2027-2037 Long Term Plan

Levels of Service review – workshop two

16 September 2026

Purpose of workshop

- To continue discussion on level of service options to consider through the development of the Long Term Plan
  - Options as presented by staff
  - Identification of other areas of review by elected members
- Consider the funding / rating parameters within which Council wish to see the first two years of the LTP developed
  - Noting that rates capping expected to be in place from year 3 onwards

Proposed approach to meeting

- Recap on outcomes from 3rd September workshop
- Review of remaining Strategic Investment Proposals presented in the agenda
  - Discretionary funding and education
- Consider Council's approach to the deferral of requirements under Plan Change 1
- Opportunity for Council discussion on any other areas of review not identified by staff

The backdrop for the LTP

- The LTP allows Council the opportunity to consider how the work it does aligns with *Te Pae Tawhiti* and current legislation
- However, development of the LTP continues to progress through a period of uncertainty
  - Local government legislative and structural reform
  - New resource management legislation, including impacts to PC1
- Despite this uncertainty, Council still needs to prepare a well-considered plan for the next 10 years that communicates rationale and resourcing for the services delivered
- Where possible, staff have tried to anticipate key changes and cost drivers – but acknowledge that this work needs to continue to evolve as greater legislative certainty is provided

Expected cost drivers

- Council faces some inherent cost drivers as it begins shaping it's LTP:
  - Addressing the 2026/27 operating deficit that has resulted from the application of prior year surplus funds ($2.549 million)
  - Estimated salary wage growth ($1.5 million)
  - Infrastructure asset depreciation funding following revaluation ($1.366 million)
- Additionally
  - Assumed continuation of the Te Huia interregional rail service would require additional funding to meet a likely decline in the NZTA subsidy rate ($794,000)
  - Recommendations from the Civil Defence Emergency Management Group see funding increase ($2.092 million in 2027/28)

Estimated funding impact

- If the proposals as currently presented are accepted by Council, rates revenue from current ratepayers would increase by an estimated 6.1 per cent in 2027/28
- Additional matters still to be worked on through the detailed budgeting process that will add / subtract from this
  - Phasing of any new programmes of work over the period of the LTP
  - Use of accumulated reserve funds will also be considered through detailed budgeting
  - Changes to funding instruments as a result of resource management legislation changes
  - General inflationary pressures
- Rates capping will require Council to operate within an increase in funding of between 2 per cent – 4 per cent from 1 July 2029
- Council direction on the funding parameters for the LTP is invited now to provide the context for the development of the detailed plan and budget

Areas where further work is needed

- Three areas have been identified where further work is required to determine any changes to levels of service:
  - Emergency management capability and capacity
    - External review being undertaken to consider changes needed to achieve sustainable resourcing and operating model
  - Regional resilience
    - Currently no new investment included in proposals. Direction sought from Council on the development of an investment case to explore options to address the Framework for Resilience to Natural Hazard Risk
  - Whangamarino Action Plan
    - Agenda item for today's workshop

Feedback / direction taken from 3rd September workshop

Strategic Investment Proposal	Actions
Regional combined plan	Mandatory requirements - proceed to Investment Case to explore implications and funding
Regional spatial plan process	
Regional spatial plan	
Land use plan – coastal marine area	
Natural environment plan and transition policies	
Geothermal	Proceed to Investment Case
Hydro lakes water quality investigation	Proposed investment to focus on action rather than science and research. Proceed to Investment Case – with responsibility transferred to ICM
Regional economic development	Proceed to Investment Case

Feedback / direction taken from 3rd September workshop

Strategic Investment Proposal	Actions
Management of flood protection infrastructure on private land	Report included in today's agenda to consider next steps
Consent management operational savings	Include in detailed budgeting, on the basis of operational cost savings
Lower Waikato resourcing	Proceed to Investment Case
Waihou resourcing	Proceed to Investment Case
How we resource public events	Report on Special Events funding to come back through committees. Investment case to be developed, including committee direction
MSP rapid transit corridors	Proceed to Investment Case
Zero emission bus depots – next phase	Include in detailed budgeting as a future cost driver

Feedback / direction taken from 3rd September workshop

Strategic Investment Proposal	Actions
Te Huia rolling stock business case	Include in detailed budgeting, with rating impacts of option to be brought back to Council
Additional transport planning resource	Include in detailed budgeting on the basis of direct cost budget savings to offset salary
Public transport trial services • Pokeno – Drury • Cambridge local • Taumarunui to Hamilton	Proceed to Investment Case
Maritime services	Proceed to Investment Case

Discretionary expenditure

- The prioritisation framework has allowed staff to identify activities as "Discretionary", using the following categories:
  a) Not mandatory
  b) Optional actions are available to Council but are not required. There is no specification on how or when optional actions are undertaken
  c) Optional actions are available to Council but are not required. It is specified how and / or when optional actions are undertaken
- In total, Council expenditure on discretionary activities in 2026/27 equates to $15.167 million (11%)
- Two particular areas of spending have been identified that have low alignment to legislation, and are impacted by the Local Government (System Improvements) Amendment Bill proposed which are:
  - Discretionary funding / Community grants, and
  - Education.

Discretionary expenditure

- Discretionary funding and community grants exist for valid and well-considered reasons that support Council's regulatory functions
- Funding often enables work that is undertaken in partnership (or with community groups)
- In light of the changing purpose of local government and the need to operate within fiscal constraints, staff consider they warrant discussion and direction from councillors.
- To facilitate this, Strategic Investment Proposals (SIPs) have been developed for these areas.
- A summary of all current discretionary activities can be seen in **Attachment One** (pg. 18).

Direction provided at workshop one

- Two areas of discretionary funding have been considered by Council:
  - Community partnerships funding – reduce budget by $26,000 for Balance Farm Environment Awards (page 23)
  - Regional Services Fund – report to be brought back to future workshop (page 29)
- Remaining discretionary funds are to be discussed today, through review of the SIPs presented by staff

Discretionary funding change proposals

SIP: Biodiversity work programme (p.35)

The Biodiversity work programme:

- takes a collaborative approach through partnerships to support others to deliver biodiversity outcomes
- provides technical advice and support (including incentives) to landowners, community groups
- delivers collaborative restoration projects at site
- maintains minimum lake levels as required in the Waikato Regional Plan.

Legislative Alignment	Future fit organisation	Productivity and prosperity	Building regional resilience	Sustaining natural resources	Optimised transport system	Risk of not proceeding
3	None	Low	Low	High	None	Moderate

COST ESTIMATION & FUNDING SOURCE for Status Quo							
	FY28	**FY29**	**FY30**	**FY31**	**FY32**	**Ongoing**	**Totals**
Capex							
Opex [1]							
Advocacy and Policy (50460)	$104,500	$104,500	$104,500	$104,500	$104,500		$522,500
Partnerships and Coordination (50461)	$109,611	$109,611	$109,611	$109,611	$109,611		$548,055
Collective Impact (50469)	23,000[2]	$22,000	$22,000	$22,000	$22,000		$110,000
Priority Biodiversity Sites (50466)	$404,000	$404,000	$404,000	$404,000	$404,000		$2,020,000
Coastcare (50467)	$242,000	$242,000	$242,000	$242,000	$242,000		$1,210,000
Shallow lake restoration (50209)	$210,000	$210,000	$210,000	$210,000	$210,000		1,050,000
Lake level setting (50203)	$76,000	$76,000	$76,000	$76,000	$76,000		$380,000
Total Cost*	$1,168,111	$1,168,111	$1,168,111	$1,168,111	$1,168,111		$5,840,555

*Note *excluding resourcing costs and co-funder/landowner contributions*

Discretionary funding change proposals

SIP: Natural Heritage Partnership programme (p.44)

Community restoration funds provided through the Natural Heritage Fund (NHF), Environmental Initiatives Fund (EIF) and the Small Scale Community Initiatives Fund (SSCIF) are utilised to fund and co-fund biodiversity projects led by community groups and landowners.

