



AGENDA RĀRANGITAKE

Audit, Risk and Finance Committee

Hui a te Komiti o te
Mōrearea me te Ahumoni

Date: Tuesday, 06 October 2026
Time: 9.00am
Venue: Council Chambers, Hauraki House,
1 William Street, Paeroa

Membership

Committee Members

Independent Member – M Baxter (Chair)
Cr Mayor D A Adams (Deputy Chair)
Cr P Milner (Deputy Mayor)
Cr S Crooymans
Cr C Bates
Cr A Spicer
Cr C Daley (Community Member)

HDC Staff

D A Speirs
P A Thom
A de Laborde
N Ryburn
D Peddie
E Whittenham
J Hughes
S McDonald
M Radford

D A Speirs

Chief Executive | Tumuaki

Hauraki District Council, P O Box 17, William Street Paeroa, New Zealand
07 862 8609 or 0800 734 834 (within the district)
info@hauraki-dc.govt.nz
www.hauraki-dc.govt.nz



Audit, Risk and Finance Committee Delegations:

Membership	Independent Member – Max Baxter (Chair) Cr Mayor D A Adams (Deputy Chair) Cr P Milner (Deputy Mayor) Cr S Crooymans Cr C Bates Cr A Spicer Cr C Daley (Community Member)
Meeting frequency	Bi-monthly – last Tuesday of the month, starting February 2026, commencing at 9.00am.
Quorum	Four members present.
Purpose	The purpose of the Audit, Risk and Finance Committee is to: ▪ Seek reasonable assurance that Council has appropriate financial, health and safety and wellbeing, and risk management systems in place. ▪ Seek reasonable assurance as to the integrity and reliability of the Council's financial and non-financial reporting processes and financial reporting. ▪ Ensure that the Council has appropriate financial policies in place. ▪ Provide a communications link between management, the Council and the external and internal auditors. ▪ Promote a culture of openness and continuous improvement.
Delegation	The Council delegates to the Audit, Risk and Finance Committee the following responsibilities: ▪ To review in depth, (no less than quarterly) Council's financial performance statements. ▪ To monitor the Council's treasury activities to ensure they remain within Council's policy limits. Where there are good reasons to exceed policy limits, the Committee will make recommendations to Council. ▪ To receive reports on the Council's handling of rates in arrears and rating sales and monitor the proper application of policy and processes. ▪ To hear and decide upon appeals to rates remission decisions. ▪ To review, in depth, the Council's annual report. ▪ To receive a report on an annual basis on the Council's insurance policies. ▪ To receive reports on health and safety and wellbeing performance. ▪ To receive the Organisational Risk register report. ▪ To provide a communications link between management, the Council and the external and internal auditors. ▪ To engage with Council's external auditors and approve the terms and arrangements for the external audit programme. ▪ To engage with Council's internal auditors and approve the terms and arrangements for the internal audit programme. ▪ To receive reports on the organisation's response to the external and internal audit reports and the extent to which recommendations are implemented.

- To engage with the external and internal auditors on any one-off assignments.
- Receive regular reports on risk related matters, such as cyber compliance use of P-cards, and departures from the procurement policy.

The Audit, Risk and Finance Committee can recommend to Council:

- Adoption (or otherwise) of Council's internal financial reports.
- Adoption or non-adoption of completed financial performance statements.
- Adoption (or otherwise) of the annual report.
- To write-off outstanding debtor accounts (including rates) when above staff delegations.
- New accounting and reporting requirements.
- Commencement of rating sale proceedings.

Subject to any expenditure having been approved in the operative Long Term Plan and/or Annual Plan the Audit and Risk Committee have authority to approve:

- The appointment of the independent internal auditor.
- Risk management and internal audit programmes.
- Additional services provided by the external auditor.

In addition, the Council delegates to the Audit and Risk Committee the following powers and duties:

- Conduct and monitor special investigations in accordance with Council policy, including engaging expert assistance, legal advisors or external auditors, and, where appropriate, recommend action(s) to Council.
- The review and development (not adoption) of Council risk related policies, such the Sensitive Expenditure Policy, Fraud Policy, and Risk Management Policy.

The Audit, Risk and Finance Committee may not delegate any of its responsibilities, duties or powers.



Ngà Karakia Timatanga (opening)

(1)

Kia tau te rangimarie
Kia whakapapa pounamu te moana
Hei huarahi ma tatou i te rangi nei
Aroha atu, aroha mai
Tatou i a tatou katoa
Hui e! Taiki e!

*May peace be widespread
May the sea be like greenstone
A pathway for us all this day
Let us show respect for each other
For one another
Bind us all together!*

(2)

Whakataka te hau ki te uru,
Whakataka te hau ki te tonga.
Kia mākinakina ki uta,
Kia mātaratara ki tai.
E hī ake ana te atākura he tio,
he huka, he hauhunga.
Haumi e! Hui e! Tāiki e!

*Get ready for the westerly
and be prepared for the southerly.
It will be icy cold inland,
and icy cold on the shore.
May the dawn rise red-tipped on ice,
on snow, on frost.
Join! Gather! Intertwine!*

Karakia Whakamutunga (closing)

Kia whakai-ria te tapu
Kia wātea ai te ara
Kia turuki whakataha ai
Haumi e. Hui e. Tāiki e!

*Restrictions are moved aside
So the pathways is clear
To return to everyday activities
Join Gather Intertwine!*





Audit, Risk and Finance Committee Agenda

Tuesday, 06 October 2026 – 9.00am

Order of Business

Pages

Meeting opening | Karakia timatanga | Councillor Milner

Procedural

1. **APOLOGIES | Te hunga kāore i tae**

The Chair will open the meeting and call for apologies.

2. **LATE ITEMS | Whāki Pānga**

Items not on the agenda for the meeting require a resolution under section 46A of the Local Government Official Information and Meetings Act 1987 stating the reasons why the item was not on the agenda and why it cannot be dealt with at a subsequent meeting on the basis of a full agenda item.

3. **DECLARATIONS OF INTERESTS | Whakapuakitanga Whaipānga**

Members are reminded to declare and stand aside from decision making when a conflict arises between their role as an elected member and any private or other external interest they may have.

4. **CONFIRMATION OF MINUTES | Te Whakaū i ngā Mene**

4.1 Audit, Risk and Finance Committee Minutes (unconfirmed) – 25-08-2026 10

5. **Reporting (for decision) | Pūrongo me whakatau**

5.1 Draft 2025/26 Annual Report Review 32

6. **Reporting (for information) | Ngā Pūrongo Whakamārama**

6.1 Audit, Risk and Finance Action Schedule 227

6.2 Audit, Risk and Finance Work Programme 234

6.3 Corporate Risk Report 237

6.4 Leave Balance Report - September 2026 258

6.5 Local Government Reforms Update – October 2026 263

6.6 Treasury Report as at 30 September 2026 266

6.7 Financial Report for the period ending 31 August 2026 275

6.8 Overview of Council's Insurance Policies 291

Aon (Matthew Wilson and Hennesy Atienza will attend in person at 10.00am)

Morning Tea Break

7. **Committee only time**

8. **Public Excluded Business | Ngā Hui Kāore anō mō te Hāpori**

8.1	Item 1: In Committee - Action Schedule	301
8.2	Item 2: In Committee - Rates Arrears and Revenue	314
8.3	Item 3: In Committee – Current Capital and Operating Risk Report	346
8.4	Item 4: In Committee - Procurement Internal Audit update (to be distributed prior)	355
8.5	Item 5: In Committee – Health, Safety and Wellbeing Report	356
8.6	Item 6: In Committee - Business Unit Assurance and Insights Report	362

Meeting closing | Karakia whakamutunga

Reasons for Matters to be taken with the Public Excluded

Ngā take kia tū te hui o te Kaunihera anake

The public be excluded from the following parts of the proceedings of this meeting.

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

Item No.	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) Under Section 48(1) for the Passing of this Resolution
1	Action Schedule – October 2026	Section 7(2)(f)(i) – Maintain the effective conduct of public affairs through: (i) The free and frank expression of opinions by or between or to members or officers or employees of any local authority, or any persons to whom section 2(5) of this Act applies, in the course of their duty.	Section 48(1)(a) That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.
2	Rate Arrears and Revenue – October 2026	Section 7(2)(b)(i) – Protect information where the making available of the information: (1) Would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.	Section 48(1)(a) That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.
3	Current Capital and Operating Risks – October 2026	Section 7(2)(f)(i) – Maintain the effective conduct of public affairs through: (i) The free and frank expression of opinions by or between or to members or officers or employees of any local authority, or any persons to whom section 2(5) of this Act applies, in the course of their duty.	Section 48(1)(a) That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.

Item No.	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) Under Section 48(1) for the Passing of this Resolution
4	Procurement internal audit update (to be distributed prior)	Section 7(2)(f)(i) – Maintain the effective conduct of public affairs through: (i) The free and frank expression of opinions by or between or to members or officers or employees of any local authority, or any persons to whom section 2(5) of this Act applies, in the course of their duty.	Section 48(1)(a) That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.
5	Health, Safety and Wellbeing Report	Section 7(2)(a) – Protect the privacy of natural persons, including that of deceased natural persons.	Section 48(1)(a) That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.
6	Business Unit Assurance and Insights	Section 7(2)(a) – Protect the privacy of natural persons, including that of deceased natural persons. and Section 7(2)(c)(i) – The withholding the information is Necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information, or information from the same source and is in the public interest that such information should continue to be supplied.	Section 48(1)(a) That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.

HAURAKI DISTRICT COUNCIL

AUDIT, RISK AND FINANCE COMMITTEE

MINUTES OF A MEETING OF THE AUDIT, RISK AND FINANCE COMMITTEE HELD IN THE COUNCIL CHAMBER, 1 WILLIAM STREET, PAEROA ON TUESDAY, 25 AUGUST 2026 COMMENCING AT 9.00 AM

PRESENT

M Baxter (Independent Chair), His Worship the Mayor D A Adams (Deputy Chair), Cr P Milner, Cr C Bates, Cr A Spicer and Cr C Daley (Community Member)

IN ATTENDANCE

C Wessels (Audit NZ) and M Koekemoer (Audit NZ), D A Speirs (Chief Executive), D Peddie (Head of Finance and Risk), P A Thom (Group Manager – Community Development and Regulatory), A de Laborde (Group Manager – Service Delivery), N Ryburn (Communications and Corporate Services), E Whittenham (Finance Manager), J Hughes (Rates Team Leader), S McDonald (Health, Safety and Wellbeing Manager), M Radford (IT Manager) and G Wharerau (Council Secretary)

Meeting opening | Karakia timatanga

Mayor Adams opened the meeting with a karakia.

APOLOGIES | Te hunga kāore i tae

RESOLVED

THAT the apology of Cr S Crooymans be received and sustained.

ARF26/92

Baxter/Adams

CARRIED

LATE ITEMS | Whāki Pānga

There were no late items.

DECLARATIONS OF INTERESTS | Whakapuakitanga Whaipānga

There were no declarations of interests.

CONFIRMATION OF MINUTES | Te Whakaū i ngā Meneti

AUDIT, RISK AND FINANCE COMMITTEE MINUTES – 30-06-2026

RESOLVED

THAT the minutes of the meeting of the Audit and Risk Committee meeting held on Tuesday, 30 June 2026 are received and confirmed as a true and correct record.

ARF26/93

Milner/Adams

CARRIED

Reporting (for decision) | Pūrongo me whakatau

Action Schedule - 4143976

The Head of Finance and Risk provided an update on progress against action requests made by the Committee.

RESOLVED

THAT the Committee receives the report titled Action Schedule, (document number 4143976).

ARF26/94

Bates/Spicer

CARRIED

RESOLVED

THAT the report be distributed to staff for action.

ARF26/95

Bates/Spicer

CARRIED

Action

Staff to update action schedule as required.

Audit, Risk and Finance Work Programme - 4143969

The Head, Finance and Risk presented the forward work programme to the Committee for discussion and confirmation.

RESOLVED

THAT the Committee receives the report titled Proposed Work Programme, (document 4143969).

ARF26/96

Adams/Milner

CARRIED

Action

Head of Finance and Risk:

- Add property leases to the regular items list on the right-hand side of the work programme.
- Add amalgamation/Head Start risk portfolio review (including partner councils' debt and asset deficits) to the work programme for ongoing discussion.

Reasons for Matters to be taken with the Public Excluded
Ngā take kia tū te hui o te Kaunihera anake

RESOLVED

THAT the public be excluded from the following parts of the proceedings of this meeting.

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

Item No.	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) Under Section 48(1) for the Passing of this Resolution
1	In Committee Action Schedule	Section 7(2)(b)(i) - Protect information where the making available of the information: Would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information	Section 48(1)(a) That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.
2	AI Opportunities and Risks	Section 7(2) (j) - to prevent use of the information for improper gain or advantage	Section 48(1)(a) That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.

ARF26/97

Baxter/Spicer

CARRIED

confidential pages 4 and 5 of the minutes have been removed

RESOLVED

THAT the public be re-admitted to the meeting and that the business in committee discussed be confirmed.

ARF26/101

Baxter/Adams

CARRIED

The meeting adjourned for morning tea at 10.02am

The meeting reconvened at 10.15am

unconfirmed

Reasons for Matters to be taken with the Public Excluded
Ngā take kia tū te hui o te Kaunihera anake

RESOLVED

THAT the public be excluded from the following parts of the proceedings of this meeting.

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

Item No.	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) Under Section 48(1) for the Passing of this Resolution
4	CoLAB Building Consent Assistant Checking	Section 7(2)(i) Prejudice to Commercial Position/Negotiations To enable the local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations.	Section 48(1)(a) That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.
3	Cybersecurity	Section 7(2) (j) – to prevent use of the information for improper gain or advantage.	Section 48(1)(a) That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.
5	Health, Safety and Wellbeing Report	Section 7(2)(a) – Protect the privacy of natural persons, including that of deceased natural persons	Section 48(1)(a) That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.

Item No.	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) Under Section 48(1) for the Passing of this Resolution
6	Rates and Revenue	Section 7(2)(b)(i) - Protect information where the making available of the information: Would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information	Section 48(1)(a) That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.
7	Penalty Remission Application - Te Moananui	Section 7(2)(a) - Protect the privacy of natural persons, including that of deceased natural persons	Section 48(1)(a) That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.
8	Water Leak Remission Application - Broadley	Section 7(2)(a) - Protect the privacy of natural persons, including that of deceased natural persons	Section 48(1)(a) That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.
9	Current Capital and Operating Risk Report	Section 7(2)(f)(i) - Maintain the effective conduct of public affairs through: (i) The free and frank expression of opinions by or between or to members or officers or employees of any local authority, or any persons to whom section 2(5) of this Act applies, in the course of their duty	Section 48(1)(a) That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.

Item No.	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) Under Section 48(1) for the Passing of this Resolution
10	P-Card Report - January to June	Section 7(2)(f)(i) – Maintain the effective conduct of public affairs through: (i) The free and frank expression of opinions by or between or to members or officers or employees of any local authority, or any persons to whom section 2(5) of this Act applies, in the course of their duty	Section 48(1)(a) That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.
11	Procurement of Internal Audits	Section 7(2)(f)(i) – Maintain the effective conduct of public affairs through: (i) The free and frank expression of opinions by or between or to members or officers or employees of any local authority, or any persons to whom section 2(5) of this Act applies, in the course of their duty	Section 48(1)(a) That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.

ARF26/102

Adams/Baxter

CARRIED

confidential pages 10-17 of the minutes have been removed

RESOLVED

THAT the public be re-admitted to the meeting and that the business in committee discussed be confirmed.

ARF26/120

CARRIED

Reporting (for information) | Ngā Pūrongo Whakamārama

Risk Report and Riskpool Update - 4043905

The Head of Finance and Risk provided the opportunity to discuss various matters relating to Council Risk. It included the Council Risk Register and further information relating to Riskpool.

RESOLVED

THAT the Committee receives the report titled Risk Report and Riskpool update – August 2026, (document number 4143905).

ARF26/121

Bates/Milner

CARRIED

Action

Corporate Planning Consultant:

- To update the wording on the zero-carbon promise risk item to reflect it as an ongoing organisational focus (not "not a priority") and amend the risk register accordingly.

Committee Comparison Report - 4143464

The Corporate Planning Consultant presented the findings of a review of Audit, Risk and Finance Committee (or equivalent) arrangements across a selection of New Zealand councils, undertaken in response to an action arising from the Committee's 2025 self-effectiveness review.

RESOLVED

THAT the Committee receives the report titled Committee comparison, (document number 4143464).

ARF26/122

Baxter/Spicer

CARRIED

Action

Corporate Planning Consultant:

- To take all 7 Committee Comparison report suggestions to staff for investigation and possible incorporation into HDC's committee processes.
- Update the wording on the zero-carbon promise risk item to reflect it as an ongoing organisational focus (not "not a priority"), and amend the risk register accordingly.

Chief Executive:

- Provide an estimate of staff time costs associated with the Head Start/simplifying local government process to include alongside the \$57,000 external cost figure.

Mayor:

Raise the Morgan Park buildings MOU formalisation process at the next Sport and Action Trust meeting.

Local Government Reforms update - 4142933

The Group Managers – Service Delivery and Community Development and Regulatory presented the Committee with updates on the identified risks for the Local Water Done Well (LWDW) programme, Resource Management Act reform and Local Government and Building reforms.

RESOLVED

THAT the Committee receives the report titled Local Government Reforms update, (document number 4142933).

ARF26/123

Baxter/Adams

CARRIED

Action

No action required.

Leave Balance Reporting – July 2026 - 4143944

The Head of Finance and Risk provided the Committee with an update on the leave balance information previously provided and sought the committee feedback on possible other leave metrics for future reporting.

RESOLVED

THAT the Committee receives the report titled Leave Report July 2026, (document number 4143944).

ARF26/124

Bates

CARRIED

Action

Group Manager – Service Delivery:

- To mandate annual leave plans for transferring staff over 300 hours leave balance.

Treasury Report as at 31 July 2026 - 4144243

The Head of Finance and Risk provided an update on Council's treasury position and compliance with the Liability Management Policy as at 31 July 2026.

RESOLVED

THAT the Committee receives the report titled Treasury Report as at 31 July 2026, (document number 4144243).

ARF26/125

Adams/Baxter

CARRIED

RESOLVED

THAT the Committee notes Council's continued non-compliance with certain treasury policy parameters, as outlined in section 5 of this report, relating to interest rate hedging and loan maturity profile, and that these positions have been approved by Council as temporary during the transition to Waikato Waters Limited.

ARF26/126

Adams/Baxter

CARRIED

Action

Head of Finance and Risk:

Extend BNZ liquidity facilities beyond 3 years to bring the maturity profile back into compliance (targeting 60% threshold), in consultation with PwC.

Council Leasing Update - 4142708

The Property Manager provided an update on leases which have been renewed, cancelled or are in progress.

RESOLVED

THAT the Committee receives the report titled Council Leasing Update (document number 4142708).

ARF26/127

Milner/Adams

CARRIED

Action

Group Manager – Service Delivery:

- Engage PGG Wrightson to complete valuations of grazing leases, Tandoori Chambers, and Plunket building; bring results back through the GLT/Property Committee before any market listing.
- Provide the Committee with a full updated list of all Council properties with current figures.

Head of Finance and Risk:

- Provide an update on procurement audit improvements at the next or October committee meeting as a regular action point.
- Investigate and confirm whether an integrated procurement contract management system needs to be costed and included in the Long-Term Plan (year 2 or 3).

unconfirmed

Meeting closing | Karakia whakamutunga

The mayor closed the meeting with a karakia at 2:12pm.

CONFIRMED

M Baxter
Chairperson

27 October 2026

unconfirmed

FOR DECISION MŌ TE WHAKATAUNGA



To Audit and Risk Committee

Author Ducan Peddie
Head of Finance and Risk

Meeting date 6 October 2026

File reference Document: 4174042
Appendix A: 4071923

Subject **Review of the DRAFT 2025/26 Annual Report**

1 TE WHAIKUPU | RECOMMENDATIONS

THAT the Committee

- a) Receives the report titled Review DRAFT 2025/26 Annual Report, (document number 4174042
 - b) Approves Option 1 - Recommends to Council that the Draft 2025/26 Annual Report plus amendments be adopted (**the recommended option**)
- OR
- c) Approves Option 2 - Does not recommend to Council that the Draft 2025/26 Annual Report plus amendments be adopted,

2 TE ARONGA | PURPOSE

The purpose of this report is to provide to the Committee the draft 2025/26 Annual Report for consideration and review.

3 TE WHAKARĀPOPOTANGA | SUMMARY

The Annual report is currently being audited and will need to be adopted by Council at the 13 October meeting, to meet the 31 October legislative deadline.

The Audit & Risk Committee have been delegated the task of reviewing Council's Annual Reports and recommending its adoption by Council.

The Annual Report, reports on a 2025/26 deficit that was largely driven by a combination of timing and accounting factors rather than day-to-day operating performance.

Some expected revenue from section sales was delayed into future periods, while asset revaluations also led to higher depreciation expenses, impacting the reported result. In addition, a severe weather event resulted in write-offs of assets that were destroyed. Together, these factors contributed to the deficit. Noting that these are either one-off or timing-related issues, they do not reflect an ongoing deterioration in Council's financial position.

The forecast surplus for 2025/26 was \$4.5m

The actual deficit was \$9.2m.

4 WHAKAPAPA | BACKGROUND

Section 98 of the LGA requires Council to prepare and adopt in respect of each financial year an annual report. The purpose of the annual report is to;

- (a) compare the actual activities and the actual performance of the Council within the year with the intended activities and the intended level of performance as set out in respect of the year in the long-term plan and the annual plan; and
- (b) To promote the Council's accountability to the community for the decisions made throughout the year.

One of the Committee's delegations is to review the Annual Report and recommend the adoption of the Annual Report to Council.

At the time of writing this report, the audit of the 2025/26 Annual report was ongoing. As part of the adoption process, it is recommended that the Audit & Risk Committee review the Annual Report and recommend to Council that the Annual report be adopted subject to any further modifications required by Council's auditors.

Included in this report is an analysis of the major variances in the Annual Report.

A copy of the draft 2025/26 Annual report is attached as Appendix A.

5 NGĀ TAKE | ISSUES

A draft Annual Report is ready for the Committee's review. This is attached as Appendix A.

Several sections of the Annual Report are still to be reviewed by audit and are not yet completed.

The audit will not be complete until after the Committee has met so any recommendation to Council to adopt the report will need to be subject to amendments recommended by the auditors.

Enclosed in this report is an analysis of the major variances in the current draft Annual Report.

6 Financial Statements

Explanations for major variations from the Council's budget figures in the 2025/26 year in the Annual Plan are as follows:

6.1 Statement of comprehensive revenue and expense

Rates Revenue - \$1.2M increase

Primarily higher than expected water consumption

Subsidies and Grants - \$2.6M increase

Roading subsidies from Waka Kotahi (NZTA) were \$1.5M higher. Council also received \$0.8M of income for work on the Hauraki Rail Trail.

Other Revenue - \$9.4M decrease

\$11.2M of reduced revenue due to section sales that were expected during the year that did not occur. These sections will be sold in future years.

Offsetting this reduction was unbudgeted forestry sales of \$1.2M

Personnel Costs - \$1.3M decrease

With the proposed transition of Waters activities to Waikato Waters Ltd, some staff have left early, and vacancies have not been filled where possible in preparation for the transition.

Depreciation and amortisation - \$2.9M increase

Increase from the latest roading valuation that was driven by contractor market cost increases.

Other expenses - \$6.6M increase

The main contributors to this variance were:

- Loss on disposal of assets - (\$3.2 million) above budget. This figure is inherently difficult to forecast, as it is determined by the asset's cost less accumulated depreciation and any proceeds received. In many cases Council does not receive proceeds when assets are retired, for example due to unforeseen breakages or weather events. Losses can also appear larger where the accounting value of an asset had increased before it was disposed of. For these reasons, only a nominal amount is included in the budget.
- Reduction in fair value of Forestry- (\$1.5 million). This reflects the harvesting of Council's main forest block as well as other movements in forest values.
- Additional Grants made, mostly in relation to the Hauraki Rail Trail - (\$0.3 million)
- Waters Transition costs that were not budgeted - (\$0.3 m)
- Water reticulation and treatment reactive repairs were higher than budget- (\$0.3 million)
- External contractors and planning consultants to cover vacancies and undertake projects - (\$0.8 million)

6.2 Statement of financial position

Cash and cash equivalents - \$6.5M increase

This variance primarily reflects Council prefunding upcoming loan maturities.

Property, plant and equipment - \$142M increase

The budget for property, plant and equipment (PPE) was based on an opening balance of \$913 million, which was \$163 million lower than the actual opening balance. The opening balance was significantly higher than what was estimated in the 2025/26 Annual Plan due to

revaluations causing large increases in asset values and this information was not available at the time of the 2025/26 Annual Plan being finalised and therefore relied on estimated closing balances.

This movement was partially offset by depreciation being higher than budget, which was also due to the revaluation in the prior year creating a larger depreciation expense due to the increase in asset values. Additions were also \$14.7 million less than budgeted. This variance reflects that Council delivered 75% of the capital works programme budgeted for 2025/26. In addition, \$3.2 million of asset disposals occurred that were not budgeted, as the budget assumed all disposals would have a nil net book value.

Borrowings - \$24.6M decrease

This reflects the difficulty in delivering the \$58 million 2025/26 capital programme together with carried forward capital projects from 2024/25.

More information on the variances is available in the Annual Report in the Note that relates to each item.

7 WHAIWHAKAARO RAUTAKI O NGĀ TAKE | STRATEGIC CONSIDERATIONS

7.1 Mana Whenua/Māori

There are no adverse significant effects or implications for Māori.

This decision does not relate to land or body of water.

7.2 Strategic alignment

The annual report compares the actual activities and actual performance of the Council compared to the annual plan and long term plan for the relevant financial year.

7.3 Policy and bylaw consistency

Policies and bylaws applicable to the issue include:

- There are no relevant policies and bylaws applicable to the adoption of the annual report.

7.4 Climate change implications

The decision will result in no, or a negligible, change in greenhouse gas emissions.

The decision will not be impacted by a changing climate.

7.5 Issue risks and mitigations

Risk		What is being done about the risk?
Legal compliance	The risk is if the annual report is not adopted by 31 October 2026, we will be in breach of legislative deadlines. The risk is expected to be of insignificant impact. The likelihood of the risk occurring is unlikely.	Weekly progress reports from Audit New Zealand are being undertaken with staff.
Political reputation	The risk is if the annual report is not adopted by 31 October 2026, it may cause some loss of confidence among parts of the community, may also perceive our transparency to be lacking. The risk is expected to be of insignificant impact. The likelihood of the risk occurring is unlikely.	As above. No indication the adoption will occur after 31 October 2026.

7.6 Financial and resource implications of issue

There are no additional financial and resource implications to adopting the annual report. Should the annual report require further significant amendments or the adoption be delayed there will be additional financial cost and staff resourcing required.

8 NGĀ KŌWHIRINGA A MĀTOU | OPTIONS AVAILABLE

The following options have been identified for consideration:

- Recommending that Council adopt the Annual Report with amendments.
- Recommending that Council does not adopt the Annual Report

8.1 Option 1

Option 1: Recommending that Council adopt the Annual Report with amendments	
Provide a summary of option:	This option asks the Committee to recommend to Council to adopt the draft annual report at the October Council meeting.
Advantages:	The Annual report would be adopted and made available to the public within legislative requirements The incoming Council would have the reassurance of a recommendation from the Committee

Disadvantages:	No known disadvantages.
Risk mitigation:	The political and legal risks of not meeting our statutory deadlines (as identified in section 6.5) would be addressed by this option.
Financial costs:	There are no expected additional financial costs.
Rates Impact:	There is no expected change to forecast rates, as funding for this option is provided for in existing budgets.
Debt Impact:	There is no change to forecast debt, as funding for this option is provided for in existing budgets.

Option 1: Significance Assessment - Criteria	Level of significance
Does the recommendation involve a transfer of ownership or control, or abandonment of a strategic asset?	No
Is there a legal requirement to engage with the community?	No
What is the level of financial consequence?	Low
What is the proportion of the community affected?	Low
What is the impact on the current and future social, economic, environmental or cultural well-being of the district?	Low
What is the level of community interest?	Expected to be low
Are the likely consequences controversial?	Expected to be low
What is the level of consequence in relation to land or a body of water?	No significance
Does this recommendation trigger a break of one or more of Councils rates caps or debt caps?	No
What is the impact on the ability for Council to carry out any activity in the LTP?	Low
Extent of community views already known on this recommended approach	Low

Option 1 is considered to be of overall **low** significance.

8.2 Option 2

Option 2: Not recommending that Council adopt the Annual Report with amendments.

Provide a summary of option:	This option involves the Committee not recommending that the Annual Report be adopted.
Advantages:	There are no advantages if the annual report is adopted after 31 October 2026.
Disadvantages:	If the adoption of the annual report is delayed later than 31 October 2026, we will be in breach of our legislative requirements.
Risk mitigation:	The political and legal risks of not meeting our statutory deadlines (as identified in section 6.5) would not be addressed by this option.
Financial costs:	If postponement is the result of further work to be undertaken with Audit NZ then there is the potential that this will incur further costs.
Rates Impact:	There is no expected change to forecast rates, as funding for this option is provided for in existing budgets.
Debt Impact:	There is no change to forecast debt, as funding for this option is provided for in existing budgets.

Option 2: Significance Assessment - Criteria	Level of significance
Does the recommendation involve a transfer of ownership or control, or abandonment of a strategic asset?	No
Is there a legal requirement to engage with the community?	No
What is the level of financial consequence?	Low
What is the proportion of the community affected?	Low
What is the impact on the current and future social, economic, environmental or cultural well-being of the district?	Low
What is the level of community interest?	Expected to be low
Are the likely consequences controversial?	Expected to be low
What is the level of consequence in relation to land or a body of water?	No significance
Does this recommendation trigger a break of one or more of Councils rates caps or debt caps?	No
What is the impact on the ability for Council to carry out any activity in the LTP?	Low
Extent of community views already known on this recommended approach.	Low

Option 2 is considered to be of overall **low** significance.

9 TE KOWHIRINGA MATUA | RECOMMENDED OPTION

Staff recommend proceeding with option one - Recommending that Council adopt the Annual Report with amendments.

On assessing against the Council's [peer review criteria](#), this does not trigger an external peer review as the decision is not considered to carry a high/extreme level of risk, no peer review has been requested by leadership, the matter aligns with Council's risk appetite, no conflicts of interest identified, and it does not meet the threshold for high significance.

After the consideration of options, the recommendation is considered to be of overall low significance and as such the recommended form of engagement is to: not carry out any specific consultation or engagement.

10 KIA UIA KI TE HAPORI WHĀNUI ME NGĀ PĀPAHO | ENGAGEMENT AND COMMUNICATION

Based on the recommended form of engagement being not to carry out any specific consultation or engagement the proposed engagement and communication approach is: Update the community of the annual report adoption and outcome. It will be via social media, newspaper and on our website.

11 TE ARA KI MUA | NEXT ACTIONS

The table below sets out the next key steps:

Action	Responsibility	By When
Include the Annual Report adoption report on the October Council agenda	Strategic Planning	October

12 TUHUTORO | REFERENCES

n/a

13 WHAKAPAI | APPROVAL

Prepared by	Hillary Hodges Strategic Planner
Reviewed by	Duncan Peddie Head of Finance and Risk
Approved by	David Speirs Chief Executive



HAURAKI DISTRICT COUNCIL
PŪRONGO Ā-TAU
ANNUAL REPORT
2025/2026

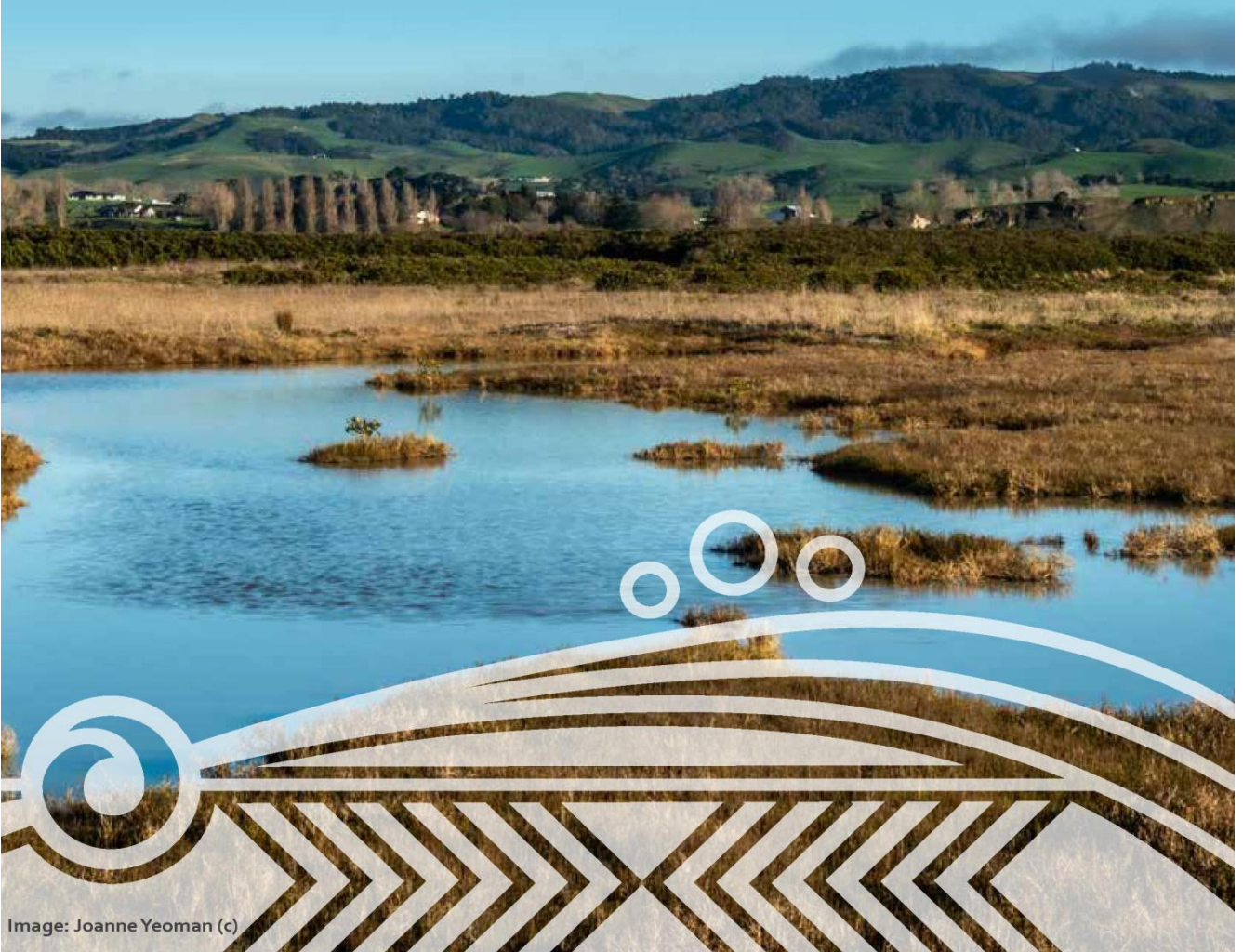


Image: Joanne Yeoman (c)

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A message from the Mayor and Chief - He pito kōrero nā te Koromatua me te Tumu Whakarae.

E ngā mana, e ngā iwi, e ngā karangatanga maha

*Greetings to everybody,
Tēnā koutou katoa*

As we reflect on 2025/26, we can be proud of the progress made across the Hauraki District and the work that has continued to prepare our communities for the future.

This was the second year of our 2024 to 2034 Long Term Plan and, like councils across New Zealand, we have continued to operate in a challenging environment. Rising costs, legislative change, increasing compliance requirements and significant weather events have all placed pressure on Council and our communities.

Despite these challenges, we have remained focused on providing the essential services our communities rely on, while balancing the need to keep rates affordable. Through the Annual Plan, we reduced the planned property rates increase from 13.3% to 8.4%, while continuing to invest in the infrastructure and facilities needed across our district.

A significant part of that investment has been in our water and wastewater infrastructure.

Much of this work happens behind the scenes and is not always visible to our communities, but it is some of the most important work Council undertakes. We have continued investing in our water and wastewater networks, treatment plants and associated infrastructure to ensure they are reliable, resilient and able to meet increasingly demanding regulatory requirements.

We are working towards the completion of the new Paeroa Wastewater Treatment Plant, a significant investment that will provide improved wastewater infrastructure and help support the growth and development of Paeroa and the Hauraki Plains in the long term.

We have also continued delivering on our commitment to the Hauraki Plains, with work progressing on the new Ngātea Service Centre and Library. This is an important community facility and represents Council keeping its promise to provide a modern library and service centre for the Plains.

As we move towards a new model for the delivery of water services, having strong and well maintained infrastructure is even more important. Council has made the decision to continue investing in this infrastructure because it is an essential part of getting our district ready for whatever model is ultimately put in place.

These are not always the easiest investments to explain because they are not necessarily the projects people see every day. They can sometimes be seen as a nice to have, but in reality they are investments that become essential when we consider the long term resilience, growth and future needs of our district. It is about making sure we do not leave the next generation with infrastructure that has been allowed to fall behind.

The year also tested our infrastructure and our resilience through significant weather events. Heavy rainfall and flooding placed considerable pressure on our roads, stormwater and wastewater networks and caused disruption for communities across the district.

Our staff, contractors and communities responded to these events and worked hard to restore services and access. These events reinforced just how important our investment in drainage, flood protection, stormwater, wastewater and transport resilience is.

Weather events such as these are becoming an increasingly important consideration for local government. We need infrastructure that can withstand these events, recover quickly when they occur and continue to support our communities as the district grows and changes.

Our performance results show improvements on the previous year, with more than half of our non financial performance measures achieved and strong results across many of our core services. We maintained full

compliance with our water, wastewater and stormwater resource consents, completed 100% of scheduled playground inspections, achieved high levels of tenant satisfaction in our elderly persons housing and met statutory timeframes across many regulatory services.

There are also areas where we know we need to do better. Drinking water compliance, customer response times in some service areas, wastewater and stormwater complaints, and aspects of our transport network remain priorities. These are areas where we will continue to focus our attention and investment.

Financially, the year presented some challenges although net borrowings were \$154 million compared with the \$185 million assumed in the budget. This is a \$28 million increase on the \$126 million of net borrowing last year, which reflects the continued investment in key infrastructure, as well as prefunding future debt requirements to support long term affordability.

Like households and businesses across Hauraki, Council has faced significant increases in the cost of doing business. Fuel, electricity, insurance, materials, contracts and other operating costs have all increased. Managing these rising costs while maintaining the level of services our communities expect has made balancing the budget increasingly challenging.

Council has had to make careful decisions about where we spend money, where we can find efficiencies and where investment is needed to protect the services and infrastructure our communities rely on.

At the same time, we have remained within our borrowing and debt affordability limits and continue to maintain a strong balance sheet. This provides a sound foundation as we continue to invest in the district while managing the financial pressures facing our communities.

Looking ahead, local government remains in a period of significant change. Changes to water services, increasing regulatory and compliance requirements, ageing infrastructure, climate resilience and affordability pressures will continue to influence the decisions councils make.

Our focus will remain on ensuring Hauraki has the infrastructure and services it needs, while making responsible financial decisions and continuing to advocate for practical solutions that work for our communities.

We are particularly conscious that every dollar Council spends ultimately comes from our ratepayers. That is why the investment we make must be considered carefully. At the same time, we cannot afford to continually defer essential infrastructure investment and leave growing problems for future generations.

The work we are doing today, particularly around our water, wastewater, stormwater and transport infrastructure, is about preparing Hauraki for the future. It is about making sure our district is resilient, connected and ready to meet the challenges ahead, while continuing to provide the services our communities rely on every day.

Finally, we want to extend a very big thank you to the people of Hauraki. Once again, when our communities have faced significant weather events and disruption, we have seen people rally around their neighbours, help one another and support their communities.

That community spirit is one of the great strengths of the Hauraki District. Whether it is helping someone affected by flooding, checking on neighbours, supporting local businesses or simply lending a hand when it is needed, these actions make a real difference.

We thank our staff, elected members, iwi partners, volunteers, contractors, businesses, community organisations and, most importantly, our communities for the contribution they have made throughout the year.

Together, we are continuing to build a resilient, connected and thriving Hauraki District

Mayor

Toby Adams



He pito kōrero nā te Tumu Whakarae | Message from the Chief Executive

Tēnā koutou

The 2025/26 year has been one of steady progress, careful decisions and focused delivery. While we have worked through financial pressures and significant change, we have continued to deliver the essential services, infrastructure and community facilities our district relies on. I am proud of what Council has achieved together.

We know many households and businesses are feeling cost-of-living pressures. We do not take lightly the responsibility that comes with spending rates. Every dollar matters, and our focus remains on investing in what is essential, maintaining what people rely on, and planning thoughtfully for the future.

Behind the numbers, there are people

Annual reports include figures, budgets and balance sheets, and those matter. But behind every service, project and decision are the people who make it happen. Our kaimahi keep water flowing, roads safe, libraries open, consents moving, public facilities maintained and community services running. Much of this mahi happens quietly in the background, but it is essential to everyday life in Hauraki.

The commitment, skill and care of our people turn plans into action and challenges into practical solutions. Their work is the foundation of what Council delivers for our communities.

Delivering carefully in a challenging year

This year we recorded a deficit, mainly due to timing, asset revaluations and transition costs linked to water reform. Revenue was lower than expected and operating costs were higher, but we remained within our financial limits and continued to invest in the infrastructure our district needs.

We carried higher debt than originally budgeted to fund major capital projects, including the Paeroa Wastewater Treatment Plant, while staying comfortably within borrowing limits. We also continue to manage Council assets carefully, with future sales and leases expected to help offset debt over time.

Building and maintaining what matters

We delivered the largest capital programme in the organisation's history, investing more than \$43 million in infrastructure and facilities across the district. This included major progress on the Paeroa Wastewater Treatment Plant, completion of Hauraki Plains Library & Community Centre: He Pātaka Kōrero, and the Kerepehi Raw Water Main Renewal as part of wider water supply improvements for the Plains.

We also exceeded our road resealing target, completed important pavement rehabilitation work, resurfaced parts of the Hauraki Rail Trail, opened the Morgan Park link extension, strengthened the Waihi Museum, renewed elderly persons housing and upgraded key community facilities. These projects show our focus on maintaining and improving the places and services people use every day.

Performing well, with room to grow

We achieved 56% of our performance measures, an improvement on the year before. We maintained full compliance with wastewater and stormwater resource consents, had zero serious crashes on Council-controlled roads, exceeded targets for road resealing and pothole repairs, and continued to see strong satisfaction in elderly persons housing.

We also know where we need to do better, including drinking water compliance, service interruptions and response times in some areas. We are committed to learning, improving and being open about our progress.

Preparing for water reform

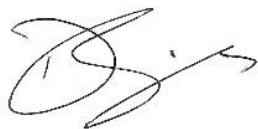
The transition to Waikato Waters Limited is well underway, with drinking water and wastewater services scheduled to transfer in mid-2027. This is significant change, and we are focused on supporting a smooth transition that keeps local connection and accountability front of mind.

Thank you – ngā mihi nui

To our Executive Leadership Team and every member of our kaimahi, thank you. Your professionalism, resilience and dedication through a year of change and pressure has been exceptional. Much of your work is not seen, but it matters deeply. You are what makes this Council work, and what helps make Hauraki a place people are proud to call home.

Daivd Spiers

Chief Executive



Hauraki District Council Statement of compliance and responsibility as at 30 June 2026

Statement of Compliance

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

Statement of Responsibility

The Council and Management of Hauraki District Council accept responsibility for the preparation of the Annual Report and the judgements used in it.

The Council and Management of Hauraki District Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting and non financial reporting.

In the opinion of the Council and Management of Hauraki District Council, the Annual Report for the year ended 30 June 2025 fairly reflects the financial position and operations of Hauraki District Council

District Profile | Rohe Whakaritenga

The Hauraki District sits at the south of Te Tara o te Ika o Maui – the barb of the fish of Maui and contains a diversity of land, communities and economies. Our location puts us in the 'golden triangle' between Auckland, Tauranga and Hamilton, and provides for a number of potential business opportunities to within our district. Due to the flow on effects of the growth pressures facing Auckland, Hamilton and Tauranga, in the past five years we have seen more people moving into our district than previous years, and added demand for new houses. With our active support of economic development initiatives, we are expecting our local economy to continue to perform well and our local population to keep growing.

Our district is divided into four wards: Waihi, Paeroa, Plains and Te Pakikau o te Oka Māori (encompasses the whole district)". These ward areas are shown on the map below. Our three most populated towns are Paeroa, Ngātea and Waihi.



Waihi the 'town with a heart of gold' features a large open cast gold mine and adjacent walking track right in the middle of town. The historic Cornish Pump House overlooks the main street where the annual Beach Hop warm-up party is held. The beach village of Whiritoa sits on the eastern coast of the Coromandel Peninsula.



Paeroa is 'world famous in New Zealand' as the home of the L&P soft drink and is also renowned as a great place to seek out antiques with many antique and op-shops lining the main street. Annual events such as the Highland Games and Tattoo attract thousands of visitors each year. The Ōhinemuri river flows through the Paeroa ward and joins to the Waihou river north of the town.



The **Hauraki Plains** also have a unique recent history as the area was drained and cleared of swamp lands through a huge land drainage programme which started in the early 1900's. Ngātea is the centre of hockey in the Thames Valley and is packed with people once a year for the Ngātea garage sale. The Wharekawa Coast is on the western side of Tikapa Moana and is home to 'famous' tiny arctic tern, which makes the longest migration of any animal in the world.



Our total area is
1,269
square kilometres

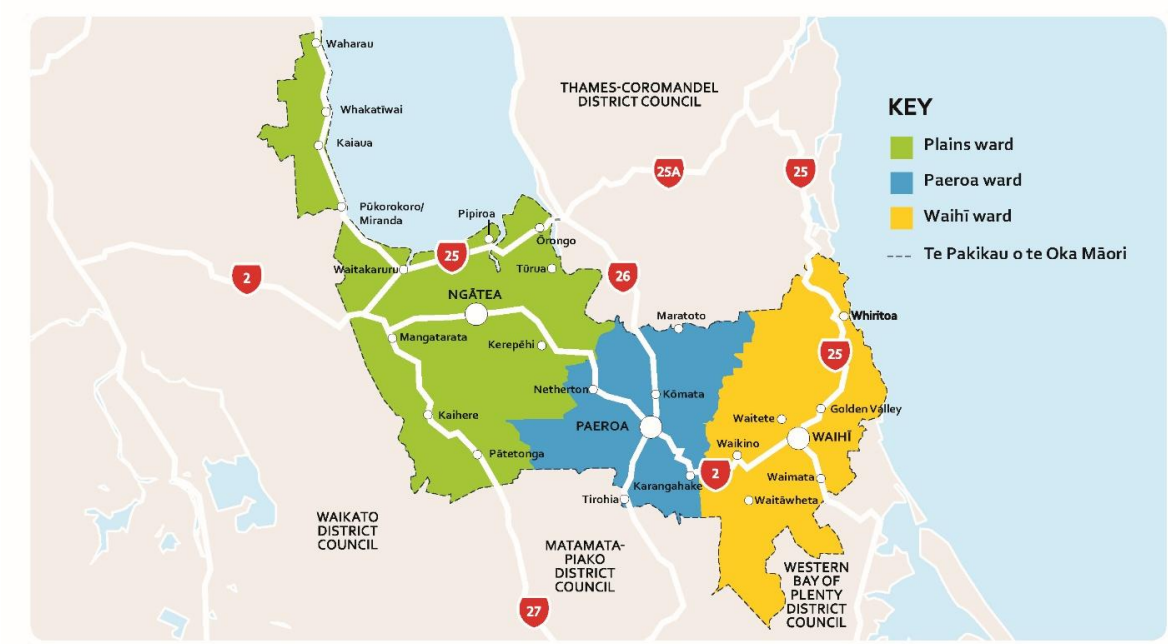


Estimated population
21,900
At June 2024



The Karangahake Gorge,
is visited by over
130,000
people a year

A map of the Hauraki District



Introduction and overview | Kupu Whakataki

Your Elected Members 2025/26

The Hauraki District Council elected members include the Mayor and 13 Councillors – three elected from the Paeroa Ward, four from the Plains Ward and four from the Waihi Ward and two from the Te Pakikau o te Ika Māori Ward.

Mayor



District Mayor
Mr Toby Adams

027 808 4217

toby.adams@hauraki-dc.govt.nz

Paeroa Ward



Councillor
Paul Milner

Deputy Mayor

021 051 5799

paul.milner@hauraki-dc.govt.nz



Councillor
Jo Tilsley

027 330 3170

jo.tilsley@hauraki-dc.govt.nz



Councillor
Rino Wilkinson

021 937 138

rino.wilkinson@hauraki-dc.govt.nz

Plains Ward



Councillor



Councillor Stephen Croymans 027 467 3209 Stephen.Croymans@hauraki-dc.govt.nz	Councillor Neil Gray 027 446 0067 neil.gray@hauraki-dc.govt.nz	Ray Broad 027 222 6080 raymond.broad@hauraki-dc.govt.nz	Councillor Cynthia Bates 022 429 6108 Cynthia.Bates@hauraki-dc.govt.nz
--	---	--	---

Te Pakikau o te Ika Māori Ward



**Councillor
Des Tyler**
0211 444 555
Des.Tyler@hauraki-dc.govt.nz



**Councillor
Rereahu Collier**
021 209 8819
Rereahu.Collier@hauraki-dc.govt.nz

Waihi Ward



**Councillor
Anne Marie Spicer**
021 0253 6559
annemarie.spicer@hauraki-dc.govt.nz



**Councillor
Amanda Ryan**
027 453 3425
Amanda.Ryan@hauraki-dc.govt.nz

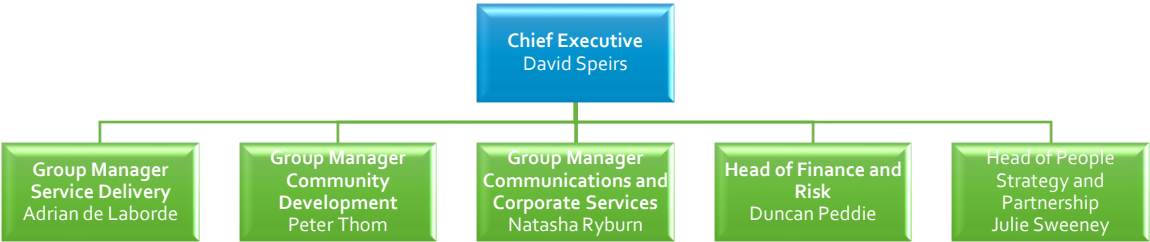


**Councillor
Sara Howell**
027 740 1622
Sara.Howell@hauraki-dc.govt.nz



**Councillor
Austin Rattray**
021 060 1742
Austin.Rattray@hauraki-dc.govt.nz

Hauraki District Council’s Executive Leadership Team



Mission Statement

It is the Council's mission to:

- actively provide leadership to and advocate for, our communities
- provide good quality infrastructure, services and regulatory functions
- foster open-minded and two-way communication with our communities
- ensure the sustainable use and management of resources

...for the benefit of all who live in, work in and visit the Hauraki District.

Customer Charter

Your rights as a customer are:

- to be treated with respect
- to receive a timely and accurate response
- to have access to relevant information.

Our commitment to you:

- We will respond to you promptly.
- Our staff will identify themselves.
- We will provide knowledgeable staff at first contact.
- We will fairly interpret and apply the laws, by-laws and regulations.
- Our services standards will be freely available.
- We will review feedback from our customers.

Customer feedback:

- We welcome feedback about our service.
- The Council has formal feedback procedures. Ask for an information brochure, or check out the "Suggestions" section on the website - www.hauraki-dc.govt.nz - to submit your feedback.

Community Outcomes

Our **community outcomes** express in more detail about what we'd like to see happen in our District. These outcomes continue to stay at the forefront of the decisions we make. During the development of the 2024-34 Long Term Plan we updated these community outcomes.



Legislative framework

All local authorities are required to work within many statutory frameworks. The key empowering act for local authorities is the Local Government Act 2002.

Purpose of local government

Section 10 of the Local Government Act 2002 defines the purpose of local authorities as being:

- to enable democratic local decision-making and action by, and on behalf of, communities
- to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future.

Role of local government

Section 11 of the Local Government Act 2002 defines the role of local authorities as being to:

- give effect, in relation to its district or region, to the purpose of local government stated in section 10
- Perform the duties, and exercise the rights, conferred on it by or under this Act and any other enactment.

These legislative requirements set the broad framework within which every local authority must work.

Key principles

There is further direction for local authorities in relation to their status and powers, in particular the principles relating to local authorities, contained in sections 12-14 of the Local Government Act 2002. These can be viewed in full on the website <https://legislation.govt.nz/>. All of Council's policy and strategic frameworks are developed to be in compliance with these requirements.

About this Annual Report and our planning cycle

In our key strategic planning document, the 2024-34 Long Term Plan (LTP), we set out what we aim to achieve each year for the next ten-year period and use measures and targets as a way of monitoring whether we are meeting our goals. The performance measures in the annual report are detailed in the 2024-34 Long term plan. These measures are developed to measure our progress against meeting our community outcomes. Some activities have mandatory performance measures these are intended to provide consistency across councils. The non-mandatory measures included cover all material aspects of performance and are developed based on judgements of public interest, community satisfaction levels, public safety and community wellbeing.

The LTP also details the projects we plan to undertake and when we expect those projects to be completed. We produce an annual report like this one every year, which we use to report back to the community the progress we've made towards achieving those targets. Our annual reports also outline some of the projects that we have completed during the year. Additionally, an annual plan is produced in years two and three of the LTP to update the projects and budgets for those years.

This annual report document presents our key achievements for the 2025/26 year (1 July 2025 to 30 June 2026).

Selection of measures

The performance measures were selected to provide both quantitative and qualitative feedback towards the key goals identified in the Long-Term Plan (LTP) 2024-34. The measures for the LTP were selected on a basis of reflecting the levels of service the community can expect to receive and how we measure if we are achieving these.

These measures include those mandated pursuant to the Local Government Act 2002.

What you'll find in this document

- An introduction and overview of this document, including a message from the Mayor and Chief Executive, the wider context, your current elected members, our community outcomes and more.
- Our progress against the goals we set in our Financial Strategy.
- For each of our activities, this annual report outlines:
 - What the activity cost and how it was funded
 - Our progress in 2025/26 against our intended level of service targets (including the results for the mandatory performance measures where applicable)
 - An outline of the projects that were completed in 2025/26
- Our financial statements for the 2025/26 year
- An overview of the achievements of our Council Controlled Organisations (CCOs) in the 2025/26 year.
- A list of all Council Committees and their members.
- A report from Audit New Zealand regarding this annual report

Satisfaction survey

Annually Council independently surveys our customers' satisfaction with our services. For the 2026 survey Key research were contracted to undertake the satisfaction survey. The methodology involved a postal invitation with a URL to complete online and email invitations. A sample of 608 was achieved. The sample was proportionate to each Ward to ensure the survey was representative of the Hauraki District overall. Age and gender weights were applied to the final dataset to ensure specific demographic groups were not under or overrepresented. The margin of error for the 2026 survey was +/-3.97% at the 95% confidence interval. Every third year the survey is broadened to include additional areas of focus to aid the newly elected Council's strategic decision-making.

We also undertake an annual survey to measure applicants' perceptions and satisfaction of residents who have lodged a building or resource consent in the 2025/26 year. A sample of 99 was achieved.

Progress against our Financial Strategy

|Te Ahunga Whakamua o tā mātou Rautaki Pūtea

Council's financial strategy, as set in the 2024–34 Long-Term Plan (LTP), recognised the significant financial pressures we were facing at that time. Interest rates had risen to their highest levels in more than a decade, inflation was elevated, and the cost of complying with new environmental and drinking water standards was escalating. Alongside these challenges, we knew that household incomes in Hauraki were below the national average and that many ratepayers were already under pressure from the rising cost of living.

Since the strategy was adopted, interest rates have largely stabilised, and inflation has begun to ease back from the peaks of recent years. These shifts are welcome, but the overall cost of delivering Council services and upgrading our infrastructure remains high. Large investment is still required in our wastewater and drinking water networks, and this is reflected in the higher-than-usual rates increases seen in 2024/25.

Our financial strategy provides the framework for how we balance these competing pressures. It sets clear limits ("caps") on rates increases and borrowing levels to ensure affordability and financial prudence and requires Council to explain if those limits are ever exceeded.

