Western Bay of Plenty District Council

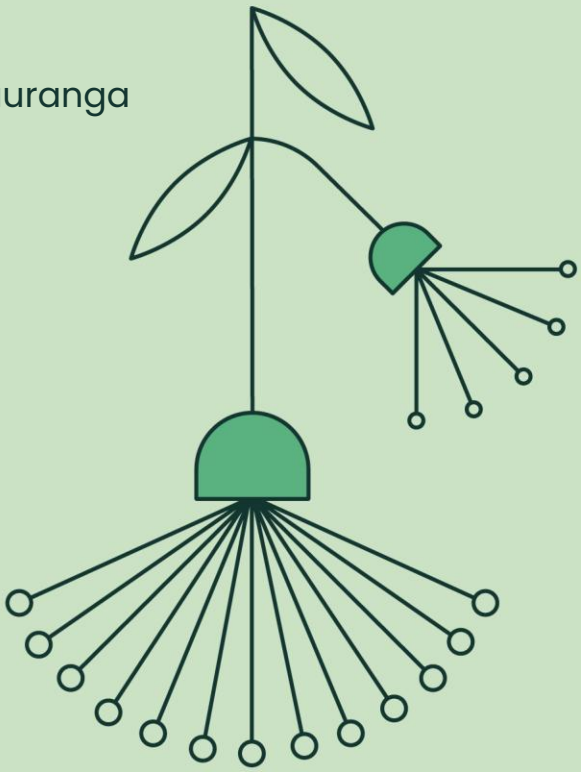
Mā tō tātou takiwā

For our District

Audit, Risk and Finance Committee

Kōmiti Arotake Tūraru me Ahumoni

ARFC26-1
Tuesday, 17 March 2026, 9.30am
Council Chambers, 1484 Cameron Road, Tauranga



Audit, Risk and Finance Committee

Membership:

Chairperson	Councillor Tracey Coxhead
Deputy Chairperson	Councillor Rodney Joyce
Members	Councillor Shane Beech Councillor Grant Dally Mayor James Denyer Councillor Darlene Dinsdale Councillor Graeme Elvin Deputy Mayor Margaret Murray-Benge Councillor Laura Rae Councillor Allan Sole Independent Member – to be appointed
Quorum	Six (6)
Frequency	Bi-Monthly

Role:

The main purpose of the Committee is to assist Council in providing oversight of matters relating to the quality and integrity of financial reporting, independence and performance of the external auditors, effectiveness and objectivity of the internal audit programme, and oversight of business risks and compliance activities.

Scope:

General Responsibilities:

- Assist Council in fulfilling its responsibilities for financial statements and external financial reporting.
- Monitor the Council's external and internal audit process and the resolution of any issues that are raised.
- Review key formal external accountability documents such as the Annual Report in order to provide advice and recommendation in respect to the integrity and appropriateness of the documents and the disclosures made.
- Provide a forum for communication between management, internal and external auditors and the governance level of Council.

- Ensure the independence and effectiveness of Council's internal audit processes, with oversight of the internal audit programme and findings.
- Oversee the development and management of financial policies and delegations.
- Monitor existing corporate policies and recommend new corporate policies to prohibit unethical, questionable or illegal activities.
- Support measures to improve management performance and internal controls.

Audit (internal and external):

- Ensure appropriate accounting policies and internal controls are established and
- maintained and assist Council in ensuring the effective and efficient management of all business risks.
- Ensure an appropriate framework is maintained for the management of strategic and operational risk (including risk appetite).
- Review risk including technical insurance matters and participation in national risk management practices, health and safety risk management and implementation of risk management processes.
- Review the effectiveness of the Long Term Plan audit or any audit relating to an amendment to the Long Term Plan.
- Review the effectiveness of the annual audit.
- Monitor management response to audit reports and the extent to which the external audit recommendations concerning internal accounting controls and other matters are implemented.
- Monitor the delivery of any internal audit work programme and implementation of any significant recommendations including control risk, accounting and disclosure practices.
- Engage with Council's external auditors regarding the external work programme and agree the terms and arrangements of the external audit in relation to the Annual Report.
- Engage with internal and external auditors on any specific one-off audit assignments.
- Review the effectiveness of the control environment established by management including information management systems and cyber security. This also includes a review/monitoring role for relevant policies, processes and procedures.

Risk management:

- Review the Risk Management Framework and associated procedures to ensure they are current, comprehensive and appropriate for the effective identification and management of Council's financial and business risks including fraud and cyber security.
- Review the effectiveness of the system for monitoring Council's financial compliance with relevant laws, regulations and associated government policies.
- Review whether a sound and effective approach has been followed in establishing Council's business continuity planning arrangements.
- Review Council's Fraud Policy to determine that Council has appropriate processes

and systems in place to capture and effectively investigate fraud-related information.

Financial:

- Monitor financial performance against any Council approved joint contracts with other local authorities.
- Report financial outcomes and recommend changes or variations to allocated budgets.
- Provide oversight of legal risks, claims or proceedings (excluding the approval of any legal settlements).
- Recommend the adoption of the Annual Report and the approval of the Summary Annual Report to Council.

Power to Act:

The Committee is delegated the authority to:

- Receive and consider external and internal audit reports.
- Receive and consider staff reports on audit, internal control and risk management policy and procedure matters as appropriate.
- Approve the Auditor's engagement and arrangement letters in relation to the Annual Report.
- Approve the draft Annual Report.
- Approve the internal risk and audit work programme.
- Confirm its own minutes.

Power to Recommend:

To make recommendations to Council and/or any Committee as it deems appropriate.

Power to sub-delegate:

The Committee may delegate any of its functions, duties or powers to a subcommittee, working group or any other subordinate decision-making body, subject to the restrictions on its delegations and provided any sub-delegation includes a statement of purpose and a specification of task.

Notice is hereby given that a Audit, Risk and Finance Committee Meeting will be held in the Council Chambers, 1484 Cameron Road, Tauranga on: Tuesday, 17 March 2026 at 9.30am

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1 KARAKIA

Whakatau mai te wairua	Settle the spirit
Whakawātea mai te hinengaro	Clear the mind
Whakarite mai te tinana	Prepare the body
Kia ea ai ngā mahi	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

Members are reminded of the need to be vigilant and to stand aside from decision making when a conflict arises between their role as an elected representative and any private or other external interest that they may have.

7 TRANSFER OF EXCLUDED ITEMS - TE WHITINGA O TE AO MĀRAMA KI NGĀ TAKE MUNA

8 PUBLIC FORUM - WĀHANGA TŪMATANUI

A period of up to 30 minutes is set aside for a public forum. Members of the public may attend to address the Board for up to five minutes on items that fall within the delegations of the Board provided the matters are not subject to legal proceedings, or to a process providing for the hearing of submissions. Speakers may be questioned through the Chairperson by members, but questions must be confined to obtaining information or clarification on matters raised by the speaker. The Chairperson has discretion in regard to time extensions.

Such presentations do not form part of the formal business of the meeting, a brief record will be kept of matters raised during any public forum section of the meeting with matters for action to be referred through the customer relationship management system as a service request, while those requiring further investigation will be referred to the Chief Executive.

9 PRESENTATIONS - NGĀ WHAKATAIRANGA

9.1 LOCAL GOVERNMENT FUNDING AGENCY PRESENTATION

File Number: **A7182692**

Author: **Ella Logan, Governance Advisor**

Authoriser: **Matt Potton, Acting Group Manager Corporate Services**

EXECUTIVE SUMMARY

Representatives from the Local Government Funding Agency (LGFA) will give a presentation to provide the Committee with a general overview of the organisation and its role in supporting Local Government borrowing in New Zealand. The presentation will serve as a refresher for the Committee, outlining how the LGFA operates, its purpose, and the benefits it provides to participating Councils. This session is intended to support the Committee's understanding of the LGFA and its role in the Local Government funding framework.

10 REPORTS - NGĀ PŪRONGO

10.1 PEOPLE AND WELLBEING REPORT

File Number: **A7148094**

Author: **Darren Crowe, People and Capability Manager**

Authoriser: **Matt Potton, Acting Group Manager Corporate Services**

EXECUTIVE SUMMARY

1. The purpose of the People and Wellbeing Report is to provide Western Bay's Executive Leadership and Governance with insights regarding the organisation's workforce and performance.

   The quarterly report is presented in two sections, People Experience and Health, Safety and Wellbeing and provides an overview of people data, demographics, and trends in our workforce and performance.

   This report also provides a summary of people initiatives designed to attract and retain staff, reduce turnover, build capability, and maintain a highly engaged workforce.

   The People and Wellbeing report provides a snapshot of the trends and demographics of our workforce for the period 1 October 2025 to 31 December 2025.

RECOMMENDATION

That the People and Capability Manager's report dated 17 March 2026 titled 'People and Wellbeing Report' be received.

PEOPLE AND EXPERIENCE

3. The past three months have been both busy and successful for the People Experience team. The team achieved a huge milestone with Workday going live 13 October 2025. The lead up to go-live, placed significant pressure on the team due to tight delivery timelines, while still managing other key initiatives such as the leadership development programme.

   Key people metrics for the period include:

   - The total number of employees decreased from 332 to 331.
   - The approved FTE level decreased by 6.27 from 344.41 to 338.14.
   - The actual FTE level increased from 300.35 to 315.68.
   - 12-month rolling turnover decreased from 14.6% to 13.3%.
   - The average vacancy rate increased from 11.2% to 12.3%.

- The absenteeism rate slightly decreased from 3.18% to 3.04%.

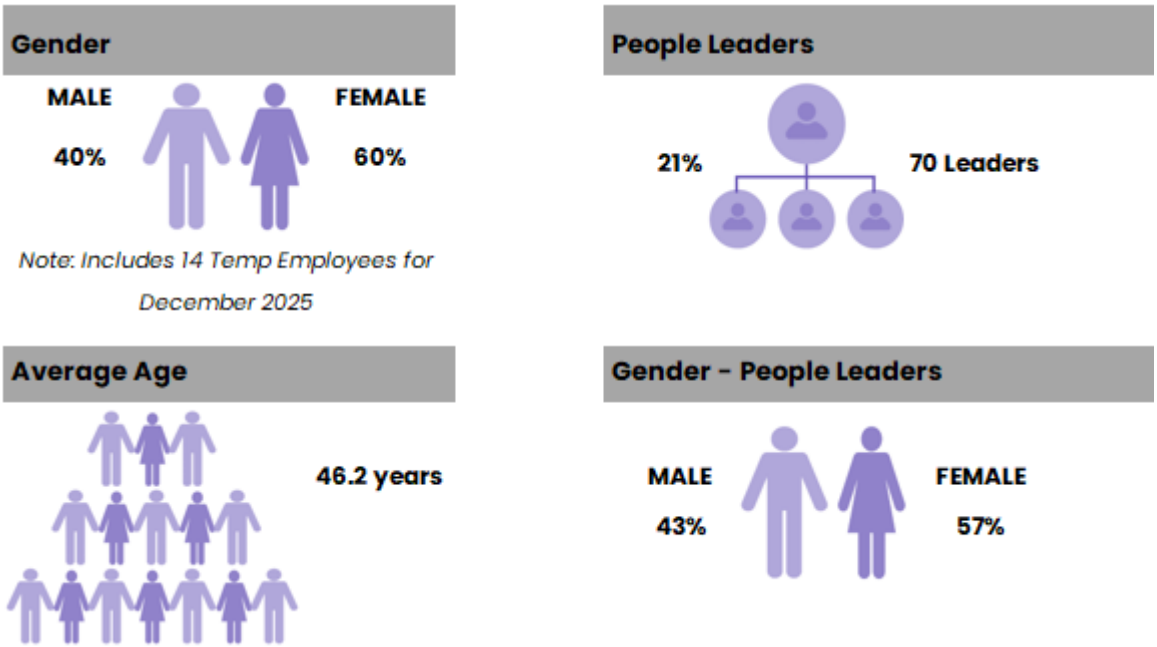
Some good results for the period with key people metrics continuing to trend in the right direction. It pleasing to see that we have maintained the low levels of absenteeism and turnover reported in the previous period.

PEOPLE DEMOGRAPHICS

4. The total number of people employed decreased from 332 as at 30 September 2025 to 331 as at 31 December 2025. While the number of permanent full-time people increased by one, permanent part-time and casuals decreased. When compared to the same period last year, the total number of people employed has decreased, from 342 (as at 31 December 2024) to 331 (as at 31 December 2025). The total number of people employed peaked in the second quarter of last year at 342 (as at 31 December 24).

   Key insights:

   - Headcount: 331 employees as at 31 December 2025 — a decrease of 1 from 30 September 2025.
     - 267 permanent full-time.
     - 47 permanent part-time.
     - Remaining 17: fixed-term or casual roles.
   - Peak in FY24: 342 employees in Q2 - remains unchanged.



GENDER PROFILE

5. Permanent and fixed-term: 59% female, 41% male - remains unchanged. People Leaders: 57% female, 43% male — (3% reduction in female leaders over the last quarter.

AGE PROFILE

6. Age demographics remain very consistent from quarter to quarter as we continue to report a slightly skewed distribution toward the higher age range. The average age of our people increased from 45.9 to 46.2 years, with the 36-50 age group being our most represented at 35% (117 employees) of total employees. People under 25 years of age continue to be lowly represented, decreasing from 16 in the previous quarter to 13, representing 4% of total employees. People 61 and over (53) represent 16% of total employees.

   - 25 years and under: 4% (13 employees).
   - 26 – 35 years: 20% (65 employees).
   - 36 – 50 Years: 35% (117 employees).
   - 51 – 60 Years: 25% (83 employees).
   - 61+ Years: 16% (53 employees).

   Age demographics will remain a risk due to the impact the ageing workforce may have on the retention of institutional knowledge. In the future, Council would benefit from developing campaigns to attract younger people and establishing clear pathways for graduates.

WORKFORCE CAPACITY

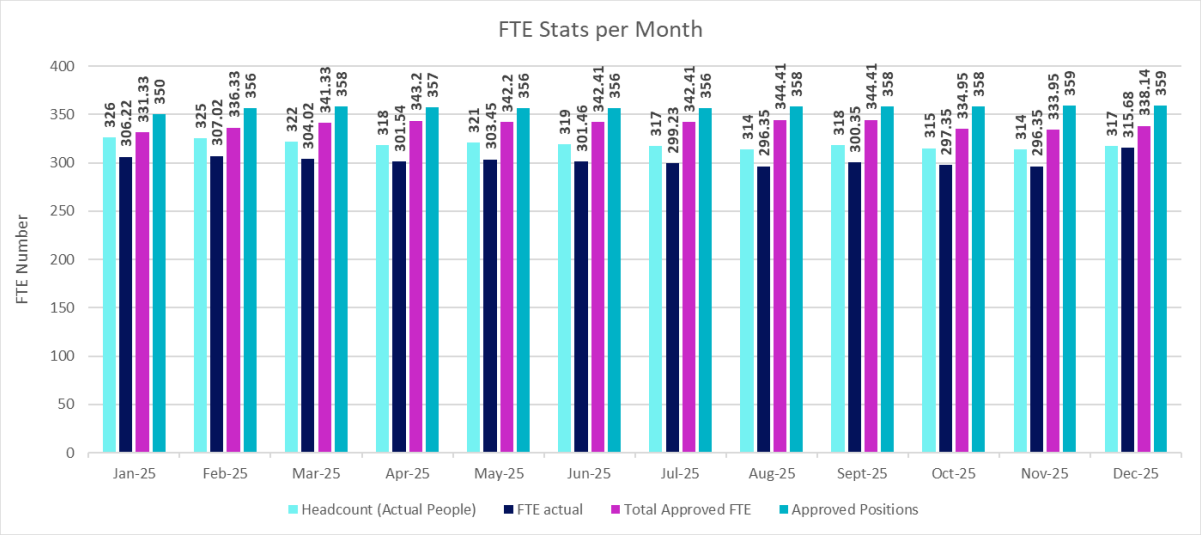
7. The FTE approved level as at 31 December 2025 was 338.14 and the actual FTE level was 315.68. The approved FTE level decreased by 6.27 from the previous quarter ending 30 September 2025 down from 344.41.

   Actual FTE increased from 300.35 as at September 2025 to 315.68 as at December 2025. This can be attributed to the addition of short-term summer roles and several fixed-term roles supporting key projects i.e., ERP, waters etc.

   Key insights:

   - Vacancy Rate: 12.3% — significant increase from 5.7% recorded for the same period last year. The increase in vacancy rate is to be expected given the continued focus on proactively managing headcount/FTE through natural attrition.
   - Internal Mobility: 13 internal transfers — 6 permanent and 7 secondments.
   - Starters & Leavers:
     - Starters: 4 new starters for the period.
     - Leavers: 10 permanent employees left during the quarter and 1 fixed term role ended. Top reasons: relocation, career progression, personal circumstances.
   - 12-month rolling turnover: 13.3% year ending 31 December 2025, down from 14.6% for the year ending 31 December 2024.

Full Time Equivalents as at 31 December 2025 (excludes temporary positions)



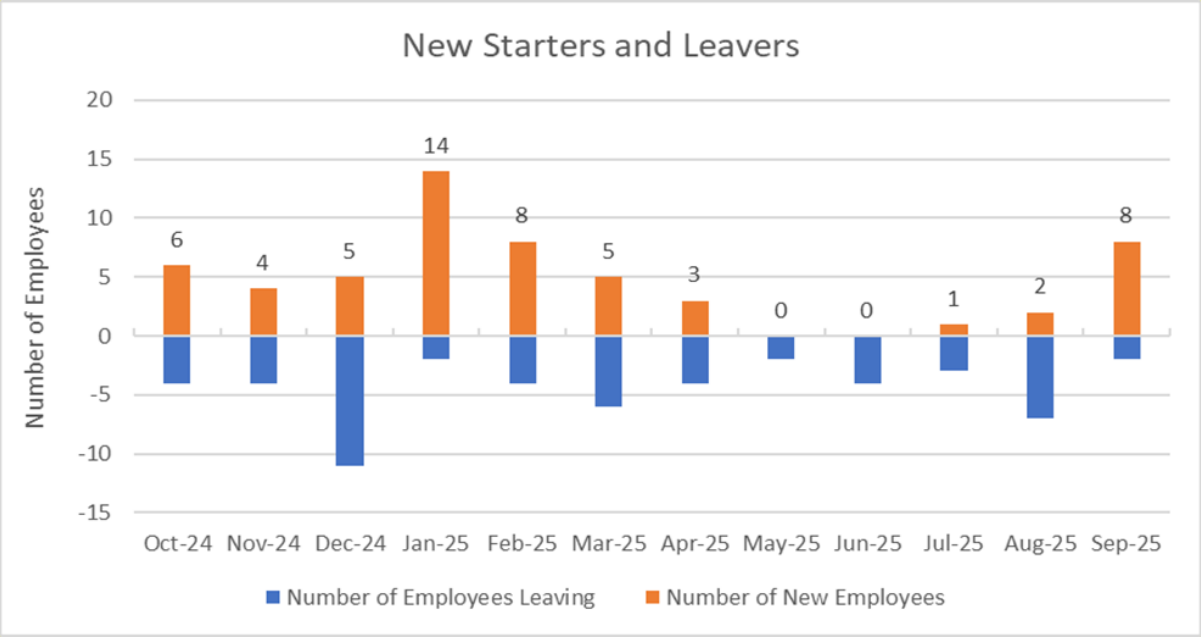
Actual FTE by Activity as at 30 June 2021 - 2025 (Annual Report Trend)

Activities	2020/2021 Annual Report	2021/2022 Annual Report	2022/2023 Annual Report	2023/2024 Annual Report	2024/2025 Annual Report
Communities	41.84	46.3875	55.15	59.7625	63.475
Corporate Services	57.5	66.8425	69.275	78.525	79.85
Planning for the Future	9	14	18.375	20.95	18.8125
Recreation & Leisure	10.8	9.8	13.875	14.1	16.1
Regulatory	66.28	65.825	75.975	74.525	64.85
Representation	6.8	5.9	5.6	6.25	6
Transportation	8	6.6	7.0125	7.0125	17.4125
Waste Management	5.16	5.725	6.0125	6.575	6.375
Water Supply	38	41.8	37.975	41.075	40.65
Grand Total	**243.38**	**262.88**	**289.25**	**308.775**	**313.525**

STARTERS AND LEAVERS

8. Over the last 12 months, the average the number of new starters was two and the average number of leavers was also two.

   During the quarter the average number of new starters was five and the average number of leavers was four.



Nine employees participated in an exit interview. On average, our leavers rated Western Bay a 6.2/7, as a great place to work (slightly down on previous periods). The reasons for leaving were due to personal reasons (unrelated to work), unhappy with team environment and career progression.

Demographics of the nine leavers included:

Gender: - 7 female - 2 male	Age: - 25 and under: 1 - 25 – 35: 2 - 35-45: 3 - 65+: 3
Tenure of leavers: - Less than 12 months: 1 - 1-3 years: 1 - 3-5 years: 3 - 5-10 years: 2 - 10+ years: 2	

SICK LEAVE TAKEN

9. Sick leave taken can be defined as the annual recording of unexpected staff absences caused by sickness or other personal reasons.

Key insights:

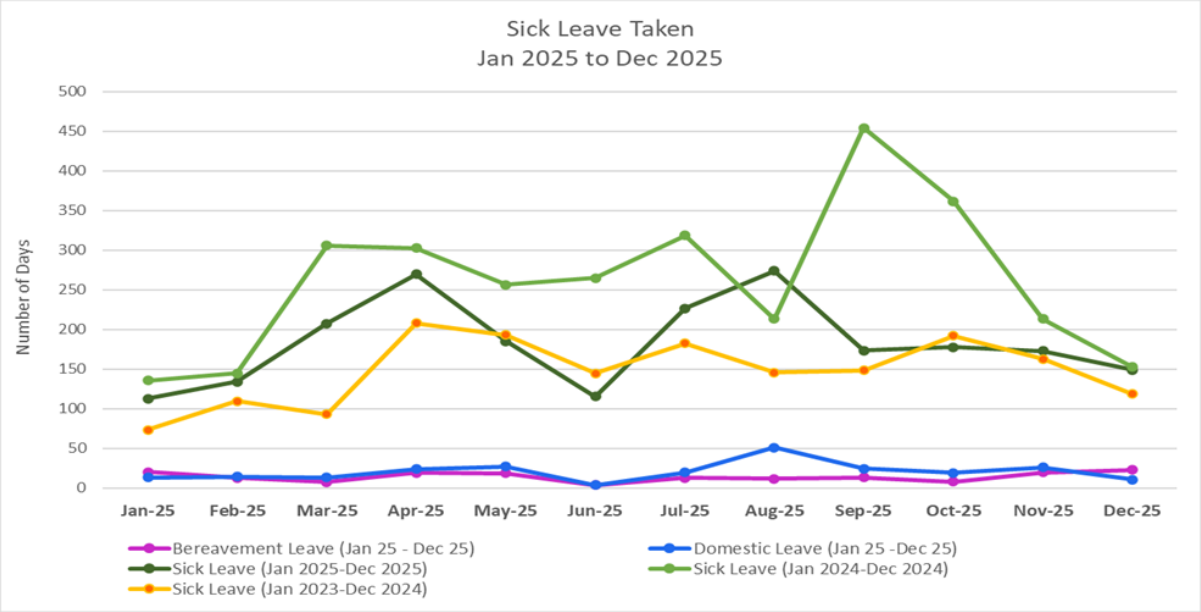
- 206 sick leave days taken for the period, down from 277 days for the same period last year.
- Absenteeism rate: 3.04% - decrease of 0.14% from the previous period of 3.18%.

The average sick leave taken decreased from 256.4 days as at 30 September 2025 to 206 days as at 31 December 2025. November 2025 recorded the highest level of sick leave taken with 214.8 days. Average sick leave decreased significantly compared to same quarter last year (277 Days).

The absenteeism rate for the period ending 30 September 2025 was 3.18%, which decreased to 3.04% for the period ending 31 December 2025, a decrease of 0.14%. The absenteeism rate slightly increased (by 0.23%) compared to the same period last year, continuing to remain steady (2.81% as at 31 December 2024).

The absenteeism rate is calculated using the average number of employees, multiplied by missed work days, divided by the average number of employees, multiplied by the total work days.

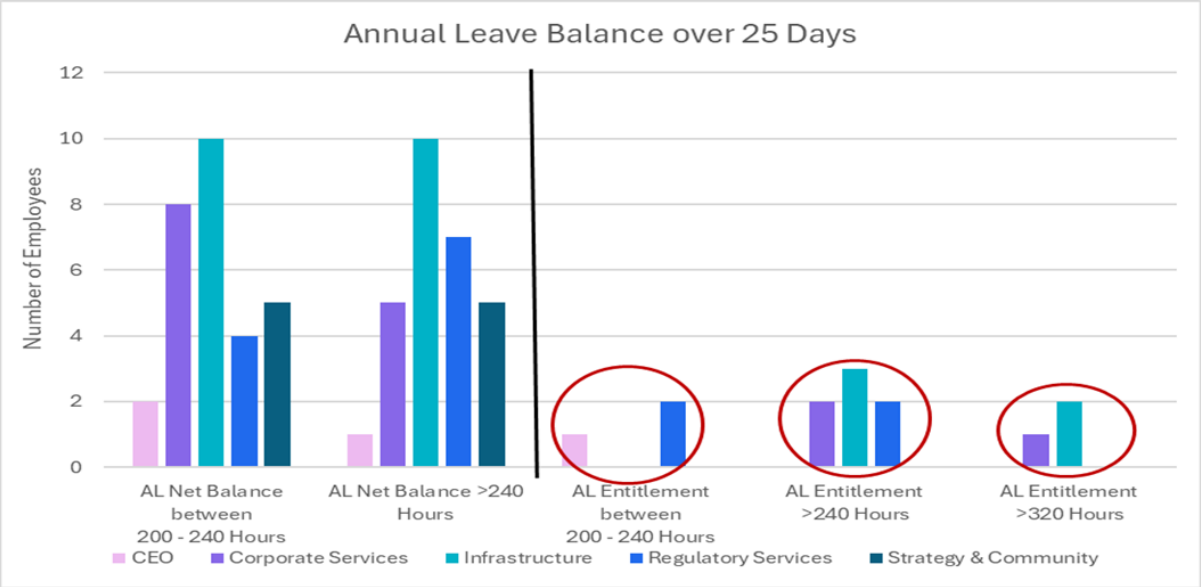
Sick Leave Taken



ANNUAL LEAVE BALANCES OVER 25 DAYS

10. People with annual leave entitlements over 320 hours remained at three for the quarter (Corporate Services = 1 and Infrastructure = 2).

    A small number of employees remain with over 240 hours entitlement (Corporate = 2, Infrastructure = 3, Regulatory = 2).



PROJECTS AND INTIATIVES

Workday

11. Workday went live on 13 October 2025. Following a four-week hyper care period the project transitioned to BAU. The Phase 1 implementation of Workday included: Core HCM (inc. Onboarding and Compensation), Absence, Time Tracking, Recruiting and integrations with MYOB Payroll, Azure Active Directory and DocuSign.

    Phase 2 has been scoped, however a start date is still to be confirmed. Phase 2 scope includes the implementation of Talent Management, Learning Management, Peakon (engagement platform) and External Benchmarking. The Phase 2 programme builds on prior work to extend Workday capabilities and improve integrations.

Leadership Development – Te Ara Wai

12. We have now completed the delivery of the 15 Core Experience workshops and 4 People Leader workshops. This is a huge milestone with a total of 237 people (71%) participating in this initiative. Our focus is on considering next steps to ensure we build on the strong participation to date.

    We are exploring options to offer additional sessions for those who were unable to attend, while also engaging with People Leaders to better understand and prioritise the learning experiences that will support them in their roles. This insight will shape the design and overall approach of our leadership development for 2026.

