



Our reference
F19/13/03-D21/26182

13 March 2025

Audit and Risk Committee

Notice is hereby given that the Audit and Risk Committee Meeting will be held in the **Council Chambers, Stratford District Council, 63 Miranda Street, Stratford** on **Tuesday 18 March 2025** beginning at **2.00pm**.

Timetable for 18 March 2025 as follows:

2.00pm	Audit and Risk Committee Meeting
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Yours faithfully

Sven Hanne
Chief Executive

2025 - Agenda - Audit and Risk - March

18 March 2025 02:00 PM



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17. General Business

18. Questions

19. [Closing Karakia](#)

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AGENDA

Audit and Risk Committee



F22/55/05 – D25/7842

Date: Tuesday 18 March 2025 at 2pm
Venue: Council Chambers, 63 Miranda Street, Stratford

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

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

Recommendation

THAT the Audit and Risk Committee's rolling programme of works up to September 2025 be received.

/
Moved/Seconded

7. Confirmation of Minutes

- 7.1 **Audit and Risk Committee – 18 November 2024**
D24/53107 Page 12

Recommendation

THAT the minutes of the Audit and Risk Committee Meeting held on Tuesday 17 September 2024 be confirmed as a true and accurate record.

/
Moved/Seconded

8. [Matters Outstanding](#)
D18/27474 Page 19

Recommendation

THAT the matters outstanding be received.

/_____
Moved/Seconded

9. [Information Report – Health, Safety and Wellbeing](#)
D25/7080 Page 20

Recommendation

THAT the report be received.

/_____
Moved/Seconded

10. [Information Report – Risk Management](#)
D25/6583 Page 24

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 – Capital Works Programme – Key Projects Update](#)
D25/6176 Page 31

Recommendations

THAT the report be received.

Recommended Reason

To provide an update on the progress of our main capital projects for the 2024/25 financial year and assess Council's ability to complete them on time and within budget.

/_____
Moved/Seconded

12. [Information Report – Audit Matters Outstanding – Deloitte Annual Report](#)
D25/7817 Page 40

Recommendation

THAT the report be received.

Recommended Reason

This report informs the Committee of the issues identified in the final Deloitte Audit Management Report for the 2023/24 Annual Report.

Moved/Seconded

13. [Information Report – Annual Plan 2025/26 Update](#)
D25/6542 Page 73

Recommendation

THAT the report be received.

Recommended Reason

This report provides the Committee with an update on the status of the draft Annual Plan 2025/26, and an opportunity to comment on associated risks.

Moved/Seconded

14. [Information Report – Percy Thomson Trust – Half Yearly Report as at 31 December 2024](#)
D25/4933 Page 77

Recommendations

1. THAT the report be received.

2. THAT Council receive the half yearly report for Percy Thomson Trust as at 31 December 2024.

Recommended Reason

In terms of Section 66 of the Local Government Act 2002 the Percy Thomson Trust, being a council controlled organisation, must deliver to Council a half yearly report (as at 31 December 2024) before 1 March 2025.

Moved/Seconded

15. [Decision Report – Percy Thomson Trust – Draft Statement of Intent 2025-2028](#)
D25/6910 Page 98

Recommendations

1. THAT the report be received.
2. THAT Council adopt the draft Statement of Intent for Percy Thomson Trust for the period 1 July 2025 to 30 June 2028, or
THAT Council respond with alternatives.

Recommended Reason

In terms of Schedule 8 of the Local Government Act 2002 Percy Thomson Trust, being a Council Controlled Organisation, must deliver a draft Statement of Intent on or before 1 March 2025. This draft was delivered to the Mayor and Chief Executive on 28 February 2025.

/
Moved/Seconded

16. [Correspondence](#)
17. [General Business](#)
18. [Questions](#)
19. [Closing karakia](#)
D21/40748 Page 121



TE KAUNIHERA Ā ROHE O
WHAKAAHURANGI
STRATFORD
DISTRICT COUNCIL

Our reference
F19/13/03-D21/40748

Karakia

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

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



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 2025 Audit and Risk Committee meetings.

Date	18/03/25	13/05/25	15/07/25	2/09/25
Meeting	A	A	A	A
Neil Volzke				
Steve Beck				
Grant Boyde				
Annette Dudley				
Jono Erwood				
Ellen Hall				
Amanda Harris				
Vaughan Jones				
Min McKay				
John Sandford				
Clive Tongaawhikau				
Mathew Watt				
Philip Jones (External Chair)				

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

Audit and Risk Committee - Programme of Works (D21/42807)

	Mar-25	May-25	Jul-25	Sep-25
Standing Items	<ul style="list-style-type: none"> -Correspondence Received -Health and Safety Report -Risk Management Review - LTP Capital Projects status update - Audit matters raised status 	<ul style="list-style-type: none"> -Correspondence Received -Health and Safety Report -Risk Management Review - LTP Capital Projects status update 	<ul style="list-style-type: none"> -Correspondence Received -Health and Safety Report -Risk Management Review - LTP Capital Projects status update - Audit matters raised status 	<ul style="list-style-type: none"> -Correspondence Received -Health and Safety Report -Risk Management Review - LTP Capital Projects status update
Annual Items	<ul style="list-style-type: none"> - Annual Plan 2025/26 update 	<ul style="list-style-type: none"> - Insurance Strategy 2025 - Internal Audit (Plan for 2025, and status report on previous year audit) 	<ul style="list-style-type: none"> - Insurance Renewal 2025/26 	
One-Off Items		<ul style="list-style-type: none"> - Three Waters Delivery update 	<ul style="list-style-type: none"> - Local Government Election risks 	<ul style="list-style-type: none"> - Resource Management and Consenting

MINUTES

Audit and Risk Committee



F22/55/06 – D2453107

Date: Tuesday 19 November 2024 at 2pm
Venue: Council Chambers, 63 Miranda Street, Stratford

Present

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

In attendance

Councillors: S J Beck, A M C Dudley, E E Hall, A K Harris, C M Tongaawhikau and W J Sandford.

The Chief Executive – Mr S Hanne, the Acting Director – Corporate Services – Mrs C Craig, the Director – Environmental Services – Mr B Sutherland, the Acting Director – Community Services – Mrs E Bishop, the Acting Committee Advisor and Executive Assistant – Mrs Carissa Reynolds the Project Manager – Mr S Taylor, the Audit and Risk Advisor – Mrs T Radich, the Communications Manager – Ms G Gibson, and one member of the media (Stratford Press).

1. Welcome

The opening karakia was read.

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

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

2. Apologies

An apology was noted from Councillor M J Watt.

3. Announcements

There were no announcements

4. Declarations of Members Interest

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

There were no conflicts of interest declared.

5. Attendance Schedule

Attendance schedule for Audit and Risk Committee meetings was attached.

6. Programme of Works

D21/42807

Page 10

Recommendation

THAT the Audit and Risk Committee's rolling programme of works up to September 2025 be received.

P JONES/ERWOOD

Carried

A&R/24/44

The Audit and Risk Advisor noted:

- The internal Audit for 2024 has been cancelled due to internal resources. It is expected to resume in 2025. It was clarified that this is a self-imposed requirement to conduct an internal audit.
- The Chair requested that the water delivery options covered during the workshop should be highlighted in the March Audit and Risk meeting. Mr Hanne agreed this would be beneficial.

7. Confirmation of Minutes

7.1 Audit and Risk Committee – 17 September 2024

D24/44750

Page 12

Recommendation

THAT the minutes of the Audit and Risk Committee Meeting held on Tuesday 17 September 2024 be confirmed as a true and accurate record.

BOYDE/P JONES

Carried

A&R/24/45

8. Matters Outstanding

D18/27474

Page 38

Recommendation

THAT the matters outstanding be received.

P JONES/McKAY

Carried

A&R/24/46

9. Information Report – Health, Safety and Wellbeing
D24/49599 Page 39

Recommendation

THAT the report be received.

McKAY/BOYDE
Carried
A&R/24/47

The Chief Executive noted the following:

- Incidents have been lower than normal this quarter.

Questions/Points of Clarification:

- Councillor Boyde noted at the previous meeting he mentioned the lone worker devices, is there a safety protocol in place, as it was reported not a lot of people are using the devices. Mr Hanne advised the devices are still available, however they are not the only tool available to staff. Staff make informed decisions depending on where they are going to whether to use them or not. He advised both neighbouring Councils are working through similar reviews on Lone Worker solutions now, so it would be prudent to wait for their decisions.
- The Chair noted site health and safety audits are on hold and questioned if it is possible for the project/asset manager to do this. Mr Hanne advised this is already happening, however this is not reported through to the Audit and Risk Committee but can be done in the future.

10. Information Report – Risk Management
D24/51841 Page 43

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.

ERWOOD/P JONES
Carried
A&R/24/48

The Audit and Risk Advisor noted the following:

- This report covers some risks which are actively managed but not covered by the risk register.

Questions/Points of Clarification:

- Councillor Hall questioned how security measures at the old pool are funded. It was advised comes out of the day to day operational budget.
- Councillor Boyde noted his concern of the work that the Chief Executive is doing over and above his current role. He questioned if it is a risk for Council if he is 'getting down in the weeds' rather than managing at a high level, and he is also concerned about the burn out of Elected Members only staff member. Mr Hanne advised it is normal for him to have operational parts to his day, but noted he is currently doing more than he normally would, however it is normal for people to take on more tasks when there are vacancies.

11. Information Report – Capital Works Programme – Key Projects Update
D24/50322 Page 48

Recommendation

THAT the report be received.

Recommended Reason

To provide an update on the progress of our main capital projects for the 2024/25 financial year and assess Council's ability to complete them on time and within budget.

BOYDE/V JONES
Carried
A&R/24/49

The Projects Manager noted the following:

- The incorrect appendix was attached to the report, the correct attachment was tabled.

Questions/Points of Clarification:

- The Chair advised one thing missing from 4.2 is significant public interest.

12. Information Report – Policies Status – Annual Review
D24/50982 Page 59

Recommendation

THAT the report be received.

Recommended Reason

This report provides an update to the Committee on the review status for all external-facing Council policies.

McKAY/ERWOOD
Carried
A&R/24/50

The Chief Executive noted the following:

- There are still overdue policies but the number of these have been reduced. The introduction of a new part time role will address this issue by managing the current policies, new policies and managing legislative changes.

Questions/Points of Clarification:

- The Chair questioned if the Procurement Policy will come through this committee. It was noted there was an Audit and Risk workshop on the policy and the plan was to take it to the Policy and Services Committee for feedback. Mr Hanne advised it was currently on hold until the Director – Corporate Services started. The Chair advised his recommendation would be to have the risks identified in the policy listed and advised how they have been addressed.

13. Information Report – Annual Report 2023/24 - Update

D24/50322 Page 69

Recommendation

THAT the report be received.

THAT the Committee review the performance results presented in the draft Annual Report 2023/24, and consider the potential for risks within the information presented.

Recommended Reason

The Audit and Risk Committee is responsible for providing oversight of compliance with statutory responsibilities relating to financial requirements and to exercise due diligence in the accuracy of financial information and reporting.

McKAY/BOYDE

Carried

A&R/24/51

Questions/Points of Clarification:

- The Chair questioned if there are any outstanding issues with the auditors. The Acting Director – Corporate Services advised any queries from the auditors have been addressed as they come in.
- The Mayor noted on page 78 of the agenda it mentions Ngā Kaiwhakatere o Taranaki, however he does not believe this should be included as this group has not worked together in the last 12 months.
- The Chair questioned how difficult the revaluations have been compared to previous revaluations. Mr Hanne noted the valuation was fairly straightforward, and the roading valuation went through auditors well, however the waters revelation has had a few questions from auditors where Council has had to be in the middle of the auditors and the valuers. It was discussed that while the auditors questioned the valuations, if they had the same local knowledge as the valuers.
- Councillor Harris questioned if Council had similar issues with Audit NZ. Mrs Craig advised there are always issues with auditors, however this is on a new level. Councillor Harris noted this all adds up to hours on the auditors books, Mr Hanne noted the bill from the valuer will also be higher because of this.
- The Chair advised when revaluations are not done fair value assessments need to be used, he noted some auditors are questioning these as if they are revaluations and a conversation is required with the Office of the Auditor General as to what risk is trying to be managed here. He advised he and some of his colleagues are meeting in Wellington and this will be on the agenda.

14. Information Report – Three Waters Reforms – State of Play and current developments

D24/48561 Page 215

Recommendation

THAT the report be received.

Recommended Reason

This report is for information purposes only but gives elected members insight into the current state of three waters including current and future legislative changes as well as regional discussions regarding potential shared delivery models.

McKAY/ERWOOD
Carried
A&R/24/52

The Chief Executive noted the following:

- While this subject has been discussed, this report is taking a risk approach to the subject matter.
- The risks in item five are outside of the corporate risk register.

Questions/Points of Clarification:

- The District Mayor requested to stop referring to this as Three Waters, it is Local Water Done well, by referring to it as Three Waters old arguments are going to be conjured up. Mr Hanne noted he will take that into account, however in the industry the services are called three waters.
- The Chair requested now that the template has been created it would be nice for the risks to come back to the next meeting and to ascertain if they have increased or decreased and if there are new risks.

15. Decision Report – Review Risk Management Policy

D24/51083 Page 222

Recommendation

1. THAT the report be received.
2. THAT the amended Risk Management Policy be reviewed and approved.

Recommended Reason

The Policy is due for review, and was last reviewed in August 2021.

BOYDE/McKAY
Carried
A&R/24/52

Questions/Points of Clarification:

- The Chair questioned when this policy is going to be reviewed. The Audit and Risk Advisor advised it is due for review in 2027, however it can be called for a review at any time. The Chair noted a review is probably needed post-election and post-election some key things may need to be looked at also.
- Councillor Boyde noted on page 227 Insurance Management has been removed, he questioned if anything would be put in its place. The Audit and Risk Advisor noted this responsibility has been moved to the Senior Leadership Team.

16. Correspondence

There was no correspondence.

17. General Business

There was no general business

18. Questions

There were no questions.

19. Closing karakia

The closing Karakia was read.

The Meeting closed at 3.10pm.

P Jones
Chairman

Confirmed this 18th day of March 2025.

N C Volzke
District Mayor

**Audit and Risk Committee
Matters Outstanding Index**

ITEM OF MATTER	MEETING RAISED	RESPONSIBILITY	CURRENT PROGRESS	EXPECTED RESPONSE

INFORMATION REPORT



F22/55/04 – D25/7080

To: Audit and Risk Committee
From: Health and Safety/Emergency Management Advisor
Date: 18 March 2025
Subject: Health, Safety and Wellbeing Report

Recommendation

THAT the report be received.

Moved/Seconded

1. Purpose of Report

- 1.1 This report presents a summary of four-monthly progress and any highlights for the main areas of activity within for the period to 28 February 2025.

2. Executive Summary

- 2.1 Five incidents during the period involved a minor injury to a staff member. There were no reported injuries to contractors. A total of 18 incidents were reported in the period, which is significantly less than in the same period last year.

3. Health and Safety Project Work

- 3.1 Health monitoring has been reviewed to identify roles with higher likelihood of exposure to workplace hazards. Water Treatment Plant and regular pool lifeguard staff will be offered health monitoring. Moving forwards, staff commencing in these roles will have baseline measurements as well as annual monitoring.

4. Top 5 Health and Safety Risk Focus Areas

4.1 Contractor Incidents and Accidents

Risk Profile

Much of SDC's higher risk profile work is undertaken by contractors. SDC has a duty to protect the health and safety of contractors and subcontractors, as well as the public, under the Health and Safety at Work Act.

Incidents during the period – 2

4.2 Water and Wastewater Treatment Plants

Risk Profile

Both of these facilities are multi-hazard areas, with significant physical, chemical and biological hazards. Incidents and injuries are low due to robust control mechanisms and processes.

Incidents during the period – 1

4.3 Public Safety at Wai o Rua – Stratford Aquatic Centre

Risk Profile

The large numbers of people using the facility, particularly young children, poses a risk of falls, other minor injuries and drowning incidents.

Incidents during the period – 15

Recent Actions Undertaken

Wai o Rua staff have been preparing for a Poolsafe compliance audit to be completed in March 2025.

4.4 Threatening and Aggressive Behaviour to Staff

Risk Profile

Incidents of threatening behaviour and violence towards front-line staff are rising across most industries, particularly public service staff. As well as direct physical threats, this behaviour has a damaging effect on staff wellbeing.

Incidents during the period – 1

Upcoming Actions

Review of lone worker device provision for staff

4.5 Vehicles and Driving

Risk Profile

SDC staff are frequently out in the community and vehicles are considered a part of the workplace when they are. Driving injuries and deaths are a hazard as a result. SDC staff driver behaviour is also a risk for organisational public relations.

Incidents during the period – 1

Recent Actions Undertaken

- Ongoing monthly monitoring of vehicle condition and maintenance
- Review of vehicle monitoring options as part of upcoming review into lone worker solutions

5. Health and Safety Issues Affecting Other Councils

- 5.1 No notable Health and Safety incidents at other councils or similar organisations have come to the attention of staff since the previous report.

6. Lone Worker Safety Devices

- 6.1 When the 3G network is decommissioned in December 2025, the pendant and silent alarm devices will no longer work. They cannot be upgraded and will need to be replaced at cost to council to continue with current system. Work is under way to have a new solution in place by 31 October 2025.

7. Health and Safety Incidents and Responses

1 November 2024 - 28 February 2025

	Period 1 November 2024- 28 February 2025		Period 1 November 2023- 28 February 2024	Change From Equivalent Period Last Year
	Pool/Other			
Events	15	3	55	-37
<i>Of which:</i>				
Injury(to our staff/ (Contractor)	7		27(5)	-20
Near Miss	1		7	-6
Incident	10		19	-9
Illness	0		2	-2

	Period 1 November 2024- 28 February 2025	Running YTD Balance (1 July 2024 – 28 February 2025)
Type of Incident		
Slips/Trips/Falls		3
Sprains/Strains	3	5
Cuts/Abrasions/ Bleeding nose	6	13
Bruising		2
Pool Rescue	7	10
Aggressive/Abusive Customer	1	3
Trespass		1
Vehicle Damage		1
Non-compliance of process		1
Plant/Building/Equipment		3
Other	1	7
Level of Treatment		
First Aid	16	24
Medical/Hospital		0
Level of Investigation		
No/Standard Investigation	18	46
Formal Investigation		
Worksafe Investigation		

- 7.1 The number of events reported was a lot lower than the corresponding period in the previous year. Four of the above events were from 2 incidents.

