FORWARD 10 YEARS What matters most

# Pūrongo ā-Tau
# Annual Report 2025/26

Waikato REGIONAL COUNCIL
*Te Kaunihera ā Rohe o Waikato*

Kia tau iho mai te tauwhirotanga o te wāhi ngaro ki runga i te Te Arikinui Kuini Nga wai hono i te po me te Whare Kāhui Ariki.

Paimārire.

E te hunga mate,
koutou i haohia e te kūpenga o Taramainuku, haere ki tua o Paerau, haere ki te iti o kahurangi, okioki ai.

Ka huri ki a tātou, ki te hunga ora. Nō reira, e ngā maunga whakahī, e ngā wai whakatere taniwha, e ngā karangatanga maha puta noa i te rohe, ko te Kaunihera ā-Rohe o Waikato e mihi atu nei ki a koutou tēnā koutou, tēnā koutou, tēnā koutou katoa.

May the providence of the unseen realm cascade upon the Maaori Queen
Nga Wai Hono i te Po, and the royal family.

Peace and good will.

To those who have been caught up in the net of Taramainuku, your people continue to grieve. Depart, with all our deceased to the next world, to the stars.

To those living in the Waikato region, we acknowledge you, your ancestral mountains, your water bodies, your people and your communities. Warmest regards from Waikato Regional Council.



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# Section 1

Whakataki

# Introduction

# Whakapuakitanga
# Foreword

**We are pleased to present this report, which reflects our achievements and confirms our finances and service performance for the financial year ended 30 June 2026.**

Our overarching vision is of empowered people shaping a healthy, prosperous place for generations to come.

This is captured in our key direction-setting document, *Te Pae Tawhiti | Strategic Direction 2026-2036*, which was unanimously adopted by councillors in February.

The strategy recognises that Waikato's natural wealth underpins a diverse and growing economy. It commits us to continuing to make evidence-based, technology-enabled decisions that reflect the experiences, aspirations and preferences of the people of the Waikato. To achieve this, we have identified five strategic priorities that will guide our work over the next decade, with progress measures for the next three years: Future-fit organisation; Productivity and prosperity; Building regional resilience; Sustaining natural resources; Optimised transport system.

This long-term focus has never been more important. It seems that every annual report in recent years has reflected on the impacts of severe weather events on communities across our region, and 2025/26 was no different. We responded to damaging flood events across several catchments, delivered critical remediation and recovery works, and achieved 98 per cent customer satisfaction with our flood warning text alert system.

Through our regional-scale flood protection and catchment management responsibilities, we play a vital role in helping communities, businesses and productive land prepare for, withstand and recover from increasingly frequent and severe weather events, safeguarding both livelihoods and regional prosperity.

As the organisation responsible for managing hundreds of kilometres of stopbanks, flood control structures and drainage networks across the Waikato, we play a unique role in providing a level of protection to people, property and productive land from the impacts of flooding. Through careful planning, ongoing investment in resilient infrastructure and timely emergency response, we help communities prepare for, withstand and recover from increasingly frequent and severe weather events.

As part of this mahi, we worked with territorial authorities, iwi and communities on natural hazard risk and adaptation planning, developing a regional resilience framework and progressing flood modelling for the Waihou Valley and Piako River schemes.

As well as keeping communities safe, we kept them connected. The trial of our interregional passenger rail service, Te Huia, was successfully extended to mid-2027. Patronage increased by 6 per cent and customer satisfaction remained exceptionally high at 98 per cent. This year also saw the introduction of a new Sunday return service, providing seven-day-a-week rail connectivity between Waikato and Auckland, including improved access to major events and Auckland Airport. As Te Huia enters the final year of its trial, the service continues to strengthen regional connections, support economic activity and tourism, and provide a reliable alternative to travelling by road.

We were proud to see our Pathways to the Sea strategy receive national recognition, winning both the Excellence in Environmental Leadership category and the Supreme Award at the 2026 LGFA Taituarā Local Government Excellence Awards. Developed through six years of council-led research and in partnership with 14 funding organisations, iwi and hapū, the strategy provides innovative solutions to improve the safe migration of tuna and other native fish through flood infrastructure. This achievement reflects the dedication and expertise of our staff and partners and reinforces our commitment to delivering long-term environmental outcomes and upholding Te Mana o te Wai.

Through our Natural Heritage Partnership Programme, we invested in 96 community groups undertaking vital conservation and restoration projects, empowering local communities to protect and enhance the Waikato's unique natural environment for future generations.

Local government elections marked a significant transition for our council, with four new councillors joining the regional decision-making table for the 2025-28 triennium. While we welcome the fresh perspectives and experience they have brought, we acknowledge the service of outgoing members: Pamela Storey, Bruce Clarkson, Clyde Graf and long-serving councillor Stu Kneebone.

During the year we worked to set the region up for success, addressing today's challenges with an eye on tomorrow's opportunities. With mounting pressures on energy supply and affordability impacting communities, we set out a bold, long-term vision to strengthen energy security, reduce emissions and unlock major economic opportunities through the *2026-2050 Waikato Regional Energy Strategy*. We also endorsed a *Water Security Action Plan* to help the region respond to increasing climate pressures, more frequent droughts and growing demand for freshwater. The timing couldn't have been better, with suggestions that El Nino conditions this year are likely to be the strongest in recent history.

Together, these initiatives provide a framework for improving long-term resilience, protecting the natural resources that underpin our economy and communities, and ensuring the Waikato is well positioned to thrive in the decades ahead.

The *Waikato Regional Economic Development Strategy* 2026-30 was adopted, providing a clear roadmap for sustainable economic growth across the region. Building on Waikato's strengths, including its strategic location, world-class natural resources, diverse industries and strong communities, the strategy sets priorities to grow productivity, support higher-value industries, strengthen regional connectivity, enable the energy transition and deepen partnerships with Waikato Māori. Developed through collaboration with councils, iwi, business and community stakeholders, it positions Waikato to create jobs, lift incomes and enhance long-term prosperity for future generations.

All this has been completed – and more – at the same time local government faces its biggest shakeup in more than three decades through local government reorganisation, rates capping and resource management reform.

During the year, we've reviewed 36 separate government consultations, submitted on 17 – including the Planning and Natural Environment Bills – and responded to numerous Fast Track proposals.

The Government's proposals for local government reorganisation continued to evolve throughout the year. Following the introduction of Head Start, a voluntary fast-track pathway for reform, district and city councils were invited to submit proposals to reduce the number of councils across New Zealand through the creation of unitary authorities.

While regional councils were excluded from submitting proposals, we were clear in our support for a single authority to replace the Waikato region's current local government structure. To help inform discussions, we worked constructively with our city and district council partners, providing information and insight into regional council functions and the services communities rely on.

Regardless of the outcome of these reforms, our focus remains on providing stability, maintaining essential services and ensuring our communities are well served throughout any transition process.

This reform comes at a time when many households continue to face cost-of-living pressures and councils are grappling with rising costs and growing demand for essential infrastructure and services. In that environment, strong financial stewardship, careful planning and transparent reporting are more important than ever.

For more than 30 years, we've worked at a regional scale – managing natural resources, reducing risk and supporting sustainable growth. In partnership with iwi and alongside our communities, our shared kaitiakitanga is about more than guardianship, it's about ambition.

Together, we will continue to shape a prosperous Waikato region for today and generations to come.



**Chris McLay**
**Chief Executive**



**Warren Maher**
**Chair**

# Ngā hua tāke kaunihera
# **Your rates at work**



# Te tuku ratonga whaihua i te rahi tika
# **Delivering efficient services at the appropriate scale**

Regional councils were formed in 1989 through the amalgamation of some 600 catchment, rabbit, pest and drainage boards. Further regional responsibilities, such as transport, were added to our portfolio of functions. Waikato Regional Council alone incorporated more than 40 of these small entities.

So, a focus on efficiency has always been central to the way we deliver services. We remain committed to exploring how local government, central government, iwi and other stakeholders can work together to deliver services efficiently and effectively, while maintaining a strong focus on community outcomes.

Under the *Local Government Act 2002*, we must respond to both the needs and expectations of our communities and the legislative framework set by central government. During the year, this included considering the implications of the Government's 2026 proposals for local government reform, including the voluntary Head Start process for council reorganisation.

The reform brings the opportunity to become a stronger, better-connected region: one that plans and delivers services at the right scale, invests with confidence, protects what matters and keeps the local voice alive.

Whatever the future may hold for local government, a key principle is that levels of service, whether required by legislation or agreed through community consultation, must be aligned with the funding available to deliver them.

Fiscal responsibility remains essential. At the same time, we continue to contend with rising cost pressures, including higher interest rates, increased insurance premiums, greater construction expenses and growing costs due to the impacts of climate change.

We remain conscious of affordability and do a good job of ensuring moderate rates increases compared with other councils, which is evident in the benchmarking data now provided by the Department of Internal Affairs | Te Tari Taiwhenua.

Whether through funding and mechanisms currently available or an alternative future funding mix, the outcomes communities expect can only be delivered by maintaining a financially sustainable position.

The services regional councils deliver help shape this country's future, creating the right conditions for the growth, resilience and prosperity of Aotearoa New Zealand. We're big enough to deliver them efficiently and effectively, yet we're small enough to have place-based knowledge of our landscapes and communities.

Failing to invest sustainably today could mean greater costs tomorrow. That's why we are building and maintaining flood defences to protect lives, livelihoods and services, and protecting the environment that helps sustain the natural resources that businesses, farmers and growers rely on.

We want to continue working work in a constructive partnership with central government, alongside iwi and stakeholders, to change and improve our regulatory settings for a Waikato that has a healthy environment, vibrant communities and a strong economy.

# Section 2

## Ngā whakatutukitanga
## **Our performance**

# Ā mātou mahi
# **Our work**

Our *Te Pae Tawhiti | Strategic Direction 2026-2036* sets out the vision, purpose and the five strategic priorities that guide our work.

Our annual plan gives effect to the strategic direction by translating long-term priorities into funded, measurable actions for the year ahead, and this annual report tracks our progress against it.

## Ngā aronga nui
## **Strategic priorities**

### Te Whakarite mō āpōpō
### **Future-fit organisation**

Building value and thriving through uncertainty to successfully transition into any future state.

### Ka tōnui, ka taurikura te rohe
### **Productivity and prosperity**

Enable and promote a productive region that delivers shared prosperity, profitability and security.

### Kia manawaroa ake te rohe
### **Building regional resilience**

Support communities to understand natural hazard risks, take action to reduce them, and respond to and recover from disasters and change.

### E toitū ai ngā rawa taiao
### **Sustaining natural resources**

Accelerate action to protect and restore the natural resources that make the Waikato nationally significant – our soils, water bodies, native plants and animals, geothermal areas, forests and coastal habitats.

### Pūnaha waka tītike
### **Optimised transport system**

Maintain an integrated, safe and efficient transport system to improve mobility and equity, reduce emissions and support regional productivity.

## Matawhānui **Vision**

Waikato: Empowered people shaping a healthy, prosperous place for generations to come.

## Aronga **Purpose**

Working together for a Waikato region that has a healthy environment, vibrant communities and strong economy.

He taiao mauriora **Healthy environment**

He hapori hihiri **Vibrant communities**

He ōhanga pakari **Strong economy**

# Ngā hua whakahirahira
# 2025/26 highlights

This annual report measures the council's performance against the measures set out in the *Mahere Whānui 2024-2034 Long Term Plan.*

The council's strategic direction provides the long-term vision, priorities and outcomes that guide the development of the long term plan, ensuring investments, services and resources are aligned with the community's future needs and aspirations. *Takatū Waikato* | *Making a Stand for the Waikato* was our strategic direction for 2023-2025 and used to develop the long term plan for the period this report covers. However, during the reporting period, in February 2026, the council adopted a new strategic direction – *Te Pae Tawhiti* | *Strategic Direction 2026-2036.* Some progress measures set in the new strategic direction were achieved during the 2025/26 reporting period.

We include below some examples of the work the council has undertaken this year to achieve or make progress towards these outcomes.

## Takatū Waikato
## Making a Stand for the Waikato

### Wai
### Water

#### Funding creates environmental benefits, jobs and hope

Without funding, Shayne and Elizabeth MacKenzie wouldn't have been able to fence off and riparian plant the waterway on their Waikawau Bay property, to protect it from stock.

Thanks to Waikato Regional Council's catchment new works budget and Colville Junction's Moehau ki te Moana project, the MacKenzies received full funding to fence off 4 kilometres of the Waikawau River, which stock used for drinking water, and to plant out the riparian margins with 4000 native plants, and some funding towards putting in a reticulation system of 19 concrete troughs.

Council funding like this helps landowners improve freshwater quality in their catchments.

- waikatoregion.govt.nz/funding-creates-environmental-benefits-jobs-and-hope

### Rerenga rauropi, tiakitanga taiao
### Biodiversity and biosecurity

#### Restoring Opera Point for future generations

Wilding pines at Opera Point, Whangapoua, are being removed to protect and enhance the reserve's unique natural, cultural and recreational values.

Hundreds of self-seeded wilding conifers have established at Opera Point – if left unmanaged, they'll continue to spread and eventually dominate the area, crowding out native vegetation by competing for light, water and nutrients.

Drilling and filling of wilding pines – where the trees are filled with herbicide and left to decay and break down over time – has been completed, and the remaining wilding pines – close to track infrastructure and significant cultural sites – are now being felled.

- waikatoregion.govt.nz/story-hub/restoring-opera-point-for-future-generations

## Hanganga tauwhiro
## Sustainable development and infrastructure

### Pump stations get smart with technological upgrades

Electrical and smartification upgrades are underway for all high-priority pump stations that are part of the Waihou Valley and Piako River schemes.

Waikato Regional Council is undertaking the technological upgrades to allow for the remote monitoring and management of pumps in urban areas, ponding zones and isolated locations as part of its capital renewals programme, which is budgeted through the annual and long-term plans.

In the Waihou and Piako River catchments, the council owns and manages 52 pump stations. Of those, it has completed 13 electrical and telemetry upgrades of the pump stations – including three in Ngātea, four in Paeroa, two in Thames and one in Hikutaia.

- waikatoregion.govt.nz/pump-stations-get-smart-with-technological-upgrades

## Hononga hapori
## Community connections

### Final green light given for Sunday Te Huia services

Final approval has been given and the date set for the first Te Huia Sunday service between Waikato and Auckland stations.

The first Sunday service will depart Frankton station at 2.45pm on Sunday, 27 July, arriving at central Auckland's Strand station at 5.17pm. It will leave Auckland for the return journey at 6.15pm, arriving in Hamilton at 8.37pm.

"This is a significant step forward for our Waikato to Auckland rail service as it enters the final year of its trial," said Phil King, Waikato Regional Council's Regional Transport Connections Director.

- waikatoregion.govt.nz/final-green-light-given-for-sunday-te-huia-services

## Takutai moana
## Coastal and marine

### Council greenlights 'future-focused' coastal plan

Waikato Regional Council approved notification of a decisions version of a new coastal plan, a major milestone following years of work and community input.

Councillors received the Hearings Panel's recommendations on the Proposed Waikato Regional Coastal Plan at the final full council meeting for the triennium, held in September 2025.

The panel of experts, including commissioners with extensive knowledge and expertise in regional planning, coastal engineering and tikanga Māori, considered 1359 submissions, including 1252 proforma submissions and 30 further submissions.

The new coastal plan aims to protect the region's unique coastlines, marine ecosystems and community values while enabling sustainable development.

A total of 14 notices of appeal were subsequently received by the Environment Court.

- waikatoregion.govt.nz/proposed-rcp

Whakaheke tukunga
## Transition to a low emissions economy

### New strategy fuels growth opportunities for the Waikato

High prices at the petrol pump have revealed to all of us the true costs of over-reliance on fossil fuels.

The crisis in the Middle East that's been driving this volatility has exposed the precariousness of a business-as-usual approach to energy security.

It's a huge challenge, but also an unprecedented opportunity to focus minds, invest in regional resilience and accelerate the transition away from fossil fuels.

Enter the Waikato Regional Energy Strategy 2026-2050, with a bold, long-term vision to strengthen energy security, reduce emissions and unlock major economic opportunities for the region.

- waikatoregion.govt.nz/energy-crisis-fuels-growth-opportunities-for-the-waikato

# Te Pae Tawhiti
# Strategic Direction 2026-2036

Performance measures achieved or where significant progress was made during the reporting period are set out below under each of our new strategic priorities.

## Te whakarite mō āpōpō | **Future-fit organisation**

**Building value and thriving through uncertainty to successfully transition into any future state.**

While regional councils couldn't submit Head Start proposals, we proactively met with the region's local councils to build understanding of how our services are funded and delivered. This was to help inform development of unitary authority proposals during the three-month timeframe. We also talked to Government ministers and met with interested communities.

- waikatoregion.govt.nz/one-waikato-local-voices-simpler-government-stronger-future
- waikatoregion.govt.nz/simplifying-local-government

## Ka tōnui, ka taurikura te rohe | **Productivity and prosperity**

**Enable and promote a productive region that delivers shared prosperity and security.**

We adopted and are in the process of promoting a regional economic development strategy.

- waikatoregion.govt.nz/new-waikato-regional-economic-development-strategy-adopted

## Kia manawaroa ake te rohe | **Building regional resilience**

**Support communities to understand natural hazard risks, take action to reduce them, and respond to and recover from disasters and change.**

A number of recommendations relating to the Office of the Auditor-General's mitigating flood risk report are being addressed, including engagement with the public to improve understanding of flood risk and the extent of flood protection.

- waikatoregion.govt.nz/come-high-water

## E toitū ai ngā rawa taiao | **Sustaining natural resources**

**Accelerate action to protect and restore the natural resources that make the Waikato nationally significant – our soils, water bodies, native plants and animals, geothermal areas, forests and coastal habitats.**

We've been gathering the necessary data to inform greater understanding of ecosystems from the mountains to the sea. The latest State of Environment update was presented to the Environmental Performance Committee on 11 March 2026.

- waikatoregion.govt.nz/environmental-performance-committee

We're continuing to identify the highest priority biodiversity sites and supporting landowners to protect and restore them.

- waikatoregion.govt.nz/planting-programme-turning-drains-into-ecosystems

We're empowering communities, iwi and partner agencies to actively participate in biodiversity protection and restoration.

- waikatoregion.govt.nz/funding-boost-for-kiwi-protection

## Pūnaha waka tītike | **Optimised transport system**

**Maintain an integrated, safe and efficient transport system to improve mobility and equity, reduce emissions and support regional productivity.**

We've been delivering low-emission regional public transport and initiating public transport networks that enable people to move from private car trips.

- waikatoregion.govt.nz/new-electric-bus-brings-cleaner-quieter-travel-to-tokoroa

# Tō mātou urupare āhuarangi
# Our climate response

A focus on responding to climate change is woven through all our strategic priorities. This signals our intent to proactively respond to the impacts of climate change and plan for a more resilient, environmentally sustainable and economically prosperous region.

Our strategic direction and climate action roadmap set out the high-level direction and actions guiding the council's climate change responses. We've included the following measures in our long-term plan to monitor our progress.

Find out more about our climate action roadmap on our website.

| How we measure our performance | Target | Actual | Commentary |
|---|---|---|---|
| Our corporate emissions reduction plan, including targets, strategies to reduce emissions, and progress towards our emission reduction goal[1], is published annually | Information is audited and published | Achieved | Our greenhouse gas emissions inventory and management report for 2024/2025 was published in November 2025. It showed the council's corporate emissions were 1,037 tCO2e, a 38 per cent reduction against the baseline year (2016/2017) and 13.23 per cent lower than the previous year.<br><br>The 2025/2026 report is currently being prepared and is due to be published in late 2026. |
| Progress made on actions in the climate action roadmap is reported to the council annually | Reporting on progress completed | Achieved | Progress towards the actions within the climate action roadmap is continuing.<br><br>A refresh of the climate action roadmap, to align with the new strategic direction, is underway. |

[1] It should be noted that there is a level of uncertainty in reporting greenhouse gas emissions, which is due to inherent scientific uncertainty in measuring emissions factors as well as estimation uncertainty in the measurement of activity quantity data.

# Te Ture Whaimana o te Awa o Waikato **Vision and Strategy for the Waikato River**

## Restoring the Waikato River

The Waikato River is the lifeblood of our region. It provides clean drinking water for communities, a home for native fish and birds, hydroelectricity to power our homes, and places to paddle, fish and swim. For Waikato River iwi, the awa is an ancestor and a taonga of immense cultural, spiritual and historical significance.

The restoration of the river is guided by *Te Ture Whaimana o Te Awa o Waikato – the Vision and Strategy for the Waikato River.* Treaty settlement legislation requires councils and other agencies to give effect to Te Ture Whaimana in all decisions affecting the river and its catchment.

Te Ture Whaimana was developed by the Guardians Establishment Committee, formed under the Agreement in Principle between Waikato-Tainui and the Crown, and legislated in the *Waikato-Tainui Raupatu Claims (Waikato River) Settlement Act 2010*. It is the primary direction-setting document for the Waikato and Waipā Rivers, and for activities across their catchments.

The custodian of Te Ture Whaimana is the *Waikato River Authority (WRA)*. The WRA invests millions of dollars each year in environmental rehabilitation projects and is governed jointly by iwi and Crown representatives – one from each of the five river iwi authorities (Waikato-Tainui, Tūwharetoa Māori Trust Board, Te Arawa River Iwi Trust, Raukawa Charitable Trust and Te Nehenehenui), alongside five Crown appointees.

The vision is for a future where a healthy Waikato River sustains abundant life and prosperous communities who, in turn, are all responsible for restoring and protecting the health and wellbeing of the Waikato River, and all it embraces, for generations to come.



Restoring the river is more than a legal requirement – it is a shared responsibility. Every year, iwi, councils, community groups, and landowners work together to give life to Te Ture Whaimana. Over the past year, this has meant:

- planting thousands of native trees to stabilise riverbanks and improve water quality
- restoring wetlands that filter water and provide habitat for fish and birds
- supporting marae and community-led mahi
- partnering with farmers and landowners to improve land practices.

These actions bring us closer to the vision of a river we can all be proud of – one where people can swim, paddle and fish safely, where native species thrive, and where future generations inherit a healthy awa.

Every person has a role to play. Whether it's planting a tree, reducing waste, or simply recognising the river as part of who we are, together we can uphold Te Ture Whaimana and ensure the Waikato River continues to sustain life and wellbeing for generations to come.

## Delivering on objectives

There are 13 objectives in *Te Ture Whaimana*, and a number of them are related. The work we do often helps to deliver on more than one objective. In 2025/26, we supported the restoration and protection of the health and wellbeing of the Waikato River in the following ways.

## Relationships

This included supporting the economic, social, cultural and spiritual relationships of river iwi and communities with the Waikato River.

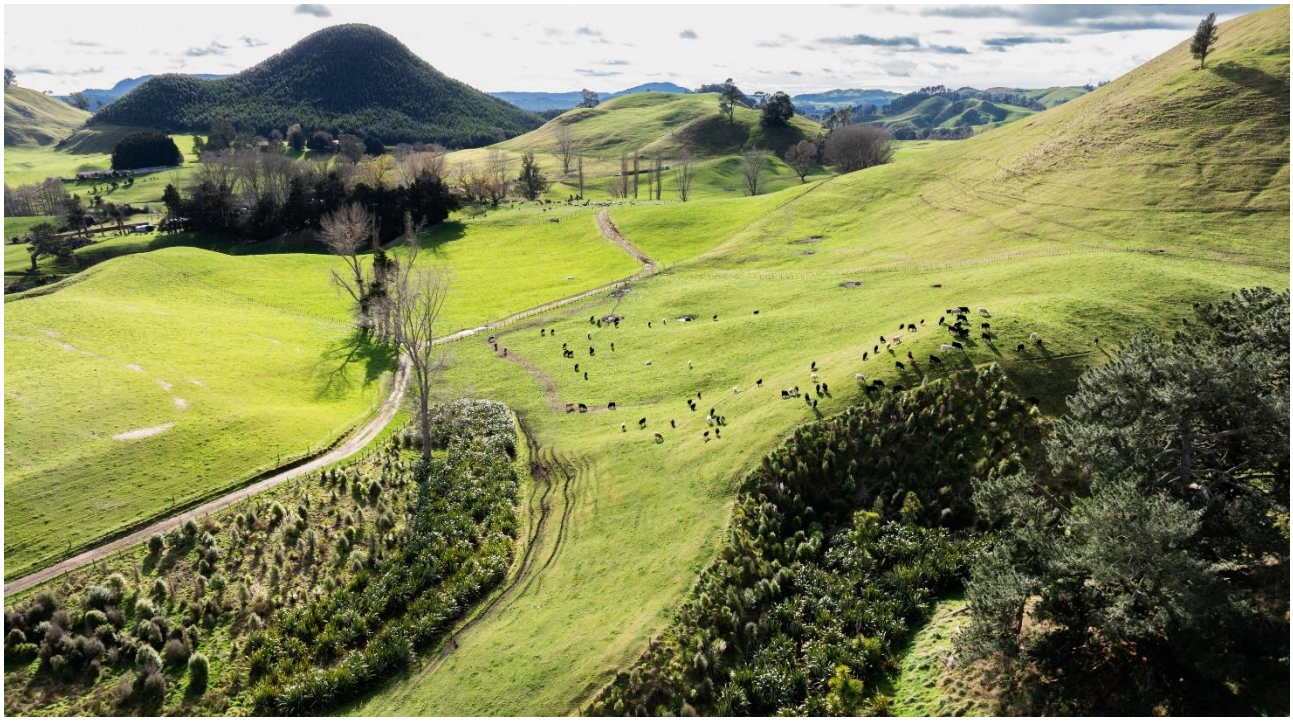
We are working with Waikato-Tainui and other river iwi authorities to co-develop a reporting framework designed to demonstrate how our mahi gives effect to *Te Ture Whaimana* in a way that provides a consolidated view and valuable insights to support decision making.

## Strategy and policy development

We aim to protect the Waikato River, through our regulatory and statutory processes, from the adverse effects of activities on the water and land.

The proposed *Waikato Regional Coastal Plan* was notified in August 2023 and hearings commenced in early 2025. The coastal marine area in the lower Waikato River is subject to the provisions of *Te Ture Whaimana*.

Work on Proposed Waikato Regional Plan Change 1 has continued throughout the year. Following an Environment Court hearing in late 2023, the Court issued an interim decision in May 2025, which provided guidance on a number of matters and directed Waikato Regional Council to undertake further work before a final decision could be released. The Court subsequently issued its final decision in May 2026. While this decision resolved a number of issues, it also included further directions for Council, and the Court is currently considering Council's responses to those directions.



Once we have a final decision from the Court, we can proceed to make the plan operative. The proposed plan seeks to reduce the level of contaminants entering the Waikato and Waipā catchments to help achieve the goals of *Te Ture Whaimana*.

*Te Ture Whaimana* guides the way we administer resource consents, with applicants having to consider the potential effects of their consent application on the Waikato River and explain how their activity will improve the quality of the river.

Central government is presently progressing with a substantial resource management system reform; this will have wide-ranging implications for freshwater management. The council was embarking on a freshwater policy review, however in light of the system reform, this programme of work has been reprioritised. Legislative requirements to comply with the *Resource Management Act* and the *National Policy Statement for Freshwater Management 2020* remain, and council is taking a measured

approach to fulfilling existing statutory requirements within the context of the system reform. Throughout the council's responses to the reform, Te Ture Whaimana is repeatedly acknowledged as the primary direction setting document for freshwater management for the Waikato and Waipā catchment. Monitoring consents and permitted activities, and investigating alleged breaches of rules and regulations, remain key parts of our business as usual.

We continue to hold people accountable for non-compliance or undertaking activities that adversely affect the environment, including the Waikato and Waipā Rivers.

## Ecological health

In 2025/26, we continued our work to protect and enhance significant sites, fisheries, flora and fauna.

We continued our river erosion protection works, installing fish habitat structures, planting riparian margins, increasing in-stream habitats and improving food sources for our native fish. And we'll continue to support numerous iwi and community groups undertaking restoration projects with co-funding and technical support.

We continued to work with a multi-stakeholder group (including Waikato-Tainui, Ngā Muka, Ngāti Hine, Ngāti Naho and the Waikato River Authority) to develop the *Whangamarino Catchment Action Plan*. This plan involves a collaborative and inclusive process to identify and test options for rehabilitation of the interconnected waters of the Whangamarino Wetland and Lake Waikare. Te Ture Whaimana provides the guiding vision for this action plan. The action plan will guide medium to long term investment in more effective catchment management. Action plan implementation will be incorporated into business cases for the *2027-2037 Long Term Plan*.

Work continued with the University of Waikato on the development of a detailed 3D model of Lake Waikare. This will be used to test scenarios for the restoration of the health and wellbeing of this lake and will feed into the *Whangamarino Action Plan*.

We are supporting central-government-funded research into climate change impacts on the Waikato River and have also initiated a response group to improve our understanding and management of algal blooms in the Waikato hydro lakes, in partnership with the Raukawa Charitable Trust, Tūwharetoa Māori Trust Board and Te Arawa River Iwi Trust.



# Whai wāhi ai a Ngāi Māori
# Iwi Māori participation

Waikato Regional Council is committed to maintaining strong relationships with iwi Māori and enabling meaningful participation in decisions that affect the region, its communities and natural resources.

This commitment is especially important during a period of significant change. Reforms across local government, resource management, freshwater and infrastructure may influence how councils operate and engage with iwi. Regardless of how these arrangements evolve, the council remains committed to upholding its statutory obligations and long-standing relationships with iwi Māori.

The Waikato region has one of the most extensive statutory relationship frameworks in Aotearoa New Zealand, developed through Treaty settlements, joint management agreements, statutory acknowledgements, and other legislative arrangements.

We work alongside iwi authorities through governance, planning, policy, and operational partnerships. These relationships support work across freshwater management, river restoration, biodiversity, climate resilience, natural hazards and environmental protection.

We administer hundreds of statutory obligations arising from Treaty settlement legislation, Joint Management Agreements and related instruments. We are also preparing for additional responsibilities linked to pending settlements and future relationship arrangements. These require ongoing engagement, collaboration, monitoring and implementation.

As reforms progress, it is important that existing statutory arrangements and iwi partnerships are clearly understood, recognised, and maintained. Council will continue to support iwi participation, strengthen partnerships, and build the capability needed to meet its obligations. Strong relationships with iwi Māori remain fundamental to achieving positive outcomes for the Waikato region and ensuring future approaches are informed, effective, and respectful of existing commitments.



# Section 3

## Ko ngā momo mahi
## Groups of activities

# Kiritaki, hapori, me ngā ratonga
# Customer, community and services

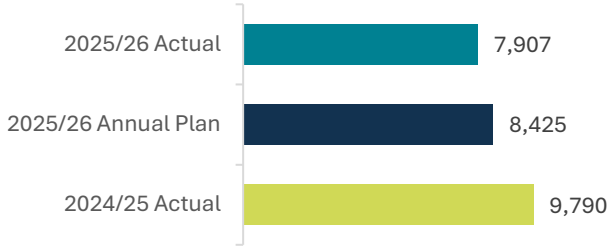
Our work in this area includes **governance** activities, **iwi Māori partnerships, planning and reporting,** and **community support**.

## How these activities improve wellbeing

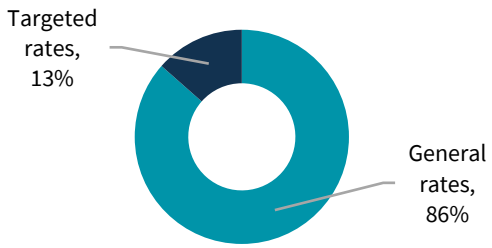
These activities help support a **healthy environment**, **vibrant communities** and a **strong economy**.

They provide opportunities for community engagement with the council, allowing residents to share their feedback, opinions and aspirations for the future. They identify how our work supports the achievement of outcomes that positively impact communities. And they ensure our region's strong cultural heritage is considered and reflected in the work we do.

### Our spending




### Our funding




## What we delivered

- Delivered the 2025 local elections, ensuring communities were informed, engaged and empowered to participate in the democratic process.
- Developed systems, processes and reporting frameworks that support and improve implementation of statutory obligations to iwi across the organisation.
- Enabled active iwi participation in council programmes, projects and decision making through the administration of the Iwi Capacity Fund.
- Supported staff to build their understanding and appreciation of te ao Māori (the Māori worldview), enabling more effective engagement and partnership with mana whenua across the Waikato region.
- Ensured council decision-making processes were conducted in an open, transparent and accountable manner, supporting public trust and confidence in local democracy.
- Supported the effective operation of council and committee governance processes, enabling informed decision-making and strong organisational stewardship.
- Ensured fit-for-purpose statutory planning and reporting processes were in place so our communities could have their say on our planned activities and funding.
- Administered the council's partnership funding in line with our priorities and strategic outcomes.

| | |
|---|---|
| Ensured all 79 formal council meetings were open to the public (unless legislative grounds existed to exclude the public) | Supported a treaty-based partnerships programme in our engagement with iwi Māori through the strategic Māori outcomes framework |

## Our performance

We have four performance targets for customer, community and services activities.

Two of these were achieved for 2025/26, one was not achieved and one was not applicable.

Full details of our performance for customer, community and services activities can be found on page 40.




## What it cost

### Revenue and expenditure for customer, community and services

| | 2025/26 Actual $000 | 2025/26 Annual Plan $000 | 2024/25 Last year $000 |
|---|---|---|---|
| UAGC | 7,271 | 7,271 | 7,124 |
| Targeted rates | 1,134 | 1,136 | 1,138 |
| Government grants | - | 2 | - |
| Other income | 10 | 203 | 71 |
| **Total income** | **8,416** | **8,613** | **8,333** |
| | | | |
| Operating expenditure | 7,907 | 8,425 | 9,790 |
| **Operating surplus / (deficit)** | **509** | **188** | **(1,457)** |
| **Total funding from / (to) reserves** | | | |
| General | 324 | 324 | (356) |
| Regional development fund | - | - | 1,356 |
| Prior year surplus | - | - | - |
| **Total reserve transfers** | **324** | **324** | **999** |
| **Increase / (decrease) in retained earnings** | **833** | **512** | **(458)** |

# Te Rakau Whakamarumaru ā Rohe o Waikato
# Waikato Civil Defence Emergency Management Group

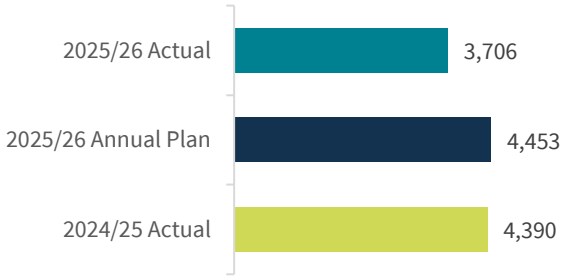
We are the administrating authority for the **Waikato Civil Defence Emergency Management Group**.

## How these activities improve wellbeing

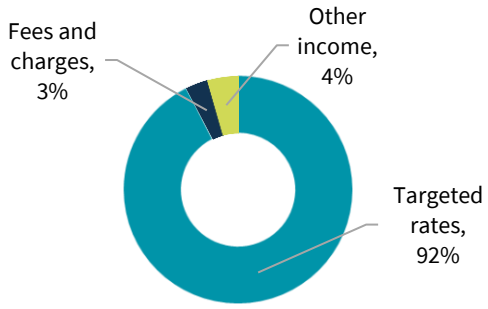
This activity primarily contributes to **vibrant communities**.

Civil Defence Emergency Management supports communities by enhancing community resilience. It ensures people, organisations and businesses are well prepared for emergency events, minimising the impact of disasters when they occur and supporting swift recovery efforts. This preparedness protects lives and property. It also safeguards future income and employment opportunities, contributing to the overall wellbeing and economic stability of the region.

## Our spending




## Our funding




## What we delivered

- Adopted the *Waikato CDEM Strategic Group Plan 2025-2030* and the *Group Plan Actions 2025/26* to guide regional emergency management priorities and approaches.
- Strengthened partnerships with iwi, local authorities, emergency services and community organisations to ensure a coordinated and inclusive approach to emergency management.
- Delivered targeted training and public awareness programmes to enhance community preparedness and understanding of emergency response procedures.
- Maintained a robust and scalable emergency response system enabling rapid activation and effective coordination during emergency events.
- Ensured strategic recovery planning is in place to support communities before, during and after emergencies, enabling timely and effective recovery efforts.
- Supported the *National Emergency Management Agency (NEMA)* to develop emergency management legislation.
- Collated hazard knowledge and risk insights to support robust risk analysis across the Waikato CDEM Group area.

Ensured recovery planning was in place to support communities before, during and after emergencies.



## Our performance

We have one performance target for Waikato Civil Defence Emergency Management Group activities.

This was not achieved for 2025/26.

Full details of our performance for Waikato Civil Defence Emergency Management Group activities can be found on page 41.




## What it cost

### Revenue and expenditure for Waikato Civil Defence Emergency Management

| | 2025/26 Actual | 2025/26 Annual Plan | 2024/25 Last year |
|---|---|---|---|
| | $000 | $000 | $000 |
| Targeted rates | 3,102 | 3,115 | 3,116 |
| Fees and charges | 104 | 248 | 68 |
| Government grants | 0 | - | 0 |
| Other income | 149 | 1,091 | 941 |
| **Total income** | **3,355** | **4,453** | **4,124** |
| | | | |
| Operating expenditure | 3,706 | 4,453 | 4,390 |
| **Operating surplus / (deficit)** | **(350)** | **0** | **(266)** |
| **Total funding from / (to) reserves** | | | |
| Civil defence | (81) | - | 266 |
| **Total reserve transfers** | **(81)** | **-** | **266** |
| **Increase / (decrease) in retained earnings** | **(431)** | **0** | **-** |

# Ngā mahi hei ārai, hei ārahi hoki i ngā waipuke
# Flood protection and control works

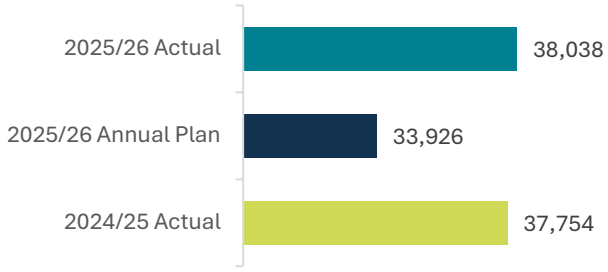
Our work in this area includes **flood protection**, **land drainage** and **river management**.

## How these activities improve wellbeing

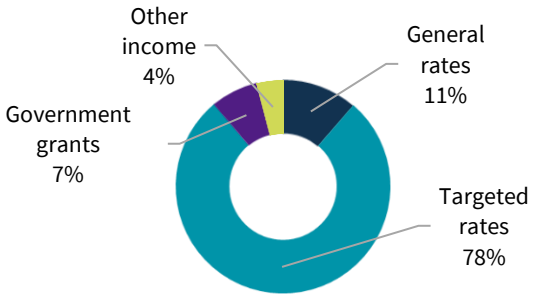
These activities contribute to a **healthy environment, vibrant communities** and a **strong economy**.

They help safeguard public and private assets and investments that provide economic stability for communities and the region. They also contribute to maintaining the natural environment through the rehabilitation and preservation of river channels and riparian areas.

### Our spending




### Our funding




## What we delivered

- Completed a trial of the *Sustainable Infrastructure Decision-making Framework* in the Motukaraka catchment, including the investigation of nature-based solutions to help mitigate flooding.
- Operated and maintained our flood protection and land drainage infrastructure to agreed service levels.
- Delivered a significant capital renewal work programme in partnership with regional economic development and investment unit Kānoa, including the rationalisation of several pump stations in the Island Block area, completion of improvements to Mangatāwhiri Compartment 3 Pump Station, renewal of floodgates in Mangawara catchment, and renewal of stopbanks in the Tūākau area.
- Completed capacity and environmental enhancements across the Thames-Valley land drainage network.
- Maintained river management programmes to reduce erosion and increase the resilience of priority rivers.
- Progressed construction of a river maintenance vessel for the Waikato and Waipā Rivers, with delivery expected in 2026.
- Completed the Crown Infrastructure co-funded projects for Waikato, Waipā, West Coast and Coromandel rivers.
- Implemented a new river and catchment work programme, and a targeted rate for Wharekawa (Kaiaua) to improve the community's resilience to extreme weather events.

| | | |
|---|---|---|
| Maintained, repaired and renewed flood protection and control works to key standards defined in relevant planning documents | Completed flood modelling across the Waihou Valley Scheme and Piako River Scheme as part of the Hauraki Plains adaptation project | Maintained the channel capacity and stability of priority rivers and streams in each catchment zone |





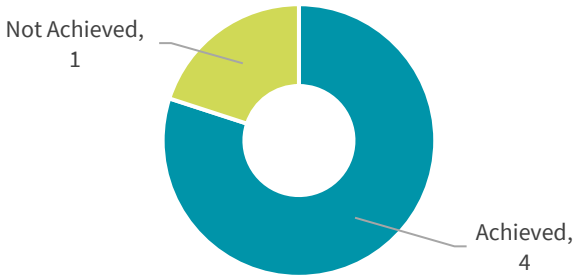


## Our performance

We have five performance targets for flood protection and control works activities, with one measure including two parts.

Four of these were achieved for 2025/26 and one was not achieved.

Full details of our performance for flood protection and control works activities can be found on pages 42-43.