HEALTH, SAFETY AND WELLBEING REPORT

Summary of Performance

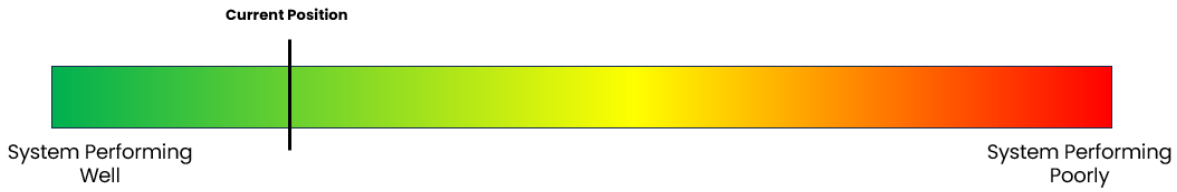
13. Key metrics for the quarter indicate the health and safety system is performing well and as expected. Our teams continue to conduct record numbers of proactive checks and inspections, and events relating to our critical risks remain the primary incident cause of events experienced. The overall severity of events reported are minor in nature considering the risk profile, however we did experience two (2) notifiable events through the quarter - one involving a staff member and one with involving a contractor.

    Key insights:

    - No fatalities or life-altering injuries this quarter.
    - Two notifiable events reported to WorkSafe New Zealand.
    - Highest number of proactive checks and inspections for any quarter – 248.
    - Consistent number of incidents reported relating the Critical Risks. None of these events resulted in injury to staff.
    - A variety of wellbeing initiatives were delivered to support staff wellbeing.

OVERALL SYSTEM PERFORMANCE

14. This rating considers all elements of the health, safety and wellbeing system. While there is room for improvement in some elements such as contractor management and overall system structure (i.e., reducing clutter), there is nothing to be materially concerned about how Western Bay is managing health and safety for staff and contractors.



GOVERNANCE & LEGISLATIVE COMPLIANCE

Officer Due Diligence

15. A key element of a good health and safety system is ensuring that leaders within it have a good understanding of the work undertaken, the associated risks, verification of controls, and an awareness of resources required to actively monitor health and safety. Good officer due diligence reduces legal and reputational risk, as well as leading a positive safety culture from the top down.

    Management confirms:

- Critical risks are defined and monitored.
- Resources are adequate to support ongoing identification and management of our operational risk.
- Contractor monitoring remains an area of focus given the volume and scope of works performed by contracting partners.

No material unmanaged risks were identified.

WorkSafe Notifications

16. Notifiable Event – Asbestos Exposure

    Incident: A contractor was exposed to asbestos-containing material while performing renovations on a Council building.

    - Work was stopped immediately on identifying the potential exposure.
    - Notified to WorkSafe within required timeframe.
    - After a desktop investigation by WorkSafe, an Improvement Notice was issued. Due for completion/update 22 April 2026.
    - Details of this event are outlined further down in this report.

17. Notifiable Event – Partial fall from height

    Incident: A Council building inspector partially fell through a scaffold platform that failed while performing routine building inspection tasks.

    - Staff member sustained partial tendon tear above elbow, lacerations and contusions. Off work for 1 week, prior to the Christmas break. Worker returned to full duties on resumption of work in 2026.
    - Ensured the site building company notified to WorkSafe within required timeframe.
    - Investigation completed January 2026, corrective actions confirmed, and event closed off by WorkSafe
    - Details of this event are outlined further down in this report.

CRITICAL RISK PROFILE

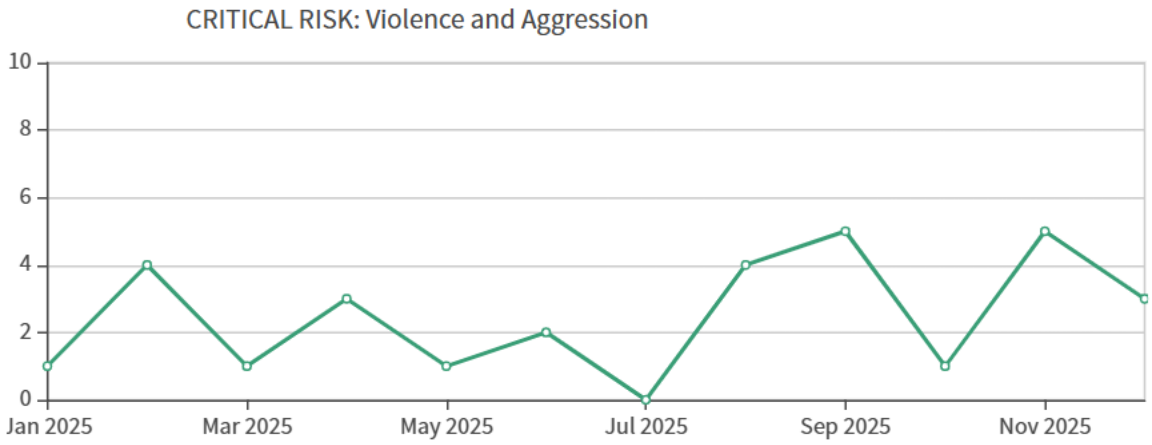
18. Critical Risk can be defined as "a hazard presented by everyday business activities that, if not adequately controlled, has the potential to cause serious harm or a fatality". The table below provides a snapshot of the current critical control effectiveness based on the number and severity of relevant events reported.

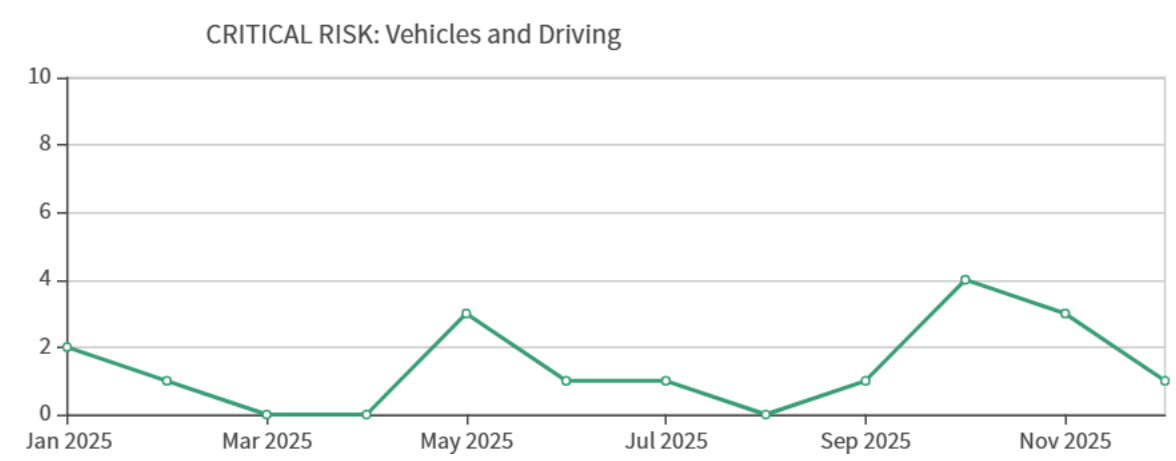
Critical Risk	Current Rating	Trend	Control Effectiveness	Comments
Violence and Aggression	Moderate	→	Effective	Incident numbers remain steady from the previous quarter. Staff systems of work promote preventing these incidents, followed by deescalation.
Vehicles and Driving	Moderate	↑	Effective	A slight increase in incident numbers for the quarter. Low severity incidents, no injury or major damage.
Lone Working	Moderate	→	Effective	No incidents were reported relating to Lone Working
Psychosocial	Moderate	→	Effective	Lowest utilisation rate of EAP services in 4 quarters (0.59%, compared to average of 2.65% over 3 previous quarters)

Critical Risk Incident Trend

19. The graphs below provide a visual overview of raw incident numbers relating to the four identified critical risks, over the previous 12 months.

    Raw numbers of events related to critical risks remain at low levels, with low severity outcomes. Two of the critical risks have not had any events reported during the 12-month period.





PERFORMANCE OVERVIEW (ROLLING 12 MONTHS)

Lag Indicators

Indicator	Year to end of Quarter	Previous Year	Trend
Total Events (staff)	66	57	↑
Total Recordable Injuries (TRI)	1	1	→
Lost Time Injuries (LTI)	1	1	→
Notifiable Events	2	0	↑
Contractor Incidents	45	46	↓

20. There was a reasonably consistent theme across the identified lag indicators, primarily incident related data – they either maintained or decreased numbers from the preceding 12 months. Aside from the two notifiable events, there is minimal variation between most of the indicators.

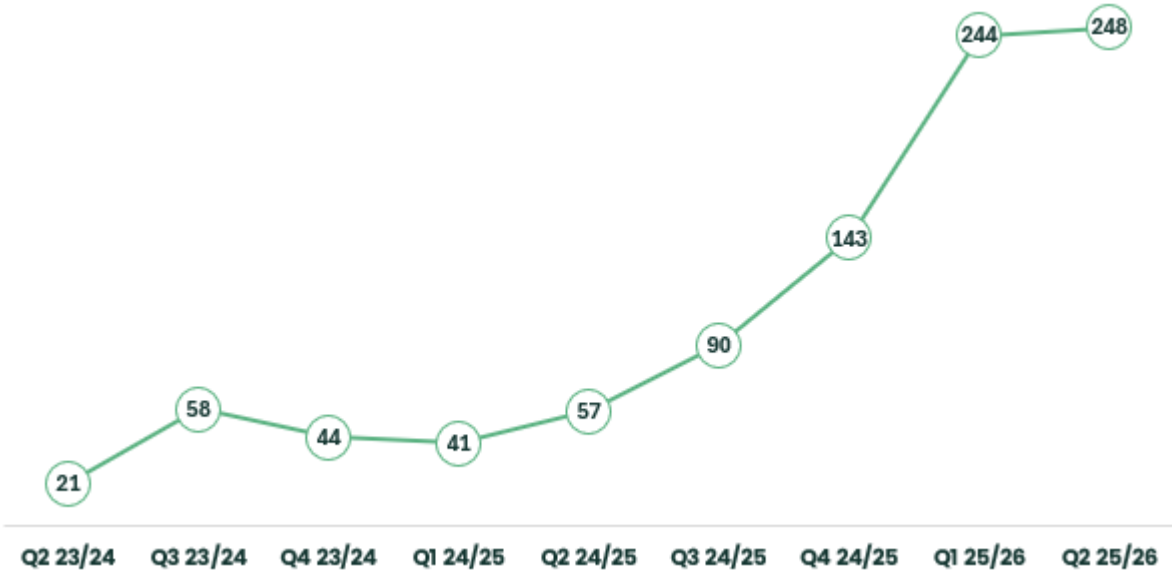
    The only significant variance on this is *Total Events* reported, however this is symbolic of an improved reporting culture, rather than an increase in unsafe work being undertaken. The general severity of the incidents support this, and it is a positive step that we are being more aware of the low level incidents reported, as it can assist in identifying emerging risks, and preventing a more significant event occurring.

Lead Indicators

21. The behaviours our teams are demonstrating as captured in table and graph below is a positive indicator as we move to improved health and safety maturity. We will continue to promote and support staff to complete these proactive checks and inspections, and develop additional checks as required to support our teams.

Indicator	This Period	Last Quarter
Vehicle Inspections	186	156
Contractor Works Reviews	6	8
Take 5 / Transport JSEA	50	3
Site Inspection	3	7

Total Inspections Completed - Trend



SIGNIFICANT INCIDENTS (SUMMARY)

Partial Fall from Height (Notifiable)

22. A Council building inspector partially fell through a scaffold platform while performing routine building inspection tasks. The hook mechanism attaching the platform to the scaffold frame broke, causing the platform to give way beneath the inspector.

- Investigation completed January 2026, corrective actions confirmed, and event closed off by WorkSafe.
    - Site visit by WBOPDC staff on the day of the event.

- Learning Teams discovery session with the builder, the scaffold company and WBOPDC to identify various corrective actions. Identified several potential contributing factors to the hook mechanism failing.
- Scaffold company corrective actions:
  - Improving inspection requirements to include observing the equipment weak points.
    - Installing a system which will prevent the platform from falling/lifting in the event of a repeat failure.
  - Asset management system being implemented to assist with identifying age of equipment, and subsequently likelihood of structural integrity issues.
  - Replacing the 600mm wide platforms with 300mm platforms – places less load on the connection points.
- Building Company corrective actions:
  - Enhancing scaffold damage, alteration and incident reporting processes.
  - Implementing more robust scaffold inspection and reporting requirements.
- Western Bay Corrective Actions:
  - Investigating training seminars on scaffold safety.
  - Developing a scaffold inspection checklist to support our inspectors with on site risk assessment.
  - Encouragement to sign in on sites to enable clear understanding of site hazards.

Contractor Asbestos Exposure (Notifiable)

23. A contractor was exposed to asbestos dust/particles while performing renovations on a Council building.

- Work was stopped immediately upon identifying the potential exposure.
- Western Bay notified the exposure to WorkSafe within the required timeframe.
- After a desktop investigation by WorkSafe, an Improvement Notice was issued. Due for completion/update 22 April 2026.

  - Ensure all Asbestos Management Plans are up-to-date.
  - Implement effective controls to reduce risk of exposure to respirable asbestos fibres from ACM's.
  - Ensure effective monitoring and review processes are in place.

- Investigation completed. Inadequate contractor and asbestos management systems in place to ensure contractor safety while undertaking works on existing Council assets.
- Corrective Actions (WBOP): Staff are updating all Asbestos Management Plans and providing consistent systems for ensuring contractors are aware of asbestos containing materials when working on our sites/assets. This includes clearly identifying asbestos-containing materials directly, as well as advising contractors of the systems during induction processes.

WORKER ENGAGEMENT

- Monthly Health and Safety Committee meetings held (3 in total).
- Regular site meetings throughout the District, connecting with staff and visiting our sites to support and ensure safe operations.
- Role specific training as required (including Conflict Deescalation training).

WELLBEING & PSYCHOLOGICAL HEALTH

- *Movement and Exercise* monthly wellbeing challenge. 44 staff took part in the month-long challenge run by *My Everyday Wellbeing.*
- Newly formed Wellbeing Group held meetings to discuss enhancing staff wellbeing at work.
- EAP utilisation rate reduced from the previous quarter (2.94%, down to 0.59%).
- *Shot Bro* – Mental Health presentation by Rob Mokaraka on site to Council staff.

NEXT QUARTER FOCUS

- Continuation of asbestos related WorkSafe Improvement Notice.
- Enhance use of current systems to continue increase in proactive inspections.
- Develop user friendly dashboards for our leaders to actively manage their teams safety.
- Further develop HSW Framework to simplify and declutter the health and safety management system.

- Deliver and review a wellbeing survey, aimed at informing the Wellbeing deliverables for 2026.

10.2 AUDIT, RISK AND FINANCE COMMITTEE WORK PROGRAMME

File Number: **A7148170**

Author: **Simon Riley, Risk and Assurance Manager**

Authoriser: **Matt Potton, Acting Group Manager Corporate Services**

EXECUTIVE SUMMARY

1. The Audit, Risk and Finance Committee (the Committee) Risk & Assurance Work Programme for the calendar year ending 31 December 2026 is to assist the Committee with items that are set out in their Terms of Reference. The purpose of the work programme is to provide Elected Members with oversight of the planned activities/schedule of work for 2026.
2. The Committee can add into the work programme any matters or areas that it wishes to review.

RECOMMENDATION

That the Risk and Assurance Manager's report dated 17 March 2026 titled 'Audit, Risk and Finance Committee Work Programme' be received.

BACKGROUND

THE AUDIT, RISK AND FINANCE COMMITTEE'S RISK & ASSURANCE WORK PROGRAMME FOR 2026 IS IN LINE WITH THE COMMITTEE'S TERMS OF REFERENCE.

3. **WORK PROGRAMME 2026**

1. Background on the Risk & Assurance Manager's role and responsibilities, as well as the current status, progress and proposed upcoming activity in Council's risk management, internal audit and related areas was provided to the ARFC at the Workshop held on 24 February 2026.
2. The proposed Risk & Assurance Work Programme for 2026 follows for the Committee's review and comment:

KPI	Who
Risk Management:	**R&A Mngr**
- Implementation of Pulse ERM	R&A Mngr
- Design and implement Council's risk appetite and tolerance Policy and Council's risk appetite and tolerance Framework	R&A Mngr

- Implement & customise Council's risk registers; including training of all Tier 3 managers & risk owners accordingly	R&A Mngr
- Revise & Implement Risk Management Framework & populate strategic risk register in consultation with ARFC	R&A Mngr
- Review relevant processes for Compliance/Litigation processes	R&A Mngr
- Review (Establish/update) relevant processes for probity processes	R&A Mngr
- Review relevant processes per Corporate Assurance Framework	R&A Mngr
- Periodic reporting to ARFC on risk processes and emerging risks	R&A Mngr
- Monthly reporting to ELT on related parties expenditure per annual limit	R&A Mngr
- Reporting to ARFC on probity issues, if & when arising	R&A Mngr
Internal Audit:	
- Work plan delivered – future audits tbc (refer ARFC 17/03/26 10.5)	R&A Mngr
- Periodic reporting to ARFC on progress	R&A Mngr
Open Risk Recommendations (ORR):	
- Work with business on closing ORR's	R&A Mngr
- Periodic reporting to ARFC on progress	R&A Mngr
Insurance:	
- Manage the insurance claim notifications process	R&A Mngr
- Annual Insurance renewal	R&A Mngr
- Periodic reporting to ARFC	R&A Mngr
Litigation Update and Insurance Issues Watch Register:	
- Work with business on opening & closing these issues	R&A Mngr
- Periodic reporting to ARFC on progress	R&A Mngr
Business Continuity Planning:	
- Perform annual/cyclical BIA/testing.	R&A Mngr
- Update BCP & BIA processes in BCMS	R&A Mngr
- Periodic reporting to ARFC on progress; BIA results & testing	R&A Mngr

10.3 INTERNAL AUDIT & OUTSTANDING RECOMMENDATIONS REGISTER (ORR)

File Number: **A7148210**

Author: **Simon Riley, Risk and Assurance Manager**

Authoriser: **Matt Potton, Acting Group Manager Corporate Services**

EXECUTIVE SUMMARY

Our Internal Audit processes, resourcing and programme is currently under review. We will be engaging the Bay of Plenty Regional Council's (BOPRC) Internal Audit Team to assist us with our internal audit programme from the 2026/27 financial year.

The Outstanding Recommendations Register (ORR) is to provide the Committee with a progress report on all the recommendations raised through various external and internal audits/reviews. We are currently awaiting the management report to be supplied by Audit NZ following completion of their annual audit of our financial statements for the year ended 30 June 2025, which will provide most of the content of our ORR going forward.

RECOMMENDATION

That the Risk and Assurance Manager's report dated 17 March 2026 titled 'Internal Audit & Outstanding Recommendations Register (ORR)' be received.

BACKGROUND

1. Our previous Internal Audit programme was presented to the Committee in early 2025. We are proposing to defer by up to a year the Procurement audit since the new Procurement Framework has been implemented only since September 2025 (after that Internal Audit programme was developed) and it is considered too soon just yet to perform a meaningful review.
2. Following the revamp of our Risk Management practices currently underway, it is recommended to revisit our Internal Audit priorities to more closely align with our risk focus i.e. to update and make relevant our risk management settings first then reconsider over the next few months our internal audit priorities.
3. We are also proposing to review our overall Internal Audit approach and outsourcing arrangements so as to receive high-quality relevant reviews for reasonable cost. In late-February 2026 we arranged a discussion with the Head of Internal Audit at BOPRC who leads a team who also provide internal audit resources to Ōpōtiki and Whakatāne District Councils. As such, we consider they would have a wealth of relevant Local Government internal audit experience specific to our region and the ability to identify "hot topics" which may otherwise go unnoticed should we continue to engage other providers.

4. In simplest terms, we would look to frame our rolling 3-year Internal Audit programme based on the significant risk areas flagged in our Annual Plan, and the assurance questions arising therefrom. This does not mean to say that we would not contemplate performing other ad hoc reviews should the need arise (e.g. in respect of any emerging issues or other 'hot topics') but, because of the prominence and relevance of topics set out in the Annual Plan, we would consider to prioritise those.

5. To provide an indication of our approach re setting the Internal Audit programme, from looking at the Annual Plan 2025/26, the following 10 Risk Areas & related assurance questions have been identified:

#	Risk Area	Assurance Question
1	Growth & infrastructure alignment	Are growth forecasts and capital timing robust enough to avoid over/under-investment?
2	Climate change & natural hazards	Are adaptation priorities, budgets and asset strategies sufficient?
3	Capital delivery & project governance	Do major projects have effective governance and cost/schedule control?
4	Financial sustainability (revenue, reserves, loans)	Are reserve rebuilding, loan settings and revenue forecasts effective?
5	Inflation & cost escalation	Are pricing/indexation and procurement controls preventing material over-runs?
6	Interest-rate & treasury risk	Is treasury management sufficiently hedged and compliant?
7	Digital transformation (ERP, cloud, HRIS)	Will changes deliver control and service benefits without disruption?
8	Water services reform transition	Is Council prepared for the delivery model change to protect service value?
9	Transport network & growth unlock (Omokoroa focus)	Are business case, funding and delivery robust with benefits tracked?
10	Representation & governance changes	Were changes implemented compliantly and operating as intended?

6. While the identified Risk Areas may not necessarily be totally identical from one Annual Report to another, a 3-year rolling Internal Audit programme would give us the flexibility to prioritise and review in light of each new Annual Plan, as one

financial year rolls into another, to make our Internal Audit programme relevant to our service delivery objectives.

7. To pilot our new arrangement with BOPRC, we would be looking to schedule an internal audit on Topic #6 above – probably in late May/June. This is a relatively confined area and one in which BOPRC have recently completed an internal audit on for themselves. This would give us an excellent opportunity to leverage and knowledge share with them which is one of a number of benefits we see arising with our Internal Audit arrangements with BOPRC.

Outstanding Recommendations Register: Council maintains a register of recommendations arising from internal and external audits. Each recommendation which follows from a finding that was identified from the audit/review has a management comment.We are currently awaiting the management report to be supplied by Audit NZ following completion of their annual audit of our financial statements for the year ended 30 June 2025. Once this comes to hand, we will update the ORR and present this to the Committee.

10.4 RISK MANAGEMENT FRAMEWORK (RMF)

File Number: **A7148312**

Author: **Simon Riley, Risk and Assurance Manager**

Authoriser: **Matt Potton, Acting Group Manager Corporate Services**

EXECUTIVE SUMMARY

1. Our objective is to manage and enhance Council's risk framework, fostering strong engagement at management and Councillor levels, explicit linkages to Western Bay strategies and objectives, and supporting the build of an effective Council-wide risk management culture.

RECOMMENDATION

That the Risk and Assurance Manager's report dated 17 March 2026 titled 'Risk Management Framework (RMF)' be received.

BACKGROUND

2. Our current Risk Management Framework (RMF) has been in place since May-2023 and is due to expire in May-2026.

RISK MANAGEMENT FRAMEWORK (RMF) – ISO 31000

3. In late Oct-2025, the Executive Leadership Team (ELT) approved the Risk and Assurance (R&A) Manager's proposed course of action to develop a revised RMF. This involves the R&A Manager developing a draft to include the continually applicable and relevant aspects covered in the 2023 RMF, perform a mapping to ISO 31000 (the relevant International standard/guidance) and to communicate & consult internally with a view to finalising a draft 2026 RMF for consideration at the Committee's May or July 2026 meeting depending on progress in the meantime. In the intervening time, a proposal has also been developed to acquire Risk Management software (described in the next paragraph) where the rollout of this new software module is proposed to take place in tandem with the RMF revision.

RISK MANAGEMENT TOOLKIT

4. Currently we have no electronic tool/s to assist us in centrally and dynamically managing risk whether at the strategic, operational, project, programme or other level.

   The ELT considered and approved a proposal to acquire a licence for the Pulse ERM Module. We shall be rolling out this software in the near future; obtaining vendor-supplied train-the-trainer & relaying that Council-wide. The Pulse ERM Software would complement the other Pulse software we are implementing in the Project

Management & Corporate Performance areas and hence achieve a uniformity in the look of reporting to Council.

Pulse ERM would facilitate ongoing dynamic risk management at each phase (i.e. identification, analysis, evaluation, treatment, monitoring, review, recording and reporting) centrally thus providing us with risk libraries and resilience in continuity and succession planning. The toolkit can (and should) be used throughout Council at every level whether strategic, operational, programme or project.

STRATEGIC AND OPERATIONAL RISK REGISTER COUNCIL-WIDE

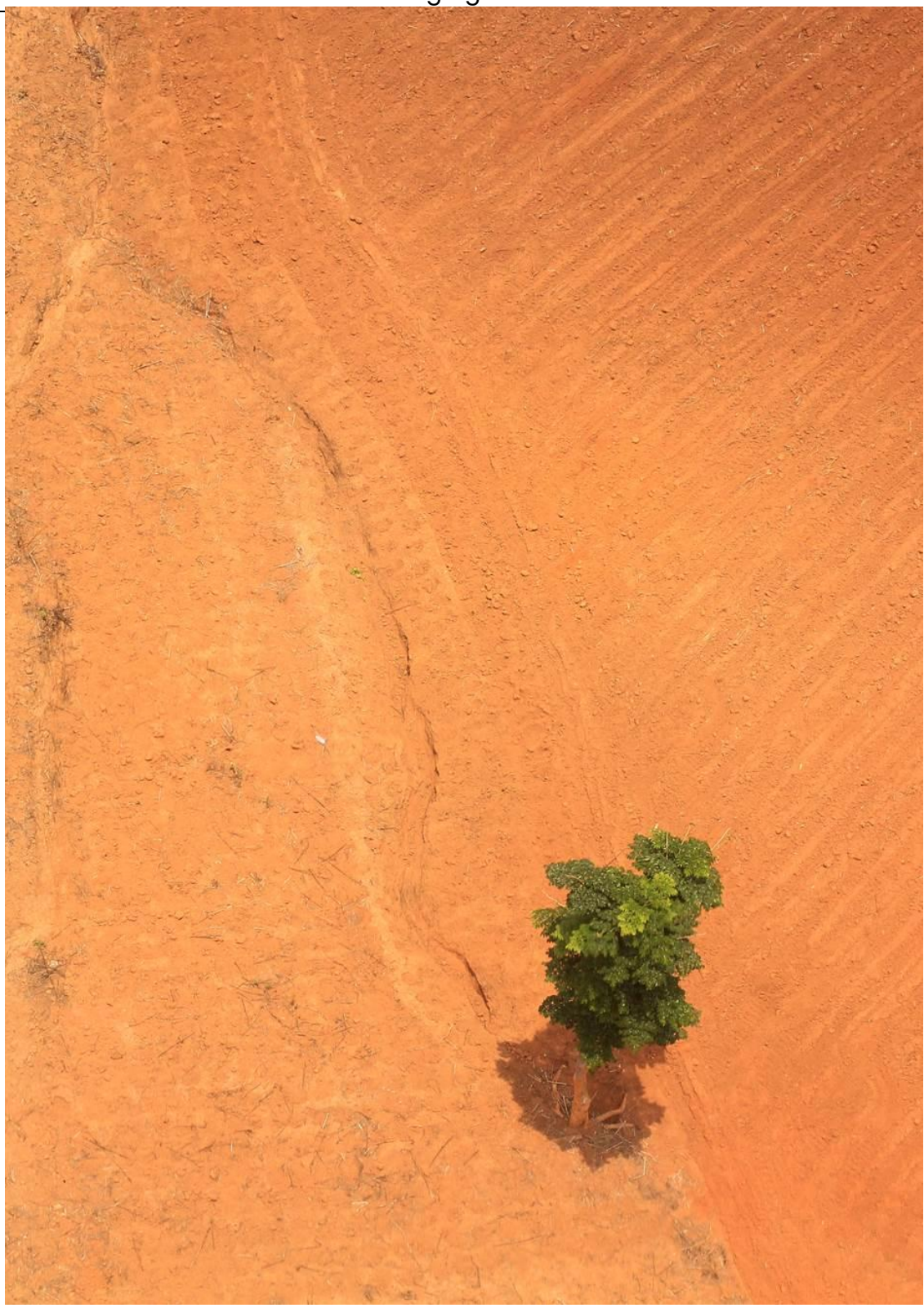
5. Our current Risk Register was developed in early-2025 and was most recently presented to the Committee at the March 2025 meeting. Following the R&A Manager's desktop review in the latter months of 2025, we concluded that this Risk Register is not entirely fit for purpose – arguably omitted some critical risks and doubled-up on others. We have instead developed an initial draft of an updated Strategic and Operational Risk Register (SORR) which shall be presented to the Committee primarily for information at the next meeting. Once we have revised the RMF and operationalised the Risk Management toolkit (described in the preceding paragraphs) we will work on the dynamic risk management of our strategic & operational risks.

