



Our reference
F19/13/03-D21/26182

16 November 2023

Audit and Risk Committee

Notice is hereby given that the Ordinary meeting of Council will be held in the **Council Chambers, Stratford District Council, 63 Miranda Street, Stratford** on **Tuesday 21 November 2023** beginning at **2.00pm**.

Timetable for 21 November 2023 as follows:

10.00 am	Workshop - Long Term Plan
12 noon	Lunch for Councillors
12.30pm	Workshop - Revenue and Financing Policy - Treasury Policy
1.45pm	Afternoon tea for Councillors
2.00pm	Audit and Risk Committee

Yours faithfully

Sven Hanne
Chief Executive

2023 - Agenda - Audit and Risk - November - Open

21 November 2023 02:00 PM - 05:00 PM



Agenda Topic	Page
Notice of Meeting	1
Agenda	4
1. Welcome	8
1.1 Opening Karakia	8
1.2 Health and Safety Message	9
2. Apologies	
3. Announcements	
4. Declarations of Members Interest	
5. Attendance Schedule	10
6. Programme of Works	11
7. Confirmation of Minutes	12
7.1 Audit and Risk Committee - 19 September 2023	12
8. Matters Outstanding	20
9. Information Report - Health and Safety	21
10. Information Report - Internal Audit 2023	25
11. Information Report - Policy Status - Annual Review	40
12. Information Report - Capital Works Programme - Key Projects Update - November 2023	48
13. Information Report - Sustainability (Climate Change Resilience and Risk)	63
14. Information Report - Risk Management (Update)	82
15. Decision Report - Approve draft Environmental Scan and Significant Forecasting Assumptions	91
16. Correspondence	127

16.1	Deloitte Management Report	127
17.	General Business	
18.	Questions	
19.	Closing Karakia	152

AGENDA

Audit and Risk Committee



F22/55/05 – D23/46139

Date: Tuesday 21 November 2023 at 2.00PM
Venue: Council Chambers, 63 Miranda Street, Stratford

1. Welcome
 - 1.1 **Opening Karakia**
D21/40748 Page 8
 - 1.2 **Health and Safety Message**
D21/26210 Page 9
2. Apologies
3. Announcements
4. **Declarations of members interest**
Elected members to declare any real or perceived conflicts of interest relating to items on this agenda.
5. **Attendance Schedule**
Page 10

Attendance schedule for Audit and Risk Committee meetings.
6. **Programme of Works**
D21/42807 Page 11

Recommendation

THAT the Audit and Risk Committee's rolling programme of works up to the end of 2023 be received.

/
Moved/Seconded

7. Confirmation of Minutes
 - 7.1 **Audit and Risk Committee – 19 September 2023**
D23/41247 (Open) and D23/41247 (PE) Page 12

Recommendation

THAT the minutes of the Audit and Risk Meeting of Council held on Tuesday 19 September 2023, including the public excluded section, be confirmed as a true and accurate record.

/
Moved/Seconded

8. [Matters Outstanding](#)
D18/27474 Page 20

Recommendation

THAT the matters outstanding be received.

/
Moved/Seconded

9. [Information Report – Health and Safety](#)
D23/46185 Page 21

Recommendation

THAT the report be received.

/
Moved/Seconded

10. [Information Report – Internal Audit 2023](#)
D23/46010 Page 25

Recommendation

THAT the report be received.

Recommended Reason

The Audit and Risk Committee is tasked with reviewing and monitoring the internal audit activities of Council on behalf of elected members.

/
Moved/Seconded

11. [Information Report – Policy Status – Annual Review](#)
D23/45937 Page 40

Recommendation

THAT the report be received.

Recommended Reason

This report provides an update to the Committee in relation to a recommendation from auditors in the final Audit Management Report 2023.

/
Moved/Seconded

12. Information Report – Capital Works Programme – Key Projects Update – November 2023
D23/45252 Page 48

Recommendation

THAT the report be received.

Recommended Reason

To present an update on the progress of our key capital projects in the 2023/24 financial year.

/_____
Moved/Seconded

13. Information Report – Sustainability (Climate Change Resilience and Risk)
D23/32399 Page 63

Recommendation

THAT the Sustainability *information* report be received.

Recommended reason: To ensure that council is aware of and meets legislative requirements to **have regard to** (*Emissions Reduction Plan*) Climate Change and apply a response framework across all its activities including risk and risk mitigation policy and strategies. Also, the Local Government Act purpose **(d)** provides for local authorities to play a broad role in promoting the social, economic, environmental, and cultural well-being of their communities, **taking a sustainable development approach**.

/_____
Moved/Seconded

14. Information Report – Risk Management (update)
D23/46426 Page 82

Recommendation

THAT the report be received.

Recommended Reason

To provide an update to the Audit and Risk Committee of any significant risks events or threats in relation to significant risks on Council's risk register, as part of Council's risk management processes.

/_____
Moved/Seconded

15. [Decision Report – Approve draft Environmental Scan and Significant Forecasting Assumptions](#)
D23/46160 Page 91

Recommendations

1. THAT the report be received.
2. THAT the draft Environmental Scan and Significant Forecasting Assumptions be approved, with the understanding that future updates and amendments will be advised to the Committee in a follow up information report.

Recommended Reason

Approval of the draft forecasting assumptions will provide officers with a clear directive and mandate to proceed with developing the Long Term Plan 2024-34 (“LTP”).

/
Moved/Seconded

16. [Correspondence](#)
16.1 Deloitte Management Report *page 127*
17. [General Business](#)
18. [Questions](#)
19. [Closing karakia](#)
D21/40748 Page 152



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.



Our reference
F19/13/03-D22/17082

Health and Safety Message

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

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

5. Attendance schedule for 2023 Audit and Risk Committee meetings.

Date	14/03/23	16/05/23	18/7/23	19/09/23	21/11/23
Meeting	A	A	A	A	A
Neil Volzke	✓	✓	✓	✓	
Steve Beck	✓	✓	✓	✓	
Grant Boyde	✓	✓	✓	✓	
Annette Dudley	A		✓	A	
Jono Erwood	✓	✓	✓	✓	
Ellen Hall	✓	✓	✓	✓	
Amanda Harris	✓		✓	A	
Vaughan Jones	✓	✓	✓	✓	
Min McKay	✓	✓	✓	✓	
John Sandford	A		✓	✓	
Clive Tongaawhikau	S			A	
Mathew Watt					
Philip Jones (External Chair)	✓	✓	✓	✓	

Key	
A	Audit and Risk Meeting
D	Meeting deferred
	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 (D21/42807)

	Nov-23	Mar-24	May-24	Jul-24	Sep-24	Nov-24	Mar-25	May-25	
Standing Items	-Auditor Correspondence Received -Health and Safety Report -Risk Management Review - LTP Capital Projects status update	-Auditor Correspondence Received -Health and Safety Report -Risk Management Review -Financial Report -Audit matters raised - Deloitte - LTP Capital Projects status update	-Auditor Correspondence Received -Health and Safety Report -Risk Management Review - LTP Capital Projects status update	-Auditor Correspondence Received -Health and Safety Report -Risk Management Review -Financial Report -Audit matters raised - Deloitte - LTP Capital Projects status update	-Auditor Correspondence Received -Health and Safety Report -Risk Management Review - LTP Capital Projects status update	-Auditor Correspondence Received -Health and Safety Report -Risk Management Review -Financial Report -Audit matters raised - Deloitte - LTP Capital Projects status update	-Auditor Correspondence Received -Health and Safety Report -Risk Management Review -Financial Report -Audit matters raised - Deloitte - LTP Capital Projects status update	-Auditor Correspondence Received -Health and Safety Report -Risk Management Review -Financial Report -Audit matters raised - Deloitte - LTP Capital Projects status update	-Auditor Correspondence Received -Health and Safety Report -Risk Management Review -Financial Report -Audit matters raised - Deloitte - LTP Capital Projects status update
Annual Items	-Internal Audit Report (outcomes) - Policy Status Review	- LTP 2024 update	- Internal Audit (Plan for 2024, and status report on previous year audit)	- Insurance Renewal 2024	- Annual Report draft 2023/24 - Internal Audit Report (outcomes)	- Three Waters transition update - Policy Status Review	- Annual Plan 2025/26 update	- Internal Audit (Plan for 2024, and status report on previous year audit)	
One-Off Items	- LTP Significant Forecasting Assumptions / Environmental Scan - Climate Change resilience, strategic risk - deep dive - Treasury Policy / Financial Strategy (workshop)	- Risk 32 - Lone Worker - deep dive							

MINUTES

Audit and Risk Committee



F22/55/06 – D23/41071

Date: Tuesday 19 September 2023 at 2.00pm
Venue: Council Chambers, 63 Miranda Street, Stratford

Present

Mr P Jones (the Chair), the District Mayor N C Volzke, the Deputy Mayor M McKay, Councillors: G W Boyde, J M S Erwood and V R Jones

In attendance

Councillors: S J Beck, E E Hall and W J Sandford

The Chief Executive – Mr S Hanne, the Director – Assets – Mrs V Araba, the Director – Environmental Services – Mr B Sutherland, the Acting Director – Community Services – Mr C Julie, the Acting Director – Corporate Services – Mr B Coles, the Committee Advisor and Executive Assistant – Mrs E Bishop, the Roding Asset Manager – Mr S Bowden, the Project Manager – Mr S Taylor, the Corporate Accountant – Mrs C Craig, the Communications Manager – Ms G Gibson, the Asset Management Coordinator – Mrs N McLeod (*part meeting*), the GIS Officer – Mr G Clarivette (*part meeting*) and the Sustainability Advisor – Ms V Dombroski (*part meeting*)

1. Welcome

The opening karakia was read.

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

The Chair reiterated the health and safety message and emergency procedures.

2. Apologies

Apologies were noted from Councillor A M C Dudley, A K Harris and C M Tongaawhikau.

3. Announcements

There were no announcements.

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

D21/42807

Page 11

Recommendation

THAT the Audit and Risk Committee's rolling programme of works up to the end of 2023 be received.

P JONES/VOLZKE
Carried
A&R/23/36

The Chairman requested that three water reforms be added to the programme of works so that as council gets more certainty any changes or arising risks are brought to this committee on an as needed basis. There will be some significant changes to the risk profile around three waters.

7. Confirmation of Minutes

7.1 Audit and Risk Committee – 18 July 2023

D23/31366 (Open) and D23/31043 (PE)

Page 12

Recommendation

THAT the minutes of the Audit and Risk Meeting of Council held on Tuesday 18 July 2023 be confirmed as a true and accurate record.

BOYDE/ERWOOD
Carried
A&R/23/37

8. Matters Outstanding

D18/27474

Page 23

Recommendation

THAT the matters outstanding be received.

P JONES/BOYDE
Carried
A&R/23/38

It was noted that the workshop to discuss the Treasury Policy would be held prior to the Audit and Risk Meeting in November.

9. Information Report – Health and Safety
D23/39038 Page 24

Recommendation

THAT the report be received.

P JONES/McKAY
Carried
A&R/23/39

The Chief Executive noted the following points:

- The contact with electricity incident happened at the Percy Thomson Gallery, this has been reported to Worksafe. Based on council's investigations Worksafe did not see the need to insert themselves into the investigation, it was good to note that a proper ladder with a guard was being used.
- Aggressive customers is an on-going problem.
- There will be a stand-up civil defence training organised when the new software for the regional civil defence system is available.

10. Information Report – Critical Assets Replacement
D23/32413 Page 27

Recommendation

THAT the report be received.

McKAY/BOYDE
Carried
A&R/23/40

Recommended Reason

To present a report on critical assets nearing the end of their lives and the costs associated with renewing them.

The Communications Manager joined the meeting at 2.09pm.

The Director – Assets noted the following points:

- This report looks at \$53 million worth of assets that are in the last 10% of their life, or 90% of consumed life.
- As funding is allocated for renewal officers can prioritise the assets based on how critical they are and which ones have the greatest consequence from a failure. Additional funding can be used for building resilience as was gained with the second trunk main.
- This data has been taken from Asset Finda which is validated, current and correct which is important with water as officers rely on the data. Roading data is stored within the RAMM database, but it is easier to visibly see when a road is failing.

The Sustainability Advisor joined the meeting at 2.11pm.

Questions/Points of Clarification:

- It was clarified that table 2, page 35, is critical work that has been identified as needing to be done in the next 10 years. As funding is available then work will be prioritised. It was noted that some assets outlive their asset life and as they get old they have intensive management on them with more inspections.
- The District Mayor noted there were some items on the list that literally only look after one property, such as the bridge on Lower Kohuratahi Road. He noted these have been maintained and looked after for years but wondered if council had to have a real think about committing funding to this when it is the equivalent to a year's roading budget and only servicing one or two properties. He asked when

the time would come to look at alternative options, alternative access or alternative funding and noted he did not want to see this list become an automatic work list. The Chief Executive noted that these will be brought to council as part of the Long Term Plan budget discussions and that they will remain on the list until a way is found to remove them. Legal reviews have been obtained on replacing roads council has maintained over time and leading on from that it is important to highlight any likely funding obligation to councillors.

- The Chairman noted that water assets were predominately assessed by age as it is impracticable to get good condition information with the exception of wastewater assets. This is an issue that needs to be considered by council as one of the concerns is the asset may not last as long as expected based on condition. He asked if there was a way of doing samples and investigation to get that data? Mr Hanne noted that life expectancy is a local life expectancy as officers judge the behaviour of these pipes. Most pipes were laid at the same time, from the same batch and are sitting on the same material. The material that is held in Stratford allows officers to get assets back running without a major disruption.
- Councillor Hall questioned if depreciation had been fully funded for the lifetime of these assets would the required funding of \$5.6 million be there in case of a failure? It was clarified that the depreciation 20 years ago is not the same amount as it is now as revaluations are undertaken every three years as the costs of replacements increased. The Chair noted there was no legal obligation to fund depreciation but there was a legal obligation to have a balanced budget and a requirement to act prudently when managing income and revenue including how renewals will be funded. These obligations are further complicated by prudence regulations for budgets.

11. Information Report – Capital Works Programme – Key Projects Update – September 2023

D23/38007 Page 44

Recommendation

THAT the report be received.

ERWOOD/V JONES
Carried
A&R/23/41

Recommended Reason

To present an update on the progress of our key capital projects in the 2022/23 financial year.

The Asset Management Coordinator left the meeting at 2.26pm.

Questions/Points of Clarification:

- It was clarified that the colours in the spreadsheet are based on timeframes and if it is likely to be delivered in this financial year. The risk level was based on council's matrix for risk.
- It was clarified that the likelihood of completion assumptions were based on the ability to deliver within timeframes, but that officers are still experiencing higher costs with engineering estimates and low numbers of tenders being received making it a non-competitive market. It was too early to tell if budgets were sufficient but as projects progress the table will change colour if a project is impacted by costs. Some projects may have the scope changed to fit the budget, others do not allow for any change.
- It was clarified that the project at the Dawson Falls carpark was to build a footpath from the lodge to the Dawson Falls track as a result of a safety audit completed by DOC a few years ago and the concern about pedestrians walking on the road. It is red as DOC want a biodiversity plan. As a special purpose road it is fully funded by Waka Kotahi. The District Mayor noted that Waka Kotahi had contemplated returning this road to council which would remove its special road status, he noted if the status changed council would not be willing to put in its share for this work.
- It was clarified the budget for the Midhirst Resource Consent was an estimate as it is unknown at the time what will be required in terms of reports. In this instance it looks like it will come well under budget as good discussions have been held with iwi and Ngāti Ruanui will be preparing a statement on behalf of all iwi connected to the stream which will be sufficient for the Taranaki Regional Council to issue the renewal. A freshwater biologist has also already completed an assessment. This is capital works, so if the funds are not required they will not be borrowed.

- Councillor Boyde questioned what was holding up work on the round-a-bouts and asked if Waka Kotahi were not coming to the party for any costs? The Roading Assets Manager noted that there were a few things required for the round-a-bout upgrades including modelling to determine traffic flow for the pedestrian crossings. It was noted that Waka Kotahi see these as council's assets and were unlikely to provide funding for an upgrade. The District Mayor noted that as these sat on state highways they were most definitely a Waka Kotahi asset and they should be looking after their assets. Mr Bowden noted they will not pay for beautification of a community amenity but that they could function as just concrete. It was clarified that this was regarding the middle of the round-a-bouts, stonework walls and the hedges in the round-a-bouts. Councillor Sandford noted that due to the amount of complaints received about the round-a-bouts a flat concrete round-a-bout could be the answer.

The GIS Officer and Projects Manager left the meeting at 2.43pm.

12. Information Report –Audit Matters Outstanding – Deloitte Annual Audit
D23/37598 Page 59

Recommendation

THAT the report be received.

P JONES/McKAY
Carried
A&R/23/42

Recommended Reason

This report informs the Committee of the issues identified in the final Deloitte Audit Management Report for the 2021/22 Annual Report and, summarising the actions that have or intend to be taken by Council officers to respond to audit recommendations with respect to each issue raised.

Points noted in discussion:

- Councillor Boyde noted council's frustration with the costings of audit and that he could not see how it could be sustainable especially with the added time spent by council staff on this work. He noted his preference to have audits moved to every couple of years.
- The District Mayor noted that the progress to date was already in excess of the inflated hours in the proposal.
- Councillor Boyde questioned if there were issues internally? He noted South Taranaki District Council was paying a lower fee. Mr Hanne noted that Deloitte's had justified their hours as a result of changing auditors, changing legislation and internal council processes. When questioned on this they have been unable to deliver details regarding the council processes quoted and offered to remove the references to council processes. He noted the spreadsheet compared by the Director – Corporate Services comparing audit fees against council budgets, per capita and other factors, had Stratford on top in every scenario. He acknowledged that the same number of transactions are tested for a smaller council as at a larger council, but that our ratepayers were paying \$25 per capita for the audit where as Hasting's ratepayers were paying \$2.5 per capita.
- The Chairman noted that the accounting standards are continuing to increase so the complexity of what is required to be produced keeps going up and up. As a result of this audit standards go up and up. He felt a lesser threshold and to fix the accounting standards was what was needed. Auditors have become very risk adverse because of previous mistakes.
- Councillor Boyde asked what value was received from the audit? The Chairman questioned what the value was in the Long Term Plan when there is no requirement to have anything in there about three waters after the transition date, therefore what will the plan and subsequent audit look like? He felt there was more debate coming regarding the audit of the Long Term Plan as how can it be audited with that amount of uncertainty.
- Mr Hanne noted that council has written to the Office of the Auditor General (OAG), met with representatives from the OAG and was working with the whole sector on engagement with the OAG. He noted that the OAG was quite clear that audit engagement should be a negotiation and half of councils did not realise this should be a negotiation process. Some councils had noted they were able

to get a 10% discount from their auditors, however it would be better to reduce the fee by improving the process and time spent on the audit.

- Councillor Boyde noted there were pressures on councils everywhere and the cost of audit is part of this. He was looking forward to a breakdown so that the cost per ratepayer can be seen and noted it was fundamentally important to ensure our community knows it is out of councils hands. It was requested that the Chief Executive circulate the comparison table of audit fees and cost per ratepayer.

13. Information Report – Risk Management (update)

D23/38263

Page 76

Recommendation

THAT the report be received.

V JONES/ERWOOD

Carried

A&R/23/43

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.

Questions/Points of Clarification:

- It was noted various processes had been enacted for cyber protection.
- It was noted that the date for the Affordable Waters Transition for Entity D had been confirmed as 1 April 2025.

14. Decision Report – Approve draft Annual Report 2022/23

D23/37754

Page 94

Recommendations

1. THAT the report be received.
2. THAT the **draft** Annual Report 2022/23 be approved, pending any audit changes or further amendments.

P JONES/BOYDE

Carried

A&R/23/44

Recommended Reason

The Committee is tasked with providing oversight of compliance with statutory responsibilities relating to financial and other requirements, and reviewing the external annual audit findings.

The Corporate Accountant noted officers were still working through requests for further information from auditors. A meeting is scheduled for Thursday to receive an update on the Annual Report. No changes had been received that would change the draft report presented.

Questions/Points of Clarification:

- Councillor Jones noted there was an error on the table on page 223 (page 122 of Annual Report) for his remuneration.

The Sustainability Advisor left the meeting at 3.10pm.

- Page 222 (page 121 of Annual Report) – amend Resource Management Act 1919 to 1991
- Councillor Jones felt the work on State Highway 43 should not be mentioned in the Annual Report as it was a project that had nothing to do with council – it needs to be clear that the work is not undertaken nor funded by council. The District Mayor noted council had lead a strong advocacy role for this work

to happen and while council was not the owner or service provider of the highway but in terms of a single asset this is one that council has spent more time advocating for over the past 60 years than any other asset.

15. Correspondence

- 15.1 2023 LGFA Annual Report Page 244
- 15.2 LGFA – An Explanation of Council Borrowing from LGFA and LGFA Guarantee Page 246

The Roothing Asset Manager left the meeting at 3.15pm.

- It was explained that the only organisations that can borrow from the LGFA is Local Authorities and Council Controlled Organisations as that is how it has been set up as the ratepayers secure the loan. Therefore the water entities could not borrow from LGFA. It was further explained if the security failed then LGFA would fail. If a council could not pay its debt then as part of the loan documentation and debenture then a commission can be appointed to set a targeted rate to repay the debt. The commissioner/council also has the ability to sell properties if required. The District Mayor further clarified that councils and ratepayers are one and the same.

16. General Business

There was no general business.

17. Questions

There were no questions.

18. Resolution to Exclude the Public

RECOMMENDATION

THAT the public be excluded from the following parts of the proceedings of this meeting, namely:

Agenda Item No: 19

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution to each matter	Grounds under section 48(1) for the passing of this resolution
Cyber Risk Prevention	The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.	That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist, under section 6 and section 7 of the Act - specifically Section 7(2)(b)(ii). (Section 48(1)(a) Local Government Official Information and Meetings Act 1987.

McKAY/ERWOOD
Carried
A&R/23/45

19. Public Excluded Item

Recommendation

THAT the open meeting resume.

McKAY/BOYDE
Carried
A&R/23/47

20. Closing karakia

D21/40748 Page 257

The closing karakia was read.

The meeting closed at 3.52pm.

P Jones
Chairman

Confirmed this 21st day of November 2023.

N C Volzke
District Mayor

**Audit and Risk Committee
Matters Outstanding Index**

ITEM OF MATTER	MEETING RAISED	RESPONSIBILITY	CURRENT PROGRESS	EXPECTED RESPONSE
Treasury Policy review (review term deposit limit of \$6 million).	28 March 2023	Tiffany Radich		Workshop 21 November 2023

INFORMATION REPORT



F22/55/04 – D23/46182

To: Audit and Risk Committee
 From: Health and Safety/Emergency Management Advisor
 Date: 21 November 2023
 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 two-monthly progress and any highlights for the main areas of activity within for the period to 31 October 2023.

2. Executive Summary

- 2.1 Incident and event reporting via Vault shows a stable picture over the report period. The majority of incidents continue to be minor injuries to members of the public at Wai o Rua – Stratford Aquatic Centre. Aggressive and abusive customer incidents directed towards staff continue to be a concern
- 2.2 Upcoming Health and Safety projects include a review of hazard information processing, planning for a regional pre-qualification framework for contractors and a review of health monitoring for staff

3. Incidents

1 September- 31 October 2023

	Period 1 September 2023- 31 October 2023		Average amount of incidents per month – Current financial year	Running YTD Balance (1 July 2023 – 31 October 2023)
	Pool/Admin/Lib			
Events	22	6	13	52
<i>Of which:</i>				
Injury(to our staff/ Contractor)	13	(1)	6	24
ACC Claims	-			-
Notifiable	-			-
Near Miss	0		<1	3
Observations				-
Other	15		7	27
Type of Incident				
Slips/Trips/Falls	8		4	13
Sprains/Strains	2		<1	3
Cuts/Abrasions/ Bleeding nose	10		4	14
Bruising	4		1	5
Rescues	3		2	6
Contamination incidents (Pool)	-			-
Aggressive/Abusive Customer	6		2	9
Trespass	-			-
Vehicle Damage	-		<1	1
Non-compliance of process	1		<1	1
Plant/Building/Equipment	1		<1	1
Other	1		2	6

	Period 1 September 2023 – 31 October 2023	Running YTD Balance (1 July 2023 – 31 October 2023)
Level of Treatment		
First Aid /DR/ Medical Centre	17(all first aid)	26
Level of Investigation		
No/Standard Investigation	28	52
Formal Investigation	-	-
WorkSafe Investigation	-	-
Health and Wellbeing		
Workstation Assessments	5	5
EAP Referrals	1	3
Health Monitoring Assessments	22	22
Health and Safety Committee Meeting	0	1
Site Reviews		

3. Events

- 3.1 The number of events reported was eight more than for the corresponding period in the previous year. Most incidents continue to be minor injuries to members of the public using Wai o Rua – Stratford Aquatic Centre and requiring minimal intervention and/or first aid by staff. However, abusive customers still continue to be an issue for Council staff and whilst mechanisms are in place to ensure their safety, they do not mitigate all situations. Council staff perform a variety of vital functions for the community they serve yet are subject to aggressive and threatening behaviour on a regular basis. Recent de-escalation training provided to front-line customer service, library and aquatic centre staff was well received. Additional training is being investigated for other roles.
- 3.2 The process by which hazard information is held, new hazards are identified and controls are monitored is being reviewed to allow for clearer access and use of information

Incident 1

Incident type: Security Breach

Investigation & event details: A member of the public was inadvertently locked into the library as staff were leaving for the day. The person let themselves out and alerted a member of the library staff who was known to them in a personal capacity

Specific outcome: Staff member secured the facility and apologised to the person. Library closure process reviewed and found to be clear and adequate. Library staff reminded of importance of thoroughly checking the facility before closing

Organisation-wide implications: A well-documented and followed process that normally works well can still be subject to human error

Incident 2

Incident type: Abusive Customer

Investigation & event details: A member of the public was verbally abusive to schoolchildren within the changing room at Wai o Rua, causing distress to the children. The person left before staff were aware and able to intervene

Specific outcome: The facility manager met with the person at a later date. The person disputed the events that had been described. They accepted that behaviour like this would not be acceptable and would not be tolerated in the future

Organisation-wide implications: Abusive behaviour by members of the public can be distressing to other members of the public as well as our staff. An appropriate and clear response to abusive behaviour is needed to protect both groups

Incident 3

Incident type: Threat to Staff Member

Investigation & event details: Dead animals and rubbish dumped in a public place contained a message threatening violence to a specified member of council staff

Specific outcome: A formal complaint was laid with police and they were made aware of similar incidents that had previously occurred with similar features. Police were unable to identify a specific suspect but will attempt to preserve forensic evidence if future incidents occur

Organisation-wide implications: Abusive incidents and vandalism may show an escalating pattern over time, leading to specific risks towards individuals which will need to be assessed and managed

Incident 4

Incident type: Slip and Fall

Investigation & event details: A staff member slipped and fell on a wet surface outside Wai o Rua sustaining a minor graze

Specific outcome: The staff member required minimal first aid. The area had been identified as a hazard a few days before following a report of a similar incident by a member of the public

Organisation-wide implications : The Property Officer is investigating options to increase traction in the area and control the risk

4. Civil Defence

- 4.1 Civil Defence roles and responsibilities are being reviewed locally following some changes in staff, with planning around general and function-specific training needs
- 4.2 Foundation and Intermediate training provision is currently on hold at a regional level while the course content and delivery is reviewed to ensure that it continues to meet needs
- 4.3 TEMO have developed an integrated operations system to be used in Civil Defence responses both regionally and by individual councils. Testing of this is at a late stage and it is anticipated that it will be rolled out soon. Stratford District Council's Emergency Management team is planning a local exercise in early February to familiarise staff with the new system

5. Contractors

- 5.1 Officers are working with neighbouring councils to investigate options for regional Health and Safety pre-qualification for contractors

6. EAP Referrals

- 6.1 There has been one EAP request reported in the portal for the period.

7. Health Checks

- 7.1 Yearly health checks for site sensitive positions within Council have recently be undertaken. Tests include Blood pressure, Eyesight, Spirometry with fluoride tests also specific to the water treatment team. The tests undertaken and the roles they are offered to will be reviewed before they are due next year to ensure that they are still targeting relevant hazards and risks.



O Konkin
Health and Safety/Emergency Management Advisor



[Endorsed by]
Tiffany Radich
Director – Corporate Services



[Approved by]
Sven Hanne
Chief Executive

Date: 13 November 2023

INFORMATION REPORT



F22/55/04 – D23/46010

To: Audit and Risk Committee
From: Corporate Accountant
Date: 21 November 2023
Subject: Internal Audit Report 2022/23

Recommendation

THAT the report be received.

Recommended Reason

The Audit and Risk Committee is tasked with reviewing and monitoring the internal audit activities of Council on behalf of elected members.

 /
 Moved/Seconded

1. Purpose of Report

The purpose of this report is to enable the Audit and Risk Committee to carry out its function of reviewing the internal audit activity of the Council by providing the final Internal Audit Report 2023, conducted by Stratford District Council staff.

2. Executive Summary

2.1 This report provides the Audit and Risk Committee with the opportunity to fulfil its obligations in its Terms of Reference adopted in February 2020, to:

1. Agree the internal audit programme, review the findings of internal audits, and to monitor management response and implementation of their recommendations.
2. To ensure that recommendations highlighted in internal audit reports are actioned by management.
3. To review the internal auditors and their activities.

2.2 The report provides a progress report on two previous mini audits carried out in relation to *Contractor Procurement* and the *Pool Stocktake*. It also presents the findings from the annual internal audit conducted in 2023.

2.3 Key findings from the annual internal audit – based on the risk categories were:

- Financial
 - Recommendation to create a centralised register of funding applications and potential sources of funding; and
 - Recommendation that activity fees and charges are reviewed to ensure the correct amount is collected, and at the same time review the Revenue and Financing Policy.
- Reputational and Conduct
 - Recommended that a formal process be created and implemented in relation to engagement and consultation with Māori.
- Health and Safety Wellbeing
 - Recommended that all staff at Wai o Rua – Stratford Aquatic Centre be trained to a certain level of first aid.
 - Recommendation that all lifeguard qualifications be held in a central register, to ensure better monitoring of expiry dates, etc.
 - Recommended that buildings identified with asbestos have costings done to allow for inclusion in the Long Term Plan.

- Recommended that each step of a dog attack have the date and time recorded in the Customer Request software, and that staff are trained on the importance of this.
- Recommended that a register be held of all staff training relating to armed robberies, and a copy of the procedure be held at each location.
- Recommended that council request regular inspection reports from aerodrome hangar owners to ensure buildings are up to standard.
- Operational
 - Recommended that a naming convention be followed in Content Manager to allow staff to easily locate documents when necessary.
 - Recommended that council investigates the availability of software that can records all steps of a tender process in one place.

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:			Yes
Social	Economic	Environmental	Cultural
	✓		

A local authority must manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community (Section 101 of the Local Government Act 2002 “the Act”). The internal audit process is a mechanism by which senior management and elected members can get some form of assurance that the Council is managing its assets prudently.

4. Background

4.1 The purpose of carrying out an annual internal audit is to provide additional assurance to the Audit and Risk Committee that the Council is managing its risks effectively. It fulfils the Council’s responsibilities in the Risk Management Policy approved in September 2017. The following is an excerpt from the Council’s Risk Management Policy:

“FRAME - Risk management practices are framed in the context of the Council’s risk appetite; The Stratford District Council’s strategic and business objectives; and the strategic, environmental and organisational context within which the Stratford District Council operates and from which risks arise.

ASSESS - what, why and how events may arise are identified, existing controls determined, and risks are analysed in terms of their likelihood and impact in the context of those controls.

RESPOND – Stratford District Council develops and implements specific risk management plans - with controls and treatments for high impact risks, or monitoring measures for lower or accepted risks – in response to risks.

MONITOR - Monitoring and review occurs throughout the risk management process, with oversight and review of Risk Registers and any changes that might affect them; this includes communication, consultation and reporting at all stages that enables the Stratford District Council to minimise losses and capitalise on opportunities.”

- 4.2 The attached audit report relates to the fourth in-house internal audit undertaken since the inception of the Audit and Risk Committee, the first one being in July 2020. Unlike the previous internal audits which were undertaken by external consultants, these audits were done by council staff, however still focused primarily on risks contained in Council's Risk Register.
- 4.3 A wider risk based audit is considered to be a more effective use of an internal auditor, rather than focusing purely on a financial based audit. At year end, external auditors undertake a significant review of the Council's financial processes, testing of asset and liability balances, and substantive transactional testing. In addition, the auditors review the effectiveness of internal controls in the finance function. Council officers are actively identifying ways to minimise and reduce the incidence of errors, or deliberate acts of fraud, on an ongoing basis.
- 4.4 It was once again considered good practice to undertake this year's internal audit by council staff. In addition to cost savings, this also gave the audit participants a better understanding of processes within other departments, assisting with individual personal development and cross department collaboration. The staff responsible for the function being audited also directly benefited from the audit as it was an opportunity for them to revisit their current processes and procedures.
- 4.5 The internal audit was carried out in line with the Internal Audit Plan (**Appendix 2**), approved by the Audit and Risk Committee at the May 2023 meeting. As expected, the audit identified areas for improvement and these are commented on in the next section.
- 4.6 Update on previous mini-audits from the previous year

4.6.1 Review of contractor management

In 2022 Council requested that an internal audit be undertaken to assess the systems and controls in place to ensure that contractors' services are being used effectively and correctly.

Auditor Recommendations:

- To improve the process around the procurement of external resources (particularly consultants and professional services), and update the Procurement Policy to reflect this.
- To ensure that both the Procurement Policy and the Procurement Manual align with each, and
- To ascertain whether this process can be incorporated in to council's corporate software.

Management Response:

Agree with the above, and as a result of this, Council has commenced a review of the Procurement Policy. The policy itself is robust and aligns with the government procurement rules. However it needs improvement around procurement of external resources. The policy will be updated to include a process that must be followed to determine whether they are in fact a contractor, or an employee.

4.6.2 Swimming Pool Stocktake

Early in 2023 Council undertook a stocktake at Wai o Rua – Stratford Aquatic Centre, to ensure that all stock available for sale, either on the shop floor or stored, reconciled to the stock level in the electronic stock register.

This stocktake was performed manually, in September 2022, and overseen by finance staff, which they then compared to the register. However given that a large amount of stock was not recorded in the register at that time, it was put on hold.

