



Our reference  
F19/13/03-D21/26182

1 December 2021

**Farm and Aerodrome Committee Meeting**

Notice is hereby given that the Farm and Aerodrome Committee Meeting will be held in the **Council Chambers, Stratford District Council, 63 Miranda Street, Stratford** on **Tuesday 7 December 2021 at 12noon.**

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

**Timetable for 7 December 2021 as follows:**

11.45am	Morning tea for Councillors
12noon	Farm and Aerodrome Committee Meeting

Yours faithfully

Sven Hanne  
**Chief Executive**

# 2021 - Farm and Aerodrome - December Open

07 December 2021 12:00 PM - 01:30 PM



<b>Agenda Topic</b>	<b>Page</b>
Notice of Meeting	1
Agenda	3
1. Welcome	7
1.1 Opening Karakia	7
1.2 Health and Safety Message	8
2. Apologies	
3. Announcements	
4. Declarations of Members Interest	
5. Attendance Schedule	9
6. Confirmation of Minutes	10
6.1 Farm and Aerodrome Committee Meeting - 21 September 2021	10
7. Matters Outstanding	14
8. Programme of Works	15
9. Decision Report - Approve Farm Business Report 2021	16
10. Information report - Risk Review	39
11. Quarterly Report - Farm and Aerodrome Business and Financial Report	48
12. Quarterly Report - Health and Safety	57
13. Questions	
14. Resolution to Exclude the Public	
15. Public Excluded Item	
16. Closing Karakia	64

# AGENDA

## Farm and Aerodrome Committee



F19/13/05 – D21/42716

**Date: Tuesday 7 December 2021 at 12noon**

**Venue: Council Chambers, 63 Miranda Street, Stratford**

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

1. [Welcome](#)

**1.1 Opening Karakia**  
D21/40748 Page 7

**1.2 Health and Safety Message**  
D21/26210 Page 8

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](#)

Attendance schedule for Farm & Aerodrome Committee meetings.

6. [Confirmation of Minutes](#)

**6.1 Farm and Aerodrome Committee Meeting – 21 September 2021**  
D21/33298 Page 10

**Recommendation**

THAT the minutes of the Farm and Aerodrome Committee Meeting held on Tuesday 21 September 2021 be confirmed as a true and accurate record.

/  
Moved/Seconded

7. [Matters Outstanding](#)

D20/11504 Page 14

**Recommendation**

THAT the matters outstanding be received.

/  
Moved/Seconded

8. Programme of Works  
D20/28552 Page 15

**Recommendation**

THAT the Programme of Works be received.

/  
Moved/Seconded

9. Decision Report – Approve Farm Business Report 2021  
D21/42260 Page 16

**Recommendations**

1. THAT the report be received.
2. THAT the Committee makes a decision on the allocation of the remaining profit made in the 2020/21 financial year, after the rates mitigation portion.

**Recommended Reason**

To discharge the Committee's responsibilities in relation to the Council farm.

/  
Moved/Seconded

10. Information Report – Risk Review  
D21/42612 Page 39

**Recommendation**

THAT the report be received.

**Recommended Reason**

To provide an update to the Farm and Aerodrome Committee of any changes to the Farm Risk Register and advise the Committee of any incidents in relation to the Top Seven Risk on the Risk Register from the previous quarter.

/  
Moved/Seconded

11. Quarterly Report – Farm and Aerodrome Business and Financial Report  
D21/42800 Page 48

**Recommendation**

THAT the report be received.

**Recommended Reason**

This report provides the first quarterly update to the Farm and Aerodrome Committee. It highlights the milk production from the current season at the farm and also reports on the key activities at the Aerodrome

/  
Moved/Seconded

12. Quarterly Report – Health and Safety  
D21/42479 Page 57

**Recommendation**

THAT the report be received.

/  
Moved/Seconded

13. Questions

14. Resolution to Exclude the Public

**Recommendation**

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

Agenda Items No: 15

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
Farm Contract	The withholding of the information is necessary for commercial sensitivity	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. Section 7(2)(b)(ii) of the Local Government Official Information and Meetings Act 1987.

/  
Moved/Seconded

15. Public Excluded Item

16. Closing Karakia  
D21/40748 Page 152

\*\*\*\*\*



**Our reference**  
F19/13/03-D21/40748

### **Karakia**

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

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



**Our reference**  
F19/13/03-D21/26210

**Health and Safety Message**

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

Please exit through main entrance.

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

Staff will guide you to an alternative route if necessary.

If there is an earthquake – drop, cover and hold where possible. Stay indoors till 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 2021 Ordinary and Extraordinary Council meetings.**

Date	16/03/21	15/06/21	21/09/21	07/12/21
<b>Meeting</b>	FA	FA	FA	FA
Neil Volzke	✓	✓	✓	
Grant Boyde	✓	✓	✓	
Rick Coplestone				
Peter Dalziel	✓	S	✓	
Jono Erwood				
Amanda Harris			(AV)	
Alan Jamieson	✓	✓	(AV)	
Vaughan Jones	✓	✓	✓	
Min McKay				
John Sandford	✓	✓	✓	
Gloria Webby				

Key	
FA	Farm and Aerodrome Committee Meeting
✓	Attended
A	Apology/Leave of Absence
AB	Absent
S	Sick
	Non committee member
(AV)	Meeting held, or attended by, by Audio Visual Link

# MINUTES

## Farm and Aerodrome Committee



F19/13/04 – D21/33298

**Date: Tuesday 21 September 2021 at 12noon**  
**Venue: Council Chambers, 63 Miranda Street, Stratford**

### Present

Councillor G W Boyde (the Chairman), the District Mayor N C Volzke, Councillors P S Dalziel, V R Jones and Committee Members: the Director Corporate Services – Mrs T Radich and the Property Officer – Mrs S Flight.

### In attendance

The Deputy Mayor A L Jamieson (*via audio visual link*), Councillors A K Harris (*via audio visual link*) and W J Sandford.

The Chief Executive – Mr S Hanne, the Director – Community Services – Ms K Whareaitu, the Director Assets – Mrs V Araba, the Director Environmental Services – Mr B Sutherland, the Committee Advisor and Executive Assistant – Mrs E Bishop, the Parks and Reserves Officer – Mrs M McBain, the Communications Manager – Ms G Gibson, and two members of the media (Stratford Press, Taranaki Daily News *via audio visual link*). 1 member of the public

#### 1. Welcome

The Chairman welcomed the Chief Executive, Councillors, staff, and the media.

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

#### 2. Apologies

There were no apologies.

#### 3. Announcements

The Chairman introduced Sara Flight as the newly appointed Property Officer.

#### 4. Declarations of Members Interest

The Chairman requested Councillors to declare any real or perceived conflicts of interest relating to items on this agenda. There were no declarations of interest.

#### 5. Attendance Schedule

The attendance schedule for Farm & Aerodrome Committee meetings was attached.

6. Confirmation of minutes

**6.1 Farm and Aerodrome Committee Meeting – 15 June 2021**  
D21/20787 Page 7

**Recommendation**

THAT the minutes of the Farm and Aerodrome Committee Meeting held on Tuesday 15 June 2021 be confirmed as a true and accurate record.

BOYDE/VOLZKE  
Carried  
F&A/21/21

Questions/Points of Clarification:

- It was clarified that the updated Farm Business Plan had not been brought back to this committee meeting as the final payout had not yet been confirmed and the year end audit process had not been completed. It was requested that this be added to the matters outstanding and will also be discussed at the workshop in October.

7. **Matters Outstanding**  
D20/11504 Page 14

**Recommendation**

THAT the matters outstanding be received.

DALZIEL/JONES  
Carried  
F&A/21/22

The Chairman noted that the most recent minutes from the quarterly sharemilkers meeting and the consultant's report had been circulated to the committee.

8. **Programme of Works**  
D20/28552 Page 15

**Recommendation**

THAT the Programme of Works be received.

BOYDE/JONES  
Carried  
F&A/21/23

Questions/Points of Clarification:

- It was requested that the Aerodrome Business Plan be removed from the programme of works as it had been determined this was a service and not a business. The Director – Corporate Services noted that this would be removed from June 2022 and that going forward the programme of works would only report on the upcoming year.

9. Information Report – Risk Review  
D21/30886 Page 16

**Recommendation**

THAT the report be received.

BOYDE/DALZIEL  
Carried  
F&A/21/24

**Recommended Reason**

To provide an update to the Farm and Aerodrome Committee of any changes to the Farm Risk Register and advise the Committee of any incidents in relation to the Top Seven Risk on the Risk Register from the previous quarter.

The Parks and Reserves Officer noted that there had been no new risks added to the registers and no threats or incidents in relation to the top 7 risks as identified in Appendix 1 of the report.

10. Quarterly Report – Farm and Aerodrome Business and Financial Report  
D21/30887 Page 24

**Recommendation**

THAT the report be received.

DALZIEL/BOYDE  
Carried  
F&A/21/25

**Recommended Reason**

This report provides the first quarterly update to the Farm and Aerodrome Committee. It highlights the milk production from the current season at the farm and also reports on the key activities at the Aerodrome.

The Parks and Reserves Officer noted the following points:

- This report provides an update on the farm and aerodrome activities to the committee.
- The Property Officer noted an updated financial report had been circulated to the committee. This corrected a calculation error in the Council's share of milk revenue line.

Questions/Points of Clarification:

- The Chairman noted the renewal of the sharemilkers contract would also need to be discussed at the October workshop.
- Mrs McBain noted that the fixed milk price had been set at \$8.12 per kg which the farm submitted 45,000kgs which is roughly 30% of production. The fixed price is paid less 10cents so will be \$8.02 per kg. It is possible to fix up to a maximum of 50% of production, however in this case due to oversubscription the final amount fixed was set at 12%.
- The Chairman noted that the sharemilkers had thanked Council for the work done on the yards, backing gate and in-shed feed system. With these upgrades they were saving one and a quarter hours per milking and up to a third of savings in water used for hosing down.
- Councillor Dalziel requested that a revised budget with a proposed profit be presented during the business plan discussion next month. It was clarified that this workshop would focus on sharemilkers contract, strategic direction and strategy, reforecasting of financials for the year and a discussion on any profits.
- It was clarified that the Yard Upgrade project total expenditure had come to \$128,000 so far, there may be some outstanding invoices to come through. There had been a budget of \$60,000 in the previous year (2019/20) for this project with \$30,000 budgeted as replacement of existing infrastructure and \$30,000 as improvements, with half being funded from depreciations reserves and the other half

effectively being loan funded. The project was under budgeted in the initial proposal, pricing was higher than expected and the scope changed. Council then approved a total project cost of \$130,000. The work was not completed in the previous year and the remaining budget was spent in this new financial year (2020/21) to ensure the project was completed.

- It was clarified that officers were waiting the Aeroclub to provide plans and specifications for the proposed new hangar. The club has approached Council with a drawing to identify the location and the challenges of that location, when they are ready to proceed the next step will be to present full scale plans. It will remain on the report to ensure the committee is aware of the plans.
- It was clarified that the Chief Executive has delegated authority to approve a fixed milk price in agreement with the sharemilkers. Mr Hanne noted he had involved the Chairman in that discussion. The timeframes involved when fixing the milk price would not allow a report to be brought to the committee or to Council for approval so authority to complete this was delegated by Council to the Chief Executive.
- Councillor Jones noted that the targeted milk production was still 150,000 kgm in the report, however it was projected to reach 160,000 kgm. Mrs Radich would include this figure when doing the reforecasting.
- Mrs McBain noted that the new AIMM recording programme had seen an increase in aircraft recordings. No invoices had been sent as the AIMM report needs to be processed. As per the fees and charges the landing fees will be charged from 1 July 2021 and then quarterly thereafter.

*The Deputy Mayor joined the meeting via audio visual link at 12.25pm.*

#### 11. Quarterly Report – Health and Safety

D21/30900 Page 32

##### **Recommendation**

THAT the report be received.