Incident 1

Incident type: Asbestos Discovery

Investigation & event details: On 25 Feb 2025 Jurgens Demolition was demolishing the TSB pool and discovered 20m of non-friable Asbestos piping. They followed standard procedure. Worksafe was notified by SDC who commended Jurgens SOPs. Jurgens contacted certified removal company. They have since found a further 40m and have currently contracted removal for 6-7 March 2025.

Incident 2

Incident type: Aggressive Member of Public towards Council Staff

Investigation & event details: A Council officer was parked by Midhirst Hall setting up for a meter read when a member of public approached their passengers side and opened the door. The member of public then verbally accosted the staff member.

Specific outcome: Staff member attempted to de-escalate the situation.

8. Health and Wellbeing

	Period 1 Nov 2024 – 28 February 2025
Health and Wellbeing	
Workstation Assessments	0
EAP Referrals	0
Health Monitoring Assessments	0
Health and Safety Committee Meeting	1
Site Reviews	0

8.1 There have been no EAP requests reported in the portal for the period.

9. Civil Defence

9.1 New staff member familiarising himself with local contacts, and other Councils EMOs.



D Pemberton
Health and Safety/Emergency Management Advisor



[Endorsed by]
Raelene Johnson
Director – Corporate Services



[Approved by]
Sven Hanne
Chief Executive

Date 7 Mar 2025

INFORMATION REPORT



F22/55/04 – D25/6835

To: Audit and Risk Committee
From: Director – Corporate Services
Date: 18 March 2025
Subject: Risk Management

Recommendations

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 the Committee has responsibility to "...review and recommend and support management to proactively manage all aspects of risk and quality that the organisation has identified. To monitor and review risk and make recommendations to Council where necessary to minimise the likelihood or impact of a risk event."
- 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 71 – Critical Asset Failure
 - 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
 - Stormwater pipe location complaint
 - Disputing of targeted roading rate charges
 - Historic consenting matters
 - Potential data breach

3. Local Government Act 2002

Under section 10 of the Local Government Act 2002, the Council's purpose is to "enable democratic local decision making by and on behalf of communities; as well as promoting the social, economic, environmental, and cultural well-being of communities now and into the future"			
Does the recommended option meet the purpose of the Local Government 4 well-beings? And which:		Effective risk management has an impact on council's ability to promote all four wellbeings.	
Social	Economic	Environmental	Cultural
✓	✓	✓	✓

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.
- 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

2025/26 Annual Plan

The work to prepare and adopt the Council 2025/26 Annual Plan by 30 June 2025 is underway and making good progress. A standalone risk report on the 2025/26 Annual Plan is being presented to this Committee.

Risk 31 – Abusive Customers

Pockets of anti-government movement around the Country increase the risk of abusive behaviour to Council staff and Councillors. The *Sovereign Citizens group* recently presented themselves to the Council office with their manifesto and pamphlets. Management continues to monitor public behaviour and may need to consider increased security at some Council events or situations in the future. Particular attention will be given to any election related events.

Risk 71 – Critical Asset Failure

Wastewater pipe spill – Patea River

Last month a wastewater leak occurred from a pipe located under the Broadway road bridge by Page Street.

Once notification was received on 12 February 2025, Council Officers instigated the 3-Waters Incident Response Plan, ensuring notification was made to affected parties, including:

- Taranaki Regional Council, Ngāti Ruanui and the Public Health Unit, and warning signs were placed along the Patea River in strategic locations downstream of the discharge.

Council Officers have since reviewed the Criticality Rationale for robustness and completion. In this case, Council Officers found the Rationale to be accurate, however, the incident fell short in relation to critical asset identification as this pipe was not recorded in Council's asset management systems. While this has become significantly less common due to Council's investment in asset information, it is not unusual and Council continues to discover pipes during routine CCTV inspections. Council will embark on another round of CCTV inspection as the budget allows.

Risk 72 – Elected Members Decision Making

Due to the number and/or significance of decisions elected members have been asked to make recently, there is a risk that elected members may not make decisions that will create good outcomes for the community and align with the adopted Community Outcomes. The best way we can manage this risk is to ensure elected members are provided with quality information, including consideration of all available options, in a timely manner.

Recent decisions made by Elected Members since the November 2024 Audit and Risk Committee meeting are noted below:

December 2024

- Adoption of 2023/24 Annual Report
- Approval of Road Closures – Americana
- Approval of Policy Reviews (Child Protection Policy, Mayors Relief Fund Policy)
- Approval of Withdrawn Policies (Petitions in Council Buildings Policy, Conferences, Seminars, Tours Policy)
- Adoption of Letter of Expectation – Percy Thomson Trust

January 2025

- Approval and release of the Draft Victoria Park Reserve Management 2025 for public consultation

February 2025

- Approval of Road Closure – Junction Road for Car Club event
- Water Services Delivery – preferred option for consultation decision
- Hearing – Draft Parking Control Bylaw, Draft Restricted access of Roads Bylaw, Draft Vehicle Crossing Bylaw
- Approval of Stormwater Easement Request – Cloten Road

Risk 78 – Government Policy impacting on Local Government

Three Waters Reform - Local Water Done Well

The Council has set a programme of work and decisions required to meet the legislative requirement to identify a preferred water services delivery model for Water, Wastewater and Stormwater, to be consulted on – with the final delivery model forming the basis of a compliant Water Services delivery Plan (WSDP), that will be formally adopted via

council resolution before being submitted to the Secretary of Local Government by 3 September 2025.

The Council is currently on target to meet these Government timeframes, with good progress being made.

On 25 February at the Extraordinary meeting the Council decided to identify the regional Joint Taranaki Water Services Council Controlled Organisation as the preferred delivery model for Water and Wastewater services with Stormwater assets and services to remain under Stratford District Council ownership and management.

Work is now continuing on preparing the public consultation material for consideration at a meeting in April 2025 that includes an assessment of the advantages and disadvantages of both the preferred "Joint Taranaki Water Services Council Controlled Organisation" model and also the alternate "Enhanced Status Quo via an in-house Business Unit" model.

5.2 Other Risks – Update

- Council building compliance issues – scheduled work at the TET building is underway to address these. Any cost issues in relation to this work will be addressed in financial reports.
- Stormwater pipe location complaint – Council is in negotiations with a property owner re a Council owned stormwater pipe on their property.
- Disputing of targeted roading rate charges – one ratepayer is currently refusing to pay the targeted roading rate on their property as they believe the Council has no authority to do so and has also threatened legal action.
- Consenting issue – The Council has received a claim lodged on behalf of a property owner. The claim relates to a matter arising from a historic subdivision and is being addressed in accordance with legal advice.
- Potential data breach – One of Council's cloud based software products had a situation recently whereby Council staff could view other companies' sensitive documents. Council immediately disabled access due to concern that some of Council data could also be exposed. The software provider confirmed that none of Council's own information was included in the breach. The software remains disabled while IT finishes its full investigation.

6. Strategic Alignment

6.1 Direction

Not applicable.

6.2 Annual Plan and Long Term Plan

Not applicable.

6.3 Sustainability Consideration

Note – it is proposed that the Risk Management framework incorporate the new Sustainability Policy principles.

6.4 District Plan

Not applicable.

6.5 Legal Implications

Council has engaged legal advice regarding a historical subdivision consent matter.

6.6 Policy Implications

The Risk Management Policy is currently under review.

Attachments:

Appendix 1 Significant Risks Register

A handwritten signature in blue ink, appearing to be 'R. Johnson'.

Raelene Johnson
Director – Corporate Services

A handwritten signature in blue ink, appearing to be 'S. Hanne'.

[Approved by]
Sven Hanne
Chief Executive

Date 7 March 2025

Appendix 1

Stratford District Council - Significant Risks Register

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

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

2025 - Agenda - Audit and Risk - March - Information - Risk Management

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



F22/55/04 – D25/6176

To: Audit and Risk Committee
 From: Property and Projects Manager
 Date: 18 March 2025
 Subject: Capital Works Programme – Key Projects Update – March 2025

Recommendations

THAT the report be received.

Recommended Reason

To provide an update on the progress of our main capital projects for the 2024/25 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 an update on the progress of key capital projects in the 2024/25 financial year.
- 1.2. The intent is to track these projects and provide confidence both to the Council and ratepayers that the capital works programme will be delivered within the desired timeframes and budgets as indicated in the 2024-34 Long Term Plan (LTP).

2. Executive Summary

- 2.1. For the 2024/25 financial year, Council approved the delivery of a total capital budget of \$18,515,851. This comprises of \$16,085,851 in council funding (including NZTA subsidy) and \$2,430,000 in grant funding (including \$2,313,000 from Better Off Funding).
- 2.2. Due to NZTA finalising the roading budget for the 2024 – 2027 financial years, the total budget for the 2024/25 financial year is now \$16,476,047.
- 2.3. 13 projects of significance have been identified and assessed on the likelihood and consequence of the project being delivered and on budget. These projects, along with their risk profiles are listed in **Appendix 1**.
- 2.4. Significant Projects have been identified using a risk based approach using the following criteria:
 - Asset criticality
 - Project complexity
 - Project scale
 - Potential adverse environmental effects on sensitive environments
- 2.5. The risk assessment for timeframe delivery (**Figure 1**) for these significant project shows:
 - 7% are completed.
 - 72% are considered moderate risk
 - 21% are considered high risk.
- 2.6. The risk assessment for on-budget delivery (**Figure 2**) for these significant project shows:
 - 69% are considered moderate risk
 - 23% are considered high risk.
 - 8% are considered extreme risk.

3. Local Government Act 2002

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

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

4. Information Summary

4.1. From the capital projects totalling \$18,515,851 approved for the 2024/25 financial year, Officers have identified 13 projects to be of significance and have assessed the likelihood and consequence of the projects being delivered on time and within budget. These projects, along with their risk profiles, are listed in **Appendix 1**.

4.2. Significant Projects have been identified using a risk based approach using the following criteria:

- Criticality of the asset
- Complexity of the project
- Scale of the project
- Potential adverse environmental effects on sensitive environments.

4.3. Officers have performed a risk assessment of each project, using the risk matrix shown in **Table 1**; **Figures 1 & 2** provide charts summarising these risk profiles.

Table 1: Risk Matrix

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

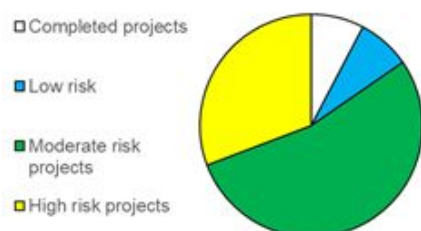


Figure 2: Risk profile of timeframe delivery for significant projects

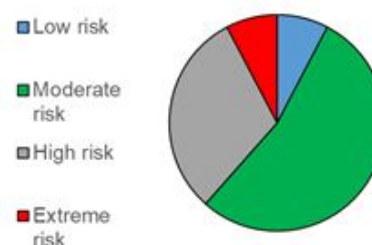


Figure 1: Risk profile of budget tracking for significant projects

5. Key Project Update

Completed Projects:

5.1. Treatment Upgrade - Wastewater (7)

Description:

Investigations in August determined a high risk of collapse of the current earth dam between two of the wastewater ponds at the Wastewater Treatment Plant, affecting Council's certification for the earth dam.

Work was undertaken to stabilise and strengthen the earth dam to ensure it continues to comply with all building and resource consents.

Timeframe Delivery Risk:

This project has no risks related to meeting the delivery schedule. All physical works have been completed.

Budget Risk:

This project risk has been identified as **Extreme** (likely/major) as this was unplanned works. All works have been completed so no further costs will be associated to this works. The budget of \$50,000 was exceeded by 278%

Projects in Progress:

5.2. Prospero Place Development (1)

Description:

The Prospero Place Development is a key initiative of Stratford 2035. It involves the acquisition of 247 to 257 Broadway and developing an outdoor community gathering hub in the heart of Stratford.

A concept plan was developed in 2022 and adopted by Council in 2024 to take to detailed design for construction in years 1 to 3 of the 2024-34 Long Term Plan.

An agreement to purchase the land was achieved in December 2024, conditional on additional works to the party wall between 237 and 247 Broadway.

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.

Once the design has been approved by Elected Members, Officers will release the design for community consultation before final approval is obtained, after any changes required from the community.

Current Action:

The Landscape Architect has completed:

- Site Surveys (topographical)
- Pedestrian and traffic flow counts
- Raw data collection of lighting on Broadway and Fenton Street.

A workshop will be held on 11 March 2025 with Elected Members and key stakeholders to discuss design consideration elements before commencing with a draft design. When complete, the Landscape Architect will report back to the groups consulted with in March.

Remedial work for the Paper Plus wall is complete, with the Producer Statement to be issued.

Timeframe Delivery Risk:

This project risk has been identified as **Moderate** (possible/important). The design process is scheduled to take 12 to 14 weeks. This project was delayed in February due to 3 Waters reform taking priority with Elected Members.

Budget Risk:

This project risk has been identified as **Moderate** (likely/important). Design costs for this project are expected to be around \$100,000, leaving \$200,000 for physical construction works in this financial year. The design will be staged to align with the budget outlined in the LTP 2024-2034.

It is anticipated that the Council will not be able to fully utilise all of the \$200,000 for physical construction, due to the delays in the project in January and February.

This project will continue into Years 2 and 3 of the 2024-2034 LTP.

5.3. TET Multisports Centre infrastructure renewals (2)

Description

Council entered into an agreement to take over the TET Multi Sports Centre building, with the Stratford Community Sports Society managing the day to day running of the facility for the clubs based in the building.

Once the ownership was transferred to Council, it became apparent that the Fire Security System was not compliant for the use of the building as a public space. Council is now working through the non-complaint issues, which include emergency egress from the:

- Sports Lounge on Level 1 – Smoke stop doors to the restaurant are being wedged open.
- Mezzanine floor above the squash courts – Unsuitable emergency lighting and signage.
- Gymnasium on the ground floor – No suitable fire emergency access at the rear of the building.

Other issues raised included security access into and within the building, with the main entrance doors not being able to be securely locked. These doors are often jimmied opened after hours, causing security call outs.

A building consent has been lodged to remedy these concerns and make the building compliant for public use.

Current Action:

The automatic main entrance door with associated works was installed in January. The Fire Security system will be completed in March 2025, along with the access control system.

Officers are working with the Building team to ensure a Code Compliance Certificate (CCC) is achieved within the required timeframe.

Timeframe Delivery Risk:

This project risk has been identified as **Moderate** (unlikely/serious). Works are needing to be completed to satisfy building consent requirements so a Code Compliance Certificate (CCC) can be issued.

Budget Risk:

This project risk has been identified as **High** (almost certain/important). The works for this project will be over the annual budget due to works required to be completed for compliance, within key timeframes.

5.4. Cardiff Walkway New Aluminium Steps and Bridge (3)

Description:

This project is to replace the existing steps and bridge on the Cardiff Walkway, which is suspended over the Konini Stream and have reached the end of its life. A resource consent is required for the physical works due to working in the river.

Current Action:

The Assessment of Environment Effects (AEE) for Resource Consent application is being prepared, including engagement with Iwi. The resource consent is likely to be lodged at the end of March 2025.

Timeframe Delivery Risk:

This project risk has been identified as **Moderate** (likely/important). Works may be delayed due to the application of a resource consent. Work is expected to be undertaken when the Konini Stream water level is usually at its lowest.

Budget Risk:

This project risk has been identified as **Moderate** (possible/important). Resource consent conditions may increase the cost of this project.

5.5. Flint Road Subdivision (4)

Description:

Council purchased the property of 39/41 Flint Road to extend the subdivision at Midsummer Avenue to Flint Road. This will increase our road network resilience to our roading network by providing another access to Flint Road which is currently only accessed from State Highway 3.

Current Action:

The concept plan has been finalised, taking into account the identified wetland area. Officers are in the process of engaging a surveyor as per Council's Procurement Policy.

Timeframe Delivery Risk:

This project risk has been identified as **Moderate** (likely/important). The subdivision is subject to meeting future resource consent conditions. While the current market for selling sections is at a low point, it is important for Council to re-coup costs that have already been incurred.

Budget Risk:

This project risk has been identified as **High** (almost certain/important). This project is spread over three years of the 2024-2034 LTP. The budget for this financial year will not be exhausted.

5.6. Stormwater Modelling (5)

Description

This project is to create a model of Stratford's stormwater network to determine inefficiencies in the current network and assess the effects of future development on the stormwater network.

Current Action:

A procurement plan is underway to procure the modelling of Stratford's stormwater system.

Timeframe Delivery Risk:

This project risk has been identified as **Moderate** (possible/important). The building of the model may require monitoring over the winter months to effectively calibrate the model.

Budget Risk:

This project risk has been identified as **Moderate** (unlikely/important). The works for this project is projected to be within budget.

5.7. Silt Retention Victoria Park (6)

Description:

The silt was removed from the Victoria Park lake in March 2024 as part of the management of stormwater in Stratford. This lake is used as a detention pond to temporarily store and slowly release excess stormwater runoff. It helps reduce flooding, control erosion, and improve water quality by allowing sediment and pollutants to settle before the water is discharged into natural waterways.

The silt is currently stored at Victoria Road. Once dried, it will be sampled to TRC requirements and spread on Council owned land near the Wastewater Treatment Ponds.

Current Action:

A sample has been sent for analysis to confirm the material can be spread to land as a permitted activity. Once this is confirmed, Officers will determine the spreading locations.

Timeframe Delivery Risk:

This project risk is considered **Low** (rare/serious). Once the test sample is analysed, the material will be spread at suitable locations.

Budget Risk:

This project risk is considered **Moderate** (unlikely/serious). This project is projected to be within budget.

5.8. Desludging Wastewater Treatment Ponds (7)

Description:

Stratford operates oxidation ponds to manage the wastewater from the town. Oxidation ponds use natural biological processes to break down organic matter. These ponds are shallow and rely on sunlight, algae, and microorganisms to treat sewage.

The capacity of the wastewater ponds has reduced significantly due to sludge build up. This build up affects the treatment of the wastewater to an acceptable standard.