Legislative Alignment	Future fit organisation	Productivity and prosperity	Building regional resilience	Sustaining natural resources	Optimised transport system	Risk of not proceeding
1	None	Low	Low	High	None	Moderate

COST ESTIMATION & FUNDING SOURCE (PREFERRED OPTION)							
	FY28	FY29	FY30	FY31	FY32	Ongoing	Totals
Capex	$0	$0	$0	$0	$0	$0	$0
Opex[1]	$2,653,854	$2,701,712	$2,745,979	$2,787,489	2,830,407	$2,830,407	$13,719,441
Total Cost*	$2,653,854	$2,701,712	$2,745,979	$2,787,489	2,830,407	$2,830,407	$13,719,441

To provide context, the amounts available per fund to be allocated to community groups in AP27 ($2,758,252) are:

- SSCIF = $195,000
- EIF $428,543
- NHF = $2,134,709

Discretionary funding change proposals

SIP: Catchment new works (p.52)

WRC’s catchment management programmes are the Council's primary non-regulatory mechanism for delivering environmental outcomes at a catchment scale. Through incentives, partnerships, engagement and on-the-ground works this investment supports erosion control, riparian fencing and planting, wetland restoration, biodiversity enhancement, and advisory support for landowners and communities to improve catchment outcomes.

Legislative Alignment	Future fit organisation	Productivity and prosperity	Building regional resilience	Sustaining natural resources	Optimised transport system	Risk of not proceeding
3	None	Moderate	Moderate	High	None	High

COST ESTIMATION & FUNDING SOURCE (PREFERRED OPTION)							
	FY28	FY29	FY30	FY31	FY32	Ongoing	Totals
Capex	-	-	-	-	-	-	-
Opex	$2,631,253.75	$2,678,086.37	$2,727,260.62	$2,774,093.24	$2,820,925.86	$14,537,831.06	$28,169,450.91
Total Cost*	$2,631,253.75	$2,678,086.37	$2,727,260.62	$2,774,093.24	$2,820,925.86	$14,537,831.06	$28,169,450.91

*Note *excluding resourcing costs and cofunder/landowner contributions. See document reference in Appendix 1 for full costings by zone, cost centre and funding source.*

- Financial information on which this data was sourced: https://discovercloud.wairc.govt.nz/cs/cs/app/nodes/36239118
- All funding allocated to river management programmes was removed from partnership budgets for this SIP.
- $1,044,250 of WRC direct cost is currently committed to co-funder Deeds of Funding and/or submitted applications.

Discretionary funding change proposals

SIP: Community Transport (p.61)

Council wishes to review all discretionary funding. The future of all grant funds are to be considered from this perspective, to determine whether this is essential work for council.

Legislative Alignment	Future fit organisation	Productivity and prosperity	Building regional resilience	Sustaining natural resources	Optimised transport system	Risk of not proceeding
3	None	None	None	None	Moderate	Low

COST ESTIMATION & FUNDING SOURCE (PREFERRED OPTION)							
	FYxx	FYxx	FYxx	FYxx	FYxx	Ongoing	Totals
Capex						$	$
Opex	$0.00					$	$
Total Cost*	$	$	$	$	$	$	$
Partner Funding	$	$	$	$	$	$	$
Potential Savings/Revenue	$	$	$	$	$	$	$
Total Revenue/Saving	$	$	$	$	$	$	$
Net	$	$	$	$	$	$	$

Discretionary funding change proposals

SIP: External iwi capacity and capability funding (p.68)

This proposal seeks to continue the external iwi capacity and capability funding mechanism through the 2027 LTP. The mechanism supports iwi participation in Council work where participation is appropriate, proportionate and mutually beneficial. It is a discretionary allocation within the existing operating budget, not a request for new funding.

Legislative Alignment	Future fit organisation	Productivity and prosperity	Building regional resilience	Sustaining natural resources	Optimised transport system	Risk of not proceeding
1	High	Moderate	Moderate	Moderate	Low	High

	FY26/27	FY27/28	FY28/29	Ongoing	Totals
Capex				$0	$0
Opex	$300,000	$300,000	$300,000	$300,000 p.a.	$900,000
Total Cost*	$300,000	$300,000	$300,000	$300,000 p.a.	$900,000
Partner Funding	$	$	$	$	$
Potential Savings/Revenue	$	$	$	$	$
Total Revenue/Saving	$	$	$	$	$
Net	$300,000	$300,000	$300,000	$300,000 p.a.	$900,000

Education expenditure change proposals

SIP: Road Safety (p.76)

Road safety risks remain a significant challenge across the region, particularly for high-risk groups such as young drivers, motorcyclists, and vulnerable road users. There is an opportunity to strengthen education, awareness, and coordinated action through a more integrated and regionally aligned road safety approach.

Legislative Alignment	Future fit organisation	Productivity and prosperity	Building regional resilience	Sustaining natural resources	Optimised transport system	Risk of not proceeding
2	None	High	High	None	High	Extreme

COST ESTIMATION & FUNDING SOURCE (PREFERRED OPTION)							
	FY28	FY29	FY30	FY31	FY32	Ongoing	Totals
Capex						$	$
Opex	$850,000	$850,000	$850,000	$850,000	$850,000	$	$4,250,000
Total Cost*	$850,000	$850,000	$850,000	$850,000	$850,000	$	$4,250,000
Partner Funding (NZTA Share)	$262,819	$262,819	$262,819	$262,819	$262,819	$	$1,314,095
Potential Savings/Revenue	$0	$0	$0	$0	$0	$	$0
Total Revenue/Saving	$262,819	$262,819	$262,819	$262,819	$262,819	$	$1,314,095
Net (WRC Share)	$587,181	$587,181	$587,181	$587,181	$587,181	$	$2,935,905

Education expenditure change proposals

SIP: Education and Promotion for Non-Complying Airsheds

Funding support provided to low income households for dry wood fuel to reduce emissions in non complying airsheds.

Due to being below financial thresholds, this project has not required a SIP.

- Council's current investment in this work is $35,000 per annum which staff propose to stop

Legislative Alignment	Future fit organisation	Productivity and prosperity	Building regional resilience	Sustaining natural resources	Optimised transport system	Risk of not proceeding
3	None	None	None	None	None	Low

Education expenditure change proposals

SIP: Formal Education (p.88)

WRC's formal education programmes are a cost-effective way to build environmental literacy, stewardship, leadership and community capability among young people.

Through Enviroschools, Kura Waitī ki Kura Waitā and youth engagement programmes, WRC influences environmental behaviours early and leverages partnerships with schools, iwi, communities and co-funders to support long-term improvements in water quality, biodiversity, biosecurity, waste minimisation, climate resilience and sustainable resource management.

The programme also supports delivery of environmental education priorities across the organisation, reducing reliance on more expensive regulatory and remediation interventions.