A further stock take was completed on 4 November 2023, which was the first one since Wai o Rua opened in October 2022, and this showed that the stock on hand was \$2,805 (incl GST) less than what was in the register. Although the \$ value is relatively small, the reconciliation was based on the quantity of each item of stock.

It is most likely that the items were misappropriated.

Attached as **Appendix 3** is a summary of the items with variances in the stocktake.

Auditor recommendations:

1. Install signs in the retail area advising customers of the presence of security cameras.
2. Investigate the most effective layout for the display stands.
3. Put a lock on the storage unit that has the stock in the back room.
4. When togs are taken to a back room by a customer to try on, get a form signed that has their name, address and contact phone number; together with details of the item/s taken, the date and time; and the completed by noting whether they were returned or purchased.
5. Investigate the purchase of security tags on all togs, towels, goggles, and any other individual item with a retail value of over \$20
6. That further stock takes be performed every three months for the next year, then if there are minimal discrepancies, this be performed every six months for the following year, and annually after that.

Management response:

Management agrees with all recommendations except for the fourth recommendation which would be an inefficient process.

5. Information Summary

- 5.1 Ten staff – six from Corporate Services Department, and four other staff members – were each allocated a risk to audit. They were provided with a template for guidance on how to approach the audit, and the suggestions on steps to take to be able to come to recommendations.
- 5.2 Attached as **Appendix 1** is a summary of the work undertaken, the findings, and resulting recommendations. These are summarised below:

a) Risk 18 –Financial - Accessing Funding

Process: Spoke to key staff involved in the funding process.

- i. There was no central register of funding applications made.
- ii. Some funding agencies grant funding prior to the expenditure being incurred, others pay the money on receipt of invoices.
- iii. Timing of agencies financial year's do not align with Council, so there is a cross over of approved funding and when it is spent.
- iv. Key staff members are aware of the various funding sources.

Auditor recommendation: It is recommended that one central register for all grant funding sources including a register of funding applications be held, potentially in Vault.

Management response: Agreed.

b) Risk 21 – Financial - Assessment of Rates

Process: Selected a sample of four council activities, to ensure the rates are in accordance with the Revenue and Financing Policy. Two of the four activities did not recover the correct amount in user charges, thus requiring extra from rates revenue. These % will be reviewed in the Policy for the Long Term Plan. Checked that the rates resolution matched what was adopted in the 2023/24 Annual Plan. Confirmed that the resolution and the annual plan had the same wording in relation to the calculation and collection of rates.

Auditor recommendation: Review the Revenue and Financing Policy to ensure the percentages align with the funding sources.

Management response: Agreed

c) Risk 40 – Health, Safety and Wellbeing - Swimming Pool Accident

Process: Selected four random days in February 2023 to review the number of lifeguards on at any one time, then checked the Qualification Register to ensure they were all qualified to perform lifeguard duties. All staff on at the time of the audit did have the appropriate qualification, and it was sighted by the auditor however there were two instances where there was one lifeguard short, due to a staff member calling in sick. The Aquatic Service Team Leader advised that this does not compromise the safety of patrons when in the pools as lifeguards are walking up and down the pool sides ensuring there are no blind spots in the pool. Should a spinal injury occur, there are other staff in the building that can be called on for assistance.

Auditor recommendations:

- i. All staff be trained in a certain level of first aid to assist when necessary to ensure there is sufficient staff on hand to assist with medical issues.
- ii. The Qualification Register should be held in a central location, i.e. Vault, where it can be monitored and maintained. This will ensure a warning is sent when a staff member's qualification is soon to expire, to ensure the qualification does not lapse.

Management response: Agreed

d) Risk 49 – Operational - Property design / Construction

Process: Content Manager was checked for design documents for two recent projects. The Project Manager found it difficult to locate the necessary documentation in the correct place. However as both were new projects, they were still deemed to be appropriate for the current use.

Auditor recommendation: Staff need to be reminded of the standard naming convention with regular audits carried out. All business documents are stored in line with Information and Records Management policy.

Management response: Agreed

e) Risk 61 – Health, Safety and Wellbeing – Asbestos Related Work

Process: Checked that the asbestos reports for the five properties selected were saved on the respective property files, and that they were done by a suitably qualified agency. All buildings selected had evidence of an asbestos report and a warning sticker was on the property file to indicate this.

Auditor recommendation: That buildings identified have costings done so work can be included in the 2024-34 Long Term Plan.

Management response: Agreed

f) Risk 66 – Health, Safety and Wellbeing – Dog Attack

Process: Looked at records for dog attacks, to ensure there was evidence that the dog was secured where deemed necessary. All processes were followed and responded to within the required timeframes. Not all steps were showing the date and time of the action.

Auditor recommendation: That dates and times are recorded against all dog attacks, in case this information is required in the future, and can then be monitored for completeness.

Management response: Although the first part of the recommendation is accepted, the audit of the CRM's by staff is not considered to be an efficient solution.

g) Risk 68 – Health, Safety and Wellbeing – Armed Robbery

Process: The library / i-site were checked for the presence of a training register, and ascertained that there was no record held on site, however records were held on personnel files. The library / i-site had a panic button and a lone worker device, but no copy of the procedure held on site.

Auditor recommendation: That a training register be compiled of all training and held on site in addition to a central HR record.

Management response: Agreed

h) Risk 82 – Operational – Failure of a Significant Contractor

Process: From the spreadsheet provided, it was found to be deficient in the information that was held, which in turn made it hard to verify a successful tenderer's financial situation. Of the two contracts selected, neither had any evidence of the tenderer's financial situation being considered.

Auditor recommendation: Recommend that council investigate suitable software that will hold all procurement related information for contracts. Obtaining due diligence for potential tendered contractors is a documented stage in the tender process. This must be carried out by all staff involved and for all contracts as per the Procurement Policy and the Procurement Manual.

Management response: Agreed

i) Risk 83 – Health, Safety and Wellbeing – Aerodrome – Unsafe Conditions

Process: Evidence of inspections of the aerodrome land was seen, however no evidence of any inspection on privately owned hangars. Aerodrome users complete their own hangar inspections.

Auditor recommendation: It is recommended that council receive regular inspection reports from the hangar owners, to ensure all buildings are up to a minimum standard. This will ensure there are no negative effects on council should there be an incident.

Management response: Management do not agree with this recommendation as the hangars are the responsibility of the ground lessors / hangar owners.

j) Risk 90 – Reputational and Conduct – Consultation and Engagement with Māori / Iwi

Process: Documentation was sighted for engagement / consultation with Māori / Iwi in the three samples selected. However, in one case there was further engagement which does not appear to be documented. There was no formal documented council process to follow.

Auditor recommendation: It is recommended that a process be created regarding the consultation and engagement with Māori / Iwi. This will ensure compliance with Archives New Zealand as the process for consulting and engaging with Māori / Iwi is likely to become a protected record.

Management response: Agreed.

6. Strategic Alignment

6.1 Direction

This does not link directly to Council's strategic direction or the long-term plan, however direction was taken from Council's Risk Register which identifies and evaluates the risks of all Council's activities and responsibilities. This register was adopted by the Audit and Risk Committee and regularly reviewed to ensure it meets the needs of council.

6.2 **Annual Plan and Long-Term Plan**

There are no implications on the Annual Plan or Long-Term Plan as a result of the internal audit.

6.3 **District Plan**

There is no direct connection with the District Plan.

6.4 **Legal Implications**

Potential legal implications if recommendations not considered:

- Council could be subject to a judicial review or dispute if resource consents are granted incorrectly.
- Council could be subject to scrutiny and being legally challenged by the Department of Internal Affairs if reporting of water complaints is not correct.
- Potential liability could be imposed on Council if regulatory decisions are made incorrectly.
- Possibility of death or serious injury at a public event, or from incorrect chemical handling, could lead to litigations.

6.5 **Policy Implications**

Potential policy implications if recommendations not considered:

- Polices and Bylaws may become unenforceable, and Council could be acting illegally.
- If the Procurement Policy is not followed then Council could be subject to industry, media and legal scrutiny.

Attachments:

Appendix 1 - Summary of work undertaken, findings, and recommendations

Appendix 2 - Internal Audit Plan – originally presented at the May 2023 Audit and Risk Committee Meeting

Appendix 3 - Pool stocktake summary of variances



Christine Craig
Corporate Accountant



[Endorsed by]
Tiffany Radich
Director – Corporate Services



[Approved by]
Sven Hanne
Chief Executive

Date: 13 November 2023

INTERNAL AUDIT PLAN - RISK FINDINGS AND RECOMMENDATIONS

	Risk category	Risk description	Control description	What auditor will be looking for	Work undertaken	Findings	Recommendations
18	Financial	IF incorrect assessment is made to determine required maintenance funding, all funding options are not sought, or insufficient funding is made available, THEN Council may miss out on funding and council has to fully fund projects.	Ensure funding assessments are carried out by sufficiently experienced personnel and strong cases are made for funding. A system should be established to regularly monitor all available funding for council projects.	Check that all sources of external funding are accessed to the maximum allowable.	Looked at various funding applications and the processes used to apply. Ascertained the difference between the funding providers, and how it can lead to potential discrepancies in funding claimed.	Key staff are aware of various funding sources, however there was no central register of funding applications made. Some agencies grant funding prior to the expenditure being incurred, and pay on receipt of invoices; others give the money upfront. Expenditure covered by grant funding can span more than one financial year, so requires additional paperwork to keep track of spending.	A centralised funding register be created to record all funding sources known, the date and details of each application, and follow up actions set to remind staff to apply each year, and also follow up with accountability reports, to ensure funding continues in the future.
21	Financial	IF rates are assessed incorrectly or inaccurately THEN ratepayers could legally challenge the rates assessment and council could be forced in to a legal battle.	Resourcing and training of competent staff. Test EOY prior to June. Have Civica rectify errors prior to 30 June. Re-test EOY after errors corrected. Check FIS and Rates Resolution align and legal advice taken.	That the Funding Impact Statement aligns with the rates resolution, as adopted by council. That the rates are in accordance with the Revenue and Financing Policy.	Checked the wording in the Funding Impact Statement exactly matches the resolution adopted at the council meeting. Calculated the revenue from user charges for four activities complied with the Revenue and Financing Policy.	The wording in the Funding Impact Statement and the Revenue and Financing Policy was identical. Of the four revenue samples selected, two of them did not meet the minimum required as per the policy.	That the fees and charges be reviewed to ensure the correct % is collected; and at the same time, review the policy to ensure the public and private revenue split is still appropriate.
40	Health, Safety and Wellbeing	IF a member of the public has an accident in the water or a medical emergency at the Stratford Pool, THEN this could result in possible death or serious injury.	Training and qualifications are mandatory for lifeguards, children and elderly are monitored by lifeguard/s at all times. More staff brought on at busier periods.	That appropriate records are kept regarding staff training and qualifications of all staff acting as lifeguards. That the recommended number of qualified lifeguards is poolside at all times.	Discussed with the Aquatic Services Team Leader the requirement for qualifications and the records of such. Also looked at a random sample of records to verify the number of lifeguards on duty at any one time.	All staff on duty at the time of the audit had the appropriate qualification, and was viewed by the auditor. However there were two instances where there was one lifeguard short, due to a rostered staff member calling in sick. Auditor was advised that this does not compromise patrons safety, as lifeguards are walking up and down the sides of the pool ensuring there are no blind spots in the pools.	That all staff be trained to a certain level of first aid, to assist when necessary. That the qualification register is stored in a central location i.e .Vault, where it can be monitored and maintained. This will ensure a warning is sent when qualifications are due to expire.

49	Operational	IF Council does not have adequate information on original design or construction of asset, THEN there is a greater potential for failure of future work and unsafe future construction.	Carry out regular condition assessment of assets. Reassess use of asset or redesign to suit.	Whether Council holds the original designs for certain assets, in order to reassess the use of the asset, and if it is still appropriate for the current use.	Checked Content Manager for original design documents for two projects, and checked that the documents were saved in Content Manager in relation to both projects.	The current Project Manager found it difficult to locate such documentation for both projects in the correct place. Documentation was saved in incorrect folders, which required multiple searches to find all documents relating to the projects. As these were both new projects, they were still deemed appropriate for the current use.	That the standard naming convention for documents be followed. That a process be created to ensure all documents are stored and saved in the correct manner and consistent, for future reference, when there is the need to review a design for whatever purpose.
61	Health, Safety and Wellbeing	IF council buildings are contaminated with asbestos, THEN there is the possibility of asbestos exposure to staff and the public and increased risk of asbestosis and other lung and pleural disorders.	Asbestos protocols need to be developed in line with the asbestos regulations. Community needs to be made aware of Asbestos disposal guidelines. Staff involved in building compliance or construction work should be appropriately trained in handling of asbestos materials.	Appropriate records are held for all council buildings that show whether they have been assessed for the presence of asbestos.	Checked document records to ensure asbestos reports for the five buildings selected are saved on the property file, Checked that the reports were undertaken by a suitably qualified agency.	All buildings selected had evidence of an asbestos report carried out by a qualified person, and included a finding and recommendation from their work undertaken. Buildings with asbestos have a warning sticker on their file, alerting staff in future of the presence of asbestos should this be necessary.	That the buildings identified with asbestos have costings done, so the work can be included in the Asset Management Plans and Long Term Plan.
66	Health, Safety and Wellbeing	IF a dog attacks a member of the public and the dog control team have been slow or negligent in responding to complaints, THEN the council may be liable for costs, and the public safety may be compromised.	Compliance Officer to respond immediately to dog complaints. Ensure all dogs in the district are registered and the dog bylaw is complied with. Dogs are microchipped. Ensure dog pound is secure and access is restricted.	That there is a register of all known dog attacks, or reported attacks.	Selected a random period of four months. Looked at evidence of whether the dog was secured if it was deemed necessary, until the matter was resolved. Looked at whether there was a record of action taken and that it was deemed sufficient to resolve the issue.	All processes were followed, and responded to within the required timeframes. Not all steps in the process were showing the date and time the action took place in the register.	That every step in the CRM process has a date and time of action recorded. That staff are trained on the importance of the recording, and an audit of the CRM's and register is performed after six months.
68	Health, Safety and Wellbeing	IF there is an armed robbery at any of council's services centres, THEN there is the potential for death or serious harm.	Establish emergency procedures, including use of panic buttons. Security cameras in place. Ensure staff are trained to deal with potential threat. Design / limit access to building so that threats are minimised.	That all staff have completed training for an armed robbery, and are familiar with procedures should such an event take place.	Selected the Library/i-site, and the presence of a staff training register	There was no register of such training held on site, but all certificates / records were held on the staff members personnel files. There is a panic button for staff, and also lone worker devices are available to staff when necessary, however there was no copy of the procedure held on site. There are also security cameras in place.	That a training register be held, to ensure all staff attend regular training. That a hard copy of the procedures be held on location.

82	Operational	IF a Contractor's financial situation deteriorates and impacts on their ability to deliver on a procurement contract, THEN the project may be left unfinished. Council may lose out on funds already spent, and may have to put contract out for tender again - resulting in project delays and additional cost.	Due Diligence required for all significant contracts that are required to go out for tender. Refer process in Procurement Manual (D19/33336), and Due Diligence Checklist (D18/35114).	Evidence that a successful tenderer's financial situation has been considered prior to awarding the contract.	Worked with Asset Coordinator, who maintains the Contract Register. Selected a random sample period, and viewed these contracts in the spreadsheet register.	The spreadsheet did not contain a lot of information, and was found to be confusing. It was not easy to see what date the contract was awarded, to whom, etc. Of the two contracts selected, and awarded in the audit period, no informatin could be found on the tender forms to indicate that the contractors financial situation was considered as part of the tender process.	That council investigate software that records all the information for a tender, in the one place. That a contractor's financial situation be considered as part of the formal tender process, and documented, prior to awarding the contract.
83	Health, Safety and Wellbeing	IF the Council fails to carry out its legislative responsibilities to ensure aircraft movements are restricted or prohibited in unsafe conditions / areas of the Aerodrome, THEN lives could be put at risk and property damaged.	Establish operational procedures specific to this risk, and regularly monitor compliance. Council has Airport Owner and Operators Liability insurance cover of up to \$10m for all related costs Council is legally obligated to pay for property damage or bodily injury including death.	Evidence that inspections of the aerodrome land are taking place at regular intervals to ensure that all areas are safe.	Auditor looked at the recent inspection reports completed by the contractors , to determine if there were any issues that needed addressing. Ascertained how often the inspections are carried out, and by whom.	Council contractors carry out the inspections on the land and report any issues. Aerodrome users complete their own inspections on their hangars. The Aerodrome Landing Plate informs all pilots of the condition of the landing strip, and it is the responsibility of the pilot to check.	That council receive regular inspection reports from the hangar owners, to ensure all buildings are up to standard. If not, this could have negative effects on council, should there be an incident.
90	Reputational and conduct	IF Council does not effectively engage with Māori on matters of interest, THEN Council decisions will lack a Māori perspective which may lead to substandard community outcomes, and decisions that may not be supported by Māori which could harm relationships	Build and maintain strong relationships with all iwi in the Whakaahurangi role - between Chairs and Mayor, CEO levels, and between operational staff. All decision reports to Council must outline what consultation has been undertaken with Māori. Develop and iwi partnerships framework.	That consultation and engagement with Māori was undertaken at all times where necessary, and that protocols were followed.	Discussed with the Communications Manager the processes surrounding consultation and engagement with Māori. Reviewed decision report to council for three samples selected. Search for evidence demonstrating the process of iwi consultation.	There was documentation for consultation with Māori in all three decision reports, including why the consultation had taken place in the way it had. However for one of the samples, it appears there was further engagement, although this was not evidenced in Content Manager. There appeared to be no specific process documented, however it does appear that such consultation is happening regularly.	That a formal process be created regarding the engagement and consultation with Māori. That for each consultation, the process taken is documented. This will be particularly important going forward as Iwi/Māori Relationships is likely to be a specific class of protected record following the upcoming review by Archives New Zealand.

APPENDIX 2**INTERNAL AUDIT PLAN - RISKS TO BE REVIEWED**

	Risk category	Risk subject	Risk description	Risk score raw	Control description	Residual risk score	Why this risk is to be reviewed	What auditor will be looking for	How will it be audited	Role and staff member responsible for activity
18	Financial	Accessing Funding	IF incorrect assessment is made to determine required maintenance funding, all funding options are not sought, or insufficient funding is made available, THEN Council may miss out on funding and council has to fully fund projects.	3 Moderate	Ensure funding assessments are carried out by sufficiently experienced personnel and strong cases are made for funding. A system should be established to regularly monitor all available funding for council projects.	1 Low	To ensure that Council maximises its opportunities for funding, to reduce the impact on rates.	Check that all sources of external funding are accessed to the maximum allowable.	<ul style="list-style-type: none"> - Ascertain whether there is a register of all funding applications already made. - Ascertain whether there is a register held that lists all possible sources of funding that council could access. - If yes. review how often it is updated, and when it was last updated. - Look at the last 2 funding applications on the list of past applications, and follow up with respective staff member if the maximum was claimed. - If no register, ask Community Services Director what the last 2 applications were, then get assurance that the maximum was claimed. 	Community Services Director
21	Financial	Assessment of Rates	IF rates are assessed incorrectly or inaccurately THEN ratepayers could legally challenge the rates assessment and council could be forced in to a legal battle.	4 High	Resourcing and training of competent staff. Test EOY prior to June. Have Civica rectify errors prior to 30 June. Re-test EOY after errors corrected. Check FIS and Rates Resolution align and legal advice taken.	2 Moderate	To ensure council is correctly charging rates on all assessments, to avoid any challenge by ratepayers, which can bring council in to disrepute.	That the Funding Impact Statement aligns with the rates resolution, as adopted by council. That the rates are in accordance with the Revenue and Financing Policy.	<ul style="list-style-type: none"> - Check the Funding Impact Statement and the respective rates resolution for the 2023/24 Annual Plan align. - Check the funding percentages in the Revenue and Financing Policy for each activity align with the 2023/24 Annual Plan. 	Revenue Manager
40	Health, Safety and Wellbeing	Swimming Pool Accident	IF a member of the public has an accident in the water or a medical emergency at the Stratford Pool, THEN this could result in possible death or serious injury.	4 High	Training and qualifications are mandatory for lifeguards, children and elderly are monitored by lifeguard/s at all times. More staff brought on at busier periods.	3 Moderate	To ensure safety of all patrons at the pool, with suitably qualified staff present at all times.	That appropriate records are kept regarding staff training and qualifications of all staff acting as lifeguards. That the recommended number of qualified lifeguards is poolside at all times.	<ul style="list-style-type: none"> - For the month of February 2023, request records from the Aquatic Services Team Leader, or Lifeguard Co-ordinator, that shows the number of lifeguards on duty at any one time. - Review the register of qualifications to ensure all on duty were qualified. - If there were any rostered staff that were not qualified, ascertain the reason why. - When was the register last updated, and how often is it updated. 	Aquatic Services Team Leader and Lifeguarding Coordinator

2023 - Agenda - Audit and Risk - November - Open - Information Report - Internal Audit 2023

49	Operational	Property design / construction information	IF Council does not have adequate information on original design or construction of asset, THEN there is a greater potential for failure of future work and unsafe future construction.	3 Moderate	Carry out regular condition assessment of assets. Reassess use of asset or redesign to suit.	1 Low	To ensure that no council asset fails as a result of poor design and / or construction.	Whether Council holds the original designs for certain assets, in order to reassess the use of the asset, and if it is still appropriate for the current use.	<ul style="list-style-type: none"> - Select two assets that commenced construction in the period 1 July 2021 to 30 June 2022, from the monthly capital expenditure report to council. - Ascertain whether the original design/s are in Content Manager for these two. - Check with the relevant staff member that these designs are still fit for purpose. 	Project Manager
61	Health, Safety and Wellbeing	Asbestos Related Work	IF council buildings are contaminated with asbestos, THEN there is the possibility of asbestos exposure to staff and the public and increased risk of asbestosis and other lung and pleural disorders.	4 Moderate	Asbestos protocols need to be developed in line with the asbestos regulations. Community needs to be made aware of Asbestos disposal guidelines. Staff involved in building compliance or construction work should be appropriately trained in handling of asbestos materials.	2 Moderate	To ensure no employees or members of the public are exposed to any level of asbestos.	Appropriate records are held for all council buildings that show whether they have been assessed for the presence of asbestos.	<ul style="list-style-type: none"> - Review property register, and verify that the register is up to date. - Check that any assessment for asbestos is performed by a suitably qualified person. - Check whether there was any detection of asbestos in any council owned buildings. - Verify what action was taken when asbestos was found to be present. 	Property Officer
66	Health, Safety and Wellbeing	Dog Attack	IF a dog attacks a member of the public and the dog control team have been slow or negligent in responding to complaints, THEN the council may be liable for costs, and the public safety may be compromised.	4 High	Compliance Officer to respond immediately to dog complaints. Ensure all dogs in the district are registered and the dog bylaw is complied with. Dogs are microchipped. Ensure dog pound is secure and access is restricted.	1 Low	To ensure that members of the public are safe at all times when dogs are present, on public or private property.	That there is a register of all known dog attacks, or reported attacks.	<ul style="list-style-type: none"> - Check that all reported dog attacks during the period November 2022 to February 2023 were responded to within the required timeframe, as recorded within the CRM system. - If they were not responded to in a timely manner, ascertain the reason why. - Obtain evidence that the respective dog was secured at all times until the matter was resolved. - From the register, does it appear that the action taken by staff was sufficient to solve the problem, and prevent any harm, to the public. 	Compliance Officer Environmental Services Manager
68	Health, Safety and Wellbeing	Armed Robbery	IF there is an armed robbery at any of council's services centres, THEN there is the potential for death or serious harm.	8 High	Establish emergency procedures, including use of panic buttons. Security cameras in place. Ensure staff are trained to deal with potential threat. Design / limit access to building so that threats are minimised.	4 Moderate	To ensure that all staff at customer service areas, or in public facing roles, are safe in the event of an armed robbery.	That all staff have completed training for an armed robbery, and are familiar with procedures should such an event take place.	<ul style="list-style-type: none"> - Select the main administration building, pool, and library - i-site locations. - View the staff training register to ensure all staff have attended suitable training. - Verify when the last training took place, and whether that time delay is appropriate. - Ensure procedures are in place for all sites, and are easily available and appropriate. 	Customer and Leisure Services Manager Customer Services Team Leader Library and i-site Team Leader Aquatic Services Team Leader

2023 - Agenda - Audit and Risk - November - Open - Information Report - Internal Audit 2023

82	Operational	Failure of a Significant Contractor	IF a Contractor's financial situation deteriorates and impacts on their ability to deliver on a procurement contract, THEN the project may be left unfinished. Council may lose out on funds already spent, and may have to put contract out for tender again - resulting in project delays and additional cost.	4 High	Due Diligence required for all significant contracts that are required to go out for tender. Refer process in Procurement Manual (D19/33336), and Due Diligence Checklist (D18/35114).	2 Moderate	To ensure that council does not lose any funds already paid out, should a contractor become unable to deliver a project due to financial reasons.	Evidence that a successful tenderer's financial situation has been considered prior to awarding the contract.	- Select 3 contracts awarded between the period November 2022 to January 2023 to ensure there is written evidence that the financial situation of the successful tenderer has been considered. - View the tender evaluation form to ensure that this is documented.	Project Manager
83	Health, Safety and Wellbeing	Aerodrome - Unsafe Conditions	IF the Council fails to carry out its legislative responsibilities to ensure aircraft movements are restricted or prohibited in unsafe conditions / areas of the Aerodrome, THEN lives could be put at risk and property damaged.	4 High	Establish operational procedures specific to this risk, and regularly monitor compliance. Council has Airport Owner and Operators Liability insurance cover of up to \$10m for all related costs Council is legally obligated to pay for property damage or bodily injury including death.	2 Moderate	To ensure that all aircraft operators and passengers, and members of the public on the ground, are safe a tall times, in all areas of the aerodrome.	Evidence that inspections of the aerodrome land are taking place at regular intervals to ensure that all areas are safe.	- View evidence of inspections, and their frequency. - If any inspections required remedial work, obtain evidence of what was done, and that it was all recorded. - Ascertain evidence of the process that would take place should any inspection show an unsafe area, and how would this be communicated to aerodrome users and visitors to the aerodrome.	Property Officer
90	Reputational and conduct	Consultation and Engagement with Māori	IF Council does not effectively engage with Māori on matters of interest, THEN Council decisions will lack a Māori perspective which may lead to substandard community outcomes, and decisions that may not be supported by Māori which could harm relationships	12 - Very High	Build and maintain strong relationships with all iwi in the Whakaahurangi rohe - between Chairs and Mayor, CEO levels, and between operational staff. All decision reports to Council must outline what consultation has been undertaken with Māori. Develop and iwi partnerships framework.	3 Moderate	To ensure council's reputation is maintained to a high standard at all times when consulting and engaging with Māori.	That consultation and engagement with Māori was undertaken at all times where necessary, and that protocols were followed.	- Obtain evidence of consultation with Iwi regarding 3 different consultation items since November 2022. - Review all decision reports for appropriate consultation. - Ascertain how the consultation and engagement processes were undertaken, and whether they were documented. - Are there appropriate processes in place to engage with Māori?	Communications Manager

APPENDIX 3

NAME	Number of items should be in stock	Actual items in stock	Variance	Retail price (incl GST)	Total expected value of items (incl GST)	Actual value of items in stock (incl GST)	Variance (incl GST)
Zoggs Ladies Mystery Classic Back -Size 14	3	0	-3	\$114.00	\$342.00	\$0.00	-\$342.00
Zoggs Ladies Actionback	3	0	-3	\$80.74	\$242.22	\$0.00	-\$242.22
Zoggs Ladies Cottesloe Powerback	4	0	-4	\$57.00	\$228.00	\$0.00	-\$228.00
Zoggs Boys Mid Jammer - Size 14	5	0	-5	\$45.22	\$226.10	\$0.00	-\$226.10
Fusion Air-Black	6	0	-6	\$36.80	\$220.80	\$0.00	-\$220.80
Zoggs Ladies Scoopback	2	0	-2	\$90.24	\$180.48	\$0.00	-\$180.48
Zoggs Toddler Girls Suntop	3	1	-2	\$49.62	\$148.86	\$49.62	-\$99.24
Cottesloe Legsuit E+ Size 14	1	0	-1	\$98.32	\$98.32	\$0.00	-\$98.32
Phantom 2.0	4	0	-4	\$24.00	\$96.00	\$0.00	-\$96.00
Zoggs Ladies Hi Front - Size 10	1	0	-1	\$95.00	\$95.00	\$0.00	-\$95.00
Phantom 2.0 Junior	4	0	-4	\$20.00	\$80.00	\$0.00	-\$80.00
Predator	2	0	-2	\$40.00	\$80.00	\$0.00	-\$80.00
Paddles	3	0	-3	\$25.68	\$77.04	\$0.00	-\$77.04
Zoggs Ladies Sprintback	1	0	-1	\$76.00	\$76.00	\$0.00	-\$76.00
Dinosaur Swim Cap	5	0	-5	\$14.00	\$70.00	\$0.00	-\$70.00
Neon Glitch Jammer size 6/7	1	0	-1	\$56.00	\$56.00	\$0.00	-\$56.00
Neon Glitch Jammer size 8/9	1	0	-1	\$56.00	\$56.00	\$0.00	-\$56.00
Zoggs Toddler Girls Xback	1	0	-1	\$52.00	\$52.00	\$0.00	-\$52.00
Eden Mid Jammer Boys Size 11	2	1	-1	\$47.50	\$95.00	\$47.50	-\$47.50
Yaroomba Squeak - 4	1	0	-1	\$47.50	\$47.50	\$0.00	-\$47.50

NAME	Number of items should be in stock	Actual items in stock	Variance	Retail price (incl GST)	Total expected value of items (incl GST)	Actual value of items in stock (incl GST)	Variance (incl GST)
Zoggs Toddler Girls Yaroomba	1	0	-1	\$47.50	\$47.50	\$0.00	-\$47.50
Zoggs Easy Fit Silicone Swim Cap Pink	4	1	-3	\$13.80	\$55.20	\$13.80	-\$41.40
Zoggs Mens Penrith Short	1	0	-1	\$36.42	\$36.42	\$0.00	-\$36.42
Zoggs Toddler Boys Mid Jammer	1	0	-1	\$32.30	\$32.30	\$0.00	-\$32.30
Swimsure Nappy Sea Queen - L	1	0	-1	\$28.50	\$28.50	\$0.00	-\$28.50
Swimsure Nappy Sea Queen - M	1	0	-1	\$28.50	\$28.50	\$0.00	-\$28.50
Swimsure Nappy Super Star - L	1	0	-1	\$28.50	\$28.50	\$0.00	-\$28.50
Zoggs Easy Fit Silicone Swim Cap Blue	4	2	-2	\$13.80	\$55.20	\$27.60	-\$27.60
Aqualine Green Arm Bands 0-2 years	5	4	-1	\$16.10	\$80.50	\$64.40	-\$16.10
Rainbow Royal/Green/Sky	1	0	-1	\$15.00	\$15.00	\$0.00	-\$15.00
Raspberry Chocolate Log	8	0	-8	\$1.50	\$12.00	\$0.00	-\$12.00
Silicone Swim Cap Pink	2	1	-1	\$10.80	\$21.60	\$10.80	-\$10.80
Silicone Swim Cap Silver	1	0	-1	\$10.80	\$10.80	\$0.00	-\$10.80
	84	10	-74		\$3,019.34	\$213.72	-\$2,805.62

INFORMATION REPORT



F22/55 – D23/45937

To: Audit and Risk Committee
From: Director – Corporate Services
Date: 21 November 2023
Subject: Policy Status – Annual Review

Recommendation

THAT the report be received.

Recommended Reason

This report provides an update to the Committee in relation to a recommendation from auditors in the final Audit Management Report 2023.

 Moved/Seconded

1. Purpose of Report

- 1.1 The Deloitte final Audit Management Report for the 2023 annual audit raised a concern, also identified in the previous years' audit, that Council policies which are not reviewed and updated regularly may result in policy not reflecting the change in circumstances, or any updated requirements, of the Council, which may have risk implications.
- 1.2 This report has been prepared to provide some level of assurance to the Committee that Council is actively managing and monitoring this risk, and will continue to provide assurance to the Committee on an annual basis going forward.

2. Executive Summary

- 2.1 Council's policies are generally reviewed at least every three years (a self-imposed limit, unless specifically legislated for, and is best practice guidance from Officer of the Auditor-General). This is with the exception of deviations for the Easter Sunday Shop Trading Hours policy which is reviewed every five years (maximum under legislation), and the Dog Control Policy which is reviewed every 10 years, as approved by Council at the last policy review.
- 2.2 In the last two annual audits, auditors identified that some council policies were not reviewed within cycle and recommended in their Audit Management Reports for 2022 and 2023 that Council adheres to the policy review timelines and adopts best practice by reviewing policies on a timely basis.
- 2.3 Management agree that policies should be regularly reviewed, at least every three years, and are committed to ensuring policy review timelines are adhered to. Most policies have a light review regularly at Senior Leadership Team meetings to assess whether they remain fit for purpose. Additionally, policies are tested regularly in practice and where it is found that they no longer provide appropriate guidance for compliance and decision-making, then they are put forward for review. However, it is acknowledged that including elected members in the regular review of policies is essential, and a change has been made to the Audit and Risk Committee programme of works to ensure that an annual Policy status update is provided to elected members for review.
- 2.4 Of the 58 active council policies, 40% of these are overdue for review. However, it is important to note that these overdue policies are still valid and effective. This is different to bylaws which must be reviewed within a specific timeframe or they become invalid.

