32% better than planned operating revenue contributing to the \$60,000 lower rates required YTD.

Regulatory functions – Resource Management & Planning costs are running above the planned level with continuing high levels of consent applications and the need to use contractors to assist staff.

The Building Development department has run a small surplus YTD despite revenue from building consents being 10% less than planned. Cost savings have been achieved through staff vacancies and reallocation of staff resources to undertaking compliance activities.

Animal Control costs are running 8.2% over planned YTD as more after hours call-outs and activity in this area have seen more resource required.

Corporate & Asset Management functions operating costs of \$8.0m have run 5.0% less than planned YTD. Some of this is the result of staff vacancies, particularly in the engineering functions. Interest income better than planned has also contributed to the better than planned result.

Summary Statement of Capital Expenditure shows \$16.56m spent for the 10 months to 30 April 2023, which is 41% of the full year capital budget total.

Commentary on variances and progress on some items is also included in the Statement on the following pages.

An estimate of the year end forecast capital expenditure is also included.

A number of large capital projects have not progressed as quickly as expected, hence the predicted 67% of the capital programme completed. These projects include Millard Ave upgrades, the Kitchener Street extension (underway), the animal shelter, sportsfields building upgrades, the Hood Aerodrome project and the Panama infrastructure work that is dependent on the sale of Panama land.

Summary Statement of Capital Expenditure						
	Actual 10 Months \$	Plan 10 Months \$	Plan Full Year 2022/23 \$	Full Year Forecast 2022/23 \$	Full Year Variance \$	Comments on progress
Roading - subsidised	6,495,442	6,535,319	11,766,156	12,501,300	(735,144)	Close to break-even due to an overspend for Colombo Road bridge (\$4.0m spent YTD which is over the full year budget of \$3.75m) which is offsetting underspends for roading renewals and minor improvements.
Roading - non-subsidised	344,095	372,825	5,786,992	1,162,250	4,624,742	\$3.7m of the forecast underspend is for Millard Ave upgrade which has been deferred. The Kitchener St extension has started and is expected to be nearing completion by 30 June 2023 however there is also an expected underspend against the Masterton CBD revamp project.
Water Services	2,451,361	2,175,000	2,635,000	2,831,979	(196,979)	Three water main renewal contracts were carried over into Q1 for completion resulting in \$485k spent that was budgeted in 2021/22. Several projects funded by Stimulus funding have carried over from 2021/22 (reservoir & Wainuioru). Year end forecast overall remains on track to be close to budgeted capex.

Wastewater Services	3,008,356	1,909,200	3,534,200	4,240,000	(705,800)	Wastewater renewals/relining contracts have been completed over the 10 months year to date and funding has been added from 3 waters Better Off Funds to increase the renewals programme by 30 June to well exceed the value of work budgeted. The Colombo Rd sewer pumping station was not budgeted but was approved by Council in November 2022, expected to be \$1.2m and completed by 30 June 2023. \$1.3m upgrade of Millard Ave sewer is not expected to proceed this year.
Stormwater Services	445,522	436,250	475,000	475,000	-	Raglan St and Wavell Cres upgrades completed year to date.
Solid Waste Services	17,290	17,580	195,320	100,320	95,000	Awaiting contract tendering
Parks, Reserves & Sportsfields	548,247	287,125	2,290,000	1,015,586	1,274,414	Many of the capital expenditure projects involve sportfield building upgrades which are still in the planning stages. There are a number of projects that will not be completed this year due to awaiting engineering reports before tendering can proceed. Completion of the Whitipoua bridge costs fell in Qtr1, but was budgeted in the prior year.
Wellbeings (Amenities)	48,159	30,720	336,000	70,215	265,785	Majority of budget is for Youth hub project which is being re-evaluated following the receivership of the construction company.
Other Property	400,735	406,125	614,000	497,936	116,064	Includes renewals work at Mawley Park and Rural halls (stimulus funding), also Waiata House minor works and Queen St leasehold improvements.

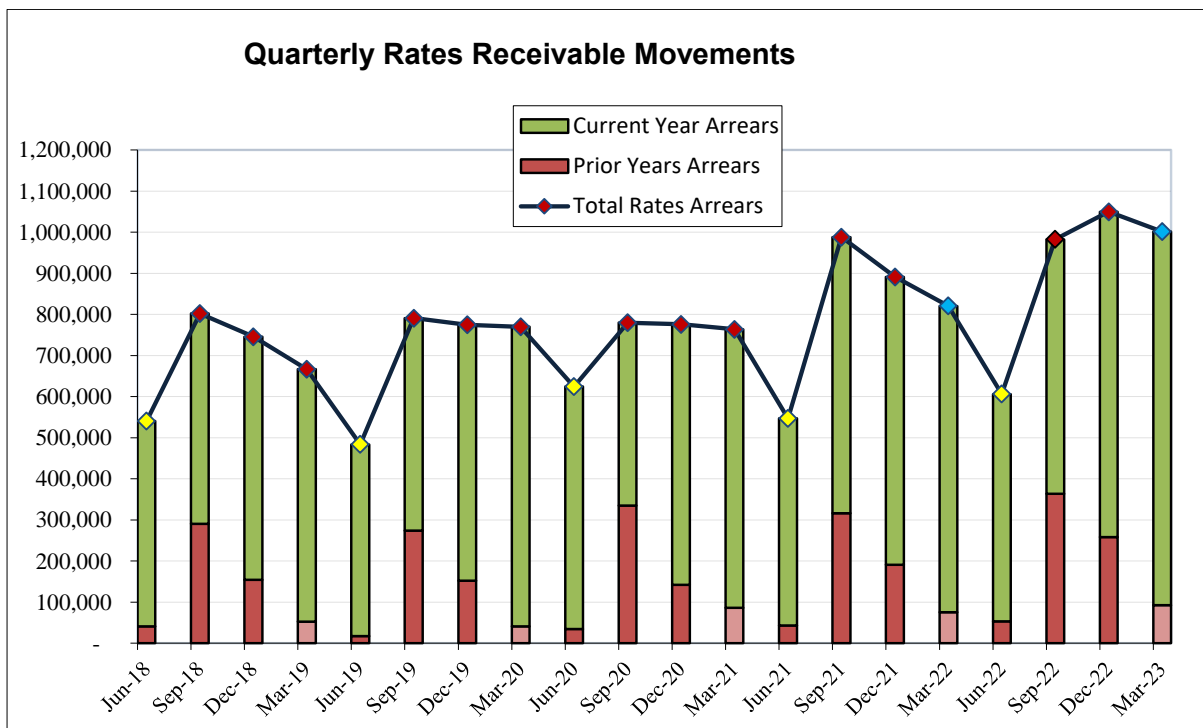
Civic Facility	72,041	80,000	470,000	95,000	375,000	Some costs of the advisory group. Awaiting a decision on next steps.
Recreation Centre	189,613	251,250	625,000	250,401	374,599	Replacement of hydroslide steps in first half of the year. Budget to be carried forward to next year for heating and roofing solution.
Housing for the Elderly	51,332	47,500	1,582,000	75,000	1,507,000	Minimal renewal work to date. \$1m provision for infrastructure is dependent of the Panama land disposal and will not occur this year.
Library & Archive	800,640	810,075	849,780	826,642	23,138	Book purchases on track with budget. Archive leasehold improvements and shelving - project completed and within budget.
Airport	1,348,059	1,218,750	6,715,000	1,870,110	4,844,890	Deposit on land purchase has been paid, sealing of the area around the refueling pump has been completed. Further spend is depending on a number of external factors being resolved so budget will need carrying forward to future years.
Regulatory Services	68,249	76,300	1,428,400	112,873	1,315,527	Budget provision is largely for stage 1 of the Animal shelter, which is yet to have designs signed off. Minimal further spend expected in 22/23.
Corporate Services	209,830	219,000	458,000	433,538	24,462	IT hardware, security upgrade project and one fleet vehicle included in YTD capex. Full year assumes 2 further fleet vehicle renewals. Expected to be close to break-even.
TOTAL COUNCIL	\$ 16,498,970	\$14,873,019	\$39,760,848	\$26,558,150	13,202,698	
% spent of full year Plan	41%			67%		

Rates Receivable

The graphs below provide a picture of the changes in the value of rates receivable by quarter.

At 31 March 2023 the balance of rates unpaid was \$1,001,399. This is 22.1% more than the same quarter end last year.

