



# MEETING

of the

## Audit and Risk Committee

### AGENDA

**Time:** 3:00 pm  
**Date:** Wednesday, 23 August 2023  
**Venue:** Waiata House, 27 Lincoln Road,  
Masterton

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## 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:

<b>Whakamana Tangata</b>	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.
<b>Manaakitanga</b>	Recognising and embracing the mana of others.
<b>Rangatiratanga</b>	Demonstrating effective leadership with integrity, humility, honesty and transparency.
<b>Whanaungatanga</b>	Building and sustaining effective and efficient relationships.
<b>Kotahitanga</b>	Working collectively.

## Order Of Business

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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 NON FINANCIAL PERFORMANCE 2022/2023 QUARTER 4/YEAR END REPORT**

**File Number:**

**Author:** Tania Madden, Acting Manager Strategy and Governance

**Authoriser:** Karen Yates, Interim 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 30 June 2023.

#### **RECOMMENDATIONS**

That the Audit and Risk Committee

1. Receives the Quarter 4/year end non-financial performance report for the 2022/23 financial year.
2. Recommends Council confirms the Year 3 targets for the two water measures that are reported annually as follows:
  - i. Percentage of Real Water Loss – target for Year 3: no more than 32.5%.
  - ii. Average Consumption - target for Year 3: no more than 578/litres/person/day.

#### **EXECUTIVE SUMMARY**

This is the final year-end 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.

In 2022/23, 79.1% (34 measures) were achieved, and 18.6% (8 measures) were not achieved at year end. A further 2.3% (one measures) was not available to report. Six of the seven measures will be reported in the Annual Report. Further information is provided in Attachment 1.

For comparison, at year-end of the 2021/22 financial year, 69.7% (30 measures) were achieved, and 27.9% (12 measures) were not achieved at year end. One measure was not available to report.

Overall, results for the 2022/23 financial year are an improvement on the previous year. In particular, community facilities and activities have seen an increase in the number of measures that have been achieved associated with increasing usage trends in the Library and Recreation Centre compared to the previous COVID-19 impacted year.

**Q4/Year End Results – Current Year vs Previous Year**

	<b>Q4 2022/23 (current year)</b>	<b>Q4 2021/22 (previous year)</b>
Achieved	79.1% (34)	69.7% (30)
Not Achieved	18.6% (8)	27.9% (12)
Not Available to Report	2.3% (1)	2.3% (1)
Total:	43	43

**The number of measures achieved compared to Q4 of the previous year:**

<b>Number of Measures Achieved:</b>	<b>Q4 2022/23 (current year)</b>	<b>Q4 2021/22 (previous year)</b>
Roads (6 measures)	5	5
Wastewater (6 measures)	3	4
Stormwater (5 measures)	4	3
Water Supply (9 measures)	8	9
Solid Waste (3 measures)	3	2
Community Facilities & Activities (6 measures)	5	2
Regulatory (8 measures)	6	5

**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 fourth and final 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 a large increase in the number of non-urgent roading customer service requests received this year. We have received 1167 non-urgent requests. This is approximately 40% more than we received over the full year in 2021/22. The increase in the number of requests is attributable to cyclone occurrences in January and February 2023, and wet weather conditions over the rest of the year, resulting in damage to roads. Despite the higher volume of requests, the roading team still responded to 88.6% (287 out of 324) requests within specified timeframes. This exceeds the target of 70% responded to within specified timeframes. There have been fewer urgent requests in 2022/23 compared to the previous two years. In total 273 urgent requests were received and 98.9% of those were responded to within two days.

Of the three measures only reported at year-end, two were achieved – there were no fatalities and fewer serious crash injuries this year; and our smooth travel exposure rate was maintained at 94%. One measure was not achieved – only 1.9% (10.05km) of road was resurfaced compared to the target of 5-7% of the network. A lack of availability of both contract resources and specialist plant has contributed to this, with much of this resource redirected to emergency works.

### **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:

- Wastewater complaints have increased by approximately 70% compared to the previous year (257 vs 152), and are almost four times the number received in 2020/21 (257 vs 69). Consistent with that, 160 port-a-loos have been required this year, 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 91 complaints received this year compared to 21 in 2020/21 and 37 last year.

While wastewater complaints are up, response times have trended down each quarter this year, and resolution times have also reduced and at 102 minutes were less than 2020/21 (139 minutes). The number of dry weather sewerage overflows is also less than in each of the past two years (4 in the current year vs 9 and 11 in previous years).

Eight of the nine water supply measures reported were achieved. While the target was achieved, there were more than double the number of water supply complaints this year, increasing from 23 in each of the previous two years to 48 in 2022/23. Staff have not noted any particular reason for this but will monitor trends.



Of the two measures only reported at year end, one was achieved (percentage of real water loss from the system reduced slightly compared to last year) and one was not achieved – the average consumption of drinking water per day per resident increased from 578 litres per person per day last year to 586 litre this year. There were two occasions where large quantities of water were lost and these events are believed to have impacted results.

### *Setting Targets for Year 3*

For the two water measures noted above that are reported annually, the Year 3 target was to be established to align with water meter installation and associated data. This was to occur as part of the Annual Plan process, however results for year-end are not available at that time. Now that results are available, the following targets are proposed for year 3:

- Percentage of Real Water Loss – It is proposed that the result that was achieved in Year 2 be set as the target for Year 3: no more than 32.4% (i.e. real water loss in Year 3 is no more than the current year's result).
- Average Consumption - Given water meter charging is in development and yet to be implemented, the proposed target for Year 3 is: no more than 578/litres/person/day (i.e. no more than the target set last year, noting this was not achieved in 2022/23).

### **Solid Waste**

All three solid waste measures were achieved. In Quarter 4, for the first time since reporting on this measure, there were no call-backs due to non-collection of official rubbish bags.

### **Community Facilities and Parks**

Year end results for community facilities and parks were positive. All five measures that were available to report were achieved, as they have been at each quarter this year.

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-end total usage is approximately 50% more than the previous year (152,095 compared to 99,899). Swim numbers in particular have increased from 65,357 to 106,191.

In the Library, both overall usage and overall visits have increased and are above the five-year average. In person visits have increased from 83,400 last year to 99,132 this year but are below the 5 year average. Physical issues are comparable with last year, while digital issues and the number of computer/wi-fi sessions has increased.

The increased in person use of both the Library and the Recreation Centre is likely to reflect people returning to these facilities after the impacts of COVID-19 in the previous two years.

### **Regulatory**

Six of the eight regulatory measures were achieved.

With the other two measures:

- Building consents processed within statutory timeframes was achieved in Quarter 3 and 4 (94% and 92% processed on time) but lower results in Quarters 1 and 2 have impacted the overall year end result. There were fewer consent applications in the second half of the year compared to the first two quarters.
- Swimming pool inspections completed was not achieved, however there has been a significant improvement compared to the previous year, with 48% of pools inspected at year end compared to only 3% at the previous year end.

The animal services team responded to 170 urgent call outs over the year and 95.3% (162) were attended within the one-hour target time. They also delivered eight education/ engagement activities, exceeding their annual target for the year.

### **COVID-19 Implications**

There were no reports of results being impacted by COVID-19 in 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.

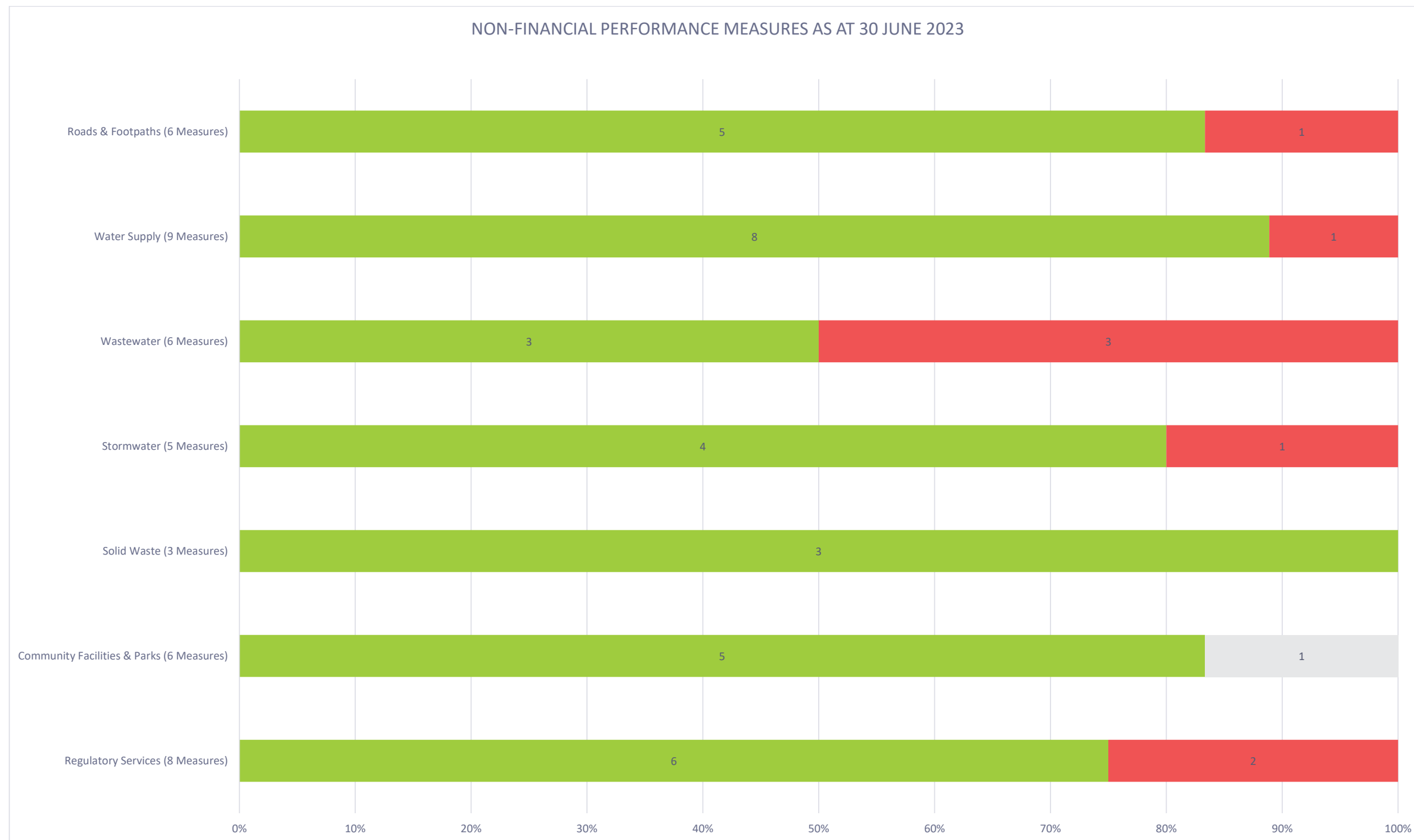
### **ATTACHMENTS**

1. **Non Financial Performance Measures 2022/2023** [↓](#) 

**ATTACHMENT 1: Non-Financial Performance Measures for 2022/23 Quarter 4**

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

- have been achieved as at 30 June 2023 (green);
- have not been achieved as at 30 June 2023;
- Are not applicable and/or information is not available as at 30 June 2023 (grey).



**2022/23 Quarter 4/Year-End Non-Financial Performance Measure Results**

MEASURE	CURRENT YEAR END RESULTS			PREVIOUS YEAR END RESULTS (WHERE APPLICABLE)		COMMENTARY
	2022/23 Annual Target	Quarter 4: Result as at 30/6/23 (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>Roading</b>						
Number of fatalities and serious injury crashes on the local road network. <b>(Mandatory Measure)</b>	No more than the 5 year average.	No fatalities and nine serious injury crashes.	<b>Achieved</b>	One fatality and twelve serious injury crashes.	No fatalities and twelve serious injury crashes.	The five-year average (to 30/06/2023) is 1 fatality and 10 serious injury crashes.  In 2022/23 there were no fatalities and a reduction in the number of serious injury crashes, therefore the result is achieved.
Average quality of ride on a sealed local road network, measured by smooth travel exposure. <b>(Mandatory Measure)</b>	Maintain or improve on 90%	94% network smooth travel exposure (as at 30/6/23)	<b>Achieved</b>	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. <b>(Mandatory Measure)</b>	Maintain within 5-7%	1.9% Resurfaced 10.05 km of the total 535 km sealed local road network.	<b>Not Achieved</b>	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.	The road resurfacing target has not been achieved this year. There has been a lack of contract resources available to conduct essential pavement repairs before resurfacing and limited specialist plant availability. These resources were redirected to emergency works resulting from the impact of three cyclones and unusually heavy rainfall in 2022 and 2023. There has also been an increased demand for pavement building and strengthening, with more resources being allocated to those projects.
Percentage of footpaths where the condition falls within the level of service defined in MDC's Asset Management Plan <b>(Mandatory Measure)</b>	90% of footpaths are rated excellent, good or fair	91.7% 196.2km of 214km of the footpath network surveyed to June 2023 was condition rated excellent, good and Average. (Other condition ratings are poor, very poor and unknown)	<b>Achieved</b>	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.	Council has a footpath renewal programme to improve the state of footpaths in the district.  Footpaths that are assessed as less than 'fair' are useable and do not present any health and safety risks. Work on these is prioritised and repairs are programmed. Any health and safety related matters that are identified are addressed urgently.

MEASURE	CURRENT YEAR END RESULTS			PREVIOUS YEAR END RESULTS (WHERE APPLICABLE)		COMMENTARY
	2022/23 Annual Target	Quarter 4: Result as at 30/6/23 (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 urgent customer service requests responded to within 2 days.</p> <p><b>(Mandatory Measure)</b></p>	95% within specified timeframe	<p>98.9%</p> <p>270 of 273 urgent requests were responded to within two days.</p>	Achieved	<p>99.6%</p> <p>283 out of 284 urgent requests were responded to within two days.</p> <p>Q1: 100% (79/79) Q2: 97.8% (44/45) Q3: 100% (101/101) Q4: 100% (59/59)</p>	<p>99.7%</p> <p>360 out of 361 urgent requests were responded to within two days.</p> <p>Q1: 100% (128/128) Q2: 100% (103/103) Q3: 100% (62/62) Q4: 98.5% (67/68)</p>	<p>Year End Result: 98.9%</p> <p>270 out of 273 urgent requests have been responded to within specified timeframes.</p> <p>2022/23 Quarterly Results: Q1: 100% (96/96) Q2: 100% (62/62) Q3: 97.3% (72/74) Q4: 97.6% (40/41)</p>
<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><b>(Mandatory Measure)</b></p>	70% within specified timeframe	<p>82.9%</p> <p>978 out of 1167 non-urgent requests were responded to within the timeframe.</p>	Achieved	<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>Year End Result: 82.9%</p> <p>978 out of 1167 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) Q4: 88.6% (287/324)</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. Often a request is responded to but not resolved.</p> <p>There has been a large increase in the number of requests received in 2022/23 compared to the previous two years (approximately 40% more than last year); with more than 300 requests in Q1, Q3 and Q4.</p> <p>This is a reflection of wet weather conditions over the year resulting in damage to roads.</p> <p>The increased volume of requests has impacted response rates, but targets for response rates have continued to be achieved.</p>

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	2022/23 Annual Target	Quarter 4: Result as at 30/6/23 (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>Water Supply</b>						
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.  <b>(Mandatory Measure)</b>	Less than or equal to 6 complaints/1000 connections	4.88 complaints/1000 connections  Actual Complaints at Year End: 48	<b>Achieved</b>	2.37 complaints/1000 connections  Actual Complaints: 23  Q1 Result: 0.41/1000 (4) Q2 Result: 0.52/1000 (5) Q3 Result: 0.72/1000 (7) Q4 Result: 0.72/1000 (7)	2.45 complaints/1000 connections  Actual Complaints: 23  Q1 Result: 0.42/1000 (4) Q2 Result: 0.53/1000 (5) Q3 Result: 0.85/1000 (8) Q4 Result: 0.64/1000 (6)	YTD/Year End: 4.88 complaints/1000 connections  Year to date: Actual Complaints: 48  2022/23 Quarterly Results:  Q1: 0.711/1000 (7 complaints) Q2: 0.61/1000 (6 complaints) Q3: 2.03/1000 (20 complaints) Q4: 1.52/1000 (15 complaints)
Response time to call outs to a fault or unplanned interruption to MDC's networked reticulation system:						
a) attendance at urgent call outs (from notification to arrival on site)  <b>(Mandatory Measure)</b>	60 minutes or less	50 minutes	<b>Achieved</b>	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 Q4: 47 minutes
b) resolution of urgent call outs (from notification to confirmation of resolution)  <b>(Mandatory Measure)</b>	480 minutes or less	113 minutes	<b>Achieved</b>	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: 113 minutes  2022/23 Quarterly Results:  Q1: 125 minutes Q2: 155 minutes Q3: 85 minutes Q4: 113 minutes
c) attendance at non-urgent call outs (from notification to arrival on site)  <b>(Mandatory Measure)</b>	7 days or less	69 minutes	<b>Achieved</b>	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: 69 minutes  2022/23 Quarterly Results:  Q1: 102 minutes Q2: 68 minutes Q3: 61 minutes Q4: 59 minutes