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:		Council policy setting is required at a governance level and council decision-making takes into account the impact on the four well-beings.	
Social	Economic	Environmental	Cultural
✓	✓	✓	✓

4. Background

- 4.1 Policies are put in place to provide guidance for decision making and compliance, with rules to ensure fair and rational outcomes and practices. Policies outline the principles and requirements that council will operate within. They set operational boundaries for council, to reduce risk exposure, such as limits on financial responsibility. They are one of the key mechanisms that organisations use to mitigate risk.
- 4.2 The Local Government Act 2002 ("the Act") requires all Councils to separate policy setting from operational functions as much as possible. Section 41A(2) of the Act provides that *"it is the role of a mayor to lead the development of the territorial authority's plans, policies and budgets for consideration by the members of the territorial authority."*
- 4.3 Council maintains internal and external policies. This report concerns external policies only. These are policies that are approved by Council resolution, and may legally be required by legislation, and may additionally be required by legislation to be consulted on. Internal policies are related to staff procedural and human resources type functions and are not within the realm of governance decision making, but may also be subject to audit scrutiny.
- 4.4 All current external policies are made publicly available on the Stratford District Council website. Council also maintains a register of active policies and their due dates. Most councils provide a full set of their current policies on their websites, which provides an opportunity for staff and elected members to efficiently investigate and compare policy making decisions, for consistent outcomes.
- 4.5 When a policy is updated and approved, it is also distributed to all staff with the key changes highlighted. For some policies, training is offered to staff to ensure understanding and compliance across the council, e.g. privacy training, sensitive expenditure reminders.
- 4.6 Council uses a policy template for all external policies to provide for a consistent approach to developing policy. The policy template requires sections for Purpose, Scope, Objectives, Principles, and Background, with additional headings available to be added. However, a small number of council policies deviate from this approach due to the nature of the content.
- 4.7 Section 80 of the Act requires that any Council decision that is inconsistent with, or may have consequences that are inconsistent with, any policy adopted by the Council, must clearly identify the inconsistency and an explanation, and any intention to amend the policy. Council does not currently have a formal process for reporting any inconsistencies, and it is suggested that a formal process is appropriate and be developed.

- 4.8 Elected members may request a review of any policy at any time, and may also request that staff initiate development of a new policy.

5. Information Summary

- 5.1 Council currently has 58 active policies, and of these, 23 (or 40%) are currently overdue for a Council review – refer to the table below. The policies in red are more than two years overdue for a review based on the policy’s review schedule. Policies in orange are 1-2 years overdue for a review, and policies in pink are less than a year overdue. The full policy register can be referred to in the attachment to this report.

Policy Name	Department	Review Due Date	Comments
Local Approved Products	Environmental Services	Sep-17	
Remitting of Fees to Non-Profit Organisations	Environmental Services	Mar-19	
Local Alcohol Policy	Environmental Services	Feb-20	Combined policy with NPDC
Child Protection	Community Services	Oct-20	Under review
Rates Postponement	Corporate Services	Feb-21	Will be reviewed as part of LTP
Citizens Awards	Community Services	May-21	
Infringement Notices	Environmental Services	Aug-21	Policy to be withdrawn
Council Vehicles	Corporate Services	Oct-21	Under review
Dangerous and Insanitary Buildings	Environmental Services	Dec-21	
Asset Disposal	Corporate Services	Mar-22	Under review
Easter Sunday Shop Trading Hours	Environmental Services	Mar-22	Review currently proposed for every 5 years (as opposed to 3)
Kerbside Collection Policy	Assets	Mar-22	
Water Supply to Rural Properties	Assets	Mar-22	
Procurement Policy	Corporate Services	Jun-22	Under review
Anti-Fraud & Corruption Policy	Corporate Services	Aug-22	Under review
Presentations to Elected Members and Staff	Chief Executive	Aug-22	Under review
Vehicle Crossings and Culverts	Assets	Aug-22	
Conferences, Seminars, Tours	Chief Executive	Feb-23	
Petitions in Council Buildings	Chief Executive	Feb-23	
Community Archives	Community Services	Apr-23	
Asset Management	Assets	May-23	
Community Relationships	Community Services	May-23	
Mayor’s Relief Fund	Chief Executive	Jun-23	

- 5.2 Some council policies will be reviewed during the preparation of the Long Term Plan 2024-34. However, many of the policies above are overdue due to a combination of the policy continuing to be fit for purpose and therefore a low level of prioritisation is allocated towards a full review, or insufficient resourcing may also be contributing towards delays in reviewing.
- 5.3 There is a medium risk that some of the policies above are not fit for purpose or not providing for a quality compliance environment and may be putting council at risk of legal or financial harm. The Easter Sunday Shop Trading Hours policy is required to be reviewed within the first five years of being adopted (which was in March 2017), and therefore is currently in breach of Section 5C of the Shop Trading Hours Act 1990. Similarly, the Local Alcohol Policy must be reviewed no later than six years since the last review (February 2017), as required by Section 97 of the Sale and Supply of Alcohol Act 2012.
- 5.4 The review and update of council policies also provides an opportune time to distribute the policy to all staff and elected members and work through the key points of the policy. Where policies have not been updated for some time, there is a risk that staff and elected members are not aware of or have forgotten the policy guidelines.
- 5.5 In 2022, senior management discussed the potential to create a new Policy Analyst role to lead the development and review of all Council policies to ensure expertise and consistency was applied. However, with budget constraints leading up to the development of the Annual Plan 2023/24, management were not prepared to justify this new expenditure to elected members.

- 5.6 The focus for Directors will be on reviewing the policies relevant to their department in order of priority, with a key consideration being the last review date and the potential risk that council may be exposed to as a result.

6. Strategic Alignment

6.1 Direction

Policies may relate to one or more Community Outcomes.

6.2 Annual Plan and Long Term Plan

The following council policies are reviewed as part of the development of the Long Term Plan:

- Revenue and Financing Policy
- Treasury Management Policy
- Accounting Policy
- Rates Remission Policy
- Rates Postponement Policy
- Significance and Engagement Policy

6.3 District Plan

N/A

6.4 Legal Implications

The process around developing policy is often subject to public and legal scrutiny.

Policies must not create any conflict with current legislation.

In some cases a legal review of a draft policy (or policy amendment) may be required, and staff give consideration to the cost benefit of obtaining legal advice when amending or creating policies.

6.5 Policy Implications

N/A

Appendix 1: Policy Register (D20/2785)



Tiffany Radich
Director – Corporate Services



[Approved by]
Sven Hanne
Chief Executive

Date 13 November 2023

Appendix 1

D20/2785

<https://www.stratford.govt.nz/our-council/council-documents/policies>**>2 Years Old** **Overdue 1-2 Years** **Overdue <1 Year**

Policy	Adopted Date	Responsibility	Document Number	Last Review Date	Review Due Date	Comments
Accounting	12/06/2018	Corporate Services	D21/2426	June 2021	June 2024	Reviewed during LTP preparation
Allocation and Use of Sports Grounds	11/12/2018	Assets	D22/29863	October 2022	October 2025	
Anti-Fraud & Corruption Policy	13/08/2019	Corporate Services	D19/19374	August 2019	August 2022	Under review
Asset Disposal	12/03/2019	Corporate Services	D19/03278	March 2019	March 2022	Under review
Asset Management	26/01/2016	Assets	D20/4330	May 2020	May 2023	
Building Consent Authority Complaints	N/A	Environmental Services	D21/9436	March 2021	March 2024	This policy will be reclassified as a procedure
Care of Children and Youth in Council Facilities	10/11/2020	Community Services	D20/11426	November 2020	November 2023	
CCTV Cameras	N/A	Corporate Services	D23/43983	N/A	N/A	New policy pending approval
Charges for new wastewater system connections	14/05/2013	Assets	D23/24472	August 2023	August 2026	
Child Protection	10/10/2017	Community Services	D17/14440	October 2017	October 2020	Under review
Citizens Awards	08/05/2018	Community Services	D18/13058	May 2018	May 2021	
Community Archives	10/03/2020	Community Services	D20/11615	April 2020	April 2023	
Community Relationships	14/05/2020	Community Services	D18/36607	May 2020	May 2023	
Conferences, Seminars, Tours	25/02/2020	Chief Executive	D20/11369	February 2020	February 2023	
Council Vehicles	9/10/2018	Corporate Services	D18/32513	October 2018	October 2021	Under review
Council Workshops	15/03/2023	Corporate Services	D22/49801	March 2023	March 2026	
Credit Card	12/02/2019	Corporate Services	D22/3603	October 2022	October 2025	

Policy	Adopted Date	Responsibility	Document Number	Last Review Date	Review Due Date	Comments
Dangerous and Insanitary Buildings	11/12/2018	Environmental Services	D18/35499	December 2018	December 2021	
Delegations	22/08/2017	Chief Executive	D21/24941	July 2021	July 2024	
Development and Financial Contributions	13/02/2018	Corporate Services	D21/2116	February 2021	February 2024	
Discretionary Information in Land Information Memorandums (LIMs)	11/12/2018	Environmental Services	D23/24902	August 2023	August 2026	
Dog Control	11/08/2020	Environmental Services	D20/21541	August 2020	August 2030	Review currently proposed for every 10 years (as opposed to 3)
Easter Sunday Shop Trading Hours	14/03/2017	Environmental Services	D17/2574	March 2017	March 2022	Review currently proposed for every 5 years (as opposed to 3)
Elected Members Expenses	13/11/2018	Corporate Services	D22/40081	November 2022	November 2025	
Elizabeth Maree Watson Estate Fund	13/11/2018	Corporate Services	D22/3582	October 2022	October 2025	
Fences on Road Reserve	20/03/2013	Assets	D22/6256	August 2023	August 2026	
Gambling Venues	10/03/2004	Environmental Services	D23/32216	August 2023	August 2026	
Health and Safety	13/08/2019	Corporate Services	D23/30660	August 2023	August 2026	
Housing for the Elderly	10/03/2020	Assets	D20/11478	July 2021	July 2024	Under review
Infringement Notices	18/02/2013	Environmental Services	D19/22993	August 2019	August 2021	Policy to be withdrawn
Kerbside Collection Policy	12/03/2019	Assets	D19/6770	March 2019	March 2022	
Local Alcohol Policy	22/02/2006	Environmental Services	D16/25235	February 2017	February 2020	Combined policy with NPDC
Local Approved Products	03/02/2014	Environmental Services	D16/2590	September 2014	September 2017	
Management of Domains	11/12/2018	Assets	D22/29864	October 2022	October 2025	

Policy	Adopted Date	Responsibility	Document Number	Last Review Date	Review Due Date	Comments
Mayor's Relief Fund	10/03/2020	Chief Executive	D20/11462	June 2020	June 2023	
Occupation of Unused Road Reserve	09/04/2019	Assets	D22/6071	August 2023	August 2026	
Pegging and Maintenance of Roads and Bridges	9/04/13	Assets	D22/6257	October 2023	October 2026	
Petitions in Council Buildings	25/02/2020	Chief Executive	D20/11366	February 2020	February 2023	
Presentations to Elected Members and Staff	13/08/2019	Chief Executive	D19/22992	August 2019	August 2022	Under review
Privacy	25/02/2020	Corporate Services	D16/16748[v3]	July 2021	July 2024	
Procurement Policy	11/06/2019	Corporate Services	D18/29563[v3]	June 2019	June 2022	Under review
Rates Postponement	12/02/2016	Corporate Services	D18/4693	February 2018	February 2021	Will be reviewed as part of LTP
Rates Remission	24/04/2012	Corporate Services	D22/8652	July 2022	July 2025	Will be reviewed as part of LTP
Remitting of Fees to Non-Profit Organisations	27/11/2012	Environmental Services	D16/2135	March 2016	March 2019	
Revenue and Financing	18/06/2013	Corporate Services	D22/6452	June 2022	June 2025	Will be reviewed as part of LTP
Risk Management	10/06/2018	Corporate Services	D21/24914	August 2021	August 2024	
Sensitive Expenditure Policy	13/07/2021	Corporate Services	D23/19787	August 2023	August 2026	
Significance and Engagement	17/09/2014	Community Services	D21/6847	June 2021	June 2024	Will be reviewed as part of LTP
Smoke Free Environments – Council Buildings and Public Places	30/09/2007	Chief Executive	D23/6391	July 2023	July 2026	
Stock Crossing and Races	09/04/2013	Assets	D23/25162	August 2023	August 2026	
Stock Underpasses	14/05/2013	Assets	D23/6811	August 2023	August 2026	
Street Trees	02/08/2016	Assets	D22/29865	October 2022	October 2025	
TAB Venue Policy	May 2018	Environmental Services	D23/18383	August 2023	August 2026	

Policy	Adopted Date	Responsibility	Document Number	Last Review Date	Review Due Date	Comments
Temporary Road Closures	15/05/2013	Assets	D22/6255	August 2023	August 2026	
Trade Waste	11/06/2019	Assets	D22/6856	October 2022	October 2025	
Treasury Management	27/01/21	Corporate Services	D22/28785	August 2022	August 2025	Under review
Vehicle Crossings and Culverts	13/08/19	Assets	D18/35500	August 2019	August 2022	
Waste Levy Contestable Fund	15/03/2023	Assets	D23/907	March 2023	March 2026	
Wastewater Connection	13/07/2021	Assets	D20/31477	July 2021	July 2024	
Water Supply to Rural Properties	12/03/2019	Assets	D19/3406	March 2019	March 2022	

INFORMATION REPORT



F22/55/04 – D23/45252

To: Audit and Risk Committee
From: Projects Manager
Date: 21 November 2023
Subject: Capital Works Programme – Key Projects Update – November 2023

Recommendation

THAT the report be received.

Recommended Reason

To present an update on the progress of our key capital projects in the 2023/24 financial year.

/_____
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 2023/24 financial years.
- 1.2 The intent is to track these projects and provide confidence both to the Council and ratepayers that the 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 \$10,183,000 for the 2023/24 financial year. The total LTP (over 10 years) is \$125,463,814, with 40% of this to be delivered in the first three years of the LTP.
- 2.2 Council officers are proactively managing all aspects of risks being identified in the delivery of these capital projects, which are mainly:
 - Cost overruns.
 - Not delivering to timeframe.
 - Not delivering what was expected.
- 2.3 The budget for the 2023/24 financial year, including LTP, carryovers, and grant funding (but excluding Transport Choices) is approximately \$15.5 million.
- 2.4 It is anticipated Council will spend 69% of this budget (excluding Transport Choices), approx. \$4.8 million. The shortfall is made up from the following projects:
 - Stratford 2035;
 - Council Subdivision; and
 - Raw Water Delivery Line / Grit Tank.
- 2.5 The Government announced in April that Tranche 2 of the Better off Funding will not proceed. This amounted to \$7.7 million to SDC. Tranche 1 (\$2.57 million) is unaffected by this decision.
- 2.6 With the election of a new Government, the Transport Choices Project has been put on hold. Waka Kotahi is developing a package of projects to present to the incoming Minister of Transport for consideration.
- 2.7 Officers are finalising the design of the identified routes which Waka Kotahi will include in their submission to the Minister.

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:			Yes
Social	Economic	Environmental	Cultural
✓	✓	✓	✓

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

4. Information Summary

4.1 The Council, in the 2021-31 Long Term Plan (LTP), approved a total of \$10,183,000 for the 2023/24 financial year. The total LTP (over 10 years) is \$125,463,814, with 40% of this to be delivered in the first three years of the LTP.

4.2 Council officers are proactively managing all aspects of risks being identified in the delivery of these capital projects, which are mainly:

- Cost overruns.
- Not delivering to timeframe.
- Not delivering what was expected.

4.3 The budget for the 2023/24 financial year, including LTP, carryovers, and grant funding (but excluding Transport Choices) is approx. \$15.5 million.

4.4 It is anticipated Council will spend 69% of this budget (excluding Transport Choices), approx. \$4.8 million. The shortfall is made up from the following projects:

- Stratford 2035;
- Council Subdivision; and
- Raw Water Delivery Line / Grit Tank.

Refer to **Appendix 1**, which shows all Year 3 (2023/24) projects.

4.5 Updates on key projects are provided below.

4.5.1 Transport Choices Package

With the election of a new Government, the Transport Choices Project has been put on hold. Waka Kotahi is developing a package of projects to present to the incoming Minister of Transport for consideration.

Officers are finalising the design of the identified routes which Waka Kotahi will include in their submission to the Minister.

Background:

The Ministry of Transport issued a \$350 million package to improve walking and cycling as well as reducing carbon emissions as part of the VKT reduction programme.

Stratford District Council was successful in an application to the Transport Choices Package for \$7.8 million to improve:

- Walking and cycling outside schools;
- Walking and cycling connections between schools, Wai-O-Rua and the Bike Park; and
- Walking and cycling connections across State Highways 3 & 43.

The success of this application is due to SDC being able to display a commitment to walking and cycling through the draft Connecting our Communities Strategy.

The project was to be completed by June 2024. This has since been extended to June 2025.

Note: the Stratford Schools Safety Projects has been merged with the Transport Choices Package projects.

Financial:

Of the \$1.54 million SDC contribution and the \$6.16 million Waka Kotahi subsidy, approximately 1% has been spent on the pre-implementation phase. If the hold is lifted by Waka Kotahi, it is anticipated approximately 20% of this budget will be spent in this financial year.

4.5.2 **Better Off Funding Projects**

In 2022, Council received \$10.27 million for the Better off Funding in two instalments (\$2.57 million and \$7.7 million). This funding will be spent by the end of the 2027 financial year. The Better off Funding Package is part of the 3 Waters Reform.

The Government announced in April that Tranche 2 of the Better off Funding will not proceed. This amounted to \$7.7 million to SDC. Tranche 1 (\$2.57 million) is unaffected by this decision.

SDC has allocated funding to the following capital projects:

- **Town Centre Project – Skate Park Development**

Current Actions:

Construction is complete to install a new Skate Bowl in a new location. This bowl is mostly above ground to avoid issues that had occurred in the old skate bowl. Council was successful in grant funding from the TET Trust for a further \$80,000 to finish off the connection to the skate park, planned to be completed by February 2024.

Background:

The Skate Park has been identified by the community as needing a refresh due to equipment reaching the end of its life span (Skate Bowl etc.).

Financial:

Of the budget of \$175,912 (Better off Funding and TET funding), 48% has been spent. With the additional funding from the TET Trust, it is anticipated that this budget will be spent.

- **Town Centre Project – Victoria Park Drainage**

Current Actions:

Works to install the drainage system is completed and reinstatement work is underway to prepare the surface for Cricket.

Background:

A contract was awarded for the upgrade of drainage of the main sportsground at Victoria Park. Physical works started in March 2023, once the cricket season finished.

Disappointingly, the Contractor has failed to deliver this project in the required timeframes. Due to the inability to provide a suitable solution to solve the concerns of both Council and Stratford Eltham Rugby & Sports Club, Officers

have had to bring in a new contractor to complete the reinstatement of the rugby fields.

All outstanding work was placed on hold to allow the use of the field for the rugby season. The following components of this project will be completed following the end of the rugby season:

- Installing a 150 mm PVC pipe as per the original design specifications.
- Sand filling lateral drains
- Aerating, rolling, and fertilising both fields.

Financial:

Of the budget of \$27,800 (Better off Funding), 25% has been spent. This is expected to be overspent by approx. \$40,000.

- **Town Centre Project – Prospero Place and Broadway Beautification**

Current Actions:

This project is part of the Stratford 2035 project team focus. The identification of projects that fit under the Stratford 2035 umbrella is currently underway and will be determined once a decision has been made on the purchase of the adjoining land to Prospero Place.

Background:

This project encompasses the Prospero Place development and Broadway Beautification projects (Better Off Funding) and crossing facilities of SH.3 (Transport Choices Package).

Council is in discussion with the current landowners regarding purchase of the adjoining land to Prospero Place, which has delayed any upgrades possible. Once an agreement has been made on the land at Prospero Place, Council can then finalise plans for the CBD.

Financial:

Of the budget of \$1,461,401 (Council funding) and \$362,500 (Better off Funding), 0% has been spent. It is anticipated that this budget will not be spent in this financial year.

- **Stratford Park – Wastewater Enabling Infrastructure**

Current Actions:

The development of a wastewater network model is under way. This is required to determine the appropriate location for tie in of the planned extension and to identify any capacity issues that this work may relieve in addition to its primary purpose of bringing wastewater services closer to the A&P showgrounds.

Background:

The purpose of this project is to extend the wastewater network in the direction of the A&P showgrounds as enabling infrastructure. If the network model identifies capacity of the existing network within the proximity of the identified route, it is desirable to utilise this project to address these capacity issues at the same time. This will become clearer once the wastewater network model has been completed.

The consultant is currently building an existing model of our wastewater network. Once this is completed, officers can investigate the impact of the Stratford Park and what capacity needs increasing.

Financial:

Of the budget of \$9,483 (Council funding) and \$50,000 (Better off Funding), 28% has been spent. It is anticipated that this budget will be spent in this financial year.

4.5.3 Other Key Projects

- **TET Multi Sports Centre**

Current Actions:

The TET Multicentre *Entrance Door and Gymnasium Door Upgrade* – Officers are working with the supplier to bring the project within budget without compromising the desired outcome.

Works has begun to update the fire system at the TET Multicentre. The requirement for these was identified during a recent liquor license renewal.

Background:

Fire Safety was determined to be unsuitable for the use of the building. The Fire Security Level is currently a hybrid type 2 system, while the building use means it requires a type 4 system.

Financial:

Of the budget of \$77,071 (Council funding), 18% has been spent. It is anticipated that this budget will be spent.

- **Whangamomona Camp – Septic Tank**

Current Actions:

Tendered prices for the design and build of a wastewater system are significantly higher than the estimated costing the Concept Design Consultant had estimated.

Officers are now working with the Preferred Design and Contractor team to provide a system that is closer to the budgeted amount.

It is still planned to have a new system installed by June 2024.

Background:

The Whangamomona Camping Ground (WCG) provides accommodation and a meeting space for several large community events such as pig hunts, rugby games, and Republic Day with up to 500 attendees.

The main building at the WCG served as the local school until approximately 1979. The current septic tank was installed when the facilities operated as a school.

While the current system may be adequately sized for routine, non-event service, it is not sized for the level of service required for an event with hundreds of people in a day or weekend.

A consultant was procured to investigate the most cost-efficient septic tank system that would be suitable for the requirements as a camping ground, with a growing patronage.

The concept design was completed by WSP in April 2023 and tenders were sought for a design and build in September 2023.

Financial:

Of the budget of \$136,778 (Council funding), 0% has been spent. It is anticipated approximately 70% of this budget will be spent in this financial year.

- **41 Flint Road Subdivision**

Current Actions:

Council purchased 41 Flint Road with the intention of extending Midsummer Avenue to Flint Road.

Council is required to *'use its best endeavours to assist to have the plan prepared in conformity with the concept plan and have the plan deposited at LINZ to obtain the issue of separate Records of Title Before 1 March 2024'*.

Officers are working with the appointed surveyor and Taranaki Regional Council to identify the extent of wetlands and the implications of this on the subdivision programme.

Financial:

Of the budget of \$1,126,331 (Council funding), 0% has been spent. It is anticipated that approx. 10% of this budget will be spent.

- **Camper Van Drainage Facility**

Current Actions:

Officers are investigating drainage issues that could affect the resource consent for this facility. No issues have been identified and this project is unlikely to proceed further.

Financial:

Of the budget of \$7,900 (Council funding), 0% has been spent.

- **Raw Water Delivery Line / Grit Tank Replacement**

Current Actions:

It has been identified that:

- The pipe from the inlet to the grit tanks at the Water Treatment Plant is unstable and could fail without notice.
- The Grit Tanks are over 100 years old, and the concrete is disintegrating.

Officers have been investigating solutions to remedy these issues. Costs have ballooned since this project was identified for the 2021/31 LTP due to further issues being raised.

This is a very complex and expensive project that the Officers are working on to get the issues solved in the most effective manner. As such, it has now been identified that this project will not be completed in this financial year.

It is planned to have the design completed in this financial year and the project to be considered for the 2024/34 LTP.

Financial:

Of the budget of \$1,968,698 (Council funding), 0% has been spent. It is anticipated that approx. 10% of this budget will be spent in this financial year.

- **Midhirst Resource Consents**

Current Actions:

Officers are working through the requirements to renew the resource consent for the Midhirst water supply. Officers are awaiting an Impact Statement from Iwi, to enable the TRC to complete the processing of the consent.

Financial:

Of the budget of \$303,240 (Council funding), 0% has been spent. It is anticipated that approx. 20% of this budget will be spent in this financial year.

5. Strategic Alignment

5.1 Direction

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

5.2 Annual Plan and Long-Term Plan

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

5.3 District Plan

There is no direct relationship with the District Plan.

5.4 Legal Implications

There are no legal implications.

5.5 Policy Implications

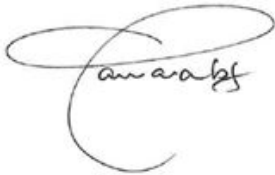
The report is consistent with Council policies relating to service delivery.

Attachment:

Appendix 1 – 2023-24 Capital Work Projects Update



Steve Taylor
Projects Manager



Victoria Araba
Director – Assets



[Approved by]
Sven Hanne
Chief Executive

Date: 13 November 2023

APPENDIX 1

Project	Description	Category	Budget Y3	Other Funding	Actual Spent	Project Status	Expected start of procurement	Expected start of physical works	expected completion date	Risk Level	Risk concerns
Civic Amenities											
Stratford 2035 Projects:	Future of Broadway Future of Whangamomona	Level of Service	\$ 1,461,401.00	\$ 1,450,000	\$ -	Discussions with landowner has delayed this project.	To be determined	To be determined	Jun-24	6 - High Likely / Serious	This project could be further delayed in the purchase of land adjacent to Prospero Place. This will result in less time to identify projects to be completed before June 2024. Likely - Unspend for financial year (carryover). Serious - reputational damage.
> Upgrade of Broadway Roundabout	Roundabouts are ageing - risk to contractors while completing maintenance Removal of gardens will minimise maintenance/balance safety at key entry points		\$ 60,000.00	\$ -	\$ -	On hold with modelling of two roundabouts for location of raised pedestrian crossing platforms	To be determined	To be determined	To be determined	6 - High Likely / Serious	Project on hold due to: 1. Purchase of Prospero Place green space. 2. Pedestrian crossing locations and whether the roundabouts are functioning efficiently (traffic modelling). 3. Adoption of town centre plans for cohesion. Likely - Unspend for financial year (carryover). Serious - reputational damage.
TET Multi Sports Centre	Upgrade of exit doors. Upgrade of Fire system from type 2 hybrid to type 4.	Level of Service	\$ 77,071.00	\$ -	\$ 13,960.71	> RFI's answered and waiting for approval. > Upgrade of Fire System underway.	Completed	Oct-23	Feb-24	8 - High Unlikely / Major	External Resources - Architect and Contractors Unlikely - Suppliers are currently being sought (no carryover). Major - If fire system is not updated, then liquor licence will be revoked, causing reputational damage.
WMC - Carparking lighting upgrade	Upgrade of lights to LED	Level of Service	\$ 57,600.00	\$ -	\$ -	Discussing with NPDC around options.	Sep-23	To be determined	Mar-24	2 - Low Possible / Minor	Is current infrastructure suitable - if not, then budget might be insufficient. Possible - Audit may determine that current infrastructure will not support upgrade of LED, meaning the budget may be exceeded (carryover may be required). Minor - No unforeseen issues identified.
Healthy Homes Upgrade	Upgrade of Pensioner housing to Healthy Homes standard	Level of Service	\$ 29,500.00	\$ -	\$ 23,553.56	One unit to have heat pump and hood range left to do. Once complete, Council will apply for Healthy Homes compliance.	Completed	Aug-23	Apr-24	4 - Moderate Rare / Major	Rare - Contractors to install insulation in August. Further works to be completed by Winter 2024 (no carryover). Major - If works are not complete, Council will not meet the Healthy Homes regulations.
Parks, Reserves, and Cemeteries											
Walkway upgrade	Some parks & walkways are under developed - therefore under utilised. Increased usage of asset & improved safety	Level of Service	\$ 20,000.00	\$ -	\$ 2,864.50	Work as required - remedial works	Ready Response	N/A	Jun-24	1 - Low Rare / Important	Given the environment and surfacing of the walkways, regular maintenance is required to keep the walkways operational. Rare - budget will be spent this financial year (no carryover). Important - public safety.

2023 - Agenda - Audit and Risk - November - Open - Information Report - Capital Works Programme - Key Projects Update - November 2023

Project	Description	Category	Budget Y3	Other Funding	Actual Spent	Project Status	Expected start of procurement	Expected start of physical works	expected completion date	Risk Level	Risk concerns
Park development	Some parks & walkways are under developed - therefore under utilised. Increased usage of asset & improved safety	Level of Service	\$ 13,600.00	\$ -	\$ -	Work as required - remedial works	Ready Response	N/A	Jun-24	1 - Low Rare / Important	Given the environment of the parks, regular maintenance is required to keep the parks operational. Rare - budget will be spent this financial year (no carryover). Important - public safety.
Midhirst Cemetery Pathway Upgrade	Cemetery paths are ageing/disintegrating with no future maintenance programme	Level of Service	\$ 31,400.00	\$ -	\$ -	Request for Quote closing early November 2023. Start of construction to be confirmed with successful supplier.	Sep-23	Nov-23	Mar-24	2 - Moderate Unlikely / Important	Unlikely - Budget likely to be spent this financial year (no carryover). Important - Trip hazards.
Whangamomona Camp - septic tank	Increase in visitors leading to more pressure on current septic tank. To provide quality service, infrastructure and future needs to the community	Replacements	\$ 136,778.00	\$ -	\$ -	Design and Build tender was significantly over budget. Officers are exploring options with Preferred Supplier as to what steps can be taken to ensure the best outcome with the budget we have.	Jul-23	To be determined	Jun-24	3 - Moderate Possible / Important	Resource consent has not been identified as a requirement in the concept design, however final design may mean that it is required, delaying project to beyond Summer 2023/24. Possible - Resource Consent may take some time meaning that installation may not occur in time for Whangamomona Republic Day in January 2024. Important - While this will not stop the Republic Day from proceeding, A new septic tank will ensure no issues at the campground during this time.
Victoria Park Drainage	Installation of drainage for Field One.	Level of Service	\$ -	\$ 27,800	\$ 7,062.97	Reinstatement of sports fields are underway.	Completed	Started	Dec-23	4 - High Possible / Serious	Cricket Season starts mid-october so works will need to be completed by end September 2023. Possible - Reinstatement of grass (growth). Serious - Council has already suffered reputational damage. Further delays will compound the issue.
Skate Park Upgrade - Victoria Park	Replace Skate Bowl as the existing bowl was a health and safety risk. Prepare overall plan of skate park	Level of Service	\$ -	\$ 175,912	\$ 84,224.98	Skate Bowl is complete. Reinstatement and tying in to the existing skate park is underway. Council was successful in its application for another \$80,000 from the TET Trust.	Completed	Started	Jan-24	1 - Low Rare / Important	Under construction. Due for completion end October 2023. Rare - Construction underway. Weather delays has been allowed for in timeframe. Important - If not constructed by Christmas school holidays, Council will suffer reputational damage.
Democracy											
Computers and Peripherals	Replacement and update of computers and peripherals as required	Replacements	\$ 131,000.00	\$ -	\$ 102,079.87	Replacement as required	Jul-23	Jul-23	Jun-24	1 - Low Rare/Minor	Rare - Supply issues is the only concern (no carryover). Minor - No unforeseen issues
Vehicle replacements	Replacement and update of vehicle fleet as required	Replacements	\$ 42,087.00	\$ -	\$ -	Replacement of Corolla in December 2023	Completed	N/A	Jun-24	1 - Low Rare / Minor	Replacement vehicle on order, may be delayed due to supply issues. Rare - Supply issues is the only concern (no carryover). Minor - No unforeseen issues as current fleet is in excellent condition.

