AGENDA

City Delivery Committee meeting
Tuesday, 3 November 2026

I hereby give notice that a City Delivery Committee meeting will be held on:

Date: Tuesday, 3 November 2026

Time: 9:30 am

Location: Tauranga City Council Chambers
L1 - 90 Devonport Road
Tauranga

Gareth Green

Acting Chief Executive

Terms of reference – City Delivery Committee

Common responsibility and delegations

The following common responsibilities and delegations apply to all standing committees.

Responsibilities of standing committees

- Establish priorities and guidance on programmes relevant to the Role and Scope of the committee.
- Provide guidance to staff on the development of investment options to inform the Long Term Plan and Annual Plans.
- Report to Council on matters of strategic importance.
- Recommend to Council investment priorities and lead Council considerations of relevant strategic and high significance decisions.
- Provide guidance to staff on levels of service relevant to the role and scope of the committee.
- Establish and participate in relevant task forces and working groups.
- Engage in dialogue with strategic partners, such as Smart Growth partners, to ensure alignment of objectives and implementation of agreed actions.
- Confirmation of committee minutes.

Delegations to standing committees

- To make recommendations to Council outside of the delegated responsibility as agreed by Council relevant to the role and scope of the Committee.
- To make all decisions necessary to fulfil the role and scope of the Committee subject to the delegations/limitations imposed.
- To develop and consider, receive submissions on and adopt strategies, policies and plans relevant to the role and scope of the committee, except where these may only be legally adopted by Council.
- To consider, consult on, hear and make determinations on relevant strategies, policies and bylaws (including adoption of drafts), making recommendations to Council on adoption, rescinding and modification, where these must be legally adopted by Council.
- To approve relevant submissions to central government, its agencies and other bodies beyond any specific delegation to any particular committee.
- Engage external parties as required.

Terms of reference – City Delivery Committee

Membership

Chair	Deputy Mayor Jen Scoular
Deputy chair	Cr Kevin Schuler
Members	Cr Hautapu Baker Cr Glen Crowther Cr Rick Curach Cr Steve Morris Cr Marten Rozeboom Cr Rod Taylor Cr Hēmi Rolleston Mayor Mahé Drysdale (ex officio) Jacqui Rolleston-Steed - Tangata Whenua Representative
Non-voting members	(if any)
Quorum	Half of the members present, where the number of members (including vacancies) is even; and a majority of the members present, where the number of members (including vacancies) is odd.
Meeting frequency	Six weekly

Role

The role of the City Delivery Committee is:

- To ensure and report delivery against agreed targets and benchmarks across capital investment, operating activity, and engagement.
- To ensure community involvement in, and support for, Council projects, proposals, initiatives and services.
- To monitor delivery of activity by community-led organisations receiving Council funding, partnering with, or otherwise contracted to, Council.
- To determine the reporting frequency for financial performance targets across the organisation, and to measure and regularly report on delivery against those.
- To review and improve public confidence and participation in Council decision making processes.
- To measure delivery of projects by ensuring that approved projects are effectively planned and delivered in full, on time, in scope, and within budget.
- To determine the reporting frequency for performance measures for non-financial activity and regularly report against those measures.
- To ensure the Annual Report provides relevant, transparent and accurate information.

Scope

- All projects, both capital and operating, where the business case has been approved are included in the scope of the Delivery Committee.
- Develop and monitor delivery of a council-wide engagement and communications strategy.
- Lead the development of relationships with community organisations, schools, businesses and other groups to broaden Council's reach into the community and use of available resources.

- Receive and consider feedback from the community including, but not limited to, the annual residents' survey.
- Review statements of intent and receive reporting of the Local Government Funding Agency.
- Receive reporting from all other Council-controlled organisations.
- Receive reporting from Priority One.
- Receive reporting by Mainstreet organisations as appropriate.
- Receive reporting against partnership agreements with key cornerstone organisations (as per the Community Funding Policy) and from other community-led organisations as appropriate.
- Assess the organisation's processes to ensure these are not constraining the organisation in delivering value for money.
- Review the proposed approach and options for procurement processes that the Committee considers significant having taken into account value, risk, and public interest.
- Take necessary steps to ensure that procurement processes provide value-for-money.
- Approval of tenders and contracts that are outside of approved staff delegations.
- Ensure that where projects have a potential negative environmental impact, appropriate mitigation is considered in design, delivery, and eventual operations.
- Monitor the delivery of projects. (Note that the development of future strategic and growth-related projects, including future strategic transport projects, will be monitored by the City Future Committee until the project purpose definition, business case, and funding are in place).
- Review regular financial performance reporting, including reporting against strategic outcomes, the Long-term Plan, the Annual Plan, and other strategic and implementation documents.
- Review non-financial performance reporting.
- Provide oversight on the preparation of the Annual Report and other external financial reporting required by legislation to ensure it not only meets legislative requirements, but that it provides transparent, relevant and accurate information.
- To reassess financial reporting targets for the next Long-term Plan process and make recommendations to Council accordingly.

Power to Act

- To make all decisions necessary to fulfil the role, scope and responsibilities of the Committee subject to the limitations imposed.
- To establish sub-committees, working parties and forums as required.

Power to Recommend

- To Council and/or any standing committee as it deems appropriate.

Chair and Deputy Chair acting as Co-Chairs

- While the Chair and Deputy Chair of the Committee roles are separately appointed it is the intention that they act as co-chairs.
    - Only one person can chair a meeting at any one time. The person chairing the meeting has the powers of the chair as set out in standing orders and has the option to use the casting vote in the case of an equality of votes.
    - The rotation of the meeting chairs is at the discretion of the Chair and Deputy Chair and subject to their availability, however it is expected that they will alternate chairing meetings when possible.
    - When the Deputy Chair is chairing the meeting, the Chair will vacate the chair and enable the Deputy Chair to chair the meeting. The Chair will be able to stay and participate in the meeting unless they declare a conflict of interest in an item, in which case they will not participate or vote on that item.
    - The Chair and Deputy Chair will attend pre-agenda briefings and split any other duties outside of meetings, e.g. spokesperson for the Committee.

- The Chair and Deputy Chair will jointly oversee and co-ordinate all activities of the Committee within their specific terms of reference and delegated authority, providing guidance and direction to all members and liaising with Council staff in setting the content and priorities of meeting agendas.
- The Chair and Deputy Chair will be accountable for ensuring that any recommendations from the Committee are considered by the Tauranga City Council.

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1 OPENING KARAKIA

2 APOLOGIES

3 PUBLIC FORUM

3.1 Bethlehem Residents - Carmichael Road Footpath

ATTACHMENTS

Nil

4 ACCEPTANCE OF LATE ITEMS

5 CONFIDENTIAL BUSINESS TO BE TRANSFERRED INTO THE OPEN

6 CHANGE TO ORDER OF BUSINESS

7 CONFIRMATION OF MINUTES

7.1 Minutes of the City Delivery Committee meeting held on 15 September 2026

File Number: **A21209717**

Author: **Anahera Dinsdale, Governance Advisor**

Authoriser: **Sarah Holmes, Team Leader: Governance & CCO Support Services**

RECOMMENDATIONS

That the Minutes of the City Delivery Committee meeting held on 15 September 2026 be confirmed as a true and correct record.

ATTACHMENTS

1. **Minutes of the City Delivery Committee meeting held on 15 September 2026**



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DRAFT MINUTES

City Delivery Committee meeting
Tuesday, 15 September 2026

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MINUTES OF TAURANGA CITY COUNCIL
CITY DELIVERY COMMITTEE MEETING
HELD AT THE TAURANGA CITY COUNCIL CHAMBERS, LEVEL 1 - 90 DEVONPORT ROAD, TAURANGA
ON TUESDAY, 15 SEPTEMBER 2026 AT 9:30 AM

MEMBERS PRESENT: Deputy Mayor Jen Scoular (Chair), Cr Kevin Schuler (online), Cr Hautapu Baker, Cr Glen Crowther, Cr Rick Curach, Cr Steve Morris, Cr Marten Rozeboom, Cr Rod Taylor, Cr Hēmi Rolleston, Tangata Whenua Representative Ms Jacqui Rolleston-Steed.

IN ATTENDANCE: Marty Grenfell (Chief Executive), Craig Rice (Chief Operating & Financial Officer), Reneke van Soest (General Manager: Operations & Infrastructure), Sarah Omundsen (General Manager: Regulatory & Community Services), Jane Small (Major Projects Director), Kathryn Sharplin (Head of Finance), Paula Naude (Head of Community Outcomes & Emergency Management), Chris Barton (Portfolio Manager: Infrastructure), Tracy Hughes (Manager: Organisational Financial Performance and Corporate Planning), Susan Braid (Finance Lead Capital Performance and Community Investment), Marin Gabric (Team Leader: Financial Accounting and Compliance), Chris Barton (Portfolio Manager Infrastructure), Kendyl Sullivan (Team Leader: City Partnerships Specialist), Sarah Holmes (Team Leader: Governance & CCO Support Services), Anahera Dinsdale (Governance Advisor)

EXTERNAL:

Tauranga Chamber of Commerce:
Matt Cowley (Chief Executive) and Roz Irwin (Head of Growth and Innovation)

Tauranga Māori Business Association:
Te Rina McRae-Hape (Kaitautoko), Manawa Farquhar (Chair), Lloyd Rakaupai (Kaihautū)

Priority One:
Dave Courtney (Chief Executive)
Greg Simmmons (General Manager)

Film Bay of Plenty:
Jade Kent (Manager)

Mainstreets:
Greerton Business Association Manager – Mel Carullo
Downtown Tauranga Manager – Genevieve Whitson
Mount Business Association Manager – Jay Banner

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Timestamps are included at the start of each item and signal where the agenda item can be found in the recording of the City Delivery Committee meeting held on Tuesday 15 September 2026 at Tauranga City Council's YouTube Channel.

1 OPENING KARAKIA

Deputy Mayor Jen Scoular opened the meeting with a karakia.

2 APOLOGIES

COMMITTEE RESOLUTION CDC/26/5/1

Moved: Cr Rick Curach
Seconded: Cr Steve Morris

That apologies from Mayor Mahé Drysdale be received and accepted.

CARRIED

3 PUBLIC FORUM

Nil

4 ACCEPTANCE OF LATE ITEMS

Nil

5 CONFIDENTIAL BUSINESS TO BE TRANSFERRED INTO THE OPEN

It was requested that staff review whether the report and attachment for Item 11.2 – Procurement Process Deep Dive may be released publicly.

6 CHANGE TO ORDER OF BUSINESS

Nil

7 CONFIRMATION OF MINUTES

7.1 Minutes of the City Delivery Committee meeting held on 5 August 2026

COMMITTEE RESOLUTION CDC/26/5/2

Moved: Cr Glen Crowther
Seconded: Cr Rod Taylor

That the Minutes of the City Delivery Committee meeting held on 5 August 2026 be confirmed as a true and correct record.

Minute notes:

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- Action requested from 5 August meeting was not included in the actions register. Staff to add Item 9.6 Event Team Reporting – 'That staff circulate how much funding is in the kaupapa māori fund and what events have used the funding, criteria and quantum' for action.

CARRIED

8 DECLARATION OF CONFLICTS OF INTEREST

Cr Rod Taylor declared a potential conflict of interest in relation to item 9.4 Film Bay of Plenty including Motion Tauranga Cinema which Cr Rod Taylor owns.

Tangata Whenua Representative Ms Jacqui Rolleston-Steed declared a conflict of interest in relation to item 9.2 Tauranga Māori Business Association and took no part in the discussion or voting on the matter.

9 BUSINESS

Timestamp: 10 minutes

9.1 Tauranga Chamber of Commerce Annual Report

Staff Paula Naude, Head of Community Outcomes & Emergency Management

External Matt Cowley (Chief Executive) and Roz Irwin (Head of Growth and Innovation)

PowerPoint Presentation

Attachments

1 Presentation Tauranga Chamber of Commerce

Timestamp: 23 minutes and 20 seconds

9.2 Tauranga Maori Business Association Annual Report

Staff Paula Naude, Head of Community Outcomes & Emergency Management

External Te Rina McRae-Hape (Kaitautoko), Manawa Farquhar (Chair), Lloyd Rakaupai (Kaihautū)

Timestamp: 40 minutes and 30 seconds

9.3 Priority One Annual Report

Staff Paula Naude, Head of Community Outcomes & Emergency Management

External Dave Courtney (Chief Executive), Greg Simmons (General Manager)

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PowerPoint Presentation

Attachments

1 Presentation - Priority One
2 Priority One Annual Outcomes & Value Report FY26

Recommendations for Item's 9.1, 9.2 and 9.3 were taken together with Item 9.4.

Timestamp: 1 hour and 3 minutes

9.4 Film Bay of Plenty Annual Report

Staff Paula Naude, Head of Community Outcomes & Emergency Management

External Jade Kent (Manager)

Film Bay of Plenty presented a video to the Committee. YouTube link here – Film Bay of Plenty

COMMITTEE RESOLUTION CDC/26/5/3

Moved: Cr Marten Rozeboom
Seconded: Cr Glen Crowther

That the City Delivery Committee:

(a) Receives the report "Tauranga Chamber of Commerce Annual Report".
(b) Receives the report "Tauranga Maori Business Association Annual Report".
(c) Receives the report "Priority One Annual Report".
(d) Receives the report "Film Bay of Plenty Annual Report".

CARRIED

At 10.47am the meeting adjourned.
At 11.00am the meeting resumed in open.

Cr Hēmi Rolleston re-entered the meeting at 11:01am.
Cr Hautapu Baker re-entered the meeting at 11:03am.

Timestamp: 1 hour and 30 minutes

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9.5 Major Projects Update - Transport

Staff Jane Small, Major Projects Director
Chris Barton, Portfolio Manager: Infrastructure

COMMITTEE RESOLUTION CDC/26/5/4

Moved: Cr Glen Crowther
Seconded: Cr Rick Curach

That the City Delivery Committee:

(a) Receives the report "Major Projects Update - Transport".

CARRIED

Timestamp: 2 hours and 10 minutes

9.6 Draft Unaudited Annual Report 2025-26 and Carry Forward of Capital Budgets

Staff Kathryn Sharplin, Head of Finance
Tracy Hughes, Manager: Organisational Financial Performance and Corporate Planning
Susan Braid, Finance Lead Capital Performance and Community Investment
Marin Gabric, Team Leader: Financial Accounting and Compliance

Actions Requested:
That staff:

- Provide the Committee members with a summary of all the receipts and payments associated with the Tauranga Art Gallery rebuild..
- Provide the Committee with a breakdown explaining the $12.1 million loss on disposal of assets, including the write-off of the Waiari treatment-plant access asset.
- Provide the Committee with a comprehensive explanation of the $8.9 million software-application expenditure variance, including deferred or cancelled work and any associated risks.

COMMITTEE RESOLUTION CDC/26/5/5

Moved: Deputy Mayor Jen Scoular
Seconded: Cr Glen Crowther

That the City Delivery Committee:

(a) Receives the report "Draft Unaudited Annual Report 2025-26 and Carry Forward of Capital Budgets".

(b) Notes the draft Annual Report financial statements and notes is now with Audit New Zealand for their final audit, with the audited Annual Report scheduled to be adopted by Council on 20 October 2026.

(c) Recommends to Council to approve capital budget adjustments $34.7m as detailed in

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Attachment 2b, resulting in a revised FY27 budget of $460.8m.

CARRIED

Timestamp: 2 hours and 50 minutes

9.9 Status Updates on Actions from prior City Delivery Committee Meetings

Staff Craig Rice, Chief Operating & Financial Officer
Kathryn Sharplin, Head of Finance

COMMITTEE RESOLUTION CDC/26/5/6

Moved: Cr Rick Curach
Seconded: Cr Hautapu Baker

That the City Delivery Committee:

(a) Receives the report "Status Updates on Actions from prior City Delivery Committee Meetings".

CARRIED

At 12.24pm the meeting adjourned.

At 1.03pm the meeting resumed in open.

Timestamp: 3 hours and 34 minutes

9.7 Mainstreets' Monitoring Report for the period 1 January to 30 June 2026

Staff Kendyl Sullivan, Team Leader: City Partnerships Specialist

External Greerton Business Association Manager – Mel Carullo
Downtown Tauranga Manager – Genevieve Whitson
Mount Business Association Manager – Jay Banner

PowerPoint presentations

COMMITTEE RESOLUTION CDC/26/5/7

Moved: Cr Rod Taylor
Seconded: Cr Glen Crowther

That the City Delivery Committee:

(a) Receives the report "Mainstreets' Monitoring Report for the period 1 January to 30 June 2026".

(b) Receives the Greerton Business Association Report to 30 June 2026, and Annual Plan for 2026/27

(c) Receives the Mainstreet Tauranga Report to 30 June 2026 and Annual Plan for

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2026/27

(d) Receives the Mount Business Association Report to 30 June 2026 and Annual Plan for 2026/27

(e) Receives the Papamoa Unlimited Report to 30 June 2026 and Annual Plan for 2026/27

CARRIED

Attachments

1 Presentation - Mainstreets - Downtown Tauranga
2 Presentation - Mainstreets GBA
3 Presentation - Mount Mainstreets September 2026

10 DISCUSSION OF LATE ITEMS

Nil

11 PUBLIC EXCLUDED SESSION

Resolution to exclude the public

COMMITTEE RESOLUTION CDC/26/5/8

Moved: Cr Marten Rozeboom
Seconded: Cr Hautapu Baker

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
11.1 - Public Excluded Minutes of the City Delivery Committee meeting held on 5 August 2026	s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons s7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information s7(2)(j) - The withholding of the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage	s48(1)(a) - 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

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11.2 - Procurement Process Deep Dive	s7(2)(j) - The withholding of the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage	s48(1)(a) - 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

CARRIED

The meeting resumed in open at 3:36pm.

12 CLOSING KARAKIA

Cr Steve Morris closed the meeting with a karakia.

The meeting closed at 3:36pm.

The minutes of this meeting were confirmed as a true and correct record at the City Delivery Committee meeting held on 3 November 2026.

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8 DECLARATION OF CONFLICTS OF INTEREST

9 BUSINESS

9.1 Status Updates on Actions from prior City Delivery Committee Meetings

File Number: **A21351254**

Author: **Vida McCord, Governance Advisor**

Authoriser: **Sarah Holmes, Team Leader: Governance & CCO Support Services**

BACKGROUND

1. The report accompanying this agenda item, ‘Status Updates on Actions from prior City Delivery Committee Meetings’, will be circulated separately prior to the meeting.

9.2 High Productivity Vehicle Port Operations

File Number: **A21214333**

Author: **Karen Hay, Manager: Transport Strategy & Assurance**
Simon de Verteuil, Senior Transport Engineer

Authoriser: **Reneke van Soest, General Manager: Operations & Infrastructure**
Shawn Geard, Manager: Transport System Operations

PURPOSE OF THE REPORT

1. To inform the Committee that NZTA will issue a two-year permit for Applicant A to run a longer-than-standard truck (a double B-Train) carrying empty containers between the Port of Tauranga and nearby container yards.
2. To confirm that TCC staff, as the road controlling authority for the local roads used, have completed all the checks NZTA requires from Council and found no issues for our roads.
3. To outline how staff will handle similar applications from other operators.

RECOMMENDATIONS

That the City Delivery Committee:

(a) Receives the report “High productivity vehicle port operation”.

EXECUTIVE SUMMARY

4. Tauranga’s growth and economic productivity rely on an efficient freight network and a well-functioning Port. Port expansion is expected to increase freight demand on roads already near capacity. Higher-productivity vehicles (small road trains) provide an opportunity to support this growth while limiting additional truck trips.
5. TCC has received its first application to run a double B-Train overlength truck on local roads. Applicant A proposes a truck pulling two linked trailers, carrying two 40-foot containers instead of one. At 29.35 m, it is 6.35 m longer than a standard 23 m truck and trailer, but one truck does the work of two (Figure 1).
6. NZTA issues the permit. Council’s role, as road controlling authority for local roads, is to check the routes and set conditions. TCC staff have worked with NZTA, KiwiRail, Police and independent specialists and have completed all the checks required. No road maintenance issues were identified, and no road works are needed, so this is cost neutral for TCC.
7. Applicant A’s first truck will carry two empty containers between the Port at Sulphur Point and nearby yards, making up to 18 round trips a day on approved routes (Figure 3). For the city, this means fewer trucks moving the same freight, less pressure on roads already near capacity, and lower emissions.
8. The proposed truck’s safety features include blind-spot detection to help the driver detect cyclists close to the truck, or in areas that are difficult to see; side underrun protection to help reduce the risk of someone going underneath the side of the vehicle in a collision; and advanced braking and stability systems to support braking and vehicle stability. Geofencing uses a virtual boundary to help monitor whether the truck stays on approved routes.

9. These features and controls help manage risk but do not eliminate it. Independent testing in January 2026 found the assessed configuration turns as well as, and in some cases better than, large legal trucks. Specific training of Drivers is used to ensure features and controls are utilised.

10. Applicant A meets all costs. Council's only cost is staff time. The permit runs for two years, with a formal review after six months. NZTA and TCC can change, suspend or cancel approval if safety concerns arise.

11. Other operators have applied for similar trucks. Each application will go through the same technical assessment, and TCC will only support those with no road safety or maintenance issues. If Applicant A's six-month review raises no significant safety issues, it may apply for up to two additional trucks.

12. TCC staff have completed all the checks required for NZTA to issue the permit. As these vehicles are new to Tauranga's roads, this paper is for noting.

BACKGROUND

13. Applicant A has applied to run a double B-Train between the Port and its nearby yards. The truck is not yet built. It uses a Trackaxle steering system on the rear trailer, which helps the back wheels follow the front of the truck more closely around corners.

    Figure 1 compares it with two standard truck-and-trailer units.

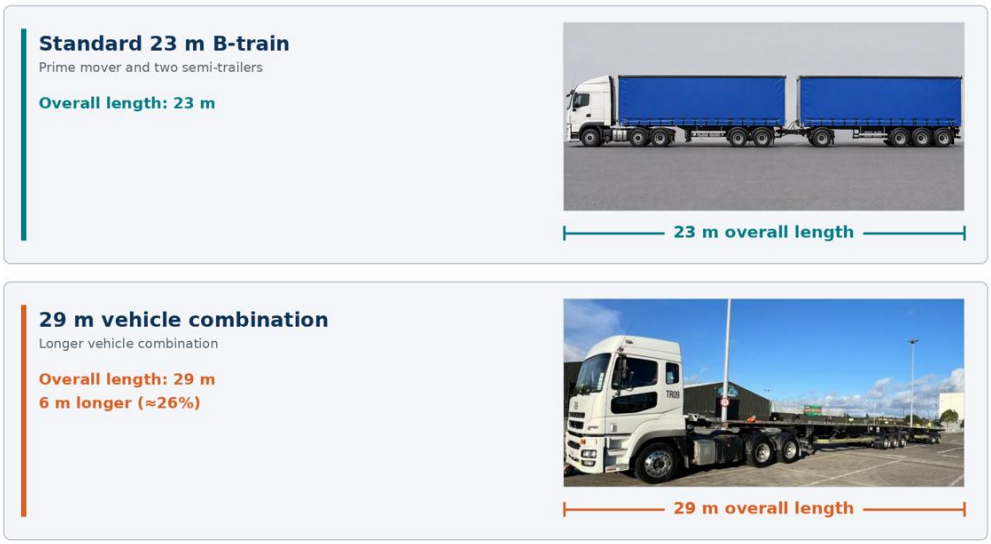


Figure 1 The 29m combination is longer than a 23m B-train, approximately 26% greater in overall length

14. As shown in Figure 2, the proposed double B-Train carries two 40-foot containers using one truck rather than two standard truck-and-trailer units. Although the combination is longer than a single standard unit, it uses less road space overall than the two vehicles needed to carry the same load. It also removes the gap needed between those vehicles, helping move the same freight with fewer trucks.

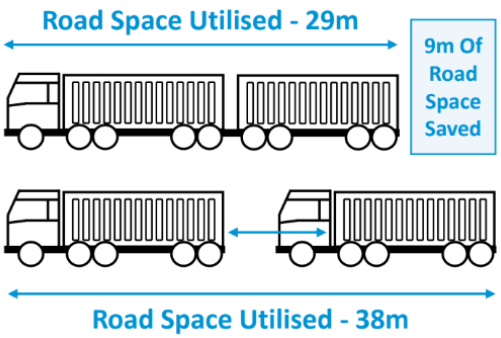


Figure 2: Combination proposed with 1 truck instead of 2 still uses overall less road space

15. The roads around the Port and the Mount Maunganui industrial area, including Totara Street, Hewletts Road and State Highway 2, are near capacity, especially at peak times. The Port's approved expansion is expected to almost double its cargo-handling capacity by the late 2020s or early 2030s. Moving more freight with fewer trucks helps manage this growth.

16. This is not new. NZTA has approved similar trucks, which have operated at the Port of Napier for several years (**Photograph 1**). Since Applicant A applied about two years ago, other operators have sought approval for similar trucks in Tauranga, including electric trucks and trucks carrying full containers. More applications are likely as Port freight grows. NZTA is also working with central government to streamline heavy-vehicle rules.



Photograph 1 The over-dimensional double B-Train configuration tested for Applicant A (source: Applicant A). This vehicle is currently operating in Port of Napier. A modernised version of this is proposed as the first-over-dimension double B-Train configuration in Tauranga.

17. The truck will run empty. Its axle weights are within the same legal limits that apply to all heavy vehicles, so its wheels will put no more pressure on the road than a standard truck. Staff found no road maintenance issues and do not expect this truck to impact current pavement life assumptions.

18. Every future application will go through a technical assessment. TCC will only endorse an application if no road maintenance issues are identified.

APPLICANT 'A' ASSESSMENT

19. Independent testing covered turning tests in a controlled setting, on-road route and intersection tests, emergency braking, rail-crossing analysis, a crash-history review and a high-speed performance check. The truck met all the relevant limits.

20. The assessed routes link Applicant A's yards with the Port at Sulphur Point, including Cross Road, Maru Street, Hewletts Road, Triton Avenue, Waimarie Street, Hull Road and Newton Street (**Figure 3**).

