



Our reference
F19/13/03-D21/26182

11 November 2021

Audit and Risk Committee Meeting of Council

Notice is hereby given that the Audit and Risk Committee Meeting of Council will be held in the **Council Chambers, Stratford District Council, 63 Miranda Street, Stratford** on **Tuesday 16 November 2021** at **2pm**.

At this stage the meeting will be held in the Council Chambers, however should it be required due to COVID-19 Alert Levels or from guidance received, the meeting may be moved to an alternative venue or held virtually.

Timetable for 16 November 2021 as follows:

1.00pm	Workshop for Councillors - Committee self-review
2.00pm	Audit and Risk Committee Meeting

Yours faithfully

Sven Hanne
Chief Executive

AGENDA

Audit and Risk Committee



F19/13/05 – D21/40352

Date: Tuesday 16 November 2021 at 2 PM

Venue: Council Chambers, 63 Miranda Street, Stratford

The meeting location may change, or will be held via Audio Visual Link, if required due to current COVID-19 Alert Levels or Government Guidelines.

1. **Welcome**

Health and Safety Message

2. **Karakia – opening**

3. **Apologies**

4. **Announcements**

5. **Declarations of members interest**

Elected members to declare any real or perceived conflicts of interest relating to items on this agenda.

6. **Attendance Schedule**

Attendance schedule for Audit and Risk Committee meetings.

7. **Programme of Works**

D21/6382 (page 8)

Recommendation

THAT the Audit and Risk Committee's rolling programme of works up to the end of 2022 be received.

/
Moved/Seconded

8. **Confirmation of Minutes**

7.1 Audit and Risk Committee Meeting – 21 September 2021

D21/33297 (page 9)

Recommendation

THAT the minutes of the Audit and Risk Meeting of Council held on Tuesday 20 July 2021 be confirmed as a true and accurate record.

/
Moved/Seconded

9. [Matters Outstanding](#)
D18/27474 (page 15)

Recommendation

THAT the matters outstanding be received.

/
Moved/Seconded

10. [Information Report - Receive Draft Annual Report 2020/21](#)
D21/40294 (page 16)

Recommendations

1. THAT the report be received.
2. THAT the draft Annual Report 2020/21 be received.

Recommended Reason

The draft Annual Report 2020/21 has been released to Audit New Zealand for the annual audit, which is expected to be completed by 8 December 2021 and adopted by Council on 14 December 2021.

/
Moved/Seconded

11. [Information Report – Health and Safety](#)
D21/40386 (page 155)

Recommendation

THAT the report be received.

/
Moved/Seconded

12. [Information Report – Risk Management](#)
D21/40347 (page 159)

Recommendation

THAT the report be received.

Recommended Reason

To provide an update to the Audit and Risk Committee of any significant risks and any incidents or threats in relation to significant risks on Council's risk register from the previous quarter.

/
Moved/Seconded

13. Information Report – Long Term Plan Capital Works Programme – Key Projects Update
D21/40292 (page 166)

Recommendation

THAT the report be received.

Recommended Reason

To present an update on the progress of our key capital projects in the 2021/22 financial year, as requested in the September 2021 Audit and Risk Committee meeting.

/
Moved/Seconded

14. Information Report – Central Government Reforms
D21/40500 (page 171)

Recommendation

THAT the report be received.

Recommended Reason

To provide Elected Members with a high level assessment of the wide range of Central Government driven reforms currently under way and the likely impact on local government in general and this council in particular.

/
Moved/Seconded

15. General Business

16. Questions

17. Karakia – closing



Our reference
F19/13/03-D21/26210

Health and Safety Message

In the event of an emergency, please follow the instructions of Council Staff.

Please exit through the main entrance.

Once you reach the footpath outside please turn left and walk towards the Bell Tower congregating on the lawn outside the Council Building.

Staff will guide you to an alternative route if necessary.

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



Our reference
F19/13/03-D21/40748

Karakia

Kia uruuru mai
Ā hauora
Ā haukaha
Ā haumāia
Ki runga, Ki raro
Ki roto, Ki waho
Rire rire hau Paimārire

I draw in (to my being)
The reviving essence
The strengthening essence
The essence of courage
Above, Below
Within, Around
Let there be peace.

Schedule for 2021 Audit and Risk Committee meetings.

Date	19/03/21	18/05/21	22/06/21	20/07/21	21/09/21	16/11/21	Attendance	Percentage
Meeting	A	D	A	A	A	A		
Neil Volzke	✓		✓	✓	✓			
Grant Boyde	✓		✓	✓	✓			
Rick Coplestone			✓					
Peter Dalziel	✓		S	✓	✓			
Jono Erwood	✓		✓	✓	✓			
Amanda Harris			✓					
Alan Jamieson	✓		✓	✓	AB			
Vaughan Jones			✓					
Min McKay	✓		✓	✓	✓			
John Sandford	✓		✓	✓	✓			
Gloria Webby	✓		✓		✓			
Philip Jones (Chair)	✓		✓	✓	✓			

Key	
A	Audit and Risk Meeting
D	Meeting deferred
NC	Non committee member
✓	Attended
A	Apology/Leave of Absence
AB	Absent
S	Sick
(AV)	Meeting held, or attended by, Audio Visual Link

Audit and Risk Committee - Programme of Works

	Nov-21	Mar-22	May-22	Jul-22	Sep-22	Nov-22
Standing Items	-Audit NZ Correspondence Received -Health and Safety Report -Risk Management Review	-Audit NZ Correspondence Received -Health and Safety Report -Risk Management Review -Six Monthly Financial Report	-Audit NZ Correspondence Received -Health and Safety Report -Risk Management Review -Audit NZ Matters raised	-Audit NZ Correspondence Received -Health and Safety Report -Risk Management Review	-Audit NZ Correspondence Received -Health and Safety Report -Risk Management Review -Audit NZ Matters raised	-Audit NZ Correspondence Received -Health and Safety Report -Risk Management Review
Annual Items	-Committee Self-Review (workshop) - Annual Report 2020/21 (final draft for approval)	-Cyber Risk prevention update - Internal Audit (Plan for 2022, and status report on previous year audit)	-Civil Defence Readiness	- Review of Insurances	-Annual Report update -Internal Audit Report (outcomes)	-Committee Self-Review
One-Off Items	- Emerging Risk: Local Government Reforms (what it means for the community and Council) - LTP Capital Projects - progress status update	Annual Plan 2022/23 - risks, assumptions and challenges - include recommendation on Financial Budget Model audit recommendation by Audit NZ.	- LTP Capital Projects - progress status update	IANZ Building Accreditation update	- Risk 32 - Lone Worker deep dive	- LTP Capital Projects - progress status update

MINUTES

Audit and Risk Committee



F19/13/05 – D21/33297

Date: Tuesday 21 September 2021 at 2pm
Venue: Council Chambers, 63 Miranda Street, Stratford

Present

P Jones (the Chair – *via audio visual link*), the District Mayor N C Volzke, Councillors J M S Erwood, P S Dalziel and M McKay.

In attendance

Councillors G W Boyde, G M Webby and W J Sandford.

The Director Corporate Services – Mrs T Radich, the Director Assets – Mrs V Araba, the Directory Community Services – Ms Kate Whareaitu, the Director Environmental Services – Mr Blair Sutherland, the Administration and Communication Support Officer – Ms R Vanstone, the Corporate Accountant – Mrs Christine Craig, the Communications Manager – Ms Gemma Gibson, the Health & Safety/Civil Defence Advisor – Mr Mario Bestall, the Audit Director, Audit New Zealand – Mr Chris Webby (*via audio visual link*) and two members of the media (Stratford Press and Taranaki Daily News – *via audio visual link*).

1. Welcome

The Chair welcomed the District Mayor, Councillors, staff and the media to the meeting.

The Chair noted the health and safety message and emergency procedures on page 5 of the agenda.

2. Apologies

No apologies were received.

3. Announcements

No announcements were made.

4. Declarations of Members Interest

The Chair requested councillors to declare any real or perceived conflicts of interest relating to items on this agenda.

There were no declarations of interest relating to items on this agenda.

5. Attendance Schedule

The attendance schedule for Audit and Risk Committee meetings was attached.

6. Programme of Works
D21/6382 (Page 7)

Recommendation

THAT the Audit and Risk Committee's rolling programme of works up to the end of the 2022 be received.

ERWOOD/McKAY
Carried
A&R/21/34

The Chair noted that the workshop planned for today has been deferred to the next meeting (material has been uploaded to the Diligent Resource Centre for this).

7. Confirmation of minutes

7.1 **Audit and Risk Committee Meeting Minutes – 20 July 2021**
D21/26251 (Page 8)

Recommendation

THAT the minutes of the Audit and Risk Committee Meeting held on Tuesday 20 July 2021 be confirmed, with any amendments, as a true and accurate record.

DALZIEL/VOLZKE
Carried
A&R/21/35

8. Matters Outstanding
D18/27474 (Page 15)

Recommendation

THAT the matters outstanding be received.

JONES/McKAY
Carried
A&R/21/36

The Chair noted that the item on cyber insurance could now be removed from Matters Outstanding.

Questions/Points of clarification:

- Mr Hanne noted that upon looking at the prequalification process, it became evident that a more comprehensive framework review was required. He sought to have the Health and Safety Framework Review brought back to the next meeting. The Chair and committee agreed to this request.

9. Information Report – Health and Safety
D21/31852 (Page 16)

Recommendation

THAT the report be received.

McKAY/DALZIEL
Carried
A&R/21/37

Questions/Points of clarification:

- Councillor Boyde stated that he was pleased to see that the aerodrome work has started.

The Health and Safety/Civil Defence Advisor left the meeting at 2.12pm.

10. Information Report – Audit NZ – Audit Matters Outstanding
D21/31863 (Page 19)

Recommendation

THAT the report be received.

DALZIEL/ERWOOD
Carried
A&R/21/38

The Chair welcomed Mr Chris Webby, Audit New Zealand's (Audit NZ) Audit Director to the meeting.

Questions/Points of clarification:

- Councillor Dalziel sought clarification on how the Capital Expenditure do-ability item (Appendix 1 – page 21 refers) would be closed off, suggesting that the item could be reviewed on an annual basis if Audit NZ found this to be a satisfactory way forward. The Chair clarified that it is this committee's responsibility to monitor the risks around the do-ability of the capital programme. He and Mr Hanne will discuss further the process to monitor key projects. Mr Hanne added that he is in favour of regular reporting which would give Audit NZ some confidence.
- Councillor Boyde noted the difficulty in monitoring capital expenditure in the current climate. The Chair responded that realistic targets assist councils in this area and Mr Webby added that Audit NZ take lockdowns into account when monitoring.
- Mr Hanne clarified that this council had completed an exercise last year looking at the completion of capital projects. He commented that Stratford historically sits at around 80 per cent of the capital project completed within the timeframe.
- Mrs Radich added that budgeted costs was the second measure to be considered when looking at capital expenditure do-ability. The Chair clarified that budget, timelines and level of service were all considerations.
- Councillor Dalziel asked how council would overcome the issue raised regarding the Financial Budget Model (Appendix 1, page 22). Mrs Radich clarified that the council had looked at different budget models and software solutions 3 years previously and had come to the conclusion that it suited this council to refine what was already in place – a spreadsheet – and to eliminate errors on the spreadsheet, likely due to incorrect data input. Mrs Radich added that the issue would be revisited however.
- Mr Webby noted that budget models were equipped to pick up errors and that this was critical because incorrect input into the wrong cell had huge flow on effects for rates requirement and debt.
- The Chair was satisfied that an options paper would come back to this committee for consideration including an explanation of sufficient controls throughout the spreadsheet, and giving council some comfort that the numbers are correct.

11. Information Report – Annual Report Update 2021
D21/31840 (Page 23)

Recommendations

1. THAT the report be received.
2. THAT the Audit Engagement letter and Audit Proposal Letter for the years ended 30 June 2021 and 2022 be received and the District Mayor is authorised to sign both on Council's behalf.

JONES/DALZIEL
Carried
A&R/21/39

The Director – Corporate Services noted that work is progressing for auditors to commence on 26 October - a bit later than usual.

Questions/Points of clarification:

- Mr Webby noted that the reasons for audit timing this year and next were due to auditor shortage and Covid-19. The Annual Plan should be adopted by council in December.
- Councillor Dalziel asked what area auditors would focus on in the fair value assessment of assets. Mr Webby noted that auditors would be looking at whether fair value and carrying amounts were different.
- Mayor Volzke asked how auditors would assess the impact of three waters reform since council appeared not to know yet. Mr Webby responded that Audit NZ would look at the treatment of any money council may receive.
- The Chair noted that borrowing was less than budget despite the A&P Association loan. He asked why debt was not higher. Mrs Radich responded that this goes back to the delivery of capital expenditure. The pool, due for completion in 2022 and the timing of that completion and how the budget was allocated are the key reasons.

The Audit Director left the meeting at 2.38pm.

12. Information Report – Risk Review
D21/31913 (Page 71)

Recommendation

THAT the report be received.

ERWOOD/DALZIEL
Carried
A&R/21/40

The Director Corporate Services noted that:

- The report highlights some of the risks which council has been actively managing since the last meeting.
- Elected members have been kept apprised of discussions and thinking relating to three waters reforms and *Risk 78 - Government policy impacting on Local Government* has been upgraded from very high to extreme.
- Council was able to continue operating essential services during August's Covid lockdown. Many lessons were learnt from the previous lockdown.
- *Risk 58 - Contractor Damage or Breach* – a piece of work is in progress including the prequalification system which has been discussed previously by this committee.

Questions/Points of clarification:

- Councillor Dalziel considered that the risk grade for *Risk 12 - Cyber Attack* should be higher. Currently it looked like council accepted that it had enough adequate controls in place to stop an attack. He added that it was only a few weeks ago that a major NZ bank was attacked.
- Mr Hanne responded that the sort of attack that Councillor Dalziel referred to would not directly impact council's data and council is not using the types of legacy systems which some organisation's have had hacked recently.
- Mrs Radich clarified that the raw and residual risk grades illustrated that a cyber attacker might get into council's system but could not necessarily damage it. With controls in place it was possible, rather than likely that an attack could occur. The committee may wish to consider penetration testing as a regular activity however.
- Councillor Dalziel warned against complacency.

13. Information Report – Internal Audit Findings

D21/30310 (Page 78)

Recommendation

THAT the report be received.

DALZIEL/JONES
Carried
A&R/21/41

The Corporate Accountant noted that the internal audit had proceeded well and that the staff involved had enjoyed the learning opportunity that the audit provided.

Questions/Points of clarification:

- Councillor Dalziel congratulated the finance team on a good approach and report including detailed findings which give confidence that internal controls are present and are being followed.
- The Chair asked if any reviewed risks could be considered for an upgrade in residual risk rating. Mrs Craig responded that the lone worker ratings could be explored further and Mr Hanne confirmed that council is currently looking at other lone worker solutions/products.
- Mayor Volzke commented on the high degree of practical application when considering the outcomes of the report. He added that the principle of the internal audit exercise and the outcome were very good. Councillor Boyde agreed.
- The Chair noted that he would like to see all councils complete this level of internal audit.

14. Information Report – Tax Audit

D21/31471 (Page 89)

Recommendations

1. THAT the report be received.
2. THAT the Committee reviews the final tax audit report provided by PWC and accepts the recommendations and actions to address these.

ERWOOD/McKAY
Carried
A&R/21/42

The Director – Corporate Services noted that the overall audit outcome was positive and that council was, with the exception of Fringe Benefit Tax (FBT), treating its relevant taxes correctly. A discrepancy in the way FBT was calculated resulted in an underpayment which will be rectified.

15. Information Report – Water Supply Heavy Metals Monitoring Report
D21/31696 (page 108)

Recommendation

THAT the report be received.

JONES/McKAY
Carried
A&R/21/43

Questions/Points of clarification:

- Mayor Volzke sought an assurance that the reported monitoring levels were compliant with standards and that the levels supplied (in the appendices attached to the report) were comprehensive. The Director Assets confirmed this to be the case.

16. General Business

No general business was discussed.

17. Questions

No questions were asked.

The meeting closed at 3.03pm.

P Jones
Chairman

Confirmed this 16th day of November 2021.

N C Volzke
District Mayor

AUDIT & RISK COMMITTEE MATTERS OUTSTANDING INDEX

REF NO.	ITEM OF MATTER	MEETING RAISED	RESPONSIBILITY	CURRENT PROGRESS	EXPECTED RESPONSE
	Capital Programme Key Projects – discuss and develop a monitoring report template	21 September 2021	Sven Hanne		November 2021 Audit and Risk Committee meeting
	Lone Worker Solutions – review of products	21 September 2021	Mario Bestall		November 2021 Audit and Risk Committee meeting
	Health and Safety Framework Review – including pre-qualified contractors	22 June 2021	Sven Hanne/Mario Bestall	Reviewing contractor pre-qualification process.	November 2021 Audit and Risk Committee meeting – H&S report
	Internal Audit – Status Update report	21 September 2021	Christine Craig		March 2022 Audit and Risk Committee meeting

INFORMATION REPORT



F19/13/04 – D21/40294

To: **Audit and Risk Committee**
From: **Director – Corporate Services**
Date: **16 November 2021**
Subject: **Annual Report 2020/21**

Recommendations

1. THAT the report be received.
2. THAT the draft Annual Report 2020/21 be received.

Recommended Reason

The draft Annual Report 2020/21 has been released to Audit New Zealand for the annual audit, which is expected to be completed by 8 December 2021 and adopted by Council on 14 December 2021.

Moved/Seconded

1. Purpose of Report

- 1.1 The purpose of this report is to give the Audit and Risk Committee the opportunity to review the Annual Report 2020/21 in its draft stage, prior to adoption by Council – proposed for 14 December 2021.
- 1.2 The Audit and Risk Committee Terms of Reference contains the following relevant sections assigning responsibility:
 - 15. To receive reports on areas that have a financial risk implication.
 - 16. To provide oversight of compliance with statutory responsibilities relating to financial and other requirements.
 - 19. To exercise due diligence into the accuracy of financial information and reporting

2. Executive Summary

- 2.1 The Annual Report 2020/21 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 the Long Term Plan 2021-31.
 - Non-Financial performance – performance measures and outcomes for the year by activity, and a summary of non-financial performance measures that were not met.
 - Confirmation from Audit NZ that the Annual Report complies with appropriate legislation and standards (not yet available in the draft report).

It also includes commentary from the Mayor and Chief Executive in relation to the financial year, along with a summary of the Council Structure and Governance arrangements.

The Annual Report is audited by Audit New Zealand to report on compliance with the Local Government Act 2002, the Local Government (Financial Reporting and Prudence) Regulations 2014, and the Public Benefit Entity Standards Reduced

Disclosure Regime, and is audited in accordance with the Auditor-General's Auditing Standards.

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 Annual Report addresses all areas of wellbeing and is the key document in reporting Council's performance with respect to each wellbeing.	
Social	Economic	Environmental	Cultural
✓	✓	✓	✓

4. Background

- 4.1 The draft Annual Report 2020/21 was released to Audit New Zealand for audit in October 2021. On the 26 October 2021 Audit New Zealand advised that they had to reduce resourcing for the audit due to staff shortages. However, they are confident that the resourcing allocated will still enable the audit to be completed by the planned adoption date of 14 December.

5. Information Summary

- 5.1 Refer to the Annual Report 2020/21 attached to this report. The draft document is yet to undergo design work with the new Council logo and other design updates.

The message from the Mayor and Chief Executive at the start of the report sums up the highlights for the year and touches on some of the key outcomes.

- 5.2 Key Financial information includes:

- Total Revenue \$30,046,000 (budget \$27,005,000)
- Total Operating Expenditure \$19,926,000 (budget \$19,111,000)
- Capital Expenditure \$13,121,000 (budget \$21,910,000)
- Gross External Debt \$22,200,000
- Rates Increase 4.68% (> rates increase limit of 4.45%)

- 5.3 Non-Financial Performance measures are reported by Activity. The measures are developed to ensure accountability of service level outcomes for each Activity. Of the measures, 70% were achieved, 6% were not applicable for the financial year, and 24% were not achieved.

Refer to page 21 of the draft Annual Report 2020/21 for an explanation on each of the non-financial performance measures not achieved.

6. Strategic Alignment

- 6.1 **Direction**

The Annual Report relates to all Community Outcomes and covers these in the section Community Outcomes at the start of the Annual Report.

6.2 **Annual Plan and Long Term Plan**

The draft Annual Report 2020/21 reports on performance in comparison to the budgets and measures set in Year 1 of the Long Term Plan 2021-31.

6.3 **District Plan**

Not applicable.

6.4 **Legal Implications**

Under current updated legislation, Council is required to adopt the Annual Report 2020/21 by 31 December 2021. The adoption date has been scheduled for 14 December 2021.

At this stage, Audit New Zealand have confirmed that the audit will be completed in time for adoption to occur by then. If Council officers are notified by Audit New Zealand of potential delays, the Audit and Risk Chair and the Mayor will be advised immediately.

6.5 **Policy Implications**

Not applicable.

Appendices:

Draft Annual Report 2020/21



Tiffany Radich
DIRECTOR – CORPORATE SERVICES



[Approved by]
Sven Hanne
Chief Executive

Date: 8 November 2021

Message from the Mayor and Chief Executive

Tēnā koutou katoa

Welcome to Stratford District Council's Annual Report for 2020/21.

Just as last year's annual report was heavily overshadowed by the impacts of COVID-19 on our business, district and community, so too does this year's report demonstrate the continuing impact of Covid-19. This year's report also reflects the broad range of other external influences that have demanded the attention and time of elected members and council staff in addition to the business as usual provision of council services.

The vast majority of external influences have been positive in their impact, some however have been quite controversial. All in all and in no particular order these were:

- Applications for government funding and subsequent delivery of projects, including
 - the new children's bike park and half basketball court
 - the new swimming pool
 - upgrades of community halls,
 - the second trunk main between the Stratford treatment plant and Stratford township, and
 - the sealing of the final stretch of SH43.
- The establishment of a Māori ward which will see the number of councillors increase from 10 to 11, plus the mayor, at the next local government election.
- Unprecedented growth in building and subdivision activities, which stretched our staff but is great for the community overall.
- The impacts forestry harvesting has on our road network, particularly remote, unsealed roads continues to put a strain council's finances as we try to maintain these roads as well as possible.
- Central government reforms, particularly
 - the proposal regarding the restructuring of council's three water services,
 - the Resource Management Act reforms, and
 - the Future of Local Government consumed a significant amount of time and resources.

Council, once again worked through the pandemic to deliver all of its core services (Water Supply, Wastewater, Stormwater, Rooding and Solid Waste) as well as a number of activities that enabled businesses and residents to retain at elements of normality throughout Covid-19 Alert Levels. This work included:

- Our Customer Service Centre, who did everything in their power to support customers, whether the call was about council business, pandemic related information or just for a friendly chat.
- Governance – with elected members unable to meet in person, meetings were held online.
- Building control – the team managed to process consents throughout Alert Levels and while things slowed down a little bit, activity returned to strong levels once restrictions were lifted.

Other highlights this year were:

- The delivery of the 2021-31 Long Term Plan in which elected members determined what council's focus is going to be for the next 10 years. The development of the plan required an extraordinary amount of elected members and staff time, in addition to the multitude of workshop meetings held.
- The completion of sale of sections on the Council led residential subdivision off Pembroke Road.
- The progress made on the swimming pool development despite the disruptions of Covid-19.
- The children's bike park being almost complete, awaiting some final touches held up by COVID restrictions.
- Sealing of State Highway 43 is confirmed and about to start.
- Drinking water compliance – once again, all three of our water schemes achieved provisional full compliance.

Operating Results

We finished the year with an operating surplus of \$10,120,000, compared to a budgeted surplus of \$7,894,000. This was due to a significant amount of unbudgeted government funding received to pay for capital projects. Additionally, the unexpected pace at which sections in the Council subdivision sold enabled council to repay the debt related to the subdivision faster than anticipated.

The council-owned farm exceeded its production target and produced 150,918kg of milk solids. This, combined with a higher than expected pay out saw this activity create an operating profit of \$266,000, of which \$53,000 went towards subsidising general rates, and the remainder repaying farm debt.

Financial Position

All LGFA lending covenants were met during the 2020/21 financial year with budgeted debt (\$24,536,000) vs net debt (\$22,200,000) and reasons etc..

Due to significant grant funding received during the year Council debt is lower than anticipated, despite a loan to the Stratford A&P Association in December 2020 for the purchase of land. This loan is serviced by the Stratford A&P Association but increased council investment, and debt.

General Performance

Responses from our annual customer survey once again showed residents consider Stratford to be an attractive place to live (90% agreed), a safe place (93% agreed), and offering a healthy lifestyle (92% agreed). A higher number of non-financial performance measures than in previous years were not met. This was largely due to the impact of COVID-19 on activities as well as an exceptionally high numbers of building and resource consent applications.



Neil Volzke, JP
District Mayor

Sven Hanne
Chief Executive

Community Outcomes

Vision

Council has spent time reviewing its vision statement for the district and will aspire to be: A vibrant, resilient, and connected community – in the heart of Taranaki

Community Outcomes

To deliver the Vision we will develop strategies, policies and procedures that facilitate and encourages a:

- Vibrant Community,
- Sustainable Environment,
- Connected Communities, and an
- Enabling Economy

Council has a role on behalf of the community it represents in planning, delivering and monitoring parts of this vision.

Council has held workshops to refine the community outcomes to better reflect what is important to Stratford. These are then used to provide direction and inform Council on service delivery and use of resources. These community outcomes are:

COMMUNITY OUTCOME	WHAT COUNCIL WILL DO
Vibrant community (Insert Icon)	<ul style="list-style-type: none"> • We celebrate and embrace our community's cultures and traditions • We tell our unique story • We develop strong relationships with iwi, hapu and marae
Sustainable environment (Insert Icon)	<ul style="list-style-type: none"> • Our natural resources can be enjoyed now and by future generations. • We are committed to working towards zero waste • We have well planned and resilient infrastructure that meets the current and future needs of the district • We aim to understand and support Te Ao Māori values and principles
Connected communities (Insert Icon)	<ul style="list-style-type: none"> • Our neighbourhoods are safe and supported • We enable positive healthy lifestyles, through access to health, social and recreation services • We have a strong sense of belonging • We value opportunities to be involved and work together as a community
Enabling economy (Insert Icon)	<ul style="list-style-type: none"> • We are a welcoming and business friendly District • We encourage a strong and diverse local economy • We promote opportunities to visit, live and invest in the district • We support economic opportunities for Māori

The groups of activities contribute predominantly to the following community outcomes:

Activities	Vibrant community (Insert Icon)	Sustainable environment (Insert Icon)	Connected communities (Insert Icon)	Enabling economy (Insert Icon)
Recreation and Facilities	✓	✓	✓	✓
Community Development	✓		✓	✓
Democracy	✓	✓	✓	✓
Environmental Services		✓	✓	✓
Roading			✓	✓
Stormwater		✓		✓
Wastewater		✓		✓
Solid Waste		✓		✓
Water Supply		✓		✓

Note: The groups of activities and community outcomes listed in this section were adopted as part of the 2021 – 2031 Long Term Plan. Therefore each of the community outcomes in the Council Activities section and significant negative effects have been updated to match, however the financial reporting and headings in the next sections of the 2020/21 Annual Report are structured to match the 2020/21 Annual Plan to ensure accurate reporting on the past year.

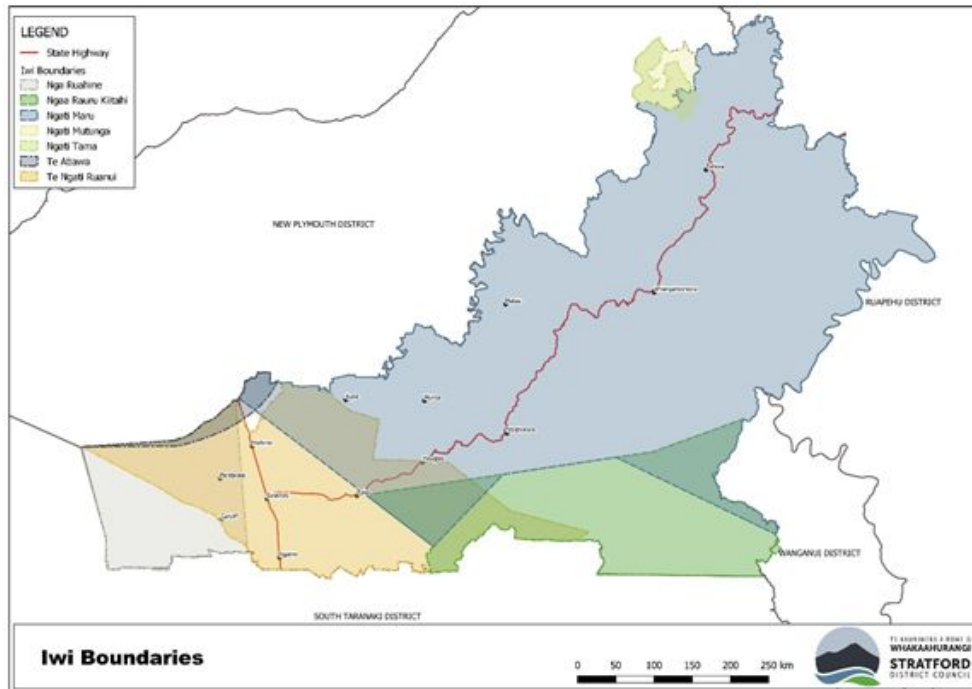
The activities meet the purpose of the Local Government four well-beings as follows:

Activities	Cultural	Social	Economic	Environmental
Aerodrome		✓	✓	✓
Civic Amenities	✓	✓		
Library	✓	✓		
Parks, Reserves and Cemeteries	✓	✓		✓
Pool Complex	✓	✓	✓	
Democracy	✓	✓	✓	✓
Community Development	✓	✓		
Economic Development	✓		✓	
Information Centre	✓	✓	✓	
Rental and Investment Properties		✓	✓	
Building Services			✓	✓
Planning			✓	✓
Community Health and Safety			✓	
Civil Defence and 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 Kaiwhakaterere 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



The Stratford District Council is represented by 10 Councillors and the Mayor. Stratford district is divided into two wards – an urban ward (6 Councillors) and a rural ward (4 Councillors). The Council currently has no Community Boards or Māori wards, but has made the provision for a māori ward in the 2022 local elections.