RISK MATURITY SURVEY – INVITATION TO PARTICIPATE

6. We are currently conducting a "Risk Maturity Survey" until the end of April in which we invite all staff to share thoughts to ascertain our current level of risk maturity. We would also like to extend this invitation to members of the Committee. The survey is attached below and is open until 30 April 2026. The results will be shared with the Committee when the information becomes available. We will consider performing this survey on an annual basis to give us an informal report card of our risk maturity organisation-wide in order to foster strong engagement at management and Councillor levels, and supporting the building and maintenance of an effective Council-wide risk management culture.

FOR INFORMATION - PRIORITY RISK THEMES AND EMERGING DOWNSIDE RISKS

7. At the time this paper was being prepared we received the attached AON report, "New Zealand Local Government Priority Risk Themes and Emerging Downside Risks" which has been included here for the Committee's information. This paper would foreshadow the nature of risk-related discussions we would look to have in future meetings.



Western Bay of Plenty District Council Risk Maturity Assessment

10 March 2026
Private and Confidential

Risk Maturity Survey

Western BOP District Council have partnered with Aon New Zealand as part of our risk management journey.

One of the first steps in this journey is to ascertain the current level of risk maturity at Western BOP District Council. We can measure maturity using a sector standard self-assessment tool but, rather than executive management and governance determine where the organisation sits on the scale, we thought it would be better to ask all staff to contribute their thoughts on this! There are five sections of questions, each with five questions in which we request you check a box the statement you feel is appropriate for each question.

There are no right or wrong answers – this is a survey of how you currently view our risk management – your honest opinion and assessment is highly valued which, with the possibility of us conducting this survey annually or otherwise periodically, would provide us with the ability to perform comparative analysis on how we're progressing with our risk management journey. You may also, at your option, supplement your response with written comments on the areas in which you might consider our risk management working appropriately as well as areas for improvement.

Your input is important and, once received, the information will be used to measure Western BOP District Council's current levels of risk maturity and to identify what specific steps need to be taken over the coming year to increase them.

Your responses will only be shared with Aon New Zealand and will, of course, be treated with absolute confidentiality and only for the purpose of this exercise.

The survey should take you no more than 3 minutes to complete.

Please could we ask that you complete the survey by 30 April 2026, and once completed, please email your response to simon.riley@westernbay.govt.nz .

Section 1 – Strategy and Governance

	Completely Disagree	Disagree	Neutral	Agree	Completely Agree
Risk management is broadly understood and how it is used in my organisation	☐	☐	☐	☐	☐
We have a high-level risk management methodology that clearly connects our business functions	☐	☐	☐	☐	☐
I understand the organisation's risk appetite/tolerance levels and there is a policy or document that I can refer to	☐	☐	☐	☐	☐
I am onboard with the strategic/risk management plans, and they steer me in my work. The in-house risk manager or risk champion is there to support me	☐	☐	☐	☐	☐
We have risk management fully embedded into our daily operations, where accountability and responsibilities are clearly defined	☐	☐	☐	☐	☐

Section 2 – Process

	Completely Disagree	Disagree	Neutral	Agree	Completely Agree
There is no real risk management in place. We only talk about or consider risk after something goes wrong	☐	☐	☐	☐	☐
The organisation has a risk register, and the controls in place to reduce the likelihood of the risks undergo testing to some extent	☐	☐	☐	☐	☐
Risks and risk management are defined across all levels of the organisation	☐	☐	☐	☐	☐
Risk management processes are standardised and enforced at all levels of the organisation, and key risk indicators are used as an early warning system	☐	☐	☐	☐	☐
Risk management processes are standardised and integrated organisation wide. The internal audit program regularly and extensively tests key risks and risk indicators	☐	☐	☐	☐	☐

Section 3 – Systems and Intelligence

	Completely Disagree	Disagree	Neutral	Agree	Completely Agree
Risk management and exposure is only discussed after incidents and events. Risk reporting is manual, sporadic, and limited in scope	☐	☐	☐	☐	☐
There is little to no integration of risk management systems. Risk management is manual with performance measured on an annual basis.	☐	☐	☐	☐	☐
There is some availability of risk incidents, issues, and trends reports. There is some level of risk analytics processes across the organisation.	☐	☐	☐	☐	☐
We create responsive high-quality reports of risk incidents, issues, controls, and compliance that inform decision making.	☐	☐	☐	☐	☐
We produce automated and reliable information for fully integrated organisational-wide quick response and mitigation of risk incidents/issues.	☐	☐	☐	☐	☐

Section 4 – Monitoring and Review

	Completely Disagree	Disagree	Neutral	Agree	Completely Agree
Governance and executive management have no, or low level of involvement in risk related matters	☐	☐	☐	☐	☐
We have simple risk management tools which are used sporadically across only certain areas of the organisation	☐	☐	☐	☐	☐

Formalised risk monitoring and review allows analysis and response for critical decision making. There is a formal but not fully operational risk escalation process.	☐	☐	☐	☐	☐
We have specialised focus on eliminating root causes of loss/risk. Exception reporting and predictive analysis improves resource allocation.	☐	☐	☐	☐	☐
A fully working formal/real time escalation process is in place for all key risks across the organisation. Risk appetite exists for all levels of the organisation for decision making. Very visible risk oversight by governance and executive.	☐	☐	☐	☐	☐

Section 5 – Culture

	Completely Disagree	Disagree	Neutral	Agree	Completely Agree
There is no clear ownership of risks and controls. Risk management is an expense and a distraction from me doing my job.	☐	☐	☐	☐	☐
Governance discusses risk but with no specific agenda. Not all risks are allocated owners and are poorly reported.	☐	☐	☐	☐	☐
We monitor risk and have a formal risk management framework. All risks have an assigned owner. I am beginning to see the value of risk management.	☐	☐	☐	☐	☐
We are consistent in managing risk incidents and risk is a key part of business planning. I have risk training and education opportunities.	☐	☐	☐	☐	☐
Risk is aligned to our business goals. Risk management is championed and seen as an enabler and aligned to organisational and staff KPIs.	☐	☐	☐	☐	☐

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If you require any further information or have any queries, please contact the following:

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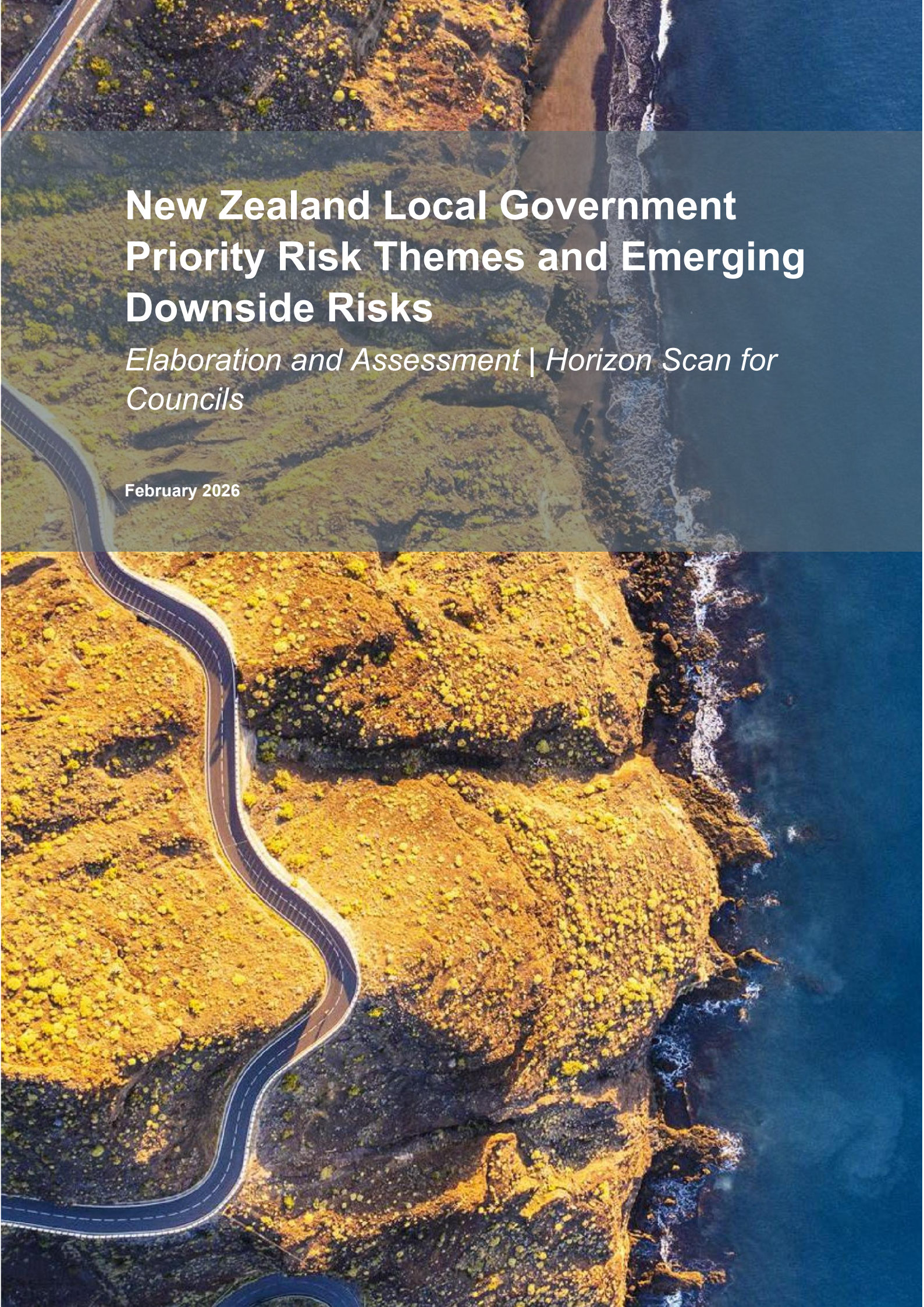
New Zealand Local Government Priority Risk Themes and Emerging Downside Risks

Elaboration and Assessment | Horizon Scan for Councils

February 2026



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Executive Summary

- New Zealand councils are feeling the effects of global megatrends – climate change, digital disruption, economic pressure, social change and evolving governance expectations – in very local ways, through their services, assets, finances and communities.

- This report groups those pressures into five New Zealand-relevant local government risk themes and a curated set of current and emerging downside risks, presented in a largely bullet-point format to highlight what is changing without overwhelming detail.

- It is intended as a conversation starter and prioritisation tool, not a comprehensive risk register: the aim is to help each council, considering its own risk appetite, identify the 2-3 risk areas that warrant deeper analysis, engagement and investment over the next 12-24 months.

The approach reflects Aon's global risk management insights, recent New Zealand policy and funding shifts, and our experience working with local government clients. It does not claim to be the only way of framing local government risk but offers a practical starting point that councils can adapt and refine.

By grouping risks into five clear themes and focusing on a manageable list of downside risks, the report provides a platform for informed leadership conversations about where to focus attention now, which risks justify further analysis and investment, and how to build resilience over time, rather than trying to address everything at once.

This local government framing is consistent with Treasury's He Puna Hao Pātiki Investment Statement 2025, which highlights that limited fiscal headroom, more frequent shocks and a larger, more complex Crown balance sheet are putting long-term pressure on resilience and public investment choices.

Purpose

This report is a prioritisation tool for New Zealand councils. It:

- Summarises global risk signals from Aon's 2025 Global Risk Management Survey (GRMS) for the public sector, highlighting "top risks" that are also relevant to local government in New Zealand.

- Uses those global risks to introduce a small number of long-term megatrends – structural forces such as digital disruption, climate transition, economic pressure, social change and evolving governance expectations – that will shape the environment in which councils operate over the next 5–10 years.

- Groups issues into five NZ-relevant local government risk themes – Digital & Technology, Environmental & Climate, Economic & Financial, Public Sector/Governance & Regulatory, and Health, Social & Community Wellbeing – and a curated list of current and emerging downside risks over a 0–2-year horizon, rather than a comprehensive risk register.

The aim is to help each council, considering its own risk appetite, identify 2–3 risk areas that warrant deeper analysis, engagement and investment in the next 12–24 months, while also supporting ongoing monitoring and discussion of how longer-term megatrends may change the council's risk profile over a 5– 10-year period.

Report Format

Time Horizons

The report uses two time horizons:

0-2 years – "Current downside risks"

Issues that are already visible through incidents, cost pressures, audit findings or community feedback. These are candidates for near-term attention and investment.

How the pieces fit together

The report has four main building blocks:

5–10 years – "Emerging downside risks" and megatrends

Longer-term forces such as climate change, digital disruption, economic pressure, social change and evolving governance expectations that will shape how risks evolve over time. These are for ongoing monitoring and strategic discussion, rather than immediate detailed mitigation.

Global top risks (GRMS 2025)

- A short summary of the top global public sector risks from Aon's GRMS (e.g. cyber, business interruption, economic slowdown, regulation, supply chain, climate-related events, emerging technology).
- Provides a backdrop for New Zealand councils, showing that many local issues reflect wider global patterns.

Megatrends (5-10-year forces)

- A small number of long-term, structural shifts – such as digital and technology change, climate and environmental risk, economic and geopolitical volatility, and social and governance expectations.
- Explain why certain risks keep appearing and how today's issues may grow, cluster or change over time

Five NZ local government risk themes

- Digital & Technology
- Environmental & Climate
- Economic & Financial
- Public Sector, Governance & Regulatory
- Health, Social & Community Wellbeing

These themes translate global themes and megatrends into a local government lens.

Curated downside risks for each theme

- For each theme, the report lists a short set of current and emerging downside risks that Aon is seeing across NZ councils in practice.
- These are illustrative starting points, not a prescribed register. Councils should adapt language and detail to fit their own context.

How Councils can use this report

1 **Scan the global context (Section 3)**
Note which global risks and megatrends feel most relevant to your councils.

2 **Identify 2-3 priority risk themes (Section 4 onwards)**
Use the five themes and curated risks to choose 2-3 themes that are most critical for your council over the next 12-24 months.

3 **Define your own risk statements (Section 11)**
Turn the generic downside risks into 1-3 specific risk statements in your own language for each priority theme.

4 **Plan deeper dives and integrate into existing processes**
Commission diagnostics, scenario workshops and treatment planning for the chosen areas.
Reflect priorities in your LTPs, Annual Plans, risk registers and assurance plans.

You do not need to manage megatrends as separate risks. Instead, use them as context for stress-testing your priorities, plans and investments.

Global Top Risks and Megatrends – Aon GRMS 2025 Public Sector Lens

Aon's Global Risk Management Survey 2025 shows that public sector organisations continue to face a highly interconnected landscape of global risks, in which:

- Cyber risk, business interruption and economic slowdown remain among the top threats.
- Regulatory/legislative change, supply chain disruption and damage to reputation/trust are persistent and material.
- Geopolitical volatility, climate-related events and emerging technologies (including AI) are moving rapidly up the risk agenda.

For governments and the wider public sector, comparable work highlights:

- Pressures on public finances and fiscal flexibility.
- Workforce and talent shortages in critical skills.
- Digital capacity, cyber resilience and data governance gaps.
- Challenges around climate ambition vs implementation, and citizen trust in institutions.

These themes provide a global backdrop for local government in New Zealand and align closely with the five local government risk themes used in this report.

How global risks relate to megatrends and time horizons

In this report we distinguish between:

- **Global risks** – specific potential events or conditions (such as cyber attacks, extreme weather, supply chain disruption or funding shocks) that could cause significant harm to councils, communities or assets. These are typically the focus of Aon's GRMS "top risks" rankings and are most relevant to a 0–2-year horizon for councils.
- **Megatrends** – a smaller number of long-term, transformative forces such as digital disruption, climate and environmental change, demographic shifts and economic/geopolitical volatility. These play out over a 5–10-year horizon and beyond, shaping how individual risks emerge, cluster and interact.

For the purposes of this local government report:

- We use the GRMS global risks to anchor what councils are likely to experience over the next 12–24 months and to inform the "current downside risks" described in Sections 4–8.
- We use megatrends to explain the deeper background context that councils should monitor and discuss over the 5–10-year view, recognising that today's incidents and cost pressures are often early signals of longer-term shifts.

Linking global megatrends and risks to local government issues

Global megatrends such as climate change, digital disruption and economic volatility are often framed at a national or international scale, but they are felt most directly through local services, assets and communities. At the same time, Aon's GRMS shows that many of the top global risks – such as cyber attacks, climate-related events, supply chain disruption and workforce challenges – are already visible in local government operations.

The table below illustrates how these global megatrends and risks align with common local government risk issues. It should be read as a high-level guide.

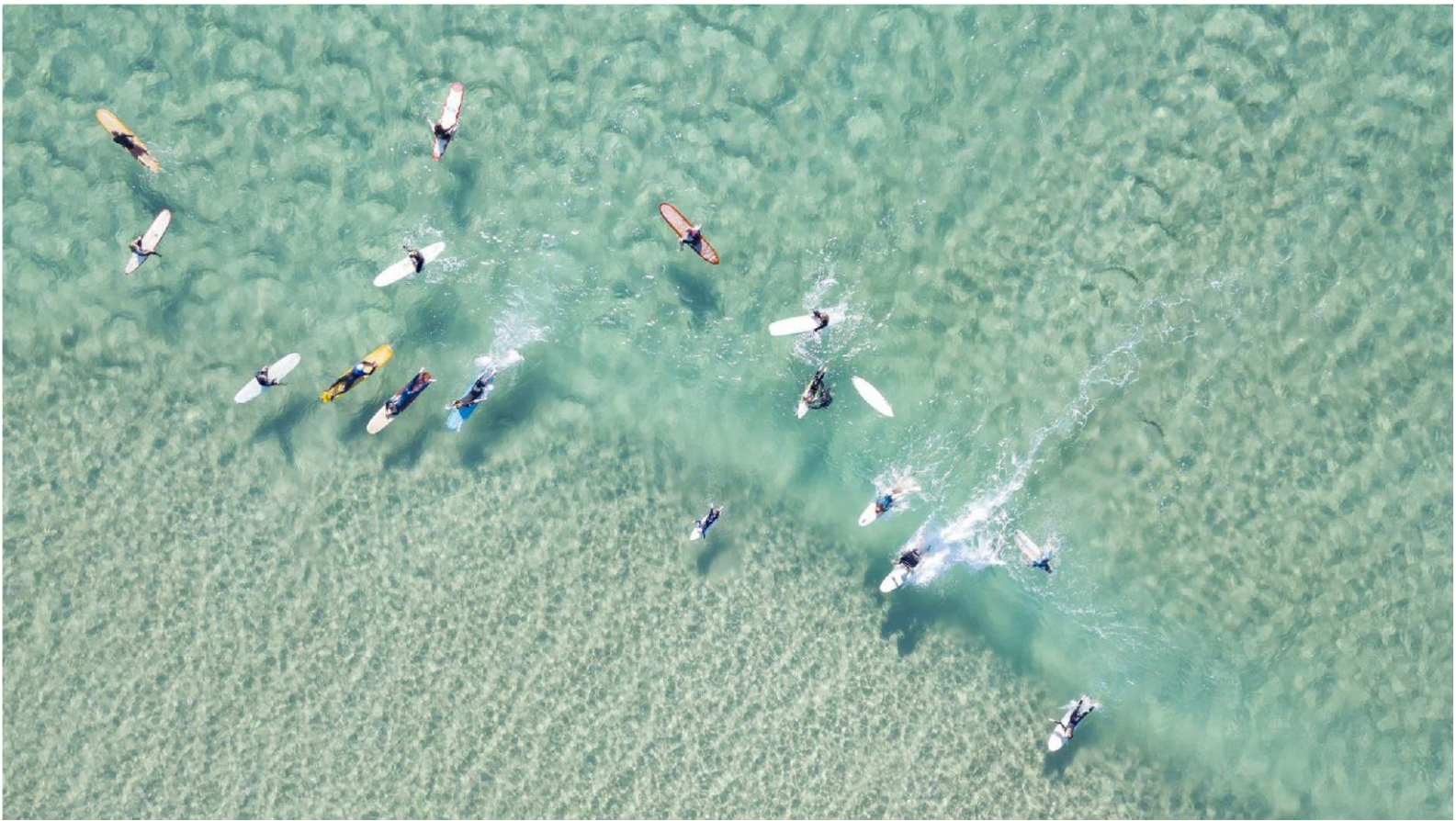
Comparison: Local Government Risk Issues vs Global Top Risks

Risk Category	Local Government Risks (Examples)	Global Top 10 Risks (Examples)	Key Differences
Climate & Environment	Flooding, wildfire, stormwater management, urban heat	Climate change adaptation, extreme weather, biodiversity loss	Localised impact vs. global systemic consequences
Infrastructure & Assets	Ageing infrastructure, public asset failures, utilities safety	Critical infrastructure failures, cyber-attacks	Local focus on service delivery vs. systemic global threats
Legal & Regulatory	Compliance with local laws, public reporting, liability claims	Regulatory/cyber policy changes, geopolitical fragmentation	Mostly local/regional compliance vs. complex global shifts
Economic	Budget shortfalls, revenue decline, economic development	Cost-of-living crisis, economic downturn, inflation	Local fiscal sustainability vs. global macroeconomics
Cyber & Technology	IT system outages, data breaches in public records, privacy	Large-scale cyber incidents, misinformation, AI advancements	Scale (municipal vs. international); resource limitations
Societal & Community Health	Public health emergencies, poverty, crime, homelessness, housing shortages	Societal polarisation, health risks, migration	Immediate community impact vs. broad, crossborder issues
Emergency Management	Natural disasters, response coordination, community resilience	Geopolitical conflicts, supply chain breakdowns	Direct local response vs. complex, multination events
Reputation & Trust	Loss of public confidence, local governance scandals	Erosion of global trust in institutions, misinformation	Local government transparency vs. mass media/global trust

Risk Category	Local Government Risks (Examples)	Global Top 10 Risks (Examples)	Key Differences
Security	Local terrorism threats, vandalism, theft, localised unrest	State-on-state conflict, terrorism, transnational crime	Community-level vs. international or multinational security
Workforce & Demographics	Staff shortages, talent retention, aging workforce	Global labour shortages, demographic shifts	Locally managed employment vs. global workforce trends

The comparison highlights how global risk themes are experienced in local government through infrastructure, community wellbeing, cyber resilience, regulatory change and fiscal pressure. It reinforces that councils are exposed both to local shocks (such as severe weather or asset failures) and to the knock-on effects of broader economic, technological and geopolitical trends.

The five NZ local government risk themes introduced in the next section translate this global–local context into a more practical lens for prioritisation, while the suggested next steps and questions in Section 11 help councils use that lens to prioritise deeper dives and practical actions.



New Zealand Relevant Risk Themes

To make the global picture actionable for councils, we group risks into five NZ local government risk themes. These themes provide a bridge between near-term risk pressures (0–2 years) and longer-term shifts (5–10 years) driven by global megatrends:

1 **Digital & Technology Risk**

2 **Environmental & Climate Risk**

3 **Economic & Financial Risk**

4 **Public Sector, Governance & Regulatory Risk**

5 **Health, Social & Community Wellbeing Risk**

Each theme includes:

- Current downside risks (0–2 years): already visible in incidents, cost pressures, audit findings or community feedback – candidates for near-term attention and investment.
- Emerging downside risks (5–10 years): likely to become more material over the medium term, shaped by megatrends and reforms – priorities for monitoring and strategic discussion and for stress-testing council plans and investments.

The following sections provide a curated shortlist for each theme, focusing on risks we are actually seeing in practice across NZ councils.

Risk Theme 1: Digital & Technology Risk

Category	Risk	Description
Current downside risks	**Escalating cyber threat to council systems and data**	• Increasing frequency and sophistication of attacks on both IT systems (finance, rating, customer portals) and Operational Technology systems (water, transport, building management). • Consequences include service outages, data loss, privacy breaches, and reputational damage.
	Legacy systems and technical debt	• Ageing rating, property, GIS and asset management platforms that are hard to patch, integrate or support. • Elevated risk of outages, data integrity issues and security vulnerabilities.
	Variable cyber and information security maturity	• Smaller and rural councils may have limited dedicated security resource. • Inconsistent implementation of basic controls (multi factor authentication, timely patching, network segregation, tested backups).
Emerging downside risks	**Unregulated adoption of AI and automation**	• Increasing use of generative AI and analytics for customer service, document drafting, planning support and asset management. • Risks of biased or inaccurate outputs, over reliance on tools, IP and privacy breaches, and lack of clear accountability for decisions.
	Concentration risk from shared platforms and vendors	• Greater dependence on a small number of shared ICT platforms, cloud solutions and regional/shared service arrangements. • Failure, cyber incident or insolvency of a key vendor could simultaneously disrupt multiple councils and critical services.
	Growing expectations on data ethics and privacy	• Communities expect transparent, secure and ethical use of personal and location data. • Missteps in data sharing, surveillance technologies or algorithmic decision making could quickly erode trust.

Risk Theme 2: Environmental & Climate Risk

Category	Risk	Description
Current downside risks	**More frequent and severe weather events**	• Repeated flood, storm and coastal events damaging roads, bridges, stormwater networks, and community facilities. • Rising emergency works, clean up, reinstatement and disaster waste management costs, often beyond what was anticipated in LTPs, with associated environmental, funding and liability risks.
	Infrastructure not aligned to future climate conditions	• Many assets designed to historic standards are now regularly exceeded by actual events. • Increased service interruptions, health and safety issues, and accelerated asset deterioration.
	Hardening insurance and risk transfer markets	• Higher premiums, deductibles and exclusions in high hazard areas, and stronger underwriting scrutiny of council asset management practices. • Potential for some assets or locations to become difficult or uneconomic to insure, pushing more risk back to councils.
Emerging downside risks	**Stranded, uneconomic or relocated assets**	• Infrastructure in high-risk locations (e.g. coastal, floodplains, slips) facing rising costs, shorter economic lives or the need for managed retreat. • Financial and political challenges in rationalising, relocating or decommissioning assets.
	Climate related litigation and regulatory challenge	• Increasing expectation that council decisions (planning, consenting, investment) align with climate risk assessments and national direction. • Risk of challenge if decisions appear inconsistent with stated climate strategies or legislated climate obligations.
	Cumulative impact of sequential events on communities and workforce	• Multiple “medium sized” events over several years can have the same net impact as a single catastrophe. • Long term fatigue and erosion of resilience for communities, staff and local contractors.

Risk Theme 3: Economic & Financial Risk

Category	Risk	Description
Current downside risks	**Economic slowdown and affordability constraints**	• Ratepayers and businesses facing cost of living pressures, limiting tolerance for rates and fee increases. • Political and social pressure on councils to restrain revenue growth while infrastructure and service demand rise.
	Persistent cost escalation and project overruns	• Construction, materials and labour cost inflation outpacing earlier forecasts. • Capital projects and renewals programmes under strain, leading to scope reductions, deferrals or cancellation.
	Debt, liquidity and balance sheet pressure	• Higher interest rates and tighter borrowing margins increasing debt servicing costs. • Reduced headroom for new investment and higher sensitivity to credit rating changes.
Emerging downside risks	**Structural shifts in the local economic base**	• Changes in tourism, agriculture, logistics and manufacturing due to global trade shifts, technology and climate impacts. • Potential erosion or concentration of the rating base, with knock on effects for financial resilience.
	Growing divergence between councils' financial positions	• Some councils facing higher legacy infrastructure backlogs and debt constraints than others. • Increased likelihood of future debates about alternative funding models, mergers, or targeted central support.
	More complex financing and partnership models	• Pressure to explore new revenue streams, value capture, PPPs or special purpose vehicles. • Governance and risk allocation challenges where councils enter unfamiliar or long dated arrangements.

Risk Theme 4: Public Sector, Governance & Regulatory Risk

Category	Risk	Description
Current downside risks	**Ongoing reform and policy uncertainty**	• Continuing changes in local government, resource management and water services settings, with periodic shifts in direction. • Difficulty making long term decisions on assets, workforce and funding while roles and responsibilities may change.
	Complex governance and accountability structures	• Mix of council entities, council-controlled organisations (CCOs), joint committees and regional collaborations. • Potential for blurred accountability, especially in failure scenarios or where multiple parties share responsibility.
	Reputation, trust and social licence	• Heightened community and media scrutiny of council decisions, especially around rates, major projects and integrity issues. • Damage to reputation can quickly influence central government relationships, staff morale and willingness to partner with councils.
Emerging downside risks	**Integrity, probity and conflict of interest expectations**	• Stronger expectations around ethical conduct, procurement integrity and decision transparency. • Even minor lapses can rapidly escalate into significant reputation and governance issues.
	Geopolitical and national security spill overs	• Growing focus on the resilience of critical infrastructure and information to foreign interference or hostile cyber activity. • Potential for local democratic processes to be targeted through disinformation, polarisation or pressure on elected members.
	Expanding compliance and reporting burden	• Increasing expectations for more detailed performance, financial, and climate related disclosures. • Risk that compliance demands absorb scarce capability, crowding out strategy and service innovation.