Current Action:

Officers are preparing an AEE for a Resource Consent to de-sludge the pond spread the sludge onto the land next to the wastewater ponds.

Timeframe Delivery Risk:

This project risk is considered **High** (unlikely/major). Delays in obtaining a resource consent will delay the physical works.

Budget Risk:

This project risk is considered **High** (almost certain/major). While no budget is assigned for these works in this year's LTP, \$3.4M has been assigned in years 4 to 10 of the 2024-34 Long Term Plan.

5.9. Pipe at Swansea Road Bridge (9)

Description:

The wastewater pipe at the Swansea Road bridge over the Patea River is a critical part of the wastewater network given its proximity to the wastewater ponds. This pipe has dropped, causing a backflow in the network.

Current Action:

The contractor started works to repair the pipe in February. It is scheduled to be completed in April 2025.

Timeframe Delivery Risk:

This project risk is considered **Moderate** (rare/major). The contract for the physical works started in February 2025.

Budget Risk:

This project risk is considered **Moderate** (rare/major). The contract for the physical works was awarded in November 2024. The tendered price was lower than the budgeted amount.

5.10. Universal Water Metering (10)

Description:

The Council is currently replacing water tobies with manifolds in Stratford, which is being closely followed with the installation of electronic water meters. A key benefit of this project is identifying leaks in the networks and controlling water usage.

Current Action:

The contractor started installing manifolds at the north/west sector of Stratford in February. Completion is expected to be in August 2025 due to contract negotiation delays.

Timeframe Delivery Risk:

This project risk is considered **High** (almost certain/important). The contractor responsible for the original contract went into liquidation. Contract negotiation with a new contractor caused delays in January/February meaning the expected completion date is August 2025.

Budget Risk:

This project risk is considered **Low** (rare/important). With the tendered price lower than the budgeted amount, it is expected that this project will be completed within budget.

5.11. Fluoride Plant Upgrade (11)

Description:

Council is investigating the procurement of an automated fluoride day tank. The installation of this tank will minimise the risk of over-dosing the water supply with fluoride and comply with good practise guidelines for fluoridation of water supply.

Current Action:

Procurement documentation being finalised to advertise in March 2025.

Timeframe Delivery Risk:

This project risk is considered **High** (likely/serious). A request for design and installation is expected to be advertised in March 2025. Delivery of complete installation is expected to be complete by June 2025.

Budget Risk:

This project risk is considered **Moderate** (unlikely/serious). Initial conversations have highlighted an installation costing of less than the budgeted amounts.

5.12. Stratford Grit Tanks (12)

Description:

The Stratford Grit Tanks and raw delivery line project is projected to be constructed over two financial years. This will replace the 100 year old grit tanks and provide resilience for the raw water delivery line.

Current Action:

Detailed design for the grit tanks and the raw water delivery line ongoing. Design is expected to be complete in April 2025 due to the ongoing complexities for this project.

Timeframe Delivery Risk:

This project risk is considered **High** (possible/serious). The design investigations are currently raising concerns that need addressing so the design can be finalised. Officers are working with the design team to ensure this project is delivered on time.

The grit tanks and delivery line are currently functioning, so no water supply issues are anticipated. The council has a three-day water storage reserve in case of supply disruption, and emergency plans are in place in the event of a failure in the delivery line or grit tanks.

This project is split over two years, with the first year funded through the Better off Funding package. Any delays in the project will mean the project will be carried over into the 2025/26 financial year.

Budget Risk:

This project risk is considered **High** (possible/serious). The project is still expected to remain within budget. However, due to the complexity of the work involved, it is currently uncertain whether the physical execution will stay within the budgeted amount. Approximately 20% of the 2024/25 budget is expected to be spent in this financial year.

5.13. Membranes (13)

Description:

The Water Treatment Plant has 25 membranes filters that are a critical component in the process of providing drinking water to Stratford that meets industry standards.

Only one supplier has been identified for these filters in New Zealand, which may lead to potential supply delays. To mitigate this risk, officers are maintaining a backup supply.

Timeframe Delivery Risk:

This project risk is considered **Moderate** (unlikely/serious). Only one supplier has been identified in New Zealand. Delivery cost is within budget.

Budget Risk:

This project risk is considered **Moderate** (unlikely/serious). Only one supplier has been identified in New Zealand, creating a monopoly market.

6. Strategic Alignment

6.1. Direction

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

6.2. Annual Plan and Long Term Plan

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

6.3. 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.

Attachment:

Appendix 1 – 2024/25 Significant Capital Work Projects



Steve Taylor
Projects Manager



[Endorsed by]
Victoria Araba
Director - Assets



[Approved by]
Sven Hanne
Chief Executive

Date 7 March 2025

APPENDIX 1: 2024/25 SIGNIFICANT CAPITAL WORK PROJECTS

Project Number	Project	Category	Significance	Project Status	Budget Y1	Other Funding	Actual Spent	Timeframe Delivery	Budget Tracking
1	Prospero Place Development	Civic Amenities	Critical asset Complexity of project Scale of project	Landscape Architect has completed topographical surveys, data collection of traffic flow and lighting. Remedial works for the Paper Plus wall is complete.	\$ 300,000	\$ -	\$ -	3: Moderate Possible/Important	4: Moderate Likely/Important
2	TET Multisports Centre infrastructure renewals	Civic Amenities	Critical asset Complexity of project	Automatic main entrance door with associated works installed in January. Fire Security system will be completed in March 2025, along with access control system.	\$ 50,000	\$ -	\$ 51,863	3: Moderate Unlikely/Serious	5: High Almost Certain/Important
3	Cardiff Walkway new aluminium steps and bridge	Parks, Reserves, & Cemeteries	Complexity of project	AEE and Resource Consent application is underway	\$ 50,000	\$ -	\$ -	4: Moderate Likely/Important	3: Moderate Possible/Important
4	41 Flint Road subdivision	Economic Development	Critical asset Complexity of project Scale of project Adverse environmental effects	Concept plan finalised, taking into account wetland area. Officers are finalising procurement documentation for a surveyor.	\$ 2,600,000	\$ -	\$ 21,266	4: Moderate Likely/Important	5: High Almost Certain/Important
5	Modelling	Stormwater	Critical asset	Procurement plan underway.	\$ 287,000	\$ 113,000	\$ -	3: Moderate Possible/Important	2: Moderate Unlikely/Important
6	Silt retention Victoria Park	Stormwater	Critical asset	Sample sent for analysis to confirm material can be spread as a permitted activity. Once confirmed, Officers will determine spreading locations.	\$ 100,000	\$ -	\$ 5,555	1: Low Rare/Serious	3: Moderate Unlikely/Serious
7	Desludging wastewater treatment ponds	Wastewater	Critical asset Complexity of project Adverse environmental concerns	Officers are preparing AEE for Resource Consent spread onto land next to wastewater ponds.	\$ -	\$ -	\$ -	8: High Unlikely/Major	5: High Almost Certain/Important
8	Treatment Upgrade	Wastewater	Critical asset	Complete	\$ 50,000	\$ -	\$ 139,197	Complete	20: Extreme
9	Pipe at Swansea Road bridge	Wastewater	Critical asset Complexity of project Adverse environmental concerns	Works underway. Scheduled to be completed in March/April 2025.	\$ 300,000	\$ -	\$ 805	4: Moderate Rare/Major	4: Moderate Rare/Major
10	Universal water metering	Water Supply	Critical asset Scale of project	Works underway in the north/west sector of Stratford. Completion is expected to be in August 2025 due to contract negotiation delays.	\$ 1,593,851	\$ -	\$ 97,935	5: High Almost certain/Important	1: Low Rare/Important
11	Fluoride plant upgrade	Water Supply	Critical asset	Documentation being finalised to advertise in March 2025.	\$ 300,000	\$ -	\$ -	6: High Likely/Serious	3: Moderate Unlikely/Serious
12	Stratford grit tanks	Water Supply	Critical asset Complexity of project Scale of project	Detailed design ongoing. Design is expected to be completed in April 2025 due to ongoing complexities for this project.	\$ 70,000	\$ 2,000,000	\$ 146,508	4: High Possible/Serious	4: High Possible/Serious
13	Membranes	Water Supply	Critical asset	Order has been placed with the supplier.	\$ 160,000	\$ -	\$ -	3: Moderate Unlikely/Serious	3: Moderate Unlikely/Serious
Total					\$ 5,860,851	\$ 2,113,000	\$ 463,129		

INFORMATION REPORT



F22/55/04 – D25/7817

To: Audit and Risk Committee
From: Director – Corporate Services
Date: 18 March 2025
Subject: Audit Matters Outstanding – Deloitte Annual Audit

Recommendation

THAT the report be received.

Recommended Reason

This report informs the Committee of the issues identified in the final Deloitte Audit Management Report for the 2023/24 Annual Report.

/_____
 Moved/Seconded

1. Purpose of Report

- 1.1 To provide an update to the Committee of Council's response to auditor recommendations, that were identified during the audit of the 2023/24 Annual Report.

2. Executive Summary

- 2.1 The final audit report for the year ended 30 June 2024, was provided from Deloitte on 29 November 2024, and presented to the Council Ordinary meeting on 10 December 2024. Although council received an unmodified ('clean') audit opinion, auditors determined an unadjusted difference in the Group financial statements for the Percy Thomson Trust and highlighted some control deficiencies for the Council.
- 2.2 This report is in line with the Audit and Risk Committee's Terms of Reference which includes a responsibility *"To review the external audit findings and the annual financial statements and report back to the Council"*.

3. Local Government Act 2002

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

4. Background

- 4.1 Deloitte issued an unmodified audit opinion for the year ended 30 June 2024. In conjunction with the audit opinion, Deloitte issued a final audit report setting out the specific areas of audit focus, the audit findings, and highlighting areas where improvements could be made – refer **Appendix 2** for the full report.
- 4.2 Good progress has been made on addressing some audit findings. **Appendix 1**, provides an update on current status and timeframe for resolution where relevant.

5. Information Summary

- 5.1 Refer to **Appendix 2** for the Deloitte Audit Report for the year ended 30 June 2024.

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 District Plan

Not applicable

6.4 Legal Implications

Not applicable

6.5 Policy Implications

The Annual Report may report against compliance with Council policy. Additionally, auditors recommended that policies be reviewed in a more timely manner.

Attachments:

Appendix 1 – Outstanding Audit Findings / Actions and Status

Appendix 2 – Deloitte Audit Report for the year ended 30 June 2024



Raelene Johnson
Director – Corporate Services



[Approved by]
Sven Hanne
Chief Executive

Date: 7 March 2025

Appendix 1

Audit Finding/Observation	Current status	Staff Comments	Expected Timeframe for Completion
Percy Thomson Trust The Council is subject to Tier 2 financial reporting standards. Under these standards and the Council's accounting policies, the Trust's investments should be recognised at fair value in the Group financial statements, not at cost (as is the current accounting treatment).	No change	This deviation from Tier 2 financial reporting standards is consistent with previous years. The value difference as at 30 June 2024 is estimated at \$252k, which is noted as an unadjusted difference in the auditors report. There are no significant consequences from this valuation difference and no changes are proposed.	Not applicable
Timely Review of Policies Deloitte identified that the following three policies were not reviewed within cycle: <ul style="list-style-type: none"> • Procurement Policy • Anti-fraud and corruption policy • Presentations to elected members and staff policy 	Two of these have now been reviewed and updated, with the Procurement Policy still outstanding.	Council's significant workload has delayed these. The Council is currently in the process of recruiting a part-time Policy Analyst to assist in completing policy reviews in a more timely manner.	30 June 2025
Resource Consent Reporting Measure During testing of the resource consent service reporting measures it was identified that there was currently no system report able to be generated to outline all resource consents issued in the period and the time frame in which they were issued.	In progress	The IT team are currently working on this report and the configuration of the system workflow which supports this.	30 June 2025
Fuel card Expenditure Approval An instance when one-up approval of the CEO's fuel card expenditure was not followed per the Delegations Policy was identified.	Corrected	This was an internal oversight, for which the process was already corrected prior to it being identified during the audit.	Completed

Audit Finding/Observation	Current status	Staff Comments	Expected Timeframe for Completion
<p>Unmatched Asset Management and Financial Accounting Data</p> <p>When asset valuations are undertaken there are inconsistent timings of asset capitalisation in the AMS (AssetFinda) system, making reconciliation to the financial accounting system (Authority) difficult. Deloitte recommend implementing a robust reconciliation process including utilising data integration tools.</p>	No change	<p>This has been raised by auditors previously and solutions investigated.</p> <p>Data integration between different software products has significant one-off as well as ongoing maintenance costs.</p> <p>There is currently no financially viable (if any) database solution on the market that achieves the proposed outcome, we do however agree with the intent.</p>	Not applicable
<p>Performance Information</p> <p>During the audit they observed that a number of measures do not have a quality assurance process over the individual items/entries recorded in the performance reporting system to ensure that the data being collected is accurate and complete.</p>	Corrected	Non-financial measures are reported on monthly to Council's Policy and Services Committee. Senior Management is reviewing this information prior to publication of the report.	Completed
<p>Asset Valuation Reports</p> <p>It was noted that the review of asset valuation reports was performed by management without the input from those charged with governance, and that much reliance was placed on the expertise of the valuer. It is recommended that these are reviewed and challenged by both management and the Audit and Risk Committee.</p>	In progress	<p>Going forward, a thorough internal review to sense-check future revaluations will be introduced.</p> <p>Asset valuation reports will also be reviewed at either the Audit and Risk Committee or the Policy & Services Committee (depending on agenda timelines alignment with annual report deadlines).</p> <p>The next asset valuations reports aren't scheduled until June 2026.</p>	30 June 2026
<p>IT Systems – User Access Management</p> <p>The review identified a large number of sysadmin accounts which increases the risk of unauthorised access. Deloitte recommends a formal review of all sysadmin accounts within the Authority Database.</p>	Corrected	A review has been completed, with five accounts requiring either edit or removal.	Completed



Stratford District Council and Group

Report to the Council
for the year ended 30 June 2024

29 November 2024



Purpose of report

This report has been prepared for Stratford District Council's Elected Members (the 'Elected Members') and is part of our ongoing discussions as auditor in accordance with our engagement letter dated 11 July 2024 and as required by the auditing standards issued by the Auditor-General that incorporate the New Zealand auditing standards.

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

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

Responsibility statement

We are responsible for conducting an audit of Stratford District Council (the 'Council') and the Percy Thomson Trust (hereafter collectively referred to as the 'Group') for the year ended 30 June 2024 in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and International Standards on Auditing (New Zealand).

We have performed a separate statutory audit for Percy Thomson Trust for the year ended 30 June 2024, which forms part of the consolidated financial statements.

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

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



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Our final report



Introduction

Dear Elected Members

We are pleased to provide you with the results of the audit of Stratford District Council (the 'Council') and its subsidiary, Percy Thomson Trust, (collectively, the 'Group') for the year ended 30 June 2024. Included in this report are the results and insights arising from our audit which we consider appropriate for the attention of the Elected Members. These matters have been discussed with management and their comments have been included where appropriate. We also include those matters we are required to report to you in accordance with the auditing standards. As a result, this report is intended for the Elected Members and should not be distributed further.

This is the last year we will be involved in the year end audit. We would like to take this opportunity to extend our appreciation to management and staff for their assistance and cooperation during our tenure as your appointed auditor.

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

Yours sincerely,

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

Pam Thompson, Partner
for Deloitte Limited
Appointed Auditor
On behalf of the Auditor-General
Wellington | 29 November 2024





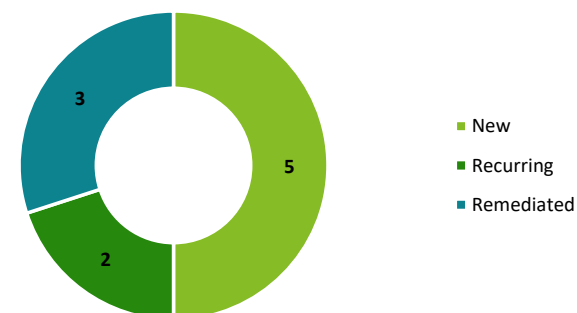
Executive Summary

This executive summary details the key matters arising from our audit

Key areas of audit focus		Status
1	Valuation of assets	
2	Management's ability to override controls	
3	Revenue recognition	
4	Government reviews and proposals	
5	Specific OAG audit brief matters	
6	Statement of service performance	
7	Percy Thomson Trust	
	Completed, no issues noted.	Completed, insights identified. Completed, significant findings identified.

Misstatements and deficiencies			
(\$000)	As presented (Group)	Aggregate unadjusted misstatements Previously reported	Adjusted Balance
Assets	537,915	252	538,167
Liabilities	40,931	-	40,931
Equity	496,984	252	497,236
Net (Deficit)/Surplus	(288)	-	(288)

Control deficiencies





Areas of audit focus – dashboard

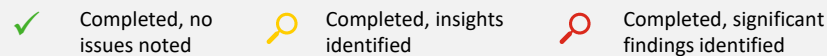
The following areas of audit focus are consistent with the areas identified in our planning report. Findings in respect of the control environment are discussed later in this report.

Area of audit focus	Significant risk	Fraud risk	Level of management judgement required	Findings	Page #
Valuation of assets	✓	-	●	🔍	8
Management's ability to override controls	✓	✓	-	✓	9
Revenue recognition	-	-	●	✓	10
Government reviews and proposals	-	-	●	✓	11
Specific OAG audit brief matters	-	-	●	✓	12
Statement of Service Performance	-	-	●	🔍	13
Percy Thomson Trust	-	-	●	🔍	14

Level of management judgement required



Findings





Areas of audit focus

Valuation of assets

Risk identified

The Council has a significant asset base with several assets classes carried at fair value. These assets are revalued on a three-year cycle.

The following asset classes are carried at fair value, including the date at which they were last revalued:

- Roading assets – 30 June 2024
- Three waters infrastructure – 30 June 2024
- Land and buildings – 30 June 2023

What it meant for our audit in 2024

Management engaged independent valuers, Beca Projects NZ Limited, to assist with the revaluation of roading assets and three waters infrastructure in the current year. Fair value was assessed using the depreciated replacement cost (DRC) approach, where the replacement cost of a modern equivalent asset is used as the starting point and optimisation and depreciation are applied to adjust for age, condition, performance and remaining useful life.