The Council has one Council Controlled Organisation (CCO), the Percy Thomson Trust, with control through the ability to appoint more than half of the trustees. The Trust is registered as a charitable trust, and therefore exempt from income tax.

The most recent population estimate for the district of 9,880 people is based on Statistics NZ population estimates as at 30 June 2020. The average age of Stratford District residents is expected to increase from 40 to 42 over the next 30 years.

GDP growth has generally been static to low, and generally under the national average – except for 2009 and 2012 where there were spikes in the district's GDP compared to the rest of the country.

The two biggest contributing industries in Stratford are the Agriculture and Forestry sector contributing 27% (Dairy Farming making up 16% of this) of district GDP, and the Electricity and Gas Supply contributing 16%. Stratford has the region's largest electricity generation site at Contact's 575MW gas powered plant – it is considered a nationally significant generation site.

In 2019, there were 3,462 filled jobs in the Stratford District. The district unemployment rate was 4.4%, compared to the regional unemployment rate of 5.0% and national unemployment rate of 4.3%. Employment growth lags behind the rest of the country (2018 Stratford: 1.5%, National: 3.0%), although it did spike above the national average in 2009. The biggest increase in jobs in Stratford since 2017 has been in the house construction (building) sector, and in primary education.

The home ownership rate in Stratford is 68% (compared to the national average of 65%). Stratford has good housing affordability compared to the national average: the mortgage servicing costs as a proportion of income in Stratford is 0.21, compared to 0.34 the national average. The average household size in Stratford is expected to remain at 2.5 individuals over the next 30 years, unlike other districts where it is expected to decline.

Elected Members

Council consists of a District Mayor and ten Councillors.

DISTRICT MAYOR

Neil Volzke, JP
Mobile: 027 631 7418
Email:
nvolzke@stratford.govt.nz

URBAN WARD

Deputy Mayor Alan Jamieson JP
Mobile: (027) 533 1167
Email:
alan.jamieson@stratford.govt.nz

Councillor Peter Dalziel
Mobile: (027) 509 8830
Email:
peter.dalziel@stratford.govt.nz

Councillor Jono Erwood
Mobile: (027) 6404 008
Email:
jono.erwood@stratford.govt.nz

Councillor Min McKay
Phone: (027) 472 5904
Email:
min.mckay@stratford.govt.nz

Councillor John Sandford, JP
Mobile: (027) 496 2278
Email:
john.sandford@stratford.govt.nz

Councillor Gloria Webby
Mobile: (021) 022 62258
Email:
gloria.webby@stratford.govt.nz

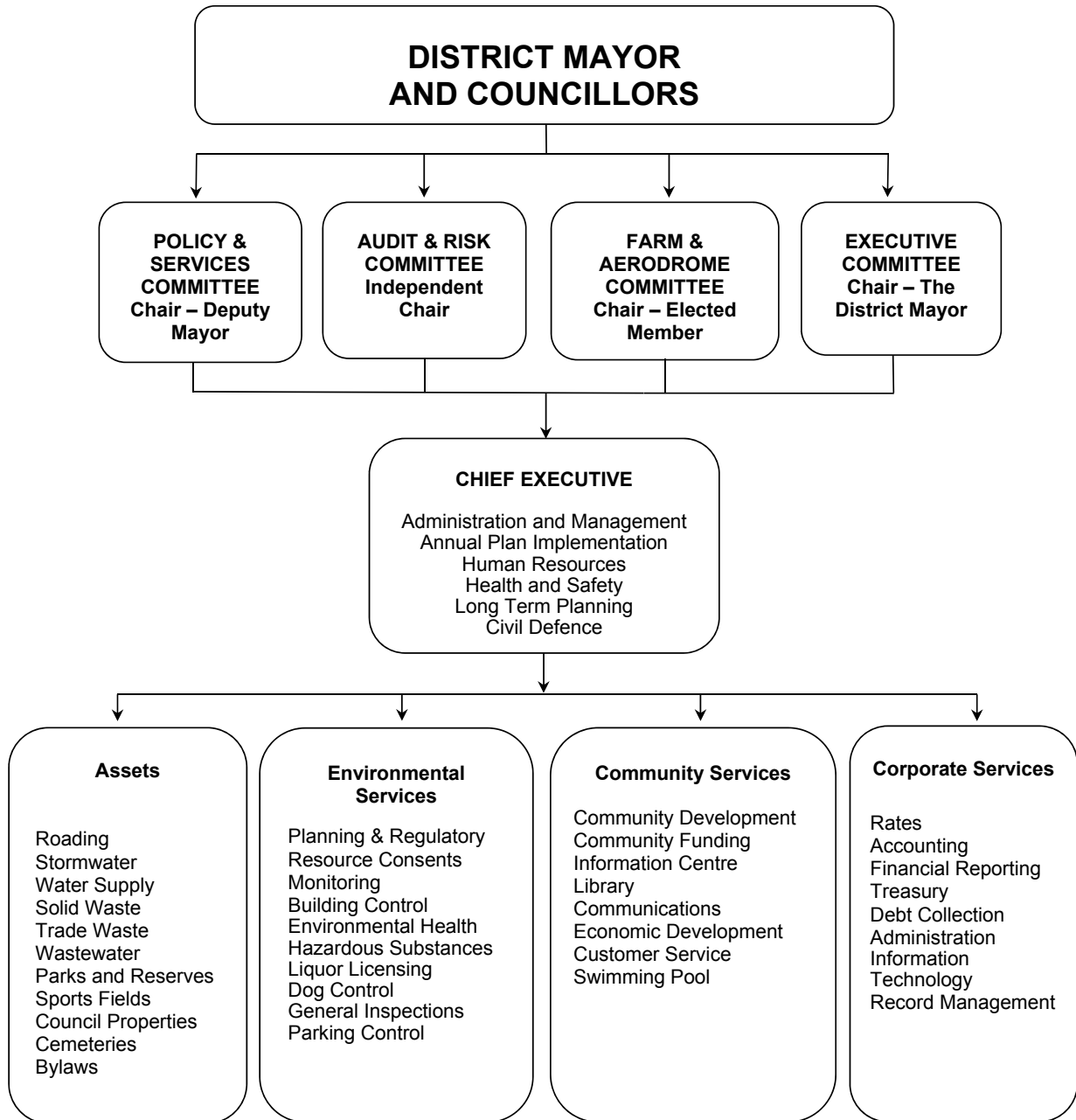
RURAL WARD

Councillor Grant Boyde, JP
Mobile: (027) 603 2842
Email:
grant.boyde@stratford.govt.nz

Councillor Rick Coplestone
Mobile: (027) 264 5154
Email:
rick.coplestone@stratford.govt.nz

Councillor Amanda Harris
Mobile: (027) 698 8291
Email:
Amanda.harris@stratford.govt.nz

Councillor Vaughan Jones
Phone: (027) 620 2106
Email:
vaughan.jones@stratford.govt.nz



Standing Committee Membership

		Council	Policy Services & Executive Committee (Includes Hearings)	Executive Committee	Audit & Risk Committee	Farm Aerodrome & Sport Zealand Travel Fund	New Rural
	<i>Frequency</i>	<i>Monthly</i>	<i>Monthly</i>	<i>As required</i>	<i>5x per year</i>	<i>Quarterly</i>	<i>2x per year</i>
Elected Member							
District Mayor – N Volzke		*	●	*	●		
Deputy Mayor – A Jamieson		●	*	●	●		
Cr G Boyde		●	●			*	
Cr R Coplestone		●	●				
Cr P Dalziel		●	●	●	●	●	
Cr J Erwood		●	●	●	●		●
Cr A Harris		●	●				●
Cr V Jones		●	●			●	●
Cr M McKay		●	●		●		
Cr W Sandford		●	●	●			*
Cr G Webby		●	●				

- * Chairperson
- Member of Committee

Highlights

The purpose of this Annual Report is to outline the financial performance for the 2020/21 year, identify any changes from the 2018-2028 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 2021

Rating Base Information

Rating units within Stratford District Council at the end of the preceding financial year (30 June 2020)	
- Number of Rateable Assessments	4,814
- Total Number of Rating Units	5,153
Valuations of the district (including non rateable)	
- Land Value of Rating Units	\$2,019,797,100
- Improvements	\$1,263,555,800
- Total Capital Value of Rating Units	\$3,283,352,900

Statistical Information

	30 June 2021
Land Area	2170 sq km
Population (as at June 2020)	9,880
Rates per head of population	\$1,360
Public Debt / Term Liabilities	\$22,200,000
Debt per Head of Population	\$2,247
Debt per Rateable Assessment	\$4,612
Debt Servicing as a Percentage of Total Revenue (limit is < 10%)	1.49%
Full Time Equivalent Staff at 30 June 2021	58
Roads	
- Sealed	391.1 km
- Unsealed	206.7 km

The operating result for the year ended 30 June 2021 demonstrates the Council's commitment to delivering its services to the community within the financial parameters of its LTP.

For the years ended:	30-Jun-21 Actual \$000	30-Jun-21 Budget \$000	30-Jun-20 Actual \$000
Revenue			
- Rates	13,437	13,391	12,836
- All Other Revenue	16,608	13,615	5,973
Total Revenue	30,046	27,005	18,809
Total Operating Expenditure	19,926	19,111	19,347
Net Surplus (Deficit)	10,120	7,894	(539)
Capital Expenditure	13,121	21,910	4,923
Working Capital (excludes current portion of debt repayment which will be refinanced immediately)	7,785		6,647
Current Ratio (Budget not to be less than 1:1)	1.59:1		1.53:1

Financial Strategy

The Financial Strategy to which this Annual Report year was subject to is within the LTP 2018-28 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 2020/21, the rates measures were in compliance.

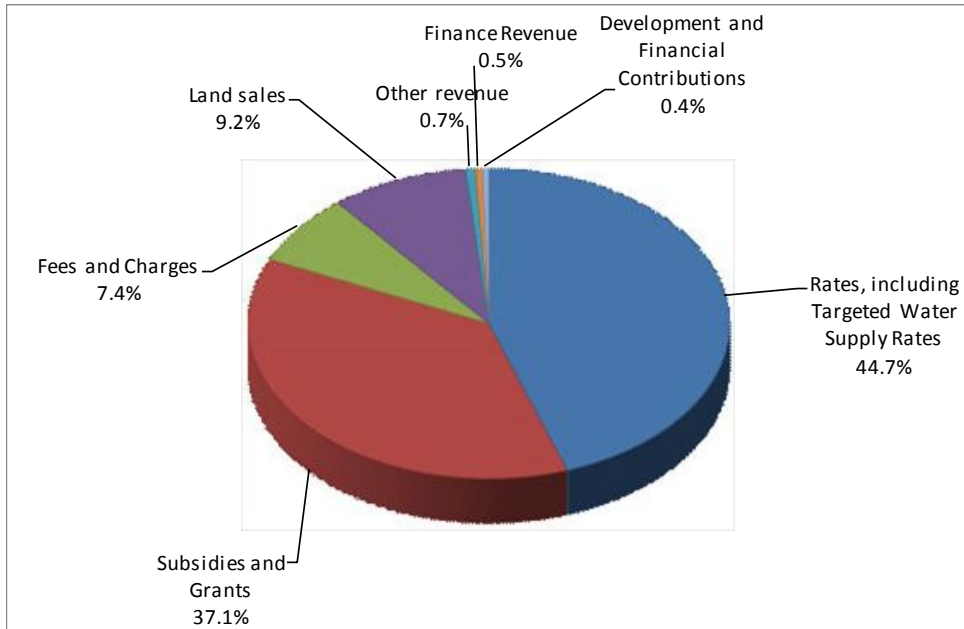
		Council's Target (limits)	LTP – 2021/21	Actual – 2020/21
Debt	Net debt as a % of total annual revenue	<100%	118%	16%
Income & Affordability	% Rates Increase	<4.45%	5.72%	4.68%
Fixed Rate	Uniform Annual General Charge (UAGC) as a percentage of total rates.	<30%	25.99%	24.2%

Net debt levels are within the targeted limits. Council has gross borrowings of \$22.2 million at interest rates ranging from 1.04% to 3.65%.

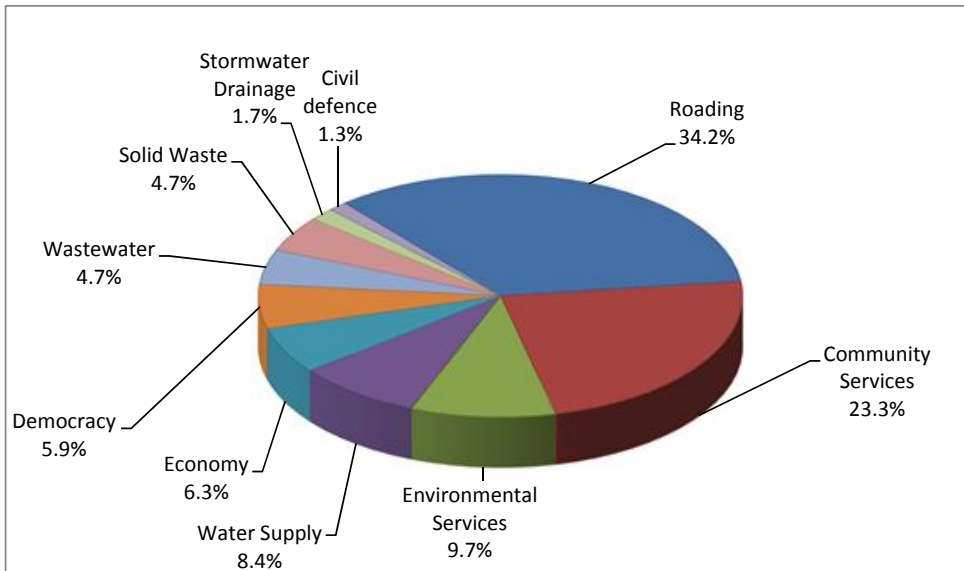
The rates increase limit was breached as noted in Year 3 of the Long Term Plan 2018-2028 but the increase was less than budgeted originally.

Financial Overview

Source of Revenue – Council Only



Operating Expenditure (Where the money is spent) – Council Only



Variations to the Long Term Plan

The following table shows the variances to the Long Term Plan for the year ended 30 June 2021.

	Actual \$000	Budget \$000	Variance \$000	Variance %
Net Operating Cost				
Community Services	4,034	3,738	(298)	(7.972%)
Democracy	1,052	1,027	(25)	(2.42%)
Economy	517	675	158	23.42%
Environmental Services	1,218	1,036	(182)	(17.60%)
Civil Defence and Emergency Management	256	231	(25)	(10.85%)
Roading	2,327	2,479	152	6.14%
Stormwater Drainage	325	328	3	0.85%
Wastewater	839	920	81	8.76%
Solid Waste	800	775	(25)	(3.17%)
Water Supply	1,183	1,459	276	18.92%
Total	12,551	12,668	116	0.92%
Capital Expenditure				
Roading	4,159	3,107	(1,052)	(33.86%)
Stormwater	22	292	269	91.97%
Water Supply	1,274	1,001	(272)	(27.21%)
Wastewater	423	687	264	38.41%
Solid waste	-	21	21	100.00%
Parks and Reserves and Cemeteries	1,466	680	(786)	(115.66%)
Property	5,525	15,981	10,456	65.43%
Council Projects	94	-	(94)	0.00%
Other	157	141	(16)	(11.62%)
Total	13,121	21,910	8,788	40.11%

Net Operating Costs

Community Services

- Civic Amenities is over budget due to the unbudgeted depreciation on the TET Multi Sports Centre that was vested in Council on 1 July 2019.
- Community Development expenditure is above budget as a result of external funding received. The increase in expenditure is matched by an increase in income.

Economy

- The cost of the Farm investment is under budget, as a result of more revenue than budgeted, and less expenditure than anticipated.

Environmental Services

- Building Control expenditure is over budget due to the extraordinary workload this year as a result of extra building activity necessitating the use of consultants, which is partly offset by the increase in revenue from building consents.

Water Supply

- Net costs are less than budget due to cost savings in the operations of the plant.

Capital Expenditure

Roading

- Roothing is over budget as a result of the additional funding received from Central Government for safety improvements, resulting in an additional net cost to Council of 39% per each extra \$1 spent.

Stormwater

- Expenditure is under budget due to the inability to find a suitable contractor, and unable to source the materials for the work required.

Water Supply

- Expenditure is over budget as a result of consultancy fees incurred relating to the construction of the second water trunk main.

Parks, Reserves and Cemeteries

- This is over budget due to the construction of the bike park at Victoria Park, which is fully funded through the Provincial Growth Fund.

Property

- This was considerably under budget as the physical construction of the new aquatic centre only commenced in March 2021, and is expected to be completed by December 2022.

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
14 December 2021



Chief Executive
S Hanne
14 December 2021

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
Community Services	Aerodrome	
	Civic Amenities	Civic Amenities & Toilets Pensioner Housing
Democracy	Community Development Library Parks, Reserves & Cemeteries TSB Pool Complex	
	Democracy Corporate Support	
Economy	Economic Development Information Centre	
	Rental & Investment Properties	Farm Holiday Park Rental Properties
Environmental Services	Building Services	
	Planning And Bylaws	District Plan Resource Consents
	Community Health And Safety	Food and Health Alcohol Licensing Parking and other Bylaw compliance Animal Control
Civil Defence and Emergency Management	Civil Defence and Emergency Management	
	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.

Performance Reporting

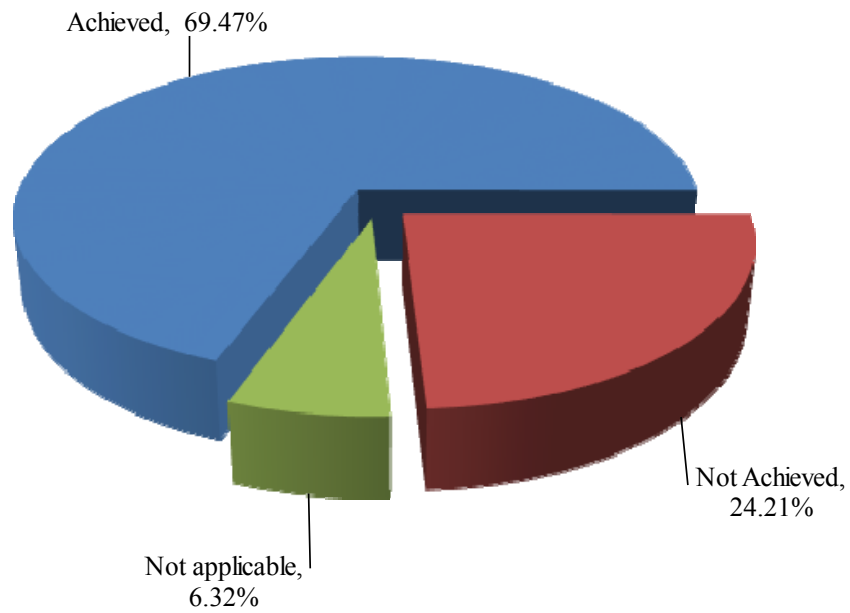
In the activities that follow, performance reporting against the **Targets** will be detailed as follows:

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



Performance Measures Not Achieved

Activity	Reason
Civic Amenities	
Annual Bookings of War Memorial Centre.	The number of bookings was not achieved due to renovations undertaken during the year – the facility was closed from 8 December 2020 to 14 March 2021.
Library	
Number of people visiting the library is measured.	The door count target has not been met since 2015, reflecting changing patterns of use in that people come in less frequently but for longer periods. The measure has been updated in the LTP 2021-31.
The number of sessions accessing the people's network is measured.	Again, this performance measure has never been achieved and is a result of more people using their own devices to access the wifi service rather than using a library shared computer. There is also public wifi on the main street now. This measure has been removed in the LTP 2021-31.
Cemeteries, Parks and Reserves	
Number of complaints and requests for service.	There were a number of complaints during the year relating to trees, i.e fallen trees due to heavy winds and rain, and overhanging trees on private property.
Democracy	
Complete annual review of the Health and Safety Manual	This was not completed due to re-prioritisation of resources towards responding to Covid-19 impacts.
Economic Development	
The Community is satisfied with how Council keeps them informed.	In the 2021 Customer Satisfaction Survey, some respondents expressed that they did not feel like they had the opportunity to have a say on some council decisions during the year e.g Anzac Day Parade, Māori Wards. Also, some residents felt like their voice wasn't heard when they did have a say, e.g. water meters.
Information Centre	
Number of users of AA Agency is measured.	The number of users was not achieved as Waka Kotahi are heavily promoting online services, some people are avoiding public places due to Covid-19, and there have been extensions offered by Waka Kotahi so less people need to update their licences. Also, relocation of the information centre to the library resulted in a temporary closure of the facility.
Building Control	
Percentage of building consent applications processed within 20 days	Council has attempted to use contractors to try and keep on top of an extraordinary high number of building consent applications during the financial year. This has presented its own challenges in terms of keeping to deadlines.
Percentage of inspection requests completed within 24 hours of request	Due to limited staffing resource, work overload, and the need to use contractors outside of the district.
Percentage of customers using building consent processes are satisfied with the service provided	No feedback on this survey question was provided in the Customer Satisfaction Survey 2021 to give further insight into the rating of 65% satisfaction.
Planning	
Percentage of customers using resource consent processes are satisfied with the service provided	Feedback from several respondents to the Customer Satisfaction Survey 2021 indicated that there is a lack of communication and it is difficult to contact the relevant staff in this area.
Community Health & Safety	
Percentage of premises registered under the Food Act, Health Act, Beauty and Tattoo Bylaw, to be inspected for compliance	One premise was not inspected for compliance due to unforeseen circumstances, but they were inspected mid July 2021.
Percentage of complaints responded to within 2 hours	This was due to the Council's after-hours contractor not being able to attend on time due to unforeseen circumstances. Improvements have been made to after-hours procedures.

Percentage of known dogs registered.	Council has limited control over the registration of known dogs by their owners. We do however encourage dog owners to register their dogs by offering a discount by paying within one month of the due date. In addition, known owners are sent reminder notices.
Percentage of dog attack / wandering dog complaints responded to within an hour.	This was due to the Council's after-hours contractor not being able to attend on time due to unforeseen circumstances. Improvements have been made to after-hours procedures.
Roading	
Road Maintenance – the percentage of the sealed road network that is resurfaced	Fell only slightly short of the target – reseals have now been completed in July 2021.
Road Maintenance – the percentage of the unsealed road network that has been metal dressed	This is a direct result of forestry and the impact it has had on the Puniwhakau Road in particular.
Percentage of residents who are satisfied with Roothing Networks	Feedback from the Customer Satisfaction Survey 2021 include complaints about the number of potholes and uneven surfaces. Also the safety of the roundabouts on Broadway, rush hour traffic, the state highways.
Percentage of residents who are satisfied with Footpaths	Footpath width is a recurring complaint in the Customer Satisfaction Survey 2021. Overhanging private trees encroaching making footpaths unusable was also discussed in responses, as well as uneven and slippery surfaces. Council does on occasion write to property owners regarding overhanging vegetation.
Solid Waste	
Percentage (by weight) of council controlled waste stream that is recycled (municipal kerbside collection only)	This is due to the change to the definition of recyclable material limiting what could be recycled – resulting in a reduction of recyclable material.
Percentage of customers satisfied with the service provided	Feedback from the Customer Satisfaction Survey 2021 mainly relate to the rubbish collection contractors / drivers behaviour, lack of care taken and inconsistent service. Also, limited options for recycling with recent changes limiting what can be recycled.
Water Supply	
Maintenance of the reticulation network – the percentage of real water loss from the local authority's networked reticulation system	Midhirst did not make the target due to the unexplained water loss during the year. Investigations are continuing to ascertain the problem.
Number of unplanned disruptions – minor	There were two asbestos pipe breaks, adjacent to each other, occurring within 12 hours of each other in April 2021.
Percy Thomson Trust	
Operate within 'break-even' budget	The trust did not break-even as a result of a reduction in grant funding available.
Delivery of Herbarium	The trust have been looking for arrangements to deliver the herbarium via a third party for several years. It is intended that this be done in conjunction with a review of the arboretum, which the trustees have advised will be completed during the 2021/22 year.

Community Services

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:

- Connected Communities – by providing an alternative transport route for people to connect to the district.
- Enabling Economy – promotes district opportunities for economic growth by increasing accessibility.

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	Year 3 – 2020/21		How Measured
		Target	Actual	
<i>The aerodrome meets the needs of users</i>	A high level of satisfaction amongst the users with the condition and maintenance of the aerodrome.	>70%	Achieved – 74% (2019/20 Achieved – 71.5%)	Annual Aerodrome user survey

1.5 Projects and Other Programmes

There are no significant negative effects associated with the Aerodrome activity.

1.6 Cost of Services Statement

The detailed financial summary for the Aerodrome is shown below.

Aerodrome

Actual 2019/20 \$000		Actual 2020/21 \$000	Budget 2020/21 \$000
96	Operating Expenditure	105	106
23	Revenue	24	22
73	Net Cost of Service	81	85
	EXPENDITURE		
70	Operating Costs	74	74
6	Depreciation	6	7
20	Allocated Overheads	25	25
96	Total Operating Expenditure	105	106
-	Capital Expenditure	-	-
96	Total Expenditure	105	106
	FUNDED BY:		
23	Charges for Services	24	22
23	Total Revenue	24	22
74	General Rates	86	84
3	Transfer from Depreciation Reserve	-	-
99	Total Funding	110	106

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
- Pensioner Housing
- Centennial Rest Rooms
- Clock Tower (Glockenspiel)
- Bell Tower
- Bus Shelters
- Hall of Remembrance
- Public Toilets
- Rural Halls
- Security Cameras
- Structures/Beautification

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:

- Vibrant Community
- Connected Communities

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	Year 3 – 2020/21		How Measured
		Target	Actual	
To provide facilities that are well maintained and utilised.	Buildings legally requiring a Building WoF have a current Building WoF at all times.	100%	Achieved – 100% (2019/20 Achieved - 100%)	Building WoF records
	Annual booking of War Memorial Centre.	>500	Not Achieved – 441 – see explanation on page 20 (2019/20 Not Achieved – 376)	Booking records
	Annual booking of Centennial Restrooms.	>200	Achieved - 209 (2019/20 Achieved – 205)	Booking records
To provide suitable housing for the elderly.	Percentage of Customer satisfaction.	>89%	Achieved – 93% (2019/20 Achieved – 92.8%)	Annual User Survey
	Annual Occupancy rate.	>95%	Achieved – 100% (2019/20 Achieved – 100%)	Tenancy records.
To provide clean, well maintained toilet facilities.	Percentage of Stratford District residents satisfied with overall level of service of toilets.	>75%	Achieved – 82.99% (2019/20 Achieved – 83%)	Annual Residents Survey

1.5 Projects and Other Programmes

Project	Category	Budget 2020/21	Actual 2020/21	Notes
Stratford 2035	Level of Service	\$100,000	\$19,353	This project was partly reliant on external funding, which did not eventuate. The balance was spent on signs for the town.
War Memorial Centre – upgrade for Civil Defence	Level of Service	\$50,000	\$0	This was put on hold while other more cost effective options were investigated.
Centennial Restrooms Replacements	Replacements	\$8,700	\$23,936	Heat pump and air-conditioning units were in poor state and required replacement immediately.
Community Halls	Replacements	\$0	\$329,678	Funding was received from the Provincial Growth Fund for refurbishments of local community halls.

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 2019/20 \$000		Actual 2020/21 \$000	Budget 2020/21 \$000
924	Operating Expenditure	1,036	807
28	Revenue	42	51
896	Net Cost of Service	993	756
	EXPENDITURE		
365	Operating Costs	445	338
8	Interest	8	13
442	Depreciation	451	329
109	Allocated Overheads	131	127
924	Total Operating Expenditure	1,036	807
13	Principal Loan Repayments	16	19
131	Capital Expenditure	422	161
1,068	Total Expenditure	1,473	988
	FUNDED BY:		
28	Charges for Services	42	51
28	Total Revenue	42	51
740	General Rates	695	688
16	Targeted Rates	16	14
41	Depreciation Funded from Reserves	54	51
15	Transfers from Depreciation Reserves	45	30
17	Grants and Donations	343	50
114	Loan Funding - Capital	66	100
-	Other Funding	-	2
970	Total Funding	1,260	988

Pensioner Housing

Actual 2019/20 \$000		Actual 2020/21 \$000	Budget 2020/21 \$000
103	Operating Expenditure	107	107
67	Revenue	68	65
36	Net Cost of Service	39	42
	EXPENDITURE		
26	Operating Costs	27	32
1	Interest	1	1
30	Depreciation	33	28
47	Allocated Overheads	47	46
103	Total Operating Expenditure	107	107
1	Principal Loan Repayments	1	1
28	Capital Expenditure	-	-
132	Total Expenditure	108	108
	FUNDED BY:		
67	Charges for Services	68	65
67	Total Revenue	68	65
24	General Rates	22	22
22	Transfers from Depreciation Reserves	18	21
13	Balance From Reserves	-	-
6	Loan Funding - capital	-	-
132	Total Funding	108	108

Community Development

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:

- Vibrant community
- Connected communities

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	Year 3 – 2020/21		How Measured
		Target	Actual	
<p><i>To provide a number of community events and provide support that encourages involvement of the community</i></p>	Number of Community events organised.	2	<p>Achieved – 12 Events including:</p> <ul style="list-style-type: none"> • ANZAC Day commemorations • Puanga Celebrations • Chunuk Bair commemorations • Scarecrow Trail • Trade Graduation Ceremony • Summer Nights concert <p>(2019/20 Achieved – 7)</p>	Number of events held are recorded
	Percentage of residents feeling a sense of community.	>75%	Achieved – 91% (2019/20 Achieved – 94%)	Annual Residents Survey
<p><i>Youth are supported to participate in their community through developing and implementing their own projects</i></p> <p><i>Council will provide, encourage and/or support events within the district</i></p>	Number of projects successfully developed and implemented by youth with support from community development	4	Achieved - 5 (2019/20 Achieved – 4)	Number of projects developed are recorded
	Events Council has provided or supported are measured	2	Achieved - 8 (2019/20 Achieved - 9)	Number of supported events are recorded

1.5 Projects and Other Programmes

There were no projects associated with the Community Development activity.