## What it cost

### Revenue and expenditure for flood protection and control works

| | 2025/26 Actual $000 | 2025/26 Annual Plan $000 | 2024/25 Last year $000 |
|---|---|---|---|
| General rates | 4,212 | 4,213 | 4,100 |
| Targeted rates | 28,787 | 28,962 | 27,838 |
| Fees and charges | (15) | 1 | 2 |
| Government grants | 2,633 | 467 | 5,879 |
| Other income | 1,464 | 1,079 | 1,129 |
| **Total income** | **37,081** | **34,722** | **38,948** |
| | | | |
| Operating expenditure | 38,038 | 33,926 | 37,754 |
| **Operating surplus / (deficit)** | **(957)** | **796** | **1,193** |
| **Total funding from / (to) reserves** | | | |
| Watershed | (1,801) | (787) | (1,522) |
| Coromandel | 1,410 | 255 | (422) |
| West coast | 19 | - | (31) |
| Waihou | 1,254 | (96) | 45 |
| Piako | 729 | (186) | 1,783 |
| Drainage | (500) | 38 | (253) |
| Regional disaster recovery | (187) | (114) | (97) |
| Zone disaster recovery | - | (160) | (146) |
| Lower waikato main channel | (197) | 177 | (403) |
| LW flood community works | 213 | 65 | (147) |
| Asset revaluation | - | - | 0 |
| **Total reserve transfers** | **940** | **(809)** | **(1,193)** |
| **Increase / (decrease) in retained earnings** | **(17)** | **(13)** | **0** |

# Te Whakahaere ā-tōpū i te rauwiringa wai **Integrated catchment management**

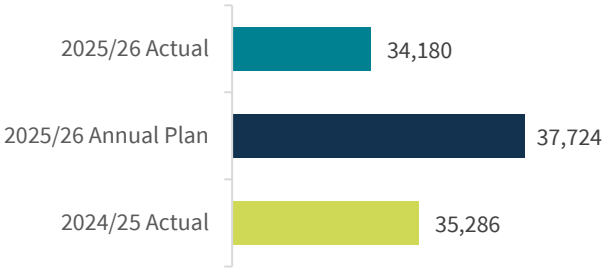
Our work in this area includes **biodiversity** protection and restoration, **biosecurity**, and **catchment planning and management**.

## How these activities improve wellbeing

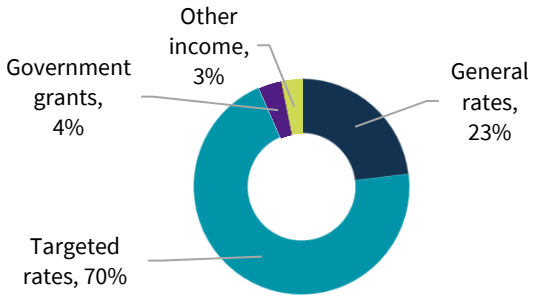
These activities help support a **healthy environment**, **vibrant communities** and a **strong economy.**

They help improve our natural environment, prevent the loss of natural amenity for the benefit of all our communities and protect employment and income opportunities through the removal of pests.

### Our spending




### Our funding




## What we delivered

- Delivered co-funded partnership programmes (with the Waikato River Authority, Ministry for Primary Industries, Ministry for the Environment and Crown Infrastructure Partners), including the Hill Country Erosion Programme, Whirinaki Catchment Project, Ngā Wai o Waikato Partnership Programme, Waipā Catchment Plan and Ngāti Haua Mahi Trust Partnership Programme.
- Provided funding to five large, landscape-scale community groups through increases in Natural Heritage Partnership Programme funding.
- Continued to support the region's communities, iwi and landowners to protect kauri.
- Implemented an improved surveillance programme for high-priority eradication pest plants, including Senegal Tea and Chilean Flame Creeper.
- Increased advocacy and engagement with water users and partners through the invasive freshwater clam and exotic Caulerpa programmes.
- Completed landscape-scale possum control across 132,000 hectares.
- Responded to significant flood events in the Coromandel, Waihou, Waipā and West Coast catchments and delivered a significant remediation programme.

| | | | |
|---|---|---|---|
| Delivered 36 on-the-ground projects on private land in high-priority ecosystems | Funded 96 community groups through the Natural Heritage Partnership Programme | Reduced animal pest populations at identified sites with assessed biodiversity values | Implemented catchment plans to reduce erosion, improve water quality and enhance biodiversity |







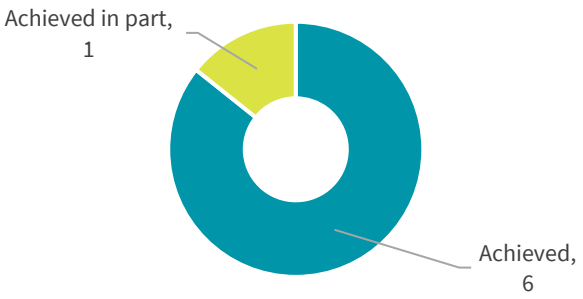


## Our performance

We have seven performance targets for integrated catchment management activities.

Six of these were achieved for 2025/26 and one was achieved in part.

Full details of our performance for integrated catchment management activities can be found on pages 44-46.




## What it cost

### Revenue and expenditure for integrated catchment management

| | 2025/26 Actual $000 | 2025/26 Annual Plan $000 | 2024/25 Last year $000 |
|---|---|---|---|
| General rates | 6,369 | 6,369 | 6,156 |
| UAGC | 2,340 | 2,340 | 2,399 |
| Targeted rates | 26,531 | 26,578 | 24,722 |
| Government grants | 1,333 | 754 | 2,664 |
| Fees and charges | 23 | 58 | 11 |
| Investment income | 0 | - | 1 |
| Other income | 1,132 | 959 | 1,214 |
| **Total income** | **37,728** | **37,057** | **37,167** |
| | | | |
| Operating expenditure | 34,180 | 37,724 | 35,286 |
| **Operating surplus / (deficit)** | **3,548** | **(667)** | **1,881** |
| **Total funding from / (to) reserves** | | | |
| Watershed | (1,236) | (0) | (770) |
| Coromandel | (431) | - | (477) |
| West coast | 113 | 1 | (263) |
| Waihou | (73) | - | 168 |
| Piako | (228) | - | 457 |
| Pathways to the sea | - | - | 0 |
| Biosecurity | (696) | 668 | 435 |
| Natural heritage | (574) | - | (978) |
| Environmental initiatives | 32 | - | (126) |
| Stock truck effluent | - | - | 0 |
| Shovel ready | - | - | - |
| Healthy rivers | - | - | 0 |
| Wharekawa coast | (3) | (1) | 72 |
| **Total reserve transfers** | **(3,095)** | **667** | **(1,483)** |
| **Increase / (decrease) in retained earnings** | **453** | **(0)** | **398** |

# Mōreatanga ā rohe me te whakarata ohotata
# Regional hazards and emergency response

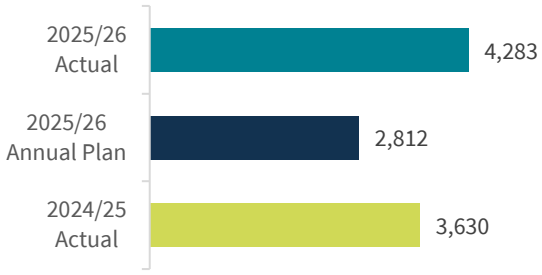
Our work in this area includes supporting **resilient communities** and the **Waikato Regional Council emergency response**.

## How these activities improve wellbeing

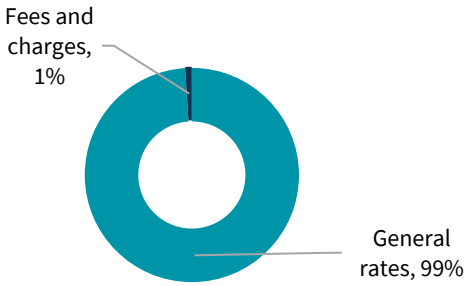
These activities contribute to **vibrant communities** and a **strong economy**.

They help support communities to make informed decisions about their own wellbeing, as well as helping to protect people in the event of an emergency. The work we do strengthens community networks and supports businesses and individuals to be more resilient.

### Our spending




### Our funding




## What we delivered

- Collaborated with territorial authorities, iwi and communities to provide natural hazard risk and resilience information as they worked through the adaptation planning process (priority areas included the floodplains of the Waihou and Piako rivers through the Our Plains Our Future project led by Hauraki District Council).
- Supported territorial authorities to advance their climate change risk assessments.
- Developed a regional resilience framework, setting out how we will increase regional resilience to natural hazard risks.
- Progressed a comprehensive work programme to deliver flood models for the entire region.
- Undertook a groundbreaking piece of work in collaboration with Dutch-Government-funded hydrologic programme to integrate rain forecasting and groundwater data into models that will enable impact assessments based on weather events.
- Coordinated regional responses to several significant flood events during late summer 2026.
- Continued training and exercises to ensure we are response-ready and capable at all times.

Achieved a 98 per cent customer satisfaction rate, for our flood warning text alert system

Undertook two readiness exercises to hone our response to marine oil spills



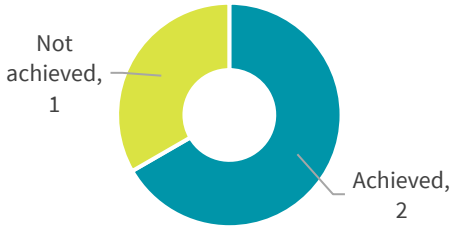


## Our performance

We have three performance targets for regional hazard and emergency response activities.

Two of these were achieved for 2025/26 and one was not achieved.

Full details of our performance for regional hazards and emergency response activities can be found on page 47.




## What it cost

### Revenue and expenditure for regional hazards and emergency response

| | 2025/26 Actual $000 | 2025/26 Annual Plan $000 | 2024/25 Last year $000 |
|---|---|---|---|
| General rates | 30 | 30 | 0 |
| UAGC | 2,637 | 2,637 | 2,584 |
| Fees and charges | 27 | 145 | 78 |
| Other income | 3 | - | 24 |
| **Total income** | **2,697** | **2,812** | **2,686** |
| | | | |
| Operating expenditure | 4,283 | 2,812 | 3,630 |
| **Operating surplus / (deficit)** | **(1,586)** | **-** | **(944)** |
| **Total funding from / (to) reserves** | | | |
| Resilient development | - | - | 0 |
| **Total reserve transfers** | **-** | **-** | **0** |
| **Increase / (decrease) in retained earnings** | **(1,586)** | **-** | **(944)** |

# Ngā ara hono ā-rohe
# Regional transport connections

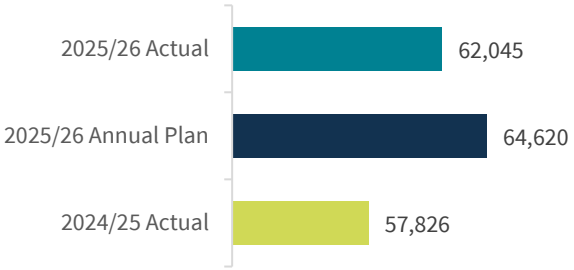
Our work in this area includes **public transport operations**, **interregional passenger rail**, and **transport strategy and delivery**.

## How these activities improve wellbeing

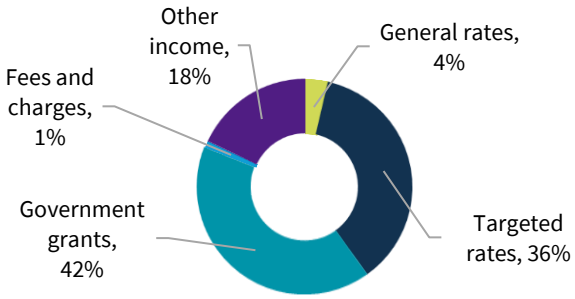
These activities contribute to a **healthy environment**, **vibrant communities** and a **strong economy**.

They provide communities in the Waikato region with affordable transport options to access jobs, education, essential services, recreational and social activities and community events. They also help to limit congestion by encouraging greater use of public transport, reducing the use of single occupancy vehicles and cutting carbon emissions in the process.

### Our spending




### Our funding




## What we delivered

- Continued to operate a network of urban, medium and longer distance bus routes regionwide.
- Following public consultation, successfully tendered networks of new bus services for Hamilton City and the Waikato, Hauraki, Matamata-Piako and Thames-Coromandel districts.
- Secured Crown construction funding for the SH1 Cambridge to Piarere Road of National Significance.
- Secured Crown funding to improve the resilience of SH3 Awakino Gorge, SH25 Coromandel and replacement of Kirikiri Stream Bridge on SH26.
- Successfully advocated for the extension of the Te Huia passenger rail service trial to mid-2027 and continued to plan for the permanent service beyond this ahead of public consultation on the topic in early 2027.
- Provided increased support and engagement with community transport providers.

| | | |
|---|---|---|
| Increased the number of bus trips per capita by 3 per cent in the region (outside of Hamilton) | Ensured 71 per cent of bus departures were on time, in accordance with the timetable | Increased patronage on Te Huia Hamilton to Auckland passenger rail service by 6 per cent |





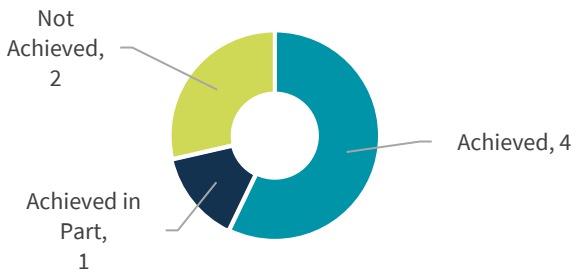


## Our performance

We have seven performance targets for regional transport connection activities.

Four of these were achieved for 2025/26, two were not achieved and one was achieved in part.

Full details of our performance for regional transport connections activities can be found on pages 48-50.




## What it cost

### Revenue and expenditure for regional transport connections

| | 2025/26 Actual $000 | 2025/26 Annual Plan $000 | 2024/25 Last year $000 |
|---|---|---|---|
| General rates | 1,604 | 1,604 | 1,459 |
| UAGC | 591 | 591 | 1,055 |
| Targeted rates | 22,244 | 22,012 | 16,407 |
| Government grants | 25,721 | 26,657 | 24,856 |
| Fees and charges | 630 | 64 | 2,565 |
| Investment income | - | - | - |
| Other income | 10,956 | 10,229 | 9,374 |
| **Total income** | **61,746** | **61,157** | **55,716** |
| | | | |
| Operating expenditure | 62,045 | 64,620 | 57,826 |
| **Operating surplus / (deficit)** | **(299)** | **(3,463)** | **(2,110)** |
| **Total funding from / (to) reserves** | | | |
| Public transport | (1,877) | 2,095 | 279 |
| Commuter Rail | (336) | - | - |
| Total Mobility Operations | 253 | - | 0 |
| Community Transport | 254 | - | - |
| Stock truck effluent | (9) | 25 | (88) |
| Prior year surplus | 693 | 490 | 409 |
| **Total reserve transfers** | **(1,022)** | **2,610** | **599** |
| **Increase / (decrease) in retained earnings** | **(1,322)** | **(853)** | **(1,511)** |

# Te Whakamahinga o te taiao
# Resource use

Our work in this area includes **regional consenting**, **regional compliance**, **maritime services**, **community education** and **primary industry engagement**.

## How these activities improve wellbeing

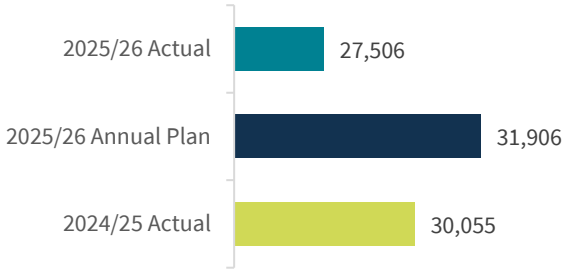
These activities contribute to a **healthy environment**, **vibrant communities** and a **strong economy**.

They enable the use of natural resources to support the generation of income and employment, providing financial security to our communities and supporting industries to be compliant with regulations.

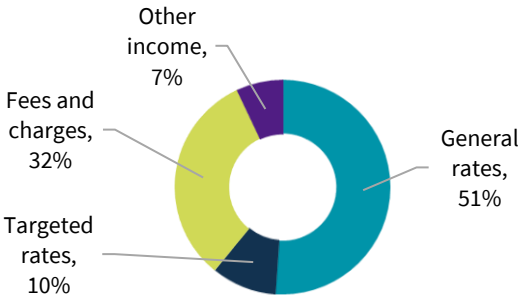
This is balanced with protecting the amenity value of those resources and ensuring they can be used and enjoyed by future generations.

These activities also support community groups to make environmental improvements and ensure our waterways and harbours are safe to navigate.

### Our spending




### Our funding




## What we delivered

- Successfully prepared for and took over harbourmaster responsibilities at Port Tahāroa from Maritime NZ.
- Removed nine unsafe derelict vessels from the region's harbours.
- Continued preparations to support the rural sector to meet their impending regulatory obligations under Plan Change 1 and the *Resource Management (Freshwater Farm Plans) Regulations 2023*.
- Attracted significant third-party funding to grow popular community education programmes that we deliver to encourage better environmental outcomes.
- Provided efficient and effective consenting, compliance monitoring and enforcement processes under the *Resource Management Act* and the *Fast Track Approvals Act* to enable the sustainable management of natural resources
- Prepared to implement the new resource management system being developed by the government.
- Concluded 13 RMA and maritime prosecutions, resulting in convictions and more than $900,000 in fines.

| | | | |
|---|---|---|---|
| Processed 99 per cent of resource consents within RMA timeframes | Maintained a 24-hour, seven-day-a-week response service for environmental incidents | Maintained safe and navigable waterways to protect the people who use them | Monitored 100 per cent of our 486 highest priority consented sites |







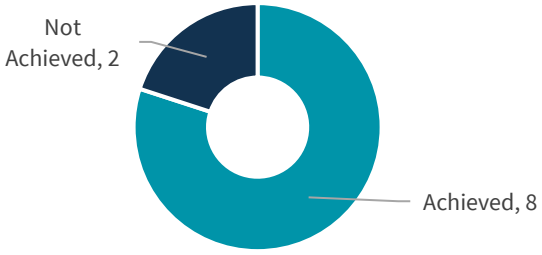



## Our performance

We have ten performance targets for resource use activities.

Eight of these were achieved for 2025/26 and two were not achieved.

Full details of our performance for resource use activities can be found on pages 51-54.




## What it cost

### Revenue and expenditure for resource use

| | 2025/26 Actual $000 | 2025/26 Annual Plan $000 | 2024/25 Last year $000 |
|---|---|---|---|
| General rates | 11,120 | 11,120 | 11,789 |
| UAGC | 3,765 | 3,765 | 3,447 |
| Targeted rates | 2,849 | 2,854 | 2,469 |
| Government grants | - | 10 | 25 |
| Fees and charges | 9,354 | 9,743 | 8,783 |
| Investment income | - | - | 0 |
| Other income | 2,029 | 1,049 | 1,574 |
| **Total income** | **29,118** | **28,541** | **28,087** |
| | | | |
| Operating expenditure | 27,506 | 31,906 | 30,055 |
| **Operating surplus / (deficit)** | **1,612** | **(3,364)** | **(1,969)** |
| **Total funding from / (to) reserves** | | | |
| Permitted activity monitoring | (605) | 369 | (1,375) |
| Building act contingency | - | - | 24 |
| Healthy rivers | - | - | 1,923 |
| Prior year surplus | 17 | - | 1,114 |
| **Total reserve transfers** | **(588)** | **369** | **1,686** |
| **Increase / (decrease) in retained earnings** | **1,024** | **(2,995)** | **(283)** |

# Pūtaiao, kaupapahere me te mōhiohio
# **Science, policy and information**

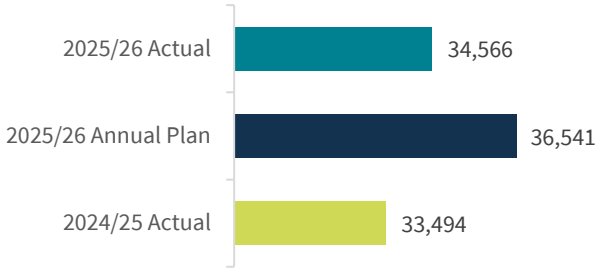
Our work in this area includes **environmental monitoring**, **environmental science and information**, **social and economic information**, **strategic policy implementation**, **resource management policy** and **spatial information**.

## How these activities improve wellbeing

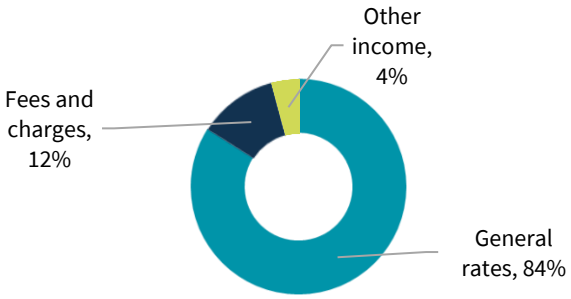
These activities contribute to a **healthy environment**, **vibrant communities** and a **strong economy**.

They help support an environment that can sustain healthy communities by ensuring land is used and managed well, fresh water is available, biodiversity is protected and the air is kept clean.

### Our spending




### Our funding




## What we delivered

- Developed a set of principles for funding critical infrastructure to inform the design of a new funding model .
- Continued to identify and test opportunities to address peat subsidence and associated greenhouse gas emissions in the Waikato region.
- Developed a draft *Lake Waikare and Whangamarino Wetland Catchment Action Plan*.
- Developed a *Water Security Management Plan* for the region.
- Continued a programme of work to increase coastal water quality monitoring in the Firth of Thames.
- Progressed the *Regional Coastal Plan* through the Environment Court appeals process.
- Progressed Plan Change 1 through the Environment Court appeals process.
- Updated state of the environment reports presented through the council committees
- Continued to advocate on behalf of the region regarding legislative changes from central government
- Delivered enhanced light detection and ranging (LiDAR)-derived geographical data, including major updates to the Coastal Inundation Tool, completion of an updated and improved hydro-corrected elevation model, slope classification and fish passage barrier layers.

| | | | |
|---|---|---|---|
| Undertook state of the environment reporting | Ensured swimmability data was uploaded weekly during the recreational bathing season | Completed a *Water Security Management Plan* for the region | Ensured data was available 98 per cent of the time during flood events |







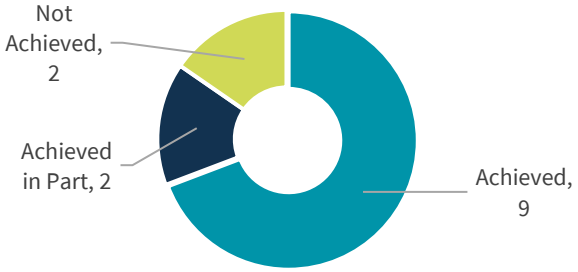



## Our performance

We have 13 performance targets for science, policy and information activities.

Nine were achieved, two were achieved in part and two were not achieved for 2025/26.

Full details of our performance for science, policy and information activities can be found on pages 55-58.




## What it cost

### Revenue and expenditure for science, policy and information

| | 2025/26 Actual $000 | 2025/26 Annual Plan $000 | 2024/25 Last year $000 |
|---|---|---|---|
| General rates | 27,519 | 27,519 | 25,898 |
| UAGC | 2,737 | 2,737 | 2,736 |
| Government grants | - | - | - |
| Fees and charges | 4,278 | 4,092 | 4,215 |
| Investment income | - | - | - |
| Other income | 1,490 | 1,239 | 1,295 |
| **Total income** | **36,024** | **35,587** | **34,145** |
| | | | |
| Operating expenditure | 34,566 | 36,541 | 33,494 |
| **Operating surplus / (deficit)** | **1,458** | **(954)** | **650** |
| **Total funding from / (to) reserves** | | | |
| Prior year surplus | 722 | 861 | 247 |
| General | - | - | (166) |
| Contaminated land | - | - | - |
| Hauraki Plan Change 2 | 93 | 93 | - |
| **Total reserve transfers** | **815** | **954** | **81** |
| **Increase / (decrease) in retained earnings** | **2,274** | **0** | **732** |

# Section 4

## Ko te hohonutanga ō ā tātou mahi
## **Our activities in depth**

# Ko ngā momo mahi
# Groups of activities

## How to read this section

Eight groups of activities are outlined. Within each group, a number of different activities are categorised to reflect the types of work we do.

### Level of service

Describes how we will measure our success.

### Strategic alignment

The strategic driver/s for levels of service.

### Performance measures

Provides a measure, target and result for each activity, along with supporting commentary. Commentary is provided for measures that were not achieved or were achieved in part. Additional performance commentary is included if it provides useful context. Performance status is determined using four categories, as described below. Where additional disclosures have been made, these are provided as footnotes at the end of the group of activity information to which they relate.

### How we measure our performance

| | | | |
|---|---|---|---|
| **Achieved** | All components of the performance measure have been met, including meeting or exceeding a stated target for performance. | **Not achieved** | All components were not achieved. |
| **Achieved in part** | One or more but not all of the components of a measure have been completed. This result is only applicable when the measure can be broken into more than one component. | **Not applicable** | No work scheduled or data available in the current year. |

## About this report

This report follows PBE FRS 48 Service Performance Reporting standards.

### Service performance measurement

The council has selected service performance measures that reflect our overall responsibilities to our ratepayers. The responsibilities may be legislative requirements or driven by our strategic direction. Judgement has been used to select the best measures to reflect to the readers the level of service delivered.

***Section 2: Our performance*** provides useful context for the general reader but does not form part of the service performance information for audit purposes.

***Section 3: Our activities*** contains Waikato Regional Council's performance information, cost of service tables and graphs, and non-financial performance graphs.

***Section 4: Our activities in depth*** contains Waikato Regional Council's non-financial performance results tables. Our Service Performance Judgements and Assumptions are found at the end of Section 4 on page 54. Waikato Regional Council's Statement of compliance can be found in Section 5 on page 67.

# Kiritaki, hapori, me ngā ratonga

# Customer, community and services

## Activity: Governance

**Level of service:** We provide and promote governance processes that are robust and transparent for the regional community.

| **Why this is important (strategic alignment):** Community connections | | | |
|---|---|---|---|
| **Performance measure** | **Target** | **Actual** | **Commentary** |
| Percentage of official information requests responded to within statutory timeframes | 100% | **2025/26**<br>Not achieved, 99.3%<br><br>2024/25<br>Achieved, 100% | At the end of 2025/26 we had responded to 293 official information requests, of which 291 (99.3%) were responded to within statutory timeframes.<br><br>In both late instances, a follow up email from the requester indicated that a request had not been responded to.<br><br>Measures have been taken to prevent this occurring again, including a review of the WRC LGOIMA processes. |
| All formal council meetings are open to the public unless grounds exist under LGOIMA (*Local Government Official Information and Meetings Act 1987*) to exclude the public | 100% | **2025/26**<br>Achieved, 100%<br><br>2024/25<br>Achieved, 100% | There were 79 meetings held in 2025/26. All of these were open to the public.<br><br>Where meetings contained public excluded sessions, these were compliant with the grounds set out in the LGOIMA. |

## Activity: Iwi Māori partnerships

**Level of service:** We support a Treaty-based partnership approach in our engagement with iwi Māori.

| **Why this is important (strategic alignment):** Community connections | | | |
|---|---|---|---|
| **Performance measure** | **Target** | **Actual** | **Commentary** |
| Key actions are completed within the specific timeframes identified in the *Māori Partnership Approach* | 80% of actions completed per schedule | **2025/26**<br>Achieved, 92%<br><br>2024/25<br>Achieved, 85% | Six of the seven key actions identified in the *Māori Partnership Approach* were completed in 2024/25, with the remaining action complete by the end of July 2025.<br><br>Twelve out of thirteen ongoing actions that require annual delivery were also completed in 2025/26. |

## Activity: Planning and reporting

**Level of service:** We produce high-quality and fit-for-purpose long term plans and amendments to long term plans to encourage participation in decision making by the regional community.

| **Why this is important (strategic alignment):** Community connections | | | |
|---|---|---|---|
| **Performance measure** | **Target** | **Actual** | **Commentary** |
| Long term plans and amendments to long term plans receive 'unmodified' audit opinions | Unmodified opinion received if LTP amended | **2025/26**<br>Not applicable<br><br>2024/25<br>Not applicable | No amendment to the *2024-2034 Long Term Plan* was required, and, as a result, this measure is not applicable for 2025/26. |

# Te Rākau Whakamarumaru ā Rohe o Waikato

# Waikato Civil Defence Emergency Management Group

## Activity: Waikato Civil Defence Emergency Management

**Level of service:** To provide suitable trained staff to coordinate an efficient and effective region-wide response to a civil defence emergency.

| **Why this is important (strategic alignment):** Sustainable development and infrastructure. | | | |
|---|---|---|---|
| **Performance measure** | **Target** | **Actual** | **Commentary** |
| Ensuring an increasing percentage of staff are trained and available for any activation of CDEM Group Coordination Centres, aiming to meet the WRC/CDEM Service Level Agreement (SLA) requirements[1] | 2025/26<br>An increasing percentage of WRC workforce is trained to meet the SLA requirement<br><br>2024/25<br>An increasing percentage of WRC workforce is trained to meet the SLA requirement | **2025/26**<br>Not achieved<br><br>**2024/25**<br>Achieved | The targeted number of CL2 trained staff was not achieved, with 22% of staff trained in 2026, compared to 23% at June 2025. This reduction reflects staff turnover throughout the year, with training of new staff not keeping pace. 20 staff attended and completed intermediate training in 2025/26 |

Note

[1]As per the SLA, 25 per cent of Waikato Regional Council's workforce should be trained and available for any activation of the CDEM group coordination centres. As this is a new SLA, we aim to reach the 25 per cent target by 2026/27.

# Ngā mahi hei ārai, hei ārahi hoki i ngā waipuke

# Flood protection and control works

## Activity: Flood protection

**Level of service:** We provide a standard of flood protection, agreed with communities, as set out in our zone plans and associated documents.

| **Why this is important (strategic alignment):** Sustainable development and infrastructure. | | | |
|---|---|---|---|
| **Performance measure** | **Target** | **Actual** | **Commentary** |
| Major flood protection and control works are maintained, repaired, and renewed to the key standards defined in relevant planning documents (such as zone management plans, annual works programmes or long-term plans). Note: the two elements to this measure are described in more detail in parts one and two below. | Achieved | **2025/26** Achieved<br><br>2024/25 Achieved | This measure is made up of two elements reported separately below; both were achieved for 2025/26. |
| **Part one:** percentage of planned mandatory maintenance[1] actions achieved each year | 90% | **2025/26** Achieved, 99%<br><br>2024/25 Achieved, 99% | 3,016 mandatory maintenance actions were planned for 2025/26. 2,992 (99%) were completed by 30 June 2026.<br><br>Planned mandatory maintenance actions are set out in the council's Mandatory Actions Programme, which describes all works scheduled for completion during the year. Scheduled works that are completed within the year are determined to be achieved. |
| **Part two:** percentage of stopbanks maintained above designed flood height, as agreed within each zone | Rural: 92%<br>Urban: 95% | **2025/26** Achieved<br><br>2024/25 Achieved | The results for 2025/26 were:<br>• Rural: 93.2%<br>• Urban: 97.3%<br><br>This performance measure represents the proportion of stopbanks where the actual crest level (ACL) meets or exceeds the agreed design flood level (DFL). Stopbanks are considered to have been maintained when this condition is met.<br><br>The basis for measurement uses survey results and compares ACL against DFL.<br><br>Surveys are completed on priority stopbanks as per budget availability.<br><br>Surveys completed during the year but still undergoing quality control have not been included in the reported results. Sensitivity analysis was conducted on surveys pending quality control, and it was concluded that their inclusion would not materially affect the reported result.<br><br>The results for 2024/25 were:<br>• Rural: 92.9%<br>• Urban: 95.7% |
| Percentage of flood recovery plans[2] implemented[3] after all major events[4] | 100% | **2025/26** Achieved<br><br>2024/25 Achieved | There were no major incidents in 2025/26 that significantly impacted the cCouncil's flood protection infrastructure.<br><br>There were, however, several major floods during January and February 2026, where recovery plans are in place and being implemented. It is noted that several actions will extend into the 2026/27 financial year. |

**Level of service:** We provide communities where flood and drainage infrastructure exist, with a review of where we could make systematic change to our infrastructure.

| **Why this is important (strategic alignment):** Sustainable development and infrastructure. | | | |
|---|---|---|---|
| **Performance measure** | **Target** | **Actual** | **Commentary** |
| We will undertake a review of region-wide risks and issues to identify specific catchments they are affecting and recommend areas where there is an opportunity to consider something fundamentally different to what is delivered now | 2025/26<br>Review of regional risk factors is completed<br><br>2024/25<br>Commence review of regional risk factors affecting flood and drainage infrastructure | **2025/26**<br>Not achieved<br><br>2024/25<br>Achieved | Flood modelling across the Waihou Valley Scheme and Piako River Scheme as part of the Hauraki Plains Adaptation Project has been completed.<br><br>Work achieved in 2025/26 will allow a more detailed and progressive natural hazard risk project to be implemented in 2026/27, providing a region-wide risk and prioritisation assessment. |

## Activity: Land drainage

**Level of service:** We provide reliable water table management on land within drainage schemes to help maintain pastoral production.

| **Why this is important (strategic alignment):** Sustainable development and infrastructure. | | | |
|---|---|---|---|
| **Performance measure** | **Target** | **Actual** | **Commentary** |
| Number of reported incidences where it takes more than three days to remove surface water after events with an annual exceedance probability of up to 10%[5] | ≤5 | **2025/26**<br>Achieved<br><br>2024/25<br>Achieved | There were no reported incidences of weather events with an annual exceedance probability of 10% where it took more than three days to remove surface water. |

## Activity: River management

**Level of service:** To maintain channel capacity and stability of priority rivers and streams in each management zone.

| **Why this is important (strategic alignment):** Sustainable development and infrastructure. | | | |
|---|---|---|---|
| **Performance measure** | **Target** | **Actual** | **Commentary** |
| Percentage of planned maintenance actions undertaken each year in priority river and/or at priority sites across all zones | 80% | **2025/26**<br>Achieved, 92%<br><br>2024/25<br>Achieved, 82% | 301 of 329, or 92% of planned maintenance actions have been undertaken in priority rivers and/or priority sites.<br><br>An achievable revised planned works program was put in place following the severe weather events. |

Note

[1] Maintenance can mean repair, renewal or maintenance.

[2] The plans set out timeframes within which flood response actions are to be completed.

[3] A flood recovery plan is considered 'implemented' when the flood recovery plan, containing remediation actions and costs for said actions, has been approved by the Integrated Catchment Management Committee (ICMC).

[4] Major refers to any flood event that causes damages that cannot be remediated through normal operational funding and requires disaster recovery funding to rectified.

[5] This measure is only applicable if a weather event of up to 10 per cent annual exceedance probability occurs.

# Te whakahaere ā-tōpū i te rauwiringa wai

# Integrated catchment management

## Activity: Biodiversity

**Level of service:** We work with private landowners and others to maintain and enhance indigenous biodiversity.

| **Why this is important (strategic alignment):** Biodiversity and biosecurity, coastal and marine | | | |
|---|---|---|---|
| **Performance measure** | **Target** | **Actual** | **Commentary** |
| Number of on-the-ground projects on private land within the top 30% of priority ecosystems delivering biodiversity restoration action | 20 | **2025/26** Achieved, 36<br><br>2024/25 Achieved, 39 | There have been 36 projects funded within the top 30% of priority ecosystems delivering biodiversity restoration actions.<br><br>Each project is negotiated with the landowner and tailored to their property (activities include but are not limited to fencing, native planting, pest control, etc.) to protect, maintain and restore priority biodiversity sites.<br><br>Therefore, the number and cost of each project will vary each year to stay within budget. These projects are multiyear (3-5 year) agreements with landowners, designed to achieve better biodiversity outcomes at that site. |

**Level of service:** We work in partnership with communities to educate on, maintain and enhance indigenous biodiversity.

| **Why this is important (strategic alignment):** Biodiversity and biosecurity, coastal and marine | | | |
|---|---|---|---|
| **Performance measure** | **Target** | **Actual** | **Commentary** |
| Number of community groups and individuals funded through the Natural Heritage Partnership Programme that undertake restoration activities as per their funding agreement | 2025/26<br>65<br><br>2024/25<br>60 | **2025/26**<br>Achieved, 96<br><br>2024/25<br>Achieved, 64 | The Natural Heritage Partnership Programme funded 96 groups and/or individuals to undertake restoration activities in the region.<br><br>The number of projects per fund were as follows:<br>• Small Scale Community Initiatives Fund: 57<br>• Environmental Initiatives Fund: 25<br>• Natural Heritage Fund: 14. |

## Activity: Biosecurity

**Level of service:** We reduce animal pest populations at identified sites with assessed biodiversity values.

| **Why this is important (strategic alignment):** Biosecurity and biodiversity | | | |
|---|---|---|---|
| **Performance measure** | **Target** | **Actual** | **Commentary** |
| Average Rat Tracking Index[1] (RTI) level for rat control operations | ≤5% | **2025/26** Achieved in part, 5.28%<br><br>2024/25 Achieved, 0.87% | This is a stand-alone measure for the Hamilton Halo programme. The Hamilton Halo programme aims to reduce rat numbers during the native bird breeding season at key sites surrounding Hamilton, improving fledging success.<br><br>A post-control RTI below 5% indicates the operation has been successful.<br><br>In 2025/26, rats were controlled at three sites, with the target achieved at two. At Te Miro, three rounds of treatment were undertaken but the target was not achieved. A fourth round using a different methodology was considered.<br><br>However, by this stage the bird breeding season was largely over and, while further treatment may have achieved the target, it would not have improved the intended outcome of native bird nesting success. It was therefore decided not to proceed with a fourth round of treatment and monitoring. |

| **Why this is important (strategic alignment):** Biosecurity and biodiversity | | | |
|---|---|---|---|
| **Performance measure** | **Target** | **Actual** | **Commentary** |
| | | | This resulted in an average RTI of 5.28% across the three sites.<br><br>• Pukemako - 3.33% - Pass<br>• Tirohanga - 2.50% - Pass<br>• Te Miro – 10.00% - Fail<br><br>As this is a performance-based contract, the final payment to the contractor was withheld for Te Miro. |
| Average number of possums[2] caught for every 100 traps set for possum operations | ≤5% Residual trap catches (RTC) for ground control | **2025/26** Achieved, 2.24%<br><br>2024/25 Achieved, 1.63% | The average RTC for 2025/26 was 2.24%.<br><br>Waikite Valley Farmland Sector 2B and North Taupō PPCA's contract period runs from 1 January 2026 – 30 December 2026. As this straddles the 2025/26 and 2026/27 financial years, these will reported on at the completion of the 2026/27 year.<br><br>Eight PPCA were sectors carried over from 2024/25, six were completed during 2025/26 and are included in this year's results. Nukuhakari and Rotowaro were not completed by 30 June 2026, the remaining control and budget will be carried from the 2025/26 year over into the 2026/27 year for completion.<br><br>Only sites under the PPCA programme fall within the scope of this measure. Other initiatives, such as HALO,DOC led operations, or community led programmes are excluded.<br><br>Results for this measure are recognised upon completion of each PPCA contract and include the final Residual Trap Catch (RTC) result.<br>For contracts that span multiple financial years, results are reported in the year the contract is completed.<br><br>The 2025/26 RPMP Annual Report is available on our website: RPMP Operational Plan Annual Report 2025-26 |

**Level of service:** We control low-density, high-threat plant pests to minimise impacts on human health and primary industry.

| **Why this is important (strategic alignment):** Biosecurity and biodiversity | | | |
|---|---|---|---|
| **Performance measure** | **Target** | **Actual** | **Commentary** |
| Reducing trend for coverage of eradication pest plants[3] at known sites | Reducing trend | **2025/26** Achieved<br><br>2024/25 Achieved | Each eradication site is inspected annually to identify pest plant presence, undertake treatment where required, and survey the surrounding area.<br><br>Continued implementation of this annual management programme is progressively exhausting seed banks and rhizome reserves, resulting in a noticeable reduction in the extent of eradication pest plants across known sites.<br><br>Through an uplift in surveillance additional sites were identified in 2025/26 which will be included in the priory programme for 2026/27. |

## Activity: Catchment planning and management

**Level of service:** We maintain existing works to ensure gains are preserved.

| **Why this is important (strategic alignment):** Water, biodiversity and biosecurity | | | |
|---|---|---|---|
| **Performance measure** | **Target** | **Actual** | **Commentary** |
| Percentage of sampled catchment works maintained in effective condition to the standards set out in zone plans. [4] | 85% | **2025/26** Achieved, 86%<br><br>2024/25 Not achieved, 81% | 86% of works inspected are in effective condition, based on a sample size of 83 properties. |

**Level of service:** We implement agreed plans (new catchment works) with landowners and land managers to reduce erosion, improve water quality and enhance biodiversity.

| **Why this is important (strategic alignment):** Water, biodiversity and biosecurity | | | |
|---|---|---|---|
| **Performance measure** | **Target** | **Actual** | **Commentary** |
| Percentage of new catchment works undertaken in priority catchments and/or at priority sites across all zones. [5] | 80% | **2025/26** Achieved, 92%<br><br>2024/25 Achieved, 94% | 92% of completed catchment works were undertaken in priority catchments and/or sites.<br><br>Over time, the proportion of priority catchments and priority sites across all zones has increased. Coupled with an increase in targeting priority areas, this has resulted in a significant overachievement of this measure. |

Note

[1] Rat tracking index is a monitoring method used to obtain an estimate of the relative abundance of rats in an area before and after rat control activities take place. For further information please refer to Department of Conservation: Animal pests: tracking tunnel indices of small mammal abundance.

