TE KAUNIHERA Ā ROHE O WHAKAAHURANGI
STRATFORD DISTRICT COUNCIL

Our reference
F19/13/03-D21/26182

22 October 2025

Notice of Meeting

Notice is hereby given that the Inaugural Meeting of Council will be held in the **Council Chambers, Stratford District Council, 63 Miranda Street, Stratford** on ***Tuesday 28 October 2025*** beginning at approximately **2.30pm.**

Timetable for 28 October 2025 as follows:

1.00pm	Pōwhiri
2.00pm (approx.)	Kai
2.30pm	Inaugural Meeting of Council - Declaration by Elected Members - Appointment of Deputy Mayor
3.15pm (approx.)	Adjournment
3.30pm	Meeting resume - General Explanation of Acts - Setting of First Meeting Date - 2024/25 Annual Report

Yours faithfully

Sven Hanne
Chief Executive

2025 - Agenda - Inaugural Meeting of Council - October 2025

28 October 2025 02:30 PM

Agenda Topic

AGENDA

First Meeting of Council

F25/96/05 – D25/39128

A pōwhiri for the Mayor, Councillors and Guests will be held in front of the Council Administration Building beginning at 1.00pm.

Date: Tuesday 28 October 2022 at 2.30 PM (approx.)
Venue: Council Chambers, 63 Miranda Street, Stratford

1. Welcome

1.1 Opening Karakia
D21/40748 Page 6

1.2 Health and Safety Message
D21/26210 Page 7

2. Apologies

3. Announcements

4. Declarations

4.1 District Mayor

The Chief Executive will receive the individual declaration of the District Mayor.

"**DECLARATION BY MAYOR**

"I, ______________, declare that I will faithfully and impartially, and according to the best of my skill and judgement, execute and perform, in the best interests of the Stratford District, the powers, authorities, and duties vested in, or imposed upon, me as Mayor of the Stratford District Council by virtue of the Local Government Act 2002, the Local Government Official Information and Meetings Act 1987, or any other Act."

4.2 Elected Members

The District Mayor will receive the individual declarations of the Elected Members.

"**DECLARATION BY MEMBER**

"Ko ahau, ko ______________, e oati ana ka whai ahau I te pono me te tōkeke, I runga hoki I te mutunga kē mai nei o āku pūkenga, o āku whakatau hoki kia whakatutuki, kia mahi anō hoki I te mana whakahaere, te mana whakatau me ngā momo mahi kua uhia ki runga I a au kia whiwhi painga mō te takiwā o Te Whakaahurangi hei kaikaunihera o te Kaunihera ā Rohe o Whakaahurangi, e ai hoki ki te Ture Kāwanatanga-ā-Taiao 2002, ki te Ture Kāwanatanga-ā-Taiao Whakapae me te Hui 1987, me ētahi Ture anō rānei"

"I, ______________, declare that I will faithfully and impartially, and according to the best of my skill and judgement, execute and perform, in the best interests of the Stratford District, the powers, authorities, and duties vested in, or imposed upon, me as a member of the Stratford District Council by virtue of the Local Government Act 2002, the Local Government Official Information and Meetings Act 1987, or any other Act."

5. Decision Report - Appointment of Deputy Mayor

D25/39443 Page 10

Recommendations

1. THAT the report be received.

2. THAT the Council notes that under Section 41A of the Local Government Act 2002 the Mayor has the power to appoint the Deputy Mayor.

3. THAT the Council notes the Mayor's decision whether to exercise his power to appoint the Deputy Mayor or leave this task to Council.

If the mayor exercises his power to appoint:

4. THAT the Council notes that the Mayor has appointed Councillor ___________________ as Deputy Mayor.

5. THAT the Council endorses the appointment of Councillor ___________________ as Deputy Mayor.

If the mayor does not exercise his power to appoint:

6. THAT where there is more than one candidate for the position of Deputy Mayor, Council choose voting system A or B to decide the successful appointee.

7. THAT the Council elects Councillor ___________________ as Deputy Mayor of the Stratford District Council.

Recommended Reason
The Local Government Act requires the appointment of the Deputy Mayor in the first meeting of Council following an election. Under Section 41A of the Local Government Act 2002 the Mayor has the power to appoint the Deputy Mayor. If the Mayor decides not to exercise his power to appoint, Council has the responsibility to appoint the Deputy Mayor.

/
Moved/Seconded

Meeting to adjourn.

6. Information Report - General Explanation of Various Acts

D25/39129 Page 15

Recommendations

1. THAT the report be received.

2. THAT the Council notes the general explanation of various Acts pursuant to Section 21 of Schedule 7 of the Local Government Act 2002 as provided by the Chief Executive.

Recommended Reason
Elected members should be informed of various statutory matters that impact on their responsibilities.

________/________
Moved/Seconded

7. Decision Report - Setting of Date of First Meeting of Council

D25/38751 Page 316

Recommendations

1. THAT the report be received.

2. THAT Council confirms the first meeting of Council will be held on Tuesday 11 November at 3.30pm.

Recommended Reason
The Local Government Act 2002 requires the fixing of the date and time of the first meeting of the local authority or the adoption of a schedule of meetings at its first meeting.

/
Moved/Seconded

8. Decision Report – 2024/25 Annual Report

D25/39193 Page 321

Recommendations

1. THAT the report be received.

2. THAT the 2024/25 Annual Report be received and approved for adoption, subject to any further changes as requested by Audit New Zealand, the independent auditors.

3. THAT the Mayor and the Chief Executive be given authority to sign the 2024/25 Annual Report and the Summary 2024/25 Annual Report, incorporating any late, minor, changes that may be required by Audit New Zealand.

4. THAT the Chief Executive be authorised to publish the 2024/25 Annual Report and the Summary 2024/25 Annual Report within one month of adopting the Annual Report 2024/25.

Recommended Reason
Section 98 of the Local Government Act 2002 requires Council to adopt the 2024/25 Annual Report by 31 October 2025. The audited Annual Report gives the community transparency on the Council's performance for the year. It is a statutory requirement for a local authority to, within one month after the adoption of its Annual Report; make publicly available its Annual Report and a summary of the information contained in its Annual Report.

/
Moved/Seconded

9. Questions

10. Closing Karakia

D21/40748 Page 472

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TE KAUNIHERA Ā ROHE O
WHAKAAHURANGI
STRATFORD
DISTRICT COUNCIL

Our reference
F19/13/03-D21/40748

Karakia

Kia uruuru mai	I draw in (to my being)
Ā hauora	The reviving essence
Ā haukaha	The strengthening essence
Ā haumāia	The essence of courage
Ki runga, Ki raro	Above, Below
Ki roto, Ki waho	Within, Around
Rire rire hau Paimārire	Let there be peace.

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Phone. 06 765 6099 | stratford.govt.nz

TE KAUNIHERA Ā ROHE O
WHAKAAHURANGI
STRATFORD
DISTRICT COUNCIL

Our reference
F19/13/03-D22/17082

Health and Safety Message

In the event of an emergency, unless guided to an alternative route by staff, please exit through the main entrance. Once outside the building please move towards the War Memorial Centre congregating on the lawn area outside the front of the council building.

If there is an earthquake, please drop, cover and hold where possible. Remain indoors until the shaking stops and you are sure it is safe to exit or remain where you are until further instruction is given.

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TE KAUNIHERA Ā ROHE O WHAKAAHURANGI
STRATFORD DISTRICT COUNCIL

Our reference
F25/96/003 – D25/39788

Declaration By Mayor 2025

I, __________, declare that I will faithfully and impartially, and according to the best of my skill and judgement, execute and perform, in the best interests of the Stratford District, the powers, authorities, and duties vested in, or imposed upon, me as Mayor of the Stratford District Council by virtue of the Local Government Act 2002, the Local Government Official Information and Meetings Act 1987, or any other Act."

OR

Ko ahau, ko __________, e oati ana ka whai ahau I te pono me te tōkeke, I runga hoki I te mutunga kē mai nei o āku pūkenga, o āku whakatau hoki kia whakatutuki, kia mahi anō hoki I te mana whakahaere, te mana whakatau me ngā momo mahi kua uhia ki runga I a au kia whiwhi painga mō te takiwā o Te Whakaahurangi hei kaikaunihera o te Kaunihera ā Rohe o Whakaahurangi, e ai hoki ki te Ture Kāwanatanga-ā-Taiao 2002, ki te Ture Kāwanatanga-ā-Taiao Whakapae me te Hui 1987, me ētahi Ture anō rānei.

F22/55/03-D22/40634

25 October 2022

Stratford District
In the heart of Taranaki

63 Miranda Street, PO Box 320, Stratford 4352
Phone. 06 765 6099 | stratford.govt.nz

TE KAUNIHERA Ā ROHE O WHAKAAHURANGI
STRATFORD DISTRICT COUNCIL

Our reference
F25/96/003 – D25/39788

Declaration By Mayor 2025

I, ___________, declare that I will faithfully and impartially, and according to the best of my skill and judgement, execute and perform, in the best interests of the Stratford District, the powers, authorities, and duties vested in, or imposed upon, me as Mayor of the Stratford District Council by virtue of the Local Government Act 2002, the Local Government Official Information and Meetings Act 1987, or any other Act."

OR

Ko ahau, ko ___________, e oati ana ka whai ahau I te pono me te tōkeke, I runga hoki I te mutunga kē mai nei o āku pūkenga, o āku whakatau hoki kia whakatutuki, kia mahi anō hoki I te mana whakahaere, te mana whakatau me ngā momo mahi kua uhia ki runga I a au kia whiwhi painga mō te takiwā o Te Whakaahurangi hei kaikaunihera o te Kaunihera ā Rohe o Whakaahurangi, e ai hoki ki te Ture Kāwanatanga-ā-Taiao 2002, ki te Ture Kāwanatanga-ā-Taiao Whakapae me te Hui 1987, me ētahi Ture anō rānei.

F22/55/03-D22/40634

25 October 2022

63 Miranda Street, PO Box 320, Stratford 4352
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DECISION REPORT

TE KAUNIHERA Ā ROHE O WHAKAAHURANGI STRATFORD DISTRICT COUNCIL

F25/96/004 – D25/39443

To: Council
From: Chief Executive
Date: 28 October 2022
Subject: Appointment of the Deputy Mayor

Recommendations

1. THAT the report be received.

2. THAT the Council notes that under Section 41A of the Local Government Act 2002 the Mayor has the power to appoint the Deputy Mayor.

3. THAT the Council notes the Mayor's decision whether to exercise his power to appoint the Deputy Mayor or leave this task to Council.

If the mayor exercises his power to appoint:

4. THAT the Council notes that the Mayor has appointed Councillor ___________________ as Deputy Mayor.

5. THAT the Council endorses the appointment of Councillor ___________________ as Deputy Mayor.

If the mayor does not exercise his power to appoint:

6. THAT where there is more than one candidate for the position of Deputy Mayor, Council choose voting system A or B to decide the successful appointee.

7. THAT the Council elects Councillor ___________________ as Deputy Mayor of the Stratford District Council.

Recommended Reason
The Local Government Act requires the appointment of the Deputy Mayor in the first meeting of Council following an election. Under Section 41A of the Local Government Act 2002 the Mayor has the power to appoint the Deputy Mayor. If the Mayor decides not to exercise his power to appoint, Council has the responsibility to appoint the Deputy Mayor.

/
Moved/Seconded

1. Purpose of Report

1.1 To enable the Mayor to announce his decision whether to exercise his discretionary power in terms of Section 41A of the Local Government Act 2002 to appoint the Deputy Mayor, or leave it to Council to appoint the Deputy Mayor.

1.2 To complete the process of appointment of the Deputy Mayor by applying the relevant process pending the initial decision by the Mayor.

2. Executive Summary

2.1 To receive the Mayor's decision as to whether he chooses to exercise his powers regarding the appointment of the Deputy Mayor and to subsequently follow the appropriate, legally prescribed processes to complete the appointment process..

3. Local Government Act 2002 – Section 10

<table>
<tr><td colspan="4">Under section 10 of the Local Government Act 2002, the Council's purpose is to "enable democratic local decision making by and on behalf of communities; as well as promoting the social, economic, environmental, and cultural well-being of communities now and into the future"</td></tr>
<tr><td colspan="2">Does the recommended option meet the purpose of the Local Government 4 well-beings? And which:</td><td colspan="2">Yes</td></tr>
<tr><th>Social</th><th>Economic</th><th>Environmental</th><th>Cultural</th></tr>
<tr><td>✓</td><td>✓</td><td>✓</td><td>✓</td></tr>
</table>

There are no Local Government Act 2002 Section 10 implications associated with the content of this report as these relate to the delivery of Council services rather than the appointment of the Deputy Mayor. Establishing a functioning governance team however provides the basis for the delivery against the 4 well-beings as well as the objectives of Section 10 of the LGA.

4. Background

4.1 Changes introduced in the Local Government Amendment Act 2012 came into effect on 12 October 2013. These changes gave the Mayor the power to do the following:

- lead the development of council plans, policies and budgets
- appoint the Deputy Mayor
- establish Council Committees
- appoint chairs to Council Committees.

4.2 Central Government saw that by further empowering Mayors it would enable Mayors to build an effective leadership team and strengthen the leadership and capability of the Council within the community.

4.3 Section 41A Role and Powers of Mayors states:

"(1) The role of a mayor is to provide leadership to
- *"(a) the other members of the territorial authority; and*
- *"(b) the people in the district of the territorial authority.*

"(2) Without limiting subsection (1), it is the role of a mayor to lead the development of the territorial authority's plans (including the long-term plan and the annual plan), policies, and budgets for consideration by the members of the territorial authority.

"(3) For the purposes of subsections (1) and (2), a mayor has the following powers:
- *"(a) to appoint the deputy mayor:*
- *"(b) to establish committees of the territorial authority:*
- *"(c) to appoint the chairperson of each committee established under paragraph (b), and, for that purpose, a mayor—*
- *"(i) may make the appointment before the other members of the committee are determined; and*
- *"(ii) may appoint himself or herself.*

"(4) However, nothing in subsection (3) limits or prevents a territorial authority from—

- *"(a) removing, in accordance with clause 18 of Schedule 7, a deputy mayor appointed by the mayor under subsection (3)(a); or*
- *"(b) discharging or reconstituting, in accordance with clause 30 of Schedule 7, a committee established by the mayor under subsection (3)(b); or*
- *"(c) appointing, in accordance with clause 30 of Schedule 7, 1 or more committees in addition to any established by the mayor under subsection (3)(b); or*
- *"(d) discharging, in accordance with clause 31 of Schedule 7, a chairperson appointed by the mayor under subsection (3)(c).*

"(5) A mayor is a member of each committee of a territorial authority.

"(6) To avoid doubt, a mayor must not delegate any of his or her powers under subsection (3).

"(7) To avoid doubt,—
- *"(a) clause 17(1) of Schedule 7 does not apply to the election of a deputy mayor of a territorial authority unless the mayor of the territorial authority declines to exercise the power in subsection (3)(a):*
- *"(b) clauses 25 and 26(3) of Schedule 7 do not apply to the appointment of the chairperson of a committee of a territorial authority established under subsection (3)(b) unless the mayor of the territorial authority declines to exercise the power in subsection (3)(c) in respect of that committee."*

5. Consultative Process

5.1 Public Consultation - Section 82

There are no consultation requirements associated with this report.

5.2 Māori Consultation - Section 81

There are no Māori consultation requirements associated with this report.

6. Risk Analysis

Refer to the Council Risk Register - available on the Council website. • Does this report cover any issues that relate to any risks on the Council Risk Register, and if so which risks and what are the impacts and likelihood of eventuating? • Does this report cover any issues that may lead to any new risks that are not on the Council Risk Register, and if so, provide some explanation of any new identified risks. • Is there a legal opinion needed?

6.1 Elected Members – Decision Making – failure to elect a deputy mayor would be in breech of cl. 17 Schedule 7, Local Government Act.

7. Decision Making Process – Section 79

7.1 Direction

	Explain
Is there a strong link to Council's strategic direction, Long Term Plan/District Plan?	The undertaking of these activities is essential to the operation of council.
What relationship does it have to the communities current and future needs for infrastructure, regulatory functions, or local public services?	The undertaking of these activities is essential to the operation of council.

7.2 **Data**

• Do we have complete data, and relevant statistics, on the proposal(s)? • Do we have reasonably reliable data on the proposals? • What assumptions have had to be built in?

Not applicable.

7.3 **Significance**

	Yes/No	Explain
Is the proposal significant according to the Significance Policy in the Long Term Plan?	No	
Is it: • considered a strategic asset; or	No	
• above the financial thresholds in the Significance Policy; or	No	
• impacting on a CCO stakeholding; or	No	
• a change in level of service; or	No	
• creating a high level of controversy; or	No	
• possible that it could have a high impact on the community?	No	

In terms of the Council's Significance Policy, is this proposal of high, medium, or low significance?		
High	**Medium**	**Low**
	✓	

7.4 **Options**

An assessment of costs and benefits for each option must be completed. Use the criteria below in your assessment. 1. What options are available? 2. For **each** option: • explain what the costs and benefits of each option are in terms of the present and future needs of the district; • outline if there are any sustainability issues; and • explain if the outcomes meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions? 3. After completing these, consider which option you wish to recommend to Council, and explain: • how this option is the most cost effective option for households and businesses; • if there are any trade-offs; and • what interdependencies exist.

The Mayor has the option to exercise or decline to exercise his authority to appoint the Deputy Mayor.

Depending on the Mayor's choice regarding the exercising of his powers to appoint the Deputy Mayor, the following options arise for Council:

If the Mayor exercises his power to appoint the Deputy Mayor:

Council will be given the opportunity to endorse the Mayor's appointment of the Deputy Mayor. The endorsement sought is to ensure robustness of the process. Refusal of council to endorse has no material impact and Council retains the ability to remove the Deputy Mayor appointed by the Mayor.

If the Mayor declines to exercise his power to appoint the Deputy Mayor:

Council has no option but to appoint the Deputy Mayor.

A nomination of candidates process is followed by voting based on one of the two voting systems below. It is Council's choice which one to apply.

Voting System
Under the Local Government Act 2002 (Clause 25, Schedule 7), and detailed in clause 5.6 of Standing Orders) the Council must decide before it makes appointments whether it will use voting System A or System B for the process if there is more than one candidate.

Put simply, System A aims for an absolute majority and may feature several rounds of voting with an unsuccessful candidate dropping off in each round.

System B works by simple majority and has only one round of voting, and if candidates tie, the decision is made by lot.

Following the completion of the voting process, Council shall appoint the successful candidate.

7.5 **Financial**

- Is there an impact on funding and debt levels?
- Will work be undertaken within the current budget?
- What budget has expenditure come from?
- How will the proposal be funded? eg. rates, reserves, grants etc.

There are no financial implications associated with the content of this report.

7.6 **Prioritisation & Trade-off**

Have you taken into consideration the:
- Council's capacity to deliver;
- contractor's capacity to deliver; and
- consequence of deferral?

The decisions inherent in this report do not affect Council's overall ability to deliver on its commitments.

7.7 **Legal Issues**

- Is there a legal opinion needed?
- Are there legal issues?

There are no legal implications associated with the content of this report.

7.8 **Policy Issues - Section 80**

- Are there any policy issues?
- Does your recommendation conflict with Council Policies?

There are no policy implications associated with the content of this report.

Sven Hanne
Chief Executive **Date** 20 October 2025

INFORMATION REPORT

TE KAUNIHERA Ā ROHE O WHAKAAHURANGI STRATFORD DISTRICT COUNCIL

F25/96/004 – D25/39129

To: Council
From: Chief Executive
Date: 28 October 2025
Subject: General Explanation of Various Acts

Recommendations

1. THAT the report be received.

2. THAT the Council notes the general explanation of various Acts pursuant to Section 21 of Schedule 7 of the Local Government Act 2002 as provided by the Chief Executive.

Recommended Reason
Elected members should be informed of various statutory matters that impact on their responsibilities.

/
Moved/Seconded

1. Purpose of Report

To inform Elected members of various statutory matters that impact on their responsibilities.

2. Executive Summary

2.1 Section 21 of Schedule 7 of the Local Government Act 2002 requires a general explanation (to be given or arranged by the Chief Executive) of:

- The Local Government Official Information and Meetings Act 1987, and

Other laws affecting members, including:

- The Local Authorities (Members Interests) Act 1968,
- Sections 99, 105 and 105A of the Crimes Act 1961,
- The Secret Commissions Act 1910, and the
- The Financial Markets Conduct Act 2013.

2.2 In addition to the above laws, we have included a general explanation of three further key statutes, being:

- The Health and Safety at Work Act 2015,
- The Public Records Act 2005 Act, and
- The Local Government (Pecuniary Interests Register) Amendment Act 2022

3. Local Government Act 2002

Under section 10 of the Local Government Act 2002, the Council's purpose is to "enable democratic local decision making by and on behalf of communities; as well as promoting the social, economic, environmental, and cultural well-being of communities now and into the future"			
Does the recommended option meet the purpose of the Local Government 4 well-beings? And which:		The legislation covered by this report underpins all council deliberations and decision making, it therefore impacts all aspects of council business.	
Social	**Economic**	**Environmental**	**Cultural**
✓	✓	✓	✓

3. Local Government Official Information and Meetings Act (LGOIMA) 1987

3.1 The two main aspects of the Local Government Official Information and Meetings Act are concerned with:

- official information, its availability; and
- public access to meetings of Local Authorities.

3.2 The purpose of the Act is:

"(a) To provide for the availability to the public of official information held by local authorities, and to promote the open and public transaction of business at meetings of local authorities, in order:

(i) to enable more effective participation by the public in the actions and decisions of local authorities, and

(ii) to promote the accountability of local authority members and officials,

and thereby to enhance respect for the law and to promote good local government in New Zealand;

(b) To provide for proper access by each person to official information relating to that person;

(c) To protect official information and the deliberations of local authorities to the extent consistent with the public interest and the preservation of personal privacy."

The over-riding principle of the Act is that information is to be made available unless there is good reason to withhold it. In this regard the Act specifies:

(a) Conclusive reasons for withholding information, if its availability would be likely to prejudice maintenance of the law or to endanger the safety of any person; and

(b) Other good reasons for withholding information, such as:

- to protect personal privacy;
- to avoid disclosing a trade secret or prejudice to a commercial position;
- to protect an obligation of confidence (qualified by the Act in some detail);
- to avoid prejudice to public health or safety;
- to avoid prejudice to measures to mitigate material public loss;

- to maintain free and frank expression of opinions by, or between members, officers and others;
- to protect members and officers from improper pressure or harassment;
- to maintain legal professional privilege;
- to avoid prejudice or disadvantage to the authority's commercial activities or negotiations;
- to prevent the use of official information for improper gain or advantage.

In October 2023 the Chief Ombudsman released a report his investigation into local council meetings and workshops. It is titled "Open for business" and is included as an appendix to this report. It is a useful resource when trying to interpret the expectations and obligations of legislation regarding the public's access to information and meetings. It utilises real-life examples from a range of councils. It also debunked some myths around work-arounds, such as calling workshops "hui" or "forums" and thereby avoiding the requirement for access, openness and documentation. The key take-away from this report is the expectation of maximum public access to meetings, workshops and any information held by council, unless there are clear reasons for withholding or exclusion – these are comprehensively covered within the act.

5. Local Authorities (Members Interests) Act 1968 (Refer Auditor-Generals Guides of "Managing Conflicts of Interest")

5.1 This Act has two underlying purposes:

- ensuring that members are not affected by personal motives when they participate in authority matters; and
- in contracting situations, preventing members from using their position to obtain preferential treatment from the authority.

5.2 With respect to contracts, it is stated that no person shall be capable of being elected or appointed to the Local Authority or a Committee thereof if he or she, or their partner, has an interest in a contract made on behalf of the Local Authority which exceeds $25,000 including GST in any one year.

5.3 Where a member's interest in a contract arises through membership of an incorporated company, the Act applies to him in the following circumstances:

(a) The member or spouse singly or between them own directly or through a nominee ten percent or more of the issued capital of the company or any company controlling that company;

(b) The member or spouse is a member of the company and either of them is also the managing director or general manager (by whatever names they are called) of that company or of any company controlling that company.

The above does not apply where:

(a) The member and spouse are living apart;

(b) The member did not know and had no reasonable opportunity of knowing that the spouse owned any part of the issued capital of the company or of any company controlling that company, or held any offices set out in (b) above.

5.4 With respect to pecuniary interest, the Act prohibits a member voting or taking part in the discussion of any matter before the Council or a Committee thereof if that person has directly or indirectly any pecuniary interest, other than an interest in common with the public.

5.5 A member is deemed to have a pecuniary interest in the matter if:

(a) The member or spouse singly or between then own, either directly or through a nominee, ten percent or more of the issued capital of the company or of any other company controlling that company;

(b) The member or spouse is a member of the company, and either of them is the managing director or the general manager (by whatever names they are called) of the company;

and either the member or spouse is the managing director or the general manager (by whatever names they are called) of that controlling company.

5.6 The Act lists a number of exceptional circumstances which may exempt members from disqualification on both of the grounds listed above.

5.7 Failure to disclosure pecuniary interest can lead to conviction with a fine not exceeding $100. If the conviction is not successfully appealed, the Councillor or committee member is automatically disqualified from office.

5.8 The Audit Office has a primary role in applying and taking action under this Act.

5.9 The guide, written by the Auditor-General, provides greater detail on this particular act, and the matter of pecuniary and non-pecuniary conflicts of interest in general. The last matter is probably the greatest risk to an elected member and the decision making process in general, and the advice is to always err on the side of caution.

(c) The member or spouse is a member of a company controlling the company having a pecuniary interest in the matter before the Council or its Committee,

6. Section 99, 105 and 105A Crimes Act 1961

The below offences under the crimes act, are criminal offences and are covered by a maximum of two years imprisonment.

6.1 Section 105 of the Crimes Act states “that every official is liable to imprisonment for a term not exceeding seven years who, whether within New Zealand or elsewhere, corruptly accepts or obtains or agrees or offers to accept or attempts to obtain any bribe for himself or any other person in respect in any act done or admitted to be done or admitted by him in his official capacity”.

6.2 Anyone is liable to imprisonment for a term not exceeding three years who corruptly gives or offers or agrees to give any bribe to any person with intent to influence any official in respect of any Act or remission by him in his official capacity.

6.3 Section 105A provides that every official is liable to imprisonment for a term not exceeding seven years who, whether within New Zealand or elsewhere, corruptly uses any information acquired by him in his official capacity to obtain directly or indirectly an advantage to pecuniary gain for himself or any other person.

6.4 Section 99 of the Act defines a bribe as “bribe means any money, valuable considerations, office or employment or any benefit whether direct or indirect”.

6.5 Official means “any member or employee of any local authority or public body”. Therefore Sections 105 and 105A apply to employees and members of the Stratford District Council.

7. Secret Commissions Act 1910

The Secret Commissions Act sets out offences associated with the actions of either giving or receiving gifts or other considerations by Councillors or Officers as agents of Council. A “secret commission” refers to bribery and corruption-style offences relevant to the private sector. The key corruption offence criminalises the bribing of an agent (an inducement or reward) for doing or forbearing to do something in relation to the principal's affairs or business. The act also covers the act of accepting such a bribe by an agent (in this case councillors or council staff).

Like offences under the crimes act, these are criminal offences with a maximum of two years imprisonment.

7.1 The Secret Commissions Act prohibits secret commissions.

7.2 Gifts to an agent without the consent of the principal are an offence under the Act if they are corruptly given or offered as an inducement or reward for doing any act in relation to the principal's affairs or having shown favour or disfavour to any person in relation to the principal's affairs.

7.3 Likewise the acceptance of a gift by an agent who corruptly accepts any gift or consideration as an inducement or reward for doing any act in relation to the principal's affairs or business, or for showing favour or disfavour to any person in relation to the principal's affairs or business is an offence.

7.4 It is also an offence for an agent who makes a contract on behalf of his principal and fails to disclose to his principal at the time of making the contract any pecuniary interest which the agent has in making the contract.

7.5 Every officer or member of a local authority, Board, Council or Committee is deemed, under the Act to be an agent of that local authority, Board, Council or Committee.

8. Financial Markets Conduct Act 2013

8.1 The Financial Markets Conduct Act governs how financial products are created, promoted and sold, and the ongoing responsibilities of those who offer, deal and trade them. It also regulates the provision of some financial services.

8.2 The principal objective behind the Act is to facilitate capital market activity, in order to help businesses to grow and to provide individuals with opportunities to develop their personal wealth.

8.3 For this objective to be achieved, investors need to be satisfied that they and their advisers have the information required to make confident and informed decisions, that there will be appropriate governance arrangements in place and that obligations on issuers and others will be enforced. Issuers need investor participation in capital raisings to be successful, and regulation needs to achieve the desired objectives at minimum cost.

9. Health and Safety At Work Act 2015

9.1 The Health and Safety At Work Act provided a significant change to New Zealand's health and safety legislation and was a response to the scrutiny placed on New Zealand's health and safety practices following the Pike River tragedy.

9.2 The Act allocates duties to those people who are in the best position to control risks to health and safety as appropriate to their role in the workplace, and for the person conducting a business or undertaking (PCBU) (i.e. the Council) to ensure, as far as is reasonably practicable, the safety of workers and others who may be impacted by the work the business undertakes.

9.3 One of the significant changes is the introduction of "Officers", who is any person occupying a position in relation to the business or undertaking, that allows the person to exercise significant influence over the management of the business or undertaking.

9.4 For the purposes of the Act, elected Council members (which include the Mayor and Councillors) and the Chief Executive are by default identified as "Officers". However the elected Council members do not have a duty to exercise due diligence to ensure compliance by any council-controlled organisations with its duties or obligations under the Act unless that member is also an officer of the council-controlled organisation.

Officers have obligations of due diligence, which are:

(a) to acquire, and keep up-to-date, knowledge of work health and safety matters; and

(b) to gain an understanding of the nature of the operations of the business or undertaking of the PCBU, and generally of the hazards and risks associated with those operations; and

(c) to ensure that the PCBU has available for use, and uses, appropriate resources and processes to eliminate or minimise risks to health and safety from work carried out as part of the conduct of the business or undertaking; and

(d) to ensure that the PCBU has appropriate processes for receiving and considering information regarding incidents, hazards, and risks and for responding in a timely way to that information; and

(e) to ensure that the PCBU has, and implements, processes for complying with any duty or obligation of the PCBU under this Act; and

(f) to verify the provision and use of the resources and processes referred to in paragraphs (c) to (e).

9.5 Elected members are exempt from the liabilities of failure to meet the due diligence duty. The focus of any liability is on the Council as the PCBU.

10. Public Records Act 2005

10.1 The Public Records Act's purpose is to provide a framework to keep central and local government organisations accountable by ensuring records are full and accurate, well maintained and accessible. The Act provides for the continuity of the National Archives and the role of the Chief Archivist. The Act enables accountability by ensuring that full and accurate records of the affairs of local government are created and maintained. It also provides a framework within which local authorities create and maintain their records and has a role in enhancing public confidence in the integrity of local authority records.

10.2 The definition of a record includes information, whether in its original form or otherwise, and is not limited to just written information. The definition also includes (but is not limited to) a signature, a seal, text, images, sound, speech, or data in any medium and recorded or stored by any electronic device or process.

10.3 In the conduct of their affairs elected members may receive information directly, for example from constituents. Members will need to consider whether that information meets the definition of a local authority record and if so will need to ensure it is included in the Council's records.

11. The Local Government (Pecuniary Interests Register) Amendment Act 2022

11.1 The Local Government (Pecuniary Interests Register) Act 2022 came into force on 20 November 2022. It inserts a new set of requirements and obligations into the Local Government Act 2002, all of which relate to elected members' pecuniary interests.

Every council is required to keep a register of its members' pecuniary interests, and to make a summary of it publicly available. Each council must appoint a registrar to maintain the register, and provide advice and guidance to members.

Elected members are obliged to provide annual returns, which are to be included on the registers, and to subsequently advise of any errors or omissions in those returns. Any failure to comply with these obligations amounts to an offence.

Guidance provided by Simpson Grierson is attached to this report as **Appendix 1**.

12. Risk Mitigations in place

Legislation	Risk	Mitigation
Local Government Official Information and Meetings Act	A member of the public or organisation requests information from council that falls outside the Act's reasons for withholding information. Council is unable to or refuses to provide this information, leading to a complaint to the Ombudsman.	All LGOIMA requests are handled centrally within council. Standing Orders Council provided IT and email for elected members
Local Authorities (Members Interests) Act	An elected member fails to declare a pecuniary interest in a council decision and participate in discussion or voting.	Pecuniary interest register and reminder at every meeting to declare conflicts with any matters on the agenda. Elected member induction and training, including this explanation of legislation.
	An elected member has an actual, or perceived bias due to their own statements or conduct indicating a predetermined decision before hearing all the relevant information.	
	An elected member has an actual, or perceived bias due to a close relationship or involvement with an individual or organisation affected by the decision.	
Section 99, 105 and 105A Crimes Act	Actions of an elected member being influenced by a gift or reward.	Anti-fraud and corruption policy Procurement policy Conflict of interest register and reminder at every meeting to declare conflicts with any matters on the agenda. Elected member induction and training, including this explanation of legislation.
	Use of information gained as part of council business for their own or someone else's gain.	
Secret Commissions Act	Elected member (or staff) advise someone to enter a contract with a third party and receive a gift or reward in return, or presents false receipts to council.	Anti-fraud and corruption policy Procurement policy Conflict of interest register and reminder at every meeting to declare conflicts with any matters on the agenda. Elected member induction and training, including this explanation of legislation.
Financial Markets Conduct Act	If council chose to offer stock to the public, elected members may be personally liable for the accuracy and correctness of investment documents.	To date council has not offered stock to the public. Mitigations would be considered if this situation was to arise.
Health and Safety At Work Act	Officers (includes elected members and staff) not fulfilling their obligations or due diligence.	H&S Policy and Manual Pre-qualification of contractors Full-time H&S advisor Regular reporting of H&S to A&R
Public Records Act	Records do not meet requirements regarding completeness, accuracy and maintenance of public records.	Information Management Policy Secure storage of physical and electronic documents. Ongoing staff training regarding document management obligations.

Legislation	Risk	Mitigation
Local Government (Pecuniary Interest Register) Amendment Act	Elected member fails to provide annual returns within the statutory timeframe or provides inaccurate or incomplete information.	Appointment of registrar Provision of advice and reminders by staff Pecuniary Interest Register published online.
	Elected member fails to inform the registrar upon becoming aware of an error or omission in their returns as soon as practicable.	

The legislation in this report can be accessed via the following links:

- Local Government Official Information and Meetings Act 1987
- Local Authorities (Members Interests) Act 1968
- Section 99, Section 105 and Section 105A Crimes Act 1961
- Secret Commissions Act 1910
- Financial Markets Conduct Act 2013
- Health and Safety At Work Act 2015
- Public Records Act 2005
- The Local Government (Pecuniary Interests Register) Amendment Act 2022

Attachments:

Appendix 1 Local Government (Pecuniary Interest Register) Amendment Act: Simpson Grierson – Guidance for councils on registers of members' pecuniary interests

Appendix 2 LGOIMA: Equip – Ethics, Values, Integrity and Trust

Appendix 3 Open for business – Chief Ombudsman's report on meetings & workshops

Appendix 4 OAG: Managing conflicts of interest: A guide for the public sector

Appendix 5 OAG: Local Authorities (Members' Interests) Act 1968: A guide for members of local authorities on managing financial conflicts of interest

Appendix 6 Health and Safety At Work Act: Worksafe: Quick Reference Guide.

Sven Hanne
Chief Executive **Date** 14 October 2025

Appendix 1

Simpson Grierson

Guidance for councils on registers of members' pecuniary interests

Prepared by Simpson Grierson for Taituarā

July 2022

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Foreword

The Local Government (Pecuniary Interests Register) Amendment Act 2022 passed on 20 May 2022, and will come into force on 20 November 2022. It inserts a new set of requirements and obligations into the Local Government Act 2002 (LGA 02), all of which relate to members' pecuniary interests.

The purpose of the new provisions is to increase transparency, trust and confidence in local government by keeping and making publicly available, information about members' pecuniary interests. It is largely modelled on the regime that applies to members of Parliament, but has been tailored to reflect particular aspects of local government.

Moving forward, every council (including all territorial authorities, unitary authorities, and regional councils) will be required to keep a register of its members' pecuniary interests, and to make a summary of it publicly available. Each council must appoint a Registrar to maintain the register, and provide advice and guidance to members.

Members are obliged to provide annual returns, which are to be included on the registers, and to subsequently advise of any errors or omissions in those returns. Any failure to comply with the new obligations amounts to an offence, and so it is important that members understand and comply with these new provisions, and that they are provided with necessary guidance (including from council staff).

The purpose of this guidance is to help councils understand the new requirements and obligations. Given the Registrar's role of providing advice and guidance to members, this guidance also discusses members' obligations. The guidance also discusses the relationship between the new provisions and other legislation, including the Local Authorities (Members' Interests) Act 1968, the Privacy Act 2020, and the Local Government Official Information and Meetings Act 1987. Finally, this guidance provides a checklist designed to help councils identify and satisfy the new requirements and obligations.

This guidance is not intended as legal advice. If and when particular issues arise, councils should consider obtaining specific legal advice that addresses their particular circumstances.

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Contents

Part A: Councils and Registrars' Obligations

A1 Summary of councils' obligations

1. There are four main obligations for Councils. They must:

   (a) keep a register of members' pecuniary interests (the Register);[1]

   (b) appoint a Registrar, who will compile and maintain the Register for the council[2] – the appointment is discussed at A2, and the Registrar's role is discussed at A3 and A4;

   (c) make a summary of the information contained in the Register publicly available[3] – discussed at A5; and

   (d) ensure that information contained in the Register is:

      (i) only used or disclosed in accordance with the purpose of the Register,[4] and

      (ii) retained for 7 years after the date on which a member provides the information, and is then removed from the Register.[5]

2. The obligations in paragraph (1)(d) will help guide councils' compliance with the Privacy Act 2020 in terms of handling personal information contained on the Register. They will also be relevant to councils' handling of requests for information included on any Register, which could be made under section 10 of the Local Government Official Information and Meetings Act 1987. The relationship between the new pecuniary interests provisions and these other Acts is discussed at C2 (Privacy Act) and C3 (LGOIMA).

A2 Appointment of Registrar

3. Each council must appoint a Registrar. The person appointed will need to be suited to engaging directly with members, and be well placed to make judgements about the advice to be given to members.

4. The power to appoint the Registrar sits with the full council, but is capable of being delegated.[6] Councils should check if existing delegations to chief executives are sufficient to capture this power, or if a specific delegation might be required from the full Council (assuming that the chief executive is to make the appointment).

5. The LGA 02 makes clear that the council's chief executive may be appointed as the Registrar.[7] This is not a requirement – some councils might consider it more appropriate for the Registrar to be a general manager or senior governance advisor.

6. Given the Registrar may need be involved in potential offending by members (due to any failure to comply with the new obligations), it may be considered preferable for the members themselves not to be closely involved in that decision, so as to avoid any potential suggestion of the Registrar being seen as favourable to members.

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1 Section 54A(1) of the LGA 02.
2 Section 54G(1) of the LGA 02.
3 Section 54A(3)(a) of the LGA 02.
4 Section 54A(3)(b)(i) of the LGA 02.
5 Section 54A(3)(b)(ii) of the LGA 02.
6 Under clause 32(1), Schedule 7 of the LGA 02.
7 Section 54G(2) of the LGA 02.

Part A: Councils and Registrars' Obligations

A3 Registrars' obligation to compile and maintain the Register

7. Registrars are tasked with the compilation and maintenance of the Register.[8] In practice, Registrars will look after the Register on a day-to-day basis, thereby helping to ensure the council satisfies its obligation to keep a register.

8. The Registrar will need to ensure that a Register is complete. Under the LGA 02, the Register is to be comprise all pecuniary interest returns filed by members **and** any corrections made by members.[9] "Corrections" are the notifications given to the Registrar advising of an error or omission in a return.[10]

9. Registrars are specifically obliged to "correct" the Register when advised of an error or omission.[11] This suggests that any correction received must be somehow linked to the original return in question, so that anyone accessing the original return will be made aware of the correction.

10. In compiling and maintaining the Register, Registrars will need to ensure there is compliance with the Privacy Act 2020 – which is discussed at C2.

11. The LGA 02 provides some boundaries for Registrars when compiling and maintaining the Register. It states that a Registrar is **not** required to:[12]

    (a) obtain a return from a member;

    (b) notify a member if they fail to make a return by the due date; or

    (c) notify a member if there is any error or omission in their return.

12. The lack of any proactive role for the Registrar makes it clear that the intention of these new provisions is that members must take personal responsibility for ensuring that they satisfy their obligations. It is not for the Registrars to make sure they do so.

13. Despite this, it would be good practice for Registrars to remind members, and provide appropriate guidance, about the need to provide a return, the due dates for returns, and the ongoing obligation to notify the Registrar of any error or omission with their returns. Assisting members to understand how to fulfil their obligations will ultimately make Registrars' jobs easier.

A4 Registrars' obligation to provide guidance and advice

14. Registrars are also tasked with providing advice and guidance to members in connection with their obligations.[13]

15. While Registrars should endeavour to help members who seek advice, but there may be some practical limits to how much a Registrar can help. A Registrar cannot be expected to provide definitive advice on the application of the new provisions for every situation. There will be some areas of uncertainty, although this should lessen over time (likely through auditing processes, and potentially case law).

16. If Registrars are unsure about any compliance related or interpretation issues, legal advice can be sought. If that is not feasible for whatever reason, the Registrar could recommend to the member that they obtain their own legal advice.

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8 Section 54G(1)(a) of the LGA 02.
9 Section 54A(2) of the LGA 02.
10 Made under section 54D of the LGA 02.
11 Section 54D.
12 Section 54H(2).
13 Section 54G(1)(b) of the LGA 02.

Part A: Councils and Registrars' Obligations

17. Practically, when in doubt, a Registrar would be sensible to always advise a member to err on the side of disclosure – an over-disclosure of interests will not trigger any of the new offences, but an under-disclosure might.

A5 How to make a summary of the Register publicly available

18. Each council must make "a summary of the information contained in the Register publicly available".[14]

19. The term "publicly available" is defined in the LGA 02.[15] It requires a council to take reasonable steps to:

(a) ensure that the summary is accessible to the general public in a manner appropriate to its purpose, including, where practicable, on the council's Internet site; and

(b) publicise, in a manner appropriate to the purpose and significance of the summary, both the fact that the summary is available and the manner in which it may be accessed.

20. Good practice would be for councils to put a copy of the summary on their website (eg on the same page as where elected members bios are available), and to also have a copy (electronic or hard-copy) available at the front counter in appropriate council offices.

21. The LGA 02 does not provide any detail about what should be included in a "summary" of the register. As a result, councils will need to make a judgement call about how much to include. In doing so, they should look to strike an appropriate balance between members' privacy and the purpose of the Register. The purpose of the Register is described as:[16]

> to record members' interests so as to provide transparency and to strengthen public trust and confidence in local government processes and decision-making.

22. This statutory purpose suggests that the public should be given enough information about a pecuniary interest so that they can understand how it could impact any Council process or decision-making, and why it ought to have been disclosed, but no more than that.

23. For example, a summary should reference the name of a relevant entity and the general nature of the member's interest in that entity, such as "XYZ Trust (beneficial interest)". This should provide sufficient information for people to identify relevant interests, but without providing excessive details about a member's personal affairs.

24. The pecuniary interests' regime for members of Parliament (on which the new LGA 02 provisions are largely based) provides a helpful example. That regime also requires that a summary of the MPs' register be published (both online and in a hardcopy booklet form).[17] While the interests required for disclosure vary somewhat between MPs and council members, the online version of the MPs' register provides a useful indication of the level of information that should be included in a summary. The current Parliamentary register is available at: https://www.parliament.nz/en/mps-and-electorates/members-financial-interests/mps-financial-interests/2022-current-register-of-members-pecuniary-and-other-specified-interests/

25. In the event of uncertainty as to how much should be disclosed in a summary, it would be good practice for the Registrar to consult the member concerned, but it will ultimately need to be the Registrar (for the Council) that decides how it will satisfy the requirement to publish a summary. Councils could seek legal advice in problematic situations.

26. If a member of the public is unhappy with the level of disclosure in any summary, it will be open to them to request the additional information held on the Register under the Local Government Official Information and Meetings Act 1987. The relationship with that Act is discussed further at C3.

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14 Section 54A(3)(a) of the LGA 02.
15 See section 5(3) of the LGA 02.
16 Section 54B.
17 Parliamentary Standing Orders, Appendix B, clauses 18 and 19.

Part B: Members' Obligations

B1 New regime applies to elected, not appointed, members

27. The new requirements and obligations will apply to the following members:[18]

(a) members of the council;

(b) members who have been elected under the Local Electoral Act 2011 to a community board that is part of the council; and

(c) members who have been elected under the Local Electoral Act 2011 to a local board that is part of the council.

28. Appointed members will **not** be subject to these requirements and obligations. For example, individuals who have been appointed as a member of a council committee due to their skills, attributes, or knowledge will not need to provide annual returns to the Registrar.

B2 Summary of members' obligations

29. The key obligations for members are to:

(a) make annual returns that contain information on certain pecuniary interests to the Registrar, within the statutory timeframe;19

(b) ensure that the information contained in their returns is accurate;20 and

(c) in the event of becoming aware of an error or omission in their returns, advise the Registrar of that as soon as practicable.21

30. If a member does not comply with these obligations, they will commit an offence, which is punishable by a fine of up to $5,000. Offences and prosecutions are discussed at B7.

B3 Members are responsible for fulfilling their obligations, but can seek advice

31. The LGA 02 explicitly states that it is the responsibility of each member to ensure that they fulfil their obligations.[22]

32. It also makes clear that the Registrar is not required to obtain returns from members, or to notify members about any failure to make a return by the due date or of any error or omission in a return.[23] So while a Registrar might choose to provide helpful notification to members, they are not obliged to do so.

33. It is implicit that members are expected to take personal responsibility for making sure that they satisfy their own obligations.

34. Where members have any questions about making returns, or their obligations more generally, they can seek advice from the Registrar. It will also be open to members to obtain their own legal advice, if they consider that would be helpful.

18 Section 54A(1) of the LGA 02.
19 Section 54C of the LGA 02.
20 Sectuon 54D(1) of the LGA 02.
21 Section 54D(2) of the LGA 02.
22 Section 54H(1) of the LGA 02.
23 Section 54H(2) of the LGA 02.

Part B: Members' Obligations

B4 Due dates for returns

35. In each triennium, the due dates for a return are:[24]

(a) **Year 1:** the day that is 120 days after the date on which the member comes into office under section 115 of the Local Electoral Act 2001;

(b) **Year 2:** the last day of February in the second year of the triennium; and

(c) **Year 3:** the last day of February in the third year of the triennium.

36. Calculating the due date for Years 2 and 3 should be straight-forward – it will typically be 28 February of the relevant year. However, in any leap year, the due date will typically be 29 February.

37. If 28 February (or 29 February in a leap year) falls on a weekend, then the due date will be the next working day.[25] For example, if 28 February (in a non-leap year) is a Saturday, then the due date will be Monday, 2 March.

38. Calculating the Year 1 due date is more complicated. Under section 115 of the LEA, a member comes into office the day after public notice of the final election result is given under section 86 of the LEA. So the 120 day period should be calculated from the date that is one day after the public notice.

39. Note that the date that is one day after the public notice should not be counted in calculating the 120 day period – rather the day that is two days after the public notice is 'day 1' of the 120 days.[26] The date that is 'day 120' should be the due date for members' returns.

40. Weekends and public holidays should be included in the 120 days – but if the 120th day falls on a weekend (or public holiday), then the due date will be the next working day.[27]

41. The following example may assist:

Date	Event
8 October 2022	Polling day
15 October 2022	Public notice of the final election result is given, under section 86 of the LEA (note that this date can vary[28])
16 October 2022	Members come into office
17 October 2022	'Day 1' of the 120 day period
13 February 2023[29]	Due date for members' returns ('day 120')

42. Due dates will likely vary between councils, as final election results may be publicly notified on different days. Due dates could even vary between members on the same council in some situations. For instance, a member whose election was dependent on a recount, or who is elected in a by-election within the first year of the triennium, could have a significantly later due date for their Year 1 return.

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24 Section 54C(2) of the LGA 02.
25 See section 55 of the Legislation Act 2019, and the definition of "working day" in section 13 of that Act.
26 Section 54 of the Legislation Act 2019, see Item 2 in that section.
27 Section 55 of the Legislation Act 2019.
28 Typically, public notice of the final result for the 2022 election will be given perhaps a week or so after polling day. With the change to the "public notice" definition applying to the 2022 triennial elections, it is possible that the public notice might be given even sooner, perhaps just a matter of days after polling day. The change to the "public notice" definition results from the Local Electoral Act 2002 not including any definition for "public notice". As a result, councils have previously relied on the definition of "public notice" that was in the Interpretation Act 1999 (which required publication of notices in local newspapers). However, the Interpretation Act was repealed in late 2021, and replaced by the Legislation Act 2019. The definition of "public notice" in that Act provides for either publication in local newspapers, or simply through a council's website. Obviously, publication through a website can be achieved more quickly than publication through newspapers, meaning that section 86 public notices may potentially be made sooner than the usual one week or so.
29 13 February 2023 happens to be a Monday, thus a working day.

Part B: Members' Obligations

43. The due date will end at midnight on the relevant day (ie members will have the entire day in which to provide their returns). So, assuming Registrars allow for return via email, members will be able to send in a return after business hours on the due date, but before midnight, and still satisfy the statutory deadline. Returns emailed after midnight on the due date will fall outside the deadline.

44. Although the return obligations are a member's responsibility, it would be good practice for a Registrar to advise members well in advance of the due date for a return (and specify the final return date), and to send a reminder a few weeks beforehand. This will be especially important for Year 1 returns, given the calculation of the due dates in Year 1 is more complicated.

B5 The time period that a return must cover

45. Returns are made in respect of a 12 month period.[30] This means that any relevant pecuniary interests that existed at any point during this 12 month period must be disclosed in the member's return. It is not necessary for an interest to have existed for the full 12 month period.

46. The exact dates of the 12 month period will depend on the due date for the particular return. Specifically, the period will be the 12 months that ended on the day that is one month before the due date.[31]

47. So the practical steps involved in identifying the 12 month period are:

    (a) What is the due date for the return? This is your starting point for calculating the 12 month period.

    (b) What is the date that is one calendar month before that due date? That date is the final day in the relevant 12 month period.

    (c) What is the date that is one calendar year before that 'final day'? The day after that date is the first date in the relevant 12 month period.

48. Taking the upcoming triennium as an example (building on the example given for calculating a Year 1 due date in the section above), the dates are:

Year of triennium	Due date for return	12 month time period covered by return
Year 1 – 2023	13 February 2023[32]	14 January 2022 to 13 January 2023
Year 2 – 2024 (leap year)	29 February 2024[33]	30 January 2023 to 29 January 2024
Year 3 – 2025	28 February 2025[34]	29 January 2024 to 28 January 2025

49. This example illustrates that the 12 month periods for returns will not always align. There is the potential for reporting on some of the same days in two returns, eg both the Year 2 and 3 returns will need to report on 29 January 2024.

50. There is also the potential for some short periods not to be covered by any return, eg no return will report on the period from 14 January 2023 to 29 January 2023. Gifts or payments received during such windows of time will not need to be disclosed in any return made under the LGA 02. Councils may, however, choose to address such potential 'loopholes' through non-statutory reporting. This is further discussed at C1.

30 Section 54C(1) of the LGA 02.
31 Section 54C(1) of the LGA 02.
32 This date is based on the example set out in the due date section of this guidance. It assumes the public notice of the final election result (given under section 86 of the Local Electoral Act 2001) was given on 15 October 2023.
33 29 February 2024 will be a Thursday, thus a working day.
34 28 February 2025 will be a Friday, thus a working day.

Part B: Members' Obligations

51. Reporting on the right 12 month period is a member's responsibility. However, as with the due date, it would be good practice for a Registrar to advise members of the 12 month period that a return must cover (specifying the relevant dates).

B6 Information to be disclosed in members' returns

52. There are two broad categories of information that members need to disclose in their returns:

    (a) information relating to the member's position (covered in section 54E of the LGA 02); and

    (b) information relating to the members' activities (covered in section 54F of the LGA 02).

53. Within these two broad categories are numerous specific types of interests that need to be disclosed.

54. Appendix A sets out each of the specific types of interests that need to be disclosed, and includes a brief explanation of, and examples for, each type.

55. Appendix B sets out a series of flow charts, which members can work through when completing their returns to ensure they have addressed all relevant interests.

56. Note that it is only the members' interests that need be disclosed – interests of spouses, partners, and other close family members do not need to be disclosed under the LGA 02.[35]

B7 Prosecutions against members and councils' potential role

57. New offences have been created that will apply where members fail to comply with their obligations. Specifically, a member will commit an offence if they:[36]

    (a) fail to file a return that includes all relevant information by the due date;

    (b) file an inaccurate return; or

    (c) do not advise the Registrar of any error or omission in a return as soon as practicable after they become aware of it.

58. Each offence is punishable by a fine of up to $5,000.[37]

59. Prosecution for these offences will follow the procedure for existing offences under section 235 of the LGA 02, which relate to a member acting while disqualified or unqualified.[38] It will typically be up to the Secretary for Local Government to file a charging document and prosecute members who have committed an offence.[39] The Secretary for Local Government is the Chief Executive of the Department of Internal Affairs. (Note that parties other than the Secretary are not prevented from bringing a private prosecution.[40])

60. For offences where members have acted while disqualified or unqualified, the Secretary is obliged to bring proceedings.[41] However, no equivalent obligation exists for the offences relating to the members' returns, which

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35 The fact that the LGA 02 provisions do not capture any interests of a member's whanau creates issues with using the register for helping to ensure compliance with the Local Authorities (Members' Interests) Act 1968. The potential to supplement the register with additional disclosure requirements is discussed at C1.
36 See sections 54C and 54D(1) and (2), and section 235, of the LGA 02.
37 Section 242(2) of the LGA 02.
38 See section 235 of the LGA 02, which has previously provided for offences for acting while disqualified or unqualified, and now also applies to breaches of sections 54C and 54D(1) and (2).
39 It is evident that this is the role of the Secretary from section 235(2) and also from clause 3(1), Schedule 7 of the LGA 02.
40 Clause 3(2), Schedule 7 of the LGA 02.
41 Clause 3(1), Schedule 7 of the LGA 02.

Part B: Members' Obligations

suggests the Secretary for Local Government should have some discretion in deciding whether or not to bring proceedings against members for these offences.

61. The LGA 02 is silent on whether councils are required to report possible offences to the Secretary for Local Government, although it is difficult to see how else the Secretary would identify potential offences. There is the potential for the Secretary to issue guidance or an indication about when and how they would expect to be notified of any potential offences by councils.

62. In the absence of such guidance, it would be good practice for councils to develop their own policies about when they will refer potential offences to the Secretary for Local Government. If a strict approach were adopted, councils may decide to refer every potential offence identified to the Secretary, with members notified of the referral as soon as possible afterwards.

63. Alternatively, councils may decide that discretion is appropriate, eg providing that potential offences will be referred to the Secretary unless there is good reason not to do so. Council policies could provide a disputes process first, and if no resolution is reached, a member will then be notified of an intention to make a referral to the Secretary, and be given a reasonable opportunity to put forward information that would be relevant to there being 'a good reason' not to make the referral.

64. It would be unlawful to adopt a policy that precludes referral of any potential offences to the Secretary.

65. The most likely officers to make referrals would be the Chief Executive and/or the Registrar. The council should ensure that appropriate delegations are in place for any officers who may need to make referrals to the Secretary.

66. It would be good practice for elected members to have some involvement in the development of any internal policy, and for them to formally adopt it via resolution. Copies of the policy should be given to members in advance of returns being due (or form part of a fuller set of guidance material), so that they understand the consequences of failing to meet their obligations.

Part C: Relationship with Other Legislation

C1 Relationship with LAMIA and supplementing the new statutory framework

67. The Local Authorities (Members' Interests) Act 1968 (**LAMIA**) governs some conflict of interest issues for members, notably those involving pecuniary interests. In particular:

    (a) the **contracting rule** prohibits members from being interested in any contracts (eg being a director of a company who is party to the contract, being a sub-contractor of an entity who is party to the contract) with the council that have a combined value of more than $25,000 in a financial year – unless the Auditor-General approves the arrangement; and[42]

    (b) the **participation rule** prohibits members from participating in any council decision-making in which the member has a pecuniary interest that is not one held in common with the public – unless the Auditor-General has pre-approved such participation.[43]

68. The LGA 02 sets out two specific clarifications about the relationship with LAMIA.[44] It provides:

    (a) a member's obligations under the LGA 02 in relation to the Register are in addition to any obligations under LAMIA, and do not affect the application of LAMIA; and

    (b) a pecuniary interest that a member has declared under the LGA 02 regime is not necessarily an interest for the purposes of LAMIA.

69. These clarifications suggest that LAMIA and the new LGA 02 provisions will, in practice, need to operate separately from one another.

70. Despite this, there is some potential for overlap between the relevant requirements – in that the Register may help to identify interests that might be relevant to triggering either of the contracting or participation rules under LAMIA. For example, before entering into a contract with a party, it would be sensible for the council to check that that party is not mentioned on the Register.

71. That said, the Register will not provide a comprehensive approach to identifying interests relevant to LAMIA compliance. There are two main reasons for this.

72. First, the pecuniary interests reported under the LGA 02 are unlikely to capture the full range of interests that can sometimes create problems under LAMIA. For instance, LGA 02 returns do not need to cover:

    (a) a member's spouse's or dependents' pecuniary interests;

    (b) details of a member's debtors and creditors;

    (c) any contracts with the council in which the member is interested; or

    (d) any non-financial interests that the member may have.

73. Second, the LGA 02 does not require any ongoing reporting of new interests as they arise between annual returns.

74. The practical result of these differences is that the Register will be of some, but limited, use to councils in managing conflicts of interest under LAMIA.

75. As a result, councils may want to consider if and how they might supplement the LGA 02 in a manner that assists with on-going compliance with LAMIA. For instance, councils could choose to request additional disclosures by

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42 See section 3 of LAMIA.
43 See section 6 of LAMIA.
44 Section 54H(3) of the LGA 02.

Part C: Relationship with Other Legislation

members, capturing the types of interests listed above. They might also want to impose an ongoing obligation on members to notify interests as they arise (eg 4 or 6 monthly updates to returns), and perhaps extend some or all of this system to their appointed members. Such a supplementary regime could address any periods of time that are not already covered by returns under the LGA 02 (see the 'loophole' issue discussed at B5).

76. Councils who are minded to supplement the statutory regime will need to carefully consider the best way for them to do this (eg will they add questions to the statutory return form, or adopt a separate process). They will also need to consider what, if anything, about these additional interests they will proactively make publicly available.

77. Any supplementary disclosure regime should be incorporated into a council's code of conduct for its elected members. This will allow the regime to be enforced through code of conduct complaints.

78. Many councils already have existing disclosure regimes. These councils will need to consider whether to retain these regimes once the new LGA 02 provisions are engaged and, if so, how they might need to be modified to accommodate the LGA 02 requirements.

C2 Privacy compliance needed

79. The Register will contain members' personal information.[45] As a result, the information privacy principles (**IPPs**) in the Privacy Act 2020 will apply to this information.[46]

80. To help ensure compliance with the Privacy Act, a council should consider how it will comply with each of the IPPs in relation to the Register. This could be done by way of a privacy impact assessment.[47]

81. In carrying out a privacy impact assessment, there are some matters the council should bear in mind:

(a) IPP 3 requires members to be informed of certain matters at the time of collection of their personal information. For this purpose, a draft privacy statement is included in the template return form set out in Appendix C.

(b) The LGA 02 states that council must ensure information contained in the Register is retained for 7 years from when the member provides the information, after which it is to be removed from the Register.[48] This will be relevant to IPP 9, which addresses how long a council may keep personal information for.

(c) The LGA 02 also requires councils to ensure that the information in the Register is only used or disclosed in accordance with the purpose of the Register.[49] This will be relevant to compliance with IPPs 10, 11 and 12.

C3 LGOIMA requests can still be made

82. The Register will constitute "official information" in terms of the Local Government Official Information and Meetings Act 1987 (**LGOIMA**).[50] As a result, members of the public will be able to request information held on the Register. Practically, the publication of the summary of the Register should significantly reduce the likelihood of such LGOIMA requests being made, but they remain a possibility if someone considers that the summary does not provide sufficient detail.

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45 See the definition of "personal information" in section 7 of the Privacy Act 2020.
46 The information privacy principles are set out in section 22 of the Privacy Act 2020.
47 Information about privacy impact assessments is available on the Privacy Commissioner's website, here: https://www.privacy.org.nz/publications/guidance-resources/privacy-impact-assessment/
48 Section 54A(3)(b)(ii) of the LGA 02.
49 Section 54A(3)(b)(i) of the LGA 02.
50 "Official information" is defined in section 2 of LGOIMA as meaning "any information held by a local authority", which would clearly capture the Register.

Part C: Relationship with Other Legislation

83. Any LGOIMA requests for information relating to the Register (which is not already available in the summary of the Register) will need to be considered on a case-by-case basis.

84. The LGA 02 states that councils are required to ensure the information in the Register is only disclosed in accordance with the purpose of the Register.[51] The purpose of the Register is described in the LGA 02 as:[52]

> to record members' interests so as to provide transparency and to strengthen public trust and confidence in local government processes and decision-making.

85. Accordingly, if a LGOIMA request were to be made that was not in accordance with the purpose of the Register, it would be open to the council to refuse the request on the basis that making the information available would be contrary to the LGA 02.[53] It seems very unlikely, however, that this will occur in practice, given the very wide scope of the purpose of the Register.

86. Another possible withholding ground that a council would need to consider is protection of privacy.[54] Almost all the information in the Register will be personal information, so this ground is likely to be relevant.

87. Members' privacy will, however, need to be balanced against public interest considerations favouring disclosure.[55] Whether such public interest considerations exist, and the weight that should be afforded to them, is likely to depend on the circumstances of the particular LGOIMA request (eg who has made the request? Why do they want the information? What is the information in question? Is there a particular council process or decision that the information requested is relevant to?).

88. Depending on the particular request, there might possibly be other potential withholding grounds to consider. For example, a possible ground is where withholding the information is necessary to protect people (including members) from improper pressure or harassment, so that the effective conduct of public affairs can be maintained.[56]

51 Section 54A(3)(b)(i) of the LGA 02.
52 Section 54B of the LGA 02.
53 See section 17(c)(i) of LGOIMA.
54 See section 7(2)(a) of LGOIMA.
55 See section 7(1) of LGOIMA.
56 Section 7(2)(f)(ii) of LGOIMA.

Part D: Pecuniary Interests Checklist for Councils

Being ready for the new LGA 02 provisions will require:

- ✓ Officers to prepare advisory materials to be given to members following the 2022 elections, which provide practical guidance on how to file a return, the due dates for the triennium and the applicable 12 month periods for the returns
- ✓ Officers to prepare a return form (hard-copy and/or electronic), which members can use to complete their annual returns (a template form is included in Appendix C)
- ✓ Officers to undertake some form of privacy impact assessment in relation to the personal information to be held on the Register, to ensure compliance with the information privacy principles in the Privacy Act 2020
- ✓ Council (or anyone with the requisite delegated authority) must appoint a Registrar (this can be done before 20 November 2022 if necessary, due to section 43(1)(c) of the Legislation Act 2019)
- ✓ Council to consider whether to adopt policies that address and clarify when referrals of potential prosecutions should be made to the Secretary for Local Government
- ✓ Council to determine whether to supplement the LGA 02 with additional disclosure requirements and, if so, what that supplementary regime will involve, plus ensure the code of conduct provides for this regime

It would be good practice to inform members before the 2022 elections about these new requirements and obligations, and the preparatory work that is being undertaken.

It is up to councils to determine how to package these matters. But one approach could be to develop a 'one-stop-shop' guidance document for members, which captures their obligations under the LGA 02, information about due dates and 12 month periods, and also the council's approach to dealing with the referral of potential offences to the Secretary for Local Government or any potential disagreements between members and the council or Registrar.

APPENDIX A: Table of Interests and Examples

Interests relating to the Member's position		
Section reference	**Explanation of interest and required disclosure**	**Example**
Section 54E(1)(a)	Members must disclose the name of any company in which they are a director, or in which they hold or control more than 10% of the voting rights. Members are required to provide a description of the main business activities of the company. This could be relatively brief, but must accurately represent what activities or services the company undertakes or provides.	Matthew is a director of his family business, being a company that owns and leases commercial property. He is also elected to the local council. Matthew will need to declare his directorship, by providing both the name of the company and a description of its main business activities in his return. He describes the business activities as "developer and landlord of commercial properties". Caitlin is a shareholder in her sister's ice cream company. She holds 10 voting shares out of the total 80 voting shares the company has issued. As a result she owns 12.5% of the voting shares in the company and will need to declare her shareholding by providing both the name of the company and its main business activities in her return. She describes the business activities as "sells ice-cream through retail shops in Auckland and Wellington".
Section 54E(1)(b)	Members must disclose the name, and describe the main business activities, of any other company or business entity in which they hold a pecuniary interest. 'Business entities' mean any separate body or organisation, whether incorporated or unincorporated, that carries on any profession, trade, manufacturing, or undertaking for pecuniary profit, and includes a business activity carried on by a sole proprietor, but does not include any blind trust. Such entities can include joint ventures, partnerships, sole proprietors or other arrangements that are not companies. There is a clear exception for any managed investment scheme, such as Kiwisaver or an index fund, which do not need to be disclosed. A	Emiria is a partner at a law firm. She must disclose the name of the law firm and give a description of its main activities (eg "provider of legal services").

APPENDIX A: Table of Interests and Examples

Interests relating to the Member's position		
Section reference	**Explanation of interest and required disclosure**	**Example**
	"managed investment scheme" has the same meaning as in section 9(1), (2) and (4) of the Financial Markets Conduct Act 2013. A member will **not** have a pecuniary interest in a company merely because they have an interest in that company's 'parent' company or its subsidiary.	
Section 54E(1)(c)	Members must disclose the name of any employer, and describe the main business activities of that employer(s). This could include permanent, fixed term or casual employment under an employment agreement (or contract of service). It will **not** include services provided as a freelancer or contractor under a contract for service (which is likely to be captured by section 54E(1)(ca) or (b) if the member is acting through some form of business entity, or perhaps through section 54F(1)(c) if acting personally). It will also not include holding the position of elected member of a council, local board, or community board, or any other position for which the member concerned would not be qualified unless he or she held their role as an elected member.	Meilin has a part time job as a lecturer in environmental studies at City University. She must disclose that she is employed at City University and that their main activities are providing higher education and research.
Section 54E(1)(d)	Members must disclose any beneficial interest they have in a trust and the name of the trust. Having a beneficial interest means that they are a "beneficiary" of the trust (and are typically listed as such in the trust deed). There is no cap or requirement on the amount or type of beneficial interest, so members will need to disclose any beneficiary interest that they have in a trust.	Melanie is a beneficiary of her parents' family trust: the Jack and Jill trust. She is also aware that she is an uri (descendant) of a local iwi. The iwi's settlement assets are held in a trust and the trust's beneficiaries are all uri (descendants) of the iwi's tupuna (ancestors). Melanie will need to disclose the name of both trusts.
Section 54E(1)(e)	Members must disclose if:	Frank is on the board of a charitable cycling organisation Bikes4U. Bikes4U applied for a council grant to run cycle repair workshops, as

APPENDIX A: Table of Interests and Examples

Interests relating to the Member's position		
Section reference	**Explanation of interest and required disclosure**	**Example**
	(a) they are a member of an organisation, or a member of the governing body of an organisation, or a trustee of a trust; **and** (b) that organisation or trust receives funding from, or has applied to receive funding from, the local authority, local board, or community board to which the member has been elected.[57] For this interest, the member must disclose the organisation or trust's name and a description of its main activities. If the organisation concerned is a council-controlled organisation (CCO), then the member does not need to provide a description of the CCO's main activities. The member could instead simply give the CCO's name and note it is a CCO.	part of encouraging active transport. Frank will therefore need to disclose that he is on the board of Bikes4U and provide a description of Bikes4U's main activities.
Section 54E(1)(f)	Members must disclose the title and description of any organisation to which they are appointed by virtue of being an elected member. The statutory language used is somewhat confusing. All other interests in section 54E require disclosure of the "name" of a company/entity/employer etc. It is arguable that the reference to "title" is meant to require a member to disclose the title of the role they hold.	Emily is the mayor of a large city council, and as part of that role serves as the chair of a network of Mayors that is called the Council Employment Advocacy Group (CEAD). Emily should disclose that she is the chair of CEAD, and that CEAD aims to encourage youth employment in council jobs.

57 If a member has an interest to disclose under section 54E(1)(e), this is an interest that is likely to constitute a pecuniary interest under section 6 of the Local Authorities (Members' Interests) Act 1968, and possibly prevent them participating in any decision-making relevant to the organisation concerned.

APPENDIX A: Table of Interests and Examples

Interests relating to the Member's position

Section reference	Explanation of interest and required disclosure	Example
	Given this uncertainty (and in light of the purpose of the new provisions), it will be prudent to disclose the title of the role that the member has been appointed to **and** the name of the organisation concerned, as well as providing a description of that organisation's activities.	
Section 54E(1)(g)	Members must disclose the location of any real property that they have any legal interest in, outside of an interest as a trustee. "Real property" is property that consists of land and/or buildings. A member will have a legal interest in land if they own or lease it. A licence to occupy, or having a caveat or encumbrance, will **not** constitute having a legal interest in property. Also, being a director or shareholder in a company that owns land will **not** constitute having a legal interest in that land. Members are required to disclose the location of the property. This requires disclosure of the general location (eg suburb and city), but does not require disclosure of the street address. Members must also provide a description of the nature of the property. For instance, it might be "family home", "holiday home", "investment property", or "commercial property".	Mariama leases her family home, jointly with her husband, at 123 Main Road in a small town called Fairtown. Her disclosure is: "Family home – Fairtown (leasehold interest)". Miriama is not obliged to disclose that her interest in the property is a leasehold one, but chooses to provide this for clarity.

APPENDIX A: Table of Interests and Examples

Interests relating to the Member's position		
Section reference	**Explanation of interest and required disclosure**	**Example**
Section 54E(1)(h)	If a member is a beneficiary of a trust (and they ought reasonably to know that they are a beneficiary), they must disclose the location and description of any real property held by the trust. "Real property" is property that consists of land and/or buildings. There are two exceptions. A member does **not** need to make any disclosure if the trust is: • a unit trust for which the member has already made a disclosure under section 54E(1)(d); or • a retirement scheme whose membership is open to the public. Members are required to disclose the location of the property. This requires disclosure of the general location (eg suburb and city), but does not require disclosure of the street address. Members must also provide a description of the nature of the property. For instance, it might be "residential property", "investment property", or "commercial property".	James is a beneficiary of a trust established by his aunt and uncle. The home James lives in, which is in Karori in Wellington, is owned by the trust. James leases the house from the trust. James' disclosure in relation to this trust will be "Residential property – Karori, Wellington". (James will already have disclosed the name of the trust under section 54E(1)(d) of the LGA 02, and disclosed his leasehold interest in the property as a "family home" under section 54E(1)(g) of the LGA 02.) Evan is a longstanding member of his local Church in Small Town. The Church runs a charitable trust to provide financial support to Church members for living costs or education costs. All members of the Church are beneficiaries. The Church building is held by the trust. Evan will need to disclose in relation to the trust: "Church property and building – Small Town". (Evan will have already disclosed the name of the trust under section 54E(1)(d) of the LGA 02.)

Interests relating to the Member's activities		
Section Reference	**Explanation of interest and required disclosure**	**Example**

APPENDIX A: Table of Interests and Examples

Section 54F(1)(a) and section 54F(2)	Members must disclose if: (a) they have travelled to a country other than New Zealand; and (b) their travel costs and/or accommodation costs were not paid in full by the member and/or a member of their family. "Member of their family" includes only the member's spouse, partner, parent, grandparent, child, stepchild, foster child, grandchild or sibling. It does not include a member's wider family or whānau. In particular, the member must disclose: (a) the name of the country; (b) the purpose of travelling to the country; and (c) the name of each person who contributed fully or partially to travel costs to/from the country; and (d) the name of each person who contributed fully or partially to the member's accommodation costs while in the country.	Hemi was sponsored by the Rotary Club to go on a trip to Japan to promote New Zealand as a great place to study and work. The Rotary Club paid for his flights and half of his accommodation. Hemi will therefore need to disclose that he went to Japan, that the purpose of the trip was to promote New Zealand as a location for business and study, and that the Rotary Club contributed to both his travel and accommodation costs.

APPENDIX A: Table of Interests and Examples

Section 54F(1)(b) and section 54F(3)	Members must disclose gifts received if a gift is worth more than \$500, or if all gifts from one donor have a combined value of more than \$500. The value of gifts is the "estimated market value in New Zealand". Gifts will include hospitality and donations of cash or in kind. There are two exceptions. No disclosure is needed if: • the gift is a donation made to cover expenses in an electoral campaign;[58] or • the gift was from a member of the member's family and the member does not consider that information about the gift should be included in the return taking the purpose of the register into account. In terms of the second exception, "family" includes only the member's spouse, partner, parent, grandparent, child, stepchild, foster child, grandchild or sibling. It does not include a member's wider family or whānau. Also, according to section 54B of the LGA 02, the purpose of the register "is to record members' interests so as to provide transparency and to strengthen public trust and confidence in local government processes and decision-making". Where disclosure is required, the member must provide:	Claire's cousin Alfred is a hairdresser. He gifts her a \$600 voucher to his salon to celebrate her being elected to the council. Claire must disclose the gift, and includes the following in her return: "Hair salon voucher – Alfred Smith". Claire also receives a congratulatory gift from her brother Antoni. Antoni is a wine-seller and gives Claire seven boxes of wine. The wine would be worth \$800 if bought from a retail shop. Antoni lives in the council's district, and is likely to be significantly impacted by some proposed changes to the council's district plan. While Antoni is her brother (and so comes within the definition of "family"), Claire decides that it is prudent to disclose the gift and Antoni's identity, taking the purpose of the register into account.

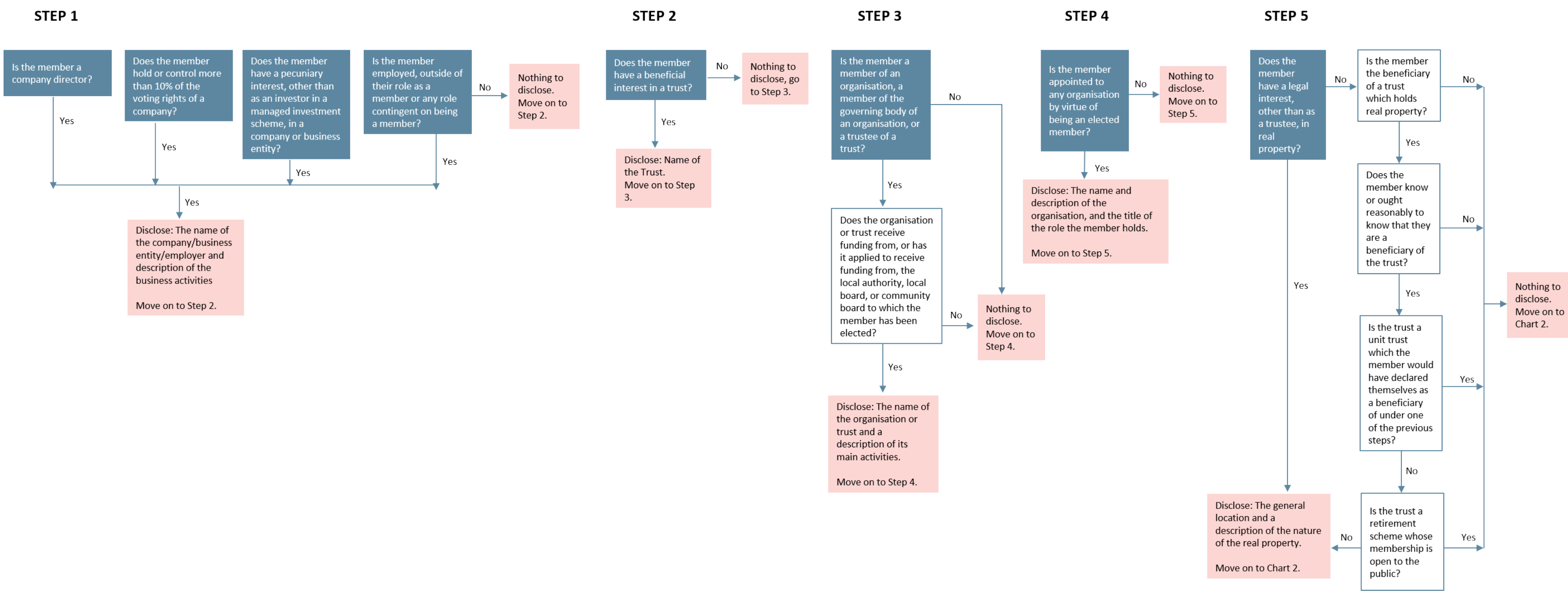
58 Members will of course need to make appropriate disclosures about their election donations as part of returns that they submit under the Local Electoral Act 2001.

APPENDIX A: Table of Interests and Examples

	• a description of each gift; and • the name of the donor of each gift, if known or reasonably ascertainable by the member.	
Section 54F(1)(c)	Members must describe each payment they have received for activities in which the member is involved. There are several important exceptions to this. No disclosure is needed for: • salary or allowances paid to the member under the Remuneration Authority Act 1977 or the LGA 02; • payment received from an interest already required to be disclosed under section 54E of the LGA 02; or • payment in respect of any activity that the member ceased to be involved in before becoming a member.	Chantelle occasionally gives speeches at conferences about her life experiences, and usually receives a speaker's fee for doing so. Her speaking roles are on a freelance one-off basis. Chantelle does this in her own name, without using any business entity or company. Chantelle will need to disclose the payment, and includes the following in her return: "$300 fee for speaking at *Life 2022 Conference*." Amy is a member of the city council and also a novelist. She recently wrote a popular book. Amy receives annual royalties under her contract with the book's publisher, which she entered into in her own name, without using any business entity or company. Amy will need to include the following in her return: "$1,234 annual royalties for novel *Flying to the Moon*".

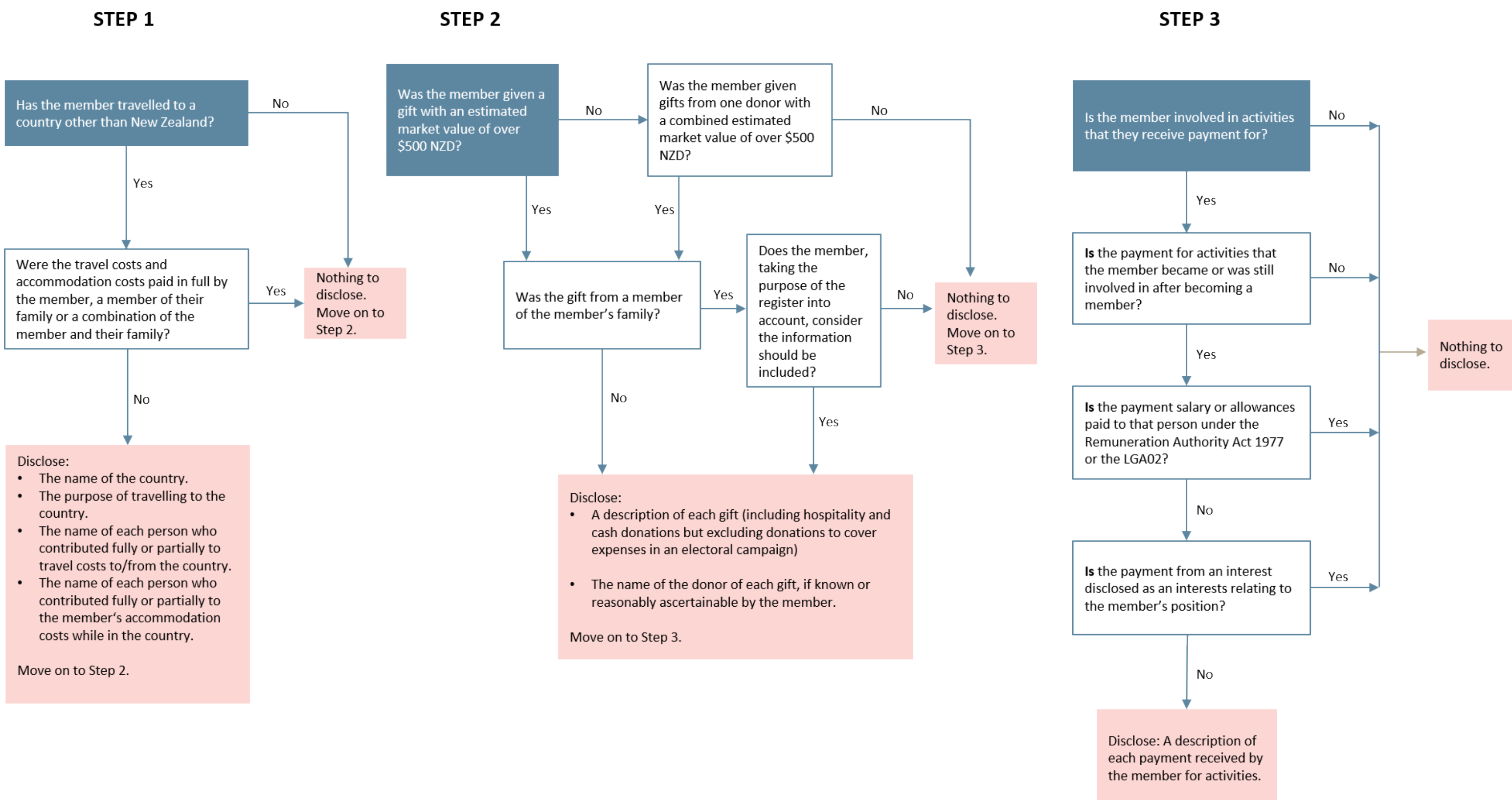
APPENDIX B: Flowcharts of Members' Interests

Chart 1: Information relating to a member's position



APPENDIX B: Flowcharts of Members' Interests

Chart 2: Information relating to a members' activities



APPENDIX C: Template Pecuniary Interest Return Form

Pecuniary Interests Return Form

Information for members:

Sections 54A to 54I of the Local Government Act 2002 (**LGA**) requires members to provide annual returns of certain pecuniary interests. You can use this form to provide your return.

You are responsible for complying with your obligations under the LGA relating to this return.

You can, however, seek advice and guidance from the Registrar of the members' pecuniary interests register on how to complete your return.

How to file this return:

You can file your completed return form with the Registrar by [*insert details of possible means for filing that are available, eg give email address, online portal information, postal, or information about how to file in person*].

The due date for the return is [*insert date*].

Privacy statement:

Your personal information is being collected so that the Council and the Registrar can comply with their obligations under the LGA, particularly those in sections 54A and 54G.

You are required to provide this information under sections 54C to 54H of the LGA. Failure to do so will constitute an offence under section 235 of the LGA.

Your personal information will be used and disclosed in accordance with the purpose of the register set out in section 54B of the LGA, which is to record members' interests so as to provide transparency and to strengthen public trust and confidence in local government processes and decision-making. The information will be retained for 7 years from the date on which you provide it, and will then be removed from the register.

A summary of your personal information will be made publicly available by the Council, in accordance with section 54A of the LGA. In addition, your personal information will constitute official information, and so is subject to the Local Government Official Information and Meetings Act 1987.

You have the right to access and seek correction of your personal information under the Privacy Act 2020. This can be done by contacting [*insert contact details*].

APPENDIX C: Template Pecuniary Interest Return Form

Return:

This return is made under section 54C of the Local Government Act 2002, providing information required under sections 54E and 54F of that Act.

Member's name:

____

12 month period covered by this return:

____

	Yes	No
1. Are you the director of a company? *(section 54E(1)(a))*		

If yes, please provide the name of the company (or companies) and a description of their main business activities:

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	Yes	No
2. Do you hold or control more than 10% of the voting rights in a company? *(section 54E(1)(a))*		

If yes, please provide the name of the company (or companies) and a description of their main business activities:

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APPENDIX C: Template Pecuniary Interest Return Form

	Yes	No
3. Do you have a pecuniary interest in any other company or business entity (except as an investor in a managed investment scheme)? *(section 54E(1)(b))*		

If yes, please provide the name of the company (or companies) or business entity (or entities) and a description of their main business activities:

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	Yes	No
4. Are you employed? *(section 54E(1)(c))*		

If yes, please provide the name of your employer(s) and a description of their main business activities:

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____

	Yes	No
5. Do you have a beneficial interest in a trust? *(section 54E(1)(d))*		

If yes, please provide the name of the trust(s):

____

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APPENDIX C: Template Pecuniary Interest Return Form

	Yes	No
6. Are you a member of an organisation, a member of the governing body of the organisation, or a trustee of the trust **and** that organisation or trust receives, or has applied to receive, funding from the Council, local board or community board to which you are elected? *(section 54E(1)(e))*		

If yes, please provide the name of the organisation(s) or trust(s) and a description of their main business activities:

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	Yes	No
7. Are you appointed to any organisation by virtue of being an elected member? *(section 54E(1)(f))*		

If yes, please provide the title for your appointed role(s), the name of the organisation(s), and a description of them:

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	Yes	No
8. Do you have a legal interest, other than as a trustee, in any real property? *(section 54E(1)(g))*		

If yes, please provide the location of the real property (eg suburb and city, or town) and a description of the nature of property (eg. family residence, rental property, or commercial property):

____

____

____

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____

APPENDIX C: Template Pecuniary Interest Return Form

	Yes	No
9. Are you the beneficiary of a trust that holds real property (but excluding a trust that is a unit trust you have already disclosed under question 5 or a trust that is a retirement scheme whose membership is open to the public)? *(section 54E(1)(h))*		

If yes, please provide the location of the real property (eg suburb and city, or town) and a description of the nature of property (eg. family residence, rental property, or commercial property):

	Yes	No
10. Have you travelled to any country (other than New Zealand) where your travel and accommodation costs were not paid in full by you and/or a member of your family? *(section 54F(1)(a))*		

(In this question, "family" means the member's spouse, partner, parent, grandparent, child, stepchild, foster child, grandchild, or sibling.)

If yes, please provide the name of the country, the purpose of travelling to the country, the name of each person who contributed (in whole or in part) to the costs of travel to or from the country to or any accommodation costs incurred by the member while in the country (if more than one country was travelled to, provide all of this information for each country):

APPENDIX C: Template Pecuniary Interest Return Form

11. Have you received any gift (other than a gift from a family member, unless you consider that gift should be disclosed taking into account the purpose of the members' pecuniary interests register) that: Yes ☐ No ☐

    - has an estimated market value in New Zealand of over $500; or
    - when combined with all other gifts from the same donor, have a total estimated market value in New Zealand of over $500?

    (section 54F(1)(b))

    (In this question:
    "gift" includes hospitality and donations in cash or kind, but excludes electoral expenses, and
    "family" means the member's spouse, partner, parent, grandparent, child, stepchild, foster child, grandchild, or sibling.)

    If yes, please provide a description of the gift(s) and the name of the donor of the gift(s) (if known or reasonably ascertainable by you):

    ____
    ____
    ____
    ____
    ____
    ____

12. Have you received any payment for an activity in which you are involved, excluding: Yes ☐ No ☐

    - any salary or allowance paid to you under the Remuneration Authority Act 1977or the Local Government Act 2002
    - any payment received from an interest that has already been disclosed in this return; or
    - any payment made in respect of an activity that you ceased to be involved in before becoming a member?

    (section 54F(1)(c))

    If yes, please provide a description of the payment(s) received by you:

    ____
    ____
    ____
    ____

AUCKLAND
Level 27, 88 Shortland Street,
Private Bag 92518,
Auckland 1141, New Zealand
+64 9 358 2222

WELLINGTON
Level 24, HSBC Tower,
195 Lambton Quay, PO Box 2402,
Wellington 6140, New Zealand
+64 4 499 4599

CHRISTCHURCH
Level 1, 151 Cambridge Terrace,
West End, PO Box 874,
Christchurch 8140, New Zealand
+64 3 365 9914

Simpson Grierson

simpsongrierson.com

Appendix 2

Ethics, Values, Integrity and Trust

Workbook & Reference Guide

We are.
LGNZ.
EquiP

1 point for each = 14 total for section
(check relevant boxes below)

Do you (know)

- ☐ What LGOIMA is?
- ☐ At least ten easy ways to accidentally leak confidential information?
- ☐ Why meetings are generally held in public?
- ☐ Why you need to work together as a team even if you campaigned on different issues?

Can you (do)

- ☐ Explain how the decision to release public excluded information is made?
- ☐ Describe high-risk environments and behaviours?
- ☐ Explain when a workshop becomes a meeting?
- ☐ Rise above how you feel about a person to work constructively with them?
- ☐ Describe any conflicts and interests you may have? (see Conflicts of Interest module)

Have you (done)

- ☐ Explained how the decision to release public excluded information is made to a member of the public?
- ☐ Reflected on whether you may have contributed to the release of confidential information?
- ☐ Discussed whether all persons who might have had an interest in a topic have had the opportunity to be present for the discussion?
- ☐ Had discussions with a colleague about behaviours that might be affecting your ability to trust or respect them?
- ☐ Regularly updated your interests and conflicts?

Total __ / 14

Ben Nettleton, EquiP Facilitator

Ben is an experienced commercial lawyer and company director. Ben commenced his professional career working for a high profile barrister, before shifting focus to commercial and rural law with French Burt Partners, a well-established firm in Southland.

Ben regularly advises significant private and public entities on governance and their director and officer duties. He also acts as mediator for commercial, company, property and rural disputes. Ben has presented and developed courses on business law for the Southern Institute of Technology and Open Polytechnic for many years and has presented on fiduciary duties at conferences.

One of the challenges for councillors is the need to constantly upgrade their technical skills and knowledge to enable them to make well informed contributions as governors.

EquiP's focussed digital modules and workshops will help elected members to grow their governance and related skills. These modules, based on the *Elected Member Skills and Knowledge Check*, will allow councils to provide a nationally consistent set of induction training modules on generic topics.

This Ethics, Values, Integrity and Trust module is one of the ten digital modules developed by EquiP.

Each of the 10 video modules come with a set of questions and exercises to help participants and their councils to test the development of their knowledge and skills. Local governance support staff can oversee and sign off each module completion.