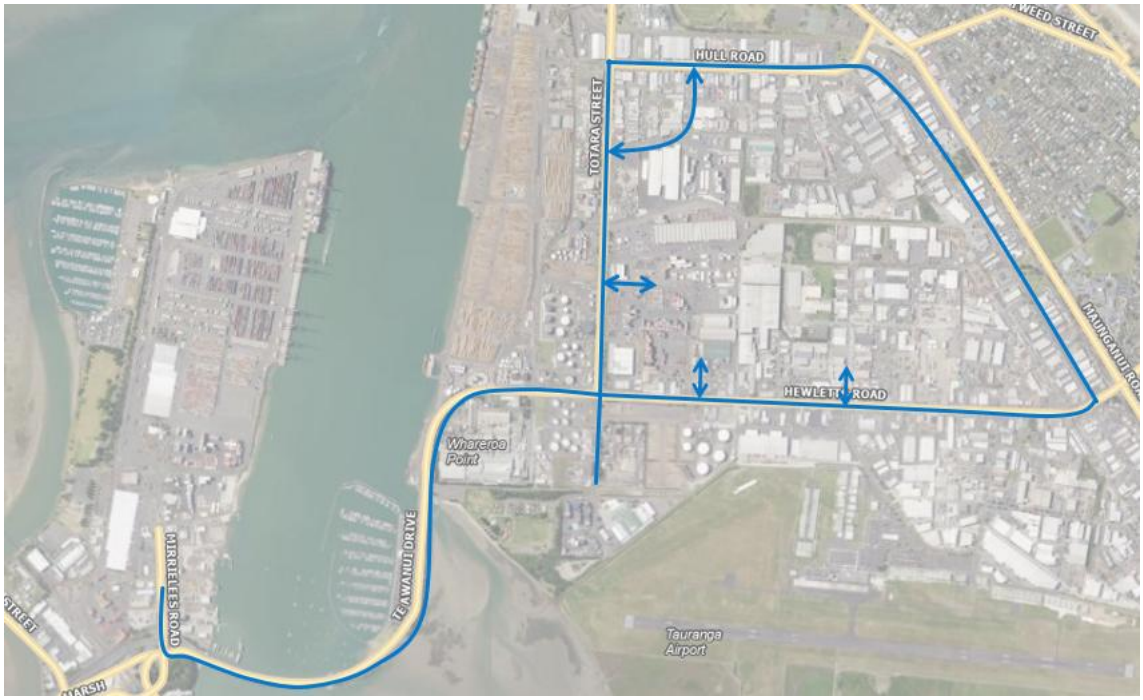


Figure 3: Assessed routes for Applicant A's double B-Train

21. The truck must stay on approved routes. It cannot reverse on or onto public roads, or use the Cross Road rail crossing unless specifically approved. Geofencing will help enforce this.

22. TCC staff have sighted Applicant A's confidential Safety Management Plan and consider it comprehensive. It covers cyclists and micromobility users, rail queues, lane changes, breakdowns and route blockages. It also requires pre-start checks, maintenance, recovery arrangements, incident reporting and a six-month Council review.

STATUTORY CONTEXT

23. NZTA issues the over-dimension permit under the Land Transport Rule: Vehicle Dimensions and Mass 2016. As road controlling authority, Council checks the use of local roads and sets route and operating conditions. NZTA approves any State Highway sections, KiwiRail approves rail-crossing arrangements, and the Police Commercial Vehicle Safety Team may also comment.

24. The permit only covers the assessed truck on the assessed routes. Any material change to the vehicle, trailers, routes or operating controls needs further assessment and approval.

STRATEGIC ALIGNMENT

25. The recommendations contribute to the following community outcomes.

	Contributes
We are an inclusive city	☒
We value, protect and enhance the environment	☒
We are a well-planned city that is easy to move around	☒
We are a city that supports business and education	☒
We are a vibrant city that embraces events	☐

26. This permit supports safe, efficient freight movement on approved routes. It supports business and transport outcomes, protects other road users through operating controls, and is expected to reduce truck trips and emissions.

FINANCIAL CONSIDERATIONS

27. All costs, including the vehicle, permit, training, safety systems, geofencing, monitoring, maintenance, traffic management, recovery and reporting are met by the applicant. No Council funding is needed.

28. Council's costs are limited to staff time for assessment, monitoring, coordination with NZTA and engagement with road users, including cycling groups.

29. No road works or future increased maintenance of the network are needed for Applicant A. Any works needed for future applications would go through Council's usual asset management and funding processes.

RISKS AND LEGAL IMPLICATIONS

30. The main risks are conflicts when the truck turns or changes lanes, queuing at intersections and rail crossings, route changes, breakdowns, and use of an unapproved vehicle setup. Fatal and serious crashes involving trucks, cyclists and motorcyclists have occurred on the assessed routes, so staff have taken a cautious approach.

31. The safety features and controls above, plus no left turn from Triton Avenue into Totara Street and warning signs, reduce these risks. Some risk remains, as lane changes and interactions with cyclists depend partly on driver judgement.

32. Applicant A must provide auditable monitoring data and report incidents within 14 days. Council can suspend or amend route approval if safety or compliance issues arise.

TE AO MĀORI APPROACH

33. The permit relates to existing roads in the Mount Maunganui port and industrial area. No effects on sites of significance to mana whenua have been identified. Any future intersection works would need separate assessment and engagement with mana whenua where appropriate.

CLIMATE / BIODIVERSITY IMPACT

34. Running one truck instead of two is expected to reduce emissions. The reduction has not been quantified and will depend on trips avoided, fuel use and operating patterns. Similar trucks from other operators could reduce truck trips further. There is no direct effect on biodiversity, as only existing roads are used.

CONSULTATION / ENGAGEMENT

35. Applicant A, TCC, NZTA and KiwiRail coordinated the assessments. The Police Commercial Vehicle Safety Team reviewed the information and approved the proposal in principle. The Port have also offered their support.

36. No public consultation has occurred, which staff consider proportionate given the low significance. Once the permit is issued, staff will communicate to affected road users, including cycling groups, through a media release and Council's usual channels. This is likely to occur when the truck is close to becoming operational.

37. TravelSafe has run demonstrations showing people on bikes the risks of truck blind zones. Applicant A and other Mount industrial operators have also worked with the Cycle Action Network on blind-zone education for truck drivers and cyclists.

SIGNIFICANCE

38. The Local Government Act 2002 requires an assessment of the significance of matters, issues, proposals and decisions in this report against Council's Significance and Engagement Policy. Council acknowledges that in some instances a matter, issue, proposal

or decision may have a high degree of importance to individuals, groups, or agencies affected by the report.

39. In making this assessment, consideration has been given to the likely impact, and likely consequences for:

    (a) the current and future social, economic, environmental, or cultural well-being of the district or region.

    (b) any persons who are likely to be particularly affected by, or interested in, the decision.

    (c) the capacity of the local authority to perform its role, and the financial and other costs of doing so.

40. In accordance with the considerations above, criteria and thresholds in the policy, it is considered that the matter is of low significance. It relates to set routes and conditions and does not materially affect levels of service or strategic assets.

41. The proposal is likely however, to be of particular interest to cycling groups, given the risks associated with interactions between heavy vehicles and people cycling, including blind zones.

ENGAGEMENT

42. When the permit is approved, a communications plan will support communication with affected road users, including cycling groups. It will explain how the proposed truck's blind-spot detection, side underrun protection, braking and stability systems, rear-trailer steering and geofencing help manage risk. It will also explain the driver training and route restrictions, while acknowledging that these features and controls do not eliminate all risk.

43. TravelSafe had delivered a number of demonstrations to highlight to people cycling the risks associated with truck blind zones. In addition, Applicant A and a number of other industrial operators in the Mount industrial area undertook further work with the Cycle Action Network on blind-zone education for both truck drivers and cyclists.

NEXT STEPS

44. Staff will:

    (a) finalise Applicant A's permit conditions and approval requirements with NZTA.

    (b) communicate the changes to affected road users and stakeholder groups.

    (c) confirm NZTA has completed required vehicle checks before operation.

    (d) work with NZTA and future applicants on required assessment, testing and approvals.

    (e) monitor approved operations and participate in required meetings and reviews.

ATTACHMENTS

Nil

9.3 Transport Major Projects Update

File Number: **A20906191**

Author: **Christopher Barton, Portfolio Manager: Infrastructure**

Authoriser: **Jane Small, Director Major Projects**

PURPOSE OF THE REPORT

1. To provide an update to Committee on the transport major projects in implementation, and delivery including SH29 Tauriko Enabling Works, Fifteenth Avenue to Welcome Bay, and the Waterfront level crossing upgrades.

RECOMMENDATIONS

That the City Delivery Committee:

(a) Receives the report "Transport Major Projects Update".

EXECUTIVE SUMMARY

2. This is an update report on the status and progress on the major transport projects which are in delivery phase, the SH29 Tauriko Enabling Works, Fifteenth Avenue to Welcome Bay and Waterfront Level Crossing Upgrade projects.
3. The Connecting Mount Maunganui, Cameron Road Stage 2 and Hamilton Street Upgrade projects are being reported to City Future Committee.
4. Construction of the SH29 Tauriko Enabling Works is progressing on time and forecast to be delivered under budget – with savings realised as previously reported. Works remain on track for completion in 2027.
5. Project design development is progressing, on the Fifteen Ave to Welcome Bay project and a separate report is provided to this Committee meeting detailing current design status and upcoming key stakeholder consultation.
6. The delivery of the Waterfront Level Crossing upgrades is on-track, with the first of four upgrades at Masonic Park completed in October in alignment with opening of the Te Manawataki o Te Papa Library and Community Hub, and the next crossing upgrades at Dive Crescent and Spring Street scheduled for works in mid-2027 in alignment with planned KiwiRail block of line windows.
7. At the BoP regional Civil Contractors NZ Construction Excellence awards, the Papamoa East Interchange project (submitted by HEB Construction) received second place in the ‘projects with a value of more than $20 million’ category, and the Kaweroa Drive / Redwood Lane Roundabout section of the SH29 Tauriko Enabling Works project (submitted by Downer NZ) was awarded first place in the ‘projects with a value of more than $20 million’ category as well as the Supreme Award as project of the year. Both projects were successfully delivered on time, safely, to a high standard and under budget.

SH29 TAURIKO ENABLING WORKS – NO SIGNIFICANT CHANGE FROM LAST UPDATE

8. The Tauriko West Enabling Works project supports both residential and industrial growth - it will directly enable initial development of up to 2,400 new homes in the Tauriko West development area and enable ongoing development of over 100 hectares of industrial land in the Tauriko Business Estate, which is anticipated to provide up to 6,000 additional jobs within the city.

9. Construction management is being led by NZTA and is progressing well, with the project currently ahead of programme and within budget without significant traffic network disruption.

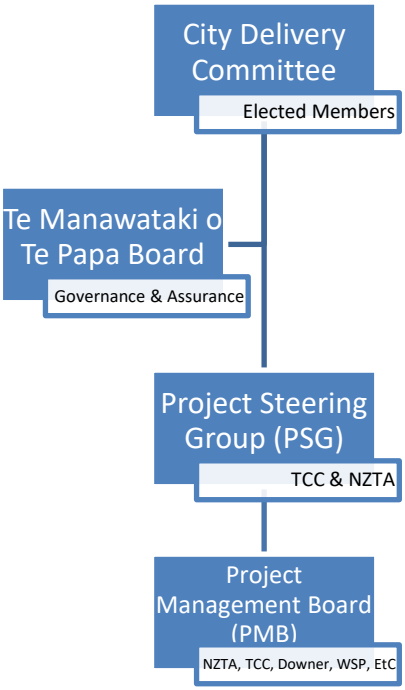
10. An overview of the project status is as below:

	Status	Comments
Cost		LTP Budget $215.8m. Current estimates are within budget Significant savings ($25m of unspent contingency) already realised and incorporated into updated budget.
Time		Construction progressing ahead of programme. The Tauriko Village / Cambridge Rd / SH29 section is currently on track to be delivered in advance of scheduled mid-2027 completion.
Safety		Continuous safe delivery – over 400,000 worker hours to date without any serious harm or lost time incidents.
Scope		Scope confirmed with no substantive changes.
Stakeholders		Actively working with project neighbours and travelling public.
Risk		Active management of live risks and contingencies in place, however this remains a high-risk project with significant residual risks.

11. The infrastructure development timing is well aligned with the Tauriko West residential and Tauriko Business Estate growth areas - where land development activities are currently underway.

12. Detailed planning is currently underway for next stages on works on SH29 through the Tauriko Village area, including planning for tie-ins at the eastern and western ends of the site. Construction of tie-ins in late 2026 and early 2027 will require additional traffic management, however significant traffic disruption is not currently anticipated.

13. Current 'operational' governance of this project (outside of this Committee) is summarised below:



14. Te Kauae a Roopu (representing six Ngāti Ranginui hapū with interests in Tauriko) has been the principal mana whenua partner for the SH29 Tauriko Enabling Works and wider Tauriko West programme. A project specific mana whenua working group has also been established who have been supportive of the project throughout design development and delivery.

15. A summary of current key project risks and controls are provided below:

Risk Theme	Risk Description & Potential Consequence	Current Controls and Mitigations	Current Rating
Traffic Disruption During Construction	Complex works on SH29 and require significant traffic management. Potential significant disruption to traffic or changes to traffic management resulting in delays or additional costs	Extensive constructability options assessment and traffic management planning. Generally excellent performance to date.	**Medium - Managed**
Construction Health, Safety & Wellbeing	Serious injury or fatality to worker or member of public during construction and project delivery, including potential for traffic accidents in relation to temporary traffic management or high vehicle speeds. Potential harm to people, project shutdown, regulatory action, reputational damage and increased costs.	Robust H&S systems, monitoring, training, safety-in-design, reviews and audits (incl. site safety and traffic management). Encouraging speed enforcement to support safe vehicle speeds through the site area. Strong performance to date - no major incidents.	**Medium – Managed**
Stakeholder & Construction Disruption	Opposition from landowners, businesses, developers, communities or project partners. Potential delays, objections, reputational impacts and increased project costs.	Communications and engagement strategy and plan in place. Stakeholder relationship management ongoing incl. targeted engagement activities.	**Medium - Managed**
Supplier Resourcing	As works move towards completion, key suppliers including Contractor have experienced staff turnover and key personnel departures. Potential loss of project knowledge and relationships. Reduced productivity, slower decision-making and increased delivery risk due to change in capability and capacity.	Resource retention strategy implemented. Ongoing monitoring and frequent governance oversight.	**Low - Managed**
Programme Delivery Delay	Delays through delivery due to unforeseen dependencies, wet weather or construction delays. Potential missed project milestones, delayed completion, Contractor commercial claims, reputational damage.	Detailed programme management, critical path tracking, contingency planning, monitoring and management of wet weather claims, resequencing, regular reviews and reports.	**Low - Managed**

Risk Theme	Risk Description & Potential Consequence	Current Controls and Mitigations	Current Rating
Funding & Financing	Funding stack and/or budgeted partner contributions including developers, NZTA, IAF & IFF not achieved or delayed. Potential increased cost exposure to TCC.	Funding and cost-sharing agreements in place, with all required funding committed.	**Low - Managed**
Cost Increases and Escalation	Costs may escalate from tender pricing or current forecasts due to unforeseen conditions, construction delays or requirement for additional work. Cost escalation risk has increased significantly due to global geopolitical instability Potential for increased project costs and contingency drawdown, need for additional funding.	Regular Cost-at-Completion reviews, active contingency management, quantitative risk assessment, detailed forecasting, ongoing review of remaining risk allowances. Project remains within approved funding envelope.	**Low - Managed**
SH29 / Belk Road Intersection Closure	Closure of Belk Road intersection with SH29 is subject to completion of developer works to connect Belk Road and Taurikura Drive. The existing intersection (with safety risks) remains operational until new connection in place.	Significantly reduced volumes, with majority of Belk Road traffic using Kaweroa Drive roundabout. Temporary speed restrictions. Coordination with developers – with programme for completion in 2027.	**Low - Managed**
Operational Health & Safety	Operational safety of network upon works completion. Potential harm to users (vehicles, pedestrians, cyclists).	Design stage independent safe system assessment completed with no residual significant safety concerns. Post-construction safety assessment to be completed.	**Low-Managed**

FIFTEENTH AVENUE TO WELCOME BAY UPGRADE – SEPARATE REPORT ON DESIGN AND CONSUTATION BEING PROVIDED TO THIS COMMITTEE

16. This project seeks to address current and growing issues with peak hour congestion, poor level of service, access and safety problems, and walking and cycling deficiencies on the key city arterial transport corridor of Fifteenth Avenue to Welcome Bay including the Hairini Bridge.

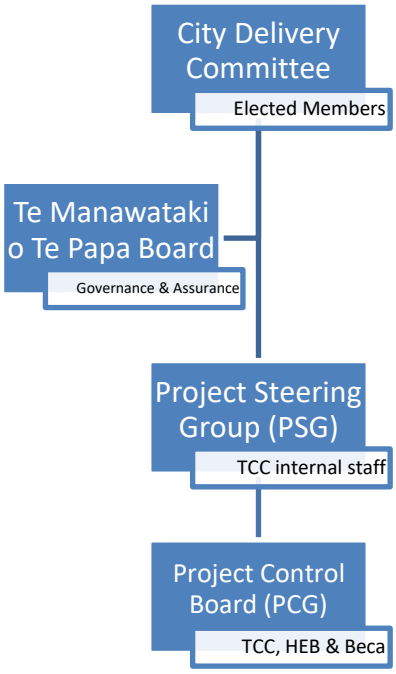
17. Development of an updated '50% design' is underway with expected completion in early 2027. Throughout this process a number of design elements will be refined and further stakeholder communication and engagement will be completed.

18. An overview of the project status is as below:

	Status	Comments
Cost		LTP Budget $170.2m. Current estimates are within budget. NZTA co-funding approved for pre-implementation phase.
Time		Key upcoming milestones: • City Delivery Committee Design Update - 3 November 2026 • Design option targeted stakeholder engagement - late 2026

		• Design option community engagement - early 2027 • 50% design endorsement - 2 March 2027 City Delivery Committee Meeting • Detailed design completion - mid 2027 • NZTA implementation funding application - mid 2027 • Construction commencement (subject to funding confirmation) - Q4 2027 • Construction complete (subject to funding confirmation) - Q2 2029
Safety		No immediate H&S issues. Some concerns raised in safe systems assessment on the concept design – to be addressed through design development.
Scope		Scope elements to be further refined from the Business Case concept through the design development and pre-implementation phase.
Stakeholders		Extensive further engagement is planned through design phase in advance of construction. Noting design options are currently being refined, further key stakeholder engagement is planned in late 2026 and broader community engagement in early 2027 to support development of the '50%' design.

19. Current 'operational' governance of this project (outside of this Committee) is summarised below:



20. A project specific mana whenua working group has been established who have been supportive of the project throughout development of the business case and the concept. Further engagement will be progressed with this group over the next 2 months in relation to further design options and development.

21. A separate project report is being provided to this Committee meeting on other aspects of the project.

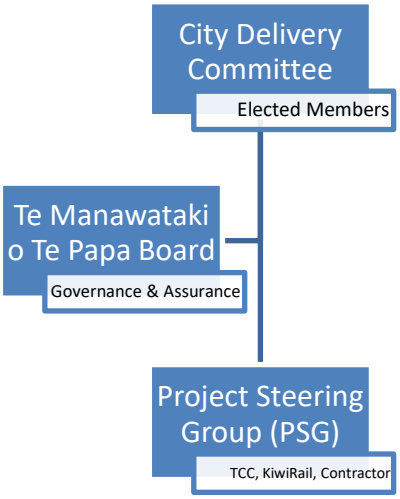
WATERFRONT LEVEL CROSSING UPGRADES – NEW ITEM

22. This project is being delivered as a key component of the overall Waterfront upgrade programme, looking to improve connectivity and safety of transport movements between the city centre and waterfront across the East Cost Main Trunk Line rail corridor.

23. An overview of the project status is as below:

	Status	Comments
Cost		LTP Budget $7.47m. Current estimates are within budget. NZTA co-funding approved.
Time		Installation of the new Masonic Park pedestrian level crossing was completed in October 2026. Upcoming milestones: • Dive Crescent and Spring Street Crossing Upgrades – June 2027 (utilising Kings Birthday and Matariki long weekends for rail corridor block of lines) • Wharf Street Crossing Upgrade – December 2027 (utilising rail corridor block of lines between Christmas and New Year)
Safety		No issues. Safety assessments complete. Dealing with a member of the public who entered the Masonic Park site purporting to be a TCC staff member.
Scope		Scope well defined in alignment with indicative scope for planned waterfront upgrades. Delivery contracts in place with KiwiRail and civil works contractor.
Stakeholders		Noting this is a complex job in a dynamic public environment, continued stakeholder engagement will be progressed in advance of next interventions scheduled for mid 2027.

24. Current ‘operational’ governance of this project (outside of this Committee) is summarised below:



25. A summary of current key project risks and controls are provided below:

Risk Theme	Risk Description & Potential Consequence	Current Controls and Mitigations	Current Rating
Rail Network Construction Windows	Timeframes for delivery of rail network upgrade works are reliant on KiwiRail network block of lines. Block of line windows of required duration are limited (primarily long weekends) and need to be booked well in advance. Limited opportunities to reschedule if block of line is not available.	Block of lines lodged with KiwiRail for future upgrades in 2027.	**Medium - Managed**
Construction Disruption	Construction activities could impact on city centre events or other stakeholders. Potential objections, reputational impacts and delays.	Construction windows aligned with city centre events, including not scheduling construction over the Easter 2027 long weekend (to avoid potential conflict with the Tauranga Jazz Festival). Liaison with city centre businesses and stakeholder groups ongoing.	**Medium - Managed**
Delivery Sequencing	Ensuring continued utilisation of existing crossings in advance of final upgrades requires a specific staging and sequencing of works, including confirmation of interim use of crossing facilities in advance of final signal works. Key interdependency between the Wharf Street and Spring Street crossing sites to ensure vehicle access is retained throughout construction.	Construction sequence defined, including ensuring Spring Street upgrade works are completed in advance of Wharf Street vehicle crossing removal works. Discussions progressing constructively with KiwiRail in regard to interim utilisation of sites in advance of final signals, including approval to open Masonic Park pedestrian crossing.	**Medium - Managed**
Alignment with other Waterfront projects	Changes to scope or delivery timing of other Waterfront upgrades could result in misalignment of scope or timing of the level crossing upgrades,	Scope remains consistent with overall waterfront upgrades concept, and provides flexible provisioning in regard to long-term options for pedestrian and vehicle connectivity between The Strand and the Waterfront.	**Low - Managed**

NEXT STEPS

26. Regular Transport Major Projects reports will be provided to the City Delivery Committee, including incorporation of the Cameron Road Stage 2 and Hamilton Street Upgrade projects once concepts are confirmed and projects progress to detailed design development.

ATTACHMENTS

Nil

9.4 Fifteenth Avenue to Welcome Bay Design Update

File Number: **A21323491**

Author: **Christopher Barton, Portfolio Manager: Infrastructure**

Authoriser: **Jane Small, Director Major Projects**

PURPOSE OF THE REPORT

1. The purpose of this report is to inform elected members of progress made through the design phase of the Fifteenth Avenue to Welcome Bay project and of the targeted direct engagement proposed for November 2026 prior to broader stakeholder and community input being sought in early 2027 on the emerging design.

RECOMMENDATIONS

That the City Delivery Committee:

(a) Receives the report "Fifteenth Avenue to Welcome Bay Design Update".

(b) Notes that engagement will commence with directly affected residents and key stakeholders in November 2026 followed by broader communication and engagement with the wider community in early 2027 to inform the final design options.

EXECUTIVE SUMMARY

2. Design development of the Fifteenth Avenue to Welcome Bay project is currently progressing. Through the design process, a range of options have been assessed to identify opportunities to improve the performance of the corridor while balancing the needs of all transport users. Areas currently being investigated include optimising intersections along the route to improve traffic flow, safety and network efficiency, exploring options for walking and cycling connections, as well as options for lane allocation and operation of the proposed tidal flow.

3. A phased communications and engagement approach is proposed to support the next stage of design development and ensure those most affected by potential changes have the opportunity to provide input before engagement is undertaken with the wider community.

4. Key aspects of the currently proposed design and potential options we will be engaging with stakeholders on are:

   (a) potential right turn restrictions at the Grace Road and Scantlebury Street intersections with Fifteenth Avenue;

   (b) potential changes at the Mayfair Street intersection with Fifteenth Avenue; and

   (c) off-road shared path options for cycleways.

5. We will also be engaging with a small number of Fifteenth Avenue residents regarding their properties' direct interface with the road corridor including where driveways would need to be adjusted to tie in with the road corridor.

6. Early engagement with those directly affected will provide an opportunity to understand concerns, identify potential issues and opportunities, and inform refinement of the design and engagement materials ahead of broader public engagement.

7. Subject to the outcomes of the targeted engagement phase, wider community engagement is proposed for February 2027. It is intended that a workshop would be held with Elected

Members on the proposed improvements for the full corridor prior to this. This phase will seek feedback through a range of channels, including community open days, online engagement, surveys and supporting communications activities. A coordinated media and communications plan will be implemented to raise awareness of the project, encourage participation, and ensure the community is informed about the proposed changes, the benefits, and any associated impacts.

8. The staged approach is intended to support meaningful participation, manage stakeholder interests effectively, and provide elected members with a comprehensive understanding of community views prior to future decision-making.

9. Updated designs are proposed to be reported to the City Delivery Committee meeting in March 2027 following stakeholder engagement and further design development.

BACKGROUND

10. The Fifteenth Avenue to Welcome Bay project seeks to address current and growing issues with peak hour congestion, poor level of service, access and safety problems, and walking and cycling deficiencies on the key city arterial transport corridor of Fifteenth Avenue to Welcome Bay including the Hairini Bridge.

11. Key deliverables include upgrading Turret Road and Hairini Bridge to 3 lanes (with proposed peak period tidal flow) and upgrades along the Fifteenth Avenue corridor.



12. A Single Stage Business Case (SSBC) for the project has been completed and endorsed by Council and NZTA. NZTA co-funding for transport elements of the project at a 51% financial assistance rate (FAR) is approved for the current pre-implementation phase.

13. Delivery is being progressed via an Early Contractor Involvement (ECI) design and construction arrangement with HEB Construction and Beca.

14. The first phase of the design engagement focussed on satisfying structural integrity of the Hairini Bridge to accommodate a proposed 3-lane arrangement and bridge clip-on. This was completed in mid 2026 and the outcome was reported to the City Delivery Committee on 5 August 2026.

15. The project is currently progressing through the ECI design development process. Through this process, further to the Business Case concept corridor options are currently being assessed to determine their ability to improve performance while balancing the needs of motorists, public transport users, pedestrians and cyclists.

STRATEGIC ALIGNMENT

16. This contributes to the promotion or achievement of the following strategic community outcome(s):

	Contributes
We are an inclusive city	☐
We value, protect and enhance the environment	✓
We are a well-planned city that is easy to move around	✓
We are a city that supports business and education	☐
We are a vibrant city that embraces events	☐

17. The Fifteenth Avenue to Welcome Bay project is a top priority project in the Transport System Plan (TSP), Transport System Operating Framework (TSOF), Regional Land Transport Plan (RLTP).