Rates affordability benchmark

Council has separate caps for property rates and for water charges, reflecting the significant capital investment needed in water and wastewater services.

- **Property rates** may increase by no more than the forecast Local Government Cost Index (LGCI) plus 20% in the first four years of the LTP, and LGCI plus 5% in years five to ten.
- **Water charges** are capped at LGCI plus 30% in year one, LGCI plus 10% in years two and three, and LGCI plus 4% in years four to ten.

In 2025/26, total property rates increased by 10% and water charges increased by 0.9%. Both increases remained within the limit set.

When preparing the LTP, Council re-examined what it would realistically cost to deliver the services our communities rely on. We found that operating costs were forecast to increase by more than 71% over the next ten years, with inflation alone expected to more than double costs over a 30-year horizon.

Alongside these operating pressures, 2025/26 also reflected:

- the wastewater upgrade programme signalled in the LTP,
- the system updates required to meet new Taumata Arowai drinking water quality assurance rules, and
- ongoing inflationary pressures in construction and service delivery costs.

These investments are essential to protect public health and the environment and will benefit our communities for decades to come.

Debt affordability benchmarks

We also set limits on how much debt we can take on, and how much of our revenue can be used to service interest costs. These limits are consistent with those applied by the Local Government Funding Agency and the requirements of holding a credit rating. They are:

- Net external debt not exceeding 280% of total revenue
- Net interest expense no more than 30% of rates revenue
- Net interest expense no more than 20% of total revenue

At 30 June 2026, Council's net external debt was \$154 million, equivalent to 203% of total revenue. Net interest expense was 12% of rates revenue and 9% of total revenue.

All measures were within the caps set in the financial strategy.

Annual report disclosure statement for year ending 30 June 2026

Purpose of this statement?

This statement sets out Council’s performance against a series of financial benchmarks required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

The benchmarks are designed to help assess whether Council is prudently managing its revenues, expenses, assets, liabilities, and overall financial dealings.

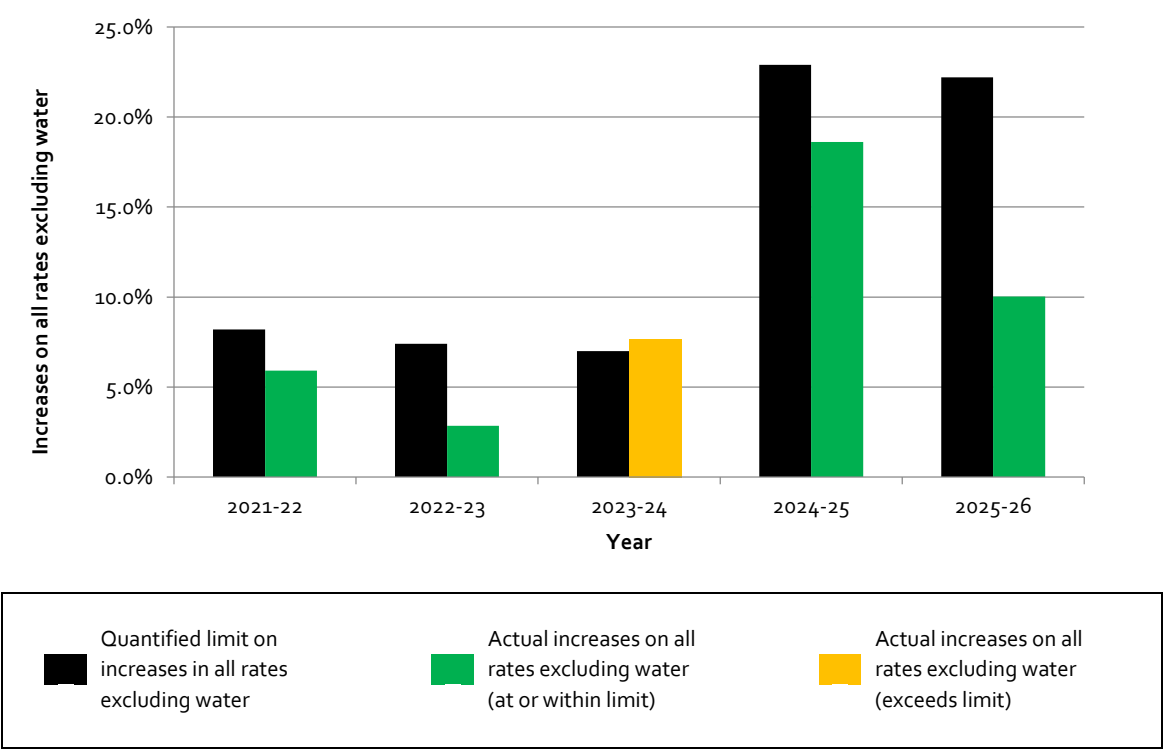
For definitions of the terms used and further detail on the requirements, refer to the Regulations.

Rates affordability benchmark

The rates affordability benchmark requires Council to compare its planned rates increase (excluding water) against the limit set in its Financial Strategy. The limits are intended to show whether Council is managing rates in a way that is affordable and sustainable for the community.

For 2025/26, the quantified limit was 22.2% (being the Local Government Cost Index plus 20%).

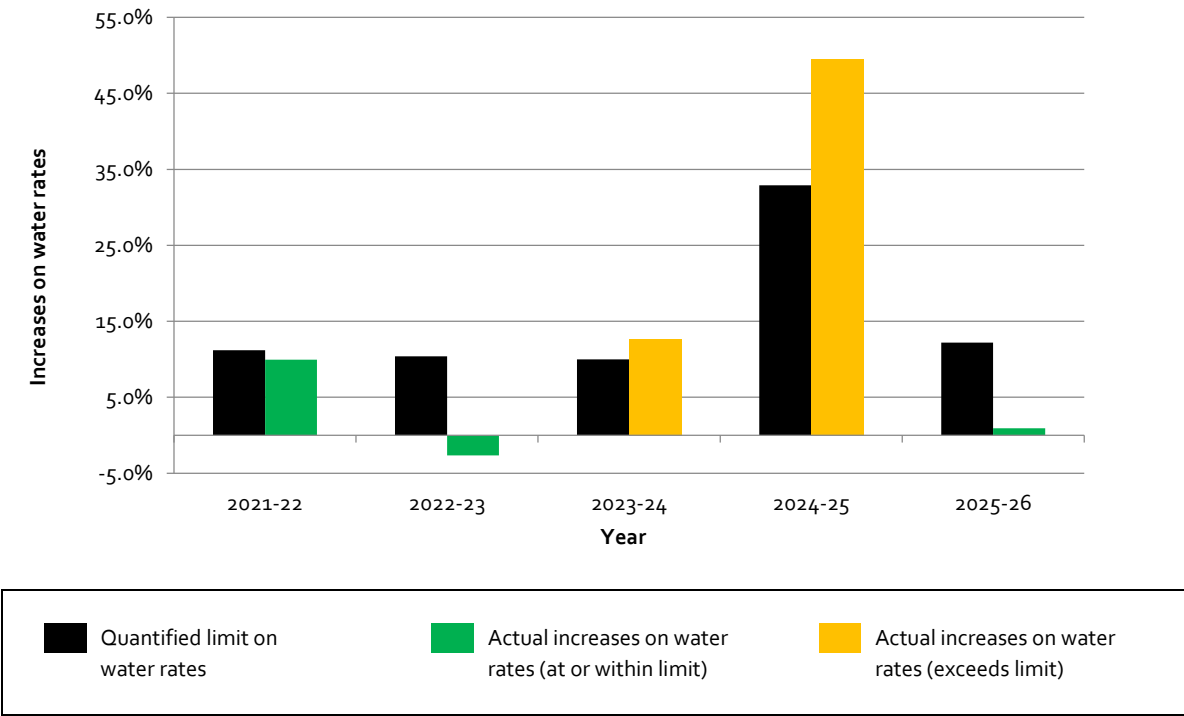
Council’s actual rates increase for 2025/26 was 10.0%, which is within the limit.



Water rates affordability benchmark

The water rates affordability benchmark requires Council to compare its actual water rates increase for the year with the quantified limit set in its Financial Strategy. For 2025/26, the quantified limit was 12.2% (being the Local Government Cost Index plus 30%).

Council’s actual water rates increase was 0.9%, meaning the limit was not met.



Debt affordability benchmarks

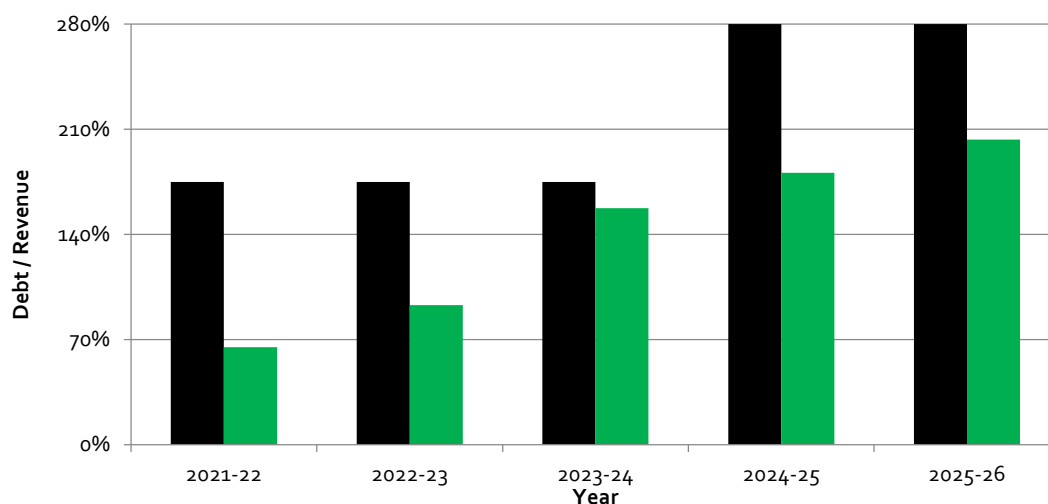
The council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing. The Council has three quantified limits on borrowing:

- Net external debt not exceeding 280% of total revenue
- Net interest expense no more than 30% of rates revenue
- Net interest expense no more than 20% of total revenue

Debt (debt to total revenue) affordability

The following graph compares Council’s actual net debt with the borrowing limit set in its Financial Strategy. The quantified limit requires that net debt must not exceed 280% of total revenue.

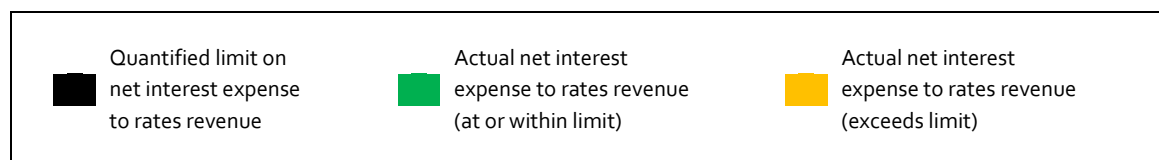
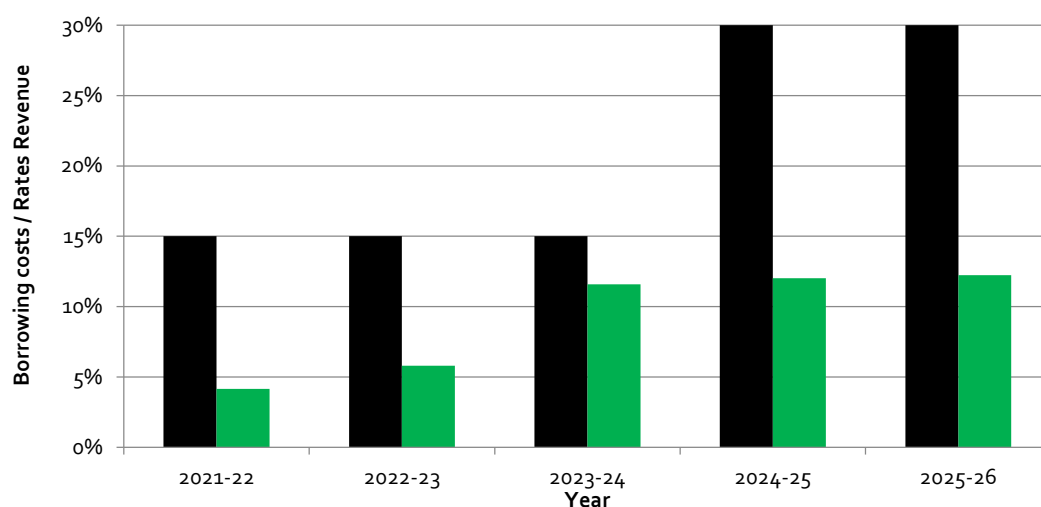
At 30 June 2026, Council’s net debt was 203% of total revenue, which is within the limit.



Debt (net interest expense to rates revenue) affordability

The debt servicing benchmark requires Council to compare its net interest expense for the year with the borrowing limit set in its Financial Strategy. The quantified limit requires that net interest expense is no more than 30% of rates revenue.

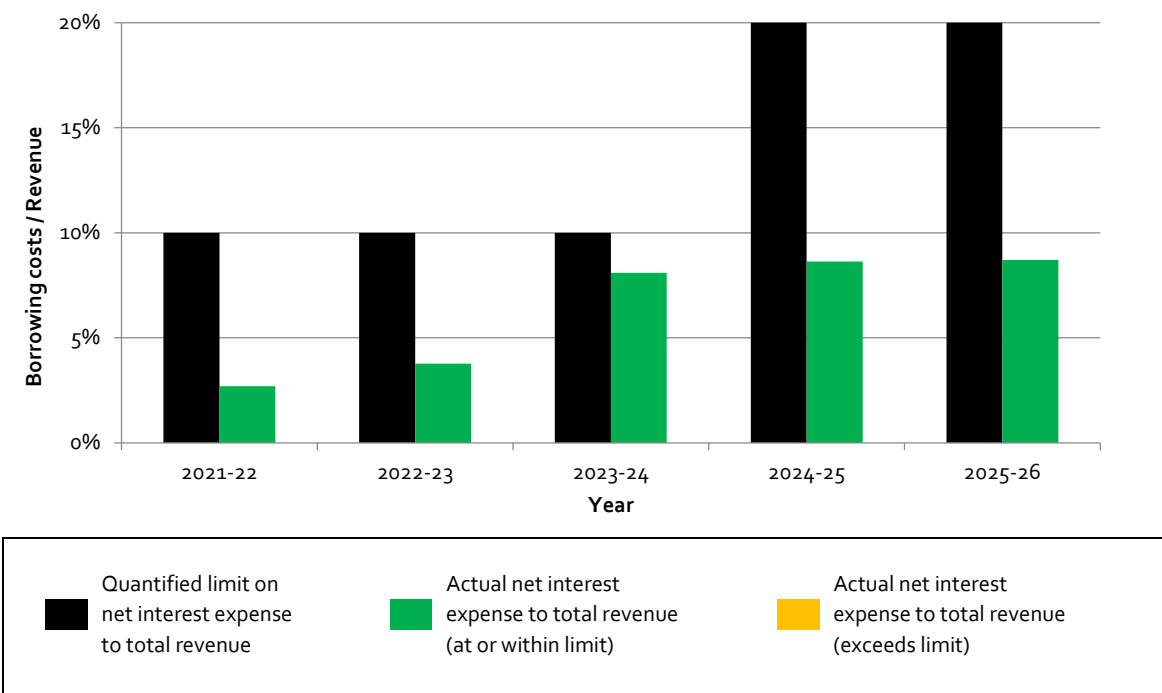
For 2025/26, Council's net interest expense was 12% of rates revenue, which is within the limit.



Debt (net interest expense to total revenue) affordability

This benchmark requires Council to compare its net interest expense for the year with total revenue, against the limit set in its Financial Strategy. The quantified limit requires that net interest expense is no more than 20% of total revenue.

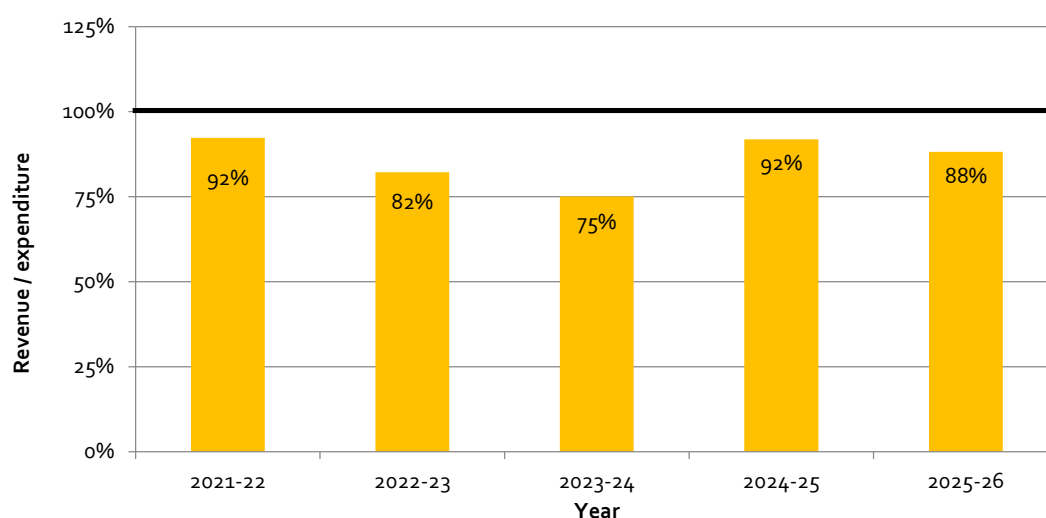
For 2025/26, Council's net interest expense was 9% of total revenue, which is within the limit.



Balanced budget benchmark

The balanced budget benchmark requires Council to compare its revenue (excluding development and financial contributions, vested asset income, gains on derivative financial instruments, and revaluations of property, plant, or equipment) with its operating expenses (excluding losses on derivatives and revaluations). Council meets the benchmark if its revenue is equal to or greater than operating expenses.

For 2025/26, Council's revenue was 89% of its operating expenses, meaning the benchmark was not met.



■ Benchmark met
 ■ Benchmark not met

The shortfall primarily reflects higher-than-budgeted operating expenditure, particularly in finance costs and other expenses.

- Finance costs increased by \$0.5 million compared to the 2025 financial year. This reflects higher borrowing driven by Council's capital programme, particularly the new Paeroa Wastewater Treatment Plant.

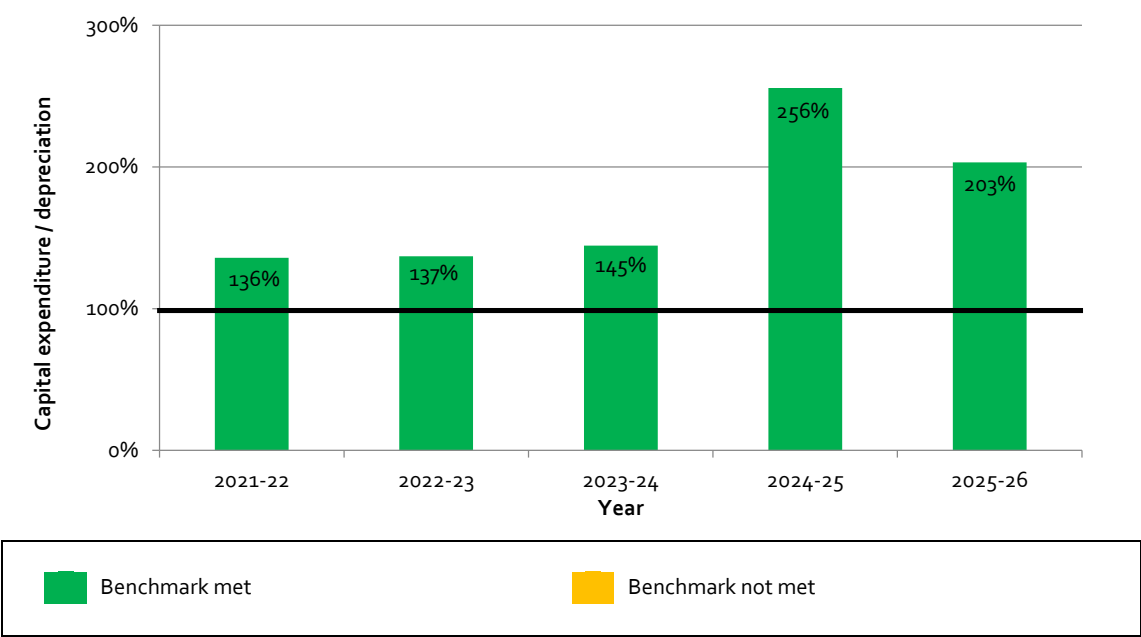
Other expenses were \$2.3 million higher than 2025. The main changes were:

- Loss on disposal of assets was \$1.0 million higher than last year.
- Water supply cost \$1.2 million more particularly for treatment, asset management and rates and insurance
- Wastewater cost \$0.7 million more particularly for treatment, major maintenance and rates and insurance
- Land Drainage pumping cost \$0.2 million more
- Roading repairs due to weather events cost \$0.6m more
- Policy development was \$0.2 million more with work starting on the new Long Term Plan.
- Regulatory services increased by \$0.7 million in emergency management, resource consenting and building consenting
- Offsetting these, derivative losses decreased by \$2.2 million.

While operating revenues remained relatively stable, these expenditure pressures collectively resulted in an operating deficit for 2024/25 and non-compliance with the balanced budget benchmark.

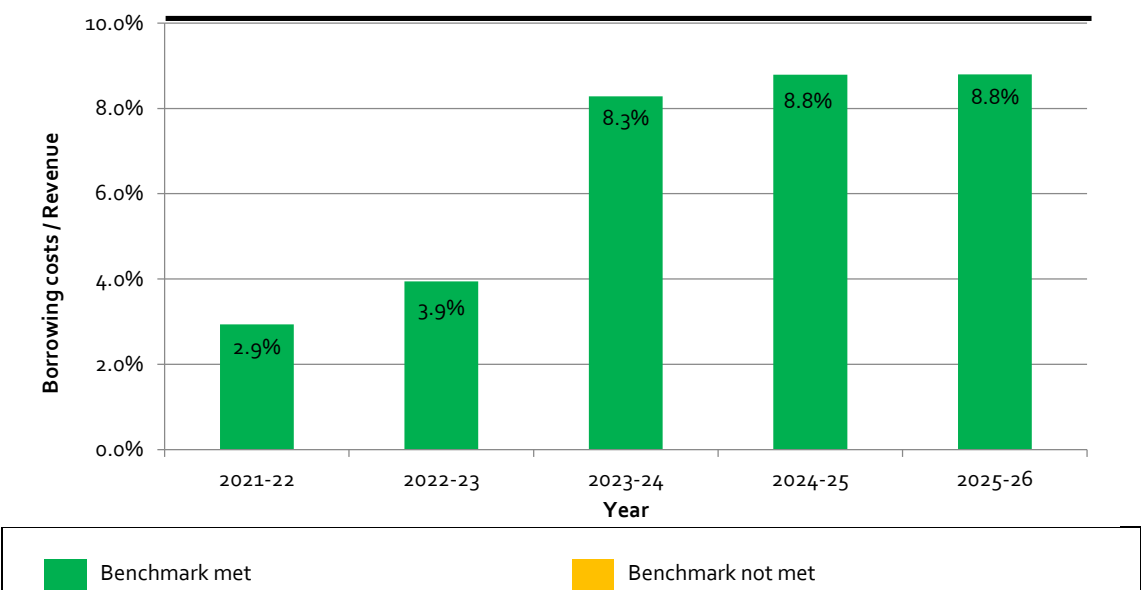
Essential services benchmark

The essential services benchmark requires Council to compare its capital expenditure on network services with the expected depreciation on those assets. Council meets the benchmark if its capital expenditure is equal to or greater than depreciation, indicating that it is maintaining and renewing its essential infrastructure. For 2025/26, Council’s capital expenditure on network services was 203% of expected depreciation, which is well above the benchmark. This outcome was primarily driven by the wastewater treatment plant upgrade in Paeroa, a significant capital project signalled in the Long-Term Plan.



Debt servicing benchmark

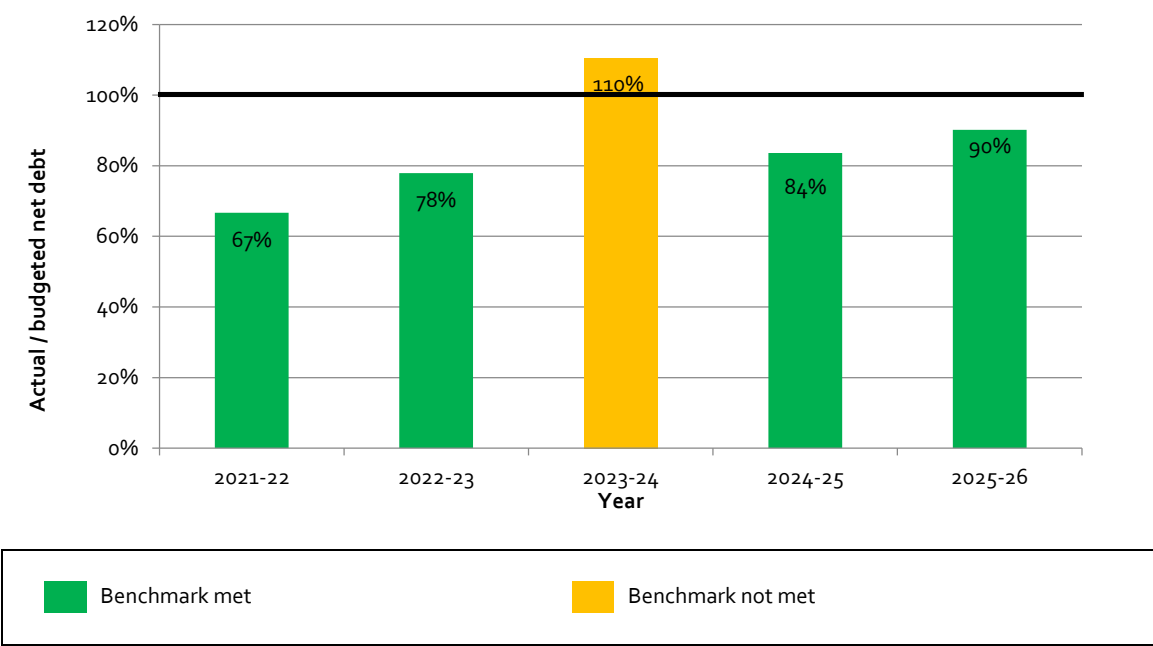
The debt servicing benchmark compares Council’s borrowing costs with its revenue (excluding development and financial contributions, vested asset income, derivative gains, and revaluations). Council meets the benchmark if borrowing costs are less than or equal to 10% of revenue. For 2025/26, Council’s borrowing costs were 8.8% of revenue, which is within the limit.



Debt control benchmark

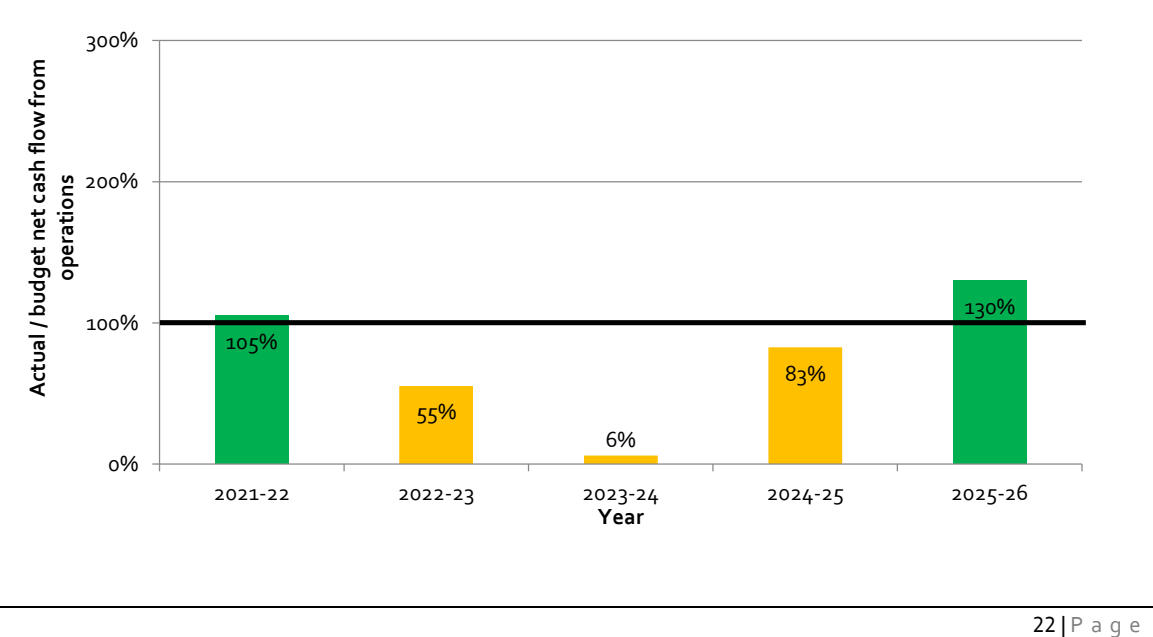
The following graph displays the council’s actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables). The council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.

For the year ended 30 June 2026, the Council’s actual net debt was 90% of its planned net debt, meaning the benchmark was achieved.



Operations control benchmark

This graph displays the council’s actual net cash flow from operations as a proportion of its planned net cash flow from operations. The council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.





Benchmark met



Benchmark not met

For the year ended 30 June 2026, the Council's actual net cash flow from operations was 130% of its planned net cash flow, meaning the benchmark was not achieved.

The main drivers were

- Finance costs \$0.3 million higher than budget, and
- Payments to suppliers and employees \$8.0 million lower than budget.

Statement of Service Performance|

Tauākī whai mahi ratongae

We provide the residents and ratepayers of our communities with a wide range of services. Some services are provided as it is a requirement to do so by law, others our community have chosen to have. For each of our services shown below, we have provided documents intended to explain those services and how we prepared our plans for 2024-34. These documents are provided in the following sections.

The services you can expect us to provide are:



Statement of compliance

The service performance information in this report is compliant with New Zealand generally accepted accounting practice (NZ GAAP).

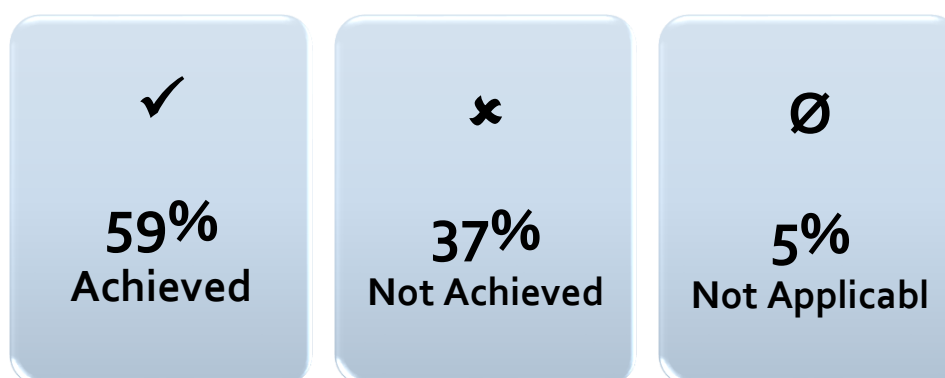
Our Council Activities section of this document (from pages 20-97 (for the Council Activities and the Funding Impact Statements) and provides a detailed assessment of how well Council's activities performed during 2024/25.

Summary of our performance

Summary of our performance

Council has 63 service performance measures included in the 2024-34 Long Term Plan. During 2025/26, overall performance improved, with 59% of measures achieved compared with 48% in the previous year. While many statutory, regulatory and core service delivery targets were met, several measures were not achieved due to funding constraints, increasing service demands, weather-related impacts, technical compliance requirements and operational resourcing challenges.

Strong performance was achieved across a number of activity areas, particularly governance and leadership, wastewater regulatory compliance, stormwater consent compliance, animal control registration, waste collection services and road safety. Several measures were close to target, demonstrating continued improvement despite ongoing pressures across Council services.



Key achievements

Some of the key achievements during the year included:

- 100% of Council agendas were published within statutory timeframes.
- No fatalities or serious crashes were attributed to Council-controlled road conditions.
- Road pothole response times, resealing programmes and road smoothness standards met their performance targets.
- Wastewater and stormwater activities maintained full consent compliance throughout the year.
- Dog registration rates remained high, with 98% of known dogs registered.
- Kerbside collection services continued to perform well, with very low complaint levels

Service targets not achieved

Several performance measures were not achieved during the year. The most significant challenges occurred in transport, water supply, community protection and regulatory services.

In transport, footpath maintenance targets were affected by insufficient funding for remedial works, while a small number of customer requests were not responded to within required timeframes. Weather-related events also impacted road access restoration targets.

Water supply remained a challenging area, with drinking water compliance, unplanned interruptions and customer complaint measures falling below target. These results reflected technical compliance issues and the ongoing challenges of maintaining ageing infrastructure.

Some regulatory and community protection measures were also not achieved, including resource consent processing, food premises verifications, noise complaint response times and dog attack response times. These were primarily influenced by specialist resourcing constraints, workflow pressures and the geographic nature of service delivery.

Council is using these results to identify improvement opportunities and inform future service delivery priorities. Key areas of focus for 2026/27 include improving response and workflow management systems,

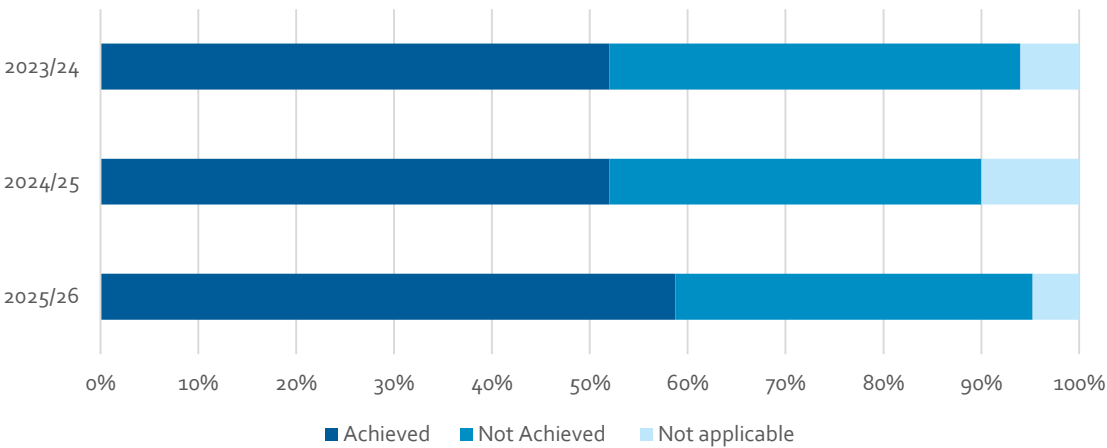
progressing footpath renewals, strengthening consent processing capacity, enhancing customer responsiveness and continuing waste minimisation initiatives. The overall improvement in performance achieved during 2025/26 provides a positive foundation for continued improvement in the years ahead.

Performance results

For detailed non-financial performance results, refer to the *Meeting our Service Targets* tables that follow.

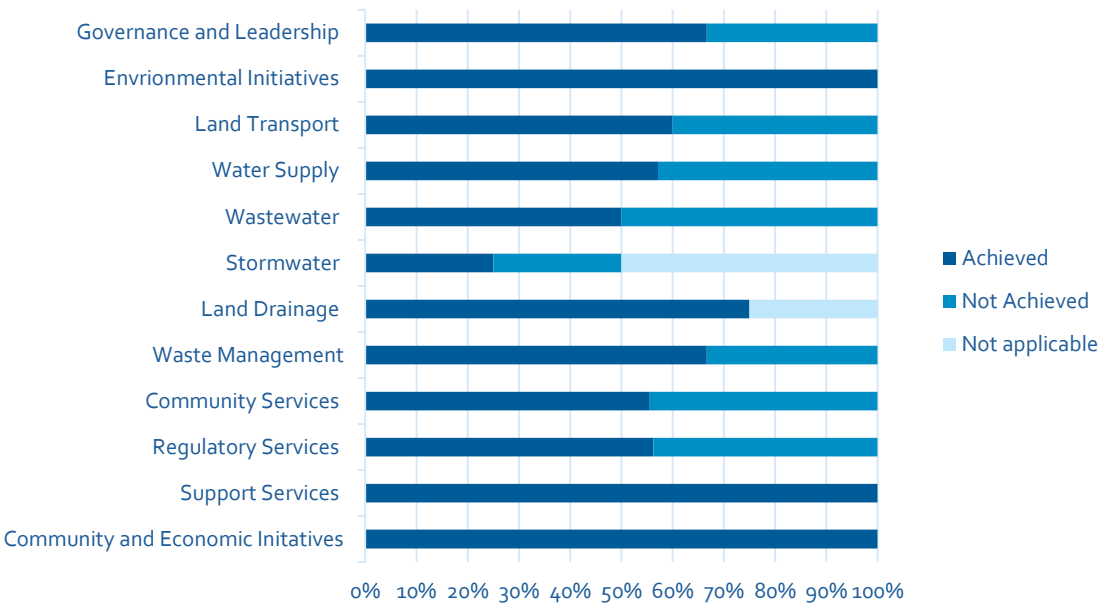
Overall service performance by year

The following graphs summarise our overall performance by year and by activity. Further explanation is provided in the Groups of Activities sections.



For more detail on each activity that we provide, refer to the 2024-2034 Long Term Plan document available on our website www.hauraki-dc.govt.nz

Overall service performance by activity group



Overall service performance by activity group

Activity group	Achieved	Not Achieved	Not applicable	Not measured
Governance and Leadership	67%	33%		
Environmental Initiatives	100%			
Land Transport	60%	40%		
Water Supply	57%	43%		
Wastewater	50%	50%		
Stormwater	25%	25%	50%	
Land Drainage	75%		25%	
Waste Management	67%	33%		
Community Services	56%	44%		
Regulatory Services	56%	44%		
Support Services	100%			
Community and Economic Initiatives	100%			

Our activities in this report

For each group of activities within this annual report document you will find:

- a brief overview of the group (where applicable).
- an explanation of the identified effects that the provision of the group of activities has on the community.
- the *effects on the community* section includes how the group of activity effects the social, economic, environmental or cultural wellbeing of the community.
- the community outcomes that the group primarily contributes to.
- an overview of what the group of activities cost and how it was paid for.

For every activity the following further information is provided:

<Activity name>

This section provides an overview of the activity where there is more than one activity within a group. It includes the purpose of the activity, the rationale for our involvement and what is involved in us delivering that activity.

Meeting our service targets

The levels of service, measures and targets for groups of activities or activities, as detailed in the 2024-2034 Long Term Plan for the 2025/26 year, are detailed in the 'meeting our service targets' table. The table for each group of activities or activity also includes progress indicator icons to show the achievement of each measure. The icons are as follows:



Achieved



Not Achieved



Not Applicable

Within this table, the previous year's results are shown to provide a comparison between years. Additionally, the mandatory performance target results are also included for roads and footpaths, water supply, wastewater, stormwater, and flood protection and control works (land drainage) activities.

Note that the results of some measures are based the annual satisfaction survey. This was undertaken in August 2026, to record customers' satisfaction with our services and facilities in the 2025/26 year.

What else happened in 2025/26?

This section details the projects that were completed in the 2025/26 year; this includes projects that were scheduled for 2025/26 in the Long Term Plan, or other projects or achievements completed. That had been carried over from previous years.

What these activities cost and how they were paid for

This section includes the operating statement which shows how much it cost to operate the activity, and the funding impact statement for the group of activities. The funding impact statement also includes the budgeted capital expenditure for the activity and the actual amount spent, split into: what was spent on meeting additional demand, improved levels of service, or replacement of existing assets.

Our easy reference stamp

A lot more information on our activities can be found in the LTP; this annual report is a summary of our performance against what we said we would do in the LTP. This reference stamp placed throughout this report will let you know where you can find out more in the LTP which is available at each Council service centre, or library, or you can download an electronic copy from www.hauraki-dc.govt.nz.

Our highlights | Ngā Whakahirahira

2025/26 Year in Review

Building stronger communities together

This year has been about making careful choices in challenging times. The highlights that follow represent thoughtful investment in what matters most — spaces where we connect, facilities that keep us active and safe, and infrastructure our community can count on for decades to come. These are just some of the projects, services and mahi delivered to our community.

Behind each project are people: the kaimahi who deliver, the communities who use them, and the careful decisions that shape our district's future. We're proud of what we've achieved together.

New spaces bringing us together

He Pātaka Kōrero opens in Ngātea

Our new Hauraki Plains Library & Community Centre opened its doors in July 2026, creating a vibrant heart for Ngātea and surrounding communities. More than just a library, He Pātaka Kōrero is a place where people connect, learn, access council services, and gather for community events.¹

[Photo opportunity: Community members using the space - children at story time, people at computers, community meeting]

Kerepēhi's dream playground becomes reality

In June 2026, Kerepēhi officially opened its upgraded playground - a project shaped by community ideas. Designed for all ages and abilities, the new space includes a half-basketball court and picnic facilities where families can spend quality time together.²

[Photo opportunity: Children playing, families picnicking, basketball court in use]

Keeping our community active and healthy

Pools open for summer fun

Council invested in critical repairs to keep Waihi Swimming Pool operating safely, ensuring local families can continue to enjoy this treasured community facility. Thanks to external funding support, the pool remains a place where kids learn to swim and the community stays cool in summer.

[EDITORIAL: TRIM OR STRENGTHEN — Waihi Pool repairs mentioned briefly in CE intro ("sand filter replacement at Paeroa pool") but Waihi Pool not featured prominently in either intro. Consider whether this deserves equal billing with other highlights, or consolidate into a smaller mention.]

Better facilities for everyone at Paeroa Domain

New women's and umpire changing rooms at Paeroa Domain, along with accessible ground-level seating, mean more people can participate and enjoy community sport. These improvements, delivered with external funding support, reflect our commitment to inclusive facilities.

Protecting what we love

Hauraki Rail Trail repairs secured

After storm damage threatened sections of our iconic Hauraki Rail Trail, Council secured \$400,000 in recovery funding to repair this vital community and visitor asset. The Trail isn't just about tourism - it's where locals walk, cycle, and connect with our beautiful environment.⁷

[Photo opportunity: Families cycling on the trail, restored sections]

Preserving our heritage for future generations

The earthquake strengthening of Waihi Museum was completed this year, ensuring this taonga is safe and accessible for generations to come. The Museum holds our district's stories, identity and heritage — this investment protects not just a building, but the connection between past and future.

Essential services you can count on

Securing Kerepēhi's water future

Two new raw water storage tanks in Kerepēhi add 4 million litres of capacity, significantly reducing the risk of water shortages. This investment means greater peace of mind for local residents and businesses, especially during dry summers.²⁰

[Photo opportunity: WTP]

Safer streets around our schools

Speed limit reductions around schools across the district help protect our tamariki as they walk, bike, and scooter to school. These changes reflect community feedback about keeping our youngest residents safe.

Smoother, safer roads across the district

Council exceeded its road resealing target this year, resurfacing 8.5% of the sealed network — well above the planned 6%. That means smoother, quieter roads that last longer and cost less to maintain over time. Major upgrades on Trig Road North, Waitawheta Road and Ridgeview Place have improved safety and ride quality on some of our busiest routes. This work might not be glamorous, but it protects the road network our communities rely on every day.

[Photo opportunity: Road resurfacing crew at work, or before/after comparison of upgraded road surface]

Paeroa's future, built below the surface

Construction is almost complete on the Council's largest-ever capital project - a new wastewater treatment plant for Paeroa. While you won't see the finished result this year, this significant investment is about securing essential infrastructure for decades to come. The upgraded plant will meet modern environmental standards and have capacity for future growth, protecting both public health and our waterways for generations.

Our biggest capital project ever may not be something people use every day in a visible way, but its impact will be felt for decades. The new Paeroa Wastewater Treatment Plant is a major investment in public health, environmental protection and the future growth of our district. While construction continues, this project represents the kind of long-term planning that helps future-proof Hauraki for generations.

[Photo opportunity: Construction progress, drone shot showing scale of the project, or artist's impression of completed facility]

Training lights bring evening sport to life

New training lights at Morgan Park mean our sports clubs can now train safely after work and school, extending playing hours and supporting active, healthy communities. This investment reflects Council's commitment to facilities where our rangatahi and adults can thrive together.⁸⁸

Caring for our unique environment

Protecting our waterways, quietly and carefully

Some of the most important work we do happens out of sight. This year, Council invested over \$2 million in wastewater and stormwater infrastructure across the district—upgrading treatment plants in Whiritoa and Kerepēhi, replacing aging pipes, renewing water meters, and maintaining pump stations that quietly do their job every day.

This work doesn't make headlines, but it matters profoundly. It protects the rivers, harbours, coastline and waterways that make Hauraki special. It keeps our communities healthy and our environment safe. And it reflects Council's commitment to being careful stewards of the natural environment future generations will inherit.¹⁰

[Photo opportunity: Hauraki waterway or coastline scene — perhaps Waihou River, Firth of Thames, or local estuary — to visually connect infrastructure investment to environmental protection]

Your community in action

Creating futures for our rangitahi

Gr8 Job Hauraki brings the aspirations of our rangatahi to life by supporting them into meaningful employment which enhances the social and economic wellbeing of the Hauraki District. Working collaboratively with Hauraki District Council, employers, government agencies, iwi and community organisations to ensure rangatahi are supported into meaningful work close to home.

In 2025/2026 they exceeded their targets by helping 40 young people aged 18–24 on Jobseeker Support into sustainable employment, and a further 11 young people aged 16–24 who were not working or receiving a benefit into employment.

By helping young people overcome barriers and build resilience, we create pathways to meaningful employment, greater independence and long-term success for our entire community.

Governance and leadership | Kāwangatanga me te rangatiratanga

Overview | Tiro whānui

Our governance and leadership group includes our local democratic system which represents the residents of our district, our relationships with Māori, and the development of policies and plans – including those required by law and other voluntary local policies.

Community outcomes | Ngā huanga hāpori

The governance and leadership group mainly contributes to the following community outcomes:



Connected people | Tūhono



Vibrant and safe communities | Te Oranga pai o te Hāpori



Democracy | Te Manapori

Local government in New Zealand receives its mandate from the government through legislation. We provide democracy services to provide representative and accountable governance, provide local leadership, assess issues that affect the district and local communities and responses, and make informed decisions on local services and funding on behalf of our communities.

Iwi liaison | Kaitakawaenga Iwi

We provide iwi liaison services to fulfil the particular responsibilities the Council has to Hauraki Iwi and Māori in general, acknowledge the cultural and spiritual relationships that iwi and Māori have with ancestral lands, taonga and issues that are relevant and important to Māori. And to acknowledge and engage with the Kaitiaki (leadership) role that iwi have.

Policy development | Whanaketanga kaupapa here

This activity includes:

- development of policy relating to our strategic intentions, particularly under the Local Government Act 2002
- development of local bylaws and other regulatory policy
- development of policy and plans relating to resource management under the Resource Management Act 1991.

We provide policy development services to develop appropriate responses to community needs, ensure a consistent approach to decision-making and action across the Council, and sometimes the sub-region or Waikato region as a whole, meet our many statutory requirements, and provide accountability back to residents and ratepayers through reporting mechanisms.

Effects on the community

Our governance and leadership group of activities work towards achieving a consistent policy approach for the community through leadership, governance and advocacy.

The promotion of the district and advocacy roles that the Mayor and councillors undertake, including at a national and regional level, are often not evident as far as reporting goes, but it is fair to say that it is instrumental to their roles as elected members. This work ensures that the qualities the public agree are important for a person's happiness, quality of life and welfare, are addressed. The advocacy and decision-making undertaken by elected members helps to promote the district, and to provide the infrastructure and services that support its service delivery and economic growth.

Meeting our service targets

How we measure our performance	Result 2025/26▼	
	Key:  Achieved  Not Achieved  Not Applicable	
What we said we would do:		
Measure: Agendas for meetings (other than extraordinary meetings) of the Council and its Committees are publicly available at least two clear working days prior to the meeting date. Target: 100%	2025/26  Achieved	100% (45/45) agendas were available
	2024/25  Achieved	100% (32/32) agendas available at least two days prior to the meetings for the 2024/25.
Measure: All legislatively required policies, bylaws, plans and strategies are adopted within statutory timeframes. Target: 100%	2025/26  Achieved	There were five legislatively required documents adopted in 2025/26
	2024/25  Achieved	100% (5/5) There were five legislatively required documents adopted this year.
Measure: Percentage of customers satisfied with the Council’s consultation and engagement regarding major policies and strategies. Target: ≥65%	2025/26  Not achieved	The 2026 customer satisfaction survey results showed that 42% of customers are satisfied with the Council's consultation and engagement regarding major policies and strategies
	2024/25  Not achieved	The 2025 customer satisfaction survey results showed that 42% of customers are satisfied with the Council's consultation and engagement regarding major policies and strategies

What it cost and how it was paid for?

Cost of operating Governance and Leadership

	Annual Plan 2026 \$000	Actual 2026 \$000	Actual 2025 \$000
Expenditure			
Democracy	2,894	2,789	2,555
Iwi Liaison	186	155	123
Policy development	1,776	1,586	1,390
Total expenditure	4,856	4,530	4,068
Revenue			
Fees, charges and other revenue	224	50	4
External subsidies	0	324	327
Targeted rates	0	0	0
General rates	4,884	5,002	4,176
Total revenue	5,108	5,376	4,507
Operating surplus / (deficit)	353	846	439

Hauraki District Council: Funding impact statement for the year ended 30 June 2026 for Governance and Leadership

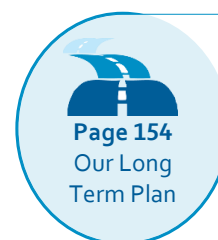
	Long-Term Plan 2025 \$000	Long-Term Plan 2026 \$000	Actual 2026 \$000
Sources of operating funding			
General rates, uniform annual general charges, rate penalties	4,088	4,587	5,002
Targeted rates	0	0	0
Subsidies and grants for operating purposes	166	0	324
Fees and charges	290	224	50
Internal charges and overheads recovered	0	0	0
Interest and dividends from investments	0	0	0
Local Authorities fuel tax, fines, infringement fees, and other receipts	0	0	0
Total operating funding (A)	4,544	4,811	5,376
Applications of operating funding			
Payments to staff and suppliers	1,912	1,750	1,467
Finance costs	0	0	0
Internal charges and overheads applied	2,766	2,906	3,062
Other operating funding applications	0	0	0
Total applications of operating funding (B)	4,677	4,657	4,529
Surplus / (deficit) of operating funding (A - B)	(133)	154	847
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total Sources of capital funding (C)	0	0	0
Applications of capital funding			
Capital expenditure	0	0	
- to meet additional demand	0	0	0
- to improve the level of service	0	0	0
- to replace existing assets	0	0	0
Increase (decrease) in reserves	(133)	154	847
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	(133)	154	847
Surplus / (deficit) of capital funding (C - D)	133	(154)	(847)
Funding balance ((A - B) + (C - D))	0	0	0

Land transport | Te kawa o ngā waka whenua

Overview | Tiro whānui

The land transport activity is responsible for the planning, provision, development, operation and maintenance of the district's land transportation network and facilities. It enables economic activity and growth by allowing for the efficient transport of goods and services, and by promoting access into and across the Hauraki network.

The activity includes the maintenance of our sealed and unsealed roads, bridges, streetlights, and road drainage. It includes the clearing of roads after weather events such as slips or flooding, providing and maintaining footpaths, road safety and some public transport coordination. It also includes street cleaning, vegetation control for improved visibility for users and mobility purposes, and noxious weed control on road sides.



Effects on the community

The land transport group focuses primarily on the provision of safe and reliable local roading networks for district communities, ensuring people (and those with limited transport options) are able to move freely around the district in an efficient manner and have appropriate links with national state highways. This in turn contributes to economic viability and social wellbeing for all people.

Community outcomes | Ngā huanga hāpori

The land transport group mainly contributes to the following community outcomes



Healthy environment | Te Mauri o te Taiao



Connected people | Tūhono



Vibrant and safe communities | Te Oranga pai o te Hāpori



Strong economy | Oranga Ōhanga

Meeting our service targets

How we measure our performance ▼		Result 2025/26 ▼
		Key: Achieved Not Achieved Not Applicable
What we said we would do: provide a safe transport network for users and the community.		
Measure: The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number.* Target 1: Reduce fatalities and serious injury crashes from the previous financial year. Target 2: Reduce fatalities and serious injury crashes attributable to council managed road conditions, to 0.	2025/26 Achieved	There were no fatalities and eight serious injury crashes. This is three less than the previous year.
	 Achieved	There were no fatalities or serious injuries crashes attributable to council managed road conditions.
	2024/25 Not Achieved	Target 1: There is no reduction from the previous year. There were eleven serious injury crashes and no fatalities in the Hauraki District, compared to 2023/24, there were seven serious injury crashes and one fatality.
	 Achieved	Target 2: There were no fatalities or serious injuries because of Council managed road conditions.
What we said we would do: footpath assets to be fit for purpose.		
Measure: The percentage of footpaths within the district that fall within the level of service or service standard for the condition of footpaths that is set out in the Council's relevant documents (e.g. the annual plan, asset management plan, annual works programme or long term plan).* Target: 80% of trip hazards (>10mm displacement) on footpaths as identified in the triennial condition survey to be remedied over a three year period All other trip hazards identified to be isolated for safety within 2 days and remedied within a month.	2025/26 Not Achieved	Target 1: 0% (0/313) of trip hazards (>10mm displacement) as identified in the triennial condition survey have been remedied in the year to date. Due to decreases in budgets remedial works have not been able to be undertaken.
	 Not Achieved	Target 2: 88% (37/49) of all other trip hazards identified to be isolated for safety within 2 days and 2% (1/49) remedied within a month.
	2024/25 Not achieved	0% of trip hazards (>10mm displacement) as identified in the triennial condition survey were remedied in the current year. Due to the NZTA decrease in budget allocation. Hazards are first identified and made safe. Then put onto a

How we measure our performance ▼		Result 2025/26 ▼
		Key: Achieved Not Achieved Not Applicable
		program to be fixed once budget allows.
		Not Achieved 82% (37/45) of all other trip hazards identified were isolated for safety within 2 days, and 36% (16/45) were remedied within a month.
What we said we would do: provide a roading network that addresses safety and amenity issues		
Measure: All reported potholes are repaired on District roads within specified timeframes. Target: 85% within 5 days for Arterial and Collector roads and within 14 days for Access and Low Volume Roads.	2025/26 Achieved	87% (106/122) completed within timeframes.
	2024/25 Not Achieved	81% (63/78) completed within timeframes. Resourcing contractor improvement.
Measure: The average quality of ride on a sealed local road network, measured by smooth travel exposure.* Target: 85% for urban low speed roads, 93% for rural high speed roads	2025/26 Achieved	88% smooth travel exposure on urban low speed roads
	Achieved	98% smooth travel exposure on rural high-speed roads
	2024/25 Not Achieved	82% Smooth Travel Exposure on our urban low speed roads
	Achieved	97% Smooth Travel Exposure on our rural high-speed roads
What we said we would do: preserve the pavement life of sealed roads.		
Measure: The percentage of the sealed local road network that is resurfaced.* Target: 6% of the local road network resealed per year	2025/26 Achieved	8.5% of the network was resealed in the 2025/26 season
	2024/25 Achieved	6.5% of the local road network resealed.
Measure: The percentage of customer service requests relating to roads and footpaths to which the territorial authority responds within the time frame specified in the long term plan.* Target: 100% of maintenance related service requests are responded to within 10 working days	2025/26 Not achieved	98% (993/1,010) of customer service requests were responded to within 10 working days. These have not been achieved due to process breakdown.
	2024/25 Not achieved	97% (732/754) of customer service requests were responded to within 10 working days. The number of customer service requests include all individual requests, including multiple entries associated with a single fault. Delays were primarily

How we measure our performance ▼		Result 2025/26▼
		Key: Achieved Not Achieved Not Applicable
		due to resourcing constraints and requests being initially directed to the incorrect team.
What we said we would do: access to be provided to the network of local roads.		
Measure: Time for road access to be restored to communities following a 1 in 10 year climatic event.	2025/26 Not achieved	2 access roads were closed exceeding 72 hours as a result of a 1:10 year event
Target: 100% of Arterial and Collector roads open within 24 hours, all other roads within 72 hours.	2024/25 Not applicable	No road closures because of a 1:10 year event.
* Mandatory performance measure under section 261B of the Local Government Act 2002.		

What it cost and how it was paid for?