- To enable councils to provide a nationally consistent set of induction training modules on general topics.
- To build and measure technical skills and knowledge across all elected members.
- To assist all elected members to be able to make informed decisions and contributions to effective council strategy and plans.

- The first key things you need to know as a councillor
- The top 5 big issues for local government
- What (and who) to ask
- The most likely challenges you'll come up against

1. Governance 101
2. Financial Decision-Making and Transparency
3. Asset Management and Infrastructure
4. Quality Decision Making
5. Political Acumen
6. Cultural Awareness
7. Strategic Thinking
8. Ethics, Values, Integrity and Trust (this one)

9. Standing Orders
10. Conflicts of Interest

To demonstrate the importance of ethics, values, integrity and trust to the reputation and credibility of the council.

By the end of this module you will be able to:

- explain what LGOIMA is and its importance to council behaviour;
- describe why upholding the highest standards of integrity is a key part of council credibility; and
- identify high-risk environments and behaviours in a council setting.

Governance is about being part of the conversation that sets the direction of your organisation.

Direction setting is done via you and your governance group's strategy development. To do this well requires:

- participating respectfully – developing trust and confidence;
- listening actively – understanding other points of view;
- seeking input from management and the general public - consulting; and
- being accountable – being transparent and honest.

Your role as a councillor is further complicated by the role being a representative one as well as a governance one.

It's worth remembering that it's impossible to please all of the people all of the time; therefore good governance and/or leadership is about being prepared to make some tough decisions.

1. Leader of community aspirations, direction and strategy
2. Collaborative culture, working to collective strengths while valuing individuals' input
3. Taking collective action for your community
4. Action and accountability as a good corporate citizen
5. Commitment to continuous improvement and personal development

Leader

As a leader of community aspirations, direction and strategy you have an advocacy role as well as an influencing role. You are contributing to the design of how community aspirations will be met, and with that settled; you are an advocate of those aspirations and the path that has been agreed to meet them. There may be a step in between if you are doing a consultation process – at which stage you are seeking input on a proposal rather than a decision. So your challenge is to listen to feedback rather than to try and justify the proposal. That bit comes when the proposal has become an agreed course of action.

Collaborative culture

The councils who work best for their communities are those who work collaboratively, enjoy high levels of trust, confidence and respect amongst themselves and with senior management.

Collective action

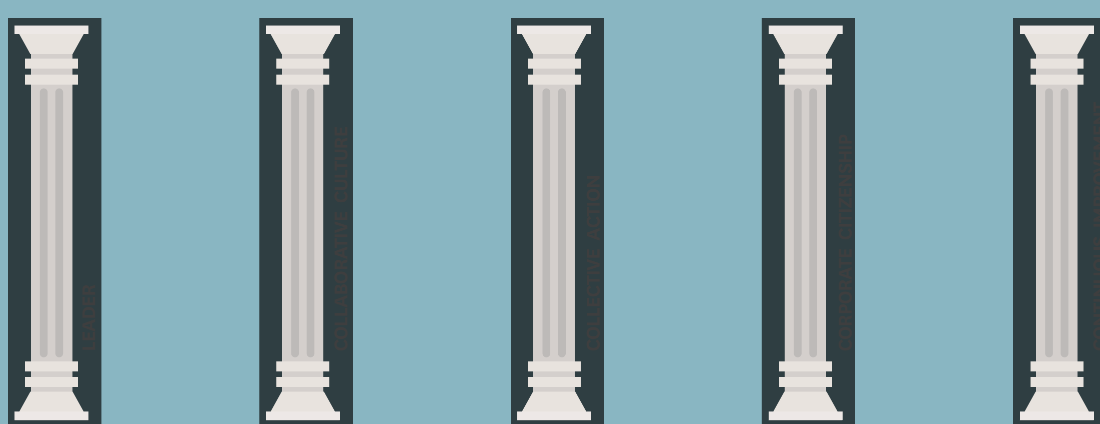
Taking collective action is about understanding the notion of collective responsibility. There will be times when you may not agree with the final decision that has been made – but the notion of collective responsibility requires that you accept the decision and work with it in the wider interests of the community.

Corporate citizenship

Good corporate citizenship entails being ethical, meeting your legal responsibilities, and being financially prudent.

Continuous improvement

This is about regularly evaluating your own performance as well as the performance of the council as a whole. There are plenty of tools to do this. Contact to get started!



- Ethics - from the ancient Greek ēthikós meaning "relating to one's character".
- Ethics is "a set of concepts and principles" that guide us in determining good behaviour.
- Your values are the important motivators in the way you live and work.
- Integrity encompasses ideas of truth, honesty and good character.
- Trust is essential to a well-functioning council - between members, between members and staff, and council and the public.

"Integrity is doing the right thing even when no one is watching."
– C. S. Lewis

- It is important to observe that 'tone at the top' is only part of the solution to ensuring the council is performing ethically.
- Too many organisations fail to enquire whether the approach is consistent throughout the entity.
- Unethical behaviour ultimately damages a council's reputation, credibility and staff.
- This results in unhappy ratepayers, meaning that other inter-organisational relationships will be affected.
- The loss of a hard-won, good reputation can take years to rebuild and some councils may never recover.
- Conversely, managing a council with consistent integrity and high ethical values is simply good practice.
- Such councils attract the best people and attract opportunities to the benefit of their region.
- Goodwill, consistent good reputation and attraction of potential staff are all outcomes of ethical behaviour.
- An ethical culture can also contribute to improving employee engagement and commitment as well as trust.
- An elected member's trustworthiness and ethics will have a direct impact on how they are viewed by others and whether the council operates in a constructive way.

The LGOIMA is short for the Local Government Official Information and Meetings Act 1987.

- It is one of the most referred to and relied upon pieces of legislation in Local Government.
- It is the councillors' reference for meeting procedures and release of information.
- Integrity has a particular meaning in governance as it relates to credibility.
- It goes to the relationships between members of the governance bodies and their ability to rely upon each other.

The Act has six key parts:

Access to Information Principal (Part 1), Management of Requests for Information (Part 2), Publication of Certain Documents and Information (Part 3), Right of Access to Personal Information (Part 4), Review of Decisions (Part 5), Local Authority Meetings (Part 7).

The key purpose of the LGOIMA is to increase the availability of official information held by agencies. Also, to promote the open and public transaction of business at meetings in order to enable more effective public participation in decision-making, and promote the accountability of members and officials.

Parts 1-5 will usually be handled by council staff in the first instance, however, depending on the situation, council may from time to time be consulted and/or requested to make a decision around approving certain requests and releases.

This deals with the rights of the public to access information, including by request, rights of access by individuals to personal information and decisions made involving them, and the role of the ombudsman in reviewing decisions.

The LGOIMA essentially replicates the provisions of the Official Information Act 1982, which applies to government departments and agencies. Complaints and investigations are also handled by the Ombudsman, who is an officer of parliament.

See the back page for 10 ways information can (but should not!) be leaked.

- Section 47 of LGOIMA provides, "Except as otherwise provided by this Part, every meeting of a local authority shall be open to the public".
- Section 49 further provides that copies of the agenda shall also be made available to all such persons who request it. It is common practice for an electronic copy to be made available online.
- Section 46A provides that every member of the public may inspect the agenda two working days prior to the proposed meeting.
- Workshops while useful to gather information, carry risk because the public are not included in workshops. Therefore workshops can't be used to make decisions – this still needs to happen in a normal council table setting that the public can view.
- Reasons you might hold a public excluded meeting should be rare and only arise in certain circumstances. There must be a resolution that sets out the grounds for excluding the public. They might include things under the Official Information Act including protecting a person's privacy or commercial sensitivities.

- There's no governing side and opposition side in local government - everyone has the same basic duties to discharge.
- Effective members ask hard questions and seek good answers from their peers.
- Constructive and positive dynamics help enable effective decision-making through robust and open debate.
- Exclusion is an indicator of dysfunction - councils are not well-served when a group excludes diverse thought and opinion around the table.
- All members have a responsibility for creating an inclusive culture that enables contribution with respect.
- A good indicator of an effective healthy debate is when you can offer an alternative opinion, and have a robust debate, ask probing questions and not feel that you are risking relationships around the table. Remember you are debating the issue – not the personality or person.
- Collective responsibility means that once a decision is made – even if you didn't agree with it – everyone accepts the decision and moves on to the next decision with a 'fresh slate'.

Scenario

The council has recently decided to appoint Sally Sharp as a new director of a council-controlled company which operates the stadium.

Barry Bravado, who was not appointed, is very unhappy about the council's decision and asks for a copy of the report that went to council when making this decision. He thinks that he is a better candidate than Sally and should have been appointed in her place.

In this situation, the council followed an Appointments Policy whereby it advertised, created a shortlist of people it interviewed, including Sally, Barry and one other, and then presented a recommendation from that shortlist to council.

The report was considered, and the decision made in a public excluded session of the council.

1) Should the council release a copy of this report to Barry and why?

Check what you got!

Here is a potential answer to the question in the previous section.

Scenario

1) Should the council release a copy of this report to Barry and why?

The Local Government Official Information and Meetings Act 1987 provides grounds on which information may be withheld - they include to protect an individual's (including someone who is deceased) privacy and commercially sensitive information.

The report that went to council most likely provides sensitive information about the skills, capability and background of the potential appointees.

The applicants are entitled to privacy, or high calibre candidates may not apply for such roles in the future.
If the report is released it will need to be heavily redacted, removing references to all personal information relating to the other candidates.

1. Explain how the decision to release public excluded information is made.

See previous scenario and question.

2. Describe high-risk environments and behaviours.

What are some of the risky environments and behaviours that elected members need to be aware of?

3. Explain when a workshop becomes a meeting.

The councillors have been aggressively lobbying in the community to build a new community pool in the outer suburbs. Three councillors, in the ward where the pool is proposed, are pushing for it particularly hard. When the item of business was considered at the last council meeting, discussion became tense, and the term "pork barrel politics" was thrown around.

To keep the peace, the Mayor organised a councillor's workshop, inviting along council staff, consultants who undertook the feasibility project, and a community group spearheading the pool project to present more detailed information.

The workshop was well-facilitated by the Mayor, with all participants presenting useful and detailed information for the councillors to consider.

Towards the end of the workshop however, one of the three councillors stated that, *"now everyone has more information, it was time for cards on the table and an indication of whether the project would get the green light at the next council meeting…. and no one could leave until this was clear".*

a) What parts of the workshop are acceptable?

b) What parts of the workshop are not acceptable?

c) What should the mayor or councillors have done in this situation?

4. How could you rise above any personal feelings to work constructively with your fellow councillors?

A council where there is a good culture and processes, usually results in far less conflict. The chair or mayor may lead this, but all councillors have a responsibility for creating an inclusive culture that enables contribution with respect.

An effective council champions debate, diversity, thoughtful challenge and constructive dissent.

Inadequate council processes, including poorly run meetings, can frustrate councillors and mean that councils don't function efficiently and effectively.

Good processes include having:

- a yearly plan scheduling key events
- a meeting agenda that sets out clear objectives for the meeting
- well-presented papers with the right information (and boards should be given enough time to consider the papers)
- regular and well-run meetings
- minutes that 'tell the story' of the meeting sufficiently and explain the reasons decisions were taken. They should be circulated soon after meetings.

Communication skills are essential in building relationships, respect and trust and can help prevent and resolve conflict. Councillors should reflect on how they communicate with other councillors, management and staff inside and outside meetings.

In particular, consider:

- their body language in meetings
- how they come across in emails
- whether they treat others as they would like to be treated
- whether they seek first to understand and then to be understood, and
- whether they play the issue and not the person.

Some good strategies for councillors to adopt include:

- expressing your views but being prepared to modify your position
- making sure that your dissent on any item, if you feel strongly enough about it, is recorded
- seeking the attendance of professionals at board meetings if you think their advice is necessary or desirable
- seeking a second opinion if you think that advice provided to the board has been unduly influenced by management.

Questions

a) If you are unhappy with a recommendation on a council agenda, you should (pick one):

- Outline your opposition on Facebook
- Voice your concerns and ask questions of management about the recommendation
- Phone other councillors and form a group to vote it down.

b) You are concerned about some advice council has been given by management on a decision – you should (pick one):

- Request the council seek an external opinion to ensure it is acting legally
- Issue a press release claiming council are acting illegally
- Phone your lawyer and see what they think.

c) You and another councillor are at complete opposites on an important issue and your relationship is strained – you should (pick one):

- Call them out and tell them to be more professional
- Summarise what has happened on Facebook, so the public know what sort of person they are
- See if you can arrange to meet informally with the councillor and better understand each other's respective positions.

> Can you do?

You might recall these questions from the *Ethics, Values, Integrity and Trust Skills and Knowledge Check*. Suggested answers are on the following pages.

1. Explain how the decision to release public excluded information is made.

Answer in previous scenario section.

2. Describe high-risk environments and behaviours.

- Sarcastic quips and interjections during council meetings
- Personal attacks on other councillors in the media
- Talking to media about publicly excluded business
- Forming a group to determine how to vote on issues
- Leaving council agendas and documents in a shared workspace
- See also 'Ten ways information can be leaked'.

3. Explain when a workshop becomes a meeting.

a) What parts of the workshop are acceptable?

The invitation to a workshop with more detailed presentations and the opportunity to question ideas is perfectly acceptable.

b) What parts of the workshop are not acceptable?

The demands made by the councillor at the end, no matter how they have tried to frame them, essentially amount to a request that the councillors take a vote or at least take a step that makes the vote a mere formality - this is contrary to the purposes of LGOIMA.

c) What should the mayor or councillors have done in this situation?

The mayor or councillors need to reaffirm that the councillor's request is not appropriate and that they will not be participating in such activity.

4. How could you rise above any personal feelings to work constructively with your fellow councillors?

a) If you are unhappy with a recommendation on a council agenda, you should (pick one):

- Outline your opposition on Facebook
- Voice your concerns and ask questions of management about the recommendation
- Phone other councillors and form a group to vote it down.

b) You are concerned about some advice council has been given by management on a decision – you should (pick one):

- Request the council seek an external opinion to ensure it is acting legally
- Issue a press release claiming council are acting illegally
- Phone your lawyer and see what they think.

c) You and another councillor are at complete opposites on an important issue and your relationship is strained – you should (pick one):

- Call them out and tell them to be more professional
- Summarise what has happened on Facebook, so the public know what sort of person they are
- See if you can arrange to meet informally with the councillor and better understand each other's respective positions.

Maintaining effective relationships is important. Three years is a long time, so you shouldn't compromise your ability to work effectively as a council over one issue.

> Wrap Up

(More about Ethics, Values, Integrity and Trust)

What is the LGOIMA?

The LGOIMA is short for the Local Government Official Information and Meetings Act 1987.

Questions to ask yourself

- Are we making decisions in this workshop (that we should defer to a council meeting)?
- Is it reasonable to exclude the public from this matter of business and, if so, what is the basis for this decision?
- Am I just going with the consensus view because I don't want to 'rock the boat'?
- Is my decision consistent with my values – have I given assurance to others that I'm going back on?

How the four concepts of *Ethics, Values, Integrity and Trust* relate to EquiP's Five Foundations:

1. Leader of community aspirations - making decisions which involve the community in an informed and meaningful way - the LGOIMA underpins this.
2. Collaborative means running meetings in a way which allow all members to contribute and providing minutes and agendas which inform the public.
3. Collective action requires that all councillors take responsibility for the decisions councils make to ensure effective implementation.
4. Being a good corporate citizen means ensuring council meetings are available to the public wherever possible.
5. Continuous improvement should motivate all councillors to be well-informed of the LGOIMA and its application to their role.

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EquiP is LGNZ's Centre of Excellence. We deliver tailored services, best practice guidance, business solutions, and governance and management support to strengthen the local government sector.

A.3a

Appendix 3

A report on the Chief Ombudsman's investigation into local council meetings and workshops

Open for business

Te Kaitiaki Mana Tangata Aotearoa
The Ombudsman New Zealand

October 2023

A report on the Chief Ombudsman's investigation into workshop and meeting practices of eight local authorities for the purpose of compliance with the principles and purposes of the Local Government Official Information and Meetings Act 1987.

Te Kaitiaki Mana Tangata Aotearoa | The Ombudsman New Zealand

October 2023

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Contents

Introduction

The Local Government Official Information and Meetings Act 1987 (LGOIMA) is a key tool and safeguard of New Zealand's democracy. The LGOIMA was introduced five years after the Official Information Act 1982 (OIA) turned the existing legislation—the Official Secrets Act 1951—on its head. The Official Secrets Act was based on the premise that all official information should be withheld from the public, unless good reason existed to release it. New Zealand's freedom of information legislation (both the OIA and the LGOIMA) reversed the presumption of secrecy and introduced the principle of availability—that official information should be available to the public unless there is good reason to withhold it.

The purposes of the LGOIMA are to increase the availability of information held by local authorities and to *'promote the open and public transaction of business at meetings'* to enable the public to participate in local authority decision making, to promote accountability of elected members and staff, ultimately enhancing respect for the law and ensuring the promotion of good local government in New Zealand.[1]

1 Link to section 4 LGOIMA

As Chief Ombudsman, I have been tasked by Parliament to monitor agencies' official information and meeting practices, resources and systems. I have jurisdiction to investigate *'any decision or recommendation made or any act done or omitted'*[2] by a local authority.[3] One way I do this is by undertaking targeted investigations and publishing reports of my findings. I am committed to improving the operation of the LGOIMA to ensure the purposes of this important constitutional measure are realised.

Local councils in New Zealand face a challenging task: meeting high expectations of public accountability and participation, while delivering services in an efficient and effective way, as well as keeping rates as low as possible. Local democracy is built on the premise that the closer decision makers are to the population they serve, the more the people can, and should, participate directly in decisions that affect their daily lives. This is an important task for councils to get right.

Trust is at the core of the relationship between the people and their locally elected representatives. One way local government can earn trust is through transparent decision making that is open to public involvement and scrutiny. Transparency supports accountability, encourages high performance and increases public confidence. People may not always agree with council's decisions but a transparent process allows them to understand a council's reasoning, and can mitigate any suspicions of impropriety in the decision making process. Even a perception of secrecy can be damaging, as secrecy breeds suspicion.

A 2023 report by the Organisation for Economic Co-operation and Development (OECD) titled *Drivers of Trust in Public Institutions in New Zealand* found that only 45 percent of New Zealanders surveyed reported having trust in local government councillors.[4] This is significantly lower than reported trust in the public service at 56 percent. Councils' conduct around meetings and workshops are likely to be factors that contribute to the level of public trust in elected officials.

2 Pursuant to section 13(1) and 13(3) of the Ombudsmen Act 1975.

3 'Local authority' in the context of this investigation refers to all city, district and regional councils referred to in Part 3 of Schedule 1 of the Ombudsmen Act 1975.

4 OECD report Drivers of Trust in Public Institutions in New Zealand, published in February 2023.

I initiated this investigation on 2 August 2022 to test concerns that councils were using workshops and other informal meetings to make decisions.[5] As outlined in my chapter on *Workshops,* final decisions and resolutions cannot lawfully be made outside the context of a properly constituted council meeting. If councils were making decisions of this nature in workshops, it would be an avoidance of their responsibilities under the LGOIMA. I also examined councils' practices around excluding the public from meetings that are regulated by the LGOIMA.

The scope of my investigation was to investigate eight councils'[6] actions and decisions in relation to both council meetings[7] held under the LGOIMA; and workshops (or informal meetings) to which LGOIMA meeting provisions do not apply.[8] In particular, I explored whether councils met their obligations under Part 7 of the LGOIMA in relation to council meetings, and good administrative practice in relation to workshops, briefings and informal meetings. The timeframe of matters considered in my investigation was from the electoral term beginning 12 October 2019 until 30 June 2023.

In order to investigate workshops, it was important to clearly understand what a 'meeting' is in accordance with the LGOIMA, and whether or not 'workshops' (or other informal meetings) should in fact be treated as 'meetings' under that Act.

The LGOIMA states that any meeting of a local authority, at which no resolutions or decisions are made, is not a 'meeting' for the purposes of the Act. During the course of my investigation, it became apparent that there is a lack of clarity around the definition of a 'decision'. As discussed in *Relevant Legislation*, the historical context of the drafting of section 45(2) of the LGOIMA indicates that legislators thought it was not necessary or appropriate to require deliberative meetings (such as workshops) to be notified to the public. When actual and effective decisions or resolutions are made, the meetings must be notified.

5 Link to meeting and workshop practice investigation announcement.

6 My investigation considered practices from a mix of different sized councils, both urban and rural, across a variety of geographical locations. I notified eight councils across the country that I would be investigating their meeting and workshop practices: Rotorua Lakes Council, Taranaki Regional Council, Taupō District Council, Palmerston North City Council, Rangitīkei District Council, Waimakariri District Council, Timaru District Council and Clutha District Council.

7 For the purpose of this investigation 'meeting' has the meaning given to it in section 45(1) of the LGOIMA.

8 Any organised or scheduled meeting attended by council staff and elected members which falls outside of the definition of a 'meeting' in section 45(1) of the LGOIMA.

I saw no evidence in my investigation that actual and effective decisions were made in workshops, but I saw some workshop practices that are counter to the principles of openness and could contribute to a public perception that workshops are not being used in the right way.

This investigation has highlighted to me the important role that workshops play in the decision making process for councils. Provided an actual and effective decision is not made, deliberative discussion may take place in a workshop. Workshops can be an efficient use of time, in order to convey information which may be voluminous and complex to elected members, and for elected members to give council officials advice to focus their efforts on the range of tenable options. This prevents time and energy being wasted on options that aren't realistic.

However, this is not to say that all workshops should take place behind closed doors or without adequate record keeping. The principles of openness and good administrative practice apply to workshops as much as any other aspect of council business. It is crucial that these are adhered to in order to maintain public trust and avoid perceptions that councils are operating in secret. In this report, I provide guidance on what those principles are, to ensure each council's practices are consistent with good record keeping and the requirement under the Local Government Act 2002 (LGA) to *'conduct its business in an open, transparent, and democratically accountable manner'*.[9]

I expect all councils to make sure their policies and practices meet my expectations of good workshop practice. Crucially, this includes opening workshops to the public by default; closing them only where good reason exists. I acknowledge concerns raised by some councils about what they consider to be a 'growing trend' of people with strong views and/or activist groups applying undue pressure to elected members and staff. At least one elected member said they had been threatened by a member of the public. I understand there is an escalating environment of misinformation and elected members should not have to endure unreasonable or harassing behaviour. However, they should be resilient enough to withstand reasonable public scrutiny. Ensuring the public has access to accurate information should provide an antidote to misinformation. Local government will need to look at how to respond to these challenges, perhaps by leveraging new technologies, in ways that advance open government principles.

9 Link to section 14 LGA

Workshops are not the only forum in which the public may perceive councils to be conducting business behind closed doors. My investigation also looked at a variety of practices around council meetings, which are required to be open under the LGOIMA. In particular, I looked at councils' practices around public excluded portions of meetings, as well as the records kept of council meetings. I am pleased that the majority of councils I investigated now live stream council meetings, which greatly aids transparency.

Conducting a great deal of council business behind closed doors, whether through workshops or public excluded meetings, can have a damaging effect on how open the community perceives a council to be. The appropriate use of meeting provisions and workshops is at the heart of openness and transparency. As set out in the purposes of the LGOIMA and LGA, it is crucial that councils conduct their business in an open and transparent manner so the public can see democracy in action, and participate in democratic processes. Local authorities in New Zealand should be open for business.

Peter Boshier

Chief Ombudsman

October 2023

Summary

What councils should do now	
Leadership and culture	• Induction training for staff and elected members must highlight the distinction between the operational and governance arms of local councils. • Senior leaders should communicate clear and regular messages to all staff, signalling the council's commitment to conducting business in a manner that is open, transparent, and promotes accountability and public participation. • Councils should have clear and visible public statements about their commitment to conducting business in a manner that is open, transparent, and facilitates accountability and public participation. • Ensure pathways exist for council staff to make suggestions about meeting and workshop practices. • Consider including a link to information about meetings and workshops prominently on the website landing page. • Consider surveying constituents to establish the type of information about meetings and workshops they want to see on the website.
Meetings	• Review ease of access for meeting agendas, papers, and minutes on council websites (with a clear navigation path from the home page and minimal 'clicks' required). • Make sure agendas and papers are posted on council websites with as much advance notice as possible before the meeting date. • Review practice and internal guidance for the writing of public exclusion resolutions, ensuring: - the form includes all elements of the Schedule 2A form; - exclusion grounds are clearly identified, and section 7(2)(f)(i) is not relied on to exclude the public from meetings; and - the reasons for applying the named exclusion ground to the content of the agenda item are clearly set out in plain English along with how the decision to exclude the public has been balanced against public interest considerations. • Review practice and internal guidance for the keeping of meeting minutes, ensuring that minutes reliably contain a clear audit trail of the full decision making process, including any relevant debate and consideration of options, and how individual elected members voted. • Formalise a process for reconsidering the release of public excluded content at a time when the basis for withholding it may no longer apply.

What councils should do now	
Workshops	• Adopt a principle of openness by default for all workshops (and briefings, forums etc.), including a commitment to record a clear basis for closure where justified, on a case-by-case basis. • Make sure the time, dates, venues, and subject matter, of all workshops are publicised in advance, along with rationale for closing them where applicable. • Review practice and internal guidance for keeping records of workshop proceedings, ensuring they contribute to a clear audit trail of the workshop, including details of information presented, relevant debate, and consideration of options. Councils may wish to consider consulting with Archives NZ to determine good practice in this respect. • Publish workshop records on the council's website as soon as practicable after the event. • Formalise a process for considering release of information from closed workshops. • Consider adding the message that members of the public are able to make a complaint to me about the administration of workshops on a relevant section of a council's website.
Accessibility	• All councils should aim to live stream council meetings and/or audio visually record meetings and publish the recording on their website. • Consider live streaming and/or audio visually recording workshops. • Consider making meeting dates and times more visible to the public. • Ensure full agendas, including reports, supporting materials, and meeting minutes are in a searchable format for screen readers. • Undertake an accessibility audit to identify any barriers to inclusion and on completion of the audit, put in place a schedule of work to remedy any access issues or barriers to full inclusion of a wide range of people.
Organisation structure, staffing and capability	• Ensure sufficient staff have training in governance functions so that institutional knowledge does not rest with only a small number of staff, and processes for fulfilling these functions are written down and easily accessible. • Explore ways of using existing networks in local government to bolster resilience in critical areas of meeting and workshop practice. • Review the general training and guidance provided to staff, and consider approaching my office for assistance in improving those resources or in assisting with direct training of relevant staff.

Terminology

- When I use the term 'council' this primarily relates to the operational arm of the organisation, unless the context suggests otherwise. When I am referring to the governance function, I use the term 'elected members'.
- I undertook online surveys of staff, elected members and the public. These are referred to as my 'staff surveys', 'elected member surveys' and 'public surveys'.
- I and my staff spoke with council officials and elected members to gain their views and experiences of council meetings and workshops. I refer to those who participated in these conversations as 'staff meeting attendees' or 'elected member meeting attendees'.

Legislation referred to in this report:

- Local Government Act 2002 (LGA)
- Local Government Ofcial Information and Meetings Act 1987 (LGOIMA)
- Ombudsmen Act 1975 (OA)
- Public Records Act 2005 (PRA)
- Legislation Act 2019
- Ofcial Information Act 1982 (OIA)

Legislative context

The purposes of the LGOIMA are to increase the availability of information held by local authorities and to promote the open and public transaction of business at meetings. This ensures people can:

- effectively participate in the actions and decisions of local authorities;
- hold local authority members and their officials to account for any decisions; and
- understand why decisions were made, which will enhance respect for the law and promote good local government in New Zealand.

The LGOIMA also protects official information and the deliberations of local authorities from disclosure but only to the extent consistent with the public interest and the need to protect personal privacy. The principle and purposes of the LGOIMA are set out in full in *Appendix 1*.

A reference point for understanding how local government should operate in New Zealand is the Local Government Act 2002 (LGA), and in particular, the sections that set out the purpose (section 10) and principles (section 14) of local government as a whole. The most pertinent principle states that in performing its role, a local authority should conduct its business in an open, transparent and democratically accountable manner. These provisions of the LGA are also set out in *Appendix 1*.

In light of the statutory obligations that openness, transparency, and public participation are foundational principles for local government practice - as required by both the LGOIMA and the LGA - it is not surprising that Part 7 of the LGOIMA (which regulates council meetings where decisions or resolutions are made) is quite prescriptive. Part 7 sets out what is required before, during, and after, any council meeting. I have described what part 7 of the LGOIMA stipulates in *My expectations* of council meetings.

The definition of a 'meeting' in section 45 of the LGOIMA is fundamental to understanding the scope of the requirements. Section 45(2) provides:

> *(2) For the avoidance of doubt, it is hereby declared that any meeting of a local authority or of any committee or subcommittee of a local authority, at which no resolutions or decisions are made is not a meeting for the purposes of this Part.*

The breadth of the exclusion in section 45(2) was determined as the result of discussion and debate that followed the commencement of the LGOIMA in 1988 and added by the Local Government Official Information and Meetings Amendment Act 1991 (1991 No 54). The legislative history of Part 7 of the LGOIMA, and this subsequent amendment, sheds helpful light on what Parliament intended to include in its coverage. The legislative history of key terms is included in *Appendix 2*.

In my view, the legislative history illustrates that policy makers thought it was not necessary or appropriate to *require* deliberative meetings (such as workshops) to be 'notified' and held in public because:

- it is not possible or desirable to stop elected members from 'caucusing' in private (that is, discussing matters among themselves where no council staff are present);
- anything that is discussed at deliberative meetings (such as workshops) is official information (therefore the public has a right to request it);
- councils have a discretion to notify and hold deliberative meetings in public; and
- actual and effective decisions always have to be made at notified public meetings as required by the LGOIMA.

Viewed in this context, and in the context of a general expectation of openness, Part 7 of the LGOIMA with its very prescriptive rules for meetings can be seen as having a deliberately narrow application. The LGOIMA only requires meetings with these prescriptive rules where *'actual and effective decisions or resolutions are made'*.

The Ombudsmen Act 1975 (OA) allows me to review any act or omission by a local authority, except a decision made by full council.[10] This allows me to examine and comment on how councils are administering meetings as defined in the LGOIMA, as well as workshops and briefings that are not regulated by the LGOIMA, either in response to a complaint or using my powers under the OA to initiate my own investigation.[11]

As established in the above section on the LGOIMA's legislative history, councils have the discretion to notify and hold all non-decision making meetings (such as workshops) in public if they choose. I can examine the exercise (or non-exercise) of this discretion.

In examining the ways councils conduct meetings that fall outside of Part 7 of the LGOIMA, I can draw on:

- the LGA, which requires a local authority to *'conduct its business in an open, transparent, and democratically accountable manner'*. This obligation complements the requirements in the LGOIMA to conduct decision making meetings in public; and
- the requirement that anything taking place or provided to any meeting is official information and can be requested unless there is good reason to withhold.

10 Link to section 13(1) of the OA

11 Link to section 13(3) of the OA

This provides a basis for me to adopt the following principles of good administrative practice that should guide council meetings that fall outside of Part 7 of the LGOIMA:

- Councils have a general discretion to advertise and undertake all meetings in public, and this is consistent with the principle in the LGA that councils should conduct their business in an open, transparent, and democratically accountable manner.
- A general policy of not publicising/closing all non-decision making meetings, such as workshops, may be unreasonable and/or contrary to law. The Ombudsman can assess this on a case-by-case basis.
- Using closed workshops to do 'everything but' make a final decision could be seen as undermining the principles in the LGA and purposes of the LGOIMA, and may be unreasonable in terms of the OA.

Leadership and Culture

My expectations

Achieving the principle and purposes of the LGOIMA depends significantly on the culture of a council, and the attitudes and actions of its senior leaders. Elected members, chief executives, and senior managers, should take the lead in developing an environment that promotes openness and transparency within the organisation, with external stakeholders, and importantly, with their constituents. This environment should champion positive engagement with those who want to know and understand the work a council is doing.

Councils' senior leaders must role model open and transparent behaviour by ensuring that council practices and processes around conducting meetings and workshops are transparent, and promote accountability. They should also demonstrate clear knowledge and support for their obligations set out in the LGOIMA. Council chief executives must make clear, regular statements to staff and stakeholders in support of the principle and purposes of official information legislation, and remind staff about their obligations. Consistent, clear messaging and behaviours communicate a real expectation that councils are committed to openness and transparency.

My conclusions

Interactions between councils' operational and governance arms

The word 'council' is sometimes used as a catch-all that encompasses the operational arm of the organisation as well as the governance provided by elected members. However, the distinction between the operational and governance functions should not be forgotten. Senior leaders, staff, and elected members, must carefully tread this line in their interactions.

Elected members have a reasonable requirement to be aware of operational issues, but there should be a clear delineation between operations and governance. Elected members should not cross the line into directing or influencing operations. A commonality in the investigated councils that were perceived as open, by staff and the public, were respectful relationships between the operational and governance arms of the organisation. Staff and elected members must have a clear understanding of the responsibilities and limits of their, and each others' roles. Councils should ensure these lines are clearly drawn in their induction training for elected members and for council staff.

Internal perceptions of openness

I surveyed the staff of the eight councils under investigation in order to gather their perspectives of the agencies' overall commitment to a strong culture of openness and public participation in meetings and workshops. The results were encouraging. Across the eight councils, an average of 81 percent of staff survey respondents perceived their council to be strongly or moderately pro-openness and public participation in meetings and workshops, as shown in the table below:[12]

What is your impression of your council's overall commitment to a strong culture of openness and public participation, in meetings and workshops?

	Strongly or moderately pro-openness and public participation	'It is silent on the issue' or 'I don't know'	Strongly or moderately anti-openness and public participation
Highest percentage at an individual council	97%	15%	17%
Lowest percentage at an individual council	68%	3%	0%
Average across eight councils	81%	11%	8%

12 Percentages are rounded to the nearest whole number.

It is important for senior leaders to communicate clear and regular messages to all staff, signalling the councils' commitment to conducting business in a manner that is open, transparent, and facilitates accountability and public participation. Senior leaders can actively promote a culture of openness in their regular communications via, for example:

- statements published on intranet pages;
- as standing items in internal meetings; and
- in high-level statements including written guidance.

Promoting an open culture through a variety of methods may help ensure that the message is received by all staff.

In councils that appeared to have a strong culture of openness, staff expressed that the Chief Executive played a key role in establishing and building that culture:

> *The understanding about openness and transparency has been driven by our CE [Chief Executive]…When the CE is leading that culture, it filters down to [our] leadership team and onwards to elected members.*
>
> *The Chief Executive has no qualms regarding communicating issues to all staff however difficult they might be.*
>
> *I think we've got a very exceptional CE and [their] views filter down to [their] immediate staff as well.*
>
> *…the current CEO is more open and transparent than I have ever seen…*
>
> *…new CE is all about getting ideas from everyone in the council.*

While messaging is important, senior leaders must follow their words with action. Failing to do so risks undermining their own messages. For example, senior leaders should ensure there is sufficient capacity and capability to execute governance functions, which I discuss further in ***Organisation structure, stafng and capability.*** They should also ensure their council has robust practices and policies in place around meetings and workshops which facilitate and emphasise openness. I will speak about this in more detail in the ***Meetings*** and ***Workshops*** sections.

It is important that councils establish mechanisms for staff to give feedback and suggestions to senior leaders about council practices. It is staff who give effect to councils' policies and practices, so they can help make sure these are fit-for-purpose. Councils that are open to staff feedback also appear to have an open and transparent culture.

Public perceptions of openness

The public's perception of a council's openness is heavily influenced by how easy people find it to participate in elected members' decision making; and by how easy it is to find records of the key proceedings related to those decisions. More generally, the public's experience of navigating council websites to find information relevant to them, and the helpfulness of a council's overall messaging about accessibility and openness, are also key to this perception.

All of the councils under investigation gave assurances that workshops were not used to make decisions. All of the council staff and elected members spoken to during the course of my investigation were very clear that decisions could only be made in meetings held under Part 7 of the LGOIMA. However, the public's perception of council decision making processes do not appear to always align with councils' own confidence in the integrity of their processes. Many respondents to my public survey expressed concern about the reasons used to exclude the public from meetings, and about some councils' practices around workshops:

> *Not enough debate. It all seems to have been decided beforehand. Too much 'public excluded' with very little explanation.*
>
> *Seems a level of predetermination occurs* [in workshops].
>
> *…there seems to be a disproportionate number of public excluded meetings–behind closed doors.*
>
> *I understand the need for information sharing and discussion, but I feel workshops often take it beyond that and reduce the ability for the public to have input on issues until it's too late.*

These views were expressed, to varying degrees, about all of the councils under investigation. It is understandable that the public is sceptical when their elected members meet behind closed doors, particularly where the reasons for closing the meeting or workshop are not made sufficiently clear, and little or no information about what took place in a closed meeting or a closed workshop is made available after the fact. This inevitably breeds suspicion.

While councils may have confidence in the integrity of their processes, I urge them to understand it is in the public interest not only that decisions are made appropriately but *they must be seen to be made appropriately.* Councils must ensure that their processes leave no room for perceptions to develop that decisions are being made in workshops, or that workshops are being used to 'debate out' issues to the extent that a decision has been made in all but name, and just need to be 'rubber stamped' in the council meeting. Does this mean that all workshops and meetings must be open without exception? No.

There will be occasions where there is good reason to close meetings, parts of meetings[13], or workshops. Where this is the case, councils must be scrupulous in:

- ensuring that the occurrence of closed workshops are made public (i.e. even if a workshop is closed, the public should still be aware it is happening. If the public is unaware of a workshop, they will be unable to request, under the LGOIMA, information about it);
- publishing their reasons for closing the meeting or workshop;[14]
- keeping adequate records of the content of closed meetings and workshops; and
- releasing information about workshops and closed meetings where possible.

I will speak more about meeting and workshop practices in their respective chapters below.

Website content

I consider the content of a council's website to be one indicator of their culture. Councils must ensure they deliver clear and consistent messaging to the public about their commitment to openness and transparency. A visible and explicit statement should exist on councils' websites affirming this commitment in its work.

Information about meetings

The majority of respondents to my public survey said they found it difficult to access information about meetings on council websites. One respondent said:

> *Information is not easily accessible as there is no 'tab' on the front page for the meetings, you actually have to put 'meeting' in the search bar to get direction to it.*

This accords with my assessment of council websites. Of the eight councils under investigation, only three had a visible link to 'meetings' on the landing pages, and none of these were displayed very prominently. On the websites of the other five councils, information about meetings was one mouse click away from their landing pages under the very broad heading *'Council'* or *'Your council'* which, according to my survey, users do not appear to find intuitive:

13 Section 48 of the LGOIMA recognises this.

14 Except where explaining the harm might, itself create a prejudice to the protected interest.

How easy or difficult is it to navigate the Council's website to find information about the Council's Meetings?

	'Somewhat' or 'very' easy	Neither easy nor difficult	'Somewhat' or 'very' difficult	I don't know
Highest percentage at an individual council	27%	42%	60%	11%
Lowest percentage at an individual council	0%	7%	43%	0%
Average across the eight councils under investigation	19%	22%	53%	6%

I consider it is good practice for councils to clearly signpost information about meetings on their landing pages.

My survey also asked respondents what additional information, if any, they would like to see councils publish about meetings on their websites. There were a range of answers, with some of the common themes from respondents being:

- meeting agendas should be published more than two days in advance;[15]
- more information about why meetings or parts of meetings, were closed;
- more details in minutes, such as which elected members voted for and against resolutions; and
- easy-to-read summaries of key information and updates on key projects.

Councils may find it useful to do their own surveys of constituents and website users about the type of information about decision making and council proceedings the public would like to find on their websites.

15 Section 46A(1) of the LGOIMA states that the public may inspect within a period of ***at least*** two working days before every meeting, all agendas and associated reports circulated to members of the local authority and relating to that meeting.

Councils are required under Part 7 of the LGOIMA to notify the public of the occurrence of meetings,[16] and to make available meeting minutes[17] and agendas.[18] When the LGOIMA passed into law in 1987, councils would publicly notify meetings through advertising in newspapers, and meeting minutes and agendas would be available at councils' public offices. Nowadays, councils advertise meetings on their websites as well as in local newspapers, and minutes and agendas are often made available on councils' websites.

I asked public survey respondents how easy or difficult it was to find information about when meetings occurred; and how easy or difficult they found it to access meeting minutes and agendas. Their responses are in the table below:

How easy or difficult is it to	'Somewhat' or 'very' easy	Neither easy nor difficult	'Somewhat' or 'very' difficult	I don't know
Find out when a public meeting of the Council is being held	27%	22%	47%	4%
Obtain a copy of the meeting agenda prior to a public Meeting of the Council	18%	15%	52%	15%
Obtain a copy of the Meeting minutes following a public meeting of the Council	17%	15%	50%	17%

Councils can do more to make the occurrence of meetings visible to the public, and to increase access to minutes and agendas. As noted above, website users may find it easier to find information about meetings if prominently displayed on the landing page of councils' websites. Councils may also wish to consider how they can use social media platforms to promote awareness of meetings and workshops.

16 Link to section 46 of the LGOIMA

17 Link to section 51 of the LGOIMA

18 Link to section 46A of the LGOIMA

What councils should do now

- Induction training for staff and elected members must highlight the distinction between the operational and governance arms of local councils.
- Senior leaders should communicate clear and regular messages to all staff, signalling the council's commitment to conducting business in a manner that is open, transparent, and promotes accountability and public participation.
- Councils should have clear and visible public statements about their commitment to conducting business in a manner that is open, transparent, and facilitates accountability and public participation.
- Ensure pathways exist for council staff to make suggestions about meeting and workshop practices.
- Consider including a link to information about meetings and workshops prominently on the council's website landing page.
- Consider surveying constituents to establish the type of information about meetings and workshops they want to see on the council's website.

A range of additional suggestions specific to meetings, workshops, and accessibility improvements, are included in the following sections. I believe implementing these will improve the public experience and perception of council engagement and openness.

Meetings

My expectations

As outlined in *Appendix 1: Relevant legislation*, Part 7 of the LGOIMA sets out a number of specific requirements for council meetings to meet the Act's overarching purpose to *'promote the open and public transaction of business at meetings of local authorities'*.[19] The Working Group on Official Information in Local Government[20] specifically considered that a standalone Act applying the principles of the Official Information Act 1982 to local authorities was the most appropriate legislative course of action. Importantly, the new Act was designed to incorporate meetings to supersede the Public Bodies Meetings Act 1962.

The key requirements of Part 7 are:

- every local authority must publicly notify all 'meetings' that are scheduled to take place each month, but failing to do so does not invalidate any meeting;[21]

19 Link to section 4(a) of the LGOIMA

20 Report of the Working Group on Official Information in Local Government, June 1986: a report to the Minister of Local Government and the Minister of Justice by the Working Group on Official Information in Local Government.

21 Link to section 46 of the LGOIMA

- agendas and reports are publicly available at least two days in advance;[22]
- meetings are open to the public, unless there is good reason for excluding them;[23] and
- minutes of a meeting must be made accessible to members of the public.[24]

Meeting minutes should represent a full and accurate record of the content of local authority meetings. Minutes should not just record the final decision taken by elected members, but details of any debate or discussion preceding and informing the decision. In addition to aligning with principles of openness and accountability, recording the content of discussion and debate is a safeguard against any perception that decisions have been taken prior to the meeting, and are merely being 'rubber stamped' in the meeting setting. Though it is not a legislative requirement, I consider it is good administrative practice, and in the interests of accountability, to record the names of elected members who voted 'for' and 'against' resolutions and motions.

Where good reason exists to exclude the public from a meeting, this must be effected by way of a resolution.[25] This may apply to the whole or a relevant part of a meeting. A resolution to exclude the public is a decision made by full council (elected members), with their decision typically being informed by advice given by council staff. In considering how councils administer meetings, I do not have jurisdiction to consider decisions taken by full councils (committees of the whole).[26] However, in relation to decisions by full councils, I can review the reasonableness of any advice provided by officials or employees (on which the decisions were based).

Section 48 of the LGOIMA states that a local authority may exclude the public from meetings where good reason exists under sections 6 or 7 of the LGOIMA, though it specifically excludes section 7(2)(f)(i).[27] That is, a council cannot close a meeting to the public to have a 'free and frank' discussion. This is because local authority meetings are precisely where elected members are expected to hold their free and frank discussion and debate in full view of the public.

22 Link to section 46A of the LGOIMA

23 Link to section 48 of the LGOIMA

24 Link to section 51 of the LGOIMA

25 Link to section 48 of the LGOIMA

26 Link to section 13(1) of the OA

27 Link to section 7(2)(f)(i) of the LGOIMA. This section allows for information to be withheld where it is necessary to maintain the effective conduct of public affairs through the free and frank expression of opinions by or between or to members or officers or employees of any local authority.

Councils considering the application of a clause or clauses of section 7(2) of the LGOIMA to exclude the public from a meeting, must also consider the extent of any public interest in the release of the information (the matters to be discussed). For example, there will always be a public interest in meetings being open to the public to promote accountability, transparency, and public participation. If it is considered that the public interests favouring release in a particular case outweigh the identified need to withhold the information, then the clause(s) in section 7(2) of the LGOIMA cannot be relied on as good reason to exclude the public.

This weighing of competing interests is known as 'the public interest test'.[28] I expect that where the advice of council staff is for elected members to hear an item in a public excluded meeting, this advice should include the officials' assessment of public interest considerations in hearing the item in an open session. Council staff should also document how they formulated their advice. In making their decision, elected members should weigh these competing interests, and record their considerations, as well as their final decision. Public interest considerations can be recorded by councils in the Schedule 2A form discussed below, and I consider it would be beneficial to adopt this practice.

A resolution to exclude the public must be put forward at a time when the meeting is open to the public.[29] In other words, elected members must make the decision to go into a public excluded part of a meeting in front of the public. The meeting is then closed in accordance with standing orders. The resolution to exclude the public must be made in the form set out in Schedule 2A of the LGOIMA[30], and must include:[31]

- the general subject of any matters to be considered while the public is excluded;
- the reasons for passing a resolution (with reference to the particular provision relied on); and
- the actual ground in section 48(1) relied on.

The general subject of matters to be considered should be detailed enough to give the public a clear sense of the matter being discussed, in the interest of being as open as possible about the work a council is conducting.

28 Link to Ombudsman guide Public interest: A guide to the public interest test.

29 Link to section 48(4) of the LGOIMA

30 Link to Schedule 2A of the LGOIMA

31 Link to section 48(3)of the LGOIMA

I expect the reason for passing a resolution should contain specific details about the harm the agency is trying to avoid, rather than simply reciting the clause from section 6 or section 7(2) as it is written in the LGOIMA. Councils can allow for specified people to remain while the public is excluded if they have knowledge that would assist. In that case, the resolution must state the particular knowledge they possess, and how it is relevant to the matter under consideration.

The public can request information heard in the public excluded part of a meeting under the LGOIMA. I expect that council guidance makes clear that if a LGOIMA request is made for information heard in a public excluded meeting, such a request must be considered on its individual merits and based on the circumstances at the time of the request; it may not be refused under the LGOIMA merely on the basis the information was earlier heard in a public excluded meeting.

It is also good practice to ensure there is a process for re-visiting public excluded parts of meetings to determine if any of the information heard in a public excluded part of a meeting can subsequently be released, when the reasons for withholding the information no longer apply.

Finally, I expect that councils will organise their structure and resources so they meet their legal obligations under Part 7 of the LGOIMA and good administrative practice generally, in a way that is fit for purpose considering their particular size and responsibilities.

My conclusions

To aid clarity, I have organised my conclusions by the different phases of a meeting: pre-meeting; during the meeting; and post-meeting. For each phase, there are mandatory requirements prescribed by the legislation and there are also good practice elements (where non-compliance is not in breach of the law but may be the subject of adverse comment or opinion by an Ombudsman as part of an investigation). I have covered both elements in my commentary for each phase, with footnotes identifying the relevant statutory provision for each mandatory element.

Pre-meeting

All meetings (gatherings at which elected members make decisions on behalf of their community) must be publicly notified in accordance with section 46 of LGOIMA, and all agendas and papers must be available to any member of the public at least two working days before the date of that meeting.

As outlined in ***Information about meetings***, when the LGOIMA passed into law in 1987, councils would publicly notify meetings through advertising in newspapers, as that is what the LGOIMA specifically requires. However, now councils advertise meetings on their websites as well as in local newspapers and website prominence is likely to be the most effective way of reaching the greatest number of constituents.

Although I did not identify any particular issues with the publication of agendas at the councils I investigated, a number of public survey respondents wanted agendas and associated reports published on a council's website as early as possible, with the statutory minimum of two working days prior to the meeting sometimes allowing insufficient time to prepare (particularly in cases where the associated material for the meeting is lengthy). Comments from my survey of members of the public included:

> *The agendas are published only two days prior to a meeting and often contain a lot of material. They should provide the agendas much earlier so that the material provided can be digested properly before a meeting. Only the most determined can do so.*
>
> *One of the main problems is that meeting agendas are published really late, with never sufficient time for the public to review the content and to think about potential submissions or deliberations. The agendas are often over 100 pages long, often with highly technical information, that is difficult to navigate and understand. There is seldom time to review the agenda and associated materials properly let alone seek technical advice before the meetings.*

Although the LGOIMA states agendas are to be published within a period of least two working days before every meeting, this should not be the goal. I encourage councils to release documents with enough time to allow ample preparation for meeting participants (which will benefit both attendees from the public as well as elected members themselves).

During the meeting - excluding the public

The practice of excluding members of the public from any part of a council meeting is an exception to the usual presumption of openness emphasised by both the LGOIMA and the LGA. The stipulations in the LGOIMA are reasonably detailed and exacting.

A primary requirement is that public exclusion may only be made by way of formal resolution of elected members at the meeting itself. It is important that elected members take this responsibility seriously and carefully consider the advice of council officials. The resolution must:

- Be put at time when the meeting is open to the public, with the text of the resolution being available to anyone present.[32]
- Be in the form set out in Schedule 2A of the LGOIMA.[33]
- Only exclude on one of the grounds set out in section 48(1).[34]
- State reasons for the resolution, including the interests it is protecting in the case of section 6 or 7 withholding grounds.[35]
- Where exceptions to the exclusion are made for particular individuals, the resolution must detail their relevant expertise to the topic for discussion.[36]

To gain an understanding of councils' use of reasons to exclude the public from meetings, my investigators reviewed a number of examples of resolutions to exclude the public. The reviews found that three of the eight councils investigated had excluded the public from some meetings citing section 7(2)(f)(i) (free and frank expression of opinions) as the reason. However, section 48(7)(a)(1) of the LGOIMA specifically states that section 7(2)(f)(i) cannot be used as a good reason to exclude the public from meetings.

I wrote to those councils to raise my concerns as soon as I identified this practice. Each council advised me that they had ceased the practice of using 'free and frank' to exclude the public from meetings, and put systems in place to prevent this error from happening again. For instance, one council said it had tightened its practices in relation to reviewing the reasons to exclude the public from meetings. Another council said it had corrected its workflow system (InfoCouncil) to align with the requirements of the LGOIMA. The third council provided additional training and support to its governance team, as well as updating its agenda template.

While I was pleased with these actions, I am concerned that unchecked errors were allowed to occur and potentially embed into councils' practices. I urge all councils to make sure this is not occurring at any of their meetings. Most councils cited eligible withholding grounds in their exclusion resolutions, but lacked records about how those grounds were applied to the specific topic for discussion (described in more detail below). This makes it difficult to scrutinise the quality of the advice on which the resolution was based.

My surveys of the public and of elected members showed a sharp disparity in their perceptions of the clarity, robustness, and appropriateness, of the reasons for public exclusion.

32 Link to section 48(4) of the LGOIMA

33 Link to section 48(3) of the LGOIMA

34 Link to section 48(1)(a) of the LGOIMA

35 Link to section 48(3)(b) and (c) of the LGOIMA

36 Link to section 48(6) of the LGOIMA

What is your experience/view of the Council's use of public excluded Meetings? [37]

	The reasons for excluding the public are always clear, robust and in line with LGOIMA	The reasons for excluding the public are always clear, but are not always in line with LGOIMA	The reasons for excluding the public are often unclear, or do not align with LGOIMA	I don't know/ Other
Elected member survey responses	80%	10%	5%	5%
Public survey respondents	7%	6%	62%	25%

As shown in table above, 80 percent of elected member respondents considered the reasons for exclusion to be clear, robust and appropriate, whereas 62 percent of public respondents were of the opposite opinion.

It seems elected members generally consider they are excluding the public in a robust and principled way. However, it appears that councils are not communicating the reasons for these decisions to those they are excluding in a way that is clear to them. This is best addressed by ensuring that public exclusion resolutions are documented properly and a clear rationale for exclusion is easily accessible—and I deal with this next.

Record keeping - public exclusion resolutions

Of the eight councils I investigated, four were using the form in Schedule 2A of the LGOIMA for exclusion resolutions, while the other four were using their own templates.

While the LGOIMA states that the Schedule 2A form should be used, the Legislation Act 2019 allows minor variations to forms prescribed by legislation,[38] and I consider that the content of the form is more important than the layout. I take no issue with councils using a template form of their own design, providing that it contains the same prompts to enter information as detailed in the Schedule 2A form:

- a prompt to include the general subject matter for each item;
- a prompt to enter the grounds under section 48 for excluding the public;

37 Respondents to my survey of the public were asked for their *view* of the council's use of public excluded meetings; elected members were asked about their *experience*.

38 Link to section 52 of the Legislation Act 2019

- a prompt to enter the plain English reason for excluding the public; and
- wording around allowing specific people to remain, if they have knowledge that would assist the agency, while the public is excluded.

Whatever form a council uses, it needs to meet these minimum requirements and the form should clearly identify the specific exclusion ground, and also explain in plain English how the council has applied that ground to the meeting content under consideration.

I do not consider it good practice to cite a section number under the 'Ground' field and simply quote the text of that section in the 'Reason' field. Instead, both the section number and its text should appear under 'Ground'. The 'Reason' field should be used to explain, in plain English and in reasonable detail, the reason(s) for excluding the public (that is, how the LGOIMA ground applies to the information held or created) and weighing this against any countervailing public interest arguments for non-exclusion.

This should not be too difficult. By excluding the public by means of a section 7 ground, a council is obliged to both determine specifically how the ground applies to the agenda item, and how it has balanced the public interest in the information being shared against the need to withhold it. While ultimately, the public interest balancing question should be assessed by the body conducting the meeting (essentially, the elected members), it is reasonable to expect that their decision is informed by advice from council officials that includes public interest considerations. The details of the ultimate decision should be included in the meeting minutes, with the preceding advice from council staff also included in a council's records.

A smooth process relies on councils having clear and consistent guidance for staff about the records they should create and maintain for public exclusion decisions. This includes documenting the rationale for advice to elected members on public excluded meetings. The guidance should outline the requirement to apply the public interest test, and should include the following:

- that the public interest factors must be weighed when relying on section 7(2) of the LGOIMA to hear an item in a public excluded meeting; and
- factors that affect the public interest in favour of opening a meeting, such as:
  - the policy or decision-making process involved and the stage it has reached;

- the ability of the public to be informed, influence that process or decision and/or hold the officials involved to account;
- the level of public interest or debate;
- the level of any disquiet, speculation or controversy;
- the extent of information in the public domain;
- the significance of the issue to the public or the operations of the council; and
- the amount of public money involved.

When updating guidance, councils may wish to refer to my guide titled *'Public interest: a guide to the public interest test'*.[39]

My investigation revealed significant variation in the way councils fill out the Schedule 2A form, and few would meet my expectations of good practice. Not one gave an actual, plain English reason for excluding the public from a meeting, rather, most are simply clipping wording from the legislation or using a vague term such as 'commercial sensitivity' as full rationale for public exclusion, with no attempt to apply the exclusion ground to the facts of the affected agenda item.

The opportunity to use the Schedule 2A form to record information about the public interest considerations is also going unrealised. When the evidence of thoughtful application of exclusion rationale is so starkly absent from the resolution itself, the public may well wonder how robust the determinations were. Addressing these deficiencies must be a priority if councils are to improve public trust in the process.

Record keeping - minutes

Ombudsmen have consistently supported a full audit trail for advice that contributes to decisions made by an agency. This also ensures council practices are consistent with sections 17(1) and 17(2) of the Public Records Act 2005 (PRA)[40] which respectively, require councils to:

- create and maintain full and accurate records of affairs in accordance with normal, prudent business practice; and
- maintain records in an accessible form to enable use for subsequent reference.

In addition to complying with the relevant legislation, sound record keeping discipline in meetings will also benefit councils by promoting transparency and openness, and improving business practices in general.

39 Link to Ombudsman guide [Public interest: A guide to the public interest test].

40 Link to [sections 17(1) and 17(2)] of the Public Records Act 2005

Keeping good meeting records:

- helps ensure transparency of council decision making by providing a complete and clear record of reasoning;
- provides a reference for councils in the event of issues around decision making processes that may arise internally or externally;
- provides an opportunity to create a repository of knowledge about how councils make decisions, and so develop a consistent approach.

My review of the meeting minutes of the councils I investigated showed that some included very little detail about any discussion, debate, or questioning, that may have taken place. I do not expect that a verbatim transcript is taken at a meeting but simply recording the final decision taken by elected members is plainly inadequate.

Local Government New Zealand (LGNZ)'s guidance for minute taking[41] includes the following pointers for good practice:

- minutes should be a clear audit trail of decision making;
- less is best;
- someone not in attendance will be able to understand what was decided; and
- anyone reading in 20 years' time will understand them.

I agree with this guidance, with two important comments:

1. A *'clear audit trail of decision making'* is more than simply recording the decision itself. It entails clearly documenting the path by which the decision was made, including how options were considered and how the decision ensued from the deliberation.
2. *'Less is best'* should be interpreted as a prompt to maintain clarity and succinctness, rather than sacrificing elements of the decision making audit trail.

Minutes should record both the final decision and key details of any debate or discussion preceding and informing the decision. In addition to aligning with the principles of openness and accountability, recording the content of discussion and debate is a safeguard against any perception that decisions were made prior to the meeting, and are merely being 'rubber stamped' in the meeting setting. Though it is not a legislative requirement, as outlined earlier, I consider it good practice, in the interest of accountability, to record the names of elected members who voted 'for' and 'against' resolutions and motions.

41 Link to The guide to LGNZ standing orders, Ko Tātou LGNZ, 2022, p 35.

Councils' internal guidance and training material should also include clear instructions for staff to record advice and decision making processes around public excluded meetings. This includes taking notes of relevant internal meetings and documenting any verbal conversations held in relation to council decisions on public excluded meetings. These, and other relevant records (such as emails), should be documented in a manner that makes them easily accessible.

Any review and update of guidance material should also be accompanied by training and messaging to staff about the importance of comprehensive record keeping to comply with the law and promote the transparency of council's practices and accountability to the public.

Post-meeting

Making minutes publicly accessible

All the councils within my investigation published meeting minutes on their websites. I reiterate that I expect that meeting minutes should also comprise a full and accurate record of the meeting. As noted under ***Leadership and culture,*** a number of public survey respondents consider that the minutes are not always easy to find. This may be addressed, as I noted, by making information about meetings more prominent on council websites.

Revisiting public excluded material for release

A powerful way to increase the public's trust in Councils and to improve transparency is to establish a consistent practice of reconsidering public excluded information for release at a point when the reason for withholding information no longer applies. Mutual trust between the public and their representatives will likely improve if the public knows why the information was protected. This way the public can see that a council is making efforts to be as open as possible.

I appreciate this may not be at the top of mind for council staff as they juggle the multiple demands of busy meetings schedules. However, I consider it integral to sound practice, and should not be unduly burdensome when integrated into a well-designed process.

Practice in this area was mixed among the councils I reviewed, with most examples of post-meeting review of information being ad hoc rather than consistent. However, I was encouraged that most of the eight councils have either begun scheduling later reviews for public excluded information, or have agreed to consider adding this step to their standard meeting processes.

What councils should do now

- Review how easy it is for the public to access meeting agendas, papers, and minutes on council websites (this should include a clear navigation path from the home page and minimal 'clicks' to reach it).
- Make sure agendas and papers are posted on council websites with as much advance notice as possible before the meeting date and certainly no later than the minimum requirement of two working days.
- Review practice and internal guidance for the writing of public exclusion resolutions, ensuring:
  - the form includes all elements of the Schedule 2A form;
  - exclusion grounds are clearly identified, and section 7(2)(f)(i) is not relied on to exclude the public from meetings; and
  - the reasons for applying the named exclusion ground to the content of the agenda item are clearly set out in plain English along with how it has been balanced against public interest considerations.
- Review practice and internal guidance for the keeping of meeting minutes, ensuring that minutes reliably contain a clear audit trail of the full decision making process, including any relevant debate and consideration of options, and how individual elected members voted.
- Formalise a process for reconsidering the release of public excluded content at a time when the basis for withholding it may no longer apply.

Workshops

My expectations

The LGOIMA does not define or regulate workshops (or other informal meetings),[42] but *The Guide to LGNZ Standing Orders* states that workshops are best described as *'informal briefing sessions where elected members get the chance to discuss issues outside of the formalities of kaunihera meeting'*.[43] It is common for councils to conduct workshops about complex or technical issues on which elected members will later be required to debate and make decisions.

The purpose of workshops should be to prepare elected members with the appropriate background and knowledge to make robust decisions for their communities, and to allow interrogation, discussion and deliberation among and between elected members and council staff. As outlined in the earlier section *Legislative context*, workshops are part of the educative and deliberative phases of councils' decision making process. However, final decisions and resolutions cannot lawfully be made outside the context of a properly constituted meeting.

42 For the purpose of this investigation, 'workshops, briefings and informal meetings' mean any organised or scheduled meeting attended by Council staff and elected members which fall outside the definition of 'meeting' in section 45(1) of the LGOIMA.

43 Link to The guide to LGNZ standing orders, Ko Tātou LGNZ, 2022

Because workshops cannot lawfully be used to make actual and effective decisions, and are not conducted under the LGOIMA, the legal requirements in the LGOIMA that relate to council meetings—such as requirements to notify the public, to take minutes, and to exclude the public only under certain defined circumstances—do not apply to council workshops. Nonetheless, councils have a general discretion to advertise and undertake workshops that fall outside of Part 7 of the LGOIMA, in public. While it may be reasonable to close a workshop in a particular case, I consider that a general policy of not advertising workshops or having all workshops closed to the public, is likely to be unreasonable. It is my expectation and a requirement of the LGA, that '…*a local authority should conduct its business in an open, transparent and democratically accountable manner…*'[44]

As a matter of good practice, workshops should be closed only where that is reasonable. What might be considered reasonable is a truly open category depending on each individual case, and may include situations where the reasons for withholding information under sections 6 and 7(2) of the LGOIMA might apply, as well as other situations. What is reasonable in a particular case will vary, however the decision to close a workshop should be made on the individual merits of each workshop, rather than being based on a blanket rule.

Even where it is reasonable to close a workshop, I encourage councils to be mindful of the public perception of secrecy this may create, and mitigate this risk through ensuring the public has access to sufficient and timely information about the purpose and content of workshops. The legislative history of the LGOIMA makes it clear that full and accurate records of workshops are expected to be kept. Consistent with the guiding principle and purposes of the LGOIMA, the public can request this information under Part 2 of that Act. It is also a requirement of the PRA (see *Appendix 1* and *Appendix 2*).[45] Keeping full and accurate records of workshops is a safeguard against the perception that decisions are being made outside a local authority meeting; and, being able to request access to this information allows members of the public to meaningfully engage with the work of councils.

Information arising from workshops can be requested under the LGOIMA although, ideally, councils would proactively release information generated in workshops.[46] Creating records of workshops is good administrative practice, and it promotes a council's accountability and transparency. Councils should adopt a standard

44 Link to section 14 of the LGA

45 Link to section 17(1) of the PRA

46 Even if no record is made at the time, information held in an official's memory as to what transpired at a workshop can also be requested under the LGOIMA, and it is preferable to have a contemporaneous account of what happened.

approach to recording information about workshops/forums and ensure this is embedded in its guidance on record keeping for workshops.

All workshop attendees should be aware that workshops cannot be used for making an actual and effective 'decision', and take care when discussion and deliberation in a workshop could carry elected members too far down a path toward a decision. For example, where council staff present a range of options to elected members in a workshop, and those options are narrowed down significantly, it could give the appearance of a 'decision' being made in the workshop in all but name. There may then be a perception that the corresponding decision made in the public council meeting is a 'rubber stamp' of earlier workshop discussions. In particular, using a closed workshop to do 'everything but' make a decision could be seen as undermining the principles of the LGOIMA and the LGA, which I may view as unreasonable.

As Chief Ombudsman, I can review the reasonableness of any act or omission by a local authority under the OA.[47] This includes whether it is reasonable for a council to advise or decide to not advertise or close workshops, or using closed workshops to do 'everything but' make a final decision.[48] I expect councils to make it clear to the public that they can complain to me about workshops.

Some councils draw a distinction between 'workshops' and 'briefings' with the former being open to the public and the latter; closed. Other councils may refer to the same type of informal briefing session between elected members and staff using different terminology entirely, such as a 'forum' or 'hui'. Irrespective of the title(s) a council chooses to give informal briefing sessions, the same requirements to conduct business in a transparent and accountable manner, and to keep full and accurate records, apply to all.

My conclusions

Terminology around workshops

The terminology used for workshops is an area that can cause confusion. Many councils define workshops in their standing orders based on a template developed by LGNZ, which defines workshops as follows:

> *Workshop in the context of these Standing Orders, means a gathering of elected members for the purpose of considering matters of importance to the local authority at which no decisions*

47 Link to section 13 of the OA

48 This refers to council staff, not a decision of full council.

> *are made and to which these Standing Orders will not apply, unless required by the local authority. Workshops may include non-elected members. Workshops may also be described as briefings.*[49]

One council organised what it termed *'non decision making meetings'* regularly and used the terminology of *'briefing'* or *'workshop'* to differentiate whether a specific topic for discussion within the meeting would be open to the public (workshops) or closed to the public (briefings). This distinction between 'workshops' and 'briefings' is one that is also adopted by LGNZ in its guidance for standing orders and is widely used by councils throughout New Zealand.

In addition to 'workshops' and 'briefings', a number of other terms have been adopted by councils at different times for non-decision making meetings. One council that held all its workshops in private was aware of the negative public perception that had developed around the use of the term 'workshops'. To address this, the council changed its terminology to 'forums', rather than amending the actual practice of closing workshops to the public. While councils are able to use their own terminology, creating different terms for what is essentially the same thing—a meeting of elected members and staff to progress council business, at which no decision making occurs—risks distraction and confusion. The guidelines for good practice in this report apply to any workshop, briefing, forum, hui, wānanga, or whatever else a council calls the gatherings of elected members and council officials used to transact council business.

Councils' use of workshops

All councils that were part of my investigation used workshops to some degree. A number of staff and elected member meeting attendees commented that workshops were a key part of the decision making process for elected members and used for 'direction setting'. Workshops are used by elected members to discuss policy options put forward by staff in order to eventually make a decision in a local authority meeting. This includes adding, removing or amending options, and ensuring elected members have the information needed to make an informed decision on a topic. Workshops may also involve elected members giving feedback to staff where they might require further information to support their consideration of a particular option.

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49 Nearly all councils have incorporated into their standing orders this definition, or the following variation: *Workshops, however described, provide opportunities for members to discuss particular matters, receive briefings and provide guidance for officials. Workshops are not meetings and cannot be used to either make decisions or come to agreements that are then confirmed without the opportunity for meaningful debate at a formal meeting.*

A chief executive I spoke with during my investigation said there were different stages to get to a final decision in a formal council meeting. If there was a complex, contentious decision to be made, it will need *'pre-work and pre-thinking'* with multiple layers of workshops and consultations in order to reach the final decision. Staff will not be writing the final decision report for the formal council meeting *'all in one go'* because it takes time, and revisions will be made as it develops. Multiple workshops may be held on a topic in order to explore the options, with the most realistic and reasonable ones being included in the report which goes to the full council meeting for a final decision.

Some councils appeared to give their view on *'direction setting'* with a show of hands and indicated that there was *'some degree of straw polling'* in order to narrow options down. Examples of comments from my surveys of both staff and elected members include:

> *…workshops have been a valuable avenue to get a fuller understanding of issues and ask the dumb question if needed. Differences of opinion may occur and be discussed/debated but full deliberation and decision making is made at the full Council meeting.*
>
> *…[workshops] can be used as a gauge for staff to structure formal advice to Councillors for decision-making at the Committee phase. Workshops are critical.*
>
> *Workshops provide staff with the opportunity to spend more time with elected members to improve their understanding on a topic. Often formal meetings don't have the time allocated for this to occur. They are also a good way to build trust and rapport between staff and councillors, and allows for open and honest feedback in a less formal setting than a meeting.*
>
> *Councillors over a period of months or years will have a myriad of matters that require at the very least a working knowledge of the issue under consideration. …workshops serve a meaningful part of the process where Councillors can better understand the issues and this will lead to stronger debate and better decisions.*

Provided an 'actual and effective decision' is not made, I consider this type of deliberative process may appropriately take place in a workshop. However, a perception is likely to grow that the council is not operating transparently, if the following occurs:

- workshops are regularly conducted behind closed doors;
- the fact that they are occurring, and the rationale for closing the workshop, is kept out of public awareness;
- full and accurate records are not kept or are withheld from the community without explicit and robust rationale.

I also caution against workshops including a significant component of determination, such as a substantial narrowing of options prior to public consultation. At several councils I investigated, a range of options would occasionally be narrowed down at workshops so staff would not waste time and resources pursuing options that the elected members were not willing to consider. A meeting attendee said there was '***some degree of straw polling'*** in order to narrow down the options for decision, typically to four or five options. The risk is that such straw polling may be perceived by the public as decision making. Good records of workshops and making the records available to the public would go some way to alleviating this perception.

Councils should be mindful of the public perceptions that may develop where council business is conducted behind closed doors. Even when the reasons for conducting a closed workshop are entirely legitimate, secrecy inevitably breeds suspicion. While it may not be the reality that the council is wrongfully keeping information from the public, even the perception of such may result in reduced public trust and diminished public participation in council processes. Councils can reduce this risk by opening workshops to the public where possible and by publishing information from workshops, as I will discuss further below.

Open by default

I was pleased that the majority of councils open workshops, or had begun to open their workshops from the start of the 2022 electoral term.

My view is that the principle of 'open by default' should be followed for all meetings and workshops.[50] I understand there may be occasion to close, either partially or fully, a particular workshop. However, councils should start from a position of openness, and then consider specific reasons why any proceedings may need to be closed and whether those reasons are compelling.

The principle of 'open by default' is also supported by *The Guide to LGNZ Standing Orders*:[51]

> *Please note, when deciding to hold a workshop or briefing the first question that should be considered is whether there is a convincing reason for excluding the public. The default position should be to allow public access.*

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50 The 'open by default' principle is also consistent with section 4 of LGOIMA 'to promote the open and public transaction of business at meetings of local authorities'.

51 Link to [The guide to LGNZ standing orders](), Ko Tātou LGNZ, 2022, p 41

I accept that, in some cases, there may be a need to protect some of the information presented in such a workshop where good reason exists. In such a case, I expect that councils would endeavour to present material in such a way that the public could have access to as much information as possible. This might be achieved through providing the protected information (such as names/costings) to elected members in advance and ensuring this information doesn't enter the discussion held in public.

Some of the councils I investigated advised me that they needed to hold closed workshops to provide training/background to elected members on complex issues—the intent being to ensure elected members are equipped to make a robust decision on the matter at hand. I absolutely support the use of workshops to educate elected members and to facilitate better decision making. However, it seems evident to me that, where there is benefit to elected members to understand an issue in order to make a decision, it is equally beneficial to allow the public access to the same information so they can better understand the eventual decision.

Another reason put forward by councils for closing workshops was to provide elected members a 'safe space' to ask 'silly questions' out of the public eye. I do not accept this argument. Councillors are elected to public office, a position that demands accountability. They should be prepared for a level of scrutiny and even reasonable criticism from those they represent. The questions and concerns councillors have are no doubt shared by many of their constituents. It may be valuable for the answers to these 'silly questions' to be heard by the public.

This is not to say that no good reasons exist to close workshops, only that I do not consider controversy, complexity, or the potential for embarrassment, to be good reasons in themselves. Difficult or contentious issues are often the very ones that warrant the greatest level of transparency. The determination to close a workshop should always be made on the basis of what best serves the public interest, and the rationale for that determination should be as open as possible.

Publicising upcoming workshops

It is important that details (time, dates, venue, and subject matter) of open workshops are publicised in advance so that members of the public can attend, and for transparency about the business the council is conducting. As a matter of good practice, councils should maintain awareness of community groups with a particular interest in topics for upcoming workshops and consider contacting them directly to encourage their attendance and contribution. This is in keeping with the principles of inclusiveness included in the LGA.

It is equally important that *closed* workshops and their subject matter are publicised, along with a suitably detailed reason for closing them. This maintains transparency and allows for members of the public to request under the LGOIMA information about the closed workshop, while also clearly identifying and safeguarding against harms to council deliberations that legitimately need to be conducted in confidence.

I saw very little evidence of consistently sound practice about publicising the timing and subject matter of closed workshops, along with the rationale for closing them. For instance, at least one council advised me that they held 'open workshops' yet they did not tell the public they were happening. It is difficult to imagine how a council could consider a workshop to be 'held in public' when the public doesn't know about it. I am encouraged that several of the councils under investigation are now advising the public about closed workshops, their topics, and the reason they are being held in a closed session.

Records of workshops

Many councils did not keep records of workshops. Councils would commonly explain that this was because decisions are not made in workshops and records were not required. This is not only incorrect, but counter to the principles of openness and public participation in the LGOIMA and the LGA, respectively; and may constitute a breach of the PRA. It does not matter if no decisions are made, it is good administrative practice to keep a record. How can the public, the Ombudsman or even the council *itself* look back at how council business was undertaken without having record of the information elected members were given and the discussions that resulted?

The baseline is the requirement under the PRA to *'create and maintain full and accurate records in accordance with normal, prudent business practice'.* LGNZ's standing orders guide suggests:[52]

> *A written record of the workshop should be kept and include:*
> - *time, date, location, and duration of workshop*
> - *people present, and*
> - *general subject matter covered.*

My view is that the detail in the first and third of these bullets should be publicised before the workshop even occurs as explained in the previous section. The record made during the workshop should include all these elements, plus details of the discussion that contribute to a clear, concise and complete audit trail.

52 Link to The guide to LGNZ standing orders, Ko Tātou LGNZ, 2022, p 41.

I expect each council to adopt a standard approach to ensuring that full and accurate records are created and maintained for workshops. It is important to note that this process does not have to be as detailed as taking meeting minutes. Nor is there an expectation of a verbatim transcript of workshops. However, councils must make sure a full and accurate record is kept which should encompass not just the information presented to elected members but any substantive, deliberative discussion or debate around that material. Councils should make records publicly accessible as soon as practicable after the workshop. Where the workshop was not open to the public, councils should implement a system for revisiting those records and releasing information when and if the reason for presenting and discussing material out of public view, no longer applies.

What councils should do now

- Adopt a principle of openness by default for all workshops (and briefings, forums etc), including a commitment to record a clear basis for closure where justified, on a case-by-case basis.
- Make sure the time, dates, venues, and subject matter, of all workshops are publicised in advance, along with rationale for closing them where applicable.
- Review practice and internal guidance for the keeping of records of workshop proceedings, ensuring they contribute to a clear audit trail of the workshop (including details of information presented, relevant debate and consideration of options). Councils may wish to consider consulting with Archives NZ to determine good practice in this respect.
- Publish workshop records on the council's website as soon as practicable after the event.
- Formalise a process for considering release of information from closed workshops.
- Consider adding a message on a relevant section of council websites stating that members of the public are able to make a complaint to me in relation to the administration of workshops.

Accessibility

Accessibility of meetings and workshops is not guaranteed by unlocking the doors, issuing invitations, and publishing the records. If some members of the public are unable to get to the door, if they cannot access the record as published, then they are excluded as surely as if they were physically barred. Universal design in access to public spaces, and publication mechanisms built to maximise reach to all, are essential if a public body is to be truly representative and inclusive of all.

My expectations

The United Nations Convention on the Rights of Persons with Disabilities (Disability Convention) is an international human rights agreement that New Zealand signed up to in 2007.[53] The purpose of the Disability Convention is to promote, protect and ensure the full and equal enjoyment of all human rights and fundamental freedoms by all persons with disabilities. As Chief Ombudsman, I have a role as an Independent Monitoring Mechanism partner, under the United Nations Convention on the Rights of Persons with Disabilities.

53 Link to the United Nations Convention on the Rights of Persons with Disabilities (Disability Convention)

Councils should take all practicable steps to remove barriers to full participation in their processes. Public meetings and workshops should be made as accessible as possible to the public, keeping in mind those people with disabilities as well those with other challenges to attending meetings. This might include living a long distance from where meetings take place or being unable to attend because of the time the meeting is held.

Ideally, all councils would livestream and audio visually record their meetings, and publish the recording after the meeting. Keeping a record in this way benefits the community by making the meetings accessible to those who are not able to attend in-person. Another benefit of livestreaming is that it provides an accurate record of the public portion of the meeting is immediately available.

My conclusions

I am pleased the majority of councils investigated are now livestreaming meetings, and those that are not have committed to live streaming or considering it in the near future. Live streaming, audio visual recording meetings, and publishing the records, can increase the transparency of meetings to the public.

Councils should also consider audio visually recording workshops and either making the recordings publicly available or letting the public know they can be requested. As discussed in *Workshops*, the public may perceive decisions are being made behind closed doors if workshops are not open to the public. If councils take the additional measure of live streaming or audio visually recording workshops (and publishing the recording), transparency and public participation in local government will likely improve.

There are other ways councils can make meetings more accessible. For instance, meeting agendas, associated reports and minutes should be published in a searchable format, rather than 'image only' (such as scanned PDF or JPEG). Image only formats are not accessible for blind and low vision individuals using screen readers, or those with learning disabilities using read aloud applications. It also limits the ability to search documents using keywords. Ideally searchable PDF documents will also be accompanied by accessible Microsoft Word versions and the public advised that they can ask for other accessible formats if required.

Meetings and workshops should be advertised widely and on as many mediums as possible to reach a diverse range of people. Some councils advertise meetings on their website, on social media, and in their local newspapers. As discussed in *Leadership and culture*, councils should make sure that the links to meetings are in a prominent place on their websites' home pages. I have suggested a number of councils consider additional ways of making meeting dates and times more visible to the public.

I was pleased that there was a range of other accessibility measures in place. For instance, one council's website utilises ReadSpeaker, a text-to-speech aid which allows text to be read aloud. Another council uses NZ Relay, which is a telecommunications service for people who are deaf. The majority of council chambers are wheelchair accessible, although one public survey respondent said that one council appeared to be physically difficult to access. Disabled people have the right to take part in all aspects of community life, on an equal basis with others. Public meetings, and all public spaces, need to be accessible. To ensure appropriate accessibility and public participation, I suggested the council undertake an accessibility audit by a suitable provider to identify barriers to inclusion.

Ultimately, making spaces such as meetings and workshops accessible, and welcoming to as many people as possible means that a diverse group of people are able to participate as fully as possible in council business. Ideally, this will encourage diverse voices to participate in local government, which should lead to a council that is more representative of the community as a whole.

What councils should do now

- All councils should aim to live stream council meetings and/or audio visually record meetings and publish the recording on their website.
- Consider live streaming and/or audio visually recording workshops.
- Consider making meeting dates and times more visible to the public.
- Ensure full agendas, including reports, supporting materials, and meeting minutes, are in a searchable format for screen readers.
- Undertake an accessibility audit to identify any barriers to inclusion and on completion of the audit, put in place a schedule of work to remedy any access issues or barriers to full inclusion of a wide range of people.

Organisation structure, staffing and capability

I am aware that it will take some effort to fully meet expectations of good administrative practice for meetings and workshops, and that councils are juggling competing demands with limited resources. I recognise that an important way to meet and sustain the reasonable standard I expect is through the building of organisational capacity, capability and resilience, which is especially challenging for small councils. Nonetheless, organisational stewardship that fosters long-term strength and institutional integrity is fundamental to any democratic institution of whatever size.

My expectations

I expect councils to organise their structure and resources to meet their legal obligations under Part 7 of the LGOIMA in a way that is relevant to their particular size and responsibilities. I also expect councils to make sure there is sufficient awareness of the LGOIMA and meeting administration across the organisation, and to provide coverage for key staff when they are away or if a staff member leaves.

I expect the LGOIMA function to be appropriately resourced, with roles and responsibilities clearly defined, and with resilience arrangements in place. This ensures staff are able to draw on specialist expertise when required. Sufficient resilience could involve building the skill set of a group of senior staff, combined with regular training, good resources and guidance material.

My conclusions

I identified organisational resilience as an issue in some of the councils I investigated. Business continuity and legislative adherence may be at risk during periods where councils are overwhelmed with work or when experienced staff members leave or are temporarily absent. There was a correlation between the size of the council and organisational resilience. I was not surprised to find that the smaller councils had less governance staff and weaker resilience measures.

Each of the councils identified as having issues in this area employed under 200 staff members and either did not have a team responsible for the administration of meetings and workshops, or had a very small team. They each had one or two staff members with specialist knowledge of the LGOIMA and provided advice to the chief executive regarding meetings or workshops. There is a risk that when those staff members are away or leave a council, especially if their departure is unexpected, their institutional knowledge is lost. This effect is amplified in a small council where the absence or departure of just one staff member can have a disproportionately large impact.

I also identified specialist knowledge as an issue, particularly for smaller councils. Two of the three small councils only had one key staff member providing advice to the chief executive about items to be heard in the public excluded portion of meetings. I am concerned that where there is only one subject matter expert at the senior leadership level this will not provide adequate flexibility to allow a council to respond to short term shocks. If the COVID-19 pandemic has demonstrated anything, it is the importance of preparation.

Regular training and accurate guidance should ensure staff know enough about the legislation to make correct decisions, and not simply rely on what others have done before them, or on using standard templates. I acknowledge that templates are useful for consistency of practice. However, it is important that templates are supported by guidance and training, especially for those who do not have specialist or legal knowledge; and that templates are updated to reflect changes in practice or legislation.

I identified a number of councils as having good organisational resilience. The LGOIMA function was appropriately resourced in these councils and they were able to draw on specialist expertise when required. A number had dedicated governance and democracy teams that were responsible for administering council meetings and taking minutes.

One council in particular demonstrated that bolstering its governance team could lead to increased transparency by making improvements to practices such as releasing documents heard in the public excluded portion of meetings. The council underwent a significant internal culture shift, which included increasing the number of staff in its Governance and Democracy team and legal oversight. A number of staff survey respondents and staff meeting attendees said the strengthening of this team led to improvements in transparency.

I acknowledge that a lack of organisational resilience is a common issue among smaller councils, and it takes resources to establish formal training and guidance. I encourage councils to consider taking advantage of the expertise and existing resources of other councils within its networks, and outside of them, in order to share and develop good meeting and workshop practices. Bolstering specialist expertise and organisational resilience, including through training and resources such as guidance and process documents, will provide an extra layer of protection.

One staff meeting attendee from a smaller council said that if they have a *'curly'* issue, they talk to one of their network contacts in another council. They said their surrounding councils meet up to four times a year to discuss issues and work collaboratively. The meeting attendee said the council works hard to strengthen networks. I am pleased that some of the smaller councils are taking advantage of the resources available to them and working in a collaborative way. I encourage other councils to share resources and reach out to networks if their organisational resilience or specialist knowledge is lacking.

Councils should ensure there is sufficient resilience in their structure to respond to contingencies such as staff absences or departures. Organisational risk can be reduced by investing in regular LGOIMA training and resources such as guidance, policies, and process documents, to assist them to carry out their responsibilities, particularly if a key staff member is away. I encourage councils to ensure that regular training is delivered to staff and elected members on these topics. Some staff and elected members may be proficient in these areas but I urge councils to train staff and not rely on individuals' knowledge and past experience alone. Good training and guidance provide staff with additional tools to utilise when they encounter a complex or unique problem in relation to meetings and workshops.

What councils should do now

- Ensure sufficient staff have training in governance functions so that institutional knowledge does not rest with only a small number of staff, and processes for fulfilling these functions are written down and easily accessible.
- Explore ways of using existing networks in local government to bolster resilience in critical areas of meeting and workshop practice.
- Review the general training and guidance provided to staff, and consider approaching the Ombudsman for assistance in improving those resources or in assisting with direct training of relevant staff.

Appendix 1. Relevant legislation

The LGOIMA sets out the principle and its overall purposes as follows:

4 Purposes

The purposes of this Act are—

(a) to increase progressively the availability to the public of official information held by local authorities, and to promote the open and public transaction of business at meetings of local authorities, in order—

(i) to enable more effective participation by the public in the actions and decisions of local authorities; and

(ii) to promote the accountability of local authority members and officials,—

and thereby to enhance respect for the law and to promote good local government in New Zealand:...

5 Principle of availability

The question whether any official information is to be made available, where that question arrises under this Act, shall be determined, except where this Act otherwise expressly requires, in accordance with the purposes of this Act and the principle that the information shall be made available unelss there is good reason for withholding it.

Section 10 and 14 of the Local Government Act 2002:

10 Purpose of local government

(1) The purpose of local government is—

(a) to enable democratic local decision-making and action by, and on behalf of, communities; and...

14 Principles relating to local authorities

(1) In performing its role, a local authority must act in accordance with the following principles:

(a) a local authority should—

(i) conduct its business in an open, transparent, and democratically

accountable manner; and

(b) a local authority should make itself aware of, and should have regard to, the views of all of its communities; and

(c) when making a decision, a local authority should take account of—

(i) the diversity of the community, and the community's interests, within its district or region; and

(ii) the interests of future as well as current communities; and

(iii) the likely impact of any decision on each aspect of well-being referred to in section 10:

(d) a local authority should provide opportunities for Māori to contribute to its decision-making processes:

(e) a local authority should actively seek to collaborate and co-operate with other local authorities and bodies to improve the effectiveness and efficiency with which it achieves its identified priorities and desired outcomes;

...

(2) If any of these principles, or any aspects of well-being referred to in section 10, are in conflict in any particular case, the local authority should resolve the conflict in accordance with the principle in subsection (1)(a)(i).

The Public Records Act 2005 sets out a fundamental obligation of all public sector organisations in section 17:

17 Requirement to create and maintain records

(1) Every public office and local authority must create and maintain full and accurate records of its affairs, in accordance with normal, prudent business practice, including the records of any matter that is contracted out to an independent contractor.

(2) Every public office must maintain in an accessible form, so as to be able to be used for subsequent reference, all public records that are in its control, until their disposal is authorised by or under this Act or required by or under another Act…

Appendix 2. Legislative history of key terms

Part 7 of the LGOIMA has its origins in the Public Bodies Meetings Act 1962.[54] In 1986, officials recommended to Ministers that this Act be incorporated into a new piece of legislation to deal with access to local authority information and meetings, and this became the LGOIMA.[55]

Accordingly, in the Local Government Official Information and Meetings Bill[56] as introduced, the definition of 'meeting' largely mirrored the wording from the 1962 Act:[57]

> *'Meeting', in relation to any local authority, includes any annual, bi-ennial, triennial, ordinary, special, or emergency meeting of that local authority, and also includes any meeting of the representatives of 2 or more local authorities, and any meeting of a committee or a subcommittee of a local authority other than a special committee or subcommittee without power to act:*

This definition was carried into the LGOIMA as enacted in 1987.

The Hansard debates discussing the Bill, as reported back from Select Committee, contains a useful statement from the Minister for Local Government, at Second Reading:[58]

> *The intent of clause 44 is that all council meetings, and any council committee meetings which have a decision making role, will be covered by Part VII. The meetings of the full council, and the meetings of a council committee that has decision making powers, will be open to the public unless that council or the council committee determines to go into closed session.*

This supports the view that, at the time, the intent was:

- All full council meetings be notified and open, *whether or not a decision was being made at the meeting* [emphasis added].
- The meetings of any committees of the full council only have to be notified and open where the committee is exercising a power of decision.

54 Link to the Public Bodies Meetings Act 1962.

55 Report of the Working Group on Official Information in Local Government, June 1986: a report to the Minister of Local Government and the Minister of Justice / by the Working Group on Official Information in Local Government.

56 Link to Local Government Ofcial Information and Meetings Bill.

57 Clause 44

58 Second Reading of Local Government Official Information and Meetings Bill, Hansard, page 10250, 7 July 1987.

However, not long after the LGOIMA came into force, proposals to amend the definition of 'meeting' were considered by officials and Ministers. Papers prepared by the Department of Internal Affairs and the legislative history help illustrate the intended scope of section 45(2). A paper for a 'Local Government Consultative Group' in April 1988 discussed problems being posed by 'informal gatherings' taking place in councils:

> *Since the Act came into force the Minister has correspondence received considering the activities of the local authorities in holding "informal gatherings" of all their Councillors, with officers present, to discuss council business (such as the estimates and relations with citizen/ratepayer groups) but with no formal agenda or minutes taken. The question was raised in correspondence whether this procedure is an attempt to circumvent the provisions of Part 7 of the Act.*

The Mayor of Hamilton City Council wrote seeking the views of the Chief Ombudsman at the time who, in reply, noted:

> *There is a distinction between a 'meeting of a Council' and 'a meeting together of councillors', the latter not being in any way … controlled or regulated provided no attempt is made to conduct Council business which is only authorised to be done at a properly constituted meeting of the Council or its subcommittees.*

The Chief Ombudsman at the time went on to say that any information arising from an informal gathering, even though it may not be contained in any official document, is clearly official information and therefore subject to disclosure in terms of the legislation.

The Minister at the time went on to comment:

> *It is the view of the Minister that the conduct of 'informal gatherings' or caucusing within local authorities is legitimate and LGOIMA recognises this. However the potential does exist for local authorities to use 'informal gatherings' to reduce the level of open debate and in this way be deliberately secretive in its activities to an extent which is not in keeping with the spirit of the legislation. This is particularly of concern where the 'informal gathering' happens to consist of all of the elected members of a local authority with senior officers also present. While not wanting to affect the rights of elected members to caucus, it is felt that some action must be taken to clarify in the minds of elected members and the public, the difference between a meeting of the Council and a meeting of councillors.*

In 1989, the Minister of Local Government, Hon Michael Bassett, established a *'Working Party on LGOIMA'* in response to concerns that some local authorities were conducting business of direct concern to the public committee or closed sessions. The Working Party's final report stated:

> *… it may not be clear whether or not recommendatory and purely deliberative meetings are covered in the definition of the word 'meetings' in the Act.*

The Working Party noted that some submissions held that meetings of working parties and similar groups which make recommendations to parent authorities and committee, and informal meetings of councillors, ought to be open to the public. Such groups could make decisions or recommendations that could be rubber stamped by local authorities. In such circumstances decisions could be made without issues being fully debated in public.