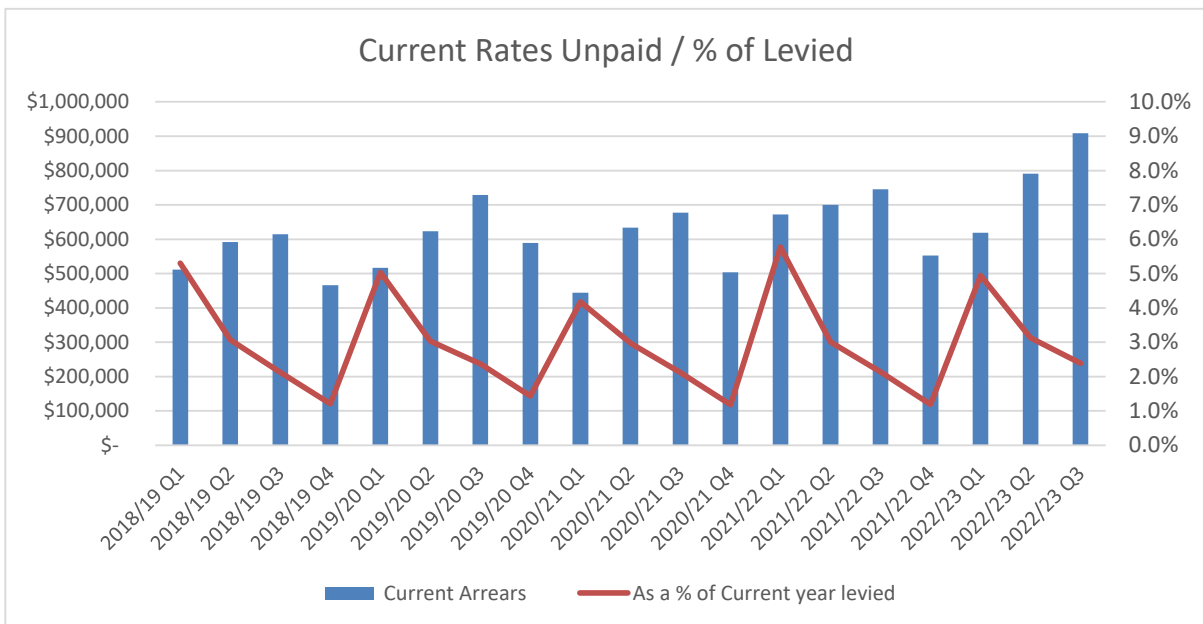
Arrears from prior years were \$92,821, which is 23.3% more than the same quarter last year and 15.3% of the balance of total arrears at 30 June 2022. This compares to \$75,253 and 13.8% at 31 March 2022.



Current year rates unpaid at 31 March 2023 were \$908,578 compared to \$745,095 at 31 March 2022. This amounts to 2.4% of the value of the first three instalments (last 31 Mar = 2.1%).

The graph below shows the value of current years rates unpaid at the end of each quarter and that value as a % of the dollars levied progressively through each year. It is noted that the trends are consistent, with the Qtr 3 percentage being consistently at 2.1% and tracking down as the year progresses to an average of 1.3%. Qtr 3 2022/23 does not show as steep a track downwards. This indicates that current arrears at 30 June 2023 may be closer to 1.6% of rates levied than the 1.2% of the last two years.

Some analysis has been done of the properties who have fallen behind in their current year rates instalments. They are largely urban residential properties. The tighter economic conditions are beginning to show in the increasing trend of rates unpaid. Other property types such as commercial, rural and beach properties have not shown an increase in numbers with arrears. The arrears balance at 30 June 2023 is still predicted to be less than 2% of total rates levied by 30 June, which is not going to adversely impact the Council's ability to operate.



One other issue affecting rates collection has been recent changes the banks are making to their electronic banking processes. Most major banks are now processing payments in real-time rather than the day after being lodged. This means that direct debits that are scheduled to come out of ratepayers' bank accounts on a Wednesday, will be debited early morning rather than at the end of the day. This impacts those ratepayers who carefully manage their funds to ensure they have enough in an account on the day it is payable. They now need to have the funds in the account the night before to avoid a dishonour/bounce.

ATTACHMENTS

Nil

6.7 2024-2034 LONG-TERM PLAN UPDATE

File Number:

Author: Tania Madden, Principal Advisor Strategy & Governance/Corporate Planner

Authoriser: David Hopman, Chief Executive

PURPOSE

The purpose of this report is to provide the Audit and Risk Committee with an update on progress with the development of the 2024-34 Long Term Plan.

RECOMMENDATIONS

That the Audit and Risk Committee

1. Receives the 2024-34 Long-Term Plan update report.
2. Endorses the proposed scope of work and the three priorities for the 2024-34 LTP, being:
 - a. The Revenue and Policy Review.
 - b. Levels of Service Review.
 - c. Budget Review.
3. Notes the early LTP project risks identified in this report.

CONTEXT

Under section 93 of the Local Government Act 2002, councils are required to prepare and adopt a Long-Term Plan (LTP) every three years.

Section 93 of the LGA stipulates that the purpose of a long-term plan is to:

- describe the activities of the local authority; and
- describe the community outcomes of the local authority's district or region; and
- provide integrated decision-making and co-ordination of the resources of the local authority; and
- provide a long-term focus for the decisions and activities of the local authority; and
- provide a basis for accountability of the local authority to the community.

The LTP is Council's key planning document setting out council's strategic direction, activities and projects over a ten-year period, including services that will be provided, projects to be undertaken, how much will be spent, how it will be paid for and how performance and success will be measured.

The LTP process offers a timely mechanism for reviewing Council's services and activities, its financial policies, and for assessing/addressing any gaps or conflicts in our strategic direction.

Preparation of an LTP is a significant project that involves collaboration across all areas of council.

The 2024-34 LTP must be adopted by Council by **30 June 2024**.

DISCUSSION

The Strategic Leadership Team (SLT) have approved an internal project team and a programme of work for the 2024-34 LTP:

LTP Project Team

The LTP is Council's Plan. Council plays a key role in the development of the LTP by setting the strategic direction of the council, approving projects and activities to align with that direction, and setting the budget to deliver the work programme.

The project team tasked with delivering the 2024-34 LTP include:

- Project Owner – Chief Executive
- Project Sponsor – Manager Strategy and Governance
- Project Lead – Principal Advisor Strategy and Governance
- Core Team Members include representatives from Finance, Policy, Asset Management, Communications, Community Development.
- Specialist input will be sought as required – e.g. for Climate Change input.

The Strategic Leadership Team (SLT) will provide oversight and monitoring of the project. Council's Audit and Risk Committee will monitor progress and risks associated with the 2024-34 process and work programme.

The goals of the project team are that:

- The LTP reflects the Council's strategic direction.
- Council engages with our community in 'the right debate'.
- Council builds internal and external relationships on the way.
- We do it all smarter.
- We meet any new legislative requirements.
- We adopt an LTP by 30 June 2024.

Scope of Work

There are a range of components that must come together for an LTP. It is not possible to comprehensively review all the components of the LTP in one planning cycle due to resource constraints. Instead, the extent of review for the different components has been determined taking into consideration when they were last reviewed, drivers for change and the resourcing and time available to complete the review.

The three priority areas identified for full review as part of the 2024-34 LTP are:

1. Revenue & Finance Policy

The Revenue & Financing Policy (R & F Policy) outlines how Council will fund the services that it provides for our community. This policy was scheduled for review in the 2021/22 year but was

deferred due to insufficient resourcing to undertake the R&F Policy review at that time. Staff are currently scoping the extent of the review to be undertaken in 2023, noting uncertainty regarding the Three Waters Reform may require further changes to the policy in future. The intent is to consult on a revised policy in September 2023. However, it is noted that this is an ambitious timeline, and that may need to be revised once the scope of the policy review is confirmed.

2. Levels of Service Review

Council will undertake a full review of levels of service for the 2024-34 LTP with an emphasis on achieving efficient, effective and equitable service delivery that is appropriate for our community. The review will include looking at opportunities to reduce service levels or stop delivering services that are not well used if that will enable savings for our community. Council will consult with our community on any options identified that significantly change the current levels of service. The level of service review will include considering feedback from our community received through our recent 2023/24 Annual Plan consultation process; the survey on Levels of Service that was undertaken in 2022; service requests/complaints information; and the 2023 Community Satisfaction Survey that we are due to receive in June 2023. Work is underway now to review service levels with the aim of identifying options for Council to consider over July/August. This will enable Council to test any options identified with our community in September when we are scheduled to consult on the Revenue and Finance Policy.