For land and buildings, management and the Elected Members were required to perform a fair value assessment to ensure that the carrying value of the assets as at 30 June 2024 did not differ materially from their fair value. This assessment required a degree of management judgement given the various assumptions used in determining fair value and therefore input was obtained from independent experts, TelferYoung.

The fair value assessment of assets is an area that continues to receive increased focus in the sector and therefore has been identified as a significant risk in the current year.

Audit response

For those assets where a revaluation has been performed (roading assets and three waters infrastructure), we have:

- Read and understood the valuer's report, in particular the valuation methodology and underlying assumptions adopted;
- Obtained representation directly from the independent valuer confirming their independence and alignment of methodology with the requirements of PBE IPSAS 17 *Property, plant and equipment*;
- Reviewed the key underlying assumptions used and challenged assessments made to ensure these assumptions are reasonable and in line with the accounting standards; and
- Ensured the revaluation transaction is correctly accounted for and disclosed in the financial statements.

Specific procedures performed to assess the reasonability of the cost of a modern equivalent assets applied in the revaluations included:

- For three waters infrastructure, recalculated the Capital Good Price Index ('CGPI') indexation between 2021 and 2024, using information directly from Stats NZ;
- For roading assets, recalculated the Roading Construction Index ('RCI') applied in the valuation using the cost indices included in NZ Transport Agency Waka Kotahi's procurement tool indices; and
- For a sample of assets across both categories, calculated an independent expectation of replacement cost and depreciated replacement cost by applying our recalculated index movements to cost of specific assets per the 2021 valuation.

For land and buildings carried at fair value where no revaluation has been performed, we have:

- Obtained management's assessment of the indicative movement in fair value, supported by the reports from independent experts; and
- Assessed the assumptions and input applied to the quantitative assessment, using market-based evidence where available and agreeing to appropriate supporting documentation.

Audit findings

From our analysis, we have not identified any material issues in relation to the valuations or fair value assessments performed. Refer to pages 15 to 18 for control findings raised.

The valuation adjustment of \$52m arising from the Council's roading and water assets has been recorded in the financial statements.

Management's conclusion that the land and buildings assets' fair value approximates carrying value appears to be reasonable.



Areas of audit focus

Management's ability to override controls

Risk identified

In accordance with the International Standard on Auditing (New Zealand) 240 *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements* ('ISA (NZ) 240'), there is a presumed risk associated with management's ability to override controls.

Management's ability to override controls is identified as a fraud risk because it relates to those controls in which manipulation of the financial results could occur. It has a potential impact to the wider financial statements and is therefore a significant risk.

What it meant for our audit in 2024

This is a mandatory area of focus for all audits, and we have designed and performed audit procedures to respond to this presumed risk.

Audit response

We have:

- Understood and evaluated the financial reporting process and controls over journal entries and other adjustments made in the preparation of the financial statements;
- Tested the appropriateness of a sample of journal entries and adjustments and made enquiries about inappropriate or unusual activities relating to the processing of journal entries and other adjustments;
- Reviewed accounting estimates for biases that could result in material misstatement due to fraud, including assessing whether the judgements and decisions made, even if individually reasonable, indicate a possible bias on the part of management;
- Performed a retrospective review of management's judgements and assumptions relating to significant estimates reflected in last year's financial statements; and
- Obtained an understanding of the business rationale of significant transactions that we become aware of that are outside the normal course of business or that otherwise appear to be unusual given our understanding of the entity and its environment.

Audit findings

We have not identified any material issues.



Areas of audit focus

Revenue recognition

Risk identified

ISA (NZ) 240 requires us to presume there are risks of fraud in revenue recognition and therefore this is a focus area for the audit.

The Council has various revenue streams, which are required to be considered separately to ensure they are in line with the PBE Accounting Standards.

Failure to comply with rating law and the associated consultation requirements can create risks for rates revenue. Compliance with the detail of the Local Government (Rating) Act 2002 ('LGRA') is vital; if the rate is not within the range of options and restrictions provided for in the LGRA, it may not be valid.

Management and the Council need to ensure that the requirements of the LGRA are adhered to and that there is consistency between the rates resolution, the Funding Impact Statement for the year, and the Revenue and Financing Policy in the respective Long Term Plan ('LTP') or Annual Plan ('AP').

What it meant for our audit in 2024

A material misstatement due to fraudulent financial reporting relating to revenue recognition often results from an overstatement of revenue through, for example, premature revenue recognition or recording of fictitious revenues through, for example, improperly shifting revenues to a later period.

We have rebutted the significant risk of fraud associated with revenue recognition, due to our understanding and risk assessment of the Council's various revenue streams. However, due to the significance of revenue to the financial statements, we have identified revenue recognition as an area of audit focus.

Audit response

We have:

- Understood, evaluated and tested the design and implementation of relevant controls that address the risks of revenue recognition;
- Assessed the quality of information produced from the IT system and ensured accuracy and completeness of reports that are used to recognise revenue;
- Completed the 'rates questionnaire' compiled by the Office of the Auditor General, to confirm whether rates have been set correctly;
- Reviewed the meeting minutes recording the adoption of the rates resolution to ensure the rates are in accordance with the Revenue and Financing Policy, as well as reviewed any other information available with regards to rates;
- Completed analytical procedures by developing expectations based on our knowledge of the Sector and key performance measures for rates revenue;
- Performed tests of detail over transactions recorded in the general ledger by tracing these transactions to supporting documentation, including bank statements, for other material revenue streams; and
- Assessed the impact of any changes to revenue recognition policies.

Audit findings

No issues came to our attention regarding rates and compliance with the Local Government (Rating) Act 2002 or revenue recognition controls and processes.





Areas of audit focus

Government reviews and proposals

Risk identified

There continues to be change in the Sector with new regulatory requirements (new and updated national policy statements) in place or proposed, most notably the three waters reform in recent years, as well as other areas being considered by the Government.

This constant change makes it challenging for councils to plan ahead, particularly because of the uncertainties of regulatory settings and the significant cost implications of these changes.

What it meant for our audit in 2024

Three waters reform

Local Water Done Well ('LWDW') is the Government's water services reform programme aimed at addressing New Zealand's water infrastructure challenges.

The first stage to this was repealing the water services legislation constituting the Water Services Entities Act 2022, the Water Services Legislation Act 2023 and the Water Services Economic Efficiency and Consumer Protection Act 2023. This legislation was repealed on 17 February 2024.

Following the repeal the Water Services Reforms has been replaced by Local Water Done Well water reforms which are to be implemented in two further stages.

The second stage, the Local Government (Water Services Preliminary Arrangements) Act 2024 (the 'Act'), was enacted on 2 September 2024. This legislation establishes a framework and preliminary arrangements for the delivery of water services. It requires Councils to develop Water Services Delivery Plans to be approved within 12 months of the legislation being enacted.

Audit response

As part of our audit procedures, we have:

- Continued to follow up on the impact of these initiatives to the Council; and
- Maintained close communication with the Office of the Auditor General if there are any other areas that require further consideration.

Unlike previous years, the audit reports of affected councils no longer include an emphasis of matter paragraph to draw readers' attention to disclosures made in the financial statements setting out the affordable water reforms and their impact on the councils' operations.

Audit findings

These reforms have had no impact on the 2024 financial statements or performance information.

For the third stage, the Government has indicated that it will introduce a Bill in December 2024 that will establish enduring settings for the new water services system. The Government aims to have the new water services entities in place by mid-2025.

As noted, the Act requires territorial local authorities to submit Water Services Delivery Plans ('WSDP') to the Secretary of Local Government by 3 September 2025. In broad terms, a WSDP must identify the current state of the council's water services and show how the council will deliver those services in a way that:

- meets relevant regulatory quality standards for stormwater, wastewater and water supply networks;
- is financially sustainable;
- ensures compliance with drinking water quality standards; and
- supports the council's housing growth and urban development objectives.

This WSDP requires councils to identify a financially viable pathway to delivering water services. The legislation also requires that councils are to:

- consider a minimum of two options – maintain the status quo or form a Council Controlled Organisation (as per the guidance provided by the Department of Internal Affairs); and
- consult with the community on the options.



Areas of audit focus

Specific OAG audit brief matters

OAG Theme

Each year the OAG publishes a report based on a theme which we, as appointed auditors, assist to gather information as requested. Focus by the OAG in the current year is predominately on the 2024-34 Long Term Plan audits, which we have reported on previously.

Other themes in the 2023/24 audit brief remain consistent with previous periods and include:

- Water reforms (refer to previous slide); and
- Climate change and resilience of infrastructure assets to the risk of natural hazards.

Other areas of focus

As a public entity there are certain sector behavioural expectations placed on the Council. The following have been identified by the OAG as areas of focus:

- Effectiveness and efficiency, waste and a lack of probity or financial prudence;
- Sensitive expenditure;
- Fraud risk factors; and
- Compliance with laws and regulations.

Audit response

OAG audit brief

We will include a conclusion on our findings with regards to the areas of audit focus outlined in this report and will inform management and the Elected Members of any information that we may provide to the OAG.

Other areas of focus

We have integrated the OAG audit brief into our overall audit field work and interaction with the Council, this included:

- Reviewing a sample of sensitive expenditure areas and items to ensure that the expenditure is compliant with the Council's policies, procedures and best practice. Our work specifically included looking to ensure that the business purpose of expenditure is documented and all expenditure has been appropriately approved using the 'one-up' principle as recommended by the OAG;
- Performing a review of significant related party transactions including conflicts of interest to ensure all appropriate disclosures surrounding these transactions have been made in the financial statements;
- Enquiring with the Committee, management, and others within the entity regarding the risk of fraud within the Council and the processes in place to mitigate those risks;
- Evaluating the processes and monitoring procedures over legislative compliance with an aim of assessing the appropriateness and effectiveness in enabling compliance with material legislative and regulatory requirements.

Reporting to the OAG

We are required to report to the OAG the results of our audit within 72 hours of signing the reports. This reporting includes signed consolidated financial statements, audit report, summary of audit findings, and final report to the Council.

Audit findings

No issues came to our attention regarding OAG themes. Refer to pages 15 to 18 for control findings raised.





Areas of audit focus

Statement of service performance

Risk identified

PBE FRS 48 *Service Performance Reporting* includes the requirements for the selection and presentation of service performance information. It applies to Tier 1 and 2 not-for-profit PBEs and to public sector PBEs which are required by law to report service performance information in accordance with GAAP.

The Council's annual report is required to have an audited Statement of Service Performance ('SSP') which reports against the performance framework included in the Annual Plan / Long Term Plan.

The SSP is an important part of the Council's annual performance reporting and it is important it adequately 'tells the performance story' for each group of activities.

What it meant for our audit in 2024

Our audit opinion considers whether the service performance information:

- Is based on appropriately defined elements (outcomes, impacts, outputs), performance measures, targets/results; and
- Fairly reflects actual service performance for the year (i.e. not simply reporting against forecast).



Audit response

We have:

- Reviewed the Council's SSP against legislative requirements and good practice. This included checking consistency with the performance framework included in the Annual Plan and the Long Term Plan;
- Audited a sample of the reported performance measures, with a focus on the more significant groups of activities; and
- Reviewed the narrative commentary and explanatory information provided in the annual report to ensure that this provides sufficient information to the readers, i.e. 'tells the performance story'.

Audit findings

We have not identified any material issues. Refer to pages 15 to 18 for control findings raised.



Areas of audit focus

Percy Thomson Trust

Risk identified

The Percy Thomson Trust (the 'Trust') is a Council-Controlled Organisation and is consolidated as part of the Stratford District Council Group.

The Trust applies Public Benefit Entity Simple Format Reporting - Accrual (Public Sector)' ('PBE SFR-A (PS)). This standard is replaced for periods beginning on or after 1 April 2024 by the XRB's Tier 3 (PS) Standard *Reporting Requirements for Tier 3 Public Sector Entities*.

What it meant for our audit in 2024

We have audited the performance report of the Trust for the financial year ended 30 June 2024.

We have reported in more detail separately to the Trustees of the Trust.

Audit response

We have:

- Reviewed the Trust's SSP against legislative requirements and good practice. This included checking consistency with the performance framework included in the Trust's Statement of Intent;
- Conducted appropriate audit procedures in response to identified risks of material misstatement, including revenue, financial assets, and the valuation of land and buildings; and
- Tested the appropriateness of a sample of journal entries and adjustments and made enquiries about inappropriate or unusual activities relating to the processing of journal entries and other adjustments.

Audit findings

The Trust holds investments in commercial property through proportionate ownership schemes and property investment funds. In the standalone financial statements of the Trust these are held at cost, as is allowed under the Trust's accounting policies and the applicable Tier 3 financial reporting standards.

The Council is subject to Tier 2 financial reporting standards. Under these standards and the Council's accounting policies, these investments should be recognised at fair value.

Consistent with prior years, these investments have not been recognised at fair value in the Group financial statements. This results in an understatement of investments to the amount of \$252k which is included as an unadjusted difference on page 19 of this report.

Other than the matter noted above, we have not identified material issues.



Your control environment and findings

Details of findings identified

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

Finding/observation	Business implication from control deficiency	Deloitte recommendation and update	Management response and remediation plan
Matters identified in the prior year, recurring in the current year			
<p>The Council's policies are due to be reviewed every three years. However, the following policies were not reviewed within cycle:</p> <ul style="list-style-type: none"> • Procurement policy; • Anti-fraud and corruption policy; and • Presentations to elected members and staff policy. 	<p>The policies which are not reviewed and updated regularly may result in the policy not reflecting the changing circumstances of the Council (if any) or the updated requirements as set forth by the OAG under the Good Practice guide.</p>	<p>We recommend that the Council adheres to the policy review timelines it sets itself and adopts best practice by reviewing policies on a timely basis.</p> <p>Update:</p> <p>We note that the anti-fraud and corruption policy was reviewed and updated in April 2024 and the presentation to elected members policy was reviewed and updated in March 2024. We understand that the procurement policy is currently in internal review, however the process is ongoing.</p>	<p>Council is in a catch-up phase on policies after significant other workload delayed these. Council is also creating a part time policy analyst role to better address internal and external policy matters.</p>
<p>When performing procedures over the Resource Consent Reporting Measure, it was identified that there was currently no system report able to be generated to outline all resource consents issued in the period and the time frame in which they were issued.</p>	<p>There is a risk that the number of resource consents is incorrectly reported due to a consent approved being omitted when manually recalculating the measure.</p>	<p>We recommend that the Council implement a process to ensure that there is a check for completeness and accuracy of data, and evidence is retained to enable reperformance of the process.</p>	<p>This has been on the work programme for our IT team and we will prioritise this.</p>



Your control environment and findings

Details of findings identified cont.

Finding/observation	Business implication from control deficiency	Deloitte recommendation and update	Management response and remediation plan
Matters identified in the current year			
We identified an instance where the CEO's fuel card expenditure was not one-up approved by a delegated authority in line with the policy.	If expenditure is not subject to one-up approval there is a risk that inappropriate goods or services are purchased.	We recommend that all expenses are approved by an independent individual with the appropriate delegated authority.	Agreed, this was an internal oversight and was corrected for the remainder of the financial year prior to being identified as part of this audit.
<p>The current systems, asset management (AssetFinda) and the financial system, treat work-in-progress (WIP) assets differently, making it difficult to accurately match asset management and financial accounting data. The inconsistent timing of asset capitalisation undermines data comparison between systems and compromises the accuracy of asset quantity reconciliation.</p> <p>There is an expectation that this data is reconciled when the valuations are undertaken to ensure that any reconciling items are fully understood and can be explained.</p> <p>Over the last valuation cycles, we have seen a significant increase in the quantum of the variance.</p>	The inconsistencies in asset treatment can result in asset duplication and inaccurate valuations.	<p>To ensure accurate and consistent asset data, we recommend implementing a robust reconciliation process between AssetFinda and the financial accounting system.</p> <p>1. Strengthen Data Reconciliation:</p> <ul style="list-style-type: none"> -Regular Data Checks: Implement a regular process to compare asset information between AssetFinda and the financial accounting system. - Investigate Differences: When differences are identified, particularly in areas like Work-in-Progress (WIP) capitalisation, conduct thorough investigations to determine the root cause. -Take corrective actions to address any issues and implement measures to prevent same problems in the future. <p>2.Leverage Technology for Efficiency</p> <ul style="list-style-type: none"> -Data Integration Tools: Utilise data integration tools to automate the data extraction, transformation, and comparison processes. This can significantly reduce manual effort and improve efficiency. 	<p>This has been raised by auditors previously and solutions investigated.</p> <p>Data integration between different software products has significant one-off as well as ongoing maintenance costs.</p> <p>There is currently no financially viable (if any) database solution on the market that achieves the proposed outcome, we do however agree with the intent.</p>



Your control environment and findings

Details of findings identified cont.