Legislative Alignment	Future fit organisation	Productivity and prosperity	Building regional resilience	Sustaining natural resources	Optimised transport system	Risk of not proceeding
1	None	None	None	Low	None	Moderate

COST ESTIMATION & FUNDING SOURCE (PREFERRED OPTION)							
	FY27/28	**FY28/29**	**FY29/30**	**FY30/31**	**FY31/32**	**Ongoing**	**Totals**
Capex						$0	$
Opex	$1,021,000	$1,021,000	$1,021,000	$1,021,000	$1,021,000	$0	$5,105,000
Total Cost*	$1,021,000	$1,021,000	$1,021,000	$1,021,000	$1,021,000	$0	$5,105,000
Partner Funding-External	$480,000	$480,000	$480,000	$480,000	$480,000	$	$2,400,000
Partner Funding-External	$130,000	$130,000	$130,000	$130,000	$130,000	$	$650,000
TOTAL PARTNER FUNDING	$610,000	$610,000	$610,000	$610,000	$610,000		$3,050,000
Potential Savings/Revenue	$	$	$	$	$	$0	$0
Total Revenue/Saving	$	$	$	$	$	$0	$
Net	$411,000	$411,000	$411,000	$411,000	$411,000	0	$2,055,000

Plan Change 1

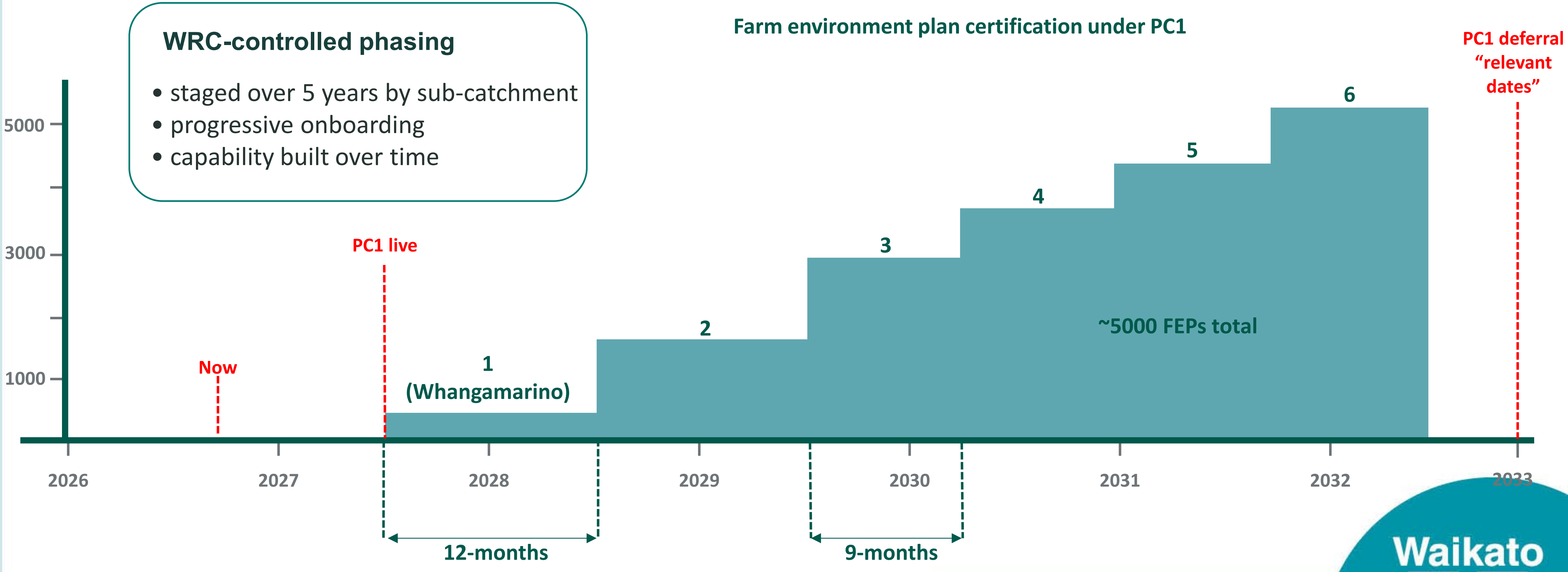
- Proposed legislation would defer PC1 FEP and consent requirements until 31 December 2032, allowing farmers and growers operating lawfully under PC1 permitted activity rules to continue without a PC1 FEP or resource consent.
- While national FWFP regulations are expected to commence from mid-2027, the proposed transition period means many landowners may not be required to have a farm plan for a number of years.
- Water quality outcomes are still required. Staff are engaging with industry and will develop options for non-regulatory actions to support environmental improvements, for future Council consideration.

Existing WRC Planning – Under PC1, implementation could be staged

WRC planning assumed a sequenced rollout, allowing delivery capability to build over time.

WRC-controlled phasing

- staged over 5 years by sub-catchment
- progressive onboarding
- capability built over time



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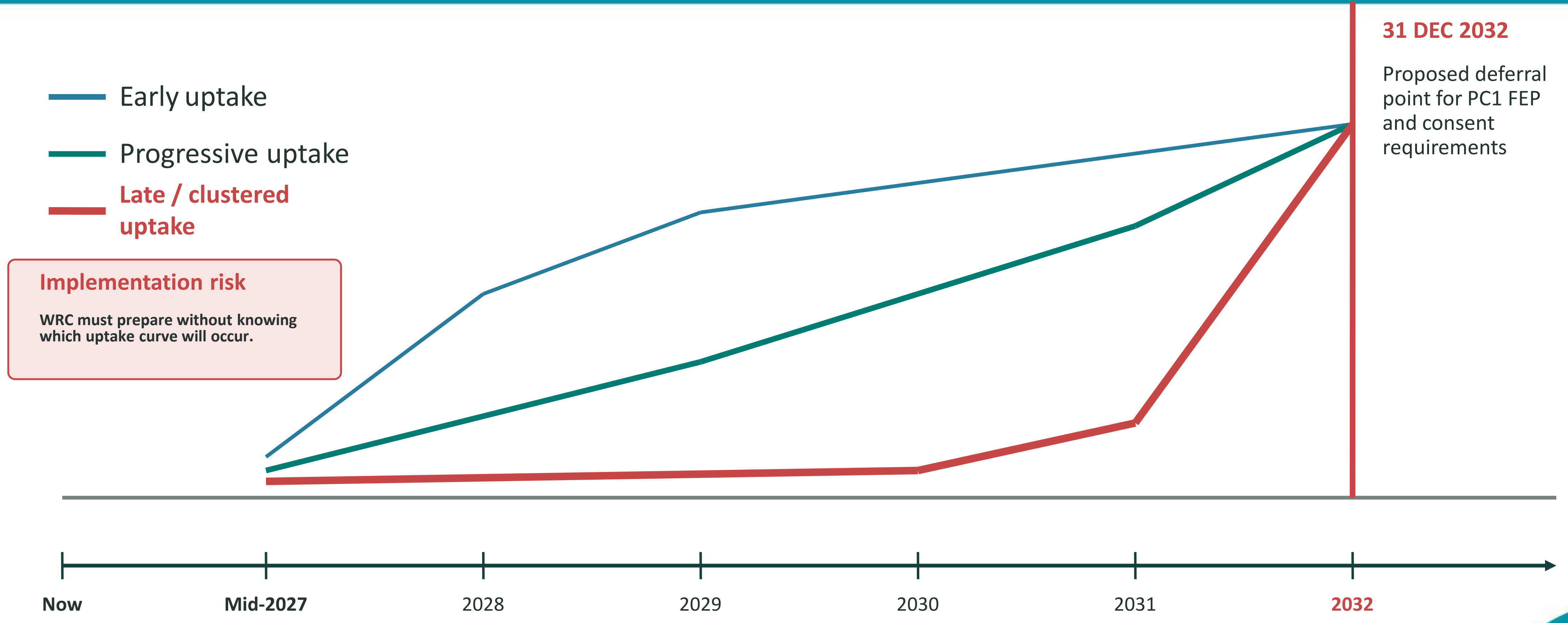
The new pathway creates uncertainty about when demand will occur

The 2032 end point may be known, but annual uptake is not necessarily phased.



