

# Mā tō tātou takiwā For our District

# Council

Te Kaunihera

CO25-3

Tuesday, 16 December 2025, 9.30am Council Chambers, 1484 Cameron Road, Tauranga

# Council

# **Membership:**

Chairperson	Mayor James Denyer			
Deputy Chairperson	Deputy Mayor Margaret Murray - Benge			
Members	Councillor Shane Beech			
	Councillor Tracey Coxhead			
	Councillor Grant Dally			
	Councillor Darlene Dinsdale			
	Councillor Graeme Elvin			
	Councillor Rodney Joyce			
	Councillor Laura Rae			
	Councillor Allan Sole			
Quorum	Five (5)			
Frequency	Monthly			

### Role:

The Council is responsible for:

- Ensuring the effective and efficient governance and leadership of the District.
- Ensuring that all functions and powers required of a local authority under legislation, and all decisions required by legislation to be made by local authority resolution, are carried out effectively and efficiently, either by the Council or through delegation.

#### **Power to Act:**

To exercise all non-delegable functions and powers of the Council including, but not limited to:

- The power to make a rate;
- The power to make a bylaw;
- The power to borrow money, purchase, or dispose of assets, other than in accordance with the Long Term Plan;
- The power to adopt a Long Term Plan, a Long Term Plan Amendment, Annual Plan or Annual Report and to receive any related audit report;
- The power to appoint a chief executive;

 The power to adopt policies required to be adopted and consulted on under the Local Government Act 2002 in association with the Long Term Plan or developed for the purpose of the Local Governance Statement;

- The power to adopt a remuneration and employment policy;
- The power to approve or change the District Plan, or any part of that Plan, in accordance with the Resource Management Act 1991;
- The power to approve or amend the Council's Standing Orders;
- The power to approve or amend the Code of Conduct for Elected Members;
- The power to appoint and discharge members of committees;
- The power to establish a joint committee with another local authority or other public body;
- The power to make a final decision on a recommendation from the Parliamentary Ombudsman where it is proposed that Council not accept the recommendation.
- To exercise all functions, powers and duties of the Council that have not been delegated, including the power to compulsorily acquire land under the Public Works Act 1981.
- To make decisions which are required by legislation to be made by resolution of the local authority.
- To authorise all expenditure not delegated to officers, Committees or other subordinate decision-making bodies of Council, or included in Council's Long Term Plan or Annual Plan.
- To make appointments of members to Council Controlled Organisation Boards of Directors/ Trustees and representatives of Council to external organisations.
- To monitor the performance of and make decisions on any matters relating to Council Controlled Organisations (CCO), including recommendations for modifications to CCO or other entities' accountability documents (i.e. Letter of Expectation, Statement of Intent).
- To approve joint agreements and contractual arrangements between Western Bay of Plenty District Council and Tauranga City Council and/or any other local authority including the requirement to review the terms of any such agreements or contractual arrangements.
- To approve the triennial agreement.
- To approve the local governance statement required under the Local Government Act 2002.
- To approve any changes to the nature and delegations of Committees.
- To approve a proposal to the Remuneration Authority for the remuneration of Elected Members.
- To develop, review and approve policies, bylaws, strategies and plans in accordance with legislation including determination of the nature and extent of community engagement approaches to be deployed.
- To approve submissions on proposed legislation, plan changes or policy statements.

• To receive reports from Community Boards and resolve appropriate actions as necessary.

### **Procedural matters:**

- Approval of elected member training/conference attendance.
- Receipt of minutes from Committees.

# Power to sub-delegate:

 Council may delegate any of its functions, duties or powers to a subcommittee, working group or other subordinate decision – making body, subject to the restrictions on its delegations and any limitation imposed by Council.

# **Mayor's Delegation:**

- Should there be insufficient time for Council to consider approval of elected member training/conference attendance, the Mayor (or Deputy Mayor in the Mayor's absence) is delegated authority to grant approval and report the decision back to the next scheduled meeting of Council.
- Should there be insufficient time for Council to consider approval for a final submission to an external body, the Mayor (or Deputy Mayor, in the Mayor's absence) has delegated authority to sign the submission on behalf of Council, provided that the final submission is reported to the next scheduled meeting of Council.

Notice is hereby given that a Meeting of Council will be held in the Council Chambers, 1484 Cameron Road, Tauranga on:
Tuesday, 16 December 2025 at 9.30am

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#### 1 KARAKIA

Whakatau mai te wairua Whakawātea mai te hinengaro Whakarite mai te tinana Kia ea ai ngā mahi Settle the spirit
Clear the mind
Prepare the body
To achieve what needs to be

achieved.

Āe Yes

- 2 PRESENT NGĀ MEMA KEI KONEI
- 3 IN ATTENDANCE I TAE AKE
- 4 APOLOGIES NGĀ WHAKAPAHĀ
- 5 CONSIDERATION OF LATE ITEMS NGĀ TAKE TŌMURI
- 6 DECLARATIONS OF INTEREST NGĀ TUKITUKINGA
- 7 PUBLIC EXCLUDED ITEMS NGĀ TAKE TAPU
- 8 PUBLIC FORUM WĀHANGA TŪMATANUI

## 9 COUNCIL - COMMITTEE MINUTES FOR CONFIRMATION - TE WHAKATAU I NGĀ MENETI Ā TE KAUNIHERA, Ā TE KOMITI

#### 9.1 MINUTES OF THE COUNCIL MEETING HELD ON 14 NOVEMBER 2025

File Number: A7066787

Author: Pernille Osborne, Senior Governance Advisor

Authoriser: Robyn Garrett, Governance Manager

#### RECOMMENDATION

I. That the Minutes of the Council Meeting held on 14 November 2025 be confirmed as a true and correct record and the recommendations therein be adopted.

2. That the Chairperson's electronic signature be inserted into the confirmed minutes.

#### **ATTACHMENTS**

1. Minutes of the Council Meeting held on 14 November 2025

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# MINUTES OF WESTERN BAY OF PLENTY DISTRICT COUNCIL COUNCIL NO. CO25-1 HELD IN THE COUNCIL CHAMBERS, 1484 CAMERON ROAD, TAURANGA ON FRIDAY, 14 NOVEMBER 2025 AT 2.30PM

#### 1 KARAKIA

Whakatau mai te wairua

Whakawātea mai te hinengaro

Whakarite mai te tinana

Kia ea ai ngā mahi

kia ca ai riga mani

Āе

Settle the spirit

Clear the mind

Prepare the body

To achieve what needs to be

achieved.

Yes

#### 2 PRESENT - NGĀ MEMA KEI KONEI

Mayor J Denyer, Cr G Dally, Deputy Mayor M Murray-Benge, Cr R Joyce, Cr D Dinsdale, Cr L Rae, Cr A Sole, Cr S Beech and Cr G Elvin

#### 3 IN ATTENDANCE - I TAE AKE

M Taris (Interim Chief Executive), B Singh (General Manager Infrastructure Services), M Potton (Acting General Manager Corporate Services), A Henderson (Programme Director – Water Organisation), A King (Programme Manager – Water Organisation Establishment), E Wentzel (Director Waters), R Garrett (Governance Manager), R Leahy (Senior Governance Advisor), J Duncan (Governance Coordinator) and P Osborne (Senior Governance Advisor).

#### 4 APOLOGIES - NGĀ WHAKAPAHĀ

#### **APOLOGY**

#### **RESOLUTION CO25-1.5**

Moved: Cr A Sole

Seconded: Cr L Rae

That the apology for absence from Cr Coxhead and Cr Murray-Benge be accepted.

**CARRIED** 

5 CONSIDERATION OF LATE ITEMS - NGĀ TAKE TŌMURI

Nil

6 DECLARATIONS OF INTEREST – NGĀ TUKITUKINGA

Nil

7 PUBLIC EXCLUDED ITEMS - NGĀ TAKE TAPU

Nil

8 PUBLIC FORUM - WĀHANGA TŪMATANUI

Nil

9 REPORTS - NGĀ PŪRONGO

#### 9.1 DECLARATION BY COUNCILLOR

This item was deferred to the 25 November 2025 Council meeting.

# 9.2 LOCAL WATERS DONE WELL - ENDORSEMENT OF SUMMARY PLAN AND APPOINTMENT OF MEMBERS FOR THE ELECTED MEMBERS GOVERNANCE GROUP

Council considered a report dated 14 November 2025 from the Programme Manager - Water Organisation Establishment. The Programme Director - Water Organisation started the meeting by reporting that the Water Services Delivery Plan (WSDP) had been approved by the Department of Internal Affairs. This was good news, noting that the WSDP outlined the steps Council would take between now and establishment, therefore progress could continue.

The Programme Manager – Water Organisation Establishment provided an overview of the report and the recommendations therein.

Staff responded to pātai as follows:

- Council had not yet finalised the "boundary" in relation to Stormwater, noting that staff would come back to Councillors in relation to the potential assets to be transferred from the stormwater activity.
- In relation to "stranded costs", it was confirmed that this did go beyond Local Waters Done Well. Staff would be working with the Local Waters Done Well (LWDW) Working Group, as well as Council, to determine what activity would be carried out by what part, noting that this would clarify how it would be stranded.

• The statement around engaging with Tangata Whenua was to ensure the existing Council policies relating to partnership approaches, engagement and consultation would be carried over to the new entity.

- The hui scheduled for Thursday 20 November, was an opportunity for the Tangata Whenua Forums from both Tauranga City Council (TCC) and Western Bay of Plenty District Council (WBOPDC) to come together and discuss which members would form a working group with councillors.
- The decision around whether the Tangata Whenua representation was skilled or hapū based was to be determined by Tangata Whenua themselves.
- There was potential for five representatives for Tangata Whenua to join the working group
- The terms relating to the reporting frequency and approach, was a decision that staff envisaged the working group and Councillors coming to agreement on. Staff suggested that a weekly update would be beneficial.
- The purpose of the working group would be to help facilitate some of the pātai and ensure that there was a consensus (where possible) on direction moving forward.
- The rationale for the weekly update, was in response to the need to be more agile than the current Council meeting schedule allowed.
- The proposed membership for the joint working group was five TCC representatives, five WBOPDC representatives and five Tangata Whenua representatives.
- An independent facilitator had been appointed to the joint working group.
- It was clarified that the Mayor could nominate another member however, this
  nomination would still need to come back to Council for endorsement, just as it
  has in recommendation three.
- The following clarity was provided:
  - o The CEO Group comprised of the TCC and WBOPDC Chief Executives;
  - The Project Steering Group comprised of Christine Jones (TCC) and Adele Henderson (WBOPDC); and
  - The Project Team involved staff from across the business that were focused on this specific kaupapa.

#### **RESOLUTION CO25-1.6**

Moved: Cr R Joyce

Seconded: Cr D Dinsdale

- That the Programme Manager Water Organisation Establishment's report dated
   November 2025 titled 'Endorsement of summary plan and appointment of members for the Elected Members Governance Group', be received.
- 2. That the report relates to an issue that is considered to be of low significance in terms of Council's Significance and Engagement Policy.

**CARRIED** 

#### **RESOLUTION CO25-1.7**

Moved: Cr G Elvin

Seconded: Cr G Dally

3. That Council endorses the "Multi-Council Water Organisation Summary Plan (including Due Diligence)" (Attachment 1 of this report).

CARRIED

Councillor Rae voted against the motion and requested for her vote <u>against</u> to be recorded.

#### **RESOLUTION CO25-1.8**

Moved: Cr R Joyce

Seconded: Cr S Beech

- 4. That Council appoints the following elected members to the joint Elected Member Governance Group:
  - Mayor James Denyer
  - Councillor Grant Dally
  - Councillor Rodney Joyce
  - Councillor Graeme Elvin
  - Councillor Darlene Dinsdale
- 5. That Council agrees to the appointment of Lyall Thurston as the independent facilitator for the Joint Elected Member Governance Group.
- 6. That Council agrees that the elected members on the Elected Member Governance Group are also the members on the Western Bay of Plenty District Council Elected Members Working Group (WBEMWG).

**CARRIED** 

Councillor Rae voted against the motion and requested for her vote <u>against</u> to be recorded.

#### **RESOLUTION CO25-1.9**

Moved: Cr G Dally

Seconded: Mayor J Denyer

7. That Council approves the "Western Bay of Plenty District Council Elected Members Working Group – Terms of Reference" (**Attachment 2** of this report).

CARRIED

Councillor Rae voted against the motion and requested for her vote <u>against</u> to be recorded.

#### **RESOLUTION CO25-1.10**

Moved: Mayor J Denyer

Seconded: Cr R Joyce

8. That Council endorses partnering with IAWAI for the replacement of the Watercare IT system that is no longer being supported from August 2026, noting that a business case and supplier recommendations will come to Council for a decision in December 2025.

CARRIED

Councillor Rae voted against the motion and requested for her vote <u>against</u> to be recorded.

#### **RESOLUTION CO25-1.11**

Moved: Cr G Elvin

Seconded: Cr D Dinsdale

- Council supports paying meeting fees and negotiated additional resourcing to enable Tangata Whenua participation in establishment planning for the proposed Multi-Council Water Organisation, as anticipated in the "Multi-Council Water Organisation Summary Plan (including Due Diligence)" (Attachment 1 of this report).
- 10. Notes that the Tangata Whenua meeting fee will be in line with other agreed meeting fees, and delegates to the Chief Executive to approve the meeting fees and additional resourcing costs (funded from the Water Organisation Establishment Budget).

**CARRIED** 

Councillor Rae voted against the motion and requested for her vote <u>against</u> to be recorded.

#### 10 INFORMATION FOR RECEIPT - KÖRERO TE WHIWHIA

Nil

#### The Meeting closed at 2.55pm.

Confirmed as a true and correct record at the Council meeting held 16 December 2025.

Mayor J Denyer

CHAIRPERSON / MAYOR

#### 10 REPORTS - NGĀ PŪRONGO

# 10.1 BAY OF PLENTY LOCAL AUTHORITY SHARED SERVICES LIMITED (BOPLASS) ANNUAL REPORT 30 JUNE 2025

File Number: A7051653

Author: Jackson Jury, Financial Analyst

Authoriser: Matt Potton, Acting Group Manager Corporate Services

#### **EXECUTIVE SUMMARY**

The purpose of this report is to provide Elected Members with Bay of Plenty Local Authority Shared Services Limited's (BOPLASS) Annual Report for the year ended 30 June 2025.

BOPLASS' Annual Report has been approved by their Board of Directors.

#### RECOMMENDATION

- That the Financial Analyst's report dated 16 December 2025 titled 'Bay of Plenty Local Authority Shared Services Limited (BOPLASS) Annual Report 30 June 2025' be received.
- That Council receives Bay of Plenty Local Authority Shared Services Limited's (BOPLASS) Annual Report for the year ended 30 June 2025, included as Attachment 1 of this report, to be published on Council's website.

#### **BACKGROUND**

- BOPLASS is a designated Council Controlled Organisation (CCO) under the Local Government Act 2002 (LGA). The company was formally established in January 2008 by the nine local authorities in the Bay of Plenty and Gisborne regions to foster collaboration between councils in the delivery of services, particularly back office or support services.
- 2. As a CCO, BOPLASS is a separate legal entity from Council and is responsible for delivery of services in accordance with an agreed Statement of Intent.
- 3. Under Section 67 of the LGA, within three months after the end of each financial year, the board of a CCO must deliver to the shareholders, and make available to the public, a report on the organisation's operations during that year, including financial statements and auditor's report.
- 4. The BOPLASS Annual report for 2024–25 is included as **Attachment 1** to this report.

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#### **KEY HIGHLIGHTS:**

• Renegotiated or renewed major supplier contracts (NAMS+, IPWEA, VertiGIS, FME, Esri), securing improved rates and service levels for councils.

- Completed a joint tender for Occupational Health Services with Co-Lab, achieving competitive pricing and best-practice standards.
- Advanced several new procurement initiatives, including oblique aerial imagery, high-volume printing, office supplies, and energy services.
- Delivered tangible benefits through new urban orthophotography and regional imagery projects.
- Achieved an average 5% reduction in councils' infrastructure insurance rates at the most recent renewal, with confidence of further savings in the upcoming year.
- Led a collective earthquake loss-modelling project to improve councils' insurance risk assessments.
- Facilitated a senior-level strategic insurance workshop with DIA, Treasury, LGFA, and global insurers.
- Secured full cyber insurance cover for all councils and delivered a cyber-crime best-practice session.
- Achieved an average 5 percent reduction in infrastructure insurance premiums across councils.
- Welcomed new directors Steven Perdia and Miriam Taris to the BOPLASS Board.

#### **ATTACHMENTS**

1. BOPLASS Annual Report 2024-2025

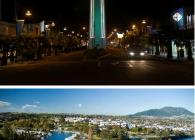
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# ANNUAL REPORT 2024-2025

For the year ended 30 June 2025







BOPLASS Limited

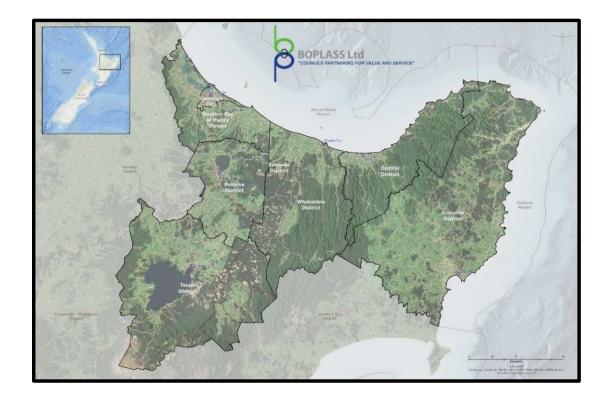
Annual Report for the Year Ended 30 June 2025

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# PART ONE – OUR YEAR



#### **BOPLASS Chair's Report**

On behalf of our Directors, I am pleased to present the BOPLASS 2025 Annual Report to our Shareholders.

Throughout 2024/25, BOPLASS has continued to deliver significant value to our shareholding councils through collaborative procurement, shared services, and strategic engagement. This year has seen several of large contracts come due for renewal and, in almost every case, BOPLASS has successfully renegotiated or replaced these agreements with improved rates and service levels. These outcomes have been achieved by continuing to leverage and promote aggregated volumes across BOPLASS councils, as well as increased collaboration with other Local Authority Shared Services (LASS) groups.

The recent joint tender for occupational health services undertaken with Co-Lab illustrates the incremental benefits of working collaboratively. The aggregated approach simplified procurement, secured competitive pricing, and established best practice service levels across a large group of councils. Similarly, the renewal of key supplier agreements including NAMS+, IPWEA, VertiGIS Studio, FME Software, and Esri has ensured continued access to essential services at discounted rates for the BOPLASS councils; with BOPLASS often negotiating these benefits despite there being no alternative providers in New Zealand.

Adequate and cost-effective insurance cover remains an important requirement for all councils and BOPLASS has taken leadership with a number of strategic risk management projects this year. A collective project for earthquake loss modelling of infrastructural assets is delivering consistent and accurate hazard assessments, which is essential for supporting informed decisions for insurance coverage and risk transfer mechanisms within councils.

To assist with communicating essential strategic insurance knowledge within councils, BOPLASS worked with our brokers to facilitate a senior-level strategic insurance workshop to provide insights into emerging risks, insurance market challenges, and insurance implications of the Local Water Done Well reforms. Through the inclusion of speakers from DIA, Treasury, LGFA, and international insurers, the workshop was beneficial in knowledge sharing and helping councils prepare for impending sector-wide changes.

Despite ongoing challenges in the insurance market, BOPLASS successfully secured full cyber insurance cover for all councils. This was supported by a BOPLASS led cyber-crime information session to help enhance councils' understanding of insurer expectations and best practices.

It was very pleasing for BOPLASS to achieve a reduction in most insurance rates with last year's renewal, with an average rate reduction of approximately 5% across councils' infrastructure insurance placements. There is confidence that further savings should be achieved with this years' renewals as the strong relationships with international insurers are further leveraged.

Several new procurement initiatives were investigated, including oblique aerial imagery, high-volume printing, office supplies, and energy services. While some projects are still underway, others such as the occupational health services tender and urban orthophotography contracts have already delivered tangible benefits.

BOPLASS Limited

Annual Report for the Year Ended 30 June 2025

Inter-regional collaboration remains a cornerstone of BOPLASS' strategy. We continue to work closely with MW LASS and Co-Lab, sharing services and offering projects across regions. Notable initiatives include the Waste Operator Licensing and Data System, staff wellbeing portal, regional contractor database, and workforce management system.

We welcomed two new directors to the governance table in 2024/25 with Steven Perdia and Miriam Taris joining from Whakatāne and Western Bay of Plenty District Councils. We extend our gratitude to our departing directors and their significant contributions to BOPLASS' success. The leadership and support received from BOPLASS directors continues to be instrumental in helping the group of councils drive collaborative initiatives.

Looking ahead to 2025/26, BOPLASS will continue to progress projects identified by our shareholding councils, expand inter-regional initiatives, and closely monitor developments in water service delivery to manage changes within our group insurance policies.

On behalf of the Board, I thank all those who have supported BOPLASS throughout the year.

Craig O'Connell

Chair



#### **Company Directory**

Nature of Business: Shared Service Provider

Registered Office: Regional House, 1 Elizabeth Street, Tauranga 3110

**Telephone:** +64 7 577 7342

Email: <a href="mailto:contact@boplass.govt.nz">contact@boplass.govt.nz</a>

Website: <a href="https://www.boplass.govt.nz">https://www.boplass.govt.nz</a>

**Incorporation Number:** 2074873

**Incorporation Date:** 14 January 2008

**IRD Number:** 98-965-361

Directors: Craig O'Connell

Fiona McTavish Julie Gardyne Andrew Moraes Martin Grenfell Miriam Taris

Nedine Thatcher-Swann

Morgan Godfery Steven Perdia Stace Lewer

Shareholders: Bay of Plenty Regional Council

Gisborne District Council Kawerau District Council Ōpōtiki District Council Rotorua Lakes Council Taupō District Council Tauranga City Council

Western Bay of Plenty District Council

Whakatāne District Council

Auditor: BDO Tauranga

Bankers: ANZ Bank

**Solicitors:** Cooney Lees and Morgan

#### Statement of Intent and Performance

The company has complied with section 64 of the Local Government Act 2002 (LGA) and has had the Statement of Intent for 2025-2028 and associated budget formally adopted by the directors by resolution on 27 June 2025.

#### Performance Targets 2025-2028

To ensure the company continues to operate effectively in both governance and management terms over the next three years the targets are to:

Targets <u>2025-2028</u>	How	Measure
Ensure supplier agreements are proactively managed to maximise benefits for BOPLASS councils.	Manage and/or renegotiate existing contracts.	Contracts are reviewed annually to test for market competitiveness.  New suppliers are awarded contracts through a competitive procurement process involving two or more vendors where applicable.
Investigate new Joint Procurement initiatives for goods and services for BOPLASS councils.	Procure from sources offering best value, service, continuity of supply and/or continued opportunities for integration.	A minimum of four new procurement initiatives investigated. Initiatives provide financial savings of greater than 5% and/or improved service levels to the participating councils.
Identify opportunities to collaborate with other LASS in Procurement or Shared Service projects where alliance provides benefits to all parties.	BOPLASS to regularly engage with other LASS to identify and explore opportunities for further inter-regional collaboration.	Quarterly reporting on engagement and a minimum of one new collaborative initiative undertaken annually.
Implement Shared Services demonstrating best practice and added value to participating councils and stakeholders.	Identify Shared Services projects of benefit to two or more councils and lead the implementation.	Initiate at least one new Shared Service each year and no less than two Shared Services successfully implemented within three years.
Communicate with each shareholding council at appropriate levels.	Actively engage in obtaining political support for identified projects.	Information provided to elected members, and feedback sought, on BOPLASS projects, benefits to local communities, and value added to each council.
Ensure current funding model is appropriate.	Review BOPLASS expenditure and income and review council contributions and other sources of funding.	Performance against budgets reviewed quarterly. Company remains financially viable.

BOPLASS Limited

Annual Report for the Year Ended 30 June 2025

## Statement of Intent and Performance continued

The following is a report of performance against targets set in the Statement of Intent for 2024/27.

Target <u>2024/25</u>	Result	Narration
Ensure supplier agreements are proactively managed to maximise benefits for BOPLASS councils.  Manage and/or renegotiate existing contracts.  Contracts are reviewed annually to test for market competitiveness.  New suppliers are awarded contracts through a competitive procurement process involving two or more vendors where applicable.	Result	Contracts negotiated and/or renewed for:  NAMS+ Subscription (Asset Management) – BOPLASS renewed the collective NAMS+ agreement with discounted rates for BOPLASS councils through a collective agreement.  No alternative provider in NZ.  IPWEA Membership (Engineering) – The Institute of Public Works Engineering Australasia (IPWEA) agreement was renewed in 2024 to provide a single BOPLASS portal to allow all constituent councils to access the full IPWEA online catalogue at heavily reduced pricing. The standards are used by all councils for a variety of engineering purposes. The collective agreement provides for unrestricted access for all councils at a significantly lower cost than under individual arrangements.  No alternative provider in NZ  Inter-Council Network (ICN) – BOPLASS renegotiated the network agreement with Kordia for a further 12 months on the same terms. The Kordia service covers the primary connectivity to the ICN for councils. The BOPLASS agreement achieves a reduction in cost of approximately 19% for these services.  Additional services were added to the ICN as requested by participating councils.  In conjunction with participant councils, BOPLASS will be going to market for network services in the next financial year.  Zoom Video Conferencing Services (VC) - The Zoom enterprise agreement was renewed by BOPLASS on behalf of the participating councils.
		next financial year.  Zoom Video Conferencing Services (VC) - The Zoom enterprise agreement was renewed by

BOPLASS Limited

Annual Report for the Year Ended 30 June 2025

Target 2024/25	Result	Narration
		VertiGIS Studio (GIS) – Contracts were renewed for the VertiGIS Studio products. BOPLASS councils continue to benefit from the collective contract through reduced pricing, collective training, and the utilisation of common software across the councils.  No alternative provider in NZ  NZ Archaeological Association (NZAA) – BOPLASS has been in negotiations with NZAA to establish a new collective agreement for councils' access to archaeological information and to ensure financial savings and benefits continue to be delivered through the collective agreement.  No alternative suppliers  Esri Enterprise Licensing Agreement (GIS) – With the expiration of the existing agreement, BOPLASS has negotiated for a new three-year agreement for Esri software used extensively within BOPLASS councils. The agreement includes discounted pricing and supports a
		common GIS platform across BOPLASS councils. No alternative suppliers.  Insurance Brokerage Services – The collective insurance brokerage agreement with Aon reached the end of its term in June 2025, with an option for a further and final two-year extension. After reviewing performance, and consulting member councils, BOPLASS received approval to proceed with the contract extension. This retains alignment with the MW LASS and Co-Lab contracts, allowing for future collective procurement opportunities. Under the contract extension, Aon have committed to maintaining current pricing and service levels.  n3 (Procurement) – As a group buying organisation, n3 usually charge individual membership fees. Through BOPLASS a collective purchasing group membership has been negotiated to cover all BOPLASS. Councils achieve significant savings on membership costs and have access to trade pricing through the group scheme. The agreement has been renewed with the same discounted rates.  Sole NZ provider.

BOPLASS Limited

Annual Report for the Year Ended 30 June 2025

Result	Narration
	My Everyday Wellbeing (H&S) – BOPLASS renewed the agreement for the staff online wellbeing platform. Discounted pricing is provided to BOPLASS as a single entity, allowing all member councils to benefit from the associated savings. The agreement has been extended to cover MW LASS and Co-Lab councils. Increased participation from MW LASS, Co-Lab and BOPLASS councils this year has resulted in further financial savings for all participating councils.
	Media Copyright Agency (MCA) – A collective contract providing savings for all BOPLASS councils has been renewed with MCA (originally PMCA) for councils' print and media copyright services.  Sole NZ provider of print and media copyright services.
	Cyber Insurance – All councils have successfully secured full cyber insurance cover through the collective BOPLASS programme, despite increasingly stringent requirements from insurers.
	Maintaining this cover requires consistently high standards of cyber security across all councils. To support this, BOPLASS facilitated a cyber-crime information session for IT Managers led by a cyber security insurance expert. This was provided at no cost to the councils and provided insights into evolving insurer expectations, emerging cyber threats, and best practices for incident response.
	Cyber cover is an annual agreement that requires going to market every year.
	Standards NZ – BOPLASS has renewed the agreement with Standards NZ for discounted access to the full Standards catalogue at significantly reduced pricing for all BOPLASS councils. In addition to the financial savings for councils, the BOPLASS agreement provides full access to all standards and the full standards library for councils.  No alternative provider in NZ.
	Result

Investigate new Joint Procurement initiatives for goods and services for BOPLASS councils.

Procure from sources offering best value, service, continuity of supply and/or continued opportunities for integration.

A minimum of four new procurement initiatives investigated. Initiatives provide financial savings of greater than 5% and/or improved service levels to the participating councils.

Achieved

Procurement initiatives which have been investigated during the year are as follows:

Oblique Aerial Imagery – BOPLASS investigated collaborative opportunities for the capture of Oblique Aerial Imagery for the BOPLASS councils. Working with the councils a free trial was negotiated. Group pricing has been investigated but, given the limited number of councils currently able to commit, the benefits are not significant enough at this time.

Infrastructure Earthquake Loss Modelling – BOPLASS engaged Aon, as our risk advisor, to provide a collective loss modelling proposal covering all BOPLASS councils. This project was essential for reassessing risk exposure and informing decisions on insurance coverage and risk transfer strategies.

Approaching the procurement collectively through BOPLASS resulted in a 39% saving, when compared with if councils were to undertake the risk modelling independently.

Risk Management Resourcing – Quality and accuracy of valuation and asset data continues to hold high-importance with insurance underwriters and the quality of this data has a direct impact on councils' premium rates. While these data demands are equally applicable to all councils, some of the smaller councils may not have dedicated risk management resource to deliver on all the requirements. In collaboration with our risk advisors, a specialised service has been established to provide on-demand expert assistance in areas such as risk appetite, maturity assessments, policy and framework reviews, business continuity planning, strategic risk, and organisational risk registers.

Not only has this initiative strengthened councils' ability to meet insurance requirements, but it has also helped improve overall risk governance without the need to employ specialist staff.

Starlink Management – As a result of the major interruptions to communication technologies during and following Cyclone Gabrielle, BOPLASS IT Managers explored the potential of collective procurement of Starlink satellite WAN services to enhance business continuity and disaster recovery capabilities.

While collective procurement options did not yield financial benefits, councils opted to assess and implement Starlink solutions based on individual needs, ranging from disaster recovery to supporting remote operations. The initiative fostered significant knowledge sharing across councils. Additionally, a separate project is underway to evaluate Starlink and alternative technologies for improving connectivity for lone workers in remote areas, led by BOPLASS Health & Safety and IT Managers.

Project still underway

High Volume Print – BOPLASS is working with councils to investigate a collective approach to high-volume printing in response to rising costs and evolving council requirements. Councils currently operate with a mix of in-house and outsourced services, and there is strong interest in assessing the opportunity for councils to address print requirements as a strategic group. Engagement is underway to evaluate alignment across councils and identify opportunities for coordinated procurement that deliver improved service outcomes and cost efficiencies.

Project still underway

Office supplies – BOPLASS is leading a collective secondary procurement process to engage All of Government (AoG) panellists for the provision of general office supplies. Coordinating the procurement process collectively offers efficiencies in time and resources and may provide enhanced leverage with suppliers. Project still underway

Energy Services – An Eastern Bay consortium of councils has appointed a provider for energy services. BOPLASS has investigated the opportunity for Western Bay councils to participate in the arrangements. Most of the other BOPLASS councils are contracted directly with providers or through the All of Government agreement. Opportunities for savings will continue to be investigated.

Project still underway

Infrastructure Insurance – Placements for BOPLASS councils' infrastructure insurance are only provided on a 12-month term and all placements need to be procured annually through a process involving multiple underwriters and insurance syndicates. This involves identifying and

negotiating with alternative markets every year and considering options to undertake placements through new or different insurers.

Negotiations for councils' infrastructure insurance were undertaken in late 2024 through direct engagement with the international and local markets. The size of the collective BOPLASS account allows us to undertake this direct engagement.

Particularly good outcomes were achieved for the 2024-25 infrastructure placements, with an average reduction of approximately 5% on last years rates, and a saving of up to 20% when compared with councils that don't procure through a collective group.

The high standard of the information being provided by BOPLASS councils, and our historical relationships with the international markets, have proven to be a strength for us at renewal time. Most insurers demonstrate ongoing support for the BOPLASS programme, however, BOPLASS continues to review alternative risk transfer options and alternative markets.

Aerial Imagery – Two tenders for aerial imagery were managed by BOPLASS on behalf of participating councils. Tenders were awarded to Woolpert for urban orthophotography covering Tauranga City, Kawerau, Ōpōtiki, and Whakatāne, with additional capture over Moutohora and Whakaari Islands.

Occupational Health Services Tender – Working in conjunction with Co-Lab, a joint tender for the procurement of occupational health services for BOPLASS and Waikato councils has been awarded.

While each LASS will be managed independently, the aggregated tender volumes provided greater leverage for securing competitive pricing and enhanced services.

Contours from LiDAR – A regional initiative is in progress to generate contour mapping for the entire Bay of Plenty using LiDAR data acquired collectively by BOPLASS councils. This will deliver a comprehensive topographic layer for council mapping systems. The joint procurement approach ensures cost savings and operational efficiency through a streamlined process.

Project still underway

Identify opportunities to collaborate with other LASS in Procurement or Shared Service projects where alliance provides benefits to all parties.

BOPLASS to regularly engage with other LASS to identify and explore opportunities for further inter-regional collaboration.

Quarterly reporting on engagement and a minimum of one new collaborative initiative undertaken annually. Achieved

BOPLASS continues to work closely with MW LASS and Co-Lab with the LASS leads engaging regularly and aiming to meet formally on a quarterly basis.

Shared services projects being undertaken by other LASS have been offered to BOPLASS councils. Equally, most BOPLASS projects are offered to the other LASS.

Some of the shared service projects offered to BOPLASS councils include:

- · Wellbeing health and safety training
- Debt Management
- Archives
- · Building Consent services

BOPLASS is leading or managing, on behalf of other LASS:

- Waste Operator and Licensing Data System
- Staff wellbeing portal
- Regional contractor database
- Rates collections
- Inter-council secondments
- Insurance broker renewal/appointment
- · Workforce management system

Workforce Management System – BOPLASS has engaged with the incumbent supplier on behalf of Co-Lab and BOPLASS councils to address service issues and to negotiate collective pricing.

Occupational Health Services – BOPLASS and Co-Lab collectively initiated a joint procurement project for occupational health services across BOPLASS and Waikato councils.

NZ Aerial Imagery consortium - BOPLASS engaged with other regions to explore the potential for a national aerial imagery consortium. The concept aimed to improve pricing and coordination of flying schedules through a larger, collective tender. BOPLASS participated in meetings to assess the feasibility and potential benefits of the initiative. After reviewing the proposal against the existing BOPLASS aerial imagery programme, which has consistently delivered strong results through smaller, regionally focused tenders, it was determined that a national approach would not offer additional value to BOPLASS councils. The current model ensures timely delivery, equitable service to smaller councils, and maintains market competitiveness.

Engagement with other LG collaborative groups – In addition to the two North Island LASS, BOPLASS continues to offer support to other local government collaborative groups looking to leverage benefits from working collectively.

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Further develop and extend the Collaboration Portal for access to, and sharing of, project information and opportunities from other councils and the greater Local Government community to increase breadth of BOPLASS collaboration.  Increase usage of the Collaboration Portal by providing support and training material for new and existing users.  Proactively market the benefits to the councils.  Number of active users to increase by 5% per year.	Achieved	Collaborative projects continue to be added to the MahiTahi Local Government Collaboration Portal, along with several specific Teams or Channels established for confidential projects outside of the main Portal.  There has been continued promotion of the MahiTahi LG Collaboration Portal within local government and this has seen a 5% increase in registered users with numbers increasing from 507 to 539.  Induction and training material has been developed for creating smooth on-boarding of any new members.  The Te Uru Kahika hub (regional and unitary councils) has continued to grow and is hosted within the same environment as the MahiTahi Collaboration Portal.
Communicate with each shareholding council at appropriate levels.  Actively engage in obtaining political support for identified projects.  Information provided to elected members, and feedback sought, on BOPLASS projects, benefits to local communities, and value added to each council.	Achieved	BOPLASS continues to regularly engage with our constituent councils, senior management, and shareholders to ensure opportunities continue to be developed to the benefit of all stakeholders.  In addition, BOPLASS chairs and coordinates meetings and activities for specific council advisory groups that manage or lead new collaborative initiatives. These groups generally comprise of managers from each council.  The BOPLASS Statement of Intent, Annual and Half-Yearly reports are provided to council for comment or feedback and the CEO is available to attend council meetings as requested.
Ensure current funding model is appropriate.  Review BOPLASS expenditure and income and review council contributions and other sources of funding.  Performance against budgets reviewed quarterly. Company remains financially viable.	Achieved	The sources of BOPLASS funding and the viability of the funding model are regularly reviewed with financial reporting provided to the BOPLASS Board.  Council contributions were levied with annual council contributions CPI adjusted.  Contributions were received from activities that are producing savings.  An annual contribution from Co-Lab, MW LASS, Regional Software Holdings (RSHL) and BOPLASS councils is received for membership of the MahiTahi Local Government Collaboration Portal.  Monthly and quarterly performance reviewed.  Financial statements and budget variances reported and reviewed at Board meetings.  Financial position year end 30 June 2025: (9,243) deficit.

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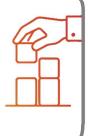
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#### **Other Value-Add Projects**

Project	Narration	
Composite Flood Mapping Datasets	BOPLASS supported the Ministry for the Environment's (MfE) development of a national climate adaptation framework by facilitating access to BOPLASS composite flood mapping datasets. This collaboration with MfE highlights the strategic value of BOPLASS shared data initiatives and the value being contributed to national resiliency planning.	
Bay Maps open data	Bay Maps now serves as a unified platform for mapping services across the Bay of Plenty and is actively used by the BOPLASS councils. This shared portal eliminates the need for individual councils to build and maintain separate mapping systems.	
Council insurance strategy	Working with our brokers, BOPLASS facilitated a senior level strategic insurance workshop to provide insights into emerging risks, insurance market challenges, and the insurance implications of the Local Water Done Well reforms. Speakers included DIA, Treasury, LGFA, and international insurers, and was beneficial in helping councils prepare for sector-wide changes.	
Artificial Intelligence (AI)	Al technologies continue to evolve rapidly, with integration become embedded in a multitude of platforms and software solutions used by councils. BOPLASS hosted a dedicated seminar led by Houston Technology to help member councils prepare for Al adoption within Microsoft Office 365. BOPLASS remains committed to fostering collaboration and knowledge-sharing as councils explore Al implementation.	
Waste Operator and Licensing Data System (WOLDS)	The rollout of WOLDS is being phased across BOPLASS and Waikato councils, beginning with six councils in the initial group. Remaining councils will follow once necessary bylaw updates are completed to support external service management. WOLDS enables centralised oversight of waste contractor licensing, easing administrative burdens for councils and improving the quality of waste data.	

# **Building Blocks**

BOPLASS Ltd has been built on a number of principles and activities and these are the building blocks of our success.



You will find examples in text boxes scattered throughout the document.

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Item 10.1 - Attachment 1 Page 32

## Statement of Intent and Performance continued

The following is a report of performance against targets set in the Statement of Intent for 2023/24 and is provided for comparative purposes.

Ensure supplier agreements are proactively managed to maximise benefits for BOPLASS councils.  Manage and/or renegotiate existing contracts.  Contracts are reviewed annually  Achieved Contracts negotiated and/or renewed for:  VertiGIS Studio – Contracts for Geocortex Essentials and Analytics were renewed as the newly rebranded product VertiGIS Studio.  BOPLASS councils continue to benefit from the renewed collective contract through reduced	Target <u>2023/24</u>	Result	Narration
to test for market competitiveness.  New suppliers are awarded contracts through a competitive procurement process involving two or more vendors where applicable.  The Tauranga City interim flying programme was awarded to Woolpert NZ Ltd, including specific requirements for the capture of high growth areas.  Inter-Council Network (ICN) – Following the expiry of the initial 24-month agreement for ICN services with Kordia, BOPLASS renegotiated the agreement for a further 12 months, achieving a reduction in cost of approximately 19% for these services. The Kordia service covers the primary connectivity to the ICN for councils. Councils are currently investigating using the ICN for CCTV services between councils as part of the BOPLASS CCTV project.  Zoom Video Conferencing Services (VC) – BOPLASS has managed a Zoom video conference service for councils for several years. This was renegotiated and renewed by BOPLASS this year on behalf of the councils. While Microsoft Teams appears to be becoming the primary VC platform for most councils' internal communications, many use Zoom for their councillors and governance teams.	proactively managed to maximise benefits for BOPLASS councils.  Manage and/or renegotiate existing contracts.  Contracts are reviewed annually to test for market competitiveness.  New suppliers are awarded contracts through a competitive procurement process involving two or more vendors where	Achieved	VertiGIS Studio – Contracts for Geocortex Essentials and Analytics were renewed as the newly rebranded product VertiGIS Studio. BOPLASS councils continue to benefit from the renewed collective contract through reduced pricing and collective training.  Aerial Imagery – Two BOPLASS tenders were awarded to Aerial Surveys Ltd for rural orthophotography covering Taupō, Rotorua and Western Bay of Plenty regions, and urban imagery for the Gisborne region.  The Tauranga City interim flying programme was awarded to Woolpert NZ Ltd, including specific requirements for the capture of high growth areas.  Inter-Council Network (ICN) – Following the expiry of the initial 24-month agreement for ICN services with Kordia, BOPLASS renegotiated the agreement for a further 12 months, achieving a reduction in cost of approximately 19% for these services. The Kordia service covers the primary connectivity to the ICN for councils. Councils are currently investigating using the ICN for CCTV services between councils as part of the BOPLASS CCTV project.  Zoom Video Conferencing Services (VC) – BOPLASS has managed a Zoom video conference service for councils for several years. This was renegotiated and renewed by BOPLASS this year on behalf of the councils. While Microsoft Teams appears to be becoming the primary VC platform for most councils' internal communications, many use Zoom for
			BOPLASS renegotiated the collective contract with Damstra (ex-Vault) as H&S management software provider for the BOPLASS and Waikato

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Target <u>2023/24</u>	Result	Narration
		GIS software and services –  NZ Archaeological Association
		<ul><li>FME Software</li><li>ESRI Enterprise Licensing Agreement</li></ul>
		Contracts renegotiated and renewed – no alternative suppliers.
		My Everyday Wellbeing – BOPLASS renewed the agreement for the staff online wellbeing platform. Discounted pricing is provided to BOPLASS as a single entity, allowing all participating councils to benefit from the associated savings. Increased participation from MW LASS, Co-Lab and BOPLASS councils has resulted in further financial savings for the collective.
		Media Copyright Agency (MCA) – a collective contract providing savings for all BOPLASS councils has been renewed with MCA (originally PMCA) for councils' print and media copyright services.  Sole NZ provider of print and media copyright services.
		Cyber Insurance – BOPLASS was able to facilitate the renewal of councils' cyber insurance policies on favourable terms with Berkshire Hathaway by working closely with councils to ensure all underwriter requirements were met and demonstrated through the collective approach.  Cyber cover is an annual agreement that requires going to market every year.
		n3 – Collective purchasing group membership negotiated by BOPLASS. Councils achieve significant savings on membership costs and trade pricing through the group scheme.  Agreement renewed for another year at same discounted rates.  Sole NZ provider.
		Standards NZ – BOPLASS has renewed the agreement with Standards NZ for discounted access to the full Standards catalogue at significantly reduced pricing for all BOPLASS councils.  No alternative provider in NZ.
		NAMS+ Subscription – BOPLASS renewed the collective NAMS+ agreement with discounted rates for BOPLASS councils.  No alternative provider in NZ.

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Target <u>2023/24</u>	Result	Narration
		IPWEA Membership - The Institute of Public Works Engineering Australasia (IPWEA) agreement was renewed in 2023 to provide a single BOPLASS portal to allow all constituent councils to access the full IPWEA online catalogue at heavily reduced pricing. The standards are used by all councils for a variety of engineering purposes. The collective agreement provides for unrestricted access for all councils at a significantly lower cost than under individual arrangements.  No alternative provider in NZ.  GIS Training – BOPLASS coordinated specialised GIS training across the BOPLASS councils. Substantial savings were achieved through the collective training while also helping to bring all councils up to similar skill levels.
Investigate new Joint Procurement initiatives for goods and services for BOPLASS councils.  Procure from sources offering best value, service, continuity of supply and/or continued opportunities for integration.  A minimum of four new procurement initiatives investigated. Initiatives provide financial savings of greater than 5% and/or improved service levels to the participating councils.	Achieved	The new procurement initiatives which have been investigated during the year are as follows:  Internal Audits – BOPLASS completed a review of councils' internal audit services requirements with the intention of undertaking a collective procurement process on behalf of BOPLASS councils. Through the procurement process, BOPLASS identified that the Ministry of Business Innovation and Employment (MBIE) has an All of Government (AoG) panel contract available to Local Authorities that covers most councils' requirements. BOPLASS recommended that councils give consideration to the AoG Consultancy Services contract for the provision of internal audit services. Given the variations of councils' internal audit requirements, the diversity of the AoG panel and the ease of take up of the contract was suitable for most councils' requirements.  Schedule of Values (SOVs) – Data Enhancement – BOPLASS has been investigating options for improving councils' SOVs. Accurate schedules are demanded by insurance underwriters and directly reflect on the premiums councils will be charged. They are also essential in avoiding
		potential exposure to shortfalls or losses at the time of an insurance claim. Working with our brokers, we have engaged Harmonic Analytics to develop a methodology to produce accurate SOVs. This project is being underwritten by Aon as a pilot for two councils. The project will save

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Target <u>2023/24</u>	Result	Narration
		BOPLASS councils significant time, reduce costs, improve data quality, and reduce the likelihood of assets being missed off schedules.
		Above Ground Earthquake Loss Modelling – The existing BOPLASS Material Damage placement does not have an overarching loss limit, making it less attractive to underwriters. BOPLASS engaged Aon to undertake a high-level loss modelling exercise to determine and set appropriate loss limits for the region and for BOPLASS councils.
		Business Continuity Planning – BOPLASS councils are working together to further improve business interruption processes from a technology perspective. The catalyst for this work was the learnings from Cyclone Gabrielle, with this invaluable information shared within the IT Managers Group to assist all councils. <i>Project still underway.</i>
		Protected Disclosures – With many councils reviewing their Protected Disclosures policies and processes, BOPLASS is coordinating a workgroup to share information and help develop best practice.  Project still underway.
		GIS Technical Advisory Group (GIS TAG) – GIS team leaders recognised the benefit in GIS technical staff establishing a forum to develop opportunities and share learnings at a practitioner level. In addition to sharing expertise and learnings, the technical group have investigated the development of further system commonality across councils. While common platforms support improved sharing opportunities and joint procurement of software, they also help enable councils to provide GIS support to each other in civil defence events.
		CCTV monitoring – BOPLASS secured \$1M cofunding from the Ministry of Social Development (MSD) to undertake crime prevention initiatives and programmes within the Bay of Plenty.  BOPLASS councils identified the installation of CCTV cameras and monitoring services as a key initiative to help reduce retail crime and create safer communities. This project has been completed in conjunction with NZ Police, with improved CCTV cameras and monitoring achieved for all Bay of Plenty councils.

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Result	Narration
	Waste Operator and Licensing Data System – Information Management System – BOPLASS facilitated an extensive tender for an Information Management System (IMS), with Water Outlook appointed as the provider for the delivery of the IMS. Water Outlook provide existing water services to many BOPLASS and Waikato councils and their proposal allows for an extension of the existing software into waste services requirements.
	The single shared service provides standardisation across all regions, improved waste data, and savings through a centralised service.
	The project covers all BOPLASS and Co-Lab councils. However, strong interest has been expressed from councils outside the LASS councils with further growth expected with the established service.
	Waste Operator and Licensing Data System (WOLDS) – Administration Service – BOPLASS is investigating options for the delivery of the Administration Service. The Administration Service will streamline and centralise waste operators, and significantly reduce much of the workload for councils, while ensuring councils still retain control over the service. Project is currently underway.
	Infrastructure Insurance – Placements for BOPLASS councils' infrastructure insurance are only provided on a 12-month term and all placements need to be procured annually. This involves identifying and negotiating with alternative markets every year and often undertaking placements through new or different insurers. Negotiations for councils' infrastructure insurance were undertaken in late 2023 through direct engagement with the international markets and Lloyds syndicates. The size of the collective BOPLASS account allows us to undertake this direct engagement. Given the continued global increase in natural disaster events, underwriters remain very risk adverse and demanding in the level of data and information they require. Through providing up to date and accurate information, and being able to leverage off our established relationships, very good outcomes were achieved for all BOPLASS councils, in both
	Result

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Target <u>2023/24</u>	Result	Narration																												
		Insurers continue to demonstrate support for the BOPLASS programme; however, councils are encouraged to continue reviewing alternative risk transfer options.																												
		Media Monitoring Services – BOPLASS facilitated a secondary procurement process for media monitoring services and social listening services. Fuseworks were awarded the contract and appointed as Preferred Supplier to BOPLASS councils. The collective contract provides significant savings and a range of new services for all participants. Social listening services require specific tools for identifying and analysing online conversations to help better understand sentiments within council communities.																												
Identify opportunities to collaborate with other LASS in Procurement or Shared Service projects where alliance provides	Achieved	BOPLASS continues to work closely with MW LASS and Co-Lab with the LASS leads engaging regularly and formally meeting on a quarterly basis.																												
benefits to all parties.  BOPLASS to regularly engage with other LASS to identify and explore opportunities for further inter-regional collaboration.  Quarterly reporting on	l er f		Shared services projects being undertaken by other LASS have been offered to BOPLASS councils, with the board making a decision to utilise these opportunities to avoid any duplication of services where we can work with other LASS.																											
engagement and a minimum of one new collaborative initiative																														Some of the shared service projects offered to BOPLASS councils include:
undertaken annually.																									<ul> <li>Debt Management</li> <li>Archives</li> <li>Building Consent services</li> <li>Health and Safety training</li> </ul>					
		BOPLASS is leading or managing, on behalf of other LASS:																												
		<ul> <li>Waste Operator and Licensing Data System</li> <li>H&amp;S management system</li> <li>Staff wellbeing portal</li> <li>Regional contractor database</li> <li>Rates collections</li> <li>Inter-council secondments</li> <li>Insurance Markets Joint Communications</li> <li>Occupational Health Services</li> </ul>																												
		Managing Conflict & Aggression – Addressing aggressive behaviour continues to be a challenge for councils and for the BOPLASS Health & Safety Advisory Group. Working in collaboration with Waikato councils and other Council-Controlled Organisations (CCOs) has allowed the																												

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Target <u>2023/24</u>	Result	Narration
		group to share resources between regions ensuring best practice is shared and developed to the benefit of all parties.
		Motor vehicle monitoring – MW LASS identified four vehicle monitoring providers used across their LASS and extended an invitation for BOPLASS and Waikato councils to participate in presentations from these organisations.
		LGOIMA requests – BOPLASS councils have collaborated to draft appropriate responses to LGOIMA requests to reduce duplication of effort and ensure best practice is established and shared. This project is to be extended across the other two LASS and possibly more widely within local government.
		Health & Safety training – BOPLASS and Co-Lab have established aligned contracts with H&S trainers. To provide improved market leverage and ensure the best value is delivered to all councils, it was agreed to tender for service as a collective covering all BOPLASS and Co-Lab councils.
		Insurance Forum – BOPLASS hosted and coordinated an insurance forum to cover key insurance topics in local government. The forum was well attended by councils from throughout the upper and central North Island.  Engagement with other LG collaborative groups – BOPLASS continues to offer support to other local government collaborative groups looking to leverage benefits from working collectively.
Further develop and extend the Collaboration Portal for access to, and sharing of, project information and opportunities from other councils and the	Achieved	Collaborative projects continue to be added to the MahiTahi LG Collaboration Portal, along with several specific Teams or Channels established for confidential projects being run outside of the main Portal.
greater Local Government community to increase breadth of BOPLASS collaboration. Increase usage of the		Continued promotion of the MahiTahi LG Collaboration Portal has seen a 5% increase in registered users with numbers increasing from 485 to 507.
Collaboration Portal by providing support and training material for new and existing users.		On-boarding and training material has been developed for creating a smooth transition for any new members.
Proactively market the benefits to councils.  Number of active users to increase by 5% per year.		The Te Uru Kahika hub (regional and unitary councils) has continued to grow and is hosted within the same environment as the MahiTahi Collaboration Portal.
		There are now over 2,800 users within the wider portal.

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Target <u>2023/24</u>	Result	Narration
Communicate with each shareholding council at appropriate levels.  Meeting with members of Executive Leadership Team.  At least one meeting per year.	Achieved	BOPLASS continues to regularly engage with our constituent councils, senior management, and shareholders to ensure opportunities continue to be developed to the benefit of all stakeholders.  In addition, BOPLASS chairs and coordinates meetings and activities for specific council advisory groups that manage or lead new collaborative initiatives. These groups generally comprise of managers from each council.
Ensure current funding model is appropriate.  Review BOPLASS expenditure and income and review council contributions and other sources of funding.  Performance against budgets reviewed quarterly. Company remains financially viable.	Achieved	The sources of BOPLASS funding and the viability of the funding model are regularly reviewed with financial reporting provided to the BOPLASS Board.  Council contributions were levied with annual council contributions now CPI adjusted.  Contributions were received from activities producing savings.  An annual contribution from Co-Lab, MW LASS, Regional Software Holdings (RSHL) and BOPLASS councils is received for membership of the MahiTahi Local Government Collaboration Portal.  Monthly and quarterly performance reviewed.  Financial statements and budget variances reported and reviewed at Board meetings.  Financial position year end 30 June 2024: (\$20,344) deficit.



# MahiTahi Local Government Collaboration Portal

A portal for registration of council projects, collaboration opportunities and identification of potential project partners. Also includes collaboration areas for staff to engage with their peers within other councils.

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# PART TWO - ACCOUNTABILITY STATEMENTS



# Statement of Responsibility

The following pages 27-50 outline the financial statements and notes for year ended 30 June 2025 for BOPLASS Limited.

The directors believe that proper accounting records have been kept that enable, with reasonable accuracy, the determination of the financial position of the company and facilitate compliance of the financial statements with the Financial Reporting Act 1993.

The directors consider that they have taken adequate steps to safeguard the assets of the company, and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide reasonable assurance as to the integrity and reliability of the financial statements.

The directors are pleased to present the financial statements of BOPLASS Ltd for the twelve months ended 30 June 2025.

For and on behalf of the Board of Directors:

Signed: Craig O'Connell – Chair Date: 05/09/2025

Signed: Fiona McTavish – Director Date: 05/09/2025

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#### **INDEPENDENT AUDITOR'S REPORT**

# TO THE READERS OF BOP LASS LIMITED'S FINANCIAL STATEMENTS AND THE STATEMENT OF PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2025

The Auditor-General is the auditor of BOP LASS Limited (the Company). The Auditor-General has appointed me, Donna Taylor, using the staff and resources of BDO Tauranga, to carry out the audit of the financial statements and the statement of performance of the Company on his behalf.

#### We have audited:

the financial statements of the Company on pages 30 to 50, that comprise the statement of
financial position as at 30 June 2025, the statement of financial performance and statement of
cash flows for the year ended on that date and the notes to the financial statements that include
accounting policies and other explanatory information

#### Opinion

#### In our opinion:

- the financial statements of the Company:
  - o present fairly, in all material respects:
    - its financial position as at 30 June 2025; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Public Sector); and
- the statement of performance, in all material respects :
  - accurately reports the Company's actual performance compared against the performance targets and other measures by which Company's performance can be judged in relation to the Company's objectives in its statement of intent for the year ended 30 June 2025];
     and
  - has been prepared in accordance with section 68 of the Local Government Act 2002 (the Act).

Our audit was completed on 5 September 2025. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements, we comment on other information, and we explain our independence.

#### Basis for our opinion

We carried out our audit 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. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

PARTNERS: Fraser Lellman ca Janine Hellyer ca Paul Manning ca Donna Taylor ca Linda Finlay ca Michael Lim ca

BDO New Zealand Ltd, a New Zealand limited company, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. BDO New Zealand is a national association of independent member firms which operate as separate legal entities.

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.

#### Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible on behalf of the Company for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements that are free from misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible on behalf of the Company for assessing the Company's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Local Government Act 2002.

#### Responsibilities of the auditor for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 shareholders, taken on the basis of these financial statements.

We did not evaluate the security and controls over the electronic publication of the financial statements.

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 financial statements, 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 Company's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

-

• We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability 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 financial statements 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 Company to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and assess whether the financial statements achieves it's statutory purpose of enabling the Company's shareholders to judge the actual performance of the Company against its objectives in its statement of intent.

We communicate with the Board of Directors 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.

Our responsibilities arise from the Public Audit Act 2001.

#### Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 1 to 6, but does not include the financial statements and the statement of intent and performance, and our auditor's report thereon.

Our opinion on the financial statements does 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 financial statements, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, 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 Company in accordance with the independence requirements of 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) issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the Company.

Donna Taylor BDO Tauranga

On behalf of the Auditor-General

Tauranga, New Zealand

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# Financial Statements - Statement of Financial Position

STATEMENT OF FINANCIAL POSITION - AS AT 30 JUNE 2025						
		BOP LA	ASS Ltd			
BOP LASS LTD	Notes	2024/25	2023/24			
		Actual	Actual			
ASSETS - CURRENT						
Bank accounts and cash	10	722,667	853,691			
Short Term Investments	10	0	0			
Debtors and Other Receivables	11	743,065	624,266			
Prepayments	12	88,042	112,812			
Total Current Assets		1,553,774	1,590,769			
ASSETS - NON-CURRENT						
Intangible Assets	13	4,104	5,365			
Plant and Equipment	14	8,782	12,560			
Total Non-Current Assets		12,886	17,925			
TOTAL ASSETS		1,566,660	1,608,694			
LIABILITIES - CURRENT						
Creditors and Accrued Expenses	15	186,417	223,843			
Employee Costs Payable	16	28,128	45,683			
Income in Advance	17	1,334,162	1,311,972			
Borrowings	18	0	0			
Total Current Liabilities		1,548,706	1,581,498			
TOTAL LIABILITIES		1,548,706	1,581,498			
TOTAL ASSETS less TOTAL LIABILITIES		17,954	27,197			
EQUITY						
Accumulated Deficits	19	81,048	71,805			
Share Capital	19	99,002	99,002			
TOTAL FOLLTY		47.054	07.407			
TOTAL EQUITY		17,954	27,197			

The notes and Statement of Accounting Policies form part of these financial statements.

For and on behalf of the Board of Directors:

Signea:	O Car	Craig O'Connell – Chair	Date:	05/09/2025	
	ICALL D				

Signed: Fiona McTavish – Director Date: 05/09/2025

BOPLASS Limited Annual Report for the Year Ended 30 June 2025

# Financial Statements - Statement of Financial Performance

STATEMENT OF FINANCIAL PERFO	ORMANCE - FOR T	HE YEAR EN	DED 30 JUN	E 2025	
		BOP LASS Ltd			
BOP LASS LTD	Notes	2024/25 Actual	2024/25 Budget	2023/24 Actual	
REVENUE					
Council Contribution	2	359,710	360,615	348,219	
Project Revenue	2	1,338,360	1,310,000	2,053,866	
Interest Revenue	3	18,171	8,500	56,149	
Other Income	2.5	37,330	0	2,670	
Total Revenue		1,753,571	1,679,115	2,460,904	
EXPENSES					
Depreciation and Amortisation	4	5,041	9,300	5,984	
Employee Related Costs	5	353,762	310,173	334,694	
Directors Costs	6	21,865	23,000	19,314	
Finance Cost	7	0	0	0	
Other Expenses	8	1,382,146	1,336,642	2,102,234	
·			, ,	, ,	
Total Expenses		1,762,814	1,679,115	2,462,226	
Surplus/(Deficit) before tax		(9,243)		(1,323)	
Income Tax Expense/(Benefit)	9	0		0	
Surplus/(Deficit) after tax		(9,243)	0	(1,323)	

The notes and Statement of Accounting Policies form part of these financial statements. Explanations of major variances against budget are provided in note 25.

# **Media Monitoring**

A shared media monitoring portal provides councils with improved visibility of community feedback through monitoring of press and social media.



BOPLASS Limited

Annual Report for the Year Ended 30 June 2025

# Financial Statements - Statement of Cashflows

STATEMENT OF CASHFLOWS - FOR THE YEAR ENDED 30 JUNE 2025						
		BOP I	LASS Ltd			
BOP LASS LTD	Notes	2024/25	2023/24			
		Actual	Actual			
CASHFLOWS FROM OPERATING ACTIVITIES						
Council Contribution		359,710	348,219			
Other Revenue		0	2,670			
Project Revenue		1,271,718	2,500,185			
Interest Revenue		18,171	20,589			
Tax Paid - RWT (net)						
Goods and Services Tax (net)		91,047				
Total Cash Provided		1,740,646	2,871,663			
Employee Related Costs		(371,318)	(329,599)			
Payments to Suppliers		(1,494,356)	(2,104,470)			
Interest Paid			0			
Tax Paid - RWT (net)		(5,996)	(13,142)			
Goods and Services Tax (net)			(266,544)			
Total Cash Applied		(1,871,670)	(2,713,722)			
NET CASHFLOWS FROM OPERATING ACTIVITIES		(131,024)	157,941			
CASHFLOWS FROM INVESTING ACTIVITIES						
Acquisition of Investments			250,000			
Purchase of Plant and Equipment						
Purchase of Intangibles						
Total Investing Cash Applied		0	250,000			
NET CASHFLOWS FROM INVESTING ACTIVITIES		0	250,000			
CASHFLOWS FROM FINANCING ACTIVITIES						
Proceeds from Loans						
Repayment of Loans						
NET CASHFLOWS FROM FINANCING ACTIVITIES		0	0			
NET INCREASE/(DECREASE) IN CASH		(131,024)	407,940			
CASH AT BEGINNING OF THE YEAR		853,691	445,751			
CASH AT END OF THE YEAR	10	722,667	853,691			

The GST component of operating activities reflects the net GST paid and received to and from the Inland Revenue Department. The GST component has been prepared on a net basis, as the gross amounts do not provide meaningful information for financial purposes.

 $\label{thm:continuous} The \ notes \ and \ Statement \ of \ Accounting \ Policies \ form \ part \ of \ these \ financial \ statements.$ 

## Entity Information for the Year Ended 30 June 2025

#### LEGAL NAME

BOPLASS Limited stands for Bay of Plenty Local Authority Shared Services.

#### TYPE OF ENTITY AND LEGAL BASIS

BOPLASS Limited is incorporated in New Zealand under the Companies Act 1993.

#### COMPANY'S PURPOSE

BOPLASS Ltd is based in Tauranga and is a joint venture between nine councils formed to provide shared services.

# STRUCTURE OF COMPANY'S OPERATIONS INCLUDING GOVERNANCE ARRANGEMENTS

The company is owned and controlled by the nine councils and comprises a Board of ten directors who oversee the governance of the company. A Chief Executive is responsible for the day-to-day operations of the company and reports to the Board, with two other staff supporting the Chief Executive in delivering against the company's objectives. The Board is made up of nine Chief Executives from participating councils and one independent director. Refer Statutory Disclosure note page 50 for list of councils.

## MAIN SOURCE OF THE COMPANY'S CASH AND RESOURCES

Annual operating contribution received from each of the nine councils and project commissions are the main source of funding.

#### **OUTPUTS**

As per the Statement of Intent and Performance.

## All of Government (AoG) Procurement

BOPLASS takes into account and supports opportunities available through All of Government purchasing arrangements.



BOPLASS Limited

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## Statement of Accounting Policies

## Statement of Accounting Policies for the Year Ended 30 June 2025

### **ACCOUNTING POLICIES APPLIED:**

#### **BASIS OF PREPARATION**

The Board has elected to apply PBE SFR-A (PS) *Public Benefit Entity Simple Format Reporting* – *Accrual (Public Sector)* on the basis that the company does not have public accountability (as defined) and has total annual expenses less than \$5 million.

All transactions in the financial statements are reported using the accrual basis of accounting. The financial statements are presented in New Zealand dollars (\$) and all values are rounded to the nearest dollar. The functional currency of BOPLASS Ltd is New Zealand dollars.

The financial statements are prepared on the assumption that the company will continue to operate in the foreseeable future.

#### SIGNIFICANT ACCOUNTING POLICIES

There have been no changes to accounting policies during the reporting period.

#### **GOODS AND SERVICES TAX**

The company is registered for GST. All amounts in the financial Statements are recorded exclusive of GST, except for debtors and creditors which are stated inclusive of GST.

#### **REVENUE RECOGNITION**

Revenue is measured at the fair value of the consideration received or receivable.

Contributions received from the nine shareholder councils are BOPLASS Limited's primary source of funding for the 12 months ended 30 June 2025.

Council contributions are recognised as revenue when they become receivable unless there is an obligation to return the funds if conditions of the contributions are not met. No such obligation is attached to the council contributions received for the twelve months ended 30 June 2025.

Revenue from projects is recognised when control of the goods or services has been transferred to the customer, reflecting the satisfaction of the performance obligation. Where

BOPLASS Limited

Annual Report for the Year Ended 30 June 2025

consideration is received prior to the delivery of goods or services, it is recorded as income in advance and recognised as a liability until the related performance obligation is fulfilled.

Interest revenue is recorded as it is earned during the year.

#### **EMPLOYEE RELATED COSTS**

Wages, salaries, and annual leave are recorded as an expense as staff provide services and become entitled to wages, salaries and leave entitlements.

Performance payments are recorded when the employee is notified that the payment has been granted.

Superannuation contributions are recorded as an expense as staff provide services.

## ADMINISTRATION, OVERHEADS AND PROJECT EXPENDITURE COSTS

These are expensed when the related service has been received.

#### **LEASE EXPENSES**

Lease payments are recognised as an expense on a straight-line basis over the lease term.

#### BANK ACCOUNTS AND CASH

Bank accounts and cash comprise cash on hand, cheque or savings accounts, and deposits held at call with banks.

## **DEBTORS AND OTHER RECEIVABLES**

Debtors are initially recorded at the amount owed. When it is likely the amount owed (or some portion) will not be collected, a provision for impairment is recognised and the loss is recorded as a bad debt expense.

#### **PLANT AND EQUIPMENT**

Plant and equipment is recorded at cost, less accumulated depreciation and impairment losses.

For an asset to be sold, the asset is impaired if the market price for an equivalent asset falls below its carrying amount. For an asset to be used by the company, the asset is impaired if the value to the company in using the asset falls below the carrying amount of the asset.

Depreciation is provided on a diminishing value basis over the estimated useful life, at the same rate as is allowed by the Income Tax Act 1994.

BOPLASS Limited

Annual Report for the Year Ended 30 June 2025

The useful lives for associated depreciation rates of other assets have been estimated using the diminishing value basis as follows:

Office equipment 5 years 20%

Computer equipment/ICN 4 years 25%

Mobile Phone 3 years 67%

#### INTANGIBLE ASSETS

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software are recognised as an expense when incurred.

The carrying value of an intangible asset with a finite life is amortised on a diminishing value basis over its estimated useful life, at the same rate as is allowed by the Income Tax Act 1994. This charge is recognised as an expense.

The useful lives for associated amortisation rates of major classes of intangible assets have been estimated using the diminishing basis as follows:

2022 Computer Software 2 years 50%

## **CREDITORS AND ACCRUED EXPENSES**

Creditors and accrued expenses are measured at the amount owed.

## **EMPLOYEE COSTS PAYABLE**

A liability for employee costs payable is recognised when an employee has earned the entitlement.

These include salaries and wages accrued up to balance date and annual leave earned but not yet taken at balance date. A liability and expense for long service leave and retirement gratuities is recognised when the entitlement becomes available to the employee.

#### INTEREST BEARING LOANS AND BORROWINGS

Loans & Borrowings are recognised at the amount borrowed from the lender.

Interest costs and interest accrued are recognised as an expense when incurred.

BOPLASS Limited

Annual Report for the Year Ended 30 June 2025

#### **INCOME TAX**

Tax expense is calculated using the taxes payable method. As a result, no allowance is made for deferred tax. Tax expense includes the current tax liability and adjustments to prior year tax liabilities.

#### **BUDGET FIGURES**

The budget figures are derived from the Statement of Intent as approved by the Board at the beginning of the financial year. The budget figures have been prepared in accordance with Tier 3 standards, using accounting policies that are consistent with those adopted by the Board in preparing these financial statements.

#### **COMMITMENT AND CONTINGENT LIABILITIES**

Commitments and contingencies are disclosed exclusive of GST.

#### **EQUITY**

Equity is measured by the value of total assets less total liabilities.

## **Print Services**

A collective contract with Canon for photocopiers and printers has delivered significant savings to the group. It has also provided a common technology platform supporting the development and delivery of further shared services.



**BOPLASS Limited** 

Annual Report for the Year Ended 30 June 2025

# Notes to Financial Statements

## **NOTE 2: COUNCIL CONTRIBUTION / PROJECT REVENUE**

			BOP LASS Ltd	d
	Notes	2024/25	2024/25	2023/24
	Notes	Actual	Budget	Actual
Core Revenue				
Council Contribution		359,710	360,615	348,219
		359,710	360,615	348,219
Project Revenue				
Rebates	*	0	0	243
Aerial Photography Revenue	**	532,496	400,000	263,312
Video Conferencing Revenue	***	13,104	15,000	18,380
Revenue - ICN	****	140,588	135,000	147,324
Recoveries	****	615,518	720,000	611,176
Crime Prevention		0	0	980,776
Collaboration Portal Revenue	*****	36,655	40,000	32,655
TOTAL CORE AND PROJECT REVENUE		1,698,071	1,670,615	2,402,085

- \* Rebates for Services contracted by BOPLASS Ltd are received from NZ Post Ltd and a final from CSG.
- \*\* Aerial Photography revenue is offset by Aerial Photography expenditure paid by BOPLASS Ltd on behalf of the councils. Refer to Note 8.
- \*\*\* Video Conferencing Revenue is offset by Video Conferencing expenditure.
- \*\*\*\* ICN Revenue is offset by ICN expenditure.
- \*\*\*\*\* Recovery Revenue is offset by recovery expenditure refer to Note 8. This is the recovery of BOPLASS project or procurement costs incurred on behalf of the participating councils.
- \*\*\*\*\*\* Collaboration Portal Revenue is offset by Collaboration Portal expenditure.

## **NOTE 2.5: OTHER INCOME**

		BOP LASS Ltd			
	Notes	2024/25 Actual	2024/25 Budget	2023/24 Actual	
Other Income			g		
LINZ		40,000	0	0	
Income Tax Refund		(2,670)	0	2,670	
TOTAL OTHER INCOME		37,330	0	2,670	

#### **NOTE 3: INTEREST REVENUE**

		BOP LASS Ltd		
	Notes	2024/25 Actual	2024/25 Budget	2023/24 Actual
Core Revenue				
Interest Revenue - Current account		15,612	7,000	41,922
Project Revenue				
Interest Revenue - Aerial Trust account		2,559	1,500	14,227
TOTAL INTEREST REVENUE		18,171	8,500	56,149

BOPLASS Limited

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#### **NOTE 4: DEPRECIATION AND AMORTISATION EXPENSE**

		BOP LASS Ltd			
	Notes	2024/25	2024/25	2023/24	
		Actual	Budget	Actual	
Core Expenditure					
Intangibles	*	1,262	4,300	1,689	
Plant and Equipment	**	3,778	5,000	4,295	
TOTAL DEPRECIATION AND AMORTISATION EXPENSE		5,040	9,300	5,984	

- \* Intangibles refer to Note 13.
- \*\* Plant and Equipment refer to Note 14.

## **NOTE 5: EMPLOYEE RELATED COSTS**

		BOP LASS Ltd		
	Notes	2024/25	2024/25	2023/24
	Notes	Actual	Budget	Actual
Core Expenditure				
Salary and Wages		303,444	282,723	288,454
Superannuation	*	25,725	0	21,368
Direct Personnel Overheads	**	24,593	27,450	24,872
TOTAL EMPLOYEE RELATED COSTS		353,762	310,173	334,694

- \* Superannuation includes employer contributions to Kiwisaver.
- \*\* Direct Personnel Overheads include ACC, Fringe Benefit Tax, staff training costs and other staff support costs.

#### **NOTE 6: DIRECTORS COSTS**

		BOP LASS Ltd			
	Notes	2024/25	2024/25	2023/24	
		Actual	Budget	Actual	
Core Expenditure					
Directors Costs (Fees & Travel)	*	21,865	23,000	19,314	
TOTAL DIRECTORS COSTS		21,865	23,000	19,314	

\* Craig O'Connell is the only independent paid Director, commenced February 2015. The other nine Directors are the Chief Executives of participating Councils and do not receive any remuneration from BOPLASS.



## Insurance

Collaboration with insurance has provided improved service levels and substantial premium savings for all councils.

BOPLASS Limited

Annual Report for the Year Ended 30 June 2025

## **NOTE 7: FINANCE COST**

		BOP LASS Ltd			
	Notes	2024/25 202	2024/25	2023/24	
		Actual	Budget	Actual	
Core Expenditure					
Interest on Borrowings	*	0	0	0	
TOTAL FINANCE COST		0	0	0	

<sup>\*</sup> Interest on Tauranga City Council loan refer to Note 18.

#### **NOTE 8: OTHER EXPENSES**

		BOP LASS Ltd			
	Notes	2024/25	2024/25	2023/24	
	Notes	Actual	Budget	Actual	
Core Expenditure					
Audit Fees	*	25,185	24,000	21,006	
Administration Expenses	**	18,730	20,000	17,576	
Consultancy	***	9,800	5,500	6,200	
General Costs	****	8,379	17,463	30,161	
Insurance		13,066	14,000	11,517	
Crime Prevention		0	0	982,456	
		75,159	80,963	1,068,916	
Project Expenditure					
Aerial Photography	*	532,496	400,000	263,312	
Video Conferencing	**	16,830	14,100	19,175	
Inter Council Network (ICN)	**	129,840	129,600	134,557	
Recoveries	***	606,519	684,000	597,601	
Collaboration Portal Opex	****	21,302	27,979	18,673	
		1,306,987	1,255,679	1,033,318	
TOTAL OTHER EXPENSES		1,382,146	1,336,642	2,102,234	

#### Core

- \* Audit Fees for 2025 are \$25,000
- \*\* Administration Expenses
- \*\*\* Consultancy includes tax advice for both 2024 and 2025
- \*\*\*\* Accommodation & Travel, Bank Fees, Conferences, General Expenses, Health & Safety, Legal, Subscriptions

#### **Project**

- \* BOPLASS Ltd has a contract for aerial photography on behalf of the councils. This expenditure is offset from the revenue received from the councils. BOPLASS Ltd is acting on behalf of the councils.
- \*\* ICN Expenses. This expenditure is offset from the revenue received from the councils. BOPLASS Ltd is acting on behalf of the councils.
- \*\*\* Recoveries This expenditure is offset from the revenue received from the councils for project work.
- \*\*\*\* Collaboration Portal Opex to assist in accelerating growth of shared service strategies and projects throughout local government in New Zealand by increasing visibility of councils' opportunities to collaborate.