Risk Theme 5: Health, Social & Community Wellbeing Risk

Category	Risk	Description
Current downside risks	**Housing stress and related community pressures**	• Shortages of affordable, safe housing and overcrowding in some communities. • Flow on impacts on demand for local amenities, emergency housing support, and community services.
	Crime, antisocial behaviour and perceptions of safety	• Safety concerns in town centres, public transport and parks affecting local business viability and community participation. • Increased vandalism and damage to public assets, raising operating and renewal costs.
	Workforce shortages in critical roles	• Persistent vacancies in planners, engineers, building control and environmental health officers. • Increased reliance on contractors and consultants with cost and continuity implications.
Emerging downside risks	**Divergent demographic trends and inequities**	• Rapid population growth in some areas and ageing or decline in others, creating very different service and infrastructure needs. • Risk of widening inequities between communities or districts if responses are uneven.
	Mental health, social isolation and cohesion challenges	• Higher baseline levels of stress and isolation in some community segments. • Growing expectation that councils use design, programming and community facilities to support wellbeing and connection.
	Rising expectations on inclusion and equity of outcomes	• Increased focus on ensuring fair access to services, facilities and decision-making processes. • Reputational and political risk where decisions are perceived as excluding or disadvantaging particular groups.

Cross Cutting Themes and Interdependencies

Across the five themes, several cross-cutting megatrends stand out:

- **Technology and data:** Cyber, AI, digital inclusion, data ethics and shared platforms underpin multiple risk areas.
- **Climate and environment:** Physical hazards, transition risks and insurance availability impact assets, finances, community wellbeing and inter council equity.
- **Economy and workforce:** Fiscal headroom, local economic structure and critical skills influence councils' ability to respond to all other risks.
- **Trust and governance:** Reforms, integrity expectations and reputation shape the environment in which councils can act, partner and invest.

These interactions mean that:

- Single issue responses can unintentionally create new vulnerabilities elsewhere (for example, rapid digitalisation without sufficient cyber controls).
- Scenario based, system level thinking is increasingly important – particularly in LTP development, infrastructure planning, and emergency management.

Using This Report to Prioritise Deeper Dives

This report is designed to support prioritisation, not to solve all risks.

Suggested next steps for ELT and risk committees

1. Identify priority risk themes

* Using the five themes and curated risks, agree 2-3 themes that are most critical for your council over the next 3-5 years, with particular focus on current downside risks in the next 12-24 months.

2. Define council specific risk statements

* For each priority theme, articulate 1-3 concrete downside risk statements in local language, for example:

  - * "A major cyber incident disables our core rating and customer systems for several weeks, disrupting revenue collection and essential services."
  - * "Repeated storm events significantly increase unplanned repairs to our road and three waters networks, outstripping current funding settings."

3. Commission targeted deep dives and workshops

- For each priority area, plan work such as:
  - Current state diagnostics or maturity assessments.
  - Scenario and stress testing workshops.
  - Development or refresh of risk treatment plans and investment options.

4. Integrate into planning and assurance

- Reflect chosen priorities in:
  - LTP and infrastructure strategies.
  - Annual Plan choices and performance measures.
  - Risk register updates and internal audit/assurance programmes.

Questions to guide leadership discussion

Q1. Which 2-3 risk themes would cause the greatest long-term harm to our community or organisation if we mismanage them over the next 3-5 years, given the current (0-2-year) pressures and longer-term (5-10-year) direction of travel?

Q2. What recent incidents, near misses, audit findings or community signals suggest those risks are already material for us?

Q3. Where are we clearly under prepared, given the direction of travel highlighted in global and national risk surveys?

Q4. What are our "no regrets" actions in the next 12-24 months that would improve resilience across multiple scenarios?

Conclusion

New Zealand councils operate at the convergence of global megatrends – technology, climate, economic pressure, social change and evolving governance expectations – but with distinct local realities and constrained resources.

By grouping risks into five clear themes and focusing on a curated list of current and emerging downside risks, this report provides a platform for informed choice:

- Where to focus leadership attention now.
- Which risks justify further analysis and investment.
- How to sequence work so that councils build resilience over time, rather than trying to address everything at once.

This horizon scan is designed so it can be refreshed periodically (for example, every 1-2 years) using the same five risk themes. The framework remains stable, while the curated downside risks are updated as global risk signals, megatrends and New Zealand policy settings evolve, giving councils a consistent way to track how their risk landscape is changing over time.

While this report focuses on five interconnected themes of risk, it is consistent with Treasury's view that fiscal pressures ultimately show up on the balance sheet; councils should therefore consider how their responses across all five themes affect both community resilience and fiscal headroom, including the role of asset management, risk information, and tools such as risk financing, partnerships and insurance where appropriate.

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10.5 BUSINESS CONTINUITY MANAGEMENT SYSTEM (BCMS)

File Number: **A7148349**

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Authoriser: **Matt Potton, Acting Group Manager Corporate Services**

EXECUTIVE SUMMARY

A Business Continuity Management System (BCMS) helps organisations identify potential threats and vulnerabilities that could disrupt operations, such as natural disasters, cyber-attacks, or supply chain issues.

RECOMMENDATION

That the Risk and Assurance Manager's report dated 17 March 2026 titled 'Business Continuity Management System (BCMS)' be received.

BACKGROUND

1. It appears that business continuity has not been reported to the Committee for an extended period of time. Currently, it appears that Council has no functioning business continuity planning in place. There have been attempts to put into place Business Continuity Plans in recent years, but these do not appear to have been owned on a long-term basis, subject to continuity/succession upon changes of staff, completed, implemented (by way of regular testing for example and, most importantly, maintained), leading to a series of what might be described as "false starts".

BUSINESS CONTINUITY MANAGEMENT SYSTEM (BCMS) – ISO 22301

2. The primary purpose of a Business Continuity Management System (BCMS) is to ensure that an organisation can continue its critical operations during and after disruptive events, minimising the impact on business functions.

KEY OBJECTIVES OF A BCMS

3. **Identify Risks**: A BCMS helps organisations identify potential threats and vulnerabilities that could disrupt operations, such as natural disasters, cyber-attacks, or supply chain issues.

4. **Implement Mitigation Strategies**: It provides a structured framework for developing strategies to mitigate identified risks, ensuring that critical business functions can continue during crises.

5. **Enhance Resilience**: By preparing for unexpected events, a BCMS enhances an organisation's resilience, allowing it to recover quickly and effectively from disruptions.
6. **Protect Reputation and Stakeholder Trust**: A well-implemented BCMS helps maintain the trust of customers, investors, and other stakeholders by demonstrating the organisation's commitment to continuity and recovery.

COMPONENTS OF A BUSINESS CONTINUITY MANAGEMENT SYSTEM

- **Business Continuity Plan**: A critical component that outlines how the organisation will respond to and recover from disruptions, including risk assessments and recovery strategies.

- **Regular Testing and Maintenance**: A BCMS includes regular exercises to test the effectiveness of the BCP and ensure that it remains up-to-date and relevant.

- **Continuous Improvement**: The BCMS framework encourages ongoing evaluation and improvement of business continuity strategies to adapt to changing risks and business environments.

Primarily, our operations would be disrupted if:

- Our premises were to be inaccessible through fire, earthquake or some such other calamity; and/or
- Our IT systems were subject to a major outage through (for example) cyber crime; such that we would be disrupted in:

- Providing face-to-face customer service
- Processing payments
- Discharging our many various functions for example processing building consents to name but one

WHY DO WE NEED A BUSINESS CONTINUITY PLAN?

7. Our constituents rightly expect us to be able to deliver services in an uninterrupted fashion.
8. If we do suffer business interruption and, through lack of planning and preparedness, we recover in a manner which is not timely, appears to be haphazard and/or ineffective, then not only will our customers be adversely affected in both financial and/or non-financial terms, but we may also well suffer adverse reputational consequences e.g. in media coverage about our lack of preparedness and foresight.
9. Conversely, a well-planned and carried-out response to an incident could well (especially for an incident that is outwardly noticeable) attract a positive response

from our customers, lead to a greater degree of understanding and accommodation of the situation on the part of our stakeholders and a positive media response to suggest that we are indeed competent in the way we conduct our business for the good of our community.

THE QUALITIES EXHIBITED IN A FULLY FUNCTIONAL BCP

- Ownership
- Functionality, Clarity – being as concise as possible yet comprehensive … A BCP is a working document, containing all the details needed in order to respond to an incident in as an orderly manner as possible, and as much on a timely basis as possible
- Communication, Accessibility
- Sustainably Maintained: Regular testing and review, updated
- Preparedness
- Knowledge in proactively planning for an incident so that we could estimate the cost and hence the insurance cover required to respond and meet our Recovery Point Objective and Recovery Time Objective.

WHAT DO WE HAVE CURRENTLY IN OUR FAVOUR?

10. We have a corporate culture conducive to WFH or otherwise remotely from our office premises. Should our premises become inaccessible, this is a workable alternative that most of our colleagues would be familiar with … arguably so long as they have their laptops with them should an incident occur.
11. Many of us generally have the ability to "hot desk" in the event that some of our office space becomes inaccessible. Many areas do not rely upon paper as a long-term means of storage … for those functions where information is kept electronically, any recovery from an incident is greatly facilitated as a result.
12. We have insurance cover for the financial consequences of an incident (but, because of a lack of planning, we may be unsure as to whether the coverage is adequate or possibly excessive).
13. We have IT systems secured and regularly tested against the threat of unauthorised malicious acts, backed up and ready to be restored within a reasonable timeframe.
14. For those facilities where our equipment is located, we have physical security measures in place, cameras, fire protection systems etc. While these might not eliminate all risk to the usability of our equipment subsequent to an incident, and some reduction in capacity may be suffered as a consequence of an incident, the measures we have in place are designed to minimise any immediate downtime in capacity and to optimise the cost of recovery involved in this regard.

WHAT IS (CURRENTLY) NOT IN OUR FAVOUR?

15. We do not currently appear to have a comprehensive, well-communicated, organised plan that can be activated should the need arise. It appears that our planning is not currently owned and managed within our organisation such that our response to an incident is currently unanticipated and might not act in as orderly and timely manner as we would hope.

16. It is uncertain whether contingent arrangements are in place relating to the establishment of temporary premises so that our face-to-face customer service is not disrupted by more than one day.

SOME THOUGHTS TO START THE BALL ROLLING - PREPARING TO MAKE A PLAN

17. We are currently at a 'pre-analysis' phase in order to start this journey. Staff are currently developing a proposal to acquire licences to Fusion BCMS software.

10.6 LOCAL GOVERNMENT FUNDING AGENCY DRAFT STATEMENT OF INTENT 2026 - 2029 AND HALF YEAR REPORT AS AT 31 DECEMBER 2025

File Number: **A7160134**

Author: **Jackson Jury, Financial Analyst**

Authoriser: **Jonathan Fearn, Chief Financial Officer**

EXECUTIVE SUMMARY

The purpose of this report is to provide Elected Members with the Local Government Funding Agency's (LGFA) Half Year Report to Shareholders as at 31 December 2025 and DRAFT Statement of Intent for 2026 – 2029.

The Statement of Intent sets out the nature and scope of the activities, objectives and performance targets for the LGFA for the three-year period from 1 July 2026 to 30 June 2029.

Elected Members may provide comment on LGFA's Draft Statement of Intent 2026-2029 for the LGFA Board.

RECOMMENDATION

1. That the Financial Analyst's report dated 17 March 2026 titled 'Local Government Funding Agency Draft Statement of Intent 2026 – 2029 and Half Year Report as at 31 December 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 the Local Government Funding Agency's (LGFA) Half Year Report as at 31 December 2025 (**Attachment 1**) and accompanying cover letter (**Attachment 2**) be received.
4. That the Local Government Funding Agency's (LGFA) Draft Statement of Intent 2026-2029 (**Attachment 3**) and accompanying cover letter (**Attachment 4**) be received, noting that feedback, comments and recommended changes are to be provided to LGFA no later than 1 May 2026, so that this can be considered for inclusion in their final Statement of Intent due to Council by 30 June 2026.
5. That the Board of the Local Government Funding Agency be advised of the following comments on their Draft Statement of Intent within two months from 1 March 2026.

BACKGROUND

1. The Local Government Funding Agency (LGFA) provides affordable and efficient funding to local Councils. Established in 2011, the agency enables Councils to borrow

at lower interest rates by pooling their creditworthiness and issuing bonds on the capital markets. The LGFA plays a key role in supporting infrastructure and community projects by offering Councils cost-effective financing options.

2. The LGFA is a designated Council-controlled organisation under the Local Government Act 2002. As a Council-controlled organisation, the LGFA is a separate legal entity from Council and is responsible for delivery of services in accordance with an agreed Statement of Intent.

LOCAL GOVERNMENT FUNDING AGENCY'S HALF YEAR REPORT AS AT 31 DECEMBER 2025

3. Under Section 66 (2) of the Local Government Act 2002, within two months after the end of the first half of each financial year, the Board of a Council-Controlled Organisation must deliver to the shareholders a report on the organisation's operations during that half year. The report is required to provide information against the objectives set out in the Statement of Intent.

4. A copy of LGFAs Half Year Report to Shareholders as at 31 December 2025 is included in **Attachment 1** with accompanying letter to shareholders **Attachment 2**.

LOCAL GOVERNMENT FUNDING AGENCY'S DRAFT STATEMENT OF INTENT FOR 2026-2029

5. Under Schedule 8 Part 1 of the Local Government Act 2002 the board of a Council-Controlled trading organisation must deliver to its shareholders a draft statement of intent on or before 1 March each year.

6. The LGFA Board must consider any comments on the draft statement of intent that are made to it within two months from 1 March by the shareholders and deliver the completed statement of intent to the shareholders on or before 30 June each year.

7. Council is therefore requested to receive and if applicable, comment on the draft Statement of Intent 2026-2029. Please see **Attachment 3** with accompanying letter to shareholders in **Attachment 4**.

SIGNIFICANCE AND ENGAGEMENT

8. 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.

9. The Policy requires Council and its communities to identify the degree of significance attached to particular issues, proposals, assets, decisions, and activities.

10. In terms of the Significance and Engagement Policy this decision is considered to be of low significance because it is a statutory requirement for council-controlled organisations to deliver to the shareholders a half year report on the organisations

operations. Additionally, receiving the DRAFT Statement of Intent from a Council Controlled Organisation (CCO) for shareholders' comment is statutory, therefore the effect on ratepayers is low.

ENGAGEMENT, CONSULTATION AND COMMUNICATION

Interested/Affected Parties	Completed/Planned Engagement/Consultation/Communication		
The Board of the LGFA	Any comments on the LGFA's Draft Statement of Intent 2026-2029 must be received by the Board for its consideration within two months from 1 March 2026.	Planned	Completed
Shareholders of the LGFA	Shareholders are invited to provide comment and feedback on the draft Statement of Intent 2026-2029 within two months from 1 March 2026.		

ISSUES AND OPTIONS ASSESSMENT

That the Board of the LGFA be advised of the following comments on their Draft Statement of Intent 2026-2029 within two months from 1 March 2026.	
Reasons why no options are available Section 79 (2) (c) and (3) Local Government Act 2002	**Legislative or other reference**
The Board of a Council-Controlled Organisation must deliver to its Shareholders a draft Statement of Intent on or before 1 March each year.	Part 1 Schedule 8 of the Local Government Act 2002.

STATUTORY COMPLIANCE

11. The LGFA Half Year Report as at 31 December 2025, DRAFT Statement of Intent 2026-2029 and the recommendations are in accordance with Schedule 66 (2) and Part 1 of Schedule 8 of the Local Government Act 2002.

FUNDING/BUDGET IMPLICATIONS

Budget Funding Information	Relevant Detail
	The recommendations in this report have no budgetary or funding implications.

ATTACHMENTS

1. **LGFA Half Year Report 31 December 2025**
2. **LGFA Cover Letter for Half Year Report to December 2025**
3. **LGFA Statement Of Intent 2026-29 - DRAFT**
4. **LGFA Letter to Shareholders to accompany Draft SOI 2026-29**

HALF YEAR REPORT 31 December 2025

Benefiting communities through delivering efficient financing for local government.

Ka whiwhi painga ngā hapori mā te whakarato pūtea tōtika ki ngā kaunihera.

LGFA New Zealand Local Government Funding Agency
Te Pūtea Kāwanatanga ā-rohe

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Message from the Chair and Chief Executive
He karere mai i te Toihau me te Tumuaki

For the six-month period ended 31 December 2025

The six-month period delivered another set of strong financial and non-financial outcomes for the Agency despite the significant headwinds facing the sector.

As well as delivering a record financial outcome for the six-month period, we continued to meet the needs of our stakeholders over the past six months:

- We continued to source the cheapest cost of borrowing on behalf of the sector by issuing short and long-dated debt instruments under our NZD domestic and offshore programmes.
- We signed a refreshed Crown Liquidity Facility that was both upsized and extended in tenor. This underlines Central Government support for LGFA and the wider local government sector.
- We have been working closely with Central Government, councils, and the establishment teams at the water Council-Controlled Organisations (CCOs) to ensure the successful transition to Local Water Done Well from mid 2026.
- We are on track to meet 19 out of the 21 Statement of Intent (SOI) performance targets.

Initiatives

We successfully diversified our funding base away from Australasia by introducing a European Medium Term Note (EMTN) Programme in early 2025. During the past six months we issued a 5-year USD500 million bond and a 9-year CHF 180 million bond under the programme. The debt issuance was hedged back into NZD cheaper than our NZD bond issuance levels.

Our LGFA NZD Bond Repurchase Programme was established in May 2025, and we began conducting weekly repurchase tenders. This initiative supports our liquidity management, reduces refinancing risk, and provides added support to the market for our bonds. Over the six-month period to 31 December 2025, we repurchased $227 million of the April 2026 LGFA bond.

We continue to work with Central Government on delivery of the Local Water Done Well Programme. We assisted with the review of the Water Services Delivery Plan submitted to the Department of Internal Affairs by each council. We have been negotiating borrowing arrangements and documentation with the water CCOs currently being established.

We have made progress to deliver operational efficiency for our council borrowers. Legislation is currently passing through Parliament that will reduce administration requirements relating to the Section 118 Certificates. Council borrowers can now issue a Global Security Stock Certificate instead of having to issue an updated certificate each time they borrow.

Financial and Operational Performance

Directors are pleased to announce a strong financial performance for the six-month period with:

Total interest income for the six-month period was NZ$528.2 million, a 23% reduction over the prior comparable period. Interest income was lower than the comparable period because interest rates were lower e.g. the 3 month BKBM rate averaged 2.80% for the six-month period to 31 December 2025 compared to 4.88% for the six-month period to 31 December 2024.

Total interest expense for the six-month period was $503.8 million, a 25% reduction over the comparable 2024-25 period result. Interest expense was lower due to lower interest rates compared to the prior comparable period.

Total operating income of NZ$25.8 million was $1 million above the SOI forecast of NZ$24.8 million primarily due to our offshore cost of borrowing being more cost effective (after hedging costs) than borrowing in the domestic debt capital markets. It was a 57% increase over the prior comparable period.

Operating expenses, excluding Approved Issuer Levy (AIL), at NZ$5.87 million were $0.03 million above the SOI budget. AIL expense for the six-month period totalled $3.54 million, in line with our SOI forecast and is the highest single cost incurred by LGFA.

Net operating profit rose to NZ$16.36 million, up 90% from the prior comparable period.

LGFA shareholders equity has risen to NZ$138.114 million, up from NZ$121.785 million on 30 June 2025. With the addition of the Borrower Notes the total capital base of LGFA is now NZ$877 million supporting total assets of NZ$28.6 billion.

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It is important to strengthen the capital position of LGFA given the recent deterioration in the credit quality of the local government sector and the financial headwinds facing the sector in the coming years. A strong financial position will ensure LGFA maintains credit rating parity to that of the New Zealand Government and continues to have the support of investors. The LGFA credit rating was affirmed at AA+ by Fitch Ratings on 23 October 2025.

Lending activity

Long-dated lending totalled NZ$1.635 billion during the six-month period with LGFA making 130 long term loans to 53 councils and CCOs with an average term of 4.3 years. Sustainable lending comprising our Green and Social (GS) and Climate Action Loans (CAL) products of $583.1 million was 35.5% of total lending during the six-month period. Our rolling twelve month estimated market share of 79.4% of council long-dated borrowing was just below our 80% target but if Auckland Council borrowing activity is excluded, our market share is 98.7%. Short-dated lending at year end was $1.454 billion, a 77% increase since 30 June 2025.

Our membership of 77 councils and 8 CCOs is unchanged.

Statement of Intent targets

We are on track to achieve 19 of our 21 performance targets outlined in our SOI. The two targets that we are unlikely to meet are operating expenses (excluding AIL) and market share. Our operating expenses are projected to be higher as we expect additional legal, IT and consulting costs to increase over the next six months as we undertake further offshore borrowing, onboard water CCOs, introduce new products and initiatives and implement our data and artificial intelligence (AI) strategies. Our current market share of 79.4% is just below our 80% target.

Stakeholder engagement

Over the past six months, LGFA held 52 meetings with our council and CCO members.

We expect our level of engagement and interaction with members to increase as the sector faces headwinds from climate related events, increasing debt levels while revenue could be potentially constrained under rates capping. The credit ratings of 18 councils and 3 CCOs have been downgraded over the past year that reflects these issues.

We have recently added greater resource to our engagement and monitoring activities. This is because the water CCOs will be more highly leveraged than their council predecessors and will need to have financial strategies in place to be financially sustainable in the medium to long term i.e. to achieve investment grade credit ratings.

Unfortunately, there was the first ever breach of a LGFA Foundation Covenant by a council. MacKenzie District Council breached the liquidity covenant as at 30 June 2025, but the breach was identified, and easily and quickly resolved. Any breach however is not taken lightly by the LGFA Board and can lead to an Event of Review and a request for repayment of loans.

We continue to invest in sustainability initiatives and support the sector through increasing our engagement on sustainability. We approved six new eligible projects for GS loans during the six-month period. We are developing an innovative sustainable lending product for the water sector that should be ready for launch in the coming months. We have also announced a financial subsidy for councils to adopt an independent audited Greenhouse Gas Emissions plan with suitable targets to qualify for our Climate Action Loans.

As at 31 December 2025, 19.8% of our outstanding long terms loans were either GS or CALs that receive a discounted loan margin.

Acknowledgements

The Agency's work and success cannot be achieved without the support of our staff, fellow directors, Shareholders Council, Central Government and the Minister of Local Government and Minister of Finance, all whose efforts and support are acknowledged.

We acknowledge the contribution to the success of LGFA by Linda Robertson, who has recently retired from the Board after ten years of service as a director and Chair of the Audit and Risk Committee. We also thank Kathryn Sharplin, who has recently stood down as Chair of the LGFA Shareholders Council.

We are pleased to welcome Paul Anderson as a new director and Chair the Audit and Risk Committee. We also welcome Sarah Houston-Eastergaard, who will serve as Chair of the Shareholders Council.

We believe the Agency's future remains positive and look forward to working with all stakeholders in the next six months.

Philip Cory-Wright
Chair, LGFA Board

Mark Butcher
Chief Executive

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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 2025-28 (SOI).

2025-26 Objectives and performance targets

LGFA objectives and performance targets for 2025-26 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
- Optimising financing services for local government
- Environmental and social responsibility
- Effective management of loans
- Industry leadership and engagement

Our quarterly reports to shareholders provide more detail on our performance against objectives and performance targets. The reports for the two quarters' ended December 2025 are available on the LGFA website.

Governance, capability and business practice

LGFA is committed to best-practice corporate governance underpinned by sound business practice to ensure its long-term sustainability and success.

Objectives	Our performance to 31 December 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. The 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 this 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 six months ended 31 December 2025 is summarised under each of the 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	2025-2026 target	Our performance to 31 December 2025
Comply with the Shareholder Foundation Polices and the Board-approved Treasury Policy at all times.	No breaches.	Achieved.
Maintain LGFA's credit rating equal to the New Zealand Government sovereign rating where both entities are rated by the same Rating Agency.	LGFA credit ratings equivalent to NZ Sovereign.	Achieved.
LGFA's total operating income, excluding unrealised gains / (losses) on financial instruments, for the period to 30 June 2026.	>$44.7 million.	In line with forecast – NZ$25.77 million as at 31 December 2025 compared to NZ$24.78 million interim target.
LGFA's total operating expenses (excluding Approved Issuer Levy) for the period to 30 June 2026.	<$12.1 million.	Unlikely to achieve – NZ$5.87 million as at 31 December 2025 compared to NZ$5.84 million interim target.

Upgrading of the seawall at The Strand. **Tauranga City Council**

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Optimising financing services for local government

LGFA's primary objective is to optimise the terms and conditions of the debt funding it provides to its members. 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 NZD issuers – secondary market spread to swap (bps)

31 Dec 25	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2037
LGFA (AAA)	7	12	25	28	31	44	51	57		67	71
NZ Government (AAA)	7	4	11	18	21	29	31	31	33	35	45
Kainga Ora (AAA)	6	19	27		34					72	
Asian Development Bank (AAA)	7	11	21			36					
IADB (AAA)	8	14	27		34						
International Finance Corp (AAA)	7	16	24	29							
KBN (AAA)	6	16			42						
Nordic Investment Bank (AAA)				25	30						
Rentenbank (AAA)		13		28							
World Bank (AAA)	6	14	21		32		39				
ASB (AA-)	12	29			59						
ANZ (AA-)			44		58						
Kiwibank (AA-)	22	45	55	61							
BNZ (AA-)	14	28	47	58							
Westpac Bank (AA-)	20	25		54							
SSA Average	7	14	23	27	35	36					
Bank Average	17	32	49	58	59						

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 and Social Loans, Climate Access Loans and standby facilities. • Over the six months ended 31 December 2025, our members borrowed $1.635 billion in 130 long term loans with an average term of 4.3 years. • As at 31 December 2025 there was $1.454 billion short-term loans outstanding to 54 members. • As at 31 December 2025, standby facilities totalled $732 million across 18 members.
Deliver operational best practice and efficiency for lending services.	Over the six months ended 31 December 2025, LGFA operations staff successfully: • settled 1,205 new trades with a gross value of $24 billion, • processed 9,136 cash flows with a gross value of $44 billion, and • rate set 7,278 existing trades.
Ensure certainty of access to debt markets, subject always to operating in accordance with sound business practice.	There was strong activity in LGFA bonds in both the primary market (tender or syndicated issuance) and secondary market (between banks and investors). Over the six months ended 31 December 2025, we issued NZD 700 million of NZD retail bonds across eight maturities, USD 500 million and CHF 180 million of Medium-Term Notes and secondary market turnover in our NZD retail bonds totalled $7.31 billion.

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Performance targets	2025-2026 target	Our performance to 31 December 2025
Share of aggregate long-term debt funding to the Local Government sector. The market share excludes entities who are ineligible for borrowing from LGFA e.g. water entities not financially supported by their parent councils.	> 80%	Not Achieved. 79.4%
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.	Achieved. 94% satisfaction score in 2025 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 31 December 2025
Assist the local government sector in achieving their sustainability and climate change objectives.	On 30 September 2025, LGFA published our third 'Annual Impact Report – Green and Social Loans and Climate Action Loans (CAL) financed with Sustainable Financing Bonds'. This report provides information about the allocation of proceeds from LGFA's Sustainable Financing Bond issuance as at June 2025. Over the six months to December 2025, advances under existing Green and Social (GS) loans increased to $600 million out of an approved total value of $1,318 million. LGFA's first green loans under the Clean Transportation and Renewable Energy categories, with three additional Climate Change Adaptation, and a further Affordable Housing loans, were added during the six months to December 2025. A further $437 million was advanced under the CAL lending programme. As at December 2025, there were approved CAL loans to seven councils, with CAL-qualifying loans totalling $4.106 billion.
Improve sustainability outcomes within LGFA.	In 2021, LGFA directors committed to reducing our carbon emissions over time, with our target of cutting per employee emissions by 30% by 2030, compared with a 2018/19 base year. We are on track to meet our reduction target for the 2025-26 year. LGFA now receives emissions data from 41 members resulting in an improved PCAF score of 1.7 as at 30 June 2025.

