TE KAUNIHERA Ā ROHE O WHAKAAHURANGI
STRATFORD DISTRICT COUNCIL

Our reference
F19/13/03-D21/26182

12 November 2026

Notice of Meeting

Notice is hereby given that, the **Audit & Risk** committee meeting of Council will be held in the **Council Chambers, Stratford District Council, 63 Miranda Street, Stratford**, on **Tuesday 17 November 2026**, beginning at **1.00pm.**

The timetable is as follows:

12.30pm	Workshop - Financial Strategy
1.00pm	Audit & Risk Committee

Ngā mihi,



Sven Hanne
Chief Executive

2026 - Agenda - Audit and Risk - November (Open)

17 November 2026 09:00 AM - 05:00 PM

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AGENDA
Audit and Risk Committee

TE KAUNIHERA Ā ROHE O WHAKAAHURANGI STRATFORD DISTRICT COUNCIL

F22/96/005 – D26/47702

Date: Tuesday 17 November 2026 at 1.00pm
Venue: Council Chambers, 63 Miranda Street, Stratford

1. Welcome

1.1 Opening Karakia
D21/40748 Page 9

1.2 Health and Safety Message
D21/26210 Page 10

2. Apologies

3. Announcements

4. Declarations of members interest

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

5. Attendance Schedule

Page 11

Attendance schedule for Audit and Risk Committee meetings.

6. Programme of Works

D25/45958 Page 12

Recommendation

THAT the Audit and Risk Committee's rolling programme of works be received.

_____/_____
Moved/Seconded

7. Confirmation of Minutes

7.1 Audit and Risk Committee - 22 September 2026
D26/35905 Page 13

Recommendation

THAT the minutes of the Audit and Risk Committee Meeting, held on Tuesday 22 September 2026 be confirmed as a true and accurate record.

_____/_____
Moved/Seconded

8. Matters Outstanding

None

9. Information Report – Health, Safety and Wellbeing

D26/47676 Page 19

Recommendation

THAT the report be received.

_____/_____
Moved/Seconded

10. Information Report – Risk Management

D26/47179 Page 25

Recommendation

THAT the report be received.

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

_____/_____
Moved/Seconded

11. Information Report – Operational Risk Review – Post Mt Maunganui Holiday Park Landslide

D26/48119 Page 34

Recommendations

THAT the report be received.

Recommended Reason
This report is outlines the approach council has taken in an operational risk review following the tragic events in Tauranga/Mt Maunganui in January 2026 shares progress to date with elected members. This aligns with the expectations elected members expressed at the previous A&R meeting.

_____/_____
Moved/Seconded

12. Information Report – 2027/37 Long Term Plan Update

D26/48055 Page 38

Recommendation

THAT the report be received.

Recommended Reason
This report provides the Committee with an update on the status and project plan for the 2027/37 Long Term Plan, and an opportunity to comment on associated risks.

_____/_____
Moved/Seconded

13. Information Report – Audit New Zealand – 2025/26 Final Report to the Council

D26/48059 Page 47

Recommendation

THAT the report be received.

Recommended Reason
This report informs the Committee of the outcomes of the 2025/26 Annual Report audit.

_____/_____
Moved/Seconded

14. Information Report – 2025/26 Capital Works Programme – Key Projects Update

D26/47326 Page 70

Recommendation

THAT the report be received.

Recommended Reason
To provide a summary on the progress of our main capital expenditure budgets for the 2026/27 financial year and assess Council's ability to complete them on time and within budget.

_____/_____
Moved/Seconded

15. Information Report – 2025/26 Capital Works Programme – End of Year Summary

D26/33153 Page 80

Recommendations

THAT the report be received.

Recommended Reason
This report provides an end-of-year summary of the capital expenditure budget for the 2025/26 financial year.

_____/_____
Moved/Seconded

16. Information Report – Percy Thomson Trust – Quarterly Report for the period ended 30 September 2026

D26/47444 Page 88

Recommendations

1. THAT the report be received.

2. THAT Council receive the quarterly report for Percy Thomson Trust for the period ended 30 Sept 2026.

Recommended Reason
The Trust has agreed to provide quarterly reporting to Council. The attached report represents the first quarter of the 2025/26 financial year.

_____/_____
Moved/Seconded

17. Information Report – Percy Thomson Trust – Annual Report 2025/26

D26/47184 Page 105

Recommendations

THAT the report be received.

Recommended Reason
The Percy Thomson Trust is a Council Controlled Organisation of the Stratford District Council and the audit of their Annual Report for the year ended 30 June 2026 was completed by Audit New Zealand.

_____/_____
Moved/Seconded

18. Resolution to Exclude the Public

Recommendation

THAT the public be excluded from the following parts of the proceedings of this meeting, namely: Agenda Item No: 19

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

General subject of each matter to be considered	Reason for passing this resolution to each matter	Grounds under section 48(1) for the passing of this resolution
Insurance Programme	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 *and* to enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities	That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist, under section 6 and section 7 of the Act - specifically Section 7(2)(b)(ii) and Section 7(2)(h). (Section 48(1)(a) Local Government Official Information and Meetings Act 1987.

_____/_____
Moved/Seconded

19. Public Excluded Item

20. Resolution to Open to the Public

Recommendation

THAT the open meeting resume.

/
Moved/Seconded

21. Correspondence

22. General Business

23. Questions

24. Closing karakia

D21/40748 Page 144

TE KAUNIHERA Ā ROHE O WHAKAAHURANGI
STRATFORD DISTRICT COUNCIL

Our reference
F19/13/03-D21/40748

Karakia

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

TE KAUNIHERA Ā ROHE O WHAKAAHURANGI
STRATFORD DISTRICT COUNCIL

Our reference
F19/13/03-D22/17082

Health and Safety Message

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

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

5. Attendance schedule for 2026 Audit and Risk Committee meetings.

Date	17/03/26	19/05/26	14/07/26	22/09/26	17/11/26
Meeting	**A**	**A**	**A**	**A**	**A**
Neil Volzke	✓	✓	✓	✓	
David Chadwick				✓	
Steve Beck		✓	✓	✓	
Jaimie Bertie	✓	✓	✓		
Josh Best				✓	
Grant Boyde	✓	✓	✓	✓	
Annette Dudley	✓	✓	✓	✓	
Jono Erwood	✓	✓	✓	✓	
Ellen Hall	✓	✓	✓	✓	
Amanda Harris	✓	✓	✓	✓	
Katherine Sextus	✓	✓	✓	✓	
Mathew Watt					
Philip Jones (External Chair)	✓	✓	✓	✓	

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

Audit and Risk Committee - Programme of Works

	Nov-26	Mar-27	May-27	Jul-27
Standing Items	- Correspondence Received - Health and Safety Report - Risk Management Review - LTP Capital Projects status update - PTT - Quarterly Report (Sep 26) - 2027/37 LTP Update	- Correspondence Received - Health and Safety Report - Risk Management Review - LTP Capital Projects status update -2027/37 LTP Update	- Correspondence Received - Health and Safety Report - Risk Management Review - LTP Capital Projects status update - PTT Quarterly Report - Mar 27 - 2027/37 LTP Update	- Correspondence Received - Health and Safety Report - Risk Management Review - LTP Capital Projects status update
Annual Items	- 2025/26 Audit Matters Raised - Audit New Zealand - Insurance Renewal 2026/27 - PTT - 2025/26 Annual Report	- PTT - Statement of Intent - PTT - Half Yearly Report -2025/26 Audit New Zealand - Report to Management	- 2026/27 Annual Report Audit Plan - 2025/26 Audit Matters Raised - status update	- Internal Audit (Plan for 2027/28) - 30 June 2027 Asset Revaluations review
One-Off Items	Operational Risk review	LTP Significant Forecasting Assumptions / Environmental Scan		

MINUTES
Audit and Risk Committee

TE KAUNIHERA Ā ROHE O WHAKAAHURANGI STRATFORD DISTRICT COUNCIL

F25/96/005 – D26/35905

Date: Tuesday 22 September 2026 at 1.00PM
Venue: Council Chambers, 63 Miranda Street, Stratford

Present

Mr Philip Jones (the Chair), the District Mayor Neil Volzke, the Deputy Mayor Amanda Harris, Councillors: Grant Boyde, Jono Erwood, and Ellen Hall.

In attendance

Councillors: Steve Beck, Annette Dudley, Katherine Sextus, David Chadwick, Josh Best, the Chief Executive –Sven Hanne, the Director – Community Services –Kate Whareaitu, the Health and Safety/Emergency Management Advisor –Daniel Pemberton (part meeting), the Governance Advisor and Executive Assistant – Gareth Hancock, the Senior Accountant – Christine Craig, the Property and Projects Manager - Steve Taylor.

1. Welcome

The opening karakia was read.

2. Apologies

None.

3. Announcements

None.

4. Declarations of Members Interest

The Chair requested councillors to declare any real or perceived conflicts of interest relating to items on the agenda. None were noted.

5. Attendance Schedule

The Attendance schedule for Audit and Risk Committee meetings was attached. It was noted No corrections were noted.

6. Programme of Works

D25/45958 Page 10

Recommendation

THAT the Audit and Risk Committee's rolling programme of works be received.

HARRIS/BOYDE
Carried
A&R/26/41

The Chief Executive noted that this report forms part of the normal work programme. The Chair noted that the Water Services Committee has now been established and requested that any key risks to Council be brought forward to the Committee. The Chief Executive advised

that these would be addressed under Item 10 as part of the Risk Management report and, if required, would be brought back to the Audit and Risk Committee through a separate report.

7. Confirmation of Minutes

7.1 Audit and Risk Committee - 14 July 2026
D26/25834 Page 11

Recommendation

THAT the minutes of the Audit and Risk Committee Meeting, held on Tuesday 14 July 2026 be confirmed as amended a true and accurate record.

VOLZKE/JONES
Carried
A&R/26/42

The Mayor noted an error on page 16, this would be amended by the Governance Advisor.

8. Matters Outstanding

None

9. Information Report – Health, Safety and Wellbeing

D26/34879 Page 18

Recommendation

THAT the report be received.

BOYDE/ERWOOD
Carried
A&R/26/43

The Health & Safety Advisor provided an update on the chlorine gas leak alarm and noted that an action plan has been put in place in response to the incident.

Questions/Points of Clarification:

- Councillor Boyde queried what procedures were in place for the sport field next door in the event of a chlorine leak. It was advised that TET would be notified, and the property manager notified them during the incident.
- The Chair noted and asked whether there was a category for lockdowns. It was explained that there was no specific category in place.

10. Information Report – Risk Management

D26/34954 Page 25

Recommendation

THAT the report be received.

HALL/HARRIS
Carried
A&R/26/44

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

The Chief Executive noted the following points:

- The CE noted that items 2.2 and 2.3 were the most relevant items on the agenda and elaborated on them for members.
- It was noted that item 2.3 contained positive news across the board. The TET risk continues to progress positively, and constructive conversations are ongoing. Historical consenting issues are also reducing, with general acceptance that Council is not the responsible party.
- The CE also noted the correspondence from the Minister and the organisation's response to that correspondence.
- Discussion was held regarding the Mount Maunganui letter. The CE noted that the organisation's response has been to take a step back and assess the operational risks, including whether there are risks that have simply been accepted over time. The Eastern High Country and slip events were noted as potential examples.
- It was noted that the organisation is identifying issues being managed operationally that could have the most significant credible consequences and considering what the outcomes of those risks could be. The organisation is taking a fresh look at whether certain operational risks have been accepted without review.
- It was noted that work is being undertaken from the bottom up with a fresh review process, and a report will be brought back to the Committee.
- It was noted that the recent decision by the Policy and Services Committee to restrict the bridge.

Questions/Points of Clarification:

- Councillor Hall noted that she liked the CE’s approach of not relying solely on the risk register and was keen to see the outcome of the work.
- Councillor Beck sought clarification regarding slips and the associated risks. The distinction between under-slips and over-slips was explained, along with recent engagement with contractors to proactively address these risks.
- The District Mayor noted that the emphasis of the letter was on councils being aware of risks and not taking action. The focus was on known risks and understanding what triggers their escalation. The CE noted that, due to the Council's size, the escalation process to elected members is relatively short.
- Councillor Dudley noted that procedures were not followed in the Mount Maunganui example and suggested that this type of issue should be reflected in the Council's risk register. The Chair noted in the Mount Maunganui event the out-of-hours responses can present risks, particularly where information is downplayed or not passed to the appropriate person.
- Councillor Hall referred to Risk 72 and elected member decision-making. She noted that there is no assessment of whether staff are providing quality information to elected members and questioned this. The Chair responded that it is a two-way street and elaborated on this. It was further noted that no one has complete knowledge and that hindsight is often clearer. Councillor Boyde noted there is a risk associated with officer advice and that elected members receive large volumes of information. The CE advised that this risk had previously been included on the risk register but may have since been removed. The CE also noted that the risk register is regularly reviewed by the Committee.
- Councillor Boyde raised the Building Act reforms and noted that it is difficult to assess their impact at this stage. He asked when further detail on the legislation and its implications for Council would be available. The Director noted that the timing is dependent on the Government and that the reforms represent an ongoing programme of change. The CE further elaborated on the proposed changes and the potential impacts on Council buildings. It was noted that many building upgrades undertaken by Council are voluntary and driven by civil defence requirements.
- Councillor Boyde referred to the rates cap model summary and asked what changes it would cover, including whether it would apply to targeted rates and the roading rate. It was confirmed that it would. The Chair further elaborated on the model, including its application to water services.
- The Chair asked whether the rates cap model summary was a draft or final version and noted that the formula is based on rateable units. The retirement village model was discussed as an example, noting that a retirement village may comprise multiple dwellings but only one rateable property.

11. Information Report – 2027/37 Long Term Plan Update

D26/35081 Page 40

Recommendation

THAT the report be received.

HALL/BOYDE
Carried
A&R/26/45

Recommended Reason

This report provides the Committee with an update on the status and project plan for the 2027/37 Long Term Plan, and an opportunity to comment on associated risks.

Questions/Points of Clarification:

- The Chair enquired about what would be brought back to the Committee at its next meeting in November. The Director of Community Services noted that work would be underway on the consultation document and that staff would be able to provide an update on this. It was noted that, under the "Back to Basics" approach, there are not many significant matters requiring public consultation. Council would normally consult on three key matters and will continue to assess its requirements.
- Councillor Boyde asked whether sufficient resources exist given the volume of legislative change. The CE responded that there were not. Discussion then occurred regarding how Council manages risks associated with limited resources. It was noted that the water services area provided a good example, where additional resources had been allocated to a specific area. It was further noted that the number of submissions being prepared in response to legislative changes has been reduced as a result of all the work required. Discussion also covered the fact that risks cannot always be mitigated simply through additional resourcing. The respective roles of the CE and Mayor were discussed, along with the Government's local government simplification programme and the costs associated with it. The Mayor noted that Council could choose to pivot or withdraw from it if it became too resource-intensive or costly, subject to a Council decision. The discussion concluded with the understanding that any request for additional resources, or a recommendation to cease particular work, would come to Council from the CE.
- The Chair requested that a report be brought back to the next Committee meeting on the LTP. As asset management plans are currently being developed, it was requested that key risks arising from the asset management plans and the financial strategy be reported back to the Committee at a high level.

12. Information Report – 2025/26 Annual Report update

D26/34516 Page 46

Recommendation

THAT the report be received.

ERWOOD/BOYDE
Carried
A&R/26/46

Recommended Reason

To provide an update to the Committee on the progress of the 2025/26 Annual Report, including draft financial statements.

The Senior Accountant noted the following points:

- Three auditors are currently onsite. The audit is progressing well, although they have only been onsite for a day and a half.
- A high-level income statement was attached to the report.

Questions/Points of Clarification:

- The District Mayor questioned the valuation of assets, noting that a significant decrease in valuation had occurred. It was explained that the reduction related to above-ground land values rather than subsurface and was reflective of current market valuations. It was also noted that this change had not been anticipated. The Mayor queried whether this would result in a reduction in depreciation costs, and this was further explained. The Mayor noted the significance of the decrease and requested a report back on the potential depreciation savings. It was agreed that this would be brought to a future Policy and Services Committee meeting.
- The Chair noted that he had not yet had discussions with the Audit Director as part of the Annual Report process.

13. Information Report - 2025/26 Capital Works Programme – Key Projects Update

D26/34621 Page 73

Recommendations

THAT the report be received..

HARRIS/HALL
Carried
A&R/26/47

Recommended Reason
To provide a summary on the progress of our main capital expenditure budgets for the 2026/27 financial year and assess Council's ability to complete them on time and within budget.

The Property and Projects Manager noted the following points:

- The carry-forward report was provided to Council earlier this month and the end-of-year report will be provided at the next Audit & Risk meeting. The terminology used for capital expenditure projects was also noted.
- A number of projects and carry-forwards were highlighted.
- Thirteen budgets are being monitored by this Committee. Of these, 11 have been carried forward from the previous year, and two are new: the Stratford Bore project and the Kopuatama Cemetery works.

Questions/Points of Clarification:

- Councillor Boyde noted an error in the financial year stated in the report.
- The Chair noted that some projects will carry forward to 2028 and asked whether there was a better way to measure progress or spread project, and whether any lessons had been learned from recent projects. The Chief Executive noted that Council's project management processes have improved significantly over recent years. Desludging was discussed, with it noted that the condition was the worst the operator had seen in a long time, and that the full extent of the issue was not known until work commenced. The subdivision project was discussed, with the Chief Executive noting that the wetland definition were not anticipated and did not exist previously, requiring Council to operate within the current regulatory rules. It was further noted that the Prospero Place project only received budget allocation this year. The Chief Executive advised that Council spent more on capital works in the last financial year than in any other year of the Long Term Plan to date, and that similar levels would be likely. It was acknowledged that some project carry-forwards are inevitable and, to a certain extent, represent best practice. Lessons have been learned from these projects and will be applied to future work programmes.
- The District Mayor noted the project carry-forwards, including the rollover of the TET Stadium project. The Mayor sought assurance that, in light of the changes from Government, Council would not proceed with projects before having an opportunity to review those changes. It was confirmed that the design phase was undertaken in Year One and completed in Year Two. Council is now taking the opportunity to engage with the building manager regarding the civil defence function of the facility and to obtain clarification

before the tender. The Chief Executive confirmed that the IL4 requirements have not changed.

14. Correspondence

There was no correspondence.

15. General Business

There was no general business.

16. Questions

The Chief Executive read Risk 72 to the Committee, as the version provided to elected members was an abbreviated version. It was requested that the full risk register be made available in the Resource Centre.

17. Closing karakia

The closing Karakia was read.

The Meeting closed at 2.22 pm.

Philip Jones
Chairman

Confirmed this 17th day of November 2026.

Neil Volzke
District Mayor

INFORMATION REPORT

F25/96/004 – D26/47676

To: Audit and Risk Committee
From: Health and Safety/Emergency Management Advisor
Date: 17 November 2026
Subject: Health, Safety and Wellbeing Report

Recommendation

THAT the report be received.

/
Moved/Seconded

1. Purpose of Report

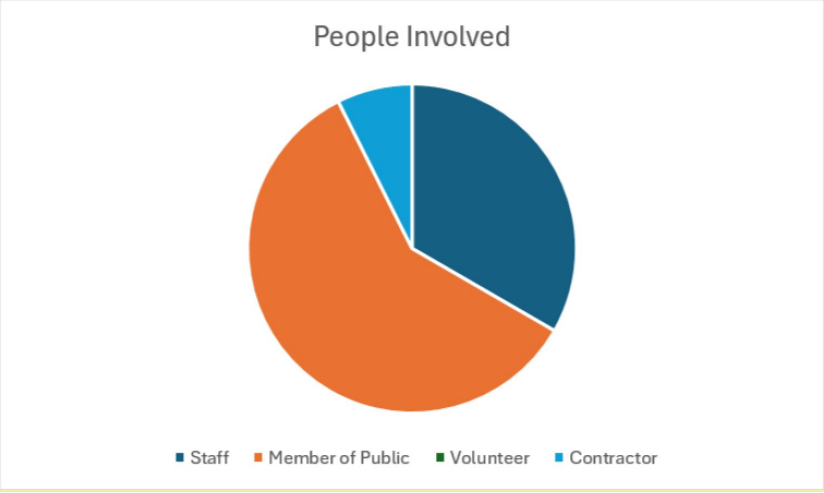
1.1 This purpose of this report is to receive and consider information on health, safety and wellbeing performance.

2. Executive Summary

2.1 There were 27 events during the 1 September – 31 October 2026 reporting period. Engagement in health and safety practices across the Council is trending positively.

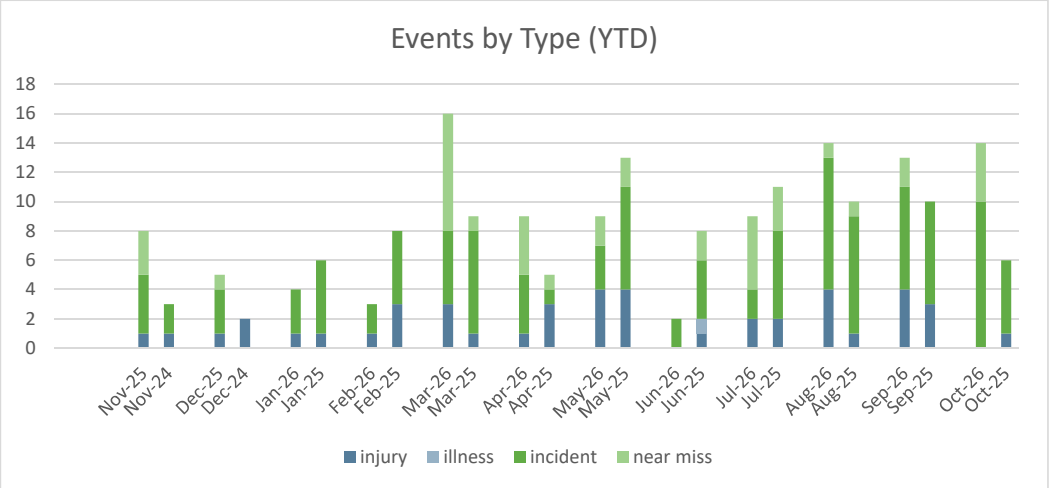
3. Events

Events 1 September - 31 October 2026		
Illness 0	**Incidents 17**	**Injury 4**
ACC Claims 0	**Near Miss 6**	**Notifiable Injury 0**



3.1 There were 4 injury events during September and October. All were minor injuries.

4. Events YTD



5. Types of Reported Events - 50 YTD (November 2025: 45 YTD)

Types of Reported Events

Behaviour	7	Live Animals	
Being Hit by Moving Object		Long term contact with chemicals or substance	
Biological Agencies		Long term exposure to sounds	
Burn		Manual Handling	1
Chemicals or Substance		Machinery	
Contact or Exposure to Heat or Cold	2	Non-powered hand tools/equipment	
Contact with electricity		Other Agencies	1
Contact with, or exposure to biological factors		Other and Multiple mechanisms of injury	
Environmental	8	Other muscular stress	1
Exposure to mechanical vibration		Personal Safety	5
Exposure to mental stress factors		Plant/Equipment	2
Exposure to radiation		Repetitive movement with low muscle loading	
Exposure to sharp sudden sound		Rescue - Dry	6
Exposure to variations in pressure(Other than sound)		Rescue - Wet	2
Falls from height		Slide or cave-in	
Falls on the same level (including trips and slips)	7	Substances	1
Foreign Body		Traffic Incident	3
Hitting objects with a part of the body	3	Underground environment	
Human Agencies		Unspecified mechanisms of injury	
Indoor Environment	1	Vehicle accident	

6. Reported Events by Department - YTD

Team	Categories	Event Type			Total
Data from Vault since 1 July 2026		Near Miss	Incident	Injury	50
Assets	Traffic, Abusive Customer, Sprain, Equipment, graze, Damage to asset, Facility	2	8	3	13
CEO Office					
Community services	Environment, Other, Horseplay, Facility		6	1	7
Corporate Services	Facility, Personal Safety	1	1		2
Environmental Services	Facility		1		1
Wai O Rua	Bleeding, Other, Facility, Horseplay, Lost Child, Bruise, Strain, Burn/Scald, Rescue	10	11	6	27

7 Contractors

7.1 Four site inspections were conducted during the reporting period.

Excellent: 4
Very Good:
Good:
Satisfactory:
Poor:
Very Poor:

8 Health and Wellness

8.1 Eye checks have commenced during this period, with 20 staff checks planned.

8.2 Hearing Screening planned for 24 November.

9 Quarterly Health and safety Critical Deep Dives

9.1 A critical risk review schedule has been developed (Appendix 1).

9.2 Below is the summary of the Critical Risk deep dives for the quarter.

Critical Risk Review		
Risk	Workplace Bullying and Harassment	
Description	IF Bullying and harrassment in the workplace occurs THEN it can have an impact on the health and wellbeing of staff subject to the bullying and other staff witnessing the behavior. This may impact on staff productivity and the ability of Council to attract good quality candidates.	
Current Control Measures	Control Measure Overview	
Administrative	Top down culture against bullying and harassment of any kind, policy is followed through by management, staff are aware of the reporting process. The reporting process to deal with bullying and harassment is fair, transparent, confidential and dealt with in a timely manner.	
Raw Risk Score	4 - High	
Residual Risk	2 - Moderate	

Critical Risk Review		
Risk	Swimming Pool Accident	
Description	IF a member of the public has an accident in the water or a medical emergency at the Stratford Pool, THEN this could result in possible death or serious injury.	
Current Control Measures	Control Measure Overview	
Administrative	Training and qualifications are mandatory for lifeguards, children and elderly are monitored by lifeguard/s at all times. More staff brought on at busier periods.	
Raw Risk Score	4 - High	
Residual Risk	3 - Moderate	



D Pemberton
Health and Safety/Emergency Management Advisor



[Endorsed by]
Raelene Johnson
Director – Corporate Services



[Approved by]
Sven Hanne
Chief Executive **Date:** 6 November 2026

Appendix 1

Health and Safety Critical Risk Review Schedule 2026-2028					
	Nov-26	Mar-27	May-27	Jul-27	Sep-27
Risks to be Reviewed	Risk 637 - Workplace Bullying or Harassment	Risk 629 - Lone Worker	Risk 665 - Water Supply network is contaminated	Risk 632 - Parking Control	Risk 626 - Public Events
	Risk 636 - Swimming Pool Accident	Risk 628 - Abusive customer	Risk 633 - Council Vehicle accident	Risk 631 - Food/Health and Safety	Risk 184 - Dog Attack
	Nov-27	Mar-28	May-28	Jul-28	Sep-28
	Risk 125 - Playground equipment failure	Risk 665 - Water Supply network is contaminated	Risk 629 - Lone Worker	Risk 125 - Armed Robbery	Risk 659 - Exposure to Hazardous substances
	Risk 183 - Employee Substance Abuse	Risk 633 - Council Vehicle accident	Risk 628 - Abusive customer	Risk 634 - Staff under Stress	Risk 676 - Aerodrome-Unsafe conditions

INFORMATION REPORT

F25/96/004 – D26/47179

To: Audit and Risk Committee
From: Director - Corporate Services
Date: 17 November 2026
Subject: Risk Management

Recommendation

THAT the report be received.