1.6 Cost of Services Statement

The detailed financial summary for the community development activity is shown below.

Community Development

Actual 2019/20 \$000		Actual 2020/21 \$000	Budget 2020/21 \$000
467	Operating Expenditure	652	429
29	Revenue	37	21
438	Net Cost of Service	615	409
	EXPENDITURE		
382	Operating Costs	525	306
85	Allocated Overheads	128	123
467	Total Operating Expenditure	652	429
	FUNDED BY:		
29	Revenue	37	21
29	Total Revenue	37	21
360	UAGC	411	407
106	Grants	247	-
-	Other Funding	0	2
496	Total Funding	695	429

Library

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 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:

- Vibrant community
- Connected communities

1.3 Significant Negative Effects

There are no significant negative effects associated with the Library 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	Year 3 – 2020/21		How Measured
		Target	Actual	
<i>To provide a library service which meets the needs of and is being used by Stratford District residents</i>	Number of people visiting the library is measured.	>90,000	Not Achieved – 65,560 – see explanation on page 20 (2019/20 Not Achieved – 52,554)	Door count
	% of library users satisfied with library services.	>80%	Achieved – 98.87% (2019/20 Achieved – 98%)	Annual Residents Survey
<i>Library services will be accessible to the community</i>	The number of visitors accessing the Wi-Fi service is measured.	>15,000	Achieved – 22,087 (2019/20 Achieved – 25,995)	Internal records
	The number of sessions accessing the People's Network is measured.	>10,000	Not Achieved – 6,048 – see explanation on page 20 (2019/20 Not Achieved – 6,441)	Internal records

1.5 Projects and Other Programmes

Project	Category	Budget 2020/21	Actual 2020/21	Notes
<i>Library Upgrade</i>	Level of Service	\$0	\$70,056	During the year the Information Centre relocated and merged with the Library. This expenditure was to upgrade the existing area and procure new furniture.

1.6 Cost of Services Statement

The detailed financial summary for the Library's activities is shown below.

Library

Actual 2019/20 \$000		Actual 2020/21 \$000	Budget 2020/21 \$000
649	Operating Expenditure	701	659
15	Revenue	15	17
634	Net Cost of Service	686	642
	EXPENDITURE		
325	Operating Costs	405	343
22	Interest	18	21
82	Depreciation	65	93
220	Allocated Overheads	213	202
649	Total Operating Expenditure	701	659
33	Principal Loan Repayments	33	32
-	Capital Expenditure	76	-
682	Total Expenditure	810	691
	FUNDED BY:		
15	Charges for Services	15	17
15	Total Revenue	15	17
625	General Rates	609	602
40	Depreciation Funded from Reserves	32	37
-	Loan Funding - Capital	70	-
-	Grants and Donations	79	-
36	Transfer from Depreciation Reserves	33	32
-	Other Funding	-	3
716	Total Funding	838	691

Parks, Reserves & 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 assets include:

- (i) 36.7 hectares of passive reserves:
 - Gardens, lawns, trees, and amenity street plantings
 - 2 neighbourhood parks and 3 playgrounds
- (ii) 9.5 hectares of urban active reserves comprising:
 - 2 croquet greens
 - 6 netball/tennis courts
 - 4 rugby fields
 - 1 cricket wicket
 - 2 soccer fields
 - 1 hockey fields
- (iii) 9.4 hectares of cemeteries
 - 5.1 hectares in 2 operating cemeteries
 - 4.3 hectares in 5 closed cemeteries
- (iv) 14km of walkway including 9 foot bridges.
- (v) 5.4 hectares in 19 esplanade reserves.

(vi) Accessory structures and buildings:

- Grandstand at Victoria Park
- Toilet block 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
- Stratford Gateway Structures (2)
- Skate park 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:
- Connected communities
- Sustainable environment

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	Year 3 – 2020/21		How Measured
		Target	Actual	
<i>To provide parks, sports fields and other open spaces that meet community demand</i>	Number of complaints and requests for service.	<40	Not Achieved – 51 – see explanation on page 20 (2019/20 Achieved – 21)	Reporting against corporate CRM system.
	Percentage of Stratford residents satisfied with:			Annual Residents Survey
	Parks;	>80%	Achieved – 94% (2019/20 Achieved 95%)	
	Sports fields; and	>80%	Achieved – 88% (2019/20 Achieved 94%)	
	Cemeteries.	>80%	Achieved – 82% (2019/20 Achieved 81%)	

Safe playgrounds are provided	All playgrounds meet NZ Safety Standards.	100%	Not Applicable – 100% - the inspection was completed in June 2020 (2019/20 Achieved – 100%)	Biennial playground inspection report and records provided from weekly and quarterly compliance checks by contractor.
Foot Bridges are safe.	All foot bridges meet NZ Safety standards.	100%	Not Applicable – was completed in June 2020 (2019/20 Achieved – 100%)	Biennial bridge inspection Report

1.5 Projects and Other Programmes

Project	Category	Budget 2020/21	Actual 2020/21	Notes
<i>Walkway Sign Upgrade</i>	Level of Service	\$10,500	\$5,203	The Council branding has been completed and the design phase is now underway for signage.
<i>Trail Development and Artwork</i>	Level of Service	\$104,200	\$31,222	This project was partly dependent on external funding but the application was declined. However some work did take place including the installation of a butterfly tree, trail rubbing stations and picture frames.
<i>Park Development</i>	Level of Service	\$15,600	\$20,034	This was for planting and an extension to the lime chip path.
<i>Walkway Development</i>	Level of Service	\$15,600	\$16,850	This expenditure was to enhance the eastern loop.
<i>Plantings and Walkway Signs</i>	Level of Service	\$23,000	\$11,876	The Council branding has been completed and the design phase is now underway for signage.
<i>Children's Bike Park</i>	Level of Service	\$521,300	\$1,385,832	Funding of \$1,870,000 was approved from the Provincial Growth Fund so a much larger project has been constructed. It will be completed early in 2021/22 with the official opening before Christmas 2021.

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 2019/20 \$000		Actual 2020/21 \$000	Budget 2020/21 \$000
642	Operating Expenditure	698	778
8	Revenue	8	9
633	Net Cost of Service	690	769
EXPENDITURE			
429	Operating Costs	475	498
4	Interest	5	6
89	Depreciation	94	144
120	Allocated Overheads	125	130
642	Total Operating Expenditure	698	778
6	Principal Loan Repayments	9	9
96	Capital Expenditure	1,466	680
745	Total Expenditure	2,173	1,467
FUNDED BY:			
9	Charges for Services	8	9
8	Total Revenue	8	9
673	General Rates	785	777
6	Transfer (to) from Reserves	9	9
80	Loan Funding - Capital	49	54
(10)	Transfer (to) Turf Replacement Reserve	(10)	(10)
16	Grants and Donations	1,482	626
-	Other Funding	0	-
774	Total Funding	2,323	1,467

Cemeteries

Actual 2019/20 \$000		Actual 2020/21 \$000	Budget 2020/21 \$000
214	Operating Expenditure	201	180
89	Revenue	116	85
125	Net Cost of Service	85	95
EXPENDITURE			
126	Operating Costs	133	113
8	Depreciation	7	9
80	Allocated Overheads	61	58
214	Total Operating Expenditure	201	180
-	Capital Expenditure	-	-
214	Total Expenditure	201	180
FUNDED BY:			
89	Charges for Services	116	85
89	Total Revenue	116	85
110	General Rates	95	94
-	Other Funding	-	1
198	Total Funding	211	180

TSB Pool Complex

1.1 What We Do

Owned and operated by Council, this facility has three heated indoor pools that cater year-round for both recreational and competitive swimming. It provides a place for people to learn-to-swim, particularly for young people, and has a range of fitness programmes, coaching and events.

A new facility is currently being built on Portia Street, north of the hockey turf. It will have four water spaces including, a 25m main pool, programme/hydrotherapy, learn to swim, and toddler pool with kids splash pad. The building is expected to be completed in 2022/2023.

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 provider.

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:

- Vibrant Community
- Connected Communities
- Enabling Economy

1.3 Significant Negative Effects

The TSB Pool Complex 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 - 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 neighbouring Patea River would have significant negative impacts on the environmental and cultural wellbeing of the river and the community. This is managed and mitigated through compliance with existing resource consent conditions.

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	Year 3 – 2020/21		How Measured
		Target	Actual	
<i>The pool complex will be a safe place to swim.</i>	Number of reported accidents, possible accidents and similar incidents pa.	<80	Achieved - 44 (2019/20 Achieved –63)	Accident register – also reported monthly to Council.
	Compliance with NZS5826:2010 NZ Pool Water Quality Standards.	100%	Achieved – 100% (2019/20 Achieved – 100%)	Water quality register.
<i>That the pool facilities meet demand.</i>	Percentage of pool users are satisfied with the pool.	>80%	Achieved – 85.37% (2019/20 Achieved – 91%)	Annual customer survey.
	Number of pool admissions per annum.	Target suspended due to expected closures for upgrade	Not Applicable – Target was set in the 2018/2028 Long Term Plan as it was expected the pool would be closed for a period of time, due to the upgrade. However, this didn't happen but the number of admissions was 37,598 (2019/20 Not Achieved – 47,779)	Ticketing system – also reported monthly to council.

1.5 Projects and Other Programmes

Project	Category	Budget 2020/21	Actual 2020/21	Notes
<i>Pool Development</i>	Level of Service	\$15,636,500	\$4,856,111	Funding of \$8 million from the Provincial Growth Fund was approved. Physical construction didn't commence until March 2021, and has an expected completion date of December 2022.
<i>Various Items of Equipment</i>	Level of Service	\$37,200	\$0	This was put on hold until the pool development is completed.

1.6 Cost of Services Statement

The detailed financial summary for the TSB Pool Complex activities is shown below:

TSB Pool Complex

Actual 2019/20 \$000		Actual 2020/21 \$000	Budget 2020/21 \$000
936	Operating Expenditure	1,056	1,163
188	Revenue	211	222
748	Net Cost of Service	845	941
	EXPENDITURE		
650	Operating Costs	718	701
-	Interest	0	165
108	Depreciation	122	102
177	Allocated Overheads	215	195
936	Total Operating Expenditure	1,056	1,163
-	Principal Loan Repayments	-	253
31	Capital Expenditure	4,856	15,674
967	Total Expenditure	5,912	17,089
	FUNDED BY:		
188	Charges for Services	211	222
188	Total Revenue	211	222
665	General Rates	948	938
16	Loan funding - capital	-	12,637
-	Grants and Donations	4,856	3,000
15	Transfers from Depreciation Reserves	-	290
-	Other Funding	-	3
884	Total Funding	6,014	17,089

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:

- Connected Communities
- Vibrant Communities
- Enabling Economy
- Sustainable Environment

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	Year 3 – 2020/21		How Measured
		Target	Actual	
To provide Democracy services in accordance with statutory deadlines.	Agendas and associated reports for all scheduled meetings are available to interested parties in accordance with statutory timeframes.	100%	Achieved – 100% (2019/20 Achieved – 100%)	Meeting Register.
	All Council meetings are publicly notified in accordance with statutory timeframes.	100%	Achieved – 100% (2019/20 Achieved – 100%)	Meeting Register.
To ensure that the Health and Safety manual is reviewed.	Complete an annual review of the Health and Safety Manual.	Achieved	Not Achieved – – see explanation on page 20 (2019/20 Achieved)	Review Date.
Ensure accountability documents are prepared and meet statutory requirements.	The Annual Report, Annual Plan and Long Term Plan meet statutory deadlines and receive an unqualified audit opinion where relevant,	Achieved	Achieved (2019/20 Achieved)	Audit Opinion.

1.5 Projects and Other Programmes

<i>Project</i>	<i>Category</i>	<i>Budget 2020/21</i>	<i>Actual 2020/21</i>	<i>Notes</i>
<i>Website redevelopment</i>	Replacements	\$0	\$27,935	Funds were carried forward and project is now complete.
<i>Computers and peripherals</i>	Replacements	\$90,000	\$74,030	Complete
<i>Vehicle Replacements</i>	Replacements	\$31,000	\$23,404	Complete
<i>Miscellaneous Equipment</i>	Replacements	\$20,000	\$3,200	Complete
<i>Replace Floor Coverings in Miranda Street Office</i>	Replacements	\$42,700	\$14,698	Only selected floor coverings were replaced as many carpeted areas were assessed as being in good condition.

1.6 Cost of Services Statement

The detailed financial summary for Governance and Corporate Support's activities are shown below:

Democracy

Actual 2019/20 \$000		Actual 2020/21 \$000	Budget 2020/21 \$000
1,154	Operating Expenditure	1,148	1,097
-	Revenue	-	-
1,154	Net Cost of Service	1,148	1,097
EXPENDITURE			
474	Operating Costs	478	501
680	Allocated Overheads	670	595
1,154	Total Operating Expenditure	1,148	1,097
FUNDED BY:			
1,128	UAGC	1,101	1,088
-	Other Funding	-	9
1,128	Total Funding	1,101	1,097

Corporate Support

Actual 2019/20 \$000		Actual 2020/21 \$000	Budget 2020/21 \$000
-	Operating Expenditure	(0)	-
86	Revenue	96	70
(86)	Net Cost of Service	(96)	(70)
	EXPENDITURE		
	Operating Costs		
430	- Chief Executive's Department	490	377
932	- Corporate Services Department	894	754
(1,362)	Allocated Overheads	(1,384)	(1,130)
-	Total Operating Expenditure	0	-
219	Capital Expenditure	176	189
219	Total Expenditure	176	189
	FUNDED BY:		
86	Charges for Services	96	70
86	Total Revenue	96	70
(60)	UAGC	(71)	(70)
219	Transfer from Depreciation Reserves	176	189
246	Total Funding	201	189

Economy

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:

- Vibrant Community
- Enabling Economy

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	Year 3 – 2020/21		How Measured
		Target	Actual	
<i>To support and promote the economic growth of the district.</i>	Business mentoring and economic development support is available.	Report received	Achieved – 4 Reports (2019/20 Achieved – 4 reports)	Venture Taranaki Quarterly reports
<i>To support the business community.</i>	Provide administration support to the Stratford Business Association meetings	11	Achieved - 11 (2019/20 Achieved – 11)	Minutes and agendas completed
<i>The website is a valuable resource for the community to access Council information</i>	The number of visitors accessing Council information and services via the internet is measured.	Not less than previous year	Achieved – 53,782 (2019/20 Achieved – 50,411)	Website statistics
<i>Opportunities for the community to participate in decision making is widely publicised</i>	The community is satisfied with how Council keeps them informed.	>85%	Not Achieved – 74.05% – see explanation on page 20 (2019/20 Not Achieved – 79%)	Annual Residents Survey

1.5 Projects and Other Programmes

Project	Category	Budget 2020/21	Actual 2020/21	Notes
Final Development for Council-led subdivision at Pembroke Road.	Level of Service	\$0	\$93,880	Final costs in relation to 2020 council subdivision.

1.6 Cost of Services Statement

The detailed financial summary for Economic Development's activities is shown below:

Economic Development

Actual 2019/20 \$000		Actual 2020/21 \$000	Budget 2020/21 \$000
368	Operating Expenditure	444	440
-	Revenue	-	-
368	Net Cost of Service	444	440
EXPENDITURE			
259	Operating Costs	281	295
108	Allocated Overheads	163	145
368	Total Operating Expenditure	444	440
FUNDED BY:			
205	General Rates	221	219
105	Subsidies / Grants	43	-
205	UAGC	221	219
-	Other Funding	-	2
515	Total Funding	486	440

Council Projects

Actual 2019/20 \$000		Actual 2020/21 \$000	Budget 2020/21 \$000
89	Operating Expenditure	80	97
-	Revenue	-	-
89	Net Cost of Service	80	97
EXPENDITURE			
-	Operating Costs	-	-
89	Interest	80	97
89	Total Operating Expenditure	80	97
-	Principal Loan Repayments	3,736	3,719
580	Capital Expenditure	94	-
669	Total Expenditure	3,911	3,816
FUNDED BY:			
(3)	General Rates	(3)	-
1,292	Sale of sections - capital	2,779	3,816
-	Loan Funding - Capital	94	-
1,289	Total Funding	2,869	3,816

Information Centre

1.1 What We Do

The Visitor Information Centre (i-SITE) is co-located with the Stratford District Library which sees a vibrant, community hub situated in the town centre, Prospero Place. Residents and visitors can access a wide range of travel information, booking services and complete NZTA transactions such as car registration and driver licensing.

1.2 Why We Do It

This activity provides a range of tourism information related to the Stratford District, Taranaki, and New Zealand. It also acts as an Automotive Association touring agent providing driver licence and vehicle licensing services that otherwise may not have been available.

This activity contributes to the community outcomes of:

- Vibrant community
- Enabling economy

1.3 Significant Negative Effects

There are no significant negative effects associated with the Information Centre 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	Year 3 – 2020/21		How Measured
		Target	Actual	
<i>To provide an Information Centre for visitors, incorporating Automobile Association Agency services that meets the needs of and is being used by the community.</i>	Number of people to the Information Centre service is measured.	>40,000	Achieved – 63,767 (includes library door count figures from 15 December 2020) (2019/20 Not Achieved – 33,008)	Door Count
	Number of users of AA Agency Service is measured.	>10,000	Not Achieved – 7,712 – see explanation on page 20 (22019/20 Not Achieved – 8,842)	AA customer count records
	Percentage customers are satisfied.	>80%	Achieved – 95.72% (2019/20 Achieved – 96%)	Annual Residents Survey

1.5 Projects and Other Programmes

There were no projects associated with the Information Centre activity.

1.6 Cost of Services Statement

The detailed financial summary for the Information Centre's activities is shown below:

Information Centre

Actual 2019/20 \$000		Actual 2020/21 \$000	Budget 2020/21 \$000
338	Operating Expenditure	287	312
74	Revenue	65	92
264	Net Cost of Service	222	220
EXPENDITURE			
231	Operating Costs	173	210
5	Depreciation	4	1
103	Allocated Overheads	111	101
338	Total Expenditure	287	312
FUNDED BY:			
74	Charges for Services	65	112
74	Total Revenue	65	92
182	General Rates	221	218
-	Other Funding	-	1
256	Total Funding	286	312

Rental & 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:

- Enabling Economy

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	Year 3 – 2020/21		How Measured
		Target	Actual	
Maximum profits from the farm are returned to Council.	Milk production is maximised	>150,000kg	Achieved 150,918kgs (2019/20 Achieved 154,177kgs)	– Milk Supplier's Statements issued by milk collector (currently Fonterra).
Leased property is safe and fit for purpose.	Number of complaints from tenants.	<5	Achieved – 2 (2019/20 Achieved – 3)	– Reporting against corporate CRM system.

1.5 Projects and Other Programmes

Project	Category	Budget 2020/21	Actual 2020/21	Notes
Farm				
<i>Landscaping and Riparian Planting</i>	Level of Service	\$10,400	\$9,862	Complete
<i>Calf Bay</i>	Level of Service	\$15,000	\$7,871	Complete
<i>Yard Upgrade</i>	Level of Service /Replacements	\$60,000	\$20,000	Council approved an increase in the budget and will be completed in July 2021
<i>House components</i>	Replacements	\$12,000	\$12,344	Complete
<i>Effluent Pump Replacement</i>	Replacements	\$0	\$15,710	The existing pump failed and the cost of a replacement was partly covered by insurance.
<i>Relocate concrete feed pad and lime chip turning area</i>	Level of Service	\$0	\$52,986	This was programmed for the 2021 Long Term Plan but due to issues around a temporary concrete pad it was brought forward.
<i>Relocate race</i>	Level of Service	\$0	\$35,062	This was required due to the high number of stock injuries

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 2019/20 \$000		Actual 2020/21 \$000	Budget 2020/21 \$000
17	Operating Expenditure	2	3
3	Revenue	3	3
14	Net Cost of Service	(2)	-
EXPENDITURE			
-	Operating Costs	-	1
17	Allocated Overheads	2	2
17	Total Expenditure	2	3
FUNDED BY:			
3	Charges for Services	3	3
3	Total Revenue	3	3
13	General Rates	-	-
16	Total Funding	3	3

Farm

Actual 2019/20 \$000		Actual 2020/21 \$000	Budget 2020/21 \$000
322	Operating Expenditure	340	389
518	Revenue	606	507
(197)	Net Cost of Service	(266)	(119)
EXPENDITURE			
188	Operating Costs	205	211
63	Interest	47	54
38	Depreciation	34	66
32	Allocated Overheads	54	58
322	Total Operating Expenditure	340	389
828	Principal Loan Repayments	219	83
17	Capital Expenditure	154	97
1,167	Total Expenditure	712	569
FUNDED BY:			
518	Charges for Services	606	507
518	Total Revenue	606	507
(50)	General Rates	(53)	(52)
17	Loan Funding - Capital	116	55
682	Sale of Assets/Insurance proceeds	11	-
-	Transfer (to) from Reserves	27	57
-	Other Funding	-	1
1,167	Total Funding	707	569

Rental Properties

Actual 2019/20 \$000		Actual 2020/21 \$000	Budget 2020/21 \$000
71	Operating Expenditure	69	68
31	Revenue	32	32
40	Net Cost of Service	38	36
EXPENDITURE			
9	Operating Costs	13	10
22	Depreciation	17	21
40	Allocated Overheads	39	37
71	Total Operating Expenditure	69	68
-	Capital Expenditure	-	-
71	Total Expenditure	69	68
FUNDED BY:			
31	Charges for Services	32	32
31	Total Revenue	32	32
37	General Rates	36	35
-	Other Funding	-	1
68	Total Funding	68	68

Environmental Services

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:

- Enabling Economy
- Sustainable Environment

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 its 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	Year 3 – 2020/21		How Measured
		Target	Actual	
To process applications within statutory timeframes.	Percentage of building consent applications processed within 20 days.	100%	Not Achieved – 96%, 293 out of 306 – see explanation on page 20 (2019/20 Achieved 100%, 242 out of 242 building consents)	Council Records
	Percentage of inspection requests completed within 24 hours of request	100%	Not Achieved – 98%, 1,034 out of 1054 – see explanation on page 20 (2019/20 Achieved – 100%)	Council Records
	Percentage of code compliance certificate applications determined within 20 working days	100%	Achieved – 100%, 172 out of 172 (2019/20 Achieved – 100% 213 out of 213)	Council Records
To retain registration as a Building Consent Authority.	Current registration.	Confirmed	Achieved – IANZ audit due November 2021 (2019/20 Achieved – expires July 2020)	Current IANZ Certification
To process LIMs within statutory timeframes	% of LIMs processed within timeframes.	100%	Achieved – 100% 59 of 59 (2019/20 Not Achieved – 98%, 53 of 54)	Council Records
Service meets customer expectations.	Percentage of customers using building consent processes are satisfied with the service provided	>80%	Not Achieved – 65% see explanation on page 20 (2019/20 Achieved – 83%)	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 2019/20 \$000		Actual 2020/21 \$000	Budget 2020/21 \$000
468	Operating Expenditure	901	560
284	Revenue	361	256
184	Net Cost of Service	540	304
EXPENDITURE			
279	Operating Costs	655	322
189	Allocated Overheads	246	239
468	Total Operating Expenditure	901	560
FUNDED BY:			
284	Charges for Services	361	256
284	Total Revenue	361	256
153	UAGC	304	301
-	Other Funding	-	4
437	Total Funding	665	560

Planning and Bylaws

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:

- Sustainable Environment

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	Year 3 – 2020/21		How Measured
		Target	Actual	
To promote the sustainable management and use of land and public spaces.	To undertake a comprehensive review of the district plan, with notification no later than 2018/19.	Not applicable	Not Applicable (2019/20 Not Achieved)	Reports to Council
	To undertake a systematic review of bylaws and related policies as they reach their statutory review dates.	Not applicable	Not Applicable (2019/20 Not Achieved)	Reports to Council
To process resource consents within statutory timeframes.	% of non notified applications processed within 20 working days.	100%	Achieved – 100% 70 of 70 applications. (2019/20 Achieved – 100%, 72 of 72 applications)	Council records
	% of notified applications processed within legislated timeframes for notification, hearings and decisions.	100%	Achieved – 0 notified consent applications (2019/20 Achieved – 0 notified consent)	Council records
	% of s223 and s224 applications processed within 10 working days.	100%	Achieved – 100% 42 of 42 applications. (2019/20 Achieved – 100% 36 of 36 applications)	Council records
Service customer expectations.	Percentage of customers using resource consent processes are satisfied with the service provided	>80%	Not Achieved – 64% – see explanation on page 20 (2019/20 Achieved – 84%)	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 2019/20 \$000		Actual 2020/21 \$000	Budget 2020/21 \$000
116	Operating Expenditure	144	169
-	Revenue	-	-
116	Net Cost of Service	144	169
EXPENDITURE			
44	Operating Costs	47	78
72	Allocated Overheads	97	91
116	Total Operating Expenditure	144	169
FUNDED BY:			
146	UAGC	170	168
-	Other Funding	-	1
146	Total Funding	170	169

Resource Consents

Actual 2019/20 \$000		Actual 2020/21 \$000	Budget 2020/21 \$000
195	Operating Expenditure	225	179
59	Revenue	97	35
136	Net Cost of Service	128	144
EXPENDITURE			
102	Operating Costs	124	81
93	Allocated Overheads	101	99
195	Total Operating Expenditure	225	179
FUNDED BY:			
59	Charges for Services	97	35
59	Total Revenue	97	35
133	UAGC	145	143
-	Other Funding	-	1
192	Total Funding	243	179

Community Health & 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.