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Performance targets	2025-2026 target	Our performance to 31 December 2025
Health and Safety.	No notifiable incidents.	Achieved.
Maintain Toitū Carbon Zero certification.	Carbon-zero certification maintained.	Achieved.
Meet reduction targets outlined in our carbon reduction management plan.	< 8.7 tCO2e annual per person GHG emissions.	On Track.
Increase our GS Lending Book and Climate Action Loans.	Two new GS loans and two new borrowers enter into CALs.	On Track. 7 new GS projects approved and 6 new GS loans. No new CAL borrowers.
Develop a sustainable financing option for the water sector.	New sustainable financing option is available to water entities.	On Track.
Enhance our insight into climate-related risks through council lending.	Climate change is incorporated into LGFA's credit risk assessments.	On Track.
Assess required governance skills for LGFA's climate-related risks and opportunities.	Develop a director skills matrix.	On Track.

Effective management of loans

LGFA will ensure its loan book remains at a high standard by ensuring it understands each member's financial position and managing assets within an appropriate risk management framework to ensure shareholder value is not compromised.

Objectives	Our performance to 31 December 2025
Proactively monitor and review each Participating Borrower's financial position, including its financial headroom under LGFA policies.	LGFA received compliance certificates in respect of the LGFA financial covenants from all council and CCO members with debt outstanding at June 2025.
Analyse finances at the Council group level where appropriate and report to shareholders.	All councils and CCOs were compliant, except for one council which breached the liquidity covenant. After consideration, the Board decided not to notify the breach as it had been rectified. One council had yet to adopt its 2023/24 and 2024/25 annual reports.
Endeavour to meet each participating borrower annually, including meeting with elected officials as required, or if requested.	LGFA conducted 56 meetings with council and CCO members in the six months ended December 2025.
Ensure a smooth transition of water-related loans if the Local Water Done Well Reforms progresses over forecast period.	LGFA provided guidance to councils on the range of options available to transition water debt to a water CCO.

Performance targets	2025-2026 target	Our performance to 31 December 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. 56 council visits.

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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 31 December 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.	LGFA was a member of the Water Services Delivery Plans Review Panel which assessed all reviews. LGFA was also a member of the Taituara Long Term Plan/Audit Focus Group.
Support the local government sector with the transition to the Local Water Done Well Reforms by assisting with the development options for the Water Services Delivery Plans and communicating our requirements (lending, financial covenants, reporting), as well as loan pricing guidance, implementation considerations and views on best practice.	LGFA published guidance for Councils in April 2025. Additional updates were published in December 2025 and January 2026 as LGFA formalised its requirements for lending to water CCOs. LGFA has commenced legal negotiations with several of the five water CCOs who plan to be operating by 1 July 2026.

Performance targets	2025-2026 target	Our performance to 31 December 2025
Provide quarterly updates to shareholders and borrowers on sector developments that are impacting LGFA.	Four quarterly updates to councils and CCOs.	On Track.
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.	On Track.
Support councils with Local Water Done Well by providing timely and responsible advice for on-boarding water CCOs.	On-boarding process is underway for all water CCOs who have requested it.	Achieved.
Provide a governance opportunity for a council or CCO staff member under the LGFA Future Director Programme.	One Future Director appointed for an 18 month term.	Achieved. Bruce Allan (Hastings District Council) appointed.

Papa Rererangi i Puketapu Solar Farm, the first project financed under our GS Renewable Energy category. **New Plymouth District Council**

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Financial statements
Nga tauki pūtea

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Income statement

For the six months ended 31 December 2025 in $000s

	Note	Unaudited six months ended 31 December 2025	Unaudited six months ended 31 December 2024
Interest income		528,229	683,225
Interest expense		503,841	668,958
Net interest income	4	**24,388**	**14,267**
Other operating income	5	789	753
Gains/(losses) on financial instruments		588	1,380
Total operating income		**25,765**	**16,400**
Operating expenses	6	**9,405**	**7,782**
Net operating profit		**16,360**	**8,617**

Statement of comprehensive income

For the six months ended 31 December 2025 in $000s

	Note	Unaudited six months ended 31 December 2025	Unaudited six months ended 31 December 2024
Net operating profit		**16,360**	**8,617**
Items that may be re-classified subsequently to the Income Statement			
Net change in cash flow hedge reserve	8	8,248	(7,327)
Cost of hedging	8	(6,603)	8,091
Total comprehensive income		**18,005**	**9,381**

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 26 February 2026.

Philip Cory-Wright, Director
Board Chair

Paul Anderson, Director
Chair, Audit and Risk Committee

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Statement of changes in equity

For the six months ended 31 December 2025 in $000s

	Note	Share capital	Cash flow hedge reserve	Cost of hedging reserve	Retained earnings	Total equity
Equity 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 of 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		**25,000**	**(941)**	**(8,610)**	**106,336**	**121,785**
Net operating profit					16,360	16,360
Other comprehensive income/(expense)			8,248	(6,603)		1,645
Total Comprehensive Income of the Year		**-**	**8,248**	**(6,603)**	**16,360**	**18,005**
Transactions with owners						-
Dividend paid on 1 September 2025					(1,676)	(1,676)
Equity as at 31 December 2025	20	**25,000**	**7,307**	**(15,213)**	**121,020**	**138,114**

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Statement of financial position

As at 31 December 2025 in $000s

	Note	Unaudited as at 31 December 2025	Audited as at 30 June 2025
Assets			
Financial assets			
Receivables	10	240	2,973
Cash and cash equivalents		207,731	325,728
Cash pledged as collateral		-	187,836
Marketable securities		3,138,409	2,458,427
Deposits		883,763	578,878
Derivatives in gain	9	539,475	255,271
Loans to members	11	23,839,948	22,657,300
Non-financial assets			
Other assets	12	1,309	1,339
Total assets		**28,610,875**	**26,467,752**
Equity			
Share capital	20	25,000	25,000
Reserves		(7,906)	(9,551)
Current Earnings		16,360	-
Retained earnings		104,660	106,336
Total equity		**138,114**	**121,785**
Liabilities			
Financial liabilities			
Cash received as collateral		35,307	-
Payables and provisions	13	943	6,414
Bond repurchases	16	384,150	341,756
Derivatives in loss	9	932,325	1,067,121
Debt securities issued:			
At amortised cost	14	25,305,445	23,645,696
At fair value through income statement	15	1,071,791	613,077
Borrower notes	17	739,289	669,030
Non financial liabilities			
Other liabilities	18	3,511	2,873
Total liabilities		**28,472,761**	**26,345,967**
Total equity and liabilities		**28,610,875**	**26,467,752**

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 six months ended 31 December 2025 in $000s

	Note	Unaudited six months ended 31 December 2025	Unaudited six months ended 31 December 2024
Cash flows from operating activities			
Cash applied to loans	11	(1,196,984)	(1,712,402)
Interest paid on bonds issued		(365,860)	(362,576)
Interest paid on bills issued		(27,108)	(60,011)
Interest paid on borrower notes		(2,572)	(1,359)
Interest paid on bond repurchases		(4,758)	(5,067)
Interest received from loans		463,840	595,193
Interest received from cash & cash equivalents		6,225	15,551
Interest received from marketable securities		43,956	31,048
Interest received from deposits		8,423	24,482
Net interest on derivatives		(81,998)	(235,073)
Cash proceeds from provision of standby facilities		789	753
Payments to suppliers and employees		(9,067)	(8,640)
Net cash flows from operating activities	21	**(1,165,114)**	**(1,718,101)**
Cash flows from investing activities			
Purchase of marketable securities		(670,536)	(1,004,550)
(Purchase)/maturity of deposits		(79,021)	(82,122)
Net cash flows from investing activities		**(749,557)**	**(1,086,672)**
Cash flows from financing activities			
Cash proceeds from bonds issued	14	1,683,298	2,359,930
Cash proceeds (outflows) from bills issued	14,15	(56,690)	(88,884)
Cash proceeds (outflows) from bond repurchases	14	42,331	215,420
Cash proceeds from borrower notes		61,247	95,352
Dividends paid		(1,675)	(1,843)
Cash applied to derivatives		68,163	112,589
Net cash flows from financing activities		**1,796,674**	**2,692,564**
Net increase/(decrease) in cash		**(117,997)**	**(112,209)**
Foreign exchange gains/(losses) on cash balances		2	3
Net cash flows from all activities		**(117,995)**	**(112,206)**
Cash, cash equivalents at beginning of year		325,728	473,609
Cash, cash equivalents at end of year		**207,731**	**361,403**

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.

These financial statements were authorised for issue by the Directors on 26 February 2026.

2. Statement of compliance

The interim financial statements are for the six months ended 31 December 2025 and are to be read in conjunction with the annual report for the year ended 30 June 2025.

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP) and in compliance with NZ IAS 34 Interim Financial Reporting.

3. Basis of preparation

MEASUREMENT BASE

The financial statements have been prepared on an 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 (NZD) 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 NZD 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.

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.

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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 accounting 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.

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.

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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 six months ended 31 December 2025 in $000s	Unaudited six months ended 31 December 2025	Unaudited six months ended 31 December 2024
Interest income		
Cash and cash equivalents	6,311	15,624
Cash received as collateral	-	3,033
Marketable securities	53,581	47,092
Deposits	12,270	28,338
Derivatives	8,902	-
Loans	447,165	589,138
Total interest income	**528,229**	**683,225**
Interest expense		
Cash pledged as collateral	1,127	-
Bills	28,337	80,660
Treasury Stock Lending	4,822	5,303
Lease liability	-	73
Derivatives	-	147,176
Bonds	457,721	422,351
Borrower notes	11,834	13,396
Total interest expense	**503,841**	**668,958**
Net interest income	**24,388**	**14,267**

5. Other operating income

As at 31 December 2025, LGFA had provided standby facilities totalling $732 million (2024: $742 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	Unaudited six months ended 31 December 2025	Unaudited six months ended 31 December 2024
Standby facilities fee income	789	753
Total other operating income	**789**	**753**

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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	Unaudited six months ended 31 December 2025	Unaudited six months ended 31 December 2024
Issuance & onlending expenses		
Approved issuer levy [1]	3,536	2,540
Rating agency fees	449	372
NZDM facility fee	344	542
Legal fees - issuance	520	306
NZX	342	442
Trustee fees	60	59
Regulatory, registry, other fees	239	213
	5,490	**4,475**
Other operating expenses		
Information technology	506	485
Consultants	223	150
Directors fees	293	263
Insurance	53	53
Legal fees	78	104
Other expenses	524	354
Personnel	2,238	1,899
	3,915	**3,308**
Total operating expenses	**9,405**	**7,782**

1. The amount of Approved Issuer Levy is a function of securities held by offshore holders of certain LGFA bond maturities.

7. 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.

8. 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 into 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

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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 foreign currency interest rates. 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 cross-currency interest rate swap is recognised in Other comprehensive income and accumulated in the cash flow hedge reserve. This is subsequently transferred to the Consolidated income statement when the hedged item affects the Income statement.

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.

EFFECT OF HEDGING ON FINANCIAL STATEMENTS

Below is a summary of the effect of foreign currency hedges on the financial statements:

	Asset/(liability) adjustment		Reserves		
$'000	Derivative fair value adjustment	Fair value hedge adjustment	Cash flow hedge reserve	Cost of hedging reserve	
Audited Balances as at 30 June 2025	118,220	(128,631)	(941)	(8,610)	
		(10,411)		**(9,551)**	
			Other comprehensive income/(expense)		Gains & (losses)
YTD Movement	(136,593)	139,320	8,248	(6,603)	
		2,727		**1,645**	**1,082**
			Reserves		
Unaudited Balances as at 31 December 2025	(18,373)	10,689	7,307	(15,213)	
		(7,684)		**(7,906)**	**222**

Below are nominal amounts of hedging instruments, for both foreign currency hedges and NZD hedges:

NOMINAL AMOUNT OF HEDGING INSTRUMENT

$'000	Unaudited as at 31 December 2025	Audited as at 30 June 2025
Cross currency swaps	7,243,571	6,002,398
Interest Rate Swaps	16,666,258	17,472,048

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9. 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 31 December 2025 in $000s	Derivative assets	Derivative liabilities
Gross amounts	539,475	932,325
Amounts offset	-	-
Carrying amounts	539,475	(539,475)
Amounts that don't qualify for offsetting	-	-
Financial assets & liabilities	(539,475)	(539,475)
Collateral	35,307	-
Net amount	**35,307**	**392,850**

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**

10. Receivables

As at 31 December 2025 in $000s	Unaudited as at 31 December 2025	Audited as at 30 June 2025
Trade debtors	240	2,973
Total receivables	**240**	**2,973**

11. Loans

As at 31 December 2025 in $000s	Unaudited as at 31 December 2025		Audited as at 30 June 2025	
	Short-term loans	Loans	Short-term loans	Loans
Ashburton District Council	22,038	129,329	20,044	124,440
Auckland Council	49,518	3,106,790	48,672	3,111,545
Bay of Plenty Regional Council	95,284	226,702	117,701	224,766
Buller District Council	7,976	25,302	9,909	10,018
Canterbury Regional Council	-	81,394	-	96,421
Carterton District Council	-	27,257	-	27,279
Central Hawkes Bay District Council	-	47,379	-	49,434
Central Otago District Council	5,029	65,683	5,038	45,618
Christchurch City Council	-	2,784,822	-	2,749,479
Clutha District Council	15,517	143,768	15,522	130,327

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in $000s	Unaudited as at 31 December 2024		Audited as at 30 June 2024	
	Short-term loans	Loans	Short-term loans	Loans
Dunedin City Treasury	-	543,701	-	443,747
Far North District Council	42,827	133,826	35,204	120,785
Far North Holdings Ltd	40,836	26,525	49,036	26,521
Gisborne District Council	34,847	195,810	9,920	185,413
Gore District Council	8,526	53,825	8,534	49,873
Greater Wellington Regional Council	-	1,043,951	-	1,021,955
Grey District Council	3,978	34,758	3,971	31,768
Hamilton City Council	103,201	981,057	101,343	922,069
Hastings District Council	-	496,164	18,974	456,568
Hauraki District Council	26,076	143,841	-	141,000
Hawkes Bay Regional Council	-	115,492	-	115,630
Horizons Regional Council	9,964	74,448	9,952	69,472
Horowhenua District Council	14,044	227,293	14,054	227,539
Hurunui District Council	10,054	83,115	14,079	73,632
Hutt City Council	60,880	536,874	-	577,424
Infrastructure Holdings Ltd	14,897	109,240	9,994	109,297
Invercargill City Council	25,671	156,525	28,187	126,432
Kaikoura District Council	-	9,360	-	7,354
Kaipara District Council	-	44,247	-	44,314
Kapiti Coast District Council	12,974	377,305	-	367,751
Kawerau District Council	-	8,071	-	6,058
Mackenzie District Council	5,016	20,239	4,016	19,255
Manawatu District Council	11,528	95,412	11,594	93,445
Marlborough District Council	14,632	314,049	14,606	230,935
Masterton District Council	5,029	68,814	-	66,918
Matamata-Piako District Council	18,554	85,594	-	85,673
Napier City Council	10,055	100,828	-	65,572
Nelson City Council	-	300,414	-	266,619
New Plymouth District Council	61,176	371,288	-	357,122
Northland Regional Council	7,003	59,835	6,883	59,605
Opotiki District Council	-	14,606	4,102	10,588
Otago Regional Council	142,879	33,655	42,767	132,638
Otorohanga District Council	13,095	2,019	10,123	2,019
Palmerston North City Council	4,041	333,623	-	305,995
Porirua City Council	24,646	352,168	-	362,827
Queenstown Lakes District Council	90,425	621,807	88,141	619,296
Rangitikei District Council	10,039	44,392	10,037	44,385

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in $000s	Unaudited as at 31 December 2024		Audited as at 30 June 2024	
	Short-term loans	Loans	Short-term loans	Loans
Rotorua District Council	-	482,511	-	472,652
Ruapehu District Council	10,032	54,194	10,039	54,191
Selwyn District Council	45,407	256,436	40,375	256,744
South Taranaki District Council	-	136,801	-	137,017
South Waikato District Council	13,684	60,339	-	50,369
Southland District Council	-	92,387	-	92,384
Southland Regional Council	-	7,057	-	7,003
South Wairarapa District Council	17,102	11,566	17,125	11,565
Stratford District Council	-	38,735	-	38,927
Taranaki Regional Council	4,884	70,951	-	57,934
Tararua District Council	-	80,516	-	80,621
Tasman District Council	27,395	355,876	31,537	317,397
Taupo District Council	4,993	200,100	-	200,203
Tauranga City Council	24,563	1,376,592	4,840	1,272,492
Thames-Coromandel District Council	-	98,640	-	91,729
Timaru District Council	19,913	227,438	39,727	212,425
Timaru District Holdings Ltd	11,517	2,008	9,316	-
Upper Hutt City Council	-	218,309	-	216,098
Waikato District Council	63,970	251,483	14,621	221,629
Waikato Regional Council	-	39,291	10,042	39,323
Waimakariri District Council	-	211,142	-	221,613
Waimate District Council	-	5,034	-	5,035
Waipa District Council	83,063	329,565	63,492	341,285
Wairoa District Council	2,002	9,622	-	9,624
Waitaki District Council	14,926	76,486	1,997	71,474
Waitomo District Council	6,019	27,133	6,024	27,165
Wellington City Council	-	1,891,579	-	1,843,472
West Coast Regional Council	2,994	30,252	2,991	21,234
Western Bay Of Plenty District Council	20,456	186,216	15,109	161,226
Westland District Council	1,530	37,446	3,928	35,051
Whakatane District Council	-	203,702	-	178,821
Whanganui District Council	7,542	202,327	7,551	196,538
Whangarei District Council	49,619	246,568	48,915	246,882
Fair value hedge adjustment	-	15,182	-	10,322
	1,453,870	**22,386,078**	**1,040,033**	**21,617,267**

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 31 December 2025, all short term loans and $2,572.6 million of loans will mature within 12 months.

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12. Other assets

As at 31 December 2025 in $000s	Unaudited as at 31 December 2025	Audited as at 30 June 2025
Prepayments	823	980
Furniture and Fixtures	92	105
Right-of-use lease asset	394	254
Total other assets	**1,309**	**1,339**

13. Payables and provisions

As at 31 December 2025 in $000s	Unaudited as at 31 December 2025	Audited as at 30 June 2025
Trade creditors	434	5,909
Credit provision	443	301
Other provisions	66	204
Total payables	**943**	**6,414**

14. Debt securities issued at amortised cost

Unaudited as at 31 December 2025	Face Value	Unamortised premium	Accrued interest	Fair value hedge adjustment	Total
NZD Fixed interest bonds					
15 April 2026	2,375,097	(12,150)	7,634		2,370,581
15 April 2027	2,321,000	21,261	22,381		2,364,642
15 May 2028	1,793,000	(49,974)	5,238		1,748,264
20 April 2029	2,092,000	(86,131)	6,293		2,012,162
15 May 2030	2,210,000	(32,236)	12,912		2,190,676
15 May 2031	2,245,000	(195,459)	6,558		2,056,099
14 May 2032	1,000,000	(3,274)	5,967		1,002,693
14 April 2033	1,885,000	(28,947)	14,319		1,870,372
15 May 2035	740,000	(50,121)	2,882		692,761
15 April 2037	1,280,000	(164,143)	5,486		1,121,343
Fair value hedge adjustment				(344,670)	(344,670)
	17,941,097	**(601,174)**	**89,670**	**(344,670)**	**17,084,923**

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Unaudited as at 31 December 2025	Face Value	Unamortised premium	Accrued interest	Fair value hedge adjustment	Total
FCY Fixed interest bonds & EMTN					
8 September 2027	1,158,263	(1,584)	16,190		1,172,870
20 March 2028	864,827	(983)	10,150		873,995
1 August 2028	1,158,263	(1,686)	22,633		1,179,211
1 April 2030	1,015,524	(1,415)	21,997		1,036,106
30 September 2030	864,827	(5,877)	8,332		867,283
28 November 2030	752,871	(1,984)	3,606		754,494
2 April 2032	480,317	(1,301)	2,812		481,828
8 March 2034	926,611	(6,276)	14,718		935,053
6 October 2034	392,986	(1,281)	700		392,406
Fair value hedge adjustment				(10,689)	(10,689)
	7,614,490	**(22,385)**	**101,140**	**(10,689)**	**7,682,556**
Total Fixed interest bonds	**25,555,587**	**(623,559)**	**190,810**	**(355,359)**	**24,767,479**
NZD Bills					
14 January 2026	180,000	-	(208)		179,792
29 January 2026	50,000	-	(96)		49,904
4 February 2026	40,000	-	(108)		39,892
27 February 2026	20,000	-	(77)		19,923
4 March 2026	30,000	-	(131)		29,869
10 March 2026	50,000	-	(236)		49,764
16 March 2026	20,000	-	(119)		19,881
18 March 2026	25,000	-	(130)		24,870
20 March 2026	50,000	-	(270)		49,730
8 April 2026	25,000	-	(178)		24,822
6 May 2026	25,000	-	(216)		24,784
3 June 2026	25,000	-	(265)		24,735
Total NZD Bills	**540,000**	**-**	**(2,034)**	**-**	**537,966**
Total debt securities issued at amortised cost	**26,095,587**	**(623,559)**	**188,776**	**(355,359)**	**25,305,445**

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Audited as at 30 June 2025	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)
	17,468,097	**(623,910)**	**85,666**	**(418,101)**	**16,511,752**
FCY Fixed interest bonds & EMTN					
8 September 2027	1,077,202	(1,914)	14,812		1,090,100
20 March 2028	823,927	(1,150)	9,513		832,290
1 August 2028	1,077,202	(1,874)	20,979		1,096,307
1 April 2030	965,354	(1,504)	6,919		970,769
28 November 2030	700,181	(2,034)	3,299		701,446
2 April 2032	453,667	(1,328)	873		453,212
8 March 2034	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	**23,427,392**	**(639,911)**	**155,526**	**(289,470)**	**22,653,537**
NZD Bills					
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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15. Debt securities issued at fair value through income statement

Unaudited as at 31 December 2025	Face Value	Unamortised premium	Accrued interest	Fair value hedge adjustment	Total
Euro Commercial Paper	1,076,097	-	(4,724)	418	**1,071,791**

As at 30 June 2025	Face Value	Unamortised premium	Accrued interest	Fair value hedge adjustment	Total
Euro Commercial Paper	614,538	-	(1,693)	232	**613,077**

16. 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 31 December 2025, $1,400 million of LFGA bonds had been subscribed as treasury stock.

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 31 December 2025 in $000s	Unaudited as at 31 December 2025	Audited as at 30 June 2025
15 April 2027	20,597	-
15 May 2028	43,942	5,769
15 May 2030	123,586	112,942
15 May 2031	17,309	-
14 May 2032	87,060	132,314
14 April 2033	33,041	25,928
15 May 2035	51,133	-
15 April 2037	7,482	64,803
	384,150	**341,756**

17. 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.

18. Other liabilities

As at 31 December 2025 in $000s	Unaudited as at 31 December 2025	Audited as at 30 June 2025
Lease liability	394	255
Accruals	3,117	2,618
Total other liabilities	**3,511**	**2,873**

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Capital and dividends

19. Share capital

As at 31 December 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.

20.Shareholder information

Registered holders of equity securities	Unaudited as at 31 December 2025		Audited as at 30 June 2025	
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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21. Reconciliation of net profit to net cash flow from operating activities

For the six months ended 31 December 2025 in $000s	Unaudited as at 31 December 2025	Audited as at 30 June 2025
Net profit/(loss) for the period	16,360	18,994
Cash applied to loans	(1,196,984)	(2,119,168)
Non-cash adjustments		
Financial instrument amortisation	15,769	6,189
Working capital movements	(259)	(115)
Net Cash From Operating Activities	**(1,165,114)**	**(2,094,100)**

22. 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 11, 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 17. The Treasury (New Zealand Debt Management) provides LGFA with a committed credit facility and is a derivatives counterparty.

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LGFA

New Zealand Local
Government Funding Agency
Te Pūtea Kāwanatanga ā-rohe

LGFA
New Zealand Local Government Funding Agency
Te Pūtea Kāwanatanga ā-rohe

26 February 2026

Dear LGFA Stakeholder

LGFA 2025 Half Year Report

Please find attached the following link to our Half Year Report for the six-month period to December 2025.

LGFA Half Year Report – 31 December 2025

We are pleased to highlight a positive six-month period for LGFA including the following:

1. **A strong financial position.**
   Net Operating Profit for the six-month period $16.4 million was ahead of our SOI forecast of $15.4 million and an increase of 90% on the comparable prior period. LGFA is in a strong financial position with assets of $28.6 billion and shareholder equity of $138.1 million as at 31 December 2025.

2. **Diversifying our funding base away from New Zealand and Australia.**
   In early 2025, we successfully established a European Medium-Term Note (EMTN) Programme and, under this programme, issued a 5-year USD 500 million bond and a 9-year CHF 180 million bond over the past six months. Both issuances were hedged back into NZD at a cost of borrowing below that of our comparable NZD bond issuances.

3. **Bond Repurchase Programme.**
   In 2025, we launched our NZD Bond Repurchase Programme, conducting weekly repurchase tenders of the April 2026 LGFA Bond. This initiative enhances our liquidity management, reduces refinancing risk, and provides additional support to the secondary market for our bonds. During the six months ended 31 December 2025, we repurchased $227 million of the April 2026 LGFA bond.

4. **Working with our stakeholders.**
   We continue to support the local government sector regarding the implementation of Local Water Done Well and work closely with councils and CCO members to promote sustainability initiatives. We are also improving operational efficiency for members by reducing Section 118 Certificate requirements, with legislation currently before Parliament. We have also implemented a change to allow borrowers to issue a single Global Security Stock Certificate rather than updating it for each borrowing.

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We have met or on track to meet nineteen out of the twenty-one performance targets as set out in the Statement of Intent.

To achieve the above, we require the support of all our stakeholders and thank you for your contribution and assistance over the past six months.

Please do not hesitate to contact me if you have any comments or questions.

Kind regards

Mark Butcher
Chief Executive

2026 – 2029

Statement of Intent (Draft)

LGFA New Zealand Local Government Funding Agency
Te Pūtea Kāwanatanga ā-rohe

1. Introduction

This Statement of Intent (SOI) sets out the nature and scope of the activities, objectives, and performance targets for the New Zealand Local Government Funding Agency Limited (LGFA) for the three-year period 1 July 2026 to 30 June 2029.

LGFA is enabled under the Local Government Borrowing Act 2011 and is a council-controlled organisation (CCO) for the purposes of the Local Government Act 2002.

The SOI is prepared in accordance with section 64(1) of the Local Government Act 2002.

2. Nature and scope of activities

LGFA raises debt funding for the purpose of providing debt financing to New Zealand local authorities and CCOs (members).

In August 2024, LGFA confirmed that it will provide financing to support water CCOs established under Local Water Done Well.

LGFA may raise debt funding either domestically and/or offshore in either NZ dollars or foreign currency.

LGFA only lends to members that have completed required relevant legal and operational arrangements and comply with the LGFA's lending policies.

In addition, LGFA may undertake any other activities considered by the LGFA Board to be reasonably related, incidentally to, or in connection with, that business.

The LGFA Board has agreed subject to receiving shareholder approval to support the development tfo the Ratepayer Assistance Scheme (RAS).

3. Our purpose Ta tatou kaupapa

Benefiting local communities through delivering efficient financing for local government.

Ka whiwhi painga ngā hapori mā te whakarato pūtea tōtika ki ngā kaunihera.

Cover: The Amberley Beach Proactive Relocation Project. **Hurunui District Council**

Above: Papa Rererangi i Puketapu Solar Farm, the first project financed under our GS Renewable Energy category. **New Plymouth District Council**

4. 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 are customer focused

E arotahi ana mātau ki te kiritaki

Our customers are our 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 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.

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 high-performance culture and can be relied upon to deliver results.

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.