BOPLASS Limited

Annual Report for the Year Ended 30 June 2025

## **NOTE 9: INCOME TAX EXPENSE**

		BOP LAS	SS Ltd
	Notes	2024/2025	2023/24
		Actual	Actual
Components of tax expense			
Current Tax Expense		0	0
Adjustments to current tax in prior years		0	0
Tax Expense		0	0
INCOME TAX EXPENSE		0	0
Relationship between tax expense and accounting			
profit			
Net surplus (deficit) before Taxation*		(9,243)	(1,323)
Tax calculation @ 28%		2,588	370
Plus/(Less) Taxation effect of:		0	0
Non-deductible Expenditure		359,710	348,219
Imputation credit adjustment		0	0
Non-taxable (income)/expenditure		(359,710)	(348,219)
Prior Period Adjustment		0	0
Income not included in accounting profit		0	0
Tax Losses not recognised		0	0
Deferred tax adjustment		(2,588)	(370)
TOTAL INCOME TAX EXPENSE		0	0

## **Joint Procurement**

The procurement of services or products by two or more councils, from an external provider regardless of whether the service is paid for through BOPLASS or individually by participating councils.



## NOTE 10: BANK ACCOUNTS, CASH AND OTHER FINANCIAL ASSETS

		BOP LASS Ltd	
	Notes	2024/25	2023/24
		Actual	Actual
Cash at Bank – Current account		692,357	646,128
Cash at Bank – Aerial Trust account		29,165	206,435
Cash at Bank – Crime Prevention		1,145	1,128
TOTAL BANK ACCOUNTS AND CASH		722,667	853,691

## **NOTE 11: DEBTORS AND OTHER RECEIVABLES**

		BOP LASS Ltd	
	Notes	2024/25 Actual	2023/24 Actual
Debtors - Other		682,229	504,573
Goods and Services		0	77,457
Accrued Revenue		57,478	17,316
Tax (Payable) / Receivable		3,358	24,919
TOTAL DEBTORS AND OTHER RECEIVABLES		743,065	624,265

Debtors are non-interest bearing and receipt is normally 30-day terms. Therefore, the carrying figure of debtors approximates their fair value.

#### **NOTE 12: PREPAYMENTS**

		BOP LASS Ltd	
	Notes	2024/25	2023/24
		Actual	Actual
Under 1 Year		88,042	112,812
TOTAL PREPAYMENTS		88,042	112,812



## **Aerial Imagery**

BOPLASS manages collective procurement to deliver high-quality aerial imagery across the region. Councils benefit from improved pricing and updated imagery for supporting planning, land use analysis, and topographical monitoring.

BOPLASS Limited

Annual Report for the Year Ended 30 June 2025

## **NOTE 13: INTANGIBLE ASSETS**

		BOP LAS	S Ltd
	Notes	2024/25	2023/24
	Notes	Actual	Actual
Computer Software			
Cost			
Cost at beginning of Year		79,174	79,174
Current Year Additions		0	0
Current Year Disposals		0	0
Cost Balance at Year End		79,174	79,174
Accumulated Amortisation and Impairment			
Cost at beginning of Year		(73,808)	(72,119)
Amortisation Expense		(1,263)	(1,689)
Impairment Losses			
Accumulated Amortisation and Impairment Balance at Year End		(75,071)	(73,808)
Carrying Amounts			
Cost at beginning of Year		5,366	7,055
Carrying Amount at Year End		4,103	5,366

Amortisation Expense was at varying rates between 15% to 60%.

No impairment losses have been recognised for intangible assets.

## **NOTE 14: PLANT AND EQUIPMENT**

		BOP LAS	S Ltd
	Notes	2024/25	2023/24
		Actual	Actual
Office and Computer Equipment			
Cost			
Cost at beginning of Year		29,613	29,613
Current Year Additions	*	0	0
Current Year Disposals		0	0
Cost Balance at Year End		29,613	29,613
Accumulated Depreciation and Impairment			
Cost at beginning of Year		(17,052)	(12,757)
Depreciation Expense		(3,779)	(4,295)
Impairment Losses		0	0
Loss on Disposal of Asset		0	0
Accumulated Depreciation and Impairment Balance at Year End		(20,831)	(17,052)
Carrying Amounts			
Cost at beginning of Year		12,560	16,855
Carrying Amount at Year End		8,782	12,560

Office equipment has been depreciated over its life (5 years).

Computer equipment has been depreciated over its life (4 years). Mobile Phone (3 years).

#### **NOTE 15: CREDITORS AND ACCRUED EXPENSES**

		BOP LASS Ltd	
	Notes	2024/25	2023/24
	notes	Actual	Actual
ANZ Business Credit Card		137	284
Creditors		89,007	193,996
Accrued Expenses	*	17,537	19,537
Goods and Services Tax Payable		61,380	0
Retentions		18,356	10,026
TOTAL CREDITORS AND ACCRUED EXPENSES		186,417	223,843

ANZ Business Credit Card facilities were arranged primarily to pay international accounts for software to reduce the fees charged and to improve expense processes and reporting.

Creditors are non-interest bearing and are normally settled on 30-day terms. Therefore, the carrying value of creditors and other payables approximates their fair value.

#### **NOTE 16: EMPLOYEE COSTS PAYABLE**

	Notes	BOP LASS Ltd	
		2024/25	2023/24 Actual
		Actual	Actuat
Salaries and Wages Payable		8,061	8,169
Annual Leave		7,733	27,862
PAYE		12,334	9,652
TOTAL EMPLOYEE COSTS PAYABLE		28,128	45,683

## **NOTE 17: INCOME IN ADVANCE**

		BOP LASS Ltd	
	Notes	2024/25	2023/24
	Notes	Actual	Actual
Income in Advance		1,334,162	1,311,972
TOTAL INCOME IN ADVANCE		1,334,162	1,311,972

## **Staff Wellbeing**

Councils benefit from discounted access to a wellbeing platform, with expanded participation driving further savings and supporting staff wellbeing across multiple LASS groups.



BOPLASS Limited

Annual Report for the Year Ended 30 June 2025

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<sup>\*</sup> Accrued Expenses relates to Audit Fees for the 2025 financial year.

#### **NOTE 18: BORROWINGS**

		BOP LASS Ltd		
	Notes	2024/25	2023/24	
	Notes	Actual	Actual	
Maturing in Under 1 Year		0	0	
TOTAL BORROWINGS		0	0	

BOPLASS Ltd has a reciprocal borrowing arrangement with Tauranga City Council which allows for the borrowing of funds and placement of excess funds. The current loan balance as at 30 June 2025 is \$NIL. Interest is accrued during each interest period.

This loan facility is still available to BOPLASS Ltd.

Interest is calculated at current market rates. The loan from Tauranga City Council is unsecured.

#### **NOTE 19: EQUITY**

		BOP LASS Ltd		
	Notes	2024/25	2023/24	
	Notes	Actual	Actual	
Share Capital				
Balance at beginning of Year		99,002	99,002	
Fully Paid up Shares		0	0	
Balance at Year End		99,002	99,002	
Accumulated Surpluses/(Deficit)				
Balance at beginning of Year		(71,805)	(70,482)	
Surplus/(Deficit) after Taxation		(9,243)	(1,322)	
Balance at Year End		17,954	27,197	

**Share Capital** - As at 30 June 2025, share capital comprised of thirty-one Ordinary Shares and twenty-two Non-Voting Shares.

The holders of the ordinary shares are entitled to receive dividends as declared from time to time, are entitled to one vote per share at meetings of the Company, and rank equally regarding the Company's residual assets. **Dividends** - No dividends have been paid or are proposed by the Company.

#### **NOTE 20: CONTINGENCIES**

BOPLASS Ltd have no contingencies at year end and that there were no contingencies for prior year.

### **NOTE 21: EVENTS OCCURRING AFTER BALANCE DAY**

No events have occurred since balance date for BOPLASS Ltd.

## **Coalition of the Willing**

BOPLASS councils work within an opt-in principle, meaning projects initially advance with willing and active participants.



BOPLASS Limited

Annual Report for the Year Ended 30 June 2025

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#### **NOTE 22: STATEMENT OF COMMITMENTS**

		BOP LASS Ltd		
	Notes	2024/25	2023/24	
	Notes	Actual	Actual	
Capital Commitments		0	0	
TOTAL CAPITAL COMMITMENTS		0	0	

This statement represents extraordinary or exceptionally large commitments for that type of expenditure within the normal course of business, which have been contractually entered. As at balance date, BOPLASS Ltd has no large commitments of this nature.

BOPLASS Ltd has a contractual agreement with Woolpert Limited and Aerial Surveys Ltd to provide aerial photos for the councils. This is treated as an operational expense in the BOPLASS Ltd accounts.

		BOP LAS	S Ltd
OPERATING LEASES AS LESSEE	Notes	2024/25 Actual	2023/24 Actual
Not later than one year		0	0
Later than one year and not later than five years		0	0
Later than five years		0	0
TOTAL OPERATING LEASES AS LESSEE		0	0

The expense of \$129,840 for the Inter Council Network is recognised in the Statement of Financial Performance refer to Note 8. Participating councils are invoiced by BOPLASS Ltd on a quarterly basis to recover the costs of the Inter Council Network. The pricing is reviewable not less than annually and adjustments are to be made for market trends and for the number of councils participating.

		BOP LASS Ltd		
RECOVERY OF OPERATING LEASES PAYMENTS FROM PARTICIPATING COUNCILS	Notes	2024/25 Actual	2023/24 Actual	
Not later than one year		0	0	
Later than one year and not later than five years		0	0	
Later than five years		0	0	
TOTAL OPERATING LEASES AS LESSOR		0	0	

#### **NOTE 23: RELATED-PARTY TRANSACTIONS**

Related-party disclosures have not been made for transactions with related parties that are within a normal supplier or client / recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the company would have adopted in dealing with the party at arm's length in the same circumstances.

#### Related party required to be disclosed

Tauranga City Council provided accounting services to BOPLASS Ltd during the financial year to 30 June 2025 free of charge. An estimated value of the accounting services provided for the year is \$15,000.

BOPLASS Limited

Annual Report for the Year Ended 30 June 2025

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## NOTE 24: EXPLANATIONS OF MAJOR VARIANCES AGAINST BUDGET

	BOP LASS Ltd				
Statement of Financial Performance	Variance against Budget				
Recoveries and Projects – Recoveries (Note 2 & 8)	Project timing is often impacted by reprioritisation of workstreams and effects the Project Recoveries and Expenditure. Both the project expense and revenue remained proportional.				
Aerial Photography (Note 2 & 8)	Aerial photography income and expenditure were both above budget due to the completion of flying and capture that was not completed in the previous year.				
Interest Revenue (Note 3)	Higher interest rates resulted in an increase in bank interest earned against budget.				
Employee Related Expenses (Note 5)	Salaries has increased when compared to budget which was a result of fewer hours being spent on the Collaboration Portal and specific projects that off-set salaries along with unbudgeted annual leave.				
Collaboration Portal Opex (Note 8)	Collaboration Portal operating expenses have decreased through introducing efficiencies into the administration processes and services.				

# NOTE 25: BOPLASS CONTRACTUAL OFFSETTING REVENUE & EXPENDITURE TRANSACTIONS

	BOP LASS Ltd 2024/25			
	Revenue	Expenditure	Net Operating Surplus/(Deficit)	Explanation
Core				
Council Contribution	359,710	0	359,710	BOPLASS Ltd receives funds from nine councils to fund administrative costs not related to projects. Includes CPI adjustment.
Interest Revenue	18,171	0	18,171	Refer Note 3.
Other Income –	37,330	0	0	Refer Note 2.5.
Depreciation & Amortisation	0	5,041	(5,041)	Refer to Note 4.
Salary and Wages	0	303,445	(317,216)	Refer to Note 5.
Superannuation	0	25,725	(25,725)	Refer to Note 5.
Direct Personnel				
Overheads	0	24,593	(24,593)	Refer to Note 5.
Directors Fees & Costs	0	21,865	(21,865)	Refer to Note 6.
Administration				Refer to Note 8.
Expenses	0	18,730	(18,730)	
Audit Fees	0	25,185	(25,185)	Refer to Note 8.
Consultancy	0	9,800	(9,800)	Refer to Note 8.
Insurance	0	13,066	(13,066)	Refer to Note 8.
General	0	8,379	(8,379)	Refer to Note 8.
Tax Expense	0	0	(0)	Refer to Note 9.
Total	415,211	455,829	(40,618)	

Projects				
Aerial Photography	532,496	532,496	0	Participating councils are invoiced by BOPLASS Ltd and the vendor is paid as percentages of the work on the project are completed.
Canon Video Conferencing	13,104	16,830	(3,726)	Councils pay BOPLASS Ltd an amount charged by Canon plus an administrative fee for BOPLASS Ltd maintaining a service and maintenance contract on behalf of the councils.
Inter Council Network	140,588	129,840	10,748	Participating councils are invoiced by BOPLASS Ltd on a quarterly basis to recover the cost for the Inter Council Regional Network Platform. ICN revenue includes recovery of other operating expenditure - ICN, interest on borrowings - ICN loan and BOPLASS Ltd administration fees.
Recoveries	615,518	606,519	8,999	BOPLASS charges an administration fee for management of project recoveries
Collaboration Portal	36,655	21,302	15,353	The Portal is to assist in accelerating growth of shared service strategies and projects throughout local government in New Zealand by increasing visibility of councils' opportunities to collaborate. Membership Revenue lower than expected.
Total	1,338,361	1,306,987	31,374	

Overall Total	1,756,242	1,776,587	(9,243)	

# **LASS Collaboration**

BOPLASS collaboration with other LASS groups ensures councils benefit from improved pricing, shared expertise, and greater value through collective procurement and shared services.



	ВС	BOP LASS Ltd 2023/24			
	Revenue	Expenditure	Net Operating Surplus/(Deficit)		
Core					
Council Contribution	348,219	0	348,219		
Interest Revenue	56,149	0	56,149		
Other Income – Reimbursement	2,670	0	2,670		
Depreciation & Amortisation	0	5,984	(5,984)		
Salary and Wages	0	288,454	(288,454)		
Superannuation	0	21,368	(21,368)		
Direct Personnel Overheads	0	24,872	(24,872)		
Directors Fees & Costs	0	19,314	(19,314)		
Administration Expenses	0	17,576	(17,576)		
Audit Fees	0	21,006	(21,006)		
Consultancy	0	6,200	(6,200)		
Insurance	0	11,517	(11,517)		
General	0	30,161	(30,161)		
Tax Expense	0	0	(0)		
Total	407,038	446,452	(39,414)		
Projects					
Aerial Photography	263,312	263,312	0		
Canon Video Conferencing	18,380	19,175	(795)		
Inter Council Network	147,324	134,557	12,767		
Recoveries	611,176	597,601	13,575		
Crime Prevention	980,776	982,456	(1,680)		
Rebates	243	0	243		
Collaboration Portal	32,655	18,673	13,982		
Total	2,053,866	2,015,774	38,092		
Overell Tatal	0.460.000	0.460.000	(4.000)		
Overall Total	2,460,903	2,462,226	(1,323)		

Overall Total	2,460,903	2,462,226	(1,323)



# **Cyber Insurance**

Councils gain full cyber insurance coverage through BOPLASS, receiving reduced premiums and ensuring best practice is achieved.

BOPLASS Limited

Annual Report for the Year Ended 30 June 2025

# Statutory Disclosures

# as per section 211 (1) of the Companies Act (1993)

#### **NATURE OF BUSINESS**

There has been no change in the nature of the business of the company during the year.

#### **DIRECTORS APPOINTED**

Under the Shareholder Agreement directors are appointed by the constituent councils. Directors and their dates of appointment are as follows:

Independent director	Craig O'Connell	26 February 2015 Chair from 16 March 2016
Kawerau District Council	Morgan Godfery	28 February 2024
Bay of Plenty Regional Council	Fiona McTavish	30 June 2018
Western Bay of Plenty District Council	Miriam Taris	31 March 2025
Rotorua Lakes Council	Andrew Moraes	24 April 2024
Whakatane District Council	Steven Perdia	17 October 2024
Tauranga City Council	Martin Grenfell	3 September 2018
Taupo District Council	Julie Gardyne	2 June 2023
Gisborne District Council	Nedine Thatcher-Swann	13 March 2017
Opotiki District Council	Stace Lewer	23 September 2022

## **INTEREST REGISTER**

There have been no disclosures of self-interest during the period.

### **DIRECTORS REMUNERATION**

In February 2015 the Board appointed an independent director. The independent director receives remuneration and is reimbursed for related expenses. No remuneration had been paid to other directors.

## **DONATIONS**

There were no donations made by the company during the period.

## 10.2 TOURISM BAY OF PLENTY ANNUAL REPORT 2025

File Number: A7051647

Author: Jodie Rickard, Community and Strategic Relationships Manager

Authoriser: Emily Watton, Acting General Manager Strategy and Community

#### **EXECUTIVE SUMMARY**

The purpose of this report is to receive the Tourism Bay of Plenty (TBOP) Annual Report for the year ended 30 June 2025.

In accordance with the Local Government Act 2002, the TBOP Annual Report will be published on Council's website.

#### **RECOMMENDATION**

- That the Community and Strategic Relationships Manager's report dated 16 December 2025 titled 'Tourism Bay of Plenty Annual Report 2025' be received.
- 2. That the report relates to an issue that is considered to be of low significance in terms of Council's Significance and Engagement Policy.
- 3. That Council receives the Tourism Bay of Plenty Annual Report 2024-2025, included as **Attachment 1** to this report, to be published on Council's website.

#### **BACKGROUND**

- 1. Tourism Bay of Plenty (TBOP) is a Trust that operates as a Council Controlled Organisation (CCO). Council is a joint shareholder with Tauranga City Council (TCC). The ownership structure is 70% TCC and 30% WBOPDC.
- 2. It is a requirement of the Local Government Act 2002 that TBOP provides its annual report to Council. Council must publish the report on its website.

## SIGNIFICANCE AND ENGAGEMENT

- 3. The Local Government Act 2002 requires a formal assessment of the significance of matters and decision in this report against Council's Significance and Engagement Policy. In making this formal assessment there is no intention to assess the importance of this item to individuals, groups, or agencies within the community and it is acknowledged that all reports have a high degree of importance to those affected by Council decisions.
- 4. The Policy requires Council and its communities to identify the degree of significance attached to particular issues, proposals, assets, decisions, and activities.

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5. In terms of the Significance and Engagement Policy this decision is considered to be of low significance, because the decision is in accordance with statutory requirements for Council for its Council Controlled Organisations.

## **ENGAGEMENT, CONSULTATION AND COMMUNICATION**

6. In accordance with legislative requirements, the Annual Report will be published on Council's website. No further engagement, consultation or communication is required.

#### **ISSUES AND OPTIONS ASSESSMENT**

That the Tourism Bay of Plenty Annual Report for the year ended 30 June 2025 be received.			
Reasons why no options are available Section 79 (2) (c) and (3) Local Government Act 2002	Legislative or other reference		
The annual report has been prepared and presented for Council to receive, as required by the Local Government Act 2002.			

#### STATUTORY COMPLIANCE

7. This report complies with the requirements of Section 67 of the Local Government Act 2002. Section 67 sets out the Annual Report requirements for Council-Controlled Organisations.

# FUNDING/BUDGET IMPLICATIONS

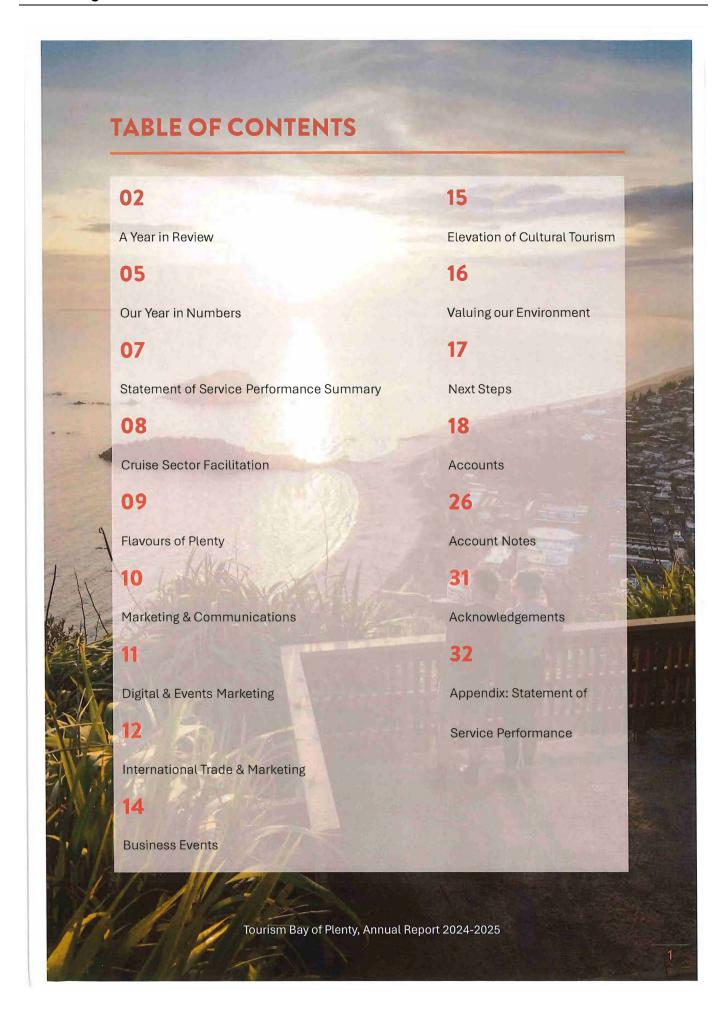
8. There are no funding or budget implications arising from this report.

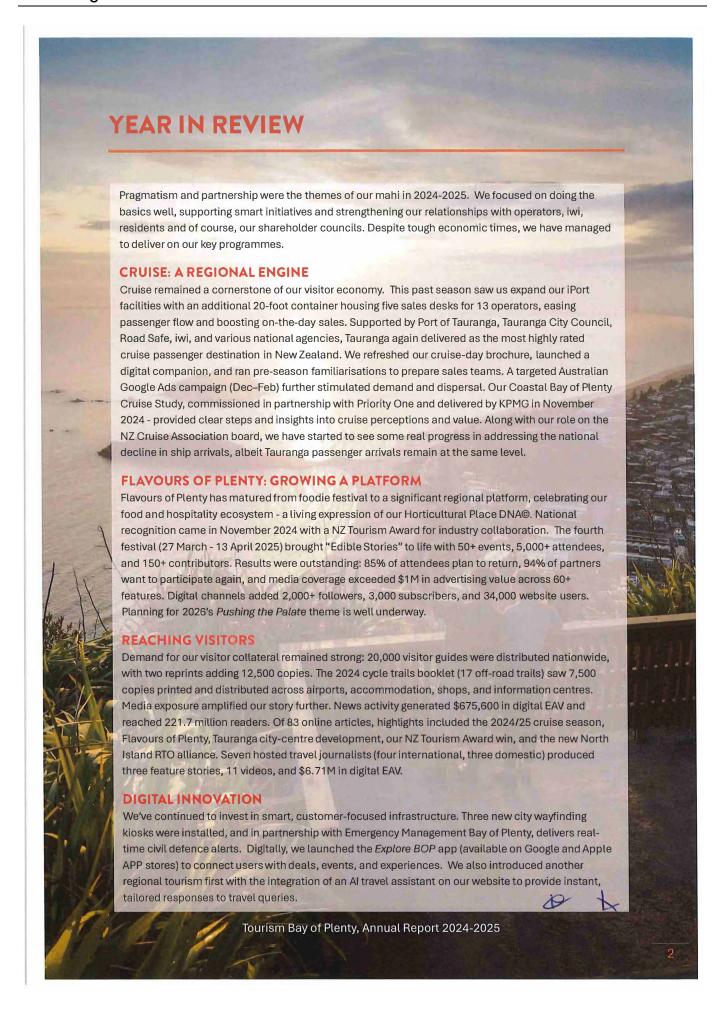
#### **ATTACHMENTS**

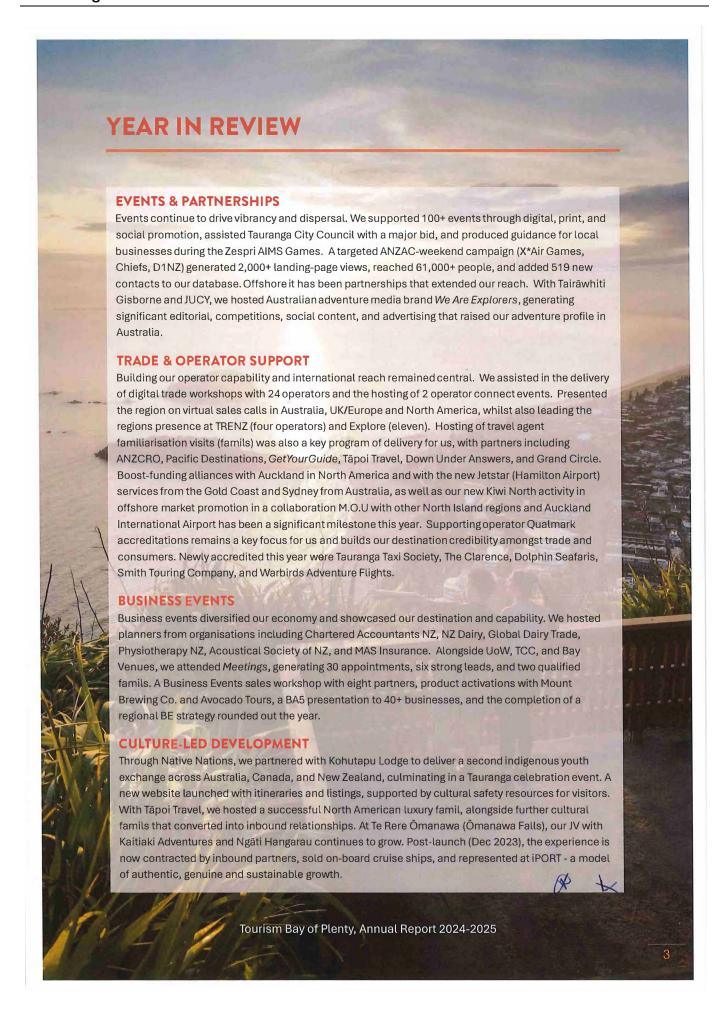
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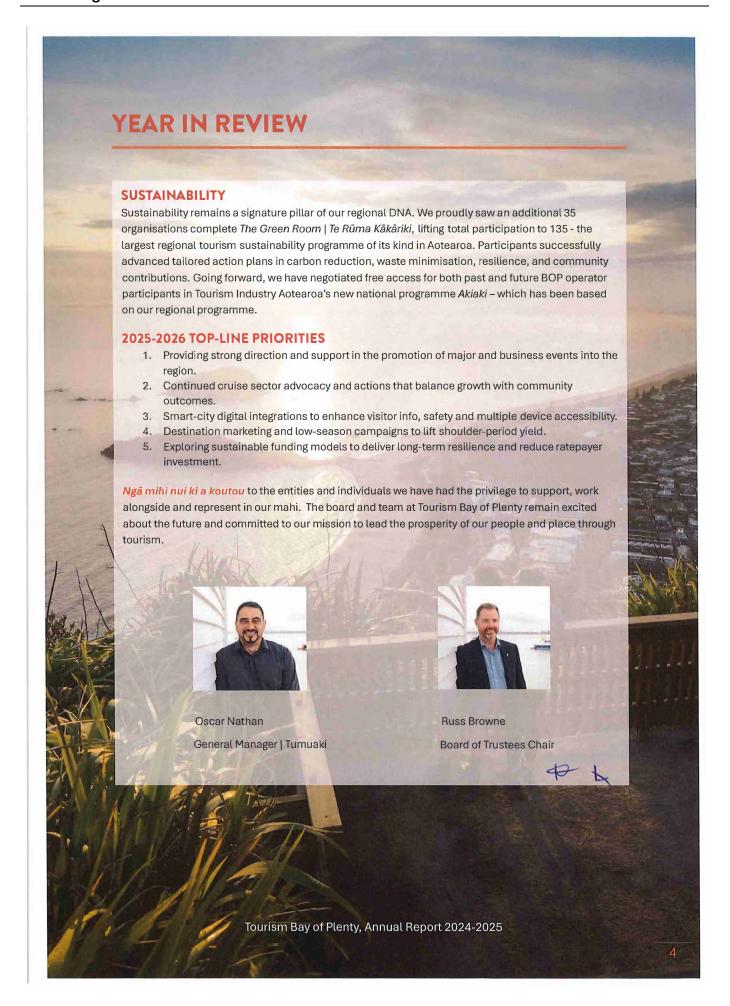
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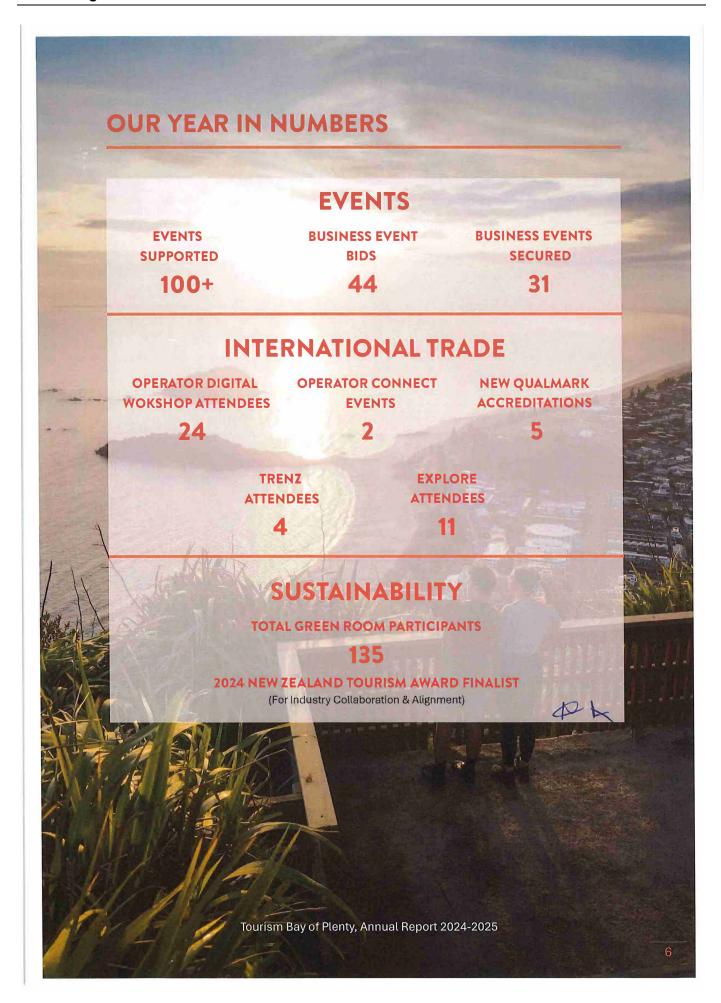


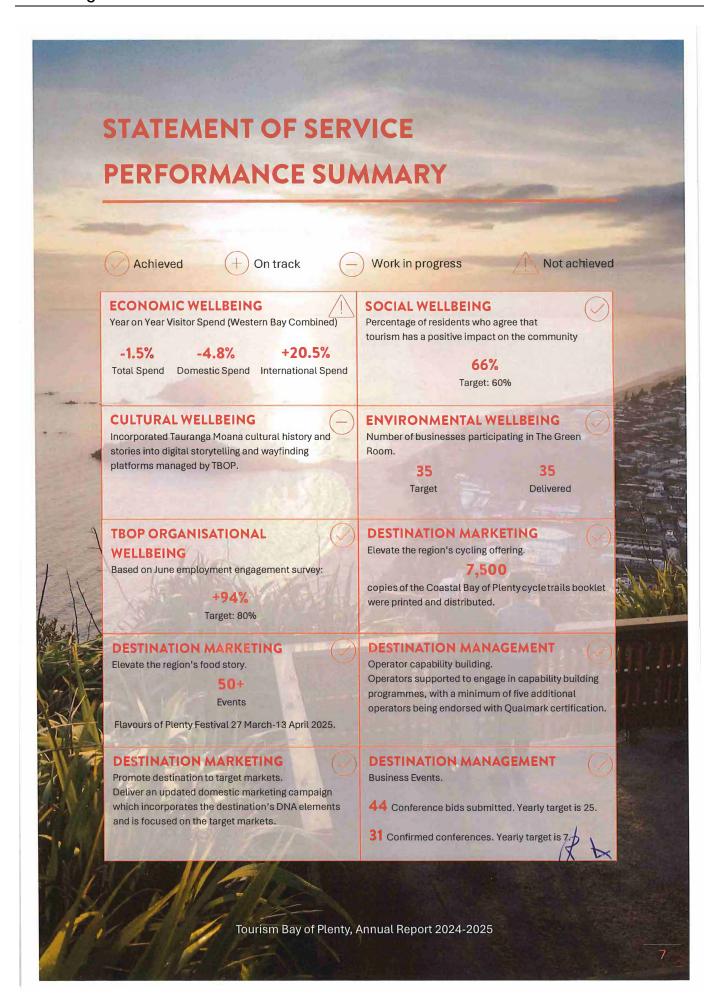






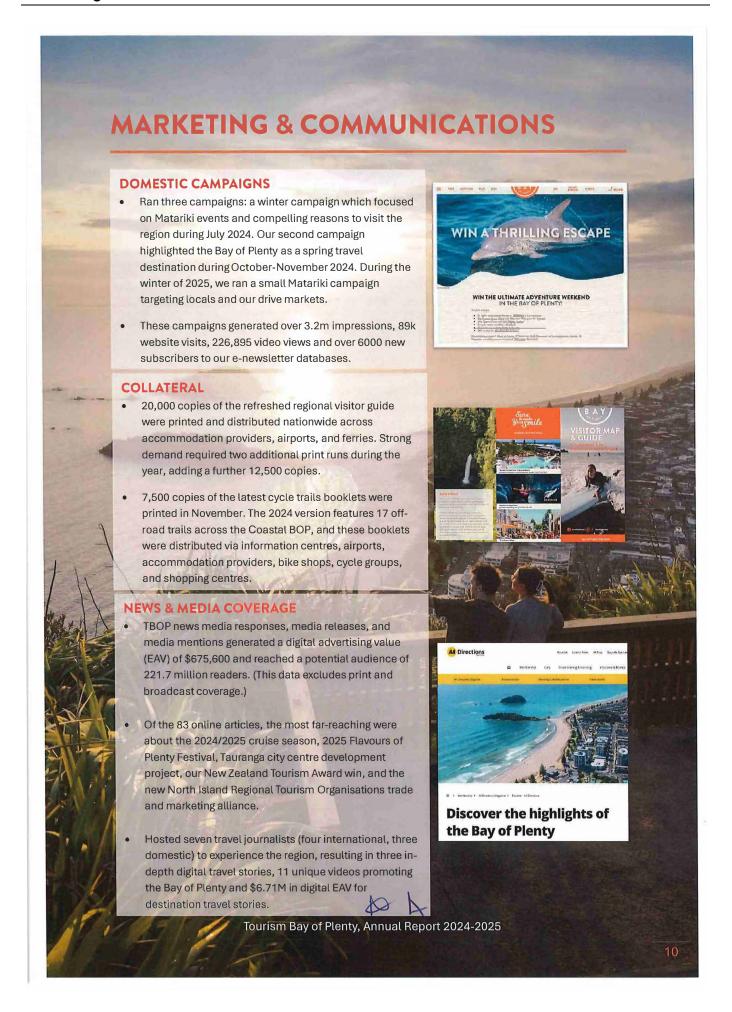


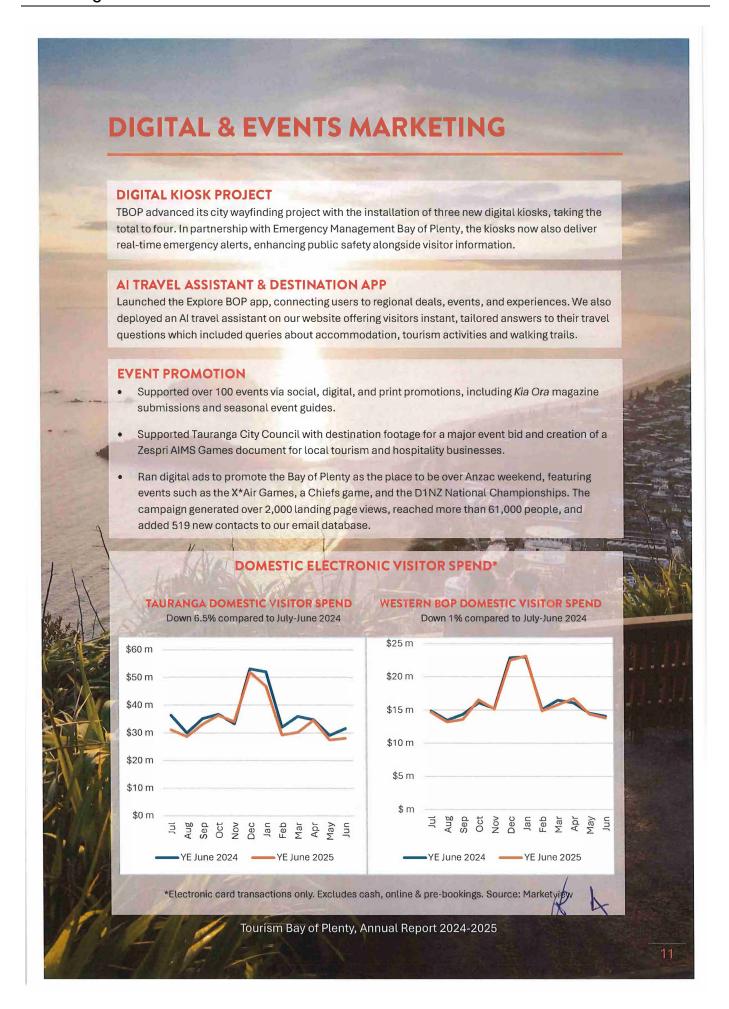


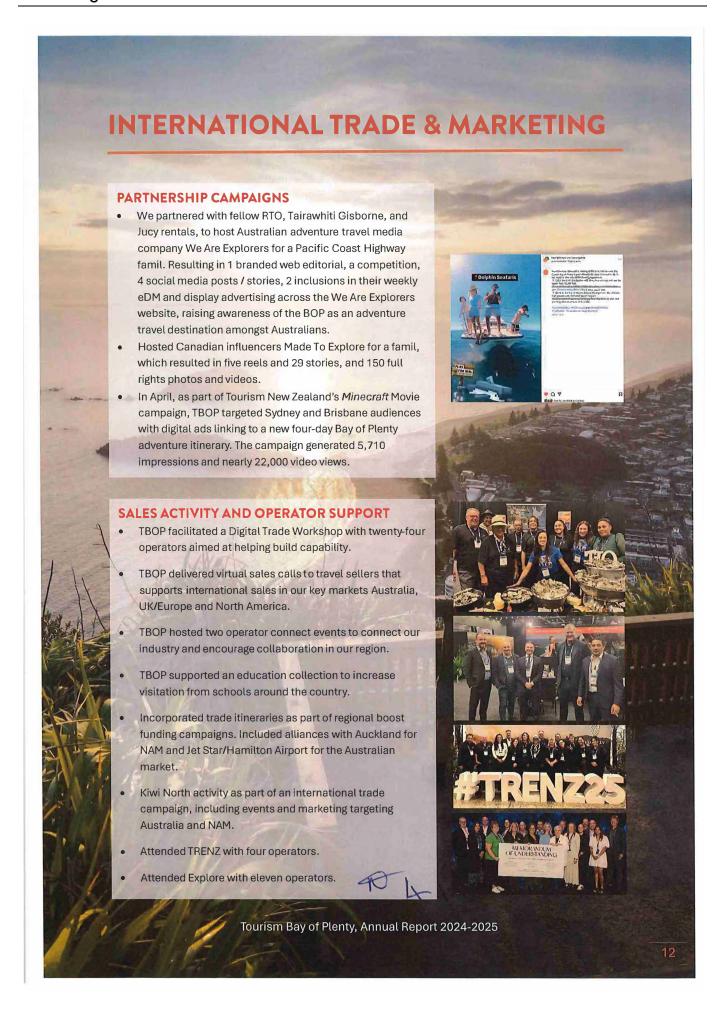


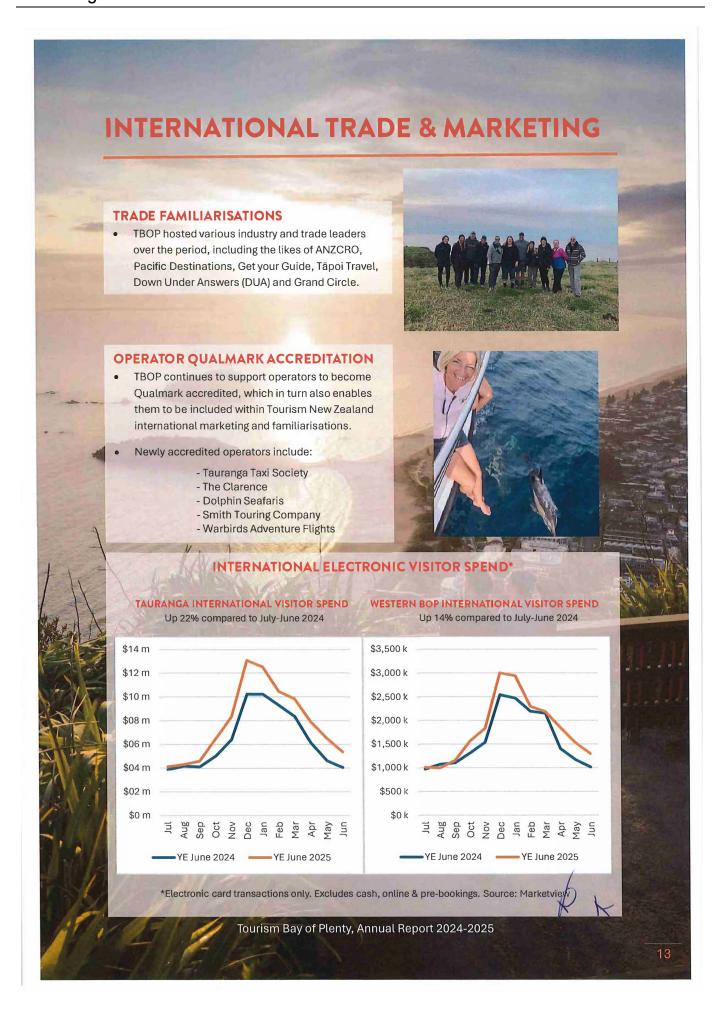




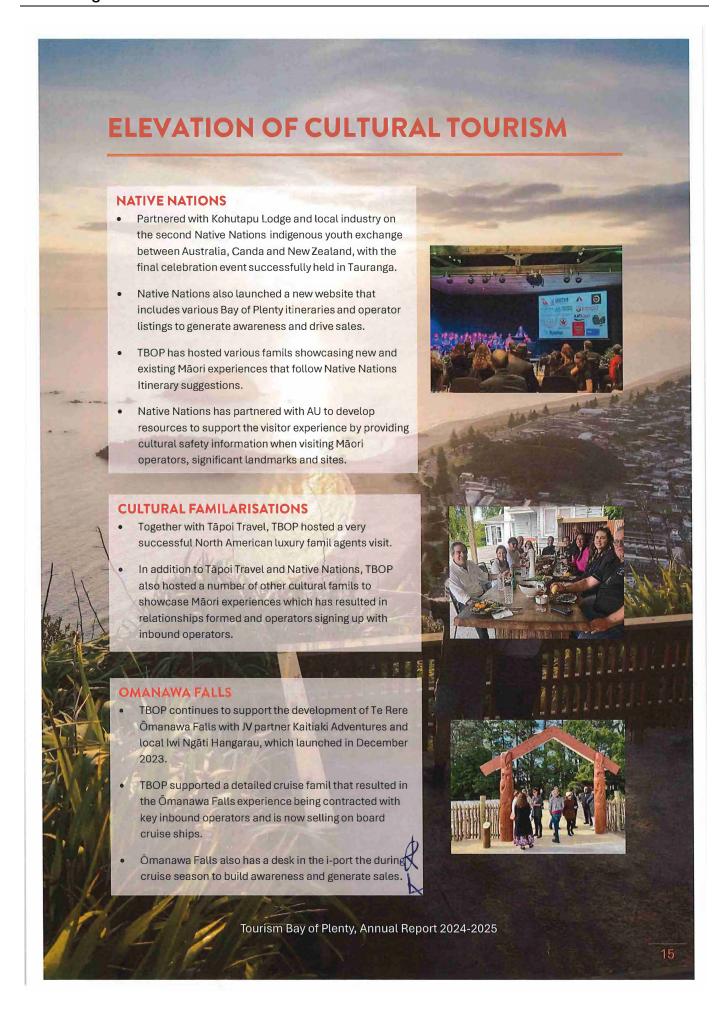






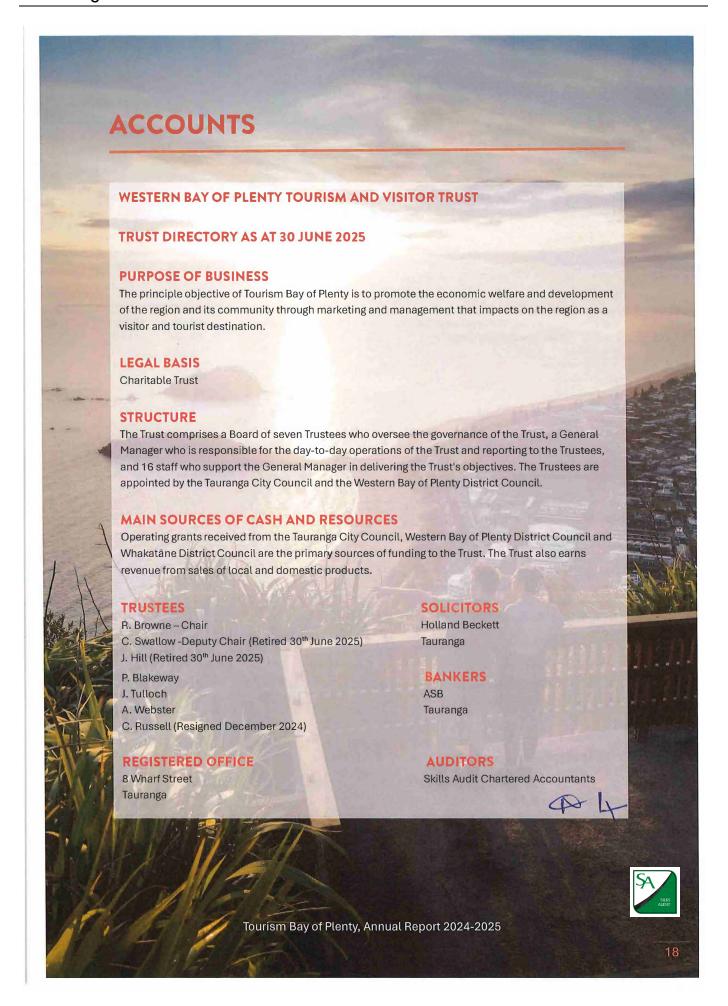


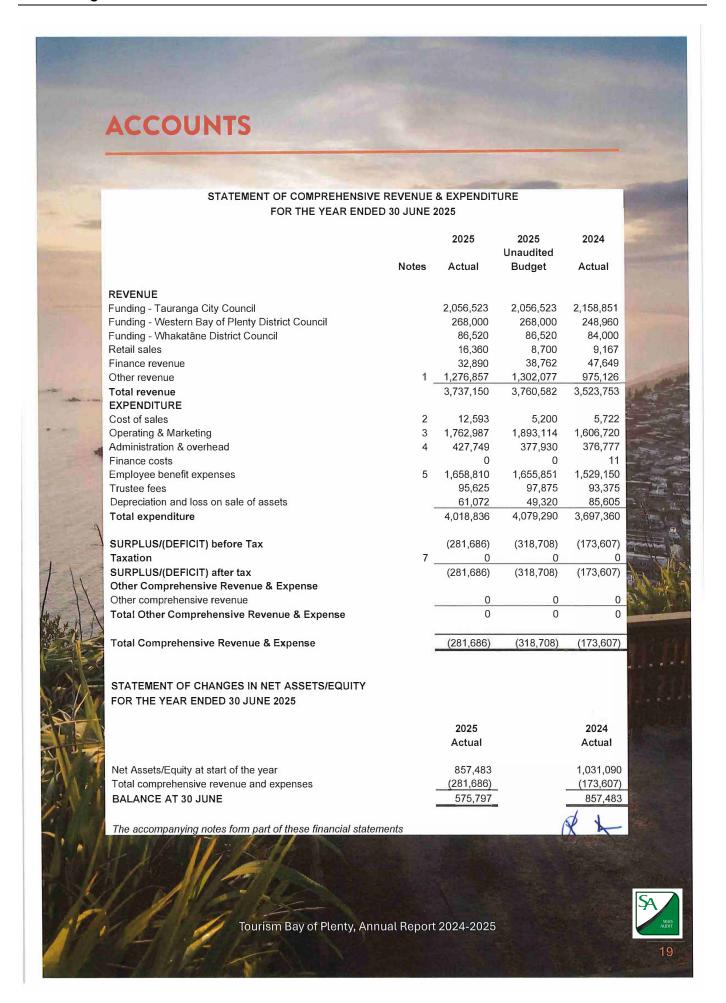


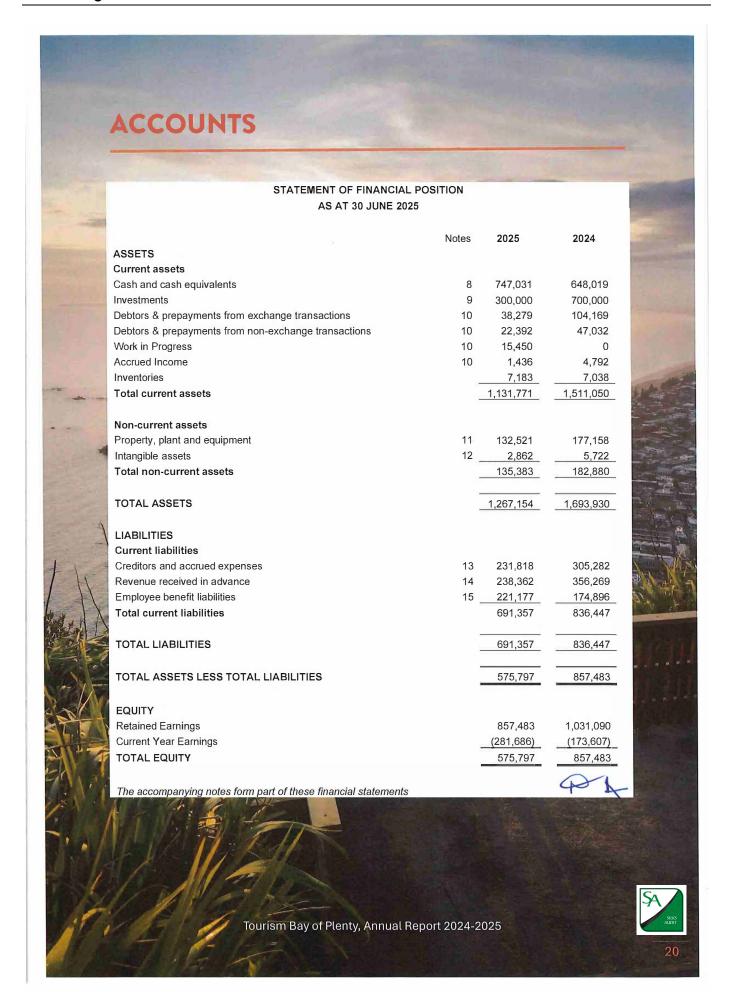


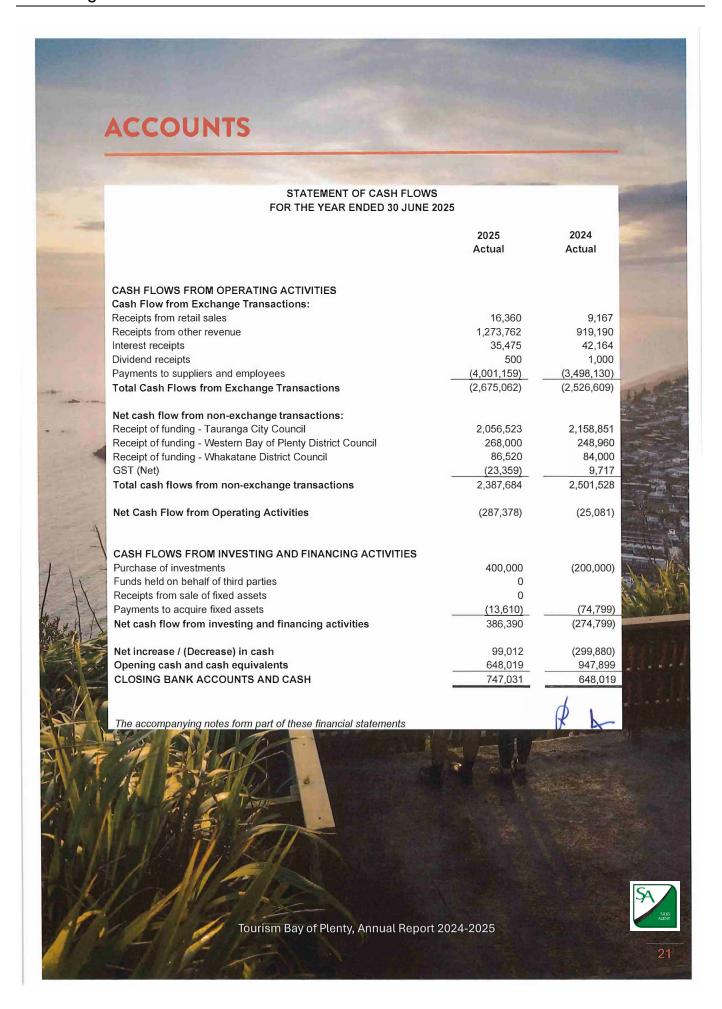


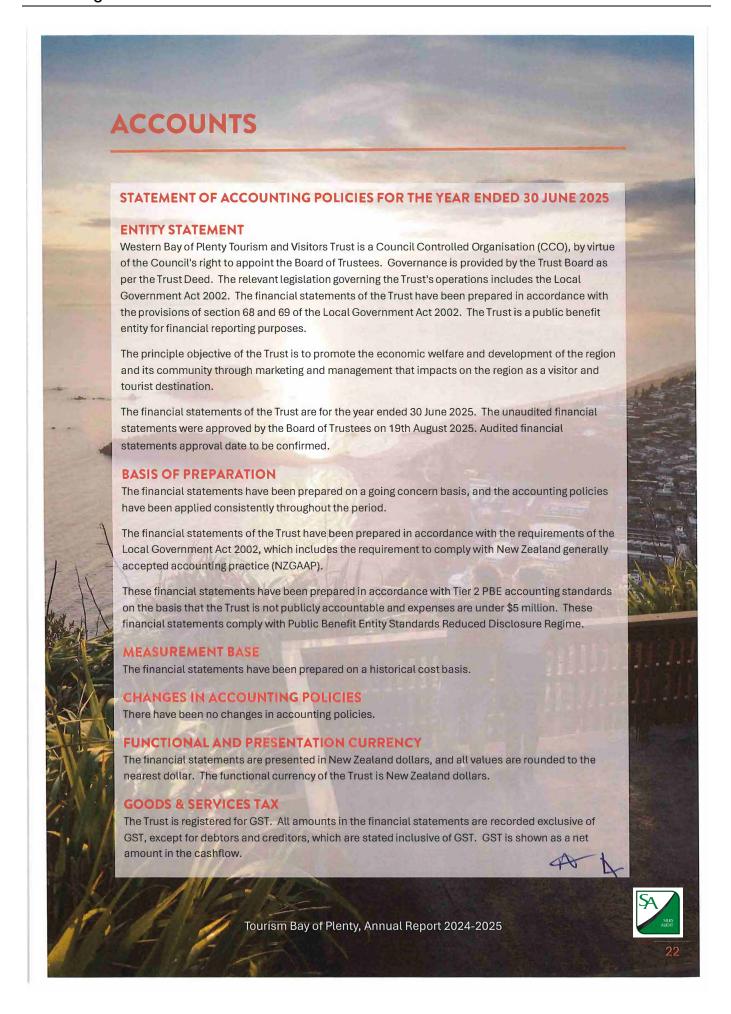


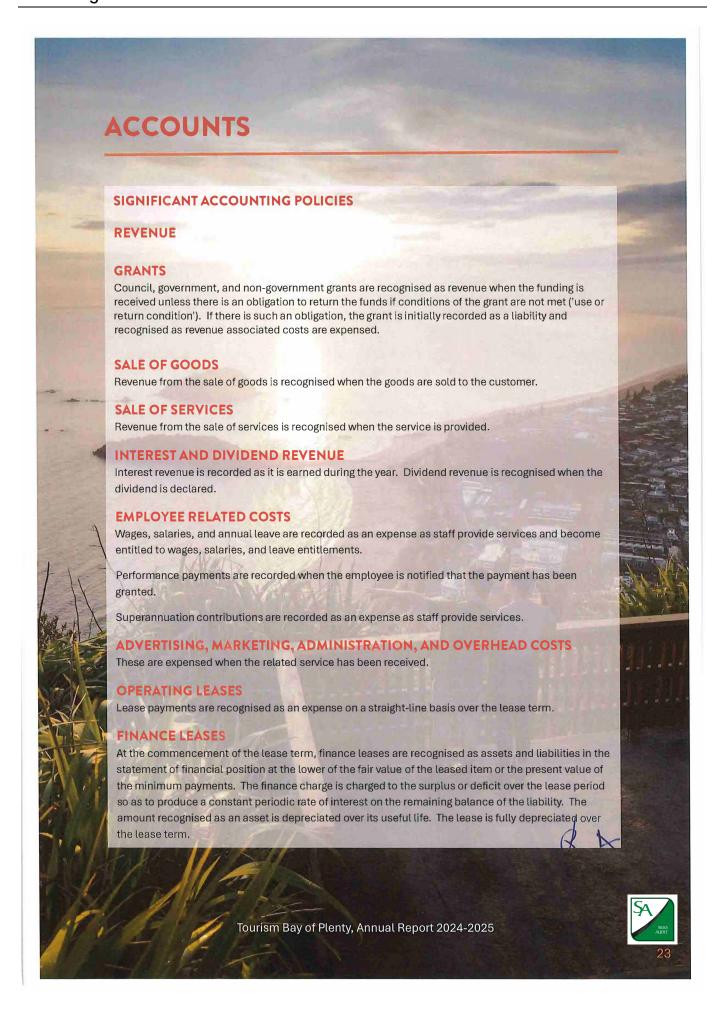


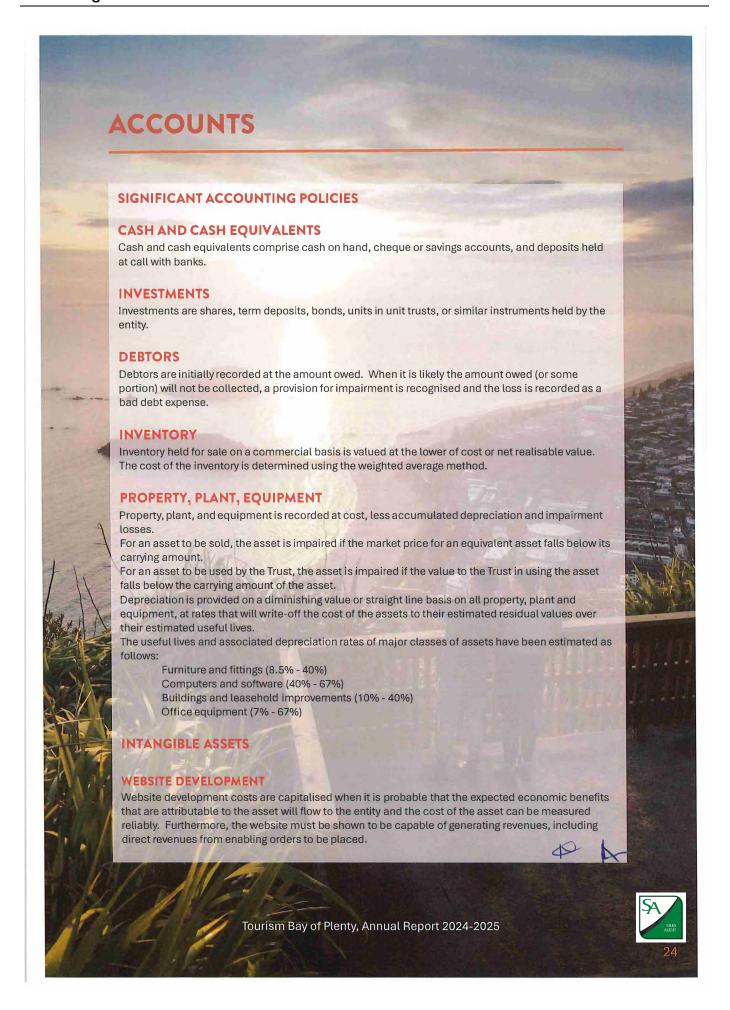


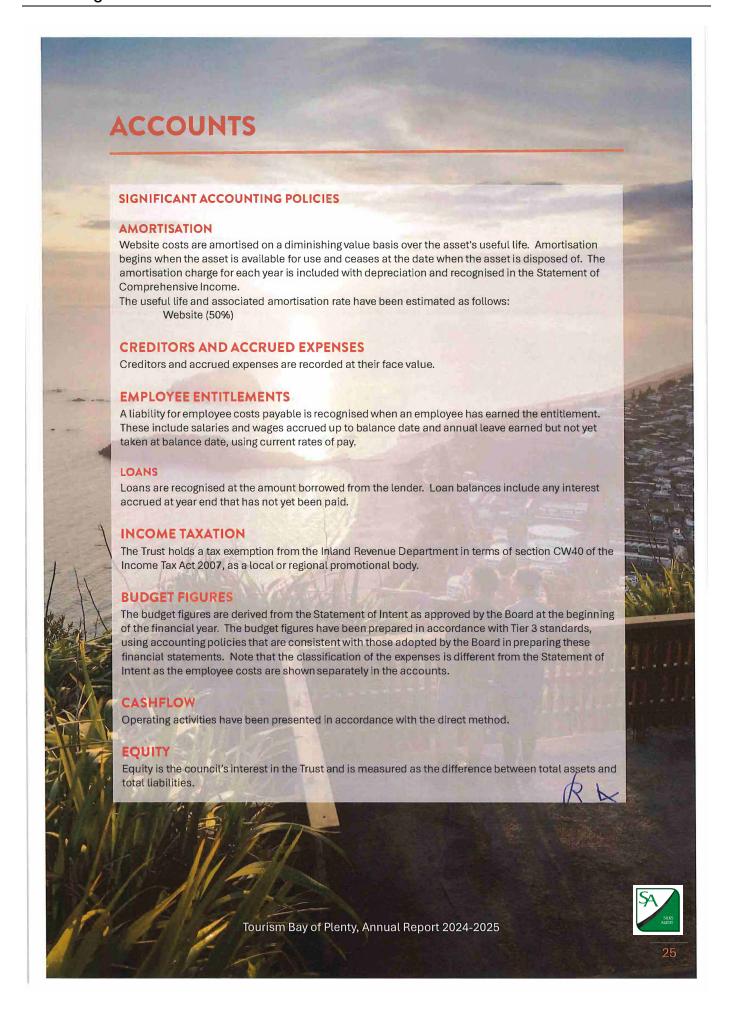


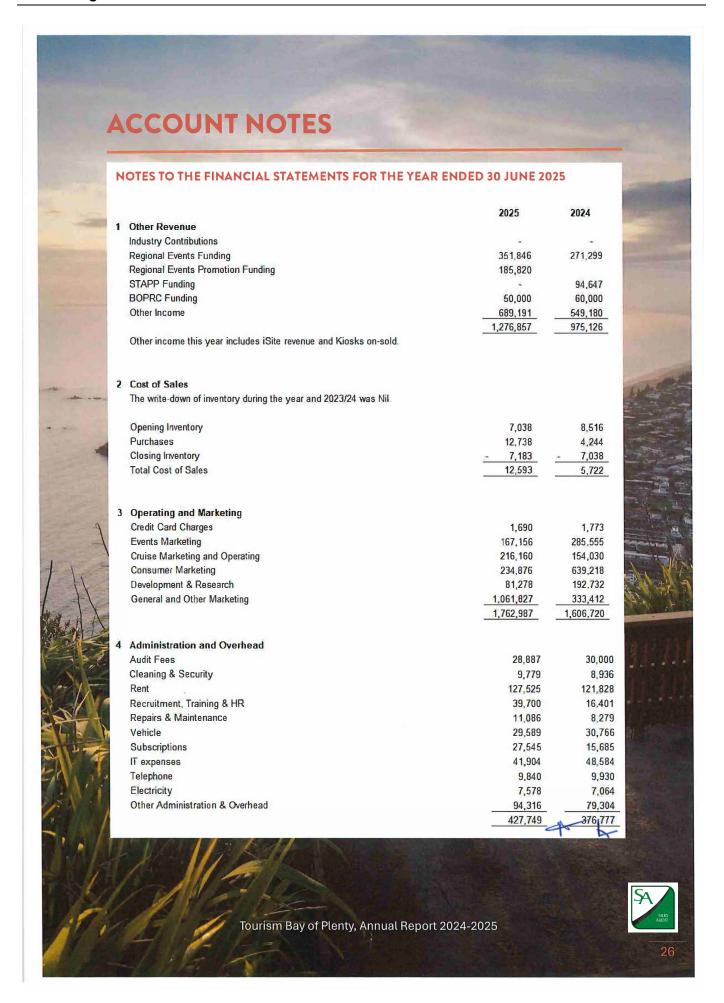






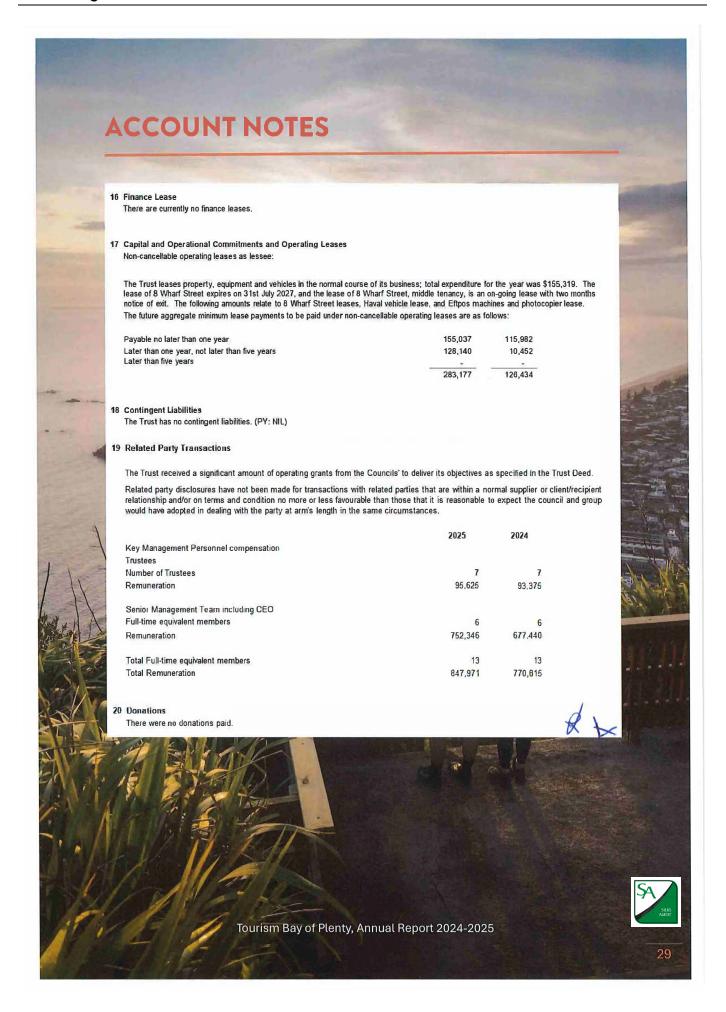


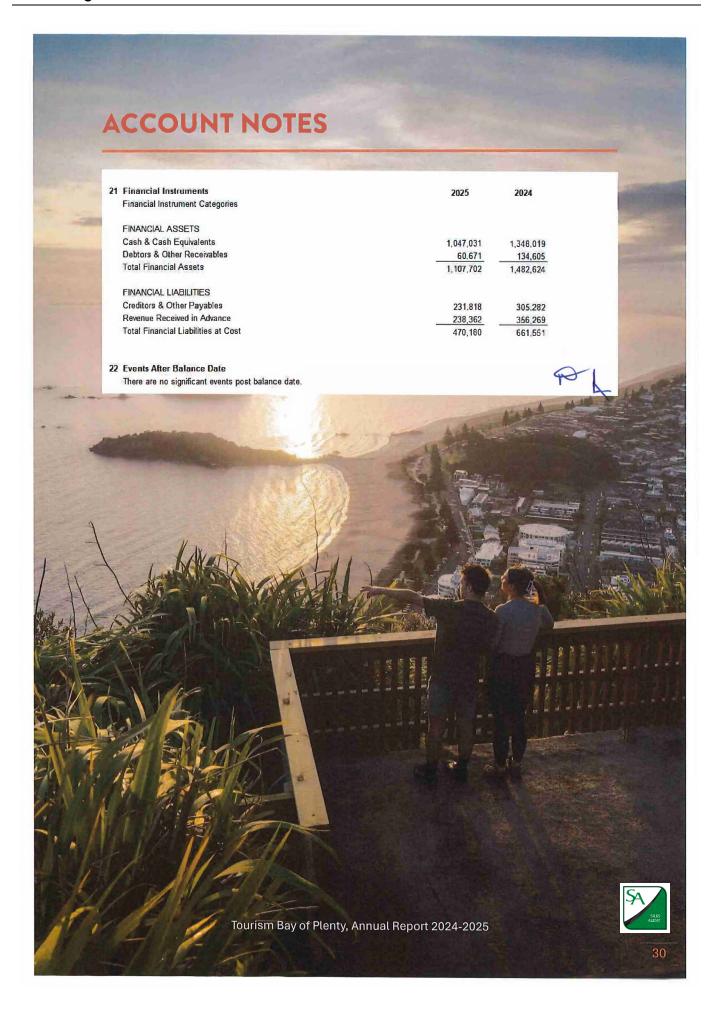


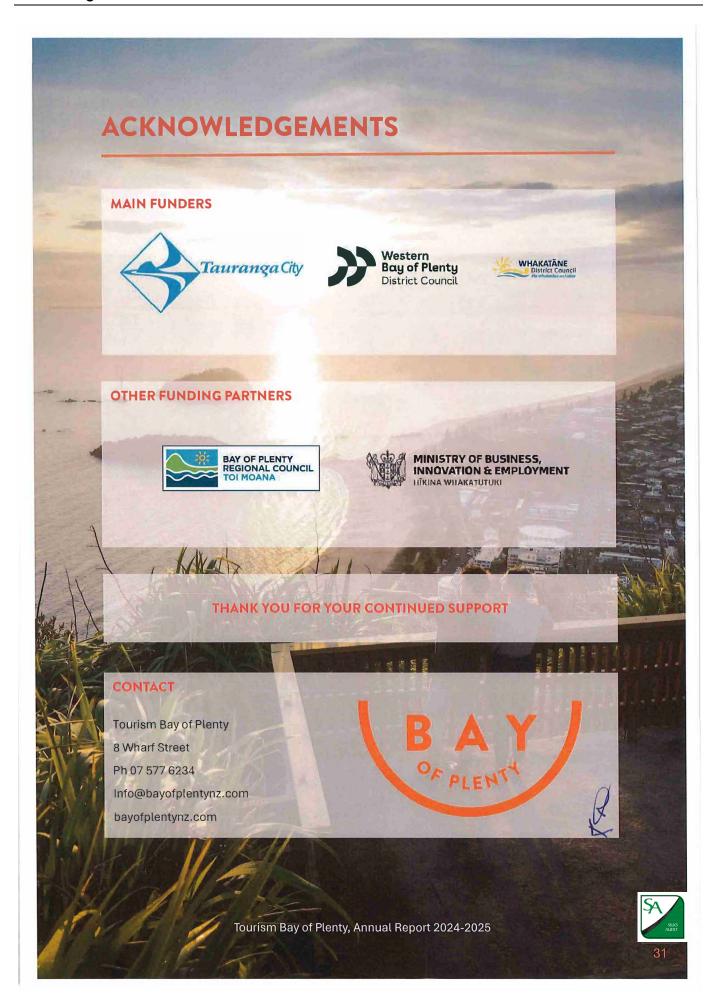


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on Hand <u>800</u> <u>800</u> 747,031 648,019		
	15	147,031
stments Deposits at ASB Bank		
res 27 Jul 2025; interest at 3.50% 100,000		100,000
res 19 Aug 2025; Interest at 3.50% 100,000		
res 07 Sep 2025; interest at 3.40%	20	
300,000 700,000	10	
		300,000 100,000
ors 0,000 07,073 payments 29,611 16,596	73	
38,279 104,169		8,668 87,573
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	96 69 32	8,668 87,573 29,611 16,596 38,279 104,169 22,392 47,032
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tore and managements from exchange transactions. EE 105 100 004	96 69 32	8,668 87,573 29,611 16,596 38,279 104,169 22,392 47,032 15,450 - 1,436 4,792
tors and prepayments from exchange transactions 55,165 108,961 tors and prepayments from non-exchange transactions 22,392 47,032	96 59 32 92 93	8,668     87,573       29,611     16,596       38,279     104,169       22,392     47,032       15,450     -       1,436     4,792       77,557     155,993
	96 69 332 92 93	8,668 87,573 29,611 16,596 38,279 104,169 22,392 47,032 15,450 - 1,436 4,792 77,557 155,993 55,165 108,961
payments         29.611         16,596           38,279         104,169           22,392         47,032           k in Progress         15,450         -           rued Income         1.436         4,792           77,557         155,993           tors and prepayments from exchange transactions         55,165         108,961	<u> </u>	

1	1 Property, Plant and Equipmer	ıt						
	Total Computers & Software	95,826	Accum Dep'n 54,822	01-Jul-24 41,004	Purchases 1,930	Disposals 225	Depreciation 21,678	30 -Jun-25 21,031
	Total Furniture & Fittings	92,497	63,146	29,351	1,055	3,628	3,871	22,907
	Total Leasehold Improvements	267,111	183,777	83,334	1,820	3,102	12,731	69,321
3	Total Office Equipment Total	1 29,7 17 585,151	106,248 407,993	23,469 177,158	8,805 13,610	7,259	12,708 50,988	19 262
		Cost	Accum Dep'n	01-Jul-23	Purc hases	Depreciation	Disposals	30-Jun-24
	Total Computers & Software Total Furniture & Fittings	138,918 99,885	118,812 61,129	20,106 38,758	34,833	12,997 4,586	938 4,820	41,004 29,350
- 13	Total Leasehold Improvements	308,321	202,055	106,266	19,922	13,820	29,033	83,335
FI	Total Office Equipment	133,829	122,691	11,138	20,044	6,761	952	23,469
ı	Total	680,953	504,687	176,266	74,799	38,164	35,743	177,158
١,	2 Intangible Assets							
	Website	Cost 75,585	Accum Amort 71,648	01-Jul-24 3,937	Purc hases	Disposals	Amortisation 1,988	30-Jun-25 1,989
	Website	14,900	13,115	1,785			892	893
4	Total	90,485	84,763	5,722	Ų	- 2	2,860	2,862
		Cost	Accum	01 Jul-23	Purcha ses	Disposals	Amortisation	30-Jun-24
	CRM	28,997	20,810	6,187		4,382	1,805	AND SECTION ASSESSMENT
	V/eb site	90,485		11,443	-	4,282	5,721 7,526	5,722 5,722
1		,	00,002	10,000		.,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	. , ,	
1	3 Creditors and Accruals					2025	2024	
-	Creditors and Accruais					150,553	175.6	13
	Accrued Expenses					61,760	86,9	
	Funds Received on Behalf of	Tourism Ope	rators			19,505	39,63	30_
						231,818	302,1	54
3	Creditors and Accruals from	Exchange Tra	ensactions			231,818	300,8	72
$\Rightarrow$	Creditors and Accruals from	-				- 4	1,20	
	71 7 11/1	'II 400 5				231,818	302,1	54
	the trust holds credit cards	The Trust holds credit cards with ASB Bank, with a credit limit of \$50,000.						
1	4 Revenue Received in Adv	ance						
1	Revenue Received in Advance					238,362	356,2	69
		Revenue Received in Advance from exchange transactions					356,2	69
	Revenue Received in Advance	e from non-ex	change transa	ctions			0500	00
7						238,362	356,2	09
1								
	5 Employee Benefit Liability Accrued Salaries and Wage					138,419	102,1	75
	Annual Leave	7				82,758		
						221,177		







## **APPENDIX: STATEMENT OF SERVICE PERFORMANCE**

FOCUS AREA	PROJECT DELIVERABLE	MEASURE	ТВОР	SOURCE	TARGET BY JUNE 2025	UPDATE	STATUS
ECONOMIC Wellbeing	Grow the value of tourism to the western bay economy.	Trends in visitor spending via electronic card transactions.	Direct Partnered Indirect	Marketview.	Increased visitor spend compared to YE June 2024.	Total = -1.5%* Domestic = -4.8% International = +20.5% *Despite international disitor spend up YoY considerably, domestic visitor spend continues to be impacted by challenging economic conditions. Domestic visitor spend accounts for 84% of total visitor spend.	Not Achieved.
SOCIAL Wellbeing	Enhance the value of tourism to our community (according to the community).	Residents' sentiment towards tourism. Measured by the percentage of residents who agree that tourism has a positive impact on their community. Residents provide a rating of 1 to 10, where 1 is strongly disagree and 10 is strongly agree.	Direct Partnered Indirect	Resident surveys conducted by the respective councils.	Tauranga City Council resident positive impact sentiment: 60% Western Bay District Council survey currently paused.	TCCYE June 2025 = 66%.	Achieved.
CULTURAL Wellbeing	Improving the cultural wellbeing of the community through tourism.	Facilitation of programmes that elevate the Māori cultural tourism proposition in the western bay region.	Direct Partnered	TBOP Six-Month and Annual Reports.	Incorporated Western Bay of Plenty District cultural history and stories into digital storytelling and wayfinding platforms managed by TBOP.	Both cultural history and stories continue to be updated on various platforms, including the TBOP website, digital kiosks and Te Ara Whānui app.	Work in progress.
ENVIRONMENTAL Wellbeing	Improving the environmental wellbeing of the region via environmental sustainability and regeneration projects.	Industry-focused environmental sustainability and regeneration initiatives facilitated or enabled by TBOP.	Direct Partnered	Programme reports.	35 additional organisations complete the Green Room sustainability programme.	An additional 35 organisations completed the Green Room sustainability programme for YE June 2025. This takes the total number to 135.	Achieved.
TBOP ORGANISATION Wellbeing	Enhance TBOP's ability to achieve its goals through high staff engagement.	TBOP staff engagement.	Direct	Employee engagement survey.	Employee Engagement score of ≥80%.	June Employment Engagement score of 94%.	Achieved.