DISCUSSION

18. A range of design options have been assessed through the ECI process and further investigation is ongoing in several areas. Areas currently being investigated include:
    (a) Opportunities to optimise intersections along the corridor;
    (b) Measures to improve traffic flow, safety and network efficiency;
    (c) Walking and cycling connections;
    (d) Rationalising extents of road pavement and widening works;
    (e) Lane allocation options; and
    (f) The operation of proposed tidal flow arrangements.
19. Assessment of these options is required to ensure the upgrades maximise network efficiency benefits, are safe, deliver value for money, and also are constructible to minimise disruption.
20. To inform option selection and enable further development of the design, stakeholder engagement is required now on some key aspects of the proposed design. These include:
    (a) Potential changes to the operation of selected intersections are being investigated to improve traffic flow, safety and overall network efficiency. Options under consideration may involve changes to intersection layouts and vehicle movements at a limited number of locations along the corridor, including restrictions on certain turning movements where these support improved network operation and safety outcomes. Key locations include the Fifteenth Avenue intersections with Mayfair Street, Scantlebury Street and Grace Road.
    (b) Providing appropriate infrastructure to support walking and cycling along this corridor remains a key priority, and stakeholder feedback will be sought on approaches for providing walking and cycling infrastructure including off-road shared path facilities along the corridor. Opportunities for other forms of cycling infrastructure such as on-road separated cycleways are limited or not viable due to corridor width constraints. Feedback will also be sought on road crossing facilities for active modes, including crossing facilities at Devonport Road adjacent to Tauranga Boys College.
    (c) Engagement is proposed with a small number of directly affected property owners regarding how the proposed corridor improvements may interface with their properties. These discussions will help identify site-specific considerations and opportunities to refine the design prior to wider public engagement.
21. At the Fifteenth Avenue intersections with Scantlebury Street and Grace Road, retaining right-turn movements introduces significant safety and operational issues on the corridor. The safety audit identified that right-turning vehicles must turn across multiple traffic lanes, increasing conflict points with through traffic and elevating the risk of serious crashes. At Grace Road, the uphill approach further restricts visibility for turning and approaching vehicles, creating additional operational and safety concerns. Transport modelling identified that signalising the Grace Road intersection would significantly reduce traffic flow and

corridor efficiency and may increase rat-running through surrounding local streets. Right turn restrictions are proposed – resulting in left-in and left-out only at the Scantlebury Street and Grace Road southern side intersections with Fifteenth Avenue. Engagement will include discussion on alternative routes or other potential mitigation measures as well as the balance between retaining convenient local access and achieving the broader objectives of improved safety, efficient network performance, and reliable movement of people and goods along the arterial transport corridor.

22. The Fifteenth Avenue intersection with Mayfair Street is located immediately adjacent to the point where traffic merges between three and four lanes, creating a complex operating environment where drivers are required to make lane selection and merging decisions. Retaining right turn movements or left out movements at this intersection result in safety and network efficiency issues. Discussion with stakeholders is proposed on a left-in only option at Mayfair Street, with alternative access for left out or right turning movements via Burrows Street.

23. Targeted engagement is proposed with delivery partners, mana whenua, property owners and businesses directly adjacent to the corridor, local schools and residents directly affected by proposed changes.

24. Feedback received through the targeted engagement process will assist in refining design options before a preferred approach is presented to the wider community, currently planned for February 2027.

25. A second stage wider community engagement is planned from February 2027 (subject to the outcomes of targeted engagement). Community engagement activities are expected to include community open days, online engagement channels, surveys and supporting communications activities. A coordinated communications and media plan will be implemented to raise awareness of the project, encourage participation, and ensure the community has a clear understanding of the proposed changes, associated benefits, potential impacts, opportunities and trade offs.

26. An Elected Member workshop on the emerging preferred design following the targeted engagement process (prior to wider community engagement) is proposed.

HAIRINI BRIDGE CLIP-ON

27. The Business Case design concept includes widening Hairini Bridge to 3-lanes through adding a ‘clip-on’ shared pedestrian and cycling path.

28. As previously reported to City Delivery Committee on 16 June 2026 as part of the Transport Major Projects Update report, an option to construct an independent active modes bridge (new structure with shared pedestrian and cycling path) instead of the clip-on was being investigated to determine if it presented a better whole of life option and could provide construction disruption management benefits.

29. The comparative assessment has now been completed and considered cost (both upfront capital costs and whole of life costs), construction disruption, network resilience, consenting and risk.

30. The clip-on shared user path is recommended to remain as the preferred option because it delivers the required project outcomes at a lower upfront cost and lower whole-of-life cost than an independent bridge, while enabling the project to maintain programme certainty and progress without delay.

31. While the independent bridge would provide benefits such as a 100-year design life and increased network resilience (including better seismic resilience than the existing bridge structure), these benefits come at a substantially higher upfront capital cost of approximately $11 million compared with approximately $6 million for the clip-on option.

32. In relation to traffic disruption during construction, there is very little material benefit to building an independent structure instead of a clip-on. The clip-on construction methodology relies on a combination of temporary scaffolding, workboats and pontoons, installation of

support brackets and structural members beneath the existing bridge and a number of overnight road closures to install structural elements.

33. An independent structure would result in reduced interaction with live traffic during construction, but due to the utilities located in the existing bridge footpath which need to be relocated, significant disruptions would still occur to remove this footpath, complete kerb and barrier adjustments and relocate those utility services.

34. The clip-on option also has lower environmental and consenting risks. It avoids the extensive marine construction activities required for a separate bridge, including temporary staging, marine piling, causeway works, and demolition of historic structures. As a result, it reduces seabed disturbance, has fewer landscape and cultural effects, and presents a simpler consenting pathway.

35. Although the clip-on relies on the existing Hairini Bridge and will ultimately require replacement if or when the bridge is renewed, its total lifecycle cost remains less than the independent option. This results in a more affordable investment profile and better value for money in present-value terms.

36. Overall, the assessment concluded that both options are technically feasible and capable of meeting project objectives. However, when considering cost, economic efficiency, consenting complexity, delivery risk, and programme certainty, the clip-on solution provides the strongest overall case and is therefore the preferred option for continued design development.

RISKS AND LEGAL IMPLICATIONS

37. The proposed staged engagement programme has been developed to reduce project delivery and reputational risks by identifying potential stakeholder concerns early and allowing sufficient time for design refinement before wider public engagement occurs.

38. A key risk associated with not undertaking targeted engagement at this stage is that significant stakeholder concerns or property-related issues may not be identified until later in the process, potentially resulting in design changes, programme delays and additional costs.

39. A summary of current key project risks and controls are provided below:

Risk Theme	Risk Description & Potential Consequence	Current Controls and Mitigations	Current Rating
Implementation Funding Approval	NZTA co-funding is budgeted and approved for the current pre-implementation (design) phase. For the implementation phase, NZTA co-funding (51% of total costs up to $60.8m NZTA share) is not currently approved, with the majority of funding required in the 2027-30 NLTP period. Implementation funding may not be prioritised in the next NLTP, which would either result in construction not proceeding or require additional funding to be sought.	Prioritise this project within key documents which guide NLTP funding prioritisation, including particularly the 2027-37 RLTP. Ensure local share funding prioritised in 2027-37 LTP. Working collaboratively with NZTA to ensure all implementation phase funding approval requirements are satisfied by mid 2027. Opportunity to advance some construction phase enabling works prior to main contract works. Enabling works package application to NZTA to utilise current NLTP implementation funding currently in development.	**High**

Risk Theme	Risk Description & Potential Consequence	Current Controls and Mitigations	Current Rating
Traffic Disruption During Construction	Complex construction works on this busy arterial corridor require significant traffic management during construction, which also need to be staged, phased and aligned with other projects including Cameron Road Stage 2. Potential significant disruption to traffic. Changes to traffic management plans during delivery may result in delays or additional costs.	ECI delivery model adopted to support optimisation of constructability consideration and traffic management planning through the design phase. Extensive constructability options assessment and traffic management planning to be developed. Detailed staging and sequencing plans will be prepared and tested as the construction methodology is developed.	**High**
Stakeholder Support	Potential for opposition from landowners, businesses, developers, communities or project partners with proposed scope or delivery plans. Key concerns likely to be movement restrictions including u-turn options where right turn movements may be restricted. May result in delays, objections, consent challenges, reputational impacts, requirements for additional scope and/or increased project costs.	Communications and engagement strategy, business engagement plan, stakeholder relationship management, partnership governance and targeted engagement activities.	**Medium**
Operational Safety	Noting risks and issues identified through safe systems assessment of the concept design, these will need to be addressed through design updates. assessment Operational safety of network upon works completion. Addressing concerns may compromise other objectives (i.e. efficiency or access), or require design changes / additional scope. If unable to be addressed, potential for implementation outcomes to be compromised or introduce potential harm to users (vehicles, pedestrians, cyclists).	Safety a key factor in design optioneering. To undertake further design stage independent safe system assessment prior to construction.	**Medium**

Risk Theme	Risk Description & Potential Consequence	Current Controls and Mitigations	Current Rating
Travel Time Benefits Realisation	Investment is premised on delivering travel time and level of service benefits along the corridor. Subject to final design, lane arrangements and transport modelling assessments, previously anticipated travel time benefits may not be able to be achieved. To ensure delivery of travel time benefits, may require additional scope, additional costs, or trade-off with other investment objectives (i.e. mode shift or safety). If not addressed, may be detrimental to securing implementation phase funding.	Updated modelling and assessment of design options and associated travel time benefits currently underway. Early modelling outputs (based on the indicative design) demonstrate travel time savings similar to the SSBC are able to be delivered. Modelling utilising a corridor approach, and identifying other key points which may require intervention (such as Fraser Street intersection). Updated economics assessment to be developed to confirm travel time benefits and associated project benefit cost ratio (BCR).	**Medium**
Modal Shift Benefits Realisation	The SSBC promotes prioritisation of high occupancy vehicles through this corridor. Subject to final modelling assessments and lane arrangements, high occupancy vehicles along all sections of the corridor may not be able to be accommodated whilst delivering travel time benefits. May not align with objectives of all project partners or may be detrimental to securing implementation phase funding. To ensure delivery of mode shift benefits, may require trade-off with other investment objectives (i.e. travel time or safety).	Further modelling and assessment of lane arrangement and tidal flow options currently underway. The SSBC noted that the 3-lane Turret Road/Hairini bridge section is intended to open as a general-purpose tidal-flow facility, which is the current design working assumption. Subject to 3-lane section being general purpose, early modelling outputs demonstrate travel time savings similar to the SSBC are able to be achieved with HOV lanes on Fifteenth Avenue. Opportunity to future-proof corridor for transition to HOV/PT over time.	**Medium**
Tidal Flow Design and Operation	Confirmation of tidal flow arrangement and operation is subject to confirmation of technology, safety, travel time, modal shift and stakeholder considerations.	Updated modelling and assessment of design options and associated travel time benefits currently underway. Options to be assessed for tidal flow arrangements. The SSBC noted intention to operate as a part time (peak period) dynamic lane, with the central lane functioning as a flush median in off peak periods, which is the current design working assumption.	**Medium**

Risk Theme	Risk Description & Potential Consequence	Current Controls and Mitigations	Current Rating
Adjacent Land Development	Changing land use or developments along the corridor may require changes to the design, including potential requirements for intersections rather than driveways at access points. This could have a detrimental impact to travel time benefits of the corridor, result in challenges for effective implementation of tidal flow, or require design changes including potential road widening, which may require some Turret Road tree removal.	Design progressing based on current land-use information. Engaging with adjacent developments to understand potential design or future-proofing requirements. Note that the potential Turret Road Aged Care Facility is no longer proposing to use fast track.	**Medium**
Cost Increases and Escalation	Costs may escalate from business case estimates and current budgets due to design development, scope decisions and updated construction pricing. Cost escalation risk has also increased significantly due to global geopolitical instability Potential for increased project costs or limited contingencies which may not align with current TCC and NZTA budget allocations.	Regular construction cost reviews throughout design development. Confirmed price in advance of progressing to implementation. Pricing to be independently assessed and validated. Active contingency management, quantitative risk assessment, detailed forecasting, ongoing review of remaining risk allowances.	**Medium**
Construction Health, Safety & Wellbeing	Potential serious injury or fatality to worker or member of public during construction and project delivery. Could result in harm to people, project shutdown, regulatory action, reputational damage and increased costs.	Robust H&S systems, monitoring, training, safety-in-design, reviews and audits (incl. site safety and traffic management).	**Medium**

TE AO MĀORI APPROACH

40. A project mana whenua working group was established through the business case development stage of this project and remains in place to support design development.

41. At the time of the writing of this report, the next project hui with mana whenua is scheduled for 29 October 2026. It is noted that since the business case phase a number of newer iwi and hapū representatives have joined the working group. Consequently, a current focus of mana whenua engagement is to provide an overview and ensure a shared and consistent understanding of the project focus areas and opportunities amongst both existing and newer iwi and hapū representatives.

42. Current engagement is also seeking to further understand mana whenua priorities within the project area, identify opportunities to strengthen cultural outcomes, and explore how mana whenua values, aspirations and perspectives can continue to inform the development of the preferred design. This ongoing engagement as a project partner will assist the project team in ensuring Te Ao Māori considerations are appropriately reflected in project planning and design outcomes.

SIGNIFICANCE

43. The Local Government Act 2002 requires an assessment of the significance of matters, issues, proposals and decisions in this report against Council's Significance and

Engagement Policy. Council acknowledges that in some instances a matter, issue, proposal or decision may have a high degree of importance to individuals, groups, or agencies affected by the report.

44. In making this assessment, consideration has been given to the likely impact, and likely consequences for:

    (a) the current and future social, economic, environmental, or cultural needs of the district or region

    (b) any persons who are likely to be particularly affected by, or interested in, the matter.

    (c) the capacity of the local authority to perform its role, and the financial and other costs of doing so.

45. In accordance with the considerations above, criteria and thresholds in the policy, it is considered that the matter is of medium significance.

ENGAGEMENT

46. Taking into consideration the above assessment, that the matter is of medium significance, officers are of the opinion that consultation and engagement is required as recommended within this report.

Click here to view the TCC Significance and Engagement Policy

NEXT STEPS

47. Following completion of the targeted engagement phase and subsequent wider community engagement, the project team will review and consider feedback received from stakeholders and the community to inform ongoing development of the emerging design.

48. A future report will be provided to the City Delivery Committee in March 2027 summarising the engagement undertaken, outlining key themes and matters raised through the process, describing how this feedback has informed the continued refinement of the project, and seeking endorsement of a preferred design option to progress next stages of detailed design.

ATTACHMENTS

Nil

9.5 Q1 Capital Programme Performance

File Number: **A21209407**

Author: **Alex Johnston, Team Leader CPAD**

Authoriser: **Craig Rice, Chief Operating and Financial Officer**

PURPOSE OF THE REPORT

1. To update the Committee on the Q1 capital programme performance

RECOMMENDATIONS

That the City Delivery Committee:

(a) Receives the report "Q1 Capital Programme Performance ".

EXECUTIVE SUMMARY

2. Project reporting is aligned with the revised budget 2026/27 of $446.8m. As of the end of Q1 (end September), year-to-date expenditure amounted to $68.9m, compared to the year-to-date revised budget of $70.8m. The forecast from project managers for the financial year-end is projected to be $394.3m.

3. High-level information on capital project performance is provided in **Attachment 1 – Q1 Capital Programme Performance.** Of the 187 active projects, ten are currently assessed with an overall red status, three are on hold and three are medium sized projects in the implementation phase. The remaining projects are in the planning and design phase, where there are still opportunities to improve outcomes through scope refinement, option evaluation, and procurement decisions. As these projects progress through development, there remains potential to achieve better value for money and improve overall delivery confidence. Additional details on all red status projects can be found in **Attachment 2 – Red Status Projects**

4. There are 10 projects ‘on hold’, pending funding or further decisions. The majority of projects are waiting on funding, or other dependencies with only two waiting on Council decisions. The list of ‘on hold’ projects is provided in **Attachment 3 - On Hold Projects**

5. **Attachment 4 – Complete Project List** provides a full list of all active projects including their status for information purposes.

6. Procurement spend declined this quarter, coinciding with the start of the financial year and finalisation of the FY27 Annual Plan. A significant number of procurement processes remain underway and are expected to be completed next quarter.

   Total procurement spend for the quarter was approximately $4 million. Significant awards included the $1.07 million Strand Level Crossing contract to John Fillmore Contracting (JFC), and the engagement of Arthur D. Riley for the Ticketor2 Enterprise System.

   Procurement activity included two publicly advertised tenders, one closed competitive process and 11 direct awards. The direct awards included two through the Stormwater Panel and one under the CPP Agreement with Fosters.

7. The cost outlook for Tauranga's capital programme is becoming more stable, with escalation rates returning closer to long-term norms and providing greater confidence in project budgeting. However, costs are still expected to increase, particularly for transport and water infrastructure, where global fuel prices, resource availability and increasing national infrastructure investment continue to present risks. This means prudent forecasting and active cost management remain important to maintaining programme affordability.

BACKGROUND

8. This report is for monitoring and reporting purposes to show Council's performance of projects against Annual Plan and Long-Term Plan budgets for the first quarter of FY27.

TE AO MĀORI APPROACH

9. This report has no direct impact on Council's Te Ao Māori approach. It relates to internal project performance monitoring and assurance arrangements, focusing on governance, reporting, and executive oversight of project delivery. The matters addressed do not change policy, decision-making frameworks, service delivery, or engagement practices with mana whenua, and do not affect outcomes, rights, or interests for Māori. As such, no specific Te Ao Māori considerations are triggered by this report.

CONSULTATION / ENGAGEMENT

10. This report is made public

SIGNIFICANCE

11. The Local Government Act 2002 requires an assessment of the significance of matters, issues, proposals and decisions in this report against Council's Significance and Engagement Policy. Council acknowledges that in some instances a matter, issue, proposal or decision may have a high degree of importance to individuals, groups, or agencies affected by the report.

12. In making this assessment, consideration has been given to the likely impact, and likely consequences for:

    (a) the current and future social, economic, environmental, or cultural well-being of the district or region

    (b) any persons who are likely to be particularly affected by, or interested in, the matter.

    (c) the capacity of the local authority to perform its role, and the financial and other costs of doing so.

13. In accordance with the considerations above, criteria and thresholds in the policy, it is considered that the matter is of low significance.

ENGAGEMENT

14. Taking into consideration the above assessment, that the matter is of low significance, officers are of the opinion that no further engagement is required prior to Council making a decision.

Click here to view the TCC Significance and Engagement Policy

ATTACHMENTS

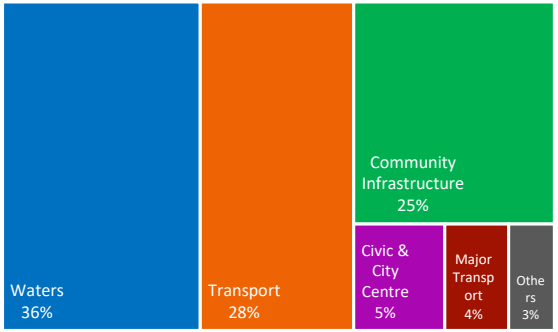
1. **Q1 Capital Programme Performance - A21309436**
2. **Red Status Projects - A21309431**
3. **On Hold Projects - A21309433**
4. **Complete Project List - A21309437**

Q1 2026/27 Capital Programme Performance

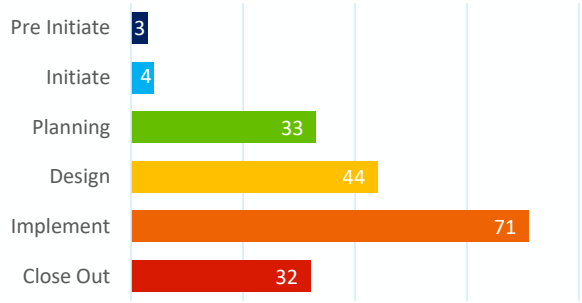
City Delivery Committee 3rd November 2026

Capital Programme FY26/27 Budget

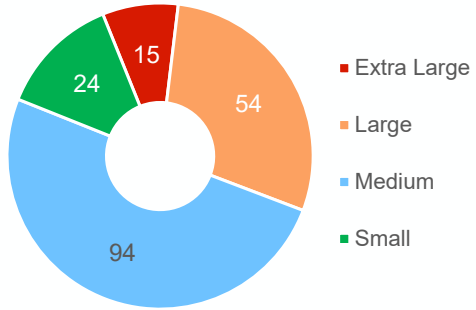
Active Projects by Delivery Groups



Active Project by Lifecycle Stage (Sept)



Active Project by Size



	Overall Status	Actuals (Sept'26)	Revised Budget FY27	Forecast FY27	FY Variance	Active	On Hold	Red Status
Waters		$ 25.2m	$ 123.8m	$ 123.9m	0.1%	67	3	3
Transport		$ 7.7m	$ 63.3m	$ 53.8m	-15%	52	2	5
Major Transport		$ 12.7m	$ 67.1m	$ 51.2m	-24%	7	-	-
Civic & City Centre		$ 13.4m	$ 47.4m	$ 46.3m	-2%	10	1	-
Community Infrastructure		$ 6.4m	$ 71.4m	$ 62.6m	-12%	46	4	1
Digital Services		$ 1.4m	$ 11.9m	$ 11.9m	0%	-	-	-
Balance (other)		$ 2.2m	$ 61.9m	$ 44.6m	-28%	5	-	1
Overall		**$ 68.9m**	**$ 446.8m**	**$ 394.3m**	**-12%**	**187**	**10**	**10**

FY26/27 revised budget excludes land sales, vested assets and BVL new capital offset

Tauranga City

Community Infrastructure Risk & Opportunities

Risks	Opportunities
• It is always a challenge to manage stakeholder expectations of what can be achieved and delivered within the available budgets, to ensure the best outcomes for the key stakeholders and wider community are achieved. The delivery team, engages with a wide range stakeholders (including Mana Whenua) through the planning, design and delivery process. This ensures stakeholders are informed and across design changes and the implications on budgets. The team stays focused to ensure the best overall community outcome is reached that balances community expectations with project costs to deliver value. • Providing a secure pipeline of work allows council to have robust discussions with the supply chain around cost and efficiency. Uncertainty in the delivery programme means that council can lose this opportunity. • Uncertainty in the project pipeline may cause funders to reallocate money to other projects, which means the external funding may no longer be available to council, for those projects if they proceed may do so at a higher capital cost to council.	• Spaces and Places, has two procurement arrangements to enable good engagement with the supply chain, through both our panel agreements and Construction Project Partnership (CPP). This allows us to have robust conversations about projects with the supply chain and ensure value is delivered to the community • Community Infrastructure projects tend to be attractive to external funding agencies (TECT, gaming trusts etc), due to the positive outcomes that are delivered to the community. This funding is used to offset any council funded project budget. Spaces and Places provides updates of potential projects to funders proactively to gauge interest in any funding proposals. • Ensuring the scope of projects are correct and reflect not only the requirements of stakeholders but also the best outcome for the community and reflect value for money. For example, the recent relocation of the waterfront toilets, reused a community asset into an area of high demand (Pacific Park Playground) without purchasing a new toilet block.

Community Infrastructure FY2026/27 Projects

	FY26/27					Total Project				
	FY26/27 Actuals (as of Q1) ($)	FY26/27 Budget ($)	FY26/27 Forecast ($)	FY26/27 % Forecast to Budget	Primary Cause of Variance Forecast – Budget	Actuals to Date [1] ($)	Total Project Budget per 24-34 LTP ($)	Total Project Budget per 27AP [2] ($)	Total Forecast EAC [3] ($)	Total Forecast Variance [4] ($)
Baypark Master Plan	0.1m	2.4m	2.4m	100%	-	4.3m	36.1m	44.3m	33.5m	(10.8m)
Cemetery Crematorium Building	0m	2.3m	2.0m	85%	15% Contingency	0.4m	18.7m	2.7m	3.1m	0.4m
Memorial Park Aquatics Facility	0m	4.0m	4.0m	100%	Scope being finalised	4.8m	123.4m	134.7m	97.2m	(37.5m)
Gate Pa Community Centre	1.4m	4.0m	3.3m	83%		5.4m	8.0m	7.9m	7.5m	(0.4m)
Gordon Spratt Master Plan	0.3m	3.5m	3.2m	89%	Contingency	7.3m	10.6m	10.4m	10.2m	(0.2m)
Te Maunga Landfill Closure	0.1m	9.8m	9.8m	100%	-	1.2m	6.6m	10.9m	9.8m	(1.1m)
Waterfront Central Plaza	0m	3.2m	3.0m	94%	Scope being finalised	2.2m	10.3m	6.5m	6.7m	(0.1m)
Renewals	0.4m	10.0m	9.1m	91%	-	58.1m	138.1m	139.4m	139.2m	(0.2m)
Balance of Programme	4.2m	32.0m	25.9m	81%		168.2m	491.8m	638.4m	574.6m	(63.8m)
Total	**6.4m**	**71.4m**	**62.6m**	**73%**	-	**252.0m**	**843.5m**	**995.2m**	**881.8m**	**(115.0m)**

[1] *Includes all historic multi-year spend to the Q1'2026/27*
[2] *Reflects budgets to the end of FY34 and is subject to future Annual Plan/Long-term plan decision making, impacting phasing and inflationary allowances.*
[3] *Reporting and forecast reflects approved spend as part of council resolution 14 July 2025*
[4] *Includes any forecast unspent project contingency and risk allowances that are part of the total project budget.*

FY26/27 revised budget excludes land sales, vested assets and BVL new capital offset

Tauranga City

Community Projects Key Projects

Project	Project Updates	Overall RAG	Current Lifecycle Stage	Project Completion Date
Baypark Master Plan	The Baypark programme received initial approval to proceed from Council on 14 July 2025. The project was presented back to Council on 12 May 2026, with approval granted to progress the Netball facility, Speedway pits, East carpark, Arena extension, and new Truman Lane entrance. Final construction costs are to be reported back to Council for endorsement.		Design	TBC
Gate Pa Community Centre	Construction of the Gate Pa Community Centre is progressing well, and on schedule for an end of 2026 completion.		Implement	Construction complete - Dec 2026
Te Maunga Landfill Closure	The Tender was released in September and is schedule to close 30th October. The successful respondent will be notified mid-November. The resource consent application is currently with mana whenua for review and feedback on the proposed consent conditions.		Implement	Dec 2027
Waterfront Central Plaza	Project includes Park South and Central plaza. Wider programme includes Rail crossings , seawall and Wharewaka Council workshop is planned early next month to confirm scope and budget.		Design	Aim for mid 2028

Spaces & Places Key Projects

Project	Project Updates	Overall RAG	Current Lifecycle Stage	Project Completion Date
Cemetery Crematorium Building	All consents and approvals received to start construction. Karakia to take place 08 October Construction mobilisation commencing Monday 12 October		Implement	June 2027
Gordon Spratt Football Clubrooms	Building consent and resource consent have been approved for GSR Football Club Building with procurement underway for final contractual documentation ahead of work starting on site. Physical work is estimated to commence in November 2026 and be completed by April 2027 (pending start-date).		Design	April 2027

Spaces & Places Highlights

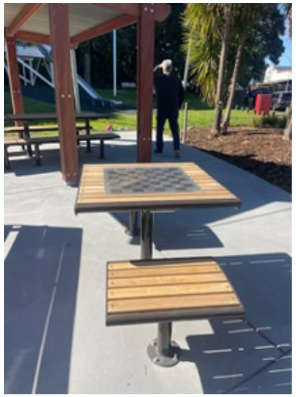




Papamoa Shared Path & Outdoor Exercise Area



Visitor information Kiosk at Gate Pa



New Picnic area at Hopukiore



Building 18 at Historic Village



Strand Extension Sea Wall Repair



Arataki Changing Rooms

Waters Risk & Opportunities

Risks	Opportunities
• Bringing forward infrastructure investment to support the Te Tumu Urban Growth Area (UGA) may require other priority projects within the Water Services Strategy to be deferred in order to maintain prudent debt-to-revenue ratios. If development within Te Tumu does not proceed as anticipated, this could create a significant gap in the programme and reduce the delivery of planned benefits. Mitigation options are currently being assessed. • The transition to the joint Tauranga City Council/Western Bay of Plenty District Council Water Organisation presents a short-term risk of disruption to programme delivery and performance. Close coordination with the Local Water Done Well transition programme will be essential to ensure systems, processes and capabilities are in place to support a smooth transition and maintain service delivery.	• Forecast project savings in FY27 present the opportunity to accelerate the delivery of a project or projects to ease the pressure on next financial year. Project acceleration opportunities are being explored to ensure delivery risks such as interface with Major Projects and community expectations can be mitigated prior to proceeding.