3. Budget Review

Council is keen to minimise future rates impacts for our community, especially in the current economic climate. To achieve this, budgets will be fully reviewed in alignment with the level of service review, with an emphasis on identifying cost savings.

Other Policy Reviews

In addition to the Revenue and Finance Policy, a range of other policies are scheduled for review as we develop the LTP. Other policy reviews will be targeted, noting these policies were reviewed as part of the 2021-31 LTP process. The other policies scheduled for review are:

- Treasury Management Policy
 - Liability Management Policy
 - Investment Policy
- Development & Contributions Policy
- Postponement & Remission of Rates on Māori Freehold Land Policy
- Rates Remission Policy
- Rates Postponement Policy
- Significance & Engagement Policy
- Asset Management Policy

Other LTP Work

Other LTP related work that is currently being progressed includes:

- The **Environmental Scan** - this is being reviewed currently and will be workshopped with Council in June.

- **Forecasting Assumptions** – population and growth assumptions will be workshopped with Council in June. The BERL financial indicators are used as the basis for our financial assumptions. These are expected to be released around October 2023.
- **Asset Management Plans** for Roading, Three Waters, Solid Waste, Parks and Open Spaces and Property and Facilities are being progressed and workshops will be scheduled with Council to consider these in approximately July/August.
- Developing a **Communications and Engagement Plan** for the 2024-34 LTP.

As we develop the LTP, we will also:

- Refine Council's **vision and outcomes** to better reflect and define the current Council's aspirations and the priorities.
- Identify any **policy or strategy gaps/conflicts** and our response to those
 - Noting that the need to refresh (and most likely repurpose as a framework) *He Hiringa Tangata, He Hiringa Whenua* (Council's Wellbeing Strategy) has already been identified. This work will be scheduled for Year 1 of the 2024-34 LTP.
- Review Council's **Infrastructure** and **Financial Strategies**
- Undertake targeted reviews of Council's **performance measure** framework to reflect any changes to levels of service that are confirmed, noting a full review was undertaken for the 2021-31 LTP. Further review will be required when the three waters assets transfer.

Uncertainties and Assumptions

There are always uncertainties in an LTP process. Council's assumptions will acknowledge any uncertainties and how we have responded to those. We will use the best data or information that is available to us at the time a decision is required and will clearly state in our assumptions the data or information that we have relied upon and any potential limitations of that. We will also outline the potential consequences of, for example, higher or lower growth, inflation, interest rates etc.

For 2024 key uncertainties that have been identified to date include:

- Three Waters Reform – an update on what the announcements of 13 April 2023 will mean for Asset Management Plans, the 2024-34 LTP and beyond is expected in June 2023. We will report to Council regarding Better Off Funding options as part of the 2023/24 Annual Plan Deliberations.
- Economic uncertainty will impact our financial assumptions and cost estimates in particular.
- Potential for change of government and subsequential changes in policy given the national elections in October.
- Potential outcomes or implications of the Wairarapa Combined District Plan review process.

Other Dependencies/Considerations

- Scope of the Revenue and Finance Policy Review – as noted in this report, the review is currently being scoped. Dependent on the outcome of the scoping process, there may be a need to review the initial timeline for that project. It is also likely that external assistance will be required to complete the review.
- Housing and Business Capacity Assessment (HBA) and Future Development Strategy (FDS) workstreams being led by the Wellington Regional Leadership Committee – the HBA is near completion and the FDS is scheduled for consultation in September/October 2023. The FDS informs the LTP. MDC staff representatives for the FDS are also leading MDC’s LTP process.

LTP Project Risks

Early risks and associated mitigation strategies identified by the project team include:

Identified Risks	Mitigation Strategies
Key people leave the organisation, become unwell or are unable to complete the project for any other reason.	<ul style="list-style-type: none"> ▪ Potential contractors will be identified in advance for critical positions. ▪ Good paper trails will exist for the budgeting and planning for all activities. ▪ Key people within each activity area keep others within the activity area up to date on progress and issues as they arise. ▪ Managers will be proactive in recruitment with support from HR.
Elected members delay decision-making because of inadequate information or change in strategic direction (extent of risk would depend on the extent of delay or change of direction)	<ul style="list-style-type: none"> ▪ All Long-Term Plan workshops will begin with recapping progress to date and an overview of project going forward. ▪ All councillors will be invited to all workshops. ▪ Audit & Risk oversight.
Competing priorities result in LTP and/or other projects not being completed on time, or to a lesser standard (e.g. HBA, FDS, 2023/24 Annual Plan, 2022/23 Annual Report)	<ul style="list-style-type: none"> ▪ Scope of projects and LTP components have been prioritised. ▪ Strategy & Governance work programmes for 2023 have been reviewed to prioritise LTP and LTP associated work. ▪ LTP work programmes will be continually reviewed to ensure a realistic and do-able approach. ▪ Assistance for WRLC HBA/FDS projects has been

	secured via the Wellington Regional Leadership Committee.
Audit capacity/capability to complete the LTP audit (and 2022/23 Annual Report audit) as per our schedule.	<ul style="list-style-type: none"> ▪ Early conversations with Audit NZ regarding the timing for the Annual Report and LTP audits. ▪ Maintain communication with Audit NZ regarding schedule for audit.
LTP components such as budget and level of service reviews not completed on time and/or not consistent in approach (including use of organisation-wide assumptions).	<ul style="list-style-type: none"> ▪ Staff workshops and briefings outlining approach and timelines for different elements of work. ▪ Budget guidelines and templates will be reviewed. ▪ Ongoing support from Finance and Strategy and Governance teams as required. ▪ Timetable closely monitored by Project Lead. ▪ Risks elevated to SLT and Audit and Risk early.

NEXT STEPS

Work that is programmed over the next three months leading up to the 23 August 2023 Audit and Risk Committee meeting includes:

- Rating 101 Workshop – 31 May 2023
- Environmental Scan and Growth Projections Workshop – June 2023
- Current Level of Service Presentations (to assist Level of Service and Revenue and Finance Policy Reviews) – June/July 2023
- Revenue & Finance Policy Review Workshops – June-August 2023
- Identifying potential options for revised Levels of Service – July/August 2023
- Asset Management Plan Workshops – July/August 2023
- Adopt draft Revenue and Finance Policy for consultation – scope dependent, by end of August 2023.

SUPPORTING INFORMATION

Strategic, Policy and Legislative Implications

Under the Local Government Act 2002 (LGA), councils are required to prepare and adopt a Long-Term Plan (LTP) every three years.

Section 93 of the LGA stipulates that the purpose of a long-term plan is to:

- describe the activities of the local authority; and
- describe the community outcomes of the local authority's district or region; and

- provide integrated decision-making and co-ordination of the resources of the local authority; and
- provide a long-term focus for the decisions and activities of the local authority; and
- provide a basis for accountability of the local authority to the community.

An audit of the LTP Consultation Document and the final LTP document are undertaken by Council's Auditors, Audit New Zealand, to ensure Council has complied with the requirements of the Act in developing it's LTP.

Significance, Engagement and Consultation

The adoption of an LTP is a significant decision. The Local Government Act (LGA) requires Council to follow the Special Consultation Procedure (SPC) as prescribed in Section 83 of the LGA when adopting an LTP. The SCP requirements include adopting a Consultation Document, consulting for a period of at least one month and providing opportunities for our community to be heard.

Financial Considerations

Substantive resourcing is required to produce an LTP. This is primarily existing staff time. Core project team members reflect the breadth of work and include staff from Finance, Policy, Asset Management, Communications and Community Development teams.

In addition to staff time, key costs include the cost of the audit process; any engagement and consultation that is undertaken; external consultant costs needed to support any element of the LTP process (eg asset management plan risk chapters); and support for any research or supporting information needed – e.g. to ascertain accurate costings for projects, to undertake condition assessments of assets etc.

Budget provisions across asset and corporate departments of Council total some \$270,000. These sums have been allowed for across the 2022/23 and 2023/24 Annual Plans. It includes the cost of the LTP audit which is expected to be close to \$100,000 and excludes staff time.