Tourism Bay of Plenty, Annual Report 2024-2025





## **APPENDIX: STATEMENT OF SERVICE PERFORMANCE**

FOCUS AREA	PROJECT DELIVERABLE	MEASURE	ТВОР	SOURCE	TARGET BY JUNE 202S	UPDATE	STATUS
	Elevate the region's cycling proposition.	Develop, update, and promote informative material on cycle trail options in the western bay.	Direct Partnered	Council's feedback.	Cycle trails booklet updated with new trails, supported by an initial print run and digital deployment. Support the development of tourism ventures that make use of this experience.	7,500 copies of the Western Bay of Plenty and Tauranga cycle trails booklet were printed, distributed and deployed online.	Achieved.
	Build operator capability to enhancethe quality of the region's tourism offering.	Provide opportunities for western bay operators to train or upskill in sales, marketing and trade capability areas while also gaining, retaining or achieving higher Qualmark rated certification.	Direct Partnered Indirect	Capability programme report.	Operators supported to engage in capability building programmes, with a minimum of five additional operators being endorsed with Qualmark certification.	Operators continue to be supported by TBOP to build capability, with five new operators accredited with Qualmark certification for YE June 2025.	Achieved.
	Coordinate activity that attracts key business events to the western bay region.	Facilitate leads and bids for business events in the region.	Direct Partnered	TBOP Six-Month and Annual Reports.	Facilitated 25 leads or bids for business events in the region and won 7.	44 conference bids have been submitted, and 31 have been confirmed.	Achieved.
	Elevate the region's food story and proposition.	Promote and support the delivery of the Flavours of Plenty Festival to drawvisitors to the Coastal Bay of Plenty region.	Direct Partnered	Festival delivery.	Continued TBOP support of Flavours of Plenty, via key visitor marketing channels, reaffirms the festival as a signature DNA™ event for the region.	The Flavours of Plenty festival took place from the 27th of March to 13th of April, and included 51 events, with 81% of festival tickets sold.	Achieved.
	Promotion of the western bay region to key target markets (cultural explorers, surf & beach lovers, outdoor adventurers, and eco-travellers).	Annual development and delivery of marketing campaigns that incorporate our key DNA* pillars that reach and convert the travel intentions of our target markets to visit, stay and spend in the region.	Direct Partnered	Campaign collateral.	Review previous campaign results and deliver an updated/renewed domestic marketing campaign which incorporates the destination's DNA", converting the travel intentions of our target markets to visit, stay and spend in the region.	Our spring campaign ran from 18 October to 17 November 2024, focusing the outdoor adventure-seeking market. Key results included: 60k campaign landing page views, 226k video views and 4.3k new email subscribers.	Achieved.

Tourism Bay of Plenty, Annual Report 2024-2025









# INDEPENDENT AUDITOR'S REPORT TO THE READERS OF WESTERN BAY OF PLENTY TOURISM AND VISITORS TRUST'S GROUP FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2025

The Auditor-General is the auditor of Western Bay of Plenty Tourism and Visitors Trust (the Trust).and its controlled entities (collectively referred to as 'the Group'). The Auditor-General has appointed me, Mark Fraser using the staff and resources of Silks Audit Chartered Accountants to carry out the audit of the financial statements and the performance information of the Group, on his behalf.

#### We have audited:

Opinion

- the financial statements of the Group on pages 19 to 30, that comprise the statement of financial position as at 30 June 2025, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and [the notes to the financial statements that include accounting policies and other explanatory information]: and
- the performance information of the Group on pages 19 to 30. In our opinion:
- the financial statements of the Group:
  - o present fairly, in all material respects:
    - its financial position as at 30 June 2025; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Tier 2 Public Benefit Entity Reporting Standards Reduced
  - Disclosure Regime; and
- the performance information of the Group presents fairly, in all material respects, the Group's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Group's objectives for the year ended 30 June 2025.







Our audit was completed on 26 September 2025. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Trustees and our responsibilities relating to the financial statements and the performance information, and we explain our independence.

#### Basis for our opinion

We carried out our audit 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. Our responsibilities under those standards are further described in the Responsibilities of the auditor 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.

#### Responsibilities of the Trustees for the financial statements and the performance information

The trustees are responsible for the preparation and fair presentation of financial statements for the Group that comply with generally accepted accounting practice in New Zealand. The trustees also responsible for preparing the performance information for the Group.

The trustees responsible for such internal control as *they determine* s necessary to enable *them* to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Trustees are responsible on behalf of the Group for assessing the Group's ability to continue as a going concern. The Trustees are also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Trustees *intend* to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Trustees are responsibilities arise from the Local Government Act 2002 [and other relevant Act or document (such as a Trust Deed)].

## Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 these financial statements and the performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the Group's statement of intent

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

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 financial statements and
  the performance 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 Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- We evaluate the appropriateness of the reported performance information within the Group's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability 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 financial statements and the performance information 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 Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the financial statements and
  the performance information of the entities or business activities within the Group to
  express an opinion on the consolidated financial statements and the consolidated
  performance information. We are responsible solely for the direction, supervision and
  performance of the group audit. We remain solely responsible for our audit opinion.







Our responsibilities arise from the Public Audit Act 2001.

#### Other information

The trustees are responsible for the other information. The other information comprises the information included on pages 32 to 33, but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

#### Independence

We are independent of the Group in accordance with the independence requirements of 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) (PES 1) issued by New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the Group.

Cameron Town Silks Audit Chartered

Accountants
On behalf of the Auditor-General
Whanganui, New Zealand



## 10.3 WAIKATO LOCAL AUTHORITY SHARED SERVICES LTD (CO-LAB) ANNUAL REPORT 2024-2025

File Number: A7051679

Author: Jackson Jury, Financial Analyst

Authoriser: Matt Potton, Acting Group Manager Corporate Services

#### **EXECUTIVE SUMMARY**

The purpose of this report is to provide Elected Members with Co-Lab's Annual Report to Shareholders for the period 1 July 2024 to 30 June 2025.

The Co-Lab Annual Report was approved by their Board of Directors.

#### RECOMMENDATION

- I. That the Financial Analyst's report dated 16 December 2025 titled 'Waikato Local Authority Shared Services Ltd (Co-Lab) Annual Report 2024-2025' be received.
- That Council receives the Waikato Local Authority Shared Services Ltd (Co-Lab)
   Annual Report 2024-2025, included as **Attachment 1** to this report, to be published on Council's website.

#### **BACKGROUND**

- Co-Lab is designated a Council-Controlled Organisation under the Local Government Act 2002. The company is owned by twelve local authorities across the Waikato and Bay of Plenty Regions to promote shared services between local authorities.
- 2. Under Section 67 of the Local Government Act 2002, within three months after the end of the financial year, the Board of a council-controlled organisation must deliver to the shareholders a report on the organisation's operations during that year.
- 3. The Co-Lab Annual report for 2024-2025 is included as **Attachment 1** to this report.

#### **KEY HIGHLIGHTS**

- Launched
  - o New shared service: Co-Lab Building Services launched with seven councils.
  - o First building consent processed in June 2025.
- Geospatial
  - Launched the Waikato Open Data Hub, centralising regional datasets.

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#### Waters

- Led Waikato Water Done Well modelling and contracting.
- o Completed 2,319 trade waste audits and 474 consents.
- o Took 11,354 samples and completed 105,222 tests.
- Smart Water Education programme exceeded targets: 55 classes, 992 students reached across three councils.

#### • Transport Modelling

- o Delivered the Hamilton Transport Model.
- Launched WRTM GIS Viewer v2.

#### Joint Procurement

- o Led or supported five joint procurements, including:
  - Occupational Health (16 councils)
  - Professional Services Panel (8 councils)
- Regulatory Services (WBCG)
  - o Delivered 11 training sessions to 216 participants.
  - o Finalised a new IANZ-approved Quality Manual.
  - o Developed consistent regional policies across member councils.

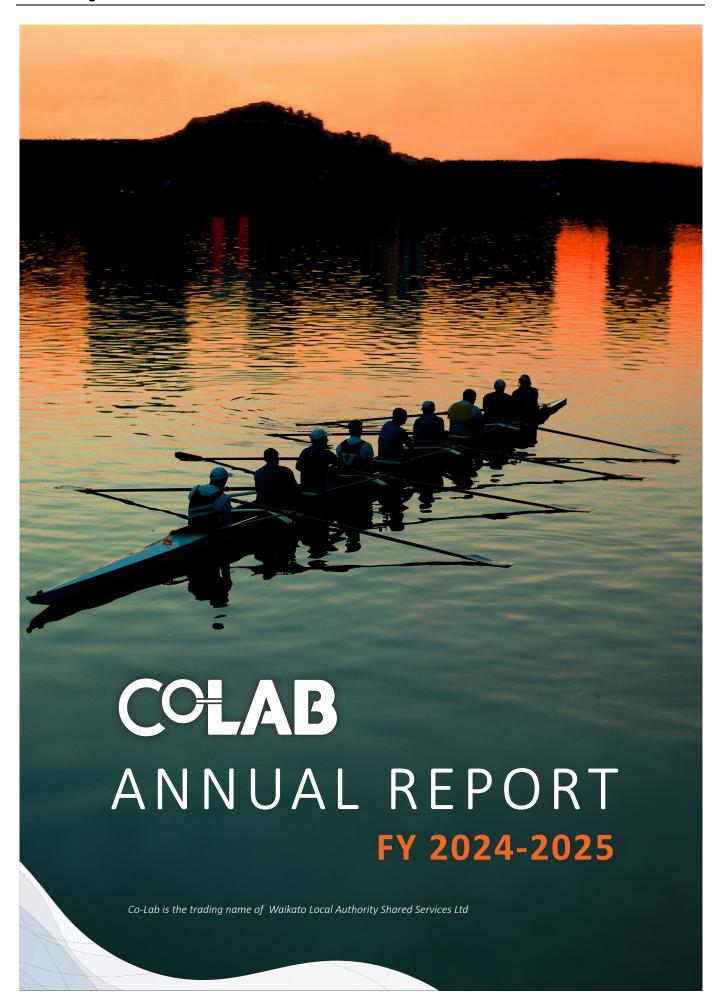
#### Satisfaction

- Achieved 88 percent overall stakeholder satisfaction (exceeding the 80 percent KPI).
- Five services scored 90 percent or higher satisfaction: RATA, Water Services,
   Geospatial, RITS, and Procurement.
- Stakeholder Engagement
  - Held Co-Lab Shouts at eight councils.
  - o Hosted End-of-Year Awards, recognising staff excellence.

#### **ATTACHMENTS**

1. Waikato Local Authority Shared Services (Co-Lab) Annual Report 2024-2025 🗓 🖺

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### **SUMMARY**

It is with great pride that we present Co-Lab's Annual Report for FY 2024-2025 - a year defined by innovation, collaboration, and meaningful impact across our Shareholding Councils. At the heart of everything we did was a clear focus: deliver value, strengthen shared services, and grow capability and culture.

#### **Delivering Value**

Councils collectively saved \$2m in efficiency gains by Co-Lab completing activity in lieu of councils, and \$8.52 million through joint procurement. These figures reflect more than just savings; they represent smarter ways of working together.

Our Water Services team continued to deliver at scale, completing 2,319 trade waste audits and over 105,000 lab tests, ensuring safe, compliant water, protecting the environment and the waste water network. Our Smart Water in Schools programme exceeded expectations, reaching 992 students across three districts. Co-Lab also played a pivotal role in Waikato Water Done Well, leading financial modelling and acting as the contracting party for seven councils - demonstrating our ability to support complex, multicouncil initiatives.

#### **Improving & Growing Shared Services**

This year saw the launch of Co-Lab Building Services (CBS), a milestone that showcased the power of councils leaning in to solve shared challenges. CBS helps manage building consent processing overflow to ensure councils meet statutory timeframes - an example of shared services delivering real-world impact.

We also enhanced regional transparency and planning tools. The Waikato Open Data Hub now provides consistent regional data to planners, consultants, and communities. Meanwhile, the Hamilton Transport Model and WRTM GIS Viewer v2 offer robust support for infrastructure planning and growth.

#### **Growing Capability & Culture**

Stakeholder satisfaction rose to 88%, exceeding our KPI, with five service areas scoring over 90%. This is a testament to our commitment to quality and responsiveness.

We provided access to specialist expertise in areas such as asset management (RATA), regulatory services, and procurement - capabilities that might otherwise be out of reach for some of our smaller shareholding councils.

Through the Waikato Building Consent Group, we delivered high-quality training, developed collaborative submissions to central government consultations, and finalised a new IANZ-approved Quality Manual, strengthening regulatory consistency across the region.

We also demonstrated discipline and focus. When initiatives no longer delivered value - such as Co-Lab Learning - we made the decision to stop, reflect, and redirect resources to where they could have greater impact.

#### **Financial Performance**

Co-Lab closed the year with a deficit of \$75k, significantly lower than the budgeted deficit of \$1,004k. The larger budgeted deficit was part of a deliberate strategy to use some of Co-Lab's existing cash reserves to support key initiatives and maintain service delivery without increasing council contributions. The resulting favourable result was driven by reduced expenditure across Co-Lab Water Services, increased recovery of staff time through major projects, and prudent financial decisions.

#### **Looking Ahead**

As we enter Year Two of our three-year strategy, we are energised by the Board's commitment to innovation and commercial thinking. A clearer picture of the future of local government in our region will guide us as we continue to deliver shared solutions that enhance council performance for the benefit of ratepayers.

Thank you to our shareholders, business partners, other councils that we work with, and our dedicated team for making this year a success. Co-Lab exists to help councils do things better together - and this year, that purpose has never been clearer.



**Peter Stubbs**WLASS Chair



Kelvin French
Chief Executive

We Are Better Together. Maa te mahi tahi e eke ai.

1

# **TOP ACHIEVEMENTS FY2024-2025**

### Launched



New Shared Service: Co-Lab Building Services launched with 7 councils; first building consent processed June 2025.

### Geospatial



Launched Waikato Open Data Hub, centralising regional datasets.

### Waters



- Led Waikato Water Done Well modelling and contracting.
- Completed 2,319 trade waste audits, and 474 consents.
- Took 11,354 samples, and completed 105,222 tests.
- Smart Water Education:
   Exceeded targets; 55 classes,
   992 students reached across 3 councils.

# Transport Modelling



- Delivered Hamilton Transport Model
- Launched WRTM GIS Viewer v2

### **Joint Procurement**



Led/support for 5 joint procurements including Occupational Health (16 councils) and new Professional Services Panel (8 councils).

### **Regulatory Services**



#### WBCG:

- Delivered 11 training sessions (216 participants), and a new IANZ-approved Quality Manual, and
- Developed consistent regional policies across member councils.

### Satisfaction



- 88% overall stakeholder satisfaction (above 80% KPI)
- 5 services scored 90%+ satisfaction (RATA, Water Services, Geospatial, RITS, Procurement).

# Stakeholder Engagement



- Co-Lab Shouts held at 8 councils
- Hosted End-of-Year Awards celebrating staff excellence.

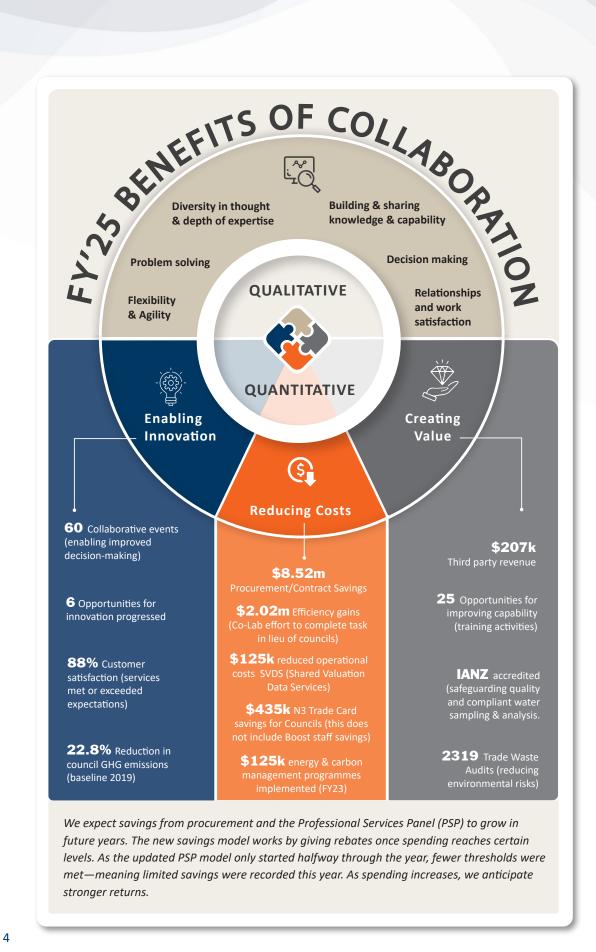
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# **3-YEAR STRATEGY**

We've been committed to supporting our shareholding councils in their efforts to maximise the wellbeing of their communities. We know this can be achieved through collaboration - by working together to reduce duplication, streamline effort, and take cost out of the system.

We've completed year one of our 3-year strategy (outlined below). We've marked progress toward the strategic goals in our performance framework on page 17.





# WHAT WE DID OPPORTUNITY DEVELOPMENT PROJECTS

#### CO-LAB BUILDING SERVICES

In August 2024, a group of General Managers came to Co-Lab with a forward-thinking proposal: to establish a centralised hub for processing overflow building consents and helping councils maintain statutory timeframes during peak demand.

What started as a bold idea gathered momentum and now that idea is a reality. Co-Lab Building Services officially launched with the first council being onboarded in late June. The consent processing hub was co-designed by council General Managers, Co-Lab's Opportunity Development Team, and backed by seven early-adopter councils.

A newly formed Business Owner Committee, reporting to the Co-Lab Board, steer the service with strong strategic oversight.



It's a standout example of how regional collaboration can deliver practical, scalable solutions that benefit many parties.

#### MANAGEMENT TRAINING PROGRAMME



Following-on from the Right People, Right Place (RPRP) project focused on future workforce needs, Co-Lab and interested councils developed a framework for a region-wide Management Training Programme (MTP).

The programme aimed to build a coordinated approach to developing management capability through:

- Shared, cost-effective core training.
- Leadership pathway foundations, complementing existing council and Taituarā offerings.
- Practical skills training in planning, service delivery, and culture.

Unlike existing leadership initiatives, this was focused specifically on strengthening day-to-day management

capability. This programme was promoted following consultation with council People and Capability managers and analysis of the greatest workforce needs during the RPRP project. It was to be underpinned by the Management Capability Framework developed by Co-Lab Learning in consultation with councils.

Despite early interest, limited council commitment meant the programme didn't proceed. The closure of Co-Lab Learning also makes revisiting it more difficult.

5



# WAIKATO WATER DONE WELL COLLABORATION

In response to the Government's Local Water Done Well policy directive, Waikato councils agreed to jointly explore the merits of a regional water services delivery entity.

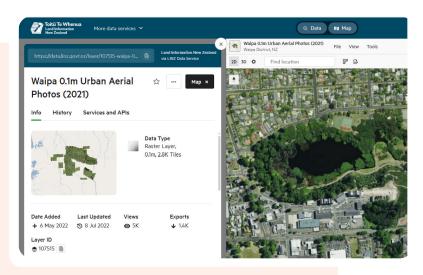
Co-Lab has supported the work since its inception. Initially, this was on behalf of all Waikato councils. However, as distinct

partnership groups emerged, Co-Lab shifted its focus - at the request of the councils - to support the Waikato Water Done Well collaboration involving seven councils.

Co-Lab has served as an efficient mechanism for managing the financials of the collaboration and securing the necessary resources to deliver the programme. Additionally, Co-Lab also led the development of financial modelling to support council decision-making.

# COLLABORATIVE AERIAL PHOTOGRAPHY SYNDICATE (CAPS 2025)

In June 2025, Co-Lab led a new joint procurement initiative - CAPS 2025 (Collaborative Aerial Photography Syndicate) - bringing together four regions: Manawatū-Whanganui, Nelson, Taranaki, and Waikato, along with their 22 territorial authorities.



Whereas historically, individual regions have managed their own procurement of aerial imagery, this new collaborative approach is designed to:

- Deliver better value and transparency through collective procurement
- Encourage existing suppliers to invest in new equipment and skilled personnel
- Attract new providers to the CAPS councils
- Take a step toward a national specification and, potentially, national contracts

New contracts are expected to be in place by 1 October 2025.

6

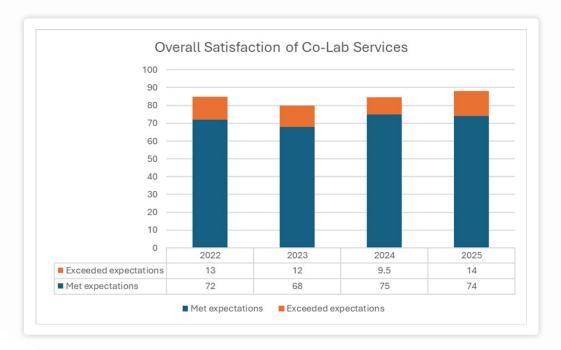
# WHAT WE DID SHARED SERVICES

#### 2024-2025 SHAREHOLDER SATISFACTION SURVEY RESULTS

In May 2025, shareholding councils (and NZTA Waka Kotahi for RATA) were asked to provide feedback on various elements of working with Co-Lab.

The questions asked in the survey covered Co-Lab services, the working parties and advisory groups, and Co-Lab company communications.

The survey was sent to 350 council stakeholders with 142 responses (40.6% response rate). Across the eight services to which the performance measure relates, the overall satisfaction has increased to 88% (84% in 2024) and Co-Lab met the KPI of 80% in the performance framework.



Five services had at least 90% of respondents saying the service had met or exceeded their expectations; RATA, Co-Lab Water Services, Co-Lab Geospatial Services, RITS, Co-Lab Procurement Services.

Of particular note was the result for the WBCG who met the KPI for the first time since we started the survey. 80% of these respondents said we met or exceeded their expectations, up from 50% in 2024.

Several comments recognised the engaging and friendly nature of the Co-Lab team and their desire to solve problems.



"We had a great session with our ELT this year which really does demonstrate the keenness to add value."

"I think much of the benefit comes from staying connected as a group, sharing ideas and perspective. Leveraging skills and experience across councils to support one another."



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#### **RATA**

RATA maintained a high standard of service in 2024-2025, with 97% of survey participants reporting that the programme delivered by the RATA team either met or exceeded their expectations.

The team successfully delivered the agreed work programme for all 10 participating councils. This included on-site support for five councils who otherwise wouldn't have the resources to undertake the minimum data requirements for their transport assets as required by NZTA's co-funding arrangements. A key focus of this support was assisting with the transition to the new nationally mandated

Road Asset Management Data Standards - a significant change requiring dedicated effort and collaboration.

In addition, the RATA Team procured and commenced delivery of new Road Pavement Strength assessments (1559 lane kilometres) and Footpath Condition Assessment contracts (33 kilometres). These projects generated measurable cost savings through a joint procurement approach. The team also completed over 1159 traffic counts across the Waikato region, contributing to a more comprehensive understanding of transport network performance.

The addition of two new team members further strengthened technical capability within the team, bringing valuable industry experience that is now accessible to all participating councils.

To support the workforce development of councils, the RATA team also developed and delivered an updated Civil Engineering Cadetship Scheme, along with associated pro-forma documentation that is available for Councils to use as part of developing their in-house technical capability.



#### Asset Valuation Project (RATA)

During 2024-2025, the RATA team delivered tools to support a regionally consistent approach to asset valuation. The project focused initially on transport and roading assets, specifically surfacing and pavement, to address inconsistencies in asset valuations.

The aim was to create repeatable, efficient, and robust valuation processes that enable better-informed decision-making. Concerns had been raised that inconsistent base lives and replacement costs, due to limited regional benchmarking, could lead to either inflated depreciation charges for ratepayers or insufficient funding for asset renewals.

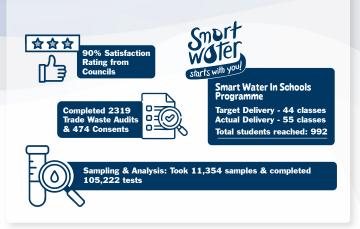
Key outputs included a Valuation Report
Template, providing a standardised format for all
transport asset classes, and a Regional Valuation
Process Guide, both designed for easy adoption
by councils and their suppliers. These tools
reference the Regional Roading Asset Valuation
Database (RRAVD), an annually updated resource
containing unit rates and useful lives, with more
asset classes to be added over time.

These resources are now available, and Co-Lab is actively encouraging councils' Roading and Finance teams to integrate them into their valuation processes.

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#### WATER SERVICES

Throughout 2024-2025, a series of targeted workshops were held to explore opportunities for greater collaboration and efficiency across councils. These included discussions on joint procurement of backflow meters and the potential development of a shared stormwater audit service.

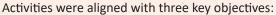


A dedicated workshop was also held to examine options for restructuring the Smart Water programme into smaller, more affordable packages to improve accessibility for Councils.

In addition, the compliance network forums continued to be a key platform for knowledge sharing and professional development, consistently receiving positive feedback from participants.

#### **GEOSPATIAL SERVICES**

This year, Co-Lab Geospatial Services remained focused on delivering against the Strategic Plan 2023–2026, working towards the vision: Our people trust regional geospatial knowledge to make better decisions.



#### 1. Making Geospatial Information Complete and Trustworthy

We improved data quality and accessibility by replacing outdated datasets, updating FME flows, and automating data transfers to reduce manual work. Broken links between data.govt.nz and the Waikato Data Portal were fixed, and the service supported councils with updated guidance. Discovery work identified room for improvement in consistency and accessibility of available data, and we began developing a new Data Publishers' Guide to support councils.

#### 2. Ensuring a Great User Experience

We launched a helpdesk system with regular triage meetings and implemented an error reporting process to monitor FME issues. A web presence review helped prioritise user-impacting fixes. The redesigned Waikato Open Data Hub now brings datasets and maps together in one platform, and OneView web maps were rebuilt for improved reliability.

#### 3. Identifying and Initiating Collaborative Projects

Collaboration remained a central focus. The service continued to host Geospatial Forums to support knowledge sharing and provided communication and administration support to WaiGIS to strengthen regional connections.

These efforts reflect the commitment to delivering high-quality, collaborative, and user-focused geospatial services.

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# WAIKATO REGIONAL TRANSPORT MODEL (WRTM)

The financial year marked significant progress for the WRTM Programme, with strategic model development, forward-looking investigations, enhanced transparency, and key agreements that will underpin operations and governance for years to come.

The Hamilton Transport Model (HTM), was successfully completed and delivered in partnership with Beca, Stantec, and Invise. HTM provides a robust operational tool for understanding Hamilton's network performance under current and future scenarios. It is integrated with the WRTM strategic model to ensure alignment and scalability between local and regional assessments.

WRTM formalised several key governance and operational documents to future-proof the Programme, such as the Multi-Party Funding Agreement (MPFA), Operation Model Agreement and an updated Terms of Reference, amongst others.

In support of ongoing model integrity and transparency, WRTM developed a data review report to document and assess the various data inputs that inform the models. This initiative sets a strong foundation for the procurement of the nextgeneration

Interest sought for redevelopment of WRTM Strategic Model. veloped a data Introduced new review report to locument & system to help better understand arious data user experiences inputs that inform and improve service quality. Formalised severa kev governance Model (HTM), was operational successfully completed & delivered in partnership cuments to future-proof the ith Beca, Stantec, and Invise. Programme.

WRTM also

Expressions of

interest were

sought for the

redevelopment of

Model (WRTM-S).

The new model

will incorporate

HTM, enhanced

lessons from

data inputs,

integration

pathways

and potential

for emerging

technologies.

the WRTM Strategic

WRTM-S model and supports greater confidence in modelling outputs.

The second version of the WRTM GIS Viewer was launched, enhancing accessibility and usability for stakeholders. It offers a streamlined user interface, improved map interactivity, and better integration with model outputs, significantly increasing transparency and engagement across the programme.

introduced a new client feedback system to help better understand user experiences and improve service quality. Initial feedback has been highly encouraging, 100% of respondents agreed it was meeting or exceeding their expectations. Communication and responsiveness were consistently praised, with several clients highlighting the team's professionalism, technical knowledge, and clarity in engagement.

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#### **CO-LAB LEARNING**

Partway through Co-Lab Learning, it became evident that establishing a unified regional approach to learning and development was going to be more challenging than anticipated. Although initial council engagement was encouraging, sustaining alignment on shared priorities and outcomes proved difficult.

As a result, Co-Lab Learning was unable to fully deliver on its intended benefits, such as reducing duplication, saving time, and streamlining content development across the region.

Following the receipt of formal notices from several participating councils indicating their intent to withdraw from the service, a comprehensive review was undertaken. As a result of this review, a collective decision was made to disestablish Co-Lab Learning, effective from June 2025.

# WAIKATO BUILDING CONSENT GROUP (WBCG)

The Co-Lab WBCG team delivered value by strengthening regional capability through joint training, quality assurance, and collaborative initiatives.

A total of 11 training sessions were delivered across seven priority topics to 216 participants from across the Waikato region. These cost-effective sessions supported technical development and helped ensure greater consistency in regulatory practice.

The Quality Assurance Hub remained a key platform for collaboration and continuous improvement. Over the financial year, the team facilitated 10 quality assurance sessions and completed internal audits across participating councils. Support was also provided for IANZ accreditation assessments, contributing to stronger quality systems and shared insights into local practices.

A key milestone for the group was the finalisation and IANZ approval of a new



Quality Manual, which Ōtorohanga District Council was the first to adopt. In addition, new IQP and PSA policy documents were developed and adopted across the group, reinforcing alignment in operational standards.

At a national level, WBCG continued to represent a regional voice in regulatory reform. Submissions were made on the proposed granny flat reforms and to the Select Committee on the Building and Construction (Small Stand-alone Dwellings) Amendment Bill, ensuring member councils' perspectives were considered.

Planning also started for the 2025 WBCG Development Day (scheduled for 27 August 2025).

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#### PROCUREMENT SERVICES

During 2024 -2025, five joint procurements were completed, delivering efficiency and value across participating councils.

#### 1. Occupational Health Services

A re-tender of the 2017 contract expanded to include nine Co-Lab and seven BOPLASS councils and saw several areas of improvement in expected levels of service.

#### 2. Professional Services Panel (PSP)

Co-Lab's largest joint procurement by value, was re-established in December 2024. Initially involving four lead councils, four more have since joined. The third iteration of the PSP features a two-tier structure across five key areas, offering streamlined procurement and discounted consultancy rates.

#### 3. Strategic Internal Audit

The retendered contract builds on the 2016 framework and introduces new value-added services for seven councils.

# 4. Collaborative Aerial Photography Syndicate (CAPS 2025)

Led with Waikato Regional Council, this new procurement extends coverage to include



Manawatū–Whanganui, Nelson, and Taranaki. It aims to increase supplier capacity and encourage market growth. Procurement was released in June 2025, with results due next year.

#### 5. Waikato Regional Transport Model (WRTM)

A joint project to replace the 2007 model, involving eight councils and NZTA Waka Kotahi. A feasibility study was completed, and a consultancy tender released in June 2025. Outcomes will be reported next year.

Co-Lab also supported Waikato Regional Council with procuring media and creative services for public transport campaigns and continued to provide direct procurement support to three councils.



# REGIONAL INFRASTRUCTURE TECHNICAL SPECIFICATIONS (RITS)

The upgrade of RITS to Version 2 progressed significantly and is now entering the final stage of a five-phase development process.

Most recently that has involved public consultation that has now been completed . The final step - adoption - is imminent.

#### **Key improvements in RITS Version 2 include:**

- Enhanced drawing quality and clarity.
- A more user-friendly structure; separating the drawings and forms onto the website.
- A fully restructured and reworded main document to ensure consistency, improved readability, and accessibility. This involved a complete rewrite, proofreading, and formatting overhaul.

Interest in RITS grew beyond the Waikato region, with several councils from outside the area approaching Co-Lab to explore participation.

RITS remains the most accessed resource on the Co-Lab website, widely used by councils, consultants, contractors, and suppliers throughout the sector.

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#### **ENERGY & CARBON MANAGEMENT (ECM)**

Now in its ninth year, ECM continues to deliver practical, cost-effective services to support councils in managing energy use and reducing emissions.

During 2024 - 2025, nine councils participated, benefitting from a suite of activity including energy monitoring, advisory support, developing carbon inventories and reporting, emissions planning and supporting electricity and gas procurement.

The programme also explored Scope 3 emissions, conducted feasibility studies on fuel switching and solar PV, and supported EV charger rollout, energy budgeting, and forums on market trends and decarbonisation.

Notable outcomes included \$135k and 220 tCO<sub>2</sub>-e saved through a heat pump upgrade at Huntly Pool, energy reductions at the Waikato Regional Council main

office, and assessments at Raglan Holiday Park. EV charger demand control was implemented across councils, network capacity charges were optimised, and low-carbon hot water systems were designed for Waterworld and Te Awamutu Events Centre. The programme also supported Hamilton City's net zero energy library initiative.

ECM didn't meet its energy intensity reduction target this year. An 8% increase in ratepayers drove up energy demand, especially in water and wastewater. While electricity has replaced fossil fuels in many applications - delivering lower carbon intensity and improved efficiency - overall savings were not enough to offset rising electricity use to deliver improved levels of service. In response, Council's are advised to prioritise energy-efficient design and initiatives like the Cambridge solar array and EECA-backed audits at Whitianga.

Objective	ective To improve corporate energy performance and reduce carbon emissions for participating Councils			
			gy intensity reduction in kWh/ 25. Measured against a base year	
Medium-term target	Across all Councils	Achieve a 50% greenhouse gas intensity reduction in kg CO <sub>2</sub> e/ratepayer by 2030. Measured against a base year of FY2019 (scope 1 and 2 only, excluding biogenic emissions)  Work towards net zero carbon emissions (scope 1 and 2 by 2050)		
Long-term target				
Improvement	Energy Intensi	ty (kWh/RU)	11.4%	
to date (since	GHG Intensity	(kg tCO2e/RU)	32.5%	
inception)	Gross GHG Em	iissions tCO₂e 32.8%		

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### **COMPANY SUPPORT**

#### COLLABORATION SUPPORT



We continued to provide secretariat support to several key regional forums, including:

- Working Party Groups
- Waikato Mayoral Forum

• Joint Mayors and Iwi Chairs Forum Additionally, most of our corporate support team were actively involved in the Waikato Water Done Well project in project administration, communications and project management.

#### CELEBRATING OUR PEOPLE



In December 2024, we held our annual end of year Colleague Awards, recognising staff who exemplified our core values of

**Integrity, Innovation,** and **Collaboration & Partnership**, and awarding our Team Member of the Year. These awards celebrate the people who help make collaboration real, every day.

#### INDUSTRY RECOGNITION



We submitted two entries for industry awards showcasing our LiDAR project. While we didn't secure a win this time,

the nominations provided valuable exposure for our regional collaboration efforts with our Shareholding Councils.

# STRENGTHENING COUNCIL RELATIONSHIPS



We continued to raise awareness of Co-Lab's work through our Co-Lab 'Shouts to Councils' initiative,

visiting 8 of our 12 shareholding councils. These sessions are a key part of maintaining transparency and alignment with our shareholders.

#### SUPPORTING OUR PEOPLE



During 2024 - 2025 we introduced several initiatives aimed at supporting staff wellbeing and reinforcing the values that are important to Co-Lab.

These included a dedicated Mental Health Hour, our observance of Stand Up to Bullying Day, and a Matariki celebration - each contributing to a more inclusive, respectful, and supportive workplace culture.

We also began deepening our commitment to Te Ao Māori. As part of this journey, we introduced Te Reo Māori translations of staff position titles in our email signatures and made karakia cards available in meeting rooms and shared spaces for those who wish to use them. These steps reflect our growing efforts to integrate Māori language and culture into our everyday work environment.

#### INTERNAL CONTINUOUS IMPROVEMENT



Within our own organisation we:

- Reviewed internal file management systems
- Developed our use of Monday.com, which is helping us improve project
   management, stakeholder engagement, and managing the workflows of our shared services delivery
- Selected a new IT managed service provider to support our growing and more complex IT needs, helping us stay ahead of future risks and changes
- Launched a new staff intranet, improving internal communication and access to key resources.

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# THE NUMBERS

Summary financial results for the year:	2025 (000's)	2024 (000's)	Change
Total Income	\$9,718	\$9,845	(1.29%)
Net Surplus Before Tax	(\$75)	(\$720)	89.59%
Cash on Hand	\$1,161	\$3,202	(63.73%)

The net surplus before tax is higher than both last year and the budget projection. This is primarily due to the cash surplus used in FY24 and greater than expected recoveries of staff time within Company Management and Support. Co-Lab remains in a good financial position.

# PERFORMANCE REPORTING

The performance measures noted in the table were included in the 2024 Statement of Intent.

The company has assessed whether each target has been achieved, and how these contribute to our outcomes as an organisation.

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# PERFORMANCE MEASURES

Strategic Goal	3-Year Objective	Annual KPI		
GOAL 1: Shareholding Councils understand	We know the value we provide shareholders has improved by 15%, by 30 June 2027*  (baseline y/e 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.	<b>FY24-25:</b> \$11.4m in value we provide to councils as measured by our benefit analysis.	<b>FY23-24:</b> \$12.5m in value we provide to councils as measured by our benefit analysis.
we provide them value	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).	FY24-25: 88% of council survey respondents believe those Co-Lab services they received met or exceeded their expectations (evidenced by an annual survey) in FY25. The survey response rate was 41% (350 were invited to participate with 142 responses received).	FY23-24: 84% of council survey respondents believed those Co-Lab services they received met or exceeded their expectations (evidenced by an annual survey) in FY24. The survey response rate was 41% (310 were invited to participate with 128 responses received).
GOAL 2: Deliver value by growing	24 new instances of Co-Lab shared services being utilised, by June 2027.  (baseline y/e 30 June 24)	Year-on-year increase in the utilisation of services we provide to councils.	FY24-25: New onboardings:  5 RATA Spaces and Places councils  1 Smart Water – Watercare joined  1 ECM – OtoDC joined  1 Sampling & Analysis – Waikato Regional Airport joined  1 Co-Lab Building Services – WBOP  1 Professional Services Panel - WBOP	<b>FY23-24:</b> There were no new councils onboarded to shared services in FY23-24.
the scale of our shared service function		Year-on-year increase in the number of services available to councils.	FY24-25: • Introduced RATA Spaces & Places. • Launched Co-Lab Building Services	<b>FY23-24:</b> There were no new shared services introduced inFY23-24.
	All shareholders take up at least one additional shared service.	Year-on-year increase in the utilisation of services we provide to councils.	FY24-25: Measured as above.	<b>FY23-24:</b> There were no new councils onboarded to shared services in FY23-24.
	Maintain staff engagement above 85%.	Maintain staff engagement above 85%.	<b>FY24-25:</b> The engagement score was 86%. The survey response rate was 45% (49 were invited to participate with 22 responses received).	FY23-24: The engagement score was 87%. The survey response rate was 65% (48 were invited to participate with 31 responses received).
	Staff turnover is less than 15%.	Staff turnover is less than 15%.	<b>FY24-25:</b> 10.5% staff turnover.	<b>FY23-24:</b> 18.2%
GOAL 3: Diverse, talented and motivated people work for us	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.	<b>FY24-25:</b> The 1 position advertised was vacant for 2 months.	FY23-24: The positions advertised vacant for the following periods:  • Communications Manager –1.5 months • Contracts Administrator – 1 month • Procurement Advisor – 1 month • Business Support Specialist – 1 month • WRTM Programme Manager – 3 months • Quality Systems Lead (WBCG) – 4 months



#### INDEPENDENT AUDITOR'S REPORT

#### TO THE READERS OF WAIKATO LOCAL AUTHORITY SHARED SERVICES LIMITED T/A AS CO-LAB'S FINANCIAL STATEMENTS AND PERFORMANCE MEASURES FOR THE YEAR ENDED 30 JUNE 2025

The Auditor-General is the auditor of Waikato Local Authority Shared Services Limited t/a as Co-Lab (the Company). The Auditor-General has appointed me, Johann van Loggerenberg, using the staff and resources of PKF Hamilton Audit Limited, to carry out the audit of the financial statements and the performance measures of the Company on his behalf.

#### We have audited:

- the financial statements of the Company on pages 22 to 42, that comprise the statement of
  financial position as at 30 June 2025, the statement of comprehensive revenue and
  expenditure, statement of changes in equity and statement of cashflows for the year ended on
  that date and the notes to the financial statements that include accounting policies and other
  explanatory information; and
- the performance measures of the Company for the year ended 30 June 2025 on pages 15 to 16

#### Opinion

#### In our opinion:

- the financial statements of the Company:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2025; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards Reduced Disclosure Regime; and
- the performance measures:
  - accurately reports, in all material respects, the Company's actual performance compared against the performance targets and other measures by which the Company's performance can be judged in relation to the Company's objectives in its statement of intent for the year ended 30 June 2025; and
  - has been prepared, in all material respects, in accordance with section 68 of the Local Government Act 2002 (the Act).

Our audit was completed on 26 September 2025. This is the date at which our opinion is expressed.

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#### Basis for our opinion

We carried out our audit 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. Our responsibilities under those standards are further described in the *Responsibilities of the auditor for the audit of the financial statements and the performance measures* 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.

# Responsibilities of the Board of Directors for the financial statements and the performance measures

The Board of Directors is responsible on behalf of the Company for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparing the performance measures in accordance with the Act.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and the performance measures that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance measures, the Board of Directors is responsible on behalf of the Company for assessing the Company's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Local Government Act 2002.

# Responsibilities of the auditor for the audit of the financial statements and the performance measures

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance measures, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 these financial statements and the performance measures.

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For the budget information reported in the financial statements and in the performance measures, our procedures were limited to checking that the information agreed to the Company's Statement of Intent.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance measures.

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 financial statements and the
  performance measures, 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 Company's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability 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 financial statements and the performance measures 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 Company to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We evaluate the overall presentation, structure and content of the performance measures, including the disclosures, and assess whether the performance measures achieves its statutory purpose of enabling the Company's readers to judge the actual performance of the Company against its objectives in its statement of intent.

We communicate with the Board of Directors 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.

Our responsibilities arise from the Public Audit Act 2001.

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#### Other Information

The Board of Directors is responsible for the other information. The other information comprises all of the information included in the annual report other than the financial statements and the performance measures, and our auditor's report thereon.

Our opinion on the financial statements and the performance measures does 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 financial statements and the performance measures, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance measures or our knowledge obtained in the audit, 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 Company 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)* issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the Company.

Johann van Loggerenberg PKF Hamilton Audit Limited On behalf of the Auditor-General

Hamilton, New Zealand

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# FINANCIAL STATEMENTS For The Year Ended 30 June 2025

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Co-Lab Statement of comprehensive revenue and expenditure For the year ended 30 June 2025

#### Statement of comprehensive revenue and expenditure

For the year ended 30 June 2025

	Note	Actual 2025 \$	Budget 2025 \$	Actual 2024 \$
Revenue				
Data sales Interest Other revenue Total revenue	4	342,738 60,261 <u>9,315,186</u> <u>9,718,185</u>	392,892 70,482 <u>9,018,814</u> <u>9,482,188</u>	337,221 41,461 <u>9,466,414</u> <u>9,845,096</u>
Expenditure				
Personnel costs Depreciation and amortisation expense Other expenses Total expenditure	6 10,11 5	2,085,522 25,971 <u>7,681,649</u> 9,793,142	2,114,692 50,735 8,321,303 10,486,730	1,870,820 32,328 8,661,763 10,564,911
Surplus/(deficit) before tax		(74,957)	(1,004,542)	(719,815)
Income tax expense	9		<del>-</del>	
Surplus/(deficit) after tax		(74,957)	(1,004,542)	(719,815)
Total comprehensive income		(74,957)	(1,004,542)	(719,815)



<sup>\*</sup>Co-Lab is the trading name of Waikato Local Authority Shared Services Limited The accompanying notes form part of and are to be read in conjunction with these financial statements

Co-Lab Statement of changes in equity For the year ended 30 June 2025

#### Statement of changes in equity

For the year ended 30 June 2025

, and the second	Note	Actual 2025 \$	Budget 2025 \$	Actual 2024 \$
Balance at 1 July Total comprehensive revenue and expense Balance at 30 June	14	1,776,582 (74,957) 1,701,626	2,197,682 (1,004,542) 1,193,140	2,496,397 (719,815) 1,776,582
Total equity attributable to: Equity holders of Co-Lab Balance at 30 June		1,701,626 1,701,626	1,193,140 1,193,140	1,776,582 1,776,582

<sup>\*</sup>Co-Lab is the trading name of Waikato Local Authority Shared Services Limited
The accompanying notes form part of and are to be read in conjunction with these financial statements

Co-Lab Statement of Financial Position As at 30 June 2025

#### Statement of financial position

As at 30 June 2025

	Note	Actual 2025 \$	Budget 2025 \$	Actual 2024 \$
ASSETS Current assets Cash and cash equivalents Exchange trade and other receivables Non-exchange trade and other receivables Prepayments Total current assets	8 7 7	1,161,341 3,246,222 1,674,805 	1,845,494 505,883 - 3,300 2,354,677	3,202,301 1,258,562 617,483 132,185 5,210,531
Non-current assets Property, plant and equipment Intangible assets Deferred tax assets Total non-current assets Total assets	10 11	71,677 - 2,358 - 74,035 - 6,156,403	105,219 - - - - - - - - - - - - - - - - - - -	86,317 - 2,358 - 88,675 - 5,299,206
Current liabilities Payables and deferred revenue Employee benefits Funds held on behalf of Councils Total current liabilities	12 13 19	2,947,339 163,556 1,337,245 4,448,140	1,229,512 37,244 	3,399,822 118,600 
Non-current liabilities Employee benefits Total non-current liabilities Total liabilities Net assets	13	6,637 6,637 4,454,777 1,701,626	1,266,756 1,193,140	4,202 4,202 3,522,624 1,776,582
EQUITY Contributed capital Retained earnings Total equity	14 14	2,957,001 (1,255,375) 1,701,626	2,957,001 (1,763,861) 1,193,140	2,957,001 (1,180,419) 1,776,582

These financial statements have been authorised for issue by the Board of Directors on 26 September 2025.

Director 26 September 2025

Director 26 September 2025

\*Co-Lab is the trading name of Waikato Local Authority Shared Services Limited
The accompanying notes form part of and are to be read in conjunction with these financial statements



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Co-Lab Cash flow statement For the year ended 30 June 2025

#### Statement of cashflows

For the year ended 30 June 2025

	Note	Actual 2025 \$	Budget 2025 \$	Actual 2024 \$
Cash flows from operating activities Interest Received Receipts from other revenue Payments to suppliers and employees Taxes received / (paid) Goods and services tax received / (paid)		60,261 6,237,221 (9,963,749) - 299,392	70,282 10,137,268 (10,759,104) - 2,409	41,461 10,107,991 (9,093,189) - (148,800)
Net cash flow from operating activities		<u>(3,366,875</u> )	<u>(549,145)</u>	907,463
Purchase of property, plant and equipment  Net cash flow from investing activities		(11,331) (11,331)	(2,51 <u>9</u> ) (2,51 <u>9</u> )	(18,277) (18,277)
Receipts of funding on behalf of Councils  Net cash flow from financing activities		1,337,245 1,337,245		=
Net (decrease)/increase in cash and cash equivalents		(2,040,961)	(551,664)	889,186
Cash and cash equivalents at the beginning of the year		3,202,302	2,397,158	2,313,115
Cash, cash equivalents, and bank overdrafts at the end of the year	8	1,161,341	1,845,494	3,202,301

<sup>\*</sup>Co-Lab is the trading name of Waikato Local Authority Shared Services Limited
The accompanying notes form part of and are to be read in conjunction with these financial statements

Co-Lab Notes to the financial statements 30 June 2025

#### 1 Statement of accounting policies

#### 1.1 Reporting entity

Waikato Local Authority Shared Services Limited ("the Company") is a Company incorporated in New Zealand under the Companies Act 1993 and is domiciled in New Zealand. The Company trades under the name "Co-Lab". It is controlled by the councils listed on the directory page of these accounts and is a Council Controlled Organisation as defined under section 6 of the Local Government Act 2002 (LGA), by virtue of each of the shareholding Council's right to appoint the Board of Directors.

The company seeks the following outcomes for its shareholding councils:

- i) Council costs are reduced / performance is improved, without increased cost;and
- ii) The experience of councils' communities is improved;

It has the roles of developing opportunities which achieve one or more of these outcomes, and of providing any resulting services to councils, or organising someone else to do so.

The Company has designated itself as a public benefit entity (PBE) for financial reporting purposes.

The financial statements of the Company are for the year ended 30 June 2025. The financial statements were authorised for issue by the Board of Directors on 26 September 2025.

#### 2 Summary of significant accounting policies

#### 2.1 Basis of preparation

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

#### Statement of compliance

The financial statements of the Company have been prepared in accordance with the requirements of the LGA, which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The financial statements have been prepared in accordance and comply with Tier 2 PBE Standards reduced disclosure regime (RDR).

Co-Lab is eligible to report in accordance with the Tier 2 PBE accounting standards RDR as it:

- is not publicly accountable;
- has expenses more than \$5 million, but less than \$33 million.

The accounting policies set out below are consistent with the prior year.

#### Measurement base

The financial statements have been prepared on a historical cost basis.

#### Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar unless otherwise stated. The functional currency of the Company is New Zealand dollars.

#### **Budget figures**

The budget figures are those approved by the Board of Directors in the 2024 Statement of Intent. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Company in preparing the financial statements.

#### 2.2 Goods and services tax

All items in the financial statements are stated exclusive of goods and services tax (GST), except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue is included as part of receivables or payables in the statement of financial position.

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Co-Lab Notes to the financial statements 30 June 2025 (continued)

#### 2 Summary of significant accounting policies (continued)

The net GST paid, or received, 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.

#### 2.3 Accounting standards and interpretations

PBE IPSAS 41 came into effect for accounting periods starting on or after 1 January 2022. This standard replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement. The Company has applied PBE IPSAS 41 for the year ended 30 June 2025 and reviewed how the standard might affect the Company's financial statements. The Company concluded that the new standard does not have any effect on the previous reporting period, nor the current period. The effect in future periods is also likely to be trivial.

The only change the Company has made as a result of the adoption is the accounting policy on "Receivables". This policy has been updated to comply with PBE IPSAS 41.

Other than the effect of adopting the PBE IPSAS 41 stated above, the accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### 3 Critical accounting estimates and assumptions

In preparing the financial statements the Company has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year have been included below

#### 3.1 Intangible assets

#### Useful lives and residual values

At each balance date the Company reviews the useful lives and residual values of its intangible assets. Assessing the appropriateness of useful life and residual value estimates of intangible assets requires the Company to consider a number of factors such as the expected period of use of the asset by the Company, and expected disposal proceeds from the future sale of the asset

An incorrect estimate of the useful life or residual value will impact the amortisation expense recognised in the statement of comprehensive revenue and expenditure, and carrying amount of the asset in the statement of financial position. The Company minimises the risk of this estimation uncertainty by reviewing that the asset technology is still relevant and there is no alternative options to recreate the asset at a lower price.

#### Impairment of intangible assets

Intangible assets 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 which the assets 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 statement of comprehensive revenue and expenditure. The reversal of an impairment loss is recognised in the statement of comprehensive revenue and expenditure.

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Co-Lab Notes to the financial statements 30 June 2025 (continued)

#### Revenue

#### Accounting policy

#### Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services, excluding Goods and Services Tax, rebates and discounts and after eliminating sales within the Company. No provisions have been recorded as all revenue and trade receivables are expected to be received.

Member charges for all activities are recognised when invoiced to the user, i.e. Councils. The recorded revenue is the net amounts of the member charges payable for the transaction. Contributions received for projects that were not completed in a financial year are recognised when the Company provides, or is able to provide, the service for which the contribution was charged. To the extent the service has not been delivered, contributions for that service are recorded as revenue in advance.

	Actual 2025 \$	Actual 2024 \$
Non-exchange revenue	•	•
Member Charges Total non-exchange revenue	3,001,909 3,001,909	2,723,078 2,723,078
Exchange revenue		
Working Parties and Projects* Information Technology** Energy Management RATA*** Waikato Building Consent Group Waikato Mayoral Forum Water Services **** Company Admin RITS*****	693,936 	533,039 750,706 173,489 970,491 92,499 5,005 3,824,961 44,018 27,000
Co-Lab Learning Geospatial Services Procurement Services Communications Shared Service Total exchange revenue Total other revenue	92,501 39,409 139,900 100,246 6,313,277 9,315,186	66,172 18,000 133,467 104,489 6,743,336 9,466,414

Explanation of variance to last year:

<sup>\*</sup> Significant projects such as WWDW and LEGO have contributed to higher revenue.

<sup>\*\*</sup> The LiDAR project concluded in FY24, with final revenue recognised in that year, resulting in a reduction in IT revenue in

FY25.

\*\*\* RATA manages multiple data collection contracts on behalf of councils, typically structured as three-year programmes.

\*\*\* RATA manages multiple data collection contracts on behalf of councils, typically structured as three-year programmes. awards, revenue recognised in FY25 is lower than in FY24.

<sup>\*\*\*\*</sup> The introduction of new Drinking Water standards has resulted in increased sampling and testing revenue in FY25.

<sup>\*\*\*\*\*\*</sup> In FY25 RITS utilised cash surpluses carried forward from FY24 to fund workstream related expenses.

16 December 2025 Council Agenda

> Co-Lab Notes to the financial statements 30 June 2025 (continued)

> > Actual

Actual

#### 5 Other expenses

	Actual	Actual
	2025	2024
	\$	\$
Audit fees	37,426	35,470
Company Management & Support*	(112,867)	28,432
Working Parties and projects**	713,120	680,576
Information Technology***	-	750,706
Energy Management	156,836	169,931
Shared Valuation Data Services	280,153	276,739
RATA****	2,104,112	2,310,263
Waikato Regional Transport Model	233,150	365,725
Waikato Building Consent Group	79,973	87,109
Waikato Mayoral Forum	-	9,756
Rental expense relating to operating leases	105,230	105,230
RITS	36,956	27,683
Water Services*****	3,566,576	3,425,602
Co-Lab Learning	373,436	349,712
Geospatial Services	20,179	61,463
Procurement Services*****	79,333	(43,431)
Communications Shared Services	<u>8,036</u>	20,797
Total expenses	7,681,649	8,661,763

Explanation of variance to last year:

#### 6 Personnel costs

#### Accounting policy

#### **Defined contribution schemes**

Employer contributions to KiwiSaver, the Government Superannuation Fund, and other defined contribution superannuation schemes are accounted for as defined contribution schemes and are recognised as an expense in the surplus or deficit when incurred.

	Actual 2025	Actual	
		2024	
	\$	\$	
Salaries and wages*	2,017,433	1,814,601	
Defined contribution plan employer contributions	55,685	45,324	
Recruitment Costs	<u>12,404</u>	10,895	
Total personnel costs	<u>2,085,522</u>	1,870,820	

The total remuneration (including any non-financial benefits) paid or payable for the year to the Chief Executive was \$281k.

<sup>\*</sup> In FY25, Company Management & Support has improved the accuracy of staff time allocations to projects and workstreams, enabling more effective cost recovery.

\*\* The scale of projects undertaken in FY25 exceeded those in FY24, resulting in increased expenditure within this

workstream.

\*\*\* The LiDAR project concluded in FY24, with final costs recognised in that year, resulting in a reduction in IT expenditure

<sup>\*\*\*\*</sup> RATA oversees multiple data collection contracts on behalf of councils, typically structured as three-year programmes. These contracts were retendered in FY25, and new collection schedules were established. Due to the timing of contract awards, expenditure recognised in FY25 is lower than in FY24.

<sup>\*\*\*\*\*</sup> The introduction of new Drinking Water standards resulted in increased sampling and testing in FY25.

<sup>\*\*\*\*\*\*</sup> In FY24, internal recharges were applied to reflect staff time allocated across functions. In FY25, the staff member previously subject to these recharges transitioned to the Company Management & Support team, resulting in the discontinuation of those internal recharges.

<sup>\*</sup> The increase in salary and wages reflects additional resourcing to support councils and to deliver new services.

Co-Lab Notes to the financial statements 30 June 2025 (continued)

#### 7 Receivables

#### Accounting policy

Short-term receivables are recorded at the amount due, less any provision for uncollectability.

Receivables are initially measured at nominal or face value. Receivables are subsequently adjusted for penalties and interest as they are charged and impairment losses. Non-current receivables are measured at the present value of the expected future cash inflows.

Debtors are amounts due from customers. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

	Actual 2025	Actual 2024
	\$	\$
Gross trade and other receivables	1,239,806	128,855
Related Party Receivables (note 17)	3.681.221	1,747,190
Total debtors and other receivables	4,921,027	1,876,045
Exchange Receivables from exchange transactions Net exchange transactions	3,246,222 3,246,222	1,258,562 1,258,562
Non-exchange Receivables from non-exchange transactions Total debtors and other receivables	1,674,805 4,921,027	617,483 1,876,045

#### 8 Cash and cash equivalents

#### Accounting policy

Cash at bank

Cash and cash equivalents include cash on hand, deposits held at call with banks, with original maturities of three months or less, and bank overdrafts.

Actual	Actual
2025	2024
\$	\$
1,161,341	3,202,301

The carrying value of cash and cash equivalents approximates their fair value.

Co-Lab Notes to the financial statements 30 June 2025 (continued)

#### 9 Income tax

#### Accounting policy

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 entity 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 income or directly in equity.

		Actual 2025 \$	Actual 2024 \$
Components of income tax expense: Current tax expense Adjustments to current tax in prior years		-	-
Deferred tax expense Tax expense			<u>-</u>
Relationship between tax expense and accounting profit: Net surplus (deficit) before tax		<u>(74,957)</u>	<u>(719,815</u> )
Tax at 28%		(20,988)	(201,548)
Non-taxable in calculating taxable income  Non-deductible expenditure  Other timing adjustments  Non-taxable income		646 -	868
Prior year adjustment		- 547	888
Deferred tax adjustment		4,125	1,704
Tax losses not recognised  Tax expense		<u>15,670</u> 	198,088 <u>-</u>
Deferred tax asset (liability)		ployee ements Provisions	: Total
Balance at 1 July 2023	(3,132)	3,132	
Charged to surplus or deficit  Balance at 30 June 2024	<u>1,181</u> (1,951)	(1,181) 1,951	<u> </u>
Charged to surplus or deficit  Balance at 30 June 2025	<u>(1,549)</u> (3,500)	1,549 3,500	: <del></del>
Datatice at 30 June 2025	(3,300)	3,300	· —

A deferred tax asset of \$366,279.52 (2024: \$347,768) has not been recognised in relation to tax losses carried forward of \$1,308,141.15 (2024: \$1,242,028) and deductible temporary differences of \$67,643 (2024: \$67,081).

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Co-Lab Notes to the financial statements 30 June 2025 (continued)

#### 10 Property, plant and equipment

#### Accounting policy

Property, plant, and equipment consist of operational assets, including land, buildings, plant and equipment, motor vehicles, computer equipment and furniture.

#### 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 company and the cost of the item can be measured reliably.

#### Depreciation

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

Class of PP&E	Estimated useful life	Depreciation rates	
IT equipment	3 years	33%	
Office Furniture	8 1/2 years	12%	

The residual value and useful life of an asset is reviewed and adjusted, if applicable, at each financial year end.

2025	Carrying amount 1 Jul 2024 \$	Current year additions	Current year disposals \$	Current year depreciation	Accumulated depreciation and impairment charges 30 Jun 2025	Carrying amount 30 Jun 2025 \$
Operating assets IT equipment Office furniture and fittings Total	36,373 49,944 86,317	9,231 4,334 13,565	(2,234) (2,234)	(18,825) (7,146) (25,971)	(92,553) (22,440) (114,993)	26,779 44,898 <b>71,677</b>
2024	Carrying amount 1 Jul 2023 \$	Current year additions	Current year disposals \$	Current year depreciation	Accumulated depreciation and impairment charges 30 Jun 2024	Carrying amount 30 Jun 2024 \$
Operating assets IT equipment Office furniture and fittings Total	44,313 56,185 <b>100,498</b>	17,565 712 18,277	(130) (130)	(25,505) (6,823) (32,328)	(73,728) (16,807) (90,535)	36,373 49,944 <b>86,317</b>

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Co-Lab Notes to the financial statements 30 June 2025 (continued)

#### 11 Intangible assets

#### Accounting policy

#### 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 are recognised as an intangible asset.

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

#### Amortisation

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

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

Class of intangible asset	Estimated useful life	Amortisation rates		
Computer software	5 to 7 years	14 to 25%		
		Actual 2025 \$	Actual 2024 \$	
Computer Software		•	*	
Balance at 1 July		2,298,050	2,298,050	
Disposals/ asset write-offs Balance at 30 June Accumulated amortisation and impairment losses		2,298,050	2,298,050	
Balance at 1 July		2,298,050	2,298,050	
Amortisation as per statement of comprehens Balance at 30 June	sive revenue and expenditure	2,298,050	2,298,050	
Carrying Amounts				
Balance at 1 July		-	-	
Balance at 30 June		-	-	

Intangible assets include the Waikato Regional Transport Model (WRTM).

The carrying amount of the WRTM asset as at 30 June 2025 is \$nil (2024: \$nil).

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> Co-Lab Notes to the financial statements 30 June 2025 (continued)

#### 12 Payables and deferred revenue

#### Accounting policy

Short-term creditors and other payables are recorded at their face value.

C	Actual 2025 \$	Actual 2024 \$
Current Trade neverbles	607.204	470.004
Trade payables	687,304 969.555	478,924
Related party payables (note 17) Accrued expenses*	,	1,107,672
·	74,477	729,784
Accrued expenses - related party payables (note 17) Deferred revenue	581,494	330,106
	218,147	602,013
GST payable	416,362	151,323
Total creditors and other payables	2,947,339	3,399,822
Exchange Trade payables Accrued expenses Deferred revenue Total creditors and other payables from exchange transactions	1,295,323 655,971 218,147 2,169,441	1,586,596 1,059,890 602,013 3,248,499
Total creditors and other payables from non-exchange transactions	777,898	151,323
Total payables and deferred revenue	2,947,339	3,399,822

Trade 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.

Contributions received for projects that were not completed in a financial year are recognised as deferred revenue until the Company provides, or is able to provide, the service for which the contribution was charged.

<sup>\*</sup> The reduction in accrued expenses represents a normalisation of activity, as FY24 included a significant one-off accrual related to LiDAR.

Co-Lab Notes to the financial statements 30 June 2025 (continued)

### 13 Current liabilities - Employee Entitlements

### Accounting policy

### 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, and sick leave.

A liability for sick leave is recognised to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. 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.

A liability and an expense are recognised for bonuses where there is a contractual obligation or where there is a past practice that has created a constructive obligation.

### 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.

### Presentation of employee entitlements

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 statement of comprehensive revenue and expenditure when incurred.

	Actual 2025 \$	Actual 2024 \$
Current portion Annual leave Salaries	91,825 71,731	79,619 38,981
Total current portion  Non-current Portion	163,556	118,600
Long Service Leave Total non-current portion	6,637 6,637	4,202 4,202

Co-Lab Notes to the financial statements 30 June 2025 (continued)

### 14 Reconciliation of equity

### Accounting policy

Equity is the shareholders' interest in Co-Lab and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

### Contributed equity

Contributed equity is the net asset and liability position at the time the company was formed. The allocation of capital amongst shareholders is explained in this note.

### Retained earnings

Retained earnings is the company's accumulated surplus or deficit since formation.

	Actual 2025 \$	Actual 2024 \$
Total equity		
Contributed equity Retained earnings Balance at 30 June	2,957,001 (1,255,375) 1,701,626	2,957,001 (1,180,419) 1,776,582
(a) Contributed equity		
Shares on Issue Uncalled capital Balance 30 June	3,413,569 (456,568) 2,957,001	3,413,569 (456,568) 2,957,001
(b) Retained earnings		
Opening Balance Surplus/(deficit) for the year Balance 30 June	(1,180,418) (74,957) (1,255,375)	(460,604) (719,815) (1,180,419)

The Company has issued 2,186,581 (2024 - 2,186,581) shares.

Shares are called when notice is given to shareholders by the Board of Directors.

Income	Ordinary Shares	SVDS Shares	WRAPS Shares	WRTM Shares
Hamilton City Council	1	220,514	79,152	50,625
Hauraki District Council	1	40.215	2.864	-
Matamata Piako District Council	1	56,380	4,708	4,500
Otorohanga District Council	1	· -	5,716	· -
Rotorua Lakes Council	1	126,703	7,516	-
South Waikato District Council	1	42,571	4,916	-
Taupo District Council	-	-	21,652	4,500
Thames Coromandel District Council	1	108,015	6,476	2,250
Waikato District Council	1	106,674	9,376	11,250
Waikato Regional Council	1	803,500	287,872	50,625
Waipa District Council	1	78,748	3,780	11,250
Waitomo District Council	1	23,681	10,540	-
Western Bay of Plenty District Council	1			
Total issued shares	12	1,607,001	444,568	135,000
Value per share	1,000	1	1	10
Authorised share capital	12,000	1,607,001	444,568	1,350,000
Uncalled share capital	(12,000)		(444,568)	
Capital called on shares		1,607,001		1,350,000

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Co-Lab Notes to the financial statements 30 June 2025 (continued)

### 14 Reconciliation of equity (continued)

### SVDS, and WRAPS Shares (Service Shares)

In relation to the service shares:

- (a) the holders are entitled to participate in certain services to be provided by the Company, on terms that reflect their investment.
- (b) the holders do not have any right to share in the distribution of the surplus assets of the Company except to the extent provided for in Schedule 1 of the Company's constitution or in accordance with the terms of issue of those shares pursuant to Clause 6 of the Company's constitution.
- (c) Except as provided in section 177 of the Act and Clause 6.1 of the Company's constitution, the holders do not have any voting rights.

### **WRTM** shares

Holders of WRTM shares have:

- (a) A right to one vote prior to further WRTM shares being issued;
- (b) A right to one vote on the application of any surpluses arising from the WRTM service;
- (c) The right to any surplus from the sale of outputs of the WRTM service;
- (d) No right to share in the distribution of the surplus assets of the Company except to the extent provided for in (c) above;
- (e) No right to share in dividends authorised by the Company except to the extent provided for in (c) above.

### 15 Commitments

### **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.

### Non-cancellable operating expenses

	2025 \$	2024 \$
Not later than one year Later than one year and not later than five years Total non-cancellable operating leases	99,514 125,892 225,406	95,918 23,980 119,898

The Company entered into an operating lease for new premises 16 December 2021. The initial term of the lease is six years, however, it is able to be cancelled after four years. The lease is fixed with two-yearly rental increases of 5% with market rent reviews upon renewal.

### 16 Contingencies

As at 30 June 2025 the Company had no contingent liabilities or assets (2024: \$nil)

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Co-Lab Notes to the financial statements 30 June 2025 (continued)

### 17 Related party transactions

The Company is controlled by the councils listed on the directory page.

### Transactions with key management personnel

Key management personnel include the Chief Executive and directors. Co-Lab has one independent director who receives remuneration.

	Actual	Actual
	2025	2024
	\$	\$
Chief Executive Remuneration	280,806	261,821
Independent Director	63,000	63,000
Total key management personnel compensation	343,806	324,821

Related party disclosures have been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the entity would have adopted if dealing with that individual or entity at arm's length in the same circumstances.

Related parties have been limited to the directors, shareholders, companies with common shareholding and company related roles. The following transactions were carried out with related parties:

	Actual	Actual
	2025	2024
	\$	\$
Income		
Hamilton City Council	2,373,965	1,898,554
Hauraki District Council	614,960	736,768
Matamata Piako District Council	615,421	465,814
Otorohanga District Council	419,054	392,151
Rotorua Lakes Council	449,824	486,250
South Waikato District Council	735,169	719,056
Thames Coromandel District Council	468,400	461,917
Waikato District Council	601,584	637,495
Waikato Regional Council	150,329	95,288
Waipa District Council	1,177,693	1,130,704
Waitomo District Council	801,768	704,000
Western Bay of Plenty District Council	274,303	103,709
	8,682,470	7,831,706

The income disclosed above includes revenue received relating to the 2024/25 financial year and revenue received which has been transferred to deferred revenue for 2025/26.

The table above also includes the amount invoiced but not yet received and meets the criteria of revenue recognition as of 30 June 2025.

	Actual 2025	Actual 2024
	\$	\$
Expenses		
Hamilton City Council	4,090,053	3,975,213
Hauraki District Council	81	-
Matamata Piako District Council	1,592	-
Otorohanga District Council	26,912	7,290
South Waikato District Council		-
Waikato Regional Council	71,944	5,476
Waipa District Council	939,415	852,017
Waitomo District Council	· .	· <u>-</u>
BOP LASS Ltd	10,000	20,000
	5,139,997	4,859,996
		,

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Co-Lab Notes to the financial statements 30 June 2025 (continued)

### 17 Related party transactions (continued)

Expenses are related to services provided by the related parties.

	Note	Actual 2025 \$	Actual 2024 \$
Advances			
Trade & Other Receivables			
Hamilton City Council		510,328	193,072
Hauraki District Council		175,181	156,062
Matamata Piako District Council		452,222	260,391
Otorohanga District Council		262,178	113,079
Rotorua Lakes Council		29,876	1,782
South Waikato District Council		508,349	283,948
Thames Coromandel District Council		210,005	143,131
Waikato District Council		312,007	265,342
Waikato Regional Council		154,949	72,134
Waipa District Council		322,092	68,435
Waitomo District Council		476,785	154,417
Western Bay of Plenty District Council	_	267,249	35,397
	7	3,681,221	1,747,190
Amounts owing at year end:			
Hamilton City Council		866,478	830,754
Otorohanga District Council		6,999	8,383
Waikato District Council		16,275	-
Waikato Regional Council		426,109	363,699
Waipa District Council		235,188	234,941
•	12	1,551,049	1,437,777

### 18 Events occurring after the balance date

There have been no events after balance date.

Co-Lab Notes to the financial statements 30 June 2025 (continued)

### 19 Financial instruments

The Company has policies to manage the risks associated with financial instruments. The Company is risk averse and seeks to minimise exposure from its treasury activities.

### (a) Market risk

### 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. The Company's exposure to fair value interest rate risk is limited to short-term bank deposits.

#### Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose the Company to cashflow interest rate risk

The Company currently has no variable interest rate debt or investments.

### Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is not exposed to currency risk, as it does not enter into foreign currency transactions.

### (b) Credit risk

Credit risk is the risk that a third party will default on its obligation to the Company, causing the Company to incur a loss.

Due to the timing of its cash inflows and outflows, the Company invests surplus cash with registered banks.

The Company has processes in place to review the credit quality of customers prior to the granting of credit.

The Company's maximum credit exposure for each class of financial instruments is represented by the total carrying amount of cash equivalents (note 8), and trade receivables (note 7). There is no collateral held as security against these financial instruments, including these instruments that are overdue or impaired.

The Company has no significant concentrations of credit risk, as it has a large number of credit customers and only invests funds with registered banks with specified credit ratings.

### (c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty raising funds to meet commitments as they fall due.

Prudent liquidity risk management implies maintaining sufficient cash and liquid assets, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Company aims to maintain flexibility in funding by keeping committed credit lines available.

In meeting its liquidity requirements, the Company maintains a target level of investments that must mature within specified timeframe's.

The maturity profiles of the Company's interest bearing investments and borrowings would be disclosed in the notes, if the Company had any.

### (d) Financial instrument categories

	Note	\$	\$
FINANCIAL ASSETS Financial assets at amortised costs			
Financial assets at amortised costs	8	1,161,341	3,202,301
Receivables	7	4,921,027	1,876,045
Total financial assets at amortised costs		6,082,368	5,078,346

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Co-Lab Notes to the financial statements 30 June 2025 (continued)

### 19 Financial instruments (continued)

(d) Financial instrument categories(continued)

**FINANCIAL LIABILITIES** 

Financial liabilities at amortised cost

Payables
Funds held on behald of Councils\*

Total financial liabilities at amortised cost

12 **2,947,339** 3,399,822 1,337,245

4,284,584

3,399,822

4141

<sup>\*</sup> Funds held on behalf of Councils for Waikato Waters Limited. Co-Lab has acted as an agent for the WWDW project (a collaborative initiative led by the Waikato Joint Mayors) in FY25

Co-Lab Notes to the financial statements 30 June 2025 (continued)

### 20 Explanation of major variances against budget

An explanation of year-on-year variances in line items is set out within the preceding relevant notes. The following explains the major variations to the budget.