Operating statement for Land Transport

	Annual Plan 2026 \$000	Actual 2026 \$000	Actual 2025 \$000
Expenditure			
Amenity	209	140	153
Carriageways and Bridges	5,649	6,333	5,865
Footpath Maintenance	46	46	42
Lighting	420	425	439
Network Management	1,434	1,544	1,541
Other	882	799	778
Depreciation/Assets written off	5,277	10,625	6,232
Interest	692	511	552
Total expenditure	14,609	20,423	15,602
Revenue			
Fees, charges and other revenue	184	104	182
External subsidies	8,909	10,637	9,093
Targeted rates	6,999	7,145	7,790
General rates	0	0	0
Total revenue	16,091	17,886	17,065
Operating surplus / (deficit)	1,482	(2,537)	1,463

**Hauraki District Council: Funding impact statement for the year ended 30 June 2026 for
Land Transport**

	Long-Term Plan 2025 \$000	Long-Term Plan 2026 \$000	Actual 2026 \$000
Sources of operating funding			
General rates, uniform annual general charges, rate penalties	0	0	0
Targeted rates	7,698	8,433	7,145
Subsidies and grants for operating purposes	5,498	5,534	4,824
Fees and charges	60	61	0
Internal charges and overheads recovered	0	0	0
Interest and dividends from investments	0	0	0
Local Authorities fuel tax, fines, infringement fees, and other receipts	0	0	18
Total operating funding (A)	13,256	14,028	11,987
Applications of operating funding			
Payments to staff and suppliers	9,573	9,829	8,536
Finance costs	604	725	511
Internal charges and overheads applied	734	747	751
Other operating funding applications	0	0	0
Total applications of operating funding (B)	10,911	11,301	9,798
Surplus / (deficit) of operating funding (A - B)	2,345	2,727	2,190
Sources of capital funding			
Subsidies and grants for capital expenditure	7,086	5,504	5,813
Development and financial contributions	119	123	69
Increase (decrease) in debt	9,836	3,973	1,106
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total Sources of capital funding (C)	17,041	9,600	6,988
Applications of capital funding			
Capital expenditure	0	0	
- to meet additional demand	0	0	0
- to improve the level of service	4,528	952	664
- to replace existing assets	10,789	8,580	8,777
Increase (decrease) in reserves	4,068	2,795	(263)
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	19,386	12,328	9,177
Surplus / (deficit) of capital funding (C - D)	(2,345)	(2,727)	(2,190)
Funding balance ((A - B) + (C - D))	0	0	0

Water supply | Te Waipuna

Overview | Tiro whānui

The water supply activity provides domestic, commercial, industrial and agricultural water to our communities. We currently service our three main urban communities of Paeroa, Waihi and Ngātea, as well as six smaller communities, and the rural areas of Hauraki Plains, Kaimanawa and Ōhinemuri. Nearly 65% of the water treated by the Council is consumed by rural communities for agriculture.

There are four water treatment plants with approximately 592km of pipes supplying 7,579 residential properties and 1,023 non-residential properties (as at 2023).



Community outcomes | Ngā huanga hāpori

The water supply group mainly contributes to the following community outcomes:



Healthy environment | Te Mauri o te Taiao



Connected people | Tūhono



Vibrant and safe communities | Te Oranga pai o te Hāpori

Effects on the community

The water supply group provides for the sustainable supply of safe, clean water as needed by the community to support a good quality of life and physical and mental wellbeing. The provision of a reliable water supply also supports local businesses to enable them to continue their operation - knowing water is available to them as they require it.

Meeting our service targets

How we measure our performance ▼	Result 2025/26 ▼																		
	Key: ✔ Achieved ✖ Not Achieved — Not Applicable																		
What we said we would do: provide water that is safe to drink.																			
Measure: The extent to which the Council’s drinking water supply complies with the Drinking Water Standards for New Zealand and the Drinking Water Quality Assurance Rules: Bacterial Compliance Criteria. Protozoal Compliance Criteria. Target: 100% compliance for: a) Bacteria b) Protozoa The Department of Internal Affairs (DIA) updated this mandatory performance measure after the Council had published the 2024-34 LTP, which sets our statement of service. The updated measure still covers the bacterial and protozoal compliance of water supplies but now is directly referenced to the relevant rules in the Drinking Water Quality Assurance Rules 2022. Our reporting is, therefore, against those rules	2025/26 ✖ Not achieved	Not achieved due to technical non-compliance: such as turbidity spikes, airline faults impacting backwash and data loss.																	
		<table><tr><td></td><td>Bacterial</td><td>Protozoa</td></tr><tr><td>Kerepēhi</td><td>✔</td><td>✖</td></tr><tr><td>Waitakaruru</td><td>✔</td><td>✔</td></tr><tr><td>Paeroa</td><td>✖</td><td>✖</td></tr><tr><td>Waihi</td><td>✔</td><td>✖</td></tr></table>			Bacterial	Protozoa	Kerepēhi	✔	✖	Waitakaruru	✔	✔	Paeroa	✖	✖	Waihi	✔	✖	
			Bacterial	Protozoa															
		Kerepēhi	✔	✖															
		Waitakaruru	✔	✔															
		Paeroa	✖	✖															
	Waihi	✔	✖																
2024/25 ✖ Not achieved	<table><tr><td></td><td>Bacteria:</td><td>Protozoa</td></tr><tr><td>Kerepēhi</td><td>✖</td><td>✖</td></tr><tr><td>Waitakaruru</td><td>✖</td><td>✖</td></tr><tr><td>Paeroa</td><td>✖</td><td>✖</td></tr><tr><td>Waihi</td><td>✖</td><td>✖</td></tr></table>			Bacteria:	Protozoa	Kerepēhi	✖	✖	Waitakaruru	✖	✖	Paeroa	✖	✖	Waihi	✖	✖		
		Bacteria:	Protozoa																
	Kerepēhi	✖	✖																
	Waitakaruru	✖	✖																
	Paeroa	✖	✖																
	Waihi	✖	✖																
Water supply experienced short term protozoal and bacterial compliance failures across treatment plants.																			
Compliance with Drinking Water Quality Assurance Rules (DWQAR) 1. Bacterial compliance 2. D.329 Microbiological Monitoring 3. Protozoal compliance The result has been calculated in accordance with the methodology and calculations indicated in DIA supporting guidance for drinking water (which includes a link to the DWQAR and the aggregate compliance methodology).	<table><tr><td></td><td>T3 Bacterial rules</td><td>Distribution zones D.329 Microbiological Monitoring Rule</td><td>T3 Protozoal rules</td></tr><tr><td>Kerepēhi/Waitakaruru</td><td>Almost met</td><td>All met</td><td>All met</td></tr><tr><td>Paeroa</td><td>Almost met</td><td>All met</td><td>Almost met</td></tr><tr><td>Waihi</td><td>Almost met</td><td>All met</td><td>Almost met</td></tr></table>				T3 Bacterial rules	Distribution zones D.329 Microbiological Monitoring Rule	T3 Protozoal rules	Kerepēhi/Waitakaruru	Almost met	All met	All met	Paeroa	Almost met	All met	Almost met	Waihi	Almost met	All met	Almost met
		T3 Bacterial rules	Distribution zones D.329 Microbiological Monitoring Rule	T3 Protozoal rules															
	Kerepēhi/Waitakaruru	Almost met	All met	All met															
	Paeroa	Almost met	All met	Almost met															
	Waihi	Almost met	All met	Almost met															
	An external assessment of compliance was undertaken by 3 Waters Consulting Limited (3WC), as the independent external																		

How we measure our performance ▼	Result 2025/26▼	
	Key: Achieved Not Achieved Not Applicable	
For the link refer to DIA Supporting guidance for drinking water - June 2025	expert. The assessment found that the supplies were all able to meet the performance rating of almost met, with compliance rates for both T3 Bacterial and T3 Protozoal to above 99%. The areas that were noted that predominately prevented much of the compliance, were issues as the failure to undertake the reference sensor checks on the UV's, unusual turbidity events causing filter failures, irregular flows through the UVs, and membranes not operating as required. Therefore, largely technical in nature, rather than directly related to unsafe water.	
All met (100%)		
Almost met (95-99%)		
Partially met (1-94%),		
None met (0%).		
What we said we would do: losses from the water supply network to be minimised		
Measure: The percentage of real water loss from the Council's networked reticulation system ¹ measured by real losses through leaks in the network and apparent losses through metering inaccuracies or water theft.* Target: 30%.	2025/26 Achieved	The percentage of real water lost from Council's networked reticulation system was 24.8%
	2024/25 Achieved	The percentages of real water lost from Council's networked reticulation system was 29%
What we said we would do: provide a reliable water supply		
Measure: The number of unplanned interruptions to the water supply system per 1000 properties per year. Target: <10	2025/26 Not achieved	There were 25.75 unplanned interruptions to the water supply system per 1000 connections for the year. Total of 227 (8817 connections).
	2024/25 Not achieved	There were 19.07 unplanned interruptions to the water supply system per 1000 properties in the first quarter. Total of 172 (8802 properties connected)

¹ Mandatory requirement includes a description of the methodology used to calculate this.

How we measure our performance ▼	Result 2025/26 ▼	
	Key:  Achieved  Not Achieved  Not Applicable	
Measure: The average consumption of drinking water per day per resident within the Hauraki District, measured by litres consumed per person, per day.* Target: <250 litres per resident per day	2025/26  Achieved	The average consumption of drinking water was 130 litres per person per day in 2025/26
	2024/25  Achieved	The average consumption of drinking water was 170 litres per person per day in 2024/25
What we said we would do: customer service requests will be dealt with promptly and appropriately		
Measure: Where the Council attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times are measured: * Urgent Call-outs: - Attendance (from the time that the Council receives notification to the time that service personnel reach the site) - Resolution (from the time that the Council receives notification to the time that service personnel confirm resolution of the fault or interruption) Non-Urgent Call-outs: - Attendance - Resolution Target: Urgent call-outs: - Median attendance = 1 hour - Median resolution = 3 hours Non-urgent call-outs: - Median attendance = 3 hours - Median resolution = 72 hours	2025/26  Not achieved	Urgent: - Median attendance = 0 hours 14 minutes - Median resolution = 3 hours 11 minutes Non-Urgent: - Median attendance = 2 hours 06 minutes - Median resolution = 20 hours 37 minutes
	2024/25  Achieved	Urgent: Median attendance = 0 hours 16 minutes Median resolution = 2 hour 1minutes Non-Urgent: Median attendance = 2 hours 9 minutes Median resolution = 21 hours 57 minutes
What we said we would do: potable water will be supplied to consumers		
Measure: The total number of complaints received by Council about any of the following: - drinking water clarity; - drinking water taste; - drinking water odour; - drinking water pressure or flow;	2025/26  Not Achieved	Number of complaints 48.43 per 1000 connections in the year to date. Total of 427.
	2024/25  Not Achieved	38.14 complaints per 1000 connections r received about drinking water clarity, taste, odour, pressure or flow, and continuity of supply in 2024/25

Result 2025/26 ▼		
How we measure our performance ▼ continuity of supply; and the Council's response to any of these issues, expressed per 1000 connections to the Council's networked reticulation system.* Target: ≤ 22 complaints per 1000 connections.	Key: Achieved Not Achieved Not Applicable	
		Total of 344
What we said we would do: water supplies to be operated in compliance with regulatory requirements		
Measure: Achieve a high level of compliance at all water treatment plants, as measured by the number of: - abatement notices; and - infringement notices; and - enforcement orders; and - and prosecutions received by Council in relation those resource consents. Target: 0	2025/26 Achieved	There were no abatement notices, infringement notices, or enforcement orders and prosecutions received in 2025/26 in relation to resource consents.
	2024/25 Achieved	There were no abatement notices, infringement notices, or enforcement orders and prosecutions received in 2024/25 in relation to resource consents.
* Mandatory performance measure under section 261B of the Local Government Act 2002.		

What it cost and how it was paid for?

Operating statement for Water Supply

	Annual Plan	Actual	Actual
	2026	2026	2025
	\$000	\$000	\$000
Expenditure			
Treatment	3,379	3,487	2,844
Reticulation	1,284	1,495	1,826
Intakes and Headworks	970	921	886
Fixed costs	334	550	394
Overheads	1,754	1,754	1,644
Pumpstations	84	119	75
Major Maintenance	1,045	128	35
Other	545	1,502	881

Depreciation/Assets written off	3,963	5,534	4,418
Interest	2,453	2,065	2,039
Total expenditure	15,812	17,555	15,042
Revenue			
Fees, charges and other revenue	254	121	316
External subsidies	0	(3)	446
Targeted rates	13,533	14,494	14,045
General rates	0	0	0
Total revenue	13,787	14,612	14,807
Operating surplus / (deficit)	(2,025)	(2,943)	(235)

Hauraki District Council: Funding impact statement for the year ended 30 June 2026 for Water Supply

	Long-Term Plan 2025 \$000	Long-Term Plan 2026 \$000	Actual 2026 \$000
Sources of operating funding			
General rates, uniform annual general charges, rate penalties	0	0	0
Targeted rates	11,737	12,911	14,494
Subsidies and grants for operating purposes	0	0	(3)
Fees and charges	0	0	28
Internal charges and overheads recovered	0	0	0
Interest and dividends from investments	0	0	0
Local Authorities fuel tax, fines, infringement fees, and other receipts	0	0	3
Total operating funding (A)	11,737	12,911	14,522
Applications of operating funding			
Payments to staff and suppliers	6,194	5,754	7,924
Finance costs	2,398	2,587	2,066
Internal charges and overheads applied	1,823	1,854	2,030
Other operating funding applications	0	0	0
Total applications of operating funding (B)	10,415	10,194	12,020
Surplus / (deficit) of operating funding (A - B)	1,322	2,717	2,502
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	184	196	90
Increase (decrease) in debt	5,003	(1,944)	1,331
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total Sources of capital funding (C)	5,187	(1,749)	1,421
Applications of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	2,551	322	715
- to replace existing assets	6,230	1,539	3,459
Increase (decrease) in reserves	(2,271)	(893)	(251)
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	6,510	968	3,923
Surplus / (deficit) of capital funding (C - D)	(1,322)	(2,717)	(2,502)
Funding balance ((A - B) + (C - D))	0	0	0

Wastewater | Te wai ururua

Overview | Tiro whānui

Our wastewater activity involves the collection, treatment and disposal of wastewater for seven urban townships in the district. At our treatment plants the wastewater is treated to clean it up before releasing it – mostly to waterways. We also make sure that trade wastes are appropriately collected and treated.

We provide this service to protect public health, to mitigate the risks of pollution and disease associated with wastewater and to protect the receiving environments from the effects of wastewater products and by-products. We operate seven wastewater schemes in the District, which services approximately 5,720 properties.



Community outcomes | Ngā huanga hāpori

The wastewater group mainly contributes to the following community outcomes:



Healthy environment | Te Mauri o te Taiao



Connected people | Tūhono



Vibrant and safe communities | Te Oranga pai o te Hāpori

Effects on the community

The wastewater group ensures the collection, treatment and disposal of wastewater is done in a way that ensure a safe standard of living for our district residents. Our communities are kept healthy and free from disease and our environment is protected (especially our waterways) from pollution.

Meeting our service targets

How we measure our performance ▼		Result 2025/26 ▼
		Key: Achieved Not Achieved Not Applicable
What we said we would do: the risk of environmental and public health impacts to be mitigated.		
Measure: The number of dry weather wastewater overflows from the Council's wastewater system, expressed per 1000 wastewater connections to that wastewater system. * Target: <2 per 1000 connections.	2025/26 Achieved	Number of dry weather sewerage overflows 0.67 per 1000 wastewater connections in the second quarter. Total of 5.
	2024/25 Achieved	There were 1.24 dry weather overflows per 1000 wastewater connections in 2024/25. Total of 9.
What we said we would do: the community and the environment will be provided with protection.		
Measure: Compliance with the Council's resource consents for discharge from its wastewater system, as measured by the number of: - abatement notices; and - infringement notices; and - enforcement orders; and - prosecutions received by Council in relation to those resource consents. * Target: 0	2025/26 Achieved	There were no abatement notices, infringement notices, or enforcement orders and prosecutions received in 2025/26 in relation to resource consents.
	2024/25 Achieved	There were no abatement notices, infringement notices, or enforcement orders and prosecutions received in 2024/25 in relation to resource consents.
What we said we would do: customer service requests to be dealt with promptly and appropriately.		
Measure: Where the Council attends to wastewater overflows ² resulting from a blockage or other fault in the Council's wastewater system, the following median response times measured: * - attendance time³ - resolution time⁴	2025/26 Not achieved	Median Attendance time = 1 hour 33 minutes Median Resolution time = 4 hours 56 minutes
	2024/25 	Median Attendance time = 0 hours 53 minutes.

² An overflow means sewage that escapes our wastewater system and enters the environment. It includes blockages and chokes.

³ Attendance time: from the time that the territorial authority receives notification to the time that service personnel reach the site.

⁴ Resolution time: from the time that the territorial authority receives notification to the time that service personnel confirm resolution of the blockage or other fault

How we measure our performance ▼		Result 2025/26 ▼
Target: Median attendance time = 1 hour Median resolution time = 12 hours.		Key: Achieved Not Achieved Not Applicable
		Achieved Median Resolution time = 3 hours 54 minutes.
What we said we would do: a safe and reliable wastewater service.		
Measure: The total number of complaints received by Council about any of the following: - wastewater odour; - wastewater system faults; - wastewater system blockages; and - the Council's response to any of these issues, expressed per 1000 connections to Council's wastewater system.*	2025/26 Not achieved	Number of complaints 22.23 per 1000 wastewater connections (165 complaints in total). Several complaints were received during the two weather events relating to blockages and overflow.
	2024/25 Not achieved	Total of 13.26 per 1000 connections (96 complaints) in 2024/25
Target: ≤12 per 1000 connections		
* Mandatory performance measure under section 261B of the Local Government Act 2002.		

What it cost and how it was paid for?

Operating statement for Wastewater

	Annual Plan 2026 \$000	Actual 2026 \$000	Actual 2025 \$000
Expenditure			
Treatment	2,088	1,492	1,176
Reticulation	185	222	254
Intakes and Headworks	0	0	0
Fixed costs	246	528	320
Overheads	813	813	765
Pumpstations	510	485	470
Major Maintenance	22	135	33
Other	308	387	288
Depreciation/Assets written off	3,392	2,688	2,619
Interest	2,070	1,739	973
Total expenditure	9,634	8,489	6,898
Revenue			
Fees, charges and other revenue	411	568	650
External subsidies	0	0	0
Targeted rates	5,045	5,235	5,046
General rates	0	0	0
Total revenue	5,456	5,803	5,696
Operating surplus / (deficit)	(4,178)	(2,686)	(1,202)

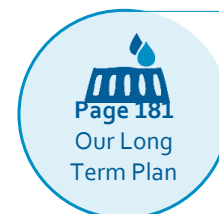
Hauraki District Council: Funding impact statement for the year ended 30 June 2026 for Wastewater

	Long-Term Plan 2025 \$000	Long-Term Plan 2026 \$000	Actual 2026 \$000
Sources of operating funding			
General rates, uniform annual general charges, rate penalties	0	0	0
Targeted rates	4,586	6,421	5,236
Subsidies and grants for operating purposes	0	0	0
Fees and charges	153	157	175
Internal charges and overheads recovered	0	0	0
Interest and dividends from investments	0	0	0
Local Authorities fuel tax, fines, infringement fees, and other receipts	0	0	0
Total operating funding (A)	4,739	6,578	5,411
Applications of operating funding			
Payments to staff and suppliers	2,389	3,816	3,114
Finance costs	1,137	2,413	1,739
Internal charges and overheads applied	878	894	948
Other operating funding applications	0	0	0
Total applications of operating funding (B)	4,403	7,123	5,801
Surplus / (deficit) of operating funding (A - B)	336	(546)	(391)
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	148	138	209
Increase (decrease) in debt	23,586	21,971	18,891
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total Sources of capital funding (C)	23,733	22,109	19,100
Applications of capital funding			
Capital expenditure	0	0	
- to meet additional demand	0	0	0
- to improve the level of service	26,280	25,845	19,599
- to replace existing assets	734	501	864
Increase (decrease) in reserves	(2,944)	(4,782)	(1,754)
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	24,069	21,564	18,709
Surplus / (deficit) of capital funding (C - D)	(336)	546	391
Funding balance ((A - B) + (C - D))	0	0	0

Stormwater | Wai āwhātanga

Overview | Tiro whānui

The stormwater activity involves collecting and disposing of excess rainfall runoff from urban areas using various drainage systems. These services are provided in Paeroa, Waihi, Ngātea, Tūrua, Kerepehi, Whiritoa, Mackaytown, Karangahake, Waikino and Kaiaua. Stormwater assets include open drains, piped network, manholes and pump stations which operate in combination to remove surface water runoff. All stormwater systems eventually discharge into the Waihou or Piako Rivers, with the exception of the Kaiaua and Whiritoa systems which discharge directly to sea.



Effects on the community

The stormwater group helps ensure the safety of people's lives and property in times of rainfall, by ensuring runoff is efficiently and effectively dealt with, to assist in achieving social and commercial certainty and avoiding the risk of flooding.

Community outcomes | Ngā huanga hāpori

The Stormwater activity mainly contributes to the following community outcomes:



Healthy environment | Te Mauri o te Taiao



Connected people | Tūhono



Vibrant and safe communities | Te Oranga pai o te Hāpori

Meeting our service targets

How we measure our performance ▼	Result 2025/26 ▼	
	Key:  Achieved  Not Achieved  Not Applicable	
What we said we would do: provide stormwater systems to protect houses from flooding in urban areas.		
Measure: The number of flooding events that occur in the Hauraki District. For each flooding event, the number of habitable floors affected (expressed per 1000 properties connected to the Council's stormwater system).*	2025/26  Not applicable	There were no flooding events affecting habitable floor space year to date.
	2024/25  Not applicable	There were no flooding events affecting habitable floor space in 2024/25
Target: Number of habitable floors affected <2 per 1000 connections.		
What we said we would do: provide a stormwater network that is reliable.		
Measure: The number of complaints received by Council about the performance of the stormwater system. Expressed per 1000 properties connected Council's stormwater system.*	2025/26  Not achieved	Number of complaints 15.8 per 1000 properties. An increase in complaints was received during the two weather events. (114 total).
	2024/25  Achieved	The number of complaints received about the performance of the stormwater system in 2024/25 was 6.84 per 1000 properties connected to the stormwater system. Total of 49.
Target: <8/1,000 connections.		
What we said we would do: provide the community and the environment with protection.		
Measure: Compliance with the Council's resource consents for discharge from its stormwater system. Measured by the number of: - abatement notices - infringement notices - enforcement orders - prosecutions	2025/26  Achieved	There were no abatement notices, infringement notices, or enforcement orders and prosecutions received in 2025/26 in relation to stormwater discharge resource consents.
	2024/25  Achieved	There were no abatement notices, infringement notices, or enforcement orders and prosecutions received in

How we measure our performance ▼	Result 2025/26 ▼	
received by Council in relation those resource consents.* Target: 0	Key: Achieved Not Achieved Not Applicable	
		2024/25 in relation to stormwater discharge resource consents.
What we said we would do: customer service requests will be dealt with promptly and appropriately.		
Measure: The median response time to attend a flooding event (A flooding event means an overflow of stormwater from the Council's stormwater system that enters a habitable floor.), measured from the time that the Council receives notification to the time that service personnel reach the site.* Target: Median attendance time <2 hours.	2025/26 Not applicable	There were no flooding events .
	2024/25 Not applicable	There were no flooding events to attend to.
* Mandatory performance measure under section 261B of the Local Government Act 2002.		

What it cost and how it was paid for?

Operating statement for Stormwater

	Annual Plan 2026 \$000	Actual 2026 \$000	Actual 2025 \$000
Expenditure			
Vegetation control	32	18	14
Reticulation	61	115	89
Maintenance/fencing/culverts	10	2	2
Mechanical cleaning	22	36	18
Floodgates	2	0	2
Pumps	11	11	5
Overheads	311	311	300
Other	313	437	265
Depreciation/Assets written off	1,040	1,109	1,223
Interest	(105)	(101)	(82)
Total expenditure	1,698	1,938	1,836
Revenue			
Fees, charges and other revenue	144	47	188
External subsidies	0	0	0
Targeted rates	1,477	1,471	1,274
General rates	261	267	227
Total revenue	1,881	1,785	1,689
Operating surplus / (deficit)	183	(153)	(147)

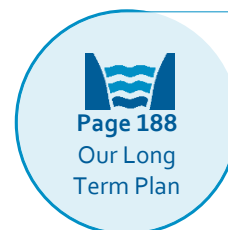
Hauraki District Council: Funding impact statement for the year ended 30 June 2026 for Stormwater

	Long-Term Plan 2025 \$000	Long-Term Plan 2026 \$000	Actual 2026 \$000
Sources of operating funding			
General rates, uniform annual general charges, rate penalties	222	261	267
Targeted rates	1,256	1,477	1,471
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	0	0	0
Interest and dividends from investments	0	0	0
Local Authorities fuel tax, fines, infringement fees, and other receipts	0	0	0
Total operating funding (A)	1,478	1,737	1,738
Applications of operating funding			
Payments to staff and suppliers	382	452	618
Finance costs	(74)	(97)	(101)
Internal charges and overheads applied	300	306	311
Other operating funding applications	0	0	0
Total applications of operating funding (B)	608	662	828
Surplus / (deficit) of operating funding (A - B)	870	1076	910
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	31	28	25
Increase (decrease) in debt	(690)	(534)	(465)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total Sources of capital funding (C)	(659)	(505)	(440)
Applications of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	168	332	22
- to replace existing assets	61	58	347
Increase (decrease) in reserves	(18)	180	101
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	211	570	470
Surplus / (deficit) of capital funding (C - D)	(870)	(1,076)	(910)
Funding balance ((A - B) + (C - D))	0	0	0

Land Drainage | Te rerenga whenua me te aukatinga ō ngā waipuke

Overview | Tiro whānui

Our land drainage activity involves collecting runoff from the rural catchment areas of the district and leading it to the primary flood protection assets which discharge it directly to river or sea outlets. Additional drainage assets include stopbanks, floodgates and pumps. Land drainage services are provided in four drainage districts – Western Plains, Eastern Plains, Paeroa Rural and Taramaire districts. Flood protection is provided by the Waikato Regional Council's river schemes except in the northwest part of the District (Waitakaruru to Pūkorokoro / Miranda) where it is provided by the Hauraki District Council. Flood protection assets include stopbanks, floodgates and pump stations that provide direct protection from river and tidal flooding. .



Effects on the community

The provision of services within the land drainage group is positive and essential for those communities where the preservation and protection of the land's farming capacity is required. Both assets and stock require protection against high water tables, extreme weather events, high tides and river floods which is essential for land productivity and protecting the livelihood of those in affected areas.

Community outcomes | Ngā huanga hapori

The land drainage group mainly contributes to the following community outcomes:



Vibrant and safe communities | Te Oranga pai o te Hapori

Meeting our service targets

How we measure our performance ▼		Result 2025/26 ▼
		Key: Achieved Not Achieved Not Applicable
What we said we would do: quality land drainage and flood protection to be provided to all Drainage Districts.		
Measure: The major flood protection and control works that are maintained, repaired and renewed to the key standards defined in the Council's relevant planning documents (such as this plan, annual works program or long-term plan). Target: 100%.	2025/26 Achieved	100% of floodgates and pump stations were maintained, repaired and/or renewed to their full-service potential in 2025/26
	2024/25 Achieved	100% of floodgates and pump stations were maintained, repaired and/or renewed to their full-service potential in 2024/25.
Measure: Number of rural properties still ponding after 3 days from a 10% AEP ⁵ event or less (impacting the pasture). Target: 0 rural properties ponding for more than three days following a 10% AEP event or less.	2025/26 Achieved	0 rural properties ponding for more than three days following a 10% AEP event or less.
	2024/25 Not applicable	There were no 10% AEP events or less impacting rural properties for 2024/25.
What we said we would do: reliable land drainage and flood protection networks.		
Measure: The number of failures of stopbanks and floodgates in a 2% AEP tidal surge event. Target: 0 failures in a 2% AEP tidal surge event.	2025/26 Not applicable	There were no 2% AEP tidal surge events in 2025/26
	2024/25 Not applicable	There were no 2% AEP tidal surge events in 2024/25.
What we said we would do: efficient response to drainage problems and emergencies.		
Measure: Where the Council responds to a service request regarding the Council's land drainage and flood protection systems, the following median response times measured for: ▪ Urgent ⁶ service requests and ▪ Non-urgent ⁷ service requests Target: Median response times:	2025/26 Achieved	There were no urgent requests and non-urgent response was 2 hours 38 minutes.
	2024/25 Achieved	There were no urgent requests and non-urgent response was 19 hours 22 minutes.

⁵ Annual Exceedance Probability – the probability of a storm exceeding a certain intensity in any one year.

⁶ Urgent requests are requests when emergency actions are required to protect people from injury and/or adverse health and safety consequences and assets from serious damage.

⁷ Non urgent requests are all other service requests apart from urgent ones, where the response required are not that immediate e.g. normal maintenance or corrective action required.

How we measure our performance ▼	Result 2025/26 ▼	
	Key:  Achieved  Not Achieved  Not Applicable	
* Mandatory performance measure under section 261B of the Local Government Act 2002.		

What these activities cost and how they were paid for?

Operating statement for Land Drainage

	Annual Plan 2026 \$000	Actual 2026 \$000	Actual 2025 \$000
Expenditure			
Vegetation control	186	178	205
Maintenance/fencing/culverts	17	2	4
Mechanical cleaning	278	187	145
Floodgates	36	25	48
Pumps	287	551	317
Overheads	331	331	321
Other	95	101	117
Depreciation/Assets written off	199	142	135
Interest	(95)	(114)	(117)
Total expenditure	1,334	1,403	1,175
Revenue			
Fees, charges and other revenue	0	0	0
External subsidies	0	0	0
Targeted rates	1,309	1,304	1,331
General rates	231	237	232
Total revenue	1,540	1,541	1,563
Operating surplus / (deficit)	206	138	388

**Hauraki District Council: Funding impact statement for the year ended 30 June 2026 for
Land Drainage**

	Long-Term Plan 2025 \$000	Long-Term Plan 2026 \$000	Actual 2026 \$000
Sources of operating funding			
General rates, uniform annual general charges, rate penalties	228	231	237
Targeted rates	1,289	1,309	1,304
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	0	0	0
Interest and dividends from investments	0	0	0
Local Authorities fuel tax, fines, infringement fees, and other receipts	0	0	0
Total operating funding (A)	1,517	1,540	1,541
Applications of operating funding			
Payments to staff and suppliers	876	899	1,044
Finance costs	(86)	(60)	(114)
Internal charges and overheads applied	321	328	331
Other operating funding applications	0	0	0
Total applications of operating funding (B)	1,112	1,167	1,261
Surplus / (deficit) of operating funding (A - B)	405	373	280
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	567	108	128
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total Sources of capital funding (C)	567	108	128
Applications of capital funding			
Capital expenditure	0	0	
- to meet additional demand	0	0	0
- to improve the level of service	0	0	162
- to replace existing assets	739	280	132
Increase (decrease) in reserves	233	201	114
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	972	482	408
Surplus / (deficit) of capital funding (C - D)	(405)	(373)	(280)
Funding balance ((A - B) + (C - D))	0	0	0

Waste Management | Whakahaere ururua



Overview | Tiro whānui

Our waste management services include:

- kerbside collection of refuse and recyclables
- waste minimisation promotion and education including promoting activities such as worm farming
- landfill aftercare
- litter bin, loose litter and illegal dumping collections
- refuse transfer stations at Paeroa and Waihi.

Effects on the community

The aim of the waste management group is to ensure the sanitary and safe collection and disposal of recycling and solid waste, to help protect the social and environmental wellbeing of our communities, and to implement recycling initiatives to ensure environmental sustainability. The provision of services within the waste management activity assists in enabling communities to function in a healthy, comfortable and safe environment, with appropriate mechanisms for solid waste disposal in an environmentally appropriate manner.

Community outcomes | Ngā huanga hāpori

The waste management group mainly contributes to the following community outcomes:



Healthy environment | Te Mauri o te Taiao



Vibrant and safe communities | Te Oranga pai o te Hāpori

Meeting our service targets

How we measure our performance		Result 2025/26	
		Key: Achieved Not Achieved Not Applicable	
What we said we would do: minimise the adverse effects of waste on the environment.			
Measure: The quantity of organic waste going to landfill is decreasing. Target: An overall reduction of 72% over the three years.	2025/26 Not achieved	For 2025/26, the year-to-date result is 250.1 tonnes, which is 70.9 tonnes below the target. This represents a 22.1% reduction. While this is a positive result and demonstrates a continued reduction in organic waste being sent to landfill, further reductions will be required to achieve the overall 72% reduction target over the three-year period.	
	2024/25 Not achieved	The 2025 SWAP audit estimated a 42.2% increase in organic waste found in kerbside waste bins, rising from 1,402 MT to 1,921 MT. However, kerbside organic collections have also increased over the same period. This indicates that, while more organics are appearing in general waste bins, a larger quantity is also being captured through dedicated collection services, potentially reducing the volume of organics sent to landfill.	
Measure: The total quantity of waste sent to landfill per person per annum is reducing. Target: a further 15% reduction	2025/26 Achieved	The year-to-date result of 3,042.42 MT is 653.70 MT below the target, representing an overall reduction of 30% from the previous year indicating that waste volumes have reduced.	
	2024/25 Achieved	The volume of household waste collected from the kerbside and transfer stations going to landfill was 10% less than 2023/24 (4,348.38MT in 2024/25)	
What we said we would do: provide a reliable solid waste collection			

How we measure our performance ▼	Result 2025/26 ▼	
	Key:  Achieved  Not Achieved  Not Applicable	
Measure: Number of justified ⁸ complaints that collection is not completed on the scheduled day. Target: ≤3 justified complaints (that collection was not completed) per 1000 customers per annum.	2025/26  Achieved	0.39 complaints per 1000 customers received.
	2024/25  Achieved	0.2 complaints received for the 24/25 financial year

⁸ Where there is a reasonable case for the complaint.

What these activities cost and how they were paid for?

Operating statement for Waste Management

	Annual Plan 2026 \$000	Actual 2026 \$000	Actual 2025 \$000
Expenditure			
Refuse collection	2,031	1,943	1,948
Closed tip sites	214	65	487
Transfer stations	2,213	2,233	1,975
Other	229	566	395
Total expenditure	4,687	4,807	4,805
Revenue			
Fees, charges and other revenue	1,661	1,548	1,651
External subsidies	420	449	480
Targeted rates	1,107	1,290	1,252
General rates	1,430	1,464	1,344
Total revenue	4,618	4,751	4,727
Operating surplus / (deficit)	(69)	(56)	(78)

**Hauraki District Council: Funding impact statement for the year ended 30 June 2026 for
Waste Management**

	Long-Term Plan 2025 \$000	Long-Term Plan 2026 \$000	Actual 2026 \$000
Sources of operating funding			
General rates, uniform annual general charges, rate penalties	1,315	1,557	1,464
Targeted rates	1,075	1,086	1,290
Subsidies and grants for operating purposes	100	102	450
Fees and charges	1,675	1,692	1,543
Internal charges and overheads recovered	0	0	0
Interest and dividends from investments	0	0	0
Local Authorities fuel tax, fines, infringement fees, and other receipts	0	0	0
Total operating funding (A)	4,165	4,437	4,747
Applications of operating funding			
Payments to staff and suppliers	3,561	3,749	3,960
Finance costs	(6)	(7)	127
Internal charges and overheads applied	548	559	496
Other operating funding applications	0	0	0
Total applications of operating funding (B)	4,102	4,301	4,583
Surplus / (deficit) of operating funding (A - B)	62	136	164
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	5
Increase (decrease) in debt	764	(230)	(44)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total Sources of capital funding (C)	764	(230)	(39)
Applications of capital funding			
Capital expenditure	0	0	
- to meet additional demand	0	0	0
- to improve the level of service	773	0	600
- to replace existing assets	200	0	6
Increase (decrease) in reserves	(147)	(95)	(481)
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	826	(95)	125
Surplus / (deficit) of capital funding (C - D)	(62)	(136)	(164)
Funding balance ((A - B) + (C - D))	0	0	0

Community Services | Ratonga Hapori

Overview | Tiro whānui

Our community services group involves the provision of recreation services and facilities intended to meet our district's recreational, sporting and educational expectations. We do this to help make our community a healthy, vibrant place to live and visit, and to ensure our public spaces reflect our local culture and heritage.

We provide a number of services such as libraries, parks, reserves, and facilities like public conveniences, cemeteries, elderly persons housing, halls and the Waihi events centre.



Effects on the community

The provision of services within the community services group of activities primarily focuses on improving the social and cultural wellbeing of the community. Recreational facilities, such as parks and reserves, have a positive impact in the community and relate to aspects of life that are important for a person's happiness, quality of life and welfare. Libraries also service the educational and cultural needs of the community, at a low cost to the user, making historical, cultural, educational and electronic resources accessible for all. Other facilities such as pensioner housing give people in the community the opportunity to have access to basic housing needs in an affordable way, creating a positive impact in the lives of those who utilise these facilities.

Community outcomes | Ngā huanga hapori

The community services group mainly contributes to the following community outcomes:



Connected people | Tūhono



Vibrant and safe communities | Te Oranga pai o te Hapori

What these activities cost and how they were paid for?

Operating statement for Community Services

	Annual Plan 2026 \$000	Actual 2026 \$000	Actual 2025 \$000
Expenditure			
Recreation			
Libraries	1,559	1,526	1,438
Sportsfields	1,129	1,029	1,134
Recreation reserves	2,669	2,297	2,488
Cycleway	1,125	2,157	1,796
Events centre	276	290	245
Swimming pools	1,036	1,205	1,144
Sports-coordinator	98	97	94
Facilities			
Cemeteries	679	719	619
Community halls	548	594	521
Pensioner housing	901	980	988
Public conveniences	775	942	821
Rural halls	22	48	175
Interest	548	338	374
Total expenditure	11,366	12,222	11,837
Revenue			
Fees, charges and other revenue	1,188	1,030	951
External subsidies	319	1,116	1,368
Targeted rates	4,170	4,275	3,762
General rates	6,097	6,285	5,282
Total revenue	11,774	12,706	11,363
Operating surplus / (deficit)	408	484	(474)

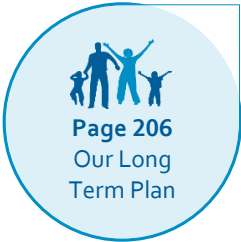
**Hauraki District Council: Funding impact statement for the year ended 30 June 2026 for
Community Services**

	Long-Term Plan 2025 \$000	Long-Term Plan 2026 \$000	Actual 2026 \$000
Sources of operating funding			
General rates, uniform annual general charges, rate penalties	5,222	5,742	6,284
Targeted rates	3,702	4,075	4,275
Subsidies and grants for operating purposes	5	5	826
Fees and charges	812	828	913
Internal charges and overheads recovered	0	0	0
Interest and dividends from investments	0	0	0
Local Authorities fuel tax, fines, infringement fees, and other receipts	0	0	66
Total operating funding (A)	9,741	10,650	12,364
Applications of operating funding			
Payments to staff and suppliers	5,808	5,916	6,735
Finance costs	415	582	338
Internal charges and overheads applied	1,973	2,029	2,185
Other operating funding applications	0	0	0
Total applications of operating funding (B)	8,196	8,526	9,258
Surplus / (deficit) of operating funding (A - B)	1,545	2,124	3,107
Sources of capital funding			
Subsidies and grants for capital expenditure	1,350	174	290
Development and financial contributions	148	153	51
Increase (decrease) in debt	4,110	500	(362)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total Sources of capital funding (C)	5,608	827	(21)
Applications of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	3,218	324	1,371
- to replace existing assets	2,704	2,110	1,452
Increase (decrease) in reserves	1,232	517	263
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	7,153	2,950	3,086
Surplus / (deficit) of capital funding (C - D)	(1,545)	(2,124)	(3,107)
Funding balance ((A - B) + (C - D))	0	0	0

Community Recreation | Ngā hapori rēhia

Overview | Tiro whānui

Our community recreation services include libraries, halls, pools, sports and recreation reserves, playgrounds, walkways and the Waihi events centre.



Libraries

We provide public libraries in Ngātea, Paeroa and Waihi, which lend a variety of resources, deliver education programmes and provide free internet access. We also provide support to three community operated libraries at Kaiaua, Tūrua and Whiritoa.

Swimming pools

We operate three community pools in Ngātea, Paeroa and Waihi. These are open during the summer months with lifeguards at each pool.

Sports and recreation reserves

We provide six sportsgrounds across the district, that cater for organised sport, including rugby, touch, hockey, netball, soccer, tennis, athletics, lawn bowls, cricket, croquet, skateboarding and petanque.

We provide recreation reserves to create opportunities for impromptu active and passive recreation and to support social interactions and connections within our community. Our recreation reserves include playgrounds, furniture, walkways and other amenities.

We also have two jetties on the Waihou River available for community use.

Waihi event centre

The Waihi event centre provides for a range of indoor sports such as inline hockey, basketball, badminton, netball and martial arts. Other community use of the centre is encouraged. The centre is managed by Sport N Action.

Sports co-ordination

To support sports and participation council provides funding to Sport Waikato that provides a sports coordinator who facilitates sports in the district.

Meeting our service targets

How we measure our performance		Result 2025/26 ▼
		Key: Achieved Not Achieved Not Applicable
Libraries		
What we said we would do: modern and relevant library spaces to support community needs.		
Measure: Percentage of library users satisfied with library services. Target: ≥90% of customers satisfied	2025/26 Not achieved	The 2026 customer satisfaction survey results showed that 87% of customers were satisfied with library services.
	2024/25 Not achieved	The 2025 customer satisfaction survey results showed that 88% of customers were satisfied with library services.

How we measure our performance		Result 2025/26 ▼
		Key: Achieved Not Achieved Not Applicable
Measure: The number of visitors (including members) to the libraries is stable or increasing. Target: Number of visitors increases 2% annually. The total gate count for 2023/24 is 92,335	2025/26 Not achieved	Not achieved: 87,565 people have been through the electronic gates for the full financial year. Some of the not achievement can be contributed to the relocation of the Ngatea Library and in particular the closure for four working days due to power affected by weather.
	2024/25 Not achieved	In 2024/25, a total of 88,749 went through the electronic gates. To achieve a 2% increase over the previous figure of 92,335, the target was set at 94,181.7. The actual result reached 94% of this target
Swimming Pools		
What we said we would do: Council operated swimming pool facilities to be safe for users and staff.		
Measure: Daily safety and maintenance audits are carried out at each Council pool during the public swimming season Target: 100% of safety and maintenance audits completed during swimming season All identified safety and maintenance issues are actioned. 100% safety and maintenance issues addressed, investigated and actioned within: High risk addressed within 24 hours. Medium risk addressed within one week. Low risk addressed as soon as is practical.	2025/26 Achieved	100% (387/387) of safety and maintenance audits were completed in 2025/26.
	2024/25 Achieved	100% (385/385) of safety and maintenance audits were completed during 2024/25 1. 1/1 high risk occurrences – addressed within 24 hours. 2. 9/9 medium risk occurrences – addressed within one week. 3. 18/18 low risk occurrences - addressed as soon as is practical.
Measure: Percentage of pool users satisfied with the operation of Council swimming pools. Target: ≥85% of customers satisfied.	2025/26 Not achieved	The 2026 customer satisfaction survey results showed that 78% of customers were satisfied with the operation of Council swimming pools.
	2024/25 Not achieved	The 2025 annual satisfaction survey showed 83% of users were satisfied with the operation of Council swimming pools.
Sports fields and recreation reserves		
You can expect: sports fields and recreational reserves that meet the requirements of users.		
Measure: Percentage of reserve users satisfied with reserves services.	2025/26 Not achieved	The 2026 annual satisfaction survey showed 88% of users were satisfied

How we measure our performance	Result 2025/26 ▼	
	Key:  Achieved  Not Achieved  Not Applicable	
Target: ≥90% of customers satisfied.		with the services provided at district's sports fields, parks and reserves.
	2024/25  Not achieved	The 2025 annual satisfaction survey showed 88% of users were satisfied with the services provided at district's sports fields, parks and reserves.
You can expect: safe playground facilities.		
Measure: Playground facilities are regularly inspected to ensure they are safe, and compliant with national playground safety standards. Target: 100%	2025/26  Achieved	100% of inspections were completed.
	2024/25  Achieved	100% (265/265) of safety and maintenance audits were completed during 2024/25

Community Facilities | Ngā wharehui o te hāpori

Our community facilities activity provides a range of facilities to meet public health needs (public toilets, cemeteries), social and cultural needs (public halls, housing for the elderly) and amenity needs (non-recreation reserves). Our halls sub-activity consists of three memorial halls (Paeroa, Ngātea and Waihi) which are owned and operated by the Council, and 11 community halls which are owned and managed by hall committees or incorporated societies (those being Kaihere, Kerepēhi, Karangahake, Netherton, Kaiaua, Mangatarata, Tūrua, Waikino and Waitakaruru halls). We own or manage 22 public conveniences, three cemetery sites (Waihi, Paeroa, and Miranda) and one ashes memorial wall site



We also own and administer 57 elderly persons housing units within nine individual complexes. In Waihi, Paeroa and Ngātea.

Meeting our service targets

How we measure our performance		Result 2025/26 ▼
		Key: ✔ Achieved ✘ Not Achieved ⚪ Not Applicable
Halls		
What we said we would do: Council-managed halls to be clean and well maintained to meet the needs of the community.		
Measure: Number of justified complaints from hall users regarding the cleanliness and maintenance standard of the halls,	2025/26 ✔ Achieved	2.68 justified complaints per 100 bookings. 784 bookings, 21 justified complaints
Target: ≤3 complaints per 100 bookings per year.	2024/25 ✔ Achieved	1.88 complaints per 100 bookings in 2024/25. 796 bookings in total.
Elderly Persons Housing		
What we said we would do: pensioner units to be maintained to a comfortable and safe standard.		
Measure: Percentage of tenants satisfied with the comfort and safety of the unit.	2025/26 ✔ Achieved	95% of tenants were satisfied with the comfort and safety of the units.
Target: ≥85%	2024/25 ✔ Achieved	95% of tenants were satisfied with the comfort and safety of the units.
Cemeteries		
You can expect: efficiently serviced and well maintained cemeteries.		
Measure: Number of justified complaints regarding grounds maintenance at all Council cemeteries.	2025/26 ✔ Achieved	Three justified complaints have been received.
Target: ≤10	2024/25 ✔ Achieved	One justified complaint was received.

Community and Economic Initiatives

Overview | Tiro whānui

Our community and economic initiatives group is focused on supporting people from the Hauraki District to thrive economically and socially. The ways we are planning to do this is outlined in the Manaaki Toiora strategy, particularly in the healthy people, business attraction and supporting local, and growing skills and the local workforce, priority areas.

The community and economic initiatives activity consists of:

- Economic project assistance;
- Social project assistance;
- Promotions (Whakatairanga); and
- Donations and grants.

Our activity also includes managing agreements with a number of different organisations that we fund, including our visitor information service providers, town promotion agencies, our Regional Tourism Organisation, Citizens Advice Bureau, Coromandel Heritage Trust, Life Education Trust, Age Concern Hauraki-Coromandel, Hauraki Plains Community Hub and Creative Waikato.



Effects on the community

The Community and Economic Initiatives group is primarily focused on encouraging economic and social growth for our District communities. This group celebrates and promotes the Hauraki District as a great environment to live, work and experience life, with opportunities for all. Besides strongly supporting economic development initiatives, the community development group provides an avenue for Council to support community initiatives focused on social well-being.

Community outcomes | Ngā huanga hāpori

The community and economic initiatives group mainly contributes to the following community outcomes:



Connected people | Tūhono



Vibrant and safe communities | Te Oranga pai o te Hāpori



Strong economy | Oranga Ōhanga

Meeting our service targets

How we measure our performance		Result 2025/26 ▼	
		Key:  Achieved  Not Achieved  Not Applicable	
What we said we would do: strong support of our business community.			
Measure: Support existing businesses through the growth of business promotional initiatives. Target: 8 promotional communications are distributed annually.	2025/26  Achieved	13 business promotional communications were delivered during the year, supporting existing businesses through increased promotion, engagement, and visibility. A range of business promotional initiatives were also undertaken, including the Business Awards, Business Association After five events, and business workshops, providing opportunities for businesses to showcase their services, build networks, and strengthen their growth and development.	
	2024/25  Achieved	There were thirteen events (industry networking, two Chat GPT workshops, leadership course, Business Awards, three BA5 attendances, four further events, three AI workshops, a business breakfast with Craigs Investment Partners and Business Connect) along with four specific promotional activities for Soda INC sessions.	

What these activities cost and how they were paid for

Operating statement for Community and Economic Initiatives

	Annual Plan 2026 \$000	Actual 2026 \$000	Actual 2025 \$000
Expenditure			
Economic project assistance	535	479	444
Social initiatives	629	606	569
Promotions	374	371	321
Grants and donations	169	165	349
Extended relationships Whakawhanaunga	0	0	26
Total expenditure	1,706	1,621	1,709
Revenue			
Fees, charges and other revenue	56	0	83
External subsidies	288	0	356
Targeted rates	74	76	161
General rates	1,460	1,497	1,208
Total revenue	1,878	1,573	1,808
Operating surplus / (deficit)	172	(48)	99

**Hauraki District Council: Funding impact statement for the year ended 30 June 2026 for
Community and Economic Initiatives**

	Long-Term Plan 2025 \$000	Long-Term Plan 2026 \$000	Actual 2026 \$000
Sources of operating funding			
General rates, uniform annual general charges, rate penalties	1,186	1,320	1,497
Targeted rates	158	159	76
Subsidies and grants for operating purposes	287	288	0
Fees and charges	0	0	0
Internal charges and overheads recovered	0	0	0
Interest and dividends from investments	56	56	0
Local Authorities fuel tax, fines, infringement fees, and other receipts	0	0	0
Total operating funding (A)	1,687	1,822	1,573
Applications of operating funding			
Payments to staff and suppliers	894	923	784
Finance costs	0	0	0
Internal charges and overheads applied	760	776	837
Other operating funding applications	0	0	0
Total applications of operating funding (B)	1,654	1,699	1,621
Surplus / (deficit) of operating funding (A - B)	33	123	(48)
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total Sources of capital funding (C)	0	0	0
Applications of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	0
- to replace existing assets	0	0	0
Increase (decrease) in reserves	33	123	(48)
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	33	123	(48)
Surplus / (deficit) of capital funding (C - D)	(33)	(123)	48
Funding balance ((A - B) + (C - D))	0	0	0

Regulatory Services | Ratonga whakahaere

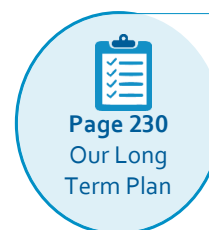
Overview | Tiro whānui

Within regulatory services, we are involved in a number of services from preparing regulations to promoting compliance.

We aim to ensure regulatory functions protect the community from a variety of risks and enhance and protect the natural and built environments. Our processes promote safely constructed buildings.

Our regulatory services are provided to:

- Ensure our communities are prepared to respond to and recover from emergency events;
- Meet our responsibilities under various legislation such as: The Building Act, Resource Management Act, Dog Control Act and Local Government Act;
- Promote the sustainable management of our natural and physical resources; and
- Promote public safety and minimise nuisances.



Resource management implementation | Te whakatinanatanga ō ngā māhere taiao

This includes regulating land use and development activities through implementation of resource management legislation and the district plan (i.e. resource consents). This ensures we promote the sustainable management of our environment by helping prevent, mitigate or remediate any adverse effects arising from land use and development.

Building control | Mana hanga

This includes administering and implementing the provisions of the Building Act 2004. We are accredited as the building consent authority and ensure all buildings are constructed and maintained to the appropriate standards. As well as regulating building work (building consents), we undertake building warrants of fitness monitoring, swimming pool fencing inspections, preparation of project information memorandums, and implementing earthquake prone, dangerous and insanitary building regulations.

Community protection | Tiaki hāpori

We provide services to ensure food and alcohol premises are suitably licenced and are maintaining appropriate processes to ensure compliance with the Food Act and the Sale and Supply of Alcohol Act 2012.

We also provide registration and inspection of hairdressers, and campgrounds. Community protection also includes noise and nuisance complaints to protect people from excessive and unreasonable noise. Emergency management is also part of our community protection activity. It involves planning to reduce risks that could result in an emergency, responding and recovering from emergencies that do occur.

We provide emergency management services to:

- ensure our community are aware of natural risks and are prepared for these
- keep essential services known as lifelines operating in and after an emergency

- keep people safe during and after an emergency event
- put arrangements in place to recover after an emergency event.

Animal control | Mana kararehe

We deliver animal control services, which includes; dog registration, education, dog control and control of other animal nuisances, like wandering stock. We manage dog and other animal nuisance in order to maintain public safety. We also house dogs, when required, in our pound facility and re-home them where possible.

Effects on the community

The regulatory services group of activities assists the Council in the improvement of local communities through the regulation of building work, the control of social issues via bylaws, and the protection of lifestyles and the environment enjoyed by residents, making a safer District for all. Many mechanisms of the regulatory services group are mandatory or legislatively required, but the underlying theme is the protection and safety of our communities and an increase in social wellbeing.

Community outcomes | Ngā huanga hapori

The regulatory services group mainly contributes to the following community outcomes:

-  Healthy environment | Te Mauri o te Taiao
-  Vibrant and safe communities | Te Oranga pai o te Hapori

Meeting our service targets

Resource management implementation

How we measure our performance	Result 2025/26 ▼	
	Key:  Achieved  Not achieved  Not Applicable	
What we said we would do: resource consents to be decided and issued within Resource Management Act 1991 timeframes.		
Measure: Notified resource consent decisions issued within statutory timeframes. Target: 100% of decisions issued within statutory timeframes.	2025/26  Achieved	100% (3/3) notified consents issued within statutory timeframes.
	2024/25  Not Applicable	No notified consent decisions issued.
Measure: Non-notified resource consent decisions are issued within statutory timeframes. Target: 100%	2025/26  Not Achieved	83% (78/94) issued within legislative timeframes. This measure is not achieved due to serval factors such as application complexity and contractor availability.

How we measure our performance		Result 2025/26 ▼
		Key: Achieved Not achieved Not Applicable
		2024/25 Not Achieved 91% (82/90). Several resource consents were delayed due to resourcing constraints. A new Resource Consent Team Leader has been appointed and is now working closely with consultants to improve service levels.
Measure: Permitted boundary activity certificates are issued within statutory timeframes. Target: 100%	2025/26	100% (17/17) Permitted boundary certificates issued
	2024/25	100% (11/11) of permitted boundary activity certificates issued within statutory timeframe.
What we said we would do: a monitoring service which ensures compliance with consent conditions.		
Measure: Land use consents issued during the previous financial year are monitored within 12 months of being granted. Target: 90%	2025/26	100% (32/32) Consents granted in the previous financial year are monitored within the next 12 months.
	2024/25	100% (85/85) of land use consents monitored were monitored within 12 months of being granted in 2024/25.
What we said we would do: Land Information Memoranda (LIM) to be issued within agreed timeframes.		
Measure: Non-urgent LIMs issued within 10 working days (statutory). Target: 100%.	2025/26	100% (343/343) non urgent LIMS were issued within 10 working days.
	2024/25	100% (440/440) of non-urgent LIMs issued within 10 working days (statutory).
Measure: Urgent LIMS are issued within 3 working days. Target: 100%	2025/26	100% (80/80) of urgent LIMS were issued within three working days.
	2024/25	99% (128/129) of urgent LIMs delivered within 3 working days.
What we said we would do: public satisfaction with the Council's administering of the resource consent services.		
Measure: Percentage of customers satisfied with the service they receive during the resource consent process. Target: ≥75%	2025/26	The 2026 satisfaction survey results showed that 44% of residents are satisfied with the Council's resource consent services.

How we measure our performance	Result 2025/26 ▼	
	Key:  Achieved  Not achieved  Not Applicable	
	2024/25  Not achieved	The 2025 satisfaction survey results showed that 60% of residents are satisfied with the Council's resource consent services.