Waters FY2026/27 Projects

	FY26/27					Total Project				
	FY26/27 Actuals (as of Q1) ($)	**FY26/27 Budget ($)**	**FY26/27 Forecast ($)**	**FY26/27 % Forecast to Budget**	**Primary Cause of Variance Forecast - Budget**	**Actuals to Date [1] ($)**	**Total Project Budget per 24-34 LTP ($)**	**Total Project Budget per 27AP [2] ($)**	**Total Forecast EAC [3] ($)**	**Total Forecast Variance [4] ($)**
Cambridge Reservoir Trunk Main Relocations	5.0m	10.0m	11.0m	110%	Delivery / Construction Acceleration	12.7m	80.1m	82.3m	42.5m	(39.8m)
Churchill Road Foreshore Sewer	2.2m	4.0m	2.7m	67%	Savings / Delivered Under Budget	5.2m	27.9m	16.8m	7.2m	(9.6m)
Main Wairakei Pump Station	2.0m	8.0m	9.0m	114%	Delivery / Construction Acceleration	7.5m	43.9m	41.6m	40.8m	(0.8m)
Te Maunga WWTP Headworks	1.0m	8.3m	8.3m	100%	On Track	7.1m	80.5m	82.4m	88.0m	5.6m
Te Maunga WWTP Bioreactor 2	2.7m	6.1m	5.5m	91%	Budget will be spent based on updated forecast	48.1m	52.1m	50.9m	52.0m	1.1m
Wairakei Rising Main	0.3m	5.3m	3.0m	57%	Design / Technical Issues	2.5m	13.1m	20.1m	17.4m	(2.7m)
Balance of Programme	12.1m	82.1m	84.1m	103%	Various	920.3m	2,553.5m	2,539.3m	2,540.0m	0.7m
Total	**25.2m**	**123.8m**	**123.9m**	**100%**	-	**1,003.6m**	**2,853.6m**	**2,833.4m**	**2,788.0m**	**(45.5m)**

[1] *Includes all historic multi-year spend to the Q1'2026/27*
[2] *Reflects budgets to the end of FY34 and is subject to future Annual Plan/Long-term plan decision making, impacting phasing and inflationary allowances.*
[3] *Reporting and forecast reflects approved spend as part of council resolution 14 July 2025*
[4] *Includes any forecast unspent project contingency and risk allowances that are part of the total project budget.*

FY26/27 revised budget excludes land sales, vested assets and BVL new capital offset

Tauranga City

Waters Key Projects

Project	Project Updates	Overall RAG	Current Lifecycle Stage	Project Completion Date
Cambridge Reservoir Trunk Main Relocations	General: Project tracking well. Section 0 Cambridge Rd – Construction commenced 16 March 2026. Completion Dec 2026 Section 0.5 TNL – completed half of the works last summer. Section 2 Racecourse to Hynds Road have commenced, 700m drill shot completed successfully Section 3a (Chadwick/Hynds to K Valley) – Detailed Design complete. Section 3b K Valley – prelim design complete Section 4 Smiths Farm – Detailed Design complete.		Design	June 2029
Churchill Road Foreshore Sewer	Programme: On track Physical works largely complete		Implement	November 2026
Main Wairakei Pump Station	Enabling works and service location completed Construction underway		Implement	August 2028
Te Maunga WWTP Headworks	Enabling works nearing completion under Bioreactor 2 contract. Scope is well defined, some variations, within budget. Detailed Design has commenced		Implement	July 2031
Te Maunga WWTP Bioreactor 2	TC88/19 Bioreactor 2 Above Ground Works: Scope is well defined and on project is on track for completion Dec 2026. Forecast to complete within budget.		Implement	December 2026
Wairakei Rising Main	Design contract awarded and working to optimise alignment and progress preliminary design.		Design	May 2028

City Waters Highlights – Water Supply



700m pipe string: Tauranga Racecourse



Cambridge Road Twin Watermain

City Waters Highlights – Stormwater

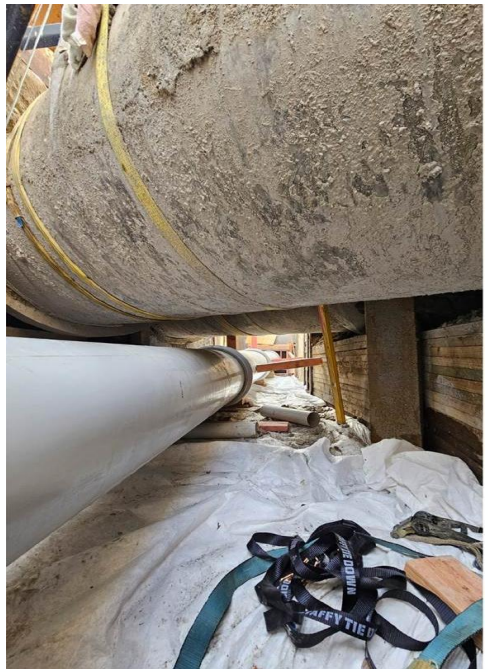


Apollo St: Emergency works to stabilise stream bank and protect wastewater pipe

City Waters Highlights – Wastewater



Maleme St upgrade: Piling to support manholes due to poor ground conditions



Maleme St Upgrade: New pipe line installed under existing stormwater culverts

Transport Risk & Opportunities

Risks		Opportunities
Funding & Pipeline Uncertainty Continues from previous CDC (Improving) – Council endorsement of the programme via the CDC in early August has allowed currently prioritised projects to progress. Prioritised safety, accessibility, optimisation, and public transport programmes continue to be prepared for NZTA's next three-year funding round. Funding uncertainty remains a key risk. Council will have an opportunity to review programmes following the October submissions and before final bids are lodged in December. **Reliance on Third Parties** Continues from previous CDC (No change) - A number of projects involve either new electrical assets or changes to existing assets (pole relocations etc). Changes to Powerco processes mean that TCC now has less control and visibility over the design / approvals process introducing programme and sequencing risks. **Projects Spanning Financial Years** Continues from previous CDC (Improving) - Historically projects were allowed for in the Annual Plan as commencing and being completed in a single financial year which created resourcing / capacity issues in the supplier market. The current approach of moving toward a rolling programme spanning multiple years is expected to address this concern once endorsed.	**Fuel / Bitumen Supply** Minor Improvements – No further impact of these changes has been noted in the period beyond that generally reported previously. Medium Projects – No further impact of these changes has been noted in the period beyond that generally reported previously. It is generally expected that existing contracts will limit TCC exposure in this space. Network Op's –Specific claims for cost increases relating to fuel uncertainty have ceased for now but the NZTA cost indices are rising sharply which will impact our ability to complete work as it will make it more expensive within a confined budget particularly where we are heavily exposed to fuel and bitumen costs. **Impact of Projects on Network Performance** Most current projects on the network are small scale pedestrian crossings or footpath extensions which are low impact. Network Ops has a pavement rehab on Welcome Bay Rd which will impact that area starting in January.	**Packaged Procurements** Recently a number of tenders have been released to market seeking prices for Minor Improvements Projects. It is expected that the ability to package works will result in more competitive pricing than previous. **Internal Resources** Continues from previous CDC (No change) - The Transport Projects and Engineering Services teams have continued to adopt partial or fully self-delivery models for project delivery. This results in reduced reliance on external consultants and strengthened capability and capacity within existing teams, improving delivery resilience and knowledge retention.

Transport FY2026/27 Projects

	FY26/27					Total Project				
	FY26/27 Actuals (as of Q1) ($)	FY26/27 Budget ($)	FY26/27 Forecast ($)	FY26/27 % Forecast to Budget	Primary Cause of Variance Forecast - Budget	Actuals to Date [1] ($)	Total Project Budget per 24-34 LTP ($)	Total Project Budget per 27AP [2] ($)	Total Forecast EAC [3] ($)	Total Forecast Variance [4] ($)
Arterial Route Review and Implementation	0.1m	4.4m	4.6m	107%	Scope Change / Project Definition	0.8m	10.8m	10.4m	6.6m	(3.8m)
SH2 Revocation	-	-	-	-	-	-	-	-	-	-
Balance of Programme	7.5m	58.9m	49.2m	83%	-	480.4m	1,318.5m	1,212.3m		
Total	**7.7m**	**63.3m**	**53.8m**	**85%**	-	**481.2m**	**1,329.3m**	**1,222.7m**		

FY26/27 revised budget excludes land sales, vested assets and BVL new capital offset

Transport Key Projects

Project	Project Updates	Overall RAG	Current Lifecycle Stage	Project Completion Date
Arterial Route Review and Implementation	The overall Arterial route portfolio is on track. However whilst community engagement showed support for some of the proposed interventions on Welcome Bay Road, overall the feedback in relation to the HOV lanes was not supportive / strongly opposed. Based on this feedback the project team intends to come back to Council for direction as to how to proceed at the CDC meeting on 8th Dec '26. This would mean the implementation of this project is pushed out by 12 weeks or further depends on community feedback.		Design	
SH2 Revocation	The revocation assessment phase is the initial, evidence-based stage of the process that determines whether SH2 meets the statutory and policy requirements for revocation. It involves: 1. Information gathering and analysis – including traffic modelling, safety performance, asset condition, property, environmental and legal factors; 2. Future network function assessment – understanding how SH2 will operate alongside the Takitimu North Link; and 3. Testing against policy and legislation – particularly the LTMA s103 requirements and NZTA's revocation criteria. This phase informs whether revocation should proceed, and what issues must be addressed before any transfer to Council.		Planning	

Transport Highlights – Network Ops

The Oropi Rd rock wall was completed ahead of schedule in early August. The rock wall isa great outcome in terms of cost, constructability and minimising disruption.

The dry winter has meant we have been able to progress pre seal repairs and asphalt work through the off season. Stabilising repairs are now completed for the season.

The resurfacing season is now underway, typically chip sealing is completed between October and March each year with asphalt having a longer season while temperatures are moderate.

Cost fluctuations continue to rise in response to uncertainty in the Middle East - particularly impacting fuel and bitumen costs. This is expected to reduce the amount of work we can do for available maintenance budgets.





Transport Highlights – Network Ops

Kaitemako Rd Slip Repair – preparations are well underway to complete this work in early 2027. A retaining wall, soil anchors and improved drainage works will be completed to protect the road and redirect run-off during storms.

Durham St Pavement Rehabilitation – works have begun in the city centre to replace kerb and channel and footpaths ahead of rebuilding the road. A concrete road pavement will be constructed next using roller compacted concrete to give the road strength and durability on this busy bus route.

Matapihi Bridge Embankment – undermining of the cycle path was recently identified and we have moved quickly to manage this risk with the use of quick set cement bags to repair and fortify the path base.





Transport Highlights – Transport Projects

Ngatai / Bureta Round About









Practical completion of the works was achieved on 06th October.

Transport Highlights – Transport Projects

Miro Street



Whilst completed earlier in the year, the recent drone footage shows the scope etc of the works.

Transport Highlights – Maintenance Projects

Whiore Roundabout & Windermere RCC Pavement Renewal Works



These two sites were completed by Rolco and featured fine milling of the finished surface to improve traction and contrast for line marking. No asphalt running course required!



Digital Services Risk & Opportunities

Risks	Opportunities
Organisational capacity - Digital projects require both technology changes and business process change. Successfully delivering improvements depends on having the right people available across Council to design, implement, and adopt new ways of working. If organisational capacity is stretched, projects may take longer to deliver, delaying the benefits residents, businesses, and Council staff expect from service improvements. **Cybersecurity and Information Protection -** Council holds significant amounts of community, customer, and operational information. Protecting this information and maintaining secure services is a core responsibility. As cyber threats continue to increase, investment in security, staff awareness, and technology controls is essential to protecting privacy, maintaining trust, and ensuring critical services remain available. **Organisational risk appetite** – Digital Services are now as fundamental to Council's operations as many traditional infrastructure assets, enabling the systems that support water, transport, customer services, regulatory functions, and corporate operations. Council maintains a low appetite for digital and cyber security risks that could disrupt these services or compromise community information. Continued investment in digital resilience, security, and renewal is therefore essential to maintaining reliable services, protecting community trust, and supporting the outcomes residents expect from Council. **Digital Services Review –** Following the completion of the Digital Services review, a number of staff are transitioning into new roles and responsibilities. While these changes support the future operating model, there is a short-term risk of reduced capacity and loss of organisational knowledge during the transition period. A strong focus is being placed on knowledge transfer, operational continuity, and maintaining delivery momentum to minimise impacts on Council services and community outcomes.	**Maximise Value from existing Technology -** Council has already invested significantly in digital platforms and services. A key focus is ensuring existing technology is fully utilised before introducing new solutions. This approach improves value for money, reduces duplication, and helps ensure technology investment is directed toward services that deliver the greatest benefit for the organisation and community. **AI, Automation and Productivity -** Digital Services is exploring opportunities to use automation and artificial intelligence to improve productivity, reduce manual effort, and help meet growing service demands. Over time, these technologies have the potential to improve customer experience, support faster service delivery, and help Council manage increasing workloads without equivalent growth in operating costs. Appropriate governance and oversight remain essential to ensure these technologies are used responsibly **Service Resilience and Continuity -** As Council becomes increasingly reliant on digital services, maintaining resilient and recoverable systems is critical to supporting essential community services. An opportunity exists to undertake an organisation-wide Business Impact Assessment (BIA) to identify critical business services, understand the consequences of disruption, and establish agreed recovery priorities across Council. This would enable disaster recovery and business continuity investments to be aligned with organisational needs, helping ensure resources are focused on the services that matter most to the community during a disruption.

Digital Services FY2025/26 Projects

	FY26/27					Total Project				
	FY26/27 Actuals (as of Q1) ($)	FY26/27 Budget ($)	FY26/27 Forecast ($)	FY26/27 % Forecast to Budget	Primary Cause of Variance Forecast - Budget	Actuals to Date [1] ($)	Total Project Budget per 24-34 LTP ($)	Total Project Budget per 27AP [2] ($)	Total Forecast EAC [3] ($)	Total Forecast Variance [4] ($)
Safe and Secure Program	$0.4	$4.6	$4.6	0%	-	$3.5	$9.1	$9.8	$9.8	$0
Safe and Secure Lifecycle Management Platforms	$0.2	$1.9	$1.9	0%	-	$3.1	$4.7	$4.8	$4.8	$0
ERP De-Risking/Exiting Ozone	$0.8	$4.7	$4.7	0%	-	$5.9	$15.5	$15.2	$15.2	$0
ERP SAP Finance and Rating Upgrade	$0	$0.5	$0.5	0%	-	$0	$0.6	$0.6	$0.6	$0
Business Improvements Information Management Modernisation	$0	$0	$0	0%	-	$0.2	$0.2	$0.1	$0.1	$0
Business Improvements AI	$0	$0.2	$0.2	0%	-	$0.2	$0.6	$0.5	$0.5	$0
Balance of Digital Program Historic and future projects	$0	$0	$0	0%	-	$78.7	$128.9	$131.2	$131.2	$0
Total	**1.4m**	**11.9m**	**$11.9m**	**0%**	**-**	**91.6m**	**159.6m**	**162.4m**	**162.4m**	**$0.0m**

FY26/27 revised budget excludes land sales, vested assets and BVL new capital offset

Digital Services Projects

Project	Project Description	Project Updates	Overall RAG	Current Lifecycle Stage	Project Completion Date
Safe and Secure Programme	An annual program that maintains the technology foundations Council relies on to deliver essential services, protecting critical systems, strengthening cybersecurity, and ensuring services remain reliable, secure, and resilient for the community.	• Commercial negotiations and global influences are delaying the implementation of DaaS Phase 2 which will now run into FY27. • Critical network upgrades are still underway and have been progressing, however resource constraints and competing priorities have delayed completion. • Disaster Recovery Planning is underway. Recognising the organisation wide Business Impact Analysis for BCP Planning is not yet complete, the team has had to undertake additional discovery and business engagement to enable disaster recovery planning to progress in parallel. • Backup modernisation is almost complete, with our Microsoft Cloud now protected. Moving off legacy tape storage for long term retention to a cloud-based solution has one more system to be migrated for completion and will be a significant risk reduction in our backup resilience.		Delivery	June 2027
Safe and Secure Lifecycle Management Platforms	Upgrades and patches to our core digital platforms to ensure we remain compliant, secure and under support along with taking advantage of new capability from our investments.	• Updated versions including security patches applied across eco-system as required • No significant outages due to lifecycling applications • Server migrations completed to support safe and secure components • Planning work underway to support FY27 delivery programme		Ongoing Delivery	June 2027

Digital Services Projects

Project	Project Description	Project Updates	Overall RAG	Current Lifecycle Stage	Project Completion Date
ERP Exiting Ozone Programme	Removing the risk of Council's legacy ERP platform, Ozone, by migrating remaining business processes and revenue to a modern supportable ERP. Current project streams are described below and in the following slides.	• Programme of work is in progress • Grants & Subsidies Revenue Project - Delivered • Animals Management Project - Delivery & testing phase • Service Management (CCM) Project - Delivery phase • Parking Revenue Project - Delivery phase • Other Processes - Discovery phase • Future projects to be planned: Airport Revenue, Cemeteries, Environmental Planning Revenue (including Development Contributions), Environmental Health & Licensed Premises Revenue, Building Services Revenue, Other Revenue		Delivery	FY28
ERP Exiting Ozone - Grants & Subsidies Revenue Project	**Grants & Subsidies Revenue Project** Migration of Grants & Subsidies (and Dividends & Interest) Revenue processes from Ozone to the SAP Finance platform (processing ~$130m revenue p.a.). The project included foundational build and delivery of standardised and streamlined processes for ad-hoc Sundry Invoices and Collections, ready for other business lines to adopt when they migrate from Ozone.	• Delivery and Go-Live completed end of March 2026 • Total spend came in under the [P70] 'likely case' budget		Delivered	March 2026

Digital Services Projects

Project	Project Description	Project Updates	Overall RAG	Current Lifecycle Stage	Project Completion Date
ERP Exiting Ozone - Animal Management Project	**Animal Management Project** This project will migrate end-to-end Animal Management processes from Ozone to a modern and stable platform. The purpose of the project is to: • Assure continuity of Animal Services; • Reduce heavy system load on Ozone by migrating bulk annual Dog registration renewal processes; • Provide foundation for other Regulatory processes.	• Project in delivery and testing phase. • ISSUE: Some build work delayed and a high volume of open defects needing to be remediated will require user testing, training, and Go-Live dates to be moved out and re-planned. (alongside the wider Digital Services programme of work) • The forecast spend and estimate at completion will be updated once the revised plan is finalised. • Risk that conflicting priorities, constraints, and business training and Go-Live windows could restrict options for revised plan. • Go-Live dates and decisions will continue to be managed via the project Steering Group.		Delivery	2027 TBC
ERP Exiting Ozone - Service Management (CCM) Project	**Service Management (CCM) Project** This project will migrate Service Tickets (aka CCMs) from Ozone to a modern Service Cloud platform (approx. 66.5k tickets p.a. and ~400 users across 70+ teams and sub-teams). The purpose of the project is to: • Assure continuity of service delivery for our community; • Simplify our complex Service ticket structure; • Enable standardised service levels and reporting; • Deliver AI capability to enable future efficiencies	• Project completing core build, now focused on non-core build. • Preparing to commence system testing. • Training and Go-Live dates currently being planned alongside wider Digital Services programme of work (assessing business availability windows, any conflicting priorities, constraints, resource capacity, risks/issues). • Project spend at completion is forecast to be between the P70 'likely case' and the P90 'conservative' case. • Forecast operational licensing and costs align with business case assumptions and budget. • Risk that any prioritisation and/or delays of other Digital projects will impact the timeline. • Go-Live dates and decisions will continue to be managed via the project Steering Group.		Delivery	March - April 2027 TBC

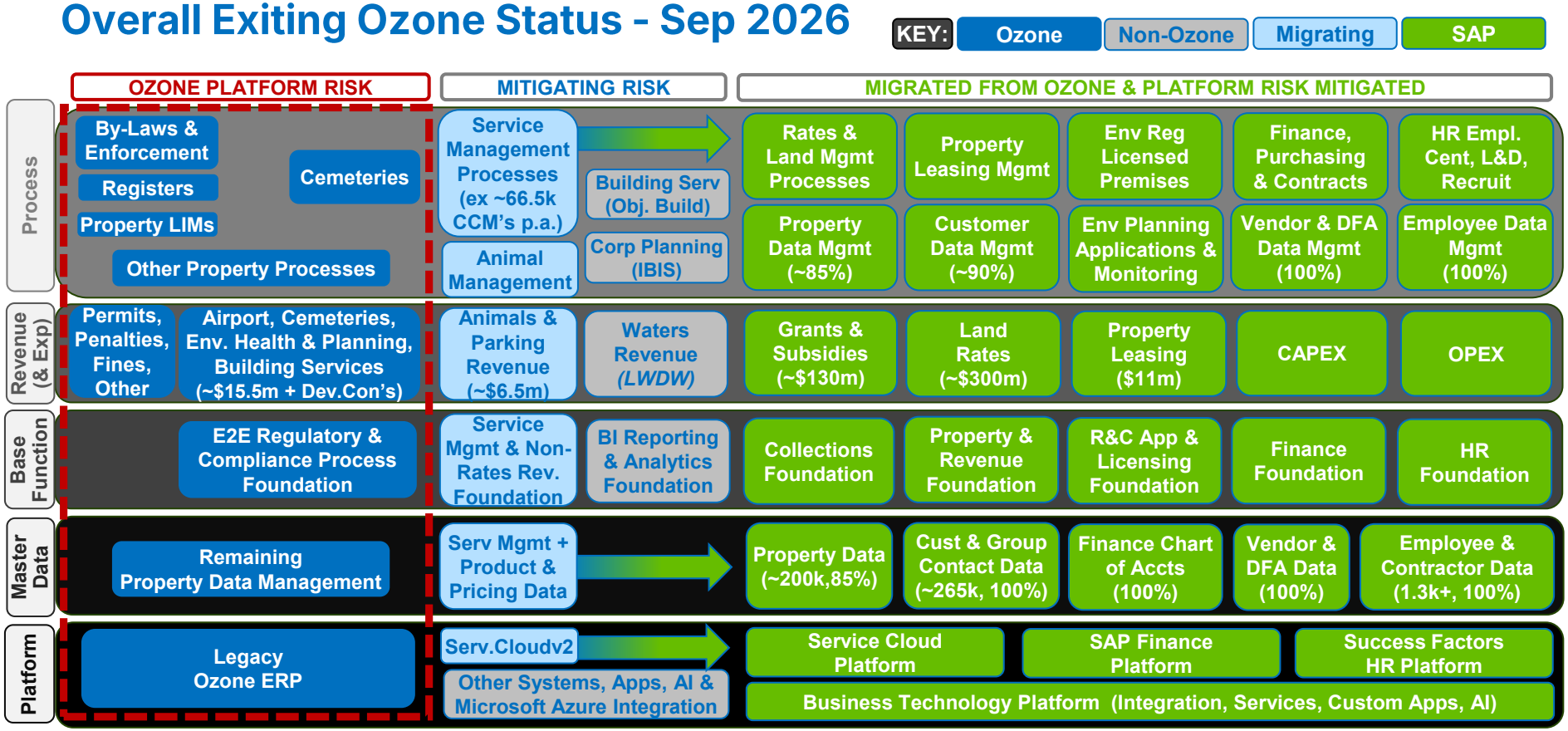
Digital Services Projects

Project	Project Description	Project Updates	Overall RAG	Current Lifecycle Stage	Project Completion Date
ERP Exiting Ozone - Parking Revenue Project	**Parking Revenue Project** This project will migrate Parking Infringements and Enforcement processes and revenue to modern technology (i.e. From TicketOr1 and Ozone to TickerOr2 and SAP Finance). The purpose of the project is to: • Assure continuity of Parking Infringements & Enforcement processes; • Reduce revenue leakage and assure revenue collection; • Improve operational processes and insights; • Reduce operational and cyber security risk.	• Project in Delivery phase • On track to date • Forecast estimate at completion in line with P70 'likely case' budget • Risk that any prioritisation and/or delays of other Digital projects will impact Parking Revenue project timeline		Delivery	May - June 2027 TBC
ERP Exiting Ozone - Other Processes	**Other Processes** The focus of this area is to complete the migration of cross-programme processes from Ozone to modern technology. Processes primarily relate to non-Rateable property data and processes, customer master data processes, user identity/access management and experience, and cross team process templates	• Other processes are in Discovery phase • Forecast spend estimates will be done once Discovery phase is completed for each process		Discovery	FY28
ERP SAP Finance and Rating Upgrade	Undertaking a major version technical upgrade of the core of our modern ERP, SAP. This will ensure TCC remains under support whilst releasing new features such as embedded Artificial Intelligence (AI functionality).	• Pre-checks will need to be run again, as this was last run before the Rates and Land Management Project. This is a requirement due to new functionality being introduced. • The upgrade schedule has been moved to March –April 27 to align with business availability and minimise business impact.		Delayed / Swapped	March - April 2027 TBC