While it appreciated the above argument, the Working Party also recognised the truth of a comment contained in a British report [the Committee of Inquiry in to the Conduct of Local Authority Business]:

> *It is a simple reality, which no legislation can alter, that politicians will develop policy options in confidence before presenting the final choice for public decision. We do not think that is unreasonable. If the law prevents them from conducting such discussions in private in formal committees then they will conduct them less formally elsewhere … It is unsatisfactory to force policy deliberation out of the formal committee system into groupings of indeterminate status. It is also unnecessary. No decisions can be taken by a local authority without it eventually being referred to a decision making committee or the Council, where there will be full public access to the meeting and documentation. Given this basic safeguard, we can see no benefit in applying the Act also to deliberative committees. We would not in any way wish to discourage individual local authorities from opening deliberative committees to the public and press if that is appropriate to their particular circumstances, but do not believe they should be required by law to do so.*

The Working Party concluded that the availability of information arising from 'working parties', similar groups and informal meetings, coupled with the need for recommendations to be confirmed at a public meeting was sufficient protection of the public's interest. In addition local authorities have discretion to open informal meetings to the public if they wish.

> *The Working Party was also concerned that it may not be clear under the present definition of 'meeting' whether or not recommendatory and purely deliberative meetings are covered by Part 7 … The Working Party sought advice from the Department*

> *of Affairs. It was advised that the current legislation was unclear on this point. There is no legal convention or definition which makes it clear whether the discussion of a function is in fact part of the exercise or performance of that function.*

The Working Group did not specifically recommend a change to the definition of 'meeting' in the LGOIMA, but its preference *not to include* deliberative meetings in scope of Part 7 is relatively clear from the excerpts above. It appears that the Department of Internal Affairs did recommend to the Minister that the definition of meetings should be amended to make it clear that 'deliberative' meetings are not covered by Part 7.

The Local Government Law Reform Bill 1991 (62-1)[59] that was then introduced, which contained a clause that inserted a new subclause into section 45 of the LGOIMA to *'make it clear that any meeting of a local authority that is solely deliberative in nature is not subject to Part VII of the principal Act.'*[60] The wording proposed was:

> *(2) For the avoidance of doubt, it is hereby declared that any meeting of a local authority that is solely deliberative in nature and is a meeting at which no resolutions or decisions are made is not a meeting for the purposes of this Part of this Act.*

This clause was amended at Select Committee to remove *'that is solely deliberative in nature and is a meeting.'* The Departmental Report stated that *'The words "solely deliberative" are unnecessary as meetings which do not make resolutions or decisions are "solely deliberative"'.*

There was limited debate in the House about this provision (it being one small aspect of a much larger set of local government reforms), but one comment from an opposition MP at second reading is consistent with the tenor of the policy discussions outlined above:[61]

> *We have seen in the Dominion as recently as 19 June 1991 that the [. . .] Council has come in for some criticism. No notification of a meeting was sent to the news media, but the council held a meeting. But was it a meeting? That is the real point. Council meetings are meetings at which decisions are made. To try to stop councils from getting together outside of the decision-making process to discuss ideas would be a very backward step.*

On 1 October 1991 the change came into force.

Two pieces of correspondence from the then Minister (Hon Warren Cooper) expanded on the intention in enacting section 45(2):

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59 Link to Local Government Law Reform Bill 1991 (62-1).

60 From the Explanatory Note to the Bill.

61 George Hawkins, Labour MP, Manurewa, Local Government Reform Bill, Second Reading, Hansard, 20 June 1991.

> *[section 45(2)] … is not new, but rather a clarification of an existing provision. The previous definition of meeting was ambiguous and it was felt that it was unfair to expect councils to comply with the provision when they were not clear on what they were complying with. Meetings at which no resolutions or decision are made are not subject to the Act for two reasons. Firstly, it is inevitable that local authority members will sometimes initially discuss matters in private. It is better that they can do so at formal meetings which all members may attend than at private meetings to which some members may not be invited. Secondly, decisions cannot be made at such meetings. Any meeting which does require a resolution, even if that resolution is only recommendatory, is subject to Part 7 and must be publicly notified and open to the public. Local authorities therefore can only decide to hold meetings that do not comply with Part 7 of LGOIMA where they are certain, in advance of the meeting, that they will not be making decisions or recommendations.*[62]

And:

> *While local authorities are not required to publicly notify informal meetings it is at their discretion to do so and you might like to suggest to the Deputy Mayor that these meetings be publicly notified … In any case, any information generated from informal meetings is official information under LGOIMA and may be requested under that Act.*[63]

62 Undated letter to G Liddell.

63 Letter dated 13 November 1991 to Secretary of the Te Atatu Residents and Ratepayers Association.

Ombudsman

Tuia kia ōrite · Fairness for all

Controller and Auditor-General
Tumuaki o te Mana Arotake

Appendix 4

Managing conflicts of interest: A guide for the public sector

Photo acknowledgement:
Chris Tse

Managing conflicts of interest: A guide for the public sector

This is a good practice guide published under section 21 of the Public Audit Act 2001.

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Contents

Auditor-General's overview

E ngā mana, e ngā reo, e ngā karangarangatanga maha o te motu, tēnā koutou.

If you work in the public sector, it does not matter what your role is or how senior you are. In a small country like ours, there is a good chance you will have a conflict of interest at some point in your working life.

A conflict of interest is where the responsibilities you have as an employee or office holder in a public organisation are affected by some other interest you have in your private life. That other interest could be a relationship, a role in another organisation, or a business interest.

Having a conflict of interest does not necessarily mean you have done anything wrong. If the conflict is handled well, it does not have to be a problem. Conflicts can arise in many situations. Some are serious, some less so, and some are unavoidable. But, in any situation where activities are carried out in the public interest or paid for out of public funds, the public needs to be confident that decisions:

- are made impartially and for the right reasons; and
- are not influenced by personal interests or ulterior motives.

That means, if you are working in the public sector, you need to be able to:

- identify the different interests you have;
- recognise if you might have a conflict;
- understand how serious it is and what risks it gives rise to, for both you and the organisation you work for; and
- understand what to do about it.

That is what this guide is about – identifying interests and managing conflicts, so the public can be confident that people making decisions and spending public funds on their behalf are doing so in the public interest, not to benefit their family, friends, business associates, or themselves.

To manage conflicts of interest, there are usually both legal and ethical questions that need to be taken into account. Some public organisations are subject to specific legal requirements governing how conflicts are managed. Most will have policies or processes that people are required to comply with. This guide is not intended to replace any of these sector or organisation-specific legal or policy requirements.

Instead, this guide takes a principles-based approach, intended to complement those requirements. It outlines the basic rules that apply to different types of conflicts, points you in the direction of the rules that are likely to apply to you, and provides some principles and guidance on best practice to help you judge how best to manage a conflict, when the rules, by themselves, do not provide an obvious answer. It also includes several scenarios to help show how these principles might be applied in practice.

Nāku noa, nā

John Ryan
Controller and Auditor-General

24 June 2020

Introduction

1

1.1 Every employee or office holder has several professional and personal interests and roles. Conflicts of interest sometimes cannot be avoided and can arise without anyone being at fault. They need not cause problems as long as they are promptly disclosed and well managed.

1.2 In this guide, we describe conflicts of interest in the public sector, and how to identify, disclose, and manage them. We do not lay down rules but instead suggest an approach for dealing with issues when they arise.[1] This guide represents our view of what constitutes good practice in the public sector.

1.3 This guide will be useful for everyone who works in the public sector. We also publish a separate good practice guide about the legal requirements under the Local Authorities (Members' Interests) Act 1968.[2]

1.4 There are several aspects to managing conflicts of interest effectively:

- Public organisations and employees and office holders need to understand what a "conflict of interest" is, and be aware of the different ways in which one can arise (see Parts 2 and 3).
- Employees and office holders should identify and disclose a conflict of interest as soon as it arises (see Part 4).
- In every instance, the public organisation (or, sometimes, the employee or office holder concerned) needs to consider what action (if any) is necessary to manage the conflict of interest. This might include publicly disclosing significant conflicts of interest in the interests of public transparency (see Part 4).
- Public organisations should establish policies and procedures to help them and their employees to identify and deal with conflicts of interest (see Part 5).
- Public organisations need to understand the main legal and ethical considerations that are likely to apply to managing conflicts of interest and the possible consequences of breaching the applicable rules (see Part 6).

Guiding principles

1.5 Public business should be conducted with a spirit of:

- integrity;
- impartiality;
- accountability;
- trustworthiness;

1 For organisations in the State services, please also see the State Services Commission's *Model Standards on Conflicts of Interest*. They outline the State Services Commissioner's minimum expectations for staff and organisations in the State services to support effective reporting and management of conflicts of interest.

2 The Local Authorities (Members' Interests) Act 1968 applies to members of city councils, district councils, regional councils, community boards, and a range of other public bodies.

- respect; and
- responsiveness.

1.6 In our view, these principles should guide any decisions about conflicts of interest.

Our role with conflicts of interest

1.7 The Auditor-General does not have an explicit statutory role with regard to conflicts of interest.[3]

1.8 The Auditor-General cannot "rule" on whether someone has a conflict or whether it was lawful for them to participate in a particular matter. Nor can we take enforcement action against someone who might have acted unlawfully or inappropriately because of a conflict of interest. These are matters for the courts.

1.9 However, under the Public Audit Act 2001, the Auditor-General is the auditor of all public organisations and, as such, has an interest in supporting them to carry out their activities lawfully and in a way that inspires public confidence. The proper management of conflicts of interest is a fundamental part of maintaining public confidence in the public sector. Therefore, the Auditor-General has a strong interest in supporting good practice.

1.10 This guide is one of the ways we aim to support good practice in managing conflicts of interest in the public sector. Other ways we might look at conflicts of interest are:

- **As part of our annual audit work:** The Auditor-General appoints auditors to carry out annual audits of public organisations. Under section 15 of the Public Audit Act, auditors can look at an organisation's systems and processes for managing conflicts of interest as part of the annual audit. Auditors also monitor some types of disclosures about conflicts of interest as part of the annual audit.
- **When carrying out an inquiry:** The Auditor-General has the power to examine concerns about conflicts of interest as part of an inquiry into a public organisation's use of its resources under section 18 of the Public Audit Act.
- **When carrying out a performance audit:** The Auditor-General can examine a public organisation's compliance with any statutory or internal policy requirements about conflicts of interest, in the course of carrying out a performance audit under section 16 of the Public Audit Act.

3 Except in the case of the Local Authorities (Members' Interest) Act 1968, where the Auditor-General has statutory functions under the Act.

The nature of conflicts of interest 2

What is a conflict of interest?

2.1 A conflict of interest is any situation where your duties or responsibilities as an employee or office holder in a public organisation conflict, or could be seen to conflict, with some other interest you might have outside of work.

2.2 The other interest or duty might be:

- holding another public office;
- being a current or (recent) former advisor, director, or partner of another business or organisation;
- being a member of a club, society, or association;
- having a professional or legal obligation to someone else (such as being a trustee);
- having a beneficial interest in a trust;
- owning or occupying a piece of land;
- owning shares or some other investment or asset;
- having received a gift, hospitality, or other benefit from someone;[4]
- owing a debt to someone; or
- being a relative or close friend of someone who has one of these interests, or who could otherwise be personally affected by a decision of the public organisation.

Having an interest does not necessarily mean you have a conflict of interest

2.3 Having a personal interest, on its own, is not what causes a conflict. Everyone has multiple roles and interests at work, at home, in their extended families, or in the community. A potential conflict of interest arises only where your duties or responsibilities as an employee or office holder in a public organisation overlap with one of your other roles or interests.

2.4 For example, you are an elected member of a local council and also involved in running a business, on the committee of a local sports club, and a member of a voluntary organisation. Your involvement in the business, role on the committee, and membership of the voluntary organisation are all interests that you have as well as your role as an elected member of the council.

4 Here, issues about conflicts of interest overlap with the management of sensitive expenditure. See our good practice guide, *Controlling sensitive expenditure: Guidelines for public entities*.

2.5 These other interests do not necessarily mean you have any conflicts of interest. An interest becomes a potential conflict of interest only if it overlaps in some way with your role as an elected member. For example, your interest might result in a potential conflict of interest if:

- your business puts in a bid to provide goods or services to the council;
- the sports club is located on land leased from the council; or
- the voluntary organisation seeks funding from the council to help fund its activities.

Why might having a conflict of interest be a problem?

2.6 Having a conflict of interest does not mean you have done anything wrong, and it is not necessarily a problem if it is managed properly. Conflicts can arise in all sorts of situations, as the list above shows. Some conflicts are serious, some less so. Some are unavoidable, especially in a small country like ours.

2.7 However, in any situation where activities are paid for out of public funds or carried out in the public interest, the public needs to be confident that decisions:

- are made for the right reasons; and
- are not influenced by personal interests or ulterior motives.

2.8 The risk with having a conflict of interest – at least, one that is not properly managed – is that you will be seen to be advancing your own interests or the interests of others you feel a sense of loyalty or obligation to, rather than the interests of your role as a public servant.

2.9 Even if you have no intention of acting improperly, and are confident that you can think and act impartially, **if it looks like** you might be influenced by personal interests or ulterior motives when making a decision, you risk undermining public confidence in the integrity of that decision. You can also potentially expose the organisation you work for to legal, commercial, political, or reputational risk.

Why managing conflicts is particularly important in the public sector

2.10 Conflicts of interest can arise in all walks of life, including the private sector. However, there are higher expectations about conflicts of interest in the public sector because it is public money that is being spent, and public powers that are being exercised.

2.11 Where activities are paid for out of public funds, or decisions are made exercising public powers, members of the public rightly expect the people making those decisions to act impartially, without any possibility that they could be influenced by favouritism or improper personal motives, or that public resources could be misused for private benefit.

2.12 Also, unlike private organisations, public organisations are subject to specific legal rules that require their decision-making processes to be procedurally fair. Any decision of a public organisation that is tainted by bias, or the appearance of bias, is potentially subject to legal challenge.

2.13 This means that conduct that might be allowed in the private sector is not necessarily acceptable in the public sector. For example, under the Companies Act 1993, company directors are required to disclose when they have a personal interest in a transaction, but might then be permitted to discuss and vote on that transaction, despite having an interest in it. Similarly, small businesses in the private sector often employ and contract with family members as a matter of course. Such practices might be unacceptable – or, at the very least, require more careful management – in a public organisation.

Conflicts of interest and corrupt conduct

2.14 Corrupt conduct can arise when a conflict of interest is intentionally concealed, understated, mismanaged, or abused.

2.15 Experience shows that many, if not most, forms of corrupt conduct involve a conflict of interest. It is also possible to engage in corrupt conduct to do with another person's conflict of interest.

2.16 Examples of conduct that could be corrupt include:

- concealing or failing to disclose a conflict of interest;
- making false or understated declarations about a conflict of interest;
- favouring another interest over public duty;
- improperly influencing others to favour a personal interest;
- misusing resources to favour a personal interest;
- improperly accessing, using, or disclosing information about a conflict of interest;
- acting improperly to favour another person's personal interests; and
- improperly allowing others to conceal a conflict of interest.

3 Different types of conflicts of interest

3.1 The seriousness of a conflict, and the type of risks it gives rise to, for you personally and the organisation you work for, will vary depending on the nature of the conflict and the context in which it arises. Conflicts of interest can arise in a wide variety of ways. In all cases, the underlying concern is the same – that is, ensuring that decisions are made impartially, and managing the risk of bias, or the appearance of bias.

3.2 To work out how to manage a conflict, it can be helpful to categorise it as a:

- financial conflict;
- non-financial conflict;
- conflict of roles; or
- predetermination.

3.3 The situation you are facing might not fall neatly into one category. There are also situations where you might have more than one type of conflict. But, if you are trying to figure out whether you have a conflict and, if so, what to do about it, analysing your situation by putting it in one of these four categories can be a useful starting point.

3.4 In addition to these four categories, you also need to consider potential conflicts created by the possession of official information. The Serious Fraud Office often sees among public sector employees a failure to appreciate that it can be an offence to use information acquired in an official capacity for the personal benefit of that official or another.[5] As we noted earlier, public sector officials are often held to a higher standard than in the private sector and it is important that officials do not take advantage of information acquired in their official role to make a gain either for themselves or others.

3.5 In all situations, your conflict might be actual or perceived – that is, you might have an actual conflict, or there could be no conflict, but to an outside observer it looks like there is.

3.6 Members of the public do not often have access to all the relevant facts, and cannot know what is in your mind or what your motivations are. They can judge only by appearances and information in the public domain. That means perceived conflicts are often as risky as actual conflicts, and you need to take just as much care to identify and manage them.

Financial conflicts of interest

3.7 A financial conflict of interest is any situation where you stand to gain or lose financially from a decision you are asked to make.

5 Section 105A of the Crimes Act 1961.

3.8 Financial interests might be direct or indirect. There are also situations where you might be deemed to share the same financial interests as another person or organisation. For example, you might be deemed to share any financial interests your spouse or partner has, or those of any business you are involved in.

3.9 A financial interest need not involve cash changing hands directly. It could, for example, be an effect on the value of land or shares that you own, or the turnover of a business you are involved in.

3.10 Financial conflicts of interest are often treated more strictly than non-financial conflicts of interest. For example:

- Under the common law, any financial conflict of interest (except one that is trivial) automatically disqualifies a public official from participating in a decision.
- The Local Authorities (Members' Interests) Act prohibits members of local authorities and office holders in other specified public organisations[6] from discussing or voting on any matter in which they have a financial interest, unless their interest is "in common with the public".

3.11 If you have a financial conflict of interest:

- you should treat it seriously, even if it seems trivial to you; and
- you need to make sure you are familiar with any specific rules that apply to the management of financial conflicts of interest in the organisation you work in.

Non-financial conflicts of interest

3.12 A non-financial conflict of interest is any situation where you are not affected financially by a decision but are affected in some other way that might make you biased or appear to be biased.

3.13 A non-financial conflict of interest might arise, for example, from a family relationship, friendship, or any other sort of personal relationship.

3.14 Non-financial conflicts can also arise if you are a member of, or involved with, an organisation outside of your work.

3.15 Under the common law, a non-financial conflict of interest does not automatically exclude you from participating in a decision. It will depend how serious the conflict is. That does not mean non-financial interests are always less serious than financial conflicts. However, because there is not an automatic assumption of bias, there is generally more room for judgement about how serious the conflict is and how it should be managed.

6 For a list of organisations, see our good practice guide, *Local Authorities (Members' Interests) Act 1968: A guide for members of local authorities on managing financial conflicts of interest.*

Interests of relatives and friends

3.16 Considering the interests of relatives and friends requires careful judgement. If they have an interest that overlaps with the duties of an employee or office holder, then there might be a conflict of interest.

3.17 Specific statutory rules might also apply. For example:

- for members of local authorities covered by the Local Authorities (Members' Interests) Act, the financial interests of a spouse, civil union partner, or de facto partner are regulated; and
- for matters covered by the Crown Entities Act 2004, the interests of a spouse, civil union partner, de facto partner, child, or parent are regulated.

3.18 In general, for situations not covered by specific statutory rules, we consider that, at least, the interests of any dependants or relatives who live with the employee or office holder must be treated as effectively the same as if the interest was held by the employee or office holder. In other words, if interests held by these relatives overlap with an employee or office holder's official duties, there will be a conflict of interest.

3.19 For other relatives, it will depend on the closeness of the relationship and the degree to which the public organisation's decision or activity could directly or significantly affect them. (Part 4 covers assessing the seriousness of a conflict of interest.)

3.20 Close relationships can vary. A relationship could be close because of the directness of the blood or marriage link, or because of the amount of association. There are no clear rules but it will usually be wise not to participate if relatives are significantly affected.

3.21 Some cultures, including Māori culture, have a broad concept of family. In our view, a conflict of interest will not often arise where the connection is a common ancestor, such as another iwi or hapū member. Sometimes an iwi connection could create a conflict of interest in and of itself. For example, if the person is working for a public organisation on a Treaty settlement where they are likely to end up as a beneficiary, this might create a conflict of interest. In this situation, the interest is personal.

3.22 Questions of judgement and degree also arise when considering friends and other associates. However, in our view, it is unrealistic to expect the employee or office holder to have absolutely no connection with or knowledge of the person concerned. New Zealand is a small and interconnected society. Simply being acquainted with someone, having worked with them, or having had official dealings with them is not something we would consider to cause a problem. However, a longstanding, close, or recent association or dealing might do.

3.23 Care should also be taken with interests held by people who have funded the election campaigns of elected members.

3.24 Where the public organisation's decision or activity affects an organisation that a relative or friend works for, it could be reasonable to take into account the nature of their position. For example, it might be material whether they are a senior executive or owner, on the one hand, or whether they are a junior staff member who is not personally involved in the matter and who would not be personally affected by the decision, on the other.

Conflict of roles

3.25 A conflict of roles can arise in any situation where you are a decision-maker for two different organisations about the same matter.

3.26 In some ways, a conflict of roles is just another type of non-financial conflict. We have given it its own category because a conflict of roles is likely to prompt different issues than other types of conflicts. The question you need to consider is not so much whether your interests conflict, but whether the interests of the two organisations you work for do.

3.27 A conflict of roles is also more likely to prompt questions about conflicting duties. For example:

- If both organisations are involved in the same project or transaction, and you owe a duty of confidentiality to both, can you be effectively involved in making decisions for both organisations about that project or transaction?
- Can you fulfil a fiduciary duty to one organisation (for example, as a company director or trustee) when deciding something if you owe a fiduciary duty, or some other sort of duty of loyalty, to the other organisation?

3.28 Sometimes you might be involved in a second organisation quite deliberately. You might have been appointed specifically to represent the first organisation or hold office in another organisation because of your position in the first organisation. For example, if you are an employee of a Crown entity, you might have been appointed as its representative on a community trust that the Crown entity funds.

3.29 In those situations, it might be consistent with your role to participate at meetings of the first organisation in some matters that concern the second organisation, especially if that second role gives you specialised knowledge that it would be useful to contribute. This might be legitimate – and mutually beneficial – because for many matters there will be no risk that you could advance any private interest, show partiality, or otherwise act in a way that was not in the first organisation's best interests.

3.30 However, you must be careful not to assume that this is always so. Conflicts of interest could still arise with some decisions. This is especially likely where you might be under a legal duty (for example, as a director or trustee) to act in the best interests of one organisation. For example, a conflict of interest might arise when one organisation is making a decision about funding the other, its continued existence, or on a formal submission it has made.

3.31 The main points to consider with a conflict of roles are that:

- you need to be clear in your own mind what your obligations are to each role or organisation;
- you need to be confident that both organisations are clear about what your obligations are to each of them and, if necessary, have a protocol that explains this; and
- you need to always be alert for situations where the interests of the two organisations might conflict, even if they generally do not.

Predetermination

3.32 Predetermination is any situation where you are making a decision about something and there is a risk that people will think you made up your mind before you considered all of the evidence. Suggestions of predetermination usually arise because of something you have previously said or done.

3.33 Technically, predetermination is not a form of conflict of interest. However, the concept of predetermination is derived from the common law on bias, so we have covered it in this guide. The underlying risk with predetermination is the same as for conflicts of interest – that is, the risk that you will "taint" a decision you are involved in making because you are biased or appear to be biased.

3.34 As a public sector employee or officeholder, you are entitled to have your own personal views. Indeed, you might often be expected to use your opinions or ideas in carrying out your work.

3.35 However, sometimes having strong views about a matter can create a risk of prejudice or predetermination. You might be treated as biased if your behaviour, beliefs, or what you say indicates that you made up your mind about a matter before it came to be heard or deliberated on – in other words, if you have a "closed mind" or fixed position and are not willing to fairly consider all relevant information and arguments.

3.36 The seriousness of the risk will depend on the context, such as what your role is and what sort of decision you are being asked to make.

3.37 For quasi-judicial decisions, decision-makers are held to an exacting standard of impartiality and objectivity. Quasi-judicial decisions are those that directly affect the legal rights, interests, and obligations of an individual or small group of individuals. Quasi-judicial decisions can be, for example, a decision to grant a permit, confer a specific benefit, or impose a punishment.

3.38 In other situations, it might nevertheless be acceptable for employees or officeholders to bring personal or previously formed views to decision-making – for example, when:

- discussing issues and exchanging ideas with members of the public;
- developing a preliminary position, especially where a proposal is being consulted on or where the public organisation is expected to perform an advocacy role;
- already holding – and perhaps having expressed – strong personal views about the matter, for decisions that are made by an elected or representative body and are political in nature or involve high-level policy-making;
- promoting a particular view during debate in public hearings on a matter; and
- drawing on your own knowledge or experience, especially for decisions that are entrusted to particular people because of their special expertise in the subject.

3.39 General personal factors, such as an employee's or officer holder's ethnicity, religion, national origin, age, political, or philosophical leanings, wealth, or professional background, will not usually constitute predetermination, unless they give rise to a strongly held personal belief that directly relates to the matter being considered.

3.40 When dealing with predetermination:

- You are expected to have an open mind, but that does not mean an empty mind.
- Pay particular attention to the type of decision you are being asked to make. You need to be particularly careful about predetermination in situations where you are making decisions that will affect the legal rights, interests, and obligations of an individual or small group of individuals, as opposed to broad policy decisions that do not have an immediate effect on individuals.
- Unlike many types of conflicts, the risks associated with predetermination are nearly always under your control. It is generally about managing what you do or say, so you do not later put yourself in a situation where your participation in a decision will put that decision at risk.

4 Dealing with conflicts of interest when they arise

4.1 There are two important aspects to dealing with conflicts of interest when they arise:

- identifying and disclosing the conflict of interest (primarily the responsibility of the employee or office holder concerned); and
- deciding what action, if any, is necessary to best avoid or mitigate any effects of the conflict of interest (primarily the responsibility of the public organisation).

Identifying and disclosing a conflict of interest

4.2 Conflicts of interest can arise at any time. You might know from the outset, when you start in a role with a public organisation, that you have an outside interest that could result in a conflict of interest. Or you might take on a new role or appointment outside of work that could lead to a conflict at work. Or something might crop up, or your role at work might change, so that something that was not a conflict before becomes a potential conflict.

4.3 In short, everyone in the public sector needs to remain alert to the possibility of conflicts at all times.

Responsibility to identify and disclose conflicts of interest

4.4 The primary responsibility for identifying and disclosing conflicts of interest to the relevant people in a timely and effective manner rests with the person concerned.

4.5 This is because it is the individual person who will always have the fullest knowledge of their own affairs. They will be in the best position to realise whether and when something at work has a connection with another interest of theirs.

4.6 Managers and other senior personnel should remain generally alert for issues affecting other people that might create a problem. All public organisations need to be aware of any separate obligation they might have to disclose certain types of interests and potential conflicts (for example, under financial reporting standards).

Identifying conflicts of interest

4.7 In Parts 2 and 3, we discuss in detail the nature of conflicts of interest and the types of other interest that can give rise to a conflict of interest. The main question that must always be addressed is:

> *Whether an employee's or office holder's duties or responsibilities to a public organisation could be affected, or could be perceived to be affected, by some other interest or duty that the employee or office holder may have.*

4.8 It is important to focus on the overlap between the two interests: that is, whether the person's other interest has something to do with the particular matter that is being considered or carried out by the public organisation.

4.9 It is better to err on the side of openness when deciding whether something should be disclosed. Many situations are not clear-cut. If you are not sure whether something constitutes a conflict of interest, it is safer and more transparent to disclose the interest anyway. The matter is then out in the open. Others with more expertise can judge whether the situation constitutes a conflict of interest, and whether the situation is serious enough to warrant any further action.

4.10 Disclosure promotes transparency and is always better than trying to manage the situation yourself.

Disclosing conflicts of interest internally

4.11 If a matter where a person has an interest arises at a formal meeting, the person should declare to the meeting that they have an interest in the matter before the matter is discussed. The declaration should be recorded in the minutes of the meeting.

4.12 In other situations, the matter should be raised and discussed with a relevant person as soon as the potential for a conflict of interest is identified. For most staff, the relevant person will be their manager (or another designated person in the public organisation). For a chief executive, the relevant person might be the board chairperson, responsible Minister, or another senior person in the public organisation. Board members should make a disclosure to the chairperson or deputy chairperson.

4.13 There might be an applicable law or internal policy that requires a disclosure to be lodged in a register. It is always wise to record any disclosure in writing anyway.

4.14 If something significant changes about the official role or the other interest, or the nature of the connection between them, the person should make a further disclosure, in case it is necessary to reconsider any decisions about how to deal with the conflict of interest.

Disclosing conflicts of interest externally

4.15 A public organisation might be under an obligation to disclose some types of interests and potential conflicts of interest publicly.

4.16 For example, an organisation might be required to disclose some matters in its financial statements, to comply with relevant accounting and auditing standards:

PBE IPSAS 20 *Related Party Disclosures* (Public sector Standards), NZ IAS 24 *Related Party Disclosures* (For-profit Standards), and ISA (NZ) 550 *Related Parties*. Those standards require the disclosure of transactions with related parties. In short, a "related party" is someone who has the ability, directly or indirectly, to control or exercise significant influence over the other party.

4.17 Even if there is no legal requirement to publicly disclose an employee or officeholder's interest or conflict of interest, we recommend that public organisations consider the benefits of doing so. We recognise it is unrealistic for a public organisation to publicly disclose all conflicts of interest it is required to manage, and obviously any public disclosure would need to be balanced against the individual's right to privacy.

4.18 However, the value of public transparency should not be underestimated – particularly for those public organisations that spend substantial sums of public money through procurement or grant allocation processes, or in any situation where public trust and confidence is fundamental to that public organisation's ability to continue functioning successfully.

4.19 Many of the complaints made to us about a conflict of interest could have been avoided if the organisation had been more open about the conflict that had arisen and been willing to explain publicly what it was doing about it.

4.20 Options public organisations might want to consider include establishing their own threshold for public disclosure of significant conflicts of interest or disclosing conflicts in the context of significant or high-profile projects or transactions. Also, or alternatively, it might choose to make its policies on dealing with conflicts of interest publicly available.

Deciding on further action

4.21 Simply declaring a conflict of interest is not usually enough. Once the conflict of interest has been identified and disclosed, the public organisation might need to take further steps to remove any possibility – or perception – of public funds or an official role being used for private benefit.

4.22 In our view, responsibility rests with those "at the top" of the organisation. Leaders and senior managers need to model behaviour to the highest standard. It is not enough to have clear policies and processes. These must be seen to be strictly observed and enforced by those in senior positions.

4.23 The public organisation should carefully consider what, if anything, needs to be done to adequately avoid or mitigate the effects of the conflict of interest.

Responsibility to decide next steps

4.24 Usually, it is the public organisation's responsibility to determine the appropriate next steps (and to direct the affected employee or office holder accordingly). It is a matter of risk management. The decision-maker will usually be the person's manager (or other relevant person in relation to disclosure), acting on behalf of the public organisation. The public organisation's chairperson, chief executive, legal advisors, human resources staff, and other managers might need to help make decisions or offer advice to decision-makers. For convenience, we refer to the decision being made by "the public organisation".

4.25 Sometimes the decision about what the person needs to do will be straightforward, because there might be a clear legal requirement or other written rule covering the situation. An example is where there are statutory rules about participating in meetings that apply to members of a governing body. The onus to be aware of the rule, and to comply with it, lies with the person concerned. The judgement is theirs to make.

Action that should be taken to avoid or mitigate

4.26 For each potential conflict, it is important for the public organisation to consider whether something more ought to be done after disclosure. In doing so, the organisation should have regard to the principles (see paragraph 1.5) and the risk of how outside observers might reasonably perceive the situation. It is not safe to assume that a disclosure, and no further action, is always adequate.

4.27 First, if any legal requirement applies, then compliance with that is critical and overriding. For example, where the situation involves a legal requirement about a board member participating in a meeting, the law will usually require the member to refrain from participating in discussions and voting on the matter. There is usually no scope to decide on some lesser mitigation option.

4.28 Secondly, the public organisation should consider whether any relevant policy of the organisation contains a clear rule covering the situation.

4.29 Thirdly, if no relevant legal requirement or policy applies (or after any such rule has been complied with), then the public organisation should also consider whether anything more needs to be done. This is where there might be scope for a range of options. This assessment is a matter of judgement. In especially difficult situations, it might be necessary to seek professional advice and/or consult other published sources of guidance.

4.30 In exercising judgement, the public organisation needs to assess carefully:

- the seriousness of the conflict of interest;
- the level of risk the conflict gives rise to; and
- the range of possible mitigation options.

Assess the seriousness of a conflict of interest

4.31 Several factors might need to be considered in assessing the seriousness of the conflict of interest. They include:

- the type or size of the person's other interest;
- the nature or significance of the particular decision or activity being carried out by the public organisation;
- the extent to which the person's other interest could specifically affect, or be affected by, the public organisation's decision or activity; and
- the nature or extent of the person's current or intended involvement in the public organisation's decision or activity.

4.32 Seriousness is a question of degree. It involves a spectrum of directness and significance – how close and how big. Directness (and its opposite, remoteness) is about how closely or specifically the two interests concern each other. Significance is about the magnitude of the potential effect of one on the other.

4.33 The public organisation might judge that the overlap of the two interests is so slight that it does not really constitute a conflict of interest. In other words, there is no realistic connection between the two interests, or any potential connection is so remote or insignificant that it could not reasonably be regarded as a conflict of interest.

4.34 However, it must be remembered that this judgement is not primarily about the risk that misconduct will occur. It is about the seriousness of the connection between the two interests.

4.35 Similarly, an interest might not be seen as serious if it is a generic interest held in common with the public. That is, the interest is substantially the same kind and size as the interest held by all members – or a large segment – of the public.[7]

Determining appropriate mitigation options

4.36 Judgements made about the seriousness of any conflict of interest will inform the suitable mitigation option. It might also be necessary to take into account the practicability of any options for avoiding or mitigating the conflict.

7 See our good practice guide, *Local Authorities (Members' Interests) Act 1968: A guide for members of local authorities on managing financial conflicts of interest*, for a discussion of the concept of "interest in common with the public" in the context of members of local authorities.

4.37 There is a broad range of options for avoiding or mitigating a conflict of interest. The options (listed roughly in order of lowest to highest severity) include:

- taking no action;
- asking whether all affected parties will agree to the person's involvement;
- seeking a formal exemption to allow participation (if such a legal power applies);
- imposing additional oversight or review over the person;
- withdrawing from discussing or voting on a particular item of business at a meeting, or taking some other steps to limit influence or decision-making powers (for example, they might not take part in decisions but could still provide advice);
- exclusion from a committee or working group dealing with the issue;
- re-assigning certain tasks or duties to another person;
- agreement or direction not to do something;
- withholding certain confidential information;
- placing restrictions on access to information (including, if applicable, post-employment restrictions, such as restrictions under a restraint of trade agreement);
- transferring the person (temporarily or permanently) to another position or project;
- relinquishing the private interest;
- refraining from having further dealings with a person or organisation; and
- resignation or dismissal from one or other position or organisation.

4.38 If the public organisation determines that a situation does not really amount to a conflict of interest after all, or is too indirect or insignificant, it might formally record or declare the disclosure and assessment in some form but take no further action. However, it should not be assumed that this will always be enough. The risk to be assessed is not just the risk of actual misconduct by the person involved but the risk that the public organisation's capacity to make decisions lawfully and fairly might be compromised or its reputation damaged. In making this assessment, the public organisation needs to consider how the situation could reasonably appear to an outside observer.

4.39 It might sometimes be necessary for a person to stay involved in a matter despite having recognised a conflict of interest if the conflict is inevitable and unavoidable and the matter cannot reasonably be dealt with without the person's involvement. That should be rare (and other mitigation options might need to be considered, too). One example is where all the people involved have a conflict of interest.

4.40 Ensuring that the conflicted person is no longer involved in the public organisation's work on the particular matter, through withdrawal, removal, or reassignment, is the most typical mitigation option. Taking one of those steps will usually be enough to adequately manage a conflict of interest.

4.41 Occasionally a conflict of interest might be so significant or pervasive that the person will need to consider giving up one or other interest or role. However, these cases are likely to be uncommon. The other interest needs to be considered in relation to a particular matter coming before the public organisation, so it will not often be necessary to ask, in a general sense, whether a conflict of interest is so great that the person should not remain working for the public organisation at all.

4.42 However, giving up an interest or role might not always deal with a conflict of interest if it happens at a very late stage.[8] In other words, sometimes it might be too late for the person to choose to withdraw from one role or interest in order to be able to carry on with the other one.

4.43 If circumstances change, a decision about whether there is a conflict of interest or how to manage it should be reviewed and might need to change.

4.44 Many situations are not clear-cut and a range of possible judgements could be reasonable. The decision about what to do in any particular case is an internal matter. It is for the public organisation to determine (except if there is a legal obligation on the affected person to determine). But, in the interests of openness and fairness (and to minimise the risk of the public organisation having to defend itself against an allegation of impropriety), it is always safer to be cautious. Once a conflict of interest is recognised, the most common response should be withdrawal or exclusion from considering the matter.

4.45 It is wise to make a written record about any decision.[9] This might include details of the facts, who undertook the assessment, and how and what action was taken as a result. Sometimes risk management might be helped by also considering whether to make an announcement to certain other people, or even publicly, about the conflict of interest and how it has been dealt with.

8 See for example *Collinge v Kyd* [2005] 1 NZLR 847 and *Auckland Casino v Casino Control Authority* [1995] 1 NZLR 142.

9 The State Services Commission's *Model Standards on Conflicts of Interest* require State service agencies to keep formal documentation of mitigation plans, see page 4.

Policies and procedures for managing conflicts of interest

5

Policies and procedures

5.1 All public organisations should establish policies and procedures as a tool for helping them and their employees and office holders identify and deal with conflicts of interest.

5.2 Managing conflicts of interest can never be as simple as creating and enforcing a set of rules. Nevertheless, robust policies and procedures are a useful starting point. They are where people should look first when they are working out whether they have a conflict of interest and what they need do to about it.

5.3 Policies and procedures can provide clear rules for simple and predictable situations, and establish a process for dealing with the more difficult ones. They help reaffirm the public organisation's commitment to the principles associated with managing conflicts of interest, and encourage organisational transparency.

Focus on the public organisation's particular circumstances

5.4 In preparing its policies and procedures, a public organisation needs to take into account the nature of its own particular structure, functions and activities, and any applicable statutory requirements. It needs to consider what its operations are, what fields it operates in, and what sorts of problems or risks might typically arise. For example, does the public organisation do a lot of:

- procurement and contracting;
- allocating grants;
- public consultation; or
- quasi-judicial or regulatory decision-making?

5.5 A blanket policy or process will not necessarily work well for all these functions.

5.6 The public organisation might need to think carefully about who a policy should apply to. Some parts of the policy might be relevant only for board members or certain employees, such as those involved in any of the functions listed above. Some parts might not need to apply to all staff. It might also be prudent to require certain types of contractors or consultants to comply with the policy, even though they are not employees.

5.7 Some situations will be foreseeable and the answer straightforward. For those situations, clear rules could be established in a policy. For example, a public organisation might, depending on the nature of its operations, prohibit employees and office holders from:

- being involved in a decision to appoint or employ a relative;
- conducting business on behalf of the organisation with a relative's company;
- owning shares in or working for particular types of organisation that have dealings with or are in competition with the public organisation;
- making submissions in a public consultation process (on matters that directly relate to the organisation's work);
- deliberating on a public consultation process where the employee or office holder has made a personal submission;
- accepting gifts in connection with their official role; or
- influencing or participating in a decision to award grants or contracts where the employee or office holder is connected to a person or organisation that submitted an application or tender.

Periodic declarations of interests

5.8 One method many public organisations use is to require employees or office holders to regularly (for example, yearly) complete and submit a declaration listing specified personal interests. This is sometimes called an "interests register".[10]

5.9 A declaration in an interests register is not, in itself, a declaration of a conflict of interest. In most cases, it is simply a declaration that someone has an interest that could give rise to a conflict.

5.10 However, an interests register enables relevant managers to be aware of most relevant ongoing interests, and acts as a reminder to people of the need to be alert for conflicts of interest. The register, if reviewed and updated regularly, helps people to monitor situations that could give rise to a conflict of interest, and to identify conflicts of interest at an early stage.

5.11 Placing interests on record is also consistent with the principle of transparency. An interests register can be used to document any agreed mitigations, especially for predictable situations, so that there is a record, if needed later, that both the individual and the organisation have thought about the risks and taken appropriate steps to manage them.

10 See, for example, the interests registers required for Ministers and members of Parliament by the *Cabinet Manual* and the *Standing Orders of the House of Representatives* respectively.

What to cover in policies and procedures

5.12 Policies and procedures should:[11]

- state principles or values that emphasise the organisation's commitment to addressing conflicts of interest and the importance of people in the organisation being alert for such situations;
- establish rules for the most important and obvious actions that people must or must not take;
- establish a mechanism (such as an interests register) for recording those types of ongoing interests that can commonly give rise to a conflict of interest and a procedure for putting this into effect and updating it regularly;
- set out a process for identifying and disclosing instances of conflicts of interest as and when they arise, including a clear explanation of how someone should disclose a conflict of interest and to whom;
- set out a process for managing conflicts of interest that arise, including who makes decisions and perhaps detailing the principles, criteria, or options that will be considered;
- provide avenues for training and advice;
- provide a mechanism for handling complaints or breaches of the policy; and
- specify the potential consequences of non-compliance.

5.13 However, policies and procedures are not enough and cannot anticipate every situation. Also, the seriousness of some situations will be a question of degree and not amenable to a rule. Policies and procedures might need to allow for some flexibility for judgement in individual cases. A policy should not state or suggest that the specific situations it covers are an exhaustive list. Some situations will need to be the subject of discretionary judgements as and when they arise.

11 Some of the publications listed in Appendix 1 contain more detailed guidance on preparing and implementing policies and procedures. See, in particular, the State Services Commission's *Model Standards on Conflicts of Interest*, the Independent Commission Against Corruption's *Managing Conflicts of Interest in the Public Sector in NSW*; and the Organisation for Economic Co-operation and Development's *Managing Conflict of Interest in the Public Service: A Toolkit*.

6 What are the rules?

6.1 Rules and expectations about conflicts of interest might be derived from any or all of:

- legislation;
- common (judge-made) law; and
- general standards and expectations.

6.2 In this Part, we outline some of the main legal and ethical considerations that are likely to apply to managing conflicts of interest and the possible consequences of breaching the applicable rules.

Statutory rules

6.3 Some public organisations are subject to statutory rules that apply to managing conflicts of interest.

6.4 Statutory rules generally regulate conflicts of interest of members of an organisation's governing body, rather than the organisation's employees. If you are on the governing body of an organisation that is subject to one of these Acts, you need to be familiar with the rules that apply to conflicts under that Act.

6.5 Statutory rules commonly do one or more of the following:

- prohibit members from discussing and voting at meetings on matters in which they have an interest;
- require members to disclose interests before appointment, in a register of interests and/or at relevant meetings;
- prohibit members from having an interest in certain contracts with their organisation;
- prohibit members from signing documents relating to matters in which they have an interest; and
- provide mechanisms for seeking exemptions from the general rules.

6.6 Some important statutory rules can be found in the:

- Crown Entities Act 2004;
- New Zealand Public Health and Disability Act 2000;
- Companies Act 1993;
- Local Authorities (Members' Interests) Act 1968; and
- Education Act 1989.

6.7 Appendix 2 sets out summaries of the relevant statutory provisions.

Common law rules

6.8 Conflicts of interest are also regulated under the common law, as part of the general requirement that all public decision-making must be procedurally fair, including being free from the taint of bias and predetermination.

6.9 The common law's rule against bias has two main goals:

- First, it ensures that the best decision is made based on relevant information and arguments, not ulterior motives or prejudices.
- Secondly, it ensures that people affected by, or interested in, a decision have trust and confidence in the process – meaning they are more likely to accept a decision once it is made.

6.10 The rule against bias operates both to avoid actual bias and to avoid any appearance of bias. The principle is that justice should not only be done but it should also be seen to be done.

6.11 The courts usually approach bias by asking the following question:

> *Would a fair-minded observer reasonably think that the decision-maker or member of the decision-making body might not bring an impartial mind to the decision, in the sense that they might unfairly treat someone's case with favour or disfavour?*[12]

6.12 Also, under the common law, a person who has a fiduciary obligation towards someone else (such as a trustee of a trust or director of a company) is not allowed to put themselves in a position where their official role conflicts with their personal interests.

6.13 The principles that have been developed through the common law are relevant to managing conflicts of interest, even where there is a statutory rule in place, because the common law is likely to influence how the statutory rule is interpreted.

6.14 Appendix 3 sets out a list of some New Zealand court cases that consider conflicts of interest.

General standards and expectations

6.15 As stated in Part 1, public business should be conducted with a spirit of:

- integrity;
- impartiality;
- accountability;
- trustworthiness;
- respect; and
- responsiveness.

12 *Saxmere Company Ltd v Wool Board Disestablishment Company Ltd* [2010] 1 NZLR 35; [2010] 1 NZLR 76.

6.16 As well as legal requirements, all decisions about conflicts of interest need to be guided by ethical principles. A lack of integrity in relation to conflicts can impact the culture of an entire team. At an extreme end, the normalising and acceptance of conflicts can permeate throughout a team and facilitate criminal corruption.[13]

6.17 There is no single source of rules or expectations specifying what constitutes ethical behaviour for all situations or all public organisations. Any rules or expectations applying to a particular situation might come from a variety of sources, including:

- the organisation's founding or constituting document;
- the organisation's code of conduct or relevant internal policies and procedures, such as those about procurement decisions;
- other sets of mandatory requirements that apply to the public sector or a particular part of it (such as the *Code of Conduct for the State Services*, the *Cabinet Manual*, the State Services Commission's *Board Appointment and Induction Guidelines*, or the *Government Procurement Rules*);
- relevant clauses in an employment agreement or contract for services;
- rules of conduct or codes of practice applying to members of a profession or industry;
- general guidance or good practice guides (such as this one);
- customary practice and behaviour in the public sector or a particular part of it;
- commonplace understandings of the concepts of integrity, impartiality, accountability, trustworthiness, respect, and responsiveness; and
- analogies drawn from legal rules that apply to similar situations.

6.18 Appendix 1 sets out a list of other useful sources of guidance.

Consequences if the rules or expectations are breached

6.19 A poorly managed conflict of interest can have consequences for both you and the organisation you work for.

6.20 If you are a member of a governing body, breaching a statutory rule might constitute grounds for your removal from office. It might constitute an offence. Sometimes, the law provides that a transaction of the public organisation might be able to be cancelled. Some matters might adversely affect the public organisation's audit report.

13 *R v Borlase & Noone* [2016] NZHC 2970. In this case, the court found that there were adequate conflicts of interest policies, but they were not appropriately observed. This led to "the insidious corruption of officials" noted by Fitzgerald J at [131].

6.21 If an organisation's decision is tainted by bias, the courts may declare the decision invalid or may prevent a person from exercising a power. The risk, delay, and expense in defending a decision against a legal challenge can be significant.

6.22 More often, if a conflict of interest is not handled well, there is a risk that you, your managers, and the organisation you work for might become the subject of public criticism by politicians, the media, or members of the public. A regulatory agency may conduct a formal inquiry into the public organisation. If you are an employee, the organisation might have grounds for taking disciplinary action against you.

6.23 A public scandal could be severely damaging to the public organisation's reputation and could lead to people losing their jobs.

7 Conflicts of interest in everyday life

7.1 In this Part, we show how conflicts of interest can arise in our everyday lives and provide guidance about the matters that should be considered:

- Scenario 1: Funding for a club
- Scenario 2: Family connection to a tenderer for a contract
- Scenario 3: Employment of a relative
- Scenario 4: Public statements suggesting predetermination
- Scenario 5: Decision affecting land
- Scenario 6: Gifts and hospitality
- Scenario 7: Making a public submission in a private capacity
- Scenario 8: Mixing public and private roles
- Scenario 9: Personal dealings with a tenderer for a contract
- Scenario 10: Duties to two different organisations
- Scenario 11: Professional connection to a tenderer.

7.2 The scenarios are intended to show the range of situations that can occur and the issues that might need to be considered in assessing their seriousness and deciding how to manage them. They are examples, not rules. In reality, sometimes a small difference in context or detail can make a critical difference. People will have to use their own judgement.

Scenario 1: Funding for a club

7.3 Sam is a grants officer for a Crown entity that funds environmental projects in the community. In her role, she does the initial assessment of applications and writes reports for the committee that will consider and decide on each funding round. She also monitors the use of the funding.

7.4 Sam is also a member of a small local residents' association. The association has applied for funding to clean up a local stream and plant native shrubs.

7.5 Normally, this application would be one that Sam would deal with in her work.

7.6 There is a conflict of interest here. Someone could reasonably allege that Sam's likely desire for her association to be successful in its bid might mean that she will not be completely impartial in the way she analyses this application (and the other applications that are competing for the same pool of money). The decision to be made is specifically about the residents' association, and probably affects its funding in a significant way.

7.7 Sam should tell her manager about her personal connection to this application. Sam's manager should consider the nature of Sam's role in processing these sorts of applications, whether her position has a significant influence on decision-making, and whether someone else in the organisation could work on the particular application.

7.8 It might be prudent for Sam's manager to ensure that all of the applications for this particular set of funding (including the applications from others) are processed by someone else. If the manager takes this view, it might also be preferable that the other person is not someone Sam manages. If the application from Sam's association is successful, Sam might also need to be excluded from administering that grant.

7.9 Alternatively, it could be that no steps are warranted because Sam's role is a low-level administrative one and all the substantive analysis is done by others. Another possibility is that the above steps are impracticable, because Sam is the only person in the organisation who can do the work. In that case, some other option (such as carrying out an additional peer review of her work on the matter) might have to be used.

7.10 In this scenario, there is a conflict of interest even though Sam is not one of the leaders of the residents' association, did not prepare the application, does not personally have a financial interest in the matter, and believes she could still consider all applications fairly and professionally. The association is small, so Sam is likely to know its leaders well and work closely with them. However, the situation might be different if the association was a large nationwide organisation like Rotary, and the application was from a different branch of that organisation.

Scenario 2: Family connection to a tenderer for a contract

7.11 Hoani is a project manager for a district health board (DHB). The DHB contracts out some functions to private providers. As part of his role, Hoani is running a tender process to find a new provider of certain health services.

7.12 Hoani's brother-in-law, who he knows well, is the managing director and a significant shareholder of one of the private companies that is tendering for the contract.

7.13 There is a conflict of interest here. It is not a financial conflict of interest, because Hoani is not involved in the tendering company and is not financially dependent on his brother-in-law. But the family connection to the company is a reasonably close one, and the decision to be made by the DHB directly relates to the company. Hoani is likely to have feelings of loyalty to his brother-in-law (or at least this would be a likely perception).

7.14 Hoani should tell his manager about his personal connection to the tendering company, and the manager should get someone else to manage this tender process. It might also be prudent to take steps to ensure that Hoani does not have access to information about the other tenders or any confidential information about this tender process.

7.15 It matters that Hoani's relative has an important role at the tendering company. The approach might be different if the relative was in a much more junior position and was not personally involved in the company's tender, especially if the company was a large one. The approach might also be different if the person involved was a distant relative whom Hoani had met only a few times in his life. Assessing the closeness of a personal connection to someone (or the appearance of such closeness) requires careful judgement.

Scenario 3: Employment of a relative

7.16 Stephanie is the principal of a secondary school in a small town. She takes a leading role in hiring staff.

7.17 A vacancy has arisen for the position of finance manager and Stephanie's husband is interested in applying for the position.

7.18 Stephanie has a conflict of interest here. The school needs to employ staff on merit, and must avoid perceptions of undue influence or preferential treatment in appointment decisions.

7.19 Stephanie needs to tell the chairperson of the school's board of trustees about the situation. The board should ensure that this appointment process is handled entirely by others, and that Stephanie has no involvement in the process. Because of Stephanie's own position, the board needs to take extra care to ensure that the process is truly transparent and competitive, so that all suitably qualified people are able to apply and be fairly considered, and that there can be no reasonable suggestion that Stephanie might have influenced the decision from behind the scenes.

7.20 But managing the appointment is not the only type of conflict of interest that needs to be considered carefully by the school. Issues are also likely to arise in the ongoing working relationship, where there are matters that directly affect or involve both Stephanie and her husband.

7.21 It is a fact of life that there will be times when two people who are related – or who are in a personal relationship – will work for the same organisation. That is not usually improper in itself. Indeed, it would often be wrong for someone to be disadvantaged simply because of who they are related to, especially in a large organisation where the two people do not work closely together each day.

7.22 However, sometimes – and depending on the nature of the position – appointing someone who is a relative could cause difficulties, even where a fair process has been followed. This is because it can create a risk of a lack of independence, rigour, and professionalism in ongoing decision-making. In a public organisation, it would usually be unwise for relatives to hold two of the most senior positions, or to hold positions that are in a direct reporting relationship.

7.23 In Stephanie's husband's situation, the school's board should consider whether it would be able to manage the frequent and significant conflicts of interest that would be likely to arise if Stephanie's husband were to be appointed. The two roles are senior ones and likely to involve a direct reporting relationship (or at least a lot of working closely together on managing the school's finances).

7.24 It can be difficult to decide the fairest course of action in these situations. Here, the board might well decide not to appoint the husband because it would be too difficult and complicated to manage the likely ongoing conflicts of interest.

Scenario 4: Public statements suggesting predetermination

7.25 Ruth is an elected member of a district council. She sits on the council's planning hearings committee, which considers and decides on resource consent applications.

7.26 During the last election campaign, Ruth pledged to oppose an ice-skating rink that a developer hoped to build in town. One of her published campaign pledges was "Ruth will sink the rink". Later, she declared in the local newspaper that the proposal would succeed "over my dead body". The developer has now applied to the council for resource consent to build the rink, and the application is about to be considered by the planning hearings committee.

7.27 Ruth's previous comments are likely to mean that she is biased. Even if she is not biased, there will certainly be a strong public perception that she is. If she takes part in decisions about the resource consent application, the developer could argue that it has not had a fair and impartial hearing, because one of the decision-makers had a predetermined view. The council's decision could be open to legal challenge on the grounds of bias.

7.28 Ruth should stand down from the planning hearings committee when it considers this application. (If she refused to do so, and the council was concerned about the legal risk to its decision that her involvement would cause, the council might be able to resolve to remove her from the committee.)

7.29 Although local body politicians can be expected to take office with pre-existing views and policies on a wide range of matters, their role sometimes requires them to act judicially. When acting in that capacity, they should take extra care not to express views in a way that suggests their mind is firmly made up about such a matter before having heard all views, or that their position is so fixed that they are unwilling to fairly consider the views of others, or that they are not prepared to be persuaded by further evidence or argument.

7.30 The type of function being exercised is relevant to whether the line has been crossed. In Ruth's case, a strict standard needs to be applied because the council is acting in a regulatory capacity, and because a resource consent grants the holder a legal right. The council needs to follow a fair process and make its decision on lawful grounds that comply with the Resource Management Act 1991, because it is making a decision that could be appealed to the Environment Court or be subject to judicial review by the High Court.

Scenario 5: Decision affecting land

7.31 Tom is a civil engineer and works for a State-owned enterprise (SOE) that is responsible for a national infrastructure network of gas pipes. The SOE is planning to build a major pipeline to increase supply capacity from a refinery to a large city.

7.32 The pipeline has to cross a distance of 300 kilometres, and the SOE has come up with several different options for the route of the pipeline, which the SOE will now consider in more detail. The SOE has to acquire land – compulsorily if necessary – along its chosen route. The project is opposed by many people who live along the possible routes, who fear the pipeline will adversely affect the natural environment and devalue their remaining land. Tom has worked on a number of areas of the project, and has now been appointed to the Route Options Working Group that will assess the route options and make a recommendation to the board.

7.33 Tom is also part-owner of a farm that lies directly in the path of one of the route options.

7.34 Tom has a conflict of interest here. He has a personal stake in the decision about which route to choose, because his land could be affected. Although the working group does not make the final decision, it has an important role in analysing the route options and making a recommendation.

7.35 Tom needs to tell his manager that he has an interest in a property affected by one of the options. Tom's role will have to be considered carefully. It might be that Tom does not mind whether the pipeline ends up crossing his land – he might not share any of the concerns of the project's opponents. He might believe that he could contribute conscientiously to the working group to help it arrive at the best technical answer. But his manager should bear in mind the risk that, if Tom's personal connection becomes publicly known, others might easily think that it could affect his views or actions.

7.36 His manager might have to remove him from the working group and assign him to other tasks. (There might be other aspects of the project that Tom could work on, which have no connection to the question of which route to choose.) It might also be wise to ensure that Tom does not have access to confidential information about the decision before it is made public, in case he is considering selling his land.

7.37 Alternatively, Tom's expertise might be indispensable to the project, or he might have a small part in the overall process. Some other options might therefore need to be considered (such as only partly limiting his role, or imposing extra supervision).

Scenario 6: Gifts and hospitality

7.38 Rawiri works in the corporate services division of a government department. As part of his role, he manages the department's contractual relationship with its rental car provider. The arrangement with this supplier has been in place for several years, so the department has decided to re-tender the contract. Rawiri has told the current provider that he will soon be inviting expressions of interest for a new contract.

7.39 Rawiri has regular relationship management meetings with the current provider. At a recent meeting, the provider offered to fly him to another city to inspect a new fleet of cars that will shortly be available, and said that Rawiri could have complimentary corporate box tickets to a rugby test match that happened to be on that night, and stay on for the weekend in a downtown hotel.

7.40 This situation creates risks at any time, but especially given the imminent tender process. Rawiri might not be seen as impartial if he is involved in choosing the new supplier. A competitor could allege that Rawiri is being given an inducement or reward in the implicit expectation that he will look more favourably on the current provider in the coming tender round (or that he will receive further gifts if the current provider is successful).

7.41 Rawiri should discuss the offer with his manager, and carefully consider the department's policy on gifts and hospitality.[14] Given the circumstances, it would not be appropriate to accept the offer of the sports tickets and hotel accommodation. With the offer to be flown to another city to inspect the new fleet of cars, careful consideration should be given to whether business reasons

14 Most organisations will have an internal policy that sets out in detail what is or is not acceptable in this area. See also our publication *Controlling sensitive expenditure: Guidelines for public entities* (available at oag.parliament.nz), and the State Services Commission's 2018 publication *Chief Executive Gifts, Benefits and Expenses* (available at ssc.govt.nz).

can justify the visit. (If it goes ahead, the public organisation might decide to offer to pay the cost of it.) If other forms of gift or hospitality have already been accepted, the appropriateness of Rawiri having a role in the coming tender process might need to be reconsidered, too.

7.42 This does not mean that gifts must always be refused. It is reasonable to consider the value or nature of the gift and extent of personal benefit (for example, it might be acceptable to accept a gift that is inexpensive and widely distributed). The context and reason or occasion for the gift is relevant, too. For an organisation that operates in a more commercial environment, some types of gift or hospitality might be seen as a necessary element in maintaining relationships with stakeholders and clients. However, in Rawiri's case, the risk is higher because of the proximity to the coming tender round where a strict and fair process will need to be followed and be seen to be followed (and because the justification for at least some elements of the offer appears dubious).

Scenario 7: Making a public submission in a private capacity

7.43 Ken is an elected member of a city council. The council is proposing to adopt a new bylaw on the location of brothels. As it is required to carry out a formal public consultation process on its draft bylaw, the council has invited written submissions and will hold a public hearing where submitters can make an oral presentation to a council committee. The adoption of the bylaw will be decided by a vote of the full council.

7.44 Ken feels strongly about the draft bylaw, and wishes to lodge a submission.

7.45 This situation might create a conflict of interest for Ken.

7.46 Some public organisations will have a code of conduct or policy that prohibits their members or officials from making public submissions to the organisation in a private capacity.[15]

7.47 Assuming that Ken will not be breaching the council's code of conduct, he will be entitled to exercise his democratic right to make a submission, like any other private citizen. But, if he does so, he should not participate in the council's decision on whether to adopt the draft bylaw; nor should he sit on the committee that hears and considers the submissions. Otherwise, his behaviour could indicate predetermination.

7.48 Ken would create the perception that he is attempting to act as both an interested party and a decision-maker on the same matter or, in other words, acting as a

15 In particular, senior officials – or officials who work in policy roles – in the public service need to take extra care to maintain their political neutrality.

judge in his own cause. The council's decision could be open to legal challenge on the ground of bias.

Scenario 8: Mixing public and private roles

7.49 Antonia is a senior scientist working for a Crown research institute (CRI). The CRI has developed a new product that has significant revenue-earning potential, and Antonia has worked on the product as part of her role in the CRI. However, the CRI needs help in manufacturing and marketing the product on a large scale, so plans to enter into a joint venture with a private company. The CRI is considering appointing Antonia as one of its representatives on the governing body of the joint venture.

7.50 Coincidentally, Antonia is also a shareholder in the private company that will be the CRI's joint venture partner (although she had no role in the CRI's selection of it).

7.51 The situation creates a conflict of interest for Antonia. She stands to benefit from the financial success of the private company. The fact that there might be no direct disadvantage to the CRI (because the joint venture partners are working together, hopefully for their mutual benefit) does not remove the conflict of interest. Her interests in both the CRI and the private company could create confusion about her role and primary loyalty. She could be accused of using her official position in a way that advances her own private interests.

7.52 Antonia needs to tell her manager. It will probably be necessary for Antonia not to be given any major role in governing or managing the joint venture while she has an interest in the private company.

7.53 Antonia's manager might also need to think carefully about what other work, if any, it is appropriate for Antonia to do on the project in her capacity as a CRI employee. This decision might not be clear-cut. Antonia might be the best person in the CRI to carry out certain tasks, but the risk is that she could be regarded as spending a large part of her time as an employee of a public organisation, and using the CRI's resources, to carry out work that has a significant element of private benefit for her.

7.54 Antonia's manager might judge that some involvement in the project is acceptable (or even necessary), but it might also be desirable to confine this. For example, Antonia's role could be changed so that she does not have the ability to influence decisions about how the joint venture and project are run. Alternatively, Antonia might be asked to give up one of her roles – that of employee or that of shareholder.

7.55 If circumstances changed to a point where the CRI and the private company became direct competitors with each other, then Antonia's situation might become even more difficult (especially if she remains in a senior position at the CRI, or is still involved in this particular area of work). In that case, it might become necessary for Antonia's manager to insist on divestment of one or other role – either that she relinquish her private interest or leave her job.[16]

Scenario 9: Personal dealings with a tenderer for a contract

7.56 Sandra is a consultant who specialises in project management. Her services have been engaged by a government department to help it carry out a new building project. As part of this role, Sandra has been asked to analyse the tenders for the construction contract and provide advice to the department's tender evaluation panel.

7.57 Sandra has a lot of personal knowledge about one of the tenderers for the construction contract. She used that firm to build her own house last year, and she is currently using it to carry out structural alterations on several investment properties that she owns. Because of this, she knows the directors of the company very well, and has a high regard for their work.

7.58 This situation might create a conflict of interest for Sandra. She is expected to impartially and professionally assess each of the tenders, yet she could be regarded as being too close to one of the tenderers.

7.59 In Sandra's case, it is probably unwise for her to play a role in selecting the tenderer. (This might or might not require ending the consultancy arrangement altogether, depending on what else Sandra has been engaged to do.) Her dealings with the firm are recent and significant. The risk is that, if this firm wins the contract, Sandra's personal connections with it might allow someone to allege that the department's decision is tainted by favouritism.

7.60 These sorts of situations are not always clear-cut. Particularly in small or specialised industries, people often have had some degree of personal knowledge of, or previous dealings with, other people or organisations that they have to make decisions about. That is not necessarily wrong. Indeed, they will often be chosen for this role precisely because of their experience or expert knowledge, and that might include general impressions about the reputation or competence of others. So, sometimes, these sorts of connections might be judged to be too remote or insignificant. For instance, in this case, the response would probably be different if the firm's private work for Sandra had been a single, smaller job carried out several years ago.

16 If the private company regularly carries on business in the same general industry as the CRI, the CRI might have an internal policy prohibiting Antonia from being involved in such a company anyway.

7.61 To take another similar example, careful judgement would also be necessary if the connection was instead that the tendering firm was run by a friend or acquaintance of Sandra. For example, it might be improper for Sandra to be involved in assessing the tenders if the firm was run by a friend she had known for many years and who had attended her wedding. By contrast, there might not be any problem if Sandra simply knew the person in a casual way through membership of the same sports club.

7.62 Further careful judgements might be necessary if Sandra had worked for the firm. For instance, the situation might be problematic if she had been a full-time employee in the last year, or was also currently providing significant consultancy advice to the firm on another matter. On the other hand, it might not be problematic if she had worked for the firm several years ago, or if she had provided only occasional pieces of consultancy advice in the past.

7.63 This scenario also shows that public organisations need to think about whether and how to manage conflicts of interest that arise for someone who is not a member or employee, but is instead a consultant or contractor. Sandra's role is important to the department and affects an important decision it has to make, and so can expose the department to legal and political risk. She should be required to agree to abide by the relevant conflict of interest policy for staff. The departmental manager who oversees her work should ensure that she understands the policy, and should monitor her in the same way as an employee.

Scenario 10: Duties to two different organisations

7.64 Jean-Paul is a member of the council of a tertiary education institution (TEI). The TEI has some contracting arrangements with private organisations to help to deliver some educational courses. One of those arrangements is with a charitable trust, under which the trust is funded by the TEI to prepare, administer, and teach the course on behalf of the TEI. However, the TEI is now about to decide whether to discontinue this arrangement.

7.65 Jean-Paul also happens to be one of the trustees of the charitable trust.

7.66 Jean-Paul has a conflict of interest in this decision. He might not be affected personally by the decision, but the trust will be, and he is closely associated with the trust. (The conflict of interest might be particularly acute if the course is a significant source of the trust's funding and ongoing viability.)

7.67 Also, as a member of the governing body of the TEI, Jean-Paul has a duty to act in the best interests of the TEI, but, as a trustee, he also has a duty to act in the best interests of the trust. In this scenario, the best outcome for one organisation might not be the best outcome for the other, and so it might be impossible for Jean-Paul to faithfully give effect to his obligations to both organisations.

7.68 Jean-Paul should declare a conflict of interest at relevant meetings of the TEI's council, and refrain from discussing or voting on the TEI's decision. It might be wise for him not to be provided with confidential information about the matter. Jean-Paul might also need to consider whether he has a conflict of interest in the matter at meetings of the trust.

Scenario 11: Professional connection to a tenderer

7.69 Viliami works for a large multi-disciplinary professional services firm. Viliami, through his firm, has been engaged by an SOE to help it choose a contractor to manage a major land development project. Viliami is the person who will provide expert advice to the panel that considers tenders.

7.70 Another division of Viliami's firm wishes to submit a tender for the project.

7.71 There is a conflict of interest here. Viliami will be providing advice about a matter that affects his own firm. Viliami does not personally have two conflicting roles, but his firm does, and that creates a problem for him.

7.72 In some situations involving organisational connections, different individuals in the organisation can be managed by insisting on a separation of roles and information. Because this process is not always entirely satisfactory, it is best reserved for situations when the connection is almost inevitable or the risk is very low. In this scenario, the connection is fairly direct, even though Viliami will not be one of the individuals managing the project. Another tenderer might object that he is unlikely to be impartial. The risk of challenge could be high, especially if the project is worth a lot of money.

7.73 Viliami should discuss the matter with the relevant manager in the SOE. If his firm's tender is to be considered, it is likely that Viliami will not be able to continue with his role. Alternatively, when it first engaged Viliami's services, the SOE could have insisted on a condition that his firm would not be permitted to tender for the project.

Appendix 1
Other sources of guidance

Some of the material listed here comes from other countries. Although it is useful, the overseas material has been written for an environment that might have different legal rules or public expectations.

New Zealand

- State Services Commission (2007), *Code of Conduct for the State Services*, Wellington (available at www.ssc.govt.nz).
- State Services Commission (2019), *Conflicts of Interest*, Wellington (available at www.ssc.govt.nz).
- State Services Commission (2015), *Board Appointment and Induction Guidelines*, Wellington (available at www.ssc.govt.nz).
- Cabinet Office (2017), *Cabinet Manual*, Wellington, paragraphs 2.53-2.81 (available at www.dpmc.govt.nz).
- Controller and Auditor-General (2020), *Local Authorities (Members' Interests) Act 1968: A guide for members of local authorities on managing financial conflicts of interest*, Wellington (available at www.oag.parliament.nz).
- House of Representatives (2017), *Standing Orders of the House of Representatives*, Wellington, Standing Orders 163-166 and Appendix B (available at www.parliament.nz).

Australia

- Australian Public Service Commission (2017), *Values and Code of Conduct in Practice*, Canberra (available at www.apsc.gov.au).
- Independent Commission Against Corruption (2019), *Managing Conflicts of Interest in the Public Sector in NSW*, Sydney/Brisbane (available at www.icac.nsw.gov.au).
- Independent Commission Against Corruption/Crime and Misconduct Commission (2004), *Managing Conflicts of Interest in the Public Sector: Guidelines*, Sydney/Brisbane (available at www.integrity.qld.gov.au).
- Independent Commission Against Corruption/Crime and Misconduct Commission (2004), *Managing Conflicts of Interest in the Public Sector: Toolkit*, Sydney/Brisbane (available at www.integrity.qld.gov.au).
- Integrity Coordinating Group (2011), *Conflict of interest guidelines*, Perth (available at www.opssc.wa.gov.au).
- New South Wales Ombudsman (2017), *Recognising and managing conflict of interests*, Sydney (available at www.ombo.nsw.gov.au).

Canada

- Government of Canada (2011), *Values and Ethics Code for the Public Service*, Ottawa (available at www.tbs-sct.gc.ca).
- Government of Canada (2015), *Apparent Conflicts of Interest*, Ottawa (available at www.tbs-sct.gc.ca).

OECD

- Organisation for Economic Co-operation and Development (2003), *OECD Guidelines for Managing Conflict of Interest in the Public Service*, Paris (available at www.oecd.org).
- Organisation for Economic Co-operation and Development (2005), *Managing Conflict of Interest in the Public Service: A Toolkit,* Paris (available at www.oecd.org).

Appendix 2
Some important statutory rules about conflicts of interest

The descriptions that follow provide a summary of some important statutory provisions, and enable a comparison between them. They are necessarily brief and general in nature, and involve some paraphrasing. They are not a comprehensive statement of the relevant law. Readers wanting to apply the rules to a particular situation should refer to the wording of the relevant statute or seek legal advice.

The Acts discussed in this Appendix are the:

- Crown Entities Act 2004;
- New Zealand Public Health and Disability Act 2000;
- Companies Act 1993;
- Local Authorities (Members' Interests) Act 1968; and
- Education Act 1989.

Crown Entities Act 2004

The relevant provisions in this Act apply to members of boards of statutory entities (as that term is defined in the Act), except for district health boards.[17]

Before appointment, a prospective member must disclose to the Minister the nature and extent of all interests that they have, or are likely to have, in matters relating to the organisation.

A member who is "interested in a matter" relating to the organisation must disclose the nature and value (or extent) of the interest. The disclosure must be made in the interests register, and to the chairperson (or deputy or Minister, in some cases). Standing disclosures (disclosures with ongoing effect) may be made. The member must not vote or take part in any discussion or decision of the board or any committee relating to the matter, nor otherwise participate in an activity of the organisation that relates to the matter, nor sign related documents.

A member is "interested" in a matter if they (or their spouse, civil union partner, de facto partner, child or parent) might derive a financial benefit from it; or if they may have a financial interest in (or are a partner, director, officer, board member or trustee of) a person to whom the matter relates; or if they are otherwise directly or indirectly interested in the matter. Certain exceptions apply, including where the member is a member or officer of a subsidiary, or where the interest is so remote or insignificant that it cannot reasonably be regarded as likely to influence them in carrying out their responsibilities.

17 See sections 7, 10, 31, 53, 59, and 62-72.

The board must notify the Minister of a failure to comply with these provisions, and the member might be removed from office. In some cases, the organisation may be able to cancel a transaction that was entered into in breach of the conflict of interest rules.

The chairperson (or deputy or Minister, in some cases) may grant written permission for one or more members to act despite their interest in a matter. Such permission must be disclosed in the organisation's annual report.

For more information about these provisions, see the State Services Commission's 2015 publication *Board Appointment and Induction Guidelines*.

New Zealand Public Health and Disability Act 2000

The relevant provisions in this Act apply to members of boards of district health boards (DHBs).[18]

Before appointment or election, a prospective member must disclose to the Minister or electoral officer, and in the interests register, all conflicts of interest that they have, or are likely to have, in matters relating to the DHB. A person who fails to disclose a material conflict of interest before accepting nomination as a candidate for election is disqualified from membership.

A member who is "interested" in a transaction of the DHB must disclose the nature of the interest to the board. The disclosure must be recorded in the minutes and in the interests register. The member must not vote or take part in any deliberation or decision of the board relating to the transaction, nor sign related documents. (The definition of being "interested in a transaction" is similar to the definition of being "interested in a matter" under the Crown Entities Act. One difference is that it excludes an interest in a party that is – or is owned by – a publicly owned health and disability organisation.)

A member who fails to comply with these provisions might be removed from office.

The other members of the board may decide to permit the member to participate in the board's deliberations (but not its decision) about the transaction. Certain matters about the permission must be recorded in the minutes.

The Minister may waive or modify the prohibition on participation for particular members or transactions or classes of transactions. A copy of any such waiver or modification must be presented to the House of Representatives.

18 See sections 6, 21, and 29, clauses 6 and 17 of Schedule 2, and clauses 36-37 of Schedule 3. In addition, section 31 of the Crown Entities Act 2004 applies to appointed members. Sections 53 and 59 of that Act also apply to members.

Companies Act 1993

This Act applies to company directors.[19]

A director who is interested in a transaction or proposed transaction with the company must disclose the nature and value (or extent) of the interest (unless the transaction is between the director and the company and is in the ordinary course of business on usual terms and conditions). The disclosure must be made in the interests register and to the board. Standing disclosures may be made.

A director is "interested" in a transaction if they:

- are party to it or may derive a material financial benefit from it;
- have a material financial interest in another party to it;
- are a director, officer, trustee, parent, child, spouse, or civil union partner or de facto partner of another party to it (or person who may derive a material financial benefit from it); or
- are otherwise directly or indirectly materially interested in the transaction.

Certain exceptions apply, including in relation to subsidiaries and remuneration.

It is an offence for a director to fail to comply with these provisions. In some cases, the company might be able to cancel a transaction in which a director was interested.

Subject to the constitution of the company, a director who is interested in a transaction may vote on a matter relating to it (and do other things relating to it in their capacity as a director).[20]

Local Authorities (Members' Interests) Act 1968

This Act applies to members of the governing bodies of city councils, district councils, regional councils, community boards, and a range of other public bodies. It also applies to members of their committees.

A person is disqualified from being a member of the local authority (or a committee) if they are concerned or interested in contracts with the authority under which the total payments made, or to be made, by or on behalf of the authority exceed $25,000 in any financial year.

It is an offence for the person to act as a member of the local authority while disqualified.

19 See sections 139-144. In relation to Crown entity companies, see also section 90 of the Crown Entities Act 2004 about disclosures before appointment.

20 However, this provision does not override the duty under section 131 to act in good faith and in the best interests of the company: see *Hedley v Albany Power Centre (No. 2)* (2006) 9 NZCLC 264,095.

The Auditor-General may grant prior approval and, in limited cases, retrospective approval, of a member's interest in contracts, which has the effect of suspending the contracting rule in relation to that case.

A member of the local authority (or a committee) must not vote on, or take part in the discussion of, a matter before the authority in which they have a financial interest, other than an interest in common with the public (the non-participation rule). Certain exceptions apply. When the matter is raised at a meeting, the member must declare that they have a financial interest in it and the minutes must record the fact of the disclosure and abstention.

It is an offence for a member to breach the non-participation rule and, if convicted, they automatically vacate office.

The Auditor-General may grant an exemption or declaration, in a limited range of situations, which allows a member to participate in a matter in which they have a financial interest.

In some cases, a member who is associated with a company is deemed to share any interests of that company. A member can also have a deemed interest through their spouse, civil union partner or de facto partner.

For more information about this Act, see our 2020 publication *Local Authorities (Members' Interests) Act 1968: A guide for members of local authorities on managing financial conflicts of interest* (available at oag.parliament.nz).

Education Act 1989

The relevant provisions in this Act apply to members of school boards of trustees,[21] and TEI councils[22].

Before appointment or election, a prospective school board trustee must confirm that they are eligible to be a trustee.

A person is disqualified from being a trustee of the board (or member of a committee) if they are concerned or interested in contracts with the board under which the total payments made, or to be made, by or on behalf of the board exceed a specified amount (currently $25,000) in any financial year.

In some cases, a trustee who is associated with a company is deemed to share any interests of that company.

The Secretary for Education may grant approval of a contract, which has the effect of suspending the contracting rule in relation to that case.

21 See sections 103, 103A, and 103B, and clause 40 of Schedule 6.

22 See sections 174 and 175.

A trustee must be excluded from any meeting of the board while it discusses, considers, or decides on a matter in which they have a financial interest or any interest that might reasonably be regarded as likely to influence them in carrying out their duties and responsibilities. However, they may attend to give evidence, make submissions, or answer questions.

Members of TEI councils are required to disclose their financial interests in any matters being considered by the council, and cannot participate in discussions or decisions on the matter unless the council decides otherwise. The council may dismiss a member who, without reasonable excuse, breaches that provision.

Appendix 3
Leading New Zealand court cases that consider conflicts of interest

- *Auckland Casino v Casino Control Authority* [1995] 1 NZLR 142 (CA)
- *Back Country Helicopters v Minister of Conservation* [2013] NZHC 982; [2013] NZAR 1474
- *Calvert & Co v Dunedin City Council* [1993] 2 NZLR 460 (HC)
- *Collinge v Kyd* [2005] 1 NZLR 847 (HC)
- *Diagnostic Medlab v Auckland District Health Board* [2007] 2 NZLR 832 (CA)
- *Enterprise Miramar Peninsula Inc v Wellington City Council* [2018] NZCA 541; [2019] 2 NZLR 501
- *Erris Promotions v Commissioner of Inland Revenue* (2003) 16 PRNZ 1014 (CA)
- *Friends of Turitea Reserve Society Inc v Palmerston North City Council* [2008] 2 NZLR 661 (HC)
- *Howe v Keown* [2011] NZAR 764 (HC)
- *Man O'War Station v Auckland City Council (No 1)* [2002] 3 NZLR 577 (PC)
- *Meadowvale Stud Farm v Stratford County Council* [1979] 1 NZLR 342 (HC)
- *Muir v Commissioner of Inland Revenue* [2007] 3 NZLR 495 (CA)
- *NZI Financial Corporation v NZ Kiwifruit Authority* [1986] 1 NZLR 159 (HC)
- *Otago University Students Association v University of Otago* [2009] 2 NZLR 38 (HC)
- *Pratt Contractors v Transit New Zealand* [2005] 2 NZLR 433 (PC)
- *R v Borlase & Noone* [2016] NZHC 2970
- *Riverside Casino v Moxon* [2001] 2 NZLR 78 (CA)
- *Save Chamberlain Park Inc v Auckland Council* [2018] NZHC 1462
- *Saxmere Company Ltd v Wool Board Disestablishment Company Ltd* [2010] 1 NZLR 35; [2010] 1 NZLR 76 (SC).

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Controller and Auditor-General
Tumuaki o te Mana Arotake

Appendix 5

Local Authorities (Members' Interests) Act 1968: A guide for members of local authorities on managing financial conflicts of interest

Photo acknowledgement:
Chris Tse

Local Authorities (Members' Interests) Act 1968: A guide for members of local authorities on managing financial conflicts of interest

This is a good practice guide, published under section 21 of the Public Audit Act 2001.

June 2020

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Contents

Auditor-General's overview

E ngā mana, e ngā reo, e ngā karangarangatanga maha o te motu, tēnā koutou.

The Local Authorities (Members' Interests) Act 1968 (the Act) helps protect the integrity of local government by ensuring that local authority members cannot take advantage of their official position for personal financial gain.

Although the principle underlying the Act is relatively simple, the detail of the rules and the various exemptions are complex. The Act is somewhat out of date and difficult to understand, and the rules are not always easy to apply in a modern local government context. However, local authorities and their members need to understand the Act, because breaching its rules can lead to a criminal conviction or disqualification from office.

That is why we have written this plain English guide. We want members who are covered by the Act, and those advising them, to be aware of the Act's rules and the steps they need to take to ensure that they do not inadvertently breach them. This guide also explains our statutory functions under the Act – specifically, how we consider requests for approvals, exemptions, and declarations – and the information that we need to respond to requests promptly.

The previous edition of this guide covered non-financial interests and predetermination. When it comes to conflicts of interest, our statutory role is only under the Act, and the Act covers only the financial interests of members. Because of this, our guidance about non-financial interests and predetermination is now in our separate good practice guide *Managing conflicts of interest: A guide for the public sector*. That guide is intended for all public sector organisations, including local authorities, and covers other types of interests that might affect a member's ability to participate in their local authority's decision-making. I strongly recommend that you read both guides.

Nāku noa, nā,

John Ryan
Controller and Auditor-General

24 June 2020

1 Introduction

1.1 In this Part, we discuss:

- whether the Local Authorities (Members' Interests) Act 1968 applies to you;
- why you should read this guide;
- the Auditor-General's role; and
- some points about this guide.

1.2 This is a guide to the Local Authorities (Members' Interests) Act 1968 (the Act). It is intended for members of territorial authorities, regional councils, community boards, and local boards.

1.3 This guide will also be relevant for elected or appointed officials in several other public bodies that are covered by the Act. These include cemetery trusts, administering bodies, and licensing trusts. To check whether the Act applies to you, see Appendix 1.

1.4 Officers and staff of local authorities are not subject to the Act. However, they might find this guide useful when providing advice to members on how to comply and applying for contract approvals (these applications must be made by the local authority, not the member).

Summary of the Local Authorities (Members' Interests) Act 1968

1.5 The purpose of the Act is to ensure that elected members of local authorities, and anyone else to whom the Act applies, are not able to take advantage of their official position for personal financial gain.

1.6 The Act has two main rules:

- Members cannot benefit from contracts with the local authority if payments made under those contracts are more than $25,000 in any financial year.[1] We refer to this as **the contracting rule**.
- Members cannot participate in matters before their local authority in which they have a financial interest, other than an interest in common with the public.[2] We refer to this as the **non-participation rule**.

1.7 The contracting rule applies to candidates for election as well as elected members, but it applies in a different way. In Part 2, we explain the application of the contracting rule to those who have already been elected or appointed. If you are not yet an elected member but are thinking of standing for election, or are being considered for appointment, you should read Part 3.

1 Section 3(1) of the Act.

2 Section 6(1) of the Act.

1.8 In Part 4, we explain how the non-participation rule applies.

1.9 The Act also provides some exceptions and exemptions to these rules. For example, local authorities can apply to the Auditor-General for approval of a contract, and members can apply to the Auditor-General for approval to participate in decision-making that might otherwise be prohibited by the Act. This is covered in Parts 2 and 4.

Does the Local Authorities (Members' Interests) Act 1968 apply to you?

1.10 The Act applies to members of city councils, district councils, regional councils, community boards, local boards, and a range of other public bodies (see Appendix 1). The Act uses the term "local authority" to cover all these public bodies.[3] We do the same in this guide.

1.11 The Act also applies to members of committees of those local authorities (regardless of whether a committee member is also a member of the local authority).[4] In this guide, we refer to all people to whom the Act applies as "members".

1.12 The Act does not apply to:

- officers and staff of local authorities; or
- council-controlled organisations, port companies, airport companies, energy companies, or tertiary education institutions.[5]

1.13 The Act regulates the actions of individual members of local authorities, not their local authorities. Members, not their local authorities, can be prosecuted for breaches of the Act.

Why you should read this guide

1.14 It is important for members to have a good understanding of how the rules in the Act work. Failure to comply with the rules can result in serious consequences, including criminal conviction and immediate loss of office.

1.15 We encourage you to read this guide carefully, take advantage of any training on the Act offered by your local authority, and ask for advice from staff if you have any questions or concerns about how the Act applies to you. In complex situations, you might need to seek legal advice.

3 See section 2(1) and Schedule 1 of the Act.

4 Sections 3 and 6 of the Act refer to committees of a local authority as well as the authority itself.

5 See section 176E of the Education Act 1989, which says a council of an institution is not a local authority for the purposes of the Local Authorities (Members' Interests) Act 1968.

The Auditor-General's role

1.16 The Auditor-General has certain statutory functions under the Act.

1.17 These statutory functions include:

- deciding whether to approve contracts worth more than $25,000 in a financial year;
- deciding whether to grant exemptions or declarations allowing members to discuss and vote where they have a financial interest; and
- investigating and prosecuting alleged offences against the Act.

1.18 If we are asked to investigate a potential breach of the Act, we will make findings and reach a view on whether the Act has been breached. If we do conclude that the Act has been breached, we will make a decision on whether the individual should be prosecuted. However, we do not issue legal "rulings". Only the courts can determine whether the Act has, as a matter of law, been breached. See Part 5 for more information on how we investigate and decide whether to prosecute possible breaches of the Act.

1.19 We can provide guidance to members and officers of local authorities to help them comply with the Act in particular situations. However, we cannot give legal advice. In more complex situations, we might recommend that you seek legal advice about whether you are at risk of breaching the Act.

Some points about this guide

This guide applies only to financial interests

1.20 This guide is about **financial** conflicts of interest and the specific rules that apply to the management of potential financial conflicts by members.

1.21 The Act is only a small subset of a much larger body of law, ethics, and good practice that regulates bias and conflicts of interest in the public sector. There are other types of conflicts of interest and rules about bias in decision-making that are not covered by the Act or this guide that might affect you as a public official.

1.22 Examples include conflicts of interest arising through personal relationships, conflicts arising because you hold roles in more than one organisation, and "predetermination".[6]

1.23 If you read this guide and decide that you are not at risk of breaching the Act because you do not have a financial conflict of interest, you still need to think

6 Predetermination is any situation where you are making a decision about something, and there is a risk that people will think you made up your mind before you considered all of the evidence. Suggestions of predetermination usually arise because of something you have previously said or done. For more about predetermination, see our good practice guide *Managing conflicts of interest: A guide for the public sector* at oag.parliament.nz.

about whether you have some other sort of conflict of interest that might need to be managed. See our separate good practice guide – *Managing conflicts of interest: A guide for the public sector.*

1.24 You should refer to that guide in cases where there is no risk of breaching the Act (because your interest is not a financial one), but where there might still be doubts about whether the situation you are in might breach common law rules on conflicts of interest or is ethically appropriate in a public sector context.[7] You might find it helpful to also refer to our *Quick guide to managing conflicts of interest*, which is available on our website.

This guide is not a substitute for the law

1.25 This guide outlines the main provisions of the Act and suggests some ways to approach questions that could arise for you. However, it is not a formal or definitive statement of the law. It should not be treated as legal advice for specific situations.

1.26 In difficult situations, or if in doubt, we recommend that you refer to the actual wording of the Act, get advice from staff at your local authority, or seek legal advice, either from your local authority or your lawyer.

7 Common law refers to law that has been developed by the courts.

2 The contracting rule

2.1 In this Part, we discuss:

- what it means to be disqualified from office;
- meaning of "contract";
- meaning of "concerned or interested";
- the $25,000 limit on contracts;
- how the contracting rule applies to subcontracts;
- exceptions to the contracting rule;
- the Auditor-General's power to approve contracts; and
- managing compliance with the contracting rule.

2.2 We also provide answers to some frequently asked questions about the contracting rule at the end of this Part.

Summary of the contracting rule

2.3 You will be automatically disqualified from office if:

- you are "concerned or interested" in a contract or contracts with your local authority; and
- the total payments made, or to be made, by or on behalf of the local authority for the contract or contracts exceed $25,000 in any financial year.

2.4 This contracting rule applies unless:

- you have approval from the Auditor-General for the contract(s); or
- one of the exceptions in the Act applies.

2.5 If you are concerned or interested in any contract with your local authority, you cannot participate in any discussion or vote on that contract (see Part 4).

2.6 The contracting rule applies to you, not the local authority. The Act does not affect the local authority's power to enter into contracts. The fact that a contract disqualifies you from membership does not invalidate the contract.

2.7 The contracting rule also applies to candidates standing for election to the local authority, but in a different way to members. If you are considering standing for election and want to understand how the contracting rule applies to you, see Part 3.

What it means to be disqualified from office

2.8 You are disqualified automatically if you are "concerned or interested" in a contract in breach of the contracting rule (see paragraphs 2.16 to 2.20).

2.9 Disqualification means that you cannot hold office as a member of the local authority or any committee of the local authority.[8]

2.10 A disqualification lasts until the next local government elections or the next opportunity for appointment to the local authority.

2.11 It is an offence under the Act for you to act as a member of the local authority (or a committee of the local authority) while disqualified.[9]

2.12 The only way to avoid disqualification is to apply for retrospective approval from the Auditor-General for the contract (see paragraphs 2.46 to 2.49). There is no guarantee that retrospective approval will be given. That is why it is important for you to understand the contracting rule, and to closely monitor any contracts with the local authority that you could benefit from.

Meaning of "contract"

2.13 Contract means a contract made by any person directly with the local authority. The Act defines it to include any relationship with the local authority that is intended to constitute a contract even if it is not an enforceable contract.[10] This broad definition potentially covers transactions or relationships that are not typically thought of as "contracts", for example, grants and committee appointments. See the frequently asked questions about the contracting rule at the end of this Part.

2.14 The contracting rule also applies to subcontracts (see paragraphs 2.26 to 2.28).[11]

2.15 The contracting rule does not apply to a contract for the employment of any person as an officer or servant of the local authority.[12]

Meaning of "concerned or interested"

2.16 You are concerned or interested in a contract if you are a party to the contract.

2.17 You are also concerned or interested in a contract if the contract is between your local authority and another person or organisation, and:

- you benefit financially from the contract; or
- the Act deems you to be concerned or interested in the contract (see paragraphs 2.19 and 2.20).

8 Section 4 of the Act.

9 Section 5 of the Act.

10 Section 2 of the Act.

11 Section 3(3)(b) of the Act.

12 Section 2 of the Act.

2.18 It is difficult to be precise about what is or is not a concern or interest in a contract. Each case has its own circumstances. While the Act provides certainty in two common types of cases (see paragraphs 2.19 and 2.20), it is important to note that you can be concerned or interested in a contract in other ways – for example, your family trust has a contract with your local authority and you are a beneficiary of that trust.

