FORWARD 10 YEARS What matters most

Whakarāpopototanga o te Pūrongo ā-Tau **Annual Report 2025/26 Summary**

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 Māori 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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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.

Pictured: The two fish-friendly Archimedes screw pumps at Churchill East Pump Station support the safe migration of tuna (eels) and other freshwater species.



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



Implemented a new river and catchment management programme for the Wharekawa coast

Continue to deliver Te Huia passenger rail service

Adopted the Waikato Regional Energy Strategy 2026-2050

Developed a Water Security Management Plan for the region

Stepped up our coastal water quality monitoring

Our maritime safety functions now cover the Port of Taharoa

Agreed principles to inform new infrastructure funding model

Continued to support communities to understand and adapt to natural hazard risks

Grew the Natural Heritage Partnership Programme, funding 96 community groups

Ngā whakatutukitanga
Performance summary

The work we do is carried out under 27 activity areas, which are sorted into eight groups. These groups of activities deliver services, infrastructure and functions that enable us to achieve community outcomes. Service levels and budgets were set through our *2024-2034 Mahere Whānui Long Term Plan* (LTP), and these are what we report against.

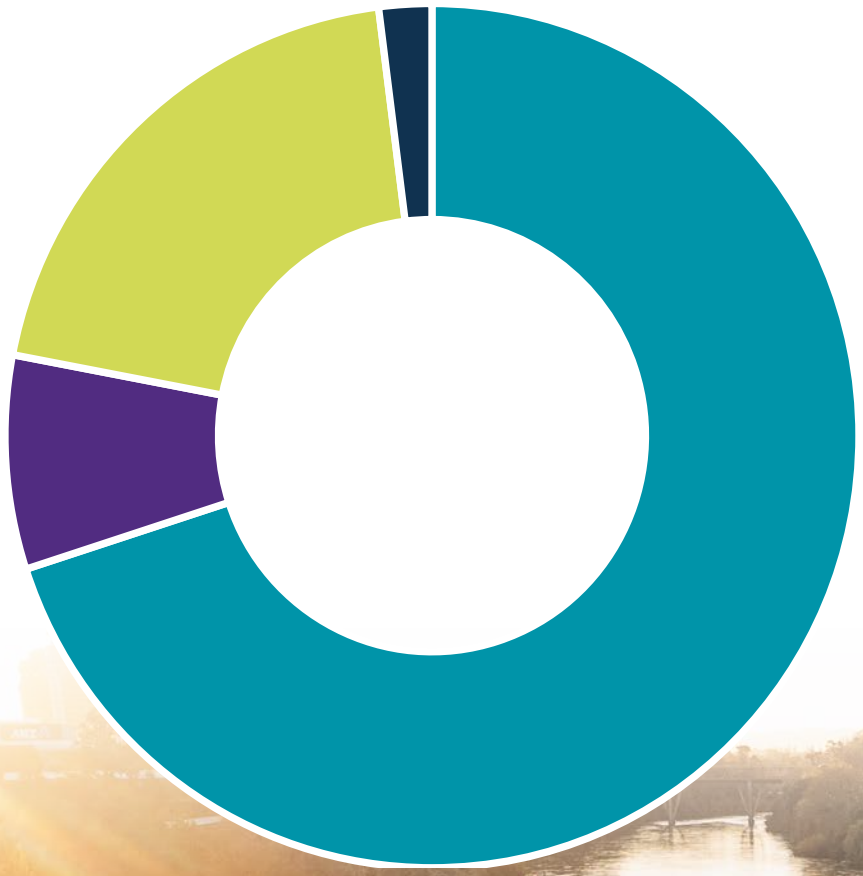
Performance highlights

Non-financial measures

For the 2025/26 year, there were 50 non-financial performance measures to be monitored and reported on.

The overall results were that we:

- achieved 35 measures
- partially achieved 4 measures
- did not achieve 10 measures
- one measure was not applicable.