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	2022/23 Annual Target	Quarter 4: Result as at 30/6/23 (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)	
d) resolution of non-urgent call outs (from notification to confirmation of resolution)  <b>(Mandatory Measure)</b>	3 months or less	108 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: 108 minutes  2022/23 Quarterly Results:  Q1: 130 minutes Q2: 188 minutes Q3: 100 minutes Q4: 182 minutes
Council's drinking water supply complies with:						
a) part 4 of the Drinking Water Standards (bacteria compliance criteria).  <b>(Mandatory Measure)</b>	Fully compliant	Fully Compliant	Achieved	Fully compliant	Fully compliant	YTD: Fully Compliant
b) part 5 of the Drinking Water Standards (protozoal compliance criteria).  <b>(Mandatory Measure)</b>	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).  <b>(Mandatory Measure)</b>	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).	32.4%	Achieved	32.5%	34%	

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	2022/23 Annual Target	Quarter 4: Result as at 30/6/23 (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>Average consumption of drinking water per day per resident within the district. (Demand management).</p> <p><b>(Mandatory Measure)</b></p>	<p>Year 2: No more than 578 litres/person/day</p> <p>Note: The Year 3 Target is to be established (to align with water meter installation and associated data).</p>	586 litres/person/day	<b>Not Achieved</b>	578 litres/person/day	639 litres/person/day	<p>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).</p>
<b>Wastewater</b>						
<p>Number of complaints received about sewerage odour, system faults, system blockages, MDC's response to issues with its sewerage system.</p> <p><b>(Mandatory Measure)</b></p>	<p>Less than or equal to 8 complaints/1000 connections.</p>	<p>26.56 complaints/1,000 connections</p> <p>Actual Complaints: 257</p>	<b>Not Achieved</b>	<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: 26.56 complaints/1000 connections</p> <p>YTD Actual Complaints: 257</p> <p>2022/23 Quarterly Results: Q1: 14.16/1000 (137 complaints) Q2: 4.3/1000 (42 complaints) Q3: 4.44/1000 (43 complaints) Q4: 3.62/1000 (35 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>There has been a decline in the number of complaints received in subsequent quarters compared to Q1, but numbers for Q4 are still higher than the equivalent quarter in previous years.</p> <p>The higher number of complaints this year were primarily related to a continuation of issues with the wastewater network resulting from high groundwater tables. As noted in previous reports, with already high groundwater, the higher than usual level of rainfall over the last year has resulted in overflows of the wastewater network.</p> <p>Work is being progressed to mitigate the impact of heavy rainfall on our wastewater networks, especially in areas that have experienced challenges for an extended period of time.</p>



MEASURE	CURRENT YEAR END RESULTS			PREVIOUS YEAR END RESULTS (WHERE APPLICABLE)		COMMENTARY
	2022/23 Annual Target	Quarter 4: Result as at 30/6/23 (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)	
Median response time to sewerage overflows resulting from a blockage or other fault to MDC's sewerage system:						
a) attendance (from time of notification to the time service personnel arrive onsite)  <b>(Mandatory Measure)</b>	6 hours or less	52 minutes	<b>Achieved</b>	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 Q4: 35 minutes
b) resolution (from time of notification to the time service personnel confirm resolution)  <b>(Mandatory Measure)</b>	12 hours or less	102 minutes	<b>Achieved</b>	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: 102 minutes  2022/23 Quarterly Results: Q1: 159 minutes Q2: 75 minutes Q3: 59 minutes Q4: 136 minutes
Number of dry weather sewerage overflows from MDC's sewerage system  <b>(Mandatory Measure)</b>	Less than or equal to 2/1000 connections	0.41 complaints/1000 connections  (4 complaints)	<b>Achieved</b>	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: 0.41 complaints/1000 connections  YTD Actual: 4 complaints  2022/23 Quarterly Results: Q1: 0.10/1000 (1 complaint) Q2: 0.10/1000 (1 complaint) Q3: 0.10/1000 (1 complaint) Q4: 0.10/1000 (1 complaint)

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<p>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.</p> <p><b>(Mandatory Measure)</b></p>	100% - no consent breaches	<p>One abatement notice served.</p> <p>An Abatement Notice was served on MDC on 25/8/22, requiring compliance with consent conditions.</p>	<b>Not Achieved</b>	<p>One infringement received</p> <p>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.</p>	100% - no consent breaches	<p>YTD: One abatement notice received.</p> <p>Q1: One abatement notice received. Q2: 100% compliant Q3: 100% compliant Q4: 100% compliant</p> <p>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.</p> <p>MDC has since complied, as reported in Q2 and Q3.</p> <p>Further work is being undertaken to determine the cause of the bacteria in the ponds.</p>
<p>Alternative system provided where loss of service exceeds 24 hours</p>	Less than or equal to 1/1000 connections	16.53/1000 connections (160 port-a-loos provided)	<b>Not Achieved</b>	<p>6.4/1000 connections (61 port-a-loos required)</p> <p>Q1: 0/1000 Q2: 0/1000 Q3: 6.2/1000 (59 port-a-loos required) Q4: 0.21/1000 (2 port-a-loos required)</p> <p>Port-a-loos were provided to properties that experienced wastewater overflows as a result of the February 2022 rain event in Q3.</p> <p>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.</p>	<p>0.64/1000 connections (6 port-a-loos provided)</p> <p>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.</p>	<p>YTD: 16.53/1000 connections (160 port-a-loos required)</p> <p>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) Q4: 2.38/1000 connections (23 port-a-loos)</p> <p>The number of port-a-loos provided is more than double the number provided in the previous year, and well above the results for the 2020/21 year. Most port-a-loos were deployed in Q1, with Q1 numbers exceeding the number deployed for the full year last year.</p> <p>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 subsequent quarters is less than Q1, the groundwater conditions and heavy rainfall have continued to impact.</p> <p>As noted, work is being progressed to mitigate the impact of heavy rainfall on our wastewater networks, especially in areas that have experienced challenges for an extended period of time.</p>

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	2022/23 Annual Target	Quarter 4: Result as at 30/6/23 (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>Stormwater:</b>						
Number of flooding events that occur in the district  <b>(Mandatory Measure)</b>	10 events or less	5 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 Q4: No flooding events  The result reflects the wet weather experienced, as noted under wastewater results above.
For each flooding event, the number of habitable floors affected  <b>(Mandatory Measure)</b>	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 Q4: 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 MDC in relation to those consents.  <b>(Mandatory Measure)</b>	100% compliance	100% - no consent breaches	Achieved	100% - no consent breaches	100% - no consent breaches	YTD: 100% - no consent breaches

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	2022/23 Annual Target	Quarter 4: Result as at 30/6/23 (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>Number of complaints received about the performance of MDC's stormwater system</p> <p><b>(Mandatory Measure)</b></p>	Less than or equal to 3/1000	<p>10.11 complaints/1000 connections</p> <p>Actual Complaints at Year End: 91</p>	<b>Not Achieved</b>	<p>Year End: 4.11 complaints/1000 connections</p> <p>YTD Actual: 37 complaints</p> <p>Q1: 0.56/1000 (5) Q2: 0.67/1000 (6) Q3: 2/1000 (18) Q4: 0.89/1000 (8)</p> <p>The February 2022 rain event in Q3 contributed to an increased number of complaints in that quarter.</p>	<p>Year End: 2.33 complaints/1000 connections</p> <p>Actual: 21 complaints</p> <p>Q1: 0.44/1000 (4) Q2: 0.56/1000 (5) Q3: 0.33/1000 (3) Q4: 0.99/1000 (9)</p>	<p>YTD: 10.11 complaints/1000 connections</p> <p>YTD Actual: 91 complaints</p> <p>Q1: 3.44/1000 (31 complaints) Q2: 1.33/1000 (12 complaints) Q3: 2.22/1000 (20 complaints) Q4: 3.11/1000 (28 complaints)</p> <p>The higher number of complaints this year are primarily related to groundwater tables remaining high following the heavier than usual rainfall since February 2022.</p> <p>The number of complaints received is more than double the number received last year, and almost five times as many as the previous year.</p>
<p>Median response time to attend a flooding event (from time of notification to the time service personnel arrive onsite)</p> <p><b>(Mandatory Measure)</b></p>	60 minutes or less	21 minutes	<b>Achieved</b>	<p>YTD: 6531 (109 hours)</p> <p>Q1: No flooding events Q2: No flooding events Q3: 6530 minutes Q4: 25 minutes</p> <p>The volume of complaints relating to flooding and 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.</p> <p>The response time reported in Q4 was related to the flooding event in Q3. The service request was completed in Q4.</p>	<p>Year End: 22 minutes</p> <p>Q1: No flooding events Q2: 30 minutes Q3: No flooding events Q4: 14 minutes</p>	<p>YTD: 21 minutes</p> <p>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 Q4: N/A – no flooding events reported</p>

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<b>Solid Waste</b>						
Number of call backs due to non-collection of official rubbish bag in each weekly collection	No more than 52 call-backs per annum.	8 call backs	<b>Achieved</b>	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 Q4: Result: 0
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.	0.513 tonne per head of population (Q4 annualised) <i>(est. population as at 30/6/22: 29,000)</i>  14,882 tonnes YTD of waste transferred ex Masterton	<b>Achieved</b>	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: 0.513 tonne per head of population (annualised) – 14,882 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 Q4 Result: 0.513 tonne per head of population (annualised) – 3,512 tonne of waste transferred  <i>Results are based on estimated population of 29,000 as at 30/6/22.</i>  <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	100% compliance	<b>Achieved</b>	100% compliance	100% compliance	

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<b>Community Facilities and Parks</b>						
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"> <li>Physical issues</li> <li>Digital issues</li> <li>Computer/Wi-Fi sessions</li> </ul>	<p>YTD Library Usage: 324,662</p> <ul style="list-style-type: none"> <li>Physical issues: 187,344</li> <li>Digital issues: 52,431</li> <li>Computer/Wi-Fi sessions: 84,887</li> </ul>	<b>Achieved</b>	<p>Year End Library Usage: 278,960</p> <p>Physical issues: 182,546 Digital issues: 44,838 Computer/Wi-Fi sessions: 51,576</p> <p>The 5 year average for Library usage was: 318,686</p> <p>Physical issues: 231,430 Digital issues: 12,958 Computer/Wi-Fi sessions: 74,298</p> <p>Q1 Library Usage: 53,666</p> <p>Physical issues: 40,529 Digital issues: 8,751 Computer/Wi-Fi sessions: 4,386</p> <p>Q2 Library Usage: 63,777</p> <p>Physical issues: 47,147 Digital issues: 11,844 Computer/Wi-Fi sessions: 4,786</p> <p>Q3 Library Usage: 71,517</p> <p>Physical issues: 46,638 Digital issues: 10,400 Computer/Wi-Fi sessions: 14,479</p> <p>Q4 Library Usage: 87,326</p> <p>Physical issues: 48,226 Digital issues: 12,073 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"> <li>Physical issues: 214,591</li> <li>Digital issues: 16,614</li> <li>Computer/Wi-Fi sessions: 59,110</li> </ul> <p>YTD Library Usage: 324,662</p> <ul style="list-style-type: none"> <li>Physical issues: 187,344</li> <li>Digital issues: 52,431</li> <li>Computer/Wi-Fi sessions: 84,887</li> </ul> <p>Quarterly Results:</p> <p>Q1 Library Usage: 79,668</p> <ul style="list-style-type: none"> <li>Physical issues: 46,211</li> <li>Digital issues: 13,369</li> <li>Computer/Wi-Fi sessions: 20,088</li> </ul> <p>Q2 Library Usage: 80,294</p> <ul style="list-style-type: none"> <li>Physical issues: 46,517</li> <li>Digital issues: 11,745</li> <li>Computer/Wi-Fi sessions: 22,032</li> </ul> <p>Q3 Library Usage: 76,205</p> <ul style="list-style-type: none"> <li>Physical issues: 46,777</li> <li>Digital issues: 13,000</li> <li>Computer/Wi-Fi sessions: 16,428</li> </ul> <p>Q4 Library Usage: 88,495</p> <ul style="list-style-type: none"> <li>Physical issues: 47,839</li> <li>Digital issues: 14,317</li> <li>Computer/Wi-Fi sessions: 26,339</li> </ul>

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<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"> <li>In Person Visits</li> <li>Digital</li> <li>Housebound</li> </ul> <p>Note: Digital visits include website, OPAC and social media.</p>	<p>YTD Library Visits: 329,929</p> <p>Visits consists of:</p> <ul style="list-style-type: none"> <li>In Person: 99,132</li> <li>Digital: 229,709</li> <li>Housebound: 1,088</li> </ul>	<p><b>Achieved</b></p>	<p>Year End Library Visits: 363,490</p> <p>Visits consist of:</p> <ul style="list-style-type: none"> <li>In Person: 83,400</li> <li>Digital (website, OPAC, social media): 278,944</li> <li>Housebound: 1,146</li> </ul> <p>The 5 year average for Library visits was: 215,501</p> <ul style="list-style-type: none"> <li>In Person Visits: 148,062</li> <li>Digital Visits: 66,745</li> <li>Housebound Visits: 694</li> </ul> <p>Q1 Library Visits: 64,440</p> <ul style="list-style-type: none"> <li>In Person: 20,798</li> <li>Digital: 43,412</li> <li>Housebound: 230</li> </ul> <p>Q2 Library Visits: 54,911</p> <ul style="list-style-type: none"> <li>In Person: 21,469</li> <li>Digital: 33,041</li> <li>Housebound: 401</li> </ul> <p>Q3 Library Visits: 58,268</p> <ul style="list-style-type: none"> <li>In Person: 19,361</li> <li>Digital: 38,675</li> <li>Housebound: 232</li> </ul> <p>Q4 Library Visits: 185,871</p> <ul style="list-style-type: none"> <li>In Person: 21,772</li> <li>Digital: 163,816 (social media is only measured at year end)</li> <li>Housebound: 283</li> </ul>	<p>N/A – New Measure</p>	<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"> <li>In Person Visits: 128,351 (32,088 per quarter average)</li> <li>Digital Visits: 104,178 (26,044 per quarter average)</li> <li>Housebound Visits: 803 (201 per quarter average)</li> </ul> <p>Digital visits include website, OPAC and social media.</p> <p>YTD Library Visits: 329,929</p> <ul style="list-style-type: none"> <li>In Person: 99,132</li> <li>Digital: 229,709</li> <li>Housebound: 1,088</li> </ul> <p>While the number of in person visits is lower than the five year average, there has been an increase of almost 20% compared to 2021/22. This is likely to reflect people returning to the Library after COVID-19 impacts the previous year.</p> <p>Quarterly Results:</p> <p>Q1 Library Visits: 59,240</p> <ul style="list-style-type: none"> <li>In Person: 24,748</li> <li>Digital: 34,168</li> <li>Housebound: 324</li> </ul> <p>Q2 Library Visits: 71,457</p> <ul style="list-style-type: none"> <li>In Person: 23,405</li> <li>Digital: 47,740</li> <li>Housebound: 312</li> </ul> <p>Q3 Library Visits: 78,484</p> <ul style="list-style-type: none"> <li>In Person: 24,021</li> <li>Digital: 54,249</li> <li>Housebound: 214</li> </ul> <p>Q4 Library Visits: 98,216</p> <ul style="list-style-type: none"> <li>In Person: 26,709</li> <li>Digital: 71,269</li> <li>Housebound: 238</li> </ul>	