### Statement of comprehensive revenue and expenditure

### Revenue

Main reasons for the variance are:

The budgeted SVDS revenue included sales from an existing contract with a company that was subsequently acquired and chose to terminate the agreement, resulting in a shortfall.

At the time the SOI is finalised, specific projects are often unknown. As such, a collective budget is allocated under 'unknwn projects', with estimated revenue set to ensure full utilisation of the ODT. In FY25, significant projects such as WWDW and LEGO have contributed higher than budgeted revenue and associated expenditure.

RATA member charges for FY25 were based on the commitment forms issued in August 2024, by which time there was greater clarity around project scopes and associated costs. This led to an increase in both revenue and corresponding expenditure.

The original WBCG budget assumed \$200k of the cash surplus would be used to reduce member charges. However, following consultation with the WBCG Advisory Group, this was revised to \$100k, resulting in higher revenue. Sampling & Analysis revenue was revised down to reflect reduced council demand, following the establishment of baseline results under Taumata Arowai's November 2022 Drinking Water Standards. The lower revenue is offset by corresponding cost reductions.

Co-Lab Learning delivered \$90k worth of in-person training, which was not included in the original budget due to the unpredictable nature of demand at the time of planning.

### Expenses

Personnel Costs were lower than budgeted primarily due to a role within Company Management & Support was budgeted at 1 FTE but currently filled at 0.9FTE.

The positive variance against the SOI is largely attributable to higher-than-anticipated recovery of CMS staff time through project work. Major initiatives such as WWDW and LEGO have required significant input from both ODT and support staff, resulting in increased recoveries.

Expenditure was lower than expected due to a temporary pause in the WRTM procurement process, which was necessary to allow for a comprehensive review of its scope and budget. As WRTM invoices councils based on actual costs incurred, this also led to lower revenue recognition to the SOI.

The Co-Lab Waters SOI assumed salaries and recruitment would occur at 100% of pay grade across all Waters teams. This has not materialised, resulting in lower-than-expected expenditure.

Co-Lab Learning external training costs were not budgeted due to the unpredictable nature of course delivery for council staff. As a result, expenditure exceeded budget; however, this was directly offset by unbudgeted revenue.

### Statement of Financial Position

Delays in the issueance of purchase orders by some councils resulted in higher-an-anticipated invoicing in June. This led to a corresponding increase in receivables and cash and cash equivalents at year-end.

The FY25 insurance brokerage invoice was received earlier than anticipated in the budget, contributing to timing-related variances.

Current liabilities are higher than budgeted primarily due to the recognition of unbudgeted deferred revenue and the deferral of certain expenses beyond the timeframe anticipated in the SOI.

### Statement of Cash Flows

Receipts from other revenue were less than budgeted for the reasons noted in this and earlier notes to these accounts.

Payments to suppliers and employees were less than budgeted for the reasons noted in this and earlier notes to these accounts.

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# **DIRECTORY**

Company number (for the legal entity, Waikato Local Authority Shared Services Ltd)	1730380
Registered office	6/34d Lake Street Cambridge 3434 Waikato
Directors	O'SULLIVAN, Stephanie MCLAY, Christopher SPEIRS, David SMIT, Ben STUBBS, Peter VERVOORT, Lance
Bankers	Bank of New Zealand Hamilton Banking Centre Victoria Street Hamilton
Auditors	PKF Hamilton Audit Limited (on behalf of the Auditor General)

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Better Togethen

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# 10.4 NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY LIMITED ANNUAL REPORT 2024–2025

File Number: A7051686

Author: Jackson Jury, Financial Analyst

Authoriser: Matt Potton, Acting Group Manager Corporate Services

### **EXECUTIVE SUMMARY**

The purpose of this report is to present the Local Government Funding Agency's (LGFA) Annual Report for the year ended 30 June 2025. As a shareholder and guarantor of the LGFA, Council is required to receive the report for information and note the LGFA's financial and operational performance for the year.

### RECOMMENDATION

- I. That the Financial Analyst's report dated 16 December 2025 titled 'New Zealand Local Government Funding Agency Limited Annual Report 2024-2025' be received.
- That Council receives the New Zealand Local Government Funding Agency Limited Annual Report 2024-2025, included as **Attachment 1** of this report, to be published on Council's website.

### **BACKGROUND**

LGFA is a designated Council-Controlled Organisation (CCO) under the Local Government Act 2002 (LGA). The company was incorporated on 1 December 2011.

As a CCO, LGFA is a separate legal entity from Council and is responsible for delivery of services in accordance with an agreed Statement of Intent.

Under Section 67 of the Local Government Act 2002, within three months after the end of the financial year, the Board of a council-controlled organisation must deliver to the shareholders a report on the organisation's operations during that year.

The Annual Report is included as **Attachment 1**.

### **SUMMARY OF ACHIEVEMENTS**

- Established the Euro Medium Term Note offshore borrowing programme and issued the equivalent of 2.24 billion dollars in Swiss francs, euros, and United States dollars.
- Sourced 59 percent of annual funding from offshore markets at a lower overall borrowing cost than issuing in New Zealand dollars.
- Launched the New Zealand Dollar Bond Repurchase Programme, completing weekly tenders and repurchasing 153 million dollars of bonds maturing in 2026.

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 Agreed to an expanded and extended Crown Liquidity Facility, strengthening overall liquidity and alignment with central government.

- Received a two-notch improvement in the credit rating agency Standard & Poor's stand-alone credit profile assessment, now at AA+ under their updated methodology.
- Approved three new council-controlled organisation borrowers (Christchurch City Holdings, Far North Holdings, and Timaru District Holdings), increasing membership in this category to eight.
- Delivered record financial performance, with a net operating profit of 19 million dollars, an increase of 89 percent compared to the previous year.
- Provided 4.15 billion dollars in long-term lending, accounting for 75 percent of all council long-term borrowing nationally.
- Advanced 923 million dollars in Climate Action Loans and 77 million dollars in Green,
   Social, and Sustainability Loans, with sustainable lending now representing 24 percent of all lending.
- Held 109 engagement meetings with member councils, with a strong focus on supporting councils through the Local Water Done Well reforms.
- Delivered the inaugural Sustainable Finance Series, with up to 180 attendees representing 54 councils.
- Received two national finance industry awards for the 2032 Sustainable Financing Bond (New Zealand Rates Deal of the Year and New Zealand Sustainability Deal of the Year).

### **ATTACHMENTS**

1. Local Government Funding Agency - Annual Report 2024-2025 U

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# Ngā Ihirangi

Performance against objectives

Te whakatutukinga ki ngā whāinga

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Dayfaymanaa against ahiaatiyaa		carbon infrastructure. Hutt City Council	



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Contents photo: The Waterfront Playground in Tauranga City Centre is a bold celebration of culture, creativity, and community. **Tauranga City Council** 

# Message from the Chair and Chief Executive

## He karere nā te Heamana me te Tumu Whakarae

### For the year ended 30 June 2025

The 2024-25 year was a period of strong financial and non-financial outcomes alongside the delivery of new initiatives to sustain the business.

LGFA delivered a record financial outcome for the year ending 30 June 2025. Whilst the year focused on meeting the needs of stakeholders, the organisation also delivered initiatives which will help underpin the success of the business well into the future. These include:

- Broadening LGFA's funding by establishing a European Medium Term Notes (EMTN) programme to join LGFA's existing AUD and NZD Bond programmes;
- Negotiating a refreshed Crown Liquidity Facility which will be upsized and extended in tenor;
- The improvement by two notches of LGFA's Stand Alone Credit Profile under the revised credit rating methodology of S&P Global Ratings; and
- Introducing more flexible financing for high growth councils, and enabling lending to new water Council-controlled organisations (CCOs).

We believe these important foundations position LGFA well to meet its purpose of delivering efficient financing for local government.

We established the EMTN programme in January 2025 and in March issued NZ\$2.24 billion worth of CHF, EUR, and USD denominated bonds. This issuance, combined with the AUD issuance in August 2024 under our Australian Dollar programme, delivered 59% of our annual funding requirement at a cost of borrowing (when fully hedged back into NZD) lower than our NZ bonds.

Our LGFA NZD Bond Repurchase programme was established in May 2025 and we began conducting weekly repurchase tenders. This supports our liquidity management, reduces refinancing risk, and provides added support to the market for our bonds on issue.

In August 2024, as part of Central Government's Local Water Done Well programme, LGFA announced that financially supported water CCOs would be able to join LGFA and access competitive financing through our range of lending products. We have continued to work with the Minister of Local Government and officials, regulators, councils and their advisers to ensure a successful outcome for our council members as they implement water reform.

In November 2024, our shareholders resolved to allow the LGFA Board to grant bespoke financial covenants to assist high growth councils meet their infrastructure financing requirements.

Over the past several years we have looked for ways to deliver operational efficiency for our council borrowers. We are looking forward to councils adopting these changes in the coming financial year that will reduce administration requirements relating to the Section 118 and Global Security Stock Certificates.

Our strong ties to Central Government were affirmed with the Minister of Local Government announcing an extension and upsizing of the Crown Liquidity Facility provided to LGFA. This strengthened

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Message from the Chair and Chief Executive LGFA Annual Report 2025 3

relationship to Central Government alongside the initiatives undertaken at the start of the financial year to improve our financial position and capital base ensured our credit rating remains the same as the New Zealand Government. Under the revised ratings methodology announced by S&P Global Ratings Limited (S&P), our Stand Alone Credit Profile improved by two notches to AA+. This is a strong outcome given that many councils' credit ratings were lowered by S&P due to a weakening credit outlook by S&P over the year.

# 2024-25 Financial and operational performance

Directors are pleased we have delivered a record financial and operational performance:

**Total interest income** for the financial year was NZ\$1,267 million, a 4% increase over the prior year.

**Total operating income** of NZ\$35.6 million was \$4.4 million above the Statement of Intent (SOI) forecast primarily due to our offshore cost of borrowing being lower (after hedging costs) than borrowing in the domestic debt capital markets. Larger holdings of liquid assets also improved income.

**Operating expenses**, excluding Approved Issuer Levy (AIL), at NZ\$11.2 million were \$0.2 million under the SOI forecast. AIL expense for the year totalled \$5.3 million, in line with our SOI forecast.

**Net operating profit** rose to NZ\$19.0 million, up 89% from the previous year.

### **Lending activity**

Long-term lending totalled NZ\$4.15 billion during the year as members refinanced loans and increased borrowing to finance infrastructure projects.

Sustainable lending under our Green, Social and Sustainability Loans and Climate Action Loans was 24% of total lending during the year. Our lending over the year represented an estimated 75% of all council long-term borrowing. Short-term lending at year end was \$1.05 billion, a 77% increase over the prior year.

We welcomed three new CCO members during the year with Christchurch City Holdings Limited, Far North District Holdings Limited, and Timaru District Holdings Limited joining.

Over the year, LGFA operations processed over 16,000 transactions with total gross cash flows of \$73 billion. This included 2,500 new trades, and all transactions were completed without settlement errors. Where possible, LGFA employ straight-through processing to minimise operational risk across our treasury operations.

### **Statement of Intent targets**

We achieved 17 out of 21 performance targets outlined in our Statement of Intent for the year. Two unmet targets were due to lower-than-forecast lending requirements from members. Additionally, there was a breach of the Foundation Policy where the nominal amount of loans to a guarantor exceeded the \$20 million limit by \$186k. The breach occurred because of the refinancing of a long term loan with a short-term loan and the excess loan amount was repaid immediately and there was no financial loss to LGFA. Finally, while our market share remains high, it did dip below our 80% performance target over the year.

### Stakeholder engagement

Over the year, LGFA held over 100 meetings with our council and CCO members, a higher than usual number driven by our support in assisting councils and their advisors develop water service delivery plans.

We continue to invest in sustainability initiatives and support the sector though increasing our engagement on sustainability. This included discussions with members on how LGFA can help councils with sustainability financing. In March 2025, we hosted the inaugural LGFA Sustainable Finance Series, featuring panel discussions and keynote presentations from council representatives, our Sustainability Committee, management team, and Hon. James Shaw, former NZ Climate Change Minister. The sessions attracted up to 180 attendees from 54 councils. We plan to continue this initiative in the future.

### **Acknowledgements**

Over the past year, LGFA received the KangaNews Award for the New Zealand Dollar Rates Deal and the New Zealand Sustainability Deal of the year for the 2032 Sustainable Financing Bond. The Agency's work and success cannot be achieved without the support of our staff, fellow directors, Shareholders Council, The Treasury, Department of Internal Affairs and the Minister of Local Government and Minister of Finance, all whose efforts and support should be acknowledged.

We believe the Agency's future remains positive and look forward to working with all stakeholders in the year ahead.

**Craig Stobo** Chair, LGFA Board

MACOLO

Mark Butcher Chief Executive

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# 5-year summary

# He whakarāpopoto 5-tau

		2025	2024	2023	2022	2021
	<b>Financial Statements</b>	\$m	\$m	\$m	\$m	\$m
	Net interest income	34.7	19.5	10.3	17.5	19.5
	Net operating profit	18.9	10.1	2.5	10.7	12.0
	Total comprehensive income	10.4	9.1	2.5	10.7	12.0
	Loans to local government sector	22,657	20,549	16,314	14,042	12,066
	Other assets	3,810	2,959	1,861	2,208	2,419
	Total assets	26,467	23,508	18,175	16,250	14,485
	Bills / ECP on issue	1,605	920	792	563	610
	Bonds on issue	22,653	21,306	15,943	14,016	13,218
	Other liabilities	2,087	2,089	2,126	2,130	1,173
	Total liabilities	26,345	23,395	18,069	16,146	14,390
	Equity	121	113	106	105	95
	Equity + borrower notes	790	606	466	388	319
<del>□</del> Ω	Bonds issued over year (NZD equivalent)					
	NZD	2,150	3,730	3,533	3,900	3,270
	AUD	862	2,650	-	-	-
	EMTN (EUR, CHF, USD)	2,243	-	-	-	-
	Total bonds issued	5,255	6,380	3,533	3,900	3,270
000	LGFA Members					
	Guarantors	72	72	70	68	63
	Non-guarantors	5	5	7	7	9
	CCO members	8	5	3	1	-
	% of loans to guarantors	97%	99%	99%	99%	99%
	Credit rating					
	S&P Global Foreign / Domestic	AAA/AA+	AAA/AA+	AAA/AA+	AAA/AA+	AAA/AA+
	Fitch Foreign / Domestic	AA+/AA+	AA+/AA+	AA+/AA+	AA+/AA+	AA+/AA+

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**5-year summary** LGFA Annual Report 2025 **5** 

# Our history

# Rārangi wā

by financial year ended

2012

**INCORPORATED ON 1 DEC 2011** 

Commenced bond issuance February 2012

2013

KangaNews NZ Domestic Issuer of the Year 2012 INFINZ award for Best Bond issue of 2012 Inaugural LGFA Borrowers' Forum

2014

Inaugural dividend of \$1.5m declared

2015

Bespoke lending introduced

Implemented Treasury Management System and transitioned outsourced services from NZDM Total lending \$5 billion

2016

LGFA Bonds listed on NZX November 2015 Commenced LGFA Bill issuance Commenced short-term lending to councils

Transitioned to Financial Markets Conduct Act

2017

Bond lending facility established October 2016

2018

First LGFA bond not matched to a New Zealand Government bond maturity



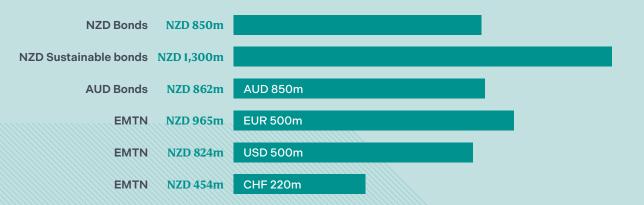
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**5-year summary** LGFA Annual Report 2025 **6** 

	Inaugural syndica				
2020	KangaNews. NZ Domestic Bond Deal of the Year	Reserve Bank ad to its Large Scale programme. Apr	Asset Purchase	Total lending \$10 billion	_
2021	S&P AAA credit ra	ating achieved	_		
2022	10 year anniversary	Commenced len controlled Organ		Future Director programme launched	Record \$3.9 billion bonds issued in year
2023	KangaNews New of the Year 2022	Zealand Issuer	Total lending \$15 billion	-	
2024	KangaNews. Five awards at 2023 Awards	Inaugural AUD bond issue	Inaugural ECP issue	INFINZ Excellence in Treasury Award	Total lending \$20 billion
2025	LGFA announces intention to lend to water CCOs	Shareholders approve increasing a financial covenant for high growth councils	Ministerial announcement of upsize and extension to Crown Liquidity Facility Agreement	First issuance under EMTN Programme	NZD Bond Repurchase Programme commenced
Our su	ustainability timelir	ne and achieveme	nts are shown separ	ately on <u>page 20</u> .	

# Funding and markets Te pūtea me ngā mākete

### 2024-25 Long-term Issuance: NZD 5,255 million



LGFA funds itself to facilitate member lending and for the management of our liquid asset portfolio.

LGFA funding requirements are met through the following programmes:

- NZD Bond programme, including Sustainable Financing Bonds
- NZD Bills
- AUD 5 billion Debt Issuance Programme
- USD 10 billion Euro Medium Term Note (EMTN) Programme
- USD 2 billion Euro-Commercial Paper (ECP) programme

### Year in review

The past year marked a significant development in our funding history with the establishment of the EMTN programme and inaugural issuance under the programme. This offshore borrowing has diversified our funding sources and investor base, reducing our refinancing risk:

Year ended	Funding currencies	Funding mix % of NZD bonds	
June 2023	NZD	100% NZD	
June 2024	NZD, AUD	57% NZD	
June 2025	NZD, AUD, EUR, USD, CHF	41% NZD	

The average term of our bond issuance during the year at 6.0 years was slightly longer than the prior year of 5.9 years. This remains shorter than preferred

as a longer term of debt reduces our refinancing risk. However, our council and CCO members borrowed for an average term of 4.64 years over the year to June 2025, making it difficult for us to issue bonds with a significantly longer term.

The yield curve steepened and declined over the year as the RBNZ eased monetary policy by cutting the Official Cash Rate (OCR) from 5.50% to 3.25%. Long-dated bond yields did not fall as much as short-dated bond yields as ongoing supply of New Zealand Government Bonds (NZGB) impacted long-dated yields. The 2027 LGFA NZD bond yield declined 150 basis points (bps) over the year and the 2037 LGFA NZD bond yield declined 12 bps over the year.

Over the year, the spread at which LGFA bonds trade narrowed against NZGBs but widened over interest rate swaps. Our spreads to NZGB narrowed between 2 bps (2037 bond) and 24 bps (2026 bond) while spreads to swap moved between 2 bps (2026 bond) and by 26 bps (2037 bond). This change was similar to the spread movements on other high-grade NZD issuers where the additional supply of NZGBs has been the dominating influence on the domestic bond market.

During the year, we established the LGFA Bond Repurchase Programme and commenced weekly repurchase tenders of the LGFA 2026 bond on 14 May. The programme will assist with our liquidity management and reduce our refinancing risk while providing market support. As at 30 June 2025 we had repurchased \$153 million of the LGFA 2026 LGFA bond.

Short-term funding from LGFA bills and ECP totalled NZD \$1.6 billion as at 30 June 2025.

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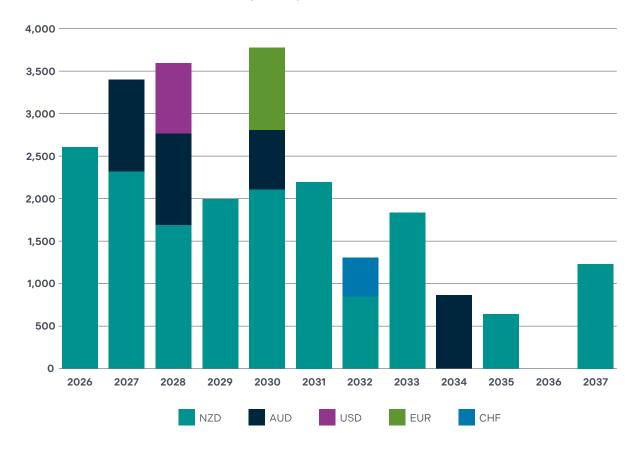
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### Bonds and bills on issue as at 30 June 2025

FACE VALUE NZD MILLION	OUTSTANDING AT 30 JUNE 2025	2024-25 NET CHANGE
New Zealand dollar bonds		
NZD Bonds	14,508	(2,022)
NZD Sustainable Finance Bonds	2,960	1,300
Foreign currency bonds		
AUD issuance programme	3,716	820
Euro Medium Term Note programme	2,243	2,243
Bills and ECP		
NZD Bills	996	76
Euro-Commercial Paper programme	615	(221)
Total borrowings	25,038	2,196

### LGFA bonds on issue

NZD millions as at 30 June 2025, excluding treasury stock



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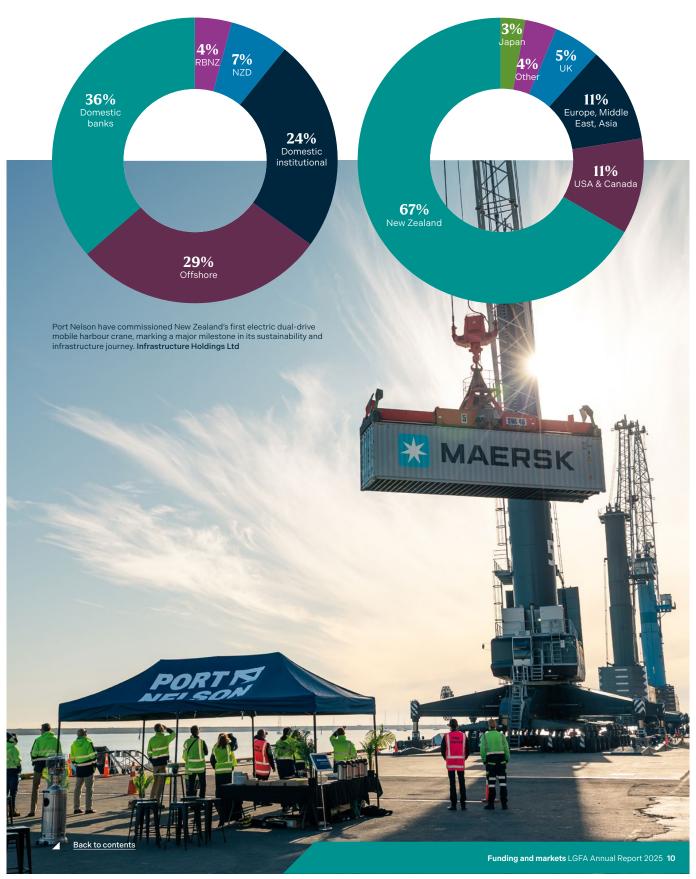
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# LGFA bond holders by investor group as at 30 June 2025

Source: LGFA analysis of Computershare Registry data

# LGFA bond holders by country of residence as at 31 March 2025

Source: LGFA analysis of Merlin Consulting data



# Lending to the local government sector Te hoatu taurewa ki te rāngai kāwanatanga ā-rohe

LGFA operates with the primary objective to optimise the terms and conditions of the debt funding it provides to participating borrowers.

Among other things this includes:

- Providing savings in annual interest costs
- Offering flexible lending terms on short-term and long-term borrowings
- Enhancing the certainty of access to debt markets
- Being the lender of choice for the New Zealand local government sector

To become a LGFA member, a council or Council Controlled Organisation (CCO) is required to complete a formal application. Following an application for membership, LGFA completes a review of the prospective member's financial

position and its ability to comply with LGFA's financial covenants, which is considered by the Board who approve all council memberships. All member councils are required to complete a compliance certificate each year which certifies that the council has complied with LGFA's financial covenants. In addition, LGFA monitors all councils and CCOs annual reports, annual plans and long-term plans on an ongoing basis to ensure that the financial forecasts are consistent with the LGFA financial covenants.

Participating councils and CCOs are collectively referred to as LGFA members.

Over the past year, we approved three new CCO members: Far North Holdings Limited, Timaru District Holdings Limited and Christchurch City Holdings Limited, bringing total CCO membership to eight. Our 77 council members represent all councils, except for Chatham Islands District Council.

Long-term lending over the year totalled NZ\$4.155 billion as members refinanced their 2025 loans and increased borrowing to finance infrastructure projects. Our lending over the year represented an

estimated 75% of all council long-term borrowing.

The average tenor of long-term borrowing by members of 4.6 years over the year was shorter than last year's 4.9 years.

Short-term lending for terms less than 12 months continues to be well supported by members. As at 30 June 2025, there was NZ\$1.05 billion of short-term loans outstanding to 44 members, a 77% increase over the prior year of NZ\$597 million to 37 members.

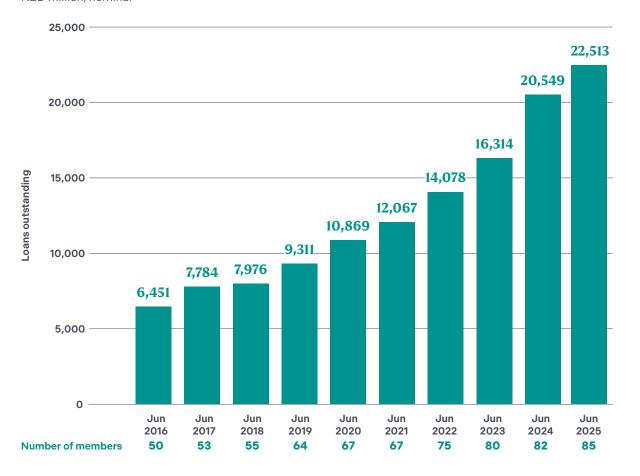
The Tom Parker Fountain was returned to active service as part of the Marine Parade Heritage Restoration Programme. Gisborne District Council





### LGFA members and nominal loans outstanding

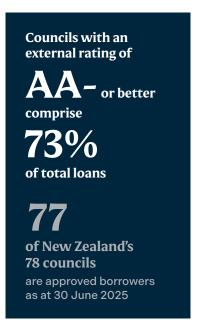
NZD million, nominal



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Top 10 Member borrowers	Amount borrowed	% of total borrowings
NZD MILLION		
Auckland Council	3,160	13.9%
Christchurch City Council	2,749	12.1%
Wellington City Council	1,843	8.1%
Tauranga City Council	1,277	5.6%
Hamilton City Council	1,023	4.5%
Greater Wellington Regional Council	1,021	4.5%
Queenstown-Lakes District Council	707	3.1%
Hutt City Council	577	2.5%
Hastings District Council	475	2.1%
Rotorua District Council	472	2.1%
74 other member councils and CCOs	9,353	41.3%
	22,657	100%



### Taituarā LGFA Local Government Excellence Awards

This year we are delighted to announce that Wellington City Council's groundbreaking initiative, 'Predator Free Wellington', won the 2025 LGFA Supreme Award for Local Government Excellence, after winning the GHD Award for Excellence in Environmental Leadership.

Predator Free Wellington (www.pfw.org.nz) was selected from a field of 60 entries submitted by councils from across the sector, underscoring its exceptional impact and innovation.

The judging panel praised the initiative, stating "Predator Free Wellington is an exemplar of building social licence and deputising the community to assist with delivery. The clear and meticulous plan for rolling this programme out is both readily scalable and highly transferable to projects of any type. We were also highly appreciative of the clear and unambiguous evidence of the success of this project."

### The aim is to make Wellington the world's first predator free capital city, a place where native species and communities can thrive.

This ambitious project involves thousands of households, community groups and organisations all working together to remove every single rat, possum, stoat and weasel from the Wellington area.

The project is special because it moves beyond typical conservation with fences and offshore islands. The work sees the precious native taonga living among a city where 212,000 people live, work and play, every day.

The project covers 30,000ha and around 70,000 households, stretching from Miramar Peninsula to the south-west corner of Mākara and along the SH1 motorway to the Porirua border.

Across this area there are 58 community trapping groups – that's one for every suburb in Wellington and most of the reserves in between. Some of these volunteer groups were active long before the project began. Wildlife is bouncing back thanks to the efforts of trappers and the spill-over from Zealandia Te Māra a Tāne.



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## Industry leadership and engagement Te ārahitanga me te tūhononga i te ahumahi

LGFA takes a proactive role to enhance the financial strength and depth of the local government debt market and works with key central government and local government stakeholders on sector issues.

Over the past year we have made significant progress in our commitment to enhancing the local government debt market and working with key stakeholders on sector issues. This section highlights key achievements and initiatives that reflect our leadership in leading and engaging across the sector.

### Council engagement / visits

In the 12 months to June 2025, LGFA conducted 109 meetings, the majority of these in person, with our council and CCO members.

The number of meetings was higher than normal due to LGFA proactively assisting councils and their advisors on developing their water service delivery plans.

LGFA has also increased its engagement with councils on sustainability. In addition to discussing councils' financial strategy, LGFA scheduled additional meetings with councils' sustainability teams to discuss how we might help them with sustainability financing.

LGFA has actively engaged with councillors. In the past 12 months, LGFA attended eight council meetings. These meetings included presentations on LGFA's Statement of Intent, our annual report and sustainability strategy. LGFA also presented at several regional forums to provide councillors with background information on the water reforms.

### **Local Water Done Well**

Central Government's Local Water Done Well Programme will have a significant impact on the local government sector.

The Local Government (Water Services) Bill establishes the enduring settings for the new water services system. The Bill was introduced to Parliament in December 2024 and reflects key policy decisions announced by the Government in August 2024. As part of the reforms, LGFA announced that water CCOs would be able to join LGFA and access competitive financing.

LGFA has actively engaged with its council members and their advisors over the past 12 months to provide information on how it will be able to assist councils with the financing of their water operations. LGFA has also been actively involved with organisations that are involved in the water reforms including the Department of Internal Affairs, Taituarā, Local Government New Zealand, Water New Zealand, the Commerce Commission, Taumata Arowai, National Infrastructure Funding and Financing and the New Zealand Infrastructure Commission.

LGFA also financially contributed towards the local government sector work on establishing sector-wide climate scenarios, which will be published on the LGFA website when complete.

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### **LGFA Sustainable Finance Series**

In March 2025, LGFA organised a series of panel discussions and keynote presentations over four separate dates.

The objective of the series was to:

- Provide guidance to councils on accessing climaterelated funding and green, social, and sustainable financing instruments.
- Assist in building capability to effectively source climate-related funding.
- Highlight useful data and tools (development, collection and communication of risk information).

Speakers included representatives from council members, LGFA's Sustainability Committee and our management team as well as:

- Hon. James Shaw, former NZ Climate Change Minister
- Mike Brown Global Cities Lead, Climate Bond Initiative
- Rikki Stancich Partner, Climate and Sustainability, Deloitte
- Lauren Boyd, Planetary Accounting Specialist, Planetary Accounting Network
- Gillian Blythe, Chief Executive, Water New Zealand

For each session, there were up to 180 attendees from 54 councils. LGFA will be looking at continuing this initiative.

### 2024 Shareholder / Borrower Day

LGFA held its annual Shareholder Borrower Day in Wellington in November. A highlight was a keynote address by the Minister of Local Government, Hon Simeon Brown.

In addition, there were presentations from:

- Dr Rod Carr (Climate Change Commission)
- Allan Pragell (Taumata Arowai)
- Nick Leggett (Infrastructure New Zealand)
- Michael Lovett and John Forster (Department of Internal Affairs)

### Supporting the sector

LGFA has continued its long-standing relationship with Taituarā. Its key sponsorships are the Taituarā LGFA Local Government Excellence Awards, the Taituarā Strategic Finance Forum and the Taituarā Funding and Rating Forum.

LGFA is a member of Infrastructure NZ and INFINZ. LGFA also presents at several conferences and industry workshops including KangaNews, Water New Zealand, and Taituarā.

### **Ratepayers Assistance Scheme**

LGFA continues to assist the local government sector-led initiative for developing a Ratepayer Assistance Scheme (RAS) with the objective of providing lower cost financing options to ratepayers.

Products that are being considered for inclusion into the RAS include development contributions, postponement of rates, and property improvement loans.

A business case for the RAS is being refreshed ahead of seeking Central Government endorsement to establish the scheme.

### **Quarterly Updates**

LGFA provided quarterly business update webinars to councils and CCOs on operations and initiatives as well as hosted three economic and financial market updates for councils throughout the year.

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# Sustainable funding and lending Te pūtea me te hoatu taurewa toitū

As at June 2025

Sustainable Financing Bonds
\$3.26 billion

Sustainable Finance Loan Asset Pool \$4.12 billion

Climate Action Loans Green, Social and Sustainability Loans

\$3.67 billion

\$454 million

LGFA is committed to improving sustainability outcomes within the company, as well as assisting the local government sector achieve their sustainability and climate change objectives within their communities.

LGFA recognises the emerging risks for councils and CCOs from climate change and supports their commitment towards improving sustainable outcomes for local communities. As the primary lender to the local government sector, LGFA finances members' core investment into improving the resilience of New Zealand's infrastructure and services to residents and visitors. By extension, these members' investments form an important element of LGFA's sustainability context.

### Climate-related disclosure framework

LGFA is a designated Climate Reporting Entity under the Financial Sector (Climate-related Disclosures and Other Matters) Amendment Act 2021 and is required to produce annual climate statements in accordance with disclosure standards in the Aotearoa New Zealand Climate Standards issued by the External Reporting Board.

Disclosures under the climate standards cover governance arrangements, risk management, strategies and metrics and targets for mitigating and adapting to climate change impacts.

LGFA's Climate-related disclosures (CRD) for the year ended 30 June 2025 are our second annual disclosures under the Climate Standards. Our CRD will be available on the following link from 30 September 2025.

LGFA Climate-related Disclosures for the year ended 30 June 2025

### **Sustainability Committee**

The LGFA Sustainability Committee assists us to achieve our sustainability objectives.

The Committee is chaired by a representative of the Board and comprises three LGFA employees and four independent members.

The Committee's purpose is to advise the Chief Executive on sustainability issues and opportunities within LGFA, across its operating, borrowing and lending activities. Responsibilities of the Committee includes providing input into the governance and oversight process of the Green, Social and Sustainability Loans (GSS) lending programme, Climate Action Loans (CAL) lending programme and Sustainable Financing Bond issuance. GSS applications are reviewed by LGFA's Sustainability Committee prior to approval, with approved loans monitored for ongoing compliance.

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### Independent members of the LGFA Sustainability Committee as at 30 June 2025

Alison Howard

Erica Miles

**Chris Thurston** 

**David Woods** 

### **LGFA Sustainable Financing Bond Framework**

In March 2023, LGFA announced its Sustainable Financing Bond Framework.

The Framework outlines the process by which LGFA will issue and manage sustainable financing bonds that will be notionally allocated to a pool of Sustainable Loans that meet the eligibility criteria set out in the Framework.

The Framework enables LGFA to:

- demonstrate its commitment to support council and CCO borrowers to fund sustainable assets and activities, and incentivise GHG emissions reductions;
- issue bonds that are notionally allocated to the Sustainable Loans on LGFA's balance sheet; and
- advance the market for sustainable finance by providing an innovative opportunity for investors to support council and CCO borrowers to achieve their sustainability aspirations.

The Framework follows the proceeds-based pillars of the general market standards for sustainable finance, namely the International Capital Markets Association's Green Bond Principles (GBP), Social Bond Principles (SBP), and Sustainability Bond Guidelines (SBG). However, LGFA does not claim direct alignment of the Framework with these principles as the pool of Sustainable Loans comprises both GSS Loans and CALs together in the same asset pool.

The Framework is supported by a Second Party Opinion (SPO) provided by Sustainalytics.



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As at 30 June 2025, LGFA had two sustainable bonds, the total amount on issue being \$3.26 billion:

May 2030 4.5% NZD 2.26 billion

May 2032 4.5%NZD 1.0 billion

### Sustainable lending products

Offering members innovative sustainable lending products aligns to LGFA's commitment to demonstrate sector leadership on sustainable lending and incentivising member councils and CCOs to progress sustainability opportunities.

Our sustainable lending products comprise GSS lending and the CAL lending programme.

### Green, social and sustainability lending

A commitment to assist our members to finance projects that promote environmental and social wellbeing in New Zealand.

LGFA acknowledges the importance of financing projects that promote environmental and social wellbeing in New Zealand, and which fund eligible green and/or social projects.

Our GSS lending programme, launched in 2021, provides funding for our members across the following nine green project categories and three social project categories:

### **Green Project Categories**

- Energy Efficiency
- Green Buildings
- Clean Transportation
- Sustainable Water and Wastewater Management
- Renewable Energy
- Pollution Prevention and Control
- Environmentally Sustainable Management of Living Natural Resources and land use
- Climate Change Adaptation
- Terrestrial and Aquatic Biodiversity Restoration, Conservation and Enhancement

### **Social Project Categories**

- Affordable Basic Infrastructure
- Access to Essential Services
- Affordable or Social Housing

Under the GSS programme, LGFA lends to councils and CCOs at a discounted margin to incentivise them to undertake projects that help drive forward climate, environmental and social projects across the New Zealand local government sector.

During the year ending 30 June 2025, \$77 million was advanced under the GSS lending programme. As at 30 June 2025, LGFA had approved a total of seven GSS loans across three green project categories, and one social project category, totalling \$675 million approved of which \$454 million had been advanced.

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### Te Manawataki o Te Papa

### Tauranga City Council

Under the Green Buildings category, Tauranga City Council has commenced borrowing up to \$103 million for the Te Manawataki o Te Papa green building project, incorporating a library and community hub, civic whare (public meeting house), museum, and exhibition gallery.

Developing the civic precinct will see the city's heart transformed into a vibrant community space over the coming years, breathing new life into what will become a key cultural, heritage and economic driver for the region.

Funding for Te Manawataki o Te Papa project was approved in March 2025 and it is the fourth green buildings project approved for GSS lending by LGFA since launching the programme at the end of 2021.



### **Climate Action Loans**

CALs are target-based lending structures designed to incentivise councils and CCOs to act on climate change and reduce greenhouse gas (GHG) emissions.

A CAL rewards a borrower through a lending margin discount if they have adopted an Emission Reduction Plan setting out specific Emissions Reduction Targets for their operational greenhouse gas emissions at member council or CCO level. CALs are available for all members, including those who may not have eligible projects to access GSS loans.

During the year ending 30 June 2025, \$923 million was advanced under the CAL lending programme. As at 30th June 2025, LGFA had advanced CAL loans totalling \$3.67 billion across seven member councils.

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### **Our Sustainability timeline** Port Nelson have commissioned New Zealand's first electric dual-drive Apr Head of Sustainability mobile harbour crane, marking a major 2021 appointed infrastructure journey. Infrastructure Holdings Ltd Jun Toitū Envirocare net 2021 carbonzero certification Sep Sustainability 2021 Committee established Green, Social And Oct **Sustainability Lending** 2021 Programme launch Dec First GSS Loans 2021 approved **Climate Action Loans** Dec **Lending Programme** 2022 launch Sustainable Financing Mar Bond Framework established 2023 Mar **First Climate Action** 2023 Loans approved \$1.1 billion Inaugural Apr 2030 Sustainable 2023 Financing Bond issued Oct **Climate Action Loans** 2023 surpass \$1 billion Environmental Finance. 2024 Sustainability bond of the year – Apr 2024 supranational **Climate Action Loans** surpass \$3 billion Aug 2024 Inaugural Climate-related disclosures released \$800 million 2032 Oct Sustainable Financing 2024 **Bond** issued Senior Manager Nov Sustainable Finance 2024 **Appointed Total Sustainable** Jan Financing Bond issuance reaches \$3 billion 2025 Mar Sustainable Finance 2025 **Workshop Series** Combined Sustainable Jun Loan Asset Pool reaches 2025 \$4.1 billion Back to contents Sustainable funding and lending LGFA Annual Report 2025 20

### **KangaNews Awards 2024**

LGFA has been recognised with the following two KangaNews Awards for 2024:

- New Zealand Dollar Rates Bond Deal of the Year, for the NZ\$800 million 4.50% May 2032 Sustainable Financing Bond
- New Zealand Sustainability Deal of the Year, for the NZ\$800 million 4.50% May 2032 Sustainable Financing Bond



NEW ZEALAND DOLLAR RATES BOND DEAL OF THE YEAR

New Zealand Local Government Funding Agency
NZ\$800 MILLION 4.50% MAY 2032 SUSTAINABLE FINANCING BOND
LEAD MANAGERS:

ANZ, BNZ, Commonwealth Bank of Australia, Westpac Banking Corporation New Zealand Branch



NEW ZEALAND SUSTAINABILITY BOND DEAL OF THE YEAR

New Zealand Local Government Funding Agency
NZ\$800 MILLION 4.50% MAY 2032 SUSTAINABLE FINANCING BOND
LEAD MANAGERS:

ANZ, BNZ, Commonwealth Bank of Australia, Westpac Banking Corporation New Zealand Branch



### Toitū Net Carbon Zero Certification

LGFA has maintained a Toitū net carbonzero certification since 2021. The Toitū certification recognises the processes LGFA has put in place to measure our greenhouse gas (GHG) emissions, as well as management plans to reduce our company's emissions. Where LGFA are unable to eliminate emissions, these are offset through the purchase of high-impact carbon credits from a Gold Standard-certified international project.

 $Work\ underway\ on\ Ranfurly\ Gully\ was terwater\ upgrade.\ Photo\ credit\ CB\ Civil.\ \textbf{Hamilton}\ City\ Council$ 



## Governance Te mana urungi

The LGFA Board is responsible for the strategic direction and control of LGFA's activities. The LGFA Board is committed to ensuring LGFA demonstrates ongoing commitment to strong and sound corporate governance, and that the conduct of both directors and staff always meets the high standards required to reflect the company's values and to protect its reputation.

### LGFA governance policies and documents

Audit and Risk Committee Charter

Board Charter
Code of Ethics
Diversity Policy
Internal Audit Charter
LGFA Constitution

**LGFA Foundation Policies** 

**Remuneration Policy** 

**Responsible Investment Policy** 

Risk Management Policy Shareholders Agreement Sustainability Policy

**Treasury Policy** 

### **NZX Corporate Governance Code**

LGFA is a listed issuer on the NZX Debt Market and complies with the eight core principles underpinning the NZX Corporate Governance Code (January 2025).

LGFA considers that its governance practices have not materially differed from the NZX Code for the year ended 30 June 2025. Areas where LGFA has implemented alternative measures to the Code are as follows:

An issuer should establish a nomination committee to recommend director appointments to the board.

An issuer should have a remuneration committee which operates under a written charter.

The process for the nomination and remuneration of directors is documented in the Constitution of New Zealand Local Government Funding Agency Limited and

outlined on page 29.

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### **Ethics and standards of conduct**

LGFA's required standards for conduct are defined in our Code of Ethics and is reflected throughout the following key governance documents: The Constitution; Shareholders' Agreement; Board Charter; Audit and Risk Committee Charter; Internal Audit Charter; and the Diversity Policy.

### **Code of Ethics**

LGFA has adopted a formal Code of Ethics, incorporating its Conflicts of Interest and Code of Conduct, which sets out the standards and values that directors and employees are expected to follow.

Impartiality and transparency in governance and administration are essential to maintaining the integrity of LGFA. Accordingly, our Conflicts of Interest Policy provides guidance to directors and employees in relation to actual and potential conflicts of interest, including specific guidance on managing potential conflicts that may arise for non-independent directors. Directors and employees are expected to avoid all actions, relationships and other circumstances that may adversely impact on their ability to exercise their professional duties.

Our Code of Conduct requires employees and directors to maintain high standards of integrity and conduct by clearly setting out expected standards for behaviour. In addition, the policy sets out our commitment to employees to act in a fair and reasonable manner, while providing a fair and safe working environment.

### **Protected Disclosures and Whistle Blowing**

Our Protected Disclosures and Whistle Blowing Policy outlines procedure, support and protection to persons who disclose information which they reasonably believe to be about serious wrongdoing in or by LGFA.

### **Financial Products Trading Policy**

Our Financial Products Trading Policy, which applies to directors, employees and contractors, details the policy and rules for dealing in listed debt securities issued by LGFA and any other LGFA-quoted financial products.

### Transparency and disclosure

Transparency and disclosure are essential for shareholder, rating agencies and investor confidence and codified through:

- · Shareholders' agreement
- NZX listing rules
- · Financial accounting standards
- · Regulatory compliance

LGFA is committed to ensuring the highest standards are maintained in financial reporting and disclosure of all relevant information.

Transparency in how we operate is core to achieving our shareholders' objectives as well as for our wider stakeholders including investors, banks and other financial intermediaries and the credit rating agencies. As such, transparency in how we operate is reflected in operating requirements outlined in our foundation documents, including the Constitution, Shareholders' Agreement and Board Charter, as well as Company policies on Continuous Disclosure, Financial Products Trading, and Protected Disclosures and Whistle Blowing.

LGFA demonstrates transparency through its annual Statement of Intent (SOI) and quarterly reporting to shareholders on its performance against the objectives set out in the SOI.

The Audit and Risk Committee has responsibility to provide assurance to the Board that due process has been followed in the preparation and audit of the financial statements and to ensure there are appropriate processes and activities to ensure compliance with relevant regulatory and statutory requirements.

LGFA has adopted a formal Continuous Disclosure Policy, the requirements of which ensure that we meet the continuous disclosure requirements of the NZX Listing Rules, including the disclosure for material environmental, social and governance (ESG) factors.

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### **Audit and Risk Committee**

The Audit and Risk Committee is a committee of the Board.

The Audit and Risk Committee is governed by its own Charter which states that the purpose of the Committee is to provide advice, assurance and observations to the Board relating to the effectiveness and adequacy of internal control and risk management systems, processes and activities across LGFA. The Committee assists the Board to fulfil its duties by considering, reviewing and monitoring:

- Risk management framework and processes;
- Internal control environment and mechanisms;
- Operations and effectiveness of the internal audit function;
- · Preparation and audit of financial statements;
- Integrity of performance information, including financial reporting;
- Governance framework and process;
- Processes to ensure compliance with legislation, policies and procedures; and
- Statutory/regulatory disclosure and reporting and performance against Statement of Intent targets.
- Audit and Risk Committee members are appointed by the Board. Membership comprises at least three directors, the majority of whom must be independent.

### Internal audit

LGFA has an internal audit function to provide assurance that its risk management, governance and internal controls are operating effectively.

The Audit and Risk Committee has responsibility for oversight of the internal audit function, including:

- Reviewing the Internal Audit Charter, the operations of the internal audit and organisational structure of the internal audit function;
- · Approving the annual audit plan;
- Reviewing the effectiveness of the internal audit function; and
- Meeting separately with the internal auditor to discuss any matters that the Audit and Risk Committee or Internal Audit considers should be discussed privately.

### **External audit**

The external audit of LGFA is conducted in accordance with Section 14 of the Public Audit Act 2001, including the appointment of the external auditors of LGFA by the Auditor- General.

The Audit and Risk Committee has responsibility for all processes relating to the audit of financial statements, including the setting of audit fees and ensuring the independence and objectivity of the auditors.

The external audit of LGFA is conducted in accordance with a formal external audit plan which is reviewed and approved by the Audit and Risk Committee on an annual basis. The external auditor attends LGFA's Annual General Meeting.



# **Our Board**

The LGFA Board Charter sets out the roles and responsibilities of the Board. The Charter states that the role of the Board is to ensure that LGFA achieves its goals. Having regard to its role, the Board will direct and supervise the management of the business and affairs of LGFA, including:

- ensuring that LGFA's goals are clearly established, and that strategies are in place for achieving them;
- establishing policies for strengthening LGFA's performance;
- ensuring strategies are in place for meeting expectations set out in the Statement of Intent and monitoring performance against those expectations, in particular LGFA's primary objective to optimise the debt funding terms and conditions for participating borrowers;
- monitoring the performance of management;
- appointing the CEO, setting the terms of the CEO's employment contract and, where necessary, terminating the CEO's employment;
- deciding on whatever steps are necessary to protect LGFA's financial position and the ability to meet its debts and other obligations when they fall due, and ensuring that such steps are taken;
- ensuring that LGFA's financial statements are true and fair and otherwise conform with law;
- ensuring that LGFA adheres to high standards of ethics and corporate behaviour;
- ensuring that LGFA has appropriate risk management/regulatory compliance policies in place. In the normal course of events, day-today operations of LGFA will be in the hands of management. The Board will satisfy itself that LGFA is achieving its goal and engaging and communicating with Shareholders Council; and
- engaging and communicating with shareholders.

# **Board composition**

The Board comprises six independent directors and one non-independent director. An independent director is a director who, within five years prior to appointment, was not an employee of any shareholder, employee of a Council-controlled organisation owned by a shareholder, or a councillor of any local authority which is a shareholder.



Craig Stobo
Independent Chair

BA (Hons) Economics First Class, Otago; C.F.Inst.D

Advanced Management Programme, The Wharton School, Philadelphia

Associate Member CFA Society New Zealand

Craig has worked as a diplomat, economist, investment banker, Chief Investment Officer, and CEO. He has authored reports to the New Zealand Government on the Taxation of Investment Income (which led to the PIE regime), and the creation of New Zealand as a funds domicile. Craig is a Taumata of the University of Otago Business School.

#### Chair

Financial Markets Authority
Saturn Portfolio Management Limited
Investment Committee

Sahara Ltd

Cancer Society Finance Risk and Audit Committee (Auckland and Northern)

#### **Director**

Stobo Group Limited
Appello Services Limited
Biomarine Group Limited
Legend Terrace Limited
New Zealand Windfarms Limited
Desert Holdings Ltd
Auckland Future Fund

#### Advisor

AMP Financial Services Investment Committee

Member of the Ministerial Advisory Group

to the Minister of Education

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Alan Adcock

Non-Independent Director

Member Audit and Risk Committee

B.Com, MBA (with Distinction)

Alan has over 35 years' experience in the financial services and local government sectors at executive level, with over twenty years in banking, insurance and funds management followed by his current role as General Manager Corporate/CFO at Whangārei District Council.

His involvement with LGFA began in its initial planning stage, as a representative of the 'tight nine' councils that worked together to turn the concept into reality in 2011. He was an inaugural member of the Shareholders' Council, which he chaired from 2014 before joining the Board in 2021.

#### **Chief Financial Officer**

Whangarei District Council

# **Director**

Whangarei Waste Ltd



# Philip Cory-Wright Independent Director Member Audit and Risk Committee

LLB (Hons), BCA Business Management INFINZ (Cert), C.F.Inst.D

Philip is a solicitor of the High Court of
New Zealand and Victoria. He has worked as
a corporate finance adviser in New Zealand
to the corporate sector on debt and equity
matters for more than 30 years. Philip is also
a strategic adviser to clients in the energy and
infrastructure sectors. He was a member of
the Local Government Infrastructure Expert
Advisory Group tasked with advising the Minister
of Local Government on improvements in local
government infrastructure efficiency.

#### Chair

Papa Rererangi i Puketapu (New Plymouth Airport) South Port New Zealand Limited

### **Director**

Matariki Forests
Powerco Limited
NZ Windfarms Limited
Te Rere Hau Holdings Limited
Te Rere Hau Limited

# **Advisory Board**

United Civil Construction Ltd

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David Rae
Independent Director
Member Audit and Risk Committee

M.Sc (distinction) in Economics, London School of Economics, C.M.Inst.D

David is a co-owner of an investment consulting firm, Māpua Wealth Ltd, which provides portfolio advice and implementation for institutional investors including charitable trusts and iwi. His background is in economic policy and investing, having worked for the NZ Superannuation Fund and the OECD.

He has held current and past roles as an investment trustee and as a director of regulated utilities in the gas and transport sectors both in New Zealand and overseas.

David has an M.Sc in Economics from the London School of Economics, and a B.Soc. Sci (Hons) in Economics and Physics from the University of Waikato.

#### **Director and Shareholder**

Māpua Wealth Ltd

## **Director and Owner**

David Rae Associates Ltd

### **Director**

Galileo Green Energy GmbH

New Zealand Refining Nominees Ltd

# **General Disclosure**

New Zealand Refining Company Pension Fund –
Trustee

Te Pūia Tāpapa Ltd Partnership – Investment Committee Member

Public Infrastructure Partners Fund III – Advisory
Committee Member



# Linda Robertson Independent Director Chair Audit and Risk Committee

B.Com; Dip.Bank; C.F.InstD; CGP; D.F.INFINZ; GCB.D; GAICD

Linda is a professional company director with over 25 years governance experience, combined with 30 years senior financial management experience having worked in both the banking and energy sectors in New Zealand.

Linda has been a full-time company director since 2015. Linda's governance experience spans many industries such as banking, funds management, electricity generation, retail and distribution; broadcasting services, co-operatives, local authority owned and state-owned entities and charities. Linda has a Bachelor of Commerce Degree and a Diploma in Banking. She also holds a Sustainability and ESG Designation; a Climate and Biodiversity Certificate and is a member of Chapter Zero New Zealand. Linda is a Distinguished Fellow of the Institute of Finance Professionals New Zealand (INFINZ), a Graduate Member of the Australian Institute of Company Directors, a Charted Governance Professional and a Chartered Fellow of the Institute of Directors in New Zealand.

#### Chair

Central Lakes Trust
Crown Irrigation Investments Limited

### **Director and Shareholder**

**RML Consulting Limited** 

#### Director

Central Lakes Direct Limited
Horizon Energy Group Companies
Invercargill City Holdings Ltd
Kordia Group Ltd
SBS Bank (Southland Building Society)
Fraser Properties Limited

# Member

Risk and Audit Committee, The Treasury
Capital Markets Advisory Committee, NZ Treasury
Audit and Risk Committee – OAG and
Audit New Zealand

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# Helen Robinson ONZM Independent Director Member Audit and Risk Committee

Helen is an experienced business leader locally and internationally mostly in the technology and sustainability sectors. Helen was Managing Director of Microsoft New Zealand, VP of Pivotal Corporation Asia Pacific and Managing Director, Markit Group (co-founding its Environmental Registry; now part of S&P Global).

Helen has decades of governance experience acting as Director or Chair for numerous public, private and public sector organisations.

She is a member of Global Women, INFINZ, a Chartered Member of the NZ Institute of Directors, and has been recognised in numerous awards for business and innovation including the NZ Women of Influence Supreme Award and as an Officer of Merit in the Queens Honours.

#### Chair

Kara Technologies Limited
Astrix Astronautics Limited
REANNZ (Research and Education Advanced
Network New Zealand)
Group Shared Services, Auckland Council
JUNOFEM Limited
NZTE Beachhead Advisors

# LGFA Sustainability Committee Director and Shareholder

Organic Initiative Limited
Penguin Consulting Limited

# Director

NZTech

Generate Kiwisaver and all related companies



Elena Trout
Independent Director

B Technology (Biotechnology) Massey

M Engineering (Civil) Canterbury CF Ins D, DistF Eng NZ and Past President Eng NZ

Elena is an experienced company director and a professional engineer who has held a number of leadership positions in the transport, infrastructure and energy sectors. She has over 30 years of experience in the management, planning and delivery of large projects and continues to provide advice on nationally significant infrastructure developments.

She is a well-seasoned professional director, has held a number of governance roles including chairing independent government inquiries and reviews by local authorities in accordance with Section 17 (a) of the Local Government Act. Her current directorships include Chair of Energy Efficiency Conservation Authority, Chair of Chartered Professional Engineers Council, Co Chair Waihanga Ara Rau Construction and Instructure Development Council, director of Contact Energy, City Care, Opuha Water Ltd, Worksafe and Callaghan Innovation.

#### Chair

Energy Efficiency Conservation Authority Chartered Professional Engineers Council

# Director

Ara Ake (Deputy Chair)
Contact Energy
Ngāpuhi Asset Holdings Ltd
Kaikohe Berry Fruit Ltd
Spenser Henshaw

CityCare

Callaghan Innovation (Chair from 5 July 2025)

Te Rāhui Herenga Waka Whakatāne

Opuha Water Ltd

# Co-Chair

Waihanga Ara Rau

Member

Worksafe

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# **Director tenure and meetings of the Board**

Elena Trout was appointed to the Board on 19 November 2024.

There were 7 scheduled Board meetings and 5 Audit and Risk Committee meetings over the year. The Board met for 5 additional meetings over the course of the year.

All directors are considered by the LGFA Board to be independent pursuant to the New Zealand Stock Exchange (NZX) Listing Rule 2.6. except for Alan Adcock who is the General Manager Corporate at Whangarei District Council.

Director	Date commenced in office	Scheduled Board meetings held/attended	Audit and Risk Committee held/attended
Craig Stobo (Chair)	1 December 2011	7/7	N/A
Alan Adcock	23 November 2021	6/7	5/5
Philip Cory-Wright	1 December 2011	7/7	4/5
David Rae	23 November 2023	6/7	4/5
Linda Robertson	24 November 2015	7/7	5/5
Helen Robinson	23 November 2022	5/7	4/5
Elena Trout	19 November 2024	2/3	N/A

# **Board performance review**

The Board has an annual formal self-assessment to assess director, Board and committee performance.

In 2025, the Board commissioned an independent review of required skills and competencies for LGFA directors.

# **Nomination of Directors**

Director nominations can only be made by a shareholder by written notice to LGFA and the Shareholders' Council, no more than three months, nor less than two months, before a meeting of shareholders. All valid nominations are required to be sent by LGFA to all persons entitled to attend the meeting.

### **Retirement and re-election of Directors**

Directors are appointed to the Board by an Ordinary Resolution of shareholders. A Director must not hold office (without re-election) past the third annual meeting of the Company following the Director's appointment or three years, whichever is longer.

A retiring Director shall be eligible for re- election.

# Indemnities and insurance

Under LGFA's constitution, LGFA indemnifies directors for potential liabilities and costs they may incur for acts of omission in their capacity as directors. LGFA has arranged directors' and officers' liability insurance covering directors and management acting on behalf of the company. Cover is for damages, judgements, fines, penalties, legal costs awarded and defence costs arising from wrongful acts committed while acting for LGFA. The types of acts that are not covered are dishonest, fraudulent, malicious acts, or omissions, wilful breach of statute or regulation, or duty to LGFA, improper use of information to the detriment of LGFA, or breach of professional duty.

# Remuneration

The remuneration of the Board reflects LGFA's size and complexity and the responsibilities, skills, performance and experience of the directors. A specialist independent adviser is used periodically to ensure the remuneration is appropriate.

Board remuneration is determined by an Ordinary Resolution of shareholders. The current board remuneration was approved by shareholder resolution at the Annual General Meeting on 19 November 2024.

# Director annual fee breakdown

Position. Fees per annum	2025	2024
Board Chair	\$127,720	\$124,000
Audit and Risk Committee Chair	\$80,340	\$78,000
Director/ARC Member	\$75,190	\$73,000
Director	\$72,100	\$70,000

Director	2025
Craig Stobo (Chair)	\$127,720
Alan Adcock	\$75,190
Philip Cory-Wright	\$75,190
David Rae	\$75,190
Linda Robertson	\$80,340
Helen Robinson	\$75,190
Elena Trout	\$44,462

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#### **Chief Executive remuneration**

The remuneration of the CEO is determined by the Board and is reviewed annually taking into consideration the scope and complexity of the position with reference to the remuneration of CEOs of similar organisations. A specialist independent adviser is used periodically to ensure the remuneration is appropriate. The CEO remuneration package comprises a fixed cash component of \$804,518 per annum as at 30 June 2025 (\$804,518, 2024) and an at-risk short-term incentive of the fixed cash component. The short-term incentive payment is made annually at the Board's discretion subject to the CEO and LGFA meeting a range of specific performance objectives for the financial year.

Per annum	2025	2024
Salary	\$804,518	\$804,518
Taxable benefits	-	-
Subtotal	\$804,518	\$804,518
Pay for Performance STI	\$172,971	\$120,678
Kiwisaver Employer Contribution	\$39,100	\$37,008
Total remuneration	\$1,016,589	\$962,204

#### Staff remuneration

The following table shows the number of staff who received more than \$100,000 in total remuneration, in \$10,000 bands.

Total remuneration	2025
\$160,000 to \$170,000	1
\$180,000 to \$190,000	1
\$240,000 to \$250,000	1
\$250,000 to \$260,000	1
\$260,000 to \$270,000	1
\$290,000 to \$300,000	2
\$350,000 to \$360,000	1
\$390,000 to \$400,000	1
\$410,000 to \$420,000	1
\$1,000,000 to \$1,100,000	1

# **Staff interests**

# **Mark Butcher**

Waikato-Tainui Group Investment Committee

Nominating Committee for Guardians of New Zealand Superannuation



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# **LGFA Future Director**

In 2024, LGFA appointed Sarah Matthews as its Future Director under the LGFA Future Directors programme, effective from January 2024 for a period of 18 months.

The purpose of the Future Director programme is to give talented people working in the Local Government sector the opportunity to observe and participate in Board room discussions over an 18-month period. During this time, the Future Director actively participates in all Board meetings, although they do not possess voting rights and are not involved in decision-making.

Sarah is a Chartered Accountant with a professional career spanning business advisory, financial management, and corporate services. She is currently GM – Organisation Performance of Taupō District Council and has been in local government leadership roles since 2017, across three different Councils. She is a member of Taituara Financial Management Reference Group and is also a Chartered Member of the Institute of Directors and has held board positions with several community organisations.

Sarah reflects on her experience as LGFA's Future Director

66 Serving as the Future Director of LGFA has been a fantastic experience. Over the past 18 months, I've had the privilege of observing and contributing to the governance of a high-performing, purposedriven board that plays a pivotal role in the local government sector.

Going into the Future Director role, I had many years of positive experience with LGFA and their amazing team at Council-level. This gave me a good idea of the positive impact LGFA makes to the sector through its purpose of benefiting local communities through delivering efficient financing for local government. The past 18 months have built on my positive Council-level experience and given me perspective on how LGFA's purpose is led at governance level, being embedded in every strategic decision the Board makes.

The opportunity to engage with complex financial and policy challenges, particularly during a time of significant sector changes, has expanded my governance capability and deepened my understanding of the sector's evolving needs. The opportunity to work with Central Government throughout these changes has also been a positive and insightful experience.

As a Future Director, I brought sector insight to the Board during these major transitions, also serving on the Audit and Risk Committee throughout this time. I am proud that I was able to bring my experience to the table and grateful that the Board fostered a supportive culture which allowed me to voice my perspective. The Board's openness and commitment to excellence have made this a truly memorable experience.

I am leaving the role being proud to have played a small part in LGFA's journey and its achievements. I would like to formally thank LGFA Board and staff for this opportunity and experience. The Future Director programme is a testament to LGFA's leadership in fostering talent and strengthening governance across the local government sector. \*\*

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# **Shareholders**

# **Foundation documents**

The Constitution and the Shareholders Agreement are foundation documents.

The Constitution defines the rights and powers of shareholders, the acquisition and redemption of company shares, proceedings of shareholder meetings, voting at meetings and the right to demand polls, shareholder proposals and review of management.

The Shareholders Agreement is an agreement between LGFA and its shareholders which clearly defines LGFA's business, its objectives, the role of the Board, the establishment of the Shareholders Council and the approval rights of the shareholders.

# Members of the Shareholders Council as at 30 June 2025

Kathryn Sharplin (Chair) Tauranga City Council

Sarah Houston-Eastergaard (Deputy Chair)

Wellington City Council

Kumaren Perumal

Bay of Plenty Regional Council

**Mike Drummond** 

Tasman District Council

Andrew John

Auckland Council

**Gary Connelly** 

Hamilton City Council

**Steve Ballard** 

Christchurch City Council

**Adele Henderson** 

Western Bay of Plenty District Council

Jacqueline Baker

New Plymouth District Council

**James Stratford** 

New Zealand Government - DIA

Nyika Gwanoya

New Zealand Government - The Treasury

 $\hbox{Hurunui District Water Safety Project. } \textbf{Hurunui District Council}$ 

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# People and culture Ngā tāngata me te ahurea

# **Our values**

Ō mātau uara



# We act with integrity

E pono ana mātau

We are honest, transparent and are committed to doing what is best for our customers and our company.



# We strive for excellence

E whakapau kaha mātau kia hiranga te mahi

We strive to excel by delivering financial products and services that are highly valued at least cost while seeking continuous improvement in everything we do.

# Our purpose

Benefiting local communities through delivering efficient financing for local government.



# We are customer focused

E arotahi ana mātau ki te kiritak

Our customers are our council borrowers, investors, and all other organisations that we deal with. We listen to them and act in their best interests to deliver results that make a positive difference.



# We are innovative

He auaha mātau

To meet our ever-changing customer requirements, we will encourage innovation and provide a diverse range of financial products and services.



# We provide leadership

He kaiārahi mātau

We are here for our stakeholders in being strategically minded, providing resilience and executing our strategy. We embrace a highperformance culture and can be relied upon to deliver results.

# Health, safety and wellbeing

LGFA is committed to providing a safe and healthy working environment for all employees and a flexible workplace environment that promotes increasing employee engagement, productivity and enhancing recruitment and retention.

LGFA maintains policies on health and safety, remote working, diversity and employment which outlines the company's commitment to health, safety and wellbeing.

Our Health and Safety Policy sets out the duty of directors and staff under the Health and Safety at Work Act 2015. A staff health and safety committee has been established with responsibility to continuously review health and safety issues and ongoing compliance with the Act, with reporting on health and safety issues at each Board meeting.

LGFA provides staff with access to professional support for general counselling services, individual case management and ongoing monitoring of an employee's progress to ensure they have access to assistance and treatment to meet their needs.

# **Capability and development**

LGFA is committed to ongoing education and professional development for staff and directors by funding professional development courses, membership of professional bodies and attendances at industry conferences.

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The Future Director programme, launched in 2021 by the Board and Shareholder Council, aims to give talented people within the Local Government sector with an interest in corporate governance the opportunity to observe and participate in Boardroom discussions for an 18-month period. The Future Director actively participates at Board meetings, but they have no voting rights. Sarah Matthews was appointed as our second Future Director in January 2024 for an 18 month term.

# **Diversity and inclusion**

LGFA is committed to promoting a culture that supports both workplace diversity and inclusion within the organisation.

Diversity at LGFA involves recognising and valuing the contribution that people can make because of their skills, experience, background and differing perspectives. LGFA values employees by encouraging participation and providing opportunities for its people to succeed.

LGFA has formally adopted a Diversity Policy which applies to both LGFA employees and directors.

Diversity and inclusiveness at LGFA involves recognising the value of individual differences and managing them in the workplace. Diversity in this context includes gender, age, ethnicity, cultural background, sexual orientation, religious belief, disability, education and family responsibilities.

Each year, we complete a diversity review which is reported through to the Board and, when undertaking recruitment, selection panels for interview are split by gender.

Appointments to the Board are made in accordance with our Constitution and the Shareholders Agreement.

	202	25	2024		
	Female	Male	Female	Male	
Board	3	4	2	4	
Staff	4	7	3	7	

		2025			2024	
	Under 30 years	30-50 years	Over 50 years	Under 30 years	30-50 years	Over 50 years
Board	-	-	100%	-	-	100%
Staff	-	33%	67%	-	30%	70%



# Managing risk Te whakahaere tūraru

An effective risk management framework is a critical component of LGFA's structure for managing the company's exposure to business and treasury risks arising from its operations of raising and on-lending funds to local councils and approved council-controlled organisations.

The objective of LGFA's risk management function is to ensure that frameworks and controls are implemented to manage risks effectively and in compliance with LGFA's governance and legislative requirements. The risk management function ensures that LGFA achieves its objectives, as set out in the Statement of Intent, within the risk appetite of the company's shareholders and Board.

The objective of LGFA's risk management framework is to ensure that the organisation operates within shareholder and Board approved risk limits. LGFA's approach to risk management is based on the following core elements:

- The Board oversees the risk appetite of the organisation and ensures that it is consistent with the constitution and shareholders agreement.
- Risk appetite is reflected in policies approved by the Board and Audit and Risk Committee.
- LGFA management implements policies and controls to ensure that all relevant risks are identified, measured, monitored, and managed effectively.
- The Risk and Compliance and Internal Audit (IA) functions provide assurance to both the Board and the Audit and Risk Committee on the performance of internal controls and risk management systems.

LGFA adopts the three lines of defence model to ensure that essential risk management functions adopt a systematic approach that reflects industry best practice:

- The first line of defence establishes risk ownership within the company and is represented by its operational risk and control processes. LGFA managers are responsible for identifying and maintaining effective controls and mitigating risks.
- The second line of defence relates to establishing risk control within the organisation and involves ensuring policies are in place and up to date, reviewing risk reports, checking compliance against the risk management framework and ensuring that risks are actively and appropriately managed.
- The third line of defence is the independent assurance provided by both the internal and external audit functions which review and highlight control weaknesses and inefficiencies to management and the Board.

# LGFA risk register

The LGFA risk register is a key component of the company's risk management framework.

The key objective of the risk register is to ensure that the company assesses the risks faced by the business on an ongoing basis.

The risk register:

- Identifies the inherent risks that LGFA is exposed to when conducting its core business activities;
- Assesses the likelihood and potential impact of the inherent risks on the business;
- Describes the internal control framework and management processes for managing and mitigating the identified inherent risks;
- Provides commentary on internal audit coverage of the identified inherent risks; and
- Provides an overall residual risk assessment and compares these to approved risk appetite settings and risk tolerance ranges.

The risk register is reviewed monthly by management and at each meeting of the Audit and Risk Committee.

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# **Treasury risk management**

LGFA funds itself through domestic and international wholesale and retail debt capital markets, with the funds raised on-lent to members. LGFA activities are governed by the Local Government Borrowing Act 2011, the Local Government Act 2002, and the Companies Act 1993. In addition, the company is required to comply with Foundation Policies outlined in the Shareholders Agreement. Any change to the Foundation Policies requires shareholder's consent.

LGFA's risk management uses an approved risk identification and assessment framework to actively monitor and manage all treasury and financial risk by applying best practice risk management principles and processes.

LGFA has treasury exposures arising from its normal business activities of raising and on-lending of funds. Specific treasury exposures relate to debt issuance and refinancing, liquidity, interest rate, foreign exchange, counterparty credit, operational and lending risks. LGFA manages treasury exposures under a Board-approved Treasury Policy, the objectives of which are to:

- Effectively manage treasury risks, within approved compliance limits, to protect LGFA's capital position and net interest margin over time.
- Fund members in the most cost-effective manner and in accordance with LGFA's operating principles, values and objectives.
- Protect LGFA's assets and prevent unauthorised transactions.
- Minimise operational risk by maintaining adequate internal controls, systems and staffing competencies.
- Provide timely reporting to the Board with meaningful and accurate measurement of risk exposures and policy compliance.

# Key treasury risks

# Counterparty credit risk

Counterparty credit risk is the risk of financial loss arising from a counterparty defaulting on an investment, security and/or financial instrument where LGFA is a holder or party.

Counterparty credit risk risk is managed through counterparty limits for investments. These limits are determined as a function of the term of investment, liquidity and credit quality of the counterparty (as measured by a recognised credit rating).

All derivative contracts are subject to formal collateral arrangements to mitigate counterparty credit risk.

# Debt Funding and Refinancing Risk

Funding risk is the potential inability to access capital markets to fund onlending requirements. Refinancing risk is the potential inability to issue new debt to meet maturing debt obligations.

Funding and refinancing risk is managed through diversifying the concentration of debt instruments and maturities, and through the establishment of diverse funding programmes; long-term and short-term, onshore and offshore. Other important aspects include ongoing engagement with the investor community and maintaining a strong credit rating.

# Foreign currency risk

Foreign currency risk is the risk of an adverse change in the fair value of a financial instrument due to a change in foreign exchange rates.

Exposure to **foreign currency risk** arises when LGFA accesses foreign capital markets for funding purposes.

Foreign exchange risk is managed by fully hedging all foreign currency cash flows back to the New Zealand dollar.

Any residual foreign currency risk arising from a timing mismatch of foreign currency cash flow, or arises from operational expenditure, is not material and is managed within a Board approved risk limit.

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# Interest rate risk

Interest rate risk is the risk that financial assets may re-price/ mature at a different time and/ or by a different amount than financial liabilities. Interest rate risk is managed using Value at Risk (VaR) and Partial Differential Hedge (PDH) limits to mitigate the potential change in value of the balance sheet due to changes in interest rates.

- VaR calculates the potential amount a portfolio could be expected to lose over a given time period. It is calculated using historical changes in underlying risk variables and applying those changes to the current portfolio.
- VaR is measured over a daily time horizon with a 95% confidence interval. A daily 95% VaR exposure of \$1 million means that there is a 5% chance that the portfolio could potentially lose more than \$1 million over the next business day.
- PDH measures the sensitivity of a portfolio to a one basis point change in underlying interest rates. For example, a PDH of NZD\$100,000 means that the portfolio value will increase by NZD\$100,000 for a one basis point fall in interest rates.

In addition, LGFA also undertakes scenario analysis to model the potential effect of changing market environments on the balance sheet.

# **Lending risk**

Lending risk is the risk of financial loss that could occur from lending funds to councils or council-controlled organisations.

LGFA is restricted through the Foundation Policies to lending only to councils and council-controlled organisations that are members of LGFA. The Foundation Policies lay out the conditions of borrowing with which members must comply. These include the provision of security, equity commitment liabilities and guarantee liabilities (if relevant), as well as complying with their own internal borrowing policies and complying with the financial covenants outlined in the Foundation Policies.

**Lending risk** is further managed through regular engagement with borrowers and monitoring by LGFA of compliance with the lending covenants detailed in the Foundation Policies.

# Liquidity risk

Liquidity risk is the potential inability to meet financial obligations when they become due, under normal or abnormal/stressed operating conditions.

**Liquidity risk** is managed using a forecast cashflow approach measured over a 90-day period. LGFA is required to maintain sufficient liquidity, comprising holdings of cash and liquid investments, and a Crown liquidity facility, to support six months of funding commitments.

# Operational risk

Operational risk, with respect to treasury management, is the risk of financial and/or reputation loss arising from human error, fraud, negligent behaviour, system failures or inadequate procedures and controls.

**Operational risk** is managed using internal controls and procedures across operational functions. Segregation of duties between staff members who have the authority to enter transactions with external counterparties and the staff who control, check and confirm such transactions is a cornerstone internal control principle.

Financial instruments are not entered into if the systems, operations and internal controls do not satisfactorily support the measurement, management and reporting of the risks associated with the instrument.

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16 December 2025 Council Agenda

# Performance against objectives Te whakatutukinga ki ngā whāinga

The statement of service performance provides a summary of LGFA's performance against the objectives and performance targets set out in the LGFA Statement of Intent 2024-27 (SOI).

# 2024-25 Objectives and performance targets

LGFA objectives and performance targets for 2024-25 fall within the following five strategic priorities which encompass our shareholders' foundation objectives and guide the LGFA Board and management in determining our strategy:

- Governance, capability and business practice
- Effective management of loans
- Optimising financing services for local government
   Industry leadership and engagement
- · Environmental and social responsibility

Our quarterly reports to shareholders provide more detail on our performance against objectives and performance targets. The reports for the four quarters' ended June 2025 are available on the LGFA website.

# Governance, capability and business practice

LGFA is committed to best practice corporate governance to ensure its long-term sustainability and success.