Councillor takeaway: the deadline may be known, but the implementation pathway and timing of demand remain uncertain.

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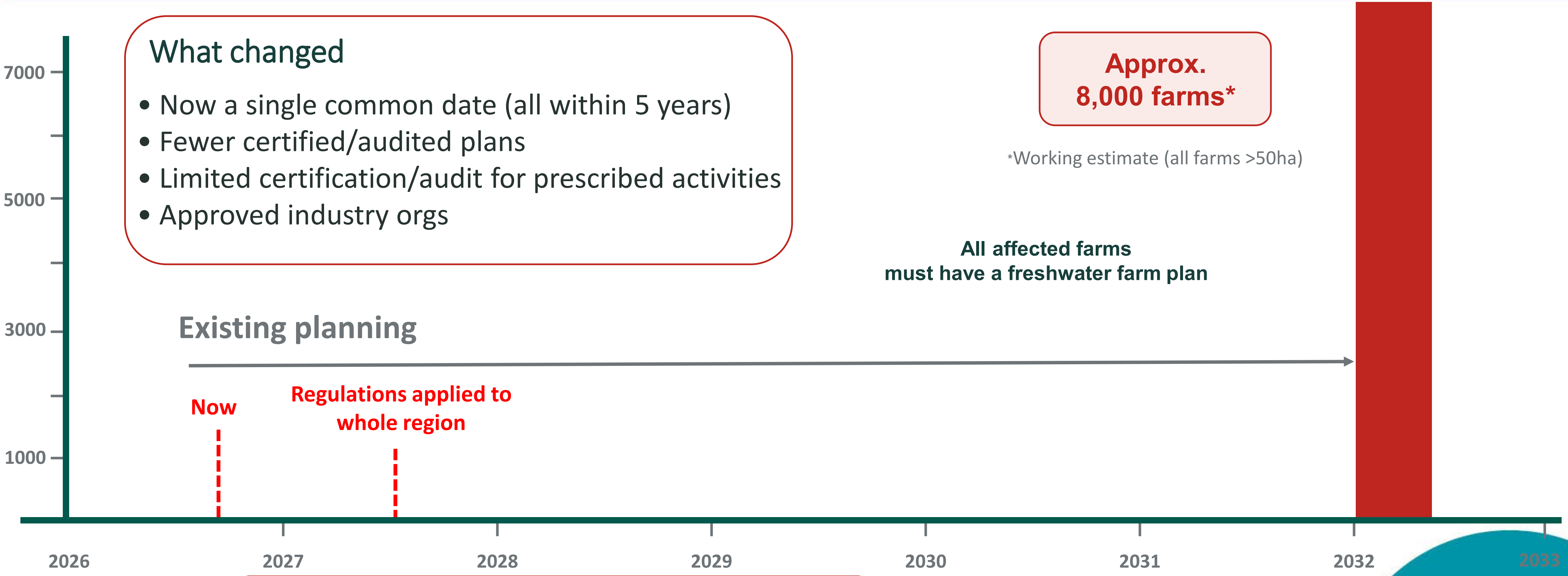
Revised Freshwater Farm Plan System

WRC planning had assumed a staged roll-out of new system, allowing delivery capability to build over time.

What changed

- Now a single common date (all within 5 years)
- Fewer certified/audited plans
- Limited certification/audit for prescribed activities
- Approved industry orgs



Fixed deadline • Uncertain delivery curve??

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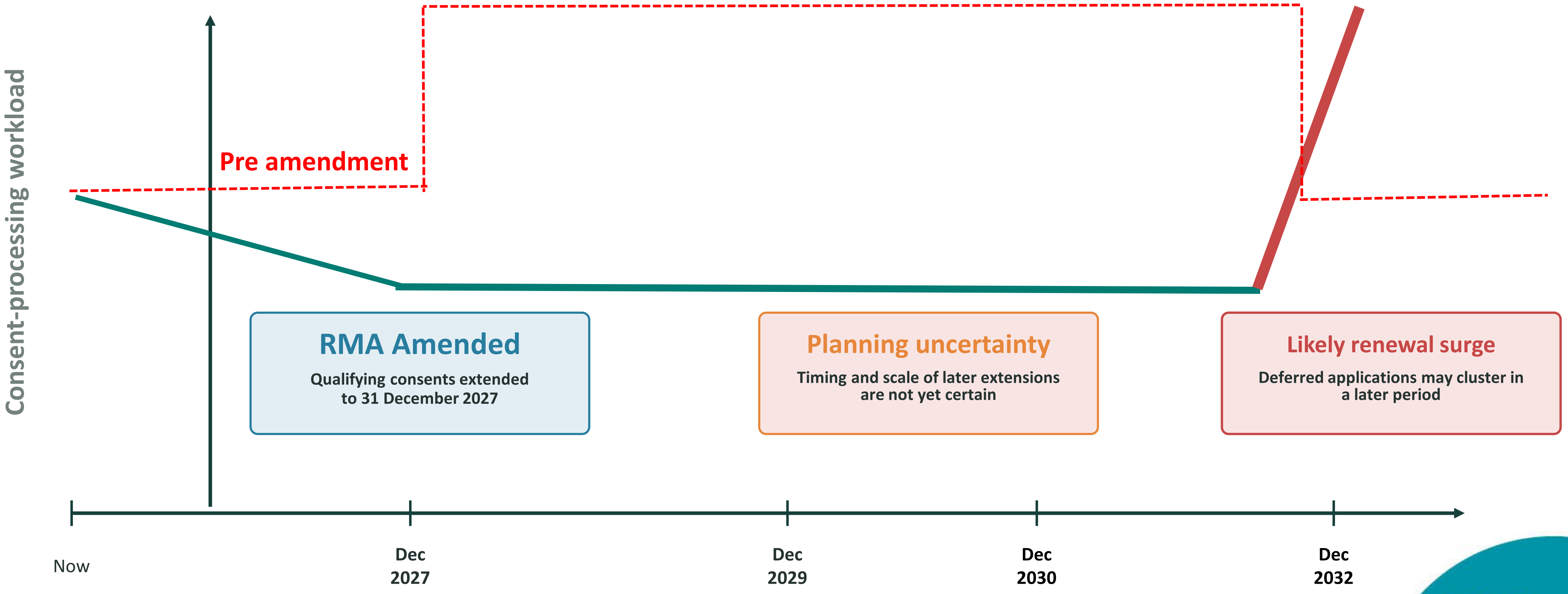
Consent extensions expected to defer workload