Treaty Considerations/Implications for Māori

The communication and engagement plan will identify opportunities for iwi, hapū, marae, hapori Māori to contribute to the decision-making of the LTP 2024-34.

Communications/Engagement Plan

A communications and engagement plan is being developed for the 2024-34 LTP.

Environmental/Climate Change Impact and Considerations

Climate change implications and actions will be considered as part of the development of the LTP 2024-34.

ATTACHMENTS

Nil

6.8 INSURANCE UPDATE

File Number:

Author: David Paris, Manager Finance

Authoriser: David Hopman, Chief Executive

PURPOSE

To provide the Audit and Risk Committee with up-to-date advice on the renewal of insurance cover from 1 July 2023 and provide information about the cost increases of that insurance.

EXECUTIVE SUMMARY

The Council carries insurance cover to mitigate a number of risks to the assets and activities of the Council. We use Marsh as our insurance brokers for the majority of Council's insurance advice. The one exception is the underground assets disaster cover – the AoN administered LAPP scheme. The majority of the insurance programme is purchased as a Wairarapa Councils Group, effectively spreading risks and providing a larger portfolio of insurance cover to attract better pricing.

RECOMMENDATION

That the Audit and Risk Committee receives the information contained in the Insurance Update Report

CONTEXT

The New Zealand property insurance market is experiencing challenging conditions. Severe weather impacts both locally and internationally (in particular Cyclone Ian in North America) are putting upwards pressure on premium rates and insurers have reduced capacity for more risk. This was the situation even before Cyclones Hale and Gabrielle and the January rain event in Auckland. The effects of these events on the insurance market have yet to be fully factored into insurers' pricing.

In addition, the Wellington region has been further impacted by insurers' decreasing appetite to take on more risk associated with earthquakes. This has stemmed from the 2016 Kaikoura earthquake and been exacerbated by the inflationary environment where the cost of rebuilding has increased significantly. Insurance providers are being selective in offering cover and are actively seeking to reduce their exposure in our region.

The Council's Material Damage and Business Interruption cover has been spread across four insurers - QBE Insurance (Australia) Ltd (45%), NZI (22.5%) AIG (17.5%), Berkshire Hathaway (15%). Our brokers are currently experiencing resistance from a number of those insurers to offer the same level of cover for the 1 July 2023 renewal. Staff and our brokers are exploring options such as reducing the value of cover (more buildings on indemnity cover only) or taking on a portion of the overall cover as self-insurance.

The preference is to not add offshore insurers (e.g. Lloyds of London) as the premium cost to secure them is prohibitive.

Other than Material Damage & Business Interruption mentioned above, the other insurance policies the Council has in place and the insurers include:

- Machinery breakdown – insurer QBE Insurance (Australia) Limited
 - Covering large pumps that are excluded from Material Damage policy
- Motor vehicle – insurer NZI (a division of AIG NZ Ltd)
 - Covers Council fleet of vehicles (includes Wairarapa Road Safety Council)
- Crime – insurer QBE Insurance (Australia) Limited
 - Covering loss of money from fraudulent or dishonest act or acts committed by an employee
- Personal Accident – insurer Chubb Insurance New Zealand Ltd
 - Covering elected members & all staff, death & accident benefits payable to employer
- Forestry / Standing Timber – insurer SAGE Partners Ltd
 - 51.3ha of planted area, cover for fire (full value) windstorm (\$17,500)
- Airport Liability Insurance – insurer AIG Insurance (UK) Ltd
 - Legal liability for injury, loss of, or damage to property of others in respect of operation of Hood Aerodrome
- Statutory Liability – insurer QBE Insurance (Australia) Limited
 - For defence costs etc as a result of an alleged breach of specified Acts of Parliament
- Employers Liability – insurer QBE Insurance (Australia) Limited
 - For defence costs and penalties as a result of an alleged breach of specified Acts of Parliament
- Hall Hirers (General) Liability – QBE Insurance (Australia) Limited
 - For coverage to community groups who use and/or hire MDC facilities, re legal liability
- Public Liability / Professional Indemnity and Environmental Impairment – insurer QBE Insurance (UK) Ltd and other insurers based in the London insurance market
 - Protection for legal liability with the business of Council
 - Protection for legal liability in respect of any breach of a professional duty arising from a negligent act, error or omission
- Underground assets Disaster Cover – LAPP scheme administered by Civic Financial Services and Aon
 - 40% cover of replacement costs of underground network assets in the event of a disaster

The details of each policy are available if any members would like further information. This includes the deductibles (or excess) applicable to claims, the limits of liability and the exclusions that apply.

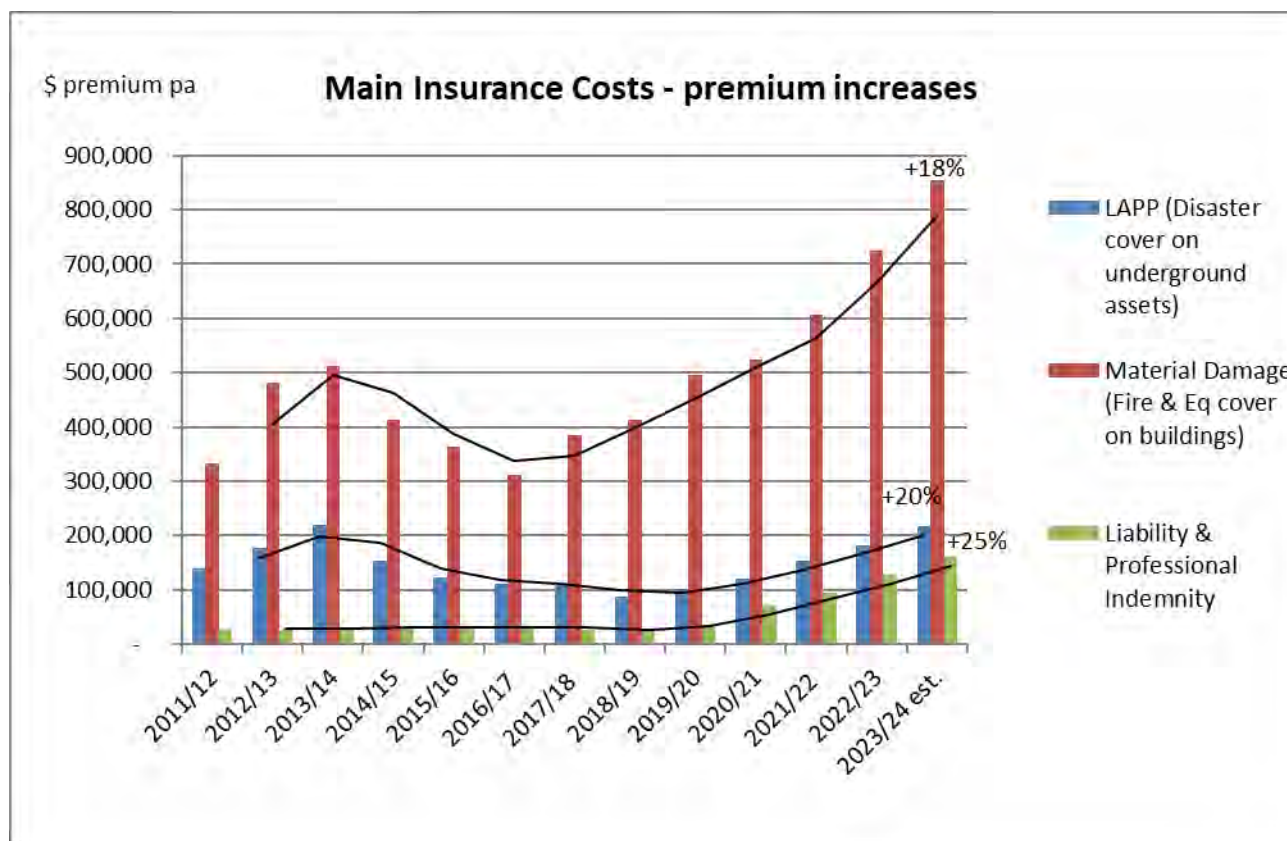
COSTS OF INSURANCE RENEWAL

Material Damage insurance premiums are expected to increase by between 15% and 20% over the previous year. The graph below shows premium cost escalations for the main policies over the last 12 years. The ‘softening’ of the market can be seen in the post-Christchurch earthquake years.