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Percentage of Council parks and open spaces urgent customer service requests that are resolved within 4 work hours.	90% resolved within 4 work hours.	End of year: 93.8% responded to within 4 hours.  49 urgent requests received. 46 were responded to within 4 hours.	<b>Achieved</b>	Year End: 96% 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)	N/A – New Measure	Year to Date: 93.8% responded to within 4 hours.  46 out of 49 urgent requests received were responded to within 4 hours.  Q1: 90% (18/20 urgent requests) Q2: 90% (9/10 urgent requests) Q3: 100% (11/11 urgent requests) Q4: 100% (8/8 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 that have not been permanently resolved.	<b>Not Available to Report</b>	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.	Work to resolve the Trail Counter functionality has been attempted with partial readings in Q3 and incomplete data in Q4.  Despite being unable to report usage, staff have received consistent positive feedback about the trails.  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.  Note regarding Year 2 target: 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 remained the same as in Year 1.  Targets were proposed to change from Year 2 as follows: <ul style="list-style-type: none"> <li>• Year 2: Utilisation = at least the 3 year average</li> <li>• Year 3: Utilisation = at least the 4 year average</li> <li>• From Year 4: Utilisation = at least the 5 year average</li> </ul>



MEASURE	CURRENT YEAR END RESULTS			PREVIOUS YEAR END RESULTS (WHERE APPLICABLE)		COMMENTARY
	2022/23 Annual Target	Quarter 4: Result as at 30/6/23 (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)	
Number of people using the Trust House Recreation Centre	No less than 5 year average for overall Trust House Recreation Centre usage total Usage consists of: <ul style="list-style-type: none"> <li>Swim</li> <li>Gym</li> <li>Stadium Sports</li> <li>Stadium Events</li> </ul>	Trust House Recreation Centre Usage: 152,095  Usage consists of: <ul style="list-style-type: none"> <li>Swim: 106,191</li> <li>Gym: 27,687</li> <li>Stadium Sports: 5,830</li> <li>Stadium Events: 12,387</li> </ul>	<b>Achieved</b>	Year End Usage: 99,899 <ul style="list-style-type: none"> <li>Swim: 65,357</li> <li>Gym: 25,214</li> <li>Stadium Sports: 3,717</li> <li>Stadium Events: 5,601</li> </ul> The 5 year usage was: 106,018. This consists of: <ul style="list-style-type: none"> <li>Swim: 70,348</li> <li>Gym: 25,695</li> <li>Stadium Sports: 2,761</li> <li>Stadium Events: 7,215</li> </ul> Q1 Usage: 21,716 <ul style="list-style-type: none"> <li>Swim: 14,247</li> <li>Gym: 5,002</li> <li>Stadium Sports: 787</li> <li>Stadium Events: 1,680</li> </ul> Q2 Usage: 23,697 <ul style="list-style-type: none"> <li>Swim: 15,241</li> <li>Gym: 6,653</li> <li>Stadium Sports: 757</li> <li>Stadium Events: 1,046</li> </ul> Q3 Usage: 28,413 <ul style="list-style-type: none"> <li>Swim: 18,721</li> <li>Gym: 7,844</li> <li>Stadium Sports: 724</li> <li>Stadium Events: 1,124</li> </ul> Q4 Usage: 26,063 <ul style="list-style-type: none"> <li>Swim: 17,148</li> <li>Gym: 5,715</li> <li>Stadium Sports: 1,449</li> <li>Stadium Events: 1,751</li> </ul>	N/A – New Measure	The 5 year average for Trust House recreation Centre usage is: 121,703 (equating to a quarterly average of 30,246). This consists of: <ul style="list-style-type: none"> <li>Swim: 79,983 (quarterly average: 19,996)</li> <li>Gym: 30,152 (quarterly average: 7,538)</li> <li>Stadium Sports: 3,367 (quarterly average: 842)</li> <li>Stadium Events: 8,202 (quarterly average: 2,051)</li> </ul> YTD Usage: 152,095 <ul style="list-style-type: none"> <li>Swim: 106,191</li> <li>Gym: 27,687</li> <li>Stadium Sports: 5,830</li> <li>Stadium Events: 12,387</li> </ul> There has been an increase of usage of just over 50% compared to the previous year, with the biggest increases in the number of uses for swimming and stadium events. This is likely to reflect people moving toward pre COVID-19 usage patterns.  Gym usage is slightly increased but still below the five year average.  Q1 Usage: 34,476 <ul style="list-style-type: none"> <li>Swim: 24,333</li> <li>Gym: 6,244</li> <li>Stadium Sports: 1,775</li> <li>Stadium Events: 2,124</li> </ul> Q2 Usage: 39,272 <ul style="list-style-type: none"> <li>Swim: 28,490</li> <li>Gym: 6,715</li> <li>Stadium Sports: 1,137</li> <li>Stadium Events: 2,930</li> </ul> Q3 Usage: 44,213 <ul style="list-style-type: none"> <li>Swim: 28,728</li> <li>Gym: 7,972</li> <li>Stadium Sports: 1,760</li> <li>Stadium Events: 5,753</li> </ul>

MEASURE	CURRENT YEAR END RESULTS			PREVIOUS YEAR END RESULTS (WHERE APPLICABLE)		COMMENTARY
	2022/23 Annual Target	Quarter 4: Result as at 30/6/23 (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>Q4 Usage: 34,134</p> <ul style="list-style-type: none"> <li>Swim: 24,640</li> <li>Gym: 6,756</li> <li>Stadium Sports: 1,158</li> <li>Stadium Events: 1,580</li> </ul>
<p>Compliance with the healthy homes standards for Council owned rental units and houses.</p>	<p><b>Year 1 and Year 2:</b> 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.</p> <p><b>From Year 3:</b> Applies to all Council rental units/houses:  All units/houses comply with the healthy home standards (or have exemptions).</p> <p><i>Note: This aligns with the requirement for all private rentals to comply (or have been granted exemptions) by 1 July 2024. Council properties are categorised as private rentals</i></p>	<p>Proportion of new/renewed tenancy agreements where the unit/house rented is compliant (or has an exemption) at the time of lease:  100% (5/5)</p>	<p><b>Achieved</b></p>	<p>83.3%</p> <p>Six units were let and five were fully compliant at the time of lease. The non-compliance was addressed within the same quarter,</p>	<p>N/A – New Measure</p>	<p>In Year 1 and 2, the measure applies to new or renewed tenancy agreements for Council rental units/houses from 1 July 2021. From Year 3 the measure applies to all Council rental units/ houses.</p> <p>YTD: 100% - 5 units have been Let. All were fully compliant at the time of lease.</p> <p>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. Q4: 100% - 2 units were let. The units were fully compliant.</p> <p>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).</p>

MEASURE	CURRENT YEAR END RESULTS			PREVIOUS YEAR END RESULTS (WHERE APPLICABLE)		COMMENTARY
	2022/23 Annual Target	Quarter 4: Result as at 30/6/23 (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>Regulatory:</b>						
Response time to attend Priority 1 urgent call outs (e.g. dog attacks).	90% attended within one hour	95.3% (162 out of 170 urgent call-outs attended on time)	<b>Achieved</b>	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: 95.3% (162/170 attended on time)  Q1 – 93.54% (29/31) Q2 – 90.39% (47/52) Q3 – 100% (48/48) Q4 - 97.5% (38/39)  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.  Nine of the 39 call outs in Q4 were for attacks on people. All nine were attended within one hour of notification.
Response time to attend noise control call outs.	90% attended within one hour	93% (573/616 complaints attended within one hour)	<b>Achieved</b>	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 socialising outdoors, using power tools etc.	N/A – New Measure	Year End: 93% (573/616 attended on time)  Q1 – 95.83% (115/120) Q2 – 91.38% (159/174) Q3 – 89.1% (139/156) Q4 – 96.4% (160/166)  Note: There was an error in the Q3 results that were reported - 97.5% (117/120) - that has now been corrected above.

MEASURE	CURRENT YEAR END RESULTS			PREVIOUS YEAR END RESULTS (WHERE APPLICABLE)		COMMENTARY
	2022/23 Annual Target	Quarter 4: Result as at 30/6/23 (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)	
Number of animal control community education and engagement activities.	A minimum of 6 per annum related to high priority issues or concerns	8 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 Q4 – No education/engagement activities  The target of at least 6 education/engagement activities has been exceeded.
Percentage of resource consents processed within statutory timeframes	90%	92.2% (142 of 154 resource consents were processed within statutory timeframes)	Achieved	93%  210 of 226 resource consents were processed within statutory timeframes  Q1: 98% (52/53) Q2: 100% (72/72) Q3: 90.2% (46/51) Q4: 89.7% (35/39)	98%  202 of 207 resource consents received were processed within statutory timeframes	YTD: 92.2% (142/154)  Q1: 90% (28/33) Q2: 97.5% (39/40) Q3: 94.1% (32/34) Q4: 91.5% (43/47)
Percentage of building consents processed within statutory timeframes	90%	83% (538/649 consents issued were processed within statutory timeframes)	Not Achieved	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 4: 143 of 156 building consents were issued within statutory timeframes. The average processing time was 15 working days.  YTD: 83% (538/649 16.5 days)  Q1: 73% (141/194) / 17 working days Q2: 77% (124/161) / 19 working days Q3: 94% (130/138) / 15 working days Q4: 92% (143/156) / 15 working days  There has been an improvement in compliance with statutory timeframes in Quarter 3 and 4. This reflects the reduced number of applications.

MEASURE	CURRENT YEAR END RESULTS			PREVIOUS YEAR END RESULTS (WHERE APPLICABLE)		COMMENTARY
	2022/23 Annual Target	Quarter 4: Result as at 30/6/23 (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)	
Percentage of code compliance certificates processed within statutory timeframes	90%	90% (520 of 577 certificates were processed within statutory timeframes)	<b>Achieved</b>	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 Q4: 85% (139/163) - 13 days	N/A – New Measure	Quarter 4: 140 code compliance certificates were issued, with 97% processed within statutory timeframes. The average processing time was 10 working days.  YTD on time: 90% (520/577) / 15 working days  Q1: 83% (130/156) / 20.9 working days Q2: 87% (159/183) / 13 working days Q3: 97% (95/98) / 16 working days. Q4: 97% (136/140) / 10 working days.  There has been an improvement in the percentage processed on time, and a reduction in the average number of working days.
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%	<b>Achieved</b>	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	98% current compliance across 398 Building Warrant of Fitness, 8 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% Q4: 100%

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Proportion of known residential swimming pools that have been inspected.	<p>Year 2 target: 50%</p> <p>The year 1 target was 25%.</p> <p>Target changes from Year 3:</p> <p>Year 3: 80%</p> <p>Years 4-10: cycle to be repeated but ensuring 100% of pools have been re-inspected by the end of Years 6 and 9.</p>	<p>YTD 48% inspected</p> <p>39% of total pools compliant</p> <p>YTD: 508 inspections undertaken</p>	<b>Not Achieved</b>	<p>3% inspected</p> <p>YTD: 28 inspections undertaken.</p> <p>Q1: No inspections. Q2: No inspections. Q3: 15 inspections. Q4: 13 inspections.</p> <p>Pool inspections scheduled for 2021/22 were impacted by a lack of resource in the team due to a resignation.</p>	<p>N/A – New Measure</p>	<p>YTD: 508 inspections undertaken over 378 pools, with 320 of those pools remaining on our database* = 39% of pools inspected.</p> <p>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 Q4: 144 inspections undertaken over 144 pools = 48% inspected and 39% of total pools compliant</p> <p>There has been a notable effort and increase in the number of swimming pools inspected this year compared to the previous year.</p> <p><i>*Note: Some pools are decommissioned following inspection and/or the pool is confirmed as no longer existing when staff visit the site.</i></p>

**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 REPORTS FOR INFORMATION**

### **6.1 MINUTES OF THE PREVIOUS MEETING HELD ON 24 MAY 2023**

**File Number:**

**Author:** Harriet Kennedy, Governance Advisor

**Authoriser:** Karen Yates, Interim Chief Executive

#### **PURPOSE**

For the Audit and Risk Committee to receive the minutes of the previous meeting held 24 May 2023.

#### **EXECUTIVE SUMMARY**

The minutes of the Committee held on 24 May 2023 were confirmed by Council at its meeting on 28 June 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 24 May 2023.

#### **ATTACHMENTS**

- 1. Minutes Audit and Risk Committee 24 May 2023** [↓](#) 



# **MINUTES**

## **Audit and Risk Committee Meeting** **Wednesday, 24 May 2023**



**Order Of Business**

<b>1</b>	<b>Conflicts of Interest</b> .....	<b>3</b>
<b>2</b>	<b>Apologies</b> .....	<b>3</b>
<b>3</b>	<b>Public Forum</b> .....	<b>3</b>
<b>4</b>	<b>Items not on the Agenda</b> .....	<b>3</b>
<b>5</b>	<b>Reports for Decision</b> .....	<b>3</b>
	5.1 Treasury Management Policy Review .....	3
<b>6</b>	<b>Reports for Information</b> .....	<b>4</b>
	6.1 Minutes of the Previous Meeting held on 22 February 2023 .....	4
	6.2 Service Provision Report Aratoi Regional Trust.....	4
	6.3 Destination Wairarapa Quarterly Report (1 January 2023 to 31 March 2023).....	5
	6.4 Health and Safety Quarterly Report.....	5
	6.5 Non-Financial Performance 2022-2023 Quarter 3 Report .....	5
	6.6 Nine Months to Date Financial Report 2022/2023 .....	6
	6.7 2024-2034 Long-Term Plan Update .....	6
	6.8 Insurance Update.....	7
	6.9 Corporate Carbon Emissions Reduction Plan Implementation: Progress Report.....	7
	6.10 Wairarapa Economic Development Strategy Progress Report .....	7
<b>7</b>	<b>Public Excluded</b> .....	<b>8</b>
	7.1 Minutes of the Audit and Risk Committee Meeting held with the public excluded on 22 February 2023 .....	8
	7.2 2022/23 Quarter 3 Risk Management Update Report.....	9
	7.3 SLT Risk Discussion .....	9

**MINUTES OF MASTERTON DISTRICT COUNCIL  
AUDIT AND RISK COMMITTEE MEETING  
HELD AT WAIATA HOUSE, 27 LINCOLN ROAD, MASTERTON  
ON WEDNESDAY, 24 MAY 2023 AT 3:00 PM**

**PRESENT:** Philip Jones (Chair), Mayor Gary Caffell, Councillors B Johnson, C Bowyer, B Goodwin, D Holmes (by Teams to 4.17am), T Hullena, S Lennox, T Nelson (by Teams) and M Tuuta and Iwi Representative Ra Smith

**IN ATTENDANCE:** Chief Executive, Manager Finance, Manager Strategy and Governance, Manager Community Facilities and Activities, Pou Ahurea Māori, Manager People and Culture, Manager Regulatory Services, Policy Manager, Environmental Services Manager, Senior Communications Advisor, Senior Policy Advisor, Senior Policy Advisor Climate Change and Environment, Governance Advisor.

**1 CONFLICTS OF INTEREST**

No conflicts of interest were declared.

**2 APOLOGIES**

There were no apologies

**3 PUBLIC FORUM**

There was no public forum

**4 ITEMS NOT ON THE AGENDA**

There were no late items

The Chair brought forward items 6.1 and 6.2 as the Director, Aratoi and General Manager, Destination Wairarapa were in attendance.

**5 REPORTS FOR DECISION**

**5.1 TREASURY MANAGEMENT POLICY REVIEW**

The report providing the Committee with an updated Treasury Management Policy for review and to recommend to Council for adoption was presented by the Manager Finance.

The Chair requested a further minor amendment - to add wherever reference was made to the CFO "or equivalent" - so that the policy didn't need to be amended whenever there was a staff title change.

*[Note to the minutes: the final Treasury Management Policy incorporating amendments is attached as Minutes Attachment 1]*

**COMMITTEE RESOLUTION 2023/9**

Moved by Councillor C Bowyer  
Seconded by Councillor T Hullena

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

**CARRIED**

**6 REPORTS FOR INFORMATION**

**6.1 MINUTES OF THE PREVIOUS MEETING HELD ON 22 FEBRUARY 2023**

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

**COMMITTEE RESOLUTION 2023/10**

Moved by Councillor B Johnson  
Seconded by Philip Jones

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

**CARRIED**

**6.2 SERVICE PROVISION REPORT ARATOI REGIONAL TRUST**

The report providing the Committee with the quarterly report against key result indicators for Aratoi Regional Trust was presented by the Manager Community Facilities and Activities. Sarah McLintock, Director of Aratoi, was in attendance to speak to her report.