Deemed interest through your spouse or partner

2.19 If your spouse or partner (that is, civil union partner or de facto partner) is concerned or interested in a contract, you are deemed to also be concerned or interested in that contract, unless:

- the two of you are living apart; or
- you did not know, and did not have a reasonable opportunity of knowing, that they were concerned or interested in the relevant contract.[13]

Deemed interest through company

2.20 If your local authority enters into a contract with a company in which you or your spouse or partner have some interest or involvement, the contracting rule applies if you or your spouse or partner:

- singly or together, own 10% or more of the shares in the company or another company that controls it;
- is a shareholder of the company, or another company that controls it, and one of you is the managing director or general manager (by whatever name you are actually called) of the company or the controlling company; or
- is the managing director or general manager (by whatever name you or they are actually called) of the company and one of you is a shareholder of another company that controls it.[14]

The $25,000 limit on contracts

The limit is for the total value of all contracts, not for each contract

2.21 The limit is based on payments for contracts made, or to be made, totalling more than $25,000 in any financial year.[15]

2.22 If you have an interest in more than one contract, the limit is based on the value of all payments made for all contracts in which you are interested during the financial year, not for each contract.

13 Section 3(2A) of the Act.

14 Section 3(2) of the Act.

15 Section 3(1) of the Act. The monetary limit for the contracting rule was last increased in 1982.

2.23 The $25,000 limit does not apply only to the amount of profit you expect to make or the portion you will personally receive. It applies to all payments made for the contract(s).

The limit includes goods and services tax

2.24 The $25,000 limit is GST-inclusive.

Meaning of "financial year"

2.25 We use the local authority's financial year as the relevant time period (for example, 1 July to 30 June for territorial authorities and regional councils and 1 April to 31 March for cemetery trusts).

How the contracting rule applies to subcontracts

2.26 The contracting rule also applies to subcontracts.

2.27 That means if you are concerned or interested in a contract with your local authority as a subcontractor, the contracting rule applies in the same way as if you had an interest in the head contract. However, the limit of $25,000 applies to the value of the subcontract, not the head contract.[16]

2.28 Under the Act, the term subcontract has a wider meaning than what is generally understood. It extends to any "subsidiary transaction".[17] For example, if you are involved in a contract with a local authority as an agent for the other contracting party (such as a real estate agent for a property transaction), the arrangement for your remuneration as an agent falls within the definition of a subcontract.

Exceptions to the contracting rule

2.29 There are some situations in which you will not be disqualified, even if you are concerned or interested in contracts that exceed the $25,000 limit.

If the Auditor-General has approved the contract

2.30 You will not be disqualified by entering into a contract that causes the $25,000 limit to be exceeded if the Auditor-General has approved the contract. Approval must generally be obtained before the contract is entered into (prior approval), although the Auditor-General can give retrospective approval in limited circumstances.[18]

2.31 For more information about criteria for approval for a contract, and how to apply, see paragraphs 2.41 to 2.57.

16 Section 3(3)(b) of the Act.

17 Section 2 of the Act.

18 Section 3(3)(a) and 3(3)(aa) of the Act.

If you were not aware of the contract

2.32 You will not be disqualified by a contract that causes the $25,000 limit to be exceeded if:

- the contract was entered into, under delegated authority, by a committee of which you were not a member or by an officer; and
- you did not know, and did not have a reasonable opportunity of knowing, about the contract at the time it was made.

2.33 However, in this case, your local authority must notify us as soon as you or your local authority becomes aware of the contract. The local authority must write to us to verify that you did not know and did not have a reasonable opportunity of knowing about the contract. We might also ask you to verify this in writing. The local authority's letter must confirm that the committee or person who entered into the contract was properly authorised to do so.[19]

If your interest is as an administrator or trustee

2.34 You will not be disqualified by a contract that causes the $25,000 limit to be exceeded if your interest in the contract arises as:

- an administrator or a trustee of any estate or trust (as long as you are not also a beneficiary); or
- the manager appointed under the Protection of Personal and Property Rights Act 1988.[20]

Exempt interests and contracts

2.35 The following types of interests and contracts are not subject to the contracting rule.[21] This means that you can be concerned or interested in the following types of contracts without being disqualified:

- a loan raised (received) by the local authority (whether on security or otherwise);
- a payment for an advertisement from the local authority in any newspaper;
- a lease granted to the local authority;
- a compensation payment under the Public Works Act 1981; and
- the supply of goods or services during a civil defence emergency (subject to some constraints).

19 Section 3(3)(ab) of the Act.

20 Section 3(3)(h) of the Act.

21 Section 3(3)(d) of the Act. The Act also includes several other exemptions for certain types of advances or agreements that are no longer relevant because the empowering legislation for those types of agreements or advances has been revoked and not been replaced. Those exemptions were for: an advance made by an authority under the Rural Housing Act 1939, an advance made or guarantee given by an authority under Part 32 of the Local Government Act 1974, and an agreement under section 81 of the Noxious Plants Act 1978.

The Auditor-General's power to approve contracts

2.36 The Auditor-General can grant approval for contracts that exceed the $25,000 limit in any financial year if certain criteria are satisfied.

2.37 The local authority must generally obtain approval **before** the contract is entered into, although we can give retrospective approval in limited circumstances.

2.38 We can give approval for:

- a single contract; or
- multiple small contracts that are of the same or similar type (such as day-to-day purchases of supplies) up to a particular value.

2.39 We prefer to specify a precise monetary amount or upper limit but, if the exact amount is not yet known, a reasonable estimate of a suitable upper limit is enough. Where the approval is for an ongoing arrangement, our usual practice is to grant approval for only one financial year at a time.

2.40 We consider it a good idea to seek approval for a contract that does not exceed the $25,000 limit by itself but could when combined with other small contracts. Similarly, where several similar small contracts might cumulatively approach or exceed the $25,000 limit, we encourage an application for approval of a higher limit to apply to all of those contracts.

Criteria for approval

Getting approval before the contract is entered into

2.41 The Act requires the existence of a "special case" before prior approval can be granted.[22] This requires a full assessment of the circumstances to determine whether approval should be given.

2.42 We consider whether the process followed by your local authority in awarding or agreeing to the contract is fair and transparent and whether its reasons for selecting you as its preferred contractor are justifiable. We must be satisfied that there is no risk that you might have received preferential treatment from your local authority or that you might have had an undue influence on the decision.

2.43 For a single contract (usually for a larger amount), the questions we are likely to ask are:

- Has your local authority taken all reasonable steps to ensure that all potentially interested parties had an opportunity to tender or quote for the contract?
- Has your local authority considered and evaluated each of the tenders or quotations, and can it justify the preferred choice on the basis of cost, performance, or quality of service?

22 Section 3(3)(a) of the Act.

- Has your local authority resolved to accept the contract subject to the Auditor-General's approval?
- Do the minutes record that you declared your interest and did not vote or speak on the matter when it was considered at a meeting of your local authority?

2.44 For multiple contracts for smaller amounts, such as day-to-day purchases of supplies, it will usually be necessary for a local authority to confirm that:

- after due enquiry, it has found no alternative satisfactory source of supply or product; or
- the desired source of supply is the most efficient and/or the most competitive on the basis of cost, performance, or quality of service.

2.45 You cannot assume we will give prior approval. We must be satisfied that the criteria set out above are met and that any risk of undue influence or preferential treatment has been addressed.

Retrospective approval

2.46 We have limited power to grant retrospective approval, that is, approval for contracts already entered into.

2.47 When considering an application for retrospective approval, we apply the same criteria as for an application for prior approval. However, we must also be satisfied that:

- there is a sufficient special reason why prior approval was not obtained; and
- prior approval would have been given if it had been sought.[23]

2.48 When applying for retrospective approval, the local authority will need to be able to explain and justify why approval was not sought before the contract was entered into.

2.49 We recognise that, in many cases, a failure to seek prior approval is the result of an oversight. We look at each case on its merits. However, because the test for retrospective approval is narrow, you cannot assume we will give approval.

How to apply for approval

2.50 The local authority, rather than you, must apply for approval to enter into the contract. Usually the local authority will hold the relevant information that we need to determine whether the criteria have been satisfied.

2.51 The application must be made in writing. We recommend that the local authority use the form on our website. Alternatively, the application can be emailed to LAMIA@oag.parliament.nz.

2.52 The local authority should let us know if the application is urgent and the reasons why.

23 Section 3(3)(aa) of the Act.

When to apply for approval

2.53 Your local authority should apply for approval as soon as there is a possibility that the contracting limit might be exceeded.

2.54 For a series of small contracts over a period of time that would not individually require approval but that, cumulatively, might exceed the $25,000 limit, we suggest applying for approval:

- at the beginning of the financial year, if it seems certain that the limit will be exceeded; or
- as soon as it becomes clear that the limit will be exceeded.

2.55 For tenders for contracts, a local authority does not need to seek approval as soon as tenders are invited. The most suitable time to seek approval of a tendered contract is usually either:

- once tenders for the project have been received and assessed, and it looks likely that the contract is to be offered to you (or your company or your spouse or partner); or
- immediately after the local authority has resolved to accept the tender, subject to the Auditor-General's approval.

Information we need in the application

2.56 Your local authority needs to provide us with information about:

- the reasons the local authority wishes to use the proposed contractor for this work (for example, how the local authority justifies its choice on the basis of, for example, cost, performance, quality, expertise, or experience);
- the process the local authority has followed in selecting the proposed contractor (including whether other potential contractors were considered or had the opportunity to quote or tender, whether the local authority followed its standard procedures for contracts of this type or value, how the proposal was evaluated, and who was involved in making the relevant recommendation or decision);
- whether the member concerned has had any involvement in any local authority decisions about the contract; and
- the monetary amount for which approval is sought.

2.57 See Appendix 3 for a full checklist of the information we need to consider an application for approval.

Managing compliance with the contracting rule

2.58 Both you and the local authority will need to take steps to ensure that you comply with the Act.

Make your local authority aware of your potential contracting interests

2.59 You are responsible for letting your local authority know about any interests you have that might result in you benefitting from contracts, either directly or indirectly (for example, through your spouse or partner or through a business you are involved in).

2.60 Although it is not a legal requirement, we encourage local authorities to establish a register of members' interests to support compliance with the Act and to ensure that relevant staff are aware of its contents. If your local authority has one, you should ensure that any business interests you or your spouse or partner have that might result in contracts with the local authority are recorded in the register. This helps ensure that you have been transparent about your interests, and that staff at the local authority who need to know can monitor contracts or contracting processes in which you might have an interest.

Make your spouse, partner, or business aware of the contracting rule

2.61 You should ensure that your spouse or partner, and relevant people in your business, are aware of the contracting rule, particularly the $25,000 limit, and that you will be disqualified from office if you breach the contracting rule.

2.62 This is particularly important, for example, if you have an interest in a business, but are not involved in its day-to-day operations and so might not be aware of situations where your business decides to put in a tender to provide services to the local authority.

Monitoring contracts and payments under contracts

2.63 It is your responsibility, and the responsibility of the local authority, to keep track of payments under any contracts or subcontracts in which you are concerned or interested.

2.64 If a local authority makes periodic purchases from businesses in which members have an interest, it should establish some form of monitoring system to provide regular checks on the accumulating value of contracts.

2.65 Particular vigilance might be necessary for subcontracts, because they can often "slip under the radar", especially if it is decided only after a head contract has been awarded who the subcontractors will be.

Seeking extensions to an approved limit

2.66 You and your local authority need to monitor contracts that we have approved to ensure that payments do not exceed the amount approved. Contracts are often varied or extended. But if the approved amount is exceeded, the consequence is the same as for exceeding the $25,000 limit – you are disqualified.

2.67 This problem can be avoided by applying to us for an extension to the previous approval, to take account of the additional payments. This application should be made, and the extension obtained, before the payments exceed the amount we originally approved. Inadvertent breach of an approved amount requires retrospective approval, which should not be assumed.

Frequently asked questions about the contracting rule

2.68 **I stand to benefit from a contract with the local authority, but the contract is not for a fixed amount or for a fixed quantity of goods or services, so I do not know at this point whether payments will exceed the $25,000 limit. Do I need an approval?**

There is no requirement at this point to get an approval. You could wait and see how much the local authority is spending under the contract, and the local authority could apply to us for approval if it is getting close to the $25,000 limit.

However, there is a risk with that approach. If you do not keep track of payments and they exceed $25,000, you will be in breach of the Act and automatically disqualified. The local authority would then need to apply to us for retrospective approval. Before we can grant that, the Act requires us to be satisfied that there was good reason why the local authority did not apply for prior approval.

In situations where you do not know how much the contract is worth at the start, but there is a good chance it will be more than $25,000, we recommend that the local authority estimate the amount it is likely to pay under the contract and apply for approval for that amount before the contract is entered into.

If we approve the contract, you and the local authority will still need to monitor payments to make sure you do not go over the approved amount.

2.69 **The local authority buys goods from my business from time to time, but there's no "contract" as such. We just invoice them at the time. If the local authority spends more than $25,000 in a financial year, would I be in breach of the Act?**

Yes. The term "contract" in the Act has a broad definition and potentially includes an agreement, in any form, that creates legally enforceable obligations, including casual, one-off purchases, even if those are not documented in a formal contract.

The $25,000 limit applies to all payments made in a financial year, not for each contract. Therefore, if the local authority makes multiple small purchases during a financial year, you and the local authority will need to keep track of payments, and apply to us for approval if there is a risk that the payments made will go over the $25,000 limit.

2.70 **I have approval for a contract. The contract is coming to an end, but it looks like it might be renewed or rolled over. Do I need another approval?**

Yes. We give approval for the term of the contract or for a fixed period. The approval does not cover any renewal period. If the contract is renewed or "rolled over" the local authority should check whether it needs to apply for another approval from us.

2.71 **I potentially stand to benefit from a grant from the local authority to a community organisation because the grant will be used to pay for the services I provide to that organisation. Does a grant count as a contract?**

Technically a grant is not a contract because grants and contracts create different sorts of legal obligations. But the line between a grant and a contract can be blurred. Also, the Act defines contract in quite a broad way. It includes any sort of agreement that creates legally enforceable obligations.

If you stand to benefit from a grant from the local authority, we suggest you talk to local authority staff about whether the grant falls under the contracting rule. After considering the nature of the grant, the local authority might want to apply to us for approval.

2.72 **My company has a contract with the Council. I am a member of a community board, but not the Council. Does the contracting rule apply to my company's contract with the Council?**

No. The contracting rule applies only to contracts with the local authority of which you are a member. Community boards are subject to the Act in their own right, separate from their "parent" authority.

That means, if you are a member of a community board but not a member of the "parent" city or district council, the contracting rule will not apply to any contracts you have with the "parent" city or district council.[24]

2.73 **I am a member of a local board in Auckland, and my company has a contract with Auckland Council. Does the contracting rule apply to my company's contract with Auckland Council?**

Potentially yes. Auckland Council has a two-tier governance structure made up of its governing body and the local boards in Auckland. The decision-making responsibilities of Auckland Council are shared between the governing body and the local boards. The Local Government (Auckland Council) Act 2009 provides that a local board cannot enter into contracts because it does not have separate legal standing from Auckland Council. However, local boards are subject to the Local Authorities (Members' Interests) Act in their own right. Our view is that the contracting rule applies to contracts between Auckland Council and a local board member where their local board has decision-making responsibilities in respect of that contract.

2.74 **Are payments made by a council to an appointed committee member for meeting attendance and transport costs covered by the contracting rule?**

Potentially yes. Because the term "contract" in the Act has such a wide definition, we consider that it potentially also captures any relationship that has the features of a binding contract – such as certainty of terms, consideration, and an intention to be bound.

Although council employment contracts are specifically excluded from the definition of "contract", appointments to council committees are not.

Although the position is not without doubt, we suggest the Council err on the side of caution, and seek approval for payments made to appointed committee members for their meeting attendance and transport costs, where there is a possibility that those payments will exceed the $25,000 limit. However, where the payments have been determined by a third party, such as the Remuneration Authority, we do not think the contracting rule applies.

2.75 **I am not a member but I have a contract with the Council and I want to stand for election. Can the Auditor-General give me an exemption from the contracting rule to allow me to stand?**

No. The Auditor-General has no power under the Act to grant candidates an exemption from the contracting rule. So you will need to check if the contract

24 The Act includes an exception for members of community boards (see section 3(3)(j), (3A), and (4)) that is no longer relevant. We treat this exception as redundant because community boards are no longer committees of local authorities.

you are party to is subject to the contracting rule and, if so, whether any of the exceptions to the rule apply. See Part 3.

If you are unsure, contact us, and we will provide guidance if we can. If your situation is particularly complicated, you might need to seek legal advice.

2.76 **What happens to an approval in an election year? If I am re-elected, do I have to re-apply for approval for the contract?**

No. If an election falls within the financial year and you are re-elected or re-appointed, the Act continues to apply as if your membership is unbroken.

In other words, the $25,000 limit continues for the entire financial year and any approvals granted for that year continue to apply.

2.77 **If I am disqualified because I have breached the contracting rule, can I stand for election again?**

Yes. Re-election or re-appointment overcomes any disqualification from the previous term. However, you could still be prosecuted for acting as a member while disqualified during the previous term.

How the contracting rule applies to candidates standing for election

3

3.1 In this Part, we explain how the contracting rule applies to candidates standing for election or appointment. In particular, we discuss:

- exceptions to the contracting rule as it applies to candidates; and
- the Auditor-General's role.

3.2 You cannot be elected or appointed to a local authority if you are concerned or interested in a current contract with that local authority that exceeds $25,000 at the time of the election. This contracting rule is the same as for existing members (see Part 2).

3.3 Every candidate should consider whether they might be ineligible under this rule. You should consider what contracts you have with the local authority in the financial year of the election and the value of payments to be made in that year.

Exceptions to the contracting rule

3.4 There are several exceptions to the contracting rule as it applies to candidates.[25]

3.5 You will not be disqualified from standing for election or appointment if any of the following situations apply:

- Your obligations in relation to the contract have all been performed before the election or appointment, and the amount to be paid by the local authority has been fixed. It does not matter whether the amount has been paid, as long as the amount has been fixed.
- Your obligations under the contract have not all been performed before the election or appointment, but the amount to be paid by the local authority is already fixed (subject to amendments and additions as allowed for in the contract). It does not matter whether the amount has been paid, as long as the amount has been fixed.
- Your obligations under the contract have not all been performed before the election or appointment, but:
  - the term of the contract is 12 months or less; or
  - you relinquish the contract (with the local authority's consent) within a month of becoming a member and before you start to act as a member.

25 Section 3(3)(f) and (g) of the Act.

The Auditor-General's role

3.6 We cannot give approval for contracts between a candidate and a local authority. The Act does not allow us to do that.

3.7 If you are a candidate with an interest or concern in current contracts with the local authority that exceed $25,000 before the election, you cannot be elected (or appointed) unless the contract falls within one of the exceptions in the Act or you are no longer concerned or interested in the contract.

3.8 We can provide guidance to candidates to help them work out whether the contracting rule might prevent them from standing for election, and what their options are if that is a possibility. If your situation is particularly complicated, you might need legal advice.

4 The non-participation rule

4.1 In this Part, we explain the non-participation rule and how it affects your ability to discuss or vote on matters in which you have a financial interest. In particular, we discuss:

- some points about the non-participation rule;
- how to determine whether you have a financial interest;
- the meaning of "financial interest";
- how to determine at which stage in the decision-making process you have a financial interest;
- the meaning of "interest in common with the public";
- exceptions to the non-participation rule;
- the Auditor-General's role to grant exemptions or issue declarations; and
- managing compliance with the non-participation rule.

4.2 We also provide answers to some frequently asked questions about the non-participation rule at the end of this Part.

Summary of the non-participation rule

4.3 You must not take part in the discussion of, or vote on, any matter before your local authority in which you have a financial interest unless:[26]

- your interest is "in common with the public";
- one of the exceptions to the non-participation rule applies;
- you apply to us and are granted an exemption allowing you to participate; or
- you apply to us and we issue a declaration authorising you to participate.

4.4 It is an offence under the Act to discuss or vote on any matter before the local authority in breach of the non-participation rule. If convicted, you will be automatically disqualified from office.[27] You will have a defence if you can prove that, when you took part in the discussion of, or voted on, the matter, you did not know and had no reasonable opportunity of knowing that you had a financial interest in that matter other than an interest in common with the public.

Some points about the non-participation rule

The non-participation rule is stricter than the equivalent rule in other legislation

4.5 It is important to understand that the non-participation rule under the Act is stricter than the equivalent rule in other legislation such as the Companies Act 1993 or the Crown Entities Act 2004.

26 Section 6(1) of the Act.

27 Section 7 of the Act.

4.6 For example, under the Companies Act, directors of a company must declare their interests, but they are not necessarily prohibited from participating in decisions about matters they have an interest in.

4.7 This is not the case for those to whom the Act applies. Under the Act, if you have a financial interest in a matter, it is not enough to declare it. You also cannot participate in any discussion or voting on the matter unless one of the conditions in paragraph 4.3 applies.

The non-participation rule applies only to financial interests, but that does not necessarily mean you can participate if your interest is not financial

4.8 The Act covers only financial interests. Although other types of interest are not covered by the Act, they are still subject to the common law rules that regulate conflicts of interest and bias in the public sector.

4.9 This means that you do not have to worry about the non-participation rule if you have a non-financial interest in a matter. However, you still need to consider whether it is lawful and appropriate for you to participate in the local authority's decision-making under the common law and/or as a matter of ethics and good practice.

4.10 For guidance on non-financial conflicts of interest, and how they might affect your ability to participate in decision-making, see our good practice guide *Managing conflicts of interest: A guide for the public sector*.

Determining whether you have a financial interest

4.11 When determining whether you have a financial interest in a matter that might prohibit you from discussing or voting on it, you should ask yourself these questions:

- What is the matter under discussion or what is the decision I am being asked to make?
- Do I have a financial interest in that matter or decision?
- Is my interest in common with the public?
- Do any of the exceptions in the Act apply?
- Do I have grounds to apply to the Auditor-General for an exemption or declaration that would allow me to participate?

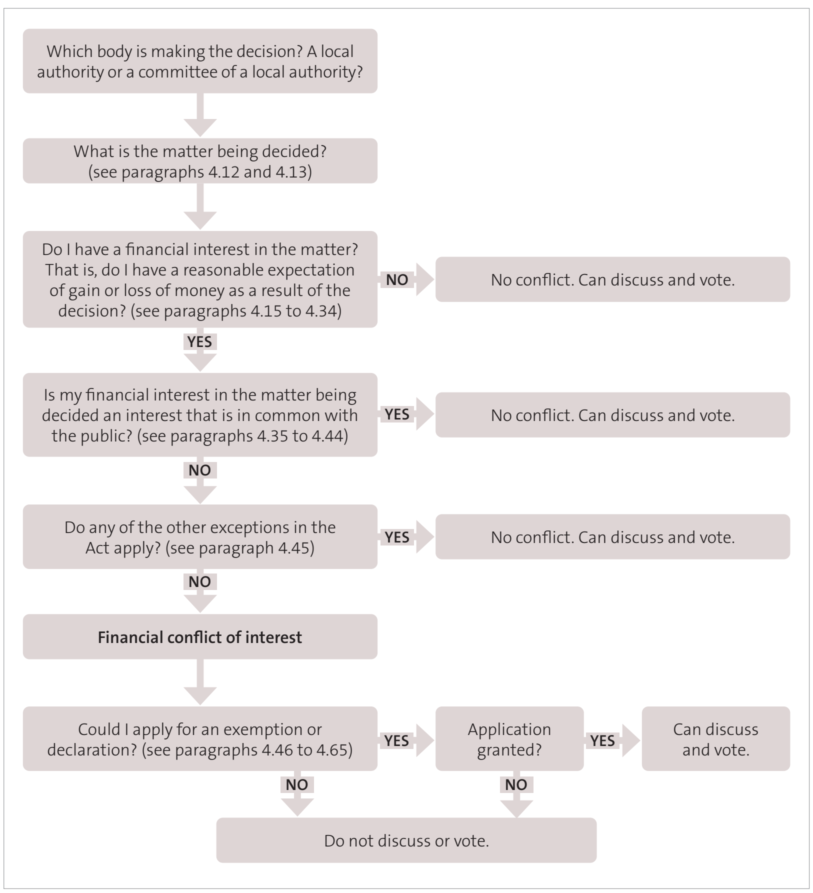
4.12 The first two questions in paragraph 4.11 are closely linked – you need to assess whether you have a financial interest in the matter under discussion or in the decision you are asked to make, not in the topic or subject matter generally.

4.13 Having a potential financial interest in a matter does not necessarily mean you will have a financial interest in every discussion or every decision made in that matter. It depends on the nature of the discussion or type of decision being made and how it might affect your potential financial interest.

4.14 Figure 1 provides a more detailed flowchart that shows what you need to consider when assessing whether the non-participation rule applies.

Figure 1
Flowchart to assess whether the non-participation rule applies to you

This figure is a flowchart with a series of yes-or-no questions about whether you have a financial interest in a matter before your local authority. Answering the questions will determine whether you have a financial interest and whether you are allowed to discuss and vote on the matter. The rest of Part 4 explains these questions in more detail.



Source: Office of the Auditor-General

Meaning of "financial interest"

4.15 The Act does not define financial interest. Our interpretation, drawn from case law in New Zealand and overseas, is that a financial interest is "a reasonable expectation of financial loss or gain" from the particular decision.[28]

4.16 A financial interest might be direct or indirect. It might, for example:

- be a quantifiable dollar amount;
- involve cash changing hands;
- relate to an increase or decrease in the value of something (for example, property or shares); or
- be an effect on the turnover of a business.

Meaning of direct and indirect financial interest

4.17 Direct financial interest involves direct financial gain or loss to a member.

4.18 Indirect financial interest involves financial gain or loss to other people or organisations you are connected to, such that you are also treated as being interested in any financial gain or loss.

4.19 The Act does not specify all of the situations in which you might be considered to have an indirect financial interest in a matter. However, we describe two common scenarios that are specified in the Act.

Deemed interest through your spouse or partner

4.20 If your spouse or partner (that is, civil union or de facto partner) has a financial interest in a matter before the local authority, you are deemed, for the purposes of the Act, to have the same interest unless the two of you are living apart at the time of the discussion or vote.[29]

4.21 The non-participation rule applies whether your spouse or partner's interest is direct or indirect.

Deemed interest through company

4.22 If you or your spouse or partner is involved in a company that has a financial interest in a matter before the local authority, you are deemed, for the purposes of the Act, to have the same interest if you or your spouse or partner:

- singly or together, own 10% or more of the shares in the company or another company that controls it;

28 See the case of *Downward v Babington* in Appendix 2.

29 Section 6(2A) and 6(2B) of the Act.

- is a shareholder of the company, or another company that controls it, and one of you is the managing director or general manager (by whatever name you are actually called) of the company or the controlling company; or
- is the managing director or general manager (by whatever name you or they are actually called) of the company, and one of you is a shareholder of another company that controls it.[30]

4.23 The non-participation rule applies whether the company's interest is direct or indirect.

Other ways you might have an indirect financial interest

4.24 There are other ways you can have an indirect financial interest in a matter before your local authority. For example, you might have an indirect financial interest in a matter if you are a beneficiary of a family trust that has a financial interest in that matter. Figure 2 sets out comments made by a judge about indirect financial interests.

Figure 2
Comments made by a judge about indirect financial interest

Calvert & Co v Dunedin City Council [1993] 2 NZLR 460

The judge in *Calvert & Co v Dunedin City Council* made the following comments about indirect financial interest:

An indirect financial interest under section 6 of the Act may cover a wide variety of factual situations.

The indirect financial interest may involve an interest arising from a relationship and not from any specific contract or monetary connection.

An indirect financial interest may include a potential benefit or potential liability.

A decision as to whether a particular factual situation amounts to an indirect financial benefit is assisted by considering whether an informed objective bystander would conclude that there was a likelihood or reasonable apprehension of bias.

The motives and good faith of councillors are irrelevant to whether or not they had an indirect financial interest.

Situations where you potentially have both a direct and indirect financial interest

4.25 It is possible to have both a direct and indirect financial interest in a matter.

4.26 For example, you are one of several landowners who form a company to develop a community asset in partnership with the local authority in the surrounding area. If matters come up for discussion regarding that asset, you might have an indirect financial interest in those discussions as a result of your shareholding in that company. You might also have a separate and direct interest as a landowner because your land might increase in value as a result of the development of the community asset.

30 Section 6(2) and 6(2B) of the Act.

4.27 You need to be careful in these types of situations, even if your involvement in the company is insufficient to meet the "deemed interest" test. You might still be prohibited from participating in discussions because of your potential direct financial interest as a landowner.

Determining at which stage in the decision-making process you have a financial interest

4.28 When assessing whether you have a financial interest, you need to make that assessment for the particular matter under discussion and the particular decision being made, as opposed to the subject matter in general. The fact that you have a potential financial interest in a subject does not mean you necessarily have a financial interest in every decision that is made in relation to that subject. The nature and context of the particular decision will be important.

4.29 This is particularly true in local government, where a local authority might make several decisions during a period of time for a particular subject. It is sometimes helpful to view the different decisions a local authority can make as different stages: the first stage might be discussing a general idea, the second stage might be developing and consulting on that idea, the third stage might be developing a firm proposal, and then the last stage might be taking steps to implement the proposal.[31] A member with a potential interest in the subject at the outset will not necessarily be affected financially by all of the stages during the decision-making process.

4.30 There might be a general possibility of a financial benefit or loss at the first stage, but nothing concrete enough to amount to an expectation of financial gain or loss. There might also be situations where the decision being made is procedural or more general, which does not affect the member's interest in the same way as a decision to agree to a specific proposal.

4.31 As a general rule, early decisions to commission work on options or to consult are unlikely to have a financial effect and so the non-participation rule would not apply. However, that is likely to change as the matter moves towards a fully developed proposal ready for adoption and implementation. A later decision to confirm a particular option might have a clear financial effect on the member and so the non-participation rule would apply. Figure 3 describes a situation where a proposed decision was at such an early stage as to make any financial interest of the member uncertain.

31 For the recognition of these different stages in a different context, see *Easton v Wellington City Council* [2009] NZCA 513 at [14].

Figure 3
Effect of decision not sufficiently certain

Ashburton District Council decided to designate land for a future bridge project, and one of the members owned land in an adjacent area. The designation did not apply to the member's property, but it did increase the chance that at some future time a significant road might be developed near the member's land as part of the project.

We thought that the possible effect of the designation decision on the value of the member's land was not sufficiently certain or significant enough at that point to constitute a financial interest under the Act. This was because attempting to assess the nature and scale of any change to the value of the member's land would be highly speculative. Construction of the road was not planned for 12 years and was contingent on several other factors and steps in the process; it was still possible that it might not proceed at all.

4.32 You need to be able to recognise when a matter reaches the stage where it can reasonably be expected to affect your interests. At that point, you should no longer participate in the decision-making process.

4.33 See Appendix 2 for summaries of several cases in which the courts have discussed financial interests. We suggest that you refer to these case summaries for guidance.

4.34 If you are unsure whether you have a financial interest, check with local authority staff. You might also want to consider whether you could, or should, apply to us for an exemption or declaration that would allow you to participate.

Meaning of "interest in common with the public"

4.35 You are not prohibited from discussing or voting on a matter you have a financial interest in if it is an "interest in common with the public".

4.36 Having an interest in common with the public means your interest is no different in kind or degree to the general public's interest in it. Whether your interest is in common with the public will depend on the circumstances of the case, and it is always a question of degree. The exception needs to be applied in a realistic and practical way. Figure 4 provides an example of an interest in common with the public.

Figure 4
Example of an interest in common with the public

If you are a dog owner, and the local authority is proposing to increase dog licensing fees, your interest in the local authority's decision will probably be in common with the public because it is an interest shared by all other "dog owners", and dog owners are a group large enough that they could be reasonably said to constitute "the public".

On the other hand, if you are a property developer, and the local authority is considering changes to district or regional plans or its development contributions policy, you might not have an interest in common with the public. This is because, as a property developer, your interest in the local authority's decision is different in kind to most other residents or "ordinary" property owners.

4.37 When considering whether your interest is in common with the public, you need to consider:

- the nature of your interest (such as the kind of interest, its size or extent, and whether it is direct or indirect);
- the size of the group of people who are also affected and whether that group is big enough to constitute "the public"; and
- whether your interest and the group's interests are affected in a similar way.

What is the nature of your interest?

4.38 The nature of your interest, and how it compares with the interests of the public, will be important. The interests of different people will be affected by a decision in different ways and to different degrees. Some people might be directly affected by a decision, and others indirectly affected by flow-on effects from the decisions. The effect on one person's interest might be substantial, while the effect on another person's interest might be slight.

Is the group affected big enough to constitute the public?

4.39 Whether a group of people should be treated as the public is often a matter of degree. On the one hand, the interest does not need to be shared by all members of the public in the local area. It is enough for a large group of people have an interest.

4.40 However, if you are in a small and clearly identifiable subset that is affected in a different way to the rest of the public, then your interest is not in common with the public.

4.41 Although the size of the group is important, there is no objective measure that can be used to determine how big a group should be to constitute the public. An overall judgement is required.

Is the public affected in a similar way, and to a similar degree, as you?

4.42 For the "interest in common with the public" exception to apply, not only must the public be affected, but they must be affected in a similar way to you.

4.43 However, you do not need to be affected in **exactly** the same way as the public. There can be some variation in the degree to which you and the public are affected.

4.44 The question to ask yourself is whether the matter affects you in a different way, or to a materially greater degree, than most other people. We acknowledge that, in answering this question, it is not always easy to draw a clear line. The examples in Figure 5 might help.

Figure 5
Is your interest in common with the public?

Scenario	Is your interest in common with the public?
The local authority is discussing the adoption of a general rate. You are a ratepayer, but have no special interest other than that.	Probably yes. The mere fact that you are affected slightly differently by the adoption of a general rate because of the value of your property does not generally prevent you from having an interest that is in common with the public.
The local authority is discussing the adoption of a targeted rate. You are one of a small number of ratepayers affected by that rate.	Probably not. Your interest might not be in common with the public because it is not shared by a group large enough that it could be reasonably said to constitute "the public".*
The local authority is considering increasing its charges for a particular type of permit. You are a permit holder. It is likely that, as a result of increasing the permit charge, there will be a corresponding slight decrease in rates.	Probably not. As a permit holder, you will be affected differently by the changes to the permit charges, even though you will be affected in the same way as other ratepayers by the corresponding decrease in rates.†
The local authority is considering providing special services or infrastructure, such as an irrigation scheme, to a group of landowners. You are one of the landowners.	Probably not, but it will depend on the size of the group affected.§

* These examples are discussed in further detail in Office of the Auditor-General (2007), *Local government: Results of the 2005/06 audits*, Wellington, at oag.parliament.nz.

† Office of the Auditor-General (2009), *Investigation into conflicts of interest of four councillors at Environment Canterbury*, Wellington, at oag.parliament.nz.

§ See Office of the Auditor-General (2016), *Application for an exemption or a declaration by Cr Hewitt*, Wellington, at oag.parliament.nz. About 2.9% of rating units in the region could potentially irrigate their land using water from the proposed irrigation scheme. The group affected was not large enough to constitute "the public".

Exceptions to the non-participation rule

4.45 The Act sets out several matters where the non-participation rule does not apply. This means that you can participate in the matters below even if you have a financial interest:

- You were elected, or appointed, to represent a particular activity, industry, business, organisation, or group of persons, and your financial interest in a matter is no different from the interest of those you represent.[32]
- Any payment to you or for your benefit where it is legally payable and the amount, or the maximum amount, or the rate, or maximum rate, of the payment has already been fixed, such as payment of remuneration to members in accordance with determinations made under the Local Government Act 2002.

32 This exception does not apply to councillors elected to represent general constituencies or wards. See Office of the Auditor-General (2009), *Investigation into conflicts of interest of four councillors at Environment Canterbury*, Wellington, at oag.parliament.nz.

- Any contract of insurance insuring you against personal accident.
- Your election or appointment to any office, notwithstanding that any remuneration or allowance is or may be payable for that office.[33]
- Any formal resolution to seal or otherwise complete any contract or document in accordance with a resolution already adopted.
- The preparation, recommendation, approval, or review of a district plan under the Resource Management Act 1991, or any section of such a scheme,[34] unless the matter relates to:
  - any variation or change of, or departure from, a district scheme or section of the scheme; or
  - the conditional use of land.[35]
- The preparation, recommendation, approval, or review of reports as to the effect or likely effect on the environment of any public work or proposed public work within the meaning of the Public Works Act 1981.[36]

The Auditor-General's power to grant exemptions or issue declarations

4.46 You might be able to apply to us for an exemption or declaration that would allow you to participate if:

- you have a financial interest in a matter that the local authority is considering; and
- your interest in the matter is not in common with the public.

4.47 You can apply for an exemption from the non-participation rule on the grounds that your interest is so remote or insignificant that it cannot reasonably be regarded as likely to influence your voting or participation in discussing that matter.

4.48 You can apply for a declaration allowing you to participate on the grounds that:

- it would be in the interests of the people in the local authority's area that the non-participation rule should not apply; or
- applying the non-participation rule would impede the transaction of business by the local authority.

33 This would apply, for example, to the appointment by a local authority of one or more of its members as directors of a council-controlled organisation. However, it would not apply to any subsequent discussion of the directors' remuneration (see *Calvert & Co v Dunedin City Council*, discussed in Appendix 2).

34 This exception was applied in the case of *Auditor-General v Christensen* and is discussed in Appendix 2.

35 The terminology about district schemes is based on the repealed Town and Country Planning Act 1977. We interpret it by reference to the Resource Management Act 1991 and plans made under that Act.

36 The Act also includes another exemption for the preparation, recommendation, approval, or review of general schemes under the Soil Conservation and Rivers Control Act 1941 for the preventing or minimising of damage by floods and by erosion. This exemption is no longer available because the relevant provision of that Act, which enabled catchment boards to recommend, approve, or review general schemes, has been repealed.

4.49 You should note that:

- an application for an exemption or a declaration must be made **before** you participate. We cannot grant a retrospective exemption or declaration; and
- we cannot grant an exemption or declaration for a **non-financial** interest, such as a conflict arising from a personal relationship or conflict of roles. This is because the Auditor-General's power to grant exemptions and declarations derives from the Act, and the Act applies only to financial interests.[37]

Criteria we use to determine whether to grant an exemption

4.50 In determining whether it is appropriate to grant an exemption from the non-participation rule on the grounds that your financial interest is remote or insignificant, we consider:

- the relationship between your financial interest and the matter under consideration; and
- the significance of the financial interest in terms of its possible influence on you when discussing or voting.

4.51 When we consider an application for an exemption, we need to understand:

- how directly the proposed decision is connected to your financial interest – that is, whether the interest is remote; and
- how large or important the financial interest is.

4.52 That means we need reasonably precise information (if it is available) on the value of the cost or benefit to you that will result from the decision. It is also useful to be able to assess any cost or benefit to you in the context of your overall financial situation or that of your business. A cost that might be significant for an individual person might not be so important if it is borne by a large business.

4.53 Under the Act, it is our opinion that determines whether your financial interest is remote or insignificant. The test is an objective one. Although your views about how significant the interest is, and whether it is influencing your position on the issue, are relevant, they are not determinative. Ultimately, we must assess how significant the interest looks to an outside observer. Figure 6 describes how we assessed requests for exemptions for councillors at Environment Canterbury.

37 Your ability to participate in decisions in which you have a non-financial conflict of interest is governed by the common law. For information on how the law on non-financial conflicts applies to public officials, refer to our good practice guide *Managing conflicts of interest: A guide for the public sector* at oag.parliament.nz.

Figure 6
Example of exemptions for members at Environment Canterbury

Environment Canterbury wanted to recover some of its water management costs through new charges on holders of certain types of consents. Four councillors had a financial interest in upcoming council decisions relating to the final shape of the charging scheme and its implementation, either because they were a consent holder or were deemed to share the interests of a consent holder. Each asked for an exemption to participate in the decisions. The effect of the decisions on each councillor was different; for one councillor, the financial effect was predicted to be under $40; for another, between $50 and $300; for the third, between $600 and $1,800; and for the fourth, between $1,200 and $9,000. We considered these effects against the total expenses of each councillor's businesses. Because these were farming or rural businesses, the total outgoings were generally large.

For the first three councillors, we concluded in each case that the effect was insignificant in the context of the individual's financial situation, and could not reasonably be regarded as influencing the councillor's views. We gave exemptions allowing these three councillors to participate in the decisions. However, we decided we could not give an exemption in relation to the fourth councillor, because we regarded a potential charge of up to $9,000 as significant enough that it could reasonably be regarded as influencing their views.

Criteria we use to determine whether to issue a declaration

4.54 We can issue a declaration allowing you to participate in a decision, despite your potential financial interest in it, if we are satisfied that:

- it would be in the interests of the people in the local authority's area for you to participate; or
- not allowing you to participate would impede the transaction of business by the local authority.

Declaration in the interests of the people in the local authority's area

4.55 When deciding whether to issue a declaration on the grounds that it would be in the interests of the people in the local authority's area, we need information from you and your local authority on why your participation is important.

4.56 Relevant factors for why your participation is important could include:

- whether the matter justifies the involvement of all members because of its significance to the community as a whole – that is, the participation of all members is more important than any individual interests; or
- whether you have any particular expertise in the matter under consideration or have an important link with people in a particular area, organisation, or community group, and if you did not participate then their views would not be adequately represented.

4.57 We might also take into account:

- how direct your financial interest is and its size and nature;
- the extent to which your financial interest is quantifiable; and
- the matter under discussion and the type of decision being made (for example, whether the matter involves decisions focused on the rights, interests, and obligations of individuals – as opposed to matters of high-level policy or matters where the local authority has only advocacy powers or the power to make recommendations).

4.58 Figure 7 provides examples of declarations that we have issued in the past.

Figure 7
Examples of declarations we have issued

Scenario	What we did
A local authority was discussing a submission it was proposing to make on another organisation's long-term plan. The relevant councillor lived in an area where the property values might be affected by aspects of the submission.	We issued a declaration allowing the councillor to participate even though the value of their property was potentially directly affected, on the grounds that: • the councillor provided an important link with, and voice for, the most affected section of the community; and • the local authority considered it an important part of its role in the consultation process to give voice to that community and saw that particular councillor as critical to that process.
A local authority was making a decision about a proposed irrigation scheme. The relevant councillor owned land that would be affected by the scheme.	We granted a declaration allowing the councillor to participate even though the value of their land was potentially affected, on the grounds that: • the benefits of allowing the councillor to participate outweighed the risk that their financial interest could be seen to unduly influence the outcome; and • the decision was an especially significant decision for the local authority and region, warranting all members being involved. The councillor also had extensive expertise in the matter and represented the constituency that contained most affected landowners.*

* See Office of the Auditor-General (2016), *Application for an exemption or a declaration by Cr Hewitt*, Wellington, at oag.parliament.nz.

Declaration to prevent impeding the transaction of business

4.59 When deciding whether to issue a declaration on the grounds that it would impede the transaction of business by the local authority if you did not participate, we consider factors such as whether:

- the non-participation rule would prevent most members from participating;
- the decision is minor or procedural in nature; or
- the application of the non-participation rule could unduly distort the way in which the local authority deals with the matter.

4.60 To assess an application for a declaration, it is useful for us to get information on:

- how many members might be prevented from participating;
- how significant the decision is for the community and the local authority; and
- any other information that can help explain why it might be problematic if a member was not allowed to participate.

How to apply for an exemption or declaration

4.61 An application for an exemption or declaration must be in writing. It can be made by you or by your local authority on your behalf.

4.62 Before we can consider an application for an exemption or declaration, we need:

- information about the nature of the decision that is to come before the local authority. In practice, it is often helpful if the local authority is able to provide us with a draft paper of the matter that is to be considered;
- information about the nature and extent of your financial interest in the decision;
- an explanation of how that interest might be affected by the decision; and
- a detailed explanation of why you consider there are necessary grounds for an exemption or declaration.

4.63 This information is important to enable us to assess whether there is a financial interest in the particular decision, and how significant the decision and the financial interest are.

4.64 We generally require detailed information before we can grant an exemption or declaration. However, we are able to receive an initial application and then ask the local authority staff or member for more information.

4.65 We recognise that these issues sometimes arise with urgency because the potential conflict might be identified only shortly before the meeting to make the decision. When a decision on an exemption or declaration is needed within a few days, it is helpful for the initial application to be as comprehensive as possible.

Managing compliance with the non-participation rule

4.66 There are several steps you and your local authority can take to ensure that possible conflicts of interests are managed smoothly and effectively before a matter comes before the local authority for decision.

4.67 When a matter in which you have a financial interest comes before your local authority, you must also ensure that the obligations in the Act, including the obligation to abstain from participating in the matter, are carefully observed.

Before meetings: local authority processes and assistance

4.68 Local authorities should consider implementing systems that allow for identifying and assessing possible conflicts of interest early. These might include:

- maintaining a register of interests for members;
- ensuring that members have early and timely access to agenda papers so they can identify and assess whether they have a financial interest in a particular matter that is to be discussed or voted on;
- providing members with access to legal advice to help them assess whether they have a financial interest in a particular matter that needs to be addressed; and
- ensuring that there is opportunity for members to advise the mayor or chairperson of a financial interest before the relevant meeting.

4.69 As a member, you should be proactive about identifying and assessing possible conflicts of interest by using your local authority's systems for doing so – see paragraph 4.68. In particular, you should read agenda papers before a meeting, and seek assistance from local authority staff if you are unsure whether you have a financial interest in a matter to be discussed or voted on.

During meetings: declare, abstain, and record

4.70 If a matter comes before the local authority in which you have a financial interest, you must:

- declare to the meeting your financial interest;[38]
- abstain from discussion and voting; and
- ensure that your disclosure and abstention are recorded in the meeting minutes.

4.71 You do not need to inform the meeting about the nature of your interest or why it exists.

4.72 The requirement to abstain from discussion and voting does not mean that you have to leave the meeting room. However, to avoid any doubt about your

38 Section 6(5) of the Act.

abstention, we consider that you should leave the table and sit in the public gallery while the matter is being discussed and voted on.

4.73 The quorum of the meeting (that is, the minimum number of people required to have a meeting) is not affected if a member is unable to vote or discuss because of a conflict of interest, provided they are still in the room.[39]

Frequently asked questions about the non-participation rule

4.74 **I think I might have an interest in a matter. How do I tell whether it is financial or non-financial?**

Ask yourself whether the decision you are being asked to make about the matter could reasonably give rise to an expectation of a gain or loss of money – either for you personally or, in the case of a deemed interest, for your spouse or partner or a company (see paragraphs 4.15 to 4.27).

4.75 **My council is considering some changes to our district plan. I own a property in the affected area. It is unclear whether the proposed changes will increase or decrease the value of my property and, if so, when or by how much. Do I have a financial interest?**

Possibly, yes. But it will depend on the type of decision you are being asked to make.

If there is a possibility that the decision will affect the value of your property, it does not matter whether the effect will be to increase or decrease its value, and it does not necessarily matter that you cannot quantify the effect in dollar terms. You potentially have a financial interest in the decision.

However, if the effect that the decision will have on the value of your property is speculative (that is, it might or might not have an effect) or the effect is contingent on several other events or decisions, or will not be for a long time, then it might not be enough to be classed as a financial interest under the Act.

This is a situation where focusing on the particular issue you are being asked to consider, or the decision you are being asked to make, is important. For example:

- If the proposed changes you are being asked to consider are at an early stage, and the decision you are being asked to make is whether to put those options out for consultation, it might be that you do not have a financial interest at that point. This is because deciding to consult on the options will not necessarily affect your property's value.

39 See clause 23(1) of Schedule 7 of the Local Government Act 2002.

- However, if the decision you are being asked to make is to approve changes to the district plan, and the changes, if approved, will clearly affect the value of your property, then you probably have a financial interest in the decision and should not participate.

Deciding whether you have a financial interest in a decision that potentially affects the value of property, such as land, shares, or some other sort of interest in a business can be tricky. If you are unsure, we strongly recommend that you consult council staff.

If you have a potential financial interest, but consider it "too remote or insignificant" to influence the way you vote on a particular matter, you can apply to us for an exemption allowing you to participate (see paragraphs 4.50 to 4.53).

4.76 **I am a member of the district council, and also belong to various clubs throughout my district. Do I have a financial interest in every matter that comes before the council that relates to those clubs?**

Usually, no. Membership of community organisations, such as sporting, cultural, or charitable associations, is unlikely to give rise to a financial interest in matters involving those organisations because of their "not for profit" nature. However, it is possible that your membership of an organisation might entitle you to a share of the organisation's assets if the organisation is dissolved. You should check the rules of the organisations you belong to and see whether you have a financial interest of this type.

A financial interest might also arise in the case of, for example, a golf club occupying land leased from the local authority where the lease rental significantly affects the members' subscription or other fees.

In these sorts of situations, even if you do not have a financial interest, you might still have a non-financial of interest (because of your association with the clubs) that would make it inappropriate for you to participate in these matters.

For guidance on non-financial conflicts of interest, see our good practice guide *Managing conflicts of interest: A guide for the public sector*.

4.77 **I am an employee of a company/organisation that has dealings with my local authority. Do I have a financial interest in any dealings that my company/organisation has with the local authority?**

As a general rule, no. An employment relationship, where you receive a fixed level of remuneration, does not, on its own, give rise to a financial interest.

However, a financial interest might exist if there is any link between a decision the local authority is about to make and:

- the level of remuneration paid to you as an employee of the company/organisation; or
- whether you will continue to be employed by the company/organisation.

For example, if you were employed by an organisation that received funding from the local authority and the local authority was deciding on whether to stop funding that organisation, which could result in the loss of your job, you would have a financial interest in that decision.

As an employee, even if you do not have a financial interest, you might still have a non-financial interest (because of your employment) that would make it inappropriate for you to participate in these matters.

For guidance on non-financial conflicts of interest, see our good practice guide *Managing conflicts of interest: A guide for the public sector*.

4.78 **Are financial interests treated more strictly than non-financial interests?**

Generally, yes. Under the common law, a financial interest of any size can result in an automatic disqualification – in effect, a financial interest is a presumption of bias. This rule is reflected in the Act, which governs financial interests for members (subject to the powers of exemption and declaration set out in paragraphs 4.46 to 4.49).

Non-financial conflicts of interest involve a more discretionary judgement. You can consider all the circumstances of the situation to determine whether a reasonable observer would consider that a real danger of bias exists.

For guidance on non-financial conflicts of interest, see our good practice guide *Managing conflicts of interest: A guide for the public sector*.

4.79 **Do the legal consequences of not declaring a financial or non-financial conflict of interest differ?**

Yes. Breaching the non-participation rule can result in prosecution. If convicted, you will be disqualified from office and could be fined up to $100.

Although failing to declare a non-financial conflict of interest is not an offence, it could result in legal proceedings that challenge the validity of the local authority's decision. Those proceedings would not directly affect you personally, but could seriously affect your and the local authority's reputations if your actions resulted in the local authority's decision being overturned by the courts.

For guidance on non-financial conflicts of interest, see our good practice guide *Managing conflicts of interest: A guide for the public sector*.

4.80 **Can the common law rule about bias apply to financial interests too?**

Yes. Although the Act covers financial interests of members, the common law rule about bias could also be used to overturn a local authority's decision on the grounds of a member's financial interest.

4.81 **Can my local authority or chairperson order me not to participate on the grounds of a conflict of interest?**

No. The decision about whether to participate is yours (although the local authority might be able to resolve to remove you from a committee considering the matter). You should carefully consider any advice offered to you by senior members, the chief executive, or other staff. You should also consider seeking your own legal advice.

It is an offence under the Act to discuss or vote on any matter before the local authority in breach of the non-participation rule. If convicted you will be automatically disqualified from office. You will have a defence if you can prove that, when you took part in the discussion of, or voted on, the matter you did not know and had no reasonable opportunity of knowing that you had a financial interest in that matter other than an interest in common with the public.

4.82 **My local authority has resolved that I do not have a financial interest in a particular matter. Does this mean that I can participate?**

No. A resolution of a local authority that you do not have a financial interest in a particular matter is not an authoritative statement of the law. If, in fact, you do have a financial interest in the matter and you participate in discussion and voting on it, you will have committed an offence under the Act.

However, if your local authority resolves that you should be able to participate, subject to our approval being obtained, we would take the resolution into account when deciding whether to grant an exemption or declaration enabling you to participate.

4.83 **I am fairly sure that I have a non-financial conflict of interest in a matter but I still think it is important for me to participate. Can the Auditor-General grant me an official exemption?**

No. We do not have power to grant exemptions or declarations for non-financial conflicts of interest. Nor can we provide you with a formal ruling about whether a legal conflict of interest exists; only the courts can determine that. You should consult a lawyer if you want definitive advice.

4.84 **Am I breaching the non-participation rule if I have a financial interest, but vote to my disadvantage?**

Yes. If you have a financial interest in the decision, the Act prohibits you from participating, even if you intend to vote against your interest. See the case *Brown and Others v Director of Public Prosecutions* in Appendix 2.

4.85 **My company has an interest in some work that my council is deciding whether to invite tenders for. Can I participate if I decide that my company will not tender for that work?**

No. Your company will still be in a position to be invited to tender for the work, and so you have financial interest. See the case *Rands v Oldroyd* in Appendix 2.

4.86 **I know my business will benefit from an upcoming decision, but so will all the other businesses in my area. I am not voting for my benefit, but in the interests of the community. Can I participate?**

Probably not. What matters is that you have a financial interest in the decision through your business. Your motives and good faith are irrelevant. However, you might have an interest in common with the public, depending on the size of the group affected by the decision. See the case *Re Wanamaker and Patterson* in Appendix 2.

Investigation and prosecution 5

5.1 In this Part, we discuss:

- offences under the Act;
- deciding whether to investigate; and
- how we investigate possible breaches of the Act.

Offences under the Local Authorities (Members' Interests) Act 1968

5.2 The Act is enforced by prosecution. The Auditor-General is the sole prosecuting authority. That means we investigate allegations about possible breaches of the Act and decide whether prosecution is warranted. Figure 8 describes the two offences under the Act and their respective penalties.

Figure 8
The two offences under the Act

Section	Offence	Penalty on conviction
5	Continuing to act as a member after becoming disqualified from office, by reason of a breach of the contracting limit under section 3(1).	A fine not exceeding $200.
7	Failing to observe the prohibition in section 6(1) against discussing or voting on a matter in which the member has a financial interest.	A fine not exceeding $100 and, if the conviction is not successfully appealed, automatic disqualification from office.

5.3 Proceedings must begin within two years of the offence being committed.[40]

Deciding whether to investigate

5.4 We can investigate a possible breach of the Act or related offence after receiving a complaint or at our own discretion.

5.5 To investigate a complaint, we must first be satisfied that there is enough evidence to justify an investigation. An allegation unsupported by evidence or a simple assertion that there has been a breach is not enough.

5.6 A complaint should be supported with enough evidence to warrant an investigation, such as:

- details about the alleged financial interest;
- information about the decision taken by the relevant local authority and the member's participation in that decision; and
- documentary evidence, such as minutes of the local authority's meeting where the decision was taken, and any supporting reports.

40 See section 40(2) of the Public Audit Act 2001.

Investigating possible breaches

5.7 Any member of the public can complain or raise questions about a member's compliance with the Act. However, both the investigation and the final resolution of the matter are primarily between the member and the Auditor-General.

5.8 If we decide that a complaint made to us warrants further investigation, we will give you full details of the complaint and an opportunity to respond to it. However, we do not reveal the identity of the complainant. This is consistent with the approach all prosecuting agencies take. It is important that members of the public feel free to provide information about possible offences without fear of their identity being revealed.

5.9 We will investigate the complaint carefully to get the relevant facts and evaluate whether there has been a breach of the Act. This involves considering whether the factual circumstances reveal a breach, and whether any of the exclusions or defences can be relied on.

5.10 We will also seek information about the broader context of the complaint, including your reasons for acting as you did, your understanding of the nature of your interest in the matter and the general context, and the other matters you took into account.

5.11 Although we will give you full details of the complaint and an opportunity to respond, you do not have a formal right to be consulted about whether criminal charges are laid or not.

5.12 If an investigation does not result in a decision to prosecute, our usual practice is to:

- inform the complainant (if there is one) that we have completed our enquiries; and
- write to you about our findings.

5.13 We might also inform your local authority of our findings.

5.14 We decide for each case how much of our investigation to publicly report. In making this decision, we consider how publicly reporting the investigation will affect the member's reputation against the need for public accountability. Because the balance of these factors will differ in each case, we decide on a case-by-case basis how much of our investigation we will publicly report.

5.15 We note that, in some cases, it better serves the public interest for us to report more fully on our investigations and conclusions.[41] This particularly applies where we have investigated allegations of breaches of the Act that have attracted considerable public interest.

5.16 In these cases, we might also make a brief public statement about our investigation and findings. You are then accountable to the public for your conduct.

41 See, for example, Office of the Auditor-General (2009), *Investigation into conflicts of interest of four councillors at Environment Canterbury*, Wellington, at oag.parliament.nz.

5.17 If we consider that the circumstances warrant it, we might decide to begin criminal proceedings. The need to consider prosecution is itself a matter of serious concern. However, in any particular situation, we might form the view that, although an offence appears to have been committed, the circumstances do not warrant prosecution.

5.18 When deciding whether to begin criminal proceedings, we take account of the *Solicitor-General's Prosecution Guidelines* issued by the Crown Law Office.[42] These guidelines are the accepted and authoritative description of how any prosecuting agency should exercise its discretion.

5.19 These guidelines require that:

- the facts provide evidence of a breach of the Act; and
- it is in the public interest to bring a prosecution.

5.20 There must be a reasonable prospect of obtaining a conviction. There must be credible evidence that can be relied on in court to reasonably expect that a judge will convict. The burden of proof for criminal prosecutions is stricter than the test required to invalidate a local authority's decision in judicial review proceedings for bias. As well as needing to prove that there has been a breach, it must be clear that none of the exclusions or defences in the Act apply.

5.21 Even if there is evidence that can prove a breach, the public interest in any prosecution must also be considered. Factors relevant to the public interest include:

- whether it is more likely than not that a prosecution will result in conviction;
- the size and immediacy of any financial interest, the damage caused, the level of public concern, and the extent to which the member's participation influenced the outcome;
- mitigating and aggravating factors, including any previous misconduct, willingness to co-operate with an investigation, evidence of recklessness or irresponsibility, and previous breaches, cautions, and warnings;
- the effect of a decision not to prosecute on public opinion;
- the availability of proper alternatives to prosecution, such as reporting publicly to the council or the public;
- the prevalence of the offending and need for deterrence;
- whether the consequences of a conviction would be unduly harsh or oppressive; and
- the likely length and expense of the trial.

5.22 This list is illustrative and is not exhaustive.

42 Crown Law (2013), *Solicitor-General's Prosecution Guidelines*, at crownlaw.govt.nz.

Appendix 1
Organisations with members subject to the Local Authorities (Members' Interests) Act 1968

Classes of organisations

- Administering bodies under the Reserves Act 1977
- Cemetery trustees
- Community arts councils
- Community boards
- Community trusts under the Sale and Supply of Alcohol Act 2012
- Licensing trusts under the Sale and Supply of Alcohol Act 2012
- Local boards
- Provincial patriotic councils
- Regional councils
- Territorial authorities (city and district councils)

Specific organisations

- Auckland Museum Trust Board
- Canterbury Museum Trust Board
- Chatham Islands Council
- Masterton Trust Lands Trust
- Museum of Transport and Technology Board
- New Zealand Council for Educational Research
- New Zealand Māori Arts and Crafts Institute
- Ngarimu V.C. and 28th (Māori) Battalion Memorial Scholarship Fund Board
- Otago Museum Trust Board
- Pacific Islands Polynesian Education Foundation Board of Trustees
- Plumbers, Gasfitters, and Drainlayers Board
- Queen Elizabeth the Second National Trust Board of Directors
- Riccarton Bush Trustees
- Taratahi Agricultural Training Centre (Wairarapa) Trust Board
- Winston Churchill Memorial Trust Board

Appendix 2
Illustrative cases on financial interests

A definition of "financial interest"

In *Downward v Babington* [1975] VR 872, the Supreme Court of Victoria, Australia, gave a useful definition of the term "pecuniary interest" (financial interest):

> *... a councillor should be held to have a pecuniary interest in a matter before the council if the matter would, if dealt with in a particular way, give rise to an expectation which is not too remote of a gain or loss of money by him.*

We have chosen to adopt this definition as appropriate in the New Zealand context, although acknowledging that our Act deals separately with the element of remoteness in section 6(3)(f) of the Act.

Cases on the Local Authorities (Members' Interests) Act 1968

Loveridge & Henry v Eltham County Council (1985) 5 NZAR 257 (HC)

In this case, the Court considered whether a council's chairman and deputy chairman had financial interests in a decision to establish a rural water supply scheme in an area where they both owned land. The Court did not make findings on their interests, but importantly observed that:

> *The situation contemplated by the Local Authorities (Members' Interests) Act is a particular formalised illustration of the rule that persons charged with an obligation to make decisions should not be affected by a personal motive.*

The Court rejected an argument that the relevant "public" with which to compare the members' interests was the group of landowners affected by the scheme. With rather limited reference to previous cases, the judgment used the general rules of natural justice as the base on which to state a test for compliance with the non-participation rule in section 6(1) of the Act:

> [W]*ould an informed objective bystander form an opinion that there was a likelihood that bias existed?*

Calvert & Co v Dunedin City Council [1993] 2 NZLR 460 (HC)

In this case, the Court considered the procedures adopted at meetings for determining directors' fees to be paid in relation to four local authority trading enterprises. The directors had previously been appointed and included various members of Dunedin City Council.

The Council considered reports on the setting of directors' fees generally and a specific motion that, if passed, would have required councillor directors to remit their directors' fees to the Council and receive in lieu a payment from the Council based on the usual allowances paid for local authority meetings.

That motion was dealt with by debating it separately in relation to each local authority trading enterprise.

Councillor directors withdrew when the part of the motion that concerned the local authority trading enterprise of which they were directors was debated and voted on, but took part in debate and voted on those parts of the motion that concerned local authority trading enterprises of which they were not directors.

The Court held that the non-participation rule in section 6 of the Act was breached when councillor directors discussed and voted on:

- a report containing opinions and recommendations about the range of directors' fees that should be payable on the basis that it amounted to a direct financial interest; and
- motions affecting directors' fees for local authority trading enterprises to which they were not appointed on that basis that it amounted to an indirect financial interest.

The vote of a particular councillor, in effect, put their stamp of approval on the method by which the directors' fees had been calculated. That stamp of approval called for a consistent approach and vote by other councillor director members.

The length of some meetings, and the memoranda and resolutions, tended to confirm that the councillor directors were, in effect, acting in harmony in the approach taken by the Council towards directors' fees.

Certainly, the interest of those councillor directors was greater than that of the public at large.

Auditor-General v Christensen [2004] DCR 524

In this case, a member was unsuccessfully prosecuted for breaching the non-participation rule in section 6 of the Act, with the Court ruling that the matter under discussion fell within one of the exceptions to the rule.

The local authority was considering a proposal to set up a booking system for the provision of sewerage connections to those seeking to subdivide land, giving priority to subdividers who paid cash in advance. The member owned a land development company that carried out subdivisions. Despite this, the member spoke against the proposed booking system.

When prosecuted for doing so, the Court accepted that the member had a financial interest in the decision because the booking system would have had a financial effect on him (if the booking system was implemented, he would either have to make a cash payment in advance to guarantee a connection or take the risk that another subdivider would take priority).

However, the Court ruled that the financial interest was too remote for criminal liability because, at the stage at which discussions were taking place, no one could say with confidence what the fate of the proposal would be; whether there would be actual financial advantage depended on the decision of others on the proposal.

In any event, the Court also ruled that the decision fell within the exception in section 6(3)(e) of the Act, which provides that the non-participation rule does not apply to decisions relating to the preparation of district schemes.[43]

Cases that consider financial interests in local government in other jurisdictions

Whether you have a financial interest if you vote to your potential disadvantage

In *Brown and Others v Director of Public Prosecutions* [1956] 2 All ER 189; [1956] 2 QB 369, an English court ruled that members of a local authority who were tenants in houses owned by the local authority had a financial interest in decisions made on the level of rents for council houses where there were subtenants or lodgers.

The Court said that members had a financial interest in the matter even though they voted to their potential disadvantage.

The Court also ruled that members had a financial interest even if, at that time of the decision, they did not have subtenants or lodgers, because the houses were potential income-producing assets and the possibility existed of sub-letting or taking in lodgers in the future.

Whether your intentions are relevant in determining whether you have a financial interest

In Rands v Oldroyd [1958] 3 All ER 344; [1959] 1 QB 204, a member of an English borough council who spoke to a motion about the letting of contracts for building council housing was ruled to have an indirect financial interest in the decision because he was managing director and majority shareholder of a building company that had a history of building for the council.

It did not matter that, when appointed to the relevant committee, he decided that his company would not tender in the future for any building contracts with the council; the Court said that the company was at all times in a position to be invited to tender for building work for the council and to tender for such work in the future if it desired, thus creating an indirect financial interest.

43 For our commentary on the court's decision, see Office of the Auditor-General (2005), *The Local Authorities (Members' Interests) Act 1968: Issues and options for reform*, Wellington, at oag.parliament.nz.

Whether your motives and good faith are relevant in determining whether you have a financial interest

In Re Wanamaker and Patterson (1973) 37 DLR (3d) 575, the mayor of a town council in Alberta, Canada, who also owned a coin laundry business in the town's shopping centre, was ruled to have an indirect financial interest in a decision on roads surrounding the centre.

In his capacity as a member of the council, he proposed and voted on resolutions designed to secure the approval of the Minister of Highways for a project to make a cut in the median strip of a provincial highway in order to provide access for traffic on the highway to the shopping centre. Since the effect of the improved access to the shopping centre would be to increase the number of customers going to the shopping centre, which would be reflected in increased use of the coin laundry, the mayor would financially benefit, and consequently the question was one in which he had an indirect financial interest.

It did not matter that he might have been acting in good faith and in the interests of the municipality.

Whether you have a financial interest if you are considering a matter in which one of your competitors has an interest

In *R (James Robert Developments Ltd) v Holderness Borough Council* (1993) 66 P & CR 46, the English Court of Appeal ruled that a member did not have a direct or indirect financial interest in development applications merely because he was a rival builder to the applicants.

Example of financial interest as a result of potential effect of decision on land value

In R v Secretary of State for the Environment, ex parte Kirkstall Valley Campaign [1996] 3 All ER 304, an English court considered financial interests of the chairman of an urban development authority relating to a rugby club that wanted to relocate its main sports field.

The rugby club wished to sell its main sports field and move to another location nearby but could realistically do so only if it obtained a commercial site value for its existing site. Planning permission was therefore sought from the local urban development authority to allow the large-scale commercial development of the land.

At the same time, the club had also identified the desired location for its proposed new facilities: a piece of open land next to a large private property owned by the chairman.

The chairman's land was "green belt" land and it was well known that he believed his land should be rezoned for housing development (but any rezoning decision would be the responsibility of another council).

The Court found that the chairman had an undisguised interest, worth a great deal of money to him and his family, in getting his private land rezoned. It also found that a powerful argument in favour of this would have been if the neighbouring site was developed into a rugby stadium.

Because it was common knowledge that this was unlikely to occur unless the club was able to secure a commercial sale price for its existing site, the Court held that this meant the chairman had – at that time – a financial interest in the planning application about the club's existing site. The Court implicitly rejected an argument that his interest was too remote or insignificant.

However, the club later abandoned its proposed new location near the chairman's land. Furthermore, a fresh development proposal was submitted in respect of the club's existing site. The Court held that the chairman did not have a financial interest in the authority's later decisions about the existing site. His former interest did not negatively affect the authority's subsequent decisions.

Appendix 3
Checklist for applications for approvals of interests in contracts

Applications for approval for a member to be concerned or interested in a contract need to be made by the local authority on the member's behalf. In order to consider an application, we need:

- the member's name;
- the names of the parties to the contract (if the member is not a party to the contract, we need to know their relationship to the person/company who is the party to the contract);
- the payments to be made under the contract for which approval is sought;
- the duration and nature of the contract;
- the reasons the local authority wishes to use the proposed contractor for this work (for instance, how the local authority justifies its choice on the basis of, for example, cost, performance, quality, expertise, or experience);
- the local authority's usual process for contracts of this type or value, and any policy or rules that apply;
- the process the local authority has followed in selecting the proposed contractor (including, for example, whether other potential contractors were considered or had the opportunity to quote or tender, whether the local authority followed its standard procedures for contracts of this type or value, how the proposal was evaluated, and who was involved in making the relevant recommendation or decision);
- to know whether this is a subcontracting situation where the local authority cannot control who the head contractor chooses to use;
- to know whether the member concerned has had any involvement in any local authority decisions about the contract; and
- to know whether the member declared an interest and abstained where necessary.

For retrospective approval applications, as well as needing the information listed above, we need to know why approval was not obtained before the contract was entered into. We need to be satisfied that there was "sufficient special reason" for this.

The application must be in writing. We recommend that you use the form on our website. Alternatively, you can email the application to: LAMIA@oag.parliament.nz.

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Appendix 6

SPECIAL GUIDE

Introduction to the Health and Safety at Work Act 2015

A GUIDE TO NEW ZEALAND'S KEY WORK HEALTH AND SAFETY LAW AND ITS REGULATOR

February 2019

2ND EDITION

New Zealand Government

WORKSAFE
Mahi Haumaru Aotearoa

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FOREWORD

In 2013, the Independent Taskforce on Workplace Health and Safety reported that New Zealand's work health and safety system was failing. As a result, New Zealand underwent its most significant workplace health and safety reforms in 20 years resulting in the Health and Safety at Work Act 2015 (HSWA) and the formation of WorkSafe New Zealand (WorkSafe).

This guide provides a plain English explanation of key requirements under HSWA and the role of WorkSafe. It gives examples to explain certain concepts and directs readers to where they can find guidance on how to meet regulatory requirements.

As this guide will be updated regularly, please check the WorkSafe website for the latest version.

How to read this guide

This guide is split into 10 sections:

- Section 1 describes the health and safety law
- Sections 2-3 describe the duties of persons conducting a business or undertaking (PCBUs)
- Section 4 describes notifcations and authorisations
- Section 5 describes the duty of ofcers
- Section 6 describes the duty of workers
- Section 7 describes the duty of other persons at workplaces
- Sections 8-10 describe what to expect from the regulator, the enforcement tools available, and offences and penalties under HSWA.

KEY CONCEPTS TO UNDERSTAND BEFORE READING THIS DOCUMENT

CONCEPT	BRIEF EXPLANATION
The Health and Safety at Work Act 2015 (HSWA)	New Zealand's key work health and safety legislation is the Health and Safety at Work Act 2015 (HSWA) and regulations made under that Act. All work and workplaces are covered by HSWA unless specifically excluded.
WorkSafe New Zealand (WorkSafe)	WorkSafe is the government agency that is the work health and safety regulator.
Designated agencies	Designated agencies are government agencies other than WorkSafe designated to carry out health and safety functions for certain sectors.
Regulator	The regulator means WorkSafe or a relevant designated agency.

Duty holders under HSWA	A duty holder is a person who has a duty under HSWA. There are four types of duty holders – PCBUs, officers, workers and other persons at workplaces.
PCBU	A PCBU is a 'person conducting a business or undertaking'. A PCBU may be an individual person or an organisation. This does not include workers or officers of PCBUs, volunteer associations, or home occupiers that employ or engage a tradesperson to carry out residential work. A PCBU must ensure, so far as is reasonably practicable, the health and safety of workers, and that other persons are not put at risk by its work. This is called the 'primary duty of care'. See sections 2-3 of this guide for more information about PCBUs.
Officer	An officer is a person who occupies a specified position or who occupies a position that allows them to exercise significant influence over the management of the business or undertaking. This includes, for example, company directors and chief executives. Officers must exercise due diligence to ensure the PCBU meets its health and safety obligations. See section 5 of this guide for more information about officers.
Worker	A worker is an individual who carries out work in any capacity for a PCBU. A worker may be an employee, a contractor or sub-contractor, an employee of a contractor or sub-contractor, an employee of a labour hire company, an outworker (including a homeworker), an apprentice or a trainee, a person gaining work experience or on a work trial, or a volunteer worker. Workers can be at any level (eg managers are workers too). Workers have their own health and safety duty to take reasonable care to keep themselves and others healthy and safe when carrying out work. See section 6 of this guide for more information about workers.
Other person at workplace	Examples of other persons at workplaces include workplace visitors and casual volunteers at workplaces. Other persons have their own health and safety duty to take reasonable care to keep themselves and others safe at a workplace. See section 7 of this guide for more information about other persons at workplaces.

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Introduction

IN THIS PART:

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This Part describes New Zealand's key work health and safety legislation.

KEY POINTS:

- The Health and Safety at Work Act 2015 (HSWA) is New Zealand's key work health and safety law.
- WorkSafe New Zealand is the work health and safety regulator – although other agencies can be designated functions for certain sectors.
- HSWA, regulations, safe work instruments, and WorkSafe information and guidance work together to support duty holders to improve work health and safety.

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1.0 About the Health and Safety at Work Act 2015

BACK

1.1 What the Health and Safety at Work Act 2015 (HSWA) sets out to do

The Health and Safety at Work Act 2015 (HSWA) is largely based on the Australian work health and safety law but with changes to reflect the differences between the New Zealand and Australian working environments.

It recognises that a well-functioning health and safety system relies on participation, leadership, and accountability by government, business and workers.

Purpose of HSWA

A guiding principle of HSWA is that workers and other persons should be given the highest level of protection against harm to their health, safety, and welfare from work risks as is reasonably practicable.

The main purpose of HSWA is to provide for a balanced framework to secure the health and safety of workers and workplaces by:

- protecting workers and other persons against harm to their health, safety and welfare by eliminating or minimising risks arising from work
- providing for fair and effective workplace representation, consultation, co-operation, and resolution of issues
- encouraging unions and employer organisations to take a constructive role in promoting improvements in work health and safety practices and assisting PCBUs and workers to achieve a healthier and safer working environment
- promoting the provision of advice, information, education, and training in relation to work health and safety
- securing compliance with the Act through effective and appropriate compliance and enforcement measures
- ensuring appropriate scrutiny and review of actions taken by persons performing functions or exercising powers under the Act
- providing a framework for continuous improvement and progressively higher standards of work health and safety.

HSWA is flexible and workable for all businesses and undertakings

The legislation is designed to be flexible and workable for both small and large businesses and undertakings without imposing unnecessary compliance costs.

The work health and safety legislation:

- reflects modern working relationships
- places obligations on the people who create risk and are best placed to manage it
- provides for worker participation and the sharing of health and safety information
- has regulations which describe certain requirements to be met for certain duties
- integrates the regulation of workplace use of hazardous substances
- has a responsive enforcement regime.

Work health and safety regulator

WorkSafe New Zealand (WorkSafe) is the work health and safety regulator.

In addition, other government agencies (called designated agencies) can be designated to carry out health and safety regulatory functions for certain work, for example:

- Maritime New Zealand for ships as workplaces and work aboard ships
- Civil Aviation Authority (CAA) for work preparing aircraft for imminent flight and aircraft in operation.

In this guide, the term 'regulator' means WorkSafe or the relevant designated agency.

1.2 Key concepts in HSWA

Coverage is broad

HSWA applies to nearly all work in New Zealand.

However, there are exceptions. For example, HSWA does not apply to:

- members of the Armed Forces carrying out operational activity
- civilians working in support of Armed Forces overseas in an area of operational activity
- any military aircraft or naval ship carrying out operational activity.

Business and working relationships covered

All types of modern business and working relationships are covered under HSWA (eg the relationship between franchisors and franchisees).

Focus on work

Most duties under HSWA relate to the conduct of work. However, while the focus is on the work being carried out and how it can affect workers and others, there are certain duties that relate to the physical workplace.

A workplace is a place where a worker goes or is likely to be while at work, or where work is being carried out or is customarily carried out. It includes a vehicle, vessel, aircraft, ship or other mobile structure, and any waters and any installation on land, on the bed of any waters, or floating on any waters.

Focus on both work-related illnesses and injuries

Whoever creates the risk manages the risk. HSWA requires health and safety work risks to be managed. This means consideration of the potential work-related health conditions as well as the injuries that could occur. Health conditions include both physical and psychological acute and long-term illnesses.

Four types of duty holders

There are four types of duty holders that have work health and safety duties:

- persons conducting a business or undertaking (PCBUs) – these may be individuals or organisations
- workers
- officers
- other persons at workplaces.

These duties are discussed later.

A person may have more than one duty (eg a person can be a PCBU and a worker). More than one person may have the same duty (eg different PCBUs may have the same duty towards the same worker).

Duties are not transferable or able to be contracted out of, but reasonable arrangements can be entered to ensure duties are met.

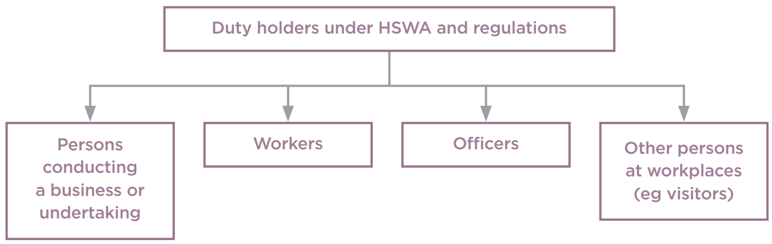

FIGURE 1: Duty holders under HSWA

1.3 So far as is reasonably practicable (section 22 of HSWA)

The primary duty of care requires a PCBU to ensure health and safety 'so far as is reasonably practicable'. When used in this context, something is reasonably practicable if it is reasonably able to be done to ensure health and safety, having weighed up and considered all relevant matters, including:

- How likely are any hazards or risks to occur?
- How severe could the harm that might result from the hazard or risk be?
- What a person knows or ought to reasonably know about the risk and the ways of eliminating or minimising it (eg by removing the source of the risk or using control measures such as isolation or physical controls to minimise it).
- What measures exist to eliminate or minimise the risk (control measures)?
- How available and suitable is the control measure(s)?

Lastly weigh up the cost:

- What is the cost of eliminating or minimising the risk?
- Is the cost grossly disproportionate to the risk?

For worker engagement and participation duties, the above definition does not apply.

For more information see WorkSafe's fact sheet: *Reasonably Practicable*

1.4 How HSWA, regulations, safe work instruments and guidance work together

HSWA, regulations, safe work instruments (SWIs) and WorkSafe information, guidance and advice work together to improve work health and safety.

The work health and safety legislation

HSWA is the key work health and safety law. It sets out the health and safety duties that must be complied with.

Health and safety regulations sit under HSWA, and prescribe certain requirements to be met for certain duties under HSWA (see Appendix 2 of this guide for a list of the health and safety regulations). For example, there are regulations about what workplace facilities are required.

SWIs set out further technical rules in relation to matters covered by regulations (eg variations to control measures for specific substances).

Other legislation may affect work health and safety (eg the Gas Act 1992 and the Building Act 2004). Where two pieces of legislation apply, the duty holder needs to follow both. HSWA addresses such overlaps by providing that other legislative requirements can be considered when deciding if health and safety duties are being met. However, duty holders may need to do more than what other legislation requires to meet HSWA duties.

Example

An architect that designs a building has duties under HSWA to ensure health and safety, and must also ensure the design complies with the Building Act. Under HSWA the requirements of the Building Act will be taken into account in determining what is required to comply with the architect's HSWA duties.

There is other legislation that applies to work, such as the Employment Relations Act 2000.

WorkSafe guidance and information

WorkSafe produces a range of information and guidance to help people comply with their health and safety duties.

Figure 2 shows the relationship between the law and WorkSafe guidance and information.

WorkSafe produces a range of products including:

- approved codes of practice (ACOPs)
- good practice guidelines (GPGs)
- interpretive guidelines
- quick guides
- fact sheets
- bulletins
- alerts.

Other publicly available items include:

- positions
- regulatory function policies
- operational policies
- policy clarifications.

Figure 2 explains what these are.

Guidance has been produced on the work health and safety duties under HSWA and regulations.

All guidance can be found on WorkSafe's website: worksafe.govt.nz

Other guidance is referred to as appropriate in this guide.

In addition to WorkSafe guidance, there may be industry-directed health and safety guidance available.

WORK HEALTH AND SAFETY LAW

Health and Safety at Work Act 2015 (HSWA)

LEGALLY BINDING

↓

Health and safety regulations

- **Expand on health and safety duties in HSWA.**
- **Set standards for managing certain risks and hazards.**

LEGALLY BINDING

↓

Safe work instruments (SWIs)

- **Set out technical rules.**
- **Approved by the Minister.**

LEGALLY BINDING

WORKSAFE GUIDANCE AND INFORMATION

Includes:

- **Positions**: WorkSafe's approach to a particular issue.
- **Regulatory function policies**: provide information on WorkSafe's approach to meeting regulatory functions.
- **Operational policies**:
  - provide information on 'how WorkSafe's decides'
  - give more detail to support regulatory function policies.
- **Policy clarifications**: aim to 'clear things up'.
- **Approved codes of practice (ACOPs):**
  - set out WorkSafe's expectations about how to comply with legal duties imposed by HSWA and regulations
  - are not the only way to comply with HSWA and regulations
  - other practices can be used to achieve compliance as long as the level of health and safety is equivalent to, or higher, than the standard set in an ACOP.
- **Good practice guidelines (GPGs)**: provide clear good practice guidance for certain work activities.
- **Interpretive guidelines**: show how WorkSafe interprets the law, and may indicate how the law will be enforced.
- **Quick guides**: provide an overview of legislative requirements, good practice, or other information for specific topics in an easy-to-read format.
- **Special guides**: provide information on notable topics (eg legislative change).
- **Fact sheets**: provide concise information on a topic.
- **Technical bulletins**: describe a known or identified issue relating specifically to machinery or equipment, or provide in-depth technical information or clarification on specific topics.
- **Safety alerts**: short timely responses to an incident (or pattern of incidents) with a view to prevent a similar incident occurring.

FIGURE 2:
The relationship between HSWA, regulations, SWIs, and WorkSafe guidance and information

All guidance and information is available through WorkSafe's website: worksafe.govt.nz

BACK

Person conducting a business or undertaking (PCBU)

IN THIS PART:

BACK

This Part explains the duties of a person conducting a business or undertaking (PCBU).

KEY POINTS:

- A PCBU is a 'person conducting a business or undertaking'.
- In most cases the PCBU will be an organisation (eg a business entity such as a company).
- A PCBU must ensure, so far as is reasonably practicable, the health and safety of workers, and that other persons are not put at risk by its work – this is called the 'primary duty of care'.
- PCBUs have a number of duties under HSWA.

BACK

2.0 What is a PCBU?

2.1 The meaning of a PCBU (section 17 of HSWA)

A PCBU is a 'person conducting a business or undertaking'. While a PCBU may be an individual person (eg a sole trader) or an organisation, in most cases the PCBU will be an organisation (eg a business entity such as a company).

While the terms 'business' and 'undertaking' are not defined in HSWA, the usual meanings of these terms are:

- 'business': an activity usually carried out with the intention of making a profit or gain
- 'undertaking': an activity that is non-commercial in nature (eg certain activities of a local authority or a not-for-profit group).

2.2 Examples of PCBUs

Individuals or organisations can be PCBUs. A PCBU will usually be a legal entity, but HSWA also makes it clear that it could be a body of persons. Examples of PCBUs are:

- A business in the form of a limited liability company.
- A sole trader or self-employed person.
- A limited partnership.
- A partner in a partnership (if the partnership is not a limited partnership).
- An entity created by legislation (eg a statutory body such as a university).

2.3 People and organisations that are not PCBUs

The following are not PCBUs:

- volunteer associations
- home occupiers who employ or engage someone to do work around the home
- persons to the extent they are solely a worker or an officer in the business or undertaking
- statutory officers to the extent they are officers or workers in the business or undertaking
- other persons declared by regulations not to be PCBUs for the purposes of HSWA or any provision of the Act.

Example

Kitchen Construction Limited (KCL) operates a small business which specialises in building and renovating kitchens. Simon is KCL's sole director. KCL employs several full-time staff and regularly contracts Jill, a self-employed electrician, to do electrical work for KCL's projects.

- KCL is a PCBU conducting the business of building and renovating kitchens.
- KCL's employees are workers of KCL (so are not PCBUs).
- Simon is an officer of KCL (so is not a PCBU).
- Jill is a PCBU conducting her electrical business.
- Jill is also a worker of KCL because she is engaged by KCL to complete electrical work on KCL's projects.

Volunteer associations

Volunteer groups that meet the definition of 'volunteer associations' are not PCBUs.

A volunteer association is a group of volunteers working together for one or more community purpose, where none of the volunteers, nor the association as a whole, employs anyone to carry out work for them. Community purposes could include the promotion of art, culture, science, religion, education, medicine, or for charity, sport or recreation purposes.

Volunteer groups that only engage contractors (eg instead of having employees) are not classed as PCBUs. Contractors are PCBUs in their own right.

Example

Monica, a nurse at the local hospital, set up a group of keen knitters to knit clothing for babies (Knitting for Babies) two years ago. At first the knitting was only donated to the hospital, where it was used for premature babies. Recently the group has grown substantially and now also knits jumpers and other clothes for older babies. These jumpers are given to Plunket and the Salvation Army to distribute more widely in the community to those in need.

- Knitting for Babies is not a PCBU as it is a volunteer association that does not have employees.

Example

The demand for knitted baby clothes became so great that there is not enough donated wool. Knitting for Babies decided to raise money by selling a wider range of knitting at community fairs and on the group's newly established website. The group became an incorporated society, Knitting for Babies Incorporated, and employed Roger on a part-time basis to take care of all administration and accounting matters.

- Knitting for Babies Incorporated is now a PCBU as it employs a person to work for it.

Example

Happier Homes is a charity organisation that finds homes for abandoned pets. It is run by volunteers. Happier Homes contracts an IT specialist to create a website to promote their cause.

- Happier Homes is not a PCBU as volunteer associations can engage contractors without being classed as PCBUs.
- The IT specialist is a PCBU.

Example

Happier Homes has now expanded and needs someone to manage the administration of the organisation.

- If it employs a part-time accountant to manage the organisation's funds, the organisation is a PCBU.
- However, if the accountant was a contractor rather than an employee, Happier Homes would not be classed as a PCBU. The accountant is a PCBU.

Home occupiers

A home occupier who employs or engages another person to only do residential work (domestic work done in the home, or other work on the home itself) is not a PCBU. However, a home occupier is a PCBU if they operate a business from their home.

Example

Mary owns a small lifestyle block and wants to keep chickens and plant a large garden to provide fresh eggs and vegetables for her family of eight. The property is not connected to the town water supply. Mary has engaged Maximum Plumbing Limited (MPL) to upgrade the house's plumbing and secondary water tank to make sure there is enough water for the animals, garden and her family. Three plumbers from MPL will be working in and around Mary's home for several days to finish the upgrade.

- Mary is not a PCBU as she engaged MPL only to undertake residential work on her home.
- MPL is a PCBU. It is in the business of providing plumbing services and needs to ensure, so far as is reasonably practicable, the health and safety of its workers and that others (including Mary) are not put at risk by the work to upgrade the house's plumbing and water tank.

Example

Peter, a self-employed chef, has started his own business to provide healthy, home-cooked meals to people. Peter runs the business from his home and contracts a local courier company (who employs a driver called Sandy) to deliver the pre-cooked meals to customers. Peter purchased a larger oven to put in his kitchen and engaged Todd, a self-employed electrician, to install the oven and complete some necessary upgrades to his house's wiring to accommodate the larger oven.

- Todd is doing work at Peter's home for Peter's home-cooked meal business. This is not residential work.
- Peter is a PCBU conducting his home-cooked meal business. Peter has a duty of care to Todd and Sandy as workers.
- Todd is a PCBU conducting his electrical business. He has health and safety duties in respect of Peter, as an 'other person'. He also has health and safety duties in respect of himself as a self-employed person.
- The courier company is a PCBU conducting its delivery business. It has health and safety duties in respect of Sandy.

BACK

3.0
PCBU duties

BACK

3.1 Primary duty of care (section 36 of HSWA)

A PCBU must ensure, so far as is reasonably practicable, the health and safety of workers, and that other people are not put at risk by its work. This is called the 'primary duty of care'.

This means ensuring, so far as is reasonably practicable:

- *the health and safety of workers* who work for the PCBU (eg employees or contractors, including their subcontractors or workers) while they are at work in the business or undertaking
- *the health and safety of workers whose work activities are influenced or directed by the PCBU while the workers are carrying out the work* (eg a franchise company whose franchise requirements influence or direct the workers of the franchisee)
- *that other persons are not put at risk by the work of the business or undertaking* (eg a visitor to the workplace, or members of the public who could be affected by a work activity).

A PCBU who is a self-employed person must also ensure, so far as is reasonably practicable, his or her own health and safety while at work.

The primary duty of care is a broad overarching duty. It includes, but is not limited to, so far as is reasonably practicable:

- providing and maintaining a work environment that is without risks to health and safety
- providing and maintaining safe plant and structures
- providing and maintaining safe systems of work
- ensuring the safe use, handling and storage of plant, structures and substances
- providing adequate facilities for the welfare at work of workers in carrying out work for the business or undertaking, including ensuring access to those facilities
- providing any information, training, instruction, or supervision that is necessary to protect all persons from risks to their health and safety arising from work carried out as part of the conduct of the business or undertaking
- monitoring the health of workers and the conditions at the workplace for the purpose of preventing injury or illness of workers arising from the conduct of the business or undertaking.

PCBUs must also maintain any worker accommodation that is owned or managed by the PCBU and provided because other accommodation is not reasonably available. The PCBU must, so far as is reasonably practicable, maintain the accommodation so the worker is not exposed to health and safety risks arising from the accommodation.

PCBUs cannot contract out of their duties, but can enter reasonable agreements with other PCBUs to meet their duties.

These duties are explained below.

Providing and maintaining a work environment that is without risks to health and safety

PCBUs must, so far as is reasonably practicable, provide and maintain a work environment that is without health and safety risks.

The work environment includes:

- the physical work environment, including lighting, ventilation, dust, heat and noise
- the psychological work environment, including overcrowding, deadlines, work arrangements (eg the effects of shift-work and overtime arrangements), and impairments that affect a person's behaviour, such as work-related stress and fatigue, and drugs and alcohol.

The health and safety regulations that sit under HSWA cover duties to manage certain work risks.

Providing and maintaining safe plant and structures

PCBUs must, so far as is reasonably practicable, provide safe plant and structures, and maintain them in good condition.

'Plant' includes:

- machinery
- vehicles
- vessels
- aircraft
- equipment (including personal protective equipment)
- appliances
- containers
- implements
- tools
- any component of one of these items or anything fitted or connected to one of these items.