2023 - Agenda - Audit and Risk - November - Open - Information Report - Capital Works Programme - Key Projects Update - November 2023

Project	Description	Category	Budget Y3	Other Funding	Actual Spent	Project Status	Expected start of procurement	Expected start of physical works	expected completion date	Risk Level	Risk concerns
Miranda Street Office - Partial Roof Replacement		Replacements	\$ 31,400.00	\$ -	\$ -	Roof programmed to be cleaned in November. Once cleaned, assessment can be made for replacement.	Jul-23	Nov-23	Jun-24	1 - Low Possible / Minor	Procurement Plan underway. Budget dependent on audit results. Possible - Audit results may result in exceeding budget (carryover may be required). Important - If not repaired, further damage to Admin building may occur.
Furniture Replacement - Miranda Street	Replacement and update of furniture as required	Replacements	\$ 3,100.00	\$ -	\$ 2,774.00	Replacement as required	N/A	N/A	Jun-24	1 - Low Rare / Minor	Rare - No unforeseen issues (no carryover). Minor - No unforeseen issues.
Furniture Replacement - WMC	Replacement and update of furniture as required	Replacements	\$ 3,100.00	\$ -	\$ -	Replacement as required	N/A	N/A	Jun-24	1 - Low Rare / Minor	Rare - No unforeseen issues (no carryover). Minor - No unforeseen issues.
Economic Development											
Council Subdivision	Purchase of 41 Flint Road & extend Midsummer Ave to Flint Road	Level of Service	\$ 1,126,331.00	\$ -	\$ 3,870.87	Meeting with TRC has identified two areas that may be wetlands. Further discussions are underway with TRC to investigate implications.	Jul-23	To be determined	Jun-24	12 - Very High Possible / Major	Stormwater issues and resource consent has been highlighted as a risk. This could cause Council to not meet the agreement of the purchase of the land. Possible - Given stormwater issues, this may go into the next financial year Major - If this does not go ahead due to Geotech, Council would be in breach of the Sale and Purchase agreement
Rental and Investment Properties											
Farm - Landscaping and riparian planting	Yearly planting to meet TRC requirements	Level of Service	\$ 3,700.00	\$ -	\$ -	TRC have reviewed planting in October 2023 and has identified that only fencing is required. Programmed for May/June 2024.	N/A	May-24	Jun-24	1 - Low Unlikely / Minor	TRC may not get there report in time for SDC to purchase plants for planting in May/June. Unlikely - If report is issued in time, supply of plants may be delayed (no carryover). Minor - No unforeseen issues identified.
Farm - Waterlines and trough upgrade	Replacement and upgrade of waterlines and troughs throughout the farm.	Level of Service	\$ 12,600.00	\$ -	\$ 1,703.62	Sharemilker carries out works as and when required.	N/A	Feb-24	Jun-24	1 - Low Unlikely / Minor	Unlikely - Reliant on Farmer to purchase and install infrastructure (no carryover). Minor - No unforeseen issues identified
Roading											
Walking and Cycling improvements	Cordelia St - Regan to Fenton St	Level of Service	\$ 156,000.00		90805.65	Completed	N/A	Nov-23	Mar-24	1 - Low Rare / Important	Rare - Works programmed for November 2023 Important - Trip hazards if not replaced.
Road to Zero	Works as required	Level of Service	\$ 588,300.00	\$ -	\$ 100,496.01	Speed management programme in front of schools (tied with Transport Choices) endorsed by the Director for Land Transport. Updating of National Speed Limit Register before February 2024 (Term 1).	To be determined	To be determined	Jun-24	1 - low Rare / Serious	Rare - Speed Management Plan has been adopted and will be implemented with Transport Choices projects outside schools. Serious - Safety of children at the school is paramount. This project compliments Transport Choices

2023 - Agenda - Audit and Risk - November - Open - Information Report - Capital Works Programme - Key Projects Update - November 2023

Project	Description	Category	Budget Y3	Other Funding	Actual Spent	Project Status	Expected start of procurement	Expected start of physical works	expected completion date	Risk Level	Risk concerns
Transport Choices	Installation of cycle lanes and shared footpaths as part of the school safety Project.	Level of Service	\$ 1,540,000.00	\$ 6,160,000	\$ 1,873.76	Finalising design to submit to Waka Kotahi for submission to incoming Minister of Transport.	Jul-23	Oct-23	Jun-24	4 - High Possible / Serious	Possible - Tight timeframes have been set by Waka Kotahi. Serious - Safety of cycling in Stratford will continue to be considered unsafe by the community; Council will lose the opportunity to showcase how small towns can also provide infrastructure towards emission reduction; Council will lose the opportunity to 'kickstart' the walking and cycling programme.
Unsealed Road Metalling	Maintenance Contractor to identify and programme	Replacements	\$ 650,000.00	\$ -	\$ 531,557.91	Ongoing.	To be determined	To be determined	Jun-24	1 - low Rare / Serious	Rare - Reduced programme due to reduced funding from Waka Kotahi. Serious - If money not spent, the money is returned to Waka Kotahi.
Sealed Road resurfacing	Maintenance Contractor to identify and programme	Replacements	\$ 418,500.00	\$ -	\$ 68,777.01	Compiling a reduced programme due to overspend for 2022/23.	To be determined	To be determined	Jun-24	1 - low Rare / Serious	Rare - Reduced programme due to reduced funding from Waka Kotahi. Serious - If money not spent, the money is returned to Waka Kotahi.
Drainage Renewals	Maintenance Contractor to identify and programme	Replacements	\$ 600,000.00	\$ -	\$ 297,046.43	Ongoing. Focusing on culverts and water tables rather than kerb and channel replacement.	To be determined	To be determined	Jun-24	1 - low Rare / Serious	Rare - Reduced programme due to reduced funding from Waka Kotahi. Serious - If money not spent, the money is returned to Waka Kotahi.
Pavement Rehabilitation	Flint Road (by showgrounds)	Replacements	\$ 650,000.00	\$ -	\$ 43,800.00	Obtaining supplier pricing.	To be determined	To be determined	Jun-24	1 - low Rare / Serious	Rare - Reduced programme due to reduced funding from Waka Kotahi. Serious - If money not spent, the money is returned to Waka Kotahi.
Structure Component Replacement	Site Specific - Identified and contract managed by Consultant Two retaining walls to replace - Croyden and Mangaotuku Roads Concrete lining of culvert on Pembroke Road	Replacements	\$ 906,500.00	\$ -	\$ 50,240.00	Concrete lining steel culvert on Pembroke Road. Replacing retaining walls on Croyden Road and Mangaotuku Road.	To be determined	To be determined	Jun-24	3 - Moderate Possible / Important	Time constraints due to lack of resources to construct the repairs.
Traffic Services		Replacements	\$ 110,000.00	\$ -	\$ 16,236.15	Ongoing.	To be determined	To be determined	Jun-24	1 - low Rare / Serious	Rare - Reduced programme due to reduced funding from Waka Kotahi. Serious - If money not spent, the money is returned to Waka Kotahi.
Footpath renewals	Small length replacements - typically 20 m to 30 m	Replacements	\$ 40,000.00			Completed	To be determined	To be determined	Jun-24	1 - low Rare / Serious	Rare - Reduced programme due to reduced funding from Waka Kotahi. Serious - If money not spent, the money is returned to Waka Kotahi.
Low cost low risk roads	Cardiff Road re-alignment Beaconsfield Road curve re-alignment	Replacements	\$ 621,600.00	\$ -	\$ 63,951.85	Agreement to purchase land from Property owner has been accepted. Waiting to tie in with works around the Water Treatment Plant (Raw Water delivery line and	To be determined	To be determined	Jun-24	3 - Moderate Possible / Important	Delay in negotiations for land purchase. If land is not purchased, Cardiff Road project will not be the desired result.

2023 - Agenda - Audit and Risk - November - Open - Information Report - Capital Works Programme - Key Projects Update - November 2023

Project	Description	Category	Budget Y3	Other Funding	Actual Spent	Project Status	Expected start of procurement	Expected start of physical works	expected completion date	Risk Level	Risk concerns
						Grit Tank replacement) as it is the same property owner.					
Low cost low risk roads - special purpose roads	Dawson Falls carpark	Replacements	\$ 54,400.00	\$ -	\$ -	Identifying sites for the installation of a road side barrier.	To be determined	To be determined	Jun-24	5 - High Certain / Important	Delay from DOC due to differing priorities. Biodiversity plan may be required and DOC is unwilling to pay for it.
Drainage Renewals - special purpose roads	Pembroke Road culvert replacement	Replacements	\$ 10,000.00	\$ -	\$ 27,309.94	Completed	To be determined	To be determined	Jun-24	1 - low Rare / Serious	Rare - Reduced programme due to reduced funding from Waka Kotahi. Serious - If money not spent, the money is returned to Waka Kotahi.
Traffic Services - special purpose		Replacements	\$ 5,000.00	\$ -	\$ -	Ongoing - replacement of signs etc.	To be determined	To be determined	Jun-24	1 - low Rare / Serious	Rare - Reduced programme due to reduced funding from Waka Kotahi. Serious - If money not spent, the money is returned to Waka Kotahi.
Unsealed Road resurfacing - special purpose	Metalling Plateau Carpark	Replacements	\$ 10,000.00	\$ -	\$ -	Programmed for late Summer/early Autumn.	To be determined	To be determined	Jun-24	1 - low Rare / Serious	Rare - Reduced programme due to reduced funding from Waka Kotahi. Serious - If money not spent, the money is returned to Waka Kotahi.
Sealed road resurfacing - special purpose		Replacements	\$ 60,000.00	\$ -	\$ -	Identifying sites on Manaia Road.	To be determined	To be determined	Jun-24	1 - low Rare / Serious	Rare - Reduced programme due to reduced funding from Waka Kotahi. Serious - If money not spent, the money is returned to Waka Kotahi.
Stormwater											
Reticulation capacity increase	Achilles Street stormwater Miranda Street stormwater	Level of Service	\$ 320,622.00		\$ 67,159.04	Achilles St project completed. On hold until stormwater capacity for catchment is determined	Jul-23	Jul-23	Jun-24	3 - Moderate Possible / Important	If the catchment is surrounding areas determines a retention pond is required, this works may be delayed until that is constructed. Possible - A consultant has advised that a retention pond is necessary in the catchment. Important - Flooding in Miranda Street may damage private property.
Silt retention lake bypass	Silt cleaning of Victoria Park lake	Level of Service	\$ 265,400.00		\$ -	Methodology is being defined and Resource Consent for undertaking works is being sought.	To be determined	To be determined	Jun-24	3 - Moderate Unlikely / Serious	Project timeframe determined by TRC's guidance for de-silting the lake. Unlikely - Once TRC's requirements are determined, Officers will be able to proceed with this project. Serious - If this project is not done with TRC's guidance, we will be in breach of TRC's stormwater requirements.
Modelling	Catchment 6	Level of Service	\$ 6,363.00		\$ -		Completed	N/A	Sep-23		
Safety improvements	Breakages as required - Maintenance Contract	Level of Service	\$ 349,477.00		\$ 2,283.25	Ongoing as required.	N/A - Maintenance Contract	Jul-23	Jun-24	1 - Low Rare / Important	Works as required. Rare - Day to day operations Important - If safety improvements are not carried out, damage could occur to neighbouring private property.

2023 - Agenda - Audit and Risk - November - Open - Information Report - Capital Works Programme - Key Projects Update - November 2023

Project	Description	Category	Budget Y3	Other Funding	Actual Spent	Project Status	Expected start of procurement	Expected start of physical works	expected completion date	Risk Level	Risk concerns
Reticulation renewals	Breakages as required - Maintenance Contract	Replacements	\$ 157,983.00		\$ 76,233.43	Ongoing as required.	N/A - Maintenance Contract	Jul-23	Jun-24	1 - Low Rare / Important	Works as required. Rare - Day to day operations Important - If safety improvements are not carried out, damage could occur to neighbouring private property.
Wastewater											
Reticulation capacity increase		Level of Service	\$ 359,523.00	100000	\$ -	Determined by outcomes identified from the wastewater modelling.	To be determined	Jul-23	Jun-24	1 - Low Rare / Serious	Works as required. Rare - Day to day operations Serious - If safety improvements are not carried out, damage could occur to neighbouring private property.
Camper Van Drainage facility	To improve drainage system where the camper van facility is located	Level of Service	\$ 7,900.00		\$ -	Unlikely to proceed.	To be determined	To be determined	Jun-24	4 - Moderate Likely / Important	Application for a resource consent may delay this project and balloon costs. Likely - The budget for this project will not cover the costs for infrastructure. Important - If the stormwater is contaminated by waste from the facility, Council will be in breach of its consent for the facility.
Stage 2 Treatment Upgrade	Improve the quality of discharge into the Patea River	Level of Service	\$ 5,300.00		\$ -	See Treatment Plant Upgrade.	Jul-23	Jul-23	Jun-24	1 Low Rare / Serious	Works continuing from 2022/23 financial year. Rare - This work is underway Serious - If this works is not completed, discharge into the Patea River may be contaminated.
Modelling	Ongoing - Modelling contract to June 2026	Level of Service	\$ 9,483.00	50000	\$ 16,773.83	Existing model being built.	Completed	N/A	Jun-24	1 - Low Rare / Important	Works continuing from 2022/23 financial year. Rare - This work is underway Important - This works identifies any weak points in our wastewater network.
Infiltration renewals	Ongoing - Sewer Lining Contract	Replacements	\$ 351,795.00		\$ 97,843.66	Works identified by known identified issues and determined in the modelling process	Completed	Jul-23	Jun-24	1 - Low Rare / Important	Works continuing from 2022/23 financial year. Rare - This work is underway Important - This works helps to repair/replace weak points in our wastewater network.
(Treatment Plant Upgrade) Diatomix to enhance growth of good algae	Improve the quality of discharge into the Patea River	Level of Service	\$ 325,493.00		\$ 102,859.53	Adding Diatomix to help with the quality of the discharge into the Patea River.	Jul-23	Jul-23	Jun-24	1 Low Rare / Serious	Works continuing from 2022/23 financial year. Rare - This work is underway Serious - If this works is not completed, discharge into the Patea River may be contaminated.
Bulk discharge renewals	Esk Road	Replacements	\$ 18,262.00		\$ -	Ongoing as required.	Jul-23	Jul-23	Jun-24		
Pumps and electrics	Replacement of Esk Road pumps and electrics as required	Replacements	\$ 31,800.00		\$ -	Ongoing as required.	Jul-23	Jul-23	Jun-24	4 - Moderate Rare / Major	Only as required. Rare - This work is only required if the pumps and/or electrics fail. Major - If the pumps / electrics fail, discharge into the Patea River could be contaminated.
Routine step / aerate renewals	As required	Replacements	\$ 31,800.00		\$ -	Ongoing as required.	Jul-23	Jul-23	Jun-24		
Inflow and Infiltration programme	Ongoing - Sewer Lining Contract	Level of Service	\$ 281,452.00		\$ 163,622.47	Ongoing as required.	Completed	Jul-23	Jun-24	1 - Low Rare / Important	Works continuing from 2022/23 financial year. Rare - This work is underway Important - This works helps to repair/replace weak points in our wastewater network.

2023 - Agenda - Audit and Risk - November - Open - Information Report - Capital Works Programme - Key Projects Update - November 2023

Project	Description	Category	Budget Y3	Other Funding	Actual Spent	Project Status	Expected start of procurement	Expected start of physical works	expected completion date	Risk Level	Risk concerns
Solid Waste											
Healthy Homes Upgrade	Upgrade of house at the transfer station to Healthy Homes standard	Level of Service	\$ 7,000.00	\$ -	\$ -	Works underway (Window, hood range and extractor fan for bathroom)	N/A	Oct-23	Nov-23	1 - Low Rare / Serious	Rare - Contractors to install insulation in August. Further works to be completed by Winter 2024 (no carryover). Serious - If works are not complete, Council will not meet the Healthy Homes regulations.
Water Supply											
Universal water metering implement	Manifold Contract	Level of Service	\$ 846,851.00		\$ 8,134.13	Procurement progressing	Jul-23	Jul-23	Jun-24	1 - Low Rare / Important	Rare - Contract documents are being prepared. Important - If the tobies are not replaced, then the meters cannot be installed.
Street work ridermains	Pembroke Road Watermain renewal	Level of Service	\$ 31,800.00		\$ -	Completed - See street water ridermains	Sep-23	Oct-23	Jun-24	1 - Low Rare / Important	Rare - Tender has been evaluated and works due to begin in October 2023. Important - Watermain is regularly breaking and is past its life span.
Street water ridermains - 3 waters schemes	Pembroke Road Watermain renewal	Replacements	\$ 270,700.00		\$ 211,435.98	Completed	Sep-23	Oct-23	Jun-24	1 - Low Rare / Important	Rare - Tender has been evaluated and works due to begin in October 2023. Important - Watermain is regularly breaking and is past its life span.
Raw water delivery line / grit tank replacements	Replacement of Grit Tanks at WTP. Replacement of tunnel from Patea River to Grit Tanks.	Level of Service	\$ 1,968,698.00		\$ -	Recommended to defer the grit tank project until 2025/26 until the overflow is managed to TRC and Iwi requirements. Works this year will be for the design of the raw water line with construction proposed in the next LTP.	To be determined	To be determined	To be determined	4 - Moderate Likely / Important	Likely - The raw delivery line is unlikely to go ahead due to budget constraints Important - The grit tanks have reached the end of their life awhile ago; if the raw delivery line fails, a temporary measure can be installed until such time as a permanent repair/replacement is made
Generator for Treatment plant	Installation of backup generator at WTP	Level of Service	\$ 9,819.00		\$ 2,840.34	Waiting for assessor to determine if certification is required for fuel tank.	Completed	Jun-23	Nov-23	5 - High Rare / Catastrophic	Rare - Certification of the Fuel tank has become an issue - officers are looking at options; All other aspects for the project is complete. Catastrophic - If certification is not achieved for the Generator fuel tank, then the plant will not be certified for usage.
Midhirst Resource Consent		Replacements	\$ 303,240.00		\$ -	Awaiting Iwi assessment report - Ongoing	To be determined	To be determined	Jun-24	6 - High Likely / Serious	Likely - Project waiting on Iwi report Serious - If a resource consent is not obtained, water may not be provided to Midhirst users.
Hydrants	As required - 3 water Maintenance Contract	Replacements	\$ 15,700.00		\$ 2,018.55	Ongoing as required.	Jul-23	Jul-23	Jun-24	1 - Low Rare / Important	Works continuing from 2022/23 financial year. Rare - This work is underway Important - This works helps to repair/replace weak points in our water network.
Laterals	As required - 3 water Maintenance Contract	Replacements	\$ 32,500.00		\$ -	Ongoing as required.	Jul-23	Jul-23	Jun-24	1 - Low Rare / Important	Works continuing from 2022/23 financial year. Rare - This work is underway Important - This works helps to repair/replace weak points in our water network.

2023 - Agenda - Audit and Risk - November - Open - Information Report - Capital Works Programme - Key Projects Update - November 2023

Project	Description	Category	Budget Y3	Other Funding	Actual Spent	Project Status	Expected start of procurement	Expected start of physical works	expected completion date	Risk Level	Risk concerns
Meter renewals	As required - 3 water Maintenance Contract	Replacements	\$ 110,850.00		\$ 546.88	Ongoing as required.	Jul-23	Jul-23	Jun-24	1 - Low Rare / Important	Works continuing from 2022/23 financial year. Rare - This work is underway Important - This works helps to repair/replace weak points in our water network.
Toko Bore	Review source water & risk management plan	Replacements	\$ 134,500.00		\$ -		To be determined	N/A	Jun-24	1 - Low Rare / Serious	Rare - Project may be delayed, but unlikely, if resources are unavailable Serious - If a resource consent is not obtained, water may not be provided to Midhirst users.
Reservoir overflow to pond		Replacements	\$ 74,042.00		\$ 4,487.75	Design underway.	To be determined	To be determined	Jun-24		
Reservoir cleaning - 3 waters scheme		Replacements	\$ 65,507.00		\$ -	Video footage under review to determine if cleaning is required.	To be determined	To be determined	Jun-24	1 Low Rare / Serious	Rare - If cleaning is not required, this will be underspent. Serious - If cleaning is required and not completed, water maybe contaminated.
Membranes		Replacements	\$ 146,044.00		\$ -	Procuring a new supplier for the membranes as the current supplier is no longer trading.	Jul-23	Jul-23	Jun-24	1 - Low Rare / Important	Continuing from 2022/23 financial year. Rare - Council has a supply in stock Important - If the membranes are not replaced, Stratford may have contaminated water.
Instructure general - 3 waters scheme		Replacements	\$ 26,100.00		\$ -	Ongoing as required.	To be determined	To be determined	Jun-24		
Instructure general - Midhirst		Replacements	\$ 3,400.00		\$ -	Ongoing as required.	To be determined	To be determined	Jun-24		
Raw water analyser		Level of Service	\$ 28,230.00		\$ 47,960.96	Completed	Jul-23	N/A	Jun-24		

		Consequences				
		Minor	Important	Serious	Major	Catastrophic
Likelihood	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	1- Low	1- Low	1- Low	4- Moderate	5- High

INFORMATION REPORT



F22/55/04 – D23/32399

To: Audit and Risk Committee
From: Sustainability Advisor
Date: 21 November 2023
Subject: Sustainability (Climate Change Resilience and Risk)

Recommendation

THAT the Sustainability *information* report be received.

Recommended reason: To ensure that council is aware of and meets legislative requirements to **have regard to** (*Emissions Reduction Plan*) Climate Change and apply a response framework across all its activities including risk and risk mitigation policy and strategies. Also, the Local Government Act purpose (**d**) provides for local authorities to play a broad role in promoting the social, economic, environmental, and cultural well-being of their communities, **taking a sustainable development approach**.

/_____
Moved/Seconded

1. Purpose of Report

- 1.1 This information report provides the Audit and Risk Committee with a briefing on current and proposed future activities in the area of **Sustainability**, which includes setting policy and strategy which will focus on mitigating climate change risks, emissions reduction and climate change resilience.
- 1.2 This report also provides an initial **Climate Change Risk** assessment of the High-level Stratford District Council Risk Register- Detailed (31 July 2023) identifying sustainability/climate risks already included, with recommendations for additional high-level risks that haven't already been identified, or adjustments to the current risks to *have regard to* climate-based risks to Council.

2. Executive Summary

Sustainability

- 2.1 Council currently has some sustainability activity across its functions, services, infrastructure and activities; however, it is ad hoc in nature and there is more that Council can be doing to meet legislative requirements, Long Term Plan (LTP) community outcomes and expectations from the community from recent Survey, Let's talk Progress 2024-2034¹.
- 2.2 Officers are developing a council-centric internal Sustainability Policy due to be presented to the Policy and Services Committee in the second quarter 2024. The policy will assist with direction and enable Council to respond to (mitigate) climate-based risks and/or opportunities and embed Sustainability across all council functions. This will be presented to Policy and Services Committee prior to implementation.
- 2.3 In order to assess Council's current corporate emissions status, officers propose that Council undertake a baseline carbon emissions assessment on all council infrastructure, services and activities, that can be measured at the end of every 3-year LTP cycle, or annually, to ensure that emissions reduction targets are being achieved. Emissions are a prime driver of rising global temperatures and, as such, are a key focal

¹ [LTP Let's Talk Progress 2023 - Survey Summary 7 July 2023.pdf \(stratford.govt.nz\)](#)

point of policy, regulatory, market and technology responses to limit (mitigate) climate change²

- 2.4 After the above steps, it is then proposed to engage a community-led sustainability working party, made up of elected members, mana whenua and community, to develop the high-level District Sustainability Strategy with a proposed start date in fourth quarter 2024. The role of the working party will be to flesh out the community outcomes, utilising a climate change lens. The working party will develop high level goals, actions, implementation and communications plans, alongside measurement tools to assess success. It is essential to take this journey with the community and engage with them through the process.

Climate Change Risk

- 2.5 Officers have analysed the current Stratford District Council Risk Register- Detailed (31 July 2023) and have identified 20 of the 90 high level risks that can be attributed to *sustainability/climate change* either with minor edits or as they stand. This report recommends a further 5 NEW high-level risks be directly recognised as climate risks to add to the register (**Appendix 1**).
- 2.6 To recap, council will identify Climate Change risks, develop an internal Sustainability Policy that addresses risk mitigation and embeds the consideration of *sustainable options* across all council decision making processes and management plans, undertake a baseline corporate emissions assessment, then in the future develop, and implement a *community led* sustainability strategy that outlines District goals, actions, monitoring and reporting.

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:			Yes
Social	Economic	Environmental	Cultural
✓	✓	✓	✓

- 3.1 **Local Government Act 2002 Purpose**
The purpose of this Act is to provide for democratic and effective local government that recognises the diversity of New Zealand communities; and, to that end, this Act—
 - (a) states the purpose of local government; and
 - (b) provides a framework and powers for local authorities to decide which activities they undertake and the manner in which they will undertake them; and
 - (c) promotes the accountability of local authorities to their communities; and
 - (d) provides for local authorities to play a broad role in promoting the social, economic, environmental, and cultural well-being of their communities, taking a sustainable development approach.**
- 3.2 Below, the community outcomes that reflect the Sustainability portfolio best, notwithstanding, the other Community outcomes are all interconnected and have their part to play in a Sustainable Development approach- as per the **Purpose** of Local Government Act.

² <https://www.xrb.govt.nz/standards/climate-related-disclosures/resources/getting-started-on-measuring-your-emissions-2/>

Council Long Term Plan 2024 - 2034 Vision:

A Welcoming, Inclusive, Safe community – Te Pūmanawa o Taranaki.

Te Pūmanawa o Taranaki translates as 'The Beating Heart of Taranaki.'

Community Outcomes:

Welcoming

Resilient

- *We consider our natural resources as taonga (treasures) and we will work with our treaty partners and the community to protect and look after them*
- *We support a low-emissions future for our community*
- *We enable our rangatahi (youth) to be sustainable leaders*
- *We Strive to have resilient infrastructure that meets the current and future needs of the district*
- *We respect and apply Te Ao Māori values and Mātauranga Māori in our mahi (actions/work)*

Connected

- *We value local knowledge when making decisions*
- *We advocate for the services that our community needs to live safe and healthy lives*
- *We welcome opportunities to work in partnership with others to help achieve our community outcomes*
- *We are committed to fostering meaningful and genuine partnerships with Mana Whenua*

Enabling

- *We encourage a diverse and sustainable business community*
- *We encourage partnerships to collaborate with Mana Whenua for the benefits of the Stratford district.*

4. Background

Council Sustainability Activity Progress to date

- 4.1 Council engaged a Sustainability Advisor in March 2023 to undertake development of Sustainability Policy and Strategy and oversee the review of the Waste Minimisation and Management Plan (WMMP) Solid Waste Activity Management plan and associated Solid Waste Officer duties.
- 4.2 The proposed Draft WMMP 2023, developed collaboratively across the region and reviewed by Treaty Partners, has been to Public Consultation for feedback. *Waste Management and Minimisation is one of council's current key sustainability activities.* The draft WMMP 2023 is expected to be finalised and operational from 1 December 2023.
- 4.3 To date, council has initiated other aspects of sustainability or emissions reduction within the organisation:
 - Wai o Rua – Stratford Aquatic Centre has chosen to heat via electricity.
 - Council is moving the vehicle fleet towards more sustainable options. 2 out of 11 to date have been replaced with hybrid vehicles as part of the normal replacement cycle.
 - E-bikes are available for staff to use around the town.
 - The development of safe biking options for the community under the proposed transport choices programme to allow for safe biking travel options to school for tamariki.
 - Part of the Proposed Regional Organic Processing facility project.
 - The Council owned dairy farm property has developed a greenhouse gas emissions reduction plan.
 - Are part of a Taranaki wide collaboration- x4 Regional Council Climate Change Forum that share resources and expertise.

- Regular attendee of Aotearoa Climate Change Council Forums (lessons from other councils in New Zealand and globally)
- Member of the Regional Risk Reduction Advisory Committee (Taranaki Emergency Management)

5. Information Summary

The brief for this report was to take a deep dive into climate change, climate change resilience and the risks to council. Below, outlines some of the risks from past extreme weather events in Aotearoa and the associated costs. The report then outlines future sustainability activities council will need to undertake to mitigate risks. Legislative drivers are highlighted, then five new risks are discussed for addition to the high-level risk register.

Definitions

- 5.1 **Climate Change:** Climate change refers to man-made (anthropogenic) climate change that is believed to be causing an increase in global temperatures driven by emissions of gases such as carbon dioxide and methane, known as greenhouse gas.
- 5.2 **Climate Change resilience:** Is the ability to recover from, or to mitigate vulnerability to, climate-related shocks such as floods and droughts. Climate resilient development has become the new paradigm for sustainable development.

What is at stake?

- 5.3 Two-thirds of Aotearoa New Zealand population live in areas prone to flooding and rising sea levels. Estimates of the costs associated with the risk this poses vary. One estimate is that \$145 billion of private and public assets and infrastructure are already at risk from climate change in Aotearoa - that is around 750,000 people and 500,000 buildings near rivers and in coastal areas are already exposed to extreme flooding.³ Another recent estimate (August 2023) is that more than 282,000 homes (with an estimated replacement value of more than \$213 billion) and associated structures (garages, decks, driveways, fences etc worth \$5 billion) are in flood hazard areas.⁴
- 5.4 These worst affected areas and vulnerable communities are also some of those least able to pay to defend themselves or move from their current location, creating a situation of winners and losers in Aotearoa. Richer communities and cities will be able to defend themselves and work out options but the poorer, coastal and rural and potentially Māori communities⁵ could be left in *'property purgatory'* without options - as insurance cover becomes prohibitively expensive or is withdrawn, property values fall, services decline and those with the means to move away do so.⁶
- 5.5 The wider economic and social costs extend into the billions.⁷ The immediate costs of damage to physical assets during Cyclone Gabrielle and the Auckland Anniversary floods is estimated to be between \$9 billion and \$14.5 billion, with 'significant losses experienced across households, businesses and infrastructure'.⁸

The Risk is Increasing

- 5.6 With a high level of confidence, it is highly likely (between 75% and 85%) that extreme weather events will become increasingly frequent and severe. While the frequency of tropical cyclones might decrease slightly, there is an expectation that there will be an increase in their severity. River flooding will increase. With these increases the costs

³ [Our-atmosphere-and-climate-2023.pdf \(environment.govt.nz\)](#)

⁴ Paulik R, Zorn C, Wotherspoon L, Sturman J. 2023 Modelling national residential building exposure to flooding hazards. International Journal of Disaster Risk Reduction, 94.

⁵ Around Aotearoa, 191 marae are within 1km of the coast.' For the 'Bay of Plenty alone, 41 urupā are within 1km (Bailey-Winiata, 2021)' Ministry for the Environment, 2023, [Our-atmosphere-and-climate-2023.pdf \(environment.govt.nz\)](#)

⁶ [Report of the Expert Working Group on Managed Retreat: A proposed System for Te Hekenga Rauora/Planned Relocation](#), p. 44.

⁷ <https://www.icnz.org.nz/industry/cost-of-natural-disasters/>

⁸ New Zealand Treasury, 2023, [Impacts from the North Island Weather Events](#).

of recovery will rise. Climate change is projected to increase the fiscal cost of floods and storms, with storm damages due to climate change increasing 3–7% and 4–12% for floods from now until 2050.⁹

- 5.7 The costs won't just be in dollars. Elevated levels of anxiety, depression and post-traumatic stress follow extreme climate events and the increased frequency of these events take an emotional toll and exhaust the resilience of individuals and communities.¹⁰
- 5.8 The immediate damage also has consequential impacts. For example, 'the wastewater treatment plant in Napier was seriously damaged and unable to operate. This meant untreated sewage was released into the sea.' Events can also cause economic and social disruption. 'They can damage homes, infrastructure, crops, and disrupt access to healthcare and essential supplies such as drinking water', and there are 'long-term health and wellbeing implications for individuals and entire communities.'¹¹
- 5.9 Affected communities turn to central and local government to provide support and enable them to recover and while previous events do not set a precedent, psychologically for communities they do. Cyclone Gabrielle and the Auckland Anniversary floods have shown that we are not in the best position to respond to the aftermath of disaster, making ad hoc decisions in times of crisis, nor are we in the best position to adapt to known risks prior to events occurring.

Councils Future Sustainability Activity

- 5.10 The purpose of initiating and formalising Sustainability in this District is to meet legislative requirements **to have regard to** (Emissions Reduction Plan) Climate Change and apply a framework across all council activities, whilst also meeting other relevant legislation and meeting community outcomes.
- 5.11 A council centric corporate Sustainability Policy will provide high level guidance to council staff on applying a climate change lens to all council activities and functions, including all reports presented to elected members for decision making purposes. This will provide a good first step, alongside the initial high level climate change risk assessment appended to this information report.
- 5.12 The internal sustainability policy is likely to drive the undertaking of a baseline carbon/emissions assessment, or as often referred to 'a Greenhouse gas inventory', of all the council assets, infrastructure, operations, services. Being able to measure these results regularly will inform the necessary approaches to emissions reduction plans and all council projects, as per the legislative requirements.
- 5.13 When the Sustainability Policy is in place and the consideration of Sustainability becomes 'business as usual' for example; sustainability considerations become a standing item in all council agendas presented to elected members and council is modelling high level, sustainability behaviour across all its functions, then council can incorporate sustainability into a district wide strategy and ultimately the district plan.

Implementation into Council Process

- 5.15 Officers have created a legislative flow diagram (**see Appendix 1**) to provide elected members and staff with a visual representation of global, Central and Local Government drivers and councils place in a low carbon, climate resilient community. The diagram reflects SDC proposed community outcome 2024-2034 - *Resilient* with its five corresponding goals.
- 5.16 An implementation plan and process will occur during the development of a Sustainability Policy and Strategy, which will be part of a climate change response framework to ensure climate risks are mitigated, planning, budgeting, communications,

⁹ Insurance Council of New Zealand Cost of Natural Disasters <https://www.icnz.org.nz/industry/cost-of-naturaldisasters/>

¹⁰ Ministerial Inquiry into Land Use in Tairāwhiti and Wairoa, 2023, [Outrage to optimism CORRECTED 17.05 \(environment.govt.nz\)](#)

¹¹ Ministry for the Environment, 2023, [Our-atmosphere-and-climate-2023.pdf \(environment.govt.nz\)](#)

community engagement, and timelines meet Councils processes, and any other legislative requirements.



Adopt a Sustainability/Climate lens to everything we do



- 5.17 Once council is *'walking the sustainability talk'* consistently internally, they can then expand their focus to include district wide sustainability initiatives. (Proposed to be developed by the working party *Stratford Sustainability Strategy*)

Stratford Sustainability Strategy

- 5.18 The purpose of a *sustainability strategy* is to mitigate, where possible, climate change risks, meet some of the community outcomes proposed in 2024-2034 Long Term Plan - mostly the *Resilient* outcome but also touching on some of the other community outcomes and engage with the community.
- 5.19 For emissions reduction actions and strategies to be effective, they need to be long-lasting and an ingrained part of the way a council does its business. To ensure that happens, it is critical that there is community support for a councils emissions reduction activity. That can be achieved by calling on the community to help with the emissions reduction action or supporting the community in its own efforts to reduce emissions.¹²

Further information on the working party approach will be presented to council in a more appropriate report to Policy and Services Committee, along with information on community engagement and consultation around the strategy. Engaging communities in natural hazard and climate change conversations is difficult as demonstrated in the *'What's at stake?'* section of this information report.

Local Government role

- 5.20 Local Government roles and responsibilities, as proposed in this information report are outlined in the table below. How climate change affects local government, A catalogue of roles and responsibilities June 2017 <https://www.lgnz.co.nz/assets/Uploads/b1225adc8d/44476-LGNZ-How-climate-change-affects-local-government.pdf>
- 5.21 Whilst the following table from Local Government New Zealand has aged somewhat, it still provides a useful picture for Local Government officers and elected members in the context of Climate Change responsibilities. The recent change in Central Government (October 2023) may impact on some of the responsibilities. Note also, that point five in the table is outdated. The spatial planning that was legislated for Auckland only is now partially in effect across New Zealand under the Spatial Planning

¹² <https://www.lgnz.co.nz/assets/Uploads/f4cafb5ec0/46628-LGNZ-Summary-of-Emission-Reduction-7-Proof-FINAL.pdf>

Act (2023) which is to be phased in over the next ten years and replaces parts of the Resource Management Act (RMA) but is likely to also be impacted by the change in government.

Role	Mitigation	Adaptation	Why is this role important in the context of climate change?
Decision-making and the purpose of local government (Local Government Act)	✓	✓	Allows impacts on the needs of current and future generations to be considered in decision-making. Longer-term, scenario based risk management decision-making will be needed.
Provision of services (Local Government Act)		✓	Provides for consideration of the impacts of events (storms, flood, fire, storm surge) or slow onset changes in sea level rise on services provided by councils such as flood protection, water supply, waste services, transport networks, community facilities and amenities.
Setting policies for resource use (Resource Management Act and subordinate policy statements)	✓	✓	Provides an opportunity to set policies for resource use that help to mitigate and adapt to climate change. Council decision-making must have particular regard to the effects of climate change, the efficient use of energy and benefits of renewable energy.
Preparing the district plan (Resource Management Act and subordinate policy statements)	✓	✓	Allows operational rules and spatial plans to consider the impacts of climate change (adaptation) and to manage emissions (mitigation) while being consistent with regional policy statements.
Spatial planning (legislated in Auckland only) (Local Government (Auckland Council) Act)		✓	Spatial plans will have to consider the effects of climate change on the suitability, location and type of houses, commercial premises and roads to construct. Likely to be adopted more widely in the future.
Preparing the regional land transport plan (Land Management Transport Act)	✓	✓	Provides an opportunity to promote lower carbon and energy efficient transport options such as walking, cycling and public transport, and must take into account impacts of climate change on existing transport corridors (particularly coastal).
Developing waste management and minimisation plans (Waste Minimisation Act)	✓		Opportunity to reduce landfill emissions through the promotion of waste minimisation eg waste avoidance, recycling, composting and landfill gas collection.
Acting as consent authority (Resource Management Act)	✓		Councils can manage certain activities that exacerbate the effects of climate change or impose conditions to mitigate effects.
Prepare and implement civil defence and emergency management plans (Civil Defence Emergency Management Act)		✓	Councils must understand, prepare for and respond to natural hazards that may be more frequent and severe because of climate change, placing additional management and financial burden on councils.
Consenting new development (Building Act)		✓	Councils will need to consider greater risk of natural hazards when issuing building consents. Councils may also be liable for developments that increase exposure to natural hazards.