Objectives	Our performance to 30 June 2025
Demonstrate best practice corporate governance.	LGFA is committed to demonstrating best practice corporate governance and we report annually on our compliance with the eight core principles underpinning the NZX Corporate Governance Best Practice Code. This 2025 Annual Report is the most recent report with commentary on our compliance with the NZX Code.
Set and model high standards of ethical behaviour.	LGFA has adopted a formal Code of Ethics, incorporating its Conflicts of Interest and Code of Conduct policies, which sets out the standards and values that directors and employees are expected to follow.
Achieve the shareholder-agreed objectives and performance targets specified in the Statement of Intent.	Our performance against shareholder-agreed objectives and performance targets, as specified in the Statement of Intent, is reported quarterly to shareholders and annually in this section of our Annual Report.
Ensure products and services offered to participating borrowers are delivered in a cost-effective manner.	LGFA prepares annual operating budgets and monitors progress against these monthly. Our performance against our financial performance targets for the year-ended 30 June 2025 is summarised below under our performance targets.
Be a good employer by providing safe working conditions, training and development and equal opportunities for staff.	We have met this objective and comply. The 2025 Annual Report is our most recent report outlining our health and safety and wellbeing practices and policies, compliance with the Health and Safety at Work Act, diversity and inclusion and capability and development.

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Performance targets	2024-2025 target	Our performance to 30 June 2025
Comply with the Shareholder Foundation Polices and the Board- approved Treasury Policy at all times.	No breaches.	Not achieved. There was a breach of the Foundation Policy where the nominal amount of loans to a non-guarantor exceeded the \$20 million limit by \$186k.
Maintain LGFA's credit rating equal to the New Zealand Government sovereign rating where both entities are rated by	LGFA credit ratings equivalent to NZ Sovereign.	Achieved. Our ratings remain equivalent to the New Zealand Government for both S&P Global Ratings and Fitch Ratings.
the same Rating Agency.		Fitch Ratings affirmed LGFA Foreign Currency Rating at AA+ in December 2024. S&P Global Ratings affirmed our domestic currency credit rating at AAA in March 2025.
A succession plan be put in place for the Board and staff and be reviewed annually.		Achieved.
LGFA's total operating income for the year to 30 June 2025.	>\$31.4 million.	Achieved. \$36.3 million at June 2025, excluding unrealised gains/losses on hedged foreign currency issuance.
LGFA's total operating expenses for the year to 30 June 2025.	<\$11.5 million.	Achieved. \$11.2 million at June 2025, excluding AIL.



# **Optimising financing services for local government**

LGFA's primary objective is to optimise the terms and conditions of the debt funding it provides to participating borrowers. Amongst other things, LGFA will achieve this by delivering operational best practice and efficiency across our lending products and services.

#### **Objectives**

### How we measure our performance

Provide interest cost savings relative to alternative sources of financing.

LGFA's borrowing margins compare favourably to other high-grade issuers in the New Zealand capital markets.

# Comparison to other high-grade issuers - secondary market spread to swap (bps)

30 June 2025										
	2026	2027	2028	2029	2030	2031	2032	2033	2035	2037
LGFA (AAA)	13	29	44	54	61	71	78	85	91	105
Kainga Ora (AAA)	19	29	46		54				88	
Asian Development Bank (AAA)	11	24	30			49				
IADB (AAA)	17	23	35		46					
International Finance Corp (AAA)	15	21	33	39						
KBN (AAA)	14	23			53					
Nordic Investment Bank (AAA)				34	43					
Rentenbank (AAA)		21		39						
World Bank (AAA)	13	22	24		46					
ASB (AA-)	25	48								
ANZ (AA-)			60		85					
Kiwibank (AA-)	42	63	78	98						
BNZ (AA-)	26	47	61	84						
Westpac Bank (AA-)	41	47		88						
Supranational, Sub-Sovereign, Agency Average	14	22	31	37	47	49				
Bank Average	34	51	66	90	85					

Offer flexible short and long-term lending products that meet the borrowing requirements for borrowers.

LGFA provides members with short term loans (less than one year), long-term loans on either a floating or fixed rate basis (between one year and April 2037), Green Social and Sustainable Loans, Climate Access Loans and standby facilities.

- Over the year-ended June 2025, our members borrowed \$4.160 billion in 365 long-term loans with an average term of 2.9 years.
- As at June 2025 there was \$1.040 billion short-term loans outstanding to 44 members.
- As at June 2025, standby facilities totalled \$867 million across 17 members.

Deliver operational best practice and efficiency for lending services. Over the year-ended 30 June 2025, LGFA operations staff successfully:

- settled 2,488 new trades with a gross value of \$39 billion;
- $\bullet\,$  processed 16,040 cash flows with a gross value of \$73 billion; and
- rate set 13,447 existing trades.

Ensure certainty of access to debt markets, subject always to operating in accordance with sound business practice.

There was significant activity in LGFA bonds in both the primary market (tender or syndicated issuance) and secondary market (between banks and investors). Over the year-ended 30 June 2025, we issued bonds in the following native currency values: NZD 2.150 billion, AUD 800 million, USD 500 million, EUR 500 million, and CHF 220 million. Secondary market turnover in our NZD bonds totalled NZD 16.8 billion.

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 $\textbf{Performance against objectives} \, \texttt{LGFA} \, \texttt{Annual Report} \, 2025 \, \, \textbf{40}$ 

Performance targets	2024-2025 target	Our performance to June 2025
Share of aggregate long-term debt funding to the Local Government sector.	> 80%	Not achieved. 74.9% at June 2025.
Total lending to Participating Borrowers.	> \$23,957 million.	Not achieved. \$22,657 million as at June 2025.
Conduct an annual survey of Participating Borrowers who borrow from LGFA as to the value added by LGFA to the borrowing activities.	> 85% satisfaction score.	94% satisfaction score in August 2024 Stakeholder Survey.
Successfully refinance existing loans to councils and LGFA bond maturities as they fall due.	100%	Achieved.
Meet all lending requests from Participating Borrowers, where those requests meet LGFA operational and covenant requirements.	100%	Achieved.

# **Environmental and social responsibility**

LGFA recognises the risks inherent in climate change for councils and supports New Zealand's shift to a low-carbon economy. LGFA will exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so.

Objectives	Our performance to June 2025
Assist the local government sector in	Over the year to June 2025, we:
achieving their sustainability and climate change objectives.	<ul> <li>approved one new GSS loan application to Tauranga City Council for the \$103 million Te Manawataki o Te Papa green building project. As at June 2025, we have approved seven GSS loans with a combined approved value of \$675.3 million of which \$453.9 million has been advanced.</li> </ul>
	<ul> <li>advanced a further \$923 million under our CAL lending programme. As at June 2025, seven councils have been approved for CAL loans with combined qualifying loans totalling \$3.7 billion.</li> </ul>
	Our third Annual Impact Report, to be published on 30 September 2025, will provide information on the allocation of proceeds from LGFA's Sustainable Financing Bond issuance as at June 2025
	In March 2025, the LGFA team organised a series of panel discussions and keynote presentations to provide guidance to councils on accessing climate-related financing instruments, as well as to highlight useful data and tools (for the development, collection and communication of risk information).
Improve sustainability outcomes within LGFA.	In 2021, LGFA directors committed to reducing our per employee emissions by 30% by 2030, compared with a 2018/19 base year. We continue to monitor our organisational emissions and remain within target. In addition, we have released our Climate-reporting Disclosures in compliance with XRB standards.

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Performance targets	2024-2025 target	Our performance to June 2025
Comply with the Health and Safety at Work Act 2015.	No breaches.	Achieved.
Maintain Toitū Net Carbon Zero certification.	Net Carbon Zero certification maintained.	Achieved.
Meet reduction targets outlined in our carbon reduction management plan.	Reduction targets met.	Achieved. GHG quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emission factors and the values needed to combine emissions from different gases. GHG emissions against targets are reported in the 2025 LGFA Climate-related Disclosures, which will available on the LGFA website from 30 September 2025.
Increase our GSS lending book and Climate Action Loans.	Two new GSS loans undertaken.	Not achieved. One new GSS loan approved, and no new CAL borrowers approved.
	Three new borrowers approved for CAL.	
Meet all mandatory climate reporting standards.	100%	Achieved.

# **Effective management of loans**

LGFA will ensure its loan book remains at a high standard by ensuring it understands each participating borrower's financial position. LGFA manages its assets within an appropriate risk management framework to ensure shareholder value is not compromised.

Objectives	Our performance to June 2025
Proactively monitor and review each Participating Borrower's financial position, including its financial headroom	Over the twelve months, we reviewed council annual plans, agendas and management reports on an ongoing basis for all members on the LGFA borrower watchlist.
under LGFA policies.  Analyse finances at the Council group level where appropriate and report to shareholders.	We received compliance certificates in respect of the LGFA financial covenants from all of our members with debt outstanding at June 2024. No council has requested that they be measured on a group basis. A small number of certificates were provided based upon unaudited financial statements given a delay in providing final audit signoff. These have subsequently been verified following the eventual publication of the council's annual report.
Endeavour to meet each participating borrower annually, including meeting with elected officials as required, or if requested.	Achieved. LGFA conducted 109 meetings with council and CCO members in the twelve months ended June 2025.
Ensure a smooth transition of water- related loans if the Local Water Done Well Reforms progresses over forecast period.	LGFA has actively engaged with DIA and council members and their advisors to provide information on how it will be able to assist councils with the financing of their water operations.

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Performance targets	2024-2025 target	Our performance to June 2025
Review each Participating Borrower's financial position.	100%	Achieved.
Arrange to meet each Participating Borrower over a 15-month period, including meeting with elected officials as required, or if requested.	100%	Achieved.

# **Industry leadership and engagement**

LGFA will take a proactive role to enhance the financial strength and depth of the local government debt market and will work with key central government and local government stakeholders on sector issues.

Objectives	Our performance to June 2025
Take a proactive role to enhance the financial strength and depth of the local government debt market and work with key central government and local government stakeholders on sector and individual council issues.	The Industry leadership and engagement section of this annual report discusses our performance in relation to these objectives.
Assist the local government sector with significant matters such as the Local Water Done Well Reforms and Future for Local Government.	<del>-</del>
Maintain productive relationships with central government representatives.	
Support councils and CCOs in the development of reporting disclosures of the impacts of sector activity on climate change.	

Performance targets	2024-2025 target	Our performance to June 2025
Provide input into Local Water Done Well Legislation.	Provide feedback to DIA and Treasury during legislation drafting.	Achieved.
Provide quarterly updates to shareholders and borrowers on sector developments that are impacting LGFA.	Four quarterly updates to councils and CCOs.	Achieved.
Meet annually with Infrastructure Commission, Local Government New Zealand, Taituara, Water New Zealand, Infrastructure New Zealand, Crown Infrastructure Partners, Department of Internal Affairs, Treasury and Minister's office to discuss sector issues from an LGFA perspective.	Nine meetings across stakeholders.	Achieved.

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# Financial statements Ngā Tauākī Ahumoni

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# **Income statement**

For the year ended 30 June 2025 in \$000s

	Note	2025	2024
Interest income		1,267,103	1,213,259
Interest expense		1,232,327	1,193,809
Net interest income	4	34,776	19,450
Other operating income	5	1,551	1,494
Gains / (losses) on financial instruments		(680)	859
Total operating income		35,647	21,803
Operating expenses	6	16,653	11,753
Net operating profit		18,994	10,050

# Statement of comprehensive income

For the year ended 30 June 2025 in \$000s

	Note	2025	2024
Net operating profit		18,994	10,050
Items that may be re-classified subsequently to the Income Statement			
Net change in cash flow hedge reserve	9	(6,477)	5,536
Cost of hedging	9	(2,079)	(6,531)
Total comprehensive income		10,438	9,056

These statements are to be read in conjunction with the notes to the financial statements.

The Board of Directors of the New Zealand Local Government Funding Agency Limited authorised these statements for issue on 28 August 2025.

Craig Stobo, Director

Board Chair

aurcobo

**Linda Robertson, Director** Chair, Audit and Risk Committee

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# Statement of changes in equity

For the year ended 30 June 2025 in \$000s

	Note	Share capital	Cash flow hedge reserve	Cost of hedging reserve	Retained earnings	Total equity
Equity as at 1 July 2023		25,000	-	-	80,847	105,847
Net operating profit					10,050	10,050
Other comprehensive income/(expense)			5,536	(6,531)		(995)
Total comprehensive income for the year		-	5,536	(6,531)	10,050	9,055
Transactions with owners					-	-
Dividend paid on 1 September 2023					(1,713)	(1,713)
Equity as at 30 June 2024		25,000	5,536	(6,531)	89,185	113,190
Net operating profit					18,994	18,994
Other comprehensive income/(expense)			(6,477)	(2,079)		(8,556)
Total comprehensive income for the year		-	(6,477)	(2,079)	18,994	10,438
Transactions with owners						-
Dividend paid on 2 September 2024					(1,843)	(1,843)
Equity as at 30 June 2025	28	25,000	(941)	(8,610)	106,336	121,785

These statements are to be read in conjunction with the notes to the financial statements.

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# Statement of financial position

As at 30 June 2025 in \$000s

	Note	2025	2024
Assets			
Financial assets			
Receivables	11	2,973	378
Cash and cash equivalents		325,728	473,609
Cash pledged as collateral	10	187,836	251,605
Marketable securities		2,458,427	1,397,045
Deposits		578,878	718,493
Derivatives in gain	10	255,271	116,090
Loans to members	12	22,657,300	20,549,350
Non-financial assets			
Other assets	13	1,339	1,245
Total assets		26,467,752	23,507,816
Equity			
Share capital	28	25,000	25,000
Reserves	9	(9,551)	(995)
Retained earnings		106,336	89,185
Total equity		121,785	113,190
Liabilities			
Financial liabilities			
Payables and provisions	14	6,414	9,609
Bond repurchases	17	341,756	58,302
Derivatives in loss	10	1,067,121	1,526,526
Debt securities issued:			
At amortised cost	15	23,645,696	20,490,507
At fair value through income statement	16	613,077	815,175
Borrower notes	18	669,030	492,614
Non financial liabilities			
Other liabilities	19	2,873	1,891
Total liabilities		26,345,967	23,394,625
Total equity and liabilities		26,467,752	23,507,816

These statements are to be read in conjunction with the notes to the financial statements.

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# Statement of cash flows

For the year ended 30 June 2025 in \$000s

Note	2025	2024
Cash flows from operating activities		
Cash applied to loans 12	(2,119,168)	(4,174,912)
Interest paid on bonds issued	(737,888)	(596,886)
Interest paid on bills issued	(102,178)	(52,087)
Interest paid on borrower notes	(7,785)	(4,220)
Interest paid on bond repurchases	(9,682)	(10,436)
Interest received from loans	1,124,661	1,031,054
Interest received from cash & cash equivalents	27,512	24,285
Interest received from marketable securities	71,558	43,866
Interest received from deposits	56,100	47,860
Net interest on derivatives	(383,051)	(474,182)
Cash inflows from provision of standby facilities	1,551	1,496
Payments to suppliers and employees	(15,730)	(10,877)
Net cash flows from operating activities 32	(2,094,100)	(4,175,038)
Cash flows from investing activities		
Purchase of marketable securities	(1,008,422)	(233,720)
(Purchase)/maturity of deposits	200,470	(525,977)
Net cash flows from investing activities	(807,952)	(759,698)
Cash flows from financing activities		
Cash inflows from bonds issued 15,16	5,014,063	3,958,755
Cash outflows from bond maturities 15, 16	(2,719,000)	-
Cash inflows (outflows) from bills issued 15, 16	(118,711)	623,761
Cash inflows (outflows) from bond repurchases	283,303	(71,584)
Cash inflows from borrower notes	158,273	114,288
Dividends paid	(1,843)	(1,713)
Cash applied to derivatives	138,086	558,616
Net cash flows from financing activities	2,754,171	5,182,123
Net increase / (decrease) in cash	(147,881)	247,388
Foreign exchange gains / (losses) on cash balances	1	-
Net cash flows from all activities	(147,880)	247,388
Cash, cash equivalents at beginning of year	473,609	226,222
Cash, cash equivalents at end of year	325,728	473,609

These statements are to be read in conjunction with the notes to the financial statements.

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# Notes to the financial statements

# 1. Reporting entity

The New Zealand Local Government Funding Agency Limited (LGFA) is a company registered under the Companies Act 1993 and is subject to the requirements of the Local Government Act 2002.

LGFA is controlled by participating local authorities and is a council-controlled trading organisation as defined under section 6 of the Local Government Act 2002. LGFA is a limited liability company incorporated and domiciled in New Zealand.

The primary objective of LGFA is to optimise the debt funding terms and conditions for participating borrowers.

The registered address of LGFA is Level 11, City Chambers, 142 Featherston Street, Wellington Central, Wellington 6011.

The financial statements are as at and for the year ended 30 June 2025.

These financial statements were authorised for issue by the Directors on 28 August 2025.

## 2. Statement of compliance

LGFA is an FMC reporting entity under the Financial Markets Conduct Act 2013 (FMCA). These financial statements have been prepared in accordance with that Act and the Financial Reporting Act 2013. LGFA's bonds are quoted on the NZX Debt Market.

LGFA is a profit orientated entity as defined under the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP) and they comply with NZ IFRS and other applicable Financial Reporting Standard, as appropriate for Tier 1 for-profit entities. The financial statements also comply with International Financial Reporting Standards (IFRS).

# 3. Basis of preparation

#### **MEASUREMENT BASE**

The financial statements have been prepared on a historical cost basis modified by the revaluation of certain assets and liabilities.

The financial statements are prepared on an accrual basis.

#### **FUNCTIONAL AND PRESENTATION CURRENCY**

The financial statements are presented in New Zealand dollars rounded to the nearest thousand, unless separately identified. The functional currency of LGFA is New Zealand dollars.

#### **FOREIGN CURRENCY CONVERSIONS**

Transactions denominated in foreign currency are translated into New Zealand dollars using exchange rates applied on the trade date of the transaction.

# **CHANGES IN ACCOUNTING POLICIES**

There have been no changes to accounting policies.

### **EARLY ADOPTION STANDARDS AND INTERPRETATIONS**

LGFA has not early adopted any standards.

# STANDARDS NOT YET ADOPTED

LGFA does not consider any standards or interpretations in issue but not yet effective to have a significant impact on its financial statements. This includes NZ IFRS 18 Presentation and Disclosure in Financial Statements.

#### **FINANCIAL INSTRUMENTS**

#### **Financial assets**

Financial assets, other than derivatives, are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method.

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Cash and cash equivalents include cash on hand, bank accounts and deposits with an original maturity of no more than three months.

Cash provided by LGFA as security for financial arrangements remains a financial asset of LGFA and is recognised as cash pledged as collateral in the Statement of Financial Position, separate from cash and cash equivalents.

Purchases and sales of all financial assets are accounted for at trade date.

At each balance date, an expected credit loss assessment is performed for all financial assets and is calculated as either:

- Credit losses that may arise from default events that are possible within the next 12 months, where no significant increase in credit risk has arisen since acquisition of the asset, or
- Credit losses that may arise from default events that are possible over the expected life of the financial asset, where a significant increase in credit risk has arisen since acquisition of the asset.

Impairment losses on financial assets will ordinarily be recognised on initial recognition as a 12-month expected loss allowance and move to a lifetime expected loss allowance if there is a significant deterioration in credit risk since acquisition.

#### **Financial liabilities**

Financial liabilities, other than derivatives, are recognised initially at fair value less transaction costs and subsequently measured at either:

- · Amortised cost and subsequently measured at amortised cost using the effective interest rate method; or
- Fair value through income statement (FVTIS).

Financial liabilities are classified as FVTIS if they are derivative financial liabilities or if LGFA chooses to classify financial liabilities as FVTIS if the use of the classification removes or significantly reduces an accounting mismatch. This classification includes debt issues that are designated at FVTIS where LGFA has economically hedged the foreign exchange and interest rate risk using derivatives, but hedge account is not applied. Any such classification is made on the date of initial recognition and is irrevocable.

Purchases and sales of all financial liabilities are accounted for at trade date.

### **OTHER ASSETS**

# Property, plant and equipment

Items of property, plant and equipment are initially recorded at cost.

Depreciation is charged on a straight-line basis at rates calculated to allocate the cost or valuation of an item of property, plant and equipment, less any estimated residual value, over its remaining useful life.

# **OTHER LIABILITIES**

# **Employee entitlements**

Employee entitlements to salaries and wages, annual leave and other similar benefits are recognised in the profit and loss when they accrue to employees.

#### **REVENUE**

### Interest income

Interest income is accrued using the effective interest rate method.

The effective interest rate exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this rate to the principal outstanding to determine interest income each period.

# **EXPENSES**

Expenses are recognised in the period to which they relate.

#### Interest expense

Interest expense is accrued using the effective interest rate method.

The effective interest rate exactly discounts estimated future cash payments through the expected life of the financial liability to that liability's net carrying amount. The method applies this rate to the principal outstanding to determine interest expense each period.

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#### Approved issuer levy

Approved Issuer Levy is a function of securities held by offshore holders of certain LGFA bond maturities.

#### Income tax

LGFA is exempt from income tax under Section 14 of the Local Government Borrowing Act 2011.

#### Goods and services tax

All items in the financial statements are presented exclusive of goods and service tax (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 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 a net operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

#### **SEGMENT REPORTING**

LGFA operates in one segment being funding of participating borrowers in New Zealand.

#### **JUDGEMENTS AND ESTIMATIONS**

The preparation of these financial statements requires judgements, estimates and assumptions that affect the application of policies and reported amounts. For example, the fair value of financial instruments depends critically on judgements regarding future cash flows, including inflation assumptions and the risk-free discount rate.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates and these estimates and underlying assumptions are reviewed on an ongoing basis. Where these judgements significantly affect the amounts recognised in the financial statements they are described in the following notes.

# Revenue and expenditure

# 4. Net interest income

For the year ended 30 June 2025 in \$000s	2025	2024
Interest income		
Cash and cash equivalents	27,668	24,314
Cash pledged as collateral	6,171	9,189
Marketable securities	99,965	62,356
Deposits	47,014	41,124
Derivatives	-	-
Loans	1,086,285	1,076,276
Total interest income	1,267,103	1,213,259
Interest expense		
Bills	84,790	55,627
Bond repurchase transactions	9,832	10,279
Lease liability	-	17
Derivatives	249,784	445,499
Bonds	862,245	660,065
Borrower notes	25,676	22,323
Total interest expense	1,232,327	1,193,809
Net interest income	34,776	19,450

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# 5. Other operating income

As at 30 June 2025, LGFA had provided standby facilities totalling \$867 million (2024: \$747 million) to selected councils. As at balance date, there were no drawdowns outstanding under the facilities.

For the year ended 30 June 2025 in \$000s	2025	2024
Standby facilities fee income	1,551	1,494
Total other operating income	1,551	1,494

# 6. Operating expenses

Issuance and on-lending expenses are those costs that are incurred as a necessary expense to facilitate the ongoing issuance of LGFA debt securities.

For the year ended 30 June 2025 in \$000s	2025	2024
Issuance & onlending expenses		
Approved issuer levy <sup>1</sup>	5,392	1,982
Rating agency fees	811	697
NZDM facility fee	937	1,500
Legal fees - issuance	1,262	824
NZX	768	800
Trustee fees	119	116
Regulatory, registry, other fees	435	365
	9,724	6,284
Other operating expenses		
Information technology	922	739
Consultants	348	322
Directors fees	553	496
Insurance	107	103
Legal fees	242	108
Other expenses	662	496
Auditors' remuneration		
Statutory audit	180	131
Assurance services <sup>2</sup>	30	-
Personnel	3,885	3,074
	6,929	5,469
Total operating expenses	16,653	11,753

<sup>1.</sup> The amount of Approved Issuer Levy is a function of securities held by offshore holders of certain LGFA bond maturities.

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<sup>2.</sup> KPMG was engaged to provide a comfort letter addressed to LGFA, the Arranger and the Dealers relating to the contents of the EMTN Programme Offering Circular.

# **Financial instruments**

# 7. Financial instruments accounting policy

Financial instruments recognised in the statement of financial position at amortised cost.

Fair values of financial instruments not recognised in the statement of financial position at fair value are determined for note disclosure as follows:

# CASH AND BANK, TRADE AND OTHER RECEIVABLES, TRADE AND OTHER PAYABLES

The carrying value of cash and bank, trade and other receivables, trade and other payables approximate their fair value as they are short-term instruments.

# **CASH PLEDGED AS COLLATERAL**

LGFA enters derivative financial instruments for hedging purpose which may require LGFA to post collateral as security with counterparties.

In line with standard industry practice, collateral is provided for derivative transactions in accordance with the terms set out in the relevant Credit Support Annex. LGFA's practice is to annex each CSA to the International Swaps and Derivatives Association (ISDA) Master Agreement it has with derivative counterparties.

LGFA is required to pledge cash deposits at call to meet its obligations under the CSAs for derivative positions. The pledged assets will be returned to LGFA when the underlying transaction is terminated, but in the event of default the counterparty is entitled to apply the collateral to settle the outstanding liability.

#### MARKETABLE SECURITIES AND BONDS

The fair value of bonds and marketable securities are determined using the quoted price for the instrument.

#### **DEPOSITS**

The fair value for deposits is determined using a discounted cash flow analysis. The interest rates used to discount the estimated cash flows are based on current market interest rates.

#### **LOANS**

The fair value of loans is determined using a discounted cash flow analysis. The interest rates used to discount the estimated cash flows are based on LGFA bond yields at the reporting date plus an appropriate credit spread to reflect the counterparty's credit risk.

#### LEASES

The lease liability is recognised at the present value of the remaining lease payments, discounted using LGFA's incremental borrowing rate, with the corresponding right-of-use asset recognised as an equal amount.

### **BORROWER NOTES**

The fair value of borrower notes is determined using a discounted cash flow analysis. The interest rates used to discount the estimated cash flows are based on LGFA bond yields at the reporting date.

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# FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The following table shows the fair value of financial assets and financial liabilities, together with the carrying amounts shown in the statement of financial position.

As at 30 June 2025 in \$000s	Financial liabilities at amortised cost	Financial liabilities at fair value through income statement	Financial assets at amortised cost	Financial assets measured at fair value in accordance with NZ IFRS 9	Fair value
Financial assets					
Receivables	-	-	2,973	-	2,973
Cash and bank balances	-	-	325,728	-	325,728
Cash pledged as collateral	-	-	187,836	-	187,836
Marketable securities	-	-	2,458,427	-	2,501,062
Deposits	-	-	578,878	-	579,011
Derivatives	-	-	-	255,271	255,271
Loans	-	-	22,657,300	-	23,227,171
	-	-	26,211,142	255,271	27,079,052
Financial liabilities					
Payables and provisions	6,414	-	-	-	6,414
Bond repurchases	341,756	-	-	-	341,756
Derivatives	-	-	-	1,067,121	1,067,121
Bills	992,159	-	-	-	992,340
ECP	-	613,077	-	-	613,077
Bonds	22,653,537	-	-	-	22,492,491
Borrower notes	669,030	-	-	-	662,582
	24,662,896	613,077	-	1,067,121	26,175,781

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As at 30 June 2024 in \$000s	Financial liabilities at amortised cost	Financial liabilities at fair value through income statement	Financial assets at amortised cost	Financial assets measured at fair value in accordance with NZ IFRS 9	Fair value
Financial assets					
Receivables	-	-	378	-	378
Cash and bank balances	-	-	473,609	-	473,609
Cash pledged as collateral	-	-	251,605	-	251,605
Marketable securities	-	-	1,397,045	-	1,407,237
Deposits	-	-	718,493	-	719,223
Derivatives	-	-	-	116,090	116,090
Loans	-	-	20,549,350	-	20,915,910
	-	-	23,390,480	116,090	23,884,052
Financial liabilities					
Payables and provisions	9,609	-	-	-	9,609
Bond repurchases	58,302	-	-	-	58,302
Derivatives	-	-	-	1,526,526	1,526,526
Bills	911,386	-	-	-	911,396
ECP	-	815,175	-	-	815,175
Bonds	19,579,121	-	-	-	19,909,342
Borrower notes	492,614	-	-	-	480,434
	21,051,032	815,175	-	1,526,526	23,710,784

#### 8. Derivative financial instruments

LGFA use three different types of derivatives financial instruments: interest rate swaps, cross currency interest rate swaps and foreign exchange transactions (spot and forward).

Derivative financial instruments are recognised in the statement of financial position at fair value. Derivatives are categorised as following:

- Derivatives designated into hedge accounting relationships to minimise profit or loss volatility by matching movements in underlying positions relating to hedges of the LGFA's exposures to interest rate risk and currency risk.
- Derivatives designated to manage risks that are not in a designated hedge accounting relationship. Derivative financial instruments are valued under level 2 of the following hierarchy.
- Level 1 Quoted market prices: Fair value based on quoted prices in active markets for identical assets or liabilities.
- Level 2 Valuation techniques using observable market inputs: Fair value based on a valuation technique using other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3 Valuation techniques using significant non-observable market inputs: Fair value based on a valuation technique using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of derivative financial instruments is determined using a discounted cash flow analysis. Interest rates represent the most significant assumption used in valuing derivative financial instruments. The interest rates used to discount estimated cash flows are based on the New Zealand dollar swap curves at the reporting date.

Treatment of any fair value gains or losses depends on whether the derivative is designated as a hedging instrument. If the derivative is not designated as a hedging instrument, the remeasurement gain or loss is recognised immediately in the Consolidated income statement.

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# 9. Hedge accounting

LGFA uses derivatives to establish economic hedges to manage its interest rate and foreign exchange risk. LGFA's risk management strategy with respect to hedge accounting is to minimise income statement volatility.

Hedge accounting is implemented to manage the following risks:

- Interest rate risk due to a mismatch between fixed and floating interest rates on assets and liabilities; and
- Combined risk on assets or liabilities with interest rate risk that are denominated in currencies other than New Zealand dollars.

LGFA enters cross-currency interest rate swaps to hedge the foreign currency and foreign interest rate risks on issued foreign currency bonds. Using the cross-currency interest rate swaps, LGFA will pay New Zealand Dollar floating interest rates and receive foreign currency fixed interest with coupon payments matching the underlying notes.

LGFA designated the foreign currency bonds and cross-currency interest rate swaps into three-part hedging relationships for each issue:

- a fair value hedge of foreign currency benchmark interest rates,
- a cash flow hedge of margin, and
- a cash flow hedge of the principal exchange.

#### **FAIR VALUE HEDGE**

Under a fair value hedge, the hedged item is revalued at fair value in respect of the hedged risk. This revaluation is recognised in the Consolidated income statement to offset the mark-to-market revaluation of the hedging derivative, except for any adjustment on the hedging derivative relating to credit risk.

#### **CASH FLOW HEDGE**

Under a cash flow hedge, the effective portion of gains or losses from remeasuring the fair value of the hedging instrument is recognised in Other comprehensive income and accumulated in the cash flow hedge reserve. Accumulated gains or losses are subsequently transferred to the Consolidated income statement when the hedged item affects the Income statement, or when the hedged item is a forecast transaction that is no longer expected to occur.

Any future gains or losses will be processed through the hedge equity reserves as long as the existing cash flow hedge relationships remain effective.

A reconciliation of the cash flow reserve is shown in the following table:

	2025	2024
Opening balance at 1 July	5,535	-
Changes in cash flow hedges	(6,476)	5,536
Closing balance at 30 June	(941)	5,536

# **COST OF HEDGING**

The cost of hedging reserve captures changes in the fair value of the cost to convert foreign currency to NZD of LGFA's cross currency interest rate swaps on the foreign currency bonds.

A reconciliation of movements in the cost of hedging reserve is shown in the table below:

	2025	2024
Opening balance at 1 July	(6,531)	-
Change in currency basis spreads	(2,079)	(6,531)
Closing balance at 30 June	(8,610)	(6,531)

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# **HEDGING INSTRUMENTS**

	Life to date values as at 30 June 2025 Carrying amount of the hedging instrument				
\$'000	Nominal amount of hedging instrument	Asset / (liability)	Change in value for hedge ineffectiveness		
Fair value hedges					
Interest rate swaps – NZD bonds hedge	14,618,000	(897,105)	417,919		
Interest rate swaps – loans hedge	1,365,026	(12,096)	10,322		
Interest rate swaps – marketable securities hedge	1,489,022	6,209	18,526		
Fair value and cash flow hedges					
Fair value hedges – foreign currency	AUD 3,450,000 CHF 220,000 EUR 500,000 USD 500,000	87,924	(128,631)		
Cash flow hedges – foreign currency	NZD 6,002,398		940		

	Life to date values as at 30 June 2024				
	mount of the hedging instrument				
\$'000	Nominal amount of hedging instrument Asset / (liability)		Change in value for hedge ineffectiveness		
Fair value hedges					
Interest rate swaps – NZD bonds hedge	15,228,000	(1,007,019)	(1,007,019)		
Interest rate swaps – loans hedge	700,200	25,510	25,510		
Interest rate swaps - marketable securities hedge	611,480	5,917	5,917		
Fair value and cash flow hedges					
Fair value hedges - foreign currency	AUD 2,650,000	(6,381)	(6,381)		
Cash flow hedges – foreign currency	NZD 2,861,000	35,271	35,271		

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Year to date values recognised during the year to 30 June 2025					
	Hedge ef	fectiveness in re	eserves	Hedge effectiveness	Hedge effectiveness
\$'000	Cost of hedging reserve	Cash flow hedge (OCI)	Cash flow hedge reclassified to income statement	Fair value hedge recognised in Income statement	Recognised in Income Statement
Fair value hedges					
Interest rate swaps – NZD bonds hedge	-	-	-	1,424,938	-
Interest rate swaps – loans hedge	-	-	-	(15,188)	-
Interest rate swaps – marketable securities hedge	-	-	-	12,609	-
Fair value and cash flow hedges					
Fair value hedges – foreign currency	-	-	-	122,250	
Cash flow hedges - foreign currency	2,079	6,477	78,050	-	1,719

	Year to date values recognised during the year ended 30 June 2024				lune 2024
	Hedge ef	ffectiveness in re	eserves	Hedge effectiveness	Hedge effectiveness
\$'000	Cost of hedging reserve	Cash flow hedge (OCI)	Cash flow hedge reclassified to income statement	Fair value hedge recognised in Income statement	Recognised in Income Statement
Fair value hedges					
Interest rate swaps – NZD bonds hedge	-	-	-	333,352	-
Interest rate swaps – loans hedge	-	-	-	(12,340)	-
Interest rate swaps - marketable securities hedge	-	-	-	(16,956)	-
Fair value and cash flow hedges					
Fair value hedges – foreign currency	-	-	-	6,381	-
Cash flow hedges - foreign currency	6,531	(5,536)	(34,497)	-	(859)

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# 10. Offsetting

NZ IAS 32: Financial Instruments Presentation allows financial assets and liabilities to be offset only when there is a current legally enforceable right to set off the amounts and there is an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

LGFA does not offset any amounts.

The following table shows the amounts subject to an enforceable master netting arrangement or similar agreement that are not offset in the statement of financial position.

As at 30 June 2025 in \$000s	Derivative assets	Derivative liabilities
Gross amounts	255,271	1,067,121
Amounts offset	-	-
Carrying amounts	255,271	(255,271)
Amounts that don't qualify for offsetting	-	-
Financial assets & liabilities	(255,271)	(255,271)
Collateral	-	(187,836)
Net amount	-	624,014

As at 30 June 2024 in \$000s	Derivative assets	Derivative liabilities
Gross amounts	116,090	1,526,526
Amounts offset	-	-
Carrying amounts	116,090	(116,090)
Amounts that don't qualify for offsetting	-	-
Financial assets & liabilities	(116,090)	(116,090)
Collateral	-	(251,605)
Net amount	-	1,158,831

# 11. Receivables

As at 30 June 2025 in \$000s	2025	2024
Bond repurchases to be received	-	-
Borrower notes to be received	-	-
Trade debtors	2,973	378
Total receivables	2,973	378

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# 12. Loans

As at 30 June 2025 in \$000s	2025		2024	
	Short-term loans	Loans	Short-term loans	Loans
Ashburton District Council	20,044	124,440	12,062	119,743
Auckland Council	48,672	3,111,545	-	3,655,028
Bay of Plenty Regional Council	117,701	224,766	50,506	219,044
Buller District Council	9,909	10,018	-	20,037
Canterbury Regional Council	-	96,421	5,085	92,416
Carterton District Council	-	27,279	-	24,839
Central Hawkes Bay District Council	-	49,434	5,132	39,401
Central Otago District Council	5,038	45,618	5,019	30,450
Christchurch City Council	-	2,749,479	-	2,511,678
Clutha District Council	15,522	130,327	11,585	108,398
Dunedin City Treasury	-	443,747	-	293,104
Far North District Council	35,204	120,785	32,703	90,518
Far North Holdings Ltd	49,036	26,521	-	-
Gisborne District Council	9,920	185,413	-	174,991
Gore District Council	8,534	49,873	8,554	46,998
Greater Wellington Regional Council	-	1,021,955	-	941,217
Grey District Council	3,971	31,768	3,972	28,807
Hamilton City Council	101,343	922,069	-	950,852
Hastings District Council	18,974	456,568	-	397,160
Hauraki District Council	-	141,000	-	101,092
Hawkes Bay Regional Council	-	115,630	-	110,708
Horizons Regional Council	9,952	69,472	9,906	62,026
Horowhenua District Council	14,054	227,539	21,199	182,674
Hurunui District Council	14,079	73,632	10,067	57,666
Hutt City Council	-	577,424	-	515,520
Infrastructure Holdings Ltd	9,994	109,297	9,989	104,463
Invercargill City Council	28,187	126,432	47,502	104,262
Invercargill City Holdings Ltd	-	-	48,252	48,403
Kaikoura District Council	-	7,354	-	7,374
Kaipara District Council	-	44,314	-	54,639
Kapiti Coast District Council	-	367,751	-	323,722
Kawerau District Council	-	6,058	-	4,051
Mackenzie District Council	4,016	19,255	4,040	16,257
Manawatu District Council	11,594	93,445	13,014	83,139
Marlborough District Council	14,606	230,935	14,694	190,067
Masterton District Council	-	66,918	-	63,357
Matamata-Piako District Council	-	85,673	-	66,201



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As at 30 June 2025 in \$000s	2025		2024	
	Short-term loans	Loans	Short-term loans	Loans
Napier City Council	-	65,572	-	20,191
Nelson City Council	-	266,619	-	262,320
New Plymouth District Council	-	357,122	10,117	293,577
Northland Regional Council	6,883	59,605	-	24,741
Opotiki District Council	4,102	10,588	-	12,595
Otago Regional Council	42,767	132,638	35,739	104,122
Otorohanga District Council	10,123	2,019	9,110	-
Palmerston North City Council	-	305,995	-	273,466
Porirua City Council	-	362,827	-	269,807
Queenstown Lakes District Council	88,141	619,296	76,334	575,080
Rangitikei District Council	10,037	44,385	-	44,358
Rotorua District Council	-	472,652	1,889	448,948
Ruapehu District Council	10,039	54,191	8,050	50,214
Selwyn District Council	40,375	256,744	20,035	166,778
South Taranaki District Council	-	137,017	-	140,634
South Waikato District Council	-	50,369	-	44,469
Southland District Council	-	92,384	-	36,153
Southland Regional Council	-	7,003	-	-
South Wairarapa District Council	17,125	11,565	8,190	27,166
Stratford District Council	-	38,927	-	36,908
Taranaki Regional Council	-	57,934	-	31,780
Tararua District Council	-	80,621	-	69,986
Tasman District Council	31,537	317,397	25,379	325,787
Taupo District Council	-	200,203	-	165,543
Tauranga City Council	4,840	1,272,492	-	1,050,800
Thames-Coromandel District Council	-	91,729	-	84,003
Timaru District Council	39,727	212,425	19,340	202,822
Timaru District Holdings Ltd	9,316	-	-	-
Upper Hutt City Council	-	216,098	-	180,900
Waikato District Council	14,621	221,629	-	207,254
Waikato Regional Council	10,042	39,323	-	32,384
Waimakariri District Council	-	221,613	-	202,169
Waimate District Council	-	5,035	-	3,541
Waipa District Council	63,492	341,285	15,009	313,011
Wairoa District Council	-	9,624	-	11,100
Waitaki District Council	1,997	71,474	7,483	64,158
Waitomo District Council	6,024	27,165	6,103	27,246
Wellington City Council	-	1,843,472	-	1,595,914

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As at 30 June 2025 in \$000s	025 in \$000s 2025		20:	24
	Short-term loans	Loans	Short-term loans	Loans
West Coast Regional Council	2,991	21,234	2,986	14,715
Western Bay Of Plenty District Council	15,109	161,226	10,009	106,249
Westland District Council	3,928	35,051	4,713	32,666
Westland Holdings Ltd	-	-	-	-
Whakatane District Council	-	178,821	6,011	149,114
Whanganui District Council	7,551	196,538	7,560	176,878
Whangarei District Council	48,915	246,882	9,922	257,756
Fair value hedge adjustment	-	10,322	-	(25,510)
	1,040,033	21,617,267	597,260	19,952,095

Short-terms loans are loans that have a term to maturity of less than 12 months at origination. Loans have a term to maturity of 12 months or greater at origination. As at 30 June 2025, all short term loans and \$2,836 million of loans will mature within 12 months.

#### 13. Other assets

As at 30 June 2025 in \$000s	2025	2024
Prepayments	980	987
Furniture and Fixtures	105	-
Right-of-use lease asset	254	258
Total other assets	1,339	1,245

#### 14. Payables and provisions

As at 30 June 2025 in \$000s	2025	2024
Loans to be advanced	-	8,190
Trade creditors	5,909	1,038
Credit provision	301	249
Other provisions	204	132
Total payables	6,414	9,609

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#### 15. Debt securities issued at amortised cost

As at 30 June 2025 in \$000s	Face Value	Unamortised premium	Accrued interest	Fair value hedge adjustment	Total
NZD Fixed interest bonds					
15 April 2026	2,602,097	(33,254)	8,212		2,577,055
15 April 2027	2,321,000	29,456	21,973		2,372,429
15 May 2028	1,693,000	(57,147)	4,865		1,640,718
20 April 2029	1,992,000	(90,984)	5,878		1,906,894
15 May 2030	2,110,000	(38,228)	12,127		2,083,899
15 May 2031	2,195,000	(206,372)	6,308		1,994,936
14 May 2032	850,000	(5,841)	4,989		849,148
14 April 2033	1,835,000	(26,924)	13,687		1,821,763
15 May 2035	640,000	(38,955)	2,452		603,497
15 April 2037	1,230,000	(155,661)	5,175		1,079,514
Fair value hedge adjustment				(418,101)	(418,101)
Foreign Currency Fixed interest bonds & EMTN	17,468,097	(623,910)	85,666	(418,101)	16,511,752
8 September 2027 (AUD)	1,077,202	(1,914)	14,812		1,090,100
20 March 2028 (USD)	823,927	(1,150)	9,513		832,290
1 August 2028 (AUD)	1,077,202	(1,874)	20,979		1,096,307
1 April 2030 (EUR)	965,354	(1,504)	6,919		970,769
28 November 2030 (AUD)	700,181	(2,034)	3,299		701,446
2 April 2032 (CHF)	453,667	(1,328)	873		453,212
8 March 2034 (AUD)	861,762	(6,197)	13,465		869,030
Fair value hedge adjustment				128,631	128,631
	5,959,295	(16,001)	69,860	128,631	6,141,785
Total Fixed interest bonds NZD Bills	23,427,392	(639,911)	155,526	(289,470)	22,653,537
16 July 2025	331,000	-	(459)		330,541
30 July 2025	250,000	-	(744)		249,256
6 August 2025	25,000	-	(84)		24,916
13 August 2025	30,000	-	(119)		29,881
20 August 2025	20,000	-	(91)		19,909
27 August 2025	105,000	-	(520)		104,480
3 September 2025	77,000	-	(459)		76,541
8 September 2025	25,000	-	(157)		24,843
18 September 2025	48,000	-	(349)		47,651
25 September 2025	40,000	-	(311)		39,689
5 November 2025	25,000	-	(282)		24,718
27 November 2025	15,000	-	(197)		14,803
3 December 2025	5,000	-	(69)		4,931
Total NZD Bills	996,000	-	(3,841)	-	992,159
Total debt securities issued at amortised cost	24,423,392	(639,911)	151,685	(289,470)	23,645,696

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Audited as at 30 June 2024 in \$000s	ا Face Value	Jnamortised premium	Accrued interest	Fair value hedge adjustment	Total
NZD Fixed interest bonds					
15 April 2025	2,719,000	(23,467)	15,731		2,711,264
15 April 2026	2,755,000	(73,596)	8,694		2,690,098
15 April 2027	2,261,000	46,176	21,405		2,328,581
15 May 2028	1,653,000	(72,604)	4,750		1,585,146
20 April 2029	1,932,000	(103,640)	5,701		1,834,061
15 May 2030	1,660,000	(45,881)	9,321		1,623,439
15 May 2031	2,095,000	(222,442)	6,020		1,878,578
14 April 2033	1,605,000	(6,347)	11,972		1,610,625
15 May 2035	550,000	(27,458)	2,107		524,649
15 April 2037	960,000	(84,540)	4,039		879,499
Fair value hedge adjustment				(1,007,019)	(1,007,019)
	18,190,000	(613,800)	89,741	(1,007,019)	16,658,921
AUD Fixed interest bonds					
8 September 2027	546,456	(1,140)	7,514		552,830
1 August 2028	1,092,912	(3,193)	21,309		1,111,028
28 November 2030	710,393	(1,560)	3,347		712,180
8 March 2034	546,456	(4,451)	8,538		550,543
Fair value hedge adjustment				(6,381)	(6,381)
	0.006.017	(10.011)	40.700	(6.004)	
	2,896,217	(10,344)	40,708	(6,381)	2,920,200
Total Fixed interest bonds	21,086,217	(624,144)	130,449	(1,013,400)	2,920,200 19,579,121
Total Fixed interest bonds NZD Bills					
NZD Bills	21,086,217	(624,144)	130,449		19,579,121
NZD Bills 5 July 2024	<b>21,086,217</b> 25,000	(624,144)	<b>130,449</b> (15)		<b>19,579,121</b> 24,985
<b>NZD Bills</b> 5 July 2024 12 July 2024	21,086,217 25,000 130,000	(624,144)	(15) (171)		19,579,121 24,985 129,829
NZD Bills 5 July 2024 12 July 2024 19 July 2024	21,086,217 25,000 130,000 190,000	(624,144)	(15) (171) (489)		19,579,121 24,985 129,829 189,511
NZD Bills 5 July 2024 12 July 2024 19 July 2024 1 August 2024	21,086,217 25,000 130,000 190,000 55,000	(624,144)	(15) (171) (489) (252)		19,579,121 24,985 129,829 189,511 54,748
NZD Bills 5 July 2024 12 July 2024 19 July 2024 1 August 2024 7 August 2024	21,086,217 25,000 130,000 190,000 55,000 40,000	(624,144)	(15) (171) (489) (252) (225)		19,579,121 24,985 129,829 189,511 54,748 39,775
NZD Bills 5 July 2024 12 July 2024 19 July 2024 1 August 2024 7 August 2024 16 August 2024	25,000 130,000 190,000 55,000 40,000	(624,144)	(15) (171) (489) (252) (225) (338)		24,985 129,829 189,511 54,748 39,775 49,662
NZD Bills  5 July 2024  12 July 2024  19 July 2024  1 August 2024  7 August 2024  16 August 2024  29 August 2024	21,086,217 25,000 130,000 190,000 55,000 40,000 50,000 20,000	(624,144)	(15) (171) (489) (252) (225) (338) (181)		19,579,121 24,985 129,829 189,511 54,748 39,775 49,662 19,819
NZD Bills  5 July 2024  12 July 2024  19 July 2024  1 August 2024  7 August 2024  16 August 2024  29 August 2024  6 September 2024	25,000 130,000 190,000 55,000 40,000 50,000 75,000	(624,144)	(15) (171) (489) (252) (225) (338) (181) (749)		24,985 129,829 189,511 54,748 39,775 49,662 19,819 74,251
NZD Bills  5 July 2024  12 July 2024  19 July 2024  1 August 2024  7 August 2024  16 August 2024  29 August 2024  6 September 2024  18 September 2024	21,086,217 25,000 130,000 190,000 55,000 40,000 50,000 20,000 75,000 55,000	(624,144)	(15) (171) (489) (252) (225) (338) (181) (749) (659)		19,579,121 24,985 129,829 189,511 54,748 39,775 49,662 19,819 74,251 54,341
NZD Bills  5 July 2024  12 July 2024  19 July 2024  1 August 2024  7 August 2024  16 August 2024  29 August 2024  6 September 2024  18 September 2024  26 September 2024	25,000 130,000 190,000 55,000 40,000 20,000 75,000 55,000 50,000	(624,144)	(15) (171) (489) (252) (225) (338) (181) (749) (659) (666)		24,985 129,829 189,511 54,748 39,775 49,662 19,819 74,251 54,341 49,334
NZD Bills  5 July 2024  12 July 2024  19 July 2024  1 August 2024  7 August 2024  16 August 2024  29 August 2024  6 September 2024  18 September 2024  20 Cotober 2024	21,086,217  25,000  130,000  190,000  55,000  40,000  20,000  75,000  55,000  50,000  25,000	(624,144)	(15) (171) (489) (252) (225) (338) (181) (749) (659) (666) (348)		19,579,121 24,985 129,829 189,511 54,748 39,775 49,662 19,819 74,251 54,341 49,334 24,652
NZD Bills  5 July 2024  12 July 2024  19 July 2024  1 August 2024  7 August 2024  16 August 2024  29 August 2024  6 September 2024  18 September 2024  20 September 2024  2 October 2024  7 October 2024	21,086,217  25,000  130,000  190,000  55,000  40,000  20,000  75,000  50,000  25,000  40,000	(624,144)	(15) (171) (489) (252) (225) (338) (181) (749) (659) (666) (348) (587)		19,579,121  24,985  129,829  189,511  54,748  39,775  49,662  19,819  74,251  54,341  49,334  24,652  39,413
NZD Bills  5 July 2024  12 July 2024  19 July 2024  1 August 2024  7 August 2024  16 August 2024  29 August 2024  6 September 2024  18 September 2024  20 September 2024  2 October 2024  7 October 2024  6 November 2024	21,086,217  25,000  130,000  190,000  55,000  40,000  75,000  50,000  50,000  40,000  25,000  40,000  25,000	(624,144)	(15) (171) (489) (252) (225) (338) (181) (749) (659) (666) (348) (587) (481)		19,579,121 24,985 129,829 189,511 54,748 39,775 49,662 19,819 74,251 54,341 49,334 24,652 39,413 24,519
NZD Bills  5 July 2024  12 July 2024  19 July 2024  1 August 2024  7 August 2024  16 August 2024  29 August 2024  6 September 2024  18 September 2024  20 Ctober 2024  7 October 2024  6 November 2024  4 December 2024	21,086,217  25,000  130,000  190,000  55,000  40,000  75,000  55,000  40,000  25,000  40,000  25,000  55,000	(624,144)	(15) (171) (489) (252) (225) (338) (181) (749) (659) (666) (348) (587) (481) (1,292)		19,579,121  24,985 129,829 189,511 54,748 39,775 49,662 19,819 74,251 54,341 49,334 24,652 39,413 24,519 53,708

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#### 16. Debt securities issued at fair value through income statement

As at 30 June 2025 in \$000s	Face Value	Unamortised premium	Accrued interest	Fair value adjustment	Total
Euro Commercial Paper	614,538		(1,693)	232	613,077

As at 30 June 2024 in \$000s	ا Face Value	Jnamortised premium		Fair value adjustment	Total
Euro Commercial Paper	835,052	-	(14,303)	(5,574)	815,175

#### 17. Treasury stock and bond repurchases

Periodically, LGFA subscribes for LGFA bonds as part of its tender process and holds these bonds as treasury stock. LGFA bonds held by LGFA as treasury stock are derecognised at the time of issue and no liability is recognised in the statement of financial position. As at 30 June 2025, \$1,300 million of LFGA bonds had been subscribed as treasury stock (2024: \$1,100 million).

LGFA makes treasury stock bonds available to banks authorised as its tender counterparties to borrow under short-term repurchase transactions. The objective of the bond lending facility is to assist with improving secondary market liquidity in LGFA bonds. Bonds lent to counterparties are disclosed as a separate stock lending liability on the face of the statement of financial position.

As at 30 June 2025 in \$000s	2025	2024
15 April 2026	-	-
15 April 2027	-	-
15 May 2028	5,769	-
20 April 2029	-	-
15 May 2030	112,942	58,302
15 May 2031	-	-
14 May 2032	132,314	-
14 April 2033	25,928	-
15 May 2035	-	-
15 April 2037	64,803	-
	341,756	58,302

#### 18. Borrower notes

Borrower notes are subordinated debt instruments which are required to be held by each local authority that borrows from LGFA in an amount equal to a fixed percentage of the aggregate borrowings by that local authority. The fixed percentage is 5% for loans issued from 1 July 2024. Prior to this date, the fixed percentage was 2.5% for loans issued from 1 July 2020, and 1.6% for loans issued prior to this date.

LGFA may convert borrower notes into redeemable shares if it has made calls for all unpaid capital to be paid in full and the LGFA Board determines it is still at risk of imminent default.

#### 19. Other liabilities

As at 30 June 2025 in \$000s	2025	2024
Lease liability	255	258
Accruals	2,618	1,633
Total other liabilities	2,873	1,891

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#### 20. Operating leases

As at 30 June 2025 in \$000s	2025	2024
Less than one year	8	127
Between one and five years	197	131
Greater than five years	50	-
Total non-cancellable operating leases	255	258

#### Risk management

#### 21. Financial risk management

The Board of Directors has overall responsibility for carrying out the business of LGFA in accordance with risk management policies, including those relating to investing, lending, borrowing and treasury activities. The use of financial instruments exposes LGFA to financial risks, the most significant being market risk, credit risk, and liquidity risk. The exposure and management of these risks is outlined below.

#### 22. Market risk

Market risk is the risk that changes in market prices will affect LGFA's income or value of financial instruments. The most significant market risk which LGFA is exposed to is interest rate risk. LGFA has no significant unhedged exposure to foreign exchange risk and a 10% increase or decrease in the exchange rate, with all other variables held constant, would have minimal impact on profit and equity reserves of LGFA.

#### 23. Interest rate risk

Interest rate risk is the risk that future cash flows or the fair value of financial instruments will decrease because of a change in market interest rates. LGFA is exposed to interest rate risk through its interest-bearing financial assets and liabilities.

Interest rate risk is managed using Value at Risk (VaR) and Partial Differential Hedge (PDH) limits to mitigate the potential change in value of the balance sheet due to changes in interest rates. PDH risk measures the sensitivity of a portfolio to a one basis point change in underlying interest rates, whereas VaR measures the expected loss for a given period with a given confidence.

The following table indicates the earliest period in which the interest-bearing financial instruments reprice.

As at 30 June 2025 in \$000s	Face value	Less than 6 months	6 months- 1 year	1-2 years	2-5 years	Over 5 years
Financial assets						
Cash and bank Balances	325,728	325,728	-	-	-	-
Marketable securities	2,459,831	892,125	154,650	525,096	692,960	195,000
Deposits	764,493	714,493	50,000	-	-	-
Loans	22,508,207	17,282,842	805,385	822,837	2,722,274	874,869
Financial liabilities						
Bills	(996,000)	(996,000)	-	-	-	-
ECP	(614,538)	(614,538)	-	-	-	-
Bond repurchases	(341,553)	(341,553)	-	-	-	-
Derivatives	-	(17,790,649)	1,967,000	1,119,982	7,150,141	7,553,526
Bonds	(23,427,392)	-	(2,602,097)	(2,321,000)	(9,738,685)	(8,765,610)
Borrower notes	(611,420)	(466,374)	(11,308)	(20,523)	(82,577)	(30,638)
Total	67,356	(993,927)	363,630	126,392	744,113	(172,853)

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As at 30 June 2024 in \$000s	Face value	Less than 6 months	6 months- 1 year	1-2 years	2-5 years	Over 5 years
Financial assets						
Cash and bank Balances	473,609	473,609	-	-	-	-
Marketable securities	1,426,042	708,426	38,930	195,742	422,944	60,000
Deposits	718,493	618,493	100,000	-	-	-
Loans	20,380,577	16,130,830	395,029	512,967	2,318,894	1,022,858
Financial liabilities						
Bills	(920,000)	(920,000)	-	-	-	-
ECP	(835,052)	(835,052)				
Bond repurchases	(58,249)	(58,249)	-	-	-	-
Derivatives	-	(16,842,390)	2,361,000	2,103,500	5,454,770	6,923,120
Bonds	(20,840,000)	-	(2,719,000)	(2,755,000)	(7,346,000)	(8,020,000)
Borrower notes	(453,103)	(353,829)	(7,716)	(11,938)	(55,175)	(24,446)
Total	(107,683)	(1,078,162)	168,243	45,271	795,433	(38,468)

#### INTEREST RATE SENSITIVITY

Changes in interest rates impact the fair value of fixed rate assets and liabilities, cash flows on floating rate assets and liabilities, and the fair value and cash flows of interest rate swaps. A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss and equity by the amounts shown in the following table. This analysis assumes that all other variables remain constant.

For the year ended 30 June 2025 in \$000s	2025		2024	
	P&L	Equity	P&L	Equity
Fair value sensitivity analysis				
100bps increase	1,184	4,287	376	(1,351)
100bps decrease	(1,203)	(4,520)	(372)	1,355

#### 24. Credit risk

Credit risk is the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations. LGFA is exposed to credit risk through its lending and investing activities.

Credit risk associated with lending activities is managed by requiring local authorities that borrow from LGFA to meet specific credit lending criteria and to provide security against the borrowing. The LGFA's credit risk framework restricts credit exposures to specific counterparties.

Credit risk associated with investing activities, excluding on-lending, is managed by only investing with New Zealand Government Agencies or counterparties that meet a minimum credit rating of A (Standard & Poor's equivalent). The LGFA's credit risk framework limits concentrations of credit risk for any single counterparty.

Credit risk for derivatives is managed under International Swaps and Derivatives Association (ISDA) agreements, which include provisions such as netting and collateral arrangements to mitigate counterparty risk.

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#### **EXPOSURE TO CREDIT RISK**

LGFA monitors the concentration of credit risk by the type of counterparty. The following table shows the carrying value and maximum exposure to credit risk at the reporting date, before taking account of collateral or other credit enhancements, for significant counterparty types.

As at 30 June 2025 in \$000s	NZ government agencies	NZ local authorities	NZ registered banks	Other counter- parties	FV hedge adjustment	Total carrying value
Financial assets						
Receivables	-	-	-	2,973	-	2,973
Cash and bank balances	325,098		630			325,728
Cash pledged as collateral	-	-	187,836	-	-	187,836
Marketable securities	730,484	68,470	1,139,772	501,175	18,526	2,458,427
Deposits			578,878	-		578,878
Derivatives	38,958	-	116,157	100,156	-	255,271
Loans	-	22,646,978	-	-	10,322	22,657,300
	1,094,540	22,715,448	2,023,273	604,304	28,848	26,466,413

As at 30 June 2024 in \$000s	NZ government agencies	NZ local authorities	NZ registered banks	Other counter- parties	FV hedge adjustment	Total carrying value
Financial assets						
Receivables	-		-	378		378
Cash and bank balances	470,054	-	3,556	-		473,609
Cash pledged as collateral	-		251,605			251,605
Marketable securities	90,557	4,973	310,218	997,212	(5,917)	1,397,043
Deposits	-	-	701,894	16,599		718,493
Derivatives	(1,151,829)	-	(258,607)	-	-	(1,410,436)
Loans	-	20,574,861	-	-	(25,510)	20,549,350
	(591,218)	20,579,834	1,008,666	1,014,189	(31,427)	21,980,043

#### **COLLATERAL AND CREDIT ENHANCEMENTS**

LGFA holds collateral against borrowings from local authorities in the form of debenture securities and guarantees.

#### **CREDIT QUALITY OF FINANCIAL ASSETS**

All financial assets are neither past due nor impaired. The carrying value of the financial assets is expected to be recoverable.

#### 25. Liquidity risk

Liquidity risk is the risk that LGFA will encounter difficulty in meeting the obligations of its financial liabilities. LGFA manages liquidity risk by holding cash and a portfolio of liquid assets to meet obligations when they fall due. LGFA is required by policy to maintain sufficient liquidity (comprising a committed liquidity facility and holdings of cash and liquid investments) to meet all operating and funding commitments over a rolling 12-month period.

The Treasury (New Zealand Debt Management) provides a committed liquidity facility that LGFA can draw upon to meet any exceptional and temporary liquidity shortfall. As at 30 June 2025, the undrawn committed liquidity facility was \$750 million (2024: \$1,500 million). The facility is due to expire in December 2031.

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#### 26. Contractual cash flows of financial instruments.

The following table shows the contractual cash flows associated with financial assets and liabilities.

As at 30 June 2025 in \$000s	On demand	Up to 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	Total contractual cash flows	Total carrying value
Financial assets							
Receivables	2,973	-	-	-	-	2,973	2,973
Cash and bank balances	325,728	-	-	-	-	325,728	325,728
Cash pledged as collateral	187,836	-	-	-	-	187,836	187,836
Marketable securities	-	295,407	306,865	1,853,457	205,110	2,660,839	2,458,428
Deposits	-	350,473	233,622	-	-	584,095	578,878
Loans	-	962,672	3,802,395	16,703,202	4,422,368	25,890,637	22,657,300
Financial liabilities							
Payables and provisions	(6,414)	-	-	-	-	(6,414)	(6,414)
Bills	-	(951,000)	(45,000)	-	-	(996,000)	(992,159)
ECP	-	(565,103)	(49,436)	-	-	(614,538)	(613,083)
Bond repurchases	-	(341,765)	-	-	-	(341,765)	(341,756)
Bonds	-	(87,550)	(3,218,110)	(14,198,405)	(9,549,657)	(27,053,722)	(22,653,537)
Borrower notes	-	(5,564)	(74,284)	(505,669)	(174,754)	(760,271)	(669,030)
Derivatives	-	(93,481)	(42,760)	(397,974)	(265,205)	(799,420)	(811,850)
	510,123	(435,909)	913,291	3,454,612	(5,362,138)	(920,021)	123,319

As at 30 June 2024 in \$000s	On demand	Up to 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	Total contractual cash flows	Total carrying value
Financial assets							
Receivables	378	-	-	-	-	378	378
Cash and bank balances	473,609	-	-	-	-	473,609	473,609
Cash pledged as collateral	251,605	-	-	-	-	251,605	251,605
Marketable securities	-	240,165	291,490	955,751	61,800	1,549,207	1,397,045
Deposits	-	208,790	526,414	-	-	735,204	718,493
Loans	-	900,617	3,289,336	14,976,059	5,956,294	25,122,306	20,549,350
Financial liabilities							
Payables and provisions	(9,609)	-	-	-	-	(9,609)	(9,609)
Bills	-	(690,000)	(230,000)	-	-	(920,000)	(911,386)
ECP	-	(331,870)	(483,306)	-	-	(815,175)	(815,175)
Bond repurchases	-	(58,362)	-	-	-	(58,362)	(58,302)
Bonds	-	(36,694)	(3,361,528)	(11,966,381)	(8,848,775)	(24,213,378)	(19,579,121)
Borrower notes	-	(4,741)	(52,232)	(350,211)	(188,464)	(595,648)	(492,614)
Derivatives	-	(214,117)	(290,108)	(1,317,951)	(745,798)	(2,567,974)	(1,410,436)
	715,983	13,788	(309,934)	2,297,268	(3,764,943)	(1,047,838)	113,837

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#### **Capital and dividends**

#### 27. Share capital

As at 30 June 2025, LGFA had 45 million ordinary shares on issue, 20 million of which remain uncalled. All ordinary shares rank equally with one vote attached to each ordinary share. Ordinary shares have a face value of \$1 per share.

#### 28. Shareholder information

Registered holders of equity securities	As at 30 June	2025	As at 30 June	2024
Minister of Finance and Minister for				
Local Government	5,000,000	11.1%	5,000,000	11.1%
Auckland Council	3,731,960	8.3%	3,731,960	8.3%
Christchurch City Council	3,731,960	8.3%	3,731,960	8.3%
Hamilton City Council	3,731,960	8.3%	3,731,960	8.3%
Bay of Plenty Regional Council	3,731,958	8.3%	3,731,958	8.3%
Greater Wellington Regional Council	3,731,958	8.3%	3,731,958	8.3%
Tasman District Council	3,731,958	8.3%	3,731,958	8.3%
Tauranga City Council	3,731,958	8.3%	3,731,958	8.3%
Wellington City Council	3,731,958	8.3%	3,731,958	8.3%
Western Bay of Plenty District Council	3,731,958	8.3%	3,731,958	8.3%
Whangarei District Council	1,492,784	3.3%	1,492,784	3.3%
Hastings District Council	746,392	1.7%	746,392	1.7%
Marlborough District Council	400,000	0.9%	400,000	0.9%
Selwyn District Council	373,196	0.8%	373,196	0.8%
Gisborne District Council	200,000	0.4%	200,000	0.4%
Hauraki District Council	200,000	0.4%	200,000	0.4%
Horowhenua District Council	200,000	0.4%	200,000	0.4%
Hutt City Council	200,000	0.4%	200,000	0.4%
Kapiti Coast District Council	200,000	0.4%	200,000	0.4%
Manawatu District Council	200,000	0.4%	200,000	0.4%
Masterton District Council	200,000	0.4%	200,000	0.4%
New Plymouth District Council	200,000	0.4%	200,000	0.4%
Otorohanga District Council	200,000	0.4%	200,000	0.4%
Palmerston North District Council	200,000	0.4%	200,000	0.4%
South Taranaki District Council	200,000	0.4%	200,000	0.4%
Taupo District Council	200,000	0.4%	200,000	0.4%
Thames - Coromandel District Council	200,000	0.4%	200,000	0.4%
Waimakariri District Council	200,000	0.4%	200,000	0.4%
Waipa District Council	200,000	0.4%	200,000	0.4%
Whakatane District Council	200,000	0.4%	200,000	0.4%
Whanganui District Council	200,000	0.4%	200,000	0.4%
	45,000,000	100%	45,000,000	100%

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#### 29. Capital management

LGFA's capital is equity, which comprises share capital and retained earnings. The objective of managing LGFA's equity is to ensure LGFA achieves its goals and objectives for which it has been established, whilst remaining a going concern.

#### 30. Dividend

LGFA paid a dividend of \$1,842,500 on 2 September 2024, being \$0.0737 per paid up share (2024: \$1,712,500 on 1 September 2023 being \$0.0685 per paid up share).

#### 31. Capital commitments

As at 30 June 2025, there are no capital commitments.

#### Other notes

#### 32. Reconciliation of net profit to net cash flow from operating activities

For the year ended 30 June 2025 in \$000s	2025	2024
Net profit/(loss) for the period	18,994	10,050
Cash applied to loans	(2,119,168)	(4,174,912)
Non-cash adjustments		
Financial instrument amortisation	6,189	(11,053)
Working capital movements	(115)	876
Net Cash From Operating Activities	(2,094,100)	(4,175,038)

#### 33. Contingencies

There are no contingent liabilities at balance date.

#### 34. Related parties

#### **IDENTITY OF RELATED PARTIES**

LGFA is related to the local authorities set out in the Shareholder Information in Note 28.

LGFA operates under an annual Statement of Intent that sets out the intentions and expectations for LGFA's operations and lending to participating borrowers.

Shareholding local authorities, and non-shareholder local authorities who borrow more than \$20 million, are required to enter a guarantee when they join or participate in LGFA. The guarantee is in respect of the payment obligations of other guaranteeing local authorities to the LGFA (cross guarantee) and of the LGFA itself.

#### **RELATED PARTY TRANSACTIONS**

LGFA was established for the purpose of raising funds from the market to lend to participating borrowers. The lending to individual councils is disclosed in Note 12, and interest income recognised on this lending is shown in the statement of comprehensive income.

The purchase of LGFA borrower notes by participating borrowers. Refer Note 18.

The Treasury (New Zealand Debt Management) provides LGFA with a committed credit facility and is a derivatives counterparty.

#### TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Salaries (2) \$1,413,300 (2024: \$1,151,293)

Fees paid to directors are disclosed in operating expenses in Note 6.

#### 35. Subsequent events

On 28 August 2025, the Directors of LGFA declared a dividend of \$1,675,500 (\$0.0670 per paid up share). Subsequent to balance date, LGFA has issued bonds of NZD 200 million.

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# INDEPENDENT AUDITOR'S REPORT TO THE READERS OF NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY LIMITED'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2025

The Auditor-General is the auditor of New Zealand Local Government Funding Agency Limited (the Company). The Auditor-General has appointed me, David Gates, using the staff and resources of KPMG, to carry out the audit of the financial statements and the performance information of the Company on his behalf.

#### **Opinion**

We have audited the financial statements of the Company on pages 44 to 70, that comprise the statement of financial position as at 30 June 2025, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information and the performance information of the Company for the year ended 30 June 2025 on pages 38 to 43.

In our opinion:

- the financial statements present fairly, in all material respects the financial position of the Company as at 30 June 2025 and its financial performance and its cash flows for the year then ended in accordance with generally accepted accounting practice in New Zealand in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS); and
- the performance information accurately reports, in all material respects, the Company's actual performance compared against the performance targets and other measures by which the Company's performance can be judged in relation to the Company's objectives in its statement of intent, and has been prepared, in all material respects, in accordance with section 68 of the Local Government Act 2002 (the Act).

#### **Basis for our opinion**

We conducted our audit 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. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements and the performance information section of our report. We are independent of the Company 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) issued by the New Zealand Auditing and Assurance Standards Board, as applicable to audits of public interest entities. We have also fulfilled our other ethical 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.

For the year ended 30 June 2025 and subsequently, the Chair of the Audit and Risk Committee of the Company is a member of the Auditor-General's Audit and Risk Committee. The Auditor-General's Audit and Risk Committee is regulated by a Charter that specifies that it should not assume any management functions. There are appropriate safeguards to reduce any threat to auditor independence, as a member of the Auditor-General's Audit and Risk Committee (when acting in this capacity) has no involvement in, or influence over, the audit of the Company.

In addition to the audit we have carried out engagements in the areas of limited assurance over greenhouse gas emissions and provided a comfort letter in relation to the Company's offshore funding programme, which are compatible with those independence requirements. Other than the audit and these engagements, and the relationship with the Auditor-General's Audit and Risk Committee, we have no relationship with or interests in the Company.

### Emphasis of Matter – Inherent uncertainties in the measurement of greenhouse gas emissions

The Company has chosen to include a measure of its greenhouse gas (GHG) emissions in its performance information. Without modifying our opinion and considering the public interest in climate change related

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information, we draw attention to page 42 of the annual report, which outlines the uncertainty in the reported GHG emissions. Quantifying GHG emissions is subject to inherent uncertainty because the scientific knowledge and methodologies to determine the emissions factors and processes to calculate or estimate quantities of GHG sources are still evolving, as are GHG reporting and assurance standards.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements and the performance information of the current period. These matters were addressed in the context of our audit of the financial statements and the performance information as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Description of key audit matter

#### Existence and impairment of loans

Refer to Note 12 to the Financial Statements.

The loans LGFA has provided to local government make up over 82% of total assets. The loans are recognised at amortised cost and the nature of the counterparties is such that we do not consider these loans to be at high risk of significant misstatement. However, based on their materiality, and the judgement involved in assessing the credit worthiness of counterparties they are considered to be the area which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit.

#### How we addressed this matter

Our audit procedures included:

- performing a walkthrough to understand the processes and controls LGFA has in place to assess borrowers and to record loan transactions.
- agreeing the 30 June 2025 loan balances to external confirmations received from NZ Clear.
- assessing the borrowers' compliance with financial covenants.

We did not identify material differences in relation to the existence or impairment of loans.

#### Application of hedge accounting

Refer to Notes 8 and 9 of the Financial Statements.

LGFA enters into derivatives (interest rate swaps and, beginning in FY24, cross currency interest rate swaps) to manage interest rate risk and foreign exchange risk related to issuing fixed rate borrowings (NZD and AUD), fixed rate loans and investing in fixed rate securities.

Hedge accounting is applied where specific requirements are met around documentation of the hedge relationship and the relationship is demonstrated as being an effective hedge. Hedge accounting is complex, particularly in the area of whether the requirements (both initial and ongoing) for its application are met. Should the requirements for hedge accounting not be met, LGFA could experience significant volatility in the Statement of Comprehensive Income from changes in the fair value of the derivatives.

Our audit procedures included:

- reviewing LGFA's accounting policies related to financial instruments.
- agreeing the terms of the derivatives to the confirmation provided by the derivative counterparty.
- ensuring the hedge documentation supporting the application of hedge accounting was in accordance with NZ IFRS 9.
- using our treasury valuation specialists we:
  - independently recalculated the fair value of all of the derivatives recorded by LGFA; and
  - evaluated the hedge effectiveness of the derivatives including independently modelling the future changes in value of these instruments to assess whether the underlying derivatives were effective.
  - ensuring the disclosures made in the financial statements were appropriate.

We did not identify material differences in relation to the application of hedge accounting.

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#### **Other Information**

The Board of Directors is responsible for the other information. The other information comprises all of the information included in the annual report other than the financial statements and the performance information, and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the 2025 LGFA Climate-Related Disclosures, which is expected to be made available to us after that date.

Our opinion on the financial statements and the performance information does 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 financial statements and the performance information, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, 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.

When we read the 2025 LGFA Climate-Related Disclosures, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors.

### Responsibilities of the Board of Directors for the financial statements and the performance information

The Board of Directors is responsible on behalf of the Company for the preparation and fair presentation of financial statements in accordance with generally accepted accounting practice in New Zealand in accordance with NZ IFRS and IFRS. The Board of Directors is also responsible for the preparation of the performance information in accordance with the Act. The Board of Directors is responsible for such internal control as it determines is necessary to enable the preparation of financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board of Directors is responsible on behalf of the Company for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Local Government Act 2002 and the Financial Markets Conduct Act 2013.

### Auditor's responsibilities for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of readers, taken on the basis of these financial statements and the performance information.

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. We also:

• Identify and assess the risks of material misstatement of the financial statements and the performance 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.

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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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability 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 financial statements and the performance information 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Evaluate the overall presentation, structure and content of the performance information, including the
  disclosures, and assess whether the performance information achieves it's statutory purpose of enabling the
  Company's readers to judge the actual performance of the Company against its objectives in its statement
  of intent.

We communicate with the Board of Directors 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.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements and performance information of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Our responsibilities arise from the Public Audit Act 2001.

**David Gates** 

KPMG

On behalf of the Auditor-General Wellington, New Zealand 28 August 2025

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# Other disclosures He whākitanga anō

#### **Donations**

A donation of \$4,000 was made to Kauri 2000 for the year ended 30 June 2025.

#### **Net Tangible Assets**

Net tangible assets per \$1,000 of listed bonds as at 30 June 2025 is \$5.20 (2024: \$5.12).

#### **Earnings per security**

Earnings per \$1,000 of bonds on issue as at 30 June 2025 is \$0.81 (2024: \$0.46).