Under the general bylaw 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:

- Enabling Economy
- Sustainable Environment

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	Year 3 – 2020/21		How Measured
		Target	Actual	
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%	Not Achieved – 99% - 73 out of 74 – see explanation on page 20 (2019/20 Achieved – 100%)	Council Records
	Health nuisance and premise complaints are responded to within 1 working day.	100%	Achieved – 100% 18 out of 18 complaints (2019/20 Achieved – 100%, 22 out of 22 complaints)	Council Records
To fulfil obligations as a District Licensing Committee.	Percentage of licensed premises inspected.	100%	Achieved – 100% 29 of 29 inspected (2019/20 Not Achieved – 91% 30 of 33 inspected)	Council Records
	Percentage of applications processed within 25 working days (excluding hearings).	100%	Achieved – 100% 87 of 87 applications (2019/20 – Achieved 100% 81 of 81 applications)	Council Records
To monitor and enforce bylaws.	Percentage of complaints responded to within 2 hours.	100%	Not Achieved – 99% 275 of 278 complaints – see explanation on page 20 (2019/20 Achieved – 100%, 322 of 322 complaints)	Council Records
To ensure dogs are controlled.	Percentage of known dogs registered.	98%	Not Achieved – 97% 2,039 of 2,086 dogs – see explanation on page 21 (2019/20 Not Achieved – 97%, 2,072 of 2,132 dogs)	Council Records
	Percentage of dog attack/wandering dog complaints responded to within an hour.	100%	Not Achieved – 99% 320 of 324 complaints – see explanation on page 21 (2019/20 Achieved – 100%, 278 of 278 complaints)	Council Records

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:

Environmental Health

Actual 2019/20 \$000		Actual 2020/21 \$000	Budget 2020/21 \$000
125	Operating Expenditure	164	155
31	Revenue	32	15
94	Net Cost of Service	132	140
EXPENDITURE			
86	Operating Costs	86	81
38	Allocated Overheads	78	73
125	Total Operating Expenditure	164	155
FUNDED BY:			
31	Charges for Services	32	15
31	Total Revenue	32	15
73	UAGC	140	138
-	Other Funding	-	1
104	Total Funding	172	155

Liquor Licensing

Actual 2019/20 \$000		Actual 2020/21 \$000	Budget 2020/21 \$000
149	Operating Expenditure	110	115
34	Revenue	37	35
115	Net Cost of Service	73	80
EXPENDITURE			
54	Operating Costs (see note 30)	57	66
95	Allocated Overheads	53	50
149	Total Operating Expenditure	110	115
FUNDED BY:			
34	Charges for Services (see note 30)	37	35
34	Total Revenue	37	35
121	UAGC	80	79
-	Other Funding	-	1
155	Total Funding	117	115

Parking and other Bylaws

Actual 2019/20 \$000		Actual 2020/21 \$000	Budget 2020/21 \$000
164	Operating Expenditure	137	141
-	Revenue	(0)	1
164	Net Cost of Service	137	140
EXPENDITURE			
54	Operating Costs	62	71
111	Allocated Overheads	75	70
164	Total Operating Expenditure	137	141
FUNDED BY:			
-	Charges for Services	(0)	1
-	Total Revenue	(0)	1
159	UAGC	141	139
-	Other Funding	-	1
159	Total Funding	140	141

Animal Control

Actual 2019/20 \$000		Actual 2020/21 \$000	Budget 2020/21 \$000
194	Operating Expenditure	205	201
141	Revenue	141	142
53	Net Cost of Service	64	60
EXPENDITURE			
112	Operating Costs	100	102
1	Interest	1	2
7	Depreciation	4	7
74	Allocated Overheads	100	91
194	Total Operating Expenditure	205	201
-	Principal Loan Repayments	2	-
56	Capital Expenditure	-	-
250	Total Expenditure	208	201
FUNDED BY:			
141	Charges for Services	141	142
141	Total Revenue	141	142
60	UAGC	59	58
56	Loan funding	-	-
-	Other Funding	-	1
257	Total Funding	200	201

Civil Defence and 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:

- Sustainable Environment
- Connected Communities

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	Year 3 – 2020/21		How Measured
		Target	Actual	
To maintain effective emergency capability	Operative Taranaki Civil Defence and Emergency Management Plan.	Achieved	Achieved (2019/20 Achieved)	Annual CDEMG Report

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 2019/20 \$000		Actual 2020/21 \$000	Budget 2020/21 \$000
124	Operating Expenditure	256	231
-	Revenue	-	-
124	Net Cost of Service	256	231
EXPENDITURE			
86	Operating Costs	103	105
-	Depreciation	-	1
38	Allocated Overheads	153	125
124	Total Operating Expenditure	256	231
FUNDED BY:			
135	UAGC	231	229
-	Other Funding	-	2
135	Total Funding	231	231

Roading

1.1 What We Do

The Roothing 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 Roothing network managed by the Stratford District Council totals 597.8km, made up of 556.1km of rural roads and 41.6km 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 Roothing 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	Total
<i>Sealed km</i>	349.4	41.6	391.1
<i>Unsealed km</i>	206.7	0.01	206.7
Total	556.1	41.6	597.8

The physical works carried out on the District roads are undertaken by private contractors. Most of the work, including all routine maintenance and most renewals and planned work such as reseals and unsealed roads metal replacement, is carried out under the Roothing 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:

- Connected communities
- Enabling economy

1.3 Significant Negative Effects

The Roothing 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	Year 3 – 2020/21		How Measured
		Target	Actual	
To provide a safe roading network.	Road safety - The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number.	1	Achieved – 1 (2019/20 – Not Achieved, Increase of 1 (5 Fatalities and serious injury crashes))	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.	Urban – ≥83% Rural – ≥91%	Not Applicable – Urban – 88% This was at March 2020 another condition survey will be undertaken in March 2022. Not Applicable – Rural – 78% – This was at March 2020 another condition survey will be undertaken in March 2022 the current 78% reflects the impact of the HCV traffic on busier road networks. (2019/20 – Achieved – Urban 88% Not Achieved – Rural 78%)	RAMM Rating Report
	Road maintenance – The percentage of the sealed road network that is resurfaced.	≥5%	Not Achieved – 4.95% – see explanation on page 21 (2019/20 Achieved – 5.4%)	RAMM Rating Report
	Road maintenance – The percentage of the unsealed road network that has been metal dressed.	≥7%	Not Achieved – 1% – see explanation on page 21 (2019/20 – Achieved – 14.4%)	RAMM Report
	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)	>84%	Achieved – 89% (2019/20 Not Achieved – 62% - target was >83%)	RAMM Report
	Response to service requests - The percentage of customer service requests relating to roads and footpaths	>88%	Achieved – 100% (2019/20 Achieved – 100%)	RAMM Report.

	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).			Spreadsheet until connectivity is established between RAMM and Customer Service Requests
To provide a well maintained roading network.	Percentage of residents who are satisfied with:			
	Roading Networks	>78%	Not Achieved – 65.28% – see explanation on page 21 (2019/20 – Not Achieved – 75%)	Annual Customer Survey
	Footpaths	>79%	Not Achieved – 70.11% – see explanation on page 21 (2019/20 – Achieved – 73%)	

1.5 Projects and Other Programmes

Project	Category	Budget 2020/21	Actual 2020/21	Notes
<i>Unsealed Road Metalling</i>	Replacements	\$795,000	\$250,027	Complete
<i>Sealed Road Resurfacing</i>	Replacements	\$750,000	\$636,829	Complete
<i>Drainage Renewals</i>	Replacements	\$525,415	\$394,860	Complete
<i>Pavement Rehabilitation</i>	Replacements	\$742,800	\$553,356	Complete
<i>Structure Component Replacement</i>	Replacements	\$80,000	\$8,402	Complete
<i>Traffic Services</i>	Replacements	\$50,000	\$72,605	Complete
<i>Sealed Road Resurfacing – Special Purpose Roads</i>	Replacements	\$151,000	\$172,418	Complete
<i>Provincial Growth Fund safety improvements</i>	Level of Service	\$0	\$979,672	Complete
<i>Under verandah Lighting</i>	Replacements	\$12,500	\$0	Not required
<i>Low cost/low risk safety improvements</i>	Level of Service	\$0	\$1,077,568	Complete. This was the remainder of the three year's allocation that had to be spent this year. It was funded by Waka Kotahi (NZTA) at the rate of 61%, and the balance had already been rated for in previous years.
<i>Passenger Safety</i>	Level of Service	\$0	\$12,750	This was for an extension to the existing bus shelter on Miranda Street as the Connector bus is becoming more popular. Taranaki Regional Council contributed \$10,000 towards this cost.

1.6 Cost of Services Statement

The detailed financial summary for Roading activities is below:

Roading

Actual 2019/20 \$000		Actual 2020/21 \$000	Budget 2020/21 \$000
6,651	Operating Expenditure	6,382	6,324
3,660	Revenue	4,019	3,830
2,990	Net Cost of Service	2,363	2,494
EXPENDITURE			
3,546	Operating Costs	3,486	3,368
2,804	Depreciation	2,732	2,805
302	Allocated Overheads	164	152
6,651	Total Operating Expenditure	6,382	6,324
2,903	Capital Expenditure	4,159	3,107
9,553	Total Expenditure	10,539	9,431
FUNDED BY:			
195	Charges for Services	211	169
3,465	Waka Kotahi (NZTA) Financial Assistance	3,808	3,661
3,660	Total Revenue	4,019	3,830
3,049	Targeted Rates	3,010	2,992
1,482	Depreciation funded from Reserves	1,448	1,482
1,289	Transfers from Reserves - Capital	1,397	1,278
18	Grants - Capital	762	-
55	Transfer from (to) reserves	(96)	(153)
-	Other Funding	-	2
9,553	Total Funding	10,539	9,431

Business Unit

Actual 2019/20 \$000		Actual 2020/21 \$000	Budget 2020/21 \$000
204	Operating Expenditure	292	313
198	Revenue	328	327
6	Net Cost of Service	(36)	(14)
EXPENDITURE			
160	Operating Costs	110	144
4	Depreciation	5	9
39	Allocated Overheads	177	161
204	Total Operating Expenditure	292	313
FUNDED BY:			
196	In-house Services - NZTA Assisted	327	327
2	Charges for Services	1	-
198	Total Revenue	328	327
(6)	General Rates	(16)	(16)
-	Other Funding	0	2
192	Total Funding	312	313

Stormwater

1.1 What We Do

Stormwater reticulation and collection services are provided and managed by Stratford District Council:

- To collect and disperse any excess water from a major rainfall event.
- 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).

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:

- Sustainable Environment
- Enabling Economy

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 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	Year 3 – 2020/21		How Measured
		Target	Actual	
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 (2019/20 Achieved – 0 - No flooding events meeting the criteria)	
	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 (2019/20 Achieved – 0 - No flooding events meeting the criteria)	
	For each flooding event, the number of buildings in the central business zone affected by flooding.	0	Achieved – 0 – No flooding events meeting the criteria (2019/20 Achieved – 0 - No flooding events meeting the criteria)	
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 (2019/20 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.	1 hour	Achieved – 0 (2019/20 Achieved – 0 – No flooding events meeting the criteria)	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.	<8	Achieved –5 (2019/20 – Achieved - 0)	Reporting against corporate CRM system.

1.5 Projects and Other Programmes

Project	Category	Budget 2020/21	Actual 2020/21	Notes
<i>Pipework Capacity Increase Safety Improvements Reticulation Renewals</i>	Level of Service	\$110,700	\$0	Unable to find a contractor and source materials
	Level of Service	\$123,100	\$0	Unable to find a contractor and source materials
	Replacements	\$55,600	\$22,452	Complete

1.6 Cost of Services Statement

The detailed financial summary for the Stormwater activity is shown below.

Stormwater

Actual 2019/20 \$000		Actual 2020/21 \$000	Budget 2020/21 \$000
336	Operating Expenditure	325	328
-	Revenue	-	-
336	Net Cost of Service	325	328
	EXPENDITURE		
51	Operating Costs	61	61
14	Interest	15	18
141	Depreciation	130	141
130	Allocated Overheads	119	107
336	Total Operating Expenditure	325	328
21	Principal Loan Repayments	28	27
498	Capital Expenditure	22	292
856	Total Expenditure	375	647
	FUNDED BY:		
353	UAGC	329	326
162	Transfer from Depreciation Reserves	50	85
357	Loan Funding - Capital	-	234
-	Other Funding	-	2
872	Total Funding	379	647

Wastewater (Sewerage)

1.1 What We Do

The Wastewater activity encompasses the planning, provision, operation, maintenance and renewal of wastewater, reticulation and 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 2,500 properties, which is approximately 97 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:

- Sustainable Environment
- Enabling Economy

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 resource consent.

Social, economic, environmental & cultural - Odour is managed through the resource consent process. The upgrade of the oxidation pond treatment system through increased aeration and screening will further minimise the possibility of odour problems.

Social, economic, environmental & cultural – Periodic failures in the system, such as blockages and overflows are being addressed as a priority and the immediate resolution 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 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	Year 3 – 2020/21		How Measured
		Target	Actual	
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.	<5	Achieved – 0 (2019/20 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.	0	Achieved - 0 (2019/20 Achieved – 0)	Consent compliance & documentation.
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	1 hour	Achieved – 54 minutes (2019/20 Achieved – 42 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.	8 hours	Achieved – 4 hours 40 minutes (2019/20 Achieved – 4 hours 34 minutes)	
Customer satisfaction	The total number of complaints received by the territorial authority about any of the following: <ul style="list-style-type: none"> • 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.	<5	Achieved – 0 (2019/20 Achieved – 0)	Reporting against corporate CRM system.

1.5 Projects and Other Programmes

<i>Project</i>	<i>Category</i>	<i>Budget 2020/21</i>	<i>Actual 2020/21</i>	<i>Notes</i>
<i>Resource Consents</i>	Level of Service	\$262,100	\$1,452	Nothing more required until the diatomix trial has been completed.
<i>Safety Improvements</i>	Level of Service	\$33,900	\$0	No longer required.
<i>Pipework Capacity Increase</i>	Level of Service	\$104,900	\$79,836	Complete
<i>Step/aerate treatment renewals</i>	Replacements	\$31,500	\$0	Not required
<i>Infiltration renewals</i>	Replacements	\$160,400	\$0	Not required
<i>Reticulation Renewals</i>	Replacements	\$0	\$340,922	This was necessary for Central Broadway.

1.6 Cost of Services Statement

The detailed financial summary for Wastewater activity is shown below.

Wastewater (Sewerage)

Actual 2019/20 \$000		Actual 2020/21 \$000	Budget 2020/21 \$000
923	Operating Expenditure	911	993
89	Revenue	71	73
834	Net Cost of Service	839	920
	EXPENDITURE		
376	Operating Costs	382	423
29	Interest	24	59
296	Depreciation	269	300
221	Allocated Overheads	235	211
923	Total Operating Expenditure	911	993
43	Principal Loan Repayments	44	91
209	Capital Expenditure	423	687
1,175	Total Expenditure	1,378	1,771
	FUNDED BY:		
89	Charges for Services	71	73
89	Total Revenue	71	73
878	Targeted Rates	889	881
(52)	Transfer from (to) Reserves	(50)	36
196	Transfer (to) from Depreciation Reserves	385	293
64	Loan Funding - Capital	82	485
-	Other Funding	0	3
1,175	Total Funding	1,378	1,771

Solid Waste

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:

- Sustainable Environment
- Enabling Economy

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	Year 3 – 2020/21		How Measured
		Target	Actual	
The levels of waste generated are reducing.	Waste to landfill per household (municipal kerbside collection only)	<700kg	Achieved – 509kg (2019/20 Achieved – 634kg)	Landfill invoices & transactions.
	Percentage (by weight) of council controlled waste stream that is recycled (municipal kerbside collection only).	>25%	Not Achieved – 24% – see explanation on page 21 (2019/20 Not Achieved - 11%)	Recycling facility invoices & transactions.
The waste collection service meets the needs of the community.	Percentage of customers satisfied with the service provided.	>90%	Not Achieved – 89% - see explanation on page 21 (2019/20 Achieved – 96%)	Annual Residents Survey

1.5 Projects and Other Programmes

<i>Project</i>	<i>Category</i>	<i>Budget 2020/21</i>	<i>Actual 2020/21</i>	<i>Notes</i>
<i>Transfer Station building upgrade</i>	Replacements	\$20,800	\$0	Not required

1.6 Cost of Services Statement

The detailed financial summary for the Solid Waste activity is shown below.

Solid Waste

Actual 2019/20 \$000		Actual 2020/21 \$000	Budget 2020/21 \$000
876	Operating Expenditure	926	858
121	Revenue	127	83
756	Net Cost of Service	801	776
	EXPENDITURE		
657	Operating Costs	729	671
26	Interest	21	25
28	Depreciation	30	31
165	Allocated Overheads	147	132
876	Total Operating Expenditure	926	858
7	Landfill Aftercare Costs	(14)	12
39	Principal Loan Repayments	38	38
-	Capital Expenditure	-	21
922	Total Expenditure	950	928
	FUNDED BY:		
121	Charges for Services	127	83
121	Total Revenue	127	83
702	Targeted Rates	702	696
19	UAGC	19	19
39	Transfer (to) from Depreciation Reserves	38	-
41	Transfers from (to) Reserves	64	129
-	Other Funding	-	2
922	Total Funding	950	928

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:

- Sustainable Environment
- Enabling Economy

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 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	Year 3 – 2020/21		How Measured
		Target	Actual	
Water is safe to drink.	The extent to which the local authority's drinking water supply complies with:			
	Part 4 of the drinking water standards (bacterial compliance criteria), and	100% for all plants	Results are Provisional Only Stratford – Achieved -100% Midhurst – Achieved – 100% Toko – Achieved – 100% (2019/20 Stratford –Achieved Midhurst – Achieved Toko –Achieved)	Plant & reticulation performance records in water outlook. Includes water quality sampling programme records as well as any plant non-performances.
	Part 5 of the drinking water standards (protozoal compliance criteria).	100%	Results are Provisional Only Stratford – Achieved – 100% Midhurst – Achieved – 100% Toko – Achieved – 100% (2019/20 Stratford –Achieved 100% Midhurst – Achieved 100% Toko – Achieved 100%)	
	Maintenance of the reticulation network - The percentage of real water loss from the local authority's networked reticulation system (including a description of the methodology used to calculate this).	<25%	Not Achieved Stratford –20.2% Midhurst –36.9% Toko – 18.3% – (see explanation on page 21) (2019/20 Stratford – Achieved 21.4% Midhurst – Not Achieved 10.1% Toko – Achieved 12.0%)	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.	1 hour	Achieved – 31 minutes (2019/20 Achieved – 33 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.	8 hours	Achieved – 5 hours 7 minutes (2019/20 Achieved – 2 hours 41 minutes)	
	Attendance for non-urgent call-outs: from the time that council receives notification to the time that service personnel confirm resolution of the fault or interruption	2 working days	Achieved – 8 hours 50 minutes (2019/20 Achieved – 8 hours 1 minute)	Work order tracking/reporting through Council's Infrastructure asset management system. Affected property numbers provided via GIS/Asset Management System

	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 – 17 hours 26 minutes (2019/20 Achieved- 11 hours 29 minutes)	
	Number of unplanned disruptions:			
	Minor * (between 5 and 50 connections affected)	<5	Not Achieved – 6 – (see explanation on page 21) (2019/20 Not Achieved - 5)	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)	<2	Achieved - 0 (2019/20 Achieved – 0)	
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: - 6 (2019/20 Achieved -2.6)	Reporting against corporate CRM system.
	Note: This is understood to be limited to supplied properties within the water supply zones.			
	Demand management - The average consumption of drinking water per day per resident within the district (in litres).	<275	Achieved: Stratford - 180 Achieved: Midhurst - 200 Achieved: Toko - 157 (2019/20 Achieved Stratford – 248.1 litres Midhurst – 262.1 litres Toko –157.8 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.
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 –54 properties tested for water pressure and flow - all passed – 100% (2019/20 52 properties tested for water pressure and flow - all passed – 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.

Water supply meets fire fighting requirements.				Customer is advised if problem with internal plumbing.
	Fire hydrants meet NZFS Code of Practice conditions regarding supply.	100%	Achieved – 43 hydrants were tested and all 43 passed the test – 100%. (2019/20 Achieved – 31 hydrants were tested and all 31 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 2020/21	Actual 2020/21	Notes
<i>Water Metering</i>	Level of Service	\$346,000	\$161,396	Complete
<i>Pressure Reducing and Zone Valves</i>	Level of Service	\$209,000	\$378,553	Complete
<i>Laterals</i>	Replacements	\$32,100	\$14,363	Complete
<i>Grit tank replacement</i>	Replacements	\$0	\$95,154	Complete
<i>Meter replacements</i>	Replacements	\$52,400	\$0	Not required
<i>Hydrants</i>	Replacements	\$15,500	\$27,680	Complete.
<i>Stratford Street work rider mains</i>	Level of Service	\$31,400	\$0	Not required
<i>General Infrastructure and Reticulation renewals – 3 water schemes</i>	Replacements	\$314,000	\$133,622	Complete
<i>Second trunk main</i>	Level of Service	\$0	\$380,043	This was for consultancy fees towards the design and route selection of the pipeline contract to build a second trunk main. The physical construction will be funded by the Provincial Growth Fund.
<i>Patea delivery line</i>	Replacements	\$0	\$82,909	Complete

1.6 Cost of Services Statement

The detailed financial summary for the Water Supply activity is shown below.

Water Supply

Actual 2019/20 \$000		Actual 2020/21 \$000	Budget 2020/21 \$000
1,611	Operating Expenditure	1,636	1,904
350	Revenue	453	445
1,261	Net Cost of Service	1,183	1,459
	EXPENDITURE		
642	Operating Costs	631	860
187	Interest	162	206
421	Depreciation	368	414
360	Allocated Overheads	475	424
1,611	Total Operating Expenditure	1,636	1,904
301	Principal Loan Repayments	321	339
152	Capital Expenditure	1,274	1,001
2,064	Total Expenditure	3,230	3,244
	FUNDED BY:		
350	Charges for Water Usage	453	445
350	Total Revenue	453	445
1,482	Targeted Rates	1,481	1,453
301	Transfer from Depreciation Reserves	321	339
(221)	Transfers (to) from Reserves	(298)	-
152	Loan Funding - Capital	1,274	1,001
-	Other Funding	-	6
2,064	Total Funding	3,230	3,244

Council Controlled Organisation

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 Gallery is located in Prospero Place and provides a total display area of 178m². The arboretum has been established at Cloten Road, and the herbarium is a 'virtual' asset that can be found at www.taranakiplants.net.nz.

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 Statement of Service Provision

Level of Service	Performance Measure	Year 3 – 2020/21 Target	Actual	How Measured
Delivery of art exhibitions	Deliver proposed art exhibitions which will include local, regional and at least 1 National:	Deliver proposed art exhibitions which will include local, regional and at least 1 National.	<p>Achieved: Exhibitions that were unable to be delivered due to COVID-19:</p> <ul style="list-style-type: none"> Taranaki Arts Trail Stratford Art Society <p>Art exhibitions that were delivered throughout the year included the following:</p> <p>National –</p> <ol style="list-style-type: none"> Adam Portraiture Glass Art 2021 Matariki – Stephen Chadwick <p>Regional –</p> <ol style="list-style-type: none"> Taranaki Arts Trail Alby Carter - Retrospective Aroaromahana – Taranaki Māori Artists Emergence <p>Local –</p> <ol style="list-style-type: none"> Stratford Art Society Aotearoa Quilters Reflections – the Art of Lockdown # Make/Believe (2019/20 - Not Achieved) 	Art Gallery Records
	Number of visitors to the Gallery to be not less than 20,000 per year	>20,000	Achieved 24,314 (2019/20 - Not Achieved – 19,433)	Door Count
	To operate to a “break-even” balance	Operate within “break-even” budget. “Break-even is defined by the Trust as a cash surplus only, excluding depreciation, and receiving external funding to make up any shortfalls in cash and the gain on sale of investments.”	Not Achieved – see explanation on page 21 (2019/20 – Not Achieved)	Annual Report
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 (2019/20 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. The planting programme was also maintained, and continued on in conjunction with the plantings/replacement of native trees.	Council Records
Delivery of Herbarium	Explore alternative options to achieve this measure.	Explore alternative options to achieve this measure.	Not Achieved: – see explanation on page 21 (2019/20 - Not Achieved)	Dependent on option selected

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 2019/20 \$000		Actual 2020/21 \$000	Budget 2020/21 \$000
281	Operating Expenditure	284	286
94	Revenue	95	107
187	Net Cost of Service	189	179
	-		
	EXPENDITURE		
205	Operating Costs	204	211
76	Depreciation	80	75
281	Total Operating Expenditure	284	286
	-		
	FUNDED BY:		
94	User Charges	95	107
94	Total Revenue	95	107
50	Council Grant	50	50
52	Investment Interest	49	54
190	Gain on revaluation of property, plant and equipment	-	-
(105)	Transfer from (to) Accumulated Surplus	91	75
281	Total Funding	284	286

Financial Statements

Statement of Comprehensive Revenue and Expense for the year ended 30 June 2021

	Note	Council			Group	
		Actual	Budget	Actual	Actual	Actual
		2020/21 \$000	2020/21 \$000	2019/20 \$000	2020/21 \$000	2019/20 \$000
Revenue						
Rates	4	13,437	13,391	12,836	13,437	12,836
Subsidies and Grants	5	11,138	7,341	3,695	11,152	3,731
Development and Financial Contributions		127	-	47	127	47
Fees and Charges		2,226	2,275	2,000	2,275	2,021
Finance Revenue	9	139	139	97	188	149
Other revenue - residential sections sales		2,779	3,816	1,292	2,779	1,292
Other revenue - sale of property		-	-	615	-	615
Gains on property, plant and equipment	6	61	-	260	61	260
Vested Assets		-	-	6,786	-	6,786
Sundry Revenue	5	140	44	134	140	134
Total Revenue	5	30,046	27,005	27,762	30,157	27,870
Expenses						
Personnel Costs	7	4,427	4,157	4,099	4,537	4,201
Depreciation and Amortisation	15 & 16	4,626	4,810	4,784	4,706	4,860
Other expenses	8	10,426	9,478	10,436	10,437	10,451
Landfill impairment	31	-	-	23	-	23
Finance Costs	9	447	665	398	447	398
Total Expenses		19,926	19,111	19,740	20,128	19,933
SURPLUS/(DEFICIT) BEFORE TAX		10,120	7,894	8,022	10,029	7,937
Income Tax Expense	10	-	-	-	-	-
SURPLUS/(DEFICIT) AFTER TAX		10,120	7,894	8,022	10,029	7,937
Other Comprehensive Revenue and Expense						
<i>Items that will not be reclassified to surplus / (deficit)</i>						
Fair value movement of listed and unlisted shares	21	9	-	(61)	9	(61)
Staff Gratuities		-	(48)	-	-	-
Property, Plant and Equipment Revaluations	21	37,875	-	1,154	37,875	1,344
Total Other Comprehensive Revenue and Expense		37,884	(48)	1,093	37,884	1,283
Total Comprehensive Revenue and Expense		48,004	7,846	9,115	47,913	9,220
Total Comprehensive Revenue and Expense attributable to:						
Stratford District Council		48,004	7,846	9,115	48,004	9,114
Percy Thomson Trust		-	-	-	(91)	106
		48,004	7,846	9,115	47,913	9,220
<p>Note: The net surplus of \$10,120,000 is primarily due to the receipt of central government funding for capital projects; and the sale of further residential sections in the Pembroke Road development.</p> <p>The accompanying notes form part of these financial statements. Explanations of significant variances against budget are provided in note 29.</p>						

Statement of Financial Position as at 30 June 2021

	Note	Council			Group	
		Actual	Budget	Actual	Actual	Actual
		2020/21	2020/21	2019/20	2020/21	2019/20
		\$000	\$000	\$000	\$000	\$000
Assets						
Current Assets						
Cash and Cash Equivalents	11	2,256	3,981	5,082	2,388	5,123
Short Term Deposits	11	7,000	-	3,000	7,250	3,250
Receivables	12	6,235	1,026	904	6,238	907
Inventory - assets held for sale	13	-	-	610	-	610
Prepayments	32	13	-	11	13	11
Other Financial Assets	14	32	-	56	82	106
Total Current Assets		15,536	5,007	9,664	15,971	10,008
Non-Current Assets						
Receivables	12	19	-	23	19	23
Property, Plant and Equipment	15	374,924	344,534	328,722	376,831	330,694
Intangible Assets	16	497	-	565	497	565
Investment in Percy Thomson Trust (CCO)		0	0	0	-	-
Other Financial Assets	14	8,276	921	865	8,828	1,542
Total Non-Current Assets		383,717	345,455	330,175	386,175	332,825
Total Assets		399,253	350,462	339,838	402,145	342,832
Liabilities						
Current Liabilities						
Payables and deferred revenue	17	7,501	2,067	2,823	7,515	2,843
Provisions	18	7	11	11	7	11
Employee entitlements	19	243	117	183	249	190
Borrowings	20	2,000	1,500	3,500	2,000	3,500
Total Current Liabilities		9,751	3,695	6,517	9,771	6,544
Non-Current Liabilities						
Provisions	18	18	26	45	18	45
Employee entitlements	19	52	47	49	52	49
Borrowings	20	20,200	23,036	12,000	20,200	12,000
Total Non-Current Liabilities		20,270	23,108	12,094	20,270	12,094
Total Liabilities		30,021	26,803	18,611	30,041	18,638
Equity						
Accumulated Funds	21	189,944	181,362	181,353	191,609	183,109
Reserves	21	179,290	142,296	139,878	180,496	141,084
Total Equity Attributable to Stratford District Council		369,234	323,658	321,230	372,105	324,193
Total Liabilities & Equity		399,253	350,462	339,838	402,145	342,832

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 2021

	Council			Group	
	Actual	Budget	Actual	Actual	Actual
	2020/21	2020/21	2019/20	2020/21	2019/20
	\$000	\$000	\$000	\$000	\$000
Balance at 1 July					
Accumulated Funds	181,353	175,066	174,920	183,109	176,761
Revaluation of financial assets at fair value through other comprehensive revenue and expense	(410)	-	(349)	(410)	(349)
Reserves / Special Funds	6,383	5,549	4,706	6,383	4,706
Asset Revaluation Reserves	133,904	135,197	132,837	135,111	133,854
Total Equity - Opening Balance	321,230	315,812	312,114	324,193	314,972
Changes in Equity					
Accumulated Funds	8,592	6,296	6,346	8,500	6,261
Revaluation of financial assets at fair value through Other Comprehensive Revenue and Expense	9	-	(61)	9	(61)
Reserves / Special Funds	1,528	1,550	1,677	1,528	1,677
Revaluation reversal of buildings disposed of during year	-	-	-	-	-
Asset Revaluation Reserves	37,875	-	1,154	37,875	1,344
Total Comprehensive Revenue and Expense	48,003	7,847	9,115	47,912	9,221
Closing Balance					
Accumulated Funds	189,944	181,362	181,353	191,609	183,109
Revaluation of financial assets at fair value through other comprehensive revenue and expense	(401)	-	(410)	(401)	(410)
Reserves / Special Funds	7,911	7,099	6,383	7,911	6,383
Asset Revaluation Reserves	171,779	135,197	133,904	172,986	135,111
Total Equity - Closing Balance	369,234	323,658	321,230	372,105	324,193
<i>The accompanying notes form part of these financial statements.</i>					

Statement of Cashflows For the Year Ended 30 June 2021

	Note	Council			Group	
		Actual	Budget	Actual	Actual	Actual
		2020/21	2020/21	2019/20	2020/21	2019/20
		\$000	\$000	\$000	\$000	\$000
Cash Flows from Operating Activities						
Rates Revenue		13,452	13,321	12,767	13,452	12,767
Interest Received		139	139	97	187	152
Dividends Received		-	-	54	-	54
Development and Financial Contributions		127	-	47	127	47
Subsidies, Grants and Donations		8,779	7,337	4,472	8,792	4,507
Residential section sales and sale of house		2,779	-	1,913	2,779	1,913
User Charges and Sundry Revenue		2,330	2,389	2,198	2,372	2,228
Regional Council Rates		971	-	923	971	923
Payments to Suppliers and Employees		(11,899)	(13,690)	(13,011)	(12,020)	(13,166)
Interest Paid		(447)	(665)	(398)	(447)	(398)
Goods and Services Tax (net)		(439)	-	314	(440)	315
Regional Council Rates		(971)	-	(923)	(971)	(923)
Net Cash from Operating Activities		14,821	8,829	8,453	14,801	8,419
Cash Flows from Investing Activities						
Proceeds from Sale of Property, Plant and Equipment		51	3,836	638	51	638
Proceeds from Sale of Investments		3,000	-	-	3,125	-
Purchase of Property, Plant & Equipment		(12,995)	(21,909)	(4,831)	(13,010)	(4,879)
Acquisition of Investments		(14,403)	-	(3,000)	(14,403)	(3,072)
Net Cash from Investing Activities		(24,347)	(18,073)	(7,193)	(24,237)	(7,313)
Cash Flows from Financing Activities						
Proceeds from Borrowings		10,200	14,566	4,000	10,200	4,000
Repayment of Borrowings (Loans)		(3,500)	(4,530)	(3,000)	(3,500)	(3,000)
Net Cash from Financing Activities		6,700	10,036	1,000	6,700	1,000
Net (Decrease)/Increase in Cash, Cash Equivalents and Bank Overdrafts						
Cash, Cash Equivalents and Bank Overdrafts at the Beginning of the Year		5,082	3,189	2,822	5,123	3,017
Cash, Cash Equivalents and Bank Overdrafts at the End of the Year	11	2,256	3,981	5,082	2,387	5,123
<p>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.</p> <p><i>The accompanying notes form part of these financial statements.</i></p>						

Notes to Financial Statements

Note 1

Reporting Entity

The financial statements of the Stratford District Council are for the year ended 30 June 2021.