[2] Possums are targeted as they have a detrimental impact on our native flora and fauna, including devastating native forests and impacting on pasture, horticulture, and forestry.

[3] Plants included in the operative Regional Pest Management Plan (RPMP) eradication category.

[4] A sample of at least 10 per cent of all catchment scheme and non-scheme works (individual work agreements) legally protected on a property title are inspected to assess the works' condition every year. Works include fencing, planting, and erosion control structures.

[5] The 80 per cent target requires the majority of work to be implemented in priority catchments and/or at priority sites while providing some capacity to meet landowner and community demand for work at non-priority catchments/sites.

# Mōreatanga ā rohe me te whakarata ohotata

# Regional hazards and emergency response

## Activity: Resilient communities

**Level of service:** We collaborate with communities, iwi, and stakeholders to develop and deliver a regional resilience strategy and plan.

| **Why this is important (strategic alignment):** Water, biodiversity and biosecurity, coastal and marine, sustainable development and infrastructure, community connections. | | | |
|---|---|---|---|
| **Performance measure** | **Target** | **Actual** | **Commentary** |
| Regional resilience strategy is developed, and plans developed, reviewed, and implemented for identified areas | 2025/26<br>Implement regional strategy and plan<br><br>2024/25<br>Develop a regional resilience strategy and plan | **2025/26**<br>Not achieved<br><br>2024/25<br>Not achieved | A comprehensive resilience and adaptation framework and plan has been developed.<br><br>The timing of the council endorsement process has resulted in final approval falling outside the reporting period.<br><br>The framework is scheduled to be presented to the relevant committee in August 2026, with finalisation expected in September 2026.<br><br>The emerging findings and strategic considerations from development of the resilience and adaptation framework are being used to inform long term plan discussions. |

## Activity: Waikato Regional Council emergency response

**Level of service:** We provide the community with timely flood event information and situation reports to respond effectively to flood events and lessen the adverse effects.

| **Why this is important (strategic alignment):** Sustainable development and infrastructure. | | | |
|---|---|---|---|
| **Performance measure** | **Target** | **Actual** | **Commentary** |
| Percentage of customers that reporting being satisfied with Waikato Regional Council's flood warning text/alert system[1] through our contact database survey | 95% | **2025/26**<br>Achieved, 98%<br><br>2024/25<br>Achieved, 96% | 98% of customers reported satisfaction with WRC's flood warning text/alert system.<br><br>The result is based on feedback from 52 customers as part of our annual flood survey undertaken in the final quarter of 2025/26. |

**Level of service:** We reduce the environmental impact of marine oil spills by having a safe, coordinated and effective plan in place, maintaining an effective readiness to respond.

| **Why this is important (strategic alignment):** Coastal and marine. | | | |
|---|---|---|---|
| **Performance measure** | **Target** | **Actual** | **Commentary** |
| Two readiness exercises are undertaken per year | Two exercises undertaken | **2025/26**<br>Achieved<br><br>2024/25<br>Achieved | Two exercises took place on 7 October 2025, and 17 March 2026. Both were assessed by Maritime NZ assessors as meeting required standards. |

Note

[1] The text/alert system is one component of the overall Flood Warning Service.

# Ngā ara hono ā-rohe

# Regional transport connections

## Activity: Transport policy and programmes

**Level of service:** We complete three-yearly reviews of our regional transport plans, as required by the Land Transport Management Act, and maintain a regional road safety strategy.

| **Why this is important (strategic alignment):** Sustainable development and infrastructure, community connections, transition to low emission economy. | | | |
|---|---|---|---|
| **Performance measure** | **Target** | **Actual** | **Commentary** |
| Regional plans and strategies are reviewed and submitted within statutory timeframes and implemented | 2025/26<br>Maintain and report on implementation of the *Regional Land Transport Plan, Regional Public Transport Plan*, and *Road Safety Strategy* | **2025/26**<br>Achieved in part<br><br>2024/25<br>Achieved | Preparation of the *2027 Regional Land Transport Plan (RLTP)* is on track, in-line with the most recent *National Land Transport Programme 2027* timelines, as advised by the NZ Transport Agency (NZTA).<br><br>The *2022-2032 Regional Public Transport Plan* was updated through a significant variation (involving units and service model) in quarter one. Further key variations, e.g. fares policy, are underway.<br><br>The development of the *Regional Road Safety Strategy (RRSS)* is behind schedule due to staff resourcing. The review of the RRSS will now be completed in 2026/27 to match funding assistance from NZTA. There is no statutory timeline for this deliverable. |

## Activity: Public transport

**Level of service:** We will transition Hamilton's bus network from a coverage-based system (many low-frequency routes) to a ridership-orientated network (focusing resources on high-frequency routes in the areas of greatest demand), supplemented by demand-responsive services.

| **Why this is important (strategic alignment):** Sustainable development and infrastructure, community connections. | | | |
|---|---|---|---|
| **Performance measure** | **Target** | **Actual** | **Commentary** |
| Number of public bus trips per capita (Hamilton) | Number of trips per capita increase year-on-year | **2025/26**<br>Not achieved, 15.84 trips per capita<br><br>2024/25<br>Achieved in part, 15.89[1] trips per capita | The number of bus trips per capita in Hamilton declined by 0.3% (to 15.84 trips per capita, compared with 15.89 last fiscal year).<br><br>Patronage continued to be impacted by fare affordability pressures during 2025/26. This followed a 20% fare increase in 2024/25 and a further 11.4% increase from 1 July 2025, implemented to meet NZ Transport Agency (NZTA) private share funding requirements under the *2024–27 National Land Transport Programme (NLTP)*.<br><br>A 5.47% increase in patronage was observed in the fourth quarter compared with the same period last year, which can likely be attributed to the rise in fuel prices that began in early March 2026.<br><br>Despite not achieving the target, the year-end result suggests patronage has stabilised. Continued delivery of reliable, high-quality services is expected to support customer confidence and future demand growth.<br><br>This is calculated with data sourced from the Regional Interim Ticketing Solution (RITS) and population estimates are based on the 'medium' scenario from the University of Waikato's 2018 forecasts. |

[1] **Note:** Due to three days in August 2024 being double counted, we erroniously reported 2024/25 result as 16.1 trips per capita.

**Level of service:** We will expand public transport to include more areas within our region, enabling greater access to essential services, education, employment, and social opportunities.

| **Why this is important (strategic alignment):** Sustainable development and infrastructure, community connections. | | | |
|---|---|---|---|
| **Performance measure** | **Target** | **Actual** | **Commentary** |
| Number of public bus trips per capita (regional total outside of Hamilton) | Number of trips per capita increase year-on-year | **2025/26** Achieved, 2.24 trips per capita<br><br>2024/25 Achieved, 2.17 trips per capita | Trips per capita outside Hamilton increased by 3.2% in 2025/26 compared to the prior year (to 2.24 trips per capita, compared with 2.17 last fiscal year).<br><br>This result was achieved despite a decline in patronage in the first quarter. The decline is primarily attributed to a 20% fare increase in 2024/25 and a further 11.4% fare increase from 1 July 2025, implemented to meet NZTA's private share targets under the *2024–27 National Land Transport Programme (NLTP)*.<br><br>The recovery from quarter two onwards indicates patronage has stabilised, supported by the continued delivery of high-quality services, helping to rebuild customer confidence and stimulate demand.<br><br>A further upward trend (11%) was seen in quarter four, which can likely be attributed to the rise in fuel prices that began in early March 2026.<br><br>This is calculated with data sourced from the Regional Interim Ticketing Solution (RITS) and population estimates are based on the 'medium' scenario from the University of Waikato's 2018 forecasts. |

**Level of service:** We deliver a public transport service that is reliable, and that people can depend on.

| **Why this is important (strategic alignment):** Sustainable development and infrastructure, community connections. | | | |
|---|---|---|---|
| **Performance measure** | **Target** | **Actual** | **Commentary** |
| Percentage of buses that depart[1] on time from bus stops in accordance with the timetable | 2025/26 73%<br><br>2024/25 70% | **2025/26** Not achieved, 71%<br><br>2024/25 Achieved, 70% | 71% of buses departed on time from bus stops according to published timetables in 2025/26, up from 70% in 2024/25.<br><br>While this measure remains an important indicator of service reliability, management will consider whether additional or alternative measures could better reflect customer experience in an environment where passengers increasingly rely on real-time travel information.<br><br>This measure will be reviewed as part of the next long term plan process. |

**Level of service:** We deliver bus services that people and communities value, and regard as a quality service.

| **Why this is important (strategic alignment):** Sustainable development and infrastructure, community connections. | | | |
|---|---|---|---|
| **Performance measure** | **Target** | **Actual** | **Commentary** |
| Percentage of customers who are 'satisfied' or better with the bus transport service | 2025/26 83%<br><br>2024/25 82% | **2025/26** Achieved, 95%<br><br>2024/25 Achieved, 93% | The 2025/26 bus service customer satisfaction survey report shows that 95% of respondents were satisfied with our bus services, a 2% increase compared to last year's result.<br><br>A total of 1,000 bus passengers were surveyed across all public bus routes in the region, with participants selected proportionally to patronage levels on each service. The overall satisfaction score is calculated by aggregating a range of responses in relation to the bus transport service. Only 926 responses were included in the final results as some of the responses were incomplete. |

## Activity: Interregional passenger rail

**Level of service:** We will progressively improve Te Huia passenger rail services between Hamilton and Auckland.

| **Why this is important (strategic alignment):** Sustainable development and infrastructure, community connections. | | | |
|---|---|---|---|
| **Performance measure** | **Target** | **Actual** | **Commentary** |
| Year-on-year passenger rail patronage growth[2] | 2% patronage growth compared to the previous 12 months | **2025/26** Achieved, 6.4%<br><br>2024/25 Not achieved, -9.2% | Rail patronage reached to 77,209 (a 6.4% increase), up from 72,590 in the previous financial year.<br><br>The patronage data used for the year comes from Te Huia website |
| Percentage of customers who are 'satisfied' or better with our passenger rail services | 92% | **2025/26** Achieved, 97%<br><br>2024/25 Achieved, 98% | Te Huia achieved a customer satisfaction score of 97%, exceeding the target by 5%.<br><br>Out of a total sample population of 500 survey respondents, 474 were included in the validated sample frame. Within this frame, 459 participants were satisfied with our Te Huia service. |

Note

[1]This measure was stated as bus stop arrivals in the previous *2021-2031 Long Term Plan* and 2023/24 Annual Report. However performance has always been measured against bus stop departures, a correcton made through the 2024-2034 *Long Term Plan* and this Annual Report.

[2] Patronage growth was significant in 2022/23 as a result of a low baseline due to COVID-19 travel restrictions that saw services paused throughout much of 2021/22. Growth on the service has since stabilised and is anticipated to align with 2 per cent per annum growth targets set out in accordance with the Hamilton to Auckland passenger rail service – Te Huia business case.

# Te whakamahinga o te taiao

## Resource use

### Activity: Regional consents

**Level of service:** We provide efficient and effective consenting and consent compliance monitoring processes under the *Resource Management Act 1991 (RMA)* to enable the lawful use of natural and physical resources.

| **Why this is important (strategic alignment):** Water, coastal and marine, sustainable development and infrastructure, community connections. | | | |
|---|---|---|---|
| **Performance measure** | **Target** | **Actual** | **Commentary** |
| Percentage of resource consents processed in accordance with the RMA timeframe discount regulations | ≥ 95% | **2025/26** Achieved, 99%<br><br>2024/25 Achieved, 99% | For the financial year 1 July 2025 to 30 June 2026, 99% of resource consent applications were processed in accordance with the RMA timeframe regulations.<br><br>This is determined by dividing the number of applications processed in accordance with the RMA timeframes (598 applications) by the total number of applications received (608 applications).<br><br>In addition to the 11 applications that did not meet the discount regulation requirements:<br>• one application was subject to the queued priority process (where applications to take water needed to be processed in priority order), so did not trigger the discount regulations<br>• one application was issued prior to the expiry of the existing consents and, pursuant to section 7 of the discount regulations (no discount was required as the consent was issued prior to the expiry of the existing consent).<br><br>Two applications were withdrawn as the rules for moorings in the *Proposed Waikato Regional Coastal Plan* now require a Mooring Licence under the *Maritime Transport Act 1994*, instead of a resource consent. |
| Percentage of highest priority consented sites monitored each year | 100% | **2025/26** Achieved, 100%<br><br>2024/25 Achieved, 100% | 486 consented sites were identified as highest priority.<br><br>Compliance assessments were completed for 470 sites. Compliance assessments were deferred at 16 sites because they were non-operational at the time.<br><br>A further 332 lower priority sites were also monitored, making a total of 818 consented sites monitored.<br><br>*Deferred monitoring happens for the following reasons.<br>• The consent has only recently been granted, and not enough activity time has passed to warrant a full assessment of compliance.<br>• A site has obtained a resource consent, but the activity has not yet commenced (i.e., a factory has not been built/finished yet) therefore there is nothing to monitor.<br>• There is insufficient data/evidence to undertake an adequate assessment of compliance at this time. Monitoring will occur when there is sufficient evidence to proceed.<br>• The activity, although consented, has been suspended by the consent holder for operational reasons (machinery breakdown, climatic issues, financial difficulties etc). |

## Activity: Regional compliance

**Level of service:** We provide a dedicated incident response service to ensure the environment, people and property are not seriously affected by pollution incidents or non-compliant activities.

| **Why this is important (strategic alignment):** Water, coastal and marine. | | | |
|---|---|---|---|
| **Performance measure** | **Target** | **Actual** | **Commentary** |
| Percentage of time the 24-hour, seven-day-a-week response service for reporting environmental incidents is available | 100% | **2025/26** Achieved, 100%<br><br>2024/25 Achieved, 100% | Response services have been available consistently throughout the year, with no disruption to online services.<br><br>Phone contact has also had minimal disruption, with total outage periods of 13 hours and 49 minutes for the year across four events. Each cause was different, varying from a brief power cut to system outages. |

**Level of service:** We take appropriate action in response to serious non-compliance.

| **Why this is important (strategic alignment):** Water, coastal and marine. | | | |
|---|---|---|---|
| **Performance measure** | **Target** | **Actual** | **Commentary** |
| Percentage of incidences of serious[1] non-compliance[2] with the environmental regulations that are actioned[3] | 100% | **2025/26** Achieved, 100%<br><br>2024/25 Achieved, 100% | During 2025/26, there were 46 instances of serious non-compliance were identified across 1012 sites. All 46 instances have been actioned in keeping with our enforcement policy.<br><br>This has resulted in either punitive action (infringement notices/formal warnings), directive action (abatement notices served or in effect), or suspects being subject to further formal investigation. |
| Percentage of notifications, related to potential breaches of environmental regulation and assessed as requiring physical attendance, that are attended | 100% | **2025/26** Not achieved, 99.6%<br><br>2024/25 Achieved, 100% | A total of 1796 notifications were received from the public relating to environmental incidents this year. 462 were assessed as requiring physical attendance and, of those, 460 were attended in 2025/26. The remaining two will be completed in 2026/27.<br><br>As this is an ongoing process, jobs are received right up to 30 June. This means it is not possible to physically attend all incidents within the same reporting year. Jobs received in the final weeks of 2025/26 will be attended in the first weeks of the new reporting year. |

## Activity: Maritime services

**Level of service:** We maintain safe and navigable waterways in the region to protect the people who use them.

| **Why this is important (strategic alignment):** Coastal and marine. | | | |
|---|---|---|---|
| **Performance measure** | **Target** | **Actual** | **Commentary** |
| Risk to boaties is appropriately mitigated within 12 hours of a known failure of a category one aid to navigation[4] | 100% | **2025/26** Achieved, 100%<br><br>2024/25 Achieved, 100% | We have had four Category 1 Aids to Navigation failures this year., occurring at Jack's Point - Coromandel Harbour, Southern Opito, Tairua Harbour Entrance (Starboard) and Kāwhia.<br><br>In each instance, appropriate mitigation steps were completed within 12 hours. |
| A 24-hour, 365-day-per-year response service is maintained for serious maritime incidents[5] | 100% | **2025/26** Achieved, 100%<br><br>2024/25 Achieved, 100% | Response services have been available consistently throughout the year, with no disruption to online services.<br><br>Phone contact has also had minimal disruption, with total outage periods of 13 hours and 49 minutes for the year across four events.<br><br>Each cause was different, varying from a brief power cut to system outages. |

## Activity: Community education

**Level of service:** We deliver education programmes that bring about behaviour change.

| **Why this is important (strategic alignment):** Water, sustainable development and infrastructure, community connections. | | | |
|---|---|---|---|
| **Performance measure** | **Target** | **Actual** | **Commentary** |
| Number of education programmes[6] evaluated for their effectiveness and updated as required | 2025/26<br>1 | **2025/26**<br>Achieved, 1 **programme evaluated**<br><br>2024/25<br>Achieved, 1 programme evaluated | The education programme evaluated for effectiveness this year was the Waikato Enviroschools programme.<br><br>The evaluation showed it is performing at a very high level, with nine of the ten elements of the Enviroschools delivery rated as 'highly effective'.<br><br>In the three years since the last evaluation, the team has made substantial innovations that have extended Enviroschools' reach and increased engagement in the programme. |

## Activity: Primary industry engagement

**Level of service:** We work with partners and stakeholders to develop solutions to emerging challenges facing the rural sector.

| **Why this is important (strategic alignment):** Water. | | | |
|---|---|---|---|
| **Performance measure** | **Target** | **Actual** | **Commentary** |
| Based on customer feedback, engagement activities undertaken in collaboration with partners and stakeholders meet their intended purpose[7] | 80% | **2025/26**<br>Achieved, 100%<br><br>2024/25<br>Achieved, 81% | The number of events for 2025/26 was reduced due to the delays to freshwater farm plans and Plan Change 1. However, feedback from stakeholders shows that they appreciate our approach.<br><br>One event was held where we received formal feedback.<br><br>This was from an event with rural stakeholders in December, which had 100% of responders agreeing/strongly agreeing that the event met its purpose. |

**Level of service:** We provide resources and systems to support the primary sector to meet its regulatory obligations.

| **Why this is important (strategic alignment):** Water. | | | |
|---|---|---|---|
| **Performance measure** | **Target** | **Actual** | **Commentary** |
| Customer feedback confirms that the resources and systems developed to support the primary sector to meet their regulatory obligation for freshwater farm plan implementation met the intended purpose[7] | 80% | **2025/26**<br>Not achieved<br><br>2024/25<br>Not applicable | Delays to freshwater farm plan implementation and Plan Change 1 have impacted the timing of the supporting resources and systems required to meet this measure.<br><br>While progress has been made in developing catchment information, registration tools and guidance materials, these have not yet been fully implemented and tested with customers, limiting the council's ability to demonstrate achievement against the 80% target.<br><br>Early feedback from customers involved in developing these resources and systems has been positive, providing confidence in the approach as implementation progresses. |

Note

[1] There are a number of factors that are relevant in determining whether a breach of the RMA is 'serious'. These include (but are not limited to) what the actual or potential adverse environmental effects of the breach are, the sensitivity of the receiving environment, whether the parties involved have a history of non-compliance, whether the breach was as a result of careless, negligent, or deliberate behaviour, and what efforts at mitigation have been made.

[2] Non-compliance can come about from proactive consent monitoring, proactive permitted activity monitoring or reactively responding to incidents that are reported to council.

[3] Actions include: no further enforcement action, letter of direction, abatement notice, formal warning, infringement notice or, prosecution.

[4] Considered to be of primary navigational significance, including leading lights, outer channel markers, isolated danger marks and wreck marks.

[5] Maritime incidents are those Waikato Regional Council has jurisdiction over that include, but are not limited to, serious boating mishaps or obstruction of navigable waterways.
[6] The programme includes Advancing Māori Medium, Enviroschools, Waste Minimisation, Youth and Secondary.
[7] A twice-yearly survey will be conducted with our partners and stakeholders to identify whether 80 per cent of respondents believe our engagement activities meet the intended purpose and that the resources and systems we develop deliver the intended purpose of supporting the primary sector.

# Pūtaiao, kaupapahere, me te mōhiohio

# Science, policy and information

## Activity: Environmental monitoring

**Level of service:** We provide high-quality and timely data to key decision makers and the community.

| **Why this is important (strategic alignment):** Water, biodiversity and biosecurity, coastal and marine, sustainable development and infrastructure, community connections. | | | |
|---|---|---|---|
| **Performance measure** | **Target** | **Actual** | **Commentary** |
| External audit of one area of monitoring each year shows good quality control of data collection | Positive audit received, and recommendations for improvement implemented | **2025/26**<br>Achieved, 1 area audited<br><br>2024/25<br>Achieved, 1 domain audited | River water quality data for the Taupō catchment was audited in 2025/26.<br><br>The findings show no impact on monitoring changes in water quality from transferring the sampling function from Waikato Regional Council to Tūwharetoa Māori Trust Board. |
| Percentage of time (during flood events) when data isn't available for more than 70 continuous minutes[1] | <2% of the time | **2025/26**<br>Achieved, 1.3%<br><br>2024/25<br>Achieved, 0.9% | Data was unavailable at one or more sites for more than 70 continuous minutes during flood events, only 1.3% of the time throughout 2025/26. |

## Activity: Environmental science and information

**Level of service:** We provide decision makers and the community with robust and timely information on the current state of the environment and advice on appropriate responses to issues.

| **Why this is important (strategic alignment):** Water, biodiversity and biosecurity, coastal and marine, sustainable development and infrastructure, community connections, transition to a low emissions economy. | | | |
|---|---|---|---|
| **Performance measure** | **Target** | **Actual** | **Commentary** |
| State of Environment monitoring and reporting systems are reported on biannually to meet council requirements | **2025/26**<br>Six- monthly reports to Environmental Performance Committee against the implementation plan<br><br>2024/25<br>Implementation plan for *State of the Environment Report* developed | **2025/26**<br>Achieved<br><br>2024/25<br>Achieved | The State of Environment update was presented to Environmental Performance Committee on 11 March 2026.<br><br>Air quality and drinking water quality State of Environment summaries were presented to the Environmental Performance Committee on 9 June 2026. |

**Level of service:** We provide decision makers and the community with solutions-focused insights and evidence to support identification and appropriate responses to existing and emerging environmental issues.

| **Why this is important (strategic alignment):** Water, biodiversity and biosecurity, coastal and marine, sustainable development and infrastructure, community connections, transition to a low emissions economy. | | | |
|---|---|---|---|
| **Performance measure** | **Target** | **Actual** | **Commentary** |
| Peer-reviewed environmental science is used to respond to emerging regional issues | 2025/26<br>Annual summary of science output and uptake/ outcomes reported to council.<br>Completion of Water Security Management Plan<br>Completion of Whangamarino/ Waikare Options and Actions report<br><br>2024/25<br>Annual summary of science output and uptake/ outcomes reported to council | **2025/26**<br>Achieved in part<br><br>2024/25<br>Achieved | The annual science impact report is drafted and will be reported to council at the next opportunity.<br><br>The *Water Security Management Plan* has been completed and approved.<br><br>*Waikare-Whangamarino Action Plan* completion has been delayed to the end of August to enable increased engagement within the catchment and to respond to sector groups. |

**Level of service:** We monitor the quality of our freshwater environment and provide accurate and timely data

| **Why this is important (strategic alignment):** Water, coastal and marine, community connections. | | | |
|---|---|---|---|
| **Performance measure** | **Target** | **Actual** | **Commentary** |
| Annual report on coastal and freshwater 'swimmability'[2] monitoring results to the Environmental Performance Committee at the end of the recreational bathing season | 'Swimmability' results reported | **2025/26** Achieved<br><br>2024/25 Achieved | A report summarising coastal and freshwater swimmability monitoring results during the recreational bathing season was presented and carried at the June 2026 meeting of the Environmental Performance Committee.<br><br>Results this season show that open coast beaches, estuaries, Lake Taupō and Lake Puketerini were suitable for contact recreation most of the time. The Waikato River hydro lakes (from Taupō to Arapuni) and regional lakes were unsuitable for contact recreation most of the time, due to high levels of cyanobacteria. Regional rivers were unsuitable for contact recreation most of the time, due to high levels of the faecal indicator bacteria E. coli.<br><br>The long-term grades show that open coast beaches, Lake Taupō and Lake Puketerini have "good" or "excellent" water quality. Most sites along the Waikato River show "fair" water quality, whereas for other rivers, lakes and estuaries the water quality is mostly "poor".<br><br>Swimmability' is defined as the suitability of waterbodies for recreational contact, reflecting compliance with national water quality standards, with 540 MPN/ 100 mL or 280 MPN/ 100 mL for E. coli or enterococci, respectively. Samples are taken weekly at 60 sites throughout the bathing season (1 November to 1 April).<br><br>Laboratory analysis is conducted by accredited providers (Hill Laboratories and NIWA), with results interpreted against national guidelines. |
| Weekly upload of 'swimmability'[2] monitoring data to LAWA (www.lawa.org.nz) during recreational bathing season | Weekly 'swimmability' data updated weekly during recreational bathing season | **2025/26** Achieved<br><br>2024/25 Achieved | Weekly 'swimmability' data was updated weekly throughout the recreational bathing season (1 November 2025 to 31 March 2026).<br>See *Land, Air, Water Aotearoa (LAWA) - Swim Guide*. |

## Activity: Strategic policy implementation

**Level of service:** We work with territorial authorities and advocate to government to achieve alignment on policies, plans and strategies.

| **Why this is important (strategic alignment):** Water, biodiversity and biosecurity, coastal and marine, sustainable development and infrastructure, community connections, transition to a low emissions economy. | | | |
|---|---|---|---|
| **Performance measure** | **Target** | **Actual** | **Commentary** |
| Actively engage in national policy reforms and district plan change processes to promote high quality, well-informed national direction and to ensure the *Waikato Regional Policy Statement* is given effect to | >95% of formal submissions made within time<br><br>>90% endorsed by elected members | **2025/26** Achieved<br><br>2024/25 Achieved | Staff coordinated timely submissions throughout the year to ensure the council is actively engaging in national policy reforms and district plan change processes to promote high-quality, well-informed national direction and to ensure the *Waikato Regional Policy Statement* is given effect to.<br><br>A summary report of all involvement in central government proposals and district plan changes is brought to every Strategy and Policy Committee meeting. |

**Level of service:** We work with Future Proof partners to enable sustainable, low-carbon development.

| **Why this is important (strategic alignment):** Water, biodiversity and biosecurity, coastal and marine, sustainable development and infrastructure, community connections, transition to a low emissions economy. | | | |
|---|---|---|---|
| **Performance measure** | **Target** | **Actual** | **Commentary** |
| Actively engage in Future Proof discussions and initiatives to ensure direction is in line with the *Waikato Regional Policy* Statement and national direction | >90% attendance at Future Proof technical meetings, with at least two accountability measures implemented that strengthen Future Proof outcomes | **2025/26** Achieved<br><br>2024/25 Achieved | Staff have actively engaged and supported elected members in Future Proof discussions and initiatives, to ensure direction is in line with the Waikato Regional Policy Statement and national direction.<br><br>A particular challenge for Future Proof has been coordinating and responding to a significant number of Fast Track applications throughout the year. |

**Level of service:** We will work with our regional partners to develop the regional spatial strategy foundation.

| **Why this is important (strategic alignment):** Water, biodiversity and biosecurity, coastal and marine, sustainable development and infrastructure, community connections, transition to a low emissions economy. | | | |
|---|---|---|---|
| **Performance measure** | **Target** | **Actual** | **Commentary** |
| Facilitate a process for the development of a regional spatial strategy | 2025/26<br>Strategic spatial focus report finalised for council endorsement<br><br>2024/25<br>Regional spatial strategy preparedness progressed in accordance with project plan | **2025/26**<br>Not achieved<br><br>2024/25<br>Achieved | Further work has been paused until the *Planning Bill* and *Natural Environment Bill* provide clearer direction. The select committee is due to report back at end July 2026 on these bills.<br><br>The lack of detail prevents staff from preparing a meaningful specific strategic spatial focus report for council at this time.<br><br>Throughout this year, staff have been focusing on information gaps, options for governance and stakeholders for a regional plan. Staff have regularly coordinated with other regions, sector groups, and the Ministry for the Environment to share work to date and prepare for regional spatial planning. |

## Activity: Resource management policy

**Level of service:** We prioritise our policy programme to meet legislative requirements and community expectations.

| **Why this is important (strategic alignment):** Water, biodiversity and biosecurity, coastal and marine, sustainable development and infrastructure, transition to a low emissions economy. | | | |
|---|---|---|---|
| **Performance measure** | **Target** | **Actual** | **Commentary** |
| Policy programme is delivered as per the planning schedule | 2025/26<br>Decisions on submissions on *Proposed Regional Coastal Plan* notified.<br>Regional Plan reviews progressed in accordance with project plans<br><br>2024/25<br>Hearings on the *Proposed Regional Coastal Plan* and *Regional Plan* reviews progressed in accordance with project plans. | **2025/26**<br>Achieved in part<br><br>2024/25<br>Achieved | Work on the *Proposed Regional Coastal Plan* appeals has progressed well. A memorandum on how Waikato Regional Council will address the appeals was lodged with the Environment Court in February. Mediations commenced in late May and will continue until October 2026.<br><br>The Freshwater Policy review is paused, and staff are preparing to transition to the new resource management planning framework.<br><br>The third Interim decision on *Proposed Waikato Regional Plan Change 1 – Waikato and Waipā River Catchments* was received in early June. Staff and legal counsel are responding to the final suite of 20 directions in the decision. |

## Activity: Social and economic information

**Level of service:** We help ensure social and hard infrastructure in the region is planned and provided for, and that it is economical, sustainable, and climate resilient to 2050 and beyond.

| **Why this is important (strategic alignment):** Water, biodiversity and biosecurity, coastal and marine, sustainable development and infrastructure, community connections, transition to a low emissions economy. | | | |
|---|---|---|---|
| **Performance measure** | **Target** | **Actual** | **Commentary** |
| We will undertake a review of current arrangements and recommend a revised infrastructure funding model to inform decision making | 2025/26<br>Review of critical infrastructure funding is completed<br><br>2024/25<br>Review of critical infrastructure funding is undertaken in accordance with the agreed project plan | **2025/26**<br>Not achieved<br><br>2024/25<br>Achieved | Originally, this project was set for completion at the end of 2025/26. However, it has been rescoped to accommodate the scale and complexity of the required work.<br><br>While the project remains on track as per the adjustment project management plan, the target to complete the review in 2025/26 has not been met.<br><br>A set of principles was agreed by the council in June 2026 to inform the design of a new funding model during 2026/27. This will enable consideration of outcomes through the 2027-2037 Long Term Plan. |

## Activity: Spatial information

**Level of service:** We provide high quality information and data to key decision makers and the community.

| **Why this is important (strategic alignment):** Water, biodiversity and biosecurity, coastal and marine, sustainable development and infrastructure, community connections, transition to a low emissions economy. | | | |
|---|---|---|---|
| **Performance measure** | **Target** | **Actual** | **Commentary** |
| Percentage of data and metadata that has quality controls[3] in place | >90% | **2025/26**<br>Achieved, 92%<br><br>2024/25<br>Achieved, 91% | This performance measure was consistently met this financial year, with an annual average of 92% of all spatial data passing the metadata quality controls.<br><br>100% of externally published spatial outputs have ANZLIC-compliant metadata and meet national standards, e.g. NZGOAL. |

**Level of service:** We provide community benefits by updating LiDAR data and a range of derived products over time.

| **Why this is important (strategic alignment):** Water, biodiversity and biosecurity, coastal and marine, sustainable development and infrastructure, community connections, transition to a low emissions economy. | | | |
|---|---|---|---|
| **Performance measure** | **Target** | **Actual** | **Commentary** |
| At least two key layers are added or updated per year, addressing business/community needs. For example, year one includes an update of coastal inundation model, and a hydrologically corrected digital elevations model which underpins flood modelling | Publish at least two new layers derived from LiDAR data | **2025/26**<br>Achieved<br><br>2024/25<br>Achieved | Multiple new and enhanced LiDAR-derived layers have been delivered that support key organisational and community outcomes, including:<br>• a major update to the Coastal Inundation Tool<br>• completion of an updated and improved hydro-corrected digital elevations model.<br><br>Additional derivative outputs have been produced including:<br>• slope classification layers<br>• a fish passage barrier layer that's now operational for staff.<br><br>These datasets are delivering tangible value across planning and environmental management functions. |

Note

[1] 70 minutes is considered the maximum time we would like flood managers to be without data before making decisions.

[2] A summary of our actual reported swimmability results and the basis for these will be included in our future annual reports.

[3] Quality controls mean an audit will be done on a regular basis. This will involve checking the metadata to ensure the mandatory fields are filled in and that any restrictions on use are applied to any ArcGIS (Geographic Information System) online applications.

# Puakanga
# Disclosure

## Service performance judgments and assumptions

In the selection of our service performance measures for the forecast statement of service performance in our 10-year budget, we made the following judgments.

- We reflected on how to best ensure the levels of service we plan to provide to the community are captured by our performance measures, adjusting them accordingly.
- We considered the views expressed by our residents, ratepayers and communities, including feedback relevant to the levels of service and performance measures received throughout the long-term plan consultation process.
- We ensured our performance measures adequately track progress towards delivering our community outcomes.

In relation to the flood protection group of activities, we are required under *the Local Government Act 2002* to provide standard performance measures so the public may make comparisons with other providers.

We are also required to demonstrate regulatory compliance for statutory measures (such as the percentage of resource consent applications processed in accordance with the *Resource Management Act Timeframe Discount Regulations*).

To determine the number of performance measures to monitor and report on, and the level of aggregation, we considered the information needs of our communities, the costs and benefits of these, practical feasibility, and the requirement to provide performance information across the full breadth of the services we provide.

Furthermore, we applied judgments to the measurement, aggregation and presentation of service performance information.

In the setting of funding levels, we considered the impact on services and their performance measures, and have set targets that reflect what we believe can be achieved within the 10-year budget set.

We have applied the following material judgments across our performance measures.

## Surveys

Surveys are one of the tools we use to measure the quality of the services we provide. Customer surveys, for example, are considered appropriate for assessing community perceptions. The frequency of each survey differs in line with the specific performance measures. For example, interaction-based customer surveys are more frequent, given the service is ongoing and there are consistent interactions.

Our surveys are designed in-house, or by external research experts, based on best practice in survey design. For example, questions are written so they are neutral in tone and can be clearly understood by participants. Response options are designed to be balanced, not lead participants to respond in a certain way and cover all likely responses a participant may wish to provide. Analysis of survey responses is used to improve our processes and inform future service-level improvements.

External implications mean some conditions that affect service performance and may result in a variation from anticipated or forecast results outside our control.

Examples include, but are not limited to, changes in government policy in New Zealand, changes in international travel restrictions, global and domestic economic conditions, major weather events and international policy.

## Selection of measures

Each new LTP period allows Waikato Regional Council to re-evaluate its performance measures and targets to ensure their relevance and reflection of major matters of council's business.

The following performance measures from the previous LTP have been removed:

| Removed performance measure | Reason |
|---|---|
| The percentage of council agendas that are publicly available within statutory timeframes | Achievement of this target is a legislative minimum and therefore reporting progress does not enable the public to meaningfully assess council's effectiveness. |
| The evaluation of our annual exercise as a measure of effectiveness of training delivery (mandatory measure) | These two measures relate to the performance of the Waikato Civil Defence Emergency Management Group rather than Waikato Regional Council is responsible so it has been removed. |
| The time taken for the Group Emergency Coordination Centre (GECC) to be activated in response to an event or emergency | |
| Provide relevant and up-to-date hazard information to communities and stakeholders via the online hazards portal | WRC's hazards portal is now operational, with reviews and updates undertaken as required as part of council's usual activities. |
| Percentage of surveyed passengers who believe bus fares represent good value for money | This result is measured through the bus customer satisfaction survey, contributing to the overall satisfaction score. |
| Percentage of serious non-compliance incidents (arising from consented activities) where action is taken | Performance towards this metric is captured under a regional compliance measure that reports the percentage of serious non-compliance activities that are actioned. By coupling the measures together, WRC recognises that non-compliance can come about from proactive consent monitoring, practice permitted activity monitoring, or reactive response to incidents that are reported to council. |
| Percentage of time Category 1 aids to navigation are operational within 24 hours of failure or notified to Maritime NZ | WRC's ability to achieve this measure has been impacted by the fact that not all navigational assets covered by this measure are owned by council. |
| Percentage increase in one-on-one contacts with recreational boaties | WRC's ability to uplift interactions with recreational boaties is influenced by weather events during the summer season, which is outside of the council's control. |
| Percentage of rural professionals that provide a rating of good or excellent after engaging with the council | Due to limited availability of data, this measure has not enabled the public to assess the effectiveness of council's primary industry compliance activities. |
| Percentage of agricultural community event attendees that are satisfied the event met its intended purpose | Audience expectations have tended to be mismatched with the intended purpose of these events, so results do not give a clear indication of council's performance. |
| State of the environment reporting is completed and made available to the public through the WRC website | This measure has been updated to reflect that the state of environment report has shifted to implications and systems reporting phase. |
| Develop a freshwater accounting framework | Achievement of this measure has been impacted to shifting direction from central government in relation to Plan Change 1. |
| Actively engage with district plan change processes to ensure RPS is given effect to | These measures have been consolidated as a single measure in the 2024-2034 LTP as they are closely related. |
| Actively engage in national policy reforms to promote high quality, well-informed national direction | |
| Annual trends and implications report delivered | WRC has limited ability to influence trends and implications for the region. |
| Preparation, changes or reviews of policies and plans will be carried out in accordance with statutory processes | Achievement of this target is a legislative minimum and therefore does not enable the public to meaningfully assess council's effectiveness. |
| Percentage of indicators on the changes and trends in social and economic indicators analysed and reported on as per the indicator monitoring schedule | WRC has limited ability to influence social and economic indicators for the region. |
| Rolling annual average net promoter score (for the Spatial Information section) | WRC's ability to achieve this measure has been impacted by the net promotor score formula, which weighs detractors considerably higher than promoters. |

These were replaced by the following performance measures judged to be of greater strategic importance:

| New performance measure | Reason |
|---|---|
| All formal council meetings are open to the public unless grounds exist under LGOIMA (*Local Government Official Information and Meetings Act 1987*) to exclude the public. | This measure reflects Waikato Regional Council's focus on transparency and acknowledges guidance from the Ombudsman for council meeting to be open to the public. |
| Ensuring an increasing percentage of staff are trained and available for any activation of CDEM Group Coordination Centres, aiming to meet the WRC/CDEM Service Level Agreement (SLA) requirements.[1] | This measure reflects the terms of the service level agreement between WRC and the Waikato Civil Defence Emergency Management Group. |
| We will undertake a review of region-wide risks and issues to identify specific catchments they affect and recommend areas where there is an opportunity to consider something fundamentally different to what is delivered now. | This measure demonstrates the council's commitment to undertaking a regional risk assessment to inform its *Infrastructure Strategy 2027-2077*. |
| Percentage of planned maintenance actions undertaken each year in priority river and/or at priority sites across all zones | This measure relates to performance of the council's river management activities. |
| Regional resilience strategy is developed, and plans developed, reviewed, and implemented for identified areas. | This measures the performance resulting from a key area of investment for the *2024-2034 Long Term Plan*. |
| Risk to boaties is appropriately mitigated within 12 hours of a known failure of a category one aid to navigation. | This replaces the previous measure relating to category one navigation aids, correcting to mitigation within 12 hours (previously notification to Maritime NZ within 24 hours). |
| Based on customer feedback, engagement activities undertaken in collaboration with partners and stakeholders meet their intended purpose. | This metric measures the success of primary industry engagement activities. |
| Customer feedback confirms that the resources and systems developed to support the primary sector to meet their regulatory obligations for freshwater farm plan implementation met the intended purpose. | This measure relates to council's engagement in relation to freshwater farm plans. |
| State of environment monitoring and reporting systems are reported on biannually to meet council requirements. | This measure has been updated to reflect that state of environment report has shifted to implications and systems reporting phase. |
| Peer-reviewed environmental science is used to respond to emerging regional issues. | A range of science projects and outputs are reported on through this performance measure, several of which are key areas for investment through the *2024-2034 LTP*. |
| Annual report on coastal and freshwater 'swimmability'[2] monitoring results to Environmental Performance Committee at the end of the recreational bathing season. | These two measures demonstrate WRC's role in monitoring and reporting on the quality of the freshwater environment in the region. |
| Weekly upload of 'swimmability'[2] monitoring data to LAWA (www.lawa.org.nz) during recreational bathing season. | |
| Actively engage in national policy reforms and district plan change processes to promote high quality, well-informed national direction and to ensure the Waikato Regional Policy Statement is given effect to. | This measure replaces two previous measures in relation to engaging on national policy reforms and district plan changes. |
| Actively engage in Future Proof discussions and initiatives to ensure direction is in line with the *Waikato Regional Policy Statement* and national direction. | This metric reflects WRC's role in the collaborative Future Proof partnership for sustainable planning and development in the Waikato sub-region. |
| Facilitate a process for the development of a Regional Spatial Strategy. | This measures the performance resulting from a key area of investment for the *2024-2034 Long Term Plan*. |
| We will undertake a review of current arrangements and recommend a revised infrastructure funding model to inform decision making. | This measures the performance resulting from a key area of investment for the *2024-2034 Long Term Plan*. |
| At least two key layers are added or updated per year, addressing business/community needs. For example, year one includes an update of coastal inundation model, and a hydrologically corrected digital elevations model which underpins flood modelling. | This measure demonstrates WRC's focus on using emerging spatial technology to enhance knowledge of the region and create efficiencies. |