5. Foundation objectives

The Shareholders' Agreement is a foundation document and states that, in accordance with the Local Government Act, in carrying on its business the objectives of the Company will be to:

(a) achieve the objectives of the Shareholders (both commercial and non-commercial) as specified in the Statement of Intent. The Shareholders agree that the Company shall carry on its business with a view to making a profit sufficient to pay a dividend in accordance with the Dividend Policy, but that the primary objective of the Shareholders with respect to the Company is that it optimises the terms and conditions of the debt funding it provides to Participating Local Authorities;

(b) be a good employer;

(c) 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; and

(d) conduct its affairs in accordance with sound business practice.

This Statement of Intent sets out the company's strategic priorities, together with associated objectives and performance targets, which align with the foundation objectives and have been agreed with shareholders.

6. Strategic priorities

The following five strategic priorities encompass the foundation objectives and guide the LGFA Board and management in determining our strategy, objectives, and associated performance targets.

Governance, capability, and business practice

LGFA is committed to best-practice corporate governance underpinned by sound business practice to ensure its long-term sustainability and success.

Optimising financing services for local government

LGFA's primary objective is to optimise the terms and conditions of the debt funding it provides to its members. Amongst other things, LGFA will achieve this by delivering operational best practice and efficiency across our lending products and services.

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.

Effective management of loans

LGFA will ensure its loan book remains at a high standard by ensuring it understands each member's financial position and managing assets within an appropriate risk management framework to ensure shareholder value is not compromised.

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.

Upgrading of the seawall at The Strand. **Tauranga City Council**

7. Objectives and performance targets

This section sets out LGFA's objectives and performance targets for SOI 2026-2029.

The financial performance targets are focused on the 2026-2027 year and, as applicable, are based on the financial forecasts outlined in section 8.

Governance, capability, and business practice

Objectives	How we measure our performance
Demonstrate best-practice corporate governance.	The Annual Report outlines our compliance with the eight core principles underpinning the NZX Corporate Governance Best Practice Code.
Set and model high standards of ethical behaviour.	LGFA has adopted a formal Code of Ethics, incorporating its Conflicts of Interest and Code of Conduct policies, which sets out the standards and values that directors and employees are expected to follow.
Achieve the shareholder-agreed objectives and performance targets specified in this Statement of Intent.	LGFA reports performance against objectives quarterly to shareholders and in our Annual Report, Half Year Report and Climate-Related Disclosures.
Ensure products and services offered to participating borrowers are delivered in a cost-effective manner.	LGFA prepares annual operating budgets and monitors progress against these monthly. Financial performance is reported quarterly to shareholders and in our Annual and Half Year Reports.
Be a good employer by providing safe working conditions, training and development and equal opportunities for staff.	The Annual Report reports on our health and safety and wellbeing practices and policies, compliance with the Health and Safety at Work Act, diversity and inclusion and capability and development.

Performance targets	2026-2027 target
Comply with the Shareholder Foundation Polices and the Board-approved Treasury Policy at all times.	No breaches.
Maintain LGFA's credit rating equal to the New Zealand Government sovereign rating where both entities are rated by the same Rating Agency.	LGFA credit ratings equivalent to NZ Sovereign.
LGFA's total operating income, excluding unrealised gains / (losses) on financial instruments, for the period to 30 June 2027.	>$48.8 million.
LGFA's total operating expenses (excluding Approved Issuer Levy) for the period to 30 June 2027.	<13.3 million.

Optimising financing services for local government

Objectives	How we measure our performance
Provide interest cost savings relative to alternative sources of financing.	Measure LGFA issuance spreads against other high-grade issuers in the New Zealand domestic capital markets.
Offer flexible short and long-term lending products that meet the borrowing requirements for borrowers.	Measure LGFA's share of overall council borrowing. Survey participating borrowers on an annual basis.
Deliver operational best practice and efficiency for lending services.	Monitor settlements errors for new trades and cashflows. Survey participating borrowers on an annual basis.
Ensure certainty of access to debt markets, subject always to operating in accordance with sound business practice.	Maintain a vibrant primary and secondary market in LGFA bonds. Monitor participation by investors at our tenders through bid-coverage ratios and successful issuance yield ranges. Have the ability to issue debt securities in NZD and foreign currency.

Performance targets	2026-2027 target
Share of aggregate long-term debt funding to the Local Government sector. The market share excludes entities who are ineligible for borrowing from LGFA e.g. water entities not financially supported by their parent councils.	> 80%
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.
Successfully refinance existing loans to councils and LGFA bond maturities as they fall due.	100%
Meet all lending requests from Participating Borrowers, where those requests meet LGFA operational and covenant requirements.	100%

Environmental and social responsibility

Objectives	How we measure our performance
Assist the local government sector in achieving their sustainability and climate change objectives.	LGFA is committed to assist borrowers financing of projects that promote environmental and social wellbeing in New Zealand, and to encourage a reduction in greenhouse gas emissions and increase climate-resilience amongst borrowers. We do this through the development of lending products such as Green, Social & Sustainability (GSS) loans and Climate Action Loans (CALs). This objective will be measured by the number of new GSS loans and the number of new members eligible for CALs.
Improve sustainability outcomes within LGFA.	LGFA is committed to reducing our carbon emissions, increasing our resilience to climate change, and managing our climate-related risks and opportunities. To do this effectively, climate change considerations will be embedded into our governance, strategy and risk management functions.

Performance targets	2026-2027 target
Health and Safety.	No notifiable incidents.
Maintain Toitū Carbon Zero certification.	Carbon-zero certification maintained.
Develop a LGFA carbon management policy.	LGFA carbon management policy completed.
Increase our GS lending book and Climate Action Loans.	Two new GS loans undertaken and two new borrowers enter into CALs.
Develop a sustainable financing option for the water sector.	The new sustainable financing product is utilised by water entities.
Enhance our insight into climate-related risks through council lending.	Climate change is incorporated into LGFA's credit risk assessments.

Effective management of loans

Objectives	How we measure our performance
Proactively monitor and review each Participating Borrower's financial position, including its financial headroom under LGFA policies. Analyse finances at the Council group level where appropriate and report to shareholders.	LGFA reviews all participating councils and CCOs financial statements on an annual basis and the agendas and management reports on an ongoing basis for all councils on the LGFA borrower watch-list. Member councils are required to complete annual compliance certificates by the end of November each year.
Endeavour to meet each participating borrower annually, including meeting with elected officials as required, or if requested.	Number of members visited in a year.
Ensure a smooth transition of water-related loans if the Local Water Done Well Reforms progresses over forecast period.	LGFA will be able to ensure the successful transition of existing council water-related loans to Water CCOs (if requested by a council).

Performance targets	2026-2027 target
Review each Participating Borrower's financial position.	100%
Arrange to meet each Participating Borrower over a 15-month period, including meeting with elected officials as required, or if requested.	100%

Industry leadership and engagement

Objectives	How we measure our performance
Take a proactive role to enhance the financial strength and depth of the local government debt market and work with key central government and local government stakeholders on sector and individual council issues.	Report on actions undertaken and progress made on sector issues. Identifying any legislative or Central Government policy changes that may impact LGFA and undertake formal or informal submissions. Assist the local government sector with understanding any legislative or Central Government policy changes that may impact LGFA. Provide the opportunity for a Council or CCO staff member to enhance their governance understanding and skills through the LGFA Future Director Programme.
Support the local government sector with the transition to the Local Water Done Well Reforms by assisting with the development options for the Water Services Delivery Plans and communicating our requirements (lending, financial covenants, reporting), as well as loan pricing guidance, implementation considerations and views on best practice.	Report on our sector-wide engagement and initiatives with assisting members' transition to the Local Water Done Well Reforms.

Performance targets	2026-2027 target
Provide quarterly updates to shareholders and borrowers on sector developments that are impacting LGFA.	Four quarterly updates to councils and CCOs.
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.
Support councils with Local Water Done Well by providing timely and responsible advice for on-boarding water CCOs.	On-boarding process is underway for all water CCOs who have requested it.
Provide a governance opportunity for a council or CCO staff member under the LGFA Future Director Programme.	One Future Director appointed for an 18 month term.

The Amberley Beach Proactive Relocation Project. **Hurunui District Council**

8. Financial forecasts

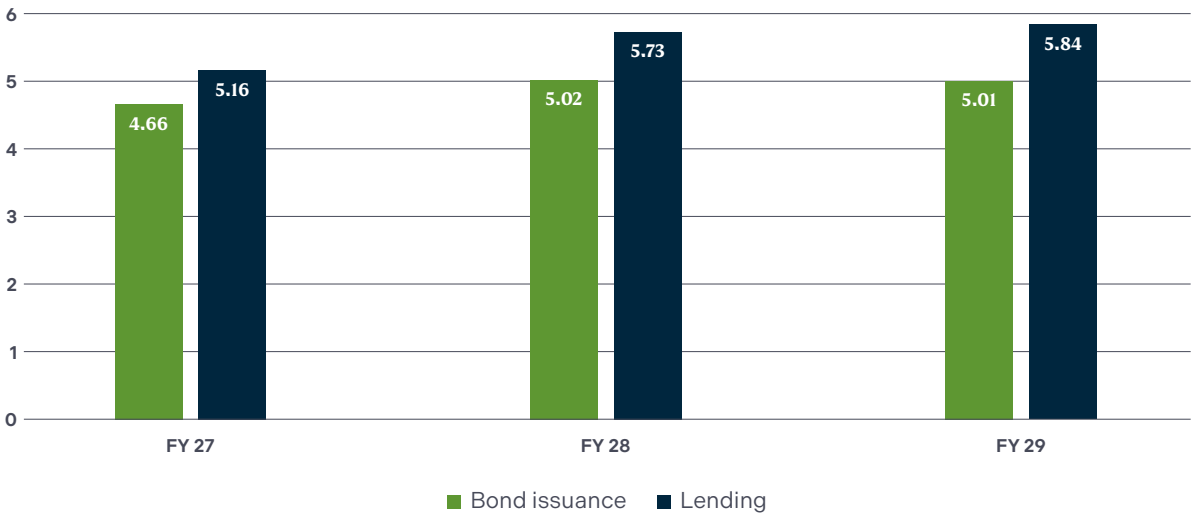
LGFA's financial forecasts for the three years to 30 June 2029:

Summary comprehensive income $m	Jun 27	Jun 28	Jun 29
Net interest income	**46.9**	**45.9**	**47.9**
Other operating income	1.9	1.9	1.9
Total income	**48.8**	**47.8**	**49.8**
Operating expenses[1]	21.6	23.3	25.2
Net profit	**27.2**	**24.5**	**24.6**
Financial position $m	**Jun 27**	**Jun 28**	**Jun 29**
Liquid assets portfolio	5,042	5,279	6,791
Loans	25,134	26,463	26,748
Other assets	-	-	-
Total assets	**30,176**	**31,742**	**33,539**
NZD bonds on issue (ex Treasury stock)	17,000	17,726	18,434
FCY bonds on issue	10,242	10,779	11,952
Bills & ECP on issue	1,844	1,844	1,844
Borrower notes	879	1,030	1,139
Other liabilities	-	-	-
Total liabilities	**29,965**	**31,378**	**33,368**
Capital	25	25	25
Retained earnings	166	189	212
Dividend	(2)	(2)	(2)
Shareholder equity	**189**	**212**	**235**
Ratios	**Jun 27**	**Jun 28**	**Jun 29**
Liquid assets/funding liabilities	17.9%	17.9%	21.5%
Liquid assets / total assets	16.7%	16.6%	20.2%
Net interest margin	0.19%	0.17%	0.18%
Cost to income ratio	44.3%	48.7%	50.6%
Return on average assets	0.09%	0.08%	0.07%
Shareholder equity/total assets	0.6%	0.7%	0.7%
Shareholder equity + BN/total assets	3.5%	3.9%	4.1%
Asset growth	9.4%	5.2%	5.7%
Loan growth	5.9%	5.3%	1.1%
Return on equity	16.6%	13.0%	11.6%
Capital ratio	17.7%	19.6%	20.5%

1. Operating Expenses include Approved Issuer Levy (AIL)

The following graph shows the volumes for the assumed bond issuance programme and lending to councils over the forecast period.

Forecast gross issuance and lending volumes over 3-year period ($billion)



Note: The forecasts include consideration that LGFA will provide financing to support water CCOs established under Local Water Done Well. However, there is a level of uncertainty regarding the financial forecasts for both council borrowing and LGFA bond issuance due to the uncertainty relating to the timing of the establishment of water CCOs and the impact on councils.

Our council lending and LGFA bond issuance forecasts include LGFA lending to the proposed water CCOs if they meet our qualifying criteria for membership. We have assumed we will not be lending to financially independent water CCOs such as Watercare as they are unlikely to meet the qualifying criteria. As at the date of release, there have been no Water Services Delivery Plans approved and no final decisions made regarding the transfer mechanism for assets, liabilities and revenue from each council to the proposed water organisations.

Ratepayer Assistance Scheme

LGFA is supporting the development of the Ratepayer Assistance Scheme (RAS) that will assist ratepayers with the ability to defer rates, enter property improvement loans and spread the payment of development contributions (or levies) over a long time horizon. LGFA has committed to financially contribute to the RAS business case in the 2024-25 FY. If the business case is supportive and the RAS proceeds then (subject to shareholder approval), LGFA will consider taking a shareholding, providing a debt facility, providing support services, investing in preference shares (akin to the LGFA Borrower Notes) and managing the RAS debt issuance programme. The LGFA participation in RAS has not been factored into the above financial forecasts.

9. Dividend policy

LGFA primary objective is to maximise benefits to participating borrowers rather than shareholders. Consequently, it is intended to pay a limited dividend to shareholders.

The Board's policy is to pay a dividend that provides an annual rate of return to shareholders equal to LGFA fixed rate bond cost of funds plus 2.00% over the medium term.

At all times payment of any dividend will be discretionary and subject to the Board's legal obligations and views on appropriate capital structure.

10. Governance

Board

The Board is responsible for the strategic direction and control of LGFA's activities. The Board guides and monitors the business and affairs of LGFA, in accordance with the Companies Act 1993, the Local Government Act 2002, the Local Government Borrowing Act 2011, the Company's Constitution, the Shareholders' Agreement for LGFA and this SOI.

The Board comprises seven directors with six being independent directors and one being a non-independent director.

The Board's approach to governance is to adopt best practice with respect to:

- The operation of the Board.
- The performance of the Board.
- Managing the relationship with the Company's Chief Executive.
- Being accountable to all Shareholders.

All directors are required to comply with a formal Charter.

The Board will meet on a regular basis and no fewer than six times each year.

Shareholders' Council

The Shareholders' Council is made up of between five and ten appointees of the Shareholders (including an appointee from the Crown). The role of the Shareholders' Council is to:

- Review the performance of LGFA and the Board, and report to Shareholders on that performance on a periodic basis.
- Make recommendations to Shareholders as to the appointment, removal, replacement, and remuneration of directors.
- Make recommendations to Shareholders as to any changes to policies, or the SOI, requiring their approval.
- Ensure all Shareholders are fully informed on LGFA matters and to coordinate Shareholders on governance decisions.

11. Information to be provided to Shareholders

The Board aims to ensure that Shareholders are informed of all major developments affecting LGFA's state of affairs, while at the same time recognising both LGFA's obligations under NZX Listing Rules and that commercial sensitivity may preclude certain information from being made public.

Annual Report

The LGFA's balance date is 30 June.

By 30 September each year, the Company will produce an Annual Report complying with Sections 67, 68 and 69 of the Local Government Act 2002, the Companies Act 1993 and Financial Reporting Act 2013. The Annual Report will contain the information necessary to enable an informed assessment of the operations of the company, and will include the following information:

- Directors' Report.
- Financial Statements incorporating a Statement of Financial Performance, Statement of Movements in Equity, Statement of Financial Position, Statement of Cashflows, Statement of Accounting Policies and Notes to the Accounts.
- Comparison of the LGFA's performance regarding the objectives and performance targets set out in the SOI, with an explanation of any material variances.
- Auditor's Report on the financial statements and the performance targets.
- Any other information that the directors consider appropriate.

Climate-Related Disclosures

By 30 September each year, the Company will produce Climate-Related Disclosures in accordance with the Aotearoa New Zealand Climate Standards issued by the External Reporting Board.

The Climate Standards require the Company to disclose climate-related information across the following four thematic areas:

- Governance
- Strategy
- Risk management
- Metrics and targets.

Half Yearly Report

By 28 February each year, the Company will produce a Half Yearly Report complying with Section 66 of the Local Government Act 2002. The Half Yearly Report will include the following information:

- Directors' commentary on operations for the relevant six-month period.
- Unaudited half-yearly Financial Statements incorporating a Statement of Financial Performance, Statement of Movements in Equity, Statement of Financial Position and Statement of Cashflows.

Quarterly Report

By 31 January, 30 April, 31 July, and 31 October each year, the Company will produce a Quarterly Report. The Quarterly Report will include the following information:

- Commentary on operations for the relevant quarter, including a summary of borrowing margins charged to Participating Borrowers (in credit rating bands).
- Comparison of LGFA's performance regarding the objectives and performance targets set out in the SOI, with an explanation of any material variances.
- Analysis of the weighted average maturity of LGFA bonds outstanding.
- In the December Quarterly Report only, commentary on the Net Debt/Total Revenue percentage for each Participating Local Authority that has borrowed from LGFA (as at the end of the preceding financial year).
- To the extent known by LGFA, details of all events of review in respect of any Participating Borrower that occurred during the relevant quarter (including steps taken, or proposed to be taken, by LGFA in relation thereto).
- Details of any lending to CCOs during the quarter and the amount of CCO loans outstanding.
- Commentary on sustainability initiatives.

Statement of Intent

By 1 March in each year the Company will deliver to the Shareholders its draft SOI for the following year in the form required by Clause 9(1) of Schedule 8 and Section 64(1) of the Local Government Act 2002.

Having considered any comments from the Shareholders received by 30 April, the Board will deliver the completed SOI to the Shareholders on or before 30 June each year.

Shareholder Meetings

The Board will hold an Annual General Meeting between 30 September and 30 November each year to present the Annual Report to all Shareholders.

The Company will hold a meeting with the Shareholders' Council approximately every six months – prior to the Annual General Meeting and after the Half Yearly Report has been submitted. Other meetings may be held by agreement between the Board and the Shareholders' Council.

12. Acquisition/divestment policy

LGFA will invest in securities in the ordinary course of business. It is expected that these securities will be debt securities. These investments will be governed by LGFA's lending and/or investment policies as approved by the Board and/or Shareholders.

Any subscription, purchase, or acquisition by LGFA of shares in a company or organisation will, if not within those investment policies, require Shareholder approval other than as concerns the formation of wholly-owned subsidiaries and the subscription of shares in such wholly-owned subsidiaries.

13. Activities for which compensation is sought from Shareholders

At the request of Shareholders, LGFA may (at its discretion) undertake activities that are not consistent with its normal commercial objectives. Specific financial arrangements will be entered into to meet the full cost of providing such activities.

Currently there are no activities for which compensation will be sought from Shareholders.

14. Commercial value of Shareholder's investment

LGFA will seek to maximise benefits to Participating Local Authorities as Borrowers rather than Shareholders.

Subject to the Board's views on the appropriate capital structure for LGFA, the Board's intention will be to pay a dividend that provides an annual rate of return to Principal Shareholders equal to LGFA fixed rate bond cost of funds plus 2.00% over the medium term.

As the Shareholders will have invested in the LGFA on the basis of this limited dividend, the Board considered that at establishment the commercial value of LGFA was equal to the face value of the Shareholders' paid up Principal Shares - $25 million.

In the absence of any subsequent share transfers to the observed share transfers on 30 November 2012, the Board considers the current commercial value of LGFA is at least equal to the face value of the Shareholders' paid up Principal Shares of $25 million. This equates to a value per share of $1.00.

15. Accounting policies

LGFA has adopted accounting policies that are in accordance with the New Zealand International Financial Reporting Standards and generally accepted accounting practice. A Statement of accounting policies is attached to this SOI.

[Not included in draft. To be included in final release version]

LGFA
New Zealand Local Government Funding Agency
Te Pūtea Kāwanatanga ā-rohe

27 February 2026

Dear Shareholder

Draft Statement of Intent 2026-2029

Please find attached a copy of our draft Statement of Intent (SOI) for 2026-2029.

LGFA continues to focus on delivering strong results for both our council borrowers and shareholders.

For our borrowing councils we seek to optimize funding terms and conditions by

- Achieving savings in borrowing costs
- Providing longer dated funding and
- Providing certainty of access to markets

For our shareholders we are focused on

- Delivering a strong financial performance
- Monitoring asset quality
- Enhancing our approach to treasury and risk management, and
- Ensuring we have the correct governance framework and capital structure in place.

For our guarantors we are focused on

- Minimising the risk of a call upon the guarantee through actively monitoring and managing the business risks faced by LGFA including operational, credit, liquidity, interest rate, and funding risk.

The following points regarding the draft SOI 2026-29 are worth noting:

- This draft SOI, including financial forecasts covers the financial years 2026-29 (FY27), 2027-28 (FY27) and 2028-29 (FY29).
- The SOI forecasts assume that LGFA will commence lending to water CCOs in FY 27 as the Local Water Done Well Programme is implemented. There is however a high level of uncertainty regarding the amount and timing of lending to the water CCOs.
- Profitability is expected to be strong with projections for Net Profit of $27.2 million, $24.5 million, and $24.6 million over the three years. However, we remain cautious in placing too much emphasis on the second year (FY28) and third year (FY29) forecasts given we have $9.3 billion of LGFA bonds and $12.2 billion of council and CCO loans maturing over the three-year SOI forecast period. This is because assumptions regarding the amount and timing of loan refinancing and interest rates have a material impact on financial projections.

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lgfa.co.nz

- We are assuming gross bond issuance of $4.66 billion (FY27), $5.02 billion (FY28) and $5.01 billion (FY29) based on council gross borrowing of $5.16 billion (FY27), $5.73 billion (FY28) and $5.84 billion (FY29).
- Issuance and operating expenses including Approved Issuer Levy (AIL) are forecast to be approximately $3.2 million higher in FY27 and $2.9 million higher in FY28 compared to the previous SOI. This is due to increased AIL paid to the New Zealand Government on our increased foreign currency issuance, as well as increased operating costs to accommodate expected growth in the business.
- The proposed SOI performance targets are similar to the previous SOI. The focus remains on sustainability, assisting councils to implement Local Water Done Well, stakeholder engagement, meeting the financial targets, and monitoring the credit quality of the sector.

If you have any questions or wish to provide comments by 1 May 2026 then please feel free to contact myself or any member of the Shareholders Council. The LGFA board will consider any feedback received and provide a final version of the SOI to shareholders by 30 June 2026.

Yours sincerely

Mark Butcher
Chief Executive

10.7 MONTHLY FINANCIAL REPORT - 31 JANUARY 2026

File Number: **A7123612**

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 results and treasury position to Elected Members for the 7 months ended 31 January 2026.

This report also provides the Audit, Risk and Finance Committee with any current Treasury Policy breaches in relation to interest rate hedging, as identified in previous financial reports.

RECOMMENDATION

That the Chief Financial Officer's report dated 17 March 2026 titled 'Monthly Financial Report - 31 January 2026' be received.

SUMMARY

Attached is a summary of the financial performance for the period ended 31 January 2026 along with associated financial statements and analysis in **Attachment 1**.

The current budgets per the adopted annual plan, adjusted for Council approved carry forwards and have been phased monthly or where possible to best reflect forecasted timings by budget managers.

The format of this reporting has a strong focus on capital expenditure and to provide detailed explanations of variances and forecast commentary. This is intended to give clear insight into the Council's financial performance and position, and to ensure Elected Members have the information necessary to meet their governance responsibilities and support informed decision-making.

ATTACHMENTS

1. **P7 Monthly Finance Report - 31 January 2026**

Pūrongo pūtea ia marama
Monthly Financial Report

Year to date
January 2026

Western
Bay of Plenty
District Council

Executive Summary

This report covers the seven-month period to 31 January 2026. The Revised Budget referenced throughout reflects the adopted Annual Plan 2025/26, adjusted for Council-approved carry forwards from the 2025 financial year and brought forwards from the draft 2027 Annual Plan. The forecasted full year (FY) has been developed from regular programme control group forecasting, with a focus on Council capital projects. Revenue and expenditure forecasts are based on the year to date (YTD) actuals against budget with assumptions changed for expected trends.

Detailed forecasts are completed every quarter with the next detailed forecast due to be provided in the March 2026 report. Where an updated forecast is not specifically discussed the forecast numbers in this report are in line with December 2025 forecast.

Forecasts or actuals do not include the impact of the late January 2026 weather event. An early estimation has been included in transportation, however it is expected that significant changes will be required to forecasts following impact assessments, as noted above these will be included in the March 2026 Financial report.

An initial exploration of the key financial metrics shows that total revenue at $115.9m is higher than budget by 6.7m. Total expenditure of $85.0 m is lower than budget by $7.0m. These trends are forecast to continue through to year end. Capital expenditure of $74.1m year to date is lower than budget by $9.1m, this is forecast to continue to be lower than budget by $5.9m at year end. Total borrowings is currently at $220m and continues to be forecast at the budgeted year end position of $278.6m, however if the trends above continue as forecast it is likely that the debt position will be lower too.

Monthly Financial Report – January 2026

Key Financial Metrics

For the period ended 31 January 2026	Actual YTD	Revised Budget YTD	Variance Actual v Budget YTD		As % of FY Budget	Forecast FY Actuals	Revised FY Budget	Variance Forecast v Budget FY	
	($000)	($000)	($000)	%	%	($000)	($000)	($000)	%
Total revenue	115,929	109,235	6,694	6%	60%	198,008	194,009	3,999	2%
Total expenditure	(84,999)	(92,015)	7,016	8%	53%	(156,359)	(161,271)	4,912	3%
Total Surplus/(Deficit)	**30,930**	**17,220**	**13,710**	**80%**	**94%**	**41,649**	**32,738**	**8,911**	**27%**
Capital expenditure	74,051	83,159	9,109	11%	49%	145,494	151,433	5,939	4%
Total borrowings	220,000	278,571	n/a	n/a	79%	278,571	278,571	-	0%
Net borrowings	203,921	267,597	n/a	n/a	67%	n/a	267,597	n/a	n/a

- **Capital Expenditure:** $74.1m spent year to date vs. $83.2m budget.
  Recreation and Leisure is now at 67% of its annual budget and $460k over budget year to date. The spend to date is driven by the $3.9m purchase of 474 Ōmokoroa Road (leased back to sellers, future active reserve), the previously noted budget has now been revised with the brought forward from the 2027 financial year now included. This was approved by Council in December 2025. Other projects contributing to the overspend are Panepane Wharf Replacement and Dave Hume Pool Liner and Bulkhead, which is forecast to come in under budget at year end.

  In the Communities activity the Waihi Beach Library and Service Centre is $502k under budget year to date, due to the bulk of the project being completed early, in the 2025 financial year.

The 109 Clark Road Strategic Property project has year-to-date expenditure of $781k against a nil budget for the financial year. The land was purchased in 2021 for reserve purposes, it has now been subdivided into four lots, with sales in the financial year resulting in an overall project net cost of $9k provides Council with a 10Ha reserve.

Overall, Council has spent 49% of the annual capital budget with 58% of the year elapsed.

- **Borrowings**:
  Total borrowings are $220m with an average cost of funds of 4.04%. Net borrowings are $203.9m after $16.1m of cash holdings. Actual borrowings are monitored weekly but are only budgeted at the year end position. Forecasted borrowings for year end remain at the year end budgeted level of $279m. Should capital projects slow down, and the full programme not be achieved there may be the opportunity for a lower debt balance. The March quarter will provide a forecasted year end position.

- **Total Revenue**: $115.9m year to date, is $6.69m higher than the budget of $109.2m.
  Subsidies and grants were $5.4m above budget with Transportation subsidies and grants being $4.8m ahead of budget due mainly to the Ōmokoroa Structure Plan roading projects. The acceleration of these projects is currently compensating for general under recovery of NZTA subsidies associated with pavement renewals due to the renewals programme being behind schedule. These renewals are programmed to catch up before year end.