Finding/observation	Business implication from control deficiency	Deloitte recommendation and update	Management response and remediation plan
Matters identified in the current year			
<p>As part of our audit of the performance information, we performed a walkthrough of the process for how data is recorded for each measure, and ultimately feeds into the statement of performance.</p> <p>We observed that a number of measures do not have a quality assurance process over the individual items/entries recorded in the performance reporting system to ensure that the data being collected is accurate and complete.</p> <p>Council does have a number of indirect, monitoring controls in place such as regular internal reporting on non-financial measures.</p>	<p>It is critical that – similar to the financial information systems – appropriate audit trails and quality assurance processes are in place to ensure that the underlying data used to prepare the statement of performance is complete and accurate.</p>	<p>We recommend that the director responsible for each group of activities performs detailed reviews over the completeness and accuracy of the underlying data used in performance reporting.</p> <p>This finding is common across the public sector and other not-for-profit clients, and we often find that the maturity of the internal control environment for non-financial information lags behind that for the financial information – where members of the finance team often have a stronger background in, or experience of, an audit process.</p>	<p>As all non-financial measures are currently reported on monthly to Council's Policy and Services Committee, we will ensure this information is reviewed by Senior Management on a monthly basis prior to publication of the report.</p>
<p>We observed that the review of asset valuation reports was performed by management without the input from those charged with governance, and that much reliance was placed on the expertise of the valuer.</p> <p>While management is not expected to have the expertise to reperform the valuation, they must have the knowledge and experience to sufficiently challenge and oversee the work performed by the expert. This includes being satisfied with the completeness and accuracy of the information provided to the expert, and understanding and challenging significant assumptions and judgements made by the expert.</p>	<p>Without appropriate review and challenge by management and those charged with governance there is a risk that the valuations adopted in the annual report are incomplete, inaccurate and inappropriate.</p>	<p>We recommend that the valuation reports are reviewed and challenged by both management and the Audit and Risk Committee.</p>	<p>Going forward, we will introduce an internal review/audit process to sense-check a subset of revaluation data for future revaluations.</p>



Your control environment and findings

IT systems

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

Areas impacted	IT system	Completed as planned?	Deficiencies identified	Findings/Observations
Matters identified in the prior year, recurring in the current year				
User access management	Authority	✓	●	<p>The review identified 15 sysadmin accounts within SDC's Authority Database, some of which include inherited roles. Management has not yet completed a formal review to determine the necessity of elevated privileges for these accounts. As a result, there is a risk that some accounts may retain excessive or inappropriate access due to the lack of oversight.</p> <p>An excessive number of sysadmin accounts in the database increases the risk of unauthorised access to sensitive information. It undermines the principle of least privilege, complicates oversight, and makes it harder to detect or respond to unauthorised activities. This exposes the organisation to security vulnerabilities, non-compliance with access control policies, and risks of data breaches or operational disruptions.</p> <p>It is recommended that Management conducts a formal review of all sysadmin accounts within SDC's Authority Database to assess the necessity of elevated privileges. This review should:</p> <ol style="list-style-type: none">1. Identify and Remove Unnecessary Privileges: Determine which accounts require sysadmin access based on job roles and responsibilities, and remove unnecessary or excessive privileges from accounts that do not require them.2. Establish a Periodic Review Process: Implement a regular review of privileged accounts to validate that access levels remain appropriate and are aligned with current operational needs.3. Enhance Access Governance: Document and enforce formal policies for managing privileged accounts, including approval workflows, regular monitoring, and oversight.

●

 Significant deficiencies reported

●

 Other matters for attention reported

●

 No significant issues identified



Summary of unadjusted differences

We have communicated to management all misstatements accumulated during the audit and have requested that management correct those misstatements. We have obtained an understanding of the misstatements below, and management’s reasons for not making the corrections, and based on our evaluations have determined that no uncorrected misstatements individually or in aggregate, have a material effect on the financial statements for the year ending 30 June 2024.

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

The unadjusted differences we have identified are set out below.

Unadjusted misstatements identified	Assets Dr/(Cr) (\$)	Liabilities Dr/(Cr) (\$)	Equity Dr/(Cr) (\$)	Profit or loss Dr/(Cr) (\$)
Current year:				
Percy Thomson Trust’s financial assets carried at cost and not revalued for consolidation purposes	252,322		(252,322)	
Total	252,322	-	(252,322)	-

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



Our audit report

Matters relating to the form and content of our report

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

66
99

Our opinion on the financial statements

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

We anticipate that we will issue an unmodified opinion on the Percy Thomson Trust performance report.



Going concern

We have not identified a material uncertainty related to going concern and will report by exception regarding the appropriateness of the use of the going concern basis of accounting.

There are no matters relevant to users' understanding of the audit that we consider necessary to communicate in relation to the going concern assumption.



Emphasis of matter and other matter paragraphs

There are no matters we judge to be of fundamental importance in the financial report that we consider it necessary to draw attention to in an emphasis of matter paragraph.

There are no matters relevant to users' understanding of the audit that we consider necessary to communicate in an other matter paragraph.

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

- Procedures on subsequent events; and
- Council to approve the annual report and representation letter



Financial reporting and other developments



Developments in financial reporting

Public benefit entities

The following table provides a high-level summary of the major new accounting standards, interpretations and amendments that are relevant to the Group. A full list of the standards on issue but not yet effective is released quarterly and is available here: https://www2.deloitte.com/nz/en/pages/audit/articles/accounting-alert.html?icid=top_accounting-alert

Major new standard, interpretation or amendment	Effective date (periods beginning on or after)
Disclosure of Fees for Audit Firms’ Services (Amendments to PBE IPSAS 1)	1 January 2024

Early implementation efforts recommended

Early effort to consider the implementation of these standards is recommended in order to provide stakeholders with timely and decision-useful information. Implementation steps are outlined opposite.

Steps for implementation

Determine extent of impact & develop implementation plan

Monitor progress and take action where milestones are not met

Identify required changes to systems, processes, and internal controls

Determine the impact on covenants & regulatory capital requirements, tax, dividends & employee incentive schemes



Disclosure of fees for audit firms' services

Amendments to PBE IPSAS 1

The amendments require fees relating to services provided by the entity's audit or review firm to be disaggregated into specified categories with guidance on how to distinguish between categories, and how to determine fees. The amendments are effective for accounting periods beginning on or after 1 January 2024, and are available for early adoption for accounting periods ended on or after 15 June 2023.

The audit or review of financial statements

Total fees (including disbursements such as travel and accommodation) for audit or review of financial statements include all services performed by the auditor as required to enable them to issue an audit opinion or review conclusion on the financial statements and provide other required communications to those charged with governance as part of the audit or review engagement.

Examples provided of activities included as audit or review services:

- Attendance at audit committee meetings, board meetings, or annual general meetings for the purpose of discussing matters arising as a result of the financial statement audit or review engagement.
- Discussions with management about audit or accounting matters that arise during or as a result of the financial statement audit or review engagement.
- Preparation of a "management letter" to those charged with governance to report on the outcomes of the financial statement audit or review engagement, including advice and recommendations to improve the internal control environment.
- Time incurred in connection with the audit or review of the income tax accrual or deferred tax balances as reported in the financial statements.

Other services

Total fees for services should be split into the following categories:

- (i) Audit or review related services
- (ii) Other assurance services and other agreed-upon procedures engagements
- (iii) Taxation services
- (iv) Other services.

RDR – to disclose total fees incurred for services other than audit or review and provide a general description of services, The above breakdown is not needed.

It can sometimes be difficult to distinguish between categories. If judgement is required, you may want to discuss allocation with your auditor.

Potential impact on the Group

The Group will need to include an audit fee disclosure to comply with the new requirements.



Tier 3 (NFP) Standard

New standard setting out reporting requirements for tier 3 not-for-profit (NFP) entities issued

The new standard was issued in May 2023 and is mandatory for periods beginning on or after 1 April 2024 with early adoption permitted for periods ending after 15 June 2023. The keys changes are below:

Revenue recognition	Accumulated funds	Opting up	Revenue and expenses
<p>'Use or return' conditions is replaced with 'documented expectations' which needs to:</p> <ul style="list-style-type: none"> • have originated from the resource provider; • be agreed with the entity and documented in writing; • specify how funding will be used and the timing of use; • be specific enough to be able to track progress. 	<p>Additional presentation and disclosures required for reserves:</p> <ul style="list-style-type: none"> • How an entity manages its reserves • Categories of reserves introduced: <ul style="list-style-type: none"> – Restricted and discretionary reserves; – PP&E revaluation reserve; – Investment revaluation reserves; – Other reserves. 	<ul style="list-style-type: none"> • Impact of opting up direct through accumulated funds rather than other comprehensive income. • Cumulative effect of similar transactions presented as a separate reserve within accumulated funds. • Appendix D of the new standard includes further guidance on opting up. 	<p>New categories of revenue and expenses introduced. Further disaggregation beyond these categories is to be presented in the notes rather than on the primary statements.</p>

Potential impact on the Group

The new standard is applicable to the Percy Thomson Trust performance report. It is more prescriptive and therefore needs to be carefully considered and applied. The XRB has issued accompanying reporting templates which the Group can refer to. It is important not to deviate from the presentation and disclosure requirements, especially around the presentation of reserves and the aggregation/disaggregation of revenue and expense items.

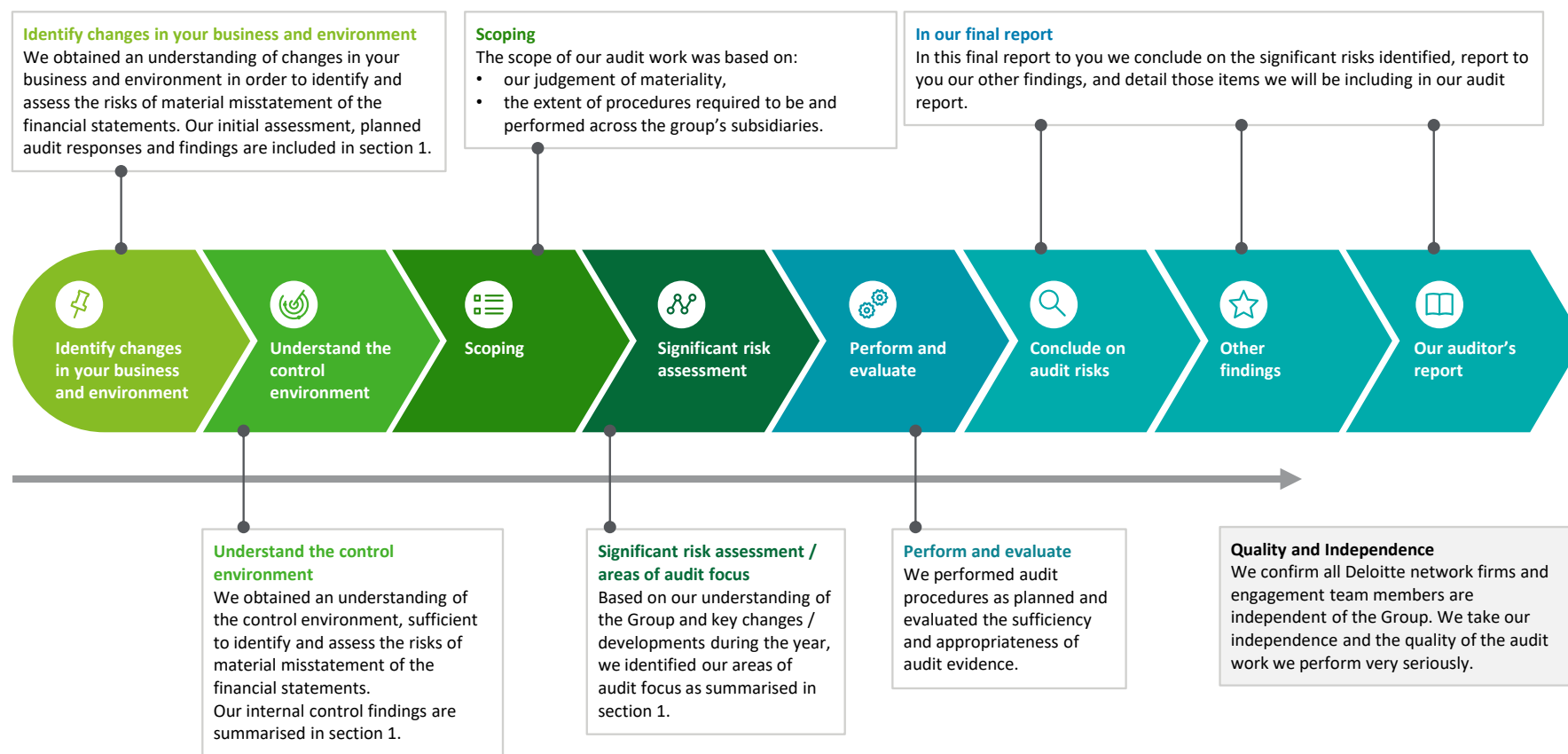


Appendices



Our audit explained

We tailored our audit to your business and your strategy





Independence and fees

Fees

The professional fees earned by Deloitte Limited in the period from 1 July 2023 to 30 June 2024 are as follows:

	CY (\$)	PY (\$)
Net audit fee for the audit of the Stratford District Council Group financial statements and performance information*	212,000	163,500
Net audit fees for the audit of the separate performance report of the Percy Thomson Trust*	21,935	24,740
Total audit fees for financial statements	233,935	188,240

*Excluding OAG Audit Standards and Quality Support charge and disbursements



Other communications

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

Accounting policies / Financial reporting

There were no changes in accounting policies during the year ended 30 June 2024.

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

Related parties

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

Written representation

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

Specialists

As planned, IT specialists assisted in the audit to the extent we considered necessary. The findings arising from their involvement are communicated in earlier sections of our report.

Other information

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



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INFORMATION REPORT



F22/55/04 – D25/6542

To: Audit and Risk Committee
From: Director – Corporate Services
Date: 18 March 2025
Subject: Annual Plan 2025/26 Update

Recommendation

THAT the report be received.

Recommended Reason

This report provides the Committee with an update on the status of the draft Annual Plan 2025/26, 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 progress of the draft Annual Plan 2025/26. The Committee's Terms of Reference includes *"To consider the annual budget, assess inherent risk, and provide recommendations to the Council"*.

2. Executive Summary

- 2.1 The draft Annual Plan 2025/26 is currently presenting a rates increase of 6.9%. This is the same overall rates increase that was proposed in year 2 of the Long Term Plan 2024-34 and is within the Financial Strategy rates increase limit of 7%.
- 2.2 A workshop was held with elected members on 11 March 2025 to discuss and review the 2025/2026 Annual Plan financial forecasts and any proposed fees and charges and non-financial performance measures changes.
- 2.3 Due to no significant or material differences being proposed for the 2025/2026 Annual Plan from the content of the 2024/2034 Long-Term Plan, officers are recommending to Councillors that adoption of the 2025/2026 Annual Plan proceeds without public consultation.
- 2.4 The Council is planning and working towards presenting the final 2025/26 Annual Plan for adoption at the 13 May 2025 Council Meeting.

3. Local Government Act 2002

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

All four well-beings are addressed in the Annual Plan document.

4. Background

- 4.1 The Council is required to prepare and adopt an Annual Plan in each year that it does not prepare and adopt a Long-Term Plan. Section 95 of the Local Government Act 2002 sets out the requirements for an Annual Plan – refer **Appendix 1**.
- 4.2 In relation to the approach to be adopted in preparing the 2025/2026 Annual Plan, the relevant part of the legislation is section 95(2A). This section gives the Council the option to tailor its engagement and consultation on the annual plan in line with the level of significant or material difference from the Long-Term Plan for that year. That is, if the Annual Plan is in line with that proposed for that year in the appropriate Long-Term Plan, and there is no material or significant difference, further engagement and consultation is not required. Rather, an Annual Plan for that year can be adopted by resolution.

5. Information Summary

- 5.1 The preparation of the 2025/26 Annual Plan is well underway and has been developed using the Long Term Plan 2024-34 Year 2 figures as a starting point, and updated through reviewing 2024/25 actuals and updating assumptions for 2025/2026.
- 5.2 There are no new significant initiatives or programmes of work proposed that were not included in the 2024/34 Long-Term Plan.
- 5.3 Key assumptions made for the draft 2025/26 Annual Plan include:
- Business as usual for all Council activities in terms of service level delivery
 - No "Local Water Done Well" reforms incorporated, as this will not impact Council finances until 2026/2027
 - Staff costs have been budgeted to increase at 3%, with a 5% overall saving factored in for staff vacancies
 - Interest rate on borrowings 4.00%
 - Interest rate on investments 4.00%
 - Asset revaluation increase effect on roading depreciation - 10%
 - Asset revaluation increase effect on services infrastructure depreciation – 5%
- 5.4 The Council has undertaken a comprehensive review of its 2025/2026 estimates. Cost increases across contracts, salaries and depreciation and lower NZTA Waka Kotahi subsidies has reduced the budgeted surplus, however NZTA Waka Kotahi funding decisions has also reduced the roading capital expenditure planned and overall the projected 2025/2026 Long-Term Plan rates increase of 6.9% to the district can be maintained.

- 5.5 2025/2026 fees and charges and non-financial performance measures have some changes, however these aren't significant and were reviewed at the Council Workshop on 11 March 2025, with any agreed changes to be incorporated into the final 2025/26 Annual Plan document.
- 5.6 Due to their being no significant changes being proposed in the 2025/2026 Annual Plan from the 2024/2034 Long-Term Plan, it is expected that a decision report will be brought to Council at the 25 March 2025 Policy & Services Committee recommending that the adoption of the 2025/2026 Annual Plan proceeds without public consultation.
- 5.7 Council officers have a 2025/26 Annual Plan timetable plan in place, which includes time for additional engagement with elected members and public if required. The aim is to adopt the final 2025/26 Annual Plan at the Council meeting on 13 May 2025. If this is not achieved, the adoption will be set for the Council meeting on 10 June 2025.

6. Strategic Alignment

6.1 Direction

All Community Outcomes are affected by the Annual Plan.

6.2 Annual Plan and Long Term Plan

Annual Plan currently under consideration, and strong links to Long Term Plan 2024-34.

6.3 Sustainability Consideration

Not applicable.

6.4 District Plan

Not applicable.

6.5 Legal Implications

An Annual Plan must be prepared and include all the information set out in part 2 of schedule 10 of the Local Government Act 2022.

6.6 Policy Implications

Council must consider the Revenue and Financing Policy when looking at altering any funding positions.

Attachments:

Appendix 1 Section 95 of the Local Government Act 2022



Raelene Johnson
Director – Corporate Services



[Approved by]
Sven Hanne
Chief Executive

Date 7 March 2025

Appendix 1: Section 95 of the Local Government Act 2002

95 Annual plan

1. A local authority must prepare and adopt an annual plan for each financial year.
2. Subject to subsection (2A), a local authority must consult in a manner that gives effect to the requirements of section 82 before adopting an annual plan under this section.
- 2A. Subsection (2) does not apply if the proposed annual plan does not include significant or material differences from the content of the long-term plan for the financial year to which the proposed annual plan relates.
3. An annual plan must be adopted before the commencement of the year to which it relates.
4. Despite subsection (1), for the first year to which a long-term plan under section 93 relates, the financial statement and funding impact statement included in that long-term plan in relation to that year must be regarded as the annual plan adopted by the local authority for that year.
5. The purpose of an annual plan is to—
 - (a) contain the proposed annual budget and funding impact statement for the year to which the annual plan relates; and
 - (b) identify any variation from the financial statements and funding impact statement included in the local authority's long-term plan in respect of the year; and
 - (c) provide integrated decision making and co-ordination of the resources of the local authority; and]
 - (d) contribute to the accountability of the local authority to the community
 - (e) Repealed.
6. Each annual plan adopted under this section must—
 - (a) be prepared in accordance with the principles and procedures that apply to the preparation of the financial statements and funding impact statement included in the long-term plan; and
 - (b) contain appropriate references to the long-term plan in which the local authority's activities for the financial year covered by the annual plan are set out; and
 - (c) include the information required by Part 2 of Schedule 10.
- 6A. Except where subsection (5) requires otherwise, the local authority must comply with subsection (6) (b) and (c) by means of reference to, rather than duplication of, the long-term plan.]
7. A local authority must, within 1 month after the adoption of its annual plan,—
 - (a) make its annual plan public
 - (b) send copies of that plan to—
 - (i) the Secretary; and
 - (ii) the Auditor-General; and
 - (iii) the Parliamentary Library.