#### Amount per security of final dividends

Not applicable

#### **Spread of Quoted Security Holders NZD Bonds**

Holding Range	Holder Count	Holder Count %	Holding Quantity NZD 000's	Holding Quantity %
10,000 to 49,999	394	49%	9,096	0.06
50,000 to 99,999	120	15%	7,568	0.07
100,000 to 499,999	156	19%	30,495	0.25
500,000 to 999,999	27	3%	18,178	0.11
1,000,000 or more	108	13%	18,702,760	99.51
Total	805	100%	18,768,097	100.00

#### Top 20 bondholders across all NZD bonds

As at 30 June 2025	Total NZD 000's
HSBC Nominees (New Zealand) Limited O/A Euroclear Bank	3,749,966
Bank of New Zealand	1,946,020
ANZ Bank New Zealand Limited	1,746,855
BNP Paribas Nominees (NZ) Limited	1,899,033
HSBC Nominees (New Zealand) Limited	1,269,941
Westpac New Zealand Limited	1,057,777
TEA Custodians Limited Client Property Trust Account	871,545
ASB Bank Limited	738,400
Reserve Bank of New Zealand	732,000
HSBC Nominees (New Zealand) Limited A/C State Street	361,620
Westpac Banking Corporate NZ Financial Markets Group	353,520
Citibank Nominees (New Zealand) Limited	309,786
ANZ Fixed Interest Fund	264,960
Kiwibank Limited	255,000
FNZ Custodians Limited	210,406
ANZ Custodial Services New Zealand Limited	204,951
Hong Kong and Shanghai Banking Corporation Limited	187,550
Custodial Services Limited	187,484
Forsyth Barr Custodians Limited	168,193
ANZ Wholesale NZ Fixed Interest Fund	108,030

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## **Directory**

# Rārangi tauwaea

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#### **General enquiries**

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#### Wellington

Registered office

Level 11

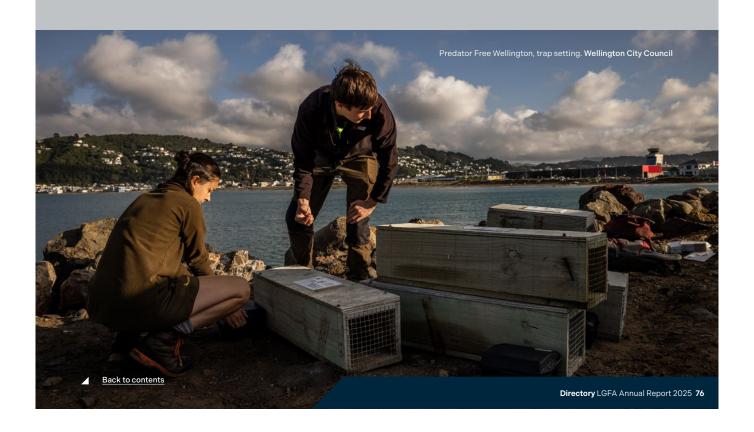
City Chambers
142 Featherston Street
Wellington 6011
(entrance on Johnston Street)

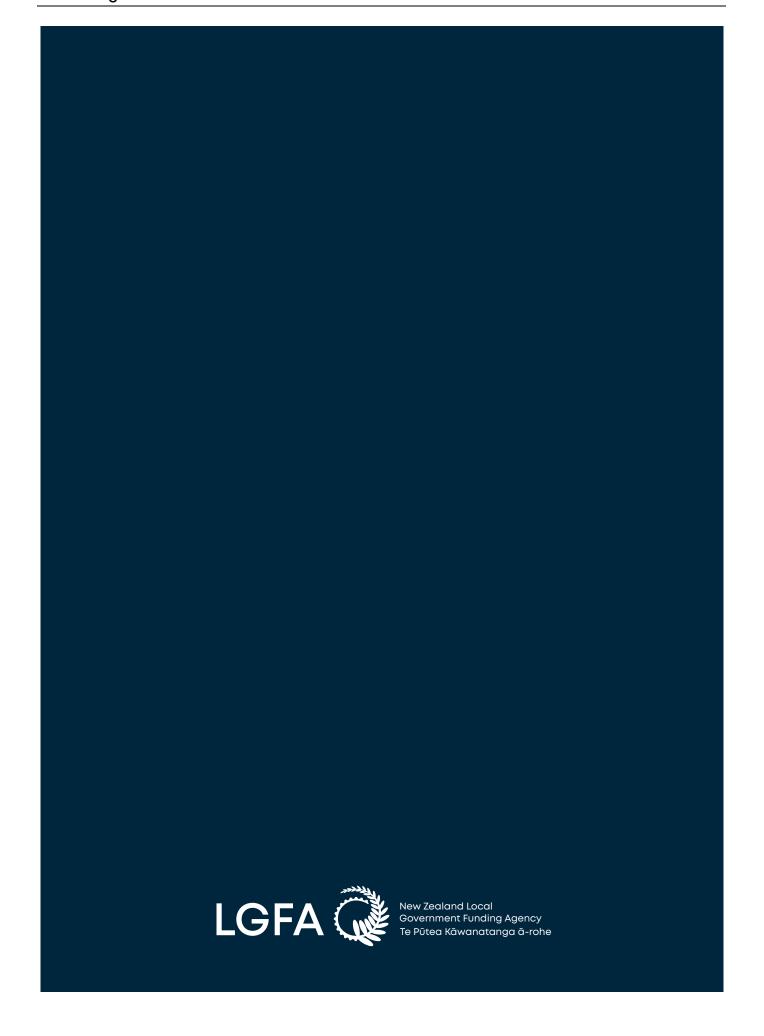
#### **Auckland**

Level 7 The Shortland Centre 55 Shortland Street Auckland 1010



Chancery St





# 10.5 FINANCIAL CONTRIBUTION WAIVER FOR ONE ADDITIONAL DWELLING ON MĀORI LAND - 9 WAIPA ROAD, TE PUNA

File Number: A7055006

Author: Anna Price, Principal Planner

Authoriser: Alison Curtis, General Manager Regulatory Services

#### **EXECUTIVE SUMMARY**

This report sets out a request for a Financial Contribution (FINCO) waiver for a resource consent application at 9 Waipa Road (RC14852L) for one additional dwelling on Māori land. The waiver is sought under Council's existing Financial Contributions Policy (2025/26) framework however approval is requested as the waiver relates to an exception to the adopted 2025/2026 Fees and Charges FINCO Reduction Policy.

#### RECOMMENDATION

- That the Principal Planner's report dated 16 December 2025 titled 'Financial Contribution Waiver for one additional dwelling on Māori Land – 9 Waipa Road, Te Puna', be received.
- That the report relates to an issue that is considered to be of low significance in terms of Council's Significance and Engagement Policy.
- 3. That Council approves:
  - A) Option A for a waiver of financial contributions for one additional dwelling on Māori land for Resource Consent Application at 9 Waipa Road (RC14852L).

Or

B) Option B - Status Quo - No Financial Contribution waiver provided for application of one additional dwelling at 9 Waipa Road, (RC14852L).

#### **BACKGROUND**

- Council have received a resource consent application for an additional dwelling on Māori land at 9 Waipa Road, Te Puna. The site contains 8 existing dwellings across three separate parcels which form one Record of Title. Those existing dwellings have been consented and previously paid financial contributions (FINCO's).
- 2. The applicant has requested to Council a 100% waiver of the FINCO's set under the Resource Consent. The total financial contribution required under the resource consent for 9 Waipa Road for one additional dwelling in the rural zone is 1HHE being \$34,126 + GST.

#### <u>Current Financial Contribution Reduction Policy</u>

3. Within the 2025/2026 Schedule of Fees and Charges for financial contributions, adopted through the Annual Plan 2025/2026 process, Council has adopted a FINCO reduction for Papakāinga and Community Housing. The FINCO reduction provides for a 100% reduction in FINCOs for applications for developments of two or more dwellings on Māori land, over and above the base charge of one Household Equivalent (HHE), for applications up to a maximum of 10 dwellings.

- 4. Applications for one additional dwelling on Māori land does not meet the policy requirement for applications for two or more additional dwellings.
- 5. Council's practice has historically applied this waiver to both group papakāinga developments (applications for two or more dwellings on Māori land) and in a cumulative, site-based manner for single dwelling applications. This is where consideration has been given to other consented dwellings which have already paid FINCO's on the site.
- 6. Council have also recently approved a one household equivalent Financial Contribution be payable for every 10 dwellings constructed under Resource Consent RC14084L. (Item 13.1, resolution CL24-6.24) for Tawhitinui Papakāinga, Old Highway, Whakamarama.

#### Councils' ability to provide further reduction to FINCOs

7. Within the Financial Contributions explanatory note, the District Plan at chapter 11 states:

"Council is aware that financial contributions may cumulatively impact on the community because the levy(s) may be so high as to act as a disincentive to growth. Whilst Council's funding policy is based on cost recovery, there needs to be flexibility to cater for situations where the pursuit of such policy is clearly not in the wider community interest and where application of the funding policy is shown not to be fair or reasonable in particular circumstances....

.....Challenges of a philosophical nature need to be directed to Council as a matter of policy (such as an affordable housing development) ... and on the latter to approach the appropriate policy committee of Council".

- 8. This gives Council the power to consider further case by case reductions to FINCO's on a philosophical basis.
- 9. In assessing whether to reduce or waive any financial contributions, Council can also consider the quantum of the contribution and the communities ability to pay. Further, for additional dwellings on Māori Land, consideration must also be given to the size and cost of the dwelling/s being constructed with regard to the recreation and leisure financial contributions.

#### **Applicant Request**

10. Appropriate delegation approval is required for applying the FINCO waiver to applications for one additional dwelling on Māori land (where a FINCO has already been paid for the first dwelling) as it constitutes a variation from the adopted policy schedule within the 2025/2026 Fees and Charges.

11. The applicant has requested a 100% waiver of the FINCO's set under the Resource Consent. The financial contribution waiver being sought is set out below:

Total	\$34,126 + GST
Ecological	\$501 + GST
Recreation and Open Space	\$6,920 + GST
Water (Central)	\$9,091 + GST
Transportation (District Wide)	\$2,884 + GST
Rural Roading	\$14,730 + GST

12. Te Haumi (Council's Kaupapa Māori Team) have confirmed that applying the waiver to resource consent applications for one additional dwelling on Māori land (where a FINCO has already been paid for the first dwelling) is consistent with the policy's kaupapa and previous Council decisions. It supports Council's strategic commitment to enable housing outcomes for Māori landowners and avoids inconsistent application across similar papakāinga developments.

#### **Financial Implications**

- 13. While Council assesses and charges FINCO's for Papakāinga, and minor dwellings, our FINCO modelling, and projections do not currently include any allocation for these activities. In practice, this means that FINCO income from Papakāinga and minor dwellings is not income that Council is anticipating and is not accounted for in our projections or costings essentially FINCO's from Papakāinga is unanticipated income for Council.
- 14. Further, as Māori Land is rated in the same way as General Land, additional dwellings on a Māori Land block would increase the capital value of that block and in turn increase the rates assessment, meaning that additional unanticipated income would also be generated on the completion of additional dwellings on Māori Land.

#### SIGNIFICANCE AND ENGAGEMENT

15. The Local Government Act 2002 requires a formal assessment of the significance of matters and decision in this report against Council's Significance and Engagement Policy. In making this formal assessment there is no intention to assess the importance of this item to individuals, groups, or agencies within the community

and it is acknowledged that all reports have a high degree of importance to those affected by Council decisions.

- 16. The Policy requires Council and its communities to identify the degree of significance attached to particular issues, proposals, assets, decisions, and activities.
- 17. In terms of the Significance and Engagement Policy this decision is considered to be of low significance because although there may be some degree of public interest in the decision, the decision is in line with Council's adopted strategic priorities and there are little to no financial implications for the community.

#### **ENGAGEMENT, CONSULTATION AND COMMUNICATION**

Interested/Affected Parties	Completed/Planned Engagement/Consultation/Communication			
Tangata Whenua	Engagement has been ongoing with the resource consent applicant.	peu	Sompleted	
General Public	N/A	Planned	Comp	

#### **ISSUES AND OPTIONS ASSESSMENT**

- 18. The extent to which the following comparisons of options are completed depends on the significance and complexity of the decision as assessed above.
- 19. If the nature or circumstances of the decision are such that there can be no options and a Council decision is required (e.g. prescribed by legislative requirement / emergency situation) delete Options Assessment tables and use Table 2 describing the circumstances of the decision and why there is no need to consider options.

#### Option A

Apply Financial Contribution waiver for one additional dwelling on Māori land for resource consent application at 9 Waipa Road (RC14852L).

# Assessment of advantages and disadvantages including impact on each of the four well-beings

- Economic
- Social
- Cultural
- Environmental

#### **Advantages**

- Aligns with Council's Strategic Priorities
- Recognises the special nature and benefits of Papakāinga development for Māori
- Strengthens relationships with Tangata
   Whenua

	<ul> <li>Supports development of needed housing in our District</li> <li>Disadvantages</li> <li>Less unanticipated FINCO income collected.</li> </ul>
	<ul> <li>Applicant would be required to pay FINCOs of \$34,126 + GST using funds which would otherwise support development of housing for tangata whenua</li> </ul>
	Not an exact fit with current Financial Contribution Schedule wording;
Costs (including present and future costs, direct, indirect and contingent costs).	No cost implications for Council
Status Quo - No Financial Contributio	tion B  n waiver provided for application of one t 9 Waipa Road, Te Puna
Assessment of advantages and disadvantages including impact on each of the four well-beings  • Economic  • Social  • Cultural  • Environmental	<ul> <li>Advantages</li> <li>Council will receive some nonforecasted income if the papakāinga is able to proceed</li> <li>In line with Council policy</li> <li>Disadvantages</li> </ul>
	<ul> <li>Does not recognise the special nature of papakāinga and circumstances that tāngata whenua are facing</li> <li>May exclude deserving applications,</li> <li>Equity/reputational risks to Council</li> <li>Undercuts enabling objectives</li> </ul>
Costs (including present and future costs, direct, indirect and contingent costs).	No cost implications for Council

#### STATUTORY COMPLIANCE

20. Council is required under section 80 of the Local Government Act 2002 to consider whether the decision it intends to make is significantly inconsistent with any of its policies. If so, when making the decision, Council needs to clearly identify the inconsistency, the reasons for the inconsistency and whether or not it intends to alter the policy to accommodate the decision.

21. A decision to provide further reduction to FINCO's is inconsistent with the FINCO reduction approach adopted through the Annual Plan 2024/2025. However, the District Plan does allow for Council to consider case by case reductions to FINCO's on a philosophical basis. This is to allow Council to address the specific set of challenges or challenges that an applicant is facing to enable housing, outlined above, and to continue to grow authentic Te Tiriti relationships, in accordance with Council's Strategic Priorities.

#### **FUNDING/BUDGET IMPLICATIONS**

22. If the reduction is granted, there will be no budget or funding implications.

Budget Funding Information	Relevant Detail
No budget implications	As included in report above.

#### **ATTACHMENTS**

1. 2025-2026 Financial Contribution Schedule J



All Financial Contributions exclude GST

# **Financial contributions**

## Financial contributions are included in the fees and charges for information only and become effective on 1 July 2025.

Financial Contributions are established based on the policy and methodology as presented in our District Plan in accordance with the Resource Management Act 1991.

They may change in response to the capital works identified to be carried out as part of the Long Term Plan/Annual Plan.

Our District Plan contains the original infrastructure schedules used for calculating financial contributions. These are updated annually through the LongTerm Plan/Annual Plan with respect to costs and time only and are presented below.

As the process for setting financial contributions is established in our District Plan and Long Term Plan, submissions through the Annual Plan public consultation process are limited to the quantum of the financial contributions as set through the costs and timing of the construction of the various infrastructure.

#### Per additional lot (\$) 2025/26

2025/20		
Water		
Western		4,891
Central		9,091
Eastern		15,021
Wastewater		
Waihī Beach		24,413
Katikati		24,454
Ōmokoroa		19,000
Te Puke		14,529
Maketu/Little Waihi		11,265
Stormwater		
Waihī Beach		24,479
Katikati		16,025
Ōmokoroa	17,492	
Te Puke	10,986	
Ecological		
Ecological		501
Recreation and Open Spaces		
Recreation and Open Spaces		6,920
Transportation		
Margaret Place Extension	per lot	18,150
Access to Access to Ōmokoroa Developments	per lot	28,714
Limited  (formarly Fiducia area)		
(formerly Fiducia area)  Ōmokoroa Southern Industrial Area	per 100m <sup>2</sup>	4422
District-wide	per lot	4,123
2.300000	periot	2,884

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#### All Financial Contributions exclude GST

Per additional lot without District-wide transportation 2025/26 (\$) Per additional lot including District-wide transportation 2025/26 (\$)

	2025/26 (\$)	2025/26 (\$)
Urban Roading		
Waihī Beach	1,612	4,496
Katikati	11,150	14,034
Ōmokoroa	31,215	34,099
Te Puke	2,904	5,788
Rural Roading		
Katikati - Waihī Beach Ward	14,730	17,614
Kaimai Ward	14,730	17,614
Maketu – Te Puke Ward	14,730	17,614

2025/26 (\$)

		-0-0/-0 (+/
Rangiuru Park		
(see District Plan – Appendix 7)		
Transportation	per m²	88.40
Water Supply	per m²	23.36
Wastewater	per m²	44.27
Stormwater	per m²	44.03
Recreation and open spaces	per m <sup>2</sup>	2.19

2025/26 (\$)

Notes

		/ - (1)					
Industrial zone - Ōmokoroa							
The financial contributions are cate	hment/area or activity specific and should l	be confirmed with	Council				
Transportation	per 100m <sup>2</sup> of lot size	4,123	per 100m <sup>2</sup> of lot size				
(Ōmokoroa Southern Industrial							
area)							
Water Supply (Central)	for 20mm connection or based on	9,091	for 20mm connection or				
	connection size		based on connection size				
Wastewater (Ōmokoroa)	per HHE	19,000	1 HHE is equal to a lot size or				
			grass floor area				
Stormwater (Ōmokoroa)	per HHE	17,492	1 HHE is equal to 300m <sup>2</sup> of				
			development land				

#### Notes

Commercial/commercial Transition zones				
Transportation (catchment dependent)	Specific activities only			
Water supply (catchment dependent)	Or based on connection size			
Wastewater (catchment dependent)	Or 1 HHE is equal to a lot size or gross floor area of 600m <sup>2</sup>			
Stormwater (catchment dependent)	Or 1 HHE is equal to 300m <sup>2</sup> of development land			
Recreation and leisure (dwellings/accommodation)				
Post harvest zone				

The financial contributions are site specific and should be discussed with Council staff.

#### Te Puke industrial and Te Puke West industrial

There is a separate financial contribution model for the Te Puke industrial area. To be confirmed with Council on application.

#### Katikati industrial

There is a separate financial contribution model for the Katikati industrial area. To be confirmed with Council on application and the confirmed with Council on application of the confirmed with Council on the confirmed with Council on application of the confirmed with Council on the confirmed with Council on the Council on the confirmed with Council on the council on the confirmed with Council on the council of the council on the council of the coun

Schedule of financial contributions 2025-2026

3

#### All Financial Contributions exclude GST

#### **Notes**

#### FINCO reductions for Papakāinga and Community Housing

- · All applications for developments of two or more dwellings, where FINCOS apply will be charged a FINCO for one Household Equivalent (HHE). This is the base charge.
- Community Housing Providers will receive a 100% reduction in FINCOS for additional dwellings (over and above the base charge
  of one HHE), for applications up to a maximum of 10 dwellings.
- · Papakāinga will receive a 100% reduction in FINCOS for additional dwellings (over and above the base charge of one HHE), for applications up to a maximum of 10 dwellings.

#### The following criteria apply:

- · Kainga Ora are excluded from any waiver / reduction.
- · Organisations that are not registered Community Housing Providers (CHPs) will need to provide alternative evidence that the housing they are developing will be held as assisted rental or assisted ownership in the longer term.
- · For development of community housing, a 10-year restrictive covenant specifying the use of the housing for community housing will be lodged against the title. This will be managed through the resource consent or building consent process
- · Additional dwellings (i.e. applications for more than 10 dwellings) will have the FINCOS for the additional dwellings assessed in accordance with the District Plan.
- Papakāinga is defined as homes and associated community facilities developed to support those homes on whenua Māori, where homes will be owned and occupied by the owners of the whenua, and whānau who whakapapa to the land have the opportunity to live according to Te Ao Māori.
- · Community Housing is defined as housing provided and/or operated by a not-for-profit group, as long term social, assisted rental or assisted ownership housing.

<sup>4</sup> Western Bay of Plenty District Council | Te Kaunihera a rohe mai i Ngā Kuri-a-Whārei ki Otamarakau ki te Uru



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westernbay.govt.nz

#### 10.6 DISTRICT WIDE ROADSIDE MOWING

File Number: A7037376

Author: Calum McLean, Director Transportation

Authoriser: Brad Singh, General Manager Infrastructure Group

#### **EXECUTIVE SUMMARY**

A decision is sought from Council on whether to continue with the current level of service for mowing for the remainder of this year, revert to the original (ONMC) level of service, or to implement a compromised solution.

#### RECOMMENDATION

- That the Director Transportation's report dated 16 December 2025 titled 'District wide roadside mowing' be received.
- That the report relates to an issue that is considered to be of medium significance in terms of Council's Significance and Engagement Policy.
- That Council approves the levels of service for roadside mowing for the remainder of 2025/26, as detailed below, noting that this is an increased level of service compared to the last six months.

Classification	Proposed Los (Option A)			
Urban/Rural	ONRC	Freq		otal Cost
	Arterial	12	\$	431,069
	Primary Collector	12	\$	94,373
Urban	Secondary Collector	12	\$	130,935
	Access	8	\$	420,893
	Low Volume	8	\$	61,709
Urban Total			\$	1,138,979
	Arterial	5	\$	17,873
Rural	Primary & Secondary Collecto	4	\$	365,797
	Access & Low Volume	1	\$	94,752
Rural Total			\$	478,422
TOTAL			\$	1,617,401

<sup>\*</sup>Annualised frequencies.

#### **BACKGROUND**

1. During year 1 (2024/25) staff delivered environmental maintenance activities to meet the performance targets specified in the One Network Maintenance Contract (ONMC).

2. At the end of year 1 the total cost of delivering Environmental Maintenance activities was \$5,643,640 against a budget of \$3,328,799, a difference of \$2,314,841. The total amount spent on mowing was \$2,265,917.

- 3. In August 2025 staff instructed Council's mowing contractor to reduce the frequency of mowing undertaken to reduce costs and ensure that an overspend is not recorded in the current year (2025/26).
- 4. **Table 1** below details the level of service (LoS) implemented.

LOS #	Level of Service Objective	Performance Measure	Network	ONRC Class	Proposed Target	ONMC Target	Baseline Performance		
OP12	Roadside	Mowing – Cyclic maintenance	Urban	Arterial	4X (summer)	N/A	Data		
	appearance is maintained	programme		Primary Collector	,	Previously	Unavailable		
	mainiainea	delivered monthly.		Secondary Collector	2X (winter)	outcome Based			
				Access	2X (summer)				
				Low Volume	1X (winter)				
		Rural				Arterial	3X (summer)		
							1X (winter)		
				Primary Collector	2X (summer)				
				Secondary Collector	1X (winter)				
				Access	1V (m.a., amm)				
				Low Volume	1X (per annum)				

Table 1: Proposed mowing level of service.

- 5. This reduced level of service has not been well received by the community and Council has received multiple complaints from concerned residents and ratepayers.
- 6. **Figure 1.** below compares mowing costs during year 1 (2024/25) and year 2 (2025/26) to date.

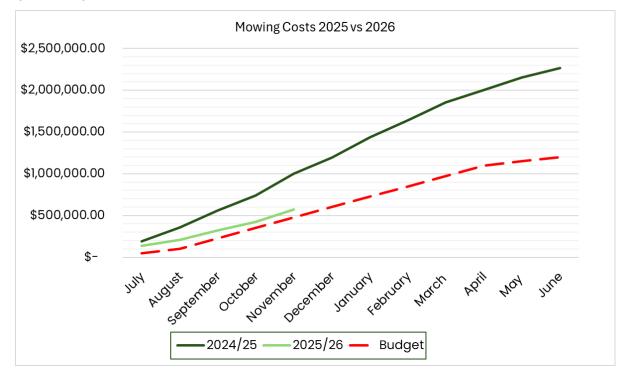


Figure 1: Cost comparison: Actual costs 2025 vs 2026

7. The total cost of roadside mowing during the period July 2025 to November 2025 was 43% less than during the same period in 2024.

8. This is consistent with a cost comparison undertaken by staff (see **Table 2** below) which forecast a 43% reduction in annual mowing costs by moving from the original (ONMC) LoS (option C) to the current LoS (option B).

Classification		Current LoS (Option B)		Original (ONMC) LoS  (Option C)		Recommended LoS (Option A)				
Urban/Rural	ONRC	Freq	T	otal Cost	Freq	T	otal Cost	Freq	T	otal Cost
	Arterial	6	\$	310,867	3-16	\$	509,380	12	\$	431,069
	Primary Collector	6	\$	68,058	3-16	\$	56,757	12	\$	94,373
Urban	Secondary Collector	6	\$	94,424	3-16	\$	108,806	12	\$	130,935
	Access	3	\$	288,352	3-16	\$	602,750	8	\$	420,893
	Low Volume	3	\$	42,277	3-16	\$	52,423	8	\$	61,709
Urban Total			\$	803,978		\$	1,330,116		\$	1,138,979
	Arterial	4	\$	14,298	5	\$	17,873	5	\$	17,873
Rural	Primary & Secondary Collecto	3	\$	274,348	5	\$	457,246	4	\$	365,797
	Access & Low Volume	1	\$	94,752	3	\$	284,256	1	\$	94,752
Rural Total			\$	383,398		\$	759,375		\$	478,422
TOTAL			\$	1,187,376		\$	2,089,491		\$	1,617,401

Table 2: Cost comparison: Options A - C. Table 2: Annualised frequencies.

- 9. This confirms that the original (ONMC) LoS for moving cannot be met with the current budget available.
- 10. A decision is sought from Council on whether to continue with the current level of service for mowing (Option B) for the remainder of the current year (25/26), revert to the original (ONMC) level of service (Option C), or implement the recommended level of service (Option A) which offers a compromise between options B and C.
- 11. This report relates only to the current year (25/26). A separate issues and options paper will propose changes to transportation activity levels of service for the year 26/27 via the Annual Plan.

#### SIGNIFICANCE AND ENGAGEMENT

- 12. The Local Government Act 2002 requires a formal assessment of the significance of matters and decision in this report against Council's Significance and Engagement Policy. In making this formal assessment there is no intention to assess the importance of this item to individuals, groups, or agencies within the community and it is acknowledged that all reports have a high degree of importance to those affected by Council decisions.
- 13. The Policy requires Council and its communities to identify the degree of significance attached to particular issues, proposals, assets, decisions, and activities.
- 14. In terms of the Significance and Engagement Policy this decision is considered to be of medium significance because it relates to a proposed change to an

operational level of service important to the amenity of Council's road network. As such, it is highly subjective and is likely to be supported by some members of the community and opposed by others. A decision to reduce levels of service would contradict Council's strategic priority: "Providing well maintained, resilient and effective infrastructure" however the long-term impact on the road network is likely to be negligible. A decision to maintain or increase the operational level of service may require a rates increase of 1% to 2% which is likely to be opposed by much of the community and would fail to meet the Maori cultural values: "Fair and equitable rates and funding of infrastructure!" and "Sustainable use of resources".

#### **ENGAGEMENT, CONSULTATION AND COMMUNICATION**

Interested/Affected Parties	Completed/Planned Engagement/Consultation/Communication		
Name of interested parties/groups	None proposed		
Tangata Whenua	None proposed		þ
General Public	None proposed	Planned	Completed

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<sup>&</sup>lt;sup>1</sup> Adapted from Te Ara Mua: Plan of the Partnership Forum

#### **ISSUES AND OPTIONS ASSESSMENT**

#### **Option A (RECOMMENDED)**

That Council approves the levels of service for roadside mowing for the remainder of 2025/26, as detailed below, noting that this is an increased level of service compared to the last six months.

Classification	classification Propose (Optio				
Urban/Rural	ONRC	Freq	Т	otal Cost	
	Arterial	12	\$	431,069	
	Primary Collector	12	\$	94,373	
Urban	Secondary Collector	12	\$	130,935	
	Access	8	\$	420,893	
	Low Volume	8	\$	61,709	
Urban Total			\$	1,138,979	
	Arterial	5	\$	17,873	
Rural	Primary & Secondary Collecto	4	\$	365,797	
	Access & Low Volume	1	\$	94,752	
Rural Total			\$	478,422	
TOTAL			\$	1,617,401	

#### \* Annualised frequencies.

Assessment of advantages and disadvantages including impact on each of the four well-beings

- Economic
- Social
- Cultural
- Environmental

Costs (including present and future costs, direct, indirect and contingent costs).

- Better balance of cost vs amenity.
- Advantages and disadvantages are less pronounced than for options B and C.
- \$825K total cost/six months.
- \$225K budget increase required.

#### **Option B**

That Council does not approve the levels of service for roadside mowing for the remainder of 2025/26, as detailed in Table 1.

Assessment of advantages and disadvantages including impact on each of the four well-beings

- Economic
- Social
- Cultural
- Environmental

#### Advantages

- Less cost
- Less risk of biodiversity loss.
- Less risk of damage to other roading assets e.g. edge marker posts, signs.

#### Disadvantages

• Highly likely to be negatively perceived by the community.

	<ul> <li>Does not align with the strategic objective: "Providing resilient, well maintained, and efficient infrastructure."</li> </ul>
	Greater risk of fire on rural roads.
	Reduced visibility on rural roads.
	Does not help control invasive species.
Costs (including present and future	\$600K total cost/six months.
costs, direct, indirect and contingent costs).	No budget increase required.
Opt	ion C
remainder of 2025/26, as detailed in Ta	els of service for roadside mowing for the lible 1. Roadside mowing is undertaken as linal (ONMC) level of service.
Assessment of advantages and	Advantages
disadvantages including impact on each of the four well-beings • Economic	Likely to be positively perceived by the community.
Social	Helps controls invasive species.
<ul><li>Cultural</li><li>Environmental</li></ul>	Aligns with the strategic objective:     "Providing resilient, well maintained,     and efficient infrastructure."
	Lower risk of fire on rural roads.
	Helps improve visibility on rural roads.
	Disadvantages
	Greater cost
	Can contribute to biodiversity loss.
	Greater risk of damage to other roading assets e.g. edge marker posts, signs.
Costs (including present and future	• \$1,050K total cost/six months.

### STATUTORY COMPLIANCE

costs).

15. This recommendation(s)meets:

costs, direct, indirect and contingent

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\$450K budget increase required.

• Land Transport Management Act 2003

### FUNDING/BUDGET IMPLICATIONS

Budget Funding Information	Relevant Detail
400121	As detailed above.

#### **ATTACHMENTS**

1. Council - Workshop Notes - 24 November 2025 - Mowing Levels of Service 🛚 🖼

#### **COUNCIL WORKSHOP**

DATE: Monday 24 November 2025 at 1.32pm

**HELD:** Council Chambers and Via Zoom

TOPICS: 2. Mowing Levels of Service for Urban Areas

**GENERAL MANAGER** 

**RESPONSIBLE:** 

M Taris (Interim Chief Executive)

**FORUM MEMBERS** 

**PRESENT:** 

Mayor J Denyer, Cr T Coxhead, Cr D Dinsdale, Cr L Rae, Cr R Joyce, Deputy Mayor M Murray-Benge,

Cr A Sole, Cr S Beech and Cr G Dally

**STAFF IN ATTENDANCE:** 

M Taris (Interim Chief Executive), E Watton (Acting GM Strategy and Community), M Potton (Acting GM Corporate Services), A Curtis (General Manager Regulatory Services), B Singh (General Manager Infrastructure Services), J Fearn (Chief Financial Officer), M Leighton (Policy and Planning Manager), A Henderson (Programme Director – Water Organisation), L Balvert (Communications Manager),

J Duncan (Governance Coordinator), and P Osborne (Senior Governance Advisor).

Council Workshop - 24 November 2025

#### **Mowing Levels of Service for Urban Areas**

The General Manager Infrastructure Services facilitated a discussion with Councillors in response to concerns raised in the community and with Councillors regarding the levels of service for mowing in urban areas.

#### **Summary of Key Themes**

#### **Budget Discussion**

The workshop focused on discussing mowing service standards and associated costs. Staff noted that the current level of service had decreased from 12 to 6 mows per year for mowing in urban areas, this was due to a budget of \$1 million for vegetation management across urban and rural areas within the roading network. Staff also noted that retaining the previous level of service (12 mows per year) would require an additional \$1.0 to 1.5 million annually.

The Councillors were proposed three potential options for the upcoming annual plan: maintaining the current level of service with an approximate 1.0 to 1.5% rate increase, reducing the level of service, or finding \$1.0 to 1.5 million in other areas to maintain the current level of service.

#### <u>Lawn Mowing Contracts and Costs</u>

The discussion focused on lawn mowing contracts and costs, with staff confirming that mowing had always been split between roading and parks departments rather than being under one contract. The discussion centered around the current six mow rate, with suggestions to consider 8-12 mows per year, acknowledging seasonal variations. The cost of mowing was discussed, with staff noting it represented 1.5-2% of rates. The workshop also touched on the separate issue of roadside tree maintenance, which some Councillors raised as a concern about, due to public feedback regarding overgrown areas affecting signage and visibility.

#### Vegetation Management Budget Review

The councillors discussed vegetation management, particularly focusing on roadside grass cutting and tree maintenance. Staff explained that while the current budget allowed for six mows annually, they previously delivered 12 in the first year of the LTP cycle, resulting in a \$1.5 million overspend. The council was now reviewing options through a Section 17A review to potentially consolidate vegetation management into a single point of contact, with plans to bring back options for Council to investigate in the coming months.

Council Workshop - 24 November 2025

#### Rural Road Mowing Policy Review

It was confirmed that while rural roads are mowed less frequently than urban streets, any changes to how this service is delivered going forward would need to be reviewed through the Section 17A process, which was currently in finalisation. The discussion concluded with a decision to address immediate concerns about Christmas parade/event preparations through existing arrangements, while a broader review of Community Board discretionary spending would be discussed later.

#### **Lawn Mowing Service Cost Review**

The discussion focused on the frequency and cost of lawn mowing services, with concerns raised about the impact on rates. Councillors suggested providing residents with clear information on the cost per mow and the total rates impact. Staff agreed to prepare a paper detailing the financial implications of increasing mowing frequency until July 2026, including options for funding the additional costs. They also discussed the need to communicate the updated mowing plan to town centres, to which Councillors emphasised the need for clear communication about the mowing schedule and the reasons for the changes.

	Responsible
<ul> <li>Provide Councillors with Frequently asked questions (FAQs) in relation to the mowing issues.</li> </ul>	GM Infrastructure Services and Communications Manager

The workshop finished at 2.16pm.

Council Workshop - 24 November 2025

#### 10.7 ŌMOKOROA USE/RE-LOCATION OF 'THE ROCK'

File Number: A7038269

Author: Annelie Badenhorst, Infrastructur Growth and Delivery Manager

Authoriser: Brad Singh, General Manager Infrastructure Group

#### **EXECUTIVE SUMMARY**

This report seeks Council's decision on the future placement of the Ōmokoroa community artwork known as "The Rock". The attached Safe System Assessment has confirmed that placing the rock within either the State Highway 2 roundabout or the Industrial Road roundabout presents unacceptable safety risks.

This report assesses placement of "The Rock" within both roundabouts and assesses placement within adjacent roadside locations as alternative options.

#### RECOMMENDATION

- That the Infrastructure Growth and Delivery Manager's report dated 16 December 2025 titled 'Ōmokoroa use/re-location of 'The Rock", be received.
- That the report relates to an issue that is considered to be of low significance in terms of Council's Significance and Engagement Policy.
- 3. That Council receives the Safe System Assessment (Attachment 1 of this report) report and endorses its findings that neither the SH2/Ōmokoroa Road Roundabout or the Industrial Road Roundabout are practicable re-location options.
- 4. That Council delegates to Officers and the Ōmokoroa-Kaimai Community Board to work with key stakeholders, including the Ōmokoroa Public Art Inc, the community and iwi, to determine the preferred final location of "The Rock".
- That Council notes that any approved relocation costs will be met by the State Highway 2 Roundabout Project Team.

#### **BACKGROUND**

- 1. "The Rock", also known locally as the "Lizard Rock", has been located adjacent to Ōmokoroa Road near the former Park and Ride area since approximately 2016. The public artwork was initiated by Ōmokoroa Public Art Inc. and installed as part of the upgrade to the entrance to Ōmokoroa in 2015.
- 2. Part of the artwork was stolen in 2020, and with the roundabout upgrade commencing in 2024 the rock needed to be relocated. Over the last 6 months staff have been working with Ōmokoroa Public Art Inc. on relocation options and creating a new public artwork incorporating the rock. They have been in conversations with

Pirirākau about this. Ōmokoroa Public Art Inc. have a strong connection with this artwork and have requested ongoing involvement in any decision making about the Rock's future

- 3. With the construction of the new State Highway 2 / Ōmokoroa Road roundabout and the Industrial Road roundabout, Council investigated whether "The Rock" could be incorporated into either of these new roundabouts, or within adjacent roadside locations, as a gateway feature for the town.
- 4. Western Bay of Plenty District Council commissioned the Safe System Assessment by Beca to assess the safety implications of five placement options, including both roundabouts and nearby roadside areas. The assessment concluded that placing the rock within either roundabout present:
  - a high safety risk due to its non-frangible nature;
  - run-off-road crash risk;
  - · pedestrian and motorcyclist vulnerability; and
  - limited clear zones and sightline constraints.
- 5. Beca's assessment specifically recommends avoiding placement within roundabouts and instead selecting a roadside or reserve location that allows for safe public access and appropriate risk management. This is due to the Safe System Assessment identifying both roundabout locations as posing a serious or significant risk if the rock were placed on them. Serious and significant risks are the highest form of risk allocation available to a safety auditor.

#### SIGNIFICANCE AND ENGAGEMENT

- 6. The Local Government Act 2002 requires a formal assessment of the significance of matters and decision in this report against Council's Significance and Engagement Policy. In making this formal assessment there is no intention to assess the importance of this item to individuals, groups, or agencies within the community and it is acknowledged that all reports have a high degree of importance to those affected by Council decisions.
- 7. The Policy requires Council and its communities to identify the degree of significance attached to particular issues, proposals, assets, decisions, and activities.
- 8. In terms of the Significance and Engagement Policy this decision is considered to be of low because the proposal:
  - Does not involve a strategic or significant Council asset;
  - Does not materially affect levels of service for any significant Council activity;
  - Has no capital funding impact on Council, with all direct relocation costs being met by the State Highway 2 Roundabout Project Team;

 Has limited district-wide impact, with effects largely confined to a localised area of Ōmokoroa;

- Is reversible in nature, should future community or safety considerations require reconsideration; and
- Does not trigger any statutory consultation requirements under the Local Government Act 2002.

Targeted engagement with iwi, the Ōmokoroa Community Board, and community stakeholders is therefore considered appropriate and sufficient.

#### **ENGAGEMENT, CONSULTATION AND COMMUNICATION**

Interested/Affected Parties	Completed/Planned Engagement/Consultation/Communication		
Pirirākau (Tangata Whenua)	Initial engagement undertaken in relation to cultural matters associated with the rock.		
Public Art Group / Community Representatives	Informal feedback received through community art events.		þ
General Public	Community to be engaged following Council direction on next steps.	Planned	Completed

#### **ISSUES AND OPTIONS ASSESSMENT**

#### **Recommended Option A:**

That Council:

Endorses the findings that neither the SH2/Ōmokoroa Road Roundabout or the Industrial Road Roundabout are practicable re-location options; **and** 

Delegates to Officers and the Ōmokoroa-Kaimai Community Board to work with key stakeholders, including the Ōmokoroa Public Art Inc, the community and iwi and determine the preferred final location of "The Rock".

# Assessment of advantages and disadvantages including impact on each of the four well-beings • Economic • Social • Cultural • Environmental

	That community and iwi input is considered alongside the decision.
	Disadvantages:
	• Nil
Costs (including present and future costs, direct, indirect and contingent costs).	All direct relocation costs (lifting, transport, and installation) would be fully funded by the State Highway 2 Roundabout Project Team, resulting in no capital cost to Council.

#### Option B:

That Council:

Endorses the findings that neither the SH2/Ōmokoroa Road Roundabout option or the Industrial Road Roundabout option are practicable options; **and** 

Request that Officers bring back final options for the placement of the rock to Council for decision, following engagement with key stakeholders, including the Ōmokoroa Public Art Inc, community and iwi.

Assessment of advantages and	Advantages:			
disadvantages including impact on each of the four well-beings • Economic • Social	That community and iwi input is considered alongside the decision.  Disadvantages:			
<ul><li>Cultural</li><li>Environmental</li></ul>	That the local community is not given decision making powers to make decisions that are of local interest.			
Costs (including present and future costs, direct, indirect and contingent costs).	<ul> <li>All direct relocation costs (lifting, transport, and installation) would be fully funded by the State Highway 2 Roundabout Project Team, resulting in no capital cost to Council.</li> </ul>			

#### **STATUTORY COMPLIANCE**

#### Staff confirm:

9. The recommendations are consistent with the Local Government Act 2002, and Council's Significance and Engagement Policy, Funding/Budget Implications.

Budget Funding Information	Relevant Detail
Item	Detail
Relocation Cost Ongoing Maintenance	Funded by State Highway 2 Roundabout Project Team  Minor subject to final location
Council Capital Contribution	Nil

#### **ATTACHMENTS**

1. Safe System Assessment – Ōmokoroa Rock 🗓 🖼



Western Bay of Plenty District Council 1484 Cameron Road Barkes Corner, Greerton Private Bag 12803 Tauranga 3143 1 December 2025

**Attention: Annelie Badenhorst** 

Dear Annelie

**Omokoroa Rock Placement Safe System Assessment** 

#### 1 Safe System Assessment – Omokoroa Rock

#### 1.1 Assessment Purpose

This Safe System Assessment has been undertaken for Western Bay of Plenty District Council (WBOPDC), to consider the potential placement locations for the Omokoroa Rock ("Lizard Rock") which has been located next to the park and ride since approximately 2016.



Figure 1: Omokoroa Rock / Lizard Rock ~2020 (Google Maps/Street View)

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 $<sup>^{\</sup>scriptscriptstyle 1}\ https://www.nzherald.co.nz/bay-of-plenty-times/katikati-advertiser/omokoroa-iconic-lizard-is-gone-now-its-rock-goes/L722IVIKYJF4BMLG7BI3JCZY4A/$ 

There is no recorded crash history for the rock in this location, approximately 8m from the carriageway, in a low-speed environment with a low risk of drivers crashing into it.

WBOPDC have requested Beca consider whether the rock could be located within one of the new roundabouts under construction (SH2/Omokoroa Road or Omokoroa Road/New Industrial Access Road) in addition to some further sites that have also been considered to offer a superior roadside safety outcome, as outlined below.

Whilst Beca have not engaged directly with NZTA in the preparation of this assessment, WBOPDC have confirmed with NZTA that placing the rock within the SH2 roundabout would not be permitted.

#### 1.2 Options Considered

For the purposes of this assessment, the following options have been investigated:

- 1. SH2/Omokoroa Roundabout.
- 2. Omokoroa Road / Industrial Road.
- 3. Within land parcel west of Omokoroa Road at SH2 Intersection.
- 4. Within land parcel east of Omokoroa Road at SH2 Intersection.
- 5. Within land parcel either side of Omokoroa Road at Industrial Road Intersection.

Elsewhere along Omokoroa Road (such as at Prole Road) may be a worthwhile consideration if the above options are unacceptable, but considerations for this alternative will be discussed at the end of the assessment.



Figure 2: Rock Locations Assessed

#### 2 Safety Concern Risk Assessment

Adopting the NZTA Safe System Audit Guidelines 2022, four key questions are raised for the various locations proposed:

Safety Concern	Discussion
Is it possible to have a head-on crash at a speed greater than 70km/h?	No –not relevant to the placement of the rock
Is it possible to have an intersection (right-angle) crash at a speed greater than 50km/h?	No – not relevant to the placement of the rock
Is it possible to have a run-off-road (side impact with a rigid object) crash at a speed greater than 40km/h?	Yes – depending on placement
Is it possible to have a vulnerable road user – for example, pedestrian, cyclist or motorcyclist, crash at a speed greater than 30km/h?	Yes – specifically Motorcyclists or pedestrians crossing to access depending on placement.

#### 2.1 Safety Concerns

Safety Audit concerns are identified below, with key recommendations summarised as follows:

- Place the Omokoroa Rock in an appropriate roadside location, clear of vehicle traffic.
- If required, provide an appropriate level of roadside hazard protection, to mitigate the non-frangible nature of the rock (not within the roundabout).

Further information has been appended as far as direction to support the placement of the rock in a more appropriate location.

#### 2.1.1 Non-Frangible Hazard – Central Roundabout

Serious

The placement of a non-frangible hazard within the central island of the roundabout is considered a serious safety concern. The rock itself is noted as 27 tones, that is likely to bring any vehicle that collides with it to a sudden stop. Any crash that occurs is likely to be above the safe impact speed of 30-40km/h, resulting in a Fatal or Serious injury being considered highly likely.

Omokoroa Roundabout is understood to have an approximate 30m central island. Due to the alignment of the approach lanes, there is a notable concern that a vehicle approaching from the west on SH2 (Katikati) lost control and continued straight, there would be limited measures that could prevent a collision with an object within the roundabout (as it is possible without hitting the median island). Any motorcyclist (a vulnerable road user) that loses control is likely to be seriously injured in a crash with the rock at most speeds. Due to the rocks size, injuries are expected to be severe.

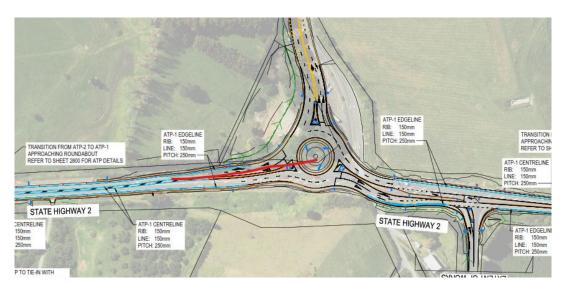


Figure 3: Potential loss of control on approach to Omokoroa Roundabout

Placement of the rock within the roundabout is also expected to require relocation of the lighting and CCTV camera, which may introduce further roadside hazards surrounding roundabouts (noting these are likely to be less severe hazards than the rock).

As a result, the safest recommendation is to locate the rock in a location that is either far enough to be outside of the clear zone, or protection measures are put in place to protect vehicles from crashing into the rock. In regard to being able to protect drivers from the rock if it were placed within the roundabout, a system that can provide for this does not appear to exist, without adding further non-frangible hazards (such as concrete barriers) that increase the risk to drivers.

It is also noted that as the SH2 / Omokoroa Roundabout is a State Highway intersection, this roundabout will be an NZTA asset, and as a result the rock cannot be installed within the State Highway designation without NZTA approval, which has not been granted at this time.

#### 2.1.2 Distraction Potential Moderate

It is clear that the rock is a notable community asset, and there is potential that its placement results in drivers being distracted or slowing to observe the placement of the rock. Depending on the final location, the impacts of this are likely to remain a moderate concern, specifically if this is within a roundabout with multiple circulating lanes. Drivers may inadvertently change lanes to get a closer view or may drift out of their lane while observing the rock while using the roundabout. This is unlikely to be a significant issue however due to the nature of crashes within the roundabout, however this is an additional safety issue to that identified above.

#### 2.1.3 Pedestrian Access Significant

Depending on the final location of the rock, the desire for pedestrian access should be considered. While this may be a low occurrence activity, it is noted that the rock is considered as a public art piece, which may draw pedestrian interest. Placement within either of the roundabouts is an additional complication that may result in people crossing a multi-lane circulating roundabout.

As pedestrians are considered vulnerable road users, any situation where pedestrians are at risk of being hit by vehicles at speeds greater than 30km/h, a significant rating is expected. Pedestrians crossing circulating lanes of a roundabout elevates this risk, and measures preventing access would need to be installed.

General operations and maintenance will require traffic management to be implemented, depending on the rocks proximity to live traffic. We assume the lizard (if reinstated) would require ongoing maintenance and costs associated that are over and above the standard requirements planned for the roundabout (such as spraying mowing or weeding).

#### 2.2 Conclusions

A key consideration for these roundabouts are their smaller size, compared with other roundabouts which are likely to have other supporting features, such as roadside barriers that are able to operate consistent with their requirements, large runout zones or approach angles significantly mitigate the crash impact.

As there are alternative viable locations for this rock, the safer recommendation is to select a roadside location, where risks can be appropriately managed to prevent serious crashes from occurring. This is reflected in the overall safe system scores as follows:

- Option 1 168
- Option 2 71
- Option 3 11
- Option 4 13
- Option 5 19

As a result, the assessment indicates that Option 3 or 4 is the preferred location. We also suggest options to provide safe pedestrian access and associated parking is considered during the final location selection.

We also note that the future configuration of this intersection will be determined under TNL Stage 2, the placement of this will need to consider how long the location may be viable. This could rule out Options 1,3 and 4. But further review or consideration of other locations may be necessary.

#### 2.3 Recommendations

Key recommendations of this assessment are as follows:

- Avoid placement within roundabouts due to non-frangible hazard risk and pedestrian safety concerns.
- Select roadside locations outside clear zones or provide frangible barriers/guardrails.
- Incorporate pedestrian access features (footpaths, parking bays) for safe viewing.
- Future-proof placement by considering TNL Stage 2 intersection upgrades.
- Provide landscaping that minimizes distraction and complies with Austroads sightline requirements.
- Include signage discouraging unsafe stopping or crossing near high-speed traffic.

#### 3 Centre of Roundabout Considerations

#### 3.1 Safety

Austroads Guide to Road Design Part 4B: Roundabouts (Section 7. Landscaping and Street Furniture), specifies the following:

"The most important aspect is that roundabouts, including landscaping and street furniture, are designed and installed to ensure a safe and forgiving roadside. Specifically, landscape design should not:

- Create a danger to road users, particularly when vehicles leave the road.
- Impede the sight distance available to drivers approaching the roundabout or their ability to recognize the type of treatment.
- Obscure the view to potentially conflicting vehicles for a driver at the holding line of the roundabout."

Landscaping and the fixed objects that may be associated with it should be selected, designed and located so that they do not have an adverse effect on an impacting vehicle. Adherence to this principle requires that:

• Rocks, stone walls, power supply poles or other fixed objects should not be placed in areas where vehicles are likely to run off the road.

In an arterial road context (which is relevant to the Industrial roundabout (and not SH2).

Otherwise trees and other high landscaping may be positioned in the inner area of the central island, provided it is large enough to ensure that sight lines are not impeded and clear zone requirements are met.

In this instance, these roundabouts are not considered large enough that such placement within the roundabout would be able to definitively confirm that sight lines are not impeded, and clear zones are able to be met, as the Omokoroa Rock will be approximately 10m from the circulation lane. With limited deflection available it is even more likely that drivers could enter the central island, putting road users at risk of a collision with the rock.

The rock itself represents a significant hazard, being approximately 27 tonnes. Any situation where a vehicle crashes into it will be a sudden and significant stop, with notable consequences for smaller vehicles. Motorcyclists in particular are at a significant risk of death or serious injury if they were to enter the roundabout at speed, which occurred in 2017 at the Taurikura Drive roundabout (a 50km/h zone).

The rocks size is also a significant consideration in its potential to obstruct sight lines through the roundabout.

#### 3.2 Maintenance and operations

Generally, the advice for the landscaping within a roundabout is as follows:

Where practicable, medians and roundabouts associated with intersections should be planted or
paved in preference to grass. This reduces the need for expensive, and potentially dangerous,
frequent maintenance of these areas.

Whilst the rock itself is unlikely to result in a significant level of maintenance increase, any additional elements, either the reinstatement of the lizard (or similar) and the OMOKOROA Lettering is likely to need some level of ongoing maintenance that would be difficult to undertake without significant traffic management.

It is also noted within this document that "planting within traffic islands should not block sight lines and there should be frangible planting at the approach and departure" – in this instance this rock is unable to meet this requirement.



Figure 4: Omokoroa Rock (previous location)

#### 3.3 Public Access

It is noted that this feature has significant public interest, with various documented public photos etc. the placement of the rock in an area that does not allow public access also presents a risk of public access for photos etc. that could be more easily managed through placing the feature in a location that is able safely permit access.

Public photos etc. would then only be possible from the traffic lane and may result in other unsafe activities such as vehicles stopping in the circulating lane of the roundabout. There is a plaque within the rock that would need to be removed, to discourage public access further.

#### 3.4 Comparable Examples

While it is acknowledged that there are existing examples of significant pieces of art or cultural elements within roundabouts, these are significantly larger than the two Omokoroa roundabouts and/or have appropriate provisions for the deflection and protection of these hazards:

- Takitimu Drive /Elizabeth Street Flag Pole (26m diameter, notable deflection with northbound traffic bypassing).
- SH29/SH36 Roundabout Pou (60m diameter, planting and earth bank with notable deflection and thin profile of hazard).
- Resolution Drive / SH1 Interchange Hamilton Balloons: single lane roundabout, simplified arrangement, approximate 30m Diameter.

#### 4 Safe System Assessment

#### 4.1 Crash Types

For the purposes of this assessment, the elements assessed as impacted by the position of the rock have been considered. This includes:

- Run-off Road Crashes drivers losing control and crashing into the rock
- Intersection Crashes Visibility restrictions that are caused by the placement of the rock.
- Pedestrian crashes pedestrians accessing the rock for photo opportunities
- Other/miscellaneous crashes rear-end or merge type crashes where drivers are distracted by the rock or taking a photo from the road and a crash occurs
- Motorcycle crashes higher severity outcomes associated with the above crash types.

All other crash types have been assumed to be consistent from a scoring perspective (such as head-on, intersection or cyclist crashes). Total scores are determined using the standard Safe System Assessment Framework, with the following methodology:

Exposure x Likelihood x Severity = Total Score (Crash Type)

All crash type scores are then combined for total scores for Safe System Alignment.

#### 4.2 Exposure

Traffic volumes are considered high in this location, as daily movements are anticipated to be 5000-10,000 vpd on Omokoroa Road, increasing to >10,000 in future year development scenarios. State Highway 2 has a volume far greater than 10,000 vpd and results in the highest level of exposure.

Therefore, placement options will result in various scores depending on the traffic volume of the adjacent road. For all options the ratings are relatively similar as outlined below:

- Run-Off Road:
  - SH2: >10000 AADT, rating of 4
  - o Omokoroa Road: 5000-1000 AADT, rating of 3.
- Intersection:
  - SH2: >10000 AADT, rating of 4
  - $\circ\quad$  Omokoroa Road: 5000-1000 AADT, rating of 3.
- Other:
  - SH2: >10000 AADT, rating of 4
  - o Omokoroa Road: 5000-1000 AADT, rating of 3.
- Pedestrian:
  - o Very low volume but not 0, rating of 1
- Motorcycle:
  - o True volumes unknown, however at 1% of AADT:
    - SH2: >100 vpd, rating of 4
    - Omokoroa Road: 50-100 vpd, rating of 3.

As noted above, the primary difference in rating is based on the interaction with SH2 traffic, which is notably higher, increasing the rating for Option 1 specifically.

#### 4.3 Likelihood

Likelihood is the primary variable that is expected to vary across the assessment, as this is due to other features such as proximity to the live lane, anticipated angle of departure from the lane, and interaction with other features such as landscaping, signage or barriers that may influence the chance of a crash occurring.

Table 1: Safe System Scoring - Likelihood

Option	Likelihood				
	Run-Off Road	Intersection	Other	Pedestrian	Motorcycle
Option 1	4 / 4	2/4	2/4	2/4	3/4
Option 2	3 / 4	1 / 4	2/4	2/4	3/4
Option 3	1 / 4	0 / 4	1/4	1 / 4	1/4
Option 4	1 / 4	0/4	1/4	2/4	1/4
Option 5	2/4	0 / 4	1/4	2/4	2/4

#### For Run off Road:

Options 1 and 2 are considered the highest rating, as a driver who loses control on approach to the roundabout is expected to be more likely to crash into the rock relative to other options, as no deviation is required and SH2 particularly is a higher speed environment, the chances of drivers losing control on approach are higher.

#### For Intersection:

Options 1 and 2 are located at an intersection, potential issues associated with sight distance restrictions caused by the rock, or the distraction of it being in the sight line of vehicles at the stop line of the roundabouts. The impact of this at Option 1 is considered higher as this is a higher speed environment where the impacts will be more significant.

#### For Other:

Crashes associated with other category are envisaged to include:

- Drivers slowing to look / take a photo.
- Drivers distracted from observing traffic movements.
- Drivers who make inappropriate lane changes as a result of seeing the rock (to get a closer look etc.)

Relative to each other, Options 1 and 2 are in a more prominent location, and as a result have been rated higher than the other 3.

#### For Pedestrian:

Movements have been assessed as people trying to access the rock for photo opportunities, and the implications of this. With Options 1 and 2 being located within a roundabout, the safety concerns are pedestrians crossing the circulating lanes, which is considered a serious safety concern. Ratings for Options 3-5 are primarily associated with limited roadside infrastructure to support pedestrians and if people stop to access the rock there may be pedestrians walking in unsafe areas. This could be addressed through a parking area or footpaths but at this stage have not been incorporated.

#### Severity

Similar to exposure, the rating varies depending on the road where the rock is placed, with SH2 having a posted speed limit of 80km/h impact speeds are likely to be high, compared with Omokoroa Road, with a posted speed of 50km/h. despite the options being near a roundabout, the chances of a vehicle approaching at higher speeds on SH2 and losing control are much higher.

Table 2: Safe System Scoring - Severity

Option			Severity		
	Run-Off Road	Intersection	Other	Pedestrian	Motorcycle
Option 1	4/4	3/4	3/4	4/4	4/4

Option 2	2/4	2/4	2/4	4 / 4	3/4
Option 3	1/4	1/4	1/4	2/4	1 / 4
Option 4	1/4	1 / 4	1/4	2/4	1/4
Option 5	1 / 4	1/4	1/4	2/4	1/4

#### For Option 1:

A posted speed limit of 100km/h gives limited opportunity to reduced severity scores, however the roundabout itself is likely to reduce overall speeds for drivers that approach, with the exception of run-off Road which is often a result of loss of control (which can occur on approach at 100km/h)

#### For Option 2:

Similar to the above, however the speed limit is notably lower, with operating speeds expected in the order of 50-60kmh depending on location.

#### For Options 3-5

Similar to Option 2, however the placement of the rock relative to the operating lane is also likely to further reduce impact speeds as the chances of a vehicle reaching it are lowered further.

#### 4.4 Safe System Assessment Conclusions

As outlined below, there is a significant disparity of safe system alignment across the various options, with the central roundabout options having the highest score, indicating less Safe System Alignment, and expected to result in worse safety outcomes. From a safety perspective this results in the recommendation of Option 3 or 4 as a preferred placement.

Table 3: Safe System Assessment Results

Location	Total score	Run-off-road (vehicle)	Intersection	Other	Pedestrian	Motorcyclist
Option 1	168	64	24	24	8	48
Option 2	71	18	6	12	8	27
Option 3	11	3	0	3	2	3
Option 4	13	3	0	3	4	3
Option 5	19	6	0	3	4	6

Should you have any questions please don't hesitate to contact myself or the Beca Team.

Yours sincerely

**Alex Jeffcoat** 

Associate - Transportation

on behalf of

**Beca Limited** 

Email: Alex.Jeffcoat@beca.com

#### 10.8 WATER ORGANISATION ESTABLISHMENT UPDATE

File Number: A7010615

Author: Ariell King, Programme Manager - Water Organisation Establishment

Authoriser: Adele Henderson, Programme Director - Water Organisation

**Establishment** 

#### **EXECUTIVE SUMMARY**

1. This report provides an update on the progress of establishing a Multi-Council Water Organisation (WO) with Tauranga City Council.

- 2. The report seeks agreement to begin the recruitment process for an Establishment Chief Executive Officer for the proposed Water Organisation, pending the outcome of the due diligence process.
- 3. The report also provides an update on the partnership with Tangata Whenua, the Joint Governance Group and Elected Member working groups. Approval is sought for a variation to the Commitment Agreement and the Terms of Reference for the Joint Governance Group.
- 4. These matters are also being presented to the Tauranga City Council on 16 December 2025.

#### RECOMMENDATION

- That the Programme Manager Water Organisation Establishment's report dated
   December 2025 titled 'Water Organisation Establishment Update' be received.
- That the recommendations are considered to be of low significance in terms of Council's Significance and Engagement Policy.
- That Council either:
  - a. Agrees to the appointment of a Water Organisation Establishment Chief Executive Officer, with recruitment to commence now so that a recommendation can be made subject to Councils final decision to proceed with the Water Organisation on 2nd April 2026 (with a likely start date circa 1 July 2026) OR
  - b. Agrees to the appointment of a Water Organisation Establishment Chief Executive Officer, with recruitment to commence 2 April 2026 so that a recommendation can be made subject to Councils final decision to proceed with the Water Organisation on 2nd April 2026 (with a likely start date circa 15th September 2026) **OR**
  - c. Agrees to the appointment of a Transitional Director, with recruitment commencing now and the appointment made as soon as practical, with a

further decision on the timing of the WO Chief Executive to be made at the time of the final decision of Council on proceeding with the WO.

- That Council endorses the appointment of the following Tangata Whenua representatives to the Joint Governance Group:
  - Kylie Smallman
  - Hakopa Tapiata
  - Shadrach Rolleston
  - Rohario Murray
  - Kiritapu Allan
  - Roana Bennett
- 5. That Council approves the variation to the Commitment Agreement to reflect the establishment of the Joint Governance Group and delegates authority to the Programme Director - Water Organisation Establishment: (see Attachment 1).
- 6. That Council approves the Terms of Reference for the Joint Governance Group (**Attachment 2**), noting that these have been endorsed at the Joint Governance Meeting of 8 December 2025.
- 7. That Council endorses the Commercial Terms Sheet (Attachment 3).
- 8. That Council receives the Multi Council Water Organisation Project Update dated 5 December 2025 (Attachment 5).

#### **BACKGROUND**

- 5. Western Bay of Plenty District Council (WBOPDC), in partnership with Tauranga City Council (TCC), is progressing the establishment of a Multi-Council Water Organisation (WO) in response to the Government's Local Water Done Well (LWDW) reform programme. The WO has a 'go live' date of 1 July 2027.
- 6. Council endorsed the Multi-Council Water Organisation Summary Plan (including Due Diligence) on 14 November 2025. This plan sets out the approved approach to complete the necessary steps to establish the WO. It was prepared based on the Commitment Agreement between the two Councils and the approved Water Service Delivery Plans (WSDP).

#### **DISCUSSION**

- 7. This paper provides an update on the following matters which form part of the process to establish a WO:
  - Recruitment process for an Establishment Chief Executive Officer for the WO
  - Partnership with Tangata Whenua
  - Establishment of the Joint Governance Group

• Project update.

# Recruitment process for an Establishment Chief Executive Officer for the Water Organisation

- 8. The recruitment and appointment process for the Establishment Chief Executive (CE) and Executive Team is included in the People and Relationships workstream in the Establishment Planning phase of the summary project plan.
- 9. It is proposed that the recruitment process for the Establishment CE begins now to allow the appointment of the Establishment CE in July 2026 (fixed term for 2 years). This appointment would be dependent on the whether the councils' (Council and TCC) decide to proceed with establishment of the WO.
- 10. Having the Establishment CE on board from July 2026 is part of setting the WO up for success. The Establishment CE is the key appointment to ensure a strong transition from council operations to a WO. There is opportunity for the Establishment CEO to be directly appointed in the ongoing CE role for the WO, creating seamless transition.
- 11. Early appointment also allows the CE to be involved in the appointment of their executive team, and work with the appointed Chair and Board of Directors on matters such as the development of the Water Services Strategy for the WO.
- 12. The proposed process:
  - Recruitment of Establishment CE initiated 5 January 2026.
  - Recruitment closes for Establishment CE role 15th February 2026.
  - Interviews to commence post 15th February 2026.
  - Preferred candidate recommendation to Council for a decision post March due diligence decision.
- 13. Alternative approaches that Council may wish to consider are recruiting a Transition Director (followed by a permanent Chief Executive), or to delay recruitment until after March 2026.
- 14. An options analysis is provided later in this report and Attachment 4 displays likely timing for the various options.

#### Partnership with Tangata Whenua

- 15. As outlined in the approved WSDP and the Commitment Agreement, Council is working in partnership with Tangata Whenua on the establishment of the proposed WO. Council and TCC held a joint hui with Tangata Whenua on 20 November 2025 to discuss options for working together and invited Tangata Whenua to nominate representatives to work with the councils.
- 16. This includes the development of a partnership plan and inviting Tangata Whenua representatives to work alongside Elected Members to represent the interests of all lwi, Hapū, Māori entities, tāngata whenua forums and whenua Māori trusts.

17. Tangata Whenua representatives were selected by Tangata Whenua through an expression of interest process. A range of skills and knowledge were considered including communication, understanding of Te Tiriti o Waitangi, strategic thinker, advocacy and influence, matauranga and tikanga Maori, kaitiakitanga, analytical and critical thinker, governance and management, knowledge of legislation and regulations, understanding of infrastructure and environment management, and capacity and availability.

- 18. The selection panel appointed the following members:
  - Kylie Smallman
  - Hakopa Tapiata
  - Shadrach Rolleston
  - Rohario Murray
  - Kiritapu Allan
  - Roana Bennett

#### **Establishment of a Joint Governance Group**

- 19. The Commitment Agreement gave discretion to allow for the establishment of an Elected Members Governance Group (EMG), with five members from each council (Council and WBOPDC).
- 20. As the councils have agreed to work in partnership with Tangata Whenua, it is proposed that the Commitment Agreement is amended to include the establishment of a Joint Governance Group. The members of the Joint Governance Group will include the members of the proposed Elected Members Governance Group with the addition of the six confirmed Tangata Whenua representatives.
- 21. A meet and greet with nominated Elected Members from each council and Tangata Whenua representatives took place on the 3 December 2025.
- 22. The initial meeting of the Joint Governance Group (JGG) was held 8 December 2025, and the following matters were considered:
  - The Terms of Reference for the JGG
  - Whether to establish a Shareholder Representative Forum
  - Whether to issue an Interim Statement of Expectation
  - Commercial Term Sheet
- 23. A further JGG meeting is planned for 22 December 2025. Further JGG meetings will be held over the course of February and March 2026.
- 24. The internal Elected Member working groups for each council meet regularly to discuss a range of matters in preparation for the JGG meetings.

25. This report seeks Council's approval to enter into a variation of the Commitment Agreement (Attachment 1) and the Terms of Reference for the Joint Governance Group (Attachment 2). The Commercial Terms Sheet is provided as Attachment 3, and this records which matters require political direction ahead of being brought to Council for decision-making, versus operational matters which will be brought directly to Council for decision making.

#### **Project Update**

- 26. A cross-council project team has been stood up, consisting of staff from both Council and WBOPDC, and work has been allocated to the following workstreams:
  - Legal and Governance
  - Digital and Customer
  - Finance
  - People and Workforce
  - Asset Management and Operation Systems (AMOS)
  - Communication and Engagement
  - Tangata Whenua
- 27. A project update providing progress highlights and upcoming areas of focus for each workstream is provided as Attachment 5. An initial establishment budget of \$6.1m was developed for the purposes of the Annual Plan 2025/26, and for inclusion in the Water Services Delivery Plan and the Commitment Agreement (this figure does not include the budget for the Digital Programme, which is discussed separately in a public excluded report at this same 16 December Council meeting<sup>2</sup>).
- 28. Work is also underway within each workstream to develop budgets from a 'bottom-up' perspective. Revised budget estimates will be shared with Council as they become available.

#### SIGNIFICANCE AND ENGAGEMENT

- 29. The Local Government Act 2002 requires a formal assessment of the significance of matters and decision in this report against Council's Significance and Engagement Policy. In making this formal assessment there is no intention to assess the importance of this item to individuals, groups, or agencies within the community and it is acknowledged that all reports have a high degree of importance to those affected by Council decisions.
- 30. The Policy requires Council and its communities to identify the degree of significance attached to particular issues, proposals, assets, decisions, and activities.

<sup>&</sup>lt;sup>2</sup> The projected cost for the digital programme is excluded from this report to protect Council's commercial position.

31. In terms of the Significance and Engagement Policy the recommended decisions are considered to be of **low** significance are procedural in nature and allow the implementation of matters in the Multi-Council Water Organisation Summary Plan.

#### **ENGAGEMENT, CONSULTATION AND COMMUNICATION**

- 32. There is no requirement to engage or consult on the recommended decisions. These recommendations provide for the implementation of the approved WSDP and signed Commitment Agreement.
- 33. A joint media release will be prepared following the completion of the Western Bay of Plenty District Council and Tauranga City Council meetings. This media release will provide an update to the community on progress to date and expected next steps.

#### **ISSUES AND OPTIONS ASSESSMENT**

- 34. In terms of the recommendations made by this report, the key decision is whether to proceed with the recruitment process for the Establishment CE now versus either waiting until a decision is made by Council and TCC on due diligence at the end of March 2026 or proceeding with recruitment of a Transitional Director ahead of a permanent CE.
- 35. As the 'go-live' date for the WO is 1 July 2027, a CE needs to be in place considerably ahead of that date to enable the organisation to be fully operational by 1 July 2027. For example, IAWAI (the Waikato and Hamilton WO) have a 'go-live' date of 1 July 2026 and announced the appointment of their CE in November 2025, with a start date for the position of 12 January 2026.
- 36. The assessment below sets out the advantages and disadvantages of each option. Attachment 4 provides an approximate timeline for each of the following options.

Option 1 – Proceed with recruitment of the Establishment CE to preferred candidate stage. Final appointment dependent on the outcomes of the due diligence decision in March 2026 (RECOMMENDED)

#### **Disadvantages Advantages** • Having a CEO appointed early in Potential candidates may be the establishment phase provides a concerned that the appointment strong foundation for the on-going process is dependent on the final success of the WO. The CEO will be due diligence decision (end March 2026). involved in shaping the WO's vision, governance, and operating model. Potentially a higher cost option than option 2 due to salary costs. There is opportunity for the Establishment CE to be directly appointed into permanent CE position for WO.

Advantages	Disadvantages
There are a number of other WOs being established and this ensures that potential candidates can consider this role alongside other opportunities.	
Most senior executives have a three-month notice period. An early recruitment process reduces the impact of this time constraint on the final appointment of a CE.	

Option 2 – Do not proceed with recruitment of the Establishment CE until the Council and TCC have made the due diligence decision.

Advantages	Disadvantages
<ul> <li>Certainty that the role exists (or not) as the final due diligence decision would have been made.</li> <li>Potentially a lower cost approach, as salary costs may not be incurred until a later date (than in Option 1 and Option 3)</li> <li>There is opportunity for the Establishment CE to be directly appointed into permanent CE position for WO.</li> </ul>	<ul> <li>The skills required for this establishment role are in tight supply and a delayed recruitment process may mean a smaller number of potential candidates.</li> <li>A delayed recruitment process may mean that organisational decisions need to be made ahead of the appointment of a CE.</li> </ul>

Option 3 – Proceed with recruitment of a Transition Director to preferred candidate stage, final appointment dependent on the outcomes of the due diligence decision in March 2026. Recruitment of a permanent CE would commence June 2026.

Advantages		Disadvantages	
Ensures there is a dedicated leadership resource for the WO during the transition phase, ahead of recruiting the CE.			Potential candidates may be concerned that the appointment process is dependent on the final due diligence decision (end March 2026).
			It is unlikely that a Transition Director will have the necessary skillset to be

Advantages	Disadvantages		
	appointed into the ongoing CE role for the WO.		
	The skills required for the CE role are in tight supply and a delayed recruitment process may mean a smaller number of potential candidates.		
	Whilst the salary of a Transitional     Director will be lower than that of an     Establishment CE, there will still be     salary costs.		
	A delayed recruitment process may mean that a number of organisational decisions will be made ahead of the appointment of a CE.		
	Likely to be the highest cost option, due to:		
	<ul> <li>additional recruitment costs, as will need to recruit the Transition Director and then the CE position.</li> </ul>		
	<ul> <li>a crossover in the roles of Transition Director and CE, leading to higher salary costs overall.</li> </ul>		

#### **STATUTORY COMPLIANCE**

37. There are no statutory compliance matters to be considered in respect of this report.

#### **ATTACHMENTS**

- 1. Variation to Commitment Agreement 16 Dec 2025 📗 🖼
- 2. Terms of Reference Joint Governance Working Group LWDW 🗓 🖺
- 3. LWDW Commercial Term Sheet 091225 pdf 🛚 🖼
- 4. Recruitment timelines LWDW 1
- 5. Project Update Report as at 5 Dec 2025 U

## **VARIATION AGREEMENT**

### **LWDW COMMITMENT AGREEMENT**

**TAURANGA CITY COUNCIL** 

**AND** 

WESTERN BAY OF PLENTY DISTRICT COUNCIL

VARIATION AGREEMENT
LWDW COMMITMENT AGREEMENT

DATED:		

#### **PARTIES**

- 1. TAURANGA CITY COUNCIL ("TCC")
- 2. WESTERN BAY OF PLENTY DISTRICT COUNCIL ("WBOPDC")

#### **BACKGROUND**

- A. TCC and WBOPDC (collectively "the Councils") entered into a commitment agreement dated 1 September 2025 ("the Commitment Agreement") for the planning of a joint waters operation model under the Local Government (Water Services) Act 2025.
- B. The Councils wish to vary the Commitment Agreement to introduce an additional governance group within the Commitment Agreement's governance structure.
- C. The parties have agreed to enter into this Variation Agreement to record the terms of the variation.

#### **VARIATION AGREEMENT**

#### 1. INTERPRETATION

- 1.1 Unless the context otherwise requires:
  - (a) Any term in this Variation Agreement which is defined in the Commitment Agreement and is not specifically defined in this document will have the meaning given in the Commitment Agreement.
  - (b) The rules of interpretation and the rules relating to the construction of certain references set out in the Commitment Agreement apply as if incorporated in this Variation Agreement, with any necessary or consequential modifications.

#### 2. VARIATION

- 2.1 The Commitment Agreement is varied as follows:
  - (a) By adding the following row to the table comprising Schedule 1 (below the row that commences "Elected Members Governance Group" and above the row that commences "CEO Oversight Group"):

#### **Joint Governance Group**

(Clause Error! Reference source not found., Schedule 2)

**Members:** The members of the Joint Governance Group will be the following persons (or such other persons as are nominated by the relevant Council from time to time):

 Tauranga City Council members: To be nominated by the Mayor of Tauranga City Council.

- Western Bay of Plenty District Council members: To be nominated Mayor of Western Bay of Plenty District Council.
- Tangata Whenua representatives: To be nominated by Tangata Whenua.

**Meetings:** The Joint Governance Group will meet regularly, based on what is dictated by the work and decision-making programme, or at such other times or frequency as they determine from time to time.

- (b) By amending clause 4.1, 4.2 and 4.3 of Schedule 2 as follows:
  - 4.1 Governance structure: The governance model for the Project comprises the following:

(a) Elected Members Governance Group ("EGG");

(a)(b) Joint Governance Group ("JGG"):

(b)(c) CEO Governance Group ("COG");

(c)(d) Project Steering Group ("PSG"); and

(d)(e) Project Team

- 4.2 Terms of Reference: Each of the EGG, JGG, COG, the PSG and the Project Team will develop its own terms of reference to align with the Objectives and its role under this agreement.
- 4.3 Decisions made by the governance groups:
  - (a) Each Council will be responsible for their own decision-making using the Project
  - (b) The EGG, <u>JGG</u>, <u>CGG</u>, PSG, and Project Team will make decisions on a consensus basis.
  - (c) Where consensus is not possible, decisions will be made by the majority, or alternatively escalated to the next governance level, with final decisions to be made by the EGG (if the EGG has been established and if the EGG has not been established, by the COG).
- (c) By adding the following as clause 4.6 (and re-numbering the earlier versions of clause 4.6 – 4.8 as clauses 4.7 – 4.9 respectively).
  - 4.6 Joint Governance Group: The JGG shall be responsible for:
    - addressing issues that have been escalated to it by the COG or the PSG;
    - (b) keeping informed on the Project and considering Issues & Options papers on matters where governance direction is required; and
    - (c) referring issues raised by the COG to the EGG (if established) or otherwise to the Councils for consideration and approval where relevant.