Building Control

How we measure our performance	Result 2025/26 ▼	
	Key:  Achieved  Not achieved  Not Applicable	
	What we said we would do: building consent applications to be processed within the statutory timeframes of the Building Act 2004.	
Measure: Building consent applications are processed within 20 working day. Target: 100%	2025/26  Not achieved	98% (357/366) Building consent applications processed within 20 working days. The delays were mainly due to the complexity of some consent applications, resourcing being diverted during the IANZ audit, and limited availability of qualified staff to review consents while some Building Control Officers were undertaking training to gain higher-level qualifications. As a result, some consents required additional review and were delayed due to limited reviewing capacity.
	2024/25  Not achieved	99% (232/235) of building consent applications were processed within 20 working days in 2024/25. A number of building consents were overdue due to resourcing. The team are actively working on managing workload and process improvements to address this. 3/235 consents were overdue by less than 9 days.
You can expect: that known privately owned swimming pools comply with the Building Act 2004 ⁹ .		
Measure: All registered private swimming pools fencing will be inspected during the year of their three yearly anniversary. Target: 100%	2025/26  Achieved	100% inspections completed.
	2024/25  Achieved	100% of pools were inspected in 2024/25

How we measure our performance		Result 2025/26 ▼
		Key: Achieved Not achieved Not Applicable
What we said we would do: satisfactory service to our building consent customers.		
Measure: Percentage of customers satisfied with the service they receive during the building consent process. Target: ≥80%	2025/26 Not achieved	The 2026 satisfaction survey results showed that 62% of residents are satisfied with the service they received during the building consent process.
	2024/25 Not achieved	The 2025 satisfaction survey results showed that 58% of residents are satisfied with the service they received during the building consent process.

Community protection

How we measure our performance		Result 2025/26 ▼
		Key: Achieved Not achieved Not Applicable
What we said we would do: that the Council will carry out its role in public food safety by enforcing the Food Act 2014.		
Measure: All known food premises are monitored for compliance with relevant legislation. Target: 100%.	2025/26 Not achieved	84% (70/83) of verifications have been undertaken for the year. Non-achievement was mainly due to timing and availability issues, including verifications being deferred over the busy holiday period, business operators rescheduling appointments, premises not being ready or completed, and businesses changing ownership, moving premises, being sold, or going into voluntary suspension.
	2024/25 Not achieved	96% (88/92) of food premises due to be monitored were completed.
What we said we would do: that the Council will carry out its role in public safety by implementing the Sale and Supply of Alcohol Act 2012.		
Measure: New and renewed On/Off and Club Liquor Licences are issued within three months of receiving the application, providing there are no objections and the application is complete. Target: 100%	2025/26 Achieved	100% (12/12) On, Off and Club Licences were issued within the required timeframe.
	2024/25 Achieved	100% (16/16) of on/off/club Licences applications were issued within three months.
What we said we would do: excessive noise complaints will be responded to by the Council.		

How we measure our performance	Result 2025/26 ▼	
	Key:  Achieved  Not achieved  Not Applicable	
Measure: All complaints regarding excessive noise are investigated within two hours of the complaint being received. Target: 100%.	2025/26  Not achieved	Not achieved: 94% (176/187) of noise complaints were investigated within two hours. Several complaints are not investigated within two hours due to distance and calls not being put through correctly.
	2024/25  Not achieved	93% (150/161) of noise complaints were responded to within two hours in 2024/25. Several factors have affected response times, including requests made too early to attend, safety concerns associated with some incidents, and delays in calls being passed on to the attending officer. The teams are working collaboratively to review processes and ensure appropriate training is in place

Animal Control

How we measure our performance	Result 2025/26 ▼	
	Key:  Achieved  Not achieved  Not Applicable	
What we said we would do: that the Council will ensure compliance with the Dog Control Act 1996 and bylaw, and the Impounding Act 1955, to provide for public safety.		
Measure: Known dogs in the District are registered annually. Target: ≥97%	2025/26  Achieved	99% (4171/4202) of known dogs registered.
	2024/25  Achieved	98% (4280/4334) of known dogs are registered.
Measure: Complaints about wandering stock on public roads are responded to within two hours. Target: 100%	2025/26  Achieved	100% (23/23) of complaints about wandering stock on public roads were responded to within two hours in 2025/26.
	2024/25  Achieved	100% (31/31) of complaints about wandering stock on public roads were responded to within two hours in 2024/25.
Measure: Dog attack complaints are responded to within two hours. Target: 100%	2025/26  Not achieved	92% (59/64) of dog attack complaints were responded to within two hours. This measure was not achieved due to a range of factors that varied across

How we measure our performance		Result 2025/26 ▼
		Key: Achieved Not achieved Not Applicable
		the individual calls. The reasons for non-achievement were not consistent across all calls and included some requests being received by email after hours, travel time resulting in one response being around 30 minutes longer than the target, and one instance of officer error.
	2024/25 Achieved	100% (72/72) of dog attack complaints were responded to within two hours in 2024/25.

What these activities cost and how they were paid for?

Operating statement for Regulatory Services

	Annual Plan 2026 \$000	Actual 2026 \$000	Actual 2025 \$000
Expenditure			
RMA implementation	1,941	2,049	1,682
Building services	2,172	2,281	1,938
Emergency management	441	558	478
Health	626	618	595
Liquor licensing	189	185	186
CCTV and abandoned mines	99	107	111
Dog registration	389	368	360
Animal control	403	397	381
Total expenditure	6,261	6,563	5,731
Revenue			
Fees, charges and other revenue	2,310	2,375	2,041
External subsidies	0	0	0
Targeted rates	0	0	0
General rates	4,492	4,614	3,816
Total revenue	6,802	6,989	5,857
Operating surplus / (deficit)	541	426	126

**Hauraki District Council: Funding impact statement for the year ended 30 June 2026 for
Regulatory Services**

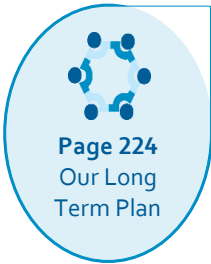
	Long-Term Plan 2025 \$000	Long-Term Plan 2026 \$000	Actual 2026 \$000
Sources of operating funding			
General rates, uniform annual general charges, rate penalties	3,753	4,136	4,614
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	2,285	2,335	2,375
Internal charges and overheads recovered	0	0	0
Interest and dividends from investments	0	0	0
Local Authorities fuel tax, fines, infringement fees, and other receipts	0	0	1
Total operating funding (A)	6,038	6,471	6,990
Applications of operating funding			
Payments to staff and suppliers	1,207	1,230	1,514
Finance costs	0	0	0
Internal charges and overheads applied	4,666	4,770	5,032
Other operating funding applications	0	0	0
Total applications of operating funding (B)	5,873	6,000	6,546
Surplus / (deficit) of operating funding (A - B)	164	471	444
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total Sources of capital funding (C)	0	0	0
Applications of capital funding			
Capital expenditure	0		
- to meet additional demand	0	0	0
- to improve the level of service	0	0	0
- to replace existing assets	0	0	0
Increase (decrease) in reserves	164	471	444
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	164	471	444
Surplus / (deficit) of capital funding (C - D)	(164)	(471)	(444)
Funding balance ((A - B) + (C - D))	0	0	0

Environmental Initiatives | Whakahaere ururua

Overview | Tiro whānui

This activity includes:

- Zero carbon promise implementation;
- Biodiversity strategy implementation;
- Coast care programme;
- Conservation and heritage fund; and
- Climate change adaptation plan implementation.



Effects on the community

The Environmental Initiatives activity assists the Council in the improvement of local communities by acknowledging it’s role in environmental wellbeing and identifying environmental initiatives to improve this wellbeing.

Community outcomes | Ngā huanga hāpori

The environmental initiatives activity mainly contributes to the following community outcomes:

-  Healthy environment | Te Mauri o te Taiao
-  Connected people | Tūhono
-  Vibrant and safe communities | Te Oranga pai o te Hāpori

Meeting our service targets

How we measure our performance	Result 2025/26 ▼	
	Key:  Achieved  Not Achieved  Not Applicable	
You can expect: the Council to improve biodiversity in riparian areas owned or controlled by Council.		
Measure: Riparian planting on council owned or controlled land is undertaken. Target: 250m ² per year.	2025/26  Achieved	500m ² of planting has been achieved in 2025/26.
	2024/25  Not achieved	We are working on building relationships with a local indigenous plant nursery to source quality plants. Planting is intended to be undertaken in 2025/26.

What these activities cost and how they were paid for?

	Annual Plan 2026 \$000	Actual 2026 \$000	Actual 2025 \$000
Expenditure			
Biodiversity	61	8	25
Coast care	36	35	0
Conservation and heritage	17	27	13
Climate change adaptation	20	28	0
Zero carbon	37	9	0
Total expenditure	172	107	38
Revenue			
Fees, charges and other revenue	0	0	0
External subsidies	0	0	0
Targeted rates	0	0	0
General rates	179	184	165
Total revenue	179	184	165
Operating surplus / (deficit)	8	77	127

Hauraki District Council: Funding impact statement for the year ended 30 June 2026 for Environmental Initiatives

	Long-Term Plan 2025 \$000	Long-Term Plan 2026 \$000	Actual 2026 \$000
Sources of operating funding			
General rates, uniform annual general charges, rate penalties	162	176	183
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	0	0	0
Interest and dividends from investments	0	0	0
Local Authorities fuel tax, fines, infringement fees, and other receipts	0	0	0
Total operating funding (A)	162	176	183
Applications of operating funding			
Payments to staff and suppliers	168	172	106
Finance costs	0	0	0
Internal charges and overheads applied	0	0	0
Other operating funding applications	0	0	0
Total applications of operating funding (B)	168	172	106
Surplus / (deficit) of operating funding (A - B)	(6)	4	77
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total Sources of capital funding (C)	0	0	0
Applications of capital funding			
Capital expenditure	0	0	
- to meet additional demand	0	0	0
- to improve the level of service	0	0	0
- to replace existing assets	0	0	0
Increase (decrease) in reserves	(6)	4	77
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	(6)	4	77
Surplus / (deficit) of capital funding (C - D)	6	(4)	(77)
Funding balance ((A - B) + (C - D))	0	0	0

Support Services | Ngā ratonga tautoko

Overview | Tiro whānui

Our support services group includes the sub-activities of property, forestry, subdivision, fleet management, overheads and project operations (previously encompassing all council business units).



Effects on the community

The Support Services activity assists the Council in the improvement of local communities by supporting the deliverables of Council and the activities contribute to the overall community wellbeing of the district.

Community outcomes | Ngā huanga hāpori

The support services group mainly contributes to the following community outcomes:



Healthy environment | Te Mauri o te Taiao



Vibrant and safe communities | Te Oranga pai o te Hāpori

Forestry

This sub-activity is part of our broader property function. Hauraki District Council owns three main forestry blocks, these are located at the Council quarry, Gobles Road, and Mangawara, totalling 109 hectares. The Council is involved with Forestry in an effort to maintain or improve the wellbeing of the district. We have forestry to provide investment returns for Council and to offset Council's greenhouse gas emissions.

Property

Our property function includes managing a range of corporate buildings such as council libraries, area offices, depots, dog pounds and property that supports a range of our activities. Wastewater, water supply and land drainage buildings are not included in the property function (these are covered in those activities), with the exception of the land. These are required for the operation of the Council's business.

Subdivision

This sub-activity involves the purchase and development of land and the provision of infrastructure to ensure that our communities have the opportunity to purchase lots for homes and other activities.

Fleet management

This activity manages the Council's fleet of vehicles and construction and maintenance plant and equipment. The activity oversees the procurement and subsequent maintenance of the fleet and enables us to effectively carry out council activities and business to community.

Project management

Projects and operations comprises of three operational teams providing project management, engineering services, and operational service and maintenance (Works) to both internal and external customers. The project management function supports all areas of council and the community by providing quality operational support of local infrastructure, managing and performing tasks, and maintaining facilities.

Overheads

Council operates a number of support areas, otherwise known as overheads, which assist all of its activities to deliver on their objectives where it is not cost efficient or practicable for each activity to have its own dedicated team. Examples include finance, HR, IT and the like. These overheads are fully re-charged out across the activities of council (using a cascade / waterfall method) across the rest of the organisation.

Meeting our service targets

How we measure our performance	Result 2025/26 ▼	
	Key:  Achieved  Not Achieved  Not Applicable	
What we said we would do: the online services council provides are reliable.		
Measure: Council’s website is available at all times. Target: ≥99%	2025/26  Achieved	Councils website was available for internal and external customers 100% of the time in 2025/26
	2024/25  Achieved	Councils website was available for internal and external customers 100% of the time in 2024/25

What these activities cost and how they were paid for

Operating statement for Support Services

	Annual Plan 2026 \$000	Actual 2026 \$000	Actual 2025 \$000
Expenditure			
Business Units	604	1,254	886
Overheads	207	490	914
Other P&L	1,551	1,780	3,548
Property	1,638	1,641	2,295
Plant	239	322	340
Forestry	81	37	30
Total expenditure	4,319	5,524	8,013
Revenue			
Fees, charges and other revenue	12,552	4,320	2,632
External subsidies	76	6	36
Targeted rates	(359)	(885)	(2,133)
General rates	(448)	(784)	(18)
Total revenue	11,822	2,657	517
Operating surplus / (deficit)	7,502	(2,867)	(7,496)

Hauraki District Council: Funding impact statement for the year ended 30 June 2026 for Support Services

	Long-Term Plan 2025 \$000	Long-Term Plan 2026 \$000	Actual 2026 \$000
Sources of operating funding			
General rates, uniform annual general charges, rate penalties	(438)	(448)	(784)
Targeted rates	(351)	(359)	(885)
Subsidies and grants for operating purposes	182	76	62
Fees and charges	274	280	230
Internal charges and overheads recovered	0	0	0
Interest and dividends from investments	(56)	(56)	738
Local Authorities fuel tax, fines, infringement fees, and other receipts	270	12,328	3,000
Total operating funding (A)	(119)	11,822	2,361
Applications of operating funding			
Payments to staff and suppliers	14,213	16,199	16,276
Finance costs	277	353	2,024
Internal charges and overheads applied	(14,769)	(15,168)	(15,983)
Other operating funding applications	0	0	0
Total applications of operating funding (B)	(280)	1,383	2,317
Surplus / (deficit) of operating funding (A - B)	161	10,439	44
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	5
Development and financial contributions	0	0	0
Increase (decrease) in debt	4,825	(2,844)	10,415
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total Sources of capital funding (C)	4,825	(2,844)	10,420
Applications of capital funding			
Capital expenditure	0	0	0
- to meet additional demand	0	0	0
- to improve the level of service	5,619	3,264	4,692
- to replace existing assets	2,905	1,122	1,196
Increase (decrease) in reserves	(3,537)	3,208	4,576
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	4,986	7,594	10,464
Surplus / (deficit) of capital funding (C - D)	(161)	(10,439)	(44)
Funding balance ((A - B) + (C - D))	0	0	0

Financial statements | Ngā Tauāki Pūtea



[Statement of Comprehensive Revenue and Expense for the year ended 30 June 2026](#)

[Statement of Financial Position as of 30 June 2026](#)

[Statement of Changes in Equity for the year ended 30 June 2026](#)

[Statement of Cash flows for the year ended 30 June 2026](#)

[Whole of Council Funding Impact Statement for the year ended 30 June 2026](#)

[Notes to the Financial Statements for the year ended 30 June 2026](#)

Hauraki District Council - Statement of comprehensive revenue and expense

For the year ended 30 June 2026

		2026 Budget \$000's	2026 Actual \$000's	2025 Actual \$000's
	Notes			
Revenue				
Rates revenue	3	51,940	53,171	48,959
Fees and charges	3	5,438	5,314	4,575
Development and financial contributions		638	449	827
Subsidies and grants	3	10,012	12,590	12,107
Interest revenue	3	50	731	1,388
Other revenue	3	12,859	3,476	1,908
Total revenue		80,937	75,731	69,764
Expenses				
Personnel costs	4	25,010	23,718	22,111
Depreciation and amortisation expense	15	18,418	21,295	17,727
Finance costs	5	6,313	6,591	6,024
Other expenses	6	26,713	33,312	30,888
Total expenses		76,454	84,916	76,750
Surplus / (deficit) before tax		4,483	(9,185)	(6,985)
Income tax expense		0	0	0
Surplus/(deficit) after tax		4,483	(9,185)	(6,985)
Other comprehensive revenue and expense				
<i>Items that will not be reclassified to surplus/(deficit)</i>				
Gain on property, plant and equipment revaluations	13	0	436	221,772
Impairment of revalued assets	13	0	(10)	0
Gain / (loss) on financial assets revaluations		0	132	17
Total other comprehensive revenue and expense		0	558	221,789
Total comprehensive revenue and expense		4,483	(8,627)	214,805

Hauraki District Council - Statement of financial position

For the year ended 30 June 2026

	Notes	2026 Budget \$000's	2026 Actual \$000's	2025 Actual \$000's
Current assets				
Cash and cash equivalents	7	12,011	18,518	13,700
Receivables	8	12,097	14,749	14,234
Assets held for sale	10	0	172	242
Derivative financial instruments	11	578	12	19
Other financial assets	12	11,218	13,833	16,309
Inventory	9	847	2,862	3,012
Total current assets		36,751	50,146	47,516
Non-current assets				
<i>Other financial assets:</i>				
Community loans	12	75	36	55
Borrower notes	12	6,350	4,223	3,587
Investments in other entities	12	59	60	60
Investments in CCOs and similar entities	12	469	617	485
Total other financial assets		6,953	4,937	4,188
Inventory	9	1,395	1,494	1,457
Derivative financial instruments	11	412	41	42
Intangible assets	14	1,994	2,653	2,358
Forestry assets	16	521	143	1,600
Property, plant and equipment	13	953,387	1,095,440	1,076,109
Total non-current assets		964,662	1,104,708	1,085,754
Total assets		1,001,414	1,154,854	1,133,270
Current liabilities				
Payables and deferred revenue	17	6,678	11,337	13,413
Derivative financial instruments	11	0	645	507
Employee entitlements	19	3,001	2,603	2,454
Provisions	20	65	177	164
Borrowings	18	26,000	67,623	35,016
Total current liabilities		35,744	82,385	51,555
Non-current liabilities				
Derivative financial instruments	11	11	459	763
Employee entitlements	19	285	220	268
Provisions	20	1,181	943	973
Borrowings	18	171,000	104,775	105,012
Total non-current liabilities		172,477	106,397	107,016
Total liabilities		208,221	188,782	158,571
Net assets (assets minus liabilities)		793,192	966,072	974,699

		2026 Budget \$000's	2026 Actual \$000's	2025 Actual \$000's
	Notes			
Equity				
Accumulated funds		399,759	383,344	390,669
Reserves	22	393,434	582,728	584,030
Total equity		793,192	966,072	974,699

Hauraki District Council - Statement of Changes in Equity

For the year ended 30 June 2026

		2026 Budget \$000's	2026 Actual \$000's	2025 Actual \$000's
	Notes			
Balance at 1 July		788,710	974,699	759,895
Total comprehensive revenue and expense for the year		4,483	(8,627)	214,805
Balance at 30 June		793,192	966,072	974,699
Total equity consists of:				
Accumulated funds				
As at 1 July		395,419	390,669	396,319
Transfers from asset revaluation reserves		0	1,844	1,192
Transfers from other reserves		0	(136)	(288)
Transfers to other reserves		(143)	152	432
Surplus/(deficit) for the year		4,483	(9,185)	(6,985)
As at 30 June		399,759	383,344	390,669
Other Reserves				
As at 1 July		2,385	2,241	2,385
Transfers to Accumulated Funds		(56)	(152)	(432)
Transfers from Accumulated Funds		199	136	288
As at 30 June	22	2,528	2,225	2,241
Asset Revaluation Reserves				
As at 1 July		390,542	581,407	360,827
Transfers to accumulated funds		0	(1,844)	(1,192)
Impairment of revalued assets		0	(10)	0
Revaluation gains/(losses)		0	436	221,772
As at 30 June	22	390,542	579,989	581,407
Fair value through other comprehensive income and expense reserve				
As at 1 July		364	382	364
Net change in fair value		0	132	17
As at 30 June		364	514	382
Total equity as at 30 June		793,192	966,072	974,699

Hauraki District Council - Statement of cash flows

For the year ended 30 June 2026

	2026 Budget	2026 Actual	2025 Actual
Notes	\$000's	\$000's	\$000's
Cash flows from operating activities			
Receipts from rates revenue	51,810	51,200	46,761
Receipts from other revenue	29,183	22,509	18,933
Interest received	50	1,149	799
Dividends received	0	7	7
GST (net)	0	328	(35)
Payments to suppliers and employees	(62,867)	(55,019)	(48,076)
Interest paid	(6,313)	(6,162)	(6,083)
Net cash flow from operating activities	11,862	14,013	12,306
Cash flows from investing activities			
Advance payments received	0	18	20
Receipts from sale of property, plant and equipment	1,043	495	133
Advance payments made	0	1,839	(6,752)
Purchase of property, plant and equipment	(58,218)	(43,572)	(41,825)
Purchase of intangible assets	0	(345)	(366)
Net cash flow from investing activities	(57,176)	(41,565)	(48,790)
Cash flows from financing activities			
Receipts from finance leases	0	0	0
Proceeds from borrowings	65,972	67,387	59,000
Repayment of finance lease liabilities	0	(16)	(16)
Repayment of borrowings	(19,016)	(35,000)	(19,000)
Net cash flow from financing activities	46,956	32,371	39,984
Net increase / (decrease) in cash and cash equivalents	1,642	4,818	3,500
Cash and cash equivalents at the start of the year	10,369	13,700	10,200
Cash and cash equivalents at the end of the year	12,011	18,518	13,700

Reconciliation of surplus/ (deficit) after tax to net cash flow from operating activities

	2026 Actual \$000's	2025 Actual \$000's
Surplus/(deficit) after tax	(9,185)	(6,985)
Add/(less) non-cash items		
Vested assets	(223)	(433)
Amortisation	50	50
Depreciation	21,245	17,677
Impairment	305	
(Gains) / losses in fair value of forestry assets	1,457	(36)
Net (gains) / losses on interest rate swaps	(158)	2,189
Net movement (gain) / loss on doubtful debts	8	(3)
Transfers to inventory	0	526
Total non-cash items	22,684	19,970
Add/(less) movements in working capital items		
Increase / (decrease) in payables	(2,076)	661
Increase / (decrease) in provisions	(17)	(109)
Increase / (decrease) in employee entitlements	100	136
(Increase) / decrease in inventory	114	(1,483)
(Increase) / decrease in receivables	(522)	(2,336)
Net movement in working capital items	(2,401)	(3,131)
Add/(less) items classified as investing activities		
(Gains) / losses on sale of property, plant and equipment	2,915	2,452
Total items classified as investing activities	2,915	2,452
Net cash inflow / (outflow) from operating activities	14,013	12,306

Reconciliation of liabilities arising from financing activities

	2026 Actual \$000's	2025 Actual \$000's
Borrowings – cash movements		
Proceeds from borrowings	67,387	59,000
Repayment of borrowings	(35,000)	(19,000)
Proceeds from finance lease - principal	0	0
Repayment of finance lease – principal	(16)	(16)
Borrowings – total cash movement	32,371	39,984

Hauraki District Council - Funding Impact Statement

For the year ended 30 June 2026

	Annual Plan	Actual	Annual Plan	Actual
	2025	2025	2026	2026
	\$000	\$000	\$000	\$000
Sources of operating funding				
General rates, uniform annual general charges, rate penalties	15,736	16,267	18,585	18,581
Targeted rates	31,150	32,693	33,355	34,589
Subsidies and grants for operating purposes	6,239	6,902	5,356	6,483
Fees and charges	5,549	4,576	5,729	5,314
Interest and dividends from investments	0	1,395	0	738
Local Authorities fuel tax, fines, infringement fees, and other receipts	270	1,431	12,328	3,088
Total operating funding (A)	58,944	63,264	75,353	68,793
Applications of operating funding				
Payments to staff and suppliers	47,176	48,361	51,722	52,077
Finance costs	4,664	6,023	6,313	6,590
Total applications of operating funding (B)	51,841	54,384	58,036	58,667
Surplus / (deficit) of operating funding (A - B)	7,103	8,880	17,317	10,126
Sources of capital funding				
Subsidies and grants for capital expenditure	8,436	5,205	4,656	6,108
Development and financial contributions	630	827	638	449
Increase (decrease) in debt	48,000	39,983	46,956	31,000
Gross proceeds from sale of assets	0	135	0	0
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
Total Sources of capital funding (C)	57,066	46,150	52,250	37,557
Applications of capital funding				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	43,135	28,768	44,549	27,825
- to replace existing assets	24,362	14,392	13,669	16,234
Increase (decrease) in reserves	(3,328)	11,870	11,349	3,624
Increase (decrease) of investments	0	0	0	0
Total applications of capital funding (D)	64,169	55,030	69,567	47,683
Surplus / (deficit) of capital funding (C - D)	(7,103)	(8,880)	(17,317)	(10,126)
Funding balance ((A - B) + (C - D))	0	0	0	0

Notes to the financial statements for the year ended 30 June 2026

Note 1 – Statement of accounting policies

Reporting entity

Hauraki District Council (HDC) is a territorial local authority governed by the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant legislation governing the Council's operations includes the LGA and the Local Government (Rating) Act 2002.

The Council provides local infrastructure, local public services, and performs regulatory functions to the community. The Council does not operate to make a financial return.

The reporting date of Council is 30 June.

The Council has designated itself as a public benefit entity (PBE) for the purposes of complying generally accepted accounting practice.

The financial statements of the Council are for the year ended 30 June 2026 and were authorised for issue by Council on 13 October 2026.

Basis of preparation

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

Statement of compliance

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

The financial statements and service performance information have been prepared in accordance with and comply with PBE standards.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars, and all values are rounded to the nearest thousand dollars (\$'000) other than the remuneration and the severance payment disclosures in note 4, and the total capital and land values of rating units in note 3. These disclosures are rounded to the nearest dollar.

Other changes in accounting policies

There have been no changes in accounting policies.

Standards issued, not yet effective and not early adopted

Standards and amendments, issued but not yet effective that have not been early adopted, and which are relevant to the Council are:

PBE IFRS 17 Insurance Contracts

The amending standard Insurance Contracts in the Public Sector adds public sector modifications to *PBE IFRS 17 Insurance Contracts* to include public sector entities and to ensure that this Standard is suitable for this sector. Application of these amendments is required for accounting periods beginning on or after 1 January 2026 with early adoption permitted for Council from 1 July 2025 onwards. Council has not yet assessed the effects of the new standard and does not intend to adopt the standard early.

Notes to the financial statements for the year ended 30 June 2026

Summary of significant accounting policies

Significant accounting policies are included in the notes to which they relate. Significant accounting policies that do not relate to a specific note are outlined below.

Goods and services tax

The financial statements have been prepared on a GST exclusive basis with the exception of accounts receivable and accounts payable, which are presented on a GST-inclusive basis.

Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense. The net amount of GST recoverable from, or payable to, the Inland Revenue is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financial activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Budget figures

The budget figures are those approved by the Council in its 2026/27 Annual Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by Council in preparing these financial statements.

Critical accounting estimates and assumptions

In preparing these financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

- Estimating the fair value of land, buildings, and infrastructural assets – see Note 13.
- Estimating the fair value of forestry assets – see Note 16.
- Estimating the retirement and long service leave obligations – see Note 19.
- Estimating the landfill aftercare provision – see Note 20.

Critical judgements in applying accounting policies

Management has exercised the following critical judgements in applying accounting policies:

- Donated or vested land and buildings with use or return conditions – see Note 3.
- Classification of property – see Note 13.

Notes to the financial statements for the year ended 30 June 2026

Note 2 - Summary of revenue and expenditure for groups of activities

Accounting policy

The cost of service for each significant activity of the Council has been derived using the cost allocation system outlined below.

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs that cannot be identified in an economically feasible manner with a specific significant activity. Direct costs are charged directly to significant activities.

Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers, and floor area. There have been no changes to the cost allocation methodology during the year.

Breakdown of summary revenue and expenditure for group of activities

Each significant activity is stated gross of internal costs and revenues and includes targeted rates attributable to activities (see Note 3). To fairly reflect the total external operations for the Council in the statement of comprehensive revenue and expense, these transactions are eliminated as shown below.

	Annual Plan 2026 \$000	Actual 2026 \$000	Actual 2025 \$000
Revenue			
Leadership	5,108	5,376	4,507
Roading	16,092	17,886	17,065
Water	13,787	14,612	14,807
Wastewater	5,456	5,803	5,696
Stormwater	1,882	1,785	1,689
Land drainage	1,540	1,541	1,563
Waste management	4,618	4,751	4,727
Community services	11,774	12,706	11,362
Environmental Initiatives	179	184	165
Maanaki Toiora	1,878	1,573	1,808
Regulatory	6,802	6,989	5,857
Support services	11,822	2,657	518
Activity revenue	80,936	75,863	69,764
Total revenue	80,936	75,863	69,764
Expenditure			
Leadership	4,856	4,530	4,068
Roading	14,609	20,423	15,602
Water	15,811	17,555	15,042
Wastewater	9,634	8,489	6,898
Stormwater	1,698	1,938	1,836
Land drainage	1,334	1,403	1,175
Waste management	4,687	4,807	4,805
Community services	11,366	12,222	11,837
Environmental Initiatives	172	107	37
Maanaki Toiora	1,708	1,621	1,709
Regulatory	6,261	6,563	5,731
Support services	4,321	5,524	8,009
Activity expenditure	76,456	85,181	76,750
Total expenditure	76,456	5,524	76,750

Note 3 - Revenue

Accounting policy

Revenue is measured at fair value.

The specific accounting policies for significant revenue items are explained below:

Rates revenue

The following policies for rates have been applied:

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

Development and financial contributions

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

Waka Kotahi New Zealand Transport Agency - Roadway subsidies

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

Other grants received

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

Building and resource consent revenue

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

Entrance fees

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

Provision of commercially based services

Revenue derived through the provision of services to third parties in a commercial manner is recognised in proportion to the stage of completion at balance date. Generally, this is determined by the proportion of costs incurred to date bearing to the estimated total costs of providing the service.

Infringement fees

Infringement fees mostly relate to noise and dog infringements. Revenue is recognised when the infringement notice is paid.

Sales of goods

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

Landfill fees

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

Vested or donated physical assets

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

The fair value of vested or donated assets is usually determined by reference to the cost of constructing the asset. For assets received from property developments, the fair value is based on construction price information provided by the property developer.

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

Donated and bequeathed financial assets

Donated and bequeathed financial assets are recognised as revenue unless there are substantive use or return conditions. A liability is recorded if there are substantive use or return conditions and the liability is released to revenue as the conditions are met (for example, as the funds are spent for the nominated purpose).

Interest and dividends

Interest revenue is recognised using the effective interest method.

Dividends are recognised when the right to receive payment has been established. When dividends are declared from pre-acquisition surpluses, the dividend is deducted from the cost of the investment.

Critical judgements in applying accounting policies

Accounting for donated or vested land and buildings with use or return conditions

The Council has received land and buildings from non-exchange transactions that contain use or return conditions. If revenue is not recognised immediately for such assets when received, there is the possibility that a liability would be recognised in perpetuity, and no revenue would ever be recognised for the asset received. The Council considers that an acceptable and more appropriate accounting treatment under PBE IPSAS 23 is to recognise revenue immediately for such transfers and a liability is not recognised until such time as it is expected that the condition will be breached.

Breakdown of rates and further information

	2026 Budget	2026 Actual	2025 Actual
Total rates (\$'000's)	\$51,940	53,171	48,959

	2026 Actual \$'000's	2025 Actual \$'000's
General rates	10,738	8,625
Uniform annual general charge	8,849	7,359
Targeted rates attributable to activities:		
- Targeted rates for metered water supply	14,043	13,915
- Other targeted rates	20,274	20,244
Rates income	53,904	50,143
Rates penalties	635	697
Rates remissions	(1,368)	(1,881)
Total rates	53,171	48,959

The following rating base information is disclosed on the rating base information at the end of the **preceding** financial year:

As of 30 June	2026
Number of rating units	12,002
Total capital values of rating units	10,539,383,170
Total land value of rating units	6,145,202,520

The Council is required by the LGFA Guarantee and Indemnity Deed to disclose in its financial statements (or notes) its annual rates income. That Deed defines annual rates income as an amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating Act) 2002 together with any revenue received by the Council from other local authorities for services provided by that Council for which those other local authorities rate.

The annual rates income of the Council for the year ended 30 June 2026 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown below:

	2026 Actual \$'000's	2025 Actual \$'000's
Rates	53,904	50,143
Total gross annual rates income	53,904	50,143

Comparison to budget

Rates income for the 2025/26 financial year was slightly above budget, mainly due to higher water rates revenue and increases in the total capital value of the district after the Annual Plan was prepared.

Comparison to prior year

Total rates revenue increased by \$4.2 million compared with 2024/25. The increase reflects the general and targeted rate increases adopted in the 2025–26 Annual Plan to manage inflationary pressure, higher insurance and interest costs, and new water regulatory requirements.

Breakdown of subsidies and grants

	2026 Budget	2026 Actual	2025 Actual
Total subsidies and grants (\$000's)	10,012	12,590	12,107

	2026 Actual \$000's	2025 Actual \$000's
New Zealand Transport Agency roading subsidies	10,637	9,093
Three waters funding	0	446
Other grants and subsidies	1,953	2,568
Total subsidies and grants	12,590	12,107

Comparison to budget

Subsidies and grants were \$2.2 million higher than budgeted. The main reason was an increase in funding from Waka Kotahi NZ Transport Agency for capital roading projects (\$1.5 million).

Council also received \$0.8 million of external funding for work required on the Hauraki Rail Trail.

Comparison to prior year

Subsidies and grants were \$0.5 million higher than the previous year. The increase was mainly due to higher NZTA roading subsidies from additional capital works delivered, offset by lower Three Waters transition funding and lower community project grants

Breakdown of fees and charges

	2026 Budget	2026 Actual	2025 Actual
Total fees and charges (\$000's)	5,438	5,314	4,575

	2026 Actual \$000's	2025 Actual \$000's
Building and resource consent charges	1,698	1,317
Land information memoranda sales	165	159
Other fees and charges	3,451	3,099
Total fees and charges	5,314	4,575

Comparison to budget

Fees and charges were \$5.3 million, which was \$0.1 million below budget.

- \$0.2 million was budgeted for external income towards the redevelopment of the Waihi Pool. This was not received as the work was not completed before the end of the year.
- Resource consent income was \$0.2 million lower than budget due to a constrained development environment.

- Partially offsetting these was a \$0.3 million increase in building consent income reflecting stronger customer demand.

Comparison to prior year

Fees and charges were \$0.7 million higher than the previous year.

- Building and resource consent income overall was \$0.4 million higher than last year.
- Solid waste income was \$0.3 million higher than last year. Most of this was increased transfer station income

Breakdown of interest revenue

	2026 Budget	2026 Actual	2025 Actual
Total interest revenue (\$000's)	50	731	1,388

	2026 Actual \$000's	2025 Actual \$000's
Interest revenue		
Term deposits	616	867
Borrower notes interest revenue	68	156
Discount unwind on provisions	0	363
Other	47	2
Total interest revenue	731	1,388

Comparison to budget

Finance income was \$0.7 million higher than budget. Much of this variance relates to interest earned on term deposits (\$0.6 million), which were not budgeted. These deposits arose from the prefunding of future debt repayments and were placed on term to reduce the net interest cost to Council.

Council also earned \$0.1 million in income from LGFA borrower notes. While this income is directly linked to Council's level of LGFA borrowings, it is not separately budgeted for, as borrower notes are a mandatory component of the LGFA funding structure.

Comparison to prior year

The decrease in finance income of \$0.7 million compared to 2025 is driven by a decrease in interest income on term deposits of \$0.3 million due to lower prefunding activity. The \$0.4 million discount unwind credit in 2025 also contributed to the increase, whereas no such income was recognised in 2026.

Breakdown of other revenue

	2026 Budget	2026 Actual	2025 Actual
Total other revenue (\$'000's)	12,569	3,476	1,908

	2026 Actual \$'000's	2025 Actual \$'000's
Petrol tax	171	167
Court fees and fines	1	19
Vested land and infrastructure from property development	223	433
Forestry asset revaluation gains	0	36
Gain on changes in fair value of derivative financial instruments	158	0
Dividend revenue	7	7
Other	2,916	1,246
Total other revenue	3,476	1,908

Comparison to budget

Other revenue was \$3.5 million, which was \$9.1 million below budget. The main driver was an \$11.2m reduction in the forecast sales of sections at Ngātea.

Offsetting this was unbudgeted forestry sales of \$1.2 million as well as revaluation gains from forestry of \$0.2 million, and revaluation gains on interest rate swaps of \$0.2 million, and \$0.2 million of income related to work on the Hauraki Rail Trail.

Comparison to prior year

Other revenue was \$1.6 million higher than the previous year.

The main increases were \$0.9m more from forestry harvesting, and \$0.8m more from section sales.

Other disclosures

Revenue from exchange and non-exchange revenue

The Council receives their revenue from exchange or non-exchange transactions. Exchange transaction revenue arises when the Council provides goods and services to a third party and receives approximately equal value in return that is directly related to those goods and services.

Non-exchange transaction revenue arises when the Council receives value from another party without having to provide goods or services of equal value directly. Non-exchange revenue comprises rates and transfer revenue.

Transfer revenue includes grants, subsidies and fees, and user charges derived from activities that are partially funded by rates. Revenue is measured at fair value, which is usually the cash value of a transaction.

	2026 Actual \$000's	2025 Actual \$000's
Revenue from non-exchange transactions		
Rates	39,128	35,044
Total revenue from rates	39,128	35,044
Revenue from transfers:		
Subsidies and grants	12,590	12,107
Building and resource consent charges	1,698	1,317
Land information memoranda sales	165	159
Other fees and charges	912	1,514
Petrol tax	170	167
Vested assets	223	433
Financial contributions	449	827
Court fees and fines	1	19
Total revenue from transfers	16,208	16,543
Total revenue from non-exchange transactions	55,336	51,586
Revenue from exchange transactions:		
Water by meter (targeted rate)	14,043	13,915
Finance revenue	731	1,388
Dividends received	7	7
Other exchange revenue	5,456	2,831
Total revenue from exchange transactions	20,237	18,142
Total revenue (excluding other gains)	75,573	69,728
Gain on disposal of property, plant and equipment	0	0
Gain on disposal of land inventory	0	0
Gain on changes in fair value of derivative financial instruments	158	0
Gain on revaluation of forestry	0	36
Total revenue	75,731	69,764

Operating leases as a lessor

Council leases property under operating leases. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	2026 Actual \$000's	2025 Actual \$000's
Operating leases as lessor		
Not later than one year	156	172
Later than one year and not later than five years	571	507
Later than five years	699	793
Total non-cancellable operating leases	1,426	1,472

No contingent rents have been recognised during the year.

Note 4 – Personnel costs

Accounting policy

Superannuation schemes

Defined contribution schemes

Employer contributions to KiwiSaver, the Government Superannuation Fund, and the State Sector Retirement Savings Scheme are accounted for as defined contribution superannuation schemes and are expensed in the surplus or deficit as incurred.

Defined benefit schemes

The Council makes employer contributions to the Defined Benefit Plan Contributors Scheme (the scheme), which is managed by the Board of Trustees of the National Provident Fund. The scheme is a multi-employer defined benefit scheme.

Insufficient information is available to use defined benefit plan accounting, as it is not possible to determine from the terms of the scheme the extent to which the scheme's surplus or deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation. The scheme is therefore accounted for as a defined contribution scheme. Further information on this scheme is disclosed in Note 19.

Breakdown of personnel costs and further information

	2026 Budget	2026 Actual	2025 Actual
Total personnel costs (\$000's)	25,010	23,718	22,111

	2026 Actual \$000's	2025 Actual \$000's
Salaries and wages	22,984	21,416
Employer contributions to defined contribution plans	634	560
Increase/(decrease) in employee entitlements	100	135
Total personnel costs	23,718	22,111

At balance date, the Council employed 187 (2025: 184) full-time employees, with the balance of staff representing 34 (2025: 32) full-time equivalent employees. A full-time employee is determined on the basis of a 37.5 hour working week.

Comparison to budget

Personnel costs were \$1.7 million lower than budget. With the proposed transition of Waters activities to Waikato Waters Ltd, some staff have left early, and vacancies have not been filled where possible in preparation for the transition.

Comparison to prior year

Personnel costs increased by \$1.1 million (4.8%) compared to 2025. The increase reflects general payroll inflation, and additional Health and Safety staff appointed.

Chief Executive Remuneration

During the year, two individuals held the role of Chief Executive. The total remuneration paid or payable (including salary, any paid leave entitlements, and non-financial benefits) was:

- Chief Executive \$338,062 (2025: \$479,891)

Severance payments

For the year ended 30 June 2026, there were five severance payments made to employees - \$16,000, \$28,000 and \$10,000 (2025: No severance payments were made.)

Council employee remuneration by band

Total remuneration includes any non-financial benefits provided to employees.

	2026 Actual	2025 Actual
Total annual remuneration by band for employees		
< \$60,000	33	40
\$60,000-\$79,999	67	70
\$80,000-\$99,999	59	56
\$100,000-\$119,999	39	32
\$120,000-\$139,999	25	24
\$140,000-\$159,999	7	7
\$160,000-\$339,999	8	7
Total employees	238	236

Elected representatives' remuneration

Elected representatives received the following remuneration:

	2026 Actual \$000's	2025 Actual \$000's
Elected representatives received the following remuneration:		
Mr Toby Adams (Mayor)	147	130
Mr Paul Milner (Deputy Mayor)	60	62
Ms Sarah Holmes	10	33
Mr Bhavesh Ranchhod	10	33
Mrs Anne Marie Spicer	56	57
Mr Austin Rattray	34	37
Mr Phillip Buckthought	10	34
Mrs Carole Daley	10	32
Mr Rino Wilkinson	34	32
Mrs Jo Tilsley	34	32
Mr Ray Broad	34	33
Mr Stephen Crooymans	34	38
Mr Neil Gray	42	33
Mr Josh Martyn	10	33
Ms Sara-Ann Howell	24	0
Cynthia Anne Bates	23	0
Rereahu Matariki Collier	24	0
Desmond Ernest Tyler	23	0
Amanda Ryan	23	0
Total elected representatives' remuneration	642	619

The figures above include an annual, or part thereof, communication allowance of \$1,757 paid to each Councillor (2025: \$1817). The Mayor received a communication allowance of \$1,054 (2025: \$1,090).

Note 5 – Finance costs

Accounting policy

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

Breakdown of finance costs

	2026 Budget	2026 Actual	2025 Actual
Total finance costs (\$000's)	6,313	6,591	6,024

	2026 Actual \$000's	2025 Actual \$000's
Interest expense		
Interest on borrowings	6,506	6,024
Discount unwind on provisions	85	0
Net finance costs	6,591	6,024

Comparison to budget

Council's average cost of funds came in above budget at 4.18%, compared to the 3.64% forecast. Overall debt was lower over the year. These two factors combined resulted in an overspend of \$0.2 million.

Comparison to prior year

Finance costs increased by \$0.5 million compared to the 2025 financial year. This reflects higher borrowing driven by Council's capital programme, particularly the new Paeroa Wastewater Treatment Plant.

Note 6 – Other expenses

Accounting policy

Grant expenditure

The Council's grants awarded have no substantive conditions attached.

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

Discretionary grants are those grants where the Council has no obligation to award on receipt of the grant application and are recognised as expenditure when approved by the Council and the approval has been communicated to the applicant.

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

Breakdown of other expenses and further information

	2026 Actual \$000's	2025 Actual \$000's
Audit fees paid to Audit NZ (on behalf of the Auditor General):		
- Financial Statements: Audit of financial statements (including summary annual report)	239	243
- Financial Statements: Audit of financial statements – overrun	31	0
- Audit or review-related services: Audit of the Debenture Trust Deed	8	8
- Audit or review-related services: Audit of the Debenture Trust Deed – overrun	0	1
- Audit or review-related services: Audit of the Long-Term Plan	0	0
- Audit or review-related services: Audit of the Long-Term Plan – overrun	0	20
- Other assurance services: Procurement assurance advice	0	0
Total audit fees	278	272
General grants and donations	652	899
Operating lease expense	19	46
Expected credit loss allowance for receivables	8	(3)
Loss on disposal of property, plant and equipment	3,472	2,452
Derivative financial instruments revaluation losses	0	2,189
Forestry asset revaluation losses	1,457	0
Other operating expenses	27,426	25,034
Total other expenses	33,312	30,888

In the year ended 30 June 2026, Council incurred audit fees payable to Audit New Zealand on behalf of the Auditor-General for the statutory audit of its financial statements, including the summary annual report.

Additional audit-related services included the audit of the Debenture Trust Deed.

No taxation services or other non-assurance services were provided in either 2026 or 2025.

Total fees incurred for services provided by Audit New Zealand were \$0.25m (2025: \$0.27m).

Other expenses were \$33.2 million, which was \$6.5 million above budget. The main contributors to this variance were:

- Loss on disposal of assets - (\$3.2 million) above budget. This figure is inherently difficult to forecast, as it is determined by the asset's cost less accumulated depreciation and any proceeds received. In many cases Council does not receive proceeds when assets are retired, for example due to unforeseen breakages or weather events. Losses can also appear larger where the accounting value of an asset had increased before it was disposed of. For these reasons, only a nominal amount is included in the budget.
- Reduction in fair value of Forestry- (\$1.5 million). This reflects the harvesting of Council's main forest block as well as other movements in forest values.
- Additional Grants made, mostly in relation to the Hauraki Rail Trail - (\$0.3 million)
- Waters Transition costs that were not budgeted - (\$0.3 m)
- Water reticulation and treatment reactive repairs were higher than budget- (\$0.3 million)
- External contractors and planning consultants to cover vacancies and undertake projects – (\$0.8 million)

Comparison to prior year

Other expenses were \$2.3 million higher than 2025. The main changes were:

- Loss on disposal of assets was \$1.0 million higher than last year.
- Water supply cost \$1.2 million more particularly for treatment, asset management and rates and insurance
- Wastewater cost \$0.7 million more particularly for treatment, major maintenance and rates and insurance
- Land Drainage pumping cost \$0.2 million more
- Roading repairs due to weather events cost \$0.6m more
- Policy development was \$0.2 million more with work starting on the new Long Term Plan.
- Regulatory services increased by \$0.7 million in emergency management, resource consenting and building consenting
- Offsetting these, derivative losses decreased by \$2.2 million.

Operating leases as lessee

The Council leases property, plant and equipment in the normal course of its business. The total minimum future sublease payments expected to be received under non-cancellable subleases at balance date is \$nil (2025: \$nil). Leases can be renewed at the Council's option, with rents set by reference to current market rates for items of equivalent age and condition. There are no restrictions placed on the Council by any of the leasing arrangements.

No contingent rents have been recognised in the Statement of Comprehensive Revenue and Expense during the period (2025: nil).

The future aggregate minimum lease payments payable under non-cancellable operating leases are as follows:

	2026 Actual \$000's	2025 Actual \$000's
Not later than one year	91	116
Later than one year and not later than five years	163	225
Later than five years	0	27
Total non-cancellable operating leases	254	368

Note 7 – Cash and cash equivalents

Accounting policy

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Breakdown of cash and cash equivalents and further information

	2026 Budget	2026 Actual	2025 Actual
Total cash and cash equivalents (\$000's)	12,011	18,518	13,700

	2026 Actual \$000's	2025 Actual \$000's
Cash at bank and on hand	18,518	13,700
Short term deposits	0	0
Total cash and cash equivalents	18,518	13,700

The carrying value of cash at bank with maturities less than three months approximates their fair value. Cash and cash equivalents include that stated above for the purposes of the statement of cash flows.

Although cash and cash equivalents as of 30 June 2026 are subject to the expected credit loss requirements of PBE IPSAS 41, no lost allowance has been recognised because the estimated allowance is trivial.

Comparison to budget

Cash and cash equivalents were \$6.5 million higher than budgeted as of 30 June 2026. This variance primarily reflects Council prefunding upcoming loan maturities.

Comparison to prior year

Cash and cash equivalents increased by \$4.8 million compared to the prior year. This primarily reflects the pre-borrowing of loan maturities described above.

Note 8 - Receivables

Accounting policy

Short-term receivables are recorded at the amount due, less an allowance for expected credit losses (ECL).

Council applies the simplified ECL model of recognising lifetime ECL for short-term receivables.

In measuring ECLs, receivables have been grouped into rates receivables, and other receivables, and assessed on a collective basis as they possess shared credit risk characteristics. They have then been grouped based on the days past due. A provision matrix is then established based on historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

Rates are "written off":

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

Other receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the debtor being in liquidation or the receivable being more than one year overdue.

	2026 Budget	2026 Actual	2025 Actual
Total receivables (\$000's)	12,546	14,749	14,234

Breakdown of receivables and further information

	2026 Actual \$000's	2025 Actual \$000's
Receivables from non-exchange transactions		
Rates receivables	4,583	3,009
Other receivables from non-exchange transactions	3,615	4,727
Total receivables from non-exchange transactions	8,198	7,736
Receivables from exchange transactions		
Water receivables	6,536	6,465
Other receivables from exchange transactions	26	36
Total receivables from exchange transactions	6,562	6,500
Less: allowance for credit losses	(10)	(2)
Total receivables	14,749	14,234

Comparison to budget

Total receivables were \$14.9 million, which was \$2.8 million higher than budget. The main variance relates to water receivables, which were higher than expected at year-end. At 30 June 2026, an accrual of approximately \$2.7 million was recognised to reflect estimated water consumed but not yet billed. This estimate was calculated using the average daily consumption from the most recent actual or estimated meter readings.

Comparison to prior year

Receivables increased by \$0.6 million compared with the prior year. Rates receivables increased by \$1.6 million (including wastewater rates which were billed separately from other rates for the first time in 2025/26). Other receivables decreased by \$1.1 million.

Rates receivables

The Council does not provide for ECLs on rates receivable. Council has various powers under the Local Government (Rating) Act 2002 (LG(R) A 2002) to recover any outstanding debts.

These powers allow the Council to commence legal proceedings to recover any rates that remain unpaid four months after the due date for payment.

If payment has not been made within three months of the Court's judgment, then the Council can apply to the Registrar of the High Court to have the judgment enforced by sale or lease of the rating unit.

Ratepayers can apply for payment plan options in special circumstances. Where such repayment plans are in place, debts are discounted to their present value of future payments if the effect of discounting is material.

The Chief Executive approved the write-off of rates receivable during the year under the LG(R) A 2002 as follows:

- Section 90A: \$0 (2025: Nil)
- Section 90B: \$0 (2025: Nil)

Other receivables

The ECL rates for other receivables at 30 June 2026 are based on the payment profile of revenue on credit over the prior two years at the measurement date and the corresponding historical credit losses experienced for that period.

The historical loss rates are adjusted for current and forward-looking macroeconomic factors that might affect the expected recoverability of receivables.

Given the short period of credit risk exposure, the effects of macroeconomic factors are not considered significant.

There have been no changes since 1 July 2022 in the estimation techniques or significant assumptions in measuring the loss allowance.

The allowance for credit losses based on Council's credit loss matrix is as follows:

	Other receivables' days past due					
	Current	1-30 days	31-60 days	61-90 days	> 90 days	Total
Council - 30 June 2026						
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	8.42%	
Gross receivable amount (\$000)	3,336	69	3	76	191	4,418
Lifetime ECL (\$000)	0	0	0	0	16	16

	Other receivables' days past due					
	Current	1-30 days	31-60 days	61-90 days	> 90 days	Total
Council - 1 July 2025						
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	1.97%	
Gross receivable amount (\$000)	4,244	35	17	21	101	4,418
Lifetime ECL (\$000)	0	0	0	0	2	2

Movements in the allowance for credit losses is as follows:

	2026	2025
--	------	------

	Actual \$000's	Actual \$000's
Opening balance for credit losses at 1 July	2	5
Additional provisions made during the year	8	0
Provisions reversed during the year	0	0
Other receivables written off during the year	0	(3)
Total receivables	10	2

Note 9 - Inventory

Accounting policy

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

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

Cost is allocated using the first-in-first-out (FIFO) method, which assumes the inventories that were purchased first are distributed or used first. Inventories acquired through non-exchange transactions are measured at fair value at the date of acquisition.

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

When land held for development and future resale is transferred from investment property/property, plant, and equipment to inventory, the fair value of the land at the date of the transfer is its deemed cost. Costs directly attributable to the developed land are capitalised to inventory, except for infrastructural asset costs which are capitalised to property, plant, and equipment.

Inventory is classified as current if Council intends to sell it within the next 12-months and non-current if it doesn't expect it to be sold within the next financial period (i.e. post 30 June 2026).

Breakdown of inventory and further information

	2026 Budget	2026 Actual	2025 Actual
Total inventory (\$000's)	2,242	4,355	4,469

	2026 Actual \$000's	2025 Actual \$000's
Commercial inventory:		
Land being developed for sale	2,781	2,894
Non-commercial inventory:		
Quarry metal stockpile	0	0
Other	81	118
Current inventory	2,862	3,012
Commercial inventory:		
Land being developed for sale	1,494	1,457
Non-current inventory	1,494	1,457
Total inventory	4,356	4,469

The write-down of inventory during the year was nil (2025: nil). There have been no reversals of write-downs (2025: nil). No inventory is pledged as security for liabilities (2025: nil).

Comparison to budget

Council's inventory balance was \$4.4 million at 30 June 2026, compared with a budget of \$2.2 million. The budget assumed all sections in Ngātea North would have been sold by year-end, with only Ngātea South

remaining in development. This did not occur, the sections were listed for sale during the 2026 financial year, however only four out of the 52 lots were sold at balance date.

Comparison to prior year

Inventory decreased from \$4.5 million in 2025 to \$4.4 million in 2026. The decrease reflects the reduction in the land being developed for sale due to 4 of the 52 lots being sold during the year, partially offset by additional costs relating to the subdivision occurring.

Notes to the financial statements for the year ended 30 June 2026

Note 10 – Assets held for sale

Accounting policy

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs are recognised in the surplus or deficit. Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale (including those that are part of a disposal group).

Breakdown of assets held for sale and further information

	2026 Budget	2026 Actual	2025 Actual
Total assets held for sale (\$000's)	0	172	242

	2026 Actual \$000's	2025 Actual \$000's
Land	172	242
Total assets held for sale	172	242

Council classified a property located at 38 Kohunui Street, Ngātea as held for sale as of 30 June 2026. The land has a book value of \$172,000.

Comparison to budget

Council does not budget for non-current assets held for sale. The recognition of this property therefore represents a variance to budget for the 2026 financial year.

Comparison to prior year

The land held for sale in the previous year with a book value of \$242k was sold during the current financial year. The land that is held for sale in the current year reduced by \$70k due to sales.

Notes to the financial statements for the year ended 30 June 2026

Note 11 - Derivatives

Accounting policy

Derivative financial instruments are used to manage exposure to interest rate risks arising from the Council's financing activities. In accordance with its Investment and Liability Management Policy, the Council does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are initially measured at fair value on the contract date and are re-measured to their fair value at each balance date. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments. Any gains or losses arising from changes in fair value are recognised in the surplus or deficit.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses reported in the surplus or deficit.

The portion of the fair value of an interest rate derivative that is expected to be realised within 12 months of balance date is classified as current, with the remaining portion classified as non-current. Council's interest rate swap portfolio was valued as of 30 June 2026 by Council staff using software provided by Hedgebook Ltd.

The Council has elected not to apply hedge accounting to its derivative financial instruments.

Council did not hold any forward exchange contracts at balance date.

Breakdown of derivative financial instruments and further information

	2026 Budget	2026 Actual	2025 Actual
Total derivate financial instrument assets (\$'000's)	990	53	61

	2026 Actual \$'000's	2025 Actual \$'000's
Assets		
Current asset portion		
Interest rate swaps	12	19
Total current asset portion	12	19
Non-current asset portion		
Interest rate swaps	41	42
Total non-current asset portion	41	42
Total derivative financial instrument assets	53	61

Notes to the financial statements for the year ended 30 June 2026

	2026 Budget	2026 Actual	2025 Actual
Total derivate financial instrument liabilities (\$000's)	11	1,104	1,271

	2026 Actual \$000's	2025 Actual \$000's
Liabilities		
Current liability portion		
Interest rate swaps	645	507
Total current liability portion	645	507
Non-current liability portion		
Interest rate swaps	459	763
Total non-current liabilities portion	459	763
Total derivative financial instrument liabilities	1,104	1,271

Timing of nominal principal amounts and average fixed rates of interest rate swaps

	< 1 year	1-2 years	3-5 years	> 5 years	Total
Council 2026					
Interest rate swaps – not hedge accounted					
Nominal amount (in \$000)	13,000	34,000	43,000	0	90,000
Average fixed rate	3.80%	3.97%	3.97%	0.00%	3.71%
Council 2025					
Interest rate swaps – not hedge accounted					
Nominal amount (in \$000)	17,000	18,000	47,000	25,000	107,000
Average fixed rate	3.65%	3.41%	3.85%	3.96%	3.70%

Fair value

The fair values of interest rate swaps have been determined by calculating the expected future cash flows under the terms of the swaps and discounting these values to present value. The inputs into the valuation model are from independently sourced market parameters. Most market parameters are implied from instrument prices.

