



Our reference
F19/13/03-D21/26182

14 September 2023

Farm and Aerodrome Committee and Audit and Risk Committee

Notice is hereby given that the Farm and Aerodrome Committee and Audit and Risk Committee meetings of Council will be held in the **Council Chambers, Stratford District Council, 63 Miranda Street, Stratford** on **Tuesday 19 September 2023** beginning at 12noon.

Timetable for 19 September 2023 as follows:

12noon	Farm and Aerodrome Committee
1.45pm	Afternoon tea for Councillors
2.00pm	Audit and Risk Committee

Yours faithfully

Sven Hanne
Chief Executive

2023 - Agenda - Audit and Risk - September - Open



19 September 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 - 18 July 2023	12
8. Matters Outstanding	20
9. Information Report - Health and Safety	21
10. Information Report - Critical Assets Replacement	24
11. Information Report – Capital Works Programme – Key Projects Update – September 2023	41
12. Information Report – Audit Matters Outstanding – Deloitte Annual Audit	56
13. Information Report – Risk Management (update)	73
14. Decision Report – Approve draft Annual Report 2022/23	91
15. Correspondence	241

15.1	2023 LGFA Annual Report	241
15.2	LGFA – An Explanation of Council Borrowing from LGFA and LGFA Guarantee	243
16.	General Business	
17.	Questions	
18.	Resolution to Exclude the Public	
19.	Public Excluded Item - Information Report - Cyber Risk Prevention	
20.	Closing Karakia	247

AGENDA

Audit and Risk Committee



F22/55/05 – D23/38568

Date: Tuesday 19 September 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 – 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.

/
Moved/Seconded

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

Recommendation

THAT the matters outstanding be received.

/
Moved/Seconded

9. [Information Report – Health and Safety](#)
D23/39038 Page 21

Recommendation

THAT the report be received.

/
Moved/Seconded

10. [Information Report – Critical Assets Replacement](#)
D23/32413 Page 24

Recommendation

THAT the report be received.

Recommended Reason

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

/
Moved/Seconded

11. [Information Report – Capital Works Programme – Key Projects Update – September 2023](#)
D23/38007 Page 41

Recommendation

THAT the report be received.

Recommended Reason

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

/
Moved/Seconded

12. [Information Report – Audit Matters Outstanding – Deloitte Annual Audit](#)
D23/37598 Page 56

Recommendation

THAT the report be received.

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.

/_____
Moved/Seconded

13. [Information Report – Risk Management \(update\)](#)
D23/38263 Page 73

Recommendation

THAT the report be received.

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

/_____
Moved/Seconded

14. [Decision Report – Approve draft Annual Report 2022/23](#)
D23/37754 Page 91

Recommendations

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

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.

/_____
Moved/Seconded

15. [Correspondence](#)
15.1 2023 LGFA Annual Report *Page 241*
15.2 LGFA – An Explanation of Council Borrowing from LGFA and LGFA Guarantee *Page 243*
16. [General Business](#)
17. [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.

Moved/Seconded

19. Public Excluded Item - Information Report – Cyber Risk Prevention

Recommendation

THAT the open meeting resume.

Moved/Seconded

20. Closing karakia
D21/40748 Page 247



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		✓		
Jono Erwood	✓	✓	✓		
Ellen Hall	✓	✓	✓		
Amanda Harris	✓		✓		
Vaughan Jones	✓	✓	✓		
Min McKay	✓	✓	✓		
John Sandford	A		✓		
Clive Tongaawhikau	S				
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)

	Sep-23	Nov-23	Mar-24	May-24	Jul-24	Sep-24	Nov-24	Mar-25	May-25	Jul-25
Standing Items	- Correspondence Received -Health and Safety Report -Risk Management Review -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 - 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	- Annual Report 2022/23 (final draft for approval) -Cyber Risk prevention update	-Internal Audit Report (outcomes) - Three Waters transition update	- 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	- Annual Plan 2025/26 update	- Internal Audit (Plan for 2024, and status report on previous year audit)	- Insurance Renewal 2025
One-Off Items	- Critical /significant assets nearing end of life, cost of replacement	- 3 Waters Reforms - update - Climate Change resilience, strategic risk - deep dive - Treasury Policy / Financial Strategy (workshop)	- Risk 32 - Lone Worker - deep dive							

MINUTES

Audit and Risk Committee



F22/55/05 – D23/31366

Date: Tuesday 18 July 2023 at 1.00pm
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, A M C Dudley, A K Harris (*part meeting*), E E Hall and W J Sandford

The Chief Executive – Mr S Hanne, the Director – Corporate Services – Mrs T Radich, the Director – Assets – Mrs V Araba, the Director – Environmental Services – Mr B Sutherland, the Acting Director – Community Services – Mr C Julie, the Committee Advisor and Executive Assistant – Mrs E Bishop, the Project Manager – Mr S Taylor, the Corporate Accountant – Mrs C Craig (*part meeting*), the Parks and Reserves Officer – Mrs M McBain (*part meeting*) and the Property Officer – Mrs S Flight (*part meeting*)

Via audio visual link: Luke van der Walt and Pam Thomson (Deloitte) (part meeting) and Darrin Williamson (Marsh) (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

An apology was noted from the Health and Safety/Civil Defence Advisor – Mr M Bestall

3. Announcements

The Chief Executive noted that the Health and Safety/Civil Defence Advisor was leaving Stratford District Council on 4 August 2023. He had asked that his thanks and acknowledgement be passed onto this committee.

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 amended rolling programme of works up to the end of 2023 be received.

P JONES/McKAY

Carried
A&R/23/25

The Director – Corporate Services noted that the one-off report on Climate Change resilience and strategic risk deep dive would be moved to November.

Questions/Points of Clarification:

- It was noted that the feedback from the workshop held on Risk Maturity would be collated and brought to the committee for formal consideration.
- The Chairman requested a project plan be presented to the committee for the three waters transition with a particular focus on the associated risk for the transition period including the risk on rates collection in terms of the impact on the finance team.
- It was noted the planning around the consequences of the three waters reforms and transition on the Long Term Plan will be updated within the risk management report.

7. Confirmation of Minutes

7.1 Audit and Risk Committee – 16 May 2023

D23/21284

Page 12

Recommendation

THAT the minutes of the Audit and Risk Meeting of Council held on Tuesday 16 May 2023 be confirmed as a true and accurate record.

BOYDE/ERWOOD

Carried
A&R/23/26

Questions/Points of Clarification:

- It was clarified that the de-escalation training organised for the Customer Service, Library and Visitor Information and Wai o Rua Staff had been structured specifically for their roles. Additional training is being investigated for other roles and an invitation will be extended to elected members when this is set. Councillor Boyde noted that councillors were copping a fair bit of flack recently, particularly around the rugby fields.

The Chairman requested that item 13 – Correspondence be received at this point of the meeting. This was to allow the representatives from Deloitte to answer questions from the committee. It was noted the Luke van der Walt and Pam Thomson were present via audio visual link.

13. Correspondence

13.1 Draft Audit Proposal Letter *Page 91*

The Director – Corporate Services noted the following points:

- The attached letter is the proposal to complete the audit of the 2022/23 financial statements and Annual Report. The interim audit has already started and it is planned that the final audit will begin on 31 July.
- The letter highlights that the previous budgeted hours was 741, however the actual hours were 1,353. The proposal budgets for a total of 971 hours.
- It was acknowledged that part of the high hours for the last audit was due to it being the first time Deloitte's had audited Stratford District Council, however Mrs Radich noted that there had been no indication of how much of the increased hours had been in relation to a first audit and how much had been related to the increased audit standards/requirements.
- This will increase the cost of the audit (excluding OAG Audit Standards and disbursements) to \$183,500 for council and to \$24,740 for the Percy Thomson Trust.

Pam Thomson presented to council and the following points were noted:

- The previous audit proposal was done by Audit NZ for the three years ended 30 June 2022. That fee had been set before Covid-19 and the changes in the economic environment.
- The economic environment had been one factor to the proposed increased to fees, and the total hours another. It was understood that there would be investment time last year for the first audit and this has been reflected in the budgeted hours being less than the actual hours in 2022.

Questions/Points of Clarification

- Councillor Boyde noted he had been horrified at the increase as it is a huge increase for a small council to absorb. He asked for clarification on the scope change and what has changed in the process for such an increase in hours? Ms Thompson clarified that there wasn't a scope change, but noted that the approximate 700 hours budgeted for by Audit NZ had actually taken them 903 hours. These hours had been benchmarked against other councils and were reasonable in comparison. There was also a robust process undertaken with the Auditor General who also looked at the hours required by other councils in general to ensure it was reasonable.
- Councillor Boyde asked if council could do anything to shorten the amount of hours the audit is taking? Ms Thompson noted that Deloitte's had proposed that they will present the hours to Mrs Radich to ascertain how long each part of the audit is taking to ensure there is a realistic view of what has contributed to them. A debrief session will be held with management to potentially find areas that could be reduced, however she noted it will not equate to 200 hours less.
- The District Mayor noted his shock at the allocation of 971 hours, which would equate to three people working a full time job for eight weeks. He noted that some of the questions asked previously, specifically regarding a single expense claim, were ridiculous and costing the rate payers. He questioned the price increase for the Percy Thomson Trust as it is council's only council controlled organisation and is a small organisation with some property investment and hardly any income or expenditure. Ms Thompson clarified that invoice investigation relating to sensitive expenditure is mandated by the Auditor General and the same level of detail required is applied to all testing of expenditure. She noted that the investments and fair value of the plant, property and equipment for the Percy Thomson Trust takes a significant amount of time but this has been discussed with management to see if this can be amended going forward.
- Councillor Hall asked for more detail regarding the valuation of land and buildings for the Percy Thomson Trust as this was a large part of the proposed fee. Ms Thompson noted that there has been an increase in cost for the nature of valuations. Over the past 2-3 years, due to changes and economic factors, there have been fair value assessments required. However she noted that a full valuation was required for the 2023 financial year.
- The Deputy Mayor asked if loss of staff time for answering questions for the auditors was recorded? She asked how council can ensure the big jump in hours for the learning year does not happen again, and what accountability there is for Deloitte to absorb that cost. Mrs Radich noted that staff did not keep track of time spent answering questions, however they are collating the questions that they do not think are of any value or are not appropriate and will discuss these with Deloitte.
- The Deputy Mayor asked what the accountability on Deloitte was for ensuring the questions being asked are correct and are no more and no less than what is required? She noted it would be good to see transparency around what those hours are used for and how further streamlining could be

achieved. Ms Thompson noted that Deloitte's were more than happy to share the time that it has taken and acknowledged that last year there were considerably more questions as Deloitte's was getting to know Stratford District Council. The Deputy Mayor noted it would be good for the committee to look at the hours budgeted and the actual hours this year, she noted they should not be learning this year and the committee should ensure it is efficient this time around.

- It was clarified that the budgeted figure in the letter was the total. If the hours are higher than proposed council will still only pay the proposed amount.
- Ms Thompson noted they were talking with managers regarding the valuation process. There has been a change to all valuations to be at the year end and the valuation requirements have been factored into the audit proposal letter. There has not been a need for a full valuation identified, however Land and Buildings are due for revaluation this year.
- Mrs Radich noted that the fee proposed was similar to other similar sized or medium sized councils, however she noted the cost per ratepayer was much higher for Stratford District Council. It was noted that South Taranaki District Council's audit fee was very similar to the proposed fee for Stratford. Ms Thompson noted that there is a marked increase in audit fees across the board primarily due to cost increases.

Luke van der Walt presented to council on the Audit Plan:

- As part of the audit process an audit plan is constructed to set the strategy for the year and the audit. This will be provided to the committee to provide an opportunity for input and discussion on the areas of focus that are highlighted.
- It was noted that due to the scheduling of the Audit and Risk Committee meetings this plan would be circulated to the committee via email for input. It is expected that the plan will be sent to management by the end of this month.

8. Matters Outstanding

D18/27474

Page 23

Recommendation

THAT the matters outstanding be received.

ERWOOD/V JONES
Carried
A&R/23/27

9. Information Report – Health and Safety

D23/29203

Page 24

Recommendation

THAT the report be received.

P JONES/BOYDE
Carried
A&R/23/28

Questions/Points of Clarification:

- It was confirmed the appropriate process had been followed regarding the aggression shown by a tenant towards staff member if this was to happen again. Tenancies have been ended in past due to bad behaviour, however it was acknowledged that in this instance the tenant had apologised for ger behaviour..
- It was clarified that there had been no repercussions for the parent of the child with regard to incident four in the report. The footage has shown that the child's head was never underwater, contrary to what was reposted on social media. It was noted that staff do have the ability to remove a member of the public from the facility or impose a temporary ban should it be appropriate.

- Councillor Boyde noted how social media can impact conversations for an incident. He reiterated that rules are there for a reason and staff should take a firm stand on people who are exploiting these rules.
- It was noted that staff have to enforce the rules regarding accompanying children at Wai o Rua multiple times a day.
- The Chairman formally thanked Mr Bestall for his contributions and wished him well for the future.

10. Information Report – Civil Defence Progress and Readiness – July 2023

D23/29424 Page 28

Recommendation

THAT the report be received.

VOLZKE/ERWOOD
Carried
A&R/23/29

Recommended Reason

It is a function of this committee to stay abreast of Council's readiness and ability to meet its requirements and obligations as laid out in the Taranaki Civil Defence Group's constituting agreement.

The Chief Executive noted the following points:

- There has been an incremental improvement on council's performance score, however with the earthquake prone status for both civil defence facilities it has knocked Stratford back a bit.
- Staff training, practicing and resourcing has improved.

Questions/Points of Clarification:

- Councillor Boyde asked if during a medium local event would our resourcing be enough and did the volunteers need to be staff? Mr Hanne noted that volunteers did not need to be council employees, however as regular training draws people during the day it impacts availability. He noted the Central Taranaki Safe Community Trust volunteers, in terms of the welfare activity, are a fantastic resource and have had their own training course designed for them. He noted that neither of the neighbouring councils could manage an event themselves and it would be expected that positions would be backfilled from the region. A regional event would be run from TEMO in New Plymouth.
- It was noted that the criticism following the recent flooding events in Auckland are being reviewed for Taranaki, Mr Hanne noted that in the case of the mayoral declaration the barrier would not have occurred in Taranaki.
- The Chairman asked if the committee felt comfortable that council's Chief Executive was a regional controller which could take him out of work for considerable time, he noted the advantages for this but also the risk element. The District Mayor noted that in the past it had not been problematic for this council and there were alternatives at a regional level should he be required at council.
- The District Mayor noted that Taranaki civil defence has worked through issues and evolved progressively over the years. He noted they were quite active as there are regular weather events and standbys in the region.

The Corporate Accountant joined the meeting at 1.52pm.

11. Information Report – Capital Works Programme – Key Projects Update – July 2023
D23/28971 Page 65

<p>Recommendation</p> <p><u>THAT</u> the report be received.</p> <p>Recommended Reason To present an update on the progress of our key capital projects in the 2022/23 financial year.</p>	<p>P JONES/BOYDE <u>Carried</u> <u>A&R/23/30</u></p>
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The Project Manager noted the following points:

- The Connecting the Communities Strategy has been held back as it is awaiting further data from ACC and Stats NZ, it is expected this will be presented to the Policy and Services Committee in August.
- An updated table was circulated showing total budget spent, overspend and underspend.
- This report will change slightly from September and will identify more of the risks involved with the projects as well as if the projects will be completed within the financial year.

Mr Darren Williamson joined the meeting via audio-visual link at 1.57pm.

12. Information Report – Risk Management (update)
D23/29421 Page 79

<p>Recommendation</p> <p><u>THAT</u> the report be received.</p> <p>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.</p>	<p>P JONES/ERWOOD <u>Carried</u> <u>A&R/23/31</u></p>
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Questions/Points of Clarification:

- The Chairman noted the risk for rising interest costs. Council will likely have to live with the consequences of high interest rates for some time and it is important to consider this during the long term plan process.

13. Correspondence
8.1 Draft Audit Proposal Letter Page 91

Correspondence was received, and discussed following item 7.

14. General Business

There was no general business.

15. Questions

There were no questions.

16. 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: 17 and 18

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
Insurance Renewal 2023/24	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.
Section 17a Review	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/BOYDE
 Carried
A&R/23/32

There were no members of the public present.

17. Public Excluded Item

Councillor Harris left the meeting at 2.38pm.

18. Public Excluded Item

Recommendation

THAT the open meeting resume.

P JONES/McKAY
Carried
A&R/23/35

19. Closing karakia

D21/40748 Page 86

The closing karakia was read.

The meeting closed at 3.05pm.

P Jones
Chairman

Confirmed this 19^h day of September 2023.

N C Volzke
District Mayor

**Audit and Risk Committee
Matters Outstanding Index**

ITEM OF MATTER	MEETING RAISED	RESPONSIBILITY	CURRENT PROGRESS	EXPECTED RESPONSE
Report - critical assets nearing end of life	14 March 2023	Victoria Araba	Complete	Item 10 – Critical Assets Replacement
Treasury Policy review (review term deposit limit of \$6 million).	28 March 2023	Tiffany Radich		Workshop scheduled for 21 November 2023

INFORMATION REPORT



F22/55/04 – D23/39038

To: Audit and Risk Committee
From: Chief Executive
Date: 19 September 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 August 2023.

2. Executive Summary

- 2.1 This report provides an overview of Council's health and safety performance through statistical data reported and recorded in the health and safety software (Vault) for the two months ending 31 August 2023.
- 2.2 Results of data analysed since 1 July show that there has been a total of 24 events logged in Vault. This incorporates 15 pool events. There were 3 near misses reported and no positive observations noted.

3. Incidents

1 June 2023 31 August 2023

Events	Period 1 July 2023- 31 August 2023		Average amount of incidents per month current FY	Average amount incidents previous Quarter	Running YTD Balance (1 July 2023 – 31 August 2023)	YTD average amount of incidents per month
	Pool/Admin/Library					
Events	17	7	12	17.5	24	12
<i>Of which:</i>						
Injury(to our staff/ Contractor)		11				
ACC Claims		-				
Notifiable		-				
Near Miss		3				
Observations						
Other		12				
Type of Incident						
Slips/Trips/Falls		5				
Sprains/Strains		1				
Cuts/Abrasions/ Bleeding nose		4				
Bruising		1				
Rescues		3				
Contamination incidents (Pool)		-				
Aggressive/Abusive Customer		3				
Trespass		-				
Vehicle Damage		1				
Non-compliance of process		-				
Plant/Building/Equipment		1				
Other		5				

	Period 1 July 2023 – 31 August 2023	Running YTD Balance (1 July 2023 – 30 June 2023)
Level of Treatment		
First Aid /DR/ Medical Centre	9	9
Level of Investigation		
No Investigation	12	11
Minor Investigation	11	11
Formal Investigation	1	1
WorkSafe Investigation	-	-
Health and Wellbeing	n/a	n/a
Workstation Assessments	-	-
EAP Referrals		
Health Monitoring Assessments	-	-
Health and Safety Committee Meeting	1	1
Site Reviews		

4. Events

- 4.1 The number of events reported was less than for the previous corresponding period. 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. De-escalation Training was completed on Thursday 20 July for Customer Service, Library and Visitor Information and Wai o Rua staff, this was structured specifically for these roles and the situations they experience. Alternative training is being investigated for other roles.

Incident 1

Incident type: Aggressive customer

Investigation & event details: Displayed aggressive behaviour toward other customers and to staff members.

Specific outcome: Customer was trespassed from the facility and escorted out of the building.

Organisation-wide implications: None. All staff dealing with public are open to verbal aggression.

Incident 2

Incident type: Injury – Contact with Electricity.

Investigation & event details: Volunteer was up a ladder inserting a lighting unit into the gallery tracks. The track as on when the volunteer inserted the unit and received a shock.

Specific outcome: The volunteer came down from the ladder, he was taken to the hospital to be examined. The electrician was called to investigate. WorkSafe were notified, however deemed an investigation was not required.

Organisation-wide implications: Not a good look for Council when a non-pre-approved contractor who is not a registered electrician is dealing with electricity.

5. Civil Defence

- 5.1 In the absence of a H&S/Civil Defence Advisor staff have split core Civil Defence responsibilities amongst themselves in addition to the Civil Defence responsibilities currently covered.

Planned staff training in the setup and operation of an EOC has been delayed as TEMO is currently completing the setup and pre-population of a comprehensive specialist IT system that will be used in the response to any events in the region. Council staff at controller level have recently reviewed and contributed this system and subsequently decided to wait for its arrival with any training. The system is days/weeks away from rollout.

6. Contractors

- 6.1 There was an incident with a contractor who had Council keys without signing for or communicating to Council that they had the keys. They were returned the next day.

7. Site reviews

- 7.1 Nothing specific to report.

8. EAP Referrals

- 8.1 Due to the vacancy in the role that monitors this, we currently don't have access to this portal. As this is confidential and for monitoring purposes only it wasn't deemed necessary to cover this role for the short ter.

9. Health Checks

- 9.1 Yearly health checks for site sensitive positions within Council were booked to be undertaken in August, however these have been postponed to October. Tests include Blood pressure, Eyesight, Spirometry with fluoride tests also specific to the water treatment team.



Sven Hanne
Chief Executive

Date: 11 September 2023

INFORMATION REPORT



F22/55/04 – D23/32413

To: Audit and Risk Committee
From: Director - Assets
Date: 19 September 2023
Subject: Critical Assets Replacement

Recommendation

THAT the report be received.

Recommended Reason

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

/_____
Moved/Seconded

1. Purpose of Report

- 1.1 The purpose of this report is to present to Council, critical assets nearing the end of their lives, as requested by the Audit and Risk Committee (the Committee) on 16 May 2023.
- 1.2 The information provided in this report is limited to the Council's Rooding and 3-waters assets only.

2. Executive Summary

- 2.1 This report presents our critical Rooding, Water, and Wastewater assets in the last **10%** of their useful lives.
- 2.2 Supporting information is provided in **Appendices 1-5; Tables 1-6** and **Figures 1-4** of this report.
- 2.3 The report shows that over **\$53M** is needed to replace our *Very High / High criticality* assets, that have consumed more than 90% of their useful lives, comprising **\$43M** of Rooding assets; **\$8M** of Water assets and **\$2M** of Wastewater assets. No stormwater assets are captures in this category.
- 2.4 It is not uncommon to find some assets still in use, even after exhausting their asset lives. In these cases, assets are carefully managed to ensure that they continue to support the delivery of services at the agreed levels.
- 2.5 Therefore, despite **Section 2.2** above, it is important to note that assets that are prioritised and programmed for replacement in the Long Term Plan are selected using a prioritisation framework which is based on:
 - available resources;
 - the assets with the highest consequences of failure; and
 - which assets actually fail first.

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
✓	✓	✓	✓

Good asset management supports the delivery of Council's social, economic and environmental outcomes, in addition to the local government 4 well-beings.

4. Information Summary

- 4.1 The Council has requested to see a schedule of Council's critical assets, nearing the end of their lives. This is a crucial exercise in how Officers undertake the management of assets and the programming of maintenance and replacement works.
- 4.2 Critical assets can be defined based on the ordinary meaning of the word 'critical', or in accordance with the Council's 'Criticality Framework' for Asset Management (AM).
- 4.3 Applying the most relevant ordinary meaning of the word, critical assets can be defined as 'assets that have a decisive or crucial importance in the success, failure, or existence of something'.
- 4.4 In terms of AM, *Criticality* is defined in our Asset Management Plans (AMPs) and Infrastructure Strategy (IS) as those assets that are *likely to have more significant consequences than other assets if they fail*. Critical assets have a lower threshold for interventions than non-critical assets and their failure generally has the potential to have significant economic, social and environmental impacts for the community.
- 4.5 Officers have used the Criticality Framework (**Appendix 1**) which classifies Council's assets into 5 categories, to present our **Very High** and **High** criticality assets in the last **10%** of their lives. In other words, we present in **Tables 1 - 6**, all Rooding, Water, and Wastewater assets that have consumed **90%** or more of their lives – no stormwater asset is captured in these tables.
- 4.6 In **Appendices 2 - 5**, we provide the **Criticality Classification Network** maps for our Rooding and 3-Waters assets, which are based on the criticality framework in **Appendix 1**.
- 4.7 The critical assets captured in **Tables 1 - 6** have varying '**remaining useful lives**' (**RUL**), which is a function of the asset life. For example:
 - A **Very High / High** criticality pump with an asset life of 15 years is captured in the schedule attached if it is more than 13.5 years old and has a RUL of 1.5 years or less.
 - A **Very High / High** criticality gravity main with an asset life of 80 years will only be captured in the schedule if it has consumed more than 72 years of its life and has a RUL of 8 years or less.
- 4.8 **Figures 1** provides as summary of critical assets with more than 90% Asset Life Consumption; **Figures 2 – 5** show these assets by Activity.

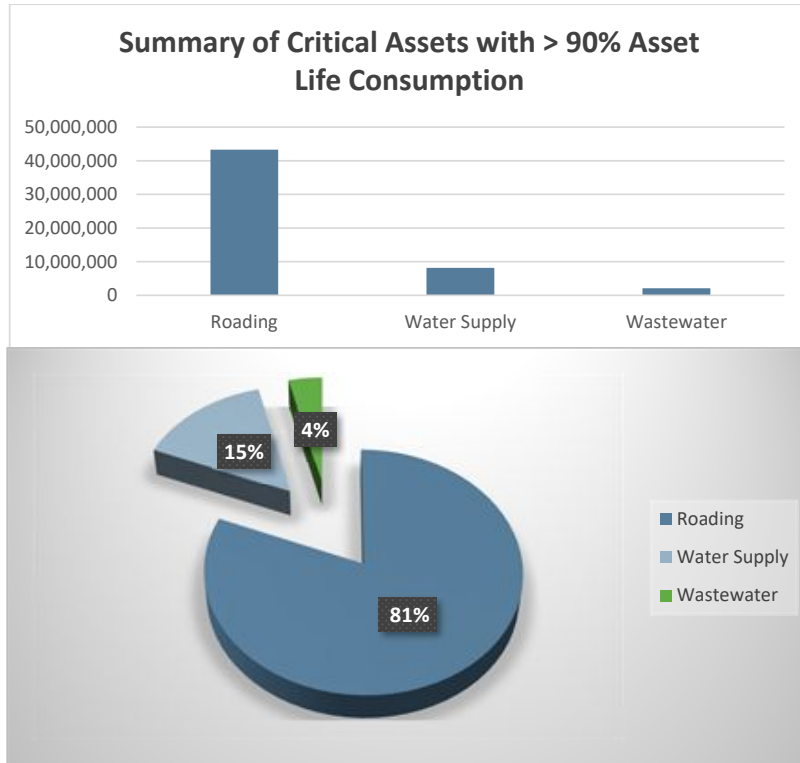


Figure 1- Summary of Critical Assets with > 90% Asset Life Consumption

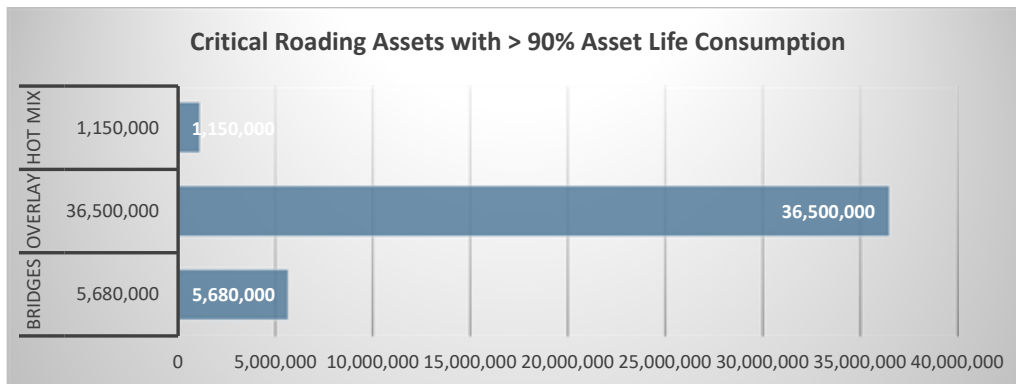


Figure 2: Critical Rooding Assets with > 90% Asset Life Consumption

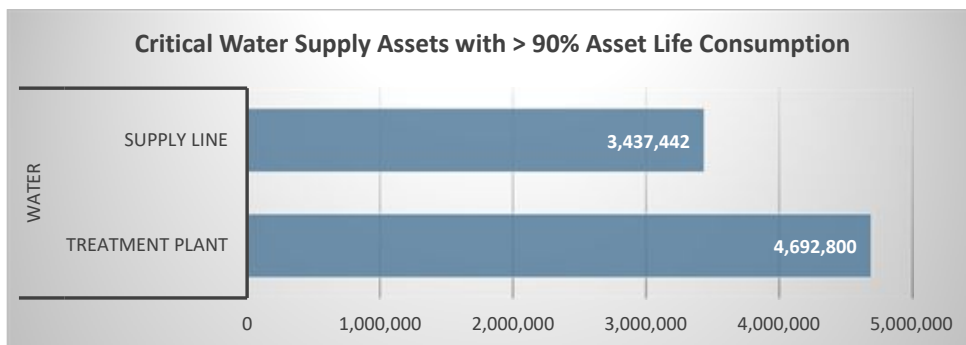


Figure 3: Critical Water Assets with > 90% Asset Life Consumption

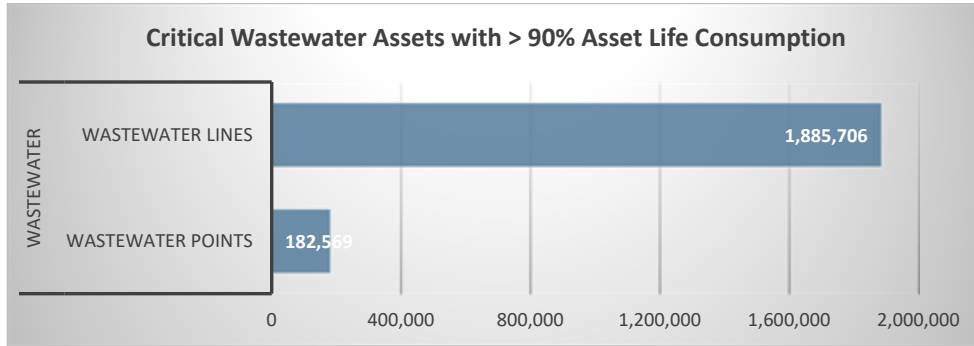


Figure 4: Critical Wastewater Assets with > 90% Asset Life Consumption

- 4.9 **Table 1** shows a summary of critical assets that have consumed more than 90% of their useful lives and the associated replacement costs. Currently, over **\$50M** is needed to replace our *Very High / High criticality* assets, that have consumed more than 90% of their useful lives.
- 4.10 In reality, the replacement programme for these failing critical assets is developed by using a prioritisation framework which is based on:
- available resources;
 - the assets with the highest consequences of failure; and
 - which assets actually fail first.

Table 1: Summary of Critical Assets with > 90% Asset Life Consumption

Item	Activity	Asset/Treatment Type	Replacement Cost (\$)
1	Roading	Bridges	5,680,000
		Overlay	36,500,000
		Hot mix	1,150,000
		Total	43,330,000
2	Water	Treatment Plant	4,542,379
		Supply line	3,437,442
		Total	7,979,820
3	Wastewater	Wastewater Points	182,569
		Wastewater Lines	1,885,706
		Total	2,068,275
		GRAND TOTAL	53,528,517

- 4.11 **Table 2** which shows the Bridge Critical Asset schedule, provides that no less than **\$6M** is needed in the next 10 years to replace our failing bridges. In the meantime, it is likely that maintenance costs of these assets will continue to increase, both in terms of material and labour costs. Given that these assets are above ground, visual inspections will be intensified to monitor their structural integrity to prevent premature failure.
- 4.12 **Tables 3 – 6** provide the Water and Wastewater Critical Asset schedules. These schedules are derived from our asset database – AssetFinda. These tables show that approximately **\$10million** is needed for the replacement of our failing critical assets. The tables also highlight that some assets are still in use, even after exhausting their asset lives i.e., Table 3, Item 1 – Stratford settling tank.

- 4.13 Despite the assets in these schedules, it is important to note that Officers do not programme assets for replacement unless the maintenance costs have become uneconomical and unsustainable. Our strategy, in the meantime, which is clearly articulated in our AMP and IS, is to be ready resource wise - having spare materials in storage and our maintenance contractors on hand to respond to any kind of asset failure, at any time of the day.
- 4.14 To support this strategy, we also strive to ensure that our assets are resilient, by building redundancies, into our *Very High / High criticality* assets, e.g., the recently completed 2nd Trunk Main. We optimise our asset replacement and maintenance programmes by prioritizing *Very high/High criticality* assets, using our Criticality Framework as a guide.

5. Some Frequently Asked Questions

- 5.1 **Question 1** - If a bridge were to fail, what would be the consequence? e.g., how many properties would be directly affected, i.e. couldn't access their property and how many would indirectly effected, i.e. would be to take an alternative route greater than 30 minutes per trip, or some other value.

*Answer - Based on the Criticality framework attached, the bridges that made the list either have no redundancies or would affect more than 50 properties (or as many properties on each critical road), otherwise, they are classified as **Medium. Low or Very Low Criticality** bridges. This is already implied and can be deduced – if this report is read in conjunction with the Criticality Framework in **Appendix 1**. Each bridge failure is different in its impact.*

- 5.2 **Question 2** - Water including waste - Similar to bridges, can we some commentary on the current condition and number of properties impacted?

Answer – Water: It is impossible to know the actual current condition of our underground water assets – we rely on the age to deduce the likely condition. In terms of performance though, as long as these assets are in operation – with minimal disruption – they are deemed to be in good condition. In some cases, where we understand the failure rates of some specific pipes, we prioritise the replacement of these pipes in order to reduce disruptions due to pipe breaks.

*Answer – Wastewater: Wastewater pipes are different in that we undertake CCTV surveys periodically, prioritising our **Very high / High** criticality assets first. Again, this must be read in conjunction with the Criticality Framework in **Appendix 1**. From these surveys, we programme replacements accordingly and implement according to the available budget for each year.*

- 5.3 **Question 3** - In my experience some assets have a greater useful life than the standard and others a lesser life. How true is this of the critical assets?

Answer - In the table, we have shown that some assets are still in operation, even after exhausting their standard useful lives. These assets are shown to have 'negative' remaining useful lives. Other assets such as AC pipes have been known to fail prematurely, and many of our pipe mains are made of this material.

- 5.4 **Question 4** - The schedule appears to be based on life, rather than condition, is this a fair comment?

Answer - Yes, explanation is as per 5.2 above. This is why we are constantly validating data in our databases, to improve data confidence and support reliable decision making.

- 5.5 **Question 5** - What is the risk of a critical asset failing well before (greater than 10 years) due to poor condition?

Answer - The risk is unknown and varies between asset types; external influences such as ground conditions, tree roots, etc. Again, we rely on our

validated asset databases to make these deductions as we interrogate the databases periodically.

6. Definition of key concepts

- 6.1 **Asset Criticality** – The criticality classification of our Roading and 3-Waters assets, is based mainly on the significance of:
- The impact of the failure of the asset on the service users;
 - The importance of the asset in the support of other lifelines / emergency / civil defence operations; and
 - The frequency of failure / vulnerability /reliability of the asset.
- Assets with the highest criticality ratings include:
- Roading assets that have the potential to sever access to key lifelines facilities, response, and co-ordination centres;
 - All treatment plants (water and wastewater);
 - The water network asset whose failure could shut down water supply to more than 50 properties i.e. pipe mains; and
 - The wastewater pipe main that feeds the wastewater treatment plant.
- 6.2 **Useful Life** refers to the period over which an asset (or component) is expected to be available for use by an entity. The asset *useful lives* are expressed as years. The *asset age*, also expressed in years, is based on the construction dates. The *remaining useful life* (RUL) is based on the age and useful life of the assets. Note: it is not uncommon for assets to outlive their useful lives.
- 6.3 **Asset Consumption** is a measure of how much of the assets service potential or useful life, has been used or consumed.
- 6.4 **Asset condition** is a measure of an asset's physical integrity, while **asset performance** is a measure of whether the asset is delivering the level of service requirements. Knowing the condition of an asset enables more accurate prediction of asset maintenance and renewal/replacement requirements.
- 6.5 Generally, the Council takes a **risk-based** approach to monitoring the condition of assets and conducts condition assessments of its critical assets. Where assets have low risk because they are in the first half of their life, condition monitoring is low. If the consequences of running an asset through to failure are high, the Council, through a more intensive monitoring regime and targeted inspections, hold more information on the asset condition.
- 6.6 **Targeted inspections** are carried out on asset components that are considered critical to Council and the community, have the potential to impact on public health and safety; or where there is a specific requirement. Targeted inspections of assets are carried out by Council Staff, the Maintenance Contractor, or a Specialist Consultant to identify the condition of specific asset components at intervals specified by the Asset Manager or upon request.
- 6.7 **Maintenance Monitoring** is carried out to identify the condition of infrastructure and any item(s) that needs attention or could affect the integrity of the asset and the service it provides. Maintenance monitoring is carried out by the Maintenance Contractor at intervals specified in the Maintenance Contract.
- 6.8 **Asset Information System** – Data on infrastructure assets is collected during inspections and monitoring using both paper-based and electronic methods.
- **AssetFinda** is used to support the management of the 3-Waters activity. All data collected in relation to the asset is entered into AssetFinda by the Engineering Officer, GIS Officer, engaged Consultants or the Contractor.
 - **RAMM** (Road Assessment and Maintenance Management) is used to support management of the roading activity. All data collected in relation to the roading activity infrastructure is entered into RAMM by the Roading Engineer, engaged Consultants or the Contractor.
- 6.9 **Condition Grading** - Visual targeted inspections, analysis of collected statistical data and maintenance monitoring provide both qualitative descriptions and quantitative

grading of asset component condition which enables more accurate development and prioritisation of forward works programmes. Our condition grading system, in line with best practice, below. The Council uses both the Condition Grading of Assets and Asset Criticality to develop an **optimised** programme of work, in the face of competing resources.

- 6.10 **Road Metalling** – This is the unsealed version of a road rehabilitation, in that an additional metal layer (typically 100mm) is added to an existing unsealed road to improve the ride quality, protect the foundation of the road or replace the metal that has been lost due to traffic or heavy rainfall events.
- 6.11 **Culverts** – These are concrete or plastic pipes under the road to convey a water course or stormwater run-off from one side of the road to the other. Generally concrete culverts have a life expectancy of 80 years, but sometimes they are replaced early due to their condition, size, alignment or failure.
- 6.12 **Reseals or Sealed Pavement Resurfacing** – This is where a chipseal layer is applied to the existing road to provide improved skid resistance (shiny or flushed road surface), or to provide a waterproof layer of the road (sealing up of small cracks that could allow water to penetrate to the foundation of the road).
- 6.13 **AC Rehabilitation** – This is where a layer of metal is placed over the top of the existing road structure except that asphaltic concrete is used as the running surface instead of chipseal. This can also be used when structural asphaltic concrete is required in the foundation of the road, due to the high stresses of the site, e.g., a tight corner, entrance to a commercial property (trucks), or a service lane where the traffic is channelised into one lane. Flint Road (A&P Showground) would be an example where structural AC would be used due to the trucks coming out of the old tannery site.
- 6.14 **Overlay/Rehab OR Sealed Pavement Rehabilitation** – In general terms, this is where a layer of metal is placed over the top of the existing road structure to provide additional strength and lengthen the life of the road. There are occasions where the existing road is excavated and re-built due to issues with levels and or adjoining properties, where increasing the height of the road could potentially result in stormwater being discharged onto private property.
- 6.15 **Lines** – These are typically underground reticulation water, wastewater and stormwater pipes of varying sizes and materials, including and earth tunnels.
- 6.16 **Points** – For water supply, includes a variety of valves (e.g., shut off, scour, and sampling points), hydrants, water meters and tobies. For wastewater, includes pump stations, manholes and inspection points, etc. For stormwater, includes manholes, grated inlets and sumps, etc. For wastewater includes manholes and pump stations
- 6.17 **Treatment Plant** – For water supply, includes clarifiers, membranes/racks, reservoirs, turbidimeters, pumps, PC, UV filter controls and compressors. For wastewater, includes oxidation ponds, aerators, outlet screens, high level float, flow meters, level probes, dosing units and pumps. For wastewater includes the ponds, aerators, and any dosing equipment that can be found at the wastewater plant.

7. Strategic Alignment

6.1 Direction

This report is consistent with our Long-Term Plan Outcomes.

6.2 Annual Plan and Long-Term Plan

There are no policy issues or conflicts with Council policies.

6.3 District Plan

There is no direct relationship with the District Plan.

6.4 **Legal Implications**

There are no legal issues or legal opinion needed.

6.5 **Policy Implications**

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

Attachments

Appendix 1: Criticality Framework – Roading and 3-Waters

Appendix 2: Roading Network Criticality Classification Map

Appendix 3: Water Supply Network Criticality Classification Map

Appendix 4: Wastewater Network Criticality Classification Map

Appendix 5: Stormwater Network Criticality Classification Map

Kathrena Van Hout
Graduate Asset Engineer

Natalie McLeod
Asset Coordinator

[Endorsed by]
Victoria Araba
Director – Assets

[Approved by]
Sven Hanne
Chief Executive

Date 11 September 2023

Table 2: 10-Year Critical Bridge Replacement Plan

Item	Road Name	UL Useful Life (years)	RUL Remaining Useful Life (years)	Recommended Replacement Plan	Replacement Cost (\$)
1	Upper Mangaehu Road	50	0	Currently being worked on. To be concrete lined in 2023.	\$20,000
2	Brewer Road	50	0	Currently being worked on. To be concrete lined in 2023.	\$20,000
3	Wawiri Road	50	1	Replace culvert with a bridge.	\$300,000
4	Pembroke Road (2 Rural)	50	1	Invert in very poor condition. Design completed for concrete lining; however full replacement may be more cost-effective long term.	\$400,000
5	Finnerty Road	-	1	Recent water drive failure. Will likely need full replacement.	\$200,000
6	Barclay Road	100	2	Concrete repairs required. Spalling on RB transverse beam.	\$20,000
7	Upper Mangaehu Road	50	2	Structure in good condition. Rock apron at outlet is required.	\$20,000
8	Mcbrides Access	80	2	Floods regularly, generally in poor condition. Will need replacing at a higher level.	\$1,000,000
9	Matau North Road	95	2	Replace the timber land span beams and decking boards	\$300,000
10	Mauku Road	80	3	Structure is in good condition. Repairs to the handrail are required.	\$100,000
11	Lower Kohuratahi Road	100	4	Rebuild entire structure at a lower level but above the 100-year flood height.	\$2,000,000
12	Mount Damper Road	80	8	Paper road bridge. Average condition, fit for purpose.	\$350,000
13	Flint Road (East Of Sh3)	100	10	Concrete in relatively good condition.	\$600,000
14	Skinner Road	90	10	Concrete in good condition, monitor invert.	\$350,000
	Total				\$5,680,000

Table 3: Critical Water Supply Treatment with > 90% Asset Life Consumption

Item	Asset Subtype	Asset Useful Life (Years)	Current Age (Years)	Remaining Useful life (years)	% Consumption	% Remaining Useful life	Replacement Cost (\$)
1	Stratford Settling Tanks	100	103.0	-3.0	103%	-3%	2,000,000
2	Toko Treatment Plant Building	50	63.0	-13.0	126%	-26%	40,000
3	SCADA PC x2	5	7.5	-2.5	150%	-50%	6,000
4	Toko Chlorine Analyser	10	17.9	-7.9	179%	-79%	18,000
5	Toko Pump - Submersible	15	42.9	-27.9	286%	-186%	17,000
6	Midhirst Pressure Gauge	10	9.4	0.6	94%	6%	3,000
7	Midhirst Raw Water Flowmeter Reader And Sensor	10	9.4	0.6	94%	6%	8,000
8	Midhirst Flowmeter Reader and Sensor	10	9.4	0.6	94%	6%	8,000
9	Midhirst Turbidimeter x2	10	9.4	0.6	94%	6%	19800
10	Midhirst UV filter and Controls	10	9.4	0.6	94%	6%	18,000
11	Midhirst Chlorine Analyser	10	9.4	0.6	94%	6%	18,000
12	Midhirst UV Cleaning Kit	10	9.4	0.6	94%	6%	11,000
13	Midhirst Pump 0-5kw	10	9.4	0.6	94%	6%	12,000
14	Stratford Raw Water Air Release Valve	5	8.9	-3.9	178%	-78%	4,000
15	Stratford 92 Membrane Racks	10	8.9	1.1	89%	11%	460,000
16	Stratford Raw water intake	100	103.0	-3.0	103%	-3%	2,000,000
17	Stratford Weir-pipework	60	73.0	-13.0	122%	-22%	50,000
	TOTAL						4,692,800

Table 4: Critical Water Supply Lines with > 90% Asset Life Consumption

Item	Asset Type	Quantity Length (m)	Asset Useful Life (Years)	Current Age (Years)	Remaining Useful life (years)	% Consumption	% Remaining Useful life	Replacement Cost (\$)
1	Regan St Pipe Main	16.79	120	119.6	0.42	100%	0.35%	7,858
2	Brecon Rd Pipe Main	1552.71	120	119.6	0.42	100%	0.35%	726,668
3	Page St Pipe Main	1.82	120	119.6	0.42	100%	0.35%	852
4	Trunk Main	1508.69	85	88.1	-3.06	104%	-3.60%	2,702,064
	Total							3,437,442

Table 5: Critical Wastewater Line Assets with > 90% Asset Life Consumption

Item	Asset Type	Quantity Length	Asset Useful Life (Years)	Current Age (Years)	Remaining Useful life (years)	% Consumption	% Remaining Useful life	Replacement Cost (\$)
1	Swansea Gravity Main (1925)	577.43	100	98.1	1.9	98%	2%	904,255
2	Swansea Gravity Main (1915)	294.73	100	108.1	-8.1	108%	-8%	461,547
3	Broadway Gravity Main	713.24	80	108.1	-28.1	135%	-35%	423,665
4	Service Lane Gravity Main	281.40	80	108.1	-28.1	135%	-35%	96,239
	Total							1,885,706

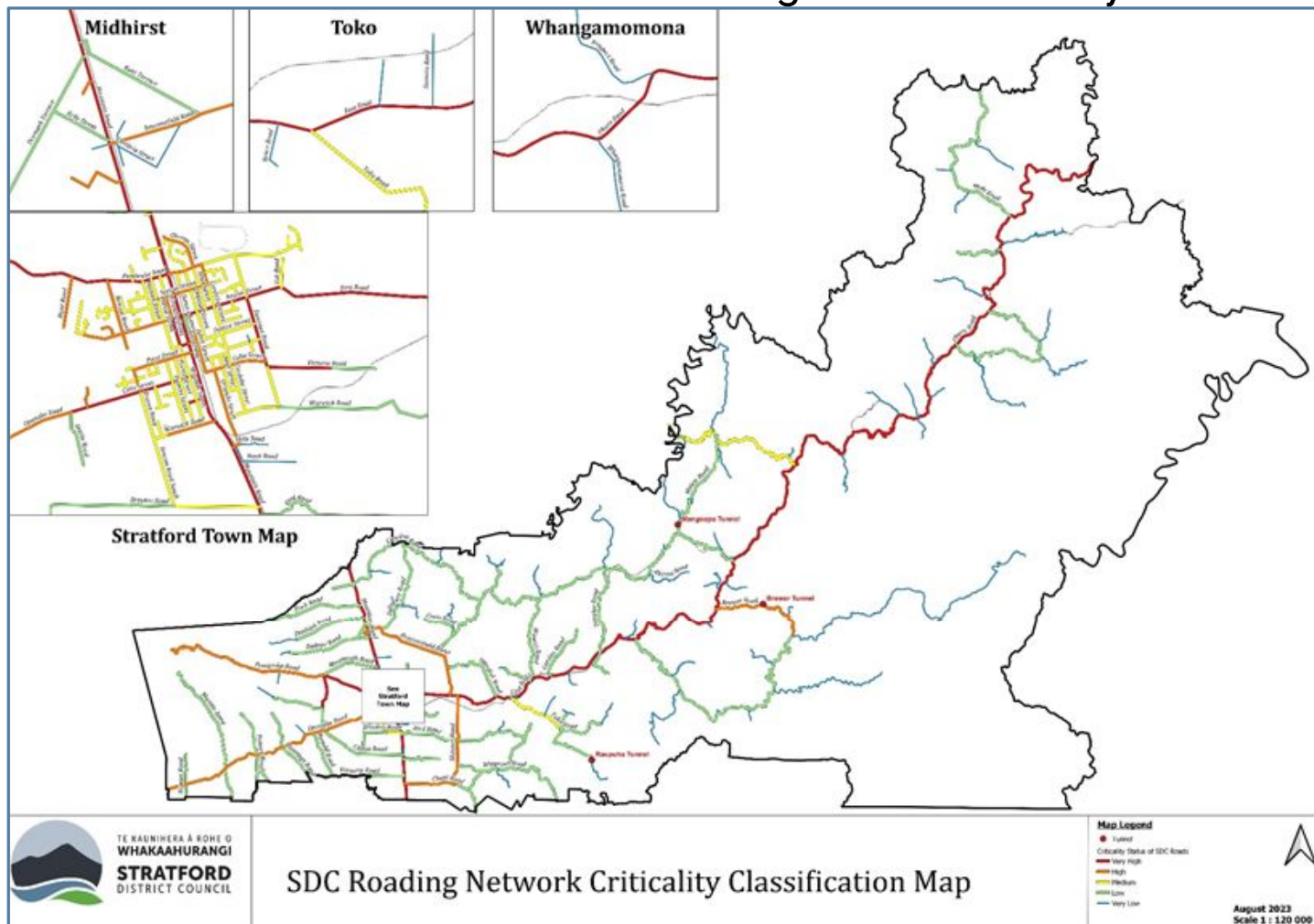
Table 6: Critical Wastewater Point with > 90% Asset Life Consumption