Financial performance

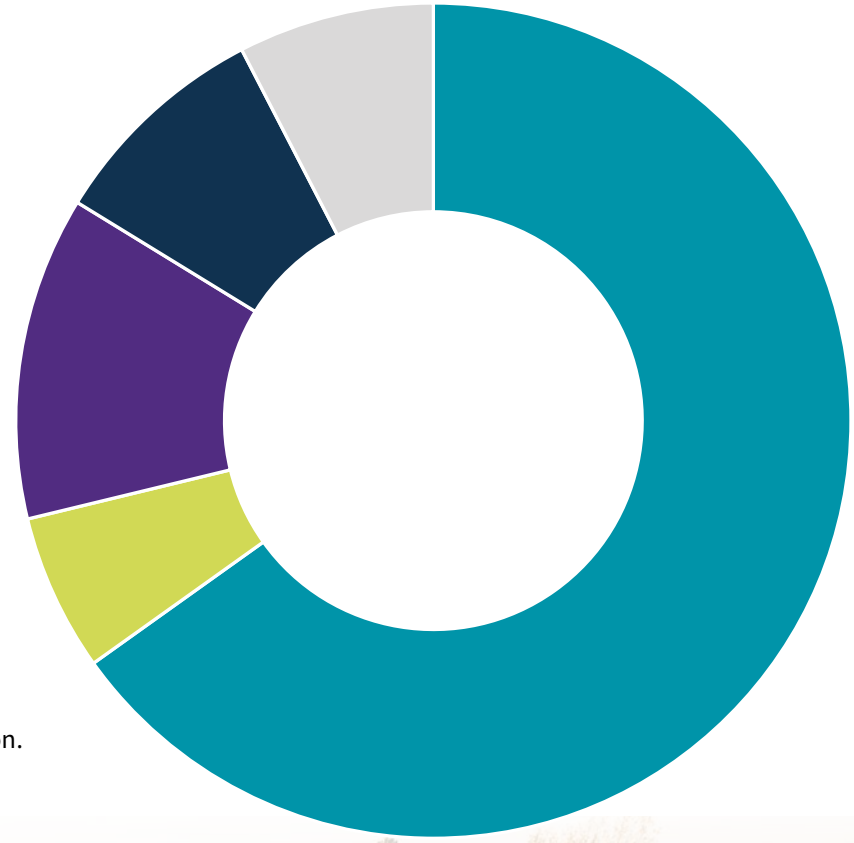
We are required, under section 98(7) of the Local Government Act 2002 to complete our audited financial statements and service performance information for the year ended 30 June 2026 no later than 31 October 2026.

We finished 2025/26 with a net operating surplus of $19.713 million. Our total revenue for the year was $14.399 million more than budgeted in our annual plan. Our operating expenditure was $5.082 million underspend to compared to annual plan.

The main reason for the surplus was higher than budgeted investment fund returns – $18.053 million was received in the year, compared to $8.572 million budgeted in the annual plan. In addition, other operating expenses were $3.377 million lower than budgeted in the annual plan.

Revenue

- Rates, $154.266 million
- Fees and charges, $14.402 million
- Subsidies and grants, $29.691 million
- Investment returns, $20.510 million
- Other revenue, $17.975 million



Capital expenditure

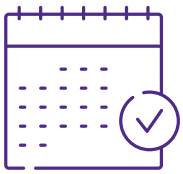
- The annual plan had provided for capital expenditure of $26.396 million in relation to property, plant and equipment. Actual expenditure for the year was $19.622 million.



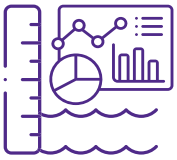
Performance at a glance



All 79
council meetings open to the public



291
Official Information Act requests met within the statutory timeframes



98.7%
data availability during flood events



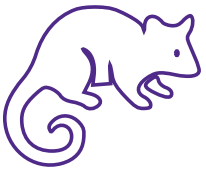
98%
customer satisfaction for our flood warning text alerts



2
readiness exercises undertaken to improve responses to marine oil spills



98%
satisfaction for Te Huia rail



132,000
hectares of landscape-scale possum control completed



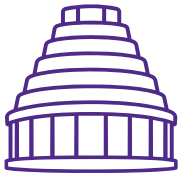
36
on-the-ground projects delivered on private land in high-priority ecosystems



96
community groups funded through the Natural Heritage Partnership Programme



24/7
response service for environmental incidents



36
government consultations reviewed



10
referrals processed under the Fast Track approvals regime



99%
of resource consents processed within Resource Management Act timeframes



100%
of our 486 highest priority consented sites monitored



9
unsafe derelict vessels safely removed from the region's harbours

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.

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

Catchment plans implemented to reduce erosion, improve water quality and enhance biodiversity

Costal water quality monitoring programme of work stepped up in the Firth of Thames

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

5 large, landscape-scale community groups funded through increases in Natural Heritage Partnership Programme funding

132,000 hectares of landscape-scale possum control completed

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

301 of 329 planned maintenance actions undertaken in priority rivers and/or priority sites

Significant capital renewal delivered work programme included rationalising or improving several pump stations and renewing floodgates

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

3 per cent increase in the number of bus trips per capita in the region (outside of Hamilton)

98 per cent customer satisfaction for Waikato-Auckland passenger rail service Te Huia

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

13.23 per cent annual reduction in Waikato Regional Council's corporate emissions (measured in November 2025)

6.6 per cent increase in rail patronage compared to the previous financial year

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

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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