# Whakatutukitanga tauroa
# Long term performance

| Key | ✓ | ! | ✘ | – |
|---|---|---|---|---|
| | **Achieved** | **Partially achieved** | **Not achieved** | **Not applicable** |

## Customer, community and services

| Performance measure | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|---|---|---|---|---|
| Percentage of official information requests responded to within statutory timeframes | ✓ | ✓ | ✓ | ✘ |
| All formal council meetings are open to the public unless grounds exist under LGOIMA (*Local Government Official Information and Meetings Act 1987*) to exclude the public | New measure | | ✓ | ✓ |
| Key actions are completed within the specific timeframes identified in the *Māori Partnership Approach* | ✘ | ✓ | ✓ | ✓ |
| Long term plans and amendments to long term plans receive 'unmodified' audit opinions | – | ✓ | – | – |

## Waikato Civil Defence Emergency Management Group

| Performance measure | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|---|---|---|---|---|
| Ensuring an increasing percentage of staff are trained and available for any activation of CDEM Group Coordination Centres, aiming to meet the Waikato Regional Council/CDEM Service Level Agreement (SLA) requirements | New measure | | ✓ | ✘ |

## Flood protection and control works

| Performance measure | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|---|---|---|---|---|
| Major flood protection and control works are maintained, repaired and renewed to the key standards defined in relevant planning documents (such as zone management plans, annual works programmes or long term plans). **Note: the two elements to this measure are described in more detail in parts one and two A & B below** | ! | ! | ✓ | ✓ |
| **Part one**: percentage of planned mandatory maintenance actions achieved each year | ✓ | ✓ | ✓ | ✓ |
| **Part two A**: percentage of stopbanks maintained above designed flood height, as agreed within each zone - rural | ✘ | ✘ | ✓ | ✓ |
| **Part two B**: percentage of stopbanks maintained above designed flood height, as agreed within each zone - urban | ✓ | ✓ | ✓ | ✓ |
| Percentage of flood recovery plans implemented after all major events | ✓ | ✓ | ✓ | ✓ |

| | | | | |
|---|---|---|---|---|
| We will undertake a review of region-wide risks and issues to identify specific catchments they are affecting and recommend areas where there is an opportunity to consider something fundamentally different to what is delivered now | New measure | | ✓ | ✗ |
| Number of reported incidences where it takes more than three days to remove surface water after events with an annual exceedance probability of up to 10% | ✓ | ✓ | ✓ | ✓ |
| Percentage of planned maintenance actions undertaken each year in priority river and/or at priority sites across all zones | New measure | | ✓ | ✓ |

## Integrated catchment management

| Performance measure | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|---|---|---|---|---|
| Number of on-the-ground projects on private land within the top 30% of priority ecosystems delivering biodiversity restoration action | ✓ | ✓ | ✓ | ✓ |
| Number of community groups and individuals funded through the Natural Heritage Partnership Programme that undertake restoration activities as per their funding agreement | ✓ | ✗ | ✓ | ✓ |
| Average Rat Tracking Index (RTI) level for rat control operations | ✓ | ✓ | ✓ | ! |
| Average number of possums caught for every 100 traps set for possum operations | ✓ | ✓ | ✓ | ✓ |
| Reducing trend for coverage of eradication pest plants at known sites | ✓ | ✓ | ✓ | ✓ |
| Percentage of sampled catchment works maintained in effective condition to the standards set out in zone plans | ✓ | ✓ | ✗ | ✓ |
| Percentage of new catchment works undertaken in priority catchments and/or at priority sites across all zones | ✓ | ✓ | ✓ | ✓ |

## Regional hazards and emergency response

| Performance measure | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|---|---|---|---|---|
| Regional resilience strategy is developed, and plans are developed, reviewed and implemented for identified areas | New measure | | ✗ | ✗ |
| Percentage of customers that report being satisfied with Waikato Regional Council's flood warning text/alert system through our contact database survey | ✓ | ✓ | ✓ | ✓ |
| Two readiness exercises are undertaken per year | ✓ | ✓ | ✓ | ✓ |

## Regional transport connections

| Performance measure | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|---|---|---|---|---|
| Regional plans and strategies are reviewed and submitted within statutory timeframes, and implemented | ✓ | ✓ | ✓ | ! |
| Number of public bus trips per capita (Hamilton) | ✓ | ✓ | ! | ✗ |

| | | | | |
|---|---|---|---|---|
| Number of public bus trips per capita (regional total outside of Hamilton) | ✓ | ✓ | ✓ | ✓ |
| Percentage of arrivals at bus stops that depart on time in accordance with the timetable | ✗ | ✗ | ✓ | ✗ |
| Percentage of customers who are 'satisfied' or better with the bus transport service | ✗ | ✗ | ✓ | ✓ |
| Year-on-year passenger rail patronage growth | ✓ | ✓ | ✗ | ✓ |
| Percentage of customers who are 'satisfied' or better with our passenger rail services | ✓ | ✓ | ✓ | ✓ |

## Resource use

| Performance measure | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|---|---|---|---|---|
| Percentage of resource consents processed in accordance with RMA timeframe discount regulations | ✓ | ✓ | ✓ | ✓ |
| Percentage of highest priority consented sites monitored each year | ✓ | ✓ | ✓ | ✓ |
| Percentage of time the 24-hour, 7-day-a-week response service for reporting environmental incidents is available | ✓ | ✓ | ✓ | ✓ |
| Percentage of incidences of serious non-compliance with the environmental regulations that are actioned | ✓ | ✓ | ✓ | ✓ |
| Percentage of notifications, related to potential breaches of environmental regulation, that are assessed as requiring, and then receive, physical attendance | ✓ | ✓ | ✓ | ✗ |
| Risk to boaties is appropriately mitigated within 12 hours of a known failure of a category one aid to navigation | New measure | | ✓ | ✓ |
| A 24-hour, 365-day-per-year response service is maintained for serious maritime incidents[5] | ✓ | ✓ | ✓ | ✓ |
| Number of education programmes evaluated for their effectiveness and updated as required | ✓ | ✓ | ✓ | ✓ |
| Based on customer feedback, engagement activities undertaken in collaboration with partners and stakeholders meet their intended purpose | New measure | | ✓ | ✓ |
| Customer feedback confirms that the resources and systems developed to support the primary sector to meet their regulatory obligation for freshwater farm plan implementation met the intended purpose | New measure | | – | ✗ |

## Science, policy and information

| Performance measure | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|---|---|---|---|---|
| External audit of one area of monitoring each year shows good quality control of data collection | ✓ | ✓ | ✓ | ✓ |
| Percentage of time (during flood events) when data isn't available for more than 70 continuous minutes | ✗ | ✓ | ✓ | ✓ |
| State of the Environment monitoring and reporting systems are reported on biannually to meet council requirements | New measure | | ✓ | ✓ |
| Peer-reviewed environmental science is used to respond to emerging regional issues | New measure | | ✓ | ! |

| | | | | |
|---|---|---|---|---|
| Annual report on coastal and freshwater 'swimmability' monitoring results to the Environmental Performance Committee at the end of the recreational bathing season | New measure | | ✓ | ✓ |
| Weekly upload of 'swimmability' monitoring data to LAWA (www.lawa.org.nz) during recreational bathing season | New measure | | ✓ | ✓ |
| Actively engage in national policy reforms and district plan change processes to promote high quality, well-informed national direction and to ensure the *Waikato Regional Policy Statement* is given effect to | New measure | | ✓ | ✓ |
| Actively engage in Future Proof discussions and initiatives to ensure direction is in line with the *Waikato Regional Policy Statement* and national direction | New measure | | ✓ | ✓ |
| Facilitate a process for the development of a *Regional Spatial Strategy* | New measure | | ✓ | ✗ |
| Policy programme is delivered as per the planning schedule | ✗ | – | ✓ | ! |
| We will undertake a review of current arrangements and recommend a revised infrastructure funding model to inform decision making | New measure | | ✓ | ✗ |
| Percentage of data and metadata that has quality controls in place | ✓ | ✓ | ✓ | ✓ |
| At least two key layers are added or updated per year, addressing business/community needs. For example, year one includes an update of coastal inundation model, and a hydrologically corrected digital elevations model which underpins flood modelling | New measure | | ✓ | ✓ |

# Section 5

Pūtea

# Finances

# Tauākī ahumoni
# Financial statements

The financial statements from pages 68-71 are to be read in conjunction with the notes to the financial statements from pages 74-124.

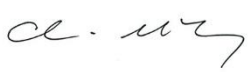
## Statement of compliance

Section 98 of the Local Government Act 2002 requires that the council adopts its annual report within four months of the end of the financial year (30 June 2026).

The government body and management of Waikato Regional Council hereby confirms that all statutory requirements in relation to the annual report, as outlined in the *Local Government Act 2002*, have been complied with.

The financial statements of the council are for the year ended 30 June 2026. The financial statements were authorised for issue by the council on 29 October 2026.





**Chris McLay**
**Chief Executive**





**Warren Maher**
**Chair**

# Statement of comprehensive revenue and expense for the year ended 30 June 2026

| | Note | 2025/26 Actual $'000 | 2025/26 Annual plan $'000 | 2024/25 Last year $'000 |
|---|---|---|---|---|
| **Revenue** | | | | |
| Rates revenue | 3 | 154,266 | 153,609 | 141,333 |
| Fees and charges | 4 | 14,402 | 14,351 | 15,720 |
| Subsidies and grants | 5 | 29,691 | 27,890 | 33,427 |
| Other revenue | 6 | 17,975 | 16,601 | 16,529 |
| Investment revenue | 7 | 2,125 | 1,422 | 2,598 |
| Investment fund capital protection revenue | 8 | 5,297 | 4,122 | 2,553 |
| Change in market value of investments | 8 | 13,088 | 4,450 | 5,634 |
| **Total revenue** | | **236,844** | **222,445** | **217,794** |
| **Expenditure** | | | | |
| Employee benefit expenses | 12 | 70,815 | 71,259 | 67,040 |
| Depreciation and amortisation expense | 25, 26,28 | 14,014 | 14,497 | 13,153 |
| Other losses | 17 | 295 | - | 1,016 |
| Interest expense | 7 | 1,916 | 2,990 | 2,507 |
| Other expenses | 10 | 130,091 | 133,467 | 132,170 |
| **Total operating expenditure** | | **217,131** | **222,213** | **215,886** |
| **Net surplus / (deficit) after tax** | | **19,713** | **232** | **1,908** |
| **Surplus / (deficit) attributable to Waikato Regional Council** | | | | |
| **Other comprehensive revenue and expenditure** | | | | |
| Gain / (Loss) on revaluation of property, plant and equipment | 37 | (53,152) | 16,936 | 19,289 |
| **Total other comprehensive income** | | (53,152) | 16,936 | 19,289 |
| **Total comprehensive income** | | **(33,439)** | **17,168** | **21,197** |

*The accompanying notes to the financial statements form part of, and are to be read in conjunction with, these financial statements.*

# Statement of financial position as at 30 June 2026

| | Note | 2025/26 Actual $'000 | 2025/26 Annual plan $'000 | 2024/25 Last year $'000 |
|---|---|---|---|---|
| **Current assets** | | | | |
| Cash and cash equivalents | 19 | 11,430 | 4,314 | 26,117 |
| Trade and other receivables | 24 | 30,437 | 28,194 | 24,195 |
| Prepayments | | 2,597 | 1,881 | 1,321 |
| Inventories | 30 | 2,712 | 1,521 | 2,051 |
| Work in progress | 30 | 1,256 | 1,554 | 970 |
| Other financial assets | 20 | 40,000 | 6,000 | 14,252 |
| Derivative financial instruments | 31 | - | 776 | 9 |
| **Total current assets** | | **88,432** | **44,240** | **68,915** |
| **Non-current assets** | | | | |
| Financial assets | 20 | 122,487 | 114,352 | 104,385 |
| Other financial assets | 20 | 20 | 20 | 20 |
| Investments in CCO* | 20 | 1,362 | 1,111 | 1,570 |
| Biological assets | 27 | 269 | 290 | 229 |
| Intangible assets | 26 | 2,219 | 4,825 | 2,125 |
| Property, plant and equipment | 25 | 983,496 | 1,048,917 | 1,030,811 |
| Derivative financial instruments | 31 | 564 | 432 | 431 |
| **Total non-current assets** | | **1,110,417** | **1,169,947** | **1,139,571** |
| **Total assets** | | **1,198,849** | **1,214,187** | **1,208,486** |
| **Current liabilities** | | | | |
| Trade and other payables | 32 | 31,988 | 29,827 | 27,555 |
| Employee benefits liabilities | 13 | 9,363 | 7,792 | 7,788 |
| Derivative financial instruments | 31 | 72 | - | - |
| Borrowings | 33 | 40,169 | 5,747 | 14,139 |
| Other current liabilities | 34 | 476 | - | - |
| **Total current liabilities** | | **82,068** | **43,366** | **49,482** |
| **Non-current liabilities** | | | | |
| Employee benefit liabilities | 14 | 1,840 | 1,593 | 1,755 |
| Derivative financial instruments | 31 | 223 | - | - |
| Borrowings | 33 | 26,188 | 52,336 | 35,281 |
| **Total non-current liabilities** | | **28,251** | **53,929** | **37,036** |
| **Total liabilities** | | **110,319** | **97,295** | **86,518** |
| **Net assets** | | **1,088,530** | **1,116,892** | **1,121,968** |
| **Equity** | | | | |
| Accumulated funds | 37 | 203,785 | 206,244 | 201,690 |
| Other reserves | 37 | 884,745 | 910,648 | 920,278 |
| **Total equity** | | **1,088,530** | **1,116,892** | **1,121,968** |

*Investments in Council Controlled Organisations (CCOs) relate to the council's interest in Waikato Local Authority Shared Services Limited (WLASS), Regional Software Holdings Limited (RSHL) and the NZ Local Government Funding Agency Limited (LGFA). Explanations of major variances against budget are provided on pages 72-73.

*The accompanying notes to the financial statements form part of, and are to be read in conjunction with, these financial statements.*

# Statement of changes in equity for the year ended 30 June 2026

| | Note | 2025/26 Actual $'000 | 2025/26 Annual plan $'000 | 2024/25 Last year $'000 |
|---|---|---|---|---|
| Opening Equity | | 1,121,968 | 1,099,724 | 1,100,771 |
| Surplus / (deficit) | | 19,713 | 17,168 | 1,908 |
| Other comprehensive revenue | | (53,152) | - | 19,289 |
| Net transfer to / (from) Asset revaluation reserve | | - | - | - |
| **Balance at 30 June** | 37 | **1,088,529** | **1,116,892** | **1,121,968** |
| **Components of Equity** | | | | |
| Council created reserves | | | | |
| Council created reserves at beginning of the year | | 94,560 | 85,411 | 81,980 |
| Net transfer (to) / from retained earnings | 37 | 17,618 | 1,962 | 12,580 |
| **Council created reserves at end of year** | 37 | **112,178** | **87,373** | **94,560** |
| **Asset revaluation reserves** | | | | |
| Asset revaluation reserves at beginning of the year | | 825,718 | 806,339 | 806,429 |
| Net transfer to retained earnings | 37 | (53,152) | 16,936 | 19,289 |
| **Asset revaluation reserves at end of the year** | 37 | **772,566** | **823,275** | **825,718** |
| **Retained earnings** | | | | |
| Retained earnings at beginning of the year | | 201,690 | 207,974 | 212,362 |
| Net surplus / (deficit) for the year | | (33,439) | 232 | 21,197 |
| Net transfer (to) / from council created reserves | | (17,618) | (1,962) | (12,580) |
| Net transfer (to) / from Asset revaluation reserve | | 53,152 | - | (19,289) |
| **Retained earnings at end of the year** | | **203,785** | **206,244** | **201,690** |
| **Equity at end of the year** | | **1,088,529** | **1,116,892** | **1,121,968** |

Explanations of major variances against budget are provided on pages 72-73.

*The accompanying notes to the financial statements form part of, and are to be read in conjunction with, these financial statements.*

# Statement of cash flows for the year ended 30 June 2026

| | Note | 2025/26 Actual $'000 | 2025/26 Annual plan $'000 | 2024/25 Last year $'000 |
|---|---|---|---|---|
| **Cash flows from operating activities** | | | | |
| Receipts from customers | | 180,310 | 182,994 | 173,881 |
| Grants | | 27,726 | 27,890 | 34,072 |
| Interest revenue received | | 1,047 | 1,422 | 2,781 |
| Foreign Exchange movement | | (36) | | |
| Goods and services tax paid | | 1,710 | - | (1,820) |
| Payments to suppliers and employees | | (195,782) | (203,276) | (189,894) |
| Receipts / (Payments) of funding held on behalf of third parties | | 28 | - | 49 |
| Interest paid | | (1,979) | (2,990) | (2,471) |
| **Net cash flow from operating activities** | 18 | **13,024** | **6,040** | **16,598** |
| **Cash flows from investing activities** | | | | |
| Receipts from sale of property, plant and equipment | | 532 | - | 532 |
| Receipts from sale of investments | | 49,252 | 1,978 | 135,015 |
| Purchase of investments | | (74,918) | 17,153 | (138,488) |
| Purchase of property, plant and equipment | | (19,451) | (25,185) | (20,591) |
| Purchase of intangible assets | | (127) | (1,058) | (374) |
| **Net cash flow from investing activities** | | **(44,712)** | **(7,112)** | **(23,906)** |
| **Cash flows from financing activities** | | | | |
| Proceeds from borrowings | | 31,000 | 12,595 | 22,000 |
| Repayment of borrowings | | (14,000) | (12,073) | (5,000) |
| **Net cash flow from financing activities** | | 17,000 | **522** | **17,000** |
| **Net (decrease)/increase in cash, cash equivalents and bank overdrafts** | | (14,688) | (550) | 9,692 |
| Cash, cash equivalents and bank overdrafts at the beginning of the year | | 26,118 | 4,863 | 16,426 |
| **Cash, cash equivalents, and bank overdrafts at the end of the year** | 19 | **11,430** | **4,313** | **26,118** |

As per Public Benefit Entry (PBE) IPSAS (International Public Sector Accounting Standards) 2, the receipt and purchase of long term deposits (greater than 3 months) cannot be offset in the Statement of Cash Flow. The variance between this year's actual and the budget arises because the budget shows the receipt and purchase of long term deposits as a net figure. The GST (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

Explanations of major variances against budget are provided on pages 72-73.

*The accompanying notes to the financial statements form part of, and are to be read in conjunction with, these financial statements.*

# Mō ngā *rerekētanga matua ki te tahua* **Explanation of major variances against budget**

Explanations for major variations from Waikato Regional Council's estimated 2025/26 Annual Plan figures are as follows.

**Statement of comprehensive revenue and expense**

Total rates revenue for the year was in line with the Annual Plan. Rates penalty income was $779,000 higher than budget, reflecting a higher level of rates arrears than anticipated. This was partially offset by higher than anticipated rates remissions of $80,000.

NZ Transport Agency Waka Kotahi grant revenue was $1.722 million lower than budget. This reflects lower than planned operational expenditure associated with Te Huia, higher fare revenue, and the deferral of several projects into 2026/27. This was more than offset by additional central government funding of $2.737 million for catchment and flood protection activities, including Kānoa Tranche Two Flood Resilience funding that was not included in the Annual Plan.

Other revenue was favourable to budget, primarily reflecting public transport fare revenue exceeding budget by $371,000 due to stronger than anticipated patronage during the second half of the year. The council also received higher than budgeted fines income of $601,000 as a result of prosecution decisions through the courts.

The investment fund generated a return of $18.053 million compared with a budgeted return of $8.572 million. This represents a 11,8% return for the year. The favourable result reflects strong investment market performance during the year together with the benefits of the revised strategic asset allocation, which increased the fund's exposure to growth assets. The revised allocation implemented last financial year, contributed positively to investment returns.

Interest costs were $1.074 million favourable to budget as a result of lower than forecast interest rates, lower capital expenditure and reduced borrowing requirements during the year. Total depreciation expense was $507,000 favourable to budget. Infrastructure depreciation was $1.123 million higher than budget following the capitalisation of completed work in progress and the impact of the infrastructure revaluation undertaken during the year. This was more than offset by operational depreciation, which was $2.089 million lower than budget due to delays in the delivery of operational capital projects.

Other expenses were lower than budget, reflecting the delayed delivery of a number of work programmes across the organisation as a result of external factors, including weather events and contractor availability. Other expenses also include unrealised revaluation losses of $704,000 relating to interest rate swaps recognised during the year.

**Statement of financial position**

Cash and cash equivalents represent funds held to meet the council's operating and capital funding requirements. Cash held at 30 June 2026 was $6.964 million higher than budget. This includes approximately $8.2 million of short-term funds previously managed within the investment portfolio that are now managed as part of the council's working capital. The year-end balance also includes $1.741 million of consent bond funds held on behalf of third parties. In addition, term deposits of $40.0 million, which are $34.0 million higher than budget, are included within other financial assets. This has contributed to the favourable variance in current assets. Funds are invested over terms that reflect the council's short and long-term working capital requirements.

Trade and other receivables were $4.929 million lower than budget at balance date, reflecting improved collection of outstanding debt and lower debtor balances than anticipated in the Annual Plan.

Inventories were $679,000 higher than budget, largely reflecting increased holdings associated with river and catchment management activities, including desilting and maintenance works across floodgates, pump stations and stopbanks.

Prepayments were $716,000 higher than budget at balance date due to the timing of expenditure and the recognition of prepaid costs carried forward into the 2026/27 financial year.

Investment funds were $11.99 million higher than budget, reflecting strong investment performance during the year and the full-year benefit of the revised strategic asset allocation implemented during the previous financial year.

Property, plant and equipment was $66.114 million lower than budget. This was primarily due to the three-yearly infrastructure asset revaluation completed during the year, which resulted in a net reduction in infrastructure asset values of $52.372 million. The reduction was driven by changes in asset unit rates, remaining useful lives and asset impairments ide862ntified through the valuation process.

Investment in council-controlled organisations reflects the council's investment in Regional Software Holdings Limited (RSHL) and borrower notes held with the Local Government Funding Agency (LGFA). The carrying value of the council's investment in RSHL reduced from $367,000 to $241,000 following a further impairment assessment undertaken by the RSHL Board.

Borrower notes held with the LGFA reduced from $1.203 million to $1.121 million as two existing borrower notes matured during the year and additional borrowing was primarily funded through shorter-term debt facilities.

Derivative financial instruments reflect interest rate swaps used to manage the council's exposure to interest rate risk. The year-end position was $571,000 unfavourable to budget, reflecting market expectations for future floating interest rates relative to contracted fixed swap rates at 30 June 2026.

Intangible assets were $2.606 million lower than budget. This largely reflects the write-off of software development costs associated with the Plan Change 1 registration tool, partly offset by the recognition of carbon credits during the year with a value of $476,000.

Trade and other payables were $5.155 million lower than budget, reflecting lower expenditure associated with the capital programme and the timing of payments outstanding at year end.

Employee benefit liabilities were $1.862 million higher than budget, reflecting the results of the independent actuarial valuation of long service leave and retirement gratuity obligations. The valuation incorporates updated assumptions regarding salary growth, employee turnover and discount rates.

Borrowings reflect the council's funding arrangements through the Local Government Funding Agency. Total borrowings at 30 June 2026 were $66.357 million compared with a budget of $58.083 million. During the year, the council deliberately utilised debt funding in preference to liquidating investment holdings, allowing investment balances to be maintained while funding capital expenditure and working capital requirements. Borrowing costs remained below investment returns achieved during the year

Borrowings reflect the council's external borrowing through the Local Government Funding Agency (LGFA). The annual plan projected a total borrowing programme of $58.083 million by the end of the 2025/26 financial year. Actual borrowing at 30 June 2026 was $66.357 million. The increase in borrowings reflects a deliberate treasury management strategy to utilise debt funding rather than liquidating term deposits. This approach enabled Council to retain investment balances while funding capital expenditure and working capital requirements. Borrowing rates remained lower than the return earned on term deposits, resulting in interest revenue exceeding borrowing costs. Borrowings were also influenced by a lower-than-budgeted capital works programme completed during the year.

The accompanying notes form part of these financial statements.

# Ngā pitopito tuhinga mō ngā tauākī ahumoni
# Notes to the financial statements

## 1. Statement of accounting policies for the year ended 30 June 2026

### Reporting entity

Waikato Regional Council is a territorial local authority governed by the *Local Government Act 2002* and is domiciled in New Zealand. The relevant legislation governing the council's operations includes the *Local Government Act 2002* and the *Local Government (Rating) Act 2002*. The primary objective of Waikato Regional Council is to enable democratic local decision-making and action by, and on behalf of, communities, and to promote the environmental, social economic and cultural wellbeing of communities in the present and for the future. The council does not operate to make a profit. Accordingly, Waikato Regional Council has designated itself a public benefit entity for financial reporting purposes. The financial statements of the Council are for the year ended 30 June 2026. The financial statements were authorised for issue by Council on 29 October 2026.

### Basis of preparation

The Government's Simplifying Local Government reform programme proposed changes to local government structures to reduce duplication and better align council structures with the new resource management planning system. As part of the reform it was proposed that regional councillors would not be elected in the 2028 local body elections. At the time of preparing this Annual Report, the Government had paused decisions on proposals submitted through the Head Start process. Proposals will be reconsidered in early 2027 to determine the next steps towards reform.

Despite the uncertainty surrounding the proposed reforms and any future changes, and what this may mean for the future of regional councils, the financial statements continue to be prepared on a going concern basis.

**Statement of compliance**

The financial statements and service performance information for the council have been prepared in accordance with the requirements of the *Local Government Act 2002* and the *Local Government (Financial Reporting and Prudence) Regulations 2014*, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP). Section 98 of the *Local Government Act 2002* requires that Council adopt its annual report within four months of the end of the financial year (30 June 2026). The annual report was adopted on 29 October 2026. The financial statements and service performance information for the Council have been prepared in accordance with Tier 1 Public Benefit Entity (PBE) accounting standards. These financial statements 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 severance payment disclosures in note 11. The remuneration and severance transaction disclosures are rounded to the nearest dollar.

**Changes in accounting policies**

There have been no changes in the council's accounting policies since the date of the last audited financial statements.

### Summary of significant accounting policies

***Goods and services tax (GST)***

All items in the financial statements are stated exclusive of GST, except for receivables and payables, 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 Department (IRD) 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 financing activities, is classified as an operating cash flow in the cash flow statement. Commitments and contingencies are disclosed exclusive of GST.

***Budget figures***

The budget figures are those approved by the council in its 2025/26 Annual Plan. The plan is the first year of the 2024-34 Long-Term Plan. The budget figures have been prepared in accordance with NZ GAAP and are consistent with the accounting policies adopted by the council for the preparation of the financial statements.

***Costs allocation***

Cost of service for each significant activity is calculated as follows.

- 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.
- Indirect costs are those costs that cannot be identified in an economically feasible manner with a specific significant activity.

***Foreign currency transactions***

Foreign currency transactions (including those for which forward foreign exchange contracts are held) are translated into New Zealand dollars (the functional currency) using the spot exchange rate at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation, at year end exchange rates, of monetary assets and liabilities denominated in foreign currencies, are recognised in the surplus or deficit.

***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 or 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 discussed below:

- estimating the fair value of land, buildings, and infrastructure assets - see note 25
- estimating the retirement and long service leave obligations - see note 13 and 14.

## 2. Summary of cost of services

| | 2025/26 Actual $'000 | 2025/26 Annual plan $'000 | 2024/25 Last year $'000 |
|---|---|---|---|
| **Revenue** | | | |
| Customer, Community and Services | 8,416 | 8,613 | 8,333 |
| Civil Defence Emergency Management | 3,355 | 4,453 | 4,124 |
| Emergency Management | 2,697 | 2,812 | 2,686 |
| Flood Control and Protection Works | 37,081 | 34,722 | 38,948 |
| Integrated Catchment Management | 37,728 | 37,057 | 37,167 |
| Regional Transport Connections | 61,746 | 61,157 | 55,716 |
| Resource use | 29,118 | 28,541 | 28,087 |
| Science, Policy and Information | 36,024 | 35,587 | 34,145 |
| Corporate and Self-funding | 20,568 | 9,392 | 8,477 |
| Council Controlled Organisations | 111 | 111 | 111 |
| **Total income from activities** | **236,844** | **222,445** | **217,794** |
| **Expenditure** | | | |
| Customer, Community and Services | 7,907 | 8,425 | 9,790 |
| Civil Defence Emergency Management | 3,706 | 4,453 | 4,390 |
| Emergency Management | 4,283 | 2,812 | 3,630 |
| Flood Control and Protection Works | 38,038 | 33,926 | 37,754 |

| | | | |
|---|---|---|---|
| Integrated Catchment Management | 34,180 | 37,724 | 35,286 |
| Regional Transport Connections | 62,045 | 64,620 | 57,826 |
| Resource Use | 27,506 | 31,906 | 30,055 |
| Science, Policy and Information | 34,566 | 36,541 | 33,494 |
| Corporate and self-funding | 4,717 | 1,695 | 3,660 |
| Council controlled organisations | 183 | 111 | 1 |
| **Total operating expenses** | **217,131** | **222,213** | **215,886** |
| **Net total** | **19,713** | **232** | **1,908** |

The total number of rateable properties in the region in 2026 was 227,908 (2025: 227,026), the total capital value of rateable properties was $260.4 billion (2025: $261.5 billion) and the total land value of rateable properties was $148.6 billion (2025: $151.2 billion).

## 3. Rates revenue

| | 2025/26 Actual $'000 | 2024/25 Last year $'000 |
|---|---|---|
| General rates | 67,894 | 65,128 |
| **Total general rates revenue** | **67,894** | **65,128** |
| **Targeted rates attributable to activities** | | |
| Biodiversity | 2,915 | 2,878 |
| Biosecurity | 13,915 | 12,652 |
| Permitted activity monitoring | 2,849 | 2,469 |
| River and catchment services | 38,488 | 36,988 |
| Public transport | 22,225 | 16,388 |
| Stock truck effluent | 19 | 63 |
| Civil defence emergency management | 3,102 | 3,115 |
| Community partnerships | 412 | 423 |
| Regional services | 722 | 714 |
| **Total targeted rates** | **84,647** | **75,690** |
| Less rates remissions | (854) | (730) |
| **Plus rate penalties** | 2,579 | 1,245 |
| **Total rates, excluding targeted water supply rates** | **154,266** | **141,333** |

Revenue is measured at fair value.

**Rates revenue**

The following policies for rates have been applied.

- General rates, targeted rates, 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 instalment 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.
- Rates remissions are recognised as a reduction of rates revenue when the council has received an application that satisfies its rates remission policy.

Rates revenue is shown net of rates remissions. Waikato Regional Council's rates remission policies allow for the remission of the following rates.

- Sporting and recreational organisations
- Community organisations
- Māori freehold land
- Māori freehold land under development
- Land protected for biodiversity
- Lake Taupō lakebed
- Urban land in areas classified as rural, commercial or industrial
- Waihou/Piako scheme catchment rate
- Waikato – Waipa (Watershed) catchment contributor rate
- Properties affected by natural disasters
- Rating units with CV of $1,000 or less
- Public transport rate
- Financial hardship
- Rates postponement
- Penalties
- Uncollectable rates
- General remission policy
- Early payment of rates
- Primary industry compliance rate

The council is required to disclose any rates that have been written off during the period of these financial statements by the chief executive under powers granted by section 90A of the *Local Government Rating Act 2002*. For the period covered by these financial statements, no debts were written off. (2025: $271,830).

**Non-rateable land**

Under the *Local Government (Rating) Act 2002* certain properties cannot be rated. These properties include national parks and reserves, schools, places of religious worship, land that is subject to a Ngā Whenua Rāhui Kawenata. The non-rating of non-rateable land does not constitute a remission under the council's rates remission policy.

The council is required by the Local Government Funding Agency (LGFA) Guarantee and Indemnity Deed to disclose in its financial statements (or notes) its annual rates revenue. That deed defines annual rates revenue 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. Annual rates revenue by this definition is as disclosed in the table above.

## 4. Fees and charges

| | 2025/26 Actual $'000 | 2024/25 Last year $'000 |
|---|---|---|
| Compliance monitoring direct charges | 2,674 | 2,803 |
| Consent application fees | 4,828 | 4,301 |
| Consent holder charges | 5,901 | 5,745 |
| Other direct charges | 999 | 2,871 |
| **Total fees and charges** | **14,402** | **15,720** |

***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.

## 5. Subsidies and grants

| | 2025/26 Actual $'000 | 2024/25 Last year $'000 |
|---|---|---|
| Land transport government grants | 25,721 | 24,856 |
| Other grants | 3,970 | 8,571 |
| **Total subsidies and grants** | **29,691** | **33,427** |

***Land transport government grants***

There are no unfulfilled conditions and other contingencies attached to subsidies and grants recognised (2025: nil).

Government grants are received from NZ Transport Agency Waka Kotahi, which subsidises part of the cost of the provision of public transport services and development of transport policies and plans. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

***Other grants***

Other grants are recognised as revenue when they become receivable, unless there is an obligation in substance to return the funds if conditions 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.

## 6. Other revenue

| | 2025/26 Actual $'000 | 2024/25 Last year $'000 |
|---|---|---|
| Public transport fare revenue | 10,124 | 9,082 |
| Rental | 837 | 759 |
| Royalties | 179 | 214 |
| Other revenue | 6,835 | 6,474 |
| **Total other revenue** | **17,975** | **16,529** |

***Provision of services***

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.

## 7. Finance revenue and expenses

| | 2025/26 Actual $'000 | 2024/25 Last year $'000 |
|---|---|---|
| **Interest revenue** | | |
| Statutory land charges | - | 159 |
| Term deposits and call accounts | 1,879 | 1,539 |
| Interest rate swaps | 41 | 397 |
| Other | 205 | 503 |
| **Total interest revenue** | **2,125** | **2,598** |
| **Interest expense** | | |
| Interest on borrowings | 2,218 | 2,506 |
| Interest rate swaps | 109 | - |
| Other | (411) | 503 |
| **Total interest expense** | **1,916** | **2,507** |

**Interest revenue**

Interest revenue is recognised using the effective interest method. Interest revenue on an impaired financial asset is recognised using the original effective interest rate.

**Borrowing costs**

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

## 8. Change in market value of investments

| | 2025/26 Actual $'000 | 2024/25 Last year $'000 |
|---|---|---|
| *Unrealised gains on assets at fair value through surplus or deficit* | | |
| Fixed interest | 798 | 3,025 |
| Equities | 16,288 | 4,229 |
| Property | 1,299 | 702 |
| Unrealised gain on revaluation of interest rate swaps | - | - |
| **Total unrealised gains** | **18,385** | **7,956** |
| *Realised gains on assets at fair value through surplus or deficit* | | |
| Fixed interest | - | 231 |
| Equities | - | - |
| Property | - | - |
| **Total realised gains** | **-** | **231** |
| | **18,385** | **8,187** |
| | | |
| Investment fund capital protection revenue | 5,297 | 2,553 |
| Net change in market value | 13,088 | 5,634 |
| Unrealised gain on interest rate derivatives | - | - |
| **Total change in market value of investments** | **18,385** | **8,187** |

**Financial risk management strategies**

Waikato Regional Council is exposed to financial risks associated with changes in the value of the financial instruments that comprise its investment fund. Waikato Regional Council is a long-term investor and accepts that returns in any given year may vary from its long-term target return. Risk is managed through the use of a diversified portfolio of financial assets. Council also undertakes a regular review of the risk profile associated with the investment fund and adjusts its asset allocation policy accordingly. Refer to note 23 for further information regarding the council's financial instrument risks.

## 9. Exchange and non-exchange revenue

The total revenue from non-exchange transactions includes the revenue from rates, government grants, public transport revenue, fines and other revenue. Total non-exchange revenue for the 2025/26 financial year is $207.817 million (2025: $198.932 million).

The total revenue from exchange transactions includes the revenue from interest, rental, royalties, fees and charges and other revenue. Total exchange revenue for the 2025/26 financial year is $29.301 million (2025: $18.861 million).

## 10. Other expenses

The Council's financial statements and service performance information for the year ended 30 June 2026 (the "financial report") are audited by The Audit Office on behalf of the Auditor-General. The fees incurred for these services provided are disclosed below:

| | 2025/26 Actual $'000 | 2024/25 Last year $'000 |
|---|---|---|
| Insurance premiums | 1,691 | 1,706 |
| Subscriptions and levies | 417 | 260 |
| Debts written off | 219 | 247 |
| Impairment of receivables | 660 | 356 |
| Fees paid to auditors: Audit of Annual Report | 331 | 317 |
| Fees paid to auditors: Audit of debenture trust deed | 9 | 9 |
| Additional fees charged for the 2023/24 audit | - | 18 |
| Additional fees charged for the 2024/25 audit | 16 | |
| Donations | 3 | 4 |
| Minimum lease payments under operating leases | 3,958 | 3,822 |
| Other operating expenses | 83,404 | 86,188 |
| Inventory consumption | 572 | 768 |
| Property, plant and equipment losses / (gains) on disposal | (86) | 2,057 |
| Councillors' remuneration: Meeting attendance fees and salary | 1,096 | 1,133 |
| Councillors' remuneration: Expenses | 148 | 155 |
| Investment fund management fees | 332 | 429 |
| Contracted services - pest control | - | 745 |
| Contracted services - buses | 35,111 | 33,956 |
| Grant contributions and sponsorship | 2,210 | - |
| **Total other expenses** | **130,091** | **132,170** |

## 11. Remuneration

| | 2025/26 $ | 2024/25 $ |
|---|---|---|
| **Chief executive** | | |
| Salary | 422,373 | 388,369 |
| Vehicle (value per contract) | 15,152 | 17,506 |
| **Total key management personnel remuneration** | **437,525** | **405,875** |

***Elected representatives***

| | Salary $ | Travel time allowance $ | Total remuneration $ |
|---|---|---|---|
| **This Year** | | | |
| M Downard | 80,998 | 5,515 | 86,513 |
| R Cookson | 77,443 | 870 | 78,313 |
| B Dunbar-Smith | 71,565 | - | 71,565 |
| K Holmes | 49,172 | 1,187 | 50,359 |
| K Hodge | 74,661 | 70 | 74,731 |
| C Hughes | 74,661 | 58 | 74,719 |
| W Maher | 145,602 | 2,021 | 147,623 |
| T Mahuta | 70,434 | - | 70,434 |
| G McGuire | 47,422 | 2,559 | 49,981 |
| J Nickel | 71,161 | 124 | 71,285 |
| G Reymer | 47,422 | 237 | 47,659 |

| | | | |
|---|---|---|---|
| N Smith | 75,378 | 95 | 75,473 |
| E Stolwyk | 50,922 | 114 | 51,036 |
| A Strange | 72,803 | 186 | 72,989 |
| *Past Elected Members* | | - | - |
| B Clarkson | 26,835 | 140 | 26975 |
| C Graf | 20,643 | - | 20,643 |
| S Kneebone | 21,262 | 80 | 21,342 |
| P Storey | 51,862 | - | 51,862 |
| **Total** | **1,130,246** | **13,256** | **1,143,502** |
| **Last Year** | | | |
| B Clarkson | 86,693 | 200 | 86,893 |
| R Cookson | 80,024 | 1,722 | 81,746 |
| M Downard | 76,690 | 9,500 | 86,190 |
| B Dunbar-Smith | 66,687 | - | 66,687 |
| C Graf | 76,690 | - | 76,690 |
| K Hodge | 68,688 | 172 | 68,860 |
| C Hughes | 76,690 | 268 | 76,958 |
| S Kneebone | 68,688 | 220 | 68,908 |
| W Maher | 80,024 | 5,664 | 85,688 |
| T Mahuta | 68,688 | - | 68,688 |
| J Nickel | 76,690 | 668 | 77,358 |
| N Smith | 73,355 | 224 | 73,579 |
| P Storey | 164,333 | - | 164,333 |
| A Strange | 68,688 | 440 | 69,128 |
| **Total** | **1,132,628** | **19,078** | **1,151,706** |

Chair Warren Maher had the full private use of a motor vehicle valued at $4,883 (2025: $4,961).

The figures presented above exclude mileage expenses paid to councillors.

**Employee remuneration**

At balance date, the Council employed 550 (2025: 603) full-time employees, with the balance of staff representing 56 (2025: 58) full-time equivalent employees. A full-time employee is determined on the basis of a 40-hour working week.

Total annual remuneration by band for employees as at 30 June:

| | 2025/26 Actual |
|---|---|
| < $60,000 | 121 |
| $60,000-$79,999 | 93 |
| $80,000-$99,999 | 124 |
| $100,000-$119,999 | 144 |
| $120,000-$139,999 | 76 |
| $140,000-$159,999 | 53 |
| $160,000-$179,999 | 13 |
| $180,000-$199,999 | 10 |
| $200,000-$259,999 | 6 |
| $260,000-$479,999 | 5 |
| **Total employees** | **645** |

| | 2024/25 Last year |
|---|---|
| < $60,000 | 50 |
| $60,000-$79,999 | 126 |
| $80,000-$99,999 | 176 |
| $100,000-$119,999 | 129 |
| $120,000-$139,999 | 96 |
| $140,000-$159,999 | 28 |
| $160,000-$179,999 | 10 |
| $180,000-$199,999 | 10 |
| $200,000-$279,999 | 7 |
| $280,000-$420,000 | 4 |
| **Total employees** | **636** |

**Severance payments**

For the year ended 30 June 2026, Waikato Regional Council made severance payments to the value of $114,438 to nine individuals (2025: $144,942 to eight individuals). The value of each of the severance payments was $44,000, $9,500, $7,500, $6,000, $2,734, $6,653, $6,838, $6,913, $24,300.