Item	Asset Subtype	Asset Useful Life (Years)	Current Age (Years)	Remaining Useful life (years)	% Consumption	% Remaining Useful life	Replacement Cost (\$)
1	Esk Road South Pump (Duty)	15	18	-3	120%	-20%	15,000
2	Esk Road North Pump (Stand By)	15	18	-3	120%	-20%	15,000
3	Electrical Box Duty	1	18	-17	1801%	-1701%	30,000
4	Esk Road Pipe Work Stand By Outlet One	1	18	-17	1801%	-1701%	10,000
5	Esk Road Pipe Work South Outlet	1	18	-17	1801%	-1701%	10,000
6	Esk Road High Level Float North Outlet	10	18	-8	180%	-80%	3,000
7	Esk Road High High Level Float	10	18	-8	180%	-80%	3,000
8	Manhole 1m-2m x4	100	108.1	-8.1	108%	-8%	26,000
9	Manhole 3m-4m x5	100	108.1	-8.1	108%	-8%	18,183
10	Manhole >4 x1	100	108.1	-8.1	108%	-8%	38,480
11	Manhole (Unknown Depth) x1	100	108.1	-8.1	108%	-8%	9,360
12	Manhole 2m-3m x5	100	108.1	-8.1	108%	-8%	4,546
	Total						182,569

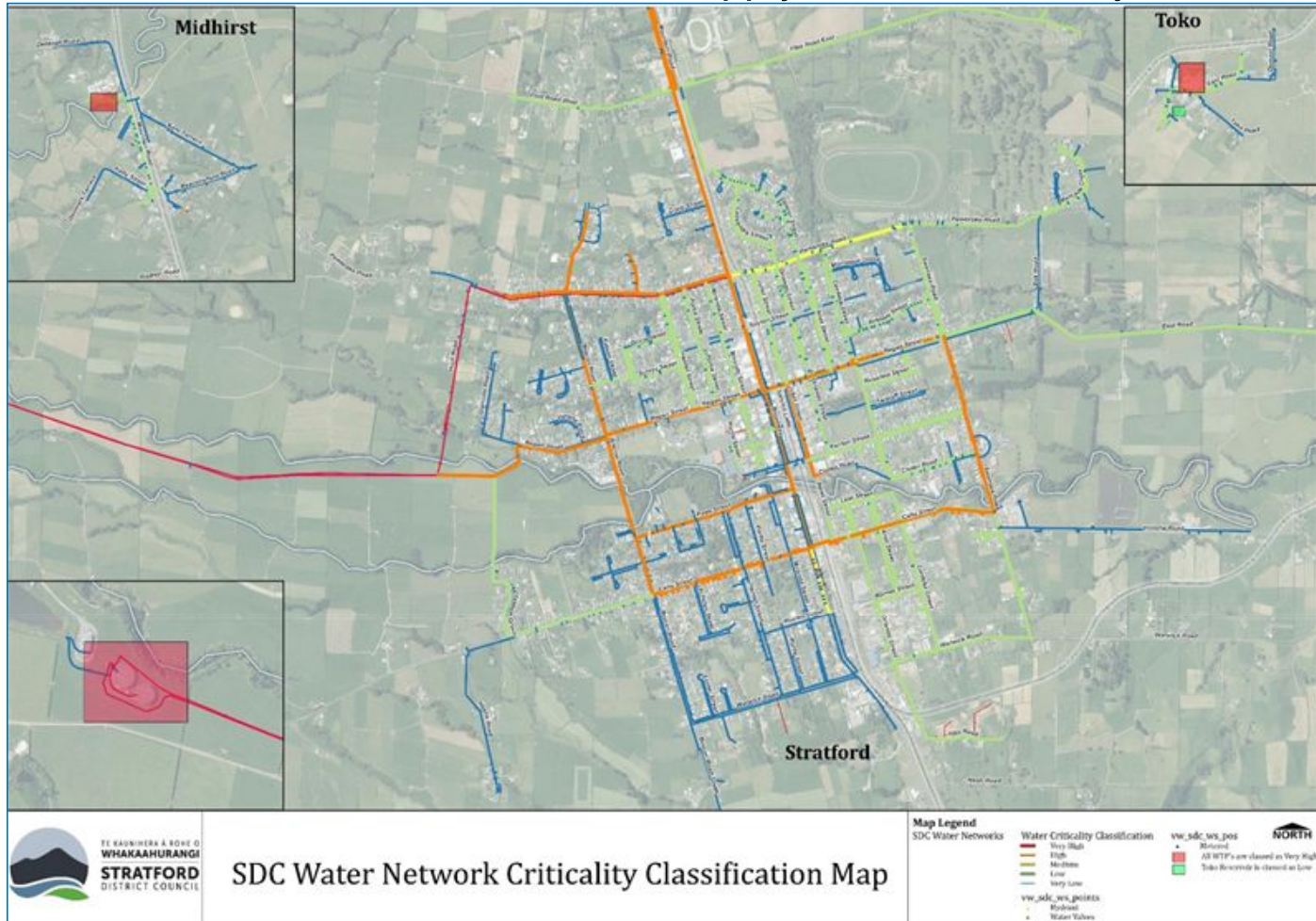
Appendix 1
Criticality Framework Roading and 3-Waters

Criticality Rating	Criticality Description	Criticality Rationale			
		Roading	Water	Wastewater	Stormwater
1	Very High	<p>Access to key facilities such as:</p> <ul style="list-style-type: none"> Water Treatment Plant (WTP) and Stratford Trunk Water Main (375 mm) from the Reservoirs to the Hunt Rd connection; Wastewater Treatment Plant and pipe main with no redundancy – leading to the Oxidation Pond; Police Station; Fire Service; Health Centres; All culverts, bridges, and tunnels on roads with a very high or High criticality without redundancy <p>Note: In Civil Defence Emergencies, all roads leading to the critical lifelines – as identified in the Critical Assets GIS layer by the <i>Taranaki Lifelines Vulnerability Study (2018)</i>, escalates to Criticality 1 – Very High</p>	<ul style="list-style-type: none"> Critical assets with no redundancy Water Treatment Plant Stratford Trunk Water Main (375 mm) from the Reservoirs to the Hunt Rd connection 	<ul style="list-style-type: none"> Critical assets with no redundancy; Wastewater Treatment Plant Wastewater pipe main, no redundancy – leading to the Oxidation Pond Esk Road pump station 	N/A
2	High	<p>Secure access to rescue vulnerable people/assets including:</p> <ul style="list-style-type: none"> Rest Homes; Schools; Evacuation/Refuge Centres including Memorial Hall, churches; Escape/Detour routes, e.g., Pembroke to Mountain Road; Skinner Road; Parks used as Helicopter landing bases, e.g., cricket pitch; Bridges over Pātea River; Collector Roads; As per 3-Waters Criticality Rating; All culverts, bridges, and tunnels with medium criticality without redundancy 	<ul style="list-style-type: none"> All other Stratford trunk water mains and some strategic water mains; Midhirst water main; All 150 mm pipes; All pipes that serve more than 50 properties – without redundancy All pipes that serve Wai o Rua – Aquatic Centre 	<ul style="list-style-type: none"> Wastewater pipes with no redundancy – connecting to pipe main leading to the Oxidation pond. Wastewater reticulation that, in the event of a failure, can cause sewage overflows (health and safety issues) to high density areas such as on Broadway in the CBD; Wastewater reticulation that, in the event of a failure, can cause sewage overflows to sensitive areas such as Trunk main over the Pātea River (on Swansea Road), cemeteries, and Marae. 	N/A
3	Medium	<ul style="list-style-type: none"> Secure Evacuation routes; Secondary Collector Roads; Junction Road; As per 3-Waters Criticality Rating 	<ul style="list-style-type: none"> Stratford firefighting flows; All remaining pipes that are greater than 100 mm 	<ul style="list-style-type: none"> Number of affected persons Redundancy Trucking services available All PS and associated pressure pipes All other pipes greater than 300 mm 	<ul style="list-style-type: none"> CBD/Broadway pipes. Properties lower than road reserve and likely to flood in large storm events
4	Low	<ul style="list-style-type: none"> All Access Roads All culverts, and bridges on access roads 	<ul style="list-style-type: none"> Pipes between 50 mm and 100 mm Water pipes for <ul style="list-style-type: none"> Rest Homes; Schools; Emergency centre Health centres Marae Toko <ul style="list-style-type: none"> Reservoir; Pipes with no redundancy Midhirst - All pipes that not rated 'Criticality 2' or 'Criticality 5' 	<ul style="list-style-type: none"> All other 300 mm and 225 mm pipes All pipes connected to the: <ul style="list-style-type: none"> Refuge centres; Memorial Hall; Public toilets; TET; Schools; Emergency Centres Rest Homes; 	N/A
5	Very Low	<ul style="list-style-type: none"> All Local Roads including cul-de-sacs. 	<ul style="list-style-type: none"> All pipes less than 50 mm Toko - All other pipes Midhirst- All other pipes All pipes at the end of the network apart from future proofed pipes 	<ul style="list-style-type: none"> All 150 mm pipes All other pipes not covered above. 	<ul style="list-style-type: none"> All other stormwater pipes and infrastructure

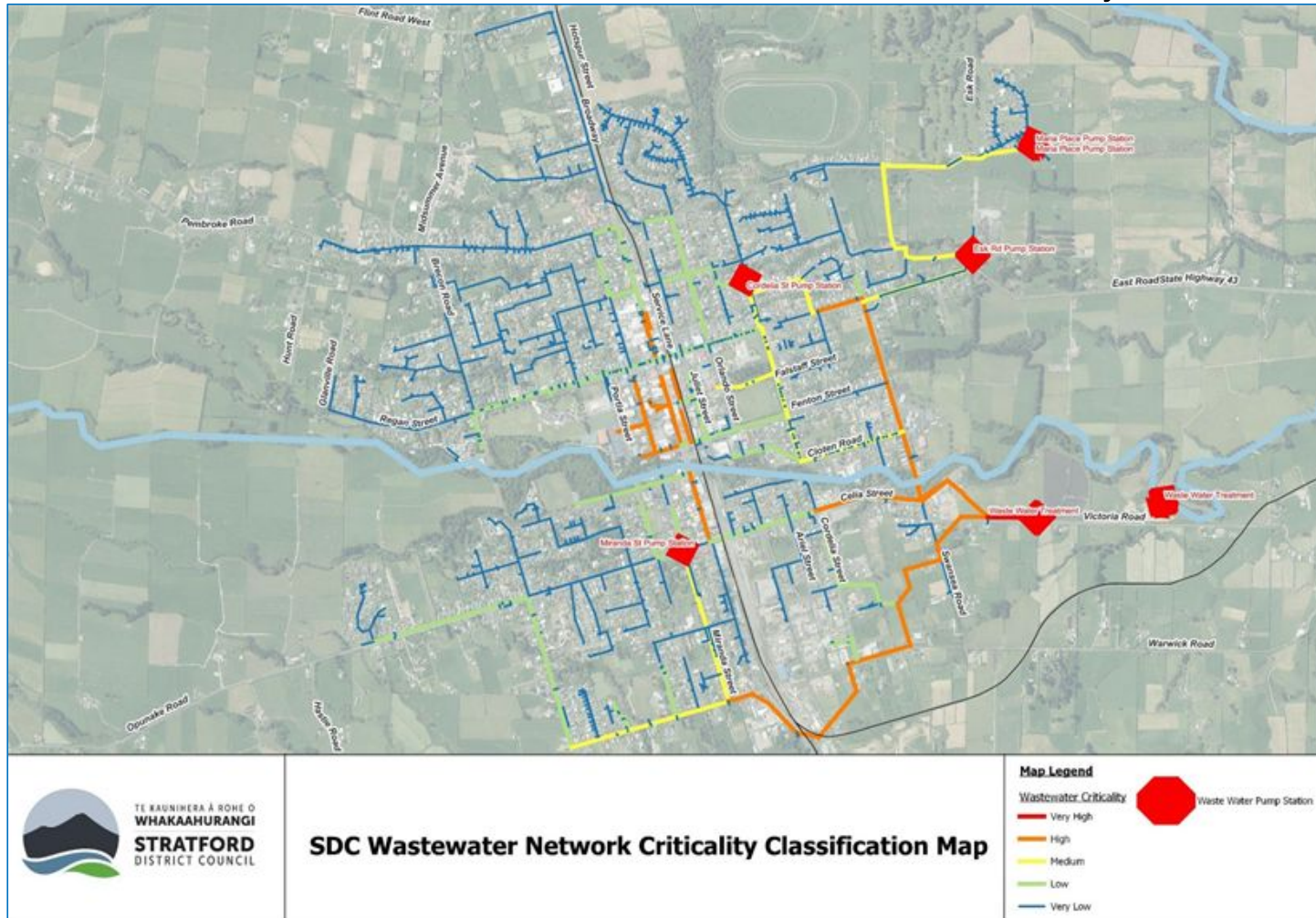
Appendix 2 Roading Network Criticality Classification Map



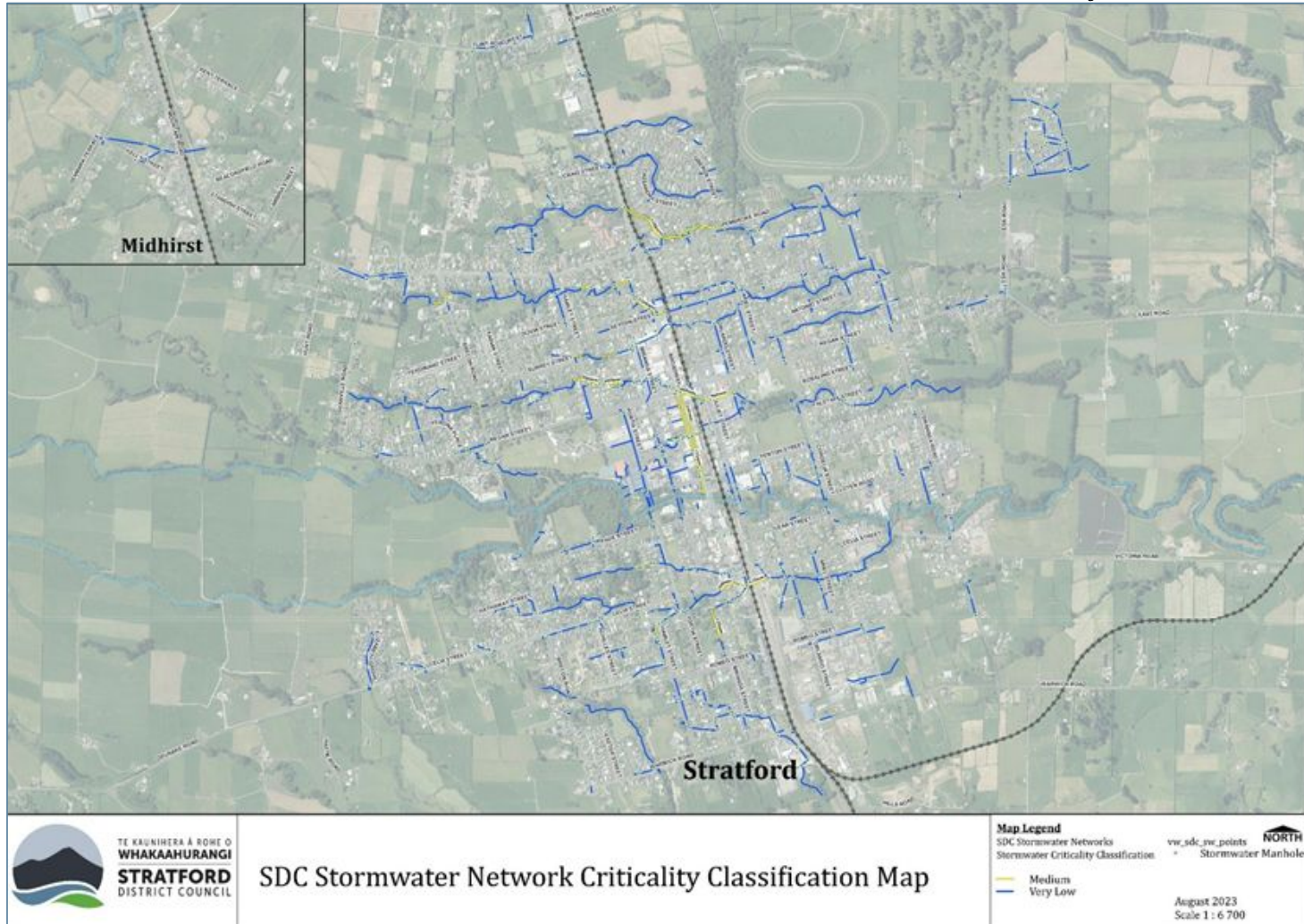
Appendix 3 Water Supply Network Criticality Classification Map



Appendix 4 Wastewater Network Criticality Classification Map



Appendix 5 Stormwater Network Criticality Classification Map



INFORMATION REPORT



F22/55/04 – D23/38007

To: Audit and Risk Committee
From: Projects Manager
Date: 19 September 2023
Subject: Capital Works Programme – Key Projects Update – September 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 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.
- 2.3 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
 - Walking and cycling connections across State Highways 3 and 43.The delivery of this project is 30 June 2024.
- 2.4 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; and
 - Not delivering what was expected.

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

4.3 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.

4.4 Updates on key projects are provided below.

4.4.1 Connecting our Communities Strategy

Current Actions:

The Connecting our Communities Strategy was adopted by Council in August 2023.

Background:

The Connecting our Communities Strategy will help identify improvements in our networks to improve accessibility for residents and visitors to the Stratford District. A specific strategy will help Council to meet some funding requirements from Waka Kotahi for the transport network.

This strategy has been approved by the Policy and Services Committee in 2022 to proceed to consultation with the public. Consultation is completed and officers have amended the strategy to reflect this feedback.

This strategy underpins the Transport Choices package and was instrumental in the Ministry of Transport choosing our proposal.

The combination of this Strategy and Transport Choices has identified key issues for walking and cycling. The development of this walking and cycling network will be implemented over a 30 year period.

Financial:

No cost to Council for the adoption of the Strategy.

4.4.2 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) which is to 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 underway 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.

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 \$95,912 (Better off Funding), 46% has been spent. It is planned to complete this project by October 2023. Future development is dependent on future funding opportunities.

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

Current Actions:

Remedial works to complete this project is underway. Issues with the lateral drains is being investigated with the designer to comment on issues raised.

A meeting with Officers and the contractor has been held, with discussions around the failure to complete the works in time. Compensation has been agreed with Council, the Contractor, and Stratford Rugby.

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 Rugby 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), 23% has been spent.

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

Current Actions:

This project will be part of the Stratford 2035 project team focus. The identification of projects that fit under the Stratford 2035 umbrella is currently underway.

Background:

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

Financial:

Of the budget of \$979,056 (Council funding) and \$1.2 million (Better off Funding), 0% has been spent. Council is in discussion with the current landowners regarding purchase, 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.

- **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.

Financial:

Of the budget of \$9,483 (Council funding) and \$150,000 (Better off Funding), 11% has been spent. 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.

4.4.3 **Transport Choices Package**

Current Actions:

Community engagement was completed in September with four main issues raised. A workshop with Councillors and staff has determined the best outcome for the four main issues and is being incorporated into the design.

Due to the short timeframe, a panel of Council officers and two contractors has been formed to deliver the construction of the project before June 2024.

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
- Walking and cycling connections across State Highways 3 and 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.

There is a very short timeframe in the delivery of this project (to be completed by June 2024). Council staff have raised concerns with Waka Kotahi regarding the importance of progressing this project due to the small pool of contractors that would be shared with NPDC.

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

Financial:

Of the budget of \$1.54 million (Council funding) and \$6.16 million (Transport Choices), 1% has been spent. Officers are working with Waka Kotahi to identify where the delays in the delivery of the project is, and how they can be mitigated.

4.4.4 **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 are programmed for this financial year to update the fire system at the TET Multicentre. The requirement for these was identified during a recent liquor license renewal. This work is scheduled to begin in October 2023.

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), 0% has been spent. Officers are working with the Architect to respond to building consent queries.

- **Whangamomona Camp – Septic Tank**

Current Actions:

Due to the costs involved in investigating and completing the concept design along with the expected construction costs, the design and build of the septic tank has been included in the draft 2023/24 Annual Plan.

Tender documents has been advertised with tenders closing in September 2023. This project is scheduled to be completed before June 2024 as a Resource Consent is likely to be required.

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.

Financial:

Of the budget of \$136,778 (Council funding), 0% has been spent.

- **Dawson Falls – walkway from car park to Dawson Falls track**

Current Actions:

This project is unlikely to proceed due to DOC requiring a Biodiversity Plan. If DOC are not prepared to fund this, Waka Kotahi will be unwilling to continue the works.

Financial:

Of the budget of \$54,400 (Waka Kotahi funding), 0% has been spent.

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

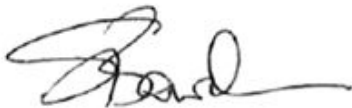
The report is consistent with Council policies relating to service delivery.

Attachment:

Appendix 1 – 2023-24 Capital Work Projects Update



Steve Taylor
Projects Manager



Stephen Bowden
Acting Director – Assets



[Approved by]
Sven Hanne
Chief Executive

Date: 11 September 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	\$ 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 - Underspend 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	Level of Service	\$ 60,000			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 - Underspend for financial year. 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			Upgrade of exit doors - with Architect to amend plans for RFI's. Upgrade of Fire system from type 2 hybrid to type 4 - Procurement waiver to specialised consultant.	Completed	Oct-23	Dec-23	8 - High Unlikely / Major	External Resources - Architect and Contractors Unlikely - Suppliers are currently being sought 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			Checking with electrician whether LED lighting can be retro-fitted to current infrastructure.	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. Minor - No unforeseen issues identified.
Healthy Homes Upgrade	Upgrade of Pensioner housing to Healthy Homes standard	Level of Service	\$ 29,500.00			Hood ranges to be installed. When installed, this project will be complete.	Completed	Aug-23	Apr-24	4 - Moderate Rare / Major	Rare - Contractors to install insulation in August. Further works to be completed by Winter 2024. Major - If works are not complete, Council will not meet the Healthy Homes regulations.

2023 - Agenda - Audit and Risk - September - Open - Information Report – Capital Works Programme – Key Projects Update – September 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
Parks, Reserves, and Cemeteries											
Walkway upgrade	Some parks & walkways are under developed - therefore underutilised. Increased usage of asset & improved safety	Level of Service	\$ 20,000			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.
Park development	Some parks & walkways are under developed - therefore underutilised. Increased usage of asset & improved safety	Level of Service	\$ 13,600			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			Request for Quote to be written in September 2023. Construction planned for November 2023, weather dependent.	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			Currently out for design and build tender.	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	\$ 6,395	> Checking grade of Laterals to confirm correct installation > Installation of PVC pipe in August/September > Reinstatement once pipework is complete	Completed	Started	Nov-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		\$ 95,912	\$ 43,849.99	Installation of Skate Bowl underway.	Completed	Started	Oct-23	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.

2023 - Agenda - Audit and Risk - September - Open - Information Report – Capital Works Programme – Key Projects Update – September 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
Democracy											
Computers and Peripherals	Replacement and update of computers and peripherals as required	Replacements	\$ 131,000		\$ 6,110.00	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			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.
Miranda Street Office - Partial Roof Replacement		Replacements	\$ 31,400			Creating RFQ	Jul-23	Nov-23	Jun-24	1 - Low Rare / Important	Procurement Plan underway. Budget dependent on audit results. Rare - 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		\$ 2,044.00	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			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	\$ 126,331		\$ 3,870.87	Bland & Jackson to provide a new fee proposal for the delivery of services as part of the purchase agreement	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			TRC to review planting by November 2023 Planting to be carried out in 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			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

2023 - Agenda - Audit and Risk - September - Open - Information Report – Capital Works Programme – Key Projects Update – September 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
Roading											
Walking and Cycling improvements	Cordelia St - Regan to Fenton St	Level of Service	\$ 156,000				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		\$ 25,815	Speed management programme in front of schools (tied with Transport Choices)	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
Transport Choices	Installation of cycle lanes and shared footpaths as part of the school safety Project.	Level of Service	\$ 540,000	\$ 6,160,000	\$ 52,867	Progressing with designs and community feedback.	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		\$ 242,716		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		\$ 65,800		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		\$ 137,734.29		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		\$ 42,300.00		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		\$ 50,240.00		To be determined	To be determined	Jun-24	3 - Moderate Possible / Important	Time constraints due to lack of resources to construct the repairs. Possible – If there is a lack of resources, the programme might not be delivered. Important – If any identified structural, this will affect the road network.
Traffic Services		Replacements	\$ 110,000		\$ 4,700.00		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.

2023 - Agenda - Audit and Risk - September - Open - Information Report – Capital Works Programme – Key Projects Update – September 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
Footpath renewals	Small length replacements - typically 20 m to 30 m	Replacements	\$ 40,000				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		\$ 47,617.11	In discussions with local landowners for purchasing of land for construction.	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.
Low cost low risk roads - special purpose roads	Dawson Falls carpark	Replacements	\$ 54,400			Plans with DOC for review.	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		\$ 27,309		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				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				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				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		\$ 6,5454	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			Investigation underway to determine TRC's requirements for the de-silting of the lake.	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				Completed	N/A	Sep-23		

2023 - Agenda - Audit and Risk - September - Open - Information Report – Capital Works Programme – Key Projects Update – September 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
Safety improvements	Breakages as required - Maintenance Contract	Level of Service	\$ 349,477		\$ 2,283		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.
Reticulation renewals	Breakages as required - Maintenance Contract	Replacements	\$ 157,983				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	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 Important - 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			Changes in scope will balloon the cost of this project. Will most likely require a resource consent and further infrastructure to be installed.	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			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.
Modelling	Ongoing - Modelling contract to June 2026	Level of Service	\$ 9,483	50000	\$ 16,773	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		\$ 95,258	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		\$ 90,944		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				Jul-23	Jul-23	Jun-24		

2023 - Agenda - Audit and Risk - September - Open - Information Report – Capital Works Programme – Key Projects Update – September 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
Pumps and electrics	Replacement of Esk Road pumps and electrics as required	Replacements	\$ 31,800			Only required if existing pumps and/or electrics fail	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				Jul-23	Jul-23	Jun-24		
Inflow and Infiltration programme	Ongoing - Sewer Lining Contract	Level of Service	\$ 281,452		\$ 93,222		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.
Solid Waste											
Healthy Homes Upgrade	Upgrade of house at the transfer station to Healthy Homes standard	Level of Service	\$ 7,000				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		\$ 4,318		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 rider mains	Pembroke Road Watermain renewal	Level of Service	\$ 31,800				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 rider mains - 3 waters schemes	Pembroke Road Watermain renewal	Replacements	\$ 270,700		\$ 25,515		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				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 a while ago; if the raw delivery line fails, a temporary measure can be installed until such time as a permanent repair is made
Generator for Treatment plant	Installation of backup generator at WTP	Level of Service	\$ 9,819		\$ 2,721	Constructing shed around Generator. Wiring of Generator to WTP to be done once shed is constructed.	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.

2023 - Agenda - Audit and Risk - September - Open - Information Report – Capital Works Programme – Key Projects Update – September 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
Midhirst Resource Consent		Replacements	\$ 303,240			Awaiting lwi assessment report - Ongoing	To be determined	To be determined	Jun-24	6 - High Likely / Serious	Likely - Project waiting on lwi 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		\$ 986		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				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.
Meter renewals	As required - 3 water Maintenance Contract	Replacements	\$ 110,850		\$ 546		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				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		\$ 4,487		To be determined	To be determined	Jun-24		
Reservoir cleaning - 3 waters scheme		Replacements	\$ 65,507			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	Purchase of membranes for the WTP.	Replacements	\$ 146,044			Waiting on supply from overseas.	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				To be determined	To be determined	Jun-24		
Instructure general - Midhirst		Replacements	\$ 3,400				To be determined	To be determined	Jun-24		
Raw water analyser		Level of Service	\$ 28,230		\$ 17,359	Procurement progressing	Jul-23	N/A	Jun-24		

INFORMATION REPORT



F22/55/04 – D23/37598

To: Audit and Risk Committee
From: Director – Corporate Services
Date: 19 September 2023
Subject: Audit Matters Outstanding – Deloitte Annual Audit

Recommendation

THAT the report be received.

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.

_____/_____
Moved/Seconded

1. Purpose of Report

1.1 To provide an update to the Committee of auditor recommendations, that were identified as audit of the Annual Report 2021/22, and Council officer progress with each of these.

2. Executive Summary

- 2.1 The purpose of this report is to inform the Committee of the issues identified in the final Deloitte New Zealand Management Report (attached) for the most recent external audit, and summarise the actions that have or are to be taken by Council officers to respond to audit recommendations.
- 2.2 This is in line with the Audit and Risk Committee’s Terms of Reference which includes a responsibility *“To review the external audit findings and the annual financial statements and report back to the Council”*.
- 2.3 Audit recommendations from the annual 2022/23 audit will be presented to this Committee in the meeting immediately following when the final audit report is received, and are expected to be received in November 2023.

3. Local Government Act 2002

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

4. Background

- 4.1 Deloitte issued an unmodified audit opinion for the year ended 30 June 2022 on 13 December 2022. As a follow up, Deloitte issued a Management Report setting out the findings from the audit, highlighting areas where Council is doing well, and making recommendations for improvement – refer **Appendix 2** for the full report.
- 4.2 The auditor recommendations from the audit report have been summarised in **Appendix 1**, with an update on current status and timeframe for resolution where relevant.

5. Information Summary

- 5.1 Refer to **Appendix 1**.

6. Strategic Alignment

6.1 Direction

The Annual Report is a statutory requirement and must include an independent audit report. It is largely reporting historical information, whereas the Annual Plan and Long Term Plan are forward looking and direction setting.

6.2 Annual Plan and Long Term Plan

Direct alignment with both of these documents.

6.3 District Plan

Not applicable

6.4 Legal Implications

Not applicable

6.5 Policy Implications

There are no policy implications to consider directly. However, some of the audit recommendations may involve Council having to review particular policies.

Attachments:

Appendix 1 – Outstanding Recommendations / Actions and Status

Appendix 2 – Deloitte Final Audit Report for the year ended 30 June 2022



Tiffany Radich
Director – Corporate Services



[Approved by]
Sven Hanne
Chief Executive

Date: 11 September 2023

Appendix 1

Audit Recommendation	Current status	Staff Comments	Timeframe
<p>Resource Consent Reporting Measure During testing of the resource consent service reporting measures it was identified there was currently no system report able to be generated to outline all resource consents issued in a period, and the timeframe in which they were issued. Deloitte recommends there is a process in place to ensure there is a check for completeness and accuracy of data, and evidence is obtained to show how results were determined.</p>	<p>In progress</p>	<p>A report script within Authority has been developed to 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>	<p>Complete</p>
<p>Monitoring of Investments of the Percy Thomson Trust Deloitte noted that there is no discussion held over the monitoring of the performance of the investments not is there documented discussions regarding the compliance with the Trust’s investment policy. The policy has no control on the monitoring of the investments. Deloitte recommends that the trust have a control in the policy for monitoring the investments against the trusts objectives and for diversification of investments. This should be minuted, and compliance monitored regularly at trust meetings.</p>	<p>In progress</p>	<p>A review of the Investment Policy was to be undertaken in 2022/23, however this did not occur. A fund manager for Craig’s Investment was to review both the Trust’s investment policy and investments, and create a portfolio for the Trust but has not been actioned either. A permanent agenda item for investment performance was to be added to the Committee’s standing agenda items. This will be actioned in the October 2023 meeting.</p>	<p>September 2023</p>
<p>Sensitive Expenditure – no tax invoice available Claims for expenditure should be accompanied by original tax invoices. Eftpos receipts are not sufficient and create a risk that the expenditure is not legitimate business expenditure.</p>	<p>Complete</p>	<p>Tax invoices are now redundant under amended legislation, and our policy does not require a tax invoice. Instead, it requires original supporting documentation and a clear description of the business purpose of the expenditure.</p>	<p>N/A</p>

Audit Recommendation	Current status	Staff Comments	Timeframe
<p>Sensitive Expenditure – timeliness of expense claim submissions</p> <p>During testing of expense claims, Deloitte identified that some elected members expense claims were submitted a significant time (months) after the expenditure was incurred. Deloitte recommends that expense claims are submitted in a timely manner to ensure that they are appropriately accounted for and any potential issues are immediately raised and resolved.</p>	Part complete / part in-progress	<p>The Elected Members Expenses policy has been updated to require expense claims to be submitted within one month of incurring expenditure.</p> <p>The Sensitive Expenditure policy has been reviewed by the Senior Leadership Team and will be presented to Council for approval.</p>	October 2023
<p>Timely Review of Policies</p> <p>The Human Resources Policy was due to be updated in April 2022 but by December 2022 it was still under review. Policies which are not reviewed and updated regularly may result in the policy not reflecting the changing circumstances and environment. Deloitte recommends that policies are reviewed on a timely basis.</p>	In progress	<p>Policies are generally reviewed every three years, or earlier if there are changes that require the policy to be updated, e.g. legislative or environmental expectations. The Human Resources Policy is under review.</p> <p>Currently, there are a number of Council internal and external policies that are overdue for review.</p> <p>It is suggested that an information report on all policy due dates / status be brought back to the Audit and Risk Committee for prioritisation.</p>	September 2023



Stratford District Council and Group

**Management letter
for the year ended 30 June 2022**

Executive summary

In accordance with our normal practice, we enclose our comments on certain internal controls and accounting practices which came to our attention during our audit of the consolidated financial statements of Stratford District Council and its controlled entity (the 'Council' or 'Group') for the year ended 30 June 2022. The matters raised in this report have been discussed and agreed with management of the Group and their comments have been included. A separate IT observation report was provided to management and these are included in Appendix A.

We remind you that our audit was not designed to provide assurance as to the overall effectiveness of the controls operating within the Group, although we have reported to management any recommendations on controls that we identified during the course of our audit work. The matters being communicated are limited to those deficiencies that we have identified during the audit and that we have concluded are of sufficient importance to merit being reported. Recommendations for improvement should be assessed by you for their full commercial implications before they are implemented.

This correspondence is part of our ongoing discussions as auditor in accordance with our engagement letter dated 4 May 2022 and as required by the auditing standard issued by the Auditor-General that incorporate the New Zealand auditing standards. 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 Councillors and management. The audit of the financial statements does not relieve management or the Councillors of their responsibilities. The ultimate responsibility for the financial statements and the design, implementation and maintenance of an appropriate internal control system to prevent and detect fraud or error rests with the Councillors.

We have prepared this report solely for the use of the Councillors and management and it would be inappropriate for this report to be made available to third parties and, if such a third party were to obtain a copy without our prior written consent, we would not accept responsibility for any reliance that they might place on it.

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.

If you would like to discuss any matters raised in this report please do not hesitate to contact us.



Pam Thompson,
Partner
for Deloitte Limited
Appointed Auditor
on behalf of the Auditor-General
Hamilton | 13 December 2022

Internal control findings

Matter	Observation	Deloitte recommendation	Management's response
Resource Consent Reporting Measure	<p>Deloitte notes per testing of the resource consent service reporting measures it was 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.</p> <p>Whilst we acknowledge that the Council represent that all information has been included in the calculation, there is still a risk of incorrectly reporting the measure due to a consent approved being missed when manually calculating the measure at month end through the entity reporting system.</p>	Deloitte recommends that the 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.	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.
Monitoring of Investments of the Trust	<p>Based on our discussions held with the Chairman of Percy Thomson Trust ("the Trust"), it was identified that the various AGM's of the investment funds which PTT holds investments in were attended by the Chairman. Deloitte has, however, noted per review of the minutes of meeting of the Trust that there is no discussion held over the monitoring of the performance of the investments nor is there documented discussions regarding the compliance with the Trust investment's objective and diversification of investments. Further, upon the review of the investment policy, there is no control identified on the monitoring of the investments.</p> <p>Despite the Trust disclosing in the annual report the performance of the investments and having an investment policy in place, these does not suffice to ensure that the investments are being monitored and that the policies are being complied with.</p>	<p>In that, we recommend that the Trust to do the following for best practice:</p> <ol style="list-style-type: none"> 1. To have a control in place for monitoring the investments against the investment objectives and diversification as outlined in the Investment policy; 2. To revisit the Investment policy to incorporate the monitoring control of the performance of the investments; and 3. To include in the Trustee minutes of meeting the monitoring of the investments and how the Investment policy is being complied with. 	<ol style="list-style-type: none"> 1. Will review options for controls to monitor performance of the investments. 2. A review of the Investment Policy will be undertaken in 2022/23. A fund manager for Craig's Investment Partners attended the Trust meeting in October 2022, and he is reviewing both the trust's investment policy and the trust investments, and creating a portfolio for the trust. 3. To discuss this with the Chair, adding a permanent agenda item for investment performance.

Internal control findings (contd.)

Matter	Observation	Deloitte recommendation	Management's response
Sensitive expenditure - no tax invoice available	<p>As per the sensitive expenditure policy, claims for expense should be accompanied by original supporting documentation such as tax invoices (credit card statements are not adequate).</p> <p>Deloitte was only provided GST receipts for an employee expense claim and 13 expense claims by the Mayor had 6 claims which were just EFTPOS receipts.</p>	<p>For best practice, employees and councillors should be reminded to adhere to the policy. Without the supporting document, such as tax invoices, there is a risk that expense claims are approved and processed which are not legitimate.</p> <p>Proper tax invoices should be provided when claiming back expenses from both the employees and the Mayor.</p>	<p>Tax invoices are now redundant under amended legislation, and our policy does not require a tax invoice, rather original supporting documentation and a clear description of the business purpose for the expenditure.</p> <p>The expense claim form should be used for all expense claims.</p> <p>For credit card purchases, there is a different procedure, and again GST receipts are acceptable, but a business description is still required.</p>
Sensitive expenditure - timeliness of expense claims submissions	<p>Deloitte noted during testing of expense claims that expenses incurred throughout the year were being processed only at year end. One of the councillors' expense claim was submitted twice per year (at March 2022 and June 2022) which covers travelling prior to those months processed at year end. Also, the Mayor's 13 expense claims were only submitted all together at year end.</p> <p>The employee/elected member expense reimbursements section in the sensitive expenditure policy states that expenses should be claimed soon after expenditure is incurred. This resulted a significant delay between when the expense was actually incurred and subsequently recorded in the financial statements.</p>	<p>Although the amount is not material to the financial statements as a whole, as best practice Deloitte recommends that expense claims are submitted in a timely manner to ensure that they are appropriately accounted and any potential issues are immediately raised and resolved.</p>	<p>The elected members expenses policy has been updated to require expense claims to be submitted within one month of incurring the expenditure. The sensitive expenditure policy will be reviewed in 2022/23. Staff and EM will be reminded of the timeliness expectations during the year.</p>
Timely review of Policies	<p>The Human Resources Policy was due to be updated in April 2022 but at the time of writing this report is still under review. The Elected Members Travel Expense Policy was due to be updated in October 2022 but was delayed to be finalised in November 2022 due to new councillors being elected in October 2022.</p> <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 Good Practice guide.</p>	<p>For best practice we recommend the Council reviews its policies on a timely basis.</p>	<p>Policies are reviewed as appropriate, but the expectation is within 3 years of the last review. Legislation and expectations around HR are ever changing and Council has been undertaking a thorough review of its employee and wellbeing commitments recently. With regards to the elected members expenses policy, it was more appropriate that the policy is adopted by the new elected members (post-election).</p>

Appendix A – IT Audit observations

Background

Deloitte performed a review of the General IT Control environment in support of the external audit of Stratford District Council (SDC), for the year ending 30 June 2022.

This document outlines the work performed and presents key findings and recommendations that were identified during our audit.

We trust this report will assist SDC to improve IT controls to address IT risks within the control environment. We would like to thank the SDC team for their assistance and cooperation during the audit.

Scope of Work

To satisfy financial statement audit requirements, we tested the IT elements and underlying systems that support financial reporting at Stratford District Council. The following environments were included in the scope as we determined that they are materially involved on the financial reporting process:

- **Authority Application and its supporting infrastructure**
- **Windows Active Directory (local and vendor-managed)**

In accordance with our audit methodology, we tested the design and implementation of IT controls across the following areas:

- Access Security
- System Change Control
- IT Operations

Use of the Report

The matters raised in this report are only those that came to our attention during our audit and are not necessarily a comprehensive statement of all the weaknesses that may exist or all improvements that might be made.

This report is provided solely for the exclusive use of Stratford District Council. This report is not to be used for any other purpose, recited or referred to in any document, copied or made available (in whole or in part) to any other person without our prior written express consent. We accept or assume no duty, responsibility or liability to any other party in connection with the report or this engagement, including, without limitation, liability for negligence in relation to the factual findings expressed or implied in this report.

IT Audit observations (contd.)

Current Year IT findings and recommendations

IT Area	Finding	Risk	Deloitte recommendation	Management's response
<p>User access management controls</p> <p>Windows Active Directory (Civica)</p> <p>Authority</p>	<p>Observations were noted across user access management controls for Windows AD and Authority application. This includes user provisioning and user de-provisioning.</p> <p>1. Authority - When a new user is created, access is cloned/mirrored from an existing user. Roles and permissions are not explicitly requested based on the new users' job responsibilities due to a lack of a user access matrix.</p> <p>2. Windows AD (Civica) - For sampled terminated user, no system evidence was available to show account disabled in a timely manner. This is because the system is configured to retain only 128MB worth of logs before they are overwritten. Please refer to Appendix A for further details.</p>	<p>1. There is an increased risk that as individuals move within the company and gain additional privileges, future conflicts are caused when access is mirrored.</p> <p>2. There is an increased risk that unauthorised system access that could compromise system and data integrity goes undetected as logs are overwritten.</p>	<p>1. Review the user provisioning process to include the specific roles and permissions within Authority required for each new user in their access request.</p> <p>Management should also consider designing a user access matrix to assist with this process.</p> <p>2. We recommend that Civica retain a record of when access is removed for accounts so that they can keep track of user terminations.</p> <p>Additionally, a report could be run periodically to show that users were removed in a timely manner.</p>	<p>1. Internal Provisioning process is currently underway working alongside one of the senior Directors. Quite often Management requesting access are unaware of what access the staff member requires so an approved role based access matrix will be investigated to assist with this.</p> <p>2. Stratford have requested Civica to retain logs for up to 3 months. Additionally we can look to run reports on a quarterly basis. To discuss with Civica.</p>

IT Audit observations (contd.)

Current Year IT findings and recommendations

IT Area	Finding	Risk	Deloitte recommendation	Management's response
User Access Review and Segregation of Duties Authority	Observations were noted across Authority. This includes periodic reviews and segregation of duties monitoring. 1. Authority - Access rights and privileges of users was not reviewed by the business during the financial year. 2. Authority - Segregation of duties were not monitored by the business during the financial year.	1. When user access reviews are not periodically performed there is an increased chance that unauthorised and inappropriate access is not identified in a timely manner, increasing the risk of unauthorised system access. 2. Where segregation of duties has not been considered, there is a risk that users are granted access that extends beyond their assigned tasks. This could result in the same person performing a conflicting function in the system, potentially leading to fraud or error.	1. Management should perform periodic user access reviews. These reviews should contain the appropriate level of detail so that when signing-off, there is sufficient evidence that all roles and responsibilities within Authority have been reviewed. 2. Management should develop an SOD matrix for Authority and ensure that all conflicting access for end-users is either removed, monitored, or mapped to mitigating controls. Management should perform a SOD review for Authority to identify potential conflicting access (based on the matrix identified above).	1. Process around Authority user access and further access requests to be reviewed internally. Periodic user access reviews will be scheduled in. There is a standard Authority access report that can be run periodically by IT administrative staff. 2. IT to review user access with Management. IT need to be advised when duties change.

IT Audit observations (contd.)

Current Year IT findings and recommendations

IT Area	Finding	Risk	Deloitte recommendation	Management's response
<p>Password Management</p> <p>Windows Active Directory (Civica)</p> <p>SQL Database</p> <p>Authority</p>	<p>Observations were noted relating to passwords across the following IT layers:</p> <p>1. Windows AD (Civica) and Authority - There were interactive end-user accounts with non-expiring passwords due to management oversight by the vendor (Civica). Please refer to Appendix B for further details.</p> <p>When the account has privileged access, risk of inappropriate access is elevated.</p> <p>2. SQL Database - Four accounts did not have Windows password parameters enforced due to management oversight by the vendor (Civica). Please refer to Appendix C for further details.</p>	<p>When non-expiring passwords are used, there is an increased risk that accounts become vulnerable, leading to unauthorised and inappropriate access.</p> <p>This could lead to users being able to gain access to Authority or underlying infrastructure, and modify data.</p>	<p>1. Where possible password configurations should comply with Stratford District Council password policy.</p> <p>If this is not possible then this should be risk assessed and documented by management. Management to enforce other methods by which access can be restricted.</p> <p>2. Enforce Windows password policy settings for all SQL authenticated accounts where possible, to ensure access is appropriately restricted.</p>	<p>1. This has been addressed with Civica who have amended their processes and informed support staff. Accounts have been adjusted by Civica where applicable. Confirmed by Steve Rose by email on the 29th July 2022.</p> <p>2. SQL accounts have been requested to have windows password policy applied. Support ticket logged.</p> <p>SQL account CentamanWeb to be disabled by the end of the year as it will no longer be required.</p>

IT Audit observations (contd.)

Current Year IT findings and recommendations

IT Area	Finding	Risk	Deloitte recommendation	Management's response
<p>Privileged Access</p> <p>Windows Active Directory (Local)</p> <p>SQL Database</p>	<p>Observations were noted relating to privileged access to infrastructure across the following IT layers:</p> <p>1. Windows AD (Local) and SQL Database - There were accounts that were granted inappropriate privileged access. There were two historic privileged accounts within Windows AD and seven historic privileged accounts within SQL database that are no longer appropriate. Please refer to Appendix D and Appendix E for further details.</p> <p>2. SQL Database - The PUBLIC role was granted access to sensitive database and object permissions due to management oversight.</p>	<p>There is a risk that inappropriate users may access the system and make unauthorised or inappropriate changes to financial and business data.</p>	<p>1.Remove privileged-level access from inappropriate users.</p> <p>We recommend that the purpose of generic accounts with privileged-level access should be thoroughly documented with appropriate approvals.</p> <p>1 and 2. We recommend that management investigate all privileged accounts and permissions to ascertain the purpose and appropriateness of their privileged access.</p> <p>Management should then implement a detective control to ensure that access is monitored and restricted to authorised accounts only.</p>	<p>AD Accounts to be reviewed as per recommendations from Deloitte and documented. Some accounts have already been disabled or removed entirely. Some are scheduled to be removed before the end of the year as we retire some systems.</p> <p>All accounts discussed were part of Civica support group team members. Other user accounts are from 3rd party application members and created on request from Stratford.</p> <p>SDC\support.sdc.old and SDC\SDCAUTHLIVE\$ to be disabled.</p>

IT Audit observations (contd.)