Comparison to budget

Net actuals were \$2.0 million adverse to budget. Due to the inherent difficulties in predicting the valuation of derivative financial instruments, Council does not budget for year-end revaluation movements. As a result, the 2026 budget did not include any assumptions about changes in interest rates or market conditions.

This variance is a non-cash accounting adjustment and has no impact on rates or Council's day-to-day operations.

Comparison to prior year

Notes to the financial statements for the year ended 30 June 2026

The valuation of Council's derivatives improved by \$0.2 million compared to 2025. This change is primarily driven a reduction in the notional exposure reduced from \$107 million to \$90 million over the year as well as a reduction in the average term. Council is reducing its derivative portfolio in preparation for the transfer of a significant portion of its debt to Waikato Water Ltd.

Notes to the financial statements for the year ended 30 June 2026

Note 12 – Financial assets

Accounting policy

Other financial assets (other than shares in subsidiaries) are initially recognised at fair value. They are then classified as, and subsequently measured under, the following categories:

- Amortised cost.
- Fair value through other comprehensive revenue and expense (FVTOCRE); and
- Fair value through surplus and deficit (FVTSD).

Transaction costs are included in the value of the financial asset at initial recognition unless the asset has been designated at FVTSD, in which case it is recognised in surplus or deficit. The classification of a financial asset depends on its cash flow characteristics and the Council's management model for managing them.

A financial asset is classified and subsequently measured at amortised cost if it gives rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal outstanding and is held within a management model whose objective is to collect the contractual cash flows of the asset.

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

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

Subsequent measurement of financial assets at amortised cost

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

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

Subsequent measurement of financial assets at FVTOCRE

Financial assets in this category that are debt instruments are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense, except ECL and foreign exchange gains and losses are recognised in surplus or deficit. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified to surplus and deficit. The Council has no instruments in this category.

Financial assets in this category that are equity instruments designated as FVTOCRE are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense. There is no assessment for impairment when fair value falls below the cost of the investment. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred to accumulated funds within equity.

Council designates into this category all equity investments that are not held for trading as they are strategic investments that are intended to be held for the medium to long-term.

Subsequent measurement of financial assets at FVTSD

Notes to the financial statements for the year ended 30 June 2026

Financial assets in this category are subsequently measured at fair value with fair value gains and losses recognised in surplus or deficit. Interest revenue and dividends recognised from these financial assets are separately presented within revenue.

Other than for derivatives, the Council have no instruments in this category.

Expected Credit Loss allowance (ECL)

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

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

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

Council considers a financial asset (excluding receivables, refer to Note 8) to be in default when the financial asset is more than 90 days past due. The Council and group may determine a default occurs prior to this if internal or external information indicates the entity is unlikely to pay its credit obligations in full.

Council measure ECLs on loan commitments at the date the commitment becomes irrevocable. If the ECL measured exceeds the gross carrying amount of the financial asset, the ECL is recognised as a provision.

Notes to the financial statements for the year ended 30 June 2026

Breakdown of other financial assets and further information

	2026 Budget	2026 Actual	2025 Actual
Total financial assets (current and non-current) (\$000's)	18,171	18,770	20,497

	2026 Actual \$000's	2025 Actual \$000's
Current portion		
Term deposits	10,000	15,000
Borrower notes	614	1,289
Other investments		
Waikato Waters Ltd loan	3,200	0
Community loans	19	20
Total current portion	13,833	16,309
Non-current portion		
Borrower notes	4,223	3,587
Community loans	37	55
Investment in CCOs and similar entities:		
Local Government Funding Agency	586	453
Co-Lab	31	33
Total investment in CCOs and similar entities:	617	485
Other investments		
Civic Financial Services Ltd	60	60
Total non-current portion	4,937	4,188
Total other financial assets	18,770	20,497

Fair value

Community loans

The face value of community loans is \$56,000 (2025: \$75,000). The carrying amount of these loans approximates their fair value.

The Council's community loan scheme is designed to help not-for-profit organisations in the Hauraki District community to develop or improve new or existing facilities and other major projects.

Only organisations with the ability to repay are granted loans. Loans are for a maximum of 10 years and interest is 0% per annum.

Unlisted shares

Unlisted shares are recognised at fair value.

The fair value of unlisted shares in Civic Financial Services Ltd and Co-Lab has been determined at fair value through other comprehensive revenue and expense. Fair value has been determined by net asset backing.

Due to the immaterial size and nature of the Council's investment in the LGFA, the Council has estimated the fair value of this investment based on the LGFA's net asset backing as of 30 June.

Credit risk, including ECLs

Notes to the financial statements for the year ended 30 June 2026

Council considers there has not been a significant increase in credit risk for any of the financial assets listed and no loss allowance for expected credit losses have been recognised for the 12-month period ending 30 June 2026.

Comparison to budget

The actual balance of \$18.8 million is close to the budgeted amount of \$18.2 million, which was based on the 2023/24 Annual Report actuals.

Comparison to prior year

Compared to the prior year, the balance has reduced by \$1.8 million. Term deposits held as part of Council's debt pre-funding strategy reduced by \$5.0 million. A \$3.2 million short term loan was granted to Waikato Waters Ltd to cover establishment costs.

Notes to the financial statements for the year ended 30 June 2026

Note 13 – Property, plant and equipment

Accounting policy

Property, plant, and equipment consist of:

Operational assets – These include land, buildings, landfill post-closure, library books, plant and equipment, and motor vehicles.

Restricted assets – Restricted assets are mainly parks and reserves owned by the Council and group that provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

Infrastructure assets – Infrastructure assets are the fixed utility systems owned by the Council and group. Each asset class includes all items that are required for the network to function. For example, sewer reticulation includes reticulation piping and sewer pump stations.

Land (operational and restricted) measured at fair value, buildings (operational and restricted) and infrastructural assets (except land under roads) are measured at fair value less accumulated depreciation. All other asset classes are measured at cost less accumulated depreciation and impairment losses.

Revaluation

Land and buildings (operational and restricted), and infrastructural assets (except land under roads) are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years.

The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued.

Revaluation movements are accounted for on a class-of-asset basis.

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class-of-asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in the surplus or deficit.

Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed and then recognised in other comprehensive revenue and expense.

Fair Value Assessment

In years where a class of property, plant and equipment measured at fair value is not subject to a full revaluation, the Council assesses whether the carrying amount of that asset class materially differs from its fair value at reporting date.

During the year ended 30 June 2026, the Council completed fair value assessments for the following asset classes:

- Operational, infrastructural and restricted land;
- Operational buildings and structures; and
- Rooding network assets.

No full revaluations of these asset classes were undertaken during the year. Instead, the Council performed a fair value assessment using an indexation approach. The assessment applied relevant Capital Goods Price Indices published by Statistics New Zealand and the House Price Index published by Quotable Value Limited to estimate movements in fair value since the most recent full valuation.

Notes to the financial statements for the year ended 30 June 2026

Based on this assessment, the Council concluded that the estimated fair values of these asset classes did not differ materially from their carrying amounts as at 30 June 2026. Accordingly, no revaluation adjustment was recognised.

Additions

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

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

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

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

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

Disposals

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

Depreciation

Depreciation is provided on a straight-line basis on all property, plant, and equipment other than land, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Roading	Pavement surface	10-60	1.7%-10%
	Pavement structure	20-100	1%-5%
	Footpaths	15-75 years	1.3%-6.7%
	Surface water channels	10-75 years	1.3%-10%
	Drainage	75 years	1.3%
	Bridges	30-100 years	1%-3.3%
	Streetlight poles	25 years	4%
	Streetlights	25 years	4%
	Streetlight bracket	25 years	4%
	Retaining walls	85 years	1.2%
	Railings	50 years	2%
	Signs	12.5-20 years	5%-8%
	Services (Electrical/Plumbing)	25-50 years	2%-4%
Buildings	Structure	45-100 years	1%-2.2%
	Roof	45 years	2.2%

Notes to the financial statements for the year ended 30 June 2026

	Internal Fit out	15-40 years	2.5%-6.7%
	Plant	15-25 years	4%-6.7%
	Other Improvements	5-22 years	4.5%-20%
All other assets	Water reticulation	25-125 years	0.8%-4%
	Water treatment	4-126 years	0.8%-25%
	Wastewater reticulation	25-130 years	0.8%-4%
	Wastewater treatment	3-200 years	0.5%-33.3%
	Stormwater reticulation	20-130 years	0.8%-5%
	Drainage and flood protection	15-999 years	0.1%-6.7%
	Library Books	8 years	12.5%
	Vehicles	3-21 years	4.8%-33.3%
	Equipment	2-99 years	1%-50%
	Technology	2-10 years	10%-50%
	Furniture and fittings	5-25 years	4%-20%

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each balance date.

Impairment of property, plant, and equipment

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

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

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

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

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

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

Value in use for non-cash-generating assets

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

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

Value in use for cash-generating assets

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

Notes to the financial statements for the year ended 30 June 2026

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

Critical accounting estimates and assumptions

Estimating the fair value of land, buildings, and infrastructure

Land (operational, restricted, and infrastructural)

All land was valued at 1 July 2023.

The most recent valuation of land was performed by Quotable Value NZ Ltd, who are qualified, independent valuers. All values were confirmed as being suitable for financial reporting.

Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values.

Adjustments have been made to the 'unencumbered' land value where there is a designation against the land, or the use of the land is restricted because of reserve or endowment status. These adjustments are intended to reflect the negative effect on the value of the land where an owner is unable to use the land more intensely.

Restrictions on the Council's ability to sell land would normally not impair the value of the land because the Council has operational use of the land for the foreseeable future and will substantially receive the full benefits of outright ownership.

Buildings (operational and restricted)

All buildings were valued at 1 July 2023 plus additions/development at cost, less disposals. Building valuations were completed by independent valuers and confirmed as being suitable for financial reporting.

Specialised buildings were valued by Quotable Value NZ Ltd at fair value using depreciated replacement cost because no reliable market data is available for such buildings.

Depreciated replacement cost is determined using several significant assumptions. Significant assumptions include:

- The replacement asset is based on the replacement with modern equivalent assets with adjustments where appropriate for obsolescence due to over-design or surplus capacity.
- The replacement cost is derived from recent construction contracts of similar assets and Property Institute of New Zealand cost information.
- The remaining useful life of assets is estimated.
- Straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

Non-specialised buildings (for example, residential buildings) were valued by Quotable Value NZ, using market data at fair value using market-based evidence. Market rents and capitalisation rates were applied to reflect market value.

The valuation of earthquake prone buildings does not include any adjustment for estimated building strengthening and costs or any association lost rental during the time to undertake the strengthening work.

Infrastructural assets

Roading assets were valued by an independent valuer, WSP Limited as at 30 June 2025.

Water, Wastewater, Stormwater and Drainage Assets were valued by Waugh Valuers Ltd as at 30 June 2026. This was an indexed valuation and was undertaken solely by Waugh Valuers Ltd.

Infrastructural assets are also carried at fair value, which is deemed to be depreciated replacement costs because the assets are of a specialised nature. The depreciated replacement costs are determined on the basis of valuations prepared ever three years. The revaluation process involves assessing the current

Notes to the financial statements for the year ended 30 June 2026

optimised replacement cost of a brownfield's basis, using highest and best use basis and remaining useful lives.

Depreciated replacement cost is determined using several significant assumptions. Significant assumptions include:

- The replacement asset is based on the replacement with modern equivalent assets with adjustments where appropriate for obsolescence due to over-design or surplus capacity.
- The replacement cost is derived from recent construction contracts of similar assets and Property Institute of New Zealand cost information.
- The remaining useful life of assets is estimated.
- Straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

Critical judgements in applying accounting policies

Classification of property

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

Notes to the financial statements for the year ended 30 June 2026

2026	Cost / Revaluation	Acc. Depn.	Carrying Amount	Transfers	Current Year Additions	Current Year Disposals	Current Year Impairment	Current Year Depn.	Acc Depn. Rev'd on Disposal	Reval. Surplus	Cost / Revaluation	Acc. Depn.	Carrying Amount
	01-Jul-25	01-Jul-25	01-Jul-25								30-Jun-26	30-Jun-26	30-Jun-26
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Operational assets													
Land	24,176	0	24,176	(172)	0	0	0	0	0	0	24,004	0	24,004
Buildings and structures	29,475	(3,584)	25,891	421	1,663	(111)	0	(1,693)	48	0	31,449	(5,229)	26,219
Library books	821	(458)	363	0	134	(148)	0	(84)	130	0	806	(412)	395
Vehicles	4,742	(2,758)	1,985	0	739	(600)	0	(613)	440	0	4,881	(2,930)	1,951
Equipment	29,117	(10,882)	18,235	611	1,867	(266)	(305)	(1,579)	196	0	31,024	(12,265)	18,759
Technology	2,371	(1,930)	441	0	158	0	0	(207)	0	0	2,529	(2,137)	392
Furniture and fittings	557	(388)	169	0	4	0	0	(13)	0	0	561	(402)	160
Technology - Finance leases	0	0	0	0	0	0	0	0	0	0	0	0	0
Work in progress	2,208	0	2,208	(1,033)	4,557	(250)	0	0	0	0	5,482	0	5,482
Total operational assets	93,467	(20,000)	73,468	(173)	9,122	(1,375)	(305)	(4,189)	814	0	100,736	(23,374)	77,361
Infrastructural assets													
Land	5,289	0	5,289	0	0	0	0	0	0	0	5,289	0	5,289
Wastewater system	114,366	(2,568)	111,798	31	916	(25)	0	(2,638)	12	2,272	112,391	(25)	112,366
Water system	140,103	(4,059)	136,044	7,561	3,774	(1,274)	0	(3,888)	129	(7,609)	134,813	(76)	134,737
Drainage network	80,932	(1,158)	79,775	224	369	(67)	0	(1,172)	1	5,772	84,905	(3)	84,902
Road network	514,968	(165)	514,803	1,049	8,781	(1,243)	(10)	(9,358)	97	0	523,546	(9,427)	514,119
Land under roads	90,167	0	90,167	0	66	0	0	0	0	0	90,233	0	90,233
Work in progress	33,162	0	33,162	(8,865)	20,767	(234)	0	0	0	0	44,830	0	44,830
Total Infrastructural assets	978,987	(7,950)	971,038	0	34,673	(2,843)	(10)	(17,056)	239	435	996,007	(9,531)	986,476
Council restricted assets													
Land	31,603	0	31,603	0	0	0	0	0	0	0	31,603	0	31,603
Total restricted assets	31,603	0	31,603	0	0	0	0	0	0	0	31,603	0	31,603
Total PPE	1,104,057	(27,950)	1,076,109	(173)	43,795	(4,218)	(315)	(21,245)	1,053	435	1,128,346	(32,905)	1,095,440
2025	Cost /	Acc.	Carrying	Transfers	Current	Current	Current	Current	Acc Depn.	Reval.	Cost /	Acc.	Carrying
	Revaluation	Depn.	Amount		Year	Year	Year	Year	Rev'd on	Surplus	Revaluation	Depn.	Amount
	01-Jul-24	01-Jul-24	01-Jul-24		Additions	Disposals	Impairment	Depn.	Disposal		30-Jun-25	30-Jun-25	30-Jun-25

Notes to the financial statements for the year ended 30 June 2026

	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Operational assets													
Land	24,418	0	24,418	(242)	0	0	0	0	0	0	24,176	0	24,176
Buildings and structures	29,423	(1,862)	27,561	649	304	(901)	0	(1,868)	145	0	29,475	(3,584)	25,891
Library books	1,001	(666)	335	0	136	(315)	0	(89)	298	0	821	(458)	363
Vehicles	4,759	(2,536)	2,223	0	499	(515)	0	(555)	334	0	4,742	(2,758)	1,985
Equipment	24,932	(9,746)	15,186	1,073	3,785	(719)	0	(1,378)	287	0	29,117	(10,882)	18,235
Technology	2,318	(1,894)	425	0	214	(162)	0	(198)	162	0	2,371	(1,930)	441
Furniture and fittings	557	(374)	183	0	0	0	0	(14)	0	0	557	(388)	169
Technology - Finance leases	0	0	0	0	0	0	0	0	0	0	0	0	0
Work in progress	1,830	0	1,830	(876)	1,468	(214)	0	0	0	0	2,208	0	2,208
Total operational assets	89,239	(17,078)	72,161	604	6,406	(2,826)	0	(4,102)	1,226	0	93,467	(20,000)	73,468
Infrastructural assets													
Land	5,289	0	5,289	0	0	0	0	0	0	0	5,289	0	5,289
Wastewater system	112,367	(4,729)	107,638	884	945	(13)	0	(2,568)	0	4,913	114,366	(2,568)	111,798
Water system	121,271	(6,559)	114,712	2,504	4,337	(294)	0	(4,073)	14	18,845	140,103	(4,059)	136,044
Drainage network	78,355	(2,142)	76,214	787	462	(136)	0	(1,161)	3	3,606	80,932	(1,158)	79,775
Roading network	322,858	(5,774)	317,084	2,888	6,562	(552)	0	(5,774)	187	194,408	514,968	(165)	514,803
Land under roads	90,145	0	90,145	0	22	0	0	0	0	0	90,167	0	90,167
Work in progress	18,308	0	18,308	(8,483)	23,532	(194)	0	0	0	0	33,162	0	33,162
Total Infrastructural assets	748,593	(19,204)	729,390	(1,420)	35,860	(1,189)	0	(13,576)	204	221,772	978,987	(7,950)	971,038
Council restricted assets													
Land	31,603	0	31,603	0	0	0	0	0	0	0	31,603	0	31,603
Total restricted assets	31,603	0	31,603	0	0	0	0	0	0	0	31,603	0	31,603
Total PPE	869,435	(36,282)	833,154	(816)	42,266	(4,015)	0	(17,678)	1,430	221,772	1,104,057	(27,950)	1,076,109

Notes to the financial statements for the year ended 30 June 2025

Breakdown of overall PPE

	2026 Budget	2026 Actual	2025 Actual
Total PPE (\$000's)	953,387	1,095,440	1,076,109

Comparison to budget

The budget for property, plant and equipment (PPE) was based on an opening balance of \$913 million, which was \$163 million lower than the actual opening balance. The opening balance was significantly higher than what was estimated in the 2025/26 Annual Plan due to revaluations causing large increases in asset values and this information was not available at the time of the 2025/26 Annual Plan being finalised and therefore relied on estimated closing balances.

This movement was partially offset by depreciation being \$3.2 million higher than budget, which was also due to the revaluation in the prior year creating a larger depreciation expense due to the increase in asset values. Additions were also \$14.7 million less than budgeted. This variance reflects that Council delivered 75% of the capital works programme budgeted for 2025/26. In addition, \$3.2 million of asset disposals occurred that were not budgeted, as the budget assumed all disposals would have a nil net book value.

Comparison to prior year

The PPE balance increased by \$19.3 million compared with 2025. The main driver was a \$43.8 million increase due to asset additions in the current year, of which a significant portion related to the Paeroa Upgrading WWTP (\$18.2 million). Other movements related to the annual depreciation of \$21.6 million, disposals with a net book value of \$3.2 million and a revaluation surplus of \$0.8 million.

Significant acquisitions

Significant projects (>\$1m) undertaken during the year include Paeroa Upgrading WWTP (\$18.2M) and the Ngatea Service Centre Upgrade (\$3.7M) all of which are still in progress at the report date. Significant projects that were completed during the year include the Kerepehi Raw Water Main Renewal (\$1.6M), Pavement Rehab of Trig Road North (\$1.9M), Pavement Rehab of Waitawheta Road (\$1.0M) and reseals were completed around the district with a cost of \$3.0M.

Core infrastructure asset disclosures

Included within the Council infrastructure assets above are the following core Council assets:

	Most recent replacement cost estimate for revalued assets \$000	Closing book value \$000	Additions: Constructe d by Council \$000	Additions: Transfere d to Council \$000
2026				
Wastewater - Treatment	26,096	12,438	705	0
Wastewater - Other	162,353	99,928	58	184
Water - Treatment	43,255	27,222	2,781	0
Water - Other	190,699	131,997	8,553	0
Drainage and flood protection	24,750	19,234	42	0
Stormwater	102,168	65,668	530	22
Roading Network	733,965	514,119	9,830	0
2025				
Wastewater - Treatment	26,929	11,560	527	0

Notes to the financial statements for the year ended 30 June 2025

Wastewater - Other	160,150	100,238	1,113	188
Water - Treatment	51,677	36,027	4,118	0
Water - Other	188,202	100,017	2,652	71
Drainage and flood protection	18,124	11,616	82	0
Stormwater	106,346	68,158	1,008	158
Roading Network	734,307	519,942	10,280	0

Insurance

The following information relates to the insurance of Council assets as at 30 June

	2026 Actual \$000's	2025 Actual \$000's
The total value of all Council assets covered by Insurance contracts	436,826	415,417
The maximum amount to which insured assets are insured	754,063	684,300
Total value of assets that are self-insured	0	0
Value of funds maintained for self-insurance	0	0

Roading network infrastructure assets are self-insured. There is no separate fund maintained for self-insurance purposes. Land is not insured. In the event of a natural disaster, central government may contribute up to 60% towards the restoration of water, drainage, and sewage assets, and provide a subsidy towards the restoration of roads.

Land under roads

Land under roads was valued by the independent valuers, Opus International Consultants Ltd as 30 June 2002 using the average market value of land by ward and land use category. Since the introduction of International Financial Reporting Standards, on 30 June 2007, land under roads has been recognised at deemed cost.

Library collections

These are valued at depreciated replacement cost as at 30 June 2026 by Council staff. Estimates of the remaining useful life over which the asset will be depreciated have been determined based on Council's policy on book replacement, as well as historical book replacement data.

Disposals

The carrying book value of the amount disposed was \$3.17 million (2025: \$2.57 million). Significant disposals during the year include the Kerepehi Raw Water Main which was disposed on 16 February 2026 with a net book value of \$633k. There were no other significant disposals during the year.

Impairment

Total impairment losses for the 2026 financial year was \$315k, \$305k relating to equipment assets and \$10k relating to roading assets (2025: \$0).

Work in progress

The total amount of property, plant and equipment in the course of construction was \$50,311,714 (2025: \$35,371,000). Property, plant, and equipment in the course of construction by class of asset is detailed below:

	2026 Actual \$000's	2025 Actual \$000's
Land	243	216
Buildings	4,881	1,465

Notes to the financial statements for the year ended 30 June 2025

Equipment	601	743
Roading	1,177	1,687
Water	680	8,063
Wastewater	42,535	22,935
Stormwater	6	235
Drainage	189	25
Total work in progress	50,312	35,371

Restrictions

Land in the "Restricted Asset" category is subject to restrictions on either use or disposal, or both. This includes restrictions from legislation (such as land declared as a reserve under the Reserves Act 1977), or other restrictions (such as land acquired under a bequest or donation that restricts the purpose for which the asset can be used).

Security

No assets have been pledged as security for any liability.

Capital commitments

The amount of contractual commitments for acquisition of property, plant, and equipment is:

	2026	2025
	Actual	Actual
	\$000's	\$000's
Roading	829	2,598
Wastewater	3,004	17,967
Water	789	688
Drainage Network	0	0
Property	0	63
Community Services	0	46
Total capital commitments	4,622	21,361

Notes to the financial statements for the year ended 30 June 2026

Note 14 – Intangible assets

Accounting policy

Software acquisition and development

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

Costs that are directly attributable to the development of software for internal use are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised in the surplus or deficit when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Costs associated with development and maintenance of the Council's website are recognised as an expense when incurred.

Software as a service (SaaS)

Where a SaaS contract only gives Council a right to receive access to the supplier's application software, and the SaaS provider continues to hold, manage and update the SaaS application software over the period of the arrangement, costs associated with this type of arrangement would be viewed as payments for services and will be expensed (as incurred) over the term of the arrangement.

If the fees associated a SaaS arrangement give rise to an intangible asset, then Council will record the intangible asset at its cost.

Costs in relation to the configuration and customisation of a SaaS will be dependent on whether the SaaS has been assessed as an intangible asset from the outset.

If no intangible asset has been previously recognised with regards to the SaaS, then the costs will be expensed when incurred, or over the term of the SaaS arrangement (with a prepayment recognised if paid up front).

If an intangible asset has been recognised, then these fees will be capitalised at cost.

Easements

Easements are recognised at cost, being the costs directly attributable to bringing the asset to its intended use. Easements have an indefinite useful life and are not amortised, but are instead tested for impairment annually.

Carbon credits

Purchased carbon credits are recognised at cost on acquisition. Free carbon credits received from the Crown are recognised at fair value on receipt. They are not amortised, but are instead tested for impairment annually. They are derecognised when they are used to satisfy carbon emission obligations.

Resource consents

It is difficult to determine the fair value of resource consents due to their specialised nature and having no active market to compare values against. For these reasons, the Council holds resource consents at deemed cost and they are amortised over the average life of the asset for each water type.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each financial year is recognised in the surplus or deficit.

Notes to the financial statements for the year ended 30 June 2026

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Technology	Software	10 years	10%
Resource Consents	Resource Consents	10-20 years	5%-10%

Impairment of intangible assets

Intangible assets that have an indefinite useful life, or are not yet available for use, are not subject to amortisation and are tested annually for impairment.

For further details, refer to the policy for impairment of property, plant, and equipment in Note 13. The same approach applies to the impairment of intangible assets.

Restrictions

There are no restrictions over the title of intangible assets. No intangible assets are pledged as security for liabilities.

Impairment - Carbon credits

The Council considers that there is no impairment of carbon credits held, as they are expected to be fully utilised in satisfying carbon obligations from its landfill operations. Carbon units have been assessed as having an indefinite useful life because they have no expiry date and will continue to have economic benefit for as long as the Emissions Trading Scheme is in place.

Breakdown of intangible assets and further information

	2026 Budget	2026 Actual	2025 Actual
Total intangible assets (\$'000's)	1,994	2,653	2,358

Movements in the carrying value for each class of intangible asset are as follows:

	Carbon Credits \$'000	Resource Consents \$'000	Software \$'000	Total \$'000
2026				
Cost	49	2,900	30	2,979
Accumulated amortisation and impairment	0	(311)	(15)	(326)
Closing carrying amount	49	2,589	15	2,653
Opening Balance	49	2,291	18	2,358
Additions	0	0	0	0
Transfers	0	0	0	0
Work in Progress (WIP)				
Opening WIP	0	1,588	0	1,588
Closing WIP	0	1,933	0	1,933
Movement in Work in Progress	0	345	0	345
Amortisation charge	0	(47)	(3)	(50)
Disposals	0	0	0	0
Closing carrying amount	49	2,589	15	2,653

Notes to the financial statements for the year ended 30 June 2026

	Carbon Credits	Resource Consents	Software	Total
	\$000	\$000	\$000	\$000
2025				
Cost	49	2,555	30	2,634
Accumulated amortisation and impairment	0	(264)	(12)	(276)
Closing carrying amount	49	2,291	18	2,358
Opening Balance	49	1,924	21	1,994
Additions	0	0	0	0
Transfers	0	0	0	0
Work in Progress (WIP)				
Opening WIP	0	1,173	0	1,173
Closing WIP	0	1,588	0	1,588
Movement in Work in Progress	0	414	0	414
Amortisation charge	0	(47)	(3)	(50)
Disposals	0	0	0	0
Closing carrying amount	49	2,291	18	2,358

Comparison to budget

The 2026 budget was based on there being no movement from the 2022/23 annual report, as the focus of the 2025/26 Annual Plan was on physical infrastructure projects. The difference this year reflects investment in resource consent projects and ongoing amortisation of software and consent costs.

Comparison to prior year

Intangible assets increased by \$295,000 compared with 2026. This was mainly due to further investment of \$345,000 in resource consent projects, partly offset by \$50,000 of amortisation on software and consent costs.

Notes to the financial statements for the year ended 30 June 2026

Note 15 – Depreciation and amortisation

	2026 Budget	2026 Actual	2025 Actual
Total depreciation (\$000's)	18,418	21,295	17,727

Directly attributable depreciation and amortisation by group of activity:

	2026 Actual \$000's	2025 Actual \$000's
Roading	9,358	5,774
Water	3,898	4,082
Wastewater	2,676	2,606
Land drainage and flooding	139	135
Stormwater	1,033	1,027
Solid waste	132	91
Community services	1,718	1,698
Community development	672	566
Regulatory	0	0
Total directly attributable depreciation and amortisation by group of activity	19,626	15,979
Depreciation and amortisation not directly related to a group of activities	1,669	1,748
Total depreciation and amortisation expense	21,295	17,727

Comparison to budget

Depreciation for 2026 was \$21.3 million, which is \$2.9 million higher than budget. The increase compared to budget is due to revaluations taking place in the 2025 financial year, which were not available at the time the 2026 budget was set. These valuations caused a significant increase in the roading asset values and therefore higher depreciation costs.

Comparison to prior year

Depreciation increased by \$3.6 million compared with 2025. This is primarily due to the increase in roading depreciation of \$3.6 million which was caused by a revaluation taking place in the 2025 financial year causing a large increase in asset values and therefore higher depreciation costs.

Notes to the financial statements for the year ended 30 June 2026

Note 16 - Forestry

Accounting policy

Standing forestry assets are independently revalued annually at fair value less estimated costs to sell for one growth cycle.

Gains or losses arising on initial recognition of forestry assets at fair value less costs to sell and from a change in fair value less costs to sell are recognised in the surplus or deficit.

Forestry maintenance costs are recognised in the surplus or deficit when incurred.

	2026 Budget	2026 Actual	2025 Actual
Total depreciation (\$000's)	521	143	1,600

Breakdown of forestry assets and further information

	2026 Actual \$000's	2025 Actual \$000's
Balance at 1 July	1,600	1,564
Increases due to purchases	0	0
Gains / (losses) arising from changes attributable to physical changes	135	202
Gains / (losses) arising from changes attributable to price changes	23	119
Decreases due to harvest	(1,615)	(285)
Balance at 30 June	143	1,600

Council owns 93.3 hectares of Radiata pine forest (2025: 93.3 ha) at various stages of maturity ranging from 10 to 25 years. As at 30 June 2026, 27.27 hectares were included in the valuation due to 55.58 hectares being harvested in the 2026 year and 10.87 hectares being harvested in 2025, resulting in a downward adjustment to the overall tree crop value.

The forestry assets were valued professionally by PF Olsen Ltd, a registered forestry consultant, for financial reporting purposes in accordance with NZ IAS 41 Agriculture and NZ IFRS 13 Fair Value Measurement. The tree crop value (excluding land, infrastructure, and any carbon credits or tax liabilities) was \$0.14 million as at 30 June 2026 (2025: \$1.60 million). The valuation applied a pre-tax discount rate of 7.8% (2025: 7.8%) to the present value of expected future cash flows and assumes a single rotation harvest regime.

Council uses a discounted cash flow approach based on expected yield at maturity. Log price assumptions are based on a mix of 1-year and 5-year historical averages, derived from AgriHQ and PF Olsen data. The 2026 valuation assumed log prices would remain constant in real terms.

Notional land rental costs have been included for freehold land to reflect the opportunity cost of land use. These costs are excluded from the fair value of the forestry asset.

There are no restrictions on title, and no forestry assets are pledged as security for liabilities (2025: nil). Council has no commitments for the development or acquisition of additional forestry assets (2025: nil).

Council is exposed to financial risks from fluctuations in timber prices. While Council monitors market trends regularly, no financial instruments are used to manage this risk due to its long-term investment horizon and minimal short-term harvesting plans.

Comparison to budget

Notes to the financial statements for the year ended 30 June 2026

The budgeted forestry asset value was based on the 30 June 2024 valuation with an increase of \$120k based on an uplift from the valuation and then a decrease of \$1,042k due to harvesting. The closing balance as at 30 June 2026 was \$143k, which is \$378k less than budget. This unfavourable variance is primarily due to the harvesting of the West forestry block being more than expected. The main contributor to this was the decrease in forestry value due to harvesting of \$1,615k compared to the budgeted decrease due to harvesting of \$1,942k.

Comparison to prior year

The forestry asset balance decreased by \$1,457k compared to the 2025 year. The majority of this movement is due to the harvesting of the West forestry block. A reduction of (\$1,615k) was recognised from the removal of 55.58 hectares following harvest at West Water. This was partially offset by a \$135k increase due to a gain in revaluation of the prior year's crop and a \$23k increase due to favourable price changes compared to the prior year.

Notes to the financial statements for the year ended 30 June 2026

Note 17 – Payables and deferred revenue

Accounting policy

Short-term creditors and other payables are recorded at their face value.

	2026 Budget	2026 Actual	2025 Actual
Total payables and deferred revenue (\$000's)	6,678	11,337	13,413

Breakdown of payables and other information

	2026 Actual \$000's	2025 Actual \$000's
Payables and deferred revenue under exchange transactions		
Trade payables and accrued expenses	7,506	9,856
Revenue in advance	1,757	2,014
Total payables and deferred revenue under exchange transactions	9,263	11,871
Payables and deferred revenue under non-exchange transactions		
Revenue in advance	1,786	1,248
Other tax payable (e.g. GST and FBT)	288	294
Total payables and deferred revenue under non-exchange transactions	2,074	1,542
Total payables and deferred revenue	11,337	13,413

Payables are generally non-interest bearing and are normally settled on 30-day terms. Therefore, the carrying value of payables approximates their fair value.

Comparison to budget

Payables and deferred revenue were \$6.0 million higher than budget. The budget was prepared using a proportion of operating expenditure and therefore did not capture items such as revenue received in advance. Revenue in advance totalled \$1.8 million. Contract retentions of \$2.4 million were also above budget, reflecting the higher capital works programme being implemented by Council. In addition, creditor accruals were higher than anticipated.

Comparison to prior year

Payables and deferred revenue decreased by \$0.7 million compared with 2025 (\$12.7 million vs \$13.4 million). The decrease primarily reflects a reduction in accrued expenses, partly offset by higher revenue received in advance than the prior year.

Notes to the financial statements for the year ended 30 June 2026

Note 18 - Borrowings

Accounting policy

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

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

Finance leases

A finance lease transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the start of the lease term, finance leases are recognised as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item and the present value of the minimum lease payments. The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no reasonable certainty as to whether the Council will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

	2026 Budget	2026 Actual	2025 Actual
Total borrowings (\$000's)	197,000	172,398	140,028

Breakdown of borrowings and other financial liabilities and further information

	2026 Actual \$000's	2025 Actual \$000's
Current portion		
Finance leases	11	16
Secured loans	67,612	35,000
Total current portion	67,623	35,016
Non-current portion		
Finance leases	0	12
Secured loans	104,775	105,000
Total non-current portion	104,775	105,012
Total borrowings and other financial liabilities	172,398	140,028

Interest terms for secured loans

The Council's secured loans are mostly issued at floating rates of interest. For floating rate debt, the interest rate is reset quarterly based on the 90-day bank bill rate plus a margin for credit risk.

Security

HDC has cash advance facilities with the maximum amount that can be drawn against these of \$12.0 million. There are no restrictions on the use of these facilities. There were no borrowings as of 30 June 2026 against this facility (2025: \$nil). The Council's secured loans are secured over either separate or general rates of the Council.

Notes to the financial statements for the year ended 30 June 2026

Fair values

Due to interest rates on debt resetting to the market rate every three months, the carrying amounts of secured loans approximates their fair value. The fair value of finance leases is \$11,000 (2025: \$28,000).

Fair value has been determined using contractual cash flows discounted using a rate based on market borrowing rates at balance date of 3.48% (2025: 3.48%).

	2026 Actual \$000's	2025 Actual \$000's
Analysis of finance leases		
Total minimum lease payments payable		
Not later than one year	11	17
Later than one year and not later than five years	0	12
Later than five years	0	0
Total minimum lease payments	11	29
Future finance charges	(0)	(1)
Present value of minimum lease payments	11	28
Present value of minimum lease payments payable		
Not later than one year	11	17
Later than one year and not later than five years	0	12
Later than five years	0	0
Total present value of minimum lease payments	11	28

Finance lease as lessee

Finance leases are for printers used by Council as part of the All of Government lease package. The net carrying amount of the equipment held under a finance lease is \$10,000 (2025: \$28,800). There are no restrictions placed on the Council by any of the finance leasing arrangements.

Comparison to budget

Borrowings are \$26 million lower than forecast. This reflects the difficulty in delivering the \$58 million 2025/26 capital programme together with carried forward capital projects from 2024/25.

Comparison to prior year

Borrowings are \$31.0 million higher than last year. This reflects Council's capital works programme, particularly the Paeroa Wastewater Treatment Plant construction, and also an additional \$5.0 million of pre-borrowing to forward fund future debt maturities.

Internal Borrowing

Council operates an internal treasury function, where cash surpluses from some activities are used to fund the borrowing requirements of other activities. This practice reduces Council's overall cost of borrowing by minimising the need for external debt. Internal borrowings are tracked through Council's internal records and interest is charged between activities, consistent with the Revenue and Financing Policy.

As these are funding movements within Council, both the internal borrowings and the associated internal interest charges are fully eliminated on consolidation. Only external debt and external financing costs are recognised in Council's financial statements.

	Opening balance \$000	Repayments \$000	Drawdowns \$000	Closing balance \$000	Internal interest Expense/(Revenue) \$000
2026					

Notes to the financial statements for the year ended 30 June 2026

Roading	11,214	0	1,106	12,319	511
Water	45,298	0	1,331	46,629	2,066
Wastewater	38,144	0	18,891	57,035	1,739
Land drainage & flooding	(3,319)	0	128	(3,191)	(114)
Stormwater	(2,867)	(465)	0	(3,332)	(101)
Waste management	925	(44)	0	882	42
Leadership	0	0	0	0	0
Community Services	7,409	(362)	0	7,047	338
Maanaki Toiora	0	0	0	0	0
Regulatory	0	0	0	0	0
Total	96,803	(871)	21,457	117,389	4,482

	Opening balance	Repayments	Drawdowns	Closing balance	Internal interest Expense/(Revenue)
	\$000	\$000	\$000	\$000	\$000
2025					
Roading	11,021	0	192	11,213	552
Water	40,702	0	4,596	45,298	2,039
Wastewater	19,415	0	18,729	38,144	973
Land drainage & flooding	(2,988)	(331)	0	(3,319)	(117)
Stormwater	(2,087)	(780)	0	(2,867)	(82)
Waste management	886	0	39	925	44
Leadership	0	0	0	0	0
Community Services	7,463	(54)	0	7,409	374
Maanaki Toiora	0	0	0	0	0
Regulatory	0	0	0	0	0
Total	74,412	(1,165)	23,558	96,803	3,783

Notes to the financial statements for the year ended 30 June 2026

Note 19 – Employee entitlements

Accounting policy

Short-term employee entitlements

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

A liability and an expense are recognised for bonuses where the Council or group has a contractual obligation or where there is a past practice that has created a constructive obligation, and a reliable estimate of the obligation can be made.

Long-term employee entitlements

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

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

Presentation of employee entitlements

Sick leave, annual leave, and vested long service leave are classified as a current liability. Non-vested retirement and long service leave expected to be settled within 12 months of balance date are also classified as a current liability. All other employee entitlements are classified as a non-current liability.

Critical accounting estimates and assumptions

Estimating retirement and long service leave obligations

The present value of retirement and long service leave obligations depend on several factors that are determined on an actuarial basis. Two key assumptions used in calculating this liability include the discount rate and the salary inflation factor. Any changes in these assumptions will affect the carrying amount of the liability.

Expected future payments are discounted using forward discount rates derived from the yield curve of New Zealand government bonds. The discount rates used have maturities that match, as closely as possible, the estimated future cash outflows.

The salary inflation factor has been determined after considering historical salary inflation patterns and after obtaining advice from an independent actuary. A weighted average discount rate of 5.76% (2025: 4.80%) and an inflation factor of 3.12% (2025: 2.89%) were used.

Notes to the financial statements for the year ended 30 June 2026

	2026 Budget	2026 Actual	2025 Actual
Total employee entitlements (\$000's)	3,286	2,823	2,722

Breakdown of employee entitlements and further information

	2026 Actual \$000's	2025 Actual \$000's
Current portion		
Accrued pay	623	547
Annual leave	1,834	1,769
Retirement and long service leave	59	56
Sick leave	87	81
Total current portion	2,603	2,454
Non-current portion		
Retirement and long service leave	220	268
Total non-current portion	220	268
Total employee entitlements	2,823	2,722

Comparison to budget

The total employee entitlements balance was \$2.8 million, which is \$0.5 million lower than the budgeted amount. This reflects efforts to reduce the balances of several staff with high leave balances.

Comparison to prior year

The total employee entitlements balance at 30 June 2026 was \$2.8 million, which is closely aligned with the prior year's amount, and reflects the reductions outlined above, offset by payroll inflation.

Notes to the financial statements for the year ended 30 June 2026

Note 20 – Provisions

Accounting policy

A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that an outflow of future economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in "finance costs" (see Note 5) or interest revenue (see Note 3) if the discount unwind is negative.

Critical accounting estimates and assumptions

Estimating the landfill aftercare costs

The cash outflows for landfill post-closure costs are expected to occur over the next 15-25 years (site dependent). The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred.

The future cash outflows for the provision have been estimated taking into account existing technology and known changes to legal requirements. The gross provision before discounting is \$1,507,000 (2025: \$1,812,000). The following significant assumptions have been made in estimating the provision:

- A discount rate of 2.97%-5.85% (2025: 3.14%-5.99%) has been used to discount the estimated future cash outflows.
- An annual inflation factor of 1.96%-2.70% has been applied in estimating the future cash outflows (2025: 1.98%-2.10%)
- Landfill rehabilitation/aftercare costs have been assumed to range from 15 to 25 years (2025: 15-25 years)

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

	2026 Budget	2026 Actual	2025 Actual
Total provisions (\$000's)	1,246	1,120	1,137

Breakdown of provisions and further information

	2026 Actual \$000's	2025 Actual \$000's
Current portion		
Other	0	0
Landfill aftercare	177	164
Total current provision	177	164
Non-current portion		
Landfill aftercare	943	973

Notes to the financial statements for the year ended 30 June 2026

Total non-current portion	943	973
Total provision	1,120	1,137

The movement in the provision is as follows:

	2026 Actual \$000's	2025 Actual \$000's
Opening balance as at 1 July	1,137	1,246
Additional provisions	0	0
Amounts used	(167)	(186)
Restatement of future liability	65	441
Discount unwind	85	(363)
Closing balance as at 30 June	1,120	1,137

Comparison to budget

The total provision for landfill aftercare was similar to the budget amount.

Comparison to prior year

The provision was similar to the prior year.

Notes to the financial statements for the year ended 30 June 2026

Note 21 – Contingent liabilities

Contingent liabilities

	2026 Actual \$000's	2025 Actual \$000's
Land acquisition compensation claim	0	0
Property Defects	25	0
Licence to Occupy of Road Reserve	0	80
Total contingent liabilities	25	80

Land Access Compensation

Council is undertaking a capital project that requires access to private land for the installation of new infrastructure. To enable this project to proceed, compensation is required to be paid to the landowner for use of the land. Council has offered compensation, but the landowner has indicated that a higher amount may be sought. The final amount of compensation payable remains subject to agreement with the landowner.

At balance date, the matter had not been settled, and the project cannot progress until resolution is reached. The amount of any additional liability cannot be reliably measured at this stage. Accordingly, no provision has been recognised in these financial statements.

Property Defects

Council has received a claim relating to property defects at a residential property. The matter is before the courts.

The maximum contingency is Council's insurance excess.

Hauraki Rail Trail

Hauraki District Council, together with Thames-Coromandel District Council (TCDC) and Matamata-Piako District Council (MPDC), is a party to a trust deed establishing the Hauraki Rail Trail Charitable Trust (the Trust). The deed, signed on 2 March 2012, enables the Trust to own, operate, maintain, repair, develop, and facilitate the use and enjoyment of a cycle trail within the region.

Under the accompanying Management Agreement, the Trust is responsible for generating sufficient revenue to meet its management and operational obligations. If the Trust is unable to do so, the three settlor Councils have agreed to contribute funding to cover any shortfall.

Funding obligations are apportioned as follows:

- Strategic and overhead costs are shared equally among the three Councils; and
- Proportionate costs, which relate to specific sections of the trail, are allocated based on the length of the trail within each Council's district.

Ministry of Business, Innovation and Employment (MBIE) have provided additional funding to the Trust to help fund annual maintenance costs. This has enabled the Council to use its own contributions to help the Trust lift the level of service it provides.

Any request by the Trust for additional Council funding must be to cover a demonstrated shortfall and is subject to a formal approval process, including Council resolution.

As at 30 June 2026, the Council is not aware of any current or pending funding requests from the Trust. While the Management Agreement creates a potential funding obligation, the likelihood of a call on Council funding

Notes to the financial statements for the year ended 30 June 2026

as at balance date is considered low. Accordingly, no provision has been recognised in the financial statements.

New Zealand Local Government Funding Agency

Council is a guarantor of the New Zealand Local Government Funding Agency Limited (NZLGFA). The NZLGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand.

Fitch Ratings affirmed LGFA's long-term domestic and foreign currency credit rating as AA+ on 25 March 2026. S&P Global Ratings (S&P) affirmed LGFA's domestic currency credit rating at AAA and foreign currency rating at AA+ on 18 March 2025. The LGFA's credit ratings remain equivalent to the New Zealand Government from both S&P and Fitch Ratings

As of 30 June 2026, Council is one of 30 local authority shareholders and 74 local authority guarantors of the LGFA. The New Zealand Government also has a 20% shareholding in the LGFA. The LGFA has \$20m of uncalled capital from its council shareholders that is available in the event that an imminent default is identified. Also, together with the other shareholders and guarantors; Council is a guarantor of all of LGFA's borrowings.

On 30 June 2026, LGFA had issues loans to the local government sector totalling \$24.1 billion (2025: \$22.7 billion).

Financial reporting standards require Council to recognise the guaranteed liability at fair value. However, Council has been unable to determine a sufficiently reliable fair value for the guarantee and therefore has not recognised a liability. Council considers the risk of NZLGFA defaulting on repayments of interest or capital to be very low on the basis that:

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

Waikato Water Limited

Together with five other Waikato councils, Council is a shareholder and guarantor of the Waikato Waters Limited (WWL).

Council together with the other council shareholders guarantee WWL's borrowings from the LGFA. At 30 June 2026 WWL had yet to borrow from the LGFA.

Riskpool

Hauraki District Council was previously a member of the New Zealand Mutual Liability Riskpool scheme ('Riskpool'). The scheme is in the process of winding down. However, the Council retains an ongoing obligation to contribute to the scheme should a call be made in respect of historical claims (to the extent those claims are not covered by reinsurance), and to fund the ongoing operations of the scheme.

At this time, the financial effect of any further potential calls cannot be reliably quantified and remains contingent on the outcomes of the legal and reinsurance processes. Accordingly, no provision has been made in the financial statements for any future contributions beyond those already invoiced and paid.

Contract Variations and Claims

As at 30 June 2025, Council had a number of significant capital projects and asset construction workstreams in progress. These projects are subject to contractual arrangements with external contractors. From time to time, variations to contract terms, scope changes, or claims may be raised in the ordinary course of delivering such projects.

Several workstreams are currently subject to contractor requests for variations or other contractual matters that could result in additional costs to Council beyond the initial awarded contract price. The outcome of

Notes to the financial statements for the year ended 30 June 2026

these matters is dependent on the resolution of negotiations, assessment processes, or other contractual mechanisms, and remains inherently uncertain.

Due to the number of contracts involved, the stage of discussions, and the complexity of the issues, the financial effect of these potential liabilities cannot be quantified reliably at this time. Any obligations that do arise will be recognised in the financial statements when it becomes probable that an outflow of resources will be required and the amount can be measured reliably.

Other claims

Other outstanding legal claims as of 30 June 2026 cannot yet be quantified (2025: nil).

Contingent assets

There are no contingent assets as of 30 June 2026 (2025: nil).

Notes to the financial statements for the year ended 30 June 2026

Note 22– Equity

Accounting policy

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

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

Other reserves

Other reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Other reserves are those subject to specific conditions accepted as binding by Council and which may not be revised by Council without approval by Council. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Property revaluation reserve

This reserve relates to the revaluation of property, plant, and equipment to fair value. Fair value through other comprehensive revenue and expense reserve.

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

Fair value through other comprehensive revenue and expense reserve

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

Other reserves

Further information about other reserve funds held for a specific purpose are provided below:

	Opening	Transfers in	Transfers out	Closing
Other reserves consist of:	\$000's	\$000's	\$000's	\$000's
2026				
Financial contributions				
District community recreation	24	0	0	24
Plains community recreation	80	57	(6)	132
Paeroa community recreation	84	0	0	84
Waihi community recreation	322	0	0	322
Council created reserves				
District community projects assistance	739	57	(93)	704
Economic development projects	77	0	0	77
Creative New Zealand Arts Grants	103	0	(16)	87
Thames Valley Turf Trust	61	22	0	83
Quarry renewal	750	0	(38)	712
Total other reserves	2,240	136	(152)	2,225

Notes to the financial statements for the year ended 30 June 2026

Other reserves consist of:	Opening \$000's	Transfers in \$000's	Transfers out \$000's	Closing \$000's
2025				
Financial contributions				
District community recreation	24	0	0	24
Plains community recreation	106	64	(90)	80
Paeroa community recreation	84	0	0	84
Waihi community recreation	513	0	(190)	322
Council created reserves				
District community projects assistance	688	199	(148)	739
Economic development projects	77	0	0	77
Creative New Zealand Arts Grants	107	0	(4)	103
Economic development projects	39	22	0	61
Quarry renewal	748	2	0	750
Total other reserves	2,385	287	(432)	2,240

Other reserves

Financial contributions

District, Paeroa, Plains, and Waihi Community Recreational Funds

These reserve funds are historic and were used to accumulate Financial Contributions prior to Council changing to a Development Contributions regime.

The balances will be used to fund community recreational facilities capital works.

These funds relate to the Community Services activity only.

Council created reserves

District Community Projects Assistance Fund

This reserve fund is to assist with the completion of community projects. The fund relates to all activities.

Economic development projects

This reserve fund is to provide funding for the economic development projects. The fund relates to all activities.

Creative New Zealand Arts Grants Fund

This reserve fund is for short-term funding for artists, arts practitioners, and arts organisations to complete a project. The fund relates to the Manaaki Toiora activity.

Thames Valley Turf Fund

This reserve fund is to provide funding for the works associated with the Thames Valley Turf at the Hugh Hayward Domain. The fund relates Community Services activity only.

Quarry Renewal Fund

This Reserve Fund is to provide funding for the cost of rehabilitating Tetley's Quarry post-closure. The activity that this reserve relates to is Business Support.

Notes to the financial statements for the year ended 30 June 2026

Asset revaluation reserves

Further information about asset revaluation reserve funds are provided below:

Asset revaluation reserves consist of:	Opening \$000's	Transfers in \$000's	Transfers out \$000's	Closing \$000's
2026				
Operational Assets				
Land	50,900	0	(193)	50,707
Buildings	22,045	0	(88)	21,957
Infrastructural Assets				
Wastewater	77,997	2,272	(17)	80,252
Water	67,366	(7,609)	(644)	59,114
Land drainage and Stormwater	42,201	5,772	(36)	47,938
Roading	320,899	0	(877)	320,022
Total asset revaluation reserves	581,409	436	(1,855)	579,990
2025				
Operational Assets				
Land	50,900	0	0	50,900
Buildings	22,765	0	(720)	22,045
Infrastructural Assets				
Wastewater	73,093	4,913	(9)	77,997
Water	48,670	18,845	(149)	67,366
Land drainage and Stormwater	38,667	3,606	(72)	42,201
Roading	126,731	194,409	(241)	320,899
Total asset revaluation reserves	360,827	221,773	(1,191)	581,409

Capital management

The Council's capital is its equity (or ratepayers' funds), which comprise accumulated funds and reserves. Equity is represented by net assets.

The LGA requires the Council to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community.

Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings. The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the LGA and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets and not expecting them to meet the full cost of long-term assets that will benefit ratepayers in future generations.

Additionally, the Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure that ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The LGA requires the Council to make adequate and effective provision in its Long-Term Plan (LTP) and in its annual plan (where applicable) to meet the expenditure needs identified in those plans. The LGA also sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's LTP.

Notes to the financial statements for the year ended 30 June 2026

Note 23– Related party transactions

Key management personnel compensation

	2026 Actual \$000's	2025 Actual \$000's
Key management personnel compensation		
Councillors		
Remuneration	642	619
Full-time equivalent members	19	14
Senior Management Team, including the Chief Executive		
Remuneration	1,505	1,200
Fulltime equivalent members	6	4
Total key management personnel remuneration	2,147	1,819
Total full-time equivalent personnel	25	18

Due to the difficulty in determining the full-time equivalent for Councillors, the full-time equivalent figure is taken as the number of Councillors.

An analysis of Councillor remuneration and further information on Chief Executive remuneration is provided in Note 4.

The figures above include pertaining to Councillor remuneration include an annual communication allowance of \$1,757 paid to each Councillor (2025: \$1,817). The Mayor received a communication allowance of \$1,054 (2025: \$1,090)

Destination Hauraki Coromandel Trust

Hauraki District Council is a settlor of the Destination Hauraki Coromandel Trust (the Trust). The Trust was established to promote tourism and economic development within the Coromandel and Hauraki regions.

Council, together with Thames-Coromandel District Council, has the ability to appoint trustees to the Trust. However, Council does not control the Trust, nor does it have significant influence over the Trust for the purposes of PBE IPSAS 35 or PBE IPSAS 36.

Notwithstanding the above, the Trust is considered a related party of Council in accordance with PBE IPSAS 20 due to Council's involvement in the establishment of the Trust, its ability to appoint trustees, and the nature of ongoing transactions between the parties.

During the year, Council entered into a lease arrangement with the Trust for the use of a motor vehicle. Lease income recognised in relation to this arrangement was \$4,100 (2025: nil).

The lease arrangement is not priced on a commercial basis and reflects Council's role in supporting the Trust to deliver tourism outcomes within the district.

There were no amounts outstanding at balance date (2025: \$Nil).

Related party transactions required to be disclosed

There are no other related party transactions that are required to be disclosed in accordance with *PBE IPSAS 20* Related Party Disclosures.

Related party disclosures have not been made for transactions with related parties that are:

- With related parties that are within a normal supplier or client/recipient relationship; and
- On terms and conditions no more or less favourable than those that it is reasonable to expect the Council would have adopted in dealing with the party at arm's length in the same circumstances

Notes to the financial statements for the year ended 30 June 2026

Note 24 – Events after balance date

Transfer of water services to Waikato Waters Limited

The Water Services Act 2025 established a new framework for the delivery of drinking water, wastewater and stormwater services in New Zealand under the Government's Local Water Done Well reform programme. The Act requires councils to demonstrate the long-term financial sustainability and operational capability of their water services and provides for councils to either continue delivering water services directly or through council-controlled water organisations.

As part of these reforms, Hauraki District Council is participating in Waikato Waters Limited, a council-controlled water organisation established by participating councils within the Waikato region to provide drinking water and wastewater services.

Waikato Water Limited commenced operations on 1 July 2026, with the transfer of water services assets, liabilities and operations from participating Councils that elected to transfer at that date.

Hauraki District Council is scheduled to transfer its drinking water and wastewater activities, including associated infrastructure assets, liabilities and selected staff, to Waikato Waters Limited on 1 July 2027. Until that date, Council will continue to own and operate its water supply and wastewater networks and will continue to recognise the associated assets and liabilities in this annual report.

Council holds shares in Waikato Water Limited in accordance with the agreed ownership arrangements between participating councils. Shareholding proportions are based on the number of water connections within each participating council area.

Further information on the financial performance of Council's water supply and wastewater activities, including the revenue and expenditure attributable to those activities for the year, is provided in the Cost of Service Statements on page 45 for Water supply and page 50 for wastewater.

As part of the establishment of Waikato Water Limited, participating Councils have agreed to fund establishment and transitions costs via loans from Council to Waikato Water Limited. Any borrowings associated with these costs are expected to transfer to Waikato Waters Limited when Council's water services activities transfer on 1 July 2027. Total loans to Waikato Waters Limited for the establishment and transition costs are \$3,199,880 as at 30 June 2026.

At 30 June 2026, the carrying value of water supply and wastewater infrastructure assets expected to transfer to Waikato Waters Limited was:

Asset Class	Carrying Value (\$000)
Water supply assets	135,417
Wastewater assets	154,902
Total	290,319

As at 30 June 2026, debt directly attributable to the water supply and wastewater activities which is expected to be transferred to Waikato Waters on 1 July 2027 was \$103,664,952.