## 12. Employee benefit expenses

| | 2025/26 Actual $'000 | 2024/25 Last year $'000 |
|---|---|---|
| **Breakdown of personnel costs and further information** | | |
| Salaries and wages | 68,819 | 64,849 |
| Defined contribution plan employer contributions | 1,996 | 1,829 |
| Increase / (decrease) in employee benefit liabilities | 1,585 | 362 |
| **Total employee benefit expenses** | **70,815** | **67,040** |

**Salaries and wages**

Salaries and wages are recognised as an expense as employees provide services.

The impact of the actuarial valuation of long service leave and retirement gratuity liability has been to increase the employee benefit expense by $292,386 in total (2025: $177,000 increase). The retirement gratuity liability increased by $44,709 and the long service leave liability increased by $247,677.

Employer contributions to defined contribution plans include contributions to KiwiSaver.

## 13. Current liabilities - employee benefits liabilities

| | 2025/26 Actual $'000 | 2024/25 Last year $'000 |
|---|---|---|
| **Current** | | |
| Annual leave | 5,632 | 4,617 |
| Long service leave | 414 | 289 |
| Retirement gratuities | 415 | 332 |
| Sick leave | 503 | 226 |
| Other employee expenses | 655 | 841 |
| Accrued pay | 1,744 | 1,483 |
| **Total current portion** | **9,363** | **7,788** |

***Short-term employee entitlements***

Employee benefits expected to be settled within 12 months after the end of the period in which the employee renders 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, retirement gratuities and long service entitlements expected to be settled within 12 months, and sick leave.

A liability for sick leave is recognised to the extent that absences in the coming period are expected to be greater than the sick leave entitlements earned in the coming period. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent it will be used by staff to cover those future absences.

***Presentation of employee entitlements***

Sick leave, annual leave, vested long service leave, and non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date, are classified as a current liability. All other employee entitlements are classified as a non-current liability.

**Superannuation schemes**

***Defined contribution schemes***

Obligations for contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are recognised as an expense in the surplus or deficit when incurred.

## 14.Non-current liabilities - employee benefits liabilities

| | 2025/26 Actual $'000 | 2024/25 Last year $'000 |
|---|---|---|
| **Non-current** | | |
| Long service leave | 1,570 | 1,447 |
| Gratuities | 270 | 308 |
| **Total non-current** | **1,840** | **1,755** |

The present value of retirement and long service leave obligations depends on a number of factors that are determined on an actuarial basis. Two key assumptions used in calculating this liability include the discount rate and the salary growth rate. 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 growth assumed for an employee is the salary inflation component plus the promotional salary scale for that employee's age. The 10-year discount rate of 5.31 per cent (2025: 5.65 per cent) and a long-term salary growth rate of 1.96 per cent (2025: 1.98 per cent) was used.

There was a further change in the actuarial assumptions and methods from last year due to the migration to a different actuarial valuation system, which is used by the wider Aon team in Australia. The model results in a slight difference in the timing the assumptions are applied and results in an increase in the liability (all else being equal). This is not material to the valuation results. The losses this year relate to the change in actuarial financial assumptions (e.g. discount rate and salary increase rate) year-to-year.

**Long-term employee entitlements**

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave and retirement gratuities, 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.

# 15. Related party transactions

## Transactions with key management personnel

During the year councillors and key management, as part of a normal customer relationship, were involved in minor transactions with Waikato Regional Council (such as the payment of rates).

Key management personnel include the council chair, councillors, chief executive and other senior management personnel.

| | 2025/26 Actual FTE | 2024/25 Last year FTE | 2025/26 Actual $'000 | 2024/25 Last year $'000 |
|---|---|---|---|---|
| **Councillors** | | | **-** | - |
| Remuneration | | | 1,144 | 1,152 |
| Full-time equivalent members | 14 | 14 | - | - |
| **Senior management team, including the chief executive** | | | - | - |
| Remuneration and post-employment benefits | | | 1,822 | 2,246 |
| Full-time equivalent members | 6 | 7 | | |
| **Balance at 30 June** | - | | **2,966** | **3,398** |
| **Total full-time equivalent personnel** | **20** | **21** | | |

Due to the difficulty in determining the full-time equivalent for councillors, the full-time equivalent figure is taken as the number of councillors.

Transactions between Waikato Regional Council and Waikato Local Authority Shared Services Limited and Regional Software Holdings Limited have been treated as related party transactions.

No provision has been required, nor any expense recognised for impairment of receivables for any loans or other receivables to related parties (2025: nil).

# 16. Tax

| | 2024/25 Actual $'000 | 2023/24 Last year $'000 |
|---|---|---|
| **Components of tax expense** | | |
| **Current tax expense** | - | - |
| Adjustment to current tax in prior years | - | - |
| Deferred tax liability | - | - |
| Net surplus (deficit) before tax | 19,713 | 1,908 |
| Tax at 28 per cent | 5,520 | 534 |
| Plus (less) tax effect of: | - | |
| Non-deductible expenditure | (5,520) | (534) |
| **Non-taxable revenue** | - | - |
| **Add: Revenue taxable to council** | - | - |
| Less: expenses deductible to council | - | - |
| Less: tax expense over/understated prior period | - | - |
| **Less: Payments reclassified to other expenditure** | - | - |
| **Tax loss not recognised** | - | - |
| Tax expense | - | - |

Generally, local authorities are exempt from income tax, except for any revenue derived from any council controlled organisation or port activity as per the *Income Tax Act 2007*.

Income tax expense includes components relating to both current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable surplus for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the statement of financial position and the corresponding tax bases used in the computation of taxable profit.

Deferred tax is measured at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the council expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable surpluses will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit.

Current and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive revenue and expense or directly in equity.

## 17. Other gains/(losses)

| | 2025/26 Actual $'000 | 2024/25 Last year $'000 |
|---|---|---|
| Gain / (loss) on changes in fair value of biological assets | 40 | (61) |
| Gain / (loss) on changes in fair value of other investments | (127) | 186) |
| Gain / (loss) on changes in fair value of property, plant and equipment | - | - |
| Gain / (loss) on foreign exchange transactions | (36) | (1) |
| Unrealised loss on revaluation of interest rate swaps | (172) | (768) |
| **Total** | **(295)** | **(1,016)** |

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

| | 2025/26 Actual $'000 | 2024/25 Last year $'000 |
|---|---|---|
| **Surplus / (deficit)** | 19,713 | 1,908 |
| **Add / (less) non-cash items:** | | |
| Depreciation and amortisation expense | 14,014 | 13,153 |
| Assets adjustments relating to disposals | (510) | 4,299 |
| Other gains and losses | 87 | 248 |
| Bad and doubtful debts | 441 | 603 |
| (Gains) / losses on derivative financial instruments | 172 | 768 |
| **Total non-cash items** | **14,204** | **19,071** |
| **Add / (less) items classified as investing or financing activities:** | | |
| Change in market value of investments | (18,102) | (7,757) |
| Net loss / (gain) on disposal of property, plant and equipment | 86 | 2,057 |
| **Total items classified as investing or financing activities** | (18,016) | **(5,700)** |

| Add / (less) items movements in working capital items | | |
|---|---|---|
| Creditors and other payables | 4,370 | (1,231) |
| Current employee entitlements | 1,575 | 474 |
| Non-current employee entitlements | 85 | 260 |
| Prepayments | (1,276) | 496 |
| Work in progress and inventory | (948) | (511) |
| Debtors and other receivables | (6,683) | 1,829 |
| **Net cash inflow / (outflow) from operating activities** | **13,024** | **16,596** |

# 19.Cash and cash equivalents

Cash and cash equivalents include cash on hand; deposits held at call with banks; and other short-term highly liquid investments with original maturities of three months or less.

| | 2025/26 Actual $'000 | 2024/25 Last year $'000 |
|---|---|---|
| Cash at bank and in hand | 11,422 | 26,109 |
| Investments under management | 8 | 8 |
| **Total cash and cash equivalents** | **11,430** | **26,117** |

The reported balance includes $1.756 million (2025 $1.747 million) which is held on behalf of other parties that Waikato Regional Council is administering. Funds are paid out once expenditure is approved by the relevant party.

The carrying value of cash at bank and short-term deposits with maturities less than three months approximates their fair value.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

# 20.Other financial assets

The methods and assumptions used to estimate the fair value of each class of financial instrument, for which it is practical to estimate that value, are as follows.

## Investment fund and term deposits

The carrying amount of these items is approximately equivalent to the fair value.

## Interest rate risk

In making its investments, the council adopts a conservative risk profile, while aiming to maximise its returns. The range of interest rates receivable on financial instruments at 30 June 2026 range from 2.80 per cent – 3.60 per cent. (2025: 4.2 per cent – 5.20 per cent).

## Collateral

The council does not require collateral or other security to support financial instruments subject to credit risk.

## Foreign currencies

Transactions in foreign currencies are converted at the New Zealand rate of exchange ruling at the date of the transaction. At balance date, foreign monetary assets and liabilities are translated at the closing rate, and exchange variations arising from these translations are included in the statement of comprehensive revenue and expense.

## Investment fund

The investment fund is invested with a number of fund managers whose performance is monitored by Makao Investments Limited. Makao Investments Limited provides investment strategy advice to council. At 30 June 2026, the investment fund was invested with the following fund managers:

| | 2025/26 Actual $'000 | 2024/25 Last year $'000 |
|---|---|---|
| **Equity** | | |
| Vanguard - Hedged | 30,384 | 24,403 |
| Vanguard - Unhedged | 38,366 | 28,175 |
| First Sentier (Colonial First State) ($NZ) | 10,944 | 9,693 |
| **Net book amount** | **79,694** | **62,271** |
| Macquarie (AMP Capital) (Cash) | 2,112 | 2,053 |
| Fixed Interest | | |
| Fisher Funds (Global bonds) | 20,301 | 19,951 |
| Colchester | 20,388 | 20,118 |
| Less: Working capital held in fund | (8) | (8) |
| **Net book amount** | **42,793** | **42,114** |
| | | |
| **Total Net book amount** | **122,487** | **104,385** |

As at 30 June 2026, the following investments were held by council's fund managers:

| | 2025/26 Actual $'000 | 2024/25 Last year $'000 |
|---|---|---|
| **Listed securities - held for trading** | | |
| NZ local authority investments | - | 182 |
| NZ Government guaranteed investments | 20,225 | 19,468 |
| Corporate investments | 516 | 388 |
| NZ cash/short term deposits | 1,751 | 2,125 |
| Overseas bonds | 20,301 | 19,951 |
| Equity investments | 68,750 | 52,578 |
| Property | 10,944 | 9,693 |
| Net book amount | **122,487** | **104,385** |
| **Other Investment** | | |
| Term deposits with maturities greater than 3 months | **40,000** | 14,252 |
| NZ Local Government Insurance Corporation shares | 20 | 20 |
| Net book amount | **40,020** | **14,272** |
| **Investments in CCO** | | |
| Integrated Regional Information System shares | 241 | 367 |
| NZ Local Government Funding Agency Ltd (LGFA) - borrower notes | 1,121 | 1,203 |
| Net book amount | **1,362** | **1,570** |
| **Total Financial Assets** | | |
| Financial assets (investment fund) | 122,487 | 104,385 |
| Other investments | 40,020 | 14,272 |
| Investments in CCO | 1,362 | 1,570 |
| **Total** | **163,869** | **120,227** |

The Council has a 10 per cent holding in Regional Software Holdings Limited (RSHL). There are ten shareholding councils, each with an equal share. There are 7 RSHL Board members, who are elected and retire by rotation. The original six participating councils retain their relative shares in the Integrated Regional Information System (IRIS) software. The value of this asset is being impaired in line with the expected useful life of the underlying technology. Waikato Regional Council has a 32.75 per cent holding in the IRIS software. RSHL operates on a cost recovery basis with the participating shareholders with no distributable profits

retained in the business. Given the governance structure of RSHL and the nature of its activities, Council do not believe they hold "significant influence" and accordingly has not accounted for the RSHL investment as an associate.

Waikato Local Authority Shared Services (WLASS), trading as Co-Lab, is a CCO for Waikato Regional Council, however the fair value of our investment is $0.

## Borrower notes

Borrower notes are required to be held by each local authority that borrows from LGFA. The borrower notes are amounts equal to 0 per cent of $10 million (for short-term commercial paper held - there are no associated borrower notes with a short-term commercial papers), 1.6 per cent of $6 million ($96,000), 2.5 per cent of $17 million ($425,000) and 5 per cent of $12 million ($600,000) of council's borrowing from LGFA. The borrower notes are repaid to council as the underlying debt matures.

| | 2025/26 Actual $'000 | 2024/25 Last year $'000 |
|---|---|---|
| The council's investments are included in the balance sheet as follows: | | |
| **Current portion** | | |
| Term Deposits | 40,000 | 14,252 |
| **Non-current portion** | | |
| Financial assets (investment fund) | 122,487 | 104,385 |
| NZ Local Government Insurance Corporation shares | 20 | 20 |
| Investments in CCOs | 1,362 | 1,570 |
| **Total** | **163,869** | **120,227** |

It is the council's intention to continue to hold the investment fund as a non-current asset. Individual assets held by the fund managers have maturity periods as follows:

| | 2025/26 Actual $'000 | 2024/25 Last year $'000 |
|---|---|---|
| 0-1 year | 3,772 | 2,880 |
| 1-3 years | 5,912 | 5,850 |
| Greater than three years | 33,108 | 33,696 |
| No specified maturity date | 79,695 | 61,959 |
| **Total** | **122,487** | **104,385** |

**The maturity profiles of other and CCO investments held by the council is as follows:**

| | | |
|---|---|---|
| 0-1 year | 40,198 | 14,334 |
| 1-3 years | 573 | 396 |
| Greater than three years | 350 | 725 |
| No specified maturity date | 261 | 388 |
| **Total** | **41,382** | **15,843** |

## Fair value

***Unlisted investments***

The fair value of the investment in NZ Government Insurance Corporation Limited is $20,000 (2025: $20,000).

The fair value of Council's equity investments in Waikato Local Authority Shared Services Limited and Regional Software Holdings Limited has not been disclosed because the fair value cannot be reliably measured as there is no quoted market price in an active market for these shares.

***Other financial assets***

Other financial assets are initially recognised at fair value. They are then classified as, and subsequently measure 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 ay initial recognition unless it has been designated at FVTSD, in which case it is recognised in surplus or deficit.

***Debt instruments***

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 may elect at initial recognition to designate an equity investment not held for trading as subsequently measured at FVTOCRE.

***Equity instruments***

A financial asset that is an equity instrument is classified at FVTSD, unless the council elects 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.

***Subsequent measurement of financial assets at FVTOCRE***

Financial assets at fair value through other comprehensive revenue and expense are those that are designated into the category at initial recognition or are not classified in any of the other categories above. They are included in non-current assets unless management intends to dispose of, or realise, the investment within 12 months of balance date. The council includes in this category:

- investments that it intends to hold long term, but which may be realised before maturity; and
- shareholdings that it holds for strategic purposes.

These investments are measured at their fair value, with gains and losses recognised in other comprehensive revenue and expense, except for impairment losses, which are recognised in the surplus or deficit.

On de-recognition, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

***Subsequent measurement of financial assets at FVTSD***

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.

The council's investment fund was designated as such a financial asset on recognition as the primary goal of the council's investment strategy is to maximise investment returns within an acceptable level of risk, to both protect the capital base of the investment fund and allow withdrawals to subsidise the required level of rates revenue. The council is assisted by external advisors in this regard.

Financial assets acquired principally for the purpose of selling in the short term or part of a portfolio classified as held for trading are classified as a current asset.

After initial recognition, financial assets in this category are measured at their fair values with gains or losses on re-measurement recognised in the surplus or deficit.

***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 the 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, the 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 and informed credit assessment, including forward-looking information.

The council considers a financial asset to be in default when the financial asset is more than 90 days past due. The council 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.

## 21. Investment policy

The council delegates responsibility for the management, monitoring and reporting of its investment activities to its Finance and Services Committee and Customer and Corporate Services directorate. A treasury policy sets out the parameters for the operation of the Treasury management function and the volume of investments that the council will be involved with. The mix of investments between current and non-current is determined according to the council's working capital needs.

The council's investment fund made a return of $18.053 million against an annual plan budgeted return of $8.572 million, reflecting strong market performance over the year. The council continues to take external advice as to changes to be made to any asset class mix.

The new strategic asset allocation has been reviewed during the 2024-34 Long-Term Plan and was fully implemented in the 2024/25 financial year. For the investment fund, the council has a strategic asset allocation for investments under management of 60 per cent growth (equities and real assets) and 40 per cent income assets (fixed interest and cash). This has been considered a prudent policy to maintain the real value of the capital of the fund firstly, and then to provide sufficient returns to meet the council's distribution policy for returns. The Harbour NZ short duration was wholly liquidated which is considered a prudent policy to protect the capital value of funds set aside for the council's Regional Development Fund and other working capital funds. The council continues to take external advice as to changes to be made to be made to any asset class mix.

## 22. Treasury risk management policy

The council's Treasury Risk Management Policy was updated in June 2024. The policy is considered to be appropriate for the council, designed with specific consideration to the nature and materiality of the risks faced, and provides the reader with a thorough understanding of the underlying mechanics of those risks. The next update in policy is scheduled for June 2027.

Council has deliberately maintained short term borrowing programme to preserve flexibility and enable Council to realise the benefits of a formal credit rating. This has resulted in a non-compliance with the council's Liability Management Policy, which will continue until the credit rating has been completed in the coming year and preferential interest rates can be applied to all new long-term borrowings.

# 23. Financial instruments

Waikato Regional Council has a series of policies to manage the risks associated with financial instruments and treasury activities. The council has established approved liability management and investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

## (a) Financial instrument categories

| | Amortised costs $'000 | Fair value through other comprehensive revenue $'000 | Fair value through surplus or deficit $'000 | Total $'000 |
|---|---|---|---|---|
| **30 June 2026** | | | | |
| Cash and cash equivalent | 11,430 | - | - | 11,430 |
| Receivables | 19,400 | - | - | 19,400 |
| **Other financial assets:** | - | - | - | - |
| Term deposits | 40,000 | - | - | 40,000 |
| Investment fund | - | - | 122,487 | 122,487 |
| Investments in CCOs | - | 241 | 1,121 | 1,362 |
| Unlisted shares | - | 20 | - | 20 |
| Derivative financial instruments - not hedge accounted | - | - | 268 | 268 |
| **Total** | **70,830** | **261** | **123,876** | **194,967** |
| | | | | |
| **30 June 2025** | | | | |
| Cash and cash equivalent | 26,117 | - | - | 26,117 |
| Receivables | 18,757 | - | - | 18,757 |
| **Other financial assets:** | | | | |
| Term deposits | 14,252 | - | - | 14,252 |
| Investment fund | - | - | 104,385 | 104,385 |
| Investments in CCOs | - | 367 | 1,203 | 1,570 |
| Unlisted shares | - | 20 | - | 20 |
| Derivative financial instruments - not hedge accounted | - | - | 440 | 440 |
| **Total** | **59,126** | **387** | **106,028** | **165,541** |

| Liabilities | Liabilities at fair value through surplus or deficit $'000 | Measured at amortised cost $'000 | Total $'000 |
|---|---|---|---|
| **30 June 2026** | | | |
| Payables and accruals | - | 21,029 | 21,029 |
| Borrowings secured loans | - | 66,357 | 66,357 |
| **Total liabilities** | - | **87,386** | **87,386** |
| **30 June 2025** | | - | - |
| Payables and accruals | - | 22,776 | 22,776 |
| Borrowing secured loans | - | 49,420 | 49,420 |
| **Total liabilities** | - | **72,196** | **72,196** |

## (b) Market risk

**Currency risk**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The investment fund is a fully hedged asset apart from the Vanguard Ethically Conscious International Shares Index Fund and Vanguard Emerging Markets Shares Index Fund (30 June 2026 AUD $21,501,700 converted to NZD $38,365,920: exchange rate NZD/AUD: 0.8211). (30 June 2025 AUD $26,100,000 converted to NZD $28,175,000: exchange rate NZD/AUD: 0.9264).

The council purchases plant and equipment associated with the construction of certain infrastructure assets from overseas, which require it to enter into transactions denominated in foreign currencies. As a result of these activities, exposure to currency risk arises.

It is the council's policy to manage foreign currency risks arising from contractual commitments and liabilities that are above $100,000 by entering into forward foreign exchange contracts to manage the foreign currency risk exposure. This means the council is able to fix the New Zealand dollar amount payable prior to the delivery of the plant and equipment from overseas.

**Price risk**

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. The council is exposed to equity securities price risk on its investments, which are classified as financial assets held at fair value through surplus and deficit. This price risk arises due to market movements in listed securities. This price risk is managed by diversification of the council's investment portfolio in accordance with the limits set out in the council's investment policy.

**Fair value interest rate risk**

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

If interest rates on the council's fixed interest financial instruments at 30 June 2026 had fluctuated by plus or minus 0.5 per cent, the effect would have been to decrease/ increase the fair value through comprehensive revenue reserve by $414,000 (2025: $282,000).

Borrowings issued at fixed rates of interest expose council to interest rate risk. The council's Treasury Risk Management Policy sets a range of control limits for the fixed rate proportion of borrowings with different maturities. The range is from a maximum of 60 per cent for debt maturing in any one period with a 15 per cent minimum placed on 0-3 years and 3-5 years periods.

**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.

Generally, the council raises long term borrowing at floating rates and swaps them into fixed rates using interest rate swaps to manage the cash flow interest rate risk. The council enters into 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, 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.

***Sensitivity analysis***

The tables below illustrate the potential surplus and deficit and equity (excluding accumulated funds) impact from possible market movements, with all other variables held constant, based on the council's financial instrument exposures at balance date.

| **30 June 2026** | **Interest rate risk** | | | |
|---|---|---|---|---|
| | **-100bps** | | **+100bps** | |
| **Interest rate risk** | **Surplus $'000** | **Equity $'000** | **Surplus $'000** | **Equity** $'000 |
| **Financial assets** | | | | |
| Cash and cash equivalents | (113) | - | 113 | - |
| Derivatives - non hedge accounting | (3) | - | 3 | - |
| **Total sensitivity** | **(116)** | **-** | **116** | **-** |

| 30 June 2026 | Equity price risk | | | |
|---|---|---|---|---|
| | -100bps | | +100 bps | |
| Equity price risk<br>Financial assets | Surplus<br>$'000 | Equity<br>$'000 | Surplus<br>$'000 | Equity<br>$'000 |
| Other financial assets | (688) | - | 688 | - |
| **Total sensitivity to equity price risk** | **(688)** | **-** | **688** | **-** |

| 30 June 2025 | Interest rate risk | | | |
|---|---|---|---|---|
| | -100bps | | +100bps | |
| Interest rate risk<br>Financial assets | Surplus<br>$'000 | Equity<br>$'000 | Surplus<br>$'000 | Equity<br>$'000 |
| Cash and cash equivalents | (261) | - | 261 | - |
| Derivatives - non hedge accounting | (44) | - | 44 | - |
| **Total sensitivity** | **(305)** | **-** | **305** | **-** |

| 30 June 2025 | Equity price risk | | | |
|---|---|---|---|---|
| | -100bps | | +100bps | |
| Equity price risk<br>Financial assets | Surplus<br>$'000 | Equity<br>$'000 | Surplus<br>$'000 | Equity<br>$'000 |
| Other financial assets | (526) | - | (526) | - |
| **Total sensitivity to equity price risk** | **(526)** | **-** | **(526)** | **-** |

**Explanation of sensitivity analysis**

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 100 bps is equivalent to a decrease in interest rates of 1 per cent.

Cash and cash equivalents include deposits at call totalling $9.647 million (2025: $23.500 million) which are at floating rates. A movement in interest rates of plus or minus 100bps (1.0 per cent) has an effect on interest revenue of $96,470 (2025: $235,001).

The sensitivity for derivatives (interest rate swaps) has been calculated using a derivative valuation model based on a parallel shift in interest rates of -100bps/+100bps (2025: -100bps/+100bps).

## (c) Credit risk

Credit risk is the risk that a third party will default on its obligation to Waikato Regional Council, causing the council to incur a loss.

Council is exposed to credit risk as a guarantor of all of LGFA's borrowings Information about this exposure is explained in note 36.

The council has no significant concentrations of credit risk, 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.

Waikato Regional Council invests funds only in deposits with registered banks and local authority stock. Its investment policy limits the amount of credit exposure to any one institution or organisation.

Other than other local authorities, the council only invests funds with those entities which have a Standard and Poor's credit rating of at least A2 for short-term and A- for long-term investments. Accordingly, the council does not require any collateral or security to support these financial instruments.

**Maximum exposure to credit risk**

The council's maximum credit exposures for each class of financial instruments are as follows:

| | 2025/26 Actual $'000 | 2024/25 Last year $'000 |
|---|---|---|
| Cash at bank and term deposits | 51,430 | 40,369 |
| Debtors and other receivables | 19,400 | 18,757 |
| LGFA borrower notes | 1,121 | 1,203 |
| **Total credit risk** | **71,951** | **60,329** |

**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.

| | 2025/26 Actual $'000 | 2024/25 Last year $'000 |
|---|---|---|
| **Counterparties with credit ratings** | | |
| **Cash at bank and term bank deposits** | | |
| A | 25,000 | 14,252 |
| AA | 10,000 | - |
| AA- | 16,278 | 26,117 |
| **Total** | **51,278** | **40,369** |
| **stock and government bonds** | | |
| AAA | 1,121 | 1,203 |
| **Total** | **1,121** | **1,203** |

The council has no financial assets with counterparties without credit ratings.

Debtors and other receivables mainly arise from Waikato Regional Council's statutory functions, therefore there are no procedures in place to monitor or report the credit quality of debtors and other receivables with reference to internal or external credit ratings. The council has no significant concentrations of credit risk in relation to debtors and other 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.

## (d) Liquidity risk

Liquidity risk is the risk that Waikato Regional 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.

In meeting its liquidity requirements, the council maintains a target level of investments that must mature within the next 12 months.

The council has a sweep facility in place. A sweep facility is an automatic system that transfers funds between the current account and call account to improve cash management and maximise interest on funds. The council nominated a target balance for its current account of $10,000. Once all debits and credits have been processed every night (with the exception of bank fees) the system automatically calculates the amount required to maintain the target balance. Funds are then moved out of the current account into the nominated call account or if the current account has an overdrawn balance the system will transfer funds back from the call account to retain the set balance of the current account.

The council utilises funding through the Local Government Funding Agency Limited (LGFA). As at 30 June 2026 council had borrowed $66.357 million (2025: $49.420 million) and held borrower notes with a face value of $1.121 million (2025: $1.203 million).

The council is also exposed to liquidity risk as a guarantor of all of LGFA's guaranteed 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 contained in note 36.

**Contractual maturity analysis of the council's financial liabilities excluding derivatives**

The table below analyses the council's financial liabilities into relevant maturity groupings based on the period remaining at balance date until the contractual maturity date. Future interest payments on floating rate debt are based on the floating rate on the instrument at the balance date. The amounts disclosed are the contractual undiscounted cash flows.

| 30-Jun-26 | Less than 1 year $'000 | Between 1 and 2 years $'000 | Between 2 and 5 years $'000 | Over 5 years $'000 | Total contractual cash flows $'000 | Carrying Amount (assets) / liabilities $'000 |
|---|---|---|---|---|---|---|
| Trade and other payables | 21,029 | - | - | - | 21,029 | 21,029 |
| Secured borrowing | 40,169 | 9,054 | 17,134 | - | 66,357 | 66,357 |
| **Total financial liabilities** | **61,198** | **9,054** | **17,134** | **-** | **87,386** | **87,386** |

| 30-Jun-25 | Less than 1 year $'000 | Between 1 and 2 years $'000 | Between 2 and 5 years $'000 | Over 5 years $'000 | Total contractual cash flows $'000 | Carrying Amount (assets) / liabilities $'000 |
|---|---|---|---|---|---|---|
| Trade and other payables | 22,776 | - | - | - | 22,776 | 22,776 |
| Secured borrowing | 14,139 | 9,082 | 26,199 | - | 49,420 | 49,420 |
| **Total financial liabilities** | **36,915** | **9,082** | **26,199** | **-** | **72,196** | **72,196** |

**Contractual maturity analysis of financial assets**

The table below analyses the council's financial assets into relevant maturity groupings based on the period remaining at balance date until the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows and include interest receipts.

| 30 June 2026 | Less than 1 year $'000 | Between 1 and 2 years $'000 | Between 2 and 5 years $'000 | Over 5 years $'000 | Total contractual cash flows $'000 | Carrying amount $'000 |
|---|---|---|---|---|---|---|
| Cash and cash equivalents | 11,430 | - | - | - | 11,430 | 11,430 |
| Debtors and other receivables | 19,400 | - | - | - | 19,400 | 19,400 |
| Other financial assets: | - | - | - | - | - | - |
| Term deposits | 40,000 | - | - | - | 40,000 | 40,000 |
| Investment fund | 3,772 | 138 | 38,882 | 79,695 | 122,487 | 122,487 |
| Investment in CCO | 198 | 198 | 725 | 261 | 1,382 | 1,382 |
| Unlisted shares | - | - | - | 20 | 20 | 20 |
| **Total financial assets** | **74,800** | **336** | **39,607** | **79,976** | **194,719** | **194,719** |

| 30 June 2025 | Less than 1 year $'000 | Between 1 and 2 years $'000 | Between 2 and 5 years $'000 | Over 5 years $'000 | Total contractual cash flows $'000 | Carrying amount $'000 |
|---|---|---|---|---|---|---|
| Cash and cash equivalents | 26,117 | - | - | - | 26,117 | 26,117 |
| Debtors and other receivables | 18,757 | - | - | - | 18,757 | 18,757 |
| Other financial assets: | | | | | | |
| Term deposits | 14,252 | - | - | - | 14,252 | 14,252 |
| Investment fund | 2,230 | 1,748 | 38,448 | 61,959 | 104,385 | 104,385 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Investment in CCO | 82 | 198 | 923 | 367 | 1,570 | 1,570 |
| Unlisted shares | - | - | - | 20 | 20 | 20 |
| **Total financial assets** | **61,438** | **1,946** | **39,371** | **62,346** | **165,101** | **165,101** |

## (e) Fair value hierarchy disclosures

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:

| **30 June 2026** | **Total** $'000 | **Quoted market price** $'000 | **Observable inputs** $'000 | **Significant non-observable inputs** $'000 |
|---|---|---|---|---|
| Derivatives | 267 | 267 | - | - |
| Corporate investments | 516 | 516 | - | - |
| NZ cash/short term deposits | 1,751 | 1,751 | - | - |
| Overseas bonds | 20,301 | 20,301 | - | - |
| NZ Government guaranteed investments | 20,225 | 20,225 | - | - |
| Equity investments | 68,750 | 68,750 | - | - |
| Property | 10,944 | 10,944 | - | - |
| **Total financial assets** | **122,754** | **122,754** | - | - |
| **Financial liabilities** | | | - | - |
| Derivatives | - | - | - | - |
| **Total financial liabilities** | - | - | - | - |

| **30 June 2025** | **Total** $'000 | **Quoted market price** $'000 | **Observable inputs** $'000 | **Significant non-observable inputs** $'000 |
|---|---|---|---|---|
| Derivatives | 440 | 440 | - | - |
| NZ local authority investments | 182 | 182 | - | - |
| Corporate investments | 388 | 388 | - | - |
| NZ cash/short term deposits | 2,437 | 2,437 | - | - |
| Overseas bonds | 19,951 | 19,951 | - | - |
| NZ Government guaranteed investments | 19,468 | 19,468 | - | - |
| Equity investments | 61,959 | 61,959 | - | - |
| Property | - | - | - | - |
| **Total financial assets** | **104,825** | **104,825** | - | - |
| **Financial liabilities** | | | | |
| Derivatives | - | - | - | - |
| **Total financial liabilities** | - | - | - | - |

There were no transfers between the different levels of the fair value hierarchy during the period.

# 24. Receivables

| | 2025/26 Actual $'000 | 2024/25 Last year $'000 |
|---|---|---|
| **Exchange** | | |
| **Net trade receivables** | | |
| Other receivables | 16,272 | 18,698 |
| Provision for doubtful receivables | (2,098) | (1,603) |
| **Net debtors** | **14,174** | **17,095** |
| **Receivables from exchange transactions** | **14,174** | **17,095** |
| **Non-exchange** | | |
| Rates receivables | 14,177 | 5,035 |
| Other receivables | 3,278 | 3,094 |
| Provision for doubtful receivables | (1,192) | (1,030) |
| **Net debtors** | **16,263** | **7,099** |
| **Receivables from non-exchange transactions** | **16,263** | **7,099** |
| **Total receivables** | **30,437** | **24,195** |

**Fair value**

Receivables are measured at their face value, less any provision for impairment.

Debtors and other receivables are non-interest bearing and receipt is normally on 30-day terms, therefore the carrying value of debtors and other receivables approximates their fair value.

**Impairment**

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

Council applied 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 expenditure, adjusted for forward looking factors specific to the debtors and the economic environment.

Rates are "written off":

- when remitted in accordance with 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.

The fair value of receivables past due and impaired is as follows:

| | 2025/26 Actual $'000 | 2024/25 Last year $'000 |
|---|---|---|
| Past due > 90 days | 16,969 | 5,510 |
| Less impairment | (3,290) | (2,632) |
| **Balance as at 30 June** | **13,679** | **2,878** |

The ageing profile of gross receivables not impaired is as follows:

| | 2025/26 Actual $'000 | 2024/25 Last year $'000 |
|---|---|---|
| Not past due | 11,367 | 20,550 |
| Past due 1-60 days | 269 | 105 |
| Past due 61-90 days | 5,121 | 662 |
| **Balance as at 30 June** | **16,757** | **21,317** |
| **Grand total** | **30,437** | **24,194** |

Waikato Regional Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

There is no concentration of credit risk with respect to receivables as the council has a large number of customers.

The impairment provision has been calculated based on expected losses for Waikato Regional Council's pool of debtors. Expected losses have been determined based on an analysis of Waikato Regional Council's losses in previous periods, and a review of specific debtors.

| | 2025/26 Actual $'000 | 2024/25 Last year $'000 |
|---|---|---|
| Individual impairment | - | - |
| Collective impairment | 3,290 | 2,632 |
| **Total provision for impairment** | **3,290** | **2,632** |

Individually impaired receivables have been determined to be impaired because of the significant financial difficulties being experienced by the debtor.

Movement in the provision for impairment of receivables is as follows:

| | 2025/26 Actual $'000 | 2024/25 Last year $'000 |
|---|---|---|
| At 1 July | 2,632 | 2,276 |
| Additional provisions made during the year | 658 | 356 |
| Receivables written off during the period | | |
| **Total gross trade receivables** | **3,290** | **2,632** |

The council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

In prior years, rates debtors were presented net of rates revenue received in advance. During the year, management reviewed this presentation and concluded that separate recognition of these balances is more appropriate. Accordingly, rates debtors and rates revenue received in advance are presented on a gross basis in the current year. The rates revenue received in advance at 30 June 2025 is $4.8m. The comparative information has not been restated and the change in recognition has no impact on net assets, surplus/(deficit), or cash flows.

## 25. Property, plant and equipment

| 2025/26 | Cost / revaluation | Accumulated depreciation and impairment charges | Carrying amount | Additions | Disposals | Transfers | Inter - GL Transfers | Depreciation / Impairment | Write back depreciation on disposal / valuation | Revaluation | Cost / Revaluation 30 June 26 | Accumulated depreciation and impairment charges 30-Jun-26 | Carrying amount 30-Jun-26 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Operational assets** | | | | | | | | | | | | | |
| At cost and valuation | | | | | | | | | | | | | |
| Land | 1,232 | - | 1,232 | - | - | - | - | - | - | - | 1,232 | - | 1,232 |
| Buildings | 2,096 | (406) | 1,690 | - | - | - | - | (63) | (468) | (92) | 1,629 | - | 1,629 |
| Leasehold improvements | 9,577 | (2,128) | 7,449 | 21 | - | - | - | (654) | - | - | 9,597 | (2,782) | 6,815 |
| Vehicles | 5,658 | (1,674) | 3,984 | 1,280 | (745) | - | - | (830) | - | - | 6,193 | (1,946) | 4,246 |
| Plant and equipment | 11,016 | (6,281) | 4,735 | 687 | (50) | - | - | (1,060) | - | - | 11,653 | (7,290) | 4,362 |
| Computer equipment | 7,696 | (6,152) | 1,544 | 456 | (503) | - | - | (645) | - | - | 7,649 | (6,294) | 1,355 |
| Office furniture and fittings | 2,212 | (1,358) | 854 | 8 | - | - | - | (296) | - | - | 2,220 | (1,653) | 566 |
| **Total operational assets** | **39,485** | **(17,999)** | **21,486** | **2,452** | **(1,298)** | **-** | | **(3,548)** | **(468)** | **(92)** | **40,172** | **(19,967)** | **20,205** |
| **Infrastructure assets** | | | | | | | | | | | | | |
| At cost & valuation | | | | | | | | | | | | | |
| Land | 74,704 | - | 74,704 | - | - | - | - | - | - | 1,166 | 75,870 | - | 75,870 |
| Bridges | 1,941 | (508) | 1,433 | 207 | (60) | - | - | (48) | (525) | 237 | 1,800 | (26) | 1,774 |
| Channels | 68,490 | (1,313) | 67,177 | - | - | - | - | (306) | (1,474) | 8,760 | 75,776 | (146) | 75,630 |
| Control gates | 3,461 | (791) | 2,670 | - | - | - | - | (136) | (869) | 99 | 2,691 | (57) | 2,634 |