'Structure' means anything that is constructed. It can be fixed, movable, temporary or permanent, and includes any component or part of a structure. The following are examples of structures:

- buildings
- masts
- towers
- frameworks
- pipelines
- quarries
- bridges
- underground works (including shafts and tunnels).

Providing and maintaining safe systems of work

PCBUs must, so far as is reasonably practicable, provide and maintain safe systems of work (eg work processes).

Developing a safe system of work is a formal procedure carried out by a person with sufficient knowledge and experience. It involves:

- the systematic examination of a task to identify risks that may arise from carrying it out
- the identification of safe methods including control measures to eliminate or minimise the identified risks
- the setting of methods to safely carry out the task.

The development of safe systems of work can involve looking at the physical layout of the workplace and its access and egress, tools, plant, procedures and people (eg instruction, information, training).

For risky work, safe work methods can be formalised using a permit-to-work system.

Systems of work should be reviewed on a regular basis and updated as appropriate.

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Ensuring the safe use, handling and storage of plant, structures, and substances

PCBUs must, so far as is reasonably practicable, make sure that plant, structures, and substances are safely used, handled and stored.

Providing adequate facilities for the welfare at work of workers in carrying out work for the business or undertaking, including ensuring access to those facilities

PCBUs must, so far as is reasonably practicable, provide adequate facilities (that are clean, safe, accessible, in good working order and maintained to stay that way) for the welfare of workers.

Providing any information, training, instruction, or supervision that is necessary to protect all persons from risks to their health and safety arising from work carried out as part of the conduct of the business or undertaking

PCBUs must, so far as is reasonably practicable, make sure its workers and others are provided training, information, instruction or supervision to protect them from risks to health and safety.

The type of training, instruction or supervision required will depend on the nature of the work carried out and the experience of the workers, and the risk that workers and others, such as clients and customers, are exposed to.

Monitoring the health of workers and the conditions at the workplace for the purpose of preventing injury or illness of workers arising from the conduct of the business or undertaking

Exposure to certain hazards can injure workers or make them ill. This can include exposure to:

- airborne contaminants such as dusts, fibres, fumes
- chemicals that can make people ill after breathing in, getting on their skin, or eating or drinking them
- biological hazards such as bacteria, viruses or fungi
- physical hazards such as noise, vibrations, UV radiation, heat
- ergonomic hazards such as repetitive motions, eye strain.

A PCBU must, so far as is reasonably practicable, monitor its workers' health and the workplace conditions. Monitoring is not a control measure to manage risk and does not replace the need for control measures to reduce exposure. Results from monitoring should be used to improve control measures where needed.

WORKPLACE MONITORING

Workplace monitoring can involve measuring a hazard (eg a substance, fumes, noise or vibrations arising from the work). The purpose of the monitoring is to assess the effectiveness of controls being used to minimise the risk of workers developing a work-related condition or getting injured on an ongoing basis.

HEALTH MONITORING

Health monitoring involves specific and targeted testing of the health of workers to identify potential signs of potential harm to their health and any changes on an ongoing basis. As well as identifying the development of work-related conditions, the purpose of monitoring is to assess the effectiveness of control measures designed to minimise potential harm to worker health on an ongoing basis.

Providing healthy and safe worker accommodation

In some situations a PCBU provides its workers with accommodation that it owns, or manages or controls, where this is necessary because other accommodation is not reasonably available.

If this is the case, a PCBU must, so far as is reasonably practicable, maintain the worker accommodation so that workers are not exposed to health and safety risks arising from the accommodation.

For more information about duties see WorkSafe's website: worksafe.govt.nz

3.2 Duties of PCBUs with volunteers

Certain volunteers are classed as volunteer workers. A volunteer is a 'volunteer worker' when:

- they work for a PCBU who knows they are doing that work or has given consent for the volunteer to do the work, and
- the volunteer does the work on an ongoing and regular basis, and
- the work is an integral part of the business or undertaking, and
- the work is not:
  - participating in fundraising
  - assisting with sports or recreation for an educational institute, sports club or recreation club
  - assisting with activities for an educational institute outside its premises or
  - providing care for another person in the volunteer's home (eg foster care).

A PCBU owes its volunteer workers the same duties as other workers (eg must provide health monitoring) with the exception of the duties in Part 3 of HSWA (worker engagement and participation).

All other volunteers (eg casual volunteers) are owed the primary duty of care as 'other persons'.

For more information see WorkSafe's guidance: *Information for PCBUs that Engage Volunteers*

DUTIES FOR SPECIFIC PCBUs

There are some duties that apply to PCBUs in certain situations. These are outlined in sections 3.3 to 3.5 of this guide. They expand on the primary duty of care. These PCBUs still have the primary duty of care.

3.3 PCBUs who manage or control workplaces (section 37 of HSWA)

Most duties under HSWA relate to the conduct of work. However, certain duties relate to workplaces.

A PCBU who manages or controls a workplace must ensure that, so far as is reasonably practicable, the workplace, the means of entering and exiting the workplace, and anything else arising from the workplace are without health and safety risks to any person.

A 'workplace' is any place where a worker goes or is likely to be while at work, or where work is being carried out or is customarily carried out.

This workplace duty recognises that a workplace may not permanently be a workplace for the PCBU.

PCBUs who manage or control workplaces do not owe this duty to anyone who is at the workplace for an unlawful purpose.

Example

A builder is making repairs to a commercial property. This property is only classed as the builder's workplace while the builder is working there.

Example

Lines workers are carrying out a one-off repair of a power pole. Once they complete the work and leave, it is no longer a workplace for the lines company PCBU as the workers are not usually at that location for work.

There is a clarification of these duties for farming businesses or undertakings. For these, the duty of a PCBU who manages or controls a workplace applies only in relation to the farm buildings (and any structures and part of the farm immediately surrounding the buildings) needed for the operation of the farm. They do not apply to the family home, or to any other part of the farm unless work is being carried out there. However, the primary duty of care to ensure people are not put at risk by the conduct of work still applies.

3.4 PCBUs who manage or control fixtures, fittings or plant at a workplace (section 38 of HSWA)

PCBUs who manage or control fixtures, fittings or plant at a workplace must, so far as is reasonably practicable, ensure that the fixtures, fittings or plant are without risks to the health and safety of any person. This could include consideration of the potential health effects from using the plant (eg the long-term use of a vibrating tool causing damage to nerves or blood vessels in the arms or hands).

PCBUs who manage or control fixtures, fittings or plant do not owe this duty to anyone who is at the workplace for an unlawful purpose.

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3.5 'Upstream' PCBUs (sections 39-43 of HSWA)

There are further duties for PCBUs (called here 'upstream' PCBUs) who:

- design plant, substances, or structures
- manufacture plant, substances, or structures
- import plant, substances, or structures
- supply plant, substances, or structures
- install, construct or commission plant or structures.

Here, 'commission' can be described as performing the necessary adjustments, tests and inspections to ensure the plant/structure is in full working order to specified requirements before it is used. Commissioning includes recommissioning.[1]

The duties apply in respect of plant, substances, or structures that are to be used, or that could reasonably be expected to be used, at a workplace.

Upstream PCBUs are in a strong position to eliminate or minimise risk. Upstream PCBUs can influence and sometimes eliminate health and safety risks through designing or manufacturing products that are safe for the end user.

Upstream PCBUs must also consider potential health effects of products before they are used in a workplace by other PCBUs (called 'downstream PCBUs' here) and their workers (eg a plant manufacturer should consider whether the noise level of their equipment could increase the risk of noise induced hearing loss).

Upstream PCBUs owe duties to downstream PCBUs and their workers and others.

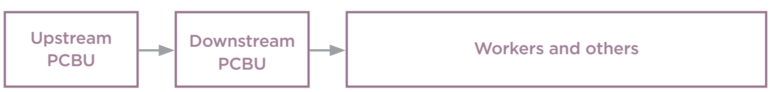

FIGURE 3: Duties of upstream PCBUs

Example

A poorly designed or manufactured saw (eg that is not guarded as outlined in ASNZ4024) creates the risk that it may injure the user. This risk is created by the saw designer and manufacturer (the upstream PCBU). The risk will flow through to the downstream PCBU business that purchases the saw, and the workers who have to use the saw as part of a daily work activity.

PCBUs who are designers, manufacturers, importers or suppliers must, so far as is reasonably practicable, make sure that the plant, substances, and structures designed, manufactured, imported or supplied (as relevant) are without health and safety risks when they are used for their intended purpose in a workplace.

Importers must ensure imported goods meet all New Zealand regulatory requirements.

Table 1 provides an overview of the duties of these PCBUs.

These duties do not apply to the sale (by suppliers) of second-hand plant sold as is.

[1] Adapted from the definition in Safe Work Australia's *Model Code of Practice: Managing the Risks of Plant in the Workplace* (May 2018).

	DUTIES OF PCBU DESIGNERS, MANUFACTURERS, IMPORTERS AND SUPPLIERS OF PLANT, SUBSTANCES AND STRUCTURES	DUTIES OF PCBU INSTALLERS, CONSTRUCTORS AND COMMISSIONERS OF PLANT AND STRUCTURES

Duty to, so far as is reasonably practicable, ensure plant, substances, or structures are without health and safety risks	Make sure, so far as is reasonably practicable, the plant, substance or structure designed/manufactured/imported/supplied is without health and safety risks to people who:
	– use the plant, substance or structure at a workplace for its designed or manufactured purpose
	– handle the substance at a workplace
	– store the plant or substance at a workplace
	– construct the structure at a workplace
	– carry out reasonably foreseeable workplace activities (such as inspection, cleaning, maintenance or repair) in relation to:
	  - the manufacture, assembly or use of the plant, substance or structure for its designed or manufactured purpose
	  - the proper storage, handling, decommissioning, dismantling or disposal of the plant, substance or structure
	– are at or in the vicinity of a workplace, and are exposed to the plant, substance or structure, or whose health and safety may be affected by a work activity listed.
		Make sure, so far as is reasonably practicable, the way that the plant or structure is installed, constructed or commissioned is without health and safety risks to people who:
		– install or construct the structure at a workplace
		– use the plant or structure at a workplace for its installed, constructed or commissioned purpose
		– carry out reasonably foreseeable workplace activities in relation to the proper use, decommissioning, dismantling, demolition or disposal of the plant or structure
		– are at, or in the vicinity of a workplace, and whose health and safety may be affected by a work activity listed.

Duty to test	Carry out calculations, analysis, tests or examinations needed to make sure the plant, substance or structure designed/manufactured/supplied is without health and safety risks so far as is reasonably practicable (or arrange the carrying out of such tests).	
Duty to provide information	Provide adequate information to people who are provided with the design or the plant, structure or substance manufactured/imported/supplied. This includes information about: – each purpose for which the plant, substance or structure was designed or manufactured – the results of any calculations, analyses, tests or examinations carried out to ensure the plant, substance or structure is without health and safety risks (in relation to a substance, this includes any hazardous properties of the substance identified by testing) – any conditions necessary to make sure the plant, substance or structure is without health and safety risks (when used for its designed or manufactured purpose, or when being inspected, cleaned maintained or repaired, etc). On request, make reasonable efforts to give the current relevant specified information to a person who carries out or is to carry out work activities listed above with the plant, structure or substance.	

TABLE 1: Overview of duties of PCBU designers, manufacturers, importers, suppliers, installers, constructors and commissioners

WORKER ENGAGEMENT AND PARTICIPATION

3.6 Worker engagement and participation duties (Part 3 of HSWA)

All PCBUs must involve their workers in workplace health and safety. A safe workplace is more easily achieved when everyone involved in the work communicates with each other to identify hazards and risks, talks about any health and safety concerns and works together to find solutions.

PCBUs have two duties:

- to, so far as is reasonably practicable, **engage** with workers who carry out work for them on health and safety matters that may directly affect them
- to have practices that give their workers reasonable opportunities to participate effectively in improving health and safety in the business or undertaking on an ongoing basis (these are known as **worker participation practices**).

These duties only extend to workers who carry out work for the business or undertaking.

Worker engagement and worker participation practices can be direct or through representation.

Health and Safety Representatives (HSRs) and Health and Safety Committees (HSCs) are two well established methods of representation.

Workers can also be represented by unions, community or church leaders, lawyers, respected members of ethnic communities, or people working on specific projects.

For information on worker engagement, participation and representation see WorkSafe's website: worksafe.govt.nz

HOW TO MEET HEALTH AND SAFETY DUTIES

3.7 Managing work risk (section 30 of HSWA)

To meet health and safety duties, risks that arise from work must be effectively managed.

Risks to health and safety arise from people being exposed to hazards. A hazard is anything that can cause harm. HSWA clarifies that 'hazard' includes behaviour that has the potential to cause death, injury or illness (whether or not that behaviour results from physical or mental fatigue, drugs, alcohol, traumatic shock or another temporary condition that affects behaviour).

Before deciding how to manage work risks PCBUs should think about risks more broadly across the work being conducted and the contributing factors.

Risks must be eliminated so far as is reasonably practicable. If a risk cannot be eliminated, it must be minimised so far as is reasonably practicable. PCBUs must take these steps to the extent within their ability to influence and control the matter to which the risks relate.

PCBUs with overlapping duties must, so far as is reasonably practicable, work together to manage work risks (see section 3.8 of this guide).

PCBUs must, so far as is reasonably practicable, engage with their workers when managing work risks (see section 3.6 of this guide).

For more information on managing risks see WorkSafe's website: worksafe.govt.nz

3.8 Consulting with other PCBUs (section 34 of HSWA)

PCBUs must, so far as is reasonably practicable, consult, co-operate and co-ordinate activities with all other PCBUs who have health and safety duties in relation to the same matter (overlapping duties).

Why should PCBUs consult with each other about overlapping duties?

Consultation will help to avoid unnecessary duplication of effort (eg when providing welfare or first aid facilities).

Consultation will help to prevent any gaps in managing health and safety risks. It can help PCBUs reach a common understanding and establish clear roles, responsibilities and actions.

Gaps can happen when:

- there is a lack of understanding about how each PCBU's work activities may add to the health and safety risks in the workplace as a whole or in a chain of work activities
- a PCBU assumes another PCBU is taking care of a particular health and safety issue
- the PCBU who manages the risk is not the PCBU in the best position to do so
- PCBUs do not know what other work is happening and when.

The broader benefits of consultation include:

- helping to ensure working arrangements on shared worksites and in contracting chains run smoothly and efficiently, which can lead to productivity gains
- PCBUs on a shared worksite or in a contracting chain needing to work together to sort out problems-this will avoid the head contractor or landlord, for example, having to step in and sort out every problem on site or further down the contracting chain.

What do PCBUs need to do when working with other PCBUs?

More than one PCBU can have a duty in relation to the same matter (overlapping duties).

This can occur where there are multiple PCBUs at the same location. Common examples of this are construction sites, shopping centres and multi-tenanted buildings.

However, PCBUs do not need to share a workplace to have overlapping duties such as in contracting chains (eg forestry work).

PCBUs with overlapping duties must so far as is reasonably practicable consult, co-operate and co-ordinate activities with other PCBUs so that they can all meet their joint responsibilities. PCBUs do not need to duplicate each other's efforts.

A PCBU cannot contract out of its duties, but can enter reasonable agreements with other PCBUs to meet duties. However, these PCBUs still retain the responsibility to meet their duties. The PCBUs should also monitor each other to ensure everyone is doing what they agreed.

How can PCBUs work out the extent of their duty?

The extent of the duty to manage risk depends on the ability of each PCBU to influence and control the matter.

The extent of each PCBU's responsibility to carry out their duties will most likely be different. This will depend on what ability the PCBU has to influence and control the health and safety matter (ie the more influence and control a PCBU has over a health and safety matter, the more responsibility it is likely to have).

A PCBU can have influence and control over health and safety matters through:

- control over work activity: A PCBU in control of the work activity may be in the best position to control the health and safety risks.
- control of the workplace: A PCBU who has control over the workplace (and/or plant and structures at the workplace) will have some influence and control over health and safety matters relating to work carried out by another PCBU.
- control over workers: A PCBU will have more influence and control over its own employees and contractors than those of another PCBU.

A PCBU with a higher level of influence and control (and with the greatest share of the responsibilities) will usually be in the best position to manage the associated risks.

A PCBU with less control or influence may fulfil their responsibilities by making arrangements with the PCBU with the higher level of influence and control.

The size of the PCBU or its financial resources (eg a large company versus a sole trader) does not equal a PCBU's ability to have control or influence over health and safety matters. This means that the PCBU with the most financial resources does not automatically have most of the responsibilities.

All PCBUs should:

- discuss what work activities are being carried out
- agree on the degree of influence and control each PCBU has
- agree on who will manage what and how it will be managed
- agree on the use of shared facilities
- monitor and check how things are going on an ongoing basis.

How can PCBUs consult with each other?

Consultation can be as simple as exchanging important health and safety information about the following.

TOPIC	QUESTIONS
Work activities	– What work activities will each PCBU carry out (ie what will each PCBU do, how will they do it, when will they do it, where will it be done, what plant or substances may be used)? – Which workers will be involved in the work activity? – What other people may be affected by the work activity (other than workers)? – How could one PCBU's work activities affect the work of other PCBUs? – Will one PCBU's work activities introduce or increase the health and safety risks to other PCBUs (and other people) at the workplace or down a contracting chain? – How could each PCBU's work activities affect the work environment?
Health and safety risks	– What does each PCBU know about the health and safety risks associated with a work activity they carry out? – How will each PCBU manage (eliminate or minimise) risks associated with a work activity they carry out?

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TOPIC	QUESTIONS
Other important health and safety information	– What information may one PCBU need to provide to another PCBU for health and safety purposes? – How will PCBUs communicate with workers and others (eg site meetings, shared newsletters)? – How will the PCBUs co-ordinate their emergency procedures including who will notify the regulator when a notifiable event occurs? – What further consultation or communication may be required to monitor health and safety, or identify changes in the work or environment? – What facilities could be shared (eg first aid or sick rooms)?

TABLE 2:
Questions to ask during consultation

For more information see WorkSafe's quick guide: *Overlapping Duties*

Example

A finance company leases a multi-storey office block from a building owner. Several lifts operate in the building. The building owner contracts a company (the maintenance contractor) to maintain and repair the lifts.

PCBUs involved	The finance company is a PCBU and has health and safety duties towards its workers and clients visiting its offices. The building owner is a PCBU (who manages and controls the building) and has a duty to ensure people can safely enter and exit the building, and that the building is without risk to people. The maintenance contractor is a PCBU and has health and safety duties towards its workers and other people.
How does the duty to consult, co-ordinate and co-operate operate in this situation?	The finance company consults the building owner to find out what arrangements are in place for maintaining plant, such as air-conditioning systems and lifts. Before maintenance is carried out on the lifts, the building owner consults the maintenance contractor and the finance company. This is so that all PCBUs know about the work and what they each need to do to ensure the safety of people in the building. These tasks include identifying the best time for the work to be done, how the work area will be barricaded, and what information the finance company will need to give to its workers and clients. As the work proceeds, the finance company tells the building owner and the maintenance contractor about any concerns or incidents, so they can review them and make any changes needed. The following week the finance company became aware that the maintenance contractor had not fixed a faulty barricade they had been told about. As this faulty barricade could potentially harm clients, the finance company moved all client meetings to the ground floor until this was fixed. Workers were notified of the faulty barrier and told to use the alternative lifts at the rear of the building.

BACK

Notifications and authorisations

IN THIS PART:

BACK

This Part explains when the regulator needs to be notified about notifiable events, and how PCBUs should do this. It also explains about authorisations and other notifications required.

KEY POINTS:

- PCBUs need to ensure the regulator is told when notifiable events occur arising from the conduct of the business or undertaking.
- A notifiable event is when someone dies, or a notifiable incident, illness or injury occurs.
- Authorisations are only required for certain work, workplaces or workers.
- WorkSafe needs to be told before certain work activities are carried out.

BACK

4.0 Notifications and authorisations

NOTIFIABLE EVENTS

The regulator must be told about notifiable events that arise from work. Depending upon the work, the 'regulator' is either WorkSafe or a designated agency (see section 1.1 of this guide). In most cases, it will be WorkSafe.

4.1 When must PCBUs notify the regulator?

A notifiable event is when the following occurs as a result of work:

- a death
- a notifiable illness or injury or
- a notifiable incident.

Notifiable injuries, illnesses and incidents are specified in HSWA.

The regulator must be informed of all notifiable events. This allows the regulator to immediately investigate or follow up on events that cause, or have the potential to cause, death, serious injury or illness (serious health and safety risks).

Notifiable incidents (section 24 of HSWA)

A notifiable incident is an unplanned or uncontrolled incident in relation to a workplace that exposes the health and safety of workers or others to a serious risk arising from immediate or imminent exposure to:

- a substance escaping, spilling, or leaking
- an implosion, explosion or fire
- gas or steam escaping
- a pressurised substance escaping
- electric shock
- the fall or release from height of any plant, substance or object
- damage to or collapse, overturning, failing or malfunctioning of any plant that is required to be authorised for use
- the collapse or partial collapse of a structure
- the collapse or failure of an excavation or any shoring supporting an excavation
- the inrush of water, mud, or gas in workings in an underground excavation or tunnel
- the interruption of the main system of ventilation in an underground excavation or tunnel
- a collision between two vessels, a vessel capsize, or the inrush of water into a vessel
- any other incident declared in regulation to be a notifiable incident (eg specified incidents in the Health and Safety at Work (Petroleum Exploration and Extraction) Regulations 2016).

Notifiable incidents do not include controlled activities that form part of the business or undertaking (eg the controlled release of water from a dam).

Notifiable illnesses and injuries (section 23 of HSWA)

Follow the flowchart below to find out what notifiable illnesses and injuries are.

Does the injury or illness arise from work?

No → **Not a notifiable injury or illness**

Yes ↓

Has the following occurred that requires immediate treatment (other than first aid):

- amputation of any body part
- a serious head injury
- a serious eye injury
- a serious burn
- a spinal injury
- loss of bodily function
- serious lacerations
- skin separating from underlying tissue (eg degloving or scalping)?

Yes → **Notifiable injury**

No ↓

Has the person contracted a serious infection (including occupational zoonoses – infectious diseases caught from animals) to which the carrying out of work is a significant contributing factor including any infection due to carrying out work:

- with micro-organisms
- that involves providing treatment or care to a person
- that involves contact with human blood or bodily substances
- that involves handling or contact with animals, their hides, skins, wool or hair, animal carcasses or waste products or
- that involves handling or contact with fish or marine mammals?

Yes → **Notifiable illness**

No ↓

Does the injury or illness require (or would usually require) the person to be admitted to hospital for immediate treatment?

Yes → **Notifiable injury or illness**

No ↓

Does the injury or illness require (or would usually require) medical treatment within 48 hours of exposure to a substance (a natural or artificial substance as a solid, liquid, gas or vapour)?

Yes → **Notifiable injury or illness**

No ↓

Has the injury or illness been declared in regulations to be a notifiable injury or illness?

Yes → **Notifiable injury or illness**

No ↓

Not a notifiable injury or illness

FIGURE 4:
Flowchart to work out what injuries or illnesses need to be notified

For more information on notifiable events see WorkSafe quick guide: *What Events Need to be Notifed?*

4.2 What does a PCBU need to do if a notifiable event occurs (sections 55-57 of HSWA)?

If a notifiable event occurs, PCBUs should follow the steps below.

Step 1: The PCBU who manages or controls the workplace where the notifiable event occurred must preserve the site

The PCBU who manages or controls the workplace must take all reasonable steps to ensure the site of a notifiable event is not disturbed until authorised by an Inspector (ie an Inspector gives permission for normal work to resume at the site of a notifiable event).[2]

There are exceptions to this. These are if the disturbance is:

- to help an injured person
- to remove a deceased person
- essential to make the site safe or to minimise the risks of a further notifiable event
- by or under direction of a constable (police officer)
- permitted by the regulator or an Inspector.

Regulations can also exclude particular sites from the requirement to preserve sites in particular circumstances (**note**: there are none at the time of publication).

To ensure that the site is not disturbed:

- the work set-up should not be changed
- any plant, substances or other things involved in the event should stay where they are
- work that could interfere with the scene of the event should stop
- no alterations should be made to the plant, vehicles, or structures involved.

Work can continue in other parts of the workplace. The most important thing is preventing further harm.

Example

Bill is a farm worker. His jacket becomes entangled in a spinning shaft on a harvester, and in trying to free himself he crushes his hand. His farmhand cuts the power and detaches the device to free Bill's hand and provides first aid until the ambulance arrives. The rest of the set-up needs to be left as it is until an Inspector releases the scene. Any work being carried out nearby that could interfere with the incident scene is stopped.

Step 2: A PCBU must notify the regulator as soon as possible

A PCBU must ensure the regulator is notified as soon as possible after it becomes aware of a notifiable event arising out of the conduct of the business or undertaking. This notification must be done even if emergency services attend.

The regulator must be notified by the fastest means possible given the circumstances.

Only one notification is required for each notifiable event. If multiple PCBUs are involved, one PCBU should be nominated to notify the regulator. However, all PCBUs are responsible for ensuring a notification is made.

[2] This does not apply if the event is being investigated under the Armed Forces Discipline Act 1971 or the Transport Accident Investigation Commission Act 1990.

The person giving the notification must provide details about the notifiable event as requested by the regulator.

For phone notifications, the regulator will send an acknowledgement that the notification has been received.

REGULATOR	CONTACT
WorkSafe	If someone has been killed as a result of work, notify WorkSafe immediately by phone: 0800 030 040 (24/7). In case of emergency, phone 111. For all other notifications, go to the WorkSafe website: worksafe.govt.nz/notify-worksafe

TABLE 3: Notifying WorkSafe

Step 3: PCBUs must keep records of notifiable events

The PCBU must keep records of notifiable events for at least five years from the date the regulator was notified about the event.

4.3 Investigating notifiable events

Although HSWA does not explicitly state that PCBUs must investigate notifiable events,[3] such investigations form part of good practice to identify and manage work risk.

Example

Construction Management Limited (CM Ltd) is a large company that oversees several construction projects. It engages ABC Ltd to manage one of its sites. ABC Ltd engages a contractor, Sue, to do plumbing work. Sue has an employee, Jim, working for her.

Jim amputates his finger on an angle grinder and is taken to hospital. As required, the accident site was preserved and WorkSafe was notified.

Independently of the WorkSafe investigation, the PCBUs (CM Ltd, ABC Ltd and Sue) investigated the accident. They looked at the machine, the task, Jim's experience and the training, and the hours worked. They identified what caused it and, so far as was reasonably practicable, revised existing control measures and put in place new ones to prevent it happening again.

AUTHORISATIONS AND OTHER NOTIFICATIONS

4.4 What are authorisations and when are they needed?

Certain workplaces, work activities, plant or substances must have appropriate approvals (authorisations). Authorisations are licences, permits, consents, certificates, registrations or other authorities described in health and safety regulations, and must be obtained before relevant work begins.

Authorisations may be given by WorkSafe, another regulator or a third party authorised to do this.

[3] **Note**: Some health and safety regulations do require notifiable events to be investigated (eg the Health and Safety at Work (Mining Operations and Quarrying Operations) Regulations 2016).

Only prescribed workplaces, plant or substances, or work requires authorisation. Sometimes the authorisation is in the form of certain qualifications, experience or supervision required by workers to carry out the work.

All conditions on an authorisation must be complied with.

4.5 WorkSafe needs to be told about certain work activities before the work begins

WorkSafe needs to be told within specified times before certain work activities are carried out such as certain asbestos removal work.

> To find out what work requires notification, go to WorkSafe's website and click the Notify WorkSafe button: worksafe.govt.nz

BACK

Officers

IN THIS PART:

Section 5: Officers

BACK

This Part explains how officers of a PCBU must exercise due diligence to ensure the PCBU is meeting its health and safety obligations.

KEY POINTS:

- An officer includes, for example, company directors and chief executives.
- Officers need to exercise due diligence to make sure that the PCBU complies with its health and safety duties.

BACK

5.0 Officers

WHO IS AN OFFICER?

5.1 The meaning of officer (section 18 of HSWA)

An officer is a person who occupies a specified position or who occupies a position that allows them to exercise significant influence over the management of the business or undertaking. Organisations can have more than one officer.

Officers are:

- company directors (even if they do not have 'director' in the title)
- any partner in a partnership (other than a limited partnership)
- any general partner in a limited partnership
- any person who holds a position comparable to a director in a body corporate or an unincorporated body
- any person who occupies a position that allows them to exercise significant influence over the management of the business or undertaking (eg the Chief Executive).

Each officer has a duty – it is not a joint duty. Officers have a duty to exercise due diligence because they make policy and investment decisions that can affect workers' health and safety.

5.2 Who is not an officer?

People who provide health and safety or other advice, or make recommendations to senior leadership are not officers solely on this basis.

Some examples of people who are not officers (unless they also fall into one of the officer categories described above) include:

- health and safety managers
- team leaders, line managers and supervisors
- workplace health and safety officers and advisors
- people that have 'officer' in their job title, such as Corrections Officer, Police Officer or Administration Officer.

Example

Bill, Anne and Alan are on the Board of Directors of Endless Aisles Supermarkets. Together they make decisions about strategies and policies such as spending and investment. They determine the annual health and safety budget and sign off large purchases of safety equipment.

Bill, Anne and Alan are all officers because they are directors of the Endless Aisles Supermarkets business.

Example

Ruth is the Chief Executive Officer. She is responsible for managing all three Endless Aisles supermarkets. She makes decisions about resource allocation, spending, store and people management. Ruth is an officer because she exercises significant influence over the management of the business.

Troy is the Quality and Compliance Manager (middle management). He is responsible for co-ordinating health and safety and quality management. He organises safety training, collects incident reports and statistics, and conducts safety audits. He provides health and safety advice to the CEO and directors. The directors allocate Troy a budget to spend on health and safety. Troy is not an officer because he merely advises and makes recommendations to the directors and CEO. Troy does not exercise significant influence over the management of the business.

Example

Craig and Linda are the owner-operators of ShipShape Construction Ltd. Craig and Linda work together to run the business.

Craig is listed as the director of the company at the Companies Office; because he is a director, Craig is an officer.

Linda is not a director, but she is an officer because she exercises significant influence over the management of ShipShape Construction.

Maurice is a supervisor at ShipShape. He is responsible for overseeing the construction work done at the supermarket site. One of his responsibilities is to monitor workers and ensure they are complying with safe work procedures. As Maurice does not exercise significant influence over the management of the business, he is not an officer.

THE DUTY OF AN OFFICER

5.3 Due diligence duty (section 44 of HSWA)

Officers must exercise due diligence to make sure that the PCBU complies with its health and safety duties. They must exercise the care, diligence and skill a reasonable officer would exercise in the same circumstances, taking into account matters including the nature of the business or undertaking, and the officer's position and nature of their responsibilities.

How much involvement is required?

What is required of an officer will depend on the officer's particular circumstances, such as their responsibilities and ability to influence and control.

The duty does not require officers to be directly involved in the day-to-day management of health and safety. However they are still required to take reasonable steps to do the things set out in Table 4.

Officers of large PCBUs cannot rely on the fact that their organisation has a health and safety management system in place. They should understand how it works, and take steps to make sure it is working. In smaller PCBUs, officers are more likely to have a hands-on role in health and safety. They might talk directly with workers, supervise health and safety practices and investigate incidents.

Officers that only have a passive role or interest in work health and safety are not taking 'reasonable steps'.

5.4 How can officers carry out their duty?

Table 4 outlines what due diligence includes.

DUE DILIGENCE INCLUDES OFFICERS TAKING REASONABLE STEPS TO:	EXAMPLES OF GOOD PRACTICE:
Acquire, and keep up to date, knowledge of work health and safety matters.	– Get general and industry-specific health and safety information from places like WorkSafe, safety publications, safety websites and industry associations. – Obtain independent expert advice where appropriate.
Gain an understanding of the nature of the operations of the business or undertaking of the PCBU and generally of the hazards and risks associated with those operations.	– Review the PCBU's health and safety risks and how they are controlled. – Talk with workers (eg through focus groups, surveys and talking to health and safety representatives). – Consider the health and safety implications and resources needed when making decisions.
Ensure that the PCBU has available for use, and uses, appropriate resources and processes to eliminate or minimise risks to health and safety from work carried out as part of the conduct of the business or undertaking.	– Create or review the health and safety budget so resources are available when needed. – Make sure staff have a mix of operational and health and safety expertise to operate the business safely and effectively. – Make sure that the PCBU has processes to control health and safety risks, and uses them (eg documented 'buy safe' and 'buy quiet' processes for buying plant and equipment).
Ensure that the PCBU has, and implements, processes for complying with any duty or obligation of the PCBU under HSWA.	– Decide which people in the PCBU will have health and safety management responsibilities. – Make sure the PCBU has a health and safety management system (reporting notifiable incidents, consultation. acting on improvement notices, training, personal protective equipment, etc) and that everyone complies with it. – Make sure the PCBU has effective worker engagement and work participation practices.
Ensure that the PCBU has appropriate processes for receiving and considering information regarding incidents, hazards, and risks and for responding in a timely way to that information.	– Make sure a process is in place for workers and others at the workplace to report incidents, hazards and risks. – Make sure there is a process for responding to information in a timely way and taking action. – Make sure the risk assessment process is thorough, covers all work tasks and workplaces, and that everyone uses it. – Make sure the PCBU has emergency response plans, and that they are regularly tested.
Verify the provision and use of the resources and processes referred to above.	– Include processes to plan, deliver and review leadership of health and safety in the board charter. – Arrange for a periodic independent review of health and safety systems, processes and resources. – Review health and safety systems and processes after health and safety incidents.

TABLE 4: How officers can carry out their duties

Example

As the officers of Endless Aisles, Anne, Alan and Bill need to meet the due diligence requirements to make sure their PCBU is operating in a healthy and safe way. They decided to meet their obligations by:

- taking an 'Introduction to health and safety for directors' course to familiarise themselves with good governance of health and safety and after this course, individually keeping up-to-date with any changes
- finding out more about health and safety in their business by arranging regular meetings with Ruth (CEO) and Troy (Quality and Compliance Manager) to discuss the health and safety risks and hazards
- evaluating the adequacy of the resources and processes the PCBU uses to eliminate or minimise work risk and comply with other health and safety requirements
- putting a plan in place to address the risks and ask for updates on the progress at the monthly board meeting
- asking themselves what the potential health and safety implications of the business decisions they are making are (eg what are the implications of increasing production?)
- reviewing health and safety risks and hazards, incident statistics and corrective actions taken to fix health and safety problems at the board meeting
- asking Troy (Quality and Compliance Manager) to work with Endless Aisles' health and safety committee to review the incident reporting process
- asking Ruth (CEO) to review the health and safety budget to ensure it is adequate and report back on how the previous year's resources were provided and used.

For more information on officers and their duties see:

- *Health and Safety Leadership – A Guide for Small to Medium Business Owners and Company Directors*
- *Health and Safety Guide: Good Governance for Directors*

5.5 Which officers are not legally liable?

Certain officers have the due diligence duty but cannot be prosecuted if they fail to meet their due diligence duty. These officers are:

- elected members of governing bodies of territorial authorities or regional councils
- elected or appointed members of a local board
- elected or appointed members of a community board
- elected or appointed members of a school board of trustees
- volunteer officers.

An elected member of a governing body of a territorial authority or regional council does not have a duty of due diligence to ensure that a council-controlled organisation complies with its duties or obligations under HSWA, unless they are also an officer of that council-controlled organisation.

For more information on volunteer officers see WorkSafe's guidance: *Information for Ofcers who are Volunteers*

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Workers

IN THIS PART:

Section 6: Workers

WHO IS A WORKER?

6.1 The meaning of a worker (section 19 of HSWA)

6.2 Volunteer workers

WHAT IS THE DUTY OF A WORKER?

6.3 The duty of a worker (section 45 of HSWA)

OTHER INFORMATION

6.4 Worker engagement, participation and representation

6.5 Prohibition of adverse, coercive or misleading conduct against a worker (sections 88-93 of HSWA)

6.6 Right of a worker to cease work (section 83 of HSWA)

BACK

This Part explains who is a worker and what their duty is.

KEY POINTS:

- Workers include employees, contractors, subcontractors, labour hire workers, apprentices and trainees, and volunteer workers.
- Workers need to take reasonable care for their own health and safety and that of others.
- Workers need to comply with reasonable instructions from the PCBU and cooperate with policies and procedures.

BACK

6.0 Workers

BACK

WHO IS A WORKER?

6.1 The meaning of a worker (section 19 of HSWA)

A worker is an individual who carries out work in any capacity for a PCBU.

A worker includes:

- an employee
- a contractor or sub-contractor
- an employee of a contractor or sub-contractor
- an employee of a labour hire company who is working in the business or undertaking
- an apprentice or trainee
- an outworker (including a homeworker)
- a person on work experience or a work trial
- a volunteer worker (section 6.2 of this guide)
- other persons defined as workers in regulations under HSWA.

Includes: ✓

- a PCBU (individual) that carries out work for the business or undertaking.

DOES NOT include: ✗

- a volunteer that does not meet the criteria to be treated as a volunteer worker.

Note: A constable or member of the Armed Forces is a worker, but they only owe duties as a worker when they are on duty or lawfully performing their functions.

Employee

- Any person of any age employed by an employer to do any work for hire or reward under a contract of service.

(section 6 of the Employment Relations Act 2000)

Homeworker

- A person employed or contracted by any other person (in the course of that other person's trade or businesses) to work for that person in a building or part of a building used as a residence (does not include work being done on that residence or anything in it).
- Applies even if the type of contract between the parties is technically that of vendor and purchaser.

(section 5 of the Employment Relations Act 2000)

FIGURE 5:
Who is a worker?

Example

- Cathy is a student on unpaid work experience with Bob, a self-employed builder (Bob's Building). Sam is an apprentice builder who is contracted to Bob during his apprenticeship. Bob has recently hired a contractor, Pete, to take on a project he does not have the capacity to do.
- Cathy, Sam, Bob and Pete are all workers. Cathy is a worker because she is doing work experience. Sam is a worker because he is an apprentice.
- Bob is a PCBU as he is self-employed. He has duties which apply to self-employed people, and owes Cathy, Sam and Pete the same duties he owes to all workers that work for Bob's Building.

Example

- Tim bakes goods at home for Ruth's catering company. Ruth sells the goods from her shop 'Ruth's'.
- Both Tim and Ruth are workers.
- Ruth's company is also a PCBU, and owes to Tim the same duties it owes to all workers that work for Ruth's.

6.2 Volunteer workers

Certain volunteers are classed as volunteer workers.

A volunteer is a 'volunteer worker' when:

- they work for a PCBU who knows they are doing that work or has given consent for it to be done, and
- the volunteer does the work on an ongoing and regular basis, and
- the work is an integral part of the business or undertaking, and
- the work is not:
  - participating in fundraising
  - assisting with sports or recreation for an educational institute, sports club or recreation club
  - assisting with activities for an educational institute outside its premises or
  - providing care for another person in the volunteer's home (eg foster care).

PCBUs owe the same duties they owe to workers to volunteer workers – except for worker engagement and participation duties. Although volunteer workers are not covered by these duties, they can still raise health and safety concerns with the PCBU.

Volunteer workers have the same duties as other workers (as described in the following section of this guide).

Example

Robert is a volunteer who occasionally runs painting classes for the elderly at the local retirement village. He does not get paid for this work.

Robert is a not a volunteer worker as the volunteering he undertakes is not an integral part of the business of the retirement village, and nor does he work on a regular or ongoing basis. As Robert is not a volunteer worker, he is classed as an 'other person' at the workplace.

For more information on volunteer workers see WorkSafe's guidance: *Information for Volunteers*

WHAT IS THE DUTY OF A WORKER?

6.3 The duty of a worker (section 45 of HSWA)

A PCBU must ensure, so far as is reasonably practicable, the health and safety of workers.

This means ensuring, so far as is reasonably practicable:

- *the health and safety of workers* who work for the PCBU (eg employees or contractors, including their subcontractors or workers) while they are at work in the business or undertaking
- *the health and safety of workers whose work activities are influenced or directed by the PCBU while the workers are carrying out the work* (eg a franchise company whose franchise requirements influence or direct the workers of the franchisee).

Workers have their own health and safety duties.

BACK

Workers must:

- take reasonable care for their own health and safety
- take reasonable care that what they do, or do not do, does not adversely affect the health and safety of other persons
- co-operate with any reasonable workplace health and safety policy or procedure that has been notified to workers
- comply, so far as reasonably able, with any reasonable instruction given by the PCBU, so the PCBU can comply with HSWA and regulations.

For more information, see WorkSafe's fact sheet: *Your Health and Safety Rights and Responsibilities*

OTHER INFORMATION

6.4 Worker engagement, participation and representation

Workers must be engaged about health and safety issues likely to directly affect them, and be given reasonable opportunities to participate in the ongoing improvement of health and safety of the PCBU they work for.

Worker engagement and worker participation practices can be direct or through representation. Health and Safety Representatives (HSRs) and Health and Safety Committees (HSCs) are two well established methods of representation. Workers can also be represented by unions, community or church leaders, lawyers, respected members of ethnic communities, or people working on specific projects.

HSRs elected under HSWA have functions and powers including representing workers on health and safety, entering and inspecting workplaces, making recommendations relating to work health and safety and promoting the interest of workers who have been harmed at work.

An HSC enables PCBU representatives, workers and other HSC members to meet regularly and work co-operatively to ensure workers' health and safety. The functions of HSCs include to assist in the development of health and safety standards, rules, policies or procedures, and to make recommendations relating to work health and safety.

PCBUs have obligations towards HSRs and HSCs.

For more information about worker engagement, representation and participation, HSRs and HSCs see WorkSafe's:

- good practice guidelines *Worker Engagement, Participation and Representation*
- interpretive guidelines *Worker Representation through Health and Safety Representatives and Health and Safety Committees*

6.5 Prohibition of adverse, coercive or misleading conduct against a worker (sections 88-93 of HSWA)

Workers should be able to carry out health and safety-related activities or functions without worrying that there may be negative consequences.

All current or prospective workers are protected from discrimination and dismissal by a PCBU for carrying out health and safety-related activities or raising health and safety issues or concerns.

Adverse conduct is specifically defined in HSWA, but generally means behaving in a way that discriminates against a worker or other person (as set out below).

It is an offence under HSWA for a person to engage in adverse conduct for a prohibited health and safety reason. It is also an offence to influence another person to engage in this type of conduct (eg by requesting, encouraging or assisting them to engage in it).

Actions that constitute adverse conduct include:

- dismissing an employee, or terminating the contract or a contractor
- retiring a worker, or forcing a worker to retire or resign, or terminate a contract
- denying a person a role that is available and that they are qualified to do
- refusing or failing to offer a worker the same work terms and conditions as those available to other workers with the same or substantially similar qualifications, experience, or skills (working in the same or substantially similar circumstances)
- disadvantaging a worker in a situation where other workers doing similar work are not disadvantaged
- ending, or refusing or failing to enter into, a commercial arrangement with another person.

Adverse conduct for a prohibited health and safety reason involves engaging in adverse conduct because a worker or other person is, has been, or intends to be:

- a health and safety representative (HSR), or a member of a health and safety committee (HSC)
- involved in resolving a work health and safety issue under HSWA

or is, has been, or intends to:

- perform a function as an HSR, a member of an HSC, or under HSWA
- refrain from performing a function under HSWA
- exercise a power as an HSR, or under HSWA
- refrain from exercising a power under HSWA
- take action to seek compliance with a duty or obligation under HSWA
- carry out another role under HSWA
- help, or give information to, a person exercising a power or performing a function under HSWA (eg an Inspector)
- raise an issue or concern about work health and safety
- has ceased work as described in section 6.6 of this guide.

An employee who wishes to take action against an employer (or former employer) in respect of adverse conduct for a prohibited health and safety reason may bring a personal grievance under the Employment Relations Act 2000. A person who has been affected by adverse conduct may apply to the District Court for an appropriate order (eg to restrain someone from engaging in adverse conduct).

HSWA also prohibits a person from taking or organising (or threatening to take or organise) action that is intended to coerce or induce another person to perform or exercise, or not to perform or exercise, powers or functions under HSWA, or to hold back from seeking or undertaking a HSWA-related role (such as being an HSR).

A person must also not knowingly or recklessly make a false or misleading representation to another about that person's rights or obligations under HSWA, their ability to make a complaint or an inquiry to a person who can seek compliance with the Act (such as the regulator), or their ability to initiate or participate in a process or proceedings under the Act.

Example

Phil works on the factory floor in a manufacturing plant dealing with dangerous chemicals. He is concerned that he and other workers have not been provided with safety goggles.

Phil approaches his Team Leader, Tim, to discuss getting safety goggles. Tim tells Phil to sort out his own goggles, so Phil speaks to his health and safety representative (HSR).

A couple of weeks later Phil applies for a supervisory position, but Tim tells Phil he will not be considered as he should not have raised the safety goggle issue with his HSR.

Tim displayed adverse conduct for a prohibited health and safety reason by obstructing Phil's chances of promotion because Phil raised a health and safety concern with his HSR.

Example

Bob from Bob's Building accepts a contract with Jaspers Building Ltd (Jaspers Ltd).

During his first day onsite, Bob has concerns about the lack of scaffolding, guard rails and safety mesh, particularly as his workers are working at heights over five metres. Bob raises this with Jaspers Ltd with no success, who say this is the way they do things. Bob calls the WorkSafe call centre for advice, and subsequently meets with a WorkSafe Inspector to discuss his concerns. The Inspector issues an improvement notice to Jaspers Ltd to remedy the hazard.

After Jaspers Ltd receives the notice, they complained to others that they could not work with someone who was going to complain to WorkSafe about how they do things and ended their contract for services with Bob. Jaspers Ltd displayed adverse conduct for a prohibited health and safety reason by ending their contract with Bob because he reported his concerns to an Inspector.

Example

Fred works in a printing factory. He is elected health and safety representative (HSR) and receives training.

Several workers raise concerns with Fred about not having adequate hearing protection, saying they are concerned this is leading to hearing damage. Fred raises the workers' concerns with his PCBU; however, the PCBU does not act. Fred subsequently issues a provisional improvement notice that includes a recommendation to remedy the situation.

After receiving the provisional improvement notice, the PCBU told Fred that they were unhappy with his actions as an HSR and because of this he would not be allowed to attend a training course with the rest of his team. The PCBU displayed adverse conduct for a prohibited health and safety reason by refusing Fred training opportunities because he exercised his power and performed a function as an HSR.

6.6 Right of a worker to cease work (section 83 of HSWA)

A worker can refuse to work, or stop work, if they believe that doing the work would expose them or another person to a serious health or safety risk arising from immediate or imminent exposure to a hazard. A trained HSR may direct unsafe work to cease.

The worker needs to tell the PCBU as soon as possible that they have stopped work. The PCBU may direct the worker to carry out alternative work, as long as that work is safe and appropriate, and within the scope of their contract or employment agreement.

Workers can continue to refuse to work if:

- they try to resolve the matter with the PCBU as soon as possible after first refusing to work and
- the matter is not resolved and
- they believe on reasonable grounds that doing the work would put them or another person at a serious health or safety risk (including where they are told by an HSR that this is the case).

Workers cannot refuse work if the nature of the work usually carries understood health and safety risks and these risks have not materially increased.

An HSR, a worker, or the PCBU can ask the regulator to assist in resolving any issues relating to a worker stopping or refusing to do work.

BACK

Other persons at workplaces

IN THIS PART:

BACK

This Part explains the duty of other persons at workplaces.

KEY POINTS:

- Other persons at workplaces include workplace visitors and casual volunteers at workplaces.
- Other persons have their own health and safety duty to keep themselves safe and not cause others harm.

BACK

7.0 Other persons at workplaces

BACK

Other persons at workplaces have their own health and safety duty to keep themselves safe and not cause harm to others.

WHO ARE OTHER PERSONS AT WORKPLACES?

7.1 The meaning of other persons at workplaces

Examples of other persons at workplaces are:

- workplace visitors, for example:
  - people shopping (ie the shop is the workplace)
  - people on tours of the workplace
  - people visiting the PCBU or its workers (eg for meetings)
- people who pay the PCBU (with money or something else) to do something at the workplace, for example:
  - people attending a concert
  - clients or customers of companies providing adventure activities
  - people picking strawberries at a commercial 'pick your own' strawberry field
- casual volunteers at workplaces (not volunteer workers).

WHAT IS THE DUTY OF OTHER PERSONS AT WORKPLACES?

7.2 The duty of other persons at workplaces (section 46 of HSWA)

Other persons at workplaces need to:

- take reasonable care for their own health and safety
- take reasonable care that others are not harmed by something they do, or do not do
- comply, as far as they are reasonably able, with the PCBU's reasonable health and safety instructions that are given so that the PCBU can comply with HSWA or regulations.

Other persons need to take reasonable care that anything they do (or do not do) will not cause others harm. They can be held legally responsible if they cause someone harm and did not take reasonable care.

For more information on volunteers see WorkSafe's guidance: *Information for Volunteers* and *Information for PCBUs that Engage Volunteers*

Examples of how actions or inactions can cause harm in the workplace

A customer with a full shopping trolley refuses to leave the checkout line even though the supermarket's fire alarms are ringing and smoke is pouring from the ceiling.

One of the supermarket's fire wardens re-enters the building to convince her to leave and suffers a serious asthma attack, triggered by the smoke.

- The customer refused to leave the workplace. This inaction harmed a worker.

A customer at a hardware store wanted a product stored on a high shelf. Rather than asking staff to get the item, the customer used a staff ladder (clearly labelled that customers must not use) to reach the high shelf. While reaching for the product, the customer knocked down a box that hit another customer.

- The actions of the customer harmed others in the hardware store.

BACK

The role of the regulator and enforcement of HSWA

IN THIS PART:

BACK

This Part explains the role of the regulator, and the offences and penalties under HSWA.

KEY POINTS:

- WorkSafe is New Zealand's work health and safety regulator, along with the designated agencies.
- The regulator has a range of tools available to enforce compliance with HSWA.

BACK

8.0 The role of the regulator

BACK

8.1 Who is the regulator?

New Zealand's work health and safety regulator is:

- WorkSafe New Zealand (WorkSafe)
- other government agencies (called designated agencies) that are designated to carry out health and safety regulatory functions for certain sectors (see section 1.1 of this guide).

WorkSafe carries out the work health and safety functions previously undertaken by the Ministry of Business, Innovation and Employment (MBIE) and, earlier, the Department of Labour (OSH).

WorkSafe's functions include to:

- monitor and enforce compliance with work health and safety legislation
- collect, analyse, and publish statistics and other information relating to work health and safety
- provide guidance, advice and information on work health and safety
- foster a co-operative and consultative relationship between the people who have health and safety duties and the persons to whom they owe those duties and their representatives.

The regulator will work collaboratively with PCBUs, workers and their representatives to embed and promote good work health and safety practices and the highest level of protection reasonably practicable, and will enforce the health and safety law.

Some of the functions of the regulator include:

- **engaging** with duty holders
- **educating** duty holders about their work health and safety responsibilities (eg through guidance)
- **enforcing** health and safety law.

For more information see WorkSafe's fact sheet: *The Role of the Regulator*

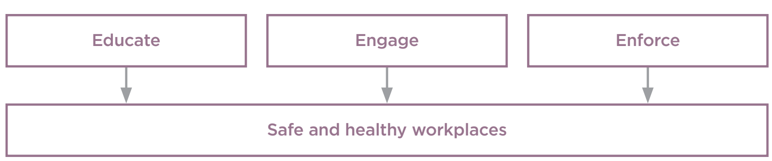

FIGURE 6:
Regulator functions

WorkSafe runs a Contact Centre that answers general questions about work health and safety issues. The Contact Centre operates during business hours and can be reached on 0800 030 040.

8.2 What is the role of inspectors?

The role of Inspectors is to ensure duty holders (eg PCBUs and workers) comply with health and safety law.

They do this by:

- providing information and education
- assessing workplaces
- investigating incidents
- enforcing health and safety law.

All Inspectors carry an identity card.

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Information and education

Inspectors work with duty holders to improve workplace health and safety. They can:

- advise PCBUs, officers, workers and others at workplaces of their responsibilities and rights under HSWA and regulations
- provide guidance material on HSWA and regulations.

Workplace assessments

Workplace assessment activities focus on risky industries, specific hazards that pose serious risks including the potential for work-related ill-health, and the causes of common injury. Inspectors generally conduct planned inspections in these areas.

Investigations

Investigations may be conducted after work events such as fatalities, serious injuries, dangerous incidents and emergencies.

Worker engagement, participation and representation activities

Inspectors may also visit workplaces to:

- review disputed provisional improvement notices (PINs) issued by health and safety representatives (HSRs)
- help resolve matters from determining work groups
- help resolve issues arising from ceasing unsafe work
- help PCBUs, workers, and others resolve other health and safety issues unable to be resolved through workplace issue resolution procedures.

Compliance and enforcement measures

If an Inspector reasonably believes that HSWA or regulations have been breached or there is an immediate risk to health and safety, there are a range of measures they can use to ensure the unsafe situation is remedied. In addition, where HSWA or regulations have been breached Inspectors may consider issuing notices (eg improvement notices, prohibition notices) or the regulator may take prosecution action.

Under certain circumstances, instead of taking enforcement action, WorkSafe Inspectors may provide directive advice (eg directive letters or verbal directions). Letters and verbal directions are recorded by WorkSafe and may be referred to in the future if a similar breach occurs.

Inspectors' powers of entry and inspection

Inspectors' powers under HSWA include the power to, at any reasonable time, enter any workplace and:

- conduct examinations, tests, inquiries or direct a PCBU to do these
- take photographs or measurements, and make sketches and recordings
- require the workplace (or a specified thing at the workplace) to not be disturbed for a reasonable period pending inspection
- require PCBUs or the person who appears to be in charge to:
  - produce information about the work, workplace or workers
  - produce information relating to the PCBU's compliance with relevant health and safety legislation
  - permit the Inspector to examine or make copies of the information
- require a PCBU or the person who appears to be in charge to make or provide a statement.

BACK

9.0 Enforcement

BACK

For information about WorkSafe's approach to enforcement including the principles of the enforcement regime (proportionality, transparency, consistency, accountability), read WorkSafe's *Enforcement Policy*

The regulator has a range of tools to:

- promote and achieve compliance with the law
- make sure duty holders take appropriate action to manage risk
- make sure duty holders who breach health and safety requirements are held to account.

9.1 Tools available to the regulator

The regulator has a range of tools available.

Appropriate tools will be used, depending on the circumstances, including the level of risk or potential risk to health and safety, the willingness of the PCBU to comply with the law, and any harm that has been suffered.

These can range from improvement notices and prohibition notices to prosecution.

Professional judgement, guided by relevant regulator policies, and the details of each situation will be used to determine which enforcement option is appropriate.

The tools available to the regulator include the following:

Improvement notices

Improvement notices can be issued by an Inspector who reasonably believes that a breach of HSWA or regulations is occurring or is likely to occur. An improvement notice requires changes to be made to remedy the breach or likely breach within a stated (reasonable) time period (the compliance period). Notices must be displayed.

A Provisional Improvement Notice (issued by an HSR) that has been confirmed by an Inspector must be treated as an improvement notice issued by an Inspector.

The person who has been issued with an improvement notice must comply with the notice within the compliance period or be liable on conviction to a fine. Inspectors may extend the compliance period before it expires.

Prohibition notices

An Inspector may issue a prohibition notice if they reasonably believe a workplace activity involves or will involve a serious risk to health and safety arising from an immediate or imminent exposure to a hazard. Prohibition notices can also be issued in respect of certain activities or workplaces requiring authorisation (including mining operations) where the Inspector believes there is a serious risk to health and safety or there is likely to be such a risk, because of a failure to comply with HSWA or regulations. Notices must be displayed.

Once a prohibition notice has been issued then the activity has to stop until an Inspector is satisfied that the risks have been remedied. A prohibition may be given orally at first, but must be by a written notice as soon as practicable.

Remedial action may be taken by the regulator when a person fails to take reasonable steps to comply with the requirements of a prohibition notice, or if a prohibition notice could be issued but the person cannot be found. Remedial action is taken to ensure that a workplace or situation is made safe. The regulator can recover the costs of doing this from the relevant person.

Non-disturbance notices

A non-disturbance notice is a written notice issued by an Inspector requiring a PCBU who manages or controls a workplace to preserve a site where a notifiable event has occurred, or prevent a particular site (including the operation of plant) being disturbed for a specified period. A non-disturbance notice may be issued if the Inspector reasonably believes it is necessary to facilitate the exercise of his or her compliance powers. Notices must be displayed.

A non-disturbance notice does not prevent any action to assist anyone who has been injured, remove a deceased person, or to make the site safe, or action done or directed by a constable, or authorised by an Inspector.

It is important to note that, even without the issue of a non-disturbance notice, the PCBU who manages or controls a workplace where a notifiable event occurs has a duty to take all reasonable steps to ensure that the site where the event occurred is not disturbed until released by an Inspector.

For further information on notifiable events, see section 4 of this guide.

Infringement notices

Infringement notices may be issued by the regulator for prescribed offences against HSWA or regulations.

The law does not require the regulator to give prior warning before issuing an infringement notice. A person issued with an infringement notice may challenge the notice in court, or otherwise must pay the fee set out in the notice. A notice may be revoked by WorkSafe, but only if the infringement fee has not yet been paid or ordered to be paid by the court.

Enforceable undertakings

An enforceable undertaking is an alternative to prosecution. When agreed to by the regulator, it allows a person to voluntarily enter a binding agreement to take action to remedy an alleged breach of the law. Once an enforceable undertaking has been agreed to, it is enforceable against the person who made it. While it is in effect, the regulator cannot bring a prosecution for the relevant breach of the law. A person can, with the regulator's agreement, vary or withdraw an enforceable undertaking.

If the person contravenes an enforceable undertaking, the regulator can apply to the District Court for appropriate orders. The District Court could order the person to comply, or make other orders, including an order for the person to pay the regulator's costs in applying to the court. A person could also be subject to a prosecution for the contravention.

For more information see WorkSafe's website: worksafe.govt.nz/laws-and-regulations/enforceable-undertakings

Prosecutions

The regulator may prosecute duty holders for breaches of HSWA or regulations.

The decision to prosecute is influenced by a number of factors, as set out in the regulator's prosecution policy. This includes consideration of whether there is sufficient evidence to provide a reasonable prospect of conviction and if prosecution is in the public interest.

HSWA also allows a person to bring a private prosecution (see section 10.4 of this guide).

For more information see WorkSafe's website: worksafe.govt.nz/laws-and-regulations/prosecutions

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10.0 What are the offences and penalties under HSWA?

10.1 Offences and penalties

There are a range of offences and penalties under HSWA and regulations. Imprisonment is reserved for the most serious offences.

Penalties depend on the offence and what type of duty holder the offender is:

- an individual who is not a PCBU (eg a worker or other person at the workplace)
- an individual who is a PCBU (eg self-employed) or an officer of a PCBU or
- any other person, such as an organisation that is a PCBU (eg a company, government department or non-profit organisation).

In addition to court-imposed penalties, infringement notices can be issued by a regulator for specified offences against HSWA or regulations. The person receiving the infringement notice is required to pay an infringement fee or may dispute against the notice, which means that the matter turns into a criminal proceeding against that person heard in the District Court.

The following sections briefly summarise offences and penalties under HSWA, and provide answers to common questions about prosecutions.

For specific information about offences and penalties see WorkSafe's guidance: *Ofences and Penalties under the Health and Safety at Work Act 2015*

10.2 Health and safety duty offences in relation to sections 36 to 46 of HSWA

The most serious offences under HSWA are for failures to comply with health and safety duties under sections 36 to 46 of HSWA. These cover the duties of PCBUs, officers, workers and other persons at workplaces.

The offences are:

- reckless conduct in respect of duty, without reasonable excuse, that exposes an individual to a risk of death or serious injury or illness (section 47 of HSWA)
- failure to comply with a duty that exposes an individual to a risk of serious injury, serious illness or death (section 48 of HSWA)
- failure to comply with a duty (section 49 of HSWA).

WorkSafe, as the prosecutor, must prove the offence beyond reasonable doubt.

The **maximum** penalties for these offences are found in Table 5.

OFFENCE	INDIVIDUAL WHO IS NOT A PCBU OR OFFICER (eg a worker or other person at a workplace)	OFFICER OF A PCBU OR AN INDIVIDUAL WHO IS A PCBU (eg self-employed)	ANYONE ELSE (eg an organisation that is a PCBU)
Section 47 (reckless conduct in respect of duty that exposes an individual to a risk of serious injury, serious illness or death)	Five years in prison or $300,000 fine, or both	Five years in prison or $600,000 fine, or both	$3 million fine
Section 48 (failure to comply with a duty that exposes an individual to a risk of serious injury, serious illness or death)	$150,000 fine	$300,000 fine	$1.5 million fine
Section 49 (failure to comply with a duty)	$50,000 fine	$100,000 fine	$500,000 fine

TABLE 5: Maximum penalties for health and safety duty offences

10.3 Offences that apply to other obligations

There are offences under HSWA for failing to meet or comply with other health and safety obligations.

Depending on the offence, maximum penalties range from $5,000 -$100,000 fines for an individual (eg a self-employed PCBU) and $25,000-$500,000 fines for other persons (eg a company).

These include offences in relation to:

- charging workers for doing or providing anything that is required under HSWA
- notifiable events (eg not informing the regulator, keeping records or preserving the site of a notifiable event as required)
- authorisations (eg doing work or allowing it to be done without the appropriate authorisations in place)
- worker engagement and participation (eg not engaging with workers when required, not providing reasonable opportunities for workers to participate in improving health and safety, engaging in adverse conduct for a prohibited health and safety reason)
- improvement, prohibition or non-disturbance notices (eg not complying with these notices, not displaying a notice, or removing, destroying or damaging a displayed notice still in force)
- court orders given as part of sentences for an offence (eg not complying with an order)
- working with Inspectors and health and safety medical practitioners (eg failing to assist an Inspector, obstructing an Inspector or a health and safety medical practitioner).

10.4 Prosecutions

Who can bring a prosecution?

The regulator prosecutes offences committed against HSWA (section 143 of HSWA). A private prosecution can be brought if:

- the person bringing the prosecution has notified the regulator of their interest, and
- the person has been informed that:
  - the regulator has not and will not be bringing a prosecution or issuing an infringement notice under HSWA in relation to the same incident, situation or set of circumstances and
  - a regulatory agency has not and will not be bringing a prosecution under any other Act in respect to the same incident, situation or set of circumstances (sections 142 and 144 of HSWA).

Under certain circumstances, the court may give leave to bring a private prosecution.

What is the time limit for prosecution?

Prosecution for offences may be brought within the latest of:

- one year of the regulator finding out about the offence (or when the regulator should have found out about the offence) – this can be extended by the District Court
- six months of a coroner's report, if it appears that an offence has occurred
- six months of a breach of an enforceable undertaking (or the regulator discovers a breach of an enforceable undertaking), or an enforceable undertaking being withdrawn (section 146 of HSWA).

There are different time limits for a private prosecution (section 148 of HSWA).

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What penalties can the court order?

The court can make a number of orders when sentencing for offences, in addition to fines and imprisonment as follows:

- Adverse publicity orders (section 153 of HSWA) – requires the offender to publicise or notify particular people of the offence, including the consequences of the offence and the penalty imposed.
- Orders for restoration (section 154 of HSWA) – requires the offender to put right the effects of the offence.
- Work health and safety project orders (section 155 of HSWA) – requires the offender undertake a specified project to improve health and safety.
- Court-ordered enforceable undertaking (section 156 of HSWA) – the court can adjourn a proceeding and release the offender if the offender gives an undertaking with specified conditions.
- Injunctions (section 157 of HSWA) – requires the offender to stop particular actions that are an offence.
- Training orders (section 158 of HSWA) – requires the offender do specified training, or arrange for workers to do specified training.

It is an offence not to comply with any of the court-imposed orders (other than injunctions or court-ordered enforceable undertakings) (section 159 of HSWA). The maximum penalties are:

- $50,000 for an individual
- $250,000 for any other person (eg a company).

The court can order the offender to pay money towards the regulator's costs in prosecuting the offence, including investigation and legal costs (section 152 of HSWA).

Can insurance be used to pay fines or reparation?

Insurance policies cannot be used to pay fines or infringement fees imposed under HSWA. It is an offence to offer or enter into an insurance policy to pay a fine or infringement fee (section 29 of HSWA). The maximum penalties are:

- $50,000 for an individual
- $250,000 for any other person (eg a company).

However, insurance can be used to make reparation payments ordered as part of a sentence by the court.

How will the court decide what the right sentence is?

Courts use a range of information to decide what the right sentence is (section 151 of HSWA), including:

- how serious the offence is
- the risk of illness, injury or death
- whether injury, illness or death happened or could reasonably have been expected to happen
- the safety record of the offender, such as previous enforcement action, to the extent it shows any aggravating factors
- the degree of departure from prevailing industry or sector standards
- the financial capacity or ability to pay a fine to the extent it has the effect of increasing the amount of fine imposed.

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Can a conviction be appealed?

Anyone convicted of an offence under HSWA or regulations may appeal to a higher court. Guidance on how to appeal a conviction is available on the Ministry of Justice website.

Who can be liable for offences?

As previously noted, the four duty holders can be convicted for failing to meet health and safety duties. An officer of a PCBU can be convicted for failing to meet the due diligence obligation, whether or not the PCBU has been convicted of an offence (section 50 of HSWA).

There are exceptions in HSWA that mean some people will not be prosecuted for health and safety duty offences as described below.

Volunteers cannot be prosecuted for failing to comply with a health and safety duty under HSWA (section 51 of HSWA), unless it is a duty under:

- section 45 (duties of workers) or
- section 46 (duties of other persons at workplaces).

Some officers cannot be prosecuted for failing to meet their due diligence obligations (section 52 of HSWA). These are:

- a member of the governing body of a territorial authority or regional council elected in under the Local Electoral Act 2001
- a member of a local board elected or appointed under the Local Electoral Act 2001
- a member of a community board elected or appointed under the Local Electoral Act 2001
- a trustee of a board of a school appointed or elected under the Education Act 1989.

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Appendices

IN THIS SECTION:

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Appendix 1: Glossary

The following terms are used in this guide.

TERM	LEGAL DEFINITION (AS NOTED) OR BRIEF EXPLANATION
Control measure	Is a way of eliminating or minimising risks to health and safety.
Designated agency	Is a government agency other than WorkSafe designated to carry out certain health and safety functions.
Duty holder	Means a person who has a duty under HSWA. There are four types of duty holders – PCBUs, officers, workers and other persons at workplaces.
Hazard (section 16 of HSWA)	Includes a person's behaviour where that behaviour has the potential to cause death, injury, or illness to a person (whether or not that behaviour results from physical or mental fatigue, drugs, alcohol, traumatic shock, or another temporary condition that affects a person's behaviour).
Health and Safety at Work Act 2015 (HSWA)	Is the key work health and safety law in New Zealand. This covers nearly all work and workplaces.
Health and safety committee (HSC)	Supports the ongoing improvement of health and safety at work. An HSC enables PCBU representatives, workers and other HSC members to meet regularly and work co-operatively to ensure workers' health and safety.
Health and safety representative (HSR)	Is defined in HSWA as a worker elected as an HSR in accordance with subpart 2 of Part 3 of HSWA. HSRs are elected by members of their work group to represent them in health and safety matters. Throughout this guide, the term HSR means an elected representative who meets the requirements of HSWA and the Health and Safety At Work (Worker Engagement, Participation and Representation) Regulations 2016. It does not apply to people who are referred to as HSRs under other arrangements, but who are not elected under HSWA.
Health monitoring	Involves testing workers' health to identify potential signs of harm to their health arising from work and any changes on an ongoing basis.
Notifiable event (sections 23, 24 and 25 of HSWA)	Means any of the following events that arise from work- (a) the death of a person; or (b) a notifiable injury or illness; or (c) a notifiable incident. See section 5 of this guide for more information about notifiable events. *Notifiable injury or illness* means: (a) any of the following injuries or illnesses that require the person to have immediate treatment (other than first aid): (i) the amputation of any part of his or her body: (ii) a serious head injury: (iii) a serious eye injury: (iv) a serious burn: (v) the separation of his or her skin from an underlying tissue (such as degloving or scalping): (vi) a spinal injury: (vii) the loss of a bodily function: (viii) serious lacerations: (b) an injury or illness that requires, or would usually require, the person to be admitted to a hospital for immediate treatment: (c) an injury or illness that requires, or would usually require, the person to have medical treatment within 48 hours of exposure to a substance: (d) any serious infection (including occupational zoonoses) to which the carrying out of work is a significant contributing factor, including any infection that is attributable to carrying out work (i) with micro-organisms; or (ii) that involves providing treatment or care to a person; or (iii) that involves contact with human blood or bodily substances; or (iv) that involves handling or contact with animals, animal hides, animal skins, animal wool or hair, animal carcasses, or animal waste products; or (v) that involves handling or contact with fish or marine mammals: (e) any other injury or illness declared by regulations to be a notifiable injury or illness for the purposes of this section.

TERM	LEGAL DEFINITION (AS NOTED) OR BRIEF EXPLANATION
	Despite above, notifiable injury or illness does not include any injury or illness declared by regulations not to be a notifiable injury or illness for the purposes of this Act. *Notifiable incident* means an unplanned or uncontrolled incident in relation to a workplace that exposes a worker or any other person to a serious risk to that person's health or safety arising from an immediate or imminent exposure to: (a) an escape, a spillage, or a leakage of a substance; or (b) an implosion, explosion, or fire; or (c) an escape of gas or steam; or (d) an escape of a pressurised substance; or (e) an electric shock; or (f) the fall or release from a height of any plant, substance, or thing; or (g) the collapse, overturning, failure, or malfunction of, or damage to, any plant that is required to be authorised for use in accordance with regulations; or (h) the collapse or partial collapse of a structure; or (i) the collapse or failure of an excavation or any shoring supporting an excavation; or (j) the inrush of water, mud, or gas in workings in an underground excavation or tunnel; or (k) the interruption of the main system of ventilation in an underground excavation or tunnel; or (l) a collision between 2 vessels, a vessel capsize, or the inrush of water into a vessel; or (m) any other incident declared by regulations to be a notifiable incident for the purposes of this section. Despite above, notifiable incident does not include an incident declared by regulations not be a notifiable incident for the purposes of this Act.
Officer (section 18 of HSWA)	In relation to a PCBU,– (a) means, if the PCBU is– (i) a company, any person occupying the position of a director of the company by whatever name called: (ii) a partnership (other than a limited partnership), any partner: (iii) a limited partnership, any general partner: (iv) a body corporate or an unincorporated body, other than a company, partnership, or limited partnership, any person occupying a position in the body that is comparable with that of a director of a company; and (b) includes any other person occupying a position in relation to the business or undertaking that allows the person to exercise significant influence over the management of the business or undertaking (for example, a chief executive); but (c) does not include a Minister of the Crown acting in that capacity; and (d) to avoid doubt, does not include a person who merely advises or makes recommendations to a person referred to in paragraph (a) or (b). See section 5 of this guide for more information about officers.
Other person at workplace	Examples of other persons include workplace visitors and casual volunteers at workplaces. See section 7 of this guide for more information about other persons at workplaces.
Overlapping PCBU duties	Means when more than one PCBU has health and safety duties in relation to the same matter.
PCBU (section 17 of HSWA)	(a) means a person conducting a business or undertaking– (i) whether the person conducts a business or undertaking alone or with others; and (ii) whether or not the business or undertaking is conducted for profit or gain; but (b) does not include– (i) a person to the extent that the person is employed or engaged solely as a worker in, or as an officer of, the business or undertaking: (ii) a volunteer association: (iii) an occupier of a home to the extent that the occupier employs or engages another person solely to do residential work: (iv) a statutory officer to the extent that the officer is a worker in, or an officer of, the business or undertaking: (v) a person, or class of persons, that is declared by regulations not to be a PCBU for the purposes of this Act or any provision of this Act. See sections 2-3 of this guide for more information about PCBUs.

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TERM	LEGAL DEFINITION (AS NOTED) OR BRIEF EXPLANATION
Personal protective equipment (PPE) (section 16 of HSWA)	(a) means anything used or worn by a person (including clothing) to minimise risks to the person's health and safety; and (b) includes air-supplied respiratory equipment.
Plant (section 16 of HSWA)	Includes– (a) any machinery, vehicle, vessel, aircraft, equipment (including personal protective equipment), appliance, container, implement, or tool; and (b) any component of any of those things; and (c) anything fitted or connected to any of those things.
Reasonably practicable (section 22 of HSWA)	In relation to a PCBU's primary duty, the duty of PCBUs who manage or control a workplace, or who manage or control fixtures, fittings or plant at workplaces, and the upstream PCBU duty means that which is, or was, at a particular time, reasonably able to be done in relation to ensuring health and safety, taking into account and weighing up all relevant matters, including– (a) the likelihood of the hazard or the risk concerned occurring; and (b) the degree of harm that might result from the hazard or risk; and (c) what the person concerned knows, or ought reasonably to know, about– (i) the hazard or risk; and (ii) ways of eliminating or minimising the risk; and (d) the availability and suitability of ways to eliminate or minimise the risk; and (e) after assessing the extent of the risk and the available ways of eliminating or minimising the risk, the cost associated with available ways of eliminating or minimising the risk, including whether the cost is grossly disproportionate to the risk.
Regulator	Is WorkSafe or the relevant designated agency.
Risk	Arise from people being exposed to a hazard (a source of harm).
Structure (section 16 of HSWA)	(a) means anything that is constructed, whether fixed, moveable, temporary, or permanent; and (b) includes– (i) buildings, masts, towers, frameworks, pipelines, quarries, bridges, and underground works (including shafts or tunnels); and (ii) any component of a structure; and (iii) part of a structure.
Supply (section 21 of HSWA)	Supply, in relation to a thing,– (a) includes the supply (or resupply) of the thing by way of sale, exchange, lease, hire, or hire purchase, whether as a principal or an agent; but (b) does not include– (i) the return of possession of a thing to the owner of the thing at the end of a lease or other agreement; or (ii) the supply of a thing by a person who does not control the supply or has no authority to make decisions about the supply (for example, a registered auctioneer who auctions a thing without having possession of the thing or a real estate agent acting in his or her capacity as a real estate agent); or (iii) a prescribed supply. Note that supply does not include financiers in certain circumstances.
Union	Is an organisation that supports its membership by advocating on their behalf. The Employment Relations Act 2000 gives employees the freedom to join unions and bargain collectively without discrimination. Workers can choose whether or not to join a union. A union is entitled to represent members' employment interests, including health and safety matters.
Upstream PCBUs	In this guide means PCBUs who design, manufacture, import or supply plant, substances or structures, or who install, construct or commission plant or structures. 'Design' is defined in HSWA as including– (a) the design of part of the plant, substance, or structure; and (b) the redesign or modification of a design. See section 3.5 of this guide for more information about upstream PCBU duties.
Volunteer (section 16 of HSWA)	Means a person who is acting on a voluntary basis (whether or not the person receives out-of-pocket expenses).

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TERM	LEGAL DEFINITION (AS NOTED) OR BRIEF EXPLANATION
Volunteer association (section 17(2) of HSWA)	Means a group of volunteers (whether incorporated or unincorporated) working together for one or more community purposes where none of the volunteers, whether alone or jointly with any other volunteers, employs any person to carry out work for the volunteer association. See section 2.3 of this guide for more information about volunteer associations.
Volunteer worker (section 19(3) of HSWA)	Means a volunteer who carries out work in any capacity for a PCBU– (i) with the knowledge or consent of the PCBU; and (ii) on an ongoing and regular basis; and (iii) that is an integral part of the business or undertaking; but (b) does not include a volunteer undertaking any of the following voluntary work activities: (i) participating in a fund-raising activity: (ii) assisting with sports or recreation for an educational institute, sports club, or recreation club: (iii) assisting with activities for an educational institute outside the premises of the educational institution: (iv) providing care for another person in the volunteer's home. See section 6.2 of this guide for more information about volunteer workers.
Worker (section 19 of HSWA)	Means an individual who carries out work in any capacity for a PCBU, including work as– (a) an employee; or (b) a contractor or subcontractor; or (c) an employee of a contractor or subcontractor; or (d) an employee of a labour hire company who has been assigned to work in the business or undertaking; or (e) an outworker (including a homeworker); or (f) an apprentice or a trainee; or (g) a person gaining work experience or undertaking a work trial; or (h) a volunteer worker; or (i) a person of a prescribed class. A constable is– (i) a worker; and (ii) at work throughout the time when the constable is on duty or is lawfully performing the functions of a constable, but not otherwise. A member of the Armed Forces is– (i) a worker; and (ii) at work throughout the time when the member is on duty or is lawfully performing the functions of a member of the Armed Forces, but not otherwise. A PCBU is also a worker if the PCBU is an individual who carries out work in that business or undertaking. See section 6 of this guide for more worker information.
Workplace (section 20 of HSWA)	(a) means a place where work is being carried out, or is customarily carried out, for a business or undertaking; and (b) includes any place where a worker goes, or is likely to be, while at work. In this section, place includes– (a) a vehicle, vessel, aircraft, ship, or other mobile structure; and (b) any waters and any installation on land, on the bed of any waters, or floating on any waters.
Workplace monitoring	Involves measuring exposure to a hazard arising from work (eg noise, vibrations).
WorkSafe New Zealand (WorkSafe)	Is the government agency that is the work health and safety regulator.

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Appendix 2: Work health and safety regulations

Below is a summary of the work health and safety regulations and what they cover at the date of publication.
All regulations can be found at: www.legislation.govt.nz

REGULATION	THESE ARE...?
Health and Safety at Work (General Risk and Workplace Management) Regulations 2016	Regulations covering managing general and specific work risks, and workplace facilities requirements. Parts apply to all workplaces.
Health and Safety at Work (Worker Engagement, Participation and Representation) Regulations 2016	Regulations covering requirements for health and safety representatives and health and safety committees.
Health and Safety at Work (Asbestos) Regulations 2016	Regulations covering work that deals with asbestos.
Health and Safety at Work (Hazardous Substances) Regulations 2017	Regulations covering work that deals with hazardous substances.
Health and Safety at Work (Major Hazard Facilities) Regulations 2016	Regulations covering facilities that fit the criteria of major hazard facilities.
Health and Safety at Work (Adventure Activities) Regulations 2016	Regulations covering the registration of adventure activity operators.
Health and Safety at Work (Mining Operations and Quarrying Operations) Regulations 2016	Regulations applying to mining and quarrying operations including competency requirements of safety critical roles, health and safety management systems, principal hazard management plans, and principal control plans.
Health and Safety at Work (Petroleum Exploration and Extraction) Regulations 2016	Regulations applying to petroleum installations and well operations including general duties, safety case requirements, certificates of fitness, and verification schemes.
Health and Safety at Work (Infringement Offences and Fees) Regulations 2016	Regulations covering the infringement offences and fees, and infringement notices.
Health and Safety at Work (Rates of Funding Levy) Regulations 2016	Regulations prescribing the levy required to be paid by employers and self-employed people.
HSE Regulations 1995	Regulations covering a range of general requirements including requirements relating to noise, machinery, working at height, scaffolding, excavation, and certificates of competence.
HSE (Pipelines) Regulations 1999	Regulations covering certain pipelines carrying petroleum, natural gas or other potentially hazardous substances, including general duties, requirements for design, construction, operation, maintenance, suspension and abandonment, certification and notification.
HSE (Pressure Equipment, Cranes and Passenger Ropeways) 1999	Regulations covering pressure equipment, cranes, and passenger ropeways, including duties of controllers, designers, manufacturers and suppliers, and certificates of design verification, inspection, and competence.
Amusement Devices Regulations 1978	Regulations including registration and incident notification of amusement devices.
Geothermal Energy Regulations 1961	Regulations including granting authorities and licences, manager duties, safety and consents in relation to geothermal operations.
Lead Process Regulations 1950	Regulations including requirements for equipment, personal protection clothing, cleaning, and health monitoring where lead processing takes place.
Spray Coating Regulations 1962	Regulations including requirements for booths, ventilation, drying and health monitoring where spray coating is done.
Electricity (Safety) Regulations 2010 – Part 8	Regulations with Part 8 covering health and safety requirements for electrical work.

Disclaimer

This publication provides general guidance. It is not possible for WorkSafe to address every situation that could occur in every workplace. This means that you will need to think about this guidance and how to apply it to your particular circumstances.

WorkSafe regularly reviews and revises guidance to ensure that it is up-to-date. If you are reading a printed copy of this guidance, please check worksafe.govt.nz to confirm that your copy is the current version.

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DECISION REPORT

F25/96/004 – D25/38751

To: Council
From: Committee Advisor and Executive Assistant
Date: 28 October 2025
Subject: Setting of Date – First Meeting of Council

Recommendations

1. THAT the report be received.

2. THAT Council confirms the first meeting of Council will be held on Tuesday 11 November at 3.30pm.

Recommended Reason
The Local Government Act 2002 requires the fixing of the date and time of the first meeting of the local authority or the adoption of a schedule of meetings at its first meeting.

/
Moved/Seconded

1. Purpose of Report

1.1 The purpose of this report is to confirm the first meeting of Council.

2. Executive Summary

2.1 The Local Government Act 2002 requires all Councils to fix a date and time for the first meeting of the Council, or adopt a schedule of meetings.

2.2 The Council is required to hold meetings for the good governance of the district.

2.3 The meetings must be called and conducted in accordance with the requirements set out in the Local Government Act 2002, Part VII of the Local Government Official Information and Meetings Act 1987, and the Standing Orders of the Council.

The meetings must be held at the time and place specified in the public notice of the meeting.

3. Local Government Act 2002 – Section 10

Under section 10 of the Local Government Act 2002, the Council's purpose is to "enable democratic local decision making by and on behalf of communities; as well as promoting the social, economic, environmental, and cultural well-being of communities now and into the future"			
Does the recommended option meet the purpose of the Local Government 4 well-beings? And which:		Yes	
Social	**Economic**	**Environmental**	**Cultural**
✓	✓	✓	✓

Democracy supports good quality decision making for all of the above well-beings.

4. Background

4.1 Council's Standing Orders, item 4.1 state the legislative requirements to hold meetings:

Legal requirement to hold meetings
Te herenga ā-ture kia whakatū hui

The council must hold the meetings necessary for the good government of its city or district.

The calling of meetings, and their conduct must be in accordance with:

a) Schedule 7 of the LGA 2002;
b) Part 7 of LGOIMA; and
c) These Standing Orders.

Meetings must be held at the times and places set by the council.

LGA 2002, Sch. 7, cl 19(1) & (3) & (4)

4.2 The Local Government Act 2002, Schedule 7, Clause 21 (5) states the business that must be conducted at the first meeting of a local authority following triennial general election of members:

LGA 2002, Sch. 7, cl 21(5)

The business that must be conducted at the meeting must include—

(a) the making and attesting of the declarations required of the mayor (if any) and members under clause 14; and

(b) the election of the chairperson (if any) and the making and attesting of the declaration required of the chairperson under clause 14; and

(c) a general explanation, given or arranged by the chief executive, of—

(i) the Local Government Official Information and Meetings Act 1987; and
(ii) other laws affecting members, including—

(A) the appropriate provisions of the Local Authorities (Members' Interests) Act 1968; and
(B) sections 99, 105, and 105A of the Crimes Act 1961; and
(C) the Secret Commissions Act 1910; and
(D) the Financial Markets Conduct Act 2013; and

(d) the fixing of the date and time of the next meeting of the local authority, or the adoption of a schedule of meetings; and

(e) the election of the deputy mayor or deputy chairperson in accordance with clause 17.

4.3 It is proposed that Council sets the first Ordinary Meeting of the Stratford District Council for Tuesday 11 November 2025 at 3.30pm.

4.4 Public Forums are a defined period of time, put aside for the purpose of public input (Standing Order 15). These are scheduled prior to each Ordinary Meeting and an invitation for members of the public to submit a request to speak is advertised with the monthly meeting schedule. Where there are no approved requests to speak, the public forum will be cancelled.

4.5 The committee structure is required to be adopted by Council, once this has been set a full schedule of meetings will be presented for adoption and will cover the remainder of the 2025 calendar year and the 2026 calendar year. The meeting schedule will be presented annually for approval.

5. Consultative Process

5.1 **Public Consultation - Section 82**

This does not require public consultation.

5.2 **Māori Consultation - Section 81**

No separate Māori consultation is required.

6. Risk Analysis

Refer to the Council Risk Register - available on the Council website. • Does this report cover any issues that relate to any risks on the Council Risk Register, and if so which risks and what are the impacts and likelihood of eventuating? • Does this report cover any issues that may lead to any new risks that are not on the Council Risk Register, and if so, provide some explanation of any new identified risks. • Is there a legal opinion needed?

6.1 Elected Members – Decision Making – Failure to set a date for the first meeting would be in breach of the requirements set in the Local Government Act.

7. Sustainability Consideration

7.1 As this is an administrative task there are no sustainability considerations required for this decision.

8. Decision Making Process – Section 79

8.1 **Direction**

	.Explain
Is there a strong link to Council's strategic direction, Long Term Plan/District Plan?	Yes decisions need to be made at meetings.
What relationship does it have to the communities current and future needs for infrastructure, regulatory functions, or local public services?	Meetings are key to having decisions made.

8.2 **Data**

• Do we have complete data, and relevant statistics, on the proposal(s)? • Do we have reasonably reliable data on the proposals? • What assumptions have had to be built in?

There is no data included with this proposal.

8.3 **Significance**

	Yes/No	Explain
Is the proposal significant according to the Significance Policy in the Long Term Plan?	No	Administrative matter only
Is it: • considered a strategic asset; or	No	
• above the financial thresholds in the Significance Policy; or	No	
• impacting on a CCO stakeholding; or	No	
• a change in level of service; or	No	
• creating a high level of controversy; or	No	
• possible that it could have a high impact on the community?	No	

In terms of the Council's Significance Policy, is this proposal of high, medium, or low significance?		
High	**Medium**	**Low**
		✓

8.4 **Options**

> An assessment of costs and benefits for each option must be completed. Use the criteria below in your assessment.
>
> 1. What options are available?
> 2. For **each** option:
>   - explain what the costs and benefits of each option are in terms of the present and future needs of the district;
>   - outline if there are any sustainability issues; and
>   - explain if the outcomes meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions?
> 3. After completing these, consider which option you wish to recommend to Council, and explain:
>   - how this option is the most cost effective option for households and businesses;
>   - if there are any trade-offs; and
>   - what interdependencies exist.

Option 1 Fix the date as presented 3.30pm, Tuesday 11 November 2025.

Option 2 Suggest an alternative date and time for the first Ordinary Meeting to be held.

8.5 **Financial**

> - Is there an impact on funding and debt levels?
> - Will work be undertaken within the current budget?
> - What budget has expenditure come from?
> - How will the proposal be funded? eg. rates, reserves, grants etc.

There are no financial impacts.

8.6 **Prioritisation & Trade-off**

Have you taken into consideration the: • Council's capacity to deliver; • contractor's capacity to deliver; and • consequence of deferral?

There is no trade-off required.

8.7 **Legal Issues**

• Is there a legal opinion needed? • Are there legal issues?

There are no legal issues.

8.8 **Policy Issues - Section 80**

• Are there any policy issues? • Does your recommendation conflict with Council Policies?

There are no policy issues.

Erin Bishop
Committee Advisor and Executive Assistant

[Approved by]
Sven Hanne
Chief Executive **Date** 20 October 2025

DECISION REPORT

TE KAUNIHERA Ā ROHE O WHAKAAHURANGI STRATFORD DISTRICT COUNCIL

F22/55/04 – D25/39779

To:	Council
From:	Director – Corporate Services
Date:	28 October 2025
Subject:	2024/25 Annual Report

Recommendations

1. THAT the report be received.

2. THAT the 2024/25 Annual Report be received and approved for adoption, subject to any further changes as requested by Audit New Zealand, the independent auditors.

3. THAT the Mayor and the Chief Executive be given authority to sign the 2024/25 Annual Report and the Summary 2024/25 Annual Report, incorporating any late, minor, changes that may be required by Audit New Zealand.

4. THAT the Chief Executive be authorised to publish the 2024/25 Annual Report and the Summary 2024/25 Annual Report within one month of adopting the Annual Report 2024/25.

Recommended Reason
Section 98 of the Local Government Act 2002 requires Council to adopt the 2024/25 Annual Report by 31 October 2025. The audited Annual Report gives the community transparency on the Council's performance for the year. It is a statutory requirement for a local authority to, within one month after the adoption of its Annual Report; make publicly available its Annual Report and a summary of the information contained in its Annual Report.

/
Moved/Seconded

1. Purpose of Report

1.1 The purpose of this report is to receive, consider, and approve for adoption the Annual Report for the year ended 30 June 2025.

2. Executive Summary

2.1 The financial year ended 30 June 2025 represents year 1 of the 2024/34 Long Term Plan. In completing Council statutory obligations, Council is required to prepare an audited consolidated Annual Report and Summary Annual Report.

3. Local Government Act 2002 – Section 10

<table>
<tr><td colspan="4">Under section 10 of the Local Government Act 2002, the Council's purpose is to "enable democratic local decision making by and on behalf of communities; as well as promoting the social, economic, environmental, and cultural well-being of communities now and into the future"</td></tr>
<tr><td colspan="2">Does the recommended option meet the purpose of the Local Government 4 well-beings? And which:</td><td colspan="2">Yes - all</td></tr>
<tr><th>Social</th><th>Economic</th><th>Environmental</th><th>Cultural</th></tr>
<tr><td>✓</td><td>✓</td><td>✓</td><td>✓</td></tr>
</table>

The Annual Reporting process benefits all ratepayers in the district and organisations to whom Council is accountable for in its decision making and meets the requirements of good quality local public service and providing for Community Outcomes in relation to all four well-beings.

4. Background

4.1 The Annual Report is the annual document that summarises the performance of the Council in the following aspects:

- Financial performance – including financial statements, compliance with financial benchmarks, individual Activity cost of service statements, and a summary of variations to Year 1 of the 2024/34 Long-Term Plan.
- Non-Financial performance – performance measures and outcomes for the year by activity, including whether they were achieved and explanations for those that weren't.
- Confirmation from external auditors that the Annual Report complies with appropriate legislation and standards (not yet available).

It also includes commentary from the Mayor and Chief Executive in relation to the financial year results and performance, along with a summary of the Council Structure and Governance arrangements.