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

_____/_____
Moved/Seconded

1. Purpose of Report

1.1 To provide a high-level update on Council risk, with a particular focus on the Significant Risks Register (**Appendix 1**), and in accordance with Council's Risk Management Policy.

2. Executive Summary

2.1 The Audit and Risk Committee Terms of Reference provides that its purpose includes ensuring that the Council is managing risk in an appropriate manner.

2.2 The following significant risks are requiring active management by the Senior Leadership Team:

- Risk 9 – LTP/Annual Plan
- Risk 31 – Abusive Customers
- Risk 32 – Lone Worker
- Risk 72 – Elected Members Decision Making
- Risk 78 – Government Policy Impacting on Local Government

2.3 Additionally, the following risks are being actively managed:

- Council building compliance issues
- Current consenting matters
- Historic consenting matters
- Council sites and facilities safety risks

3. Local Government Act 2002

Under section 10 of the Local Government Act 2002, the purpose of local government is to meet the current and future needs of communities for good-quality, cost-effective, and local infrastructure, public services, and regulatory functions.
Does the report support the purpose of local government?

Provision of good-quality infrastructure	Provision of good-quality public services	Performance of regulatory functions	Supports cost-effective service delivery
✓	✓	✓	✓

4. Background

4.1 The Council maintains a full risk register, which currently has 98 organisational risks. Of these, the most significant risks in terms of likelihood and consequence are monitored by the Audit and Risk Committee, via the Significant Risks Register. This report includes any incidents, events, and/or threats in relation to risks on the Significant Risks Register. The senior leadership team is reviewing the entire risk register, with an intention to provide a fully updated version to this committee.

4.2 The risk register includes a description of the risk and provides an evaluation of the risk in terms of likelihood and consequence without any controls in place. Controls (risk reduction methods and mitigations) have been established for each risk, and then the risk is re-evaluated to get a residual risk score. In terms of what constitutes a significant risk, the raw risk score is considered, rather than the residual risk, as it is important that the senior leadership team and the Audit and Risk Committee regularly monitor that the controls in place are appropriate and effective.

5. Information Summary

5.1 **Significant Risk Events - Update**

Risk 9 – LTP/Annual Plan

2027/37 Long Term Plan

The work to prepare and adopt the Council 2027/37 Long Term Plan (LTP) by 30 June 2027 is well underway. The project plan is in progress and is monitored regularly.

A separate standalone report on the 2027/37 LTP Project Plan is being presented to this Committee meeting.

Risk 31 – Abusive Customers

Pockets of anti-government movement around the country is on-going and increases the risk of abusive behaviour to Council staff and Councillors.

Management continues to monitor public behaviour and may need to consider increased security at some Council events or situations in the future.

The district is experiencing a current increase in protest activity. In response, Council staff are reviewing and updating lockdown procedures, with future drills planning in progress.

Risk 32 – Lone Workers

There is a risk that if a staff member is seriously injured or in danger when working out in the field, that the consequences could be worse if they cannot notify or contact others to assist them in the situation.

Management recognises this risk. Our recommended procedures for staff include avoiding dangerous sites when alone, and to wear lone worker devices that can be activated for assistance should they find themselves in danger.

Council has recently invested in new and more user-friendly lone worker devices and the uptake and response from staff has been very positive.

Risk 72 – Elected Members Decision Making

Due to the number and/or significance of decisions elected members make, there is a risk that elected members may make significant decisions based on inaccurate/insufficient information, "biased" influences, conflicts of interest not disclosed, or lack of understanding of the financial or legislative impacts, resulting in negative outcomes for the community and the risk of legal challenge.

The best way we can manage this risk is to ensure elected members are provided with quality information, including consideration of all available options, that is reviewed by senior management and sent in a timely manner.

Recent decisions made by Elected Members since the September 2026 Audit and Risk Committee report are noted below:

October 2026

- Adoption of the updated *Sensitive Expenditure* and *Discretionary Information in Land Information Memoranda* policies
- Approval of Assets Directorate Delegations
- Adoption of the *Community Investment and Impact Policy and Framework*
- *Adoption of the 2025/26 Annual Report*

November 2026

- Approval of the *Taranaki Lawn and Sports Field Network Plan*
- *Approval of a Rate Remission Application - Excessive Water Use Due to a Leak*
- Approval of a $38.3 million material damage insurance fire loss limit
- Approval of the *Roading Network Procurement Strategy 2025-2028*
- Approval of a preferred approach for the implementation of a Risk-Based Backflow Prevention Project

Risk 78 – Government Policy impacting on Local Government

Rates Capping

The government intends to introduce rates capping (legislation expected early 2027), with a phased approach, and full implementation by 2029.

Instead of a definitive cap, the government intends setting a target range of around 2 - 4%.

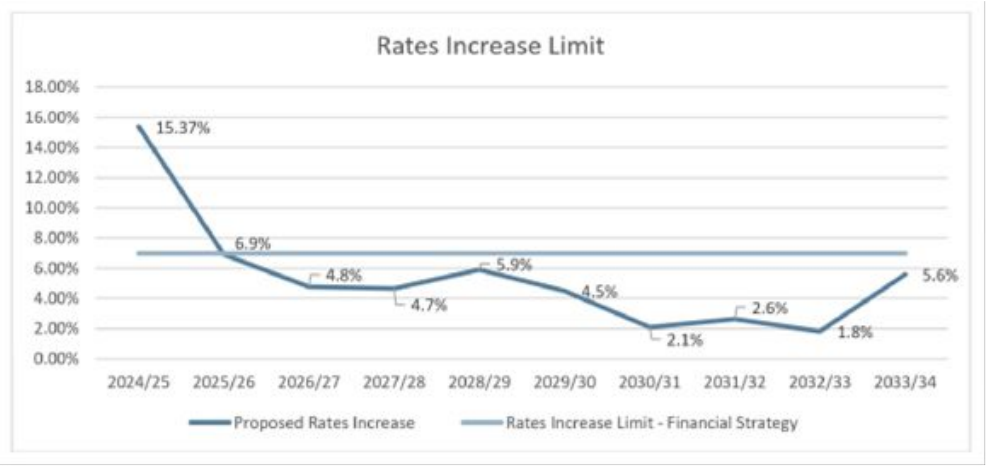
While water services are expected to be excluded from these restrictions, it is concerning that the proposal captures core infrastructure and services like roads and bridges, which the government previously indicated would be excluded.

The Ministry for Cities, Environment, Regions and Transport (MCERT), have recently published a *Rates Capping Model Summary* which provides further information.

Rates capping creates a financial risk, particularly for smaller councils that have limited access to alternative funding.

It is highly probable that fees and charges and council work programmes will need to be reconsidered, to enable Council to meet the new legislative requirements.

Below are the Council's forecasted rates increases (compared to its self-imposed rates increase limit of 7%) over the 2024/34 Long-Term Plan period:



Council has started preparing 2027/37 Long-Term Plan financial estimates, these will need to adhere to the new rates capping limits from 1 July 2029.

Simplifying Local Government Reform

The government's intention to reform the structure of local government has the potential to have an enormous impact on the future of the Council.

On 5 May, Government wrote to Council to announce their decision to introduce a Head Start pathway to enable fast progress on proposals for Simplifying Local Government.

The Head Start pathway was a voluntary option for councils that are ready to progress regional reorganisation now. The pathway was open to territorial and/or unitary authorities that want to come together to form new unitary authorities. For Councils that do not progress through Head Start, reform will not occur until after the 2028 local elections, through the compulsory backstop process.

Under this pathway, proposals were due by 9 August 2026, and SDC submitted a Head Start proposal in collaboration with South Taranaki District Council. Government decisions on these proposals were due by end of September 2026, but the process has since been paused, with the programme to be revisited after the general elections.

Council continues to work with STDC on mutually beneficial elements that deliver benefits to both parties irrespective of the future of these reforms, the remainder of the work programme is largely on hold. NPDC/TRC are currently continuing with the development of their Future Local Government Work programme.

Resource Management Legislation Reform

The two new Acts to replace the Resource Management Act 1991, the Natural Environment Act 2026, and the Planning Act 2026 have now been passed. The first phase of changes came into force on 30 October 2026 and mainly affect resource consenting. The changes are expected to reduce the number of activities that require resource consent and reduce the effects that can be considered when making decisions on applications for consent. A particular change involves the consideration of visual effects which has been significantly reduced.

The new legislation also confirms processes and timelines for the development of new resource management plans. Work on regional spatial plans has already been underway but it will be easier to proceed now that the legislation has been finalised.

Building Act Reform

In 2025 the government announced a series of changes to building legislation. Most of the changes to building legislation are now in force but there are still changes relating to earthquake prone building requirements and to accountability underway. The changes relating to earthquake prone buildings have now been finalised and will require reassessment of our earthquake prone buildings by 1 July 2027. The changes to accountability are in the Building Amendment Bill 2026 which is currently open for submissions.

The changes to the building system affect several areas and it is difficult to measure the impact of each change because there are so many. The changes relating to accountability could be significant for councils.

Local Government (Systems Improvement) Amendment Act 2026

The recently enacted *Local Government (System Improvements) Amendment Act 2026* is intended to give councils clearer priorities, improve public information about Council performance, strengthen governance arrangements, and remove or simplify some regulatory requirements.

This new legislation has changed the purpose of local government and:

- focuses Councils on the cost-effective provision of good-quality local infrastructure, public services, and regulatory functions, instead of social, economic, environmental, and cultural well-being
- states the list of core services that Councils must have particular regard to
- requires Councils to have particular regard to the purpose of local government and core services when determining their approach to financial management.

Core services include network infrastructure, public transport services, solid waste collection and disposal, waste minimisation, civil defence emergency management, libraries, museums, reserves, and community and recreational facilities.

The changes do not stop Councils from funding other activities, including arts, cultural, tourism or economic development activities. Councils retain the power of general competence but must consider the statutory purpose and core services when setting priorities.

There are many other regulatory changes that Council will need to work through including, but not limited to:

- changes to the chief executive appointment/reappointment processes
- changes to how development contributions can be charged
- performance benchmarks covering a wider range of Council activities
- impacts of changes to voting rights for non-elected committee members
- a new standard code of conduct to apply to all elected members

Senior management are currently learning and working through all these changes and are attending training webinars to gain valuable information and to reduce risk.

The first changes implemented was referencing the new purpose of local government into Council documents.

The second priority - changing the structure of our Council activities to align with the new eight mandatory groups of activities, is in progress.

The remaining changes will remain a focus over the coming months and will put additional workload on staff resources.

5.2 **Other Risks – Update**

- Council building compliance issues – TET building compliance requirement works for a Code Compliance Certificate have been identified through a Notice to Fix for the fire systems. A Passive Fire Report was commissioned, and officers are now working to remedy the issues identified. The facility is currently operating under a *Certificate for Public Use (CPU)*.
- Current consenting matters – Work associated with a current building consent has been stopped to enable revised designs to be prepared and consented. This is causing frustration with the owner of the building who is currently working on an application to amend the building consent to enable work to recommence.
- Historic consenting matters – Council Officers are dealing with a matter relating to stormwater drainage within a subdivision. Options for rectifying the drainage issues have been investigated and work on a solution is due to start in November.
- Letter from the Minister of Local Government (20 August 2026) – The Minister used the release of the report into the Mount Maunganui Beachside Holiday Park landslide as a reminder for councils to ensure they are aware of their operational risks and have processes, mitigations and escalation in place to ensure that risks are understood and managed. We are using this as an opportunity to undertake a bottom-up review of our existing risk registers, with a focus on risks that we may have become too comfortable accepting as business-as-usual. An update on this is scheduled for this meeting.

6. Strategic Alignment

6.1 **Direction**

Not applicable.

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

Not applicable.

6.3 **Sustainability Consideration**

Council's Sustainability Policy principles are considered when planning and responding to risk.

6.4 **District Plan**

Not applicable.

6.5 **Legal Implications**

Council obtains legal advice on risk matters as needed.

6.6 **Policy Implications**

Not applicable.

6.7 **Section 11A - Core Services Considerations**

This report supports the core services of infrastructure, community facilities and amenities.

Attachments:

Appendix 1 Significant Risks Register



Raelene Johnson
Director – Corporate Services



[Approved by]
Sven Hanne
Chief Executive **Date** 6 November 2026

Stratford District Council - Significant Risks Register

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

Risk Alert Number	Risk Category	Risk Subject	Risk Description	Risk Score Raw	Control Description	Residual Risk Score
78	Operational	Government Policy Impacting on Local Government	IF Government Policy significantly changes the services Council delivers or the way they are delivered, THEN this could put financial pressure on the district to fund investment in changes, or it may mean previous investment has become redundant.	20 Extreme	Where a policy change may have a significant negative impact on the Council then staff and elected members should consider making a submission to suggest and encourage alternative options. Council officers and elected members need to keep up to date with proposed changes to legislation and govt policy, and anticipate potential impacts of legislative changes and respond strategically, rather than being in a reactive position or being overly proactive. This could include joint collaboration with business and other councils, accessing alternative funding sources, or obtaining legal or professional advice. Council should aim to maintain a position where it can be adaptive and respond well to change, e.g. low to medium debt levels, diversification, good employment relationships.	20 Extreme
12	Data and Information	Cyber Attack	IF the systems are compromised and subject to a cyber attack, THEN system downtime, loss of data, ransoms may be demanded, potential privacy breach, reputational damage, and potential loss of funds.	16 Very High	Council have several security measures in place such as enterprise grade firewalls, email filtering, backups, antivirus and device management. If a breach was detected Council would activate the insurance policy and engage an IT security company resource to assist with recovery.	4 High
51	Operational	Natural Disaster or Fire - Response preparedness	IF a Natural Disaster or Fire causes significant damage to infrastructure and buildings THEN community welfare may be severely compromised, putting peoples lives at risk, and staff may be unable to access systems to carry out their day to day duties and functions.	15 Very High	Civil Defence Emergency Management plans are in place. Procedures following an emergency event are widely known by a number of staff due to Civil Defence Foundational training being rolled out to majority of council staff. Business Continuity Plans need to be in place and practiced regularly for all activities - Directors responsible for having a plan in place for each of their departments to ensure core functions can continue to be delivered.	12 Very High
71	Operational	Critical Asset Failure	IF a critical asset (water treatment plants, stormwater, wastewater, reticulation, roading) failed, THEN unexpected financial burden may arise and there could be significant disadvantage and risk to the community.	15 Very High	Conduct 2 yearly Asset Criticality Review. Ensure there are established Civil Defence Emergency Management response procedures in relation to fixing critical assets in an emergency event. Management practices and staff training, retention to ensure appropriate skill level in critical asset maintenance.	4 High
11	Data and Information	Server Failure	IF the server failed THEN systems down, data unavailable, potential data loss	12 Very High	Restore from backup - backups encrypted, and stored off-site at approved data-centres (Tier 3). Fail-over for Melbourne data centre replicates to Sydney data centre.	3 Moderate
32	Health, Safety, and Wellbeing	Lone Worker	IF a staff member is seriously injured or killed during field inspections/site visits, THEN possible health and safety breaches, death or serious injury.	12 Very High	Quality assurance, Ongoing training/awareness of HSE requirements and responsibilities, Better use of council data/knowledge base on dangerous or insanitary sites before staff member deploys to site, Use of GPS tracking, mobile phone tracking. Compliance officers to wear body cameras when on duty.	3 Moderate
58	Reputational and Conduct	Contractor Damage or Breach	IF Council and/or council contractors are found to be liable for public/environmental damage, or any actions that are unsafe or non-compliant with legislation and applicable policies and standards, THEN fines, possible injury, long-term damage, reputational damage could result.	12 Very High	Appropriate procedures and guidelines are in place to monitor contractor actions and our own including health and safety audits, contractor meetings/KPI's. The Council requires all physical works contractors to go through a thorough health and safety pre-qualification process and become approved before commencing any physical work. All relevant staff are kept up to date with pre-approved contractors register. Mini audits and random checks should be built into contracts. Contractor public liability insurance required for all major contracts.	3 Moderate

Risk Alert Number	Risk Category	Risk Subject	Risk Description	Risk Score Raw	Control Description	Residual Risk Score
72	Reputational and Conduct	Elected Members - Decision Making	IF elected members make significant decisions based on inaccurate/insufficient information, "biased" influences, conflicts of interest not disclosed, or lack of understanding of the financial or legislative impacts, THEN there could be funding access difficulties, audit scrutiny, financial penalties, and/or community distrust in elected members. Potential breach of Local Authorities (Member's Interests) Act 1968, and Councillors may be personally financially liable under S.47 of LGA 2002.	12 Very High	Relies on the accuracy and quality of the advice given by staff to elected members - ensure agenda, reports, and other papers are always reviewed by CEO, and Directors if appropriate. Information related to decision making should be given to elected members in a timely manner. Elected members should receive initial induction training and attend LGNZ, SOLGM conferences where material is relevant to get a better understanding of governance decision making. Council has a Professional Indemnity insurance policy for all elected members and independent committee members.	4 High
31	Health, Safety, and Wellbeing	Abusive Customers	IF council staff and/or representatives are exposed to abuse from the public during, or as a result of their association with council, THEN this could impact on staff safety and council's responsibility to ensure the safety of staff.	12 - Very High	Staff have personal alert alarms if in danger, customer service training and policies on how to deal with situations so they do not escalate. Security cameras in place. Fob access required to access staff office area. Mayor's office is secured by glass entry way.	4 High
74	Financial	Inadequate financial provision to fund asset replacement	IF there is inadequate financial provision in reserves to fund the replacement of assets, THEN the Council may have to borrow more than expected, or asset replacement may need to be delayed which may affect service level performance.	12 - Very High	Ensure annual depreciation is based on accurate fixed asset values (replacement cost) and accurate useful lives. Assets should not, unless necessary, be replaced before the end of their useful life.	2 Moderate
9	Compliance and Legislation	LTP/Annual Plan	IF LTP/Annual Plan is not adopted by 30 June (updated to 31 July for 2024) THEN council rates setting is compromised, statutory breach reported to Minister, there is no mandate for service delivery, additional audit scrutiny, and uncertainty around future service provision for the community.	12 - Very High	Set a timetable to ensure statutory deadline is met. Good project management. Good quality data is provided. Keep abreast of possible changes to legislation and plan accordingly. Good communication to all staff and liaison with Audit NZ.	8 High
92	Reputational and Conduct	Community Engagement	IF Council does not engage with the community in line with its Significance and Engagement Policy and the requirements of sections 76-82 of the Local Government Act 2002, THEN Council decisions will lack a community mandate, may not be fit for purpose, and may be scrutinised and subject to legal challenge.	12 - Very High	Prepare engagement strategy and communication plans for major decisions. An engagement strategy for the LTP is a must. Targeted engagement should be considered where decisions affect particular groups or individuals disproportionately.	4 High

INFORMATION REPORT

F25/96/004 – D26/48119

To: Audit & Risk Committee
From: Chief Executive
Date: 17 November 2026
Subject: Operational Risk Review - Post Mt Maunganui Holiday Park Landslide

Recommendations

THAT the report be received.

Recommended Reason
This report is outlines the approach council has taken in an operational risk review following the tragic events in Tauranga/Mt Maunganui in January 2026 shares progress to date with elected members. This aligns with the expectations elected members expressed at the previous A&R meeting.

_____/_____
Moved/Seconded

1. Purpose of Report

1.1 The purpose of this report is to outline the approach council has taken in an operational risk review and to share progress to date with elected members.

2. Executive Summary

2.1 The tragic events of January 2026 and subsequent review of the Mount Maunganui Beachside Holiday Park landslide have prompted councils to review their own risk management practices, this was further emphasized by a letter from the Minister of Local Government, the Hon Simon Watts, reminding councils of their responsibilities regarding risk management.

2.2 In line with this, Stratford District Council is currently reviewing known, operational risks, to minimise the likelihood of known risks negatively affecting our community.

2.3 Council's approach recognises that when risk events are treated merely as routine operational repair or maintenance tasks, an organisation enters a dangerous cycle known as the Normalization of Deviance. This was explored in staff workshops which equipped staff with the recognition, tools and processes to identify and raise these matters with leadership to ensure their significance is not lost in routine maintenance activities.

2.4 This programme will deliver a one-off review of currently known risks and equip staff with the tools and insight to identify such matters on an ongoing basis in the future. Insights gained from this review will feed into the next review of council's corporate risk register as well as operational risk management processes.

3. Local Government Act 2002

Under section 10 of the Local Government Act 2002, the purpose of local government is to meet the current and future needs of communities for good-quality, cost-effective, and local infrastructure, public services, and regulatory functions.
Does the information support the purpose of local government?

Provision of good-quality infrastructure	Provision of good-quality public services	Performance of regulatory functions	Supports cost-effective service delivery
X	X	X	X

Risk management and minimisation applies across all operational areas of council.

4. Background

4.1 This review has been prompted by the events at Mount Maunganui, where a slip from a known unstable hillside struck the Mount Maunganui Holiday Park at the base of Mauao, engulfed the campground's amenities block, and killed six people. However, the purpose of this review is not simply to search for physically similar scenarios, such as recreational facilities located below hills or mountains with known slip risks. Rather, it is to identify known risks that may have been normalised through familiarity, low historic failure consequence, or routine maintenance language, and which may therefore not have appropriate controls and or escalations in place. The focus is on identifying common system failures and blind spots before they result in serious consequences.

4.2 In Council infrastructure, high-consequence, low-probability risks can be watered down by standard operational vocabulary. The examples below show how an apparently routine maintenance issue may conceal a potential fatality, serious injury, or major public health consequence. It is equally acknowledged that by applying maximum risk scenarios, any minor imperfection or scaled down service can be exacerbated to a catastrophic outcome. Therefore, the concept of worst credible consequence is applied.

4.3 This review does not replace existing asset management, health and safety, incident reporting, or capital works processes. Instead, it provides an escalation filter: where the worst credible consequence is fatality, irreversible harm, or major community health impact, the issue should be visible to the appropriate manager, directors, and elected members via risk governance processes. The outcomes of this review will also be utilised to review council's current risk registers to ensure historically identified risks and associated risk treatment have been reviewed and assessed.

4.4 Some generic examples across council's various business areas are:

Roading: A recurring pothole, failed shoulder, fading intersection marking or slip may be treated as a pavement quality complaint, when under traffic speed, poor visibility, or wet conditions it could contribute to a serious crash or fatality.

Stormwater and wastewater: A missing/displaced manhole lid may be recorded as a localised nuisance, when it could create a fall, drowning, entrapment, or asphyxiation hazard for pedestrians, or children.

Water supply: A minor or intermittent drop in chlorine residual may be tracked as a water quality variance, when it could indicate conditions that allow a community-wide contamination event or serious illness outbreak.

Parks and Property: A cracked playground component, corroded fixture, or rotting structural beam may be described as an asset requiring scheduled maintenance or renewal, when it could present a collapse, crush, fall, or entrapment hazard.

Facilities: Scaled-down staffing during traditionally quiet periods can create safety risks when changes in circumstances such as a sudden influx of customers, anti-social behaviour by an individual or group or the need for an emergency evacuation change the context.

4.5 A cross-section of some fatalities related to public assets/infrastructure is provided below, it helps to add reality to this exercise. Events were chosen to illustrate the impact that risk tolerance or operationalisation of risks can have. This is not a comprehensive list, examples were chosen as they cover most council activities and all share one factor, that the underlying risk was known by the infrastructure owner:

Incident Type	Location	Deaths	Date	Summary / Cause
Landslide / Slope Failure	Mount Maunganui	6	January 2026	Ignored repeated warnings in geotechnical reports
Fall	Auckland	1	March 2023	Fall from poorly lit/marked drop off. Previously identified in safety audits.
Retaining Wall Collapse	Wellington	1	January 2011	Roadside retaining wall collapsed, previously notified to council
Fall / Drowning	Massey, Auckland	1	October 2009	Faulty / poorly placed manhole cover, previously notified to council
Rockfall / Slope Failure	Awakino Gorge	1	March 2014	Ongoing, regular rock fall
Landslide / Slope collapse	Muriwai, Piha	2	February 2023	Consenting of properties in high-risk zones

4.6 This was covered with staff across the organisation in activity area specific workshops and followed by an opportunity for staff to reflect on the Worst Credible Consequence of common operational risk events they experience in their roles.

4.7 The below graph outlines the different risk categories. Council's risk processes are well designed to address the right-hand side of the spectrum (3), while the left-hand side of the spectrum (1) provides little opportunity for council/staff to positively influence. This exercise was designed to deal with the risk scape in between (2). Many of these risks may have been recognised as Standard Risk Events in the past but due to frequent occurrence and limited impact have become operational day-to-day realities and may not receive sufficient attention to avoid their Worst Credible Consequence.



4.8 Mount Maunganui has experienced decades of slips on Mauao, the iconic 232-meter extinct volcano that dominates its landscape. Unfortunately, this has led to an acceptance that these events occur, without sufficient consideration of what the outcome could be if it coincided with a peak tourism event, or peak rainfall, or both. This is referred to as Worst Credible Consequence.

5. Information Summary

5.1 The approach and content of the staff workshops have been outlined in the background section above.

5.2 The outcomes from the workshop and suggestions on how these risks or risk scenarios can be incorporated into the corporate risk register will come to Audit & Risk as part of a future update once staff have had the opportunity to fully participate and the information has been reviewed. Staff workshops have been held early November.

5.3 A future review of the corporate risk register will incorporate the outcomes into the overall register while the learnings from the exercise can be operationalised in the meantime.

6. Strategic Alignment

6.1 **Direction**

The subject matter aligns with council's ongoing risk management practices.

6.2 **Annual Plan and Long Term Plan**

Risk management forms part of the delivery of council's operational and capital work programmes.

6.3 **Sustainability Consideration**

There is no immediate connection to council's sustainability policy.

6.4 **District Plan**

There is no immediate connection to the District Plan.

6.5 **Legal Implications**

Appropriate management of council's risk and H&S related responsibilities is a legal requirement and reduces council's risk exposure should an event occur.

6.6 **Policy Implications**

This review will be considered in the next revision of council's risk register as well as other relevant policies.

6.7 **Section 11A - Core Services Considerations**

Risk management is a key consideration in the delivery of council's core services.



Sven Hanne
Chief Executive **Date** **12 November 2026**

INFORMATION REPORT

F25/96/004 – D26/48055

To: Audit and Risk Committee
From: Director - Corporate Services
Date: 17 November 2026
Subject: 2027/37 Long Term Plan Update

Recommendation

THAT the report be received.