Digital Services Projects

Project	Project Description	Project Updates	Overall RAG	Current Lifecycle Stage	Project Completion Date
Business Improvements Information Management Modernisation	We are upgrading how Council manages its data and information to ensure everything is accurate, secure, and easy to access. This enables and supports better decision-making, meets legal requirements, and promotes community trust. It is a smart investment that improves efficiency, accuracy and reduces risk.	• We have implemented Phase one which is duplications. So far we have run this across 1.8 million documents and we are finding on average 10% of duplications. Clean up phase will happen soon. • Phase two has begun and we are working with Policy, Procurement and a Waters contract to curate and create a copilot agent to look directly at the information in Objective.		Delivery	December 2026
Business Improvements AI	TCC has established an AI Centre of Excellence to lead the responsible, strategic adoption of artificial intelligence across Council operations. This initiative will improve service delivery, reduce costs, and increase productivity by embedding AI into core services, enabling smarter, faster, and more efficient ways of working.	• **AI solutions moved into production:** The Delegations Manual Agent has been rolled out to the whole organisation. Legal case intake is now automated, with 200 cases been processed through the solution at the cost of ~$1. • **We worked out where AI can help across the organisation:** Through the AI defined engagement, we ran 4 + 1 workshops with about 50 staff, built 14 use cases and found five problems that came up in every team. This led to the Risk Agent chosen as the next priority (and is already underway). It also shaped the Draft AI Strategy 2026–27. • **We built up the governance, skills and platforms to keep scaling:** We put formal testing in place, including an Authority to Operate and separate Dev, Test and Production environments.		Ongoing Delivery	June 2027

Overall Exiting Ozone Status - Sep 2026



Major Transport FY2026/27 Projects

	FY26/27					Total Project				
	FY26/27 Actuals (as of Q1) ($)	FY26/27 Budget ($)	FY26/27 Forecast ($)	FY26/27 % Forecast to Budget	Primary Cause of Variance Forecast - Budget	Actuals to Date [1] ($)	Total Project Budget per 24-34 LTP ($)	Total Project Budget per 27AP [2] ($)	Total Forecast EAC [3] ($)	Total Forecast Variance [4] ($)
Turret Road & 15th Ave Corridor	1.4m	8.6m	8.1m	94%	Design / Technical Issues	9.8m	146.5m	144.0m	138.2m	(5.8m)
Cameron Road Stage 2	0.1m	4.0m	2.8m	70%	Design / Technical Issues	7m	224.4m	105.3m	99.2m	(6.1m)
Connecting Mount Maunganui	0.3m	2.7m	2.3m	84%	Dependencies / Third Parties	1.8m	39.5m	211.5m	183.2m	(28.3m)
Tauriko West Network Connections	10.7m	45.0m	32.6m	72%	Savings / Delivered Under Budget	157.1m	223.4m	218.3m	195.9m	(22.4m)
The Strand Level Crossings	0.1m	5.0m	3.9m	79%	Dependencies / Third Parties	1.4m	0	6.2m	5.7m	(0.5m)
Te Maire Street Link (CMM)	0.1m	1.9m	1.8m	96%	-	0.6m	2.6m	2.4m	2.3m	(0.1m)
Total	**$12.7m**	**67.1m**	**51.2m**	**76%**	-	**177.7m**	**636.3m**	**687.7m**	**624.5m**	**(63.2m)**

[1] *Includes all historic multi-year spend to the Q1'2026/27*
[2] *Reflects budgets to the end of FY34 and is subject to future Annual Plan/Long-term plan decision making, impacting phasing and inflationary allowances.*
[3] *Reporting and forecast reflects approved spend as part of council resolution 14 July 2025*
[4] *Includes any forecast unspent project contingency and risk allowances that are part of the total project budget.*

FY26/27 revised budget excludes land sales, vested assets and BVL new capital offset

Civic & City Centre FY2026/27 Projects

	FY26/27					Total Project				
	FY26/27 Actuals (as of Q1) ($)	FY26/27 Budget ($)	FY26/27 Forecast ($)	FY26/27 % Forecast to Budget	Primary Cause of Variance Forecast – Budget	Actuals to Date [1] ($)	Total Project Budget per 24-34 LTP ($)	Total Project Budget per 27AP [2] ($)	Total Forecast EAC [3] ($)	Total Forecast Variance [4] ($)
Baycourt Upgrade	0m	2.0m	2.0m	100%	-	0.3m	10.9m	17.3m	18.2m	0.9m
Civic Plaza	2.6m	5.3m	4.7m	89%	Timing	4.9m	17.1m	15.4m	15.2m	(0.2m)
CWEM	10.7m	34.7m	34.2m	103%	Timing	74.2m	128.4m	133.2m	133.0m	(0.2m)
Fisherman's Wharf	0m	2.3m	2.3m	100%	-	0m	7.1m	7.4m	7.9m	0.5m
Site A Civic Establishment	0m	1.0m	1.0m	100%	-	5.1m	7.8m	7.7m	7.7m	0m
Wharewaka	0m	2.1m	2.1m	100%	-	0.3m	4.0m	1.1m	2.4m	1.3m
Total	13.4m	**47.4m**	**47.9m**	**101.0%**	-	**84.9m**	**175.4m**	**181.1m**	**184.4m**	**2.3m**

[1] *Includes all historic multi-year spend to the Q1'2026/27*
[2] *Reflects budgets to the end of FY34 and is subject to future Annual Plan/Long-term plan decision making, impacting phasing and inflationary allowances.*
[3] *Reporting and forecast reflects approved spend as part of council resolution 14 July 2025*
[4] *Includes any forecast unspent project contingency and risk allowances that are part of the total project budget.*

Other Key Projects

Project / Programme	Project Updates
Major Projects: Transport	This programme is reported separately to City Delivery Committee
Major Projects: Civic & City Centre Projects	This programme is reported directly to Council

Red Status Projects

	Extra Large	Large	Medium	
Waters	-	2	1	3
Transport	-	1	4	5
Spaces & Places	-	-	1	1
Civic & City Centre	-	1	-	1
Others	-	-	-	0
	0	4	6	

	Initiate	Planning	Design	Implement	Close Out	
Waters	-	1	1	1	-	3
Transport	-	1	-	3	1	5
Spaces & Places	-	-	1	-	-	1
Civic & City Centre	-	1	-	-	-	1
Others	-	-	-	-	-	0
	0	3	2	4	1	

CHANGES	Extra Large	Large	Medium
Waters	-	+1	-
Transport	-	-	-2
Spaces & Places	-	-	-
Civic & City Centre	-	-	-
Others	-	-	-

New Red Status Projects

Project Title	WBS Level 1	Delivery Team Group	Project Size	Project Status	Project Lifecycle Stage	RAG July 2026	RAG Aug 2026	RAG Sept 2026	FY26/27 Actuals	FY26/27 Budget	FY26/27 Forecast	FY26/27 Forecast Variance	Project Actuals to date	Total Budget (Adopted AP27)	Latest Overall Commentary
Mt Maunganui WS Main Upgrade	N.000083.18	Waters	Large	Active	Design	Amber	Amber	Red	99,515	540,000	829,515	289,515	309,843	13,356,673	ECI Contractor CB Civil now onboard the project team. Optioneering workshop carried out with asset owner to determine preferred vertical and horizontal alignment. Designer has produced a option of proceeding down Triton avenue instead of Hull Rd to reduce TM and disruption to locals. Physical investigations to be scheduled in late August due to complex TM requirements. These investigations will provide utility locates, Geotechnical data, groundwater & contaminated land samples. This suite will determine consent requirements and workability of route down Triton and Hull respectively. Investigation works now underway, expected completion 2/10/26. Full reporting suite expected to take 4-6 weeks with an expected issue date to TCC of early November. RED risk status is due to the expectation that the implementation budget is insufficient. Stage gate approval agreed to revisit the budget once the design had provided a more accurate estimate.

Red Status Projects (No Change)

Project Title	WBS Level 1	Delivery Team Group	Project Size	Project Status	Project Lifecycle Stage	RAG July 2026	RAG Aug 2026	RAG Sept 2026	FY26/27 Actuals	FY26/27 Budget	FY26/27 Forecast	FY26/27 Forecast Variance	Project Actuals to date	Total Budget (Adopted AP27)	Latest Overall Commentary
Road Rehabilitation	N.000045.03	Transport	Large	Active	Implement	Amber	Red	Red	1,718,891	8,196,000	8,206,931	10,931	49,562,164	137,116,803	Ngatai Bureta Road project the rehab component is coded here but his being managed by the projects teams. They have indicated it the rehab Bureta/Ngatai largely completed. Potential cost overrun Bureta/Ngatai Rd Rehab, awaiting projects to confirm. On track for Rolco to start Mid November on Durham St. Possibility Maleme St will now start late January due to 3 water upgrade work. Welcome Bay Rd Rehab capability risk still present.
Baycourt Upgrade	N.000014.13	Civic & City Centre	Large	On Hold	Planning	Red	Red	Red	3,500	2,003,345	2,006,840	3,495	317,442	17,295,880	This project is on hold. The project team is waiting on instruction to proceed.
Joyce Rd WSTP Technology Renewal	N.000084.10	Waters	Large	On Hold	Planning		Red	Red	240	200,000	180,240	- 19,760	17,812	9,674,631	Project on hold as current budget is insufficient to complete full scope. A list of projects has been included in LTP process.
Gordon Spratt Reserve Rugby Club Facility	N.000054.13.08	Spaces & Places	Medium	Active	Design	Red	Red	Red	2,630	621,310	947,331	326,021	117,646	1,295,016	Detailed design is completed Building consent has been lodged Additional work is required to understand funding posibilities including seeking external funding through TECT, Lotteries or other
WS Joyce Rd Mini Hydro	N.000098.34	Waters	Medium	Active	Implement	Amber	Red	Red	74,495	302,347	407,346	104,999	893,644	1,042,017	Contract is progressing. Current (optimistic) completion of wet commissioning is 11 November which is potentially impacting on the high seasonal water demand. Additional value add items and claims for lost parts will increase the contract value to beyond what is budgeted
Ngatai Road and Bureta Road Intersection Improvements	N.000046.51	Transport	Medium	Active	Close Out	Amber	Red	Red	846,802	1,440,781	1,280,096	- 160,685	1,977,549	1,936,611	Scope clearly defined, cost over run, programme tracking behind baseline.

Retaining Wall Component Renewals WC215	N.000045.14	Transport	Medium	Active	Implement	Green	Red	Red	97,393	327,336	1,047,397	720,061	1,152,465	4,165,484	Focussing on Beca retaining wall assessments to prioritise risk with geotechnical assessments. Carrying out identified remedial repairs and vegetation control affecting retaining walls and slopes. Kaitemako retaining wall renewal works no change to previous month. this is a priority and to be completed over the summer. The slope was further damaged in the 25 March 2026 weather event and this work is needed to protect the slope from further damage. The indicative forecast is $850K. We have secured 51% resilience funding from NZTA. Currently liaising with Powerco and Chorus for relocation of services. Confidence in the forecast is medium/high. Currently the total WBS budget is insufficient to meet the total project costs. Confidence in the forecast is medium/high. Potential storm damage continues to be the primary risk to this renewal programme along with scarce specialist contractor availability.
Road resurfacing WC212 & Pre Seal Repairs WC111	N.000045.01	Transport	Medium	Active	Implement	Amber	Red	Red	472,109	2,813,000	2,919,938	106,938	15,163,025	61,136,025	Overall programme on track. All preseals completed with some minor cracking to be rectified prior any surfacing. Asphalt continues and chipseal resurfacing renewals start in October. HEB Steelguard contract declined. The programme for Steelguard removed due price increase and concerns over longevity of product. These sites have been checked and over half will need resurfacing to maintain waterproofing, currently work through options. Reputational risk if these site resurfaced with chips as currently asphalt, (community backlash).
	N.000045.09								1,430,030	10,812,854	10,310,297	- 502,557	62,541,900	147,967,997	
TSP 015 - Te Tumu Internal Multi Modal	N.000023.04	Transport	Medium	On Hold	Planning	Red	Red	Red	-	-	-	-	800,498	963,319	The SSBC has now been finalised and submitted to NZTA for approval and funding decision. This project is not included in the 24-27 NLTP which means that the co-funding requested for Wairakei will not be available. Red status reflects uncertainty in timing and funding availability.

Red Status to Non-Red Status Projects

Project Title	WBS Level 1	Delivery Team Group	Project Size	Project Status	Project Lifecycle Stage	RAG July 2026	RAG Aug 2026	RAG Sept 2026	FY26/27 Actuals	FY26/27 Budget	FY26/27 Forecast	FY26/27 Forecast Variance	Project Actuals to date	Total Budget (Adopted AP27)	Latest Overall Commentary
Kerb, Channel & Sump WC213 Renewal	N.000045.04	Transport	Medium	Active	Implement	Green	Red	Amber	10,493	947,880	947,876	- 4	7,285,406	15,512,406	Procurement plan approved for skim cost Kerb and channel. On track with work commencing in October.
Footpath WC225 & Cycle Path WC224 renewals	N.000045.08	Transport	Medium	Active	Implement	Green	Red	Green	262,870	1,855,979	1,855,979	-	3,353,464	17,701,523	Procurement to secure another contractor has progressed with the contract about to be signed. The programme is on track and the increased resource capacity should enable footpath renewals that will decrease trip hazards. It is anticipated budget will be more fully utilised in the coming months. Confidence in the forecast is medium high and at this stage the forecast is indicative. There were no H&S incidents on active work sites reported this month.
	N.000045.19								1,800	92,205	92,208	3	3,186,196	2,562,076	
Gordon Spratt Reserve Football Club Faclity	N.000054.13.01	Spaces & Places	Medium	Active	Design	Red	Amber	Amber	46,398	1,721,570	1,777,711	56,141	743,788	1,747,390	TCC has developed a standard design package for TCC provided club rooms for various sporting codes. The design has been reviewed by the user group who have approved the design. Building consent and resource consent have been approved for GSR Football Club Building with procurement underway for final contractual documentation ahead of work starting on site. Physical work is estimated to commence in November 2026 and be completed by April 2027 (pending start-date). The project forecast is currently tracking above the approved budget. However, as the project has progressed into the implementation phase, additional cost-reduction opportunities are being actively explored. The current forecast reflects a worst-case scenario based on a risk-adjusted approach, and there remains a reasonable level of confidence that the project can ultimately be delivered within the approved budget envelope.

ON HOLD PROJECTS

Project Title	Delivery Team Group	Project Size	On Hold Reason	Actuals	Budget	Forecast	Variance
Baycourt Upgrade	Civic & City Centre	Large	Governance - Council	3,500	2,003,345	0	-2,003,345
Durham to Grey Laneway Programme	Spaces & Places	Large	Governance - Council	72	1,000,000	990,032	-9,968

Project Title	Delivery Team Group	Project Size	On Hold Reason	Actuals	Budget	Forecast	Variance
Joyce Rd WSTP Technology Renewal	Waters	Large	No Funding	240	200,000	200,000	0
LCLR-Maranui Street Upgrades and Improvements	Transport	Large	No Funding	0	0	0	0
Te Ranga Development	Spaces & Places	Medium	No Funding	0	0	0	0

Project Title	Delivery Team Group	Project Size	On Hold Reason	Actuals	Budget	Forecast	Variance
Mt Maunganui Reservoir	Waters	Extra Large	Project scope not feasible	180	0	0	0
Te Tumu Rising main	Waters	Large	Project scope not feasible	360	457,248	190,360	-266,888
Te Papa o Nga Manu Porotakataka	Spaces & Places	Medium	Project scope under review	5,880	2,296,319	1,626,765	-669,554

Project Title	Delivery Team Group	Project Size	On Hold Reason	Actuals	Budget	Forecast	Variance
TSP 015 - Te Tumu Internal Multi Modal	Transport	Medium	Pending external dependencies	0	0	-800,498	-800,498

Project Title	Delivery Team Group	Project Size	On Hold Reason	Actuals	Budget	Forecast	Variance
Cemetery Carpark	Spaces & Places	Medium	Pending other project dependencies	0	0	0	0

PROJECT LIST (ACTIVE & ON-HOLD)

Project Title	Delivery Team Group	Project Size	Project Status	Current Lifecycle Stage	Project Description
Central Library & Community Hub	Civic & City Centre	Extra Large	Active	Implement	The new Library and Community Hub is a multi-purpose facility that incorporates an integrated customer services function and provides for community activities beyond simply a traditional library. The Library and Community Hub building will feature a mass timber hybrid structure targeting a 6 Green Star rating.
CWEM (Civic Whare, Exhibition Centre and Museum)	Civic & City Centre	Extra Large	Active	Implement	Design and Construction of Civic Whare, Exhibition Centre and Museum, located on Willow and Hamilton Streets.
Te Maunga Landfill Closure	Balance of Programme	Large	Active	Implement	To design and implement the Best Practicable Option (BPO) for ongoing discharges, as identified in resource consent application documents submitted to BOPRC on 31 October 2024. The proposed BPO is below, though this has not yet been approved under the resource consent and may change. •Option '1b+1d' replacing, upgrading and improving the performance of the existing LCS and intermediate capping.
Art Gallery Door Relocation	Civic & City Centre	Large	Active	Close Out	The upgrade to the Tauranga Art Gallery is to better connect the gallery with the new civic precinct works, through a re-alignment of the main entry to the Art Gallery. Moving the entry from the Wharf Street corner to the new masonic park side to better connect with Te Manawataki o te papa.
Civic Plaza	Civic & City Centre	Large	Active	Design	The demolition of the Civic Heart building and civic works required for the Site A Establishment project will allow the Civic Precinct and Civic Plaza plans to proceed. The extensive slope of Site A from Durham Street to Willow Street presents challenges to the landscaping design. The Site falls steeply from Durham Street to Willow Street, with a difference in level between the two streets of between 8 and 11 metres. This gradient has been addressed through a series of terraces up the site. Large stairways are a feature to the south of the site with an accessible walkway integrated into the landscape The Civic Plaza projects include the open places & spaces within the Civic Precinct and includes: •Site levels •Paving •Sculpture Garden •Wharf & Hamilton St footpaths •Amphitheatre •Planting •Through site link
Hamilton, Wharf & Durham Footpath Upgrades	Civic & City Centre	Large	Active	Design	Hamilton, Wharf & Durham Footpath Upgrades
Indoor Courts, 483 Cameron Road	Civic & City Centre	Large	Active	Close Out	Refurbish 483 Cameron Road (The Warehouse) building to accommodate 4 indoor multi-use courts, changing and amenities, a reception and storage.
Strand Seawall - South	Civic & City Centre	Large	Active	Design	Redevelopment of the Tauranga waterfront seawall running along the harbour edge in Park South.
Gate Pa Community Centre	Spaces & Places	Large	Active	Implement	New Gate Pa Community Centre - design and construction
Marine Parade Boardwalk	Spaces & Places	Large	Active	Implement	Complete Marine Parade Boardwalk with cultural elements - signage and mahi toi
Poteriwhi Sports Park - Engineering Investigation & Design	Spaces & Places	Large	Active	Design	The development of Parau Farms into a park that includes sport, passive recreation, and associated infrastructure
Baycourt Upgrade	Civic & City Centre	Large	On Hold	Planning	Upgrading of the exterior of Baycourt to tie into the new civic development precinct and allow for an external lift to serve the precinct. Upgrades to interior lobbies and toilets as well.
Durham to Grey Laneway Programme	Spaces & Places	Large	On Hold	Initiate	City laneway to create another pathway between the public transport and university on Durham St and the retail precinct on Grey St
Cambridge Road - Closed Landfill Upgrade	Balance of Programme	Medium	Active	Close Out	Cambridge Road closed landfill - infrastructure upgrade and remediation works to comply with Resource Consent
PPM Solution	Balance of Programme	Medium	Active	Design	A Project Portfolio Management (PPM) system will unify tools into a central, configurable platform to improve governance, prioritisation, and project delivery. It will strengthen strategic alignment, financial and risk management, resource planning, and support better decisions for long-term community value.
Public Arts Sculptures	Balance of Programme	Medium	Active	Design	Public Arts Sculptures

Site A Civic Establishment	Civic & City Centre	Medium	Active	Implement	Civic Heart Demolition and Site A Civic Establishment. Civic precinct (administration, library and Hamilton street carpark) demolition and site prep.
Wharewaka	Civic & City Centre	Medium	Active	Design	New wharewaka shelter on the southern waterfront. Purpose built to house 2 waka and be designed to fit into the wider landscape and waterfront design.
Willow Street Upgrade	Civic & City Centre	Medium	Active	Planning	Redevelopment of Willow Street to link the Waterfront Reserve with Te Manawataki o Te Papa
17th Avenue Shared Path	Spaces & Places	Medium	Active	Design	Shared Path on 17th Avenue from Cameron Road to Kopurererua Valley.
Papamoa Beach Shared Pathway Stage 2	Spaces & Places	Medium	Active	Close Out	The design and construction of a shared path between Parton Road and Taylors access Road. This is Stage 2 of the original shared pathway proposed from Domain Road, Stage 1 ended at Parton Rd.
Allan McBride Park - Reserve Enhancement and Playground Renewal	Spaces & Places	Medium	Active	Close Out	To design and deliver a fit-for-purpose neighbourhood reserve, including play space provision, that meets the needs of the play, recreational and amenity needs of the community – recognising a high density residential zone and anticipated future residential intensification in this area.
Aspen Reserve	Spaces & Places	Medium	Active	Implement	To redevelop Aspen Reserve with a primary focus on creating an urban oasis enhancing its existing green open space amenity.
Automated Public Toilet Mngmnt Systems	Spaces & Places	Medium	Active	Implement	Toilet Management system - BMS
Brookfield Reserve Upgrade	Spaces & Places	Medium	Active	Design	To provide an improved play experience in Brookfield by upgrading Lees Park and development of a larger new play space at Sydenham Park. Other reserve enhancement will be delivered alongside the play space development regardless of which park is selected.
Carlton Reserve Skate Park	Spaces & Places	Medium	Active	Design	To design and construct a fit-for-purpose skatepark at Carlton Street Reserve, including supporting amenities
Cemetery Crematorium Building	Spaces & Places	Medium	Active	Implement	New Crematorium Building
Gordon Spratt Car Park Extension	Spaces & Places	Medium	Active	Close Out	Extension of existing car park to double its size. It will be located next to proposed Shared Clubroom. Design includes services for future clubroom and landscaping.
Gordon Spratt Reserve - Changing Rooms	Spaces & Places	Medium	Active	Close Out	GSR changing room design and consenting
Gordon Spratt Reserve Football Club Facility	Spaces & Places	Medium	Active	Design	Change from original Project Description. New football club facility to be new building with four single access toilets, one accessible toilet and shower, reception room with joining kitchen and bar area and a small storage cupboard. A covered deck area will be provided.
Gordon Spratt Reserve Rugby Club Facility	Spaces & Places	Medium	Active	Design	New Rugby club facility to be new building with four single access toilets, one accessible toilet and shower, reception room with joining kitchen and bar area and a small storage cupboard. A covered deck area will be provided. Relocate storage shed and upgrade existing carpark
Gordon Spratt Reserve Storage Sheds	Spaces & Places	Medium	Active	Close Out	Provide permanent storage sheds to replace container storage and lost storage due to upgrade of changing rooms
Hartford Ave Toilet	Spaces & Places	Medium	Active	Design	Installation of toilet at Hartford Avenue Playground
Haukore Street Reserve - Reserve Enhancement and Playground Renewal	Spaces & Places	Medium	Active	Close Out	To design and deliver a fit-for-purpose neighbourhood reserve, including play space provision, provision that meets the play, recreational and amenity needs of the community (that can be delivered within this small site) and fosters a sense of belonging and ownership of the reserve.
HIstoric Village Building 18 Renovation	Spaces & Places	Medium	Active	Implement	Carry out renovation on building 18 at Historic Village
Historic Village Grounds Development	Spaces & Places	Medium	Active	Implement	Design and build 3 x carpark areas around village grounds
Hopukiore Mt Drury Accessible Playground	Spaces & Places	Medium	Active	Design	To undertake a reserve enhancement project, including renewal of the play space and movement within and through the reserve, that adequately reflects the significance of the cultural, landscape, archaeological, ecological, tourism and play values of the site and surrounding area, and provides disability access.

McLaren Falls Hamilton Point slip repairs	Spaces & Places	Medium	Active	Planning	Repairs to slip/reinstatement of walkway around lake
Monmouth Redoubt Upgrades	Spaces & Places	Medium	Active	Close Out	Works arising from Monmouth Redoubt Conservation Plan including Renovation of historic banks and ditches, construction of boardwalk and removal of trees in northern ditch
New Cremator	Spaces & Places	Medium	Active	Implement	New oversized cremator to replace existing elecfurn cremator
Oropi Forest & Trail Restoration Works	Spaces & Places	Medium	Active	Implement	To reinstate the existing mountain-bike tracks following the forest harvest (forest harvest is City Waters project which is project managed by Spaces and Places) To enhance the mountain-bike park by adding extra MTB & walking tracks, with emphasis on grade 2 & 3 level trails to make the park accessible to beginner level riders To re-plant the land with a long rotation tree species. Redwoods are the recommended species To protect and enhance existing native bush pockets within the park To enhance walking opportunities, particularly with access to native bush areas Add signage at entrances for park maps, information and sponsors Add signage within the park to ensure wayfinding is very clear To create a second carpark, toilet & events area to Joyce Rd To make some improvements to the Oropi Rd carpark and entrance
Papamoa Destination Playground	Spaces & Places	Medium	Active	Design	The purpose of this project is to establish a new playground, and supporting reserve enhancement and associated infrastructure provision, at Simpson Reserve in Papamoa to meet long-standing community demand for a larger scale playground in this area which provides for a wide range of ages and abilities, while retaining open spaces and facilities for a range of other reserve users.
Pilot Bay seawall renewal	Spaces & Places	Medium	Active	Design	Design and renewal of the Pilot Bay seawall
Sulphur Point 6 lane pontoon and pile renewal	Spaces & Places	Medium	Active	Implement	Renewal of the Sulphur Point 6 lane boatramp pontoons and piles. Works also include renewal of the top section of the concrete boatramps and abutments and remedial works to the rock revetment adjacent to the ramp. Works are being completed under a current consent. Project is being split between 2 financial years.
Taylor Reserve Access Road Improvemnents	Spaces & Places	Medium	Active	Close Out	Improvements to Taylor Access Road including road widening, additional footpath and tie in's to Papamoa Beach Road
The Historic Village Renewals	Spaces & Places	Medium	Active	Design	The renewal of multiple buildings at the Historic Village.
Wharepai & Tauranga Domains	Spaces & Places	Medium	Active	Implement	To improve the city edge of the Wharepai and Tauranga Domains, the interface with the city and the pedestrian experience. As part of a broader programme of works, the initial project will focus on the Hamilton Street and Cameron Road edge of Wharepai domain, improving footpaths, fencing, car parking, tree pits, tree replacement.
Cemetery Chapel	Spaces & Places	Medium	On Hold	Design	Chapel upgrade to include: - refurbishment of cremator area to office space - removal of catafalque and interior improvements
Cemetery Carpark	Spaces & Places	Medium	On Hold	Planning	Construction of new carpark adjacent to new crematorium building
Te Papa o Nga Manu Porotakataka	Spaces & Places	Medium	On Hold	Design	To create a better Urban design outcome between the neighbouring businesses on the eastern side of the park, the existing public toilet building and surrounding open space.
Solar Panel Installation – Chapel Street WTP	Balance of Programme	Small	Active	Close Out	Installation of solar panels on the flow balance tanks at the Chapel Street Wastewater Treatment Plant.
Commercial Property Renewals	Spaces & Places	Small	Active	Implement	171 Chadwick Road (Unit 1 - 4) Turkish Unit 1, Subway Unit 2, Punjab Market Unit 3 and 4 - Renewal FY27 28 Newton Street - Renewals FY27 29 Wikitoria Street - Renewals FY27
Greerton Library Renewals	Spaces & Places	Small	Active	Planning	Various smaller renewal projects, taking the most recent Condition Assessment Reports into account. Focus on Security System Network and CCTV Camera upgrade. The works are being completed by various contractors under the contract threshold limits.
Papamoa Library Renewals	Spaces & Places	Small	Active	Planning	Various smaller renewal projects, taking the most recent Condition Assessment Reports into account. Focus on Security System Network and CCTV Camera upgrade.
Waste Water Building Renewals	Spaces & Places	Small	Active	Planning	Renewals to Waste Water pump station and treatment plant buildings.