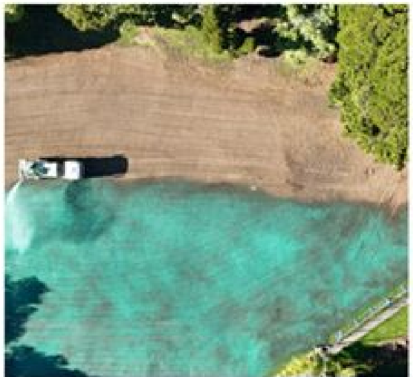
4.2 This year, the Office of the Auditor General has appointed a change in auditors, from Deloitte back to Audit New Zealand who has been the Council's auditors previously. This change has resulted in Council staff spending additional time with Audit New Zealand in supporting them to re document our internal controls, business processes and answering additional queries. This is common when external auditors change.

4.3 At this stage, Audit New Zealand are still finalising the audit process. Further changes to the Annual Report document are expected and these will be tabled at the Council meeting, if required.

4.4 The 2024/25 Annual Report will also be updated to a design version (including updated pictures and title pages) prior to its publication.

4.5 The preparation of the 2024/25 Summary Annual Report is well advanced and will be audited and published within one month of adopting the 2024/25 Annual Report.

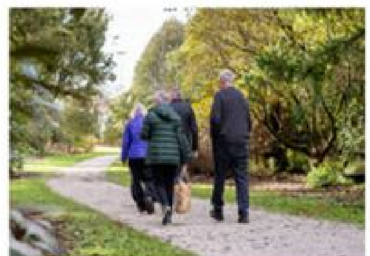
4.6 Operationally, we completed another successful year across all our functions and related activities. 70% of performance measures were achieved, while also undertaking the considerable additional work involved with government reforms. Some operational highlights of the 2024/25 year included:



The old TSB Pool Complex was demolished and the area returned to a green space.

Weather was perfect for our Summer Nights concert in King Edward Park.

New retaining wall completed on Opunake Road



90% satisfaction score for parks and walkways from residents' survey. (2023/24: 90%)

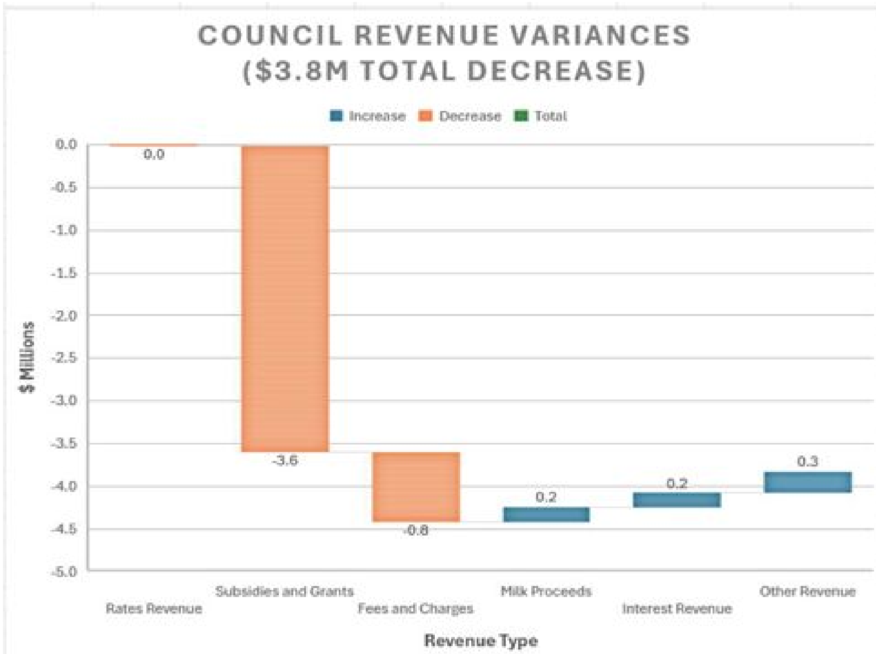
94% satisfaction score for Library services from residents' survey. (2023/24: 97%)

Consulted on the future of water services delivery as part of Central Government's Local Water Done Well reforms. Received 184 submissions on the subject which resulted in a recommendation to maintain services under an in-house model.

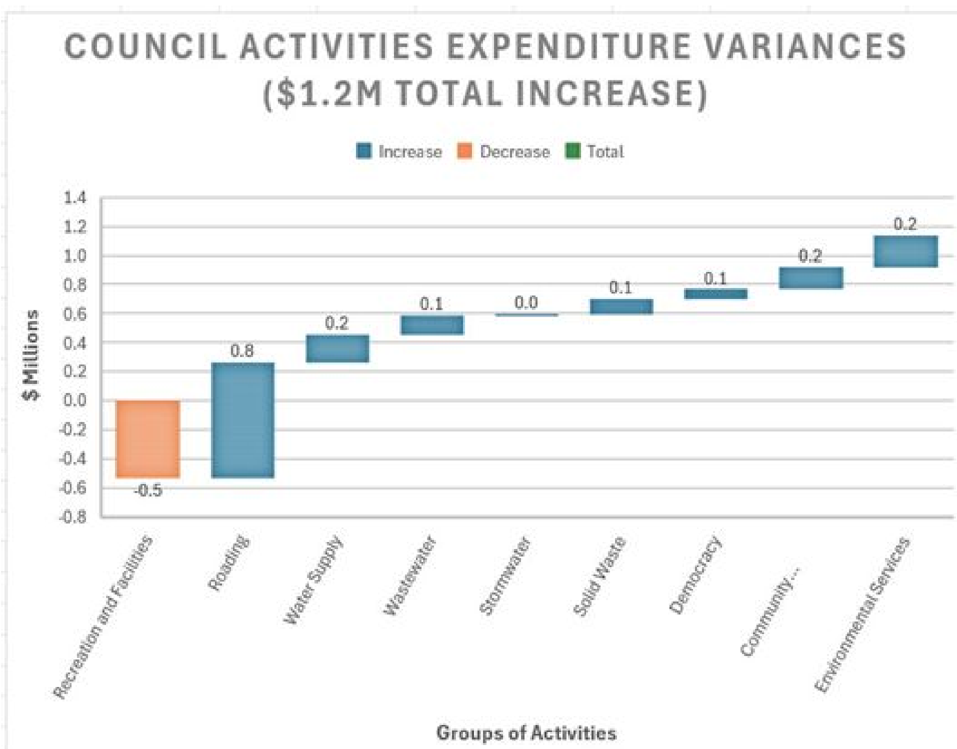
Financial results

4.7 The net surplus for the year was $0.7 million compared to a budgeted surplus of $5.7 million. This was heavily influenced by factors outside Council control including the decisions of NZ Transport Agency Waka Kotahi to decline funding for some capital roading projects and the significant increase in depreciation due to higher than expected asset revaluations as at 30 June 2024.

Council 2024/25 revenue budget variances by type can be summarised as follows:



Council 2024/25 operating expenditure budget variances by groups of activity can be summarised as follows:



4.8 Capital expenditure totalled 9.0 million, significantly under the $18.5 million budget. This is mainly due to NZ Transport Agency Waka Kotahi declined capital roading projects not proceeding and the deferring of the subdivision and Stratford Grit Tanks to 2025/26, due to still being in design phase.

4.9 The Council's balance sheet remains strong and it is in a good equity position. Cash reserves are $2.9 million higher than budget and external borrowings are $3.5 million less than budget mainly due to capital expenditure being under budget. Inventories are not yet realised, due to the delay in the Council subdivision.

5. Consultative Process

5.1 **Public Consultation - Section 82**

There is no requirement for public consultation on Council's Annual Report, however the Summary Annual Report is an opportunity to engage with the community on Council performance for the previous year.

5.2 **Māori Consultation - Section 81**

Iwi in the Stratford District will be sent the link to the Annual Report directly.

6. Risk Analysis

Refer to the Council Risk Register - available on the Council website.

- Does this report cover any issues that relate to any risks on the Council Risk Register, and if so which risks and what are the impacts and likelihood of eventuating?
- Does this report cover any issues that may lead to any new risks that are not on the Council Risk Register, and if so, provide some explanation of any new identified risks.
- Is there a legal opinion needed?

6.1 This report relates to Risk 8 – Annual Report Adoption and Publication. The Annual Report also covers Council risk management in general and is subject to a thorough audit process by Audit New Zealand.

7. Decision Making Process – Section 79

7.1 **Direction**

	Explain
Is there a strong link to Council's strategic direction, Long Term Plan/District Plan?	Yes, the Annual Report compares the actual activities and the actual performance of Council for the year ended 30 June 2025 with the intended activities and the intended level of performance as set out in year 1 of the Council's 2024–2034 Long Term Plan.
What relationship does it have to the communities current and future needs for infrastructure, regulatory functions, or local public services?	It provides a snapshot of the Council's financial position, and gives a view as to Council's financial sustainability in order to meet the current and future infrastructure needs.

7.2 Data

• Do we have complete data, and relevant statistics, on the proposal(s)? • Do we have reasonably reliable data on the proposals? • What assumptions have had to be built in?

Refer to the Annual Report 2024/25 attached to this report – **Appendix 1**.

7.3 Significance

	Yes/No	Explain
Is the proposal significant according to the Significance Policy in the Long-Term Plan?	No	The decision to adopt the Annual Report in itself is not significant, as it is a matter of reporting past performance, and there are limited other options.
Is it: • considered a strategic asset; or		
• above the financial thresholds in the Significance Policy; or		
• impacting on a CCO stakeholding; or		
• a change in level of service; or		
• creating a high level of controversy; or		
• possible that it could have a high impact on the community?		

In terms of the Council's Significance Policy, is this proposal of high, medium, or low significance?		
High	**Medium**	**Low**
		✓

7.4 Options

An assessment of costs and benefits for each option must be completed. Use the criteria below in your assessment. 1. What options are available? 2. For **each** option: • explain what the costs and benefits of each option are in terms of the present and future needs of the district; • outline if there are any sustainability issues; and • explain if the outcomes meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions? 3. After completing these, consider which option you wish to recommend to Council, and explain: • how this option is the most cost effective option for households and businesses; • if there are any trade-offs; and • what interdependencies exist.

There is a statutory requirement to adopt the Annual Report by 31 October.

It is also a statutory requirement for a local authority to, within one month after the adoption of its annual report; make publicly available a summary of the information contained in its annual report.

The recommended option is to approve the recommendations to adopt the 2024/25 Annual Report, subject to any minor changes requested by Audit New Zealand, and approve the other recommendations in this report.

Any other option to fundamentally change the Reports could result in the Council missing its statutory deadline of adopting the 2024/25 Annual Report by 31 October 2025.

7.5 **Financial**

- Is there an impact on funding and debt levels?
- Will work be undertaken within the current budget?
- What budget has expenditure come from?
- How will the proposal be funded? eg. rates, reserves, grants etc.

By adopting this report there is minimal financial impact to Council, besides some communication and printing costs.

The 2024/25 audit fee was considered and included in the Councils adopted 2024/34 Long Term Plan.

7.6 **Prioritisation & Trade-off**

Have you taken into consideration the:
- Council's capacity to deliver;
- contractor's capacity to deliver; and
- consequence of deferral?

The recommended option carries no direct implications to Council's capacity to deliver its services as proposed in the Long-Term Plan or Annual Plan.

7.7 **Legal Issues**

- Is there a legal opinion needed?
- Are there legal issues?

It is a statutory requirement under Section 98 of the Local Government Act 2002 for Council to adopt the Annual Report by 31 October and within one month after the adoption of its Annual Report; make publicly available its Annual Report and a summary of the information contained in its Annual Report.

7.8 **Policy Issues - Section 80**

- Are there any policy issues?
- Does your recommendation conflict with Council Policies?

Not applicable.

Attachments
Appendix 1 Annual Report 2024/25

Raelene Johnson
Director – Corporate Services

[Approved by]
Sven Hanne
Chief Executive **Date** 22 October 2025

UPDATED 22 October 2025

2024/25 Annual Report

Message from the Mayor and Chief Executive

Tēnā koutou katoa
Welcome to Stratford District Council's Annual Report for 2024/25

The 2024/2025 financial year was another busy year for Council. On top of delivering our annual work programme, we also saw a continuation of wide-ranging government reforms. This required all Councils across the country to be agile in response and change course on a number of work streams and included the completion of our Water Services Delivery Plan (WSDP), setting the future direction for water services for the district.

Council started the year with a total of 84 capital projects at a total budget of $18.5 million. We completed 47 of these within the year with an overall saving of $0.7 million against budget and have carried a further 31 projects over for delivery in the coming financial years. The remaining 6 projects were cancelled due to changes in government funding priorities which only became known after our budgets had been set.

For our work on water services reforms, we have been actively working with our neighbouring Councils to look at long term options for water service delivery under the Local Water Done Well policy. Community consultation highlighted the strong desire of our district to be independent and retain its own voice and identity. As a result, we submitted a WSDP geared towards ongoing delivery of water, wastewater and stormwater services from within council, as opposed to merging with neighbouring councils or forming a stand-alone organisation. Collaboration with our neighbours as well as other councils wherever it creates benefits for our community will be unaffected by this decision. We are currently awaiting feedback from the Department of Internal Affairs on our WSDP. Once received, we will be working towards implementing the new structures and getting ourselves ready to meet the new requirements which come into force on 1 July 2027.

Council achieved 70% of its performance targets, with 5% not applicable for this period, leaving 25% not achieved. Those measures not achieved are equally distributed throughout the organisation rather than occurring in one specific area. All of these will be reviewed to better understand and address the underlying factors, with some of them having already been addressed during the financial year and others being outside council's control.

The net surplus for the year was $0.7 million compared to a budgeted surplus of $5.7 million. Borrowing increased from $36.7 million to $38.7 million instead of a forecast borrowing amount $42.2 million. Total revenue for the year was $28.9 million, with operating expenditure at $28.2 million. Ongoing increases in the revaluations of our water services and roading asset base have had a knock-on effect on depreciation costs. We remain in a strong financial position as a small rural Council and continue to punch well above our weight whilst we focus on the basics. Our thanks once again to both the Council team and elected members for all their hard work through the year. We have managed to achieve great outcomes with our small and dedicated Council team. A heartfelt thank you must also go to all of the community groups, volunteers and our partner organisations who year on year tirelessly contribute to making Stratford a very special place. There are some really exciting times and exciting new projects ahead for Stratford and we look forward to continuing to deliver on our commitments and support the community over the year ahead.

Neil Volzke	Sven Hanne
District Mayor	**Chief Executive**

Community Outcomes

Vision

A Welcoming, Inclusive, Safe community – Te Pūmanawa o Taranaki.
Te Pūmanawa o Taranaki translates as 'The Beating Heart of Taranaki.'

Community Outcomes

To the deliver the vision we will develop strategies, policy and procedures that facilitate and encourage a welcoming, resilient, connected and enabling district.

Council has a role on behalf of the community it represents in planning, delivering and monitoring parts of this vision. Council has held workshops and used community feedback to refine the outcomes to better reflect what is important to Stratford. These are used to provide direction and inform Council on service delivery and resourcing. These community outcomes are:

COMMUNITY OUTCOME	WHAT COUNCIL WILL DO
Welcoming	• We celebrate the unique stories of our district • We are inclusive, and value our diversity • Stratford is a friendly place where our visitors feel welcomed • Our diverse community feels safe and supported • We promote the district as the place to visit, live, play, learn and work
Resilient	• We consider our natural resources as taonga (treasures) and we will work with our treaty partners and the community to protect and look after them • We support a low-emissions future for our community • We enable our rangatahi (youth) to be sustainable leaders • We Strive to have resilient infrastructure that meets the current and future needs of the district • We respect and apply Te Ao Māori values and Matauranga Māori in our mahi (actions/work)
Connected	• We provide opportunities for families and people of all ages to connect with others in the community • Our community is engaged and actively participates in democracy • We value local knowledge when making decisions • We advocate for the services that our community needs to live safe and healthy lives • We welcome opportunities to work in partnership with others to help achieve our community outcomes • We are committed to fostering meaningful and genuine partnerships with Mana Whenua
Enabling	• We are a business friendly district • We encourage a diverse and sustainable business community • We enable economic growth by supporting business investment and development in our district • We support the growth of employment opportunities within our community, with a particular focus on our rangatahi (youth) • We carefully balance the needs and wants of our district when funding services and infrastructure • We encourage partnerships to collaborate with Mana Whenua for the benefits of the Stratford district.

The group of activities contribute predominantly to the following community outcomes:

Activities	Welcoming (Insert Icon)	Resilient (Insert Icon)	Connected (Insert Icon)	Enabling (Insert Icon)
Recreation and Facilities	✓	✓	✓	✓
Community Development	✓	✓	✓	✓
Democracy	✓	✓	✓	✓
Environmental Services	✓	✓	✓	✓
Roading	✓	✓	✓	✓
Stormwater	✓	✓	✓	✓
Wastewater	✓	✓	✓	✓
Solid Waste	✓	✓	✓	✓
Water Supply	✓	✓	✓	✓

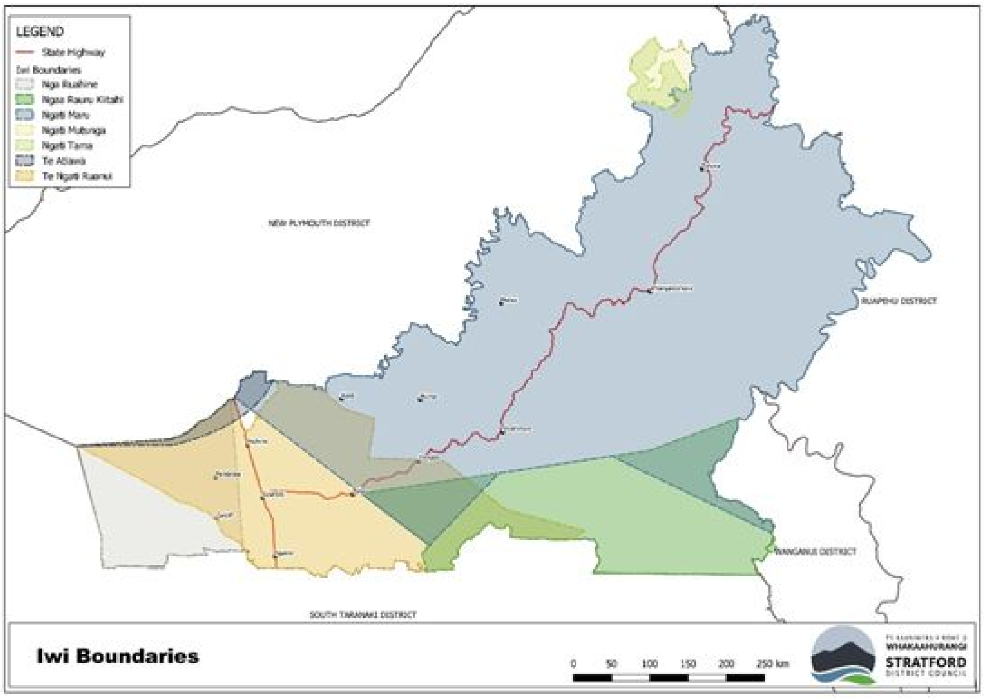
The group of activities meet the purpose of the Local Government four well-beings as follows:

Activities	Cultural	Social	Economic	Environmental
Aerodrome		✓	✓	✓
Civic Amenities	✓	✓		
Library Hub	✓	✓	✓	
Parks, Reserves and Cemeteries	✓	✓		✓
Wai o Rua -Stratford Aquatic Centre	✓	✓	✓	
Democracy	✓	✓	✓	✓
Community Development	✓	✓		
Economic Development	✓		✓	
Rental and Investment Properties		✓	✓	
Building Services			✓	✓
Planning			✓	✓
Community Health and Safety			✓	
Emergency Management		✓	✓	✓
Roading		✓	✓	
Stormwater	✓	✓	✓	✓
Wastewater	✓	✓	✓	✓
Solid Waste		✓	✓	✓
Water Supply	✓	✓	✓	✓

Opportunities for Māori Contribution to Decision-Making Process

As a Council, we recognise the special position of tangata whenua and the important role Māori have to play in Council's decision-making processes and aim to build and grow mutually beneficial, positive relationships with iwi and hapu situated within the Stratford District.

We acknowledge the following seven iwi as tangata whenua within the Stratford District. These are Ngāti Ruanui, Ngāruahine, Ngāti Maru, Ngāti Mutunga, Ngāti Tama, Ngā Rauru and Te Atiawa. Council also recognises the role of Whakaahurangi Marae within the district.



Council provides opportunities for Māori contribution to decision making in the following ways:

Statutory
Section 81 of the Local Government Act, 2002 requires Council to provide opportunities for Māori to participate in Council decision-making and consider ways we can foster the development of Māori capacity to contribute to Council's decision-making. The Resource Management Act 1991 places further requirements on Council to support Māori participation and capacity in contributing to its decision making processes.

Significance and Engagement
The Significance and Engagement Policy sets out how Council will determine the significance of an issue, proposal, or decision and the level of engagement required with key stakeholders including iwi. This ensures a consistent approach is used when considering Māori contributions to Council's decision-making. Council acknowledges its unique relationship with Māori and supports this through:

- Establishing and maintaining processes to provide opportunities for Māori to contribute to decision-making;
- Taking into account the relationship Māori have with their ancestral land, water, sites, waahi tapu, and other taonga, when a significant decision relates to land or a body of water;
- Building ongoing relationships with Māori to enable early engagement in the development of appropriate plans and policies.

Internal Capacity
To enable and enhance effective engagement of Māori in decision making processes Council has committed resource to support and guide its interactions with Māori, with a focus on building the cultural competency of our staff and elected members. This includes ensuring training on Te Ao Māori is available and supported, including basic te reo Māori, tikanga, local history, and relevant legislation. This enhances staff confidence and skills in engaging with Māori to establish and manage effective relationships.

Working Together
Council values its relationship with mana whenua, demonstrated through involvement in significant community events such as the Puanga and te wiki o te reo Māori celebrations, through active engagement in the development of new recreational facilities as well as policy and bylaw adoption processes. Cooperation is also directly benefiting from iwi being increasingly included in regional groups such as the Taranaki Regional Executive Group, Ngā Kaiwhakatere o Taranaki and Civil Defence.

Going forward Council is committed to adopt a more formal approach to further enable Māori in decision making by having regular liaison meetings, at both governance and operational levels, and by establishing a Māori engagement framework with local iwi.

Governance
In 2021 Council adopted a bilingual name Te Kaunihera a Rohe o Whakaahurangi Stratford District Council, and is looking forward to continuing the conversation around bilingual language use across Council operations, services and facilities moving forward.

In May 2021 Council adopted to include a Māori Ward for the 2022 and 2025 local body elections.

District Profile

Stratford is located at the junction of State Highway 3 and State Highway 43, in the heart of Central Taranaki, in the North Island of New Zealand.

Stratford is the closest main centre to Egmont National Park, and the gateway to Mt Taranaki, the Manganui Ski Field, Dawson Falls, and the Forgotten World Highway (SH43) which winds its way through east Taranaki to Taumarunui.

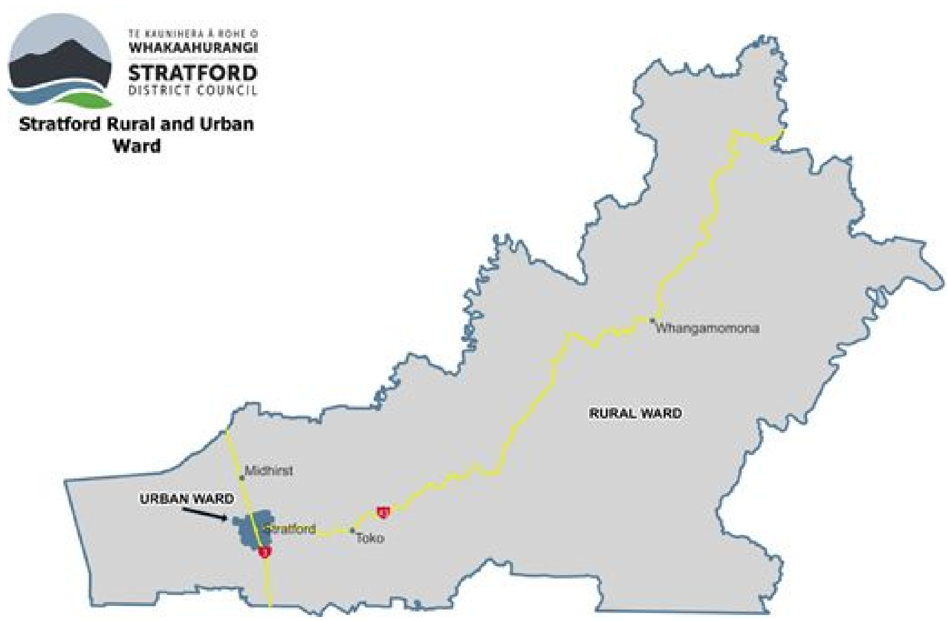
Covering approximately 2,170 square kilometres, it has four distinct regions:

- The alpine and bush environment of the Egmont National Park.
- The dairy farming country of the Egmont ring-plain.
- The frontal hill country. This land lies between the ring plain and the eastern hill country. It is mostly utilised for sheep and beef farming.
- The relatively steep hill-country of eastern Taranaki, some areas of which are farmed mostly for sheep and beef farming. Some areas are abandoned farmland reverting to bush while some land remains in original bush.

Stratford District is one of New Zealand's smallest local authority areas, being the 58th largest district in New Zealand, of 67, based on population estimates.

Stratford District is part of the Taranaki Region. Taranaki has four Councils, made up of three territorial authorities and one regional council:

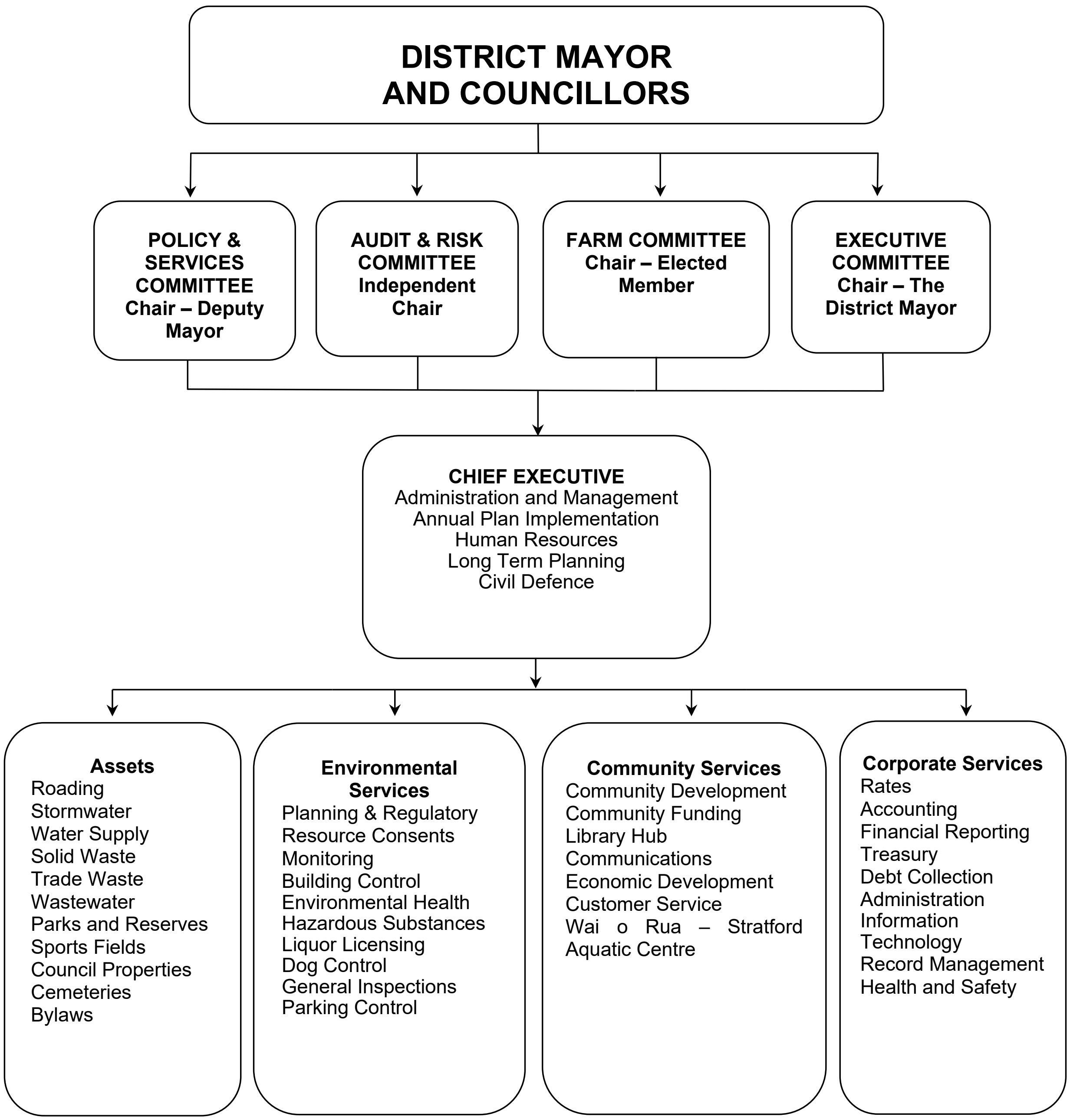
- Taranaki Regional Council
- New Plymouth District Council
- South Taranaki District Council
- Stratford District Council



Māori Ward *at large*

The Stratford District Council is currently represented by 11 Councillors and the Mayor. Stratford district is divided into three wards – an urban ward (6 Councillors), a rural ward (4 Councillors) and a māori ward (1 Councillor). The Council has no community boards.

The Council has one Council Controlled Organisation (CCO), the Percy Thomson Trust, with control through the appointment of the trustees. The Trust is registered as a charitable trust, and therefore exempt from income tax.



Elected Members as at 30 June 2025

Note: Local Government Elections will be held on 11 October 2025.

District Mayor

Neil Volzke, Mayor
nvolzke@stratford.govt.nz
027 6317 418

Māori Ward Councillor

Clive Tongaawhikau
clive.tongaawhikau@stratford.govt.nz
021 818 006

Urban Ward Councillors

Min McKay, Deputy Mayor
min.mckay@stratford.govt.nz
027 357 6060

John Sandford
john.sandford@stratford.govt.nz
027 496 2278

Annette Dudley
annette.dudley@stratford.govt.nz
027 452 6617

Mathew Watt
mathew.watt@stratford.govt.nz
027 263 1235

Jono Erwood
jono.erwood@stratford.govt.nz
027 6404 008

Ellen Hall
Ellen.Hall@stratford.govt.nz
021 817 792

Rural Ward Councillors

Amanda Harris
amanda.harris@stratford.govt.nz
027 698 8291

Grant Boyde
grant.boyde@stratford.govt.nz
(06) 765 5715

Vaughan Jones
vaughan.jones@stratford.govt.nz
027 620 2106

Steve Beck
steve.beck@stratford.govt.nz
027 444 7571

Standing Committee Membership

As at 30 June 2025

		Council	Policy & Services Committee (Includes Hearings)	Executive Committee	Audit & Risk Committee	Farm Committee	Sport New Zealand Rural Travel Fund
	Frequency	*Monthly*	*Monthly*	*As required*	*5x per year*	*3x per year*	*2x per year*
Elected Member							
District Mayor – N Volzke		❋	●	❋	●		
Deputy Mayor – M McKay		●	❋	●	●		
Cr G Boyde		●	●	●	●	❋	
Cr S Beck		●	●			●	
Cr A Dudley		●	●				●
Cr J Erwood		●	●	●	●		●
Cr E Hall		●	●				
Cr A Harris		●	●	●			❋
Cr V Jones		●	●		●	●	
Cr W Sandford		●	●				
Cr C Tongaawhikau		●	●				
Cr M Watt		●	●				

❋ Chairperson
● Member of Committee

Highlights

The purpose of this Annual Report is to outline the financial performance for the 2024/25 year, identify any changes from the 2024-2034 Long Term Plan (LTP), contribute to the accountability of the Council to its community, and extend opportunities for participation by the public in decision-making processes.

RATING BASE and STATISTICAL INFORMATION FOR THE YEAR ENDED 30 JUNE 2025 Rating Base Information	
Rating units within Stratford District Council at the end of the preceding financial year (30 June 2024)	
- Number of Rateable Assessments	5,149
- Total Number of Rating Units	5,469
Valuations of the district (including non rateable)	
- Land Value of Rating Units	$2,253,143,650
- Improvements	$1,581,624,850
- Total Capital Value of Rating Units	**$3,834,768,500**
Statistical Information	**30 June 2025**
Land Area	2,170 sq km
Population (as at June 2025)	10,120
Rates per rateable assessment	$3,620
Public Debt / Term Liabilities	$38,700,000
Debt per Head of Population	$3,824
Debt per Rateable Assessment	$7,516
Debt Servicing as a Percentage of Total Revenue (limit is < 10%)	5.12%
Full Time Equivalent Staff at 30 June 2025	72
Roads - Sealed	407.1 km
- Unsealed	205.7 km

The operating result for the year ended 30 June 2025 demonstrates the Council's commitment to delivering its services to the community within the financial parameters of its LTP.

For the years ended: Revenue	30-Jun-25 Actual $000	30-Jun-25 Budget $000	30-Jun-24 Actual $000
- Rates	18,642	18,653	16,219
- All Other Revenue	10,265	14,080	9,441
Total Revenue	28,907	32,732	25,660
Total Operating Expenditure	28,198	27,035	25,717
Net Surplus (Deficit)	**$709**	**5,697**	**(57)**
Capital Expenditure	9,014	18,516	8,159
Working Capital	7,543	6,649	5,464
(excludes current portion of debt repayment which will be refinanced immediately)			
Current Ratio (Budget not to be less than 1:1), the reason being due to the timing of term loan maturities.	0.85:1	1.34:1	0.95:1

Financial Strategy

The Financial Strategy to which this Annual Report year was subject to is within the LTP 2024-2034 document. The objective of the Financial Strategy is to ensure that debt, revenue, and expenditure are managed in a way that ensures service levels are able to be maintained in a financially sustainable way. To achieve this, the Council has set limits on debt, rates increases, and the UAGC, as outlined below. In 2024/25 the rates measures were in compliance.

		Council's Target (limits)	LTP – 2024-34	Actual – 2024/25
Debt	Net debt as a % of total annual revenue	<115%	99%	89%
Income & Affordability	% Rates Increase	<7%	15.37%	15.37%

Net debt levels are within the targeted limits. Council has gross borrowings of $38.7 million at interest rates ranging from 1.04% to 5.67% and financial investments of $14.6 million.

The actual rates increase of 15.37% was higher than budgeted and outside the LTP limit.

Financial Terminology

Net Surplus The difference between Revenue and Operating Expenses, where Revenue is higher.
Net Deficit The difference between Revenue and Operating Expenses, where Operating Expenses is higher.
Gross Debt This is the total amount of external borrowings.
Net Debt This is the total amount of external borrowings, less liquid financial investments including term deposits with registered banks and the loan to the Stratford Agricultural and Pastoral Association.

Net Operating Surplus

The Net Operating Surplus of $709,000 is primarily less than the budgeted operating surplus, as a result of funding not yet received for capital projects that had only just commenced.

Explanations for major variations from Council's estimated figures in the 2024-34 Long Term Plan are as follows:

Statement of Comprehensive Revenue and Expense

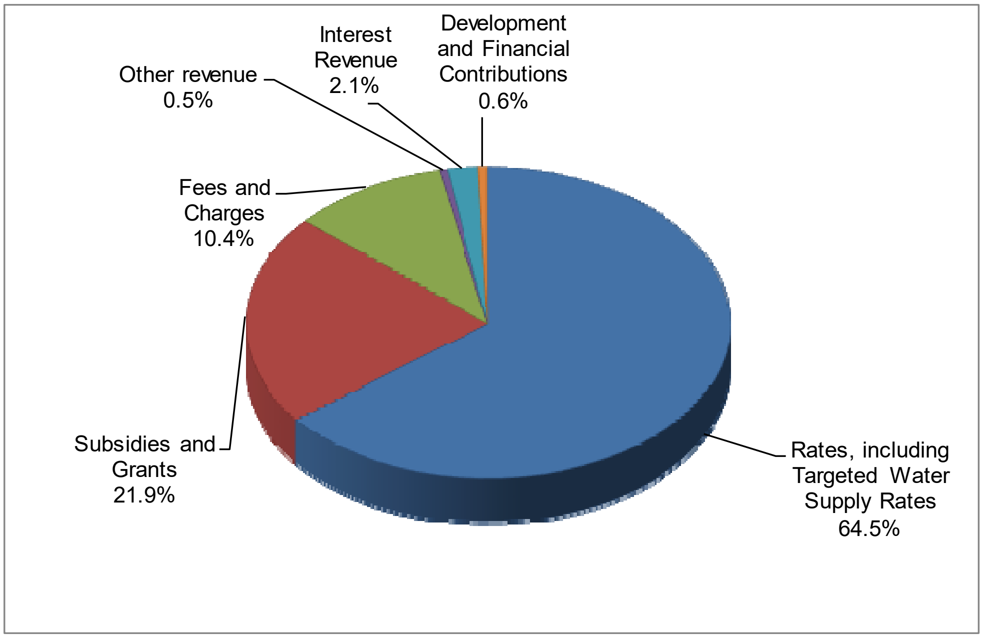
- Income is less than budget primarily due to the decision by NZTA to decline funding for some capital roading projects.
- Depreciation is higher than budget for Roading and the Three Waters assets, as a result of significant increase in the revaluation as at 30 June 2024.

Statement of Financial Position

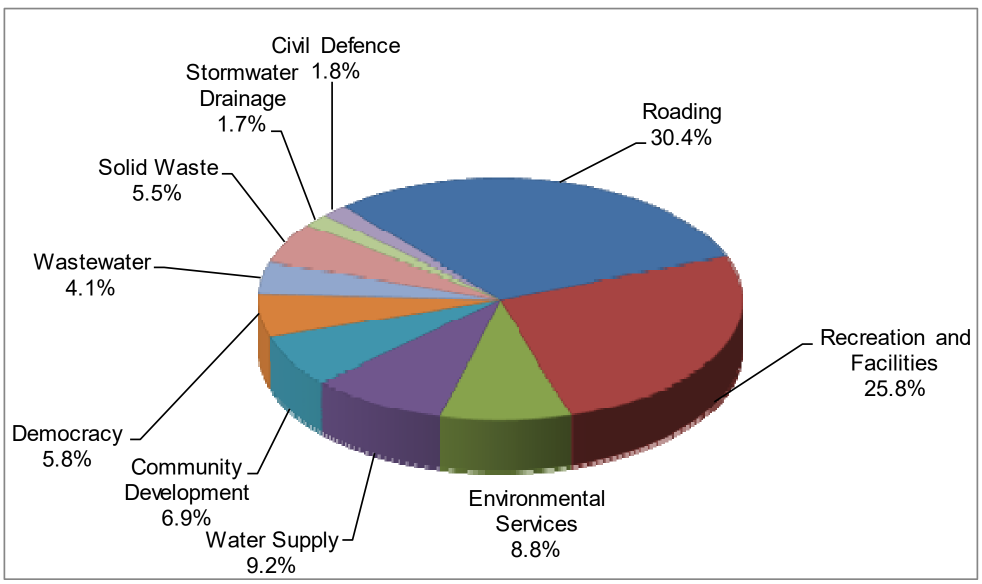
- Cash on Hand was higher than budget as a result of the reduction in capital expenditure spending.
- Payables and deferred revenue were higher than budget, but consistent with the prior year.

Financial Overview

Source of Revenue – Council Only



Operating Expenditure (Where the money is spent) – Council Only



Variations to the Annual Plan

The following table shows the variances to the Long Term Plan for the year ended 30 June 2025.

	Net Actual $000	Net Budget $000	Variance $000	Variance %
Net Operating Cost				
Recreation and Facilities	6,276	6,626	350	5%
Democracy	1,413	1,467	54	4%
Community Development	1,041	1,078	37	3%
Environmental Services	1,565	1,341	(224)	(17%)
Civil Defence and Emergency Management	502	473	(29)	(6%)
Roading	2,831	(173)	(3,004)	1736%
Stormwater Drainage	481	471	(10)	(2%)
Wastewater	1,125	985	(140)	(14%)
Solid Waste	1,392	1,218	(174)	(14%)
Water Supply	2,046	1,767	(279)	(16%)
Total	**18,670**	**15,253**	**(3,419)**	**(22%)**
Capital Expenditure				
Roading	5,307	8,205	2,898	35%
Stormwater	202	650	448	69%
Water Supply	1,100	4,654	3,554	76%
Wastewater	864	885	21	3%
Solid waste	15	60	45	75%
Parks, Reserves and Cemeteries	112	340	228	67%
Recreation and Facilities	1,002	744	(258)	(36%)
Community Development	131	2,670	2,539	95%
Democracy	283	308	25	8%
Total	**9,014**	**18,516**	**9,502**	**51%**

Net Operating Costs

Recreation and Facilities

- The operating expenditure for Civic Amenities was under budget primarily due to the cost of the demolition of the old pool at Page Street being under budget by just over $200,000.

Roading

- Revenue was less than budget due to NZTA declining funding for some capital projects.
- Expenditure was higher than budget due to the effect of the asset revaluation, that directly affects depreciation.

Capital Expenditure

Total capital expenditure was under budget by $9,501,000. Although there were unders and overs across the council activities, significant variances are explained below.

Recreation and Facilities

- Land was purchased at Prospero Place to enable development of the town square.

Roading

- The funding for the Walking and Cycling was not approved by NZTA; and reduced from $2.6million to $400,000 for the Low Cost Low Risk roads project.

Community Development

- Further works on the proposed subdivision were put on hold as areas of wetland were identified in the previous year. This has now been resolved and a lead developer has been appointed, with design works underway.

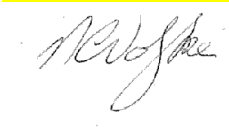
Water Supply

- Detailed design for the grit tanks and raw water delivery line has reached 99%, with tender documents being compiled. The physical works will be undertaken in 2025/26.

Statement of Compliance

Compliance

The Council and management of Stratford District Council confirm that all the statutory requirements in relation to the Annual Report as outlined the Local Government Act 2002, have been complied with.



His Worship the Mayor
N C Volzke
28 October 2025

Chief Executive
S Hanne
28 October 2025

Council Services

Groups of Activities

As required by the Local Government Act 2002, Council has grouped the services it provides into the following groups of activities:

GROUP	ACTIVITY	SERVICES
Recreation and Facilities	Aerodrome	
	Civic Amenities	Civic Amenities & Toilets Housing for Older Persons
	Library Hub Parks, Reserves & Cemeteries Wai o Rua – Stratford Aquatic Centre	
Democracy	Democracy	Democracy Corporate Support
Community Development	Community Services	
	Economic Development	
	Rental & Investment Properties	Farm Holiday Park Rental Properties
Environmental Services	Building Services	
	Planning	District Plan Resource Consents
	Community Health And Safety	Food and Health Alcohol Licensing Parking and Other Bylaws Animal Control
	Civil Defence and Emergency Management	
Roading	Roading	Construction, maintenance and renewal of roads, footpaths and associated infrastructure.
Stormwater	Stormwater	Construction and renewal of stormwater infrastructure.
Wastewater (Sewerage)	Wastewater	Construction, maintenance and renewal of waste water network and treatment facilities.
Solid Waste	Waste Management	Kerbside collection of refuse and recycling and operation of the transfer station.
Water Supply	Water Supply	Construction, maintenance and renewal of water treatment plants and water reticulation network.

Disclosure of significant negative effects on well-being

The Council is required to identify and disclose any activities undertaken to promote specific community well-beings which have potentially significant adverse effects for other outcomes.

Service Performance Reporting

Statement of Compliance

The Council Activity sections of this Annual Report constitutes the Statement of Service Performance. It has been prepared in accordance with Public Benefit Entity Financial Reporting Standard 48 (PBE FRS 48) Service Performance Reporting and complies with New Zealand Generally Accepted Accounting Practice (NZ GAAP).

Changes to Service Performance Measures

In accordance with paragraph 40 of PBE FRS 48, the following changes to performance measures have occurred during the 2024/25 reporting period.

New measures introduced

Aerodrome - A new performance measure has been introduced to track the number of meetings attended annually with aerodrome users. This reflects Council's commitment to maintain the facility as fit-for-purpose.

Civic Amenities – To better reflect and target the current usage of facilities and legislative compliance, four new performance targets have been introduced:

- Annual daily usage of War Memorial Centre measured by the percentage of days in a year there is a booking.
- Annual daily usage of Centennial Restrooms measured by the percentage of days in a year there is a booking.
- Booking cancellations as a percentage of total annual bookings for the War Memorial Centre and Centennial Restrooms.
- The Housing for the Older Persons units compliance with legislative requirements arising from Residential Tenancies Act, Healthy Homes Standards and any other applicable legislation.

Community Services – Two new performance measures have been added to track how well the Council enables the community to engage, celebrate and connect with others. This reflects the Council's goal to enhance wellbeing in the district:

- Number of major community events led by Council.
- Percentage of residents satisfied with the quality of the events and programmes offered by Council.

Economic Development – To better reflect current district priorities and activities, with an emphasis on attracting more businesses and economic activity, two new performance targets have been introduced:

- Number of new and existing businesses accessing services and programmes offered.
- Number of promotional activities delivered or partnered with to encourage visitation to the district.

Rental and Investment Properties – To ensure compliance with legislation is monitored, a new performance measure has been introduced to review and check that commercial properties are compliant with relevant legislation.

Civil Defence and Emergency Management – To reflect the Council's aim to upskill staff and volunteers for response purposes in an event, a new performance measure has been added to monitor the numbers trained to at least intermediate level.

Roading – To better track residents satisfaction with more specific parts of the roading network, three new performance targets have been introduced:

- Percentage of residents who are satisfied with urban road networks.
- Percentage of residents who are satisfied with the rural road network.
- Percentage of residents who are satisfied with the footpaths.

Measures removed

Aerodrome - A performance measure to monitor the level of satisfaction amongst the aerodrome users was removed as the new measure to track engagement through the number of attended meetings with aerodrome users was considered more effective in improving level of service.

Civic Amenities – To improve relevance and alignment with current priorities several performance measures have been removed:

- Annual bookings of War Memorial Centre and the Centennial Restrooms. Both of these measures were removed as the new measures that focus on daily usage of these facilities was considered a better representation of utilisation of these assets.
- Percentage of resident satisfaction with housing for older persons. This measure was removed as the new measure to instead focus on compliance with legislative building requirements was considered more beneficial in contributing to a high standard of housing for tenants.
- Annual occupancy rate of housing for older persons. This measure was removed as this isn't currently a focus due to the occupancy rates continuing to remain at historically high levels.

Community Services – To improve relevance and better data for decision making two performance measures have been removed:

- Deliver or facilitate community events. This measure was removed as it has been replaced by a new measure that focuses on the new aim of leading community events instead.
- Percentage of residents feeling a sense of community. This measure was removed as it was impacted by circumstances outside the control of Council. A new more specific measure has instead been created that measures residents satisfaction with the quality of the events and programmes offered by Council.

Economic Development – To enable more relevant and more specific measures, several performance measures have been removed:

- Number of client interactions with Venture Taranaki' business advisory service and mentor matches made. These have both been removed due to them being too general. Instead, two new measures which focus on businesses and promotional activities which align better with the Council's aim to grow business and tourism in the district have been created.
- Review of the Economic Development Strategy. This was removed due to it relating to the 2021-31 Long-Term Plan objectives only.

Rental and Investment Properties – A performance measure that tracked the number of complaints from tenants was removed due to these not occurring, instead a more relevant performance measure has been introduced to review and check that commercial properties are compliant with relevant legislation.

Civil Defence and Emergency Management – A performance measure to recruit, train and maintain a pool of staff and volunteers to Civil Defence foundational level has been removed, as it is superseded due to the Council's new measure to improve its training target up to Civil Defence intermediate level.

Roading – The percentage of residents who are satisfied with the roading network's performance measure has been removed, as it has been replaced with three more relevant resident satisfaction measures specially targeted at footpaths, urban and rural road networks. This will provide more meaningful data to assist future decision making.

Wai O Rua Stratford Aquatic Centre – A performance measure that reported the number of reported accidents and incidents at the pool has been removed, as this is of a health and safety nature that is now more appropriately being reported through to the Council Audit and Risk Committee instead.

Information Centre – To align with the information centre activity now being incorporated within the Library Hub activity, two performance measures have been removed:

- Number of users of AA Agency Service. When compared to the whole library activity, these numbers are no longer considered significant and are no longer reported.
- Percentage customers are satisfied with the Information Centre. Due to this activity being a minor part of the larger library facility, this measure was removed as its intent is better captured in the existing measure for the percentage of users satisfied with library services.

Building Services – A performance measure for the percentage of customers using building consent processes that are satisfied with the service has been removed as the historically low number of survey respondents was making the data set too low to measure reliably.

Planning – A performance measure for the percentage of customers using resource consent processes that are satisfied with the service has been removed as the historically low number of survey respondents was making the data set too low to measure reliably.

Disclosure of Judgements

In preparing the Statement of Service Performance, Council has applied professional judgement to determine the relevance, reliability, and comparability of performance measures, to ensure that they would sufficiently measure progress towards delivering outcomes in the Long Term Plan and were a fair representation of the services provided across Council.

Judgements were also applied to how these would be measured, aggregated and presented in order to find a balance between practicality, feasibility, community feedback, and risk of survey fatigue.

The Department of Internal Affairs (DIA) sets some mandatory KPIs that all councils need to include in their LTPs with regard to Three Waters and Roading activities. The remaining KPIs were set to align with Council Plans, statutory obligations, and our long-term aspirations that was our guiding document when the 2024/34 Long-Term Plan was developed.

These judgements are made in accordance with PBE FRS 48: Service Performance Reporting and support Council's commitment to transparent and meaningful performance reporting.

Measurement Bases

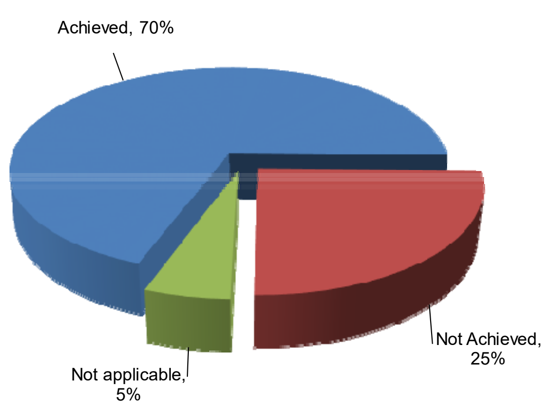
Council uses a range of measurement methods to assess performance across its activities.

Each activity in the Long Term Plan was adopted with a number of measures and targets that best reflected how each level of service statement would be attained. There are a mix of quantitative and qualitative measures and qualitative descriptions that measure compliance, resident and user satisfaction, responsiveness, participation, and effectiveness. To be clear and meaningful in our non-financial performance reporting, the annual report's statement of service performance by activity includes explanatory narrative and/or remedial action for those measures that did not achieve target. Comparative results are provided from the previous year to show trends. This trend data can be useful in informing council's actions and strategic decisions. Council's Statement of Service Performance for the 2024/25 reporting year is covered in pages 18-78 of the Annual Report.

Performance against the **Targets** will be detailed as follows:

Achieved - Required actions have been completed and the intended level of service has been achieved.
Not Achieved - None of the required actions have been undertaken, or the performance measure was not met.
Not Applicable - No action was required during the year.

Performance Measures Pie Chart



Recreation and Facilities
TITLE PAGE

AERODROME

1.1 What We Do

Council owns the aerodrome to make provision for local air transport, recreation and light commercial needs. The aerodrome is situated at Flint Road and has two grassed runways.

1.2 Why We Do It

This activity contributes to the community outcomes of:

- Welcoming
- Resilient
- Connected
- Enabling

1.3 Significant Negative Effects

The Aerodrome activity has the potential to negatively impact the social, economic, environmental or cultural well-being of the local community. The most likely significant negative effects from this activity and the mitigation measures in place, are outlined below.

Social & environmental - The Aerodrome activity has the potential to negatively impact on the social and environmental well-being of the local community through noise. To mitigate this, the aerodrome is located in a rural area and Council owns the farm surrounding the aerodrome which serves as a buffer zone.

These negative effects and any controls and mitigation in place have to be balanced against the positive impact the activity has on the social, economic, environmental and cultural well-being of its users and the district overall.

1.4 Statement of Service Provision

Level of Service	Performance Measure	Target Year 1 2024/25	Actual 2024/25	How Measured
To maintain the Aerodrome for use by the Stratford community and other users.	Engage and meet regularly with Aerodrome users by attending formal meetings.	>3 meetings attended annually	**Not Achieved** – 2 meetings attended *(2023/24 New Measure)*	Annual aerodrome user survey.
		Staff vacancies impacted meeting this target. Quarterly meetings are now scheduled from 1 July 2025.		
The aerodrome is used by the Stratford community and visitors.	Number of aircraft movements during the year.	>3,500	**Not Achieved – 1,935** *(2023/24 Not Achieved – 1,611)*	Annual AIMM compliance reporting
		Aircraft movements increased during 2024/25. A more realistic target of >1,750 has been established for 2025/26.		

1.5 Projects and Other Programmes

Project	Category	Budget 2024/25	Actual 2024/25	Notes
Widening turn area at end of access road	Replacements	$15,000	$4,049	Complete

1.6 Cost of Services Statement
The detailed financial summary for the Aerodrome is shown below.

Aerodrome

Actual 2023/24 $000		Actual 2024/25 $000	Budget 2024/25 $000
151	**Operating Expenditure**	148	144
25	**Revenue**	27	32
126	**Net Cost of Service**	**121**	**112**
	EXPENDITURE		
107	Operating Costs	95	92
-	Interest	-	-
8	Depreciation	8	8
36	Allocated Overheads	45	43
151	**Total Operating Expenditure**	**148**	**144**
-	Principal Loan Repayments	-	**-**
-	Capital Expenditure	4	15
151	**Total Expenditure**	**152**	**159**
	FUNDED BY:		
25	Charges for Services	27	32
25	**Total Revenue**	**27**	**32**
112	General Rates	110	110
-	Transfer from Depreciation Reserve	4	-
-	Loan Funding - Capital	-	15
-	Other Funding	3	2
137	**Total Funding**	**144**	**159**

CIVIC AMENITIES

1.1 What We Do

Council's Civic Amenities include a range of facilities that are fairly typical of a rural area and service town:

- Council Office (Miranda Street)
- War Memorial Centre
- TET Multi Sports Centre
- Housing for Older Persons
- Centennial Rest Rooms
- Clock Tower (Glockenspiel)
- Bus Shelters
- Hall of Remembrance
- Public Toilets
- Rural Halls
- Security Cameras
- Structures/Beautification
- Transfer Station

1.2 Why We Do It

Council owns Civic Amenities to provide a community good or core civic functions, some of these are provided by Council because no other agencies are able or willing to provide them.

This activity contributes to the achievement of the District's civic, social and cultural needs.

This activity contributes to the community outcomes of:

- Welcoming
- Resilient
- Connected
- Enabling

1.3 Significant Negative Effects

There are no significant negative effects associated with the Civic Amenities activity that may affect the social, economic, environmental or cultural well-being of the local community. However, failure to deliver this activity would have a significant negative impact on the social, economic and cultural well-being.

1.4 Statement of Service Provision

Level of Service	Performance Measure	Target Year 1 2024/25	Actual 2024/25	How Measured
To provide well-maintained and utilised facilities.	Buildings legally requiring a Building WoF have a current Building WoF at all times.	100%	**Achieved – 100%** (2023/24 Achieved – 100%)	Building WoF records
	Annual daily usage of War Memorial Centre measured by the percentage of days in a year there is a booking.	>75%	**Not Achieved – 70%** (2023/24 New Measure)	Booking records
		The target was close to being achieved. Currently planning a promotion of all hire facilities through Council media channels.		
	Annual daily usage of Centennial Restrooms measured by the percentage of days in a year there is a booking.	>70%	**Not Achieved – 42%** (2023/24 New Measure)	Booking records
		This was an ambitious target, and has been reduced for 2025/26. Currently planning a promotion of all hire facilities through Council media channels.		
	Booking cancellations as a percentage of total annual bookings for the War Memorial Centre and Centennial Restrooms	<20%	**Achieved –** War Memorial Centre – 13% and Centennial Restrooms – 6%. (2023/24 New Measure)	Booking records
To maintain the housing pool to ensure compliance with the relevant legislation.	All rental units comply with legislative requirements arising from Residential Tenancies Act, Healthy Homes Standards and any other applicable legislation.	Legislative requirements all met	**Achieved – 100%** (2023/24 New Measure	Annual audit of buildings against applicable legislation
Maintain existing toilet facilities and ensure regular scheduled cleaning.	Percentage of Stratford District residents satisfied with overall level of service of toilets.	>80%	**Not Achieved – 63%** (2023/24 Not Achieved – 71%)	Annual Residents Survey
		The dissatisfaction is mainly with TET toilet facilities, of which the Council is currently working to improve.		

1.5 Projects and Other Programmes

Project	Category	Budget 2024/25	Actual 2024/25	Notes
Prospero Place Development	Level of Service	$300,000	$68,036	Currently out for public feedback, then design will be completed.
TET Multi Sports Centre infrastructure renewals	Replacements	$50,000	$113,501	Works complete for current year, but budgets from 2025/26 and 2026/27 brought forward to enable completion of entire project.
Centennial Rest Rooms – resolve plumbing issues	Replacements	$10,000	$0	Not required.
War Memorial Centre – hot water supply	Replacements	$40,000	$0	Investigations underway to determine scope of project.
Miranda Street infrastructure renewals	Replacements	$10,000	$2,424	Complete
Public Toilets infrastructure renewals	Replacements	$30,000	$0	To be carried over to 2025/26
Demolition of TSB Pool and associated reinstatement	Replacements	$430,000	$205,140	Complete
Housing for Older Persons				
Replace four clotheslines	Replacements	$5,000	$2,515	Complete
Roof Replacements	Replacements	$120,000	$0	A contractor was appointed, and the work will be carried out in 2025/26
Infrastructure renewals	Replacements	$5,000	$0	Not required

1.6 Cost of Services Statement

The detailed financial summary for the Civic Amenities and Pensioner Housing activities are shown below. The costs of operating the Miranda Street Office are not shown here because they are allocated to the various Council functions as overheads.

Civic Amenities

Actual 2023/24 $000		Actual 2024/25 $000	Budget 2024/25 $000
1,359	**Operating Expenditure**	1,446	1,807
51	**Revenue**	52	60
1,308	**Net Cost of Service**	**1,394**	**1,747**
	EXPENDITURE		
515	Operating Costs	630	888
19	Interest	22	48
647	Depreciation	626	705
179	Allocated Overheads	168	166
1,359	**Total Operating Expenditure**	**1,446**	**1,807**
22	Principal Loan Repayments	25	47
142	Capital Expenditure	927	443
1,524	**Total Expenditure**	**2,399**	**2,297**
	FUNDED BY:		
51	Charges for Services	52	60
51	**Total Revenue**	**52**	**60**
755	General Rates	917	919
19	Targeted Rates	19	19
335	Depreciation Funded from Reserves	335	368
25	Transfers from Depreciation Reserves	885	620
-	Grants and Donations	-	-
115	Loan Funding - Capital	68	300
4	Other Funding	13	10
1,304	**Total Funding**	**2,290**	**2,297**

Housing for Older Persons

Actual 2023/24 $000		Actual 2024/25 $000	Budget 2024/25 $000
174	**Operating Expenditure**	155	160
71	**Revenue**	91	94
103	**Net Cost of Service**	**64**	**66**
	EXPENDITURE		
54	Operating Costs	44	55
1	Interest	2	2
49	Depreciation	51	46
70	Allocated Overheads	58	57
174	**Total Operating Expenditure**	**155**	**160**
1	Principal Loan Repayments	2	2
28	Capital Expenditure	3	125
203	**Total Expenditure**	**159**	**287**
	FUNDED BY:		
71	Charges for Services	91	94
71	**Total Revenue**	**91**	**94**
34	General Rates	35	35
69	Transfers from Depreciation Reserves	28	157
28	Loan Funding - Capital	-	-
1	Other Funding	5	1
203	**Total Funding**	**159**	**287**

LIBRARY HUB

1.1 What We Do

The Stratford District Library is co-located with the Visitor Information Centre (i-SITE) which sees a vibrant, community hub situated in the town centre, Prospero Place. The library hub provides physical and digital access to a collection of lending material and information resources in a welcoming environment intended for community activities, leisure, social interaction, and study. It promotes creativity and learning through the delivery of public programmes and the provision of support facilities such as the Wi-Fi network and access to equipment and technology.

1.2 Why We Do It

This activity contributes to the district's overall well-being by providing access to reading material, databases and internet services that individuals are unlikely to be able to provide for themselves.

This activity contributes to the community outcomes of:

- Welcoming
- Connected
- Enabling

1.3 Significant Negative Effects

There are no significant negative effects associated with the Library Hub activity that may affect the social, economic, environmental or cultural well-being of the local community. However, failure to deliver this activity would have a significant negative impact on the social, economic and cultural well-being.

1.4 Statement of Service Provision

Level of Service	Performance Measure	Target Year 1 2024/25	Actual 2024/25	How Measured
To provide a multi-use community hub facility that is accessible, well utilised, and engaging to both residents and visitors to the Stratford District.	Number of items (including digital) issued annually	>50,000	**Achieved – 63,562** *(2023/24 Achieved – 64,207)*	Monthly statistics from Koha
	Percentage of facility users satisfied with the quality of services offered.	>80%	**Achieved – 94%** *(2023/24 Achieved – 97%)*	Annual Residents Survey
	Number of participants in events and programmes at the facility.	>1,200	**Achieved – 4,341** *(2023/24 Achieved – 4,763)*	Internal attendance records

1.5 Projects and Other Programmes

Project	Category	Budget 2024/25	Actual 2024/25	Notes
Safety improvements around AA desk	Level of Service	$5,000	$0	Carried over to 2025/26 to explore options.
Window sill replacements	Replacements	$10,000	$3,721	Works partially completed, to be completed in 2025/26
Update graphics on windows/bus shelters and other internal areas of library.	Replacements	$10,000	$0	Carried over as design yet to be completed.
Library infrastructure renewals	Replacements	$3,000	$0	Not required
Development of seating areas/meeting spaces	Level of Service	$25,000	$0	Project did not proceed as funding was declined.
Bathroom upgrade	Replacements	$15,000	$0	Design work completed, physical works to be undertaken in 2025/26.
Underneath storage	Replacements	$10,000	$0	Carried over while exploring options.

1.6 Cost of Services Statement

The detailed financial summary for the Library's activities is shown below.

Library Hub

Actual 2023/24 $000		Actual 2024/25 $000	Budget 2024/25 $000
712	**Operating Expenditure**	898	899
16	**Revenue**	83	90
696	**Net Cost of Service**	**814**	**809**
	EXPENDITURE		
431	Operating Costs	599	598
26	Interest	26	33
88	Depreciation	89	96
167	Allocated Overheads	183	173
712	**Total Operating Expenditure**	**898**	**899**
31	Principal Loan Repayments	29	32
-	Capital Expenditure	4	75
743	**Total Expenditure**	**931**	**1,006**
	FUNDED BY:		
16	Charges for Services	83	90
16	**Total Revenue**	**83**	**90**
545	General Rates	756	758
38	Depreciation Funded from Reserves	40	43
-	Loan Funding - Capital	-	5
6	Grants and Donations	-	25
31	Transfer from Depreciation Reserves	69	77
3	Other Funding	15	9
639	**Total Funding**	**963**	**1,006**

PARKS, RESERVES AND CEMETERIES

1.1 What We Do

Council provides a range of active and passive recreation opportunities that benefit the community's physical, social and personal quality of life. Parks, reserves and cemeteries assets include:

(i) 36.7 hectares of passive reserves:
- Gardens, lawns, trees, and amenity street plantings
- 2 neighbourhood parks and 3 playgrounds

(ii) 10 hectares of urban active reserves comprising:
- 2 croquet greens
- 6 netball/tennis courts
- 4 rugby fields
- 1 cricket wicket
- 2 soccer fields

(iii) 9.4 hectares of cemeteries
- 5.1 hectares in 2 operating cemeteries – including 2.7 hectares of newly purchased land for cemetery extension
- 4.3 hectares in 5 closed cemeteries

(iv) 14km of walkway including 12 footbridges.

(v) 5.4 hectares in 19 esplanade reserves.

(vi) Accessory structures and buildings:
- Grandstand at Victoria Park
- 2 Toilet blocks at Victoria Park
- Croquet pavilion at Victoria Park
- Memorial Gates at Victoria Park
- Malone Gates at King Edward Park
- Netball shelters at King Edward Park
- Toilet facilities and changing rooms at Page Street sportsground
- Stratford Gateway Structures (2)
- Skate park at Victoria Park
- Children's Bike Park at Victoria Park
- Pump Track at Victoria Park
- Half basketball court at Victoria Park

(vii) 34.3 hectares in rural domains and reserves.

1.2 Why We Do It

To provide and manage parks, reserves and cemeteries encompassing passive, active and scenic open spaces which contribute towards the desirability and attractiveness in the community.

The Parks and Reserves activity creates and provides a sense of belonging and pride, adding to social, recreational and cultural facilities in the community which are accessible to all.

This activity contributes to the community outcomes of:

- Welcoming
- Resilient
- Connected

1.3 Significant Negative Effects

There are no significant negative effects associated with the Parks, Reserves and Cemeteries activity that may affect the social, economic, environmental or cultural well-being of the local community. However, failure to deliver this activity would have a significant negative impact on the social, economic, environmental and cultural well-being.

1.4 Statement of Service Provision

Level of Service	Performance Measure	Target Year 1 2024/25	Actual 2024/25	How Measured
To maintain parks, sports fields, cemeteries and reserves.	Number of complaints specifically relating to Council service delivery.	<40	**Not Achieved – 99** *(2023/24 Not Achieved – 112)*	Reporting against corporate CRM system.
		This is an improvement from 2023/24. Considering the many public access channels now available to the community to make complaints, a higher target is reasonable to consider in the future		
	Percentage of Stratford residents satisfied with:			
	• Parks;	>85%	**Achieved – 90%** *(2023/24 Achieved – 90%)*	Annual Residents Survey.
	• Sports fields; and	>80%	**Not Achieved – 76%** *(2023/24 Not Achieved – 76%)*	Annual Residents Survey.
		Many different survey responses, however this result includes some related to sports club owned facilities and decisions that are out of Council control		
	• Cemeteries.	>80%	**Achieved – 82%** *(2023/24 Not Achieved – 74%)*	Annual Residents Survey.
To provide safe playgrounds to the community.	All existing playgrounds meet NZ Safety Standards.	No result (Biennial review)	**Not Applicable** *(2023/24 – Not Achieved)*	Biennial playground inspection report and records provided from weekly and quarterly compliance checks by contractor.
To maintain safe foot bridges to the community.	All existing foot bridges meet NZ Safety standards.	No result (Biennial review)	**Not Applicable** *(2023/24 Not Achieved)*	Biennial bridge inspection Report

1.5 Projects and Other Programmes

Project	Category	Budget 2024/25	Actual 2025/26	Notes
Victoria Park Skate Park concrete resurfacing	Level of Service	$100,000	$0	External funding now approved, so works programmed.
King Edward Park – lighting and power box in Rhododendron Dell	Level of Service	$50,000	$0	Negotiating with contractor took place, work to be competed in 2025/26.
Victoria Park – sports fields continued development	Level of Service	$20,000	$17,165	Remainder of physical works to be completed in 2025/26.
Cardiff Walkway – new aluminium steps and bridge	Replacements	$50,000	$0	Carried over to 2025/26, awaiting resource consent.
Carrington Walkway (Regan Street to Brecon Road)	Replacements	$20,000	$0	Tenders did not close until July 2025, so project carried over.
King Edward Park and Victoria Park – playground equipment replacement	Replacements	$10,000	$0	Work will be completed in 2025/26.
Continued parks development	Replacements	$5,000	$3,146	Complete.
Development of the Eastern Loop	Replacements	$5,000	$4,995	Complete.
Septic Tank replacement – Whangamomona Campground	Replacements	$75,000	$86,269	Complete.

1.6 Cost of Services Statement

The detailed financial summary for the Parks and Reserves and Cemeteries activities are shown below:

Parks and Reserves

Actual 2023/24 $000		Actual 2024/25 $000	Budget 2024/25 $000
1,000	**Operating Expenditure**	1,004	1,057
8	**Revenue**	11	10
992	**Net Cost of Service**	**993**	**1,047**
	EXPENDITURE		
625	Operating Costs	607	681
14	Interest	21	18
153	Depreciation	180	169
208	Allocated Overheads	197	188
1,000	**Total Operating Expenditure**	**1,004**	**1,057**
17	Principal Loan Repayments	23	18
333	Capital Expenditure	112	340
1,350	**Total Expenditure**	**1,139**	**1,414**
	FUNDED BY:		
8	Charges for Services	11	10
8	**Total Revenue**	**11**	**10**
930	General Rates	1,044	1,046
29	Transfer (to) from Reserves	23	63
238	Loan Funding - Capital	112	145
(10)	Transfer (to) Turf Replacement Reserve	(10)	(10)
94	Grants and Donations	-	150
4	Other Funding	15	10
1,293	**Total Funding**	**1,195**	**1,414**

Cemeteries

Actual 2023/24 $000		Actual 2024/25 $000	Budget 2024/25 $000
238	**Operating Expenditure**	231	242
159	**Revenue**	125	157
79	**Net Cost of Service**	**105**	**85**
	EXPENDITURE		
147	Operating Costs	139	153
3	Interest	4	5
11	Depreciation	13	10
77	Allocated Overheads	75	75
238	**Total Operating Expenditure**	**231**	**242**
4	Principal Loan Repayments	4	4
39	Capital Expenditure	-	-
281	**Total Expenditure**	**235**	**246**
	FUNDED BY:		
159	Charges for Services	125	157
159	**Total Revenue**	**125**	**157**
76	General Rates	85	85
4	Transfers from Reserves - Capital	-	-
35	Loan Funding - Capital	-	-
2	Other Funding	6	4
276	**Total Funding**	**216**	**246**

WAI O RUA – STRATFORD AQUATIC CENTRE

1.1 What We Do

Wai o Rua - Stratford Aquatic Centre opened in October 2022. Owned and operated by Council, the centre has more than twice the capacity of the old TSB Pool Complex, and is home to an 8-lane 25 metre competition pool, a 20 metre programme and hydrotherapy pool, a learn to swim pool, a toddler pool and a zero-depth splash pad, kitted out with a range of interactive water toys.

1.2 Why We Do It

Council owns the pool to provide aquatic recreation for its residents and visitors. Council has historically adopted the role of provider of a swimming pool complex for the district as there has been no alternative.

The Pool makes a valuable contribution to the overall health and wellbeing of residents and visitors providing diverse recreational activities and enhancing the attractiveness of the district.

This activity contributes to the community outcomes of:

- Welcoming
- Connected

1.3 Significant Negative Effects

Wai o Rua - Stratford Aquatic Centre has the potential to negatively impact the social, economic, environmental or cultural well-being of the local community. The most likely significant negative effects from this activity and the mitigation measures in place, are outlined below.

Social - Cryptosporidia and other pathogens have the potential to cause significant negative health effects. Mitigation of this risk is a critical part of the water filtration and treatment processes.

Social – Chlorine odour has the potential to cause significant negative health effects. The water filtration system used minimises the level of chlorine used, and keeps the chlorine odour at low levels.

Environmental & cultural – Any accidental or uncontrolled discharge of pool water or associated chemicals into the nearby Patea River would have significant negative impacts on the environmental and cultural wellbeing of the river and the community. The design of the facility minimises the risk of this occurring.

These negative effects and any controls and mitigation in place have to be balanced against the positive impact the activity has on the social, economic, environmental and cultural well-being of its users and the district overall.

1.4 Statement of Service Provision

Level of Service	Performance Measure	Target Year1 2024/25	Actual 2024/25	How Measured
To provide an aquatic facility that is welcoming, attractive and a safe place to swim.	Compliance with NZS5826:2010 NZ Pool Water Quality Standards.	100%	**Achieved – 100%** *(2023/24 Achieved – 100%)*	Water quality register.
	PoolSafe accreditation is met	100%	**Achieved** – ***100%*** *(2023/24 Achieved – 100%)*	Current accreditation
	Percentage of pool users satisfied with the quality of services and programmes offered.	>80%	**Not Achieved – 72%** *(2023/24 Not Achieved – 75%)*	Annual Residents Survey.
		The main theme of dissatisfaction was expressed in terms of parking and the cost to ratepayers. No changes to parking is considered necessary and the Council is continually reviewing operations to minimise costs.		
	Number of pool admissions per annum.	*>55,000*	**Achieved – 92,989** *(2023/24 Achieved – 109,047)*	Reported monthly to Council.

1.5 Projects and Other Programmes

Project	Category	Budget 2024/25	Actual 2024/25	Notes
Pilates – Reformers	Level of Service	$42,000	$0	External funding declined, so project not undertaken.
Mirrors installation in club room	Level of Service	$5,000	$0	External funding declined, so project not undertaken.
TV installed in meeting room	Level of Service	$2,000	$0	Project cancelled due to cost.
Total bars	Level of Service	$5,000	$3,381	Complete.
Wai o Rua – infrastructure renewals	Replacements	$2,000	$0	Not required.
Spin Bikes	Replacements	$30,000	$41,678	Complete.
Vacuum Cleaner	Replacements	$0	$7,168	The existing vacuum cleaner reached the end of its useful life so needed replacing.
Aqua Treadmills	Level of Service	$0	$11,886	These were purchased in conjunction with the spin bikes, and were funded through external grants.

1.6 Cost of Services Statement
The detailed financial summary for the Pool Complex activities is shown below:

Wai o Rua – Stratford Aquatic Centre

Actual 2023/24 $000		Actual 2024/25 $000	Budget 2024/25 $000
3,200	**Operating Expenditure**	3,376	3,481
518	**Revenue**	592	720
2,682	**Net Cost of Service**	**2,784**	**2,762**
	EXPENDITURE		
1,971	Operating Costs	2,067	2,099
344	Interest	353	405
450	Depreciation	453	483
435	Allocated Overheads	503	495
3,200	**Total Operating Expenditure**	**3,376**	**3,481**
411	Principal Loan Repayments	398	396
201	Capital Expenditure	64	86
3,812	**Total Expenditure**	**3,838**	**3,963**
	FUNDED BY:		
518	Charges for Services	592	720
518	**Total Revenue**	**592**	**720**
2,006	General Rates	2,511	2,517
193	Loan funding - capital	-	2
168	Grants and Donations	179	82
251	Transfer from Reserves	405	398
203	Depreciation funded from Reserves	204	217
6	Other Funding	40	27
3,345	**Total Funding**	**3,933**	**3,963**

Democracy TITLE PAGE

Democracy

1.1 What We Do

Democracy

Democracy includes the formal meeting processes, elections and the means for community involvement in the democratic process. The Democracy activity supports the elected members in these roles and ensures the purposes of the Local Government Act 2002 are met.

Corporate Support

Corporate Support provides a range of professional support services to the Council and to agencies closely associated with Council. These services include financial planning, reporting, analysis and advice, the provision of accounting services, secretarial and administrative support and the development and maintenance of management information systems.

1.2 Why We Do It

Council is required by the Local Government Act 2002 to provide a democratic process and manage its funding and administrative services efficiently and responsibly on behalf of the district.

The Democracy activity, by its nature, contributes to all of the desired district well-beings, and community outcomes that Council aims to achieve.

Corporate Support is an internal support function that provides services to other areas of Council to assist them in the delivery of activities. The total costs are allocated to other activity areas.

This activity contributes to the community outcomes of:

- Welcoming
- Resilient
- Connected
- Enabling

1.3 Significant Negative Effects

There are no significant negative effects associated with the Democracy activity that may affect the social, economic, environmental or cultural well-being of the local community. However, failure to deliver this activity would have a significant negative impact on the social, economic, environment and cultural well-being

1.4 Statement of Service Provision

Level of Service	Performance Measure	Target	Actual 2024/25	How Measured
		Year 1 2024/25		
To provide Democracy services in accordance with statutory deadlines.	Agendas and associated reports for all scheduled meetings are publicly available in accordance with statutory timeframes.	100%	**Not Achieved – 97.3%** *(2023/24 Achieved – 100%)*	Meeting Register.
		36/37 agendas were produced within statutory timeframes. A late report caused the Executive Committee Agenda 10/09/2024 to miss the deadline.		
	All Council meetings are publicly notified in accordance with statutory timeframes.	100%	**Achieved – 100%** *(2023/24 Achieved – 100%)*	Meeting Register.

Level of Service	Performance Measure	Target Year 1 2024/25	Actual 2024/25	How Measured
Council uses a variety of communications and engagement tools and platforms to consult, inform and engage with the community.	The community is satisfied with how Council keeps them informed.	>80%	**Not Achieved – 61%** *(2023/24 Not Achieved – 62%)*	Annual Residents Survey.
		This result is consistent with previous years. While people may not feel satisfied with how Council keeps them informed, when asked if they know where to find Council information, the responses are normally positive. The Council is constantly looking at opportunities to engage with its communities.		
Ensure accountability documents are prepared and meet statutory requirements.	The Annual Report, Annual Plan and Long Term Plan meet statutory deadlines and receive an unmodified audit opinion.	Achieved	**Achieved – 100%** *(2023/24 Achieved)*	Audit Opinion.

1.5 Projects and Other Programmes

Project	Category	Budget 2024/25	Actual 2024/25	Notes
Procurement Software	Level of Service	$25,000	$0	Not proceeding, as now operating expenditure.
Procure to Pay	Level of Service	$63,000	$65,550	Complete.
National Processing Reporting	Level of Service	$10,000	$0	Carried over to 2025/26.
Council Chambers AV	Level of Service	$105,000	$107,228	Complete.
Authority data cleansing	Replacements	$15,000	$0	Not required.
Computers and peripherals	Replacements	$30,000	$43,214	Complete.
Vehicle Replacements	Replacements	$35,000	$41,937	Complete.
Photocopier Replacements	Replacements	$10,000	$10,997	Complete.
Replacement of GPS location unit and software for GIS	Replacements	$15,000	$14,570	Complete.

1.6 Cost of Services Statement

The detailed financial summary for Governance and Corporate Support's activities are shown below:

Democracy

Actual 2023/24 $000		Actual 2024/25 $000	Budget 2024/25 $000
1,395	**Operating Expenditure**	1,616	1,526
-	**Revenue**	-	-
1,395	**Net Cost of Service**	**1,616**	**1,526**
	EXPENDITURE		
526	Operating Costs	631	572
869	Allocated Overheads	985	954
1,395	**Total Operating Expenditure**	**1,616**	**1,526**
	FUNDED BY:		
-	Charges for Services	-	-
-	**Revenue**	**-**	**-**
1,260	UAGC	1,475	1,475
25	Subsidies / Grants	20	-
18	Other Funding	77	52
1,303	**Total Funding**	**1,572**	**1,526**

Corporate Support

Actual 2023/24 $000		Actual 2024/25 $000	Budget 2024/25 $000
1	**Operating Expenditure**	-	26
155	**Revenue**	203	85
(154)	**Net Cost of Service**	**(203)**	**(59)**
	EXPENDITURE		
	Operating Costs		
838	- Chief Executive's Department	907	838
1,372	- Corporate Services Department	1,124	1,125
(2,209)	Allocated Overheads	(2,031)	(1,938)
1	**Total Operating Expenditure**	**-**	**26**
187	Capital Expenditure	283	308
188	**Total Expenditure**	**283**	**334**
	FUNDED BY:		
155	Charges for Services	203	85
155	**Total Revenue**	**203**	**85**
(86)	UAGC	(59)	(59)
187	Transfer from Depreciation Reserves	283	308
256	**Total Funding**	**426**	**334**

Community Development TITLE PAGE

COMMUNITY SERVICES

1.1 What We Do

Community Services encourages and supports groups and individuals in the district to achieve their own goals and outcomes in a sustainable way that benefits the community. It does this by providing information, advice, and support to groups and individuals, through activities such as networking, facilitation, administration support, promotion, advocacy, and event facilitation.

Examples of the current community services activities include:
- Facilitating the Positive Ageing Group and Youth Council
- Coordinating the promotion of school holiday activities
- Administration of community funds including Sport NZ Rural Travel Fund and Creative New Zealand Funding Scheme
- Working with community groups to identify the outcomes they want for the community
- Working in partnership with regional agencies to support the well-being of the community
- Providing community events such as Summer Nights and war memorial commemorations.

1.2 Why We Do It

This activity contributes to the district's well-being by the Council maintaining a general overview of trends in the social well-being of the district. The aim is to actively involve people in building their own sustainable and resilient communities and initiating, usually in conjunction with others, action for enhancement whenever it considers that to be necessary, appropriate and practical.

This activity contributes to the community outcomes of:

- Welcoming
- Resilient
- Connected
- Enabling

1.3 Significant Negative Effects

There are no significant negative effects associated with the Community Services activity that may affect the social, economic, environmental or cultural well-being of the local community. However, failure to deliver this activity would have a significant negative impact on the social, economic, environment and cultural well-being.

1.4 Statement of Service Provision

Level of Service	Performance Measure	Target Year 1 2024/25	Actual 2023/24	How Measured
Enable opportunities for the community to engage, celebrate, connect and sustain local capability.	Number of major community events led by council [1]	>4	**Achieved – 6** *(2023/24 New Measure)*	Number of events held are recorded
	Percentage of residents satisfied with the quality of the events and programmes offered by Council.	>80%	**Not Achieved – 71%** *(2023/24 New Measure)*	Annual Residents Survey
		This was a new measure in the Annual Residents Survey 2024/2025, with 71% of respondents saying they were satisfied or very satisfied (7-10) with the quality of public events and programmes and ', only 4% of respondents were dissatisfied (1-4). This suggests that while there is room for improvement, the current delivery of events and programmes is generally well received by the community.		

[1] *A major community event is any event that is widely advertised through council's channels, appeals to a wide cross-section of the community, and may include Movies in the Park, Concert in the Park and ANZAC Day. The range of events included in this measure may vary from year to year.*

1.5 Projects and Other Programmes

There were no projects associated with the Community Services activity.

1.6 Cost of Services Statement

The detailed financial summary for the community development activity is shown below.

Community Services

Actual 2023/24 $000		Actual 2024/25 $000	Budget 2024/25 $000
703	**Operating Expenditure**	791	532
42	**Revenue**	31	3
661	**Net Cost of Service**	**760**	**529**
	EXPENDITURE		
578	Operating Costs	621	362
125	Allocated Overheads	169	170
703	**Total Operating Expenditure**	**791**	**532**
	FUNDED BY:		
42	Charges for Services	31	3
42	**Total Revenue**	**31**	**3**
385	General Rates	455	456
435	Grants	356	64
3	Other Funding	15	9
865	**Total Funding**	**856**	**532**

ECONOMIC DEVELOPMENT

1.1 What We Do

Council has a leadership role in economic development. This activity supports the development and growth of the district by:

- Encouraging and supporting the establishment, retention and development of sustainable, new and existing businesses.
- Promoting business opportunities and events that benefit the local economy
- Promoting the district as a great place to live and visit.
- Supporting the Stratford Business Association
- Working in partnership with Venture Taranaki Trust to support the economic growth of the district.

1.2 Why We Do It

Council provides this service to enable growth in population, increase employment opportunities, and promote the district as a destination for business and visitors. This works towards enabling a local economy that is prosperous.

This activity contributes to the community outcomes of:

- Welcoming
- Resilient
- Connected
- Enabling

1.3 Significant Negative Effects

There are no significant negative effects associated with the Economic Development activity that may affect the social, economic, environmental or cultural well-being of the local community. However, failure to deliver this activity would have a significant negative impact on the social, economic and cultural well-being.

1.4 Statement of Service Provision

Level of Service	Performance Measure	Target Year 1 2024/25	Actual 2024/25	How Measured
Develop and facilitate strategic partnerships that enable growth, attract ongoing investment, and increase diversity and capability within the local business sector.	Number of new and existing businesses accessing services and programmes offered.	>5	**Achieved – 30** *(2023/24 New Measure)*	Venture Taranaki Quarterly reports
	Number of promotional activities delivered or partnered with to encourage visitation to the district.	>1	**Achieved – 2** *(2023/24 New Measure)*	Venture Taranaki Quarterly reports

1.5 Projects and Other Programmes

Project	Category	Budget 2024/25	Actual 2024/25	Notes
41 Flint Road subdivision	Level of Service	$2,600,000	$21,266	Carried over to 2025/26, with design works underway.

1.6 Cost of Services Statement

The detailed financial summary for Economic Development's activities is shown below:

Economic Development

Actual 2023/24 $000		Actual 2024/25 $000	Budget 2024/25 $000
513	**Operating Expenditure**	486	510
-	**Revenue**	-	-
513	**Net Cost of Service**	**486**	**510**
	EXPENDITURE		
304	Operating Costs	352	372
209	Allocated Overheads	134	139
513	**Total Operating Expenditure**	**486**	**510**
	FUNDED BY:		
264	General Rates	251	251
121	Subsidies / Grants	-	-
264	UAGC	251	251
4	Other Funding	11	8
653	**Total Funding**	**513**	**510**

Council Projects

Actual 2023/24 $000		Actual 2024/25 $000	Budget 2024/25 $000
72	**Operating Expenditure**	77	141
-	**Revenue**	-	-
72	**Net Cost of Service**	**77**	**141**
	EXPENDITURE		
-	Operating Costs	-	-
72	Interest	77	141
72	**Total Operating Expenditure**	**77**	**141**
-	Principal Loan Repayments	-	-
25	Capital Expenditure	21	2,600
97	**Total Expenditure**	**98**	**2,741**
	FUNDED BY:		
192	General Rates	-	-
-	Sale of sections - capital	-	-
-	Transfer from Reserves	77	141
-	Grants and Donations - Capital	-	-
25	Loan Funding - Capital	21	2,600
217	**Total Funding**	**98**	**2,741**

RENTAL AND INVESTMENT PROPERTIES

1.1 What We Do

The Rental and Investment Properties activity manages properties council owns for strategic or commercial purposes.

Under this activity Council staff performs common landlord roles, such as the day-to-day maintenance of grounds and buildings as well as the long term planning for purchase, disposal, renewal, upgrades and redevelopment of properties.

This activity covers the following:
Farm - manage 160 hectares of land (132 hectares milkable) on a 50/50 share milking basis.
Holiday Park - operate a formal lease for the land.
Rental Properties - Council manages urban and rural land and commercial properties under this activity.

- Land with a Council function that generally has limited potential for any other use or is strategically important to Council.
- Land that has commercial potential and its legal status permits its availability for sale.
- Land that is currently vacant or occupied informally by an adjoining owner and has limited options for sale.

1.2 Why We Do It

The prudent management of Council owned properties not used in the day-to-day functions of Council ensure these do not become a nuisance and maximises commercial return for Council.
Each property is held for specific reasons and the property portfolio is regularly reviewed to ensure any properties surplus to requirements are disposed of. The key properties and the reason for Council's ownership are described below.

Farm - The farm is considered to be an economic investment that was purchased for the purposes of providing a financial contribution to ease the burden of rates on the community. In 2015 the farm expanded by 54 hectares when the Council purchased the neighbouring farm for the purposes of increasing economies of scale, and returns to the ratepayer. The farm contributes to the economic well-being of the district by providing rates mitigation for ratepayers.
The farm surrounds the aerodrome, therefore providing a buffer zone to allow for smooth operations of the aerodrome.

Holiday Park - Council has traditionally adopted the role of provider of the holiday park as there has been no alternative provider in Stratford.

Rental Properties - most properties have been purchased for a strategic purpose because of their location, either for Council's future use or for on selling at a later date.

This activity contributes to the community outcomes of:

- Resilient
- Connected
- Enabling

1.3 Significant Negative Effects

The Rental and Investment Property activity has the potential to negatively impact the social, economic, environmental or cultural well-being of the local community. The most likely significant negative effects from this activity and the mitigation measures in place, are outlined below.

Environmental & cultural - Contamination of streams that cross or border the council owned farm, from runoff from paddocks, effluent ponds or animals gaining access to the river has the potential to negatively impact the environmental and cultural wellbeing. This is mitigated by good farming practices and significant investment made in fencing and riparian planting of stream edges as well as effluent management.

These negative effects and any controls and mitigation in place have to be balanced against the positive impact the activity has on the social, economic, environmental and cultural well-being of its users and the district overall.

1.4 Statement of Service Provision

Level of Service	Performance Measure	Target Year 1 2024/25	Actual 2024/25	How Measured
To run the council farm in a way that maximises profits and meets the National Environmental Standards (NES).	Milk production is maximised	>150,000 kg/ms	**Achieved – 156,388 kgs/ms** *(2023/24 Not Achieved – 149,307kgs/ms)*	Milk Supplier's Statements issued by Fonterra.
	The Council farm's Environmental Plan is reviewed annually [2]	Achieved	**Achieved** *(2023/24 Achieved)*	Report to Farm and Aerodrome Committee
To ensure commercial properties owned are safe and legally compliant	Commercial properties are compliant with relevant legislation [3]	Achieved	**Achieved** *(2023/24 New Measure)*	Reporting against corporate CRM system.