Current Year IT findings and recommendations

IT Area	Finding	Risk	Deloitte recommendation	Management's response
Change Management	Observations were noted relating to change management across the following IT layers:	1. There is a risk that production data might be exposed to security vulnerabilities. Disruptions may result in errors or data corruption.	1. and 2. All systems should be reviewed to ascertain if they are patched to the current latest version.	1. (Local) Change Management process has been implemented.
Windows Active Directory (Civica)	1. Windows Active Directory (Civica and Local) and SQL Database- Changes are not tested before implementation to production as neither Stratford District Council or Civica have Windows Server 2019 or MSSQL 2014 test environments.	2. We understand that the Information Technology Manager alone is responsible for ensuring that appropriate changes are implemented in a timely manner.	Management should document a change management policy detailing the approvals required (and by whom) depending on the nature of the change. Testing procedures for changes should be formalised.	2. Civica will review to re-align the patching process to implement 2019 patches in test environment, including SQL server patches.
Windows Active Directory (Local)				
SQL Database	2. Windows Active Directory (Local) and Authority – No documentation regarding formal approvals (and by whom) for program changes before migration to production.	There is no monitoring performed by the business to ensure that IT systems are kept up to date and known vulnerabilities are addressed as the Information Technology Manager handles all decision making for the business.	3. Changes should be installed on dedicated test servers and or environments with documentation to substantiate formalised testing performed before promotion to production.	3. Authority formal test procedures to be developed by IT for staff to follow.
Authority	3. Authority – No formal test procedures performed and documented before migration of changes to production.			
	4. SQL Database - Patching is not regularly performed. The most recent security patch over Authority SQL database was made in April 2018. The root cause of this is management have failed to perform regular patching for SQL.	3. Program changes that are not adequately tested before promotion to production expose the Authority application to elevated risk of security issues, system errors, and data loss.	4. Management should ensure the SQL database is up to date and implement a process to periodically review the critical patches released. Known vulnerabilities should be addressed in a timely manner.	
		4. When security updates are not applied, there is a risk that the database may have vulnerabilities which could be exploited.		

IT Audit observations (contd.)

Appendix A – Windows termination sample

Windows User ID	Name	Termination Date	Account Disabled
Aofficer.sdc	Anna Officer	29/10/2021	17/03/2022

Appendix B – Windows non-expiring password samples

Windows User ID	Name
jmai	Jian Mai
MPhadtare.sdc	Mitesh Phadtare

Appendix C – SQL accounts without Windows password policies enforced

Account	Account Type	Account Disabled	Enforce Windows Password Policies
Authority	SQL_LOGIN	False	False
Bisadmin	SQL_LOGIN	False	False
CentamanWeb	SQL_LOGIN	False	False
Goget	SQL_LOGIN	False	False

IT Audit observations (contd.)

Appendix D – Privileged Windows accounts

Windows User ID	Group Name	Description
SA	Administrators, Domain Admins	Database User Account
TrackitUAC	Administrators	Account for Trackit User

Appendix E – Privileged SQL accounts

User	Granted Role
SDC\Support.bis	System Administrators
SDC\SDCAUTHTEST\$	System Administrators
SDC\SDCAUTHSEVN\$	System Administrators, db_datawriter
SDC\SDCAUTHLIVE4	System Administrators
authority	System Administrators, serveradmin
SDC\support.sdc.old	db_datawriter



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INFORMATION REPORT



F22/55/04 – D23/38263

To: Audit and Risk Committee
From: Director – Corporate Services
Date: 19 September 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 Risk Register has been updated to include two new risks, one of which has been added to the Significant Risks Register:
- Risk 92 - Community Engagement – very high risk
 - Risk 93 - Record identification, access and retrieval – high risk
- 2.2 Active management of the following significant risks has been required since the last Committee meeting:
- Risk 78 - Government Policy impacting on Local Government
 - Risk 12 - Cyber Attack
 - Risk 9 - LTP / Annual Plan
- 2.3 From time to time the Committee will review the full Council risk register. This has been attached to this information report for review.

3. Local Government Act 2002

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

3.1 Risk Management aims to protect all areas of Council operations and therefore indirectly meet the purpose of all four wellbeings.

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.

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

New risks are identified by all staff and discussed by the Senior Leadership Team before they are 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 reevaluated with controls 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

The following new risks have been identified and approved by the Senior Leadership Team:

- 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.

Raw Risk – 12 Very High – Major consequence, Possible likelihood

Control: 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.

2. **Record identification, access and retrieval** - IF records (mostly electronic) are not filed in a way that enables efficient identification, access, and retrieval, THEN Council may not be meeting its LGOIMA, Public Records Act and other obligations, and may not be able to produce evidence substantiating claims or may be found negligent in omitting information that should have been provided to third parties, which may lead to financial and/or reputational damage.

Raw Risk – 6 High – Serious consequence, Likely likelihood

Control: Ensure all records are filed into Content Manager, in accordance with the Information and Records Management Policy. Retention and disposal routinely scheduled in CM to ensure records are retained for an appropriate period of time.

5.2 Risk Events in relation to the Significant Risks Register

Risk 78 – Government Policy Impacting on Local Government

Three Waters Reforms -

In light of the upcoming election there is ongoing uncertainty for councils and affected staff. The Minister of Local Government Hon. Kieran McNulty has indicated his desire to provide councils with certainty for planning purposes ahead of the election period. A preliminary recommended schedule for entity go-live dates has now been shared with iwi Māori and Councils and the Minister's intention is to undertake an engagement process post-election with mana whenua and councils prior to the Order in Council. The preliminary go-live date for the Taranaki Water Entity (aka Entity D) has been set in line with the regional position statement as 1 April 2025.

Resource Management Reforms

Two key pieces of legislation for resource management reform are now in place. While a small number of changes apply from August 24, 2023, the Natural and Built Environment Act and the Spatial Planning Act will be phased in over the coming years.

The Resource Management Act 1991 (RMA) remains in force for now and the outcome of the upcoming General Election is likely to have a strong influence on the future of this reform with the National Party publicly stating that it will repeal the Natural and Built Environment Act and the Spatial Planning Act if it forms a government.

Future for Local Government

The Future for Local Government review panel has released its final report, which presents recommendations and findings about critical changes needed to ensure local government can best support local democracy, intergenerational wellbeing, and Te Tiriti partnership in the years ahead.

One of the conclusions of the report is that the structure and operation of all councils will need to be renewed to ensure local government is fit for the future.

At this stage it is important to note that the report is only the view of an independent panel. There has been no commitment by the current government to adopt any of the recommendations of the report and political parties across the spectrum have largely been silent on the recommendations of the review. To date there is no agreed view by the wider local government sector on the individual recommendations or the review overall.

Risk 12 – Cyber Attack

Refer to the Cyber Security report in this Committee meeting's agenda.

Council has purchased Cyber insurance cover up until 30 September 2023. Although, Council has been offered insurance cover for the full year it is suggested that the cover be discontinued from 1 October 2023 and that the premium savings of approximately \$10,000 budgeted for are repurposed and invested in cyber resilience and preventative defence mechanisms instead.

Risk 9 – Long Term Plan / Annual Plan

The Vision and Community Outcomes have now been formally adopted. Council is currently working through service levels and performance measures. The next LTP workshop will wrap up performance measures and targets by activity, and then focus on significant forecasting assumptions and the environmental scan.

The current risks to the Long Term Plan are:

- Phasing back in of funding sources used in previous years to smooth rates increases – funding depreciation at less than 100%, restoring depreciation funding back to 100%, restoring financial contributions reserve cease withdrawals.
- Three Waters reallocation of overheads – developing a new fair model that allocates cost, and therefore rates appropriately.
- Developing budgets using existing budget model – haven't had the opportunity to investigate budgeting software so will need to use spreadsheet. Have to significantly modify the spreadsheet for three waters transition, or maybe just zero out?
- Resources and meeting timeframes – delayed start to reviewing strategies and policies e.g Financial Strategy, Revenue and Financing Policy, Infrastructure Strategy
- Audit involvement and audit cost

Risk 72 - Elected Members Decision Making

Recent decisions made by Elected Members since the July 2023 Audit and Risk Committee meeting are below, with the risk section included.

8 August

- Approval of recommendations from Section 17a review (public excluded)
- Review of Class 4 Gambling Venues Policy and TAB Venue Policy
- Review of the following policies:
 - Occupation of unused road reserve policy
 - Fences on road reserve policy
 - Stock crossings and races policy
 - Stock underpasses policy
 - Temporary Road closures policy
 - Charges for new wastewater network connections policy
 - Health and Safety Policy
- Permission to consult on Transport Choices Project
- Road closure for car club event 13 August 2023
- Position Statement for preferred establishment date for the Taranaki Water Services Entity

12 September

- Received annual report for Stratford District Licensing Committee
- Received annual report on Dog Control Policy
- Approved the renaming of Pembroke Road by adding East and West suffixes to the existing name
- Adopted the First Past The Post electoral system for the 2025 council elections, authorised a related public notice and resolved not to review or make minor ward boundary adjustments for the 2025 election
- Adopted the Connecting Our Communities Strategy
- Adopted the Vision and Community Outcomes as part of of the LTP deliberations

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

Appendix 2 Full detailed Risk Register



Tiffany Radich
Director – Corporate Services



[Approved by]
Sven Hanne
Chief Executive

Date 11 September 2023

2023 - Agenda - Audit and Risk - September - Open - Information Report – Risk Management (update)

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 gov 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
28	Financial	Interest Costs	IF financing costs increase THEN this results in increased costs to council and budget being exceeded or increase to rates.	16 - Very High	Treasury management programme in place to ensure interest rate maturity risk profile is spread evenly over the next 5 plus years. Could investigate longer term swap options. Borrowings and investments must be maintained within treasury policy covenants. Regular reporting to Policy and Services committee meeting.	6 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

2023 - Agenda - Audit and Risk - September - Open - Information Report – Risk Management (update)

Risk Alert Number	Risk Category	Risk Subject	Risk Description	Risk Score Raw	Control Description	Residual Risk Score
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
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

2023 - Agenda - Audit and Risk - September - Open - Information Report – Risk Management (update)

Stratford District Council Risk Register - Detailed

Risk Alert Number	Risk Category	Risk Subject	Risk Description	Risk Score Raw	Control Description	Residual Risk Score
1	Compliance and Legislation	Legislation Changes	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
2	Compliance and Legislation	Incorrect Planning Advice	IF Council gives out wrong advice on LIM, or issues Resource Consent when it should not have, THEN it could be subject to a judicial review or similar form of dispute process involving legal costs, possible fines, and reputational damage.	3 Moderate	Quality assurance. Resourcing and ongoing training of competent staff. Low tolerance for poor quality documentation from consent applicants. Good quality legal counsel. Council has professional indemnity, public liability, and statutory liability insurance.	1 Low
3	Compliance and Legislation	Statutory Reporting Commitment	IF Council does not meet statutory commitments (eg for reporting to the national monitoring system) THEN it may be acting illegally and receive attention from Ministry which could result in financial penalty and council functions being removed, or elected members being replaced.	3 Moderate	Quality assurance. Resourcing levels maintained. Schedule of dates and commitments is regularly maintained and updated by Quality Assurance officer. Regular review and update of Legislative Compliance Register.	1 Low
4	Compliance and Legislation	Council Bylaws, Strategies, Plans 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
5	Compliance and Legislation	Issue Regulatory Licence or Decision	Food/Health, Alcohol, Parking - IF Council issues a licence or decision that is not consistent with legislation, policy or bylaws, THEN Council may be subject to a judicial review or a similar form of dispute process.	3 Moderate	Quality assurance, Ongoing training/awareness of HSE requirements and responsibilities. Compliance officer training. Keep bylaws and policies up to date with legislation.	1 Low
6	Compliance and Legislation	Three Waters - Non-Compliance	IF Council does not comply with its obligations under legislation (i.e. Resource Management Act, NZ Drinking Water Standards, Health and Safety at Work Act) THEN administrative fines and penalties may result, in addition to reputational damage if publicised.	3 Moderate	Ensure maintenance contractor and Council staff members are trained and up to date with legislative requirements through regular update of Legislative Compliance Register. Subscribe to regular email updates from local government and relevant industry bodies, council listserv to ensure staff are notified of legislation changes.	2 Moderate
7	Compliance and Legislation	Property and Parks - Non-Compliance	IF Council does not comply with its obligations under legislation (eg. Resource Management Act 1991, Building Act 2004, Health and Safety at Work Act 2015) THEN administrative fines and penalties may result, and reputational damage.	3 Moderate	Ensure maintenance contractor and Council staff members are trained and up to date with all legislative requirements impacting on property and park assets. Ensure maintenance contracts have robust out-clauses that cover a range of situations where non-compliance or unsatisfactory work is identified. Council has secured public liability insurance and statutory liability insurance.	Low
8	Compliance and Legislation	Annual Report Adoption and Publication	IF the Council's Annual Report is not adopted by 31 October and made publicly available by 30 November, THEN there will be additional audit scrutiny and reputational damage within local government. Loss of community trust - the community is unable to assess Council performance in a timely manner.	2 Moderate	Set annual report timetable to ensure statutory deadline is met. Good project management by key staff. Keep updated of possible changes to legislation and plan accordingly. Good communication to all staff, and establish rapport with Audit NZ and respond in a timely manner to all queries.	1 Low

2023 - Agenda - Audit and Risk - September - Open - Information Report – Risk Management (update)

Risk Alert Number	Risk Category	Risk Subject	Risk Description	Risk Score Raw	Control Description	Residual Risk Score
84	Compliance and Legislation	Tax Compliance Breach	IF the Council files incorrect or misleading tax returns (specifically GST, FBT and PAYE), then it may be liable for financial penalties, IRD audit scrutiny, and lack of auditor confidence.	4 High	Ensure staff are properly trained and stay up to date with tax legislation and current topical issues. All tax returns should be reviewed and signed off by someone other than the preparer of the tax return. All property purchases and sales should be reviewed by Finance specifically to check correct GST treatment. FBT on motor vehicles and private use should be reviewed at least annually. All entertainers and individual contractors must be reviewed for correct withholding tax treatment.	3 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
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
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
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
13	Data and Information	Communication to data centre	IF there is a loss of communication to the Data Centre (due to IT failure, power failure, or other damage to link) THEN systems downtime will cause temporary disruption. Council staff will be unable to access data and complete work and respond to customers satisfactorily.	4 High	Can access private link or an internet link - reroute the traffic. Backup generator if power supply lost.	3 Moderate
14	Data and Information	Uncontrolled access to Physical and Digital Records	IF there is uncontrolled or unauthorised access to archives, THEN records/ files could go missing, privacy breached, possible legislative breaches.	2 Moderate	Access to physical archives is limited to IM Specialist and IT Manager, door is locked at all other times. Digital records must be stored in IT approved repositories, with access restricted where necessary. Electronic access is restricted to staff who have a SDC login and have also been granted the relevant security permissions to access applications relevant to their job role.	1 Low
15	Data and Information	Records Handling	IF hard copy protected records are handled in a way that could cause damage, degradation or misorganisation, THEN this could lead to loss of protected records, non-compliance with legislation and potential financial penalties.	3 Moderate	Access to archives is limited to trained staff. Ensure the Information Management Specialist is fully trained in all areas of protected records management. Maintain a register of archived records, and a process by which records will be archived. Storage area must be restricted and temperature controlled.	Low
16	Data and Information	Unapproved online platforms used	IF unapproved online platforms are used for Council business, THEN Council sensitive information and individual private details could be hacked and made available publicly.	3 Moderate	All Council information should only be stored on platforms that are approved by IT and gone through proper procedures and checks by IT.	1 Low

2023 - Agenda - Audit and Risk - September - Open - Information Report – Risk Management (update)

Risk Alert Number	Risk Category	Risk Subject	Risk Description	Risk Score Raw	Control Description	Residual Risk Score
88	Data and Information	External (online) Communication Systems are not Functioning	IF external/online communication systems are not functioning temporarily, THEN Council may be unable to effectively deliver important messages to the community - resulting in public confusion and inadequate guidance on potentially important or emergency situations.	3 Moderate	Ensure alternative communication options are available when Facebook is unable to be used to communicate to the public. Use of Antenna app, Stratford Press, mailouts by post or email, the digital sign on Broadway, and Council's website are other options that are able to be used as alternative communication methods. Council website to be single source of truth.	Low
93	Data and Information	Record Identification, Access and Retrieval	IF records (mostly electronic) are not filed in a way that enables efficient identification, access, and retrieval, THEN Council may not be meeting its LGOIMA, Public Records Act and other obligations, and may not be able to produce evidence substantiating claims or may be found negligent in omitting information that should have been provided, which may lead to financial and/or reputational damage.	6 - High	Ensure all records are filed into Content Manager, in accordance with the Information and Records Management Policy. Retention and disposal routinely scheduled in CM to ensure records are retained for an appropriate period of time.	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
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
19	Financial	Internal Financial Controls	IF internal financial controls are compromised and ineffective, THEN possible fraud, budget blowout, delayed service	6 High	Good quality controls. Implement annual external and internal audit recommendations. Adhere to Procurement and Delegations Policy. Communications of internal controls to all staff. Recommend internal audit conducted every year. Annual leave not to accrue > 2 years. Electronic signature images not to be relied upon.	1 Low
20	Financial	Creditor Payments	IF creditors are not paid correctly or on time THEN goods and services delayed, increased costs, reputational damage and possible fraud.	2 Moderate	Ongoing training of competent staff and appropriate staffing levels. Adhere to Procurement Policy. Good planning and time management Creditor statement reconciliations. Cash and treasury management.	Low
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 into 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
22	Financial	Rates Invoices Processing	IF rates invoices are not sent out accurately and on time THEN cashflow delayed, legal obligation not met. Can result in reputational damage with ratepayer community.	3 Moderate	Resourcing and training of competent staff. Clear accountability for rates invoicing and appropriate training in systems given. Timetables for processing and posting to be clarified ahead of due dates. Good communication with NZ Post.	2 Moderate
23	Financial	Outstanding Debt	IF debts are not collected in a timely manner THEN cashflow delayed or is impacted on and bad debt may need to be written off resulting in expense to Council.	3 Moderate	Clear debt collection process, ensuring debt is chased as early as possible. Ensure debt collection procedures for all categories of debt are documented. Work towards getting all ratepayers on direct debit.	1 Low
24	Financial	Direct Debits	IF direct debits are not processed correctly, and on the due date, THEN cash flow delayed, and may result in public distrust of Council's direct debit process resulting in a reduction in ratepayers who choose to pay by direct debit.	2 Moderate	Direct debit processing treated as a daily priority done early as possible in the day. If any IT issues get onto it as soon as possible. Ensure at least 2 staff are trained in processing the direct debits.	1 Low

2023 - Agenda - Audit and Risk - September - Open - Information Report – Risk Management (update)

Risk Alert Number	Risk Category	Risk Subject	Risk Description	Risk Score Raw	Control Description	Residual Risk Score
25	Financial	Procurement contracts	IF procurement contracts entered into are not cost-effective and do not comply with Council's Procurement Policies THEN council projects could go over budget and council procurement could be subject to industry, media, legal scrutiny.	6 High	Ensure procurement policy and procurement manual are appropriate, comply with legislation and good practice, and followed by all staff and significant contracts are reviewed by an independent professional.	1 Low
26	Financial	Credit Risk	IF Council is unable to increase borrowing to fund urgent capital or operational expenditure, or is unable to renew borrowing once it matures, or is called to repay a loan if covenants are breached THEN projects will not proceed, council may have to cease operations, possible replacement of councillors.	8 High	Regularly monitor debt covenants and cashflow forecasts reported monthly to Policy and Services Committee, and quarterly to Audit and Risk Committee.	4 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
28	Financial	Interest Costs	IF financing costs increase THEN this results in increased costs to council and budget being exceeded or increase to rates.	16 - Very High	Treasury management programme in place to ensure interest rate maturity risk profile is spread evenly over the next 5 plus years. Could investigate longer term swap options. Borrowings and investments must be maintained within treasury policy covenants. Regular reporting to Policy and Services committee meeting.	6 High
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
63	Financial	Theft by Contractors	IF contractors have unrestricted access to council property and/or information, THEN there is an opportunity for theft and consequently loss of Council assets.	4 Moderate	All contractors must go through a pre-qualification process. Visitors to Council buildings must sign in. Access to the building has now been restricted with the use of fobs. Protected records are stored in a safe or locked storage room.	2 Moderate
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
79	Financial	Bribery and Corruption	IF elected members or staff act in a way that is, or is perceived to be, influenced by Bribery or Corruption, THEN the Council's reputation could be damaged, there is potential for legal action against Council, increased scrutiny by the Office of the Auditor General. There is also the risk that Council could have lost financially, or in some other way, by entering into an unethical contract.	4 High	Ensure HR Policy, Procurement Policy, Anti-Fraud and Corruption Policy and Elected Members' Code of Conduct cover these areas sufficiently and that guidance is given to all staff and elected members at least annually on conflicts of interest, and Policies are widely distributed within Council and made available to all staff, particularly new staff. The Fraud Policy includes a process for reporting any suspected instances of bribery and corruption - ensure this is widely available and all staff are aware of reporting process.	3 Moderate
81	Financial	Management Override of Internal Controls	IF a Manager uses their unique position to override internal controls, THEN fraud may occur, resulting in theft of Council assets/funds and incorrect/misleading financial statements.	4 High	Audit and Risk Committee oversight. Internal and External audits annually. Fraud Policy awareness training for all staff at least three yearly. Regular review of policies to ensure in line with best practice. SLT to undergo ethics training. Prior to new employment, full reference checking of at least one recent, direct manager (particularly for financial and management roles). Zero tolerance for any bullying type behaviour.	3 Moderate

2023 - Agenda - Audit and Risk - September - Open - Information Report – Risk Management (update)

Risk Alert Number	Risk Category	Risk Subject	Risk Description	Risk Score Raw	Control Description	Residual Risk Score
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
89	Financial	Council Rates are Applied Inconsistently	IF Council Rates are perceived to be inconsistently applied by Council to ratepayers, THEN Council could be subject to legal or central government scrutiny, and/or reputational damage and community mistrust and disengagement.	6 High	Ensure legislation is complied with at all times to avoid legal action. Rates Remissions Policy and Rates Postponement Policy should be used to counteract some negative impact of rates. LTP workshops and Annual Plan workshops should refer to the Revenue and Financing Policy, which is the overarching guide in how rates will be used to fund Council Activities (this Policy may be reviewed at any time). Ensure any changes to rates are publically notified and subject to the Special Consultative Procedure (Annual Plan open for feedback instead). Seek expert legal advice where implementing a new rate or new way of applying an existing rate.	3 Moderate
29	Health, Safety, and Wellbeing	Public Events	IF health and safety accidents or incidents occur during events THEN increased costs can occur to the events, reputation is damaged	4 High	Health and Safety plans are established well in advance to an event being planned. Physical hazards and risks are eliminated Hazard Identification records are kept. Events do not proceed without correct Health and Safety sign off. Good communication to all staff	2 Moderate
31	Health, Safety, and Wellbeing	Abusive Customers	IF abusive customers come into any of the Council's service centres, THEN there is the risk that council staff or the general public could be harmed or exposed to violence.	4 High	Staff have personal alert alarms if in danger, customer service training and policies on how to deal with situations so they do not escalate. Security cameras in place. Fob access required to access staff office area. Mayor's office is secured by glass entry way.	2 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
34	Health, Safety, and Wellbeing	Food / Health Safety	IF Council doesn't adequately respond to a complaint and a member of the public falls ill or dies, THEN Council is at risk of legal proceedings under the Food Act/Health Act.	4 High	Quality assurance standards and process in place and adhered to by staff. Ongoing training/awareness of HSE requirements and responsibilities. Ensure Food safety bylaw is regularly reviewed.	2 Moderate
35	Health, Safety, and Wellbeing	Parking control	In the process of administering the Parking function, IF a member of the public is injured or vehicle is damaged, THEN possible death or serious injury could result.	4 High	Quality assurance, Ongoing training/awareness of HSE requirements and responsibilities. Body cameras to be worn by compliance officer when out on duty.	2 Moderate
36	Health, Safety, and Wellbeing	Council Vehicle accident	IF a staff member has an accident in a council vehicle, THEN this could result in possible death or serious injury and damage to motor vehicle asset.	4 High	All staff must have a full drivers licence, all staff are aware of procedures if there is an accident. Staff driver training to be provided to regular drivers. GPS and mobile phone tracking.	3 Moderate
37	Health, Safety, and Wellbeing	Staff under Stress	IF staff are affected by personal issues or by work pressures and experiencing high levels of stress, THEN work performance may decline and/or fatigue, illness, unsafe work practices may result.	7 High	New Wellbeing Strategy implemented and regularly monitored by the Health and Safety Committee. Managers are responsible for being aware of the wellbeing of their direct reports. There are various options available for relieving the pressure of staff who are overworked including increasing staff or reallocating work - regular wellbeing newsletters emailed out to all staff by H&S officer. EAP service is widely communicated to all staff. All critical staff have a backup option available so they can take annual leave for at least a week at a time.	3 Moderate

2023 - Agenda - Audit and Risk - September - Open - Information Report – Risk Management (update)

Risk Alert Number	Risk Category	Risk Subject	Risk Description	Risk Score Raw	Control Description	Residual Risk Score
38	Health, Safety, and Wellbeing	Exposure to Hazardous Substances	IF staff are affected by exposure to hazardous substances eg chemicals, liquids, fumes and other toxic substances THEN there are possible risks to staff health and wellbeing.	6 High	All hazardous substances are correctly labelled and stored according to best practice safety procedures and guidelines. Training is mandatory for all staff working with hazardous substances. Use appropriate PPE gear at all times in the vicinity of the hazardous substances. Regular health checks for staff. Regular testing of hazardous substances and chemicals LABELLING and STORAGE be carried out RANDOMLY. The Stratford Water Treatment Plant has site licences for the storage of chemicals, these must be kept up to date. Fire extinguishers are on site, all signage is current and covers off on all of the chemicals held on site, labels are all correct and current. We currently have 5 authorised handlers. Ixom also do site audits when their representative is in the immediate area.	3 Moderate
39	Health, Safety, and Wellbeing	Playground Equipment Failure	IF Playground equipment, or other recreational equipment fails THEN a member of the public could be seriously injured or killed.	8 High	Biennial playground inspection report and quarterly compliance checks by contractor to bring any issues to attention of council staff.	3 Moderate
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
41	Health, Safety, and Wellbeing	Workplace Bullying or Harrassment	IF Bullying and harrassment in the workplace occurs THEN it can have an impact on the health and wellbeing of staff subject to the bullying and other staff witnessing the behavior. This may impact on staff productivity and the ability of Council to attract good quality candidates.	4 High	Top down culture against bullying and harassment of any kind, policy is followed through by management, staff are aware of the reporting process. The reporting process to deal with bullying and harassment is fair, transparent, confidential and dealt with in a timely manner.	3 Moderate
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
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 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
67	Health, Safety, and Wellbeing	Muscular discomfort - Ergonomics	IF muscular pain or discomfort or eye strain occurs as a result of the work environment and setting, THEN this will impact on staff health and wellbeing and long term comfort at work.	2 Moderate	Apply ACC Habit At Work guidelines. Workstation assessments should be carried out to reduce the likelihood of onset of long term discomfort and pain conditions.	1 Low
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
69	Health, Safety, and Wellbeing	Employee Substance Abuse	IF staff are affected by drugs or alcohol while at work, THEN there is an increased risk of an accident or injury, property damage, and reduced work performance.	8 High	Ensure staff are aware of drug and alcohol policy. Initial drug testing done prior to employment to filter out regular users. Utilise EAP.	2 Moderate
70	Health, Safety, and Wellbeing	Dangerous Roads due to weather events	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

2023 - Agenda - Audit and Risk - September - Open - Information Report – Risk Management (update)

Risk Alert Number	Risk Category	Risk Subject	Risk Description	Risk Score Raw	Control Description	Residual Risk Score
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
80	Health, Safety, and Wellbeing	Fatigue Management	IF Fatigue affects an employee, as a result of working extraordinary hours, THEN the employee may have limited functionality which could result in personal injury or injury to others. It could also lead to stress and long term mental illness if it is reoccurring and could mean Council is in breach of the Health and Safety Act.	3 Moderate	Ensure employees take regular, quality rest breaks during the working day, in line with the Employment Relations Act (HR Policy requires this). Ensure all staff know their responsibilities in terms of managing fatigue. Ensure shift workers rostered times are manageable. The Vehicle Use Policy has limits on driving a Council vehicle after exceeding max number of work hours. Contractor fatigue management to be reported and monitored through regular contractor meetings.	1 Low
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
42	Operational	Payroll Processing	IF Staff are not paid correctly or on time THEN staff may become disgruntled and distrustful of their employer, work standards could drop and employment laws could be breached.	3 Moderate	Training of practices and legislation. Staff competent and levels appropriate. Good planning for staff leave in the finance team and time management. External notification of updates and changes. More than one staff member should be fully functional in payroll. Ensure facility available to access cash if Council is short.	1 Low
43	Operational	Roading - other work clashing	IF there is work being carried out by others on/in road reserve, e.g. Broadspectrum, THEN council may not be able to complete its own work programme.	3 Moderate	Co-ordination of planned works with other contractors in the area when planning physical works.	2 Moderate
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 could be lost and people could be injured as a result.	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 report and repair any damages to roads. Resources diverted from other planned projects to remediate repairs to enable the road to be re-opened.	3 Moderate
45	Operational	Contractor - Damage to Property	IF maintenance contractor damages council or private property while carrying out contracted work, THEN council could be liable for damages and additional expenditure.	4 High	Stringent Operational procedures: Daily reporting of compliance. Regular liaison with contractor and regulators to monitor performance to ensure compliance. Contractor pre-approval process. Council has material damage insurance policy, excess \$5k.	3 Moderate
46	Operational	Other Contractors in Network Corridor	IF work by others in Network Corridor results in damage to components of the 3 waters infrastructure THEN services to the public may cease or become unreliable or compromised.	3 Moderate	Co-ordination between services before major projects begin. Ensure all works have Corridor Access Requests.	1 Low
47	Operational	Attracting and Retaining Staff	IF Council is unable to attract and retain suitably qualified personnel, THEN services may become under threat and may cease.	3 - Moderate	Internal training and succession planning programs. Ensure market wages are offered for all high demand positions. Recruit off shore option should be available for high-demand positions. Make greater use of consultants if necessary and/or shared services with neighbouring Councils. Make Stratford District Council a great place to work - measure staff engagement and respond to any issues expediently.	2 Moderate

2023 - Agenda - Audit and Risk - September - Open - Information Report – Risk Management (update)

Risk Alert Number	Risk Category	Risk Subject	Risk Description	Risk Score Raw	Control Description	Residual Risk Score
48	Operational	Maintenance Contractor fails to deliver	IF maintenance contractor fails to deliver contractual service necessitating termination of contract and re-tendering, THEN assets may become under threat, unreliable, or unable to meet community needs.	4 High	Careful assessment of tender to ensure contract price viable for contractor to deliver level of service. Regular liaison with contractor to monitor performance and ensure compliance. Contractor pre-approval process must not be bypassed.	3 Moderate
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
50	Operational	Key Person risk	IF a key person in the organisation could not work for a significant period of time THEN this could affect council's ability to perform core functions and duties.	4 High	Ensure Promapp is up to date with all staff day to day processes, if known absence ahead of time ensure an appropriate training plan in place. Make use of local consultants where appropriate. Connect with colleagues from neighbouring three councils to share resource if needed.	2 Moderate
51	Operational	Natural Disaster or Fire - Response preparedness	IF a Natural Disaster or Fire causes significant damage to infrastructure and buildings THEN community welfare may be severely compromised, putting peoples lives at risk, and staff may be unable to access systems to carry out their day to day duties and functions.	15 Very High	Civil Defence Emergency Management plans are in place. Procedures following an emergency event are widely known by a number of staff due to Civil Defence Foundational training being rolled out to majority of council staff. Business Continuity Plans need to be in place and practiced regularly for all activities - Directors responsible for having a plan in place for each of their departments to ensure core functions can continue to be delivered.	12 Very High
64	Operational	Infectious Disease Outbreak / Pandemic	IF an infectious human disease outbreak / pandemic threatened NZ and reached the district, THEN this could impact staff availability, local services could temporarily close down, and the community access to healthcare is limited potentially resulting in population decline.	4 - High	Health and Safety Advisor to keep aware of any public health notifications of disease outbreaks. Ensure there is a plan to respond to any notifications. Civil Defence covers infectious human disease pandemics and will take responsibility for local management. Follow Ministry of Health's NZ Influenza Pandemic Action Plan.	3 Moderate
65	Operational	Biosecurity threat risk	IF there is a biosecurity threat to animals, or plant life THEN this could affect the economic 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 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 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.	8 High	Asset Management Plans and Incident Control Response Plans to document critical asset areas and response plan in the event of heavy rainfall incidents.	3 Moderate
77	Operational	Terrorist Attack	IF a terrorist attack occurred in Stratford, THEN loss of life, property damage, and business discontinuity may result.	4 Moderate	Develop Lockdown procedures for all Council public sites i.e. Library, I-Site, Council Office, TSB Pool. Be alert and aware of potential threats, work closely with Police and establish plan to minimize damage to people and property.	4 Moderate

2023 - Agenda - Audit and Risk - September - Open - Information Report – Risk Management (update)

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
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
86	Operational	Asset / Infrastructure Failure causing Public Health risk.	If Council assets or infrastructure fail to work as intended, are unsafe, cause harm, public damage or endanger the public, THEN the public may be exposed to health, wellbeing or safety risks, that may put Council's reputation at risk, and Council could be subject to various penalties if found negligent.	6 High	Ensure asset replacement programmes are identified through physical checks of the individual assets. The capital investment required to replace these assets is aligned with a developed replacement programme which is included in the respective AMP. Identify any issues that may arise at the time of renewing existing resource consents. Maintain and update incident response plans for each asset group, including any public notification where required. Ensure staff and contractors are trained on the requirements of the incident response plans.	3 Moderate
87	Operational	Public Damage to Council Assets and Infrastructure	If the public cause damage to Council assets and infrastructure, THEN existing service levels may discontinue and/or Council will incur financial loss.	6 High	Use security cameras for areas that are at high risk of vandalism or deliberate damage. Have insurance on Council assets and infrastructure (in accordance with the Insurance Framework) that is sufficient to cover replacement. Require insurance indemnity for organised events.	2 Moderate
33	Reputational and Conduct	Animal Welfare	If an animal that has been impounded is injured or dies due to maltreatment, THEN this could result in animal welfare agency scrutiny, possible court and legal costs, and reputational damage.	3 Moderate	Quality assurance, Ongoing training/awareness of HSE requirements and responsibilities, Vet Care/Assessments. Ensure notification is given to new animals being impounded so that compliance officer ensures the animals are being cared for and regularly fed and have access to water. Monthly farm meetings to bring up any animal welfare issues. Property Manager to regularly visit farm and make visual assessment of cow welfare.	2 Moderate
53	Reputational and Conduct	Release of incorrect or confidential information	IF incorrect or confidential information was given out through social media, media releases, staff actions at the services desks, LGOIMA requests, council meetings, and/or functions THEN risk of damaged reputation, ratepayer distrust and actions from Local Government ministry and/or Privacy Commissioner.	8 High	All Media releases are to be checked off by Dir – Community Services, and signed off by CEO or Mayor. Social Media Policy in place for clear guidance of social media use. Front counter training needs and communication guidelines established - a resource centre (knowledge base) maintained for FAQ's from public. Consider implementing a Privacy Impact Assessment for how council handles personal information.	2 Moderate
54	Reputational and Conduct	Building Consent Authority (BCA) Accreditation	IF Council loses BCA accreditation, THEN council cannot perform its building control function and there is no approval process for construction work and building compliance for the Stratford district.	4 High	Ensure best practice processes and procedures are in place and staff numbers and skill levels in the building consents team are appropriate. IAAZ audit recommendations to be taken on board. QA process implemented.	1 Low

2023 - Agenda - Audit and Risk - September - Open - Information Report – Risk Management (update)

Risk Alert Number	Risk Category	Risk Subject	Risk Description	Risk Score Raw	Control Description	Residual Risk Score
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
56	Reputational and Conduct	Building Consent location	IF Council issues consent and/or code compliance and the location of the building or structure that council signs off on is found to be in the wrong location THEN reputation damage could result and legal action may be taken against Council.	4 Moderate	Quality assurance. Resourcing and ongoing training of competent staff. Low tolerance for poor quality documentation from consent applicants. Reporting of substandard work practices observed. Engage professional surveyor if considered high risk. Council has public liability insurance.	1 Low
57	Reputational and Conduct	Online Passwords	IF online passwords are shared or used inappropriately, THEN there is the risk that staff can access or hack Council owned systems and release sensitive information.	4 High	Ensure that where a staff member leaves and they have access to logins accessible online that the passwords are changed and access ceases. Limit use of online accounts.	2 Moderate
58	Reputational and Conduct	Contractor Damage or Breach	IF Council and/or council contractors are found to be liable for public/environmental damage, or any actions that are unsafe or non-compliant with legislation and applicable policies and standards, THEN fines, possible injury, long-term damage, reputational damage could result.	12 Very High	Appropriate procedures and guidelines are in place to monitor contractor actions and our own including health and safety audits, contractor meetings/KPI's. The Council requires all physical works contractors to go through a thorough health and safety pre-qualification process and become approved before commencing any physical work. All relevant staff are kept up to date with pre-approved contractors register. Mini audits and random checks should be built into contracts. Contractor public liability insurance required for all major contracts.	3 Moderate
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 potential for financial loss THEN there may be legal, financial, environmental and health implications.	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 must report six-monthly to Council. Farm Business plan is prepared annually, separate to the Annual Plan, which contains all other council operations.	3 Moderate
60	Reputational and Conduct	Elected Members Communication	IF elected members disclose incorrect or confidential information to the public or talk about council negatively, THEN this could damage the reputation and public trust of elected members and council staff.	6 High	Ensure elected members have a good awareness and understanding of the SDC Code of Conduct. Induction for new councillors should be thorough and cover communication with the public, in private, and at Council meetings.	3 Moderate
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
75	Reputational and Conduct	Council employees abuse members of the public	IF Council employees, during the course of their Council duties abuse members of the public, particularly children, THEN the Council may suffer significant reputational damage and potentially be taken to court.	8 High	All staff in public facing roles should undertake de-escalation training, customer service training, and possible social media training. Also use behavioural type interview questions to investigate how potential new employees would deal with customers. This should also cover contractors. Minimising stress levels at work and providing a good work place environment where reported behaviours are dealt with efficiently is necessary.	4 Moderate

2023 - Agenda - Audit and Risk - September - Open - Information Report – Risk Management (update)

Risk Alert Number	Risk Category	Risk Subject	Risk Description	Risk Score Raw	Control Description	Residual Risk Score
90	Reputational and Conduct	Consultation and Engagement with Maori	IF Council does not effectively engage with Maori on matters of interest, THEN Council decisions will lack a Maori perspective which may lead to substandard community outcomes, and decisions that may not be supported by Maori 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 Maori. Develop an iwi partnerships framework.	3 Moderate
91	Reputational and Conduct	Maori Tikanga and Protocols	IF Council representatives show disrespect or ignorance to Maori tikanga, customs, protocols and /or environment, THEN this may cause harm to Council's relationships with the Maori community and put Council into disrepute.	4 - High	Build and maintain cultural competency amongst Council representatives. Council staff lead initiatives to promote tikanga Maori and te reo in the workplace, by developing and maintaining a plan to encourage learning, and celebration, of tikanga Maori and te reo in the workplace. Seeking external advice and support where necessary to ensure tikanga is upheld appropriately.	3 Moderate
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

DECISION REPORT



F22/55/04 – D23/37754

To: **Audit and Risk Committee**
From: **Director – Corporate Services**
Date: **19 September 2023**
Subject: **Approve draft Annual Report 2022/23**

Recommendations

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

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.

/
Moved/Seconded

1. Purpose of Report

- 1.1 To review the draft Annual Report 2022/23, already provided to Deloitte for the annual audit, and make any further amendments if required, as part of the Committee's responsibilities of providing assurance that Council is complying with its statutory responsibilities. The final Annual Report 2022/23 is expected to be adopted by Council in October 2023.

2. Executive Summary

- 2.1 The Annual Report 2022/23 presents information on how Council has delivered on its Community Outcomes and performance measures for the year ended 30 June 2023, against the limits of the Financial Strategy and Annual Plan 2022/23 budgets.
- 2.2 In 2022/23, the most significant project completed was the new swimming pool, which opened in October 2022, at a total project cost of \$20.7 million. The purchase of land for a new council subdivision was settled, with development work to commence in 2023/24. The Kopuatama Cemetery entrance upgrade was completed, Road to Zero and Walking and Cycling Strategy projects were carried out, and the second trunkmain for Water Supply was completed, among other projects. Despite this, capital expenditure rate was 77% of budget, excluding projects carried forward from 2021/22.
- 2.3 Council is required to set service levels for each Activity and measure performance by setting targets and reporting on these in its Annual Report. Of the 99 non-financial performance measures, 59% were achieved, 5% were not applicable, and 36% were not achieved. Refer to 7.2 of this report.
- 2.4 The Debt limit and the Rates percentage increase limit in the Financial Strategy were met for the year 30 June 2023. All financial benchmarks required to be reported on in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 were met except for the Debt Control benchmark – actual net debt exceeded budgeted net debt at 30 June 2023 and the Operations Control benchmark – expenditure was higher than anticipated.

- 2.5 The Net Surplus for the year was \$3,171,000 against a budgeted Net Surplus of \$5,039,000 with:

	Actual ('000's)	Budget ('000's)	Variance
Revenue	\$27,141	\$26,470	\$671
Expenditure	\$23,970	\$21,431	(\$2,539)

Refer 7.2 of this report for further information on variations to budget.

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 – reporting performance	
Social	Economic	Environmental	Cultural
✓	✓	✓	✓

The Annual Report outlines to the community how it has performed for the year, and how it has worked towards achieving the Community Outcomes set in the Long Term Plan.

4. Background

- 4.1 The Annual Report is a document prepared for the stakeholders of the Stratford District including ratepayers, the residents and business community, and mana whenua. However, it is also prepared with other stakeholder organisations in mind such as central government, auditors, funders and lenders.
- 4.2 The Annual Report is subject to a rigorous audit process, and at a level of depth similar to most other councils, regardless of size. Deloitte are carrying out the annual audit for the second year, after taking over from Audit New Zealand. The fee they have proposed for the audit is \$219,668 plus GST, which has not been approved by the Chief Executive, although the audit is in its final stages. Discussions are expected to occur with the Office of the Auditor General and Deloitte in September 2023 to finalise the audit fee for the 2022/23 annual audit.
- 4.3 Audit matters and recommendations raised in the 2021/22 annual audit are presented to the Committee for a status update regularly. At this stage, Deloitte have not raised any significant issues with senior management. It is expected that the final Annual Report 2022/23 will be ready for adoption in October 2023 and any audit recommendations made by Deloitte will be presented to this Committee soon after.

5. Consultative Process

5.1 Public Consultation - Section 82

Council has not undertaken consultation on this decision. A summary of the Annual Report 2022/23, in addition to the full document, will be available to the public by December via Council’s website.

5.2 Māori Consultation - Section 81

A link to the Annual Report 2022/23 will be sent to iwi authorities in the Stratford rohe once it is adopted by Council.

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. • Is there a legal opinion needed?
--

6.1 This report relates to Risk 8 – Annual Report Adoption and Publication. The Annual Report also covers Council risk management in general and is subject to a thorough audit process by Deloitte.

7. Decision Making Process – Section 79

7.1 Direction

	Explain
Is there a strong link to Council's strategic direction, Long Term Plan/District Plan?	Yes, the Annual Report compares the actual activities and the actual performance of Council for the year ended 30 June 2023 with the intended activities and the intended level of performance as set out in year 2 of the Council's 2021–2031 Long Term Plan.
What relationship does it have to the communities current and future needs for infrastructure, regulatory functions, or local public services?	It provides a snapshot of the Council's financial position, and gives a view as to Council's financial sustainability in order to meet the current and future infrastructure needs.

7.2 Data

Refer to the draft Annual Report 2022/23 attached to this report – **Appendix 1**.

Variations to the Long Term Plan Budget are shown in the graph on the next page. The major variations are explained below:

Recreation and Facilities

- The operating expenditure for the Pool Complex activity is \$1,071,000 over budget due to the increased staffing costs and overhead running costs, as well as increased depreciation and interest, as a result of the new swimming pool in October 2022.

Roading

- Brecon Road Extension has been moved to 2023/24 (budget was \$257,000)
- Road to Zero – no budget in 2022/23, as funds were carried over from 2021/22, to cover the \$904,000 spent in 2022/23.
- Pavement rehabilitation – budget exceeded by \$417,000 to enable roads damaged by logging trucks to be reinstated.

Water Supply

- Water meter upgrade budget of \$413,100 – the meters have been purchased and are scheduled for installation in 2023/24.
- Raw water delivery line budget of \$2,000,000 – this has been delayed due to contractor availability and other considerations, including the technical design work, taking longer than expected.

Parks, Reserves and Cemeteries

- The design for the skate park upgrade commenced in June 2023. This project is funded by a grant, of which \$54,088 has been spent to date.
- Victoria Park drainage project, with \$102,200 spent to date, has commenced and will be completed before the cricket season commences in October.
- Additional land was purchased to extend the size of the Kopuatama Cemetery. This was fully funded from the asset sales proceeds reserve.

Recreation and Facilities

- The new swimming pool was completed during the year, at a total cost of \$20.7 million, therefore not requiring the full balance of funds in the 2022/23 Annual Plan.
- Stratford 2035 – a project team has been established to oversee the delivery of this project in 2023/24. At this stage, none of the funds budgeted have been spent.

Community Development

- Suitable land for the proposed subdivision was purchased using both the current year’s budget plus the budget for 2021/22.

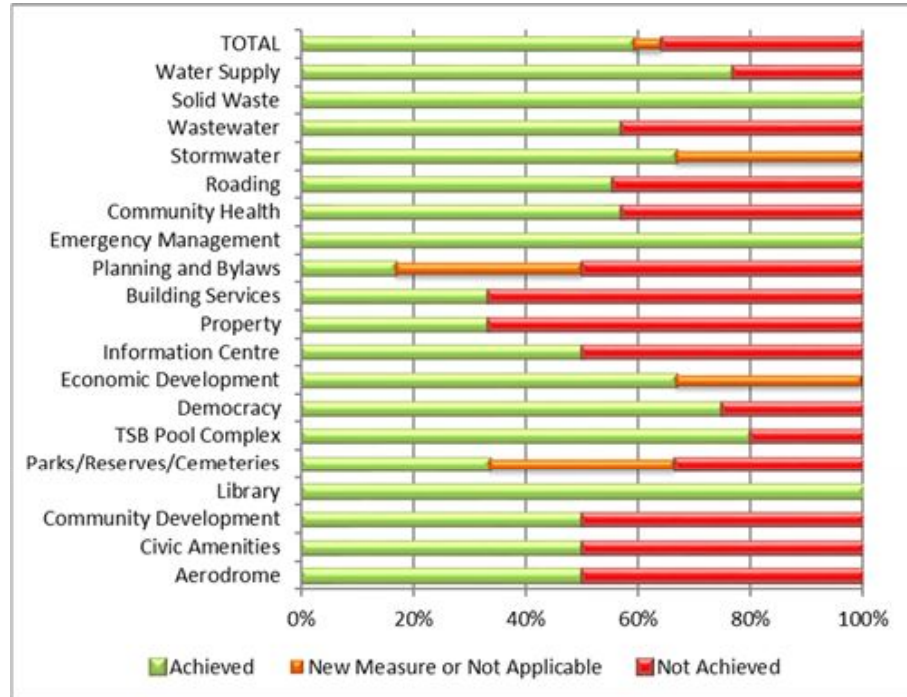
	Net Actual \$000	Net Budget \$000	Variance \$000	Variance %
Net Operating Cost				
Recreation and Facilities	5,110	3,856	(1,254)	(33%)
Democracy	1,169	1,158	(11)	(1%)
Community Development	1,277	1,178	(99)	(8%)
Environmental Services	1,414	1,304	(110)	(8%)
Civil Defence and Emergency Management	316	343	27	8%
Roading	959	1,027	68	7%
Stormwater Drainage	460	437	(23)	(5%)
Wastewater	1,028	1,022	(6)	(1%)
Solid Waste	772	932	160	17%
Water Supply	1,729	1,675	(54)	(3%)
Total	14,233	12,932	(1,301)	(10%)
Capital Expenditure				
Roading	6,260	5,640	(621)	(11%)
Stormwater	72	347	274	79%
Water Supply	1,651	5,386	3,735	69%
Wastewater	560	614	53	9%
Solid waste	10	10	-	N/A
Parks, Reserves and Cemeteries	801	153	(648)	(423%)
Recreation and Facilities	1,634	3,985	2,351	59%
Community Development	2,167	1,041	(1,126)	0%
Corporate	227	225	(2)	(1%)
Total	13,382	17,400	4,018	23%

Non-Financial Measure performance by Activity is shown below:

The performance measures not achieved are due to varying reasons, and are explained in the activity statements in the annual report.