Framework for resilience to natural hazard risk

Feedback and direction sought from elected members

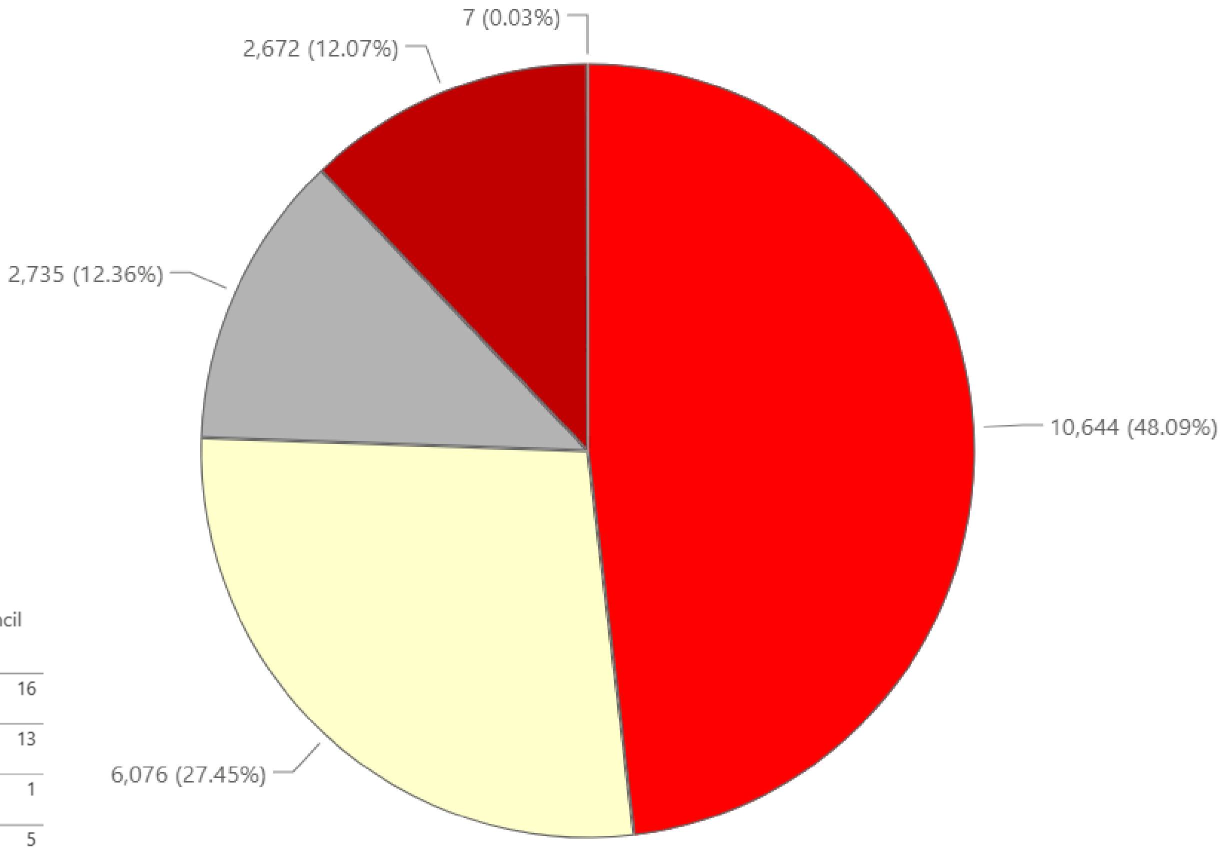
- While staff have worked to identify level of service impacts and options, with the intention of being able to demonstrate delivery to Te Pae Tawhiti, elected members will have other areas that they wish to discuss / investigate further
- Directorate portfolio analysis (pages 30 – 100) can be used to support this discussion

Customer and Corporate Services

Pg 30-37

Legislative Alignment vs Spend (2026/27 Direct Costs $000s) - Customer and Corporate Services (CCS) Directorate

2026/27 Direct Costs in $000s



Legislative Alignment

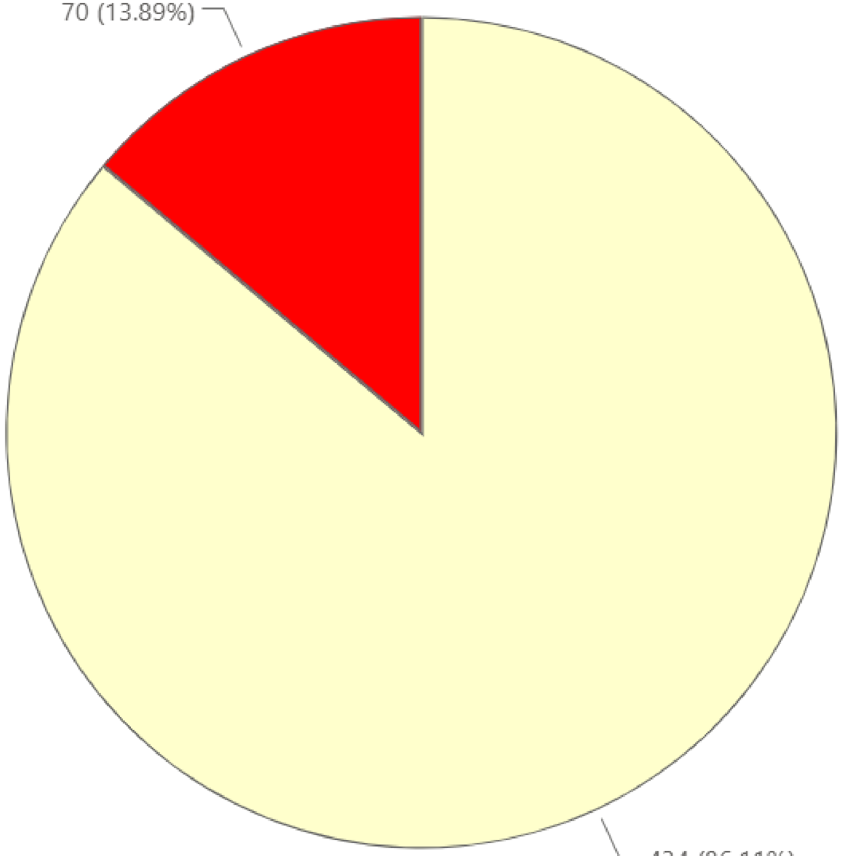
	Legislative Alignment	2026/27 Direct Costs (000s)	No. of Council Activities
0	Not Mandatory	$2,735	16
1	It is not required under legislation but is a council directive or a contractual obligation	$6,076	13
4	Compliance required in accordance with council's own regulations, or regional policy statement.	$7	1
5	Requirement is written into primary legislation or national direction; requirements are clear and unambiguous. Some discretion as to HOW and / or WHEN compliance actions are undertaken.	$10,644	5
6	Requirement is written into primary legislation or national direction; requirements are clear and unambiguous and how and when compliance must be achieved is specified.	$2,672	4
Total		**$22,134**	**39**

Chief Executive Office

Pg 38-41

Legislative Alignment vs Spend (2026/27 Direct Costs $000s) - CE Office Directorate