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Culverts | 4,248 | (451) | 3,797 | 111 | - | - | - | (62) | (493) | (1,597) | 2,269 | (24) | 2,245 |
| Debris traps | 180 | (32) | 148 | - | - | - | - | (2) | (33) | 4 | 151 | (1) | 150 |
| Detentions | 15,823 | (971) | 14,852 | - | - | - | - | (49) | (995) | 1,682 | 16,510 | (24) | 16,486 |
| Drop structures | 34 | (15) | 19 | - | - | - | - | (2) | (16) | 12 | 30 | (1) | 29 |
| Fencing | 4,544 | (3,437) | 1,107 | 229 | (1) | - | - | (438) | (3,649) | 785 | 1,908 | (224) | 1,684 |
| Floodgates | 57,618 | (11,908) | 45,710 | 535 | (43) | - | - | (1,672) | (12,650) | (6,605) | 38,855 | (921) | 37,934 |
| General structures | 6,134 | (1,557) | 4,577 | - | (4) | - | - | (220) | (1,645) | 1,615 | 6,100 | (125) | 5,975 |
| Plantings | 670 | - | 670 | - | - | - | - | - | - | 80 | 750 | - | 750 |
| Pump stations | 85,481 | (21,053) | 64,428 | 3,638 | (141) | - | - | (3,883) | (22,611) | 12,006 | 78,373 | (2,405) | 75,968 |
| Retaining structures | 12,199 | (4,445) | 7,754 | - | (1) | - | - | (245) | (4,559) | 1,604 | 9,243 | (128) | 9,115 |
| River training works | 3,745 | (375) | 3,370 | - | - | - | - | (60) | (399) | 384 | 3,730 | (35) | 3,695 |
| Stopbanks | 714,946 | (24,322) | 690,624 | 3,088 | - | - | - | (2,820) | (25,842) | (72,765) | 619,427 | (1,301) | 618,126 |
| Weirs | 990 | (59) | 931 | - | - | - | - | (11) | (66) | (527) | 397 | (5) | 392 |
| **Total** | **1,055,208** | **(71,237)** | **983,971** | **7,808** | **(250)** | **-** | **-** | **(9,956)** | **(75,827)** | **(53,060)** | **933,879** | **(5,422)** | **928,457** |
| **Work in progress** | | | | | | | | | | | | | |
| **Operational assets** | | | | | | | | | | | | | |
| Buildings | 309 | | 309 | 126 | | (92) | (145) | | | | 198 | | 198 |
| Leasehold improvements | 40 | | 40 | - | | (21) | 21 | | | | 40 | | 40 |
| Vehicles | 547 | | 547 | 267 | (745) | (1,280) | 1,211 | | | | 0 | | 0 |
| Plant and equipment | 4,993 | | 4,993 | 2,327 | (38) | (687) | 45 | | | | 6,640 | | 6,640 |
| Computer Equipment | 524 | | 524 | 2,734 | (503) | (456) | 564 | | | | 2,863 | | 2,863 |
| Office furniture and fittings | 14 | | 14 | 28 | | (8) | (28) | | | | 6 | | 6 |
| **Total operational** | **6,427** | **-** | **6,427** | **5,482** | **(1,286)** | **(2,544)** | **1,667** | **-** | **-** | **-** | **9,747** | **-** | **9,747** |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **work in progress** | | | | | | | | | | | | |
| **Infrastructure Assets** | | | | | | | | | | | | |
| -Land | 51 | - | 51 | 102 | - | - | - | - | - | 153 | - | 153 |
| - Bridges | 208 | - | 208 | - | - | (208) | - | - | - | - | - | - |
| - Channels | 542 | - | 542 | - | - | (71) | - | - | - | 471 | - | 471 |
| - Control gates | 22 | - | 22 | 80 | - | (44) | - | - | - | 58 | - | 58 |
| - Culverts | 33 | - | 33 | 121 | - | 95 | - | - | - | 249 | - | 249 |
| - Drop structures | - | - | - | - | - | - | - | - | - | - | - | - |
| - Fencing | 100 | - | 100 | 99 | - | - | - | - | - | 199 | - | 199 |
| - Floodgates | 2,091 | - | 2,091 | 2,118 | - | (525) | - | - | - | 3,684 | - | 3,684 |
| - General structures | 68 | - | 68 | 125 | - | - | - | - | - | 193 | - | 193 |
| - Plantings | - | - | - | - | - | - | - | - | - | - | - | - |
| - Pump stations | 6,076 | - | 6,076 | 5,852 | - | (3,111) | - | - | - | 8,817 | - | 8,817 |
| - Retaining structures | 138 | - | 138 | 143 | - | - | - | - | - | 281 | - | 281 |
| - River training works | 2,448 | - | 2,448 | 166 | - | - | - | - | - | 2,614 | - | 2,614 |
| - Stopbanks | 7,130 | - | 7,130 | 4,591 | - | (3,372) | - | - | - | 8,349 | - | 8,349 |
| - Weirs | 19 | - | 19 | - | - | - | - | - | - | 19 | - | 19 |
| **Total infrastructure work in progress** | 18,927 | - | 18,927 | 13,397 | - | (7,236) | - | - | - | 25,087 | - | 25,087 |
| **Total property, plant and equipment** | **1,120,047** | **(89,236)** | **1,030,811** | **29,139** | **(2,834)** | **(9,780)** | **1,667** | **(13,504)** | **(76,295)** | **(53,152)** | **1,008,885** | **(25,389)** | **983,496** |

| 2024/25 | Cost / revaluation | Accumulated depreciation and impairment charges | Carrying amount | Additions | Disposals | Transfers | Depreciation / impairment | Write back depreciation on disposal / valuation | Revaluation | Cost / revaluation 30 June 25 | Accumulated depreciation and impairment charges 30 June 25 | Carrying amount 30 June 25 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Operational assets** | | | | | | | | | | | | |
| At cost & valuation | | | | | | | | | | | | |
| Land | 1,232 | - | 1,232 | - | - | - | - | - | - | 1,232 | - | 1,232 |
| Buildings | 2,092 | (343) | 1,749 | - | (11) | 4 | (63) | - | 11 | 2,096 | (406) | 1,690 |
| Leasehold improvements | 7,193 | (1,478) | 5,715 | 2,405 | (21) | - | (650) | - | - | 9,577 | (2,128) | 7,449 |
| Vehicles | 5,479 | (1,846) | 3,633 | 30 | (1,293) | 1,442 | (796) | 968 | - | 5,658 | (1,674) | 3,984 |
| Plant and equipment | 9,234 | (5,253) | 3,981 | 14 | (146) | 1,914 | (1,149) | 121 | - | 11,016 | (6,281) | 4,735 |
| Computer equipment | 7,187 | (5,512) | 1,675 | 4 | (2) | 507 | (640) | | | 7,696 | (6,152) | 1,544 |
| Office furniture and fittings | 2,209 | (1,053) | 1,156 | 1 | - | 1 | (305) | - | - | 2,211 | (1,358) | 853 |
| **Total operational assets** | **34,626** | **(15,485)** | **19,141** | **2,454** | **(1,473)** | **3,868** | **(3,603)** | **1,089** | **11** | **39,486** | **(17,999)** | **21,487** |
| **Infrastructure assets** | | | | | | | | | | | | |
| At cost & valuation | | | | | | | | | | | | |
| Land | 74,704 | - | 74,704 | - | - | - | - | - | - | 74,704 | - | 74,704 |
| Bridges | 1,941 | (465) | 1,476 | - | - | - | (43) | - | - | 1,941 | (508) | 1,433 |
| Channels | 68,451 | (995) | 67,456 | 39 | - | - | (318) | - | - | 68,490 | (1,313) | 67,177 |
| Control gates | 3,461 | (633) | 2,828 | - | - | - | (158) | - | - | 3,461 | (791) | 2,670 |
| Culverts | 3,928 | (379) | 3,549 | 347 | (27) | - | (73) | 1 | - | 4,248 | (451) | 3,797 |
| Debris traps | 180 | (29) | 151 | - | - | - | (3) | - | - | 180 | (32) | 148 |
| Detentions | 15,823 | (924) | 14,899 | - | - | - | (47) | - | - | 15,823 | (971) | 14,852 |
| Drop structures | 34 | (14) | 20 | - | - | - | (1) | - | - | 34 | (15) | 19 |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Fencing | 4,409 | (3,018) | 1,391 | 136 | (1) | - | (419) | - | - | 4,544 | (3,437) | 1,107 |
| Floodgates | 50,679 | (10,545) | 40,134 | 7,807 | (869) | - | (1,435) | 72 | - | 57,618 | (11,908) | 45,710 |
| General structures | 6,095 | (1,370) | 4,725 | 39 | - | - | (187) | - | - | 6,134 | (1,557) | 4,577 |
| Plantings | 361 | - | 361 | 309 | - | - | - | - | - | 670 | - | 670 |
| Pump stations | 73,203 | (18,410) | 54,793 | 13,812 | (1,534) | - | (2,796) | 153 | - | 85,481 | (21,053) | 64,428 |
| Retaining structures | 10,004 | (4,214) | 5,790 | 2,195 | - | - | (231) | - | - | 12,199 | (4,445) | 7,754 |
| River training works | 3,745 | (328) | 3,417 | - | - | - | (47) | - | - | 3,745 | (375) | 3,370 |
| Stopbanks | 690,599 | (21,617) | 668,982 | 5,069 | - | - | (2,705) | - | 19,278 | 714,946 | (24,322) | 690,624 |
| Weirs | 963 | (48) | 915 | 27 | - | - | (11) | - | - | 990 | (59) | 931 |
| **Total** | **1,008,580** | **(62,989)** | **945,591** | **29,780** | **(2,431)** | **-** | **(8,474)** | **226** | **19,278** | **1,055,208** | **(71,237)** | **983,971** |
| **Work in progress Operational Assets** | | | | | | | | | | | | |
| Buildings | 2,751 | | 2,751 | - | (286) | (2,156) | | | | 309 | | 309 |
| Leasehold improvements | 2 | | 2 | 38 | | - | | | | 40 | | 40 |
| Vehicles | 104 | | 104 | 1,885 | | (1,442) | | | | 547 | | 547 |
| Plant and equipment | 4,602 | | 4,602 | 2,542 | | (2,151) | | | | 4,993 | | 4,993 |
| Computer Equipment | 35 | | 35 | 996 | | (507) | | | | 524 | | 524 |
| Office furniture and fittings | 2 | | 2 | 12 | | (1) | | | | 13 | | 13 |
| **Total** | **7,496** | **-** | **7,496** | **5,473** | **(286)** | **(6,257)** | **-** | **-** | **-** | **6,426** | **-** | **6,426** |
| **Infrastructure Assets** | | | | | | | | | | | | |
| -Land | 51 | - | 51 | 0 | - | - | - | - | - | 51 | - | 51 |
| - Bridges | 197 | - | 197 | 11 | - | - | - | - | - | 208 | - | 208 |
| - Channels | 489 | - | 489 | 54 | (1) | - | - | - | - | 542 | - | 542 |
| - Control gates | 22 | - | 22 | - | - | - | - | - | - | 22 | - | 22 |
| - Culverts | 108 | - | 108 | - | (4) | (71) | - | - | - | 33 | - | 33 |
| - Detentions | 3 | - | 3 | - | (3) | - | - | - | - | - | - | - |
| - Fencing | 20 | - | 20 | 80 | - | - | - | - | - | 100 | - | 100 |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| - Floodgates | 1,578 | - | 1,578 | 2,966 | (47) | (2,406) | - | - | - | 2,091 | - | 2,091 |
| - General structures | 54 | - | 54 | 53 | - | (39) | - | - | - | 68 | - | 68 |
| - Plantings | - | - | - | - | - | - | - | - | - | - | - | - |
| - Pump stations | 14,950 | - | 14,950 | 4,214 | (2) | (13,086) | - | - | - | 6,076 | - | 6,076 |
| - Retaining structures | 87 | - | 87 | 51 | - | - | - | - | - | 138 | - | 138 |
| - River training works | 4,089 | - | 4,089 | 999 | - | (2,640) | - | - | - | 2,448 | - | 2,448 |
| - Stopbanks | 13,382 | - | 13,382 | 6,597 | (1,336) | (11,512) | - | - | - | 7,130 | - | 7,130 |
| - Weirs | 18 | - | 18 | 28 | - | (27) | - | - | - | 19 | - | 19 |
| **Total infrastructure work in progress** | **35,048** | **-** | **35,048** | **15,053** | **(1,394)** | **(29,780)** | **-** | **-** | **-** | **18,927** | **-** | **18,927** |
| **Total property, plant and equipment** | **1,085,750** | **(78,474)** | **1,007,276** | **52,760** | **(5,584)** | **(32,169)** | **(12,077)** | **1,315** | **19,289** | **1,120,047** | **(89,236)** | **1,030,811** |

**Infrastructure assets - further disclosures**

| 30-Jun-26 | Closing book value $'000 | Additions: constructed by council $'000 | Most recent replacement cost estimate for revalued assets $'000 |
|---|---|---|---|
| **Infrastructure assets** | | | |
| Flood protection and control works | 928,638 | 7,826 | 1,136,476 |
| **Total infrastructure assets** | **928,638** | **7,826** | **1,136,476** |

| 30-Jun-25 | Closing book value $'000 | Additions: constructed by council $'000 | Most recent replacement cost estimate for revalued assets $'000 |
|---|---|---|---|
| **Infrastructure assets** | | | |
| Flood protection and control works | 983,897 | 29,780 | 1,155,058 |
| **Total infrastructure assets** | **983,897** | **29,780** | **1,155,058** |

Property, plant and equipment consists of the following:

Operational assets – these include land, buildings, plant and equipment, motor vehicles, leasehold improvements, computer equipment and office furniture.

Infrastructure assets – infrastructure assets are the flood protection and erosion control assets owned by Waikato Regional Council.

Operational land is measured at fair value, and buildings and infrastructure assets are measured at fair value less accumulated depreciation. All other asset classes are measured at cost less accumulated depreciation and impairment losses.

**Valuation**

Land and buildings and infrastructure 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.

Revaluations of property, plant, and equipment 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.

**Operational land**

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

The most recent valuation was performed by an independent registered valuer of SGHU Valuations, and the valuation is effective as at 30 June 2026. The fair value of operational land was assessed as at 30 June 2026 by SGHU Valuations. The assessment indicated no material movement in the asset class and therefore no adjustment was made to the financial statements.

**Operational buildings**

Specialised buildings are valued at fair value using depreciated replacement cost because no reliable market data is available for such buildings.

Depreciated replacement cost is determined using a number of significant assumptions. These significant assumptions include the following:

- 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 deprecation has been applied in determining the depreciated replacement cost value of the asset.

Non-specialised buildings (for example, residential buildings) are valued at fair value using market-based evidence. Market rents and capitalisation rates are applied to reflect market value.

The most recent valuation was performed by P Smith, independent registered valuer of SGHU Valuations, and the valuation is effective as at 30 June 2025. The fair value of operational land was assessed as at 30 June 2026 by SGHU Valuations. No material adjustment was made to the financial statements as a result of this assessment.

**Infrastructure assets**

Infrastructure asset classes comprise flood protection and drainage assets.

The most recent comprehensive valuation was performed as at 31 December 2025 using a greater level of internal capability and expertise, supported by specialist valuation and technical advice from AECOM, with an independent peer review undertaken by Stantec.

Revalued infrastructure assets are assessed annually to determine whether their carrying values differ materially from fair value. Where a material difference is identified, the relevant asset classes are subject to an off-cycle revaluation. This assessment was undertaken by M Wyatt of AECOM New Zealand Limited, an independent registered valuer.

The assessment was based on movements in the Capital Goods Price Index, specifically the Non-residential Buildings and Transport Ways categories published by Stats NZ as at 30 June 2026.

The indexed fair value assessment indicated that the carrying values remained materially representative of fair value for financial reporting purposes. While appropriate for assessing movements between scheduled comprehensive valuations, the indexation approach does not provide the same level of detailed analysis or robustness as a full valuation.

**Infrastructure land**

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

The most recent valuation was performed by QV Valuations, with the valuation effective as at 31 December 2025. The fair value of infrastructural land was assessed as at 30 June 2026 by QV. The assessment indicated no material movement in the asset class and therefore no adjustment was made to the financial statements.

**Additions**

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

**Subsequent costs**

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 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.

No significant disposals have been made during 2026.

**Impairment**

Impairment losses of $421,000 have been recognised by council during 2026 (2025: $nil).

**Collateral**

No property, plant and equipment are pledged as security for liabilities, there are no restrictions on title.

**Depreciation**

Depreciation is provided on a straight-line basis on all property, plant, and equipment other than land and drainage networks, 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:

| Class of asset depreciated | Estimated useful life (Years) |
|---|---|
| ***Operational assets*** | |
| Buildings | 5-75 |
| Leasehold Improvements | 10-50 |
| Motor vehicles | 5-7.5 |
| Computer equipment | 3.5-7.5 |
| Office furniture | 7-10 |
| Plant and Equipment | 3-30 |
| ***Infrastructure Assets*** | |
| Bridges | 50-100 |
| Channels | 25-100 |
| Control gates | 15-100 |
| Culverts | 20-100 |
| Debris traps | 100 |
| Detentions | 10-100 |
| Drop structures | 50-80 |
| Fencing | 30 |
| Floodgates | 20-100 |
| General structures | 20-100 |
| Plantings | Not depreciated |
| Pump stations | 10-100 |
| Retaining structures | 30-100 |
| River training works | 30-100 |
| Stopbanks | 20-100 |
| Weirs | 50-100 |

## 26. Intangible assets

| | Computer software $'000 | ETS $'000 | Total $'000 |
|---|---|---|---|
| **Year ended 30 June 2026** | | | |
| Opening net book amount | 2,125 | - | 2,125 |
| Additions | 39 | - | 39 |
| Disposals | - | - | - |
| Work in progress | 88 | - | 88 |
| Amortisation charge | (510) | - | (510) |
| Write back amortisation on disposal | - | - | - |
| **Closing net book amount** | **1,742** | **-** | **1,742** |
| Cost | 12,044 | 476 | 12,520 |
| Accumulated amortisation and impairment | (10,302) | - | (10,302) |
| **Net book amount** | **1,742** | **476** | **2,218** |

| | Computer software $'000 | ETS $'000 | Total $'000 |
|---|---|---|---|
| **Year ended 30 June 2025** | | | |
| Opening net book amount | 5,447 | - | 5,447 |
| Additions | - | - | - |
| Disposals | - | - | - |
| Work in progress | (2,245) | - | (2,245) |
| Amortisation charge | (1,077) | - | (1,077) |
| Write back amortisation on disposal | - | - | - |
| **Closing net book amount** | **2,125** | **-** | **2,125** |
| Cost | 11,917 | - | 11,917 |
| Accumulated amortisation and impairment | (9,792) | - | (9,792) |
| **Net book amount** | **2,125** | **-** | **2,125** |

Realised gains and losses arising from the disposal of intangible assets are recognised in statement of comprehensive revenue and expense in the year in which the disposal occurs.

**Software acquisition and development**

Acquired 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 associated with the development of software for internal use, are recognised as an intangible asset. Direct costs include the software development employee related costs and an appropriate portion of relevant overheads.

Staff training costs are recognised as an expense 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.

**Amortisation and impairment**

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 period is recognised in the surplus or deficit.

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

- Computer software - 4–5 years.

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

Intangible assets subsequently measured at cost that have a finite useful life are reviewed for impairment 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 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. The total impairment loss is recognised in the surplus or deficit The reversal of an impairment loss is recognised in the surplus or deficit.

There are no restrictions over the title of intangible assets, nor are any intangible assets pledged as security for liabilities (2025: nil).

## 27. Forestry assets

Waikato Regional Council's forestry asset comprises approximately 58.8 hectares (2025: 60 hectares) of Pinus radiata forest split between Ryan's Block and Kuaoiti Forest. The Kuaoiti Forest was completely harvested during the 2020/21 year and had approximately 17 hectares replanted during 2021/22 Ryan's Block remains unchanged with the plantations aged nine and ten years. The reduction in hectares is due to the previous mapping which has overstated the forest area by 18 hectares in Ryans block across the two young stands.

| | 2025/26 Actual $'000 | 2024/25 Last year $'000 |
|---|---|---|
| Balance as at 1 July | 229 | 290 |
| Gains / (losses) arising from changes attributable to physical changes | 40 | (61) |
| Purchases | - | - |
| Sales | - | - |
| Harvest | - | - |
| Gains / (losses) arising from changes attributable to price changes | - | - |
| **Carrying amount at 30 June** | **269** | **229** |

Standing forestry assets are independently revalued annually to fair value less estimated costs to sell for one growth cycle. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined pre-tax rate. This calculation is based on existing sustainable felling plans and assessments regarding growth, timber prices, felling costs and silviculture costs and takes into consideration environmental, operational and market restrictions. Gains or losses arising on initial recognition of forestry assets at fair value less estimated costs to sell and from a change in fair value less estimated costs to sell are recognised in the statement of comprehensive revenue and expense.

Carl Hanna, a member of New Zealand Institute of Forestry from Wood Marketing Services Ltd, has independently valued the forestry assets as at 30 June 2025. The following significant assumptions have been adopted in determining the fair value of forestry assets:

- the forest has been valued on a going concern basis and only includes the value of the existing crops on a single rotation basis;
- the value of the land has been treated as zero because forestry is currently the best use of the land from an environmental and management perspective The planted forest is part of an integrated land use pattern that mitigates soil erosion;
- both buyer and seller are registered for GST and the impact on the transaction would be neutral.

The following taxation assumptions are made in respect of the forest purchaser:

- rate of taxation is 28 per cent,

- tax losses and tax liability are assumed to be claimable/payable in the year costs are incurred or revenue received,
- a value of Cost of Bush Account equal to the estimated tree crop value is included in the cashflow to be deducted against future revenue,
- the forest is retained by the prospective purchaser through to maturity,
- the new ownership of the forest is affected by equity funding only,
- no change in the New Zealand tax law for the cashflow period considered.

**Financial risk management strategies**

Waikato Regional Council is exposed to financial risks arising from changes in timber prices. The council is a long-term forestry investor and does not expect timber prices to decline significantly in the foreseeable future and therefore has not taken any measures to manage the risks of a decline in timber prices. The council reviews its outlook for timber prices regularly in considering the need for active financial risk management.

## 28. Depreciation and amortisation expense by group of activity

Directly attributable depreciation and amortisation expense by group of activity were:

| | 2025/26 Actual $'000 | 2024/25 Last year $'000 |
|---|---|---|
| Customer, Community and services | 4 | 7 |
| Civil Defence Emergency Management | 13 | 16 |
| Flood Protection and Control Works | 9,953 | 8,474 |
| Integrated Catchment Management | 35 | 9 |
| Regional Transport Connections | 353 | 1,045 |
| Science, Policy and Information | - | - |
| Corporate and self-funding | 3,656 | 3,602 |
| **Total depreciation and amortisation expense** | **14,014** | **13,153** |

## 29. Asset insurance

As at 30 June 2026, the council held insurance contracts in relation to its property, plant and equipment, and intangible assets on the following basis:

- Total insurance contracts to the value of $150 million in relation to operational assets and intangible assets having a book value of $31.954 million (2025: $30.038 million)
- Total insurance contracts to the value of $300 million in relation to infrastructure assets having a book value of $928.473 million (2025: $964.619 million) These insurance contracts provide for the recovery of 40 per cent of the costs of loss or damage to declared assets The council assumes that, in the event of a major disaster, central Government will meet the other 60 per cent of costs
- An insurance contract to the value of $20 million in relation to infrastructure assets having a book value of $928.473 million (2025: $964.619 million) This insurance provides for the recovery of 100 per cent of the costs of loss or damage to declared assets in excess of the insurance policy deductible of $500,000.

The total value of all assets of Waikato Regional Council that are covered by financial risk sharing arrangements, and the maximum amount available to Waikato Regional Council under those arrangements are nil.

The council's infrastructure and material damage insurance policies are held collectively with other councils in the region. In the case of a major event affecting the assets of more than one council, the insurance cover would respond to costs incurred by all councils impacted up to the maximum level of cover.

In addition to the insurance contracts noted above, the council maintains disaster recovery reserves to meet the costs of damage to flood protection schemes (total closing book value of $928.638m) that may not be recoverable through insurance (for example, costs associated with channel clearance). At 30 June 2026 the balance of these reserves was $6.761 million (2025: $6.574 million).

## 30. Inventories and work in progress

| | 2025/26 Actual $'000 | 2024/25 Last year $'000 |
|---|---|---|
| *Inventory held for distribution* | | |
| Raw materials at cost | 2,713 | 2,051 |
| *Commercial inventories* | | |
| *Inventory held for use in the provision of services* | | |
| Work in progress | 1,256 | 970 |
| **Total inventory and work in progress** | **3,969** | **3,021** |

Inventories held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at cost (using the FIFO method) adjusted when applicable, for any loss of service potential. Inventory acquired through non-exchange transactions are measured at fair value at the date of acquisition.

Inventories held for use in the production of goods and services on a commercial basis are valued at the lower of cost and net realisable value. The cost of purchased inventory is determined using the first-in first-out (FIFO) method.

The amount of any write down for the loss of service potential or from the cost to net realisable value is recognised in the surplus or deficit in the period of the write down.

Work in progress represents unbilled costs associated with consent processing and compliance monitoring. This balance is reduced as costs are invoiced and become a debtor.

## 31. Derivative financial instruments

Derivative financial instruments are used to manage interest rate risks arising from the council's financing activities.

In accordance with its Treasury Management Policy, the council does not hold or issue derivative financial instruments for trading purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and, if so, the nature of the item being hedged.

The associated gains or losses of derivatives that are not hedge accounted are recognised in the surplus or deficit.

The full fair value of a hedge accounted derivative is classified as non-current if the remaining maturity of the hedged item is more than 12 months, and as current if the remaining maturity of the hedged item is less than 12 months.

The portion of the fair value of a non-hedge accounted interest rate derivative that is expected to be realised within 12 months of balance date is classified as current, with the remaining portion of the derivative classified as non-current.

| | 2025/26 Actual $'000 | 2024/25 Last year $'000 |
|---|---|---|
| **Interest rate swaps** | | |
| Interest rate swaps - current assets | - | 9 |
| Interest rate swaps - non current assets | 564 | 431 |
| Interest rate swaps - current liabilities | 73 | - |
| Interest rate swaps - non current liabilities | 223 | - |
| **Total net derivative financial instruments** | **268** | **440** |

**Information about interest rate swaps**

The notional principal amounts of the outstanding interest rate swap contracts totalled $29 million (2025: $32 million). The fixed interest rates of interest rate swaps varied from 2.64% to 3.76%.

The council currently has no fair value hedges.

## 32. Creditors and other payables

| | 2025/26 Actual $'000 | 2024/25 Last year $'000 |
|---|---|---|
| **Non-exchange** | | |
| Funds held on behalf of third parties | 1,769 | 1,741 |
| **Total creditors and other payables from non-exchange transactions** | **1,769** | **1,741** |
| **Exchange** | | |
| Trade payables | 12,278 | 13,618 |
| Deposits and bonds | 50 | 50 |
| Accrued expenses | 6,931 | 7,368 |
| Other payables | 10,960 | 4,779 |
| **Total creditors and other payables from exchange transactions** | **30,219** | **25,815** |
| **Total current creditors and other payables** | **31,988** | **27,556** |

Short-term creditors and other payables are recorded at their face value. Creditors and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of trade and other payable approximates their fair value.

In prior years, rates revenue received in advance was offset against rates debtors. During the year, management reviewed this presentation and concluded that separate recognition of these balances is more appropriate. Accordingly, rates revenue received in advance is presented within creditors and other payables in the current year. The rates revenue received in advance at 30 June 2025 is $4.8m. The comparative information has not been restated and the change in recognition has no impact on net assets, surplus/(deficit), or cash flows.

## 33. Borrowing

Borrowings are initially recognised at their fair value plus transaction costs Interest due on the borrowings is subsequently accrued and added to the borrowings balance.

Borrowings are classified as current liabilities unless the council has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

| | 2025/26 Actual $'000 | 2024/25 Last year $'000 |
|---|---|---|
| Secured borrowing | 40,169 | 14,139 |
| **Total current portion** | **40,169** | **14,139** |
| Secured borrowing | 26,188 | 35,281 |
| **Total non-current portion** | **26,188** | **35,281** |
| **Total secured interest bearing borrowings** | **66,357** | **49,420** |

**Interest terms for secured loans**

Council's secured debt of $66.357 million (2025: $49.420 million) is issued at various floating rates, with interest rates reset quarterly based on the 90-day bank bill rate plus a margin for credit risk, and fixed rates of interest. Council has 9 swap contracts in place (2025:11). These swap contracts have a notional value of $29 million dollars (2025: $32 million). The swaps convert part of council's borrowing from floating to fixed rates.

At 30 June 2026 total borrowings from the Local Government Funding Agency Ltd were $66 million (2025: $49 million). The average cost of interest was 2.89% (2025: 5.11%).

**Security**

The council's secured loans are secured over either targeted or general rates of the council.

**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.

**Reconciliation of movements in liabilities arising from financing activities**

The table below provides a reconciliation between the opening and closing balance of liabilities with cash flows that were or future cash flows that will be classified as a financing activity in the statement of cash flows.

| | Borrowings | |
|---|---|---|
| | 2025/26 Actual $'000 | 2024/25 Last year $'000 |
| Balance at 1 July | 49,420 | 32,384 |
| Cash inflows | 31,000 | 22,000 |
| Cash outflows | (14,000) | (5,000) |
| Non-cash changes | (420) | (354) |
| Other changes | 357 | 390 |
| **Balance at 30 June** | **66,357** | **49,420** |

## 34. Current liabilities

NZCU Carbon credits recognised this year.

| | 2025/26 Actual $'000 | 2024/25 Last year $'000 |
|---|---|---|
| ETS Credits | 476 | - |
| **Total** | **476** | **-** |

## 35. Capital commitments and operating leases

Capital expenditure contracted for at the reporting date but not recognised as liabilities as follows:

| | 2025/26 Actual $'000 | 2024/25 Last year $'000 |
|---|---|---|
| **Capital commitments** | | |
| Vehicles | 257 | 151 |
| Other plant and equipment | 1,041 | 1,118 |
| Intangible assets | - | - |
| Flood protection and control | 1,114 | 2,658 |
| Leasehold improvements | 236 | 99 |
| IT equipment | 13 | 4 |
| **Total capital commitments** | **2,661** | **4,030** |

Capital commitments relate to property, plant, equipment and intangibles. There are no commitments at balance date for forestry assets.

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 (Note 10) 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.

**Operating leases as lessee**

Waikato Regional Council leases property, plant and equipment in the normal course of its business. The majority of these leases have a non-cancellable term of 12 months. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows.

| | 2025/26 Actual $'000 | 2024/25 Last year $'000 |
|---|---|---|
| Not later than one year | 3,669 | 3,811 |
| Later than one year and not later than five years | 13,822 | 14,438 |
| Later than five years | 15,252 | 21,119 |
| **Total non-cancellable operating leases** | **32,743** | **39,368** |

Leases can be renewed at Waikato Regional 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 Waikato Regional Council by any of the leasing arrangements.

**Operating leases as lessor**

Waikato Regional Council sub-leases part of a property it leases. This sublease has a non-cancellable term of six years. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows.

| | 2025/26 Actual $'000 | 2024/25 Last year $'000 |
|---|---|---|
| Not later than one year | 251 | 226 |
| Later than one year and not later than five years | 479 | 662 |
| Later than five years | - | - |
| **Total non-cancellable operating leases** | **730** | **888** |

The total minimum future sublease payments expected to be received under non-cancellable subleases at balance date is $728,884 (2025: $888,020).

No contingent rents have been recognised during the period.

**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.

## 36. Contingent liabilities

**Unquantified claims**

NZ Mutual Liability Riskpool (Riskpool) provided public liability and professional indemnity insurance for its members. The Council was a member of Riskpool until 30 June 2017. The Trust Deed of Risk Pool provides that, if there is shortfall (whereby

claims exceed contributions of members and reinsurance recoveries) in any fund year, then the board may make a call on members for that fund year.

No unquantifiable material exposure related to any legal matters has been estimated (2025: $Nil).

**Local Government Funding Agency**

***Uncalled capital***

As at 30 June 2026, the Council is one of 30 local authority shareholders of the New Zealand Local Government Funding Agency Limited (LGFA). The Council has uncalled capital of $1.121m (2025: $1.203m). When aggregated with the uncalled capital of other shareholders, $20m is available for LGFA to call if an imminent default is identified.

***Guarantees***

As at 30 June 2026, the Council is one of 74 local authority guarantors of the LGFA. The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. As at 30/06/2026 the LGFA has a local currency credit rating from S&P Global Ratings of AAA and a foreign currency rating of AA+ and a local currency rating and foreign currency rating of AA+ from Fitch[(1)]

([1] See https://www.lgfa.co.nz/investors/credit-ratings for the latest ratings. This should be updated based on the latest information available.)

Together with the other guarantors, the Council is a guarantor of all of the LGFA's guaranteed borrowings. Any call on the guarantee will be made on a pro-rata basis according to each guarantor's prior year annual rates revenue. If a guarantor fails to pay its pro-rata share, the other guarantors will be called on for payment on a pro-rata basis. At 30 June 2026, the LGFA had guaranteed borrowings totaling $26.550 billion[(2)] (2025: $25.530 billion). PBE Accounting Standards require the council to measure the LGFA guarantee liability at the higher of, the loss allowance at balance date determined by the ECL model, and the amount initially recognised. At the end of the financial year, the Council has assessed the 12-month expected credit losses of the guarantee liability, based on market information on the underlying assets held by the LGFA. The estimated 12-month expected credit losses are immaterial due to the extremely low probability of default by the LGFA in the next 12 months. Therefore, the Council has not recognised a liability.

[2] This has been obtained from the LGFA confirmation and the published LGFA financial statements.

The Council considers the risk of the LGFA defaulting on repayment of interest or capital to be very low on the basis that:

- it is not aware of any local authority debt default events being notified in New Zealand; and
- local government legislation would enable local authorities to levy a rate to raise sufficient funds to meet any debt obligations if further funds were required.

Council has borrowed $66.357m (2025: $49.420m) from the LGFA which is recognised as a liability in the financial statements.

**DM & MA Gleeson Family Trust**

A claim has been lodged by DM & MA Gleeson Family Trust alleging that Council's failure to maintain drainage infrastructure resulted in flooding of the claimant's land following the Auckland Anniversary weather event in 2023. The claimant asserts that this inundation caused damage to pasture and other associated losses.

The matter remains under review. During the year, the claimant provided an expert report in support of the claim. Council's insurer has appointed external legal counsel and is managing the matter on Council's behalf.

As at 30 June 2026, the claimant has previously indicated that the value of the claim may be approximately $200,000 (including GST), however the final quantum of any claim has not been confirmed. No court proceedings have been filed. Accordingly, the matter has been disclosed as a contingent liability.

**Contingent assets**

No contingent assets have been estimated (2025: $nil).

## 37. Equity

| | 2025/26 Actual $'000 | 2024/25 Last year $'000 |
|---|---|---|
| Accumulated funds | 203,785 | 201,690 |
| Other reserves | 884,745 | 920,278 |
| **Balance at 30 June** | **1,088,530** | **1,121,968** |

| **Accumulated funds** | | |
|---|---|---|
| Balance at 1 July | 201,690 | 212,362 |
| Transfer to reserves | (17,618) | (12,580) |
| Surplus / (deficit) for the year | 19,713 | 1,908 |
| Balance 30 June | **203,785** | **201,690** |

| Reserve | Activities to which the reserve relates | Balance 1 July $'000 | Transfers into fund $'000 | Transfers out of fund $'000 | Balance 30 June $'000 |
|---|---|---|---|---|---|
| **2026** | | | | | |
| Regional disaster recovery | Flood protection and control works | 2,820 | 187 | - | 3,007 |
| Waihou Piako Scheme | Integrated catchment management; Flood protection and control works | (1,228) | (1,683) | - | (2,911) |
| Lower Waikato main channel | Flood protection and control works | 2,586 | 197 | - | 2,783 |
| Watershed | Integrated catchment management; Flood protection and control works | 21,273 | 3,177 | (140) | 24,310 |
| Coromandel | Integrated catchment management; Flood protection and control works | 5,282 | - | (979) | 4,303 |
| West coast | Integrated catchment management; Flood protection and control works | 1,187 | - | (132) | 1,055 |
| Zone disaster recovery | Integrated catchment management; Flood protection and control works | 3,754 | - | - | 3,754 |
| Drainage | Flood protection and control works | (1,189) | | 500 | (689) |
| Waikato civil defence emergency management | Waikato civil defence emergency management | (92) | (367) | 431 | (28) |
| Natural heritage | Integrated catchment management | 1,107 | 637 | - | 1,744 |
| Biosecurity | Integrated catchment management | 3,386 | 866 | - | 4,252 |
| Environmental initiatives | Integrated catchment management | 234 | | (25) | 209 |
| General | Customer services | 8,272 | | (3,047) | 5,225 |
| Permitted activity monitoring | Resource use | 1,712 | 693 | - | 2,405 |
| Building Act contingency | Resource use | 75 | 3 | - | 78 |
| Complaints and enforcement | Resource use | 72 | - | - | 72 |
| Stock truck effluent | Regional transport connections | 1,065 | 50 | - | 1,115 |
| Public transport | Regional transport connections | 6,792 | 1,164 | (567) | 7,389 |

| Reserve | Activities to which the reserve relates | Balance 1 July $'000 | Transfers into fund $'000 | Transfers out of fund $'000 | Balance 30 June $'000 |
|---|---|---|---|---|---|
| Integrated Regional Information System (IRIS) | Corporate (council controlled organisations) | 348 | - | - | 348 |
| Motor vehicle and plant | Corporate | 1,392 | 53 | (187) | 1,258 |
| Operational fixed asset depreciation | Corporate | 747 | - | - | 747 |
| Communications network | Corporate | 450 | - | (170) | 280 |
| Investment fund equalisation | Corporate (Treasury) | (2,605) | 10,759 | - | 8,154 |
| Investment fund capital protection | Corporate (Treasury) | 30,755 | 4,211 | - | 34,966 |
| Derivative Financial Instrument | Corporate | 440 | - | (172) | 268 |
| Wharekawa Coast Reserve | Integrated catchment management; Flood protection and control works | (72) | - | 3 | (69) |
| Hauraki plan change | Science, policy and information | 93 | - | (93) | - |
| Regional development fund | Customer services | 5,338 | - | (190) | 5,148 |
| Contaminated Land Investigation | Science, policy and information | 399 | - | - | 399 |
| Resilient Development Reserve | Regional hazards and emergency response | 20 | - | - | 20 |
| Lower Waikato Community Works | Flood protection and control works | 147 | - | (213) | (66) |
| Population Growth Reserve | Corporate | - | 1,087 | - | 1,087 |
| Research & Development | Corporate | - | 250 | - | 250 |
| Inter-regional Rail | Regional transport connections | - | 1,260 | - | 1,260 |
| Total Mobility | Regional transport connections | - | 319 | - | 319 |
| Community Transport | Regional transport connections | - | - | (264) | (264) |
| **Total council-created reserves** | | **94,560** | **22,863** | **(5,245)** | **112,178** |

| Reserve | Activities to which the reserve relates | Balance 1 July $'000 | Transfers into fund $'000 | Transfers out of fund $'000 | Balance 30 June $'000 |
|---|---|---|---|---|---|
| **2025** | | | | | |
| Regional disaster recovery | Integrated catchment management; Flood protection and control works | 2,723 | 97 | - | 2,820 |
| Waihou Piako Scheme | Integrated catchment management; Flood protection and control work | 1,285 | - | (2,513) | (1,228) |
| Lower Waikato main channel | Flood protection and control works | 2,183 | 403 | - | 2,586 |
| Watershed | Integrated catchment management; Flood protection and control works | 18,981 | 2,639 | (347) | 21,273 |
| Coromandel | Integrated catchment management; Flood protection and control works | 4,383 | 899 | - | 5,282 |
| West coast | Integrated catchment management; Flood protection and control works | 893 | 294 | - | 1,187 |

| Reserve | Activities to which the reserve relates | Balance 1 July $'000 | Transfers into fund $'000 | Transfers out of fund $'000 | Balance 30 June $'000 |
|---|---|---|---|---|---|
| Zone disaster recovery | Integrated catchment management; Flood protection and control works | 3,608 | 146 | - | 3,754 |
| Drainage | Flood protection and control works | (1,442) | 340 | (87) | (1,189) |
| Waikato civil defence emergency management | Civil defence | 174 | 446 | (712) | (92) |
| Natural Heritage | Integrated catchment management | 74 | 1,033 | - | 1,107 |
| Biosecurity | Integrated catchment management | 3,661 | - | (275) | 3,386 |
| Environmental initiatives | Integrated catchment management | 97 | 137 | - | 234 |
| General | Community and services | 1,773 | 8,426 | (1,927) | 8,272 |
| Permitted activity monitoring | Resource use | 258 | 1,454 | - | 1,712 |
| Building Act contingency | Resource use | 94 | 5 | (24) | 75 |
| Complaints and enforcement | Resource use | 72 | - | - | 72 |
| Stock truck effluent | Science, policy and information | 913 | 152 | - | 1,065 |
| Public transport | Regional transport connections | 6,917 | 1,039 | (1,164) | 6,792 |
| Integrated Regional Information System (IRIS) | Corporate (council controlled organisations) | 348 | - | - | 348 |
| Motor vehicle and plant | Corporate | 967 | 425 | - | 1,392 |
| Operational fixed asset depreciation | Corporate | 747 | - | - | 747 |
| Communications network | Corporate | 550 | - | (100) | 450 |
| Investment fund equalisation | Corporate (Treasury) | (5,818) | 7,758 | (4,545) | (2,605) |
| Investment fund capital protection | Corporate (Treasury) | 28,202 | 2,553 | - | 30,755 |
| Derivative financial instruments | Corporate (Treasury) | 1,208 | - | (768) | 440 |
| Healthy rivers internal loan | Science, policy and information | 1,923 | - | (1,923) | - |
| Hauraki plan change | Science, policy and information | 93 | - | - | 93 |
| Regional development fund | Science, policy and information | 6,694 | - | (1,356) | 5,338 |
| Contaminated Land Investigation | Science, policy and information | 399 | - | - | 399 |
| Lower Waikato Flood Community Works | Flood protection and control works | - | 147 | - | 147 |
| Wharekawa Coast (Kaiaua) Reserve | Integrated catchment management; Flood protection and control works | - | - | (72) | (72) |
| Resilient development reserve | Regional hazards and emergency response | 20 | - | - | 20 |
| **Total council-created reserves** | | **81,980** | **28,393** | **(15,813)** | **94,560** |

| | Balance 1 July $'000 | Transfers into fund $'000 | Transfers out of fund $'000 | Balance 30 June $'000 |
|---|---|---|---|---|
| **Asset revaluation reserve 2026** | | | | |
| Operational buildings | 3,549 | - | (92) | 3,457 |
| Operational Land | 7 | - | - | 7 |
| **Infrastructural assets** | | | | |
| - Bridges | 994 | 237 | - | 1,231 |
| - Channels | 38,586 | 8,760 | - | 47,346 |
| - Control gates | 377 | 99 | - | 476 |
| - Culverts | 2,818 | - | (1,597) | 1,221 |
| - Debris traps | 119 | 4 | - | 123 |
| - Detentions | 14,165 | 1,682 | - | 15,847 |
| - Drop structures | 2 | 12 | - | 14 |
| - Fencing | 4,678 | 786 | - | 5,464 |
| - Floodgates | 36,163 | - | (6,605) | 29,558 |
| - Land | 57,689 | 1,165 | - | 58,854 |
| - Plantings | 171 | 80 | - | 251 |
| - Pump stations | 36,191 | 12,426 | (421) | 48,196 |
| - Retaining structures | 4,274 | 1,604 | - | 5,878 |
| - River training works | 1,173 | 384 | - | 1,557 |
| - Stopbanks | 620,058 | - | (72,764) | 547,294 |
| - Structures | 3,912 | 1,615 | - | 5,527 |
| - Weirs | 792 | - | (527) | 265 |
| **Balance at 30 June** | **825,718** | **28,854** | **(82,006)** | **772,566** |

| | Balance 1 July $'000 | Transfers into fund $'000 | Transfers out of fund $'000 | Balance 30 June $'000 |
|---|---|---|---|---|
| **Asset revaluation reserve 2025** | | | | |
| Operational buildings | (4) | 11 | - | 7 |
| Operational Land | 3,549 | - | - | 3,549 |
| **Infrastructure assets** | | | | |
| - Bridges | 994 | - | - | 994 |
| - Channels | 38,586 | - | - | 38,586 |
| - Control gates | 377 | - | - | 377 |
| - Culverts | 2,818 | - | - | 2,818 |
| - Debris traps | 119 | - | - | 119 |
| - Detentions | 14,165 | - | - | 14,165 |
| - Drop structures | 2 | - | - | 2 |
| - Fencing | 4,678 | - | - | 4,678 |
| - Floodgates | 36,163 | - | - | 36,163 |
| - Land | 57,689 | - | - | 57,689 |
| - Plantings | 171 | - | - | 171 |
| - Pump stations | 36,191 | - | - | 36,191 |
| - Retaining structures | 4,274 | - | - | 4,274 |
| - River training works | 1,173 | - | - | 1,173 |
| - Stopbanks | 600,780 | 19,278 | - | 620,058 |
| - Structures | 3,912 | - | - | 3,912 |

| | | | | |
|---|---|---|---|---|
| - Weirs | 792 | - | - | 792 |
| **Balance at 30 June** | **806,428** | **19,289** | **-** | **825,718** |

| | 2025/26 Actual $'000 | 2024/25 Last year $'000 |
|---|---|---|
| Balance 1 July | 825,718 | 806,428 |
| Revaluation adjustment | (53,152) | 19,289 |
| Transfer to accumulated funds on disposal of property | - | - |
| **Balance 30 June** | **772,566** | **825,718** |

**Disaster recovery (regional and zone)**

To provide funding to respond to natural disaster events, including the funding of insurance excesses.