BOYDE/JONES  
Carried  
F&A/21/26

The Parks and Reserves Officer noted the following points:

- There was one recorded incident at the farm with a worker being kicked by a cow in the cowshed. There was no injury and no medical attention required. The sharemilker has reminded all staff to stay vigilant at all times when working in the cowshed.
- There were no incidents at the aerodrome.

#### 12. Questions

*The meeting closed at 12.26pm*

G W Boyde  
**Chairman**

Confirmed this 7<sup>th</sup> day of December 2021.

N C Volzke  
**District Mayor**

## Farm and Aerodrome Committee Matters Outstanding Index

D20/11504

ITEM OF MATTER	MEETING RAISED	RESPONSIBILITY	CURRENT PROGRESS	EXPECTED RESPONSE
Farm Business Report – with updated forecasting	F&A 21/09/21	Tiffany Radich	Complete	Workshop held in October. The Business Report 2021 is item 9.

2021 - Farm and Aerodrome - December Open - Programme of Works

FARM AND AERODROME COMMITTEE - PROGRAMME OF WORKS

Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Annual Strategic Review	Farm Environmental Report	Farm Business Plan/Report	Review Risk Register	Sharemilkers Update	Farm Environmental Report
Final Farm Business Report 2021	Draft Budget 2022/23	Draft Results 2021/22	Final Farm Business Report 2021		Draft Budget 2023/24
Sharemilkers Agreement					
Farm Operations - Monthly Report	Farm Operations - Monthly Report	Farm Operations - Monthly Report	Farm Operations - Monthly Report	Farm Operations - Monthly Report	Farm Operations - Monthly Report
Health and Safety Report	Health and Safety Report	Health and Safety Report	Health and Safety Report	Health and Safety Report	Health and Safety Report

# DECISION REPORT



F19/13/04 – D21/42660

**To:** Farm and Aerodrome Committee  
**From:** Director – Corporate Services  
**Date:** 7 December 2021  
**Subject:** Approve Farm Business Report 2021

## Recommendations

1. THAT the report be received.
2. THAT the Committee makes a decision on the allocation of the remaining profit made in the 2020/21 financial year, after the rates mitigation portion.

## Recommended Reason

To discharge the Committee's responsibilities in relation to the Council farm.

/  
Moved/Seconded

## 1. Purpose of Report

To present the Committee with the year end results for the Council farm for 2020/21, a high-level update on operations, and the budget for 2021/22 to enable better planning decisions.

To provide the opportunity for the Committee to allocate the remaining profits to a loan repayment and/or the rates reserve.

## 2. Executive Summary

- 2.1 The Farm Business Plan / Report 2021 is an opportunity to present to the Farm and Aerodrome Committee a summary of the past year. It clarifies the objectives of the farm, the financial performance of the previous year and expected results for the current year. It gives elected members, the public, and other stakeholders, transparency of the farm performance, and opens the opportunity for better decision making.
- 2.2 The 2020/21 year has been a successful year in that production exceeded budget, the final milk price of \$7.45 was over the budgeted milk price of \$6.50, and expenditure was below budget, resulting in a strong profit for the year end of \$265,706. However, capital expenditure was \$45,074 over budget for the year, with the majority relating to improvements rather than replacements, and there is still \$123,894 of expenditure in relation to the yard upgrade that has been pushed into the current 2021/22 year.
- 2.3 Of this profit, \$53,000 was used as rates mitigation. The remaining 212,706 is available to go towards repaying some debt and/or transferring to the farm reserve to be used in future years for additional rates mitigation or for other purposes as recommended by this Committee.



### 3. Local Government Act 2002 – Section 10

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

The farm is expected to provide a financial contribution towards rates, to minimise and smooth (by using the Farm reserve) the impact of rates on the Stratford district ratepayers.

### 4. Background

- 4.1 In 2020, the Farm and Aerodrome Committee was established to provide governance and oversight of the combined activities of the Council owned Dairy Farm and the Stratford Aerodrome. This report is presented to the Committee to enable it to fulfil its responsibilities under the Farm and Aerodrome Committee Terms of Reference.
- 4.2 The financial results for the 2020/21 year are above expected performance, largely due to higher than budgeted revenue, and budgeted expenditure not taking into account the reduction in depreciation and interest as a result of the sale of the Campbell section in the previous financial year, resulting in lower actual expenditure.
- 4.3 On 16 March 2021, the Farm and Aerodrome Committee endorsed the draft budget for the Council farm for the next ten years. This report presents a detailed version of the budget for year 1 of the Long Term Plan, for the year ended 30 June 2022. The draft budgets were released for consultation from the end of March to late April. No changes were made to the draft farm budget initially presented, following consultation and deliberations on the Long Term Plan. The October 2021 YTD financial results are indicating that the farm is likely to exceed budgeted net profit significantly.
- 4.4 As part of the LTP 2021-31, a Farm Reserve was established so that profits earned above the rates contribution during the year could potentially be set aside in a reserve to be put towards rates in the following or later years, or be assigned for specific farm related expenditure.
- 4.5 Council debt has increased by \$115,781 to \$2,084,314 during the 2020/21 year. The Committee is being asked to decide how much of the remaining \$212,706 profit can be allocated to debt repayments. With interest rates increasing, it is recommended that a debt repayment continues to be made annually at a level that ensures debt is not higher than the previous year.
- 4.6 Environmentally, the Council farm is in a good position and is working towards outstanding actions that need to be addressed.
- 4.7 Council will be required to vote on a change to Fonterra's capital structure by 7 December 2021. The Committee have been invited to provide feedback to this important decision before then, due to the timing of the Committee meeting.
- 4.8 The current share-milking agreement expires on 31 May 2022. Options are currently being considered for the 1 June 2022 season and onwards.

**5. Consultative Process**

**5.1 Public Consultation - Section 82**

No consultation has been undertaken with the public on the Farm Business Report.

The Annual Report 2020/21 will be released to the public via an Annual Report summary document, once Council formally adopts the Annual Report.

The budgets for 2021/22 have been formally consulted on as part of the Long Term Plan consultation process.

**5.2 Māori Consultation - Section 81**

Consultation has not been undertaken with iwi on the Farm Business Report. Iwi have been consulted with specifically as part of the Long Term Plan consultation process, but not to a detailed level with regards to the farm.

**6. Risk Analysis**

<p>Refer to the Council Risk Register - available on the Council website.</p> <ul style="list-style-type: none"> <li>• 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?</li> <li>• 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.</li> <li>• Is there a legal opinion needed?</li> </ul>
--

6.1 This report is a direct risk response in relation to *Risk 59: CCO and other out-sourced functions*. One of the risk controls in minimising the risk of potential non-compliance or financial loss is to ensure a Farm Business Report is presented to Council annually. No legal opinion is required.

**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 – direct link to Council's Long Term Plan.
What relationship does it have to the communities current and future needs for infrastructure, regulatory functions, or local public services?	Direct relation to funding future community needs.

**7.2 Data**

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

Refer to the attached Farm Business Plan / Report 2021.

7.3 **Significance**

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

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

7.4 **Options**

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

**Allocating the remaining Net Profit for 2020/21 to debt repayments and/or farm reserve**

Council farm debt currently sits at \$2,084,314. The Committee must decide, of the remaining \$212,706 net profit, how much of this they would like to put towards repaying debt.

Options include 100% or some lesser percentage or fixed amount, or nil. The balance, if any, will be transferred to the farm reserve.

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.

Financial performance for 2020/21 has exceeded expectations.

It is looking like this will continue for the 2021/22 year.

The Committee will need to consider this when developing the 2022/23 farm budget as part of the Annual Plan process.

The farm reserve may be used by the Farm and Aerodrome Committee to smooth the impact of rates in future years, or if the net return from the farm is not expected to cover the \$50,000 minimum annual rates mitigation.

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?

Not applicable.

7.7 **Legal Issues**

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

Not applicable.

7.8 **Policy Issues - Section 80**

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

The recommendation does not conflict with any Council Policies.

**Attachments:**

**Appendix 1** Farm Business Report 2021



Tiffany Radich  
**Director – Corporate Services**



[Approved by]  
Sven Hanne  
**Chief Executive**

**Date** 30 November 2021

**Appendix 1**

D21/19052

December 2021

# DECISION REPORT

## Contents

<a href="#">Executive Summary</a> .....	3
<a href="#">Summary from Share-Milkers</a> .....	4
<a href="#">Local Government Purpose</a> .....	5
<a href="#">Summary of the Farm</a> .....	6
<a href="#">Financial Performance</a> .....	8
<a href="#">Financial Results 2020/21</a> .....	8
<a href="#">Financial Budget 2021/22</a> .....	8
<a href="#">Capital Expenditure</a> .....	10
<a href="#">Farm Debt</a> .....	12
<a href="#">Farm Reserve</a> .....	12
<a href="#">Environmental Management Report</a> .....	13
<a href="#">Complete Pond Drop Test</a> .....	13
<a href="#">Cropping Management Plan</a> .....	14
<a href="#">Riparian Planting</a> .....	14
<a href="#">Effluent System</a> .....	14
<a href="#">Nitrogen Fertiliser Inputs</a> .....	15
<a href="#">The Government’s Essential Freshwater Package</a> .....	15
<a href="#">Future Outlook for Dairy Farming and the Council Farm</a> .....	16
<a href="#">Summary</a> .....	16
<a href="#">Capital Restructuring Proposals</a> .....	16
<a href="#">Share-milkers contract</a> .....	17
<a href="#">Long Term Planning</a> .....	17
<a href="#">SWOT Analysis of the Council Dairy Farm Business</a> .....	18

## Executive Summary

In 2020, the Farm and Aerodrome (Council) Committee was established to provide governance and oversight of the combined activities of the Council owned Dairy Farm and the Stratford Aerodrome. This report is presented to the Committee to enable it to fulfil its responsibilities under the *Farm and Aerodrome Committee Terms of Reference*.

The Stratford District Council Farm Business Report 2021 provides an overview of the Farm Activity, a report on the financial results for 2020/21, and presents the budget for 2021/22.

The actual results for the year ended 30 June 2021 have Net Profit up on budgeted Net Profit, at \$265,706. This is largely due to budget assumptions around revenue, specifically milk price forecast. Milk solid production was slightly higher than budget at 150,918 kg/MS compared to a budgeted figure of 150,000 kg/MS, and the final milk price of \$7.54, is \$1.04 higher than what was originally budgeted (\$6.50).

Farm debt, without loan repayments, increased by \$115,781, due to a year of significant investment in farm infrastructure, which will carry through to 2021/22 when the yard upgrade and in-shed feeding system are completed.

As part of the LTP 2021-31, a Farm Reserve was established so that profits earned above the rates contribution during the year could potentially be set aside in a reserve to be put towards rates in the following or later years, or be assigned for specific farm related expenditure. The Farm and Aerodrome Committee will be asked to determine the final figure to be transferred to the Farm reserve after reviewing final financial reports for the year. After allocating \$53,000 of net profit to rates mitigation, there is \$212,706 available to allocate to loan repayments and/or the farm reserve. The Committee is being asked to make a decision on how the remaining profit will be allocated.

The operational budget for 2021/22 has been set so that \$50,000 contributes towards rates, \$61,000 of debt is repaid, and \$73,000 of capital expenditure reinvested in the farm.

### **Goals and Objectives of the Farm and Aerodrome Committee**

1. To operate the farm as a separate, economic, business unit.
2. To physically support the aerodrome by way of providing a buffer zone between it, and surrounding, existing or potential, properties, and
3. The profits from the farm to be used to provide a 'dividend' to Council to offset rates by at least \$50,000 per year, and either reduce debt, or be transferred to the Farm reserve which may be used to offset rates, with any withdrawals from the fund to be determined at the setting of the Annual Plan or Long Term Plan for the following year.
4. To ensure the Aerodrome activity is contributing to the Council's Community Outcomes in a cost-effective manner.

Each of these objectives has been fulfilled in the 2020/21 year.

## Summary from Share-Milkers

Hello All,

We are Aaron and Fiona Riddick 50/50 sharemilkers on Stratford District Council Farm and have been since 2014. We are a family of 4 with two boys Hunter 8 and Charlie 6 who attend Stratford primary school. We love being a part of the Stratford Community and involved with kids in sports, coaching and on committees. Aaron works full-time on farm and Fiona is an accountant with CMK.