2026/27 Direct Costs in $000s



Legislative Alignment

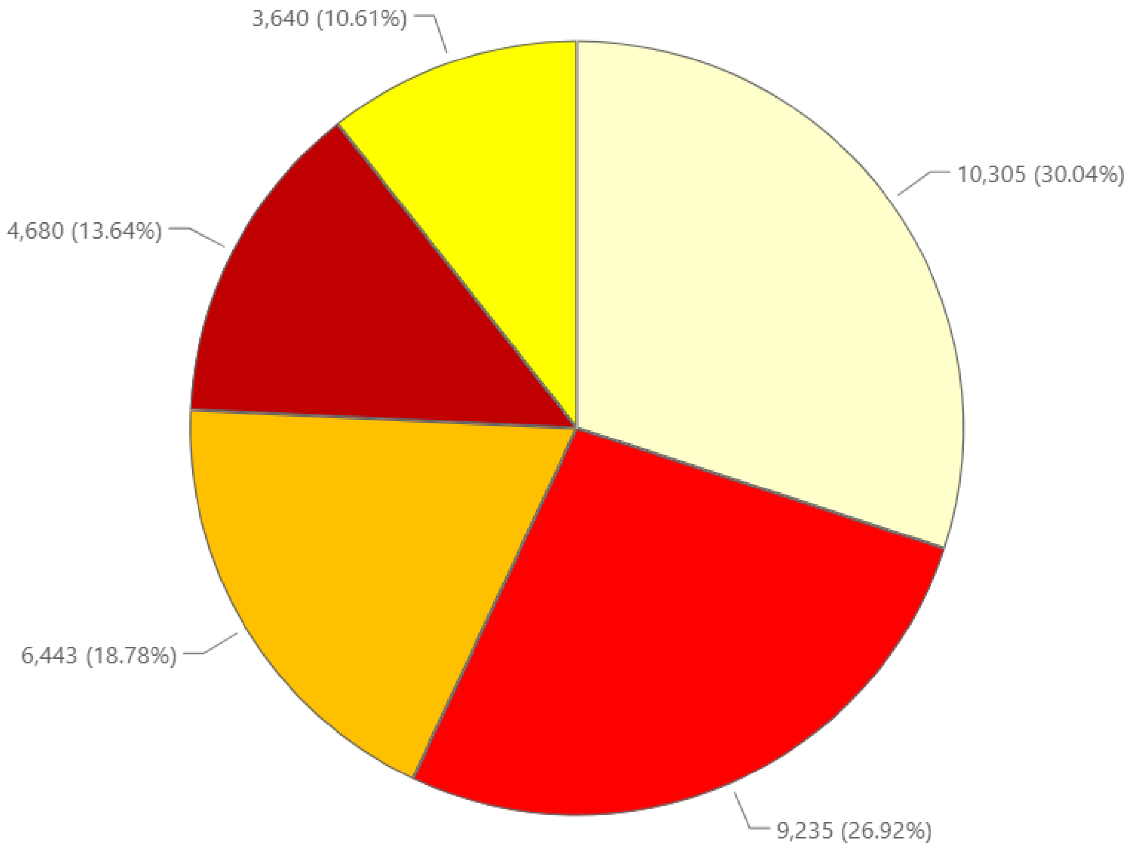
	Legislative Alignment	2026/27 Direct Costs (000s)	No. of Council Activities
1	It is not required under legislation but is a council directive or a contractual obligation	$434	3
5	Requirement is written into primary legislation or national direction; requirements are clear and unambiguous. Some discretion as to HOW and / or WHEN compliance actions are undertaken.	$70	1
Total		**$504**	**4**

Integrated Catchment Management

Pg 42-67

Legislative Alignment vs Spend (2026/27 Direct Costs $000s) - Integrated Catchment Management (ICM) Directorate

2026/27 Direct Costs in $000s



Legislative Alignment

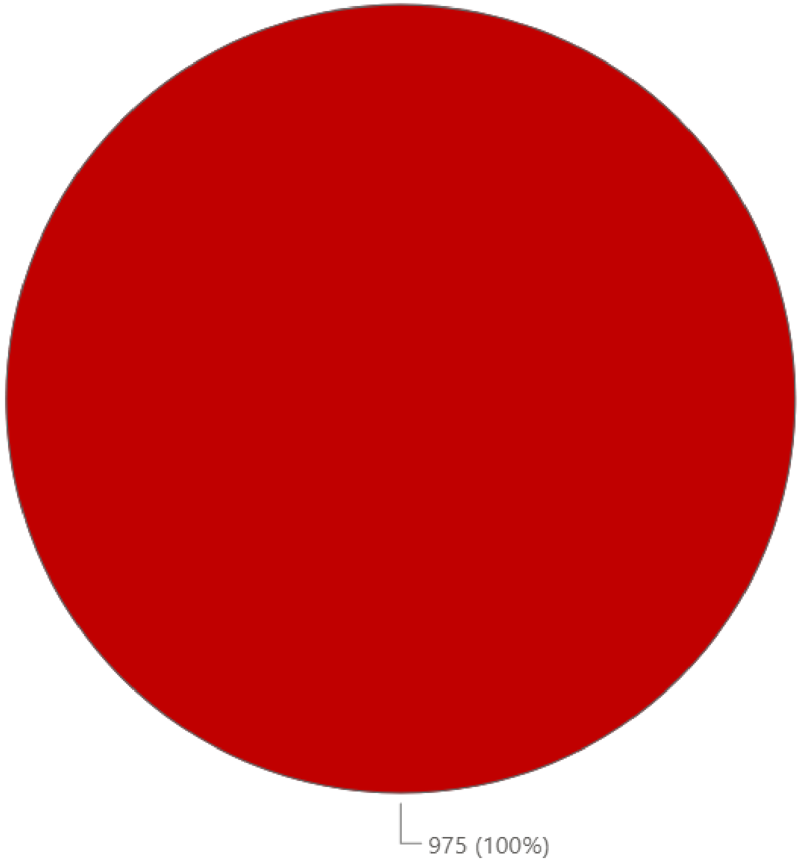
Legislative Alignment	2026/27 Direct Costs (000s)	No. of Council Activities
0 Not Mandatory	$0	3
1 It is not required under legislation but is a council directive or a contractual obligation	$10,305	24
2 Optional actions are available to council but are not required. There is no specification on how or when optional actions are undertaken.	$3,640	7
3 Optional actions are available to council but are not required. It is specified how and / or when optional actions are undertaken.	$6,443	2
5 Requirement is written into primary legislation or national direction; requirements are clear and unambiguous. Some discretion as to HOW and / or WHEN compliance actions are undertaken.	$9,235	41
6 Requirement is written into primary legislation or national direction; requirements are clear and unambiguous and how and when compliance must be achieved is specified.	$4,680	5
Total	**$34,304**	**82**

People and Capability

Pg 68-71

Legislative Alignment vs Spend (2026/27 Direct Costs $000s) - People and Capability