Currently the focus of the Resource Management Act is on the "sustainable management of natural and physical resources". Section 5 of the Resource Management Act states: "(1) The purpose of this Act is to promote the sustainable management of natural and physical resources.

The Resource Management Act (RMA) has undergone reform and new Acts have been introduced to replace the legislation. The Taranaki councils together with the Ministry for the Environment are currently evaluating the possibility of the Taranaki region being one of the first tranche of regions to move to spatial plans under the *Natural and Built Environments Act and Strategic Planning Act*. (The replacement Acts for the RMA). This is depending on policy decisions yet to be made by the incoming government.

Climate Change Risk Register

- 5.22 Updating the high-level council risk register to reflect climate change, climate resilience and associated risk mitigations forms part of this information report and is a good place to initiate Sustainability into council work. It is expected that once the high-level risks are incorporated into the Risk Register, that council officers from the different departments, across all council functions will be able to incorporate the risks into their own critical asset assessments, as appropriate.

Stratford District Council Risk Register- Detailed (31 July 2023)

- 5.23 In the current list of risks documented in the Stratford District Council Risk Register-Detailed (31 July 2023) officers have identified 20 risks from the table of 90 risks that are *climate change related* and shown in the table appended to this information report.

Officers have suggested five other high-level risks that are currently not covered by council's risk register. The report author will discuss the following options regarding inclusion of associated risks with SLT.

Option 1 either incorporate into the 20 current risks and develop new *risk descriptors* and *control descriptions* along with the raw and residual risk scores. OR

Option 2 Develop new risks *subjects* with direct consideration of Climate Change and emissions reduction as *Risk Categories*. Typically, the risks of Climate change can be divided into two categories physical and transition risks.

Transition Risks: Risks related to the transition to a lower-carbon economy.

Physical Risks: Risks related to the physical impacts of climate change.

Below are the five *proposed* new risks with brief overview of reason for inclusion. Appended to this report (**Appendix 2**) is a table outlining the current risks that have already been captured that align to climate resilience. Some may need slight adjustment; others are good to stand as they are, but potentially need to be acknowledged as climate change risks.

1. Drought and wildfires (*Physical Risk*)
2. Population increases (environmental migrants from low lying areas- global and local) (*Transition Risk*)
3. Incorporation of Te Tiriti, Mātauranga Māori across all functions (*Transition Risks*)
4. Energy disruption (*Physical Risks*)
5. Councils Emissions profile (*Transition Risk*)

1. **Drought and wildfires: (new, attached to risk register below)** Is a well-documented consequence of climate change and has been reflected in global temperatures souring to unprecedented levels over the 2023 Northern Hemisphere summer. Given our economic reliance on the agriculture and horticulture industry, including the council owned dairy farm, we need to ensure that we are thinking strategically about alternative water storage systems for town supply water, any new builds and potentially retrospectively enabling water storage systems for existing homes and land-based industry.

Wildfires are also a potential source of risk in the right climatic conditions with the district holding approximately 15,000 hectares of exotic forest. (Think; Canterbury and Nelson and global examples)

2. **Population increases: (new attached to risk register below)** Council's current risk register has identified *population decrease* as a risk, (*risk number 27*) however population increase hasn't been factored into the risks. Applying a climate change lens, this could occur due to the '*planned managed retreat*' as touted by many councils, including our neighbouring councils who have anticipated coastline inundation as a climate change risk. Global climate migration is also a potential risk, as the threat of climate change increases globally, the number of climate migrants will grow exponentially. Stratford District has no coastline therefore could be seen as a place of refuge for those suffering the effects of sea level rise and other extreme weather events.
3. **Te Tiriti, Mātauranga Māori and mana to mana relationships: (amend risk numbers 90 and 91)** Council's current risk register has identified (90 and 91) but has not specifically identified controls that include utilising Ngā Iwi relationships and knowledge (mātauranga) to connect with and to hapū local knowledge of the natural environment and Kaitiakitanga. (Kaitiakitanga = Implementing enduring responsibilities to care for people and the natural environment) (Mana: Establishing recognition of Iwi and engagement with Iwi at a mana-to mana level. (Formal MOU) Especially important within a climate crisis and applying a climate change lens.

4. **Energy disruption: (Non-Council Owned Infrastructure Failure - new attached to risk register below)** With the uptake of renewable energy and a plethora of regions transitioning to renewable energy supplies there is potential for energy network disruption with more energy retailers in the market and maybe fluctuating power supplies as new technologies (batteries and new energy infrastructure etc) are tested and come to market. Energy insecurity can have social, economic, and environmental impacts, including job loss, poverty, social segregation, economic decline, and environmental degradation.
5. **Councils emissions profile: (new attached to risk register below)** Greenhouse gas inventories can serve as baselines to track increases and decreases in future emissions and can help communities identify reduction targets and effective strategies for reducing emissions within their boundaries.

The Risk register is appended as **Appendix 2** and has highlighted (in yellow) risks already identified that include climate change risks, or risks that have been adjusted to include climate change risks, or new risks as above that have been identified.

6. Strategic Alignment

6.1 Direction

The next few paragraphs outline a hierarchy of **drivers for change** both globally and nationally and the relationship of the drivers to councils' community outcomes, specifically community outcome: **Resilient**.

United Nations has developed the Sustainable Development Goals or Global Goals.

At the highest level these are a collection of seventeen interlinked objectives designed to serve as a "*shared blueprint for peace and prosperity for people and the planet, now and into the future.*"

Goal 11; Sustainable Cities and Communities, Goal 12: Responsible consumption and Production and Goal 13; Climate Action are the goals that have been recommended by council directors for council to initially focus on. (See Appendix one) Other UN goals may become apparent during the development of the proposed District Sustainability Strategy.

The Paris Agreement- legally binding international treaty on climate change

The Paris Agreement is a **legally binding international treaty on climate change**. It was adopted by 196 Parties at the UN Climate Change Conference (COP21) in Paris, France, on 12 December 2015. It entered into force on 4 November 2016.

Its overarching goal is to hold "the increase in the global average temperature to well below 2°C above pre-industrial levels" and pursue efforts "to limit the temperature increase to 1.5°C above pre-industrial levels." To limit global warming to 1.5°C, greenhouse gas emissions must peak before 2025 at the latest and decline 43% by 2030.

Aotearoa New Zealand ratified the Paris Agreement in New York on 4 October 2016, the agreement then came into force on 4 November 2016, and took effect in 2020.

New Zealand Legislation

New Zealand Legislation that drives councils' response are Climate Change Response Act 2002 (Emissions Reduction Plan, National Climate Adaptation Plan) Resource Management Act 1991 (Currently being split to two different Acts to create a new resource management system, phased in over the next 10 years- Spatial Planning Act 2023, Natural and Built Environment Act 2023), Local Government Act 2002, Waste Minimisation Act 2008 (Currently this Act is undergoing reforms to incorporate the Litter Act 1979 and update the current Act, Water Services Act 2021 (Drinking water,

wastewater and stormwater) Te Ruruku Pūtakerongo- Taranaki Maunga Collective Redress Deed between the crown and Ngā Iwi o Taranaki¹³.

Stratford District Council Community outcomes

For Council the Community Outcome that reflects Sustainability/Climate is **“Resilient”** and the five bullet points associated with the outcome. Council also currently has a Waste Management and Minimisation Plan, a Kerbside Policy and a Solid Waste Bylaw, that enable council regulation of waste activities, public health and safety and minimise the potential for harmful environmental impacts, with respect to waste management.

All council regulatory functions, public services, operations and infrastructure will need to consider the short- and long-term effects of Climate Change, resilience and sustainability alongside councils associated risks to council functions, operations, services and infrastructure.

As part of the Sustainability role, councils high level risk register was reviewed to ensure that climate risks have been adequately identified, described, and had control descriptions applied.

6.2 Annual Plan and Long-Term Plan

Council officers recommend the development and inclusion of a Sustainability Policy that includes how we **‘have regard to’** the national adaptation plan and the emissions reduction plan when preparing or changing long term plans and annual plans.

Some of the new risks added to the register will mean that the District Profile as stated in the current Long-Term Plan (2024-2034) and associated Asset or Activity Management Plans will need adjustment to address the risks associated with Climate Change, to enable the proposed Sustainability Policy and in the future apply the Sustainability Strategy to projects.

New legislation in the Climate Change and Climate resilience sectors will impact councils LTP and annual planning. For example; Lifecycle assessment including end user use of products (enabled emissions reduction within our community) as described in the government guideline: [Procurement guide to reducing carbon emissions in building and construction](#)

6.3 District Plan

This report is consistent with the description of the Current District Plan and the legal basis of the District Plan as below:

Description: *The Stratford District Plan is a document for the sustainable management of the natural and physical resources of the District. Under the Resource Management Act 1991 the Stratford District Council has a range of functions and responsibilities, all aimed at the sustainable management of natural and physical resources.*

This information report is consistent with all sections of the Current District Plan. Whilst Climate Change and Climate Change resilience **are not** mentioned specifically, most sections of the District plan **Purpose and Circumstances** require:

.....the purpose of avoiding, remedying, mitigating or offsetting any actual or potential adverse effects on on-site amenity and safeguarding the well-being of the community.

However, for future District Plan reviews the following excerpt from Ministry for the Environment **provides guidance for Local Government.**

¹³ <https://www.govt.nz/assets/Documents/OTS/Taranaki-Maunga/Taranaki-Maunga-Collective-Redress-Deed-Summary-1-September-2023.pdf>

From **30 November 2022**, it becomes a **legal requirement for local government to 'have regard to'** the national adaptation plan and the emissions reduction plan when preparing or changing regional policy statements, regional plans and **district plans**.

These changes aim to ensure RMA planning nationwide is in line with Aotearoa New Zealand's **long-term climate strategies** and goals. (MfE Guidance 30 November 2022) <https://environment.govt.nz/news/rma-guidance-note-for-local-government-on-the-national-adaptation-plan-and-emissions-reduction-plan/>

The Taranaki councils together with the Ministry for the Environment are currently evaluating the possibility of the Taranaki region being one of the first tranche of regions to move to spatial plans under the Natural and Built Environments Act and Strategic Planning Act. The outcome of those discussions will determine whether the Stratford District Plan is reviewed or not. If Taranaki doesn't form one of the first tranche regions to move to the new legislation, or this process is impacted by the outcome of the general election, the Stratford District Council may need to commence a review of the current district plan in 2024/25.

Climate Change Response Act 2002 and its subsequent amendments has directed the below National Plans Aotearoa New Zealand Emissions Reduction Plan (*first published in May 2022*) Below link to an abbreviated form of the National *Climate Change Adaptation Plan* (first published in August 2022) and what it means for local Government.

<https://environment.govt.nz/assets/publications/NAP-info-sheets-August-2022/Climate-change-and-local-government-What-the-national-adaptation-plan-means-for-you.pdf>

Central Government currently plans to update the adaptation plan every six years to respond to changing climate change risks.

6.4 **Legal Implications**

Legal opinions may be needed in the near future as central government regulations and legislation reform are enacted start to prescribe stronger and tighter environmental monitoring and enforcement, some of which is likely to fall within the jurisdiction of the Local Authority.

6.5 **Policy Implications**

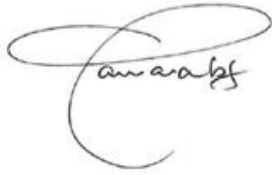
An internal Corporate Sustainability Policy will be developed to address risks and help drive the integration of Sustainability into all council functions, services and activities. The Sustainability officer will provide support for all council officers alongside a yet to be developed sustainability framework for implementation.

As alluded to in the summary, it is recommended that almost all council decision making policies will need to **consider** the impact and risk associated with Climate Change and sustainability in general. It is proposed that all council reporting and decision making (ie: decision reports, information reports) to Elected Members will require a standard briefing section on how officers have considered and applied the Sustainability Policy to the topic of the report.

Attachments:

- Appendix 1** Flow Chart- Global, National and Local Drivers - **D23/20564**
- Appendix 2** Risk Chart Proposed new risks identified. – **D23/42922**


Vicky Dombroski
Sustainability Advisor

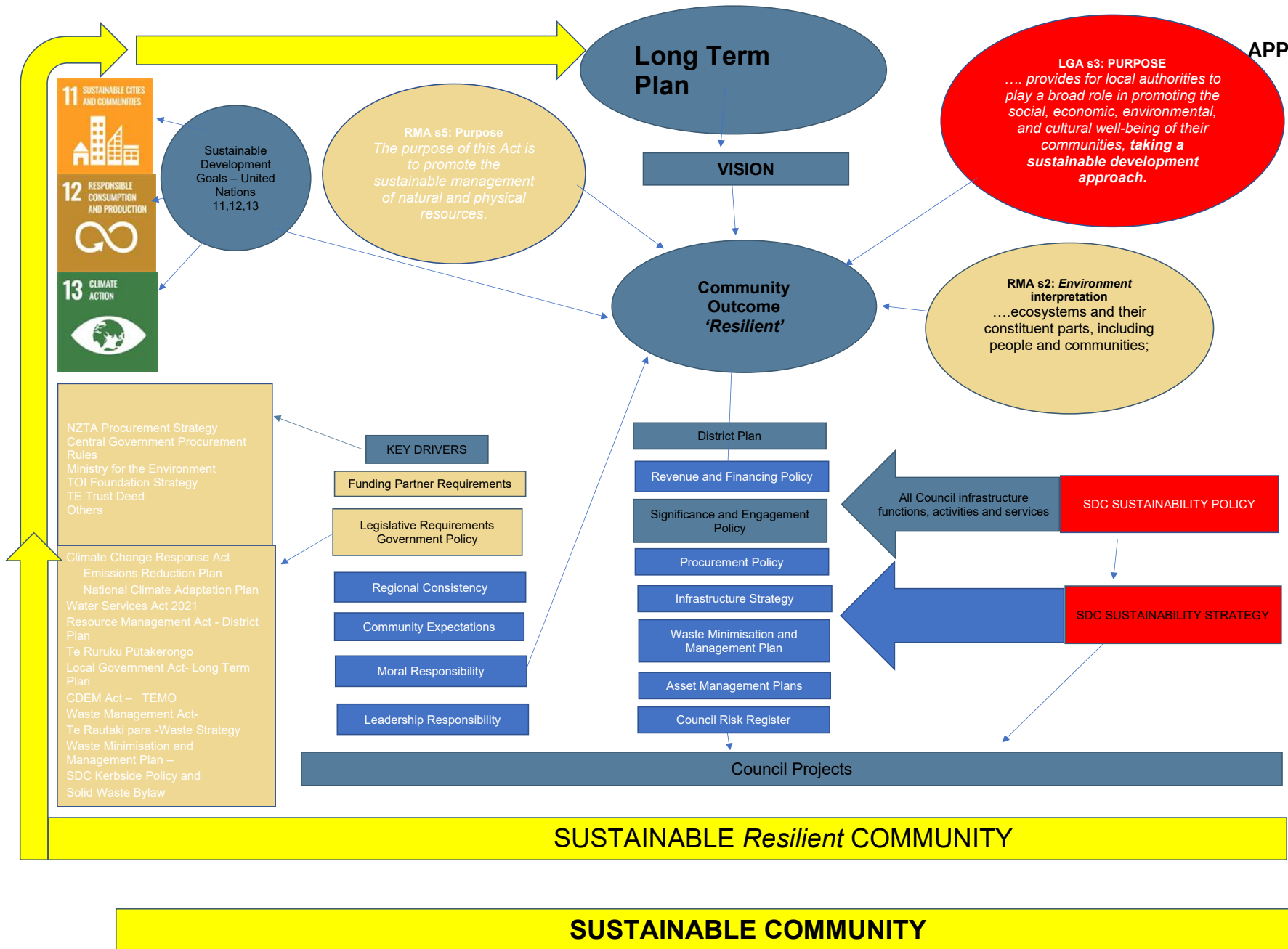
A handwritten signature in black ink, appearing to read 'Victoria Araba', written over a light grey rectangular background.

[Endorsed by]
Victoria Araba
Director - Assets

A handwritten signature in blue ink, appearing to read 'Sven Hanne', written over a light grey rectangular background.

[Approved by]
Sven Hanne
Chief Executive

Date 13 November 2023



Appendix 2

Stratford District Council Risk Register- Detailed (31 July 2023)

Current high level risk register and corresponding Climate Change Risks (Showing the 20 risks that currently reflect climate change risks, Five new Risks TBC, four risks adjusted to reflect Change- All changes highlighted in yellow)

Risk Alert Number	Risk Category	Risk Subject	Risk Description	Risk Score Raw	Control Description	Residual Risk Score
1	Compliance and Legislation	Legislation Change	IF changes to legislation or case law occur and are not implemented by staff, THEN council may be acting illegally and in breach of legislation.	4 High	Regular review and update Legislative Compliance Register. Staff training and attending relevant industry conferences. Regular policy review to ensure policies and procedures are in line with legislation changes	2 Moderate
4	Compliance and Legislation	Bylaws and Policies	IF Council fails to keep Bylaws, Strategies, Plans and Policies up to date, THEN the Bylaws, Strategies, Plans or Policies may become unenforceable and irrelevant, and council could be acting illegally, or the policy is not fit for purpose, or the Council may fail to secure available funding.	8 High	Quality assurance, Resourcing levels maintained, Regular Policy Schedule review by CEO. Regular review of Bylaw timetable maintained in Content Manager.	3 Moderate
10	Data and Information	Systems Down - Natural Disaster	IF there is a natural disaster THEN systems may be down temporarily, reduction in worker productivity, unable to respond to customers, data unavailable, potential permanent loss of data	8 High	Backups done daily and stored off-site. Most critical data is in the cloud, data centre is overseas so workers can access system remotely from anywhere. Civil Defence will make hardware available for emergency response.	3 Moderate
17	Financial	Roading Annual Work Programme	IF non-availability of labour and plant or weather events affect ability to complete annual programme of work, THEN risk of spend being under budget (over-rating) and unable to access NZTA claims originally budgeted for, and services being unavailable to the public	3 Moderate	Encourage maintenance contractor to sub-contract out work if they do not have sufficient resources in-house. Ensure there is a clear understanding between Council and Contractor of completion timeframes, as per the Contract. Outsource work to another contractor - this has to be considered carefully due to contract obligations and commitments.	2 Moderate

27	Financial	Significant Population reduction	IF there is a significant population reduction, resulting in loss of ratepayer base and reduction in property values - THEN this could result in higher rates for others and significant cost reductions may be required.	5 High	Ensure variable costs are clearly identifiable, and therefore able to be isolated and adjusted if ratepayer base reduced. Council actions to align with council mission and vision to make Stratford a great place to live.	4 Moderate
62	Financial	New Regulations require Significant Investment	IF new environmental regulations or legislation imposed on councils requires a significant increase in capital expenditure, THEN ability to finance investment could be compromised and rates increases could breach limits	6 High	Attempt to keep debt and expenditure low and achieve cost efficiencies regularly so that council can weather any necessary investment in order to be compliant with changing legislative environment.	4 High
85	Financial	Failure of a Financial Investment	IF a Council financial investment fails or devalues significantly, Council's assets reduce, resulting in lower revenues in future and potentially higher rates increases.	12 Very High	Ensure security is taken over assets where applicable, regular reporting requirements and audits are met where applicable, and adhere to Treasury Management Policy at all times unless approved by Audit and Risk Committee	8 High
70	Health, Safety, and Wellbeing	Dangerous Roads due to weather event	IF there are dangerous road conditions that are not managed and communicated to the public appropriately, THEN there is a higher potential for car accidents and possible road fatalities.	2 Moderate	Ensure standard operating procedures are in place for potential weather events that may cause damage to the roads. This should include timely social media communications, installation of temporary barriers, cordons and signage in affected areas.	1 Low
73	Health, Safety, and Wellbeing	Water supply network is Contaminated	IF the Water supply network becomes contaminated THEN the public health is at risk and Council could be liable for financial penalties and will suffer reputational damage.	8 High	Implement regular (at least annually), systematic routine testing of raw AND treated water for a range of heavy metals. Backflow preventors to be installed for high risk properties. Relevant staff must be trained and qualified in the use of chemicals.	8 High
44	Operational	Road Closures - unplanned	IF there are un-planned road closures due to collapse of damage to culverts or bridges, or a landslide or for any other reason THEN access in/out of district	4 High	Asset criticality review to identify critical roading assets and increase monitoring activities. Ensure quality workmanship and contractors are aware of their obligations to	3 Moderate

			could be lost and people could be injured as a result		report and repair any damages to roads. Resources diverted from other planned projects to remediate repairs to enable the road to be re-opened.	
51	Operational	Natural Disaster or Fire	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
65	Operational	Biosecurity threat risk	IF there is a biosecurity threat to animals, or plant life THEN this could affect the economic cultural, social and environmental wellbeing of the district and the ability of council to financially meet community needs.	4 High	Ensure council takes a proactive approach to working with Biosecurity NZ, MPI, TRC, Mana whenua and the community where a threat is identified	2 Moderate
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
76	Operational	Heavy/Extreme Rainfall incidents	IF the Stratford District experiences heavy rainfall continually over a period THEN roads may flood, restricting accessibility, landslips and mudslides may restrict road access and cause property damage, productive land areas may flood reducing	8 High	Asset Management Plans and Incident Response Plans to document critical asset areas and response plan in the event of heavy rainfall incidents	3 Moderate

			functions, Stormwater, Wastewater and Water Supply assets may fail from overburdening, and overflows from Wastewater system may result in untreated water entering the Patea River.			
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	20 Extreme
55	Reputational and Conduct	Building Control functions undertaken negligently	IF council issues building consent/s, 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	8 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
59	Reputational and Conduct	CCO and other outsourced functions	IF Council's non-core activities (farm, aerodrome) or CCO (Percy Thomson Trust) operate in a way that has potential for non-compliance with the law or	4 High	Ensure regular meetings between council staff and external operators are held and there is good reporting and monitoring of key risks and KPI's by council staff. CCO's	3 Moderate

			potential for financial loss THEN there may be legal, financial, environmental and health implications.		must report six-monthly to Council. Farm Business plan is prepared annually, separate to the Annual Plan, which contains all other council operations.	
90	Reputational and Conduct	Consultation and Engagement with Māori	IF Council does not effectively engage with Māori on matters of interest or give effect to our legislative requirements relating to Te Tiriti, THEN Council decisions will lack a Māori perspective which may lead to substandard community outcomes, and decisions that may not be supported by Māori which could harm relationships.	12 Very High	Build and maintain strong relationships with mana whenua in the Whakaahurangi rohe - between Chairs and Mayor, CEO levels, and between operational staff. All decision reports to Council must outline what consultation has been undertaken with Māori. Develop an iwi partnerships framework.	3 Moderate
91	Reputational and Conduct	Māori Tikanga and Protocols	IF Council representatives show disrespect or ignorance to Māori tikanga, customs, protocols and /or environment, THEN this may cause harm to Council's relationships with the Māori community and put Council into disrepute.	4 High	Build and maintain cultural competency amongst Council representatives. Council staff lead initiatives to promote tikanga Māori and te reo in the workplace, by developing and maintaining a plan to encourage learning, and celebration, of tikanga Māori and te reo in the workplace. Seeking external advice and support where necessary to ensure tikanga is upheld appropriately.	3 Moderate
NEW	Operational	Consideration of Climate Change in decision-making	IF Council doesn't <i>have regard to</i> the National adaptation plan, the emissions reduction plan and climate change issues in general THEN it may be in breach of legislation and not be meeting community expectations that may result in reputational, legal and financial damage.	NEW	All decision reports to <i>have regard to</i> the impacts of climate change and sustainability <i>on proposals, recommendations and options</i> presented. Develop policy and sustainability strategy with Mana whenua and the community to adapt and mitigate climate change in our district.	NEW
NEW	Operational Health, Safety, and Wellbeing	Drought or Extreme Heat	IF the Stratford District experiences drought and or extreme heat THEN water infrastructure capacity may be impacted. With 15,000 hectares of forestry in the district land and livelihoods are at risk of drought that exacerbates the risk of	NEW	Reduce emissions wherever possible. Work closely with mana whenua, TEMO and other agencies that can assist with planning for alternative exit routes, alternate water supplies and evacuation plans.	NEW

			wildfires. Lives may be put at risk, and access routes blocked.		Consider, all new builds to have alternative water supplies, enable retrofitting of alternative water supplies.	
NEW	Operational	Significant Population Increase	IF the Stratford district population was to increase significantly THEN we may not be prepared to cope with the increased demand and reduced capacity for council services which would impact on all four community wellbeings.	NEW	Create strategies for housing that is both sustainable and allows for more people to live in smaller footprints. Be prepared for potential <i>environmental migrants</i> coming from coastal areas.	NEW
NEW	Operational	Non-council owned Infrastructure Failure	IF council experiences disruption of essential lifeline services such as energy, gas, internet, and communications THEN Council may not be able to operate effectively, if at all.	NEW	Prepare backup plans for the outages of all key lifeline areas. Plan to reduce energy use / reliance, plan to access and alternative energy sources. Local energy produced is used locally- Circular systems.	NEW
NEW	Operational	Environmental Degradation and Biodiversity Loss	IF council owned properties, including the farm, suffer due to lack of consideration of climate adaptation and mitigation THEN we may be at risk of creating emissions beyond our ability to offset.	NEW	Undertake independent emissions profile of all council assets. Work with mana whenua to design and implement biodiversity nature-based solutions to restore ecosystems in the rohe. (Fund with proposed Biodiversity credits) Explore large scale carbon sinks on council land.	NEW

INFORMATION REPORT



F22/55/04 – D23/46426

To: Audit and Risk Committee
From: Director – Corporate Services
Date: 21 November 2023
Subject: Risk Management (update)

Recommendation

THAT the report be received.

Recommended Reason

To provide an update to the Audit and Risk Committee of any significant risks events or threats in relation to significant risks on Council’s risk register, as part of Council’s risk management processes.

 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 following significant risks have been actively managed by officers since the last Committee meeting:
- Risk 78 – Government Policy impacting on Local Government
 - Risk 11 – Server Failure
 - Risk 9 – LTP / Annual Plan
 - Risk 92 – Community Engagement
 - Risk 32 – Lone Worker
 - Risk 74 – Inadequate provision to fund Asset Replacement
 - Risk 72 – Elected Member Decision Making
 - Risk 12 – Cyber Attack
- 2.2 Risk 28 – Interest Costs, is to be removed from the Significant Risks Register, but will remain on the full council risk register, as the likelihood of further interest rates increases has reduced.

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 well-beings in some way.	
Social	Economic	Environmental	Cultural
✓	✓	✓	✓

- 3.1 Risk Management is about managing risk exposure for all areas of Council operations and therefore indirectly meet the purpose of all four well-beings.

4. Background

- 4.1 The Council maintains a full risk register, which now has 93 organisational risks. Of these, the most significant risks in terms of likelihood and consequence are monitored by the Audit and Risk Committee, via the Significant Risks Register.
- 4.2 The risk register includes a description of the risk and provides an evaluation of 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

5.1 New Risks to the Risk Register

It is the responsibility of all staff to identify new risks, which are presented to and discussed by the senior leadership team before they may be added to Council's risk register. The raw risk is assessed against the matrix below, and then controls are identified to minimise the likelihood and impact of a risk event and then re-evaluated with controls being effective and in place.

	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

No new risks have been added to the risk register since the last Audit and Risk Committee meeting. However, the following potential risks are being investigated by the senior leadership team and may result in additional risks to the risk register, or amendments to current risks:

- Management are currently reviewing its coverage of climate change risks and staff have identified that there are gaps in the risk register that may need to be addressed.
- In recent months, there has been a notable increase, at the extreme end, of Council staff being abused by members of the public, with threats made directly to staff elevating the intensity of the abuse. Management will review whether the current risk relating to staff abuse is fit for purpose and whether the controls are working effectively or can be improved.

5.2 Risk Events in relation to the Significant Risks Register

Risk 78 – Government Policy Impacting on Local Government

Three Waters Reforms

Given the outcomes of the election, with the count of special votes now confirmed, senior management have considered the pre-election commitments made regarding the Three Waters Reforms by the three parties likely to form the next government.

The National Party's 100-day plan includes repealing the Three Waters reforms and maintaining water assets under direct council ownership. The party stated it will replace it with a "Local Water Done Well" plan, which they say will provide stronger government oversight, including requiring councils to put aside money for water

infrastructure. However, the National Party is not in a position to establish a government on its own and there seems to be general agreement that it will form a government with the support of the ACT Party and New Zealand First. Each party's pre-election position on Three Waters reforms is covered below:

National Party's intention is to repeal the Water Service Reform legislation within 100 days in office. In its 'Local Water Done Well' policy, National has stated that it would:

- Restore council ownership and control but with stronger central government oversight.
- Set strict rules for water quality and investment in infrastructure.
- Ensure water services are financially sustainable (either from rates or from user-pays, to cover the maintenance and depreciation of infrastructure and investment in new assets).
- Introduce a new Water Infrastructure Regulator within the Commerce Commission which will be responsible for fair pricing and charging of water services.
- The Water Services Regulator (Taumata Arowai) will continue to be the primary vehicle for water quality regulation.

ACT Party's elections promise is to:

- Retain water assets with councils.
- Allow councils to enter into voluntary "shared services" agreements, gaining the benefits of scale, while retaining local ownership and control.
- Establish 30-year central-local government agreements to plan water infrastructure upgrades tailored to specific regions.
- Share GST revenue with councils to fund infrastructure upgrades.
- Establish public-private partnerships to attract investment from financial entities such as KiwiSaver funds and ACC.
- Expand the exemption from domestic supply for a single dwelling to also include all small water suppliers supplying fewer than 30 endpoint users.

New Zealand First has not made any specific election promises on water sector reform. However, NZ First leader Winston Peters has been vocal about his opposition to the three waters reform. In particular, NZ First have been critical of the so called 'co-governance' aspects.

Council's position to include / exclude Water Supply, Wastewater, and Stormwater from Year 2 of the Long Term Plan is somewhat complicated by the fact that the Three Waters reform outcomes are set in current legislation – and this legislation is likely to be in place at least long enough to govern the creation of council's Consultation Document for the upcoming Long Term Plan, but most likely not long enough to cover the adoption of the actual Long Term Plan. Both documents get audited and both documents are required to align with legislation current at the time of adoption. Meaning that it is likely that the consultation document will have to align with different legislation to what the actual Long Term Plan has to align with. If we were to pivot between the delivery of the consultation document and the adoption of the Long Term Plan to account for a legislative change in the meantime, we would face the problem that our Long Term Plan doesn't align with the consultation document.

This situation affects all Councils that own water assets. In a number of briefings, lawyers and policy analysts have referred to a similar situation that arose in 1975 when Sir Robert Muldoon indicated the upcoming axing of the superannuation scheme – and his stated advice/instruction to ignore the legislation that established the scheme in law. Advice arising from this clearly states that whatever the current legislation is needs to be adhered to – irrespective of the commitments of any incoming government. This applies until the change is made in legislation. A number of options are being debated by legal and local government specialists. Staff will keep an eye on these developments and factor them into our Long Term Plan processes. Council is prepared to adjust the Long Term Plan to include the three waters Activities for the life of the plan, following the anticipated legislative change. We will update elected members as new information becomes available and the situation becomes clearer.

Other Legislation

Council is expecting to proceed with the development of a District Plan and is budgeting for this cost in years 1-10 of the LTP.

With regards to the Future for Local Government review and recommendations, Council has been involved with the sector and Local Government New Zealand in working towards a response on behalf of the sector to put forward to the new government.

Risk 11 – Server Failure

The Information Technology (IT) Team are working with Civica on a series of environmental issues with the Citrix Environment, affecting all staff intermittently. The issues were first raised in September when the IT team noticed some performance degradation in Outlook, Authority, and specific file formats taking a long time to open.

IT staff have been working with Civica, Citrix, Microsoft, and Spark Digital to resolve the issues. The vendors advise that some of the issues relate to at least three specific areas, and we are making changes to try to resolve them:

1. A server policy for Microsoft Outlook is misconfigured by Civica.
2. The Virtual Private Network connection has high usage and needs to be upgraded to a bigger circuit.
3. One of the application servers needs to be rebuilt due to corrupt system files.

We are also investigating a possible issue with user profiles and server licensing.

Risk 9 – Long Term Plan / Annual Plan

Staff and elected members are actively working on the development of the Long Term Plan 2024-34 (“LTP”). The Vision and Community Outcomes have now been adopted by Council. Elected members will be presented with draft Environmental Scan and Significant Forecasting Assumptions, Service Levels and Performance Measures, and draft LTP Capital Projects in November for review and approval. The next LTP workshop will work through the Revenue and Financing Policy, Treasury Management Policy and Financial Strategy.

The current risks / opportunities for the Long Term Plan are:

- Year 1 Rates Impact - Phasing back in of funding sources used in previous years to smooth rates increases – restoring depreciation funding back to 100% and ceasing financial contributions reserve withdrawals. This is particularly going to affect the funding of the Wai o Rua Stratford Aquatic Centre and Three Waters activities. Additionally, the 2023 rating valuation will impact particular sectors of the community.
- Year 2 -10 - Three Waters reallocation of overheads – developing a new fair model that allocates cost, and therefore rates appropriately.
- Developing budgets using existing budget model – despite auditor recommendations, staff haven’t had the opportunity to investigate budgeting software and are using the existing spreadsheet budget model. There is a high risk of audit scrutiny due to the potential for errors.
- Resources and meeting timeframes – there has been a delayed start to reviewing strategies and policies e.g Financial Strategy, Revenue and Financing Policy, Infrastructure Strategy, due to uncertainty regarding Three Waters, and staff resourcing.
- There is a risk that auditors may delay the sign off of the Consultation Document and final Long Term Plan document due to the current period of uncertainty and potential for legislative change.

- Uncertainty due to three waters reforms – there is the risk of significant rework of the LTP and the assumptions that will be built into the budget model, and the resultant additional audit work, and elected member decisions. This may cause delays in the adoption of the LTP, which is required to be adopted by 30 June.