The reasons for the large increases that are expected in 2023/24 are combinations of the following:

1. increasing premiums from insurers due to the increasing number of events and claims they are seeing
2. increasing asset values that we are insuring – we insure for replacement values (in most cases) and these values are increasing in the region of 8% to 10% per annum.
3. liability claims against Councils are increasing and insurers are increasing premiums as a result.

Across the three policies included in the graph below, the premium cost has increased from \$1,034,000 to \$1,233,000, which is \$179,400 or 19%. Increases of close to these levels were allowed for when preparing budgets for the 2023/24 Annual Plan. These increases have been one of the factors in the need to increase rates and user charges for the 2023/24 financial year.



ATTACHMENTS

Nil

6.9 CORPORATE CARBON EMISSIONS REDUCTION PLAN IMPLEMENTATION: PROGRESS REPORT

File Number:

Author: Karen Yates, Manager Strategy and Governance

Authoriser: David Hopman, Chief Executive

PURPOSE

The purpose of this report is to advise the Audit and Risk Committee of progress on the implementation of the Corporate Carbon Emissions Reduction Plan (CCERP 2021).

RECOMMENDATION

That the Audit and Risk Committee receives the first six-monthly progress report on the implementation of the Corporate Carbon Emissions Reduction Plan.

CONTEXT

Masterton District Council (Council) is taking up the challenge of climate change action in two ways. Firstly, we developed an internal Corporate Carbon Emissions Reduction Plan in 2021, which sets out the ways the Council will reduce its climate pollution as an organisation. Secondly, we established a community focus group to help us develop a Climate Action Plan for the Masterton District that was adopted in 2022.

The Corporate Carbon Emissions Reduction Plan (CCERP) was approved by the Senior Leadership Team (SLT) on 4 March 2021. The CCERP has 50 actions that fall under the categories of:

1. improve energy efficiency/conservation
2. minimise waste
3. prepare to adapt for future changes
4. work towards a low carbon economy
5. promote cleaner transport
6. general.

These categories align with the environmental objectives under the Council's Well-being Strategy *He Hiringa Tangata, He Hiringa Whenua*.

Each action has been assigned responsibility/lead(s) and a timeframe (immediate; ongoing; short term <1 year; medium term 1 to 3 years; long term >5 year). Certain actions in the CCERP are the collective responsibility of the organisation. Other actions are the responsibility of individual teams or business groups.

Regular monitoring to track progress of the CCERP is essential to keeping it front and centre in the Council's business-as-usual work and decision-making. It was agreed by SLT in 2022 that progress reports will be provided to the Audit and Risk Committee every six months. This is the first progress report.

ANALYSIS AND ADVICE

Progress against each of the actions in the CCERP is detailed in Attachment 1.

The table below summarises progress against actions:

Action by timeframe	Not started	In progress	Completed	Combined Total
Immediate [2021]	4	1	0	5
Short term actions [2021/22]	5	3	1	9
Short term (ongoing) actions [2021/22]	1	4	0	5
Short to medium term actions [2021-2023]	8	6	0	14
Medium term actions [2021-2023]	5	5	0	10
Medium to long term actions [2021-2025+]	1	1	0	2
Ongoing [2021+]	5	0	0	5
Total	29	20	1	50

To date, we have completed one action. A parking compound was constructed for the Council's vehicle fleet, incorporating EV chargers and to avoid the need for Council vehicles to be taken home at night for safe storage.

Actions categorised as 'ongoing actions' are those that are not one-off initiatives where we may do things periodically. An example of this is the conversion of lighting to LED as a standard practice for replacement in existing buildings (e.g., Waiata House and Queen Street offices). These will also be included in project specifications in any new Council-owned facilities (e.g. Youth Hub). As part of continuous business improvement, we are also implementing more online services, including electronic purchase orders, data management system, and electronic forms.

To date, we haven't had dedicated resource to monitor the progress of the CCERP, mainly due to competing priorities and the development of the Masterton District Climate Action Plan having that allocated capacity. We have allocated one of our new Climate Change Activators (role funded by the Better Off external government funding) to lead the monitoring of the CCERP as well as providing some support to teams across the organisation to plan for and undertake CCERP actions.

In the next 12 months, we want to look at refining the actions and/or reviewing the timeframes of existing actions to make them more achievable against other work programme commitments. This work will be reported back to the Audit and Risk Committee.

SUPPORTING INFORMATION

Strategic, Policy and Legislative Implications

The CCERP is our internal plan to reduce our climate pollution as an organisation. Actions in the CCERP align with the Masterton District Climate Action Plan.

Significance, Engagement and Consultation

Providing a progress report on the implementation of the CCERP does not meet the requirements for consultation under the Significant and Engagement Policy.

Financial Considerations

The CCERP actions currently underway will be resourced from within existing budgets. The Policy team will work with teams across the business to ensure that any projects planned for the 2023/24 financial year are within planned budgets for the 2023/24 Annual Plan. Other actions may require a business case to be considered as part of developing the 2024-34 Long-Term Plan.

Treaty Considerations/Implications of Māori

Items of specific and general interest to iwi and mana whenua are incorporated in the actions under the CCERP and the CAP. This progress report on the implementation of the CCERP has not identified any specific issues to highlight for iwi and mana whenua.

Communications/Engagement Plan

The CCERP has an internal focus. The CAP however is outward-facing and its implementation will include communications and engagement with the community. This is an opportunity to highlight emission reduction successes arising from CCERP actions.

Environmental/Climate Change Impact and Considerations

The CCERP highlights where emissions reductions are desirable within MDCs operations. Reducing organisational emissions will have a positive environmental benefit to the Masterton District.

ATTACHMENTS

1. **Attachment 1 Corporate Carbon Emissions Reduction Plan** [↓](#) 

CORPORATE CARBON EMISSIONS REDUCTION PLAN (CCERP)

Last updated May 2023

Action #	Action	Timeline	Responsibility (Business Area)	Status: - in progress, - completed, - not started.	Action update (description of progress to date, any next steps for the project, explanation of delays, links to associated policies/plans/news articles etc).
ENERGY EFFICIENCY					
1	Undertake energy assessments for: <ul style="list-style-type: none"> • Waiata house • Recreation centre 	Short to medium term [2021-2023]	Community Facilities and Activities	In progress	A whole of Rec Centre facility condition assessment has funding through the Better Off Funding and the scope includes an energy assessment.
2	Identify any other council buildings and facilities that have potential to significantly reduce carbon emissions	Medium term [2021-2023]	Assets & Operations Community Facilities and Activities	In progress	Smart power/LED lighting at Waiata House
3	Implement energy assessment recommendations as practicable	Medium term [2021-2023]	Community Facilities and Activities	Not started	Waiting on energy assessment.
4	Choose sustainable materials, energy efficient technology and low-emission options when acquiring new office spaces and facilities	Ongoing [2021+]	Senior Leadership Team	In progress	LED lighting and cleaned the air conditioning units in Queen Street office upgrade
5	Aim for Green Star rating no less than 5 Star 'NZ Excellence' for any new build and major refurbishments	Medium term [2021-2023]	Community, Facilities & Activities Assets & Operations	Not started	Yet to be explored for any new or intended new builds.
6	Aim for NABERSNZ 4 star 'excellent performance' rating or higher for any new build and major refurbishments	Medium term [2021-2023]	Community, Facilities & Activities Assets & Operations	Not started	Yet to be explored for any new or intended new builds.
7	Prioritise energy-efficient and low-emission options when replacing or planning new infrastructure and infrastructure facilities	Medium term [2021-2023]	Community, Facilities & Activities Assets & Operations	In progress	Solar Power, LED Lighting, Smart Power, Water tank for recreational services. Chinese Pavilion - Bronze plaques (can be melted down, not plastic). Smaller public information signs with QR codes for links to more detailed information online. Billboards for election were reskinned on old billboards (reusing where possible). Signage on wooden poles not metal/plastic. Can re-skin signs (e.g., on the new bridge).
8	Secure budget for energy efficiency improvements	Medium term [2021-2023]	Senior Leadership Team	Not started	
9	Investigate investing in renewable energy including types of renewable energy are most fit for purpose e.g. water and wastewater plants, office buildings	Short to medium term [2021-2023]	Community, Facilities & Activities Assets & Operations	In progress	Solar Power, LED Lighting, Smart Power