Recommended Reason
This report provides the Committee with an update on the status and project plan for the *2027/37 Long Term Plan*, and an opportunity to comment on associated risks.

_____/_____
Moved/Seconded

1. Purpose of Report

1.1 The purpose of this report is to give an update to the Committee on the progress and project plan of the *2027/37 Long Term Plan*.

2. Executive Summary

2.1 The preparation of the *2027/37 Long Term Plan (LTP)* is well underway, and progress is continuing.

2.2 A detailed *LTP* project plan has been prepared and is being monitored as Council works through the significant work programme.

2.3 Added pressures across the local government sector, and especially legislative changes, continue to make the *2027/37 LTP* a significant challenge. Council officers are very committed to delivering a high-quality *LTP* for adoption by 30 June 2027.

3. Local Government Act 2002

Under section 10 of the Local Government Act 2002, the purpose of local government is to meet the current and future needs of communities for good-quality, cost-effective, and local infrastructure, public services, and regulatory functions.

Does the report support the purpose of local government?

Provision of good-quality infrastructure	Provision of good-quality public services	Performance of regulatory functions	Supports cost-effective service delivery
✓	✓	✓	✓

4. Background

4.1 The Council is required to prepare and adopt a *LTP* every three years. Section 93 of the Local Government Act 2002 sets out the requirements for a *LTP* – refer **Appendix 1**.

4.2 The *LTP* is the key planning tool for Councils that outlines the vision, projects, priorities, budgets and financial strategy for the next ten years, and involves a significant work programme.

4.3 Key characteristics of the *LTP* are:

- **Strategic** – Primary vehicle through which Council sets out what Council wants to achieve over the long term, what the objectives are in the short term, and the costs it will take to deliver on them.
- **Legislatively required** – Council must always have a *LTP* in place, and it must meet specific requirements set out in legislation.
- **Audited** – The *LTP*, its components and the Consultation Document will all be audited by Audit New Zealand.
- **Challenging** – It involves making trade-offs about what is most important.
- **Consultative** – Requires consultation with the community in the development of the plan.

5. Information Summary

5.1 The preparation of the *2027/37 LTP* is well underway. A detailed project plan is being followed, and project meetings are scheduled on a fortnightly basis.

5.2 The project team is led by the Director – Corporate Services and includes staff members from the critical areas of Assets, Communications, Finance and Governance.

5.3 The *LTP* work programme is within the critical and busy "Building the Plan" phase. **Figure 1** illustrates the current *LTP* process and timeline.

5.4 Since September 2026, early conversation workshops have continued, finance have continued to work on budgets, and the assets team have been progressing the asset management plans and the roading infrastructure strategy. A comprehensive update on the 2027/37 Asset Management plans and infrastructure strategies process is attached to this report - refer **Appendix 2**.

5.5 Work has started on the updated financial strategy, and a workshop on 17 November will give elected members the opportunity to comment on the proposed key financial strategy limits for 2027/37. This feedback will inform the draft financial strategy, which is planned to be approved for public consultation in February/March 2027.

5.6 The recent enactment of the *Local Government (System Improvements) Amendment Act 2026* has further complicated the preparation of the *LTP*, predominantly due to the new eight mandatory groups of activities – which has resulted in a requirement to rewrite our financial budgets spreadsheets and significantly change the format of our *LTP* document.

5.7 The next stage of finalising financial estimates includes incorporating the Waters Internal Business Unit (SWIBU) and new mandatory groups of activities structural changes into the financial model and the final capital programme forecasts from the early conversation workshops.

5.8 The finance team is meeting monthly with Audit New Zealand and have both agreed to the onsite audit visit occurring in March 2027.

5.9 The current *LTP* project plan anticipates adopting the draft consultation and *LTP* documents in early April, with public consultation running from the 9th of April through to 9th May and Council adoption on the 22nd of May.

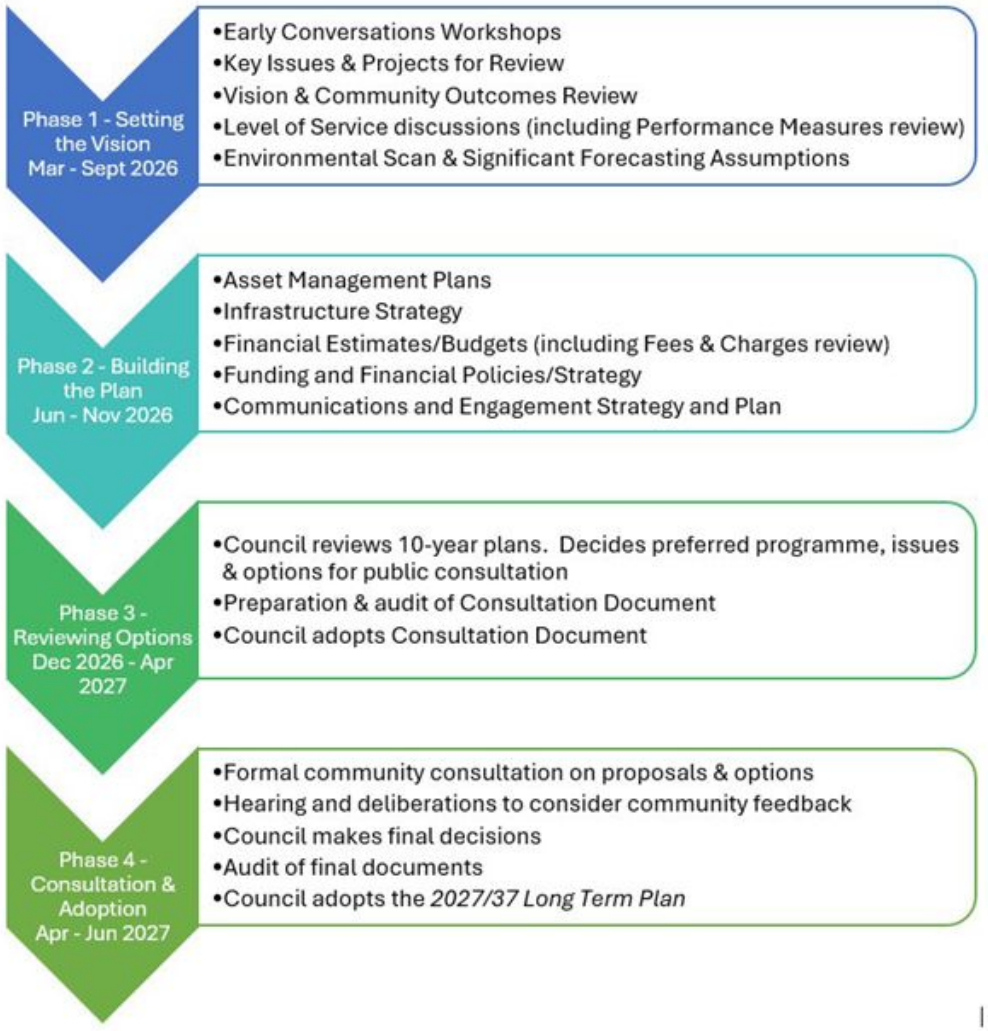


Figure 1: *2027/37 Long Term Plan* Process and Timeline

6. Risk Analysis

6.1 The *LTP* is recognised as a significant risk on the Council's Risk Register, as IF the *LTP* is not adopted by 30 June 2027 THEN Council rates setting is compromised, a statutory breach would be reported to the Minister, there would be no mandate for service delivery, Council would have additional audit scrutiny, and there would be uncertainty around future service provision for the community.

6.2 Risk control and mitigations to lower this risk includes:

- A monitored *LTP* Timetable/Timeline
- Good Project Management by key staff
- Council keeping updated with legislation changes
- Good communication to all staff and elected members
- Good engagement with Audit New Zealand

6.3 The *2027/37 LTP* is shaping up to being a significant challenge due to the following factors:

- **Rates affordability and financial constraints** – The rising cost of living, limited financial resources, and proposed rates capping makes it difficult to maintain services and infrastructure while preparing for the future.
- **Involving the community** – Satisfaction and trust in the Council's decision making, while higher than most Councils, is still under pressure. Generally, people's attitude towards the public sector continues to deteriorate and meaningful engagement is more difficult to obtain.
- ***Local Water Done Well* impacts** – The Council is currently transitioning water services from core Council activities to an In-House Business Unit. This is creating further complications in determining the structure of the *LTP* document and what disclosures remain in and out. In addition, a *Water Services Strategy* is also required to be prepared during this time – creating further pressure.
- **Central government reform impacting local government** – The immense uncertainty and high resource requirements to respond well to recent central government reforms and to incorporate these into 10-year plans is a huge task, especially when legislation has not yet been formally enacted and for smaller Councils who have less capacity in their teams.

6.4 Our Council's response to the additional challenges for the *2027/37 LTP* was to get work underway early - to enable additional time and resource (if needed) to address these. Consequently, we started working on our financial estimates early.

6.5 We have also engaged with Audit New Zealand early in the process. Audit visits are planned for March and June 2027, and monthly auditor meetings have commenced.

6.6 Rates capping legislation has not yet been enacted, which is affecting the *LTP* process. Council officers are aware that the *LTP* documents may require further changes and development as legislative requirements become clearer and are factoring this into their work planning.

7. Strategic Alignment

7.1 Direction

All Community Outcomes are affected by the *LTP*.

7.2 Annual Plan and Long Term Plan

The *2027/37 LTP* will be Council's primary strategic document, identifying what it aims to achieve over the next ten years, how much it will cost, and who will pay for it.

7.3 Sustainability Consideration

The principals and objectives within the Sustainability Policy are considered by officers when preparing Long Term Plans.

7.4 District Plan

Not applicable.

7.5 Legal Implications

Council is legally required to adopt its *2027/37 LTP* by 30 June 2027.

7.6 Policy Implications

The *LTP* must consider all financial policies adopted by Council.

7.7 Policy Implications

This report supports the core services of infrastructure, community facilities and amenities.

Attachments:

Appendix 1 Section 93 of the Local Government Act 2022

Appendix 2 2027/37 Asset Management Plans/Infrastructure Strategies Process



Raelene Johnson
Director – Corporate Services



[Approved by]
Sven Hanne
Chief Executive **Date:** 9 November 2026

Appendix 1:

Section 93 of the Local Government Act 2022

93 Long-term plan

(1) A local authority must, at all times, have a long-term plan under this section.

(2) A local authority must use the special consultative procedure in adopting a long-term plan.

(3) A long-term plan must be adopted before the commencement of the first year to which it relates, and continues in force until the close of the third consecutive year to which it relates.

(4) A local authority may amend a long-term plan at any time.

(5) A local authority must use the special consultative procedure in making any amendment to a long-term plan.

(6) The purpose of a long-term plan is to—

- (a) describe the activities of the local authority; and
- (b) describe the community outcomes of the local authority's district or region; and
- (c) provide integrated decision-making and co-ordination of the resources of the local authority; and
- (d) provide a long-term focus for the decisions and activities of the local authority; and
- (e) provide a basis for accountability of the local authority to the community.
- (f) *[Repealed]*

(7) A long-term plan adopted under this section must—

- (a) cover a period of not less than 10 consecutive financial years; and
- (b) include the information required by Part 1 of Schedule 10.

(8) A local authority must, in complying with the requirements of this Act in relation to the preparation and adoption of a long-term plan, act in such manner, and include in that plan such detail, as the local authority considers on reasonable grounds to be appropriate.

(9) A local authority must, in deciding what is appropriate for the purposes of subsection (8), have regard to—

- (a) the provisions of sections 77, 78, 79, 80, 81, 82, 83, 84, 96, 97, and 101; and
- (b) the significance of any matter; and
- (c) the extent of the local authority's resources.

(10) A local authority must, within 1 month after the adoption of its long-term plan, make the plan publicly available.

(11) However, this section—

- (a) does not apply to information relating to water services if the information is included in a water services strategy adopted under section 230 of the Local Government (Water Services) Act 2025; but
- (b) despite paragraph (a), applies to information described in paragraph (a) that relates to—
  - (i) an infrastructure strategy (*see* section 101B(5A)); or
  - (ii) a revenue and financing policy (*see* section 103); or
  - (iii) a funding impact statement (*see* clause 15 of Schedule 10).

Appendix 2:

2027/37 Asset Management Plans/Infrastructure Strategies Process

1. The Development Process

Council undertook a structured asset management planning process to identify service delivery challenges, assess investment needs and develop evidence-based proposals for consideration in the 2027-2037 Long-Term Plan (LTP). The process of Asset Management Plan (AMP) development captured in Figure 1 below commenced with asset condition assessments and performance reviews, which informed the development of Early Conversation Reports (ECRs) between February 2026 and November 2026. These reports defined the key problems, risks, opportunities and future investment requirements across the following 7 activity areas:

- Roading;
- Water Supply;
- Wastewater;
- Stormwater;
- Parks, Reserves and Cemeteries;
- Property and
- Solid Waste

The Infrastructure Strategy is also currently being developed. Following the removal of the 3-waters activities from the scope of section 101B of the Local Government Act 2002, the strategy will be able to progress rapidly once the Roading AMP has been completed. This will ensure alignment between the long term management of transport infrastructure assets and the broader strategic direction set out in the Infrastructure Strategy.



Figure 1: Asset Management Plan Writing Process Map

The ECRs were presented to Elected Members through a series of workshops, providing an opportunity to establish a shared understanding of current asset performance, future demand pressures, levels of service and available investment options. The discussions enabled robust consideration of maintenance, renewal and improvement initiatives, supported by asset condition data, risk assessments, lifecycle analysis and affordability considerations. This process helped identify preferred options and investment priorities for further development through the LTP process.

Following workshop discussions, preferred options were presented to Council for formal consideration and endorsement. The endorsed projects are subsequently being incorporated into business cases, funding deliberations and the development of this Asset Management Plan (AMP).

To clearly demonstrate the impact of investment decisions on service delivery, the endorsed options were consolidated into activity-specific Levels of Service (LoS) Implications Tables, which outlined the service (including financial and asset management) consequences of each decision. These LoS Implications Tables were presented to Council as part of the LTP decision-making process which will provide a formal line of sight between the issues identified in the ECRs, Council's investment decisions and the strategies and programmes to be included within the completed AMPs.

2.The Update

As at 30 October 2026, all 7x AMPs and the Roading Infrastructure Strategy (RIS) are at various stages of development, as outlined in the table below. While the remaining sections are largely complete, the Lifecycle Management and Investment Strategy sections of each AMP are subject to final deliberation and direction from Elected Members before they can be finalised.

Notwithstanding, Officers remain committed to a structured work programme to ensure the draft AMPs are completed within the required timeframes and are ready for audit review in 2027. Regular monitoring and prioritisation of key deliverables are being undertaken to maintain progress and meet statutory and organisational expectations.

Table 1: Update on AMPs and RIS

	Activity	Percentage (%) Completion
1	Roading Activity Management Plan - RAMP	90%
2	Water Supply Asset Management Plan - WSAMP	60%
3	Wastewater Asset Management Plan - WAMP	50%
4	Stormwater Asset Management Plan - SAMP	50%
5	Parks, Reserves and Cemeteries Asset Management Plan - PRCAMP	80%
6	Property Activity Management Plan - PAMP	50%
7	Solid Waste Asset Management Plan - SWAMP	70%
8	Roading Infrastructure Strategy - RIS	50%

3. Risks and Mitigation

Development of these AMPs and RIS are occurring alongside business-as-usual operations, capital project delivery, customer service obligations and ongoing regulatory requirements. This has created several risks relating to resource availability, staff capacity, capability and programme delivery.

To mitigate these risks, Council adopted a disciplined programme management approach, supported by strong leadership, clear governance, regular progress monitoring and rigorous quality assurance. The Director of Assets coordinates the programme, ensuring resources are effectively prioritised, staff remain engaged through ongoing workshops and working sessions and AMP outputs are subject to robust review. This approach balances strategic planning requirements with operational delivery responsibilities and will ensure the AMPs and RIS remain fit-for-purpose, evidence-based and aligned with Council's long-term objectives.

Table 2 summarises the risks associated with the development of the AMPs and RIS, along with the corresponding mitigation measures established to support successful delivery.

Table 2: AMPs development Risks and Mitigation

	Key Risk	Mitigation Measures
1	Limited staff capacity due to competing BAU demands	• Work programmes reprioritised; • Dedicated AMP time allocated; • Critical tasks scheduled around operational commitments
2	Resource constraints and fluctuating staffing levels	To reduce reliance on individuals: • Cross-functional teams were established; • Knowledge shared across staff; • Succession measures implemented.
3	Variable asset management capability and experience	• Regular training sessions, workshops, guidance material, and collaborative working sessions undertaken throughout AMP development.
4	Delays to AMP delivery	• Adopted a structured programme management approach • Defined milestones and clear accountabilities, • Implemented regular reporting and escalation processes.
5	Inconsistent quality across activity areas	To ensure consistency and robustness; established • A single Coordinator to ensure template consistency; • Peer review system; • Management reviews; • Cross-functional quality assurance checks
6	Strategic misalignment with LTP priorities	• Strong governance and oversight provided by the Director of Assets, ensuring alignment between ECRs, LoS decisions, AMP outcomes and LTP investment priorities.

INFORMATION REPORT

F25/96/004 – D26/48059

To: Audit and Risk Committee
From: Director - Corporate Services
Date: 17 November 2026
Subject: Audit New Zealand - 2025/26 Final Report to the Council

Recommendation

THAT the report be received.

Recommended Reason
This report informs the Committee of the outcomes of the 2025/26 Annual Report audit.

_____/_____
Moved/Seconded

1. Purpose of Report

1.1 To provide the Committee with the *Final Report to the Council* on the 2025/26 Annual Report audit. This report updates Council on Audit New Zealand's significant findings, the audit opinion and comments on the quality and timeliness of information provided for audit.

2. Executive Summary

2.1 The 2025/26 audited Annual Report was adopted on 27 October 2026.

2.2 Audit New Zealand issued an unmodified audit report on the audited information, excluding the Council statement of service performance and were satisfied that the financial statements present fairly the Council's activity for the year and its financial position at the end of the year.

2.3 In the Auditors' opinion, except for their limitation with respect to the average quality of ride on the sealed local road network, measured by smooth travel exposure, they were satisfied that the Council statement of service performance presents fairly the Council's activity for the year.

2.4 The report explains the qualification in the statement of service performance, details of uncorrected misstatements, and provides comments on the quality and timeliness of information provided for audit.

3. Local Government Act 2002

Under section 10 of the Local Government Act 2002, the purpose of local government is to meet the current and future needs of communities for good-quality, cost-effective, and local infrastructure, public services, and regulatory functions.

Does the report support the purpose of local government?

Provision of good-quality infrastructure	Provision of good-quality public services	Performance of regulatory functions	Supports cost-effective service delivery
✓	✓	✓	✓

4. Background

4.1 Audit New Zealand issued an unmodified audit report on the 2025/26 audited information, excluding the Council statement of service performance and were satisfied that the financial statements present fairly the Council's activity for the year and its financial position at the end of the year.

4.2 The Audit New Zealand *Final Report to the Council* on the 2025/26 Annual Report audit updates Council on any significant findings, the audit opinion, uncorrected misstatements and comments on the quality and timeliness of information provided for audit. Refer to **Appendix 3** for the full report.

4.3 The Audit New Zealand's opinion included the same qualified measure with respect to the average quality of ride on the sealed local road network, measured by smooth travel exposure that it included in 2024/25. Audit New Zealand Director Chris Webby – spoke to this qualification and answered elected members queries at the 27 October Extraordinary Council meeting. **Appendix 1** explains Audit New Zealand's opinion, the Council's response and its plans to resolve this issue going forward.

4.4 Audit New Zealand have also commented on two furthermore minor findings. **Appendix 2** explains these, the Council's response and its plans to resolve these issues going forward.

5. Information Summary

5.1 Refer to **Appendix 3** for the Audit New Zealand *Final Report to Council* for the year ended 30 June 2026**.**

6. Strategic Alignment

6.1 Direction

The Annual Report is a statutory requirement and must include an independent audit report. It is largely reporting historical information, whereas the Annual Plan and Long-Term Plan are forward looking and direction setting. However, recommendations may have an element of setting direction for future improvements.

6.2 Annual Plan and Long Term Plan

Direct alignment with both of these documents. The Annual Report is reporting on compliance with the Annual Plan and Long Term Plan budgets and measures set.

6.3 Sustainability Consideration

This item does not specifically relate to sustainability outcomes.

6.4 District Plan

Not applicable

6.5 Legal Implications

It is a statutory requirement under the Local Government Act 2002 that every year Council adopts its audited Annual Report by 31 October.

6.6 **Policy Implications**

The Annual Report may report against compliance with Council policy.

6.7 **Section 11A - Core Services Considerations**

This report supports the core services of infrastructure, community facilities and amenities.

Attachments:

Appendix 1 Audit Qualification Information / Recommendations and Actions
For the year ended 30 June 2026

Appendix 2 Other Audit Findings / Recommendations and Actions
For the year ended 30 June 2026

Appendix 3 Audit New Zealand – *Final Report to the Council* on the audit of Stratford District Council for the year ended 30 June 2026



Raelene Johnson
Director – Corporate Services



[Approved by]
Sven Hanne
Chief Executive **Date:** 9 November 2026

Appendix 1

Audit Qualification	Audit Matters Identified	Audit Outcome / Recommendation	Management Comments	Expected Timeframe for Completion
Qualified measure The average quality of ride on the sealed local road network, measured by smooth travel exposure.	While progress has been made in updating traffic count data, the coverage of reliable traffic counts remains insufficient, and anomalies in estimated traffic counts remain unresolved. As a result, we were unable to obtain sufficient appropriate audit evidence to support the reported smooth travel exposure result. Consequently, the performance measure remains subject to a qualification in the audit opinion.	That Council continues to implement its traffic count programme and prioritises the resolution of anomalies in traffic volume estimates to improve the reliability of the smooth travel exposure performance measure.	The Council implemented a traffic count policy during 2025/26. Unfortunately, there was insufficient time to complete enough counts to satisfy audit requirements. Increased traffic counts in 2026/27 and working with the roading asset management database provider to investigate and address the data discrepancies – should result in this performance measure once again meeting audit requirements.	30 June 2027

Appendix 2

Other Audit Findings	Audit Recommendation	Management Comments	Expected Timeframe for Completion
Difficulty obtaining complete and accurate populations to support the wastewater fault response times performance measure. A number of errors and inconsistencies were identified in the information initially provided, which required further analysis and reconciliation by management before a reliable population could be established. This indicates that the current review processes over the measure are not operating effectively to ensure that reported results are complete, accurate, and consistent with the measure's reporting requirements.	Management implement a more robust monthly review process to validate the underlying data and confirm that reported results comply with the requirements of the performance measure.	Management will consider how this can be done and will look to implement during 2026/27.	30 June 2027
The roading and wastewater depreciation expense recognised by Council during the year was lower than the amount expected based on the valuation information. This may indicate that useful lives and depreciation rates were not fully updated to align with the assumptions adopted by the valuer following the revaluation. As the amounts involved are not material to the current year's audit, the difference has been recorded as an unadjusted misstatement.	Management ensure the fixed asset register is appropriately updated following a revaluation and that an independent review is performed to confirm that revised asset values, useful lives, and depreciation rates have been accurately reflected and are consistent with the valuation report.	Management will ensure that the fixed asset register is adequately reviewed and updated.	30 June 2027

The Audit Office
Te Mana Arotake



Final Report to the Council

on the audit of Stratford District Council

For the year ended 30 June 2026

2026

Introduction

We are pleased to present our final report to the Council for the audit of Stratford District Council for the year ended 30 June 2026.

Our role as your auditor is to give an independent opinion on your financial statements and service performance information.

The purpose of this report is to communicate significant matters arising from the audit and to assist the Council in its oversight of Stratford District Council's financial reporting and service performance reporting processes. We also recommend improvements we identify during the audit.

In addition to reports provided to Council we will provide a Report to Management that supplements the Report to Council, covering other matters identified and our recommendations for improvements in more detail.

Yours sincerely



Chris Webby
Appointed Auditor

23 October 2026

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Our audit report 4
Our audit findings 5
Other findings 10
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A snapshot

Auditor's report

We intend to issue a qualified opinion on the performance information and an unmodified opinion on the financial statements and other audited information for the year ended 30 June 2026 subject to resolution of the outstanding matters described in this report.

We will include an Emphasis of Matter paragraph drawing attention to the following note disclosure in the financial statements:

- Note 34 - Simplifying Local Government reform (Head Start) proposal.

Audit focus areas

We identified

4

focus areas of most significance to the audit. Our response to these areas, as well as other matters than arose during the audit are described on pages 5-9.

Outstanding matters

Our audit is nearly complete, subject to the following outstanding matters:

- Final review of the updated annual report.
- Confirmation of any significant subsequent events.
- Receipt of the signed letter of representation and signed annual report.
- Completing printer's proof review.

New recommendations raised

This report contains

2

new recommendations

See pages 5 and 10

Other control observations will be communicated separately to management.

Uncorrected audit misstatements in the financial statements

Understatement/overstatement	$m	%
PPE	(0.211)	0.04%
Depreciation	0.211	2.67%

We are satisfied that these are individually and collectively immaterial. Refer to the uncorrected misstatements section for more details.

Materiality for the financial statements

$46.7M
Group – overall relating to revaluations

$0.83M
Group – all other balances

$46.2M
Council – overall relating to revaluations

$0.82M
Council – all other balances

Our audit procedures have been performed using a materiality set based on total property, plant and equipment for overall materiality and total expenditure for our lower specific materiality.

Our audit report

We plan to issue a qualified opinion on the statement of service provision and an unmodified audit opinion on the financial statements and other audited information for the year ended 30 June 2026 on 27 October 2026. Our opinion on the statement of service provision was qualified for the following reason:

- **The measure:** *The average quality of ride on the sealed local road network, measured by smooth travel exposure*.

  We were unable to obtain assurance over the reliability of estimated traffic volumes used in the calculation of this performance measure. This was because the actual traffic counts used as an input to estimated traffic volumes are not sufficiently up to date, with only a small portion of the road network having counts in the last two years. In addition, Council identified certain anomalies in its estimations of traffic volumes which are yet to be resolved.

  As a result of these issues, our work was limited and there were no practicable audit procedures we could apply to obtain assurance over the reported result for the performance measure. Our opinion on this performance measure was also qualified in the 2025 performance year for the same reason.

Without modifying our opinion further, we will include an Emphasis of Matter paragraph drawing attention to the following note disclosure in the financial statements:

- Note 34 - Simplifying Local Government reform (Head Start) proposal.