With our current share-milking contract due to come up for consideration, we thought it would be of benefit to give the Council a recap on what has been achieved since we took over the farm.

2014/15 our first season, we moved from a 220 cow farm on Norfolk road to 202 Flint Road milking 280 cows and achieved 115,000KgMs.

2015/16 Stratford council purchased the Campbell Farm adding just over 40 hectares to the farm and we increased our herd numbers to 395. A new race joining the farms was completed and fenced by us.

2016/17 the cowshed extension was undertaken, this increased the shed from a 26 aside to a 36 aside, the old Campbell cowshed was back in business for a couple of weeks and we moved from 202 to 188 Flint Road, Campbells house.

2018/19 cup removers were installed in the cowshed making day to day shed operations more efficient.

2019/20 New bridge on farm and we moved to 186 Flint Road the house was moved on from Pembroke road and the Campbell house was subdivided and sold, meaning a relocation for our family, but resulting in Council being able to pay down some debt.

2020/21 New Race, Silage Pad and water tank were completed and Yard Extension, loading ramps and in-shed feed commences for the new season.

The ongoing capital expenditure now means the council farms infrastructure is of a high standard and we appreciate all the work the councillors and committee have done to make this happen. We have always worked on the farm and looked after it like it was our own. We have completed kilometres of fencing, planted thousands of plants, installed new waterlines, resized paddocks and the hard work is paying off. The Stratford Council Farm is somewhere we are very proud of.

We have worked with councillors and council staff over the last number of years and look forward to a continued working relationship. We welcome anyone on council to come on farm and take a look and see how your decisions in office have come to life on farm.

Thanks, Aaron & Fi



## Local Government Purpose

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.

**Social** – The farm does not directly benefit social well-being in any fundamental way.

**Economic** – The farm contributes to the economic well-being of the district by providing rates mitigation for ratepayers. It is not in direct competition with other businesses in the district and therefore does not diminish economic activity. It provides some employment opportunities and contributes to the district economy through procurement of goods and services.

**Environmental** – Dairy farming is generally not viewed as an environmentally friendly activity. However, the Council is directly involved in riparian planting and complies with environmental regulations. Council has increased its investment in this area, as industry stakeholders demand better farming practices.

**Cultural** – The farm does not directly benefit cultural well-being in any fundamental way.

## Summary of the Farm

Address: 202 Flint Road East, Stratford  
Farm Area 158ha, 132 ha effective  
Topography – flat  
Soil type: Volcanic

### **Farm and Aerodrome Committee Members x3**

Grant Boyde (Chair), Peter Dalziel, Vaughan Jones

### **Council Staff Committee Members x2**

Council Farm Liaison – Property Officer  
Accountant – Finance Officer

### **Share-milkers**

Fernharp Trust Partnership: Aaron Riddick and Fiona Hogan-Riddick  
*Share-milking agreement is in effect until 31 May 2022*  
Consultant: Jono Buchly

### **Fonterra Shares**

Council owns 158,716 Fonterra shares – valued at \$3.76 as at 30 June 2021. Total value \$596,772

### **Infrastructure**

#### **Cow Shed:**

Herringbone 36 aside, automatic cup removers, and automatic teat sprayer (owned by share-milker).  
In-shed feeding system (72 batch feeders), with 23 tonne polyethylene silo  
Milk room, office, toilet and pump room.  
16,000 L vat (owned by Fonterra)

#### **Yard:**

Main yard (400 capacity) – recently extended and upgraded, new entrance  
Bobby calf shed with loading ramp  
An additional loading ramp next to the main yard  
Lockable shed for bikes and tools  
2 x 4 bay hay sheds  
Silage / maize pit  
Dungbuster  
Storage Container and Concrete Pad

Water tank: 30,000 litres

Irrigation – travelling irrigator – 20ha

Old cowshed, loading race and vet race  
Two bay shed / calf rearing  
Lockable shed – Fertiliser spreader storage  
2 x one bay hay barns  
Sheep shearing shed  
Two metal pits

**Worker's Cottage and Farm House**

4 bedroom house, car port and small shed  
1 self-contained cabin  
3 bedroom house – relocated from Pembroke Rd  
Double garage  
Three bay shed

**Operational**

376 Fresian-Cross Cows (owned by the share-milker)  
System 3 Feeding – 10-20% of total feed is imported to extend lactation and increase production

## Financial Performance

### Financial Results 2020/21

**Net Profit for the year \$265,706.**

**Total Revenue is up against budget by \$71,743, at \$579,083.**

Milk supply revenue came above budget by \$98,648, at \$605,988. This was a direct result of the final forecast milk price being higher than the original milk price expectations of \$6.50 per KgMS.

The final milk price announced for the season was \$7.45, but the final average milk price received by Council was \$7.38 – in October 2019 Council fixed 37,000 milk solids at \$6.90. Catch up payments from the previous season of \$39,737 have been recognised in this financial year also.

The Council budgeted for a dividend of 25 cents per share based on historical data. Two dividends were received during the year, both at 5 cents per share.

**Expenditure overall is down against budget by \$48,384, at \$340,282.**

Farm working expenses is slightly under budget by \$5,131 at \$205,403 for the financial year. Budget variances occurred across different categories of expenditure but of significance, the actual spend on sustenance (food) was down on budget by \$16,220.

Indirect expenses are under budget by \$43,253 at \$134,879, largely due to depreciation coming under budget by \$32,163 due to the sale of depreciable assets, and interest expenditure under budget by \$6,608 due to a loan repayment in the previous year lowering debt servicing costs.

#### Summary of other measures:

- The value of the Fonterra shares held at the start of the financial year (1 July 2020) was \$593,598, at \$3.74 per share. As at 30 June 2021, the shares are worth \$3.76 each, with a total value for Council of \$596,772. The share price has since dropped to \$3.15 as at 25 November 2021.
- In this financial year, the number of cows milked increased to 376. Production decreased from the previous year all time high of 153,779 kg/MS, to 150,918 kg/MS.
- Actual total expenditure per Kg/Ms produced is \$2.25 (2020: \$2.22).

### Financial Budget 2021/22

**Budgeted Net Profit for the year has been conservatively set at \$110,958.**

High level assumptions include number of cows (376), effective hectares for farming (132), production KgMS per cow (400), and interest rate (2.18%).

The November 2021 re-forecasted net profit at \$264,855, at an updated forecast milk price of \$8.50.

**Total revenue for the farm for 2021/22 is budgeted at \$488,590.**

The milk price assumption of \$6.25 is based on forecast assumptions at the time the LTP 2021-31 was prepared and is a conservative estimate, as history has shown that the milk price can drop significantly from the original forecast over the course of the season. However, as at November 2021, the milk price forecast range for the 2021/22 season is \$7.90 to \$8.90. Milk production is expected to remain at 150,000 kg MS.

A dividend has been budgeted for in the 2021/22 year of 25 cents per Fonterra share, with half of the dividend to be paid to the share-milker.

**Total expenditure for the farm is budgeted at \$377,632 in 2021/22.**

Farm working expenses are higher than the previous year budget by \$27,187 due to significant increases in Fertiliser (increase by \$27,260), and R&M Major Works (increase by \$9,700).

The Council overhead allocation is expected to be slightly lower than 2020/21, at \$56,536 (2020/21: \$58,441).

Interest expense is budgeted at \$45,321 for the financial year.

The depreciation expense is budgeted at \$33,054 for the 2021/22 year.

The budgeted net profit could potentially allow for a loan repayment of \$63,000 – refer to Table 4 for the expected loan balance at year end. However, the reforecasted net profit show this figure as potentially a lot higher.

**Budgeted total expenditure is \$2.52 per kg of milk solid produced (2020/21: \$2.62).**

## ANNUAL 2020/21 FINANCIAL REPORT - FARM

	ACTUAL 2020/21	BUDGET 2020/21	Variance	BUDGET 2021/22	REFORECAST 2021/22
<b>Farm Investment</b>					
Milk Production (KgMs)	150,918	150,000	918	150,000	150,000
Council's Final Milk Price	7.38	6.50	0.88	6.25	8.50
Council's Share of Milk Revenue*	556,882	487,500	69,382	468,750	637,500
Payments from previous season	39,737	0	39,737	0	0
Dividend	9,369	19,840	-10,471	19,840	15,872
<b>Total Income</b>	<b>605,988</b>	<b>507,340</b>	<b>98,648</b>	<b>488,590</b>	<b>653,372</b>
Fencing	1,856	3,000	1,144	3,000	3,000
R&M Major Works	4,969	8,500	3,531	18,200	18,200
Repairs & Maintenance	32,642	31,273	-1,369	30,000	30,000
Consultants	695	0	-695	500	500
Off-Farm Grazing	43,821	40,000	-3,821	40,000	40,000
Pasture Management	10,479	5,212	-5,267	5,212	5,212
Fertiliser	41,068	42,740	1,672	70,000	70,000
Urea	5,036	5,000	-36	0	0
Insurance	6,123	6,000	-123	6,429	8,349
Lease	6,500	6,500	0	6,500	6,500
Licences & Permits	685	730	45	730	1,000
Rates (Services Only)	1,021	537	-484	650	960
Subscriptions & Publications	4,293	1,042	-3,251	2,500	2,500
Sustenance	38,780	55,000	16,220	55,000	55,000
Weed Control	7,436	5,000	-2,436	4,000	4,000
	<b>205,403</b>	<b>210,534</b>	<b>5,131</b>	<b>242,721</b>	<b>245,221</b>
Interest	47,393	54,001	6,608	45,321	48,000
Depreciation	33,537	65,700	32,163	33,054	33,054
Corporate Services	22,979	19,644	-3,335	21,294	27,000
Assets Director	4,569	4,009	-560	5,809	5,809
Property Asset Manager	26,401	34,778	8,377	29,433	29,433
	<b>134,879</b>	<b>178,132</b>	<b>43,253</b>	<b>134,911</b>	<b>143,296</b>
<b>Total Expenditure</b>	<b>340,282</b>	<b>388,666</b>	<b>48,384</b>	<b>377,632</b>	<b>388,517</b>
<b>Net Profit</b>	<b>265,706</b>	<b>118,674</b>	<b>147,032</b>	<b>110,958</b>	<b>264,855</b>

## Capital Expenditure

Capital expenditure in 2020/21 of \$142,474 is over budget by \$45,074 and is a result of:

- New Concrete Feed Pad - \$52,986 was spent on a new feed pad as the old feed pad was no longer usable. No budget was allocated for this.
- New Races - \$35,062 was spent on relocating a number of races that were causing animal welfare issues due to the weather and other factors. No budget was allocated for this.

- Effluent Pump - \$15,710 was spent on replacing the existing pump which failed. This was covered by insurance, so only a \$5,000 insurance excess was payable. No budget was allocated for this.
- The Yard upgrade budget of \$60,000 commenced late in the financial year and of this amount \$20,000 was spent in 2020/21. Council approved an increase in the scope and budget for the total project of \$143,894. The remaining budget has been carried into the 2021/22 capital expenditure.

#### Capital Expenditure Budget 2021/22

The Council has budgeted to invest \$176,894 of capital expenditure in the farm in 2021/22 – all to be loan funded as the expenditure proposed all relates to improvements, rather than replacing existing assets. Part of the yard upgrade (\$20,000) replaces existing infrastructure and will be funded from depreciation reserves.