The LTP Project Team are focusing on what we can control and manage, using the tools and resources available to keep on track and continue progressing with the work required to develop the LTP by 30 June 2024.

Risk 92 – Community Engagement

With the LTP in full swing, it is important that Council continues to engage with the community to ensure that the priorities within the strategic document are shaped and owned by the people it will affect. A successful LTP is grounded in an understanding of the demographic, economic, cultural, environmental and social factors that shape the world around it, and of the needs and aspirations of the community. Elected Members and Council officers gain this understanding through a number of ways, but one of the most important avenues is through community engagement.

The Communications team have prepared an engagement plan which involves an LTP page on council's website which encourages the community to sign up for regular email updates. The council will be running a stall at the local A&P show in November 2023 which will give elected members the opportunity to share what work they have done so far in relation to the LTP and get feedback from the community. Council will be holding regular workshops over the coming months which will be open to the public. Pre-engagement work with iwi and use of the digital noticeboard on Broadway, and Facebook posts are also ways that staff are engaging with community members.

Risk 32 – Lone Worker

Council purchased 19 lone worker devices in 2022 for staff to use in work situations where they may be at risk of harm due to being isolated as they carry out their work. These are actively monitored by the contractor who receives alerts when activated. However, it has been identified that the use of the devices is very low / minimal, with reasons cited such as inconvenience of carrying the devices around, the alarm being triggered unnecessarily, and the devices not working how they were meant to.

The Health and Safety Adviser is currently investigating with the Health and Safety Committee ways in which usage of the devices could be improved, and/or alternative lone worker safety strategies that may better mitigate lone worker safety risk for each department and/or facility.

Risk 74 – Inadequate Provision to Fund Asset Replacement

As mentioned previously, this is a serious risk that will increase if the Three Waters reforms do not go ahead as proposed and council is required to fund the cost of Water, Wastewater and Stormwater asset replacement.

Additionally, one of the risks raised in the Environmental Scan and Significant Forecasting Assumptions relates to uneconomic bridges, where a council owned bridge that services <5 properties requires replacement within the next 10 years.

The mitigation of this funding risk will be discussed as part of the review of the Revenue and Financing Policy.

Risk 72 - Elected Members Decision Making

Elected Members are being presented with a significant amount of information at present – with numerous documents out for consultation and under review, while also developing the Long Term Plan 2024-34. Weekly workshops are expected to pick up in the new year as the LTP starts to take shape and key issues are reviewed and decisions made. There is a risk that elected members may not make decisions that will create good outcomes for the community and align with the adopted Community Outcomes. The best way we can manage this risk is to ensure elected members are

provided with quality information, including consideration of all available options, in a timely manner.

Recent decisions made by Elected Members since the September 2023 Audit and Risk Committee meeting are noted below.

10 October

- Approve draft Annual Report 2022/23 by Audit and Risk Committee and adoption of Final audited Annual Report by Council.
- Adopt updated Sensitive Expenditure Policy and Pegging and Maintenance of Roads and Bridges Policy.
- The draft Beauty Therapy, Tattooing and Skin Piercing Bylaw 2023 be approved for release for public consultation.
- The Collaborating for Active Spaces and Places Framework be adopted. Approval of a financial contribution to the Taranaki Facilities Consortium of \$5,500.
- Approval of the proposed Transport Choices Project as presented with minor amendments.
- Approval of the funding for the purchase of land on Broadway / Prospero Place to come from the Asset Sales Proceeds Reserve.

14 November

- Adoption of the Waste Management and Minimisation Plan 2023.
- Approve Road Closure for the 2023 Christmas Parade.
- Approve decision to acquire land at Brewer Road, Strathmore.
- Adoption of the 2024 Council Meeting schedule.

Risk 12 – Cyber Attack

From October 2023, Council ceased its Cyber insurance policy, and staff are comfortable that this does not increase council's exposure to risk. It is noted that recent significant cyber attacks on the local government sector did not result in reliance on existing Cyber insurance policies. Premium savings will be invested into prevention mitigations.

In October, the IT team responded to a slow burn brute force attack on the firewall whereby the attacker tried to access Council's network via our Virtual Private Network. The attacker had a script running at regular intervals, sending login credentials, essentially trying to guess login details. The source of the attack appeared to be from Netherlands and we have applied geo blocking to VPN rules to restrict access based on unnecessary geographical locations. Council is also trialling the two-factor authentication on VPN logins to the firewall.

6. Strategic Alignment

6.1 Direction

N/A

6.2 Annual Plan and Long Term Plan

N/A

6.3 District Plan

N/A

6.4 **Legal Implications**

N/A

6.5 **Policy Implications**

This report is in line with the Risk Management Policy.

Attachments:

Appendix 1 Significant Risks Register



Tiffany Radich
Director – Corporate Services



[Approved by]
Sven Hanne
Chief Executive

Date 14 November 2023

Appendix 1

Stratford District Council - Significant Risks Register

This report presents the most significant risks to Council in terms of likelihood and impact at any given time.

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.	20 Extreme
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
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
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

2023 - Agenda - Audit and Risk - November - Open - Information Report - Risk Management (Update)

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
74	Financial	Inadequate financial provision to fund asset replacement	If there is inadequate financial provision in reserves to fund the replacement of assets, THEN the Council may have to borrow more than expected, or asset replacement may need to be delayed which may affect service level performance.	12 - Very High	Ensure annual depreciation is based on accurate fixed asset values (replacement cost) and accurate useful lives. Assets should not, unless necessary, be replaced before the end of their useful life.	2 Moderate
9	Compliance and Legislation	LTP/Annual Plan	If LTP/Annual Plan is not adopted by 30 June THEN council cannot set rates, statutory breach reported to Minister, unable to commence service delivery, additional audit scrutiny, and uncertainty around future service provision for the community.	12 - Very High	Set a timetable to ensure statutory deadline is met. Good project management. Good quality data is provided. Keep abreast of possible changes to legislation and plan accordingly. Good communication to all staff and liaison with Audit NZ.	8 High
92	Reputational and Conduct	Community Engagement	If Council does not engage with the community in line with its Significance and Engagement Policy and the requirements of sections 76-82 of the Local Government Act 2002, THEN Council decisions will lack a community mandate, may not be fit for purpose, and may be scrutinised and subject to legal challenge.	12 - Very High	Prepare engagement strategy and communication plans for major decisions. An engagement strategy for the LTP is a must. Targeted engagement should be considered where decisions affect particular groups or individuals disproportionately.	4 High

F22/55/04 – D23/46160

To: Audit and Risk Committee
From: Director – Corporate Services
Date: 21 November 2023
Subject: Approve draft Environmental Scan and Significant Forecasting Assumptions

Recommendations

1. THAT the report be received.
2. THAT the draft Environmental Scan and Significant Forecasting Assumptions be approved, with the understanding that future updates and amendments will be advised to the Committee in a follow up information report.

Recommended Reason

Approval of the draft forecasting assumptions will provide officers with a clear directive and mandate to proceed with developing the Long Term Plan 2024-34 (“LTP”).

/
Moved/Seconded

1. Purpose of Report

- 1.1 To seek confirmation from the Committee that, taking into consideration the Environmental Scan of the relevant current and anticipated factors affecting the Stratford district, the Significant Forecasting Assumptions, upon which the LTP will be based on, are appropriate. This will enable Council to continue with the development of the LTP.

2. Executive Summary

- 2.1 Long term planning requires an externally focused approach. An environmental scan provides an understanding of the political, economic, regulatory, social, and trends facing the Stratford district and allows for informed decision-making. Long term planning also requires assumptions to be made about the future, and these assumptions are made transparent in this report, as they form the basis on which LTP decisions are relied on. Forecasting assumptions are one of the key building blocks of the LTP.
- 2.2 The Environmental Scan and Significant Forecasting Assumptions document is still in draft and is pending further information from a variety of sources. Although the document is incomplete, there is still value in having the draft formally reviewed and approved by the Committee. Any updates and amendments will be brought back to the Committee in March 2024.
- 2.2 Of the assumptions made, the most significant, in terms of risk – high uncertainty, and high impact – is basing the LTP on the current three waters legislation, as opposed to basing it on the new government’s pre-election commitment. However, until the legislation in place for the transition of council water assets to new water service entities is repealed, council has no mandate to plan in contrary to what is set in legislation. In the meantime, Council have prepared budgets ready for the Water Supply, Wastewater and Stormwater activities for years 2 to 10 of the LTP.

3. Local Government Act 2002 – Section 10

Under section 10 of the Local Government Act 2002, the Council’s purpose is to “enable democratic local decision making by and on behalf of communities; as well as promoting the social, economic, environmental, and cultural well-being of communities now and into the future”			
Does the recommended option meet the purpose of the Local Government 4 well-beings? And which:		Yes – the environmental scan addresses all four well-beings.	
Social	Economic	Environmental	Cultural
✓	✓	✓	✓

4. Background

- 4.1 The LTP must identify all significant forecasting assumptions and risks underlying the financial estimates and, where there is uncertainty associated with each of these assumptions, the level of that uncertainty and the effect of the uncertainty on the financial estimates.
- 4.2 All financial information must be prepared in accordance with generally accepted accounting principles. Accounting standard PBE-FRS 42 Prospective Financial Information deals with the preparation of prospective financial information and requires that the financial statements reflect the best knowledge that your local authority has at the time the plan is prepared. This is subject to full review by the appointed auditor of the LTP. The auditor is required to express a view on the quality of the forecasting assumptions in their report on both the consultation document and the LTP.
- 4.3 Other assumptions may be made in the LTP, but may not be significant enough to be part of this document e.g. assumption about what risks will be insured, assumption that there will be no disruption from the technology used to deliver council services etc.

5. Consultative Process

5.1 Public Consultation - Section 82

Council has carried out pre-engagement with the community and some of that has contributed to the Environmental Scan.

5.2 Māori Consultation - Section 81

Iwi and the local Whakaahurangi Marae have been engaged with directly and kept up to date with progress of the LTP. No specific consultation is required.

6. Risk Analysis

<p>Refer to the Council Risk Register - available on the Council website.</p> <ul style="list-style-type: none"> • Does this report cover any issues that relate to any risks on the Council Risk Register, and if so which risks and what are the impacts and likelihood of eventuating? • Does this report cover any issues that may lead to any new risks that are not on the Council Risk Register, and if so, provide some explanation of any new identified risks.
--

- | |
|--|
| <ul style="list-style-type: none"> Is there a legal opinion needed? |
|--|

6.1 This report covers the following risks on the Risk Register.

- Risk 9 – LTP / Annual Plan – Council must meet statutory deadlines in adopting the LTP by 30 June 2024. Due to the significance of potential legislative changes between now and the time the LTP is expected to be adopted, there is a high risk that significant changes will need to be made to the LTP to ensure audit compliance – therefore staff acknowledge that there is a high risk that the 30 June deadline may not be met. At this stage, staff are not contemplating that occurring and are putting all efforts into achieving this deadline.
- Risk 27 – Significant Population Reduction – this may result in loss of ratepayer base and decline in the district due to inability to fund infrastructure maintenance. Council has made an assumption that the district will experience growth, albeit at a minor level, over the next ten years.
- Risk 28 – Interest Costs – The impact of the change in interest on debt and investments has been considered and is expected to have a medium impact on council expenditure and a minor impact on council revenue.
- Risk 85 – Failure of a financial investment – Council has assumed that the loan to the A&P Association will continue to be serviced but is likely to be rolled over during the life of the LTP.
- Risk 89 – Council rates are applied inconsistently – Council is reviewing the inequity created by the funding of uneconomic bridges, and the way in which the forestry differential on the roading targeted rate is applied. Legal advice has been sought on the forestry differential.

In addition to the risks above, a risk analysis has been prepared in relation to the significant forecasting assumptions, which is in the appendix to the Environmental Scan and Significant Forecasting Assumptions document.

7. Decision Making Process – Section 79

7.1 Direction

	Explain
Is there a strong link to Council's strategic direction, Long Term Plan/District Plan?	Yes – this document forms the basis upon which the LTP relies.
What relationship does it have to the communities current and future needs for infrastructure, regulatory functions, or local public services?	Incorporates full consideration and analysis of the communities current and future needs and direction.

7.2 Data

- | |
|--|
| <ul style="list-style-type: none"> • Do we have complete data, and relevant statistics, on the proposal(s)? • Do we have reasonably reliable data on the proposals? • What assumptions have had to be built in? |
|--|

Refer to the draft Environmental Scan and Significant Forecasting Assumptions document attached (**Appendix 1**). Areas that are yet to be updated / reviewed are highlighted in yellow.

7.3 **Significance**

	Yes/No	Explain
Is the proposal significant according to the Significance Policy in the Long Term Plan?	No	Not in itself – but the proposal may impact on areas that may have a significant impact and will require consultation, e.g. Revenue and Financing Policy, Funding Impact Statement.
Is it:	No	
• considered a strategic asset; or	No	
• above the financial thresholds in the Significance Policy; or	No	
• impacting on a CCO stakeholding; or	No	
• a change in level of service; or	No	
• creating a high level of controversy; or	No	
• possible that it could have a high impact on the community?	No	
In terms of the Council’s Significance Policy, is this proposal of high, medium, or low significance?		
High	Medium	Low
	✓	

7.4 **Options**

<p>An assessment of costs and benefits for each option must be completed. Use the criteria below in your assessment.</p> <ol style="list-style-type: none"> 1. What options are available? 2. For each option: <ul style="list-style-type: none"> • explain what the costs and benefits of each option are in terms of the present and future needs of the district; • outline if there are any sustainability issues; and • explain if the outcomes meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions? 3. After completing these, consider which option you wish to recommend to Council, and explain: <ul style="list-style-type: none"> • how this option is the most cost effective option for households and businesses; • if there are any trade-offs; and • what interdependencies exist.

Option 1 – Approve the significant forecasting assumptions as presented in draft form, with amendments, if any.

Option 2 – Do not approve the assumptions as presented, and request that further significant amendments be made.

7.5 **Financial**

<ul style="list-style-type: none"> • Is there an impact on funding and debt levels? • Will work be undertaken within the current budget? • What budget has expenditure come from? • How will the proposal be funded? eg. rates, reserves, grants etc.

The financial consequences of the assumptions made are yet to be worked out, as draft financial statements are not ready, and will be presented back to the Committee at a later date.

7.6 **Prioritisation & Trade-off**

Have you taken into consideration the:

- Council's capacity to deliver;
- contractor's capacity to deliver; and
- consequence of deferral?

Council has made an assumption that it will deliver 100% of budgeted capital expenditure. However, there is a high risk that council will deliver on less than 100% of the capital programme. The consequences of this are that any corresponding budgeted interest, depreciation and operating expenditure and revenue may not eventuate.

The assumption regarding three waters is likely to result in the consultation document being different to the final adopted LTP. Council will make this disclosure in its consultation document and provide detail on the impact of adding the three waters activities for years 2-10 back into the financial forecasts.

7.7 **Legal Issues**

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

A legal opinion has been obtained on an amendment to the forestry differential on the roading targeted rate.

7.8 **Policy Issues - Section 80**

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

The assumptions made for the LTP are likely to conflict with the Revenue and Financing Policy, and this policy will be reviewed as part of the LTP.

Attachments:

Appendix 1 Environmental Scan and Significant Forecasting Assumptions – Long Term Plan 2024-34



Tiffany Radich
Director – Corporate Services



[Approved by]
Sven Hanne
Chief Executive

Date 13 November 2023

Appendix 1

ENVIRONMENTAL SCAN
and
SIGNIFICANT FORECASTING
ASSUMPTIONS
LONG TERM PLAN 2024-34

Contents

Introduction	3
Purpose of this document.....	3
Approach.....	3
Risk Assessment.....	4
Uncertainty over Three Waters Reforms.....	4
District Planning.....	4
Financial Budgeting.....	5
Decision Making Processes.....	6
Auditor Involvement.....	6
Future Amalgamation.....	7
Key Assumptions Underpinning LTP.....	8
Three Waters Delivery.....	8
Financial Assumptions.....	8
Operational Resourcing.....	9
Post-Transition Considerations.....	9
Other Legislative Reform.....	10
Population and Demographics.....	10
Population Growth.....	10
Demographic Changes.....	11
Economic Outlook.....	12
Interest Rates.....	13
Inflation.....	13
Housing Supply and Demand.....	14
Rating Unit Growth.....	15
Business growth.....	16
Climate Change.....	17
Resilience.....	18
Operational Assumptions.....	19
Infrastructure Asset Assumptions.....	19
Roading Assumptions.....	20
Ability to Deliver Planned Capital Expenditure.....	21
Council Farm.....	21
Percy Thomson Trust – Council Controlled Organisation (CCO).....	22
Other Environmental Factors.....	22
Relationships with Mana Whenua.....	22
Regional Relationships.....	23
Sports, Recreational and Educational Facilities.....	23

Emergency Management Preparedness.....	24
Appendix One – Table of Assumptions and Risks	26

Introduction

Stratford District Council has adopted a range of forecasting assumptions which will underpin the preparation of the Long Term Plan 2024-34 (“LTP”), and which represent the most likely future scenario with the information known at present. However, the future is always uncertain and there are a number of other likely outcomes that have not been factored in. Therefore, variations from the forecasting assumptions are likely, and it is accepted that variations from the LTP over the 10 years of the plan may be material. It is expected that over the 10 years, the uncertainty increases, and that the assumptions driving the forecasts are less accurate.

Purpose of this document

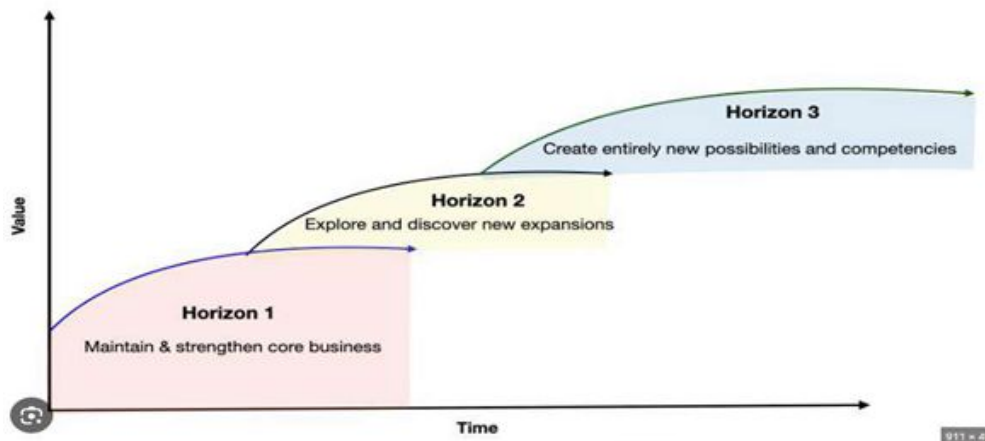
The LTP does not exist in isolation. Being aware of the surrounding issues affecting service delivery ensures that the development of the LTP is well-informed. The environmental scan and significant forecasting assumptions feed into all LTP content. Contextual information is relevant and necessary, and the documentation of all significant assumptions provides the basis for understanding how the LTP was developed.

There is no direct legislative requirement to conduct an environmental scan. However, an environmental scan is a means of identifying changes in the local economy, local demographics, and land-use, which are direct requirements under legislation. The analysis ensures all relevant matters are integrated with LTP development at an early point. A good scan ensures the plan is keeping current with changes in legislation and regulations. These will dictate levels of service and will shape the financial and infrastructure strategies.

Approach

The Three Horizons Approach is encouraged by Taituara for use by the local government sector in long term planning. It requires consideration of the future state, acknowledging the transition state we are constantly in, and aligns assumptions to challenges and opportunities to prepare Council for the future environment. It provides an opportunity to assess the level of resources that go into maintaining the status quo, versus transitioning to the future state, and building the foundation for future opportunities.

Council has attempted to anticipate the future state, particularly with regards to economic, demographic, and legislative changes to ensure that Council can continue to strive towards achieving the Community Outcomes set at the start of the LTP process.



Risk Assessment

In making assumptions about the future, there is a risk that the information we have relied on to make plans for the future of the district does not turn out to be accurate. This has been factored into *Appendix 1*, with an assessment of the risk impact and mitigations.

Additionally, there are risks inherent in the LTP preparation process which have also been considered. These are:

Uncertainty over Three Waters Reforms

The assumption made for the LTP is that Stratford District Council's Water Supply, Stormwater and Wastewater operations and all associated assets, liabilities and contractual obligations will be transferred to a new regional water entity from 1 April 2025. This is based on legislation in place currently, and the regional agreement signed by the three Taranaki district councils. This is not a matter for public consultation, as explicitly stated in the Water Services Entities Act 2022.

There is a high risk that the new water legislation will be repealed with the recent change in government. The National Party's policy promises repeal of three waters within the first hundred days, and its replacement, with a requirement that councils develop clear plans for delivery of three waters within a year. Any change to the LTP provisions must happen extremely quickly, but the realities of post-election government formation and the summer Parliamentary recess make it likely that amending legislation would not be enacted until the end of February 2024 at the earliest. Due to this timeframe, and the requirement to have a consultation document prepared and ready for audit by then, the assumption has been made that the three waters reform legislation will still be in effect over the life of the LTP. With a National / Act government, there is high uncertainty about the three waters reforms legislation proceeding as it is. The uncertainty risk is mitigated to some extent as the Taranaki region appears reasonably committed to a regional water entity, albeit that if legislation is repealed under a National Party-led government, the structure of any new regional water entity may look slightly different.

The impact of the Three Waters Reforms is discussed later in this document.

District Planning

The current District Plan has been operative since 11 February 2014, and has not been reviewed or updated since then. The Resource Management Act 1991 requires local authorities to commence a review of their District Plan at least every 10 years. However, Stratford District Council is in discussions with the Ministry for the Environment regarding this requirement if Council instead engages in the creation of a regional spatial plan under the new legislation.

The Taranaki councils together with the Ministry for the Environment are currently evaluating the possibility of the Taranaki region being one of the first tranche of regions to move to spatial plans under the Natural and Built Environments Act and Strategic Planning Act. The outcome of those discussions will determine whether the Stratford District Plan is reviewed or not. If Taranaki doesn't form one of the first tranche regions to move to the new legislation, or this process is impacted by the outcome of the general election, the Stratford District Council may need to commence a review of the current district plan in 2024/25.

The assumption made for the LTP financial budgets is that a regional spatial plan will be prepared under the new legislation. There is a medium risk that the legislation will be repealed under a National government, resulting in further uncertainty as to how to proceed, and how much this will cost. To mitigate this risk, Council has committed to funding either a district plan or its likely contribution to a regional spatial plan, and has allocated \$4,030,000 over the ten years of the LTP (uninflated), based on figures provided by Taranaki Regional Council in November 2023. This is to be loan funded, and repaid by rates over a period of ten years.

Financial Budgeting

The development of the LTP relies heavily on Council's financial modelling systems, which must have a robust methodology and appropriate controls in place to prevent errors. Following the audit of the LTP, Council made a commitment to review the budgeting model that was used in the LTP 2021-31, which was an excel spreadsheet.

Local government sector guidance advises against using spreadsheets as the basis for financial modelling, rather it recommends investing in reputable financial modelling software suitable for local government, as they have gone through a robust implementation programme and have been rigorously tested. However, if spreadsheets are to be used, they need to demonstrate a high level of documentation and controls.

Council consider that any financial modelling system must be able to deliver the requirements for an LTP under the Local Government Act 2002: simple to use, flexible, compatible with other systems, and secure. Although a formal analysis has not been completed by staff and presented to elected members, as was recommended, Council considers that the current spreadsheet model is fit for purpose and delivers on the criteria above.

Spreadsheet models for an LTP can be large and cumbersome, relying on multiple interlinked worksheets with multiple dependencies. They can be difficult to audit – potentially adding to audit time and cost. Spreadsheets often lack controls, and changes to the model can result in formulas breaking resulting in errors, therefore they are significantly more likely to result in errors than if financial modelling software was used. There is a medium risk that the current spreadsheet financial model does not provide accurate financial forecasting information. However, council staff mitigate this risk by reviewing the reliability of the spreadsheet model regularly, testing it annually through the annual plan process, and continually improving the controls and carrying out reconciliation checking throughout the model.

Decision Making Processes

Adoption of the final LTP is made in one Council decision, but is the culmination of a large number of individual decisions, that are ultimately made and owned by elected members. The LTP requires elected members to make many decisions in a short space of time that will determine the wellbeing of the district for the next ten years. There is a medium risk that decision making processes impede elected members ability to make the best decisions for the Stratford district.

Time delays in working through all the requirements of an LTP may cause some decisions to be rushed, without appropriate consultation, and without relevant information provided to elected members. The LTP project team have prepared a timeline for the LTP in order to mitigate this risk, and are tracking to complete the Consultation Document by February 2024, providing sufficient time for appropriate analysis and consultation.

Council completed its section 17a reviews in August 2023, with many outcomes from that review feeding into the LTP, reducing the workload for activity analysis as part of the LTP. A new process change implemented will see decisions relating to the LTP adopted as draft right up until the adoption of the final LTP where everything will be up for one final opportunity to review. Previously, workshops were held with elected members along the way on various topics, but decisions were not made along the way, resulting in one big decision covering multiple LTP related issues, and causing confusion and uncertainty about what was in the LTP and what was out. This risk has been mitigated to some extent with the new process.

The risk with any LTP is that the community have not had the opportunity to contribute to the LTP decisions. The LTP engagement plan has been communicated with elected members in a workshop in September 2023, and was well supported. All significant decisions will be subject to consultation with the community in line with Council's Significance and Engagement Policy, and other decisions are only to be made with prior input from the community via pre-engagement methods.

Taituara have recommended to the sector that there is more rigour invested into decision-making processes – particularly when it comes to prioritisation. This provides rationale, and background for decisions, and having a prioritisation system will make decision making more efficient during council debate. The Senior Leadership Team has established a prioritisation system for all projects, to work through with elected members, based on 1) Legislative requirements, 2) Health and Safety, 3) Maintaining existing Levels of Service, and 4) Improving Levels of Service – in order of priority.

As with any council decisions that may create a level of controversy within the community, there is a risk that elected members may leave themselves open to claims of predetermination and bias. To minimise this risk, elected members have been educated on the appropriate conduct around decision making.

Auditor Involvement

Unlike the Annual Plan, the LTP is subject to a full audit process, which will generate an audit report that attests to the plan's appropriateness and the quality of the information and underlying assumptions. The benefit to Council is that it provides an external check on the robustness of the information presented in the LTP, including the forecasting assumptions and financial modelling.

The risk with auditor involvement, in what should be a plan by and for the community, is that auditors with potentially little knowledge of the district can involve themselves unnecessarily

in areas that are not relevant to providing assurance of the quality of the information. In previous years, auditors have requested changes to the LTP or Consultation Document that did not provide any meaningful information for planning purposes or value to the reader, and are more of a tick box exercise based on national guidance.

Audit involvement can also take up a significant proportion of the total LTP preparation time, and although the assurance they provide is valuable, the time spent on the audit process can cause delays, rushed decisions, and inhibit timely adoption of the LTP.

Council mitigates this risk by working closely with auditors and having regular meetings to discuss the key issues and ensuring there is sufficient staff resource and capability on the LTP project team to deal with audit issues as they arise.

Future Amalgamation

Although not adopted as policy by the Government, the Future for Local Government review panel have recommended a significant reform of the local government sector, with the suggestion that amalgamation of the 78 authorities is a potential to likely outcome.

The initial LTP pre-engagement survey results for Vision and Community Outcomes showed that the biggest concern of the community and elected members was losing the district's voice through amalgamation of the Stratford District Council and/or its services. With more and more of local government delivery being pushed to a regional delivery model, there is a risk that a standalone smaller Council is seen as unsustainable in the near future.

This is a low risk, due to the uncertainty of government policy, and low support for this from the sector as evidenced at the recent Local Government New Zealand meeting with mayors on the Future for Local Government recommendations. The assumption for the LTP is that the Council continues to operate as a standalone entity throughout the life of the LTP.

Key Assumptions Underpinning LTP

Forecasting assumptions are required by auditors of an LTP as supporting documentation, and should be accompanied by a risk/sensitivity analysis. Risk analysis for the LTP considers the impact of forecasting assumptions not coming into fruition, or occurring to a different extent than expected. Out of that comes an assessment of risk appetite (the extent to which council is willing to accept risk) and options for mitigating the risks.

Three Waters Delivery

As discussed earlier, Council has made the assumption, based on existing legislation, that the delivery of Water Supply, Wastewater and Stormwater activities will be handed over to the new regional water service entity from 1 April 2025, the proposed establishment date. This date was agreed to by all three district councils as it was not too early, with the first transition expected to take place on 1 July 2024 and staggered thereafter, yet it is close enough to minimise the risk of losing staff to other entities, it is expected to align with the RMA reforms, and the Taranaki region is the only water entity expected to stand up at that date, providing the Taranaki councils with enhanced access to support from the National Transition Unit around that time.

Financial Assumptions

In line with amendments to the Water Services Entities Amendment Bill, which provides that local authorities *“must set, assess, collect and recover rates for three water services as though the local authority is responsible for these services for the entire year”*, Council has budgeted for the full cost of delivering the three waters activities in Year 1. From Year 2 onwards the three waters services are completely removed from Council's financial forecasts. Any unused rates will be transferred to the new entity as soon as practicable after the establishment date.

The rationale behind budgeting for revenue and expenditure for the full year, instead of 75% of the year, is that there is uncertainty around the timing of particular costs, and it is more efficient for Council to budget for a full year's expenditure. The Year 1 financial budget will also include a full year of rates revenue for the three waters activities, and then no rates in the following years.

An assumption has been made for revenue from the new Water Service Entity that is expected to be received from Years 2-3 of the LTP, but has not been confirmed, and is made up of:

Commission Revenue	based on 2% of total three waters rates collected (Year 2 only)
Office Lease	based on 4 FTE's x 10 square metres
Governance Oversight	based on 1 representative from Council

There is a high risk that revenue from the above sources will not materialise.

It is expected that Council will own one share in the new Water Service Entity. However legal advice indicates that the share will not carry any financial interest, and therefore will not be an item separately showing on Council's balance sheet.

The Department of Internal Affairs has committed to providing Council with No Worse Off funding of approximately \$800,000 going into Year 1 of the LTP to cover stranded

overheads. There is a high level of uncertainty around receiving these funds, and the timing of receipt.

The overhead allocation methodology has remained the same as for the LTP 2021-31 for Year 1 of the LTP. From year 2 of the LTP the overhead allocation methodology will change to an FTE allocation model with varying degrees of resource usage per FTE, depending on IT resource used and office space utilisation.

Operational Resourcing

The period up to the date of transition is likely to create a high level of uncertainty for staff and contractors directly associated with the delivery of three waters functions. Additionally, in the six months leading up to 1 April 2025 there will be significant input and investment required from council staff for the transition to the new Water Service Entity. There is a medium likelihood of this occurring, and it may impact on resourcing and capacity to deliver services leading up to 1 April 2025.

Council has assumed that the three waters activities and functions will be fully resourced up to the date of transition and is committed to operating at full capacity up to that date, including full delivery of the capital programme budgeted for in Year 1 of the LTP.

Post-Transition Considerations

Elected members have considered the potential to increase the scope of Council activities to other wellbeing areas from Year 2 of the LTP, such as areas including but not limited to housing and health. It was agreed that the immediate focus will be on maintaining a financially stable council after the three waters transition, with some out-sourced functions to be considered for being managed in-house, and potentially increased focus on economic development, and building on community partnerships for outcomes.

Revenue – the combined revenue from the three waters activities currently makes up 21% of total rates (Annual Plan 2023/24), at \$3,384,000, and will be almost completely removed from Council's forecast financial statements from Year 2 of the LTP.

Debt – the combined debt total relating to three waters activities was \$11,586,775 as at 30 June 2023, and is expected to continue to increase throughout the period from 1 July 2023 to 31 March 2025, with the continued investment in capital projects related to three waters activities. The amount represents 40% of total council debt currently (Annual Plan 2023/24). Council has made the assumption that by 1 July 2025, the full amount of debt owing in relation to the three waters activities will be transferred to the new regional Water Service Entity, and the cash payment made to Council will be used to repay the Local Government Funding Agency loans.

Reserves – similarly as above with debt, any reserves carried by Council in relation to the three waters activities will be netted off debt, in lieu of a payment to the Water Service Entity. As at 30 June 2023, the balance of the combined three waters reserve accounts was \$90,000.

The effect of the above is that Council's borrowing capacity will be increased, and there will be a favourable impact on lending covenants and the balance sheet – despite the reduced revenue. This will also have a favourable impact on rates, with reduced interest rates, which will help offset the increase in overall rates as a result of stranded overheads.

Other Legislative Reform

Council is subject to government regulation and legislation – these laws can be changed at any time throughout the life of the LTP.

It is likely that Council will face rising costs as a result of increased central government requirements and expectations, but as the outcomes of any legislative changes (with the exception of legislative changes mentioned earlier in this document), and therefore the costs, are unknown, they have not been factored into the financial budgeting process.

At the time of preparing this document the following reviews that are likely to directly impact local government were being considered:

- A review of the building consenting system
- Review of protected records for local authorities
- Climate adaptation bill
- Future for Local Government
- National Planning Framework
- Emergency Management Bill
- A review of the Waste Minimisation Act (Responsibility for Reducing Waste)

The proposed reviews are likely to have a material impact on council's revenues and expenditures, or other resources if enacted. With the recent change in Government, there is high uncertainty of the outcome and continuation of these reviews. Certainty of impact will be considered on an annual basis.

Population and Demographics

Changes in an area's population are generally driven by two factors: natural increase and net migration. Population growth in Stratford District averaged 1.0% over the 5 years to 2022 compared with 1.2% in New Zealand. The main source of population growth for the district was from natural increase factors (births and deaths).

The change in population and demographics over time influences the demand on council infrastructure, and the ability of Council to provide a consistent level of service to the community. Therefore, population projections and demographic changes should be factored into the development of the LTP.

Population Growth

The Council is forecasting the district's population will grow from 10,295 in 2024 to 10,679 by 2034, at an average of 0.4% per year. This level of growth is unlikely to put significant pressure on council infrastructure. There is a low risk that growth may exceed these projections and Council may need to invest in additional urban growth infrastructure which will impact on capital budgets and revenue. There is also a low risk that growth is lower than the projections and Council over invests in infrastructure and services.

The growth in the Maori population of the district has been consistently higher than the growth of all other ethnicities for each of the last ten years. Stratford district's Maori population was 1,550 in 2022, up 2.6% from the previous year.

The below table shows total population projections over the ten years of the LTP, against the growth projections of the total New Zealand population.