10	Promote energy savings behaviour: <ul style="list-style-type: none"> • Maintain an internal optimum temperature for offices between 19°C and 21°C • Ensure that heating systems are switched off when not required • Only operate offices between the hours of 7am to 7pm (unless otherwise required) • Ensure building heating systems will run to match office peak occupancy hours, e.g. between 8am and 5pm • Where there is sufficient natural light, switch off lights • Switch off and unplug any electrical equipment that is not in use • Ensure that all external doors and windows are kept closed when heating or cooling systems are in operation • Avoid using electrical portable heaters while air con is on 	Ongoing [2021+]	Community Facilities and Activities	In progress	Lights on timers. More staff education needed
11	Identify and install LED lights where practicable	Short term - ongoing [2021/22]	Community, Facilities & Activities Assets & Operations	In progress	Existing buildings - conversion. New builds - project specification Standard practice for replacement Skate Park LED lights.
WASTE					
12	Improve data on the volume of office waste	Short term [2021/22]	Strategy and Governance	Not started	
13	Improve management of office waste	Short term [2021/22]	Strategy and Governance	Not started	
14	Investigate concrete recycling	Short to medium term [2021-2023]	Community, Facilities & Activities Assets & Operations	Not started	
15	Implement and promote waste minimisation at every council event e.g., zero waste, plastic free	Short term (and ongoing) [2021/22]	Strategy and Governance Community, Facilities & Activities	In progress	Our regional Zero Waste Coordinator is working alongside event organisers to implement waste minimisation plans at their respective events.
16	Requirements for catering to be no or only minimal food packaging (no plastic) for council sponsored/held workshops/meetings	Short term (and ongoing) [2021/22]	Strategy and Governance	In progress	Yes, taken into account packaging when ordering
17	Investigate viability of using shredded office recycled paper for garden mulch	Short term [2021/22]	Strategy and Governance	In progress	Cardboard from digihub went to worm farm
18	Develop less paper policy/guideline	Short to medium term [2021-2023]	Strategy and Governance	Not started	

19	Improve our business systems and develop more online services – electronic purchase orders, data management system, electronic forms, e-signatures for all staff	Short to medium term [2021-2023]	Finance Technology Innovation/Technology Solutions	In progress	Improve our business systems and develop more online services – electronic purchase orders (DONE), data management system (DONE, cloud for Maigc, lower power consumption), electronic forms (DONE), e-signatures for all staff
20	Monitor paper usage	Short term (and ongoing) [2021/22]	Strategy and Governance	In progress	Paper use can be tracked per business unit.
21	Improved signage and information for recycling in the office	Short term [2021/22]	Strategy and Governance Community, Facilities & Activities	In progress	Earthcare signage more visible
ADAPTION / RESILIENCE					
22	Develop and embed clear criteria and objectives around sustainability and carbon emissions reduction in all of our procurement processes including what is required from suppliers/contractors	Short to medium term [2021-2023]	Strategy and Governance	Not started	
23	Develop and embed requirements for carbon reduction in all business case and project management processes and frameworks	Short to medium term [2021-2023]	Strategy and Governance Assets & Operations	Not started	Project scoping structure - need definitive criteria and sustainability guidelines
24	Embed the sustainability principles and incentivise sustainable technologies in the Wairarapa Combined District Plan (e.g. low carbon footprint buildings; energy efficiency; renewable energy use in buildings; enhanced green/sustainable urban/subdivision design, blue/green infrastructure)	Medium term [2021-2023]	Regulatory Services Strategy and Governance	In progress	In the Wairarapa Combined District Plan. Water tanks for new builds (5000lt+) Carpark clause (don't need car parks on developments)
25	Ensure the Wairarapa Combined District Plan review futureproofs a long-term management approach for our changing coastline	Medium term [2021-2023]	Regulatory Services Strategy and Governance	In progress	In the Wairarapa Combined District Plan
26	Integrate connected, nature-based solutions in development planning; such as protecting, restoring or enhancing natural habitats or incorporating natural elements into built environment projects e.g., green infrastructure	Medium to long term [2021-2025+]	Senior Leadership Team	In progress	For example, the plantings at the Lansdowne Mountain Bike Park
27	Ensure climate change impacts are embedded into MDC spatial planning	Medium term [2021-2023]	Regulatory Services Strategy and Governance	In progress	The spatial planning tools where we need to ensure climate change is appropriately embedded is primarily the Wairarapa Combined District Plan (in review) and the Wellington Region Future Development Strategy (in development). We know through the submission processes to date that the Regional Policy Statement does cover climate change extensively.
28	Increase indigenous tree plantings in road corridors, parks and open spaces	Short to medium term [2021-2023]	Community Facilities and Activities	In progress	Bark preferred over rubber in parks, trees preferred over sun shade cloth for creating cool spaces. (favour planting). Favour indigenous species when planting where possible. For example, a Totara tree planted for Queen's funeral.
29	Plant permanent forest on suitable council land for sequestration and to increase biodiversity	Short to medium term [2021-2023]	Community, Facilities & Activities Assets & Operations	In progress	MDC Land Use Assessment report was commissioned in 2021 through Forest 360.

30	Continue to collaborate with local and central government colleagues, in particular work collectively through the Wellington Regional Climate Change Forum	Ongoing [2021+]	Strategy and Governance	In progress	Changed to the Wellington Region Leadership Committee process instead of the Climate Change Forum.
LOW CARBON ECONOMY					
31	Investigate how to address high emissions associated with wastewater and wastewater treatment process	Short to medium term [2021-2023]	Strategy and Governance Assets & Operations	Not started	Identified as issue to be investigated. Homebush WTP is of interest to local iwi.
32	Improve our understanding of how to improve the wastewater emissions calculations	Short to medium term [2021-2023]	Strategy and Governance Assets & Operations	Not started	Waiting for future clarity around the Water Services Reform programme.
33	Collaborate on a regional study into wastewater emissions if opportunity arises	Short to medium term [2021-2023]	Strategy and Governance Assets & Operations	Not started	Waiting for future clarity around the Water Services Reform programme.
34	Develop appropriate procedures and recording for use of refrigerants in MDC buildings/operations	Short term [2021/22]	Community Facilities and Activities	Not started	
35	Investigate opportunities for partnership with local developers to showcase a green/sustainable village/subdivision	Medium to long term [2021-2025+]	Regulatory Services Strategy and Governance	Not started	
36	Develop a guideline/plan for sustainable practices in parks and gardens	Short to medium term [2021-2023]	Community Facilities and Activities	Not started	
37	Encourage the adoption of innovation, green technology and circular solutions, and support suppliers as they transition to a lower carbon economy	Medium term [2021-2023]	Senior Leadership Team	Not started	
38	Identify opportunities to sequester the equivalent carbon through forestry activities	Short to medium term [2021-2023]	Strategy and Governance Assets & Operations Community Facilities and Activities Finance	In progress	MDC Land Use Assessment report was commissioned in 2021 through Forest 360.
TRANSPORT					
39	Adopt a target of a fully electric corporate vehicle fleet by 2030 (if mature technology is available)	Short term [2021/22]	Senior Leadership Team	Not started	EV strategy/fleet plan needed. Proposal to contract the fleet assessment, including future technology advice, with match funding through EECA was rejected by SLT (April 2023).
40	Investigate and evaluate options for off-road and high-performance electric vehicles	Short term (and ongoing) [2021/22]	Community, Facilities & Activities	In progress	Investigation by Facilities Officer when looking at replacement fleet vehicles.
41	Prioritise petrol over diesel in the absence of mature EV technology for off road and high-performance vehicles	Short term [2021/22]	Community, Facilities & Activities	In progress	The vehicles that are due to be replaced are both Petrol vehicles. 1. Hyundai I30 – General pool vehicle 2. Nissan X-Trail – Water Engineers The replacement vehicles are both non-plug in Hybrid. 1. Toyota Corolla Cross – replacing general pool vehicle 2. Toyota RAV4 – replacing Water Engineers vehicle
42	Incorporate E-bikes into the fleet	Short term [2021/22]	Community, Facilities & Activities	Not started	
43	Construct MDC car fleet parking compound	Short term [2021/22]	Community, Facilities & Activities	Complete	Completed 2021

GENERAL					
44	Allocate responsibility for corporate carbon emissions through cascading KPIs [SMART KPIs] from CE through to SLT and staff	Immediate [2021]	Senior Leadership Team People & Capability	Not started	
45	Senior Leadership Team demonstrates climate change priority and leadership throughout our business to staff and councillors	Immediate [2021]	Senior Leadership Team	In progress	Supporting initiatives such as proposal to Council to use part of the Better Off Funding money to create a Climate Change Activator role in the Policy Team.
46	Senior Leadership Team takes collective responsibility for the overall climate change and emissions reduction actions implementation	Immediate [2021]	Senior Leadership Team	Not started	
47	Senior Leadership Team meetings - climate change and emissions reduction reporting as a regular agenda item	Immediate [2021]	Senior Leadership Team	Not started	
48	Establish and support a climate champions group to support, drive and promote implementation of this plan	Immediate [2021]	Senior Leadership Team	Not started	
49	Seek opportunities for central government funding and grants	Ongoing [2021+]	Strategy and Governance	In progress	Look for opportunities where available. Better Off Funding money used to hire two part time Climate Change Activators.
50	Celebrate our success and share our story	Ongoing [2021+]	Communications and Engagement	In progress	A communications and engagement plan for the Climate Action work will be completed by the end of the 2023 financial year.