The customer satisfaction ratings were not achieved for Toilet Facilities, Cemeteries, Communications, Sense of Community, Building Consents, Resource Consents, Rooding and Footpaths measures where there is an expectation that at least 80% of respondents rate the service at between 7-10 out of 10.

The performance measures for the Long Term Plan 2024-34 are currently being reviewed by staff and elected members to ensure they are fit for purpose and align with the updated Community Outcomes.



7.3 Significance

	Yes/No	Explain
Is the proposal significant according to the Significance Policy in the Long Term Plan?		The decision to adopt the Annual Report in itself is not significant, as it is a matter of reporting past performance, and there are limited other options.
Is it:		
• considered a strategic asset; or		
• above the financial thresholds in the Significance Policy; or		
• impacting on a CCO stakeholding; or		
• a change in level of service; or		
• creating a high level of controversy; or		
• possible that it could have a high impact on the community?		

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

7.4 **Options**

An assessment of costs and benefits for each option must be completed. Use the criteria below in your assessment.

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

The recommended option is to approve the draft Annual Report 2022/23, subject to any minor changes as requested by Deloitte, or elected members (within reason and in compliance with relevant legislation).

7.5 **Financial**

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

The decision to approve the draft Annual Report 2022/23 does not have any financial implications.

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?

N/A

7.7 **Legal Issues**

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

N/A

7.8 **Policy Issues - Section 80**

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

N/A

Attachments:

Appendix 1 – Draft Annual Report 2022/23

A handwritten signature in black ink that reads "Radich". The signature is written in a cursive style with a large initial 'R'.

Tiffany Radich
Director – Corporate Services

A handwritten signature in blue ink that reads "Sven". The signature is written in a cursive style with a large initial 'S'.

[Approved by]
Sven Hanne
Chief Executive

Date 11 September 2023

UPDATED 14 September

2022/23 Annual Report

DRAFT

Message from the Mayor and Chief Executive

Tēnā koutou katoa

Welcome to Stratford District Council's Annual Report for 2022/23

The past 12 months have seen a number of projects being completed and becoming available for use. Our key milestones for the last financial year were:

- Completion of Wai O Rua Stratford Aquatic centre, on budget and on time
- Completion of the second water trunk main between the Stratford water treatment plant and Stratford township
- Sealing work progressing on the historically unsealed stretch of State Highway 43 along with a suite of other safety improvements

The 2022/23 financial year was the second year of Council's 2021-2031 Long Term Plan. At \$13.4 million, capital expenditure for the financial year was significantly below the \$24.4 million of the previous year as council completed some of the major infrastructure projects listed above. Once again, Council was the recipient of significant government grants arising from a range of central government reforms and other initiatives. A number of these came with tight delivery deadlines which meant that planned projects had to take a back seat. Contractor availability and cost increases across the board further meant that completion of our planned projects dropped to 59% of the overall work programme. The delayed projects are however not lost as they have been rolled over into the following year.

Operating Results

We finished the year with a net surplus of \$3,171,000 and revenue slightly above budget due to rates income as well as other revenue exceeding budget expectations. Expenditure shows slightly over budget due to cost increases exceeding forecast.

Financial Position

All Local Government Funding Agency (LGFA) lending covenants were met during the 2022/23 financial year.

Due to significant grant funding received during the year and not all loan funded capital projects being delivered as budgeted, Council debt is lower than anticipated.

General Performance

Responses from our annual customer survey showed residents consider Stratford to be an attractive place to live (67% agreed), a safe place (71% agreed), and offering a healthy lifestyle (75% agreed). Once again residents were particularly impressed with the level of service in the Library (95% satisfied), Visitor Information Centre (94% satisfied) and our parks and walkways (90% satisfied). Overall, however we have seen a notable drop in the satisfaction of those surveyed. Where possible we try address this feedback but as there has been no actual change to many of the services and facilities provided, we believe that this is heavily influenced by a higher level of stress and anxiety in the community, arising from the cost of living crisis and a number of other issues.



Neil Volzke
District Mayor

Sven Hanne
Chief Executive

Community Outcomes

Vision

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

Community Outcomes

To deliver the vision we will develop strategies, policy and procedures that facilitate and encourage a:

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

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

The outcomes have been refined to reflect what is important to Stratford. These are then used to provide direction and inform Council on service delivery and use of resources. These community outcomes are:

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

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

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

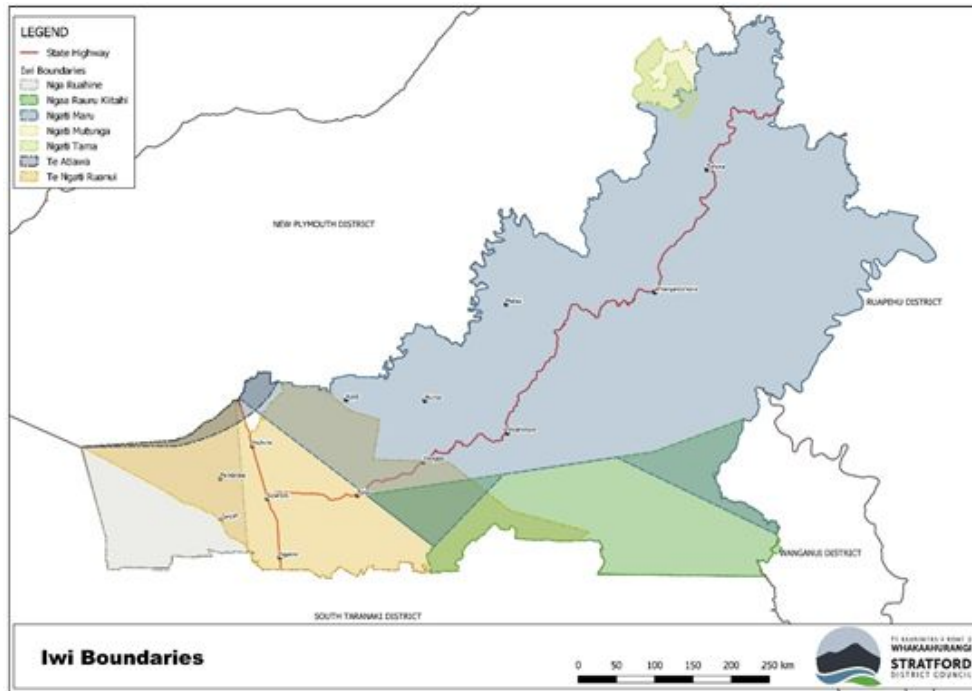
The activities meet the purpose of the Local Government four well-beings as follows:

Activities	Cultural	Social	Economic	Environmental
Aerodrome		✓	✓	✓
Civic Amenities	✓	✓		
Library	✓	✓		
Parks, Reserves and Cemeteries	✓	✓		✓
Pool Complex	✓	✓	✓	
Democracy	✓	✓	✓	✓
Community Services	✓	✓		
Economic Development	✓		✓	
Information Centre	✓	✓	✓	
Rental and Investment Properties		✓	✓	
Building Services			✓	✓
Planning			✓	✓
Community Health and Safety			✓	
Civil Defence and Emergency Management		✓	✓	✓
Roading		✓	✓	
Stormwater	✓	✓	✓	✓
Wastewater	✓	✓	✓	✓
Solid Waste		✓	✓	✓
Water Supply	✓	✓	✓	✓

Opportunities for Māori Contribution to Decision-Making Process

As a Council, we recognise the special position of tangata whenua and the important role Māori have to play in Council's decision-making processes and aim to build and grow mutually beneficial, positive relationships with iwi and hapu situated within the Stratford District.

We acknowledge the following seven iwi as tangata whenua within the Stratford District. These are Ngāti Ruanui, Ngāruahine, Ngāti Maru, Ngāti Mutunga, Ngāti Tama, Ngā Rauru and Te Atiawa. Council also recognises the role of Whakaahurangi Marae within the district.



Council provides opportunities for Māori contribution to decision making in the following ways:

STATUTORY

Section 81 of the Local Government Act, 2002 requires Council to provide opportunities for Māori to participate in Council decision-making and consider ways we can foster the development of Māori capacity to contribute to Council's decision-making. The Resource Management Act 1991 places further requirements on Council to support Māori participation and capacity in contributing to its decision making processes.

SIGNIFICANCE AND ENGAGEMENT

The Significance and Engagement Policy sets out how Council will determine the significance of an issue, proposal, or decision and the level of engagement required with key stakeholders including iwi. This ensures a consistent approach is used when considering Māori contributions to Council's decision-making. Council acknowledges its unique relationship with Māori and supports this through:

- Establishing and maintaining processes to provide opportunities for Māori to contribute to decision-making;
- Taking into account the relationship Māori have with their ancestral land, water, sites, waahi tapu, and other taonga, when a significant decision relates to land or a body of water;
- Building ongoing relationships with Māori to enable early engagement in the development of appropriate plans and policies.

INTERNAL CAPACITY

To enable and enhance effective engagement of Māori in decision making processes Council has committed resource to support and guide its interactions with Māori, with a focus on building the cultural competency of our staff and elected members. This includes ensuring training on Te Ao Māori is available and supported, including basic te reo Māori, tikanga, local history, and relevant legislation. This enhances staff confidence and skills in engaging with Māori to establish and manage effective relationships.

WORKING TOGETHER

Council values its relationship with mana whenua, demonstrated through involvement in significant community events such as the Puanga and te wiki o te reo Māori celebrations, through active engagement in the development of new recreational facilities as well as policy and bylaw adoption processes. Cooperation is also directly benefiting from iwi being increasingly included in regional groups such as the Taranaki Regional Executive Group, Ngā Kaiwhakaterere o Taranaki and Civil Defence.

Going forward Council is committed to adopt a more formal approach to further enable Māori in decision making by having regular liaison meetings, at both governance and operational levels, and by establishing a Māori engagement framework with local iwi.

GOVERNANCE

In 2021 Council adopted a bilingual name Te Kaunihera a Rohe o Whakaahurangi Stratford District Council, and is looking forward to continuing the conversation around bilingual language use across Council operations, services and facilities moving forward.

In May 2021 Council adopted to include a Māori Ward for the 2022 and 2025 local body elections.

District Profile

Stratford is located at the junction of State Highway 3 and State Highway 43, in the heart of Central Taranaki, in the North Island of New Zealand.

Stratford is the closest main centre to Egmont National Park, and the gateway to Mt Taranaki, the Manganui Ski Field, Dawson Falls, and the Forgotten World Highway (SH43) which winds its way through east Taranaki to Taumarunui.

Covering approximately 2,170 square kilometres, it has four distinct regions:

- The alpine and bush environment of the Egmont National Park.
- The dairy farming country of the Egmont ring-plain.
- The frontal hill country. This land lies between the ring plain and the eastern hill country. It is mostly utilised for sheep and beef farming.
- The relatively steep hill-country of eastern Taranaki, some areas of which are farmed mostly for sheep and beef farming, some areas are abandoned farmland which have reverted to bush, other land remains in original bush and other blocks are used for forestry.

Stratford District is one of New Zealand's smallest local authority areas, being the 58th largest district in New Zealand, of 67, based on population estimates.

Stratford District is part of the Taranaki Region, a small part of it however crosses over into the Horizons Region. Taranaki has four Councils, made up of three territorial authorities and one regional council:

- Taranaki Regional Council
- New Plymouth District Council
- South Taranaki District Council
- Stratford District Council



The Stratford District Council is currently represented by 11 Councillors and the Mayor. Stratford district is divided into three wards – an urban ward (6 Councillors), a rural ward (4 Councillors) and a māori ward (1 Councillor). The Council has no community boards.

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

The most recent population estimate for the district of 10,160 people is based on Statistics NZ population estimates as at 30 June 2022.

Elected Members

At 30 June 2023 council consisted of a District Mayor and eleven Councillors.

District Mayor

Neil Volzke, JP
M. 027 631 7418
E. nvolzke@stratford.govt.nz



Rural Ward Councillors

Grant Boyde, JP
P. 027 603 2842
E. grant.boyde@stratford.govt.nz

Steve Beck
P. 027 444 7571
E. steve.beck@stratford.govt.nz

Amanda Harris
P. 06 762 3520
E. amanda.harris@stratford.govt.nz

Vaughan Jones
P. 027 620 2106
E. vaughan.jones@stratford.govt.nz

Māori Ward Councillor

Clive Tongaawhikau
P. 021 818 006
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Urban Ward Councillors

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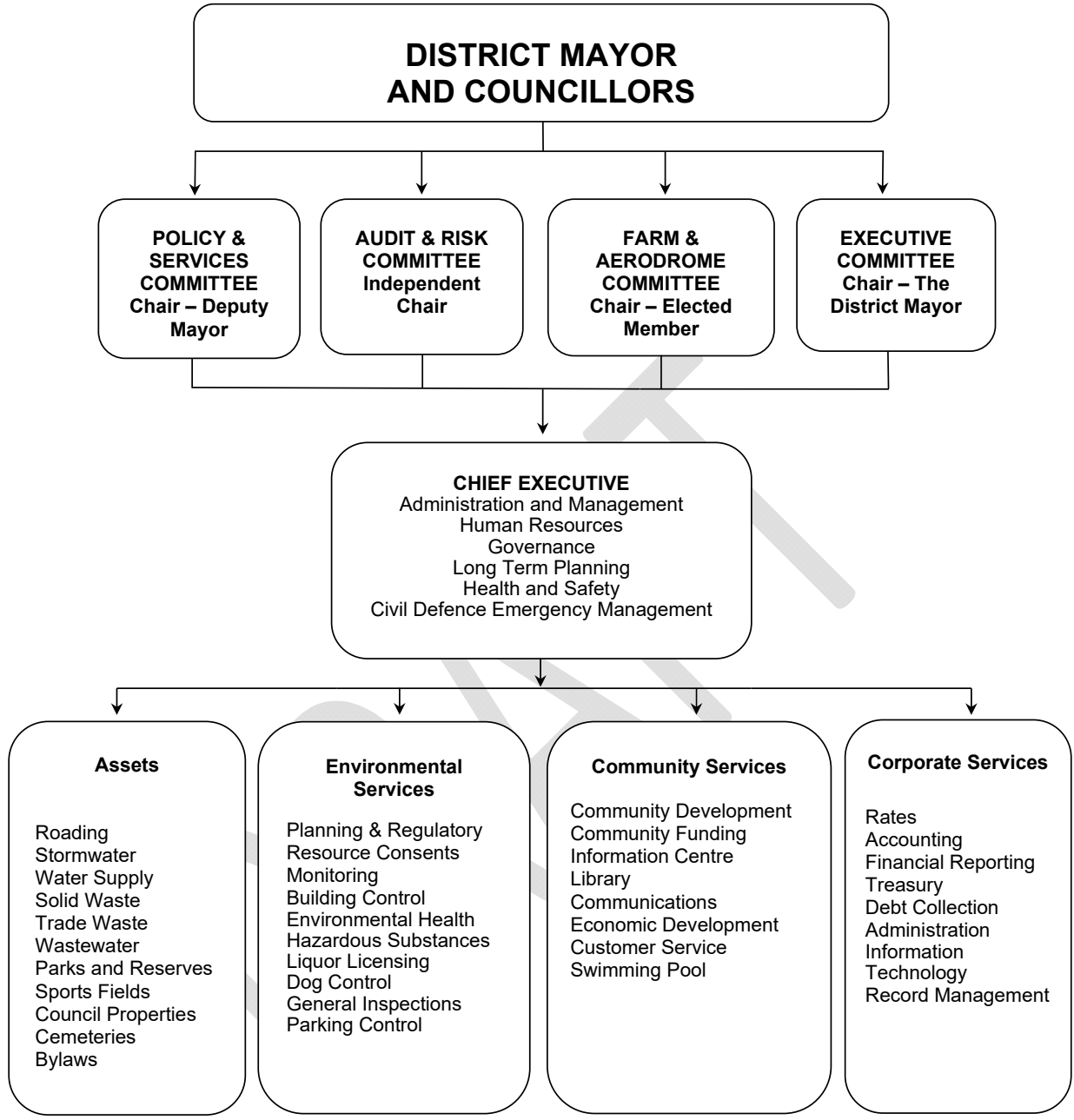
Mathew Watt
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Annette Dudley
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Standing Committee Membership

As at 30 June 2023

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

- * Chairperson
- Member of Committee

Highlights

The purpose of this Annual Report is to outline the financial performance for the 2022/23 year, identify any changes from the 2021-2031 Long Term Plan (LTP), contribute to the accountability of the Council to its community, and extend opportunities for participation by the public in decision-making processes.

RATING BASE and STATISTICAL INFORMATION FOR THE YEAR ENDED 30 JUNE 2023	
Rating Base Information	
Rating units within Stratford District Council at the end of the preceding financial year (30 June 2022)	
- Number of Rateable Assessments	4,932
- Total Number of Rating Units	5,301
Valuations of the district (including non rateable)	
- Land Value of Rating Units	\$2,212,239,650
- Improvements	\$1,524,134,350
- Total Capital Value of Rating Units	\$3,736,374,000
Statistical Information	
	30 June 2023
Land Area	2170 sq km
Population (as at June 2023)	10,120
Rates per rateable assessment	\$3,049
Public Debt / Term Liabilities	\$33,700,000
Debt per Head of Population	\$3,330
Debt per Rateable Assessment	\$6,833
Debt Servicing as a Percentage of Total Revenue (limit is < 10%)	3.50%
Full Time Equivalent Staff at 30 June 2023	72
Roads - Sealed	407.0 km
- Unsealed	205.8 km

The operating result for the year ended 30 June 2023 demonstrates the Council's commitment to delivering its services to the community within the financial parameters of its LTP.

For the years ended:	30-Jun-23 Actual \$000	30-Jun-23 Budget \$000	30-Jun-22 Actual \$000
Revenue			
- Rates	15,040	14,845	14,192
- All Other Revenue	12,100	11,626	14,737
Total Revenue	27,141	26,470	28,930
Total Operating Expenditure	23,970	21,431	21,153
Net Surplus (Deficit)	3,171	5,039	7,777
Capital Expenditure	13,382	17,400	24,375
Working Capital (excludes current portion of debt repayment which will be refinanced immediately)	3,927		6,706
Current Ratio (Budget not to be less than 1:1), the reason being due to the timing of term loan maturities.	0.80:1		0.87:1

Financial Strategy

The Financial Strategy to which this Annual Report year was subject to is within the LTP 2021-2031 document. The objective of the Financial Strategy is to ensure that debt, revenue, and expenditure are managed in a way that ensures service levels are able to be maintained in a financially sustainable way. To achieve this, the Council has set limits on debt, rates increases, and the UAGC, as outlined below. In 2022/23, the rates measures were in compliance.

		Council's Target (limits)	LTP – 2021-31	Actual – 2022/23
Debt	Net debt as a % of total annual revenue	<130%	84%	79%
Income & Affordability	% Rates Increase	<6%	6.21%	5.97%

Net debt levels are within the targeted limits. Council has gross borrowings of \$33.7 million at interest rates ranging from 1.04% to 5.50% and financial investments of \$12.2 million.

The actual rates increase of 5.97% was lower than budgeted and within the LTP limit.

Financial Terminology

Net Surplus	The difference between Revenue and Operating Expenses, where Revenue is higher.
Net Deficit	The difference between Revenue and Operating Expenses, where Operating Expenses is higher.
Gross Debt	This is the total amount of external borrowings.
Net Debt	This is the total amount of external borrowings, less liquid financial investments including term deposits with registered banks and the loan to the Stratford Agricultural and Pastoral Association.

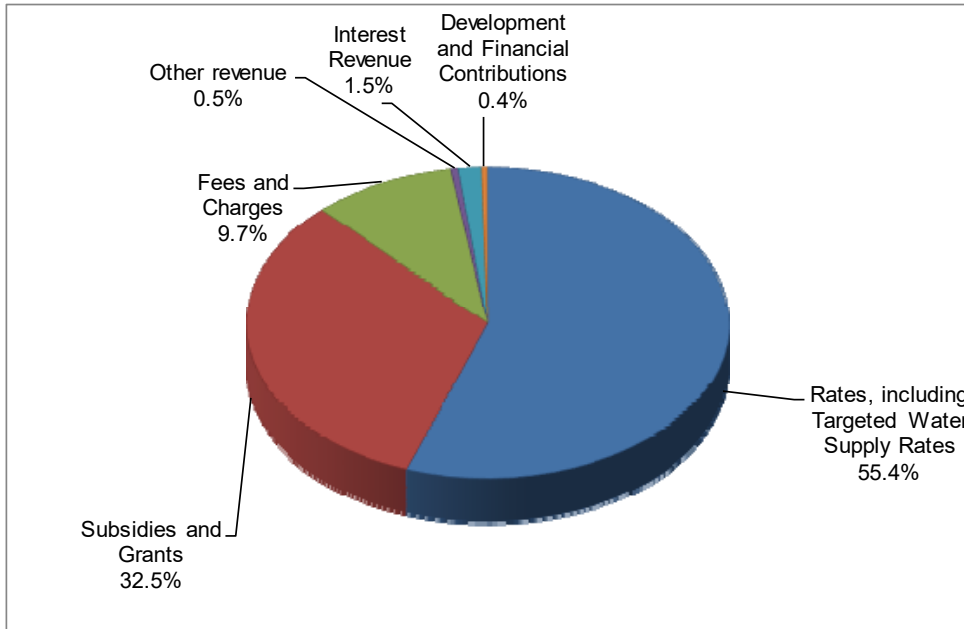
Net Operating Surplus

The Net Operating Surplus of \$3,171,000 is primarily made up of capital revenue including the following:

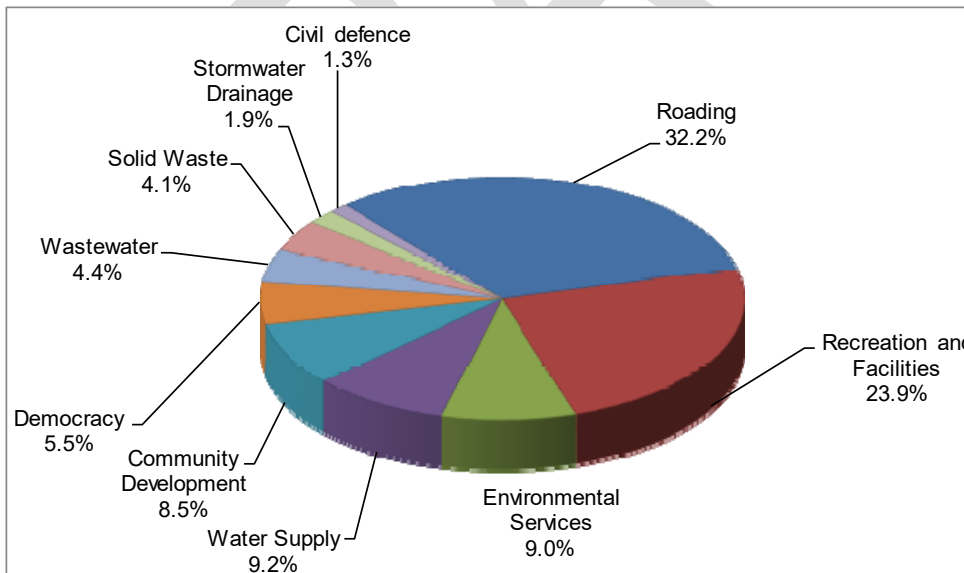
	000's
Roading subsidy for capital expenditure	3,342
Government funding for the swimming pool	1,400

Financial Overview

Source of Revenue – Council Only



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



Variations to the Long Term Plan

The following table shows the variances to the Long Term Plan for the year ended 30 June 2023.

	Net Actual \$000	Net Budget \$000	Variance \$000	Variance %
Net Operating Cost				
Recreation and Facilities	5,110	3,856	(1,254)	(33%)
Democracy	1,169	1,158	(11)	(1%)
Community Development	1,277	1,178	(99)	(8%)
Environmental Services	1,414	1,304	(110)	(8%)
Civil Defence and Emergency Management	316	343	27	8%
Roading	959	1,027	68	7%
Stormwater Drainage	460	437	(23)	(5%)
Wastewater	1,028	1,022	(6)	(1%)
Solid Waste	772	932	160	17%
Water Supply	1,729	1,675	(54)	(3%)
Total	14,233	12,932	(1,301)	(10%)
Capital Expenditure				
Roading	6,260	5,655	(606)	(11%)
Stormwater	72	347	274	79%
Water Supply	1,651	5,386	3,735	69%
Wastewater	560	614	53	9%
Solid waste	10	10	-	N/A
Parks, Reserves and Cemeteries	801	153	(648)	(423%)
Recreation and Facilities	1,634	3,985	2,351	59%
Community Development	2,167	1,041	(1,126)	0%
Corporate	227	225	(2)	(1%)
Total	13,382	17,415	4,033	23%

Net Operating Costs

Recreation and Facilities

- The operating expenditure for the Pool Complex activity is \$1,071,000 over budget due to the increased staffing costs and overhead running costs, as well as increased depreciation and interest, as a result of the new swimming pool in October 2022.

Capital Expenditure

Total capital expenditure was under budget by \$4,018,000. Although there were unders and overs across the council activities, significant variances are explained below.

The implications of the variance for new projects that are funded by loans is that Council will have rated in the 2022/23 year for interest on the expenditure. If a project was expected to be completed in 2022/23 then Council would have also rated for 50% of the depreciation.

Roading

- Brecon Road Extension has been moved to 2023/24 (budget was \$257,000)
- Road to Zero – no budget in 2022/23, as funds were carried over from 2021/22, to cover the \$904,000 spent in 2022/23.
- Pavement rehabilitation – budget exceeded by \$417,000 to enable roads damaged by logging trucks to be reinstated.

Water Supply

- Water meter upgrade – the meters have been purchased and are scheduled for installation in 2023/24.
- Raw water delivery line – this has been delayed due to contractor availability and other considerations, including the technical design work, taking longer than expected.

Parks, Reserves and Cemeteries

- The design for the skate park upgrade commenced in June 2023. This project is funded by a grant.
- Victoria Park drainage project has commenced and will be completed before the cricket season commences in October.
- Additional land was purchased to extend the size of the Kopuatama Cemetery. This was fully funded from council reserves.

Recreation and Facilities

- The new aquatic centre was completed during the year, at a total cost of \$20.7 million, therefore not requiring the full balance of funds in the 2022/23 Annual Plan.

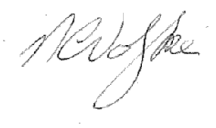

Community Development

- Stratford 2035 – a project team has been established to oversee the delivery of this project in 2023/24.
- Suitable land for the proposed subdivision was purchased using both the current year's budget plus the budget for 2021/22.

Statement of Compliance

Compliance

The Council and management of Stratford District Council confirm that all the statutory requirements in relation to the Annual Report as outlined the Local Government Act 2002, have been complied with.

	
His Worship the Mayor N C Volzke 10 October 2023	Chief Executive S Hanne 10 October 2023

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Council Services

Groups of Activities

As required by the Local Government Act 2002, Council has grouped the services it provides into the following groups of activities

GROUP	ACTIVITY	SERVICES
<i>Recreation and Facilities</i>	Aerodrome	
	Civic Amenities	Civic Amenities & Toilets Pensioner Housing
	Library Parks, Reserves & Cemeteries Pool Complex	
<i>Democracy</i>		Democracy Corporate Support
<i>Community Development</i>	Community Services	
	Economic Development	
	Information Centre	
	Rental & Investment Properties	Farm Holiday Park Rental Properties
<i>Environmental Services</i>	Building Services	
	Planning	District Plan Resource Consents
	Community Health And Safety	Food and Health Alcohol Licensing Parking and Other Bylaws Animal Control
	Civil Defence and Emergency Management	
<i>Roading</i>	Roading	Construction, maintenance and renewal of roads, footpaths and associated infrastructure.
<i>Stormwater</i>	Stormwater	Construction and renewal of stormwater infrastructure.
<i>Wastewater (Sewerage)</i>	Wastewater	Construction, maintenance and renewal of waste water network and treatment facilities.
<i>Solid Waste</i>	Waste Management	Kerbside collection of refuse and recycling and operation of the transfer station.
<i>Water Supply</i>	Water Supply	Construction, maintenance and renewal of water treatment plants and water reticulation network.

Disclosure of significant negative effects on well-being

The Council is required to identify and disclose any activities undertaken to promote specific community well-beings which have potentially significant adverse effects for other outcomes.

Performance Reporting

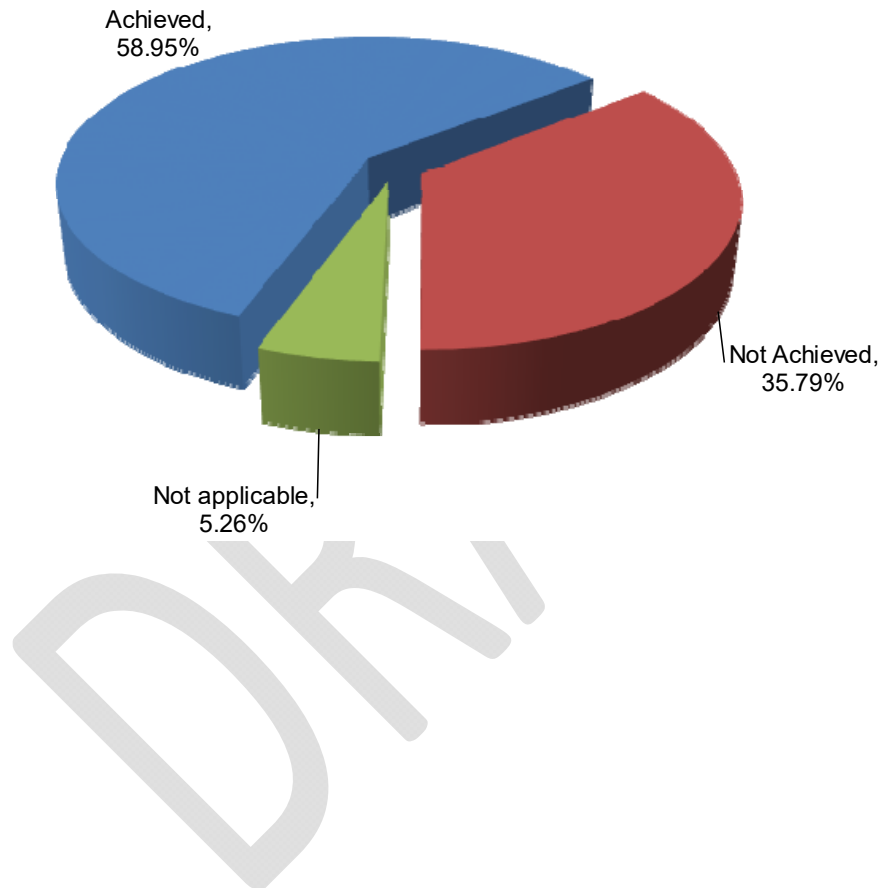
In the activities that follow, performance reporting against the **Targets** will be detailed as follows:

Achieved - Required actions have been completed and the intended level of service has been achieved.

Not Achieved - None of the required actions have been undertaken, or the performance measure was not met.

Not Applicable - No action was required during the year.

Performance Measures Pie Chart



Recreation and Facilities

TITLE PAGE

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AERODROME

1.1 What We Do

Council owns the aerodrome to make provision for local air transport, recreation and light commercial needs. The aerodrome is situated at Flint Road and has two grassed runways.

1.2 Why We Do It

This activity contributes to the community outcomes of:

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

1.3 Significant Negative Effects

The Aerodrome activity has the potential to negatively impact the social, economic, environmental or cultural well-being of the local community. The most likely significant negative effects from this activity and the mitigation measures in place, are outlined below.

Social & environmental - The Aerodrome activity has the potential to negatively impact on the social and environmental well-being of the local community through noise. To mitigate this, the aerodrome is located in a rural area and Council owns the farm surrounding the aerodrome which serves as a buffer zone.

These negative effects and any controls and mitigation in place have to be balanced against the positive impact the activity has on the social, economic, environmental and cultural well-being of its users and the district overall.

1.4 Statement of Service Provision

Level of Service	Performance Measure	Target	Actual 2022/23	How Measured
		Year2 2022/23		
The aerodrome meets the needs of users	A high level of satisfaction amongst the users with the condition and maintenance of the aerodrome	>70%	Achieved – 70.27% - 12 responses were received. <i>(2021/22 Not Achieved – 50%)</i>	Annual aerodrome user survey.
The aerodrome is used by the Stratford community and visitors.	Number of aircraft movements during the year.	>3,500	Not Achieved – 1,491 <i>(2021/22 Not Achieved – 1,606)</i>	Annual AIMM compliance reporting
<i>The bad weather has had an impact on the movements this year.</i>				

1.5 Projects and Other Programmes

There were no projects associated with the Aerodrome activity.

1.6 Cost of Services Statement

The detailed financial summary for the Aerodrome is shown below.

Aerodrome

Actual 2021/22 \$000		Actual 2022/23 \$000	Budget 2022/23 \$000
106	Operating Expenditure	121	101
24	Revenue	25	27
82	Net Cost of Service	96	75
	EXPENDITURE		
73	Operating Costs	83	69
6	Depreciation	6	6
27	Allocated Overheads	32	27
106	Total Operating Expenditure	121	101
-	Capital Expenditure	-	-
106	Total Expenditure	121	101
	FUNDED BY:		
24	Charges for Services	25	27
24	Total Revenue	25	27
71	General Rates	74	73
-	Transfer from Depreciation Reserve	-	-
1	Other Funding	-	1
96	Total Funding	99	101

CIVIC AMENITIES

1.1 What We Do

Council's Civic Amenities include a range of facilities that are fairly typical of a rural area and service town:

- Council Office (Miranda Street)
- War Memorial Centre
- TET Multi Sports Centre
- Pensioner Housing
- Centennial Rest Rooms
- Clock Tower (Glockenspiel)
- Bus Shelters
- Hall of Remembrance
- Public Toilets
- Rural Halls
- Security Cameras
- Structures/Beautification
- Transfer Station

1.2 Why We Do It

Council owns Civic Amenities to provide a community good or core civic functions, some of these are provided by Council because no other agencies are able or willing to provide them.

This activity contributes to the achievement of the District's civic, social and cultural needs.

This activity contributes to the community outcomes of:

- Vibrant Community
- Connected Communities

1.3 Significant Negative Effects

There are no significant negative effects associated with the Civic Amenities activity that may affect the social, economic, environmental or cultural well-being of the local community. However, failure to deliver this activity would have a significant negative impact on the social, economic and cultural well-being.

1.4 Statement of Service Provision

Level of Service	Performance Measure	Target	Actual 2022/23	How Measured
		Year 2022/23		
To provide facilities that are well maintained and utilised.	Buildings legally requiring a Building WoF have a current Building WoF at all times.	100%	Achieved – 100% (2021/22 Achieved – 100%)	Building WoF records
	Annual booking of War Memorial Centre.	>500	Not Achieved – 430 (2021/22 Not Achieved – 379)	Booking records
	<i>Since Covid, this measure has not been achieved, so Council will review the target in the 2024-32 Long Term Plan.</i>			
	Annual booking of Centennial Restrooms.	>200	Achieved – 251 (2021/22 Achieved – 246)	Booking records
To provide suitable housing for the elderly.	Percentage of resident satisfaction.	>89%	Not Achieved – 87.03% (2021/22 Not Achieved – 73%)	Annual Survey of Pensioner Housing tenants.
	<i>Satisfaction was impacted due to maintenance of the lawns, edging and units.</i>			
	Annual Occupancy rate.	>95%	Achieved – 100% (2021/22 Achieved – 100%)	Tenancy records.
To provide clean, well maintained toilet facilities.	Percentage of Stratford District residents satisfied with overall level of service of toilets.	>80%	Not Achieved – 67% (2021/22 Not Achieved – 68%)	Annual Residents Survey
	<i>An increase in vandalism has impacted the experience and perception of these facilities.</i>			

1.5 Projects and Other Programmes

Project	Category	Budget 2022/23	Actual 2022/23	Notes
Stratford 2035	Level of Service	\$520,000	\$0	This budget was for a number of projects, which were still being planned and prioritised.
War Memorial Centre - Kitchen and cabinetry upgrade.	Level of Service	\$0	\$8,465	This has now been completed.
War Memorial Centre – Appliance Upgrade	Level of Service	\$0	\$4,389	This project has now been completed.
TET Multisport Sport Centre	Level of Service	\$51,300	\$26,629	Tenders to complete the project came in over budget, currently working with contractor to bring project inside budget.
Civic Amenities – Storage Shed	Replacements	\$0	\$24,341	This project has now been completed.
Civic Amenities – Demolish Bell Tower	Replacements	\$0	\$16,535	This was to reinstate the War Memorial Centre carpark.

1.6 Cost of Services Statement

The detailed financial summary for the Civic Amenities and Pensioner Housing activities are shown below. The costs of operating the Miranda Street Office are not shown here because they are allocated to the various Council functions as overheads.

Civic Amenities

Actual 2021/22 \$000		Actual 2022/23 \$000	Budget 2022/23 \$000
958	Operating Expenditure	1,033	1,017
34	Revenue	65	52
924	Net Cost of Service	968	965
EXPENDITURE			
321	Operating Costs	386	386
10	Interest	15	27
495	Depreciation	482	472
132	Allocated Overheads	151	132
958	Total Operating Expenditure	1,033	1,017
18	Principal Loan Repayments	20	49
204	Capital Expenditure	84	575
1,180	Total Expenditure	1,137	1,641
FUNDED BY:			
34	Charges for Services	65	52
34	Total Revenue	65	52
630	General Rates	733	722
19	Targeted Rates	18	18
227	Depreciation Funded from Reserves	227	219
118	Transfers from Depreciation Reserves	118	52
-	Grants and Donations	-	-
96	Loan Funding - Capital	39	571
6	Other Funding	12	5
1,130	Total Funding	1,213	1,641

Pensioner Housing

Actual 2021/22 \$000		Actual 2022/23 \$000	Budget 2022/23 \$000
115	Operating Expenditure	161	143
72	Revenue	66	79
43	Net Cost of Service	95	64
EXPENDITURE			
31	Operating Costs	68	60
1	Interest	1	1
33	Depreciation	33	33
50	Allocated Overheads	59	50
115	Total Operating Expenditure	161	143
1	Principal Loan Repayments	1	1
-	Capital Expenditure	-	-
116	Total Expenditure	162	144
FUNDED BY:			
72	Charges for Services	67	79
72	Total Revenue	66	79
24	General Rates	34	34
18	Transfers from Depreciation Reserves	59	30
1	Other Funding	2	1
115	Total Funding	162	144

LIBRARY

1.1 What We Do

The Stratford District Library is co-located with the Visitor Information Centre (i-SITE) which sees a vibrant, community hub situated in the town centre, Prospero Place. The library provides physical and digital access to a collection of lending material and information resources in a welcoming environment intended for community activities, leisure, social interaction, and study. It promotes creativity and learning through the delivery of public programmes and the provision of support facilities such as the Wi-Fi network and access to equipment and technology.

1.2 Why We Do It

This activity contributes to the district's overall well-being by providing access to reading material, databases and internet services that individuals are unlikely to be able to provide for themselves.

This activity contributes to the community outcomes of:

- Vibrant community
- Connected communities

1.3 Significant Negative Effects

There are no significant negative effects associated with the Library activity that may affect the social, economic, environmental or cultural well-being of the local community. However, failure to deliver this activity would have a significant negative impact on the social, economic and cultural well-being.

1.4 Statement of Service Provision

Level of Service	Performance Measure	Target	Actual	How Measured
		Year 2 2022/23	2022/23	
To provide a library service which meets the needs of and is being used by Stratford District residents	Number of items (including digital) issued annually	>40,000	Achieved – 62,010 (2021/22 Achieved – 57,670)	Monthly statistics from Koha
	% of library users satisfied with library services.	>80%	Achieved – 96% (2021/22 Achieved – 97%)	Annual Residents Survey
	Number of people participating in library events and programmes	>1,200	Achieved – 3,461 (2021/22 Achieved – 2,436)	Internal attendance records

1.5 Projects and Other Programmes

There were no future projects associated with the Library activity.

1.6 Cost of Services Statement

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

Library

Actual 2021/22 \$000		Actual 2022/23 \$000	Budget 2022/23 \$000
753	Operating Expenditure	768	691
13	Revenue	15	14
740	Net Cost of Service	753	677
	EXPENDITURE		
442	Operating Costs	441	375
18	Interest	23	17
83	Depreciation	76	85
210	Allocated Overheads	228	214
753	Total Operating Expenditure	768	691
33	Principal Loan Repayments	32	32
-	Capital Expenditure	-	-
786	Total Expenditure	800	723
	FUNDED BY:		
13	Charges for Services	15	14
13	Total Revenue	15	14
593	General Rates	634	625
42	Depreciation Funded from Reserves	37	46
-	Loan Funding - Capital	-	-
104	Grants and Donations	14	-
33	Transfer from Depreciation Reserves	32	32
8	Other Funding	17	6
793	Total Funding	749	723

PARKS, RESERVES AND CEMETERIES

1.1 What We Do

Council provides a range of active and passive recreation opportunities that benefit the community's physical, social and personal quality of life. Parks, reserves and cemeteries assets include:

- (i) 36.7 hectares of passive reserves:
 - Gardens, lawns, trees, and amenity street plantings
 - 2 neighbourhood parks and 3 playgrounds
- (ii) 10 hectares of urban active reserves comprising:
 - 2 croquet greens
 - 6 netball/tennis courts
 - 4 rugby fields
 - 1 cricket wicket
 - 2 soccer fields
- (iii) 9.4 hectares of cemeteries
 - 5.1 hectares in 2 operating cemeteries
 - 4.3 hectares in 5 closed cemeteries
 - 2.73 hectares for future expansion
- (iv) 14km of walkway including 9 foot bridges.
- (v) 5.4 hectares in 19 esplanade reserves.
- (vi) Accessory structures and buildings:
 - Grandstand at Victoria Park
 - Toilet block at Victoria Park
 - Croquet pavilion at Victoria Park
 - Memorial Gates at Victoria Park
 - Malone Gates at King Edward Park
 - Netball shelters at King Edward Park
 - Stratford Gateway Structures (2)
 - Skate park at Victoria Park
 - Children's Bike Park at Victoria Park
 - Toilet Block at Children's Bike Park at Victoria Park
 - Pump Track at Victoria Park
 - Half basketball court at Victoria Park
- (vii) 34.3 hectares in rural domains and reserves.

1.2 Why We Do It

To provide and manage parks, reserves and cemeteries encompassing passive, active and scenic open spaces which contribute towards the desirability and attractiveness in the community.

The Parks and Reserves activity creates and provides a sense of belonging and pride, adding to social, recreational and cultural facilities in the community which are accessible to all.

This activity contributes to the community outcomes of:

- Connected communities
- Sustainable environment

1.3 Significant Negative Effects

There are no significant negative effects associated with the Parks, Reserves and Cemeteries activity that may affect the social, economic, environmental or cultural well-being of the local community. However, failure to deliver this activity would have a significant negative impact on the social, economic, environmental and cultural well-being.

1.4 Statement of Service Provision

Level of Service	Performance Measure	Target	Actual 2022/23	How Measured
		Year 2022/23		
To provide parks, sports fields and other open spaces that meet community demand	Number of complaints and requests for service.	<40	Not Achieved – 121 (2021/22 Not Achieved – 141)	Reporting against corporate CRM system.
	<i>The results now include all customer requests including recommendations, observations and community concerns related to Cemeteries, Parks and Reserves, which gives officers a better indication of customer interactions.</i>			
	Percentage of Stratford residents satisfied with:			
	• Parks;	>80%	Achieved – 90% (2021/22 Achieved – 92%)	Annual Residents Survey.
	• Sports fields; and	>80%	Achieved – 85% (2021/22 Achieved – 83%)	Annual Residents Survey.
• Cemeteries.	>80%	Not Achieved – 68% (2021/22 Not Achieved – 70%)	Annual Residents Survey.	
<i>General comments relate to untidiness in relation to lawn, weeds and general maintenance, and the unevenness in certain areas. Also, last summer was very wet, so grass growth and weed-growth never slowed down from the winter months. Therefore, contractors were unable to keep up with the demand in mowing at the cemeteries</i>				
Safe playgrounds are provided	All playgrounds meet NZ Safety Standards.	100%	Not Applicable – the inspection is due December 2024 (2021/22 Not Achieved)	Biennial playground inspection report and records provided from weekly and quarterly compliance checks by contractor.
Foot Bridges are safe.	All foot bridges meet NZ Safety standards.	100%	Not Applicable – the inspection is due December 2024 (2021/22 Not Achieved)	Biennial bridge inspection Report

1.5 Projects and Other Programmes

Project	Category	Budget 2022/23	Actual 2022/23	Notes
<i>Broadway Round-about Gardens</i>	Level of Service	\$0	\$0	This project was on hold from 2021/22 while Council liaised with community groups on the town centre plan.
<i>Walkway Development</i>	Level of Service	\$10,000	\$10,562	A 50metre concrete path was installed behind the TET Stadium.
<i>Skate Park upgrade – Victoria Park</i>	Level of Service	\$0	\$54,088	Work on the design and construction has commenced.
<i>Victoria Park Drainage</i>	Level of Service	\$60,000	\$102,200	Reinstatement commenced, drainage to be completed in 2023/24.
<i>Kopuatama Cemetery – entrance upgrade</i>	Level of Service	\$76,800	\$81,940	Complete
<i>Additional Land for Kopuatama Cemetery extension</i>	Level of Service	\$0	\$511,682	Complete
<i>Whangamomona Camp Ground – Septic Tank Installation</i>	Replacements	\$0	\$29,921	The concept design and report has been received and the build will occur in 2023/24.