INFORMATION REPORT



F22/55/04 – D25/4933

To: Audit and Risk Committee
From: Corporate Accountant
Date: 18 March 2025
Subject: Percy Thomson Trust – Half Yearly Report as at 31 December 2024

Recommendations

1. THAT the report be received.
2. THAT Council receive the half yearly report for Percy Thomson Trust as at 31 December 2024.

Recommended Reason

In terms of Section 66 of the Local Government Act 2002 the Percy Thomson Trust, being a council controlled organisation, must deliver to Council a half yearly report (as at 31 December 2024) before 1 March 2025.

 Moved/Seconded

1. Purpose of Report

The purpose of this report is to present the half yearly report as at 31 December 2024 for the Percy Thomson Trust (PTT).

2. Executive Summary

Within two months after the end of the first half of each financial year, the PTT must deliver to Council a report on its operations during that half of the year. PTT delivered the Half Yearly Report as at 31 December 2024 to Council on 21 February 2025, via email to the District Mayor and Chief Executive.

3. Local Government Act 2002

Under section 10 of the Local Government Act 2002, the Council's purpose is to "enable democratic local decision making by and on behalf of communities; as well as promoting the social, economic, environmental, and cultural well-being of communities now and into the future"

Does the recommended option meet the purpose of the Local Government 4 well-beings? And which:

Yes

Social	Economic	Environmental	Cultural
✓	✓	✓	✓

3.1 The half yearly report provides information on the performance of the PTT, being a local public service.

3.2 The PTT is run as an independent council-controlled organisation

4. Background

In terms of Section 66 of the Local Government Act 2002 the PTT, being a council-controlled organisation, must deliver the half yearly report to council before 1 March 2025.

5. Information Summary

- 5.1 Visitor numbers have continued to show improvement in the last six, continuing to follow the trend since the Covid-19 closures. In the six-month period there were 13,018 visitors compared with 10,424 for the same period in the previous year. It is anticipated that numbers will continue to increase, and based on these numbers, the gallery will definitely exceed its annual target of 20,000.

Over the first half of the financial year there have been a number of very successful exhibitions starting with Emergence that averaged 113 visitors a day (2,266 visitors in the July section of the exhibition).

The Taranaki Arts Preview saw an average of 68 visitors per day (2,127 in total) and this exhibition had a drastic reduction in sales from the previous year.

Adam Portraiture Awards was again popular and we hosted a well attended (45) artist floor talk, the Singer/Songwriter group and an art group, with 3,433 visitors over the 6 weeks at an average of 74 a day.

Creative Fibre and Margaret Scott were in the Gallery over the Garden Festival and averaged 120 a day with total visitors 2,774 over the 3 weeks. Visitors loved meeting the Fibre artists who sat in the Gallery each day and Margaret Scott did a successful pop up studio one Saturday.

The Stratford Art Society was strong over its three weeks averaging 84 (1,780 total) and the Miniature review got off to a strong start midway through December averaging 79 visitors (1,346 till end of December).

Coming up (opening Feb 7th) we have Expression – Body and Soul, a curated exhibition of 16 Taranaki artists exploring Expression either in the face or body. This runs until March 16 and due to its small size Gallery 2 will be empty.

The Stratford Art Society are then back for their first exhibition of the year followed by the Printmakers Collective and WITT students in Gallery 2. The financial year will be rounded out with Fiona Clark and Tertius having a five week exhibition using the whole Gallery.

The Gallery is booked until mid December 2025 and the highlight coming up in second half of the year is the Watercolour NZ national touring exhibition.

- 5.2 The financial reports show a deficit of \$90,000 as at 31 December 2024, with a projected deficit of \$231,000 as at 30 June 2025, compared to a budgeted deficit for the year of \$159,000.

The property expenditure is higher than anticipated, due to additional repairs and maintenance required as the building is now 24 years old. Income from investments is less than budget, due to lower than anticipated interest rates. Also, external funding is less than anticipated as it is becoming harder to get, although the Trust are continually looking at all potential sources of external funding. However it is unlikely that any further grant funding will be received this year.

When the term deposit of \$250,000 with TSB in December 2024, \$50,000 was returned to the operating account, and the remaining \$200,000 was placed on four smaller term deposits, of \$50,000 each, with different maturity dates. This ensures cash is available without the need to break further investments.

- 5.3 Attached as **Appendix 1** is the half yearly report as at 31 December 2024 of the PTT.

Strategic Alignment

6.1 Direction

The operations of the PTT contribute to the community outcome relative to a district with a clear identity where people of all cultures experience a sense of inclusive community”.

This ensures people have access to and are encouraged to participate in a wide range of art and cultural activities.

6.2 Annual Plan and Long Term Plan

The half yearly 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

Attachments:

Appendix 1 - Percy Thomson Trust Half Yearly Report

Appendix 2 - Investment Statement



Christine Craig
Corporate Accountant



[Endorsed by]
Raelene Johnson
Director – Corporate Services



[Approved by]
Sven Hanne
Chief Executive

Date: 6 March 2025

APPENDIX 1



PERCY THOMSON TRUST

• Percy Thomson Gallery

• Percy Thomson Herbarium

• Percy Thomson Arboretum

SIX MONTHLY REPORT FOR THE PERIOD ENDED 31 DECEMBER 2024

PERCY THOMSON TRUST

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PERCY THOMSON TRUST BOARD

Chairman:	Ellen Hall
Trustees:	Annette Dudley
Bruce Ellis	Deborah Clough
Douglas Robinson	Helen Cloke
Mary Bourke	

PERCY THOMSON TRUST STAFF

As at 31 December 2024

Acting Gallery Director – Maree Burnannd
Gallery Assistant – Amy Taunt (on parental leave) Acting
Gallery Assistant – Rhiannon Higgs

Part-time Gallery Assistants

- Carina McQueen
- Donna Hitchcock
- Gayleen Schrider
- Jacqueline McCluggage
- Michelle Rowland
- Kayla-Leigh Love
- Justin Morgan

PERCY THOMSON TRUST

CHAIR REPORT OF PERCY THOMSON TRUST

For the six months ended 31 December 2024

On behalf of the Trust, it is my pleasure to present the report for the six months ended 31 December 2024.

Governance

At the AGM in October the Trust said goodbye to Jim Clarkson, who had been a Trustee since 2015 and who contributed significantly, particularly to the success of the Arboretum. Bruce Ellis stepped aside as Chair, after serving 9 years in the role. He has stayed on the Trust to ensure a smooth transition as I step into the Chair position. We welcomed Mary Bourke and Annette Dudley as new Trustees at this time.

A Letter of Expectation was received from Council by the Trust in December. The Trust has prioritised working through this over the coming months, with a governance planning and strategy meeting scheduled for February.

Gallery

Percy Thomson Gallery has undergone a change in leadership, with the resignation of Laura Campbell in October. Maree Burnnand, has been Acting Gallery Director since this time and has ensured the Gallery has continued to provide excellent exhibitions to the community. The Trust has undergone a recruitment process for a new Gallery Director and Catherine Rhodes will join the Gallery in this role in February 2025.

Exhibitions held over this reporting period were well supported by visitors.

EXHIBITION	DAILY VISITOR AVERAGE	TOTAL VISITORS
Emergence	113	2266 (July section of exhibition)
Taranaki Arts Trail	68	2127
Adam Portraiture	74	3433
- Hosted a well-attended artist floor talk, Singer/Songwriter group, and an art group		
Creative Fibre/Margaret Scott	120	2774
- Visitors loved meeting the Fibre Artists who sat in the gallery each day - Margaret Scott did a successful pop-up studio		
Stratford Art Society	84	1780
Taranaki Review in Miniature	79	1346 (Until the end of December)

The Gallery is booked until December 2025 and will include a Watercolour NZ national touring exhibition in October and November.

Financials

The financial reports show a deficit of \$90,000 as at 31 December 2024, with a projected deficit of \$231,000 as at 30 June 2025, compared to a budgeted deficit of \$159,000. From a cash point of view, i.e. after adding back depreciation, the deficit is \$41,101 compared to the budgeted cash deficit of \$75,118.

The property expenditure is higher than anticipated, due to additional repairs and maintenance required as the building is now 24 years old. Income from investments is less than budgeted, due to lower than anticipated interest rates and other challenges with investments of this nature. External funding is less than anticipated. The Trust are focused on looking for external funding, however it is unlikely that this will be realised within this financial year.

This paints a difficult but not unexpected picture for the Trust. As such, Trustees are focused on increasing revenue, reducing costs, and ensuring the ongoing sustainability of the organisation. The work being undertaken to address these concerns will likely take time to be reflected in the financial performance of the organisation.

As a result of additional cashflow forecast reporting, the Trust made changes to term deposit investments in December. When the term deposit of \$250,000 with TSB matured in December 2024, \$50,000 was returned to the operating account, and the remaining \$200,000 was placed on four smaller term deposits, of \$50,000 each, with different maturity dates. This ensures cash is available without the need to break further investments.

Following the Governance Planning and Strategy Meeting scheduled in February, Trustees will be focused on developing a Statement of Intent for the coming financial year which will reflect financial performance in order to progress the objectives of the organisation and address the matters raised within the Letter of Expectations.

Investment Funds

The Investment portfolio of the Trust is summarised as follows:

Category	Book Value as at 31 December 2024 (\$)	Book Value as at 30 June 2024 (\$)
Bank Balances	73,705	92,000
Trading Bank Term Deposits	200,000	250,000
Bonds	-	-
Commercial Property through Proportionate Ownership Schemes and Property Investment Funds	383,000	383,000
Total	656,705	725,000

There has been little change with property investments over the reporting period, with cash redemption values continuing to be significantly below asset values. A review of all financial investments held by the Trust will be undertaken in February and March, along with a review of the organisation's Investment Policy, and will consider all costs arising from the chosen investment type and structure.

Asset Management

A Building Condition Assessment Report has been undertaken by reASSESS Building Surveyors to advise the Trust on the condition of the building and to make recommendations on maintenance. This will enable the Trust to identify, prioritise and plan for work to be undertaken. The Trust is to receive this report at the end of January and will work through the information provided in due course.

An IT Systems Audit has been undertaken by the Council's IT department with a focus on cost reduction, risk mitigation, and performance improvement. This will be received in January.

The Arboretum

Overall, the Arboretum is tidy with the new central garden area becoming well established. This central seating area has proven popular with visitors. The bench has been re-stained and drainage holes have been added to the large steel sign to ensure its longevity.

A second prototype for plant signage (our original ones were subject to vandalism) has been developed, which is more robust. Half a dozen of these will be installed shortly and monitored. If successful, they will then be rolled out to all our main specimen plants. Increasing the education aspect of the Arboretum is a priority over the next six months.

Over the last six months we have seen an increase in some invasive weed species such as blackberry, ivy and convulvulus. Plans are being developed to eradicate these, possibly involving a working bee and establishing a volunteer task force.

Chilean Myrtle is a plant species that is prevalent through-out the Arboretum (through self-seeding) and one that DOC is likely to include on their National Pest Plant Accord in 2026. From a meeting with Mel McBain, we have a plant removal plan that will be actioned over the next two years through our existing Council maintenance support.

The Herbarium

The establishment of a Herbarium has been completed and there is a membership in place with the New Zealand Plant Network. The ongoing maintenance of this is focused on the ability for people to access the information provided.

Summary

Percy Thomson Trust continues to make an important contribution to the life and culture of the District. Our stewardship of Percy Thomson's legacy is our key role and we acknowledge the support of the Council in making this happen. It is a time of significant change and progress as we work to ensure the longevity and financial sustainability of the organisation.

Ellen Hall

CHAIR

PERCY THOMSON TRUST

PERCY THOMSON TRUST ENTITY INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2024

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 seven Trustees who oversee the governance of the Trust, including a Chairman who is responsible for the day-to-day operations of the Trust and reporting to the Trustees, and six other voluntary members who support the Chairman in delivering against the Trust's objectives. At least 50% of the Trustees shall not be current elected members of the Stratford District Council.

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 31 DECEMBER 2024

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 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 30 June 2023 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 year.

PERCY THOMSON TRUST

COST OF SERVICE STATEMENTS

FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2024

	<u>Actual</u> to 31 Dec 24	<u>Budget</u> to 31 Dec 24	<u>Budget</u> 2024/25	<u>Projected</u> Year end	<u>Actual</u> to 31 Dec 23
	\$	\$	\$	\$	\$
PROPERTY					
Revenue					
Café Lease	7,050	7,050	14,100	14,100	7,050
Post Box Lobby Rental	1,400	1,320	1,400	1,400	660
Rental income	9,000	9,000	18,000	18,000	9,000
Total Property Revenue	17,450	17,370	33,500	33,500	16,710
Expenditure					
Depreciation	49,825	50,000	84,050	100,000	49,975
Insurance	13,763	13,000	13,000	13,763	12,753
Rates (Services Only)	1,623	1,898	1,898	1,623	1,396
Repairs and Maintenance Building	14,320	10,000	20,000	28,000	12,364
Repairs and Maintenance Arboretum	-	-	5,000	5,000	-
Repairs and Maintenance Herbarium	-	-	1,000	1,000	-
Total Property Expenditure	79,531	74,898	124,948	149,386	76,488
Profit (Loss) from Property	(62,081)	(57,528)	(91,448)	(115,886)	(59,778)

PERCY THOMSON TRUST

	<u>Actual</u> to 31 Dec 24	<u>Budget</u> to 31 Dec 24	<u>Budget</u> 2024/25	<u>Projected</u> Year end	<u>Actual</u> to 31 Dec 23
	\$	\$	\$	\$	\$
ART GALLERY					
Revenue					
Membership and "Friends" Donations	96	800	1,600	500	928
Rental/Hireage	4,467	7,000	11,000	9,000	9,706
Donation Box	2,119	1,250	3,000	3,500	1,173
Commission - Percy's Place	4,052	6,000	12,000	8,000	6,845
Commission - Gallery	5,080	3,000	6,000	10,000	2,775
Total Art Gallery Revenue	15,814	18,050	33,600	31,000	21,427
Expenditure					
ACC Levy	320	350	350	320	298
Energy Costs	4,384	7,500	15,000	12,000	7,883
Insurance	1,004	1,000	1,000	104	691
Miscellaneous	3,888	400	800	4,500	375
Printing & Stationery	60	-	-	60	2,839
Programme (includes Emergence Exhibition of \$13,467)	18,680	10,000	20,000	20,000	16,733
Major Exhibition	6,168	5,000	10,000	10,000	-
Publications & Subscriptions	816	100	200	1,000	50
Staff training	-	750	1,500	1,500	120
Recruitment costs	2,973	-	-	2,973	-
Salary & Wages and Employee Costs	66,943	67,500	135,000	135,000	67,277
Telephone & Tolls	1,045	1,800	3,600	2,500	1,346
Total Art Gallery Expenditure	106,281	94,400	187,450	189,957	97,612
Profit (Loss) from Art Gallery	(90,467)	(76,350)	(153,850)	(158,957)	(76,185)

PERCY THOMSON TRUST

	<u>Actual</u> to 31 Dec 24	<u>Budget</u> to 31 Dec 24	<u>Budget</u> 2024/25	<u>Projected</u> Year end	<u>Actual</u> to 31 Dec 23
	\$	\$	\$	\$	\$
<u>TRUST INVESTMENTS</u>					
Investment Revenue					
Interest	13,530	17,500	35,000	25,000	16,145
Stratford District Council Grant	50,000	50,000	50,000	50,000	50,000
External Funding - see below	-	-	50,000	20,000	-
Taranaki Foundation	18,692	18,692	-	-	-
Other grants and donations	-	-	-	-	2,000
Total Investment Revenue	82,222	86,192	135,000	95,000	68,145
Trust Investment Expenditure					
Administration	20,600	20,600	20,600	20,600	20,600
Audit Fees	-	-	25,000	28,000	400
Insurance - Trustees Liability	-	-	2,970	2,990	-
Investment Expenses	-	150	300	300	-
Total Trust Investment Expenditure	20,600	20,750	48,870	51,890	21,000
Profit (Loss) from Trust Investments	61,622	65,442	86,130	43,110	47,145

PERCY THOMSON TRUST

SUMMARY COST OF SERVICE STATEMENT FOR THE PERCY THOMSON TRUST

	<u>Actual</u> to 31 Dec 24	<u>Budget</u> to 31 Dec 24	<u>Budget</u> 2024/25	<u>Projected</u> Year end	<u>Actual</u> to 31 Dec 23
	\$	\$	\$	\$	\$
<u>REVENUE</u>					
Property	17,450	17,370	33,500	33,500	16,710
Art Gallery	15,814	18,050	33,600	31,000	21,427
Other Investments	82,222	86,192	135,000	95,000	68,145
Total Revenue	115,486	121,612	202,100	159,500	106,282
<u>OPERATING EXPENDITURE</u>					
Property	79,531	74,898	124,948	149,386	76,488
Art Gallery	106,281	94,400	187,450	189,957	97,612
Other Investments	20,600	20,750	48,870	51,890	21,000
Total Operating Expenditure	206,412	190,048	361,268	391,233	195,100
Net surplus (deficit) from operations	(90,926)	(68,436)	(159,168)	(231,733)	(88,818)
Transferred to Accumulated Surplus	(90,926)	(68,436)	(159,168)	(231,733)	(88,818)
<i>Net Surplus (Deficit)</i>	<i>(90,926)</i>	<i>(68,436)</i>	<i>(159,168)</i>	<i>(231,733)</i>	<i>(88,818)</i>
<i>Add back depreciation (non-cash)</i>	<i>49,825</i>	<i>50,000</i>	<i>84,050</i>	<i>100,000</i>	<i>49,975</i>
<i>Cash Surplus (Deficit)</i>	<i>(41,101)</i>	<i>(18,436)</i>	<i>(75,118)</i>	<i>(131,733)</i>	<i>(38,843)</i>