9.6 Annual Residents Survey 2026/27 - Wave One Results and 2025/26 Benchmarking Report

File Number: **A21279352**

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Authoriser: **Christine Jones, General Manager: Strategy, Partnerships & Growth**

PURPOSE OF THE REPORT

1. The purpose of this report is to provide an overview of the results from the Annual Residents Survey for the first quarter of 2026/27 (Wave One).
2. This report also includes an overview of the results from the Annual Residents Survey Benchmarking Report for 2025/26.

RECOMMENDATIONS

That the City Delivery Committee:

(a) Receives the report "Annual Residents Survey 2026/27 - Wave One Results and 2025/26 Benchmarking Report".

EXECUTIVE SUMMARY

3. The Annual Residents Survey measures residents' perceptions of Council services, facilities, value for money, engagement and reputation. Wave One is the first quarterly measure for 2026/27. The 2025/26 benchmarking report compares Tauranga with 21 other councils that use the same research provider.
4. Compared with the full 2025/26 year, the 2026/27 Wave One results were higher for waste management (83%, up from 78%), public facilities (80%, up from 75%) and value for money (35%, up from 31%). Outdoor spaces decreased (from 78% to 75%), overall Council performance decreased (from 46% to 41%), and overall image and reputation decreased (from 27% to 20%).
5. The 2025/26 benchmarking results show Tauranga performing above the participating-council average for overall satisfaction, core service delivery and value for money. Core services were a particular strength, including waste management, roading, public facilities and outdoor spaces. Tauranga remained below average for reputation, leadership, trust, engagement and consultation.
6. Wave One forms part of the quarterly 2026/27 survey programme and is an early indication rather than a full-year assessment. Quarterly results can be affected by sampling variation, and some measures have small respondent numbers.
7. Further waves will provide a larger cumulative sample and a more reliable basis for assessing sustained changes. Results will continue to be shared with relevant activity managers and monitored through the established performance reporting cycle, with material changes and the final 2026/27 position reported to elected members in July/August 2027.

BACKGROUND

ANNUAL RESIDENTS SURVEY

8. The Annual Residents Survey forms part of a wider set of information we have around engagement with the Tauranga community and their wants, needs and perceptions of council and of Tauranga as a place to live.

9. Survey results help council staff assess the performance of council against a set of pre-determined actions and performance levels, including those outlined in the 2024-34 Long-term Plan.

10. Using a post-to-online method, 150 surveys have been undertaken with Tauranga residents during this first wave. An invitation letter, containing a QR Code to an online survey, was sent to a random selection of residents, sourced from the Electoral Roll, with a subsequent reminder follow up.

11. Wave One fieldwork was conducted from 02 September 2026 – 06 October 2026.

Table 1: *2026/27 key results compared to the previous year.*

Measure	2025/2026 Result	2025/26 Net score	2026/2027 YTD Result	2026/27 YTD Net score	Net score movement
Overall performance	46%	19%	**41%**	14%	▼ (-5%)
Overall reputation	27%	-21%	**20%**	-27%	▼ (-6%)
Overall value for money	31%	-12%	**35%**	-5%	▲ (7%)
Overall core service deliverables	63%	51%	**68%**	61%	▲ (10%)
Overall water management	60%	47%	**61%**	44%	▼ (-3%)
Overall roads and footpaths	53%	30%	**53%**	34%	▲ (4%)
Overall waste management	78%	72%	**83%**	76%	▲ (4%)
Overall outdoor spaces	78%	73%	**75%**	70%	▼ (-3%)
Overall public facilities	75%	67%	**80%**	75%	▲ (8%)

12. Perceptions of Council performance and services show a mixed picture in the 2026/27 year-to-date results:

- Overall performance decreased from 46% to 41%, with the net score declining five points to +14. Overall reputation decreased from 27% to 20%, with the net score declining six points to -27, and remains an area of concern.
- Value for money improved from 31% to 35%, with the net score improving seven points to -5, although more residents remain negative than positive.
- Overall core service deliverables remained strong, increasing from 63% to 68%, with the net score improving ten points to +61. The largest improvements were in public facilities, which increased from 75% to 80%, with its net score improving eight points to +75, and waste management, which increased from 78% to 83%, with its net score improving four points to +76.
- Other service areas were mixed but remained positive. Roads and footpaths held steady at 53%, with the net score improving four points to +34, however, perceived safety when cycling and driving declined significantly. Water management increased slightly from 60% to 61%, although its net score declined three points to +44.

Outdoor spaces decreased from 78% to 75%, with the net score declining three points to +70.

13. Verbatim comments from 2026/27 Wave One indicate that residents assess council through the quality of everyday services, the affordability and fairness of decisions, and whether they feel heard. Analysis of the open-text responses identified the following themes.

14. **Affordability is closely tied to trust in council**. Rates pressure is shaping how residents judge council decisions. Respondents distinguished between services they value and expenditure they see as discretionary. Comments suggest confidence depends on visible prioritisation, cost discipline and evidence that spending addresses everyday needs.

    "Some services the council does make me feel like I get value for money with the rates, such as the libraries and parks. But at the same time, the council spending in some areas is extremely wasteful… We are struggling to make ends meet, and the rates keep going up and up."

15. **Everyday mobility feels difficult and, at times, unsafe**. Transport feedback is less about a single mode than friction across the whole network. Road condition, congestion, roadworks, parking and conflicts between drivers, cyclists and pedestrians combine to make routine journeys inconvenient or unsafe.

    "I often have close calls from cars pulling out on me or getting way too close to me while I am cycling, even when I am using the cycle lanes… Perhaps clearer lanes and more signs for pedestrians and cars to look out for cyclists or keep left."

16. **Homelessness is viewed as both a social and public-safety issue**. Comments showed concern for vulnerable people needing housing and support, alongside concern about safety and comfort in public places. Some respondents favoured practical social responses rather than simply moving people elsewhere.

    "Take care of and find solutions for the homeless people, not just move them on. Provide social housing for those in need. Ensure families have a place to live that isn't in their cars."

17. **Access to quality public spaces is perceived as uneven**. Parks and open spaces were appreciated, but respondents did not believe the experience was consistent across Tauranga. Differences in maintenance, accessibility and investment between neighbourhoods created a sense that some communities receive less value despite paying similar rates.

    "Certain areas seem to have more spent on parks than others, yet we all pay about the same amount of rates. The Cambridge Heights area… is constantly overlooked."

18. **Waste services are visible, but council's wider sustainability leadership is not**. Residents readily notice operational issues such as overflowing bins and litter, while council's broader climate and sustainability work appears less visible. This suggests both a service-delivery issue and a communication gap.

    "Public bins get filled too fast, and then rubbish is left on the ground and gets blown around in the wind… I am unaware of anything that TCC is doing to help with climate and sustainability."

19. **Residents want engagement before decisions are settled**. The main governance concern is not simply a lack of information. Some residents believe consultation occurs too late or has little influence, suggesting that rebuilding trust will require earlier engagement and clearer evidence of how public feedback affects decisions.

    "Sometimes it seems like decisions are made and consultation is done after, as a box-ticking exercise with very leading questions."

20. Further information on each of the overall sections and the measures within, along with a summary of the verbatim comments, is included in the report as **Attachment 1**.

RATES, RENT, AND LIVING AFFORDABILITY

21. Cost-of-living pressure remains evident in the 2026/27 Wave One results. Agreement that household rates are affordable increased from 25% in 2025/26 to 28%, while agreement that the overall cost of living is affordable increased from 22% to 25%. However, their net scores remained negative at −24 and −32 respectively, with the cost-of-living net score declining by two percentage points despite the increase in agreement. Rental affordability increased from 21% to 37%, with its net score increasing from −38 to +3. The rental result should be interpreted cautiously because it is based on only 15 respondents.

Table 2: *Affordability of household rates, rent and cost of living compared to the previous year.*

Measure	2025/26 Result	Nett Score 2025/26	2026/27 YTD Result	Nett Score 2026/27	Net score movement
Rates in Tauranga are affordable for my household	**25%** (n=495)	-27%	**28% (n=115)**	(-24%)	▲ (3%)
Rent in Tauranga is affordable for my household	**21%** (n=75)	-38%	**37%* (n=15)**	(3%)	▲ (41%)
The cost of living in Tauranga is affordable for my household	**22%** (n=618)	-30%	**25% (n=140)**	(-32%)	▼ (-2%)

**Note small sample size*

COMPARISON TO PREVIOUS YEARS

22. To provide Council with a performance comparison against previous full-term elected Councils, a summary of the high-level historical survey results compared with the 2026/27 year-to-date results is presented in the table below.

23. The 2026/27 year-to-date results remain below the 2016/17-2018/19 average across most measures. Overall performance is 41%, compared with the 2016/17-2018/19 average of 72%, while reputation is 20%, compared with 51%. Core service results remain comparatively stronger, with waste management now 13 percentage points above its historical average and public facilities just below (by 1 percentage point), while the remaining core service measures sit below their 2016/17-2018/19 averages (by 10 to 11 percentage points).

Table 3: *2026/27 results compared to previous elected Council.*

Measure	2016/17 Result	2016/17 Nett Score	2017/18 Result	2017/18 Nett Score	2018/19 Result	2018/19 Nett Score	Average Result	2026/27 YTD Result	2026/27 Nett Score	Trend (Relative)
Overall performance	75%	70%	74%	71%	66%	54%	**72%**	**41%**	14%	▼ (-31%)
Overall reputation	53%	43%	55%	41%	46%	23%	**51%**	**20%**	-27%	▼ (-31%)
Overall value for money	59%	50%	62%	48%	50%	31%	**57%**	**35%**	-5%	▼ (-22%)
Overall core service deliverables	80%	77%	73%	69%	72%	66%	**75%**	**68%**	61%	▼ (-7%)
Overall water management	74%	69%	72%	65%	69%	61%	**72%**	**61%**	44%	▼ (-11%)
Overall roads and footpaths	68%	61%	64%	58%	57%	41%	**63%**	**53%**	34%	▼ (-10%)
Overall waste management	77%	71%	63%	49%	69%	57%	**70%**	**83%**	76%	▲ (13%)
Overall outdoor spaces	87%	84%	85%	80%	83%	78%	**85%**	**75%**	70%	▼ (-10%)
Overall public	82%	80%	85%	82%	77%	73%	**81%**	**80%**	75%	▼

Measure	2016/17 Result	2016/17 Nett Score	2017/18 Result	2017/18 Nett Score	2018/19 Result	2018/19 Nett Score	Average Result	2026/27 YTD Result	2026/27 Nett Score	Trend (Relative)
facilities										(-1%)

The "Average Result" figure is the straight (unweighted) average of the three annual results from 2016/17 to 2018/19, included to benchmark current performance against an earlier full-term elected Council.

ANNUAL RESIDENTS SURVEY BENCHMARKING REPORT 2025/26

24. The Annual Residents Survey Benchmarking Report 2025/26 is a comparative analysis which benchmarks Tauranga City Council against 21 other councils that use the same research provider, Key Research. The 22 councils comprise 19 district councils and three city councils and are listed on page three of **Attachment 2**.

25. The objectives of the research are to understand residents' satisfaction with services and facilities provided by councils across New Zealand and to benchmark key performance indicators against other councils.

26. Respondents were selected at random from the electoral roll, ratepayer databases and/or email contacts collected through previous years' surveys. The questionnaires were developed in consultation with councils and cover core activities, services and infrastructure, as well as wider measures including council reputation and knowledge of council activities.

27. Following data collection, the samples were weighted to reflect key population demographics for each area based on the 2023 Census. At an aggregate level, the surveys have an expected 95% confidence interval (margin of error) of between +/- 3.2% and +/- 4.8%.

28. Maximum, minimum and average scores for key performance indicators are benchmarked across the 22 councils. The questions used are either identical or closely related to enable comparison. Some measures are presented as an average of related measures to allow for more extensive benchmarking.

PARTICIPATING COUNCIL AVERAGES

29. The 2025/26 results show a mixed picture across the 22 councils compared to 2024/25. Average satisfaction declined for overall satisfaction with council, overall reputation, value for money, engagement and consultation, and performance of elected members. Core service deliverables increased slightly, while enquiry handling recorded a larger increase. For core services, average satisfaction improved for open/outdoor spaces and public facilities, while waste management and roading infrastructure declined.

COUNCIL BENCHMARKING

30. Tauranga City Council's 2025/26 results continue to show a clear distinction between satisfaction with service delivery and broader reputation and engagement measures. Overall satisfaction with Council was 46%, six percentage points above the participating-council average of 40%, while core service deliverables were 63%, seven points above the average of 56%. Value for money was also above average at 31%, compared with 28% across the benchmark councils.

31. Reputation and engagement remain below the participating-council average. Overall reputation was 27%, compared with participating-council average of 38%, while engagement and consultation were 24%, compared with 34%. Within the reputation measures, leadership, trust and financial management were also below the benchmark average, although perceived quality of services was above average at 52%, compared with 47%.

32. Tauranga City Council performed above the participating-council average across all core service deliverables reported. The strongest differences were for waste management at 78%, compared with the benchmark average of 62%, and roading infrastructure at 53%, compared with 38%. Water management was 60% compared with 55%, open/outdoor spaces 78% compared with 72%, and public facilities 75% compared with 68%.

33. Overall, the benchmarking results show that Tauranga City Council continues to perform comparatively well in the delivery of core services, with all core service measures above the participating-council average. The results are more mixed for measures relating to reputation and engagement, which remain below the benchmark despite overall satisfaction and value for money sitting above the participating-council average.

STATUTORY CONTEXT

34. The Annual Residents Survey allows effective monitoring of performance and insights to be gained to inform future planning.

STRATEGIC ALIGNMENT

35. This contributes to the promotion or achievement of the following strategic community outcome(s):

	Contributes
We are an inclusive city	✓
We value, protect and enhance the environment	✓
We are a well-planned city that is easy to move around	✓
We are a city that supports business and education	✓
We are a vibrant city that embraces events	✓

36. The Annual Residents' Survey is a key monitoring tool that measures residents' satisfaction with, and perceptions of, Council's performance across the full breadth of its activities. Because it captures feedback spanning water, waste and the environment; the planning of the city and ease of moving around; support for business and the economy; events, arts and city vibrancy; and how included, informed and heard residents feel, the survey provides insight relevant to all five community outcomes.

OPTIONS ANALYSIS

37. There are no options associated with this report. The report is provided as information only.

FINANCIAL CONSIDERATIONS

38. There are no financial implications or risks associated with this report.

RISKS AND LEGAL IMPLICATIONS

39. There are no legal implications or risks associated with this report.

TE AO MĀORI APPROACH

40. This report is provided for information only and does not propose a decision with specific implications for Māori or Council's Te Ao Māori approach.

CONSULTATION / ENGAGEMENT

41. The Annual Residents' Survey is itself a significant engagement exercise, gathering the views of a statistically robust, randomly selected sample of residents from across the Tauranga City Council area. In this way, the survey provides a structured channel for the community to share their perceptions of Council and of Tauranga as a place to live.

42. This report is provided for information and is made public. No further external consultation is required, as the report does not propose a decision on which the community would be consulted.

SIGNIFICANCE

43. The Local Government Act 2002 requires an assessment of the significance of matters, issues, proposals and decisions in this report against Council's Significance and Engagement Policy. Council acknowledges that in some instances a matter, issue, proposal or decision may have a high degree of importance to individuals, groups, or agencies affected by the report.

44. In making this assessment, consideration has been given to the likely impact, and likely consequences for:

    (a) the current and future social, economic, environmental, or cultural needs of the district or region

    (b) any persons who are likely to be particularly affected by, or interested in, the matter.

    (c) the capacity of the local authority to perform its role, and the financial and other costs of doing so.

45. In accordance with the considerations above, criteria and thresholds in the policy, it is considered that the matter is of low significance as it is for monitoring and reporting purposes only.

ENGAGEMENT

46. Taking into consideration the above assessment, that the matter is of low significance, officers are of the opinion that no further engagement is required prior to the Committee receiving this report.

NEXT STEPS

47. The next wave (Wave 2) for 2026/27 is due to be collected during November and December 2026 with the results scheduled to be reported to this committee in February 2027.

ATTACHMENTS

1. **Annual Residents Survey 2026_27 - Wave One - Performance Report - A21336083** ⇩
2. **ARS - Benchmarking 2025-26 Tauranga CC - A21279300** ⇩

Tauranga City

Annual Residents Survey

2026/27: Wave One

Survey Period: 02 September 2026 - 06 October 2026

Introduction

The Annual Residents Survey measures residents' perceptions of the services provided by Tauranga City Council. These results help to inform the Council's Long-term Plan reporting process and help assess performance against predetermined actions and performance levels.

What does this report show?

This report summarises responses from Wave One of the 2026/27 Annual Residents Survey. A total of 150 residents participated in this wave. Response numbers remain on track to meet the target of at least 600 responses across all four waves.

The report presents a high-level overview of responses to date and compares current results with those from previous years.

Research Objectives:

- To determine residents' satisfaction with various Council services and facilities.
- To determine residents' perceptions of living, working, and playing in Tauranga.
- To identify progress towards Key Performance Indicators (KPIs) in Council's Annual Report.
- To assess trends in perceptions and satisfaction through comparisons with previous survey results.

Methodology:

The 2026/27 study aims to collect 600 responses from residents within the Tauranga City Council area, with approximately 150 responses per wave. Mail-out quotas are applied by age, gender, and ward to ensure a representative sample. Data is weighted to reflect the population profile accurately. Surveys are conducted in four waves between September 2026 and June 2027 to align with quarterly reporting of non-financial performance targets.

The anticipated margin of error for overall results is ±4.6% at the 95% confidence level.

Summary results

The 2026/27 year-to-date results show a mixed picture. Overall reputation has fallen to 20% (from 27% in 2025/26), and perceived quality of services has fallen to 42% (from 52%). Value for money has improved to 35% (from 31%), although its net score remains negative at -5%, while agreement that water rates are fair and reasonable has fallen to 31% (from 41%). Service-level results are more positive. Satisfaction with public facilities (80%) and waste management (83%) has increased, water management (61%) and overall roading, footpaths and cycling (53%) are broadly stable, and satisfaction with outdoor spaces has eased slightly to 75% (from 78%). Perceived safety when cycling and driving has declined significantly.

Verbatim feedback provides further context to these results. Residents continue to value Council's everyday services and facilities, particularly libraries, parks and open spaces. However, their wider assessment of Council is being shaped by the Mauao landslide and questions of accountability, alongside affordability, spending priorities and whether they feel heard in decisions. Rates and the cost of living, road condition and safety, homelessness, consistency of maintenance across neighbourhoods, waste and litter, and the quality of engagement were recurring themes.

Overall, the gap between perceptions of service delivery and perceptions of Council as an organisation has widened. Satisfaction with facilities and waste services has improved, while reputation and perceived quality of services have fallen. Residents can recognise good services while still expressing concern about rates, spending priorities, transparency and engagement. The verbatim comments indicate that strong core services alone may not improve overall perceptions unless residents can also see value for money, clear prioritisation, accountability and how their views influence Council decisions.

Notable increases YTD

- Overall value for money has improved to 35% YTD (up from 31% in 2025/26), and the net score has moved from -12% to -5%, although it remains negative. Agreement that annual property rates are fair and reasonable has increased from 22% to 26%.
- Satisfaction with public facilities has increased to 80% YTD (up from 75% in 2025/26), with gains across every facility. Increases for the Historic Village (70% to 79%) and Council indoor sports facilities (76% to 85%) are statistically significant. Library services remain the highest-rated facility at 96%.
- Waste management has strengthened to 83% YTD (up from 78% in 2025/26). Satisfaction with collection day (88%) and the state of the street afterwards (87%) remains high and stable.

Notable decreases YTD

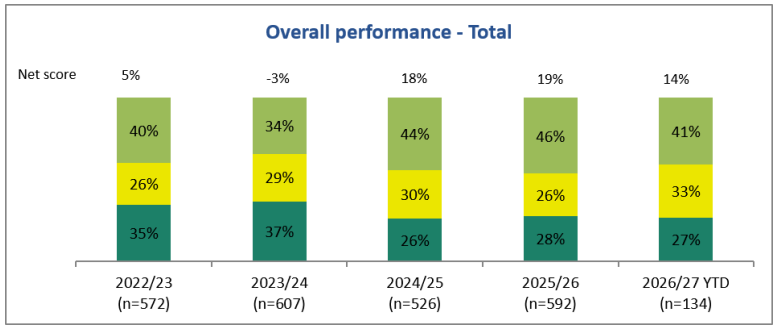
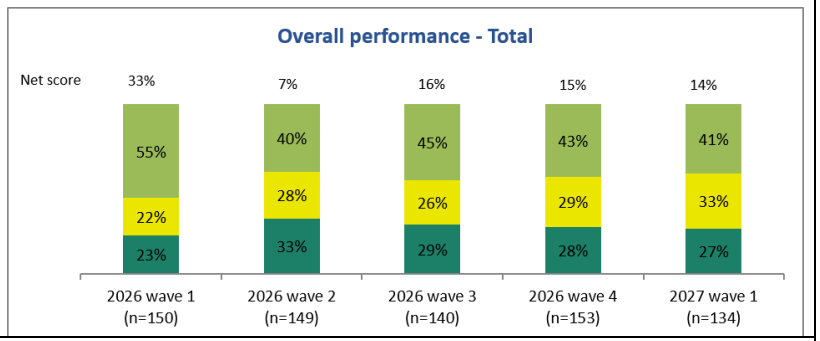
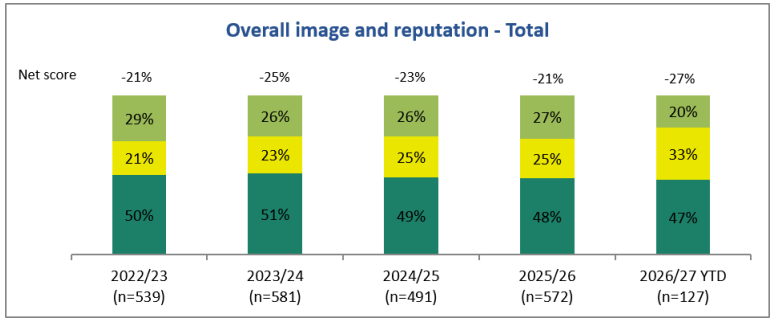
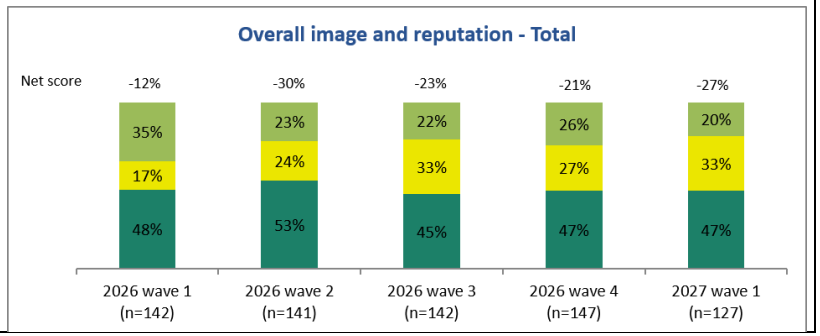
- Overall reputation has fallen to 20% YTD (from 27% in 2025/26), and perceived quality of services has fallen to 42% (from 52%). Comments were strongly shaped by the Mauao landslide, accountability and spending priorities.
- Perceived safety when cycling on roads or cycleways has fallen significantly to 29% YTD (from 45% in 2025/26), with the net score dropping from 20% to -3%. Safety when driving has also fallen significantly, to 45% (from 59%). Comments raised concerns about potholes, congestion, roadworks and conflicts between drivers, cyclists, pedestrians and e-scooters, particularly around Cameron Road. Views on cycleways differed: some respondents wanted safer, better-connected routes, while others questioned their level of used and the loss of road space. The cycling result is based on 61 responses and should therefore be interpreted with caution.