The transfer of Council's water services activities on 1 July 2027 is expected to result in the future derecognition of a significant portion of Council's infrastructure assets, associated liabilities and water service operations. The detailed accounting treatment and financial impact of the transfer continue to be assessed and cannot yet be reliably quantified.

This decision represents a significant future change in Council's service delivery responsibilities. However, as the transfer will not take effect until a future financial period, the event is considered non-adjusting for the purposes of these financial statements.

Notes to the financial statements for the year ended 30 June 2026

Note 25 – Financial instruments

Financial instrument categories

The carrying amounts of financial assets and liabilities in each of the financial instrument categories are as follows:

Financial assets

	2026 Actual \$000's	2025 Actual \$000's
Financial assets		
Mandatorily measured at fair value through surplus or deficit		
Derivative financial instrument liabilities	53	61
Total fair value through surplus or deficit	53	61
Financial assets at amortised cost		
Cash and cash equivalents	18,518	13,700
Receivables	14,747	13,321
<i>Other financial assets</i>		
Community loans	56	75
Borrower notes from Local Government Funding Agency	4,837	4,876
Term deposits	10,000	15,000
Total financial assets at amortised cost	48,158	46,972
Fair value through other comprehensive revenue and expense		
<i>Other financial assets</i>		
Unlisted shares	678	545
Total fair value through other comprehensive revenue and expense	678	545

Financial liabilities

	2026 Actual \$000's	2025 Actual \$000's
Financial liabilities		
Mandatorily measured at fair value through surplus or deficit - held for trading		
Derivative financial instrument liabilities	1,104	1,271
Total fair value through surplus or deficit - held for trading	1,104	1,271
Financial liabilities at amortised cost		
Payables	7,506	9,856
<i>Borrowings</i>		
Finance lease liabilities	11,504	28
Secured loans	172,388	140,000
Total financial liabilities at amortised cost	179,905	149,885

Notes to the financial statements for the year ended 30 June 2026

Fair value hierarchy

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

- Quoted market price (level 1) – Financial instruments with quoted prices for identical instruments in active markets.
- Valuation technique using observable inputs (level 2) – Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Valuation techniques with significant non-observable inputs (level 3) – Financial instruments valued using models where one or more significant inputs are not observable.

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the statement of financial position:

	Total	Valuation technique		
		Quoted market price	Observable inputs	Non-observable inputs
	\$'000's	\$'000's	\$'000's	\$'000's
2026				
Financial assets				
Shares	678	0	0	678
Derivatives	53	0	53	0
2025				
Financial assets				
Shares	545	0	0	545
Derivatives	61	0	61	0

There were no transfers between the different levels of the fair value hierarchy.

Valuation techniques with significant non-observable inputs (level 3)

The table below provides a reconciliation from the opening balance to the closing balance for the level 3 fair value measurements:

	2026 Actual \$'000's	2025 Actual \$'000's
Balance at 1 July	545	528
Gains and losses recognised in other comprehensive revenue and expense	133	17
Transfers into level 3	0	0
Transfers out of level 3	0	0
Balance at 30 June	678	545

Changing a valuation assumption to a reasonable possible alternative assumption would not significantly change fair value.

Notes to the financial statements for the year ended 30 June 2026

Financial instrument risks

The Council's activities expose it to a variety of financial instrument risks, including market risk, credit risk, and liquidity risk. The Council has a series of policies to manage the risks associated with financial instruments and seeks to minimise exposure from its treasury activities. The Council has established Council approved Liability Management and Investment policies. These policies do not allow any transactions that are speculative in nature to be entered.

Market risk

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Council purchases plant and equipment for various activities from overseas, which require it to enter into transactions denominated in foreign currencies. As a result of these activities, exposure to currency risk arises.

Interest rate risk

Council is exposed to interest rate risk and seeks to minimise this exposure through adopted treasury policies. This includes entering into interest rate options or interest rate swap agreements. As at 30 June 2026, the Council had entered into interest rate swap agreements to a value of \$90 million at interest rates between 2.27% and 4.16%. (2025: \$107m at interest rates between 2.27% and 4.16%).

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose the Council to cash flow interest rate risk.

Generally, the Council raises long-term borrowings at floating rates and swaps them into fixed rates using interest rate swaps in order to manage the cash flow interest rate risk. Such interest rate swaps have the economic effect of converting borrowings at floating rates into fixed rates that are generally lower than those available if the Council borrowed at fixed rates directly. Under the interest rate swaps, the Council agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

Credit risk

Credit risk is the risk that a third party will default on its obligation to the Council, causing it to incur a loss. Due to the timing of its cash inflows and outflows, surplus cash is invested into term deposits, which gives rise to credit risk. The Council can also provide financial guarantees, which gives rise to credit risk.

The Council's investment policy limits the amount of credit exposure to any one financial institution or organisation. The Council reduces its exposure to credit risk by only placing investments in accordance with its investment policy which ensures dispersion and minimisation of risk. The Council invests funds only with entities that have a Standard and Poor's credit rating of at least A-1 for short-term and A for long-term investments. The Council has no collateral or other credit enhancements for financial instruments that give rise to credit risk.

Notes to the financial statements for the year ended 30 June 2026

Maximum exposure to credit risk

The Council's maximum credit risk exposure for each class of financial instrument is as follows:

	2026 Actual \$000's	2025 Actual \$000's
Cash at bank and term deposits	28,518	28,700
Receivables	13,928	13,321
Community loans	55	75
Derivative financial instrument assets	53	61
NZ LGFA Borrower notes	4,837	4,876
NZ LGFA unlisted shares	586	453
Total maximum exposure to credit risk	47,977	47,486

The Council is exposed to credit risk as a guarantor of all the LGFA's borrowings. Information about this exposure is explained in Note 21 - Contingencies.

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates.

	2026 Actual \$000's	2025 Actual \$000's
Counterparties with credit ratings		
Cash at bank and term deposits		
AA-	28,518	28,700
Derivative financial instruments		
AA-	53	61
NZ LGFA Borrower notes		
AA+	4,837	4,876
NZ LGFA unlisted shares		
AA+	586	453
Counterparties without credit ratings		
Community and related loans with no defaults in the past	55	75

Receivables arise mainly from the Council's statutory functions. Therefore, there are no procedures in place to monitor or report the credit quality of receivables with reference to internal or external credit ratings. The Council has no significant concentrations of credit risk in relation to receivables, as it has a large number of credit customers, mainly ratepayers, and the Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

Liquidity risk

Management of liquidity risk

Liquidity risk is the risk that the Council will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities, and the ability to close out market positions. The Council aims to maintain flexibility in funding by keeping committed credit lines available.

As part of meeting its liquidity requirements, the Council maintains a target level of investments that must mature within the next 12 months. The Council manages its borrowings in accordance with its funding and financial policies, which include a Liability Management policy.

Notes to the financial statements for the year ended 30 June 2026

The Council has a maximum amount that can be drawn down against its on-call facility of \$12.0 million (2025: \$12.0 million). There are no restrictions on the use of this facility.

The Council is exposed to liquidity risk as a guarantor of all of the LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. Information about this exposure is explained in Note 21 - Contingencies.

Contractual maturity analysis of financial liabilities, excluding derivatives

The table below analyses the Council's financial liabilities (excluding derivatives) into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. Future interest payments on floating rate debt are based on the floating rate on the instrument at balance date. The amounts disclosed are the contractual undiscounted cash flows and include interest payments.

	Carrying amount \$000's	Contractual cash-flows \$000's	Less than 1 year \$000's	1-5 years \$000's	More than 5 years \$000's
2026					
Payables	8,894	8,894	8,894	0	0
Secured loans	171,000	177,208	69,251	107,957	0
Finance leases	12	21	11	11	11
Total financial liabilities	179,905	186,123	78,155	107,967	11
2025					
Payables	9,856	9,856	9,856	0	0
Secured loans	140,000	151,393	36,277	115,116	0
Finance leases	27	27	16	12	0
Total financial liabilities	149,884	161,277	46,149	115,128	0

Contractual maturity analysis of derivative financial instrument liabilities

The table below analyses the Council's derivative financial instrument liabilities into those that are settled on a net basis and those that will be settled on a gross basis into their relevant maturity groupings based on the remaining period at balance date to the contractual maturity date.

The amounts disclosed are the contractual undiscounted cash flows.

	Liability carrying amount \$000's	Contractual cash-flows \$000's	Less than 1 year \$000's	1-5 years \$000's	More than 5 years \$000's
2026					
Nett settled derivative liabilities	1,064	1,064	106	958	0
Total derivatives	1,064	106	958	0	468
2025					
Nett settled derivative liabilities	1,271	1,271	74	729	468
Total derivatives	1,271	1,271	74	729	468

Contractual maturity analysis of financial assets

The table below analyses the Council and group's financial assets into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date.

The amounts disclosed are the contractual undiscounted cash flows and include interest receipts.

Notes to the financial statements for the year ended 30 June 2026

	Carrying amount \$000's	Contractual cash-flows \$000's	Less than 1 year \$000's	1-5 years \$000's	More than 5 years \$000's
2026					
Cash and cash equivalents	13,928	13,928	13,928	0	0
Receivables					
<i>Other financial assets</i>					0
Community loans	55	55	19	36	0
Borrower notes	4,837	4,837	614	4,223	0
Term deposits	10,000	10,000	10,000	0	0
Total financial assets	28,820	28,820	24,561	4,259	0
2025					
Cash and cash equivalents	20,950	20,950	20,950	0	0
Receivables	13,321	13,321	13,321	0	0
<i>Other financial assets</i>					
Community loans	75	75	20	55	0
Borrower notes	4,876	4,876	1,289	3,587	0
Term deposits	15,000	15,000	15,000	0	0
Total financial assets	54,222	54,222	50,580	3,642	0

Contractual maturity analysis of derivative financial instrument assets

The table below analyses the Council's derivative financial instrument asset into those that are settled on a net basis and those that will be settled on a gross basis into their relevant maturity groupings based on the remaining period at balance date to the contractual maturity date.

The amounts disclosed are the contractual undiscounted cash flows.

	Asset carrying amount \$000's	Contractual cash-flows \$000's	Less than 1 year \$000's	1-5 years \$000's	More than 5 years \$000's
2026					
Nett settled derivative assets	12	12	0	12	0
Total derivatives	12	12	0	12	0
2025					
Nett settled derivative assets	61	61	0	61	0
Total derivatives	61	61	0	61	0

Notes to the financial statements for the year ended 30 June 2026

Sensitivity analysis

The tables below illustrate the potential effect on the surplus or deficit and equity (excluding accumulated funds) for reasonably possible market movements, with all other variables held constant, based on the Council financial instrument market risk exposures at balance date.

	-50bps		+50bps	
	Surplus	Other equity	Surplus	Other equity
Interest rate risk – financial assets	\$000's	\$000's	\$000's	\$000's
2026				
Financial assets				
Cash and cash equivalents	(227)	0	227	0
Derivatives	(7)	0	273	0
Total sensitivity	(234)	0	500	0
2025				
Financial assets				
Cash and cash equivalents	(127)	0	127	0
Derivatives	(153)	0	391	0
Total sensitivity	(279)	0	518	0

	-50bps		+50bps	
	Surplus	Other equity	Surplus	Other equity
Interest rate risk – financial liabilities	\$000's	\$000's	\$000's	\$000's
2026				
Financial liabilities				
Derivatives	(1,120)	0	831	0
Total sensitivity	(1,120)	0	831	0
2025				
Financial liabilities				
Derivatives	(1,327)	0	1,063	0
Total sensitivity	(1,327)	0	1,063	0

Explanation of interest rate risk sensitivity

The interest rate sensitivity is based on a reasonable possible movement in interest rates, with all other variables held constant, measured as a basis points (bps) movement. For example, a decrease in 50 bps is equivalent to a decrease in interest rates of 0.5%. The sensitivity for derivatives (interest rate swaps) has been calculated using a derivative valuation model based on a parallel shift in interest rates of -50bps/+50bps (2025: -50bps/+50bps)

Our service providers | Ngā Kaituku Ratonga

We are required under the Local Government Act 2002 to include information in our annual report on Council-Controlled Organisations (CCOs) in which we are a shareholder. In accordance with Schedule 10, clause 28 of the Local Government Act 2002, the following section includes:

- identification of the CCOs relevant to the Hauraki District Council
- a report on the extent to which our significant policies and objectives in regard to ownership and control of the organisation (as set out in the relevant long term plan or annual plan) have been implemented or attained in the year to which the report relates
- a comparison between the nature and scope of the activities intended to be provided by the organisation in 2025/26 and the nature and scope of the activities actually provided by the organisation in that year
- a comparison between actual performance and the key performance targets as detailed in the Long-Term Plan, by which performance is to be assessed.

We are a shareholder in two CCOs being the Waikato Local Authority Shared Services Limited (known as Co-Lab) and New Zealand Local Government Funding Agency Limited (LGFA).

We also have an interest in three council organisations that are currently exempt from the full reporting requirements of a CCO. These are therefore not included in this annual report. These organisations are Destination Coromandel Trust, Hauraki Rail Trail Charitable Trust and Martha Trust. We are also a shareholder of a fourth organisation, Civic Financial Services Limited, which is exempt from being a CCO under the Local Government Act, 2002.

We have no significant policies or objectives about the ownership and control of Waikato Local Authority Shared Services Ltd or New Zealand Local Government Funding Agency Ltd. Appointment of directors to these organisations is made in accordance with our Appointment of Remuneration and Directors Policy. This can be viewed on our website [Policies - Hauraki District Council \(hauraki-dc.govt.nz\)](https://www.hauraki-dc.govt.nz/policies)

Co-Lab

In December 2005 the local authorities in the Waikato Region established Local Authority Shared Services Limited (WLASS) as a company and a Council-Controlled Organisation (CCO), for the purpose of working closely together on mutually beneficial joint projects to achieve better outcomes and cost savings for shareholders. Since December 2021 it is now trading as Co-Lab

Shareholders

Co-Lab is jointly owned by the 12 local authorities of the Waikato Region. Each local authority owns an equal number of shares in Co-LAB. The local authorities are: Hamilton City Council, Hauraki District Council, Matamata-Piako District Council, Otorohanga District Council, Rotorua Lakes Council, South Waikato District Council, Thames-Coromandel District Council, Tāupo District, Waikato District Council, Waikato Regional Council, Waipa District Council and Waitomo District Council.

Council Policies and Objectives relating to Co-Lab

The Council does not have any significant policies or objectives about ownership and control of Co-Lab. Council has an Appointment and Remuneration of Directors for Council Organisations Policy in place.

Objectives of Company

The objectives of Co-Lab are:

- Achieve effectiveness and efficiency gains

- Reduce duplication of effort and eliminate waste through repetition.
- Helping the Councils achieve an appropriate balance in risk and return.
- Promote and contribute to the development of best practice.
- Make it easier for communities to engage with Councils in the Waikato region on a consistent basis.
- Promote business transformation to improve communities' experiences.

Board and employees

The company has a Chief Executive, General Manager Service Delivery, Manager Project Delivery, Manager Communications, Change and Relationships, Manager Finance and an Executive Assistant,

The Co-Lab Board includes the following members:

- An independent Chair; and
- Shareholding Council representation, appointed by:
- Waikato Regional Council, Hamilton City Council, Central Waikato, East Waikato, South Waikato

Nature and scope of activities

The major initiatives operating under the Co-Lab umbrella are:

- Co-Lab Water Services (CWS)
- RATA
- Energy and Carbon Management
- Co-Lab Learning (CLL)
- Co-Lab Procurement Services
- Co-Lab Geospatial Services (CoGS)
- Waikato Regional Transport Model (WRTM)
- Regional Infrastructure Technical Specification.

Performance of Co-Lab in 2025/26

The performance targets as outlined in the 2025/26 Statement of Intent, and the results, are as follows and can be found on their website : [Co-Lab-2026-Annual-Report-with-Audit-Report.pdf](#)

PERFORMANCE MEASURES					
Strategic Goal	3-Year Objective	3-Year Tracking	Annual Target:	FY25-26	FY24-25
 GOAL 1: Shareholding Councils understand we provide them value	We know the value we provide shareholders has improved by 15%, by 30 June 2027* <i>(baseline y/e 30 June 24). *Based on the regional benefits of collaboration (not an individual councils' benefits from collaboration).</i>	On track	Year-on-year increase in the value we provide to councils.	FY25-26: \$14.7m in value we provide councils as measured by our benefit analysis.	FY24-25: \$11.4m in value we provide to councils as measured by our benefit analysis.
	By 30 June 2027, 80% of shareholders agree they get value from Co-Lab.	On track	80%+ of council survey respondents believe those Co-Lab services they received meet or exceed their expectations (evidenced by an annual survey).	FY25-26: 85% of council survey respondents believe those Co-Lab services they received met or exceeded their expectations. The survey response rate was 32% (307 were invited and 99 responses were received).	FY24-25: 88% of council survey respondents believe those Co-Lab services they received met or exceeded their expectations (evidenced by an annual survey) in FY25. The survey response rate was 41% (350 were invited to participate with 142 responses received).
 GOAL 2: Deliver value by growing the scale of our shared service function	24 new instances of Co-Lab shared services being utilised, by June 2027. <i>(baseline y/e 30 June 24)</i>	On track	Year-on-year increase in the utilisation of services we provide to councils.	FY25-26 entities onboarded: • 2 Co-Lab Water Services • 1 RIMU Service • 6 Co-Lab Building Services • 3 Professional Services Panel	FY24-25: New onboardings: • 5 RATA Spaces and Places councils • 1 Smart Water • 1 ECM • 1 Sampling & Analysis • 1 Co-Lab Building Services • 1 Professional Services Panel
	As outlined in our 2026 Statement of Intent, we will increase this to 28 for FY2027		Year-on-year increase in the number of services available to councils.	FY25-26: Introduced RIMU.	FY24-25: • Introduced RATA Spaces & Places • Launched Co-Lab Building Services
	All shareholders take up at least one additional shared service.	On track	Year-on-year increase in the utilisation of services we provide to councils.	FY25-26: 8 existing services taken up.	FY24-25: 4 existing services taken up.
 GOAL 3: Diverse, talented and motivated people work for us	Maintain staff engagement above 85%.	On track	Maintain staff engagement above 85%.	FY25-26: The overall engagement score was 90%. The survey response rate was 40% (61 were invited to participate with 25 responses received).	FY24-25: The engagement score was 86%. The survey response rate was 45% (49 were invited to participate with 22 responses received).
	Staff turnover is less than 15%.	On track	Staff turnover is less than 15%.	FY25-26: 16.7% staff turnover.	FY24-25: 10.5% staff turnover.
	Our vacancies are filled by suitable candidates within 3 months. <i>(baseline y/e 30 June 24)</i>	On track	Vacancies are filled by suitable candidates within 3 months.	FY25-26: Target met for most vacancies. Three exceptions arose due to unsuccessful recruitment rounds or recruitment being placed on hold.	FY24-25: The one advertised position was vacant for two months.

New Zealand Local Government Funding Agency (LGFA)

The New Zealand Local Government Funding Agency Ltd (LGFA) specialises in financing the New Zealand local government sector, the primary purpose being to provide more efficient financing costs and diversified financing sources for New Zealand local authorities. LGFA was established to raise debt on behalf of local authorities on terms that are more favourable to them than if they raised the debt directly.

New Zealand Local Government Funding Agency Limited (LGFA) was enabled under the Local Government Borrowing Act 2011 and was incorporated on 1 December 2011. LGFA is a Council-Controlled Organisation (CCO) operating under the Local Government Act 2002.

Shareholders

The LGFA Board is responsible for the strategic direction and control of LGFA's activities. The LGFA Board of Directors comprises of five independent directors and one non-independent director appointed by the shareholders. Additionally, the Shareholder's Council comprises five to ten appointees from the Council Shareholders and the New Zealand Government.

Council Policies and Objectives relating to LGFA

The Council does not have any significant policies or objectives about ownership and control of LGFA. Council has an Appointment and Remuneration of Directors for Council Organisations Policy in place.

Objectives of Company

The primary objective of LGFA is to optimise the debt funding terms and conditions for its member councils. Among other things this includes:

- Governance, capability and business practice
- Optimising financing services for local government
- Environmental and social responsibility
- Effective management of loans
- Industry leadership and engagement

Nature and scope of activities

LGFA will raise debt funding either domestically and/or offshore in either NZ dollars or foreign currency and provide debt funding to New Zealand local authorities and CCOs and may undertake any other activities considered by the Board of LGFA to be reasonably related or incidentally to, or in connection with, that business.

Performance against primary objectives

The following gives a summary of actual performance against the primary objectives that were outlined in the 2024-27 Statement of Intent (SOI). This information is as reported in the LGFA 2025/26 Annual Report. For detailed information on the LGFA performance results, see its Annual Report, published on the LGFA website: www.lgfa.co.nz

Governance, capability and business practice

Objectives	How we measure our performance
Demonstrate best practice corporate governance.	The Annual Report outlines our compliance with the eight core principles underpinning the NZX Corporate Governance Best Practice Code. The Shareholders' Council has requested a focus on succession planning for the Board.
Set and model high standards of ethical behaviour.	LGFA has adopted a formal Code of Ethics, incorporating its Conflicts of Interest and Code of Conduct policies, which sets out the standards and values that directors and employees are expected to follow.
Achieve the shareholder-agreed objectives and performance targets specified in this Statement of Intent.	LGFA reports performance against objectives quarterly to shareholders and in our Annual and Half Year Reports.
Ensure products and services offered to participating borrowers are delivered in a cost-effective manner.	LGFA prepares annual operating budgets and monitors progress against these monthly. Financial performance is reported quarterly to shareholders and in our Annual and Half Year Reports.
Be a good employer by providing safe working conditions, training and development and equal opportunities for staff	The Annual Report reports on our health and safety and wellbeing practices and policies, compliance with the Health and Safety at Work Act, diversity and inclusion and capability and development.

Environmental and social responsibility

Objectives	How we measure our performance
Assist the local government sector in achieving their sustainability and climate change objectives.	LGFA is committed to assist borrowers financing of projects that promote environmental and social wellbeing in New Zealand and to encourage a reduction in greenhouse gas emissions amongst borrowers. Green, Social & Sustainability (GSS) loan and Climate Action Loan applications from councils are appraised by the LGFA Sustainability Committee, with approved loans monitored for ongoing compliance.
Improve sustainability outcomes within LGFA.	LGFA is committed to reducing our carbon emissions and formalised processes to measure our greenhouse gas (GHG) emissions, as well as management plans to reduce our company's emissions.

Effective management of loans

Objectives	How we measure our performance
Proactively monitor and review each Participating Borrower's financial position, including its financial headroom under LGFA policies.	LGFA reviews all participating councils and CCOs financial statements on an annual basis and the agendas and management reports on an ongoing basis for all councils on the LGFA borrower watch-list.
Analyse finances at the Council group level where appropriate and report to shareholders.	Participating borrowers are required to complete annual compliance certificates by the end of November each year.
Endeavour to meet each participating borrower annually, including meeting with elected officials as required, or if requested	Number of participating borrowers visited in a year
Ensure a smooth transition of water-related loans if the Local Water Done Well Reforms progresses over forecast period.	LGFA will be able to ensure the successful transition of existing council water-related loans to the Water CCOs (if requested by a council)

Industry leadership and engagement

Objectives	How we measure our performance
Take a proactive role to enhance the financial strength and depth of the local government debt market and work with key central government and local government stakeholders on sector and individual council issues.	Report on actions undertaken and progress made on sector issues.
Assist the local government sector with significant matters such as the Local Water Done Well Reforms and Future for Local Government	Identifying any legislative or Central Government policy changes that may impact LGFA and undertake formal or informal submissions.
Maintain productive relationships with central government representatives.	Assist the local government sector with understanding any legislative or Central Government policy changes that may impact LGFA.
Support councils and CCOs in the development of reporting disclosures of the impacts of sector activity on climate change.	Report back on the alignment of LGFA and councils climate and emissions reporting requirements
	Report back in how we are helping smaller council's understand future reporting requirements.

Performance targets

Waikato Waters Limited

Waikato Waters Limited

Waikato Waters Limited is a council-controlled organisation established during 2025/26 under the Local Water Done Well framework to deliver drinking water and wastewater services for participating Waikato councils. The company was incorporated following agreement between seven Waikato councils: Hauraki District Council, Matamata-Piako District Council, Ōtorohanga District Council, South Waikato District Council, Taupō District Council, Waipā District Council and Waitomo District Council.

Hauraki District Council is a shareholder in Waikato Waters Limited. At incorporation, on 24 July 2025, each participating council held 100 Stage 1 shares.

Nature and scope of activities

Waikato Waters Limited has been established to provide safe, reliable, sustainable and financially responsible drinking water and wastewater services across the participating council areas. Its activities include operating and maintaining water supply and wastewater networks, planning and delivering renewals and capital investment, supporting compliance with water quality and environmental requirements, and providing customer-focused water services.

The establishment of Waikato Waters Limited enables participating councils to retain council ownership and local influence while working together regionally to deliver water services. The model is intended to support long-term affordability, access to financing, consistent service delivery, and compliance with the regulatory requirements applying to water service providers.

During the 2025/26 year, Waikato Waters Limited activities were focused primarily on establishment, governance, and transition planning in preparation for assuming responsibility for drinking water and wastewater services for the first transferring Councils from 1 July 2026, with Waipā, Waitomo and South Waikato District Councils transferring as of 1 July 2026. Matamata-Piako District Council are scheduled to transfer 1 October 2026 and Hauraki and Ōtorohanga District Councils are scheduled to transfer 1 July 2027. Accordingly, the nature and scope of activities undertaken during the year were largely transitional and were consistent with the company's establishment purpose and implementation programme.

Council policies and objectives relating to ownership and control

Council's objective in becoming a shareholder in Waikato Waters Limited is to ensure drinking water and wastewater services are delivered in a way that is financially sustainable, compliant with regulatory standards, responsive to growth, and accountable to local communities.

Council's ownership interest is exercised through the shareholder arrangements set out in the [Waikato Waters Limited Constitution and Shareholders' Agreement](#).

A Shareholder Representative Forum has been established to provide shareholder oversight, set shareholder expectations, appoint directors, and monitor the company's performance. Council intends to use these arrangements to ensure that Waikato Waters Limited operates consistently with the expectations of its shareholding councils and in the long-term interests of the communities it serves.

Key performance targets and measures

As Waikato Waters Limited was established during the 2025/26 year and did not assume responsibility for any of the first transferring Councils drinking water and wastewater services until 1 July 2026, no operational full-year performance targets or measures for water service delivery have been prepared. It is expected that the first of these will be prepared for the period 1 July 2026 to 30 June 2027, and as such will be available for 2026/27 annual reporting period.

Future performance will be assessed through the company's accountability documents, including its statement of intent, half-yearly reports and annual reports. Performance measures are expected to include service reliability, drinking water compliance, wastewater compliance, customer service, delivery of renewals and capital works, financial sustainability, and progress against agreed shareholder expectations.

Exempt Council Controlled Organisations (CCO)

Council has an interest in three council controlled organisations that are exempt from the full reporting requirements of a CCO. They are Martha Trust, Destination Hauraki Coromandel Trust and Hauraki Rail Trail Charitable Trust (the trusts)

The Local Government Act 2002 (LGA) section 7(3) provides for the exemption of a small organisation that is not a council controlled trading organisation from being a CCO and from the accountability requirements of the LGA. The trusts have been exempted from being a CCO by resolution of the Council. An exemption must be reviewed within three years after it is granted or after the first review not more than three years following the last review. Council may, at any time revoke an exemption. The exemptions for the trusts have been granted and reconfirmed by the Council. .

The exemptions were granted on the basis that it is not practical or efficient for full accountability requirements and performance monitoring to take place. Council does request that as a minimum all exempted CCOs provide an annual report of Trust activities and financial statements or statement of funds. By granting an exemption the Council has provided dispensation from any form of accountability and monitoring processes.

In accordance with section 7(3) of the LGA, the exemptions of the trusts as a CCO will again be reviewed in three years, or earlier if required.

Martha Trust

The Martha Trust (the Trust) was established in 2001 by a joint venture known as the Waihi Gold Company, settling the sum of \$10 to create the trust fund. The main purpose of the Trust is to monitor and maintain in perpetuity the tailings storage areas and mine pit lake so that it can be used for recreational or leisure purposes by the general public following completion of mining and closure of the site. This exemption has been revisited and subsequently reconfirmed by the Council, most recently in May 2024.

Destination Hauraki Coromandel

Destination Hauraki Coromandel is a sub-regional tourism organisation, which is funded annually by Hauraki District Council and Thames-Coromandel District Council. Established in 2011 to promote tourism and travel in the 'The Coromandel'. Destination Hauraki Coromandel also supports, promotes and assists in activities and projects which will increase the opportunities for employment in tourism and visitor industries. Thames-Coromandel District Council and Hauraki District Council may appoint 50% or more of the directors of the Trust. This exemption has been revisited and subsequently reconfirmed by the Council, most recently in November 2023.

Hauraki Rail Trail

The Hauraki Rail Trail Charitable Trust is a charitable trust formed to manage the cycleway known as the Hauraki Rail Trail (HRT). The Hauraki, Thames-Coromandel and Matamata-Piako District Councils are settlors to the Trust Deed. The Councils have the right to appoint 50% or more of the directors of the company. This exemption has been revisited and subsequently reconfirmed by the Council, most recently in September 2023.

Related Documents

Liability and Investment Policy

Background

The Liability Management Policy addresses a number of key objectives, including those required to address legislative requirements. The Liability Management Policy outlines the Council's objectives for prudence, flexibility and risk in three principle areas; liquidity and funding risk, interest rate risk, and credit risk. The Policy details Council's approach to minimising the total cost of borrowing over the medium to longer term.

The Investment Policy sets the parameters which investment activity can occur with approved organisations for investments, and the type of approved investment vehicles. The mix of investments between current and non-current is determined according to Council's working capital needs. The purpose of the policy is to ensure that Council's investments are managed prudently, within prescribed risk levels and they are set to mature at the appropriate time to match cash flow requirements.

Overall Results

During the 2025/26 financial year, there were departures from the Council's Liability and Investment Policy. Council was outside the recommended parameter in relation to the portion of fixed to floating interest rates, debt maturity and counterparty thresholds.

There was a short-lived departure from the counterparty limits. Council has adopted a revised Liability Policy which allows for departures from the counterparty thresholds for up to five working days. This is designed to manage circumstances when large tranches of debt are maturing and Council has to have cleared funds on hand to repay the debt.

With the forecast transfer of waters related debt to Waikato Water Ltd (WWL) on 1 July 2027, Council has changed its long term debt forecast. While Council's proportion of fixed to floating interest is within policy in the short term, because of the forecast debt transfer Council will have too much interest fixed by derivatives beyond 1 July 2027. Council is working with its treasury advisors to address this.

Due to uncertainty whether external debt could be novated to WWL, during the year Council reduced its maturity profile to account for the forecast reduction in debt. LGFA have clarified that debts can be novated to WWL so Council has been following a strategy to bring the debt maturity profile back into compliance.

Council has passed resolutions to approve the various non-compliances

Appendix 1: Council Committees

Committees as at June 2026:

Audit Risk and Finance Committee

- Max Baxter (Chair, Independent Member)
- Mayor Toby Adams (Deputy Chair)
- Deputy Mayor Paul Milner
- Cr. Stephen Crooymans
- Cr. Cynthia Bates
- Cr. Anne Marie Spice
- Carole Daley (community member)

Council Management Committee

- Mayor Toby Adams (Chair)
- Deputy Mayor Paul Milner (Deputy Chair)
- Cr. Anne Marie Spicer
- Cr. Neil Gray

District Licensing Committee

- Deputy Mayor Paul Milner (Chair)
- Cr. Rino Wilkinson (co-Deputy Chairperson)
- Cr. Jo Tilsley (co-Deputy Chairperson)
- Five list members (to be appointed from the Council's 'list' maintained under section 192 of the Sale and Supply of Alcohol Act 2012)

Policy Planning and Emergency Management Committee

- Mayor Toby Adams (Deputy Chair)
- Cr. Anne Marie Spicer (Chair)
- Deputy Mayor Paul Milner
- Cr. Ray Broad
- Cr. Stephen Crooymans
- Cr. Des Tyler
- Cr. Austin Rattray
- Cr. Amanda Ryan
- Cr. Cynthia Bates

Land Drainage Committee

- Cr. Neil Gray (Chair)
- Cr. Stephen Crooymans (Deputy Chair)

Eleven members of the community that reside in and are elected to represent the following Drainage Areas:

Western Plains Drainage Area

- Brian Pirie
- Noel Challis
- Gavin Laurich
- Peter Paterson

Eastern Plains Drainage Area

- Roger Hunter
- Rodney Edwards
- Conall Buchannan
- Kevin Caddy

Paeroa Rural Drainage Area

- Craig Zydenbos
- Kevin Gillingham

Taramaire Drainage District

- John Gasson

Regulatory Hearings Committee

- Mayor Toby Adams
- Deputy Mayor Paul Milner (Chair)
- Cr. Austin Rattray (Deputy Chair)
- Cr. Anne Marie Spicer
- Cr. Stephen Crooymans
- Cr. Ray Broad

Appendix 2: Report of the Audit Office

AUDIT NEW ZEALAND
Mana Arotake Aotearoa



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FOR INFORMATION NGĀ MŌHIOTANGA



To Audit, Risk and Finance Committee

Author Duncan Peddie
Head of Finance & Risk

Meeting date 6 October 2026

File reference Document: 4180991

Subject **Action Schedule**

1 TE WHAIKUPU | RECOMMENDATIONS

THAT the Committee

- a) Receives the report titled Action Schedule, (document number 4180991).
- b) That the report be distributed to staff for action.

2 TE WHAKARĀPOPOTANGA | SUMMARY

This report provides a summary of the progress on outstanding Committee action points by staff following the previous committee meeting.

3 TE ARONGA | PURPOSE

The purpose of this report is to update the committee on progress against action requests made by the Committee.

This is a standing item on the Committee's agenda.

4 WHAKAPAPA | BACKGROUND AND CONTEXT

From time to time the Committee will make requests of staff. This report is designed to keep track of these requests, allocate them to a member of staff for action, and provide feedback to the committee as to progress on the request.

5 ACTION SCHEDULE

Action point	Raised Committee Meeting	Assigned Staff Member	Target Date	Status
Chair to attend Council An annual presentation by the Audit and Risk Chairperson to the full Council, covering points relevant to the most recent meeting, continues for visibility purposes of the Chairperson to all Elected Members.	12/08/2025	GMCCS	October 2026	In Progress Staff suggest attendance could be aligned with the adoption of the Annual report
Other Councils' A&R agendas Nominated staff consider other local authorities Audit and Risk Committee agendas and processes, to help to develop the Hauraki District Council Audit and Risk Committee, and that a report on this be added to the 2025/26 work programme.	12/08/2025	Head of Finance & Risk/GMCCS	June 2026	In Progress Report on August agenda Recommend removal
Elderly Persons Housing Balances Report to be presented to a 2026/27 Annual Plan workshop regarding funding of the accumulated past cash deficits and funding of future operations (past cash deficit balance to be calculated back beyond 2014 if possible).	25/08/2025	Head of Finance & Risk	December 2026	In Progress Information included in the R&FP workshop on 22 April 2026

Action point	Raised Committee Meeting	Assigned Staff Member	Target Date	Status
Pandemic and Epidemic Policy A Pandemic and Epidemic Policy be developed, which is principle-based, broad in scope, and non-prescriptive in nature, and that this be presented to Council in January or February 2026. A Pandemic and Epidemic Strategy be prepared, designed to be adaptive and responsive to the specific circumstances at the time of an outbreak. Operational plans be developed to enable the continued delivery of essential services during a pandemic or epidemic	12/08/2025	GMCDR	End of 2026	In Progress Service Delivery, Strategic Planning and HS&W staff are discussing the policy. The policy will not be available until the latter half of 2026.
Financial Reporting That staff and the future Finance Committee Chair continue to work on the scope, format and timing of financial information provided to Council and Finance Committee.	25/08/2025	Head of Finance and Risk	Ongoing	In Progress Matter has been discussed with Committee Chair
Stormwater – service level expectations That a discussion be scheduled on stormwater and the community understanding of expectations of stormwater levels of service	28/04/26	GM Service Delivery	TBD	Not Yet Started Date to be determined
Report Training and Templates Does the report give appropriate information and is it framed well so elected members can make a sound decision based on the risks that apply	28/4/26	Corporate Planning Consultant	Next reporting template review	Not Yet Started To be incorporated in next report writing training and next template review.

Action point	Raised Committee Meeting	Assigned Staff Member	Target Date	Status
Peer Review Criteria: include a review of the Peer Review Criteria policy compliance on the action schedule for 24 months' time to check it is still being followed.	30/06/26	Corporate Planning Consultant	June 2028	Not yet started
Interest Rate Swaps: work with PwC to rearrange interest rate swaps to bring the Council back into compliance with the Treasury policy interest rate hedging parameters, targeting favourable market conditions.	30/06/26	Head of Finance and Risk	1/07/27	In Progress PWC advice is to carry out the settling of excess swaps in July 2027
Add property leases to the regular items list on the right-hand side of the work programme	25/08/26	Head of Finance and Risk	October 2026	Complete The item has been added to the standing items in the Work Programme Recommend removal
Add amalgamation/Head Start risk portfolio review (including partner councils' debt and asset deficits) to the work programme for ongoing discussion.	25/08/26	Head of Finance and Risk		Complete The item has been added to the future items in the Work Programme Recommend removal
To update the wording on the zero-carbon promise risk item to reflect it as an ongoing organisational focus (not "not a priority") and amend the risk register accordingly.	25/08/26	Corporate Planning Consultant		Complete Recommend removal

Action point	Raised Committee Meeting	Assigned Staff Member	Target Date	Status
To take all 7 Committee Comparison report suggestions to staff for investigation and possible incorporation into HDC's committee processes.	25/08/26	Corporate Planning Consultant		In Progress
Provide an estimate of staff time costs associated with the Head Start/simplifying local government process to include alongside the \$57,000 external cost figure.	25/08/26	Chief Executive		In Progress
Raise the Morgan Park buildings MOU formalisation process at the next Sport 'n' Action Trust meeting.	25/08/26	Mayor		In Progress
To mandate annual leave plans for transferring staff over 300 hours leave balance.	25/08/26	Group Manager – Service Delivery		Complete Compulsory leave plans are in place Recommend removal
Extend BNZ liquidity facilities beyond 3 years to bring the maturity profile back into compliance (targeting 60% threshold), in consultation with PwC	25/08/26	Head of Finance and Risk		In Progress
Engage PGG Wrightson to complete valuations of grazing leases, Tandoori Chambers, and Plunket building; bring results back through the GLT/Property Committee before any market listing.	25/08/26	GMSD		In Progress
Provide the Committee with a full updated list of all Council properties with current figures.	25/08/26	GMSD		In Progress

Action point	Raised Committee Meeting	Assigned Staff Member	Target Date	Status
Provide an update on procurement audit improvements at the next or October committee meeting as a regular action point.	25/08/26	Head of Finance & Risk		Complete Report is on the October agenda Recommend removal
Investigate and confirm whether an integrated procurement/contract management system needs to be costed and included in the Long-Term Plan (year 2 or 3).	25/08/26	Head of Finance & Risk		In Progress Staff are investigating the contract management functionality in AWM which is currently used by council for transport asset management

6 TE ARA KI MUA | NEXT ACTIONS

The table below sets out the next key steps:

Action	Responsibility	By When
Actions be distributed to staff	Council Secretary	One week after minutes review by Chair
Present updated action schedule at the next Committee meeting	Head of Finance & Risk	Next meeting

7 WHAKAPAI | APPROVAL

Prepared by	Duncan Peddie Head of Finance & Risk
Reviewed by	Elizabeth Whittenham Management Accountant
Approved by	Duncan Peddie Head of Finance & Risk

FOR INFORMATION NGĀ MŌHIOTANGA



To Audit, Risk and Finance Committee

Author Duncan Peddie
Head of Finance & Risk

Meeting date 6 October 2026

File reference Document: 4180992

Subject **Proposed Work Programme**

1 TE WHAIKUPU | RECOMMENDATIONS

THAT the Committee

- a) Receives the report titled Proposed Work Programme, (document 4180992).

2 TE WHAKARĀPOPOTANGA | SUMMARY

An annual work programme is a necessary tool that enables the Committee to fulfil the obligations placed on it through its terms of reference.

The programme is a live document that is regularly modified to reflect the ever-changing challenges and environment within which the organisation operates.

3 TE ARONGA | PURPOSE

The purpose of this report is to present a forward work programme to the Committee for discussion and confirmation.

This is a standing item on the Committee's agenda. Staff seek feedback from the Committee on the work programme.

4 WHAKAPAPA | BACKGROUND AND CONTEXT

The Terms of Reference for the Committee were approved by Council on 12 November 2025. The Committee Terms of Reference are included at the start of each agenda.

5 PROPOSED WORK PROGRAMME

Meeting date	Agenda items	Standing agenda items for every meeting
February 2026	- Audit & Risk 101 - Roles and responsibilities - Previous committee work	- Action Schedule - Work Programme - Treasury Report - Financial Report - Rates Arrears Report - Progress report on External Audit findings. - Progress report on previous Internal Audit findings - Risk register. - Cybersecurity report - Riskpool Update - Leave Balance Reporting - Current Capital and Operational Risks - Local Government Reforms update - Any ongoing fraud investigations - Consent Compliance - Leasing Update
April 2026	- Risk review – N/A - Internal Debt Report 30 June 2025 and projected 30 June 2026 - Departures from the Procurement Policy 1 July 2025 – 31 December 2025. - P-Card Report 1 July 2025 – 31 December 2025 - Financial Reporting content - Debt reporting (External debt by month)	
June 2026	- Review report – Emergency Management 2025/26 Annual Report Audit Plan - Committee Effectiveness Review Approach - Peer review criteria - Review report - Reputational Risk	
August 2026	- Review report – Artificial Intelligence including benefits - Committee Agenda/Process review – comparison with peer councils - Procurement random audits update - P-Card Report 1 January 2026 – 30 June 2026 - Water Meter Reading Update	
October 6 th 2026	- Review of Draft 2025/26 Annual report - Review report – Business Units - AON insurance market update - Annual insurance policy review - Procurement audits update	
December 2026	- Review report – - Departures from the Procurement Policy 1 January 2026 – 30 June 2026. - Debt reporting (peer council debt) - Internal Debt Report 30 June 2026 and projected 30 June 2027	
Future	Amalgamation/Head Start risk – partner council debt, asset deficits and risks	

6 COMMITTEE CHAIR CONTACT

Since the last meeting, the chair has had discussions with the Mayor, the Chief Executive and the Head of Finance and Risk.

7 TE ARA KI MUA | NEXT ACTIONS

The table below sets out the next key steps:

Action	Responsibility	By When
Staff will update the proposed work programme and action schedule for any changes requested by the Committee.	Head of Finance & Risk	Following meeting

8 WHAKAPAI | APPROVAL

Prepared by	Duncan Peddie Head of Finance & Risk
Reviewed by	Elizabeth Whittenham Management Accountant
Approved by	Duncan Peddie Head of Finance & Risk

FOR INFORMATION NGĀ MŌHIOTANGA



To Audit, Risk and Finance Committee

Author Duncan Peddie
 Head of Finance & Risk

Meeting date 6 October 2026

File reference Document: 4151812

Subject **Risk Report and Riskpool update – October 2026**

1 TE WHAIKUPU | RECOMMENDATIONS

THAT the Committee

- a) Receives the report titled **Risk Report and Riskpool update – October 2026**, (document number 4151812).

2 TE WHAKARĀPOPOTANGA | SUMMARY

This report discusses various matters relating to Council Risk. It includes the Council Risk Register and further information relating to Riskpool.

There have been updates from Riskpool since the last meeting.

There are a number of updates to the Risk Register Summary. Updates are presented as blue text.

3 TE ARONGA | PURPOSE

The purpose of this report is to present risk related information to the Committee.

4 WHAKAPAPA | BACKGROUND AND CONTEXT

A corporate risk register is an integral tool in risk management. It is used to identify potential risks in an organisation, sometimes to fulfil regulatory compliance but mostly to stay on top of potential issues that can derail intended outcomes. Few risks remain static. Factors that affect the likelihood and consequences of an outcome can change, as may factors that affect the suitability or cost of the various mitigation strategies. Ongoing review is essential to ensure the risk management treatment plan remains relevant.

In accordance with the Audit, Risk and Finance Committee delegations, the following is the key responsibility of the Committee:

- *To seek reasonable assurance that Council has appropriate financial, health and safety and wellbeing, and risk management systems in place.*
- *To seek reasonable assurance as to the integrity and reliability of the Council's financial and non-financial reporting processes and financial reporting.*
- *To ensure that the Council has appropriate financial policies in place.*
- *To provide a communications link between management, the Council and the external and internal auditors.*
- *To promote a culture of openness and continuous improvement.*

5 FUTURE RISK FOCUS REPORTS

As per the action schedule, the Committee is asked to review the future programme of Risk Focus reports (deep dives) so the Committee can create a suggested starting point for a programme for any future committee after the election. The following information is included to aid the discussion.

Future Deep Dives previously suggested:

- Business Units (October 2026)
- Conflicts of Interests for elected members and staff

Possible areas for discussion:

- LIM information / process
- Procurement process compliance (further investigation) recommended for review, as part of the Committee Comparison report included as a separate agenda item in this agenda.
- Health & Safety
- Compliance with Regulation (By department) recommended for review, as part of the Committee Comparison report included as a separate agenda item in this agenda).
- Building consent and resource consent revenue and cost streams
- Sensitive Expenditure (recommended for review, as part of the Committee Comparison report included as a separate agenda item in this agenda).
- Data privacy – implementation of the Privacy Act 2020
- Capital Programme Do-ability
- Project Management
- Any topics listed in the Risk Register
- Any past topic
- Any other topics suggested by members

Past Deep Dives:

- Cyber-attack – August 2021 (and subsequent bi-monthly update reports)

- Work Schedule and resourcing
- Continuation of Supply of water to the Plains Ward – February 2022
- Emergency Management – April 2022
- Climate Change – June 2022
- Continuation of Supply of water to the Plains Ward – August 2022
- 3-Waters reform impact – February 2023
- Future for local government reform impact – April 2023
- Lack of quality information for decision making – June 2023
- Council not adequately challenging information and options given – August 2023
- Quality of elected member relationships including with senior staff – October 2023
- 3 Waters debt – December 2023
- Capital Programme Do-ability – February 2024
- Risks associated with project management – April 2024.
- Emergency Management (Corporate Risk) – June 2024
- Local Water Done Well – August 2024
- Local Water Done Well – October 2024
- Climate Change – February 2025
- Procurement Process Compliance – April 2025
- Reputational Risk – June 2025
- Project Management – August 2025
- Pandemic Preparedness – August 2025
- Reputational Risk – June 2026
- Emergency Management – June 2026
- Artificial Intelligence – August 2026

6 CORPORATE RISK REGISTER

The Audit, Risk and Finance Committee is asked to review the Risk Register Summary below, and the full Corporate Risk Register included as Appendix A, and to raise any comments or concerns with staff as necessary.

6.1.1 Risk Register Summary

Changes to the full Risk Register, in Appendix A, from what was presented at the previous Audit, Risk and Finance Committee meeting are presented in blue text.

Risk description	Initial risk rating	Risk appetite	Revised - post mitigating controls	General status update/Control effectiveness
1. Local Waters Done Well 'Local Waters Done Well' will have a significant impact on HDC staff and the community.	Extreme	Receptive	High	As a separate item on this agenda, is a project update report and the identified risks to Council on Local Water Done Well. This is now be presented as a Standing Item alongside other reform risks and updates. The HDC transition lane has been initiated with approx eight months till our transfer date.
2. Restructuring of Local Government There is current uncertainty of what the restructure of Local Government will look like with the Head Start reforms.	Extreme	Neutral	High	Further to the 24 September 2026 announcement, further decisions on Head Start will be made post the election.
3. Resource Management Reform The repeal of the Natural and Built Environment Act and the Spatial Planning Act; and the introduced legislation bring uncertainty for staff for work programmes and for resourcing.	Extreme	Neutral	High	As a separate item on this agenda, is an update report on the RMA reforms.
4. Climate Change Climate change is affecting the district now and will continue to do so over the medium to long term in line with projections provided by the Ministry for the Environment.	Extreme	Neutral	High	Draft growth area maps were considered by the Policy Planning and Emergency Management Committee at a workshop in August 2026. Staff will proceed to prepare the draft strategy.
5. Cyber Attack If systems are compromised and subject to a cyber attack, then system downtime, loss of data, potential ransoms, potential privacy breaches, reputational damage and potential loss of funds are all a risk.	Extreme	Neutral	High	Considerable applications, tools and processes are in place and are continually updated and reviewed to prevent our systems being compromised. A separate report is on this agenda with cyber security risks elaborated on.

Risk description	Initial risk rating	Risk appetite	Revised - post mitigating controls	General status update/Control effectiveness
6. Affordability There are risks that the costs associated with implementation of changing regulations are unaffordable.	Moderate	Receptive	High	The costs of the Head Start and Resource Management Act reforms are expected to be significant and will need to be considered in Council's financial planning. Staff are working through how best to reflect the reforms in the Long-term Plan, including the assumptions needed where timing, requirements and costs remain uncertain. Council will continue to plan for the changes and make submissions as further proposals are released.
7. Water Supply There is a risk of substantial, negative economic impact to the agricultural industry if the Council cannot supply water (particularly on the Hauraki Plains).	Extreme	Cautious	High	We are working on improving our resilience in the network, where programmed in the lead up to the transfer of waters to Waikato Waters on 1 July 2027.
8. Emergency Management There is a risk that there is insufficient capacity to respond (at all levels) to a civil defence emergency.	Extreme	Neutral	Moderate	Under the Civil Defence reforms existing Civil Defence Emergency Management Group plans will need substantial review and formal consultation. Councils will have new compliance-monitoring, assurance, information-sharing and reporting responsibilities. Future ministerial rules may prescribe staffing capability, systems, data standards, procedures, reporting and emergency coordination arrangements.
9. Decision making There is a risk of inappropriate decision making by elected members as a result of ineffective planning, processes or inadequate information provided by staff.	High	Cautious	High	Specific training is being prepared for refresher and new inductee training. Resolve training is currently underway and specific decision making report writing content will be rolled out following the launch of Resolve.
10. Resourcing There is a risk that the organisation does not have adequate and/or appropriate resources to deliver its services and work programme.	High	Receptive	High	Workforce planning has been recently completed for LTP planning purposes.

Risk description	Initial risk rating	Risk appetite	Revised - post mitigating controls	General status update/ Control effectiveness
11. ICT system failure There is a risk that failure of a critical ICT system results in the inability to deliver services and/or work programme.	High	Receptive	Moderate	A digital strategy is being developed in 2026 for the coming three-year period.
12. Business Planning There is a risk that the Council's business continuity planning is inadequate.	High	Receptive	Moderate	Plans are in the process of being advanced.
13. Incorrect information There is a risk that the provision of incorrect information (internally or externally) could expose the Council to financial, reputational or legal risk.	High	Cautious	High	A deep dive into the parent/child file information risk and LIMs project is in the process of being prepared and is expected to be presented early 2027.
14. Working Relationships There is a risk that the relationship between the Executive Leadership Team and the Councillors becomes ineffective.	High	Receptive	Low	The first organisational strategy monitoring report is due to be presented to the ELT in October.
15. Staff working relationships There is a risk that the relationship between the Executive Leadership Team and staff becomes ineffective	High	Receptive	Low	The Executive Leadership Team receive escalation of issues from all levels of the organisation, and the ability to continue to do this is reiterated at staff meetings.
16. Wastewater overflows There is a risk that we experience wastewater overflows - particularly dry weather - and get prosecuted by Waikato Regional Council.	High	Cautious	Low	A range of mitigation plans are being implemented and annual inspection programmes are to be implemented.
17. Pandemic There is a risk that Council operations could be negatively impacted by a Pandemic.	High	Cautious	Low	The Audit and Risk Committee resolved in August 2025 that a Pandemic and Epidemic Policy, Strategy, and Operational Plans be developed which is currently in a draft form and will be presented for consideration in the short term.

Risk description	Initial risk rating	Risk appetite	Revised - post mitigating controls	General status update/ Control effectiveness
18. Relationships with Māori There is a risk that Council fails to operate as a credible and effective Treaty partner with Hauraki iwi due to insufficient organisational capability, systems, culture, and governance arrangements, resulting in loss of iwi trust, poor decision-making, increased legal and statutory risk, and failure to achieve post-Treaty settlement outcomes.	High	Neutral	Low	Council has established structured engagement processes and governance arrangements to support Treaty partnerships. This includes co-designing and co-implementing agreements with Hauraki iwi, fostering ongoing relationships, and developing collective frameworks. A draft Te Ao Māori strategy has been prepared and includes a years roadmap of actions. ELT have provided feedback which is currently being worked through. Staff capability remains an area for ongoing development and focus. Each team will be engaged with separately, recognising that training and capability needs differ across the organisation.

Risk description	Initial risk rating	Risk appetite	Revised - post mitigating controls	General status update/Control effectiveness
19. Pit Wall Collapse:				There is a risk of failure of the south wall of Martha Pit, on Seddon Street (Waihi) where ground slumping, cracking and movement has been observed for numerous years. Due to the Martha Pit being in close proximity to the affected area, historic and current underground mining, the location of the Millenium Wall (with no stormwater drainage) and stormwater reticulation services in the street, the reason for and significance of ground movement in the area is unknown - it may just be a something to continue monitoring with an eye to alternate/intervention actions if there are signs of a sudden event/failure. Currently there is annual land survey work undertaken by both internal (Technical Services) and external (CKL) providers and the results of six-monthly tilt monitoring and ground movement in the area (undertaken by OceanaGold) is reviewed. An underground camera inspection of a nearby stormwater pipe has been completed and expert geotechnical advice has been sought, with contact and advice ongoing.

7 RISKPOOL UPDATE

There have been no updates from Riskpool since the last meeting.

8 TE ARA KI MUA | NEXT ACTIONS

The table below sets out the next key steps:

Action	Responsibility	By When
Audit, Risk and Finance Committee to next review Corporate risk register	Jolene Nelson/Duncan Peddie	Next meeting

9 TUHUTORO | REFERENCES

There are no applicable references within this report.

10 WHAKAPAI | APPROVAL

Prepared by	Jolene Nelson Corporate Planning Consultant
Reviewed by	Duncan Peddie Head of Finance & Risk
Approved by	Duncan Peddie Head of Finance & Risk

11 APPENDIX A –CORPORATE RISK REGISTER

Risk identification			Risk assessment	Risk analysis		Control effectiveness	
Response Owner	Risk description (Identify the risk Step 1, doc# 3675177)	Risk area (refer to Step 2, doc# 3675177)	Initial risk rating (auto calculated)	Risk appetite (Step 6, doc# 3675177)	Mitigating controls	Residual assessment	Status update (Control Effectiveness)
Adrian de Laborde	Waikato Waters Ltd Through the decision made by Council in June 2025, Council will be joining the Council Controlled Organisation, Waikato Waters Ltd. This will have a significant impact on HDC staff and the community.	Regulatory change and compliance	Extreme	Receptive	Provide ongoing support to affected staff and keep all staff informed of key changes when appropriate	High	Waters: Regular status updates have been provided to staff in the following manner: - by the CE in his blog to all staff to date - via the staff iNet page which includes links to useful information - those staff directly involved with the water assets are liaised with through meetings as appropriate. Staff webinars have been offered by Waikato Waters Ltd, change readiness surveys conducted and a roadshow. Information is distributed from Waikato Waters directly via the 'Ask' Newsletter. Some HDC staff have started positions at Waikato Waters. Some staff are yet to receive a letter of intent (expected Feb 2027) and other staff have had to turn down offer of employment as a result of location/roles grading. These staff will effectively be retrenched from 1 July 2027. The HDC transition lane has been initiated with approx eight months till our transfer date.
					Provide information to Elected Members on an ongoing basis		Waters: Elected members have been kept updated through the LWDW Working Party, Audit and Risk Committee, Council meetings and Mayoral updates. WWDW has also held Elected Members hui with the last one being held 5 May 2025. The working party has stopped and regular updates are being provided to the Governance Leadership Team. A Stage 1 transfer agreement was signed in May 2026 to enable staff to transfer. The full Transfer Agreement will be considered early 2027.
					Work collaboratively with the DIA and their Transition team		Head Start: As part of the bi-monthly update to the Audit, Risk and Finance committee, an update on all reforms is including as a standing item. Head Start is now included in this report. Waters: The DIA information and published documentation provides the basis of reform and has been clear and prescriptive. Support from the DIA can be sourced at any time. HDC has had the opportunity to feedback at all levels, Mayoral, CE and operationally.
					Work collaboratively with appropriate entities when established.		Head start: A pathway document has been provided by DIA that includes entry requirements and assessment criteria for any proposals. 18 Head Start proposals were submitted to the Government. An announcement made on 24 September has meant further decisions will be on hold until post the Election.
					Provide updated information to the community as appropriate		Waters: Following Day One on 1 July 2026 for the transfer of the first three Councils to Waikato Waters, the focus has been predominantly on this transition. Focus is currently on the capital programme transition. Planning staff have met with WWL to discuss HDC growth projections, zoning and infrastructure. Head start: An internal team has been working as part of a regional working party to progress proposals.
					Have in place clear LTP assumptions		The Council website is kept up to date with the latest reform information at https://www.hauraki-dc.govt.nz/water/water-services-for-waters A Korero Mai page has been developed for more operational information, including project and consultation documentation on both reforms.
					Engage external resourcing to assist staff to enable BAU to continue		Waters: The LTP assumptions are clear that if Council delivers the water services via a CCO/Entity it would mean a substantial change to financial estimates. A loss of income would mean that council would not be able to recover some of its support costs, and it will leave our remaining activities to bear a greater burden of these costs. Head Start: The LTP assumptions has stated no substantive policy decisions about the future structure, roles and functions or funding of the sector were available for the 2024-34 LTP. This however will change for the 2027-37 LTP preparation.
							A programme manager consultant has been engaged to lead the Waikato Waters response for HDC in house. At present additional work is predominantly being addressed through BAU however management are monitoring this. Additional outside assistance has been used to assist in completing the Options Analysis, Water Service Delivery Plan and reporting to Council. A tool was purchased to assist with determining affordability. The ELT is very mindful of vacancies that are arising and are managing each vacancy on a case by case basis to ensure there is not too much pressure on teams. Short term contracts may be the most suitable approach rather than full role replacement.