  Rates revenue is $1.6m above budget, excluding metered water charges. This is driven by rating penalties of $1.5m year to date being $883k above budget. These Penalties include P3 penalties on late 2024/25 rates, and P1 and P2 penalties on 2025/26 rates. Further penalties will be charged after the second instalment in March 2026. The full year budget is $1.4m and penalties will be over budget at year end as the P3 penalties were not budgeted for in Annual Plan 2026, also as this revenue stream is dependant on rate payer on-time payments.

  Regulatory revenue is $601k above budget, driven by higher consent applications, inspections and Non-notified Fees.

- **Total Expenditure**: $7m under budget.
  The Datascape project is $2.4m under budget. This project is planned to be delivered over two financial years, and loan funded over five years. It is expected that costs will increase as the project completes the build phase and begins delivery and testing phases. While costs are being incurred it is anticipated that a carry forward of the budget into financial year 2027 will be required.

  The water Services CCO setup costs are $2.1m under budget year to date. The due diligence phase is progressing, and costs are being managed by Tauranga City Council, these are yet to be invoiced to our Council for our agreed share. The budget for the financial year of $3.8m is currently forecast to be underspent at year end by $1.3m, this will be requested to be carried forward into the next financial year.

  Maintenance and operations are $1.5m under budget, this is mainly across the water utilities budgets. There have been no significant issues year to date in the wastewater or water supply network, however this will be closely monitored as this is one cost area which may be impacted by the recent January weather event.

  Total revenue less total expenditure results in a surplus year to date of $30.9m compared to the $17.2m budget.

Capital Expenditure

Capital expenditure by activity as at 31 January 2026

	Note	Actual Year to date ($000)	Revised Budget YTD ($000)	Variance Actual v Budget YTD ($000)	%	Actual YTD as a % of FY Budget	Forecast FY Actuals ($000)	Revised FY Budget ($000)	Variance Forecast v Budget FY ($000)	%
Corporate Services	1	2,154	1,654	(500)	(30%)	76%	3,310	2,842	(468)	(16%)
Communities	2	1,521	1,986	465	23%	61%	1,767	2,482	716	29%
Economic		1	64	63	98%	1%	91	110	19	17%
Recreation and Leisure	3	10,960	10,506	(454)	(4%)	62%	17,472	17,711	239	1%
Regulatory		-	77	77	100%	0%	33	77	45	58%
Structure Plan	4	25,538	30,158	4,620	15%	45%	46,537	57,148	10,610	19%
Transportation	5	10,868	17,229	6,361	37%	39%	32,990	27,523	(5,467)	(20%)
Stormwater	6	1,321	2,499	1,179	47%	29%	3,603	4,587	984	21%
Waste Management	7	10,511	6,514	(3,996)	(61%)	49%	26,190	21,655	(4,535)	(21%)
Water Supply	8	11,101	12,471	1,371	11%	64%	13,501	17,297	3,796	22%
TOTAL		**73,974**	**83,159**	**9,185**	**11%**	**49%**	**145,494**	**151,433**	**5,939**	**4%**

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. **Corporate Services** – is year to date $500k over budget. Full year forecast $468k over budget**.**

- Strategic Property: The 109 Clark Road project has year-to-date expenditure of $781k and a nil budget for the financial year. Land purchased for reserve purposes in 2021 has been subdivided with fours lots anticipated to sell by the end of this financial year. This results in an overall project cost of $9k, and in 10Ha being retained by Council for reserve purposes.
- Strategic Property: Ōmokoroa Development is $245k under budget. This project relates to investigation and negotiation of strategic property acquisition and/or development, as required. There has been no requirement to use this budget, and none is anticipated during the year. The forecast year-end position is $420k under budget.
- IT Infrastructure Development is $124k over budget due to replacement of on-premise servers. It is forecast that full year will be on budget.
- The remaining budget variances from other projects in this activity total $160k under budget year to date.

2. **Communities** – is year to date $465k under budget. Full year forecast $716k under budget.

- Katikati arts junction project is $137k over budget year to date. This is due to unexpected increase in weathertightness remediation costs. 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 $502k under budget year to date, due to the bulk of the project being completed in financial year 2025. $80k has been assigned to this project from the roading account for the build of a bus stop at the library. Minimal expenditure is forecast for the remainder of the year. The full year forecast is for the project to be $580k under budget.
- Te Puke Natural Burials are $123k under budget year to date as the project is not expected to commence until February 2026. Forecast year-end position will be updated in the March report.
- The remaining budget variances from other projects in this activity total $24k over budget year to date and are forecasting to be $23k over budget for the year.

3. **Recreation and Leisure** – is year to date $454k over budget. The full year forecast is $239k over budget.

- The full year forecast variance from the December 2025 report to the January 2026 has significantly decreased. On 16 December, a brought forward request of $2.8m (across this and the Ōmokoroa Active Reserves project) was approved by Council to cover the purchase which was budgeted for in 2025. This has now been processed, and the deficit is offset by the underspend in the Ōmokoroa Active Reserves project. Council also approved a brought forward budget of $1.2m from 2027 for the Coastal Marine Renewals project.

4. **Structure Plan** – is $4.6m under budget. The full year forecast is $10.6m under budget.

- The Ōmokoroa roundabout is forecasted to come in well under budget, reflecting a significant saving that is forecast to be achieved of $8.2m. This project is largely Crown funded, and negotiations are underway with the Crown to understand if savings achieved will be shared with the Council. Ōmokoroa Urbanisation Stage 1 is currently forecasting to be overspent, but work is underway by the project team to bring this back within budget. Currently no decisions are being requested of Council for an increase in project budget.

5. **Transportation** – is $6.3m under budget. Full year forecast $5.5m over budget.

- The current period to date expenditure is under budget by $6.3m. The programme works is increasing in line with the summer programme. No1 Road concrete, Wilson Road North & Oropi Road have all started, which will catch up on this under spend.
- $5m has been estimated to be spent this Financial Year on the January 2026 storm event recovery.
- The Rangiuru Business Park Roading project is $620k under budget, our contribution to this project is $1m, due this Financial Year.

6. **Stormwater** – is $1.2m under budget. Full year forecast $985k under budget.

- Combined timing of projects are behind budget phasing
    - Waihi Beach earth dam upgrade is in the design and consenting phase, with upgrade options being refined for approval.
    - Waihi Beach Wallnutt Ave pipe renewals are in the design and consenting phase, with upgrade options being refined for approval.
    - Beach Road boardwalk renewal are at the procurement stage,
    - Waihi Beach and Athenree improvements are at the procurement stage

  Collectively these projects are below budget by $772k year to date. The projects combined are forecast to be under budget by $252k at year end.
- Waihi Beach Wilson Park/The Crescent is $254k below budget year to date and is forecast to be under budget $190k.
- Te Puke upgrades at Oxford and Boucher Streets are completed and delivered under budget by $105k.

7. **Waste management–** is $4.0m over budget. The full year is forecast to be $4.5m over budget.

- Te Puke treatment plant is $4.4m over budget year to date. McConnell Dowell, the contractor, has submitted 3 claims, with earthworks having started in January. Projected expenditure in the current year is forecast to exceed budget by $11.9m due to earlier completion of stages compared to budget timings. The total project is expected to come in as per budget. Regular updates will be provided and approval to bring forward any budget will be sought as required.

- Maketu treatment plant renewals are under budget $95k year to date. Although a delayed final design has impacted project progression, it is forecast to be $90k below budget at year end.
- Te Puke infrastructure rehabilitation is $220k under budget. The project is for replacement of a bridge containing pipe infrastructure. Construction is planned to start in March and is forecasted to be on budget at year end.

8. **Water supply** – is $1.4m under budget. The full year forecast is $3.8m under budget.

- Pongakawa treatment plant upgrade is $1.3m under budget year to date. The project was delayed with landowner negotiations taking longer than expected. The construction contract is currently in negotiation, updated costings are indicating that this will be under budget at year end by $933k, with the scope focus on delivery of the UV reactor, and probable deferment of the reservoir part of the project.
- Athenree and Wharawhara treatment plant upgrades were completed across financial year 2025 and financial year 2026 at $1.5m under budget, additionally the remaining budget for January to June 2026 of $0.5m will not be spent.
- The central supply zone water treatment plant UV project is complete, with the commissioning of the new UV system at Ohourere. Year to date spend is $542k under budget due to halting construction of the second stage treatment plant improvement works. Pausing construction is to give Council the time to contemplate the options and improve scope definition. A carry forward request of $500k is likely at year end.
- The water mains upgrade at Boucher Ave is currently over budget by $393k year to date, however it is nearing completion earlier than expected, and forecast to be under budget by $262k at year end.
- Central zone reticulation improvements are $158k over budget year to date and is expected to remain over budget at year end by this amount.
- The Youngson Road bore project was not completed in financial year 2025 due to an accident on site delaying progress, this resulted in costs of $190k being expensed in financial year 2026. No further work is forecasted, and this will stay over budget by $190k for the year.
- The water main renewal at Kotahi Lane and Main St is now complete and is $168k over budget.

Financial Statements

Whole of Council – Statement of Comprehensive Revenue and Expense

	Note	Actual YTD ($000)	Revised Budget YTD ($000)	Variance Actual v Budget YTD ($000)	%	Actual YTD as a % of FY Budget	Forecast FY Actuals ($000)	Revised FY Budget ($000)	Variance Forecast v Budget FY ($000)	%
Revenue										
Rates revenue	1	67,270	65,662	1,608	2%	60%	114,500	113,003	1,497	1%
Subsidies and grants	2	30,734	25,272	5,462	22%	61%	51,670	51,670	-	0%
Development and financial contributions	3	6,478	9,281	(2,803)	(30%)	41%	15,910	15,910	-	0%
Fees and charges	4	6,681	6,078	603	10%	69%	10,325	9,725	600	6%
Interest revenue	5	376	166	211	127%	132%	700	284	416	146%
Other revenue	6	4,389	2,777	1,612	58%	90%	4,903	4,903	0	0%
Total revenue		**115,929**	**109,235**	**6,694**	**6%**	**60%**	**198,008**	**195,494**	**2,514**	**1%**
Expenses										
Personnel costs		20,470	21,397	927	4%	56%	35,500	36,268	768	2%
Depreciation and amortisation expense		19,083	18,349	(734)	(4%)	61%	32,818	31,455	(1,363)	(4%)
Finance costs		4,394	4,597	204	4%	56%	7,500	7,881	381	5%
Other expenses	7	41,053	47,673	6,620	14%	48%	80,541	85,667	5,126	6%
Total expenses		**84,999**	**92,015**	**7,016**	**8%**	**53%**	**156,359**	**161,271**	**4,912**	**3%**
Surplus/(deficit) before tax		**30,930**	**17,220**	**13,710**	**80%**	**94%**	**41,649**	**34,223**	**7,426**	**22%**

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

9. **Rates revenue –** is year to date $1.6m over budget. Full year forecast $1.5m over budget.

- This is driven by rating penalties of $1.5m year to date being $883k above budget year to date. Penalties include P3 penalties on late 2024/25 rates, and P1 and P2 penalties on 2025/26 rates. Further penalties will be charged after the second instalment in March 2026. The full year budget is $1.4m and penalties will be over budget at year end as the P3 penalties were not budgeted for in Annual Plan 2026, and the revenue is dependant on rate payer on-time payments.
- Metered waters charges are $353k over budget due to timing cycle of meter readings against budget.

10. **Subsidies & Grants** - are year to date $5.5m over budget. Full year forecast is expected to remain at this level over budget.

- Transportation subsidies are $4.8m ahead of budget due mainly to the Ōmokoroa Structure Plan roading projects, this is due to the carryover of the under spend last financial year and not budgeted for the recovery of this carryover in this financial year.
- The NZTA subsidies associated with pavement renewals due to the renewals programme are $843k ahead of budget due to accelerated works undertaken.

11. **Development and financial contributions** – are year to date $2.8m under budget.

- Ōmokoroa development continues to have a slower development than what was budgeted for.
  Forecasts remain at budget levels at this time, this is due to Council not having control on the timing of development. There is a risk that if development remains at the same level, the budget variance will continue or deteriorate.

12. **Fees and charges -** are year to date $603K over budget. Full year forecast $600k over budget.

- More resource consent and building consent applications and inspections have been received compared to a conservative budget year to date. While this increase continues to be positive year to date, staff remain cautious around sustainability of this as it remains a volatile market.

13. **Interest revenue** – is year to date $211k over budget. Full year is conservatively forecast at $416k over budget.

- Higher cash on hand than budgeted particularly from the first rates instalment invoiced in September. These gains are forecast to be maintained and likely increase during the remainder of the year.

14. **Other revenue –** is year to date $1.6m over budget. Full year forecasts are expected to remain above budget.

- Forestry harvesting proceeds are $372k over budget and are offset by harvest expenditure, of $202k. Both are unbudgeted, therefore year-end forecast is $170k above budget.
- Rental income is $354k over budget for the year, driven by Reserves & Facilities. Contributing factors are annual rental received for lease of the Te Puke domain to the Te Puke high school (budget phasing), new monthly lease of the Ōmokoroa storage facility, which is due to end on 31 March 2026 and higher than budgeted rental for camping. Full year forecast is $371k above budget.
- Dividends Received of $155k were unbudgeted.
- Vested assets are $657k over budget and are expected to remain above budget for the remainder of the year.

Expenses

15. **Personnel costs –** year to date $927k under budget. Full year forecast of $800k under budget.

- In December an analysis of personnel costs enabled capitalisation of $211k of direct project related costs. This analysis is continuing with a view to only capitalise employees who have a direct link to a capital project. These gains against budget are permanent and reflect an under budget forecast at year end of $0.8m.

16. **Other expenses** – year to date $6.6m under budget. Full year forecast $5.1m under budget.

- The Datascape project is $2.4m under budget. This project is planned to be delivered over two financial years, and loan funded over five years. It is expected that costs will increase as the project completes the build phase and begins delivery and testing phases. While costs are being incurred it is anticipated that a carry forward of the budget into financial year 2027 will be required.
- The water Services CCO setup costs are $2.1m under budget year to date. While the due diligence phase is well underway and individual workstream budgets being confirmed, the costs are being managed by Tauranga City Council, and these are yet to be invoiced through to our Council for our share. It is forecast that the budget for the financial year of $3.8m will be under by year end by $1.3m but that this cost will carry forward into the next financial year and part of the establishment phase continuation.
- Maintenance and operations are $1.5m under budget, this is mainly across the water utilities budgets. There have been no significant issues year to date in the wastewater or water supply network. Katikati outfall continues to pose issues with a few breaks costing around $430k year to date. Recent weather events in January are expected to affect spending within this budget.
- Council has a year to date unrealised mark-to-market asset position on its interest rate swaps of $360k, this is unbudgeted and noncash in nature. This is a $222k favorable movement year to date. The change is from movements in market interest rates relative

to Council's average hedged interest rate position. Council's current average cost of funds remains at 4.04%, which is below the budgeted interest rate assumption of 4.16%.

Activity – Statement of Comprehensive Revenue and Expense

Corporate Service	Actual YTD ($000)	Revised Budget YTD ($000)	Variance Actual v Budget YTD ($000)	%	Revised FY Budget ($000)	Actual YTD as a % of FY Budget
Corporate Services Revenue	4,231	2,968	1,263	43%	5,527	77%
Corporate Services Expenses	502	7,316	6,814	93%	12,496	4%
Corporate Services Surplus/(Deficit)	**3,729**	**(4,348)**	**8,077**	**186%**	**(6,968)**	**(54%)**

Revenue - is $1.3m over budget

- General rates are $242k over budget due to growth being higher than budgeted. Offsetting this is the increase in rates remissions which is $76k more than budgeted. We are anticipating another $130k of rates remissions at the second rates instalment which will result in these remissions being over budget by $152k, the actuals and forecast are in line with last year.
- Rating penalties are $883k above budget year to date, these penalties include P3 penalties on late 2024/25 rates, and P1 and P2 penalties on 2025/26 rates.
- Other revenue is over budget $110k largely due to dividend revenue of $155k received from Council investments.
- Interest revenue for corporate services is over budget $100k.

Expenses - is $6.8m under budget

- The Datascape project is $2.4m under budget. Costs sitting in Personnel and Personnel related costs, which are $436k over budget, will be moved to the project. The project is expected to be delivered over 2 years and is loan funded over 5 years. Spend will occur over both this financial year and next. As noted above expenditure will increase as the project moves beyond the build phase.
- As noted above the three waters CCO setup costs are $2.1m under budget due to timing of the project.

Monthly Financial Report – January 2026

- Finance costs are $2.6m under budget. Internal interest charged to the activities is more than planned. This is due to higher than budget debt held in the activities. Internal interest includes interest on internal loans, reserves, current accounts and financial contribution reserves.
- Consultants and Legal costs are under budget by $172k year to date.

Communities	**Actual YTD ($000)**	**Revised Budget YTD ($000)**	**Variance** Actual v Budget YTD **($000)**	**%**	**Revised FY Budget ($000)**	**Actual YTD as a % of FY Budget**
Communities Revenue	9,930	7,678	2,253	29%	13,578	73%
Communities Expenses	7,594	7,844	249	3%	13,382	57%
Communities Surplus/(Deficit)	**2,336**	**(166)**	**2,502**	**1509%**	**196**	**1191%**

Revenue - is $2.2m over budget

- This is mainly driven by Subsidies and Grants of $2.1m with nil budget. $1.8m of this is related to subsidies received for the Heron Crescent (Elder Housing) build. $195k has been received from the Energy Efficiency and Conservation Authority and Tauranga Energy Consumer Trust for Community Energy Resilience work – installing solar power for community buildings; $100k from the National Emergency Management Agency for the January weather event which will distributed via the Mayoral Relief Fund and the remaining $71k is made up of multiple grants for small projects.

Expenses – Actuals are accepted as being in line compared to budget year to date.

Monthly Financial Report – January 2026

Economic	**Actual YTD ($000)**	**Revised Budget YTD ($000)**	**Variance** Actual v Budget YTD **($000)**	**%**	**Revised FY Budget ($000)**	**Actual YTD as a % of FY Budget**
Economic Revenue	797	780	17	2%	1,337	60%
Economic Expenses	562	634	73	11%	1,225	46%
Economic Surplus/(Deficit)	**235**	**146**	**90**	**(62%)**	**112**	**211%**

Actuals are accepted as being in line compared to budget year to date.

Natural Environment	**Actual YTD ($000)**	**Revised Budget YTD ($000)**	**Variance** Actual v Budget YTD **($000)**	**%**	**Revised FY Budget ($000)**	**Actual YTD as a % of FY Budget**
Natural Environment Revenue	841	768	73	9%	1,317	64%
Natural Environment Expenses	950	1,007	57	6%	1,825	52%
Natural Environment Surplus/(Deficit)	**(109)**	**(239)**	**130**	**54%**	**(508)**	**21%**

Actuals are accepted as being in line compared to budget year to date.

Monthly Financial Report – January 2026

Planning for the future	Actual YTD ($000)	Revised Budget YTD ($000)	Variance Actual v Budget YTD ($000)	%	Revised FY Budget ($000)	Actual YTD as a % of FY Budget
Planning for the Future Revenue	2,521	2,512	9	0%	4,306	59%
Planning for the Future Expenses	2,250	2,511	260	10%	4,341	52%
Planning for the Future Surplus/(Deficit)	**271**	**1**	**270**	**(26555%)**	**(35)**	**(764%)**

Revenue – Actuals are accepted as being in line compared to budget year to date.

Expenses - is $260k under budget

- Operational project spend is under budget year to date by $109k. Eight projects make up this difference with the majority due to timing of spend.
- Consultants and Legal fees are also under budget by $90k due to timing of projects and requirements year to date.
- Personnel costs are under budget $45k. This is largely due to the time taken to fill vacancy and maternity leave.

Recreation and Open Spaces	Actual YTD ($000)	Revised Budget YTD ($000)	Variance Actual v Budget YTD ($000)	%	Revised FY Budget ($000)	Actual YTD as a % of FY Budget
Recreation and Open Spaces Revenue	10,135	9,021	1,114	12%	15,767	64%
Recreation and Open Spaces Expenses	8,187	8,245	58	1%	14,116	58%
Rec & Open Spaces Surplus/(Deficit)	**1,949**	**777**	**1,172**	**151%**	**1,651**	**118%**

Monthly Financial Report – January 2026

Revenue - is $1.1m over budget

- Subsidies and Grants are $301k over budget mainly due to grants of $695k being received for the Katikati Pool which were unbudgeted. These were received from the Lotteries Commission, TECT, Katikati Lions and Dave Hume Pool Trust.
- Forestry harvesting proceeds are $372k over budget but these are offset by of harvest expenditure of $202k.
- Rental income is $354k over budget for the year, mainly due to annual rental received for lease of the Te Puke domain to the Te Puke high school (budget phasing), new monthly lease of the Ōmokoroa storage facility, which is due to end on 31 March and higher than budgeted rental from camping. Full year forecast is $371k above budget.
- Financial Contributions are $92k under budget. Council has little influence on when developments are completed or when developers choose to pay their financial contributions to continue their developments. Please see the financial contributions table above for further details and discussion.

Expenses – Actuals are accepted as being in line compared to budget year to date.

Regulatory	**Actual YTD ($000)**	**Revised Budget YTD ($000)**	**Variance** Actual v Budget YTD **($000)**	**%**	**Revised FY Budget ($000)**	**Actual YTD as a % of FY Budget**
Regulatory Revenue	10,277	9,676	601	6%	15,960	64%
Regulatory Expenses	9,244	9,387	143	2%	16,021	58%
Regulatory Surplus/(Deficit)	**1,033**	**289**	**744**	**258%**	**(61)**	**1693%**

Revenue – is $601k over budget

- Consent applications and inspections are over budget, providing extra $350k of revenue.
- Land Information Memorandum over 88k along with Non-Notified Fees $149k over.
- Dog Registration Fees $42k and Swimming Pool Audits $33k are also over budget.
- While this is positive year to date staff remain cautious around sustainability of this as it remains a very volatile market.

Expenses – Actuals are accepted as being in line compared to budget year to date.

- Personnel costs are under budget by $500k and Legal fees by $151k, offset with overspends on consultants $399k, and professional services $114k.

Representation	**Actual YTD ($000)**	**Revised Budget YTD ($000)**	**Variance** Actual v Budget YTD **($000)**	**%**	**Revised FY Budget ($000)**	**Actual YTD as a % of FY Budget**
Representation Revenue	2,817	2,818	(1)	(0%)	4,830	58%
Representation Expenses	2,764	2,707	(57)	(2%)	4,624	60%
Representation Surplus/(Deficit)	**53**	**110**	**(57)**	**(52%)**	**207**	**26%**

Actuals are accepted as being in line compared to budget year to date.

Solid Waste	**Actual YTD ($000)**	**Revised Budget YTD ($000)**	**Variance** Actual v Budget YTD **($000)**	**%**	**Revised FY Budget ($000)**	**Actual YTD as a % of FY Budget**
Solid Waste Revenue	3,907	3,784	122	3%	6,488	60%
Solid Waste Expenses	3,275	3,460	185	5%	5,923	55%
Solid Waste Surplus/(Deficit)	**632**	**324**	**308**	**95%**	**564**	**112%**

Actuals are accepted as being in line compared to budget year to date.

Stormwater	**Actual YTD ($000)**	**Revised Budget YTD ($000)**	**Variance** Actual v Budget YTD ($000)	%	**Revised FY Budget ($000)**	**Actual YTD as a % of FY Budget**
Stormwater Revenue	5,504	6,100	(597)	(10%)	10,458	53%
Stormwater Expenses	4,153	3,646	(507)	(14%)	6,249	66%
Stormwater Surplus/(Deficit)	**1,351**	**2,455**	**(1,104)**	**(45%)**	**4,209**	**32%**

Revenue - is $597k under budget.

- Developer financial contributions are $1.5m under budget. Council has little influence on when developments are completed or when developers choose to pay their financial contributions to continue their developments.
- Vested asset revenue is up $927k in recognition of assets vested from developers year to date, this is noncash revenue.

Expenses – is $507k over budget.

- Internal interest cost on reserves is $645k more than budget. This is a charge from Council Treasury to the activity and is more accurately charged in actuals than in the budget calculations.
- Maintenance cost and utilities and rates costs are under budget by $213k and $86k respectively. With the recent storm event, maintenance expenditure is likely to increase in the coming months, reducing cost savings year to date.

Transportation	**Actual YTD ($000)**	**Revised Budget YTD ($000)**	**Variance** Actual v Budget YTD ($000)	%	**Revised FY Budget ($000)**	**Actual YTD as a % of FY Budget**
Transportation Revenue	42,266	38,258	4,008	10%	72,086	60%
Transportation Expenses	21,945	20,366	(1,579)	(8%)	38,416	57%
Transportation Surplus/(Deficit)	**20,321**	**17,892**	**2,429**	**14%**	**33,670**	**63%**

Revenue - is $4m over budget

- Subsidies and grants are ahead of budget due mainly to the Ōmokoroa Structure Plan roading projects ($4.3m). The NZTA subsidies associated with pavement renewals due to the renewals programme are $843k ahead of budget due to accelerated works undertaken.
- Vested assets are $671k under budget due to minimal transportation vested assets processed year to date. These are outside of Councils control and dependent on the timing of development.

Expenses – is $1.6m over budget

- Depreciation & Amortisation $869k over budget, Maintenance & Operations $911k relating to Street Trees/Berms over budget. Savings on Consultant & Legal fees $281k.

Wastewater	**Actual YTD ($000)**	**Revised Budget YTD ($000)**	**Variance** Actual v Budget YTD **($000)**	**%**	**Revised FY Budget ($000)**	**Actual YTD as a % of FY Budget**
Wastewater Revenue	13,166	15,259	(2,093)	(14%)	27,739	47%
Wastewater Expenses	12,352	12,867	515	4%	22,048	56%
Wastewater Surplus/(Deficit)	**814**	**2,392**	**(1,578)**	**(66%)**	**5,691**	**14%**

Revenue - is $2.1m under budget.

- Developer financial contributions are under budget by $789k. Council does not have the ability to drive the timing of developer activity.
- Subsidies are under budget by $1.5m with subsidy claims for the Te Puke Gordon Street plant upgrade currently below budget by this amount.
- Vested asset revenue is over budget $250k, reflecting developer vested assets year to date.

Expenses – is $515k under budget.

- Maintenance costs are $1.4m under budget year to date. The budget has a contingency for Katikati outfall breaks, which on average cost around $200k per break.

- Internal interest cost on reserves is $1.2m more than budget. This is a charge from Council Treasury to the activity and is more accurately charged in actuals than in the budget calculations.
- Depreciation and amortisation are $277k under budget year to date.

Water Supply	**Actual YTD ($000)**	**Revised Budget YTD ($000)**	**Variance** Actual v Budget YTD **($000)**	**%**	**Revised FY Budget ($000)**	**Actual YTD as a % of FY Budget**
Water Supply Revenue	9,537	9,613	(76)	(1%)	16,101	59%
Water Supply Expenses	11,221	12,025	803	7%	20,606	54%
Water Supply Surplus/(Deficit)	**(1,684)**	**(2,411)**	**728**	**(30%)**	**(4,505)**	**37%**

Revenue – Actuals are accepted as being in line compared to budget year to date.

- Developer financial contributions are under budget by $185k and subsidies are under budget by $523k. Council does not have the ability to drive the timing of developer activity. See above for further details and commentary on financial contributions.
- Metered water charges are above budget by $353k (10%). With half of the water billing cycle complete, water consumption volumes remain consistent with prior-year trends. A total of 1.73 million cubic metres of water has been invoiced to date, this compares closely with 1.76 million cubic metres for the same period in 2025, indicating stable demand patterns and no material variance in consumption behaviour across the district. The year-to-date result suggests that water revenue is tracking in line with expectations, with no significant deviation from historical billing volumes.
- Vested asset revenue is over budget $151k, reflecting developer vested assets year to date.

Expenses – is $803k under budget.

- Maintenance expenditure is under budget $718k year to date as discussed above.