<b>Farm Capital Expenditure</b>				
	<i>BUDGET</i>	<i>ACTUAL</i>	<i>VARIANCE</i>	<i>BUDGET</i>
	<b>2020/21</b>	<b>2020/21</b>	<b>2020/21</b>	<b>2021/22</b>
<b><i>Renewals</i></b>				
Farm House	\$ 12,000	\$ 12,344	(344)	-
Yard Replacement (part 50%)	\$ 30,000	\$ 10,000	20,000	20,000
Effluent Pump	\$ -	\$ 4,349	(4,349)	-
<b>Total Renewals</b>	<b>\$ 42,000</b>	<b>\$ 26,693</b>	<b>15,307</b>	<b>20,000</b>
<b><i>Increase in Service Level</i></b>				
Calf Bay	\$ 15,000	\$ 7,871	7,129	-
Riparian Planting	\$ 10,400	\$ 9,862	538	3,500
Yard Upgrade (part 50%)	\$ 30,000	\$ 10,000	20,000	103,894
Relocate Concrete Feedpad	\$ -	\$ 52,986	(52,986)	-
New Races	\$ -	\$ 35,062	(35,062)	-
General Storage Facilities	\$ -	\$ -	-	8,000
Free-standing fireplace	\$ -	\$ -	-	8,500
In-shed Feed System	\$ -	\$ -	-	53,000
<b>Total Service Level Increase</b>	<b>\$ 55,400</b>	<b>\$ 115,781</b>	<b>(60,381)</b>	<b>176,894</b>
	<b>\$ 97,400</b>	<b>\$ 142,474</b>	<b>(45,074)</b>	<b>196,894</b>

## Farm Debt

The final Debt figure will be determined by the following formula:

Opening Farm Debt balance 1 July 2020	1,968,533
Plus new borrowings (loan funded capital expenditure)	115,781
Less loan repayments (allocated from net profit)	xxx,xxx
Closing Farm Debt balance 30 June 2021	x,xxx,xxx

The above two numbers highlighted are yet to be determined by the Committee, once a decision has been made on how to allocate the remaining \$212,706 net profit – refer to Farm Reserve section below.

In 2021/22, it is forecast that the loan balance will increase by a further \$176,894 due to loan funded capital expenditure, and an anticipated loan repayment of \$60,958 (from net profit after allocating \$50,000 to rates).

The actual Interest Rate will be calculated on the Council's weighted average cost of debt – as at December 2020 this was 2.18%, and expected to be 2.18% in December 2021.

It is recommended that the Farm and Aerodrome Committee commit to repaying some debt, considering interest rates have increased and are predicted to continue to increase.

## Farm Reserve

The Farm Reserve funds may be used to fund additional rates mitigation, or for new investment in Council farm infrastructure, or for any other purpose as decided by the Farm and Aerodrome Committee and in accordance with the objectives of the Farm.

The newly established Farm Reserve currently has a nil balance.

Of the net profit for the year of \$265,706, \$53,000 has been allocated to rates mitigation.

This leaves \$212,706 to allocate to loan repayments and/or the farm reserve to add to rates mitigation as the Farm and Aerodrome Committee recommends.



## Environmental Management Report

### Environmental Plan

The Farm engaged the services of Tiaki Sustainable Dairying to develop a Farm Environmental Plan in October 2019, completed February 2020. Out of this report came seven actions to be addressed, which are shown below:

#### Current Actions:

<b>Decommission silage pit</b>	Complete
<b>Install water meter</b>	Complete
<b>Complete drop pond test</b>	Incomplete (currently not a TRC requirement)
<b>Cropping management plan</b>	On-going
<b>Stormwater diversion signal feature</b>	Complete
<b>Complete TRC riparian planting</b>	Complete

#### Future Actions:

<b>Decommission effluent ponds</b>	Incomplete – in the process of filling in the pond
------------------------------------	--

An updated Environmental Plan was completed in February 2021 and results are updated below.

Most Farming Practices targets were achieved:

#### Achieved

- The physical and biophysical characteristics of the farm system are identified, risk factors to water quality associated with the farm system have been assessed and are managed appropriately.
- Accurate and auditable records of annual farm inputs, outputs and management practices are maintained.
- Water wastage is minimised from the dairy shed. All leaks are fixed as soon as possible. Water troughs are checked daily where animals are grazing
- Pugging and compaction of soils is avoided. No tillage or low impact cultivation methods and timing are considered. Supplement feed-out areas are located away from waterways. Riparian margins or buffer strips are left beside waterways and other areas where Sediment and nutrients may flow such as gullies or swales.
- Bare paddocks are re-sown as soon as practical. Erosion damaged areas are rest and re-sown. Compacted soils are subsoil, ripped or cultivated.
- Low risk paddocks are selected for intensive grazing that are ideally: --Further away from waterways with soils least likely to pug and compact flatter with as few gullies and swales as possible.

#### Actions Required

- Store, transport and distribute feed to minimise wastage, leachate and soil damage.
- Farm waste is minimised and managed properly.
- Manage grazing to minimise nutrient loss from risk areas.

### Complete Pond Drop Test

Long term, the farm will be required to complete a pond drop test to ensure the effluent pond is sealed and not leaking. The target date set for this is 1 January 2023.

## Cropping Management Plan

The report recommends that the farm:

- Identify and use paddocks with low risk of pugging, flat contour and are further away from waterways as possible.
- Avoid areas that have critical source areas (swales/gullies) etc. If not possible try to leave these areas uncultivated / un-grazed to reduce /filter any runoff of sediment or nutrient.
- Grazed paddocks strategically from top to bottom.
- Retain a grass buffer zone along waterways where riparian margins are not present.
- Graze towards the waterways and use portable troughs if needed.

## Riparian Planting

Planting in riparian areas benefits the environment as plants function like a sieve, helping to filter out sediment and nutrients before they enter waterways. Stabilising riparian plants help prevent land erosion and increase the habitat for native wildlife. Fencing waterways protects freshwater from nutrients, effluent and sediment by excluding stock and creating a buffer between rivers and streams and the land. Fencing will help to maintain and improve water quality and create a habitat for birds and freshwater species.



In 2020/21, the Council spent \$9,862 on riparian planting and fencing off of streams. As at the end of the 2021 season **100% of the riparian planting** is expected to have been completed (previous year, 95%), and same for fencing off of waterways.

## Effluent System

Effluent is disposed by irrigation to pasture on the main block farm. The effluent system can hold up to 30 days of effluent storage. The average depth of application is <12mm. The 2021 Environmental Plan found the Effluent system meets code of practice, spreading equipment is well maintained, and effluent is applied correctly.

The consent for the existing effluent pond expires in November 2022, the Council needs to cap the outlet and apply the effluent back to land or cease the use of the dairy shed yard. If the effluent

pond is to be decommissioned it will need to be completely pumped out and scraped in order to remove effluent from the base of the pond. Once the ponds have been cleaned out they can be filled in. The process is nearing the completion stages.

### **Nitrogen Fertiliser Inputs**

The nitrogen risk scorecard for the 2018/19 season identified nitrogen fertiliser as the main risk on farm and categorised it as a medium risk due to 144kgN/ha being applied and applications occurring in the months of Jul-Aug and at rates above 25kgN/ha. All other nitrogen risks on farm were either in the very low/low category. DairyNZ analysis shows that for every additional 100 kg N/ha applied via fertiliser, total greenhouse gas emissions increase by 2.6 t/ha.

Nitrogen fertiliser policy is to apply around 150kgN/ha/year. The Environmental Plan shows that a typical farm in the area applied approximately 112kgN/ha.

This is generally applied in the form of urea & DAP (Di-ammonium Phosphate). Rates vary throughout the season but are typically between 25-35kgN/ha at approximately 4-5 applications throughout the season. Soil temperature and weather forecast are checked before fertiliser is applied and buffer zones around waterways are maintained. External contractors 'Corletts' are used to apply fertiliser and use Hawkeye (proof of placement) which are provided once fertiliser is applied.

- A nutrient budget is used to guide fertiliser use.
- Fertiliser is only applied if there is no significant rainfall forecast.
- A buffer distance is maintained around waterways when applying fertiliser.
- Spreading equipment is regularly calibrated or a Spreadmark certified spreader is used.
- No fertiliser is stored on farm.

### **The Government's Essential Freshwater Package**

The objective of the reforms are to prevent further degradation of waterways and improve water quality within five years, and to reverse past damage and bring waterways and eco systems to a healthy state within a generation.

## Future Outlook for Dairy Farming and the Council Farm

### Summary

Fonterra announced a final payout for 2020/21 of \$7.54 per kg/MS. The forecast for 2021/22 is even higher at between \$7.90 and \$8.90, with a midpoint of \$8.40 per kg/MS. This is great news for the dairy farming industry, and if milk production can be maintained at current expenditure levels, it will result in another profitable season next year.

However, there are some concerns around input price increases due to availability of significant farm inputs such as fertiliser and sustenance. This will be monitored and reported on during the 2021/22 year.

### Capital Restructuring Proposals

Consultation by Fonterra on options to change the capital structure (ownership model) of Fonterra is now complete and the voting process is open until 1pm Tuesday 7 December 2021.

Fonterra's preferred option includes a buy-back of shares in the Fonterra Shareholders Fund (listed shares able to be freely bought and sold on the NZX and ASX by investors), or capping the number of shares in the fund, eventually moving back towards a farmer-only share market model.

Some of the key features of the proposal include:

- New minimum shareholding requirement would be set at 33% of milk supply (1 share/3kgMS), compared to the current compulsory requirement of 1 share/1 kgMS. This aims to strike a balance between providing a meaningful level of flexibility for those who need it, which is critical to maintaining a sustainable milk supply, while ensuring all farmers having some capital-backed supply.
- New maximum shareholding requirement would be set at 4x milk supply, compared to the current 2x milk supply, with the aim of striking a balance between supporting liquidity in the farmer-only market – by ensuring more capacity for farmers to buy shares from those who want to sell – while avoiding significant concentration of ownership.
- Fonterra shares would be open to sharemilkers, contract milkers and farm lessors. The co-operative hopes this recognises their connection to Fonterra, provides a pathway for future farmer owners and increases the number of potential participants in the farmer-only market by around 4000 to support liquidity.
- Exit provisions for current shareholders have been extended: up to 15 seasons initially to exit, reducing annually to 10 seasons, which would also support liquidity and give these farmers greater choice about how long they retain an investment in the co-operative.
- New entrants would have up to six seasons to achieve the 33% minimum shareholding requirement. This compares to a standard three seasons for both entry and exit under the current structure.

The options are based on an assumption that milk supply will decline by 100 million milk solids to 250 million milk solids within the next ten years, which would eventually see farmers lose control of

Fonterra as the amount of dry shares increases in proportion to wet shares (backed by milk supply). Fonterra has considered that this model is unsustainable in the future. The decline in milk supply assumption is based on trends from previous years and future forecasts, largely as a result of Fonterra's pricing structure shifting towards rewarding quality of milk supplied, rather than just quantity. However, there are also other factors that are likely to be causing a decline, such as the increased requirements imposed by government legislation in relation to environmental improvements and animal welfare, and the associated costs.

Council will vote FOR the proposal.

### **Share-milkers contract**

Council currently contracts Fiona and Aaron Riddick of Fernharp Trusts Partnership to share-milk on the Council farm, effectively controlling all operational aspects of the dairy farm. Council's primary responsibility under the contract is to maintain the farm infrastructure, including the pasture and to contribute towards food costs.

The agreement commenced on 1 June 2017, and is in effect until 31 May 2022. Therefore, the 2021/22 season is the last season covered under this contract.

A Memorandum of Understanding between the share-milkers and Council will be presented to the Farm and Aerodrome Committee in December for approval and guidance.

### **Long Term Planning**

In order to be effective in its governance responsibilities, the Farm and Aerodrome Committee must have a good understanding and knowledge of:

- 1) Why the Council owns and operates a Dairy Farm (covered in section under heading "Local Government Purpose" in this report).
- 2) Whether the purpose is being fulfilled effectively, and to what extent.
- 3) What the risks are for the Council and whether these risks can be effectively mitigated.
- 4) The state of current infrastructure, asset condition, and future capital replacement requirements.

The analysis prepared below gives a summary of the strengths, weaknesses, opportunities and threats in relation to the farm business.