2026/27 Direct Costs in $000s



Legislative Alignment

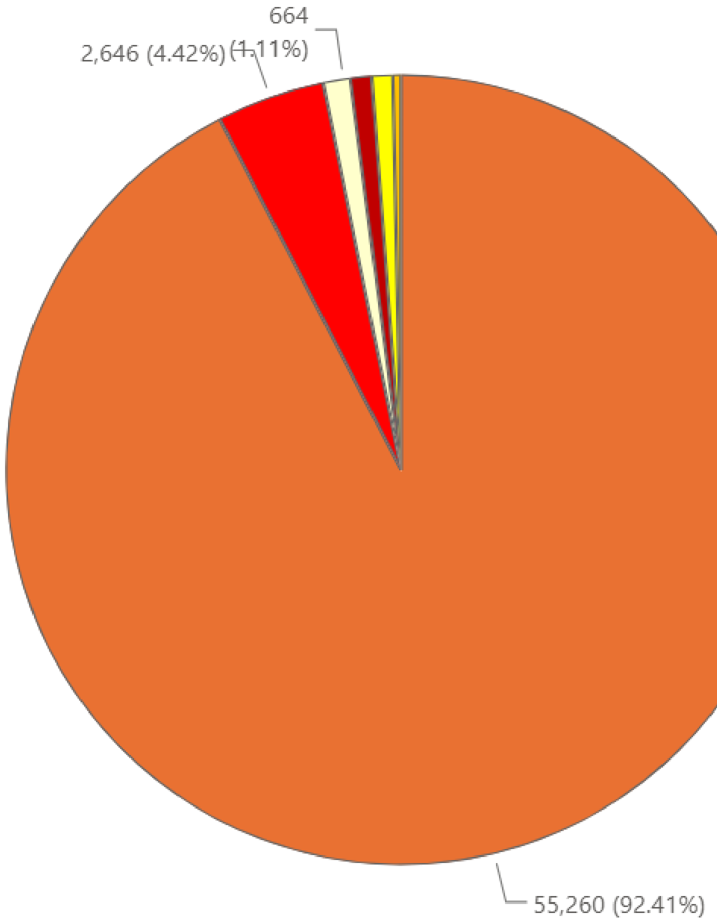
	Legislative Alignment	2026/27 Direct Costs (000s)	No. of Council Activities
0	Not Mandatory	$0	1
6	Requirement is written into primary legislation or national direction; requirements are clear and unambiguous and how and when compliance must be achieved is specified.	$975	1
Total		**$975**	**2**

Regional Transport Connections

Pg 72-78

Legislative Alignment vs Spend (2026/27 Direct Costs $000s) - Regional Transport Connections (RTC) Directorate

2026/27 Direct Costs in $000s



Legislative Alignment

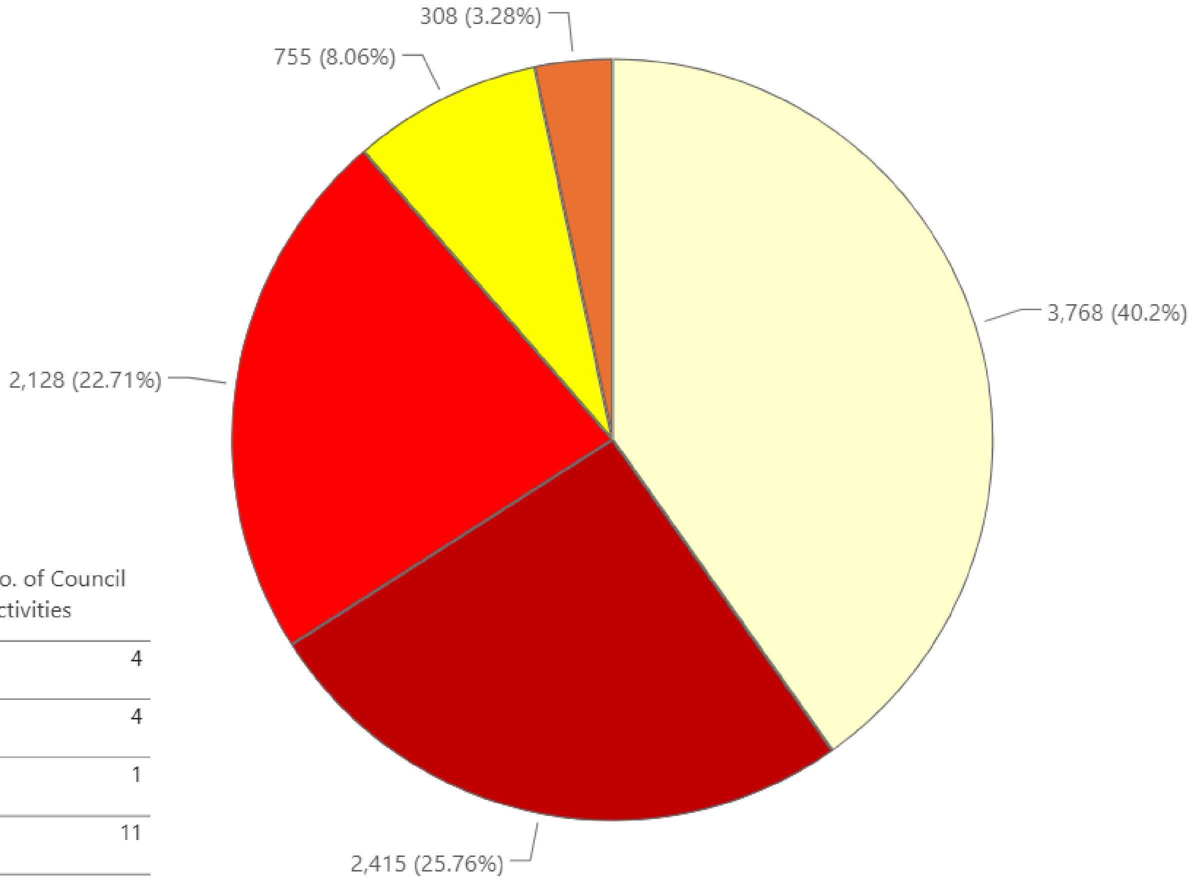
	Legislative Alignment	2026/27 Direct Costs (000s)	No. of Council Activities
1	It is not required under legislation but is a council directive or a contractual obligation	$664	4
2	Optional actions are available to council but are not required. There is no specification on how or when optional actions are undertaken.	$511	1
3	Optional actions are available to council but are not required. It is specified how and / or when optional actions are undertaken.	$200	1
4	Compliance required in accordance with council's own regulations, or regional policy statement.	$55,260	2
5	Requirement is written into primary legislation or national direction; requirements are clear and unambiguous. Some discretion as to HOW and / or WHEN compliance actions are undertaken.	$2,646	9
6	Requirement is written into primary legislation or national direction; requirements are clear and unambiguous and how and when compliance must be achieved is specified.	$517	3
Total		**$59,797**	**20**

Resource Use

Pg 79-83

Legislative Alignment vs Spend (2026/27 Direct Costs $000s) - Resource Use (RUD) Directorate