#### 3. GENERAL

- 3.1 **Commitment Agreement**: The Commitment Agreement shall remain in full force and effect except as varied herein.
- 3.2 Entire agreement: The Commitment Agreement, as varied by this Variation Agreement and any other written variation signed by both parties, contains the entire agreement between the parties with respect to its subject matter and supersedes all prior agreements and understandings between the parties in connection with it.

3.3 **Regulatory capacity:** Except as otherwise expressly provided, the obligations of the Councils under this Variation Agreement are obligations of the Councils in their capacity as a contracting party. The Councils have certain regulatory and statutory functions, responsibilities and obligations in its capacity as a local authority outside of this Variation Agreement. The Councils shall be deemed not to be acting in the capacity of a contracting party under this Variation Agreement when exercising these functions, responsibilities and obligations.

- 3.4 Counterparts: This Variation Agreement may be executed in any number of counterparts each of which will be deemed an original and all of which together will constitute a single instrument. Either party may enter into this Variation Agreement by signing any counterpart including by way of electronic signature in accordance with Part 4 of the Contract and Commercial Law Act 2017.
- 3.5 **Copies:** Any copy of this Variation Agreement that is received by facsimile or via email in PDF or other document reproduction format (including any copy of any document evidencing a party's signature to this Variation Agreement) may be relied on by any party as though it were an original copy of this Variation Agreement. This Variation Agreement may be entered into on the basis of an exchange of facsimile, PDF or other document reproduction format.
- 3.6 **Costs:** The parties will each pay their own costs in connection with this Variation Agreement and any document or matter in relation to it.

#### **EXECUTION**

SIGNED for and on behalf of TAURANGA CITY COUNCIL by its authorised signatory	) ) )	Signature:	
		Name:	
		Position:	
SIGNED for and on behalf of WESTERN BAY OF PLENT DISTRIC COUNCIL	) Y)	Signature:	
by its authorised signatory:	,	Name:	
		Position:	

#### TERMS OF REFERENCE - JOINT GOVERNANCE GROUP LWDW

#### 1. Background

- 1.1. Tauranga City Council (**TCC**) is working, together with Western Bay of Plenty District Council (**WBOP**) towards establishment of a joint Water Organisation (**WO**) under the Local Government (Water Services) Act 2025 (**Project**).
- 1.2. On 1 September 2025 TCC and WBOP entered a Commitment Agreement to facilitate the establishment of the WO. The Commitment Agreement allows for an Elected Members Governance Group (EMG) to be established (at TCC and WBOP's discretion).
- 1.3. The Commitment Agreement records the following Relationship Principles:
  - (a) work together collaboratively and in good faith;
  - (b) ensure communication between them is open, proactive, transparent and inclusive, to avoid any surprises;
  - (c) make every effort to understand the other Council's needs and objectives for the joint operating model, and make all reasonable endeavours to ensure the joint operating model meets such needs and objectives;
  - (d) raise any issues that arise in connection with this agreement at the earliest opportunity, for joint resolution;
  - (e) resolve disagreements between them promptly and amicably; and
  - (f) as a courtesy and in the interest of clear and consistent communication, consult with the other Council before commenting publicly on the joint operating model or this agreement.
- 1.4. Following execution of the Commitment Agreement, the Councils have invited Tangata Whenua (**TW**) to be involved in the establishment discussions<sup>1</sup>.
- 1.5. TCC and WBOPDC have agreed, at their respective working groups, to vary the Commitment Agreement to have, in addition to the EMG², a Joint Governance Group (JGG) which includes Tangata Whenua representatives (as nominated by Tangata Whenua). This agreement shall be documented by way of a formal variation to the Commitment Agreement, and approved by TCC and WBOPDC.
- 1.6. This terms of reference is for the JGG.

#### 2. Joint Governance Group Purpose and Decision Making

2.1. To ensure that governance direction is provided in a timely manner, and that the project works at pace, a Joint Governance Group (**JGG**) has been formed to provide a forum to:

<sup>&</sup>lt;sup>1</sup> To give effect to the objectives stated in the Commitment Agreement, which includes upholding Treaty of Waitangi obligations and commitments in accordance with the establishment principles.

 $<sup>^2</sup>$  Yet to be established at the Councils' discretion in accordance with clause 4.5 of the Commitment Agreement

- Hear and consider the views of the other parties, to give effect to the objectives set out in the Commitment Agreement.
- Address issues that have been escalated to it by the Project Sponsors or CEO Oversight Group for consideration.
- Consider Issues & Options papers on matters where governance direction is required.
- 3.2 Decisions will be made on the following basis:
  - Where possible reach a consensus view that can proceed as a recommendation to the respective Councils for final decision making.
  - Where a consensus view is not reached, the matter will be escalated to the full Councils, together with a report that clearly outlines the different positions and the associated rationale.

#### 3. Scope of the Joint Governance Group

- 3.1. The scope of Joint Governance Group meetings will include:
  - a. The 'Multi-Council Water Organisation Summary Plan (including Due Diligence)" endorsed by TCC on 29 October 2025 and WBOPDC on 14 November 2025.
  - b. The matters in the Commercial Terms Sheet endorsed by the Councils at their meetings of 16 December 2025.
  - Other matters not captured in (a) or (b) above, recommended by staff for consideration or identified by members of the JGG, and agreed to by consensus by JGG.

#### 3 Membership and Structure

3.2. The members of the JGG will be the following persons (or such other persons as are nominated by the Mayor/Council/ Tangata Whenua from time to time):

#### Tauranga City Council Elected Member Working Group

- Cr Marten Rozeboom (Chair TMG)
- Mayor Mahe Drysdale
- Cr Kevin Schuler
- Cr Glen Crowther
- Cr Hautapu Baker

#### Western Bay of Plenty Elected Members Working Group

- Mayor James Denyer (Chair WBMG)
- Rodney Joyce
- Darlene Dinsdale
- Grant Dally
- Graeme Elvin

#### Tangata Whenua Working Group

- Kylie Smallman selected by Tauranga Moana Iwi Collective
- Hakopa Tapiata selected by Nga Iwi o Te Tau Ihu o Te Arawa Collective
- Shadrach Rolleston
- Rohario Murray
- Kiritapu Allan
- Roana Bennett

#### 4 Meetings and Procedures

- 3.3. Frequency: The JGG will meet regularly, based on what is dictated by the work and decision-making programme.
- 3.4. Format: Meetings may be held in person or virtually, as required.
- 3.5. Quorum: a minimum of three persons each from TCC, WBOP, and TW.
- 3.6. Chairing: The Councils have jointly appointed Lyall Thurston as Chair to facilitate meetings. In the absence of the appointed Chair, the Councils will jointly appoint an acting chair for that meeting.
- 3.7. Agenda: Agendas and supporting documentation will be circulated at least two working days in advance of each meeting when possible. TCC as administrative agent for the project will distribute the agenda.
- 3.8. Meeting outcomes and direction: Direction and Action points will be recorded and maintained.

#### 5 Supporting Principles and Criteria

- 3.9. The JGG will respect the establishment principles and criteria approved by TCC and WBOP, and contained in the Commitment Agreement, including:
  - a. Affordability and Equity: Ensuring water services are affordable and equitable for all communities.
  - b. Transparency: Operating with transparency and accountability.
  - c. Safe and Resilient Services: Delivering reliable and resilient water services.
  - d. Environmental Stewardship: Acting as kaitiaki for water resources.
  - e. WO is set up for success: the right governance, capabilities and direction are provided to enable long-term operational success and public value.
  - f. Iwi/Hapū Engagement: Upholding Treaty obligations and maintaining open engagement with Iwi and Hapū.
  - g. Financial and Asset Management: Overseeing fair and equitable asset and debt transfer, pricing, and capital programme prioritisation.

#### 6 Review and Amendment

3.10. These Terms of Reference will be reassessed at the conclusion of the Due Diligence and Establishment Planning Phase when the Councils have made a final decision on whether to proceed with establishing the WO.

3.11. Amendments to the Terms of Reference require approval of both TCC and WBOP.

#### 7 Duration

3.12. The JGG will operate for the duration of the Project (i.e. either until the WO is operational and/or successfully transitioned, or until a WO Shareholders' Representative Forum is established) or until the JGG is disestablished by agreement of the Councils.



Working draft: 9 December 2025

#### **Tauranga City Council and Western Bay of Plenty District Council**

#### **Term Sheet: Water Organisation Foundation Documents**

	Term	Options for consideration	Comments	Proposed political decision¹	Proposed commercial decision <sup>2</sup>
Constitu	tion				
Foundat	ional information	1			
1.	Name of Water Organisation	[TBC]	It is proposed that a workstream will be established to address the name of the WO	Yes	No
2.	Scope of business	Providing Drinking Water, Wastewater and Stormwater services in the Service Areas, and ancillary activities.	We understand that WBOPDC has resolved to transfer stormwater responsibility to the WO, but a question mark remains over TCC's position. If responsibility for stormwater does transfer to the WO, the intention is for SW related land to be retained by the Councils (dual purpose reserves etc.).	Yes. Political Decision re Stormwater <u>for</u> <u>TCC</u> <sup>3</sup> (to be covered in its own separate issues and options paper).	No

<sup>&</sup>lt;sup>1</sup> Proposed political decisions to be covered in issues & options paper.

TCC - WBPDC - Establishment Documents Term Sheet(43069935.1)

Page 1

Proposed decision to be covered by recommendation only.
 WBOPDC has already made a decision regarding Stormwater.

	Term	Options for consideration	Comments	Proposed political decision <sup>1</sup>	Proposed commercial decision <sup>2</sup>		
Ownersh	Ownership and control, and governance structure						
3.	Number of directors	[Any number; does not need to be expressly specified but useful to have, eg "Up to 5 directors"]	There are no legislative restrictions on numbers, so this should be led by the Councils' views on 'right sizing' the board to ensure a good mix of skills and experience, by reference to the skills matrix to be developed for the Board.  We consider a board of up to 5 directors would enable the appointment of a suitable mix of skills and experience, aligned with the skills matrix (see below).  The working assumption is that there will not be an 'interim' or 'establishment' board, but that the Directors appointed will continue through to July 2027 and beyond.	Yes	No		
4.	Director appointment	<ul> <li>(a) Each shareholder will have a right to appoint one or more directors (as specified), with additional directors appointed by agreement (but noting all directors must be independent once the Water Organisation takes on the Water Services obligations)</li> <li>(b) Shareholders (directly or via Shareholders Representative Forum) will jointly appoint all directors</li> </ul>	Generally the approach being taken is to have this as one of the roles of the Shareholders Representative Forum (SRF) (or similar) (see discussion below). Appointments to the Board should be based on whether the proposed directors meet the requirements of the skills matrix.  We have seen iwi representation on SRFs (or similar), but not with specific Board rights, given the requirement for independent directors. We would expect the skills matrix to contain reference to mana whenua knowledge and related matters, which would provide the opportunity to have appropriate expertise on the Board.	Yes	No		

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	Term Options for consideration Comments		Proposed political decision <sup>1</sup>	Proposed commercial decision²	
			Ideally, the Constitution would align with each Council's policy relating to the appointment and remuneration of a director, as far as practicable, or a new appointment policy will be prepared and adopted for the Water Organisation itself based on these policies.  Shareholding councils (through the SRF, if relevant) will prepare a board skills matrix to satisfy the requirement to have an appropriate mix of skills, knowledge, and experience on the Board in relation to providing water services, which will then be applied by the SRF in making director appointments.		
5.	Director Term of appointment	<ul> <li>(a) Specified appointment term (eg 3 years), with a requirement to retire (but option to be reelected) up to a maximum term (eg 9 years (3 x 3))</li> <li>(b) Unspecified appointment term, with no requirement to retire unless removed/replaced</li> </ul>	Generally the approach being taken is to have a set appointment term with a maximum aggregate term (noting that initial appointments will need to be staggered to ensure ability to rotate directors over time).  We would recommend that an initial 3 year term, with a maximum of 3 terms (ie up to 9 years) would be suitable.	No	Yes
6.	Director Remuneration	<ul> <li>(a) Determined by shareholders by ordinary resolution (ie &gt;50% vote)</li> <li>(b) Determined by shareholders by unanimous resolution</li> <li>(c) Determined by the SRF</li> </ul>	We would recommend option (c), while having regard to each shareholding council's appointment and remuneration policy and independent data (or the Water Organisation's remuneration policy).	Yes	No

TCC - WBPDC - Establishment Documents Term Sheet(43069935.1) Page 3

	Term	Options for consideration	Comments	Proposed political decision <sup>1</sup>	Proposed commercial decision <sup>2</sup>
7.	Should interested directors be allowed to vote on remuneration or other matters?	<ul><li>(a) Yes</li><li>(b) No</li><li>(c) No, except for specified circumstances.</li></ul>	We would recommend option (c), with specified exceptions as follows:  1. any payment or other benefit under s 161 of the Companies Act 1993  2. the entry into an indemnity or insurance arrangement	No	Yes
Other m	atters				
8.	Whether dividends permitted	<ul> <li>(a) No dividend permitted</li> <li>(b) Dividend permitted with board approval</li> <li>(c) Dividend permitted with unanimous shareholder approval</li> </ul>	We recommend option (c) as it gives the Water Organisation some flexibility while ensuring that a decision against reinvesting all surplus funds into maintaining and improving infrastructure and services cannot be made too easily.  We consider this approach to be consistent with the purpose, objectives and financial principles of the LG(WS)A.	Yes	No
9.	Additional reporting obligations of the Water Organisation to each Council	(a) Include additional reporting requirements     (b) Rely on s 249 Local Government (Water Services) Act 2025, for notice to require additional plans or reports	We would recommend option (b) because it gives the parties the flexibility to develop the reporting requirements rather than having to prescribe them from the outset.  Note also that Statement of Expectations will provide further opportunity to prescribe reporting requirements, and frequency of reporting, and will be required to set out requirements for half-yearly report from Water Organisation to SRF.	No	Yes

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	Term	Options for consideration	Comments	Proposed political decision <sup>1</sup>	Proposed commercial decision <sup>2</sup>	
10.	Scope and nature of Statement of Expectations	<ul> <li>(a) SOE cannot provide direction to the WO on operational matters</li> <li>(b) SOE can provide direction to the WO on operational matters.</li> </ul>	Section 228(3) of the Local Government (Water Services) Act 2025 states a SOE must <u>not</u> include any requirement or expectation related to the WO's performance, or exercise of a duty, function or power under the Act. However, section 228(4) states section 228(3) does not apply if the WO's foundation documents provide otherwise.  If the shareholders elect option (b), what are those specific operational matters it wishes to influence in the SOE? For example, stormwater charging.	Yes	No	
11.	Scope and nature of shareholders involvement in preparing, amending and finalising the WSS.	<ul> <li>(a) Shareholders can provide comments on the draft WSS, but cannot (i) require the WO to amend the draft WSS; or, (ii) approve the final WSS.</li> <li>(b) Shareholders can (i) provide comments on the draft WSS; (ii) require the WO to amend the draft WSS; (iii) approve the final WSS.</li> </ul>	Regardless of the option selected, the WO must give effect to the SOE.  Section 236(4) Local Government (Water Services) Act 2025, requires the shareholders to address the scope and nature of its involvement in preparing the WSS in the foundation documents.	Yes	No	
	Shareholders' Agreement  Foundational information					
12.	Initial and ongoing shareholdings	(a) Proportionate to the net assets each shareholding council transfers to the Water Organisation (and not subsequently adjusted)     (b) Proportionate to the population or number of water connections each shareholding council	is important to link the (anticipated) percentage shareholdings with decision-making thresholds.	Yes	No No	

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	Term	Options for consideration	Comments	Proposed political decision <sup>1</sup>	Proposed commercial decision <sup>2</sup>
		has at the transfer date (and not subsequently adjusted) (c) A hybrid model comprised of one or more of a range of metrics (net assets, population, connections etc.) (d) One of the above options, with a subsequent review and adjustment (eg annually) to water connections			
Voting r	ights and decisior	n making			
13.	Rights attaching to shares	<ul><li>(a) The number of shares determine the voting rights of a shareholder</li><li>(b) Each shareholder has equal voting rights</li></ul>	To be considered against the potential initial and ongoing shareholding percentages.  Given there are (at least initially) only 2 shareholders, the question becomes whether the larger shareholder should have any 'sole' decision-making power, or whether all shareholder decisions will be by unanimity.	Yes	No
14.	SRF membership and appointment rights	<ul> <li>(a) [One or more] elected member[s] of each shareholding council</li> <li>(b) At least one elected member, and [one or more] other person[s] appointed by a shareholding council to represent it (which can be an elected member)</li> </ul>	Option (b) reflects the legal requirements for a joint committee under the Local Government Act 2002, which must involve a representative of each local authority. An alternative option would be to establish an other type of subordinate decision-making body, which can allow for entirely appointed members, but we anticipate that elected member representation will be preferred.	Yes	No
15.	SRF membership and appointment rights –	<ul> <li>(a) No tangata whenua representation</li> <li>(b) Person[s] appointed by iwi, and confirmed by shareholding councils</li> <li>(c) Person[s] appointed by each shareholding council</li> </ul>	Some representation on or involvement with SRF considerations and decision-making can provide an appropriate level of participation, even if tangata whenua are not given a specific right to appoint director(s) of the WO.	Yes	No

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	Term	Options for consideration	Comments	Proposed political decision <sup>1</sup>	Proposed commercial decision <sup>2</sup>
	tangata whenua	(d) Person[s] appointed jointly by shareholding councils			
16.	SRF membership and appointment rights – independent chair	(a) Yes (b) No	An independent chair of the SRF will promote good governance and help streamline discussions (noting the chair will not necessarily have a casting vote).	Yes	No
17.	Who will have the right to appoint a shareholder representative to the SRF?	<ul> <li>(a) Each Council individually appoints its own representatives to the SRF.</li> <li>(b) TCC and WBOPDC jointly appoint all representatives to the SRF</li> </ul>	Option (a) is the standard approach adopted.  Note that each Council will need to approve the delegations to the SRF.  Depending on the decisions for items 14 and 15 above, the representatives on the SRF may include: Elected Member(s); Other representative(s), such as senior Council Officers or independent experts; Tangata Whenua Representative(s), if it is agreed Tangata Whenua should be represented on the SRF.	Yes	No
18.	Extent of shareholding council's guarantee to Water Organisation's	(a) Proportionate to shareholding (b) Equal liability	To be considered.	Yes	No

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	Term	Options for consideration	Comments	Proposed political decision <sup>1</sup>	Proposed commercial decision <sup>2</sup>
	under LGFA arrangements				
Board m	eetings				
19.	Frequency of board meetings	Monthly or as otherwise determined by the Board.	We would recommend adopting this as the standard approach.	No	Yes
20.	Will the chair of a board have a casting vote?	No	This is the standard approach. However, this needs to be considered in the context of Board numbers (ie ability to break a tie).	Yes	No
Sharehol	der meetings				
21.	Frequency of SRF meetings	Specify (eg monthly) or leave it to the SRF itself to determine.	Likely the SRF will require a regular cadence initially, and may then be on a more as-required basis except for specific annual activities.	No	Yes
22.	Frequency of shareholder meetings	Annual, with a right for either shareholder to call a meeting at any time.	We would recommend adopting this as the standard approach.	No	Yes
23.	What constitutes a quorum at a shareholders meeting	A representative from each shareholding council.	We would recommend adopting this as the standard approach.	No	Yes

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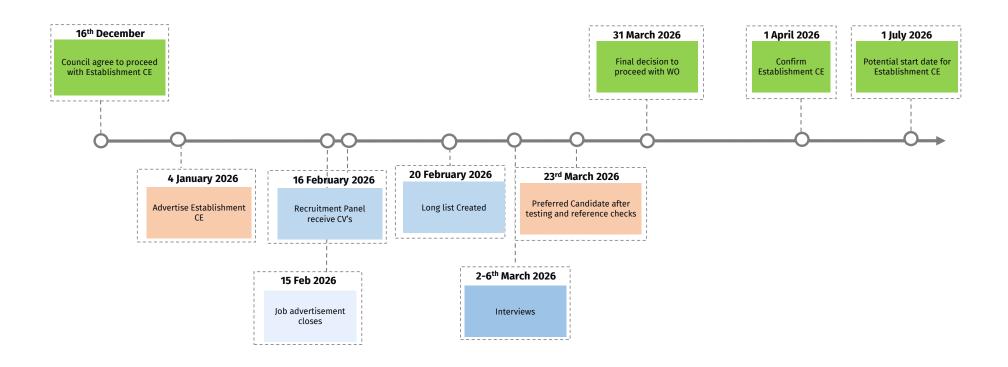
	Term	Options for consideration	Comments	Proposed political decision <sup>1</sup>	Proposed commercial decision <sup>2</sup>	
Decision	-making by SRF					
24.	Decision- making	Generally by simple majority	We would recommend adopting this approach as it reflects equal voting rights for representatives on SRF (note unanimity point where there are 2 shareholders).	No	Yes	
25.	Responsibilitie s of SRF	Suggest includes the following matters:  (a) Approval of initial plan and budget  (b) Preparation and approval of Statement of Expectations  (c) Adoption of or changes to Director Skills Matrix  (d) Director appointment policy  (e) Comments to Water Organisation on draft Water Services Strategy  (f) Review of draft Transfer Agreements (but not execution, as that is matter for Councils)  (g) Review of draft Transitional or Service Level Agreements (but not execution)  (h) Other matters	We would recommend it is appropriate to have all of these matters decided at SRF level, rather than at individual Council level.  Note tangata whenua membership on the SRF may influence what is included in this scope or may require adjustments so that certain decisions are only for Shareholders as opposed to non-Shareholder representatives.	Yes	No	
Reserve	Reserved or other matters					
26.	Matters requiring unanimous approval of shareholders	Can include the following matters: (a) Addition of new shareholder (b) Addition of new party to the SRF (c) Liquidation or winding up of Water Organisation (d) Amalgamation (e) Other matters	We would recommend this should be limited to the most critical matters. We recommend (a) to (d).	Yes	No	

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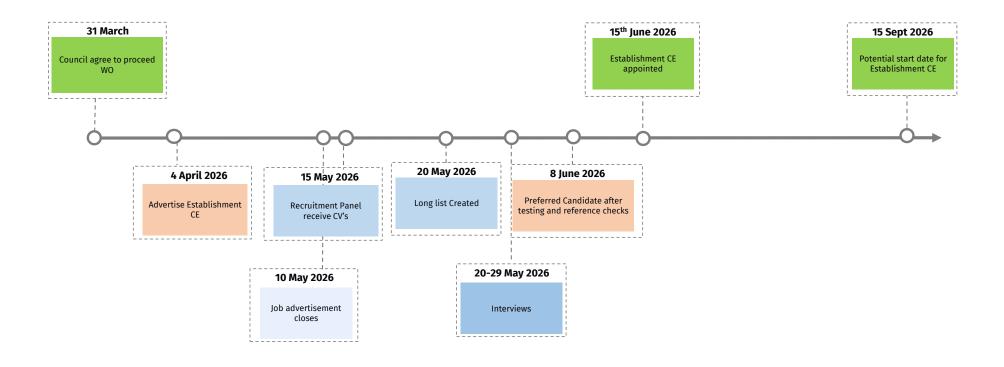
	Term	Options for consideration	Comments	Proposed political decision <sup>1</sup>	Proposed commercial decision <sup>2</sup>	
27.	Matters requiring 75+% approval of shareholders' votes	<ul> <li>(a) Issue of, or changes to, buy-backs of shares</li> <li>(b) Major transactions (being transactions with a value of 50% or more of the assets of the Water Organisation)</li> <li>(c) Changes to constitution</li> <li>(d) Material change to the nature of the Water Organisation's business</li> <li>(e) Giving financial assistance for the purposes of purchasing shares</li> <li>(f) Other matters</li> </ul>	We would recommend adopting this as per the list. This list should be limited to matters which require substantial alignment among shareholding councils. We recommend (a) to (e).	Yes	No	
28.	Protection against privatisation	Expressly address this theme within the foundation documents	This is in direct response to a request from the JGG. On that basis we recommend including this provision. However, including such a clause is very unlikely to override any central government legislation.	Yes	No	
Dispute i	Dispute resolution					
29.	Dispute resolution regime	Negotiation, mediation, arbitration	We would suggest including a usual escalation process and then mediation.	No	Yes	

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Page 10

# Option 1 - Establishment Chief Executive Pathway - proceed prior to final decision

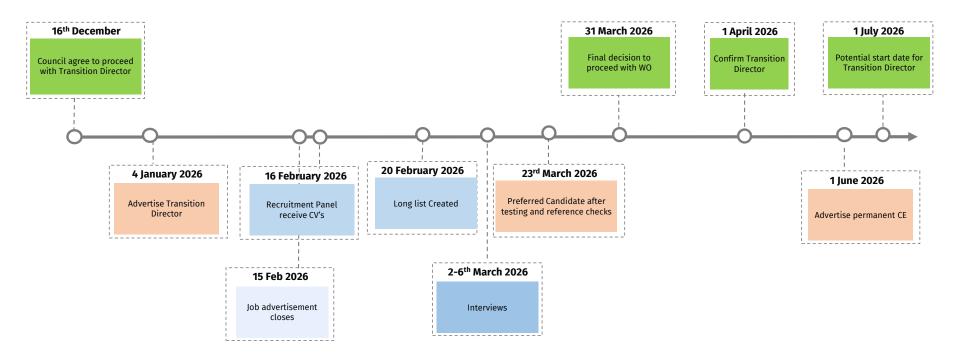


# Option 2 - Establishment Chief Executive Pathway - proceed post to final decision



# Option 3: Pathway for dual appointments, Transition Director followed by permanent Chief Executive

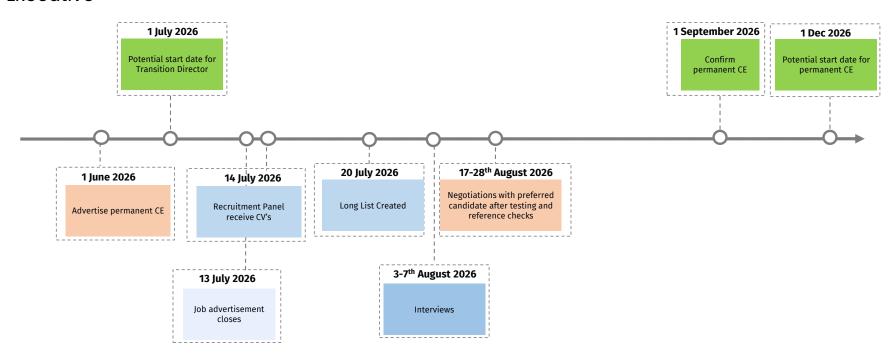
Transition Director is a fixed term appointment until post 'go-live' date of 1 July



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# Option 3 - Pathway for dual appointments, Transition Director followed by permanent Chief Executive, continued

There is an expected overlap for the roles of Transition Director and the permanent Chief Executive



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# Multi-Council Water Organisation Project Update – as at 5<sup>th</sup> December 2025

Operations (AMOS)	Digital & Customer	Legal & Governance	People & Workforce	Finance	Comms& Engagement	Tangata Whenua	Overall Project Health
		<u> </u>					

RAG Indicators Legend: Green= On Track/To Plan, Amber= At risk, Lead is managing back to green, Red = Significant Risk, requires support

#### **Overall Project Updates**

- Governance arrangements as set out in the joint Commitment Agreement Program have progressed further with the appointment of
  elected members from both Councils to the Elected Members Governance Group. The CE Oversight Group and the Steering Group
  has been functional since October. The Project Team has also been mobilised in part to undertake due diligence work (DD).
- Workstreams are undertaking DD work as outlined in the adopted "Multi-Council Water Organisation Summary Plan" and the flow
  of information to the Joint Governance Group (JGG) through fact sheets, reports and briefings is accelerating to meet key decision
  dates
- Tangata Whenua representatives appointed to the JGG.

	kstream		

Workstream	Progress Highlights for this period	Focus for next period
Legal & Governance	<ul> <li>Stormwater: Prepared factsheets and briefings that addressed responsibility, ownership, WSP, charging, stormwater service zones, service level agreements, interface with regional council etc.</li> <li>Digital: Finalised MOU.</li> <li>Shareholders Representative Forum: Prepared I&amp;O Paper for instructions.</li> <li>Interim Statement of Expectations: Prepared I&amp;O Paper for instructions.</li> <li>Commercial Term Sheet: Prepared commercial term sheet to inform drafting of the foundation documents.</li> </ul>	<ul> <li>Stormwater: Finalise I&amp;O Paper, including working with finance to finalise financial modelling, for EMG meeting on 22 December 2025.</li> <li>Director Skills Matrix: Provide to each council's EMG and the TW working group for review and comment. Finalise draft for endorsement.</li> <li>Commercial Terms: Preparing I&amp;O papers for issues requiring political and Tangata Whenua input and recommendation papers (for commercial issues). These matters will be addressed at a combination of TMG, WBMG and JGG meetings in February 2025.</li> <li>Legal Due Diligence: Complete and answer self-assessment questionnaires on legal claims and contracting arrangements.</li> <li>Next I&amp;O Papers will include WO Governance Structure and Shareholding and Voting Rights.</li> </ul>
Digital & Customer	<ul> <li>MoU, Business Case, Independent VfM work completed and ready for Dec 16<sup>th</sup>.</li> <li>Board &amp; Elected member engagement underway.</li> </ul>	<ul> <li>16th Dec council resolutions TCC/WBOPDC, 18th Dec IAWAI board resolutions.</li> <li>Phase 1 mobilisation planning for Q1 (facilities, resources, contracting and Joint Partnership Agreement).</li> </ul>
Finance	<ul> <li>A Draft Finance Workstream Plan has been prepared for review by the Steering Group</li> <li>Financial modelling is underway to compare effects of Stormwater remaining in-house</li> <li>Initiating work on debt due diligence</li> </ul>	<ul> <li>Working with AMOS workstream to align DD financial outputs with assets / land related elements.</li> <li>Financial modelling associated with SW options.</li> <li>Establishing basis for debt figures for TCC for due diligence work.</li> </ul>
People & Workforce	<ul> <li>Functional design workshops held with senior leadership from both Councils</li> <li>Prepared a Draft P&amp;W Workstream Plan and functional Design documents</li> </ul>	<ul> <li>Review and finalise P&amp;W Workstream Plan for Steering Group adoption.</li> <li>Functional design outputs to flow into stranded costs finance workstream.</li> </ul>
Asset Management & Operation Systems (AMOS)	<ul> <li>Held joint hi-level AMOS scoping workshops.</li> <li>Drafted schedule identifying AMOS elements for "Due Diligence" (DD) assessment.</li> </ul>	<ul> <li>Identify staff within both organisations to co-ordinate and undertake DD tasks.</li> <li>Agree target dates for all DD elements .</li> <li>Finalise Workstream Plan.</li> <li>Develop DD Questionnaire.</li> </ul>

# Multi-Council Water Organisation Project Update – as at 5<sup>th</sup> December 2025

Communications 8 Engagement	<ul> <li>Drafting and publication of Water Services         Delivery Plan acceptance &amp; respective Council         working group appointments media releases.</li> <li>Updating of respective Local Water Done Well         project web pages - Local Water Done Well           Your Place Western Bay of Plenty / Delivering         water services through future partnerships.</li> <li>Initial discussions on brand development         process, including scoping document and         strategic framework for multi-council water         organisation.</li> </ul>	<ul> <li>Potential joint communications – media release – following 16 December Council meetings on progress to date and key decisions.</li> <li>Progressing brand development process, including scoping document and strategic framework for multicouncil water organisation.</li> <li>Liaising with Tangata Whenua workstream on Tangata Whenua involvement in the development of the brand project document, and subsequent brand process.</li> </ul>
Tangata Whenua	<ul> <li>Tangata Whenua have confirmed 6 representatives who will sit on the Joint Governance Group.</li> </ul>	<ul> <li>Confirm with the 6 representatives the areas for Tangata Whenua input (proposed as per the Summary Plan).</li> <li>Finalise a Partnership Plan (now the 6 representatives are onboard) as per Commitment Plan requirements.</li> <li>Work with the Tangata Whenua working group.</li> </ul>

## 10.9 PROPOSED SUBDIVISION AND SALE OF 294 BEACH ROAD, KATIKATI

File Number: A6895071

Author: Kerrie Little, Operations Manager

Authoriser: Brad Singh, General Manager Infrastructure Group

### **EXECUTIVE SUMMARY**

Council is asked to consider subdividing and selling approximately 1,689m<sup>2</sup> of 294 Beach Road, Katikati which has an estimated value of \$895,000. It is proposed that proceeds from the sale of this property will be used to offset some of the property's original land purchase debt.

#### RECOMMENDATION

- 1. That the Operations Manager's report dated 16 December 2025 titled 'Proposed Subdivision and Sale of 294 Beach Road, Katikati', be received.
- That the report relates to an issue that is considered to be of low significance in terms of Council's Significance and Engagement Policy.
- That Council approves the subdivision and subsequent sale of approximately 1,689m² of the property at 294 Beach Road, Katikati.

#### OR

 That Council does not approve the subdivision and subsequent sale of approximately 1,689m² of the property at 294 Beach Road, Katikati.

### **BACKGROUND**

- 1. 4,730m² of property at 294 Beach Road, Katikati was purchased in November 2020 at a cost of \$1,275,000 for Reserves purposes (i.e. to support the Beach Road Boat Ramp & Surrounds concept plan).
- 2. On 20 June 2024, the Strategy and Policy Committee resolved (Resolution SPC24-4.4) to adopt the Beach Road Boat Ramp & Surrounds concept plan with an estimated cost of implementation being \$867,514 which will be indicatively shared between Council (50%), Financial Contributions (7.14%), and External Funders (42.86%).
- 3. Council now needs to consider selling approximately 1,689m<sup>2</sup> of 294 Beach Road, Katikati which has an estimated value of \$895,000.
- 4. This portion of the property is surplus to the requirements of Reserves and Facilities.

5. The sale can be achieved through a future boundary adjustment, including the existing house and detached garage. It is proposed that proceeds from the sale be used to pay back some of the property's original purchase price.





#### SIGNIFICANCE AND ENGAGEMENT

6. The Local Government Act 2002 requires a formal assessment of the significance of matters and decision in this report against Council's Significance and Engagement Policy. In making this formal assessment there is no intention to assess the importance of this item to individuals, groups, or agencies within the community and it is acknowledged that all reports have a high degree of importance to those affected by Council decisions.

- 7. The Policy requires Council and its communities to identify the degree of significance attached to particular issues, proposals, assets, decisions, and activities.
- 8. In terms of the Significance and Engagement Policy this decision is considered to be of low significance due to the level of community interest.

## **ENGAGEMENT, CONSULTATION AND COMMUNICATION**

9. The engagement, consultation, and communication undertaken through the 2025-26 Annual Plan process.

#### **ISSUES AND OPTIONS ASSESSMENT**

Option A		
	nd subsequent sale of approximately 1,689m² 34 Beach Road, Katikati.	
Assessment of advantages and disadvantages including impact on each of the four well-beings  • Economic  • Social  • Cultural  • Environmental	Sale of this property would assist with offsetting some of the property's original land purchase debt.  Council would not own and maintain a residential dwelling	
Costs (including present and future costs, direct, indirect and contingent costs).	Reduces ongoing maintenance cost for an aging property.  Offsets some of the land purchase debt.	

Option B		
That Council does not approve the subdivision and subsequent sale of approximately		
1,689m² of the property of	at 294 Beach Road, Katikati.	
Assessment of advantages and disadvantages including impact on each of the four well-beings  • Economic  • Social  • Cultural  • Environmental	There would be no contribution toward offsetting some of the property's original land purchase debt.  Perception of a residential property not being maintained to a high standard.	
Costs (including present and future	Ongoing maintenance of the property.	
costs, direct, indirect and contingent costs).	Larger Reserves property purchase debt.	

# **STATUTORY COMPLIANCE**

14. The subdivision will be carried out in accordance with the Resource Management Act 1991, WBOPDC's District Plan requirements and the Reserves Act 1977.

# **FUNDING/BUDGET IMPLICATIONS**

Budget Funding Information	Relevant Detail
	The subdivision and sale of approximately 1,689m² of 294 Beach Road, Katikati, including a house and garage, which has an estimated value of \$895,000 to will help to offset some of the property's original land purchase debt.

# 10.10 OMOKOROA STORAGE FACILITY - BUSINESS OPERATION MODEL

File Number: A7057008

Author: Kerrie Little, Operations Manager

Authoriser: Brad Singh, General Manager Infrastructure Group

### **EXECUTIVE SUMMARY**

After purchasing the property at 474 Ōmokoroa Road as an ongoing business Council has three options presented to them –

- (a) Run the storage facility with existing staff within the Property team at WBOPDC. This would include tenancy management of the two residential dwellings on the property (recommended option); or
- (b) Lease the business and land to an independent operator to run the storage business and tenant the residential dwellings; or
- (c) Close the storage business and leave the buildings and residential dwellings empty until they are demolished when the Recreation Reserve is developed in approximately eight years time.

#### RECOMMENDATION

- That the Operations Managers report dated 16 December 2025 titled 'Ōmokoroa Storage Facility Business Operation Model', be received.
- That the report relates to an issue that is considered to be of low significance in terms of Council's Significance and Engagement Policy.
- 3. That Council approves that Council run the storage facility with existing staff within the Property team at Western Bay of Plenty District Council. This would include tenancy management of the two residential dwellings on the property.

or

4. That Council agrees to lease the business and land to an independent operator to run the storage business and tenant the residential dwellings.

or

5. That Council agrees to close the storage business and leave the buildings, and residential dwellings empty until they are demolished when the Recreation Reserve is developed in approximately eight years time.

### **BACKGROUND**

1. At a confidential Council meeting on 24 July 2025 (Resolution CL25-9.23) Council approved the acquisition of 474 Ōmokoroa Road for future Recreation Reserve

purpose. This is currently a commercial property and is identified in the 2024-34 Long Term Plan (LTP) for future active reserve purposes as part of Council's approved Structure Plan through Plan Change 92 for the urbanisation of Prole Road to State Highway 2 area.

- 2. Council requested at this meeting that a paper in relation to whether Council leased out or ran the self storage facility itself would come back to Council for a decision.
- 3. The site holds two houses and 92 storage units within a medium density zoning under Councils Operative Plan District Plan.
- 4. The business is passively run and takes very little time for tenancy management. Grounds maintenance is the main use of time, this would be contracted out if Option 1 was the preferred option.
- 5. The site had a resource consent that expires on 18 May 2026 that allows the commercial use of the property as a self storage facility. An application was lodged to renew the consent and when the property was purchased Council took over the application and the Land Use Consent has subsequently been renewed.
- 6. The previous owner has a lease to operate the business until 31 March 2026 and does not want to extend past this point.

#### SIGNIFICANCE AND ENGAGEMENT

- 7. The Local Government Act 2002 requires a formal assessment of the significance of matters and decision in this report against Council's Significance and Engagement Policy. In making this formal assessment there is no intention to assess the importance of this item to individuals, groups, or agencies within the community and it is acknowledged that all reports have a high degree of importance to those affected by Council decisions.
- 8. The Policy requires Council and its communities to identify the degree of significance attached to particular issues, proposals, assets, decisions, and activities.
- 9. In terms of the Significance and Engagement Policy this decision is considered to be of low significance because the acquisition of the property was formally dealt with through the public submission process and a formal hearing for Plan Change 92 and Notice of Requirement (NOR) process by appointed Commissioners.

### **ENGAGEMENT, CONSULTATION AND COMMUNICATION**

- The purchase of 474 Ōmokoroa Road forms part of the 2024/34 LTP Project 345401
   Ōmokoroa Active Reserve and Plan Change 92 which was publicly notified and submissions heard through a hearings panel made up of independent commissioners.
- 11. The decision on what happens to the land and business while awaiting the development of the Reserve was to be referred back to Council for a decision.

Interested/Affected Parties	Completed/Planned Engagement/Consultation/Communication		
Current lease holders	Which ever option was agreed to each of the current lease holders will be communicated with directly.		
General Public	There would be a seamless transition to either council run or leased.	р	eted
	If the facility was closed there would be a lack of service in the community	Planned	Completed

# **ISSUES AND OPTIONS ASSESSMENT**

# Option A (Recommended)

That Council approves that Council run the storage facility with existing staff within

the Property team at WBOPDC. This would include tenancy management of the two			
residential dwellii	ngs on the property.		
Assessment of advantages and disadvantages including impact on each of the four well-beings  • Economic  • Social  • Cultural  • Environmental	Advantages Greater control over operational costs and potential efficiencies in property management.  Council oversight ensures fair tenancy practices and accountability.  Council management may ensure that tenancy arrangements respect local values and community expectations. Direct Council oversight allows integration of sustainability practices (e.g., waste management, energy efficiency in dwellings).  Disadvantages  Staff workload would need to be managed effectively.		
Costs (including present and future costs, direct, indirect and contingent costs).	Direct present costs: Staffing, utilities, insurance, maintenance.  Contingent costs: Tenant disputes, vacancies, unexpected repairs, redevelopment delays.		

This option would mean Council retains maximum income from the business.

This option would ensure interest costs on the loan to purchase the property are covered and profit made.

# **Option B**

That Council agrees to lease the business and land to and independent operator to run the storage business and tenant the residential dwellings.

# Assessment of advantages and disadvantages including impact on each of the four well-beings

- Economic
- Social
- Cultural
- Environmental

The success of this depends on the strength of the lease agreement, particularly how well it embeds Council's expectations for tenant well-being, cultural respect, and environmental sustainability.

### <u>Advantages</u>

Predictable income and reduced operational burden.

# <u>Disadvantages</u>

Reduced Council control, possible misalignment with community, cultural, or environmental priorities.

**Direct present costs**: Lease setup, legal, and valuation.

**Future direct costs**: Monitoring, compliance, and possible renegotiation.

Costs (including present and future costs, direct, indirect and contingent costs).

**Indirect costs**: Lower potential revenue, reputational risks, and community perception.

**Contingent costs**: Operator failure, disputes, environmental liabilities, and redevelopment conflicts.

## **Option C**

That Council agrees to close the storage business and leave the buildings and residential dwellings empty until they are demolished when the Recreation Reserve is developed.

Assessment of advantages and disadvantages including impact on each of the four well-beings

This option prioritises long-term redevelopment over short-term utility, but requires careful management of social and

<ul><li>Economic</li><li>Social</li><li>Cultural</li><li>Environmental</li></ul>	environmental impacts during the vacancy period.  Advantages  Simplifies Council's responsibilities, reduces short-term costs, and clears the path for Recreation Reserve development.
	<u>Disadvantages</u>
	Loss of income, displacement of tenants, community dissatisfaction, and risks associated with vacant properties. Public perception of Council 'waste of money' would also be significant.
	<b>Direct costs now</b> : Security, insurance, minimal maintenance.
Costs (including present and future	<b>Future direct costs</b> : Demolition and site preparation.
costs, direct, indirect and contingent costs).	Indirect costs: Community dissatisfaction, reputational damage, lost revenue.
	<b>Contingent costs</b> : Risks of vandalism, liability, and environmental hazards.

### **STATUTORY COMPLIANCE**

- 12. Section 12 (2) of the Local Government Act 2002 states -
  - (2) For the purposes of performing its role, a local authority has
    - a) full capacity to carry on or undertake any activity or business, do any act, or enter into any transaction; and
    - b) for the purposes of paragraph (a), full rights, powers, and privileges.

Legal advice has been sought to ensure Council has the authority to operate the facility and there would be no requirement to create a separate CCO.

# FUNDING/BUDGET IMPLICATIONS

13. Finances are based on the Financial Statements for TDD Limited to 31 March 2024

Budget Information	Relevant Detail
Option 1	This option makes a profit for the activity while still covering the
(Recommended)	interest on the loan to purchase the property. Annual profit to
	Council would be in excess of \$150,000 (this is after paying the
	interest on loan costs).

		2023	2024	2025/26	2026/27
		(actual)	(actual)	(prediction)	(prediction)
Revenue					
Storage income		\$208,078.00	\$210,128.00	\$212,198.20	\$214,288.79
Rental income		\$39,024.00	\$33,945.00	\$53,808.70	\$55,207.72
FBT Reimburse		\$9,113.00	\$5,241.00		
	Total Income	\$256,215.00	\$249,314.00	\$266,006.89	\$269,496.51
Operating costs					
Advertising		\$1,274.00	\$1,296.00	\$1,285.00	\$1,285.00
Depreciation		\$31,845.00	\$24,640.00	\$26,387.55	\$26,387.55
Electricity		\$900.00	\$1,180.00	\$1,000.00	\$1,000.00
Insurance		\$9,885.00	\$10,905.00	\$12,030.25	\$13,271.61
Rates		\$3,738.00	\$3,970.00	\$4,294.96	\$4,724.45
Repairs & Maintenance		\$13,923.00	\$22,670.00	\$25,000.00	\$25,000.00
Accounting Fees		\$3,718.00	\$9,166.00	\$6,442.00	\$6,442.00
Low value assets		\$2,495.00	\$2,419.00	\$1,100.00	\$1,100.00
Salaries (total cost-to- company)		\$78,000.00	\$78,000.00		
Interest on loan - 4.5%				\$16,875.00	\$16,875.00
Corporate Overhead charge				\$17,744.00	\$18,184.00
	Total Costs	\$145,778.00	\$154,246.00	\$112,158.76	\$114,269.61
NET SURPLUS/DEFIG	\$110,437.00	\$95,068.00	\$153,848.14	\$155,226.90	

Option 2	The valuation completed by Property Solutions dated 3 June 2025
	assesses the appropriate lease sum pa to be \$70,000. This would
	mean that Council would receive this amount and the interest on
	the loan cost would come out of it. – Balance to Council = \$53,165.
Option3	This option means we would have to pay maintenance or
	demolition and not receive any income.

### 10.11 RECREATION AND OPEN SPACE CAPITAL PROJECTS BUDGET ALIGNMENT

File Number: A7046726

Author: Peter Watson, Reserves and Facilities Manager

Authoriser: Brad Singh, General Manager Infrastructure Group

### **EXECUTIVE SUMMARY**

The purpose of this report is to seek approval to undertake some adjustments in the capital works budgets in the Recreation and Open Space capital works programme.

The two key adjustments relate to coastal renewals and land acquisition projects.

#### RECOMMENDATION

- 1. That the Reserves and Facilities manager's report dated 16 December 2025 titled 'Recreation and Open Space Capital Projects Budget Alignment' be received.
- That the report relates to an issue that is considered to be of low significance in terms of Council's Significance and Engagement Policy.
- 3. That for Coastal Renewals project 321101, Council:
  - a. Agrees to bring forward \$1,250,000 from the 2026/27 financial year to the 2025/26 financial year to complete the coastal renewals work programme;

#### OR

- b. Does not agree to bring forward \$1,250,000 of budget, noting that this will mean planned \$1,252,000 worth of the 2025/26 coastal renewal programme will not be delivered.
- 4. That for the Ōmokoroa Active Reserve (345401) and General Reserve Acquisition (244912) projects, Council:
  - a. Agrees to bring forward \$2,790,656 from project 345401 and \$58,770 from project 244912 in the 2026/27 financial year to the 2025/26 financial year to cover the current deficit in the reserve's financial contributions account;

#### OR

b. Does not agree to bringing forward funding and notes that the reserves financial contributions account will remain in deficit by \$2,849,426 until the 2026/27 financial year.

#### **BACKGROUND**

#### **Coastal Renewals**

1. The coastal renewals contract work was committed and under construction in 2024/25 financial year. The renewal programme wasn't completed by 30 June 2025 for several reasons e.g. contractor availability etc. A request was subsequently made to carry forward the balance of funds (\$1,169,680) over to the 2025/26 financial year to complete the program. However, the carry forward was not approved, and it was agreed that the carry forward amount requested be included in the 2026/27 financial year and brought forward if projects are planned to progress faster then expected.

321101 - Coastal Marine Asset Replacement - amount pushed to 2027 is \$1,169,680. As per Carry Forward file:



This report seeks consideration of bringing the budget forward.

2. The annual renewal programme was recently tendered and is ready for implementation (subject to budget availability), therefore funding (\$1,250,000) is now required in the 2025/26 financial year to complete the programme. The 2024/25 financial year coastal renewals work has either been finished or will be finished by mid Dec 2025.

# **Land Acquisition**

- 3. The land purchase of 474 Ōmokoroa Road associated with the Ōmokoroa Active reserve (244912 & 345401) was settled in August 2025. It was indeed to have settlement occur with in the 2024/25 financial year. Unfortunately, the available budget was not carried forward into the 2025/26 financial year. The timing of the acquisition has resulted in an unfavourable deficit of \$3.9M in the General Reserve Acquisition account. This has been offset by underspend in the Reserves Ōmokoroa Active Reserve project of \$1.M.
- 4. On this basis, budgeted funds in the 2024/34 Long Term Plan need to be brought forward from 2026/27 financial year into the 2025/26 financial year to cover the deficit. This is a cash flow matter funded from reserves financial contributions to the value of \$2,849,426.

Project code	Description	AP26 Budget (Revised)	Spend	Variance	AP27 (Inflated)	Requ	ired from AP27
244912	General Reserve Acquisition	\$ -	\$ 3,906,230.25	-\$ 3,906,230.25	\$ 635,494.00	\$	58,770.25
345401	Omokoroa Active Reserves	\$ 1,056,804.00	\$ -	\$ 1,056,804.00	\$ 2,790,656.00	\$	2,790,656.00
				-\$ 2,849,426.25		\$	2,849,426.25

#### SIGNIFICANCE AND ENGAGEMENT

5. The Local Government Act 2002 requires a formal assessment of the significance of matters and decision in this report against Council's Significance and Engagement Policy. In making this formal assessment there is no intention to assess the importance of this item to individuals, groups, or agencies within the community and it is acknowledged that all reports have a high degree of importance to those affected by Council decisions.

- 6. The Policy requires Council and its communities to identify the degree of significance attached to particular issues, proposals, assets, decisions, and activities.
- 7. In terms of the Significance and Engagement Policy this decision is considered to be of low significance because the matter does not have any material effect on the 2024/34 Long Term plan budget.

## **ENGAGEMENT, CONSULTATION AND COMMUNICATION**

The rephasing of budgets is an internal operational matter that is within Council's financial policy framework.

Interested/Affected Parties	Completed/Planned Engagement/Consultation/Communication		
Name of interested parties/groups	N/A	Planned	Complete

#### **ISSUES AND OPTIONS ASSESSMENT**

8. The options are that Council either approves or doesn't approve the recommended re-phasing of budgets, noting that if the re-phasing isn't approved, then the 2025/26 General Reserves Acquisition account will remain in deficit, and the Coastal Renewals programme won't be completed as planned.

# **Option A**

- 3. That for Coastal Renewals project 321101, Council:
  - a) Agrees to forward carry forward \$1,250,000 from the 2024/25 financial year to 2025/26 financial year

Assessment of advantages and disadvantages including impact on each of the four well-beings  • Economic  • Social  • Cultural  • Environmental  Costs (including present and future costs, direct, indirect and contingent costs).	<ul> <li>Budget is rephased to allow for payment of committed contracts and current tenders</li> <li>Required renewal work is completed</li> <li>Coastal assets condition grading is improved and KPI is met</li> <li>Re-phasing of \$1,250,000</li> <li>Deferred renewal work will result in non-performing asset and higher future replacement cost.</li> </ul>	
Other implications and any assumptions that relate to this option (Optional – if you want to include any information not covered above).  Contractual obligations will be met.  Contractual obligations will be met.  Option B		

- 3. That for Coastal Renewals project 321101, Council:
  - b. Does not agree to carry forward \$1,250,000 of budget. This will mean \$1,250,000 worth of this FY26 coastal renewal programme will not be delivered.

Assessment of advantages and disadvantages including impact on each of the four well-beings  • Economic  • Social  • Cultural  • Environmental	
Costs (including present and future costs, direct, indirect and contingent costs).	Coastal renewals budget will be in deficit at year end.
Other implications and any assumptions that relate to this option (Optional – if you want to include any information not covered above).	Contractual obligations won't be met.

16 December 2025 Council Agenda

# **Option C**

- That for the Ōmokoroa Active Reserve and General Reserve Acquisition projects 4. 244912 and 345401, Council:
  - Agrees to bring forward \$2,790,656 from project 345401 and \$58,770 from project 244912 in the 2026/27 financial year to the 2025/26 financial year to cover the current deficit in the reserve's financial contributions account;

#### of **Assessment** advantages and disadvantages including impact on each of the four well-beings

Current deficit of \$3.9M in project 244912 is addressed

- **Economic**
- Social
- Cultural
- **Environmental**

# Costs (including present and future costs, direct, indirect and contingent costs).

The land has been purchased therefore is a sunk cost. The budget alignment will address the current deficit in the General Reserve Acquisition account.

Account will remain in deficit for the

balance of the 25/26 Financial year

implications Other and any assumptions that relate to this option (Optional – if you want to include any information not covered above).

# **Option D**

- 4. That for the Ōmokoroa Active Reserve and General Reserve Acquisition projects 244912 and 345401, Council:
  - b. Does not agree to transfer funding and notes that the Reserves Financial contributions account will remain in deficit until the 2026/27 financial year.

#### of advantages and **Assessment** disadvantages including impact on each of the four well-beings

Disadvantages:

- **Economic**
- Social
- Cultural

Nil.

#### **Environmental**

Costs (including present and future costs, direct, indirect and contingent costs).

Other implications and any	Nil
assumptions that relate to this option	
(Optional – if you want to include any	
information not covered above).	

## **STATUTORY COMPLIANCE**

9. The adjustment of the budgets is in keeping with Council's legislative requirements under the Local Government Act 2002.

# **FUNDING/BUDGET IMPLICATIONS**

10. The budget implications are explained in the options above.

### 10.12 2026 COUNCIL, COMMITTEE AND COMMUNITY BOARD MEETING SCHEDULE

File Number: A7049182

Author: Robyn Garrett, Governance Manager

Authoriser: Emily Watton, Acting General Manager Strategy and Community

### **EXECUTIVE SUMMARY**

The purpose of this report is to adopt the meeting programme for the 2026 year.

Staff have consulted with Tauranga City Council, Bay of Plenty Regional Council and SmartGrowth to ensure the avoidance of potential 'double bookings' for elected members involved in joint committees and advisory groups. While best efforts have been made to align meeting dates and times, clashes may still arise and adjustments to the schedule may be needed.

#### RECOMMENDATION

- That the Governance Manager's report dated 16 December 2025 titled '2026 Council, Committee and Community Board Meeting Schedule' be received.
- That the report relates to an issue that is of low significance in terms of Council's Significance and Engagement Policy.
- 3. That Council adopts the 2026 Meeting Schedule (**Attachment 1** of this report), as the meeting programme for 2026, noting that this programme is subject to change depending on legislative requirements and changing business needs of Council.
- 4. That Council delegates authority to the Governance Manager to make amendments to the meeting schedule should Council business require such amendment throughout the year, subject to appropriate notification to both elected members and the public.

#### **BACKGROUND**

- The purpose of this report is to put in place a meeting programme for the 2026 calendar year, to establish the annual meeting cycle for this triennium's governance structure. This will allow elected members and staff to plan work requirements and commitments for this period.
- 2. Council will meet monthly, with the two Committees of the whole the Audit, Risk and Finance Committee and the Projects and Monitoring Committee meeting on a bi-monthly basis; this is a change from the previous triennium timing of Council being held six-weekly and committees generally meeting quarterly.

3. Placeholders have been included for Council and committee workshops; these will be confirmed as needed. The timing of Council's Annual Plan and Long Term Plan processes has also been considered in development of the meeting schedule.

- 4. Community Boards will meet every eight weeks, with a workshop scheduled in between meetings. The Community Boards have been consulted on their preferred meeting timing in terms of day or evening meetings.
- 5. A suggested no-meeting period has been included in July.
- 6. Adoption of a meeting schedule complies with Schedule 7 of the Local Government Act 2002, which requires that Council hold meetings necessary for good governance and Section 46 of the Local Government Official Information and Meetings Act 1987 which relates to notification of meetings.

### **ATTACHMENTS**

1. Draft 2026 Western Bay of Plenty District Council Meeting and Workshop Schedule

Council Agenda

# DRAFT - 2026 Western Bay of Plenty District Council Meeting and Workshop Schedule

	New Year 2025		2025										Note: Citizenship Ceremonies, TCC and BOP Regional Council dates are include
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Audit, Risk and Finance (ARF) - Bi Monthly	Te Kāhui Mana Whenua o Tauranga Moana (TKMW) and Te Ihu o te Waka o	Public Holiday
Audit, Risk and Finance Workshop (ARF W/S) - Bi Monthly	Te Arawa (TA) (A workshop maybe required) (Quarterly)	SmartGrowth Leadership Group (SGL)
School holidays	All Community Boards- KK/OM-K/MK/TP-E/WB - 8 Weekly	Waiari Kaitiaki AG (WK)
No meeting zone	Community Boards - Workshops (5 wks prior to mtgs)	Civil Defence Emergency Management (CDEM)
Council - Monthly	Citizenship Ceremony (Citz) Monthly (Feb-Nov)	Regional Transport (RT)
Placeholder Council Workshop - CO W/S	Te Maru o Kaituna River Authority (TMKRA)	Mayoral Forum (MF) / (BOP Strategic Leadership Forum)
Projects and Monitoring Committee (PM) - Bi Monthly	Tauranga and WBOPDC Transport Committee (TWTC)	Public Transport (PT)
Projects and Monitoring Workshop (PM WS) - Bi Monthly	Tauranga Moana Advisory Group (TMAG)	Kaituna Catchment Control Scheme Advisory Group (KCCSAG)

Please note: District Plan and Regulatory Hearing Committee /
District Licensing Committee / Chief Executive Employment
Subcommittee - Meetings booked as required

A7027078

Item 10.12 - Attachment 1

### 10.13 MAYOR'S REPORT TO COUNCIL

File Number: A7044051

Author: James Denyer, Mayor

Authoriser: James Denyer, Mayor

#### **EXECUTIVE SUMMARY**

The purpose of this report is for the Mayor to provide updates to Council on the below subjects.

#### RECOMMENDATION

- That the Mayor's report dated 16 December 2025 titled 'Mayor's Report to Council' be received.
- That Council endorses the letter dated 6 October 2025, sent from Lyall Thurston as Chair of the Regional Transport Committee to Simon Bridges as Chair of NZTA, seeking the reinstatement of SH2 right-hand turn access at Wright Road, Aongatete, Western Bay of Plenty. (Attachment 1)
- 3. That Council requests NZTA to utilise the latest data in relation to accidents and traffic volumes at the junctions of SH2 with Morton Road, Matahui/Lockington Roads, and Wright Road, both prior to and post the installation of the median barrier, to inform future works in this corridor.
- That Council encourages senior NZTA officials to meet in person with the residents of Wright Road to consider and discuss their concerns.
- 5. That Council notes that the Bay of Plenty Regional Council has re-established its Public Transport Committee, notes that the Terms of Reference (Attachment 2) of the Committee provide for a representative from Western Bay of Plenty District Council, and acknowledges the appointment to the Public Transport Committee of Mayor Denyer as the primary member and Councillor Rae as the alternate member.

#### **MAYOR'S UPDATES**

#### **Local Government Reform**

On 25 November 2025, the government announced a proposal to simplify local government. This is intended to be a two-step process. Firstly, to replace elected regional councillors and replace them with a Combined Territories Board, made up of the mayors of each region.

These Boards would then develop a plan for how councils within each region would work together to deliver functions and services. These plans, due within two years, could include amalgamation, shared services, or joint council-controlled organisations.

# Right-hand Turn Access at Wright Road, Aongatete

The residents of Wright Road continue to seek the reinstatement of right-hand turn access at Wright Road.

Council may continue to advocate for this access by considering the recommendations above.

# Meetings

External functions and meetings attended by Mayor James Denyer between 17 November and 30 November include:

Ōtāwhiwhi marae visit, Waihī Beach 17 November **BOP Sport & Cultural Club Multicultural Night, Tauranga** 17 November Village Radio interview 18 November Mat Delaney, Hato Hone St John 18 November Regional Deal workshop, Tauranga 18 November BCA AGM, Te Puke 18 November Mayor Mahé Drysdale, LWDW prep, Teams 19 November Code of conduct stakeholder group, Teams 19 November Historic Footprints update, Bruce Farthing, Tauranga 19 November LWDW joint WBOPDC/TCC/tangata whenua hui, Tauranga 20 November Cooney Lees Morgan combined council function 20 November Nathan York et al, Mayor Drysdale, Tauranga 21 November Moana Radio interview 26 November Project Parore, base opening, Katikati 26 November Port of Tauranga client function, Tauranga 27 November Regional Deal governance update, Teams 28 November Waihī Beach Summer Kick off, Waihī Beach 29 November

#### **CEO UPDATES**

External functions and meetings attended by CEO and Mayor between 17 November and 30 November 2025 include:

Regional Deal workshop, Tauranga	18 November
LWDW joint WBOPDC/TCC/tangata whenua hui, Tauranga	20 November
Cooney Lees Morgan combined council function	20 November
Nathan York et al, Mayor Drysdale, Tauranga	21 November
Regional Deal governance update, Teams	28 November

# Christmas/New Year Hours

Our last working day is **Wednesday**, **24 December 2025**, with all offices and service centres closing at 12pm. Council will re-open on **Monday**, **5 January 2026**. Exceptions apply to teams providing essential services, such as recycling centres, waters staff, and animal control/shelters.

#### **ATTACHMENTS**

- 1. Regional Transport Committee Endorsement Letter Wright Road 🗓 🖺
- 2. Terms of Reference Bay of Plenty Regional Council Public Transport Committee



6 October 2025

Hon Simon Bridges
Board Chair
New Zealand Transport Agency Waka Kotahi **BY EMAIL**: boardsecretariat@nzta.govt.nz

### Copy to (via email):

Hon. Chris Bishop - Minister of Transport Brett Gliddon - NZTA, Chief Executive

Tēnā koe Hon Simon Bridges

# Reinstatement of SH2 Right-Hand Turn Access - Wright Road, Aongatete, Western Bay of Plenty

On behalf of the Bay of Plenty Regional Transport Committee (RTC), I write to you again regarding safety improvements currently being implemented on State Highway 2 between Waihi and Ōmokoroa, and the installation of wire median barriers preventing right turns to and from lateral roads between Katikati and Ōmokoroa, and specifically at Wright Road, Aongatete.

We previously wrote to you on this matter in August 2024, acknowledging the significant community concern in relation to the installation of wire barriers. We requested that the New Zealand Transport Agency Waka Kotahi (NZTA) Board consider making provision for right hand turns on all lateral roads joining SH2 between Katikati and Ōmokoroa.

Ultimately, the NZTA Board chose not to proceed with the remainder of the median barrier installation. However, the Board recommended that all other improvements were to remain in place, which includes those at the junction with Wright Road.

#### 1. Wright Road Safety Works

NZTA's SH2 Waihī to Ōmokoroa safety improvements programme is focused on improving the corridor's previously poor safety record. The programme initially included a range of safety upgrades: intersection improvements with right hand turn bays, wider centreline, side barriers, road widening and a reduced speed limit to 80 km/h. This work was supported by the community including those residents of Wright Road particularly due to improved safety outcomes at the intersection with SH2.

However, and despite community efforts and the cancellation of centreline wire barriers for other lateral roads by NZTA's Board, a barrier was still installed at Wright Road. When the wire barrier was installed, previous physical works, including the right hand turning bay and wide centreline were removed to enable the installation of the wire barriers. This work

🔈 PO Box 364, Whakatāne 3158, New Zealand 🕑 0800 884 880 📵 info@boprc.govt.nz 🥨 boprc.govt.nz



prevented right-hand access into and out of Wright Road, which was not supported by the Wright Road community.

Additionally, the speed limit was increased to 100 km/h as part of wider speed increases along the corridor in mid-2025. This was at odds with the NZTA board recommendation of 22 August 2024 that the speed limit on this section remain at 80km/h.

# 2. Wright Road Community Concern

A large group representing the Wright Road community presented to our RTC in an extended hour-long Public Forum on 19 September 2025. The group highlighted concerns with the wire barrier installation and again sought the RTC's support in their bid to seek **reinstatement of right-turn access into and out of all lateral roads, including Wright Road**. The groups presentation<sup>1</sup> outlined several severance related concerns:

- a. Safety concerns: the removal of right-turn access at Wright Road has resulted in an increase of unsafe vehicle activity, in particular illegal right-hand turns and U-turn manoeuvres, an issue exacerbated by the return to 100km/h speed limit. The group stressed that the previous safety improvement a right hand turning bay and wide centreline utilised before the wire barriers were installed, worked well, saw a reduction of accidents, and was supported by the community. Furthermore, intersections with roundabout installations had seen an increase in accidents since their development and due to the wire barrier installation at Wright Road, the roundabouts had to be frequented to enable access to Wright Road, therefore, exposing residents to further risk of vehicle incidents.
- b. **Social, financial and access concerns:** increased travel costs for families and businesses, kilometres travelled, and emissions. Reduced community wellbeing, limited emergency access, reduced property values, diminished school bus services, and constrained evacuation capacity in the event of natural disaster, among other matters.
- c. **Communication concerns:** lack of clarity in communications from NZTA to communities impacted by the wire barrier installation, particularly the residents and business owners of Wright Road, and repeated meeting request declines on behalf of NZTA to meet with the Wright Road residents' group, including a meeting organised by the Select Committee. Noted that NZTA is a voting External Member of the Bay of Plenty Regional Transport Committee. NZTA staff chose not to be physically present at the 19 September 2025 RTC meeting to hear the group present.

# 3. Regional Transport Committee - NZTA Request

After consideration of the Wright Road representatives' presentation at the 19 September 2025 the RTC meeting (noting NZTA took no part in the discussion or vote), the Committee resolved to:

- a) Recommend that right-hand turns be reinstated into and out of Wright Road.
- b) Write to NZTA seeking a detailed explanation and justification for the sustained refusal to enable this movement, despite the expressed wish of the broader community, and to urge NZTA officials to engage openly with the community on this issue.

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<sup>&</sup>lt;sup>1</sup> Wright Road residents' representatives group presentation at 3 minutes, 30 seconds recording: <u>Regional Transport Committee</u> <u>19 September 2025</u> – the points included at Section 2 are a summary of the points made by the resident's group.

# Furthermore, the RTC requests that NZTA:

1. Provides a detailed explanation of the reasons behind the sustained refusal to enable right-hand turn movements into and out of all lateral roads, including Wright Road, alongside:

- a. evidence and criteria used to support decisions to remove right-hand turns, including any safety, cost, or operational assessments; and
- b. an outline of alternatives considered and why they were not pursued.
- 2. Commits to engaging openly with the Wright Road and SH2 community to discuss a practical solution.

We look forward to receiving the information requested and we trust that you will make the right decision for the wellbeing of our communities.

Kia kaha,

**Councillor Lyall Thurston QSO JP** 

Chair - Bay of Plenty Regional Transport Committee

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REGIONAL COUNCIL

18 NOVEMBER 2025

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# **Public Transport Committee**

# Membership

Chairperson	Cr Tim Maltby
Deputy Chairperson	Cr Ken Shirley
Members	Cr Malcolm Campbell Cr Anna Grayling Cr Kate Graeme Cr Kat Macmillan
External Members	
Two Tauranga City Council representatives	Cr Glen Crowther Cr Rod Taylor Cr Rick Curach (Alternate)
One representative each: Rotorua Lakes Council	твс
Western Bay of Plenty District Council	твс
Whakatāne District Council	твс
All of whom are voting members.  One Waka Kotahi NZTA non-voting representative.	Susan Collins Garry Maloney (Alternate)
Quorum	Six members, consisting of more than half the number of voting members of which four must be BOPRC members
Meeting frequency	Quarterly

# Purpose

Set the strategic and operational direction for approved Regional Council Public Transport Policy and Strategy, and monitor how it is implemented.

BAY OF PLENTY REGIONAL COUNCIL TOI MOANA

Item 9.1, Attachment 1

Item 10.13 - Attachment 2

REGIONAL COUNCIL

18 NOVEMBER 2025

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### Role

- Prepare and review the Bay of Plenty Regional Public Transport Plan.
- Implement, monitor and review operational public transport policy and plans.
- Implement, monitor and review the Western Bay of Plenty Public Transport Implementation
- Advocate for public transport with New Zealand Transport Agency (NZTA), territorial authorities and Central Government.
- Set and monitor targets for public transport in the region.
- · Receive reporting on the performance of the Passenger Transport Activity.
- In coordination with the work programme of the Regional Transport Committee, guide and review the public transport components of the Regional Land Transport Plan (RLTP) and make recommendations to Regional Transport Committee for incorporation into the RLTP.

### Power to Act

To make all decisions necessary to fulfil the role and scope of the committee subject to the limitations imposed.

### Power to Recommend

To Council and/or any standing committee as it deems appropriate.

The Public Transport Committee reports to the Regional Council.

BAY OF PLENTY REGIONAL COUNCIL TOI MOANA

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# 11 INFORMATION FOR RECEIPT - KÖRERO TE WHIWHIA

# 11.1 SUMMARY ANNUAL REPORT 2024-2025

File Number: A7068289

Author: Jonathan Fearn, Chief Financial Officer

Authoriser: Matt Potton, Acting Group Manager Corporate Services

### **EXECUTIVE SUMMARY**

The purpose of this report is to present the Summary Annual Report 2024-25 for information purposes to Council. No decision is required on this document.

# **BACKGROUND**

- 1. The Annual Report for the year ended 30 June 2025 was adopted by Council on 25 November 2025.
- The summary Annual Report, Attachment 1, is a condensed view of the two major areas of the Annual Report, namely, the group of activities reports and the financial statements. It also includes an extract from the prudential reporting section of the full annual report.
- 3. Under section 98 of the Local Government Act 2002, Council is required to make its Annual Report, and a summary of the information contained in its Annual Report, publicly available within one month of its adoption. The Summary Annual Report is attached and has been signed off by Audit New Zealand as an accurate reflection of the Annual Report 2024-2025.
- 4. The Annual Report 2024-2025 has been published on the Councils website, and the Summary Annual Report 2024-2025 will be added to that page after this report provision to Council.

# SIGNIFICANCE AND ENGAGEMENT

- 5. The Local Government Act 2002 requires a formal assessment of the significance of matters and decision in this report against Council's Significance and Engagement Policy in order to guide decisions on approaches of engagement and degree of options analysis. In making this formal assessment it is acknowledged that all reports have a high degree of importance to those affected by Council decisions.
- 6. The Policy requires Council and its communities to identify the degree of significance attached to particular issues, proposals, assets, decisions, and activities.
- 7. In terms of the Significance and Engagement Policy the decision to adopt the Annual Report 2024-2025 was considered to be of medium significance because:

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• This 2024-2025 Annual Report is provided to compare Western Bay of Plenty District Council's actual performance for the year, against what was forecasted in the Long-Term Plan or Annual Plan.

- There are no identifiable cultural impacts relating to the preparation of the end of year financial accounts, other than general interest.
- The subject does not affect the level of service of a significant activity.

# **ENGAGEMENT, CONSULTATION AND COMMUNICATION**

Interested/Affected Parties	Completed/Planned Engagement/Consultation/Communication		
General Public	The public are to be notified of the adoption of the Annual Report 2023-2024 by advertisement in the local papers and via Council's website.		
	As per the Local Government Act 2002, copies of the adopted Annual Report and summary are required to be sent within one month of adoption to several government departments, i.e.		
	<ul><li>a) The Secretary of Local Government;</li><li>b) The Auditor-General; and</li><li>c) The Parliamentary Library.</li></ul>	peu	Sompleted
Internal Staff	All staff to be notified accordingly.	Planned	Con

# **ISSUES AND OPTIONS ASSESSMENT**

•	otion 1			
That the Annual Report for the year ending 30 June 2025 be received and adopted by Council.				
Reasons why no options are available Section 79 (2) (c) and (3) Local Government Act 2002	Legislative or other reference			
Every local authority must prepare and adopt in respect of each financial year an annual report. Each annual report must be completed and adopted, by resolution, within four months after the end of the financial year to which it relates.	Section 98 of the Local Government Act 2002. Section 99 of the Local Government Act 2002.			

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# **FUNDING/BUDGET IMPLICATIONS**

Budget Funding Information	Relevant Detail
	The Annual Report provides a comparison between budget and
	the prior year.

# **ATTACHMENTS**

1. Summary Annual Report 2024-2025 🛚 🖼

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Te pūrongo ā-tau whakarāpopotonga

# Summary Annual Report

For year ending 30 June 2025



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# Ngā rārangi upoko

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# Disclaimer

The specific disclosures in this financial summary have been extracted from the full financial report dated 25 November 2025. It has been prepared in accordance with FRS 43: Summary Financial Reports.

The summary financial statements have been extracted from the full financial statements. This summary cannot be expected to provide as complete an understanding as provided by the full financial report of the financial and service performance, financial position and cash flows of the Western Bay of Plenty District Council

The summary has been examined by the auditor for consistency with the full financial report audited by Audit New Zealand on behalf of the Office of the Auditor General. An unqualified audit opinion was issued on 21 November 2025.

A copy of the Western Bay of Plenty District Council 2024/25 Annual Report is available to view from Council's Head Office, Barkes Corner, Greerton, Tauranga or Council's website: <a href="www.westernbay.govt.nz">www.westernbay.govt.nz</a>

This document is a summary of the full Annual Report which was adopted by the Council on 25 November 2025.

The full Annual Report is available from Council offices or can be downloaded at: <a href="www.westernbay.govt.nz/annual-reports">www.westernbay.govt.nz/annual-reports</a>













Western Bay of Plenty District Council | Te Kaunihera a rohe mai i Ngã Kuri-a-Whārei ki Ōtamarākau ki te Uru

Annual Report Summary 2025

# Role of this Annual Report

This Annual Report is provided to compare Western Bay of Plenty District Council's actual performance for the year against what was forecast in the Long Term Plan or Annual Plan.

# Planning and reporting framework

Under the Local Government Act 2002, a Local Authority must prepare and adopt the following documents:

# Long Term Plan (LTP)

Section 93 of the Local Government Act 2002 identifies Western Bay of Plenty District Council's plans for the Western Bay over a 10 year period. It is reviewed every three years. Council's latest LTP was agreed for 2024-34 and came into effect on 26 September 2024.

# Annual Plan

Section 95 of the Local Government Act 2002 is produced in the two intervening years between each LTP. It outlines any significant changes Council has made to the LTP and contains the annual budget.

# **Annual Report**

Section 98 of the Local Government Act 2002 provides details of Council's actual performance for all activities against the plans for a specific year of the LTP or Annual Plan.

# **Summary Annual Report**

Section 98 (4)(b) of the Local Government Act 2002 provides a summary of information contained in Council's Annual Report.



Western Bay of Plenty District Council | Te Kaunihera a rohe mai i Ngã Kuri-a-Whārei ki Ōtamarākau ki te Uru

Annual Report Summary 2025

# Statement of compliance and responsibility

For the year ended 30 June 2025

Council confirms meeting all the statutory requirements in relation to the Annual Report, as outlined in Schedule 10 of the Local Government Act 2002.