**SWOT Analysis of the Council Dairy Farm Business**

<p><b>STRENGTHS</b></p> <ul style="list-style-type: none"> <li>- Contributes to the economic well-being of our district.</li> <li>- Consistent surpluses.</li> <li>- The farm provides a buffer zone for Aerodrome noise and accessibility.</li> <li>- Relationship between share-milkers and Aerodrome operators is conducive to the continued operation of the farm and Aerodrome side by side.</li> </ul>	<p><b>WEAKNESSES</b></p> <ul style="list-style-type: none"> <li>- High risk exposure to weather conditions leading to uncertainty in production/profits.</li> <li>- Fluctuations in milk price leading to uncertainty in production/profits.</li> <li>- Maintenance, Capital Replacement costs, and council staff involvement make the farm more resource intensive than an alternative cash investment.</li> <li>- Further capital investment in the farm will be required, particularly in relation to new advanced technology and replacement of plant and equipment.</li> <li>- Vulnerability to increasingly stricter compliance requirements relating to staffing, health and safety, nutrient management.</li> </ul>
<p><b>OPPORTUNITIES</b></p> <ul style="list-style-type: none"> <li>- Innovative solutions and investment in technology to enable more productive use of the farm.</li> <li>- Potential opportunities for different land uses to provide a higher return on investment (dependent on soil and weather vulnerability of crops).</li> <li>- Land is a finite resource, where the value <u>generally</u> increases. Retention of land allows for potential high-value investment opportunities in the future.</li> <li>- Potential to gain revenue certainty by fixing up to 50% of milk price for next season.</li> </ul>	<p><b>THREATS</b></p> <ul style="list-style-type: none"> <li>- Change in Govt legislation could affect Council liability and have an impact on compliance costs. Eg. Environmental management may become more expensive with greenhouse gas emissions and water quality being key govt concerns.</li> <li>- Change in Fonterra’s regulations eg PKE usage could affect production/profits.</li> <li>- Animal Welfare risks high in the dairy sector (not direct responsibility but can affect Council reputation).</li> <li>- Storm damage could create unplanned, unbudgeted costs.</li> <li>- Major Volcano eruption would likely destroy use of the land for farming in the medium to long-term.</li> <li>- Exposure to biosecurity risks eg Mycoplasma Bovis.</li> </ul>

Table 5: Analysis of Farm Business’ Strengths, Weaknesses, Opportunities and Threats

# INFORMATION REPORT



F19/13/04 – D21/42612

**To:** Farm and Aerodrome Committee  
**From:** Property Officer  
**Date:** 7 December 2021  
**Subject:** Risk Review

**Recommendation**

THAT the report be received.

**Recommended Reason**

To update the Farm and Aerodrome Committee of changes to the Farm Risk Register and advise the Committee of any incidents in relation to the Top Seven Risks on the Risk Register.

/\_\_\_\_\_  
 Moved/Seconded

**1. Purpose of Report**

The purpose of this report is to review of any changes made to the Farm and Aerodrome Risk Register, and informs the Committee of any incidents in relation to the key risks since the last Farm and Aerodrome Committee meeting, held in September 2021.

**2. Executive Summary**

This report focuses solely on the Farm and Aerodrome Risk Register. A risk review is also undertaken at the Quarterly Sharemilkers meetings to ensure that all risks are being managed appropriately. In the past quarter, there have been no new risks added to the risk register.

**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
	✓	✓	

Active management and monitoring of farm risks will support performance of a good quality local public service.

## 1. Background

The Farm and Aerodrome Risk Register was finalised and subsequently adopted by the committee at the September 2020 meeting.

The Risk Register is based on requirements from:

- The Taranaki Regional Council;
- Fonterra Limited;
- Ministry of Primary Industries; and
- Civil Aviation Authority.

## 5. Information Summary

### 5.1 **New Risks identified and added to the Risk Register**

No new risks have been added to the Risk Register since the last Farm and Aerodrome Committee meeting.

### 5.2 **Changes to the Top Seven Risks**

There has been no new risks added to the register since the last Committee meeting. The **Top Seven Risk** register, as per attached **Appendix 1**.

### 5.3 **Incidents or Threats in relation to the Top Seven Risks**

There has been no incidents or threats in relation to the top seven risks since the last Farm and Aerodrome Committee meeting in September 2021.

However, in relation to risk *Infectious Disease/ Biosecurity Risk and Pandemic* an update on Mycoplasma Bovis is appended to this report. Mycoplasma bovis is a bacterium that can cause a range of serious conditions in cattle – including mastitis that doesn't respond to treatment, pneumonia, arthritis, and late-term abortions. The disease is mostly spread through movement of cattle from farm to farm. Although the risk appears to be reducing in the last 3 years, with only 4 confirmed properties with the disease, all in Canterbury, it is a risk that Fonterra shareholders are still paying for via levies, and that Council is monitoring. The risk of the farm becoming an infected property is low as the share-milkers keep all stock on farm, or grazed on the share-milkers farm, and effectively have a closed farm.

## 6. Strategic Alignment

### 6.1 **Direction**

Direction has been taken from the Council's Aerodrome and Farm sections of the Long Term Plan 2021-2031 to provide a consistent approach to ensure plans around asset management reflects the strategic direction

### 6.2 **Annual Plan and Long Term Plan**

Not Applicable

### 6.3 **District Plan**

Not Applicable

### 6.4 **Legal Implications**

Not Applicable

### 6.5 **Policy Implications**

No changes are proposed to the *Risk Register*



**Attachments:**

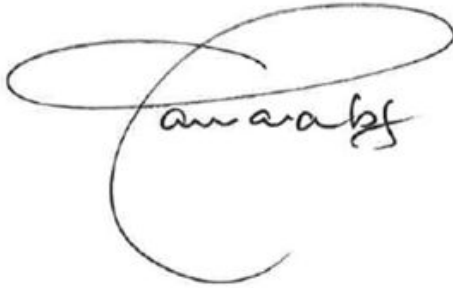
**Appendix 1** – Farm and Aerodrome Risk Register

**Appendix 2** – Stratford Aerodrome Hazard Register

**Appendix 3** – Mycoplasma Bovis Update (as at 11 November 2021)



Sara Flight  
**Property Officer**



[Endorsed by]  
Victoria Araba  
**Director - Assets**



[Approved by]  
Sven Hanne  
**Chief Executive**

**Date** 30 November 2021

## APPENDIX 1

## Farm Risk Register

Risk Category	Risk Subject	Risk Description	Risk Score Raw	Control Description	Residual Risk Score
Operational	Infectious Disease/ Biosecurity Risk and Pandemic	<ul style="list-style-type: none"> <li>If there is a threat to animals on farm through disease, this will affect the wellbeing of all stock on farm.</li> <li>Given the current Sharemilkers have a run-off this will also limit stock from outside the farm coming onto the dairy farm.</li> </ul>	Medium to High	<ul style="list-style-type: none"> <li>Take a proactive approach to any known threats to protect the farm and develop a plan to deal with this threat, in discussion with the Fonterra and the Bank;</li> <li>Prepare and maintain a Business Continuity Plan.</li> <li>Have a Movement Plan between the Sharemilkers runoff farm and the Council's farm to eliminate any infection due to movement between farms.</li> <li>Limit movement of stock, people and machinery on/off farm.</li> <li>Work with Bio-Security NZ, Ministry Primary Industries (MPI), Taranaki Regional Council (TRC), Farm Vets to ensure the threat is identified and work to minimise the threat.</li> <li>Ensure Staff/committee are kept up to date with everyday decisions. Follow MPI Guidelines - <a href="https://www.biosecurity.govt.nz/growing-and-harvesting/land-care-and-farm-management/biosecurity-on-your-farm/">https://www.biosecurity.govt.nz/growing-and-harvesting/land-care-and-farm-management/biosecurity-on-your-farm/</a></li> </ul>	Medium to Low
Financial	Low Pay-out	<ul style="list-style-type: none"> <li>Low pay-out can and will cause financial stress on farm if not handled correctly.</li> <li>Financial pressure can cause the farm to run on maintenance only.</li> </ul>	Low - Medium	<ul style="list-style-type: none"> <li>Work with the bank/accountant to set up a budget. A low pay-out can cause the farm to only run on minimal operations and very low costs. For example Maintenance fertiliser only. Only things that need to be done to keep the farm running will be done.</li> <li>Select correct options for current financial climate and low pay-out.</li> </ul>	Low

Risk Category	Risk Subject	Risk Description	Risk Score Raw	Control Description	Residual Risk Score
Environmental	Natural Disaster	<ul style="list-style-type: none"> <li>Weather, Eruption, Earthquakes any of these can affect the farm.</li> <li>Any of these disasters can cause major damage to farm buildings and infrastructure.</li> <li>Loss of income also will come into effect.</li> </ul>	Low - Medium	<ul style="list-style-type: none"> <li>Prepare and maintain a Natural Disaster Management Plan.</li> <li>Communicate to the regional /district Civil Defence Authority;</li> <li>Prepare and maintain a Business Continuity Plan.</li> <li>Have an up-to-date Business Interruption Insurance.</li> <li>Secure an alternative power source e.g., generator that is available when required.</li> <li>Work with Sharemilkers to ensure that they are aware of their responsibilities.</li> <li>Ensure industry best practice is followed.</li> </ul>	Low
Reputational and Conduct	Reputational Damage	<ul style="list-style-type: none"> <li>Reputational damage to Council can occur as a result of:                             <ul style="list-style-type: none"> <li>Lack of operational transparency;</li> <li>Poor Management;</li> <li>Environmental damage;</li> <li>Non-compliance</li> </ul> </li> <li>Reputational damage could lead to hefty fines which may cause ratepayers and the public losing faith in the council-run farm.</li> <li>Change of Government Policy or Legislative change can also have consequences to the reputation of the farm and the council also.</li> </ul>	High	<ul style="list-style-type: none"> <li>Continually working with TRC to ensure that:                             <ul style="list-style-type: none"> <li>the farm complies with TRC Best On-farm practise;</li> <li>the farm complies with Fonterra requirements in terms of supply;</li> <li>All records are kept up to date on a regular basis.</li> </ul> </li> <li>Ensure transparent decisions are made at all times;</li> <li>Consistently keep all involved in the farm up to date and well informed of any changes to rules and regulations.</li> <li>Review contract with Sharemilkers every three years to ensure everyone is on same page</li> </ul>	Medium
Operational	Aerodrome	<ul style="list-style-type: none"> <li>Cows on runway</li> </ul>	Medium to High	<ul style="list-style-type: none"> <li>Prepare and maintain a clear set of rules for both the Aerodrome users and the Council farms Sharemilkers and employees</li> </ul>	Low

Risk Category	Risk Subject	Risk Description	Risk Score Raw	Control Description	Residual Risk Score
Health and Safety and Wellbeing	Health and Safety	<ul style="list-style-type: none"> <li>Lone worker - If a staff member is seriously injured or killed on farm, then possible health and safety breaches, death or serious injury.</li> </ul>	Low-Medium	<ul style="list-style-type: none"> <li>Work with the Sharemilkers to ensure that they have quality training and are aware of their responsibilities.</li> <li>Ensure contract is updated in accordance with Health and Safety regulation and best on-farm practices;</li> <li>Ensure that there are processes and measure in place to ensure that a lone worker is safe and can communicate effectively in emergency and be reached promptly.</li> </ul>	Low
Animal Welfare	Reputational	<ul style="list-style-type: none"> <li>Animal Welfare issues – If an animal welfare issue eventuates on-farm then reputational damage to both Sharemilker and Council could occur.</li> </ul>	Medium	<ul style="list-style-type: none"> <li>To ensure there is good animal welfare practice on farm and as the cows are owned by the Sharemilkers, the following codes must be complied with:                             <ul style="list-style-type: none"> <li>The Animal Welfare Act 1999;</li> <li>An <i>Animal Health Plan</i> provided through a Veterinary Practice; and</li> <li>The Fonterra Welfare Codes and Regulations</li> </ul> </li> </ul>	Low