1.6 Cost of Services Statement

The detailed financial summary for the Parks and Reserves and Cemeteries activities are shown below:

Parks and Reserves

Actual 2021/22 \$000		Actual 2022/23 \$000	Budget 2022/23 \$000
820	Operating Expenditure	929	757
8	Revenue	8	9
812	Net Cost of Service	921	748
	EXPENDITURE		
534	Operating Costs	588	522
6	Interest	8	8
146	Depreciation	172	94
134	Allocated Overheads	160	133
820	Total Operating Expenditure	929	757
10	Principal Loan Repayments	12	14
495	Capital Expenditure	204	76
1,325	Total Expenditure	1,144	847
	FUNDED BY:		
8	Charges for Services	8	9
8	Total Revenue	8	9
703	General Rates	765	754
29	Transfer (to) from Reserves	29	14
43	Loan Funding - Capital	48	76
(10)	Transfer (to) Turf Replacement Reserve	(10)	(10)
447	Grants and Donations	156	-
16	Sale of assets / insurance proceeds	-	-
5	Other Funding	10	4
1,241	Total Funding	1,006	847

Cemeteries

Actual 2021/22 \$000		Actual 2022/23 \$000	Budget 2022/23 \$000
181	Operating Expenditure	211	187
122	Revenue	138	104
59	Net Cost of Service	74	82
	EXPENDITURE		
116	Operating Costs	139	121
-	Interest	1	1
7	Depreciation	7	7
58	Allocated Overheads	64	59
181	Total Operating Expenditure	211	187
-	Principal Loan Repayments	2	2
7	Capital Expenditure	597	77
188	Total Expenditure	811	266
	FUNDED BY:		
122	Charges for Services	138	104
122	Total Revenue	138	104
89	General Rates	85	84
-	Transfer from Depreciation Reserves	-	-
7	Transfers from Reserves - Capital	515	-
-	Loan Funding - Capital	82	77
2	Other Funding	5	2
220	Total Funding	825	266

POOL COMPLEX

1.1 What We Do

Wai o Rua - Stratford Aquatic Centre opened in October 2022. Owned and operated by Council, the centre has more than twice the capacity of the old TSB Pool Complex, and is home to an 8-lane 25 metre competition pool, a 20 metre programme and hydrotherapy pool, a learn to swim pool, a toddler pool and a zero-depth splash pad, kitted out with a range of interactive water toys.

1.2 Why We Do It

Council owns the pool to provide aquatic recreation for its residents and visitors. Council has historically adopted the role of provider of a swimming pool complex for the district as there has been no alternative provider.

The Pool makes a valuable contribution to the overall health and wellbeing of residents and visitors providing diverse recreational activities and enhancing the attractiveness of the district.

This activity contributes to the community outcomes of:

- Vibrant Community
- Connected Communities
- Enabling Economy

1.3 Significant Negative Effects

Wai o Rua - Stratford Aquatic Centre has the potential to negatively impact the social, economic, environmental or cultural well-being of the local community. The most likely significant negative effects from this activity and the mitigation measures in place, are outlined below.

Social - Cryptosporidia and other pathogens have the potential to cause significant negative health effects. Mitigation of this risk is a critical part of the water filtration and treatment processes.

Social – Chlorine odour has the potential to cause significant negative health effects. The water filtration system used minimises the level of chlorine used, and keeps the chlorine odour at low levels.

Environmental & cultural – Any accidental or uncontrolled discharge of pool water or associated chemicals into the neighbouring Patea River would have significant negative impacts on the environmental and cultural wellbeing of the river and the community. This is managed and mitigated through compliance with existing resource consent conditions.

These negative effects and any controls and mitigation in place have to be balanced against the positive impact the activity has on the social, economic, environmental and cultural well-being of its users and the district overall.

1.4 Statement of Service Provision

Level of Service	Performance Measure	Target	Actual 2022/23	How Measured
		Year 2 2022/23		
The pool complex will be a safe place to swim.	Number of reported accidents, possible accidents and similar incidents pa.	<80	Not Achieved – 125 (2021/22 Achieved - 25)	Reported monthly to Council.
	<i>This is a result of increased reporting procedures and processes and a significant increase in patronage at the new aquatic centre.</i>			
	Compliance with NZS5826:2010 NZ Pool Water Quality Standards.	100%	Achieved – 100% (2021/22 Achieved – 100%)	Water quality register.
	PoolSafe accreditation is met	100%	Achieved (2021/22 Achieved – 100%)	Annual Reporting
That the pool facilities meet demand.	Percentage of pool users are satisfied with the pool.	>80%	Achieved – 84% (2021/22 Not Achieved – 77%)	Annual Residents Survey.
	Number of pool admissions per annum.	>55,000	Achieved – 61,378 (2021/22 Not Achieved – 39,789)	Reported monthly to Council.

1.5 Projects and Other Programmes

Project	Category	Budget 2022/23	Actual 2022/23	Notes
Pool Development	Level of Service	\$3,410,000	\$1,550,000	The pool was officially opened in October 2022 with a total cost of \$20.7 million.

1.6 Cost of Services Statement

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

Pool Complex

Actual 2021/22 \$000		Actual 2022/23 \$000	Budget 2022/23 \$000
1,289	Operating Expenditure	2,558	1,487
170	Revenue	355	241
1,119	Net Cost of Service	2,204	1,246
	EXPENDITURE		
845	Operating Costs	1,548	781
116	Interest	305	207
120	Depreciation	477	291
208	Allocated Overheads	228	208
1,289	Total Operating Expenditure	2,558	1,487
213	Principal Loan Repayments	421	377
14,295	Capital Expenditure	1,550	3,410
15,797	Total Expenditure	4,529	5,274
	FUNDED BY:		
170	Charges for Services	355	241
170	Total Revenue	355	241
981	General Rates	1,258	1,240
10,640	Loan funding - capital	150	2,010
3,849	Grants and Donations	1,450	1,400
213	Transfers from Depreciation Reserves	421	377
8	Other Funding	16	6
15,861	Total Funding	3,650	5,274

Democracy TITLE PAGE

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Democracy

1.1 What We Do

Democracy

Democracy includes the formal meeting processes, elections and the means for community involvement in the democratic process. The Democracy activity supports the elected members in these roles and ensures the purposes of the Local Government Act 2002 are met.

Corporate Support

Corporate Support provides a range of professional support services to the Council and to agencies closely associated with Council. These services include financial planning, reporting, analysis and advice, the provision of accounting services, secretarial and administrative support and the development and maintenance of management information systems.

1.2 Why We Do It

Council is required by the Local Government Act 2002 to provide a democratic process and manage its funding and administrative services efficiently and responsibly on behalf of the district.

The Democracy activity, by its nature, contributes to all of the desired district well-beings, and community outcomes that Council aims to achieve.

Corporate Support is an internal support function that provides services to other areas of Council to assist them in the delivery of activities. The total costs are allocated to other activity areas.

This activity contributes to the community outcomes of:

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

1.3 Significant Negative Effects

There are no significant negative effects associated with the Democracy activity that may affect the social, economic, environmental or cultural well-being of the local community. However, failure to deliver this activity would have a significant negative impact on the social, economic, environment and cultural well-being

1.4 Statement of Service Provision

Level of Service	Performance Measure	Target	Actual 2022/23	How Measured
		Year 2 2022/23		
To provide Democracy services in accordance with statutory deadlines.	Agendas and associated reports for all scheduled meetings are available to interested parties in accordance with statutory timeframes.	100%	Achieved – 100% (2021/22 Achieved – 100%)	Meeting Register.
	All Council meetings are publicly notified in accordance with statutory timeframes.	100%	Achieved – 100% (2021/22 Achieved – 100%)	Meeting Register.
Opportunities for the community to participate in decision making is widely publicised	The community is satisfied with how Council keeps them informed.	>80%	Not Achieved – 61% (2021/22 Not Achieved – 65%)	Annual Residents Survey.
	<i>A common theme of comments received include lack of Stratford Press deliveries and our older community not liking some of the digital applications provided.</i>			
Ensure accountability documents are prepared and meet statutory requirements.	The Annual Report, Annual Plan and Long Term Plan meet statutory deadlines and receive an unmodified audit opinion.	Achieved	Achieved – 100% (2021/22 Achieved)	Audit Opinion.

1.5 Projects and Other Programmes

Project	Category	Budget 2022/23	Actual 2022/23	Notes
Computers and peripherals	Replacements	\$162,000	\$219,588	Funds were carried over from 2021/22
Vehicle Replacements	Replacements	\$39,500	\$17,413	One vehicle was delivered in June 2023.
Miscellaneous Equipment	Replacements	\$20,000	\$4,222	This was for the installation of security cameras at the Miranda Street office.
Furniture Replacements	Replacements	\$3,200	\$11,882	Additional furniture was required due to the increase in staff numbers.

1.6 Cost of Services Statement

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

Democracy

Actual 2021/22 \$000		Actual 2022/23 \$000	Budget 2022/23 \$000
1,233	Operating Expenditure	1,334	1,243
-	Revenue	37	-
1,233	Net Cost of Service	1,297	1,243
	EXPENDITURE		
535	Operating Costs	587	558
698	Allocated Overheads	746	685
1,233	Total Operating Expenditure	1,334	1,243
	FUNDED BY:		
-	Charges for Services	37	-
-	Revenue	37	-
1,147	UAGC	1,245	1,223
-	Subsidies / Grants	10	-
26	Other Funding	53	20
1,173	Total Funding	1,345	1,243

Corporate Support

Actual 2021/22 \$000		Actual 2022/23 \$000	Budget 2022/23 \$000
-	Operating Expenditure	3	-
102	Revenue	131	85
(102)	Net Cost of Service	(128)	(85)
	EXPENDITURE		
	Operating Costs		
634	- Chief Executive's Department	662	592
843	- Corporate Services Department	973	844
(1,477)	Allocated Overheads	(1,635)	(1,436)
-	Total Operating Expenditure	3	-
193	Capital Expenditure	227	225
193	Total Expenditure	230	225
	FUNDED BY:		
102	Charges for Services	131	85
102	Total Revenue	131	85
(70)	UAGC	(87)	(85)
193	Transfer from Depreciation Reserves	227	225
225	Total Funding	272	225

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Community Development TITLE PAGE

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COMMUNITY SERVICES

1.1 What We Do

Community Services encourages and supports groups and individuals in the district to achieve their own goals and outcomes in a sustainable way that benefits the community. It does this by providing information, advice, and support to groups and individuals, through activities such as networking, facilitation, administration support, promotion, advocacy, and event facilitation.

Examples of the current community services activities include:

- Facilitating the Positive Ageing Group and Youth Council
- Coordinating the promotion of school holiday activities
- Administration of community funds including Sport NZ Rural Travel Fund and Creative New Zealand Funding Scheme
- Working with community groups to identify the outcomes they want for the community
- Working in partnership with regional agencies to support the well-being of the community
- Providing community events such as Summer Nights and war memorial commemorations.

1.2 Why We Do It

This activity contributes to the district’s well-being by the Council maintaining a general overview of trends in the social well-being of the district. The aim is to actively involve people in building their own sustainable and resilient communities and initiating, usually in conjunction with others, action for enhancement whenever it considers that to be necessary, appropriate and practical.

This activity contributes to the community outcomes of:

- Vibrant community
- Connected communities

1.3 Significant Negative Effects

There are no significant negative effects associated with the Community Services activity that may affect the social, economic, environmental or cultural well-being of the local community. However, failure to deliver this activity would have a significant negative impact on the social, economic, environment and cultural well-being.

1.4 Statement of Service Provision

Level of Service	Performance Measure	Target	Actual	How Measured
		Year2 2022/23	2022/23	
Event Development that supports and encourages community engagement	Deliver or facilitate community events.	>5	Achieved – 15 (2021/22 Achieved - 32)	Number of events held are recorded
	Percentage of residents feeling a sense of community.	>80%	Not Achieved – 61% (2021/22 Not Achieved – 71%)	Annual Residents Survey
Comments in the survey express appreciation for what the Council/Community Development does but want more events and activities, increased opportunities for our elderly and young people in the district and increased facilities				

1.5 Projects and Other Programmes

There were no projects associated with the Community Services activity.

1.6 Cost of Services Statement

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

Community Services

Actual 2021/22 \$000		Actual 2022/23 \$000	Budget 2022/23 \$000
624	Operating Expenditure	688	437
38	Revenue	36	34
586	Net Cost of Service	652	403
EXPENDITURE			
502	Operating Costs	560	313
122	Allocated Overheads	128	124
624	Total Operating Expenditure	688	437
FUNDED BY:			
38	Charges for Services	36	34
38	Total Revenue	36	34
438	UAGC	405	399
261	Grants	277	-
5	Other Funding	10	4
742	Total Funding	728	437

ECONOMIC DEVELOPMENT

1.1 What We Do

Council has a leadership role in economic development. This activity supports the development and growth of the district by:

- Encouraging and supporting the establishment, retention and development of sustainable, new and existing businesses.
- Promoting business opportunities and events that benefit the local economy
- Promoting the district as a great place to live and visit.
- Supporting the Stratford Business Association
- Working in partnership with Venture Taranaki Trust to support the economic growth of the district.

1.2 Why We Do It

Council provides this service to enable growth in population, increase employment opportunities, and promote the district as a destination for business and visitors. This works towards enabling a local economy that is prosperous.

This activity contributes to the community outcomes of:

- Vibrant Community
- Enabling Economy

1.3 Significant Negative Effects

There are no significant negative effects associated with the Economic Development activity that may affect the social, economic, environmental or cultural well-being of the local community. However, failure to deliver this activity would have a significant negative impact on the social, economic and cultural well-being.

1.4 Statement of Service Provision

Level of Service	Performance Measure	Target	Actual	How Measured
		Year 2 2022/23	2022/23	
To support and promote the economic growth of the district.	Number of client interactions with Venture Taranaki's Business Advisory Service	100%	Achieved – 7 (2021/22 Achieved - 38)	5 start up clinics
	Mentor matches made as requested	100%	Achieved – 100% (2 matches) (2021/22 Achieved)	Venture Taranaki Quarterly reports
Enterprise Partnership and Engagement	Review the Economic Development Strategy	N/A	Not Applicable (2021/22 Achieved)	Year 1 only - Strategy approved by Council

1.5 Projects and Other Programmes

Project	Category	Budget 2022/23	Actual 2022/23	Notes
Proposed council subdivision	Level of Service	\$1,025,000	\$2,141,644	The purchase of the land has been completed with development to commence in 2023/24.

1.6 Cost of Services Statement

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

Economic Development

Actual 2021/22 \$000		Actual 2022/23 \$000	Budget 2022/23 \$000
600	Operating Expenditure	564	598
-	Revenue	-	-
600	Net Cost of Service	564	598
EXPENDITURE			
446	Operating Costs	407	444
154	Allocated Overheads	157	154
600	Total Operating Expenditure	564	598
FUNDED BY:			
313	General Rates	302	297
-	Subsidies / Grants	100	-
313	UAGC	302	297
6	Other Funding	12	4
632	Total Funding	716	598

Council Projects

Actual 2021/22 \$000		Actual 2022/23 \$000	Budget 2022/23 \$000
-	Operating Expenditure	31	-
-	Revenue	-	-
-	Net Cost of Service	31	-
	EXPENDITURE		
-	Operating Costs	-	-
-	Interest	31	-
-	Total Operating Expenditure	31	-
6	Principal Loan Repayments	-	-
6	Capital Expenditure	2,142	1,025
12	Total Expenditure	2,173	1,025
	FUNDED BY:		
26	General Rates	-	-
-	Sale of sections - capital	-	-
	Grants and Donations - Capital		1,025
6	Loan Funding - Capital	2,142	-
32	Total Funding	2,142	1,025

INFORMATION CENTRE

1.1 What We Do

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

1.2 Why We Do It

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

This activity contributes to the community outcomes of:

- Vibrant community
- Enabling economy

1.3 Significant Negative Effects

There are no significant negative effects associated with the Information Centre activity that may affect the social, economic, environmental or cultural well-being of the local community. However, failure to deliver this activity would have a significant negative impact on the social, economic, environment and cultural well-being.

1.4 Statement of Service Provision

Level of Service	Performance Measure	Target	Actual 2022/23	How Measured
		Year 2 2022/23		
To provide an Information Centre for visitors, incorporating Automobile Association Agency services that meets the needs of and is being used by the community.	Number of users of AA Agency Service is measured.	>10,000	Not Achieved – 8,607 (2021/22 Not Achieved - 7,900)	AA customer count records
	<i>This target has not been met since 2018/2019 due to more services being available online</i>			
	Percentage customers are satisfied with the Information Centre.	>80%	Achieved – 94% (2021/22 Achieved – 96%)	Annual Residents Survey

1.5 Projects and Other Programmes

There were no projects associated with the Information Centre activity.

1.6 Cost of Services Statement

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

Information Centre

Actual 2021/22 \$000		Actual 2022/23 \$000	Budget 2022/23 \$000
216	Operating Expenditure	217	287
52	Revenue	62	39
164	Net Cost of Service	155	248
EXPENDITURE			
110	Operating Costs	102	176
-	Depreciation	-	4
106	Allocated Overheads	115	107
216	Total Expenditure	217	287
FUNDED BY:			
52	Charges for Services	62	39
52	Total Revenue	62	39
201	General Rates	248	244
4	Other Funding	8	3
257	Total Funding	318	287

RENTAL AND INVESTMENT PROPERTIES

1.1 What We Do

The Rental and Investment Properties activity manages properties council owns for strategic or commercial purposes.

Under this activity Council staff performs common landlord roles, such as the day-to-day maintenance of grounds and buildings as well as the long term planning for purchase, disposal, renewal, upgrades and redevelopment of properties.

This activity covers the following:

Farm - manage 160 hectares of land (132 hectares milkable) on a 50/50 share milking basis.

Holiday Park - operate a formal lease for the land.

Rental Properties - Council manages urban and rural land and commercial properties under this activity.

- Land with a Council function that generally has limited potential for any other use or is strategically important to Council.
- Land that has commercial potential and its legal status permits its availability for sale.
- Land that is currently vacant or occupied informally by an adjoining owner and has limited options for sale.

1.2 Why We Do It

The prudent management of Council owned properties not used in the day-to-day functions of Council ensure these do not become a nuisance and maximises commercial return for Council.

Each property is held for specific reasons and the property portfolio is regularly reviewed to ensure any properties surplus to requirements are disposed of. The key properties and the reason for Council's ownership are described below.

Farm - The farm is considered to be an economic investment that was purchased for the purposes of providing a financial contribution to ease the burden of rates on the community. In 2015 the farm expanded by 54 hectares when the Council purchased the neighbouring farm for the purposes of increasing economies of scale, and returns to the ratepayer. The farm contributes to the economic well-being of the district by providing rates mitigation for ratepayers.

The farm surrounds the aerodrome, therefore providing a buffer zone to allow for smooth operations of the aerodrome.

Holiday Park - Council has traditionally adopted the role of provider of the holiday park as there has been no alternative provider in Stratford.

Rental Properties - most properties have been purchased for a strategic purpose because of their location, either for Council's future use or for on selling at a later date.

This activity contributes to the community outcomes of:

- Enabling Economy

1.3 Significant Negative Effects

The Rental and Investment Property activity has the potential to negatively impact the social, economic, environmental or cultural well-being of the local community. The most likely significant negative effects from this activity and the mitigation measures in place, are outlined below.

Environmental & cultural - Contamination of streams that cross or border the council owned farm, from runoff from paddocks, effluent ponds or animals gaining access to the river has the potential to negatively impact the environmental and cultural wellbeing. This is mitigated by good farming practices and significant investment made in fencing and riparian planting of stream edges as well as effluent management.

These negative effects and any controls and mitigation in place have to be balanced against the positive impact the activity has on the social, economic, environmental and cultural well-being of its users and the district overall.

1.4 Statement of Service Provision

Level of Service	Performance Measure	Target	Actual 2022/23	How Measured
		Year 2 2022/23		
Maximum profits from the farm are returned to Council.	Milk production is maximised	>150,000 kg/ms	Not Achieved – 142,659 kgs/ms (2021/22 Achieved – 154,000kgs/ms)	Milk Supplier's Statements issued by Fonterra.
		<i>The impact of weather events on feed availability, environmental mastitis and extra pressure on grass all contributed towards not meeting the production target.</i>		
The Council is meeting national Environmental standards.	The Council farm's Environmental Plan is reviewed annually	Achieved	Not Achieved (2021/22 Achieved)	Report to Farm and Aerodrome Committee
		<i>The plan was revised during the year, but it is still waiting on final review by Fonterra, which is not expected until August 2023.</i>		
Leased property is safe and fit for purpose.	Number of complaints from tenants.	<5	Achieved – 0 (2021/22 Achieved – 1)	Reporting against corporate CRM system.

1.5 Projects and Other Programmes

Project	Category	Budget 2021/22	Actual 2021/22	Notes
Farm				
<i>Landscaping and Riparian Planting</i>	Level of Service	\$3,500	\$1,835	Complete
<i>Water lines and trough upgrade</i>	Level of Service	\$12,300	\$12,175	Complete
<i>Hot Water Cylinder – dwelling</i>	Replacements	\$0	\$11,148	Urgent replacement was required.

1.6 Cost of Services Statement

The detailed financial summaries for the Farm, Holiday Park and Rental Properties activities are shown below:

Holiday Park

Actual 2021/22 \$000		Actual 2022/23 \$000	Budget 2022/23 \$000
2	Operating Expenditure	3	2
3	Revenue	3	3
(1)	Net Cost of Service	(1)	(1)
EXPENDITURE			
-	Operating Costs	-	-
2	Allocated Overheads	3	2
2	Total Expenditure	3	2
FUNDED BY:			
3	Charges for Services	3	3
3	Total Revenue	3	3
(1)	General Rates	(1)	(1)
-	Other Funding	(2)	-
2	Total Funding	0	2

Farm

Actual 2021/22 \$000		Actual 2022/23 \$000	Budget 2022/23 \$000
442	Operating Expenditure	481	385
732	Revenue	638	489
(290)	Net Cost of Service	(157)	(104)
EXPENDITURE			
300	Operating Costs	304	238
43	Interest	57	46
40	Depreciation	48	43
59	Allocated Overheads	72	57
442	Total Operating Expenditure	481	385
175	Principal Loan Repayments	70	54
192	Capital Expenditure	25	16
809	Total Expenditure	576	454
FUNDED BY:			
732	Charges for Services	638	489
732	Total Revenue	638	489
(51)	General Rates	(149)	(147)
172	Loan Funding - Capital	14	16
(49)	Transfer (to) from Reserves	108	97
804	Total Funding	611	454

Rental Properties

Actual 2021/22 \$000		Actual 2022/23 \$000	Budget 2022/23 \$000
65	Operating Expenditure	67	69
30	Revenue	35	36
35	Net Cost of Service	32	33
EXPENDITURE			
8	Operating Costs	3	12
17	Depreciation	17	17
40	Allocated Overheads	47	40
65	Total Operating Expenditure	67	69
-	Capital Expenditure	-	-
65	Total Expenditure	67	69
FUNDED BY:			
30	Charges for Services	35	36
30	Total Revenue	35	36
30	General Rates	32	32
2	Other Funding	3	1
62	Total Funding	70	69

Environmental Services TITLE PAGE

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BUILDING SERVICES

1.1 What We Do

The Council is registered as a building consent authority (BCA), as required by the Building Act 2004. The BCA receives and processes applications for building consents. It also involves monitoring and compliance, to ensure that all building, plumbing and drainage work in the District is undertaken in a safe, secure and proper manner. The Building Control Team also leads the preparation of Land Information Memorandums.

1.2 Why We Do It

The Council has a legal responsibility to ensure buildings are fit for purpose and comply with legislation. This activity contributes to the community outcomes of:

- Enabling Economy
- Sustainable Environment

1.3 Significant Negative Effects

The Building activity has the potential to negatively impact the social, economic, environmental or cultural well-being of the local community. The most likely significant negative effects from this activity and the mitigation measures in place, are outlined below.

Social, economic, environmental & cultural - the construction and modification of buildings and structures represents a significant investment for its owners and directly impacts the community and the natural and built environment, as well as community safety. Performance indicators have been designed to strike a balance between legal requirements, supporting the environmental and economic well-being and delivering efficiency from a customer service perspective. Maintenance of a quality management system and a structured approach to continual improvement are two measures to ensure the purpose of the Building Act is upheld.

These negative effects and any controls and mitigation in place have to be balanced against the positive impact the activity has on the social, economic, environmental and cultural well-being of its users and the district overall.

1.4 Statement of Service Provision

Level of Service	Performance Measure	Target	Actual 2022/23	How Measured
		Year 2 2022/23		
To process applications within statutory timeframes.	Percentage of building consent applications processed within 20 days.	100%	Not Achieved – 99.6%, 240 out of 241 (2021/22 Not Achieved – 98.6% 355 out of 360)	Council Records.
	<i>This was due to one consent awaiting peer review before granting of consent. (was processed in 21 days)</i>			
	Percentage of inspection requests completed within 24 hours of request.	100%	Not Achieved – 97.4%, 1,119 out of 1,149 (2021/22 Not Achieved – 97.2% 1,219 out of 1,256)	Council Records.
	<i>Inspection booking requests were for more than 24 hrs before inspection being required.</i>			
To retain registration as a Building Consent Authority.	Percentage of code compliance certificate applications determined within 20 working days.	100%	Not Achieved – 95.3%, 204 out of 214 (2021/22 Not Achieved – 90% 190 out of 211)	Council Records.
	<i>CCC's were located during a clean out of records, and software issue with clock in relation to previously refused CCC's</i>			
To retain registration as a Building Consent Authority.	Current registration.	Confirmed	Achieved – registration current (2021/22 Achieved)	Current IANZ Certification
To process LIMs within statutory timeframes	% of LIMs processed within timeframes.	100%	Achieved – 100% 80 of 80 (2021/22 Achieved – 100%, 55 out of 55)	Council Records
Service meets customer expectations.	Percentage of customers using building consent processes are satisfied with the service provided	>80%	Not Achieved – 41% (2021/22 Not Achieved – 48%)	Annual Residents Survey
	<i>This is likely to be a consequence of a higher than usual workload pressure. Comments from the survey related to slow response times, poor communication, the length of time to get consent and expressed overall frustration in dealing with Council.</i>			

1.5 Projects and Other Programmes

There were no future projects associated with the Building Services activity.

1.6 Cost of Services Statement

The detailed financial summary for Building Services' activities is below:

Building Control

Actual 2021/22 \$000		Actual 2022/23 \$000	Budget 2022/23 \$000
1,006	Operating Expenditure	944	994
485	Revenue	458	433
521	Net Cost of Service	486	561
EXPENDITURE			
710	Operating Costs	623	706
-	Depreciation	8	-
296	Allocated Overheads	313	288
1,006	Total Operating Expenditure	944	994
FUNDED BY:			
485	Charges for Services	458	433
485	Total Revenue	458	433
467	UAGC	562	552
11	Other Funding	23	8
963	Total Funding	1,043	994

PLANNING

1.1 What We Do

This activity covers:

- The development and administration of the Stratford District Plan
- The processing of resource consents required under the District Plan.
- Monitoring of the district to ensure that the District Plan is relevant and complied with.

1.2 Why We Do It

All of the above functions are required by legislation.

This activity contributes to the community outcomes of:

- Sustainable Environment
- Enabling Economy

1.3 Significant Negative Effects

The Planning activity has the potential to negatively impact the social, economic, environmental or cultural well-being of the local community. The most likely significant negative effects from this activity and the mitigation measures in place, are outlined below.

Social, economic, environmental & cultural - land use and subdivision activity can impact on short and long term social, economic, environmental and cultural outcomes. Performance indicators have been designed to strike a balance between legal requirements, supporting the environmental and economic well-being, meeting the community's needs and delivering efficiency from a customer service perspective. Best social, economic, environmental & cultural practice and community expectations will also be incorporated in the future update of the District Plan which governs much of this activity.

These negative effects and any controls and mitigation in place have to be balanced against the positive impact the activity has on the social, economic, environmental and cultural well-being of its users and the district overall.

1.4 Statement of Service Provision

Level of Service	Performance Measure	Target	Actual 2022/23	How Measured
		Year2 2022/23		
To promote the sustainable management and use of land and public spaces.	To undertake a comprehensive review of the district plan, with notification within statutory timeframes.	N/A	Not Applicable (2021/22 Not Applicable)	No timeframe to be met in Year 1 Reports to Council
	To undertake a systematic review of bylaws and related policies as they reach their statutory review dates.	100% within review timeframes	Not Achieved (2021/22 Not Achieved)	Reports to Council
	<i>One policy has not been reviewed within the statutory timeframe. The policy is the Local Approved Products Policy which is jointly held with New Plymouth District Council.</i>			
To process resource consents within statutory timeframes.	% of non notified applications processed within 20 working days.	100%	Not Achieved – 90% 76 of 84 (2021/22 Not Achieved – 96% 79 of 82 applications)	Council records
	<i>This is due to receiving an unusually high number of applications.</i>			
	% of notified applications processed within legislated timeframes for notification, hearings and decisions.	100%	Achieved – 0 notified consent applications (2021/22 Achieved – 0 notified consent application)	Council records
Service meets customer expectations	% of s223 and s224 applications processed within 10 working days.	100%	Achieved – 100% 51 of 51 applications. (2021/22 Achieved – 100% 53 of 53 applications)	Council records
	Percentage of customers using resource consent processes are satisfied with the service provided	>80%	Not Achieved – 22% (2021/22 Not Achieved – 70%)	Council Records
<i>This is likely due to higher than usual workload pressure and a very high target for a regulatory and enforcement based function.</i>				

1.5 Projects and Other Programmes

There were no projects associated with the Planning and Bylaw activity.

1.6 Cost of Services Statement

The detailed financial summary for Planning and Bylaw's activities is below:

District Plan and Bylaws

Actual 2021/22 \$000		Actual 2022/23 \$000	Budget 2022/23 \$000
161	Operating Expenditure	209	208
-	Revenue	-	-
161	Net Cost of Service	209	208
EXPENDITURE			
53	Operating Costs	91	103
108	Allocated Overheads	119	105
161	Total Operating Expenditure	209	208
FUNDED BY:			
183	UAGC	209	205
4	Other Funding	8	3
187	Total Funding	217	208

Resource Consents

Actual 2021/22 \$000		Actual 2022/23 \$000	Budget 2022/23 \$000
241	Operating Expenditure	321	240
97	Revenue	120	121
144	Net Cost of Service	201	119
EXPENDITURE			
132	Operating Costs	206	135
109	Allocated Overheads	115	105
241	Total Operating Expenditure	321	240
FUNDED BY:			
97	Charges for Services	120	121
97	Total Revenue	120	121
121	UAGC	118	116
4	Other Funding	8	3
222	Total Funding	246	240

COMMUNITY HEALTH AND SAFETY

1.1 What We Do

The activities broadly cover the regulation and enforcement of various statutes and bylaws relating to health, food, alcohol, animal control, and general nuisance arising from inappropriate parking of motor vehicles and/or use of public places.

Health Act and Food Act

The Council:

- provides a uniform system of control to ensure that food being sold is fit for consumption and safe
- carries out premises registration, education, monitoring and enforcement activities, including complaint resolution, to avoid and mitigate actual and potential adverse effects on public health.

From time to time this activity also has to review and respond to legislative changes. Overall its main role is licencing, compliance and enforcement.

Sale and Supply of Alcohol Act

The Council carries out licencing, monitoring and enforcement activities, to ensure that a reasonable system of control is in place over the sale and supply of liquor to the public, with the aim of contributing to the reduction of liquor abuse in the community.

Parking and other Bylaw compliance

Bylaws provide an enforcement tool where specific local regulation is required. In some instances bylaws are required to give a specific local interpretation of national legislation. Others, such as the Public Places Bylaw, are passed under the Local Government Act but simply reflect a set of local expectations.

The Council receives an average of 300 complaints concerning infringements of the various bylaws each year.

Animal Control

The Council exercises its responsibilities under the Dog Control Act 1996 and the Council's Dog Control Bylaw. The Council controls dogs as required by legislation to avoid nuisance and minimise risk to the community.

This covers:

- registration of dogs
- providing a timely response to all complaints concerning dogs, particularly in regard to instances involving aggressive behaviour by dogs
- Enforcing obligations on dog owners designed to ensure that dogs do not cause a nuisance to any person, and do not injure, endanger or cause distress to any person or cause distress to any stock, poultry, domestic animal or protected wildlife.

The Council operates a dog pound which has capacity for six dogs. The demand for services is relatively consistent.

Under the general bylaw this activity also manages wandering stock on road reserves.

1.2 Why We Do It

These services are either required by statute or bylaws produced by the Council in response to either public expectations or legal requirements.

This activity contributes to the community outcomes of:

- Enabling Economy
- Sustainable Environment

1.3 Significant Negative Effects

There are no significant negative effects associated with the Community Health and Safety activity that may affect the social, economic, environmental or cultural well-being of the local community. This activity exists to avoid, minimise or mitigate significant negative effects of environmental or community health and safety events. Failure to deliver this activity would therefore have a significant negative impact on the economic and environment well-being.

1.4 Statement of Service Provision

Level of Service	Performance Measure	Target	Actual 2022/23	How Measured
		Year 2022/23		
To fulfil obligations to improve, promote and protect public health.	Percentage of premises registered under the Food Act, Health Act, Beauty and Tattoo Bylaw, to be inspected for compliance.	100%	Not Achieved – 99% 107 out of 108 (2021/22 Achieved – 100% 94 out of 94)	Council Records
	1 hairdresser was not inspected as the operator was closed on a number occasions due to unforeseen circumstances.			
	Health nuisance and premise complaints are responded to within 1 working day.	100%	Achieved – 100% 16 out of 16 complaints (2021/22 Achieved – 100% 11 out of 11 complaints)	Council Records
To fulfil obligations as a District Licensing Committee.	Percentage of licensed premises inspected.	100%	Not Achieved – 93.7% 30 of 32 inspected (2021/22 Not Achieved – 94.2% 33 out of 35 inspected)	Council Records
	Two premises were not inspected. One is closed for business, however the licence has not been surrendered. Another is closed as it is being rebuilt.			
	Percentage of applications processed within 25 working days (excluding hearings).	100%	Achieved – 100% 90 of 90 applications – 1 hearing (2021/22 Achieved – 100% 87 out of 88 applications and 1 hearing)	Council Records
To monitor and enforce bylaws.	Percentage of complaints responded to within 2 hours.	100%	Achieved – 100% 287 of 287 complaints. (2021/22 Achieved – 100% 278 out of 278 complaints)	Council Records
To ensure dogs are controlled.	Percentage of known dogs registered.	95%	Achieved – 98% 2,123 of 2,176 dogs (2021/22 Achieved – 97.5% 2,081 out of 2,135 dogs)	Council Records
	Percentage of dog attack/wandering dog complaints responded to within an hour.	100%	Not Achieved – 95.3% 283 of 286 complaints (2021/22 Not Achieved – 98% 225 out of 228 complaints)	Council Records
Three calls for service to dog complaints were not attended to within 1 hour. This was due to the Council's contractor's communication system, and training requirements.				

1.5 Projects and Other Programmes

There were no projects associated with the Community Health and Safety activity.

1.6 Cost of Services Statement

The detailed financial summaries for Food and Health, Alcohol Licensing, Parking and other Bylaws and Animal Control activities are below:

Food and Health

Actual 2021/22 \$000		Actual 2022/23 \$000	Budget 2022/23 \$000
167	Operating Expenditure	197	166
36	Revenue	33	31
131	Net Cost of Service	164	135
EXPENDITURE			
89	Operating Costs	114	89
78	Allocated Overheads	83	77
167	Total Operating Expenditure	197	166
FUNDED BY:			
36	Charges for Services	33	31
36	Total Revenue	33	31
132	UAGC	135	133
3	Other Funding	6	2
171	Total Funding	174	166

Alcohol Licensing

Actual 2021/22 \$000		Actual 2022/23 \$000	Budget 2022/23 \$000
111	Operating Expenditure	136	109
35	Revenue	30	34
76	Net Cost of Service	106	76
EXPENDITURE			
59	Operating Costs	81	57
52	Allocated Overheads	55	52
111	Total Operating Expenditure	136	109
FUNDED BY:			
35	Charges for Services	30	34
35	Total Revenue	30	34
75	UAGC	75	74
2	Other Funding	4	2
112	Total Funding	110	109

Parking and other Bylaws

Actual 2021/22 \$000		Actual 2022/23 \$000	Budget 2022/23 \$000
145	Operating Expenditure	135	142
1	Revenue	(15)	1
144	Net Cost of Service	150	141
EXPENDITURE			
68	Operating Costs	49	65
77	Allocated Overheads	86	77
145	Total Operating Expenditure	135	142
FUNDED BY:			
1	Charges for Services	(15)	1
1	Total Revenue	(15)	1
124	UAGC	142	139
3	Other Funding	6	2
128	Total Funding	132	142

Animal Control

Actual 2021/22 \$000		Actual 2022/23 \$000	Budget 2022/23 \$000
205	Operating Expenditure	220	210
146	Revenue	123	145
59	Net Cost of Service	97	66
EXPENDITURE			
106	Operating Costs	114	110
1	Interest	2	1
3	Depreciation	4	4
95	Allocated Overheads	100	95
205	Total Operating Expenditure	220	210
2	Principal Loan Repayments	2	2
-	Capital Expenditure	-	-
207	Total Expenditure	222	212
FUNDED BY:			
146	Charges for Services	123	145
146	Total Revenue	123	145
78	UAGC	66	65
-	Loan funding	-	-
4	Other Funding	7	3
228	Total Funding	196	212

CIVIL DEFENCE & EMERGENCY MANAGEMENT

1.1 What We Do

The overriding principle for Civil Defence and Emergency Management delivery across the Taranaki Civil Defence and Emergency Management (CDEM) Group is that it is a regionally coordinated and locally delivered approach. The Taranaki Region operates a CDEM Group Office, called the Taranaki Emergency Management Office (TEMO). TEMO is a shared service between all four councils in Taranaki that delivers Civil Defence and Emergency Management coordination throughout Taranaki on behalf of the councils in the region. The Council is obligated to plan and provide for Civil Defence and Emergency Management within the Stratford District and to ensure that it can function at the fullest possible extent during an emergency.

1.2 Why We Do It

Council has legal requirements to play a direct role in the prevention and management of natural hazards.

This activity contributes to the community outcomes of:

- Sustainable Environment
- Connected Communities

1.3 Significant Negative Effects

There are no significant negative effects associated with the Civil Defence and Emergency Management activity that may affect the social, economic, environmental or cultural well-being of the local community. However, failure to deliver this activity would have a significant negative impact on the social, economic, environment and cultural well-being.

1.4 Statement of Service Provision

Level of Service	Performance Measure	Target	Actual	How Measured
		Year2 2022/23	2022/ /23	
To maintain effective emergency capability	Recruit, train and maintain a pool of staff and volunteers capable of responding to an emergency event. Number of people trained to at least Foundational level.	>40	Achieved – 56 (2021/22 Not Achieved)	Takatu Records
To ensure the Stratford District Emergency Operations Centre is fit for purpose.	Annual capability audit undertaken (externally) and quarterly system checks undertaken (internally).	Achieved	Achieved (2021/22 Achieved)	Council Records

1.5 Projects and Other Programmes

There were no projects associated with the Civil Defence and Emergency Management activity.

1.6 Cost of Services Statement

The detailed financial summaries for Civil Defence and Emergency Management's activities are below:

Civil Defence and Emergency Management

Actual 2021/22 \$000		Actual 2022/23 \$000	Budget 2022/23 \$000
362	Operating Expenditure	316	343
-	Revenue	-	-
362	Net Cost of Service	316	343
EXPENDITURE			
178	Operating Costs	122	167
-	Depreciation	-	1
184	Allocated Overheads	194	175
362	Total Operating Expenditure	316	343
FUNDED BY:			
326	UAGC	344	338
7	Other Funding	13	5
333	Total Funding	357	343

Roading TITLE PAGE

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ROADING

1.1 What We Do

The Roading activity encompasses the management, construction, maintenance and renewal of rural and urban roads, footpaths, kerb and channel, street lighting and associated infrastructure for the District excluding State Highways. The Roading network managed by the Stratford District Council totals 597.8km, made up of 556.1km of rural roads and 42.41km of urban streets. State Highways 3 and 43 are maintained by the New Zealand Transport Agency (NZTA). In addition there are over 700km of unformed legal road and a number of bridges 'beyond the maintenance peg' that are not maintained by Council.

The Roading asset includes all pavements from the sub base to, and including, the top sealed or metal surface, traffic services (lighting, street and safety signage, footpaths, kerb & channel), bridges, culverts and side drains.

	Rural	Urban	Special Purpose
Sealed km	350.4	42.4	14.00
Unsealed km	<u>205.7</u>	<u>0.01</u>	<u>0.20</u>
	556.1	42.41	14.20

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

1.2 Why We Do It

Council is the road controlling authority under the Local Government Act 1974 and 2002 with responsibility for all local roads in the area. It provides an integrated, safe, responsive and sustainable local land transport system for the District. This is a fundamental requirement for every District.

The main users of the network are residents, industries (particularly dairy, forestry and oil), a small commercial sector, and visitors.

This activity contributes to the community Outcomes of:

- Connected communities
- Enabling economy

1.3 Significant Negative Effects

Negative Effects

The Roading activity has the potential to negatively impact the social, economic, environmental or cultural well-being of the local community. The most likely significant negative effects from this activity and the mitigation measures in place, are outlined below.

Social, economic, environmental & cultural - Traffic hazards and accidents have the potential to negatively impact the community's social, economic, environmental and cultural well-being. Council is actively involved in regional road safety strategies such as 'Roadsafe Taranaki', and the 'Community Road Safety Programme' and investigates injury accidents with the Police to address any roading issues that may be involved.

Social, economic, environmental & cultural – Dust from unsealed roads has the potential to negatively impact the community's social, economic, environmental and cultural well-being. Council is working with the rural community to manage nuisance from dust.

Social, economic & cultural –Road closures have the potential to negatively impact the community's social, economic and cultural well-being. Unplanned road closures are usually the result of environmental events and can be of concern, particularly for isolated rural communities. When this happens, every effort is made to have the road or alternative routes open as soon as possible. Planned road closures are generally not a significant problem as they are well notified to affected parties and council works with event organisers to reduce the impact of closures of popular routes.

Environmental & cultural – Earthworks and run-off from road construction and maintenance activities has the potential to impact the environmental and cultural wellbeing. To manage and mitigate this risk, all major project works are carried out under resource consent conditions and undertaken in a manner that avoids significant negative effects. Routine maintenance activities are governed by performance criteria outlined in the maintenance contract.

These negative effects and any controls and mitigation in place have to be balanced against the positive impact the activity has on the social, economic, environmental and cultural well-being of its users and the district overall.

1.4 Statement of Service Provision

Level of Service	Performance Measure	Target	Actual 2022/23	How Measured
		Year2 2022/23		
To provide a safe roading network.	Road safety - The reduction from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number.	A reduction of at least 1	Achieved – minus 3 there were three crashes during the year (2021/22 Not Achieved increase of 5)	Police CAS Database
To provide a well maintained roading network.	Road Condition – The average quality of ride on sealed road network, measured by smooth travel exposure.	Urban – ≥83% Rural – ≥91%	Not Achieved – Urban – 54% (2021/22 Not Achieved – 63%) Achieved – Rural – 92% (2021/22 Achieved -94%)	RAMM Rating Report
	<i>Due to lack of available funding to undertake repairs, expenditure has had to be reallocated to fixing rural seal roads damaged by forestry.</i>			
	Road maintenance – The percentage of the sealed road network that is resurfaced.	≥5%	Not Achieved – 4 % (2021/22 Achieved 6.1%)	RAMM Rating Report
	<i>This is due to pressures on other budgets to repair roads damaged by Forestry activity.</i>			
To provide a well maintained roading network.	Road maintenance – The percentage of the unsealed road network that has been metal dressed.	≥7%	Not Achieved – 4.35% (2021/22 Achieved – 11.5%)	RAMM Report
	<i>As above, due to pressures on other areas of the roading network and limited budget.</i>			
	Footpaths - The percentage of footpaths within a territorial authority district that fall within the level of service or service standard for the condition of footpaths that is set out in the territorial authority’s relevant document (annual plan, activity management plan, asset management plan, annual works programme or long term plan)	>72.5%	Achieved – 89% (2021/22 Achieved – 89%)	RAMM Report
	Response to service requests - The percentage of customer service requests relating to roads and footpaths to which the territorial authority responds within the time frame specified in the long term plan (note: this information is actually held in the asset management plan not the long term plan).	>88%	Achieved – 90% (2021/22 Achieved – 100%)	RAMM Report. Spreadsheet until connectivity is established between RAMM and Customer Service Requests
Percentage of residents who are satisfied with:				
• Roothing Networks	>80%	Not Achieved – 30% (2021/22 Not Achieved – 39%)	Annual Residents Survey	
	<i>The issues appear to be with potholes and the length of repair work, and quality of the repairs.</i>			
• Footpaths	>80%	Not Achieved – 57% (2021/22 Not Achieved – 61%)		
<i>The key issue noted was the lack of footpaths in some areas resulting in safety issues, and also uneven surfaces creating trip hazards and rough bumpy surfaces for cyclists and mobility vehicles on footpaths.</i>				

1.5 Projects and Other Programmes

Project	Category	Budget 2022/23	Actual 2022/23	Notes
<i>Unsealed Road Metalling</i>	Replacements	\$780,000	\$706,035	Complete
<i>Sealed Road Resurfacing</i>	Replacements	\$890,000	\$648,510	Complete
<i>Drainage Renewals</i>	Replacements	\$700,000	1,054,234	Complete
<i>Pavement Rehabilitation</i>	Replacements	\$750,000	\$1,167,025	Complete
<i>Structure Component Replacement</i>	Replacements	\$941,500	\$370,332	Complete
<i>Traffic Services</i>	Replacements	\$72,275	\$56,380	Complete
<i>Footpath Renewals</i>	Replacements	\$170,000	\$224,370	Complete
<i>Low cost/low risk safety improvements</i>	Replacements	\$855,000	\$629,528	Complete
<i>Sealed Road Resurfacing – Special Purpose Roads</i>	Replacements	\$60,000	\$165,053	Complete
<i>Special Purpose – Traffic Services Renewals</i>	Replacements	\$0	\$11,234	Complete
<i>Special Purpose – Low cost low risk safety</i>	Level of Service	\$20,000	\$0	A footpath leading to Dawson Falls will be constructed in 2023/24, once reviewed by the Department of Conservation.
<i>Road to Zero</i>	Level of Service	\$0	\$904,015	This was carried forward from the previous year.
<i>Walking and Cycling Strategy</i>	Level of Service	\$140,000	\$323,703	This was for footpath and safety improvements.
<i>Brecon Road Extension</i>	Level of Service	\$257,700	\$0	Not required in 2022/23

1.6 Cost of Services Statement

The detailed financial summary for Roading activities is below:

Roading

Actual 2021/22 \$000		Actual 2022/23 \$000	Budget 2022/23 \$000
6,640	Operating Expenditure	7,474	6,370
4,687	Revenue	6,406	5,322
1,953	Net Cost of Service	1,068	1,049
EXPENDITURE			
3,557	Operating Costs	4,383	3,269
-	Interest	5	7
2,910	Depreciation	2,890	2,913
173	Allocated Overheads	196	180
6,640	Total Operating Expenditure	7,474	6,370
-	Principal Loan Repayments	6	13
4,720	Capital Expenditure	6,260	5,655
11,360	Total Expenditure	13,741	12,038
FUNDED BY:			
165	Charges for Services	214	251
4,522	Waka Kotahi (NZTA) Financial Assistance	6,193	5,071
4,687	Total Revenue	6,406	5,322
3,231	Targeted Rates	3,117	3,095
1,614	Depreciation funded from Reserves	1,614	1,616
1,976	Transfers from Reserves - Capital	1,976	2,031
(157)	Transfer from (to) reserves	290	(429)
-	Loan Funding - Capital	324	398
7	Other Funding	14	5
11,358	Total Funding	13,741	12,038

Business Unit

Actual 2021/22 \$000		Actual 2022/23 \$000	Budget 2022/23 \$000
319	Operating Expenditure	294	380
392	Revenue	403	400
(73)	Net Cost of Service	(109)	(20)
EXPENDITURE			
119	Operating Costs	69	168
4	Depreciation	3	5
196	Allocated Overheads	223	207
319	Total Operating Expenditure	294	380
FUNDED BY:			
390	In-house Services - NZTA Assisted	400	400
2	Charges for Services	3	-
392	Total Revenue	403	400
(10)	General Rates	(25)	(25)
8	Other Funding	16	6
390	Total Funding	394	380

Stormwater TITLE PAGE

DRAFT

Stormwater

1.1 What We Do

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

- To collect and disperse any excess water from a major rainfall event.
- To provide a system for the normal drainage of stormwater and groundwater, thereby enhancing the life of other infrastructure eg. roads and protecting private property (to the defined level of service).