PERCY THOMSON TRUST

STATEMENT OF FINANCIAL PERFORMANCE FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2024

	<u>Actual</u> <u>to 31 Dec 24</u> \$000	<u>Budget</u> <u>to 31 Dec 24</u> \$000	<u>Budget</u> <u>2024/25</u> \$000	<u>Projected</u> <u>Year End</u> \$000	<u>Actual</u> <u>to 31 Dec 23</u> \$000
Revenue					
Funding from central or local government	50	50	50	50	50
Revenue from non-governmental sources for providing goods or services	33	35	67	65	38
Donations, fundraising and other similar revenue	19	19	50	20	2
Interest, dividends and other investment revenue	14	18	35	25	16
Total Revenue	115	122	202	160	106
Expenses					
Employee related costs	67	68	135	135	67
Costs related to providing goods or services	90	73	142	156	78
Other expenses	50	50	84	100	50
Total Expenses	206	190	361	391	195
Net Operating Surplus (Deficit) for the period	(91)	(68)	(159)	(232)	(89)

PERCY THOMSON TRUST

STATEMENT OF FINANCIAL POSITION

FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2024

	<u>Actual</u> <u>Year to Date</u> <u>to 31 Dec 24</u>	<u>Actual for</u> <u>the Six Months</u> <u>to 31 Dec 2023</u>	<u>Actual for the</u> <u>Year Ended</u> <u>to 30 June 2024</u>
	\$000	\$000	\$000
<u>Assets</u>			
Current Assets			
Bank Accounts and Cash	74	135	92
Debtors and Prepayments	4	2	7
Investments	200	280	250
Total Current Assets	278	417	349
Non-Current Assets			
Property, Plant and Equipment	2,401	2,552	2,452
Non-current investments	383	397	383
Total Non-Current Assets	2,784	2,949	2,835
Total Assets	3,062	3,366	3,184
<u>Liabilities</u>			
Current Liabilities			
Creditors and Accrued Expenses	8	4	35
Employee Costs Payable	11	8	14
Total Current Liabilities	19	12	49
Total Liabilities	19	12	49
Total Assets less Total Liabilities (Net Assets)	3,043	3,354	3,135
<u>Accumulated Funds</u>			
Capital contributed by owners or members	0	0	0.1
Accumulated Surpluses or (deficits)	1,134	1,445	1,226
Reserves	1,909	1,909	1,909
Total Accumulated Funds	3,043	3,354	3,135

PERCY THOMSON TRUST

STATEMENT OF CASHFLOWS

FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2024

	<u>Actual</u> <u>Date to 31 Dec</u> <u>24</u> <u>\$000</u>	<u>Year to</u> <u>31 Dec</u> <u>2023</u> <u>\$000</u>	<u>Actual for</u> <u>the Six Months</u> <u>31 Dec 2023</u> <u>\$000</u>	<u>Actual for the</u> <u>Year Ended to</u> <u>30 June 2024</u> <u>\$000</u>
<u>Cash Flows from Operating Activities</u>				
<i>Cash was received from:</i>				
Funding from central or local government		50	50	50
Receipts from non-governmental sources for providing goods or services		33	38	54
Donations, fundraising and other similar revenue		19	2	2
Interest, dividends and other investment revenue		14	16	39
Other revenue		0	0	20
Net GST		(4)	4	6
<i>Cash was applied to:</i>				
Payments to Suppliers and Employees	(182)		(150)	(273)
Net Cash Flow from Operating Activities		(70)		(102)
<u>Cash Flows from Investing and Financing Activities</u>				
Receipts from Sale of Investments	250		350	130
Payments to acquire property, plant and equipment	(200)		(2)	-
Payments to Acquire Investments			(250)	(13)
Net Cash Flow from Investing and Financing Activities		50	98	117
Net (Decrease)/Increase in Cash for the period		(20)	58	15
Add opening bank accounts and cash		92	77	77
Closing Bank Accounts and Cash		72	135	92

Other explanatory notes as at 31 December 2024

Property, Plant and Equipment

Carrying Amount		Additions	Depreciation	Carrying Amount
Cost or valuation	1/07/24		to 31/12/24	31/12/2024
	\$000		\$000	\$000
Buildings	1,992	-	(46)	1,946
Land	385	-	-	385
Plant and Equipment	74	-	(4)	70
Work in Progress	-	-	-	-
Total	2,451	-	(50)	2,401

Appendix 2

PERCY THOMSON TRUST INVESTMENTS - as at 31 December 2024										
	Maximum Policy Limit	Individual Investee Policy Limit	Actual Investment	Interest Rate	Due Date	Frequency of Interest Payments	Amount	% Invested		Annual interest
Bank Investments	100%	50%	TSB Bank - Current account	Various - Premier cheque rates	Call	Annual	\$73,705		Approx	\$1,000
			TSB Bank - Term investment	5.30%	4/06/2025	Maturity	\$50,000			\$1,325
			TSB Bank - Term investment	3.00%	4/02/2025	Maturity	\$50,000			\$250
			TSB Bank - Term investment	4.25%	4/04/2025	Maturity	\$50,000			\$708
			TSB Bank - Term investment	4.90%	4/08/2025	Maturity	\$50,000			\$1,633
							\$273,705	41.7%		
Promissory Notes	35%	20%					\$0			
Bonds	Other 80%	50%					\$0			
Listed Shares	30%						\$0	0.0%		
				Original rate	Current rate					
Real Estate	75%		Proportionate ownership share - Bush Road, Albany, Auckland	7.80%	3.72%	Monthly	\$125,000	19.0%		\$4,653
			Proportionate ownership share - Osterley Way, Manukau, Auckland	9.25%	4.17%	Monthly	\$48,000	7.3%		\$2,000
			Proportionate ownership share - Todd Park, Porirua, Wellington	6.42%	5.56%	Monthly	\$72,000	11.0%		\$4,000
			Proportionate ownership share - Cameron Road, Tauranga	7.80%	0.00%	Monthly	\$38,000	5.8%		\$0
			Proportionate ownership share - Henderson, Auckland	6.50%	5.00%	Monthly	\$100,000	15.2%		\$5,000
Professional Portfolios	50%						\$0	0%		
Total Portfolio							\$656,705	100.00%		\$20,569
The policy only allows up to 50% in any one bank investment (based on the total of promissory notes, bonds, deposits etc).										
The Trust currently has 41.7% in TSB Bank (excluding the current account), which complies with the policy for all types of investments.										

DECISION REPORT



F22/55/04 /D25/6910

To: Audit and Risk Committee
From: Corporate Accountant
Date: 18 March 2025
Subject: Percy Thomson Trust – Draft Statement of Intent 2025-2028

Recommendations

1. THAT the report be received.
2. THAT Council adopt the draft Statement of Intent for Percy Thomson Trust for the period 1 July 2025 to 30 June 2028, or
THAT Council respond with alternatives.

Recommended Reason

In terms of Schedule 8 of the Local Government Act 2002 Percy Thomson Trust, being a Council Controlled Organisation, must deliver a draft Statement of Intent on or before 1 March 2025. This draft was delivered to the Mayor and Chief Executive on 28 February 2025.

/
Moved/Seconded

1. Purpose of Report

The purpose of this report is to present the Draft Statement of Intent for the Percy Thomson Trust (PTT) for the 2025 to 2028 years to Council.

2. Executive Summary

A Statement of Intent must include specific information for the first year of the plan and the immediately following two financial years.

The 2025-2028 Statement of Intent for the PTT provides information on the coming three years regarding the Trust's operations, being a local public service.

The Trust runs as an independent council controlled organisation.

This Statement of Intent was provided by the Trust, and adopted at their extraordinary meeting held on 26 February 2025.

3. Local Government Act 2002 – Section 10

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

4. Background

In terms of Schedule 8 of the Local Government Act 2002 the PTT, being a council-controlled organisation, must deliver a draft statement of intent to council on or before 1 March 2025. This draft was delivered to the Mayor and Chief Executive on 28 February 2025.

Council must then either adopt the draft as the final Statement of Intent, or refer it back to the Trust with comments. The Trust in turn consider these comments on or before 1 May 2025, then deliver a final Statement of Intent to Council by 30 June 2025.

The below table is helpful in outlining the process, options, responsibilities and timeline for the preparation of a statement of intent for a CCO:

PREPARING A STATEMENT OF INTENT

Making a Statement of Expectations & Statement of Intent	
LGA Requirement	Timing
<p>The shareholders of a CCO may prepare a statement of expectations (SOE) that (s 64B(1)):</p> <ul style="list-style-type: none"> > specifies how the organisation is to conduct its relationship with shareholding local authorities and their communities, iwi, hapū, and other Māori organisations; > requires the organisation to act consistently with the statutory obligations of the shareholding local authorities and the shareholders' obligations pursuant to agreements with third parties; and > other shareholder expectations, such as expectations in relation to community engagement and collaboration with shareholders and others in the delivery of services. 	<p>There is no requirement in the LGA for timing of an SOE. However, logically it must be prepared by the shareholders and provided to the Company in sufficient time for the SOE to inform the draft SOI.</p>
<p>Publication of SOE (s 64B(3)): must be published on an internet site maintained by or on behalf of each local authority that is a shareholder of the organisation.</p>	<p>As soon as practicable after the SOE is provided to the Company.</p>
<p>Draft Statement of Intent (SOI) (Cl 1, Sch 8): The Board must deliver the draft SOI to its shareholders.</p>	<p>On or before 1 March in the year preceding the financial year to which the draft SOI relates.</p>
<p>Opportunity for shareholder comments: The Council as a shareholder in the CCO has an opportunity to provide comments on the draft SOI. Any comments made by the Council must be arrived at in a manner that complies with the requirements of the LGA.</p>	<p>There is no requirement in the LGA for timing of comments on the SOI. However, they must be provided in sufficient time to allow the Board to consider the comments in accordance with Cl 2, Sch 8.</p>
<p>Consideration of shareholder comments (Cl 2, Sch 8): The Board must consider any comments on the draft SOI that are made by the shareholders.</p>	<p>On or before 1 May in the year preceding the year to which the draft statement relates.</p>

Opportunity for Board to make changes to the SOI to reflect the comments made by the shareholders.	
Final SOI (Cl 3, Sch 8): The Board must adopt and deliver the final SOI to the shareholders.	Before the commencement of the financial year, to which it relates.
Council must agree the SOI or if it does not agree, require modifications under the process set out in clause 6 of Schedule 8 of the LGA.	As soon as reasonably practicable after the final SOI is delivered to it.
Publication of SOI (s 64B(9)): Each shareholding Council must publish the adopted SOI on an internet site maintained by or on behalf of the Council.	Must be published within 1 month of adopting the SOI and must maintain the statement on the website for a period of no less than 7 years.
Council may extend deadlines (Cl 4, Sch 8): Council can, by written notice, extend a deadline specified in clause 1(2), 2 or 3 of Sch 8 for a period not exceeding 1 calendar month.	
Changes to the SOI (outside the annual process): <ol style="list-style-type: none"> 1. The Board may, by giving written notice, modify a SOI at any time if the Board has given written notice to the shareholders and considered any comments within 1 month after giving notice or a shorter period agreed by the shareholders (Cl 5, Sch 8). 2. Shareholders of a CCO may by resolution, require the Board to modify the SOI in the manner specified in the resolution. This can be done at any time, and shareholders must take all practicable steps to do so if an SOI is not able to be agreed in accordance with s 65(2) of the LGA. 	

5. Consultative Process

5.1 Public Consultation - Section 82

No public consultation is required.

5.2 Māori Consultation - Section 81

Specific consultation with iwi is not considered necessary for the process.

6. Risk Analysis

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

6.1 Risk 59 on Council's Risk register includes the Percy Thomson Trust, as a CCO, that affect's Council's reputation and conduct.

IF Council's non-core activities (farm, aerodrome) or CCO (Percy Thomson Trust) operate in a way that has potential for non-compliance with the law or potential for financial loss THEN there may be legal, financial, environmental and health implications

The risk treatment states:

Ensure regular meetings between council staff and external operators are held and there is good reporting and monitoring of key risks and KPI's by council staff. CCO's must report six-monthly to Council. Farm Business plan is prepared annually, separate to the Annual Plan, which contains all other council operations.

7. Sustainability Consideration

This decision report is focused on governance matters. While the operations of the various aspects of the Percy Thomson Trust have positive as well as negative sustainability impacts, the decisions sought within this report are considered to be neutral regarding the environmental sustainability of this activity.

8. Decision Making Process – Section 79

8.1 Direction

	Explain
Is there a strong link to Council's strategic direction, Long Term Plan/District Plan?	Yes – links to the Long Term Plan and Annual Plans.
What relationship does it have to the communities current and future needs for infrastructure, regulatory functions, or local public services?	Council provides assistance to the Trust, as a CCO, to ensure the gallery and arboretum are available to the local and wider community to enjoy, while maintaining a high standard.

8.2 Data

- Do we have complete data, and relevant statistics, on the proposal(s)?
- Do we have reasonably reliable data on the proposals?
- What assumptions have had to be built in?

Refer to Appendix One which is the Draft Statement of Intent for the period 1 July 2025 to 30 June 2028.

This Statement of Intent was provided by the Trust, and adopted at their extraordinary meeting held on 26 February 2025.

Notable changes put forward by the Trust from previous years include:

- External funding for building maintenance has been included, with no budget allowance should external funding not be received,
- External funding for Gallery Operations has been included, with no budget allowance should external funding not be received,,
- It is proposed to sell all proportionate ownership interests in property in 2025/26.

The performance measure for the visitor numbers was met in 2023/24, and will be met in 2024/25, therefore the visitor number target of 20,000 per year is retained.

8.3 Significance

	Yes/No	Explain
Is the proposal significant according to the Significance Policy in the Long Term Plan?	No	However, it involves a grant to the trust though it's Long Term Plan.
Is it:	No	
• considered a strategic asset; or	No	
• above the financial thresholds in the Significance Policy; or	No	
• impacting on a CCO stakeholding; or	Yes	The Percy Thomson Trust is a CCO.
• a change in level of service; or	No	
• creating a high level of controversy; or	No	
• possible that it could have a high impact on the community?	No	

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

8.4 Options

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

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

Option 1

Council adopt the Draft Statement of Intent for the period 1 July 2025 to 30 June 2028 as presented;

Or

Option 2

Council respond with alternatives.

8.5 Financial

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

There is provision for a grant to be paid by council to the Trust of \$50,000 per annum in the Statement of Intent, together with a receipt of \$20,600 towards the cost of financial services provided to the trust.

Council also provides "in kind" the maintenance of the arboretum, and the cleaning services in the public toilets in the Percy Thomson Building.

All above costs are funded by rates.

8.6 Prioritisation & Trade-off

- Have you taken into consideration the:
- Council's capacity to deliver;
 - contractor's capacity to deliver; and
 - consequence of deferral?

N/A

8.7 **Legal Issues**

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

There are no legal implications.

8.8 **Policy Issues - Section 80**

- | |
|---|
| <ul style="list-style-type: none">• Are there any policy issues?• Does your recommendation conflict with Council Policies? |
|---|

There are no policy implications.

Attachments:

Appendix 1 Percy Thomson trust Statement of Intent 2025-2028



Christine Crag
Corporate Accountant for Stratford District Council



Raelene Johnson
Director – Corporate Services



[Approved by]
Sven Hanne
Chief Executive

Date 7 March 2025



PERCY THOMSON TRUST

• Percy Thomson Gallery • Percy Thomson Herbarium • Percy Thomson Arboretum

**STATEMENT OF INTENT
FOR THE PERIOD
1 JULY 2025 TO 30 JUNE 2028**

This Statement of Intent is prepared by the Percy Thomson Trust under the provisions of section 64 of the Local Government Act 2002.

The purpose of this document is to:

- State publicly the activities and intentions of the Percy Thomson Trust for the year and the objectives to which those activities will contribute; and
- Provide an opportunity for shareholders to influence the direction of the Trust; and
- Provide a basis for the accountability of the directors to their shareholders for the performance of the Trust.

This Statement of Intent covers the period commencing 1 July 2025 to 30 June 2028 inclusive.

A Statement of Intent is required to cover the following contents:

- The objectives of the group; and
- A statement of the board's approach to governance; and
- The nature and scope of the activities to be undertaken; and
- The ratio of consolidated shareholders' funds to total assets, and the definitions of those terms; and
- The accounting policies of the group; and
- The performance targets and other measures by which the performance of the group may be judged in relation to its objectives; and
- An estimate of the amount or proportion of accumulated profits and capital reserves that is intended to be distributed to the shareholders; and
- The kind of information to be provided to the shareholders by the group during the course of those financial years, including the information to be included in each half-yearly report; and
- The procedures to be followed before any member or the group subscribes for, purchases, or otherwise acquires shares in any company or other organisation; and
- Any activities for which the board seeks compensation from any local authority; and
- The board's estimates of the commercial value of the shareholders' investment in the group and the manner in which, and the times at which, that value is to be reassessed; and
- Any other matters that are agreed by the shareholders and the board.

BACKGROUND

The Council has established a charitable trust to be known as the 'Percy Thomson Trust' for the objects set out in the Trust Deed.

Percy Thomson by his will left a significant bequest to be used and applied towards the establishment and maintenance of an arboretum and herbarium of the native flora of New Zealand and an art gallery, all of which were to be vested in a Board of Trustees that were to be elected or appointed by the Stratford District Council.

The Council, using the funds available, has established an arboretum, herbarium and art gallery which are respectively known as the Thomson Arboretum, the Thomson Herbarium and the Thomson Gallery. By a Trust Deed and by a subsequent Deed of Transfer, the Council has recorded the formal vesting of the Thomson Arboretum, the Thomson Herbarium and the Thomson Gallery in the trustees of this trust.

The Trustees have agreed to act as Trustees of the Trust and to be responsible for the ongoing management of the Thomson Arboretum, the Thomson Herbarium and the Thomson Gallery.

OBJECTS OF THE TRUST

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.

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.

GOVERNANCE

The Trust Deed provides 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.