Whakarāpopototanga pūtea
Financial summary

Statement of compliance

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

Financial summary for the year ended 30 June 2026

	Actual ($'000)	Annual plan ($'000)	Last year ($'000)
Statement of comprehensive revenue and expenditure			
Total revenue	**236,844**	**222,445**	**217,794**
Depreciation and amortisation expense	14,014	14,497	13,153
Interest expense	1,916	2,990	2,507
Other operating costs	201,201	204,726	200,226
Total operating expenditure	**217,131**	**222,213**	**215,886**
Surplus/(deficit) before income tax	19,713	232	1,908
Income tax expense	-	-	-
Net surplus	19,713	232	1,908
Gain/(Loss) on revaluation of property, plant and equipment	- 53,152	16,936	19,289
Total comprehensive income	**- 33,439**	**17,168**	**21,197**
Statement of financial position			
Current assets	88,432	44,240	68,915
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	82,068	43,366	49,482
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**
Statement of changes in equity			
Opening equity	1,121,968	1,099,724	1,100,771
Total comprehensive revenue and expense	- 33,438	232	21,197
Closing equity	**1,088,530**	**1,099,956**	**1,121,968**
Components of equity			
Accumulated funds	203,785	206,244	201,690
Other reserves	884,745	910,648	920,278
Total equity	**1,088,530**	**1,116,892**	**1,121,968**
Statement of cash flow			
Net from operating	13,024	6,040	16,598
Net from investing	- 44,712	- 7,112	- 23,906
Net from financing	17,000	522	17,000
Net (decreased)/increase in cash held	- 14,688	- 550	9,692
Closing cash balance	**11,430**	**4,313**	**26,118**

Accounting policies

Waikato Regional Council is a regional local authority, governed by the *Local Government Act 2002*.

The full financial statements of Waikato Regional Council have been prepared in accordance with the requirements of the *Local Government Act 2002* and with New Zealand's generally accepted accounting practice. They comply with Tier 1 PBE accounting standards and other applicable financial reporting standards, as appropriate for public benefit entities.

Waikato Regional Council's summary annual report complies with the *Financial Reporting Standard 43 (FRS 43) Summary Financial Statements*, and the financial statements have been prepared in New Zealand dollars. All values in these financial statements have been rounded to the nearest thousand dollars ($,000).

Information provided in this annual report summary has been extracted from the full financial statements. It does not include all disclosures provided in the full financial statements and cannot be expected to provide as complete an understanding of the council's financial performance. To find the full financial report, visit waikatoregion.govt.nz/annual-report.

The council's full financial statements have been audited, and an unmodified opinion has been given by Audit New Zealand. The full financial statements on which this summary is based were authorised for issue by the 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.

Commitments

Capital expenditure commitments for property, plant and equipment and intangible assets amounted to $2.661 million at 30 June 2026 (30 June 2025: $4.030 million).

Operating lease commitments

Waikato Regional Council leases property, plant and equipment in the normal course of 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)
Operating leases as lessee		
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.

Operating leases as lessor

Waikato Regional Council subleases 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. The total minimum future sublease payments expected to be received under non-cancellable subleases at balance date is $730,000 (2025: $888,000).

	2025/26 Actual ($'000)	2024/25 Last year ($'000)
Operating leases as lessor		
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

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.

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 (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.

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).

Notable budget variations

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

Statement of comprehensive revenue and expenditure

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 an 11.8 per cent 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 in the 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, pumpstations 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 identified 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.

Independent auditor's report

To the readers of Waikato Regional Council's summary of the annual report for the year ended 30 June 2026.

The summary of the annual report was derived from the annual report of the Waikato Regional Council (the Council) for the year ended 30 June 2026.

The summary of the annual report comprises the following information on pages 8 and 17 to 21:

- the summary statement of financial position as at 30 June 2026;
- the summaries of the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended 30 June 2026;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary statement of service provision (referred to as 'performance summary" in the document).

Opinion

In our opinion:

the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and

the summary statements comply with PBE FRS-43: Summary Financial Statements.

Summary of the annual report

The summary of the annual report does not contain all the disclosures required by generally accepted accounting practice in New Zealand. Reading the summary of the annual report and the auditor's report thereon, therefore, is not a substitute for reading the full annual report and the auditor's report thereon.

The full annual report and our audit report thereon

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2026 in our auditor's report dated 29 October 2026.

Our auditor's report on the full annual report includes an emphasis of matter paragraph drawing attention to page 74 in note 1 of the financial statements in the full annual report, which outlines that 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

Information about this matter is also disclosed on page 18 of the summary of the annual report.

Council's responsibility for the summary of the annual report

The Council is responsible for preparing the summary of the annual report which includes preparing summary statements, in accordance with PBE FRS-43: Summary Financial Statements.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the full annual report and whether the summary statements comply with PBE FRS 43: Summary Financial Statements.

Our opinion on the summary of the annual report is based on our procedures, which were carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, 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

Disclaimer

The specific disclosures included in this summary have been extracted from the full annual report. These summary financial statements do not include all of the disclosures provided in the full financial statements and cannot be expected to provide as complete an understanding as is provided by the full annual report. The summary of financial and service performance, financial position and cash flows also cannot be expected to provide as complete an understanding as is provided by the full annual report.

The summary has been examined for consistency with the full annual report and was audited by Audit New Zealand on behalf of the Office of the Auditor-General. Audit New Zealand has issued a standard unmodified opinion on the full annual report. The full annual report can be found on our website at waikatoregion.govt.nz/annualreport.

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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