The Stratford District Council (Council) is a territorial local authority governed by the provisions of the Local Government Act 2002 (the Act) and is domiciled in New Zealand.

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:

- Community Services.
- Democracy.
- Economy.
- Environmental Services.
- Civil Defence and Emergency Management.
- Roothing.
- Stormwater.
- Wastewater (Sewerage)
- Solid waste.
- Water Supply.

The group consists of the ultimate parent (Council) and its subsidiary Percy Thomson Trust. The Council group has been designated a public benefit entity for financial reporting purposes and the Percy Thomson Trust is also designated as a public benefit entity.

The financial statements of the Council and Group are for the year ended 30 June 2021 and were authorised for issue by Council on 14 December 2021.

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 2021

The following accounting policies which materially affect the measurement of results and financial position have been applied consistently to the year ended 30 June 2021 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 have been prepared in accordance with the requirements of the Local Government Act 2002: Part 6, Section 98 and Part 3 of Schedule 10, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

These financial statements have been prepared in accordance with NZ GAAP. They comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with Public Benefit Entity Standards Reduced Disclosure Regime. Council is a tier 2 reporting entity using the public sector Public Benefit Entity Accounting Standards, as it has expenses between \$2.0m and \$30.00m, and is not publicly accountable.

Although council is not publicly accountable, Council has included a separate Cost of Services Statement for each significant activity.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). The functional currency of Council is New Zealand dollars. The investment in subsidiary is at cost 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 Council and group has adopted the new group financial standards, PBE IPSAS 34 to PBE IPSAS 38. The adoption of these standards has not had a significant impact on the financial statements and there are no changes to accounting policies or comparative information.

The consolidated financial statements are prepared by adding together like items of assets, liabilities, equity, revenue, expenses, and cash flows of entities in the group on a line-by-line basis. All intragroup balances, transactions, revenues and expenses are eliminated on consolidation.

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 it 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 and the severance payment disclosures in Notes 25 and 26. The remuneration and severance payment disclosures are rounded to the nearest dollar.

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 2020/21 annual 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 2021:

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.

New Accounting Standards and Interpretations Not Yet Adopted

PBE Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the group for the annual reporting period ending 30 June 2021, are outlined below:

Changes in Accounting Policies

There have been no changes in accounting policies from the previous year.

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.

	Revenue		Expenditure		Net Actual	Net Budget	Actual
	Actual \$000	Budget \$000	Actual \$000	Budget \$000	2020/21 \$000	2020/21 \$000	2019/20 \$000
FUNCTION							
Community Services							
Aerodrome	24	22	105	106	81	84	73
Civic Amenities	42	51	1,036	807	993	756	896
Pensioner Housing	68	65	107	107	39	41	36
Community Development	37	21	652	429	615	410	438
Library	15	17	701	659	686	642	634
Parks and Reserves	8	9	698	778	690	769	633
Cemeteries	116	85	201	180	85	95	125
TSB Pool Complex	211	222	1,056	1,163	845	941	748
Sub-Total	522	492	4,556	4,229	4,034	3,738	3,583
Democracy							
Democracy	-	-	1,148	1,097	1,148	1,097	1,154
Corporate Support	96	70	(0)	-	(96)	(70)	(86)
Sub-Total	96	70	1,148	1,097	1,052	1,027	1,068
Economy							
Economic Development	-	-	444	440	444	440	368
Council Projects	-	-	80	97	80	97	89
Information Centre	65	92	287	312	222	220	264
Farm Investment	606	507	340	389	(266)	(118)	(196)
Holiday Park	3	3	2	3	(2)	-	14
Rental Properties	32	32	69	68	38	36	40
Sub-Total	706	634	1,223	1,309	517	675	579
Environmental Services							
Building Control	361	256	901	560	540	304	184
Dog Control	141	142	205	201	64	59	53
District Plan	-	-	144	169	144	169	116
Resource Consents	97	35	225	179	128	144	136
Bylaws	(0)	1	137	141	137	140	165
Environmental Health	32	15	164	155	132	140	94
Liquor Licensing	37	35	110	115	73	80	115
Sub-Total	669	484	1,887	1,520	1,218	1,036	862
Civil Defence and Emergency Management							
Civil defence and emergency management	-	-	256	231	256	231	124
Sub-Total	-	-	256	231	256	231	124
Roading	4,019	3,830	6,382	6,324	2,363	2,493	2,991
Business Unit	328	327	292	313	(36)	(14)	6
Sub-Total	4,347	4,157	6,674	6,637	2,327	2,479	2,997
Stormwater							
Stormwater	-	-	325	328	325	328	336
Sub-Total	-	-	325	328	325	328	336
Wastewater (Sewerage)							
Wastewater (Sewerage)	71	73	911	993	839	920	834
Sub-Total	71	73	911	993	839	920	834
Solid Waste							
Solid Waste	127	83	926	858	800	775	755
Sub-Total	127	83	926	858	800	775	755
Water Supply							
Water Supply	453	445	1,636	1,904	1,183	1,459	1,261
Sub-Total	453	445	1,636	1,904	1,183	1,459	1,261
Total Activity Revenue & Expenditure	6,990	6,438	19,541	19,103	12,551	12,668	12,399
Plus: General Rates & UAGC	7,025	6,854	-	-	(7,025)	(6,854)	(6,274)
Plus: Targeted Rates	6,097	6,022	-	-	(6,097)	(6,022)	(6,126)
Total Revenue and Operating Expenditure	20,113	19,314	19,541	19,103	(572)	(209)	(1)

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:

- 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 Actual 2020/21 \$000	Council Actual 2019/20 \$000
General rates	6,928	6,397
Targeted rates attributable to activities:		
- metered water supply	453	350
- other water rates - uniform annual charge	1,481	1,482
- wastewater - uniform annual charge	888	877
- solid waste - uniform annual charge	702	702
- roading	3,009	3,049
- community halls	16	16
Rate penalties	96	86
Less rates remissions	(138)	(123)
Total rates	13,437	12,836
<p>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 2021 for the purposes of the LGFA Guarantee and indemnity Deed disclosure is shown below:</p>		
	Council Actual 2020/21 \$000	Council Actual 2019/20 \$000
Total Rates	13,437	12,836

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.

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 and resource consent services are recognised on a percentage completion basis with reference to the recoverable costs incurred at balance date.

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.

Landfill Fees

Fees for disposing of waste at the Council's landfill are recognised as waste is disposed by users.

Sales of Goods

Revenue from the sale of goods is recognised when a product is sold to the customer.

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.

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.

	Council		Group	
	Actual 2020/21	Actual 2019/20	Actual 2020/21	Actual 2019/20
	\$000	\$000	\$000	\$000
Grants - Toi Foundation	1	16	11	26
Grants - Taranaki Electricity Trust	103	195	106	198
Grants - Other capital contributions	15	-	15	-
Wages subsidies	-	1	-	24
Mayors Taskforce for Jobs	228	-	228	-
Ultrafast Fibre	19	-	19	-
Provincial Growth Fund / MBIE	6,965	18	6,965	18
Waka Kotahi (NZTA) Roading Subsidies	3,808	3,465	3,808	3,465
Total Subsidies and Grants	11,138	3,695	11,152	3,731
There are no unfulfilled conditions and other contingences attached to Waka Kotahi (NZTA) subsidies recognised.				
Sundry Revenue				
	Council		Group	
	Actual 2020/21	Actual 2019/20	Actual 2020/21	Actual 2019/20
	\$000	\$000	\$000	\$000
Petrol Tax	81	77	81	77
Low Interest Loan Revenue	-	2	-	2
Insurance proceeds	11	-	11	-
Dividends received	-	55	-	55
Sundry Corporate Services Revenue	48	-	48	-
Gain from sale of investments	-	-	-	-
Total Revenue	140	134	140	134
Revenue from Exchange and Non-Exchange Transactions				
	Council		Group	
	Actual 2020/21	Actual 2019/20	Actual 2020/21	Actual 2019/20
	\$000	\$000	\$000	\$000
Exchange transactions	4,164	3,253	4,213	3,305
Non-exchange transactions	25,883	24,508	25,944	24,564
Total Revenue	30,046	27,761	30,157	27,870

Note 6 Other Gains

	Council		Group	
	Actual	Actual	Actual	Actual
	2020/21	2019/20	2020/21	2019/20
	\$000	\$000	\$000	\$000
Gain on Disposal of Property, Plant and Equipment	61	260	61	260
Total Gains	61	260	61	260

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	Actual	Actual	Actual
	2020/21	2019/20	2020/21	2019/20
	\$000	\$000	\$000	\$000
Salaries and Wages	4,364	4,031	4,475	4,133
Increase/(Decrease) in Employee Entitlements	63	68	62	38
Total Personnel Costs	4,427	4,099	4,537	4,171

The total paid for defined contribution plan employer contributions was \$196,687 (2019/20: \$149,637), 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	Actual	Actual	Actual
	2020/21	2019/20	2020/21	2019/20
	\$000	\$000	\$000	\$000
Losses on Disposal and other sundry expenses	122	524	122	524
Insurance premiums	160	135	167	142
Landfill Aftercare Expenses	(14)	7	(14)	7
Cost of sales - residential property	-	615	-	615
Cost of sales - subdivision	710	329	710	329
Operating Expenses	9,448	8,826	9,452	8,834
Total Other Expenses	10,426	10,436	10,437	10,451

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 2020/21 \$000	Actual 2019/20 \$000	Actual 2020/21 \$000	Actual 2019/20 \$000
Interest Revenue				
Interest on term deposits	139	97	188	149
Total Finance Income	139	97	188	149
Finance costs				
Interest on bank borrowings	447	398	447	398
Total finance costs	447	398	447	398
Net finance costs	(308)	(301)	(259)	(249)

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.

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.				
	Council		Group	
	Actual 2020/21 \$000	Actual 2019/20 \$000	Actual 2020/21 \$000	Actual 2019/20 \$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	10,120	8,022	10,029	7,937
Tax at 28%	2,834	2,246	2,808	2,222
Non-deductible Expenses	(2,834)	(2,246)	(2,808)	(2,222)
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.

	Council		Group	
	Actual 2020/21 \$000	Actual 2019/20 \$000	Actual 2020/21 \$000	Actual 2019/20 \$000
Cash at Bank and on Hand	2,256	4,082	2,388	4,123
Term Deposits Maturing Three Months or Less from Date of Acquisition	-	1,000	-	1,000
Sub-total Cash and Cash Equivalents	2,256	5,082	2,388	5,123
Term Deposits Maturing More than Three Months from Date of Acquisition	7,000	3,000	7,250	3,250
Total Cash and Cash Equivalents and Short Term Deposits	9,256	8,082	9,638	8,373
Refer to note 14 for weighted average effective interest rate for term deposits				
Cash, cash equivalents and bank overdrafts include the following for the purpose of the cash flow				
	Council		Group	
	Actual 2020/21 \$000	Actual 2019/20 \$000	Actual 2020/21 \$000	Actual 2019/20 \$000
Cash at Bank and on Hand	2,256	4,082	2,388	4,123
Term Deposits Maturing Three Months or Less from Date of Acquisition	-	1,000	-	1,000
Sub-total	2,256	5,082	2,388	5,123
Investments Maturing More than Three Months from Date of Acquisition	7,000	3,000	7,250	3,250
Total	9,256	8,082	9,638	8,373

Note 12 Receivables

Accounting Policy

Short-term receivables are recorded at the amount due, less an allowance for expected credit losses (ECL).

The council and group apply the simplified ECL model of recognising lifetime ECL for short-term 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.

Rates are "written-off":

- When remitted in accordance with the council's rates remission policy; and
- In accordance with the write-off criteria of section 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. Indicators that there is no reasonable expectation of recovery include the debtor being in liquidation or the receivable being more than one year overdue.

	Council		Group	
	Actual 2020/21 \$000	Actual 2019/20 \$000	Actual 2020/21 \$000	Actual 2019/20 \$000
Current Portion				
Rates Receivables	217	236	217	236
Other Receivables	5,828	668	5,831	671
Other Miscellaneous Debtors	190	-	190	-
Receivables prior to impairment	6,235	904	6,238	907
Less Provision for Impairment	-	-	-	-
Total Current Portion of Receivables	6,235	904	6,238	907
Non-Current Portion				
Other Receivables	19	23	19	23
Total Non-Current Portion of Receivables	19	23	19	23
Total Receivables	6,254	927	6,257	930
Total Receivables Comprise:				
<i>Receivables from non-exchange transactions</i>				
Rates receivables	217	236	217	236
Other receivables from non-exchange transactions	5,904	591	5,907	594
Total receivables from non-exchange transactions	6,121	827	6,124	830
<i>Receivables from exchange transactions</i>				
Other receivables from exchange transactions	133	100	133	100
Total receivables from exchange transactions	133	100	133	100
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 (2020:Nil)				
- Section 90B:\$Nil (2020:Nil)				

Note 13 Inventories

Accounting Policy

Inventories are held for distribution for use in the provision of goods and services. The measurement of inventories depends on whether the inventories are held for commercial or non-commercial (distribution at no charge or a nominal charge) distribution or use. Inventories are measured as follows:

- Non-commercial: measured at cost, adjusted for any loss of service potential.
- Commercial: measured at the lower of cost and net realisable value. .

Cost is allocated using the first-in-first-out (FIFO) method, which assumes the inventories that were purchased first are distributed or used first.

Inventories acquired through non-exchange transactions are measured at fair value at the date of acquisition.

Any write-down from cost to net realisable value or for the loss of service potential is recognised in surplus or deficit in the year of the write-down.

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.

Costs directly attributable to the developed land are capitalised to inventory, with the exception of infrastructural asset costs, which are capitalised to property, plant and equipment.

	Council		Group	
	Actual	Actual	Actual	Actual
	2020/21	2019/20	2020/21	2019/20
	\$000	\$000	\$000	\$000
Assets held for resale	-	610	-	610
Total Inventories	-	610	-	610

The write-down of inventory during the year was NIL (2019/20: NIL). There have been no reversals of write-downs (2020: 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 Stratford 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.

	Interest Rate	Council		Group	
		Actual 2020/21 \$000	Actual 2019/20 \$000	Actual 2020/21 \$000	Actual 2019/20 \$000
Current Portion					
<i>Loans and Receivables</i>					
Financial Assets Available for Sale		-	-	50	50
LGFA Borrowers Notes					
Maturity April 2021	0.91%	-	32	-	32
Maturity May 2021	2.22%	-	24	-	24
Maturity April 2022	2.41%	32	-	32	-
Total Current Portion		32	56	82	106
Non-current Portion					
Financial Assets Available for Sale		-	-	552	677
LGFA Borrowers Notes					
Maturity April 2022	2.41%	-	32	-	32
Maturity April 2023	1.15%	16	16	16	16
Maturity May 2023	3.06%	24	24	24	24
Maturity April 2024	0.74%	25	-	25	-
Maturity May 2024	2.13%	32	32	32	32
Maturity April 2025	2.98%	32	32	32	32
Maturity December 2025	0.64%	93	-	93	-
Maturity April 2026	1.62%	16	16	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 May 2028	1.72%	25	-	25	-
Maturity December 2032	1.47%	88	-	88	-
Community Loan - Stratford A & P Association		7,180	-	7,180	-
Listed Shares		681	673	681	673
Total Non-current Portion		8,276	865	8,828	1,542
Total Other Financial Assets		8,308	921	8,910	1,648

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 \$7,180,000 (2020: \$Nil). 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.

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 2020/21 \$000	Actual 2019/20 \$000	Actual 2020/21 \$000	Actual 2019/20 \$000
Short Term Deposits				
Short term deposits with maturities of 3 months or less	-	1,000	-	1,000
<i>Average maturity</i>	-	66 days	-	66 days
<i>Weighted average Effective Interest Rate</i>	0.00%	2.93%	0.00%	1.52%
Short term deposits with maturities of more than 3 months but less than 12 months	7,000	3,000	7,250	3,250
<i>Average maturity</i>	116 days	116 days	124 days	132 days
<i>Weighted average Effective Interest Rate</i>	0.83%	1.81%	0.83%	1.81%
Total	7,000	4,000	7,250	4,250

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 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
<i>Land</i>	Fair Value
<i>Buildings</i>	Optimised Depreciated Replacement Cost
<i>Roads, Bridges and Footpaths</i>	Depreciated Replacement Cost
<i>Water Supply reticulation</i>	Optimised Depreciated Replacement Cost
<i>Water Supply treatment</i>	Optimised Depreciated Replacement Cost
<i>Wastewater reticulation</i>	Optimised Depreciated Replacement Cost
<i>Wastewater treatment</i>	Optimised Depreciated Replacement Cost
<i>Stormwater system</i>	Optimised Depreciated Replacement Cost

Revaluation

Unless stated valuations are carried out or reviewed by independent qualified valuers and are carried out at least on three yearly cycles. 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's land and building assets have been revalued by Telfer Young (Taranaki) Limited, independent valuers, as at 1 January 2020 at fair value as determined from market-based evidence. Telfer Young have advised that COVID-19 had no impact on these valuations.

Council's infrastructure assets consisting of Stormwater, Waste Water and Water Supply were revalued by Infrastructure Associates Ltd, independent valuers, as at 1 July 2018 in accordance with Financial Reporting Standard (PBE IPSAS 17) and the New Zealand Infrastructure Asset Valuation and Depreciation Guidelines.

Roading assets (except land under roads) were revalued by the independent valuers, Calibre Consultants Ltd, as at 1 July 2018. A fair value assessment was done as at 30 June 2021 and as the new valuation was considered material, the roading assets have been adjusted accordingly.

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.

Land under roads was valued based on fair value provided by previous valuations in 2016 of the Roothing 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

Property, plant and equipment that have a finite useful life are reviewed for impairment at each balance date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where the results in a debit balance in the revaluation reserve, the balance is recognised surplus or deficit.

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss on a revalued asset is credited to other comprehensive revenue and expense and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in surplus or deficit, a reversal of the impairment loss is also recognised in surplus or deficit.

For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in surplus or deficit.

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 the cost of the item can be measured reliably.

Security

Council 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
<i>Buildings</i>	10-100	1% to 10%
<i>Plant</i>	5-10	10% to 20%
<i>Motor Vehicles</i>	5	20%
<i>Fixtures and Fittings</i>	5-10	10% to 20%
<i>Office Equipment</i>	4-10	10% to 25%
<i>Roading Base course</i>	15-80	1.25% to 6.66%
<i>Roading Seal</i>	2-16	6.25% to 50%
<i>Roading Culverts</i>	20-80	1.25% to 5%
<i>Roading Sumps</i>	80	1.25%
<i>Signs</i>	10	10%
<i>Bridges (including Tunnels)</i>	60-100	1% to 1.66%
<i>Footpaths</i>	20-80	1.25% to 5%
<i>Streetlights</i>	30	3.33%
<i>Stormwater</i>	20-80	1.25% to 5%
<i>Water Supply Treatment</i>	20-120	0.83% to 5%
<i>Water Supply Reticulation</i>	20-120	0.83% to 5%
<i>Wastewater Treatment</i>	40-80	1.25% to 2.5%
<i>Wastewater Reticulation</i>	40-80	1.25% to 2.5%
<i>Street Beautification</i>	10-100	1% to 10%

Insurance of Assets

The following information relates to the insurance of Council assets as at 30 June:		
	2021 \$000	2020 \$000
The total book value of all Council assets covered by insurance contracts	20,956	21,156
The maximum amount to which insured assets are insured	48,080	51,317
The total book value of all Council assets covered by financial risk-sharing arrangements	34,633	32,320
The total replacement cost of all Council assets covered by financial risk-sharing arrangements	26,164	55,249
Maximum amount available to the Council under financial risk-sharing arrangements	10,466	22,100
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.		

2021 - Agenda - Audit & Risk - November - Information Report - Receive Draft Annual Report 2021/22

	Cost /	Accumulated	Carrying	Assets	Assets	Disposals /	Transfers	Depreciation	Depreciation	Depreciation	Revaluation	Cost /	Accumulated	Carrying
	Valuation	Depreciation and Impairment	Amount	constructed by Council	transferred to Council	Impairment			Reversed on Revaluation	Reversed on Disposal	Surplus (incl of depreciation reversed on revaluation)	Valuation	Depreciation and Impairment	Amount
	1 July 2019			Current Year								30 June 2020		
2020	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Council Operational Assets														
Land	8,742	-	8,742	18	-	(95)	-	-	-	-	333	8,998	-	8,998
Buildings	10,823	1,283	9,540	94	-	(675)	-	416	(1,132)	(177)	(173)	8,937	390	8,547
Surplus Properties	119	-	119	-	-	-	-	-	-	-	49	168	-	168
Plant	540	274	266	68	-	(8)	-	40	-	(8)	-	600	306	294
Motor Vehicles	312	160	152	55	-	(25)	-	19	-	(20)	-	342	159	183
Furniture/Fittings	491	267	224	11	-	-	-	19	-	-	-	502	286	216
Office Equipment	1,200	772	429	78	-	(61)	-	73	-	(61)	-	1,217	784	434
Library Books	662	320	342	40	-	-	-	40	-	-	-	702	360	342
Work In Progress - Buildings	-	-	-	1	-	-	-	-	-	-	-	1	-	1
Work in progress - plant and equip	22	-	22	-	-	-	(22)	-	-	-	-	-	-	-
Work In Progress - Land	378	-	378	-	-	-	(361)	-	-	-	-	17	-	17
Total Operational Assets	23,289	3,076	20,214	365	-	(864)	(383)	607	(1,132)	(266)	208	21,484	2,285	19,200
Council Restricted Assets														
Land	7,235	-	7,235	16	-	(77)	-	-	-	-	1,738	8,912	-	8,912
Buildings	5,134	692	4,442	94	6,786	-	-	416	(693)	-	(878)	10,443	415	10,028
Street Beautification	1,604	219	1,385	90	-	-	-	20	-	-	-	1,694	239	1,455
Rubbish Bins	203	-	203	-	-	-	-	-	-	-	-	203	-	203
Work In Progress - Street Beautif	90	-	90	-	-	-	(22)	-	-	-	-	68	-	68
Work In Progress - Buildings	15	-	15	34	-	-	(15)	-	-	-	-	34	-	34
Total Restricted Assets	14,281	911	13,370	233	6,786	(77)	(37)	436	(693)	-	860	21,353	654	20,699
Council Infrastructure Assets														
Water Supply														
- Reticulation and other assets	11,625	226	11,401	370	-	(191)	-	243	-	(8)	-	11,808	458	11,350
- Treatment plants and facilities	4,044	158	3,886	30	-	(3)	-	170	-	(1)	-	4,065	327	3,738
Wastewater System														
- Reticulation and other assets	6,990	244	6,746	546	-	(8)	-	250	-	-	-	7,528	494	7,033
- Treatment plants and facilities	1,496	44	1,452	601	-	-	-	46	-	(2)	-	2,096	90	2,007
Stormwater System	8,009	138	7,872	496	-	(36)	-	141	-	-	-	8,469	278	8,192
Roading Network	190,979	2,449	188,531	4,044	-	-	-	2,452	-	-	-	195,023	4,901	190,123
Land Under Roads	53,639	-	53,639	745	-	-	-	-	-	-	-	54,384	-	54,384
Bridges	12,348	352	11,996	181	-	-	-	352	-	-	-	12,529	704	11,826
Work in Progress - Roading	-	-	-	18	-	-	-	-	-	-	-	18	-	18
Work In Progress - Subdivision - Land under roads	745	-	745	-	-	-	(745)	-	-	-	-	-	-	-
Work in Progress - Subdivision - 3 waters	1,090	-	1,090	-	-	-	(1,090)	-	-	-	-	-	-	-
Work In Progress - Wastewater Tr	564	-	564	-	-	-	(564)	-	-	-	-	-	-	-
Work In Progress - Water Reticul	116	-	116	37	-	-	-	-	-	-	-	153	-	153
Total Infrastructure Assets	291,646	3,610	288,038	7,068	-	(238)	(2,399)	3,655	-	(11)	-	296,074	7,252	288,823
Total Council	329,215	7,598	321,621	7,666	6,786	(1,179)	(2,819)	4,697	(1,825)	(277)	1,067	338,911	10,191	328,722
Subsidiaries														
Buildings	1,649	197	1,452	94	-	-	-	69	(197)	-	141	1,687	70	1,618
Land	193	-	193	-	-	-	-	-	-	-	42	235	-	235
Furniture & Fittings	104	35	71	-	-	-	-	5	-	-	-	104	40	66
Office Equipment	7	5	2	4	-	-	-	1	-	-	-	11	6	5
Work in Progress - buildings	50	-	50	-	-	-	(50)	-	-	-	-	-	-	-
Arboretum	45	3	42	-	-	-	-	1	(4)	-	8	49	0	48
Total Subsidiaries Assets	2,049	240	1,810	98	-	(50)	(50)	76	(200)	-	190	2,086	116	1,972
Total Group	331,264	7,839	323,432	7,764	6,786	(1,179)	(2,869)	9,394	(2,025)	(277)	1,257	340,998	10,307	330,694

Estimate of Replacement Cost

	Council	
	Most recent estimate of replacement cost 2020/21 \$000	Date of Estimate
2021		
Water Supply		
- Reticulation and other assets	20,272	30 June 2021
- Treatment plants and facilities	6,049	30 June 2021
Wastewater System		
- Reticulation and other assets	23,725	30 June 2021
- Treatment plants and facilities	3,389	30 June 2021
Stormwater System	14,858	30 June 2021
Roads and Footpaths	383,879	30 June 2021
2020		
Water Supply		
- Reticulation and other assets	19,774	30 June 2020
- Treatment plants and facilities	5,889	30 June 2020
Wastewater System		
- Reticulation and other assets	22,961	30 June 2020
- Treatment plants and facilities	3,339	30 June 2020
Stormwater System	14,616	30 June 2020
Roads and Footpaths	345,970	30 June 2020

Work in Progress

Property, plant and equipment in the course of construction by class of asset is summarised below, and included in Note 15 above

	Council	
	2020/21 \$000	2019/20 \$000
Infrastructure Assets		
Water Supply		
- Reticulation	1,052	153
- Treatment	101	-
Wastewater System		
- Reticulation	1	-
- Treatment	1	-
Stormwater System	-	-
Roads and Footpaths	-	18
Operational assets		
- Land	19	17
- Buildings	21	1
Restricted Assets		
- Street beautification	19	68
- Buildings	6,272	34

Depreciation and Amortisation Expense by Group of Activity

	Council	
	Actual 2020/21 \$000	Actual 2019/20 \$000
Directly attributable depreciation and amortisation by group of activity		
Community Services	771	758
Democracy	-	-
Economy	54	65
Environmental Services	4	7
Roading	2,732	2,804
Stormwater Drainage	130	141
Wastewater (Sewerage)	269	296
Solid Waste	30	28
Water Supply	368	421
Total directly attributable depreciation and amortisation by group of activity	4,359	4,521
Depreciation and amortisation not directly related to group of activities	267	263
Total depreciation and amortisation expense	4,626	4,784

Note 16 Intangible Assets – Council and Group

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%.

	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
2021	1/07/2020			Current Year						30 June 2021		
	\$000	\$000	\$000	\$000	\$000		\$000	\$000	\$000	\$000	\$000	\$000
Work in Progress	5	-	5	-	-	(5)	-	-	-	-	-	-
Computer Software	1,504	944	560	60	(265)		-	(225)	82	1,298	801	497
Total	1,509	944	565	60	(265)	(5)	-	(225)	82	1,298	801	497
	1/07/2019			Current Year						30 June 2020		
	\$000	\$000	\$000	\$000	\$000		\$000	\$000	\$000	\$000	\$000	\$000
Work in progress	5	0	5	0	-		0	-	0	5	-	5
Computer Software	1436	860	576	71	(3)		0	(3)	87	1504	944	560
Total	1441	860	581	71	(3)		0	(3)	87	1509	944	565

All intangible assets referring 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

Short-term creditors and other payables are measured at the amount payable.