Balance Sheet

	Note	Actual YTD ($000)	Revised Budget YTD ($000)	30 June 2025 FY Actuals ($000)
Current assets				
Cash and cash equivalents		16,079	10,974	17,337
Receivables		31,903	23,328	30,821
Prepayments		3,698	2,224	1,662
Non-current assets held for resale		-	-	228
Derivative financial instruments	1	-	54	-
Total current assets		**51,680**	**36,580**	**50,048**
Non-current assets				
Derivative financial instruments	1	810	1,965	607
Other financial assets		14,320	13,731	14,529
Investment in associates		18,122	16,029	16,122
Property, plant and equipment		2,034,653	2,211,298	1,979,641
Intangible assets		3,458	3,598	3,602
Forestry assets		4,644	4,243	4,644
Total non-current assets		**2,076,006**	**2,250,865**	**2,019,145**
Total assets		**2,127,687**	**2,287,445**	**2,069,193**
Current liabilities				
Payables and deferred revenue		32,317	35,756	48,474
Derivative financial instruments	1	19	-	-
Borrowings and other financial liabilities	2	45,000	35,000	41,337
Employee entitlements		3,990	3,967	3,704
Provisions		32	1,903	32
Total current liabilities		**81,359**	**76,626**	**93,547**
Non-current liabilities				
Derivative financial instruments	1	431	-	469
Borrowings and other financial liabilities	2	175,000	243,571	135,000
Employee entitlements		6	14	6
Provisions		2	62	211
Total non-current liabilities		**175,438**	**243,647**	**135,686**
Total liabilities		**256,797**	**320,273**	**229,233**
Net assets		**1,870,890**	**1,967,172**	**1,839,960**
Equity				
Accumulated Funds		1,063,063	1,148,575	1,032,194
Reserves		807,827	818,597	807,766
Total equity		**1,870,890**	**1,967,172**	**1,839,960**

Financial position commentary:

1. The net derivative financial instruments on 31 January 2026 are an asset of $360k compared to an asset of $138k on 30 June 2025. Forward interest rates have increased compared to June resulting in a positive mark-to-market valuation of Council swaps.

2. Total borrowings are $220m, this has increased by $15m from prior month as forecast in the December finance report.

Treasury

Debt Position

- As noted above, total borrowings were $220m as at 31 January, all from the Local Government Funding Agency.
- $15m of new floating-rate debt was drawn down during January with a 30 April 2030 maturity date as guided by Bancorp advisors.
- Net debt, defined as gross debt less cash balances, was $203m.
- The Annual Plan 2026 full-year debt budget is $278.6m.

Borrowing Outlook

- The next borrowing requirement of approximately $10m is forecast for late February.
- Council has $40m of borrowings maturing in April 2026. These borrowings are intended to be refinanced into new loans, with Bancorp providing refinancing advice closer to the maturity date.

Cost of Funds and Facilities

- The weighted average cost of funds (including margin) was 4.04% as at 31 January, compared with the Annual Plan assumption of 4.16% and the LTP 2024–2034 assumption of 5.06%.
- The weighted average term of debt facilities (drawn and standby) was 2.29 years.
- Council maintains $30m in working capital facilities, comprising $20m with ANZ and $10m with the LGFA. These facilities remained undrawn as at 31 January.

Interest Rate Risk Management

- As at 31 January, Council remained outside policy limits for the 2–5 year interest rate risk bucket.
- Supported by Bancorp, Council continues to target sub-4% interest rates for an additional swap to move the 2–5 year bucket back toward policy. As at 31 January, no further swap had been transacted.
- Market pricing no longer implies a further 25 basis point OCR cut in 2026 and is now aligned with the Reserve Bank of New Zealand's November projections, which show the current OCR of 2.25% as the bottom. The RBNZ expects OCR increases from mid-2027, returning the OCR to a 3.00% neutral rate.

Monthly Financial Report – January 2026

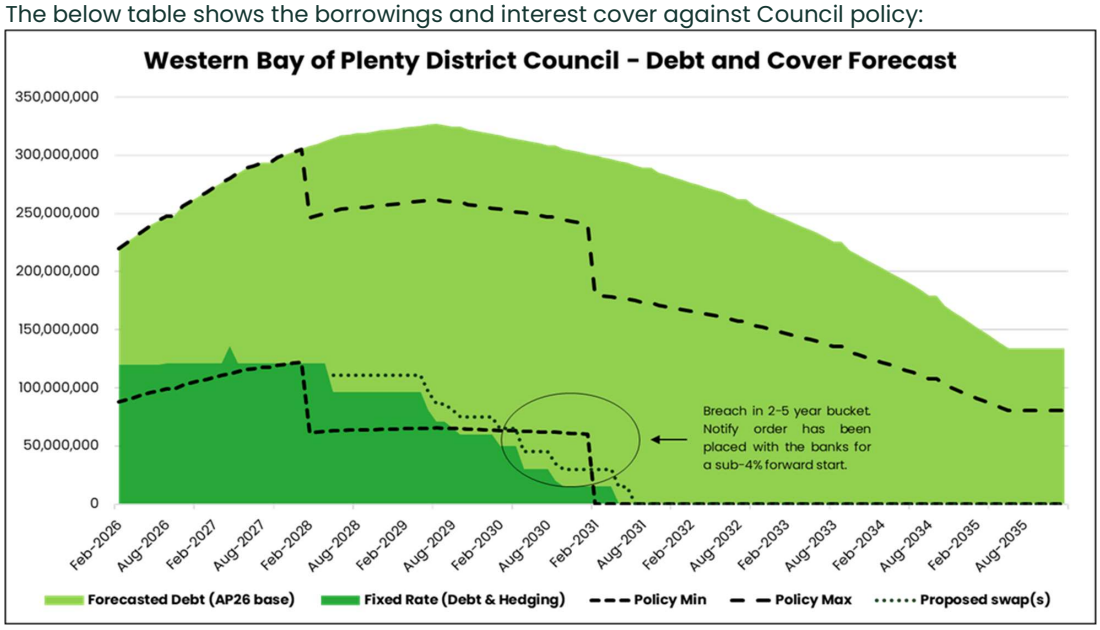
The table below shows the interest rate hedging and policy settings:

Interest Rate Risk Limits			
	Year 0 – 2	**Year 2 - 5**	**Year 5 - 10**
Minimum Policy Limit	40%	20%	0%
Maximum Policy Limit	100%	80%	60%
Minimum Hedge	40%	5%	0%
Maximum Hedge	56%	40%	5%
Compliant?	✓	✗	✓

The below table shows the counterparty limits that Council has with our four commercial banking partners:

Counterparty limits			
Counterparty	Actual	Total Limit	Compliant?
ANZ	19,237,055	35,000,000	✓
BNZ	3,577,808	35,000,000	✓
ASB	3,106,849	35,000,000	✓
Westpac	-	35,000,000	✓
**Counterparty balances take into account all Cash, Term Deposits and Swaps. All drawn debt is with the LGFA*			

The below table shows the borrowings and interest cover against Council policy:



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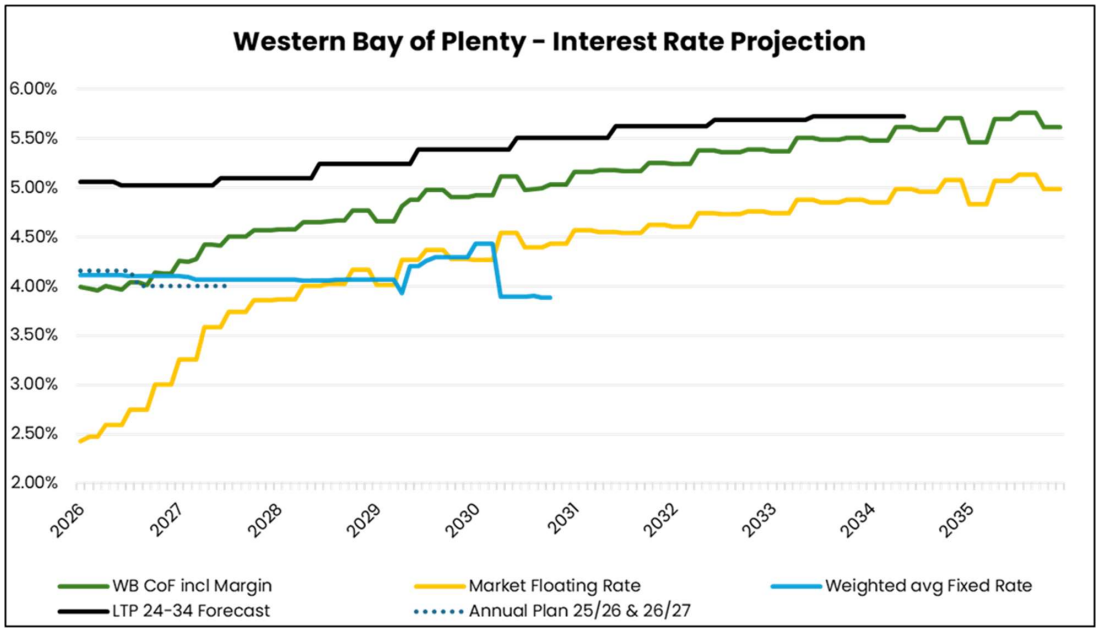
Monthly Financial Report – January 2026

The below table is the current borrowing position:

Current year borrowings - movement	
Opening Balance as at 1 July 2025	**$175m**
New borrowing/refinancing (floating)	*$40m*
New borrowing/refinancing (fixed)	*$20m*
Total new borrowing for FY	**$60m**
Repayment/refinancing of maturing debt	*$15m*
Gross Debt as at 31 January 2026	**$220m**

Funding Risk				
Years	**Minimum**	**Maximum**	**Actual**	**Policy**
0-3	15%	60%	54%	✓
3-7	20%	85%	46%	✓
7-15	0%	60%	0%	✓

This graph shows how Council compared to the market floating interest rates



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10.8 MONTHLY TREASURY REPORT - 28 FEBRUARY 2026

File Number: **A7175789**

Author: **Jackson Jury, Financial Analyst**

Authoriser: **Matt Potton, Acting Group Manager Corporate Services**

EXECUTIVE SUMMARY

This report provides an update on Council's treasury risk and management as at 28 February 2026.

RECOMMENDATION

That the Financial Analyst's report dated 17 March 2026, titled 'Monthly Treasury Report – 28 February 2026', be received.

SUMMARY

Attached is a summary of Council's treasury position as at 28 February 2026, including key debt, funding, and interest rate risk information.

- Total borrowings were $235million, with net debt of $213million, and a continued year end forecast in line with the Annual Plan year end position of $278.6million. During February, $15million of new floating-rate debt was drawn down with a maturity of 30 April 2030.
- Council's weighted average cost of funds was 3.99%, which remains favourable to both the Annual Plan assumption of 4.16% and the LTP24-34 assumption of 5.06%. Council also continues to maintain $30million of undrawn working capital facilities to support liquidity.
- Council remains outside of policy limits for the 2–5 year interest rate risk bucket at month end. However on 4 March, an opportunity arose to add a further $15million of forward-start swap cover, under the budgeted 4.16% assumption, and move closer toward policy minimums and taking advantage a dip in interest rates. With the current uncertainly in the financial markets further hedging opportunities are continually being assessed alongside Council's treasury advisors, Bancorp.

Full details of the treasury position at 28 February are included in **Attachment 1**.

ATTACHMENTS

1. **Treasury Report - 28 February 2026**

Treasury Summary – February 2026

Debt Position

- Total borrowings were $235 million as at 28 February 2026, all held with the Local Government Funding Agency.
- $15 million of new floating-rate debt was drawn down during February with a 30 April 2030 maturity date.
- Net debt, defined as gross debt less cash balances, was $213 million.
- The Annual Plan full-year debt forecast is $278.6 million.

Borrowing Outlook

- Council has $40 million of borrowings maturing in April 2026. These borrowings are intended to be refinanced into new loans, with Bancorp providing refinancing advice closer to the maturity date.
- No additional new borrowings anticipated until May 2026.

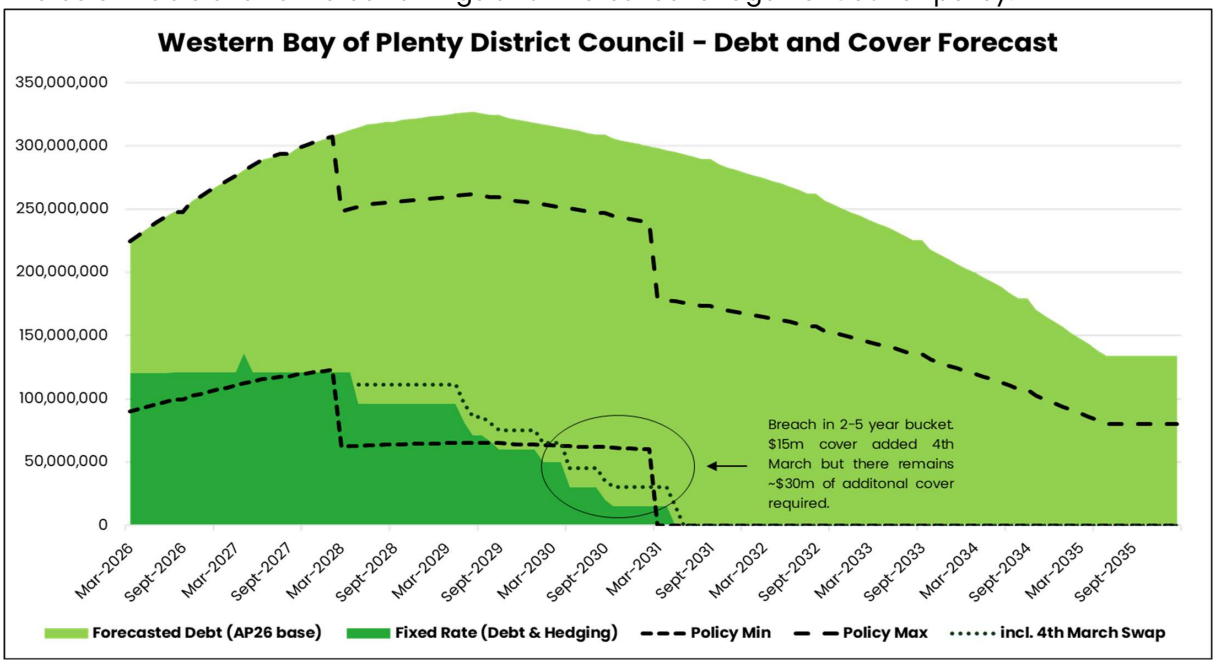
Cost of Funds and Facilities

- The weighted average cost of funds (including margin) was 3.99% as at 28 February, compared with the Annual Plan assumption of 4.16% and the LTP 2024–2034 assumption of 5.06%.
- The weighted average term of debt facilities (drawn and standby) was 2.33 years.
- Council maintains $30 million in working capital facilities, comprising $20 million with ANZ and $10 million with the LGFA. These facilities remained undrawn as at 28 February.

Interest Rate Risk Management

- As at 28 February, Council remained outside policy limits for the 2–5 year interest rate risk bucket.
- $15m of forward start swap cover was added on the 4th March, shortly after month close. The effect is reflected in the Debt and Cover forecast graph below. There is still more cover required to clear this breach, and Council's treasury team alongside its treasury advisors Bancorp, continue to assess the market for additional cover opportunities
- Market pricing now implies one 25 basis point OCR increase during the 2026 calendar year, with the current OCR of 2.25% broadly viewed as the bottom of the cycle. Financial markets have experienced increased volatility recently, partly reflecting geopolitical uncertainty following the escalation of conflict involving Iran, which has contributed to higher energy prices and inflation concerns in global markets.

The below table shows the borrowings and interest cover against Council policy:



The table below shows the interest rate hedging and policy settings:

Interest Rate Risk Limits			
	Year 0 - 2	Year 2 - 5	Year 5 - 10
Minimum Policy Limit	40%	20%	0%
Maximum Policy Limit	100%	80%	60%
Minimum Hedge	40%	5%	0%
Maximum Hedge	55%	39%	5%
Compliant?	✓	✗	✓

The below table is the current borrowing position:

Current year borrowings - movement	
Opening Balance as at 1 July 2025	**$175m**
New borrowing/refinancing (floating)	*$55m*
New borrowing/refinancing (fixed)	*$20m*
Total new borrowing for FY	**$75m**
Repayment/refinancing of maturing debt	*$15m*
Gross Debt as at 31 December 2025	**$235m**

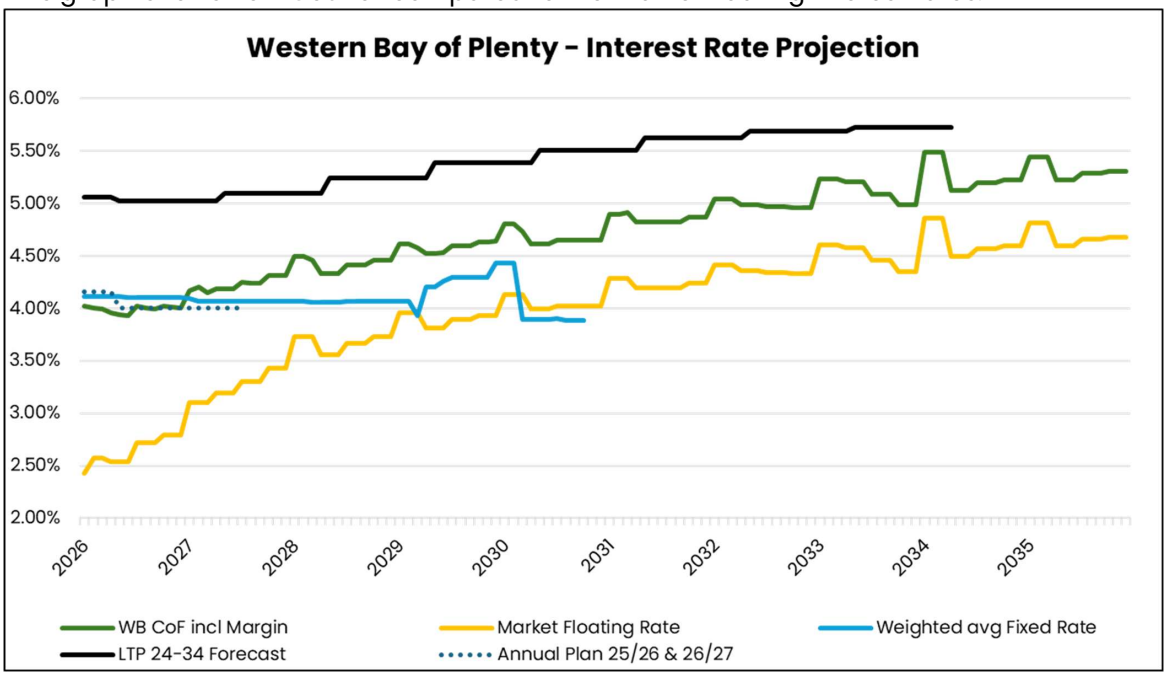
Funding Risk				
Years	Minimum	Maximum	Actual	Policy
0-3	15%	60%	51%	✓
3-7	20%	85%	49%	✓
7-15	0%	60%	0%	✓

The below table shows the counterparty limits that Council has with our four commercial banking partners:

Counterparty limits			
Counterparty	Actual	Total Limit	Compliant?
ANZ	24,112,376	35,000,000	✓
BNZ	3,508,767	35,000,000	✓
ASB	3,049,315	35,000,000	✓
Westpac	-	35,000,000	✓

**Counterparty balances take into account all Cash, Term Deposits and Swaps. All drawn debt is with the LGFA*

This graph shows how Council compared to the market floating interest rates:



11 INFORMATION FOR RECEIPT - KŌRERO TE WHIWHIA

11.1 LOCAL GOVERNMENT OFFICIAL INFORMATION REQUEST (LGOIMA) AND PRIVACY REPORT

File Number: **A7108637**

Author: **Lizzie McEwan, Executive Assistant and Privacy and Official Information Advisor**

Authoriser: **Emily Watton, Acting General Manager Strategy and Community**

EXECUTIVE SUMMARY

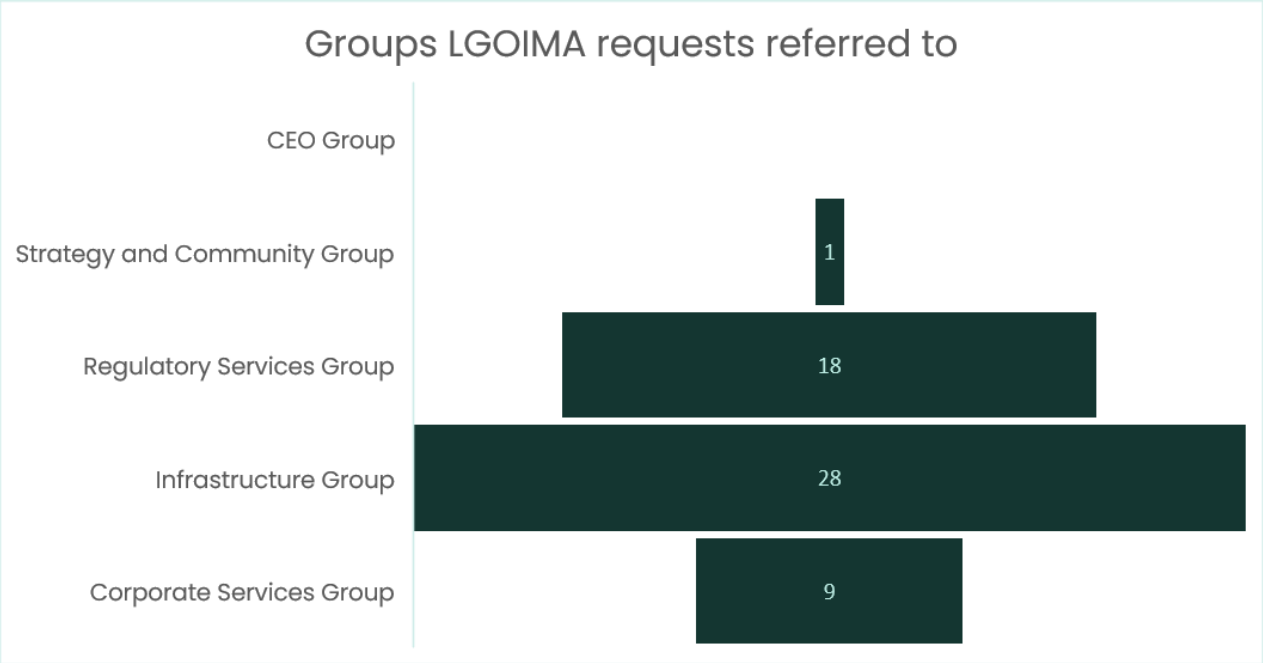
1. The purpose of this report is to provide appropriate data to the Committee on all official information requests received under the Local Government Official Information and Meetings Act 1987 (LGOIMA) and privacy breaches and for quarter two of the 2025/2026 financial year (October – December 2025).

LATEST PUBLISHED RESPONSES

2. The table below shows the published responses to information requests during quarter two of the 2025/2026 financial year.

   The number of requests received, increased by 124 percent since the same quarter of the 2024/2025 financial year.

	October 2025	November 2025	December 2025	Total
LGOIMA received	16	20	20	**56**
LGOIMA decision sent within statutory timeframe (20 business days)	16	20	18	**54**
LGOIMA extensions	0	0	0	**0**
LGOIMA's cost for / Agreed charge	0	0	0	**0**



SUMMARY OF RESPONSES

3. The table below shows a summary of the requested information along with Council's response to each under LGOIMA for quarter two of the 2025/2026 financial year.

Month	Subject	Group
October	Financial Audit - Correspondence and presentations - December 2024	Corporate Services Group
October	Frost Fans	Regulatory Services Group
October	Payments made to WBOPDC	Corporate Services Group
October	Swimming Pool Incidents	Infrastructure Services Group
October	CCTV footage - Stolen kayak	Infrastructure Services Group
October	Wilson Road, Waihī Beach - Titles and rates	Corporate Services Group
October	Resource consent decisions	Regulatory Services Group
October	Position documents for Senior Executive Assistant to the CEO and Mayor	Corporate Services Group
October	Alcohol licensing	Regulatory Services Group

October	Ōmokoroa Golf Clubhouse Resource Consent	Regulatory Services Group
October	National Code of Practice for Utility Operators' Access to Transport Corridors annual compliance return 2024-25	Infrastructure Services Group
October	Resource consent decision	Regulatory Services Group
October	Precious Family Reserve Toilet Resource Consent	Regulatory Services Group
October	CCTV footage – Vehicle incident – Ōmokoroa Road	Strategy & Community Group
October	Glen Isla Place Consent Hearing	Regulatory Services Group
October	Council Conduct, Inspection and Compliance Clarification – Pukehina	Regulatory Services Group
November	Dust matters at Flounder Drive and Ōmokoroa Road	Regulatory Services Group
November	CCTV Footage – Theft – Te Puke Sportsground	Infrastructure Services Group
November	Rating data	Corporate Services Group
November	CCTV footage request - Theft, Katikati	Infrastructure Services Group
November	CCTV footage request – Criminal activity - Oropi	Infrastructure Services Group
November	CCTV footage request – Vehicle incident – Waihī	Infrastructure Services Group
November	Rating data	Corporate Services Group
November	Wilson Road - FINCOs	Corporate Services Group
November	Mowing at Te Puke	Infrastructure Services Group
November	Wilson Park Toilets	Infrastructure Services Group
November	Consulting expenditure	Corporate Services Group
November	CCTV footage – Vehicle - Katikati	Infrastructure Services Group
November	CCTV footage - SH2 Roundabout	Infrastructure Services Group
November	Proposed Residential Subdivision	Regulatory Services Group

November	Legal fees expenditure	Corporate Services Group
November	CCTV footage – Vehicle incident - Te Puke	Infrastructure Services Group
November	CCTV footage – Theft – Te Puke	Infrastructure Services Group
November	Dog control - Compliance	Regulatory Services Group
November	Te Puke Wastewater Treatment Plant	Infrastructure Services Group
November	Cooling Towers	Infrastructure Services Group
December	Utilities Maintenance Contracts - Waihī Beach	Infrastructure Services Group
December	Fluoride information	Infrastructure Services Group
December	Traffic lights - Kahawai Place, Ōmokoroa	Infrastructure Services Group
December	CCTV Footage – Assault - Athenree	Infrastructure Services Group
December	Details of complainant	Regulatory Services Group
December	Access via Jamieson Street	Regulatory Services Group
December	Waste Management Data	Infrastructure Services Group
December	CCTV footage – Vehicle incident – Te Puke	Infrastructure Services Group
December	Changing room provisions in Council owned swimming pool facilities	Infrastructure Services Group
December	Sawmill Site, Katikati	Regulatory Services Group
December	CCTV footage – Vehicle incident – Te Puke	Infrastructure Services Group
December	Burd Road road stopping proposal	Infrastructure Services Group
December	Formal Complaint – Container Yard Compliance, Katikati	Regulatory Services Group
December	EnviroWaste Services - kerbside collection services	Infrastructure Services Group
December	Waihī Beach library flooring – procurement and expenditure	Infrastructure Services Group

December	Current Hospitality Review	Regulatory Services Group
December	Ōmokoroa Golf Course operating hours	Regulatory Services Group
December	Responsible Campers Association communication	Regulatory Services Group
December	CCTV Footage – Theft – Te Puke	Infrastructure Services Group
December	CCTV Footage – Theft - Oropi	Infrastructure Services Group

PRIVACY REQUESTS

4. Three requests for private information were received during the months of October and December for quarter two. These responses were responded to in full and within the legislative timeframe of 20 business days.

PRIVACY BREACHES

5. A privacy breach occurs when an organisation or individual either intentionally or accidentally:
   a) Provides unauthorised or accidental access to someone's personal information.
   b) Discloses, alters, loses, or destroys someone's personal information.
   c) A privacy breach also occurs when someone is unable to access their personal information due to, for example, their account being hacked.
6. Under the Privacy Act 2020, we are required to report all privacy breaches that either has, or is likely to, cause anyone serious harm to the Privacy Commissioner.
7. Three breaches of privacy have occurred and been reported as minor for quarter 2 of the 2024/2025 financial year. These breaches are outlined in the table below.

Month	**Breach detail**	**Number of persons affected**	**Classification**	**Reported to the Privacy Commissioner**
October	Incorrect rates email sent to incorrect recipient	1	Minor	No
November	Incorrect legal representative in receipt of letter to ex-client	1	Minor	No
December	Incorrect rates invoices received by	1	Minor	No

	incorrect recipient via mail			

OMBUDSMAN COMPLAINTS

8. There were no complaints received for investigation from the Office of the Ombudsman for quarter two of the 2024/2025 financial year.

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 - Insurance & Litigation Report	s7(2)(g) - the withholding of the information is necessary to maintain legal professional privilege	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