In response to a question about how many Friends of Aratoi there were, the Chair noted that Masterton District Council weren't directors of Aratoi so it wasn't appropriate to be asking for that information.

It was also noted that the Friends of Aratoi are separate to Aratoi and anyone wishing to know information about their membership would need to contact them directly.

(Councillor Holmes joined the meeting at 3.06pm).

**COMMITTEE RESOLUTION 2023/11**

Moved by Councillor B Goodwin  
Seconded by Councillor S Lennox

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.

**CARRIED**

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

The report providing the Committee with the third quarter (1 January 2023 – 31 March 2023) progress report on key deliverables of Destination Wairarapa was presented by the Senior Policy Manager. Anna Nielson, General Manager, Destination Wairarapa spoke to her report and noted that for the last three years the Wairarapa had done well, but now growth was slowing as there needed to be new developments in the tourism area.

**COMMITTEE RESOLUTION 2023/12**

Moved by Councillor B Johnson  
Seconded by Councillor T Hullena

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

**CARRIED**

**6.4 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 that role. The Report was presented by the Manager People and Culture

(Councillor Holmes left the meeting at 4.17pm.)

**COMMITTEE RESOLUTION 2023/13**

Moved by Philip Jones  
Seconded by Councillor T Hullena

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).

**CARRIED**

**6.5 NON-FINANCIAL PERFORMANCE 2022-2023 QUARTER 3 REPORT**

The report advising the Audit and Risk Committee of performance against non-financial measures for the period from 1 July 2022 to 31 March 2023 was presented by the Principal Advisor Strategy and Governance.

Two financial statements had been separately circulated for members information, detailing the forecast financial result to 30 June 2023.

**COMMITTEE RESOLUTION 2023/14**

Moved by Councillor B Johnson  
Seconded by Mayor G Caffell

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

**CARRIED**

**6.6 NINE MONTHS TO DATE FINANCIAL REPORT 2022/2023**

The report providing the Committee with financial reporting for the nine months to 31 March 2023 was presented by the Manager Finance.

**COMMITTEE RESOLUTION 2023/15**

Moved by Councillor C Bowyer  
Seconded by Councillor B Johnson

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

**CARRIED**

**6.7 2024-2034 LONG-TERM PLAN UPDATE**

The report providing the Audit and Risk Committee with an update on progress with the development of the 2024-34 Long Term Plan was presented by the Manager Strategy and Governance.

**COMMITTEE RESOLUTION 2023/16**

Moved by Councillor S Lennox  
Seconded by Councillor M Tuuta

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.

**CARRIED**

#### **6.8 INSURANCE UPDATE**

The report providing 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 was presented by the Manager Finance who advised that there would be a meeting with the insurers shortly and that insurance costs were likely to be higher than the 15% originally envisaged.

The option to reduce insurance costs by insuring for indemnity value vs full replacement, or reducing cover, was discussed and with the agreement of the meeting the recommendation was amended to request the Manager Finance report back on options for reducing cover and the corresponding risk.

#### **COMMITTEE RESOLUTION 2023/17**

Moved by Philip Jones

Seconded by Councillor B Johnson

That the Audit and Risk Committee

1. Receives the information contained in the Insurance Update Report
2. Requests staff to report to Council on options for reduced cover, increased risk with a corresponding reduction in premiums.

**CARRIED**

#### **6.9 CORPORATE CARBON EMISSIONS REDUCTION PLAN IMPLEMENTATION: PROGRESS REPORT**

The report advising the Audit and Risk Committee of progress on the implementation of the Corporate Carbon Emissions Reduction Plan (CCERP 2021) was presented by the Senior Policy Advisor Climate Change and Environment.

#### **COMMITTEE RESOLUTION 2023/18**

Moved by Councillor T Hullena

Seconded by Councillor S Lennox

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

**CARRIED**

#### **6.10 WAIRARAPA ECONOMIC DEVELOPMENT STRATEGY PROGRESS REPORT**

The report providing the Audit and Risk Committee with information on the reporting requirements for WellingtonNZ to support the implementation of the Wairarapa Economic Development Strategy (WEDS) was presented by the Senior Policy Advisor who noted that a detailed workplan would also be coming to Council and that there would be regular reporting after that.

**COMMITTEE RESOLUTION 2023/19**

Moved by Councillor C Bowyer  
Seconded by Councillor S Lennox

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

**CARRIED**

**7 PUBLIC EXCLUDED**

**RESOLUTION TO EXCLUDE THE PUBLIC**

**COMMITTEE RESOLUTION 2023/20**

Moved by Councillor B Johnson  
Seconded by Councillor S Lennox

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 of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution
7.1 - Minutes of the Audit and Risk Committee Meeting held with the public excluded on 22 February 2023	<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</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

	otherwise to damage the public interest	
<b>7.2 - 2022/23 Quarter 3 Risk Management Update Report</b>	<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
<b>7.3 - SLT Risk Discussion</b>	<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</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




	information would be likely otherwise to damage the public interest	
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CARRIED

The Meeting moved into public excluded at 5.36pm  
The Meeting moved out of public excluded at 6.03pm  
The Meeting closed at 6.03pm.

The minutes of this meeting were confirmed at the Council meeting held on 28 June 2023.

  
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MAYOR



# 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

<b>Adopted by:</b>	Masterton District Council (as recommended by the Audit and Risk Committee)
<b>Date of Approval:</b>	24 June 2020
<b>Policy Number:</b>	MDC025
<b>Review Date:</b>	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
- 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 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 treatment land or land adjoining an MDC facility (eg airport). 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, 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%	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. Forecasting gross external debt allows for pre-hedging in advance of projected physical drawdown or raising of new debt.

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

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) term/short credit rating	(or long term)	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 (with the exception of Council's transactional bankers <sup>1</sup> 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 <sup>2</sup>	BB+ (long term)		2.5	None	2.5	< 20%

**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%).



## **6.2 SERVICE PROVISION REPORTS: ARATOI AND NUKU ORA**

**File Number:**

**Author:** Corin Haines, Manager Community Facilities and Activities

**Authoriser:** Karen Yates, Interim 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, and the six-month report against key initiatives for Nuku Ora.

### **RECOMMENDATIONS**

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

- (a) the summary results of the key result indicators for the quarter 1 April – 30 June 2023 from **Aratoi Regional Trust**
- (b) the summary results of the key initiatives for the six months 1 January – 30 June 2023 from **Nuku Ora**.

### **CONTEXT**

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

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

#### **Aratoi Regional Trust**

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

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

The summary report from Aratoi is attached to this report (see Attachment 1).

#### **Nuku Ora**

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

A Partner Plan was established in April 2018 between the Chief Executive, Masterton District Council and Chief Executive Officer, Nuku Ora.

Masterton District Council takes part in the Regional Spaces and Places Steering group which has representation from the councils across the greater Wellington region and is chaired by the Regional Spaces and Places Lead who is co-funded across the councils in the greater Wellington region.

The summary report from Nuku Ora is attached to this report (see Attachment 2).

## **SUMMARY OF CONSIDERATIONS**

### **Strategic, Policy and Legislative Implications**

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

### **Significance, Engagement and Consultation**

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

### **Financial Considerations**

Funding to the service providers was via the 2021-31 Long-Term Plan and as 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. Nuku Ora's Well Wairarapa project has Masterton East as one of its priority neighbourhoods and the GM (Māori Partnerships) will be meeting with different iwi to build a rapport and understand their needs.

### **Communications/Engagement Plan**

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

### **Environmental/Climate Change Impact and Considerations**

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

## **ATTACHMENTS**

1. **Attachment 1 Aratoi Quarter 4 Report** [↓](#) 
2. **Attachment 2 Nuku Ora 6 Month Report** [↓](#) 

**Aratoi Regional Trust**

Key Result Areas	Result	Assurance (How Achieved)
<p><b>A sustainable and thriving organisation:</b></p> <ul style="list-style-type: none"> <li>▪ Revenue from other sources (other than Masterton District Council and Masterton Trust Lands Trust) is greater than or equal to 20% of total revenue.</li> <li>▪ Increases in self-generated revenue. <ul style="list-style-type: none"> <li>➢ [Baseline: increase on 2021/22 result]</li> </ul> </li> <li>▪ Resident and visitor satisfaction with Aratoi services. <ul style="list-style-type: none"> <li>➢ [Baseline for 2022/23; 80% (4 or 5 stars)]</li> </ul> </li> </ul>	<p>Achieved</p> <p>Achieved</p> <p>Achieved</p>	<p>34.4% of Aratoi’s income was from other sources for the year, to 22 June 2023.</p> <p>With the tightening economic climate Aratoi’s self-generated income for the year ended 30 June 2023 was 9% below budget, however it is a total increase on the 2020-21 baseline result.</p> <p>Satisfaction with Aratoi services was achieved as per online ratings:</p> <ul style="list-style-type: none"> <li>➢ 4.6 stars on Google</li> <li>➢ 4.5 stars on Facebook</li> <li>➢ 4.5 starts on TripAdvisor.</li> </ul> <p>In March Museums Aotearoa Survey (in a scoring system out of 9) the responders rated Aratoi at 8.1 – extremely satisfied.</p>
<p><b>Provider of arts, culture and heritage services that reflect the history and heritage of the Masterton district and wider Wairarapa region:</b></p> <ul style="list-style-type: none"> <li>▪ 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"> <li>➢ [Baseline: established in 2019/20, then no decreases based on the previous year]</li> </ul> </li> <li>▪ Taonga Māori display held annually. <ul style="list-style-type: none"> <li>➢ [Baseline: 1 or more per annum]</li> </ul> </li> <li>▪ Exhibition held that tells the stories of our local history and heritage. <ul style="list-style-type: none"> <li>➢ [Baseline: 1 or more per annum]</li> </ul> </li> </ul>	<p>Achieved</p> <p>Achieved</p> <p>Achieved</p>	<p>500+ artists in exhibitions and programmes including:</p> <ul style="list-style-type: none"> <li>▪ Breadcraft Wairarapa Schools Art 2022</li> <li>▪ Kotahitanga: Coming Together Again</li> <li>▪ School’s Art Revisited</li> <li>▪ Print Council Aotearoa NZ; Celebration</li> <li>▪ Burn it all down</li> <li>▪ Julia Teale: Koha – Presenting Plenitude</li> <li>▪ Simon King; Shades and Echoes</li> <li>▪ Collection Focus on Rhondda Greig.</li> </ul> <p>25+ local artists represented in the shop.</p> <p>Masterton Museum: A Cabinet of Curiosities and the ongoing display of the Waipupū Waka in the Main Gallery</p> <ul style="list-style-type: none"> <li>▪ Masterton Museum: A Cabinet of Curiosities</li> <li>▪ Look Closely and Tell Me What You See: Photographs from the Collection</li> <li>▪ Alice Vallance Hosking and Kirsty Gardiner: Conversations through Time.</li> </ul>



Key Result Areas	Result	Assurance (How Achieved)
<p><b>To professionally manage and maintain all Aratoi assets, including the permanent collection:</b></p> <ul style="list-style-type: none"> <li>▪ Collections housed in best practice conditions – adherence to professional museum standards.</li> <li>▪ Taonga, artworks and heritage objects are managed in line with the Aratoi Collection Policy.</li> <li>▪ Collections are documented in line with professional museum standards.</li> </ul>	<p>Achieved</p> <p>Achieved</p> <p>Achieved (Vernon database)</p>	<p>Housed in best practice conditions with adherence to professional museum standards.</p> <p>Managed in accordance with the Aratoi Collection Policy.</p> <p>Documented in line with professional museum standards.</p>
<p><b>Genuine partnerships and effective relationships:</b></p> <ul style="list-style-type: none"> <li>▪ Iwi and Māori are offered opportunities to contribute towards key projects/initiatives led by Aratoi. <ul style="list-style-type: none"> <li>➢ <i>[Baseline: annual reporting]</i></li> </ul> </li> <li>▪ Key partnerships are offered to contribute towards key projects/initiatives led by Aratoi. <ul style="list-style-type: none"> <li>➢ <i>[Baseline: annual reporting]</i></li> </ul> </li> </ul>	<p>Achieved</p> <p>Achieved</p> <p>Achieved</p>	<p>Two representatives from each of the following iwi are on the Trust Board:</p> <ul style="list-style-type: none"> <li>▪ Ngāti Kahungunu ki Wairarapa</li> <li>▪ Rangitāne o Wairarapa.</li> </ul> <p>Exhibitions developed with iwi and Māori input (Waipupū Waka).</p> <ul style="list-style-type: none"> <li>▪ Breadcraft Wairarapa Limited for <i>Wairarapa Schools Art</i></li> <li>▪ Print Council Aotearoa NZ for their 20<sup>th</sup> anniversary exhibition <i>Celebration</i></li> <li>▪ King Street for their 25<sup>th</sup> anniversary exhibition</li> <li>▪ Masterton Trust Lands Trust for <i>Masterton Museum &amp; Continuing Legacy</i>.</li> </ul>

**Nuku Ora**

Key Initiatives	Result	Assurance (how achieved)
<p><b>1. Participation Opportunities: <i>Customer Insights</i></b> - ensure a thorough understanding of current and potential participants and share information to support informed, evidence-based decision making.</p>	<p>Achieved</p>	<p><u>Wairarapa Wellbeing</u> The Well Wairarapa through Healthy Neighbourhoods plan detailed four key areas of focus required to support neighbourhoods develop and maintain healthy behaviours.</p> <p>Neighbourhood Manager, Antonia Kilmister Thompson (who started on 26 April) has been working in these areas:</p> <ol style="list-style-type: none"> <li>1. <i>Engaged Neighbourhoods</i> by using data and evidence to identify priority neighbourhoods and applying community-led principles and change practices. Designing with locals, initiatives, and opportunities for increased physical activity across play, active recreation, active transport and sport.</li> <li>2. <i>A Connector Workforce</i> via neighbourhood 'connector' role to engage, facilitate and advocate on behalf of neighbourhoods.</li> <li>3. <i>Easily Accessed Spaces and Places</i> ensuring spaces enable people to be active, consideration of active design and removing barriers to access.</li> <li>4. <i>Provider Network Development</i> developing collective action that will benefit local people to enjoy great experiences while also ensuring there are a diverse range of opportunities to match different interests and life stages. Connecting the physical activity provider network with other providers of healthy lifestyle initiatives to ensure an integrated array of healthy lifestyle services and activities.</li> </ol> <p>For this period, the focus has been on whakawhanaungatanga; building of good relationships.</p> <p><u>Census and Active NZ Data on the Way</u> The last report included data acquired from Census 2018 and ActiveNZ 2021. The release of the regional ActiveNZ 2022 data is expected by the end of August, at which point we can pass the findings on to Council.</p> <p>Additionally, as this year was a census collection year, we look forward to seeing what insights will tell us about Masterton's population.</p> <p>Trends on the ActiveNZ 2022 data are in the Report.</p>

Key Initiatives	Result	Assurance (how achieved)
		<p><u>Spotlight on Women and Girls</u> In our previous report it was noted that Masterton has a slightly higher population of women than men, and an effort needs to be made regionally and nationally to ensure the disparity in physical activity participation between genders does not grow. The NZ School Sport Census tells us that 57% of girls are active in school sports whilst 63% of boys are.</p> <p>In mid-May, Nuku Ora organised their first ever Women and Girl's week. We gathered feedback from women who attend the Masterton 'Mum and Daughter Walk &amp; Play' event along the Waipoua River and at the Trust House Recreation Centre.</p> <p>For these wāhine, their preferred methods were walking, yoga and individual gym workouts which align with women's interest nationally. Lost cost low impact opportunities that were children inclusive were also of interest.</p> <p><u>Regional Sports Organisations Struggle with Funding and Staffing</u> In early July, a hui was held with Wairarapa based RSO's to identify barriers and themes in their work that we could support.</p> <p>Themes that arose were that there was growth happening in the region which was reflected in local sports clubs, and there were good development opportunities available for young sports people. Clubs recognised the community focus that they had, with several mentions of the community rallying around coaches, players, and volunteers to celebrate and support them.</p> <p>Whilst the population in the Wairarapa expands, with more players for clubs, this means a higher workload for staff. The high turnover in these positions, as well as a limited recruitment pool are a concern for clubs. Additionally, there are concerns about sustainable funding.</p>