**Waihou-Piako zone**

To recognise the difference between actual and budgeted expenditure in relation to this zone. This activity is funded by way of a targeted rate. The application of a reserve ensures that the targeted rate revenue is only applied for the purpose it was charged. The reserve also recognises revenue generated to fund capital expenditure.

**Project Watershed (including Lower Waikato main channel)**

To recognise the difference between actual and budgeted expenditure in relation to this zone. This activity is funded by way of a targeted rate. The application of a reserve ensures that the targeted rate revenue is only applied for the purpose it was charged. The reserve also recognises revenue generated to fund capital expenditure.

**Coromandel Peninsula**

To recognise the difference between actual and budgeted expenditure in relation to this zone. This activity is funded by way of a targeted rate. The application of a reserve ensures that the targeted rate revenue is only applied for the purpose it was charged. The reserve also recognises revenue generated to fund capital expenditure.

**West coast**

To recognise the difference between actual and budgeted expenditure in relation to this zone. This activity is funded by way of a targeted rate. The application of a reserve ensures that the targeted rate revenue is only applied for the purpose it was charged. The reserve also recognises revenue generated to fund capital expenditure.

**Drainage boards**

To recognise the difference between actual and budgeted expenditure in relation to council's land drainage functions. This activity is funded by way of a targeted rate. The application of a reserve ensures that the targeted rate revenue is only applied for the purpose it was charged. The reserve also recognises revenue generated to fund capital expenditure.

**Waikato Civil Defence Emergency Management group**

To recognise the difference between actual and budgeted expenditure in relation to civil defence function. This activity is funded by way of a targeted rate. The application of a reserve ensures that the targeted rate revenue is only applied for the purpose it was charged. The reserve also recognises revenue generated to fund capital expenditure.

**Natural heritage**

To recognise the difference between actual and budgeted natural heritage expenditure. Maintenance of a reserve ensures that funds can be accumulated across financial years and paid to community groups in the year in which the funds will be used.

**Biosecurity**

To recognise the difference between actual and budgeted biosecurity expenditure. This activity is funded by way of a targeted rate. The application of a reserve ensures that the targeted rate revenue is only applied for the purpose it was charged.

**Environmental initiatives**

To recognise the difference between actual and budgeted expenditure in relation to the Environmental Initiatives Fund. Expenditure from the Environmental Initiatives Fund is dependent on applications received each financial year. The use of a reserve ensures that unspent funds can be accumulated across financial years.

**General**

To smooth the costs of the triennial elections over the three year term of the council.

**Permitted activity monitoring**

To recognise the difference between actual and budgeted permitted activity monitoring expenditure. This activity is funded by way of a targeted rate. The application of a reserve ensures that the targeted rate revenue is only applied for the purpose it was charged.

**Building Act contingency**

A legal contingency fund in relation to council's responsibilities under the *Building Act 2004.* Waikato Regional Council acts as the consenting authority on behalf of a number of other local authorities.

**Complaints and enforcement**

The compliance and enforcement reserve is held to manage variability in the annual revenue generated from this activity. While a budget provision for revenue recoveries is made, actual revenue received may vary from this amount due to matters outside of the control of the council.

**Stock truck effluent**

To recognise the difference between actual and budgeted expenditure in relation to this activity.

**Public transport**

To recognise the difference between actual and budgeted passenger transport expenditure. This activity is funded by way of a targeted rate. The application of a reserve ensures that the targeted rate revenue is only applied for the purpose it was charged. The reserve balance will be held at a level that provides some mitigation against increasing costs for these services. This reserve will also be used for the electronic ticketing system.

**Integrated Regional Information System (IRIS)**

To allow funding for the IRIS project to be smoothed over the development period. The reserve is expected to be fully expended once the project is completed.

**Motor vehicle and plant**

To recognise the difference between actual and budgeted expenditure. Reserve funds may be applied to the funding of vehicle and plant capital expenditure.

**Operational fixed asset depreciation**

To recognise the difference between budgeted and actual operational fixed asset depreciation. To ensure that depreciation funding is not applied to general council expenditure.

**Communications network**

To recognise the difference between actual and budgeted expenditure. Reserve funds may be applied to the funding of communications network capital expenditure.

**Investment fund equalisation**

To provide a smoothing of the impact of variable investment fund returns over time. The investment equalisation reserve tracks the difference between the budgeted fund return and the actual fund return each year.

**Investment fund capital protection**

To recognise the provision for the investment fund inflation proofing.

**Primary industry compliance**

To allow the funding for costs incurred for implementation of primary industry compliance costs to be spread over the agreed funding period.

**Hauraki Plan Change**

To track funding set aside for the development of the change to the Regional Plan for the Hauraki Catchment area.

**Regional development fund**

To track funding set aside to form the council's regional development fund, less distributions made through approved funding agreements.

**Asset revaluation reserve**

The property, plant and equipment revaluation reserve is used to record increments and decrements on the revaluation of non-current assets.

**Derivative Financial Instruments**

To recognise the fluctuations in the value of derivative financial instruments. As financial instruments are held to maturity, movements in the value of the instruments are not realised.

**Resilient development**

To recognise the difference between actual and budgeted expenditure. Reserve funds will be applied to the resilient development operational expenditure.

**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;
- property revaluation reserves;
- restricted reserves.

**Restricted reserves**

Restricted reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by the council.

Restricted reserves include those subject to specific conditions accepted as binding by the council and which may not be revised by the council without reference to the courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Also included in restricted reserves are reserves restricted by council decision. The council may alter them without reference to any third party or the courts. Transfers to and from these reserves are at the discretion of the council.

**Property revaluation reserve**

This reserve relates to the revaluation of property, plant, and equipment to fair value.

## 38. Capital management

The council’s capital is its equity (or ratepayer’s funds), which comprises retained earnings and reserves. Equity is represented by net assets.

The *Local Government Act 2002* (the Act) 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. Ratepayer’s funds are largely managed as a byproduct 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 Act and applied by the council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the council's assets but 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 ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act 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 Act sets out the factors the council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and the levels of funding are set out in the funding and financial policies in the LTP.

Waikato Regional Council has the following council created reserves:

- reserves for different areas of benefit;
- self-insurance reserves.

Reserves for different areas of benefit are used where there is a discrete set of rate or levy payers as distinct from the payers of general rate. Any surplus or deficit relating to these separate areas of benefit is applied to the specific reserves.

Self-insurance reserves are built up annually from rates and are made available for specific unforeseen events. The release of these funds generally can only be approved by the council.

## 39. Compliance with the council's policies

The Local Government Act 2002 requires all local authorities to prepare the following policies and plans:

- long term plan
- revenue and financing policy
- treasury risk management policy (incorporating liability and investment management policies
- development contributions or financial contributions policy
- remission and postponement of rates on Māori freehold land.

In addition, local authorities may adopt a rates remission policy and a rates postponement policy.

## 40. Events occurring after the balance date

After balance date, on 15 September 2026, the Ministry and Waikato Regional Council executed a suspensory loan agreement relating to an existing Crown loan facility of $8.382 million.

The agreement was not legally binding at 30 June 2026 as it had not been executed by all parties. Accordingly, no asset, liability adjustment, or gain has been recognised in these financial statements.

However, the execution of the agreement after balance date has been assessed as a non-adjusting event. Under the terms of the agreement, all or part of the loan may be forgiven in future, subject to Council satisfying specified conditions. The maximum value of the loan facility subject to the agreement is $8.382 million.

## 41. Statements of service performance

Under the *Local Government Act 2002*, the council is required to report on its performance as it relates to measures established in the annual plan. Elements of cost, quality, quantity, timeliness and location (where applicable) must be built into each service performance area. These elements have been covered. Quality processes (which affect the quality of output) are also a standard feature of the internal management control systems, in particular as follows.

**Preparation of internal reports**

Internal reports are prepared by suitably qualified and experienced staff. Significant reports are subject to a peer review process/consultation review.

**Capital works**

Capital works are constructed to design specifications Inspections of works are undertaken by suitably qualified and experienced engineers.

**Maintenance works**

Maintenance works are undertaken by employees or by contract under the supervision of suitably qualified and experienced engineers and monitored thereafter in accordance with the maintenance programme.

**Performance review**

As part of the annual planning and reporting cycle, the organisation's performance is formally assessed by the council three times during the financial year. At these reviews, progress with the achievement of the performance measures stated in the Annual Plan is evaluated. Where circumstances have changed, adjustments are made to the budget through a resolution of council.

# Ngā tahua ā-wāhanga
# Group of activity funding impact statements

## Customer, community and services

| | 2025 LTP ($000) | 2026 LTP ($000) | 2026 Actual ($000) |
|---|---|---|---|
| **Sources of operating funding** | | | |
| General rates, uniform annual general charges, rates penalties | 7,124 | 7,221 | 7,271 |
| Targeted rates | 1,138 | 1,147 | 1,134 |
| Subsidies and grants for operating purposes | 2 | 2 | - |
| Fees and charges | 190 | 193 | 10 |
| Internal charges and overheads recovered | - | - | - |
| Local authorities fuel tax, fines, infringement fees, and other receipts | - | - | - |
| **Total operating funding (A)** | **8,453** | **8,563** | **8,416** |
| | | | |
| **Applications of operating funding** | | | |
| Payments to staff and suppliers | 7,172 | 5,773 | 5,178 |
| Finance costs | 406 | 380 | 258 |
| Internal charges and overheads applied | 2,197 | 2,236 | 2,467 |
| Other operating funding applications | - | - | - |
| **Total applications of operating funding (B)** | **9,775** | **8,389** | **7,903** |
| **Surplus (deficit) of operating funding (A-B)** | **(1,322)** | **174** | **513** |
| | | | |
| **Sources of capital funding** | | | |
| Subsidies and grants for capital expenditure | - | - | - |
| Development and financial contributions | - | - | - |
| Increase (decrease) in debt | (472) | (498) | - |
| Gross proceeds from the sale of assets | - | - | - |
| Lump sum contributions | - | - | - |
| Other dedicated capital funding | - | - | - |
| **Total sources of capital funding (C)** | **(472)** | **(498)** | **-** |
| | | | |
| **Applications of capital funding** | | | |
| Capital expenditure | | | |
| - to meet additional demand | - | - | - |
| - to improve the level of service | - | - | - |
| - to replace existing assets | - | - | - |
| Increase (decrease) in reserves | (1,794) | (324) | 513 |
| Increase (decrease) of investments | - | - | - |
| **Total applications of capital funding (D)** | **(1,794)** | **(324)** | **513** |
| | | | |
| **Surplus (deficit) of capital funding (C-D)** | **1,322** | **(174)** | **(513)** |
| | | | |
| **Funding balance ((A-B)+(C-D))** | - | - | - |

## Waikato Civil Defence Emergency Management Group

| | 2025 LTP ($000) | 2026 LTP ($000) | 2026 Actual ($000) |
|---|---|---|---|
| **Sources of operating funding** | | | |
| General rates, uniform annual general charges, rates penalties | - | - | - |
| Targeted rates | 3,116 | 3,160 | 3,102 |
| Subsidies and grants for operating purposes | - | - | - |
| Fees and charges | 1,168 | 1,184 | 253 |
| Internal charges and overheads recovered | - | - | - |
| Local authorities fuel tax, fines, infringement fees, and other receipts | - | - | - |
| **Total operating funding (A)** | **4,283** | **4,344** | **3,355** |
| | | | |
| **Applications of operating funding** | | | |
| Payments to staff and suppliers | 2,875 | 2,919 | 2,481 |
| Finance costs | - | - | - |
| Internal charges and overheads applied | 1,397 | 1,417 | 1,200 |
| Other operating funding applications | - | - | - |
| **Total applications of operating funding (B)** | **4,272** | **4,336** | **3,680** |
| **Surplus (deficit) of operating funding (A-B)** | **11** | **8** | **(325)** |
| | | | |
| **Sources of capital funding** | | | |
| Subsidies and grants for capital expenditure | - | - | - |
| Development and financial contributions | - | - | - |
| Increase / (decrease) in debt | - | - | - |
| Gross proceeds from the sale of assets | - | - | - |
| Lump sum contributions | - | - | - |
| Other dedicated capital funding | - | - | - |
| **Total sources of capital funding (C)** | **-** | **-** | **-** |
| | | | |
| **Applications of capital funding** | | | |
| Capital expenditure | | | |
| - to meet additional demand | - | - | - |
| - to improve the level of service | - | - | |
| - to replace existing assets | - | - | - |
| Increase (decrease) in reserves | 11 | 8 | (325) |
| Increase (decrease) of investments | - | - | - |
| **Total applications of capital funding (D)** | **11** | **8** | **(325)** |
| | | | |
| **Surplus (deficit) of capital funding (C-D)** | **(11)** | **(8)** | **325** |
| | | | |
| **Funding balance ((A-B)+(C-D))** | - | - | - |

## Regional hazards and emergency response

| | 2025 LTP ($000) | 2026 LTP ($000) | 2026 Actual ($000) |
|---|---|---|---|
| **Sources of operating funding** | | | |
| General rates, uniform annual general charges, rates penalties | 2,584 | 2,606 | 2,667 |
| Targeted rates | - | - | - |
| Subsidies and grants for operating purposes | - | - | - |
| Fees and charges | 166 | 174 | 30 |
| Internal charges and overheads recovered | - | - | - |
| Local authorities fuel tax, fines, infringement fees, and other receipts | - | - | - |
| **Total operating funding (A)** | **2,750** | **2,780** | **2,697** |
| | | | |
| **Applications of operating funding** | | | |
| Payments to staff and suppliers | 1,428 | 1,394 | 1,962 |
| Finance costs | - | - | - |
| Internal charges and overheads applied | 1,281 | 1,260 | 2,319 |
| Other operating funding applications | - | - | - |
| **Total applications of operating funding (B)** | **2,709** | **2,655** | **4,281** |
| **Surplus (deficit) of operating funding (A-B)** | **41** | **125** | **(1,584)** |
| | | | |
| **Sources of capital funding** | | | |
| Subsidies and grants for capital expenditure | - | - | - |
| Development and financial contributions | - | - | - |
| Increase / (decrease) in debt | - | - | - |
| Gross proceeds from the sale of assets | - | - | - |
| Lump sum contributions | - | - | - |
| Other dedicated capital funding | - | - | - |
| **Total sources of capital funding (C)** | **-** | **-** | **-** |
| | | | |
| **Applications of capital funding** | | | |
| Capital expenditure | | | |
| - to meet additional demand | - | - | - |
| - to improve the level of service | - | - | - |
| - to replace existing assets | - | - | - |
| Increase (decrease) in reserves | 41 | 125 | (1,584) |
| Increase (decrease) of investments | - | - | - |
| **Total applications of capital funding (D)** | **41** | **125** | **(1,584)** |
| | | | |
| **Surplus (deficit) of capital funding (C-D)** | **(41)** | **(125)** | **1,584** |
| | | | |
| **Funding balance ((A-B)+(C-D))** | - | - | - |

## Flood protection and control works

| | 2025 LTP ($000) | 2026 LTP ($000) | 2026 Actual ($000) |
|---|---|---|---|
| **Sources of operating funding** | | | |
| General rates, uniform annual general charges, rates penalties | 4,100 | 4,299 | 4,212 |
| Targeted rates | 28,017 | 29,433 | 28,787 |
| Subsidies and grants for operating purposes | - | - | 2,633 |
| Fees and charges | 887 | 887 | 1,448 |
| Internal charges and overheads recovered | 5,920 | 6,131 | 7,087 |
| Local authorities fuel tax, fines, infringement fees, and other receipts | - | - | - |
| **Total operating funding (A)** | **38,925** | **40,750** | **44,168** |
| | | | |
| **Applications of operating funding** | | | |
| Payments to staff and suppliers | 14,893 | 14,807 | 17,295 |
| Finance costs | 1,345 | 1,934 | 706 |
| Internal charges and overheads applied | 14,380 | 14,897 | 16,956 |
| Other operating funding applications | - | - | - |
| **Total applications of operating funding (B)** | **30,617** | **31,638** | **34,957** |
| **Surplus (deficit) of operating funding (A-B)** | **8,308** | **9,112** | **9,211** |
| | | | |
| **Sources of capital funding** | | | |
| Subsidies and grants for capital expenditure | - | - | |
| Development and financial contributions | - | - | - |
| Increase / (decrease) in debt | 24,253 | 12,652 | 4,557 |
| Gross proceeds from the sale of assets | - | - | - |
| Lump sum contributions | - | - | - |
| Other dedicated capital funding | - | - | - |
| **Total sources of capital funding (C)** | **24,253** | **12,652** | **4,557** |
| | | | |
| **Applications of capital funding** | | | |
| Capital expenditure | | | |
| - to meet additional demand | - | - | - |
| - to improve the level of service | 1,370 | 1,213 | 287 |
| - to replace existing assets | 13,612 | 20,686 | 13,215 |
| Increase (decrease) in reserves | 17,580 | (134) | 266 |
| Increase (decrease) of investments | - | - | - |
| **Total applications of capital funding (D)** | **32,561** | **21,764** | **13,768** |
| | | | |
| **Surplus (deficit) of capital funding (C-D)** | **(8,308)** | **(9,112)** | **(9,211)** |
| | | | |
| **Funding balance ((A-B)+(C-D))** | - | - | - |

## Integrated catchment management

| | 2025 LTP ($000) | 2026 LTP ($000) | 2026 Actual ($000) |
|---|---|---|---|
| **Sources of operating funding** | | | |
| General rates, uniform annual general charges, rates penalties | 8,555 | 8,705 | 8,709 |
| Targeted rates | 24,899 | 26,713 | 26,531 |
| Subsidies and grants for operating purposes | 1,541 | 754 | - |
| Fees and charges | 1,016 | 1,016 | 1,155 |
| Internal charges and overheads recovered | 1,316 | 1,376 | 1,407 |
| Local authorities fuel tax, fines, infringement fees, and other receipts | - | - | - |
| **Total operating funding (A)** | **37,327** | **38,564** | **37,802** |
| | | | |
| **Applications of operating funding** | | | |
| Payments to staff and suppliers | 26,254 | 26,832 | 23,952 |
| Finance costs | (133) | (128) | (130) |
| Internal charges and overheads applied | 12,037 | 12,501 | 11,731 |
| Other operating funding applications | - | - | - |
| **Total applications of operating funding (B)** | **38,157** | **39,203** | **35,552** |
| **Surplus (deficit) of operating funding (A-B)** | **(830)** | **(639)** | **3,583** |
| | | | |
| **Sources of capital funding** | | | |
| Subsidies and grants for capital expenditure | - | - | - |
| Development and financial contributions | - | - | - |
| Increase / (decrease) in debt | 49 | (1) | - |
| Gross proceeds from the sale of assets | - | - | - |
| Lump sum contributions | - | - | - |
| Other dedicated capital funding | - | - | - |
| **Total sources of capital funding (C)** | **49** | **(1)** | **-** |
| | | | |
| **Applications of capital funding** | | | |
| Capital expenditure | | | |
| - to meet additional demand | - | - | - |
| - to improve the level of service | 798 | 581 | - |
| - to replace existing assets | 25 | - | 17 |
| Increase (decrease) in reserves | (1,604) | (1,221) | 3,566 |
| Increase (decrease) of investments | - | - | - |
| **Total applications of capital funding (D)** | **(781)** | **(640)** | **3,583** |
| | | | |
| **Surplus (deficit) of capital funding (C-D)** | **830** | **639** | **(3,583)** |
| | | | |
| **Funding balance ((A-B)+(C-D))** | - | - | - |

## Regional transport connections

| | 2025 LTP ($000) | 2026 LTP ($000) | 2026 Actual ($000) |
|---|---|---|---|
| **Sources of operating funding** | | | |
| General rates, uniform annual general charges, rates penalties | 2,514 | 2,434 | 2,194 |
| Targeted rates | 16,481 | 25,003 | 22,244 |
| Subsidies and grants for operating purposes | 26,367 | 30,857 | 24,934 |
| Fees and charges | 11,131 | 8,798 | 11,586 |
| Internal charges and overheads recovered | - | - | 7 |
| Local authorities fuel tax, fines, infringement fees, and other receipts | - | - | - |
| **Total operating funding (A)** | **56,492** | **67,091** | **60,966** |
| | | | |
| **Applications of operating funding** | | | |
| Payments to staff and suppliers | 54,134 | 64,257 | 57,088 |
| Finance costs | - | 20 | - |
| Internal charges and overheads applied | 3,847 | 4,005 | 4,433 |
| Other operating funding applications | - | - | - |
| **Total applications of operating funding (B)** | **57,982** | **68,283** | **61,522** |
| **Surplus (deficit) of operating funding (A-B)** | **(1,490)** | **(1,192)** | **(556)** |
| | | | |
| **Sources of capital funding** | | | |
| Subsidies and grants for capital expenditure | - | - | - |
| Development and financial contributions | - | - | - |
| Increase / (decrease) in debt | - | 388 | 660 |
| Gross proceeds from the sale of assets | - | - | - |
| Lump sum contributions | - | - | - |
| Other dedicated capital funding | - | - | - |
| **Total sources of capital funding (C)** | **-** | **388** | **660** |
| | | | |
| **Applications of capital funding** | | | |
| Capital expenditure | | | |
| - to meet additional demand | - | - | - |
| - to improve the level of service | 690 | 2,646 | 622 |
| - to replace existing assets | - | - | |
| Increase (decrease) in reserves | (2,180) | (3,450) | (518) |
| Increase (decrease) of investments | - | - | - |
| **Total applications of capital funding (D)** | **(1,490)** | **(804)** | **104** |
| | | | |
| **Surplus (deficit) of capital funding (C-D)** | **1,490** | **1,192** | **556** |
| | | | |
| **Funding balance ((A-B)+(C-D))** | - | - | - |

## Resource use

| | 2025 LTP ($000) | 2026 LTP ($000) | 2026 Actual ($000) |
|---|---|---|---|
| **Sources of operating funding** | | | |
| General rates, uniform annual general charges, rates penalties | 15,236 | 15,885 | 14,885 |
| Targeted rates | 2,491 | 2,848 | 2,849 |
| Subsidies and grants for operating purposes | 106 | 106 | - |
| Fees and charges | 9,591 | 9,840 | 10,341 |
| Internal charges and overheads recovered | - | - | - |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 441 | 441 | 1,042 |
| **Total operating funding (A)** | **27,866** | **29,119** | **29,118** |
| | | | |
| **Applications of operating funding** | | | |
| Payments to staff and suppliers | 18,348 | 19,096 | 15,445 |
| Finance costs | 474 | 631 | 72 |
| Internal charges and overheads applied | 11,954 | 12,278 | 11,989 |
| Other operating funding applications | - | - | - |
| **Total applications of operating funding (B)** | **30,776** | **32,004** | **27,506** |
| **Surplus (deficit) of operating funding (A-B)** | **(2,910)** | **(2,885)** | **1,612** |
| | | | |
| **Sources of capital funding** | | | |
| Subsidies and grants for capital expenditure | - | - | - |
| Development and financial contributions | - | - | - |
| Increase / (decrease) in debt | 2,731 | 2,706 | 770 |
| Gross proceeds from the sale of assets | - | - | - |
| Lump sum contributions | - | - | - |
| Other dedicated capital funding | - | - | - |
| **Total sources of capital funding (C)** | **2,731** | **2,706** | **770** |
| | | | |
| **Applications of capital funding** | | | |
| Capital expenditure | | | |
| - to meet additional demand | - | - | - |
| - to improve the level of service | - | - | 4 |
| - to replace existing assets | 247 | 185 | 75 |
| Increase / (decrease) in reserves | (426) | (364) | 3,073 |
| Increase / (decrease) of investments | - | - | - |
| **Total applications of capital funding (D)** | **(179)** | **(179)** | **3,152** |
| | | | |
| **Surplus (deficit) of capital funding (C-D)** | **2,910** | **2,885** | **(2,382)** |
| | | | |
| **Funding balance ((A-B)+(C-D))** | - | - | - |

## Science, policy and information

| | 2025 LTP ($000) | 2026 LTP ($000) | 2026 Actual ($000) |
|---|---|---|---|
| **Sources of operating funding** | | | |
| General rates, uniform annual general charges, rates penalties | 28,634 | 29,980 | 30,257 |
| Targeted rates | - | - | - |
| Subsidies and grants for operating purposes | 0 | 0 | - |
| Fees and charges | 5,183 | 5,276 | 5,767 |
| Internal charges and overheads recovered | 155 | 155 | 155 |
| Local authorities fuel tax, fines, infringement fees, and other receipts | - | - | - |
| **Total operating funding (A)** | **33,972** | **35,411** | **36,179** |
| | | | |
| **Applications of operating funding** | | | |
| Payments to staff and suppliers | 20,175 | 21,400 | 20,915 |
| Finance costs | - | - | - |
| Internal charges and overheads applied | 14,445 | 14,965 | 13,806 |
| Other operating funding applications | - | - | - |
| **Total applications of operating funding (B)** | **34,620** | **36,365** | **34,721** |
| **Surplus (deficit) of operating funding (A-B)** | **(648)** | **(954)** | **1,458** |
| | | | |
| **Sources of capital funding** | | | |
| Subsidies and grants for capital expenditure | - | - | - |
| Development and financial contributions | - | - | - |
| Increase / (decrease) in debt | - | - | - |
| Gross proceeds from the sale of assets | - | - | - |
| Lump sum contributions | - | - | - |
| Other dedicated capital funding | - | - | - |
| **Total sources of capital funding (C)** | **-** | **-** | **-** |
| | | | |
| **Applications of capital funding** | | | |
| Capital expenditure | | | |
| - to meet additional demand | - | - | - |
| - to improve the level of service | 696 | 1,127 | 236 |
| - to replace existing assets | 550 | 560 | 433 |
| Increase / (decrease) in reserves | (1,894) | (2,642) | 789 |
| Increase / (decrease) of investments | - | - | - |
| **Total applications of capital funding (D)** | **(648)** | **(954)** | **1,458** |
| | | | |
| **Surplus (deficit) of capital funding (C-D)** | **648** | **954** | **(1,458)** |
| | | | |
| **Funding balance ((A-B)+(C-D))** | - | - | - |

## Corporate, self-funding and other

| | 2025 LTP ($000) | 2026 LTP ($000) | 2026 Actual ($000) |
|---|---|---|---|
| **Sources of operating funding** | | | |
| General rates, uniform annual general charges, rates penalties | (1,292) | (1,291) | (577) |
| Targeted rates | - | - | - |
| Subsidies and grants for operating purposes | - | - | 4 |
| Fees and charges | 751 | 751 | 741 |
| Internal charges and overheads recovered | 95,273 | 98,121 | 56,477 |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 8,599 | 8,955 | 20,510 |
| **Total operating funding (A)** | **103,331** | **106,535** | **77,156** |
| | | | |
| **Applications of operating funding** | | | |
| Payments to staff and suppliers | 51,764 | 52,389 | 56,200 |
| Finance costs | 1,379 | 1,304 | 1,011 |
| Internal charges and overheads applied | 40,587 | 41,655 | 48 |
| Other operating funding applications | - | - | - |
| **Total applications of operating funding (B)** | **93,730** | **95,349** | **57,261** |
| **Surplus (deficit) of operating funding (A-B)** | **9,600** | **11,187** | **19,895** |
| | | | |
| **Sources of capital funding** | | | |
| Subsidies and grants for capital expenditure | - | - | |
| Development and financial contributions | - | - | - |
| Increase / (decrease) in debt | (1,385) | (1,460) | 12,380 |
| Gross proceeds from the sale of assets | - | - | 503 |
| Lump sum contributions | - | - | - |
| Other dedicated capital funding | - | - | - |
| **Total sources of capital funding (C)** | **(1,385)** | **(1,460)** | **12,883** |
| | | | |
| **Applications of capital funding** | | | |
| Capital expenditure | | | |
| - to meet additional demand | - | - | - |
| - to improve the level of service | 671 | 233 | 168 |
| - to replace existing assets | 1,816 | 1,556 | 4,049 |
| Increase / (decrease) in reserves | 5,728 | 7,938 | 28,561 |
| Increase / (decrease) of investments | - | - | - |
| **Total applications of capital funding (D)** | **8,215** | **9,727** | **32,778** |
| | | | |
| **Surplus (deficit) of capital funding (C-D)** | **(9,600)** | **(11,187)** | **(19,895)** |
| | | | |
| **Funding balance ((A-B)+(C-D))** | - | - | - |

## Whole of council

| | 2025 Annual Plan ($000) | 2025 Actual ($000) | 2026 Annual Plan ($000) | 2026 Actual ($000) |
|---|---|---|---|---|
| **Sources of operating funding** | | | | |
| General rates, uniform annual general charges, rates penalties | 67,456 | 65,642 | 69,729 | 69,619 |
| Targeted rates | 76,142 | 75,690 | 84,657 | 84,647 |
| Subsidies and grants for operating purposes | 28,016 | 30,266 | 27,890 | 28,904 |
| Fees and charges | 30,082 | 31,300 | 30,508 | 31,335 |
| Interest and dividends from investments | 8,599 | 10,785 | 9,994 | 20,510 |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 441 | 930 | 441 | 1,042 |
| **Total operating funding (A)** | **210,735** | **214,613** | **223,220** | **236,057** |
| | | | | |
| **Applications of operating funding** | | | | |
| Payments to staff and suppliers | 196,504 | 196,737 | 205,501 | 200,332 |
| Finance costs | 3,470 | 2,507 | 2,990 | 1,916 |
| Other operating funding applications | - | - | - | - |
| **Total applications of operating funding (B)** | **199,974** | **199,244** | **208,490** | **202,248** |
| **Surplus (deficit) of operating funding (A-B)** | **10,761** | **15,369** | **14,730** | **33,809** |
| | | | | |
| **Sources of capital funding** | | | | |
| Subsidies and grants for capital expenditure | - | 3,181 | 5,974 | - |
| Development and financial contributions | - | - | - | - |
| Increase / (decrease) in debt | 25,176 | 17,036 | 4,800 | 18,367 |
| Gross proceeds from sale of assets | - | 1,068 | - | 503 |
| Lump sum contributions | - | - | - | - |
| Other dedicated capital funding | - | - | - | - |
| **Total sources of capital funding (C)** | **25,176** | **21,285** | **10,774** | **18,870** |
| | | | | |
| **Applications of capital funding** | | | | |
| Capital expenditure | | | | |
| - to meet additional demand | - | - | - | - |
| - to improve the level of service | 4,226 | 1,513 | 6,390 | 1,317 |
| - to replace existing assets | 16,249 | 21,467 | 19,853 | 17,789 |
| Increase / (decrease) in reserves | 15,462 | 13,674 | (739) | 33,573 |
| Increase / (decrease) of investments | - | - | - | - |
| **Total applications of capital funding (D)** | **35,937** | **36,654** | **25,504** | **52,679** |
| | | | | |
| **Surplus (deficit) of capital funding (C-D)** | **(10,761)** | **(15,369)** | **(14,730)** | **(33,809)** |
| | | | | |
| **Funding balance ((A-B)+(C-D))** | **-** | **-** | **-** | **-** |

# Te tāhura ā ahumoni me ngā ritenga matawhāiti
# Financial reporting and prudence regulations

## Annual report disclosure statement for the year ending 30 June 2026

### What is the purpose of this statement?

The purpose of this statement is to disclose the council's financial performance in relation to various benchmarks to enable the assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities and general financial dealings.

The council is required to include this statement in its annual report in accordance with the *Local Government (Financial Reporting and Prudence) Regulations 2014* (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

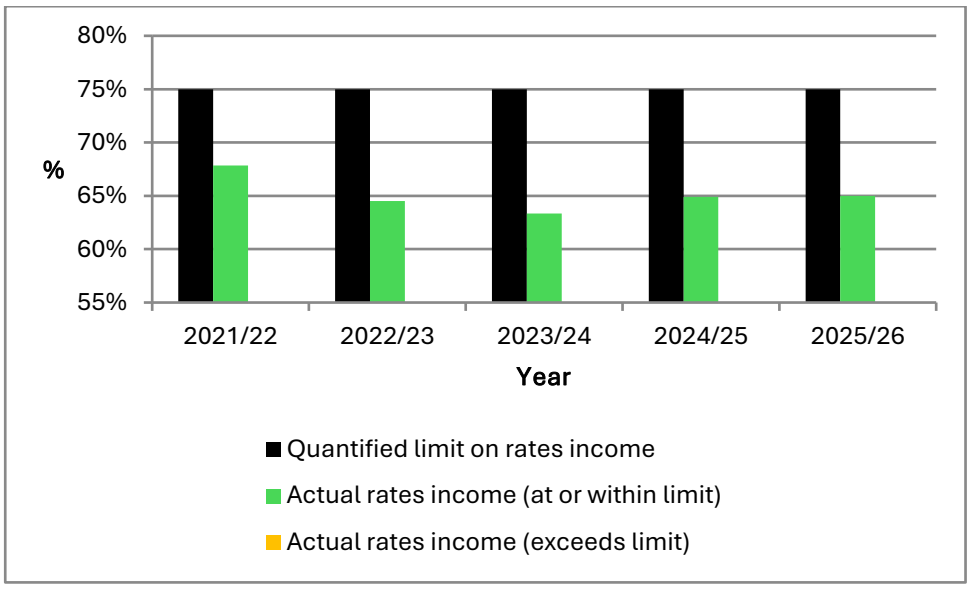
### Rates affordability benchmark

The council meets the rates affordability benchmark if:

- its actual rates income equals or is less than each quantified limit on rates; and
- its actual rates increases equal or are less than each quantified limit on rates increases.

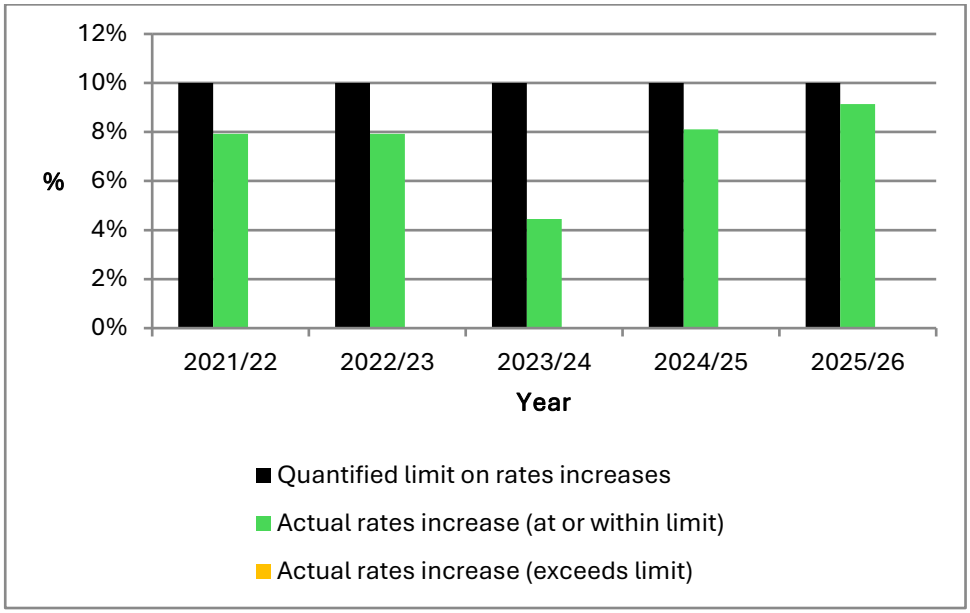
### Rates (income) affordability

The following graph compares the council's actual rates income with a quantified limit on rates contained in the financial strategy included in the council's long term plan. The quantified limit is that total rates revenue will comprise up to 75 per cent of the council's annual revenue requirements.



## Rates (increases) affordability

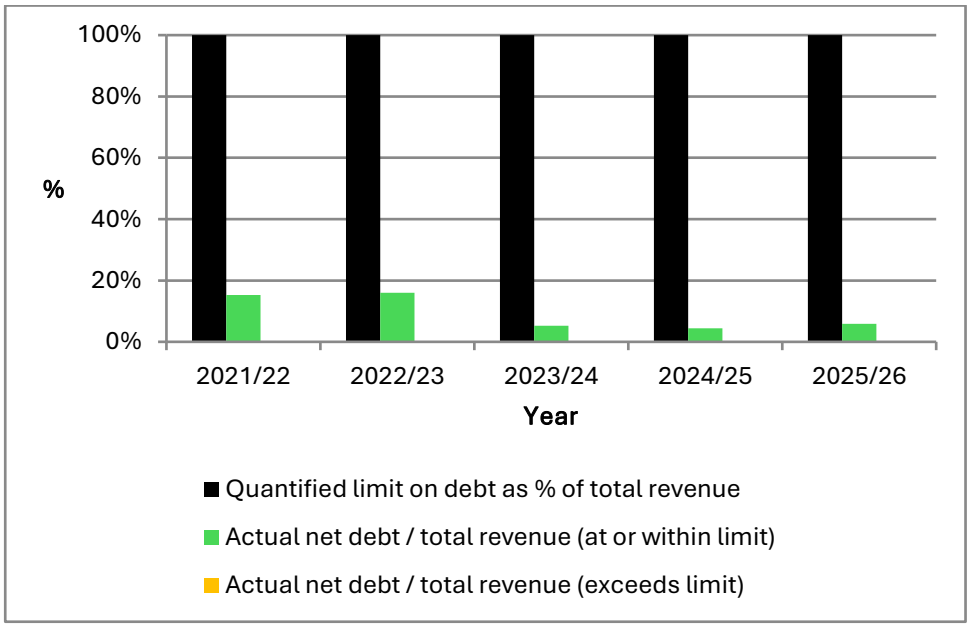
The following graph compares the council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in the council's long term plan. For the 2018-2028 long term plan the quantified limit is that increases in the annual rate revenue requirement will be limited to a 9 per cent increase in revenue from current ratepayers. For the 2021-2023 and the 2024-2034 long term plans the quantified limit is that increases in the annual rate revenue requirement will be limited to a 10 per cent increase in revenue from current ratepayers.



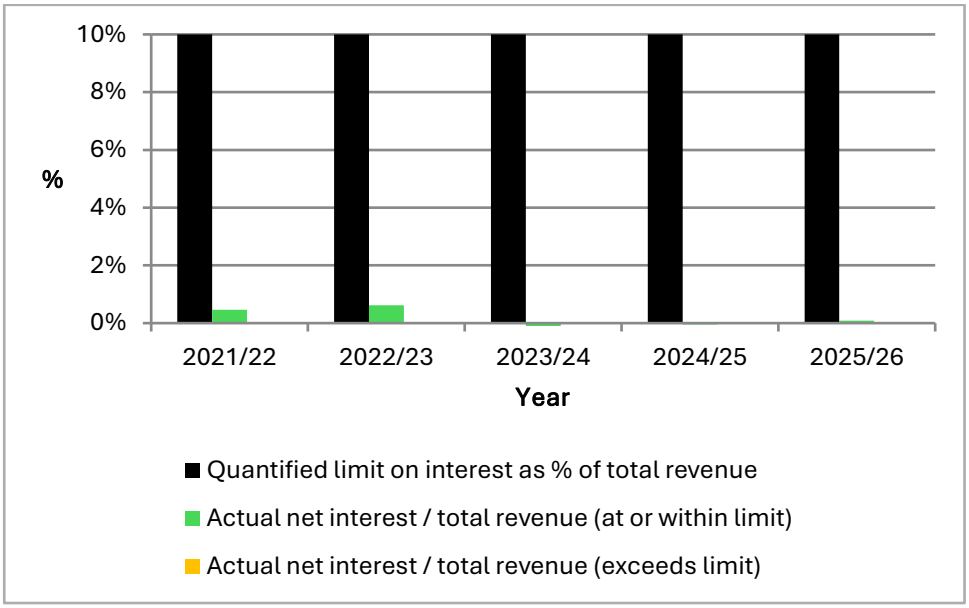

## Debt affordability benchmark

The council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.

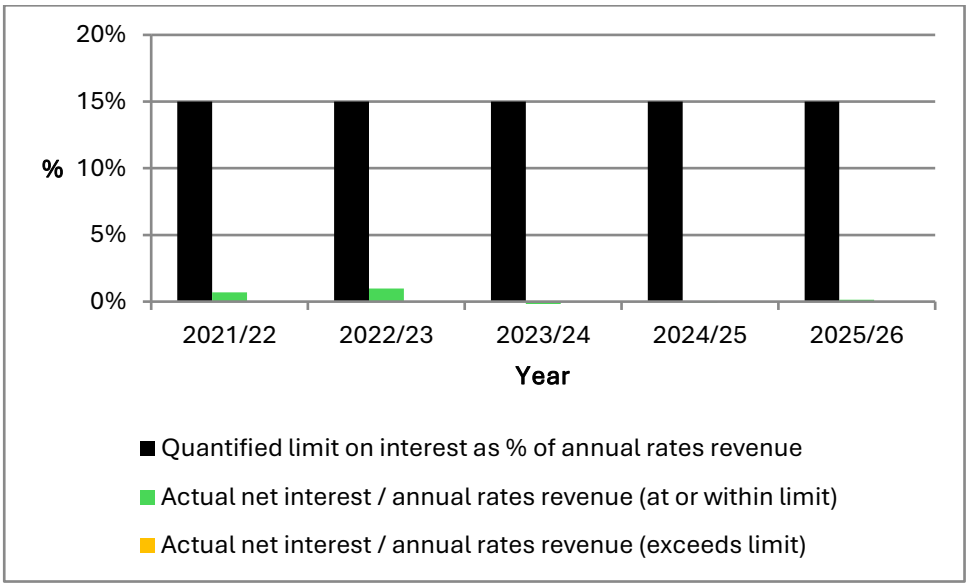
The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan. The quantified limit is that net debt / total revenue is <100 per cent.