Our audit findings

Audit focus areas and our findings

1 Average quality of ride on the sealed local road network, measured by smooth travel exposure performance measure

Management has made progress in improving the traffic count data following the qualified opinion in the 2024/25 Annual Report. However, the traffic count information remains insufficiently current, and significant anomalies were identified in the estimation process. Consequently, we are unable to obtain sufficient assurance over the reported smooth travel exposure result at this time.

Risk description

The audit opinion on the 2025 annual report was qualified because we could not gain assurance over the performance measure, average quality of ride on the sealed local road network, measured by smooth travel exposure. This was due to the actual traffic counts used as an input to estimate traffic volumes was not sufficiently up to date, with only a small portion of the road network having counts in the last two years. In addition, Council also identified unresolved anomalies in its traffic volume estimates.

Action taken

We held discussions with staff to understand the progress made since the prior year in updating traffic counts and resolving anomalies in traffic count estimates.

The Council has implemented a policy to progressively update traffic counts across the roading network over the next 15 years. During the year, traffic counts were completed for approximately 10% of the roading network; however, only 7% was recognised within the roading asset management system. Given the low level of

Our findings

While progress has been made in updating traffic count data, the coverage of reliable traffic counts remains insufficient, and anomalies in estimated traffic counts remain unresolved. As a result, we were unable to obtain sufficient appropriate audit evidence to support the reported smooth travel exposure result. Consequently, the performance measure remains subject to a qualification in the audit opinion.

We **recommend** the Council continues to implement its traffic count programme and

Risk description

The reported smooth travel exposure result relies on road roughness surveys and traffic volume estimates derived from traffic count data. Outdated or insufficient traffic count information, together with anomalies identified in the traffic count estimates, increases the risk that the reported result is not representative of the Council's road network and may be unreliable.

Action taken

traffic count coverage at balance date, the overall traffic count data remains insufficiently current and comprehensive to support the reported measure.

We also followed up on the anomalies identified in the estimated traffic volumes. These anomalies remain unresolved, and management is continuing to work with its roading asset management database provider to investigate and address the discrepancies.

Our findings

prioritises the resolution of anomalies in traffic volume estimates to improve the reliability of the smooth travel exposure performance measure.

We have identified this as a high internal control weakness.

Further guidance has been provided to management.

2 Risk of management override of internal controls

No instances of management override of controls or fraudulent financial reporting were identified.

Risk description

There is an inherent risk in every organisation of fraud resulting from management override of internal controls.

Action taken

We tested selected journal entries, reviewed accounting estimates for potential bias, and assessed significant or unusual transactions, including related party transactions.

Our findings

No instance of management override of controls or fraudulent financial reporting were identified.

3 Fair value assessment of infrastructure assets

We are satisfied that there has been no material movement between the carrying value and fair value of infrastructure assets recognised in the financial statements.

Risk description

The Council last revalued its infrastructure assets as at 30 June 2024.

These revalued assets are not subject to a revaluation in the 2026 financial year. Therefore, a fair value assessment was completed to ensure the respective carrying values are not materially different from the fair values.

Action taken

We assessed management's fair value assessment of revalued infrastructure assets including the supporting evidence used to determine whether carrying values remained materially consistent with fair value. We also considered relevant market and cost indicators and evaluated whether management's conclusion was reasonable and appropriately supported by the available evidence.

Our findings

We are satisfied that management's fair value assessment was reasonable and supported by appropriate evidence. We did not identify any indicators that the carrying values of the revalued infrastructure assets were materially different from the fair values at balance date.

4 Accounting for impairment, capitalisation of costs and recognition of completed assets

We are satisfied that asset additions and work in progress (WIP) are appropriately reflected in the financial statements. No indicators of impairment identified.

Risk description

The Council manages a large capital programme which spans balance dates.

There is a risk that as the projects are completed and become operational that WIP is not capitalised in a timely manner, which has an impact on the depreciation charged.

There is also a risk that WIP at year end includes aspects of the project that are obsolete and should therefore be written off.

Action taken

We:

- assessed the processes used by management to assess for impairment;
- updated our understanding of the Council policy and processes to identify and capitalise both direct and indirect capital costs; and
- reviewed management's processes to ensure that the capitalisation of WIP costs is performed in a timely manner.

Our findings

We are satisfied that asset additions and WIP are appropriately reflected in the financial statements.

No indicators of impairment identified.

Other findings

Matter	Description or finding
Financial statements and service performance information ● **Medium**	We experienced significant difficulty obtaining complete and accurate populations to support the wastewater fault response times performance measure. A number of errors and inconsistencies were identified in the information initially provided, which required further analysis and reconciliation by management before a reliable population could be established. As a result, we were required to test the full population rather than relying on a sample. This indicates that the current review processes over the measure are not operating effectively to ensure that reported results are complete, accurate, and consistent with the measure's reporting requirements. We **recommend** that management implement a more robust monthly review process to validate the underlying data and confirm that reported results comply with the requirements of the performance measure.
Understatement of depreciation ● **Medium**	Our testing, with reference to the most recent depreciated replacement cost (DRC) valuations for infrastructure assets, identified discrepancies in the depreciation calculated for roading and wastewater assets. The depreciation expense recognised by Council during the year was lower than the amount expected based on the valuation information. This may indicate that useful lives and depreciation rates were not fully updated to align with the assumptions adopted by the valuer following the revaluation. As the amounts involved are not material to the current year's audit, the difference has been recorded as an unadjusted misstatement in Appendix 1 We **recommend** that management ensure the fixed asset register is appropriately updated following a revaluation and that an independent review is performed to confirm that revised asset values, useful lives, and depreciation rates have been accurately reflected and are consistent with the valuation report. This will help ensure depreciation expense is calculated appropriately in future reporting period.

Financial statements and service performance information

Judgements made in significant accounting estimates

Judgement areas	Misstated	Cautious	Balanced	Optimistic	Misstated
Fair value assessment of infrastructure ($397M)					
Land and buildings valuation ($63.5M)					
Useful economic lives of property, plant & equipment ($8M)					

These are our views on the level of prudence in key judgements in this year's financial statements, relating to accounting estimates.

Appendices

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Appendix 1: Uncorrected Misstatements

During the course of our audit, we identified the below uncorrected misstatement and requested that they be corrected. Management has concluded that these matters are not material after considering the size and nature of the misstatement, to either the financial statements as a whole or to the particular classes of transactions, account balance or disclosures.

The uncorrected misstatement has been included as part of the Councils letter of representation to us.

Uncorrected financial misstatements

Description	Line items affected	Revenue	Expenses	Assets	Liabilities	Equity
		Dr (Cr)	Dr (Cr)	Dr (Cr)	Dr (Cr)	Dr (Cr)
Depreciation on the infrastructure assets Roading and Wastewater is understated	Depreciation	211,000				
	Property, plant and equipment			(211,000)		
Total parent and group		211,000		(211,000)		

Appendix 2: Other communications

Our responsibilities in conducting the audit

We carried out this audit on behalf of the Controller and Auditor General. We are responsible for expressing an independent opinion on the financial statements and performance information. This responsibility arises from section 15 of the Public Audit Act 2001.

The audit of the financial statements and performance information does not relieve management or the Council of their responsibilities. Our audit engagement letter contains a detailed explanation of the responsibilities of the auditor and the Council.

Auditing standards

We carry out our audit in accordance with the Auditor-General's Auditing Standards. The audit cannot and should not be relied upon to detect every instance of misstatement, fraud, irregularity, or inefficiency that are immaterial to your financial statements and performance information. The Council and management are responsible for implementing and maintaining a system of internal control for detecting these matters.

Independence

We confirm that, for the audit of the Stratford District Council's financial statements and performance information for the year ended 30 June 2026, we have maintained our independence in accordance with the requirements of the Auditor-General standards, which incorporate the independence requirements of the External Reporting Board.

In addition to the audit, we have carried out an assurance engagement in the area of the Council's Debenture Trust Deed, which is compatible with those independence requirements.

Other than the audit and this engagement, we have no relationship with or interests in the Council or its subsidiary.

Use of Artificial Intelligence (AI)

The Audit Office may use AI to assist with analytical tasks as part of its audit methodology, including analysis of client data where appropriate and in accordance with The Audit Office's internal AI policy. We do not use client data to train our approved AI tools. AI is used as a supporting tool only and does not replace professional judgement. Auditors retain full responsibility for all audit decisions, conclusions, opinions, and reporting outcomes.

Fees

The audit fee for the year is $232,230 (GST exclusive), as detailed in our Audit Proposal Letter. Other fees charged in the period are $6,700 (GST exclusive), for the annual assurance engagement over the Council's Debenture Trust Deed.

Appendix 3: Quality and timeliness of information provided for audit

The Council's responsibilities include understanding whether management produce quality information, and whether there are adequate resources, skills, and expertise applied in the reporting process. Our expectations were informed by the FMA's *Audit Quality Monitoring Report* (expectations for directors) and *Guidance and expectations for keeping proper accounting records.*

Expectation	Needs attention … Excellent	Explanation
Financial statements prepared by management comply with accounting standards		Generally, good quality sets of draft financial statements were provided in a timely manner although there were some gaps in the initial version.
Quality supporting financial information is prepared and available on a timely basis		The use of AuditDashboard supported the timely provision of financial information and facilitated smooth communication between Council and audit staff. However, a few accounting adjustments and a number of disclosure matters in the annual report were identified that required amendment.
Governors challenge the process and the outcomes of management's judgements		
Service performance reporting prepared by management complies with accounting standards		The average quality of ride on the sealed local road network performance measure was qualified due to insufficient audit evidence.
Quality supporting service performance information is prepared and available on a timely basis		Supporting information for the wastewater performance measure was not provided in a complete or timely manner. Refer to page 10 for our recommendation for improvements going forward.

Appendix 4: Internal controls

In performing our audit of the financial statement and service performance information we considered internal controls in order to determine our audit procedures for the purpose of expressing our opinion on the financial statements and statement of service performance.

We do not provide assurance specifically on internal controls and we are not obligated to search for these matters beyond those that come to our attention in the normal course of planning and performing the audit.

We are required to report significant deficiencies in internal control that we observe. We may also report other deficiencies or observations that we believe warrant your attention but may not report all identified matters if we do not believe they are significant or noteworthy.

The only deficiencies that we identified during this year's audit were ones that had been raised in the prior year that ha d not been cleared as included in the audit focus areas of this report.

Deficiencies in internal control are significant based on our judgement regarding whether they are sufficiently important to merit Councils attention. This judgement considers the likelihood of material misstatements, the susceptibility to loss or fraud, and the cause and frequency of exceptions and other considerations. We rate each control observation using the following criteria.

High	Deficiency/weakness in internal control (either individually or in combination with other deficiencies that requires immediate attention as it has potential to have a serious adverse effect on the entity (including the integrity of its financial and non-financial reporting).
Medium	Weakness that could adversely affect the entity if not addressed or reduce the efficiency of the entity’s operations.
Low	Weakness that results in controls falling short of best practice or public sector expectations for an entity of this size and complexity.

We have outlined control observations that we consider significant or noteworthy for those charged with governance on page 5 to 6, and page 10.

Appendix 5: Things to start planning for

New Accounting Standards, laws, and regulations	Expected impact					
	High	Moderate	Low	Effective date	Early adoption permitted	The Audit Office's guidance
XRB Exposure drafts: ED PBE IPSAS 47 Revenue and ED PBE IPSAS 48 Transfer Expenses, replacing PBE IPSAS 9, PBE IPSAS 11 and PBE IPSAS 23. Expect new standard to be issued in the first half of 2027. This may affect the timing of recognition and disclosure of certain revenue and grant-related transactions.		🟠		Unknown	Unknown	Guidance for 30 June 2026 financial reporting by public benefit entities — The Audit Office.
Rates Capping	🔴			1 July 2029	✔	N/A
Infrastructure reforms (development levies) (existing DCs would cease from 1 July 2030)	🔴			1 July 2029	✗	N/A

The Audit Office
Te Mana Arotake

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INFORMATION REPORT

F25/96/004 – D26/47326

To: Audit and Risk Committee
From: Property and Projects Manager
Date: 17 November 2026
Subject: 2026/27 Capital Works Programme - Key Budget Update

Recommendations

1. THAT the report be received.

Recommended Reason
To provide a summary on the progress of our main capital expenditure budgets for the 2026/27 financial year and assess Council's ability to complete them on time and within budget.

_____/_____
Moved/Seconded

1. Purpose of Report

1.1 The purpose of this report is to provide the Audit and Risk Committee with updates on key capital budgets programmed for delivery in the 2026/27 financial year.

1.2 The purpose is to monitor these budgets, provide assurance to both the Council and ratepayers regarding the deliverability of the approved capital works programme in the 2024–34 Long Term Plan (LTP) and highlight key risks associated with its planned delivery.

1.3 This report also summaries the total capital expenditure budget for the 2026/27 financial year year-to-date (YTD).

2. Executive Summary

2.1 Council approved **56** capital expenditure budget lines for Year 3 of the 2024–34 Long-Term Plan. A further **19** budget lines have been carried forward from the 2025/26 financial year, and **2** unbudgeted lines have been added, making a total of 77 capital expenditure budget lines.

2.2 Following adjustments made by NZTA and grant funding applications, the total capital expenditure for the 2026/27 financial year is **$22,736,593**.

2.3 Year to date 31 October 2026 of the 77 budget lines:
- 7 budget lines have been completed
- 4 budgets are not proceeding
- 2 budgets are projected to carry forward (Council Subdivision and Desludging of the Wastewater Ponds) to 2027–37 Long-Term Plan. These budgets are included in the Long-Term Plan conversations.
- **16%** of the 2026/27 capital budget is 'expended'.

2.4 This report looks at 13 budget lines that have been identified to be of significance. While this report primarily monitors capital budgets within the 2026/27 Capital Works Programme, it also includes the demolition of the Municipal Building, which is an operational budget. This has been included due to its significance, risk profile, anticipated community interest, strategic location, and potential impact on Council.

2.5 These budgets are assessed on the likelihood and consequence of their deliverability on time and within budget. The budgets are:

- **Roading, a total of $2,535,662,** comprising of resilience crown funding, bridge and structural renewals, and emergency works.
- **3 Waters, a total of $4,972,674,** comprising of stormwater modelling, wastewater treatment upgrade, Stratford bore, desludging wastewater treatment ponds, and Stratford grit tanks and raw delivery line.
- **Economic Development, a total of $5,647,066,** for the Flint Road West Subdivision.
- **Civic Amenities, a total of $2,813,525,** comprising of Prospero Place Development, TET stadium strengthening and infrastructure renewals, Demolition of the Municipal Building.

2.6 Significant budgets are assessed on the following risk criteria:

- Project Criticality
- Project Complexity
- Project Scale
- Potential adverse environmental effects on sensitive environments

2.7 In terms of delivery, 92% of the budgets are considered low or moderate in risk, while 8% are considered high risk.

2.8 In terms of budget, 92% are considered low or moderate in risk, while 8% are considered high risk.

3. Local Government Act 2002

Under section 10 of the Local Government Act 2002, the purpose of local government is to meet the current and future needs of communities for good-quality, cost-effective, and local infrastructure, public services, and regulatory functions.			
Does the information support the purpose of local government?			
Provision of good-quality infrastructure	**Provision of good-quality public services**	**Performance of regulatory functions**	**Supports cost-effective service delivery**
✓	✓	✓	✓

4. Information Summary

4.1 Council has approved the delivery of 77 budget lines for the 2026/27 financial year, being Year 3 of the 2024–34 Long–Term Plan.

4.2 Of the 77 budget lines, 41 budget lines have been adjusted because of NZTA budgeting, expenditure carried forward, or grant funding approvals, bringing the total capital expenditure budget of $22,736,593. These are split into the categories shown in ***Table 1***.

Table 1: Capital Projects Expenditure Budget

Capital Expenditure 2026/27 financial year (Yr 3)				
	Budgets	**Year 3 budget**	**Carried Forward from Year 2 Budget**	**Total Budget**
New Year 3 budget lines	35	$1,743,589	(-$5,500)	**$1,738,089**
Budget Continued from Year 2	21	$9,173,340	$4,717,931	**$13,891,271**
Budget Carried forward from Year 2	21	$0	$7,107,233	**$7,107,233**
Total	**77**	**$10,916,929**	**$11,819,664**	**$22,736,593**

4.3 To date, **16%** of capital budget is 'expended', comprising:

Table 2: 2026/27 Capital Projects Budget Spend YTD

Capital Expenditure 2026/27 budget expended						
	Budgets	**Total Budget**	**Budget spent YTD**		**No. of Projects Completed**	**No. of Projects not proceeding**
			$	**%**		
New Year 3 budget lines	35	**$1,738,089**	$124,253	7	2	3
Budget Continued from Year 2	21	**$13,891,271**	$1,067,154	8		1
Budget Carried forward from Year 2	21	**$7,107,233**	$2,509,359	35	5	
Total	**77**	**$22,736,593**	**$3,700,767**	**16**	**7**	**4**

4.4 **13** budgets are identified as significant. Budgets have been assessed on the following risk criteria:

- Project Criticality
- Project Complexity
- Project Scale
- Potential adverse environmental effects on sensitive environments

4.5 The risk assessments were based on the risk matrix shown in ***Table 3***.

Table 3: Risk Matrix

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

4.6 Of the **13** capital budget lines that have been identified as significant:

- **6** have been carried forward from the last financial year,
- **5** are continuing, and
- **2** are new budget lines.

These budgets have been assessed for the likelihood and consequence of their deliverability on time and within budget, and along with their risk profiles, are listed in ***Appendix 1.***

4.7 The demolition of the old Municipal Building has been added to this report. Even though it is an operational budget, the project meets the criteria above for risk to Council.

4.8 The risk assessment for timeframe delivery (***Figure 1***) for these significant budget show:

- 0% are completed.
- 46% are considered low risk.
- 46% are considered moderate risk.
- 8% are considered high risk.
- 0% are considered very high risk.
- 0% are considered extreme.

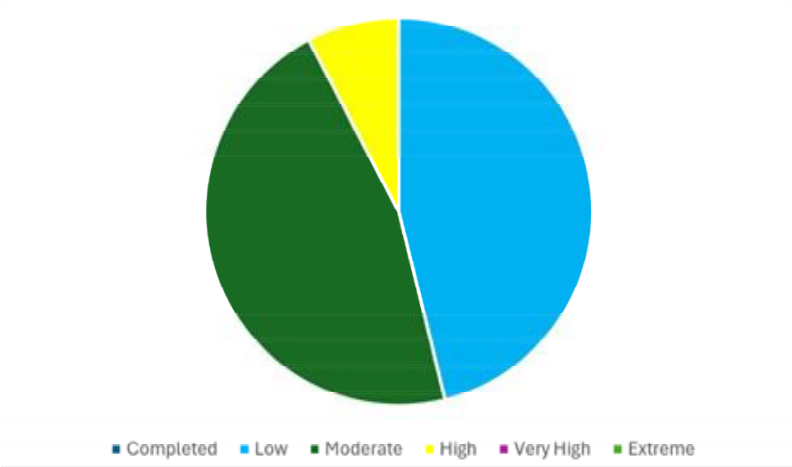


Figure 1: Risk profile of timeframe delivery for significant budgets

4.9 The risk assessment for on-budget delivery (***Figure 2***) for these significant budgets show:

- 0% are completed.
- 54% are considered low risk.
- 38% are considered moderate risk.
- 8% are considered high risk.
- 0% are considered very high risk.
- 0% are considered extreme.

Figure 2:

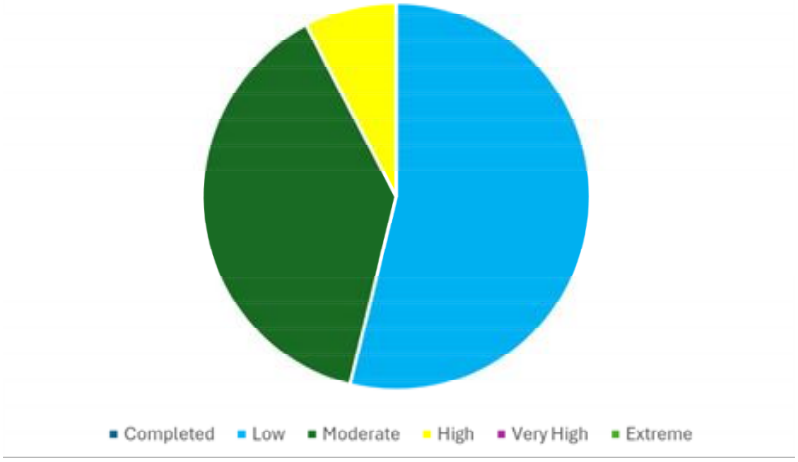


Figure 2: Risk profile of budget tracking for significant budgets

5. Key Budget Update (See Appendix 1)

5.1 2 budget lines have been continued from Year 2 that have no capital expenditure budget:

- **Water Supply: Universal water metering – $55,190 spent**
  Continuation of installing manifolds and meters where our existing data was incorrect. These have been discovered during our validation programme of ensuring all properties have a digital meter.

- **Parks and Reserves: Whangamomona Septic Tank – $4,293 spent**
  Finalising works for Code of Acceptance. This project is now complete.

5.2 **#1. 41 Flint Road Subdivision (Economic Development) – continuation from 2025/26**

2026/27 budget spent (%)	Total budget spent (%)	Timeframe delivery	Budget delivery
2	**9**	**Not completed** in FY2026/27	**Within** budget

Council purchased the property at 39/41 Flint Road to extend the subdivision at Midsummer Avenue to Flint Road. This will improve SDC's road network resilience through a connecting access road to Flint Road, which is currently only accessed from State Highway 3. Due to its scale and proximity, External Project Leads have been appointed to deliver this project

- ***Current Action:*** Works have continued from the 2025/26 financial year. Resource consent applications are currently being processed. This has and continues to slow progress at this stage. In parallel, the preparation of tender and contract documentation is underway.

5.3 **#2. Resilience Crown Funding (Roading) – continuation from 2025/26**

2026/27 budget spent (%)	Total budget spent (%)	Timeframe delivery	Budget delivery
21	N/A	**Within** FY2026/27	**Within** budget

Works for this budget include installing new retaining walls at historical underslip sites that was previously not approved by NZTA.

- ***Current Action:*** Retaining wall construction at Brewer Road, Stanley Road, and Douglas North Road.
-

5.4 **#3. Modelling (Stormwater) – Carried forward from 2025/26**

2026/27 budget spent (%)	Total budget spent (%)	Timeframe delivery	Budget delivery
6	**32**	**Within** FY2026/27	**Under** budget

This budget is to model the Stratford stormwater network and identify any areas that may be of risk to flooding.

- ***Current Action:*** Works have continued from the 2025/26 financial year. The Consultant is producing models to assist with early conversation reports for the 2027–37 LTP.

5.5 **#4. Treatment Upgrade (Wastewater) – carried forward from 2025/26**

2026/27 budget spent (%)	Total budget spent (%)	Timeframe delivery	Budget delivery
0	**40**	**Within** FY2026/27	**Within** budget

This budget is to support the achievement of our resource consent conditions for the oxidation ponds with the installation of ultrasonic algae killers.

- ***Current Action:*** After a successful trial, more ultrasonic algae killers are being purchased for installation.

5.6 **#5. Stratford Bore (Water) – new budget for 2026/27**

2026/27 budget spent (%)	Total budget spent (%)	Timeframe delivery	Budget delivery
0	**23**	**Within** FY2026/27	**Within** budget

This budget is to find alternative water source for the Stratford water supply, which currently relies on the Pātea River (mostly) and Konini Stream.

- ***Current Action:*** Tender documentation is currently being drafted for construction.

5.7 **#6. Prospero Place Development (Civic Amenities) – continuation from 2025/26**

2026/27 budget spent (%)	Total budget spent (%)	Timeframe delivery	Budget delivery
0.1	**10**	**Within** FY2026/27	**Within** budget

The Prospero Place Development is a key initiative of Stratford 2035. It involves the acquisition of 247-257 Broadway and the development of an outdoor community gathering hub in the heart of Stratford. A concept plan was completed in 2022 and adopted by Council in 2024 for construction in years 1 to 3 of the 2024-34 Long Term Plan.

A Landscape Architect was engaged in December 2024 to create the detailed design plans. The scope of works includes discussion with Elected Members and key stakeholders to finalise the design and produce detailed construction drawings. The design was released for community feedback with amendments made to the design and presented to Council at the August Ordinary Meeting. Following completion of the final design, Council granted approval in June 2026.

- ***Current Action:*** Final negotiations are underway to appoint a contractor. Physical works to begin in November 2026.

5.8 **#7. TET Stadium Strengthening (Civic Amenities) – continuation from 2025/26**

2026/27 budget spent (%)	Total budget spent (%)	Timeframe delivery	Budget delivery
0	**3**	**Within** FY2026/27	**Within** budget

This budget is for the seismic design to strengthen the TET Multi-sports Centre to IL4 for Civil Defence purposes.

- ***Current Action:*** A design peer review is complete and tender documentation in underway.

5.9 **#8. Kopuatama Cemetery Design (Parks and Reserves) – new budget for 2026/27**

2026/27 budget spent (%)	Total budget spent (%)	Timeframe delivery	Budget delivery
0	**0**	**Within** FY2026/27	**Within** budget

This works consists of designing the new acquired land west of the existing cemetery for development in the 2027–37 LTP.

- ***Current Action:*** The tender is currently advertised and closes early November. A design consultant is expected to be appointed by the end of November.

5.10 **#9. Bridge and Structure Renewals (Roading) – continuation from 2025/26**

2026/27 budget spent (%)	Total budget spent (%)	Timeframe delivery	Budget delivery
29	**78**	**Within** FY2026/27	**Within** budget

Replacing any existing infrastructure (bridges and retaining walls) that needs to be replaced

- ***Current Action:*** Six retaining walls are under construction as continuation of a contract from the 2025/26 financial year. Further sites are being identified to continue this works.

5.11 **#10. Emergency Works (Roading) – carried forward from 2025/26**

2026/27 budget spent (%)	Total budget spent (%)	Timeframe delivery	Budget delivery
14	N/A	**Within** FY2026/27	**Within** budget

In July 2025, Stratford experienced a significant storm event. NZTA has provided budget for the resulting damage to our roading network

- ***Current Action:*** Design underway for a boxed culvert on Salisbury Road.
- ***Timeframe Delivery:*** This budget is programmed to be delivered **within** this financial year.
- ***Budget:*** An approved budget of **$1,136,790** has been carried forward to the 2026/27 financial year. This work is projected to be **within** budget.

5.12 **#11. Desludging Treatment Ponds (Wastewater) – carried forward from 2025/26**

2026/27 budget spent (%)	Total budget spent (%)	Timeframe delivery	Budget delivery
18	**28**	**Not completed** in FY2026/27	**Under** budget

This budget is to de-sludge the oxidation ponds which was last undertaken in 2004.