The Stormwater reticulation system is a network of pipes and open drains that collects stormwater from developed urban areas. Collection from roads and public areas is usually via sumps and directed to reticulation. Collection from commercial and industrial properties is via reticulation manholes. Residential area stormwater is discharged to ground mainly by soak holes, although if soil or other conditions are not suitable for soak holes, discharge is carried out via runoff through sumps and reticulation.

The Stratford District Council manages around 6.7km of stormwater pipes, and 1.9km of open channels/drains in the Stratford urban area. Council is also responsible for approximately 70 metres of 450mm culvert in Midhirst.

1.2 Why We Do It

Stormwater assets are critical for the protection of properties and infrastructure.

The Council provides the Stormwater service to meet the needs and requirements of its customers and stakeholders. The stormwater activity goals and objectives are:

- Channelization of stormwater flows in a safe and efficient manner;
- Protection of property from impacts of flooding;
- Protection of receiving environments.

This activity contributes to the community outcomes of:

- Sustainable Environment
- Enabling Economy

1.3 Significant Negative Effects

The Stormwater activity has the potential to negatively impact the social, economic, environmental or cultural well-being of the local community. The most likely significant negative effects from this activity and the mitigation measures in place, are outlined below.

Social, economic, environmental & cultural - the Stormwater system has the potential to affect community health if existing drainage systems are inadequate and results in flooded houses and properties.

Social, economic, environmental & cultural - Council is aware of the areas where surface flooding occurs and is progressively working towards eliminating these events. However, there will always be localised storm events that will exceed the capacity of any system. Council recognises this potential and endeavours to take all steps to ensure the risk is minimised.

These negative effects and any controls and mitigation in place have to be balanced against the positive impact the activity has on the social, economic, environmental and cultural well-being of its users and the district overall.

1.4 Statement of Service Provision

Level of Service	Performance Measure	Target	Actual 2022/23	How Measured
		Year 2022/23		
Stormwater system protects property from impacts of flooding.	System adequacy The number of flooding events that occur in a territorial authority district. "Flooding" in this context means stormwater entering a habitable floor	0	Achieved – 0 – No flooding events meeting the criteria (2021/22 Achieved - 0)	Reporting against corporate CRM system. Note: specific category to be set up for flooding – to separate between residential & commercial buildings and include count of habitable floors flooded (residential only).
	For each flooding event, the number of habitable floors affected. (Expressed per 1000 properties connected to the territorial authority's stormwater system.)	0	Achieved – 0 – No flooding events meeting the criteria (2021/22 Achieved – 100% - 0)	
	For each flooding event, the number of buildings in the central business zone affected by flooding.	0	Achieved – 0 – No flooding events meeting the criteria (2021/22 Achieved - 0)	
Discharge Compliance	Compliance with the territorial authority's resource consents for discharge from its stormwater system, measured by the number of: <ul style="list-style-type: none"> Abatement notices Infringement notices Enforcement orders, and Convictions received by the territorial authority in relation to those resource consents.	N/A	Not Applicable (2021/22 Not Applicable)	Council does not hold discharge consents for discharge from its stormwater system.
Response Times	The median response time to attend a flooding event, measured from the time that the territorial authority receives notification to the time that service personnel reach the site.	1 hour	Achieved – 0 – No flooding events meeting the criteria (2021/22 Achieved - 0)	Work order tracking/reporting through Council's Infrastructure asset management system.
Customer Satisfaction	The number of complaints received by a territorial authority about the performance of its stormwater system, expressed per 1000 properties connected to the territorial authority's stormwater system.	<8	Achieved - 0 (2021/22 Achieved – 0)	Reporting against corporate CRM system.

1.5 Projects and Other Programmes

Project	Category	Budget 2022/23	Actual 2022/23	Notes
<i>Pipework Capacity Increase</i>	Level of Service	\$139,700	\$33,050	Modelling of the network is currently occurring which will identify capacity restraints.
<i>Safety Improvements</i>	Level of Service	\$121,400	\$14,793	Rock armouring of a culvert on Pembroke Road has been deferred due to rising costs and TRC requirements.
<i>Modelling</i>	Level of Service	\$31,000	\$24,637	Modelling of the network is currently occurring which will identify capacity restraints.
<i>Reticulation Renewals</i>	Replacements	\$55,000	\$0	Modelling of the network is currently occurring which will identify capacity restraints.

1.6 Cost of Services Statement

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

Stormwater

Actual 2021/22 \$000		Actual 2022/23 \$000	Budget 2022/23 \$000
446	Operating Expenditure	460	437
-	Revenue	-	-
446	Net Cost of Service	460	437
	EXPENDITURE		
68	Operating Costs	50	56
15	Interest	21	23
232	Depreciation	232	232
131	Allocated Overheads	157	126
446	Total Operating Expenditure	460	437
28	Principal Loan Repayments	29	41
69	Capital Expenditure	72	347
543	Total Expenditure	562	825
	FUNDED BY:		
357	UAGC	430	422
33	Transfer from Depreciation Reserves	29	96
-	Depreciation funded from Reserves	23	12
64	Loan Funding - Capital	72	292
5	Other Funding	10	4
459	Total Funding	565	825

Wastewater (Sewerage) TITLE PAGE

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Wastewater (Sewerage)

1.1 What We Do

The Wastewater activity encompasses the planning, provision, operation, maintenance and renewal of wastewater, reticulation and treatment and disposal, and associated infrastructure for the Stratford urban area.

Stratford District Council is responsible for wastewater treatment and reticulation in Stratford Township. The Stratford wastewater system services over 2,500 properties, which is approximately 97 percent of the Stratford urban area. All other dwellings in the district are serviced by on-site wastewater treatment systems.

1.2 Why We Do It

Council has obligations under the Local Government Act 2002, the Health Act 1956 and the Building Act 2004 that outline general duties of a local authority to improve, promote and protect public health through the sanitary and responsible treatment and disposal of wastewater.

The Council provides the Wastewater service to meet the needs and requirements of its customers and stakeholders. The goals and objectives of the Wastewater activity are:

- To collect wastewater from residential, commercial and industrial properties in a safe and efficient manner;
- To dispose of treated wastewater into the receiving environments in an environmentally friendly and sustainable manner in line with all applicable resource consent conditions.
- To facilitate the minimisation of risk and maintenance of public health through the safe disposal of wastewater into the receiving environment;
- To deliver on the agreed customer service levels

This activity contributes to the community outcomes of:

- Sustainable Environment
- Enabling Economy

1.3 Significant Negative Effects

The Wastewater activity has the potential to negatively impact the social, economic, environmental or cultural well-being of the local community. The most likely significant negative effects from this activity and the mitigation measures in place, are outlined below.

Social, economic, environmental & cultural - The Wastewater system has the potential to affect community health. Continued efforts are made to ensure that environmental effects are minimised. This is addressed through ongoing improvements to the treatment system which form part of the resource consent.

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

Social, economic, environmental & cultural – Periodic failures in the system, such as blockages and overflows are being addressed as a priority and the immediate resolution followed up by root cause investigation to minimise the risk of future recurrence.

Cultural – Historically, the treatment and disposal of wastewater raised cultural concerns, such as the direct disposal of the discharge from the oxidation ponds to the Patea River. These were addressed as part of the consent consultation process and subsequent upgrades. Council will continue to give consideration to cultural aspects as part of future upgrades.

These negative effects and any controls and mitigation in place have to be balanced against the positive impact the activity has on the social, economic, environmental and cultural well-being of its users and the district overall.

1.4 Statement of Service Provision

Level of Service	Performance Measure	Target	Actual 2022/23	How Measured
		Year 2 2022/23		
Wastewater is managed without risk to public health.	System and adequacy - The number of dry weather sewerage overflows from the territorial authority's sewerage system, expressed per 1000 sewerage connections to that sewerage system.	<5	Achieved – 1.11 (2021/22 Achieved – 0.37)	Reporting against corporate CRM system.
	Discharge compliance - Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of <ul style="list-style-type: none"> • Abatement notices • Infringement notices • Enforcement orders; and • Convictions, Received by the territorial authority in relation to those resource consents.	0	Achieved – 0 (2021/22 Achieved – 0)	Consent & compliance documentation.
Fault response times	Where the territorial authority attends to sewerage overflows resulting from a blockage or other fault in the territorial authority's sewerage system, the following median response times measured:			Work order tracking/reporting through Council's Infrastructure asset management system.
	Attendance time: from the time that the territorial authority receives notification to the time that service personnel reach the site; and	1 hour	Not Achieved – 6 hours 17 minutes (2021/22 Not Achieved – 2 hours 21 minutes)	
	Resolution time: from the time that the territorial authority receives notification to the time that service personnel confirm resolution of the blockage or other fault.	8 hours	Not Achieved – 8 hours 7 minutes (2021/22 Achieved – 5 hours 31 minutes)	
		<i>Attendance time measures were not achieved because of two storms which occurred during the financial year. The reported times are cumulative throughout the year, so as there were so many complaints during those storms the response times to each complaint wasn't achieved, as there were only three people attending all complaints during the events.</i>		
		<i>As above and contractor delays and shortage of resource.</i>		
Customer satisfaction	The total number of complaints received by the territorial authority about any of the following: <ul style="list-style-type: none"> • Sewage odour • Sewerage system faults • Sewerage system blockages, and • The territorial authority's response to issues with its sewerage system, Expressed per 1000 connections to the territorial authority's sewerage system.	<5	Not Achieved – 12.59 (2021/22 Not Achieved – 7.4)	Reporting against corporate CRM system.
		<i>This measure was not met as a result of civil property matters.</i>		
Trade Waste complaints response times	Attendance time: from the time that Council receives notification to the time that a Trade Waste Officer arrives on site.	<2 working days	Achieved – 100% (2021/22 Achieved)	Work order tracking/reporting through Assetfinda
Trade Waste consent processing	Percentage of trade waste consent applications processed within 15 working days.	100%	Achieved – 100% 2 out of 2 applications (2021/22 Not Achieved – 50% 1 out of 2 applications)	Authority

1.5 Projects and Other Programmes

Project	Category	Budget 2022/23	Actual 2022/23	Notes	
<i>Pipework Increase</i>	<i>Capacity</i>	Level of Service	\$155,200	\$22,358	The wastewater model which is currently being built will identify capacity constraints.
<i>Step/aerate renewals</i>	<i>treatment</i>	Replacements	\$31,000	\$50,227	Complete
<i>Infiltration renewals</i>		Level of Service	\$155,200	\$175,549	Complete
<i>Treatment Plant Upgrade</i>		Level of Service	\$0	\$69,486	Complete
<i>Modelling</i>		Level of Service	\$51,700	\$42,105	The wastewater model which is currently being built will identify capacity constraints.
<i>Infiltration Renewals</i>		Replacements	\$189,400	\$187,491	Complete
<i>Bulk Discharge</i>		Replacements	\$31,000	\$12,738	One dump station has been rebuilt.

1.6 Cost of Services Statement

The detailed financial summary for Wastewater activity is shown below.

Wastewater (Sewerage)

Actual 2021/22 \$000		Actual 2022/23 \$000	Budget 2022/23 \$000
1,001	Operating Expenditure	1,066	1,097
57	Revenue	38	75
944	Net Cost of Service	1,028	1,022
	EXPENDITURE		
312	Operating Costs	322	415
26	Interest	41	45
410	Depreciation	403	393
253	Allocated Overheads	300	245
1,001	Total Operating Expenditure	1,066	1,097
48	Principal Loan Repayments	56	81
235	Capital Expenditure	560	614
1,285	Total Expenditure	1,683	1,792
	FUNDED BY:		
57	Charges for Services	38	75
57	Total Revenue	38	75
979	Targeted Rates	904	896
(44)	Transfer from (to) Reserves	114	100
88	Transfer (to) from Depreciation Reserves	276	332
	Depreciation funded from Reserves	20	20
195	Loan Funding - Capital	310	362
10	Other Funding	20	7
1,285	Total Funding	1,683	1,792

Solid Waste TITLE PAGE

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Solid Waste (Rubbish and Recycling)

1.1 What We Do

The Solid Waste activity encompasses the planning and provision of solid waste services and the operation, maintenance and renewal of all associated infrastructure.

The Council provides domestic refuse and recycling services to the households in the urban area of Stratford and Midhirst. In addition, it contracts out the operations of a transfer station in Stratford which allows for the disposal of general waste, recycling and green waste. All services are provided by a contractor with all recycling transported to the Materials Recovery Facility in New Plymouth, the general waste transported to the Hawera Transfer Station, consolidated with South Taranaki Districts general waste, then taken to the Bonny Glen landfill in the Rangitikei.

1.2 Why We Do It

The Council provides the Solid Waste service to meet the needs and requirements of its customers and stakeholders. The goals and objectives of the Solid Waste Activity as per the LTP are to ensure that the:

- Levels of waste generated are reducing; and
- waste collection services meet the needs of the community.

This activity contributes to the community outcomes of:

- Sustainable Environment
- Enabling Economy
-

1.3 Significant Negative Effects

The Solid Waste activity has the potential to negatively impact the social, economic, environmental or cultural well-being of the local community. The most likely significant negative effects from this activity and the mitigation measures in place, are outlined below.

Social, economic, environmental & cultural - disposal of solid waste to land has inherent negative impacts on the social, environmental and cultural wellbeing. To minimise these impacts, council only sends waste to appropriately consented sites and aims to minimise the volume of waste it sends to landfill by actively seeking further opportunities to increase waste minimisation and diversion.

Social, economic, environmental & cultural - odour, litter and noxious materials originating from historic, closed landfills can have negative impacts on the social, environmental and cultural wellbeing. These effects are controlled and minimised by resource consents and management practices.

These negative effects and any controls and mitigation in place have to be balanced against the positive impact the activity has on the social, economic, environmental and cultural well-being of its users and the district overall.

1.4 Statement of Service Provision

Level of Service	Performance Measure	Target	Actual 2022/23	How Measured
		Year 2 2022/23		
The levels of waste generated are reducing.	Waste to landfill per household (municipal kerbside collection only)	<600KG	Achieved – 472kg (2021/22 Achieved 493kg)	Landfill invoices & transactions.
	Percentage (by weight) of council controlled waste stream that is recycled (municipal kerbside collection only).	>20%	Achieved – 23.3% (2021/22 Achieved 21.5%)	Recycling facility invoices & transactions.
The waste collection service meets the needs of the community.	Percentage of customers satisfied with the service provided.	>80%	Achieved – 83% (2021/22 Achieved 83%)	Annual Residents Survey

1.5 Projects and Other Programmes

Project	Category	Budget 2022/23	Actual 2022/23	Notes
Transfer Station Building Renewals	Replacements	\$10,300	\$9,621	Complete

1.6 Cost of Services Statement

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

Solid Waste

Actual 2021/22 \$000		Actual 2022/23 \$000	Budget 2022/23 \$000
988	Operating Expenditure	985	1,050
153	Revenue	213	118
835	Net Cost of Service	772	933
	EXPENDITURE		
789	Operating Costs	761	852
20	Interest	25	19
29	Depreciation	28	30
150	Allocated Overheads	171	148
988	Total Operating Expenditure	985	1,050
2	Landfill Aftercare Costs	1	7
36	Principal Loan Repayments	35	35
7	Capital Expenditure	10	10
1,033	Total Expenditure	1,031	1,102
	FUNDED BY:		
153	Charges for Services	213	118
153	Total Revenue	213	118
767	Targeted Rates	903	896
19	UAGC	25	24
36	Transfer (to) from Depreciation Reserves	45	-
51	Transfers from (to) Reserves	(167)	60
6	Other Funding	12	4
1,032	Total Funding	1,031	1,102

Water Supply TITLE PAGE

DRAFT

Water Supply

1.1 What We Do

The Water Supply activity encompasses the planning, provision, operation, maintenance and renewal of water treatment and reticulation systems, and all associated infrastructure.

Council operates three urban water supplies servicing the Stratford, Toko and Midhirst townships, with river fed sources for Stratford and Midhirst and a bore supply for Toko.

1.2 Why We Do It

Council has assumed the role of provider of Water Supply to provide all properties in the water supply zones with a constant, safe and sustainable water supply.

The Council provides the Water Supply service to meet the needs and requirements of its customers and stakeholders. The goals and objectives of the Water Supply activity are:

- Water is safe to drink;
- A reliable water supply is provided;
- Water has a pleasant taste and odour;
- Water flow and pressure is appropriate for its intended use; and
- Water supply meets firefighting requirements.

This activity contributes to the community outcomes of:

- Sustainable Environment
- Enabling Economy

1.3 Significant Negative Effects

The Water Supply activity has the potential to negatively impact the social, economic, environmental or cultural well-being of the local community. The most likely significant negative effects from this activity and the mitigation measures in place, are outlined below.

Social & Economic - Failure to meet Drinking Water Standards could have a significant negative impact on the social and economic well-being of its users and the district overall.

Social, economic, environmental & cultural – Discharge of contaminants to air, water or land could have a significant negative impact on the social, economic, environmental and cultural well-being of its users and the district overall.

These negative effects and any controls and mitigation in place have to be balanced against the positive impact the activity has on the social, economic, environmental and cultural well-being of its users and the district overall.

1.4 Statement of Service Provision

Level of Service	Performance Measure	Target	Actual 2022/23	How Measured
		Year2 2022/23		
Water is safe to drink.	The extent to which the local authority's drinking water supply complies with: Part 4 of the drinking water standards (bacterial compliance criteria), and	100%	Stratford – Achieved - 100% Midhurst – Achieved - 100% Toko – Achieved - 100% (2021/22 Stratford – Achieved 100% Midhurst – Achieved 100% Toko – Achieved 100%)	Plant & reticulation performance records in water outlook. Includes water quality sampling programme records as well as any plant non-performances.
	Part 5 of the drinking water standards (protozoal compliance criteria).	100%	Achieved – 100% Midhurst – Achieved - 100% Toko – Achieved - 100% (2021/22 Stratford – Achieved 100% Midhurst – Achieved 100% Toko – Achieved 100%)	Plant & reticulation performance records in water outlook. Includes water quality sampling programme records as well as any plant non-performances.
	Maintenance of the reticulation network - The percentage of real water loss from the local authority's networked reticulation system (including a description of the methodology used to calculate this).	<25%	Achieved Stratford –15.3% Midhurst –17.0% Toko – 8.2% (2021/22 Stratford – Achieved 10.8% Midhurst – Achieved 13.9% Toko – Not Achieved 27.0%)	Calculated annually as per NZWWA Water Loss Guidelines.
A reliable water supply is provided.	Fault Response Times – Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times are measured:			
	Attendance for urgent call-outs: from the time that council receives notification to the time that service personnel reach the site.	1 hour	Not Achieved – 2 hours 17 minutes (2021/22 Not Achieved 1 hour 4 minutes)	Work order tracking/reporting through Council's Infrastructure asset management system.
	Resolution of urgent call-outs: from the time that council receives notification to the time the service personnel confirm resolution of the fault or interruption.	8 hours	Not Achieved – 14 hours 17 minutes (2021/22 Achieved 3 hours 12 minutes)	Work order tracking/reporting through Council's Infrastructure asset management system.
<i>Contractor delays and shortage of resources.</i>				
A reliable water supply is provided.	Attendance for non-urgent call-outs: from the time that council receives notification to the time that service personnel confirm resolution of the fault or interruption	2 working days	Achieved – 1 day, 23 hours 52 minutes (2021/22 Achieved 27 hours 33 minutes)	Work order tracking/reporting through Council's Infrastructure asset management system. Affected property numbers provided via GIS/Asset Management System

Level of Service	Performance Measure	Target	Actual 20202/23	How Measured
		Year2 2022/23		
A reliable water supply is provided.	Resolution of non-urgent call-outs: from the time that council receives notification to the time the service personnel confirm resolution of the fault or interruption	5 working days	Achieved – 3 days 2 hours 10 minutes (2021/22 Achieved 46 hours 40 minutes)	Work order tracking/reporting through Council's Infrastructure asset management system. Affected property numbers provided via GIS/Asset Management System
	Number of unplanned disruptions: Minor (between 5 and 50 connections affected) *	<6	Not Achieved – 7 (2021/22 Achieved – 3)	Work order tracking/reporting through Council's Infrastructure asset management system. Affected property numbers provided via GIS/Asset Management System
	Major (more than 50 connections affected) *	<3	Achieved - 0 (2021/22 Achieved – 0)	Work order tracking/reporting through Council's Infrastructure asset management system. Affected property numbers provided via GIS/Asset Management System
<i>Main line pipe breaks occurred on Craig St (x3), Regan St, and Fenton St. Smaller breaks on rider mains also occurred.</i>				
Water has a pleasant taste and odour.	Customer Satisfaction - Total number of complaints received for: <ul style="list-style-type: none"> • Drinking water clarity • Drinking water taste • Drinking water odour • Drinking water pressure or flow • Continuity of supply • Council's response to any of these issues expressed per 1000 connections to council's networked reticulation system.	<32	Achieved: - 2.5 (2021/22 Achieved – 7.6)	Reporting against corporate CRM system.
<i>Note: This is understood to be limited to supplied properties within the water supply zones.</i>				
Water has a pleasant taste and odour.	Demand management - The average consumption of drinking water per day per resident within the district (in litres).	<275	Achieved: Stratford – 187.24 Achieved: Midhurst – 143.69 Achieved: Toko – 147.69 (2021/22 Not Achieved – Stratford 346 litres Midhurst 371 litres Toko 265 litres)	Calculated from production records ex SCADA/Water Outlook, deducting commercial users as per water meter records as well as any other non-residential use and losses (as per bench loss), divided by number of residential connections and average number of residents per property.

Level of Service	Performance Measure	Target	Actual 202/23	How Measured
		Year2 2022/23		
Water flow and pressure is appropriate for its intended use.	Water pressure at 50 properties within the water supply zone, including any that have complained about pressure and or flow meets council specifications (flow>10l/min & pressure>350kpa)	100%	Achieved – 50 properties tested for water pressure and flow - all passed – 100% <i>(2021/22 Achieved – 100%)</i>	Pressure and flow to be measured at a minimum of 50 properties per annum. Test results recorded by handheld device directly into asset management system against property's point of supply. Where test at tap inside property fails, test will be repeated at point of supply (toby/meter box) to isolate problems with private pipework from public network. Customer is advised if problem with internal plumbing.
Water supply meets firefighting requirements.	Fire hydrants meet NZFS Code of Practice conditions regarding supply.	100%	Achieved – 30 hydrants were tested and all 30 passed the test – 100% <i>(2021/22 Achieved – 38 hydrants were tested and all 38 passed the test – 100%)</i>	Flow & pressure testing carried out by council contractor and or NZ Fire Service to NZ Fire Fighting Code of Practice standards.

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1.5 Projects and Other Programmes

Project	Category	Budget 2022/23	Actual 2022/23	Notes
Water Meter Upgrade – change existing to electronic meters	Level of Service	\$361,400	\$47,613	Some meters have been procured, and installed.
Electronic water reading software	Level of Service	\$0	\$20,415	Complete
Second Trunkmain	Level of Service	\$1,511,100	\$673,612	Complete
Raw water delivery line	Level of Service	\$2,000,000	\$29,465	Final design works ongoing with consultants
Raw water analyser	Level of Service	\$95,000	\$66,770	Equipment purchased but not yet installed
Generator for Water Treatment Plant	Level of Service	\$105,000	\$95,181	Generator purchased, shed construction commenced
Streetwork rider mains	Level of Service	\$301,700	\$301,700	Complete
Laterals	Replacements	\$31,600	\$0	Not required this year.
Stratford Street Work Rider Mains	Replacements	\$263,900	\$355,388	Complete
Infrastructure General – Stratford	Replacements	\$25,800	\$0	Not required this year
Infrastructure General – Midhirst	Replacements	\$3,100	\$0	Not required this year.
Pipe Bridge Renewal	Replacements	\$103,500	\$0	Not required this year.
Infrastructure General – Toko	Replacements	\$1,600	\$0	Not required this year.
Stratford reservoir	Replacements	\$30,000	\$6,867	Unable to get contractor to assess reservoir contamination levels this year.
Midhirst Reservoir	Replacements	\$15,000	\$3,162	Unable to get contractor to assess reservoir contamination levels this year.
Toko Reservoir	Replacements	\$5,000	\$0	Not required this year.
Membranes	Replacements	\$150,000	\$3,956	Membrane procurement ongoing due to unavailability of products.
Meter Replacements	Replacements	\$51,700	\$0	Contract currently being written to upgrade tobies in Stratford.
Midhirst Resource Consent	Replacements	\$103,500	\$0	Iwi are reviewing the assessment reports to determine the need for a cultural impact assessment.
Hydrants	Replacements	\$15,300	\$21,939	Complete.
Toko Bore	Replacements	\$134,500	\$0	Not required this year.
Reservoir overflow to pond	Replacements	\$77,600	\$3,558	Currently creating the scope of the works and design

1.6 Cost of Services Statement

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

Water Supply

Actual 2021/22 \$000		Actual 2022/23 \$000	Budget 2022/23 \$000
2,159	Operating Expenditure	2,218	2,160
420	Revenue	489	485
1,739	Net Cost of Service	1,729	1,675
	EXPENDITURE		
754	Operating Costs	643	734
184	Interest	268	212
721	Depreciation	720	725
500	Allocated Overheads	587	490
2,159	Total Operating Expenditure	2,218	2,160
363	Principal Loan Repayments	399	414
3,952	Capital Expenditure	1,651	5,386
6,474	Total Expenditure	4,268	7,961
	FUNDED BY:		
420	Charges for Water Usage	489	485
420	Total Revenue	489	485
1,488	Targeted Rates	1,640	1,624
782	Transfer from Depreciation Reserves	36	36
2,151	Grants - Capital	240	1,025
231	Transfers (to) from Reserves	846	1,323
1,383	Loan Funding - Capital	978	3,453
20	Other Funding	39	14
6,474	Total Funding	4,268	7,961

Council Controlled Organisation TITLE PAGE

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PERCY THOMSON TRUST

1.1 Background

The Local Government Act 2002 defines entities in which Council has more than a 50% shareholding, or the ability to appoint more than 50% of the directors, as Council Controlled Organisations. The Stratford District Council has one organisation that meets these criteria and is therefore a Council Controlled Organisation; the Percy Thomson Trust.

The Trust was established to fulfil the wishes and bequest of the late Percy Thomson to provide an art gallery, arboretum and herbarium. There are to be a minimum of six trustees and a maximum of seven on the trust and less than 50% of the trustees can come from elected representatives.

1.2 Nature and Scope of Activities

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

The Trust Deed sets out the objectives of the Trust and the key points are:

- to manage and promote the facilities.
- to establish exhibition programmes and education policies.
- encouraging public enjoyment and utilisation of Trust facilities and collections.
- to care for any art collections loaned.
- to look at ways of raising revenue.

Council provides administration services to the Trust.

1.3 Why We Do It

The Percy Thomson Trust contributes to the community outcomes by providing for the cultural requirements of the District.

1.4 Performance Measures

Level of Service	Performance Measure	Target	Actual 2022/23	How Measured
		Year2 2022/23		
Delivery of art exhibitions	Deliver proposed art exhibitions which will include at least 1 local, 1 regional and 1 National.	Deliver proposed art exhibitions which will include local, regional and at least 1 National.	<p>Achieved <i>Art exhibitions that were delivered throughout the year included the following:</i> National – 1. The Adam Portraiture Award 2. <i>Don't Judge a Book by its Cover</i> Regional – 1. Freed Up in Lockdown 2. Professional Weavers 3. <i>Kahui Mareikura - Indigenous Sisters</i> Local – 1. Emergence - Award for Young Taranaki Artists 2. Taranaki Arts Trail 3. Stratford Art Society 4. <i>Creative Fibre</i></p> <p>(2021/22 Achieved)</p>	Art Gallery Records
	Number of visitors to the Gallery to be not less than 20,000 per year	>20,000	<p>Not Achieved – 18,684 (2021/22 Not Achieved – 14,646)</p>	Door Count
Development and maintenance of arboretum	Develop and maintain the arboretum to the standards in the Facilities Management Contract.	Develop and maintain the arboretum to the standards in the Facilities Management Contract.	<p>Achieved Note: The arboretum has been maintained by Stratford District Council on behalf of the Trust, and meets the standards as set out in the Facilities Management Contract. The planting programme was also maintained, and continued on in conjunction with the plantings/replacement of native trees. (2021/22 Achieved)</p>	Council Records
Delivery of Herbarium	Develop and maintain the relationship with the New Zealand Plant Conservation Network	Develop and maintain the relationship with the New Zealand Plant Conservation Network	<p>Not Achieved Note: The Trust are in the process of becoming a member of the New Zealand Plant Conservation Network, and this will be completed in 2023/24. (2021/22 Not Achieved)</p>	Through annual subscription to the network

1.5 Cost of Services Statement

The Council has agreed to provide an annual grant of no more than one percent of rates to the Trust.

Percy Thomson Trust

Actual 2021/22 \$000		Actual 2022/23 \$000	Budget 2022/23 \$000
288	Operating Expenditure	334	310
73	Revenue	120	139
215	Net Cost of Service	214	171
	- EXPENDITURE		
208	Operating Costs	253	228
80	Depreciation	81	82
288	Total Operating Expenditure	334	310
	- FUNDED BY:		
73	User Charges	120	139
73	Total Revenue	120	139
50	Council Grant	50	50
40	Investment Interest	44	40
49	Gain on revaluation of property, plant and equipment, and sale of financial assets	702	-
76	Transfer from (to) Accumulated Surplus	(582)	81
288	Total Funding	334	310

Financial Statements TITLE PAGE

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Statement of Comprehensive Revenue and Expense for the year ended 30 June 2023

	Note	Council			Group	
		Actual	Budget	Actual	Actual	Actual
		2022/23	2022/23	2021/22	2022/23	2021/22
		\$000	\$000	\$000	\$000	\$000
Revenue						
Rates Revenue	4	15,040	14,845	14,192	15,040	14,192
Subsidies and Grants	5	8,829	8,521	11,618	8,874	11,631
Development and Financial Contributions		97	-	300	97	300
Fees and Charges		2,628	2,820	2,399	2,653	2,439
Interest Revenue	9	419	232	222	463	262
Gains on property, plant and equipment	6	2	-	4	2	4
Other Gains		-	-	-	29	49
Sundry Revenue	5	126	53	194	126	194
Total Revenue	5	27,141	26,470	28,929	27,284	29,071
Expenses						
Personnel Costs	7	5,562	4,780	4,854	5,683	4,971
Depreciation and Amortisation	15 & 16	5,859	5,608	5,511	5,940	5,591
Other expenses	8	11,598	10,307	10,235	11,660	10,255
Finance Costs	9	951	735	552	951	552
Total Expenses		23,970	21,431	21,152	24,233	21,369
SURPLUS/(DEFICIT) BEFORE TAX		3,171	5,039	7,777	3,051	7,702
Income Tax Expense	10	-	-	-	-	-
SURPLUS/(DEFICIT) AFTER TAX		3,171	5,039	7,777	3,051	7,702
Other Comprehensive Revenue and Expense						
<i>Items that will not be reclassified to surplus / (deficit)</i>						
Fair value movement of listed and unlisted shares	21	53	-	(135)	53	(135)
Property, Plant and Equipment Revaluations	21	7,242	1,341	54,587	7,944	54,587
Total Other Comprehensive Revenue and Expense		7,295	1,341	54,452	7,997	54,452
Total Comprehensive Revenue and Expense		10,466	6,380	62,229	11,047	62,154
Total Comprehensive Revenue and Expense attributable to:						
Stratford District Council		10,466	6,380	62,229	11,047	62,154
		10,466	6,380	62,229	11,047	62,154
<p><i>The accompanying notes form part of these financial statements.</i></p> <p><i>Explanations of significant variances against budget are provided in note 29.</i></p>						

Statement of Financial Position as at 30 June 2023

	Note	Council			Group	
		Actual	Budget	Actual	Actual	Actual
		2022/23	2022/23	2021/22	2022/23	2021/22
		\$000	\$000	\$000	\$000	\$000
Assets						
Current Assets						
Cash and Cash Equivalents	11	615	2,420	3,409	692	3,684
Short Term Deposits	11	5,000	6,000	7,000	5,350	7,250
Receivables	12	2,594	1,699	1,687	2,618	1,691
Inventories	13	-	820	-	-	-
Prepayments		172	-	64	172	72
Other Financial Assets	14	82	-	40	112	65
Total Current Assets		8,463	10,939	12,200	8,944	12,762
Non-Current Assets						
Receivables	12	15	-	37	15	37
Property, Plant and Equipment	15	462,780	409,057	448,236	465,319	450,065
Intangible Assets	16	500	-	452	500	452
Other Financial Assets	14	8,423	8,276	8,253	8,820	8,680
Total Non-Current Assets		471,718	417,333	456,978	474,654	459,234
Total Assets		480,181	428,272	469,178	483,598	471,996
Liabilities						
Current Liabilities						
Payables and deferred revenue	17	4,207	4,541	5,213	4,234	5,222
Provisions	18	7	7	7	7	7
Employee entitlements	19	322	243	282	329	287
Borrowings	20	6,000	3,302	8,500	6,000	8,500
Total Current Liabilities		10,536	8,093	14,002	10,570	14,016
Non-Current Liabilities						
Provisions	18	7	11	13	7	13
Employee entitlements	19	-	52	-	-	-
Borrowings	20	27,700	29,719	23,700	27,700	23,700
Total Non-Current Liabilities		27,707	29,782	23,713	27,707	23,713
Total Liabilities		38,243	37,875	37,715	38,277	37,729
Equity						
Accumulated Funds	21	201,080	246,568	197,109	202,553	198,703
Reserves	21	240,856	143,829	234,354	242,767	235,564
Total Equity Attributable to Stratford District Council		441,936	390,397	431,463	445,320	434,267
Total Liabilities & Equity		480,181	428,272	469,178	483,598	471,996
<p><i>The accompanying notes form part of these financial statements.</i></p> <p><i>Explanations of significant variances against budget are provided in note 29.</i></p>						

Statement in Changes of Equity For the Year Ended 30 June 2023

	Council			Group	
	Actual 2022/23 \$000	Budget 2022/23 \$000	Actual 2021/22 \$000	Actual 2022/23 \$000	Actual 2021/22 \$000
Balance at 1 July					
Accumulated Funds	197,109	197,746	189,944	198,703	191,609
Revaluation of financial assets at fair value through other comprehensive revenue and expense	(536)	-	(401)	(536)	(401)
Reserves / Special Funds	8,524	8,370	7,911	8,524	7,911
Asset Revaluation Reserves	226,366	177,779	171,779	227,573	172,986
Total Equity - Opening Balance	431,463	383,895	369,233	434,267	372,105
Changes in Equity					
Accumulated Funds	3,964	4,947	7,165	3,844	7,091
Revaluation of financial assets at fair value through Other Comprehensive Revenue and Expense	53	-	(135)	53	(135)
Reserves / Special Funds	(793)	214	612	(793)	612
Revaluation reversal of buildings disposed of during year	-	-	-	-	-
Asset Revaluation Reserves	7,242	1,341	54,587	7,944	54,587
Total Comprehensive Revenue and Expense	10,466	6,502	62,229	11,048	62,155
Closing Balance					
Accumulated Funds	201,080	202,693	197,109	202,553	198,703
Revaluation of financial assets at fair value through other comprehensive revenue and expense	(483)	-	(536)	(483)	(536)
Reserves / Special Funds	7,731	8,584	8,524	7,731	8,524
Asset Revaluation Reserves	233,608	179,120	226,366	235,517	227,573
Total Equity - Closing Balance	441,936	390,397	431,463	445,320	434,267
<i>The accompanying notes form part of these financial statements.</i>					

Statement of Cashflows For the Year Ended 30 June 2023

	Note	Council			Group	
		Actual	Budget	Actual	Actual	Actual
		2022/23	2022/23	2021/22	2022/23	2021/22
		\$000	\$000	\$000	\$000	\$000
Cash Flows from Operating Activities						
Rates Revenue		15,053	14,844	14,050	15,053	14,050
Interest Received		419	232	222	460	311
Dividends Received		21	-	17	21	17
Development and Financial Contributions		97	-	300	97	300
Subsidies, Grants and Donations		7,898	8,521	11,618	7,945	11,631
Residential section sales and sale of house		-	-	-	-	-
User Charges and Sundry Revenue		2,568	2,873	4,055	2,615	4,088
Regional Council Rates		1,192	-	1,090	1,192	1,090
Payments to Suppliers and Employees		(18,116)	(15,094)	(14,114)	(18,279)	(14,256)
Interest Paid		(951)	(614)	(552)	(951)	(552)
Goods and Services Tax (net)		133	-	90	125	90
Regional Council Rates		(1,192)	-	(1,090)	(1,192)	(1,090)
Net Cash from Operating Activities		7,122	10,762	15,686	7,086	15,679
Cash Flows from Investing Activities						
Proceeds from Sale of Property, Plant and Equipment		-	-	-	-	-
Proceeds from Sale of Investments		7,000	-	6,000	7,000	6,150
Purchase of Property, Plant & Equipment		(13,417)	(17,415)	(24,396)	(13,503)	(24,396)
Acquisition of Investments		(5,000)	-	(7,137)	(5,075)	(7,137)
Net Cash from Investing Activities		(11,417)	(17,415)	(25,533)	(11,578)	(25,383)
Cash Flows from Financing Activities						
Proceeds from Borrowings		10,000	6,221	10,000	10,000	10,000
Repayment of Borrowings (Loans)		(8,500)	-	-	(8,500)	-
Net Cash from Financing Activities		1,500	6,221	10,000	1,500	10,000
Net (Decrease)/Increase in Cash, Cash						
Equivalents and Bank Overdrafts						
Cash, Cash Equivalents and Bank Overdrafts at the Beginning of the Year		(2,794)	(432)	153	(2,992)	296
Cash, Cash Equivalents and Bank Overdrafts at the End of the Year	11	615	2,420	3,409	692	3,684
<p>The GST (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.</p> <p><i>The accompanying notes form part of these financial statements.</i></p>						

Notes to Financial Statements

Note 1

Reporting Entity

The financial statements of the Stratford District Council are for the year ended 30 June 2023.

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

The primary objective of Council is to provide services or goods for the community for social benefit rather than making a financial return. Accordingly, having regard to the criteria set out in the PBE IPSAS, as a defined public entity under the Public Audit Act 2001, the Council is audited by the Auditor-General and is classed as a Public Sector Benefit Entity (PBE) for financial reporting purposes. Council has designated itself as a Tier 2 entity.

The operations of Council have been divided into the following activities:

- Recreation and Facilities
- Democracy
- Community Development
- Environmental Services
- Rooding
- Stormwater
- Wastewater (Sewerage)
- Solid Waste
- Water Supply

The group consist of the ultimate parent, Stratford District Council and its subsidiary Percy Thomson Trust (thereafter "the group"). The Council has designated itself and the group as a public benefit for financial reporting purposes and in complying with generally accepted accounting practice (GAAP).

The financial statements of the Council and Group are for the year ended 30 June 2023 and were authorised for issue by Council on XX XXXX 2023.

Measurement Base

The measurement base adopted is that of historical cost, modified by the revaluation of certain assets.

Note 2 Statement of Accounting Policies for the year ending 30 June 2023

The following accounting policies which materially affect the measurement of results and financial position have been applied consistently to the year ended 30 June 2023 unless otherwise stated.

Summary of significant accounting policies

Significant accounting policies are included in the notes to which they relate.

Significant accounting policies that do not relate to a specific note are outlined below.

Basis of preparation of the financial statements

The financial statements of the Council and group have been prepared in accordance with the requirements of the LGA and Local Government (Financial Reporting and Prudence) Regulations 2014 (LG(FRP)R), which include the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

The financial statements have been prepared in accordance with and comply with Public Benefit Entity Standards Reduced Disclosure Regime (PBE Standards RDR) and disclosure concessions have been applied. The Council is eligible and has elected to apply the PBE Standards RDR because its expenses are less than \$30 million and it does not have public accountability as defined by XRB A1 Application of the Accounting Standards Framework.

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

The functional currency of the Council and the group is New Zealand dollars. The investment in subsidiary (Percy Thomson Trust) is at cost, amounting to \$100, in the Council's parent entity financial statement.

The financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently throughout the period.

Basis of Consolidation

The consolidated financial statements are prepared by adding together like items of assets, liabilities, equity, revenue, and expenses of entities in the group on a line-by-line basis. All intragroup balances, transactions, revenues and expenses are eliminated on consolidation. The Council consolidates in the Group financial statement all entities being only the Percy Thomson Trust.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. The consolidation of an entity begins from the date when the council obtains control of the entity and ceases when the council loses control of the entity.

Control over an entity is determined when the council has exposure, or rights, to variable benefits from its involvement with the entity and has the ability to affect the nature or amount of those benefits through its power over the other entity. The council considers all relevant facts and circumstances in assessing whether it has power over another entity. For example, the ability to appoint or remove a majority of the entity's governance and management, binding arrangements the council enters into, group voting rights, and pre-determination mechanisms. The council reassesses whether or not it controls another entity if facts and circumstances change.

Presentation Currency and Rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000), other than the remuneration, severance payment and District Licensing Committee disclosures in Notes 25, 26 and 30 respectively. These disclosures are rounded to the nearest dollar.

Goods and Services Tax (GST)

All items in the financial statements are exclusive of GST, except for receivables and payables which are stated as GST inclusive. When GST is not recoverable as an input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cashflow in the Statement of Cashflows.

Commitments and contingencies are disclosed exclusive of GST.

Budget Figures

The budget figures are those approved by the council in its 2022/23 Annual Plan. The budget figures have been prepared in accordance with GAAP, using accounting policies that are consistent with those adopted by the council in preparing these financial statements.

Critical Accounting Estimates and Assumptions

In preparing these financial statements Council has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors that are believed to be reasonable under the circumstances.

As operator of the urban and rural landfills in the district, Council has a legal obligation to provide ongoing maintenance and monitoring services at the landfill sites after closure.

To provide for the estimated cost of aftercare, a provision has been created, and a charge is made each year based on the estimated value of restoration works over the number of years Council is required to maintain these sites.

A number of assumptions and estimates are used when performing depreciated replacement cost valuations over infrastructural assets. These include:

- The physical condition of the asset. This is particularly so for those assets which are not visible, for example stormwater, wastewater and water supply pipes that are underground. This risk is minimised by Council performing physical inspections and condition modelling assessments of underground assets.
- Estimating any obsolescence or surplus capacity of any asset.
- The remaining useful life over which the asset will be depreciated. These estimates can be impacted by local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, Council could be over or underestimating the depreciation charge recognised in the Statement of Comprehensive Revenue and Expense. To minimise this risk useful lives are determined with reference to the NZ Infrastructural Asset Valuation and Depreciation guidelines published by the National Asset Management Steering Group. Asset inspections and condition modelling are also carried out regularly as part of Council's asset management planning activities.

The replacement cost of an asset is based on recent construction contracts in the region for modern equivalent assets, from which unit rates are determined. Unit rates have been applied to components of the network based on size, material, depth and location.

Critical Judgements in Applying Accounting Policies

Management has exercised the following critical judgements in applying accounting policies for the year ended 30 June 2023:

Classification of property:

The Council owns a number of properties held to provide housing to pensioners. The receipt of market-based rental from these properties is incidental to holding them. The properties are held for service delivery objectives as part of the Council's social housing policy. The properties are therefore accounted for as property, plant, and equipment rather than as investment property.

Changes in Accounting Policies

There were no changes in the accounting policies.

Note 3 Summary of Cost of Services

Accounting Policy

The Cost of Service Statements report the net cost of services for significant activities of Council, and are represented by the costs of providing the service less all revenue that can be allocated to these activities.

Cost Allocation

The Cost of Service Statements reflect the full cost of significant activities, by including direct costs, internal transfers, depreciation and indirect costs (overheads) allocated on the 'step' method, based on hours of service supplied to each activity.

'Direct Costs' are those costs directly attributable to a significant activity.

'Indirect Costs' are those costs which cannot be identified in an economically feasible manner with a specific significant activity.

There have been no changes to cost allocation methodology this year.

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FUNCTION	Revenue		Expenditure		Net Actual	Net Budget	Actual
	Actual \$000	Budget \$000	Actual \$000	Budget \$000	2022/23 \$000	2022/23 \$000	2021/22 \$000
Recreation and Facilities							
Aerodrome	25	27	121	101	96	74	82
Civic Amenities	65	52	1,033	1,017	968	965	924
Pensioner Housing	66	79	161	143	95	63	43
Library	15	14	768	691	753	677	740
Parks and Reserves	8	9	929	757	921	748	812
Cemeteries	138	104	211	187	74	83	59
TSB Pool Complex	355	241	2,558	1,487	2,204	1,246	1,119
Sub-Total	672	526	5,781	4,383	5,110	3,856	3,779
Democracy							
Democracy	37	-	1,334	1,243	1,297	1,243	1,233
Corporate Support	131	85	3	-	(128)	(85)	(102)
Sub-Total	168	85	1,337	1,243	1,169	1,158	1,131
Community Development							
Economic Development	-	-	564	598	564	598	600
Community Services	36	34	688	437	652	404	586
Council Projects	-	-	31	-	31	-	-
Information Centre	62	39	217	287	155	248	164
Farm Investment	638	489	481	385	(157)	(104)	(290)
Holiday Park	3	3	3	2	(1)	(1)	(1)
Rental Properties	35	36	67	69	32	33	35
Sub-Total	773	601	2,051	1,778	1,277	1,178	1,093
Environmental Services							
Building Control	458	433	944	994	486	561	521
Dog Control	123	145	220	210	97	65	59
District Plan	-	-	209	208	209	208	161
Resource Consents	120	121	321	240	201	119	144
Bylaws	(15)	1	135	142	150	141	144
Environmental Health	33	31	197	166	164	135	131
Liquor Licensing	30	34	136	109	106	75	76
Sub-Total	749	765	2,163	2,069	1,414	1,304	1,236
Civil Defence and Emergency Management							
Civil defence and emergency management	-	-	316	343	316	343	362
Sub-Total	-	-	316	343	316	343	362
Roading	6,406	5,322	7,474	6,370	1,068	1,047	1,953
Business Unit	403	400	294	380	(109)	(20)	(73)
Sub-Total	6,809	5,722	7,768	6,750	959	1,027	1,880
Stormwater							
Stormwater	-	-	460	437	460	437	446
Sub-Total	-	-	460	437	460	437	446
Wastewater (Sewerage)							
Wastewater (Sewerage)	38	75	1,066	1,097	1,028	1,022	945
Sub-Total	38	75	1,066	1,097	1,028	1,022	945
Solid Waste							
Solid Waste	213	118	985	1,050	772	932	835
Sub-Total	213	118	985	1,050	772	932	835
Water Supply							
Water Supply	489	485	2,218	2,160	1,729	1,675	1,739
Sub-Total	489	485	2,218	2,160	1,729	1,675	1,739
Total Activity Revenue & Expenditure	9,912	8,377	24,145	21,307	14,233	12,932	13,445
Plus: General Rates & UAGC	8,093	7,848	-	-	(8,093)	(7,848)	(7,410)
Plus: Targeted Rates	6,583	6,511	-	-	(6,583)	(6,511)	(6,483)
Total Revenue and Operating Expenditure	24,587	22,736	24,145	21,307	(442)	(1,427)	(448)

Each significant activity is stated gross of internal costs and revenues and excludes general and targeted rates attributable to activities (refer to note 4).

In order to fairly reflect the total external operations for the Council in the Statement of Comprehensive Revenue and Expense, these transactions are eliminated as shown above.

Note 4 Rates Revenue

Accounting Policy

The following policies for rates have been applied:

- Revenue is measured at fair value.
- General rates, targeted rates (excluding water-by-meter), and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. The Council considers the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.
- Rates arising from late payment penalties are recognised as revenue when rates become overdue
- Revenue from water-by-meter rates is recognised on an accrual basis based on usage. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.
- Rate remissions are recognised as a reduction of rates revenue when the Council has received an application that satisfies its rates remission policy.
- Rates collected on behalf of the Taranaki Regional Council (TRC) are not recognised in the financial statements, as the Council is acting as an agent for the TRC.