<p><b>2. Participation Opportunities: <i>Integration of Physical Literacy Approach</i></b> – take a holistic view of the participant and ensure that delivery meets participant needs and inspires ongoing participation.</p>	<p>Achieved</p>	<p><u>Healthy Active Learning</u> A joint initiative between Sport New Zealand and the Ministries of Health and Education to improve the wellbeing of tamariki through healthy eating, drinking and quality physical activity.</p> <p>A period of consolidation has taken place over the first six months of 2023. Schools have been implementing the learnings and philosophies from the support over the previous 12 – 24 months. Schools have been updated with resources to enhance Health and Physical Education as a particular area of focus.</p> <p>The Regional Community Hydration Station list was recently updated and promoted to provide access to drinking water at school and community events.</p> <p><u>Play</u> “Our people and whānau are at the heart of tākaro” has been the Regional Play network vision which encompasses the eight councils in the Wellington region.</p> <p>In the past six months, the following has been completed:</p> <ul style="list-style-type: none"> <li>• The alignment of the voices gathered through the Power of Play has now created our new Tākaro Pou Tarāwaho which has been socialized with all regional councils and organisations.</li> <li>• Masterton District Council has established a ‘Play in Masterton’ page through their website, to educate communities around the value of play and what opportunities are available in Masterton.</li> <li>• Kia Hakinakina continues to spread the word of tākaro by using Waka Kori in their schools to educate schools on how they can continue to educate students, teachers and broader whānau.</li> <li>• Regular network tākaro korero continues across our wellington and wider region.</li> </ul>
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Key Initiatives	Result	Assurance (how achieved)
<p><b>3. Participation Opportunities: Low Participant Group Initiatives</b> – work alongside low participation communities to develop targeted programmes and services which reduce barriers and increase participation in sport and physical activity.</p>	<p>Achieved</p>	<p><u>Green Prescription and Active Families</u> Over the past six months Green Prescription (GRx) and Active Families have supported 134 individuals and whānau from the Wairarapa with healthy eating, physical activity, and wellbeing support, enabling participants to progress towards their health and wellbeing goals.</p> <p>As well as continuing to support equity of access and working with referrers that support our priority groups, the percentage of participants who identify as Māori or Pasifika is 31%.</p> <p>We have seen an increase in zoom calls and phone consultations. The most common reasons are due to whānau being too busy to find time to meet in person, unavailable due to mahi, travel costs and sicknesses.</p> <p>Conducting check-in consultations over virtual platforms has proven to be helpful for our clients and although we have seen an increase in this area, there are many clients who enjoy meeting in person.</p> <p>Two Green Prescription success stories are outlined in the Nuku Ora Report.</p> <p><u>Wairarapa Community Strength and Balance</u> A wet and windy 30 March 2023 did not dampen the spirits of the 30+ participants of the inaugural Wairarapa Senior Regional Games.</p> <p>Insights collected from the games included two interesting factors:</p> <ul style="list-style-type: none"> <li>• Most older adults are willing to pay more than \$5.50 per class.</li> <li>• Those living in Masterton weren't willing to travel to the next town for classes whereas those outside Masterton were willing to travel to the next town for exercise classes.</li> </ul> <p>The Wairarapa Senior Regional Games were a huge success with the stories of tūhononga and whakawhanaungatanga being the most rewarding. Two stories that stood out are in the Nuku Ora Report.</p>

		<p><u>Tū Manawa Active Aotearoa (TMAA)</u> The community activation fund aims to support the provision of, and access, quality play, active recreation, and sport opportunities for tamariki and rangatahi.</p> <p>The TMAA is administered regionally through Nuku Ora on behalf of Sport New Zealand. We have continued to invest in the Wairarapa since the July 2020 inception and in particular the Masterton area.</p> <p>TMAA consists of two funding streams – the Open Fund (projects seeking over \$10,000 in funding) and the Smaller Project Fund (projects seeking up to \$10,000).</p> <p>New investments from the Wairarapa since the previous report are:</p> <ul style="list-style-type: none"> <li>• YMCA Central Kia Kaha Ake Sports Leagues – Masterton “give it a go” where sports are a vehicle to give children the opportunity to be active by removing as many barriers as possible.</li> <li>• Pae Karanga ki Hineteorangi – the Karanga Wananga programme of on-going series of wananga, designed for young wahine at Te Ore Ore Marae.</li> <li>• Wairarapa Secondary School Sport – Active Bodies Active Mind programme involved sports such as Ki-o-rahi, Lacrosse, Futsal, AWD Tenpin Bowling, Smallbore, Golf and Give it a Go days. It will also involve some new initiatives including Mountain Biking, Squash and a Pride Sport and Recreation Festival Day.</li> </ul>
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<p><b>4. Spaces and Places: Regional Facilities Plan</b> – develop an integrated network of local and regional places and spaces that provide more people in the region with better places to participate and support event hosting.</p>	<p>In Progress</p>	<p>The delivery of key projects in the plan, and the three-year implementation plan have been a key focus for this reporting period.</p> <p>The Steering Group is now well established with three meetings held during this reporting period. We continue to work on developing relationships with iwi and local funders to ensure they too are engaged in spaces and places conversations. We thank Masterton District Council staff for attending these meetings.</p> <p>Actions prioritized during the past 2022/23 financial year were:</p> <ul style="list-style-type: none"> <li>• Regional sports field review and a regional indoor court audit.</li> <li>• Develop a process for prioritizing Spaces &amp; Places projects.</li> </ul> <p>Overall, Nuku Ora is pleased with the progress made in Spaces &amp; Places in Masterton and the wider Wairarapa. The progress of tangible pieces of work and focus on relationship building has set a strong foundation and enables partners to further jump on board to enact and bring to life the Regional Spaces &amp; Places Plan.</p> <p>Actions to be delivered on this coming 2023/24 financial year are:</p> <ul style="list-style-type: none"> <li>• Understand the value of spaces for play and active recreation – an explorative piece of work to understand the demand for play and active recreation spaces across our region.</li> <li>• Support councils with Long-Term Plan submissions - incorporate Spaces &amp; Places priorities into Nuku Ora’s submissions</li> <li>• Review the Wellington Region Spaces &amp; Places framework.</li> </ul>
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Key Initiatives	Result	Assurance (how achieved)
<p>5. <b>Workforce Excellence: Improving Sports and Clubs Capability</b> – support sports and clubs to grow their capability and deliver high quality sport and active recreation opportunities to participants.</p>	Achieved	<p><u>Leadership Development</u> A Governance 101 workshop was held in Masterton on 4 May 2023, a great session with a very diverse group attending of local iwi, DHB, community groups, art centre and sport representatives.</p> <p><u>Coach Development</u> Kim Whiteman, Regional Sports Director for Wairarapa Secondary Schools Sport left in April. A new director will start in August 2023.</p> <p>The next student coaching course will be on 19 September 2023, focusing on summer sports (touch, volleyball, tennis, cricket and athletics) and Nuku Ora will work with the newly appointed Director to promote this opportunity.</p> <p><u>Regional Sports Organisation Collective</u> Over the six months, two meetings with RSO's were hosted with attendance by Hockey Wairarapa, Wairarapa Tennis, Wairarapa Cricket, Netball Wairarapa, Wairarapa Bush Rugby, YMCA, and Douglas Villa Football Club.</p> <p><u>Disability Sport (dsport)</u> dsport is a charity managed by a board of elected volunteers. They are expanding their Wellington youth group into the Wairarapa. This is for young people aged 5 – 18 years, to try a range of different activities. They have contracted a role in the Wairarapa to do a scoping exercise to see what opportunities exist and the level of demand in the community.</p>
<p>7. Budget – provide balanced budget</p>	Achieved	<p>Financials are provided in the Nuku Ora Six Month Report for the period 1 January - 30 June 2023.</p>



**6.3 DESTINATION WAIRARAPA QUARTERLY REPORT (1 APRIL 2023 TO 30 JUNE 2023)**

**File Number:**

**Author:** Matt Steele, Senior Policy Advisor

**Authoriser:** Karen Yates, Interim Chief Executive

**PURPOSE**

The purpose of this report is to provide the Audit and Risk Committee with the fourth quarter (1 April 2023 – 30 June 2023) progress report on key deliverables for Destination Wairarapa.

**RECOMMENDATION**

That the Audit and Risk Committee receives the fourth quarter report (1 April 2023 – 30 June 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 council funding and investment. 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 the three Wairarapa District Councils in 2022, further details tourism priorities for the region. This plan is reflected in the Wairarapa Economic Development Strategy (WEDS).

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 for this does not reflect growth trend	Accommodation Data <sup>1</sup> , May 2023: <ul style="list-style-type: none"> <li>Total guest nights: 17,200 (May 22 – 18,000)</li> <li>Average nights stayed: 1.9 (May 22 – 1.9)</li> </ul>

<sup>1</sup> 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>The fall in total guest nights when compared to last year is likely due to the wet weather conditions experienced this winter, particularly compared to the drier winters experienced by some of our neighbours.</p> <p>Tourist numbers have also been impacted by the re-opening of the borders post COVID. Wairarapa experienced significant growth in tourism numbers early in the pandemic, compared to other regions, and this growth rate has now fallen.</p> <p>Tourism Electronic Card Transactions for Wairarapa<sup>2</sup>: \$157.7m to year end February 2023. This compares favourably to \$125.9m for the same time period in 2019 (pre-COVID).</p>
<p>Represent the Wairarapa in the Business Events market in partnership with suitable venues, activities and other services.</p>	<p>In progress</p>	<p>Events support:</p> <ul style="list-style-type: none"> <li>• Provided support for a wide range of events including, Wairarapa Balloon Festival, Tweed Ride, Featherston Booktown, and the Wairarapa Film Festival</li> <li>• Working with and supporting upcoming events including the Festival of Christmas.</li> </ul>
<p>Destination Management Plan</p>	<p>Completed</p>	<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</p>

<sup>2</sup> 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)
		Wairarapa Economic Development Strategy (WEDS).
To provide an online Wairarapa events calendar and a PDF downloadable version of major events.	Achieved	Available on the Destination Wairarapa website.
Represent the Wairarapa in the Inbound market in partnership with suitable venues and activities.	Achieved	Attended the MEETINGS Business Event Trade Show. In partnership with Classic NZ Wine Trail partner regions hosted a familiarisation trip of Australian Helloworld owners.
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: <a href="https://wairarapanz.com/live-work">https://wairarapanz.com/live-work</a>
To provide a balanced budget.	Achieved	The Quarter 4 General Manager’s and Marketing Board report for 4 months ended June 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 4 General Manager’s and Marketing Board Report ended June 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 the Wairarapa Balloon Festival, Tweed Ride, Featherston Booktown, and the Wairarapa Film Festival.
- Began work on the Festival of Christmas. This work is a promotional partnership aimed at maximising advance coverage of the festival, looking for reach and placement.
- Feature for the Festival of Christmas on the AA website. This feature was also pushed to the AA membership database of approximately 780,000.
- Worked with the Foley Wines marketing and PR teams on the promotion of their new cellar door and restaurant.

- Pūkaha Te Wānanga Taiao – the new environment, ecology, education, and conference centre at Pūkaha opened in July 2023. Destination Wairarapa worked with their marketing team to consider possible tourism partnerships.

**b) Media:**

- Forged positive working relationships with two new reporters at the Wairarapa Times-Age who cover events and tourism. Already starting to see the benefits with more proactive and positive coverage.
- Hosted Merrick Watts, comedian and wine writer from Australia as part of a visit to the Classic NZ Wine Trail. This resulted in articles syndicated across Australia.
- Provided information for a number of articles on Stuff promoting Wairarapa as a tourism destination for winter.

**c) Funding:**

- The Strategic Tourism Assets Protection Programme (STAPP) funding finished at the end of the financial year (June 2023). The end of this funding limits the print and sponsored activity Destination Wairarapa can undertake in the future.
- Funding was secured from WEDS to retain a staffing resource (Chrissy Cummings) to begin work on developing a multi-stakeholder, regional programme aimed at leveraging the opportunity that International Dark Skies accreditation has brought the region. Chrissy is also part of the team providing advice for the Masterton Dark Skies accreditation process.

**d) Trade promotion**

- Alongside Classic NZ Wine Trail partner regions, Destination Wairarapa hosted a famil of Australian Helloworld owners (following their own Auckland based owners conference). Between the nine attendees they owned over 130 retail store across Australia. The Helloworld product team plan to feature both Foreign Independent Travel itineraries and a group tour along the Wine Trail route.
- Destination Wairarapa attended the MEETINGS Business Events Trade Show in Wellington. Held over two days, the event consisted of 44 x 15-minute prescheduled appointments with business event buyers from NZ and Australia.
- Destination Wairarapa hosted a famil ahead of the MEETINGS Business Events Trade Show, to target attracting high end businesses to the region. This famil was well received, with lots of positive feedback received, and potential further business.

**Other relevant updates**

**a) Website development:**

- The RFP proposal process for the development of a new website has been completed. Two businesses, Stun and Dynamo6, submitted proposals.
- Following detailed assessment, Stun was selected as the website development provider.
- Work is now underway to finalise the contract ahead of work commencing.

## **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 KEY POLICIES MONITORED BY THE AUDIT AND RISK COMMITTEE**

**File Number:**

**Author:** Tania Madden, Acting Manager Strategy and Governance

**Authoriser:** Karen Yates, Interim Chief Executive

### **PURPOSE**

The purpose of this report is to provide a status update of policies that are monitored by the Audit and Risk Committee.

### **RECOMMENDATIONS**

That the Audit and Risk Committee:

1. **notes** that the following policies are monitored by the Audit and Risk Committee:
  - Asset Management Policy
  - Fraud, Dishonesty and Corruption Control Policy
  - Workplace Health and Safety and Staff Wellbeing Policy
  - Procurement Policy
  - Revenue and Financing Policy
  - Risk Management Policy
  - Significance and Engagement Policy
  - Sensitive Expenditure Policy, and
  - Treasury Management Policy.
2. **notes** that a status update for each of these policies in this Report; and
3. **notes** that further work will be undertaken to identify any further policies that should be monitored by the Audit and Risk Committee.

### **CONTEXT**

Masterton District Council (Council) has an approved Terms of Reference for the Audit and Risk Committee that were approved at the inaugural council meeting on 26 October 2022. Key functions of the Audit and Risk Committee include:

- enhancing the governance framework, risk management practices, and the controls Council uses to monitor achievements; and
- providing the Council with assurance of the integrity and reliability of Councils internal control framework.

The Audit and Risk Committee also has delegation to recommend draft policies and strategies associated with Council's risk management, compliance, and internal control functions to the

Council for adoption. The monitoring of these policies aligns with the function and delegated authority of the Audit and Risk Committee Terms of Reference.

For example:

- The Workplace Health and Safety and Staff Wellbeing Policy aligns with the Audit and Risk Committee’s responsibility for oversight of Council’s health, safety and wellbeing responsibilities;
- The Significance and Engagement Policy, Revenue and Financing Policy, and Treasury Management Policy aligns with the Audit and Risk Committee’s responsibility of oversight for Councils legislative compliance; and
- The Sensitive Expenditure Policy and Fraud, Dishonesty and Corruption Control Policy aligns with the Audit and Risk Committee’s responsibility for processes to report and manage sensitive expenditure, conflict of interest and fraud.

## ANALYSIS AND ADVICE

There are currently nine policies that are monitored by the Audit and Risk Committee. Of the nine policies monitored by the Audit and Risk Committee, five are current and four are overdue for review. All four overdue policies are scheduled to be reviewed this financial year.

*Table 1: Status update of policies monitored by the Audit and Risk Committee*

Policy	Status	Date Approved	Approval by	Comments
Asset Management Policy	Underway	2017	Strategic Leadership Team and endorsed by Council	Review underway.
Fraud, Dishonesty and Corruption Control Policy	Overdue	2018	Strategic Leadership Team and endorsed by Audit and Risk Committee	Review due in 2021. Review scheduled for 2023/24.
Workplace Health and Safety and Staff Wellbeing Policy	Overdue	2021	Strategic Leadership Team and endorsed by Audit and Risk Committee	Review underway.
Procurement Policy	Current	2022	Strategic Leadership Team and endorsed by Audit and Risk Committee	Next review due in 2025. Implementation is supported by a cross council (officers) project team.
Revenue and Financing Policy	Current	2021	Council	Review scheduled for 2023/24.
Risk Management Policy	Current	2022	Audit and Risk Committee	Next review scheduled in 2024 (for a revised policy to be in place by 2025).
Significance and Engagement Policy	Current	2021	Council	Review scheduled for 2023/24.