Risk identification			Risk assessment	Risk analysis		Control effectiveness	
Response Owner	Risk description (Identify the risk Step 1, doc# 3675177)	Risk area (refer to Step 2, doc# 3675177)	Initial risk rating (auto calculated)	Risk appetite (Step 6, doc# 3675177)	Mitigating controls	Residual assessment	Status update (Control Effectiveness)
					Prepare staff through training for the change		There have been no requirements of staff through Waikato Waters in terms of training, however induction programmes run by Waikato Waters are scheduled.
David Speirs	Restructuring of Local Government There is current uncertainty of what the restructure of Local Government will look like following the rejection of the Future for Local Government review recommendations in early July 2024. In May 2026, the Government released the Head Start proposal.	Partnerships with central and local government entities	High	Neutral	Participate in sector working groups regarding the review where appropriate.	High	In November 2025, Government released a new proposal for 'Simplifying Local Government'. A Council workshop was held on 4 February 2026 and a submission lodged on 20 February 2026. The Waikato Mayoral Forum prepared a letter on their position on this proposal and other reforms (such as resource management & rates capping). HDC's submission did not reference this letter. Legislation on rate capping is expected later this year and is not expected to be enacted before the election. Council considered the rate capping proposal and provided guidance to staff on relevant assumptions, at its LTP workshop in July 2026. Council has prepared a Head Start proposal for a Waihou-Piako-Coromandel unitary authority. A decision is now expected from Central Government post the election.
David Speirs					Provide sound information to Government regarding implications of potential change.		
Peter Thom	Resource Management Reform The coalition government has repealed the Natural and Built Environment Act and the Spatial Planning Act; passed the Fast Track Approvals Act into law (December 2024), passed the Resource Management (Freshwater and Other Matters) Amendment Act into law (October 2024), have introduced the Resource Management (Consenting and Other System Changes) Amendment Bill, and intends to replace the existing RMA with new legislation. This will take the form of the Planning Bill and the Natural Environment Bill (introduced to Parliament in December 2025). These changes bring uncertainty for staff for work programmes and for resourcing.	Regulatory change and compliance	Extreme	Neutral	Provide sound information to Government regarding implications of potential change.	High	Council is maintaining a watching brief. Mayor Toby is a member of the Ministry for the Environment Reference Group. Internally preparations are underway to be as prepared as we can be for the expected changes that the reform may bring. Staff are involved in preparing for our part in the regional spatial plan and are participating in technical workshops with Waikato region councils. A report went to Council in August on the implications of regional spatial planning and the need for CE and governance leadership to work across all local authorities in the Waikato region. Further information is included in the standing agenda item on reforms alongside this agenda.
Peter Thom					Provide sound information to Government regarding implications of potential change.		A consultation database captures all matters for potential submission, and is directed by the ELT as to whether a response is to be prepared. In the period August through to September 2026, two staff submissions were made on the National Engineering Designs Standards and Local Government (Management of Local Authorities) Amendment Bill.
Adrian de Laborde	Climate Change Climate change is affecting the district now and over the medium to long term in line with projections provided by the Ministry for the	Climate change	Extreme	Neutral	Identified climate change and natural disaster events as key forecasting assumptions have been adopted through the 2024-34 Long Term Plan and are currently being prepared for the LTP 2027-37.	High	Included and embedded in the 2024-34 LTP through the forecasting assumptions, activity planning and financials. Staff have prepared a climate change and adaptation planning briefing paper for asset and activity managers planning during the development of the 2027-37 LTP and 2027-57 Infrastructure Strategy.

Risk identification			Risk assessment	Risk analysis		Control effectiveness	
Response Owner	Risk description (Identify the risk Step 1, doc# 3675177)	Risk area (refer to Step 2, doc# 3675177)	Initial risk rating (auto calculated)	Risk appetite (Step 6, doc# 3675177)	Mitigating controls	Residual assessment	Status update (Control Effectiveness)
Peter Thom	Environment. These projections include: 1. An increase in the frequency and intensity of storm events. 2. Higher temperatures. 3. Rising sea level. 4. A change in rainfall patterns producing more extreme weather events and an increase in drought events. 5. potential adverse impact on the ability to supply water to the network There is a risk the impacts of climate change for Council activities will be more significant than planned if the predictions as provided by the International Panel on Climate Change and the Ministry for the Environment are over or under estimated.				Included significant issues related to climate change and natural hazards in the 2024-54 Infrastructure Strategy, Long-Term Plan 2024-34 and have identified the effects (or potential effects) of climate change on core services in our asset planning. This will continue for the 2027-37 LTP and 2027-57 Infrastructure Strategy.		A deep dive report on the overview of the climate change and sea-level rise related risk assessment was presented to the Audit and Risk Committee in February 2025. There were no further actions required after the Committee considered the report.
Peter Thom					With Waikato Regional Council and Waikato District Council, HDC have prepared a community 'adaptive' planning process for the Wharekawa Coast to plan for the future, including adaptation to coastal hazards and wider climate change related issues. Work will also tie in with local civil defence community response plans.		The Wharekawa Community Plan has been adopted by all involved Councils and actions are being progressed. The Wharekawa Coast 2120/Our Plains, Our Future Joint Working Party was established in March 2026 and provides governance oversight for the implementation of the plan .
Peter Thom					An adaptive planning process for the Hauraki Plains has been initiated in a similar approach to the model used for the Wharekawa Coast.		The Community Panel considered draft adaptation options and pathways at their meeting in August. The final pathways will go to the final Panel meeting in October. The WRC flood model has now been completed and future scenarios produced. The Technical Advisory Group (TAG) continue to meet on a monthly basis, and focuses for 2026 include the adaptation options and pathways work.
Peter Thom					Monitor and report on the climate change policy and natural hazard policy directions coming from MfE and other central government agencies		Staff continue to keep up to date with developments and report as appropriate and report on any relevant legislation and make submissions where necessary. Staff also attend the Regional Resilience Forum and the ACCN (Aotearoa climate change network) and ASAP (Aotearoa Society of Adaptation Professionals.) Regular training and good practise stems from these and from networking. Staff are preparing a practice note on implementing the National Policy Statement for Natural Hazards in consenting decisions.
Peter Thom					Include natural hazards/climate change in the Council's Growth Strategy.		In July 2025, the Planning Committee considered a report on the projections and lot capacity information for the three main towns, townships and other settlements in the district. Recommendations were made by staff about future growth areas. Draft maps were considered by the Policy Planning and Emergency Management Committee at a workshop in August 2026. Staff will proceed to prepare the draft strategy.
Peter Thom					Maintain and implement Councils Zero Carbon Promise		The Zero Carbon Promise was adopted in 2021 and is due for review. The corporate emissions inventory has not yet been updated and the review of the Zero Carbon Promise is currently not scheduled for review. As part of the 2024 -34 LTP, the Environmental Initiatives activity was introduced and outlines factors such as how we determine our emissions and the introduction of non-financial performance targets for riparian planting.
Peter Thom					Address climate change and updated sea level rise scenarios in District Plan reviews/changes.		Government legislative changes in August 2025, means that councils can no longer undertake plan changes, unless they meet automatic exemption criteria or apply for an exemption. Plan Change 2 for Waihi (implementing the Growth Strategy direction) was successful in gaining an exemption from the Minister and has been finalised. A plan change for Wharekawa Coast is on hold due to plan stop and legislative changes. Private plan changes 5 (Paeroa Race Course rezoning) and 6 (Martha Mineral Zone extension) were approved by Council. Plan Change 6 has since been withdrawn due to an appeal. For these plan changes, Council have looked at the infrastructural needs and impacts for these areas taking into account sea level rise, ponding and stormwater catchment.
Natasha Ryburn	Cyber Attack If systems are compromised and subject to a cyber attack, then system downtime, loss of data, potential ransoms, potential privacy breaches,	Operations	Extreme	Neutral	Application Whitelisting (allow and deny parameters) is in place.	High	For HDC, we only install applications that are approved. Applications that are not approved, are unable to be installed. There are no local administration rights on staff devices, therefore no ability to install software. The concept of application whitelisting is in place, however due to some limitations Council uses an intentional manual process that provides less risk to our IT systems as a whole.
					Patch applications		Automated patch monitoring and delivery software is in place and operational and reported on regularly.

Risk identification			Risk assessment	Risk analysis		Control effectiveness	
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	reputational damage and potential loss of funds are all a risk.				Configure Microsoft Office macro settings to block macros from the Internet		This is implemented by automation.
					User application hardening		User application hardening is used, however there are considered exemptions and exceptions.
					Automated dynamic analysis of email and web content run in a sandbox		This is implemented by automation. If material is malicious it is automatically blocked, if it questionable, it run through a sandbox to determine if it is able to be released.
					Email content filtering.		Email filtering and reporting systems are in place and operational.
					Web content filtering.		Web filtering technology and reporting systems are in place and operational. Application layer firewall inspections also validates "web" traffic.
					Deny corporate computers direct Internet connectivity.		Corporate devices (Windows based) have an "Always On" VPN connection to connect to the internet through Councils firewall and security technology
					Operating system generic exploit mitigation		Enterprise grade Security solutions are in place to mitigate this e.g. Crowdstrike
					Server application hardening especially Internet-accessible web applications		Standardised server hardening configuration is used for external facing servers, typically hosting websites. They are sitting behind the firewall and have endpoint security solutions in place so have a layer of protection between them and the internet
					Operating system hardening		Standardised server hardening configuration is used for external facing servers, typically hosting websites. They are sitting behind the firewall and have endpoint security solutions in place so have a layer of protection between them and the internet
					Antivirus software using heuristics and reputation ratings		An Enterprise Grade Extender Detection and Response solution is in place. This compliments the solutions in place that monitor and prevent security threats identified at the network level.
					Control removable storage media and connected devices		The use of removable storage is blocked in the majority of endpoints - options for the remainder require approval by ELT.
					Block spoofed emails		Multiple layers of email security and SPAM filtering take place, but isn't an exact science. Configuring for current, best practice (DMARC/SPF/DKIM) would stop delivery of spoofed emails, but would also stop valid email where the service providers are not configured for best practice.
					User education.		A programme of security training for the whole organisation has been implemented with significant improvements made in staff knowledge. This training program has been reset and restarted across the entire organisation from June 2025 and requires all staff to work through all the training modules and small tests. Results from this training can help inform more targeted training of individuals that require more assistance.
					Restrict administrative privileges to operating systems and applications		Systems access is provided by IT only following documented request and approval from Manager of the staff member requesting access.
					Continuous incident detection and response		Tools are implemented to monitor and alter on anomalous behaviour and to autonomously isolate and block these behaviours before they can do harm.
					Daily backups of important new/changed data		Automated backups and data replication is configured and operational and tested restore testing is carried out monthly.
					Business continuity and disaster recovery plans		Council's secondary and backup server facility is located in Waihi. Automated testing of backups and server replication has been configured. Backups are also replicated through to an online storage repository to mitigate any disaster that would affect both Paeroa, Waihi and NZ main centres.
					System recovery capabilities		Automated backups and data/server replications in place and undergoes automated and cyclic testing.
David Speirs	Affordability There are risks that the costs associated with implementation of changing regulations are unaffordable.	Regulatory change and compliance	Moderate	Receptive	Maintain awareness of changing regulations.	High	Through listservs, conferences, LGNZ, Taituarā, regional forums, amongst others, this is a high priority for staff. The costs of the Head Start and Resource Management Act reforms are expected to be significant and will need to be considered in Council's financial planning. Staff are working through how best to reflect the reforms in the Long-term Plan, including the assumptions needed where timing, requirements and costs remain uncertain. Council will continue to plan for the changes and make submissions as further proposals are released.

Risk identification			Risk assessment	Risk analysis		Control effectiveness	
Response Owner	Risk description (Identify the risk Step 1, doc# 3675177)	Risk area (refer to Step 2, doc# 3675177)	Initial risk rating (auto calculated)	Risk appetite (Step 6, doc# 3675177)	Mitigating controls	Residual assessment	Status update (Control Effectiveness)
Duncan Peddie					Participate in sector working groups regarding changing regulations.		Staff regularly attend conferences, and on occasion staff are invited to participate in Taituarā working groups. Staff are currently involved in the following sector working group discussions regarding changing regulations: for example, the Head of Finance & Risk is part of the Co-lab Shared Services Working Party, which discusses approaches to managing changing regulations.
Duncan Peddie					Provide sound information to Government regarding implications of changing regulations.		When the opportunity arises, feedback is provided to Taituarā and LGNZ to take into consideration when they make submissions. Refer to row 15 for details of submissions made.
David Speirs					Advocate that Government provides appropriate funding.		Through the Council feedback on Local Water Done Well proposals, the Systems Improvement Bill, resource management reforms, Simplifying Local Government and rates capping proposals, submissions have been made advocating for affordability for our ratepayers. Through Local Water Done Well a focus on Affordability is essential.
Duncan Peddie					Maintain a thorough understanding of the affordability tolerances in our communities.		Council has undertaken an assessment of the Communities affordability tolerance using the Shand report threshold of rates greater than 5% of household income causing issues. This work has been refreshed as part of LTP preparations, as part of the Financial Strategy and was presented to the council workshop in February 2026. A LTP briefing paper on the state of our finances has been prepared, which also addresses the issues of affordability.
Duncan Peddie					Identify and actively pursue alternative funding opportunities (i.e. non-rates)		Council pursues external grants where applicable, such as government grants or lottery grants. As part of the development of the LTP, Council has directed staff to investigate areas where fees and charges could be increased. Options were presented to Council as part of the Revenue and Financing Policy discussion. Revenue and Financing Policy next and final steps will be considered at the 23 September and 4 November Council workshops. Fees and charges options to be presented to the October Council workshop.
					Global events creating uncertainty in fuel markets being ongoing		The local repercussions include impacts on transport, construction and contractor costs. Awareness is high, and from a staff and community wellbeing perspective, a number of actions have been put in place, including a review of flexible working, a shared temporary hot-desk network across the Waikato councils and systems being developed to encourage carpooling between staff.
Adrian de Laborde					Undertake a staged approach to required capital works.		Resourcing was a significant risk to implementing the capital works programme with the \$27m delivery in 2023/24 being increased to \$77m programme in 2024/25. To mitigate this, a professional services panel for 2024/25 was put in place, a business analyst was recruited to streamline reporting, and two senior project managers and another cadet have been appointed. Operating costs are continually increasing to meet regulatory change and compliance requirements. Carry forwards from 2025/26 are expected to be presented to Council for consideration in October 2026/27 .
Adrian de Laborde	Water Supply There is a risk of substantial, negative economic impact to the agricultural industry if the Council cannot supply water (particularly on the Hauraki Plains). Note with the Local Water Done Well review it is likely that the responsibility for this risk will transfer to a new entity, but it will not reduce the risk for the community.	Environmental Compliance	Extreme	Cautious	Have in place Water Safety Plans	High	We are working on improving our resilience in the network. This includes: 1. A change to the current water abstraction consent for the Waitakaruru WTP reservoir at Steen Road. The application is under preparation. 2. Connecting the Plains and Paeroa networks. The investigation has been initiated. 3. Investigating an upgrade to the Kerepēhi WTP membrane units to increase capacity. 4. Upgrading the delivery pumps at the Pekapeka intake. The new pumps have been installed and scheduled for commissioning. Specific mitigation measures are also contained within each Water Treatment Service Plan.
					Have real time information regarding performance of schemes.		A Scada system is employed by Council to monitor and control water plants remotely 24/7. All pumpstations have been upgraded and added to the system. The land drainage pumps are all that remain not on Scada. Plant Performance dashboards have been created on Water Outlook to monitor efficiency. Data updates every 30 minutes.
					Have real time warning systems in place.		A number of sites will not have SCADA once HDC transitions to Waikato Waters. Staff are working to establish an alternative cost effective system to put in place. Upgrades have been completed and real time warning systems are in place. Alarm suites are in place and tested that devices linked to the escalation matrix are receiving notifications to the mobile device.

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					Maintain good asset information.		Critical Assets have been identified and sampling of pipework is undertaken. Asset Management Plans for the Long-term Plan 2024-34 were specifically audited by a specialist asset management auditor. The feedback from the audit has been incorporated into the adopted Asset Management Plans. We have a ongoing programme to maintain and improve our asset information. The Asset Management team are focusing to capture the backlog of asset/data from the previous two financial years. This needs to be completed before the transition to Waikato Waters. New asset information is kept up to date through improvements (e.g., using Water Outlook as the field app). Staff are preparing activity management plans for asset based activities as part of the 2027-37 Long-term Plan process with first drafts of these due in August 2026. These have been reviewed by the GM and staff provided with feedback to make changes. We are also currently moving our asset data from three systems to an AWM platform to provide Council with a more cost effective, robust asset data management solution.
					Uphold resource consent conditions and maintain resource consents.		A summary report is provided to Council quarterly in the Water Services Info Report, providing the status of resource consent compliance status for the three waters, and is in the process of being extended to all relevant activities as part of quarterly reporting. A report now goes to the Audit, Risk and Finance Committee providing updates on all consents held by HDC.
					Adequate personnel resource is in place, including clear succession planning.		Staff resourcing is difficult in the current environment, however we have been able to successfully strengthen our capability through the use of cadetships. With the reforms we are taking a precautious approach to filling key positions.
					Actively maintain good communications with stakeholders (customers, affected and interested parties), and communications strategy in place.		The communication strategy is to attend or hold more regular community meetings for the Plains community and farmers in particular. Antenno is being encouraged to sign up to receive direct notifications relevant to their local vicinity. A specific dedicated webpage is available on the Hauraki Plains water resilience https://www.hauraki-dc.govt.nz/water/water-supply/water-supply-resilience . As part of the Hauraki Plains Adaptation Project, staff have prepared a digital flyer outlining the flood protection and land drainage schemes on the Hauraki Plains and how they work. This is available on Kōrero Mai and the Hauraki Plains Adaptation Project, StoryMap page. The Water Resilience Brochure was included in the September 2025 round of Water Rates Bills as they were rolled out to the Plains.
					Actively encourage farmers to maintain their own supplies to accommodate for peak demands of farming activities.		The overall campaign in place named Go with the Flow utilises the following tactics: • I Heart Radio campaign to target farmers in their tractors and milking sheds • Host a P3 Meeting for Farmers on water resilience • Update the Plains Water Resilience flyer to include Kerepēhi Raw water pipeline and storage tanks. Flyer is available on the HDC website and a letter drop in progress. • Explore Smart Water education and promotional resources • Write regular water related features in the Rural section of the Valley Profile newspaper • Consider Māori World View thinking for water kōrero • Build water resilience into the Hauraki Plains Adaptation Plan
					Public health risk is modelled and emergency response plan in place.		Water Safety Plans have been submitted to the Drinking Water Assessors and are included in the Water Safety Plans: Kerepēhi WTP - 3307169, Paeroa WTP - 3307176, Waihi WTP - 3307178, Waitakaruru WTP – 3307181
					Replace brittle sections of the network with more ductile product which is more resilient to earthquake damage		We have a proactive replacement programme in place. This will take a number of years to replace all of the brittle sections across the network. This work is long term and will be completed in the 15 - 30 year timeframe.
					Investigation into LPI liquefaction potential index of the Hauraki soils to understand the extent of the liquefaction that might take place during an earthquake		A liquefaction study was undertaken and presented to Council in 2019 where the recommendations were accepted. This was being led by WRC but has been abandoned. We have undertaken LPI testing at our Kerepēhi site as part of the raw water tank upgrade.
					Discussion with Federated Farmers on earthquake led by WRC.		No advancement on this - we are waiting the results of the above work.
					Provide alternative water storage to provide better resilience against operational failures and daily operational issues.		Kerepēhi storage project has been completed for treated water. The raw water tank is about to be commissioned.

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					Maintain adequate redundancy of materials and/or have in place alternative material supply arrangements.		A pay as you go arrangement has been set up with a supplier to maintain and management stock in the Paeroa Depot.
Peter Thom	Emergency Management There is a risk that there is insufficient capacity to respond (at all levels) to a civil defence emergency.	Emergency management	Extreme	Neutral	Maintain a core group of civil defence trained staff.	Moderate	The goal is to have 100% of Council's permanent staff complete the induction and foundation training. Following on from this it is expected that at least 25% of staff will complete intermediate training, CIMS function training, and actively participate in an annual exercise. The Emergency Management Team is working closely with the Human Resources Coordinator to ensure staff participate in training. At present 36% of permanent staff have completed the training. Progress towards this outcome is programmed to be reporting to the Policy, Planning and Emergency Management Committee each quarter.
					Maintain good relationships with the local and regional emergency services and other CDEM partners.		With the shared arrangement HDC has a EM Manager and three EMO's with one working in each council. It is anticipated that the three EMO's eventually will become familiar with each others systems and process and be able to step in to assist which ever council needs the support. Theses EMO's and the manager are still engaged with the other professionals across the Waikato Region and continue those relationships.
					Prepare an up to date schedule to obtain various tangible resources if we needed e.g. generators		This is currently a challenge with resourcing.
					Maintain up-to-date understanding of Civil Defence legislation, obligations, and ministerial portfolios.		Under the Civil Defence reforms existing Civil Defence Emergency Management Group plans will need substantial review and formal consultation. Councils will have new compliance-monitoring, assurance, information-sharing and reporting responsibilities. Future ministerial rules may prescribe staffing capability, systems, data standards, procedures, reporting and emergency coordination arrangements. Formalised through activate participation on the Joint Committee (with the Mayor and up to two councillors in attendance), the CE attendance at the Chief Executive Group (CEG) and staffing agreement. The Local Controller and Recovery Manager have regular regional meetings with GEMO staff, Controller and Recovery Advisory groups, regarding their portfolios. It is expected that the EM Manager across the three councils will also help maintain a good understanding of these obligations and legislation also.
					Control of Financial expenditure during an event.		The Finance team manages this. A formal process may need to be documented for business continuity.
David Speirs	Decision making There is a risk of inappropriate decision making by elected members as a result of ineffective planning, processes or inadequate information provided by staff.	Operations	High	Cautious	Regular elected member training regarding decision making obligations.	High	A variety of elected member training has occurred in the period following the 2022 elections. This will be continued/reinforced at regular intervals.An area of risk for local authorities is compliance with LGA decision making obligations. Training for elected members and staff will continue to focus on this area.
David Speirs					Review of Decision making process		The wider decision making review process has been reviewed and staff are now providing improved information for Elected Members to make decisions on. Feedback on the effectiveness or otherwise of these reports is always welcomed to integrate into staff training.
Peter Thom					Regular staff training regarding good-practice decision making reports, critical thinking and report writing.		The decision making reports templates have been significantly updated in 2024. Business case templates and LTP project sheets were trialled during the 2026/27 Annual Plan process and are in place for the 2027-37 LTP. Decision report induction and refresher training is in the process of being prepared for report writers. Templates for staff reporting to the ELT have recently been strengthened. Resolve training is in the process of being launched.
David Speirs					Executive Leadership Team receive regular training regarding good-practice decision making reports, critical thinking and report writing.		All ELT members are involved in training on an ongoing basis. Since July 2026, this has included individuals attending Annual Policy Refreshers on Conflict of Interest, Fraud and some individuals attended training on Workplace Expectations and document management.
David Speirs					Decision making reports completed in sufficient time to be appropriately peer reviewed.		The Audit and Risk Committee asked that criteria be developed for external peer reviews. This was approved and has been integrated into decision report templates. A review of this change was presented to the June 2026 meeting.
David Speirs					Council induction provides for adequate briefing regarding scope and breath of council business in order to support effective decision making.		The Elected Member induction is nearly complete. The process included the onboarding days, powhiri and inaugural meeting and elected member camp at Puka Park. There were also two induction sessions covering various topics. The district tour is being held in February. Feedback on the induction process will be sought by the democracy team later in the year.

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David Speirs					Delegations manual in place.		The Delegations Manual is updated as changes are approved. Staff are advised of changes to the delegation manual if they affect their role. Through induction training, staff are made aware of the delegations appropriate to roles by team leaders. Financial delegations are now visible to employees through their employee profiles on Pulse, the Human Resource Information System. The existing delegations manual has been separated into two documents. The Committee and Elected Members delegations, which can be found on the Council's website and the staff delegations, which can be found on the iNet. A report was presented to, and approved by, Council in May 2026 seeking delegation changes for CE and staff.
David Speirs					Regular staff training regarding delegations.		The Strategic Planning Manager provides an overview of the Delegations Manual in staff induction training. eLearning modules and training completion monitoring are now formally available in Pulse and will continue to be added too. Staff training on delegations had been placed on hold pending the finalisation of the Delegations Manual review, however is expected to be completed by the end of 2026.
David Speirs					Planning and project processes are clearly documented, and peer reviewed.		This is ongoing and continues to be built on.
David Speirs					Skilled project managers planning and managing projects, to a standardised methodology.		The project management office have dedicated systems and processes.
David Speirs							
			High	Receptive	Levels of service are clearly understood by the Council, staff and communities.	Moderate	New levels of service are in the process of being drafted for consultation with the Community as part of the Long-term Plan 2027-37 process. Options are being considered through the LTP workshops and any significant proposed changes to be consulted on and adopted and then monitored quarterly through the non-financial performance target reporting.
David Speirs	Resourcing There is a risk that the organisation does not have adequate and/or appropriate resources to deliver its services and work programme.	Operations	High	Receptive	Work programme plans, by department, are in place and regular monitoring and reporting of the work programme occurs.	High	Work programme plans by department are in place. An area for improvement is for regular monitoring of and reporting against these programmes. Provision has recently been made in the ELT work programme to prioritise these regular reviews.
					Resource plans, by department, are in place.		Business Plans or Activity Plans are in place for each Group, with annual updates programmed. New Business Plan templates have been approved by ELT and business cases to be prepared in line with expected timeframes. Gaps / resource shortfalls have been identified and use of external contractors is being made to assist with programme delivery. There is not a specific resource plan, by department in place.
					A percentage of staff time is non-committed to enable redeployment to other areas as/if required.		Current staffing levels do not provide/allow for non-committed time in many roles. No active planning is being undertaken to build additional capacity.
					Executive Leadership Team maintains awareness of particular resource vulnerabilities.		An initial workforce plan has been undertaken in early 2026 by ELT considering the impacts of the transition to the Waikato Waters Limited to incorporate into the 2027-2037 LTP planning and budgeting. Some very high level changes have been applied to the overhead allocation for Council's first review of the budgets.
Natasha Ryburn	ICT system failure There is a risk that failure of a critical ICT system results in the inability to deliver services and/or work programme.	Operations	High	Receptive	Critical ICT infrastructure (hardware and software) are identified.	Moderate	Critical infrastructure is identified by automation and manually by change control processes when implementing new infrastructure.
					Redundancy built into critical infrastructure.		Redundancy is built into critical infrastructure. A continuous improvement programme is done with the wider organisation to identify what other needs may arise.
					Clear policies are in place for ICT use.		The IT Policy was adopted in September 2017 and was last reviewed in April 2024. Inclusions such as the Artificial Intelligence Language Model Policy was adopted in November 2023. This will be reviewed in 2026 to ensure it accommodates generative AI tools.
					Regular staff training occurs regarding ICT policies and use.		Training is undertaken as part of the induction processes. As part of general employment conditions staff are required to have an understanding of these policies. Specific aspects of the policy requirements are focused on regularly e.g. such as security and phishing training rather than the policy in its entirety. A digital strategy is being developed in 2026 for the coming three year period. Some systems do require further training, and this will be considered as part of the digital strategy.

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					Regular monitoring of security controls and verification of users occurs.		User accounts are checked every 30 days, and security monitoring is carried out in real time.
					Clear change control processes and delegations are in place.		Change control processes are in place, and are also verified by the Audit NZ as part of the systems and controls aspect of the audit for the Annual Report each year. Compliance documentation is also updated based on the results from a self assessment tool that measures and reports on global controls.
					IT Business continuity plan is in place.		IT business continuity is in place and it is tested monthly.
					Annual audits are undertaken.		Annual IT Audit is undertaken during July-October each year. We also subscribe to an ongoing compliance framework - SAM for Compliance that is used across the Local Government sector
					Adequate personnel resource is maintained.		The ability to do some things quickly is constrained by resource.
					Adequate financial resource for ICT services is maintained.		Generally appropriate to maintain BAU but becoming more challenging with the general price increases across the board.
					ICT staff have adequate training to maintain skills currency.		Learning pathways are available and staff are supported to attend and training is generally identified through regular development plans.
					ICT staff maintain active awareness of changing landscapes.		Staff ensure it is a priority to be across the changing ICT landscapes. The digital strategy is expected to support this.
					We now face increased compliance review by WRC - Will our IT systems able to deliver?		Our IT systems meet the current regulations and have redundancy built in where possible.
David Speirs	Business Planning There is a risk that the Council's business continuity planning is inadequate.	Operations	High	Receptive	Business continuity plans, by department are in place.	High	This risk is linked to the pandemic response work (refer risk below) as business continuity plans have been prepared to ensure the continuation of council services in the event of a pandemic. A&R Committee resolved in August 2025 that a Pandemic and Epidemic Policy, Strategy, and Operational Plans be developed. A draft policy and strategy has been prepared and is being reviewed by relevant staff. This is being led by CDEM. A new business plan template has been approved and is available to enable more consistent business planning.
					Business continuity plans are peer reviewed.		Business continuity plans are internally peer reviewed and usually prepared by wider teams.
					Business continuity plans are updated and adopted no less than annually.		This will be reviewed and a programme prepared once the stocktake is completed. It is intended these be completed by 1 July 2027.
	Work environment The work environment risk is presented as part of the Health and Safety standing item report within this agenda.						
Natasha Ryburn	Incorrect information There is a risk that the provision of incorrect information (internally or externally) could expose the Council to financial, reputational or legal risk.	Operations	High	Cautious	Organisation standard for filing of electronic information.	High	Not all council information is recorded in the document management system. The Information Management Team Leader role has recently been filled and will be a focus of this new role as will People Leadership, business improvement and implementing best practise. The recently created Principal Advisor role will focus on best practise and will work with the IM team and wider organisation to implement and to set strategy.
					Staff are provided with regular training regarding organisation filing standard.		On-going communication and training is required and has begun.
					Regular, internal audit of organisation filing processes occurs.		We now have a dedicated Principal Advisor Information Management who will be leading strategic and best practise across the organisation and including audits.
					Current Information Management Strategy in place.		A strategy is currently being developed and is expected to be available in draft form in end of 2026 with the new role (above) in place.
					Council's software enables staff to find information required.		Councils software enables staff to find information in its supported document management repositories. A more granular search tool has been developed with guidance to support. This is expected to assist in searching for property and regulatory information. The filing of some information in unsupported repositories is an issue, as above.

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					Current, active documentation should be electronically scanned and stored.		Non current documents are being electronically stored through a digitisation project with two full time staff employed. The project is currently focusing on property documentation. Resource consents were initiated at the end of 2024. Minute books and cemeteries are programmed to be addressed in the future. At present this is proving challenging given the scale of the project and the existing resourcing. Solutions to progress this will be investigated further in the IM Strategy.
					Property information is contained in the appropriate repository.		Digitisation team are working on the property files. The resource consent files processing was planned and tested late in 2024 through to early 2025 when live processing commenced. Currently property information is held in multiple files and in varying locations. At present this is proving challenging given the scale of the project vs existing resourcing. This will be investigated further in the IM Strategy.
					LIMS staff receive regular briefings regarding changed/changing information.		As appropriate this takes place.
					Quality assurance processes are in place for LIM production.		Processes and systems are being developed to improve our LIM reports - both content and look. Additionally natural hazard mapping tools are being investigated to meet new legislative requirements.
					Internal audit of LIM processes occurs.		Every LIM is currently checked by a planner from a quality assurance perspective before release. In the future the extent of the need for this quality assurance is expected to be able to be significantly reduced with the automated system. A deep dive into the parent/child file information risk and LIMs project is in the process of being prepared and is expected to be presented early 2027.
					Standard operating procedures in place for handling Official information Requests.		Following a six month trial of a revised dedicated role from Oct 2025 to April 2026, it is evident Council needs a continued dedicated LGOIMA role to focus on the processing and co-ordination of LGOIMAs, on staff training, and on the co-ordination of ombudsman and privacy matters. The GM Communications and Corporate Services continues to have oversight of all LGOIMA's and Ombudsman investigations.
					Quality and reliability of the information accessed by AI tools		Council's existing AI Language Models Policy is to be regularly reviewed to ensure it remains current and provides appropriate controls to mitigate these risks. Given the rapid pace of change in AI technology, regulation and organisational use, a frequent review cycle is to be established rather than relying on the 3 yearly standard policy review timeframe.
					The Chief Executive and Group Managers are made aware of significant Official Information Act requests and approve information prior to release.		Tasks are all allocated to GMs and are all sensitive LGOIMAs are reviewed either by the Privacy Officer or the CE.
David Speirs	Working Relationships There is a risk that the relationship between the Executive Leadership Team and the Councillors becomes ineffective.	Operations	High	Receptive	The Mayor and Chief Executive meet regularly.	Low	The Mayor and Chief Executive have schedules in place to meeting fortnightly, with informal discussions regularly taking place.
					The Mayor and Group Managers meet regularly.		Group Managers regularly provide updates to the Mayor as matters arise, through the open door policy held with both Group Managers and the Mayor. Monthly meetings are set for the Group Manager Service Delivery and the Mayor.
					The Mayor, Committee Chairs and the Executive Leadership Team meet regularly.		Meetings are scheduled with the Mayor fortnightly and ad hoc as required. Regular meetings are held with the CEO Performance Committee. The Service Delivery Group Manager regularly meetings with Ward committees. A monthly GLT, ELT meeting has been established.
					The Mayor and Councillors raise concerns to the Chief Executive promptly, as required.		Concerns are raised as required and the Chief Executive responds as appropriate.
					The Chief Executive raises concerns to the Mayor and Councillors as required.		Concerns are raised as required and the Mayor responds as appropriate.
					Monthly Chief Executive's Report to Council		The Chief Executive provides a monthly report to Council.
					Programme for relationship development and feedback is in place.		Regular meetings, tri-annual retreat with elected members along with new Council induction process.
					Councillor induction emphasises importance of positive relationships.		The three yearly Councillor induction emphasises and encourages the importance of positive relationships.
David Speirs	Staff working relationships There is a risk that the relationship between the	Operations	High	Receptive	Executive Leadership Team set and provide clear direction to staff.	Low	The Executive Leadership Team Strategic Priorities are communicated to all staff, and are reiterated to the Leadership Team through the Group Managers meeting with their Teams Leaders, and by way of the Leadership Training Days run by the Chief Executive and Group Managers (ELT). An internal organisational strategy has been launched as of April 2026.

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	Executive Leadership Team and staff becomes ineffective.				Executive Leadership Team proactively deal with issues.		As issues arise, matters are dealt with. Performance Management remains an area that could be improved on.
					Processes for formally escalating issues to the Executive Leadership Team are clear to all staff.		The Executive Leadership Team receives escalation of issues from all levels of the organisation, and the ability to continue to do this is reiterated at staff meetings. The Executive Leadership Team all have an open door policy. Staff are briefed on our Protected Disclosures Policy on a annual basis and regular meetings are held with the Health and Safety team and with the Human Resources Team. The ELT has monthly reports by the Health and Safety and Human Resources Teams. The HR Team and H&S Team managers have weekly meetings with the Chief Executive.
					Executive Leadership Team provide regular formal communications to staff.		A blog from the ELT is published regularly. People Leader hui are held regularly with all People Leaders.
					The Chief Executive conducts regular staff meetings.		Staff meetings take place regularly, particularly currently when there is clarity on transition programmes.
					Group Managers and the Chief Executive are available to all staff.		All Group Managers operate an open door policy and encourage staff to discuss matters with them.
					Staff satisfaction survey is conducted.		The staff satisfaction is conducted annually, and organisational 'pulse' health checks regularly.
					Executive Leadership Team actively participate in staff social club events.		Mid-winter Christmas and Christmas events are attended by the ELT. There is also an ELT member on the Social Club.
Adrian de Laborde	Wastewater overflows There is a risk that we experience wastewater overflows - particularly dry weather - and get prosecuted by Waikato Regional Council	Environmental Compliance	High	Cautious	GM meets regularly with all staff on a number of occasions to stress the importance of reducing overflows	Low	This is ongoing and we have seen a significant reduction in overflows.
					Review of all pump stations by external contractors		Completed. However, annual inspection programme to be implemented.
					Pipe blockages and aerial pipes		We have procured emergency overflow response gear and have reviewed our recent responses and have prepared a response process / mapping. The programme is now complete and was commended by Waikato Regional Council at our last event. The inspection of the aerial crossings has been made a regular scheduled check by the Works team.
					Upgrade programme being implemented		We expanded this to upgrade all pumpstation controls as a review found them to be deficient. All pumpstations have now been connected to SCADA. All pumpstations are now connected to SCADA.
					Upgrade distribution boards at the pump stations		Some upgrades have been done - others underway - being done in conjunction with the above SCADA work. This work is mostly complete, however, annual maintenance programme to be implemented.
					Install alarms & comms		This project is now complete.
					Upgrade pumps		All pumps have now been upgraded. The team is now working towards a more proactive approach rather than reactive.
					24/7 Monitoring of alarms and SCADA		In the future this will be migrated to Waikato Waters Ltd. Active monitoring is taking place to manage staff fatigue and will continue to do so, but given the transition we are not seeking to make any changes as a result. Alot of work has been done to reduce level of overtime and we are seeing an improvement generally.
David Speirs	Pandemic There is a risk that Council operations could be negatively impacted by a Pandemic	Health and safety	High	Cautious	Initiatives are in place to launch to assist our community.	Low	Council ensures that it has appropriate financial reserves to cushion any negative impact on its cash flow while maintaining service delivery to the community. This is facilitated through either LGFA or other banking facilities. Council has initiatives in place such as prompt payment to suppliers and rates payment holidays. The Audit and Risk Committee resolved in August 2025 that a Pandemic and Epidemic Policy, Strategy, and Operational Plans be developed which is currently in a draft form and will be presented for consideration in the short term.

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					IT staff are prepared to enable all staff and contractors to remotely enter the workplace.		The teams (staff and contractors) are in a prepared state should lockdowns be initiated.
Natasha Ryburn	Relationships with Māori There is a risk that Council fails to operate as a credible and effective Treaty partner with Hauraki iwi due to insufficient organisational capability, systems, culture, and governance arrangements, resulting in loss of iwi trust, poor decision-making, increased legal and statutory risk, and failure to achieve post-Treaty settlement outcomes.	Partnerships with Iwi and Māori	High	Neutral	Council-wide systems, governance arrangements, and capability frameworks are in place to support Treaty partnership, with specialist iwi advisory support embedded across the organisation.	Low	A number of teams are engaging well with iwi, and staff across the organisation are developing supporting frameworks and tools. However, staff capability remains an area for ongoing development and focus. Each team will be engaged with separately, recognising that training and capability needs differ across the organisation.
					Formal Treaty partnership arrangements embedded into Council governance, decision-making, and accountability frameworks.		Council is embedding formal Treaty partnership arrangements into governance, decision-making, and accountability frameworks through individual Memoranda of Understanding with Hauraki iwi, forming the foundation for the collective Mana Whakahono ā Rohe agreement to ensure coordinated, iwi-informed outcomes across the rohe. This has now shifted to a partnership with Hauraki Iwi in which iwi are currently underway in developing the Terms of Reference as Mana Whakahono ā Rohe have been removed from the RMA Legislation.
					Council decision-making systems redesigned to enable early, consistent, and iwi-led engagement across all business units.		Council is redesigning its decision-making systems to embed early, consistent, and iwi-led engagement across all business units, anchored by a comprehensive partnership agreement with Hauraki iwi that guides collaborative planning and implementation. A report is nearly completed and the development of a framework is currently underway to guide the direction and manner in which we engage with Iwi.
					Organisation-wide Māori cultural competency embedded as a core capability across governance, leadership, and staff roles.		Regular engagement takes place with the GLT on key matters involving our iwi partners. A draft Te Ao Māori strategy has been prepared and includes a years roadmap of actions. ELT have provided feedback which is currently being worked through. Additional outcomes being progressed include Treaty and Hauraki-specific training for all staff, the development of an Iwi web portal and cultural competencies toolkit, and a dedicated staff group driving kaupapa Māori across departments. Tools to support consistent engagement, including the Iwi Engagement Tool, and the Te Tara o te Ika a Māui App, are in use organisation-wide. Updates to the Mapping System and supporting flowcharts are underway to accurately reflect iwi interests, Treaty mechanisms, and statutory acknowledgements, strengthening Council's capability to embed Māori cultural competency across governance, leadership, and staff roles.
Adrian de Laborde	Pit Wall Collapse: There is a risk of failure of the south wall of Martha Pit, on Seddon Street (Waihi) where ground slumping, cracking and movement has been observed for numerous years.	Operations	High	Neutral	Continue monitoring ground movement in the affected area, seek expert advice and consider other engineering and/or access controls if the rate of ground movement accelerates.	Low	Due to the Martha Pit being in close proximity to the affected area, historic and current underground mining, the location of the Millenium Wall (with no stormwater drainage) and stormwater reticulation services in the street, the reason for and significance of ground movement in the area is unknown - it may just be a something to continue monitoring with an eye to alternate/intervention actions if there are signs of a sudden event/failure. Currently there is annual land survey work undertaken by both internal (Technical Services) and external (CKL) providers and the results of six-monthly tilt monitoring and ground movement in the area (undertaken by OceanaGold) is reviewed. An underground camera inspection of a nearby stormwater pipe has been completed and expert geotechnical advice has been sought, with contact and advice ongoing.

FOR INFORMATION
NGĀ MŌHIOTANGA



To Audit & Risk Committee

Author Duncan Peddie
 Head of Finance & Risk

Meeting date 6 October 2026

File reference Document: 4172587

Subject **Leave Report September 2026**

1 TE WHAIKUPU | RECOMMENDATIONS

THAT the Committee

a) Receives the report titled **Leave Report September 2026**, (document number 4172587).

2 TE WHAKARĀPOPOTANGA | SUMMARY

The attached report provides leave balance information and other leave metrics for consideration.

The highest leave balance is 14.4 weeks.

Summary

	Latest 13/09/2026	Previous 26/07/2026		Year ago 28/09/2025	
Overall Leave Balances					
Total Leave (AL/LSL/Alt)	4218	4360	Down	4367	Down
Average leave (days)	17.3	18.2	Down	17.2	Up
Highest Leave Balances					
Staff over 10 weeks	5	6	Down	8	Down
Staff over 7 weeks	38	40	Down	44	Down

3 TE ARONGA | PURPOSE

The attached report seeks to provide the Committee with an update on the leave balance information previously provided and seeks committee feedback on possible other leave metrics for future reporting.

4 WAIKATO WATER LIMITED – TRANSFERRING STAFF

The Committee asked at the June 2026 meeting for information on:

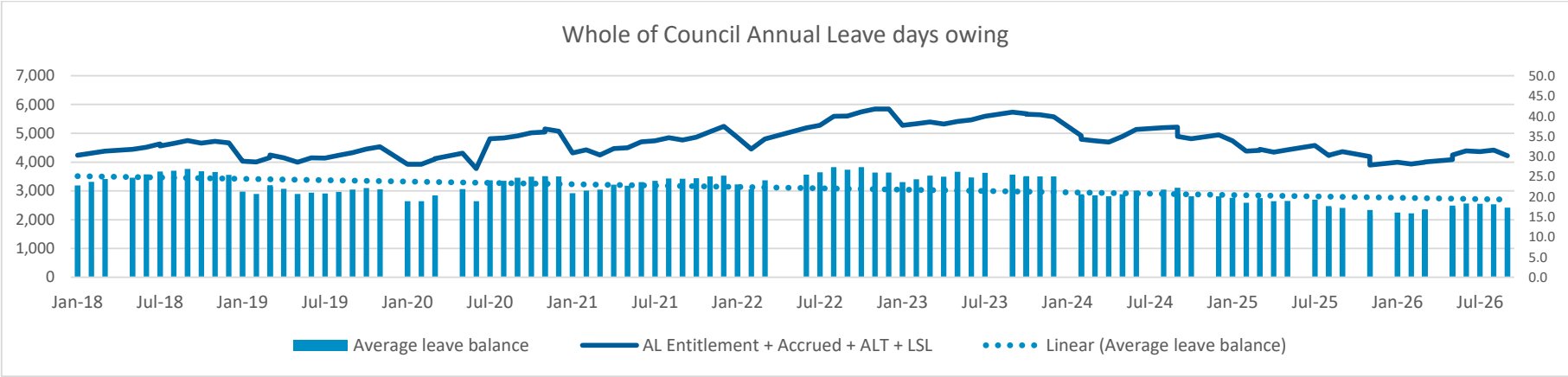
- Water services staff with leave balances above 300 hours to get them onto leave programmes, and mandate leave for anyone reaching 400 hours if they do not provide a plan within one week.
- An estimate of the total leave hours that will transfer to Waikato Water Limited on 1 July 2027

There are three staff over 300 hours. These staff are all on leave plans. There are no staff near or over 400 hours.

The estimated hours are 5,700, with a likely value between \$200,000-\$250,000.

5 REPORTS

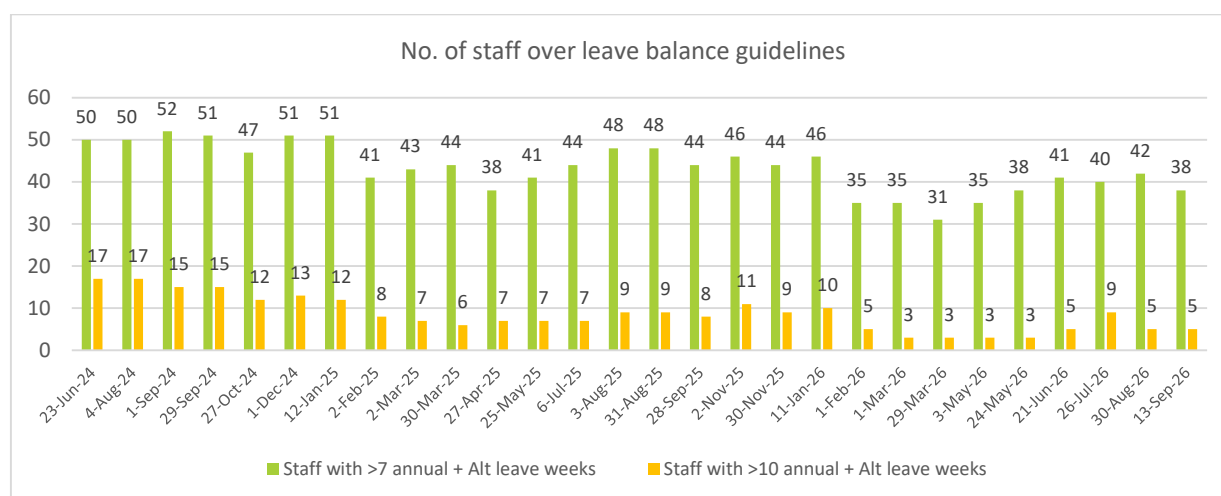
The following graphs show that overall annual leave days outstanding are at the lowest level since 2020 while head-count has increased.
Total Annual Leave Days at 13 September 2026 were 4218 (cf. 26 July 2026 – 4360 and 28 September 2025 – 4367).
Total Average Leave Days at 13 September 2026 was 18.2 (cf. 26 July 2026 – 18.2 and 28 September 2025 – 17.2).



Council's Leave Management Policy states regarding the accumulation of Leave Balances (the sum total of entitlement, accruing, long service leave and alternative holidays) that:

- In excess of seven weeks - Employees strongly encouraged by managers to take leave. Discuss and make plans for leave
- In excess of ten weeks - Employees are to have a managed programme put in place by their managers to reduce their leave. Managers are to discuss with their employee the concerns about a high leave balance and reach agreement with the employee about when they will take their holidays.

The chart below shows the number of staff in excess of those two thresholds.



The highest leave balance is 13.8 weeks.

6 LIABILITY VALUES

Leave Type	Liability 2022	Liability 2023	Liability 2024	Liability 2025
Annual Leave	\$1,730,000	\$1,920,000	\$1,689,000	\$1,696,000
Statutory day Leave	\$54,000	\$100,000	\$86,000	\$72,000
Long Service Leave	\$49,000	\$58,000	\$39,000	\$56,000
Retirement Allowance	\$263,000	\$283,000	\$285,000	\$268,000
Sick Leave	\$63,000	\$76,000	\$70,000	\$82,000
Total	\$2,161,000	\$2,439,000	\$2,169,000	\$2,174,000

The table above shows the value of the liabilities for the various classes of leave at the end of each financial year.

7 TE ARA KI MUA | NEXT ACTIONS

The table below sets out the next key steps:

Action	Responsibility	By When
Staff will update the Committee	Head of Finance & Risk	Each meeting

8 WHAKAPAI | APPROVAL

Prepared by	Jumé De Vos Payroll Manager
Reviewed by	Duncan Peddie Head of Finance & Risk
Approved by	Duncan Peddie Head of Finance & Risk

FOR INFORMATION NGĀ MŌHIOTANGA



To Audit, Risk and Finance Committee

Author Adrian de Laborde and Peter Thom
Group Managers Service Delivery and Community Development and
Regulatory

Meeting date 6 October 2026

File reference Document: 4151815

Subject **Local Government Reforms – update**

1 TE WHAIKUPU | RECOMMENDATIONS

THAT the Committee

a) Receives the report titled Local Government Reforms update, (document number 4151815).

2 TE ARONGA | PURPOSE

The purpose of this report is to present the Audit, Risk and Finance Committee an update on the identified risks for the Local Water Done Well (LWDW) programme, on the Resource Management Act reform, the Local Government and the Building reforms.

3 WHAKAPAPA | BACKGROUND AND CONTEXT

During the last term it was requested that a general update of identified risk for reforms be included as part of the Audit and Risk Committee agenda until further notice. As such, this has been included as a standing item for the Audit, Risk and Finance Committee.

4 LWDW PROJECT AND RISK UPDATE

4.1 Project update

The transition team is currently focused on key transfer information e.g. business cases for the capital programme, identification of property and clarification of asset detail as required. The fourth of the six councils (MPDC) is transferring 1 October, as such HDC project meetings are booked to confirm key timelines and milestones post this 1 October 2026.

4.2 Risks

Now that Waikato Waters is operational, developing systems and ways of working, the risk register has been updated to reflect any changes, lowering the risk profile from pre-establishment. Council has the opportunity to support Waikato Waters in greater capacity as they become clearer on their needs and are not so reliant on Council systems.

5 RESOURCE MANAGEMENT ACT REFORM UPDATE

On 22 September 2026, the Planning Bill and Natural Environment Bill passed their third reading in Parliament, with Royal Assent to follow. The Bills will not immediately repeal and replace the RMA upon commencement.

One month after Royal Assent, a transition period will begin where the RMA still applies (with some modifications, particularly to consenting processes) while national instruments are issued and regional spatial plans (RSP), land use plans (LUP), and natural environment plans (NEP) are progressively prepared, notified, and decided.

A summary prepared by Simpson Grierson as the Bills awaited third reading can be read here: [Goodbye RMA: Hello Planning and Natural Environment Acts | Simpson Grierson](#).

Staff will conduct further analysis of the immediate and ongoing impacts of the new system on HDC and report back to the Council with further detail.

The regional spatial plan is the first new plan we will need to produce under the new legislation (within 21 months of Royal assent or 6 months after the first national policy direction is issued). A report was presented to council in August 2026 to raise Council awareness of the complex regional spatial plan process and the requirement for our Governance to agree a process to develop the plan with neighbouring councils as a matter of priority.

6 LOCAL GOVERNMENT REFORM

Following the announcement on 24 September 2026, the Government has decided to take additional time before deciding which Head Start local government reform proposals should progress to detailed design. All decisions have been deferred until after the general election later this year.

7 BUILDING REFORMS

Late 2025, it was announced building reforms would be introduced early 2026. These reforms are expected to be the most significant changes since the Building Act 2004, and aim to improve consenting efficiency and rebalance risk allocation across the construction sector.

The latest updates on these reforms are:

- The Building (Earthquake Prone Buildings) Amendment Act establishes a more proportional and risk based system for managing earthquake prone buildings. This Act comes into force on 1 July 2027.

- The Building Act Amendment Bill was introduced on 30 June 2026 and submissions are due in November 2026. This Bill contains more comprehensive changes to building consenting and will not be enacted in this term of government.

8 TE ARA KI MUA | NEXT ACTIONS

The table below sets out the next key steps:

Action	Responsibility	By When
An update will be prepared for the next Audit, Risk and Finance Committee	Jolene Nelson/ Charan Mischewski/Nina Murphy	December 2026

9 TUHUTORO | REFERENCES

- [Building Reform 2025: Supporting Smarter, Safer Communities - Taituarā - Local Government Professionals Aotearoa](#)
- [Goodbye RMA: Hello Planning and Natural Environment Acts | Simpson Grierson.](#)
- Council report, 12 August 2026, Regional Spatial Planning, Document #4125759

10 WHAKAPAI | APPROVAL

Prepared by	Jolene Nelson, Charan Mischewski Corporate Planning Consultant, Senior Strategic Planner
Reviewed by	Naomi Arnet and Nina Murphy Project Manager (Consultant) and Strategic Planning Manager
Approved by	Peter Thom Community Development and Regulatory

FOR INFORMATION NGĀ MŌHIOTANGA



To Audit, Risk and Finance Committee

Author Elizabeth Whittenham
Management Accountant

Meeting date 6th October 2026

File reference Document: M4178450

Subject **Treasury Report as at 30 September 2026**

1 TE WHAIKUPU | RECOMMENDATIONS

THAT the Committee

- a) Receives the report titled Treasury Report as at 30 September 2026, (document number M4178450).
- b) Notes Council's continued non-compliance with certain treasury policy parameters, as outlined in section 5 of this report, relating to interest rate hedging and counterparty limits and that this position has been approved by Council as temporary during the transition to Waikato Waters Limited.

2 TE WHAKARĀPOPOTANGA | SUMMARY

This report provides an update on Council's treasury position and compliance with the Liability Management Policy as at 30 September 2026.

Debt affordability benchmarks are reported as at 30 June 2025, being the most recent audited position. All other treasury metrics are reported as at 30 September 2026.

At 30 June 2025, Council's debt affordability benchmarks were within policy limits. As at 30 September 2026, Council remains compliant with its liquidity requirement and counterparty exposure but is operating outside certain treasury policy parameters relating to interest rate hedging and loan maturity profile.

These positions reflect the transitional funding strategy adopted ahead of the transfer of water-related debt to Waikato Waters Limited (WWL), including prefunding of upcoming maturities, and have been approved by Council as temporary during this period. Counterparty non-compliance arises from the short-term placement of prefunded borrowings and was formally approved by Council in March 2026.