- ***Current Action:*** Works have continued from the 2025/26 financial year. Progress has been slowed due to the amount of material found in the pond and blocking the sludging machine. The contractor has been losing up to 6 hours a day while unblocking.

5.13 **#12. Stratford Grit Tanks and Raw Water Delivery Line (Water Supply) – continuation from 2025/26**

2026/27 budget spent (%)	Total budget spent (%)	Timeframe delivery	Budget delivery
147	**114**	**Within** FY2026/27	**Over** budget

This will replace the 100-year-old grit tanks and provide resilience for the raw water delivery line. Detailed design for the grit tanks and the raw water delivery line is complete.

- ***Current Action:*** Final commissioning is underway for completion. Officers are investigating the cost blowout to determine the justification of the sharp increase in costs.

5.14 **#13. Demolition of the Municipal Building – continued from 2025/26**

2026/27 budget spent (%)	Total budget spent (%)	Timeframe delivery	Budget delivery
1	**18**	**Within** FY2026/27	**Over** budget

While not a capital budget, the demolition of the office building of the former municipal building is considered a significant project due to the anticipated community interest and the strategic location of the project. The adjacent building is currently listed as a heritage building, which requires consent under the district plan.

- ***Current Action:*** Council is currently procuring a replacement Project Manager to continue the project.

6. Strategic Alignment

6.1 **Direction**

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

6.2 **2 Annual Plan and Long–Term Plan**

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

6.3 **Sustainability Consideration**

All capital project procurement is consistent with the Sustainability Policy.

6.4 **District Plan**

There is no direct relationship with the District Plan.

6.5 **Legal Implications**

There are no legal implications for this report.

6.6 **Policy Implications**

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

6.7 **Section 11A - Core Services Considerations**

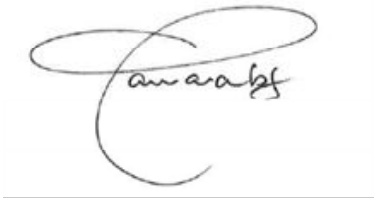
This report does not have a direct impact on a core service of Council. It is a monitoring report that provides the Audit and Risk Committee with an update on the progress of key capital budgets for the 2026/27 financial year, and it does not change any service level.

Attachment:

Appendix 1 – 2026/27 Significant Capital Work Budgets



Steve Taylor
Property & Projects Manager



[Reviewed by]
Victoria Araba
Director - Assets



[Approved by]
Sven Hanne
Chief Executive **Date** 17 November 2026

APPENDIX 1: 2026/27 SIGNIFICANT CAPITAL WORK BUDGETS

Budget Number	Budget	Category	Significance	Budget	Actual Spent as at 31 August 2026	Budget Spent	Total Allocated Budget	Years to be Delivered in 2024-34 LTP	Total Budget Spent to date	Total Budget Percentage to date	Delivery	Budget Tracking
1	41 Flint Road Subdivision	Economic Development (LoS)	Critical asset Complexity of project Scale of project Adverse environmental effects	$ 5,647,066	$ 123,580	2%	$ 5,999,369	Years 1 to 3	$ 566,515	9%	5: High Almost Certain/High	3: Moderate Possible/Important
2	Resilience Crown Funding	Roading (LoS)	Critical asset	$ 629,724	$ 135,009	21%	$ 0		$ 1,005,286		1: Low Rare/Important	1: Low Rare/Important
3	Modelling	Stormwater (LoS)	Critical asset Complexity of project Scale of project	$ 287,000	$ 16,939	6%	$ 400,000	Year 1. Carry forward to Yr.2 and Yr.3	$ 129,764	32%	1: Low Unlikely/Minor	1: Low Rare/Important
4	Treatment Upgrade	Wastewater (LoS)	Critical asset	$ 200,000	$ 0	0%	$ 562,500	Years 1 to 2	$ 223,034	40%	1: Low Rare/Serious	1: Low Rare/Important
5	Stratford Bore	Water Supply (LoS)	Critical asset to provide resilience to supply	$ 540,000	$ 0	0%	$ 562,500	Year 2, physical works brought forward to Yr.3	$ 128,389	23%	3: Moderate Possible/Important	3: Moderate Possible/Important
6	Prospero Place Development	Civic Amenities (LoS)	Critical asset Complexity of project Scale of project	$ 1,146,579	$ 1,292	0.1%	$ 1,226,720	Years 1 to 3	$ 124,119	10%	2: Moderate Unlikely/Important	1: Low Rare/Important
7	TET Stadium Strengthening	Civic Amenities (LoS)	Critical asset Complexity of project	$ 1,308,146	$ 0	0%	$ 1,342,818	Years 2 to 3	$ 35,000	3%	4: Moderate Likely/Important	3: Moderate Possible/Important
8	Kopuatama Cemetery Design	Cemeteries (LoS)	Critical asset	$ 52,500	$ 0	0%	$ 52,500	Year 3	$ 0	0%	2: Moderate Unlikely/Important	3: Moderate Possible/Important
9	Bridge and Structure Renewals	Roading (Replace)	Critical asset	$ 862,524	$ 247,195	29%	$ 3,017,253	Years 1 to 3	$ 2,365,035	78%	1: Low Rare/Important	1: Low Rare/Important
10	Emergency Works	Roading (Replace)	Critical asset Complexity of project Scale of project Adverse environmental effects	$ 1,136,790	$ 159,827	14%	$ 0		$ 1,157,427		1: Low Rare/Important	1: Low Rare/Important
11	Desludging Wastewater Treatment Ponds	Wastewater (Replace)	Critical asset Complexity of project Adverse environmental concerns	$ 2,772,163	$ 488,720	18%	$ 3,400,000	Brought forward to Year 2. Carry forward to Yr.3	$ 956,557	28%	2: Moderate Almost Certain/Minor	1: Low Rare/Important
12	Stratford Grit Tanks and Raw Water Delivery Line	Water Supply (Replace)	Critical asset Complexity of project Scale of project	$ 1,173,511	$ 1,729,105	147%	$ 4,120,000	Years 1 to 2 Carry forward to Yr.3	$ 4,676,400	114%	1: Low Rare/Important	5: High Almost Certain/Important
13	Demolition of Municipal Building	Civic Amenities (Opex)	Significant asset	$ 251,391	$ 1,600	1%	$ 306,300	Year 2 Carry forward to Yr.3	$ 56,509	18%	3: Moderate Possible/Important	3: Moderate Possible/Important
				$ 16,007,394	$ 2,903,267	18%	$ 20,989,960		$ 11,424,035	54%		

INFORMATION REPORT

F25/96/004 – D26/33153

To: Audit and Risk Committee
From: Property and Projects Manager
Date: 17 November 2026
Subject: 2025/26 Capital Works Programme - End of Year Summary

Recommendations

THAT the report be received.

Recommended Reason

This report provides an end-of-year summary of the capital expenditure budget for the 2025/26 financial year.

_____/_____
Moved/Seconded

1. Purpose of Report

1.1. The purpose of this report is to provide the Audit and Risk Committee with a summary of key capital projects programmed for delivery during the 2025/26 financial year.

1.2. As outlined in the July information update report, this report finalises reporting for the 2025/26 financial year.

2. Executive Summary

2.1. Council approved **66** projects for delivery during the 2025/26 financial year. A further **16** projects were carried over from the 2024/25 financial year, and **4** new projects were added, bringing the total capital expenditure for the 2025/26 financial year to **$28,730,428**.

2.2. A total of **$15,853,207** of the capital expenditure was spent, with a further **$11,808,533** across 27 budget lines proposed to be carried forward into the 2026/27 financial year to enable projects already started to be completed.

2.3. The proposed carry-forwards include 5 significant projects that make up **94%** ($11,041,109) of the carry-forward budget. These projects are:

Significant Projects Risk Summary

PROJECT	COMMITTED ($)	CARRY FORWARD ($)	RISK		
			Procure	Budget	Delivery
Council Subdivision	$253,509	$4,812,066	Low	High	Medium
Prospero Place Development	$0	$1,146,579	Medium	Medium	High
Roading Emergency Works	$0	$1,136,790	Low	Very Low	Low
Desludging Wastewater Ponds	$1,132,823	$2,772,163	N/A	Low	Very High
Stratford Grit Tanks/ Raw Water Delivery	$1,119,880	$1,173,511	N/A	High	Low
Total	**$2,506,212**	**$11,041,109**			

2.4. A separate decision report was presented to Council on 8 September 2026 seeking approval to carry the identified budget lines forward into the 2026/27 financial year.

3. Local Government Act 2002

Does the recommended option meet the purpose of the Local Government 4 well-beings? And which:			
Social	Economic	Environmental	Cultural
✓	✓	✓	✓

3.1. Good risk management and regular monitoring support all 4 of Council's wellbeing outcomes.

4. Information Summary

4.1. Council approved **66** projects for delivery during the 2025/26 financial year. A further **16** projects were carried over from the 2024/25 financial year, and **4** new projects were added, bringing the number of projects to **86**. These are split into the categories shown in ***Table 1***.

Table 1: Capital Projects Expenditure Budget Summary

	PROJECTS	YEAR 2 BUDGET	BUDGET CARRIED OVER FROM YEAR 1	BROUGHT-FORWARD BUDGET (YEAR 4)	TOTAL BUDGET
Continued from Year 1	17	$7,689,812	$4,746,531		$12,436,343
New Year 2 Projects	49	$6,471,022			$6,471,022
Carried/Brought forward	20		$6,583,063	$3,240,000	$9,823,063
Total	86	$14,160,834	$11,329,594	$3,240,000	**$28,730,428**

4.2. ***Table 2*** and ***Figure 1*** summarise the capital expenditure for the 2025/26 financial year. Of the total budget, ***55%*** has been spent and ***41%*** is proposed to be carried forward across 29 budget lines.

Table 2: Capital Projects Expenditure (Actual)

BUDGET CATEGORY	TOTAL BUDGET	ACTUAL EXPENDITURE	NET UNDER/(OVER) SPEND	NOT PROCEEDING	CARRY FORWARD TO 2026/27 (YEAR 3)
Growth	$5,233,734	$421,668	$0	$0	$4,812,066
Level of Service	$5,652,213	$3,269,014	$525,159	$206,044	$1,649,595
Replacements	$17,844,481	$12,162,525	$314,418	$20,667	$5,346,872
Total	**$28,730,428**	**$15,853,207**	**$841,977**	**$226,711**	**$11,808,533**

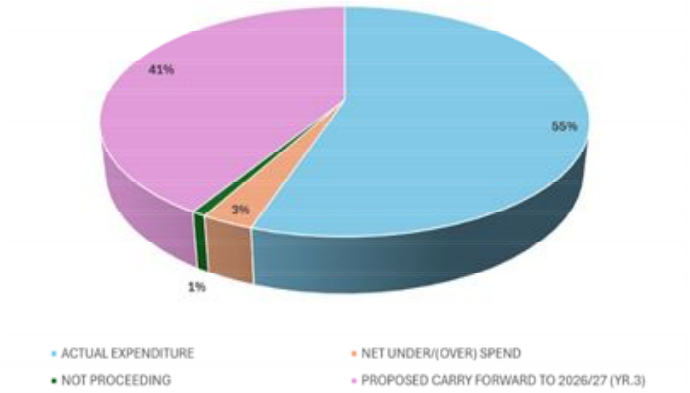


Figure 1: 2025/26 Capital Projects Expenditure (Actual)

4.3. Of the 27 budget lines, 5 represent **$11,041,109 (94%)** of the proposed carry-forward amount. The risk profile for each of these projects is outlined in ***Table 3***.

Table 3: Significant Project Risk Profile

Project Status	Description	Budget Committed	Carry Forward
(Economy) Council Subdivision		**$253,509**	**$4,812,066**
Current Situation	Resource consenting has been delayed because legislative requirements have changed since the land was purchased. The lead consultant is working through the consenting requirements while progressing detailed design.		
Procurement Risk	Tender documentation for the construction of the subdivision utilities is being drafted. Given the current construction market conditions, procurement risk is considered **Low**.		
Budget Risk	The budget risk will be better understood once construction tenders are received. The design phase is currently **over** budget due to the resource consenting delays, resulting in the budget risk being considered **High**.		
Delivery Risk	Construction on this project is expected to begin in the summer of 2026/27 with an anticipated completion in October 2027. This timeframe depends on securing the required consents before approaching the market, so delivery risk is considered **Medium**.		
(Civic Amenities) Prospero Place Development		**$0**	**$1,146,579**
Current Situation	Due to late funding approval, the project was delayed in moving from the design phase to the construction phase. The tender for the construction has closed and tenders are currently being evaluated. Works are proposed to begin in late spring 2026.		
Procurement Risk	The tender has closed with a good number of submissions received and all passing the early pre-conditions. However, the process highlighted some design issues, with material supply being a significant concern. Once the preferred tenderer has been identified, officers will work with the contractor to mitigate concerns raised in the tender process. The procurement risk is considered **Medium**.		
Budget Risk	The budget risk will be better understood once the contractor is appointed. With the procurement concerns focusing on supply, the budget risk is considered **Medium**.		
Delivery Risk	Construction on this project is anticipated to begin in the summer of 2026/27 with completion in April/May 2027, depending on when the identified supply issues can be resolved. The delivery risk is considered **High**.		
(Roading) Emergency Works		**$0**	**$1,136,790**
Current Situation	Significant storm damage in July 2025 resulted in NZTA reviewing the 2025/26 roading programmes. Due to late approval of funding, works began in late 2025 and will continue into the 2026/27 financial year.		
Procurement Risk	The physical works will be completed through a mix of tendered contracts and the maintenance contract. Council has received a good number of quality tenders in the last 12 months, so the procurement risk is considered **Low**.		
Budget Risk	This budget is set by NZTA as part of the subsidised funding. The budget risk to Council is considered **Very Low**.		
Delivery Risk	Delivery relies on contractor availability. Council has strong working relationships with the contractors likely to carry out these works, so the delivery risk is considered **Low**.		
(Wastewater) Desludging Ponds		**$1,132,823**	**$2,772,163**
Current Situation	Works began in March 2026 and are progressing. The contractor has experienced a high volume of rags and other unwanted material with the debris, which has slowed works.		
Procurement Risk	Procurement for this project is Complete.		
Budget Risk	Even with time delays, this project is on track to be under budget due to a lower-than-expected contract price. The budget risk for this project is considered **Low**.		
Delivery Risk	The contractor is experiencing significant time delays due to debris clogging the desludging machine. Due to the delays, the physical desludging project is anticipated to continue into the second half of the 2026/27 financial year, with the drying and spreading of the sludge expected to extend the project into 2028. The delivery risk of this project is considered **Very High** with the contractor unable to adopt alternative methods of desludging.		

Project Status	Description	Budget Committed	Carry Forward
(Water) Stratford Grit Tanks and Raw Water Delivery Line		**$1,119,880**	**$1,173,511**
Current Situation	Works are nearing completion, with testing of the constructed tanks and pipework currently underway.		
Procurement Risk	Procurement for this project is complete.		
Budget Risk	There is an emerging risk of cost-overrun as the project nears completion. Contributing factors include significant ongoing design changes during construction and components failing commissioning tests, requiring investigation, rectification, and retesting. Some testing processes take considerable time, especially when failures occur. Many of the issues have only become apparent as the project has entered its final testing and commissioning stages, and the full cost impact is not yet known. The budget risk is now considered **High**.		
Delivery Risk	Physical works are expected to be completed in September/October 2026. Delivery risk is considered **Low**.		

4.4. The proposed carry-forward for the remaining 18 budget lines relate to projects that remain incomplete at the end of the financial year and are required to be completed in the following year.

4.5. A decision report was presented to Council on 8 September 2026 to seek approval for these budget lines to be carried forward. ***Appendix 1*** outlines the proposed capital expenditure budget for the 2026/27 financial year, including carry-forward and adjustments.

5. Strategic Alignment

5.1. **Direction**

This report is consistent with the Long-Term Plan outcomes and supports the work of the Audit and Risk Committee.

5.2. **Annual Plan and Long-Term Plan**

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

5.3. **Sustainability Consideration**

Capital project procurement is consistent with the Sustainability Policy.

5.4. **District Plan**

This report has no direct relationship with the District Plan.

5.5. **Legal Implications**

There are no legal implications arising from this report.

5.6. **Policy Implications**

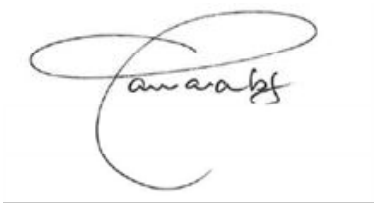
This report is consistent with Council policies relating to service delivery.

Attachment:

Appendix 1 – Capital Expenditure Budget Summary 2026/27



Steve Taylor
Projects Manager



[Reviewed by]
Victoria Araba
Director - Assets



[Approved by]
Sven Hanne
Chief Executive **Date** 17 November 2026

APPENDIX 1: CAPITAL EXPENDITURE BUDGET SUMMARY 2026/27

Council Activity	Project Description	2026/27 AP Budget	Carry-Forwards	NZTA Adjustments	Total Funds Available
GROWTH					
Economy	Proposed Council subdivision	$ 835,000	$ 4,812,066	$ 0	$ 5,647,066
Total Growth Expenditure		**$ 835,000**	$ 4,812,066	$ 0	**$ 5,647,066**
			$ 4,812,066		
LEVEL OF SERVICE					
Roading	Seal extensions - dust coat seals	$ 50,000	$ 0	$ 0	$ 50,000
Roading	Low-cost low-risk roads	$ 380,000	$ 0	$ (380,000)	$ 0
Roading	Targeted Fund	$ 300,000	$ 0	$ 59,099	$ 359,099
Roading	Resilience Crown Funding	$ 400,000	$ 0	$ 229,724	$ 629,724
Solid Waste	Permanent recycling stations	$ 0	$ 15,423	$ 0	$ 15,423
Solid Waste	Permanent recycling stations	$ 10,435	$ 10,210	$ 0	$ 20,645
Solid Waste	Rural mobile mini recycling stations	$ 46,959	$ 0	$ 0	$ 46,959
Solid Waste	Organic Materials Processing Facility	$ 104,356	$ 0	$ 0	$ 104,356
Stormwater	Modelling	$ 0	$ 287,175	$ 0	$ 287,175
Stormwater	Pipework Capacity Increase	$ 157,901	$ 0	$ 0	$ 157,901
Wastewater	Treatment upgrade	$ 0	$ 200,000	$ 0	$ 200,000
Water Supply	Stratford bore	$ 540,000	$ 0	$ 0	$ 540,000
Water Supply	Reticulation modelling	$ 0	$ 60,405	$ 0	$ 60,405
Water Supply	Chlorine and pressure monitoring meters	$ 120,000	$ 0	$ 0	$ 120,000
Civic Amenities	Prospero Place Development	$ 0	$ 1,146,579	$ 0	$ 1,146,579
Civic Amenities	Administration Building access upgrade	$ 41,337	$ 0	$ 0	$ 41,337
Civic Amenities	TET Structural strengthening	$ 1,292,111	$ 16,035	$ 0	$ 1,308,146
Cemeteries	Kopuatama Cemetery - concept plan, design and implementation	$ 52,500	$ 0	$ 0	$ 52,500
Farm	Sand trap	$ 30,000	$ 0	$ 0	$ 30,000
Farm	Install drafting gate system	$ 40,000	$ 0	$ 0	$ 40,000
Corporate	Phone System upgrade	$ 0	$ 4,945	$ 0	$ 4,945
Total Level of Service Expenditure		**$ 3,565,599**	$ 1,740,772	$ (91,177)	**$ 5,215,194**
			$ 1,649,595		

Council Activity	Project Description	2026/27 AP Budget	Carry-Forwards	NZTA Adjustments	Total Funds Available
REPLACEMENTS					
Roading – (NZTA)	Unsealed Road metalling (includes forestry roads)	$ 973,489	$ 0	$ 284,535	$ 1,258,024
Roading – (NZTA)	Sealed Road resurfacing	$ 1,416,730	$ 0	$ (49,475)	$ 1,367,255
Roading – (NZTA)	Drainage Renewals	$ 978,833	$ 0	$ (149,323)	$ 829,510
Roading – (NZTA)	Pavement Rehabilitation	$ 695,335	$ 0	$ (227,217)	$ 468,118
Roading – (NZTA)	Structure Components Replacement	$ 385,900	$ 0	$ (292,524)	$ 93,376
Roading – (NZTA)	Bridge and structure renewals	$ 661,500	$ 0	$ 107,648	$ 769,148
Roading – (NZTA)	Emergency Works	$ 0	$ 1,136,790	$ 0	$ 1,136,790
Roading – (NZTA)	Traffic Services Renewals	$ 171,162	$ 0	$ (20,961)	$ 150,201
Roading – (NZTA)	Footpath renewals	$ 76,100	$ 0	$ (10,000)	$ 66,100
Solid Waste	Transfer Station - Building renewals	$ 10,435	$ 0	$ 0	$ 10,435
Stormwater	Reticulation Renewals	$ 105,267	$ 117,422	$ 0	$ 222,689
Stormwater	Safety improvements	$ 21,053	$ 0	$ 0	$ 21,053
Wastewater	Step / aerate treatment renewals	$ 36,844	$ 0	$ 0	$ 36,844
Wastewater	Desludging ponds	$ 0	$ 2,772,163	$ 0	$ 2,772,163
Wastewater	Safety renewals	$ 105,267	$ 92,286	$ 0	$ 197,553
Wastewater	Campervan discharge facility	$ 10,527	$ 0	$ 0	$ 10,527
Wastewater	Infiltration renewals	$ 210,535	$ 50,003	$ 0	$ 260,538
Water Supply	Laterals	$ 52,634	$ 0	$ 0	$ 52,634
Water Supply	Water renewals	$ 105,268	$ 0	$ 0	$ 105,268
Water Supply	Infrastructure general	$ 52,634	$ 6,373	$ 0	$ 59,007
Water Supply	Fluoride plant upgrade	$ 0	$ 188,246	$ 0	$ 188,246
Water Supply	Stratford Grit tanks	$ 0	$ 1,173,511	$ 0	$ 1,173,511
Water Supply	Hydrants	$ 0	$ 16,679	$ 0	$ 16,679
Parks and Reserves	Continued Walkway development	$ 5,217	$ 0	$ 0	$ 5,217
Parks and Reserves	Continued Parks development	$ 5,217	$ 0	$ 0	$ 5,217
Parks and Reserves	Street tree and tree surrounds replacement	$ 52,173	$ 51,050	$ 0	$ 103,223
Parks and Reserves	Replace old seats throughout all parks, reserves and walkways	$ 20,869	$ 10,980	$ 0	$ 31,849
Parks and Reserves	Replace playground equipment - King Edward and Victoria Parks	$ 10,435	$ 0	$ 0	$ 10,435
Cemeteries	Replace boundary hedges at Midhirst Cemeteries (closed and open)	$ 10,435	$ 0	$ 0	$ 10,435
Wai o Rua Aquatic Centre	Infrastructure renewals	$ 30,000	$ 0	$ 0	$ 30,000

Council Activity	Project Description	2026/27 AP Budget	Carry-Forwards	NZTA Adjustments	Total Funds Available
Civic Amenities	Public toilets infrastructure renewals	$ 0	$ 30,000	$ 0	$ 30,000
Civic Amenities	TET Infrastructural renewals	$ 0	$ 19,225	$ 0	$ 19,225
Housing for Older Persons	Replace picket fences	$ 10,434	$ 0	$ 0	$ 10,434
Housing for Older Persons	Infrastructural renewals	$ 5,217	$ 0	$ 0	$ 5,217
Miranda Street Office	Lift replacement in Archives room, and furniture replacements	$ 55,000	$ 0	$ 0	$ 55,000
Miranda Street Office	Partial carpet replacement	$ 31,003	$ 0	$ 0	$ 31,003
Miranda Street Office	Infrastructural renewals	$ 5,217	$ 0	$ 0	$ 5,217
Library Hub	Infrastructural renewals	$ 3,100	$ 0	$ 0	$ 3,100
Library Hub	Window graphics renewals	$ 0	$ 21,210	$ 0	$ 21,210
Corporate	Computers/Peripherals/ Software	$ 50,000	$ 0	$ 0	$ 50,000
Corporate	Disaster Recovery Onsite Server and Software Replacement	$ 20,000	$ 0	$ 0	$ 20,000
Corporate	Battery UPS replacement	$ 8,000	$ 0	$ 0	$ 8,000
Corporate	Core Server replacement	$ 0	$ 3,283	$ 0	$ 3,283
Corporate	Core Switch replacement	$ 0	$ 642	$ 0	$ 642
Corporate	ETTPOS terminal upgrades	$ 0	$ 3,850	$ 0	$ 3,850
Corporate	Staff cell phone fleet replacements	$ 0	$ 10,476	$ 0	$ 10,476
Corporate	Large plotter and LaserJet printer replacements	$ 6,000	$ 0	$ 0	$ 6,000
Corporate	iPad replacements - staff and contractors	$ 12,000	$ 0	$ 0	$ 12,000
Corporate	Aerial Photography	$ 16,500	$ 0	$ 0	$ 16,500
Corporate	Vehicle Replacement (after trade in)	$ 70,000	$ 0	$ 0	$ 70,000
Total Replacement Expenditure		**$ 6,496,330**	$ 5,704,189	$ (357,317)	**$ 11,843,202**
			$ 5,346,872		
TOTAL EXPENDITURE		**$ 10,916,929**	**$ 11,808,533**		**$ 22,725,462**

INFORMATION REPORT

TE KAUNIHERA Ā ROHE O WHAKAAHURANGI STRATFORD DISTRICT COUNCIL

F25/96/004 – D26/47444

To: Audit and Risk Committee
From: The Governance Advisor
Date: 17 November 2026
Subject: Percy Thomson Trust - Quarterly Report for the period ended 30 September 2026

Recommendations

1. THAT the report be received.

2. THAT Council receive the quarterly report for Percy Thomson Trust for the period ended 30 Sept 2026.

Recommended Reason
The Trust has agreed to provide quarterly reporting to Council. The attached report represents the first quarter of the 2025/26 financial year.

_____/_____
Moved/Seconded

1. Purpose of Report

The purpose of this report is to present the quarterly report as at 30 September 2026 for the Percy Thomson Trust (PTT).

2. Executive Summary

The Council has requested quarterly reporting from PTT, to enable governance oversight and transparency of its performance during the financial year.

The attached report covers the Trust's operational and financial performance for the three months over the July – September 2026 period.

3. Local Government Act 2002

Under section 10 of the Local Government Act 2002, the purpose of local government is to meet the current and future needs of communities for good-quality, cost-effective, and local infrastructure, public services, and regulatory functions.

Does the information support the purpose of local government? The PTT is run as an independent council-controlled organisation.