2026/27 Direct Costs in $000s



Legislative Alignment

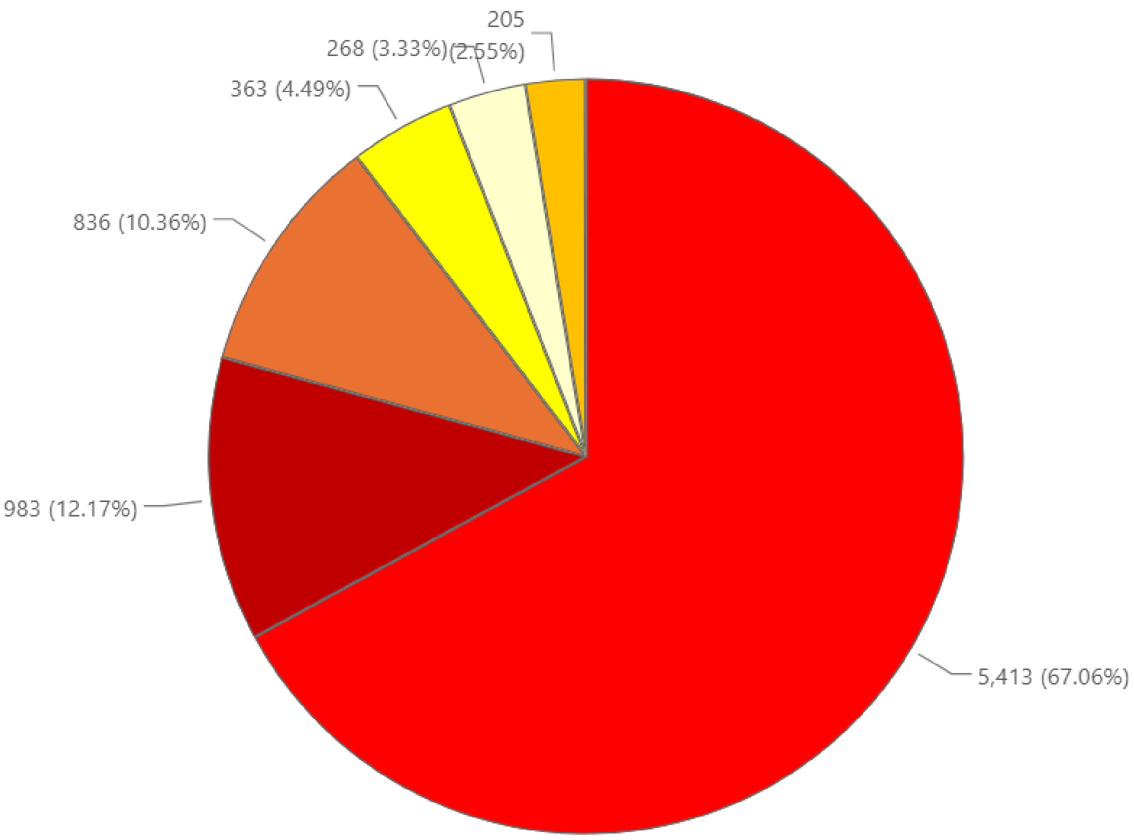
	Legislative Alignment	2026/27 Direct Costs (000s)	No. of Council Activities
1	It is not required under legislation but is a council directive or a contractual obligation	$3,768	4
2	Optional actions are available to council but are not required. There is no specification on how or when optional actions are undertaken.	$755	4
4	Compliance required in accordance with council's own regulations, or regional policy statement.	$308	1
5	Requirement is written into primary legislation or national direction; requirements are clear and unambiguous. Some discretion as to HOW and / or WHEN compliance actions are undertaken.	$2,128	11
6	Requirement is written into primary legislation or national direction; requirements are clear and unambiguous and how and when compliance must be achieved is specified.	$2,415	6
Total		**$9,373**	**26**

Science, Policy and Information

Pg 84-96

Legislative Alignment vs Spend (2026/27 Direct Costs $000s) - Science, Policy and Information (SPI) Directorate

2026/27 Direct Costs in $000s



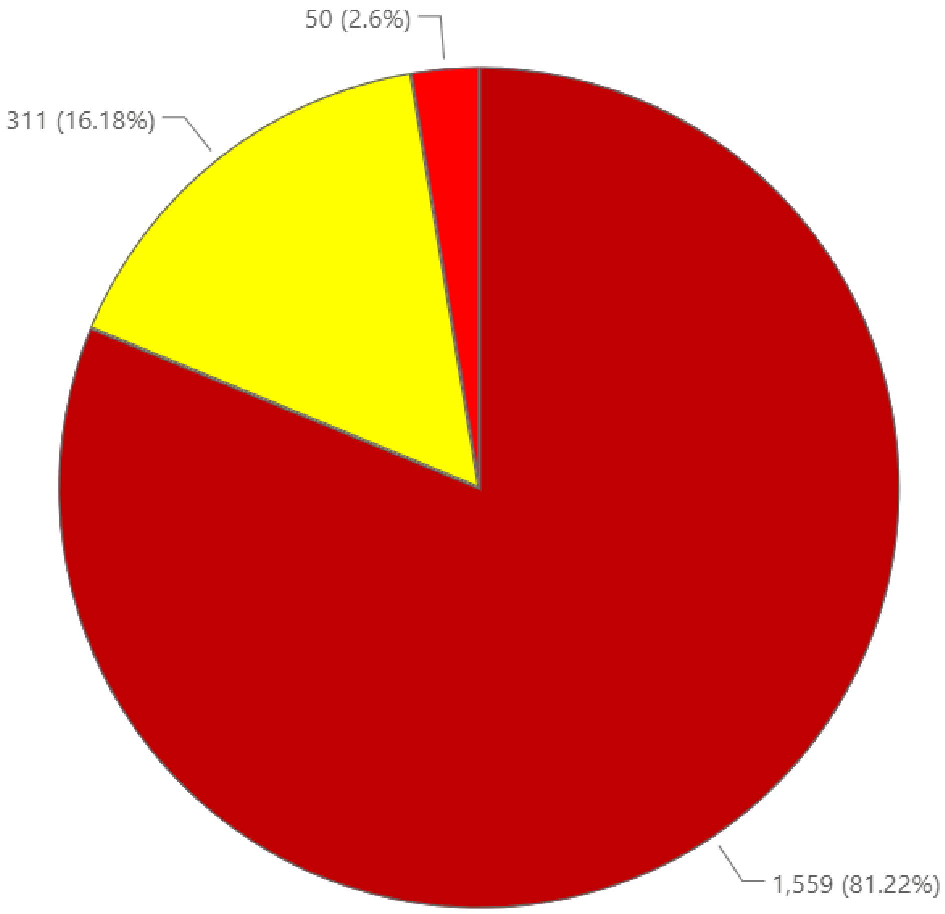
Legislative Alignment

	Legislative Alignment	2026/27 Direct Costs (000s)	No. of Council Activities
0	Not Mandatory	$3	13
1	It is not required under legislation but is a council directive or a contractual obligation	$268	10
2	Optional actions are available to council but are not required. There is no specification on how or when optional actions are undertaken.	$363	12
3	Optional actions are available to council but are not required. It is specified how and / or when optional actions are undertaken.	$205	4
4	Compliance required in accordance with council's own regulations, or regional policy statement.	$836	2
5	Requirement is written into primary legislation or national direction; requirements are clear and unambiguous. Some discretion as to HOW and / or WHEN compliance actions are undertaken.	$5,413	38
6	Requirement is written into primary legislation or national direction; requirements are clear and unambiguous and how and when compliance must be achieved is specified.	$983	9
Total		**$8,071**	**88**

Tai-ranga-whenua and Democracy

Legislative Alignment vs Spend (2026/27 Direct Costs $000s) - Tai-Ranga-Whenua and Democracy

2026/27 Direct Costs in $000s



Legislative Alignment

		Legislative Alignment	2026/27 Direct Costs (000s)	No. of Council Activities
	2	Optional actions are available to council but are not required. There is no specification on how or when optional actions are undertaken.	$311	2
	5	Requirement is written into primary legislation or national direction; requirements are clear and unambiguous. Some discretion as to HOW and / or WHEN compliance actions are undertaken.	$50	1
	6	Requirement is written into primary legislation or national direction; requirements are clear and unambiguous and how and when compliance must be achieved is specified.	$1,559	3
Total			**$1,920**	**6**

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