	Council		Group	
	Actual 2020/21 \$000	Actual 2019/20 \$000	Actual 2020/21 \$000	Actual 2019/20 \$000
Current Portion				
<i>Payables and deferred revenue under exchange transactions:</i>				
Trade Payables and Accrued Expenses	3,635	1,191	3,648	1,201
Deposits and Bonds	191	118	191	118
Revenue Received in Advance	105	83	106	93
Total	3,931	1,392	3,945	1,412
<i>Payables and deferred revenue under non-exchange transactions:</i>				
Other Taxes Payable (GST)	329	401	329	401
Revenue received in advance - PGF and MBIE funding	2,961	752	2,961	752
Rates in Advance	280	278	280	278
Total	3,570	1,431	3,570	1,431
Total Current Portion	7,501	2,823	7,515	2,843

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 2020/21 \$000	Actual 2019/20 \$000	Actual 2020/21 \$000	Actual 2019/20 \$000
Current Portion				
Landfill Aftercare Provision	7	11	7	11
Total Current Portion	7	11	7	11
Non-current Portion				
Landfill Aftercare Provision	18	45	18	45
Total Non-Current Portion	18	45	18	45
Total Provisions	25	56	25	56
Movements for the Landfill Aftercare provision are as follows:				
	Council		Group	
	Actual 2020/21 \$000	Actual 2019/20 \$000	Actual 2020/21 \$000	Actual 2019/20 \$000
Opening Balance	56	55	56	55
Additional Provision Made	-	-	-	-
Amounts used	(31)	1	(31)	1
Closing Balance 30 June	25	56	25	56

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 are 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.

The long term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking in to account existing technology and is discounted using a discount rate of 5.0% (2019:7.5%).

The management of the landfill will influence the timing of recognition of some liabilities.

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'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 2020/21	Actual 2019/20	Actual 2020/21	Actual 2019/20
	\$000	\$000	\$000	\$000
Current Portion				
Annual Leave	243	183	249	190
Total Current Portion	243	183	249	190
Non-Current Portion				
Retirement Gratuities	52	49	52	49
Total Non-Current Portion	52	49	52	49
Total Employee Entitlements	295	232	301	239

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 2020/21 \$000	Actual 2019/20 \$000	Actual 2020/21 \$000	Actual 2019/20 \$000
Current Portion				
Committed cash advance facility	-	-	-	-
Secured Loans	2,000	3,500	2,000	3,500
Total Current Portion	2,000	3,500	2,000	3,500
Non-Current Portion				
Secured Loans	20,200	12,000	20,200	12,000
Total Non-Current Portion	20,200	12,000	20,200	12,000
Total Borrowings	22,200	15,500	22,200	15,500

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.

Maturity Analysis and Effective Interest Rates

	Council		Group	
	Actual 2020/21 \$000	Actual 2019/20 \$000	Actual 2020/21 \$000	Actual 2019/20 \$000
Less than one year	2,000	3,500	2,000	3,500
Later than one year but not more than five years	14,700	6,500	14,700	6,500
Later than five years	5,500	5,500	5,500	5,500
Total Borrowings	22,200	15,500	22,200	15,500

The weighted average effective interest rate for 2020/21 is 2.18% (2019/20 2.55%).

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 2020 of \$1,430,795 at the weighted average interest rate as at 31 December 2020 of 2.18%. The Water Supply activity has been charged the cost of \$31,191. The sum of \$80,000 was repaid at the end of the year. The balance as at 30 June 2021 is \$1,350,795.

A breakdown of each loan with the LGFA and respective details is listed below:					
	Maturity date	Interest rate 2020/21	Interest rate 2019/20	Actual 2020/21 \$000	Actual 2019/20 \$000
Current					
LGFA Bond issue	April 2021	0.00%	1.31%	\$0	\$2,000
LGFA Bond issue	May 2021	0.00%	2.62%	\$0	\$1,500
LGFA Bond issue	April 2022	2.81%	2.81%	\$2,000	\$0
Total Current borrowings				\$2,000	\$3,500
Non-current					
LGFA Bond issue	April 2022	-	2.81%	\$0	\$2,000
LGFA Bond issue	April 2023	1.55%	-	\$1,000	\$1,000
LGFA Bond issue	May 2023	3.47%	3.47%	\$1,500	\$1,500
LGFA Bond issue	April 2024	1.14%	-	\$1,000	\$0
LGFA Bond issue	May 2024	2.53%	2.53%	\$2,000	\$2,000
LGFA Bond issue	April 2025	3.38%	3.38%	\$2,000	\$2,000
LGFA Bond issue	December 2025	1.04%	-	\$3,700	\$0
LGFA Bond issue	April 2026	1.67%	-	\$1,000	\$0
LGFA Bond issue	April 2026	2.02%	-	\$1,000	\$1,000
LGFA Bond issue	April 2027	1.38%	-	\$1,000	\$1,000
LGFA Bond issue	April 2027	3.65%	3.65%	\$1,500	\$1,500
LGFA Bond issue	May 2028	2.12%	-	\$1,000	\$0
LGFA Bond issue	December 2032	1.87%	-	\$3,500	\$0
Total non-current borrowings				\$20,200	\$12,000
Total Borrowings				\$22,200	\$15,500

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	Actual	Actual	Actual
	2020/21 \$000	2019/20 \$000	2020/21 \$000	2019/20 \$000
Accumulated Funds - 1 July	181,353	174,920	183,109	176,761
Transfers to:				
Restricted Reserves	(162)	(97)	(162)	(97)
Council Created Reserves	(5,094)	(5,567)	(5,094)	(5,567)
Transfers from:				
Council Created Reserves	3,691	3,953	3,691	3,953
Restricted Reserves	37	35	37	35
Revaluation reserve disposal of building	-	87	-	87
Profit / (Loss) for the year	10,120	8,022	10,029	7,937
Balance at 30 June	189,944	181,353	191,609	183,109
Restricted Reserves - 1 July	650	587	650	587
Transfers to:				
Accumulated Funds	(37)	(35)	(37)	(35)
Transfers from:				
Accumulated Funds	162	97	162	97
Balance at 30 June	775	650	775	650
Fair Value through other comprehensive revenue and expense - 1 July	(410)	(349)	(410)	(349)
Loss on sale of financial assets at fair value through other comprehensive income	-	-	-	-
Revaluation Gains/(Losses) on Investments Carried at Fair Value	9	(61)	9	(61)
Balance at 30 June	(401)	(410)	(401)	(410)
Council Created Reserves - 1 July	5,734	4,120	5,734	4,120
Transfers to:				
Accumulated Funds	(3,691)	(3,953)	(3,691)	(3,953)
Transfers from:				
Accumulated Funds	5,094	5,567	5,094	5,567
Balance at 30 June	7,137	5,734	7,138	5,734
Asset Revaluation Reserves - 1 July	133,904	132,837	135,111	133,854
Revaluation reserve disposal of buildings	-	(87)	-	(87)
Revaluation Gains/(Losses)	37,875	1,154	37,875	1,344
Balance at 30 June	171,779	133,904	172,986	135,111
Total Other Reserves - 30 June	179,290	139,878	180,496	141,084
Asset Revaluation Reserves consist of:				
Operational Assets				
Land	6,577	6,577	6,687	6,687
Buildings	5,150	5,150	6,247	6,247
Restricted Assets				
Wastewater System	5,451	5,451	5,451	5,451
Water System	3,983	3,983	3,983	3,983
Stormwater System	6,081	6,081	6,081	6,081
Roading Network	139,769	101,894	139,769	101,894
Land	3,875	3,875	3,875	3,875
Buildings	895	895	895	895
Total	171,779	133,904	172,986	135,111

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.

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

		Balance	Transfers	Transfers	Balance
		1 July 2020	into fund	out of fund	30 June 2021
		\$000	\$000	\$000	\$000
2021	Activities to which the reserve relates				
Restricted Reserves					
Elsie Fraser Bequest Reserve	Pensioner Housing	66	22	(37)	51
Financial Contributions Reserve	All activities	583	140	-	723
Total		649	162	(37)	774
<hr/>					
		Balance	Transfers	Transfers	Balance
		1 July 2020	into fund	out of fund	30 June 2021
		\$000	\$000	\$000	\$000
2021	Activities to which the reserve relates				
Council Created /Targeted Rate Reserves					
General Renewal Reserve		3,256	1,207	(355)	4,108
Contingency Reserve	All activities	505	11	(11)	505
Asset Sale Proceeds Reserve	All activities	1,024	140	-	1,164
Staff Gratuities Reserve	All activities	147	3	(5)	145
Mayor's Relief Fund Reserve	Community	4	-	-	4
Turf Replacement Reserve	Community	20	11	-	31
Stormwater Reserve	Stormwater	258	135	(50)	343
Roading Renewals Reserve	Roading	745	2,845	(2,844)	745
Water Supply Reserve	Water Supply	(708)	384	62	(262)
Solid Waste Reserve	Waste Management	147	33	(102)	78
Wastewater Reserve	Wastewater	338	326	(385)	278
Total		5,735	5,094	(3,691)	7,140
<hr/>					
		Balance	Transfers	Transfers	Balance
		1 July 2019	into fund	out of fund	30 June 2020
		\$000	\$000	\$000	\$000
2020	Activities to which the reserve relates				
Restricted Reserves					
Elsie Fraser Bequest Reserve	Pensioner Housing	69	32	(35)	66
Financial Contributions Reserve	All activities	518	65	-	583
Total		587	97	(35)	649
<hr/>					
		Balance	Transfers	Transfers	Balance
		1 July 2019	into fund	out of fund	30 June 2020
		\$000	\$000	\$000	\$000
2020	Activities to which the reserve relates				
Council Created and Targeted Rate Reserves					
General Renewal Reserve	All activities	2,493	1,135	(372)	3,256
Contingency Reserve	All activities	505	14	(14)	505
Asset Sale Proceeds Reserve	All activities	623	401	-	1,024
Staff Gratuities Reserve	All activities	144	4	(1)	147
Mayor's Relief Fund Reserve	Community	4	1	(1)	4
Turf Replacement Reserve	Community	10	10	-	20
Stormwater Reserve	Stormwater	271	149	(162)	258
Roading Renewals Reserve	Roading	746	2,825	(2,826)	745
Water Supply Reserve	Water Supply	(1,049)	642	(301)	(708)
Waste Management Reserve	Waste Management	193	34	(80)	147
Wastewater Reserve	Wastewater	181	353	(196)	338
Total		4,120	5,567	(3,953)	5,735

Note 22 Commitments

	Council		Group	
	Actual 2020/21 \$000	Actual 2019/20 \$000	Actual 2020/21 \$000	Actual 2019/20 \$000
Financial Commitments				
Not later than one year	6,994	6,891	6,994	6,891
Later than one year and not later than five years	1,112	8,009	1,112	8,009
Later than five years	-	-	-	-
Total	8,106	14,900	8,106	14,900
Operating Leases as a Lessor				
Not later than one year	3	3	35	18
Later than one year and not later than five years	12	12	80	26
Later than five years	69	72	69	72
Total	84	87	184	116
Capital Commitments				
Roading network	2,628	5,242	2,628	5,242
Roading network - council subdivision	-	159	-	159
(The amount for the council subdivision relates mainly to the roading network with some other incidental costs related to wastewater, water and stormwater assets)				
Total	2,628	5,401	2,628	5,401

Non-financial commitments

- Council is committed to a 50/50 sharemilking agreement with the current sharemilker to 31 May 2022.
- 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 September 2021.
- 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 2021 there are 6 properties, with 7 facilities, having an approximate value of \$940,000 (2020 - 6 properties with 7 facilities - \$1.01 million). The estimate has been based on rating valuations for the district that were performed effective August 2020.

Contingent Liabilities

Local Government Funding Agency (LGFA)

The Council is a guarantor of the New Zealand Local Government Funding Agency (LGFA). The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New

Zealand. LGFA has a current credit rating from Standard and Poor's of AAA for local currency and a foreign currency rating of AA+as at 22 February 2021.

As at 30 June 2021, the Council is one of 30 local authority shareholders and 64 local authority guarantors with NZ LGFA. The New Zealand Government also has a 20% shareholding in the LGFA. It has uncalled capital of \$1.0 million. When aggregated with the uncalled capital of other shareholders, \$20.0 million is available in the event that an imminent default is identified. Also, together with the other shareholders and guarantors, the Council is a guarantor of all of the LGFA's borrowings. At 30 June 2021, NZ LGFA had borrowings totalling \$14.42 billion (2020: \$11.90 billion)

PBE Accounting Standards require the council to recognise the guarantee liability by applying the 12-month expected credit loss (ECL) model (as fair value could not be reliably measured at initial recognition), and subsequently at the higher of the provision for impairment at balance date determined by the ECL model and the amount initially recognised. The Council has assessed the 12-month ECL of the guarantee liability, based on market information of the underlying assets held by the LGFA. The estimated 12-month expected credit losses are immaterial due to the very low probability of default by the LGFA in the next 12 months. Therefore, the Council has not recognised a liability.

The Council considers the risk of the LGFA 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.

Building Act Claims

The Building Act 2004 imposes certain obligations and liabilities on local authorities relating to the issue of building consents and inspection of work done. At the date of these financial statements, one matter under that Act indicating a potential liability has been brought to the Council's attention.

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 than 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.

Key Management Personnel Compensation	Actual 2020/21	Actual 2019/20
<i>Councillors</i>		
Full time equivalent members	11	11
Remuneration		
Mayor - N Volzke	\$86,276	\$83,501
Councillors:		
J Sandford	\$25,965	\$24,307
K Squire (to October 2019)	\$0	\$6,532
A Jamieson	\$34,953	\$32,094
J Erwood	\$24,967	\$23,414
G Kelly (to October 2019)	\$0	\$6,532
G Boyde	\$28,712	\$26,657
K Walsh (to October 2019)	\$0	\$6,532
R Coplestone	\$24,967	\$23,414
G Webby	\$24,967	\$23,414
P Dalziel	\$24,967	\$23,414
A Harris (from October 2019)	\$24,967	\$17,545
M McKay (from October 2019)	\$24,967	\$17,545
V Jones (from October 2019)	\$24,967	\$17,545
	\$350,675	\$332,446
<i>Senior Management Team, including the Chief Executive</i>		
Full time equivalent members	5	5
Remuneration	\$859,000	\$744,000
Total full time equivalent personnel	16	16
Total key management personnel remuneration	\$1,209,675	\$1,076,446

Note 25 Remuneration

	Actual 2020/21 \$	Actual 2019/20 \$
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 and received the following remuneration for the year ended 30 June 2021:		
Salary (including a back pay effective from September 2017)	255,933	190,000
Superannuation Subsidy (Kiwisaver)	7,677	5,700
<i>As at 30 June 2021 the annual remuneration package that was being received by the Chief Executive was calculated at \$220,000. This remuneration excludes Kiwisaver contributions.</i>		
Total Chief Executive Remuneration	263,610	195,700
Council employee remuneration by band	30 June 2021	30 June 2020
<i>Total annual remuneration by band</i>		
Less than \$60,000	37	40
\$60,000 - \$79,999	19	15
\$80,000 - \$99,999	4	6
\$100,000 - \$159,999	7	6
\$160,000 - \$240,000	1	1
Total employees	68	68
Council Employee Numbers	30 June 2021	30 June 2020
Number of employees (at 30 June)	Actual	Actual
Full-time employees	44	39
Part-time employees (including casual employees)	24	29
Total employees	68	68
NB - A full-time equivalent is determined on the basis of a 40 hour working week.		
Full-time equivalent employees		
Full-time employees	44	39
Part-time employees (in full-time equivalents)	14	16
Total full-time equivalent employees	58	55

Note 26 Severance Payments

For the year ended 30 June 2021, the Council made two severance payments to employees totalling \$25,200 (2019/20 - one payment, \$18,000). The value of each of the severance payments was \$10,200 and \$15,000.

Note 27 Events After the Balance Date

On 17 August 2021 New Zealand went in to alert level 4 lockdown, following detection of the COVID-19 Delta variant in the country. On 31 August 2021 this alert level dropped to level 3, for all regions outside of Auckland, followed by a further drop to alert level 2 on 8 September 2021 for these same regions. This is a developing situation, and no further information is available at this stage, however the impact on this to council has been minimal.

Note 28 Financial Instruments

Council have not elected to adopt PBE IPSAS 41, Financial Instruments for the year ended 30 June 2021. The adoption is effective from 1 July 2021, in the 2021-2031 Long Term Plan.

The accounting policies for financial instruments have been applied to the line items below:				
	Council		Group	
	Actual 2020/21 \$000	Actual 2019/20 \$000	Actual 2020/21 \$000	Actual 2019/20 \$000
FINANCIAL ASSETS				
Loans and receivables				
Cash and cash equivalents - Cash	2,256	5,082	2,388	5,123
Short Term Deposits	7,000	3,000	7,250	3,250
Receivables	6,235	904	6,238	907
Total	15,491	8,985	15,876	9,280
Held to maturity				
Other financial assets:				
LGFA Borrower Notes	447	248	447	248
Total	447	248	447	248
Fair value through other comprehensive revenue and expense				
Other financial assets:				
Local authority stock and Bonds	-	-	552	677
Listed shares	681	673	681	673
Total	681	673	1,233	1,350
FINANCIAL LIABILITIES				
Financial liabilities at amortised cost				
Payables and deferred revenue	3,931	1,392	3,945	1,412
Borrowings:				
Secured loans	22,200	15,500	22,200	15,500
Total	26,131	16,892	26,145	16,912

Note 29 Explanation of Significant Variances Between Actual and Budget

Explanations for major variations from Council's estimated figures in the 2020/21 Annual Plan are as follows:

Statement of Comprehensive Revenue and Expense

Income is higher than anticipated due to the following:

- Revenue received from the sale of land in the council led subdivision was less than budget, as at the time the budget was set, it was assumed that not as many sections would have sold prior to 30 June the previous year.
- Grant revenue was higher than budget due to the receipt of Provincial Growth Funding that was not budgeted for.
- Roading infrastructure assets were revalued at fair value as at 30 June 2021, and as there was a significant increase over the carrying amount this has been reflected in these accounts.

Statement of Financial Position

- Cash was less than budget as surplus funds were placed on short term deposits.
- Short term deposits were higher than budget due to the additional funds council received during the year for Provincial Growth Fund and central government stimulus funding.
- Receivables were higher than budget due to further funds invoiced for the above projects.
- Other financial assets include the loan to the Stratford A & P Association, which was not budgeted.
- Roading infrastructure assets were revalued at fair value as at 30 June 2021, and as there was a significant increase over the carrying amount this has been reflected in these accounts.
- Payables are higher than budget due the portion of government grant funding for projects that was received in advance, in addition to the higher than normal value of trade creditors at year end as a direct result of the extra capital projects in progress.
- Payables are higher than budget due the portion of government grant funding for projects that was received in advance, in addition to the higher than normal value of trade creditors at year end as a direct result of the extra capital projects in progress.

Note 30 District Licensing Committee Disclosure

	2020/21	2019/20
<u>Income from Fees:</u>		
Licence Applications	\$36,502	\$32,085
Liquor Licencing Authority Levies	\$703	\$1,508
Total Income	\$37,205	\$33,593
<u>Expenditure:</u>		
Licencing Inspectors	\$50,522	\$47,767
District Licensing Committee Fees	\$2,896	\$3,009
Liquor Licencing Authority Levies	\$1,035	\$1,330
Other operating Costs Relating to Enforcement	\$2,418	\$1,415
Total Expenditure	\$56,871	\$53,521

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 2021, no additional capital contributions were made (2019/20: \$0 million)

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 2021 an amount of \$1,950 has been retained by the central Landfill Joint Committee for Stratford District Council's share of future operational costs.

Funding Impact Statements

Funding Impact Statement for the year ended 30 June 2021 (Whole of Council)

	Annual Plan 2019/20	Actual 2019/20	Annual Plan 2020/21	Actual 2020/21
	(\$000)	(\$000)	(\$000)	(\$000)
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	6,253	6,274	6,854	7,025
Targeted rates	6,555	6,460	6,467	6,534
Subsidies and grants for operating purposes	1,902	2,049	1,883	2,266
Fees and Charges	2,249	1,906	2,345	1,914
Interest and dividends from investments	126	97	139	139
Local authorities fuel tax, fines, infringement fees, and other receipts	41	77	44	81
Total operating funding (A)	17,126	16,864	17,730	17,960
Applications of operating funding				
Payment to staff and suppliers	13,392	13,868	13,631	13,670
Finance costs	640	398	665	447
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	14,032	14,266	14,296	14,117
Surplus (deficit) of operating funding (A-B)	3,095	2,598	3,434	3,842
Sources of capital funding				
Subsidies and grants for capital expenditure	1,963	1,646	5,454	8,872
Development and financial contributions	-	47	-	127
Increase (decrease) in debt	(1,591)	1,000	10,036	6,700
Gross proceeds from sale of assets	4,360	1,907	3,816	2,779
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	18	-	-
Total sources of capital funding (C)	4,731	4,618	19,306	18,478
Applications of capital funding				
Capital expenditure to:				
- To meet additional demand	-	580	-	94
- To improve the level of service	2,240	902	17,865	9,631
- To replace existing assets	5,227	3,442	4,044	3,396
Increase (decrease) in reserves	358	2,292	831	2,018
Increase (decrease) in investments	-	-	-	7,180
Total applications of capital funding (D)	7,825	7,216	22,740	22,320
Surplus (deficit) of capital funding (C-D)	(3,094)	(2,598)	(3,434)	(3,842)
Funding balance ((A-B) + (C-D))	0	0	0	0

Funding Impact Statement - Note

The funding impact statement is required under the Local Government Act 2002 Schedule and conforms to the Local Government (Financial Reporting) Regulations 2014.

Generally accepted accounting practice does not apply to the preparation of the funding impact statement as stated in Section 111(2) of the Local Government Act.

Funding Impact Statement for the year ended 30 June 2021 (Community Services)

	Long Term Plan 2019/20	Actual 2019/20	Long Term Plan 2020/21	Actual 2020/21
	(\$000)	(\$000)	(\$000)	(\$000)
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	3,221	3,271	3,622	3,651
Targeted rates	14	16	14	16
Subsidies and grants for operating purposes	-	74	-	336
Fees and Charges	527	418	532	484
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	12	-	12	0
Total operating funding (A)	3,774	3,779	4,181	4,487
Applications of operating funding				
Payment to staff and suppliers	2,255	2,373	2,341	2,802
Finance costs	70	35	344	32
Internal charges & overheads applied	885	859	909	945
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	3,210	3,267	3,594	3,779
Surplus (deficit) of operating funding (A-B)	564	512	588	708
Sources of capital funding				
Subsidies and grants for capital expenditure	124	33	3,771	6,189
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	245	(33)	12,231	37
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	369	-	16,002	6,226
Applications of capital funding				
Capital expenditure to:				
- To meet additional demand	-	-	-	-
- To improve the level of service	469	265	16,353	6,457
- To replace existing assets	3	70	92	362
Increase (decrease) in reserves	462	176	145	115
Increase (decrease) in investments	-	-	-	-
Total applications of capital funding (D)	933	512	16,590	6,935
Surplus (deficit) of capital funding (C-D)	(564)	(512)	(588)	(708)
Funding balance ((A-B) + (C-D))	0	0	0	0

Funding Impact Statement for the year ended 30 June 2021 (Roading)

	Long Term Plan 2019/20	Actual 2019/20	Long Term Plan 2020/21	Actual 2020/21
	(\$000)	(\$000)	(\$000)	(\$000)
Sources of operating funding				
General rates, uniform annual general charges, rates penalties *	(7)	(6)	(7)	(16)
Targeted rates	2,990	3,049	3,217	3,010
Subsidies and grants for operating purposes	1,795	1,870	1,857	1,887
Fees and Charges	288	316	293	458
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	5	77	5	81
Total operating funding (A)	5,071	5,305	5,366	5,420
Applications of operating funding				
Payment to staff and suppliers - see note below	3,483	3,706	3,602	3,596
Finance costs	32	-	30	-
Internal charges & overheads applied	311	341	320	340
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	3,827	4,047	3,953	3,936
Surplus (deficit) of operating funding (A-B)	1,245	1,258	1,413	1,483
Sources of capital funding				
Subsidies and grants for capital expenditure	1,839	1,613	1,840	2,682
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	(29)	-	(28)	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	18	-	752
Total sources of capital funding (C)	1,810	1,631	1,812	3,434
Applications of capital funding				
Capital expenditure to:				
- To meet additional demand	-	-	-	-
- To improve the level of service	-	88	-	2,057
- To replace existing assets	3,353	2,815	3,359	2,101
Increase (decrease) in reserves	(299)	(13)	(133)	759
Increase (decrease) in investments	-	-	-	-
Total applications of capital funding (D)	3,055	2,890	3,225	4,918
Surplus (deficit) of capital funding (C-D)	(1,245)	(1,258)	(1,413)	(1,483)
Funding balance ((A-B) + (C-D))	0	0	0	0

Funding Impact Statement for the year ended 30 June 2021 (Water Supply)

	Long Term Plan 2019/20	Actual 2019/20	Long Term Plan 2020/21	Actual 2020/21
	(\$000)	(\$000)	(\$000)	(\$000)
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	-	-	-	-
Targeted rates	2,064	1,832	2,099	1,934
Subsidies and grants for operating purposes	-	-	-	-
Fees and Charges	-	-	-	-
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	5	-	5	-
Total operating funding (A)	2,068	1,832	2,104	1,934
Applications of operating funding				
Payment to staff and suppliers	1,032	642	1,019	631
Finance costs	337	187	361	162
Internal charges & overheads applied	274	360	280	475
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	1,643	1,190	1,660	1,268
Surplus (deficit) of operating funding (A-B)	425	642	444	666
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	625	(149)	433	953
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	625	(149)	433	953
Applications of capital funding				
Capital expenditure to:				
- To meet additional demand	-	-	-	-
- To improve the level of service	420	62	587	920
- To replace existing assets	538	52	414	354
Increase (decrease) in reserves	92	379	(124)	345
Increase (decrease) in investments	-	-	-	-
Total applications of capital funding (D)	1,050	493	878	1,619
Surplus (deficit) of capital funding (C-D)	(425)	(642)	(444)	(666)
Funding balance ((A-B) + (C-D))	0	0	0	0

Funding Impact Statement for the year ended 30 June 2021 (Waste Water)

	Long Term Plan 2019/20	Actual 2019/20	Long Term Plan 2020/21	Actual 2020/21
	(\$000)	(\$000)	(\$000)	(\$000)
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	-	-	-	-
Targeted rates	873	877	906	888
Subsidies and grants for operating purposes	-	-	-	-
Fees and Charges	71	89	73	71
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	3	-	3	0
Total operating funding (A)	947	966	981	960
Applications of operating funding				
Payment to staff and suppliers	442	376	368	382
Finance costs	70	29	100	24
Internal charges & overheads applied	152	221	156	235
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	664	627	624	641
Surplus (deficit) of operating funding (A-B)	283	340	357	319
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	972	21	392	38
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	972	21	392	38
Applications of capital funding				
Capital expenditure to:				
- To meet additional demand	-	-	-	-
- To improve the level of service	1,038	56	485	81
- To replace existing assets	492	154	202	341
Increase (decrease) in reserves	(274)	151	62	(66)
Increase (decrease) in investments	-	-	-	-
Total applications of capital funding (D)	1,255	360	749	356
Surplus (deficit) of capital funding (C-D)	(283)	(339)	(357)	(318)
Funding balance ((A-B) + (C-D))	0	0	0	0

Funding Impact Statement for the year ended 30 June 2021 (Storm Water)

	Long Term Plan 2019/20 (\$000)	Actual 2019/20 (\$000)	Long Term Plan 2020/21 (\$000)	Actual 2020/21 (\$000)
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	355	353	371	329
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	2	-	2	-
Total operating funding (A)	357	353	373	329
Applications of operating funding				
Payment to staff and suppliers	115	51	118	61
Finance costs	28	14	33	15
Internal charges & overheads applied	95	130	97	119
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	238	195	248	195
Surplus (deficit) of operating funding (A-B)	119	158	125	134
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	151	336	98	(28)
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	151	336	98	(28)
Applications of capital funding				
Capital expenditure to:				
- To meet additional demand	-	-	-	-
- To improve the level of service	228	358	234	-
- To replace existing assets	57	138	58	22
Increase (decrease) in reserves	(15)	(2)	(69)	84
Increase (decrease) in investments	-	-	-	-
Total applications of capital funding (D)	270	494	223	106
Surplus (deficit) of capital funding (C-D)	(119)	(158)	(125)	(134)
Funding balance ((A-B) + (C-D))	0	0	0	0

Funding Impact Statement for the year ended 30 June 2021 (Solid Waste)

	Long Term Plan 2019/20 (\$000)	Actual 2019/20 (\$000)	Long Term Plan 2020/21 (\$000)	Actual 2020/21 (\$000)
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	19	19	19	19
Targeted rates	709	702	740	702
Subsidies and grants for operating purposes	-	-	-	-
Fees and Charges	81	121	83	127
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	1	-	1	-
Total operating funding (A)	810	841	842	847
Applications of operating funding				
Payment to staff and suppliers	630	657	644	729
Finance costs	47	26	45	21
Internal charges & overheads applied	142	165	145	147
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	819	848	834	897
Surplus (deficit) of operating funding (A-B)	(9)	(8)	7	(50)
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	(43)	(39)	(42)	(38)
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	(43)	(39)	(42)	(38)
Applications of capital funding				
Capital expenditure to:				
- To meet additional demand	-	-	-	-
- To improve the level of service	-	-	-	-
- To replace existing assets	52	-	32	-
Increase (decrease) in reserves	(104)	(47)	(67)	(88)
Increase (decrease) in investments	-	-	-	-
Total applications of capital funding (D)	(52)	(47)	(35)	(88)
Surplus (deficit) of capital funding (C-D)	9	8	(7)	50
Funding balance ((A-B) + (C-D))	0	0	0	0

Funding Impact Statement for the year ended 30 June 2021 (Democracy)

	Long Term Plan 2019/20 (\$000)	Actual 2019/20 (\$000)	Long Term Plan 2020/21 (\$000)	Actual 2020/21 (\$000)
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	1,003	1,069	1,003	1,030
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-
Fees and Charges	60	86	60	96
Internal charges and overheads recovered	1,343	1,362	1,376	1,384
Local authorities fuel tax, fines, infringement fees, and other receipts	11	-	11	-
Total operating funding (A)	2,417	2,516	2,450	2,510
Applications of operating funding				
Payment to staff and suppliers	1,784	1,836	1,800	1,862
Finance costs	-	-	-	-
Internal charges & overheads applied	633	680	650	670
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	2,417	2,516	2,450	2,532
Surplus (deficit) of operating funding (A-B)	-	-	-	(22)
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	-	-	-	-
- To replace existing assets	288	219	160	176
Increase (decrease) in reserves	(288)	(219)	(160)	(198)
Increase (decrease) in investments	-	-	-	-
Total applications of capital funding (D)	-	-	-	(22)
Surplus (deficit) of capital funding (C-D)	-	-	-	22
Funding balance ((A-B) + (C-D))	0	0	0	0

Funding Impact Statement for the year ended 30 June 2021 (Economy)

	Long Term Plan 2019/20 (\$000)	Actual 2019/20 (\$000)	Long Term Plan 2020/21 (\$000)	Actual 2020/21 (\$000)
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	586	591	591	647
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	-	105	-	43
Fees and Charges	663	626	674	706
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	5	-	5	-
Total operating funding (A)	1,254	1,322	1,270	1,396
Applications of operating funding				
Payment to staff and suppliers	636	687	653	672
Finance costs	108	63	104	47
Internal charges & overheads applied	303	300	311	368
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	1,048	1,050	1,068	1,087
Surplus (deficit) of operating funding (A-B)	206	273	202	309
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	(101)	(1,421)	(97)	(2,777)
Gross proceeds from sale of assets	-	1,907	-	2,779
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	(101)	486	(97)	2
Applications of capital funding				
Capital expenditure to:				
- To meet additional demand	-	580	-	94
- To improve the level of service	-	17	-	116
- To replace existing assets	15	-	70	38
Increase (decrease) in reserves	90	162	36	63
Increase (decrease) in investments	-	-	-	-
Total applications of capital funding (D)	105	759	106	311
Surplus (deficit) of capital funding (C-D)	(206)	(273)	(202)	(309)
Funding balance ((A-B) + (C-D))	0	0	0	0

Funding Impact Statement for the year ended 30 June 2021 (Environmental Services)

	Long Term Plan 2019/20 (\$000)	Actual 2019/20 (\$000)	Long Term Plan 2020/21 (\$000)	Actual 2020/21 (\$000)
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	1,082	981	1,064	1,271
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-
Fees and Charges	464	515	474	631
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	11	-	11	-
Total operating funding (A)	1,558	1,495	1,550	1,902
Applications of operating funding				
Payment to staff and suppliers	891	765	863	1,178
Finance costs	1	-	3	1
Internal charges & overheads applied	657	709	674	903
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	1,549	1,475	1,540	2,084
Surplus (deficit) of operating funding (A-B)	8	20	9	(182)
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	60	56	(2)	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	60	56	(2)	-
Applications of capital funding				
Capital expenditure to:				
- To meet additional demand	-	-	-	-
- To improve the level of service	61	56	-	-
- To replace existing assets	-	-	-	-
Increase (decrease) in reserves	7	20	7	(182)
Increase (decrease) in investments	-	-	-	-
Total applications of capital funding (D)	68	76	7	(182)
Surplus (deficit) of capital funding (C-D)	(8)	(20)	(9)	182
Funding balance ((A-B) + (C-D))	0	0	0	0

Annual Report Disclosure Statement

Annual report disclosure statement for year ending 30 June 2021.