	Council and Group Actual 2022/23 \$000	Council and Group Actual 2021/22 \$000
General rates	7,961	7,307
Targeted rates attributable to activities:		
- metered water supply	489	420
- other water rates - uniform annual charge	1,640	1,488
- wastewater - uniform annual charge	904	979
- solid waste - uniform annual charge	903	767
- roading	3,117	3,231
- community halls	18	19
Rate penalties	131	102
Less rates remissions	(125)	(121)
Total rates	15,040	14,192
<p>Council is required by the LGFA Guarantee and Indemnity Deed to disclose in its financial statements (or notes) its annual rates revenue. That Deed defines annual rates revenue as an amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002 together with any revenue received by Council from other local authorities for services provided by Council for which those other local authorities rate. The annual rates income of the Council for the year ended 30 June 2023 for the purposes of the LGFA Guarantee and indemnity Deed disclosure is shown below:</p>		
	Council and Group Actual 2022/23 \$000	Council and Group Actual 2021/22 \$000
Total Rates	15,040	14,192

Non-Rateable Land

Under the Local Government (Rating) Act 2002 certain properties cannot be rated for general rates. This includes schools, places of religious worship, public gardens and reserves. These non-rateable properties, where applicable, may be subject to targeted rates in respect of sewerage, water and refuse. Non-rateable land does not constitute a remission under Stratford District Council's rates remission policy.

Rates are "written-off":

- when remitted in accordance with the Council's rates remission policy; and
- in accordance with the write-off criteria of sections 90A (where rates cannot be reasonably recovered) and 90B (in relation to Māori freehold land) of the Local Government (Rating) Act 2002.

Note 5 Other Revenue

Accounting Policy

Revenue is measured at fair value. The specific accounting policies for significant revenue items are explained below:

Development and Financial Contributions

Development and financial contributions are recognised as revenue when the Council provides, or is able to provide, the service for which the contribution was charged. Otherwise, development and financial contributions are recognised as liabilities until such time as the Council provides, or is able to provide, the service.

Waka Kotahi (New Zealand Transport Agency) roading subsidies

The Council receives funding assistance from Waka Kotahi, which subsidises part of the costs of maintenance and capital expenditure on the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

Other grants received

Other grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

Building and Resource Consent revenue

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

Entrance Fees

Entrance fees are fees charged to users of the Council's local facilities, such as the pool. Revenue from entrance fees is recognised upon entry to such facilities.

Transfer Station Fees

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

Sales of Goods and Commission Sales

Revenue from the sale of goods is recognised when a product is sold to the customer. Commission on exhibition sales and Percy's Place sales is retained by the group, with the remaining proceeds passed onto the seller of the artworks. Revenue includes only amounts received and receivable by the group on its own account, not the amounts collected for the principal. Revenue is recognised when receivable.

Infringement Fees and Fines

Infringement fees and fines mostly relate to traffic and parking infringements and are recognised when the infringement notice is issued. The Council recognises revenue at an amount based on the probability of collecting fines, which is estimated by considering the collection history of fines over the preceding 2 year period.

Vested or Donated Physical Assets

For assets received for no or nominal consideration, the asset is recognised at its fair value when the Council obtains control of the asset. The fair value of the asset is recognised as revenue, unless there is a use or return condition attached to the asset.

For long-lived assets that must be used for a specific use (e.g. land must be used as a recreation reserve), the Council immediately recognises the fair value of the asset as revenue. A liability is recognised only if the Council expects it will need to return or pass the asset to another party.

Interest and Dividends

Interest revenue is recognised using the effective interest method

Dividends are recognised when the right to receive payment has been established. Dividends are recognised in surplus or deficit unless the dividend clearly represents a recovery of part of the cost of the investment.

Sale of Land

Revenue from the Sale of Land is recognised in full when the sale and purchase agreement becomes legally enforceable, as at the date the contract becomes unconditional.

Subsidies and Grants	Council		Group	
	Actual	Actual	Actual	Actual
	2022/23	2021/22	2022/23	2021/22
	\$000	\$000	\$000	\$000
Grants - Toi Foundation	-	551	-	551
Grants - Taranaki Electricity Trust	160	981	190	981
Grants - Other	-	-	14	-
Grants - Other capital contributions	-	400	-	400
Wages subsidies	28	26	29	27
Mayors Taskforce for Jobs	277	240	277	240
Creative Communities Funding	-	-	-	12
Provincial Growth Fund / MBIE	2,173	4,898	2,173	4,898
Waka Kotahi (NZTA) Rooding Subsidies	6,193	4,522	6,193	4,522
Total Subsidies and Grants	8,829	11,618	8,874	11,631
There are no unfulfilled conditions and other contingences attached to Waka Kotahi (NZTA) subsidies recognised.				
Sundry Revenue	Council		Group	
	Actual	Actual	Actual	Actual
	2022/23	2021/22	2022/23	2021/22
	\$000	\$000	\$000	\$000
Petrol Tax	71	78	71	78
Insurance proceeds	0	16	0	16
Sundry revenue	-	48	-	48
Sundry Corporate Services Revenue	55	52	55	52
Gain from sale of investments	-	-	-	-
Total Sundry Revenue	126	194	126	194
Revenue from Exchange and Non-Exchange Transactions	Council		Group	
	Actual	Actual	Actual	Actual
	2022/23	2021/22	2022/23	2021/22
	\$000	\$000	\$000	\$000
Exchange transactions	1,762	1,532	1,811	1,581
Non-exchange transactions	25,379	27,397	25,473	27,489
Total Revenue	27,141	28,928	27,284	29,070

Note 6 Other Gains

	Council		Group	
	Actual	Actual	Actual	Actual
	2022/23	2021/22	2022/23	2021/22
	\$000	\$000	\$000	\$000
Gain on Disposal of Property, Plant and Equipment	2	4	2	4
Total Gains	2	4	2	4

Note 7 Personnel Costs**Accounting Policy****Salaries and Wages**

Salaries and wages are recognised as an expense as employees provide services.

Superannuation schemes

Defined contribution schemes - Employer contributions to Kiwisaver are accounted for as defined contribution superannuation schemes and are expensed in the surplus or deficit as incurred.

	Council		Group	
	Actual	Actual	Actual	Actual
	2022/23	2021/22	2022/23	2021/22
	\$000	\$000	\$000	\$000
Salaries and Wages	5,522	4,815	5,641	4,933
Increase/(Decrease) in Employee Entitlements	40	39	42	38
Total Personnel Costs	5,562	4,854	5,683	4,971

The total paid for defined contribution plan employer contributions was \$210,382 (2021/22: \$127,319), and is included in note 8, under operating expenses.

Note 8 Other Expenses**Accounting Policy****Grant Expenditure**

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where the Council has no obligation to award on receipt of the grant application and are recognised as expenditure when approved by the Council and the approval has been communicated to the applicant. The Council's grants awarded have no substantive conditions attached.

	Council		Group	
	Actual	Actual	Actual	Actual
	2022/23	2021/22	2022/23	2021/22
	\$000	\$000	\$000	\$000
Losses on Disposal and other sundry expenses	246	232	249	232
Insurance premiums	261	189	273	200
Landfill Aftercare Expenses	1	2	1	2
Operating Expenses	11,091	9,812	11,137	9,821
Total Other Expenses	11,598	10,235	11,660	10,255

Note 9 Interest Revenue and Finance Costs

Accounting Policy

Borrowing costs are recognised as an expense in the period in which they are incurred.

	Council		Group	
	Actual 2022/23 \$000	Actual 2021/22 \$000	Actual 2022/23 \$000	Actual 2021/22 \$000
Interest Revenue				
Interest on term deposits	419	222	463	262
Total Finance Income	419	222	463	262
Finance costs				
Interest on bank borrowings	951	552	951	552
Total finance costs	951	552	951	552
Net finance costs	(532)	(330)	(488)	(290)

Note 10 Tax

Accounting Policy

Income tax expense includes components relating to current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that affects neither accounting profit nor taxable profit.

Current tax and deferred tax are measured using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Current and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to items recognised in other comprehensive revenue and expense or directly in equity.

Both Council and its subsidiary, the Percy Thomson Trust, are exempt from income tax.

	Council		Group	
	Actual 2022/23 \$000	Actual 2021/22 \$000	Actual 2022/23 \$000	Actual 2021/22 \$000
Components of Tax Expense				
Current Tax Expense	-	-	-	-
Adjustments to Current Tax in Prior Years	-	-	-	-
Deferred Tax Expense	-	-	-	-
Tax Expense	-	-	-	-
Relationship Between Tax Expense and Accounting Surplus				
Surplus/(Deficit) Before Tax	3,171	7,777	3,051	7,702
Tax at 28%	888	2,178	854	2,157
Non-deductible Expenses	-	-	-	-
Non-taxable Revenue	(888)	(2,178)	(854)	(2,157)
Tax Expense	-	-	-	-

Note 11 Cash and Cash Equivalents and Short Term Deposits

Accounting Policy

Cash and cash equivalents includes cash on hand, deposits held with banks and other short term investments with maturities of three months or less, and bank overdrafts. Bank overdrafts are shown as a current liability in the statement of financial position. The carrying value of cash at bank and short-term deposits with original maturities less than three months approximates their amortised cost.

	Council		Group	
	Actual 2022/23 \$000	Actual 2021/22 \$000	Actual 2022/23 \$000	Actual 2021/22 \$000
Cash at Bank and on Hand	615	2,409	692	2,684
Term Deposits Maturing Three Months or Less from Date of Acquisition	-	1,000	-	1,000
Per Statement of Financial Position and Statement of Cash Flows	615	3,409	692	3,684
Term Deposits Maturing More than Three Months from Date of Acquisition	5,000	7,000	5,350	7,250
Total Cash and Cash Equivalents and Short Term Deposits	5,615	10,409	6,042	10,934
Refer to note 14 for weighted average effective interest rate for term deposits				

Note 12 Receivables

Accounting Policy

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost, less any provision for impairment.

The Council and group apply the simplified ECL model of recognising lifetime ECL for receivables. In measuring ECLs, receivables have been grouped into rates receivables, and other receivables, and assessed on a collective basis as they possess shared credit risk characteristics. They have then been grouped based on the days past due. A provision matrix is then established based on historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment. Receivables, other than rates, are written-off when there is no reasonable expectation of recovery.

	Council		Group	
	Actual 2022/23 \$000	Actual 2021/22 \$000	Actual 2022/23 \$000	Actual 2021/22 \$000
Current Portion				
Rates Receivables	575	369	575	369
Other Receivables	1,829	1,128	1,853	1,132
Other Miscellaneous Debtors	190	190	190	190
Receivables prior to impairment	2,594	1,687	2,618	1,691
Less Provision for Impairment	-	-	-	-
Total Current Portion of Receivables	2,594	1,687	2,618	1,691
Non-Current Portion				
Other Receivables	15	37	15	37
Total Non-Current Portion of Receivables	15	37	15	37
Total Receivables	2,609	1,724	2,633	1,728
Total Receivables Comprise:				
<i>Receivables from non-exchange transactions</i>				
Rates receivables	575	369	575	369
Other receivables from non-exchange transactions	1,857	1,222	1,881	1,226
Total receivables from non-exchange transactions	2,432	1,591	2,456	1,595
<i>Receivables from exchange transactions</i>				
Other receivables from exchange transactions	177	133	177	133
Total receivables from exchange transactions	177	133	177	133
The Chief Executive approved the write-off of rates receivables during the year under the Local Government (Rating) Act 2002 as follows:				
- Section 90A:\$Nil (2022:Nil)				
- Section 90B:\$Nil (2022Nil)				

Note 13 Inventories

Accounting Policy

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

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

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

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

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

When land held for development and future resale is transferred from investment property/property, plant and equipment to inventory, the fair value of the land at the date of the transfer is its deemed cost.

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

The write-down of inventory during the year was NIL (2021/22: NIL). There have been no reversals of write-downs (2022: NIL). No inventory is pledged as security for liabilities.

Note 14 Other Financial Assets

Accounting Policy

Financial assets (other than shares in subsidiaries) are initially recognised at fair value.

Purchases and sales of financial assets are recognised on trade-date, the date on which the Council commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Council has transferred substantially all the risks and rewards of ownership.

Financial assets are classified into the following categories for the purpose of measurement:

- fair value through surplus or deficit (FVTSD);
- amortised cost; and
- fair value through other comprehensive revenue and expense (FVTOCRE).

The classification of a financial asset depends on the purpose for which the instrument was acquired. Transaction costs are included in the carrying value of the financial asset at initial recognition, unless it has been designated at FVTSD, in which case it is recognised in surplus or deficit.

The classification of a financial asset depends on its cash flow characteristics and the Council and group's management model for managing them. A financial asset is classified and subsequently measured at amortised cost if it gives rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal outstanding, and is held within a management model whose objective is to collect the contractual cash flows of the asset.

A financial asset is classified and subsequently measured at FVTOCRE if it gives rise to cash flows that are SPPI and held within a management model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Financial assets that do not meet the criteria to be measured at amortised cost or FVTOCRE are subsequently measured at FVTSD. However, the Council and group may elect at initial recognition to designate an equity investment not held for trading as subsequently measured at FVTOCRE.

Initial recognition of concessionary loans

Loans made at nil or below-market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar financial instrument. For loans to community organisations, the difference between the loan amount and present value of the expected future cash flows of the loan is recognised in surplus or deficit as a grant expense.

Subsequent measurement of financial assets at amortised cost

Financial assets classified at amortised cost are subsequently measured at amortised cost using the effective interest method, less any expected credit losses. Where applicable, interest accrued is added to the investment balance. Instruments in this category include term deposits, community loans, and loans to subsidiaries and associates.

Subsequent measurement of financial assets at FVTOCRE

Financial assets in this category that are debt instruments are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense, except expected credit losses (ECL) and foreign exchange gains and losses are recognised in surplus or deficit. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified to surplus and deficit. The Council and group do not hold any debt instruments in this category.

Financial assets in this category that are equity instruments designated as FVTOCRE are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense. There is no assessment for impairment when fair value falls below the cost of the investment. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred to accumulated funds within equity. The Council and group designate into this category all equity investments that are not included in its investment fund portfolio, and if they are intended to be held for the medium to long-term.

Subsequent measurement of financial assets at FVTSD

Financial assets in this category are subsequently measured at fair value with fair value gains and losses recognised in surplus or deficit.

Interest revenue and dividends recognised from these financial assets are separately presented within revenue.

Instruments in this category include the Council and group's investment fund portfolio (comprising of listed shares, bonds, and units in investment funds).

Expected credit loss allowance (ECL)

The Council and group recognise an allowance for ECLs for all debt instruments not classified as FVTSD. ECLs are the probability-weighted estimate of credit losses, measured at the present value of cash shortfalls, which is the difference between the cash flows due to Council and group in accordance with the contract and the cash flows it expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

ECLs are recognised in two stages. ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). However, if there has been a significant increase in credit risk since initial recognition, the loss allowance is based on losses possible for the remaining life of the financial asset (Lifetime ECL).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Council and group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Council and group's historical experience and informed credit assessment and including forward-looking information.

The Council and group considers a financial asset to be in default when the financial asset is more than 90 days past due. The Council and group may determine a default occurs prior to this if internal or external information indicates the entity is unlikely to pay its credit obligations in full.

	Interest Rate	Council		Group	
		Actual 2022/23 \$000	Actual 2021/22 \$000	Actual 2022/23 \$000	Actual 2021/22 \$000
Current Portion					
Bonds and Other Investments		-	-	30	25
LGFA Borrowers Notes					
Maturity April 2023	1.15%	-	16	-	16
Maturity May 2023	3.06%	-	24	-	24
Maturity August 2023	3.72%	25	-	25	-
Maturity April 2024	0.74%	25	-	25	-
Maturity May 2024	2.13%	32	-	32	-
Total Current Portion		82	40	112	65
Non-current Portion					
Bonds and Other Investments		-	-	397	427
LGFA Borrowers Notes					
Maturity April 2024	0.74%	-	25	-	25
Maturity May 2024	2.13%	-	32	-	32
Maturity April 2025	2.98%	32	32	32	32
Maturity April 2025	3.82%	100	-	100	-
Maturity December 2025	0.64%	93	93	93	93
Maturity April 2026	1.62%	16	16	16	16
Maturity April 2026	1.27%	25	25	25	25
Maturity April 2027	3.25%	24	24	24	24
Maturity April 2027	0.98%	16	16	16	16
Maturity April 2027	3.82%	50	50	50	50
Maturity April 2028	3.91%	50	50	50	50
Maturity May 2028	1.72%	25	25	25	25
Maturity May 2028	3.82%	25	-	25	-
Maturity May 2028	5.07%	25	-	25	-
Maturity May 2029	5.07%	25	-	25	-
Maturity May 2031	3.95%	50	50	50	50
Maturity December 2032	1.47%	87	88	87	88
Community Loan - Stratford A & P Association		7,180	7,180	7,180	7,180
Listed Shares		600	547	600	547
Total Non-current Portion		8,423	8,253	8,820	8,680
Total Other Financial Assets		8,505	8,293	8,932	8,745
Impairment					
There were no impairment provisions for other financial assets. At balance date, none of these financial assets are either past due or impaired.					
Community Loan					
The face value of the community loan is \$7,180,000 (2022: \$7,180,000). The purpose of the loan was to assist the Stratford A and P Association to purchase land to enable development of a multi-purpose facility, focusing on equestrian, motorsport, educational and sporting activities. This loan is secured against land owned by the Association, as a first mortgage.					
Listed Shares					
Listed shares are recognised at fair value. The fair values of listed shares are determined by reference to published current bid price quotations in an active market.					
Maturity Analysis and Effective Interest Rates					
The maturity dates for all other financial assets with the exception of equity investments and advances to subsidiaries and associates are as follows:					
	Council		Group		
	Actual 2022/23 \$000	Actual 2021/22 \$000	Actual 2022/23 \$000	Actual 2021/22 \$000	
Short Term Deposits					
Short term deposits with maturities of 3 months or less	-	1,000	-	1,000	
<i>Average maturity</i>	-	90 days	-	90 days	
<i>Weighted average Effective Interest Rate</i>	0.00%	1.90%	0.00%	1.90%	
Short term deposits with maturities of more than 3 months but less than 12 months	5,000	7,000	5,350	7,250	
<i>Average maturity</i>	120 days	12days	132 days	126 days	
<i>Weighted average Effective Interest Rate</i>	5.57%	2.47%	5.55%	2.46%	
Total	5,000	8,000	5,350	8,250	

Note 15 Property, Plant and Equipment

Accounting Policy

Items of a capital nature over \$2,000 are treated as property, plant and equipment. Property, plant and equipment are classified into three categories:

- **Operational Assets** – These include land, buildings, library books, plant and equipment, motor vehicles, furniture and fittings, and office equipment.
- **Restricted Assets** – Restricted assets are mainly parks and reserves owned by the council and group that provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.
- **Infrastructure Assets** - Infrastructure assets are the fixed utility systems owned by the council and group. Each asset class includes all items that are required for the network to function. For example wastewater reticulation includes reticulation piping and wastewater pump stations.

Property, plant and equipment classes of assets whose fair value can be measured reliably shall be carried at a revalued amount (except land under roads), being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date.

If there is no market-based evidence of fair value because of the specialised nature of the item of property, plant or equipment, Council and group will carry those classes of assets at its cost less any accumulated depreciation and any accumulated impairment losses value.

Property, plant and equipment are valued as follows:

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

Revaluation

Unless stated, valuations are carried out or reviewed by independent qualified valuers and are carried out at least three yearly. Valuations will be undertaken more regularly if necessary to ensure no individual item of property, plant or equipment within a class has a carrying value that is materially different from its fair value.

Council and group's land and building assets have been revalued by Telfer Young (Taranaki) Limited, independent valuers, as at 30 June 2023 at fair value as determined from market-based evidence.

Council's infrastructure assets consisting of Roothing, Stormwater, Waste Water and Water Supply were revalued by Beca Projects NZ Ltd, independent valuers, as at 30 June 2022 in accordance with Financial Reporting Standard (PBE IPSAS 17) and the New Zealand Infrastructure Asset Valuation and Depreciation Guidelines.

A fair value assessment has been performed as at 30 June 2023 for council's infrastructure assets to ensure that the carrying value is not materially different from its fair value.

The fair value estimate was determined using a number of significant assumptions which included:

- The rates were based on the 2023 Road Construction Index (RCI).
- The movement in indices were applied to the 2022 valuation figures to provide new estimated replacement costs at 30 June 2023.

The next valuation is expected to be completed as at 30 June 2024

Land under roads was valued based on fair value provided by previous valuations in 2016 of the Roothing Network. This valuation was carried out by Calibre Consultants Ltd. Council elected to use the fair value of Land under Roads as at 1 July 2016 as the deemed cost. Land under roads is no longer revalued.

Public Benefit Entity Revaluation

Where the carrying amount of a class of assets is increased as a result of a revaluation, the net revaluation increase is credited to the revaluation reserve. The net revaluation increase shall be recognised in the Statement of Comprehensive Revenue and Expenses to the extent that it reverses a net revaluation decrease of the same class of assets previously recognised in the Statement of Comprehensive Revenue and Expense. A net revaluation decrease for a class of assets is recognised in the Statement of Comprehensive Revenue and Expense, except to the extent that it reverses a revaluation increase previously recognised in the revaluation reserve to the extent of any credit balance existing in the revaluation reserve in respect of the same class of asset.

Impairment

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

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

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

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

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

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

Value in use for non-cash generating assets

Non cash-generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, a restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Value in use for cash-generating assets

Cash generating assets are those assets that are held with the primary objective of generating a commercial return.

The value in use for cash-generating assets and cash-generating units is the present value of expected future cashflow.

Disposals

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

Subsequent Costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and Group, and the cost of the item can be measured reliably.

Security

Council and Group do not have any Property, Plant and Equipment pledged as security.

The costs of day-to-day servicing of property, plant and equipment are recognised in the surplus or deficit as they are incurred.

Additions

The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and group and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits for service potential associated with the item will flow to the Council and group and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant and equipment are recognised in the surplus or deficit as they are incurred.

Depreciation

Depreciation is calculated on a straight line basis on all property, plant and equipment, excluding land, at rates that will write off the value of the assets, less their estimated residual values, over their useful lives.

The useful lives of the classes of assets have been estimated as follows:

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

Insurance of Assets

The following information relates to the insurance of Council assets as at 30 June:		
	2023	2022
	\$000	\$000
The total book value of all Council assets covered by insurance contracts	44,887	22,158
The maximum amount to which insured assets are insured	73,614	51,819
The total book value of all Council assets covered by financial risk-sharing arrangements	66,093	60,806
The total replacement cost of all Council assets covered by financial risk-sharing arrangements	111,102	97,576
Maximum amount available to the Council under financial risk-sharing arrangements	44,441	39,030
Total value of assets that are self-insured	-	-
Value of funds maintained for self-insurance	-	-
<p>In the event of natural disaster, central government may contribute up to 60% towards the restoration of water, drainage, and wastewater assets, and provide a subsidy towards the restoration of roads.</p>		

2023 - Agenda - Audit and Risk - September - Open - Decision Report – Approve draft Annual Report 2022/23

	Cost /	Accumulated	Carrying	Assets	Assets	Disposals /	Transfers	Depreciation	Depreciation	Depreciation	Revaluation	Cost /	Accumulated	Carrying
	Valuation	Depreciation and Impairment	Amount	constructed by Council	transferred to Council	Impairment			Reversed on Revaluation	Reversed on Disposal	Surplus (excl reversal of accumulated depreciation)	Valuation	Depreciation and Impairment	Amount
	1 July 2022			Current Year								30 June 2023		
2023	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Council Operational Assets														
Land	8,984	-	8,984	-	-	-	-	-	-	-	390	9,374	-	9,374
Buildings	9,410	1,230	8,180	149	-	-	-	435	(1,663)	-	109	9,666	0	9,666
Surplus Properties	152	-	152	-	-	-	-	-	-	-	151	303	-	303
Plant	670	384	286	193	-	(14)	-	44	-	(13)	-	849	415	434
Motor Vehicles	375	154	221	50	-	(39)	-	25	-	(9)	-	386	170	216
Furniture/Fittings	501	270	231	29	-	-	-	19	-	-	-	531	289	242
Office Equipment	1,081	695	386	111	-	(53)	-	78	-	(42)	-	1,140	731	408
Library Books	776	434	342	37	-	-	-	37	-	-	-	813	471	342
Work In Progress - Buildings	64	-	64	-	-	-	(6)	-	-	-	-	58	-	58
Work In Progress - Land	-	-	-	2,148	-	-	-	-	-	-	-	2,148	-	2,148
Total Operational Assets	22,013	3,166	18,846	2,717	-	(106)	(6)	638	(1,663)	(64)	650	25,267	2,076	23,190
Council Restricted Assets														
Land	8,912	-	8,912	512	-	-	-	-	-	-	3,505	12,928	-	12,928
Buildings	12,789	1,379	11,410	20,561	-	(7)	-	887	(2,266)	-	(842)	32,502	(0)	32,502
Street Beautification	1,731	287	1,444	-	-	-	-	24	-	-	-	1,731	311	1,420
Rubbish Bins	203	-	203	-	-	-	-	-	-	-	-	203	-	203
Work In Progress - Buildings	19,168	-	19,168	-	-	(19,008)	-	-	-	-	-	160	-	160
Total Restricted Assets	42,803	1,666	41,137	21,073	-	(7)	(19,008)	910	(2,266)	-	2,663	47,524	311	47,213
Council Infrastructure Assets														
Water Supply														
- Reticulation and other assets	20,680	382	20,298	4,929	-	(160)	-	373	-	(5)	-	25,449	750	24,698
- Treatment plants and facilities	14,576	322	14,254	18	-	(10)	-	331	-	(3)	-	14,583	650	13,933
Wastewater System														
- Reticulation and other assets	9,876	273	9,603	406	-	(28)	-	264	-	(1)	-	10,251	536	9,716
- Treatment plants and facilities	2,610	137	2,472	120	-	-	-	138	-	-	-	2,729	275	2,454
Stormwater System	13,067	232	12,835	14	-	-	-	232	-	-	-	13,081	464	12,617
Roading Network	256,220	-	256,220	5,890	-	-	-	2,524	-	-	-	262,110	2,524	259,586
Land Under Roads	54,384	-	54,384	-	-	-	-	-	-	-	-	54,384	-	54,384
Bridges	14,197	0	14,197	370	-	-	-	366	-	-	-	14,567	366	14,201
Work In Progress - Roading	4	-	4	-	-	-	-	-	-	-	-	4	-	4
Work In Progress - Wastewater Reticulation	7	-	7	-	-	-	(7)	-	-	-	-	-	-	-
Work In Progress - Wastewater Treatment	-	-	-	42	-	-	-	-	-	-	-	42	-	42
Work In Progress - Stormwater	41	-	41	58	-	-	-	-	-	-	-	99	-	99
Work In Progress - Water Treatment	211	-	211	192	-	-	-	-	-	-	-	403	-	403
Work In Progress - Water Reticulation	3,727	-	3,727	-	-	-	(3,487)	-	-	-	-	240	-	240
Total Infrastructure Assets	389,598	1,347	388,252	12,038	-	(198)	(3,494)	4,228	-	(9)	-	397,942	5,565	392,377
Total Council	454,415	6,179	448,235	35,828	-	(311)	(22,508)	5,777	(3,929)	(73)	3,313	470,733	7,951	462,780
Subsidiaries														
Buildings	1,697	215	1,482	5	-	-	-	73	(286)	-	269	1,972	-	1,972
Land	235	-	235	-	-	-	-	-	-	-	150	385	-	385
Furniture & Fittings	106	50	56	26	-	(3)	-	5	-	-	-	126	52	74
Office Equipment	17	8	9	-	-	-	-	1	-	-	-	17	9	8
Work in Progress - buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Arboretum	51	4	47	58	-	-	-	2	(6)	-	(9)	100	-	100
Total Subsidiaries	2,106	277	1,829	89	-	(3)	-	81	(292)	-	410	2,600	61	2,539
Total Group	456,521	6,456	450,064	35,917	-	(314)	(22,508)	5,858	(4,221)	(73)	3,723	473,333	8,012	465,319

The figures included under assets constructed by council for work in progress is the net of new work in progress additions and those capitalised during the year.

2023 - Agenda - Audit and Risk - September - Open - Decision Report – Approve draft Annual Report 2022/23

	Cost /	Accumulated	Carrying	Assets	Assets	Disposals /	Transfers	Depreciation	Depreciation	Depreciation	Revaluation	Cost /	Accumulated	Carrying
	Valuation	Depreciation and Impairment	Amount	constructed by Council	transferred to Council	Impairment			Reversed on Revaluation	Reversed on Disposal	Surplus (incl of depreciation reversed on revaluation)	Valuation	Depreciation and Impairment	Amount
	1 July 2021			Current Year								30 June 2022		
2022	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Council Operational Assets														
Land	8,984	-	8,984	-	-	-	-	-	-	-	-	8,984	-	8,984
Buildings	9,184	799	8,385	341	-	(115)	-	437	-	(6)	-	9,410	1,230	8,180
Surplus Properties	168	-	168	-	-	(16)	-	-	-	-	-	152	-	152
Plant	616	348	267	54	-	-	-	36	-	-	-	670	384	286
Motor Vehicles	347	158	189	62	-	(34)	-	20	-	(24)	-	375	154	221
Furniture/Fittings	491	249	242	10	-	-	-	21	-	-	-	501	270	231
Office Equipment	1,036	614	422	46	-	(1)	-	81	-	-	-	1,081	695	386
Library Books	734	392	342	42	-	-	-	42	-	-	-	776	434	342
Work In Progress - Buildings	21	-	21	43	-	-	-	-	-	-	-	64	-	64
Work in progress - plant and equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Work In Progress - Land	19	-	19	-	-	-	(19)	-	-	-	-	-	-	-
Total Operational Assets	21,600	2,560	19,039	597	-	(166)	(19)	637	-	(30)	-	22,013	3,166	18,846
Council Restricted Assets														
Land	8,912	-	8,912	-	-	-	-	-	-	-	-	8,912	-	8,912
Buildings	10,842	861	9,981	1,951	-	-	(4)	518	-	-	-	12,789	1,379	11,410
Street Beautification	1,731	260	1,471	-	-	-	-	26	-	-	-	1,731	287	1,444
Rubbish Bins	203	-	203	-	-	-	-	-	-	-	-	203	-	203
Work In Progress - Street Beautification	19	-	19	-	-	-	(19)	-	-	-	-	-	-	-
Work In Progress - Buildings	6,272	-	6,272	12,896	-	-	-	-	-	-	-	19,168	-	19,168
Total Restricted Assets	27,978	1,121	26,857	14,847	-	-	(23)	545	-	-	-	42,803	1,666	41,137
Council Infrastructure Assets														
Water Supply														
- Reticulation and other assets	11,970	661	11,309	902	-	(28)	-	383	(662)	-	7,835	20,680	382	20,298
- Treatment plants and facilities	4,137	474	3,663	244	-	(51)	-	322	(474)	-	10,246	14,576	322	14,254
Wastewater System														
- Reticulation and other assets	7,947	692	7,255	111	-	(8)	-	272	(691)	-	1,826	9,876	273	9,603
- Treatment plants and facilities	2,098	162	1,935	139	-	-	-	137	(162)	-	372	2,609	137	2,472
Stormwater System	8,482	407	8,075	31	-	-	-	232	(406)	-	4,554	13,067	232	12,835
Roading Network	229,320	-	229,320	3,637	-	-	-	2,543	(2,543)	-	23,263	256,220	-	256,220
Land Under Roads	54,384	-	54,384	-	-	-	-	-	-	-	-	54,384	-	54,384
Bridges	11,934	-	11,934	1,078	-	-	-	367	(367)	-	1,185	14,197	0	14,197
Work in Progress - Roading	-	-	-	4	-	-	-	-	-	-	-	4	-	4
Work In Progress - W/water Reticulation	-	-	-	7	-	-	-	-	-	-	-	7	-	7
Work In Progress - W/water Treatment	1	-	1	-	-	-	(1)	-	-	-	-	-	-	-
Work In Progress - Stormwater	-	-	-	41	-	-	-	-	-	-	-	41	-	41
Work In Progress - Water Treatment	101	-	101	211	-	-	(101)	-	-	-	-	211	-	211
Work In Progress - Water Reticulation	1,052	-	1,052	3,727	-	-	(1,052)	-	-	-	-	3,727	-	3,727
Total Infrastructure Assets	331,426	2,395	329,028	10,132	-	(87)	(1,154)	4,257	(5,305)	-	49,281	389,598	1,347	388,252
Total Council	381,004	6,077	374,924	25,576	-	(252)	(1,196)	5,439	(5,305)	(30)	49,281	454,414	6,179	448,235
Subsidiaries														
Buildings	1,697	143	1,555	-	-	-	-	72	-	-	-	1,697	215	1,482
Land	235	-	235	-	-	-	-	-	-	-	-	235	-	235
Furniture & Fittings	104	45	61	2	-	-	-	5	-	-	-	106	50	56
Office Equipment	14	7	7	3	-	-	-	1	-	-	-	17	8	9
Work in Progress - buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Arboretum	51	2	49	-	-	-	-	2	-	-	-	51	4	47
Total Subsidiaries Assets	2,103	197	1,907	5	-	-	-	79	-	-	-	2,106	277	1,829
Total Group	383,106	6,274	376,831	25,581	-	(252)	(1,196)	5,517	(5,305)	(30)	49,281	456,520	6,456	450,064

The figures included under assets constructed by council for work in progress is the net of new work in progress additions and those capitalised during the year.

Estimate of Replacement Cost

	Council	
	Most recent estimate of replacement cost 2022/23 \$000	Date of Estimate
2023		
Water Supply		
- Reticulation and other assets	44,142	30 June 2023
- Treatment plants and facilities	21,039	30 June 2023
Wastewater System		
- Reticulation and other assets	29,702	30 June 2023
- Treatment plants and facilities	10,543	30 June 2023
Stormwater System	27,162	30 June 2023
Roads and Footpaths	450,673	30 June 2022
2022		
Water Supply		
- Reticulation and other assets	36,127	1 July 2021
- Treatment plants and facilities	20,766	1 July 2021
Wastewater System		
- Reticulation and other assets	28,812	1 July 2021
- Treatment plants and facilities	8,385	1 July 2021
Stormwater System	23,893	1 July 2021
Roads and Footpaths	416,224	30 June 2022

Depreciation and Amortisation Expense by Group of Activity

	Council	
	Actual 2022/23 \$000	Actual 2021/22 \$000
Directly attributable depreciation and amortisation by group of activity		
Recreation and Facilities	1,247	884
Democracy	-	-
Community Development	65	57
Environmental Services	4	3
Roading	2,890	2,910
Stormwater Drainage	232	232
Wastewater (Sewerage)	403	410
Solid Waste	28	29
Water Supply	720	721
Total directly attributable depreciation and amortisation by group of activity	5,588	5,246
Depreciation and amortisation not directly related to group of activities	270	265
Total depreciation and amortisation expense	5,859	5,511

Note 16 Intangible Assets

Accounting Policy

Acquired software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

The carrying value of an intangible asset with a finite life is amortised on a straight line basis. The amortisation charge is recognised in the Statement of Comprehensive Revenue and Expense. The useful lives of intangible assets have been estimated as follows:

- Software 3-10 years – 10% to 33 1/3%.

Council and Group

	Cost / Valuation	Accumulated Amortisation and Impairment	Carrying Amount	Additions	Disposals	Transfers	Current Year Impairment Charges	Depreciation Reversed on Disposal	Current Year Amortisation	Cost / Valuation	Accumulated Amortisation and Impairment	Carrying Amount
2023	1/07/2022			Current Year						30 June 2023		
	\$000	\$000	\$000	\$000	\$000		\$000	\$000	\$000	\$000	\$000	\$000
Computer Software	1,328	876	452	131	-	-	-	-	82	1,459	958	500
Total	1,328	876	452	131	-	-	-	-	82	1,459	958	500

	Accumulated Amortisation and Impairment	Carrying Amount	Additions	Disposals	Transfers	Current Year Impairment Charges	Depreciation Reversed on Disposal	Current Year Amortisation	Cost / Valuation	Accumulated Amortisation and Impairment	Carrying Amount	
2022	1/07/2021		Current Year						30 June 2022			
	\$000	\$000	\$000	\$000	\$000		\$000	\$000	\$000	\$000	\$000	
Computer Software	1298	801	497	30	-	-	-	-	75	1328	876	452
Total	1298	801	497	30	-	-	-	-	75	1328	876	452

All intangible assets referring to above are computer software.

There are no restrictions over intangible assets. No intangible assets have been pledged as security for liabilities.

Note 17 Payables and Deferred Revenue

Accounting Policy

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

	Council		Group	
	Actual 2022/23 \$000	Actual 2021/22 \$000	Actual 2022/23 \$000	Actual 2021/22 \$000
Current Portion				
<i>Payables and deferred revenue under exchange transactions:</i>				
Trade Payables and Accrued Expenses	2,991	4,540	3,018	4,549
Deposits and Bonds	205	231	205	231
Revenue Received in Advance	107	129	107	129
Total	3,303	4,900	3,330	4,909
<i>Payables and deferred revenue under non-exchange transactions:</i>				
Other Taxes Payable (GST)	-	-	-	-
Revenue received in advance - PGF and MBIE funding	448	12	448	12
Revenue received in advance - Three Waters Reform funding	-	-	-	-
Rates in Advance	456	301	456	301
Total	904	313	904	313
Total Current Portion	4,207	5,213	4,234	5,222

Note 18 Provisions

Accounting Policy

Council recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

	Council		Group	
	Actual 2022/23 \$000	Actual 2021/22 \$000	Actual 2022/23 \$000	Actual 2021/22 \$000
Current Portion				
Landfill Aftercare Provision	7	7	7	7
Total Current Portion	7	7	7	7
Non-current Portion				
Landfill Aftercare Provision	7	13	7	13
Total Non-Current Portion	7	13	7	13
Total Provisions	14	20	14	20
Movements for the Landfill Aftercare provision are as follows:				
	Council		Group	
	Actual 2022/23 \$000	Actual 2021/22 \$000	Actual 2022/23 \$000	Actual 2021/22 \$000
Opening Balance	20	25	20	25
Additional Provision Made	-	-	-	-
Amounts used	(6)	(5)	(6)	(5)
Closing Balance 30 June	14	20	14	20

Rural Landfills

In February 1998 Stratford District Council renewed its aftercare consents for the Pukengahu and Huiroa landfills which were closed in 1990 and 1991 respectively.

New consents have been granted by Taranaki Regional Council for the management of Council's closed landfills. These consents are valid until 2034 and set monitoring parameters with requirements for remedial action depending on the outcomes of the monitoring.

Stratford Landfill

In March 1999 Stratford District Council renewed its consent for the Swansea Road landfill. While the consent required the site to be closed by June 2005 it was actually closed on 18 March 2002.

Council has an ongoing liability to ensure the site continues to be managed in a manner that least affects the environment and the work is expected to include the following major components:

- Environmental Monitoring (surface and groundwater)
- Surface groundwater controls (drainage maintenance)
- Earthworks (in the initial years the land is expected to sink due to the refuse decomposition and filling will be required to avoid ponding).

These liabilities are expected to continue to the 2025 year following the closure of the landfill however the financial impact is expected to be greatest for the first five years.

The long term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking in to account existing technology and is discounted using a discount rate of 5.0% (2020/21: 5.0%).

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

Note 19 Employee Entitlements

Accounting Policy

Short-term employee entitlements

Employee benefits expected to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, and sick leave.

A liability and an expense are recognised for bonuses where the Council or group has a contractual obligation or where there is a past practice that has created a constructive obligation.

Long-term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave and retirement gratuities, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlement information; and
- the present value of the estimated future cash flows.

Presentation of employee entitlements

Annual leave is classified as a current liability. Retirement gratuities expected to be settled within 12 months of balance date are classified as a current liability. All other employee entitlements are classified as a non-current liability.

Provision is made in respect of Council and Group's liability for annual leave, and retirement gratuities. Annual leave has been calculated on an actual entitlement basis at current rates of pay while the other provisions have been calculated on an actuarial basis.

	Council		Group	
	Actual	Actual	Actual	Actual
	2022/23	2021/22	2022/23	2021/22
	\$000	\$000	\$000	\$000
Current Portion				
Annual Leave	322	282	329	287
Total Current Portion	322	282	329	287
Non-Current Portion				
Retirement Gratuities	-	-	-	-
Total Non-Current Portion	-	-	-	-
Total Employee Entitlements	322	282	329	287

Note 20 Borrowings

Accounting Policy

Borrowings are initially recognised at their fair value plus transaction costs. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Council or group has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

	Council		Group	
	Actual 2022/23 \$000	Actual 2021/22 \$000	Actual 2022/23 \$000	Actual 2021/22 \$000
Current Portion				
Committed cash advance facility	-	-	-	-
Secured Loans	6,000	8,500	6,000	8,500
Total Current Portion	6,000	8,500	6,000	8,500
Non-Current Portion				
Secured Loans	27,700	23,700	27,700	23,700
Total Non-Current Portion	27,700	23,700	27,700	23,700
Total Borrowings	33,700	32,200	33,700	32,200

Security

The Council has entered into a Debenture Trust Deed with Trustees Executors Limited.

Under the debenture trust deed the Council has granted security over its rates and rates revenue. Trustees Executors Limited hold this security for the benefit of any holders of Stock (as that term is defined in the Council's debenture trust deed).

The Council has granted security stock (with a floating nominal amount) to each of TSB Bank Ltd and New Zealand Local Government Funding Agency (to secure all of Council's borrowings with those entities).

Committed cash advance facility

Stratford District Council has a CCAF (Committed Cash Advance Facility) of \$1.0m that has not been included in the financial statements.

Maturity Analysis and Effective Interest Rates

	Council		Group	
	Actual 2022/23 \$000	Actual 2021/22 \$000	Actual 2022/23 \$000	Actual 2021/22 \$000
Less than one year	6,000	8,500	6,000	8,500
Later than one year but not more than five years	21,200	15,200	21,200	15,200
Later than five years	6,500	8,500	6,500	8,500
Total Borrowings	33,700	32,200	33,700	32,200

The weighted average effective interest rate for 2022/23 is 3.22% (2021/22 - 2.51%).

Internal Borrowing

During the 2012/13 year Council made an internal loan to the Water Supply activity, towards the capital costs of the new Stratford Water Treatment Plant. The loan was for \$2,000,000. Interest has been calculated on the balance outstanding as at 1 July 2022 of \$1,270,795 at the weighted average interest rate as at 31 December 2022 of 2.90%. The Water Supply activity has been charged the cost of \$36,853. The sum of \$80,000 was repaid at the end of the year. The balance as at 30 June 2023 is \$1,190,795.

A breakdown of each loan with the LGFA and respective details is listed below:					
	Maturity date	Interest rate 2022/23	Interest rate 2021/22	Actual 2022/23 \$000	Actual 2021/22 \$000
Current					
LGFA Bond issue	August 2022	0.00%	2.08%	0	6,000
LGFA Bond issue	April 2023	0.00%	1.55%	0	1,000
LGFA Bond issue	May 2023	0.00%	3.47%	0	1,500
LGFA Bond issue	July 2023	5.40%	0.00%	2,000	0
LGFA Bond issue	August 2023	4.12%	0.00%	1,000	0
LGFA Bond issue	April 2024	1.14%	1.14%	1,000	0
LGFA Bond issue	May 2024	2.53%	2.53%	2,000	0
Total Current borrowings				6,000	8,500
Non-current					
LGFA Bond issue	April 2024	0.00%	1.14%	0	1,000
LGFA Bond issue	May 2024	0.00%	2.53%	0	2,000
LGFA Bond issue	April 2025	3.38%	3.38%	2,000	2,000
LGFA Bond issue	April 2025	4.22%	0.00%	4,000	0
LGFA Bond issue	December 2025	1.04%	1.04%	3,700	3,700
LGFA Bond issue	April 2026	1.67%	1.67%	1,000	1,000
LGFA Bond issue	April 2026	2.02%	2.02%	1,000	1,000
LGFA Bond issue	April 2027	1.38%	1.38%	1,000	1,000
LGFA Bond issue	April 2027	3.65%	3.65%	1,500	1,500
LGFA Bond issue	April 2027	4.17%	4.17%	2,000	2,000
LGFA Bond issue	May 2028	2.12%	2.12%	1,000	1,000
LGFA Bond issue	May 2028	4.26%	4.26%	2,000	2,000
LGFA Bond issue	May 2028	5.50%	0.00%	1,000	0
LGFA Bond issue	May 2028	4.23%	0.00%	1,000	0
LGFA Bond issue	April 2029	5.49%	0.00%	1,000	0
LGFA Bond issue	May 2031	4.30%	4.30%	2,000	2,000
LGFA Bond issue	December 2032	1.87%	1.87%	3,500	3,500
Total non-current borrowings				27,700	23,700
Total Borrowings				33,700	32,200

Note 21 Equity

Accounting Policy

Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components.

- accumulated funds;
- restricted reserves;
- property revaluation reserve; and
- fair value through other comprehensive revenue and expense reserve.

Restricted reserves

Restricted reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by the Council.

Restricted reserves include those subject to specific conditions accepted as binding by the Council and which may not be revised by the Council without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Also included in restricted reserves are reserves restricted by Council decision. The Council may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

Property revaluation reserve

This reserve relates to the revaluation of property, plant, and equipment to fair value.

Fair value through other Comprehensive Revenue and Expense reserve

This reserve comprises the cumulative net change in the fair value of assets classified as fair value through other comprehensive revenue and expense.

	Council		Group	
	Actual 2022/23 \$000	Actual 2021/22 \$000	Actual 2022/23 \$000	Actual 2021/22 \$000
Accumulated Funds - 1 July	197,109	189,944	198,703	191,609
Transfers to:				
Restricted Reserves	(164)	(344)	(164)	(344)
Council Created Reserves	(6,374)	(5,976)	(6,374)	(5,976)
Transfers from:				
Council Created Reserves	7,271	5,708	7,271	5,708
Restricted Reserves	59	-	59	-
Revaluation reserve disposal of building	-	-	-	-
Profit / (Loss) for the year	3,171	7,777	3,051	7,702
Balance at 30 June	201,080	197,109	202,553	198,703
Restricted Reserves - 1 July	1,119	775	1,119	775
Transfers to:				
Accumulated Funds	(59)	-	(59)	-
Transfers from:				
Accumulated Funds	164	344	164	344
Balance at 30 June	1,224	1,119	1,224	1,119
Fair Value through other comprehensive revenue and expense - 1 July	(536)	(401)	(536)	(401)
Loss / gain on sale of financial assets at fair value through other comprehensive income	-	-	-	-
Revaluation Gains/(Losses) on Investments Carried at Fair Value	53	(135)	53	(135)
Balance at 30 June	(483)	(536)	(483)	(536)
Council Created Reserves - 1 July	7,404	7,137	7,404	7,137
Transfer to Income Statement on disposal of Property, Plant and Equipment	-	-	-	-
Transfers to:				
Accumulated Funds	(7,271)	(5,708)	(7,271)	(5,708)
Transfers from:				
Accumulated Funds	6,374	5,976	6,374	5,976
Balance at 30 June	6,508	7,405	6,508	7,405
Asset Revaluation Reserves - 1 July	226,366	171,779	227,573	172,986
Revaluation Gains/(Losses)	7,242	54,587	7,944	54,587
Balance at 30 June	233,608	226,366	235,517	227,573
Total Other Reserves - 30 June	240,856	234,355	242,767	235,564
Asset Revaluation Reserves consist of:				
Operational Assets				
Land	7,118	6,576	7,378	6,686
Buildings	6,923	5,150	8,572	6,247
Restricted Assets				
Wastewater System	8,503	8,503	8,503	8,503
Water System	23,200	23,200	23,200	23,200
Stormwater System	11,042	11,042	11,042	11,042
Roading Network	167,125	167,125	167,125	167,125
Land	7,379	3,875	7,379	3,875
Buildings	2,318	895	2,318	895
Total	233,608	226,366	235,517	227,573

Note 21 Equity continued

Purpose of Each Reserve Fund

Council's reserve funds are classified in to three categories:

- Council Created Reserves
- Restricted Reserves
- Targeted Rate Reserves

The purposes of the reserves are as follows:

Council Created Reserves

General Renewals Reserve

This reserve has been created for the accumulation of depreciation on buildings, plant, vehicles, office equipment and furniture and fittings. The funds are set aside to provide for the ongoing replacement of operational assets in these categories, and also to maintain and enhance existing Council assets. Funds are also provided for new projects where necessary.