APPENDIX 2



**Stratford Aerodrome**  
 232 Flint Road  
 Stratford  
 ph 06 7656099

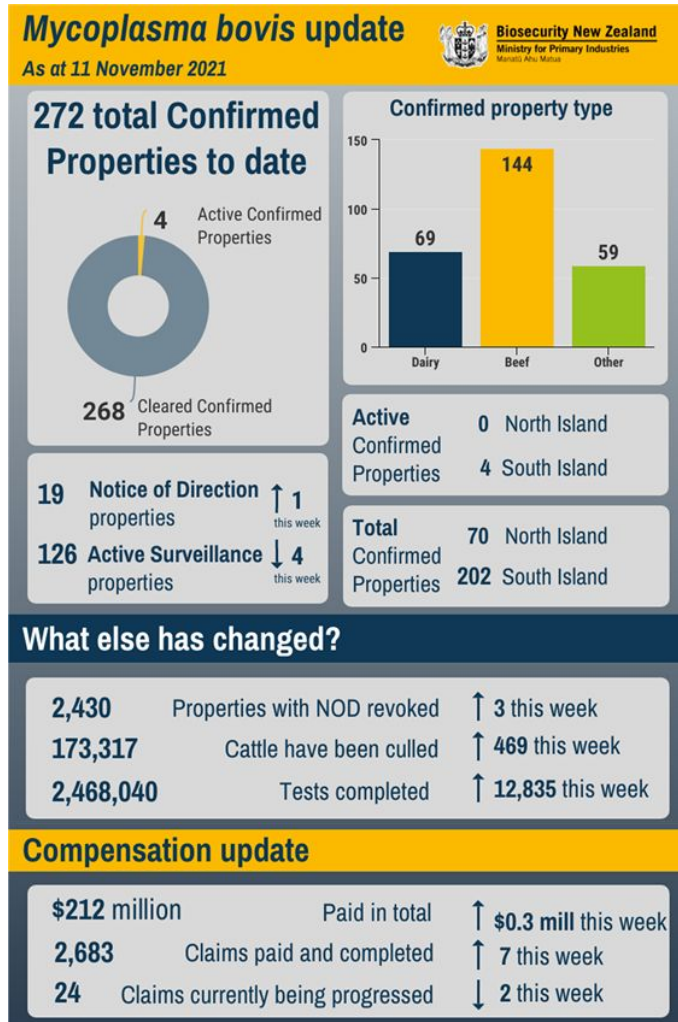
**HAZARD RISK REGISTER**

Source of Risk / Hazard		Risk Rating (Uncontrolled risk rating)			Heirachy of Control	Controls	Residual Risk	Persons responsible	Date to be Completed	Review Date and Initial
Source of Risk / Hazard	Hazard	Consequence	Likelihood	Risk Rating						
Tourists and, or members of the public accessing the airfield	Public vs aircraft, aircraft rotor / propeller or service vehicle	Critical	Possible	MED	M	Parking available near the Club House for visitor parking  Signage in place identifying the Airfield as an Operational Area - Unauthorised Access Prohibited  Gate in place and able to be used as required	LOW	Operations & Members using the Aerodrome	On-going monitoring	N/A - ongoing management
Access into and out of the aerodrome via the driveway	Vehicle collision or vehicle vs stock	Minor	Rare	LOW	M	Traffic is restricted to 30km per hour with signage clearly in place, to this effect	LOW	Operations & Members using the Aerodrome	As required	N/A - ongoing management
Contractor vehicles, including moving vehicles crossing the runway and accessing the aircraft manoeuvring area	Service vehicle vs aircraft	Catastrophic	Possible	HIGH	M	Vehicle access to airfield is restricted to ground maintenance vehicles (Downer completes mowing) - these vehicles must have a roof top strobe as per signage at the entrance to the operational area  Mowing operations are scheduled on Thursdays (usually) - pilots to check with the radio room prior to landing for update on conditions / NOTAMS  Contractor to hold a radio dialled in to airside channel (enter channel <b>[ENTER CHANNEL]</b> )	MED	Operations & Members using the Aerodrome  Stratford District Council	On-going monitoring	N/A - ongoing management
Model Aircraft crashing outside the aerodrome in the farmers fields	Distress the farmers stock / cattle  Animal vs Member  Member injury	Major	Probable	MED	M	Access to farmers paddocks must be recorded in the appropriate log book held at the Club house  Model Aircraft flying is restricted and only permitted by members of the Egmont Modellers Club (reducing other recreational users)	LOW	Operations & Members using the Aerodrome	On-going monitoring	N/A - ongoing management
Stock on the runway and, or airfield	Damage, injury, distraction	Catastrophic	Probable	HIGH	M	The perimeter of the airfield is fenced  Stock on the airfield to be reported to the Club House who will facilitate clearing the airfield	MED	Operations & Members using the Aerodrome	As required	N/A - ongoing management
Debris on Airfield	Damage, injury	Catastrophic	Possible	HIGH	M	Physical check of airfield, including runway and wider maneuvering area to identify and remove debris, including but not limited to Bale wraps and other wind blow material	LOW	Operations & Members using the Aerodrome	As required	N/A - ongoing management

2021 - Farm and Aerodrome - December Open - Information report - Risk Review

Birds	Bird strike resulting in damage or injury	Catastrophic	Possible	HIGH	M	Monitor bird activity in the area and manage if a problem is identified - Solutions to bird problems should be made in consultation with the farmer and Stratford District Council	MED	Operations & Members using the Aerodrome Stratford District Council	As required	N/A - ongoing management
Fuel Bowser	Vehicle vs fuel bowser / pump Vehicle fire near bowser/pump	Major	Unlikely	MED	M	Bollards have been installed around the fuel bowser Clear line if sight to minimise accidental collision Fire extinguisher located at the Bbowser for use as requires Fuel Safety Data Sheet (SDS) located in the Notice Board (Marked in Box labelled MSDS)	LOW	Operations & Members using the Aerodrome	As required	N/A - ongoing management
Commercial operations conducted from the airfield - Aerowork	Traffic including trucks	Major	Unlikely	MED	M	All activities are carried out in the Operational Area and in line with CAA Guidelines and requirements Vehicles / traffic must use roadways provided, be mindful of speed and pedestrians	LOW	Operations & Members using the Aerodrome	As required	N/A - ongoing management
Runway markings and general conditions	Markings become faded / damaged / or otherwise unclear over time Damage to runway and wider airfield	Catastrophic	Rare	MED	M	Guide line to be maintained as required to ensure the runway remains clearly visible All damage to runway and surrounding airfield to be reported immediately to the Radio Room so it can be used to update incoming aircraft, NOTAMS and Stratford District Council can be notified as required	LOW	Operations & Members using the Aerodrome Stratford District Council	As required	N/A - ongoing management
Aircraft fuel and oil spills are likely whilst aircraft are parked and refuelled during refuelling operations	Aviation fuel spills	Moderate	Rare	LOW	M	Follow fuelling procedures Drains and interceptors in place in compliance with Mistry for the Environment	LOW	Operations & Members using the Aerodrome Stratford District Council	On-going monitoring	N/A - ongoing management
It is of critical importance that the fuel taken on-board at uplift is not contaminated since the effects of any such contamination are likely to affect the engines and this may not be evident until after an aircraft has become airborne.	Fuel Contamination	Moderate	Unlikely	LOW	M	Fuel filtration procedures Fuel Testing Fuel Storage Pre-flight checks	LOW	Operations & Members using the Aerodrome	On-going monitoring	N/A - ongoing management
Winch launching of Gliders	Aircraft impact with winch rope and associated vehicles on runway	Moderate	Possible	MED	M	Operating Procedures Maintaining communication with Radio Operations / Control	LOW	Operations & Members using the Aerodrome	On-going monitoring	N/A - ongoing management

APPENDIX 3



# QUARTERLY REPORT



F19/13/04 – D21/42800

**To:** Farm and Aerodrome Committee  
**From:** Property Officer  
**Date:** 7 December 2021  
**Subject:** Farm and Aerodrome Business and Financial Report

## Recommendation

THAT the report be received.

## Recommended Reason

This report provides the second quarterly update to the Farm and Aerodrome Committee. It highlights the milk production from the current season at the farm and reports on the key activities at the Aerodrome.

\_\_\_\_\_  
 Moved/Seconded

### 1. Purpose of Report

The purpose of this report is to provide an update of the Farm and Aerodrome activities to the Committee.

### 2. Executive Summary

- 2.1 This report provides information on the current financial position of the Farm and Aerodrome.
- 2.2 It highlights the milk production from the current season at the farm and reports on the key activities at the Aerodrome.
- 2.3 The Financial Report is attached for the months of July to October (**Appendix 1**).
- 2.4 The Farm and Aerodrome Works Programme is attached (**Appendix 2**).

### 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
	✓	✓	

It supports the provision of good quality local infrastructure and the performance of a good quality local public service.

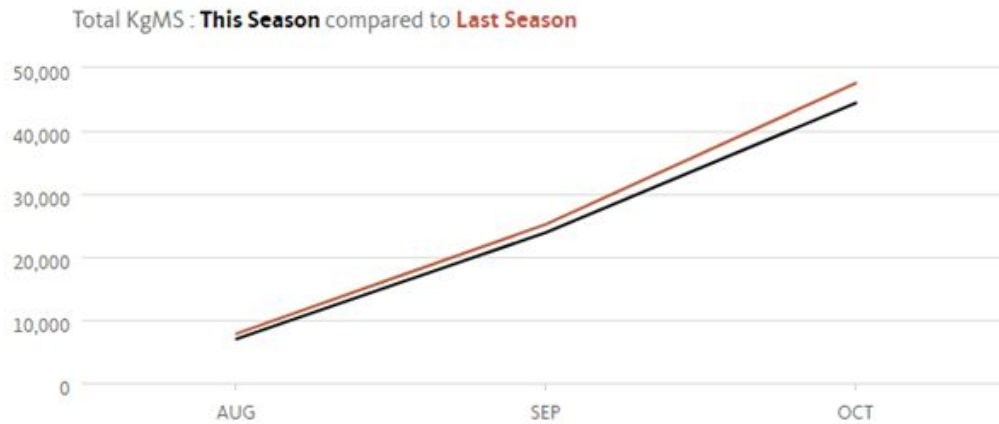


#### 4. Information Summary

##### 4.1 Farm Information

4.1.1 The farm production is as shown in the Monthly Production graph below (**Figure 1**) with a 6.6% variance (decrease) from this time last year. Due to poor weather conditions at the start of the season, reduced milk production slightly.

4.1.2 The production, however, is on track to meet the 150,000kgm target



**Figure 1: Total Kg Milk Solids Production from July to October**

4.1.3 Taranaki Regional Council (TRC) will be carrying out a site visit on the 1 December to determine the riparian planting programme for 2021/22.

4.1.4 The Farm Dairy Records have been submitted and received by Fonterra. Fonterra will use this information to prepare an Environmental Report, which includes a “Nitrogen Risk Scorecard” and “Greenhouse Gas Emissions Assessment”.

4.1.5 The Sharemilkers quarterly meeting was held on Thursday 2nd of December.

4.1.6 Council has three fixed price contracts for the 2021/2022 season. (**Figure 2**).

SEASON 2021/2022					
FARM	FMP AGREEMENTS	EST. SEASONAL PRODUCTION (KGMS)	FIXED QUANTITY (KGMS)	FIXED MILK PRICE	FIXED % OF EST SEASONAL PRODUCTION
Stratford District Council	3	149391	33727	\$8.35	22.58%
	November	149391	5825	8.62	3.9
	October	149391	10212	8.49	6.84
	September	149391	17690	8.12	11.84

**Figure 2: Season 2021/2022 Fixed Milk Prices**

4.1.7 Voting for the 2021 Fonterra Elections, Annual Meeting and Special Meeting was due 7 December. Guidance was sought from the Committee as voting was required to be submitted by the December meeting date.

4.1.8 The new yard loading ramp is due for completion by week ending 28 November.

4.1.9 Alterations to the Farm House entrance is programmed in for mid-December.



**AB Roof**



**Chemical Shed location**

4.1.4 Installation of the AB roof was completed in time for the first round of AB in October.

4.1.5 Location for the new chemical shed has been selected. Concrete pad will be programmed in for early next year.

#### **4.2 Aerodrome Information**

4.2.1 Aero Club and Council officers discussed the proposed location of the site to build a new hanger. If the Committee approves the location and construction of a new hanger, a report will be taken to the Policy and Service Committee for approval.