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

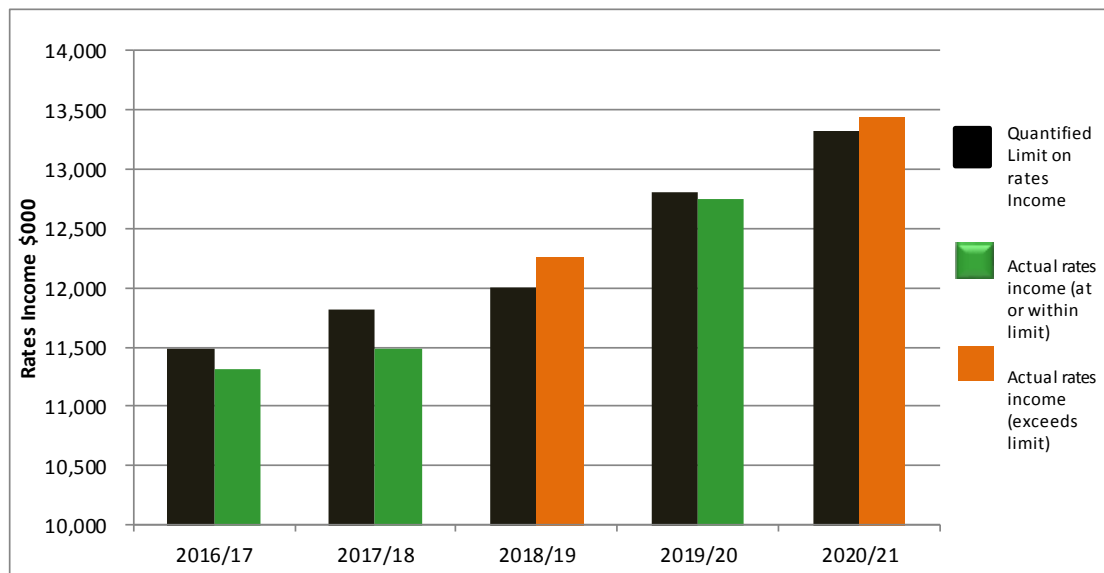
The council meets the rates affordability benchmark if –

- 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

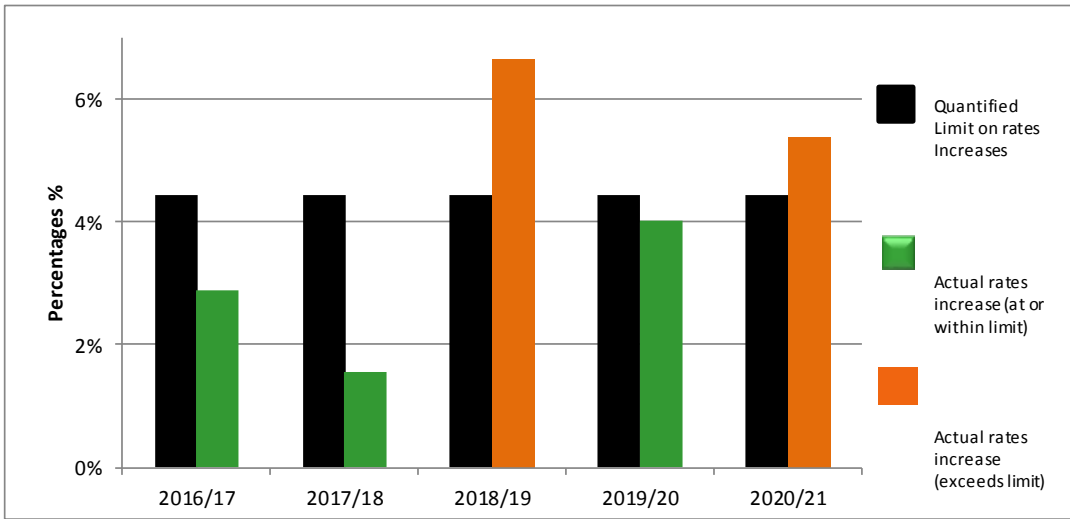
The following graph compares the Council's actual total rates income with the quantified limit on rates income as per the LTP 2018 which is the previous year's rates plus 4.45%.

The breach in 2020/21 was approved by council as part of the 2018-2028 Long Term Plan and was a result of anticipated higher interest and depreciation expenditure as a result of new capital projects.



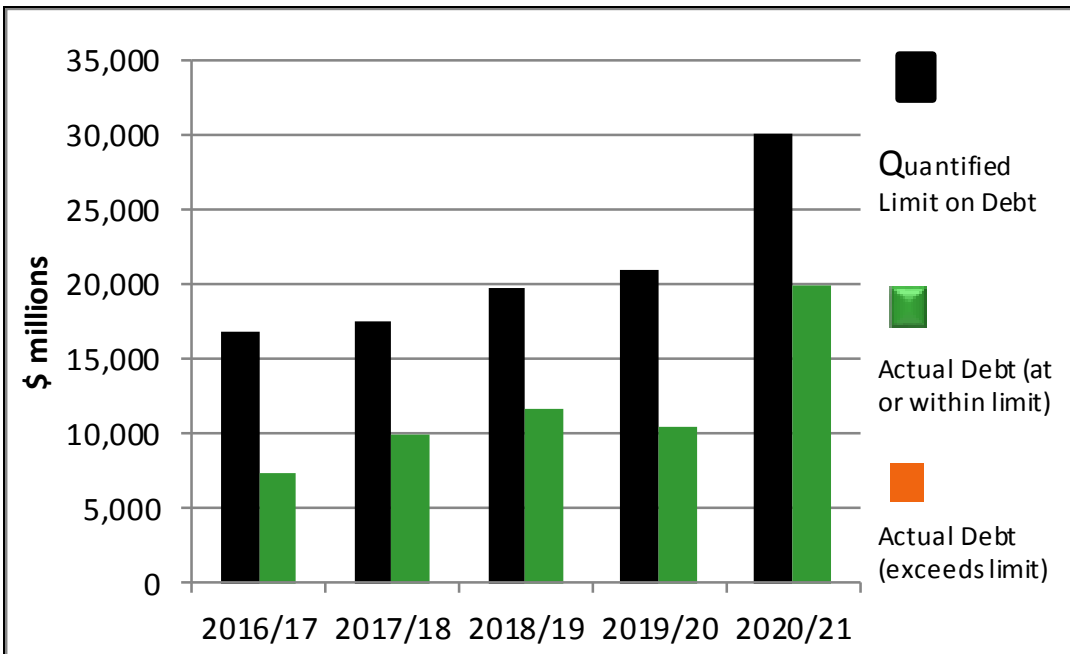
Rates (increases) affordability

The following graph compares the year-on-year actual, and the LTP limit (4.45%), percentage increase in the Council's total rates income. The percentage increase limit is calculated using the increase in income from the previous year.



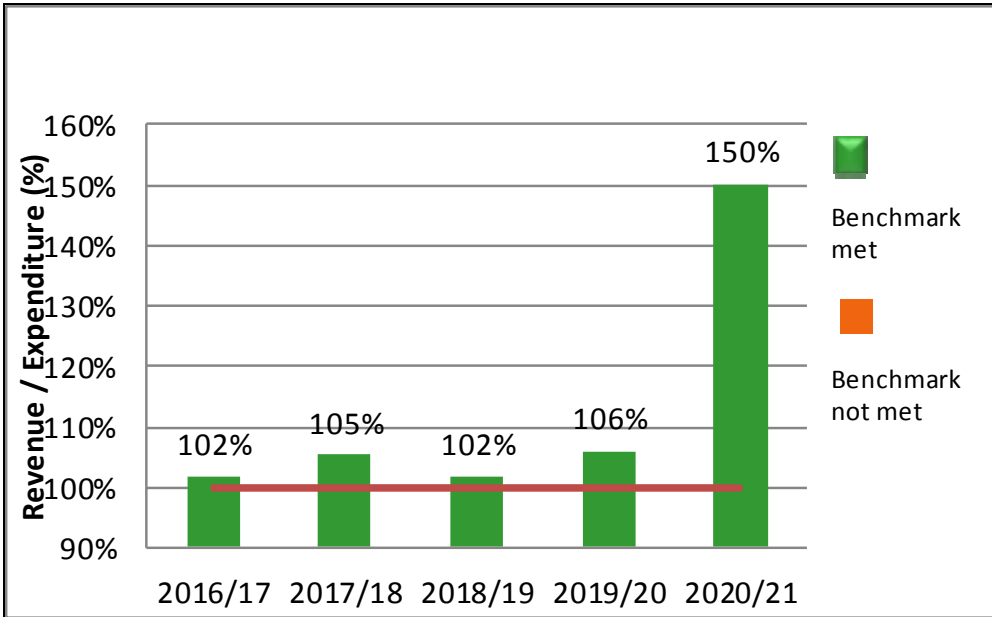
Debt affordability benchmark

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 net debt (total borrowings minus cash holdings) to operating revenue (excludes vested assets) will be less than 100%, expressed in \$ terms.



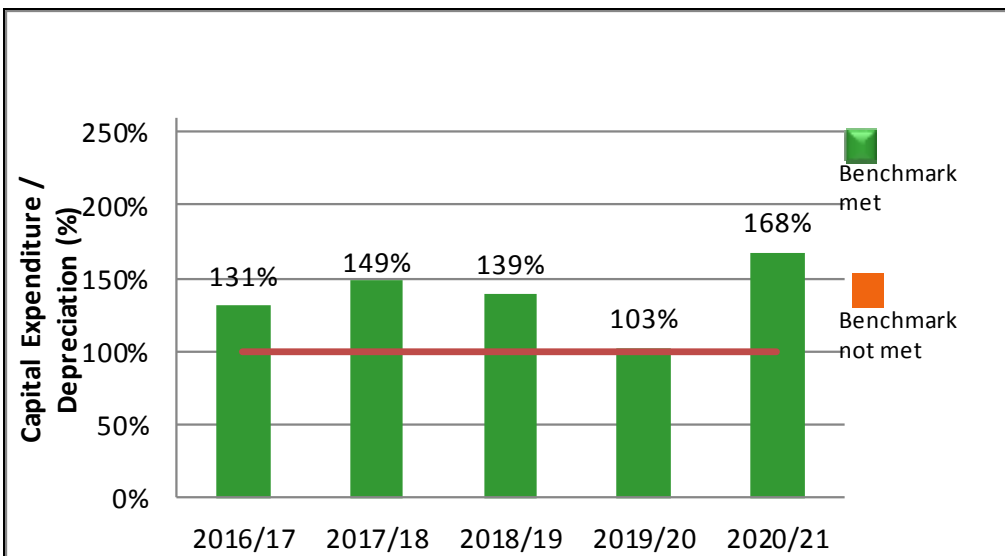
Balanced budget benchmark

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). Revenue is a lot higher in proportion to expenditure in 2020/21 due to the high amount of grant funding received and subdivision section sales.



Essential services benchmark

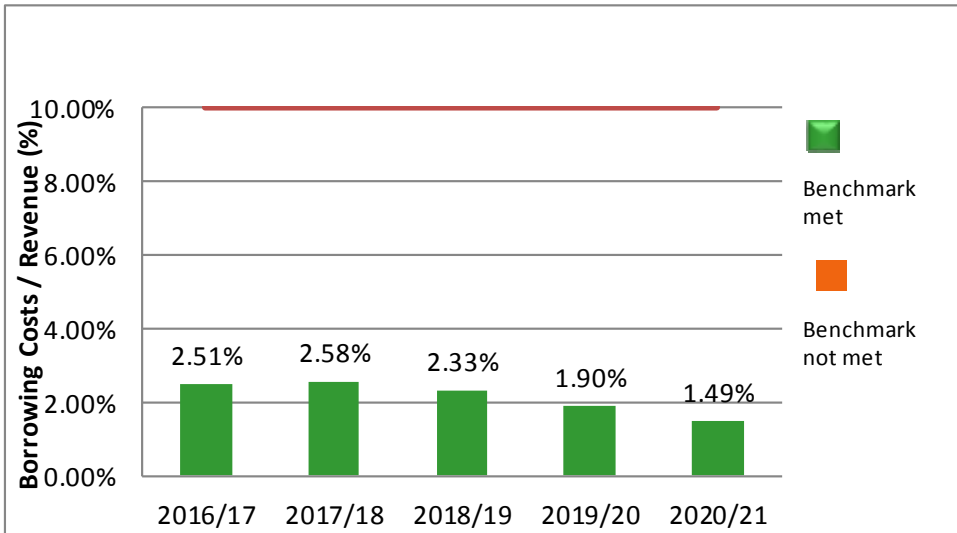
The following graph displays the council's capital expenditure on network services as a proportion of depreciation on network services. The council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



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).

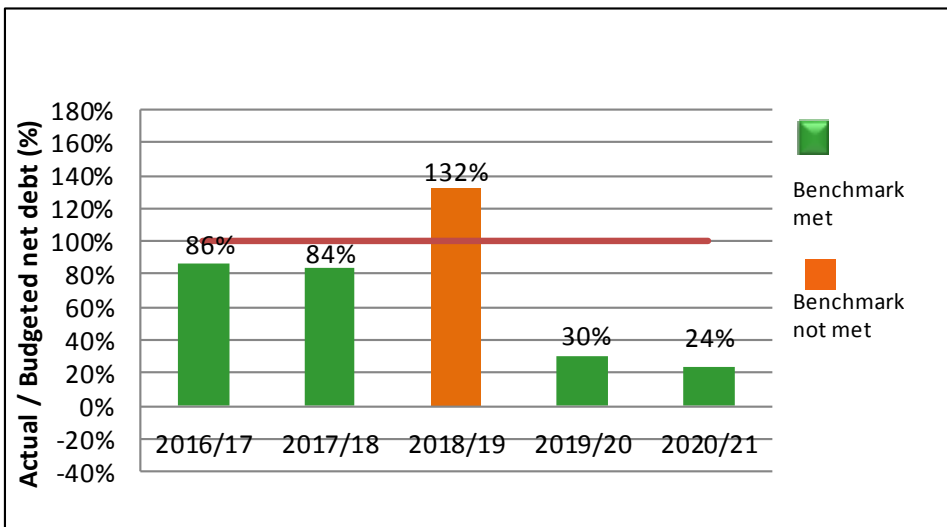
Because Statistics New Zealand projects the council's population will grow more slowly than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or is less than 10% of its revenue.



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.

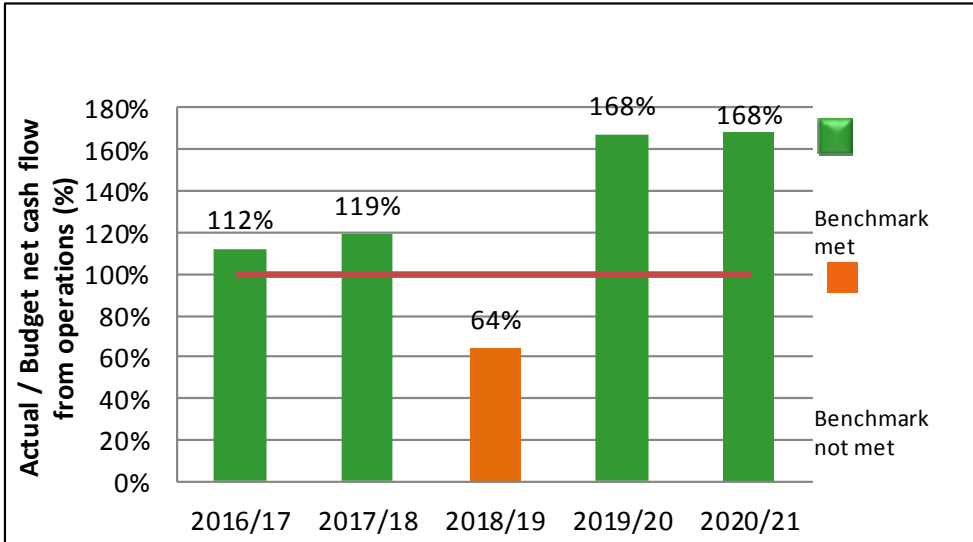
In 2018/19, property asset sales, including subdivision sales, were expected to come through but due to delays, the sales receipts are in 2019/20 and 2020/21.



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*.

In 2019 the Council did not achieve the benchmark due to grants revenue of \$4m relating to a capital expenditure project not materialising. This contributed significantly to net cash from operating activities being \$8.4m for the year, instead of the \$5.0m planned.



Audit Report

INFORMATION REPORT



F19/13/04 – D21/40386

To: Audit and Risk Committee
From: Health and Safety/Emergency Management Advisor
Date: 16 November 2021
Subject: Health and Safety Report

Recommendation

THAT the report be received.

_____/_____
 Moved/Seconded

1. Purpose of Report

- 1.1 This report presents a summary of the two monthly progress and any highlights for the main areas of activity within for the period to 31 October 2021.

2. Executive Summary

- 2.1 This report provides an overview of Council's health and safety performance through statistical data reported and recorded in the health and safety software (Vault) for the two months ending 31 October.
- 2.2 Results of data analysed since 1 September show that there have been a total of 11 events logged in Vault. This incorporates 4 pool events that are now being logged in Vault and 1 observation.

3. Incidents

1 September 2021 – 31 October 2021

	Period 1 September 2021- 31 October 2021	Running YTD Balance (1 July 2021 – 30 June 2022)
Events	11	25
<i>Of which:</i>		
Injury	-	1
ACC Claims	-	1
Notifiable	-	-
Near Miss	-	3
Observations	1	3
Other	10	17
Type of Incident		
Slips/Trips/Falls (no injury)	-	1
Sprains/Strains	1	2
Cuts/Abrasions/ Bleeding nose	1	3
Bruising	2	4
Near Miss	-	3
Aggressive/Abusive Customer	2	2
Vehicle Damage	2	2
Insect Stings	-	-
Plant/Equipment	1	3
Other	2	5

Level of Treatment		
No Treatment	9	14
First Aid	3	11
Medical Centre/ DR	-	-
Hospital	-	-
Level of Investigation		
No Investigation	8	18
Formal Investigation	3	7
WorkSafe Investigation	-	-
Health and Wellbeing		
Workstation Assessments	1	3
EAP Referrals	0	1
Health Monitoring Assessments	28	28
Health and Safety Committee Meeting	1	1
Site Reviews	1	2

- 3.1 The number of incidents reported was slightly lower than for the same period last year but this is attributed to the fact that we were still in Level 3 lockdown which ceased on 8 September. Again, there was an array of incidents ranging from a disgruntled member of public not wishing to wear a mask, members of public upset that the pool was only open for swimmers and not for leisure, several minor vehicle incidents and a positive observation that was logged about a staff member doing the “right thing”.

Of note, was an incident reported by our Council contractor of a truck trailer tipping on its side.

Background to Incident

Contractors were tasked to repair significant pavement damage caused by logging traffic to Junction Road. A subcontractor had been tasked to cart and supply aggregate to the site. Special instructions were given to the subcontractor that, due to the site location trucks would only be required to bulk tip their loads of product and they would not be required to spread their loads.

This message is important as belly dumping trailers are specifically used for spreading whilst bulk tipping trailers are not. This was a bulk tipping trailer and went against regional rules where spreading of bulk trailers is prohibited.

The Issue

When the subcontractor arrived on site and had been shown by the main contractor where to tip the aggregate as well as where to turn around he decided that he would spread the load to make things easier. This went against specific instruction and the contractor’s policy. As the driver raised the hoist on the trailer and began spreading the load he approached a bend in the road on a downhill slope. The trailer was pulled into the apex of the corner by the camber of the road and rolled on its side. There were no injuries to anyone on site. The main contractor immediately advised Council of the incident.

Corrective Actions – short-term and long-term

The main contractor is to continue to specify to cartage contractors, the plans for site delivery including assurance from cartage contractors to their drivers the plans for site delivery.

The main contractor is to clearly instruct site crews delivery instructions around aggregate suppliers with this being in writing as well. The message to staff and contractors that spreading with wrong trailers is prohibited will be reissued.

The message to staff to follow all policies and to ensure subcontractors follow this as well along with the message that staff can stop unsafe acts on site will be reissued.

4. Civil Defence

- 4.1 Training has remained stagnant over the previous two months with only a handful of staff receiving any formal emergency management function training. On 22 October, Council staff initialised a mock setup of the Emergency Operations Centre (EOC). As this was the first ever time in doing this, the results of the setup were pleasing with a quick response time shown and all equipment working properly. There are however some teething issues that need be worked through.

On 28 October Council took part in a national initiative called 'ShakeOut'. This was the third year of involvement ensuring that staff could discuss and practice with colleagues the right action to take during an earthquake and practicing a tsunami hīkoi (evacuation) if they live in a coastal area. This proved very successful with all administration building, library and pool staff taking part.

5. Contractors

- 5.1 A review of health and safety systems has been undertaken. Pre-qualification of contractors was raised at the June Audit and Risk meeting. As relevant to the review of our Health and Safety system, this topic has been the top priority to discuss and act on as it is a mandatory requirement not only for contractors but also for our staff to ensure that they adhere to the process correctly.

Whilst the current pre-qualification system is not "broken", it has been recognised that providing more information and definition about the pre-qualification process will make it easier for contractors to work for Council. A risk rating and flow chart has been developed to ensure that a contractor (depending on the work they provide), can align themselves to the risk of their work and know what they will need to provide to prequalify. Alternately they can provide a Job Safety Analysis/Site Specific Safety Plan which will also be accepted. This will be available on Council website.

Other facets of the Occupational Health and Management System (OHMS) such as the lone worker procedure is also under review after an internal audit was conducted with a new solution/product to be considered/purchased. Other facets of the OHMS such as the Council's Health and Safety Policy has already been revised and updated with the rest of the system to follow in due course.

6. Site reviews

- 6.1 One site review has been conducted over the period with minor non-conformances noted and corrective actions issued.

7. Aerodrome

- 7.1 Work has begun on making contact with the various person/s conducting a business or undertaking (PCBU) that use and occupy the aerodrome with the intention of holding meetings with those officers to ensure that each PCBU is exercising due diligence within their organisation. This means an officer must take appropriate, proactive steps to ensure the PCBU complies with the Health and Safety At Work Act 2015 (the 'Act'). By ensuring that each of the PCBU's have appropriate systems of work in place and that they are actively monitored, Council under the Act will in itself have fulfilled its obligations.



M Bestall
Health and Safety/Civil Defence Advisor



[Approved by]
Sven Hanne
Chief Executive

Date: 8 November 2021

INFORMATION REPORT



F19/13 – D21/40347

To: Audit and Risk Committee
From: Director – Corporate Services
Date: 16 November 2021
Subject: Risk Management

Recommendation

THAT the report be received.

Recommended Reason

To provide an update to the Audit and Risk Committee of any significant risks and any incidents or threats in relation to significant risks on Council’s risk register from the previous quarter.

/_____
Moved/Seconded

1. Purpose of Report

- 1.1 To provide a high level update on Council risk, in accordance with Council’s Risk Management Policy.

2. Executive Summary

- 2.1 The key risks to Council that have required active management by the Senior Leadership Team are *Risk 78 – Government Policy impacting on Local Government, Risk 64 – Infectious Disease Outbreak / Pandemic, Risk 11 – Server Failure, and Risk 55 – Building Control Functions Undertaken Negligently.*
- 2.2 There have been no new risks identified and added to Council’s risk register since the last Audit and Risk Committee meeting.

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:			Affects all four wellbeings in some way.
Social	Economic	Environmental	Cultural
✓	✓	✓	✓

- 3.1 Risk Management aims to protect all areas of Council operations.

4. Background

- 4.1 The Council maintains a full risk register, which currently has 85 risks. Of these, 10 of the highest risks in terms of likelihood and consequence are monitored and reported to the Audit and Risk Committee.
- 4.2 In August 2021, the Risk Management Policy was updated and one of the changes to the previous reporting system was that only high level risks would feature in this regular report to the Audit and Risk Committee.
- 4.3 The risk register includes a description of the risk, and evaluates the risk in terms of likelihood and consequence without any controls in place. Controls (risk reduction methods and mitigations) have been established for each risk, and then the risk is re-evaluated to get a residual risk score. In terms of what constitutes a significant risk, the raw risk score is taken into account rather than the residual risk as it is important that the Senior Leadership Team and the Audit and Risk Committee regularly monitor that the controls in place are appropriate and effective.

5. Information Summary

	Minor	Important	Serious	Major	Catastrophic
Almost Certain	2-Moderate	5-High	7-High	20-Extreme	25-Extreme
Likely	2-Moderate	4-Moderate	6-High	16-Very High	20-Extreme
Possible	1-Low	3-Moderate	4-High	12-Very High	15-Very High
Unlikely	1-Low	2-Moderate	3-Moderate	8-High	10-Very High
Rare	Low	1-Low	1-Low	4-Moderate	5-High

- 5.1 *Risk 78 – Government Policy impacting on Local Government:*
Refer to report in this Committee meetings’ agenda on Government reform.

Three Waters Reforms – the Government has recently announced that the reforms will be mandatory. Council is still working through how this will affect three water operations and project delivery.

Future of Local Government Reform – this is a wider piece of work on the sector that is looking to “*design a system of local governance that is built on relationships: is agile, flexible and sustainable enough to meet future challenges*”. At this stage the Department of Internal Affairs is asking broad priority questions to the sector and will look to engage with each Council early in 2022. Little detail on the specifics has been provided to date as they work through high-level responses.

Resource Management Act Reform – The government is progressing with the Natural and Built Environments Act (currently at bill stage) to replace the Resource Management Act 1991. Key aspects of the bill include:

- A new purpose which focuses on the concept of Te Oranga o te Taiao
- Implementation of a new National Planning Framework (NPF)
- The introduction of environmental limits and outcomes
- A framework for Natural and Built Environments plans (NBE plans)
- A central role for iwi/Māori and improved recognition of Te Tiriti o Waitangi.

In light of the limited effectiveness of Council controls in relation to this risk, the residual risk (currently sitting at 6-High), needs to be reviewed.