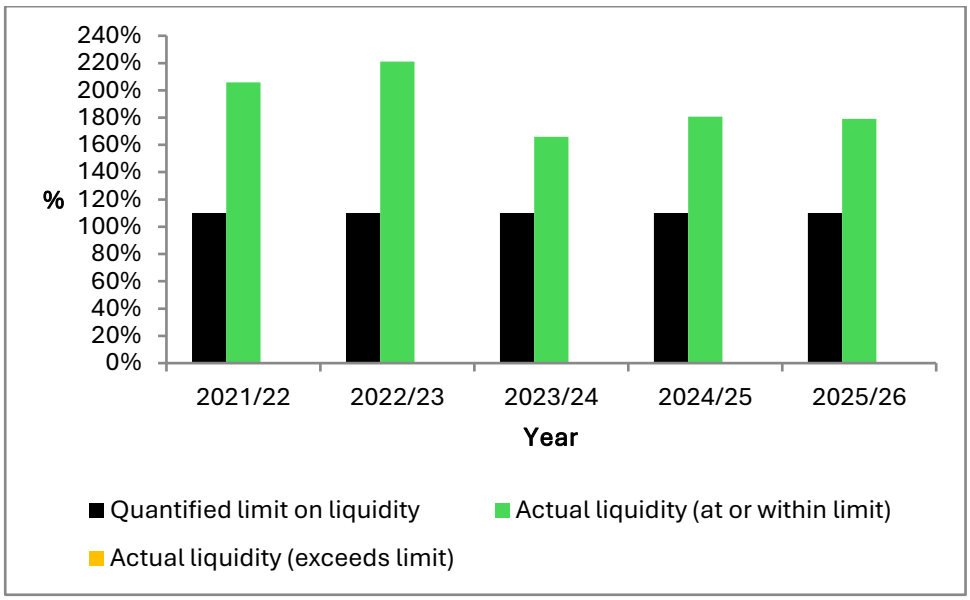
The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long term plan. The quantified limit is that net interest / total revenue is <10 per cent.




The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long term plan. The quantified limit is that net interest on external debt / annual rates revenue is <15 per cent.



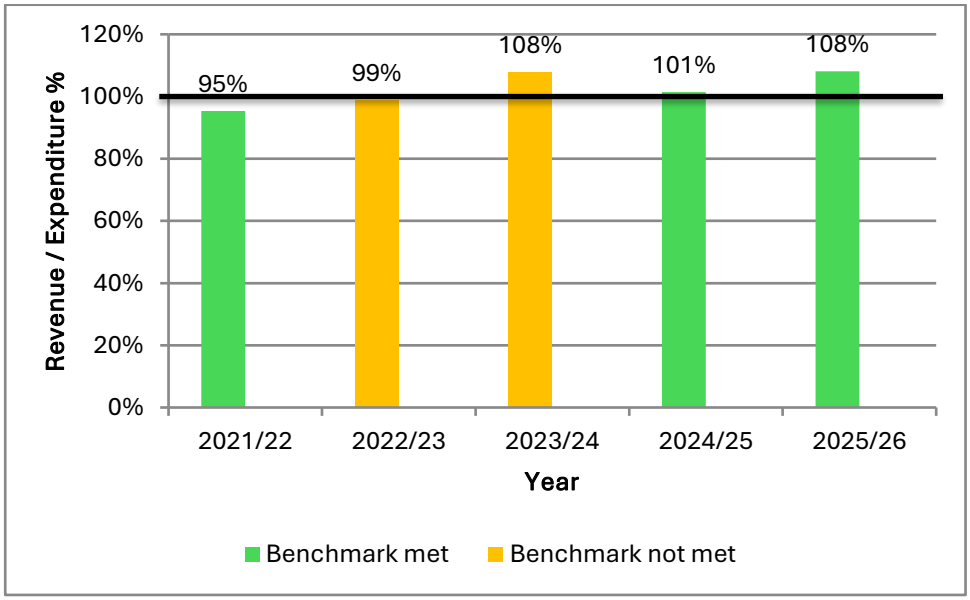
The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan. For the 2018-2028, the 2021-2031 and the 2024-2034 long term plan the quantified limit is that liquidity is >110%. Liquidity is defined as external debt plus committed loan facilities plus liquid investments divided by external debt.




## Balanced budget benchmark

The following graph displays the council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

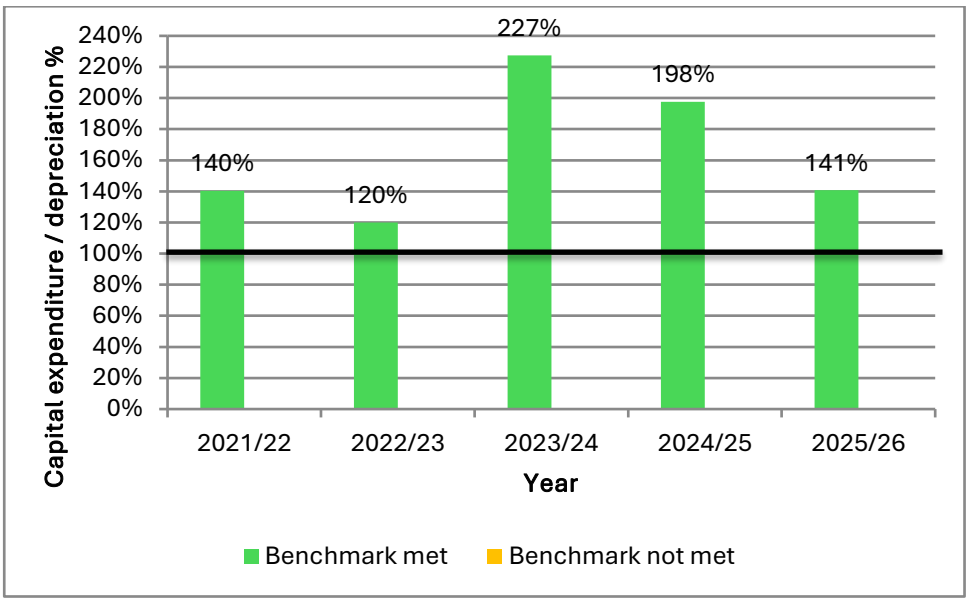
The council meets this benchmark if its revenue equals or is greater than its operating expenses.




## Essential services benchmark

The following graph displays the council's capital expenditure on network services as a proportion of depreciation on network services.

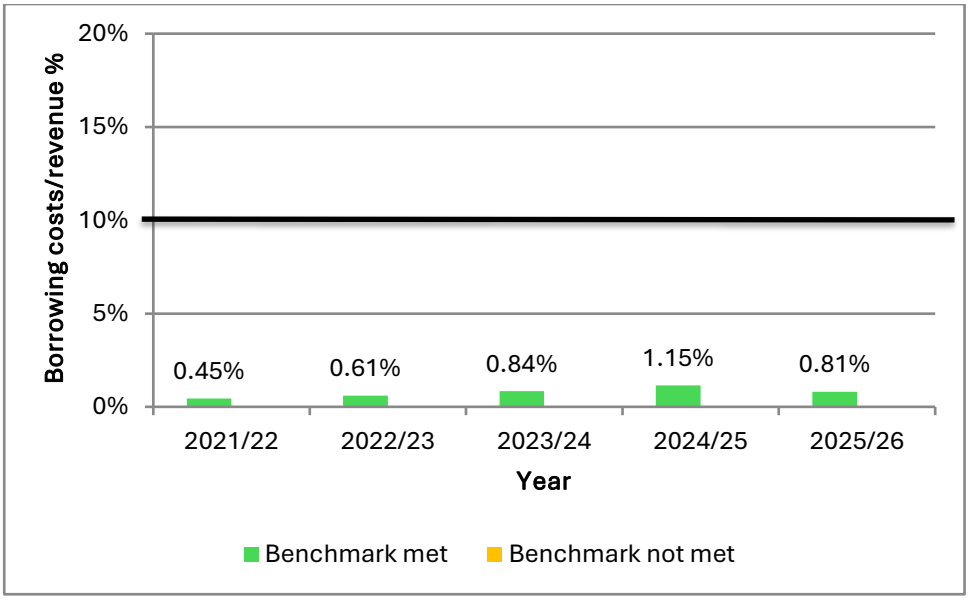
The council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.




## Debt servicing benchmark

The following graph displays the council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).

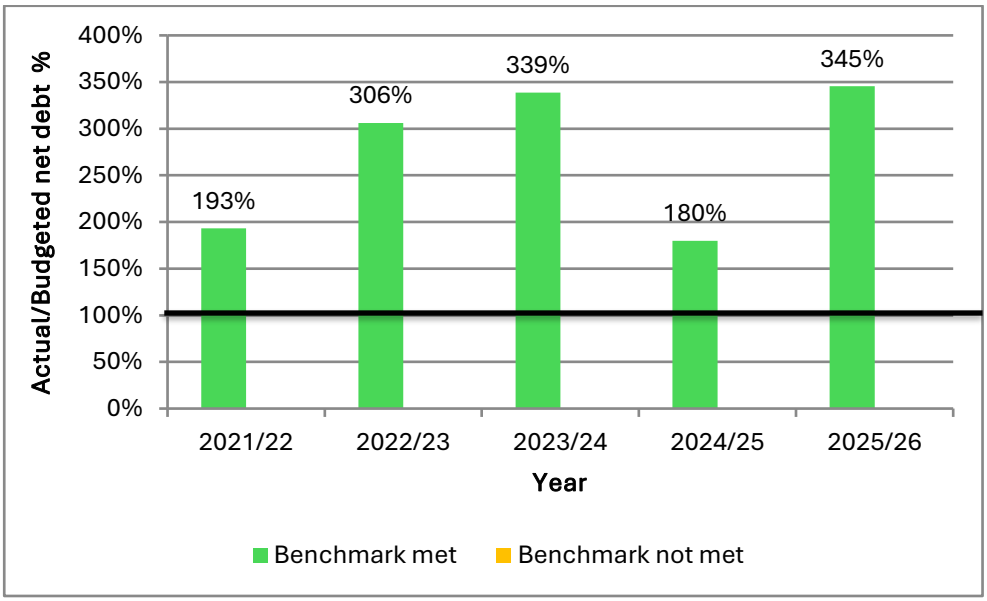
Because Statistics New Zealand projects the council's population will grow more slowly than the national population's growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10 per cent of its revenue.



## 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.

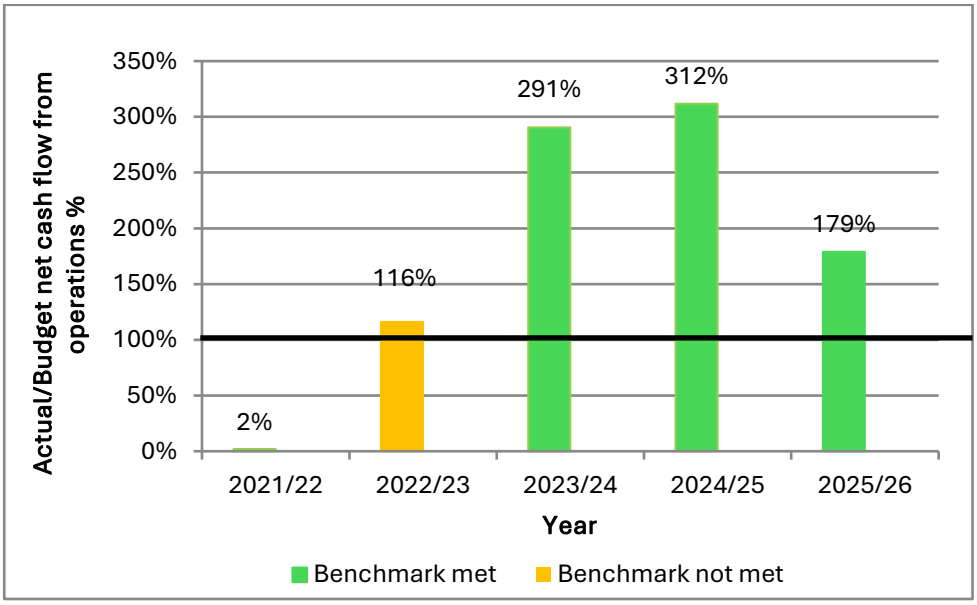



Note: In each financial year the council budgeted to have a net asset position overall, with its financial assets (excluding trade and other receivables) exceeding its financial liabilities. The graph shows "benchmark met" when the council is better off (either less indebted or with greater net assets) than planned. Conversely, it shows "benchmark not met" whenever the council is either more indebted or has less net assets than planned.

## 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 flows from operations.



## Additional information and comment

### Debt control benchmark

The benchmark 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). For all of the financial years shown, councils financial assets exceed its financial liabilities for both actual and budget figures. This means that where actual net debt over budgeted net debt equals or exceeds 100%, our actual net debt position is more favourable than planned and council meets the debt control benchmark.

### Operations control benchmark

The benchmark displays actual net cash flow from operating activities as a proportion of planned net cash flow from operating activities. In the 2025/26 financial year, interest revenue received was higher ($0.861 million) than planned. This was a result of increasing interest on statutory land charges as well as other interest income having a favourable impact on interest income received. Further, the 2025/26 financial year had higher receipts from customers as well as higher grants than anticipated.

### Debt affordability - net debt/total revenue

In calculating the net debt to total revenue benchmark, financial assets relating to the investment fund has not been included.

# Section 6

## Ngā āpitihanga
## Supplementary material

# Ngā hinonga kaunihera
# Council controlled organisations

## Waikato Local Authority Shared Services

Waikato Local Authority Shared Services (Co-Lab) is a council-controlled organisation (CCO) owned by 12 local authorities – Waikato Regional, Hamilton City, Hauraki District, Matamata-Piako District, Ōtorohanga District, Rotorua District, South Waikato District, Thames-Coromandel District, Waikato District, Waipā District, Waitomo District and Western Bay of Plenty District.

It was established in 2005 as a vehicle through which councils could collaborate and identify opportunities to undertake activities on a shared basis. More recently, the purpose of the company has shifted towards being to a true service delivery agent for, and strategic partner of, the councils.

The company's vision is that council collaboration through Co-Lab maximises community outcomes. To achieve this, Co-Lab has three main functions:

1. Acts as an "ideas laboratory" – working with councils to investigate and develop opportunities to work together;
2. Delivers shared services to councils; and
3. Enters joint procurement arrangements.

By undertaking these activities, Co-Lab provides three key benefits to councils:

1. Reduces costs through efficiency gains in FTE or time; procurement savings; reducing unit cost of product / service
2. Creates value through improving levels and quality of service; increasing skills, expertise or compliance; improving decision making
3. Enables innovation and change through research and opportunity development; providing centres of expertise/skills; collaboration and regional insights and enabling councils to provide a consistent customer experience.

Member councils currently pay an annual levy, depending on their size, to support the operating costs of Co-Lab Services provided to councils are funded on a user pays basis. The Co-Lab board has six directors – five council-representative directors (including one appointed by Waikato Regional Council) and an independent Chair.

More detailed information about Co-Lab can be found at Home – Co-Lab (colabsolutions.govt.nz)

### Performance measure results for 2025/26as per 2025/26 Annual Report

**Goal 1: Shareholding Councils understand we provide them value**

| Performance Measure | Annual KPI | 2025/26 Result | 2024/25 Result |
|---|---|---|---|
| **We know the value we provide shareholders has improved by 15%, by 30 June 2027*** (baseline year ended 30 June 24) *Based on the regional benefits of collaboration (not an individual councils' benefits from collaboration). | Year-on-year increase in the value we provide to councils. | $14.7m in value we provide councils as measured by our benefit analysis. | $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.** | 80%+ of council survey respondents believe those Co-Lab services they received meet or exceed their expectations (evidenced by an annual survey). | 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). | 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

| Performance Measure | Annual KPI | 2025/26 Result | 2024/25 Result |
|---|---|---|---|
| **24 new instances of Co-Lab shared services being utilised, by June 2027.** (baseline year ended 30 June 24) | Year-on-year increase in the utilisation of services we provide to councils. | entities onboarded:<br>• 2 Co-Lab Water Services<br>• 1 RIMU Service<br>• 6 Co-Lab Building Services<br>• 3 Professional Services Panel | New onboardings:<br>• 5 RATA Spaces and Places councils<br>• 1 Smart Water – Watercare joined<br>• 1 ECM – OtoDC joined<br>• 1 Sampling & Analysis – Waikato Regional Airport joined<br>• 1 Co-Lab Building Services – WBOP<br>• 1 Professional Services Panel – WBOP. |
| | Year-on-year increase in the number of services available to councils. | • Introduced RIMU. | • Introduced RATA Spaces & Places<br>• Launched Co-Lab Building Services. |
| **All shareholders take up at least one additional shared service.** | Year-on-year increase in the utilisation of services we provide to councils. | 8 existing services taken up. | 4 existing services taken up. |

### Goal 3: Diverse, talented and motivated people work for us

| Performance Measure | Annual KPI | 2025/26 Result | 2024/25 Result |
|---|---|---|---|
| **Maintain staff engagement above 85%.** | Maintain staff engagement above 85% | The overall engagement score was 90%. The survey response rate was 40% (61 were invited to participate with 25 responses received). | 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%.** | Staff turnover is less than 15%. | 16.7% staff turnover. | 10.5% staff turnover. |
| **Our vacancies are filled by suitable candidates within 3 months.** (baseline y/e 30 June 24) | Vacancies are filled by suitable candidates within 3 months. | Target met for most vacancies.<br>Three exceptions arose due to unsuccessful recruitment rounds or recruitment being placed on hold. | The one position advertised was vacant for two months. |

# Regional Software Holdings Limited (RSHL)

## Introduction

Regional Software Holdings Limited (RSHL) was formed in October 2012 by Northland, Taranaki, Horizons, West Coast and Waikato regional councils, and Environment Southland. The six councils worked closely together over a number of years to develop and maintain a software application suite for use by the councils in the delivery of their activities.

The RSHL was restructured by Te Uru Kahika during the 2023 financial year, transitioning to be the regional sector shared services organisation. Existing Te Uru Kahika collaboration and resource sharing has been consolidated within RSHL.

RSHL provides a framework for collaboration across Te Uru Kahika. It supports the procurement or development of shared solutions in a manner that provides greater consistency in how we operate RSHL provides a more cost-effective alternative than individual councils can achieve on their own.

The company operates by facilitating collaborative initiatives between councils and through managed contractual arrangements.

## Company principles and objectives

The Principles of the Company that should be considered when making any decisions relating to the Company are as follows:

- Work for the good of Te Uru Kahika
- Act in accordance with the principles of Te Tiriti o Waitangi
- Be transparent and accountable
- Create value
- Work smarter, not harder
- Gain consistency
- Reduce duplication
- Be customer centric
- Recognise and manage shareholder risk
- Support our people.

In addition to operating the Company with regard to the principles, the primary objectives of the Company are to:

- The local government sector is better prepared to respond to future challenges
- Achieve a better return on investment with a focus on quality of outcome and realising the value proposition for the sector
- Increase credibility of the sector as a trusted deliverer with a unified and consistent sector profile
- Improve key staff attraction and retention
- Achieve consistent good practise process across the sector and within councils.

The secondary objectives of RSHL are to:

- achieve the objectives of its Shareholders, both commercial and non-commercial as specified in RSHL's Statement of Intent;
- be a good employer;
- exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which the Company operates and by endeavouring to accommodate or encourage these when able to do so.

Performance targets by which the success of the company may be judged in relation to its objectives are:

## RSHL Performance Measures

The following performance measures were incorporated into the Statement of Intent for the 2025-2026 financial year and provide the basis for assessing RSHL's performance against its objectives.

### Theme: Programme Delivery

**Performance Statement:** We will maintain a high standard of delivery of our programmes to customers.

This theme assesses whether RSHL managed programmes through appropriate approval pathways, governance structures, planning processes, assurance activity, delivery targets, and stakeholder feedback.

| Target | Timing | FY25 Result | FY26 Result |
|---|---|---|---|
| All projects and programmes will follow an appropriate approval pathway for their size, scope and complexity. | Self-assessment in June each year. | Achieved | Achieved |

In the period 1 July 2025 —30 June 2026 the following projects were initiated at RSHL.

*Regional Sector Preparedness for Managing Avian Flu Risk*

In December 2025 the Board approved an agreement with Biosecurity New Zealand for $3M in funding to support regional preparedness for avian influenza.

Under the agreement:

- RSHL will host the project, and the project will be delivered using our delivery framework.
- The project team comprised of a contract project manager and members of Te Uru Kahika Bio-Managers Working Group.
- The project will operate within the RSHL control framework and report to the sector OneHealth governance group.

The project is time sensitive and operated from 1 January 2026 to 31 August 2026.

Avian influenza (bird flu) is a highly contagious viral disease that primarily affects birds but can also infect mammals, including humans. There are two main forms:

- High pathogenicity avian influenza (HPAI): Causes severe illness and high death rates in birds. Common strains include H5, H7, and H9.
- Low pathogenicity avian influenza (LPAI): Usually causes mild or no symptoms in birds but can mutate into HPAI. In New Zealand, LPAI is present in wild birds and is monitored through an active surveillance programme.

Biosecurity preparedness refers to maintaining readiness to prevent, respond to, and recover from the introduction or spread of diseases like avian influenza. This includes having response plans, trained personnel, appropriate equipment and resources, and regular exercises or drills to test preparedness.

*Tuhono Taiao site transition*

In June the board approved a funding agreement for the transfer and operation of the Tuhono Taiao website from MCERT to Te Uru Kahika/RSHL. https://www.tuhonotaiao.org.nz/

Under the agreement:

- MCERT provided funding of $250,000 excl. GST.
- Te Uru Kahika will take the lead role in developing a new operating model for the site with RSHL managing the transition and operation.
- A joint **MCERT/**Te Uru Kahika/RSHL governance group will be established with oversight of delivery, spending, and progress.

| Target | Timing | FY25 Result | FY26 Result |
|---|---|---|---|
| All programmes will have an effective governance structure appropriate to the size and complexity programme. | Self-assessment in June each year. | Achieved | Achieved |

In the period 1 July 2025 —30 June 2026 all projects/programmes operated governance structures as agreed with participating councils, and in accordance with the RSHL Governance Framework.

| Programme | Governance Structure |
|---|---|
| IRIS NextGen | • RSHL Board governance oversight<br>• Council appointed Steering Group with representatives from each council. |
| IRIS | • RSHL Board governance oversight<br>• Council appointed Advisory Group with representatives from each council. |
| HPAI Preparedness | • RSHL Board governance operational oversight<br>• OneHealth Governance strategic oversight<br>• RSHL oversight of financial activity according to RSHL policy.<br>• Steering Group appointed by RSHL, Te Uru Kahika and BioSecurity NZ |
| Tuhono Taiao site transition | • As the project is still in the initiation phase, the governance group is not yet established. |

| Target | Timing | FY25 Result | FY26 Result |
|---|---|---|---|
| All programmes will have an effective planning process. Draft plans and budgets will be set before 1 March, final plans and budgets will be set by 30 June. | Self-assessment in June each year. | Achieved | Achieved |

| Programme | Planning and Budgeting |
|---|---|
| IRIS NextGen | The IRIS NextGen Programme Budget was updated and endorsed by the Steering Group in February, for inclusion in the Draft Statement of Intent.<br>The final unchanged budget was endorsed by the Steering Group in June for inclusion in the Statement of Intent. |
| IRIS | The IRIS Programme Budget was updated and endorsed by the Advisory Group in February, for inclusion in the Draft Statement of Intent.<br>Participating councils had the budget approved by a staff member with appropriate delegation.<br>The final unchanged budget was endorsed by the Advisory Group in June for inclusion in the Statement of Intent. |
| HPAI Preparedness | HPAI Preparedness is a one-off project. Planning and budgeting was completed by the project team prior to execution of the agreement.<br>The plan and budget were refined over time as the requirements of each region are understood.<br>Scope was tightly managed to ensure alignment with the funding and timing requirements of MPI, who funded the work. |

| Target | Timing | FY25 Result | FY26 Result |
|---|---|---|---|
| An independent assurance review will be completed for major programmes each year. | To be completed by 30 June each year. | N/A | Not Achieved |
| All programmes will meet agreed delivery targets set by the programme governance group each year. | November each year. | Achieved | Achieved |
| Annual performance surveys will be completed with participating councils. Survey feedback will be considered and actioned where appropriate —including sharing feedback with the Board. | November each year. | Partially achieved. IRIS NextGen and WellsNZ Surveys were deferred to November 2025. | Partially Achieved. |

HPAI Preparedness and IRIS Next Generation meet the criteria for projects to be considered under these performance measures.

*Highly Pathogenic Avian Influenza (HPAI) Preparedness Project.*

In December 2025 the board approved an agreement with BioSecurity NZ for $3M in funding to support regional preparedness for the Avian Influenza.

As the project was initiated and completed within a 6-month timeframe, independent quality assurance was not practical. Councils were surveyed to assess their preparedness for HPAI. Councils were not surveyed with respect to RSHL Performance.

The delivery targets for the project were defined in the funding agreement with MPI. The targets (outcomes) were closely managed and prioritised because of the limited time window to complete the project. The final status of each outcome was presented in the final report.

| Outcome | Has the outcome been achieved? |
|---|---|
| Each Region has a HPAI Plan documented that sets out the structures, roles, and practical steps required to build and maintain readiness for HPAI | **Achieved** —all 17 regional councils/unitary authorities have a HPAI plan documented. |
| The HPAI Plan will include disposal and disinfection options | **Achieved** —all HPAI plans include disinfection options. All 17 regions have a waste disposal framework, tailored to the regional context. **Note:** disposal framework for each region will require integration into the plans as an appendix beyond 30 June 2026 |
| Personal Protective Equipment (PPE) and related PPE equipment is purchased and available for use in an incursion | **Achieved** —PPE has been purchased and delivered to all regions. **Note:** disposal bags were not able to be manufactured within the timeframe and will need to be procured beyond 30 June 2026. |
| Signs, posters, and other communication materials are commissioned and delivered | **Achieved** —Signage has been purchased and delivered to all regions. |

| | |
|---|---|
| | Support communication materials have been developed and distributed to all regions via a centralised hub. |
| Regional Councils, Unitary Authorities and MPI have identified the key roles and responsibilities for managing HPAI within each region | **Achieved** —all HPAI plans set out the key roles and responsibilities for these key stakeholders within their region. |
| Potential high-risk sites are identified for all Unitary Authority and Major Urban Councils (refer Table) | **Achieved in part** —potential high-risk sites have been identified for all Regional Councils and Unitary Authorities and **80% of Major Urban Councils. Note:** further work will be required beyond the project to ensure every district has identified high-risk sites, including the management arrangements for these. |
| Contractors are identified for disposal in each region | **Achieved** —all regions have identified landfill/waste disposal contractors where relevant. **Achieved in part** —some regions have identified contractors for carcass removal. **Note:** further work is required to determine contractors for every region. |

### IRIS NextGen Programme

The IRIS NextGen Programme remains a strategically significant sector collaboration programme, aimed at delivering productivity improvements through consistent good practice processes, effective change management and fit-for-purpose software.

During FY26 the programme progressed from build and testing into the implementation phase, with the pilot implementation at Otago Regional Council providing the opportunity to validate the solution, implementation approach and change model before wider rollout.

In this period, the Programme navigated a series of delays while the software platform was being completed. RSHL also worked with councils to assess the impacts of the new resource planning system and local government reform. Because of this, there was insufficient budget or operational capacity to support an independent quality review. A review will be conducted in the first part of FY27, and scoping and procurement activities are under way.

Surveys over the same period focussed on the effectiveness of the Change Management Approach for the programme, rather than RSHL performance.

Overall, the survey results indicated broad support for the revised Programme Change approach introduced in November 2025.

- The strongest quantitative result was the usefulness and practicality of the tools, artefacts and reference materials, with 14 of 15 responses positive.
- The Programme Change Lead role results were consistently positive, particularly for constructive collaboration.
- The outcomes section was positive overall but more mixed than the workstream and role sections, especially on role clarity and issue resolution.
- Most valuable aspects identified in comments included practical templates, artefacts, guidance, coordination across change managers, clearer alignment between councils and the programme, and stronger visibility of change at programme level.
- Common improvement opportunities included deeper integration of change expertise into RSHL and Datacom planning, better Project Manager-Change Manager alignment, clearer boundaries between change and project responsibilities, and scaled support as more councils entered implementation.

### Theme: Service Delivery

This theme assesses whether RSHL's services were clearly defined, supported by appropriate customer advisory arrangements, and operating within agreed service-level expectations.

| Target | Timing | FY25 Result | FY26 Result |
|---|---|---|---|
| All service services clearly defined, including service definition, service level expectations and funding models. | June 2026 | N/A | Achieved |
| All services will have an effective customer advisory structure appropriate to the size and complexity of the service. | June 2026 | N/A | Achieved |
| All services will meet or exceed agreed service level expectations each year. | June 2027* | N/A | N/A |

*This performance measure is to be in place for FY2027.

| | |
|---|---|
| Te Uru Kahika Hosting | RSHL hosting of Te Uru Kahika is underpinned by a MOU. This MOU remains in a draft state, however it provides the basis for management of our services to the Te Uru Kahika Team.<br><br>The service level for each service is defined and agreed concurrently with the Te Uru Kahika budget in June each year.<br><br>As this service is not provided directly to councils, the customer advisory structure for Te Uru Kahika is the Executive Director. |
| Local Emissions Data Platform | The LEDP Service has a Steering Group comprised of senior councils' staff and an Advisory Group open to staff from all councils that use the solution.<br><br>The Steering Group oversees the finances of the service and the vendor relationship.<br><br>The Advisory Group works directly with the supplier to improve product development and develop consistent good practice across councils.<br><br>Service levels and the management structure for the service are defined in the Partnership Agreement. |
| WellsNZ | The WellsNZ Service has a Steering Group comprised of senior councils staff and an Advisory Group open to staff from all councils that use the solution.<br><br>The Steering Group oversees the finances of the service and the vendor relationship.<br><br>The Advisory Group works directly with the supplier to improve product development and develop consistent good practice across councils.<br><br>Service levels and the management structure for the service are defined in the Partnership Agreement. |
| Public Transport Ticketing Programme | The Public Transport Ticketing Programme transferred to RSHL in 2025.<br>The programme has a Steering Group with a representative from each council.<br>The RITS Contract Manager leads the PTTP programme at RSHL. Internal service levels are informally discussed and agreed with them.<br><br>Service levels for the BeeCard solution are documented in the contract with the vendor. |

### Theme: Operational Excellence

**Performance Statement:** We will set a high standard for the governance and management of the company.

| Target | Timing | FY25 Result | FY26 Result |
|---|---|---|---|
| We will operate within approved budget, with any material variations approved by the board. | Assessed at year end. | Partially achieved. | Achieved |

Financial Reports are reviewed at each board meeting, including Statements of Financial Performance for each activity. Material variances are reported to the board for review.

As noted in the foreword, Revenue was favourable to budget. Council contributions to programmes are as budgeted or less than budgeted. We have collected additional funding for new projects including supporting national preparedness for HPAI.

Operating expenditure is slightly less than budgeted. This is due to timing variances across multiple projects.

| Target | Timing | FY25 Result | FY26 Result |
|---|---|---|---|
| We will meet all statutory governance and reporting deadlines. | Assessed in July for the previous year. | Achieved | Achieved |

| Requirement | Reporting Deadline | What must be provided | Delivery |
|---|---|---|---|
| Half-year report to stakeholders | 28 February 2026 | Unaudited report on RSHL's operations for the first half of FY26, including the information required by the Statement of Intent. | Sent to shareholders by email on 27 February 2026. |

| | | | |
|---|---|---|---|
| Draft Statement of Intent | 1 March 2026 | Draft SOI approved by the Directors and provided to shareholders for consideration. | Sent to shareholders by email on 27 February 2026. |
| Final Statement of Intent | 30 June 2026 | Completed SOI delivered to shareholders, after the Directors have considered shareholder comments. | Sent to shareholders by email on 30 June 2026. |
| Annual report to shareholders and the public | 30 September 2025 | Audited Annual report on RSHL's operations for FY25, including performance against the SOI and explanations of material variances. | Sent to shareholders by email on 26 September 2025. |

| Target | Timing | FY25 Result | FY26 Result |
|---|---|---|---|
| The board will operate according to the Institute of Directors' Code of Practice. | Self-assessment to be completed in June for the previous financial year. | Achieved through independent governance review. | Achieved |

The board has developed and adopted a charter and Code of Conduct to underpin their commitment to Operate according to the Institute of Directors' Code of Practice.

The Board completed its annual self-assessment and concluded that its governance performance in 2025/26 was consistent with the Institute of Directors' Code of Practice. The Board remains committed to continuous improvement, including maintaining a strategic focus.

# Martha Trust

## Introduction

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 in a safe and stable manner, so the areas can be used for recreational or leisure purposes by the general public following completion of mining and closure of the site. The Company provided further funds to the Trust in 2019 to enable the Trust to undertake amendments to the Trust Deed. This task was completed mid-2021 and the Trust is now largely in abeyance with minimal ongoing activities.

## Exemption of Martha Trust as a CCO

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 Local Government Act. The Martha Trust was originally exempted from being a CCO by resolution of the council in May 2007 and more recently this was further confirmed by council in May 2024. It is not practical for accountability requirements and performance monitoring of the Martha Trust to take place until such a time as it becomes operative. Therefore, by granting an exemption, the council has provided a dispensation from any form of accountability and monitoring processes. In accordance with section 7(3) of the LGA, the exemption of the Martha Trust as a CCO will again be reviewed on a three year basis, or earlier, if either the mine closes or the settlor settles the capitalisation sum on the Trust.

## Trustees

In April 2019 a capital sum of $50,000 was settled on the Trust by the Settlor. This had the effect of activating the Trust. Trustees to the Trust (representing Waikato Regional Council and Hauraki District Council) have been appointed. Although the supporting mechanisms of the Martha Trust exist, such as the governance structure and bond, the Trust will not become a fully operative entity until such time as the closure and rehabilitation conditions are achieved. The Martha Trust is currently funded by the Company to enable an annual meeting to occur as required by the Trust Deed.

# Te tāhura mō te Ture Rapu me te tūteinga
# **Search and Surveillance Act reporting**

Pursuant to Section 171 of the Search and Surveillance Act 2012, it is confirmed, for the purpose of annual reporting on behalf of Waikato Regional Council that, in the period 1 July 2025 to 30 June 2026:

1. the number of occasions on which entry or search powers were exercised without a warrant in the period covered by the report: NIL

2. the number of occasions on which warrantless surveillance powers were exercised in the period covered by the report that involved the use of a surveillance device: NIL

3. in respect of each kind of surveillance device used without a warrant in the period covered by the report, the numbers of that kind of device used—
    a. 1 for a period of no more than 24 hours: NIL
    b. for a period of more than 24 hours but no more than 48 hours: NIL

4. the number of persons charged in criminal proceedings where the collection of evidential material relevant to those proceedings was significantly assisted by the exercise of a warrantless search or surveillance power in the period covered by the report: NIL

5. the number of persons charged in criminal proceedings where the collection of evidential material relevant to those proceedings was significantly assisted by the exercise of a warrantless search or surveillance power in the period covered by the report: NIL

# Section 7

Arotake

# Audit opinion

The Audit Office
Te Mana Arotake

# Independent Auditor's Report

## To the readers of the annual report of Waikato Regional Council for the year ended 30 June 2026

The Auditor-General is the auditor of Waikato Regional Council (the Council). The Auditor-General has appointed me, Leon Pieterse, using the staff and resources of The Audit Office, to carry out the audit on his behalf.

We have audited the information in the annual report of the Council that we are required to audit in accordance with the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the Council has complied with the requirements of Schedule 10 of the Act (Schedule 10) that apply to the annual report; and
- the completeness and accuracy of the Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014 (the Regulations).

We refer to this information as "the disclosure requirements" in our report.

## Opinion on the audited information

In our opinion:

- the financial statements on pages 68 to 124 present fairly, in all material respects, the Council's financial position as at 30 June 2026, and the results of the operations and cash flows for the year ended on that date, in accordance with Public Benefit Entity Standards;
- the statement of service provision (consisting of Section 3 Groups of Activities and Section 4 Our activities in depth) for the year ended 30 June 2026 on pages 22 to 65:
    - is appropriate and meaningful and prepared in accordance with the Council's measurement bases or evaluation methods and Public Benefit Entity Standards; and
    - presents fairly, in all material respects, the Council's actual levels of service for each group of activities, including the levels of service achieved compared with the intended levels of service, whether any intended changes to levels of service were achieved, and the reasons for any significant variation between the levels of service achieved and the intended levels of service.

- the funding impact statement for the year ended 30 June 2026 on page 134 has been prepared, in all material respects, in accordance with clause 30 of Schedule 10;
- the funding impact statements for each group of activities for the year ended 30 June 2026 on 125 to 133 have been prepared, in all material respects, in accordance with clause 26 of Schedule 10; and
- the statements comparing actual capital expenditure to budgeted capital expenditure for each group of activities for the year ended 30 June 2026 on pages 125 to 133, have been prepared, in all material respects, in accordance with clause 24 of Schedule 10.

## Report on the disclosure requirements

We report that:

- the Council has complied with the information disclosure requirements of Part 3 of Schedule 10 for the year ended 30 June 2026; and
- the Council's disclosures about its performance against benchmarks required by Part 2 of the Regulations for the year ended 30 June 2026 are complete and accurate.

## Basis for our opinion on the audited information and the disclosure requirements

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards, the International Standards on Auditing (New Zealand), and New Zealand Auditing Standard 1 (Revised): The Audit of Service Performance Information issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor for the audited information and the disclosure requirements section of our report.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information and our report on the disclosure requirements.

### Emphasis of matter: Local Government reform

As described on page 74 in note 1, the Government's Simplifying Local Government reform programme proposed changes to local government structures to reduce duplication and better align council structures. As part of the reform, it was proposed that regional councillors would not be elected in the 2028 local body elections. The eventual outcome for the Council is dependent on future cabinet decisions and enactment of enabling legislation. Because of the significant uncertainty about the outcome and timing of any future reorganisation, the financial statements have continued to be prepared on a going concern basis. Our opinion is not modified in respect of this matter.

## Responsibilities of the Council for the audited information and the disclosure requirements

The Council is responsible for preparing the audited information and the disclosure requirements in accordance with the Act. The Council's responsibilities include the preparation and fair presentation of the financial statements and service performance information in accordance with Public Benefit Entity Standards.

This includes:

- the selection of elements/aspects of service performance, performance measures and/or descriptions, and measurement bases or evaluation methods to enable the presentation of service performance information that is appropriate and meaningful; and
- the preparation of a statement of service provision, in accordance with the Council's measurement bases or evaluation methods, that provides an appropriate and meaningful basis to enable readers to assess what has been achieved for the year.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the audited information and the disclosure requirements that are free from misstatement, whether due to fraud or error.

In preparing the audited information and the disclosure requirements the Council is responsible for assessing the Council's ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the Council or there is no realistic alternative but to do so.

The Council's responsibilities arise under the Act and the Regulations.

## Responsibilities of the auditor

### Responsibilities for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinion.

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

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the Council's Annual plan or Long-term plan as applicable.

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

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

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

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

- We evaluate whether the selection of elements/aspects of service performance, performance measures and/or descriptions and measurement bases or evaluation methods present an appropriate and meaningful assessment of the Council's service performance.

- We evaluate whether the service performance information is prepared in accordance with the Council's measurement bases or evaluation methods, and presents fairly, in all material respects, in accordance with Public Benefit Entity Standards, the actual service performance achieved compared with the intended levels of service.

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

- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.

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

## Responsibilities for the disclosure requirements

Our objective is to provide reasonable assurance about whether the Council has complied with the disclosure requirements. To assess whether the Council has met the disclosure requirements we undertake work to confirm that:

- the Council has made all of the disclosures required by Part 3 of Schedule 10 to the Act and Part 2 of the Regulations; and

- the disclosures required by Part 2 of the Regulations accurately reflect information drawn from the audited information and, where applicable, the Council's long-term plan and annual plans.

Our responsibilities for the audited information and for the disclosure requirements arise from the Act and the Public Audit Act 2001.

## Other information

The Council is responsible for the other information included in the annual report. The other information comprises all the information included in the annual report other than the audited information and the disclosure requirements, and our auditor's report thereon.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

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

## Independence

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

In addition to the audit, we have carried out an audit of the Councils summary annual report and a limited assurance engagement on the Debenture Trust Deed, which are compatible with the independence requirements. Other than the audit and our report on the disclosure requirements, we have no relationship with, or interests in, the Council.



Leon Pieterse
The Audit Office
On behalf of the Auditor-General
Hamilton, New Zealand
29 October 2026

Waikato
REGIONAL COUNCIL
*Te Kaunihera ā Rohe o Waikato*

He taiao mauriora **Healthy environment**

He hapori hihiri **Vibrant communities**

He ōhanga pakari **Strong economy**

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