6.10 WAIRARAPA ECONOMIC DEVELOPMENT STRATEGY PROGRESS REPORT

File Number:

Author: Karen Yates, Manager Strategy and Governance

Authoriser: David Hopman, Chief Executive

PURPOSE

The purpose of this report is to provide the Audit and Risk Committee with information on the reporting requirements for WellingtonNZ to support the implementation of the Wairarapa Economic Development Strategy (WEDS).

RECOMMENDATION

That the Audit and Risk Committee receives Wairarapa Economic Development Strategy Progress Report.

CONTEXT

The Wairarapa Economic Development Strategy (WEDS) sets out the shared vision and aspirations of the three Wairarapa District Councils and WellingtonNZ regarding regional economic development in the Wairarapa. The initial WEDS was launched in 2018, and a refreshed version was endorsed by all three Wairarapa District Councils in September 2022.

The shared WEDS vision for Wairarapa is “*Thrive Wairarapa*” – a thriving community alive with opportunity. This will be achieved through growing comparative advantage (opportunities), fostering enterprise that underpins the future economy, and building resilience (enablers) by protecting what we have got and working to make it better.

The WEDS Forum oversees the delivery of the WEDS. The Forum is made up of the Mayors and Chief Executives of the three Wairarapa District Councils, iwi representatives, industry representatives, WellingtonNZ, and an independent Chair, Adrienne Young-Cooper.

A Memorandum of Understanding (MOU) was signed by the three Wairarapa District Councils and WellingtonNZ in August and September 2022 to define the commitment of all parties in supporting the delivery and implementation of the WEDS. The three Wairarapa District Councils have committed the following funding (up to 30 June 2024) through the current MOU for the implementation of the WEDS. The funding splits are as follows:

- Masterton District Council - \$100,000
- Carterton District Council - \$60,000
- South Wairarapa District Council - \$75,000

The delivery of the WEDS is being led by WellingtonNZ by a WEDS Executive team (Programme Manager and Project Coordinator) that are primarily based in the Wairarapa.

The WEDS Executive team are currently finalising the WEDS workplan and annual budget for the next financial year following input from all three Wairarapa District Councils. At this stage, this will be presented to the Combined Councils Forum on 31 May 2023.

REPORTING REQUIREMENTS UNDER THE MOU

Quarterly reports up until the completion of the MOU are one of the reporting requirements of the WEDS Executive team. The quarterly reports are expected to include:

- Measuring progress of the Workplan and informing changing priorities or issues
- A summary of any iwi engagement undertaken, including any project alignment opportunities
- Copies of WEDS meeting agendas and associated meeting minutes held within that quarter
- A Programme Managers summary and forecast for the next quarter.

The WEDS Executive team have not provided a quarterly progress report on the Workplan and Budget to date. The Executive team have identified a need to refine the workplan and budget with the new elected councils and they are currently undertaking this process. The refined workplan and budget will be presented to the Combined Councils Forum on 31 May 2023.

Our expectation is that the WEDS Executive team will provide a quarterly report specifically aligned to the MOU for the next Audit and Risk Committee meeting. In lieu of this report, the minutes of the March WEDS Forum are attached.

SUMMARY OF CONSIDERATIONS

Strategic, Policy and Legislative Implications

The work undertaken to implement the WEDS 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 WEDS is part of the MOU with the three Wairarapa District Councils.

Implications for Māori

Iwi are involved in the implementation of the WEDS at the Governance Level. There is also work underway to develop a Māori Economic Development Strategy for the Wairarapa.

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.

ATTACHMENTS

1. **Attachment 1 WEDS Forum Minutes 13 March 2023** [↓](#) 



Wairarapa
Economic Development Strategy

Rautaki Whanaketanga Ohaoha o Wairarapa

Forum Meeting Minutes 46

3.00pm, Monday 13 March 2023 at Carterton Event Centre

ATTENDEES:	Forum members: Sarah Allen, Mayor Gary Caffell, Robin Dunlop, Geoff Hamilton, Jo Hayes, David Hopman, Mayor Ron Mark, and Adrienne Young-Cooper (Chair). Advisors/observers: Nicola Belsham, Matt Carrere, Jacinda Johnston, Toni Kerr, Natasha Kyd (minutes), Leah MacDonell, Paul Southey, Shane Wratt, and Karen Yates.
APOLOGIES:	John Allen, Mayor Martin Connelly, Tracey Martin, Paddy Mason, Anna Nielson, Adrienne Staples, Stuart Taylor, and Harry Wilson.

Meeting Minutes	
1. Introduction	
<p>Adrienne welcomed all with karakia and briefly introduced the members present, the apologies were noted as above.</p> <p>Adrienne reflected on the meeting held in December, appreciate we need to slow down in order to move faster together, acknowledging the recent changes to the Forum membership and new regional leadership. The comments shared following the December meeting have been taken on board and a plan to progress has been identified.</p> <p>Adrienne provided a recap on the process the WEDS has been through, today was an opportunity to hear from various groups around the table to hear an update and their top strategic economic priorities. Adrienne acknowledged there has been change since the Strategy was refreshed.</p> <p>The proposed process forward will set out to get alignment as a region e.g., across districts, WNZ PMO and stakeholders that have a role to play in delivery..</p>	
2. Regional strategic economic development priorities discussion	
<p>Adrienne welcomed all an opportunity to share their priorities for the region. Adrienne advised it is always envisaged that WEDS would be annually reviewed by council. To date, there has not been an opportunity to make an impact on delivery, the foundations are now in place to enable implementation. Timely to reflect on the direction we are going, together. Adrienne recognised SWDC representation was missing from the conversation but would be reflected offline before coming back to councils to progress.</p>	
2.1 Masterton District Council (Mayor and CEO)	
<ul style="list-style-type: none"> • Water is everything in terms of where we are at currently, need GWRC as a key player to deliver the WWRS. MDC are looking at local storage solutions, acknowledged there is already significant work completed by Wairarapa Water Limited. There are many lenses to look at with water resilience. • Transport, particularly rail, is important. We need more trains and better timetables. Know there is progress being made but we do not have a clear timeline of when this will be realised. With the need to reduce emissions, bus and rail will become even more important. Hood Aerodrome now has a Masterplan, think more work could be done to enhance and promote these facilities, also supports tourism sector. • The council are also concerned with businesses and their struggles to survive. Commend Business Wairarapa who are doing a great job, more can be done. • Concern with keeping our young people here, making our businesses more attractive. • Iwi settlements will have much possibility for the region. • Need some direction on the primary sector, need to be able to support, develop initiatives. Know the world is changing, e.g., consumer preferences. We need some good strategies around our land use to progress. 	

2.2 Carterton District Council

Agrees on the proposed steps to review our priorities for WEDS, ensuring this is a 'quick' review in order to get complete buy-in and move forward.

- **Transport and Communications infrastructure** (road, rail, and digital connections), aware there are large parts of our region who are not connected. We need to look at how to change this and who is responsible. Everyone is being asked to do business online but not everyone is able to connect. In particular our farming businesses are not connected reliably. Know many of the issues with rail are in hand but need clarity.
- **Water**, do not have access for when it is needed. Awaiting aquifer mapping results, possible will assist with solutions.
- **Tourism** is underplayed, we say we are the playground for Wellington, WEDS needs to reflect that and enable tourism. Our events are well attended and well publicised out of our region. Need to entice more visitors to spend here, need to look at accommodation, paid attractions and maximise our assets we have e.g., Carterton Event Centre and Dark Skies Accreditation.
- Need to consider how changes to our demographics are going to impact our **businesses**, anticipate seeing more people with discretionary money moving here, do we have visibility over these changes and the consequences.
- **Skills and capable workforce**, aware of two large employers who are struggling to find enough workforce, hindering production. Need to either find workforce or automate.