Sensitive Expenditure Policy	<b>Overdue</b>	2018	Audit and Risk Committee	Review due in 2021. Review programmed for 2023/24.
Treasury Management Policy (includes the Liability Management Policy and Investment Policy)	<b>Current</b>	2023	Council	Next review is due in 2026.

**Policies overdue for review have plans in place to address them within the next 12 months**

*Asset Management Policy*

The review of the Asset Management Policy Review is now underway and will be completed alongside the development of the 2024-34 Long-Term Plan [A&R Committee Report 6.7 May 2023 – refers]. The review of this Policy was not undertaken alongside the 2021-31 Long-Term Plan. The decision to defer the review of this Policy was in light of the Three Waters Reform Programme and whether the government were going to release any guidance about any changes to the process for councils’ Asset Management Plans.

*Sensitive Expenditure Policy and Fraud, Dishonesty and Corruption Control Policy*

A review of the Sensitive Expenditure Policy is programmed for 2023/24. The Audit Report for the year ended 30 June 2022 (provided June 2023) made recommendations to Council. They noted management should review its sensitive expenditure policies against Audit New Zealand’s good practice guidelines and review its processes around approval of sensitive expenditure to ensure compliance with policies and delegations [Council Report 8.1 June 2023- refers].

The Fraud, Dishonesty and Corruption Control Policy is scheduled for review in 2023/24, and will be undertaken alongside the review of the Sensitive Expenditure Policy.

*Workplace Health and Safety and Staff Wellbeing Policy*

The Workplace Health and Safety and Staff Wellbeing Policy is undergoing a review led by the People and Culture Team. The review will incorporate Worksafe developments in the area of mentally healthy workplaces and will implement our internal wellbeing programme. It is expected that the policy and manual will be provided to the Committee for endorsement this financial year.

**Identification of additional policies to be added**

Further work will be undertaken to identify any additional policies that should be monitored by the Audit and Risk Committee.

**Update on wider 2023/24 policy programme**

Other policies that are either currently under review or in development include (this does not include policies that are programmed for development or review in 2023/24 that have not yet commenced):



- Lease Policy – development of this policy and associated procedural documents commenced in 2021, with final draft policy undergoing internal review. It is anticipated that this Policy will go to Council for adoption in September 2023.
- Wairarapa Local Alcohol Policy – review underway with the Carterton and South Wairarapa District Councils.
- Wairarapa Class 4 Gambling and Standalone TAB Venues Policy – review underway with the Carterton and South Wairarapa District Councils.
- Cultural Competency Policy – development of this policy is underway to support the development of the Cultural Competency Framework.
- Te reo me ōna Tikanga Policy – This Policy is being revised due to flow on effects of the development of the Cultural Competency Framework.
- Selection and Acquisition Policy (Archival materials) – development of this policy is underway.

#### **Policies adopted or approved in the past six months**

- Easter Sunday Shop Trading Policy (*Review*) – adopted March 2023
- Library Collection Policy (*Review*) – adopted March 2023
- Wairarapa Smoke and Vape Free Policy (*Review*)– three Wairarapa District Council Policy, adopted in April 2023
- Treasury Management Policy (includes the Liability Management Policy and Investment Policy) (*Review*) – adopted June 2023
- Policy Development and Review Procedure (*Review*) – approved July 2023 (internal)
- Submissions to External Organisations Procedure (*Review*) – approved July 2023 (internal)
- Submission Policy (*New Policy*) – adopted August 2023

#### **Other updates**

- A plan to identify the scheduling of policy development and/or policy reviews for relevant Employment Relations related policies (following collective negotiations with the Public Service Association) will be developed by the People and Culture Manager.
- An assessment of all IT/Technology related policies/standards/procedures is being undertaken by the Technology Services team and Business Solutions team.

### **SUMMARY OF CONSIDERATIONS**

#### **Strategic, Policy and Legislative Implications**

Policy reviews that are programmed for review in 2023/24 will consider alignment with other relevant Council strategies, plans, bylaws and policies.

### **Significance, Engagement and Consultation**

Monitoring the policies listed in this report is procedural in nature and has therefore been assessed as not significant against the Council's Significance and Engagement Policy.

### **Financial Considerations**

There are no financial implications for the status update of policies monitored by the Audit and Risk Committee. Any reviews planned to be undertaken in 2023/24 will be met from within existing budgets.

### **Implications for Māori**

There are no implications for Māori arising from the status update of policies monitored by the Audit and Risk Committee.

### **Communications/Engagement Plan**

A Communications/Engagement Plan is not required for the status update of policies monitored by the Audit and Risk Committee.

### **Environmental/Climate Change Impact and Considerations**

There are no environmental/climate change impacts or considerations arising from the status update of policies monitored by the Audit and Risk Committee.

### **NEXT STEPS**

Progressing work outlined in the Analysis and Advice section of this Report.

### **ATTACHMENTS**

Nil

## **6.5 TREASURY MANAGEMENT REPORT**

**File Number:**

**Author:** David Paris, Manager Finance

**Authoriser:** Karen Yates, Interim Chief Executive

### **PURPOSE**

The purpose of this report is to provide Council with detailed information on 30 June 2023 position with respect to the Council's investments and debt.

### **RECOMMENDATION**

That the Audit and Risk Committee receives the Treasury Management Report as at 30 June 2023.

## **INVESTMENTS & BORROWING REPORT TO 30 JUNE 2023**

At 30 June 2023 the Council had \$20.42 million (last year \$23.89 million) of investment funds held in a range of financial instruments. Some \$4.1 million of that was held as working funds. \$6.84 million is held in sovereign and high-grade bond funds (managed by ANZ Investments Ltd). Of the balance, \$8.4 million is invested in term deposits.

The ANZ-managed Bond Fund investments produced a positive return of 0.69% for the year after interest rate markets continued to move higher. The value in the bond portfolio value decreased and was offset by interest earned. With interest rate markets stabilizing, it is expected that the yield on the bond funds will return to being in the 5% range in 2023/24. Average interest earned on term deposits was 4.11% while average yield as at 30 June 2023 was 5.85%.

External term debt was \$51.7 million at 30 June 2023 versus the LTP year 2 projection of \$55.2 million. This is as a result of not progressing with a number of planned projects which were to be debt funded. During the year an \$8.0 million bond maturity was repaid, refinanced by a combination of funding that had been budgeted for debt repayment (\$3.3 million) and new LGFA bonds. \$4.0 million of external debt has been added to fund current year capital projects.

The Council's debt portfolio is managed within policy limits and as at 30 June 2023 all indicators show compliance with the policy.

There is more information known about the proposed transition of Three Waters debt to a new water entity than there was last year. Some \$40m of Council's debt will be taken over progressively by the entity as the Council's debt matures. The mechanics of that transition have yet to be confirmed as there are forward cover swap instruments in place that will complicate the transition process.

Attached to this report is a brief paper that has been prepared by the LGFA in order to set out in simple terms, how they operate and provide lending to Councils. The paper comes about following a level of mis-information that was circulating online (see Attachment 1).

## Investments Report

For the Year to 30th June 2023

The table below reports the changes in the balance of investment funds held by the Council and the return that has been achieved on those funds. The following page lists in detail the investments by type.

<b>Investment Funds</b>	<u>Internally Managed Investments</u>	<u>ANZ Investments Fixed Interest Bond Funds</u>	
(excluding internal loans, shares and working funds on deposit)			
Opening Balance as at 1 July 2022	9,841,967	8,272,899	
Gross Interest to 30 June 2023	397,061		
Bond funds interest income		245,218	3.2%
Unrealised gains/(losses)		(178,582)	-2.4%
Net Investment Income to 30 June 2023	<u>397,061</u>	<u>66,636</u>	<u>4.11%</u> <u>0.69%</u>
Capital additions/(withdrawals)/(transfers)	<u>(740,195)</u>	<u>(1,500,000)</u>	
Balance as at 30th June 2023	<b>\$ 9,498,833</b>	<b>\$ 6,839,535</b>	
<b>Working funds (short term deposits and call a/c)</b>	<u>4,079,384</u>		
Total funds invested (managed internally)	<u>\$ 13,578,217</u>		
Total funds invested (incl externally managed)	<u>\$ 20,417,752</u>		
	Funds management fees	(20,111)	-0.27%
	% return on funds over 12 mths	<u>0.42%</u>	
		after fees	
	Market Index for 12 mths to 30 June 2023	<u>0.62%</u>	

## Investment Returns Commentary

One corporate bond (Fonterra) continues to be held directly by the Council, but it matured in August. Bank deposits have been the principal means of gaining a return on the approx \$10.0m of funds held and managed internally. These funds returned an average of 4.11% over the year.

The ANZ-managed investment is in two bond funds - the Sovereign Bond Fund and High Grade Bond Fund. Bond market yields have recovered from the negative performance of the last two years, but returns for the 12 months are below 1%. The average yield as at 30 June 2023 is now 5.5%.

The interest earned has been stated separately from the mark-to-market value loss. The funds performed at a level close to the market index for these types of investment.

## Investment Policy Compliance

The policy compliance information below refers to the investment and working funds managed in-house.

	<u>Policy (% of internal portfolio)</u>		as at 30 June 23
LGFA bonds	<35%	Met	7.7%
Bank deposits	0 - 100%	Met	91.9%
Total deposits no more than \$8m with any one bank		Met	
Corporate & Bank Bonds	<35%	Met	0.4%
Corporate Bonds rated BBB	no more than 5%	Met	0.4%
	no more than \$0.5m with single issuer	Met	
	no bonds less than BBB	Met	
Externally managed funds	< \$12m	Met	\$6.83m
Wairarapa Building Society (WBS)	< 20%	Met	17.7%
WBS	no more than \$2.5m	Met	\$ 2.4m

The following page provides detail of all of the financial assets held by the Council as at 30 June 2023.

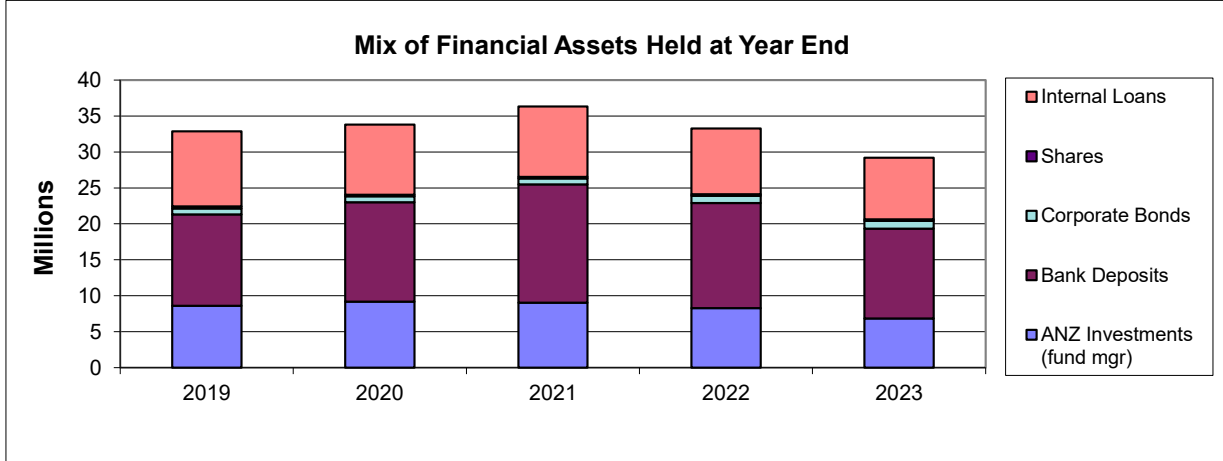
**INVESTMENTS HELD**

DATE: **30 June 2023**

DISTRICT FUND INVESTMENTS		Yield/ Interest Rate	Remaining Term	Original Term
<b>Short Term Bank Deposits</b>				
Westpac - 00 a/c	\$ 4,079,384	5.00%	call	<3mths
ANZ - call a/c	-		call	<3mths
<b>Total District Fund Investments</b>	<b>\$ 4,079,384</b>			
<b>SPECIAL FUNDS INVESTMENTS</b>				
<b>Short Term Bank Deposits</b>				
WBS - term deposit	1,200,000	6.00%	348 days	12 mths
WBS - term deposit	1,000,000	4.60%	139 days	12 mths
WBS - Wainuioru Water Supply	200,000	4.37%	35 days	12 mths
ANZ - term deposit	2,000,000	5.46%	272 days	12 mths
ANZ - term deposit	2,000,000	6.42%	280 days	6 mths
ANZ - term deposit	2,000,000	6.45%	328 days	12 mths
	<b>\$ 8,400,000</b>			
<b>Corporate Bonds (market value)</b>				
			Instrument Credit Rating	
Fonterra (A-) perpetual bond	60,000	3.28%	BBB	Redeemed Aug 2023
NZ LGFA Borrower notes	1,038,833	5.93%	AA	9.5 mths - 7 yrs
	<b>\$ 1,098,833</b>			
<b>ANZ Investments - Fund Managers</b>				
(valued at market value)			Performance	Market Index
High Grade Bond Fund	3,430,711			
Sovereign Bond Fund	3,408,824			
	<b>\$ 6,839,535</b>	0.69%		0.62%
				(interest only +3.05%)
<b>Total Special Funds Investments</b>	<b>\$ 16,338,368</b>	6.11%		Average Yield
<b>Shares</b>				
Civic Financial Services Ltd	\$ 122,141	No dividend		
NZ LGFA (LG Funding Agency)	\$ 100,000	4.86%		
<b>Total Investments Under Management</b>	<b>\$ 20,639,893</b>	Average Interest Rate at 30/6/23 (excl internal) 5.85%		

<b>Internal Loans/Investments</b>	(estimated)	\$ 8,547,792	4.74%
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Analysis of Investment Terms				Funds managed by MDC		Policy	Within Policy
<b>All Funds (excl internal loans)</b>							
20%	4,139,384	Current (less than 3 months)	4,139,384	30%	30% - 80%		yes
41%	8,464,358	Short term (3 months to 1 Yr)	8,464,358	61%	20% - 70%		yes
2%	323,953	Term (1 year - 3 years)	323,953	2%	0% - 50%		yes
36%	7,490,056	Term (3 years plus)	650,521	5%	0% - 20%		yes
1%	222,141	Shares	222,141	2%			
<b>100%</b>	<b>20,639,893</b>		<b>13,800,358</b>	<b>100%</b>			



## Loans/Borrowing Report

For the Year to 30th June 2023

The 2022/23 Annual Plan (LTP year 2) included new borrowing for capital projects of \$8.49m and repayment of external debt of \$8.0m, less refinancing of bond maturities of \$5.7m

The \$8m maturity was repaid in April 2023, \$5.7m was refinanced (prefunded in August 2022) and a further \$4.0m was borrowed in May 2023 to fund the 2022/23 capital expenditure programme.

The \$4.0m of new debt to fund capital expenditure compares to the planned borrowing of \$8.49m

Three new bonds drawn this year appear in the list below.

The 2022/23 Annual Plan forecast external debt at 30 June 2023 to be \$55.2m. Actual external debt is \$51.7m.

The Council has undrawn bank loan facilities with Westpac and ANZ of \$5m each and is a shareholder in, and borrower from, the NZ Local Government Funding Agency (NZ LGFA). Margins on the LGFA debt, above the 90 day bank bill rate, average 0.734% over 14 separate floating rate bonds.

Swap contracts with ANZ and Westpac are used to fix interest rates for terms of up to 6.5 years. This provides greater certainty of interest expense over the medium term - reduced risk of interest rate volatility impacting on Council's costs. Advice around the use of the various debt and interest rate hedging strategies is received from PwC. At 30th June 2022, 62.7% of the external debt was subject to fixed interest rates.