Provision of good-quality infrastructure	Provision of good-quality public services	Performance of regulatory functions	Supports cost-effective service delivery
	√		√

The Percy Thomson Trust provides arts and cultural opportunities that contribute to community well-being. Quarterly reporting supports Council's governance oversight and promotes transparency and cost-effective service delivery.

4. Background

PTT has agreed to provide quarterly reporting to Council. The attached report was delivered to Council on 9 May 2026.

5. Information Summary

5.1 Commentary on the performance of the Trust for the three months ending 30 September 2026 is provided within the Chair Report (Page 4-8 of the Quarterly Report).

5.2 The financial report shows an operating surplus of $107,653 for the period July to September 2026, compared with a budgeted surplus of $135,162.

The projected operating surplus for the year ending 30 June 2027 is $13,087.

5.3 Attached as **Appendix 1** is the PTT quarterly report for the period ended 31 March 2026.

Strategic Alignment

6.1 **Direction**
The operations of the PTT contribute to the four well-beings of the districts communities and enables people to have access to a wide range of art and cultural activities.

6.2 **Annual Plan and Long Term Plan**
The quarterly report of the PTT is consistent with the Annual and Long Term Plans.

6.3 **District Plan**
The operations of the Trust are consistent with the rules of the Stratford District Plan.

6.4 **Legal Implications**
There are no legal implications.

6.5 **Policy Implications**
There are no policy implications

6.6 **Section 11A - Core Services Considerations**
This report is for monitoring and governance purposes and does not propose any changes to the delivery of Council's core services. However, it relates to the oversight of a council-controlled organisation that contributes to community facilities and amenities within the district.

Attachments:

Appendix 1 - Percy Thomson Trust Quarterly Report for the period ended 30 September 2026

GHancock
Gareth Hancock
The Governance Advisor

[Approved by]
Sven Hanne
Chief Executive **Date:** 4 November 2026



PERCY THOMSON TRUST

- **Percy Thomson Gallery**
- **Percy Thomson Herbarium**
- **Percy Thomson Arboretum**

QUARTERLY REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2026

PERCY THOMSON TRUST

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PERCY THOMSON TRUST BOARD

Chairman:	Ellen Hall
Trustees:	Deborah Clough
	Mary Bourke
	Casey Wellington
	Peter Reed
	Brigid Taingahue

PERCY THOMSON TRUST STAFF

As at 30 September 2026

Gallery Director – Catherine Rhodes
Operations Officer – Helen Cloke

Casual Gallery Assistants

- Carina McQueen
- Donna Hitchcock
- Gayleen Schrider
- Michelle Rowland
- Rhiannon Higgs
- Amy Hill

PERCY THOMSON TRUST

CHAIR REPORT OF PERCY THOMSON TRUST

On behalf of the Trust, I am pleased to present the report for the quarter ending 30 September 2026.

Governance

During the July to September quarter, the Trust continued to make significant progress in strengthening its governance, financial management and organisational capability.

A major achievement was the completion of the 2025/26 external audit and Annual Report. Positive feedback from the auditors reflects the strength of the Trust's financial and administrative processes and the effective management of these responsibilities over the past year. The Annual Report has been finalised and approved by the Board, marking the completion of a substantial undertaking for both staff and trustees. Particular acknowledgement is due to Catherine and Helen for their considerable work throughout the audit process.

The Trust has continued to strengthen its governance framework through the review and development of policies, procedures and governance documents. This work aims to formalise practices, clarify responsibilities and delegations, and support sound decision-making and accountability. While the audit placed competing demands on staff capacity, attention is now returning to the Governance Workplan and outstanding priorities.

Engagement with Stratford District Council has remained an important focus, including discussions regarding Council's in-kind support and upcoming trustee appointments. With the successful completion of the annual audit and the conclusion of the six-month stand-down period in October, the Trust is seeking Council's reconsideration of its Council-Controlled Organisation (CCO) status as soon as possible. Resolving this matter is an important step in providing greater certainty about the Trust's future governance and operating arrangements.

Following receipt of further clarification from Council regarding its reporting requirements, progress has continued on the revised Statement of Intent, with support from Baker Tilly Accountants. This clarification has enabled the Trust to advance the document to address Council's Letter of Expectations and additional financial reporting requirements, while reflecting the Trust's direction and priorities.

Looking ahead, the Trust's focus will be on progressing the Governance Workplan, finalising the revised Statement of Intent, strengthening financial sustainability and working with Council to establish greater clarity around the Trust's future arrangements.

The progress achieved this quarter reflects the ongoing commitment of trustees and staff to building a well-governed, accountable and sustainable organisation.

Gallery

The Gallery continued to deliver a strong exhibition programme, with a focus on building community engagement and nurturing the next generation of artists. Visits from local pre-schools, incorporating interactive and engaging activities, provided opportunities for young children to develop an early appreciation for the arts. These experiences highlight the important role the Gallery plays in making art accessible to the community and supporting the wellbeing and creative development of our tamariki.

Four exhibitions were delivered across the quarter:

- *Taranaki Foundation Emergence Art Awards* (26 June – 26 July)

  Visitors: 1221 Commission: No commission as per prior arrangement

- *Margaret Scott and Lesley Dowding: Midnight at the Lighthouse* with

  Polly Cleverley: Lie of the Land (31 July – 30 August)

  Visitors: 763 Commission: $1,440.00

- *Taranaki Arts Trail Preview 2026* (4 September – 4 October)

  Visitors: 791 Commission: $1345.50

Thanks to Gallery Director Catherine Rhodes, as well as highly skilled staff and external service providers, these exhibitions are realised with consistently professional presentation.

Media coverage was particularly positive around the *Taranaki Foundation Emergence Art Awards*, including interviews on More FM and Access Radio Taranaki, and a full-page feature in *Stratford & South* profiling Supreme Winner Maddy Hinton. A Gallery tour was also delivered for *Kia Ora* magazine ahead of its regional cultural showcase in early 2027.

Percy's Place began the new financial year strongly, following a successful 2026 financial year end in which the shop met its annual sales target. While sales volumes have varied, higher-value purchases have supported performance. The shop also welcomed new stockists and continued to strengthen its team of sitters. A planned week-long closure enabled ceiling repairs, new carpet installation, repainting of display plinths and general remerchandising. These improvements have refreshed the space, creating a cleaner, warmer and brighter environment, with excellent visitor feedback and an increase in sales following the refurbishment. The Trust acknowledges the Taranaki Electricity Trust and Pub Charity for their grants enabling these upgrades.

Overall, the quarter has seen continued progress across exhibitions, partnerships, retail operations and facilities, positioning the Gallery for a busy final quarter and an exciting programme of activity into 2027.

Forward Programme

Exhibition planning remains well advanced, with the 2027 programme fully scheduled and development of the 2028 programme underway. Four significant exhibitions are planned before the end of the year, while preparations for 2027 include major exhibitions featuring Robin White, the Adam Portraiture Award and the Gallery's 25th anniversary. Relationships with key partners, including Stratford Art Society and the Taranaki Arts Trail, continue to be strengthened to improve collaboration and streamline processes.

Asset Management

The Trust continued to make steady progress across key asset upgrades during the quarter, with a focus on proactive maintenance through the implementation of the Building Condition Assessment and Asset Management Plan. Historical maintenance issues such as the roof leak above Percy's Place and HVAC issues have been successfully addressed.

Building Re-cladding Project

The Gallery building re-cladding project has progressed satisfactorily during the quarter with construction work commencing on 18 August following council consent processes.

This is now nearing completion having had the final coat of paint in early October. Under the same contract, minor maintenance works will also be undertaken including re-staining the cedar weatherboards and replacing two external side doors. A new signage concept has been developed for consideration, as the original signage cannot be reused. The Trust acknowledges Taranaki Electricity Trust for their generous grant towards this project.

Planning for 2027 Asset Improvements

With another round of TET funding available to apply for in January 2027, planning is beginning for the next stage of building improvements. Priorities identified in the Building Condition Report include resealing and addressing potential moisture damage to atrium aluminium doors and windows, repainting the walls and ceilings in the retail spaces, repainting the foyer and corridor walls and replacing plywood lining.

Replacement of the café's faulting gas heating system with a heat pump is also being considered as a medium-term capital project.

General Maintenance, Compliance and Utilities

Routine maintenance and compliance work has continued.

Real-time electricity monitoring is now available following installation of a new meter modem.

Following further public toilet blockages in August, installation of an automatic flush system has been suggested by the plumber. Given the public use of these facilities, clarity around responsibility for sewerage-related maintenance as outlined above is essential to ensure costs are allocated appropriately. Clarification of these responsibilities is being discussed with Council.

Investigations have also continued into the electricity supply and historic billing arrangements for the PO Box lobby.

Financials

The Trust's financial focus during the quarter has included completion of the 2025/26 annual accounts and external audit, ongoing funding applications, and monitoring expenditure against operational and capital budgets.

The annual audit has been completed, with the Annual Performance Report and Audit Opinion issued. During the audit, an outstanding 2024/25 audit fee was identified that had been paid by Stratford District Council on the Trust's behalf but not subsequently invoiced. Council has now invoiced the Trust for $23,545 ex. GST.

Funding remains a priority, particularly for operational costs. An application to the Department of Internal Affairs Lotteries for operational funding was rejected as a recent change in their policy has made us ineligible. Disappointingly, this is another major funder that we don't have access to.

The Trust continues to review expenditure, funding opportunities and investments to support financial sustainability.

Operational Financial Position

Revenue

Total revenue for the July–September quarter was $238,885, slightly ahead of the budgeted $236,492.

Key revenue movements include:

- Capital profit: The sale of the Bush Road syndicated property shares generated a capital profit of $175,840. Of this amount, $125,000 was reinvested through Craigs Investment Partners, with the remaining $50,840 retained in the Trust's bank account to support operational cashflow.
- Donations and commissions: These were slightly below budget, potentially reflecting the current economic environment.
- Other revenue: This was broadly in line with budget, primarily due to interest income.
- Council operating grant: The grant had not been received during the quarter.

Expenditure

Total operating expenditure for the quarter was $131,232, compared with the budgeted $101,330, resulting in an unfavourable variance of $29,902.

Variances include:

- Audit costs: A significant portion of the overspend relates to the previous financial year's audit fee being recognised in the current year.
- Administrative costs: Expenditure was $3,983 above budget, largely due to additional accounting fees associated with the annual audit and revised Statement of Intent requirements.

- Energy costs: These were higher than budgeted. The Trust has undertaken investigative work to identify the cause, and costs appear to have stabilised.
- Gallery operations and programming: Expenditure in these areas remained below budget, helping to offset some of the higher costs elsewhere.

Operating Result

The Trust recorded an operating surplus of $107,653 for the quarter, compared with the budgeted surplus of $135,162. As mentioned, the unfavourable variance of $27,509 is primarily attributable to the previous financial year's audit fee being recognised in the current year.

Investment Portfolio and Divestment Planning

The sale of two syndicated investment property shares was completed during the quarter, with funds from the second sale being realised in early October. From the first investment (Bush Road), the original $100,000 capital plus $125,000 of the proceeds were reinvested in our Craigs Investment Partners portfolio with $50,840 retained to cover operational expenses. To support cash flow following receipt of the 2024/25 audit invoice, $20,000 was later withdrawn from the portfolio.

The Arboretum

The arboretum has continued to make positive progress during the quarter, with improvements to the garden's presentation, ongoing maintenance and valuable support from the Friends of the Arboretum who averaged 35 hours of volunteer time per month.

Regular maintenance has continued, including weed removal and efforts to control Montbretia. New identification signs are also being produced for recently planted specimens, helping visitors learn more about the plants within the garden.

A significant achievement has been the completion of the replanting and mulching project, following a year of weed removal. Funded through the Ostler's Gardens grant, the project was carried out by Friends of the Arboretum volunteers, with assistance from the Stratford High School Under-15 rugby team. This collaborative effort has greatly enhanced the garden's appearance and improved the presentation and accessibility of the new pathway.

Public use of the arboretum is also increasing. During the quarter, a small tour group from the Maata Women's Institute enjoyed a 45-minute visit, learning about the garden's plants and history with Jim Clarkson and Helen Cloke.

Working bee efforts are now turning towards the rear boundary adjoining the daycare centre and new housing development. A meeting with Council and Downer representatives is scheduled for October to clarify the boundary between the arboretum and reserve land and discuss the management of several large trees overhanging the boundary.

Overall, the quarter has seen continued improvements in the arboretum's presentation and maintenance, supported by enthusiastic volunteers and successful community collaboration.

The Herbarium

The Trust continues to explore the redevelopment of the online herbarium. Research is underway to inform the project, which will progress when staff capacity and financial resources allow.

Summary

The quarter ending 30 September 2026 has been one of significant progress for the Trust, particularly in strengthening governance, financial management and organisational systems. The completion of the 2025/26 external audit and Annual Report represents an important milestone, reflecting the considerable work undertaken by trustees and staff over the past year.

Progress has also continued across asset management and investments, including further divestment of syndicated property investments, the Gallery building re-cladding project and improvements to Percy’s Place. The Gallery has maintained a strong exhibition programme, with positive community engagement and planning well advanced for 2027.

Looking ahead, the Trust's primary focus remains on improving its financial position and building long-term sustainability, while ensuring the Gallery continues to provide quality arts and cultural experiences for the Stratford community. This will require continued attention to operational funding, investment management and expenditure. Of particular importance to the Trust's long-term future are the ongoing discussions with Council regarding its CCO status and future arrangements. Greater clarity on these matters will be important in enabling the Trust to plan confidently and establish a sustainable way forward.

The Trust acknowledges the ongoing commitment of staff, trustees and volunteers in delivering this work while maintaining the Gallery's contribution to the community.

Ellen Hall

CHAIR

PERCY THOMSON TRUST

PERCY THOMSON TRUST ENTITY INFORMATION FOR THE PERIOD 1 JULY – 30 SEPTEMBER 2025

Legal name

Percy Thomson Trust (the Trust).

Type of entity and legal basis

The Trust is incorporated in New Zealand under the Charitable Trusts Act 1957. The Trust is controlled by Stratford District Council and is a council-controlled organisation as defined in section 6 of the Local Government Act 2002.

The Trust's purpose or mission

The primary objectives of the Trust are to provide the Percy Thomson Gallery, Percy Thomson Arboretum and Percy Thomson Herbarium in accordance with the bequest left by the late Percy Thomson, and to be responsible for the ongoing maintenance of these assets.

Structure of the Trust's operations, including governance arrangements

The Trust comprises a Board of between six and seven Trustees who oversee the governance of the Trust. This includes a chairperson and five to six other voluntary members who support the Chairperson in delivering against the Trust's objectives. The Trust employs a Gallery Director and Operations Officer, who are responsible for the day-to-day operations of the Gallery, and casual staff who support the Gallery Director in delivering against the Trust's objectives and the strategic direction set by the Board.

Main sources of the Trust's cash and resources

An operating grant received from the Stratford District Council, rental income from that part of the building not occupied by the gallery, investment income, and other forms of grant revenue are the primary sources of funding to the Trust.

Outputs

The Trust owns and maintains the building in which the gallery is situated and all expenses relating to this are incurred by the Trust. The Trust also promotes and exhibits various forms of art works in the gallery, and exhibition costs are also a major output for the Trust.

STATEMENT OF ACCOUNTING POLICIES FOR THE PERIOD TO 30 SEPTEMBER 2025

ACCOUNTING POLICIES APPLIED

Basis of Preparation

The Board has elected to apply PBE SFR-A (PS) *Public Benefit Entity Simple Format Reporting – Accrual (Public Sector)* on the basis that the Trust does not have public accountability (as defined) and has total annual expenses of less than $2 million.

All transactions in the financial statements are reported using the accrual basis of accounting.

The financial statements are prepared on the assumption that the Trust will continue to operate in the foreseeable future.

The financial statements are presented in NZ dollars and all values are rounded to the nearest thousand dollars, as per paragraph A22 and A17c of PBE tier 3 presentation and disclosure, unless stated otherwise.

Goods and Services Tax

The Trust is registered for GST. All amounts in the financial statements are recorded exclusive of GST, except for debtors and creditors, which are stated inclusive of GST.

SIGNIFICANT ACCOUNTING POLICIES

Revenue

Grants

Council, government, and non-government grants are recognised as revenue when the funding is received unless there is an obligation to return the funds if conditions of the grant are not met ("use or return condition"). If there is such an obligation, the grant is initially recorded as a liability and recognised as revenue when conditions of the grant are satisfied.

Sale of goods

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

Commission on Sales

Commission on exhibition sales and Percy Place sales is retained by the Trust, with the remaining proceeds passed on to the seller of the artworks. Revenue includes only amounts received and receivable by the Trust on its own account, not the amounts collected for the principal. Revenue is recognised when receivable.

Sale of services

Revenue from the sale of services is recognised by reference to the stage of completion of the services delivered at balance date as a percentage of the total services to be provided.

Interest revenue

Interest revenue is recorded as it is earned during the year.

Employee related costs

Wages, salaries, and annual leave are recorded as an expense as staff provide services and become entitled to wages, salaries, and leave entitlements.

Performance payments are recorded when the employee is notified that the payment has been granted. Superannuation contributions are recorded as an expense as staff provide services.

Advertising, marketing, administration, and other costs

These are expensed when the related service has been received.

Bank accounts and cash

Bank accounts and cash comprise a cheque account and deposits held at call with banks.

Debtors

Debtors are initially recorded at the amount owed. When it is likely the amount owed (or some portion) will not be collected, a provision for impairment is recognised and the loss is recorded as a bad debt expense.

Investments

Investments are comprised of term deposits with banks, listed bonds, listed shares, short term promissory notes issued by companies and Local Authorities, real estate, and professionally managed portfolios of investments.

Deposits with banks are initially recorded at the amount paid. If it appears that the carrying amount of the investment will not be recovered, it is written down to the expected recoverable amount.

Listed bonds and shares are initially recorded at the amount paid. If the market price of the investment falls below cost, the carrying value of the investment is reduced to the current market price. If the market price of the investment subsequently increases, the carrying amount of the investment is increased but limited to the original cost of the investment.

Property, plant, and equipment

Property, plant, and equipment is recorded at cost, less accumulated depreciation and impairment losses. The fair value of the freehold land was determined based on the market comparable approach that reflects recent transaction prices for similar properties.

The fair value of the buildings was determined from market-based evidence using the cost approach, reflecting the cost to construct assets of comparable utility and age, adjusted for obsolescence.

Donated assets are recognised upon receipt of the asset if the asset has a useful life of 12 months or more, and the current value of the asset is readily obtainable and significant. Significant donated assets for which current values are not readily obtainable are not recognised.

For an asset to be sold, the asset is impaired if the market price for an equivalent asset falls below its carrying amount.

For an asset to be used by the Trust, the asset is impaired if the value to the Trust in using the asset falls below the carrying amount of the asset.

Depreciation is provided on a straight-line basis at rates that will write off the cost of the assets over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Furniture and fittings	10 to 20 years (5% to 10%)
Office Equipment	4 to 10 years (10% to 25%)
Buildings	10 to 80 years (1.25% to 10%)

Revaluation

The Trust has adopted tier 2 standards regarding the revaluation of its land and buildings in accordance with PBE IPSAS 17. Unless stated, valuations are carried out or reviewed by independent qualified valuers and are carried out on at least three yearly cycles.

Valuations will be undertaken more regularly if necessary to ensure no individual item of property, land or equipment within a class has a carrying value that is materially different from its fair value.

Land and buildings were valued as at 31 March 2026 by Telfer Young (NZ) Ltd, independent valuers. Revaluation increases and decreases will be transferred to equity.

Creditors and accrued expenses

Creditors and accrued expenses are measured at the amount owed.

Employee costs payable

A liability for employee costs payable is recognised when an employee has earned the entitlement.

These include salaries and wages accrued up to balance date and annual leave earned but not yet taken at balance date.

Income tax

Tax expense is calculated using the taxes payable method. As a result, no allowance is made for deferred tax.

Tax expense includes the current tax liability and adjustments to prior year tax liabilities.

Budget figures

The budget figures are derived from the statement of intent as approved by the Board at the beginning of the financial year. The budget figures have been prepared in accordance with Tier 3 standards, using accounting policies that are consistent with those adopted by the Board in preparing these financial statements.

Tier 2 PBE Accounting Standards applied

The Trust has applied any Tier 2 Accounting Standards for asset revaluations only, in preparing its financial statements. This was to bring consistency in property revaluations between the trust and its parent, Stratford District Council.

CHANGES IN ACCOUNTING POLICIES

There have been no changes to the accounting policies during the reporting period.

PERCY THOMSON TRUST

COST OF SERVICE STATEMENTS
FOR THE THREE MONTHS 1 JULY TO 30 SEPTEMBER 2026

	Actual July-Sept $	Budget July-Sept $	Budget 2026/27 $	Projected 2026/27 $
PROPERTY				
Revenue				
Café Lease	4,684	4,684	20,995	20,557
External Funding - building maintenance	24,574	20,000	91,700	91,700
External Funding - Arboretum	2,758	1,086	5,000	5,000
Post Box Lobby Rental	0	0	1,400	1,440
Building lease	4,500	4,500	18,000	18,000
Total Property Revenue	**36,516**	**30,270**	**137,095**	**136,697**
Expenditure				
Depreciation	0	0	77,365	77,365
Insurance - Building and Art	0	0	14,260	12,076
Rates (Services Only)	600	610	2,440	2,400
Repairs and Maintenance Building	24,574	20,000	91,700	91,700
Repairs and Maintenance - Remedial	3,108	3,125	12,500	12,500
Repairs and Maintenance Arboretum	2,758	1,086	5,000	5,000
Herbarium	0	0	0	0
Total Property Expenditure	**31,040**	**24,821**	**203,265**	**201,041**
Surplus (Deficit) from Property	**5,476**	**5,449**	**(66,170)**	**(64,344)**

PERCY THOMSON TRUST

	Actual July-Sept $	Budget July-Sept $	Budget 2026/27 $	Projected 2026/27 $
ART GALLERY				
Revenue				
External Funding - Gallery Operations	0	0	50,000	50,000
Taranaki Foundation	17,910	18,692	18,692	17,910
Membership and "Friends" Donations	0	345	1,200	800
Rental/Hireage (Exhibition fee)	1,570	1,865	11,000	11,740
Donation Box	763	1,000	4,000	4,000
Commission - Percy's Place	2,332	2,437	12,000	12,000
Commission - Gallery	1,252	1,304	6,000	6,000
Total Art Gallery Revenue	**23,827**	**25,643**	**102,892**	**102,450**
Expenditure				
ACC Levy	470	470	470	470
Energy Costs	4,596	4,398	16,000	18,384
Miscellaneous	108	220	800	450
Printing and Stationery	0	54	1,000	300
Other Exhibitions/Program	565	1,000	16,500	4,000
National Exhibition	0	0	10,000	10,000
Emergence Exhibition	13,409	18,692	18,692	17,910
Publications & Subscriptions	0	58	600	600
IT costs	948	560	2,500	2,500
Salary, Wages and Employment Related Costs	43,547	41,648	195,822	180,692
Staff Training	0	375	1,500	0
Telephone & Tolls	407	420	2,000	1,680
Total Art Gallery Expenditure	**64,050**	**67,895**	**265,884**	**236,986**
Surplus (Deficit) from Art Gallery	**(40,223)**	**(42,252)**	**(162,992)**	**(134,536)**

PERCY THOMSON TRUST

	Actual July-Sept $	Budget July-Sept $	Budget 2026/27 $	Projected 2026/27 $
OTHER REVENUE AND EXPENDITURE				
Other Revenue				
Interest	2,702	3,100	22,375	17,185
Stratford District Council Grant	0	0	50,000	50,000
Council contribution to audit	0	0	15,000	15,000
Captial profit on sale of investments (*note 1*)	175,840	177,479	177,479	195,265
Total Other Revenue	**178,542**	**180,579**	**264,854**	**277,450**
Other Expenditure				
Administration	12,597	8,614	10,000	14,498
Audit Fees	23,545	0	25,000	48,545
Trustee Liability Insurance	0	0	2,440	2,440
Investment Expenses	0	0	315	0
Total Other Expenditure	**36,142**	**8,614**	**37,755**	**65,483**
Surplus (Deficit)	**142,400**	**171,965**	**227,099**	**211,967**

PERCY THOMSON TRUST

SUMMARY COST OF SERVICE STATEMENT FOR THE PERCY THOMSON TRUST

	Actual July-Sept $	Budget July-Sept $	Budget 2026/27 $	Projected 2026/27 $
REVENUE				
Property	36,516	30,270	137,095	136,697
Art Gallery	23,827	25,643	102,892	102,450
Other Revenue	178,542	180,579	264,854	277,450
Total Revenue	**238,885**	**236,492**	**504,841**	**516,597**
OPERATING EXPENDITURE				
Property	31,040	24,821	203,265	201,041
Art Gallery	64,050	67,895	265,884	236,986
Other Expenditure	36,142	8,614	37,755	65,483
Total Operating Expenditure	**131,232**	**101,330**	**506,904**	**503,510**
Operating Surplus (Deficit)	***107,653***	***135,162***	***(2,063)***	***13,087***
Net Operating Surplus (Deficit)	*107,653*	*135,162*	*(2,063)*	*13,087*
Add back depreciation (non-cash)	*-*	*-*	*77,365*	*77,365*
Cash Surplus (Deficit)	*107,653*	*135,162*	*75,302*	*90,452*

Note 1 - Reinvestment of Capital Profits
The capital profit of $144,425 realised from the sale of shares was redeployed in July and October. To preserve capital and support long-term institutional growth, these proceeds were placed into a professionally managed investment portfolio under discretionary mandate.

INFORMATION REPORT

F25/96/04 -D26/47184

To: **Audit and Risk Committee**
From: **The Governance Advisor**
Date: **17 November 2026**
Subject: **Percy Thomson Trust – Annual Report 2025/26**

Recommendation

THAT the Percy Thomson Trust Annual Report for the year ended 30 June 2026 be received.

Recommended Reason
The Percy Thomson Trust is a Council Controlled Organisation of the Stratford District Council and the audit of their Annual Report for the year ended 30 June 2026 was completed by Audit New Zealand.

_____/_____
Moved/Seconded

1. Purpose of Report

To present the Annual Report for the year ended 30 June 2026 for Percy Thomson Trust to Council. This report must be delivered to the shareholders (Council) within 3 months after the end of each financial year (30 September, or if this date falls on a weekend, the next business day) and requires the Auditor's Report to be included.

The Annual Report, excluding the Audit Opinion, was provided to Council (via the Senior Accountant) by email on 9 September 2026. The Annual Report had originally been requested by Council on 28 August 2026 for consolidation into the Stratford District Council Annual Report, with a submission deadline of 7 September 2026. The Annual Report, including the Audit Opinion, was provided to the Chief Executive on 22 October 2026.