Adrienne thanked the councils for their thoughts and looked forward to some further discussion to reflect these areas in the Strategy. Will need to consider what is the role of WEDS for each, determine who is best to manage each area. Adrienne welcomed other entities around the table to share their thoughts.

2.3 Rangitāne Tu Mai Ra Trust

- **Water** is key.
- Have started to scope the **Māori ED** initiative with Toni, taken a pure economic development approach with a focus on **people** and the **planet**, from these everything else will follow.
- Focus on **Māori tourism**, recognise the value of Pukaha, many possibilities to package ventures together.
- Accommodation is an issue, need businesses to invest, recognise the risks but can't not keep going.
- **Iwi** need to be considered at the same level as councils, want our money spent here, not in other regions.

2.4 Skills & Workforce Leadership Group

- Acknowledgement to the councils, what saying is what we have been doing.
- Speaking on behalf of a wide range of representatives who now sit on the group.
- Focus on our **businesses** supporting our people in the region to grow.
- Feeling in our group we are launching into initiatives quite special (e.g., GAP year), all about collaborating and achieving together. Our close connections and size enable us to achieve.
- Keen to see more **youth** having a seat at the table.
- Appreciate support for our businesses, we are resilient and are bracing for tough times ahead. Businesses that want to survive will survive, ready to climb again.

2.5 Business Wairarapa

- There is little or no support available for business start-ups, or the day-to-day pain of running a small business. The RBP specifically does not cover this, as it focuses on business upskilling and capability building.
- The priority for the Wairarapa Chamber is to provide the 'building blocks' of day-to-day support for **business**, and that role is pivotal to keeping a baseline foundation from which to introduce development programmes from (i.e WNZ, RBP, CHQ, WEDS etc). The GM noted that BW and WNZ have separate roles and priorities that complement each other with mutually beneficial functions.
- We need robust businesses, without that nothing else will happen, provisions for mentorship, business capability programmes, events, and helpline.
- We need to develop our **workforce**, e.g., WaiHost to enable us to support our businesses.
- Business Wairarapa is moving beyond being a membership-focused organisation, to support all Wairarapa businesses.
- BW are advocating for a local **infrastructure group** to communicate connectivity and roading issues (especially recent SH2 changes) and to give a voice to our region.

2.6 Destination Wairarapa

- Agree with points raised by others, all very relevant.
- **Events** need support, huge for our region. Involve big money and hard decisions that have been hampered by environmental conditions over the past years – challenging industry.
- Adrienne welcomed Destination Wairarapa to bring their Event Strategy to the WEDS table in an appropriate format to distinguish responsibilities and focus.

2.7 Greater Wellington Regional Council

- Implementation of the **WWRS**, key for GWRC moving forward.
- The Lower North Island **Integrated Mobility** Business Case – has now been submitted to Government and is supported by Waka Kotahi. Expecting a budget announcement in May. Will be key to our economic development and provide resilience.
- **Industrial Land Use Study** – currently being scoped. Will look across the region to identify industrial requirements, build resilience and options for growth.
- **Māori Economic Development** – recently signed contract with Te Matarau a Māui to deliver. WellingtonNZ are providing support where there is alignment.

It is agreed the next steps are:

1. WellingtonNZ to formulate a list of strategic priorities from today and from other engagements to have a discussion with council to determine priorities for the next year.
2. Councils to invite WellingtonNZ to present WEDS and workshop strategic priorities with councillors members by the 21st of April.
3. The Forum in May will focus on determining a finalised workplan for the next financial year, to be endorsed formally to the Councils for adoption..
4. Councils to invite WellingtonNZ to the May Combined Council Workshop to present the 2023/24 work programme.
5. Councils to approve the 2023/24 work programme at the June council meetings.

3. Roundtable update

3.1 Kānoa Update

- Adrienne welcomed Shane and Leah, acknowledging the level of commitment to Wairarapa.
- Leah provided a national overview of the fund, managing 1,800 projects, mostly loan and equity partnerships.
- The fund is regionally driven.
- Wairarapa appears to share synergies with similar priorities across the country.
- Some examples of projects being supported are food & beverage, industrial parks, wool industry, advanced manufacturing, wood, business cases (not supported under fund settings).
- If initiatives don't fit current fund settings, Shane will work to connect up with other possible Government funds. Open until July, then look to pause with elections.
- Wairarapa has been challenged to find initiatives that are investment ready. Specifically, initiatives that have a worked up business plan, and 50% of capital already sourced.
- Need to establish priorities then form a "filing cabinet" of worked proposals ready for support as funds are announced or settings change. Possible to influence policy once regional priorities are set.

3.2 Skills & Workforce Group

- Minutes distributed earlier, has detail from meeting.
- Know we need to bring people into the region and train our own.
- Te Pūkenga / UCOL are listening to our group, bucking the trend and are booming.
- Seeing those displaced from cyclone-impacted areas are coming here for work but finding housing is an issue.
- Identifying new industries, know some rangatahi are studying for industries that will not exist in years to come, need to be dynamic.

3.3 Destination Wairarapa

- Since December, Destination Wairarapa convened a meeting, agreed to scope a Dark Skies project plan - how do we leverage the accreditation and expand to Masterton district. Suggesting a standing agenda item at WEDS Forum meetings moving forward to report on progress.
- Continuing to work on Māori tourism.

4. PMO report

Jacinda took her report as read, wanted to highlight:

- **Rebel Business School:** An expression of interest is now open for June/July courses. Currently seeking co-funding to run the entrepreneurial programmes, a rangatahi hustle in the July school holidays and their flagship programme in June. Open and free for participants to attend. Registrations to be formally collected in April. Leah recommends ensuring that there are local facilitators to ensure the programme is supported by the region. All agree need to build an ongoing resource to support these businesses once the programme is complete, possible Business Wairarapa opportunity.
- **Cyclone relief packages:** Lot of communication from number of sources. Positive to see funding packages extended to Wairarapa. MDC are charged with administering this fund on behalf of MBE.
- **Upcoming regional events:** Some discussion on the possibilities for Wairarapa to leverage major activities such as opening of Tākina, Golden Mile Project and FIFA Womens world cup. How we can take advantage of these opportunities.
- **Budget:** Unspent funding from this year to be carried over to the next financial year, stronger platform to implement the work programme.

5. Economic data report

- The report and commentary were distributed as part of the agenda package.
- Previously Wairarapa data was diluted under Greater Wellington Region.
- Jacinda read through the PMO commentary on the economy.

6. Any other business

Adrienne advised that the healthcare workforce sector group are developing a proposal to attract workforce to the region. Adrienne proposes that the Forum hear about this and possibly look to support this through allocating WEDS funding.

Adrienne thanked all for their time, shaping up to be another busy year ahead. Adrienne looked forward to meeting with councils and others around the table to progress the strategic priorities discussions. Jacinda closed the meeting with karakia.

Meeting closed at 5.09pm. Next meeting scheduled for **Thursday 4 May 2023**.

7 PUBLIC EXCLUDED

RESOLUTION TO EXCLUDE THE PUBLIC

RECOMMENDATION(S)

That the public be excluded from the following parts of the proceedings of this meeting.

The general subject matter of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48 of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are 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 for the passing of this resolution
<p>7.1 - Minutes of the Audit and Risk Committee Meeting held with the public excluded on 22 February 2023</p>	<p>s7(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</p> <p>s7(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 otherwise to damage the public interest</p>	<p>s48(1)(a)(i) - the public conduct of 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 under section 6 or section 7</p>
<p>7.2 - 2022/23 Quarter 3 Risk Management Update Report</p>	<p>s7(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</p>	<p>s48(1)(a)(i) - the public conduct of 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 under section 6 or section 7</p>

	<p>information should continue to be supplied</p> <p>s7(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 otherwise to damage the public interest</p>	
<p>7.3 - SLT Risk Discussion</p>	<p>s7(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</p> <p>s7(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 otherwise to damage the public interest</p>	<p>s48(1)(a)(i) - the public conduct of 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 under section 6 or section 7</p>