The following table summarises the Council's external Debt/Borrowing at 30 June 2022 and 2023

		30 June 2022	Bond Margin above 90 day rate	30 June 2023
Wpac	Multi-Option Credit Line (\$5m MOCL)	-		-
ANZ	Cash Advance Facility (\$5m CAF)	-		-
NZ LGFA	LGFA stock - maturity Apr 2023	8,000,000	0.825%	
	LGFA stock - maturity Apr 2024	5,100,000	0.726%	5,100,000
	LGFA stock - maturity Jul 2024	5,000,000	0.775%	5,000,000
	LGFA stock - maturity Apr 2025	4,000,000	0.780%	4,000,000
	LGFA stock - maturity Apr 2025	2,200,000	0.740%	2,200,000
	LGFA stock - maturity Jul 2025	5,000,000	0.808%	5,000,000
	LGFA stock - maturity Apr 2026	2,800,000	0.810%	2,800,000
	LGFA stock - maturity Apr 2027	4,000,000	0.655%	4,000,000
	LGFA stock - maturity Apr 2028	4,400,000	0.765%	4,400,000
	LGFA stock - maturity Oct 2029	5,000,000	0.638%	5,000,000
	LGFA stock - maturity Apr 2030	3,000,000	0.655%	3,000,000
	LGFA stock - maturity Apr 2029	1,500,000	0.655%	1,500,000
	LGFA stock - maturity Apr 2029		0.785%	3,700,000
	LGFA stock - maturity May 2028		0.733%	2,000,000
	LGFA stock - maturity Apr 2027		0.655%	4,000,000
	<b>Total external debt</b>	<b>\$ 50,000,000</b>	<b>Ave 0.734%</b>	<b>\$ 51,700,000</b>
	<b>Total internal debt</b>	<b>\$ 9,262,681</b>		<b>\$ 8,547,792</b>
		<b>\$ 59,262,681</b>		<b>\$ 60,247,792</b>

### Cost of Debt Servicing

Interest expense (on external debt)	2,530,665
Interest expense (on internal debt)	528,782
Principal repayments (on external debt)	2,600,000
Principal repayments (on internal debt)	714,889
	<b>\$ 6,374,336</b>

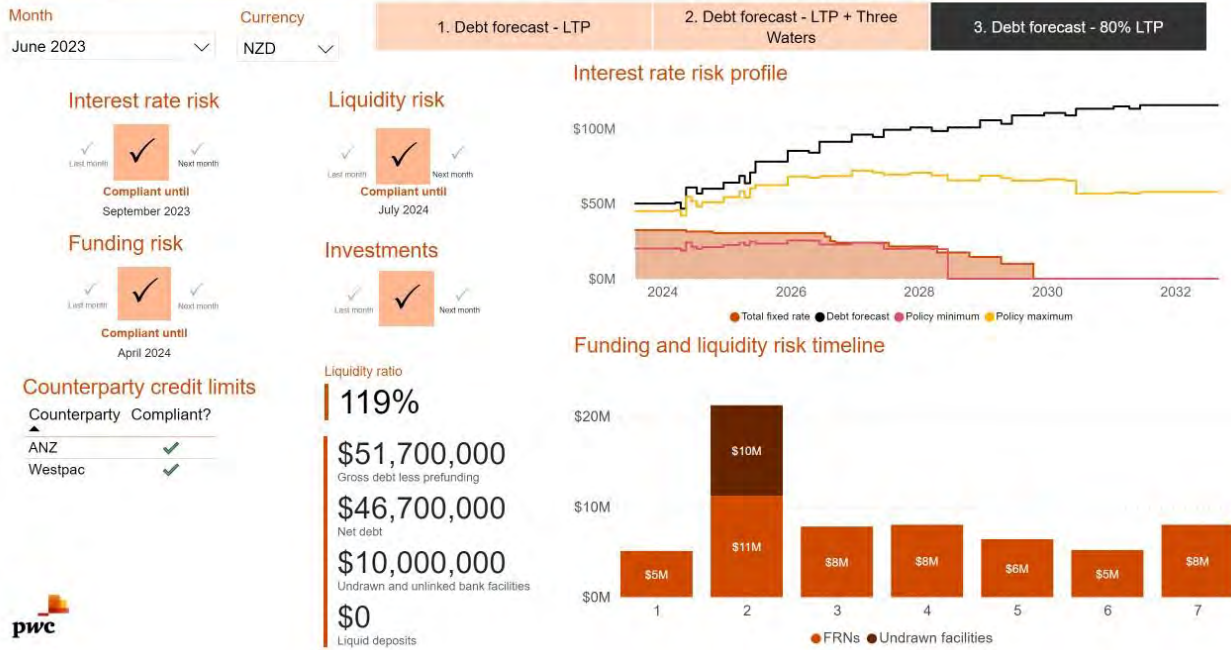
	Policy Max.	Actual*	Plan
Net External Debt to Operating Revenue*	150%	43.3%	46.0%
Net Interest expense as % of Rates Revenue	15%	4.0%	3.6%
Net Interest expense as % of Operating Revenue*	10%	2.1%	1.9%
Average Interest rate paid on external debt		4.8%	4.0%
Average return on funds invested		3.6%	3.0%

\*Note: using estimated revenue figures

The graphic below summarises the treasury position at 30 June 2023 and forecast forward versus policy limits.

Treasury summary - positions and compliance

Masterton District Council



**ATTACHMENTS**

- Attachment 1 Council borrowing and LGFA Guarantee [📄](#)



## **How a local authority participates in the LGFA borrowing structure.**

### **Purpose:**

This paper describes how a local authority participates in the New Zealand Local Government Funding Agency ("LGFA") borrowing structure.

### **Local authority's decision to borrow:**

Every three years a local authority must publish a Long-Term Plan ("LTP").<sup>1</sup> Among other things, the LTP's purpose is to describe the activities of the local authority, provide integrated decision-making and co-ordination of the resources of the local authority, and provide a basis for accountability of the local authority to the community.<sup>2</sup>

All local authorities must undertake public consultation as part of the LTP process.<sup>3</sup> Local authorities must produce a consultation document to provide an effective basis for public participation relating to the content of the local authority's LTP.<sup>4</sup> This requires the consultation document to, among other things, provide a fair representation of the matters that are proposed for inclusion in the LTP and an explanation how the objectives of those proposals may affect rates, debt, and levels of service.<sup>5</sup>

Local Authorities must outline their approach to providing security for borrowing in the financial strategy part of its LTP.<sup>6</sup> Among other things, the financial strategy must include the local authority's policy on granting security for its financial obligations.<sup>7</sup>

### **Statutory requirements on local authorities:**

There are statutory requirements imposed on local authorities which are designed to ensure local authorities are run in a financially prudent manner.

The Local Government Act 2002 requires that a local authority:

- Maintain a balanced budget, "... a local authority must ensure that each year's projected operating revenues are set at a level sufficient to meet that year's projected operating expenses."<sup>8</sup>
- Act prudently, "... a local authority must manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community."<sup>9</sup>
- Must adopt a financial strategy.<sup>10</sup>

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<sup>1</sup> Local Government Act 2002, s 93(1).

<sup>2</sup> At s 93(6).

<sup>3</sup> At s 93(2).

<sup>4</sup> At s 93B

<sup>5</sup> At s 93B(a)(i).

<sup>6</sup> At s 101A(1).

<sup>7</sup> At s 101A(3)(c).

<sup>8</sup> At s 100.

<sup>9</sup> At s 101.

<sup>10</sup> At s 101A.



- Must adopt a set of funding and financial strategies.<sup>11</sup>
- Must prepare an annual plan each financial year.<sup>12</sup>
- Must prepare an audited annual report.<sup>13</sup>
- Must prepare pre-election report.<sup>14</sup>

**Local authorities granting security:**

A borrower can raise money on a secured or unsecured basis. Benefits of borrowing on a secured basis may include a lower cost of borrowing and increasing the pool of potential lenders. Unlike other borrowers, local authorities have a statutory ability to set rates across properties in their district<sup>15</sup>, which ratepayers within the district are liable to pay.<sup>16</sup> The Local Government (Rating) Act 2002 sets out the process that a local authority must follow to recover unpaid rates.<sup>17</sup> This process can include the sale or lease of the property.<sup>18</sup>

It is common for local authorities that borrow on a secured basis to grant a charge over a specific rate or a charge over rates revenue in general. The granting of a charge over rates by a local authority is contemplated by the Local Government Act 2002.<sup>19</sup>

A charge over rates revenue is typically created by a local authority entering into a Debenture Trust Deed ("DTD"). The DTD creates a security interest in favour of a specified Debenture Trustee who holds the security for the benefit of the secured creditors of the local authority. The DTD provides the mechanism for the security to operate and requires the Debenture Trustee to oversee and enforce the DTD.

If a local authority does not meet its financial obligations (as principal or as guarantor), the secured creditor may make demand on the DTD by requesting the relevant Debenture Trustee to enforce the security interest created by the DTD. If the security interest is enforced, one of the options available to the Debenture Trustee is to appoint a receiver. If a receiver is appointed, and the local authority has given security over its rates revenue, then section 115(2) of the Local Government Act 2002 applies.

Section 115(2) states that the receiver can assess and collect in each financial year a rate under this section to recover sufficient funds to meet the payment of the local authority's commitments in respect of the loan or financial obligation during that year, and the reasonable costs of administering, assessing, and collecting the rate.

**The LGFA:**

LGFA was established to raise money on behalf of local authorities on terms that are more favourable to them than if they raised it directly. The statutory provisions described above apply when a local authority decides to participate in the LGFA borrowing structure.

LGFA requires local authorities that wish to participate in the LGFA borrowing structure to meet certain financial covenants. These financial covenants are designed to be indicators of a local

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<sup>11</sup> At s 102.

<sup>12</sup> At s 95.

<sup>13</sup> At s 98.

<sup>14</sup> At s 99A.

<sup>15</sup> Local Government (Rating) Act 2002, s 3(a).

<sup>16</sup> At s 12.

<sup>17</sup> At ss 63-75.

<sup>18</sup> At s 68.

<sup>19</sup> At s 115.

authority's ability to meet its financial obligations as they fall due. LGFA is not obliged to lend to a local authority and a local authority is not obliged to borrow through LGFA.

When LGFA borrows money, its obligations are guaranteed by most of the local authorities who participate in the LGFA borrowing structure. LGFA requires the following local authorities to be guarantors:

- Each local authority shareholder of LGFA;
- Any local authority that borrows in aggregate NZ\$20 million or more from LGFA; and
- Any local authority shareholder of a council-controlled organisation who enters into a borrowing arrangement with LGFA.

The guarantee is made in favour of the Security Trustee who holds the guarantee for the benefit of LGFA's lenders. The New Zealand Government does not guarantee LGFA.

LGFA's lenders can request the Security Trustee to make demand under the Guarantee if LGFA defaults on its obligations. Any demand the Security Trustee makes under the Guarantee must be made on a pro-rata basis according to guarantor's prior year's annual rates revenues. If a guarantor fails to pay its pro-rata share of a demand under the Guarantee, the Security Trustee will make further demands on the other guarantors for payment of the unpaid amount on a pro-rata basis until the outstanding amounts are paid in full.

Local authority's obligations under the Guarantee are secured by the security provided by local authorities under their respective DTDs.

**Additional statutory oversight:**

The Minister of Local Government has certain powers under Part 10 of the Local Government Act 2002 to:

- Require information from a local authority.<sup>20</sup>
- Appoint a crown review team.<sup>21</sup>
- Appoint a crown observer.<sup>22</sup>
- Appoint a crown manager.<sup>23</sup>
- Appoint a commission.<sup>24</sup>
- Call a general election of a local authority.<sup>25</sup>

Under the Local Government (Financial Reporting and Prudence) Regulations 2014, a local authority must report progress against the following on an annual basis:

- Rates affordability benchmark.<sup>26</sup>
- Debt affordability benchmark.<sup>27</sup>
- Balanced budget benchmark.<sup>28</sup>
- Essential services benchmark.<sup>29</sup>

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<sup>20</sup> Local Government Act 2002, s 257.

<sup>21</sup> At s 258.

<sup>22</sup> At s 258B.

<sup>23</sup> At s 258D.

<sup>24</sup> At s 258F.

<sup>25</sup> At s 258M.

<sup>26</sup> Local Government (Financial Reporting and Prudence) Regulations 2014, s 17.

<sup>27</sup> At s 18.

<sup>28</sup> At s 19.

<sup>29</sup> At s 20.

- Debt servicing benchmark.<sup>30</sup>
- Debt control benchmark.<sup>31</sup>
- Operations control benchmark.<sup>32</sup>

There is additional oversight of a local authority's financial position by the Officer of the Auditor General, the local authority's auditor and Department of Internal Affairs.

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<sup>30</sup> At s 21.

<sup>31</sup> At s 22.

<sup>32</sup> At s 23.

## **6.6 INSURANCE UPDATE**

**File Number:**

**Author:** David Paris, Manager Finance

**Authoriser:** Karen Yates, Interim Chief Executive

### **PURPOSE**

The purpose of this report is to provide the Audit and Risk Committee with confirmation that all insurance cover has been renewed from 1 July 2023 and provide information about the cost increases of that insurance.

### **RECOMMENDATION**

That the Audit & Risk Committee receives the report and notes the information regarding the Council's insurances.

### **CONTEXT**

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 all insurance advice, except the underground disaster cover, where we use Aon and the 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.

Market commentary from Marsh has highlighted:

- The full impact of January and February 2023 storms is still to be determined and could exceed \$5 billion in claims
- Global insurance markets are setting double digit premium increases as they price higher risks, particularly in high risk natural catastrophe zones
- 2022 was one of the costliest years on record for insured natural disasters
- Inflation continues to drive up the replacement value of property insured
- Sourcing new capacity for property cover in the Wellington region has been challenging
- Professional Indemnity insurance continues to be challenging to secure for professional organisations such as engineers, with higher premiums and reduced cover

In May 2023, pre-renewal, there was the possibility that Council would need to consider reducing the Material Damage insurance cover as the brokers were finding insurers resisting taking on the full increased value of assets to be insured. Options of moving some more assets to indemnity cover and increasing the excess were explored. In the end, the full asset portfolio was accepted for cover across the 'family' of insurers listed below, so no change to cover was needed. The option to increase the excess did not generate any significant premium savings.

## **Insurers**

The insurance policies the Council has in place and the insurers include:

Material Damage / Business interruption - 'family' of insurers

QBE Insurance (Australia) Ltd (40%),

NZI (a division of IAG NZ Ltd) (22.5%)

AIG Insurance NZ Ltd (17.5%),

Berkshire Hathaway (15%),

QBE UK Limited (5%)

Machinery breakdown – insurer QBE Insurance (Australia) Limited

Motor vehicle – combination of NZI (a division of IAG NZ Ltd) and Vero Insurance (New Zealand)

Crime – insurer QBE Insurance (Australia) Limited

Personal Accident – insurer Chubb Insurance New Zealand Ltd

Forestry / Standing Timber – insurer SAGE Partners Ltd

Airport Liability Insurance – insurer AIG Insurance (UK) Ltd

Statutory Liability – insurer QBE Insurance (Australia) Limited

Employers Liability – insurer QBE Insurance (Australia) Limited

Hall Hirers (General) Liability – QBE Insurance (Australia) Limited

Public Liability / Professional Indemnity and Environmental Impairment – insurer QBE Insurance (UK) Ltd and other insurers based in the London insurance market

Underground assets Disaster Cover – LAPP scheme administered by Civic Financial Services and Aon

Marsh remuneration – fixed fee for the year.