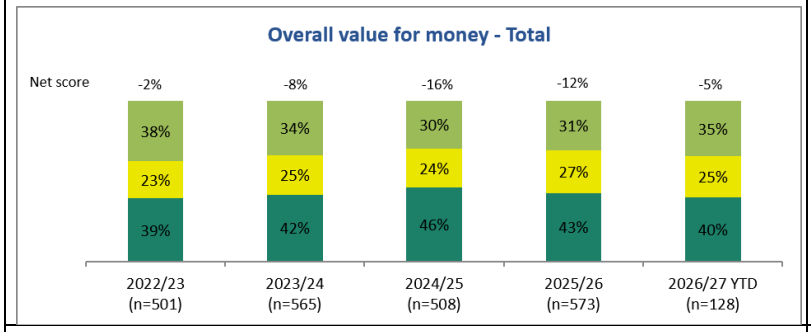
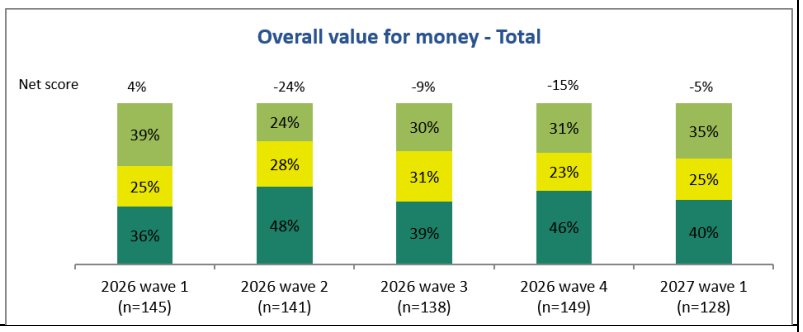
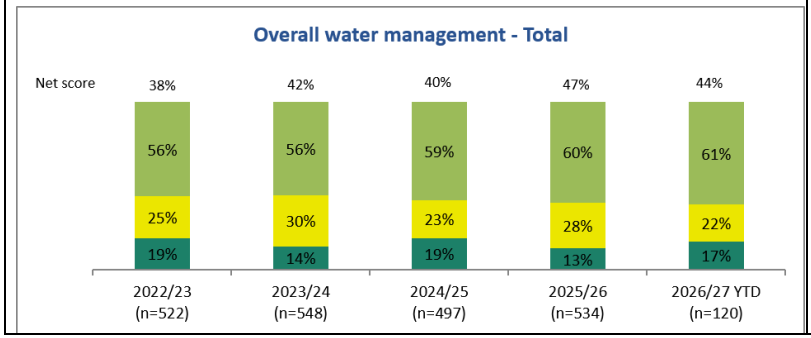
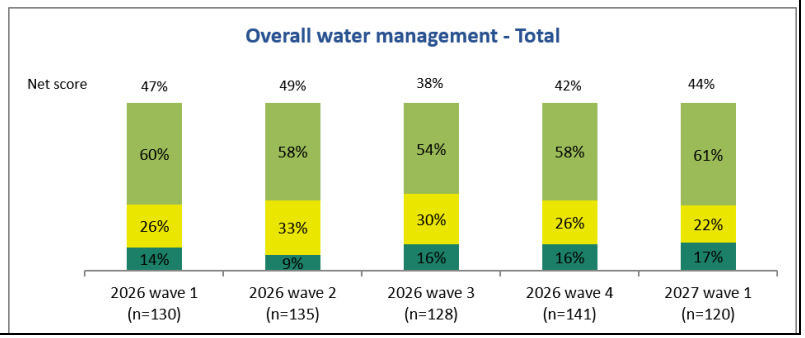


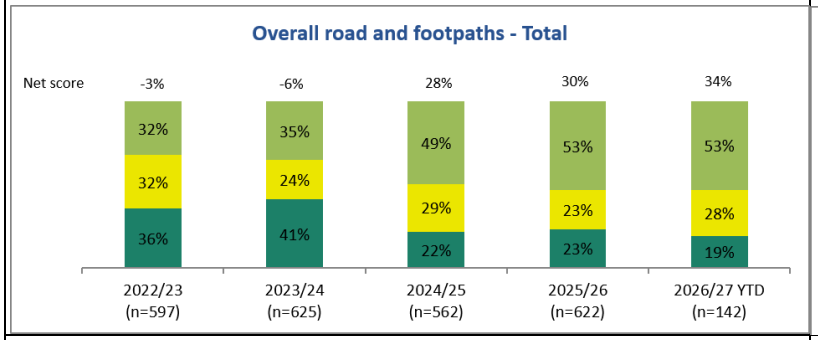
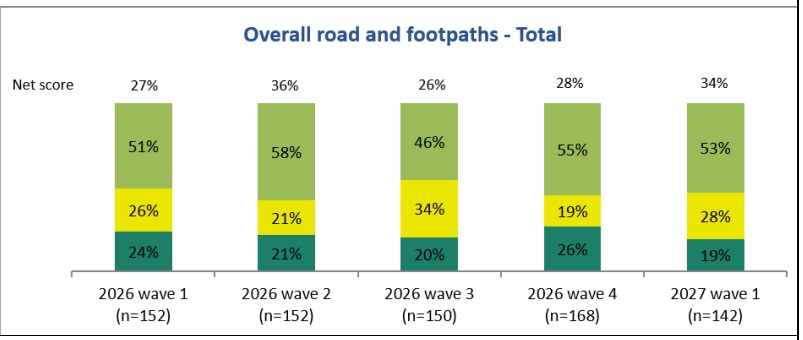
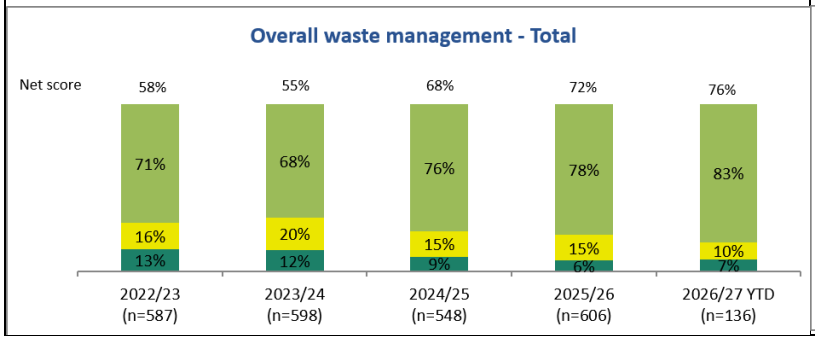
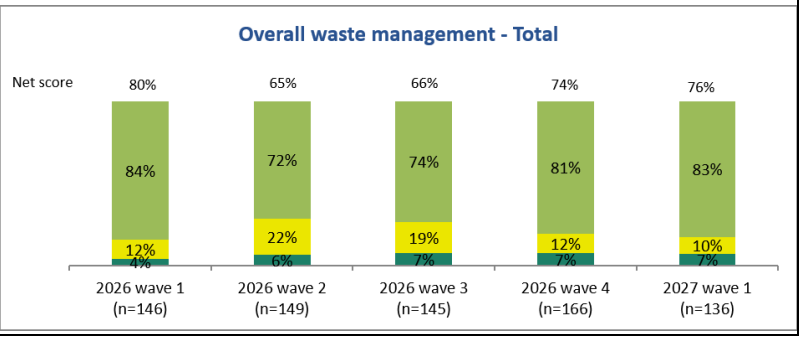
Key (Graphs)

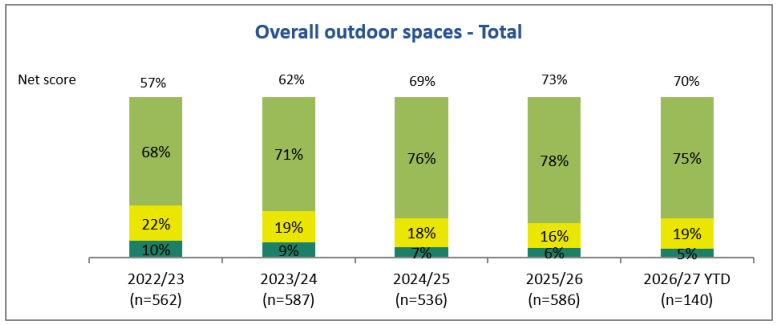
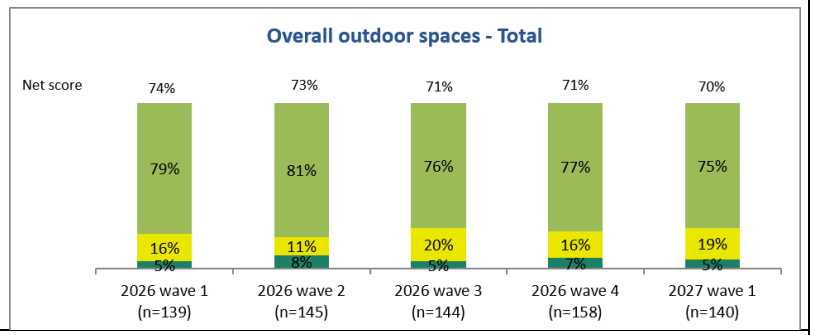
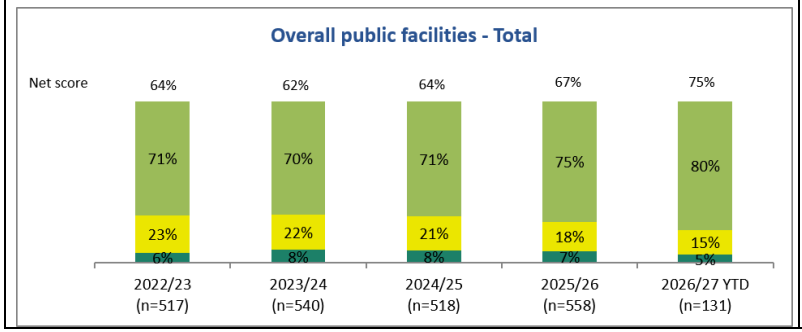
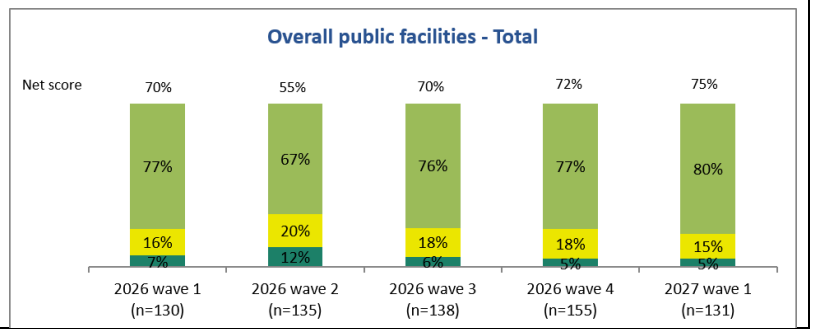
- Satisfied (%7-10)
- Neutral (%5-6)
- Dissatisfied (%1-4)

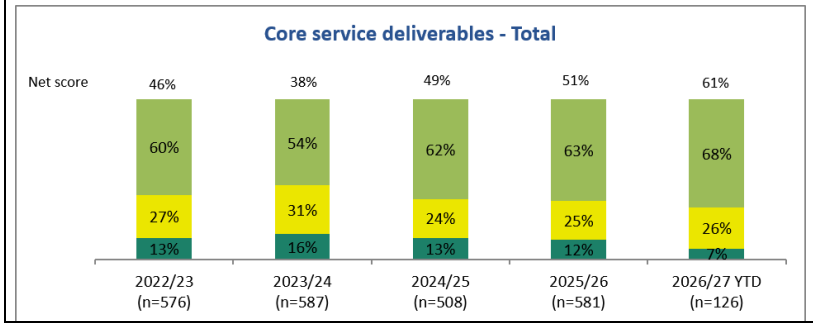
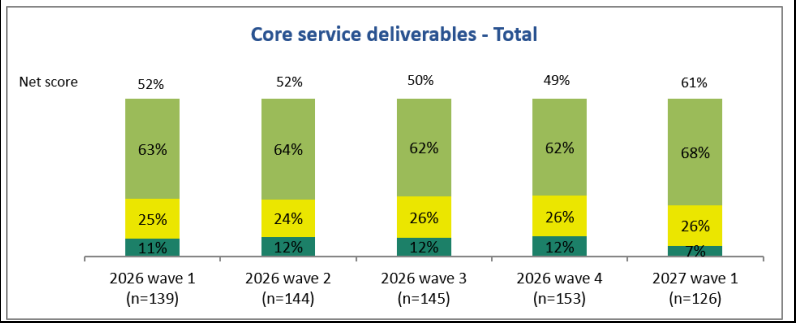
Sig Diff = Showing a significant difference for year 2025/26 and 2026/27 YTD and between waves (%7-10)

Year to date	Wave One
	
	

Year to date	Wave One
	
	

Year to date	Wave One
	
	

Year to date	Wave One
	
	

Year to date	Wave One
	

Overall image and reputation

Driver	Result 25/26	Net Score 25/26	YTD Result 26/27	Net Score 26/27	Change from previous year
Overall	27%	-21%	20%	-27%	-7 ▼
Leadership	27%	-17%	30%	-14%	+3 ▲
Trust	25%	-23%	23%	-24%	-2 ▼
Financial Management	21%	-36%	22%	-32%	+1 ▲
Quality of services	52%	30%	42%	22%	-10 ▼

Commentary:

Overall reputation is 20% in 2026/27 YTD, down 7 percentage points from 27% in 2025/26, with the net score falling from -21% to -27%. Perceived quality of services has also declined, from 52% to 42%, although its net score remains positive at 22%. Leadership has improved from 27% to 30%, and financial management has edged up from 21% to 22%, while trust has decreased from 25% to 23%. Net scores remain negative for overall reputation, leadership, trust and financial management.

Verbatim Summary:

Leadership, trust and accountability: Comments were strongly shaped by the Mauao landslide and wider concerns about accountability, transparency and whether Council is acting in the community's best interests. Some respondents felt trust will take time to rebuild, while others acknowledged recent improvements.

Financial management and value for money: Many comments questioned spending priorities, consultant costs, rates pressure and whether Council is demonstrating enough discipline with ratepayer money. The strongest theme was not opposition to investment itself, but a desire for clearer prioritisation and visible value.

Quality of services and organisational reputation: Respondents could recognise good services and recent progress while still expressing concern about Council's overall reputation. Positive comments referred to improvements delivery, economic development and governance improvements, but were often balanced by calls for long-term thinking and continued improvement.

Overall value for money

Driver	Result 25/26	Net Score 25/26	YTD Result 26/27	Net Score 26/27	Change from previous year
Overall	31%	-12%	35%	-5%	+4 ▲
Annual rates fair and reasonable	22%	-34%	26%	-24%	+4 ▲
Water rates fair and reasonable	41%	7%	31%	-7%	-10 ▼
Invoicing clear and correct	62%	46%	62%	49%	0 =
Payment arrangements fair and reasonable	63%	49%	60%	42%	-3 ▼
Rates in Tauranga are affordable *(n)*	25%	-27%	28%	-24%	+3 ▲
Rent in Tauranga is affordable *(n)*	21%	-38%	37%	3%	+16 ▲
Cost of living in Tauranga is affordable *(n)*	22%	-30%	25%	-32%	+3 ▲

(n): Affordability results should be interpreted cautiously, particularly rent affordability (15 responses). Changes are in percentage points and compare 2026/27 YTD with the full 2025/26 year. Net scores are reproduced as shown in the graphs and may differ from calculations using rounded percentages.

Commentary:

Overall value for money is 35% in 2026/27 YTD, up 4 percentage points from 31% in 2025/26. Its net score has improved from -12% to -5% but remains negative. Agreement that annual property rates are fair and reasonable has increased from 22% to 26%, while agreement that water rates are fair and reasonable has fallen from 41% to 31%, with its net score dropping from 7% to -7%.

Billing measures remain comparatively stronger. Agreement that invoicing is clear and correct is unchanged at 62%, with its net score improving from 46% to 49%. Agreement that payment arrangements are fair and reasonable has declined from 63% to 60%, and its net score has fallen from 49% to 42%.

Agreement that rates, rent and the cost of living are affordable has increased to 28%, 37% and 25%, respectively. However, the cost-of-living net score has worsened from -30% to -32%, despite the higher positive rating. The increase in rent affordability from 21% to 37% should be treated cautiously, as the YTD result is based on only 15 responses.

Verbatim Summary:

Comments linked rates and water charges to wider household cost pressures. Some respondents valued services but struggled to afford them; others felt increases were not matched by improvements. Concerns covered perceived waste, project and consultant costs, Mauao-related spending, and prioritising essential services.

Some supported investment in the city centre, library and other facilities, including paying more for improvements. Others questioned the benefits they received or fairness between suburbs. Billing feedback included requests for payment confirmations and easier access to rates balances.

Community engagement and communications

Driver	Result 25/26	Net Score 25/26	YTD Result 26/27	Net Score 26/27	Change from previous year
Involves the public in the decisions it makes	26%	-18%	27%	-13%	+1 ▲
Decisions being in the best interests of the city	27%	-17%	29%	-16%	+2 ▲
Efforts to consult and engage directly with the community	28%	-16%	26%	-14%	-2 ▼
Influence the public has on the decisions Council makes	15%	-44%	16%	-44%	+1 ▲
Knowledge of the history of Tauranga	39%	11%	41%	8%	+2 ▲

Commentary:

The 2026/27 YTD results show relatively little movement in perceptions of community engagement. Satisfaction with the way Council involves the public in decisions has increased slightly from 26% to 27%, while satisfaction that Council decisions are in the best interests of the city has increased from 27% to 29%. Satisfaction with Council's efforts to consult and engage directly with the community has decreased slightly from 28% to 26%.

Perceptions of public influence remain the weakest measure, with satisfaction increasing slightly from 15% to 16% and the net score remaining at -44%. Knowledge of Tauranga's history has increased from 39% to 41%, although its net score has decreased from 11% to 8%. Overall, the results indicate broadly stable perceptions, with engagement and public influence continuing to be areas where satisfaction remains comparatively low.

Verbatim Summary:

Comments focused on whether consultation genuinely influences decisions. Some respondents felt decisions were already made or their feedback was not heard and wanted wider community involvement and greater transparency. Communication feedback included praise for the emailed newsletter, alongside requests for regular updates through email, social media and other channels, clearer information about plans and meetings, and better promotion of activities. Contact-related concerns included difficulty speaking to someone, repeated follow-up and unanswered queries. Suggestions included simpler online reporting and reaching people beyond existing consultation channels.

Overall water management

Driver	Result 25/26	Net Score 25/26	YTD Result 26/27	Net Score 26/27	Change from previous year
Overall	60%	47%	61%	44%	+1 ▲
Protection from flooding	71%	61%	67%	59%	-4 ▼
Quality of drinking water	68%	52%	71%	52%	+3 ▲
Know ways to conserve water	84%	N/A	83%	N/A	-1 ▼
Have conserved water in last 12 months	80%	N/A	77%	N/A	-3 ▼

Commentary:

Overall satisfaction with water management is 61% in 2026/27 YTD, up slightly from 60% in 2025/26, although its net score has eased from 47% to 44%. Satisfaction with the quality of drinking water has increased from 68% to 71%, with the net score unchanged at 52%. Satisfaction with protection from flooding has decreased from 71% to 67%, and its net score has declined from 61% to 59%.

Awareness of ways to conserve water remains high at 83%, compared with 84% in 2025/26. The proportion of respondents who have taken steps to conserve water has decreased from 80% to 77%, continuing a gradual decline from 83% in 2022/23. Conservation measures do not have net scores, and these early YTD results should be interpreted cautiously when compared with full-year results.

Verbatim Summary:

Feedback was mixed. Some respondents recognised improvements in stormwater infrastructure and Council's management of water services. Others described local flooding, blocked drains and gutters, and delays in repairing leaks. Drinking-water concerns included taste, cloudiness and chlorine, while views on fluoridation differed. Comments also questioned whether water supply and storage were keeping pace with growth and why restrictions remained necessary. Suggestions included more regular maintenance, clearer information about infrastructure upgrades, updated flood mapping and more water-management education.

Overall road and footpaths

Driver	Result 25/26	Net Score 25/26	YTD Result 26/27	Net Score 26/27	Change from previous year
Overall	53%	30%	53%	34%	0 =
Safety when cycling on roads and cycleways	45%	20%	29%	-3%	-16 ▼
Safety on footpaths	71%	60%	71%	61%	0 =
General cleanliness of footpaths	76%	68%	76%	69%	0 =
Safety when driving on roads	59%	41%	45%	22%	-14 ▼

Commentary:

Overall satisfaction with roading, footpaths and cycling is unchanged at 53% in 2026/27 YTD, with the net score improving from 30% to 34%. Satisfaction with safety when walking on footpaths remains stable at 71% (net score 61%), and satisfaction with the general cleanliness of footpaths is unchanged at 76% (net score 69%).

However, perceptions of road safety have declined significantly. Satisfaction with safety when cycling on roads or cycleways has fallen from 45% to 29%, with the net score dropping from 20% to -3%. Satisfaction with safety when driving has decreased from 59% to 45%, and its net score has fallen from 41% to 22%. Both declines are statistically significant. The cycling result is based on only 61 responses, so it should be interpreted with some caution.

Verbatim Summary:

Comments raised concerns about potholes, uneven footpaths and tree-root damage, alongside congestion, roadworks and confusing road layouts. Cameron Road featured in feedback about intersections, cycleway design and conflicts between road users. Views on cycling infrastructure differed: some respondents wanted safer, better-connected routes and clearer separation from traffic and pedestrians, while others questioned cycleway use and the loss of road space or parking. E-scooters and cyclists sharing footpaths were also raised as safety concerns.

Some respondents acknowledged upgrades and improvements to roads, footpaths and cycle lanes. Suggestions included repairs and maintenance, connected walking and cycling routes, better traffic management, improved public transport and involving regular cyclists in road design.

Overall climate and sustainability

Driver	Result 25/26	Net Score 25/26	YTD Result 26/27	Net Score 26/27	Change from previous year
Overall	41%	13%	37%	14%	-4 ▼
Help our city adapt to a changing climate	46%	21%	49%	33%	+3 ▲
Help our city reduce its emissions	37%	9%	35%	11%	-2 ▼
Enabling Tauranga residents to live sustainably	43%	17%	39%	17%	-4 ▼
An organisation that is committed to delivering sustainable outcomes	40%	11%	42%	19%	+2 ▲

Commentary:

Overall satisfaction with Council's approach to climate and sustainability is 37% in 2026/27 YTD, down from 41% in 2025/26, although the net score has edged up from 13% to 14% because fewer respondents were dissatisfied. Satisfaction with action to help the city adapt to a changing climate has increased from 46% to 49%, with the net score rising from 21% to 33%. Satisfaction that Council is committed to delivering sustainable outcomes has increased from 40% to 42%, with the net score improving from 11% to 19%.

Satisfaction with enabling residents to live sustainably has decreased from 43% to 39%, with the net score unchanged at 17%. Satisfaction with action to help the city reduce its emissions has eased from 37% to 35%, while its net score has improved slightly from 9% to 11%. Across all measures, the share of neutral responses has increased, and YTD results are based on fewer than 100 responses, so they should be interpreted cautiously.

Verbatim Summary:

Comments showed differing views on Council's climate and sustainability role. Some respondents were unaware of Council's initiatives or unsure what sustainability meant in this context. Others sought more recycling options, lower-emission Council vehicles and support for cycling and public transport. One respondent described Bike Month as helping establish a lasting cycling habit. Some questioned spending on climate initiatives or Council's role in this area.

Overall waste

Driver	Result 25/26	Net Score 25/26	YTD Result 26/27	Net Score 26/27	Change from previous year
Overall	78%	72%	83%	76%	+5 ▲
Rubbish day collection	88%	85%	88%	86%	0 =
State of street after collection day	87%	83%	87%	85%	0 =
The management of street litter	77%	68%	74%	63%	-3 ▼
The management of litter bins in our parks and streets	74%	65%	71%	61%	-3 ▼
Te Maunga Recycling and Transfer Station	75%	64%	77%	71%	+2 ▲

Commentary: Overall satisfaction with waste management has increased from 78% in 2025/26 to 83% in 2026/27 YTD, with the net score improving from 72% to 76%. Satisfaction with collection day and the state of the street afterwards remains high and stable at 88% and 87%. Satisfaction with Te Maunga Recycling and Transfer Station has increased from 75% to 77%, with its net score rising from 64% to 71%. Satisfaction with the management of litter bins in parks and streets has decreased from 74% to 71%, and satisfaction with the management of street litter has decreased from 77% to 74%, with its net score falling from 68% to 63%.

Verbatim Summary: Feedback included praise for kerbside collections and a prompt response to broken bins. Concerns focused on household bin capacity and collection frequency, overflowing public bins, street litter and rubbish blown around on collection days. Suggestions included more public and recycling bins, more frequent emptying and street cleaning, easier plastics recycling, larger glass bins and another transfer station on the Tauranga side of the city. Some respondents also wanted more convenient recycling and disposal options.

Overall outdoor spaces

Driver	Result 25/26	Net Score 25/26	YTD Result 26/27	Net Score 26/27	Change from previous year
Overall	78%	73%	75%	70%	-3 ▼
Enough parks or green spaces	78%	70%	75%	66%	-3 ▼
Quality of playgrounds	79%	72%	79%	73%	0 =
Cemeteries	76%	71%	81%	76%	+5 ▲
Boat ramps and associated parking	76%	68%	66%	53%	-10 ▼
Opportunities to access and experience nature	76%	69%	76%	69%	0 =
Open spaces, park, and play spaces	76%	67%	76%	67%	0 =
Availability of places to be physically active	78%	70%	78%	70%	0 =
Affordability of options to be physically active	67%	54%	61%	47%	-6 ▼
Quality of facilities for physical activity	72%	65%	68%	59%	-4 ▼

Commentary:

Overall satisfaction with outdoor spaces is 75% in 2026/27 YTD, down slightly from 78% in 2025/26, with the net score easing from 73% to 70%. Most measures remain broadly stable. Satisfaction with cemeteries has increased from 76% to 81%, while results for playgrounds, access to nature, open spaces and places to be physically active are unchanged.

Satisfaction with boat ramps and associated parking has fallen from 76% to 66%, with the net score dropping from 68% to 53%. Satisfaction with the affordability of opportunities to be physically active has decreased from 67% to 61%, and satisfaction with the quality of facilities for physical activity from 72% to 68%. Several YTD results are based on small samples and should be interpreted cautiously.

Verbatim Summary:

Feedback included praise for the maintenance of outdoor spaces, alongside concerns about uneven upkeep between neighbourhoods, overgrown areas, litter and cemetery maintenance. Respondents suggested upgrading older playgrounds, adding toilets, bins and outdoor exercise equipment, and improving connected walking and cycling routes. Comments also sought more family activities, sports areas and all-weather recreation options. Boat-ramp feedback covered access, parking, repairs and differing views on user charges. Some respondents wanted Mauao reopened. Views on dogs differed, with requests for more dog-friendly spaces alongside concerns about unleashed dogs. Some supported further improvements, while others wanted spending limited to maintenance and essential needs.

Overall public facilities

Driver	Result 25/26	Net Score 25/26	YTD Result 26/27	Net Score 26/27	Change from previous year
Overall	75%	67%	80%	75%	+5 ▲
Libraries	91%	90%	96%	96%	+5 ▲
Historic Village	70%	61%	79%	75%	+9 ▲
Tauranga Art Gallery	55%	35%	60%	49%	+5 ▲
Baycourt	74%	64%	77%	71%	+3 ▲
Council swimming pools	76%	67%	81%	73%	+5 ▲
Council indoor sports facilities	76%	72%	85%	79%	+9 ▲
Council community centres and halls	66%	58%	75%	66%	+9 ▲
Community-shared indoor sports facilities	70%	64%	75%	67%	+5 ▲
Cargo Shed	48%	27%	59%	43%	+11 ▲

Commentary:

Overall satisfaction with public facilities has increased from 75% in 2025/26 to 80% in 2026/27 YTD, with the net score rising from 67% to 75%. Satisfaction has improved across all facilities. Library services remain the highest-rated at 96%, up from 91%. Satisfaction with the Historic Village has increased from 70% to 79%, and with Council-provided indoor sports facilities from 76% to 85%; both increases are statistically significant.

Satisfaction has also increased for Council-provided community centres and halls (66% to 75%), swimming pools (76% to 81%), community-share indoor sports facilities (70% to 75%), Baycourt (74% to 77%), Tauranga Art Gallery (55% to 60%) and the Cargo Shed (48% to 59%). Several YTD results are based on small samples, including library services (91 responses), the Cargo Shed (74) and community-share indoor sports facilities (74), and should be interpreted cautiously.

Note: Results include all survey responses, including users and non-users.

Verbatim Summary:

Feedback was mixed, with respondents valuing community facilities while identifying improvements to access, upkeep and use. Pool comments sought upgrades, covered or year-round swimming, better changing facilities, cleaner bathrooms and more lane availability. Affordability was also raised, with some favouring simpler, lower-cost improvements at Memorial Pool. Parking availability, charges and enforcement were described as barriers to visiting the Historic Village, libraries, Baycourt and other facilities.