4.2.2 Council officers will now receive the upgraded AIMM report for the Aerodrome, in conjunction with the new antenna and arial, it will provide 99% accuracy on movement numbers.

4.2.3 The aircraft movements by month are shown in the graph below as **Figure 3** and aircraft movements by type in **Figure 4**.

### **5. Financial Report**

5.1 Operating costs are slightly higher than this time last year, poor weather conditions reduced grass growth which resulted in more feed being purchased. Milk production was affected but will be back on the rise for November.

5.2 Operating cost are down on budget, revenue is up on budget, as the forecast pay-out assumption is within a range of \$7.90 to \$8.90 and a dividend of \$12,489 was received earlier in the year (net after paying a portion to sharemilker).

#### **5.3 R & M Works**

- The farm house porch renovations is programmed in December. Expected cost \$3,345.45
- Exterior/Interior Painting of the Farm House will be looked at in the new year. Expected cost \$3,200
- Race maintenance will commence early next year. Expected cost \$10,000

5.4 Capital expenditure is over budget by \$95,800 due to the yard upgrade being completed in this financial year, the budget was approved last financial year.

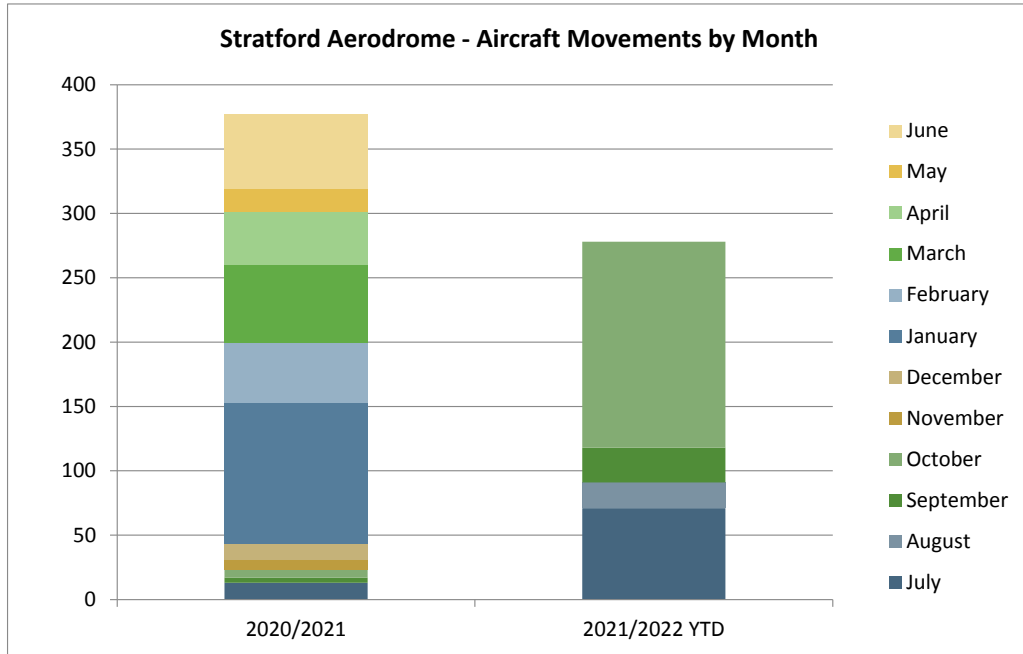


Figure 3: Aircraft Movements by Month

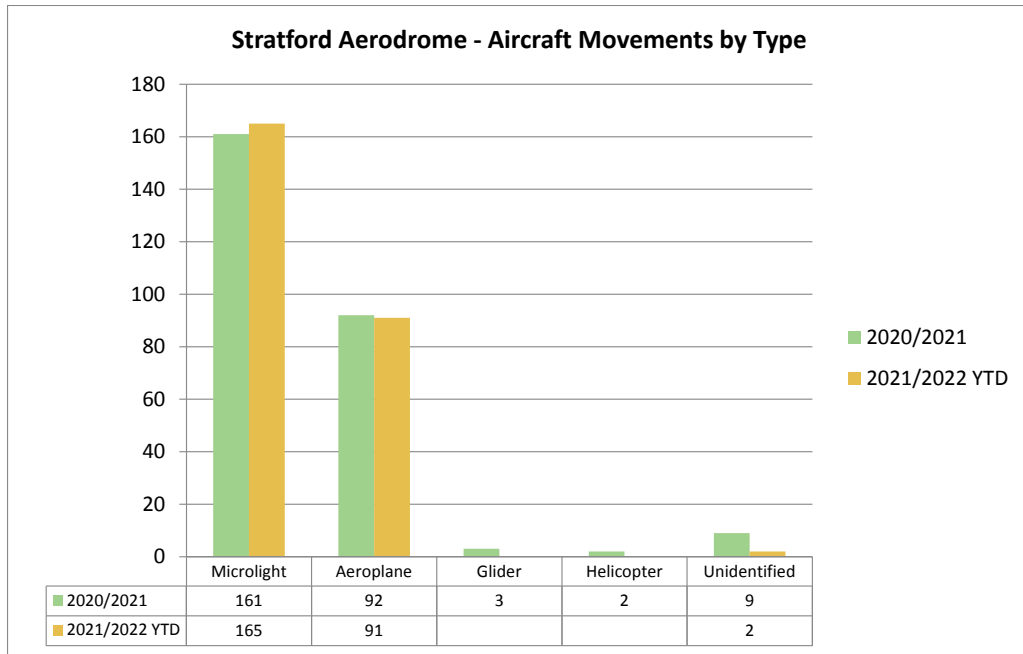


Figure 4 - Aircraft Movements by Type

There was an error in the graph provided to the Policy and Services Committee meeting in November for movement type, this has now been corrected and the correct figures are reflected above.

## 6. Strategic Alignment

### 6.1 Direction

As this is the Committee's fifth meeting, Council Officers continue to look for governance direction from the Committee, going forward. Council Officers propose that future workshops will be beneficial to develop a "Game Plan" for the future.

### 6.2 Annual Plan and Long Term Plan

This report supports the Farm and Aerodrome activities as indicated in the Annual Plan and Long Term Plan.

### 6.3 District Plan

There are no implications that would affect the proposed District Plan.

### 6.4 Legal Implications

There are no legal implications concerning the report.

### 6.5 Policy Implications

There are no policy implications concerning the report.

### Attachments:

**Appendix 1** – October 2021 YTD Financial Report – Farm

**Appendix 2** – Farm Work Programme

**Appendix 3** – Capital expenditure report

**Appendix 4** – Proposed Location for the new hanger



Sara Flight  
**Property Officer**



[Endorsed by]  
Victoria Araba  
**Director - Assets**



[Approved by]  
Sven Hanne  
**Chief Executive**

**Date** 30 November 2021

## APPENDIX 1

### October 2021 YTD FINANCIAL REPORT - FARM

	YTD PREVIOUS 2020/21	YTD ACTUAL 2021/22	YTD BUDGET 2021/22	Variance	BUDGET 2021/22
<b>3800 - Farm Investment</b>					
<b>1700 - Income</b>					
Milk Production (KgMs)	47,591	44,449	50,000	-5,551	150,000
Forecast Milk Payout	6.32	8.40	6.25	2.15	6.25
Council's Share of Milk Revenue*	150,386	186,686	156,250	30,436	468,750
Dividend	7,936	12,489	6,613	5,875	19,840
<b>Total Income</b>	<b>158,322</b>	<b>199,175</b>	<b>162,863</b>	<b>36,311</b>	<b>488,590</b>
<b>1701 - Operating Costs</b>					
Fencing	-	977	1,000	23	3,000
R&M Major Works	305	-	6,067	6,067	18,200
Repairs & Maintenance	7,509	2,447	10,000	7,553	30,000
Consultants	-	-	167	167	500
Off-Farm Grazing	7,822	10,238	13,333	3,095	40,000
Pasture Management	-	467	1,737	1,271	5,212
Fertiliser	673	6,036	23,333	17,298	70,000
Urea	2,632	-	0	0	0
Insurance	6,123	8,349	2,143	-6,206	6,429
Lease	2,167	2,167	2,167	-0	6,500
Licences & Permits	1,514	717	243	-474	730
Rates (Services Only)	620	960	217	-743	650
Subscriptions & Publications	-	-	833	833	2,500
Sustenance	16,155	23,238	18,333	-4,905	55,000
Weed Control	-	-	1,333	1,333	4,000
	<b>45,520</b>	<b>55,595</b>	<b>80,907</b>	<b>25,312</b>	<b>242,721</b>
<b>1703 - Indirect Costs</b>					
Interest	-	-	15,107		45,321
Depreciation	11,018	11,018	11,018	0	33,054
Corporate Services	6,331	8,474	7,098	-1,376	21,294
Assets Director	1,503	1,796	1,936	140	5,809
Property Asset Manager	8,677	9,212	9,811	599	29,433
	<b>27,529</b>	<b>30,501</b>	<b>29,863</b>	<b>-638</b>	<b>134,911</b>
<b>Total Expenditure</b>	<b>73,050</b>	<b>86,096</b>	<b>110,770</b>	<b>24,675</b>	<b>377,632</b>
<b>Net Profit</b>	<b>85,272</b>	<b>113,079</b>	<b>52,093</b>	<b>60,986</b>	<b>110,958</b>

APPENDIX 2

**Farm Work Programme**

2021	January	February	March	April	May	June	July	August	September	October	November	December
Quarterly Meetings												
Fertiliser Application												
Riparian Planting												
Calving												
Drying off												
Sowing crops												
Mowing – SDC Contractors												
Drain Clearing under runway												
Mating												
Club Day												

### APPENDIX 3

<b>Capital Expenditure Actual Vs Budget 2021/22</b>				
	<i>Full Year</i>	<i>YTD</i>	<i>Full Year</i>	
	<i>ACTUAL</i>	<i>ACTUAL</i>	<i>BUDGET</i>	<i>Variance</i>
	<b>2020/21</b>	<b>2021/22</b>	<b>2021/22</b>	<b>2021/22</b>
<b><i>Renewals</i></b>				
Farm House	\$ 12,344		-	-
Yard Replacement (part 50%)	\$ 10,000	20,000	-	-
Effluent Pump	\$ 4,349		-	-
<b>Total Renewals</b>	<b>\$ 26,693</b>	<b>\$ 20,000</b>	<b>\$ -</b>	<b>\$ -</b>
<b><i>Increase in Service Level</i></b>				
Calf Bay	\$ 7,871		-	-
Riparian Planting	\$ 9,862	-	3,500	3,500
Yard Upgrade (part 50%)	\$ 10,000	117,800	-	(117,800)
Relocate Concrete Feedpad	\$ 52,986		-	-
New Races	\$ 35,062		-	-
General Storage Facilities	\$ -	-	8,000	8,000
Free-standing fireplace	\$ -	-	8,500	8,500
In-shed Feed System	\$ -	57,950	59,950	2,000
<b>Total Service Level Increase</b>	<b>\$ 115,781</b>	<b>175,750</b>	<b>79,950</b>	<b>(95,800)</b>
	<b>\$ 142,474</b>	<b>195,750</b>	<b>79,950</b>	<b>(95,800)</b>

## APPENDIX 4

### Proposed Location for the New Hanger





# QUARTERLY REPORT



F19/13/04 – D21/42479

**To:** Farm and Aerodrome Committee  
**From:** Property Officer  
**Date:** 7 December 2021  
**Subject:** Health and Safety Update

## Recommendation

THAT the report be received.

\_\_\_\_\_  
 Moved/Seconded

### 1. Purpose of Report

The purpose of this report is to provide to this committee the Health and Safety update for the period between October to December 2021.

### 2. Executive Summary

- 2.1 There was one recorded incident at the Council Farm.
- 2.2 There were no recorded incidents at the Stratford Aerodrome.

### 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
	✓	✓	

It supports the provision of good quality local infrastructure and the performance of a good quality local public service.