2. Executive Summary

The Annual Report of the Percy Thomson Trust was audited by Audit New Zealand. The Percy Thomson Trust is a Council Controlled Organisation of the Stratford District Council and it's performance forms part of Council's group financial statements as recorded in Council's Annual Report.

Revenue for the year was significantly below budget, partly due to the absence of any major general fundraising activities. Total expenditure exceeded budget, primarily as a result of increased employee-related costs.

Of the three performance measures, two were achieved. In the previous year, all performance measures were met. The unachieved performance measure has previously been reported to Council and relates to a change in methodology, with a transition from digital counters to manual counts.

The Trust received an unmodified audit opinion. The auditors concluded that the financial statements present fairly, in all material respects, the Trust's financial position as at 30 June 2026, and its financial performance and cash flows for the year then ended, in accordance with the Tier 3 Public Sector Entities Accounting Standard. The auditors also concluded that the performance information accurately reports, in all material respects, the Trust's actual performance against the adopted performance targets and measures for the year ended 30 June 2026, and has been prepared in accordance with section 68 of the Local Government Act 2002.

3. Local Government Act 2002

Under section 10 of the Local Government Act 2002, the purpose of local government is to meet the current and future needs of communities for good-quality, cost-effective, and local infrastructure, public services, and regulatory functions.
Does the information support the purpose of local government? Yes

Provision of good-quality infrastructure	Provision of good-quality public services	Performance of regulatory functions	Supports cost-effective service delivery
			√

4. Background

The Local Government Act 2002 defines entities in which the Council has more than a 50 percent shareholding, or the ability to appoint more than 50 percent of the Trustees/Directors, as a Council Controlled Organisation. The Percy Thomson Trust (the Trust) meets the criteria of a CCO as Council appoints all Trustees to the Percy Thomson Trust. The Trust operates on an independent basis at arm's length from the Council, and Council monitors the performance of the Trust.

5. Information Summary

5.1 Trustee and Staff Changes

In December 2025, Helen Cloke and Annette Dudley resigned from their positions on the Trust.

Council advertised to fill the vacancies on the Trust, and Peter Reed and Brigid Taingahue were appointed in 2026.

Additionally, Ellen Hall was reappointed for a three-year term commencing from the 2026 Annual General Meeting.

The Trust also appointed Helen Cloke as Operations Officer to provide additional operational capacity during the year.

5.2 Exhibitions

Exhibitions that were delivered include the following:

National –
1. *Watercolour New Zealand*

Regional –
1. *Taranaki Arts Trail Preview 2025*
2. *Stratford Art Society Spring 2025*
3. *Stratford Art Society Autumn 2026*
4. *Raindrops on Roses: My favourite things*

Local –
1. *Quintet/New Light*
2. *Elliot Collins/Dwayne Duthie/Mary Spacapan*
3. *Pick-a-Path: Artists respond to place*
4. *.Roger Peters: Art, Artist, Articles 1972-2024*
5. *Henry Campbell Ūkaipō*

Progress was made in securing long-term exhibition planning (through to 2028) and relaunching the Friends of the Gallery programme. A refreshed website and marketing rebrand were also delivered.

5.3 **Financial Statements**

The Trust had a net deficit from operations of $230,000 (after accounting for depreciation) for the 2025/26 financial year, compared to a budgeted deficit of $42,000.

Revenue appears higher than in the previous year (excluding the "Other" category), and employee expenditure (over $42,000) has also increased. Other expenditure remains broadly consistent with the previous year's actuals, although both expenditure categories differ from the amounts budgeted in the Statement of Intent, with revenue showing a particularly significant variance.

The Statement of Financial Position reveals a decrease in cash and term deposits, from a total of $204,000 as of 30 June 2025 to $32,000 as of 30 June 2026.

The Trust notes that it has implemented a revised investment strategy, transitioning from a portfolio largely invested in syndicated property holdings to a more diversified investment structure. It has established a Craigs Investment Portfolio valued at $176,000 in addition to the property proportionate ownership investments.

In accordance with standard audit procedures, Audit New Zealand has issued a report to the Board of Trustees, highlighting any significant issues or concerns identified during the audit. None are noted.

6. Strategic Alignment

6.1 **Direction**
The Annual Report (including the Audit Opinion from Audit New Zealand) is a statutory requirement, as is the requirement to deliver the report to council.

6.2 **Annual Plan and Long Term Plan**
The recommendation does not have any implications concerning the Long Term Plan

6.3 **Sustainability Consideration**
There are no sustainability considerations.

6.4 **District Plan**
The recommendation does not have any implications concerning the District Plan.

6.5 **Legal Implications**
There are no legal implications.

6.6 **Policy Implications**
There are no policy implications.

6.7 **Section 11A - Core Services Considerations**
This is not a core Council service consideration.

Attachments:
Appendix 1 - Percy Thomson Trust Annual Report

GHancock
Gareth Hancock
The Governance Advisor

[Approved by]
Sven Hanne
Chief Executive **Date:** 2 November 2026

bakertilly
STAPLES RODWAY

Performance Report

Percy Thomson Trust
For the year ended 30 June 2026

Prepared by Baker Tilly Staples Rodway Taranaki Limited

bakertilly
STAPLES RODWAY

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Chairperson's Report

Percy Thomson Trust
For the year ended 30 June 2026

On behalf of the Trustees, I am pleased to present the Percy Thomson Trust Annual Report for the year ended 30 June 2026.

The 2025/26 year has been one of significant organisational strengthening for the Trust. Building on the foundations established during the previous year, Trustees have focused on strengthening governance, enhancing financial stewardship, investing in our people and assets, and positioning the Trust for long-term sustainability. While much of this work has taken place behind the scenes, it has created a stronger organisation that is well placed to continue delivering on Percy Thomson's vision for the Stratford Community.

Alongside this work, the Trust has continued to deliver a vibrant exhibition programme through the Gallery, enhance the Percy Thomson Arboretum, progress significant building maintenance projects, and strengthen relationships with volunteers, funders and the wider community. These achievements reflect the collective commitment of Trustees, staff and volunteers, and provide a solid foundation for the year ahead.

Governance and Organisational Development

The 2025/26 year has seen the Trust continue its programme of governance and organisational development, with Trustees focused on strengthening governance, financial management and operational systems to support the Trust's long-term sustainability. This work has been guided by the Trust's Governance Workplan, which provides a structured framework for implementing governance improvements and embedding good practice across the organisation.

This included the adoption of a Risk Management Framework, Financial Management Policy, Delegations Schedule, Finance Standard Operating Procedures, Anti-Fraud and Corruption Policy, Health and Safety Policy, Volunteer Policy, Trustee Code of Conduct, and a numerous other supporting governance and operational policies and procedures. While many of these documents formalise practices that were already operating effectively, they provide a clear and enduring governance framework that supports consistency, accountability and continuous improvement. Together, these initiatives have strengthened governance oversight, clarified roles and responsibilities, enhanced accountability and risk management, and established a robust foundation for the Trust's future.

The Trust also continued to strengthen its financial stewardship through the implementation of a revised investment strategy, enhanced financial reporting, strengthened internal controls, and the Trust's first The Audit Office Audit since bringing the administration function in-house. This provided an opportunity to review and further strengthen the Trust's financial management systems, policies and processes.

The Trust also welcomed three new Trustees during the year. Casey Wellington joined the Board in August 2025, followed by Peter Reed and Brigid Taingahue, who were appointed in March 2026. Their appointments have broadened the Board's collective skills, experience and perspectives, further strengthening the Trust's governance capability and supporting the organisation's ongoing programme of improvement.

Recognising the importance of organisational resilience, the Trust also invested in strengthening its operational capacity during the year. The appointment of an Operations Officer has significantly increased internal capability, improved business continuity, and enabled greater focus on governance, compliance, project delivery and community outcomes.

Gallery

The 2025/26 year has been one of significant growth, consolidation and positive change for Percy Thomson Gallery and Percy's Place shop. Under the direction of Catherine Rhodes and alongside delivering a diverse and high-quality exhibition programme, the organisation has strengthened its operational foundations and enhanced community engagement.

The Gallery presented a strong exhibition programme featuring local, regional and national artists, attracting consistently positive visitor feedback, strong attendance and excellent artwork sales. Standout exhibitions included *Watercolour New Zealand Splash Stratford*, *Raindrops on Roses*, *Henry Campbell: Ūkaipō* along with the regular Stratford Art Society exhibitions, all of which generated high levels of public engagement. These exhibitions were delivered within budget while maintaining the high standard expected by the Trust and the community.

A major achievement has been the successful transition of Percy's Place to a digital inventory, point-of-sale and online sales platform, supported by improved merchandising and new operational systems. These changes have modernised the retail experience, improving efficiency for volunteers and artists, and contributed to achieving the annual sales target ahead of the end of the financial year.

Significant progress was made behind the scenes through the development of operational procedures, health and safety systems, long-term exhibition planning through to 2028, and the relaunch of Friends of the Gallery. A refreshed website and marketing rebrand were developed in-house, enhancing the organisation's visibility and strengthening connections with artists, visitors and supporters without incurring additional external costs.

Financials

Strengthening the Trust's long-term financial sustainability remained a key strategic focus throughout the year. Trustees continued implementing initiatives to strengthen the Trust's long-term financial position while ensuring resources remained available to support the Gallery, Arboretum and future capital projects. These initiatives focused on strengthening organisational capability, implementing the Trust's revised investment strategy and improving long-term financial sustainability.

While the Trust recorded an accounting deficit of $230,466 for the year, compared with $220,894 in the previous year, this includes $98,724 of depreciation, which is a non-cash accounting expense. The actual cash shortfall from the Trust's operating activities was $91,752, an improvement of approximately $46,000 on the previous year's $138,000 cash shortfall. The financial results reflect a year of significant organisational investment and strengthening.

The Statement of Intent anticipated that the year would be dominated by the major building maintenance project. While funding for that project was successfully secured during the year, both the grant income and associated expenditure have largely shifted into 2026/27 because the funding is claimed against invoices and the building works commence after balance date.

At the same time, the Trust made a deliberate decision to bring administration services back in-house and invest in strengthening organisational capability. This resulted in higher employee costs than originally budgeted, while reducing external administration costs and increasing the Trust's internal governance, financial management and operational capacity.

This investment in organisational capability is already delivering results. The Trust secured external operational grant funding for the first time in several years, reflecting stronger relationships with funding organisations and an increased capacity to prepare quality funding applications. Commercial revenue also continued to grow through lease income and Percy Place activities, further diversifying the Trust's income streams and reducing reliance on singular funding streams.

The Board also commenced implementation of its long-term investment strategy during the year, including the sale of the Centuria investment, establishment of the Craigs investment portfolio and completion of the Bush Road sale shortly after balance date. These initiatives improved liquidity, diversified the Trust's investment portfolio and strengthened the long-term sustainability of its financial position.

The year included additional investment in maintaining the Gallery building, with repairs and maintenance expenditure exceeding budget. Rather than deferring maintenance, the Board chose to continue investing in the Trust's key community asset while preparing for the larger grant-funded building project.

Taken together, these results demonstrate an organisation moving in the right direction. During the year the Trust deliberately invested in building organisational capability by bringing administration services back in-house, strengthening governance and financial management, and expanding operational capacity. Despite these investments, the Trust increased revenue, improved its operating cash position, diversified its investment portfolio and increased total equity from $2.914 million to $3.132 million. While some planned income and expenditure associated with the major building project has shifted into 2026/27, the Trust enters the new financial year in a stronger organisational and financial position than it did twelve months ago.

Investment Funds and Cash Balances

During the year the Trust commenced implementation of its revised investment strategy, transitioning from a portfolio largely invested in syndicated property holdings to a more diversified investment structure. The sale of the Centuria investment and establishment of the Craigs Investment Portfolio represent the first stage of this transition, while the Bush Road investment settled shortly after balance date.

The Trust's investment portfolio at 30 June 2026 is summarised below.

Category	Book Value @ 30/6/2026	Book Value @ 30/6/2025
Bank Balances	$32,570	$154,237
Trading Bank Term Deposits	$0	$50,000
Craigs Investment Portfolio	$176,358	-
Syndicated Property Investments	$291,657	$383,000
Total	**$500,585**	**$587,237**

The property investments held by the Trust are as follows:

Property held by Investment Fund	Original Investment	Market Value (31 Mar 2026)	Market Value (31 Mar 2025)	Cash Income Return on Original Investment	Summary of Tenants (2026)
Bush Road, Albany, Auckland – light industrial	$125,000	$286,680	$303,992	4.47%	Thermo Fisher Scientific – 100%
Osterley Way, Manukau, Auckland – office building	$50,000	$50,461	$59,550	5.00%	IRD – 98% One NZ – 2%
Todd Park, Porirua, Wellington – light office/industrial complex	$72,000	$122,068	$108,162	6.94%	Multi-tenanted industrial property including Placemakers, Hexatronic, Mitsubishi, Booths Transport, Port Nicholson Fisheries, Conroy Removals and NZ Post.
Cameron Road, Tauranga – Office building and retail	$50,000	$44,657	$40,372	0.00%	Multi-tenanted commercial office and retail building. New 9-year lease secured during the year with remaining vacant space actively marketed.
Total	**$297,000**	**$503,866**	**$512,076**	**Weighted average: 4.41%**	

The Trust's investment in the Centuria NZ Industrial Fund was sold during the year as part of the implementation of the Board's revised investment strategy.

Cash returns from the Trust's continuing syndicated property investments strengthened during the year, with the weighted average cash return on original investment increasing to 4.41% (2025: 3.19%). The improvement reflects increased distributions from Bush Road and the resumption of distributions from Osterley Way, while Todd Park continued to deliver a strong and consistent income return.

The market value of the Trust's remaining syndicated property portfolio decreased modestly by 1.6% during the year, from $512,076 to $503,866.

Asset Management

The Trust continued to strengthen the long-term management of its building assets through a proactive approach to maintenance and asset planning. During the year, significant progress was made on the Building Asset Management Plan, including securing funding from the Taranaki Electricity Trust for a major recladding and maintenance project. Detailed design work, building consent and project planning were completed, positioning the project to commence in the new financial year. This represents a significant investment in protecting the gallery building and ensuring it continues to serve the community for many years to come.

Several operational improvements were also achieved, including detailed assessment of the HVAC system, which confirmed it is performing well and requires only routine maintenance rather than major remedial work. Building leaks and drainage concerns were investigated by specialist contractors, with practical remedial works completed where possible and longer-term solutions identified for future planning.

The year also saw improved understanding of building services through the installation of monitoring equipment to better manage electricity use, along with investigations into future energy efficiency opportunities, including solar generation. Strong collaboration with project specialists has ensured that the Trust is well positioned to make informed, financially prudent decisions that protect and enhance its assets for the future.

Chairperson's Report *July 2026*

Arboretum

The Percy Thomson Arboretum has enjoyed a year of significant progress, driven by an enthusiastic and growing volunteer base, successful external funding, and a clear focus on enhancing both the ecological and educational value of the site. Through the dedication of the Friends of the Percy Thomson Arboretum, this space has become increasingly well presented, with substantial progress made in controlling the Chilean myrtle and other invasive weeds, improving garden beds, and undertaking succession planting to ensure the long-term sustainability as a New Zealand native plant collection.

A major highlight of the year was securing external funding from Pub Charities and the Ostler's Gardens Charitable Trust. These grants enabled the installation of 50 new plant identification signs featuring botanical, Māori and common names with QR codes linking to the Plant Conservation Network website, the provision of volunteer safety equipment, and a significant native planting project. In May, 12 volunteers planted 200 native plants, transforming a previously weed-infested area.

Volunteer engagement continued to strengthen throughout the year, with increased participation at working bees, additional volunteers contributing independently, and new recruits expressing interest through community events.

The Trust also began planning to recognise the arboretum's 25th anniversary year, brainstorming opportunities to celebrate its history while promoting its future as an important community asset.

Herbarium

Work commenced on exploring future options for the Percy Thomson Herbarium, with research underway into suitable platforms and partnerships to ensure this important aspect of Percy Thomson's original vision can be preserved, updated and made more accessible in the years ahead.

Summary

Finally, I would like to acknowledge the dedication, expertise and commitment of my fellow Trustees throughout the year. The Board has demonstrated a strong commitment to good governance, providing thoughtful leadership, sound strategic oversight and a willingness to make the decisions necessary to strengthen the Trust for the future. The breadth of experience and governance capability around the Board table has been a significant strength throughout the year and has underpinned the considerable progress reflected in this report.

My sincere thanks also go to Gallery Director Catherine Rhodes and Operations Officer Helen Cloke, whose professionalism, enthusiasm and commitment continue to strengthen the organisation and support the delivery of the Trust's strategic objectives.

I also wish to acknowledge the many volunteers who generously contribute their time, skills and passion to the Gallery, Arboretum and wider work of the Trust. Their contribution is invaluable and helps ensure Percy Thomson's legacy continues to benefit our community.

While there is always more to do, the Trust enters the new financial year in a significantly stronger position than it did twelve months ago. Stronger governance, enhanced organisational capability, improved financial sustainability and a clear strategic direction provide a solid foundation from which to continue building for the future.

E.E.Hall

Ellen Hall
Chairperson

Date 8.9.26

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Entity Information

Percy Thomson Trust
For the year ended 30 June 2026

Legal Name of Entity

Percy Thomson Trust

Entity Type and Legal Basis
The Trust is incorporated in New Zealand under the Charitable Trusts Act 1957. The Trust is controlled by Stratford District Council and is a council-controlled organisation as defined in section 6 of the Local Government Act 2002.

Registration Number
CC21530

Entity's Purpose or Mission
The primary objectives of the Trust are to provide the Percy Thomson Gallery, Percy Thomson Arboretum and Percy Thomson Herbarium in accordance with the bequest left by the late Percy Thomson, and to be responsible for the ongoing maintenance of these assets.

Entity's Governance Arrangements
The Trust currently has six board members, including a Chairperson. They are tasked with governance and key decision-making. The Trust Deed states that there shall be not less than six or more than seven Trustees, and that these Trustees shall provide governance to the Trust as per the terms of the Trust Deed.

Trustees
Ellen Hall - Chair
Deborah Clough
Mary Bourke
Casey Wellington
Peter Reed
Brigid Taingahue

Entity Structure
The Trust operates as a single unit.

Entity's Reliance on Volunteers and Donated Goods or Services
The Trust relies on volunteer labour for the retail shop attached to the gallery.
The Trust has a volunteer group who help to maintain the arboretum alongside the Council who provides maintenance and lawn-mowing services 'in kind.'
The Trust does not rely on any donated goods.

Other Entities Controlled by the Entity
There are no other entities controlled by the Trust.

Physical Address
56 Miranda Street
Stratford

Phone Number
06 765 0917

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E-Mail Address
office@percythomsongallery.org.nz
chair@percythomsongallery.org.nz

Website Address
www.percythomsongallery.org.nz

Accountants
Baker Tilly Staples Rodway Taranaki Limited
109-113 Powderham Street
New Plymouth
78 Miranda Street
Stratford

Auditors
The Audit Office

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Approval of Performance Report

Percy Thomson Trust
For the year ended 30 June 2026

The Trustees are pleased to present the approved Performance Report including the historical financial statements of Percy Thomson Trust for year ended 30 June 2026.

APPROVED

E.E. Hall Ellen Hall

Trustee

Date 8.9.2026

Trustee

Date 8 September 2026

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Statement of Service Performance

Percy Thomson Trust
For the year ended 30 June 2026

'What did we do?', 'When did we do it?'

Nature and Scope of the Activities

The Percy Thomson Trust covers three activities, the Art Gallery, the Arboretum, and the Herbarium.

The Percy Thomson Gallery is located in Prospero Place, and the arboretum on Cloten Road near the intersection with Ariel Street. The herbarium is delivered through the Trust's membership of the New Zealand Plant Conservation Network.

The Percy Thomson Gallery is Stratford's public art gallery and was opened in June 2002. The gallery provides an active programme of exhibitions and events that is both internally generated and toured from other art collections. The gallery's main display area totals 178m² which can be comfortably partitioned into two areas of 116m² and 62m² respectively.

Description of Medium to Long Term Objectives

The objects for which the Trust is established are, to the extent that they are a Charitable Purpose within New Zealand, as follows:

- to receive the Percy Thomson Arboretum, the Percy Thomson Herbarium and the Percy Thomson Gallery and to be responsible for the ongoing establishment and maintenance of an arboretum, herbarium and art gallery in Stratford;
- to manage the Trust Facilities and to create, acquire, promote, exhibit and manage the Collections for the benefit of the inhabitants of the Stratford District and the public generally;
- to endeavour to achieve the objectives the Council sets for the delivery of services in respect of the Trust Facilities as negotiated and set out in the Charter, the Business Plan, and the Strategic Plan;
- to implement the Council's policy as revised from time to time for the development and enhancement of the Trust Facilities with an emphasis on Stratford and in accordance with the Charter, Business Plan and Strategic Plan;
- to provide advice to the Council on the Council's long term policy for the development of gallery services in Stratford;
- to establish exhibition programmes and education policies for the Trust Facilities;
- to develop acquisition, de-accession and collection development policies for the Trust;
- to provide all financial, administration, marketing, technology and services required for the Trust Facilities:
- to determine charges for viewing or using any of the Trust Facilities and the Collections with a view to generating appropriate revenue and encouraging public enjoyment and utilisation of the Trust Facilities and Collections;
- to house and care for any art collections, antiquities or other articles acquired by, loaned, created or otherwise made available to the Trust and particularly to preserve and maintain the Collections (subject to any de-accession policies developed by the Trustees);
- to lease land or other assets where the Trustees determine that such land or other assets can be used in conjunction with the Trust Facilities or to promote the objectives of the Trust;
- to solicit and raise funds and carry out such activities as are necessary or conducive for the carrying out and giving effect to the objects of the Trust;
- to encourage and foster liaison and co-operative activities with related facilities, particularly those in the Stratford District; and generally to do all acts, matters and things that the Trustees consider may advance the objects of the Trust.

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For the avoidance of doubt, the objects of the Trust expressed above are set out in no particular order or priority and do not include an intention or purpose that the Trust operates a trading undertaking with the intention or purpose of making a profit, but rather that the Trustees fairly and efficiently manage the Trust Fund, the Trust Facilities and the Collections for the benefit of the people of Stratford District.

The Trust's objects shall only be carried out in, or to benefit people in the Stratford District. The Trustees may carry out activities outside the Stratford District to promote the Trust or the Trust's activities but only if they believe that such activities will be for the ultimate benefit of people in the Stratford District.

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2026 - Performance Measures

Level of Service	Performance Measures	Actual 2025/26	Target 2025/26	How Performance is measured
Delivery of art exhibitions	Deliver an ongoing programme of exhibitions which will include local, regional and at least 1 National.	*Achieved:* *All exhibitions were able to be delivered.* *Art exhibitions that were delivered throughout the year included the following:* **National** – 1. *Watercolour New Zealand* **Regional** – 1. *Taranaki Arts Trail Preview 2025* 2. *Stratford Art Society Spring 2025* 3. *Stratford Art Society Autumn 2026* 4. *Raindrops on Roses: My favourite things* ***Local*** – 1. *Quintet/New Light* 2. *Elliot Collins/Dwayne Duthie/Mary Spacapan* 3. *Pick-a-Path: Artists respond to place* 4. *Roger Peters: Art, Artist, Articles 1972-2024* 5. *Henry Campbell Ūkaipō* ***(2024/25 – Achieved)***	*Deliver an ongoing programme of exhibitions which will include local, regional and at least 1 National.*	Art Gallery Records
	Number of visitors to the Gallery to be not less than 20,000 per year.	*Non-Achieved:* *There were 10,071 visitors for the year.* *Discrepancies were identified between the old digital counter and manual counts. The council have been made aware of the discrepancy and this KPI has been reduced to >12,000 for the 2026/2027 year to reflect a more realistic target.* ***(2024/25 – Achieved – 23,481)***	*>20,000*	Manual Count
Development and maintenance of arboretum	Supervise and participate in the maintenance of the arboretum to the standards in the facilities management contract.	*Achieved:* *The arboretum has been maintained by Friends of the Arboretum and Stratford District Council on behalf of the Trust. This meets the standards in accordance with the Facilities Management Contract between Stratford District Council and it contractors. The planting programme was also maintained and continued on in conjunction with the plantings/replacement of native trees.* ***(2024/25 - Achieved)***	*Supervise and participate in the maintenance of the arboretum to the standards in the facilities management contract.*	Meeting Minutes between Stratford District Council and Contractor. Recorded volunteer hours of monthly working bees

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2025 - Performance Measures

Level of Service	Performance Measures	Actual 2024/25	Target 2024/25	How Performance is measured
Delivery of art exhibitions	Deliver proposed art exhibitions which will include local, regional and at least 1 National.	*Achieved:* *All exhibitions were able to be delivered.* *Art exhibitions that were delivered throughout the year included the following:* **National** – ***1.*** *Adam Portraiture Award 2024* **Regional** – ***1.*** *Taranaki Arts Trail Preview* ***2.*** *Taranaki Review in Miniature* ***3.*** *INKED: Original Handprinted Artworks by PCANZ Taranaki Printmakers | WITT Student Printmakers* ***Local*** *–* ***1.*** *Emergence 2024* ***2.*** *Fibreworks: Taranaki Creative Fibre | Margaret Scott* ***3.*** *Stratford Art Society* ***4.*** *Fiona Clark and Tertius PAY HERE* ***(2023/24 – Achieved)***	*Deliver proposed art exhibitions which will include local, regional and at least 1 National.*	Art Gallery Records
	Number of visitors to the Gallery to be not less than 20,000 per year.	*Achieved:* *There were 23,481 visitors for the year.* ***(2023/24 – Achieved – 25,783)***	*>20,000*	Door Count
Development and maintenance of arboretum	Develop and maintain the arboretum to the standards in the facilities management contract	*Achieved:* *The arboretum has been maintained by Stratford District Council on behalf of the Trust, and meets the standards in accordance with the Facilities Management Contract between Stratford District Council and it contractors. The planting programme was also maintained, and continued on in conjunction with the plantings/replacement of native trees.* ***(2023/24 - Achieved)***	Develop and maintain the arboretum to the standards in the facilities management contract	Meeting Minutes between Stratford District Council and Contractor

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Statement of Financial Performance

Percy Thomson Trust
For the year ended 30 June 2026

	NOTES	ACTUAL 2026	BUDGET 2026	ACTUAL 2025
'How was it funded?' and 'What did it cost?'				
Revenue				
Donations, koha, bequests and other general fundraising activities	1	45,231	181,000	35,061
General grants	1	26,892	-	18,692
Government service delivery grants/contracts	1	50,000	50,000	50,000
Revenue from commercial activities	1	35,222	68,000	14,100
Interest, dividends and other investment revenue	1	34,167	20,000	27,509
Other revenue	1	5,749	117,000	18,000
Total Revenue		**197,261**	**436,000**	**163,362**
Expenses				
Employee remuneration and other related expenses	2	180,394	120,000	138,122
Other expenses related to service delivery	2	116,842	258,000	122,641
Other expenses	2	130,491	100,000	123,493
Total Expenses		**427,727**	**478,000**	**384,256**
Surplus/(Deficit) for the Year		(230,466)	(42,000)	(220,894)

This statement should be read in conjunction with the attached notes and accounting policies.