Roading Renewals Reserve

This reserve has been created for the accumulation of depreciation on roads, bridges and street services assets. The funds are set aside to provide for the ongoing replacement of operational assets in these categories, and also to maintain and enhance existing Council assets. Funds are also provided for new projects where necessary.

Contingency Reserve

This reserve has been created to assist in the event of an emergency. Purposes for which funds are currently set aside are such things as natural disasters e.g. floods, earthquakes, volcanic eruptions etc.

Asset Sales Proceeds Reserve

The purpose of this reserve is to accumulate the net proceeds from the sale of Council assets that have not been specifically tagged for a particular purpose. These funds can then be used to acquire new capital assets.

Staff Gratuities Reserve

These funds are for the payment of gratuities, redundancies, and farewells/recognition of long service of staff or elected members, however there are no other specific restrictions on this reserve.

Mayor's Relief Fund Reserve

This fund has been in existence since at least 1934 and was originally set up to provide funds for the 'relief of distress' in the Stratford District. In recent years the reserve has been funded by donations and distributions of these monies has been at the Mayor's discretion.

Turf Replacement Reserve

This reserve was created to accumulate funds annually to contribute towards the replacement of the hockey turf, when required.

Restricted Reserves

Elsie Fraser Bequest Reserve

These funds came from a bequest from Elsie Fraser in 1985 for the provision of a 'home for the less affluent old people within the Stratford community'. All surpluses from operations of these units are credited to the reserve.

RMA/Financial Contributions Reserve

Financial contributions are required by the Stratford District Plan. Council has received these funds from the subdivision of land and various land use activities. The reserve is used to fund growth related capital works and services.

Targeted Rate Reserves

Water Supply, Solid Waste and Wastewater Reserves

These reserves represent the balance of funds collected from various targeted rates which have not yet been spent. The funds can only be used for the purpose for which they were originally levied. The reserves include depreciation on infrastructural assets, costs of any capital/renewal expenditure and any surplus/deficit from operations for the year.

Reserve Fund Movements

2023		Balance 1 July 2022	Transfers into fund	Transfers out of fund	Balance 30 June 2023
Activities to which the reserve relates		\$000	\$000	\$000	\$000
Restricted Reserves					
Elsie Fraser Bequest Reserve	Pensioner Housing	84	36	(59)	60
Financial Contributions Reserve	All activities	1,034	128	-	1,162
Total		1,118	164	(59)	1,222
2023					
Activities to which the reserve relates		Balance 1 July 2022	Transfers into fund	Transfers out of fund	Balance 30 June 2023
		\$000	\$000	\$000	\$000
Council Created /Targeted Rate Reserves					
General Renewal Reserve	All activities	4,419	1,832	(1,031)	5,220
Contingency Reserve	All activities	505	15	(15)	505
Asset Sale Proceeds Reserve	All activities	1,183	34	(512)	706
Staff Gratuities Reserve	All activities	136	4	(4)	137
Mayor's Relief Fund Reserve	Community	4	0	-	4
Turf Replacement Reserve	Community	41	11	-	52
Farm Surplus	All activities	234	-	(165)	69
Stormwater Reserve	Stormwater	545	248	(41)	752
Roading Renewals Reserve	Roading	235	2,897	(4,153)	(1,021)
Water Supply Reserve	Water Supply	(562)	720	(890)	(732)
Solid Waste Reserve	Waste Management	21	192	(45)	168
Wastewater Reserve	Wastewater	649	422	(416)	654
Total		7,409	6,374	(7,271)	6,513
2022					
Activities to which the reserve relates		Balance 1 July 2021	Transfers into fund	Transfers out of fund	Balance 30 June 2022
		\$000	\$000	\$000	\$000
Restricted Reserves					
Elsie Fraser Bequest Reserve	Pensioner Housing	51	33	-	84
Financial Contributions Reserve	All activities	723	311	-	1,034
Total		774	344	-	1,118
2022					
Activities to which the reserve relates		Balance 1 July 2021	Transfers into fund	Transfers out of fund	Balance 30 June 2022
		\$000	\$000	\$000	\$000
Council Created and Targeted Rate Reserves					
General Renewal Reserve	All activities	4,108	1,420	(875)	4,653
Contingency Reserve	All activities	505	7	(7)	505
Asset Sale Proceeds Reserve	All activities	1,164	19	-	1,183
Staff Gratuities Reserve	All activities	145	2	(11)	136
Mayor's Relief Fund Reserve	Community	4	-	-	4
Turf Replacement Reserve	Community	31	10	-	41
Stormwater Reserve	Stormwater	343	236	(34)	545
Roading Renewals Reserve	Roading	746	3,077	(3,588)	235
Water Supply Reserve	Water Supply	(262)	717	(1,017)	(562)
Waste Management Reserve	Waste Management	78	30	(87)	21
Wastewater Reserve	Wastewater	279	458	(88)	649
Total		7,140	5,975	(5,708)	7,408

Note 22 Commitments

	Council		Group	
	Actual 2022/23 \$000	Actual 2021/22 \$000	Actual 2022/23 \$000	Actual 2021/22 \$000
Financial Commitments				
Not later than one year	6,243	10,741	6,243	10,773
Later than one year and not later than five years	78	5,681	78	5,732
Later than five years	-	-	-	-
Total	6,321	16,422	6,321	16,505
Operating Leases as a Lessor				
Not later than one year	3	3	22	36
Later than one year and not later than five years	12	12	44	63
Later than five years	63	66	63	66
Total	78	81	129	165
Capital Commitments				
Aquatic Centre	-	3,622	-	3,622
Roading network	2,202	6,044	2,202	6,044
Total	2,202	9,666	2,202	9,666

Non-financial commitments

- Council is committed to a 50/50 sharemilking agreement with the current sharemilker to 31 May 2027.
- Council is committed to various leases of rental properties for terms ranging up to 33 years with perpetual rights of renewal in two cases.
- Council is committed to a number of leases on reserves to various sports and other community bodies for varying terms.
- Council is committed to ground leases for the aerodrome club buildings, and private hangars for terms of up to 20 years.
- Quotable Value NZ Ltd will provide valuation services to Council for the period to 30 June 2026.
- AA Drivers Licensing have given Council an agency relationship to 30 June 2025.
- The Information Centre has various commission agreements with tourism providers.

Note 23 Contingencies

Contingent Assets

The Council operates a scheme whereby sports clubs are able to construct facilities (e.g. club rooms) on reserve land. The clubs control the use of these facilities and the Council will gain control of the asset only if the club vacates the facility. Until this event occurs, the assets are not recognised as assets in the statement of financial position. As at 30 June 2023 there are 6 properties, with 7 facilities, having an approximate value of \$940,000 (2022 - 6 properties with 7 facilities - \$940,000). The estimate has been based on rating valuations for the district that were performed effective August 2020.

Contingent Liabilities

Local Government Funding Agency (LGFA)

The Council is a guarantor of the New Zealand Local Government Funding Agency (NZLGFA). The NZ LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. NZLGFA has a local currency rating from both Standard and Poor's and Fitch of AA+ and a foreign currency rating from both of AA+.

As at 30 June 2023, NZLGAF had 77 council members and three council controlled organisation members. Of the 77 council members, 30 are shareholders, and Council is one of the 70 who are guarantors. Together with the other guarantors, the Council is a guarantor of all of the LGFA's borrowings. At 30 June 2023, NZ LGFA had borrowings totalling \$17,571 billion (2021: \$15,78 billion).

Financial reporting standards require the Council to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability.

The Council considers the risk of NZLGFA defaulting on repayment of interest or capital to be very low on the basis that:

- It is not aware of any local authority debt default events in New Zealand; and
- Local government legislation would enable local authorities to levy a rate to raise sufficient funds to meet any debt obligations if further funds were required.

Resource Management Act

The Resource Management Act 1919 imposes certain obligations and liabilities on local authorities relating to the issue of resource consents. As at 30 June 2023, one matter under that Act indicating a potential liability has been brought to the Council's attention.

Note 24 Related Party Transactions

Related party disclosures have not been made for transactions with related parties that are:

- Within a normal supplier or client/recipient relationship; and
- On terms and conditions no more or less favourable than those that is reasonable to expect the council and group would have adopted in dealing with the party at arm's length in the same circumstances.
- Further, no disclosure has been made for transactions with entities within the council group (such as funding and financing flows), where the transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such group transactions.

Council is the ultimate parent of the group and controls one entity, being Percy Thomson Trust and has no significant influence over any other entities.		
<u>Related party transactions required to be disclosed</u>		
	Actual 2022/23 \$000	Actual 2021/22 \$000
Percy Thomson Trust		
Grant to the Trust from Council	50	50
Fees paid by the Trust to Council for administration services	21	21
<u>Key Management Personnel Compensation</u>		
	Actual 2022/23	Actual 2021/22
<i>Councillors</i>		
Full time equivalent members	12	11
<i>Remuneration</i>		
Mayor - N Volzke	\$99,701	\$87,000
<i>Councillors:</i>		
J Sandford	\$23,208	\$26,364
A Jamieson (to October 2022)	\$10,230	\$36,383
J Erwood	\$23,822	\$25,342
G Boyde	\$27,149	\$29,143
R Coplestone (to October 2022)	\$7,307	\$25,342
G Webby (to October 2022)	\$7,307	\$25,342
P Dalziel (to October 2022)	\$7,307	\$25,342
A Harris	\$24,413	\$25,342
M McKay	\$29,778	\$25,342
V Jones	\$23,822	\$2,542
E Hall (from October 2022)	\$16,515	\$0
A Dudley (from October 2022)	\$16,515	\$0
S Beck (from October 2022)	\$16,515	\$0
C Tongawhikau (from October 2022)	\$16,515	\$0
M Watt (from October 2022)	\$16,515	\$0
	\$366,619	\$333,484
<i>Senior Management Team, including the Chief Executive</i>		
Full time equivalent members	5	5
<i>Remuneration</i>	\$958,451	\$853,600
Total full time equivalent personnel	17	16
Total key management personnel remuneration	\$1,325,070	\$1,209,874

Note 25 Remuneration

	Actual 2022/23	Actual 2021/22
Chief Executive		
The Chief Executive of Stratford District Council was appointed under section 42 of the Local Government Act 2002 as from 5 January 2017, then re-appointed for a further five year term from 3 May 2022, and received the following remuneration for the year ended 30 June 2023:		
Salary	\$250,000	\$236,029
Superannuation Subsidy (Kiwisaver)	\$7,500	\$6,873
<i>As at 30 June 2023 the annual remuneration package that was being received by the Chief Executive was calculated at \$250,000. This remuneration excludes Kiwisaver contributions.</i>		
Total Chief Executive Remuneration	\$257,500	\$242,902
Council employee remuneration by band	30 June 2023	30 June 2022
<i>Total annual remuneration by band</i>		
Less than \$60,000	58	56
\$60,000 - \$79,999	17	16
\$80,000 - \$99,999	10	10
\$100,000 - \$159,999	10	9
\$160,000 - \$239,999	4	0
\$240,000 - \$259,999	1	1
Total employees	100	92
Council Employee Numbers	30 June 2023	30 June 2022
Number of employees (at 30 June)	Actual	Actual
Full-time employees	50	44
Part-time employees (including casual employees)	50	48
Total employees	100	92
NB - A full-time equivalent is determined on the basis of a 40 hour working week.		
Full-time equivalent employees		
Full-time employees	50	44
Part-time employees (in full-time equivalents)	22	15
Total full-time equivalent employees	72	59

Note 26 Severance Payments

For the year ended 30 June 2023, the Council made one severance payment to employees totalling \$20,000 (2021/22 - one payment totalling \$7,000).

Note 27 Events After the Balance Date

Following the announcement by the Local Government Minister on 27 October 2021 regarding central government proceeding with the three waters service delivery reforms using a legislated "all in" approach, Council continues to recognise its three waters assets at 30 June 2022 in accordance with the accounting policies set out in Note 15. There has been no adjustment in these financial statements to reflect the expected future transfer of assets to the new water entity.

In June 2022, the Government introduced legislation to establish four publicly owned water services entities to take over responsibilities for service delivery and infrastructure from local authorities with effect from 1 July 2024. The impact of these proposed reforms, once legislated, will mean that the Council will no longer deliver three waters services or own the assets required to deliver these services. The Water Services Entities Bill had its Third Reading on 7 December 2022 and is awaiting Royal Assent. In December 2022, the Government introduced the Water Services Legislation Bill, which will transfer assets and liabilities to the water services entities.

Note 28 Financial Instruments

	Council		Group	
	Actual 2022/23 \$000	Actual 2021/22 \$000	Actual 2022/23 \$000	Actual 2021/22 \$000
FINANCIAL ASSETS				
Amortised Cost (2021: Loans and receivables)				
Cash and cash equivalents - Cash	615	3,409	692	3,684
Short Term Deposits	5,000	7,000	5,350	7,250
Receivables	2,594	1,687	2,618	1,691
Community Loan	7,180	7,180	7,180	7,180
LGFA Borrower Notes (2021: classified as held to maturity)	725	566	725	566
Total	16,114	19,842	16,565	20,371
Fair value through surplus and deficit (2021: Fair value through other comprehensive revenue and expense)				
Other financial assets:				
Bonds and Other Investments	-	-	397	427
Listed shares	600	547	600	547
Total	600	547	997	974
FINANCIAL LIABILITIES				
Financial liabilities at amortised cost				
Payables and deferred revenue	3,303	4,900	3,330	4,909
Borrowings:				
Secured loans	33,700	32,200	33,700	32,200
Total	37,003	37,100	37,030	37,109

Note 29 Explanation of Significant Variances Between Actual and Budget

Explanations for major variations from Council's estimated figures in the 2022/23 Annual Plan are as follows:

Statement of Comprehensive Revenue and Expense

Income is higher than budget due to the following:

- Revenue from subsidies is higher than budget due to the increased amount of expenditure on roading, that was partly subsidised.
- Interest revenue was higher than budget due to the increase in term deposit interest rates.

Expenditure is higher than budget due to the following:

- Personnel costs are higher than budget due to the increase in the number of full time equivalent staff that were required to carry out the functions of council.

Other Comprehensive Revenue and Expense

- Land and buildings assets were revalued at 30 June 2023, which showed a significant increase over the carrying amount, which has been reflected in these accounts.

Statement of Financial Position

- Property, Plant and Equipment is higher than budget, due to the increase in the revaluation of the land and buildings, as at 30 June 2023.
- Current borrowings are higher than budget due to the additional funds council was required to borrow, for various capital projects, being placed on short term maturities, due to advantageous interest rates obtained.
- Reserves are higher than budget as a result of the revaluation of the land and building assets.

Note 30 District Licensing Committee Disclosure

	2022/23	2021/22
Income from Fees:		
Licence Applications	32,268	35,213
Liquor Licencing Authority Levies	-1,795	60
Total Income	30,473	35,273
Expenditure:		
Licencing Inspectors	70,733	52,526
District Licensing Committee Fees	4,963	5,167
Liquor Licencing Authority Levies	-	0
Other operating Costs Relating to Enforcement	4,740	1,303
Total Expenditure	80,436	58,996

This information is provided in accordance with Regulation 19 of the Sale and Supply of Alcohol (Fees) Regulations 2013. This regulation requires Territorial Authorities to prepare a report detailing income from fees, and licencing costs under the Act. This information must be publicly available.

Note 31 Joint Committee – Central Landfill

During the 2017/18 year the Council agreed with South Taranaki District Council (STDC) and New Plymouth District Council (NPDC) tasked with developing a new landfill and operating it following the closure of the Colson Road Landfill. Each Council's share of capital contributions, distribution of any operating surplus or apportionment of any operating deficit has been agreed as follows: NPDC 66.4%, STDC 27.1% and SDC 6.5%. As at 30 June 2022, no additional capital contributions were made (2020/21: \$0 million).

In November 2018, the Joint Committee made the decision to suspend further development of the Central Landfill. Waste is now being disposed of at Bonny Glen, in the Rangitikei District, under a 35 year contract with Midwest Disposals Ltd who operate the landfill. As there was no alternative use for the proposed central landfill in Taranaki, all capital costs incurred have been written off to surplus or deficit. As at 30 June 2022 there are no funds retained by the Central Landfill Joint Committee for Stratford District Council's share of future operational costs (2020/21 \$1,950).

Note 32 Riskpool Update

Stratford District Council was previously a member of the New Zealand Mutual Liability Riskpool scheme ('Riskpool'). The Scheme is in wind down, however the Council has an ongoing obligation to contribute to the scheme should a call be made in respect of any historical claims (to the extent those claims are not covered by reinsurance), and to fund the ongoing operation of the scheme.

The likelihood of any call in respect of historical claims diminishes with each year as limitation periods expire. However, as a result of the Supreme Court decision on 1 August 2023 in Napier City Council v Local Government Mutual Funds Trustee Limited, it has been clarified that Riskpool has a liability for that member's claim in relation to non-weather-tight defects (in a mixed claim involving both weather-tight and non-weather-tight defects). Riskpool has advised that it is working through the implications of the Supreme Court decision. At this point any potential liability is unable to be quantified.

Funding Impact Statements

Funding Impact Statement for the year ended 30 June 2023 (Whole of Council)

	Annual Plan 2021/22	Actual 2021/22	Annual Plan 2022/23	Actual 2022/23
	(\$000)	(\$000)	(\$000)	(\$000)
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	7,245	7,410	7,848	8,093
Targeted rates	6,705	6,885	6,996	7,053
Subsidies and grants for operating purposes	1,984	999	1,833	2,935
Fees and Charges	2,563	2,399	2,820	2,629
Interest and dividends from investments	206	222	232	419
Local authorities fuel tax, fines, infringement fees, and other receipts	46	78	53	71
Total operating funding (A)	18,749	17,992	19,782	21,200
Applications of operating funding				
Payment to staff and suppliers	14,596	14,857	15,087	16,914
Finance costs	477	552	735	951
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	15,073	15,409	15,822	17,865
Surplus (deficit) of operating funding (A-B)	3,676	2,583	3,959	3,335
Sources of capital funding				
Subsidies and grants for capital expenditure	10,641	10,620	6,688	5,894
Development and financial contributions	-	300	-	97
Increase (decrease) in debt	13,821	10,000	6,221	1,500
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	24,462	20,920	12,910	7,491
Applications of capital funding				
Capital expenditure to:				
- To meet additional demand	1,200	6	1,025	2,653
- To improve the level of service	20,614	19,298	9,577	4,730
- To replace existing assets	6,721	5,070	6,813	5,999
Increase (decrease) in reserves	(397)	(869)	(546)	(2,558)
Increase (decrease) in investments	-	-	-	-
Total applications of capital funding (D)	28,138	23,506	16,869	10,825
Surplus (deficit) of capital funding (C-D)	(3,676)	(2,586)	(3,959)	(3,335)
Funding balance ((A-B) + (C-D))	0	0	0	0

Funding Impact Statement - Note

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

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

Funding Impact Statement for the year ended 30 June 2023 (Recreation and Facilities)

	Long Term Plan 2021 for 2021/22	Actual 2021/22	Long Term Plan 2022/23	Actual 2022/23
	(\$000)	(\$000)	(\$000)	(\$000)
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	3,046	3,090	3,678	3,584
Targeted rates	17	19	17	18
Subsidies and grants for operating purposes	79	120	-	14
Fees and Charges	496	443	508	673
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	47	32	46	62
Total operating funding (A)	3,686	3,704	4,250	4,351
Applications of operating funding				
Payment to staff and suppliers	2,178	2,362	2,169	3,253
Finance costs	161	151	296	352
Internal charges & overheads applied	809	820	833	923
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	3,149	3,332	3,298	4,528
Surplus (deficit) of operating funding (A-B)	537	372	951	(177)
Sources of capital funding				
Subsidies and grants for capital expenditure	5,700	4,296	16	1,606
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	11,366	10,504	652	(246)
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	17,066	14,800	668	1,360
Applications of capital funding				
Capital expenditure to:				
- To meet additional demand	-	-	-	-
- To improve the level of service	16,877	14,870	673	2,276
- To replace existing assets	161	131	6	33
Increase (decrease) in reserves	565	172	940	(1,125)
Increase (decrease) in investments	-	-	-	-
Total applications of capital funding (D)	17,603	15,172	1,620	1,184
Surplus (deficit) of capital funding (C-D)	(537)	(372)	(952)	176
Funding balance ((A-B) + (C-D))	0	0	0	0

Funding Impact Statement for the year ended 30 June 2023 (Roading)

	Long Term Plan 2021 for 2021/22	Actual 2021/22	Long Term Plan 2022/23	Actual 2022/23
	(\$000)	(\$000)	(\$000)	(\$000)
Sources of operating funding				
General rates, uniform annual general charges, rates penalties *	(10)	(10)	(9)	(25)
Targeted rates	3,203	3,231	3,026	3,117
Subsidies and grants for operating purposes	1,905	1,776	1,911	2,343
Fees and Charges	633	480	648	546
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	19	93	19	101
Total operating funding (A)	5,750	5,569	5,595	6,081
Applications of operating funding				
Payment to staff and suppliers - see note below	3,533	3,677	3,557	4,452
Finance costs	2	-	6	5
Internal charges & overheads applied	379	368	389	419
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	3,913	4,045	3,952	4,875
Surplus (deficit) of operating funding (A-B)	1,837	1,523	1,643	1,205
Sources of capital funding				
Subsidies and grants for capital expenditure	3,541	2,746	3,443	3,685
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	134	-	231	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	3,675	2,746	3,674	3,685
Applications of capital funding				
Capital expenditure to:				
- To meet additional demand	-	-	-	-
- To improve the level of service	350	479	619	1,228
- To replace existing assets	5,413	4,240	4,983	5,033
Increase (decrease) in reserves	(251)	(450)	(285)	(1,371)
Increase (decrease) in investments	-	-	-	-
Total applications of capital funding (D)	5,512	4,270	5,317	4,889
Surplus (deficit) of capital funding (C-D)	(1,837)	(1,524)	(1,643)	(1,205)
Funding balance ((A-B) + (C-D))	0	0	0	0

Funding Impact Statement for the year ended 30 June 2023 (Water Supply)

	Long Term Plan 2021 for 2021/22	Actual 2021/22	Long Term Plan 2022/23	Actual 2022/23
	(\$000)	(\$000)	(\$000)	(\$000)
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	-	-	-	-
Targeted rates	1,810	1,908	1,831	2,129
Subsidies and grants for operating purposes	-	-	-	-
Fees and Charges	-	-	-	-
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	25	20	25	39
Total operating funding (A)	1,836	1,928	1,856	2,168
Applications of operating funding				
Payment to staff and suppliers	736	754	698	643
Finance costs	170	184	179	268
Internal charges & overheads applied	501	500	515	587
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	1,407	1,438	1,391	1,498
Surplus (deficit) of operating funding (A-B)	429	490	464	670
Sources of capital funding				
Subsidies and grants for capital expenditure	1,400	2,151	1,025	240
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	144	1,020	628	579
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	1,544	3,171	1,653	819
Applications of capital funding				
Capital expenditure to:				
- To meet additional demand	-	-	-	-
- To improve the level of service	1,780	3,578	1,904	688
- To replace existing assets	695	375	812	423
Increase (decrease) in reserves	(502)	(292)	(599)	377
Increase (decrease) in investments	-	-	-	-
Total applications of capital funding (D)	1,973	3,660	2,117	1,489
Surplus (deficit) of capital funding (C-D)	(429)	(489)	(464)	(670)
Funding balance ((A-B) + (C-D))	0	0	0	0

Funding Impact Statement for the year ended 30 June 2023 (Waste Water)

	Long Term Plan 2021 for 2021/22	Actual 2021/22	Long Term Plan 2022/23	Actual 2022/23
	(\$000)	(\$000)	(\$000)	(\$000)
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	-	-	-	-
Targeted rates	936	979	985	904
Subsidies and grants for operating purposes	-	-	-	-
Fees and Charges	73	57	75	38
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	13	10	13	20
Total operating funding (A)	1,022	1,045	1,073	961
Applications of operating funding				
Payment to staff and suppliers	452	312	428	322
Finance costs	42	26	53	41
Internal charges & overheads applied	254	253	261	300
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	747	591	742	663
Surplus (deficit) of operating funding (A-B)	275	454	331	298
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	724	147	266	254
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	724	147	266	254
Applications of capital funding				
Capital expenditure to:				
- To meet additional demand	-	-	-	-
- To improve the level of service	800	188	362	92
- To replace existing assets	213	48	252	426
Increase (decrease) in reserves	(15)	365	(17)	33
Increase (decrease) in investments	-	-	-	-
Total applications of capital funding (D)	998	600	597	551
Surplus (deficit) of capital funding (C-D)	(274)	(454)	(331)	(299)
Funding balance ((A-B) + (C-D))	0	0	0	0

Funding Impact Statement for the year ended 30 June 2023 (Storm Water)

	Long Term Plan 2021 for 2021/22 (\$000)	Actual 2021/22 (\$000)	Long Term Plan 2022/23 (\$000)	Actual 2022/23 (\$000)
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	356	357	367	430
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-
Fees and Charges	-	-	-	-
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	7	5	7	10
Total operating funding (A)	363	362	373	440
Applications of operating funding				
Payment to staff and suppliers	63	68	59	50
Finance costs	22	15	27	21
Internal charges & overheads applied	132	131	136	157
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	217	214	222	228
Surplus (deficit) of operating funding (A-B)	146	148	151	211
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	212	36	242	43
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	212	36	242	43
Applications of capital funding				
Capital expenditure to:				
- To meet additional demand	-	-	-	-
- To improve the level of service	252	64	292	72
- To replace existing assets	53	5	55	-
Increase (decrease) in reserves	52	115	46	182
Increase (decrease) in investments	-	-	-	-
Total applications of capital funding (D)	358	184	393	254
Surplus (deficit) of capital funding (C-D)	(146)	(148)	(151)	(211)
Funding balance ((A-B) + (C-D))	0	0	0	0

Funding Impact Statement for the year ended 30 June 2023 (Solid Waste)

	Long Term Plan 2021 for 2021/22 (\$000)	Actual 2021/22 (\$000)	Long Term Plan 2022/23 (\$000)	Actual 2022/23 (\$000)
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	19	19	20	25
Targeted rates	756	767	780	903
Subsidies and grants for operating purposes	-	-	-	-
Fees and Charges	108	153	110	213
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	8	6	8	12
Total operating funding (A)	890	944	918	1,153
Applications of operating funding				
Payment to staff and suppliers	682	789	704	761
Finance costs	20	20	19	25
Internal charges & overheads applied	152	150	156	171
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	853	959	879	957
Surplus (deficit) of operating funding (A-B)	37	(15)	38	196
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	(36)	(36)	(35)	(35)
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	(36)	(36)	(35)	(35)
Applications of capital funding				
Capital expenditure to:				
- To meet additional demand	-	-	-	-
- To improve the level of service	-	7	-	10
- To replace existing assets	-	-	10	-
Increase (decrease) in reserves	-	(58)	(8)	151
Increase (decrease) in investments	-	-	-	-
Total applications of capital funding (D)	-	(51)	2	161
Surplus (deficit) of capital funding (C-D)	(36)	15	(37)	(196)
Funding balance ((A-B) + (C-D))	0	0	0	0

Funding Impact Statement for the year ended 30 June 2023 (Democracy)

	Long Term Plan 2021 for 2021/22 (\$000)	Actual 2021/22 (\$000)	Long Term Plan 2022/23 (\$000)	Actual 2022/23 (\$000)
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	1,074	1,077	1,172	1,158
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	10
Fees and Charges	70	102	70	168
Internal charges and overheads recovered	1,368	1,477	1,403	1,635
Local authorities fuel tax, fines, infringement fees, and other receipts	34	26	34	53
Total operating funding (A)	2,547	2,682	2,678	3,024
Applications of operating funding				
Payment to staff and suppliers	1,874	2,012	1,986	2,222
Finance costs	-	-	-	-
Internal charges & overheads applied	673	698	692	746
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	2,547	2,710	2,678	2,968
Surplus (deficit) of operating funding (A-B)	-	(27)	-	56
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	-	-	-	-
Applications of capital funding				
Capital expenditure to:				
- To meet additional demand	-	-	-	-
- To improve the level of service	-	-	-	-
- To replace existing assets	189	193	225	227
Increase (decrease) in reserves	(189)	(220)	(225)	(171)
Increase (decrease) in investments	-	-	-	-
Total applications of capital funding (D)	-	(27)	-	56
Surplus (deficit) of capital funding (C-D)	-	27	-	(56)
Funding balance ((A-B) + (C-D))	0	0	0	0

Funding Impact Statement for the year ended 30 June 2023 (Community Development)

	Long Term Plan 2021 for 2021/22 (\$000)	Actual 2021/22 (\$000)	Long Term Plan 2022/23 (\$000)	Actual 2022/23 (\$000)
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	1,243	1,244	1,402	1,139
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	-	261	-	377
Fees and Charges	623	855	625	773
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	21	17	21	33
Total operating funding (A)	1,887	2,377	2,048	2,322
Applications of operating funding				
Payment to staff and suppliers	1,224	1,365	1,316	1,376
Finance costs	59	43	56	57
Internal charges & overheads applied	476	483	490	521
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	1,759	1,891	1,862	1,955
Surplus (deficit) of operating funding (A-B)	128	485	186	367
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	1,200	(3)	910	(56)
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	1,200	(3)	910	(56)
Applications of capital funding				
Capital expenditure to:				
- To meet additional demand	1,200	6	1,025	2,142
- To improve the level of service	556	192	549	25
- To replace existing assets	-	-	-	-
Increase (decrease) in reserves	(428)	284	(478)	(1,855)
Increase (decrease) in investments	-	-	-	-
Total applications of capital funding (D)	1,328	482	1,096	312
Surplus (deficit) of capital funding (C-D)	(128)	(485)	(186)	(368)
Funding balance ((A-B) + (C-D))	0	0	0	0

Funding Impact Statement for the year ended 30 June 2023 (Environmental Services)

	Long Term Plan 2021 for 2021/22 (\$000)	Actual 2021/22 (\$000)	Long Term Plan 2022/23 (\$000)	Actual 2022/23 (\$000)
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	1,499	1,505	1,547	1,652
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-
Fees and Charges	561	800	590	749
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	49	38	48	75
Total operating funding (A)	2,109	2,343	2,186	2,476
Applications of operating funding				
Payment to staff and suppliers	1,131	1,395	1,180	1,400
Finance costs	1	1	1	2
Internal charges & overheads applied	969	997	997	1,065
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	2,101	2,395	2,178	2,468
Surplus (deficit) of operating funding (A-B)	8	(52)	8	8
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	(2)	(2)	(2)	(2)
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	(2)	(2)	(2)	(2)
Applications of capital funding				
Capital expenditure to:				
- To meet additional demand	-	-	-	-
- To improve the level of service	-	-	-	-
- To replace existing assets	-	-	-	-
Increase (decrease) in reserves	6	(54)	5	6
Increase (decrease) in investments	-	-	-	-
Total applications of capital funding (D)	6	(54)	5	6
Surplus (deficit) of capital funding (C-D)	(8)	52	(7)	(8)
Funding balance ((A-B) + (C-D))	0	0	0	0

Annual Report Disclosure Statement

Annual report disclosure statement for year ending 30 June 2023.

What is the purpose of this statement?

The purpose of this statement is to disclose the council's financial performance in relation to various benchmarks to enable the assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

Rates affordability benchmark

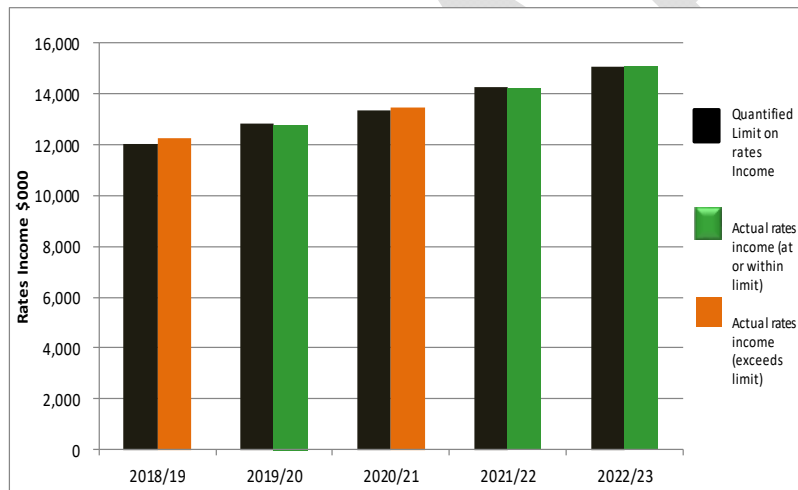
The council meets the rates affordability benchmark if –

- its actual rates income equals or is less than each quantified limit on rates; and
- its actual rates increases equal or are less than each quantified limit on rates increases.

Rates (income) affordability

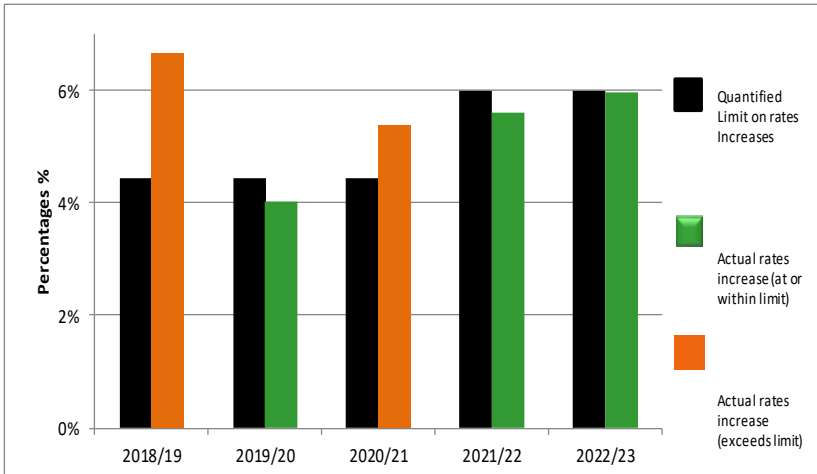
The following graph compares the Council's actual total rates income with the quantified limit on rates income as per the LTP 2021 which is previous years rates plus 6% (previous years was the previous years rates plus 4.45%).

The breach in 2020/21 was approved by council as part of the 2018-2028 Long Term Plan and was a result of anticipated higher interest and depreciation expenditure as a result of new capital projects. The limit of \$13,317,000 was exceeded by \$119,000.



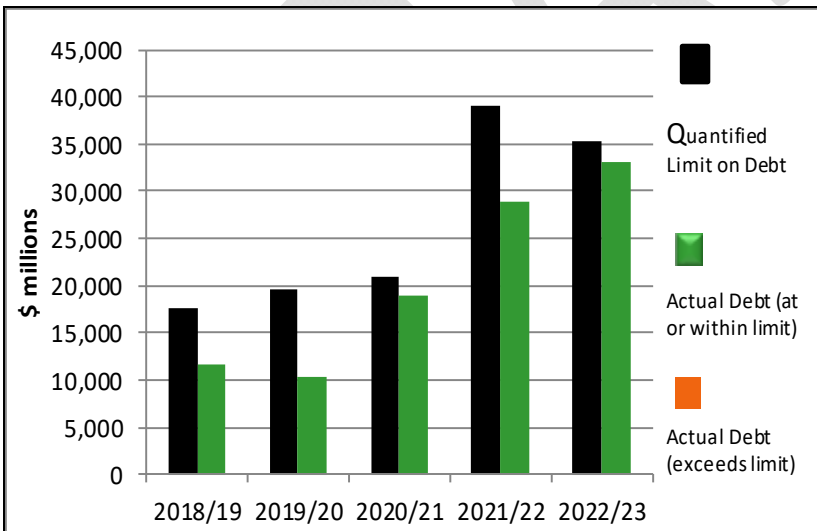
Rates (increases) affordability

The following graph compares the year-on-year actual, and the LTP limit (6% in 2021/22 previous year 4.45%), percentage increase in the Council's total rates income. The percentage increase limit is calculated using the increase in income from the previous year. The limit of 4.45% was exceeded in 2020/21 by an actual rates increase of 5.39%.



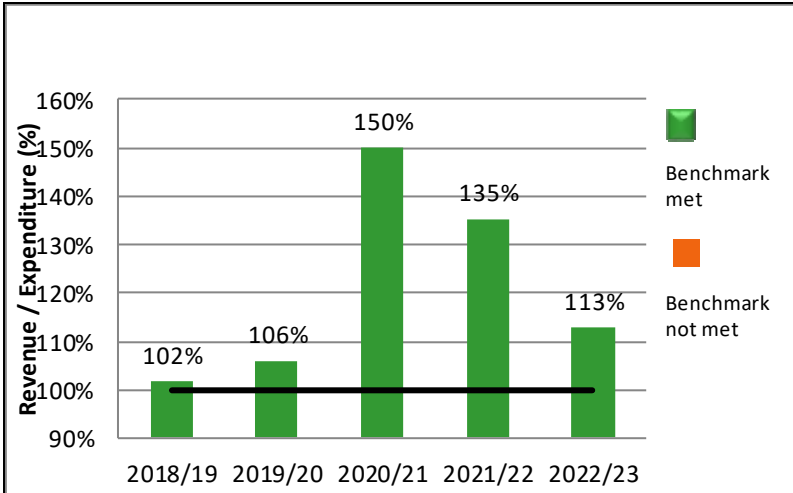
Debt affordability benchmark

The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council's Long Term Plan. The quantified limit is net debt (total borrowings minus cash holdings) to operating revenue (excludes vested assets) will be less than 130%, expressed in \$ terms.



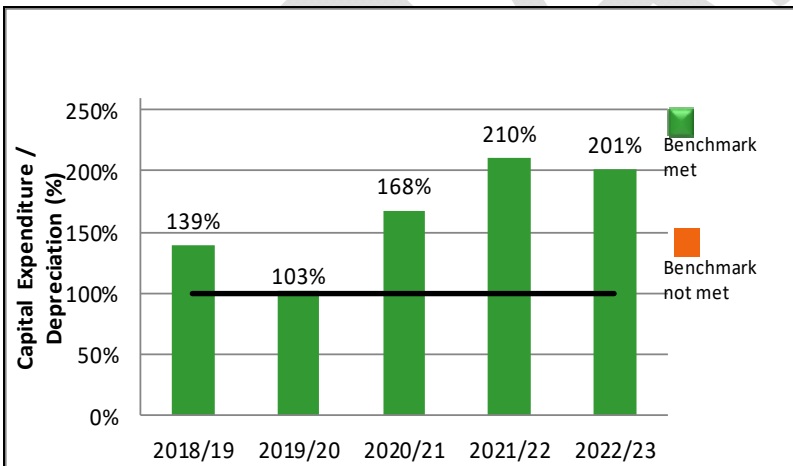
Balanced budget benchmark

The following graph displays the council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment). Revenue is a lot higher in proportion to expenditure in 2020/21 and 2021/22 due to the high amount of grant funding received and subdivision section sales.



Essential services benchmark

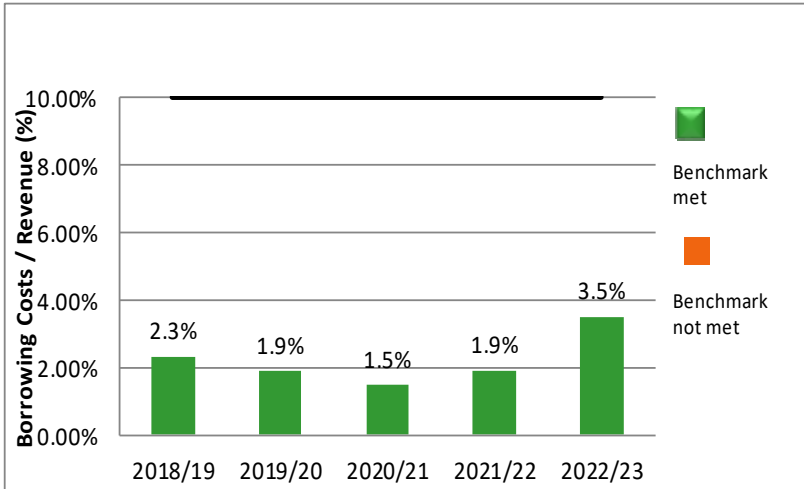
The following graph displays the council's capital expenditure on network services as a proportion of depreciation on network services. The council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



Debt servicing benchmark

The following graph displays the council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).

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

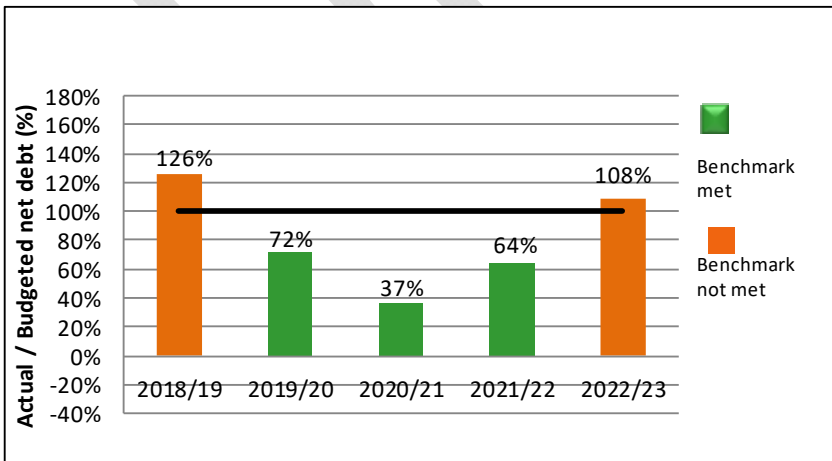


Debt control benchmark

The following graph displays the council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables). The council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.

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

For 2022/23, the year end balance of term deposits affecting net debt was temporarily at \$5m instead of \$6m due to timing of contractor payments.



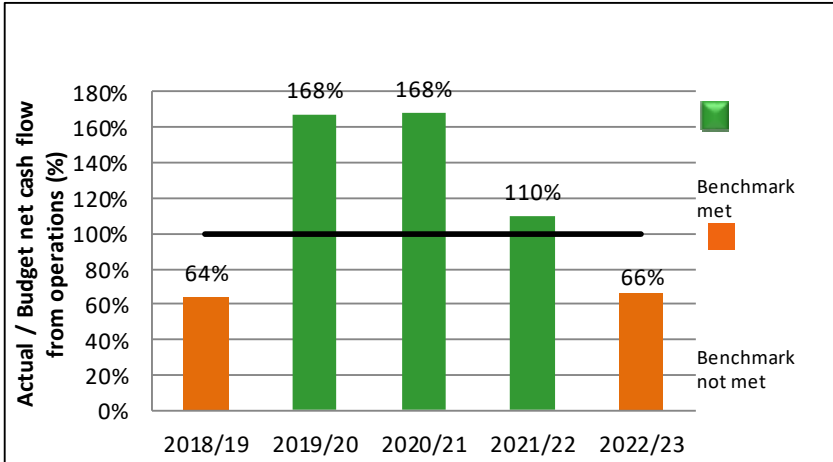
Prior years have been updated to reflect correct values.

Operations control benchmark

This graph displays the council's actual net cash flow from operations as a proportion of its planned net cash flow from operations as per the Statement of Cash Flows. The council meets the operations control benchmark if its actual net cash flow from operations **equals or is greater** than its planned net cash flow from operations.

In 2018/19 the Council did not achieve the benchmark due to grants revenue of \$4m relating to a capital expenditure project not materialising. This contributed significantly to net cash from operating activities being \$8.4m for the year, instead of the \$5.0m planned.

In 2022/23, the Council did not achieve the benchmark as expenditure was higher than anticipated.



DRAFT

Audit Report

DRAFT



28 August 2023

Dear Guarantor

LGFA 2023 Annual Report

The LGFA Annual Report for the 12-month period to 30 June 2023 is now available from the LGFA website: [LGFA 2023 Annual Report](#)

We are pleased to highlight another positive year for LGFA that included several achievements.

1. Financial and Operational performance.

Financial performance was not as strong as previous years with Net Operating Profit of \$2.5 million slightly below SOI forecast but lower than the comparable year result. Our conservative approach of borrowing longer than our term of lending, combined with maintaining a large amount of liquid assets during a period of rising interest rates and volatile conditions, were key factors in our lower result for the year. We are expecting a strong bounce back in profitability in the coming year.

We met 16 out of 17 performance objectives and were awarded the New Zealand Issuer of the Year for 2022 by KangaNews.

2. We made longer dated borrowing options available to an increased number of council and CCO borrowers.

At 30 June 2023, LGFA had loans outstanding of \$16.31 billion, an increase of \$2.27 billion from previous year, with the longest dated loans out to 14 years (2037). Over the 12 months, we approved two new councils and two new CCO members, lifting total members to 77 councils and 3 CCOs. Over the past year, LGFA lent a record \$3.9 billion to the sector and provided 93% of the sector borrowing. We are appreciative of the ongoing support from our borrowing members.

3. New products and increasing focus on sustainability.

We made a further three Green, Social and Sustainable Loan (GSS) loans during the year and launched Climate Action Loans (CALs) for council and CCO members. By 30 June 2023 we had GSS loans of \$295 million to five councils and \$521 million of CALs to three councils which form our sustainable asset pool. In April 2023, we issued \$1.1 billion of a May 2030 Sustainable Financing Bond under our new Sustainable Financing Bond Framework, the proceeds of which are notionally allocated against the sustainable asset pool.

Our Annual General Meeting (AGM) will be held on Thursday 23 November 2023 in Wellington (with a virtual attendance option). We will send out a Notice of AGM by Friday 29 September 2023.

Please do not hesitate to contact me if you have any comments or questions.

Kind regards

A handwritten signature in black ink, appearing to read 'Mark Butcher', with a stylized flourish extending to the right.

Mark Butcher
Chief Executive



How a local authority participates in the LGFA borrowing structure.

Purpose:

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

Local authority's decision to borrow:

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

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

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

Statutory requirements on local authorities:

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

The Local Government Act 2002 requires that a local authority:

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

¹ Local Government Act 2002, s 93(1).

² At s 93(6).

³ At s 93(2).

⁴ At s 93B

⁵ At s 93B(a)(i).

⁶ At s 101A(1).

⁷ At s 101A(3)(c).

⁸ At s 100.

⁹ At s 101.

¹⁰ At s 101A.

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

Local authorities granting security:

A borrower can raise money on a secured or unsecured basis. Benefits of borrowing on a secured basis may include a lower cost of borrowing and increasing the pool of potential lenders. Unlike other borrowers, local authorities have a statutory ability to set rates across properties in their district¹⁵, which ratepayers within the district are liable to pay.¹⁶ The Local Government (Rating) Act 2002 sets out the process that a local authority must follow to recover unpaid rates.¹⁷ This process can include the sale or lease of the property.¹⁸

It is common for local authorities that borrow on a secured basis to grant a charge over a specific rate or a charge over rates revenue in general. The granting of a charge over rates by a local authority is contemplated by the Local Government Act 2002.¹⁹

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

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

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

The LGFA:

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

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

¹¹ At s 102.

¹² At s 95.

¹³ At s 98.

¹⁴ At s 99A.

¹⁵ Local Government (Rating) Act 2002, s 3(a).

¹⁶ At s 12.

¹⁷ At ss 63-75.

¹⁸ At s 68.

¹⁹ At s 115.

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

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

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

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

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

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

Additional statutory oversight:

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

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

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

- Rates affordability benchmark.²⁶
- Debt affordability benchmark.²⁷
- Balanced budget benchmark.²⁸
- Essential services benchmark.²⁹

²⁰ Local Government Act 2002, s 257.

²¹ At s 258.

²² At s 258B.

²³ At s 258D.

²⁴ At s 258F.

²⁵ At s 258M.

²⁶ Local Government (Financial Reporting and Prudence) Regulations 2014, s 17.

²⁷ At s 18.

²⁸ At s 19.

²⁹ At s 20.

- Debt servicing benchmark.³⁰
- Debt control benchmark.³¹
- Operations control benchmark.³²

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

³⁰ At s 21.

³¹ At s 22.

³² At s 23.



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.