#### 4. Information Summary

- 4.1 This report provides a summary of the Farm and Aerodrome's Health and Safety performance in the last quarter.
- 4.2 The Council has not recorded any health and safety incidents at the Aerodrome in the last quarter.
- 4.3 There has been one incident and no near misses on the Farm to report for this quarter.
- 4.4 The Stratford District Council's Health and Safety reporting obligation is to the Audit and Risk Committee. This report essentially informs this Committee of the operational compliance of the Sharemilkers Health and Safety obligations.

#### 5. Sharemilker Health and Safety Report

This update from the Sharemilker directly provides an operational summary of the Farm's Health and Safety performance in the last quarter.

##### 5.1 **General**

- Installation of the Chemical shed is planned for next year.
- Sharemilkers have a continuation plan in place in case Covid is found on the farm.

##### 5.2 **Incident/Near-Misses**

**Incident:** 1 incident to report – Worker mixed milk from a penicillin cow with the good milk in the vat. The milk had to be discarded which will result in a reduced count of milk solids.

**Near-Misses:** 0 Near-Misses to report.

**Action:**

Conversation with all staff to remind them of staying attentive and follow process.

#### 6. Other Business

In November Fonterra launched their new update "Planning for the Potential impact of COVID-19 on farm. It explains the protocols and process which are to be followed if Covid is found on the farm and also how Fonterra plans to operate in the new Traffic Light System. .

More information can be found via the link below and also attached.

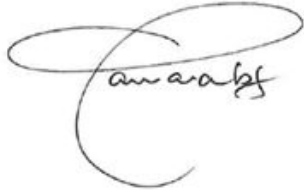
<https://nzfarmsource.co.nz/business/covid-19-on-farm>

#### **Attachments**

**Appendix 1** Planning for the potential impact of COVID-19 on Farm



Sara Flight  
**Property Officer**



[Endorsed by]  
Victoria Araba  
**Director - Assets**



[Approved by]  
Sven Hanne  
**Chief Executive**

**Date** 30 November 2021

## APPENDIX 1

# Planning for the Potential Impact of COVID-19 On-Farm

### The COVID-19 Protection Framework (the traffic light system) and our Business Operations

With the upcoming change to the COVID-19 Protection Framework, we wanted to give you a heads up on how we plan to operate. We are still here to provide the same products and services you're used to, but depending on which traffic light you are at, it may be slightly different.

#### Green

- Everyone in store is recommended to wear a mask
- Keep 1 meter apart
- You'll need to scan or sign in
- On-farm visits will continue as normal - Farm Source staff will respect any on-farm policy or procedures regarding COVID-19

#### Orange

- Everyone in store must wear a mask
- Everyone must keep 1 meter apart (capacity limits may be required)
- You'll need to scan or sign in
- On-farm visits will continue as normal - Farm Source staff will respect any on-farm policy or procedures regarding COVID-19 and proactively communicate regarding visits

#### Red

- Everyone in store must wear a mask
- Everyone must keep 2 meters apart (capacity limits may be required)
- You'll need to scan or sign in
- On-farm visits will continue as normal - Farm Source staff will respect any on-farm policy or procedures regarding COVID-19 and proactively communicate regarding visits

Please note that these protocols are likely evolve as we adjust to life with COVID-19. We always follow the guidance of the Ministry of Health and we will update this page as things change. So please come back and check as we'll update all the information you need here.

### The COVID-19 Alert Level System and Our Business Operations

Here you'll find information to help understand how our Farm Source Stores will be affected by the Ministry of Health's COVID-19 Alert Level System.

#### >Level 4

All our stores will be closed at Alert Level 4 but will still operate with our contactless click and collect service. We will provide contactless delivery and will offer contactless collection services from outside our stores (delivery charges may apply).

**On-Farm Visits** - We will be stopping on-farm visits at Alert Level 4. If you do have an urgent requirement on-farm, please get in touch with your local Farm Source team member.

**Events** - All events are cancelled until restrictions are lifted.

#### >Level 3

##### STEP 1

Stores will be closed at Alert Level 3 / 3.1 but will be operating our contactless click and collect service. Contactless on-farm deliveries will continue with Level 3 protocols in place, subject to availability (charges may apply).

**On-Farm Visits** - On-farm visits are restricted to supporting critical requirements only at Alert Level 3 / 3.1. If you do have an urgent requirement on-farm, please get in touch with your local Farm Source team member.

**Events** - All events are cancelled until restrictions are lifted.

### STEP 2 AND 3

Our stores will be open at Alert Level 3.2 / 3.3 and will continue to provide the products, solution and great services that you are used to.

To ensure the safety of our teams, customers and communities, everyone in store will need to wear a mask, scan or sign in, and keep 2 metres apart - just like when shopping at the supermarket. Click and collect also remains for those who prefer.

**On-Farm Visits** - At Alert Level 3.2 / 3.3 our TSRs will be available to provide on-farm support. If you do have an urgent requirement on farm, please get in touch with your local Farm Source team member.

**Events** - All events are cancelled until restrictions are lifted.

#### > Level 2

While you can keep using click and collect, our stores will still be open to provide the products, solutions and great services that you are used to.

We are of course taking extra measures according to the Ministry of Health guidelines. Our stores will be cleaned regularly, and we will need everyone to either scan in on the COVID-19 app or sign the register (for contact tracing purposes). To ensure a safe visit, keep a safe distance, minimise face-to-face time and follow personal hygiene guidance.

**On-Farm Visits** - We can continue any farm visits under Alert Level 2. So, if you need us, just give us a call and we can pop out to your farm to provide any support you need. When we visit, we will follow our safety protocols and take a record of everyone we have interacted with on farm (for contact tracing purposes).

#### > Level 1

All our stores will be open and resume normal operation. Don't forget, you can still use our click and collect service.

However, we still encourage everyone to keep taking extra measures to ensure a safe visit. Remember, scan the QR code on the COVID-19 app (or sign the register), keep a safe distance, minimise face-to-face time, and follow personal hygiene guidelines.

**On-Farm Visits** - Visits will also resume normal operation. If you need any support, just give us a call and we'll pop out to see you.

#### Click and Collect

Don't forget, you can still do everything you did before at every Alert Level, it'll just be online or over the phone.

As a reminder, to place an order, please visit [our website](#), call [your local store](#) or contact our service centre on [0800 731 266](tel:0800731266).

#### Preparing for COVID-19 on farm

Having a clear plan in place should you, an employee or family member contact COVID-19, is key to ensuring your farm can continue to operate effectively. Having a plan will help give you peace of mind that others will be able to step in and help.

Use [this checklist](#) to help you create a plan. There are other planning tools from [DairyNZ here](#). [Back to top](#)

#### What do you do if you get COVID-19 on farm?

In the event of a confirmed case of COVID-19 on your farm, the following steps should be taken:

- After you have had confirmation of a positive COVID-19 case from a public health official, please notify our Service Centre immediately on [0800 65 65 68](tel:0800656568).

- This will enable us, Milk Test NZ and QCONZ to limit the number of on-farm interactions to those that are essential only e.g. collecting milk.
- The information you provide will only be used for this purpose and will be managed in accordance with [Fonterra's Privacy Policy](#) and [Terms of Supply](#).
- To minimise risk to your farming operation and milk supply, please ensure anyone who has tested positive remains away from the farm dairy (this excludes close, casual plus and casual contacts).
- At any time if you have questions or need any support please don't hesitate to reach out to our Farm Source team via our Service Centre on [0800 65 65 68](tel:0800656568) - we are here to help.

For more help and information check out our [FAQs](#).

#### FDA and Farm Verification Activity Under Lockdown Levels 3 & 4

As the FDA is part of the regulatory framework and our Risk Management Programme (RMP) requirements, MPI does require Farm Dairy Assessments to proceed as scheduled.

To ensure everyone's safety during this level 4 lockdown, MPI and Fonterra have put in place some extra safety measures:

- During Level 3 and 4 only FDA, Inhibitory substance testing and grade tracebacks will be carried out
- Farm verification activity will be stopped until NZ or the region reach level 1 or 2
- Any planned Farm verification visits not undertaken during level 3 and 4 will be completed at a later date at no charge to you
- QCONZ will carry out Farm visits with the following controls in place:
  - All farmers will be contacted prior to the visit occurring to ensure there are no positive COVID-19 cases or at-risk staff on farm. In these cases the visit will be postponed to a later date
  - All assessors will undertake increased hygiene precautions
  - Any paperwork not at the dairy will result in a QCONZ call and if the documentation can be sent electronically the farm will not incur any revisit costs
  - It is strongly recommended that you are not present during the assessment, but if you are, then you must remain at least 2 metres away.

Please also note, QCONZ has postponed all visits on Wednesday 18 August to ensure they can brief all their staff and put in place the necessary controls.

For more information please [read the MPI notice](#), or you can contact our Service Centre on [0800 65 65 68](tel:0800656568).

### COVID-19 Health Information

#### 1. Got Symptoms?

Your health is paramount. Call your GP before you visit. Or call Healthline on [0800 358 5453](tel:08003585453).

You need to let us know via the Service Centre on [0800 65 65 68](tel:0800656568) if anyone on-farm involved with milking becomes infected. This is particularly important for our tanker drivers who collect your milk. Our drivers are taking a number of precautions to protect you and them, so please excuse us if your service isn't as personal as you're used to.

#### 2. Latest Health Information

The official COVID-19 website ([www.covid19.govt.nz](http://www.covid19.govt.nz)) has everything you need to know about the pandemic in one place.

## FAQs

With the ongoing COVID-19 situation in New Zealand and the fluid nature of restrictions, we were keen to provide some assurance to farmers around milk collection, safety and animal welfare.

Below are our responses to your frequently asked questions, relating to the impacts of COVID-19 on farm.

### **1. What should I do if I feel unwell?**

If you feel unwell, the best thing you can do is get a COVID-19 test.

While awaiting test results, you can continue to milk. But if possible, it's a good idea to avoid working in the dairy to reduce the potential risk of COVID-19 on farming operations.

### **2. What do I do if I, or one of the farm staff have tested positive for COVID-19?**

COVID -19 is a notifiable disease, so it's really important you let us know by calling the service centre on 0800 65 65 65.

### **3. Can I continue to milk if I have tested positive for COVID-19?**

If you have tested positive, please follow Ministry of Health (MoH) guidance.

If MoH advise that you can isolate at home, you should stop working in the dairy and organise other employees or relief milkers to milk the cows.

If you are unable to organise relief milkers or alternatives, please:

- Notify us to advise you are a positive COVID-19 case and will continue to milk the cows
- Notify us when you return your final negative COVID-19 test
- Ensure you undertake a sanitizer clean of the milking plant after each milking

The above applies to anyone who is a confirmed case including owner/operators, the farmer and farm employees.

### **4. If I have tested positive for COVID-19, and continue to milk the cows in the dairy, will Fonterra collect my milk?**

Fonterra will endeavor to collect all milk from farm as per the existing collection schedule, but please note schedules may be subject to change.

### **5. If I have tested positive for Covid-19, and I'm able to remain away from the dairy will Fonterra collect my milk?**

Yes, we will continue to collect all milk from a farm where the confirmed COVID-19 case is able to remain away from the farm dairy.

### **6. Can I continue to milk if I am a close contact?**

If you or one of the farm employees is a close contact, you'll likely be waiting on test results.

You can continue to milk, but if possible, it's a good idea to avoid working in the dairy to reduce the potential risk of COVID-19 on farming operations.

A dairy sanitizer clean is only required when there is a confirmed COVID-19 case on farm.

### **7. Does Fonterra test for COVID-19 in the milk?**

No, we do not test for COVID-19 in the milk. The risk of milk contamination is extremely low and pasteurisation of milk products inactivates the virus, making it safe for consumers.

### **8. Where do I go for more support?**

If you need more support, contact MoH, Rural Support Trust or get in touch with one of our team through the service centre on 0800 65 65 65.



TE KAUNIHERA Ā ROHE O  
**WHAKAAHURANGI**  
**STRATFORD**  
DISTRICT COUNCIL

**Our reference**  
F19/13/03-D21/40748

### **Karakia**

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

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