The current Trustees are:

- Helen Cloke for a term expiring at the 2025 AGM
- Deborah Clough for a term expiring at the 2025 AGM
- Douglas Robinson for a term expiring at the 2027 AGM.
- Councillor Ellen Hall for a term expiring at the 2026 AGM
- Councillor Annette Dudley for a term expiring at the 2027 AGM.
- Mary Bourke for a term expiring at the 2027 AGM.

Trustees are eligible for reappointment.

The Trustees shall hold at least four meetings in each financial year.

NATURE AND SCOPE OF 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 Conversation Network, and specifically through the website, <https://www.nzpcn.org.nz/>.

The Percy Thomson Gallery is Stratford's public art gallery and was opened in June 2002. The gallery contains both exhibition areas and work areas for use by local artists and community art groups. 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.

RATIO OF CONSOLIDATED FUNDS

The ratio of the equity to total assets is 99.77% as at 30 June 2026 and projected at 99.76% as at 30 June 2028.

- where equity is defined as accumulated equity; and
- total assets is defined as all assets, both current and long term.

STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2026

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 A17 c 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 revised 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 30 June 2023 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, the Stratford District Council.

CHANGES IN ACCOUNTING POLICIES

There have been no changes to the accounting policies during the year.

PERFORMANCE MEASURES**Mission Statement**

"To fulfil the wishes of the bequest by the late Mr Percy Thomson".

Level of Service	Performance Measure	Year 1 2025/26	Target Year 2 2026/27	Year 3 2027/28	How Measured
Delivery of art exhibitions	Deliver an ongoing programme of exhibitions which will include local, regional and at least 1 National.	Deliver an ongoing programme of exhibitions which will include local, regional and at least 1 National.	Deliver an ongoing programme of exhibitions which will include local, regional and at least 1 National.	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.	>20,000	>20,000	>20,000	Door Count
Development and maintenance of arboretum	Supervise and participate in the maintenance of the arboretum to the standards in the facilities management contract	Supervise and participate in the maintenance of the arboretum to the standards in the facilities management contract	Supervise and participate in the maintenance of the arboretum to the standards in the facilities management contract	Supervise and participate in the maintenance of the arboretum to the standards in the facilities management contract	Council Records

DISTRIBUTIONS TO SHAREHOLDERS

The Trustees do not intend to distribute any accumulated profits or capital reserves to the Stratford District Council.

REPORTING

The Percy Thomson Trust will provide audited annual accounts in conjunction with its annual report. The Auditor-General is the auditor of the Trust.

A six-monthly summary report will also be presented including a summary of progress against objectives, and an unaudited balance sheet and income statement.

PURCHASE OF SHARES

The Trust does not intend to purchase shares in any company, other than as an investment mechanism. The Trust's Investment Policy states the policies and procedures for Trust investments.

PERCY THOMSON TRUST ENTITY INFORMATION**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 seven Trustees who oversee the governance of the Trust. This includes a Chairperson and six other voluntary members who support the Chairperson in delivering against the Trust's objectives. The Trust employs a Gallery Director, who is 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, 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.

INVESTMENT POLICY

Last reviewed February 2021, currently under review

PHILOSOPHY

The investment strategy of the Percy Thomson Trust is to maintain the income level required to achieve the Trust objectives whilst also inflation-proofing the capital base.

CRITERIA FOR INVESTMENT

Investments must be made to optimise returns while balancing risk and return considerations. As a responsible Trust with a public benefit aim, the Percy Thomson Trust investments should be low risk. The criteria to be applied to investments are:

- Safety of Capital - Safety of capital is a dominant consideration in all investment decisions.
- Liquidity - Investments are managed to ensure that sufficient funds are available to meet liabilities as and when they fall due.
- Returns - Long term investments reflect the objective of maximizing returns in excess of the inflation rate consistent with moderate to low-risk exposure and to provide consistent real income over the long term.

PERFORMANCE MEASURES

Maintain the real value of the capital of the Trust with regard to inflation. (using the Statistics New Zealand All Groups CPI).

Types of Investment

The Trust may hold the following types of investments. See other sections of this policy for restrictions on the management of each type.

- Bank deposits, bank accepted bills and bank issued certificates of deposit
- Short term Promissory Notes issued by companies and Local Authorities
- Stocks and bonds issued by Government, SOE's, Local Authorities and suitably rated Corporate entities
- Shares in listed public companies
- Real Estate
- Professionally managed portfolios of investments, either by direct investment or through Unit Trusts including:
 - Equities both New Zealand and overseas domiciled
 - Fixed interest both New Zealand and overseas domiciled
 - Short term cash
 - Real estate

The following types of investments are prohibited:

- Loans to individuals
- Loans to community organisations

ASSESSMENT AND MANAGEMENT OF RISKS BY TYPE OF INVESTMENT

Authorised Bank Instruments

The Trust may invest in any registered bank in New Zealand subject to the following:

- The bank remains the primary debtor throughout the term of the investment.
- Investments will only be in banks on the list of registered banks in New Zealand as approved by the Reserve Bank of New Zealand.
 - any other organisation with a Standard and Poor's short term credit rating of A-3 or better and a long term credit rating of A- or better (equivalent Moody's ratings may be used).
- Up to 100% of the available funds may be invested.
- A maximum of 50% of the total investments issued by the financial market (which is made up of short term bank deposits, promissory notes and long term stocks and bonds including those issued by Local Authorities and Government Stock) may be invested with any one bank.
- Deposits may not include foreign currency.

Promissory Notes by NZ Companies and Local Authorities

The Trust may invest in Promissory Notes issued in New Zealand by Corporates and Local Authorities in New Zealand currency subject to the following:

- Up to 35% of the available funds may be invested where the Promissory Notes are issued by any company in New Zealand subject to the issuer having a Standard and Poor's long term credit rating of Investment Grade or better (equivalent Moody's ratings may be used) and subject to a maximum 20% of the total investments with any one issuer.
- The term is no more than 180 days.
- The interest rate must be better than Bank deposits for the same term.
- For registered Promissory Notes the note must be held in the Trust's name.
- For 'bearer' Promissory Notes, the certificate may be held by the Trust or by a suitable agent such as a Bank.
- To avoid the Trust being exposed to settlement risk, payment on maturity or sale requires settlement by 'Cleared Funds'.

Authorised Stock or Bond Investments

The Trust may invest in any fixed term stock or bond issued in New Zealand subject to the following:

- Up to 100% of the available funds may be invested where the stock is issued by the New Zealand Government or State-Owned Enterprise guaranteed by the Government.
- Up to 100% of the available funds may be invested where the stock is issued by a Local Authority and is rate secured, but subject to a maximum of 50% of the total investments with any one issuer.
- Up to 80% of the available funds may be invested where the bonds are issued by any company in New Zealand subject to the issuer having a Standard and Poor's long term credit rating of Investment Grade or better (equivalent Moody's ratings may be used) and subject to a maximum 20% of the total investments with any one issuer.

Shares in Listed Public Companies

The Trust may invest in any public company listed on the New Zealand Stock Exchange subject to the following:

- Specific resolution is required by the Trust to invest directly in a listed equity, such resolution to have considered professional advice from a broker.
- There is to be an annual review by a broker to assess price, total value, and hold or sell advice.
- Up to 30% of the available funds may be invested.

Real Estate

The Trust may invest in real estate subject to the following:

- The property is directly linked to the aims and purpose of the Trust; or
- The property was included in the initial assets of the Trust.
- Up to 75% of the available funds may be invested.

Professionally Managed Portfolios

The Trust may invest in professionally managed portfolios subject to the following:

- In selecting the fund manager, the Trust shall consider:
 - Performance and competence
 - Diversification of the asset class
 - Expected return
 - Volatility of return, both in the past and expected
 - Trust's tolerance to risk
- The management of the investment, once made with a professional Fund Manager, shall be handled entirely by that Fund Manager. Therefore, restrictions stated elsewhere in this policy governing the selection and handling of direct investments shall not apply.
- Up to 50% of the available funds may be invested.

Diversification Summary

Investment Category	Fund Weighting Restriction	Other Restrictions
Bank Instruments	100% of fund	Maximum 50% with any one bank
Promissory Notes	35% of fund	No more than 180 days; No more than 20% with one issuer
Authorised Stock/Bonds	100% of fund Government Stock; 100% of fund Local Authority; 80% of fund Others	No more than 50% with one Local Authority; No more than 20% with one issuer
Listed Shares	30% of fund	
Real Estate	75% of fund	Aims of Trust
Professional Portfolios	50% of fund	

Reporting

The Percy Thomson Trust shall receive with each set of accounts reported to the Trust a statement of investments including book value, maturity date, return, market value, and other features deemed relevant.

Delegated authority to act on all investments in accordance with this policy, (except Real Estate, Shares, and Professionally Managed Funds) is granted to the Chairman of the Trust and any one other authorised account signatory.

ACTIVITIES FOR WHICH COMPENSATION IS SOUGHT

The Percy Thomson Trust is seeking a continuation of the annual cash grant of \$50,000 from the Stratford District Council.

This grant helps fund the activities of the Trust and is a recognition of the benefits the operations of the Trust bring to the wellbeing of the Stratford District. It is noted that the grant has not been increased since 2012. The Trust has up until recently been able to absorb inflationary cost pressures on wages and operational costs mainly through fundraising and outside grants, however this has now become significantly harder so that there has been some resort to reserves. If the grant had maintained a similar proportion of rate income over this period the current grant would be of the order of \$80,000. No increase in the grant is being sought at this time as the Trust works through the Statement of Expectation and revises its strategic intent.

The Trust is also seeking a continuation of maintenance work on the Arboretum, delivered "in kind" - no change from previous Statement.

In addition, the Trust is seeking a continuation of cleaning and maintenance services of the building, and the public toilets within the Percy Thomson Building, delivered 'in kind' - no change from previous Statement.

The Council also provides administration services to the Trust for \$20,600 per annum - no change from previous Statement.

As a Council controlled organisation, whether Toi Foundation will accept a funding application from the Trust is under review.

PERCY THOMSON TRUST**COST OF SERVICE STATEMENTS****FOR THE THREE YEARS COMMENCING 1 JULY 2025**

<u>2024/25</u>		<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>
<u>Budget</u>		<u>Forecast</u>	<u>Projection</u>	<u>Projection</u>
\$		\$	\$	\$
<u>PROPERTY</u>				
Revenue				
14,100	Café Lease	14,100	14,805	14,805
0	External funding - building maintenance	130,885	7,100	33,200
1,400	Post Box Lobby Rental	1,440	1,440	1,500
18,000	Building lease	18,000	18,000	19,800
33,500	Total Property Revenue	164,425	41,345	69,305
Expenditure				
84,050	Depreciation	99,800	109,780	109,780
13,000	Insurance	15,000	16,500	18,150
1,898	Rates (Services Only)	1,898	2,087	2,296
20,000	Repairs and Maintenance Building	130,885	7,100	33,200
5,000	Repairs and Maintenance Arboretum	5,000	5,000	5,000
1,000	Herbarium	0	0	0
124,948	Total Property Expenditure	252,583	140,467	168,426
(91,448)	Surplus (Deficit) from Property	(88,158)	(99,122)	(99,121)

PERCY THOMSON TRUST

<u>2024/25</u>		<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>
<u>Budget</u>		<u>Forecast</u>	<u>Projection</u>	<u>Projection</u>
\$		\$	\$	\$
<u>ART GALLERY</u>				
Revenue				
1,600	Membership and "Friends" Donations	1,200	1,200	1,200
0	External funding - gallery operations	50,000	50,000	50,000
0	External funding - Emergence Exhibition	0	18,692	0
11,000	Rental/Hireage	11,000	11,550	12,128
3,000	Donation Box	4,000	4,000	4,000
12,000	Commission - Percy's Place	12,000	12,000	12,000
6,000	Commission - Gallery	6,000	6,000	6,000
33,600	Total Art Gallery Revenue	84,200	103,442	85,328
Expenditure				
350	ACC Levy	400	400	400
15,000	Energy Costs	15,000	15,750	16,538
1,000	Art Insurance	1,100	1,210	1,331
800	Miscellaneous	800	800	800
20,000	Programme	20,000	21,000	23,100
0	Emergence Exhibition	0	18,692	0
10,000	Major Exhibition	10,000	10,500	11,550
200	Publications & Subscriptions	300	300	300
0	IT expenditure	4,050	4,253	4,465
135,000	Salary, Wages and Employment Related Costs	120,000	123,600	127,300
1,500	Staff Training	1,500	1,500	1,500
3,600	Telephone & Tolls	3,000	3,150	3,308
187,450	Total Art Gallery Expenditure	176,150	201,155	190,591
(153,850)	Surplus (Deficit) from Art Gallery	(91,950)	(97,713)	(105,264)

<u>2024/25</u>		<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>
<u>Budget</u>		<u>Forecast</u>	<u>Projection</u>	<u>Projection</u>
\$		\$	\$	\$
<u>OTHER REVENUE AND EXPENDITURE</u>				
Other Revenue				
35,000	Interest	20,000	20,000	20,000
50,000	Stratford District Council Grant	50,000	50,000	50,000
0	Capital gain on sale of investments	117,000	0	0
50,000	External Funding	0	0	0
135,000	Total Other Revenue	187,000	70,000	70,000
Other Expenditure				
20,600	Administration	20,600	20,600	20,600
25,000	Audit Fees	25,000	25,000	15,000
2,970	Trustee Liability Insurance	2,970	3,267	3,594
300	Investment Expenses	300	300	300
48,870	Total Other Expenditure	48,870	49,167	39,494
86,130	Surplus (Deficit)	138,130	20,833	30,506

PERCY THOMSON TRUST

<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>
<u>Budget</u>	<u>Forecast</u>	<u>Projection</u>	<u>Projection</u>
\$	\$	\$	\$

SUMMARY COST OF SERVICE STATEMENT

<u>REVENUE</u>				
33,500	Property	164,425	41,345	69,305
33,600	Art Gallery	84,200	103,442	85,328
135,000	Other Revenue	187,000	70,000	70,000
202,100	Total Revenue	435,625	214,787	224,633
<u>OPERATING EXPENDITURE</u>				
124,948	Property	252,583	140,467	168,426
187,450	Art Gallery	176,150	201,155	190,591
48,870	Other Expenditure	48,870	49,167	39,494
361,268	Total Operating Expenditure	477,603	390,789	398,511
(159,168)	Operating Surplus (Deficit)	(41,978)	(176,002)	(173,878)
(159,168)	Net Operating Surplus (Deficit)	(41,978)	(176,002)	(173,878)
84,050	Add back depreciation (non-cash)	99,800	109,780	109,780
(75,118)	Cash Surplus (Deficit)	57,823	(66,222)	(64,098)

**PROSPECTIVE STATEMENT OF FINANCIAL PERFORMANCE
FOR THE THREE YEARS COMMENCING 1 JULY 2025**

<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>
<u>Budget</u>	<u>Forecast</u>	<u>Projection</u>	<u>Projection</u>
\$000	\$000	\$000	\$000
Revenue			
50	Funding from central or local government	50	50
67	Revenue from non-governmental sources for providing goods or services	68	71
50	Donations, fundraising and other similar revenue	181	83
35	Interest, Dividends and Other Investment Revenue	20	20
-	Other revenue	117	-
202	Total Revenue	436	225
Expenses			
135	Employee Related Costs	120	127
142	Costs related to providing goods and services	258	161
84	Other Expenditure	100	110
361	Total Expenses	478	399
(159)	Operating Surplus/(Deficit) Before Tax	(42)	(174)
-	Share of Associate Surplus/(Deficit)	-	-
(159)	Surplus/(Deficit) Before Tax	(42)	(174)
-	Income Tax Expense	-	-
(159)	Surplus/(Deficit) After Tax	(42)	(174)

PERCY THOMSON TRUST**PROSPECTIVE STATEMENT OF FINANCIAL POSITION****For the Three Years Ending 30 June 2026, 2027 and 2028**

<u>2024/25</u>		<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>
<u>Budget</u>		<u>Forecast</u>	<u>Projection</u>	<u>Projection</u>
\$000		\$000	\$000	\$000
<u>Assets</u>				
<u>Current Assets</u>				
35	Bank Accounts and Cash	93	27	13
10	Debtors and Prepayments	10	10	10
300	Investments	500	500	450
345	Total Current Assets	603	537	473
<u>Non-Current Assets</u>				
2,381	Property, Plant and Equipment	2,519	2,410	2,541
397	Other Financial Assets	0	0	0
2,778	Total Non-Current Assets	2,519	2,410	2,541
3,123	TOTAL ASSETS	3,122	2,946	3,013
<u>Liabilities</u>				
<u>Current Liabilities</u>				
5	Creditors and Accrued Expenses	5	5	5
2	Employee Costs Payable	2	2	2
7	Total Current Liabilities	7	7	7
7	Total Liabilities	7	7	7
3,116	Total Assets less Total Liabilities (Net Assets)	3,115	2,939	3,006
<u>Accumulated Funds</u>				
0	Capital contributed by owners or members	0	0	0
1,207	Accumulated Surpluses or (deficits)	1,206	1,030	897
1,909	Reserves	1,909	1,909	2,109
3,116	Total Accumulated Funds	3,115	2,939	3,006
99.78%	Ratio of Trust Equity to Total Assets	99.77%	99.76%	99.76%

PERCY THOMSON TRUST

ESTIMATE OF COMMERCIAL VALUE

As the Trust is an independent charitable trust, and the winding up clauses of the Trust Deed provide for any distribution of remaining funds to another charitable purpose within the Stratford District with similar objectives, the commercial value as the shareholders' investment is assessed as zero.

OTHER MATTERS

The Percy Thomson Trust has one commercial arrangement with the Stratford District Council as follows:

- The Stratford District Council provides accounting and administrative services to the Percy Thomson Trust. The Trust pays a fee for these services.

The Percy Thomson Trust leases to third parties, a portion of the building asset for operation of a café and a professional surveyor.

ASSUMPTIONS

The budget forecasts do not include any adjustments for inflation for the years 2025 - 2028 and beyond. All revenue and expenditure is based on 2025 dollars.



TE KAUNIHERA Ā ROHE O
WHAKAAHURANGI
STRATFORD
DISTRICT COUNCIL

Our reference
F19/13/03-D21/40748

Karakia

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

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