- 5.2 *Risk 64 – Infectious Disease Outbreak / Pandemic:*
Council had been operating effectively at Level 2. However, the recent detection of a strong positive Covid-19 case in the Stratford wastewater treatment plant has brought about high uncertainty and risk to the district and Council operations as at the time of writing this report. At present, Council leadership are waiting for guidance from the government, but are preparing for a further lockdown if necessary.

Council senior management are working through a Covid risk assessment for all employee roles. In the meantime it has become apparent through the *Covid-19 Public Health Response (Vaccinations) Order 2021* that staff involved in providing education services to children at any of our facilities will require vaccination. This is an area that senior management are keeping a close eye on.

Due to the recent wastewater testing results indicating that the presence of Covid-19 in Stratford is likely, the raw risk (currently 15-Very High) needs to be reviewed.

5.3 *Risk 11 – Server Failure:*

In early October Council systems suffered network performance degradation within the Microsoft Azure Datacentre. Council is still awaiting the Incident Report from Civica but was advised at the time it was due to a problem with a Virtual Cisco Router. Microsoft and Cisco were called in to assist Civica with the problem and the issue took five days to resolve. Staff were still able to operate throughout although the system was extremely slow.

5.4 *Risk 55 – Building Control Functions Undertaken Negligently:*

The Building Control team have been working with IANZ (International Accreditation New Zealand) to confirm Council's registration as a BCA (Building Control Authority). An audit team from IANZ will return at the end of November to reassess risk and work through the recommendations made.

Council staff have been implementing changes to reduce the risk of losing BCA status. These actions include:

- Restructure of staff in the building control function
- Appointment of a new Building Control Manager
- Redevelopment and refinement of the Quality Management System
- Improvement of the information systems and processes
- Intensive training for all staff in the building control function.

6. Strategic Alignment

6.1 **Direction**

Not applicable.

6.2 **Annual Plan and Long Term Plan**

Not applicable.

6.3 **District Plan**

Not applicable.

6.4 **Legal Implications**

Not applicable.

6.5 **Policy Implications**

This report is in line with the Risk Management Policy.



Tiffany Radich
Director – Corporate Services



[Approved by]
Sven Hanne
Chief Executive

Date: 8 November 2021

APPENDIX 1

Top Ten Risk Register

Risk Alert Number	Risk Category	Risk Subject	Risk Description	Risk Score Raw	Control Description	Residual Risk Score
78	Operational	Government Policy Impacting on Local Government	IF Government Policy significantly changes the services Council delivers or the way they are delivered, THEN this could put financial pressure on the district to fund investment in changes, or it may mean previous investment has become redundant.	20 Extreme	Where a policy change may have a significant negative impact on the Council then staff and elected members should consider making a submission to suggest and encourage alternative options. Council officers and elected members need to keep up to date with proposed changes to legislation and govt policy, and anticipate potential impacts of legislative changes and respond strategically, rather than being in a reactive position or being overly proactive. This could include joint collaboration with business and other councils, accessing alternative funding sources, or obtaining legal or professional advice. Council should aim to maintain a position where it can be adaptive and respond well to change, e.g. low to medium debt levels, diversification, good employment relationships.	6 High
12	Data and Information	Cyber Attack	IF the systems are compromised and subject to a cyber attack, THEN system downtime, loss of data, ransoms may be demanded, potential privacy breach, reputational damage, and potential loss of funds.	16 Very High	Council have several security measures in place such as enterprise grade firewalls, email filtering, backups, antivirus and device management. If a breach was detected Council would activate the insurance policy and engage an IT security company resource to assist with recovery.	4 High
51	Operational	Natural Disaster or Fire - Response preparedness	IF a Natural Disaster or Fire causes significant damage to infrastructure and buildings THEN community welfare may be severely compromised, putting peoples lives at risk, and staff may be unable to access systems to carry out their day to day duties and functions.	15 Very High	Civil Defence Emergency Management plans are in place. Procedures following an emergency event are widely known by a number of staff due to Civil Defence Foundational training being rolled out to majority of council staff. Business Continuity Plans need to be in place and practiced regularly for all activities - Directors responsible for having a plan in place for each of their departments to ensure core functions can continue to be delivered.	12 Very High
64	Operational	Infectious Disease Outbreak / Pandemic	IF an infectious human disease outbreak / pandemic threatened NZ and reached the district, THEN this could impact staff availability, local services could temporarily close down, and the community access to healthcare is limited potentially resulting in population decline.	15 Very High	Health and Safety Advisor to keep aware of any public health notifications of disease outbreaks. Ensure there is a plan to respond to any notifications. Civil Defence covers infectious human disease pandemics and will take responsibility for local management. Follow Ministry of Health's NZ Influenza Pandemic Action Plan.	8 High

APPENDIX 1

Risk Alert Number	Risk Category	Risk Subject	Risk Description	Risk Score Raw	Control Description	Residual Risk Score
71	Operational	Critical Asset Failure	IF a critical asset (water treatment plants, stormwater, wastewater, reticulation, roading) failed, THEN unexpected financial burden may arise and there could be significant disadvantage and risk to the community.	15 Very High	Conduct 2 yearly Asset Criticality Review. Ensure there are established Civil Defence Emergency Management response procedures in relation to fixing critical assets in an emergency event. Management practices and staff training, retention to ensure appropriate skill level in critical asset maintenance.	4 High
11	Data and Information	Server Failure	IF the server failed THEN systems down, data unavailable, potential data loss	12 Very High	Restore from backup - backups encrypted, and stored off-site at approved data-centres (Tier 3). Fail-over for Melbourne data centre replicates to Sydney data centre.	3 Moderate
32	Health, Safety, and Wellbeing	Lone Worker	IF a staff member is seriously injured or killed during field inspections/site visits, THEN possible health and safety breaches, death or serious injury.	12 Very High	Quality assurance, Ongoing training/awareness of HSE requirements and responsibilities, Better use of council data /knowledge base on dangerous or insanitary sites before staff member deploys to site, Use of GPS tracking, mobile phone tracking. Compliance officers to wear body cameras when on duty.	3 Moderate
55	Reputational and Conduct	Building Control functions undertaken negligently	IF council issues building consent, code of compliance certificates, or other building function decisions negligently or without appropriate quality controls and the structural integrity of the building work fails or the work is unsafe THEN the property owner could demand compensation, and it could result in reputational damage, possible legal costs, and building industry distrust may result.	12 Very High	Quality assurance. Resourcing and ongoing training of competent staff. Low tolerance for poor quality documentation from consent applicants. Reporting of substandard work practices observed. More use of standard online templates for processing applications. Council has public liability insurance.	2 Moderate
58	Reputational and Conduct	Contractor Damage or Breach	IF Council and/or council contractors are found to be liable for public/environmental damage, or any actions that are unsafe or non-compliant with legislation and applicable policies and standards, THEN fines, possible injury, long-term damage, reputational damage could result.	12 Very High	Appropriate procedures and guidelines are in place to monitor contractor actions and our own including health and safety audits, contractor meetings/KPI's. The Council requires all physical works contractors to go through a thorough health and safety pre-qualification process and become approved before commencing any physical work. All relevant staff are kept up to date with pre-approved contractors register. Mini audits and random checks should be built into contracts. Contractor public liability insurance required for all major contracts.	3 Moderate

APPENDIX 1

Risk Alert Number	Risk Category	Risk Subject	Risk Description	Risk Score Raw	Control Description	Residual Risk Score
72	Reputational and Conduct	Elected Members - Decision Making	IF elected members make significant decisions based on inaccurate/insufficient information, "biased" influences, conflicts of interest not disclosed, or lack of understanding of the financial or legislative impacts, THEN there could be funding access difficulties, audit scrutiny, financial penalties, and/or community distrust in elected members. Potential breach of Local Authorities (Member's Interests) Act 1968, and Councillors may be personally financially liable under S.47 of LGA 2002.	12 Very High	Relies on the accuracy and quality of the advice given by staff to elected members - ensure agenda, reports, and other papers are always reviewed by CEO, and Directors if appropriate. Information related to decision making should be given to elected members in a timely manner. Elected members should receive initial induction training and attend LGNZ, SOLGM conferences where material is relevant to get a better understanding of governance decision making. Council has a Professional Indemnity insurance policy for all elected members and independent committee members.	4 High

INFORMATION REPORT



F19/13/04 – D21/40292

To: Audit and Risk Committee
From: Director- Assets
Date: 16 November 2021
Subject: Capital Works Programme – Key Projects Update

Recommendation

THAT the report be received.

Recommended Reason

To present an update on the progress of our key capital projects in the 2021/22 financial year, as requested in the September 2021 Audit and Risk Committee meeting.

/_____
Moved/Seconded

1. Purpose of Report

- 1.1 The purpose of this report is to provide the Audit and Risk Committee with an update on the progress of key capital projects in the 2021/22 financial year.
- 1.2 The intent is to track these projects and provide confidence both to the Council and our ratepayers that capital works programme will be delivered as indicated in the 2021-31 Long Term Plan (LTP).

2. Executive Summary

- 2.1 The Council, in the 2021-31 Long Term Plan, approved a total of \$28,534,970 for the delivery of capital expenditure for the 2021/22 financial year and in total LTP (over 10 years) \$125,463,814, with 40% of this to be delivered in the first three years of the LTP.
- 2.2 These projects are spread among Council departments, the majority of which are to be delivered through the Assets, Environmental Services and the Community Development departments.
- 2.3 This report provides information to the Committee to enable the achievement of Section 2 of the Audit and Risk Committee **Terms of Reference**, specifically to allow the Committee *'To proactively assess, monitor and provide governance oversight of risks, and the internal controls instituted, including finance ... Contract Management, ... Quality Management ...'*
- 2.4 Council officers are proactively managing all aspects of risks being identified in the delivery of these capital projects, which mainly are:
 - Cost overruns;
 - Not delivering to timeframe; and
 - Not delivering what was expected.
- 2.5 As a result Council officers are monitoring and mitigating the identified risks by:
 - Regular tracking of the project;
 - Tracking and reporting on the budget; and
 - Regular supervision through communication and meetings with contractor oversight by the respective project manager.
- 2.6 This Capital Works Programme report will be brought before the committee on a 6-monthly basis.

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:			
Social	Economic	Environmental	Cultural
✓	✓	✓	✓

3.1 Good risk management and regular monitoring supports the Council's social, economic, environmental and cultural outcomes.

4. Background

4.1 This report is directly as a result of the request made by this Committee in the September Audit and Risk Meeting, to present an update on the progress of our key capital projects in the 2021/22 financial year.

4.2 This is the first report in a series of many, to be present to the Committee on a 6-monthly basis.

5. Information Summary

5.1 Please refer to Executive Summary and Appendices 1 and 2. Appendix 1 shows the Year 1 progress status of the key projects in the LTP; Appendix 2 provides a summary of the Capital Expenditure by Activity from the beginning of this financial year, 1 July to 30 September 2021.

5.2 Appendix 1 shows that all year 1 projects have either commenced or in the process of commencing. One has been completed.

5.3 Appendix 2 shows an up-to-date project status in the first quarter of year 1.

5.4 All capital projects are now being vetted and/or are under the supervision of Council’s Projects Engineer (and Special Projects Manager), who has also produced a number of documents and tracking tools to support the successful project planning, procurement and management. These tools should satisfy Audit New Zealand’s requirements in terms of action plans identified at their recent audit exercise.

6. Strategic Alignment

6.1 Direction

This report is consistent with our Long Term Plan Outcomes and directly relevant to supporting the work of the Audit and Risk Committee.

6.2 Annual Plan and Long Term Plan

This report is consistent with the Annual and Long Term Plan outcomes.

6.3 **District Plan**

There is no direct relationship with the District Plan.

6.4 **Legal Implications**

There are no legal implications.

6.5 **Policy Implications**

The report is consistent with Council policies relating to service delivery.



Victoria Araba
Director – Assets



[Approved by]
Sven Hanne
Chief Executive

Date: 8 November 2021

Appendices:
Appendix 1 – Capital Work Projects Update

APPENDIX 1

	Budget - Y1	Actual Spent	Budget LTP	Project Status	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22
Recreation and Facilities																
Stratford 2035 Projects	482,500	-	4,664,082													
* LED Screen (southern entrance)	75,000			<i>The Property Officer will be leading with support from the wider team. If additional funds are required it will come from the overall 2035 budget.</i>				35,000				40,000				
* Installation of giant photoframes (Victoria and King Edward Park)	12,000			<i>Our Open Space Maintenance Contractors are installing these over the next two weeks. Updated quote for works to be received</i>		12,000										
* Discovery Trail (signage, glockenspiel upgrades, new features)	15,000			<i>Elements of Project commenced</i>								15,000				
* Purchase of land - Prospero Place	385,500			<i>Officers to prepare an Options Assessment report to Council for a decision to progress the preferred option</i>								385,500				
Demolish Bell Tower	30,000	-	30,000	<i>Quotes being sought</i>				30,000								
Replace Storage Shed	70,000	-	70,000	<i>Quotes being sought</i>					50,000	20,000						
Upgrade Broadway Roundabout	60,000	-	60,000	<i>Working in conjunction with Community Development Team/Broadway 2035. Awaiting the development of the Town Centre Plan before implementing the action plan identified</i>												
Whangamomona Camp - septic tank	47,000	-	47,000	<i>Concept Design stage</i>				47,000								
Trees of significance - access	35,000		35,000	<i>Liaising with key Stakeholders</i>					20,000	15,000						
New Swimming Pool	16,700,000	3,450,458	17,212,500	<i>Construction underway and progressing in accordance with agreed timeline</i>												
Victoria Park Bike Park	484,168	210,173	484,168	<i>Bike track and basketball court completed and open to the public. Pump Track formed but asphaltting delayed due to Covid 19 Alert level in Auckland from whence contractors are due.</i>		273,995	Official Opening									
Community Development																
Council Subdivision	1,200,000	6,025	3,274,000	<i>Location of site and land purchase under consideration</i>								1,200,000				
Install in-shed Feed system - farm	53,000	1,521	53,000	<i>System installed but yet to be invoiced</i>	51,479											
Environmental Services																
Review District Plan	-	-	1,500,000	<i>Not required in this financial year, while the Government decides what the future of District Plan is.</i>												
Roading																

APPENDIX 1

	Budget - Y1	Actual Spent	Budget LTP	Project Status	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22
Walking and Cycling improvements	350,000	-	3,823,700	<i>The Council share will be used to construct a shared cycleway/footpath on the northern side of Fenton Street as part of the Stratford High School Safety project. This is a key route that has been identified in the draft Walking and Cycling Strategy.</i>					50,000	50,000	36,000					
Brecon Road Bridge	-	-	13,022,683	<i>Engaging a consultant as well as the development of the business case to Waka Kotahi</i>									30,000	30,000	30,000	30,000
Whangamomona Rd Upgrade	-	-	530,900	<i>Upgrade works are programmed for 2023/24 year (year 3)</i>												
Wastewater																
Diatomix to enhance algae growth	500,000	29,803	500,000	<i>Final program design being completed. Initial sampling events scheduled for November, seeding of ponds due to begin in January.</i>	10,000	10,000	30,000	30,000	30,000	30,000	15,000	15,000	15,000	10,000	10,000	10,000
Modelling	-	-	51,700	<i>Year 2 of LTP; Researching suitable suppliers to carry out this work</i>									20,000	20,000	10,000	
Inflow and Infiltration programme	150,000	-	1,187,000	<i>Contract being written before procurement process begins</i>		5,000	5,000	50,000	50,000	40,000						
Water Supply																
Universal water metering implement	349,500	-	2,195,000	<i>Electronic meters being procured in conjunction with NPDC.</i>			100,000	240,000								
Second water trunk main	1,400,000	54,902	2,911,100	<i>First stage contact has been awarded, final designs for stages 2 and 3 are being completed. Resource consent has been obtained for the pipe bridge construction project. Landowner consultation ongoing.</i>	50,000	50,000	330,000	409,000	260,000	260,000	260,000	255,000				
Midhirst Resource Consent	100,000		309,700	<i>Ongoing, Ecological Assessment and Hydrological Assessment Reports produced; Iwi Liaison continues; Awaiting Iwi to commission a Cultural Impact Assessment (CIA). Application lodged with the TRC, with processing pending the completion of the CIA.</i>	15,000			35,000				50,000				
Toko Bore	-	-	134,500	<i>Not required this year, Year 2 of LTP</i>												
Membranes	150,000	-	150,000	<i>Replacement membranes have been ordered form Australia.</i>				110,000								

INFORMATION REPORT



F19/13/04 – D21/40500

To: **Audit and Risk Committee**
From: **Chief Executive**
Date: **16 November 2021**
Subject: **Central Government Reforms**

Recommendation

THAT the report be received.

Recommended Reason

To provide Elected Members with a high level assessment of the wide range of Central Government driven reforms currently under way and the likely impact on local government in general and this council in particular.

Moved/Seconded

1. Purpose of Report

- 1.1 The purpose of this report is to inform the Audit and Risk Committee of the significant volume and likely impact of the reforms currently underway impacting local government as well as our communities.

2. Executive Summary

- 2.1 The local government sector is undergoing the most significant reforms in decades. Central Government has introduced five significant reform packages that directly impact on local councils and communities, these are:
- Three Waters Reforms
 - Freshwater Reforms
 - Resource Management Act (RMA) Reforms
 - Future for Local Government reforms
 - Emergency Management System (Civil Defence) Reforms.

There are a number of other reforms underway that will affect councils and their communities in less tangible ways, such as the health reforms (disestablishment of district health boards) and the reforms of polytechnics. These are acknowledged but not covered by this report.

While this report attempts to assess the impact of reforms on this organisation, it has to be noted that the underlying assumptions are highly speculative and should be considered as possible scenarios only, to enable some what-if considerations, rather than being read as facts or basis for firm decision making.

This report is focused on the end-state post implementation of each of the reforms and where possible, the collective impact. An important aspect skipped by this report as a result is the impact of the reform process itself. These impacts are significant and largely highly unpredictable, but going by the experience to date, far more disruptive to our normal workload and work patterns than originally anticipated.

As an example, a back-of-the-envelope assessment of the Three Waters reforms over the past 12 months has determined that in between one and 2 full-time equivalent positions (FTE's) in medium to senior roles have been fully occupied by the impacts of these reforms. While you could argue, that Council has been financially compensated for this impact, staffing levels have remained unchanged and the extra workload has been carried by existing staff. This is largely due to the unpredictable nature and multi-

disciplinary skill sets required rather than a reluctance to upscale for the purpose. This comes on top of unprecedented levels of activity across the whole organisation.

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 Annual Report addresses all areas of wellbeing and is the key document in reporting Council's performance with respect to each wellbeing.	
Social	Economic	Environmental	Cultural
✓	✓	✓	✓

4. Background

4.1 As indicated in the Executive Summary, the local government sector in New Zealand is undergoing the most significant reforms in decades. This section attempts to predict the likely high-level impacts of the reforms covered by this report. These predictions are highly speculative and should be considered as possible scenarios only, to enable some what-if considerations, rather than being read as facts or basis for firm decision making.

4.2 Three Waters Reforms

The Government has decided to pursue an integrated and extensive package of reform to the current system for delivering three waters services and infrastructure.

In June 2021 Government announced its reform package that comprises the following core components:

- Establish four statutory, publicly owned water services entities to provide safe, reliable and efficient water services.
- Enable the water services entities to own and operate three waters infrastructure on behalf of local authorities, including transferring ownership of three waters assets and access to cost-effective borrowing from capital markets to make the required investments.
- Establish independent, competency-based boards to govern each water services entity.
- Set a clear national policy direction for the three waters sector, including expectations relating to the contribution by water services entities to any new spatial / resource management planning processes.
- Establish an economic regulation regime, to ensure efficient service delivery and to drive the achievement of efficiency gains, and consumer protection mechanisms.
- Develop an industry transformation strategy to support and enable the wider three waters industry to gear up for the new water services delivery system.

In October 2021, Government has announced it will proceed with three waters reform on a national basis – taking the decision out of Councils' hands and making the reforms mandatory. Despite significant criticism to date there are no signs that the government will amend the direction of these reforms.

4.3 Freshwater Reforms

New Government Essential Freshwater regulations came into force on 3 September 2020. These include rules and obligations around activities on land that may affect water.

In particular, the Resource Management (National Environmental Standards for Freshwater) Regulations 2020 (NES-F) will widen the range of activities requiring resource consents and tighten restrictions for many activities covered by existing rules.

This is most likely to impact Council in its roles as provider of infrastructure services, consent holder and land developer, Council will have to adapt (and budget) to operate within this new framework. Current subdivision planning is already highlighting changes between what used to be acceptable versus what will be required going forward with regards to streams and wetlands.

Given the simultaneous progressing of the Three Waters Reforms, there is however a strong chance that while these reforms will affect infrastructure activities traditionally delivered by Council, that the majority of these will no longer be under Council control when these new plans and policies become operational.

Roading will likely be the most significantly impacted remaining council activity as the practice of installing culverts will change and will require much larger diameters, if not bridges, even for replacements. Needless to say that these alternatives are significantly more costly.

4.4 Resource Management Act (RMA) Reforms

In February 2021, the Government announced it would repeal the RMA and enact new legislation based on the recommendations of the Resource Management Review Panel. The three proposed acts are:

- Natural and Built Environments Act (NBA), as the main replacement for the RMA, to protect and restore the environment while better enabling development;
- Strategic Planning Act (SPA), requiring the development of long-term regional spatial strategies to help coordinate and integrate decisions made under relevant legislation; and
- Climate Adaptation Act (CAA), to address complex issues associated with managed retreat.

The Parliamentary Select Committee released its final report on 1 November. The report makes a series of recommendations but primarily it recommends that the Government proceed with the development of the Natural and Built Environments Bill.

Other recommendations include (abridged):

- Including the concept of *Te Oranga o te Taiao* (the wellbeing of the natural environment).
- Clarifying the purpose to be clear about the importance of environmental limits, reinforcing the dual goals of protecting and restoring the natural environment while better enabling development.
- Carrying over existing definitions from the RMA to minimise the loss of relevance of existing case law.
- Enhanced direction on how to give effect to Te Tiriti o Waitangi.
- Clarification of the purpose of environmental limits (to protect ecological integrity and/or human health).
- Matters for which environmental limits must be set (including indigenous biodiversity).
- Establishing transition pathways for cases where current environmental conditions do not meet the agreed future limits.
- Introduction of environmental targets (including timeframes for achieving them).
- A requirement to provide direction on how to achieve the environmental outcomes and how the wellbeing of present and future generations is to be provided for within environmental limits.

- Clarification of the role of local authorities and communities in place-based planning and engagement with local communities when preparing plans.

From here, a Government response to the recommendations made by the Select Committee is expected by 16 February 2022.

The impact on Council will be two-fold. In its role of regulator, Council will be required to ensure that its plans and policies align with the legislative framework. The inclusion of regional plans will require significant collaboration with neighbouring authorities. The details around responsibilities for these plans and how decision-making will work has not yet been established. These plans will be guided by what the Government calls National Planning Framework. This will consolidate all the different rules the Government currently has for planning, including rules around freshwater and urban form. The framework will force the Government to answer key questions about how they want the country to grow and develop, rather than leaving those questions to councils.

The development of new plans and policies and subsequent operational application of them is where the key impact of these reforms is likely to fall from a council perspective.

In its role of provider of infrastructure services and land developer, Council will have to adapt (and budget) to operate within this new framework.

The exposure draft recognises infrastructure planning in its purpose provision – effectively saying that infrastructure provision is one of the main reasons the new law exists.

Given the simultaneous progressing of the Three Waters Reforms, there is however a strong chance that while these reforms will affect infrastructure activities traditionally delivered by Council, and that the majority of these will no longer be under Council control when these new plans and policies become operational.

4.5 Future for Local Government reforms

The Future for Local Government Review is an independent Ministerial review established in April 2021 to consider how New Zealand's system of local democracy and governance will need to evolve over the next 30 years, in order to improve the wellbeing of New Zealanders, and actively embody the Treaty partnership.

The interim report on The Future For Local Government, *Ārewa ake te Kaupapa – Raising the platform*, provides the following reasons for the review of the system of Local Government:

- Local government responsibilities and demands have increased greatly since the 1989 reorganisation and the Local Government Act 2002, resulting in significant funding and capability challenges. Over the next 30 years those pressures will increase further as local authorities respond to complex issues such as the local impacts of climate change.
- Planned resource management and three waters reforms also call into question the broader functions and roles of local government, while other reforms in health and education have implications for local governance and wellbeing.
- The relationship between local government and Māori is being re-examined, as the country moves towards a new phase in the Treaty of Waitangi relationship.
- Although most New Zealanders enjoy good quality of life, existing governance structures – including local and central government – are not delivering wellbeing for all. Many issues that are felt at a local level, such as poverty and inequity, and environmental degradation, can be expected to worsen if not addressed in a coordinated manner.

The review is seen as an opportunity to address all of the issues listed above, to ensure that the system of local governance is fit for the future. More broadly, it is an opportunity to consider how local democracy and governance might change in order to maximise wellbeing and prosperity for all communities.

The likely impact of these reforms on Council is unclear at this stage. Given the trend of Councils being progressively removed from what used to be their core business, such as Three Waters and Rooding (in parts of the country) and slow migration into the provision of deliverables traditionally covered (poorly) by Central Government, such as housing and employment services, combined with an exponential growth in the scope of Civil Defence activities, a formalisation of that shift could be seen as a likely outcome of these reforms.

In terms of staffing, such a shift may or may not be neutral with regards to staff numbers, but it would no doubt significantly shift the required skill sets in operations, management and governance of the organisation.

4.6 Emergency Management System (Civil Defence) Reforms

On 30 August 2018, the Civil Defence Minister Kris Faafoi released the Government's response to a Technical Advisory Group's report into how New Zealand responds to natural disasters and emergencies. The Government's response addresses the Technical Advisory Group's findings and 42 recommendations, and sets out a multi-year work programme that will deliver extensive change to New Zealand's emergency response system. The aim of this is to improve how New Zealand responds to natural disasters and other emergencies.

Civil Defence has progressed from its humble beginnings prompted by fears of air raids and poison-gas attacks during the Second World War – and fears of nuclear attack in the 1950s, to a full operational organisation. Current public expectation of Civil Defence puts it alongside the Police and our medical institutions, which is at odds with the historic largely volunteer-based, activate-when-required nature of this service.

These reforms will once again broaden the scope and responsibilities of Civil Defence and contribute to a further professionalization of the associated workforce.

This aligns with the significant increase in regional Civil Defence staff via the Taranaki Emergency Management Office over the past few years and is likely to further drive this trend as well as creating demand for further increases of Council based resourcing. The current 0.5 FTE allocated to this activity locally is at capacity and is likely to require a significant increase once these reforms become fully operational. Our neighbouring councils have 2 and 3 FTEs allocated to this activity. While scale of organisation could be considered a factor, peace-time responsibilities of each council are not significantly impacted by the size of organisations.

5. Information Summary

- 5.1 While the outcomes of many of the above listed reforms are yet to be fully understood, it is evident from the background information in section 4 of this report that the overall amount of legislative change affecting local government is substantial and has the potential to significantly re-shape the purpose, function and operation of local councils.

Each reform stands on its own and one of the criticisms of the overall reform programme has been the lack of interconnectivity and logical sequencing of these reforms. A number of these reforms would benefit from "going first" or having the results of one or multiple of the other reforms available as an input.

These reforms will trigger a wide range of changes within council ranging from the likely loss of some activities and associated statutory obligations, and staffing (Three Waters) to requiring full re-alignment of key council policies (RMA reforms) requiring significant investment.

The loss of responsibility for Three Waters, combined with the loss of resource management plan making capacity under the Panel's proposals for resource management reform, would leave them with significantly reduced responsibilities. This puts Local Government New Zealand's (LGNZ) "localism" agenda under increasing strain, and will, if it has not already, re-start the conversation about local government consolidation.

It is considered likely that Council will remain in a state of significant change for the foreseeable future.

6. Strategic Alignment

6.1 Direction

This report is for information only.

6.2 Annual Plan and Long Term Plan

Given the breadth of reforms covered by this report, many if not most areas of the Annual/Long Term Plan will be directly or indirectly impacted.

While the most recent Long Term Plan acknowledged the reforms underway, it was based on a status quo assumption due to the lack of clarity of the outcomes of the reforms underway.

For some Annual/Long Term Plan projects it will be possible to re-align these with the reform outcomes while others will require a full review and rethink of certain council services, roles and activities.

The overall financial and non-financial impact of the reform programme is currently unknown and will only become clearer as each of the reforms progresses and the implications are fully understood by the sector.

6.3 District Plan

A number of these reforms are likely to affect Council's District Plan. The most immediate impact will be from the reform of the RMA which will substantially change how resource management is governed and managed in New Zealand.

6.4 Legal Implications

The legal implications arising from the reform programme discussed within this report will be addressed by bespoke (purpose built) legislation and are for the driver of the reforms (Central Government) to address.

Council focus will be on being a good employer to those whose roles are likely to be directly affected by these reforms and to provide strong advocacy for the communities it serves.

Legal opinions and advice are provided to councils by Taituarā (previously SOLGM, the Society of Local Government Managers) as well as LGNZ. If the need arises, Council will also seek its own legal advice.

It will be paramount that any transition from pre-reform to post-reform for any council activity affected is carried out in a way that minimises council's risk exposure and provides continuity of service to the community.

There are however no immediate legal implications arising from this report.

6.5 Policy Implications

These reforms will trigger a wide range of changes within council ranging from the likely loss of some activities and associated statutory obligations, and staffing (Three Waters) to requiring full re-alignment of key council policies (RMA Reforms) requiring significant investment. It is considered likely that Council will remain in a state of significant change for the foreseeable future.



Sven Hanne
Chief Executive

Date: 8 November 2021