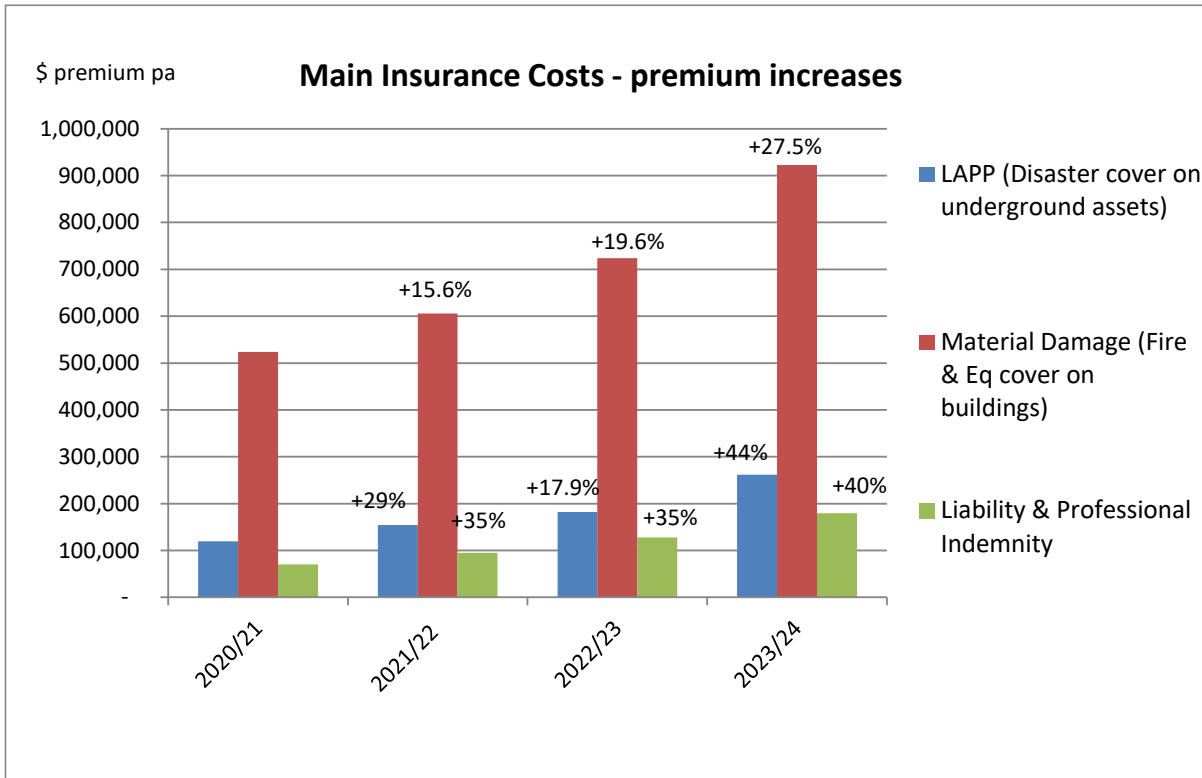
## **Costs of Insurance Renewal**

Across the three main policies, insurance premiums have increased 32% for 2023/24 (last year 21% increase) over the previous year. The graph below shows those premium cost escalations. The reasons for the large increases are combinations of the following:

1. increasing premiums from insurers as they price in greater risk due to the increasing number of events and claims they are seeing (locally and globally);
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 7 to 8 %
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 \$1,034,044 to \$1,363,912, which is \$329,868 or 31.9%. The percentage increases for each policy are listed on the graph. Increases total close to \$80,000 more than the value allowed for when preparing the 2023/24 Annual Plan. These increases have been one of the factors in the need to increase rates for the 2023/24 financial year and will make it more difficult to manage the Council's finances within the budget envelope this year.

One other factor of note is the Professional Indemnity excess for Masterton District Council has increased from \$10,000 per claim to \$50,000 per claim. This is a direct result of the claims history of the Masterton District Council and linked to the earthquake and structural engineering challenges that the Council has been drawn into over the last five years.



## SUMMARY OF CONSIDERATIONS

### Strategic, Policy and Legislative Implications

Council's risk framework includes the key mitigation of having insurance cover in order to fund the replacement of assets in the event of loss caused by the identified risks, or liability and indemnity cover in the event the Council is held to be liable.

### 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

As stated in the report, the cost of insurance for the 2023/2024 year is \$80,000 more than the budget allowed in the 2023/24 Annual Plan. As previously advised, these increases have been one of the factors in the need to increase rates for the 2023/24 financial year and will make it more difficult to manage the Council's finances within the budget envelope this year.

### Implications for Māori

There are no implications for Māori in the information provided in this report.

**Communications/Engagement Plan**

There is no requirement for communication or engagement in relation to the information provided in this report.

**Environmental/Climate Change Impact and Considerations**

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

**ATTACHMENTS**

Nil

**6.7 RATES RECEIVABLE REPORT AS AT 30 JUNE 2023****File Number:****Author:** David Paris, Manager Finance**Authoriser:** Karen Yates, Interim Chief Executive**PURPOSE**

The purpose of this report is to provide Council with detailed information on its 30 June 2023 position with respect to rates collection and arrears.

**RECOMMENDATION**

That the Audit and Risk Committee receives the Rates Receivable Report to 30 June 2023.

**CONTEXT**

Some 66% of the Council's revenue is sourced from property rates. The Council also collects the Greater Wellington Regional Council's rates levied on Masterton District properties. In 2022/23 \$50.4 million (2021/22 \$46.5 million) was levied as rates. This includes GST, GWRC rates and penalties.

At 30 June 2023, \$881,379 was unpaid. This is 1.7% of the value of rates levied, an increase on the prior year's figure of 1.3%, but still less than our target of 'less than 2%'. The dollar value of arrears has increased \$275,161 or 45% from last year. The lift in unpaid rates from a long-term average of 1.5% to 1.7% is an indication of the increasingly constrained financial circumstances of ratepayers in Masterton District. The prior year arrears figures have not increased significantly; it is current year rates that have fallen behind more than in prior years.

There were 745 properties with arrears, up from 507 as at 30 June 2022 (see graph on the following page). The average arrears figure is \$1,183, which is the equivalent of nearly 4 months rates. Despite the increase in the number of properties and value of unpaid rates, the arrears percentage remains at a low level (1.7% of rates levied) and there is minimal impact on Council's funding and cashflows.

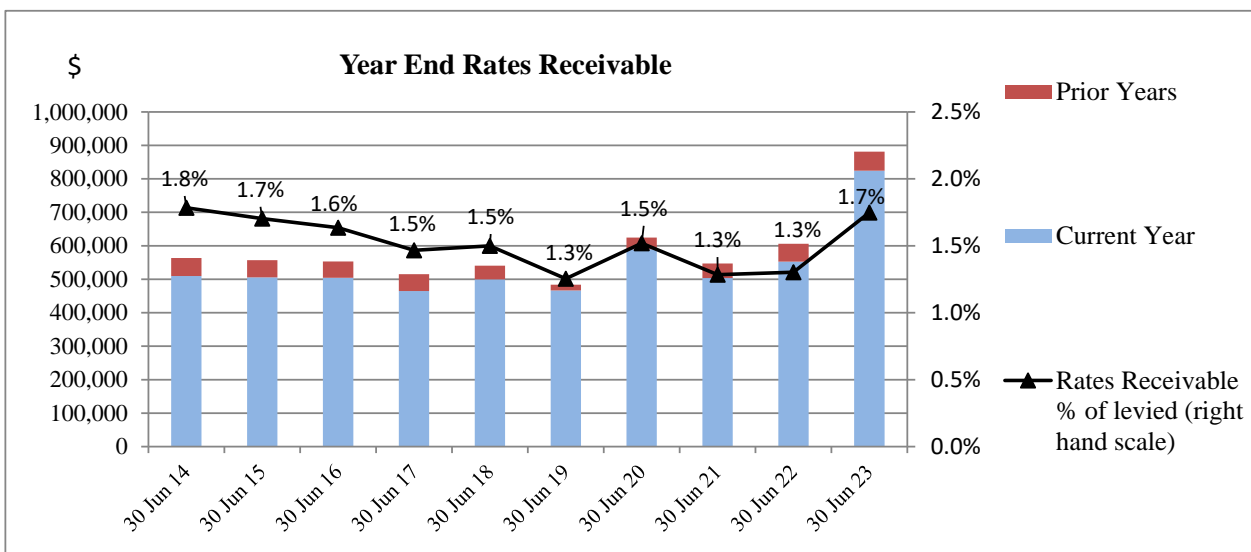
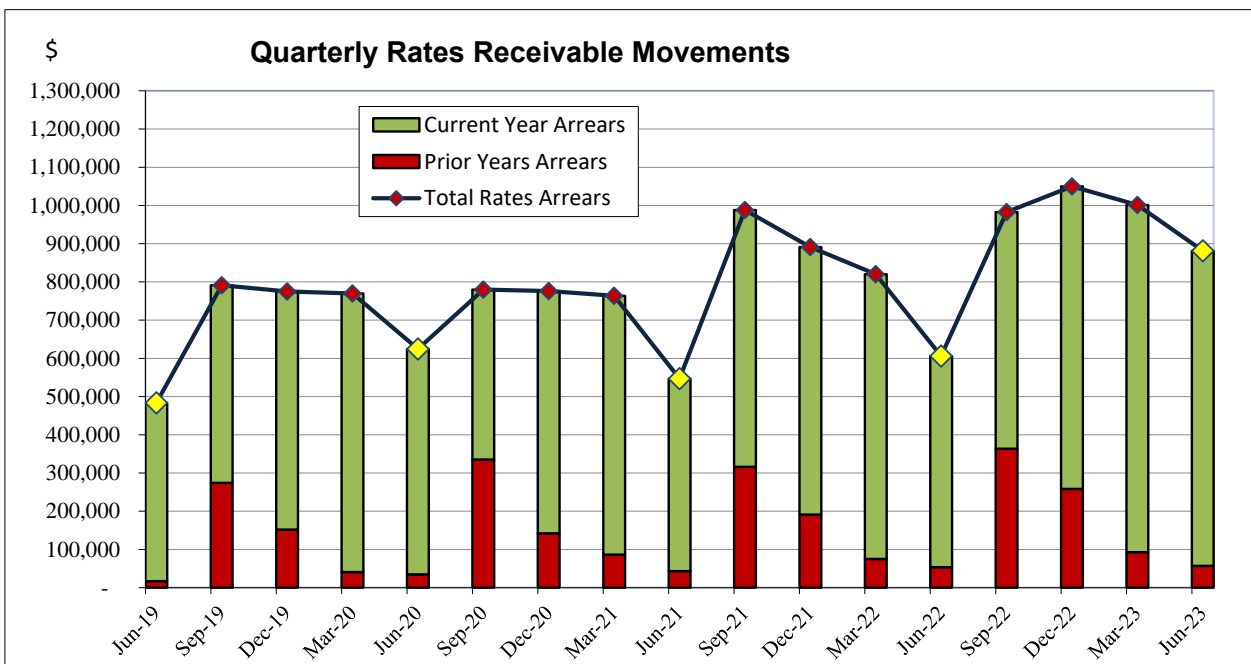
Other information in the following tables relates to the percentage of properties paying rates by Direct Debit (46.7%), the number of properties receiving emailed rates notices (39%) and the number of ratepayers receiving the Government rates rebate (8.5% of all rateable properties).

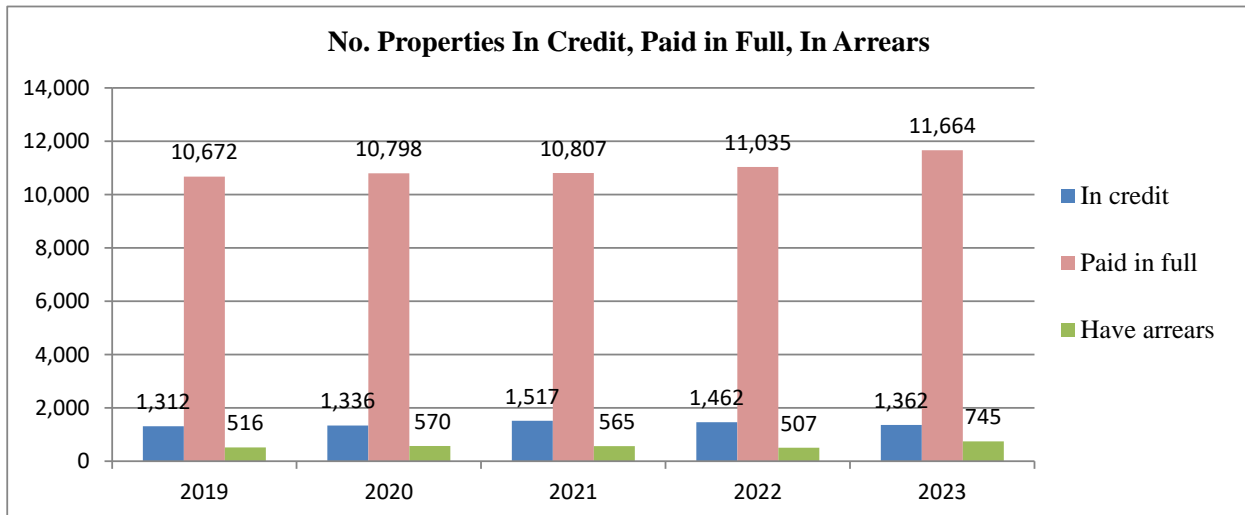
As at 18 August 2023 there have been 741 rates rebates processed for the 2023/24 year with a combined value of \$532,791. At the same time last year 644 rebate applications had been processed with a value of \$436,4978. That is a 15% increase in rebate applications processed before the first instalment due date.



**Rates Receivable Report to 30 June 2023**

	As At 30 June 2023	Target	As At 30 June 2022	Increase
Gross Rates Levied (Incl GST, GWRC & penalties)	\$50,410,352		\$46,533,426	8.3%
Prior Years rate arrears unpaid	\$56,976		\$53,573	
Current Year rates unpaid	\$824,403		\$552,645	
<b>Total Rates Receivable</b>	<b>\$881,379</b>		<b>\$606,218</b>	
Rates receivable as % of levied	1.7%	<2%	1.3%	
% of current year rates instalments collected	98.4%	>97%	98.8%	
% of prior years rate arrears collected	90.6%	>90%	90.2%	
Value of rates paid in advance of current instalment	918,856		837,253	
Penalties charged (after penalty remissions)	275,233		238,220	
Rates remissions given (per policies)	(186,387)		(186,529)	





The percentage of properties paid in full or in credit has decreased to 94.6% from 96.1%.  
 Rates arrears value has increased from 1.3% to 1.7% of total rates levied (including GST & GWRC rates).  
 A total of 745 properties (5.4%) have unpaid rates of \$10 or more (last year 507, 3.9%).  
 The average rates levied (including GWRC & GST) was \$3,661 (last year \$3,578) up 3.2% from 2021/22  
 The average rate arrears is \$1,183, down from last year's \$1,196.

The sending of mortgagee demands for properties with arrears will be actioned in September - we hold back until after the 1st instalment due date. Legal processes are currently underway with 7 properties.

Arrears value	<u>+\$7000</u>	<u>\$3001-\$7000</u>	<u>\$2001-\$3000</u>	<u>\$1001-\$2000</u>	<u>\$301-\$1000</u>	<u>\$ 10-\$300</u>
No. of properties (2023)	13	60	57	133	191	291
No. of properties (2022)	8	41	45	93	140	180
No. of properties (2021)	5	30	56	87	153	234
Arrears value (2023)	\$156,256	\$231,594	\$144,984	\$194,577	\$119,866	\$34,012
Ave. arrears value (2023)	\$ 12,020	\$ 3,860	\$ 2,544	\$ 1,463	\$ 628	\$ 117
Ave. arrears value (2022)	\$ 10,847	\$ 3,874	\$ 2,536	\$ 1,451	\$ 639	\$ 122
<b>Trend in average arrears</b>	<b>11%</b>	<b>0%</b>	<b>0%</b>	<b>1%</b>	<b>-2%</b>	<b>-4%</b>

**Properties:** 13,771 properties were rated in 2022/23. This is 767 more than the prior year (+5.9%)

**Direct Debits:** 6,427 ratepayers are paying their rates via direct debit which is 46.7% (last yr 47.9%)

**Email Notices:** 5,375 ratepayers are receiving emailed rates notices which is 39.0% (last yr 35.7%)

**Rates Rebates:** During 2022/23, 1,165 ratepayers applied and were eligible for rate rebates under the criteria established by the Dept of Internal Affairs (last year 1,069)

A total of \$781,519 rates were paid by the Government on behalf of qualifying ratepayers.

The average rebate received was \$670.83 (last year \$621.76)

**ATTACHMENTS**

Nil

**6.8 INTERIM FINANCIAL RESULT FOR 2022/23 (COVERING REPORT)**

**File Number:**

**Author: David Paris, Manager Finance**

**Authoriser: Karen Yates, Interim Chief Executive**

**EXECUTIVE SUMMARY**

This document acts as a 'placeholder' for the report 'Interim Financial Result for 2022/23 (Covering report)' which was unable to be completed in time for the circulation of the agenda.

The report will be sent out to members under separate cover.

**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><b>7.1 - Minutes of the Audit and Risk Committee Meeting held with the public excluded on 24 May 2023</b></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><b>7.2 - Health and Safety Quarterly Report</b></p>	<p>s7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons</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><b>7.3 - 2022/23 Quarter 4 Risk Management Update Report</b></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</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</p>

	<p>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>exist under section 6 or section 7</p>
<p><b>7.4 - Initial Cyclone Recovery Risk Report</b></p>	<p>s7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons</p> <p>s7(2)(d) - the withholding of the information is necessary to avoid prejudice to measures protecting the health or safety of members of the public</p> <p>s7(2)(e) - the withholding of the information is necessary to avoid prejudice to measures that prevent or mitigate material loss to members of the public</p> <p>s7(2)(i) - the withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</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><b>7.5 - SLT Risk Discussion</b></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</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>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>	
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