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Statement of Financial Position

Percy Thomson Trust
For the year ended 30 June 2026

	NOTES	ACTUAL 2026	BUDGET 2026	ACTUAL 2025
'What the entity owns?' and 'What the entity owes?'				
Assets				
Current Assets				
Cash and short-term deposits	3	32,570	93,000	154,237
Debtors and prepayments	3	6,828	10,000	4,880
Investments	6	-	500,000	50,000
Other current assets	3	198	-	-
Total Current Assets		**39,596**	**603,000**	**209,117**
Non-Current Assets				
Property, plant and equipment	5	2,705,862	2,519,000	2,352,262
Investments	6	468,015	-	383,000
Total Non-Current Assets		**3,173,877**	**2,519,000**	**2,735,262**
Total Assets		**3,213,473**	**3,122,000**	**2,944,379**
Liabilities				
Current Liabilities				
Creditors and accrued expenses	4	57,452	5,000	28,311
Employee costs payable	4	16,712	2,000	1,515
Other current liabilities	4	7,156	-	700
Total Current Liabilities		**81,320**	**7,000**	**30,526**
Total Liabilities		**81,320**	**7,000**	**30,526**
Total Assets Less Total Liabilities (Net Assets)		3,132,153	3,115,000	2,913,853
Accumulated Funds				
Capital contributed by owners or members	7	100	-	100
Accumulated surpluses (or deficits)	7	773,776	1,206,000	1,004,243
Revaluation reserves	7	2,358,277	1,909,000	1,909,510
Total Accumulated Funds		**3,132,153**	**3,115,000**	**2,913,853**

This statement should be read in conjunction with the attached notes and accounting policies.

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Statement of Cash Flows

Percy Thomson Trust
For the year ended 30 June 2026

	2026	2025
Cash flows		
Operating activities		
Operating receipts (money deposited into the bank account)		
Donations, koha, bequests and other general fundraising activities	45,231	19,000
General grants	30,272	-
Government service delivery grants/contracts	50,000	50,000
Gross sales from commercial activities	34,865	51,000
Interest, dividends and other investment receipts	26,162	29,000
Other cash received	8,624	18,000
Total receipts	**195,154**	**167,000**
Less operating payments (money withdrawn from your bank account)		
Employee remuneration and other related payments	(164,584)	(172,000)
Payments related to commercial activities	-	(133,000)
Other payments related to service delivery	(113,136)	-
Other payments	(9,186)	-
Total payments	**(286,906)**	**(305,000)**
Net cash flows from operating activities	**(91,752)**	**(138,000)**
Other activities		
Cash was received from:		
Sale of investments	200,000	250,000
Total	**200,000**	**250,000**
Cash was applied to:		
Payments to acquire property, plant and equipment	(3,557)	-
Payments to purchase investments	(226,358)	(50,000)
Total	**(229,915)**	**(50,000)**
Net cash flows from other activities	**(29,915)**	**200,000**
Net increase (decrease) in cash	(121,667)	62,000
Opening cash	154,237	92,237
Closing cash	32,570	154,237

	2026	2025
This is represented by:		
Bank Accounts and Cash	32,570	154,237

This statement should be read in conjunction with the attached notes and accounting policies.

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Statement of Accounting Policies

Percy Thomson Trust
For the year ended 30 June 2026

Reporting Entity

Percy Thomson Trust was incorporated as a charitable trust under the Charitable Trusts Act 1957 on 3 March 2008 and is registered under the Charities Act 2005.

Basis of Preparation

Percy Thomson Trust has adopted the Tier 3 (PS) Standard as issued by the External Reporting Board, on the basis that it does not have public accountability and has total annual expenses equal to or less than $5,000,000 for the last two annual reporting periods.
All transactions in the Performance Report are reported using the accrual basis of accounting. The Performance Report is prepared under the assumption that the entity will continue to operate in the foreseeable future.

Historical Cost

The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on an historical cost basis have been used, with the exception of certain items for which specific accounting policies have been identified.

Comparatives

Certain comparative income and expenditure figures have been re-stated in order to conform with current year presentation.

Commercial Activities

Percy Thomson Trust conducts commercial activities and records all income and expenditure related to these activities to the relevant aggregated categories. Commercial activities are those which are conducted with the intention to derive a surplus, but which do not in and of themselves contribute to the achievement of an entity's stated purpose. For commercial activities which are carried out in an insignificant nature or which do not have an intention to continue on an ongoing basis, these incomes and expenditures are instead recognised under fundraising revenue.

Tier 2 PBE Accounting Standards Applied

The Trust has applied tier 2 accounting standards for asset revaluations only, in preparing its financial statements. This was to bring consistency in property revaluations between the Trust and its parent, the Stratford District Council.

Changes in Accounting Policies

There has been no significant change in accounting policies. All policies have been applied on bases consistent with those used in previous years.

Particular Accounting Policies

The following is a summary of the significant policies adopted by the Trust in the preparation of these financial statements.

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REVENUE AND EXPENSES

Donations, Koha, Bequests and Other General Fundraising Activities

Revenue from donations, koha, bequests and other general fundraising activities is recognised when received if the revenue is insignificant or there are no documented and specific expectations attached.
Donations and bequests which are significant and have documented and specific expectations over their use are initially recognised as deferred revenue to the extent that the expectation of use would give rise to a liability to repay the amount. Revenue is subsequently recognised as or when the documented expectations are met.

General Grants

General grant revenue is recognised when received if the revenue is insignificant or there are no documented and specific expectations attached.
General grants which are significant and have documented and specific expectations over their use are initially recognised as deferred revenue to the extent that the expectation of use would give rise to a liability to repay the amount. Revenue is subsequently recognised as or when the documented expectations are met.

Capital Grants and Donations

Capital grants and donations is revenue received with an expectation from the resource provider that the funding is used to purchase or construct a significant asset.
Capital grants and donations revenue is recognised when received if insignificant. Where significant capital grants and donations are received and have documented and specific expectations over their use, they are initially recognised as deferred revenue to the extent that the expectation of use would give rise to a liability to repay the amount. Revenue is subsequently recognised as or when the documented expectations are met.

Service Delivery Grants/Contracts

Revenue from service delivery grants/contracts which relate to the sale of goods is recognised when the goods are sold.
Revenue from service delivery grants/contracts which relate to the provision of services is recorded by reference to the stage of completion of services at balance date.

Membership Fees and Subscriptions

Revenue is recognised evenly over the period in which the goods or services are provided.

Revenue From Commercial Activities

Revenue from commercial activities which relate to the sale of goods is recognised when the goods are sold.
Revenue from commercial activities which relate to the provision of services is recorded by reference to the stage of completion of services at balance date.

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Commission on Sales

Commission on exhibition sales and Percy Place sales is retained by the Trust, with the remaining proceeds passed on to the seller of the artworks. Revenue includes only amounts received and receivable by the Trust on its own account, not the amounts collected for the principal. Revenue is recognised when receivable.

Interest, Dividends and Other Investment Revenue

Interest revenue is recognised as it is earned during the period.
Dividends and similar revenue are recognised when receivable.

Other Revenue

Other revenue is recognised either when received or receivable, in accordance with the terms of the relevant agreement (if any) or as specified by the Tier 3 (PS) Standard.

Grants and Donations Made

Grants and donations made are recorded as an expense when the grant or donation has been approved for payment.

Employee Related Costs

Wages, salaries, and annual leave are recorded as an expense as staff provide services and become entitled to wages, salaries, and leave entitlements.

Performance payments are recorded when the employee is notified that the payment has been granted.

Superannuation contributions are recorded as an expense as staff provide services.

Advertising, Marketing, Administration, and Other Costs

These are expensed when the related service has been received

STATEMENT OF FINANCIAL POSITION

Property, Plant and Equipment

Property, plant, and equipment is initially recorded at cost or valuation, less accumulated depreciation and impairment losses. The fair value of the freehold land was determined based on the market comparable approach that reflects recent transaction prices for similar properties. The fair value of the buildings was determined using the depreciated replacement cost, reflecting the current replacement cost less deductions for age and physical deterioration.
Donated assets are recognised upon receipt of the asset if the asset has a useful life of 12 months or more, and the current value of the asset is readily obtainable and significant. Significant donated assets for which current values are not readily obtainable are not recognised.
For an asset to be sold, the asset is impaired if the market price for an equivalent asset falls below its carrying amount.
For an asset to be used by the Trust, the asset is impaired if the value to the Trust in using the asset falls below the

carrying amount of the asset.
Depreciation is provided on a straight-line basis at rates that will write off the cost of the assets over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:
Furniture and Fittings: 10 to 20 years (5% to 10%)
Office Equipment: 4 to 10 years (10% to 25%)
Buildings: 10 to 80 years (1.25% to 10%).

Revaluation

The Trust has adopted Tier 2 standards regarding the revaluation of its land and buildings in accordance with PBE IPSAS 17.

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

Land and buildings were valued as at 31 March 2026 by CBRE Limited, independent valuers, at fair value as determined from the market-based evidence. Buildings have been valued using the depreciated replacement cost. Land has been valued on the basis of the open market value of that land.

Revaluation increases and decreases will be transferred to equity.

Additions and Subsequent Costs

Subsequent costs and the cost of replacing part of an item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits or service potential will flow to the entity and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. Where an item of property, plant and equipment is acquired at no cost, or for a nominal cost, it is recognised at fair value at the acquisition date. All repairs and maintenance expenditure is charged to profit or loss in the year in which the expense is incurred.

Disposals

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits or service potential are expected from its use or disposal. When an asset is disposed, the gain or loss arising from the disposal is calculated as the difference between the net sales proceeds and the carrying amount of the asset.

Investments

Investments are comprised of term deposits with banks, listed bonds, listed shares, real estate, and professionally managed portfolios of investments.
Deposits with banks are initially recorded at the amount paid. If it appears that the carrying amount of the investment will not be recovered, it is written down to the expected recoverable amount.

Listed bonds and shares are initially recorded at the amount paid. If the market price of the investment falls below cost, the carrying value of the investment is reduced to the current market price. If the market price of the investment subsequently increases, the carrying amount of the investment is increased but limited to the original cost of the investment.

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Income Tax

Percy Thomson Trust has charitable status and is therefore wholly exempt from New Zealand income tax having fully complied with all statutory conditions for these exemptions.

Accounts Receivable

Debtors are initially recorded at the amount owed. When it is likely the amount owed (or some portion) will not be collected, a provision for impairment is recognised and the loss is recorded as a bad debt expense.

Creditors and Accrued Expenses

Creditors and accrued expenses are measured at the amount owed.

Employee Costs Payable

A liability for employee costs payable is recognised when an employee has earned the entitlement.

These include salaries and wages accrued up to balance date and annual leave earned but not yet taken at balance date.

Goods and Services Tax (GST)

Percy Thomson Trust is registered for GST. All amounts are stated exclusive of goods and services tax (GST) except for debtors and creditors which are stated inclusive of GST. GST payable or receivable at balance date is included in the appropriate category in the Statement of Financial Position.

GST cash inflows and outflows are presented under other cash received and other payments respectively within the Statement of Cash Flows.

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Notes to the Performance Report

Percy Thomson Trust
For the year ended 30 June 2026

	2026	2025
1. Analysis of Revenue		
Donations, koha, bequests and other general fundraising activities		
Donations Received - Donation Box	2,146	3,105
Donations Received - Friends	1,416	117
Fundraising		
Commission Received	25,694	20,529
Exhibition Fee	15,974	11,310
Total Fundraising	**41,668**	**31,839**
Total Donations, koha, bequests and other general fundraising activities	**45,231**	**35,061**
General grants		
External Funding - Building Maintenance	14,272	-
External Funding - Gallery Operations	6,705	18,692
Grants Received (GST)	1,739	-
Grants Received (no GST)	4,177	-
Total General grants	**26,892**	**18,692**
Government service delivery grants/contracts		
Stratford District Council	50,000	50,000
Total Government service delivery grants/contracts	**50,000**	**50,000**
Revenue from commercial activities		
Lease Income - Cafe	15,822	14,100
Lease Income - Building	18,000	-
Post Box Lobby Rental	1,400	-
Total Revenue from commercial activities	**35,222**	**14,100**
Interest, dividends and other investment revenue		
Capital gain on Sale of Investment	2,585	-
Fair Value Movement of Investments	8,657	-
Investment Income	22,925	27,509
Total Interest, dividends and other investment revenue	**34,167**	**27,509**
Other revenue		
Insurance Proceeds	4,784	-
Other Income	964	18,000
Total Other revenue	**5,749**	**18,000**

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2. Analysis of Expenses

	2026	2025
Employee remuneration and other related expenses		
ACC Levies	464	320
Contractors	9,275	-
KiwiSaver Employer Contributions	3,230	3,938
Recruitment Costs	450	4,477
Salaries	166,975	129,387
Total Employee remuneration and other related expenses	**180,394**	**138,122**
Other expenses related to service delivery		
Administration Fees	3,955	22,787
Advertising	284	4,765
Arboretum Expenses	4,667	-
Cleaning	2,504	-
Computer Expenses	2,310	-
Exhibition Expenses	11,190	19,635
Entertainment	310	-
General Expenses	1,724	7,105
Insurance	19,870	17,366
Light, Power, Heating	19,042	11,939
Office Expenses	1,290	1,743
Percy's Place Expenses	2,245	-
Rates	1,939	1,623
Repairs and Maintenance - Building	35,641	28,436
Security and Fire - Gallery	3,790	-
Software Fees	3,315	2,849
Subscriptions	440	2,265
Sundry Assets Under $1,000	657	-
Telephone and Internet	1,668	2,126
Total Other expenses related to service delivery	**116,842**	**122,641**
Other expenses		
Consulting and Accounting	31,133	23,542
Depreciation Buildings	90,311	92,301
Depreciation Furniture and Fittings	6,130	6,134
Depreciation Plant and Equipment	2,283	1,216
Investment Management Fees	633	-
Interest Other	1	-
Investment Costs	-	300
Total Other expenses	**130,491**	**123,493**

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	2026	2025
3. Analysis of Assets		
Cash and short-term deposits		
Artist Account	5,396	69
Catherine's Debit Card	174	500
Main Account	27,000	153,668
Total Cash and short-term deposits	**32,570**	**154,237**
Debtors and prepayments		
GST	5,066	-
Accounts Receivable	1,761	4,880
Total Debtors and prepayments	**6,828**	**4,880**
Other current assets		
Percy's Place Gallery - Receivable From Artists	198	-
Total Other current assets	**198**	-

	2026	2025
4. Analysis of Liabilities		
Creditors and accrued expenses		
Accounts Payable	31,952	3,552
Accrued Expenses	25,500	24,545
GST	-	215
Total Creditors and accrued expenses	**57,452**	**28,311**
Employee costs payable		
Holiday Pay Owing	14,465	1,515
PAYE Payable	2,247	-
Total Employee costs payable	**16,712**	**1,515**
Other current liabilities		
Deferred Revenue	3,380	-
Percy's Place Shop - Balances Owed to Artists	3,246	-
Percy's Place Gallery - Balances Owed to Artists	-	700
Vouchers	530	-
Total Other current liabilities	**7,156**	**700**

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5. Property, Plant and Equipment

	2026	2025
Land		
Opening Cost or Valuation	385,000	385,000
Opening Carrying Value	385,000	385,000
Additions	-	-
Disposals	-	-
Revaluations	-	-
Closing Cost or Valuation	385,000	385,000
Closing Carrying Value	385,000	385,000
Buildings		
Opening Cost or Valuation	2,083,708	2,083,708
Opening Accumulated Depreciation	184,526	92,225
Opening Carrying Value	1,899,182	1,991,483
Additions	-	-
Disposals	-	-
Revaluations	448,767	-
Depreciation	90,311	92,301
Closing Cost or Valuation	2,278,700	2,083,708
Closing Accumulated Depreciation	21,062	184,526
Closing Carrying Value	2,257,638	1,899,182
Furniture and Fittings		
Opening Cost	126,687	126,687
Opening Accumulated Depreciation	65,362	59,229
Opening Carrying Value	61,325	67,458
Additions	-	-
Disposals	-	-
Revaluations	-	-
Depreciation	6,130	6,133
Closing Cost	126,687	126,687
Closing Accumulated Depreciation	71,492	65,362
Closing Carrying Value	55,195	61,325

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	2026	2025
Plant and Equipment		
Opening Cost	15,321	15,321
Opening Accumulated Depreciation	8,566	7,350
Opening Carrying Value	6,755	7,971
Additions	3,557	-
Disposals	-	-
Revaluations	-	-
Depreciation	2,283	1,216
Closing Cost	18,878	15,321
Closing Accumulated Depreciation	10,848	8,566
Closing Carrying Value	8,030	6,755
Total Property, Plant and Equipment	2,705,862	2,352,262

Land and buildings have been restated to valuation in accordance with the valuation report dated 31 March 2026 by registered valuer Tom Drake of the firm CBRE Limited. The current revaluation surplus on revalued land and buildings is $2,358,277 (2025: $1,909,510).

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6. Investments

	2026	2025
Current Investments		
Term Deposits		
Opening Balance	50,000	-
Deposit	-	50,000
Withdrawal	(50,000)	-
Total Term Deposits	-	50,000
Total Current Investments	-	50,000
Non-Current Investments		
Proportionate Ownership Schemes		
Bush Road, Albany, Auckland		
Opening Balance	125,000	125,000
Total Bush Road, Albany, Auckland	125,000	125,000
Osterley Way, Manukau, Auckland		
Opening Balance	48,000	48,000
Fair Value Movement	2,000	-
Total Osterley Way, Manukau, Auckland	50,000	48,000
Todd Park, Porirua, Wellington		
Opening Balance	72,000	72,000
Total Todd Park, Porirua, Wellington	72,000	72,000
Cameron Road, Tauranga		
Opening Balance	38,000	38,000
Fair Value Movement	6,657	-
Total Cameron Road, Tauranga	44,657	38,000
Centuria NZ Industrial Fund		
Opening Balance	100,000	100,000
Sale of Investment	(100,000)	-
Total Centuria NZ Industrial Fund	-	100,000
Total Proportionate Ownership Schemes	291,657	383,000
Craigs Investment Portfolio		
Deposits	225,000	-
Net Income Reinvested	1,358	-
Withdrawals	(50,000)	-
Total Craigs Investment Portfolio	176,358	-
Total Non-Current Investments	468,015	383,000
Total Investments	468,015	433,000

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	2026	2025
7. Accumulated Funds		
Capital contributed by owners		
Opening Balance	100	100
Total Capital contributed by owners	**100**	**100**
Accumulated surpluses or (deficits)		
Opening Balance	1,004,243	1,225,137
Current year earnings	(230,466)	(220,894)
Total Accumulated surpluses or (deficits)	**773,777**	**1,004,243**
Revaluation reserves		
Opening Balance	1,909,510	1,909,510
Property, plant and equipment revaluation reserve	448,767	-
Total Revaluation reserves	**2,358,277**	**1,909,510**
Total Accumulated Funds	**3,132,154**	**2,913,853**

	2026	2025
8. Breakdown of Reserves		
Reserves		
Land and Buildings Revaluation Reserve	2,358,277	1,909,510
Total Reserves	**2,358,277**	**1,909,510**

The Land and Buildings Revaluation Reserve represents the increase or (decrease) in value of items of land and buildings compared to their carrying amounts.

	2026	2025
9. Commitments		
Capital Commitments		
Percy Thomson Trust has entered into a contract with Nick Childs Building Limited to re-clad the exterior of the Percy Thomson complex. This work is expected to be completed by 4 September 2026.	115,592	-
Total Capital Commitments	**115,592**	-
Financial Commitments		
Percy Thomson Trust will provide building space in the Complex for Sgt Peppers to operate, for the period to 1 July 2025 to 31 August 2026, with one further right of renewal for a period of two years.	3,000	20,000
Percy Thomson Trust will provide building space in the Complex for Juffermans Surveyors Ltd to operate, for the period to 12 April 2029, with one further rights of renewal to 2032.	48,834	14,000
Percy Thomson Trust will provide land outside the Complex for NZ Post to use as a box lobby, for the period to 31 May 2027.	1,283	1,000
Total Financial Commitments	**53,117**	**35,000**

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	2026	2025
Operating Leases as a Lessor		
Not later than one year.	21,828	32,000
Later than one year and not later than five years.	31,289	3,000
Later than five years.	-	-
Total Operating Leases as a Lessor	**53,117**	**35,000**

10. Contingent Liabilities and Guarantees

The Trust has received an invoice from Stratford District Council for administrative services totalling $11,845, which is currently in dispute. As the outcome of the dispute remains uncertain, no liability has been recognised in these financial statements. The matter is also disclosed in Note 13. Depending on the resolution of the dispute, the Trust may be required to settle all or part of the invoice.
There are no other contingent liabilities or guarantees as at 30 June 2026 (2025: nil).

	2026	2025
11. Deferred Revenue: Unused Significant Donations, Grants, Bequests and Pledges with Expectations over Use		
Ostler's Gardens Charitable Trust $6,000 Grant received to fund the planting project at Percy Thomson Arboretum . The funding is expected to be spent in full by 30 September 2026.	3,380	-
Total Deferred Revenue: Unused Significant Donations, Grants, Bequests and Pledges with Expectations over Use	**3,380**	-

	2026	2025
12. Goods or Services Provided to the Entity in Kind		
Stratford District Council		
Maintenance and lawn mowing at the arboretum	16,062	-
Maintenance of gallery garden	4,685	-
Cleaning of public toilets	9,228	-
Total Stratford District Council	**29,975**	-

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13. Related Parties

The Trust is a subsidiary of Stratford District Council and receives an operating grant from the Council to deliver its objectives as specified in the Trust Deed. The Stratford District Council is the ultimate controlling party.

Trustees that have a relationship with Stratford District Council:

- Ellen Hall, Chairperson, is a Councillor

The following transactions were carried out with related parties on normal commercial terms:

	2026	2025
Related Party Transactions		
Stratford District Council		
Grant received from the Council	50,000	50,000
Fees paid to Council for administration services	-	21,000

	2026	2025
Related Party Balances		
Stratford District Council		
Invoice for administrative work (in dispute)	11,845	-
Reimbursement for audit fees paid on Percy Thomson Trust's behalf	27,077	-
Total Related Party Balances	**38,922**	-

14. Events After the Balance Date

Nature of the Event	Estimate of the Financial Effect	Effect, if any, on the Entity's Ability to Continue Operating
Sale of Bush Road Investment	Cash increase of $275,840	The Trustees have resolved to invest $225,000 of these funds into the Craigs Portfolio, and retain the balance of cash to sustain the Trust's cashflow for the 2027 financial year.

(Prior year - there were no significant events after balance date.)

15. Ability to Continue Operating

Management considers the Trust to be a going concern and has no reason to believe it will be unable to continue operating for the foreseeable future. While financial sustainability remains a strategic focus, the Trust has sufficient resources and appropriate plans in place to continue meeting its obligations as they fall due.

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16. Correction of Errors

There were no corrections of prior period errors.

17. Additional Information

There are no additional matters considered necessary to disclose that would materially affect the understanding of the performance report beyond those already reflected in the financial statements and accompanying notes.

18. Rounding Errors

Some rounding errors/inconsistency may occur in the 2025 comparative figures compared to the 2025 Performance Report, due to dollar amounts having been stated to the nearest $000 in the 2025 Performance Report.

The Audit Office
Te Mana Arotake

Independent Auditor's Report

To the readers of Percy Thomson Trust's financial statements and performance information for the year ended 30 June 2026

The Auditor-General is the auditor of Percy Thomson Trust (the Trust). The Auditor-General has appointed me, Chris Webby, using the staff and resources of The Audit Office, to carry out the audit of the financial statements and performance information on his behalf.

Opinion

We have audited:

- the financial statements of the Trust that comprise the statement of financial position as at 30 June 2026, the statement of financial performance, and statement of cash flows for the year ended on that date and the statement of accounting policies and the notes to the performance report that include other explanatory information on pages 15 to 32; and
- the performance information that consists of the statement of service performance for the year ended 30 June 2026 on pages 11 to 14.

In our opinion:

- the financial statements of the Trust present fairly, in all material respects its financial position as at 30 June 2026 and its financial performance and cash flows for the year then ended in accordance with the Tier 3 Public Sector Entities standard.
- the performance information accurately reports, in all material respects, the Trust's actual performance compared against the performance targets and other measures adopted for the year ended 30 June 2026, and has been prepared, in material respects, in accordance with section 68 of the Local Government Act 2002 (the Act).

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our

responsibilities under those standards are further described in the *Responsibilities of the auditor* section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Trustees for the financial statements and performance information

The Board of Trustees is responsible on behalf of the Trust for preparing financial statements that are fairly presented and comply with the Tier 3 Public Sector Entities standard. The Board of Trustees is also responsible for preparing the performance information contained in the statement of service performance of the Trust in accordance with the Act.

The Board of Trustees is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and performance information, the Board of Trustees is responsible on behalf of the Trust for assessing the Trust's ability to continue as a going concern. The Board of Trustees is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to liquidate the Trust or to cease operations, or there is no realistic alternative but to do so.

The Board of Trustees' responsibilities arise from the Local Government Act 2002.

Responsibilities of the auditor for the audit of the financial statements and performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and performance information, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and performance information.

For the budget information reported in the financial statements and performance information, our procedures were limited to checking that the information agreed to the Trust's statement of intent.

We did not evaluate the security and controls over the electronic publication of the financial statements and performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Trustees.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the information we audited or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- We evaluate the overall presentation, structure and content of the performance information, including the disclosures, and assess whether the performance information achieves its statutory purpose of enabling the Trust's readers to judge the actual performance of the Trust against its objectives in its statement of intent.

We communicate with the Board of Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board of Trustees is responsible for the other information. The other information comprises all of the information included in the annual report other than the financial statements and performance information consisting of statement of performance, and our auditor's report thereon.

Our opinion on the financial statements and performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the Trust in accordance with the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* as applicable for audits of public interest entities issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests in, the Trust.



Chris Webby
The Audit Office
On behalf of the Auditor-General
Palmerston North, New Zealand
8 September 2026

TE KAUNIHERA Ā ROHE O WHAKAAHURANGI
STRATFORD DISTRICT COUNCIL

Our reference
F19/13/03-D21/40748

Karakia

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