3 TE ARONGA | PURPOSE

The purpose of this report is to provide the Audit, Risk and Finance Committee with an update on Council's treasury position as at 30 September 2026, including:

- compliance with the Liability Management Policy
- performance against debt affordability benchmarks
- current liquidity, interest rate, loan maturity, and counterparty positions
- treasury implications of the proposed transfer of water-related debt to Waikato Waters Limited, including participation in LGFA guarantee arrangements.

4 WHAKAPAPA | BACKGROUND AND CONTEXT

Council's treasury activities are governed by the Liability Management and Investment Policy, adopted on 8 July 2026 and effective from that date.

The policy was developed contemplating the transfer of water-related assets and debt to Waikato Waters Limited from 1 July 2027.

As Council prepares for this transition, aspects of the policy are under pressure, particularly in relation to interest rate hedging, loan maturity profile, counterparty concentration, and guarantee exposures. These pressures reflect a deliberate transitional strategy, including shorter-dated borrowing, prefunding of maturities, and management of the existing hedge portfolio ahead of transfer.

Council is continuing to work with PwC and WWL to determine the quantum and structure of water-related debt to be transferred by novation, and to agree an appropriate treatment for existing interest rate swaps. The objective remains to achieve a transition that is prudent and, to the extent practicable, cost-neutral for both Council and WWL.

5 TREASURY POLICY COMPLIANCE SUMMARY

LGFA covenant ratios are calculated in accordance with LGFA definitions, which treat short-term prefunded term deposits as cash-like financial assets for net debt purposes.

For audit and statutory reporting, term deposits with original maturities greater than three months are classified as financial assets rather than cash equivalents under PBE IPSAS, resulting in higher net debt ratios when derived directly from the financial statements.

Both measures are monitored by management. Treasury reporting uses LGFA covenant definitions.

Summary of key treasury metrics

Metric	Policy Requirement	Actual Position	Compliance
Net external debt / total revenue (30 Jun 2025)	≤ 280%	155%	Compliant
Net interest / rates revenue (30 Jun 2025)	≤ 30%	9.5%	Compliant
Net interest / total revenue (30 Jun 2025)	≤ 20%	7%	Compliant
Liquidity ratio (30 September 2026)	≥ 110%	118%	Compliant
Interest rate hedging (30 September 2026)	Policy corridor limits	49% hedged	Approved non-compliance
Loan maturity profile (30 September 2026)	0–3 yrs ≤ 60%	58%	Compliant
Counterparty exposure (30 September 2026)	≤ \$20m per bank	ANZ outside limit due to derivatives	non-compliance

6 DEBT AFFORDABILITY BENCHMARKS (AS AT 30 JUNE 2025)

At 30 June 2025, Council's performance against the debt affordability benchmarks was as follows:

- Net external debt: 155% of total revenue
- Net interest expense: 9.5% of rates revenue
- Net interest expense: 7% of total revenue

Gross external debt at 30 June 2025 was \$140 million. Net external debt at 30 June 2025 was \$106 million, calculated in accordance with LGFA covenant definitions.

Note: External debt represents borrowings from external lenders such as banks and the Local Government Funding Agency. Net external debt is calculated as external debt less Council's cash and other similar liquid financial assets, in accordance with LGFA covenant definitions.

All benchmarks were within the limits set in the Liability Management Policy.

7 INTEREST RATE RISK (AS AT 30 SEPTEMBER 2026)

As at 30 September 2026:

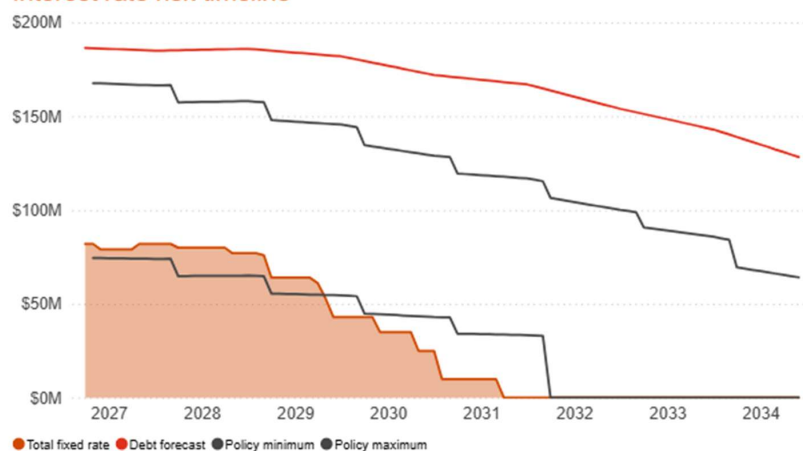
- Gross debt (less prefunding): approximately \$167 million
- Fixed rate instruments: approximately \$82 million
- Hedge ratio: approximately 49%
- Weighted average fixed rate: 3.91%
- Weighted average fixed term: 2.94 years

Council remains outside certain interest rate policy parameters due to the transitional debt strategy adopted ahead of the transfer of water-related debt to WWL. This position has been approved by Council.

As water-related debt is transferred to WWL, Council is expected to move from a slightly under-hedged position to an over-hedged position, relative to its remaining debt portfolio, as illustrated in the graphs below.

Prior transition to WWL

Interest rate risk timeline



\$167,000,000

Gross debt less prefunding

\$82,000,000

Total fixed rate instruments

49%

Current hedged (%)

3.91%

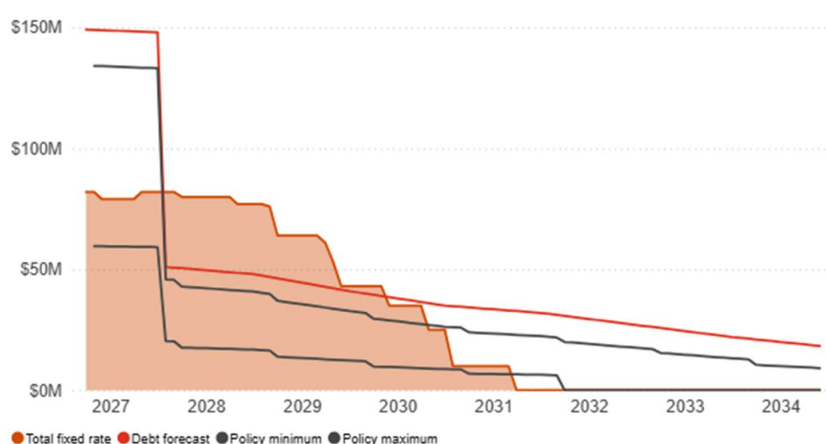
Current WA fixed rate

2.94

WA fixed term (years)

Post-transition to WWL

Interest rate risk timeline



\$167,000,000

Gross debt less prefunding

\$82,000,000

Total fixed rate instruments

49%

Current hedged (%)

3.91%

Current WA fixed rate

2.94

WA fixed term (years)

In summary:

- Council is not currently over-hedged; however, an over-hedged position is expected post-transfer
- The hedge profile reflects pre-reform swap positions, limiting flexibility
- Council has not increased hedge cover and is managing its existing position through transition
- Work is ongoing with WWL and PwC to agree the treatment of existing swaps

8 LOAN MATURITY PROFILE (AS AT 30 SEPTEMBER 2026)

Council's loan maturity profile is concentrated at the upper end of the 0–3-year policy band.

Bucket (years to maturity)	Policy	Actual
0-3	15-60%	58%
3-7	25-85%	42%
7-13	0-60%	0%
Total		100%

This position reflects a deliberate funding strategy adopted to support the transition to WWL, including:

- Prefunding of upcoming debt maturities to manage refinancing risk and liquidity
- Avoidance of long-dated debt that may require novation at transition

While non-compliance with loan maturity parameters has been approved by Council the latest borrowing has moved the load maturity profile into compliance.

9 LIQUIDITY (AS AT 30 SEPTEMBER 2026)

Council's liquidity ratio was approximately 118%, exceeding the policy minimum requirement of 110%.

- Gross external debt (less prefunding) = \$167,000,000 (A)
- Undrawn and unlinked bank facilities = \$12,000,000 (B)
- Liquid assets = \$18,114,000 (C)
- Liquidity ratio = $(A+B+C)/(A) = \sim 118\%$

Council continues to maintain sufficient committed facilities and liquid investments to meet obligations as they fall due.

Note: pre-funding is excluded from the liquidity ratio calculation (as per the policy).

10 COUNTERPARTY CREDIT LIMITS (AS AT 30 SEPTEMBER 2026)

Council is currently **outside** counterparty exposure limits set in the Liability Management Policy.

Counterparty	Investment (cash + TD)	Derivatives exposure	Total exposure	Limit	Compliant
ANZ	\$20,351,134	\$351,134	\$351,134	\$20,000,000	No
BNZ	\$17,417,000	\$70,000	\$17,487,000	\$20,000,000	Yes
Westpac	\$18,697,807	\$0	\$15,347,807	\$20,000,000	Yes

The ANZ estimated derivatives exposure of \$351,134 is causing the ANZ to be non-compliant as a \$20M term deposit has been made for prefunding future debt. This non-compliance will remain until maturity of the deposit in April 2027 if the derivatives remain valued above \$0.

11 GIVING OF LOAN GUARANTEES

There is no change since the last Treasury Report to the below information:

Council has entered arrangements to provide a guarantee in respect of debt raised by WWL through the Local Government Funding Agency (LGFA).

As part of the establishment of WWL, shareholder councils are required to act as guarantors under the LGFA Guarantee framework to enable WWL to access LGFA funding and associated benefits available to qualifying water organisations.

In March 2026, Council formally approved entry into a Deed of Guarantee and associated accession documentation with LGFA to support WWL borrowing. This includes delegation to the Mayor and Chief Executive to finalise and execute the required agreements.

The guaranteed exposure is expected to be allocated on a debt-based approach, reflecting:

- the level of debt transferred to WWL; and
- each Council's share of establishment-related funding

This approach aligns guarantee exposure with underlying economic risk as the transition progresses.

Council has acknowledged that entering the LGFA guarantee arrangements will result in a breach of the quantitative limit for loan guarantees set out in its Liability Management Policy (being less than 10% of general rates revenue). Council has approved this position under special circumstances, recognising:

- the strategic importance of the water services reform and transition to WWL
- the requirement to participate in the LGFA guarantee framework to enable efficient funding
- that the exposure relates to a sector-wide funding mechanism rather than a standalone third-party risk

Council has also resolved that monitoring and reporting of Waikato Waters Limited will align with the requirements of the Local Government (Water Services) Act 2025. This provides a formal regulatory framework for financial performance, accountability, and transparency of the water organisation.

In addition, Council will continue to receive regular shareholder reporting and maintain oversight through governance and accountability arrangements established as part of the Waikato Waters structure.

12 WAIKATO WATERS LIMITED DEBT TRANSFER UPDATE

There is no change since the last Treasury Report to the below information:

Work is ongoing to finalise the transfer of water-related assets and debt to WWL, with transition expected on 1 July 2027.

Council has undertaken detailed analysis of its current debt portfolio to assess how debt could be transferred to WWL by novation while maintaining economic neutrality. This analysis is based on Council's debt position as at 28 February 2026 and is intended as a "point-in-time" illustration.

The analysis indicated that a novated portfolio can be constructed that closely aligns with Council's existing weighted average cost of funds and maturity profile. The weighted average cost of funds differs by approximately 1 basis point, and the weighted average term differs by

only a few days. This demonstrated that the transfer of water-related debt can be achieved on a broadly cost-neutral basis under current market conditions.

Following the transfer, Council's residual debt portfolio is expected (as of February 2026) to reduce to approximately \$51 million and remain more concentrated in shorter-term maturities. This reflects the current funding strategy, including shorter-dated borrowing and prefunding ahead of transition.

The projected maturity profile post-novation indicates that Council is likely to remain outside its current loan maturity policy parameters in the short term. This position is consistent with the transitional strategy and is expected to be actively managed over time as debt matures and is refinanced.

Overall, the analysis supports that:

- the debt transfer to WWL can be achieved on an economically neutral basis
- the current funding and hedge profile can be adapted to support the transition
- the residual Council portfolio will require ongoing active management, particularly in relation to maturity concentration

Council continues to work with PwC and WWL to refine the structure of the transfer and to agree the treatment of existing interest rate swaps. These remain a key component of achieving a neutral outcome for both parties.

Council retains discretion to enter counter-swaps or other transactions where required to manage, rebalance, or close out existing positions in a prudent and cost-effective manner.

13 FINANCIAL INVESTMENTS – LOANS TO COMMUNITY ORGANISATIONS

Council's Investment Management Policy allows for investments and loans that support Council's social and community outcomes. In accordance with this policy, Council has provided loans to the following community organisations. All loans were approved by Council and remain compliant with the policy.

Paeroa Community Support Trust

Council approved a \$120,000 suspensory loan in February 2020 as part of the sale of 120 Normandy Road to the Trust. The loan is to be repaid through a capitalised grant from the Paeroa Ward. The loan balance as at 30 September 2026 was \$48,000 (31 July: \$48,000).

Goldfields Railway

On 27 October 2021, Council approved a five-year, \$20,000 loan to assist with the re-roofing of the Train Shed, works to the Railway Houses, and upgrades to the railway track between Waihi and Waikino. The loan is unsecured and interest-free and was drawn down on 25 March 2022. The loan balance as at 30 September 2026 was \$2,333 (31 July 2026: \$2,667).

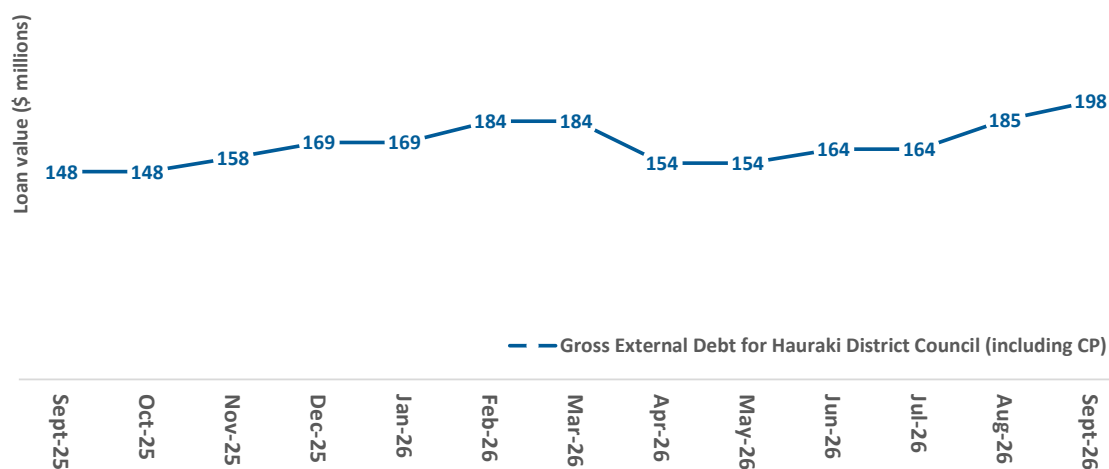
Kerepēhi Bowling Club

On 30 March 2022, Council approved a five-year, \$20,000 loan to assist with the upgrade of the clubrooms. The loan is unsecured and interest-free and was drawn down on 27 May 2022. The loan balance as at 30 September 2026 was \$3,000 (31 July 2026: \$3,666).

14 GROSS EXTERNAL DEBT POSITION

As part of the Audit and Risk and Finance Committee work programme, the following graph has been prepared to provide a clear view of Council's gross external debt position.

The graph shows the monthly balance of gross external debt, highlighting the timing of new borrowings, prefunding activity, and debt repayments.



15 TE ARA KI MUA | NEXT ACTIONS

The table below sets out the next key steps:

Action	Responsibility	By When
Finalise quantum of water-related debt to be transferred by novation	Finance / PwC / WWL	Pre-transition
Develop and agree a swap transition protocol with WWL	Finance / PwC / WWL	Pre-transition
Manage hedge portfolio to support orderly transition	Finance	Ongoing
Manage prefunding and associated counterparty exposures as maturities fall due	Finance	Ongoing
Monitor treasury policy non-compliances and report through regular reporting	Finance	Ongoing
Review and update Liability Management Policy	PwC / Council	LTP process

16 TUHUTORO | REFERENCES

- Liability Management and Investment Policy (July 2026)

17 WHAKAPAI | APPROVAL

Prepared by	Elizabeth Whittenham Management Accountant
Reviewed by	Elizabeth Whittenham Management Accountant
Approved by	Duncan Peddie Head of Finance and Risk

FOR INFORMATION NGĀ MŌHIOTANGA



To Audit, Risk and Finance Committee

Author Elizabeth Whittenham
Management Accountant

Meeting date 6th October 2026

File reference Document: 4181028

Subject **Finance Reports to 31 August 2026**

1 [TE WHAIKUPU | RECOMMENDATIONS](#)

THAT the Committee

- a) Receives the report titled **Finance Reports for the period ending 31 August 2026**, (document number 4181028).

2 [TE ARONGA | PURPOSE](#)

The purpose of this report is to provide the Committee the opportunity to review the Council Finance report together with a more detailed operating report.

The Committee is requested to review the information in these reports, and any changes will be included in an amended report to council.

3 [DETAILED FINANCIAL REPORTS](#)

A detailed operating financial report covering the Council's Groups of Activities is provided below.

This covers the Cost of Service Statements that make up the Operating Financial Report that is presented to council, but also includes detail at the sub-activity level, which is one tier lower than what is presented to council. This is provided to provide context to the Council Financial Report.

Expenditure is over budget by \$199,000, driven primarily by Water. Some of this additional spend is due to desludging at the Waitakaruru Water Treatment Plant which was budgeted for in the last financial year and awaiting approval to be carried forward. There were also costs related to Waihi treatment plant works to achieve compliance.

The spend is offset by additional income across regulatory activities, dog registration, building services and RMA implementation.

Summary for the 2 months ended 31 August 2026					
	YTD Actual (\$ 000's)	YTD Budget (\$ 000's)	% of YTD Budget	YTD Variance (\$ 000's)	Annual Budget (\$ 000's)
<i>Expenditure</i>					
Leadership	739	752	98.2%	13	5,111
Networks	7,394	7,181	103.0%	(213)	54,181
Community Services	1,588	1,557	102.0%	(31)	11,715
Community Development	429	498	86.1%	69	1,761
Regulatory	1,105	1,054	104.9%	(52)	6,417
Environmental Initiatives	2	15	10.8%	14	172
Total Cost of Service	11,256	11,057	101.8%	(199)	79,356
<i>Less Revenue (Excluding Capital)</i>					
Leadership	(10)	0	0.0%	10	(234)
Networks	(1,247)	(1,152)	108.3%	96	(6,859)
Community Services	(144)	(220)	65.5%	(76)	(1,340)
Community Development	(45)	(44)	102.0%	1	(363)
Regulatory	(793)	(629)	126.1%	164	(2,022)
Environmental Initiatives	0	0	0.0%	0	0
Total Revenue	(2,239)	(2,045)	109.5%	195	(10,817)
Net Cost of Service (Excl. Capital)	9,017	9,013	100.0%	(4)	68,539
<i>Less Revenue (Capital only)</i>					
<i>Leadership</i>					
Networks	(626)	(315)	198.4%	310	(5,954)
Community Services					
Community Development					
Regulatory					
Environmental Initiatives					
Total Revenue	(626)	(315)	198.4%	310	(5,954)
Net Cost of Service	8,391	8,697	96.5%	306	62,585

Summary of Leadership for the 2 months ended 31 August 2026					
	YTD Actual (\$ 000's)	YTD Budget (\$ 000's)	% of YTD Budget	YTD Variance (\$ 000's)	Annual Budget (\$ 000's)
Expenditure					
Democracy	496	501	99.1%	5	3,027
Iwi Liaison	26	31	86.0%	4	196
Policy Development	216	221	98.1%	4	1,888
Total Cost of Service	739	752	98.2%	13	5,111
Less Revenue					
Democracy	(0)	0	0.0%	0	0
Iwi Liaison	0	0	0.0%	0	0
Policy Development	(9)	0	0.0%	9	(234)
Total Revenue	(10)	0	0.0%	10	(234)
Net Cost of Service	729	752	97.0%	23	4,877
Democracy for the 2 months ended 31 August 2026					
	YTD Actual (\$ 000's)	YTD Budget (\$ 000's)	% of YTD Budget	YTD Variance (\$ 000's)	Annual Budget (\$ 000's)
Expenses					
Democracy	496	501	99.1%	5	3,027
Total Cost of Service	496	501	99.1%	5	3,027
Less Revenue					
Democracy Income	(0)	0	0.0%	0	0
Total Revenue	(0)	0	0.0%	0	0
Net Cost of Service	496	501	99.0%	5	3,027
Iwi Liaison for the 2 months ended 31 August 2026					
	YTD Actual (\$ 000's)	YTD Budget (\$ 000's)	% of YTD Budget	YTD Variance (\$ 000's)	Annual Budget (\$ 000's)
Expenses					
Iwi Liaison	26	31	86.0%	4	196
Total Cost of Service	26	31	86.0%	4	196
Less Revenue					
Iwi Liaison Income	0	0	0.0%	0	0
Total Revenue	0	0	0.0%	0	0
Net Cost of Service	26	31	86.0%	4	196

Policy Development for the 2 months ended 31 August 2026					
	YTD Actual (\$ 000's)	YTD Budget (\$ 000's)	% of YTD Budget	YTD Variance (\$ 000's)	Annual Budget (\$ 000's)
<i>Expenses</i>					
RMA Policy	80	82	97.8%	2	667
Strategic Planning	136	138	98.3%	2	1,221
Total Cost of Service	216	221	98.1%	4	1,888
<i>Less Revenue</i>					
Policy Development	(9)	0	0.0%	9	(234)
Total Revenue	(9)	0	0.0%	9	(234)
Net Cost of Service	207	221	94.0%	13	1,654

Summary of Networks for the 2 months ended 31 August 2026					
	YTD Actual (\$ 000's)	YTD Budget (\$ 000's)	% of YTD Budget	YTD Variance (\$ 000's)	Annual Budget (\$ 000's)
<i>Expenditure</i>					
Land Drainage	171	220	78.0%	48	1,445
Roading	3,025	2,943	102.8%	(82)	18,953
Waste Management	630	624	101.1%	(7)	4,801
Stormwater	254	257	99.0%	2	1,780
Wastewater	1,215	1,314	92.5%	99	11,538
Water	2,098	1,824	115.0%	(274)	15,664
Total Cost of Service	7,394	7,181	103.0%	(213)	54,181
<i>Less Revenue (Excl. Capital)</i>					
Roading	(879)	(813)	108.1%	66	(4,748)
Waste Management	(357)	(327)	109.2%	30	(1,804)
Stormwater	(0)	(5)	8.9%	(4)	(28)
Wastewater	(10)	(7)	141.2%	3	(278)
Water	(1)	0	0.0%	1	0
Total Revenue	(1,247)	(1,152)	108.3%	96	(6,859)
Net Cost of Service (Excl. Capital)	6,146	6,030	101.9%	(117)	47,322
<i>Less Revenue (Capital)</i>					
Roading	(259)	(273)	94.9%	(14)	(5,741)
Solid Waste					
Stormwater	0	0	0.0%	0	0
Wastewater	(355)	(16)	2164.7%	339	(16)
Water	(12)	(26)	44.7%	(14)	(196)
Total Revenue	(626)	(315)	198.4%	310	(5,954)
Net Cost of Service	5,520	5,714	96.6%	194	41,368

Land Drainage for the 2 months ended 31 August 2026					
	YTD Actual (\$ 000's)	YTD Budget (\$ 000's)	% of YTD Budget	YTD Variance (\$ 000's)	Annual Budget (\$ 000's)
<i>Expenses</i>					
Depreciation	23	23	100.0%	0	137
Floodgates	16	11	140.8%	(5)	36
Interest	(13)	(13)	100.0%	0	(60)
Maintenance/Fencing/Culverts	1	2	88.3%	0	17
1 Mechanical Cleaning	5	47	11.0%	41	278
2 Other	14	28	50.8%	14	158
Overheads	67	67	100.0%	0	399
Pumps	57	48	119.1%	(9)	294
Vegetation Control	1	8	11.0%	7	186
Total Cost of Service	171	220	78.0%	48	1,445
Net Cost of Service	171	220	78.0%	48	1,445
<u>Notes to Report:</u>					
1	Favourable \$40k in works team charges in WPDD Area 1. Team awaiting more favourable ground and weather conditions with onset of spring to undertake works.				
2	Favourable \$13k in works team charges for drain inspection. Team awaiting more favourable ground and weather conditions with onset of spring to undertake works.				

Roading for the 2 months ended 31 August 2026					
	YTD Actual (\$ 000's)	YTD Budget (\$ 000's)	% of YTD Budget	YTD Variance (\$ 000's)	Annual Budget (\$ 000's)
<i>Expenses</i>					
3 Amenity	18	30	59.5%	12	208
4 Carriageways and Bridges	767	865	88.7%	98	5,342
5 Emergency Works	191	17	1121.7%	(174)	102
Depreciation	1,613	1,613	100.0%	0	9,677
Footpath Maintenance	12	8	148.5%	(4)	50
6 Lighting	75	57	133.1%	(19)	420
Network Management	219	220	99.9%	0	1,547
Road Interest	0	0	0.0%	0	725
Other	129	135	96.2%	5	880
Total Cost of Service	3,025	2,943	102.8%	(82)	18,953
<i>Less Revenue (Operating)</i>					
7 Road Income	(879)	(813)	108.1%	66	(4,748)
Total Revenue	(879)	(813)	108.1%	66	(4,748)
Net Cost of Service (Excl. Capital)	2,146	2,131	100.7%	(16)	14,205
8 Road Income - Capital	(259)	(273)	94.9%	(14)	(5,741)
Net Cost of Service	1,887	1,858	101.6%	(30)	8,463
<u>Notes to Report:</u>					
3	Favourable \$12k in vegetation control. Urban vegetation programme occurring over coming months to address backlog.				
4	Favourable for external contractors for sealed pavement maintenance - 111. pre reseal repairs occurring in August & September, little behind programme due to rain occurring.				
5	Unfavourable spend in emergency works-141 for external contractors. This is reaping the tail end of the January 21st weather event damage. Minimal works remaining.				
6	Adverse in external contractor charges. Addressing backlog of faults with new budget				
7	Favourable income reflects the adverse in work done.				
8	Adverse \$(15k) in development contributions to date.				

Waste Management for the 2 months ended 31 August 2026					
	YTD Actual (\$ 000's)	YTD Budget (\$ 000's)	% of YTD Budget	YTD Variance (\$ 000's)	Annual Budget (\$ 000's)
<i>Expenses</i>					
Kerbside Collection	290	296	98.0%	6	2,006
9 Landfill Aftercare	17	27	61.8%	10	212
Transfer Stations	270	263	102.8%	(7)	2,234
10 Waste Minimisation	53	38	141.2%	(16)	350
Total Cost of Service	630	624	101.1%	(7)	4,801
<i>Less Revenue</i>					
Kerbside Collection	(95)	(87)	109.5%	8	(561)
Landfill Aftercare	0	0	0.0%	0	0
Transfer Stations	(142)	(136)	104.8%	7	(770)
11 Waste Minimisation	(119)	(104)	114.6%	15	(472)
Total Revenue	(357)	(327)	109.2%	30	(1,804)
Net Cost of Service	274	297	92.2%	23	2,997
<u>Notes to Report:</u>					
9	Favourable in works team charges but do anticipate future mowing work to be done in this area.				
10	Costs incurred for battery collections, degassing, food scrap bins, e waste and soft plastic recycling, offset by the favourable income received from the waste levy below.				
11	Favourable waste levy claim reflecting activities and offsetting costs showing above.				

Stormwater for the 2 months ended 31 August 2026					
	YTD Actual (\$ 000's)	YTD Budget (\$ 000's)	% of YTD Budget	YTD Variance (\$ 000's)	Annual Budget (\$ 000's)
<i>Expenses</i>					
Depreciation	173	173	100.0%	0	1,037
Floodgates	0	1	0.0%	1	2
Interest	(16)	(16)	100.0%	0	(97)
Maintenance/Fencing/Culverts	0	2	0.0%	2	10
Mechanical Cleaning	4	2	177.6%	(2)	22
Other	27	25	105.9%	(1)	360
Overheads	57	57	100.0%	0	340
Pumps	0	1	36.4%	1	11
Reticulation	8	12	71.8%	3	61
Vegetation Control	1	0	394.5%	(1)	32
Total Cost of Service	254	257	99.0%	2	1,780
<i>Less Revenue (Operating)</i>					
Income	(0)	(5)	8.9%	(4)	(28)
Total Revenue	(0)	(5)	8.9%	(4)	(28)
Net Cost of Service (excl Capital)	254	252	100.8%	(2)	1,752
Income (Capital)	0	0	0.0%	0	0
Net Cost of Service (incl Capital)	254	252	100.8%	(2)	1,752

Wastewater for the 2 months ended 31 August 2026					
	YTD Actual (\$ 000's)	YTD Budget (\$ 000's)	% of YTD Budget	YTD Variance (\$ 000's)	Annual Budget (\$ 000's)
<i>Expenses</i>					
Depreciation	661	661	100.0%	0	4,001
Fixed Costs	18	18	99.8%	0	345
Interest	0	0	0.0%	0	2,413
Major Maintenance	0	3	0.0%	3	20
Other	19	24	76.7%	6	402
Overheads	145	145	100.0%	0	871
Pumpstations	80	86	93.0%	6	535
Reticulation	49	42	117.2%	(7)	200
12 Treatment	242	334	72.7%	91	2,753
Total Cost of Service	1,215	1,314	92.5%	99	11,538
<i>Less Revenue (Operating)</i>					
Wastewater Income	(10)	(7)	141.2%	3	(278)
Total Revenue	(10)	(7)	141.2%	3	(278)
Net Cost of Service (excluding Capital)	1,204	1,306	92.2%	102	11,260
13 Wastewater Income (Capital)	(355)	(16)	2164.7%	339	(16)
Net Cost of Service	849	1,290	65.8%	441	11,243
<u>Notes to Report:</u>					
12	Favourable \$133k in Paeroa WWTP operations as not yet fully operational. Adverse (\$25k) in Waihi due to a track upgrade in treatment ponds.				
13	Favourable due to Paeroa North rising main financial contributions.				

Water for the 2 months ended 31 August 2026					
	YTD Actual (\$ 000's)	YTD Budget (\$ 000's)	% of YTD Budget	YTD Variance (\$ 000's)	Annual Budget (\$ 000's)
<i>Expenses</i>					
Depreciation	689	689	100.0%	0	4,146
Fixed Costs	25	25	100.0%	0	423
Headworks	112	104	107.9%	(8)	1,072
Interest	0	0	0.0%	0	2,587
14 Major Maintenance	24	0	0.0%	(24)	150
Other	98	89	109.8%	(9)	587
Overheads	310	310	100.0%	0	1,860
Pumpstations	9	8	105.1%	(0)	87
Reticulation	154	157	97.9%	3	1,367
15 Treatment	653	442	147.8%	(211)	3,384
Total Cost of Service	2,074	1,824	113.7%	(249)	15,664
<i>Less Revenue</i>					
Water Income	(1)	0	0.0%	1	-
Total Revenue	(1)	0	0.0%	1	-
Net Cost of Service	2,072	1,824	113.6%	(248)	15,664
Transitional costs/revenue for the 2 months ended 31 August 2026					
16 LWDW Transition Expenses	24	0	0.0%	(24)	-
LWDW Transition Revenue	0	0	0.0%	(0)	-
Nett of Transition transactions	24	0	0.0%	(24)	-
Net Cost of Service	2,097	1,824	114.9%	(272)	15,664
17 Water Income (Capital)	(12)	(26)	44.7%	(14)	(196)
Net Cost of Service (incl Capital)	2,085	1,798	116.0%	(287)	15,468
<u>Notes to Report:</u>					
14	Adverse due to Waitakaruru WTP desludging, spend for which has been carried forward from prior years.				
15	Painting Waihi membrane room to achieve location compliance certificate, as presented to council. UV repair services required at Waitakaruru to continue safe drinking water compliance, no more costs expected for UV treatment this year.				
16	Expenses incurred not yet claimed.				
17	Development contributions lower than budgeted levels.				

Summary of Community Services for the 2 months ended 31 August 2026					
	YTD Actual (\$ 000's)	YTD Budget (\$ 000's)	% of YTD Budget	YTD Variance (\$ 000's)	Annual Budget (\$ 000's)
<i>Expenditure</i>					
Community Facilities	448	445	100.8%	(4)	3,680
Recreation	1,139	1,112	102.4%	(27)	8,035
Total Cost of Service	1,588	1,557	102.0%	(31)	11,715
<i>Less Revenue</i>					
Community Facilities	(121)	(123)	98.5%	(2)	(746)
Recreation	(23)	(97)	23.5%	(74)	(594)
Total Revenue	(144)	(220)	65.5%	(76)	(1,340)
Net Cost of Service	1,444	1,338	107.9%	(106)	10,374
Community Facilities for the 2 months ended 31 August 2026					
	YTD Actual (\$ 000's)	YTD Budget (\$ 000's)	% of YTD Budget	YTD Variance (\$ 000's)	Annual Budget (\$ 000's)
<i>Expenses</i>					
Cemeteries	104	100	103.9%	(4)	603
Community Halls	86	89	96.8%	3	555
Interest	0	0	0.0%	0	582
Elderly Persons Housing	115	118	98.0%	2	1,010
Public Toilets	138	135	102.5%	(3)	907
Rural Halls	5	4	144.2%	(2)	23
Total Cost of Service	448	445	100.8%	(4)	3,680
<i>Less Revenue</i>					
Cemeteries	(19)	(14)	128.4%	4	(90)
Community Halls	(9)	(5)	172.7%	4	(35)
Elderly Persons Housing	(94)	(103)	91.2%	(9)	(617)
Interest	0	0	0.0%	0	0
Public Toilets	(0)	(1)	22.5%	(1)	(4)
Rural Halls	(0)	0	0.0%	0	0
Total Revenue	(121)	(123)	98.5%	(2)	(746)
Net Cost of Service	327	322	101.7%	(5)	2,934

Recreation for the 2 months ended 31 August 2026					
	YTD Actual (\$ 000's)	YTD Budget (\$ 000's)	% of YTD Budget	YTD Variance (\$ 000's)	Annual Budget (\$ 000's)
Libraries	301	292	103.0%	(9)	1,783
Recreation Reserves	313	319	98.1%	6	2,501
Sports Co-Ordinator	37	28	129.4%	(8)	98
1 Cycleway	196	175	111.8%	(21)	1,157
2 Sports Fields	137	154	89.0%	17	1,135
Swimming Pools	109	103	106.0%	(6)	1,104
Events Centre	48	42	114.0%	(6)	256
Total Cost of Service	1,139	1,112	102.4%	(27)	8,035
<i>Less Revenue</i>					
Libraries	(10)	(20)	49.0%	(10)	(108)
3 Recreation Reserves	(7)	(23)	29.2%	(16)	(99)
Sports Co-Ordinator	0	0	0.0%	0	0
Cycleway	(0)	0	0.0%	0	0
4 Sports Fields	(0)	(52)	0.2%	(52)	(315)
Swimming Pools	(0)	0	0.0%	0	(61)
Events Centre	(6)	(2)	376.7%	4	(11)
Total Revenue	(23)	(97)	23.5%	(74)	(594)
Net Cost of Service (Excl Capital)	1,117	1,016	109.9%	(101)	7,441
Rec Reserves Income - Capital			0.0%	0	0
Net Cost of Service	1,117	1,016	109.9%	(101)	7,441
Notes to Report:					
1	Favourable \$66k in works team charges, adverse \$(81k) in sale of goods and adverse \$(21k) in donations and grants.				
2	Favourable \$13k in routine inspections and maintenance.				
3	Adverse in development contributions.				
4	No grants and donations income received.				

Summary of Community Development for the 2 months ended 31 August 2026

	YTD Actual (\$ 000's)	YTD Budget (\$ 000's)	% of YTD Budget	YTD Variance (\$ 000's)	Annual Budget (\$ 000's)
<i>Expenditure</i>					
Manaaki Toiora	429	427	100.5%	(2)	1,761
Community Initiatives	0	0	0.0%	0	0
Total Cost of Service	429	427	100.5%	(2)	1,761
<i>Less Revenue</i>					
Manaaki Toiora	(45)	(44)	102.0%	1	(363)
Community Initiatives	0	0	0.0%	0	0
Total Revenue	(45)	(44)	102.0%	1	(363)
Net Cost of Service	384	383	100.3%	(1)	1,399

Summary Notes to Report:

Manaaki Toiora for the 2 months ended 31 August 2026

	YTD Actual (\$ 000's)	YTD Budget (\$ 000's)	% of YTD Budget	YTD Variance (\$ 000's)	Annual Budget (\$ 000's)
<i>Expenses</i>					
Economic project assistance	223	223	99.8%	0	557
Extended relationships	0	0	0.0%	0	0
Grants and Donations	39	40	99.2%	0	168
Promotions	64	60	107.0%	(4)	378
Social initiatives	103	104	98.7%	1	658
Total Cost of Service	429	427	100.5%	(2)	1,761
<i>Less Revenue</i>					
Economic project assistance	0	0	0.0%	0	0
Grants and Donations	0	0	0.0%	0	(28)
Social initiatives	(44)	(44)	100.0%	(0)	(335)
Total Revenue	(44)	(44)	100.0%	(0)	(363)
Net Cost of Service	385	383	100.5%	(2)	1,399

Summary of Regulatory for the 2 months ended 31 August 2026

	YTD Actual (\$ 000's)	YTD Budget (\$ 000's)	% of YTD Budget	YTD Variance (\$ 000's)	Annual Budget (\$ 000's)
<i>Expenditure</i>					
Animal Control	137	139	98.2%	2	828
Building Services	415	367	113.1%	(48)	2,244
Community Protection	221	222	99.2%	2	1,333
CCTV and Abandoned Mines	15	13	114.1%	(2)	114
RMA Implementation	318	312	102.0%	(6)	1,899
Total Cost of Service	1,105	1,054	104.9%	(52)	6,417
<i>Less Revenue</i>					
Animal Control	(389)	(348)	111.8%	41	(375)
Building Services	(226)	(153)	147.3%	72	(902)
Community Protection	(16)	(19)	86.8%	(2)	(122)
CCTV and Abandoned Mines	0	0	0.0%	0	0
RMA Implementation	(162)	(109)	148.3%	53	(622)
Total Revenue	(793)	(629)	126.1%	164	(2,022)
Net Cost of Service	312	424	73.5%	112	4,395

Animal Control for the 2 months ended 31 August 2026

	YTD Actual (\$ 000's)	YTD Budget (\$ 000's)	% of YTD Budget	YTD Variance (\$ 000's)	Annual Budget (\$ 000's)
<i>Expenses</i>					
Animal Control	137	139	98.2%	2	828
Total Cost of Service	137	139	98.2%	2	828
<i>Less Revenue</i>					
1 Animal Control Income	(389)	(348)	111.8%	41	(375)
Total Revenue	(389)	(348)	111.8%	41	(375)
Net Cost of Service	(253)	(209)	120.8%	44	452

Notes to Report:

- 1** Favourable in dog registration fees - more proactive approach to enforcement of dog registration requirements.

Building Services for the 2 months ended 31 August 2026					
	YTD Actual (\$ 000's)	YTD Budget (\$ 000's)	% of YTD Budget	YTD Variance (\$ 000's)	Annual Budget (\$ 000's)
Expenses					
2 Building Services	415	367	113.1%	(48)	2,244
Total Cost of Service	415	367	113.1%	(48)	2,244
Less Revenue					
3 Building Services Income	(226)	(153)	147.3%	72	(902)
Total Revenue	(226)	(153)	147.3%	72	(902)
Net Cost of Service	189	214	88.6%	24	1,342
Notes to Report:					
2	Adverse \$(18k) for BCA consolidation. Adverse \$(25k) for building consent processing offset by corresponding income.				
3	Favourable income for building consent processing.				
Community Protection for the 2 months ended 31 August 2026					
	YTD Actual (\$ 000's)	YTD Budget (\$ 000's)	% of YTD Budget	YTD Variance (\$ 000's)	Annual Budget (\$ 000's)
Expenses					
Community Protection	221	222	99.2%	2	1,333
Total Cost of Service	221	222	99.2%	2	1,333
Less Revenue					
Community Protection Income	(16)	(19)	86.8%	(2)	(122)
Total Revenue	(16)	(19)	86.8%	(2)	(122)
Net Cost of Service	204	204	100.3%	(1)	1,211
Notes to Report:					
-					
CCTV and Abandoned Mines for the 2 months ended 31 August 2026					
	YTD Actual (\$ 000's)	YTD Budget (\$ 000's)	% of YTD Budget	YTD Variance (\$ 000's)	Annual Budget (\$ 000's)
Expenses					
CCTV and Abandoned Mines	15	13	114.1%	(2)	114
Total Cost of Service	15	13	114.1%	(2)	114
Less Revenue					
CCTV and Abandoned Mines	0	0	0.0%	0	0
	0	0	0.0%	0	0
Net Cost of Service	15	13	114.1%	(2)	114

RMA Implementation for the 2 months ended 31 August 2026					
	YTD Actual (\$ 000's)	YTD Budget (\$ 000's)	% of YTD Budget	YTD Variance (\$ 000's)	Annual Budget (\$ 000's)
<i>Expenses</i>					
RMA Implementation	318	312	102.0%	(6)	1,899
Total Cost of Service	318	312	102.0%	(6)	1,899
<i>Less Revenue</i>					
4 RMA Income	(162)	(109)	148.3%	53	(622)
Total Revenue	(162)	(109)	148.3%	53	(622)
Net Cost of Service	156	203	77.0%	47	1,276
<u>Notes to Report:</u>					
4	Favourable in resource consent income from subdivisions and for land use.				

Summary of Environmental Initiatives for the 2 months ended 31 August 2026					
	YTD Actual (\$ 000's)	YTD Budget (\$ 000's)	% of YTD Budget	YTD Variance (\$ 000's)	Annual Budget (\$ 000's)
<i>Expenditure</i>					
Zero Carbon	0	6	0.0%	6	37
Biodiversity	0	0	0.0%	0	61
Coast Care	1	3	21.5%	2	36
Conservation & Heritage	1	3	34.4%	2	17
Climate Change Adaptation	0	3	0.0%	3	20
Total Cost of Service	2	15	10.8%	14	172
<i>Less Revenue</i>					
Zero Carbon	0	0	0.0%	0	0
Biodiversity	0	0	0.0%	0	0
Coast Care	0	0	0.0%	0	0
Conservation & Heritage	0	0	0.0%	0	0
Climate Change Adaptation	0	0	0.0%	0	0
Total Revenue	0	0	0.0%	0	0
Net Cost of Service	2	15	10.8%	14	172

4 TE ARA KI MUA | NEXT ACTIONS

The table below sets out the next key steps:

Action	Responsibility	By When
Present Council financial reports to the next Council meeting	Management Accountant	Next Council meeting

5 WHAKAPAI | APPROVAL

Prepared by	Elizabeth Whittenham Management Accountant
Reviewed by	Duncan Peddie Head of Finance and Risk
Approved by	Duncan Peddie Head of Finance and Risk

FOR INFORMATION NGĀ MŌHIOTANGA



To Audit & Risk Committee

Author Duncan Peddie
 Head of Finance and Risk

Meeting date 6 October 2026

File reference Document: 4180257

Subject **Overview of Councils Insurance Policies**

1 TE WHAIKUPU | RECOMMENDATIONS

THAT the Committee

- a) Receives the report titled Overview of Councils Insurance Policies, (document number 4180257).

2 TE WHAKARĀPOPOTANGA | SUMMARY

The purpose of this report is to provide to the Committee a summary of Council's insurance policies.

3 TE ARONGA | PURPOSE

- 4 The purpose of this report is to provide to the Committee a summary of Council's insurance policies.

5 WHAKAPAPA | BACKGROUND AND CONTEXT

The Council currently has 13 different types of insurance policies, covering a wide-range of its business.

There are also a range of collaborations within New Zealand local government for insurance purposes which the Council participates in. These are explained in brief here. **Appendix A** then contains a high level overview of each of the 13 of Council's insurance policies.

6 OUR PARTNERS

CoLAB & Aon

The Council is a member of CoLAB, previously Waikato Local Authority Shared Services (WaiLASS). CoLAB coordinates shared insurance services across 10 councils within the Waikato, being:

Hamilton City Council
Matamata-Piako District Council
South Waikato District Council
Waikato District Council
Waipa District Council, and

Hauraki District Council
Otorohanga District Council
Thames-Coromandel District Council
Waikato Regional Council
Waitomo District Council.

CoLAB has engaged Aon New Zealand Ltd to administer the shared services insurance programme.

12 of Council's 13 insurance policies are arranged through CoLAB.

LAPP

The Local Authority Protection Programme Disaster Fund (LAPP) is a charitable trust that provides protection for local authorities to specifically pay their share of infrastructure replacement costs for water, sewage and other essential services damaged by natural disaster.'

The LAPP fund was established in 1993 and was designed to dovetail with the emergency management that Central Government provides for these assets. Since 1991, central and local government has shared responsibility for replacement costs for essential services damaged by natural disaster. For reinstatement costs below a threshold (for Council this is \$400,000), Council is responsible to meet these costs. Above this threshold, up to the Probable Maximum Loss (PML), central government has traditionally paid 60% of the restoration costs. The LAPP fund assists members to cover the 40% share, up to a maximum probable loss of \$300m. Central Government has traditionally met 100% of costs above the probable maximum loss.

22 local authorities are currently members of LAPP. How LAPP and its members are able to handle the transition to Waters CCO's will be a matter of interest.

Civic Financial Services Ltd (previously Civic Assurance Ltd)

Civic Financial Services Ltd (Civic) is a Council Controlled Organisation (CCO) owned by the majority of the local authorities in NZ. Council is a shareholder in Civic Financial Services Ltd.

Civic used to provide insurance to a number of Councils. Due to several Christchurch City earthquake claims that weren't yet settled it was not able to place insurance for a period. The claims have been settled and Civic had applied for a full insurance license. Civic was unable to obtain a license so has had to change its company name.

Civic is Riskpool's and CLP's Fund Manager and Scheme Manager. It provides the risk management, administrative and actuarial services for Riskpool and CLP and also employs Riskpool's General Manager, and the Legal Officer for CLP and Riskpool. Civic holds the shares of the trustee company for Riskpool and CLP, on behalf of the members, and is responsible for appointing its Directors.

Civic is also the Fund Administrator for LAPP.

7 TE ARA KI MUA | NEXT ACTIONS

The table below sets out the next key steps:

Action	Responsibility	By When
Liaising with our insurance providers in relation to future claims and monitoring the trends within the insurance sector	Head of Finance & Risk (HFR)	Ongoing

8 WHAKAPAI | APPROVAL

Prepared by	Kelly Fisher Senior Accounts Officer
Reviewed by	Duncan Peddie Head of Finance and Risk
Approved by	Duncan Peddie Head of Finance and Risk

9 APPENDIX A: SUMMARY OF CURRENT INSURANCE POLICIES

Insurance type	Coverage	Main policy exclusions	Sum insured or limit of liability	Excess	Annual Premium (excl. GST)	Insurance Period	Insurer
Infrastructure	Disaster		\$527m as per the schedule representing the optimized replacement cost.	\$160,000 (Event needs to exceed \$400,000)	\$295,555	1-Nov-25 to 1-Nov-26	LAPP
Material damage and Business Interruption	Covers damage unforeseen and unintended by the insured to insured property at the location/s shown in the schedule of declared values.	Building Defects/Mould, Burning out of motors over 5kw, Defective or faulty materials in course of manufacture, Fraudulent misappropriation, Landslip & subsidence (loss of land), Mechanical Breakdown/Boilers, Nuclear radiation, Public confiscation, Terrorism, War, Wear & Tear, Infrastructural Assets including but not limited to Reservoirs (in ground), Dams, Wharves, Reticulation & the like, Political Risk Endorsement, Electronic Data Recognition, Electronic Data Exclusion, Transmission & Distribution Lines.	\$222m NB: the \$222m cover for buildings is the total coverage for a single event overall/any impacted CoLAB Councils. For example, if an earthquake were to impact multiple councils the total cover claimable over all the impacted councils would be \$150m.	\$25,000 (Fluvial & Pluvial Flooding \$100,000)	\$323,988	1-Nov-25 to 1-Nov-26	AIG, Vertex, Berkshire Hathaway Specialty Insurance, Clubb Insurance, NZI, QBE and Vero

Insurance type	Coverage	Main policy exclusions	Sum insured or limit of liability	Excess	Annual Premium (excl. GST)	Insurance Period	Insurer
Material Damage including Fire	Fire including Fire occasioned by or through or in consequence of any natural disaster	Nuclear Radiation, Public Confiscation, Terrorism, War, Infrastructure Assets including but not limited to Reservoirs (in ground), Dams, Reticulation & the like, Building Defects & Mould Exclusion, Electronic Data Recognition Exclusion, Transmission & Distribution Lines.	\$30m	\$25,000 (Fluvial & Pluvial Flooding \$100,000)	Part of Material Damage Premium above	1-Nov-25 to 1-Nov-26	Aon (CoLAB/Aon)
Motor vehicle	Unforeseen and unintended loss or damage to Insured vehicles, and amounts for which the Insured is legally liable to pay to third parties arising from the ownership and/or use of Insured vehicles	n/a	Market Value at the time of loss or any agreed value as specified Third Party Liability - Limit to any one accident \$20m	1% of vehicle value minimum \$500. Drivers under 21 +\$1,000. 21-25 or licensed <2 years +500	\$37,615	1-Nov-25 to 1-Nov-26	NZI (CoLAB/Aon)
Public liability	Protection for Civil Liability in connection with the Member's business & arising from occurrences resulting in Accidental Personal Injury or Property Accident Damage occurring within the Territorial Limits.	Sanctions Exclusion, Airport Operators Liability Exclusion, Marina Operators Liability Exclusion	\$15m per claim	\$10,000	\$187,252	1-Nov-25 to 1-Nov-26	Berkshire Hathaway Specialty Insurance Company & QBE (CoLAB/Aon)

Insurance type	Coverage	Main policy exclusions	Sum insured or limit of liability	Excess	Annual Premium (excl. GST)	Insurance Period	Insurer
Professional indemnity	Protection for Civil Liability in respect of any Claim made against the Member during the Period for breach of Professional Duty arising out of any negligent act, negligent error or negligent omission, of the Member including Defence Costs.	n/a	\$15m per claim (excl Costs & Expenses) \$2m Costs & Expenses	\$25,000	Combined with premium for the public liability insurance noted above.	1-Nov-25 to 1-Nov-26	Berkshire Hathaway Specialty Insurance Company & QBE (CoLAB/Aon)
Statutory liability	Defence Costs, Fines (to the extent allowable by law) and Reparation Orders arising from an investigation and/or prosecution by a Statutory Body for an unintentional breach or breaches of an Insured Act.	Excluded Acts: Arms Act 1983 Aviation Crimes Act 1972 Crimes Act 1961 Criminal Investigations (Bodily Samples) Act 1995 Misuse of Drugs Act 1975 Criminal Proceeds (Recovery) Act 2009. Summary Offences Act 1981 Land Transport Act 1961 and/or 1998.	\$1m in the aggregate for loss (excluding defence costs). \$1m in the aggregate for defence costs.	\$10,000 (Each and every claim relating to H&S at Work Act and the Resource Management Act)	\$7,934	1-Nov-25 to 1-Nov-26	Berkshire Hathaway Specialty Insurance Company and QBE. (CoLAB/Aon)
Employers liability	Legal liability to an employee of the Insured who sustains personal injury arising out of or in the course of their work, which is not covered by the Accident Rehabilitation and Compensation Act 1992	Amounts recoverable under the Accident, Rehabilitation and Compensation Insurance Act 1992. Wilful, intentional or deliberate conduct of the insured. Dishonest, fraudulent, criminal or malicious acts of the insured. Radioactive	\$1m in the aggregate for loss (excluding defence costs). \$1m in the aggregate for defence costs.	\$1,000	\$1,470	1-Nov-25 to 1-Nov-26	Berkshire Hathaway Specialty Insurance Company and QBE. (CoLAB/Aon)

Insurance type	Coverage	Main policy exclusions	Sum insured or limit of liability	Excess	Annual Premium (excl. GST)	Insurance Period	Insurer
		contamination, fine or penalties, asbestos, war, terrorism.					
Business interruption	Covers loss resulting from interruption or interference with the business carried on by the insured at the premises in consequence of insured damage.	n/a	Revenue \$68M Additional costs \$10M		Part of Material Damage Premium above	1-Nov-25 to 1-Nov-26	Aon (CoLAB/Aon)
Forestry	Forests as declared against loss to trees including harvested trees awaiting transportation from harvest area caused by Fire, lightening, impact, and Strike, Malicious Damage.	Windstorm, Flood, Snow & Ice and Pest & Disease Treatment	Fire, Impact, Lightning, Explosion & Malicious Damage \$1.9m Fire Fighting Costs \$250,000. Re-Establishment Costs \$100,000. Claims Preparation Costs \$7,500 Removal of Insured Debris \$15,000	\$40,000	\$3,805	1-Nov-25 to 1-Nov-26	SAGE Partners Ltd (CoLAB/Aon)
Aviation non owners liability	Amounts which the Insured becomes legally liable to pay to third parties as damages for Bodily Injuries and/or Property Damage arising from an aircraft not owned by the Insured.	Employee & Others, Workers Compensation, Illegal Uses, Geographical Limits, Pilots not advised, Transportation of Aircraft, Landing & Take off areas, Contractual Liability, Number of Passengers, Other Passengers, Nuclear Risks, War, Hijacking & Other Perils, Noise & Pollution.	Limit of Liability \$1m.	\$2,500 - Each & every loss in respect of damage to Property \$5000 - Each & every loss in respect	\$1,576	1-Nov-25 to 1-Nov-26	Sterling Insurance Pty Limited (CoLAB/Aon)

Insurance type	Coverage	Main policy exclusions	Sum insured or limit of liability	Excess	Annual Premium (excl. GST)	Insurance Period	Insurer
				of damage to Aircraft			
Aviation Hull (UAV's)	Accidental physical loss or damage to (Drones), their spare parts or injury or property damage to	Consequential loss, wear & tear, breakdown or failure, illegal uses, pilots not noted on schedule, radioactive contamination, war, terrorism, pollution operations above 400 feet.	Two UAV's and accessories \$1000 ea Flight Legal Liability \$1m Public Legal Liability \$1m	1% of the agreed value subject to a minimum of \$500 Public Legal Liability - \$2,500 each & every loss	\$733	1-Nov-25 to 1-Nov-26	Precision Autonomy Pty Ltd (CoLAB/Aon)
Crime	Direct financial loss sustained by the Insured arising from or in connection with any single act or series related, continuous or repeated acts (which shall be treated as a single act) discovered during the policy period or applicable Discovery Period & reported to the Insurer as per the policy wording.	War & Terrorism, Voluntary Surrender, Vandalism, Trading of Monies or Securities, Social Engineering Fraud, Sanctions, Retroactive Date, Premises Damage, Loss Sustained after Discovery, Loss of Income, Kidnap, Ransom or Extortion, Inventory Shortages, Insured Advantage, Insolvency, Fire, Fines Penalties or Damages, Discovery of Losses outside the Policy	To any one claim in the annual aggregate \$2m.	\$50,000	\$15,108	1-Nov-25 to 1-Nov-26	Berkshire Hathaway Specialty Insurance Company and QBE (CoLAB/Aon)

Insurance type	Coverage	Main policy exclusions	Sum insured or limit of liability	Excess	Annual Premium (excl. GST)	Insurance Period	Insurer
		Period, Digital Assets, Data Breach & Legal Costs, Cyber Intrusion, Criminal History, Consequential Loss and Confidential Information.					
Personal accident	Covering Insured persons for benefits in respect of injury as a result of an accident	War, invasion or civil war, venereal disease, HIV, AIDS, ARC Pregnancy and childbirth, miscarriage, flying other than as a passenger in an aircraft licensed to carry passengers, training for professional sports Motor vehicle racing or preparation, intentional self-injury, or attempt, suicide, illegal or criminal act	1 Mayor and 13 Councillors at \$50,00 each, 5 Managers at \$100,000 each. Reducing benefit based on injury type. Claims during any one period \$1m Claims during one period for accidents occurring during 'non scheduled' air travel \$500k	\$0	\$631	1-Nov-25 to 1-Nov-26	Berkshire Hathaway Specialty Insurance Company (CoLAB/Aon)

Public Excluded Business

confidential pages 301 - 386 of the minutes have been removed