1.5 Projects and Other Programmes

Project	Category	Budget 2024/25	Actual 2024/25	Notes
Council Farm				
Construct additional calving sheds	Level of Service	$40,000	$42,633	Project will be carried over to 2025/26 to complete the fit out.
Race and culvert upgrades	Replacements	$25,000	$28,505	Complete
Clearing of subsoil drains	Replacements	$0	$34,492	Brought forward from 2025/26 as urgent works were required.
Farm house lighting – new lights and fixtures	Replacements	$5,000	$4,216	Complete

[2] *This is a report produced by Fonterra in relation to all aspects of environmental management of the farm.*
[3] *This legislation includes the Building Act 2004 (Sections 108-111) which deal with compliance schedules and building warrant of fitness.*

1.6 Cost of Services Statement

The detailed financial summaries for the Farm, Holiday Park and Rental Properties activities are shown below:

Holiday Park

Actual 2023/24 $000		Actual 2024/25 $000	Budget 2024/25 $000
2	**Operating Expenditure**	2	2
3	**Revenue**	3	4
(1)	**Net Cost of Service**	**(1)**	**(2)**
	EXPENDITURE		
-	Operating Costs	-	-
2	Allocated Overheads	2	2
2	**Total Expenditure**	**2**	**2**
	FUNDED BY:		
3	Charges for Services	3	4
3	**Total Revenue**	**3**	**4**
(1)	General Rates	(2)	(2)
-	Other Funding	-	-
2	**Total Funding**	**1**	**2**

Farm

Actual 2023/24 $000		Actual 2024/25 $000	Budget 2024/25 $000
448	**Operating Expenditure**	509	520
715	**Revenue**	807	636
(267)	**Net Cost of Service**	**(298)**	**(116)**
	EXPENDITURE		
296	Operating Costs	333	321
64	Interest	65	85
50	Depreciation	50	54
38	Allocated Overheads	61	60
448	**Total Operating Expenditure**	**509**	**520**
116	Principal Loan Repayments	74	41
16	Capital Expenditure	110	70
580	**Total Expenditure**	**693**	**631**
	FUNDED BY:		
715	Charges for Services	807	636
715	**Total Revenue**	**807**	**636**
(199)	General Rates	(148)	(148)
16	Loan Funding - Capital	71	65
-	Transfer from Reserves - Capital	39	5
69	Transfer from Reserves	70	70
-	Transfer (to) Reserves - surplus	(151)	-
-	Other Funding	5	3
601	**Total Funding**	**693**	**631**

Rental Properties

Actual 2023/24 $000		Actual 2024/25 $000	Budget 2024/25 $000
71	**Operating Expenditure**	64	70
43	**Revenue**	47	55
28	**Net Cost of Service**	**17**	**15**
	EXPENDITURE		
5	Operating Costs	5	10
25	Depreciation	25	27
41	Allocated Overheads	34	33
71	**Total Operating Expenditure**	**64**	**70**
-	Capital Expenditure	-	-
71	**Total Expenditure**	**64**	**70**
	FUNDED BY:		
43	Charges for Services	47	55
43	**Total Revenue**	**47**	**55**
26	General Rates	13	13
1	Other Funding	3	2
70	**Total Funding**	**63**	**70**

Environmental Services TITLE PAGE

BUILDING SERVICES

1.1 What We Do

The Council is registered as a building consent authority (BCA), as required by the Building Act 2004. The BCA receives and processes applications for building consents. It also involves monitoring and compliance, to ensure that all building, plumbing and drainage work in the District is undertaken in a safe, secure and proper manner. The Building Control Team also leads the preparation of Land Information Memorandums.

1.2 Why We Do It

The Council has a legal responsibility to ensure buildings are fit for purpose and comply with legislation.

This activity contributes to the community outcomes of:

- Welcoming
- Resilient
- Connected
- Enabling

1.3 Significant Negative Effects

The Building activity has the potential to negatively impact the social, economic, environmental or cultural well-being of the local community. The most likely significant negative effects from this activity and the mitigation measures in place, are outlined below.

Social, economic, environmental & cultural - the construction and modification of buildings and structures represents a significant investment for their owners and directly impacts the community and the natural and built environment, as well as community safety. Performance indicators have been designed to strike a balance between legal requirements, supporting the environmental and economic well-being and delivering efficiency from a customer service perspective. Maintenance of a quality management system and a structured approach to continual improvement are two measures to ensure the purpose of the Building Act is upheld.

These negative effects and any controls and mitigation in place have to be balanced against the positive impact the activity has on the social, economic, environmental and cultural well-being of its users and the district overall.

1.4 Statement of Service Provision

Level of Service	Performance Measure	Target Year 1 2024/25	Actual 2024/25	How Measured
To process applications within statutory timeframes.	Percentage of building consent applications processed within 20 days.	100%	**Not Achieved – 99%,** 170 out of 172 *(2023/24 Achieved – 100% 215 out of 215)*	Council Records.
		Compliance with this performance measure was affected by a processing supervision and a commercial consent signoff checks.		
	Percentage of inspection requests completed within 24 hours of requested time.	100%	**Achieved – 100%,** 779 out of 779 *(2023/24 Not Achieved – 98.1% 1,090 out of 1,111)*	Council Records.
	Percentage of code compliance certificate applications determined within 20 working days.	100%	**Achieved – 100%,** 122 out of 122 *(2023/24 Not Achieved – 99% 187 out of 188)*	Council Records.

Level of Service	Performance Measure	Target Year 1 2024/25	Actual 2024/25	How Measured
To retain registration as a Building Consent Authority.	Current registration.	Confirmed	**Achieved – registration current** *(2023/24 Achieved)*	Current IANZ Certification
To process LIMs within statutory timeframes	% of LIMs processed within timeframes.	100%	**Achieved – 100%** 98 out of 98 *(2023/24 Achieved – 100%, 81 out of 81)*	Council Records

1.5 Projects and Other Programmes

There were no future projects associated with the Building Services activity.

1.6 Cost of Services Statement

The detailed financial summary for Building Services' activities is below:

Building Control

Actual 2023/24 $000		Actual 2024/25 $000	Budget 2024/25 $000
1,043	**Operating Expenditure**	1,072	1,001
549	**Revenue**	581	560
494	**Net Cost of Service**	**491**	**441**
	EXPENDITURE		
659	Operating Costs	763	734
8	Depreciation	7	-
376	Allocated Overheads	302	267
1,043	**Total Operating Expenditure**	**1,072**	**1,001**
	FUNDED BY:		
549	Charges for Services	581	560
549	**Total Revenue**	**581**	**560**
476	UAGC	426	426
8	Other Funding	22	14
1,033	**Total Funding**	**1,029**	**1,001**

PLANNING

1.1 What We Do

This activity covers:

- The development and administration of the Stratford District Plan
- The processing of resource consents required under the District Plan.
- Monitoring of the district to ensure that the District Plan is relevant and complied with.

1.2 Why We Do It

All of the above functions are required by legislation.

This activity contributes to the community outcomes of:

- Welcoming
- Resilient
- Connected
- Enabling

1.3 Significant Negative Effects

The Planning activity has the potential to negatively impact the social, economic, environmental or cultural well-being of the local community. The most likely significant negative effects from this activity and the mitigation measures in place, are outlined below.

Social, economic, environmental & cultural - land use and subdivision activity can impact on short and long term social, economic, environmental and cultural outcomes. Performance indicators have been designed to strike a balance between legal requirements, supporting the environmental and economic well-being, meeting the community's needs and delivering efficiency from a customer service perspective. Best social, economic, environmental & cultural practice and community expectations will also be incorporated in the future update of the District Plan which governs much of this activity.

These negative effects and any controls and mitigation in place have to be balanced against the positive impact the activity has on the social, economic, environmental and cultural well-being of its users and the district overall.

1.4 Statement of Service Provision

Level of Service	Performance Measure	Target	Actual 2024/25	How Measured
		Year 1 2024/25		
To promote the sustainable management and use of land and public spaces.	To undertake a comprehensive review of the district plan, with notification within statutory timeframes.	N/A	**Not Applicable** *(2023/24 Not Applicable)*	*No timeframe to be met in Year 1* Reports to Council
	To undertake a systematic review of bylaws and related policies as they reach their statutory review dates.	100% within review timeframes	**Achieved** *(2023/24 Not Achieved)*	Reports to Council
To process resource consents within statutory timeframes.	% of non notified applications processed within 20 working days. [4]	100%	**Not Achieved – 97%** 60 out of 62 *(2023/24 Not Achieved –98% 55 out of 56 applications)*	Council records
		The non-performance was related to a service provider's performance early in the financial year. The target was achieved for the remainder of the year.		
	% of notified applications processed within legislated timeframes for notification, hearings and decisions.	100%	**Achieved – 0 notified consent applications** *(2023/24 Achieved – 0 notified consent application)*	Council records

[4] *Non-notified resource consents are applications that are not publicly advertised because the adverse effects of the proposal are considered to be no more than minor, and any affected persons (usually neighbours) have provided written approval.*

Level of Service	Performance Measure	Target Year1 2024/25	Actual 2024/25	How Measured
To process resource consents within statutory timeframes.	% of s223 and s224 applications processed within 10 working days. [5]	100%	**Achieved – 100%** 36 out of 36 applications. *(2023/24 Achieved – 100% 22 out of 22 applications)*	Council records

1.5 Projects and Other Programmes

There were no projects associated with the Planning and Bylaw activity.

1.6 Cost of Services Statement

The detailed financial summary for Planning and Bylaw's activities is below:

District Plan and Bylaws

Actual 2023/24 $000		Actual 2024/25 $000	Budget 2024/25 $000
222	**Operating Expenditure**	116	101
-	**Revenue**	-	-
222	**Net Cost of Service**	**116**	**101**
	EXPENDITURE		
92	Operating Costs	20	19
130	Allocated Overheads	96	83
222	**Total Operating Expenditure**	**116**	**101**
-	Principal Loan Repayments	-	-
222	**Total Operating Expenditure**	**116**	**101**
	FUNDED BY:		
354	UAGC	97	97
-	Loan Funding	-	-
3	Other Funding	7	4
357	**Total Funding**	**104**	**101**

Resource Consents

Actual 2023/24 $000		Actual 2024/25 $000	Budget 2024/25 $000
335	**Operating Expenditure**	485	416
63	**Revenue**	93	134
272	**Net Cost of Service**	**394**	**282**
	EXPENDITURE		
164	Operating Costs	365	307
171	Allocated Overheads	121	109
335	**Total Operating Expenditure**	**485**	**416**
	FUNDED BY:		
63	Charges for Services	93	134
63	**Total Revenue**	**93**	**134**
223	UAGC	276	276
3	Other Funding	9	6
289	**Total Funding**	**378**	**416**

[5] *As required in terms of the Resource Management Act 1991.*

COMMUNITY HEALTH AND SAFETY

1.1 What We Do

The activities broadly cover the regulation and enforcement of various statutes and bylaws relating to health, food, alcohol, animal control, and general nuisance arising from inappropriate parking of motor vehicles and/or use of public places.

Health Act and Food Act
The Council:
- provides a uniform system of control to ensure that food being sold is fit for consumption and safe
- carries out premises registration, education, monitoring and enforcement activities, including complaint resolution, to avoid and mitigate actual and potential adverse effects on public health.

From time to time this activity also has to review and respond to legislative changes. Overall its main role is licencing, compliance and enforcement.

Sale and Supply of Alcohol Act
The Council carries out licensing, monitoring and enforcement activities, to ensure that a reasonable system of control is in place over the sale and supply of liquor to the public, with the aim of contributing to the reduction of liquor abuse in the community.

Parking and other Bylaw compliance
Bylaws provide an enforcement tool where specific local regulation is required. In some instances bylaws are required to give a specific local interpretation of national legislation. Others, such as the Public Places Bylaw, are passed under the Local Government Act but simply reflect a set of local expectations.
The Council receives an average of 300 complaints concerning infringements of the various bylaws each year.

Animal Control
The Council exercises its responsibilities under the Dog Control Act 1996 and the Council's Dog Control Bylaw. The Council controls dogs as required by legislation to avoid nuisance and minimise risk to the community.

This covers:
- registration of dogs
- providing a timely response to all complaints concerning dogs, particularly in regard to instances involving aggressive behaviour by dogs
- Enforcing obligations on dog owners designed to ensure that dogs do not cause a nuisance to any person, and do not injure, endanger or cause distress to any person or cause distress to any stock, poultry, domestic animal or protected wildlife.

The Council operates a dog pound which has capacity for six dogs. The demand for services is relatively consistent. This activity also manages wandering stock on road reserves.

1.2 Why We Do It

These services are either required by statute or bylaws produced by the Council in response to either public expectations or legal requirements.

This activity contributes to the community outcomes of:

- Welcoming
- Connected
- Enabling

1.3 Significant Negative Effects

There are no significant negative effects associated with the Community Health and Safety activity that may affect the social, economic, environmental or cultural well-being of the local community. This activity exists to avoid, minimise or mitigate significant negative effects of environmental or community health and safety events. Failure to deliver this activity would therefore have a significant negative impact on the economic and environment well-being.

1.4 Statement of Service Provision

Level of Service	Performance Measure	Target Year 1 2024/25	Actual 2024/25	How Measured
To fulfil obligations to improve, promote and protect public health.	Percentage of premises registered under the Food Act, Health Act, Beauty and Tattoo Bylaw, to be inspected for compliance.	100%	**Achieved – 100% 65 out of 65** *(2023/24 Achieved – 100% 59 out of 59)*	Council Records
	Health nuisance and premise complaints are responded to within 1 working day.	100%	**Achieved – 100%** 16 out of 16 complaints *(2023/24 Achieved – 100% 17 out of 17 complaints)*	Council Records
To fulfil obligations as a District Licensing Committee.	Percentage of licensed premises inspected.	100%	**Not Achieved – 96%** 29 of 30 inspected *(2023/24 Achieved – 100% 28 out of 28 inspected)*	Council Records
		Not achieved due to one business being closed for renovations and not available for inspection.		
	Percentage of applications processed within 25 working days (excluding hearings).	100%	**Not Achieved – 81% 66 of 81 applications** *(2023/24 Achieved – 100% 85 out of 85 applications and 1 hearing*	Council Records
		Compliance with this performance measure has been affected by changes to the Sale and Supply of Alcohol Act 2012. Specifically, processing timeframes for some types of applications have changed and no longer align with this performance measure.		
To monitor and enforce bylaws.	Percentage of complaints responded to within 2 hours. [6]	100%	**Achieved – 100% 336 of 336** complaints. *(2023/24 Achieved – 100% 263 out of 263 complaints)*	Council Records
To ensure dogs are controlled.	Percentage of known dogs registered.	>98%	**Achieved – 98% 2,073 of 2,118 known dogs were registered** *(2023/24 Achieved – 98% 2,091 out of 2,148 dogs)*	Council Records
	Percentage of dog attack/wandering dog complaints responded to within an hour.	100%	**Achieved – 100% 325 of 325 complaints** *(2023/24 Achieved – 100% 351 out of 351 complaints)*	Council Records

[6] *These are formal complaints that are received by Council and resolved within two hours, including dog attacks.*

1.5 Projects and Other Programmes

There were no projects associated with the Community Health and Safety activity.

1.6 Cost of Services Statement

The detailed financial summaries for Food and Health, Alcohol Licensing, Parking and other Bylaws and Animal Control activities are below:

Food and Health

Actual 2023/24 $000		Actual 2024/25 $000	Budget 2024/25 $000
207	**Operating Expenditure**	158	147
34	**Revenue**	26	38
173	**Net Cost of Service**	**131**	**109**
	EXPENDITURE		
110	Operating Costs	89	80
97	Allocated Overheads	69	67
207	**Total Operating Expenditure**	**158**	**147**
	FUNDED BY:		
34	Charges for Services	26	38
34	**Total Revenue**	**26**	**38**
152	UAGC	105	105
2	Other Funding	5	4
188	**Total Funding**	**136**	**147**

Alcohol Licensing

Actual 2023/24 $000		Actual 2024/25 $000	Budget 2024/25 $000
125	**Operating Expenditure**	140	147
30	**Revenue**	32	35
95	**Net Cost of Service**	**107**	**112**
	EXPENDITURE		
66	Operating Costs	74	84
59	Allocated Overheads	66	63
125	**Total Operating Expenditure**	**140**	**147**
	FUNDED BY:		
30	Charges for Services	32	35
30	**Total Revenue**	**32**	**35**
88	UAGC	109	109
1	Other Funding	5	3
119	**Total Funding**	**146**	**147**

Parking and other Bylaws

Actual 2023/24 $000		Actual 2024/25 $000	Budget 2024/25 $000
161	**Operating Expenditure**	159	156
1	**Revenue**	5	1
160	**Net Cost of Service**	**154**	**155**
	EXPENDITURE		
62	Operating Costs	72	71
99	Allocated Overheads	86	85
161	**Total Operating Expenditure**	**159**	**156**
	FUNDED BY:		
1	Charges for Services	5	1
1	**Total Revenue**	**5**	**1**
151	UAGC	150	150
2	Other Funding	7	5
154	**Total Funding**	**162**	**156**

Animal Control

Actual 2023/24 $000		Actual 2024/25 $000	Budget 2024/25 $000
261	**Operating Expenditure**	334	311
178	**Revenue**	161	170
83	**Net Cost of Service**	**173**	**141**
	EXPENDITURE		
110	Operating Costs	194	173
2	Interest	2	2
4	Depreciation	7	5
145	Allocated Overheads	132	131
261	**Total Operating Expenditure**	**334**	**311**
2	Principal Loan Repayments	2	2
-	Capital Expenditure	-	-
263	**Total Expenditure**	**336**	**313**
	FUNDED BY:		
178	Charges for Services	161	170
178	**Total Revenue**	**161**	**170**
69	UAGC	136	136
-	Loan funding	-	-
3	Other Funding	11	7
250	**Total Funding**	**308**	**313**

CIVIL DEFENCE & EMERGENCY MANAGEMENT

1.1 What We Do

The overriding principle for Civil Defence and Emergency Management delivery across the Taranaki Civil Defence and Emergency Management (CDEM) Group is that it is a regionally coordinated and locally delivered approach. The Taranaki Region operates a CDEM Group Office, called the Taranaki Emergency Management Office (TEMO). TEMO is a shared service between all four councils in Taranaki that delivers Civil Defence and Emergency Management coordination throughout Taranaki on behalf of the councils in the region. The Council is obligated to plan and provide for Civil Defence and Emergency Management within the Stratford District and to ensure that it can function at the fullest possible extent during an emergency.

1.2 Why We Do It

Council has legal requirements to play a direct role in the prevention and management of natural hazards.

This activity contributes to the community outcomes of:

- Welcoming
- Resilient
- Connected
- Enabling

1.3 Significant Negative Effects

There are no significant negative effects associated with the Civil Defence and Emergency Management activity that may affect the social, economic, environmental or cultural well-being of the local community. However, failure to deliver this activity would have a significant negative impact on the social, economic, environment and cultural well-being.

1.4 Statement of Service Provision

Level of Service	Performance Measure	Target Year 1 2024/25	Actual 2024/25	How Measured
To maintain effective emergency capability	Recruit, train and maintain a pool of staff and volunteers capable of responding to an emergency event. Number of people trained to at least Intermediate level.	>25	**Achieved** – 33 trained to intermediate equivalent *(2023/24 New Measure)*	Takatu Records
To ensure the Stratford District Emergency Operations Centre is fit for purpose.	Annual capability audit undertaken (externally) and quarterly system checks undertaken (internally).	Achieved	**Achieved** *(2023/24 Achieved)*	Council Records

1.5 Projects and Other Programmes

There were no projects associated with the Civil Defence and Emergency Management activity.

1.6 Cost of Services Statement
The detailed financial summaries for Civil Defence and Emergency Management's activities are below:

Civil Defence and Emergency Management

Actual 2023/24 $000		Actual 2024/25 $000	Budget 2024/25 $000
470	**Operating Expenditure**	502	473
-	**Revenue**	-	-
470	**Net Cost of Service**	**502**	**473**
	EXPENDITURE		
124	Operating Costs	138	134
-	Depreciation	-	1
346	Allocated Overheads	364	338
470	**Total Operating Expenditure**	**502**	**473**
	FUNDED BY:		
424	UAGC	454	454
5	Other Funding	27	18
429	**Total Funding**	**481**	**473**

Roading TITLE PAGE

Roading

1.1 What We Do

The Roading activity encompasses the management, construction, maintenance and renewal of rural and urban roads, footpaths, kerb and channel, street lighting and associated infrastructure for the District excluding State Highways. The Roading network managed by the Stratford District Council totals 613.1km, made up of 556.1km of rural roads, 14.2km of Special Purpose Roads and 42.6km of urban streets. State Highways 3 and 43 are maintained by the New Zealand Transport Agency (NZTA). In addition there are over 700km of unformed legal road and a number of bridges 'beyond the maintenance peg' that are not maintained by Council.

The Roading asset includes all pavements from the sub base to, and including, the top sealed or metal surface, traffic services (lighting, street and safety signage, footpaths, kerb & channel), bridges, culverts and side drains.

	Rural	Urban	Special Purpose	Total
Sealed km	350.4	42.5	14.0	407.1
Unsealed km	205.7	0.1	0.2	206.0
	556.1	**42.6**	**14.2**	**613.1**

The physical works carried out on the District roads are undertaken by private contractors. Most of the work, including all routine maintenance, renewals and planned work such as reseals and unsealed roads metal replacement, is carried out under the Roading Facilities Management Contract.

1.2 Why We Do It

Council is the road controlling authority under the Local Government Act 1974 and 2002 with responsibility for all local roads in the area. It provides an integrated, safe, responsive and sustainable local land transport system for the District. This is a fundamental requirement for every District.
The main users of the network are residents, industries (particularly dairy, forestry and oil), a small commercial sector, and visitors.

This activity contributes to the community outcomes of:

- Welcoming
- Resilient
- Connected
- Enabling

1.3 Significant Negative Effects

The Roading activity has the potential to negatively impact the social, economic, environmental or cultural well-being of the local community. The most likely significant negative effects from this activity and the mitigation measures in place, are outlined below.

Social, economic, environmental & cultural - Traffic hazards and accidents have the potential to negatively impact the community's social, economic, environmental and cultural well-being. Council is actively involved in regional road safety strategies such as 'Roadsafe Taranaki', and the 'Community Road Safety Programme' and investigates injury accidents with the Police to address any roading issues that may be involved.

Social, economic, environmental & cultural – Dust from unsealed roads has the potential to negatively impact the community's social, economic, environmental and cultural well-being. Council is working with the rural community to manage nuisance from dust.

Social, economic & cultural –Road closures have the potential to negatively impact the community's social, economic and cultural well-being. Unplanned road closures are usually the result of environmental events and can be of concern, particularly for isolated rural communities. When this happens, every effort is made to have the road or alternative routes open as soon as possible. Planned road closures are generally not a significant problem as they are well notified to affected parties and council works with event organisers to reduce the impact of closures of popular routes.

Environmental & cultural – Earthworks and run-off from road construction and maintenance activities has the potential to impact the environmental and cultural wellbeing. To manage and mitigate this risk, all major project works are carried out under resource consent conditions and undertaken in a manner that avoids significant negative effects. Routine maintenance activities are governed by performance criteria outlined in the maintenance contract.

These negative effects and any controls and mitigation in place have to be balanced against the positive impact the activity has on the social, economic, environmental and cultural well-being of its users and the district overall.

1.4 Statement of Service Provision

Level of Service	Performance Measure	Target Year 1 2024/25	Actual 2024/25	How Measured
To provide a safe roading network.	**Road safety** - The reduction from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number. [7]	A reduction of at least 1	**Not Achieved –** *there were 4 serious or fatal crash in the 2024/25 year. (2023/24 Achieved - minus 2 (1 serious crash))*	Police CAS Database
To provide a well maintained roading network.	**Road Condition** – The average quality of ride on sealed road network, measured by smooth travel exposure. [8]	Urban – ≥60% Rural – ≥91%	**Not Achieved –** Urban – 55% *(2023/24 Not Achieved – 52%)* **Achieved** – Rural – 95% *(2023/24 Achieved -92%)*	RAMM Rating Report
		There has needed to be a focus on the repairs of rural roads affected by forestry/logging activity. Urban roads are planned to have increased focus over the next 2 years.		
	Road maintenance – The percentage of the sealed road network that is resurfaced.	≥5%	**Not Achieved – 3.5%** *(2023/24 Not Achieved 2.90%)*	RAMM Rating Report
		This is due to constrained budgets and financial pressures from repairing roads damaged by Forestry activity. The roading team is putting a major focus on achieving this target in 2025/26.		
	Road maintenance – The percentage of the unsealed road network that has been metal dressed.	≥5%	**Achieved – 10.6%** *(2023/24 Achieved – 7.2%)*	RAMM Report
To provide a well maintained roading network.	**Footpaths** - The percentage of footpaths within a territorial authority district that fall within the level of service or service standard for the condition of footpaths that is set out in the territorial authority's relevant document (annual plan, activity management plan, asset management plan, annual works programme or long term plan)	>72.5%	**Not Applicable –** This survey is undertaken bi-annually (due in 2026). *(2023/24 Achieved – 77%)*	RAMM Report
	Response to service requests - The percentage of customer service requests relating to roads and footpaths to which the territorial authority responds within the time frame specified in the long term plan (note: this information is actually held in the asset management plan not the long term plan).	>88%	**Achieved – 95%** *(2023/24 Achieved – 100%)*	RAMM Report. Spreadsheet until connectivity is established between RAMM and Customer Service Requests
	Percentage of residents who are satisfied with:			Annual Residents Survey
	• Urban Road Networks	>50%	**Achieved – 50%** *(2023/24 New Measure)*	
	• Rural Road Network	>50%	**Achieved – 50%** *(2023/24 New Measure)*	
	• Footpaths	>60%	**Achieved – 62%** *(2023/24 Not Achieved 55%)*	

[7] *Excludes state highways.*
[8] *Smooth Travel Exposure (STE) is assessed using the STE methodology with NZ Transport Agency Standards.*

1.5 Projects and Other Programmes

Project	Category	Budget 2024/25	Actual 2024/25	Notes
Low cost low risk roads	Level of Service	$2,600,000	$376,542	Complete
Walking and Cycling	Level of Service	$400,000	$0	Funding declined by NZTA
Seal Extensions (dust coat seals)	Level of Service	$150,000	$0	Project carried over to 2026/27 for a package of works
Unsealed road metalling	Replacements	$910,000	$895,598	Complete
Sealed road resurfacing	Replacements	$1,260,000	$1,055,583	Complete
Drainage renewals	Replacements	$915,000	$1,115,308	Complete
Pavement rehab	Replacements	$650,000	$867,593	Complete
Structure component replacement	Replacements	$950,000	$341,465	Balance of project will be completed in 2025/26
Traffic services	Replacements	$160,000	$172,948	Complete
Footpath renewals	Replacements	$210,000	$109,307	Complete

1.6 Cost of Services Statement

The detailed financial summary for Roading activities is below:

Roading

Actual 2023/24 $000		Actual 2024/25 $000	Budget 2024/25 $000
6,594	**Operating Expenditure**	8,311	7,441
4,944	**Revenue**	5,374	7,586
1,650	**Net Cost of Service**	**2,937**	**(145)**
	EXPENDITURE		
3,430	Operating Costs	3,489	3,906
14	Interest	23	92
2,882	Depreciation	4,530	3,171
268	Allocated Overheads	269	273
6,594	**Total Operating Expenditure**	**8,311**	**7,441**
16	Principal Loan Repayments	26	90
4,661	Capital Expenditure	5,307	8,205
11,271	**Total Expenditure**	**13,644**	**15,736**
	FUNDED BY:		
130	Charges for Services	126	160
4,814	Waka Kotahi (NZTA) Financial Assistance	5,248	7,427
4,944	**Total Revenue**	**5,374**	**7,586**
3,413	Targeted Rates	4,227	4,229
1,605	Depreciation funded from Reserves	2,528	1,823
2,678	Transfers from Reserves - Capital	1,703	1,960
-	Grants and Donations	-	-
(1,546)	Transfer from (to) reserves	(560)	(1,043)
173	Loan Funding - Capital	349	1,166
5	Other Funding	22	15
11,272	**Total Funding**	**13,644**	**15,736**

Business Unit

Actual 2023/24 $000		Actual 2024/25 $000	Budget 2024/25 $000
378	**Operating Expenditure**	241	313
472	**Revenue**	348	340
(94)	**Net Cost of Service**	**(107)**	**(27)**
	EXPENDITURE		
162	Operating Costs	144	217
6	Depreciation	6	6
210	Allocated Overheads	91	91
378	**Total Operating Expenditure**	**241**	**313**
	FUNDED BY:		
470	In-house Services - NZTA Assisted	340	340
2	Charges for Services	8	-
472	**Total Revenue**	**348**	**340**
(96)	General Rates	(32)	(32)
6	Other Funding	7	5
382	**Total Funding**	**323**	**313**

Stormwater TITLE PAGE

Stormwater

1.1 What We Do

Stormwater reticulation and collection services are provided and managed by Stratford District Council:

- To provide a system for the normal drainage of stormwater and groundwater, thereby enhancing the life of other infrastructure eg. Roads, and protecting private property (to the defined level of service).
- To collect and disperse any excess water from a major rainfall event.

The Stormwater reticulation system is a network of pipes and open drains that collects stormwater from developed urban areas. Collection from roads and public areas is usually via sumps and directed to reticulation. Collection from commercial and industrial properties is via reticulation manholes. Residential area stormwater is discharged to ground mainly by soak holes, although if soil or other conditions are not suitable for soak holes, discharge is carried out via runoff through sumps and reticulation.

The Stratford District Council manages around 6.7km of stormwater pipes, and 1.9km of open channels/drains in the Stratford urban area. Council is also responsible for approximately 70 metres of 450mm culvert in Midhirst.

1.2 Why We Do It

Stormwater assets are critical for the protection of properties and infrastructure.

The Council provides the Stormwater service to meet the needs and requirements of its customers and stakeholders. The stormwater activity goals and objectives are:

- Channelization of stormwater flows in a safe and efficient manner:
- Protection of property from impacts of flooding;
- Protection of receiving environments.

This activity contributes to the community outcomes of:

- Resilience
- Connected
- Enabling

1.3 Significant Negative Effects

The Stormwater activity has the potential to negatively impact the social, economic, environmental or cultural well-being of the local community. The most likely significant negative effects from this activity and the mitigation measures in place, are outlined below.

Social, economic, environmental & cultural - the Stormwater system has the potential to affect community health if existing drainage systems are inadequate and results in flooded houses and properties.

Social, economic, environmental & cultural - Council is aware of the areas where surface flooding occurs and is progressively working towards eliminating these events. However, there will always be localised storm events that will exceed the capacity of any system. Council recognises this potential and endeavours to take all steps to ensure the risk is minimised.

These negative effects and any controls and mitigation measures in place have to be balanced against the positive impact the activity has on the social, economic, environmental and cultural well-being of its users, and the district overall.

1.4 Statement of Service Provision

Level of Service	Performance Measure	Target Year 1 2024/25	Actual 2024/25	How Measured
Stormwater system protects property from impacts of flooding.	**System adequacy**			Reporting against corporate CRM system. Note: specific category to be set up for flooding – to separate between residential & commercial buildings and include count of habitable floors flooded (residential only).
	The number of flooding events that occur in a territorial authority district. "Flooding" in this context means stormwater entering a habitable floor	0	**Achieved – 0 –** No flooding events meeting the criteria *(2023/24 Achieved - 0)*	
	For each flooding event, the number of habitable floors affected. (Expressed per 1000 properties connected to the territorial authority's stormwater system.)	0	**Achieved – 0 –** No flooding events meeting the criteria *(2023/24 Achieved)*	
	For each flooding event, the number of buildings in the central business zone affected by flooding.	0	**Not Achieved – 1** *(2023/24 Achieved - 0)*	
		Kings Theatre on Broadway experienced a flooded lower floor due to a private blocked stormwater pipe that receives stormwater from the adjacent roadside sump.		
Discharge Compliance	Compliance with the territorial authority's resource consents for discharge from its stormwater system, measured by the number of: • Abatement notices • Infringement notices • Enforcement orders, and • Convictions received by the territorial authority in relation to those resource consents.	N/A	**Not Applicable** *(2023/24 Not Applicable)*	Council does not hold discharge consents for discharge from its stormwater system.
Response Times	The median response time to attend a flooding event, measured from the time that the territorial authority receives notification to the time that service personnel reach the site.	2 hours	**Achieved – 9 minutes** *(2023/24 Achieved - 0)*	Work order tracking/reporting through Council's Infrastructure asset management system.
Customer Satisfaction	The number of complaints received by a territorial authority about the performance of its stormwater system, expressed per 1000 properties connected to the territorial authority's stormwater system.	<9	**Achieved - 1** *(2023/24 Achieved – 0)*	Reporting against corporate CRM system.

1.5 Projects and Other Programmes

Project	Category	Budget 2024/25	Actual 2024/25	Notes
Safety Improvements	Level of Service	$50,000	$18,230	Complete.
Modelling	Level of Service	$400,000	$21,321	Consultant appointed, physical works to be undertaken in 2025/26.
Reticulation renewals	Replacements	$100,000	$2,542	Carried forward to 2025/26 for Miranda Street flooding.
Silt retention – Victoria Park	Replacements	$100,000	$159,652	Complete

1.6 Cost of Services Statement
The detailed financial summary for the Stormwater activity is shown below.

Stormwater

Actual 2023/24 $000		Actual 2024/25 $000	Budget 2024/25 $000
518	**Operating Expenditure**	481	471
-	**Revenue**	-	-
518	**Net Cost of Service**	**481**	**471**
	EXPENDITURE		
59	Operating Costs	87	79
30	Interest	36	54
252	Depreciation	297	277
177	Allocated Overheads	60	61
518	**Total Operating Expenditure**	**481**	**471**
36	Principal Loan Repayments	41	53
309	Capital Expenditure	202	650
863	**Total Expenditure**	**722**	**1,174**
	FUNDED BY:		
433	UAGC	468	468
36	Transfer from Depreciation Reserves	203	253
63	Depreciation funded from Reserves	-	-
309	Loan Funding - Capital	19	337
-	Grants/Donations - Capital	21	113
4	Other Funding	5	3
845	**Total Funding**	**716**	**1,174**

Wastewater (Sewerage) TITLE PAGE

Wastewater (Sewerage)

1.1 What We Do

The Wastewater activity encompasses the planning, provision, operation, maintenance and renewal of wastewater reticulation, treatment and disposal, and associated infrastructure for the Stratford urban area.

Stratford District Council is responsible for wastewater treatment and reticulation in Stratford Township. The Stratford wastewater system services over 2,700 properties, which is approximately 98 percent of the Stratford urban area. All other dwellings in the district are serviced by on-site wastewater treatment systems.

1.2 Why We Do It

Council has obligations under the Local Government Act 2002, the Health Act 1956 and the Building Act 2004 that outline general duties of a local authority to improve, promote and protect public health through the sanitary and responsible treatment and disposal of wastewater.

The Council provides the Wastewater service to meet the needs and requirements of its customers and stakeholders; the goals and objectives of the Wastewater activity are:

- To collect wastewater from residential, commercial and industrial properties in a safe and efficient manner;
- To dispose of treated wastewater into the receiving environments in an environmentally friendly and sustainable manner in line with all applicable resource consent conditions.
- To facilitate the minimisation of risk and maintenance of public health through the safe disposal of wastewater into the receiving environment;
- To deliver on the agreed customer service levels.

This activity contributes to the community outcomes of:

- Resilience
- Connected
- Enabling

1.3 Significant Negative Effects

The Wastewater activity has the potential to negatively impact the social, economic, environmental or cultural well-being of the local community. The most likely significant negative effects from this activity and the mitigation measures in place, are outlined below.

Social, economic, environmental & cultural - The Wastewater system has the potential to affect community health. Continued efforts are made to ensure that environmental effects are minimised. This is addressed through ongoing improvements to the treatment system which form part of the discharge resource consent.

Social, economic, environmental & cultural - Odour is managed through increased aeration and screening.

Social, economic, environmental & cultural – Periodic failures in the reticulation network, such as blockages and overflows are being addressed as a priority and the immediate resolution is followed up by root cause investigation to minimise the risk of future recurrence.

Cultural – Historically, the treatment and disposal of wastewater raised cultural concerns, such as the direct disposal of the discharge from the oxidation ponds to the Patea River. These were addressed as part of the resource consent consultation process and subsequent upgrades. Council will continue to give consideration to cultural aspects as part of future upgrades.

These negative effects and any controls and mitigation in place have to be balanced against the positive impact the activity has on the social, economic, environmental and cultural well-being of its users and the district overall.

1.4 Statement of Service Provision

Level of Service	Performance Measure	Target Year 1 2024/25	Actual 2023/24	How Measured
Wastewater is managed without risk to public health.	**System and adequacy -** The number of dry weather sewerage overflows from the territorial authority's sewerage system, expressed per 1000 sewerage connections to that sewerage system.	<6	**Achieved – 0.37** *(2023/24 Achieved – 0)*	Reporting against corporate CRM system.
	Discharge compliance - Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of • Abatement notices • Infringement notices • Enforcement orders; and • Convictions, Received by the territorial authority in relation to those resource consents.	<1	**Not Achieved – 1 Abatement Notice and 1 Infringement Notice** *(2023/24 Achieved – 0)*	Consent & compliance documentation.
		The 1 infringement notice occurred from a wastewater pipe leak on Broadway. This pipe has now been PVC lined to ensure this does not occur in the future. The 1 abatement notice is due to some downstream decolourisation issues caused by wastewater pond #1. Remedial works to remove biosolids from this pond, to resolve this issue is planned in 2025/26		
Fault response times	Where the territorial authority attends to sewerage overflows resulting from a blockage or other fault in the territorial authority's sewerage system, the following median response times measured:			Work order tracking/reporting through Council's Infrastructure asset management system.
	Attendance time: from the time that the territorial authority receives notification to the time that service personnel reach the site; and	2 hours	**Achieved – 1 hour 3 minutes** *(2023/24 Achieved – 22 minutes)*	
	Resolution time: from the time that the territorial authority receives notification to the time that service personnel confirm resolution of the blockage or other fault.	9 hours	**Achieved – 1 hour 35 minutes** *(2023/24 Achieved – 2 hours 8 minutes)*	
Customer satisfaction	The total number of complaints received by the territorial authority about any of the following: • Sewage odour • Sewerage system faults • Sewerage system blockages, and • The territorial authority's response to issues with its sewerage system, Expressed per 1000 connections to the territorial authority's sewerage system.	<6	**Not Achieved – 7.77** *(2023/24 Not Achieved – 8.54)*	Reporting against corporate CRM system.
		This measure was not met due to more than 50% of the complaints received about blockages being related to property owners private pipes (not Council's).		
Trade Waste complaints response times	Attendance time: from the time that Council receives notification to the time that a Trade Waste Officer arrives on site.	<2 working days	**Achieved – 100%** *(2023/24 Achieved)*	Work order tracking/ reporting through Assetfinda
Trade Waste consent processing	Percentage of trade waste consent applications processed within 15 working days.	100%	**Achieved – 100%** ***1 out of 1 applications*** *(2023/24 Achieved – 100% 1 out of 1 applications)*	Authority

1.5 Projects and Other Programmes

Project	Category	Budget 2024/25	Actual 2024/25	Notes
Treatment upgrade	Level of Service	$50,000	$139,197	Complete
Pipework capacity increase	Level of Service	$100,000	$107,842	Complete
Pipe at Swansea Road bridge	Replacements	$300,000	$213,658	Complete
Reticulation remodelling	Replacements	$50,000	$48,038	Complete
Infiltration renewals	Replacements	$350,000	$343,286	Complete.
Routine step/aerate renewals	Replacements	$35,000	$11,588	Complete

1.6 Cost of Services Statement

The detailed financial summary for Wastewater activity is shown below.

Wastewater (Sewerage)

Actual 2023/24 $000		Actual 2024/25 $000	Budget 2024/25 $000
1,172	**Operating Expenditure**	1,156	1,025
35	**Revenue**	32	40
1,137	**Net Cost of Service**	**1,125**	**985**
	EXPENDITURE		
340	Operating Costs	384	435
64	Interest	83	56
454	Depreciation	589	432
314	Allocated Overheads	100	102
1,172	**Total Operating Expenditure**	**1,156**	**1,025**
76	Principal Loan Repayments	93	54
1,059	Capital Expenditure	864	885
2,307	**Total Expenditure**	**2,113**	**1,964**
	FUNDED BY:		
35	Charges for Services	32	40
35	**Total Revenue**	**32**	**40**
812	Targeted Rates	985	979
318	Transfer from (to) Reserves	225	739
355	Transfer (to) from Depreciation Reserves	568	-
780	Loan Funding - Capital	247	150
-	Grants/Donations - Capital	48	50
7	Other Funding	8	6
2,307	**Total Funding**	**2,113**	**1,964**

Solid Waste TITLE PAGE

Solid Waste (Rubbish and Recycling)

1.1 What We Do

The Solid Waste activity encompasses the planning and provision of solid waste services and the operation, maintenance and renewal of all associated infrastructure.

The Council provides domestic refuse and recycling services to the households in the urban area of Stratford and Midhirst. In addition, it contracts out the operations of a transfer station in Stratford which allows for the disposal of general waste, recycling and green waste. All services are provided by a contractor with all recycling transported to the Materials Recovery Facility in New Plymouth, the general waste transported to the Hawera Transfer Station, consolidated with South Taranaki Districts general waste, then taken to the Bonny Glen landfill in the Rangitikei.

1.2 Why We Do It

The Council provides the Solid Waste service to meet the needs and requirements of its customers and stakeholders. The goals and objectives of the Solid Waste Activity as per the LTP are to ensure that the:

- Levels of waste generated are reducing; and
- Waste collection services meet the needs of the community.

This activity contributes to the community outcomes of:

- Welcoming
- Resilient
- Connected
- Enabling

1.3 Significant Negative Effects

The Solid Waste activity has the potential to negatively impact the social, economic, environmental or cultural well-being of the local community. The most likely significant negative effects from this activity and the mitigation measures in place, are outlined below.

Social, economic, environmental & cultural - disposal of solid waste to land has inherent negative impacts on the social, environmental and cultural wellbeing. To minimise these impacts, council only sends waste to appropriately consented sites and aims to minimise the volume of waste it sends to landfill by actively seeking further opportunities to increase waste minimisation and diversion.

Social, economic, environmental & cultural - odour, litter and noxious materials originating from historic, closed landfills can have negative impacts on the social, environmental and cultural wellbeing. These effects are controlled and minimised by resource consents and management practices.

These negative effects and any controls and mitigation in place have to be balanced against the positive impact the activity has on the social, economic, environmental and cultural well-being of its users and the district overall.

1.4 Statement of Service Provision

Level of Service	Performance Measure	Target Year 1 2024/25	Actual 2024/25	How Measured
The levels of waste generated are reducing.	Waste to landfill per household (municipal kerbside collection only)	<500KG	**Not Achieved – 507kg** *(2023/24 Achieved 485kg)*	Landfill invoices & transactions.
		A number of factors could be affecting the increase in waste per household, including additional packaging through online purchasing and changes to kerbside standardisation of recyclables. Plans to address this increase are underway through workshops, education at schools, and media campaigns.		
	Percentage (by weight) of council controlled waste stream that is diverted from council controlled waste streams.	>20%	**Achieved – 22%** *(2023/24 Achieved 22%)*	Recycling facility invoices & transactions.
The waste collection service is fit for purpose.	Percentage of customers satisfied with the service provided.	>80%	**Achieved – 84% (Rubbish) and 83% (Recycling)** *(2023/24 Achieved 82%)*	Annual Residents Survey

1.5 Projects and Other Programmes

Project	Category	Budget 2024/25	Actual 2024/25	Notes
Mobile event waste bins and trailer for events on council land	Level of Service	$10,000	$4,787	Complete this year, with remaining budget carried over to 2025/26
Permanent recycling stations	Level of Service	$10,000	$9,960	Complete
Transfer station – city care building – sealing of concrete blockwork	Replacements	$30,000	$0	Physical works will be undertaken in 2025/26
Transfer station renewals	Replacements	$10,000	$0	Physical works will be undertaken in 2025/26

1.6 Cost of Services Statement

The detailed financial summary for the Solid Waste activity is shown below.

Solid Waste

Actual 2023/24 $000		Actual 2024/25 $000	Budget 2024/25 $000
1,208	**Operating Expenditure**	1,547	1,443
143	**Revenue**	155	225
1,065	**Net Cost of Service**	**1,392**	**1,218**
	EXPENDITURE		
943	Operating Costs	1,111	994
28	Interest	29	36
40	Depreciation	41	44
197	Allocated Overheads	366	369
1,208	**Total Operating Expenditure**	**1,547**	**1,443**
4	Landfill Aftercare Costs	-	7
34	Principal Loan Repayments	33	36
13	Capital Expenditure	15	60
1,259	**Total Expenditure**	**1,595**	**1,546**
	FUNDED BY:		
143	Charges for Services	155	225
143	**Total Revenue**	**155**	**225**
860	Targeted Rates	1,177	1,162
24	UAGC	29	29
13	Loan Funding - Capital	10	10
-	Grants/Donations -Capital	5	10
215	Transfers from (to) Reserves	189	91
4	Other Funding	30	20
1,259	**Total Funding**	**1,595**	**1,546**

Water Supply TITLE PAGE

Water Supply

1.1 What We Do

The Water Supply activity encompasses the planning, provision, operation, maintenance and renewal of water treatment and reticulation systems, and all associated infrastructure.

Council operates three urban water supplies servicing the Stratford, Toko and Midhirst townships, with river fed sources for Stratford and Midhirst and a bore supply for Toko.

1.2 Why We Do It

Council has assumed the role of provider of water supply to provide all properties in the water supply zones with a constant, safe and sustainable water supply.

The Council provides the water supply service to meet the needs and requirements of its customers and stakeholders. The goals and objectives of the Water Supply activity are:

- Water is safe to drink;
- A reliable water supply is provided;
- Water has a pleasant taste and odour;
- Water flow and pressure is appropriate for its intended use; and
- Water supply meets firefighting requirements.

This activity contributes to the community outcomes of:

- Resilience
- Connected
- Enabling

1.3 Significant Negative Effects

The water supply activity has the potential to negatively impact the social, economic, environmental or cultural well-being of the local community. The most likely significant negative effects from this activity and the mitigation measures in place, are outlined below.

Social & economic - Failure to meet Drinking Water Standards could have a significant negative impact on the social and economic well-being of its users and the district overall.

Social, economic, environmental & cultural – Discharge of contaminants to air, water or land could have a significant negative impact on the social, economic, environmental and cultural well-being of its users and the district overall.

These negative effects and any controls and mitigation measures in place have to be balanced against the positive impact the activity has on the social, economic, environmental and cultural well-being of its users and the district overall.

1.4 Statement of Service Provision

Level of Service	Performance Measure	Target Year 1 2024/25	Actual 2024/25	How Measured
Water is safe to drink.	The extent to which the local authority's drinking water supply complies with the Water Services (Drinking Water Standards for New Zealand) Regulations 2022 and Drinking Water Quality Assurance Rules 2022 (DWQAR)[9]:			
	Part 4 – Mandatory Bacteriological Measures, and	100%	**Stratford – Not Achieved - 99%** **Midhirst – Achieved – 100%** **Toko –Achieved – 100%** *(2023/24 Stratford – Achieved 100%* *Midhirst – Achieved 100%* *Toko – Achieved 100%)*	Plant & reticulation performance records in water outlook. Includes water quality sampling programme records as well as any plant non-performances.
			Over the year, one Stratford sample failed E.Coli, however the result didn't seen consistent with the scientific evidence and one Stratford sample was missed being submitted on time (due to operator error). These instances are not expected to occur again in 2025/26.	
	Part 4 – Mandatory Protozoal Measure.	100%	**Stratford - Achieved – 100%** **Midhirst – Achieved – 100%** **Toko – Achieved – 100%** *(2023/24 Stratford – Achieved 100%* *Midhirst – Achieved 100%* *Toko – Achieved 100%)*	Plant & reticulation performance records in water outlook. Includes water quality sampling programme records as well as any plant non-performances.
	Maintenance of the reticulation network - The percentage of real water loss from the local authority's networked reticulation system.	<25%	**Achieved** **Stratford -17.1%** **Midhirst – 6.7%** **Toko – 0.6%** *(2023/24 Stratford – Achieved 8.6%* *Midhirst – Achieved 10.6%* *Toko – Achieved 4.1%)*	Calculated annually as per NZWWA Water Loss Guidelines.
A reliable water supply is provided.	**Fault Response Times** – Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times are measured:			
	Attendance for urgent call-outs: from the time that council receives notification to the time that service personnel reach the site.	2 hours	**Achieved – 13 minutes** *(2023/24 Achieved 10 minutes)*	Work order tracking/reporting through Council's Infrastructure asset management system.
	Resolution of urgent call-outs: from the time that council receives notification to the time the service personnel confirm resolution of the fault or interruption.	9 hours	**Achieved – 2 hours, 28 minutes** *(2023/24 Achieved 4 hours 8 minutes)*	Work order tracking/reporting through Council's Infrastructure asset management system.
A reliable water supply is provided.	Attendance for non-urgent call-outs: from the time that council receives notification to the time that service personnel reach the site	2 working days	**Achieved – 23 hours and 35 minutes** *(2023/24 Achieved 1 day, 5 hours)*	Work order tracking/reporting through Council's Infrastructure asset management system. Affected property numbers provided via GIS/Asset Management System

[9] *The Department of Internal Affairs updated this mandatory performance measure after the Council had published our Long-Term Plan, which sets our statement of service. The updated measure still covers the bacterial and protozoal compliance of water supplies but now is directly referenced to the relevant rules in the Drinking Water Quality Assurance Rules 2022. Our reporting is, therefore, against those rules.*

Level of Service	Performance Measure	Target Year 1 2024/25	Actual 2024/25	How Measured
A reliable water supply is provided.	Resolution of non-urgent call-outs: from the time that council receives notification to the time the service personnel confirm resolution of the fault or interruption	5 working days	**Achieved – 1 days 19 hours 30 minutes** *(2023/24 Achieved 2 days, 20 hours 58 minutes)*	Work order tracking/reporting through Council's Infrastructure asset management system. Affected property numbers provided via GIS/Asset Management System
	Number of unplanned disruptions:			
	Minor * (between 5 and 50 connections affected)	<6	**Achieved – 1.98** *(2023/24 Achieved – 0.33)*	Work order tracking/reporting through Council's Infrastructure asset management system. Affected property numbers provided via GIS/Asset Management System
	Major * (more than 50 connections affected)	<3	**Achieved – 0** *(2023/24 Achieved – 0.33)*	Work order tracking/reporting through Council's Infrastructure asset management system. Affected property numbers provided via GIS/Asset Management System
Water has a pleasant taste and odour.	**Customer Satisfaction** - Total number of complaints received for: • Drinking water clarity • Drinking water taste • Drinking water odour • Drinking water pressure or flow • Continuity of supply • Council's response to any of these issues expressed per 1000 connections to council's networked reticulation system.	<32	**Achieved: - 2.64** *(2023/24 Achieved – 1.65)* *When multiple complaints are received that relate to one specific event, these are recorded as one complaint.*	Reporting against corporate CRM system.
	Note: This is understood to be limited to supplied properties within the water supply zones.			
Demand management	**Demand management** - The average consumption of drinking water per day per resident within the district (in litres).	<275	**Stratford – Not Achieved - 290 litres, Midhirst – Achieved - 268 litres, Toko – Achieved - 256 litres)** *(2023/24 Not Achieved – Stratford 312 litres Midhirst 134 litres Toko 102 litres)*	Calculated from production records ex SCADA/Water Outlook, deducting commercial users as per water meter records as well as any other non-residential use and losses (as per bench loss), divided by number of residential connections and average number of residents per property.
		Council is in the process of introducing universal water metering in the Stratford urban area. The rural towns of Toko and Midhirst already have these meters in place, therefore it is expected that when meters are installed in Stratford, the demand will reduce.		

Level of Service	Performance Measure	Target Year 3 2023/24	Actual 2023/24	How Measured
Water flow and pressure is appropriate for its intended use.	Water pressure at 50 properties within the water supply zone, including any that have complained about pressure and or flow meets council specifications (flow>10l/min & pressure>350kpa)	100%	Achieved –50 **properties tested for water pressure and flow - all passed – 100%** *(2023/24 Achieved – 100%)*	Pressure and flow to be measured at a minimum of 50 properties per annum. Test results recorded by handheld device directly into asset management system against property's point of supply. Where test at tap inside property fails, test will be repeated at point of supply (toby/meter box) to isolate problems with private pipework from public network. Customer is advised if problem with internal plumbing.
Water supply meets firefighting requirements.	Fire hydrants meet NZFS Code of Practice conditions regarding supply.	100%	Achieved **– 30 hydrants were tested and all 30 passed the test – 100%.** *(2023/24 Achieved – 30 hydrants were tested and all 30 passed the test – 100%*	Flow & pressure testing carried out by council contractor and or NZ Fire Service to NZ Fire Fighting Code of Practice standards.

1.5 Projects and Other Programmes

Project	Category	Budget 2024/25	Actual 2024/25	Notes
Midhirst Resource consent	Level of Service	$50,000	$15,788	Complete
Alternative power supply for Midhirst and Toko	Level of Service	$50,000	$0	Generator ordered, will be installed in 2025/26
Street work ridermains	Level of Service	$100,000	$10,053	Carried over to 2025/26 for completion of the physical works
Toko Storage Tank	Level of Service	$20,000	$12,622	Complete
Universal water metering	Level of Service	$1,593,851	$519,566	Ongoing
Street work ridermains	Replacements	$200,000	$96,439	Tender evaluation underway, physical works to be completed in 2025/26
Fluoride plant upgrade	Replacements	$300,000	$0	Tender has been advertised
Stratford Grit Tank	Replacements	$2,070,000	$283,699	Design works complete, physical works to be completed in 2025/26
Laterals	Replacements	$50,000	$0	Carried over to 2025/26 for completion of the physical works
Reservoir cleaning	Replacements	$60,000	$20,154	Midhirst reservoir works carried over to 2025/26
Membranes	Replacements	$160,000	$141,500	Complete

1.6 Cost of Services Statement
The detailed financial summary for the Water Supply activity is shown below.

Water Supply

Actual 2023/24 $000		Actual 2024/25 $000	Budget 2024/25 $000
2,477	**Operating Expenditure**	2,560	2,370
444	**Revenue**	514	603
2,033	**Net Cost of Service**	**2,046**	**1,767**
	EXPENDITURE		
646	Operating Costs	989	846
324	Interest	350	373
805	Depreciation	872	797
702	Allocated Overheads	350	354
2,477	**Total Operating Expenditure**	**2,560**	**2,370**
419	Principal Loan Repayments	430	400
1,145	Capital Expenditure	1,100	4,654
4,041	**Total Expenditure**	**4,089**	**7,424**
	FUNDED BY:		
444	Charges for Water Usage	514	603
444	**Total Revenue**	**514**	**603**
1,608	Targeted Rates	1,762	1,748
201	Transfer from Depreciation Reserves	-	-
-	Grants/Donations - Capital	284	2,000
1,104	Transfers (to) from Reserves	957	1,240
673	Loan Funding - Capital	542	1,814
14	Other Funding	29	19
4,044	**Total Funding**	**4,089**	**7,424**

Council Controlled Organisation TITLE PAGE

PERCY THOMSON TRUST

1.1 Background

The Local Government Act 2002 defines entities in which Council has more than a 50% shareholding, or the ability to appoint more than 50% of the directors, as Council Controlled Organisations. The Stratford District Council has one organisation that meets these criteria and is therefore a Council Controlled Organisation; the Percy Thomson Trust.

The Trust was established to fulfil the wishes and bequest of the late Percy Thomson to provide an art gallery, arboretum and herbarium. There are to be a minimum of six trustees and a maximum of seven on the trust and less than 50% of the trustees can come from elected representatives.

1.2 Nature and Scope of Activities

The Percy Thomson Trust covers three activities, the Art Gallery, the Arboretum, and the Herbarium.

The Percy Thomson Gallery is located in Prospero Place, and the arboretum on Cloten Road near the intersection with Ariel Street. The herbarium is delivered through the Trust's membership of the New Zealand Plant Conversation Network, and specifically through the website, https://www.nzpcn.org.nz/.

The Percy Thomson Gallery is Stratford's public art gallery and was opened in June 2002. The gallery contains both exhibition areas and work areas for use by local artists and community art groups. The gallery provides an active programme of exhibitions and events that is both internally generated and toured from other art collections.

The gallery's main display area totals 178m² which can be comfortably partitioned into two areas of 116m² and 62m² respectively.

The Trust Deed sets out the objectives of the Trust and the key points are:

- to manage and promote the facilities.
- to establish exhibition programmes and education policies.
- encouraging public enjoyment and utilisation of Trust facilities and collections.
- to care for any art collections loaned.
- to look at ways of raising revenue.

Council provides administration services to the Trust.

1.3 Why We Do It

The Percy Thomson Trust contributes to the community outcomes by providing for the cultural requirements of the District.

1.4 Performance Measures

Level of Service	Performance Measure	Target Year 1 2024/25	Actual 2024/25	How Measured
Delivery of art exhibitions	Deliver proposed art exhibitions which will include at least 1 local, 1 regional and 1 National.	Deliver proposed art exhibitions which will include local, regional and at least 1 National.	**Achieved** *All exhibitions were able to be delivered.* *Art exhibitions that were delivered throughout the year included the following:* **National** – ***1.*** *Adam Portraiture Award 2024* **Regional** – ***1.*** *Taranaki Arts Trail Preview* ***2.*** *Taranaki Review in Miniature* ***3.*** *INKED: Origional Handprined Artworks by PCANZ Taranaki Printmakers | WITT Student Printmakers* ***Local*** – ***1.*** *Emergence 2024* ***2.*** *Fibreworks: Taranaki Creative Fibre | Margaret Scott* ***3.*** *Stratford Art Society* ***4.*** *Fiona Clark and Tertius PAY HERE* *(2023/24 Achieved)*	Art Gallery Records
	Number of visitors to the Gallery to be not less than 20,000 per year	>20,000	**Achieved – 23,481** *(2023/24 Achieved – 25,783)*	Door Count
Development and maintenance of arboretum	Develop and maintain the arboretum to the standards in the Facilities Management Contract.	Develop and maintain the arboretum to the standards in the Facilities Management Contract.	**Achieved** **Note:** The arboretum has been maintained by Stratford District Council on behalf of the Trust, and meets the standards as set out in the Facilities Management Contract between Stratford District Council and its contractors. The planting programme was also maintained, and continued on in conjunction with the plantings/replacement of native trees. *(2023/24 Achieved)*	Council Records

1.5 Cost of Services Statement

The Council has agreed to provide an annual grant of no more than one percent of rates to the Trust.

Percy Thomson Trust

Actual 2023/24 $000		Actual 2024/25 $000	Budget 2024/25 $000
388	**Operating Expenditure**	386	361
70	**Revenue**	87	117
318	**Net Cost of Service**	**299**	**244**
	-		
	EXPENDITURE		
288	Operating Costs	286	277
100	Depreciation	100	84
388	**Total Operating Expenditure**	**386**	**361**
	-		
	FUNDED BY:		
70	User Charges	87	117
70	**Total Revenue**	**87**	**117**
50	Council Grant	50	50
37	Investment Interest	28	35
-	Gain on revaluation of property, plant and equipment, and sale of financial assets	-	-
231	Transfer from (to) Accumulated Surplus	221	159
388	**Total Funding**	**386**	**361**

Financial Statements TITLE PAGE

Statement of Comprehensive Revenue and Expense for the year ended 30 June 2025

	Note	Council			Group	
		Actual 2024/25 $000	Budget 2024/25 $000	Actual 2023/24 $000	Actual 2024/25 $000	Actual 2023/24 $000
Revenue						
Rates Revenue	4	18,642	18,653	16,219	18,642	16,219
Subsidies and Grants	5	6,336	9,921	5,876	6,355	5,878
Development and Financial Contributions		166	-	101	166	101
Fees and Charges		2,208	3,027	2,108	2,256	2,138
Milk Proceeds		807	636	715	807	715
Interest Revenue	9	603	442	490	631	527
Gains on property, plant and equipment	6	12	-	-	12	-
Vested Assets		-	-	11	-	11
Other Gains		-	-	-	-	18
Sundry Revenue	5	134	55	140	134	140
Total Revenue	5	**28,907**	**32,733**	**25,660**	**29,002**	**25,747**
Expenses						
Personnel Costs	7	6,491	6,158	6,196	6,624	6,332
Depreciation and Amortisation	15 & 16	8,049	6,624	6,238	8,149	6,338
Other expenses	8	12,177	12,800	12,066	12,260	12,149
Finance Costs	9	1,481	1,453	1,217	1,481	1,217
Total Expenses		**28,198**	**27,035**	**25,717**	**28,514**	**26,035**
(DEFICIT) / SURPLUS BEFORE TAX		**709**	**5,698**	**(57)**	**488**	**(288)**
Income Tax Expense	10	-	-	-	-	-
(DEFICIT) / SURPLUS BEFORE TAX		**709**	**5,698**	**(57)**	**488**	**(288)**
Other Comprehensive Revenue and Expense						
Items that will not be reclassified to surplus / (deficit)						
Fair value movement of listed and unlisted shares	21	285	-	(49)	285	(49)
Property, Plant and Equipment Revaluations	21	-	-	52,003	-	52,003
Total Other Comprehensive Revenue and Expense		**285**	**-**	**51,954**	**285**	**51,954**
Total Comprehensive Revenue and Expense		**994**	**5,698**	**51,898**	**773**	**51,665**
Total Comprehensive Revenue and Expense attributable to:						
Stratford District Council		994	5,698	51,898	773	51,665
		994	**5,698**	**51,898**	**773**	**51,665**

The accompanying notes form part of these financial statements.
Explanations of significant variances against budget are provided in note 29.

Statement of Financial Position as at 30 June 2025

		Council			Group	
	Note	Actual 2024/25 $000	Budget 2024/25 $000	Actual 2023/24 $000	Actual 2024/25 $000	Actual 2023/24 $000
Assets						
Current Assets						
Cash and Cash Equivalents	11	2,984	106	1,828	3,138	1,920
Short Term Deposits	11	6,000	6,000	5,000	6,050	5,250
Receivables	12	2,683	1,917	2,509	2,688	2,516
Inventories	13	-	1,364	-	-	-
Prepayments		121	-	177	121	177
Other Financial Assets	14	334	-	132	334	132
Total Current Assets		**12,122**	**9,387**	**9,646**	**12,331**	**9,995**
Non-Current Assets						
Receivables	12	16	-	19	16	19
Property, Plant and Equipment	15	516,866	511,347	516,184	519,220	518,636
Intangible Assets	16	450	-	401	450	401
Other Financial Assets	14	8,654	8,820	8,467	9,051	8,864
Total Non-Current Assets		**525,986**	**520,167**	**525,071**	**528,737**	**527,920**
Total Assets		**538,108**	**529,553**	**534,717**	**541,068**	**537,915**
Liabilities						
Current Liabilities						
Payables and deferred revenue	17	4,223	2,400	3,862	4,251	3,900
Provisions	18	-	-	7	-	7
Employee entitlements	19	356	338	313	358	324
Borrowings	20	9,700	4,221	6,000	9,700	6,000
Total Current Liabilities		**14,279**	**6,959**	**10,182**	**14,309**	**10,231**
Non-Current Liabilities						
Provisions	18	-	-	-	-	-
Employee entitlements	19	-	-	-	-	-
Borrowings	20	29,000	37,992	30,700	29,000	30,700
Total Non-Current Liabilities		**29,000**	**37,992**	**30,700**	**29,000**	**30,700**
Total Liabilities		**43,279**	**44,951**	**40,882**	**43,309**	**40,931**
Equity						
Accumulated Funds	21	200,259	218,181	199,963	201,279	201,204
Reserves	21	294,570	266,421	293,872	296,478	295,780
Total Equity Attributable to Stratford District Council		**494,829**	**484,602**	**493,835**	**497,757**	**496,984**
Total Liabilities & Equity		**538,108**	**529,553**	**534,717**	**541,068**	**537,915**

The accompanying notes form part of these financial statements.
Explanations of significant variances against budget are provided in note 29.

Statement in Changes of Equity For the Year Ended 30 June 2025

	Council			Group	
	Actual 2024/25 $000	Budget 2024/25 $000	Actual 2023/24 $000	Actual 2024/25 $000	Actual 2023/24 $000
Balance at 1 July					
Accumulated Funds	199,963	212,622	201,080	201,204	202,553
Revaluation of financial assets at fair value through other comprehensive revenue and expense	(532)	-	(483)	(532)	(483)
Reserves / Special Funds	8,792	7,573	7,731	8,792	7,731
Asset Revaluation Reserves	285,611	258,608	233,608	287,520	235,517
Total Equity - Opening Balance	**493,835**	**478,803**	**441,936**	**496,984**	**445,321**
Changes in Equity					
Accumulated Funds	295	5,561	(1,118)	74	(1,349)
Revaluation of financial assets at fair value through Other Comprehensive Revenue and Expense	285	-	(49)	285	(49)
Reserves / Special Funds	414	240	1,061	414	1,061
Asset Revaluation Reserves	-	-	52,003	-	52,003
Total Comprehensive Revenue and Expense	**994**	**5,802**	**51,897**	**773**	**51,667**
Closing Balance					
Accumulated Funds	200,258	218,181	199,963	201,279	201,204
Revaluation of financial assets at fair value through other comprehensive revenue and expense	(247)	-	(532)	(247)	(532)
Reserves / Special Funds	9,206	7,813	8,792	9,206	8,792
Asset Revaluation Reserves	285,611	258,608	285,611	287,520	287,520
Total Equity - Closing Balance	**494,829**	**484,602**	**493,835**	**497,757**	**496,984**

The accompanying notes form part of these financial statements.

Statement of Cashflows For the Year Ended 30 June 2025

	Note	Council			Group	
		Actual 2024/25 $000	Budget 2024/25 $000	Actual 2023/24 $000	Actual 2024/25 $000	Actual 2023/24 $000
Cash Flows from Operating Activities						
Rates Revenue		18,439	18,653	16,136	18,439	16,136
Interest Received		603	442	490	632	528
Dividends Received		53	-	79	53	79
Development and Financial Contributions		166	-	101	166	101
Subsidies, Grants and Donations		6,275	9,921	6,231	6,294	6,233
Residential section sales and sale of house		-	-	-	-	-
User Charges and Sundry Revenue		3,220	3,716	2,675	3,270	2,722
Regional Council Rates		1,619	-	1,389	1,619	1,389
Payments to Suppliers and Employees		(18,302)	(18,965)	(18,167)	(18,536)	(18,362)
Interest Paid		(1,481)	(1,349)	(1,217)	(1,481)	(1,217)
Goods and Services Tax (net)		225	-	72	223	78
Regional Council Rates		(1,619)	-	(1,389)	(1,619)	(1,389)
Net Cash from Operating Activities		**9,198**	**12,417**	**6,400**	**9,060**	**6,298**
Cash Flows from Investing Activities						
Proceeds from Sale of Property, Plant and Equipment		-	-	-	-	-
Proceeds from Sale of Investments		5,000	-	16,000	5,250	16,130
Purchase of Property, Plant & Equipment		(9,042)	(18,516)	(8,187)	(9,042)	(8,200)
Acquisition of Investments		(6,000)	-	(16,000)	(6,050)	(16,000)
Net Cash from Investing Activities		**(10,042)**	**(18,516)**	**(8,187)**	**(9,842)**	**(8,070)**
Cash Flows from Financing Activities						
Proceeds from Borrowings		2,000	5,513	6,000	2,000	6,000
Repayment of Borrowings (Loans)		-	-	(3,000)	-	(3,000)
Net Cash from Financing Activities		**2,000**	**5,513**	**3,000**	**2,000**	**3,000**
Net Increase / (Decrease) in Cash, Cash Equivalents and Bank Overdrafts		1,156	(586)	1,213	1,218	1,228
Cash, Cash Equivalents and Bank Overdrafts at the Beginning of the Year		1,828	692	615	1,920	692
Cash, Cash Equivalents and Bank Overdrafts at the End of the Year	11	**2,984**	**106**	**1,828**	**3,138**	**1,920**

The GST (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

The accompanying notes form part of these financial statements.

Notes to Financial Statements

Note 1

Reporting Entity

The financial statements of the Stratford District Council are for the year ended 30 June 2025.

The Stratford District Council (Council) is a territorial local authority governed by the provisions of the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant Legislation governing the council's operations includes the LGA rand the Local Government (Rating) Act 2002.

The primary objective of Council is to provide services or goods for the community for social benefit rather than making a financial return. Accordingly, having regard to the criteria set out in the PBE IPSAS, as a defined public entity under the Public Audit Act 2001, the Council is audited by the Auditor-General and is classed as a Public Sector Benefit Entity (PBE) for financial reporting purposes. Council has designated itself as a Tier 2 entity.

The operations of Council have been divided into the following activities:
- Recreation and Facilities
- Democracy
- Community Development
- Environmental Services
- Roading
- Stormwater
- Wastewater (Sewerage)
- Solid Waste
- Water Supply

The group consist of the ultimate parent, Stratford District Council and its subsidiary Percy Thomson Trust (thereafter "the group"). The Council has designated itself and the group as a public benefit for financial reporting purposes and in complying with generally accepted accounting practice (GAAP).

The financial statements of the Council and Group are for the year ended 30 June 2025 and were authorised for issue by Council on XX 2025.

Measurement Base

The measurement base adopted is that of historical cost, modified by the revaluation of certain assets.

Note 2 Statement of Accounting Policies for the year ending 30 June 2025

The following accounting policies which materially affect the measurement of results and financial position have been applied consistently to the year ended 30 June 2025 unless otherwise stated.

Summary of significant accounting policies

Significant accounting policies are included in the notes to which they relate.
Significant accounting policies that do not relate to a specific note are outlined below.

Basis of preparation of the financial statements

The financial statements of the Council and group have been prepared in accordance with the requirements of the LGA and Local Government (Financial Reporting and Prudence) Regulations 2014 (LG(FRP)R), which include the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

The financial statements have been prepared in accordance with and comply with Public Benefit Entity Standards Reduced Disclosure Regime (PBE Standards RDR) and disclosure concessions have been applied. The Council is eligible and has elected to apply the PBE Standards RDR because its expenses are less than $33 million and it does not have public accountability as defined by XRB A1 Application of the Accounting Standards Framework.

Although council is not publicly accountable, Council has included a separate Cost of Services Statement for each significant activity.

The functional currency of the Council and the group is New Zealand dollars. The investment in subsidiary (Percy Thomson Trust) is at cost, amounting to $100, in the Council's parent entity financial statement.

The financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently throughout the period.

Basis of Consolidation

The consolidated financial statements are prepared by adding together like items of assets, liabilities, equity, revenue, and expenses of entities in the group on a line-by-line basis. All intragroup balances, transactions, revenues and expenses are eliminated on consolidation. The Council consolidates in the Group financial statement all entities being only the Percy Thomson Trust.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. The consolidation of an entity begins from the date when the council obtains control of the entity and ceases when the council loses control of the entity.

Control over an entity is determined when the council has exposure, or rights, to variable benefits from its involvement with the entity and has the ability to affect the nature or amount of those benefits through its power over the other entity. The council considers all relevant facts and circumstances in assessing whether it has power over another entity. For example, the ability to appoint or remove a majority of the entity's governance and management, binding arrangements the council enters into, group voting rights, and pre-determination mechanisms. The council reassesses whether or not in controls another entity if facts and circumstances change.

Presentation Currency and Rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ($000), other than the remuneration, severance payment and District Licensing Committee disclosures in Notes 25, 26 and 30 respectively. These disclosures are rounded to the nearest dollar.

Disclosure of Fees for Audit Firms' Services (Amendment to PBE IPSAS 1)

Disclosure of Fees for Audit Firms' Services (Amendment to PBE IPSAS 1) has been adopted in the preparation of these financial statements. The amendment changes the required disclosures for fees for services provided by the audit or review provider, including a requirement to disaggregate the fees into specified categories. This new disclosure is in Note 8.

Goods and Services Tax (GST)

All items in the financial statements are exclusive of GST, except for receivables and payables which are stated as GST inclusive. When GST is not recoverable as an input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cashflow in the Statement of Cashflows.

Commitments and contingencies are disclosed exclusive of GST.

Budget Figures

The budget figures are those approved by the council in its 2024-34 Long Term Plan. The budget figures have been prepared in accordance with GAAP, using accounting policies that are consistent with those adopted by the council in preparing these financial statements.

Critical Accounting Estimates and Assumptions

In preparing these financial statements Council has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors that are believed to be reasonable under the circumstances.

As operator of the urban and rural landfills in the district, Council has a legal obligation to provide ongoing maintenance and monitoring services at the landfill sites after closure.

To provide for the estimated cost of aftercare, a provision has been created, and a charge is made each year based on the estimated value of restoration works over the number of years Council is required to maintain these sites.

A number of assumptions and estimates are used when performing depreciated replacement cost valuations over infrastructural assets. These include:

- The physical condition of the asset. This is particularly so for those assets which are not visible, for example stormwater, wastewater and water supply pipes that are underground. This risk is minimised by Council performing physical inspections and condition modelling assessments of underground assets.
- Estimating any obsolescence or surplus capacity of any asset.
- The remaining useful life over which the asset will be depreciated. These estimates can be impacted by local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, Council could be over or underestimating the depreciation charge recognised in the Statement of Comprehensive Revenue and Expense. To minimise this risk useful lives are determined with reference to the NZ Infrastructural Asset Valuation and Depreciation guidelines published by the National Asset Management Steering Group. Asset inspections and condition modelling are also carried out regularly as part of Council's asset management planning activities.

The replacement cost of an asset is based on recent construction contracts in the region for modern equivalent assets, from which unit rates are determined. Unit rates have been applied to components of the network based on size, material, depth and location.

Critical Judgements in Applying Accounting Policies

Management has exercised the following critical judgements in applying accounting policies for the year ended 30 June 2025:

Classification of property:
The Council owns a number of properties held to provide housing to pensioners. The receipt of market-based rental from these properties is incidental to holding them. The properties are held for service delivery objectives as part of the Council's social housing policy. The properties are therefore accounted for as property, plant, and equipment rather than as investment property.

Changes in Accounting Policies

Disclosure of Fees for Audit Firm's Services (Amendments to PBE IPSAS 1)

The amendments update the required disclosures for fees relating to services provided by the entity's audit or review firm. The fees must be disaggregated into specified categories, including audit and review services, other assurance services, agreed-upon procedures engagements, taxation services, and other services.

This change had no impact on the financial statements of the Council and Group, other than requiring an additional disclosure.

There are no other changes in accounting policies.

Note 3 Summary of Cost of Services

Accounting Policy

The Cost of Service Statements report the net cost of services for significant activities of Council, and are represented by the costs of providing the service less all revenue that can be allocated to these activities.

Cost Allocation

The Cost of Service Statements reflect the full cost of significant activities, by including direct costs, internal transfers, depreciation and indirect costs (overheads) allocated on the 'step' method, based on hours of service supplied to each activity.

'Direct Costs' are those costs directly attributable to a significant activity.

'Indirect Costs' are those costs which cannot be identified in an economically feasible manner with a specific significant activity.

There have been no changes to cost allocation methodology this year.

	Revenue		Expenditure		Net Actual	Net Budget	Net Actual
	Actual	Budget	Actual	Budget	2024/25	2024/25	2023/24
	$000	$000	$000	$000	$000	$000	$000
FUNCTION							
Recreation and Facilities							
Aerodrome	27	32	148	144	121	112	126
Civic Amenities	52	60	1,446	1,807	1,394	1,747	1,308
Pensioner Housing	91	94	155	160	64	65	103
Library	83	90	898	899	814	809	696
Parks and Reserves	11	10	1,004	1,057	993	1,047	992
Cemeteries	125	157	231	242	105	85	79
Wai o Rua Aquatic Centre	592	720	3,376	3,481	2,784	2,761	2,682
Sub-Total	**981**	**1,163**	**7,258**	**7,790**	**6,276**	**6,626**	**5,986**
Democracy							
Democracy	-	-	1,616	1,526	1,616	1,526	1,395
Corporate Support	203	85	-	26	(203)	(59)	(154)
Sub-Total	**203**	**85**	**1,616**	**1,552**	**1,413**	**1,467**	**1,242**
Community Development							
Economic Development	-	-	486	510	486	510	513
Community Services	31	3	791	532	760	530	661
Council Projects	-	-	77	141	77	141	72
Information Centre	-	-	-	-	-	-	136
Farm Investment	807	636	509	520	(298)	(116)	(267)
Holiday Park	3	4	2	2	(1)	(2)	(1)
Rental Properties	47	55	64	70	17	15	28
Sub-Total	**887**	**698**	**1,929**	**1,775**	**1,041**	**1,078**	**1,142**
Environmental Services							
Building Control	581	560	1,072	1,001	491	441	494
Animal Control	161	170	334	311	173	141	83
District Plan	-	-	116	101	116	101	222
Resource Consents	93	134	485	416	392	282	272
Bylaws	5	1	159	156	154	155	160
Food and Health	26	38	158	147	131	109	173
Liquor Licensing	32	35	140	147	107	112	95
Sub-Total	**898**	**938**	**2,464**	**2,279**	**1,565**	**1,341**	**1,499**
Civil Defence and Emergency Managament							
Civil defence and emergency management	-	-	502	473	502	473	470
Sub-Total	**-**	**-**	**502**	**473**	**502**	**473**	**470**
Roading							
Roading	5,374	7,586	8,311	7,441	2,937	(146)	1,650
Business Unit	348	340	241	313	(107)	(27)	(94)
Sub-Total	**5,722**	**7,926**	**8,552**	**7,754**	**2,831**	**(173)**	**1,556**
Stormwater							
Stormwater	-	-	481	471	481	471	518
Sub-Total	**-**	**-**	**481**	**471**	**481**	**471**	**518**
Wastewater (Sewerage)							
Wastewater (Sewerage)	32	40	1,156	1,025	1,125	985	1,137
Sub-Total	**32**	**40**	**1,156**	**1,025**	**1,125**	**985**	**1,137**
Solid Waste							
Solid Waste	155	225	1,547	1,443	1,392	1,218	1,065
Sub-Total	**155**	**225**	**1,547**	**1,443**	**1,392**	**1,218**	**1,065**
Water Supply							
Water Supply	514	603	2,560	2,370	2,046	1,767	2,033
Sub-Total	**514**	**603**	**2,560**	**2,370**	**2,046**	**1,767**	**2,033**
Total Activity Revenue & Expenditure	**9,392**	**11,678**	**28,062**	**26,929**	**18,670**	**15,253**	**16,647**
Plus: General Rates & UAGC	10,115	9,927	-	-	(10,115)	(9,927)	(9,201)
Plus: Targeted Rates	8,171	8,122	-	-	(8,171)	(8,122)	(6,711)
Total Revenue and Operating Expenditure	**27,678**	**29,727**	**28,062**	**26,929**	**384**	**(2,796)**	**734**

Each significant activity is stated gross of internal costs and revenues and excludes general and targeted rates attributable to activities (refer to note 4).

In order to fairly reflect the total external operations for the Council in the Statement of Comprehensive Revenue and Expense, these transactions are eliminated as shown above.

Note 4 Rates Revenue

Accounting Policy

The following policies for rates have been applied:

- Revenue is measured at fair value of consideration received or receivable.
- General rates, targeted rates (excluding water-by-meter), and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. The Council considers the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.
- Rates arising from late payment penalties are recognised as revenue when rates become overdue
- Revenue from water-by-meter rates is recognised on an accrual basis based on usage. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.
- Rate remissions are recognised as a reduction of rates revenue when the Council has received an application that satisfies its rates remission policy.
- Rates collected on behalf of the Taranaki Regional Council (TRC) are not recognised in the financial statements, as the Council is acting as an agent for the TRC.

	Council and Group Actual 2024/25 $000	Council and Group Actual 2023/24 $000
General rates	9,912	9,045
Targeted rates attributable to activities:		
- metered water supply	514	444
- other water rates - uniform annual charge	1,762	1,608
- wastewater - uniform annual charge	985	812
- solid waste - uniform annual charge	1,177	860
- roading	4,227	3,413
- community halls	19	19
Rate penalties	203	155
Less rates remissions	(158)	(137)
Total rates	**18,642**	**16,219**

Council is required by the LGFA Guarantee and Indemnity Deed to disclose in its financial statements (or notes) its annual rates revenue. That Deed defines annual rates revenue as an amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002 together with any revenue received by Council from other local authorities for services provided by Council for which those other local authorities rate. The annual rates income of the Council for the year ended 30 June 2025 for the purposes of the LGFA Guarantee and indemnity Deed disclosure is shown below:

	Council and Group Actual 2024/25 $000	Council and Group Actual 2023/24 $000
Total Rates	**18,642**	**16,219**

Non-Rateable Land

Under the Local Government (Rating) Act 2002 certain properties cannot be rated for general rates. This includes schools, places of religious worship, public gardens and reserves. These non-rateable properties, where applicable, may be subject to targeted rates in respect of sewerage, water and refuse. Non-rateable land does not constitute a remission under Stratford District Council's rates remission policy.

Rates are “written-off”:
- when remitted in accordance with the Council’s rates remission policy; and
- in accordance with the write-off criteria of sections 90A (where rates cannot be reasonably recovered) and 90B (in relation to Māori freehold land) of the Local Government (Rating) Act 2002.

Note 5 Other Revenue

Accounting Policy

Revenue is measured at fair value. The specific accounting policies for significant revenue items are explained below:

Development and Financial Contributions

Development and financial contributions are recognised as revenue when the Council provides, or is able to provide, the service for which the contribution was charged. Otherwise, development and financial contributions are recognised as liabilities until such time as the Council provides, or is able to provide, the service.

Waka Kotahi (New Zealand Transport Agency) roading subsidies

The Council receives funding assistance from Waka Kotahi, which subsidises part of the costs of maintenance and capital expenditure on the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

Other grants received

Other grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

Building and Resource Consent revenue

Fees and charges for building consents services are recognised on receipt of the fees which is when the service is provided. Fees and Charges for resource consent revenue is recognised on the provision of on invoice.

Entrance Fees

Entrance fees are fees charged to users of the Council’s local facilities, such as the pool. Revenue from entrance fees is recognised upon entry to such facilities.

Transfer Station Fees

Fees for disposing of waste at the Council’s landfill are recognised as waste is disposed by users.

Sales of Goods and Commission Sales

Revenue from the sale of goods is recognised when a product is sold to the customer. Commission on exhibition sales and Percy’s Place sales is retained by the group, with the remaining proceeds passed onto the seller of the artworks. Revenue includes only amounts received and receivable by the group on its own account, not the amounts collected for the principal. Revenue is recognised when receivable.

Infringement Fees and Fines

Infringement fees and fines mostly relate to traffic and parking infringements and are recognised when the infringement notice is issued. The Council recognises revenue at an amount based on the probability of collecting fines, which is estimated by considering the collection history of fines over the preceding 2 year period.

Vested or Donated Physical Assets

For assets received for no or nominal consideration, the asset is recognised at its fair value when the Council obtains control of the asset. The fair value of the asset is recognised as revenue, unless there is a use or return condition attached to the asset.

For long-lived assets that must be used for a specific use (e.g. land must be used as a recreation reserve), the Council immediately recognises the fair value of the asset as revenue. A liability is recognised only if the Council expects it will need to return or pass the asset to another party.

Interest and Dividends

Interest revenue is recognised using the effective interest method.

Interest revenue on an impaired financial asset is recognised using the original effective interest rate.

Dividends are recognised when the right to receive payment has been established. When dividends are declared from pre-acquisition surpluses, the dividend is deducted from the cost of the investment.

Sale of Land

Revenue from the Sale of Land is recognised in full when the sale and purchase agreement becomes legally enforceable, as at the date the contract becomes unconditional.

Subsidies and Grants

	Council		Group	
	Actual 2024/25 $000	Actual 2023/24 $000	Actual 2024/25 $000	Actual 2023/24 $000
Grants - Toi Foundation	151	180	151	180
Grants - Taranaki Electricity Trust	91	397	91	397
Grants - Other	15	3	34	5
Grants - Other capital contributions	5	-	5	-
Mayors Taskforce for Jobs	298	280	298	280
Provincial Growth Fund / MBIE / DIA	528	203	528	203
Waka Kotahi (NZTA) Roading Subsidies	5,248	4,814	5,248	4,814
Total Subsidies and Grants	**6,336**	**5,876**	**6,355**	**5,878**

There are no unfulfilled conditions and other contingences attached to Waka Kotahi (NZTA) subsidies recognised.

Sundry Revenue

	Council		Group	
	Actual 2024/25 $000	Actual 2023/24 $000	Actual 2024/25 $000	Actual 2023/24 $000
Petrol Tax	72	82	72	82
Sundry Corporate Services Revenue	62	58	62	58
Total Sundry Revenue	**134**	**140**	**134**	**140**

Revenue from Exchange and Non-Exchange Transactions

	Council		Group	
	Actual 2024/25 $000	Actual 2023/24 $000	Actual 2024/25 $000	Actual 2023/24 $000
Exchange transactions	2,090	1,803	2,127	1,840
Non-exchange transactions	26,819	23,859	26,874	23,907
Total Revenue	**28,909**	**25,662**	**29,002**	**25,747**

Note 6 Other Gains

	Council		Group	
	Actual 2024/25 $000	Actual 2023/24 $000	Actual 2024/25 $000	Actual 2023/24 $000
Gain on Disposal of Property, Plant and Equipment	12	-	12	-
Total Gains	**12**	**-**	**12**	**-**

Note 7 Personnel Costs

Accounting Policy

Salaries and Wages

Salaries and wages are recognised as an expense as employees provide services.

Superannuation schemes

Defined contribution schemes - Employer contributions to Kiwisaver are accounted for as defined contribution superannuation schemes and are expensed in the surplus or deficit as incurred.

	Council		Group	
	Actual 2024/25 $000	Actual 2023/24 $000	Actual 2024/25 $000	Actual 2023/24 $000
Salaries and Wages	6,448	6,205	6,591	6,337
Increase/(Decrease) in Employee Entitlements	43	(9)	34	(5)
Total Personnel Costs	**6,491**	**6,196**	**6,624**	**6,332**

The total paid for defined contribution plan employer contributions was $163,947 (2023/24: $158,400), and is included in note 8, under operating expenses.

Note 8 Other Expenses

Accounting Policy

Grant Expenditure

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where the Council has no obligation to award on receipt of the grant application and are recognised as expenditure when approved by the Council and the approval has been communicated to the applicant. The Council's grants awarded have no substantive conditions attached.

	Council		Group	
	Actual 2024/25 $000	Actual 2023/24 $000	Actual 2024/25 $000	Actual 2023/24 $000
Losses on Disposal and other sundry expenses	287	731	287	731
Insurance premiums	409	363	450	380
Landfill Aftercare Expenses	-	4	-	4
Audit Fees - Annual Report	245	262	269	286
Audit Fees - Debenture Trustee reporting	5	2	5	2
Audit Fees - Long Term Plan	-	41	-	41
Operating Expenses	11,232	10,663	11,250	10,705
Total Other Expenses	**12,177**	**12,066**	**12,260**	**12,149**

Note 9 Interest Revenue and Finance Costs

Accounting Policy

Borrowing costs are recognised as an expense in the period in which they are incurred.

	Council		Group	
	Actual 2024/25 $000	Actual 2023/24 $000	Actual 2024/25 $000	Actual 2023/24 $000
Interest Revenue				
Interest on term deposits	603	490	631	527
Total Finance Income	**603**	**490**	**631**	**527**
Finance costs				
Interest on bank borrowings	1,481	1,217	1,481	1,217
Total finance costs	**1,481**	**1,217**	**1,481**	**1,217**
Net finance costs	**(878)**	**(727)**	**(850)**	**(690)**

Note 10 Tax

Accounting Policy

Income tax expense includes components relating to current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that affects neither accounting profit nor taxable profit.

Current tax and deferred tax are measured using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Current and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to items recognised in other comprehensive revenue and expense or directly in equity.

Both Council and its subsidiary, the Percy Thomson Trust, are exempt from income tax.

	2024/25 $000	2023/24 $000	2024/25 $000	2023/24 $000
Components of Tax Expense				
Current Tax Expense	-	-	-	-
Adjustments to Current Tax in Prior Years	-	-	-	-
Deferred Tax Expense	-	-	-	-
Tax Expense	**-**	**-**	**-**	**-**
Relationship Between Tax Expense and Accounting Surplus				
Surplus/(Deficit) Before Tax	709	(57)	488	(288)
Tax at 28%	199	(16)	137	(81)
Non-deductible Expenses	(199)	16	(137)	81
Non-taxable Revenue	-	-	-	-
Tax Expense	**-**	**-**	**-**	**-**

Note 11 Cash and Cash Equivalents and Short Term Deposits

Accounting Policy

Cash and cash equivalents includes cash on hand, deposits held with banks and other short term investments with maturities of three months or less, and bank overdrafts. Bank overdrafts are shown as a current liability in the statement of financial position. The carrying value of cash at bank and short-term deposits with original maturities less than three months approximates their amortised cost.

	Council		Group	
	Actual 2024/25 $000	Actual 2023/24 $000	Actual 2024/25 $000	Actual 2023/24 $000
Cash at Bank and on Hand	2,984	328	3,138	420
Term Deposits Maturing Three Months or Less from Date of Acquisition	-	1,500	-	1,500
Per Statement of Financial Position and Statement of Cash Flows	**2,984**	**1,828**	**3,138**	**1,920**
Term Deposits Maturing More than Three Months from Date of Acquisition	6,000	5,000	6,050	5,250
Total Cash and Cash Equivalents and Short Term Deposits	**8,984**	**6,828**	**9,188**	**7,170**

Refer to note 14 for weighted average effective interest rate for term deposits

Note 12 Receivables

Accounting Policy

Debtors and other receivables are initially recorded at the amount due, less any provision for impairment (expected credit losses). Receivables are generally short-term and non-interest bearing and receipt is normally on 30 day terms.

The Council and group apply the simplified ECL model of recognising lifetime ECL for receivables. In measuring ECLs, receivables have been grouped into rates receivables, and other receivables, and assessed on a collective basis as they possess shared credit risk characteristics. They have then been grouped based on the days past due. A provision matrix is then established based on historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

Rates are "written-off":
- when remitted in accordance with the Council's rates remission policy; and
- in accordance with the write-off criteria of sections 90A (where rates cannot be reasonably recovered) and 90B (in relation to Māori freehold land) of the Local Government (Rating) Act 2002.

Other receivables are written-off when there is no reasonable expectation of recovery.

	Council		Group	
	Actual 2024/25 $000	**Actual 2023/24 $000**	**Actual 2024/25 $000**	**Actual 2023/24 $000**
Current Portion				
Rates Receivables	766	613	766	613
Other Receivables	1,767	1,706	1,772	1,713
Other Miscellaneous Debtors	150	190	150	190
Receivables prior to impairment	**2,683**	**2,509**	**2,688**	**2,516**
Less Provision for Impairment	-	-	-	-
Total Current Portion of Receivables	**2,683**	**2,509**	**2,688**	**2,516**
Non-Current Portion				
Other Receivables	16	19	16	19
Total Non-Current Portion of Receivables	**16**	**19**	**16**	**19**
Total Receivables	**2,699**	**2,528**	**2,704**	**2,535**
Total Receivables Comprise:				
Receivables from non-exchange transactions				
Rates receivables	766	613	766	613
Other receivables from non-exchange transactions	1,698	1,881	1,703	1,888
Total receivables from non-exchange transactions	**2,464**	**2,494**	**2,469**	**2,501**
Receivables from exchange transactions				
Other receivables from exchange transactions	235	34	235	34
Total receivables from exchange transactions	**235**	**34**	**235**	**34**

The Chief Executive approved the write-off of rates receivables during the year under the Local Government (Rating) Act 2002 as follows:
- Section 90A:$Nil (2024:Nil)
- Section 90B:$Nil (2024Nil)

Note 13 Inventories

Accounting Policy

Inventories are held for distribution or for use in the provision of goods and services. The measurement of inventories held for commercial distribution, are measured at the lower of cost and net realisable value.

Council inventory is made up of land held for development and future resale.

When land held for development and future resale is transferred from investment property/property, plant, and equipment to inventory, the fair value of the land at the date of the transfer is its deemed cost.