# Responsibility

The Council and management of Western Bay of Plenty District Council accept responsibility for the preparation of the annual financial statements and the judgements used in them.

The Council and management of Western Bay of Plenty District Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Council and the management of Western Bay of Plenty District Council, the annual financial statements for the year ended 30 June 2025 fairly reflect the financial position, operations and service performance of Western Bay of Plenty District Council.

Miriam Taris Chief Executive Officer **James Denyer** Mayor

JonesDenger



Western Bay of Plenty District Council | Te Kaunihera a rohe mai i Ngã Kuri-a-Whārei ki Ōtamarākau ki te Uru

Annual Report Summary 2025

# From Plans to Progress

# How we're creating a better-connected, more resilient Western Bay.

### Kia ora koutou,

It's a privilege to present the Western Bay of Plenty District Council Annual Report for 2024/25.

This has been a year defined by delivery, discipline, and determination – three guiding forces that have shaped the way we've worked with and for our communities.

Together, they've enabled us to make real progress on the projects and services that matter most, manage your rates with care, and keep the Western Bay moving forward even in challenging times. And while we are guided by plans and policy, our drive comes from seeing first-hand the real impact these decisions have on people's lives.

# Delivery - turning plans into progress

A record \$134 million in capital projects — nearly triple what we achieved in earlier years — reflects a planned step-up in delivering on the priorities our communities have told us matter most.

This increase isn't about spending more for the sake of it — it's the result of years of planning, funding, and ready-to-go projects now coming to life, thanks to strong partnerships, careful budgeting, and the dedication of the many teams involved in planning, designing, and delivering this mahi. Importantly, this significant level of investment was achieved with net debt only increasing by \$55 million — showing that we're building more while keeping debt growth under control.

From roads and stormwater to reserves and wastewater, this work is helping to create a better-connected, more resilient District. Projects like the ongoing roading improvements in and around Ōmokoroa, upgrades on No.1 Road in Te Puke, and the replacement of the No.4 Road bridge are just a few examples of plans turning into reality.

Some of the most visible results are in our community spaces. This year saw the opening of Te Ara Mātauranga – our new library, service centre and community hub in Waihī Beach – and Te Āhuru Mōwai o Hiria – modern elder housing at Heron Crescent in Katikati. These aren't just buildings; they're the result of years of planning, partnership, and persistence, reflecting our long-term commitment to wellbeing, connection, and supporting the communities we serve.



While large projects often grab the headlines, our delivery is also about the everyday essentials — clean drinking water, safe roads, well-maintained parks and libraries — the things that keep our communities connected and thriving.

In the past 12 months we've delivered more for our communities than ever before.

# Discipline - making every dollar count

Behind every achievement is careful financial stewardship.

This year, we retained our strong Standard & Poor's AA credit rating for the seventh consecutive year –  $\alpha$  clear sign that Western Bay continues to manage its finances well, even amid uncertainty and major infrastructure investment. This achievement stands out even more when compared with the current national trend, where many councils are facing credit ratings pressure.

In a time when many councils across the country are facing significant financial strain, this rating recognises our steady approach and confirms our commitment to doing right by our communities. Our community expects us to invest in the future while living within our means — and this shows we're doing just that: delivering for today and preparing for tomorrow, with a firm focus on financial sustainability.

Western Bay of Plenty District Council | Te Kaunihera a rohe mai i Ngã Kuri-a-Whārei ki Ōtamarākau ki te Uru

Annual Report Summary 2025

That discipline has meant making hard calls when needed, prioritising projects, and ensuring that every ratepayer dollar goes as far as possible without losing momentum on the work that matters most — because we know every dollar represents the trust and contribution of the people who call the Western Bay home.

This discipline and focus has enabled us to reverse the 2024 deficit which stemmed from a slow economy and reduced growth-related revenue into a sustainable surplus. This surplus will gradually replenish our reserves and strengthen our resilience against future economic shocks.

It is also acknowledged that there were budgeting errors made that resulted in a rates deficit in the 2023/24 year that required additional rates over and above the initial proposed 7.4% and communicated increase, to an increase of 8.9% in the 2025/26 year. The lessons learned through the review conducted will ensure these errors are not repeated.

# Determination - working together for what matters

None of this progress happens without the determination of our people – our staff, elected members, community partners, and you, our residents

Your rates, feedback, and involvement are what make these outcomes possible. Together, we've advanced key projects, enhanced community spaces, and invested in essential infrastructure — all while navigating the challenges of a tight economic climate.

That same determination, shaped by first-hand experiences of what our communities face and need, will carry us into the next year as we continue to deliver both the major projects that shape our District and the small, everyday actions that make life better for our communities.

### Looking ahead

While an Annual Report is about looking back, our focus is always forward. The achievements of this year give us a strong foundation for what's next — from the momentum of a well-planned project pipeline, to the resilience built through sound financial management.

October's local elections will mark the start of a new era in representation, with five Community Boards covering almost the entire Western Bay – giving more communities a stronger local voice alongside Council decision-making. These changes are designed to better reflect our growing and changing communities, and ensure fairer, more effective representation across the District.

For the first time, the District will also have a Māori Ward - Waka Kai Uru - providing dedicated Māori representation on Council. Alongside this, a binding poll will be held at the election to decide whether the Māori Ward will remain in place for future elections.

We know the year ahead will bring both challenges and opportunities. But with delivery, discipline, and determination at the heart of everything we do – and a clear understanding of the real impact our work has on people's lives – we're ready to keep moving the Western Bay forward, together.

LonesDeryer

Ngā mihi nui,

James Denyer

Mayor, Western Bay of Plenty District Council

# Highlights



# **Transport**

84.4km of roads resurfaced.



### Waste

38% of waste that was collected by our Kerbside service was diverted from landfill.



# **Environmental Initiatives**

18 community groups supported to improve environmental outcomes.



# Libraries and Service Centres

Te Ara Mātauranga (Waihī Beach Library) project successfully delivered to the community. 265,899 visits to our libraries and service centres.



# Community

Te Āhuru Mōwai o Hiria (new elder housing development) at Heron Crescent in Katikati successfully delivered. 28 projects successfully funded across the district by Community Matching Fund.



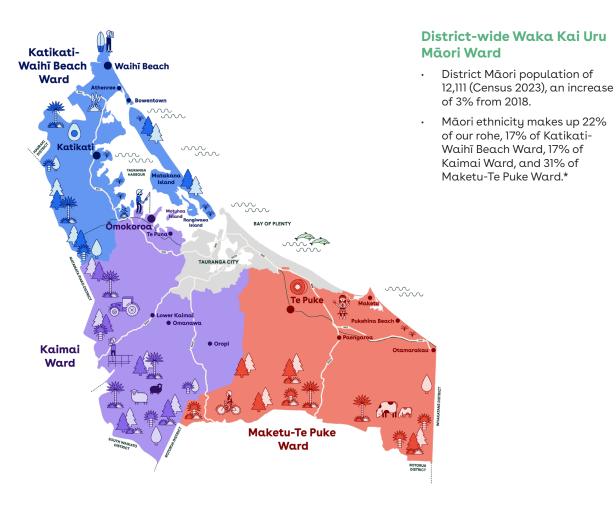
# Consenting

We issued 386 dwelling consents and created 276 new lots. Which included 29 lots at Athenree Road in Athenree, 41 lots at Kayelene Place, 22 lots by Classic at 74 & 88 Prole Road, 36 lots by Goldstone at Harbour Ridge, and 52 lots by Neil Group at Te Awanui Waters.

Western Bay of Plenty District Council | Te Kaunihera a rohe mai i Ngã Kuri-a-Whārei ki Ōtamarākau ki te Uru

Annual Report Summary 2025

# Our District - Key facts



# Katikati - Waihī Beach General Ward

- Population of 16,378 (Census 2023), an increase of 1,161 people or 8% from 2018.
- Lower number of children at 15%, and higher number of people aged over 65 at 32%.
- European ethnicity is still highest at 84%, yet Māori has grown to 17% and Asian has grown to 6% of the population.\*
- 79% of households are owned by occupants, and 21% are rented.
- Median personal income is lower at \$32,000 per year.

# Kaimai General Ward

- Population of 20,267 (Census 2023), which is an increase of 2,955 people or 17% from 2018.
- Age distribution is fairly evenly spread with a higher number of children at 19%.
- European ethnicity dominates at 88%, with 17% Māori and Asian ethnicity only 3% of the population.\*
- 80% of households are owned by occupants, and 20% are rented.
- Median personal income is higher at \$41,900 per year.

# Maketu - Te Puke General Ward

- Population of 19,579 (Census 2023), an increase of 1,161 people or 6% from 2018.
- Higher number of children at 20% and young adults at 18% with much lower number of people aged over 65 at 17%.
- European ethnicity is relatively low at 68%, with much higher Māori at 31%, and Asian has grown to 12% of the population.\*
- 69% of households are owned by occupants, and 31% are rented.
- Median personal income is \$39,100 per year.

\*Some of our community identify as multiple ethnicities.

Western Bay of Plenty District Council | Te Kaunihera a rohe mai i Ngā Kuri-a-Whārei ki Ōtamarākau ki te Uru Annual Report Summary 2025

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Item 11.1 - Attachment 1

# Our District, Our People



Western Bay of Plenty District is a largely rural area, surrounding the main urban centres of Waihī Beach, Katikati, Ōmokoroa and Te Puke.



Western Bay of Plenty District stretches from Waihī Beach to Ōtamarakau, covering 195,000 hectares of coastal, rural and urban areas and is one of the faster growing areas in New Zealand



The Kaituna River drains the lakes of Rotorua and Rotoiti into the Maketu Estuary and out to sea, while smaller streams drain the eastern district into the Waihī Estuary.



Many people from other regions and countries choose the Western Bay as a place to settle for family, retirement and business reasons. High growth in the Western Bay saw the population increase by 10% from 50,904 in 2018 to 56,184 in 2023 (Census 2023).



Median household income is \$88,600 (Census 2023).



Horticulture and agriculture (mainly kiwifruit and avocado production) are the biggest drivers of the local economy, contributing 22% to GDP of \$3.3 billion in 2024 (Infometrics).



The Western Bay population tends to be older than New Zealand as a whole, with a median age of 45 years (Census 2023).



Ethnic diversity is increasing over time. 80% of people identify as European, 22% as Māori, 7% as Asian and 3% as Pacific.

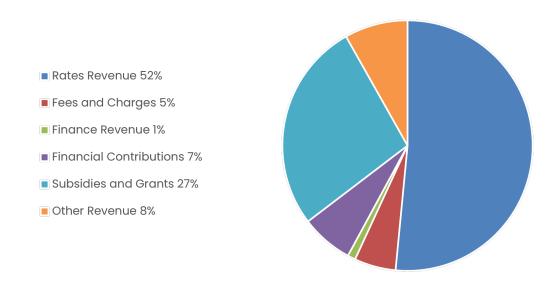
\*Some of our community identify  $\alpha s$  multiple ethnicities.

Western Bay of Plenty District Council | Te Kaunihera a rohe mai i Ngã Kuri-a-Whārei ki Ōtamarākau ki te Uru

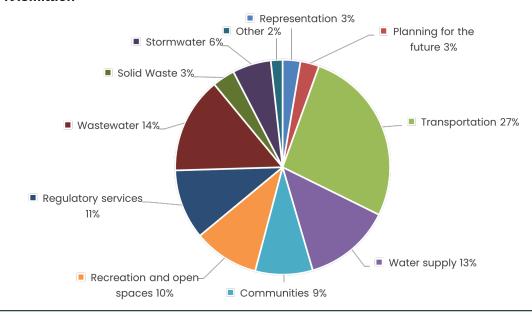
Annual Report Summary 2025

# Finance summary overview

# Council Revenue 2024/25 \$201.9 milion



# Council Operating Expenditure 2024/25 \$149.8million



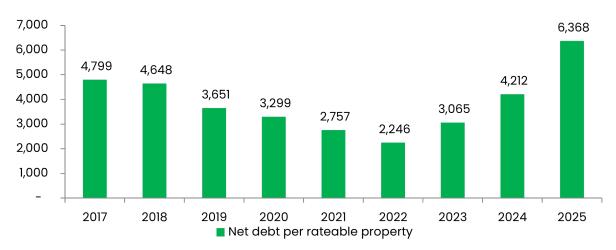
Western Bay of Plenty District Council | Te Kaunihera a rohe mai i Ngā Kuri-a-Whārei ki Ōtamarākau ki te Uru

Annual Report Summary 2025

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# Net debt per rateable property



# The Council



Currently owns \$2.07 billion worth of assets as at 30 June 2025, compared to \$1.95 billion as at 30 June 2024.



Net debt is \$159 million as at 30 June 2025, compared to \$104.03 million as at 30 June 2024.



Overall the District has equity of \$1.84 billion as at 30 June 2025, compared to \$1.79 billion as at 30 June 2024.



\$135.9 million of capital expenditure was spent on infrastructure and assets for the year ended 30 June 2025, compared with \$58 million for the year ended 30 June 2024.



\$201.90 million of total income generated in 2024/25 compared to \$143.98 million for the year ended 30 June 2024.

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# Summary of our performance

The Long Term Plan 2024-34 identifies performance measures and targets for each activity. These measures reflect the diversity of the activities and were developed from a range of sources. Opportunities to benchmark Western Bay Council activities with other local authorities or external agencies have been used where data is available.

We have 93 targets listed in our Long Term Plan 2024-2034. Out of which we have met 73, not met 15 and were unable to measure 5.

Below is the snapshot of our results for 2024/2025.

78% met

16% not met

5% unable to be measured

# Performance against 2024/25 targets

The Long Term Plan 2024-34 identifies performance measures and targets for each activity. These measures reflect the diversity of the activities and were developed from a range of sources. Opportunities to benchmark Council activities with other local authorities or external agencies have been used where data is available.

Our Council Activities section provides detailed non-financial results for each activity. A summary of Council's performance against the 2024/25 targets is shown in the table below.

Council Activities	Target Met	Target Not Met	Target unable to be measured	Total
Economic Development	1	0	0	1
Solid Waste	1	2	0	3
Wastewater	11	2	0	13
Natural Environment and Sustainable Living	3	1	0	4
Water Supply	6	3	]*	10
Transportation	6	2	4**	12
Stormwater	14	0	0	14
Regulatory Services	8	1	0	9
Recreation and Open Spaces	4	2	0	6
Community Building	6	0	0	6
Community Facilities	4	1	0	5
Libraries and Service Centres	4	1	0	5
Planning for the Future	2	0	0	2
Representation	3	0	0	3
Overall Service performance by year	73	15	5	93

<sup>\*</sup> Compliance with Drinking Water Quality Assurance Rules 2022 is difficult to be categorized as met or not met due to the complex reporting requirements for that performance measure.

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 $<sup>\</sup>hbox{$^{\star\star}$ Please refer to Transportation Activity on page 70 of the Annual Report for further information.}\\$ 

# Report on development of Māori capacity to contribute to decision making 2024/25

We recognise the importance and special place of Tangata Whenua within our communities and the additional responsibilities that the Local Government Act places on us to develop the capacity of Māori to take part in local government decision-making processes.

Ngā mahere Rautaki

# The Strategic Plans

Te Ara Mua o Te Kāhui Mana Whenua o Tauranga Moana and Mauri Ora are the strategic plans developed by Te Kāhui Mana Whenua o Tauranga Moana and Te Ihu o te Waka o Te Arawa respectively. While the two plans are distinct, they both speak to the desire to further the aspirations of Tangata Whenua to achieve better outcomes, a sustainable environment, and healthy empowered communities.

The plans were established to enhance and increase the opportunity to contribute to local government decision making. The forums acknowledge the importance of the Annual Plan as one of the major drivers of Council business and aims to influence the plan and processes, as well as operational policy, by way of Ngã Kaihoe (work programme) and the actions and aspirations outlined within it.

These are living documents which will be continually reviewed through annual discussions to ensure that it provides strong leadership and direction to Council.

Copies of the plans can be found on Council's website - westernbay.govt.nz/council/working-with-Māori

He Rangapū

# Tangata Whenua Partnership Protocols

He Rangapū, our Tangata Whenua engagement guidelines, have been developed to assist staff in engaging with Tangata Whenua. We have a number of mechanisms for engagement and to involve Tangata Whenua in our decision-making processes. We will continue to review and improve them to ensure ongoing effectiveness. We will continue to work with iwi and hapū to provide for their representation aspirations.

Ngā turu/wāri Māori

### Māori Wards

In 2023, Council resolved to establish Māori Ward/s for the 2025 local body elections. In 2024, following legislative repeal, Council resolved to uphold its decision to have Māori ward/s for the 2025 elections. Through the Representation Review process Council approved one Māori Ward seat - Waka Kai Uru (District-wide Māori Ward).

As required by legislation, a binding poll will also run alongside the 2025 election.

### Te Haumi

# Our Kaupapa Māori Team

Te Haumi, our Kaupapa Māori team, helps Council to be great Te Tiriti partners by ensuring that Te Ao Māori (the Māori worldview) and Mātaraunga Māori (Māori knowledge systems) are reflected in the work that we do. It provides the basis for engaging with Tangata Whenua in a way that is genuine and effective. This means that we have enduring and trusted partnerships with iwi, hapū and whānau and that their mana is enhanced within our rohe.



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# **Summary Statement of Comprehensive** Revenue and Expense

For the year ended 30 June 2025

Revenue	Note	Actual 2025 \$000's	Budget 2025 \$000's	Actual 2024 \$000's
Rates revenue	4	103,938	104,997	89,024
Subsidies and grants	6	55,413	60,714	16,237
Finance revenue	8	2,084	270	1,902
Financial Contributions	7	13,741	13,412	10,801
Fees and Charges	7	10,916	9,514	11,074
Other revenue	7	15,805	6,949	14,945
Revenue Total		201,897	195,856	143,983
Expenditure				
Personnel Costs	10	(33,622)	(34,084)	(31,218)
Depreciation and amortisation expense	9	(30,477)	(29,101)	(28,787)
Finance costs	8	(7,141)	(7,605)	(5,241)
Other expenses	11	(78,520)	(69,536)	(84,108)
Expenditure total		(149,760)	(140,326)	(149,354)
Share of associate's surplus/(deficit)		(141)	-	(84)
Net Surplus/(deficit)		51,996	55,530	(5,455)
Other comprehensive revenue and expense				
Gain on LGFA share revaluation	28	713	-	609
Gains/(losses) on carbon credit revaluations	28	269	-	320
Gains/(losses) on asset revaluations	28	(10,064)	29,674	911
Total other comprehensive revenue and expense for the year		(9,082)	29,674	1,841
Total comprehensive revenue and expense		42,914	85,204	(3,614)

# **Summary Statement of Financial Position**

# For the year ended 30 June 2025

Assets	Note	Actual 2025 \$000's	Budget 2025 \$000's	Actual 2024 \$000's
Current assets		50,048	33,159	36,210
Non-current assets		2,019,145	2,105,938	1,913,133
Total assets		2,069,193	2,139,097	1,949,344
Liabilities				
Current liabilities		93,547	44,224	75,919
Non-current liabilities		135,686	164,673	80,285
Total liabilities		229,233	208,897	156,204
Net assets		1,839,960	1,930,200	1,793,140
Equity				
Accumulated funds	28	1,032,194	1,129,481	985,739
Reserves	28	807,766	800,719	807,398
Total equity		1,839,960	1,930,200	1,793,140

# Summary Statement of Changes in Net Assets/Equity

# For the year ended 30 June 2025

	Note	Actual 2025 \$000's	Budget 2025 \$000's	Actual 2024 \$000's
Balance at 1 July		1,793,140	1,844,996	1,797,537
Net surplus/(deficit)		51,996	55,530	(5,455)
Gains/(losses) on asset revaluations		(10,064)	29,674	1,841
Gain on revaluation of carbon credits		269	-	-
Gain on LGFA shareholding		713	-	-
Total comprehensive revenue and expense		42,914	85,204	(3,614)
Transfers to/(from) Reserves		-	-	(783)
Amendment to revaluation reserve		3,906	-	-
Balance at 30 June	28	1,839,960	1,930,200	1,793,140

# **Summary Statement of Cash Flows**

# For the year ended 30 June 2025

	Note	Actual 2025 \$000's	Budget 2025 \$000's	Actual 2024 \$000's
Net cashflow from operating activities		76,428	82,515	30,019
Net cashflow from investing activities		(130,065)	(127,326)	(59,184)
Net cashflow from financing activities		60,000	44,811	25,000
Net increase/(decrease) in cash equivalents, and bank overdrafts		6,363	-	(4,166)
Cash, cash equivalents, and bank overdrafts at the beginning of the year		10,974	15,137	15,140
Cash, cash equivalents, and bank overdrafts at the end of the year $% \left\{ 1,2,\ldots,n\right\}$	12	17,337	15,137	10,975

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# Notes to the financial statements

# **Basis of reporting**

This section contains the significant accounting policies of the Council and the group that relates to the financial statements as a whole.

Significant accounting policies are also included in the related note disclosures.  $% \label{eq:continuous}%$ 

# Statement of accounting policies for the year ended 30 June 2025

# 1.1 Reporting entity

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

The Council's principal address is 1484 Cameron Road, Greerton, Tauranga.

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

The Council has designated itself as a public benefit entity (PBE) for reporting purposes and applies Tier I PBE accounting standards. These standards are based on International Public Sector Accounting Standards (IPSAS) with amendments for the New Zealand environment.

The financial statements of the Council are for the year ended 30 June 2025. The financial statements were authorised for issue by Council on 25 November 2025.

# 1.2 Adoption date

Under section 98(3) of the Local Government Act 2002 the Annual Report must be completed and adopted by 31 October 2025. The Council has not complied with this requirement and is in breach of the Act. This is a result of the timing of the interregnum period for Council, with there being no opportunity for adoption by Council during this period. Council adopted the Annual Report on 25 November 2025 at the first business meeting of the new Council.

# Summary of significant accounting policies

# 2.1 Basis of preparation

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

# Statement of compliance

The financial statements of 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 include the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

The financial statements and service performance information have been prepared in accordance with Tier 1 Public Benefit Entity (PBE) accounting standards.

# Presentation of currency and rounding

The financial statements are presented in New Zealand dollars and all value are rounded to the nearest thousand dollars (\$000), other than the remuneration and the severance payment disclosures in Note 33 and Note 34 of the Annual Report. The remuneration and severance payments are rounded to the nearest dollar.

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16 December 2025 Council Agenda

### Measurement base

The financial statements have been prepared on a historical cost basis, except where modified by the revaluation of land and buildings, certain infrastructural assets, investment property, forestry assets, and certain financial instruments (including derivative instruments).

### **Budget figures**

The budget figures are those approved by Council in its 2024-2034 Long Term Plan. The budget figures have been prepared in accordance with GAAP, using accounting policies that are consistent with those adopted by the Council in preparing these financial statements.

### Goods and services tax

Items in the financial statements are stated exclusive of goods and services tax (GST), except for receivables and payables, which are presented on a GST- inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from the IRD, including the GST relating to investing and financing activities, is classified as operating cashflow in the statement of cashflows.

Commitments and contingencies are disclosed exclusive of GST.

### Cost allocation

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

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

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities based on cost drivers and related activity or usage information. Depreciation is charged on the basis of asset utilisation. Personnel costs are charged on the basis of actual time incurred. Property and other premises costs, such as maintenance, are charged on the basis of floor area occupied for the production of each significant activity. Other indirect costs are assigned to significant activities based on the proportion of direct staff costs for each significant activity.

There have been no changes to the cost allocation methodology since the date of the last audited financial statements.

# Standards and amendments issued that have been applied

# Critical accounting estimates

In preparing these financial statements, estimates and assumptions have been made concerning the future.

These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

- Estimating the fair value of land and buildings, and infrastructure assets - Note 20 of the Annual Report
- Estimating the fair value of forestry assets Note 23 of the Annual Report
- Estimating the retirement and long service leave obligations - Note 26 of the Annual Report
- Estimating the landfill aftercare provision Note 27 of the Annual Report

# Critical judgements in applying accounting policies

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

# Donated or vested land and buildings with use or return conditions

The Council has received land and buildings from non-exchange transactions that contain use or return conditions. If revenue is not recognised immediately for such assets when received, there is the possibility that a liability would be recognised in perpetuity and no revenue would ever be recognised for the asset received.

The Council considers that an acceptable and more appropriate accounting treatment under PBE IPSAS 23 is to recognise revenue immediately for such transfers and a liability is not recognised until such time as it is expected that the condition will be breached.

# Classificiation of property

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

# Treatment of airport land

The airport land consists of some 225 hectares of land of which some 86 hectares is jointly owned by Tauranga City Council (TCC) and Western Bay of Plenty District Council. TCC are the legal owners of the land and Western Bay of Plenty District Council are the beneficial or equitable owners of the jointly owned land. The jointly acquired land is held by TCC on trust for itself and Western Bay of Plenty District

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16 December 2025 Council Agenda

As the legal owner TCC must exercise its rights of ownership in terms of the trust and for the benefit of the trustees

The terms of the trust are that TCC may use the jointly acquired land rent free provided the land is used as an airport. In the event that the jointly own airport land is sold and the principal use of the land is no longer an airport then a liability to Western Bay of Plenty District Council is created for the sale price of the jointly owned land at that point.

# Foreign currency transactions

Foreign currency transactions (including those subject to forward exchange contracts) are translated into New Zealand Dollars (the functional currency) using the spot exchange rate at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rate of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

### **Water services reform** 2.3

Central government has been addressing New Zealand's water infrastructure challenges through the Government's Local Water Done Well programme, a programme that aims to improve water quality and update aging infrastructure. The first Act repealed the previous Government's water services legislation. The second Act established the preliminary arrangements for the new water services system. The third Act, the Local Government (Water Services) Act 2025 (the Act) established the enduring settings for the water services system. On the final reading, certain clauses of the Act were split into a separate Act - the Local Government (Water Services) (Repeals and Amendments) Act 2025. These two Acts were given royal assent on 26 August 2025 and came into effect the following day.

# Implications of the Local Government (Water Services) Act 2025

The Local Government (Water Services) Act 2025 (the Act) represents a significant shift in the governance, delivery, and regulation of water services, supporting transparency, accountability and financial sustainability of water services entities.

This Act provides for:

- arrangements for the new water services delivery system
- a new economic regulation and consumer protection regime for water services
- changes to the regulatory framework for water

quality and to the water services regulator.

Western Bay of Plenty District Council ("the Council") remains committed to strengthening and modernising its wastewater and drinking water systems under the LWDW programme. The core objectives include ensuring continued compliance with national regulatory standards, improving resilience of infrastructure, optimising sustainable funding models, and engaging with communities and tangata whenua in shaping outcomes.

Under the Government's Local Water Done Well (LWDW) regime, all councils are required to prepare and submit a Water Services Delivery Plan (WSDP), outlining how they will deliver safe, compliant, resilient and financially sustainable drinking water, wastewater, and stormwater services over (at least) a 10-year period. Council submitted its WSDP prior to the 3 September 2025 deadline with the plan demonstrating that water services will be financially sustainable by 1 July 2028 as required.

The WSDP includes decisions made by Elected Members to proceed with a jointly owned Council Controlled Organisation with Tauranga City Council.

On the 14 November 2025 Council received acceptance from Central Government on its WSDP. Council continues to work with Tauranga City Council on the due diligence requirements of this plan. This will provide financial and operational clarity, prior to moving to a pre-establishment phase.

The Council will begin transition planning to ensure the new delivery model is fully operational by the statutory deadline of 1 July 2028. An estimate of the financial effect of the decision to deliver water services differently, or a statement such an estimate cannot be reliably made.

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# Explanation of major variances against budget

Explanations for major variations from Western Bay Council's estimated figures in the Annual Plan 2024/25 and 2025 actuals are as follows:

# Statement of Comprehensive Income

Actual 2025 surplus of \$52.0 million versus 2025 budget surplus of \$55.5 million. An unfavourable variance of \$3.5m. Total revenue was \$6.0 million better than budget. Total expenditure was \$9.4 million over budget.

The major contributors to the variance are noted as follows:

Revenue variances	Variances \$'000	Explanation
Rates Revenue	(1,059)	Rates revenue is lower than budgeted because volumetric water charges were lower than expected.
Subsidies and Grants	(5,301)	Subsidies and grants were lower compared to budget due to timing of capital programme delivery mainly in Ōmokoroa Structure Plans projects funded by National Infrastructure Funding and Financing Limited.
Finance Revenue	1,814	Interest revenue was higher as a result of higher cash on hand and cash invested than budgeted.
Financial Contributions	329	Financial contribution revenue is recorded at the time Council provides the related service these were higher than budget for the year.
Fees and Charges	1,402	Regulatory fees and charges and other fees and charges were higher than budget.
Other revenue	8,856	Higher than budgeted forestry harvesting proceeds, vested assets received and gain on disposal of assets, were offset by insurance recoveries that were budgeted for but received at the end of the 2024 financial year.
Total revenue variances	6,041	
Expenditure variances		
Personnel Costs	462	Salary and wage costs were targeted and achieved at a lower than budget level.
Depreciation and amortisation	(1,376)	Both depreciation and amortisation expenditure was higher than budget.
Finance costs	464	Lower than budget interest rates have resulted in lower interest costs for the year.
Other expenses	(8,984)	Increased costs compared to budget specifically include unrealised hedging movement, consultant and legal fees, insurance premiums, loss on disposal of assets, asset impairment, forestry harvest costs, and audit fees.
Total expenditure variances	(9,434)	
Statement of Financial		
Position Variances		
Current Assets variances	16,887	Rates and sundry debtors are higher than budget this drives the higher current assets level.
Non-Current assets variances	(86,793)	Property plant and equipment is lower than budget due to timing of project completion.
Current Liabilities variances	49,323	Trade payables, accrued expenses, bonds and deposits, and income in advance are all higher than budgeted at year end as well as higher short term borrowings being in this category.
Non-Current Liabilities variances	28,988	Lower non-current borrowings compared to budget as there is a higher proportion of total borrowings in current liabilities compared to budget.
Total Statement of	(90,240)	

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Financial Position variances

# Statement income and expenditure for group of activities

Income	Actual 2025 \$000's	Actual 2024 \$000's
Representation	4,281	3,979
Planning for the Future	4,922	4,508
Transportation	77,641	36,395
Water Supply	16,999	12,793
Communities	18,851	15,803
Recreation and Open Spaces	19,255	17,341
Regulatory Services	15,914	16,294
Wastewater	21,362	18,080
Solid Waste	6,029	5,237
Stormwater	13,611	9,512
Natural Environment and Sustainable Living	1,467	1,679
Economic Development	956	1,071
Support Services	609	1,291
Total operating income by activity	201,897	143,983
Expenditure		
Representation	4,003	3,846
Planning for the Future	4,239	4,481
Transportation	40,111	32,197
Water Supply	19,741	17,121
Communities	12,964	15,007
Recreation and Open Spaces	14,784	18,426
Regulatory Services	15,775	16,204
Wastewater	21,703	17,950
Solid Waste	5,088	5,062
Stormwater	8,705	6,047
Natural Environment and Sustainable Living	1,553	1,519
Economic Development	943	720
Support Services	151	10,776
Total operating expenditure by activity	149,760	149,354

Each significant activity is stated gross of internal costs and revenues, and includes general and targeted rates attributable to activities (refer to Note 4 of the Annual Report).

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# Capital commitments and operating leases

# **Accounting policy**

# Financing leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the start of the lease term, finance leases are recognised as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life.

If there is no certainty as to whether the Entity will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

### 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.

# Capital commitments

Capital commitments represent capital expenditure contracted for at balance date, but not yet incurred.

<b>Capital commitments</b>	Actual \$0	2025 000's	Actual 2024 \$000's
Buildings	4	1,004	6,277
Coastal marine	:	2,792	128
Water	6	5,224	1,337
Wastewater	4	1,549	7,045
Stormwater		560	2,271
Roading network	5	2,164	14,754
Total capital commitments	70	),293	31,812

# Operating leases as lessee

Western Bay Council leases property, plant and equipment in the normal course of its business. The majority of these leases have a non-cancellable term

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

Operating leases	Actual 2025 \$000's	Actual 2024 \$000's
Not later than one year	148	116
Later than one year and not later than two years	143	95
Later than two years and not later than five years	368	244
Later than five years	3,402	1,820
Total non-cancellable operating leases	4,061	2,275

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Leases can be renewed at Council's option, with rents set by reference to current market rates for items of equivalent age and condition.

There are no restrictions placed on the Western Bay of Plenty District Council by any of the leasing arrangements.

No contingent rents have been recognised during the year (2024: nil).

# Other Commitments - roading network and utilities maintenance contracts

In July 2021, Council entered into a five year contract with Downer Ltd for the provision of maintenance and professional services to the utilities network. The value of the contract as of 30 June 2025 is \$40.00 million.

In July 2021 Council entered into a five year contract with Envirowaste Ltd for the provision of kerbside waste services. The value of the contract as of 30 June 2025 is \$26.14 million.

As part of these contracts there is ongoing performance and condition monitoring to ensure compliance with the key deliverables and performance of the contract. Failure to meet the deliverables and performance required can lead to termination of the contract.

# Related party transactions

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship and are on terms and conditions no more or less favourable than those that it is reasonable to expect the Council would have adopted in dealing with the party at arm's length in the same circumstances.

Key management personnel include the Chief Executive Officer and other senior management personnel.

A Councillor is considered one full-time equivalent for the purposes of this disclosure.

An analysis of Councillor remuneration and further information on Chief Executive remuneration is provided in Note 33 of the Annual Report.

Council also pays \$3,708 in travel allowances to the Councillors which is separate to their remuneration.

Transactions with Councillors and key management personnel compensation	Actual 2025 \$000's	Actual 2024 \$000's
Councillors		
Full-time equivalent members	12	11
Salaries and other short-term employee benefits	718	680
Senior Management Team, including the Chief Executive		
Full-time equivalent members	5	5
Salaries and other short-term employee benefits	1,639	1,558
Total full-time equivalent personnel	17	16
Total Councillors and Senior Management Remuneration	2,357	2,238

# Events occurring after balance date

There were no events which have caused significant impacts on the essential services of the organisation since balance date.

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Audit New Zealand

# **Independent Auditor's Report**

# To the readers of Western Bay of Plenty District Council's summary of the annual report for the year ended 30 June 2025

The summary of the annual report was derived from the annual report of the Western Bay of Plenty District Council (the Council) for the year ended 30 June 2025.

The summary of the annual report comprises the following information on pages 13, and 16 to 24.

- the summary statement of financial position as at 30 June 2025;
- 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 2025;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary of service performance.

# **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 summary of the annual report does not reflect the effects of events that occurred subsequent to the date of our auditor's report on the full annual report.

Western Bay of Plenty District Council | Te Kaunihera a rohe mai i Ngā Kuri-a-Whārei ki Ōtamarākau ki te Uru

# 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 2025 in our auditor's report dated 25 November 2025.

# Emphasis of matter – future of water delivery

Our auditor's report on the full annual report also includes an emphasis of matter paragraph drawing attention to pages 109 and 110 of the financial statements in the full annual report. This outlines that in response to the Government's Local Water Done Well reforms, the Council has decided to establish a multi-owned water organisation with Tauranga City Council to deliver water, stormwater and wastewater services be responsible for delivering those services from 1 July 2027.

The financial impact of this decision is unknown because details of the exact arrangements are still being considered.

Information about this matter is also disclosed on page 20 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.

Anton Labuschagne,

**Audit New Zealand** 

On behalf of the Auditor-General

Tauranga, New Zealand

9 December 2025

Western Bay of Plenty District Council | Te Kaunihera a rohe mai i Ngā Kuri-a-Whārei ki Ōtamarākau ki te Uru

# 11.2 MONTHLY FINANCIAL REPORT - 31 OCTOBER 2025

File Number: A7068299

Author: Jonathan Fearn, Chief Financial Officer

Authoriser: Matt Potton, Acting Group Manager Corporate Services

# **EXECUTIVE SUMMARY**

The purpose of this report is to provide an update on the financial performance and position, including treasury to Elected Members for the 4 months ended 31 October 2025.

This report also provides the Council with the current treasury policy breaches in relation to interest rate hedging, as identified in previous financial reports.

### **SUMMARY**

This report covers the four-month period to 31 October 2025. The Revised Budget referenced throughout reflects the adopted Annual Plan 2025/26, adjusted for Councilapproved carry forwards from the 2025 financial year.

- Capital Expenditure: \$41.6m spent YTD vs. \$50.1m budget. Recreation and Leisure is 64% of its annual budget and \$3.0m over phased budget, driven by the \$3.9m purchase of 474 Ōmokoroa Road (leased back to sellers, future active reserve). Offsetting this, Structure Plans are \$6.8m under budget due to delays in Ōmokoroa projects. Overall, Council has spent 28% of the annual capital budget with 33% of the year elapsed.
- Borrowings: Total borrowings: \$190m (average cost of funds: 3.93%)
  - o Net borrowings: \$166m after \$24m cash holdings
  - o Net debt-to-revenue ratio: 93%, well within the internal limit of 200%
  - Forecast borrowings at 30 June 2026: \$279m
- Revenue: \$62.5m YTD, broadly in line with budget (\$63.3m). Financial contributions are \$2.5m behind budget due to timing. Regulatory revenue is \$539k above budget, driven by higher consent applications (+\$448k).
- Operating Expenditure: \$2.9m under budget, mainly due to timing of ERP implementation (\$1.4m) and setup costs for the new water CCO (\$1.2m). These costs are anticipated to be incurred over the remainder of the year.
- Surplus: YTD surplus of \$12.3m vs. \$10.1m budget and \$14.4m at the same time last year.

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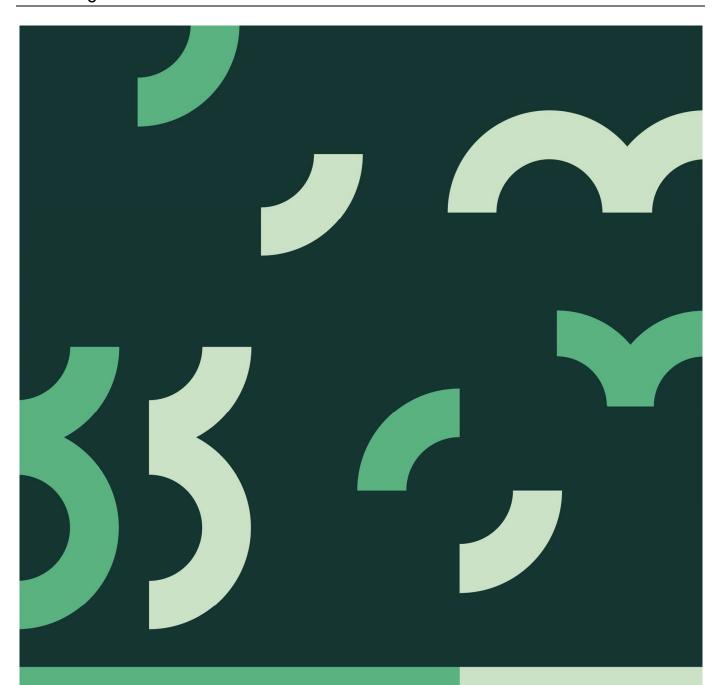
• Accounts Payable at \$66m are higher than budget, primarily due to income in advance from the September rates instalment (covering July–December or full year), with some ratepayers opting for full payment to secure the 3% discount.

Attached is a summary of the financial performance and position for the period ended 31 October 2025 in **Attachment 1**.

# **ATTACHMENTS**

1. P4 Monthly Financial Report - 31 October 2025 U

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Pūrongo pūtea ia wha marama Monthly Financial Report

Year to date 31 October 2025



Item 11.2 - Attachment 1 Page 360

Monthly Financial Report - October 2025

## 1. Executive Summary

This report covers the four-month period to 31 October 2025. The Revised Budget referenced throughout reflects the adopted Annual Plan 2025/26, adjusted for Councilapproved carry forwards from the 2025 financial year.

#### **Key Financial Metrics**

For the period ended 31 October 2025	Actual YTD	Revised Budget YTD	Variance		Revised Budget FY	As % of FY Budget
	(\$000)	(\$000)	(\$000)	%	(\$000)	%
Total revenue	62,492	63,324	(832)	(1%)	195,494	32%
Total expenditure	(50,172)	(53,181)	3,009	6%	(161,271)	31%
Surplus/(Deficit)	12,320	10,143	2,177	21%	34,223	36%
Capital expenditure	41,635	50,050	8,416	17%	147,334	28%
Total borrowings	190,000	278,571*	88,571		278,571	N/A
Net borrowings	165,957	267,597*	101,640		267,597	N/A

- Capital Expenditure: \$41.6m spent YTD vs. \$50.1m budget. Recreation and Leisure is 64% of its annual budget and \$3.0m over phased budget, driven by the \$3.9m purchase of 474 Ōmokoroa Road (leased back to sellers, future active reserve). Offsetting this, Structure Plans are \$6.8m under budget due to delays in Ōmokoroa projects. Overall, Council has spent 28% of the annual capital budget with 33% of the year elapsed.
- Borrowings: Total borrowings: \$190m (average cost of funds: 3.93%)
  - o Net borrowings: \$166m after \$24m cash holdings
  - o Net debt-to-revenue ratio: 93%, well within the internal limit of 200%
  - o Forecast borrowings at 30 June 2026: \$279m
- Revenue: \$62.5m YTD, broadly in line with budget (\$63.3m). Financial contributions
  are \$2.5m behind budget, the timing of this revenue stream is outside of Council's
  control, and it is noted that development is slower than anticipated year to date.
   Regulatory revenue is \$539k above budget, driven by higher consent applications
  (+\$448k).

Western Bay of Plenty District Council

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Monthly Financial Report - October 2025

Operating Expenditure: \$2.9m under budget, mainly due to timing of ERP implementation (\$1.4m) and setup costs for the new water CCO (\$1.2m). These costs are anticipated to be incurred over the remainder of the year.

- Surplus: YTD surplus of \$12.3m vs. \$10.1m budget and \$14.4m at the same time last year.
- Accounts Payable at \$66m are higher than budget, primarily due to income in advance from the September rates instalment (covering July-December or full year), with some ratepayers opting for full payment to secure the 3% discount.

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Monthly Financial Report - October 2025

## 2. Capital Expenditure

#### Capital expenditure by activity as at 31 October 2025

		Actual Year to date	to Budget FY		FY	Actual YTD as a % of FY	
	Note	(\$000)	(\$000)	(\$000)	%	(\$000)	Budget
Corporate Services		1,021	943	(78)	(8%)	2,842	36%
Communities	1	1,038	1,568	530	34%	2,368	44%
Economic		-	37	37	100%	110	0%
Recreation and	2						
Leisure		8,724	5,718	(3,006)	(53%)	13,726	64%
Structure Plan	3	13,655	20,419	6,764	33%	57,148	24%
Transportation	4	7,172	8,674	1,502	17%	27,523	26%
Stormwater	5	1,029	1,642	612	37%	4,587	22%
Waste	6						
Management		1,420	2,271	850	37%	21,655	7%
Water Supply	7	7,575	8,741	1,166	13%	17,297	44%
TOTAL		41,635	50,050	8,416	17%	147,334	28%

green +/- 5% or \$250k (smaller amount)

amber +/- 6%-10% or \$250k to \$750k (smaller amount)
red +/- >10% or over \$750k (smaller amount)

#### **Capital expenditure commentary**

- 1. Communities is \$530k under budget.
- Katikati arts junction project is \$224k over budget YTD. This is due to unexpected increase in weathertightness remediation. The full year budget for this project is \$373k, however there is a current forecast of \$429k, bringing the potential year end variance to \$56k over budget.
- Waihi beach library and service centre is \$707k under budget YTD. This is due to the
  bulk of the project having been completed in FY2025. Approximately \$45k of
  expenses remain on this project resulting in the library forecast to come in \$662k
  under budget for the year.

Western Bay of Plenty District Council

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Monthly Financial Report - October 2025

#### 2. Recreation and Leisure – is \$3m over budget.

- The acquisition of 474 Ōmokoroa Road for \$3.9m, as approved by Council on 24 July, was a large purchase early in the financial year. The phasing of the budget does not align to the timing of this purchase however full year actuals are still anticipated to be in line with the budget of \$13.7m.
- The Dave Hume pool liner and bulkhead project is currently \$484k under budget. The
  project is currently running on schedule, challenges with the new reinjection bore
  have increased costs, however the project is forecast to come in \$30k under budget.

#### 3. Structure Plan – is \$6.7m under budget.

- Majority of the variance is due to the timing of the delivery of significant Ōmokoroa structure plan projects.
- The Ōmokoroa roundabout is currently \$2.9m under budget but on track to be completed this financial year.
- Ōmokoroa Road urbanisation stage two is \$2.8m under budget and tracking one month behind delivery.
- Other urban structure plans are under budget \$596k. The majority is in Te Puke structure plan of \$451k due to delays in delivery of projects.

#### 4. Transportation - Is \$1.4m under budget.

- The transportation capital maintenance programme is currently in year two of the
  three-year funding cycle from NZTA Waka Kotahi. The current period to date
  expenditure is under budget by \$1.9m. The programme works increase through
  summer, expenditure will increase and is forecasted to overspend by \$2.4m for the
  year. Budgets may be required to be brought forward from FY 2027 (year three).
- The Rangiuru Business Park Roading project is currently \$354k under budget. This
  project has no expected project delivery in FY2026, the full year budget of \$1.0m is
  expected to be unspent and there is no budget in AP27 for this project.
- Expenditure on the replacement of the No.4 Road Bridge is \$93lk over budget for the
  year to date. The project is expected to be completed within its original \$6.6m
  budget, however a carry forward of the unspent 2025 budget of \$1.37m is required.
  This will be requested from ELT and Council through the correct approval process.

#### 5. Stormwater - is \$600k under budget.

- Combined timing of projects are currently behind the budget phasing, this is mainly
  on the Beach Rd renewal, Wilson Park renewal and upgrades to Oxford and Boucher
  Street projects. These are currently being procured and are forecasted to be close to
  budget at year end.
- The full year forecast is currently estimated to be above the budget of \$372k due to
  expected overspend in Waihi Beach earth dam project. Prior approval will be sought
  for this additional spend as necessary.

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Monthly Financial Report - October 2025

- 6. Wastewater is \$851k under budget.
- Te Puke treatment plant spend is \$420k under budget due to timing of project progress. By year end, it is expected the project will be ahead of the original schedule. Resulting in this capital expenditure being above budget for 2026 year, but subsequently under budget in 2027.
- 7. Water supply is \$1.2m under budget.
- There are ups and downs in project delivery in water supply projects. The central supply zone water treatment plant UV project is largely on track with the commissioning of the new UV at Ohourere underway. However, a review of the original project scope has paused the second phase of this project. Council is not committing to a new reservoir until a decision is made on the long-term future of the site. The project and related expenditure will be confirmed in future reports.

Western Bay of Plenty District Council

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Monthly Financial Report - October 2025

### 3. Financial Statements

# 3.1 Whole of Council – Statement of Comprehensive Revenue and Expense

		Actual YTD	Revised Budget YTD	Variance		Revised FY Budget	Actual YTD as a % of FY
	Note	(\$000)	(\$000)	(\$000)	%	(\$000)	Budget
Revenue							
Rates	1	39,238	37,746	1,492	4%	113,003	35%
Subsidies and grants	2	14,252	14,896	(644)	(4%)	51,670	28%
Financial contributions	3	2,833	5,303	(2,470)	(47%)	15,910	18%
Fees and charges	4	4,364	3,871	492	13%	9,725	45%
Finance revenue	5	255	95	160	169%	284	90%
Other revenue		1,551	1,413	138	10%	4,903	32%
Total revenue		62,492	63,324	(832)	(1%)	195,494	32%
Expenses							
Personnel costs		12,155	12,364	209	2%	36,268	34%
Depreciation and amortisation expense		10,485	10,485	_	0%	31,455	33%
Finance costs		2,734	2,627	(107)	(4%)	7,881	35%
Other expenses	6	24,798	27,705	2,907	10%	85,667	29%
Total expenses		50,172	53,181	3,009	6%	161,271	31%
Surplus/(deficit) before tax		12,320	10,143	2,177	21%	34,223	36%

green +/- 5% or \$250k (smaller amount)

amber +/- 6%-10% or \$250k to \$500k (smaller amount)

red +/- >10% or over \$500k (smaller amount)

#### Financial performance commentary

1. Rates – is \$1.5m over budget.

 General rates are \$131k over budget due to more ratepayer growth than budgeted for in the Annual Plan.

Western Bay of Plenty District Council

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Monthly Financial Report - October 2025

Rates penalties processed year-to-date total \$883k above budget. This includes P3
penalties applied in August to outstanding debtors from the previous financial year.
A review of Accounts Receivable is currently in progress, and a summary position will
be presented in the Quarter Two Financial Report (December).

- Metered waters charges are \$468k over budget due to timing cycle of meter readings against budget. It is however too early in the financial year and billing cycles to confirm if this will remain a positive variance throughout the financial year.
- 2. Subsidies & Grants is \$644k under budget.
- Subsidy claims for the Te Puke Gordon Street plant upgrade and the Eastern Supply
  Zone wastewater project are currently below budget. This is primarily due to no
  contributions being received to date from Quayside, following the recent signing of a
  Memorandum of Understanding related to the Rangiuru Business Park development.

#### 3. Financial contributions - is \$2.5m under budget.

Budget timing of this revenue stream is a challenge as it is dependent on the timing
of developments in our district. Traditionally this income is lumpy in nature. A
development trends monitoring report will be presented to Council in the new year to
provide greater detail on development in the district.

#### 4. Fees and charges - is \$492K over budget.

- More resource and building consent applications have been received compared to budget for the first four months. While this is positive year to date, staff remain cautious around sustainability of this as it remains a very volatile market.
- 5. Interest revenue is \$160k over budget.
- Higher levels of cash on hand earning more interest than budgeted due to the first
  rates instalment being invoiced in September and more cash being held on hand
  than the flat phased interest budget.

#### **Expenses**

- 6. Other expenses \$2.9m under budget.
- The new ERP system (Datascape) is \$1.4m under budget. This is due to progress timing of the project and is expected to come inline with budget by the end of the year.
- The water Services CCO setup costs are \$1.2m under budget. Due diligence has commenced with individual workstream budgets being confirmed by the multicouncil project team. Commitments are being made with independent consultants. It is too early in the due diligence process to forecast if this will continue to be under budget by the end of the year.

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Maintenance and operations are \$1.4m under budget, this is mainly across the
waters budgets (\$1.3m) as a result of sludge disposal completion, expected in
November, which will increase this expenditure and bring it closer to budget.

There is currently an unrealised negative position on our interest rate swaps of \$940k which is unbudgeted. This is the result of market interest rates falling under our average interest rate hedged position. However, our current average cost of funds of 3.93% remains under the budgeted interest rate assumption of 4.16%. This is a non cash movement.

# 3.2 Activity – Statement of Comprehensive Revenue and Expense

Corporate Service	Actual YTD	Revised Budget YTD	Variance		Revised FY Budget	Actual YTD as a % of
	(\$000)	(\$000)	(\$000)	%	(\$000)	FY
	(\$000)	(\$000)	(\$000)		(\$000)	Budget
Corporate Services Revenue	3,105	1,921	1,184	62%	5,527	56%
Corporate Services Expenses	2,679	4,417	1,737	39%	12,496	21%
Corporate Services						
Surplus/(Deficit)	426	(2,496)	2,921	117%	(6,968)	(6%)

#### Revenue - is \$1.2m over budget

- General rates are \$131k over budget due to growth being higher than budgeted.
- Penalties are \$883k over budget, due to more penalties than budgeted being charged. A comprehensive review of receivables is currently in progress, and a summary position will be presented in the quarter two financial report (December).
- Dividends revenue of \$156k has been received from Council investments, this adds to the over budget variance.

#### Expenses - is \$1.7m under budget

- New ERP system \$1.4m under budget due to timing and expected to come in on budget.
- Three waters CCO setup costs \$1.2m under budget due to timing and it is still too early to confirm if this will continue at year end.
- Personnel and Personnel Related costs are \$563k over budget. Minimal staff cost
  capitalisation against a budget of \$607k is partly offset by reduced salary costs of
  \$45k year to date. Capitalisation of staff costs will be completed in December and
  this will reduce the personnel costs variance.

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Monthly Financial Report - October 2025

Rates discounts (expense) are \$306k over budget, more discounts than budgeted
have been applied to ratepayers. Budgeting was too conservative compared to prior
year discounts expensed.

Communities	Actual YTD	Revised Budget YTD	Variance		Revised FY Budget	Actual YTD as a % of
	(\$000)	(\$000)	(\$000)	%	(\$000)	FY Budget
Communities Revenue	4,453	4,387	65	1%	13,578	33%
Communities Expenses	4,566	4,739	173	4%	13,382	34%
Communities Surplus/(Deficit)	(113)	(351)	238	68%	196	(58%)

Actuals are accepted as being in line compared to budget year to date.

Economic	Actual YTD	Revised Budget YTD	Variance		Revised FY Budget	Actual YTD as a % of
	(\$000)	(\$000)	(\$000)	%	(\$000)	FY Budget
Economic Revenue	456	446	10	2%	1,337	34%
Economic Expenses	401	569	168	30%	1,225	33%
Economic Surplus/(Deficit)	54	(124)	178	144%	112	49%

#### Expenses - is \$168k under budget

• Grant expenditure is under budget by \$158k due to timing. Grant expenses are expected to be on budget at year end.

Natural Environment	Actual YTD	Revised Budget YTD	Variance		Revised FY Budget	Actual YTD as a % of
	(\$000)	(\$000)	(\$000)	%	(\$000)	FY Budget
Natural Environment Revenue	458	439	18	4%	1,317	35%
Natural Environment Expenses	659	433	(226)	(52%)	1,825	36%
Natural Environment Surplus/(Deficit)	(201)	6	(207)	3257%	(508)	40%

Western Bay of Plenty District Council

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Monthly Financial Report - October 2025

#### Expenses - is \$226k over budget

• This is primarily due to timing of expenditure compared to budget phasing and is expected to be in line with budget by December 2025.

Planning for the Future	Actual YTD	Revised Budget YTD	Variance		Revised FY Budget	Actual YTD as a % of FY Budget
	(\$000)	(\$000)	(\$000)	%	(\$000)	
Planning for the Future Revenue	1,440	1,435	4	0%	4,306	33%
Planning for the Future						
Expenses	1,312	1,425	113	8%	4,341	30%
Planning for the Future Surplus/(Deficit)	128	10	117	1157%	(35)	(360%)

Actuals are accepted as being in line compared to budget year to date.

Recreation and Open Spaces	Actual YTD	Revised Budget	Variance		Revised FY	Actual YTD as
		YTD		%	Budget	a % of FY
	(\$000)	(\$000)	(\$000)		(\$000)	Budget
Recreation and Open Spaces						
Revenue	6,320	4,987	1,333	27%	15,767	40%
Recreation and Open Spaces						
Expenses	4,831	4,717	(114)	(2%)	14,116	34%
Recreation & Open Spaces						
Surplus/(Deficit)	1,488	269	1,219	452%	1,651	90%

#### Revenue - is \$1.3m over budget

- Grants received for the Katikati Pool totalled \$695k in October, which included an early accrual of \$400k. This timing adjustment has been resolved in November.
- Forestry harvesting proceeds are \$325k over budget but are offset by cost of harvest sales (\$202k) as recorded in expenditure.
- Rental income is \$225k over budget for the year, mainly due to annual rental
  received for lease of the Te Puke domain to the Te Puke high school and new monthly
  lease of the Omokoroa storage facility.

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Monthly Financial Report - October 2025

Regulatory	Actual YTD	Revised Budget YTD	Variance		Variance		Variance		Revised FY Budget	Actual YTD as a % of FY Budget
	(\$000)	(\$000)	(\$000)	%	(\$000)					
Regulatory Revenue	6,442	5,903	539	9%	15,960	40%				
Regulatory Expenses	5,300	5,388	88	2%	16,021	33%				
Regulatory Surplus/(Deficit)	1,142	514	628	122%	61	1871%				

#### Revenue – is \$539k over budget

Consent applications are over budget, providing extra \$448k of revenue. While this is
positive year to date staff remain cautious around sustainability of this as it remains
a very volatile market.

Representation	Actual YTD (\$000)	Revised Budget YTD (\$000)	Varian (\$000)	ice %	Revised FY Budget (\$000)	Actual YTD as a % of FY Budget
Representation Revenue	1,609	1,610	(1)	(0%)	4,830	33%
Representation Expenses	1,559	1,553	(6)	(0%)	4,624	34%
Representation Surplus/(Deficit)	50	57	(7)	12%	207	24%

Actuals are accepted as being in line compared to budget year to date.

Solid Waste	Actual YTD	Revised Budget YTD	Variance		Revised FY Budget	Actual YTD as a % of
	(\$000)	(\$000)	(\$000)	%	(\$000)	FY Budget
Solid Waste Revenue	2,326	2,163	163	8%	6,488	36%
Solid Waste Expenses	1,808	1,980	172	9%	5,923	31%
Solid Waste Surplus/(Deficit)	517	182	335	184%	564	92%

Actuals are accepted as being in line compared to budget year to date.

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Monthly Financial Report - October 2025

Stormwater	Actual YTD	Revised Budget YTD	Variance		Revised FY Budget	Actual YTD as a % of
	(\$000)	(\$000)	(\$000)	%	(\$000)	FY Budget
Stormwater Revenue	2,464	3,486	(1,022)	(29%)	10,458	24%
Stormwater Expenses	2,398	2,084	(314)	(15%)	6,249	38%
Stormwater Surplus/(Deficit)	66	1,402	(1,336)	(95%)	4,209	2%

#### Revenue - is \$1m under budget.

Developer financial contributions are \$903k under budget. Council has little influence
on when developments are completed or when developers choose to pay their
financial contributions to continue their developments. A whole of council summary
of financial contributions will be provided quarterly for review.

Transportation	Actual YTD	Revised Budget YTD	Variance		iget FY		Actual YTD as a % of
				%		FY	
	(\$000)	(\$000)	(\$000)		(\$000)	Budget	
Transportation Revenue	21,157	22,694	(1,537)	(7%)	72,086	29%	
Transportation Expenses	11,191	11,647	455	4%	38,416	29%	
Transportation							
Surplus/(Deficit)	9,965	11,047	(1,082)	10%	33,670	29%	

#### Revenue - is \$1.5m under budget

- Subsidies are \$1.0m under budget due to Omokoroa Roundabout project timing.
   Current expectations are that costs, and these subsidies may be under by \$0.5m at year end.
- Vested assets are \$383k under budget due to no transportation vested assets processed year to date.

Western Bay of Plenty District Council

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Monthly Financial Repo	ort - October 2025
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Wastewater	Actual YTD	Revised Budget YTD	Variance %		Revised FY Budget	Actual YTD as a % of FY
	(\$000)	(\$000)	(\$000)		(\$000)	Budget
Wastewater Revenue	7,087	8,247	(1,160)	(14%)	27,739	26%
Wastewater Expenses	6,908	7,356	447	6%	22,048	31%
Wastewater Surplus/(Deficit)	178	891	(713)	80%	5,691	3%

#### Revenue - is \$1.2m under budget.

- Developer financial contributions are under budget by \$672k and subsidies are
  under budget by \$365k. Council does not have the ability to drive the timing of
  developer activity. We expect developer financial contribution to be invoiced soon for
  Te Puke Wastewater as the development at 69 Whitehead Avenue is expected to be
  consented next month.
- Wastewater revenue is under budget by \$365k. No contributions from Quayside for their share of the Te Puke Wastewater Treatment Plant has been received to date.

#### **Expenses** – is \$447k under budget.

- Maintenance expenditure is under budget \$995k. Sludge disposal is planned to be completed in November, which will bring this expenditure closer to budget.
- Internal interest expenditure is \$664k over budget for this activity as a result of an incorrect budget interest calculation.

Water Supply	Actual YTD	Revised Budget YTD	Variance				Revised FY Budget	Actual YTD as a % of FY Budget
	(\$000)	(\$000)	(\$000)	%	(\$000)			
Water Supply Revenue	5,177	5,607	(430)	(8%)	16,101	32%		
Water Supply Expenses	6,558	6,874	315	5%	20,606	32%		
Water Supply Surplus/(Deficit)	(1,381)	(1,267)	(114)	(9%)	(4,505)	31%		

#### Revenue - is \$430k under budget.

 Developer financial contributions, being difficult to estimate timings, are \$50lk under budget.

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### 3.2 Balance Sheet

		Actuals	Revised	30 June 25
	Note	(\$000)	Budget YTD (\$000)	FY Actuals (\$000)
Current assets				
Cash and cash equivalents	1	24,043	10,974	17,337
Receivables		24,520	23,328	30,821
Prepayments		2,840	2,224	1,662
Non-current assets held for resale	2	45	_	228
Derivative financial instruments	3	_	54	_
Total current assets		51,449	36,580	50,048
Non-current assets				
Derivative financial instruments	3	338	1,965	607
Other financial assets		14,320	13,731	14,529
Investment in associates		16,622	16,029	16,122
Property, plant and equipment		2,022,094	2,211,298	1,979,641
Intangible assets		3,603	3,598	3,602
Forestry assets		4,644	4,243	4,644
Total non-current assets		2,061,620	2,250,865	2,019,145
Total assets		2,113,069	2,287,445	2,069,193
Current liabilities				
Payables and deferred revenue	4	65,719	35,756	48,474
Derivative financial instruments	3	32	_	_
Borrowings and other financial liabilities	5	45,000	35,000	41,337
Employee entitlements		3,755	3,967	3,704
Provisions		32	1,903	32
Total current liabilities		114,538	76,626	93,547
Non-current liabilities				
Derivative financial instruments	3	1,108	_	469
Borrowings and other financial liabilities		145,000	243,571	135,000
Employee entitlements		6	14	6
Provisions		2	62	211
Total non-current liabilities		146,116	243,647	135,686
Total liabilities		260,653	320,273	229,233
Net assets		1,852,416	1,967,172	1,839,960
Equity				
Accumulated Funds		1,046,068	1,148,575	1,032,194
Reserves		806,348	818,597	807,766
Total equity		1,852,416	1,967,172	1,839,960

Western Bay of Plenty District Council

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Monthly Financial Report - October 2025

#### **Financial Position Commentary:**

- Cash and cash equivalents are as expected for period four. Cash balances are
  monitored closely in our cashflow forecasting, with our large inflows received at rates
  instalment due dates and outflows are typically large on the 20<sup>th</sup> of the month. Short
  Term deposits are utilised when cash is on hand to help balance the cost of funds.
- 2. The reduction in non-current assets held for resale is a result of the sale of Zespri shares that were sold in September 2025 as previously approved by Council.
- 3. Council's derivative financial instruments are valued to market at the end of each quarter. These amounts reflect the value of our interest rate swaps and whether an individual swap is under (an asset) or over (a liability) current market interest rates.
- 4. Payables and deferred revenue are higher than budget and prior year. This is due to the increase in capital expenditure and associated trade payables, and income in advance from the rates instalment in September 2025.
- 5. Total borrowings from LGFA at 31 October 2025 is \$190m, at an average cost of funds of 3.93%. Total borrowings are up by \$15m from 30 June 2025. Council's net debt to revenue ratio of 93% against the internal limit of 200%. Total borrowings are budgeted to be \$279m at 30 June 2026. Further details on borrowings can be found in the Treasury section below.

Western Bay of Plenty District Council

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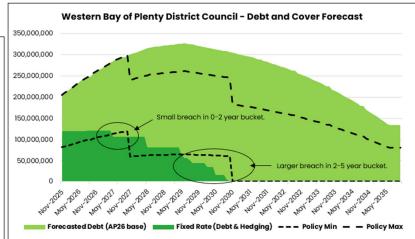
Monthly Financial Report - October 2025

## 4. Treasury Report

#### Treasury Report as at 31 October 2025

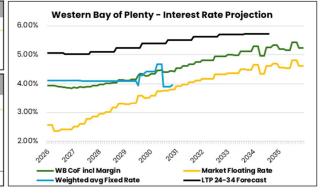
#### Summary

- Current external debt of \$190m. All debt is with the LGFA
- \$15m of existing commercial paper debt was repaid during October.
- Treasury anticipates the next borrowing requirement of approximately \$10-\$15 million in December, aligned with projected cashflow needs.
- Cost of funds including margin as at 31 October was 3.93%.
- The weighted average term of drawn debt facilities is 2.62 years.
- Council has working capital facilities of \$30m. \$20m with ANZ and \$10m with LGFA. These
  facilities were unused as at 31 October 2025.
- Council is currently outside policy for its 0-2 year and 2-5 year interest rate risk limits.
  - With interest rates trending lower and the cycle bottom still uncertain, two approaches were considered - gradually adding hedging to average into lower rates, or walting for the trough before transacting new swaps.
  - Given that the yield curve has shifted from inverted to positively sloped, forward-starting swaps have become more expensive relative to spot. On this basis, WBOPDG and Bancorp prefer to wait until the bottom of the cycle is clearer before adding further hedging, even if execution occurs 15–20 bps above the absolute low. This approach avoids paying up the curve for forward starts and allows the consideration of new swaps to be transacted out of spot as capacity builds.
  - Two forward-starting swaps are being monitored to help move coverage toward policy minimums. Before execution, WBOPDC and Bancorp will reassess market conditions to determine whether executing out of spot - for example, an 8-year swap - provides better value at that time.



	Counterpa	rty limits			F	unding Risl	k	
Counterparty	Actual	Total Limit	Compliant?					
ANZ	20,771,509	35,000,000	✓	Years	Minimum	Maximum	Actual	Policy
BNZ	8,804,658	35,000,000	✓	0-3	15%	60%	57%	✓
ASB	840,000	35,000,000	✓	3-7	20%	85%	43%	✓
Westpac	-	35,000,000	✓	7-15	0%	60%	0%	✓
Counterparty balances take into account all Cash, Term Deposits and Swaps. All drawn lebt is with the LGFA  Interest Rate Risk Limits								
	nt waar barrau				intere	st kate kisk	Limits	

pebt is with the LGFA		Intere	st Rate Ris	sk Limits	
Current year borrowings - move	ment		Year 0 - 2	Year 2 - 5	Year 5 - 10
Opening Balance as at 1 July 2025	\$175m				
New borrowing/refinancing (floating)	\$10m	Minimum Policy Limit	40%	20%	0%
New borrowing/refinancing (fixed)	\$20m	Maximum Policy Limit	100%	80%	60%
Total new borrowing for FY	\$30m	Minimum Hedge	36%	0%	0%
Repayment/refinancing of maturing debt	\$15m	Maximum Hedge	59%	35%	0%
Gross Debt	\$190m	Compliant?	×	х	1
			107		



Western Bay of Plenty District Council

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# 11.3 NEW ZEALAND TRANSPORT AGENCY - WAKA KOTAHI - ACQUISITION OF LAND AT 491 ŌMOKOROA ROAD

File Number: A7057519

Author: Kerrie Little, Operations Manager

Authoriser: Brad Singh, General Manager Infrastructure Group

#### **EXECUTIVE SUMMARY**

This report is for Council to receive information in relation to the Acquisition of Land at 491 Ōmokoroa Road.

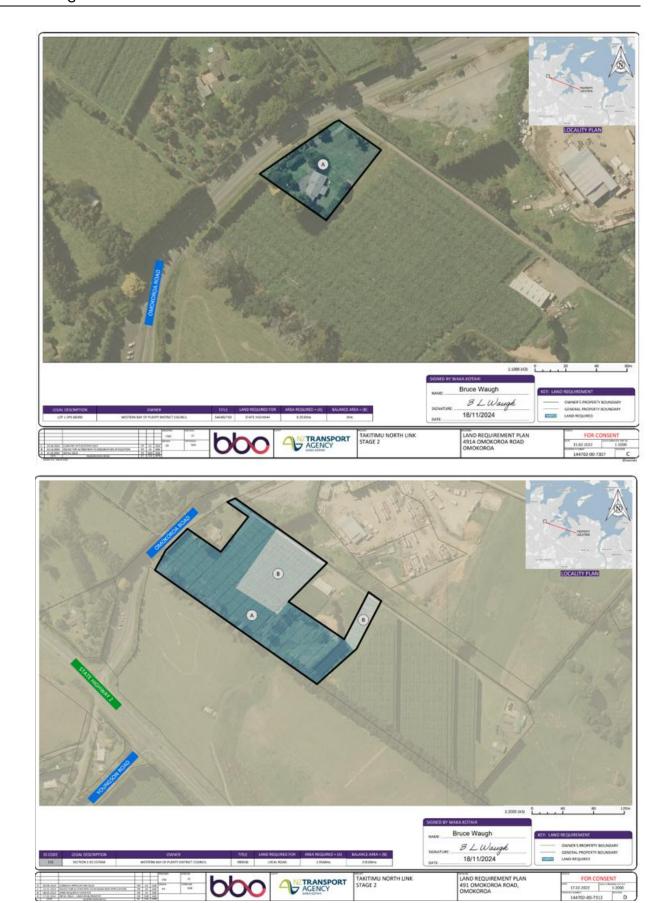
#### RECOMMENDATION

That the Operation Manager's report dated 16 December 2025, titled 'New Zealand Transport Agency – Waka Kotahi – Acquisition of Land at 491 Ōmokoroa Road', be received.

#### **BACKGROUND**

- In 2020 Council acquired approximately 2.7723 hectares of land under the Public Works Act 1981 for "Utility and Other" purposes at 491 Ōmokoroa Road. It was intended to use part of the land for a "Recycling Centre".
- 2. At the request of New Zealand Transport Agency Waka Kotahi (NZTA) the Crown requires approximately 1.9568 square metres (subject to survey), shown coloured blue and marked "A" on the plans for use in connection with a road as part of the State Highway 2 Takitimu Northern Link Project. This will leave a balance lot of 0.8155ha.
- 3. Under the agreement Council would agree to the required land being acquired by declaration under sections 20 and 50 of the PWA and to accept the purchase price of \$6,338,000 plus GST (if any) in full and final settlement of all claims under the Public Works Act in relation to the acquisition.
- 4. This money will be paid back to the Strategic Property current account from which the original purchase was funded.

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# 11.4 WESTERN BAY OF PLENTY DISTRICT COUNCIL SUBMISSION ON FAST-TRACK APPROVALS AMENDMENT BILL

File Number: A7068309

Author: Tracey Miller, Resource Management Strategic Advisor

Authoriser: Emily Watton, Acting General Manager Strategy and Community

#### **EXECUTIVE SUMMARY**

For the information of the Council meeting, this report presents the submission made by Western Bay of Plenty District Council (WBOPDC) in relation to the recent Fast-track Approvals Amendment Bill.

#### **ATTACHMENTS**

1. Western Bay of Plenty District Council submission on Fast-track Approvals Amendment Bill

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17 November 2025

Western Bay of Plenty District Council 1484 Cameron Road, Greerton, Tauranga 3112 P 0800 926 732 E info@westernbay.govt.nz

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Committee Secretariat Environment Committee Parliament Buildings Wellington

Name: Mayor James Denyer

Organisation: Western Bay of Plenty District Council Postal Address: Private Bag 12803, TAURANGA 3143

Daytime telephone: 0800 926 732

Email address: anna.price@westernbay.govt.nz

Tēnā koe Sir / Madam,

#### Western Bay of Plenty District Council Submission on Fast-track Approvals Amendment Bill

Thank you for the opportunity to provide feedback on the Fast-track Approvals Amendment Bill. We do not wish to speak to our submission.

Council acknowledges the Government's intention to improve efficiency and deliver quicker consent decisions for nationally and regionally significant projects. However, we have concerns regarding the Amendment Act's impact on local government input, community participation, and tikanga Māori, specifically through changes to consultation processes.

#### Referral applications

The change from "consultation" to "notification" in section 11 reduces the ability of councils and Tangata Whenua to influence projects prior to referral. Consultation enables early engagement, identification of site-specific issues, and integration of key concerns into project design, which is particularly important in the context of fast-track applications given the short timeframe for commenting on complex applications and the limited ability to decline them. Large developments also have significant infrastructure requirements which need to be well understood and require significant planning and funding decisions by Councils.

Te Kaunihera a rohe mai i ngā Kuri-a-Whārei ki Otamarakau ki te Uru

A5105155

Council is particularly concerned that Tangata Whenua will be further disadvantaged by the proposed change given iwi and hapu are often already under resourced, and given their values are not well provided for through the FTAA.

We recommend that robust consultation—rather than simply notification is retained to ensure Treaty obligations are upheld, and Councils and Tangata Whenua are able to understand and have input into projects prior to applications for referral are made.

#### **Increased Ministerial Powers**

Council does not support the provisions within Clause 48 that enable increased Ministerial oversight, in particular the proposal that the Crown is able to amend aspects of the FTAA directly through an Order in Council, bypassing Parliament. Council does not support a process to change the law without allowing public consultation.

As identified in the Taituarā submission, Clause 42 of the Bill proposes to give the Minister the power to approve a 'modification' to a substantive application after it has been lodged, if requested by a panel. This provides a pathway for a project to be significantly altered after it passes the referral gateway or after it has been listed in Schedule 2 of the FTAA. Modified proposals will be able to bypass the information requirements set out in section 13 of the FTAA and will not need to list persons or groups likely to be affected by the change or whether new aspects of the application are prohibited under the RMA.

The Bill does not include constraints on the extent of a modification or change to an application and therefore may encourage modest applications to be lodged, and substantial modifications proposed later. Council is in support of Taituarā's position on this matter which recommends amending clause 42 so that modifications cannot be approved that materially expand the scope of a proposal.

#### Conditions relating to infrastructure

Council opposes the inclusion of 84A (Clause 46), which allows panels to impose conditions ensuring infrastructure adequacy for projects. Instead, collaboration between applicants, panels, and councils is essential to ensure infrastructure readiness and that appropriate conditions are drafted that can be achieved.



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Western Bay of Plenty District Council supports the detailed points outlined in the Taituarā submission.

We look forward to the Environment Committee's consideration of the recommendations WBOPDC makes through this submission.

Yours sincerely,

James Denger

James Denyer

Mayor

Western Bay of Plenty District Council

#### 12 RESOLUTION TO EXCLUDE THE PUBLIC - WHAKATAU KI TE PORO I TE MAREA

#### **RESOLUTION TO EXCLUDE THE PUBLIC**

#### **RECOMMENDATION**

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

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

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
12.1 - Financial Contribution Reduction for New Zealand Housing Foundation - 75 Kaylene Place, Ōmokoroa	s7(2)(b)(ii) - the withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
	s7(2)(c)(i) - the withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied	

12.2 - Local Waters Done Well	s7(2)(b)(ii) - the withholding	s48(1)(a)(i) - the public
- Approval of Digital Business	of the information is	conduct of the relevant part
		•
Case and Memorandum of	necessary to protect	of the proceedings of the
Understanding	information where the	meeting would be likely to
	making available of the	result in the disclosure of
	information would be likely	information for which good
	unreasonably to prejudice	reason for withholding would
	the commercial position of	exist under section 6 or
	the person who supplied or	section 7
	who is the subject of the	
	information	
	=(a)(i)	
	s7(2)(j) - the withholding of	
	the information is necessary	
	to prevent the disclosure or	
	use of official information for	
	improper gain or improper	
	advantage	
12.3 - City and Regional Deals	s7(2)(i) - the withholding of	s48(1)(a)(i) - the public
, ,		·
- Approval of the Terms in	the information is necessary	conduct of the relevant part
Principle	to enable Council to carry on,	of the proceedings of the
	without prejudice or	meeting would be likely to
	disadvantage, negotiations	result in the disclosure of
	(including commercial and	information for which good
	industrial negotiations)	reason for withholding would
		exist under section 6 or
		section 7