Year	Stratford District		New Zealand	
	Value	Growth	Value	Growth
2022	10,150	0.5%	5,123,100	0.3%
2023	10,256	1.0%	5,141,837	0.4%
2024	10,295	0.4%	5,185,924	0.9%
2025	10,334	0.4%	5,230,348	0.9%
2026	10,373	0.4%	5,275,448	0.9%
2027	10,414	0.4%	5,321,561	0.9%
2028	10,455	0.4%	5,369,026	0.9%
2029	10,497	0.4%	5,418,006	0.9%
2030	10,539	0.4%	5,467,976	0.9%
2031	10,579	0.4%	5,518,235	0.9%
2032	10,617	0.4%	5,568,085	0.9%
2033	10,650	0.3%	5,616,826	0.9%
2034	10,679	0.3%	5,663,921	0.8%

Demographic Changes

The below graph shows the current population by age group. The Stratford district is generally trending higher than the New Zealand average in the 60+ year age brackets, and much lower in the 20-29 year age bracket. However, the district is much higher than the national average in the 0-9 year age bracket showing positive signs of households choosing to raise their families in this district, and supporting the claim that the increase in population is largely driven by natural increase.

The gap in the 20-50 year old age brackets is not new, and is likely to be a result of the lack of tertiary level training opportunities and graduate employment opportunities in the district. With the change in working and studying environments as a result of enhanced technology and online access, and the increased acceptance that employees can work from anywhere in the country, and even the world, it is likely that we will see changes in the age demographics in the future. Due to the uncertainty of the impact, it has not been factored in to the projections.

Figure 38. Population by broad age group, 2022

% of total, as at 30 June



Figure 39. Population by 10-year age group, 2022

% of total, as at 30 June



The Dependency Ratio calculates the average number of economically dependent population (0-14 year olds, and 65+) per 100 economically productive population at a specific point in time. A high ratio may indicate that the economically active population and

the overall economy face a greater burden to contribute towards the rates requirement for the district.

The table below shows the Stratford District's Dependency Ratio is 67%, compared to the national average of 54%. This is something Council must be mindful of when determining funding sources (increased reliance required for user pays and exacerbator pays funding sources), and areas (prioritisation) and levels of expenditure (affordability).

Age decade	Stratford District		New Zealand	
	Level	% of total	Level	% of total
0-9 years	1,410	13.9%	625,490	12.2%
10-19 years	1,320	13.0%	655,720	12.8%
20-29 years	1,080	10.6%	679,450	13.3%
30-39 years	1,350	13.3%	733,760	14.3%
40-49 years	1,110	10.9%	631,220	12.3%
50-59 years	1,270	12.5%	654,040	12.8%
60-69 years	1,250	12.3%	561,800	11.0%
70-79 years	880	8.7%	380,170	7.4%
80-89 years	410	4.0%	167,640	3.3%
90 years and over	100	1.0%	34,790	0.7%
Dependency ratio	67.2%		54.4%	
Total	10,150	100.0%	5,124,100	100.0%

Economic Outlook

Economic growth in the Stratford district is generally lower than the national average – averaging 1.7% per year over the 10 years to 2022, compared with an average of 3% in New Zealand. The estimated GDP for the district in 2022 of \$575m, makes up less than 1% of New Zealand's GDP.

There is some concern that the district is less diverse than average, with the largest industry being agriculture and forestry at 27%, the second largest industry being utilities (electricity, gas, water and waste) at 13%. The more concentrated a district's economic activity is within two or three industries, the more vulnerable it is to adverse effects such as those arising from climate conditions, or commodity price fluctuations.

Council intends to make significant investment in Economic Development over the life of the LTP to encourage diversification and provide opportunities to promote the Stratford District as a great place to do business. Under the Enabling Community Outcome, Council has committed to the following strategic goals:

- *We are a business friendly district*
- *We encourage a diverse and sustainable business community*
- *We enable economic growth by supporting business investment and development in our district*
- *We support the growth of employment opportunities within our community; with a particular focus on our rangatahi (youth)*
- *We carefully balance the needs and wants of our district when funding services and infrastructure*

- We encourage partnerships to collaborate with Mana Whenua for the benefit of the Stratford district

The LTP will contribute to these strategic goals by **PLACEHOLDER HERE – YET TO BE CONFIRMED BY ELECTED MEMBERS.**

Interest Rates

The weighted average interest rate on Council debt is currently 3.35%. This is expected to increase to over 4% by the end of the 2024/25 year. Council has based the interest rate on debt forecast assumptions on current borrowing rates and maturities, and the interest rate forecast for the next ten years from Infometrics.

2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
4.09%	3.83%	3.73%	3.65%	3.61%	3.61%	3.61%	3.59%	3.58%	3.60%

Interest on investments is based on a similar methodology to the above, and is expected to change with the borrowing rate keeping the same margin above the borrowing rate.

2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
4.34%	4.08%	3.98%	3.90%	3.86%	3.86%	3.86%	3.84%	3.83%	3.85%

There is a high level of uncertainty about the interest rate assumptions. The assumptions will be reviewed annually when preparing the Annual Plan, to ensure the assumptions are more precise and better aligned with updated market expectations.

With forecast interest expenditure on gross external debt in 2024/25 of \$xxx, an increase in interest rates of 1% will result in an additional \$xxx in interest expenditure. Over the ten years of the LTP, the additional interest expenditure incurred as a result of a 1% increase in the interest rate assumption is \$xxx. The sensitivity to interest rate changes on debt will reduce with a transfer of debt to the new Water Service Entity from 1 April 2025.

It is anticipated the loan to the Agricultural and Pastoral Association of \$7,180,000 will roll over on its maturity dates and will continue to derive interest revenue to offset the interest cost, plus a 0.25% administration fee. The debtor is not expected to default on any interest payments, nor are they expected to make any loan repayments during the LTP.

Inflation

The forecast financial information includes provision for inflation. The local government sector jointly procures inflation data from Business Economic Research Ltd (BERL), and Council will rely on the Cost adjusters 2023 report for inflation assumptions.

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Roads	0.00%	2.00%	2.30%	2.30%	2.20%	2.10%	2.00%	2.00%	2.00%	1.90%
Property	0.00%	2.10%	2.20%	2.10%	2.00%	1.90%	1.90%	1.90%	1.80%	1.80%
Water	0.00%	2.50%	2.70%	2.60%	2.50%	2.30%	2.30%	2.20%	2.10%	2.10%
Energy	0.00%	2.50%	2.70%	2.60%	2.50%	2.30%	2.30%	2.20%	2.10%	2.10%
Staff	0.00%	2.10%	2.20%	2.10%	2.00%	1.90%	1.90%	1.90%	1.80%	1.80%
Other Expenses	0.00%	2.10%	2.20%	2.10%	2.00%	1.90%	1.90%	1.90%	1.80%	1.80%
Maintenance Contracts	0.00%	2.00%	2.30%	2.30%	2.20%	2.10%	2.00%	2.00%	2.00%	1.90%
Sundry Revenue	0.00%	2.10%	2.20%	2.10%	2.00%	1.90%	1.90%	1.90%	1.80%	1.80%
Waste Index	0.00%	2.50%	2.70%	2.60%	2.50%	2.30%	2.30%	2.20%	2.10%	2.10%

Inflation has had a significant negative impact on the actual council expenditure against budgeted expenditure in the past three years. However, there are clear signs that inflation has peaked. The pace of price increases is expected to decline. The key risk for local government remains higher-than-normal price increases, and the effect this may have on council expenditure. This may be exacerbated by adverse shocks to the economy such as severe weather events.

There is a medium level of certainty around the inflation rates, however all signs are showing that inflation has a stable outlook from 2024. If the inflation rates tabled above were all to increase by 1% it would impact total operating expenditure for the first three years of the LTP as follows:

	Current (\$000)	1% Increase (\$000)
Year 1	xxx	xxx
Year 2	xxx	xxx
Year 3	xxx	xxx

Housing Supply and Demand

The average residential house price in Stratford is currently \$478,472 (as at March 2023), compared to the national average house price of \$939,146, and the New Plymouth average of \$707,352, and slipping back from a peak for Stratford in 2022 of \$519,616.

This presents an opportunity for growth, particularly fuelled by first home buyers, and down-sizers looking to invest in the district's housing stock, and potentially relocate to the district. Since 2018, average house price growth has been higher than the national average.

The graph below shows that Stratford District is out-performing the nation (on average) in all housing wellbeing areas except for rental affordability. Affordable housing is important for community well-being. In Stratford District the average house value was 7.1 times the average household income in 2021. Housing was more affordable than the New Zealand average (9.0). However the average weekly rent accounted for 28% of average household income, compared to 22% nationally. The home ownership rate in Stratford is 70% (compared to the national average of 65%). The household crowding rate is 5% in Stratford compared to the national average of 11%.



The data below shows a significant decrease in building consent applications in 2023 which is most likely a result of the current economic conditions. However subdivision and land development activity remains high, which is a good indicator of market prospects for housing demand. Council has made the assumption in terms of resource allocation and financial budgeting that the demand for these council services will be consistent over the next ten years.

	2023	2022	2021	2020
Building Consent applications	241	360	306	242
Subdivision applications	84	82	70	72

The Rating Valuation process was carried out in 2023 (as at August 2023) by Quotable Value Ltd, and audited by the Officer of the Valuer General. The updated values will be used for rates purposes from Year 1 of the LTP (from 1 July 2024). The change in the values from 2020 to 2023 Rating valuations are summarised below:

	Number (2020)	Number (2023)	Increase	Valuation (2020)	Valuation (2023)	Increase	Average Rating Value
Commercial	172	178	3.5%	99,055,000	133,152,000	34.4%	748,045
Dairy	417	404	-3.1%	1,219,498,000	1,257,132,500	3.1%	3,111,714
Forestry	205	211	2.9%	118,549,000	158,053,700	33.3%	749,070
Industrial	196	187	-4.6%	53,847,000	72,312,400	34.3%	386,697
Lifestyle	798	955	19.7%	451,896,000	621,535,500	37.5%	650,823
Mining	2	2	0.0%	775,000	776,000	0.1%	388,000
Other	273	259	-5.1%	142,191,000	181,796,050	27.9%	701,915
Pastoral	279	240	-14.0%	471,118,000	630,788,000	33.9%	2,628,283
Residential	2,758	2,873	4.2%	983,147,000	1,276,718,000	29.9%	444,385
Utilities	28	29	3.6%	256,750,000	252,168,000	-1.8%	8,695,448
TOTAL	5,128	5,338	4.1%	3,796,826,000	4,584,432,150	20.7%	858,830

Council has budgeted for the cost of a Rating Valuation in years 2026, 2029, and 2032 of the LTP.

Pensioner housing – Council provides 10 pensioner housing units available for over 65 year olds capable of caring for themselves. Total weekly income from all sources, including NZ Superannuation, must not be in excess of the adult minimum wage for a 40 hour week. There is roughly 40 to 50 on the waitlist at any given time, the number on the waiting list increases yearly. At a regional level, a Regional Housing Strategy is being developed which advocates for a model of a regional council owned housing collective (potentially a council controlled organisation) owning the regional community housing stock. No assumptions have been made based around this strategy for LTP planning.

In the LTP 2021-31, Council decided to extend on the previous 33 lot subdivision, with an additional subdivision (number of lots to be confirmed) on neighbouring land. To date, Council has spent \$2,145,000 in purchasing the land. Further development work is required to provide roading, water and wastewater services. Council has also committed to the original vendor to provide four areas for wetlands. It is unlikely that the subdivision project, including the sale of all sections, will be complete by 30 June 2024, therefore Council has budgeted for some loan funded expenditure and sales receipts (which will be used to repay the loan) in Years 1 to 5 of the LTP, in addition to the rates funded interest on the loan.

Waiting for update from Assets on figures / estimated costs, or optional for staged development, or may provide options for consideration of future subdivision.

Rating Unit Growth

It is expected that the number of rating units will grow by an average of 1.0% per year over the next ten years. Based on population data projections and the increase in the rating units in the past two years below, there has been an average increase of 1.5% across all the rating units charged, excluding Water and Wastewater increases that are inflated due to the introduction of a 50% charge on unconnected but serviceable properties.

Change in Number of Charges (rating units or SUIPs)

	2021/22	2023/24	Increase	% Increase
Solid Waste	2604	2701	97	3.7%
Water Supply	2972	3281	309	10.4%
Wastewater	2720	2901	181	6.7%
UAGC	4868	5161	293	6.0%
General Rates	4788	5067	279	5.8%

Business growth

The customer satisfaction survey 2023 results year on year indicate that residents would like to see improvements to the CBD Broadway area, particularly in terms of vibrancy and the look and feel of the centre of town and a general tidy up of the shops and verandahs on the main street. Many would also like to see more variety of shops on Broadway – particularly shops for essential items, healthy food shops and clothing. There is sufficient infrastructure to support commercial business operations within the CBD, however the aesthetics of the main centre are in need of investment.

Prospero Place development – further information required from EMs and management on intentions and expected impact on levels of service.

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. There is a risk that over-reliance on these two industries contributes to economic wellbeing vulnerability.

In 2022, there were 3,737 (2019:3,462) filled jobs in the Stratford District. Significant employment growth was experienced in 2021 in the district, compared to the national average, and previous years. The biggest increase in jobs in Stratford since 2018 to 2022 has been in 1) central government administration, defence and safety, 2) education and training, and 3) local government administration.

Employment growth, 2001-2022



The district unemployment rate was 3.8%, compared to the regional unemployment rate of 3.7% and national unemployment rate of 3.4%. Stratford has a higher rate of self-employment at 17%, than the national average of 16%. Stratford also has a higher productivity rating per employee. In 2022, GDP per employee came to \$153,873, compared to the national average of \$132,815.

Licensed Commercial Operators:

The number of premises registered for food and alcohol licences has reduced in the past three years. The assumption is that registrations will remain steady over the next ten years.

	2020	2023
Premises with Alcohol Licence	33	29
Health Registrations	21	21
Beauty Therapy Registrations	8	11
Food Registrations	53	51

Climate Change

At the regional and district level, research indicates Taranaki could experience more extreme and various weather events as a result of climate change, causing increases in flooding, landslides, avalanches and mudslides during heavy rainfall events and prolonged periods of drought, with the risk of wildfires during summer months. Such events could place increased pressure on business continuity and funding availability.

Legislation that is expected to impact Council includes: Waste Management Bill (Replacing the Waste Management and Minimisation Act 2008, and the Litter Act 1979) The Climate Change Adaptation Act, Natural and Built Environment Act and Spatial Planning Act (Currently the Resource Management Act).

Legislation that is also likely to have an impact on the Stratford District is 'Te Ruruku Putakerongo' (Collective Redress Act - Taranaki Maunga, Te Kāhui Tupua) as community expectations on Council service delivery may change once the maunga becomes a legal person.

In 2021, the Financial Sector (Climate-related Disclosures and Other Matters) Amendment Bill was passed, making climate-related disclosures mandatory from 2023 for certain organisations, but not currently capturing Stratford District Council. The Carbon Neutral Government Programme, launched in 2020, requires a number of public sector organisations to become carbon neutral from 2025. Again, this does not apply to Stratford District Council. It is likely that these expectations will eventually be placed on Council at some future point, and Council is working towards eventual compliance.

Resilience

Council has updated its community outcome “Resilient” to include the following Strategic Goals:

- *We consider our natural resources as taonga (treasures) and we will work with our treaty partners and community to look after them.*
- *We support a low-emissions future for our community*
- *We enable our rangatahi (youth) to be sustainable leaders*
- *We strive to have resilient infrastructure that meets the current and future needs of the district*
- *We respect Te Ao Māori values and Mātauranga Māori in our mahi (actions)*

Any environmental issues impacting on council assets and or services have historically been brought to council’s attention in the context of future works. Either as a result of the environmental impacts, or as an opportunity to future proof assets or services in the context of other required works. For example, the council is proposing to spend \$100,000 a year on the replacement of culverts to mitigate the effects of climate change. The status quo approach would be to continue to address these matters at the asset or activity level via the LTP.

Water conservation is a key requirement for future resource consent renewals and will look to be addressed in the LTP by installing water meters universally across all properties in the Stratford District in Year 1 of the LTP, and was consulted on in the LTP 2021-31.

Council hired a Sustainability Adviser in March 2023. The purpose of this position is to develop and deliver environment and sustainability strategies, plans and projects, including those relating to land & water conservation, Council’s energy use, renewable energy and the mitigation of climate change. The position also has the responsibility to provide strategic guidance and support on waste minimisation activities ensuring Council’s Waste Minimisation Plan is implemented and the outcomes are achieved.

Future plans within the first three years of the LTP are to develop a corporate Sustainability Policy (and embed this internally), research and contract out a corporate baseline emissions assessment, and develop a Sustainability Strategy – utilising a facilitated working party model to develop the strategy. Projects will be developed to meet the high-level outcomes and objectives, approved by council, of the working party Sustainability Strategy. (These are likely to fall within the years 4-7 of the LTP)

Once baseline data is captured there is a potential for Council to develop an Emissions Reduction Plan that initially reduces Council’s corporate emissions, but with a view to the future – to assist and enable the community to do the same.

This Council also has officers that attend Regional Climate Change Forum (TAs), Aotearoa Council Climate Network (TAs), and the Regional Risk Reduction Assessment Group. (Multiple Regional Representation) These groups are all collaborative platforms/networks

that share best practice and lessons from experience, which will be helpful for knowing how to get the best value for this district.

The Audit and Risk Committee has approved the Insurance Framework which establishes how infrastructure assets will be protected from an insurance perspective from the effects of extreme weather events caused by climate change.



Adopt a Climate lens to everything we do



Operational Assumptions

Infrastructure Asset Assumptions

The remaining useful lives of Council assets are recorded in the Infrastructure Strategy and have been taken from the most recent Independent Asset Revaluation carried out in 2023.

There is a medium level of uncertainty about the expected useful lives which is based upon estimates by actual performance, industry standards, engineer estimates, and valuers. Plant, equipment, and infrastructure assets lives range from 4 years to 120 years and were determined either upon initial recognition, or at the asset revaluation cycles. Depreciation and interest costs would increase if replacement capital expenditure was required earlier than anticipated. However, these impacts could be mitigated as capital projects could be reprioritised in the event of early expiration of assets. It is also possible for assets to last longer than their estimated useful life, again mitigating the effects of asset failure before the expected date. Service disruption may occur where assets fail before their useful life, however, Council is very responsive when it comes to ensuring the core infrastructure services are maintained and operated with minimal disruption.

There is a low level of uncertainty that Council activities will significantly change and result in decisions not to replace existing assets. Where a decision is made not to replace an asset, this will be factored into capital projections. Council has a comprehensive asset management planning process in place to ensure there is an efficient renewal program.

Council is constantly trying to improve the level and accuracy of asset data for core infrastructure recognising the current information could be improved. The maintenance and renewal forecasts are based on realistic and reliable information about asset condition and performance.

A report was presented to the September 2023 Audit and Risk Committee showing that critical assets requiring replacement within the next ten years had a combined replacement cost of \$53,528,517 – with the majority related to Roading Overlay. This is budgeted for in the LTP and funded in accordance with the Revenue and Financing Policy.

Roading Assumptions

The Funding Assistance Rate (FAR) government roading subsidy is forecast to be 63% in 2024/25 and to remain at this level over the following nine years. Note – this includes Special Purpose Roads that were previously funded at 100% subsidy. This is based on written confirmation from Waka Kotahi (New Zealand Transport Agency) in 2023 that the FAR would apply for approved activities in the 2024-27 National Land Transport Programme. An assumption has also been made that Waka Kotahi will fund all roading projects approved by elected members.

There is medium to high level of uncertainty around the FAR rate remaining at 63% over the 10 years of the LTP. The budget for the first 1 – 3 years of the LTP has not yet been approved by Waka Kotahi and is unlikely to be approved by the time the LTP Consultation Document is adopted. If the FAR rate reduced by 1%, this would amount to a loss of subsidy revenue in 2024/25 of \$xxx, and \$xxx over the 10 year LTP period. Council will only incur operational and capital expenditure for roading up to the maximum amount approved by Waka Kotahi for funding.

There is also an even higher risk that Waka Kotahi may not fund all of the roading projects proposed from Year 4 onwards. The Brecon Road bridge project has not yet been approved by Waka Kotahi as the business case for this is yet to be initiated, but the procurement process to prepare the business case is underway and the work is expected to be completed in the 2023/24 financial year. As it is unlikely that the project would proceed without the subsidy, the Brecon Road bridge project has not been budgeted for in the LTP.

The government's Road to Zero programme will have a significant impact on Council expenditure. Council is proposing to spend \$6,000,000 over the next ten years on this programme, funded by Waka Kotahi at the 63% rate. However, there is some uncertainty around this project proceeding if there is a change in government.

The Connecting our Communities Strategy is a 30 year vision for the Stratford District with a number of projects falling out of the strategy with forecasted capital expenditure of \$500,000 per year for the next ten years. This is also expected to be funded at 63%. The Transport Choices project is on hold until further notice and is unlikely to be completed by 30 June 2024 as expected, and the project has been extended to June 2025. Funding of 80% is expected to be continued to this date.

Uneconomic Bridges – These are bridges that have a low efficiency rating, usually determined by usage, number of beneficiaries, and availability of alternative options. Where an investment decision relating to the renewal, reinstatement, upgrading of transport

infrastructure is determined to be uneconomic, Council is required to consider a range of options including alternatives to providing an infrastructure solution and a robust assessment of social, cultural, economic and environmental impacts. Bridges requiring replacement, or significant upgrade over the next ten years in the district have a combined replacement cost of \$5,680,000. Of these 14 bridges, four provide access to only one property and are unlikely to meet Waka Kotahi funding criteria without a robust impact assessment. Therefore, there is high uncertainty around achieving funding for these bridges. Council rarely decides to proceed with roading expenditure without government funding, or from any other significant funding source, including but not limited to the relevant landowner. **Council is yet to decide on funding sources for uneconomic bridges.**

Forestry harvesting has had a significant adverse impact on expenditure on rural road emergency maintenance in the Stratford district for a number of years. Under the new National Environmental Standards for Commercial Forestry (that come into force from November 2023) Councils will have greater control over commercial forestry harvesting practices, and more power to decide where new commercial forests are located to reduce negative impacts on communities and the environment. Council will continue to apply a differential to ratepayers that exacerbate this by having large forest plantations on their property, but is proposing to change the way the differential is applied from 1 July 2024. The current system creates inequities as the forestry differential is only applied to properties that are primarily used for forestry purposes. This results in situations where properties that have large forestry blocks that may cause damage are not captured under this differential, and small properties fully planted with forestry that are unlikely to cause too much damage captured. The proposed differential will apply to the proportion of the property that is used for forestry purposes (other than indigenous or protected forests) larger than **20** hectares. This is a fairer approach, and the assumption is that it will bring more ratepayers under this differential.

Ability to Deliver Planned Capital Expenditure

There is a high risk that Council will not be able to achieve 100% of its planned capital budget. History shows this has never been achieved, and for varying reasons. In the past three years, the delivery rate for capital projects (against budget) was:

2022/23	62% (due to internal and external resource factors)
2021/22	86% (near completion of Wai O Rua Aquatic Centre)
2020/21	47% (timing of construction of Wai O Rua Aquatic Centre)

Council has mitigated this risk by working through the full capital projects list with elected members line by line, and prioritising projects based on a set of criteria. Major capital projects have also been logically spread taking into account initial development, construction, and implementation phases of a project.

Council Farm

The Council owns and operates a dairy farm in Stratford, which consistently has provided an economic return to ratepayers, and assists in mitigating the impact of rates increases. In the past three years the farm has contributed to rates as follows:

	Rates Contribution
2021/22	\$53,000
2022/23	\$149,000
2023/24	\$198,000

The Farm Reserve currently has a nil balance as it was fully used up for rates mitigation for 2023/24. For the purposes of the LTP, an assumption has been made that the Farm will provide \$75,000 of rates mitigation each year over the life of the LTP, and that any additional profit will go towards loan repayments. The loan balance for the farm is currently at \$1,909,228.

Percy Thomson Trust – Council Controlled Organisation (CCO)

The Council currently has one CCO, the Percy Thomson Trust. The Trust's main activities are to operate an Art Gallery and a retail store, and provide an Arboretum. The Trust is a CCO by way of the Council having the ability, as per the Trust deed to appoint all trustees.

Discussions are currently being had on whether the Trust will be dissolved and on winding up of the Trust all assets and liabilities are transferred to Council and a new 'Percy Thomson' activity is created. What will be the assumptions we need to make for the LTP – that it would continue as normal? New reserve will be created?

Other Environmental Factors

In addition to the significant assumptions and areas for consideration above, there are other significant factors that may have an impact on the direction of the LTP and contribute to decision making.

Relationships with Mana Whenua

Council has made a commitment through the recently updated Community Outcomes to work with iwi to achieve the following outcomes:

- Resilient: - We consider our natural resources as taonga (treasures) and we will work with our treaty partners and community to look after them
 - We respect Te Ao Māori values and Matauranga Māori in our mahi (actions)
- Connected: - We are committed to fostering meaningful and genuine partnerships with Mana Whenua
- Enabling: - We encourage partnerships to collaborate with Mana Whenua for the benefit of the Stratford district

Iwi authorities that have mana over whenua within the Stratford district are:

- Ngāruahine Iwi Authority
- Te Runanga o Ngāti Ruanui Trust
- Ngaa Rauru Kiiitahi
- Te Runanga o Ngāti Mutunga
- Te Kahui Maru Trust
- Te Atiawa Iwi Authority
- Te Runanga o Ngāti Tama.

There are no formal agreements between Council and iwi. However, engagement occurs regularly with iwi project by project as the need arises. Council has made a commitment through the Communication and Engagement Strategy to involve iwi in Council decision making at an early stage.

In 2021, Council established a Maori Ward for the 2022 and 2025 local elections. The Maori Ward was advocated for strongly by local iwi and Maori. All councillors have a responsibility to represent the community, however the Maori ward councillor has a particular responsibility

to represent people of Maori descent and bring forward Maori views and aspirations to the decision making process.

Regional Relationships

Council is committed to maintaining strong relationships with the other Taranaki councils in the region. The Future for Local Government Review recommendations strongly recommend that regional shared services are considered by default when looking to renew major council contracts.

Taranaki has four Councils, made up of three territorial authorities and one regional council:

- Taranaki Regional Council – significant future projects include xx
- New Plymouth District Council – significant future projects include xx
- South Taranaki District Council – significant LTP projects include a xx

Major regional projects include:

- Tapuae Roa - regional economic development strategy,
- Ara Ake Energy Centre
- Regional Waste Minimisation strategy,
- Regional Sports Facilities strategy
- Taranaki Maunga Project
- Regional Housing Strategy

The Stratford District is also noted as a relevant local authority (along with the Manawatu-Wanganui Regional Council, Ruapehu District Council and Whanganui District Council) under the Te Awa Tupua (Whanganui River Claims Settlement) Act 2017. There is uncertainty at present as to what Stratford District Council's obligations will be specifically and what council resources will be required to meet our legislative obligations.

Sports, Recreational and Educational Facilities

The Stratford District is fully equipped, for a town of its size, with a wide range of facilities for all age groups.

The Wai O Rua Stratford Aquatic Centre, opened in October 2022, is Stratford's premier swimming and wellness facility – fully owned and operated by Stratford District Council. The facility has a capacity of 665 including swimmers and visitors. The average daily number of patrons is 300 during term time. Current services provided include recreational swimming, swimming lessons, play sessions for babies and parents, group fitness classes including pilates, aqua natal, spin bikes and aqua aerobics, and birthday parties and venue hire. The strategic goals for the Aquatic Centre look to expand on the existing service offerings, where financially viable to do so.

Located next to the Aquatic Centre is the Stratford multi-sports hub, with a stadium (used for indoor sports), gymnasium and squash courts, international standard hockey facilities, and five outdoor netball courts and three tennis courts.

The Library and Information Centre form a community hub that is proposed to be combined into a single council activity made up of the Library, Information Centre and AA driver services.

Stratford's main playground is located within Victoria Park, and includes a half-basketball court, bike-park and pump track, and a skate park, with bbq facilities and a large grass field

for family activities. There are two other playgrounds and parks in the urban area that Council also maintains.

The Taranaki Pioneer Village in Stratford provides a unique outdoor museum with 40 authentic historic colonial structures dating back to 1853, presenting the life of Taranaki pioneers in the 19th and 20th centuries. Although not owned by the Council, funding has been provided to assist in the maintenance of this unique cultural facility.

Stratford Park – The A&P Association is proposing to build international standard Equestrian Arena and Motor Sport facilities in Stratford at an estimated cost of \$75m. There is no timeframe for when this project will be complete as funding for the development is yet to be secured and resource consents have not yet been applied for. Council has provided support for this project by way of a \$7,180,000 loan to purchase land, however this loan is not expected to impact on financial budgets for the LTP.

There are ten primary schools in Stratford, and two high schools (one is a girls only high school). Overall there has been a decline in the last three years, with the exception of Stratford High School, Taranaki Diocesan School for Girls, Midhirst Primary School, Avon School, and Huiakama School. The three smallest primary schools have a combined roll of 37 students from ages 5-12.

- Stratford High School – roll 518 (2020: 493)
- Taranaki Diocesan School for Girls – roll 113 (2020: 99)
- Stratford Primary School – roll 390 (2020: 426)
- St. Josephs Primary School – roll 184 (2020: 239)
- Ngaere School – roll 152 (2020: 163)
- Midhirst Primary School – roll 140 (2020: 109)
- Toko School – roll 121 (2020: 144)
- Pembroke School – roll 97 (2020: 102)
- Avon School – roll 75 (2020: 66)
- Huiakama School – roll 16 (2020: 15)
- Marco School – roll 14 (2020: 18)
- Makahu School – roll 7 (2020: 10)

Participation in high quality early childhood education has significant benefits for children and their future learning ability and can positively impact literacy, numeracy, and problem-solving skills in later years. There are eight dedicated early childhood education facilities in the district. In 2022, the percentage of children starting school who attended early childhood education was 99% (compared to the national average of 96%).

To summarise, the district is well served with sufficient recreational and educational facilities. The focus of the LTP will be on maintaining and improving on existing council owned recreational infrastructure.

Emergency Management Preparedness

The Council has an established Emergency Operations Centre at the War Memorial Centre in Stratford to train for and undertake its civil defence operations. The TET Sports Stadium has been identified as the likely area for a welfare centre, if and when needed. The location and nature of an event may however render these facilities unusable or determine that a different location may be more appropriate. All critical Emergency Operations Centre Equipment is mobile and easily relocatable.

Both buildings have been identified as earthquake prone, which may impact their usability during or after an emergency, particularly an earthquake. Council is in the process of

establishing the cost and viability of strengthening one or both buildings – budget yet to be confirmed – earthquake strengthening is likely to be a consultation issue. In the meantime, they are considered appropriate for training and response to events other than an earthquake.

Council maintains a pool of trained staff as well as community volunteers and has access to highly trained Emergency Management professionals through the Taranaki Emergency Management Office and the National Emergency Management Office. Furthermore, there is strong mutual support by councils within and outside the region if and when the need arises.

Civil Defence Emergency - Council insures above ground and below ground assets under separate insurance policies. The above ground assets are insured under a Material Damage Policy, and the below ground assets are insured through LAPP. Central government is a co-funder of roading infrastructure and, as demonstrated by various recent events, would be expected to support local authorities during any response and rebuild efforts.

Through the Taranaki Emergency Management Office, the Taranaki region maintains a hazard register, and plans and trains to respond to events arising from natural, biological and infrastructure hazards. These range from earthquakes and volcanic eruptions to biosecurity issues and infrastructure failure.

DRAFT

Appendix One – Table of Assumptions and Risks

ASSUMPTION	SOURCE	RISK	LEVEL OF UNCERTAINTY	IMPACT	RISK CONTROL
Population Change That the district population will increase on average by 0.4% each year.	Infometrics	Population growth is significantly higher or lower than projections	Low	If population is significantly higher, then infrastructure may not be able to cope with the demand. If population is significantly lower, then services may go underutilised and revenue from fees and charges may reduce.	Limited risk mitigations available. The cost of reducing the impact of a significant increase in population would severely outweigh the benefits.
Demographic Change The prediction is that the proportion of elderly over 65's and young under 10's will be higher than the national average, and that the Maori population will continue to grow at a faster rate than all other ethnicities.	Infometrics	The demographic make-up of the district differs significantly from previous year changes and expectations.	Low	The district already has a higher dependency ratio than the national average which puts a greater burden on the working age population, and is likely to reduce productivity capacity and growth.	Limited risk mitigations available. Ensure attractions and facilities are available for all age groups, and support is available for ethnic minorities.
Climate Change 1) Gradual change in temperature – no impact factored into LTP 2) Socio-economic consequences of climate change decisions – no impact factored into LTP	Corporate baseline emissions assessment (TBC)	Environmental changes may accelerate at a rate higher than predicted. The consequences of adaptation measures may disproportionately harm parts of the community.	Medium	The district has no exposure to coastlines, however may be impacted by severe weather events including heavy rainfall and drought. Work with community where climate change decisions will impact negatively.	Capture baseline emissions data Work with the business community on diversification Work with households and schools on waste reduction
Waka Kotahi Revenue Significant proportion of revenue, budgeting for 63% of all roading expenditure	Waka Kotahi	FAR may change Some expenditure is not funded – change in criteria	Medium	Financial impact – if FAR increases then we have over-rated the community, if FAR reduces we may	Waka Kotahi have confirmed the FAR rate for the next 3 years. Work will be prioritised by what is

		for inclusion in subsidised works programme		have to reduce the planned programme. If some works are not approved, then this will directly impact parts of the community, and reduce the works programme.	approved by Waka Kotahi.
Emergency Event Disruptive or destructive emergency events could lead to damage – not budgeted for	N/A	Business continuity – continuing to provide agreed levels of service Financial cost – emergency response and rebuild costs	High	Impact on infrastructure, employment, housing, social disruption, health and access. Increased debt - Likely to require loan funding for rebuild costs	Business continuity plans, insurance, borrowing capacity. Central government source of funding.
Three Waters Reform Delivery of 3 waters activities by a Taranaki Regional entity from 1 April 2025.	Legislation / regional agreement	Risk that this may not occur as planned causing uncertainty, additional work and resourcing.	Medium	Service delivery impacts – confusion on who is doing what and when. Reduced debt and responsibility for Council may not be realised	The region is committed to proceeding with a three waters CCO if the legislation is repealed by the new government.
Resource Consents That council will be able to obtain all resource consents necessary for council business.	Schedule of consents (internal)	Council may not be able to continue existing service delivery if consents expire or are not renewed / approved by Taranaki Regional Council.	Low	Council has numerous consents (excluding 3 waters) in areas such as solid waste, property (Wai o Rua, Farm), and Rooding. Any issues may prevent Council from delivering existing levels of service.	Work closely with TRC and iwi authorities – particularly in the lead up to consent expiry date.
Useful Lives of Significant Assets and Depreciation	2023 Asset Revaluation by Beca	Useful lives could be less or longer than predicted,	Medium	Service delivery – asset failures if lives are less than predicted	Ensure a full asset revaluation is carried out every three years,

Revaluations, and consequently reassessments of the useful lives of significant assets will continue every three years for Land and Buildings (Years 2026, 2029, and 2032) and every two years for Roading (Years 2026, 2028, 2030, 2032, 2034).		causing unexpected asset failures		Financial impact – replacing assets earlier than expected means that there are insufficient funds to cover the cost of replacement.	and an independent impairment assessment is undertaken each year.
Revaluation of Non-Current Assets Revaluations will take place every three years and the percentage increases assumed are as follows: <ul style="list-style-type: none"> Buildings: 4.35% in year 3, 6.39% in year 6, 6.32% in year 9% Roading 10% in year 2, and every second year after that Utilities 5% in year 2, and every second year after that 	Business and Economic Research Ltd	Risk that Council is not funding depreciation at an appropriate level to cover the future asset replacement cost	Medium	Financial impact – revaluations come at a substantial cost to Council in terms of fees and increased depreciation, however they ensure sufficient funds are set aside for future replacement and that the burden is placed evenly on current and future generations.	As above, get quotes early for full revaluation years.
Return on Investments A&P Loan Term Deposits Council Farm (refer assumptions in report)	Current rates / margins Historical data	Returns could be higher or lower than predicted	Low	Minimal financial impact due to materiality in relation to total revenue.	Have agreements in place confirming performance where possible, or obtain quotes (for all term deposits)
Rateable Properties The assumption is that rateable properties will increase by an average of 1% over the next ten years.	Consent Data	Increase in rateable properties could be higher or lower than predicted	Low	Higher number of rateable properties increases the spread of the overall intake lowering individual property rates. On the flip side, the increase can put pressure on council infrastructure and resourcing. The reverse applies for a reduction in rateable properties.	Limited controls available. Ensure land development processes are resourced and streamlined to encourage and support growth in the district, and at appropriate locations.