The write-down of inventory during the year was NIL (2023/24: NIL). There have been no reversals of write-downs (2024: NIL). No inventory is pledged as security for liabilities.

Note 14 Other Financial Assets

Accounting Policy

Financial assets (other than shares in subsidiaries) are initially recognised at fair value.

Purchases and sales of financial assets are recognised on trade-date, the date on which the Council commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Council has transferred substantially all the risks and rewards of ownership.

Financial assets are classified into the following categories for the purpose of measurement:

- fair value through surplus or deficit (FVTSD);
- amortised cost; and
- fair value through other comprehensive revenue and expense (FVTOCRE).

The classification of a financial asset depends on the purpose for which the instrument was acquired. Transaction costs are included in the carrying value of the financial asset at initial recognition, unless it has been designated at FVTSD, in which case it is recognised in surplus or deficit.

The classification of a financial asset depends on its cash flow characteristics and the Council and group's management model for managing them. A financial asset is classified and subsequently measured at amortised cost if it gives rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal outstanding, and is held within a management model whose objective is to collect the contractual cash flows of the asset.

A financial asset is classified and subsequently measured at FVTOCRE if it gives rise to cash flows that are SPPI and held within a management model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Financial assets that do not meet the criteria to be measured at amortised cost or FVTOCRE are subsequently measured at FVTSD. However, the Council and group may elect at initial recognition to designate an equity investment not held for trading as subsequently measured at FVTOCRE.

Initial recognition of concessionary loans

Loans made at nil or below-market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar financial instrument. For loans to community organisations, the difference between the loan amount and present value of the expected future cash flows of the loan is recognised in surplus or deficit as a grant expense.

Subsequent measurement of financial assets at amortised cost

Financial assets classified at amortised cost are subsequently measured at amortised cost using the effective interest method, less any expected credit losses. Where applicable, interest accrued is added to the investment balance. Instruments in this category include term deposits, community loans, and loans to subsidiaries and associates. Included in this category is also the loan to the Agricultural and Pastoral Association.

Subsequent measurement of financial assets at FVTOCRE

Financial assets in this category that are debt instruments are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense, except expected credit losses (ECL) and foreign exchange gains and losses are recognised in surplus or deficit. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified to surplus and deficit. The Council and group do not hold any debt instruments in this category.

Financial assets in this category that are equity instruments designated as FVTOCRE are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense. There is no assessment for impairment when fair value falls below the cost of the investment. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred to accumulated funds within equity. The Council and group designate into this category all equity investments that are not included in its investment fund portfolio, and if they are intended to be held for the medium to long-term.

Subsequent measurement of financial assets at FVTSD

Financial assets in this category are subsequently measured at fair value with fair value gains and losses recognised in surplus or deficit.

Interest revenue and dividends recognised from these financial assets are separately presented within revenue.

Instruments in this category include the Council and group's investment fund portfolio (comprising of listed shares, bonds, and units in investment funds) and LGFA borrower notes.

Expected credit loss allowance (ECL)

The Council and group recognise an allowance for ECLs for all debt instruments not classified as FVTSD. ECLs are the probability-weighted estimate of credit losses, measured at the present value of cash shortfalls, which is the difference between the cash flows due to Council and group in accordance with the contract and the cash flows it expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

ECLs are recognised in two stages. ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). However, if there has been a significant increase in credit risk since initial recognition, the loss allowance is based on losses possible for the remaining life of the financial asset (Lifetime ECL).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Council and group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Council and group's historical experience and informed credit assessment and including forward-looking information.

The Council and group considers a financial asset to be in default when the financial asset is more than 90 days past due. The Council and group may determine a default occurs prior to this if internal or external information indicates the entity is unlikely to pay its credit obligations in full.

		Council		Group	
	Interest Rate	Actual 2024/25	Actual 2023/24	Actual 2024/25	Actual 2023/24
Current Portion		$000	$000	$000	$000
Bonds and Other Investments		-	-	-	-
LGFA Borrowers Notes					
Maturity April 2025	3.82%	-	100	-	100
Maturity April 2025	2.98%	-	32	-	32
Maturity December 2025	0.64%	93	-	93	-
Maturity April 2026	1.62%	16	-	16	-
Maturity April 2026	1.27%	25	-	25	-
Maturity April 2026	3.30%	200	-	200	-
Total Current Portion		**334**	**132**	**334**	**132**
Non-current Portion					
Bonds and Other Investments		-	-	397	397
LGFA Borrowers Notes			-		
Maturity April 2025	2.98%	-	-	-	-
Maturity April 2025	3.82%	-	-	-	-
Maturity December 2025	0.64%	-	93	-	93
Maturity April 2026	1.62%	-	16	-	16
Maturity April 2026	1.27%	-	25	-	25
Maturity April 2027	3.25%	24	24	24	24
Maturity April 2027	0.98%	16	16	16	16
Maturity April 2027	4.04%	100	-	100	-
Maturity April 2027	3.82%	50	50	50	50
Maturity May 2028	4.92%	50	50	50	50
Maturity May 2028	3.91%	50	50	50	50
Maturity May 2028	5.08%	25	25	25	25
Maturity May 2028	1.72%	25	25	25	25
Maturity May 2029	3.83%	25	25	25	25
Maturity May 2028	5.01%	25	25	25	25
Maturity April 2029	5.07%	25	25	25	25
Maturity April 2029	4.00%	100	-	100	-
Maturity May 2029	5.26%	25	25	25	25
Maturity May 2030	5.27%	75	75	75	75
Maturity May 2030	5.16%	50	50	50	50
Maturity May 2031	3.95%	50	50	50	50
Maturity December 2032	1.47%	87	87	87	87
Community Loan - Stratford A & P Association		7,016	7,180	7,016	7,180
Listed Shares		836	551	836	551
Total Non-current Portion		**8,654**	**8,467**	**9,051**	**8,864**
Total Other Financial Assets		**8,988**	**8,599**	**9,385**	**8,996**

Impairment
There were no impairment provisions for other financial assets. At balance date, none of these financial assets are either past due or impaired.

Community Loan
The face value of the community loan is $7,016,000 (2024: $7,180,000). The purpose of the loan was to assist the Stratford A and P Association to purchase land to enable development of a multi-purpose facility, focusing on equestrian, motorsport, educational and sporting activities. This loan is secured against land owned by the Association, as a first mortgage.

Listed Shares
Listed shares are recognised at fair value. The fair values of listed shares are determined by reference to published current bid price quotations in an active market.

Maturity Analysis and Effective Interest Rates
The maturity dates for all other financial assets with the exception of equity investments and advances to subsidiaries and associates are as follows:

	Council		Group	
	Actual 2024/25	Actual 2023/24	Actual 2024/25	Actual 2023/24
Short Term Deposits	$000	$000	$000	$000
Short term deposits with maturities of 3 months or less	-	1,500	-	1,500
Average maturity	-	90 days	-	90 days
Weighted average Effective Interest Rate		*5.76%*		*5.76%*
Short term deposits with maturities of more than 3 months but less than 12 months	6,000	5,000	6,050	5,250
Average maturity	*354 days*	*309 days*	333 days	284 days
Weighted average Effective Interest Rate	*5.15%*	*6.19%*	*5.11%*	*6.27%*
Total	**6,000**	**6,500**	**6,050**	**6,750**

Note 15 Property, Plant and Equipment

Accounting Policy

Items of a capital nature over $2,000 are treated as property, plant and equipment. Property, plant and equipment are classified into three categories:

- **Operational Assets** – These include land, buildings, library books, plant and equipment, motor vehicles, furniture and fittings, and office equipment.
- **Restricted Assets** – Restricted assets are mainly parks and reserves owned by the council and group that provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.
- **Infrastructure Assets** - Infrastructure assets are the fixed utility systems owned by the council and group. Each asset class includes all items that are required for the network to function. For example wastewater reticulation includes reticulation piping and wastewater pump stations.

Property, plant and equipment classes of assets whose fair value can be measured reliably shall be carried at a revalued amount (except land under roads), being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date.

If there is no market-based evidence of fair value because of the specialised nature of the item of property, plant or equipment, Council and group will carry those classes of assets at its cost less any accumulated depreciation and any accumulated impairment losses value.

Property, plant and equipment are valued as follows:

Class	**Method of Valuation**
Land	Fair Value
Buildings	Optimised Depreciated Replacement Cost
Roads, Bridges and Footpaths	Optimised Depreciated Replacement Cost
Water Supply reticulation	Optimised Depreciated Replacement Cost
Water Supply treatment	Optimised Depreciated Replacement Cost
Wastewater reticulation	Optimised Depreciated Replacement Cost
Wastewater treatment	Optimised Depreciated Replacement Cost
Stormwater system	Optimised Depreciated Replacement Cost

In most instances, an item of property, plant or equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Revaluation

Unless stated, valuations are carried out or reviewed by independent qualified valuers and are carried out at least three yearly. Valuations will be undertaken more regularly if necessary to ensure no individual item of property, plant or equipment within a class has a carrying value that is materially different from its fair value.

Council and group's Land and Buildings were valued as at 30 June 2023 by Telfer Young (Taranaki) Ltd, independent valuers at fair value as determined from the market-based evidence. Land was been valued on the basis of the open market value of that land.

A fair value assessment has been performed as at 30 June 2025 for council's Land and Building assets to ensure that the carrying value is not materially different from its fair value.

Council's infrastructure assets consisting of Roading, Stormwater, Waste Water and Water Supply were revalued by Beca Projects NZ Ltd , independent valuers, as at 30 June 2024 in accordance with Financial Reporting Standard (PBE IPSAS 17) and the New Zealand Infrastructure Asset Valuation and Depreciation Guidelines.

Infrastructure assets have been valued using the depreciated cost approach. This approach uses the assessment of replacement cost new of a modern equivalent asset as the starting point and applies depreciation to adjust for asset age and remaining useful life.

The key assumptions used in this valuation were:

1. The costs of modern equivalent assets and construction methods used in the depreciated replacement cost calculations were derived from the 2021 to 2024 movement of the Infrastructures Cost Indexes from NZ Transport Agency Waka Kotahi (NZTA) for Roading and Statistic New Zealand Capitals Goods Price Index for Stormwater, Waste Water and Water Supply, with adjustments based on Council's recent contractor rates and other similar assets in the market.
2. The useful lives of assets are calculated as the lesser of their physical lives or at the point where the assets are to be replaced for economic reasons.
3. When an asset's age has exceeded its expected life and is still providing an acceptable level of service, an adjusted remaining useful life of 2.5% of base life or a minimum one year is assigned.

The Roading, Stormwater, Waste Water and Water Supply were valued as at 30 June 2024 by Kevin Dunn, Chartered Civil Engineer and Marvin Clough (FPINZ), Registered Plant and Machinery Valuer from Beca Projects NZ Limited. Roading Corridor land is valued on the fair value of adjacent land. This assumes land in its bare state without the benefit of roading, water supply, sewer etc. The valuation takes into consideration the sale of vacant land in the area, which is suitably adjusted to reflect an unimproved state. A fair value assessment has been performed as at 30 June 2025 for Council's Roading, Stormwater, Waste Water and Water Supply assets to ensure that the carrying amount value is not materially different from its fair value.

Land under roads was valued based on fair value provided by previous valuations in 2016 of the Roading Network. This valuation was carried out by Calibre Consultants Ltd. Council elected to use the fair value of Land under Roads as at 1 July 2016 as the deemed cost. Land under roads is no longer revalued.

Public Benefit Entity Revaluation

Revaluation increases and decreases relating to individual assets within a class of assets are offset. Revaluation increases and decreases in respect of assets in different classes are not offset. Where the carrying amount of a class of assets is increased as a result of a revaluation, the net revaluation increase is credited to the revaluation reserve. The net revaluation increase shall be recognised in the Statement of Comprehensive Revenue and Expenses to the extent that it reverses a net revaluation decrease of the same class of assets previously recognised in the Statement of Comprehensive Revenue and Expense. A net revaluation decrease for a class of assets is recognised in the Statement of Comprehensive Revenue and Expense, except to the extent that it reverses a revaluation increase previously recognised in the revaluation reserve to the extent of any credit balance existing in the revaluation reserve in respect of the same class of asset.

Impairment

The carrying amount of Council's non-financial assets, other than investment property are reviewed at each Statement of Financial Position date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, Council estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where the future economic benefits of an asset are not primarily dependant on the asset's ability to generate net cash flows, and where Council, if deprived of the asset, replaces its remaining future economic benefits, value in use shall be determined as the depreciated replacement cost of the asset.

Where Council accounts for revaluations of property, plant and equipment on a class of asset basis, an impairment loss on a revalued asset is recognised directly against any revaluation reserve in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation reserve for that same class of asset.

Where Council accounts for revaluations of property, plant and equipment on a class of asset basis, a reversal of an impairment loss on a revalued asset is credited directly to the revaluation reserve. However, to the extent that an impairment loss on the same class of asset was previously recognised in the Statement of Comprehensive Revenue and Expense, a reversal of that impairment loss is also recognised in the Statement of Comprehensive Revenue and Expense.

Value in use for non-cash generating assets
Non cash-generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, a restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Value in use for cash-generating assets
Cash generating assets are those assets that are held with the primary objective of generating a commercial return.

The value in use for cash-generating assets and cash-generating units is the present value of expected future cashflow.

Disposals

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

Subsequent Costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and Group, and the cost of the item can be measured reliably.

Security

Council and Group do not have any Property, Plant and Equipment pledged as security.

The costs of day-to-day servicing of property, plant and equipment are recognised in the surplus or deficit as they are incurred.

Additions

The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and group and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits for service potential associated with the item will flow to the Council and group and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant and equipment are recognised in the surplus or deficit as they are incurred.

Depreciation

Depreciation is calculated on a straight line basis on all property, plant and equipment, excluding land, at rates that will write off the value of the assets, less their estimated residual values, over their useful lives.

The useful lives of the classes of assets have been estimated as follows:

	Years	Rate
Buildings (including Arboretum)	**10-100**	**1% to 10%**
Plant	**5-10**	**10% to 20%**
Motor Vehicles	**5**	**20%**
Fixtures and Fittings	**5-10**	**10% to 20%**
Office Equipment	**4-10**	**10% to 25%**
Roading Base course	**15-80**	**1.25% to 6.66%**
Roading Seal	**2-16**	**6.25% to 50%**
Roading Culverts	**20-80**	**1.25% to 5%**
Roading Sumps	**80**	**1.25%**
Signs	**10**	**10%**
Bridges (including Tunnels)	**60-100**	**1% to 1.66%**
Footpaths	**20-80**	**1.25% to 5%**
Streetlights	**30**	**3.33%**
Stormwater	**20-80**	**1.25% to 5%**
Water Supply Treatment	**50-120**	**0.83% to 5%**
Water Supply Reticulation	**50-120**	**0.83% to 5%**
Wastewater Treatment	**40-80**	**1.25% to 2.5%**
Wastewater Reticulation	**40-80**	**1.25% to 2.5%**
Street Beautification	**10-100**	**1% to 10%**

Insurance of Assets

The following information relates to the insurance of Council assets as at 30 June:

	2025 $000	2024 $000
The total book value of all Council assets covered by insurance contracts	42,817	44,052
The maximum amount to which insured assets are insured	84,910	85,031
The total book value of all Council assets covered by financial risk-sharing arrangements	73,246	73,548
The total replacement cost of all Council assets covered by financial risk-sharing arrangements	116,653	111,102
Maximum amount available to the Council under financial risk-sharing arrangements	46,661	44,441
Total value of assets that are self-insured	-	-
Value of funds maintained for self-insurance	-	-

In the event of natural disaster, central government may contribute up to 60% towards the restoration of water, drainage, and wastewater assets, and provide a subsidy towards the restoration of roads.

	Cost / Valuation	Accumulated Depreciation and Impairment	Carrying Amount	Assets constructed by Council	Assets transferred to Council	Disposals / Impairment	Transfers	Depreciation	Depreciation Reversed on Revaluation	Depreciation Reversed on Disposal	Revaluation Surplus (excl reversal of accumulated depreciation)	Cost / Valuation	Accumulated Depreciation and Impairment	Carrying Amount
	1 July 2024			Current Year								30 June 2025		
2025	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**
Council Operational Assets														
Land	9,374	-	9,374	749	-	-	(22)	-	-	-	-	10,101	-	10,101
Buildings	9,928	604	9,324	319	-	-	-	572	-	-	-	10,247	1,176	9,071
Surplus Properties	303	-	303	-	-	-	-	-	-	-	-	303	-	303
Plant	865	465	400	64	-	(261)	-	52	-	(150)	-	668	367	301
Motor Vehicles	404	179	225	42	-	(39)	-	28	-	(26)	-	407	181	226
Furniture/Fittings	536	310	226	9	-	(151)	-	20	-	(40)	-	393	291	103
Office Equipment	230	26	204	159	-	(73)	-	59	-	(69)	-	316	16	300
Library Books	851	509	342	40	-	-	-	40	-	-	-	891	549	342
Work In Progress - Buildings	-	-	-	111	-	-	-	-	-	-	-	111	-	111
Work In Progress - Land	2,172	-	2,172	-	-	-	22	-	-	-	-	2,194	-	2,194
Total Operational Assets	**24,663**	**2,093**	**22,570**	**1,493**	**-**	**(524)**	**-**	**771**	**-**	**(285)**	**-**	**25,632**	**2,579**	**23,053**
Council Restricted Assets														
Land	12,940	-	12,940	-	-	-	-	-	-	-	-	12,940	-	12,940
Buildings	33,213	933	32,280	6	-	-	116	960	-	-	-	33,335	1,893	31,442
Street Beautification	1,724	330	1,394	3	-	-	-	24	-	-	-	1,727	354	1,374
Rubbish Bins	203	-	203	-	-	-	-	-	-	-	-	203	-	203
Work In Progress - Buildings	133	-	133	-	-	-	(116)	-	-	-	-	17	-	17
Total Restricted Assets	**48,213**	**1,263**	**46,950**	**9**	**-**	**-**	**-**	**984**	**-**	**-**	**-**	**48,223**	**2,247**	**45,977**
Council Infrastructure Assets														
Water Supply														
- Reticulation and other assets	25,058	-	25,058	709	-	(32)	(354)	442	-	(1)	-	25,380	441	24,939
- Treatment plants and facilities	16,420	-	16,420	480	-	-	(278)	409	-	-	-	16,621	409	16,212
Wastewater System														
- Reticulation and other assets	12,492	-	12,492	576	-	(4)	-	387	-	-	-	13,064	387	12,677
- Treatment plants and facilities	3,796	-	3,796	354	-	-	(44)	195	-	-	-	4,106	195	3,910
Stormwater System	15,780	-	15,780	46	-	-	(21)	297	-	-	-	15,805	297	15,508
Roading Network	286,614	-	286,614	4,593	-	-	-	3,517	-	-	-	291,207	3,517	287,690
Land Under Roads	54,384	-	54,384	-	-	-	-	-	-	-	-	54,384	-	54,384
Bridges	31,432	-	31,432	714	-	-	-	1,013	-	-	-	32,146	1,013	31,133
Work In Progress - Wastewater Treatment	92	-	92	-	-	-	44	-	-	-	-	136	-	136
Work In Progress - Stormwater	-	-	-	-	-	-	21	-	-	-	-	21	-	21
Work In Progress - Water Treatment	444	-	444	-	-	-	278	-	-	-	-	722	-	722
Work In Progress - Water Reticulation	152	-	152	-	-	-	354	-	-	-	-	506	-	506
Total Infrastructure Assets	**446,664**	**-**	**446,664**	**7,471**	**-**	**(36)**	**-**	**6,260**	**-**	**(1)**	**-**	**454,097**	**6,259**	**447,837**
Total Council	**519,540**	**3,356**	**516,184**	**8,974**	**-**	**(560)**	**-**	**8,016**	**-**	**(286)**	**-**	**527,952**	**11,085**	**516,866**
Subsidiaries														
Buildings	1,984	87	1,897	-	-	-	-	89	-	-	-	1,984	174	1,810
Land	385	-	385	-	-	-	-	-	-	-	-	385	-	385
Furniture & Fittings	126	59	67	-	-	-	-	7	-	-	-	126	66	60
Office Equipment	17	10	7	-	-	-	-	1	-	-	-	17	11	6
Arboretum	100	3	97	-	-	-	-	3	-	-	-	100	6	94
Total Subsidiaries	**2,612**	**159**	**2,452**	**-**	**-**	**-**	**-**	**100**	**-**	**-**	**-**	**2,612**	**257**	**2,354**
Total Group	**522,152**	**3,515**	**518,636**	**8,974**	**-**	**(560)**	**-**	**8,116**	**-**	**(286)**	**-**	**530,564**	**11,342**	**519,220**

The figures included under assets constructed by council for work in progress is the net of new work in progress additions and those capitalised during the year.

2024	Cost / Valuation	Accumulated Depreciation and Impairment	Carrying Amount	Assets constructed by Council	Assets transferred to Council	Disposals / Impairment	Transfers	Depreciation	Depreciation Reversed on Revaluation	Depreciation Reversed on Disposal	Revaluation Surplus (incl of depreciation reversed on revaluation)	Cost / Valuation	Accumulated Depreciation and Impairment	Carrying Amount
	1 July 2023			Current Year								30 June 2024		
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
Council Operational Assets														
Land	9,374	-	9,374	-	-	-	-	-	-	-	-	9,374	-	9,374
Buildings	9,666	-	9,666	262	-	-	-	604	-	-	-	9,926	604	9,324
Surplus Properties	303	-	303	-	-	-	-	-	-	-	-	303	-	303
Plant	849	415	434	16	-	-	-	50	-	-	-	865	465	400
Motor Vehicles	386	170	216	42	-	(24)	-	28	-	(19)	-	404	179	225
Furniture/Fittings	531	289	242	5	-	-	-	21	-	-	-	536	310	226
Office Equipment	1,139	731	408	82	-	(991)	-	82	-	(787)	-	230	26	204
Library Books	813	471	342	38	-	-	-	38	-	-	-	851	509	342
Work In Progress - Buildings	58	-	58	-	-	-	(58)	-	-	-	-	-	-	-
Work in progress - plant and equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Work In Progress - Land	2,148	-	2,148	24	-	-	-	-	-	-	-	2,172	-	2,172
Total Operational Assets	**25,267**	**2,076**	**23,190**	**469**	**-**	**(1,015)**	**(58)**	**823**	**-**	**(806)**	**-**	**24,663**	**2,093**	**22,570**
Council Restricted Assets														
Land	12,928	-	12,928	-	12	-	-	-	-	-	-	12,940	-	12,940
Buildings	32,502	-	32,502	711	-	-	-	933	-	-	-	33,213	933	32,280
Street Beautification	1,731	311	1,420	24	-	(31)		24	-	(5)	-	1,724	330	1,394
Rubbish Bins	203	-	203	-	-	-	-	-	-		-	203	-	203
Work In Progress - Street Beautification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Work In Progress - Buildings	160	-	160	-	-	-	(27)	-	-	-	-	133	-	133
Total Restricted Assets	**47,524**	**311**	**47,213**	**735**	**12**	**(31)**	**(27)**	**957**	**-**	**(5)**	**-**	**48,213**	**1,263**	**46,950**
Council Infrastructure Assets														
Water Supply														
- Reticulation and other assets	25,449	750	24,699	787	-	(359)	-	424	(1,158)	(16)	(819)	25,058	-	25,058
- Treatment plants and facilities	14,583	650	13,933	412	-	(7)		361	(1,011)	-	1,432	16,420	-	16,420
Wastewater System											-			
- Reticulation and other assets	10,251	536	9,716	759	-	-	-	297	(833)	-	1,482	12,492	-	12,493
- Treatment plants and facilities	2,729	275	2,454	96	-	-	-	152	(427)	-	971	3,796	-	3,796
Stormwater System	13,081	464	12,617	404	-	(18)	-	251	(715)	-	2,313	15,780	-	15,780
Roading Network	262,110	2,524	259,586	3,934	-	-	-	2,516	(5,040)	-	20,570	286,614	-	286,614
Land Under Roads	54,384	-	54,384	-	-	-	-	-	-	-	-	54,384	-	54,384
Bridges	14,567	366	14,201	727	-	-	-	366	(732)	-	16,138	31,432	-	31,432
Work in Progress - Roading	4	-	4	-	-	-	(4)	-	-	-	-	-	-	-
Work In Progress - W/water Reticulation	-	-	-	-			-					-	-	-
Work In Progress - W/water Treatment	42	-	42	50	-	-	-	-	-	-	-	92	-	92
Work In Progress - Stormwater	99	-	99	-	-	-	(99)	-	-	-	-	-	-	-
Work In Progress - Water Treatment	403	-	403	41	-	-	-	-	-	-	-	444	-	444
Work In Progress - Water Reticulation	240	-	240	-	-	-	(88)	-	-	-	-	152	-	152
Total Infrastructure Assets	**397,942**	**5,565**	**392,378**	**7,210**	**-**	**(384)**	**(191)**	**4,367**	**(9,916)**	**(16)**	**42,087**	**446,664**	**-**	**446,664**
Total Council	**470,733**	**7,952**	**462,781**	**8,414**	**12**	**(1,430)**	**(276)**	**6,147**	**(9,916)**	**(827)**	**42,087**	**519,540**	**3,356**	**516,184**
Subsidiaries														
Buildings	1,972	-	1,972	12	-	-	-	89	-	-	-	1,984	87	1,897
Land	385	-	385	-	-	-		-	-	-	-	385	-	385
Furniture & Fittings	126	52	74	-	-	-	-	7	-	-	-	126	59	67
Office Equipment	17	9	8	-	-	-	-	1	-	-	-	17	10	7
Work in Progress - buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Arboretum	100	-	100	-	-	-	-	3	-	-	-	100	3	97
Total Subsidiaries Assets	**2,600**	**61**	**2,539**	**12**	**-**	**-**	**-**	**100**	**-**	**-**	**-**	**2,612**	**159**	**2,452**
Total Group	**473,333**	**8,013**	**465,320**	**8,426**	**12**	**(1,430)**	**(276)**	**6,247**	**(9,916)**	**(827)**	**42,087**	**522,152**	**3,515**	**518,636**

The figures included under assets constructed by council for work in progress is the net of new work in progress additions and those capitalised during the year.

Estimate of Replacement Cost

	Council	
	Most recent estimate of replacement cost 2024/25 $000	Date of Estimate
2025		
Water Supply		
- Reticulation and other assets	51,052	30 June 2025
- Treatment plants and facilities	20,693	30 June 2025
Wastewater System	-	
- Reticulation and other assets	44,170	30 June 2025
- Treatment plants and facilities	7,080	30 June 2025
Stormwater System	31,431	30 June 2025
Roads and Footpaths	555,375	30 June 2025
2024		
Water Supply		
- Reticulation and other assets	49,364	30 June 2024
- Treatment plants and facilities	19,952	30 June 2024
Wastewater System		
- Reticulation and other assets	42,448	30 June 2024
- Treatment plants and facilities	6,592	30 June 2024
Stormwater System	30,580	30 June 2024
Roads and Footpaths	535,607	30 June 2024

Depreciation and Amortisation Expense by Group of Activity

	Council		
	Actual 2024/25 $000	Budget 2024/25 $000	Actual 2023/24 $000
Directly attributable depreciation and amortisation by group of activity			
Recreation and Facilities	1,413	1,515	1,397
Community Development	75	81	75
Environmental Services	7	5	4
Roading	4,530	3,176	2,882
Stormwater Drainage	297	277	252
Wastewater (Sewerage)	589	432	454
Solid Waste	41	44	40
Water Supply	872	797	805
Total directly attributable depreciation and amortisation by group of activity	**7,822**	**6,327**	**5,909**
Depreciation and amortisation not directly related to group of activities	227	296	329
Total depreciation and amortisation expense	**8,049**	**6,623**	**6,238**

Note 16 Intangible Assets

Accounting Policy

Acquired software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

The carrying value of an intangible asset with a finite life is amortised on a straight line basis. The amortisation charge is recognised in the Statement of Comprehensive Revenue and Expense. The useful lives of intangible assets have been estimated as follows:

- Software 3-10 years – 10% to 33 1/3%.

Council and Group

	Cost / Valuation	Accumulated Amortisation and Impairment	Carrying Amount	Additions	Disposals	Transfers	Current Year Impairment Charges	Depreciation Reversed on Disposal	Current Year Amortisation	Cost / Valuation	Accumulated Amortisation and Impairment	Carrying Amount
2025	**1/07/2024**			**Current Year**						**30 June 2025**		
	$000	**$000**	**$000**	**$000**	**$000**		**$000**	**$000**	**$000**	**$000**	**$000**	**$000**
Computer Software	929	527	401	82	-	-	-	-	33	1,011	560	450
Total	**929**	**527**	**401**	**82**	**-**	**-**	**-**	**-**	**33**	**1,011**	**560**	**450**

		Accumulated Amortisation and Impairment	Carrying Amount	Additions	Disposals	Transfers	Current Year Impairment Charges	Depreciation Reversed on Disposal	Current Year Amortisation	Cost / Valuation	Accumulated Amortisation and Impairment	Carrying Amount
2024	**1/07/2023**			**Current Year**						**30 June 2024**		
	$000	**$000**	**$000**	**$000**	**$000**		**$000**	**$000**	**$000**	**$000**	**$000**	**$000**
Computer Software	1,459	958	501	53	(583)	-	-	(522)	91	929	527	401
Total	**1459**	**958**	**501**	**53**	**(583)**	**-**	**-**	**(522)**	**91**	**929**	**527**	**401**

All intangible assets refering to above are computer software.
There are no restrictions over intangible assets. No intangible assets have been pledged as security for liabilities.

Note 17 Payables and Deferred Revenue

Accounting Policy

Short-term creditors and other payables are recorded at the amount payable.

	Council		Group	
	Actual 2024/25 $000	Actual 2023/24 $000	Actual 2024/25 $000	Actual 2023/24 $000
Current Portion				
Payables and deferred revenue under exchange transactions:				
Trade Payables and Accrued Expenses	2,813	2,792	2,840	2,830
Deposits and Bonds	72	117	72	117
Revenue Received in Advance	377	290	378	290
Total	3,262	3,199	3,290	3,237
Payables and deferred revenue under non-exchange transactions:				
Other Taxes Payable (GST)	504	256	504	256
Rates in Advance	457	407	457	407
Total	961	663	961	663
Total Current Portion	**4,223**	**3,862**	**4,251**	**3,900**

Note 18 Provisions

Accounting Policy

Council recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

	Council		Group	
	Actual 2024/25 $000	Actual 2023/24 $000	Actual 2024/25 $000	Actual 2023/24 $000
Current Portion				
Landfill Aftercare Provision	-	7	-	7
Total Current Portion	**-**	**7**	**-**	**7**
Non-current Portion				
Landfill Aftercare Provision	-	-	-	-
Total Non-Current Portion	**-**	**-**	**-**	**-**
Total Provisions	**-**	**7**	**-**	**7**

Movements for the Landfill Aftercare provision are as follows:

	Council		Group	
	Actual 2024/25 $000	Actual 2023/24 $000	Actual 2024/25 $000	Actual 2023/24 $000
Opening Balance	7	14	7	14
Additional Provision Made	-	-	-	-
Amounts used	(7)	(7)	(7)	(7)
Closing Balance 30 June	**-**	**7**	**-**	**7**

Rural Landfills

In February 1998 Stratford District Council renewed its aftercare consents for the Pukengahu and Huiroa landfills which were closed in 1990 and 1991 respectively.

New consents have been granted by Taranaki Regional Council for the management of Council's closed landfills. These consents are valid until 2034 and set monitoring parameters with requirements for remedial action depending on the outcomes of the monitoring.

Stratford Landfill

In March 1999 Stratford District Council renewed its consent for the Swansea Road landfill. While the consent required the site to be closed by June 2005 it was actually closed on 18 March 2002.

Council has an ongoing liability to ensure the site continues to be managed in a manner that least affects the environment and the work is expected to include the following major components:

- Environmental Monitoring (surface and groundwater)
- Surface groundwater controls (drainage maintenance)
- Earthworks (in the initial years the land is expected to sink due to the refuse decomposition and filling will be required to avoid ponding).

These liabilities were expected to continue to the 2025 year following the closure of the landfill however the financial impact is expected to be greatest for the first five years.

As this provision is now at a zero balance, any future costs will be treated as a normal operating expense.

Note 19 Employee Entitlements

Accounting Policy

Short-term employee entitlements

Employee benefits expected to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, and sick leave.

A liability and an expense are recognised for bonuses where the Council or group has a contractual obligation or where there is a past practice that has created a constructive obligation.

Long-term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave and retirement gratuities, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlement information; and
- the present value of the estimated future cash flows.

Presentation of employee entitlements

Annual leave is classified as a current liability. Retirement gratuities expected to be settled within 12 months of balance date are classified as a current liability. All other employee entitlements are classified as a non-current liability.

Provision is made in respect of Council and Group’s liability for annual leave, and retirement gratuities. Annual leave has been calculated on an actual entitlement basis at current rates of pay while the other provisions have been calculated on an actuarial basis.

	Council		Group	
	Actual 2024/25 $000	Actual 2023/24 $000	Actual 2024/25 $000	Actual 2023/24 $000
Current Portion				
Annual Leave	356	313	358	324
Total Current Portion	**356**	**313**	**358**	**324**
Non-Current Portion				
Retirement Gratuities	-	-	-	-
Total Non-Current Portion	**-**	**-**	**-**	**-**
Total Employee Entitlements	**356**	**313**	**358**	**324**

Note 20 Borrowings

Accounting Policy

Borrowings are initially recognised at their fair value plus transaction costs. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Council or group has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

	Council		Group	
	Actual 2024/25 $000	Actual 2023/24 $000	Actual 2024/25 $000	Actual 2023/24 $000
Current Portion				
Committed cash advance facility	-	-	-	-
Secured Loans	9,700	6,000	9,700	6,000
Total Current Portion	**9,700**	**6,000**	**9,700**	**6,000**
Non-Current Portion				
Secured Loans	29,000	30,700	29,000	30,700
Total Non-Current Portion	**29,000**	**30,700**	**29,000**	**30,700**
Total Borrowings	**38,700**	**36,700**	**38,700**	**36,700**

Security

The Council has entered into a Debenture Trust Deed with Trustees Executors Limited.

Under the debenture trust deed the Council has granted security over its rates and rates revenue. Trustees Executors Limited hold this security for the benefit of any holders of Stock (as that term is defined in the Council's debenture trust deed).

The Council has granted security stock (with a floating nominal amount) to each of TSB Bank Ltd and New Zealand Local Government Funding Agency (to secure all of Council's borrowings with those entities).

Committed cash advance facility

Stratford District Council has a CCAF (Committed Cash Advance Facility) of $1.0m that has not been included in the financial statements, as it has not been drawn down.

Maturity Analysis and Effective Interest Rates

	Council		Group	
	Actual 2024/25 $000	Actual 2023/24 $000	Actual 2024/25 $000	Actual 2023/24 $000
Less than one year	9,700	6,000	9,700	6,000
Later than one year but not more than five years	23,500	20,200	23,500	20,200
Later than five years	5,500	10,500	5,500	10,500
Total Borrowings	**38,700**	**36,700**	**38,700**	**36,700**

The weighted average effective interest rate for 2024/25 is 3.55% (2023/24 - 3.74%).

Internal Borrowing

During the 2012/13 year Council made an internal loan to the Water Supply activity, towards the capital costs of the new Stratford Water Treatment Plant. The loan was for $2,000,000. Interest has been calculated on the balance outstanding as at 1 July 2024 of $1,110,795 at the weighted average interest rate as at 31 December 2024 of 3.55%. The Water Supply activity has been charged the cost of $39,433. The sum of $80,000 was repaid at the end of the year. The balance as at 30 June 2025 is $1,030,795.

A breakdown of each loan with the LGFA and respective details is listed below:

	Maturity date	Interest rate 2024/25	Interest rate 2023/24	Actual 2024/25 $000	Actual 2023/24 $000
Current					
LGFA Bond issue	April 2025	3.38%	3.38%	0	2,000
LGFA Bond issue	April 2025	4.22%	4.22%	0	4,000
LGFA Bond issue	December 2025	1.04%	1.04%	3,700	3,700
LGFA Bond issue	April 2026	1.67%	1.67%	1,000	1,000
LGFA Bond issue	April 2026	2.02%	2.02%	1,000	1,000
LGFA Bond issue	April 2026	3.75%	0.00%	4,000	0
Total Current borowings				9,700	11,700
Non-current					
LGFA Bond issue	April 2027	1.38%	1.38%	1,000	1,000
LGFA Bond issue	April 2027	3.65%	3.65%	1,500	1,500
LGFA Bond issue	April 2027	4.51%	0.00%	2,000	0
LGFA Bond issue	Ápril 2027	4.17%	4.17%	2,000	2,000
LGFA Bond issue	May 2028	2.12%	2.12%	1,000	1,000
LGFA Bond issue	May 2028	4.26%	4.26%	2,000	2,000
LGFA Bond issue	May 2028	5.50%	5.50%	1,000	1,000
LGFA Bond issue	May 2028	4.23%	4.23%	1,000	1,000
LGFA Bond issue	May 2028	5.32%	5.32%	2,000	2,000
LGFA Bond issue	May 2028	5.41%	5.41%	1,000	1,000
LGFA Bond issue	April 2029	4.45%	0.00%	2,000	0
LGFA Bond issue	April 2029	5.66%	5.66%	1,000	1,000
LGFA Bond issue	April 2029	5.49%	5.49%	1,000	1,000
LGFA Bond issue	May 2030	5.56%	5.56%	2,000	2,000
LGFA Bond issue	May 2030	5.67%	5.67%	3,000	3,000
LGFA Bond issue	May 2031	4.30%	4.30%	2,000	2,000
LGFA Bond issue	December 2032	1.87%	1.87%	3,500	3,500
Total non-current borrowings				29,000	25,000
Total Borrowings				38,700	36,700

Note 21 Equity

Accounting Policy

Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components.

- accumulated funds;
- restricted reserves;
- property revaluation reserve; and
- fair value through other comprehensive revenue and expense reserve.

Restricted reserves

Restricted reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by the Council.

Restricted reserves include those subject to specific conditions accepted as binding by the Council and which may not be revised by the Council without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Also included in restricted reserves are reserves restricted by Council decision. The Council may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

Property revaluation reserve

This reserve relates to the revaluation of property, plant, and equipment to fair value.

Fair value through other Comprehensive Revenue and Expense reserve

This reserve comprises the cumulative net change in the fair value of assets classified as fair value through other comprehensive revenue and expense.

	Council		Group	
	Actual 2024/25 $000	Actual 2023/24 $000	Actual 2024/25 $000	Actual 2023/24 $000
Accumulated Funds - 1 July	199,963	201,080	201,204	202,553
Transfers to:				
Restricted Reserves	(258)	(189)	(258)	(189)
Council Created Reserves	(9,245)	(8,421)	(9,245)	(8,421)
Transfers from:				
Council Created Reserves	8,984	7,229	8,984	7,229
Restricted Reserves	105	320	105	320
Revaluation reserve disposal of building	-	-	-	-
Profit / (Loss) for the year	709	(57)	488	(288)
Balance at 30 June	**200,259**	**199,963**	**201,279**	**201,204**
Restricted Reserves - 1 July	1,093	1,224	1,093	1,224
Transfers to:				
Accumulated Funds	(105)	(320)	(105)	(320)
Transfers from:				
Accumulated Funds	258	189	258	189
Balance at 30 June	**1,246**	**1,093**	**1,246**	**1,093**
Fair Value through other comprehensive revenue and expense - 1 July	(532)	(483)	(532)	(483)
Loss / gain on sale of financial assets at fair value through other comprehensive income	-	-	-	-
Revaluation Gains/(Losses) on Investments Carried at Fair Value	285	(49)	285	(49)
Balance at 30 June	**(247)**	**(532)**	**(247)**	**(532)**
Council Created Reserves - 1 July	7,700	6,508	7,700	6,508
Transfer to Income Statement on disposal of Property, Plant and Equipment	-	-	-	-
Transfers to:				
Accumulated Funds	(8,984)	(7,229)	(8,984)	(7,229)
Transfers from:				
Accumulated Funds	9,245	8,421	9,245	8,421
Balance at 30 June	**7,961**	**7,700**	**7,961**	**7,700**
Asset Revaluation Reserves - 1 July	285,611	233,608	287,520	235,517
Revaluation Gains/(Losses)	-	52,003	-	52,003
Balance at 30 June	**285,611**	**285,611**	**287,520**	**287,520**
Total Other Reserves - 30 June	**294,570**	**293,872**	**296,478**	**295,780**
Asset Revaluation Reserves consist of:				
Operational Assets				
Land	7,118	7,118	7,378	7,378
Buildings	6,923	6,923	8,572	8,572
Restricted Assets				
Wastewater System	12,216	12,216	12,216	12,216
Water System	25,982	25,982	25,982	25,982
Stormwater System	14,069	14,069	14,069	14,069
Roading Network	209,606	209,606	209,606	209,606
Land	7,379	7,379	7,379	7,379
Buildings	2,318	2,318	2,318	2,318
Total	**285,611**	**285,611**	**287,520**	**287,520**

Note 21 Equity continued

Purpose of Each Reserve Fund

Council's reserve funds are classified in to three categories:

- Council Created Reserves
- Restricted Reserves
- Targeted Rate Reserves

The purposes of the reserves are as follows:

Council Created Reserves

General Renewals Reserve

This reserve has been created for the accumulation of depreciation on buildings, plant, vehicles, office equipment and furniture and fittings. The funds are set aside to provide for the ongoing replacement of operational assets in these categories, and also to maintain and enhance existing Council assets. Funds are also provided for new projects where necessary.

Roading Renewals Reserve

This reserve has been created for the accumulation of depreciation on roads, bridges and street services assets. The funds are set aside to provide for the ongoing replacement of operational assets in these categories, and also to maintain and enhance existing Council assets. Funds are also provided for new projects where necessary.

Contingency Reserve

This reserve has been created to assist in the event of an emergency. Purposes for which funds are currently set aside are such things as natural disasters e.g. floods, earthquakes, volcanic eruptions etc.

Asset Sales Proceeds Reserve

The purpose of this reserve is to accumulate the net proceeds from the sale of Council assets that have not been specifically tagged for a particular purpose. These funds can then be used to acquire new capital assets.

Staff Gratuities Reserve

These funds are for the payment of gratuities, redundancies, and farewells/recognition of long service of staff or elected members, however there are no other specific restrictions on this reserve.

Mayor's Relief Fund Reserve

This fund has been in existence since at least 1934 and was originally set up to provide funds for the 'relief of distress' in the Stratford District. In recent years the reserve has been funded by donations and distributions of these monies has been at the Mayor's discretion.

Turf Replacement Reserve

This reserve was created to accumulate funds annually to contribute towards the replacement of the hockey turf, when required.

Farm Reserve

This reserve was created to record the annual farm surplus as approved by Elected Members that are available for future rates mitigation.

Restricted Reserves

Elsie Fraser Bequest Reserve

These funds came from a bequest from Elsie Fraser in 1985 for the provision of a 'home for the less affluent old people within the Stratford community'. All surpluses from operations of these units are credited to the reserve.

RMA/Financial Contributions Reserve

Financial contributions are required by the Stratford District Plan. Council has received these funds from the subdivision of land and various land use activities. The reserve is used to fund growth related capital works and services.

Targeted Rate Reserves

Water Supply, Solid Waste and Wastewater Reserves

These reserves represent the balance of funds collected from various targeted rates which have not yet been spent. The funds can only be used for the purpose for which they were originally levied. The reserves include depreciation on infrastructural assets, costs of any capital/renewal expenditure and any surplus/deficit from operations for the year.

Reserve Fund Movements

2025	Activities to which the reserve relates	Balance 1 July 2024 $000	Transfers into fund $000	Transfers out of fund $000	Balance 30 June 2025 $000
Restricted Reserves					
Elsie Fraser Bequest Reserve	Pensioner Housing	42	52	(28)	67
Financial Contributions Reserve	All activities	1,049	205	(77)	1,177
Total		**1,091**	**258**	**(105)**	**1,244**

2025	Activities to which the reserve relates	Balance 1 July 2024 $000	Transfers into fund $000	Transfers out of fund $000	Balance 30 June 2025 $000
Council Created /Targeted Rate Reserves					
General Renewal Reserve	All activities	6,394	2,006	(1,792)	6,609
Contingency Reserve	All activities	505	19	(19)	505
Asset Sale Proceeds Reserve	All activities	729	39	(727)	42
Staff Gratuities Reserve	All activities	140	5	(2)	143
Mayor's Relief Fund Reserve	Community	4	0	-	4
Turf Replacement Reserve	Community	64	12	-	76
Farm Surplus	All activities	62	218	(70)	210
Stormwater Reserve	Stormwater	928	332	(204)	1,056
Roading Renewals Reserve	Roading	(877)	5,090	(4,232)	(19)
Water Supply Reserve	Water Supply	(816)	872	(957)	(901)
Solid Waste Reserve	Waste Management	45	43	(189)	(101)
Wastewater Reserve	Wastewater	527	608	(794)	342
Total		**7,705**	**9,245**	**(8,984)**	**7,966**

2024	Activities to which the reserve relates	Balance 1 July 2023 $000	Transfers into fund $000	Transfers out of fund $000	Balance 30 June 2024 $000
Restricted Reserves					
Elsie Fraser Bequest Reserve	Pensioner Housing	60	51	(69)	42
Financial Contributions Reserve	All activities	1,162	138	(251)	1,049
Total		**1,222**	**189**	**(320)**	**1,091**

2024	Activities to which the reserve relates	Balance 1 July 2023 $000	Transfers into fund $000	Transfers out of fund $000	Balance 30 June 2024 $000
Council Created and Targeted Rate Reserves					
General Renewal Reserve	All activities	5,220	2,278	(1,104)	6,394
Contingency Reserve	All activities	505	16	(16)	505
Asset Sale Proceeds Reserve	All activities	706	23	-	729
Staff Gratuities Reserve	All activities	137	4	(1)	140
Mayor's Relief Fund Reserve	Community	4	-	-	4
Turf Replacement Reserve	Community	52	12	-	64
Farm Surplus	All activities	69	62	(69)	62
Stormwater Reserve	Stormwater	752	276	(100)	928
Roading Renewals Reserve	Roading	(1,021)	4,428	(4,284)	(877)
Water Supply Reserve	Water Supply	(732)	806	(890)	(816)
Waste Management Reserve	Waste Management	168	45	(168)	45
Wastewater Reserve	Wastewater	654	471	(597)	527
Total		**6,513**	**8,421**	**(7,229)**	**7,705**

Note 22 Commitments

	Council		Group	
	Actual 2024/25 $000	Actual 2023/24 $000	Actual 2024/25 $000	Actual 2023/24 $000
Financial Commitments				
Not later than one year	7,847	7,624	7,847	7,624
Later than one year and not later than five years	2,928	9,244	2,928	9,244
Later than five years	2,856	4,400	2,856	4,400
Total	**13,631**	**21,268**	**13,631**	**21,268**
Operating Leases as a Lessor				
Not later than one year	3	3	35	27
Later than one year and not later than five years	12	12	15	26
Later than five years	57	60	57	60
Total	**72**	**75**	**107**	**113**
Capital Commitments				
Roading network	3,232	5,722	3,232	5,722
Total	**3,232**	**5,722**	**3,232**	**5,722**

Non-financial commitments

- Council is committed to a 50/50 sharemilking agreement with the current sharemilker to 31 May 2027.
- Council is committed to various leases of rental properties for terms ranging up to 33 years with perpetual rights of renewal in two cases.
- Council is committed to a number of leases on reserves to various sports and other community bodies for varying terms.
- Council is committed to ground leases for the aerodrome club buildings, and private hangars for terms of up to 20 years.
- Quotable Value NZ Ltd will provide valuation services to Council for the period to 30 June 2026.
- AA Drivers Licensing have given Council an agency relationship to 30 June 2027.
- The Information Centre has various commission agreements with tourism providers.

Note 23 Contingencies

Contingent Assets

The Council operates a scheme whereby sports clubs are able to construct facilities (e.g. club rooms) on reserve land. The clubs control the use of these facilities and the Council will gain control of the asset only if the club vacates the facility. Until this event occurs, the assets are not recognised as assets in the statement of financial position. As at 30 June 2025 there are 6 properties, with 7 facilities, having an approximate value of $1,530,900 (2024 - 6 properties with 7 facilities - $1,530,000). The estimate has been based on rating valuations for the district that were performed effective June 2023.

Contingent Liabilities

Local Government Funding Agency (LGFA)

The Council is a guarantor of the New Zealand Local Government Funding Agency (NZLGFA). The NZ LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. NZLGFA has a local currency rating from both Standard and Poor's and Fitch of AA+ and a foreign currency rating from both of AA+.

As at 30 June 2025, NZLGFA had 77 council members and eight council controlled organisation members. Of the 77 council members, 30 are shareholders, and Council is one of the 72 who are guarantors. Together with the other guarantors, the Council is a guarantor of all of the LGFA's borrowings. At 30 June 2025, NZ LGFA had borrowings totalling $25.53 billion (2024: $23.84 billion).

Financial reporting standards require the Council to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. The Council considers the risk of NZLGFA defaulting on repayment of interest or capital to be very low on the basis that:

- It is not aware of any local authority debt default events in New Zealand; and
- Local government legislation would enable local authorities to levy a rate to raise sufficient funds to meet any debt obligations if further funds were required.

Resource Management Act

The Resource Management Act 1991 imposes certain obligations and liabilities on local authorities relating to the issue of resource consents. As at 30 June 2025, one matter under that Act indicating a potential liability has been brought to the Council's attention. This matter relates to some infrastructure constructed by a developer as a condition of a resource consent and which does not appear to be performing to an appropriate standard.

Note 24 Related Party Transactions

Related party disclosures have not been made for transactions with related parties that are:

- Within a normal supplier or client/recipient relationship; and
- On terms and conditions no more or less favourable that those that is reasonable to expect the council and group would have adopted in dealing with the party at arm's length in the same circumstances.
- Further, no disclosure has been made for transactions with entities within the council group (such as funding and financing flows), where the transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such group transactions.

Council is the ultimate parent of the group and controls one entity, being Percy Thomson Trust and has no significant influence over any other entities.

Related party transactions required to be disclosed	**Actual 2024/25 $000**	**Actual 2023/24 $000**
Percy Thomson Trust		
Grant to the Trust from Council	50	50
Fees paid by the Trust to Council for administration services	21	21

Key Management Personnel Compensation	**Actual 2024/25**	**Actual 2023/24**
Councillors		
Full time equivalent members	12	12
Remuneration		
Mayor - N Volzke	$108,933	$105,003
Councillors:		
J Sandford	$25,512	$24,654
J Erwood	$25,512	$24,654
G Boyde	$29,113	$28,128
A Harris	$26,472	$25,581
M McKay	$35,115	$33,915
V Jones	$25,512	$25,654
S Beck	$25,512	$24,654
A Dudley	$25,512	$24,654
E Hall	$25,512	$24,654
C Tongawhikau (to 10 June 2025)	$24,178	$24,654
M Watt	$25,512	$24,654
TOTAL ELECTED MEMBERS REMUNERATION	**$402,395**	**$390,859**
Full time equivalent members	12	12
Senior Management Team, including the Chief Executive		
Full time equivalent members	5	5
TOTAL REMUNERATION	**$1,010,237**	**$990,544**
Total full time equivalent personnel	**17**	**17**
Total key management personnel remuneration	**$1,412,632**	**$1,381,403**

Note 25 Remuneration

	Actual 2024/25	Actual 2023/24
Chief Executive		
The Chief Executive of Stratford District Council was appointed under section 42 of the Local Government Act 2002 as from 5 January 2017, then re-appointed for a further five year term from 3 May 2022, and received the following remuneration for the year ended 30 June 2025:		
Salary	$250,000	$250,000
Superannuation Subsidy (Kiwisaver)	$7,500	$7,500
As at 30 June 2025 the annual remuneration package that was being received by the Chief Executive was calculated at $250,000. This remuneration excludes Kiwisaver contributions.		
Total Chief Executive Remuneration	$257,500	$257,500

Council employee remuneration by band	**30 June 2025**	**30 June 2024**
Total annual remuneration by band		
Less than $60,000	59	50
$60,000 - $79,999	12	17
$80,000 - $99,999	10	15
$100,000 - $159,999	13	10
$160,000 - $259,999	5	5
Total employees	99	97

Council Employee Numbers	**30 June 2025**	**30 June 2024**
Number of employees (at 30 June)	**Actual**	**Actual**
Full-time employees	40	48
Part-time employees (including casual employees)	59	49
Total employees	99	97
NB - A full-time equivalent is determined on the basis of a 40 hour working week.		
Full-time equivalent employees		
Full-time employees	40	49
Part-time employees (in full-time equivalents)	32	26
Total full-time equivalent employees	72	75

Note 26 Severance Payments

For the year ended 30 June 2025, the Council made one severance payment to an employee totalling $21,000 (2023/24 – no payments made).

Note 27 Events After the Balance Date

There have been no subsequent events requiring disclosure in the current year.

Note 28 Financial Instruments

The accounting policies for financial instruments have been applied to the line items below:				
	Council		Group	
FINANCIAL ASSETS	**Actual 2024/25 $000**	**Actual 2023/24 $000**	**Actual 2024/25 $000**	**Actual 2023/24 $000**
Amortised Cost				
Cash and cash equivalents - Cash	2,984	1,828	3,188	1,920
Short Term Deposits	6,000	5,000	6,000	5,250
Receivables	2,683	2,509	2,688	2,516
Community Loan	7,016	7,180	7,016	7,180
LGFA Borrower Notes	1,136	868	1,136	868
Total	**19,819**	**17,385**	**20,028**	**17,734**
Fair value through surplus and deficit				
Other financial assets:				
Bonds and Other Investments	-	-	397	397
Total	**-**	**-**	**397**	**397**
Fair value through other comprehensive revenue and expenses				
Other financial assets:				
Listed shares	836	551	836	551
Total	**836**	**551**	**836**	**551**
FINANCIAL LIABILITIES				
Financial liabilities at amortised cost				
Payables and deferred revenue	3,262	3,199	3,290	3,237
Borrowings:				
Secured loans	38,700	36,700	38,700	36,700
Total	**41,962**	**39,899**	**41,990**	**39,937**

Note 29 Explanation of Significant Variances Between Actual and Budget

Explanations for major variations from Council's estimated figures in the 2024-34 Long Term Plan are as follows:

Statement of Comprehensive Revenue and Expense

- Income is less than budget primarily due to the decision by NZTA to decline funding for some capital roading projects.
- Depreciation is higher than budget for Roading and the Three Waters assets, as a result of significant increase in the revaluation as at 30 June 2024.

Statement of Financial Position

- Cash on Hand was higher than budget as a result of the reduction in capital expenditure spending.
- Payables and deferred revenue were higher than budget, but consistent with the prior year.

Note 30 District Licensing Committee Disclosure

	2024/25	2023/24
Income from Fees:		
Licence Applications	37,109	32,035
Liquor Licencing Authority Levies	-4,793	-2,520
Total Income	**32,317**	**29,515**
Expenditure:		
Licencing Inspectors	72,532	61,400
District Licensing Committee Fees	580	2,631
Liquor Licencing Authority Levies	-	0
Other operating Costs Relating to Enforcement	933	1,813
Total Expenditure	**74,044**	**65,844**

This information is provided in accordance with Regulation 19 of the Sale and Supply of Alcohol (Fees) Regulations 2013. This regulation requires Territorial Authorities to prepare a report detailing income from fees, and licencing costs under the Act. This information must be publicly available.

Note 31 Joint Committee – Central Landfill

During the 2017/18 year the Council agreed with South Taranaki District Council (STDC) and New Plymouth District Council (NPDC) tasked with developing a new landfill and operating it following the closure of the Colson Road Landfill. Each Council's share of capital contributions, distribution of any operating surplus or apportionment of any operating deficit has been agreed as follows: NPDC 66.4%, STDC 27.1% and SDC 6.5%. As at 30 June 2025, no additional capital contributions were made (2023/24: Nil).

In November 2018, the Joint Committee made the decision to suspend further development of the Central Landfill. Waste is now being disposed of at Bonny Glen, in the Rangitikei District, under a 35 year contract with Midwest Disposals Ltd who operate the landfill. As there was no alternative use for the proposed central landfill in Taranaki, all capital costs incurred have been written off to surplus or deficit. As at 30 June 2025 there are no funds retained by the Central Landfill Joint Committee for Stratford District Council's share of future operational costs (2023/24: Nil).

Note 32 Riskpool Update

Stratford District Council was previously a member of the New Zealand Mutual Liability Riskpool scheme ('Riskpool'). The Scheme is in wind down, however the Council has an ongoing obligation to contribute to the scheme should a call be made in respect of any historical claims (to the extent those claims are not covered by reinsurance), and to fund the ongoing operation of the scheme.

The likelihood of any call in respect of historical claims diminishes with each year as limitation periods expire. However, as a result of the Supreme Court decision on 1 August 2023 in Napier City Council v Local Government Mutual Funds Trustee Limited, it has been clarified that Riskpool has a liability for that member's claim in relation to non-weathertight defects (in a mixed claim involving both weathertight and non-weathertight defects). In November 2023, Riskpool made a call to members to pay a contribution to fund the deficits, with council's contribution being $31,536, and a further call was made to members, with council's contribution being $7,367 in April 2025.

Note 33 Three Waters Service Delivery Reforms

Local Water Done Well ("LWDW") is the Government's water services reform programme aimed at addressing New Zealand's water infrastructure challenges.

In September 2024, the Coalition Government passed the Local Government (Water Services Preliminary Arrangements) Act 2024, driving a tight timeframe for developing and implementing objectives under the Local Water Done Well (LWDW) Policy. The framework includes the opportunity for councils to establish independent or joint Water Services Council Controlled Organisations (WSCCOs).

A critical component of the legislation is the statutory requirement for all Councils to submit a Water Services Delivery Plan (WSDP) to Central Government by 3 September 2025 that explicitly shows an assessment of Council's water infrastructure, how much is needed to invest, and how Councils plan to finance and deliver it through a preferred water service delivery model.

Following overwhelming community support for retaining water services in house, Council adopted a stand-alone business unit as the future delivery model for Water, Wastewater and Stormwater for the Stratford district. A water services delivery plan reflecting this choice was submitted on 29 August 2025. Council is currently awaiting a decision or further engagement on this by the Department of Internal Affairs.

There has been some unbudgeted expenditure as well as revenue arising from these reforms to date. More significant financial and organisational impacts are anticipated in the subsequent financial years, once a model has been confirmed by central government. This will trigger material changes to future Annual and Long Term plans irrespective of the final delivery model.

Note 34 Rounding Errors

Some rounding errors may occur in the financial statements due to dollar amounts to the nearest $1,000.

FUNDING IMPACT STATEMENT TITLE PAGE

Funding Impact Statements

Funding Impact Statement for the year ended 30 June 2025 (Whole of Council)

	Annual Plan 2023/24 ($000)	Actual 2023/24 ($000)	Long Term Plan 2024/25 ($000)	Actual 2024/25 ($000)
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	9,021	9,201	9,927	9,957
Targeted rates	7,147	7,136	8,725	8,685
Subsidies and grants for operating purposes	2,045	3,040	2,322	2,642
Fees and Charges	3,373	2,823	3,663	3,014
Interest and dividends from investments	324	490	442	603
Local authorities fuel tax, fines, infringement fees, and other receipts	55	82	55	72
Total operating funding (A)	**21,964**	**22,771**	**25,134**	**24,973**
Applications of operating funding				
Payment to staff and suppliers	17,225	17,531	18,958	18,381
Finance costs	1,241	1,217	1,453	1,481
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	**18,466**	**18,748**	**20,411**	**19,862**
Surplus (deficit) of operating funding (A-B)	**3,498**	**4,023**	**4,723**	**5,111**
Sources of capital funding				
Subsidies and grants for capital expenditure	9,136	2,837	7,599	3,695
Development and financial contributions	-	101	-	166
Increase (decrease) in debt	4,016	3,000	5,513	2,000
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	**13,152**	**5,937**	**13,112**	**5,860**
Applications of capital funding				
Capital expenditure to:				
- To meet additional demand	1,049	25	2,600	21
- To improve the level of service	9,921	2,673	6,378	2,730
- To replace existing assets	5,487	5,462	9,538	6,264
Increase (decrease) in reserves	193	1,799	(681)	1,956
Increase (decrease) in investments	-	-	-	-
Total applications of capital funding (D)	**16,650**	**9,959**	**17,835**	**10,971**
Surplus (deficit) of capital funding (C-D)	**(3,497)**	**(4,022)**	**(4,722)**	**(5,112)**
Funding balance ((A-B) + (C-D))	**0**	**0**	**0**	**0**

Reconciliation between the surplus in the Prospective Income Statement and Surplus(Deficit) of operating funding in the Funding Impact Statement

	Annual Plan 2023/24 ($000)	Actual 2023/24 ($000)	Long Term Plan 2024/25 ($000)	Actual 2024/25 ($000)
Surplus (Deficit) of operating funding from Funding Impact Statement	$3,498	$4,023	4,723	5,111
Plus - Subsidies and grants for capital expenditure	$9,136	$2,837	7,599	3,695
Plus - Financial Contributions	$0	$101	-	166
Plus - Other Revenue	$0	$58	-	74
Less - Losses on disposals and other expenses	$0	($838)	-	(287)
Less - Depreciation	($6,699)	($6,238)	(6,624)	(8,049)
Net Surplus before taxation in Prospective Income Statement	**$5,935**	**($57)**	**5,698**	**709**

Funding Impact Statement for the year ended 30 June 2025 Recreation and Facilities)

	Long Term Plan 2021 for 2023/24	Actual 2023/24	Long Term Plan 2024/25	Actual 2024/25
	($000)	($000)	($000)	($000)
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	3,858	4,458	5,470	5,458
Targeted rates	17	19	19	19
Subsidies and grants for operating purposes	-	6	-	122
Fees and Charges	580	847	1,162	982
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	46	20	65	97
Total operating funding (A)	**4,500**	**5,351**	**6,716**	**6,678**
Applications of operating funding				
Payment to staff and suppliers	2,260	3,850	4,567	4,181
Finance costs	305	404	511	424
Internal charges & overheads applied	895	1,171	1,198	1,228
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	**3,459**	**5,425**	**6,275**	**5,833**
Surplus (deficit) of operating funding (A-B)	**1,041**	**(74)**	**441**	**845**
Sources of capital funding				
Subsidies and grants for capital expenditure	34	275	257	58
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	104	67	(478)	(293)
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	**137**	**342**	**(221)**	**(236)**
Applications of capital funding				
Capital expenditure to:				
- To meet additional demand	-	-	-	-
- To improve the level of service	209	615	729	922
- To replace existing assets	59	45	355	203
Increase (decrease) in reserves	911	(405)	(863)	(515)
Increase (decrease) in investments	-	-	-	-
Total applications of capital funding (D)	**1,179**	**255**	**221**	**609**
Surplus (deficit) of capital funding (C-D)	**(1,041)**	**87**	**(442)**	**(846)**
Funding balance ((A-B) + (C-D))	**0**	**0**	**0**	**0**

Funding Impact Statement for the year ended 30 June 2025 (Roading)

	Long Term Plan 2021 for 2023/24	Actual 2023/24	Long Term Plan 2024/25	Actual 2024/25
	($000)	($000)	($000)	($000)
Sources of operating funding				
General rates, uniform annual general charges, rates penalties *	(13)	(96)	(32)	(32)
Targeted rates	3,344	3,413	4,229	4,227
Subsidies and grants for operating purposes	1,918	2,233	2,258	1,968
Fees and Charges	673	520	500	402
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	19	93	20	101
Total operating funding (A)	**5,941**	**6,162**	**6,974**	**6,665**
Applications of operating funding				
Payment to staff and suppliers - see note below	3,584	3,592	4,123	3,633
Finance costs	13	14	92	23
Internal charges & overheads applied	410	478	364	360
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	**4,007**	**4,083**	**4,578**	**4,017**
Surplus (deficit) of operating funding (A-B)	**1,934**	**2,078**	**2,396**	**2,648**
Sources of capital funding				
Subsidies and grants for capital expenditure	3,771	2,529	5,169	3,281
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	452	-	1,076	323
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	**4,224**	**2,529**	**6,245**	**3,604**
Applications of capital funding				
Capital expenditure to:				
- To meet additional demand	-	-	-	-
- To improve the level of service	1,221	779	3,150	749
- To replace existing assets	4,920	3,882	5,055	4,558
Increase (decrease) in reserves	17	(54)	436	945
Increase (decrease) in investments	-	-	-	-
Total applications of capital funding (D)	**6,157**	**4,607**	**8,641**	**6,252**
Surplus (deficit) of capital funding (C-D)	**(1,934)**	**(2,078)**	**(2,396)**	**(2,649)**
Funding balance ((A-B) + (C-D))	**0**	**0**	**0**	**0**

Funding Impact Statement for the year ended 30 June 2025 (Water Supply)

	Long Term Plan 2021 for 2023/24 ($000)	Actual 2023/24 ($000)	Long Term Plan 2024/25 ($000)	Actual 2024/25 ($000)
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	-	-	-	-
Targeted rates	1,966	2,052	2,336	2,276
Subsidies and grants for operating purposes	-	-	-	-
Fees and Charges	-	-	15	-
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	25	14	19	29
Total operating funding (A)	**1,991**	**2,066**	**2,370**	**2,305**
Applications of operating funding				
Payment to staff and suppliers	758	646	846	989
Finance costs	187	324	373	350
Internal charges & overheads applied	544	702	354	350
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	**1,489**	**1,673**	**1,573**	**1,690**
Surplus (deficit) of operating funding (A-B)	**502**	**393**	**797**	**615**
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	2,000	284
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	102	253	1,414	112
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	**102**	**253**	**3,414**	**396**
Applications of capital funding				
Capital expenditure to:				
- To meet additional demand	-		-	
- To improve the level of service	369	680	1,814	542
- To replace existing assets	510	445	2,840	558
Increase (decrease) in reserves	(274)	(479)	(443)	(89)
Increase (decrease) in investments	-	-	-	-
Total applications of capital funding (D)	**605**	**647**	**4,210**	**1,011**
Surplus (deficit) of capital funding (C-D)	**(502)**	**(393)**	**(797)**	**(615)**
Funding balance ((A-B) + (C-D))	**0**	**0**	**0**	**0**

Funding Impact Statement for the year ended 30 June 2025 (Waste Water)

	Long Term Plan 2021 for 2023/24	Actual 2023/24	Long Term Plan 2024/25	Actual 2024/25
	($000)	($000)	($000)	($000)
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	-	-	-	-
Targeted rates	1,021	812	979	985
Subsidies and grants for operating purposes	-	-	-	-
Fees and Charges	77	35	40	32
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	12	7	6	8
Total operating funding (A)	**1,110**	**853**	**1,025**	**1,024**
Applications of operating funding				
Payment to staff and suppliers	439	340	435	384
Finance costs	59	64	56	83
Internal charges & overheads applied	273	314	102	100
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	**771**	**718**	**592**	**567**
Surplus (deficit) of operating funding (A-B)	**340**	**135**	**432**	**457**
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	50	48
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	272	704	96	154
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	**272**	**704**	**146**	**202**
Applications of capital funding				
Capital expenditure to:				
- To meet additional demand	-	-	-	-
- To improve the level of service	380	167	150	247
- To replace existing assets	258	738	735	617
Increase (decrease) in reserves	(26)	(65)	(307)	(205)
Increase (decrease) in investments	-	-	-	-
Total applications of capital funding (D)	**612**	**840**	**578**	**659**
Surplus (deficit) of capital funding (C-D)	**(340)**	**(136)**	**(432)**	**(458)**
Funding balance ((A-B) + (C-D))	**0**	**0**	**0**	**0**

Funding Impact Statement for the year ended 30 June 2025 (Storm Water)

	Long Term Plan 2021 for 2023/24 ($000)	Actual 2023/24 ($000)	Long Term Plan 2024/25 ($000)	Actual 2024/25 ($000)
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	387	433	468	468
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-
Fees and Charges	-	-	-	-
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	6	4	3	5
Total operating funding (A)	**394**	**437**	**471**	**473**
Applications of operating funding				
Payment to staff and suppliers	61	59	79	87
Finance costs	35	30	54	36
Internal charges & overheads applied	140	177	61	60
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	**237**	**266**	**194**	**183**
Surplus (deficit) of operating funding (A-B)	**157**	**171**	**277**	**290**
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	113	21
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	469	273	284	(22)
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	**469**	**273**	**397**	**(0)**
Applications of capital funding				
Capital expenditure to:				
- To meet additional demand	-	-	-	-
- To improve the level of service	533	308	450	40
- To replace existing assets	56	1	200	162
Increase (decrease) in reserves	36	135	24	88
Increase (decrease) in investments	-	-	-	-
Total applications of capital funding (D)	**626**	**444**	**674**	**290**
Surplus (deficit) of capital funding (C-D)	**(157)**	**(171)**	**(277)**	**(290)**
Funding balance ((A-B) + (C-D))	**0**	**0**	**0**	**0**

Funding Impact Statement for the year ended 30 June 2025 (Solid Waste)

	Long Term Plan 2021 for 2023/24 ($000)	Actual 2023/24 ($000)	Long Term Plan 2024/25 ($000)	Actual 2024/25 ($000)
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	20	24	29	29
Targeted rates	801	860	1,162	1,177
Subsidies and grants for operating purposes	-	-	-	-
Fees and Charges	111	143	225	155
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	7	4	20	30
Total operating funding (A)	**940**	**1,030**	**1,435**	**1,391**
Applications of operating funding				
Payment to staff and suppliers	722	943	1,001	1,111
Finance costs	18	28	36	29
Internal charges & overheads applied	162	197	369	366
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	**903**	**1,168**	**1,406**	**1,506**
Surplus (deficit) of operating funding (A-B)	**38**	**(138)**	**29**	**(115)**
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	10	5
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	(33)	(21)	(26)	(23)
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	**(33)**	**(21)**	**(16)**	**(18)**
Applications of capital funding				
Capital expenditure to:				
- To meet additional demand	-	-	-	-
- To improve the level of service	-	13	20	15
- To replace existing assets	-	-	40	-
Increase (decrease) in reserves	4	(172)	(46)	(148)
Increase (decrease) in investments	-	-	-	-
Total applications of capital funding (D)	**4**	**(159)**	**14**	**(133)**
Surplus (deficit) of capital funding (C-D)	**(37)**	**138**	**(30)**	**115**
Funding balance ((A-B) + (C-D))	**0**	**0**	**0**	**0**

Funding Impact Statement for the year ended 30 June 2025 (Democracy)

	Long Term Plan 2021 for 2023/24 ($000)	Actual 2023/24 ($000)	Long Term Plan 2024/25 ($000)	Actual 2024/25 ($000)
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	1,155	1,174	1,415	1,416
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	-	25	-	20
Fees and Charges	70	155	85	203
Internal charges and overheads recovered	1,565	2,209	1,938	2,031
Local authorities fuel tax, fines, infringement fees, and other receipts	33	18	52	77
Total operating funding (A)	**2,823**	**3,581**	**3,490**	**3,745**
Applications of operating funding				
Payment to staff and suppliers	2,096	2,735	2,535	2,662
Finance costs	-	-	-	-
Internal charges & overheads applied	728	869	954	985
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	**2,823**	**3,605**	**3,490**	**3,647**
Surplus (deficit) of operating funding (A-B)	**0**	**(24)**	**0**	**99**
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	**-**	**-**	**-**	**-**
Applications of capital funding				
Capital expenditure to:				
- To meet additional demand	-	-	-	-
- To improve the level of service	-	-	-	173
- To replace existing assets	177	187	367	111
Increase (decrease) in reserves	(177)	(211)	(367)	(185)
Increase (decrease) in investments	-	-	-	-
Total applications of capital funding (D)	**-**	**(24)**	**-**	**98**
Surplus (deficit) of capital funding (C-D)	**0**	**24**	**-**	**(98)**
Funding balance ((A-B) + (C-D))	**0**	**0**	**0**	**0**

Funding Impact Statement for the year ended 30 June 2025 (Community Development)

	Long Term Plan 2021 for 2023/24 ($000)	Actual 2023/24 ($000)	Long Term Plan 2024/25 ($000)	Actual 2024/25 ($000)
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	1,325	924	822	821
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	-	535	64	356
Fees and Charges	627	875	698	889
Internal charges and overheads recovered	-		-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	21	11	22	29
Total operating funding (A)	**1,973**	**2,344**	**1,605**	**2,093**
Applications of operating funding				
Payment to staff and suppliers	1,326	1,323	1,064	1,311
Finance costs	103	64	225	65
Internal charges & overheads applied	521	481	404	401
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	**1,949**	**1,869**	**1,694**	**1,777**
Surplus (deficit) of operating funding (A-B)	**24**	**476**	**(89)**	**317**
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	(2,177)	(100)	2,624	19
Gross proceeds from sale of assets	3,274	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	**1,097**	**(100)**	**2,624**	**19**
Applications of capital funding				
Capital expenditure to:				
- To meet additional demand	1,049	25	2,600	21
- To improve the level of service	499	16	-	43
- To replace existing assets	-	-	70	67
Increase (decrease) in reserves	(426)	335	(135)	204
Increase (decrease) in investments	-	-	-	-
Total applications of capital funding (D)	**1,121**	**376**	**2,535**	**335**
Surplus (deficit) of capital funding (C-D)	**(24)**	**(476)**	**89**	**(316)**
Funding balance ((A-B) + (C-D))	**0**	**0**	**0**	**0**

Funding Impact Statement for the year ended 30 June 2025 (Environmental Services)

	Long Term Plan 2021 for 2023/24 ($000)	Actual 2023/24 ($000)	Long Term Plan 2024/25 ($000)	Actual 2024/25 ($000)
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	1,561	1,937	1,753	1,753
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-
Fees and Charges	625	855	938	898
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	48	27	62	93
Total operating funding (A)	**2,233**	**2,819**	**2,754**	**2,743**
Applications of operating funding				
Payment to staff and suppliers	1,620	1,387	1,601	1,714
Finance costs	12	2	2	2
Internal charges & overheads applied	1,043	1,424	1,143	1,236
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	**2,676**	**2,814**	**2,746**	**2,953**
Surplus (deficit) of operating funding (A-B)	**(442)**	**5**	**7**	**(210)**
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	448	(2)	(2)	(2)
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	**448**	**(2)**	**(2)**	**(2)**
Applications of capital funding				
Capital expenditure to:				
- To meet additional demand	-	-	-	-
- To improve the level of service	-	-	-	-
- To replace existing assets	-	-	-	-
Increase (decrease) in reserves	5	3	5	(212)
Increase (decrease) in investments	-	-	-	-
Total applications of capital funding (D)	**5**	**3**	**5**	**(212)**
Surplus (deficit) of capital funding (C-D)	**443**	**(5)**	**(7)**	**210**
Funding balance ((A-B) + (C-D))	**0**	**0**	**0**	**0**

Annual Report Disclosure Statement

Annual report disclosure statement for year ending 30 June 2025.

What is the purpose of this statement?

The purpose of this statement is to disclose the council's financial performance in relation to various benchmarks to enable the assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

Rates affordability benchmark

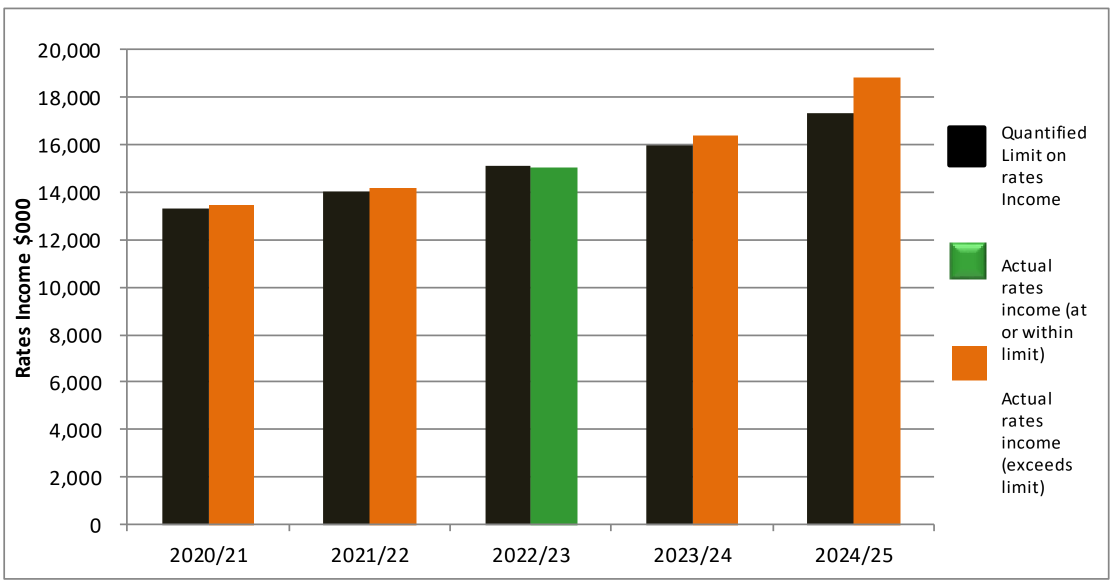
The council meets the rates affordability benchmark if –

- its actual rates income equals or is less than each quantified limit on rates; and
- its actual rates increases equal or are less than each quantified limit on rates increases.

Rates (income) affordability

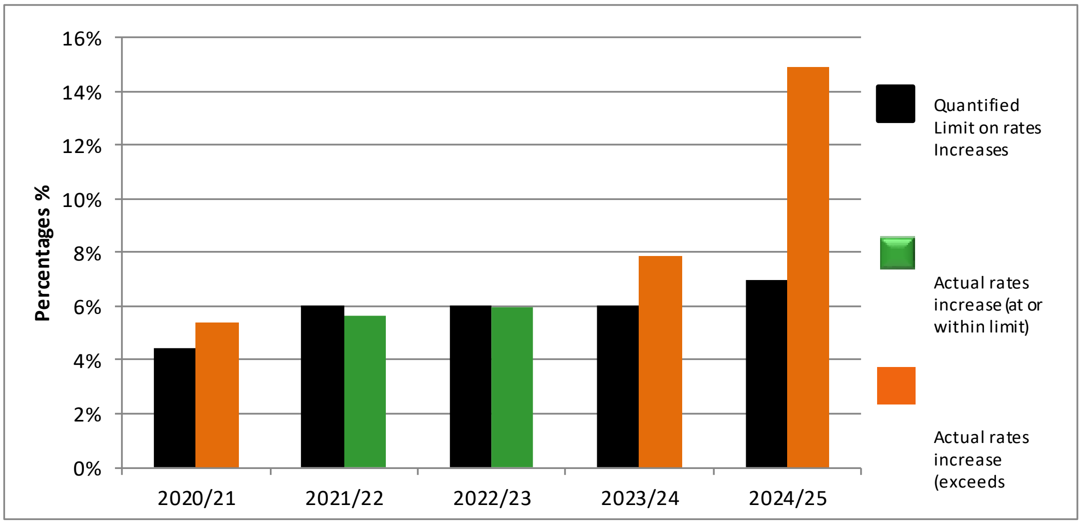
The following graph compares the Council's actual total rates income with the quantified limit on rates income as per the LTP 2024-34 which is previous years rates plus 6% and is now 7.00%.

The breach in 2023/24 and 2024/25 was a result of higher than anticipated costs, which were a nationwide problem associated with the increased cost of living.



Rates (increases) affordability

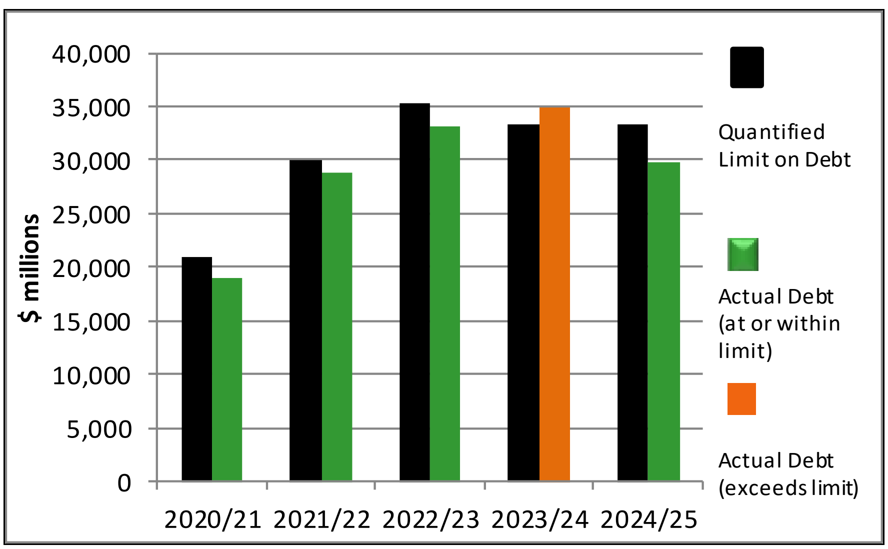
The following graph compares the year-on-year actual, and the LTP limit (6% from 2021/22) percentage increase in the Council's total rates income then a further increase in 2024/25 to 7.00%. The percentage increase limit is calculated using the increase in income from the previous year. The limit of 6.00% was exceeded in 2023/24 by an actual rates increase of 7.84%, and in 2024/25 with an increase of 15.37%, due to the high costs to procure goods and services.



Debt affordability benchmark

The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council's Long Term Plan. The quantified limit is total borrowings minus cash holdings. The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing. The quantified limit is total borrowings less cash holdings. Stratford District Council have changed the 2025 definition of cash holdings to include the short term deposits/investments. This will apply to 2024/25 going forward.

From 2024/25, cash holdings has been defined including short term investment.

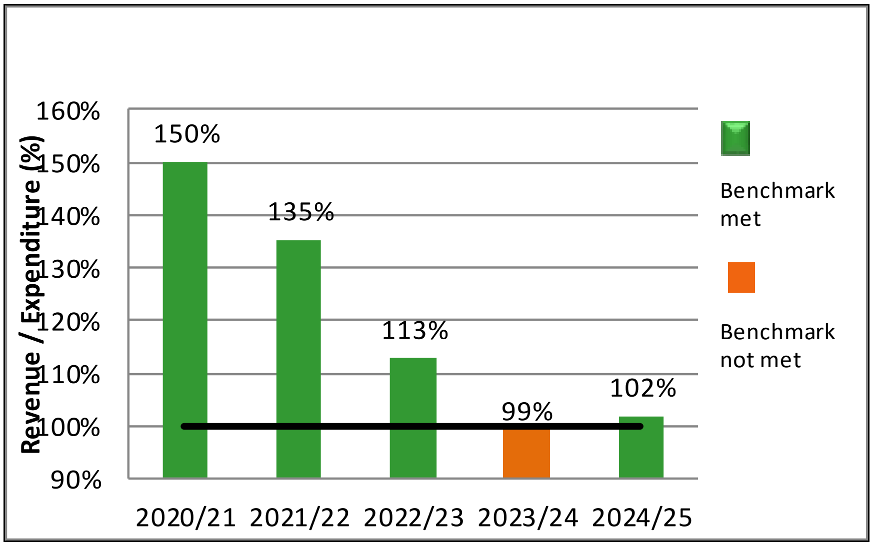


Balanced budget benchmark

The following graph displays the council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

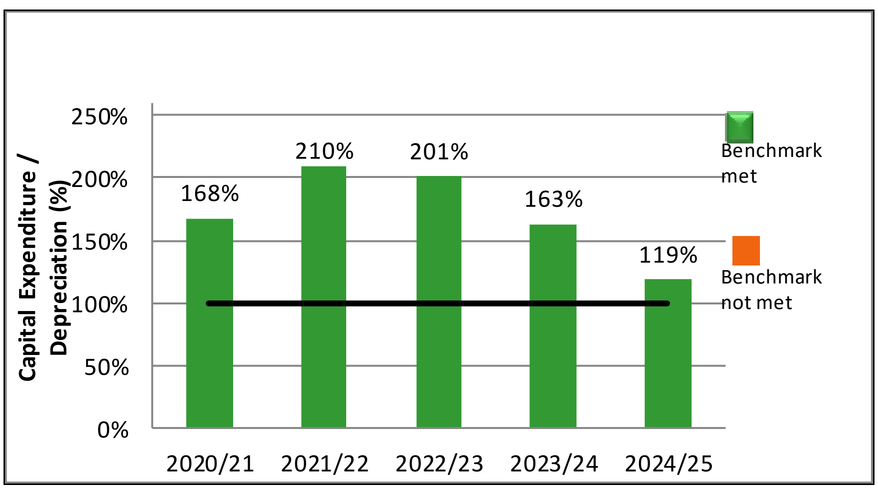
The Council meets this benchmark if its revenue equals or is greater than its operating expenses.

In 2023/24 the benchmark was not met, due to the funding for the Transport Choices project being withdrawn by the government.



Essential services benchmark

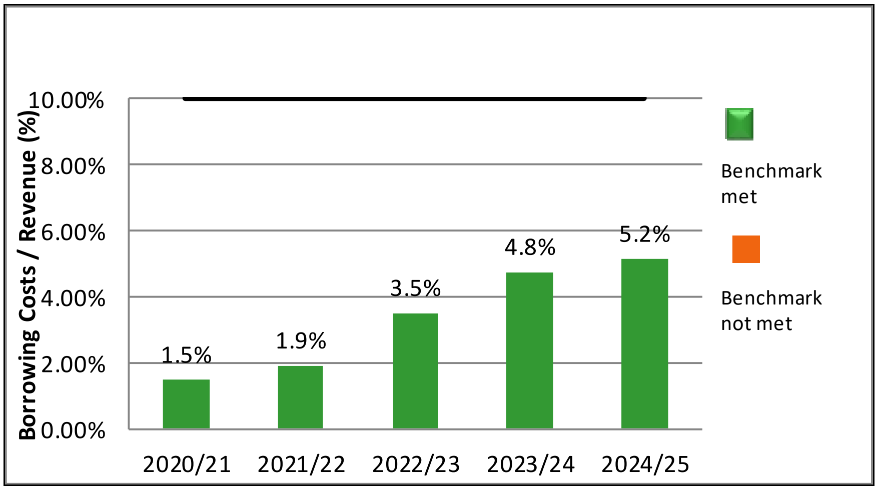
The following graph displays the council's capital expenditure on network services as a proportion of depreciation on network services. The council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



Debt servicing benchmark

The following graph displays the council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).

Because Statistics New Zealand projects the council's population will grow more slowly than the national population growth rate, it meets the debt servicing benchmark if it’s borrowing costs equal or is less than 10% of its revenue.

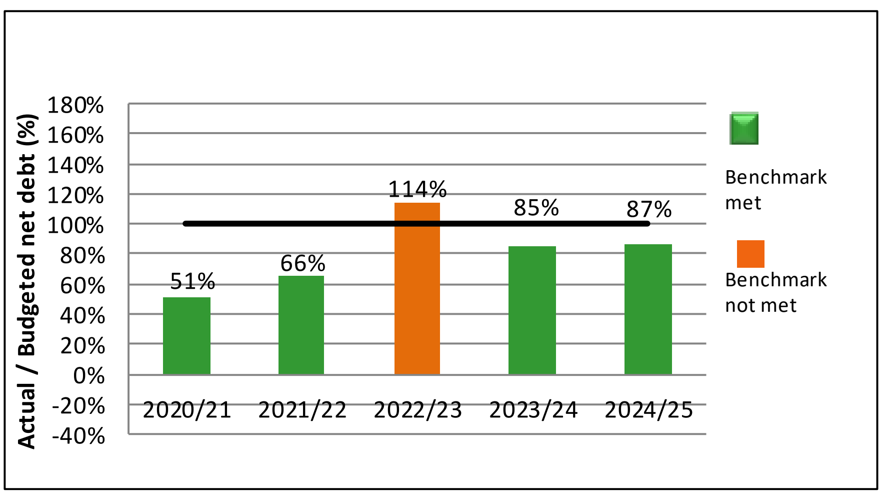


Debt control benchmark

The following graph displays the council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables). The council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.

Council has measured this benchmark incorrectly in previous years, however all years have now been amended and these changes are reflected in the graph.

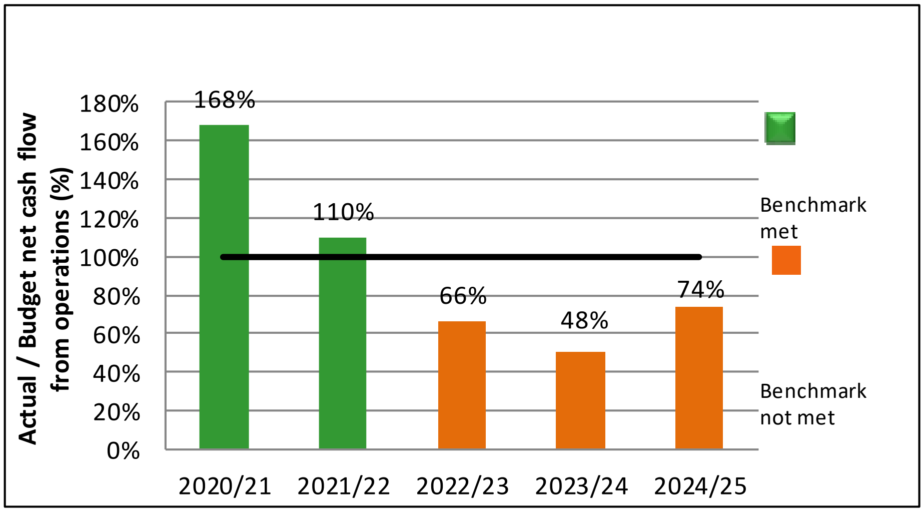
For 2022/23, the year end balance of term deposits affecting net debt was temporarily at $5m instead of $6m due to timing of contractor payments.



Operations control benchmark

This graph displays the council's actual net cash flow from operations as a proportion of its planned net cash flow from operations as per the Statement of Cash Flows. The council meets the operations control benchmark if its actual net cash flow from operations **equals or is greater** than its planned net cash flow from operations.

Since 2022/23, Council did not achieve the benchmark as revenue was less than anticipated.



Audit Report

TE KAUNIHERA Ā ROHE O WHAKAAHURANGI
STRATFORD DISTRICT COUNCIL

Our reference
F19/13/03-D21/40748

Karakia

Kia uruuru mai	I draw in (to my being)
Ā hauora	The reviving essence
Ā haukaha	The strengthening essence
Ā haumāia	The essence of courage
Ki runga, Ki raro	Above, Below
Ki roto, Ki waho	Within, Around
Rire rire hau Paimārire	Let there be peace.

Stratford District
In the heart of Taranaki

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