<p>Capital Delivery Council plans to deliver 100% of all budgeted capital expenditure over the life of the Long Term Plan. The financial model was developed based on this assumption.</p>	<p>Director Assets / Chief Executive</p>	<p>That Council delivers significantly less than 100% of capital budget.</p>	<p>High</p>	<p>Reduced service levels if assets are not maintained as they should be, over-reliance on repairs and maintenance expenditure. Potential to over-rate ratepayers if new expenditure is factored into budget, along with operational impacts, and then doesn't materialise.</p>	<p>Council has prioritised projects and elected members have reviewed and accepted the capital programme. Major capital projects have also been logically spread taking into account initial development, construction, and implementation phases of a project.</p>
<p>Inflation Council, along with many other NZ councils, calculates and applies inflation factors to its 10 year budget forecast, using predictions of future inflation levels from New Zealand economic research company. The predictions are stated earlier in this report.</p>	<p>Business and Economic Research Ltd</p>	<p>That inflation is much higher than forecast assumptions.</p>	<p>Medium</p>	<p>Financial impact on expenditure – budget increases will be required.</p>	<p>Limited controls available. Review and update assumptions annually.</p>
<p>Interest on Debt Interest cost assumptions are stated earlier in this report..</p>	<p>Infometrics</p>	<p>That interest costs continue to increase higher than forecast assumptions</p>	<p>Medium</p>	<p>Financial impact on interest expenditure – budget increases will be required (less of an impact after three waters transition date)</p>	<p>Reduce reliance on debt. Comply with treasury policy and LGFA covenant limits.</p>



Stratford District Council and Group

Report to Audit and Risk Committee
for the year ended 30 June 2023

6 October 2023



Purpose of report

This report has been prepared for Stratford District Council's Audit and Risk Committee (the 'Committee') and is part of our ongoing discussions as auditor in accordance with our engagement letter dated 31 July 2023 and audit proposal letter and as required by the auditing standards issued by the Auditor-General that incorporate the New Zealand auditing standards.

This report is intended for the Committee (and other Council members) and should not be distributed further. We do not accept any responsibility for reliance that a third party might place on this report should they obtain a copy without our consent.

This report includes only those matters that have come to our attention as a result of performing our audit procedures and which we believe are appropriate to communicate to the Committee. The ultimate responsibility for the preparation of the financial statements rests with the Councillors.

Responsibility statement

We are responsible for conducting an audit of Stratford District Council (the 'Council') and the Percy Thomson Trust (hereafter collectively referred to as the 'Group') for the year ended 30 June 2023 in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and International Standards on Auditing (New Zealand).

We have performed a separate statutory audit for Percy Thomson Trust for the year ended 30 June 2023 which forms part of the consolidated financial statements.

Our audit is performed pursuant to the requirements of the Local Government Act 2002, Public Act 2001 and the Financial Reporting Act 2013, with the objective of forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of the Council Members. The audit of the financial statements does not relieve management or the Council Members of their responsibilities.

Our audit is not designed to provide assurance as to the overall effectiveness of the Group's controls but we will provide you with any recommendations on controls that we may identify during the course of our audit work.



Contents

Section 1 – Our final report

Introduction	5
Executive summary	6
Areas of audit focus dashboard	7
Areas of audit focus explained	8 - 14
Your control environment and findings	15 – 17
Summary of unadjusted differences	18
Our audit report	19

Section 2 – Financial reporting and other developments

Climate-related disclosures	21 - 22
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Appendices

Other communications	24
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Our final report



Introduction

Dear Committee Members

We are pleased to provide you with the results of the audit of Stratford District Council (the 'Council') and its subsidiary (the 'Group') for the year ended 30 June 2023. Included in this report are the results and insights arising from our audit which we consider appropriate for the attention of the Committee. These matters have been discussed with management and their comments have been included where appropriate. We also include those matters we are required to report to you in accordance with the auditing standards. As a result, this report is intended for the Committee (and other Council members) and should not be distributed further.

We would like to take this opportunity to extend our appreciation to management and staff for their assistance and cooperation during the course of our audit.

We hope the accompanying information will be useful to you, and we look forward to answering your questions about our report.

Yours sincerely,

A handwritten signature in black ink that reads "Pam Thompson".

Pam Thompson, Partner
for Deloitte Limited
Appointed Auditor
On behalf of the Auditor-General
Wellington | 6 October 2023





Executive Summary

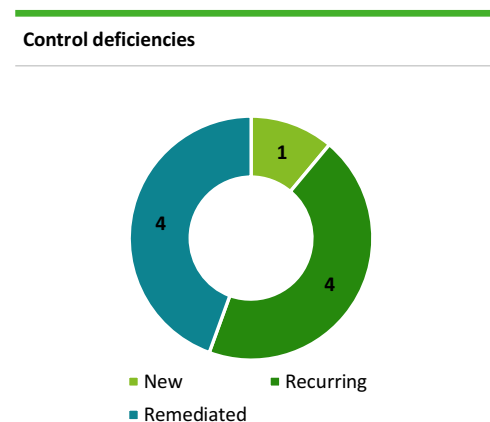
This executive summary details the key matters arising from our audit

Key areas of audit focus	Status
1 Valuation of assets	✓
2 Management override of controls	✓
3 Revenue recognition	✓
4 Government reviews and proposals	✓
5 Public sector specific procedures	🔑
6 Statement of Service Performance	🔑
7 Percy Thomson Trust	🔑

✓	Completed, no issues noted.	🔑	Completed, insights identified.	🔑	Completed, significant findings identified.
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Impact of unadjusted differences

(\$000)	As presented (group)	Aggregate unadjusted misstatements	Adjusted Balance
Assets	483,598	321	483,919
Liabilities	38,278	-	38,278
Equity	445,320	321	445,641
Net Surplus	3,051	-	3,051



Matters of interest

Three Water Reform

We intend to issue an unmodified audit report which includes an emphasis of matter drawing attention to disclosure made in note 27 to the financial statements which outlines developments in the Government’s water services reform programme.

The Water Services Entities Act 2022, as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023 and the Water Services Legislation Act 2023 on 31 August 2023, establishes ten publicly owned water services entities to carry out responsibilities for the delivery of three waters services and related assets and liabilities currently controlled by local authorities. Water services entities’ establishment dates are staggered, with all the water services entities becoming operational between 1 July 2024 and 1 July 2026. The financial impact of the water services reform on the Council remains uncertain until the relevant water services entity’s establishment date is known, and the allocation schedule of assets, liabilities, and other matters to be transferred is approved.



Areas of audit focus – dashboard

Financial statements dashboard

The following were our areas of audit focus for the 30 June 2023 audit. Findings in respect of the control environment are discussed later in this report.

Area of audit focus	Significant risk	Fraud risk	Level of management judgement required	Findings
Valuation of assets	✓	✗	●	✓
Management override of controls	✓	✓	-	✓
Revenue recognition	✗	✗	●	✓
Government reviews and proposals	✗	✗	●	✓
Public sector specific procedures	✗	✗	●	🔍
Statement of Service Performance	✗	✗	●	🔍
Percy Thomson Trust	✗	✗	●	🔍

Level of management judgement required

● ● ●

—————>

LowHigh

Findings

✓ Completed, no issues noted
🔍 Completed, insights identified
🔍 Completed, significant findings identified



Areas of audit focus

Valuation of assets

Area of audit focus	Our approach	Audit findings
<p>The Council has a significant asset base with several assets classes carried at fair value. Assets carried at fair value are revalued on a regular basis, generally on a three year cyclical basis.</p> <p>The following asset classes are carried at fair value, including the date that they were last revalued:</p> <ul style="list-style-type: none"> Land and buildings – 30 June 2023 Roading assets – 30 June 2021 (a revaluation uplift based on an index approach was recognised at 30 June 2022) Three waters infrastructure – 30 June 2021 <p>Management engaged an independent valuer, Tom Drake from TelferYoung, to assist with the revaluation of land and buildings this year. Valuations were conducted using market-based evidence. Buildings were valued using the optimised depreciated replacement cost method and land was valued on the basis of the open market value of that land.</p> <p>For the three waters infrastructure assets and roading assets, management and the Councillors were required to perform a fair value assessment to ensure that the carrying value of the assets at 30 June 2023 did not differ materially from their fair value. This assessment required a degree of management judgement given the various assumptions used in determining fair value and therefore input was obtained from independent experts from Beca Projects NZ Limited.</p> <p>The fair value assessment of assets is an area that continues to receive increased focus in the sector and therefore has been identified as a significant risk in the current year.</p>	<p>For those assets where a revaluation has been performed (land and buildings), we have:</p> <ul style="list-style-type: none"> Read and understood the valuer's report, in particular the valuation methodology and underlying assumptions adopted; Obtained representation directly from the independent valuer confirming their independence and alignment of methodology with the requirements of PBE IPSAS 17 <i>Property, plant and equipment</i>; Reviewed the key underlying assumptions used and challenged the assessments made to ensure these assumptions are reasonable and in line with the accounting standards; and Ensured the revaluation transaction is correctly accounted for and disclosed in the financial statements. <p>For roading assets and three waters infrastructure carried at fair value where no revaluation has been performed, we have:</p> <ul style="list-style-type: none"> Obtained management's assessment of the indicative movement in fair value, supported by the reports from independent experts; and Assessed the assumptions and inputs applied to the quantitative assessment, using market-based evidence where available and agreeing to appropriate supporting documentation. 	<p>From our analysis, we have not identified any material issues in relation to the valuations or fair value assessments performed.</p> <p>The valuation adjustment of \$7.9m (\$7.2m Council, \$0.7m Percy Thomson Trust) arising from the land and buildings assets has been recorded in the financial statements.</p> <p>Management's conclusion that the three waters assets and roading assets' fair value approximates carrying value appears to be reasonable.</p>



Areas of audit focus

Management override of controls

Area of audit focus	Our approach	Audit findings
<p>ISA (NZ) 240 <i>The auditor's responsibility to consider fraud in an audit</i> of financial statements ("ISA NZ 240") requires us to presume there are risks of fraud in management's ability to override controls.</p> <p>We are required to design and perform audit procedures to respond to those risks and therefore this is a focus area for our audit.</p> <p>Management's override of controls is identified as a fraud risk because it represents those controls in which manipulation of the financial results could occur. It has a potential impact to the wider financial statements and is therefore a significant risk for our audit.</p>	<p>We have:</p> <ul style="list-style-type: none"> • Understood and evaluated the financial reporting process and the controls over journal entries and other adjustments made in the preparation of the financial statements; • Tested the appropriateness of a sample of journal entries and adjustments and made enquiries about inappropriate or unusual activities relating to the processing of journal entries and other adjustments; • Reviewed accounting estimates for biases that could result in material misstatement due to fraud, including assessing whether the judgements and decisions made, even if individually reasonable, indicate a possible bias on the part of management; • Performed a retrospective review of management's judgements and assumptions relating to significant estimates reflected in last year's financial statements; and • Obtained an understanding of the business rationale of significant transactions that we become aware of that are outside the normal course of business or that otherwise appear to be unusual given our understanding of the entity and its environment. 	<p>We have not identified any material issues.</p>



Areas of audit focus

Revenue recognition

Area of audit focus	Our approach	Audit findings
<p>ISA (NZ) 240 requires us to presume there are risks of fraud in revenue recognition and therefore this is a focus area for the audit.</p> <p>The Council has various revenue streams which need to be considered separately to ensure they are in-line with PBE Standards.</p> <p>Failure to comply with rating law and the associated consultation requirements can create risks for rates revenue. Compliance with the detail of the Local Government (Rating) Act 2002 (“LGRA”) is vital; if the rate is not within the range of options and restrictions provided for in that Act, it may not be valid.</p> <p>Management and Council need to ensure that the requirements of the LGRA are all adhered to and that there is consistency between the rates resolution, the funding Impact Statement for that year, and the Revenue and Financing Policy in the respective Long Term Plan (‘LTP’) or Annual Plan (‘AP’).</p> <p>Material misstatement due to fraudulent financial reporting relating to revenue recognition often results from an overstatement of revenues through, for example, premature revenue recognition or recording fictitious revenues. It may also result from an understatement of revenues through, for example, improperly shifting revenues to a later period. Through our understanding of the Council and level of risk assessed we have rebutted the significant risk of fraud associated with revenue recognition. However, due to the significance of revenue to the financial statements we have identified revenue recognition as an area of focus.</p>	<p>We have:</p> <ul style="list-style-type: none"> Understood, evaluated and tested the design and implementation of relevant controls that address the risks of revenue recognition; Assessed the quality of information produced from the IT system and ensured accuracy and completeness of reports that are used to recognise revenue; Completed a ‘rates questionnaire’ compiled by the OAG, to confirm whether rates have been correctly set; Reviewed the meeting minutes recording the adoption of the rates resolution to ensure the rates were in accordance with the Revenue and Financing Policy as well as reviewing any other information available with regards to rates; Completed analytical procedures by developing expectations based on our knowledge of the sector and key performance measures for rates revenue; Performed test of details of transactions recorded in general ledger by tracing these transactions to supporting documentation, including bank statements for other material revenue streams; and Assessed the impact of any changes to revenue recognition policies 	<p>No issues came to our attention regarding rates and compliance with the Local Government (Rating) Act 2002 or revenue recognition controls and processes.</p>



Areas of audit focus

Government reviews and proposals

Area of audit focus	Our approach	Audit findings
<p>There continues to be change in the sector with new regulatory requirements (new and updated national policy statements) in place or proposed (most notably the three waters reform), and other areas being considered by the Government. This constant change makes it challenging for Councils to plan ahead, particularly because of uncertainties of regulatory settings and the significant cost implications of these changes.</p> <p><i>Three waters reform</i> The Government is currently carrying out the Three Waters Reform Programme. The first phase of the reform was establishing Taumata Arowai, the new water regulator for Aotearoa, on 15 November 2021.</p> <p>The Government has put forward the legislation for New Zealand's three water services. The proposed legislation outlines that this will be managed by ten new publicly owned water entities, replacing the services currently managed by 67 councils. If the legislation is passed, the Government through the new publicly owned water entities assumes responsibility for wastewater and stormwater networks, becoming the three waters regulator for NZ.</p> <p>The Water Services Legislation Act 2023 received Royal Assent on 30 August 2023, and most of it came into force on 31 August 2023. The Water Services Economic Efficiency and Consumer Protection Act 2023 also received Royal Assent on 30 August 2023. As part of this, the Water services entities' establishment dates are staggered, with all the water services entities becoming operational between 1 July 2024 and 1 July 2026.</p> <p>As at 30 June 2023 the councils/district councils and CCO's still retain and maintain the three water infrastructure and services associated to the three water assets.</p>	<p>We have:</p> <ul style="list-style-type: none"> Continued to follow up on the impact of these initiatives to the Council; and Maintained close communication with the Office of the Auditor-General ('OAG') if there are any other areas that requires further consideration. <p>We also draw to your attention that the OAG has assessed that the 2022/23 audit opinions for Councils impacted by three waters reform will include an emphasis of matter paragraph with the following proposed wording:</p> <p><i>"Without modifying our opinion, we draw attention to Note 27 on page [xx], which outlines developments in the Government's water services reform programme.</i></p> <p><i>The Water Services Entities Act 2022, as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023 and the Water Services Legislation Act 2023 on 31 August 2023, establishes ten publicly owned water services entities to carry out responsibilities for the delivery of three waters services and related assets and liabilities currently controlled by local authorities. Water services entities' establishment dates are staggered, with all the water services entities becoming operational between 1 July 2024 and 1 July 2026. The financial impact of the water services reform on the Council [as outlined in note 27] remains uncertain until the relevant water services entity's establishment date is known, and the allocation schedule of assets, liabilities, and other matters to be transferred is approved"</i></p>	<p>No other matters were identified other than the audit report impact and the disclosure in the Annual Report.</p>



Areas of audit focus

Public sector specific procedures

Area of audit focus	Our approach	Audit findings
<p>Focus by the OAG in the current year is predominantly on the 2021-31 Long Term Plan audits, however the OAG Audit Brief has also been updated with no material impacts on the 2022/23 audit. The main areas of focus include:</p> <ul style="list-style-type: none"> • Related party transactions, conflicts of interest, sensitive expenditure and severance payments • Legislative compliance • Procurement: Procurement is an area of focus for the work programme of the Auditor-General (OAG) and while no specific projects have been identified relating to local government at this stage for 2022/23, it is expected that major capital projects and significant procurement activity are areas where audit effort is focused. • Central government/stimulus funding: It is important that Council is accounting for this funding in accordance with PBE accounting standards, being transparent with communities and meeting any obligations. • Climate Change: Climate change is an area of focus for the work programme of the OAG as Local government is becoming a focus for climate change related action. The OAG focuses on the Councils ability to provides for the resilience of infrastructure assets to the risk of natural hazards, including making sufficient financial provision to respond to these risks. • Capital expenditure delivery : Capital expenditure is a focus area for the OAG and the focus will be placed on Councils ability to delivery in line with the 2021/31 LTP. 	<p>We have:</p> <ul style="list-style-type: none"> • Reviewed a sample of sensitive expenditure areas and items to ensure that the expenditure is compliant with the Board's policies, procedures and best practice. Our work included specifically looking to ensure that the business purpose of expenditure is documented, and all expenditure has been appropriately approved using the 'one-up' principle as recommended by the Office of the Auditor General (OAG). • Performed a review of significant related party transactions including conflicts of interest to ensure all appropriate disclosures surrounding these transactions have been made in the financial statements. • Enquired with the Board, management and others within the entity regarding the risk of fraud within the Council and the processes in place to mitigate those risks. • Evaluated the processes and monitoring procedures over legislative compliance with an aim of assessing the appropriateness and effectiveness in enabling compliance with material legislative and regulatory requirements. 	<p>The Council's policies are due to be reviewed every three years. However, the following policies are out of their review cycle:</p> <ul style="list-style-type: none"> • Procurement policy; • Anti-fraud and corruption policy; and • Presentations to elected members and staff policy. <p>Other than the matter noted above we have not identified material issues.</p>



Areas of audit focus

Statement of Service Performance

Area of audit focus	Our approach	Audit findings
<p>PBE FRS 48 <i>Service Performance Reporting</i> establishes new requirements for the selection and presentation of service performance information. It applies to Tier 1 and 2 not-for-profit PBEs, and to public sector PBEs which are required by law to report service performance information in accordance with GAAP, and is effective for annual reporting periods beginning 1 January 2022.</p> <p>The Council's annual report is required to include an audited Statement of Service Performance ('SSP') which reports against the performance framework included in the annual plan/long-term plan.</p> <p>The SSP is an important part of the Council's annual performance reporting and it is important it adequately "tells the performance story" for each group of activities.</p> <p>Our audit opinion considers whether the service performance information:</p> <ul style="list-style-type: none"> Is based on appropriately identified elements (outcomes, impacts, outputs), performance measures, targets/results; and Fairly reflects actual service performance for the year (i.e. not just reports against forecast). 	<p>During the course of the audit we have:</p> <ul style="list-style-type: none"> Reviewed Council's SSP against legislative requirements and good practice. This included checking consistency with the performance framework included in the 2021-2031 LTP and 2022/23 Annual Plan; Audited a sample of the reported performance measures, with a focus on the more significant groups of activities; Reviewed the narrative commentary and explanatory information provided in the annual report to ensure that this provides sufficient information to the readers i.e. "tells the performance story". 	<p>As part of our audit, we have tested the resource consent service reporting measures and identified there was currently no system report able to be generated to outline all resource consents issued in the period and the time frame in which they were issued. This is currently calculated manually, which heightens the potential risk of error. This is consistent with our finding last year.</p> <p>Management has confirmed that a report script within Authority is being developed for the next financial period which would allow for more accurate reporting of the measure directly from Authority. This will remove the manual calculation performed at month end by the team for each consent issued in the period and the time in which it was issued.</p>



Areas of audit focus

Percy Thomson Trust

Area of audit focus	Our approach	Audit findings
<p>The Percy Thomson Trust (the 'Trust') is a Council-Controlled Organisation and is consolidated as part of the Stratford District Council Group.</p> <p>We have audited the performance report of the Trust for the financial year ended 30 June 2023.</p>	<p>During the course of the audit we have:</p> <ul style="list-style-type: none"> Reviewed Trust's SSP against legislative requirements and good practice. This included checking consistency with the performance framework included the Trust's Statement of Intent; Conducted appropriate audit procedures in response to identified risks of material misstatement, including revenue, financial assets and the valuation of land and buildings; and Conducted the same procedures over the revaluation of land and buildings as those performed for the Council. 	<p>The Trust holds investments in commercial property through proportionate ownership schemes and property investment funds. In the standalone financial statements of the Trust these are held at cost as allowed under the Trust's accounting policies and applicable Tier 3 financial reporting standards.</p> <p>The Council is subject to Tier 2 financial reporting standards. Under these standards and the Council's accounting policies these investments should be recognised at their fair value.</p> <p>Consistent with prior years, these investments have not been recognised at fair value in the group financial statements. This results in an understatement of investment to the amount of \$321k which is included as an unadjusted difference on page 17 of this report.</p>



Your control environment and findings

Details of findings identified

Our audit approach requires us to obtain an understanding of an entity's internal controls, sufficient to identify and assess the risks of material misstatement of the financial statements whether due to fraud or error. We remind you that our audit is not designed to express an opinion on the effectiveness of the controls operating within the Group, although we have reported to management any recommendations on controls that we identified during the audit. The matters being communicated are limited to those deficiencies identified that we have concluded are of sufficient importance to merit being reported. Our recommendations for improvement should be assessed by you for their full commercial implications before they are implemented.

Finding/observation	Business implication from control deficiency	Deloitte recommendation	Management response and remediation plan
Matters identified in the prior year, recurring in the current year			
<p>Policy reviews The Council's policies are due to be reviewed every three years. However, the following policies were not reviewed within cycle:</p> <ul style="list-style-type: none"> • Procurement policy; • Anti-fraud and corruption policy; and • Presentations to elected members and staff policy. 	<p>The policies which are not reviewed and updated regularly may result in the policy not reflecting the changing circumstances of the Council (if any) or the updated requirements as set forth by the OAG under the Good Practice guide.</p>	<p>We recommend that the Council adheres to the policy review timelines it sets itself and adopts best practice by reviewing policies on a timely basis.</p>	<p>Most policies have a light review each year by the Senior Leadership Team to assess if they are still fit for purpose. Where no changes are required, their comprehensive review date may be pushed out. As a risk control, a Policy Status update report will be presented to the Audit and Risk Committee each year from November 2023. The Procurement policy and Treasury policy have already been flagged for review in 2023.</p>
<p>Resource consent reporting When performing procedures over the Resource Consent Reporting Measure, it was identified that there was currently no system report able to be generated to outline all resource consents issued in the period and the time frame in which they were issued.</p>	<p>There is a risk that the number of resource consents being incorrectly reported due to a consent approved being missed when manually calculating the measure.</p>	<p>We recommend that Council has a process in place to ensure that there is a check for completeness and accuracy of data, and evidence is retained to enable reperformance of the process.</p>	<p>A report script within Authority is underway to allow for more accurate reporting of the measure.</p>



Your control environment and findings

Details of findings identified cont.

Finding/observation	Business implication from control deficiency	Deloitte recommendation	Management response and remediation plan
Matters identified in the current year			
<p>Purchase order approvals We identified an instance where a purchase order had been raised and approved by the same individual.</p>	<p>Management implements appropriate one-up approval of invoices for payment and expenditure reimbursements.</p> <p>If purchase orders are not also subject to one-up approval there is a risk that inappropriate goods or services are completed which could be challenging to cancel at the payment stage.</p>	<p>We recommend that purchase orders are approved by an individual independent of the requestor and who has the appropriate delegated authority.</p>	<p>Agree that initial purchasing is not always subject to a rigorous one-up approval process, which represents a risk to Council.</p> <p>Investment in procure to pay software is likely to be undertaken in early 2024 once Authority is upgraded to version 7.1.</p>



Your control environment and findings

IT systems

In performing our audit, we have incorporated IT specialists within our engagement team to better understand and assess the IT processes and control environment. The most notable control observations are detailed below.

Areas Impacted	IT system	Completed as planned?	Deficiencies identified	Findings/Observations
Matters identified in the prior year, recurring in the current year				
				We were unable to obtain any evidence for conducted UAR's as any changes to user access rights are made on an ADHOC basis by the IT Manager where requests or approvals are not yet captured or tracked.
User access reviews ('UAR')	Authority	✓	●	<p>Failure to review the appropriateness of access rights may mean that privileges are no longer valid or are beyond a users current need. If unnecessary access privileges are not removed, there is a risk of unauthorised access to systems and data, which increases the likelihood for financial misstatement.</p> <p>It is recommended to formalise a user access review process policy to ensure that evidence of all user access reviews is retained. This will ensure that any actions are traceable for when the UAR was performed, as well as mitigation against the risk that users may have inappropriate levels of access within the system environment.</p>
				There is no formalised testing procedure for changes made to the Authority application prior to being implemented within the production environment.
Application changes	Authority	✓	●	<p>Adopting an informal approach to testing could lead to gaps and inefficiencies within the application and underlying infrastructure, which may in turn lead to faults and inappropriate changes being found post-implementation, which increases the likelihood of business disruption and potential security risks to the IT environment.</p> <p>It is recommended to formalise a change testing process policy to ensure that evidence of all testing procedures are being retained. This will ensure that any actions are traceable for when the testing was performed, and adds an additional layer of security which ensures that all changes implemented into the production environment have been tested.</p>

- Significant deficiencies reported
- No significant issues identified



Summary of unadjusted differences

We have communicated to management all misstatements accumulated during the audit and have requested that management correct those misstatements. We have obtained an understanding of the misstatements below, and management's reasons for not making the corrections, and based on our evaluations have determined that no uncorrected misstatements individually or in aggregate, have a material effect on the financial statements for the year ended 30 June 2023.

In performing our audit, no material uncorrected disclosure deficiencies were detected in the financial statements.

The unadjusted differences we have identified are set out below.

Unadjusted misstatements identified	Assets Dr/(Cr)	Liabilities Dr/(Cr)	Equity Dr/(Cr)	Profit or loss Dr/(Cr)
Percy Thomson Trust's financial assets carried at cost, revalued for consolidation purposes	321,097		(321,097)	
Total	321,097		(321,097)	

Note: Immaterial balance sheet and income statement reclassifications have not been included in the summary of unadjusted differences



Our audit report

Matters relating to the form and content of our report

Here we discuss how the results of the audit impact on our audit report.

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99

Our opinion on the financial statements

Subject to completion of outstanding matters discussed below, we expect to issue an unmodified opinion on Stratford District Council's annual report.

We have issued an unmodified opinion on the Percy Thomson Trust financial statements and performance information.



Emphasis of matter and other matter paragraphs

An emphasis of matter will be included in the audit report with regards to the Government introduced legislation to establish ten publicly owned water services entities to take over responsibilities for service delivery and infrastructure from local authorities, becoming operational between 1 July 2024 and 1 July 2026.

Outstanding matters required before we can issue our opinions and/or report

- Finalisation and agreement on the 2023 audit fee;
- Procedures on subsequent events; and
- Council to approve the financial statements and representation letter



Financial reporting and other developments



Climate and carbon reporting update

Recent developments to be aware of

New Zealand activity

Climate-related disclosures (CRD)

In October 2021, the Financial Sector (Climate-related Disclosures and Other Matters) Amendment Bill was passed and received Royal Assent. Climate-related disclosures are now mandatory in relation to reporting periods commencing on or after 1 January 2023 for:

- large listed companies with a market capitalisation of more than \$60 million;
- large licensed insurers,
- registered banks,
- credit unions,
- building societies and managers of investment schemes with more than \$1 billion in assets; and
- some Crown financial institutions (via letters of expectation).

In December 2022, the External Reporting Board (XRB) issued the standards that set out the framework for reporting, these are the [Aotearoa New Zealand Climate Standards](#).

Carbon Neutral Government Programme (CNGP)

In December 2020, the New Zealand Government launched the CNGP to make a number of organisations within the public sector carbon neutral from 2025. This impacts on:

- **Tranche 1 organisations:** Government departments, departmental agencies, and executive branch are mandated to comply with requirements
- **Tranche 2 organisations:** Crown agents are mandated via a whole of government direction to comply
- **Tranche 3 organisations:** Certain tertiary institutions, legislative branch, offices of parliament, and state owned enterprises are encouraged to comply

A full list of CNGP participants is located [here](#).

International activity

The International Financial Reporting Standards (IFRS) Foundation created the International Sustainability Standards Board (ISSB). The ISSB will deliver a global baseline of sustainability disclosures to meet the needs of capital providers.

In March 2022, the ISSB published its first [two exposure drafts](#) which drew heavily from the existing Taskforce on Climate-related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board (SASB) frameworks.

The International Organisation of Securities Commissions (IOSCO), the Australian Securities and Investment Commission (ASIC) and the Australian Accounting Standards Board (AASB) have supported the publication of the two exposure drafts.

The ISSB issued the inaugural global sustainability disclosure standards, IFRS S1 and IFRS S2, on 26 June 2023.

The XRB in New Zealand is closely monitoring these international standard setting developments.

In Europe, the European Financial Reporting Advisory Group (EFRAG) released the final version of the [Corporate Sustainability Reporting Directive](#) (CSRD) in December 2022 which has far-reaching implications for companies beyond the EU. Climate is one aspect of these standards which otherwise cover wider Environmental, Social, and Governance (ESG) areas.

How does this affect your organisation?

Organisations that do not fall under the mandatory CRD regime or the CNGP can still expect the ripple effects of these key mandates through their suppliers and customers who are captured. International developments might also mean that international customers and suppliers captured by international mandates will also request information in relation to Environmental, Social, Governance (ESG) issues and/or Greenhouse Gas (GHG) emissions.

Suppliers and customers may request and eventually require (through updated procurement policies) that organisations they deal with measure emissions and have targets in place to reduce them. They may also eventually request confirmation that organisations have built in resilience to climate change into their overall strategy and financial decision making.



Climate and carbon reporting update

What could you be doing to prepare?

Organisations should:

- Begin measuring and reporting emissions in accordance with internationally recognised standards such as the GHG Protocol.
- Begin conducting data and reporting quality assessments over emissions and ensure that reporting and measurement of emissions are robust.
- Consider whether to obtain external assurance over the emissions.
- Start setting targets for emissions reduction using assured baselines/baselines where the Councillors are comfortable as to the robustness of data.
- Start identifying emissions abatement options and incorporate these into your investment planning.
- Undertake a climate risk assessment and identify any customers or suppliers captured in the mandate to understand whether they have identified risks that lie within your operational sphere of control.
- Compare the outputs of your climate risk assessment with stakeholders in your value chain to determine whether you can collaboratively resolve any climate hazard-related issues.

Assurance can enhance stakeholder confidence in the information provided, and in the case of sustainable finance, may help with access to broader economically viable finance options.

If the Councillors are seeking assurance, we note that there are synergies, efficiencies, and benefits from aligning your financial auditor and GHG assurance provider.

This is due to the knowledge already built up as financial auditor in relation to:

- the business processes, activities, operations, organisational structure, and ownership structure
- the control environment and IT systems in place, and
- the financial systems from which a large amount of emissions activity data (e.g. fuel purchase invoices, electricity invoices/statements) are obtained.



Appendices



Other communications

Additional matters we report to you in accordance with the requirements of New Zealand auditing standards

Accounting policies / Financial reporting

There were no changes in accounting policies during the year ended 30 June 2023.

We have not become aware of any significant qualitative aspects of the Group's accounting practices, including judgements about accounting policies, accounting estimates and financial statement disclosures that need to be communicated to the Committee.

Related parties

No significant related party matters other than those reflected in the financial statements came to our attention that, in our professional judgement, needs to be communicated to the Committee.

Written representation

A copy of the representation letter to be signed on behalf of the Council has been circulated separately.

Specialists

IT specialists assisted in the audit to the extent we considered necessary. The findings arising from their involvement have been communicated in this report.

Other information

We have read the draft annual report to consider whether there are material inconsistencies with the draft financial statements.



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TE KAUNIHERA Ā ROHE O
WHAKAAHURANGI
STRATFORD
DISTRICT COUNCIL

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.