The Historic Village attracted both appreciation and concerns about limited activity. Suggestions included more events, stronger promotion, weekend opening, shade and clearer historical information. Cargo Shed comments sought more events and a café, while Baycourt feedback included praise alongside concerns about its foyer, queuing and upkeep. Some respondents wanted facilities to be more welcoming and better suited to families, while others supported maintaining a wide variety of community spaces.



KEYRESEARCH

Councils' Annual Residents Surveys Benchmarking Report 2025/2026

Tauranga City

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Research background





Research Objectives

The specific objectives of this research were:

- To understand residents' satisfaction with services and facilities provided by Councils across New Zealand.
- To benchmark the key performance indicators against other Councils.

Method

- Surveys were undertaken with 22 different Councils across New Zealand in 2025/26, including 19 District Councils and 3 City Councils.
- Respondents were selected at random from the Electoral Roll, ratepayers database, and/or email contacts collected through previous years' surveys.
- The questionnaires were designed in consultation with Councils and were structured to provide a comprehensive set of measures relating to core activities, services, and infrastructure, and to provide a wider perspective of performance. This includes assessment of reputation and knowledge of Council's activities.
- Post data collection, the samples were weighted to be exactly representative of key population demographics for each area based on the 2023 Census.
- At an aggregate level the surveys have an expected 95% confidence interval (margin of error) of between +/- 3.2% and +/-4.8%.
- Maximum, minimum and average scores for key performance indicators are shown and benchmarked based on 22 Council's performances. Questions used are either identical or closely related, allowing for comparison.
- To allow for better and more extensive benchmarking, several measures are presented as an average score of all related measures in the relevant section.
- Please note: if minimum, average, or maximum values are not visible in a chart, it means that your Council results are equal to that value. For clarity, please view the table on the page following each chart.

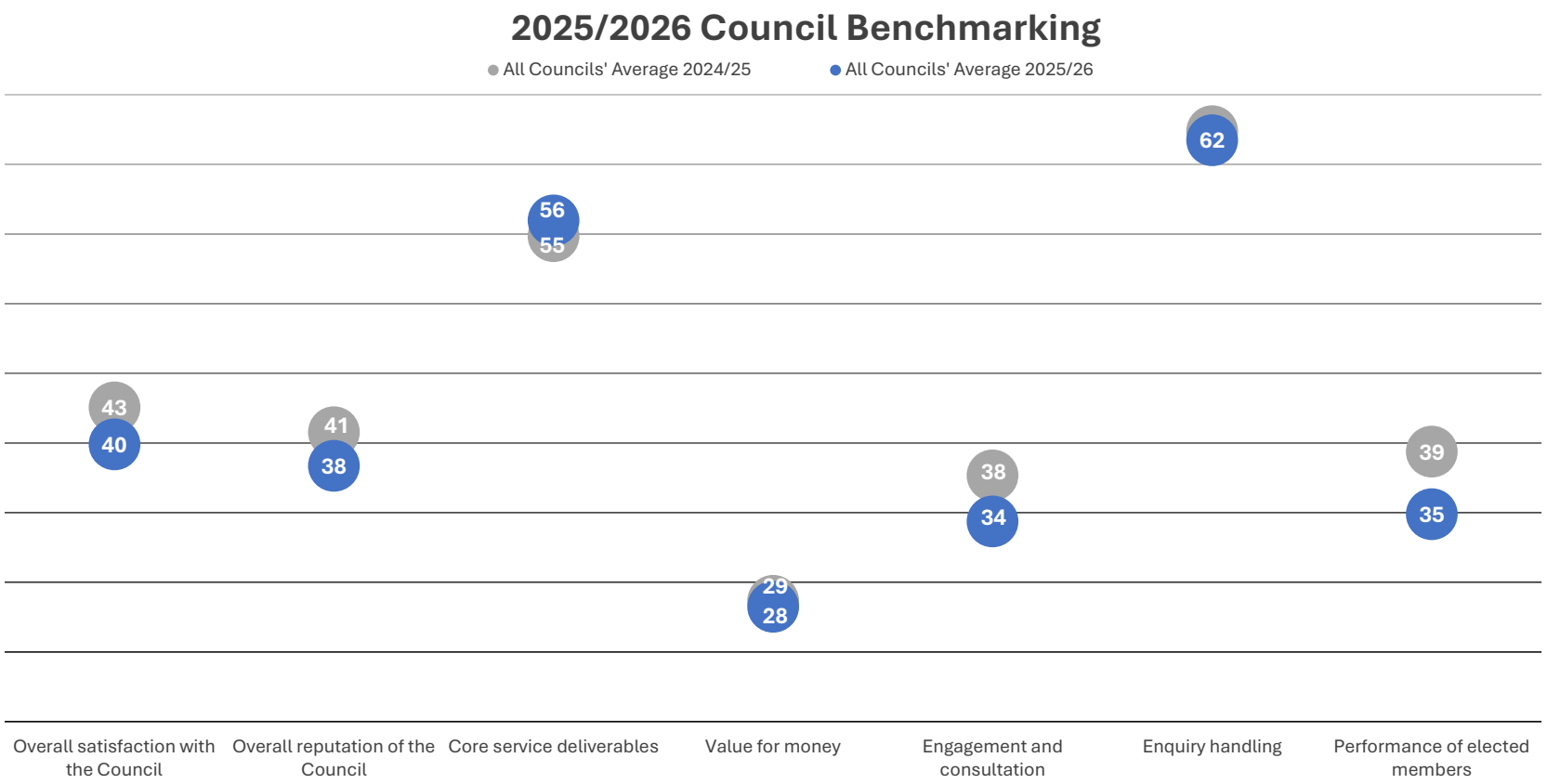
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Councils included in 2025/26 Benchmarking report

- Far North District Council
- Gisborne District Council
- Hauraki District Council
- Kaipara District Council
- Manawatū District Council
- Matamata-Piako District Council
- Masterton District Council
- Nelson City Council
- New Plymouth District Council
- Palmerston North City Council
- Queenstown Lakes District Council
- Rotorua Lakes District Council
- South Waikato District Council
- Stratford District Council
- Tasman District Council
- Tauranga City Council
- Timaru District Council
- Thames-Coromandel District Council
- Waikato District Council
- Waipā District Council
- Waitaki District Council
- Waitomo District Council

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Year on year change – Overall



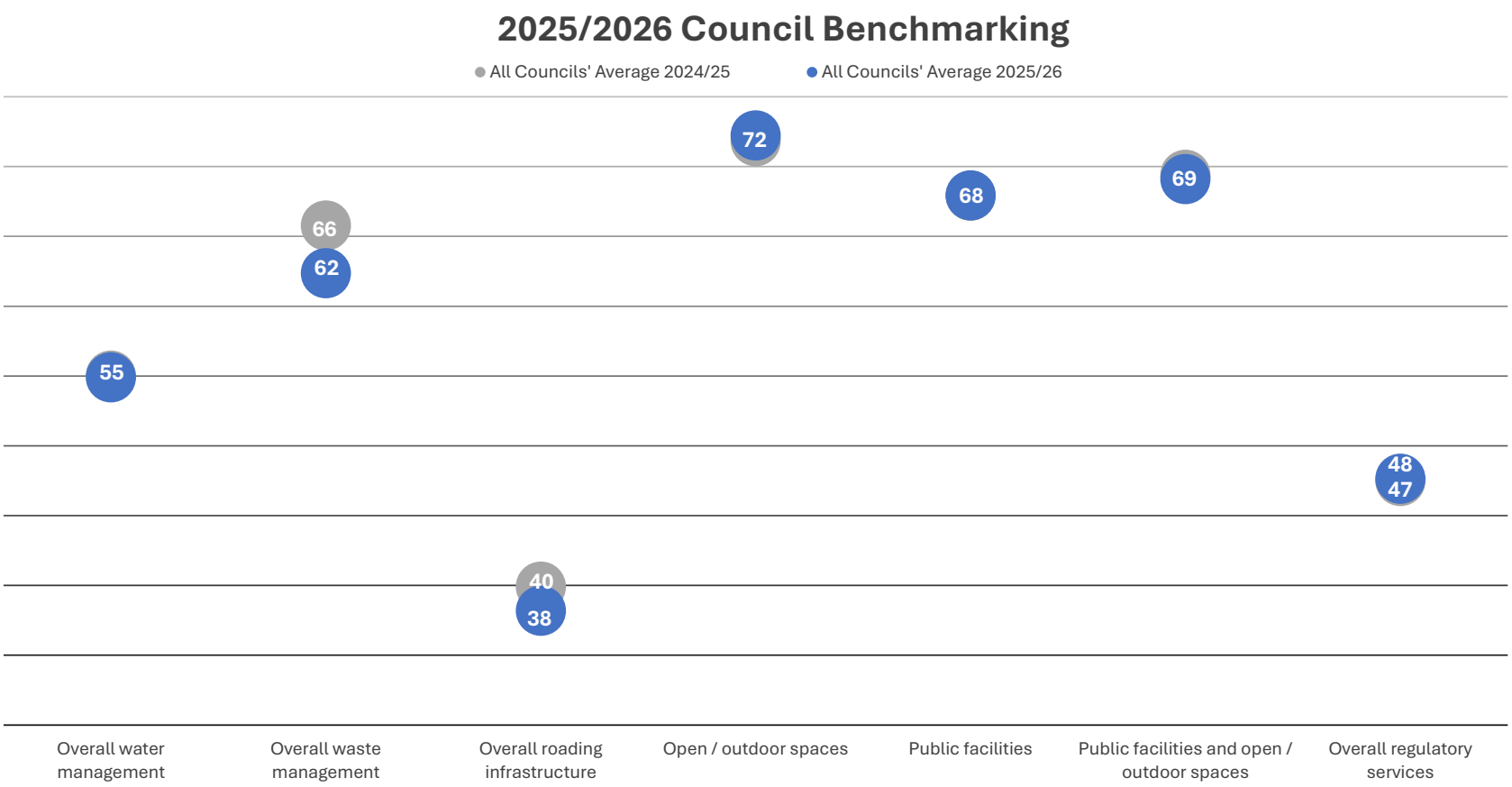
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September 2026

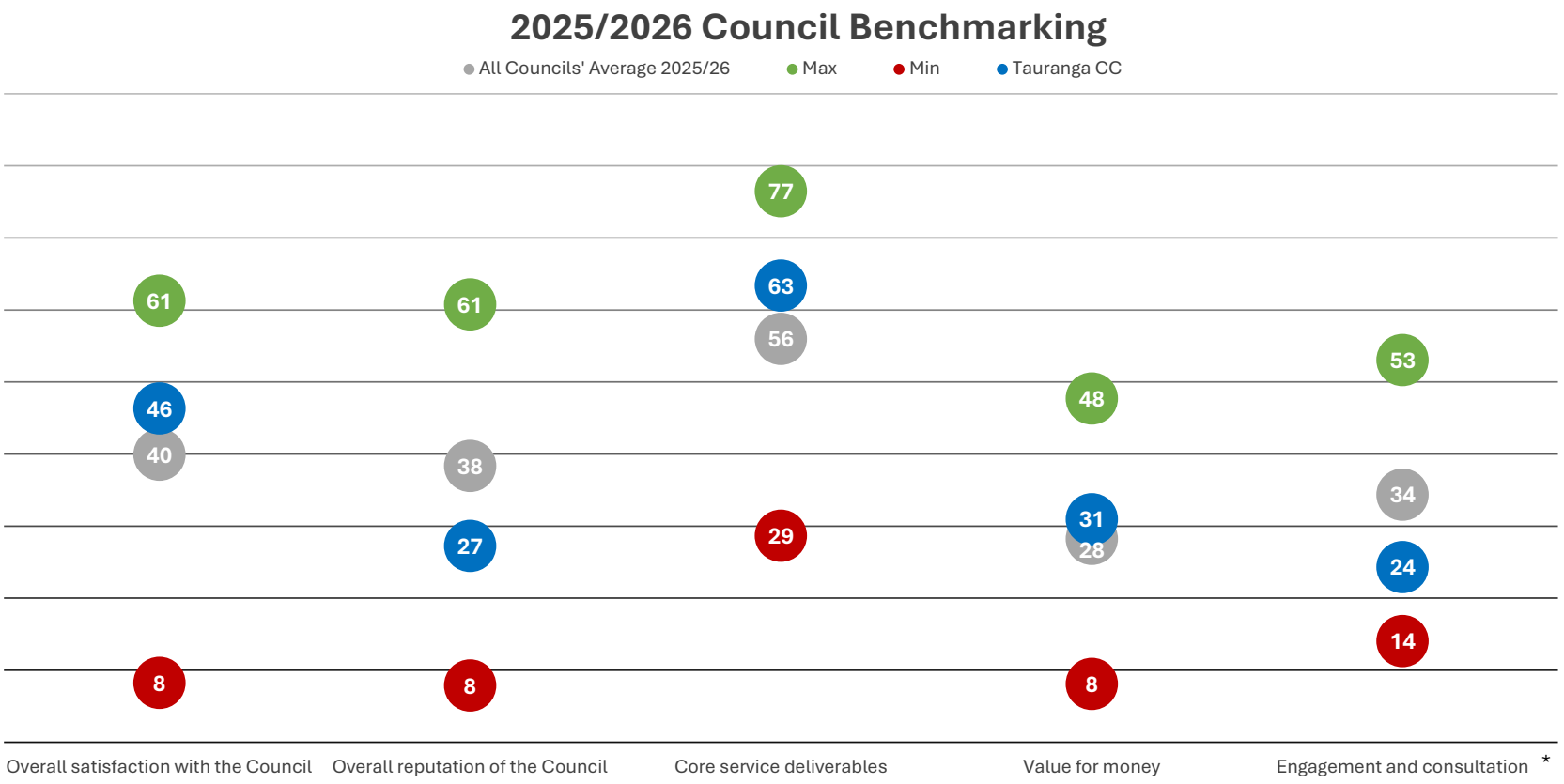
ARS Benchmarking – 2025/2026

Year on year change – Core service deliverables



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Overall measures



* To allow for better and more extensive benchmarking, these measures are presented as an average score of all related measures.

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Overall measures

% 7-10	Your Council %	Average based on 22 Councils %	point diff %	Top performance %	point diff %	Lowest performance %	point diff %
Overall satisfaction with the Council	46	**40**	+6	**61**	-15	**8**	+38
Overall reputation of the Council	27	**38**	-11	**61**	-34	**8**	+19
Core service deliverables	63	**56**	+7	**77**	-13	**29**	+34
Value for money	31	**28**	+3	**48**	-17	**8**	+23
Engagement and consultation	24	**34**	-10	**53**	-29	**14**	+10

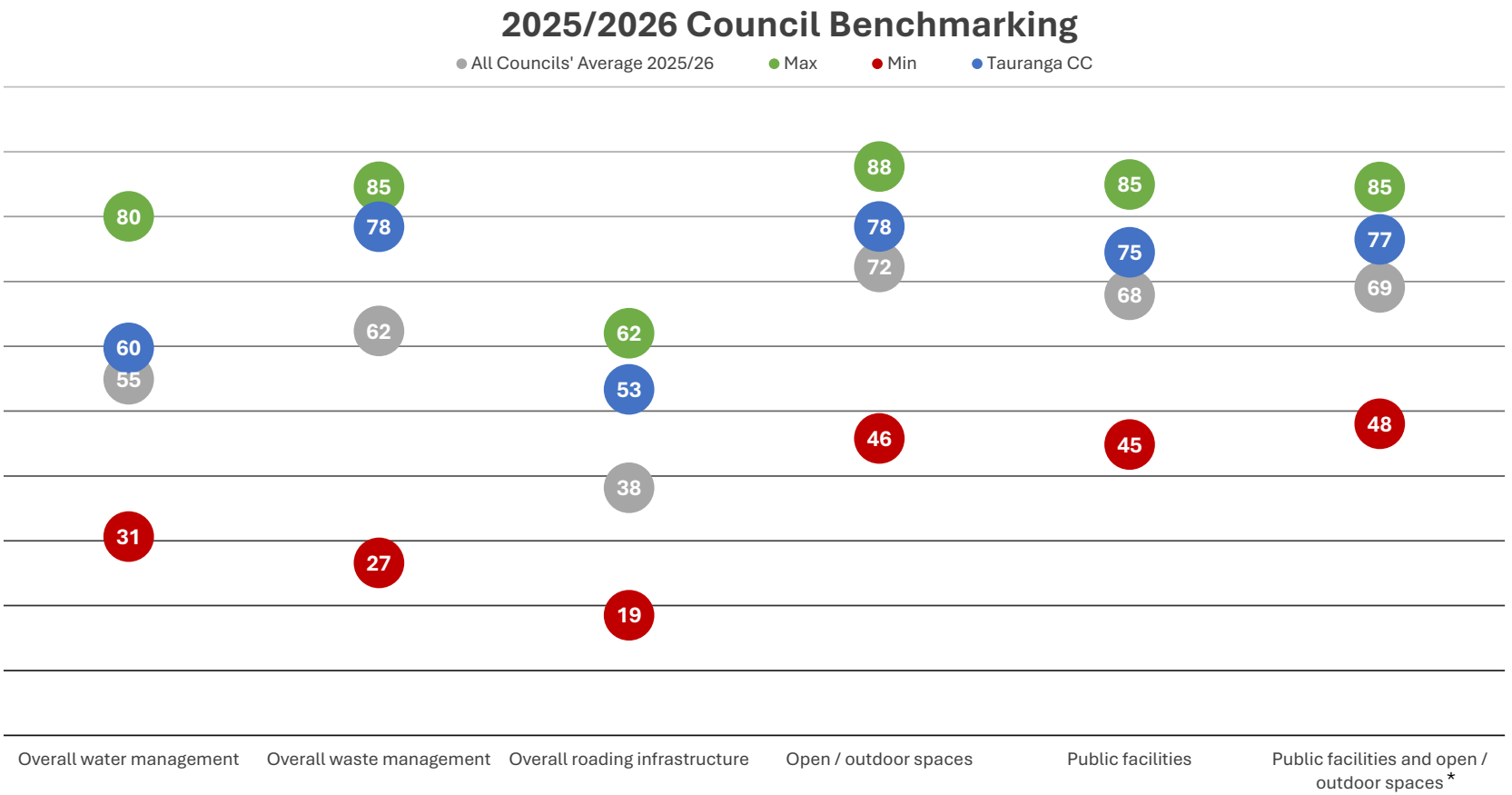
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ARS Benchmarking – 2025/2026

Core service deliverables



* To allow for better and more extensive benchmarking, these measures are presented as an average score of all related measures.

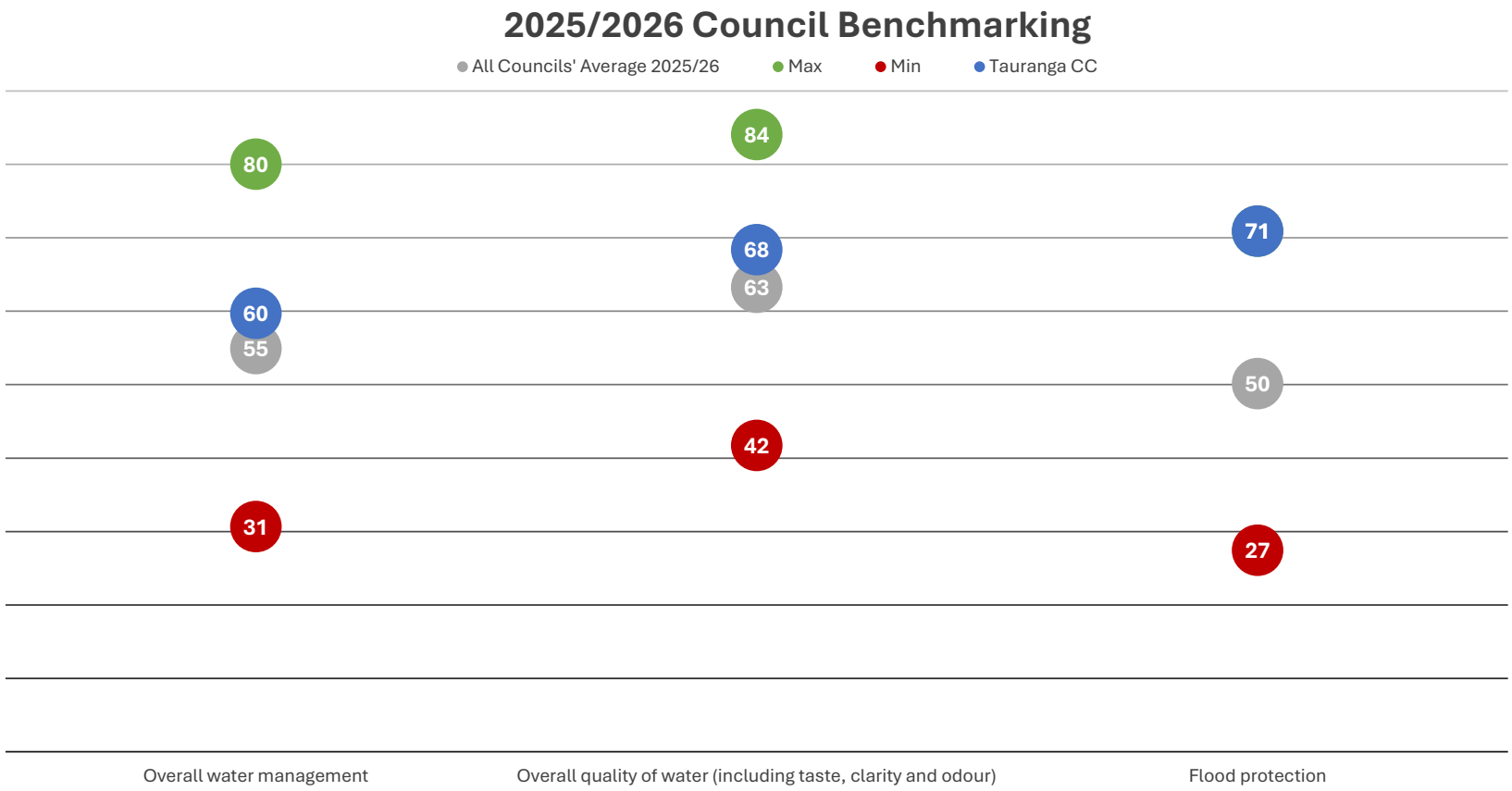
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Core service deliverables

% 7-10	Your Council %	Average based on 22 Councils %	point diff %	Top performance %	point diff %	Lowest performance %	point diff %
Overall water management	60	**55**	+5	**80**	-20	**31**	+29
Overall waste management	78	**62**	+16	**85**	-7	**27**	+53
Overall roading infrastructure	53	**38**	+15	**62**	-9	**19**	+34
Open / outdoor spaces	78	**72**	+6	**88**	-10	**46**	+32
Public facilities	75	**68**	+7	**85**	-10	**45**	+30
Public facilities and open / outdoor spaces	77	**69**	+7	**85**	-8	**48**	+29

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Water management



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Water management

% 7-10	Your Council %	Average based on 22 Councils %	point diff %	Top performance %	point diff %	Lowest performance %	point diff %
Overall water management	60	**55**	+5	**80**	-20	**31**	+29
Overall quality of water (including taste, clarity and odour)	68	**63**	+5	**84**	-16	**42**	+26
Flood protection	71	**50**	+21	**71**	-	**27**	+44

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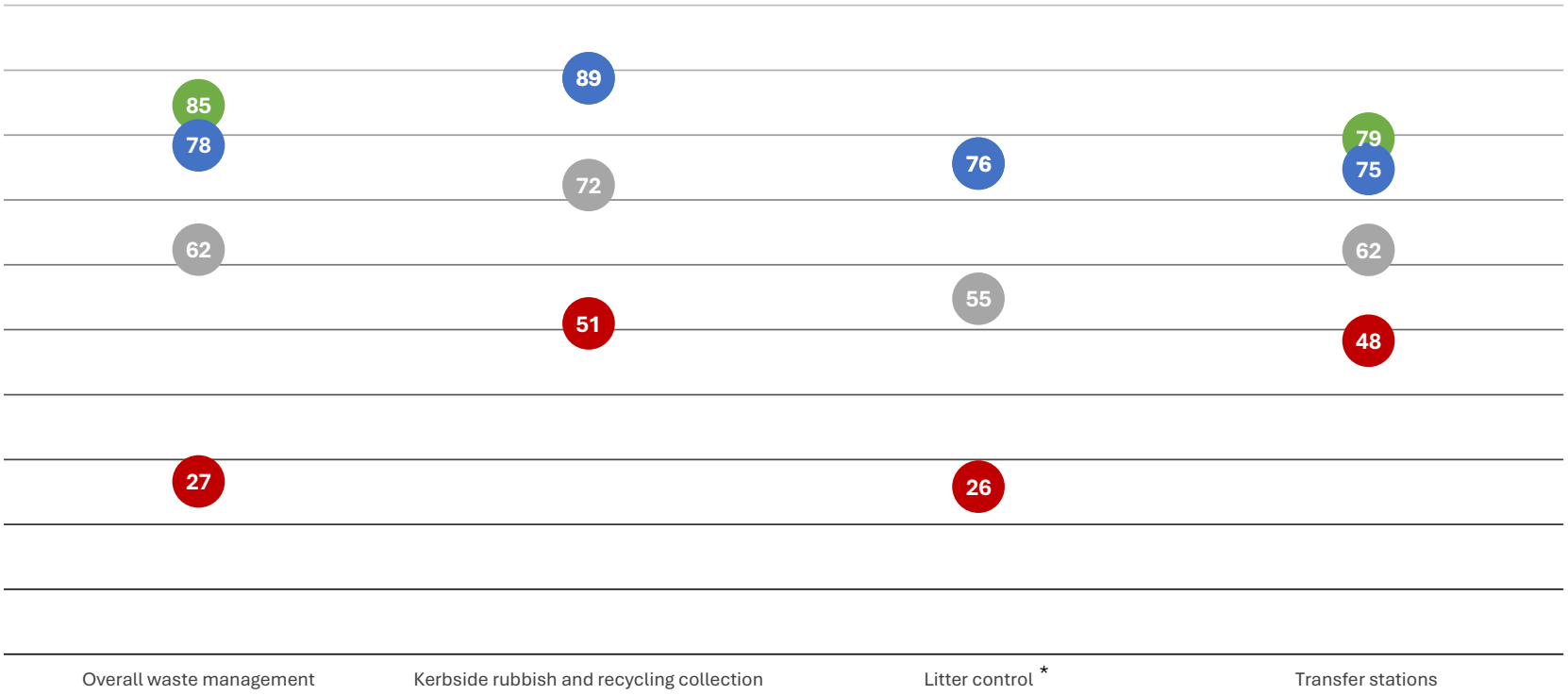
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ARS Benchmarking – 2025/2026

Waste management

2025/2026 Council Benchmarking



* To allow for better and more extensive benchmarking, these measures are presented as an average score of all related measures.

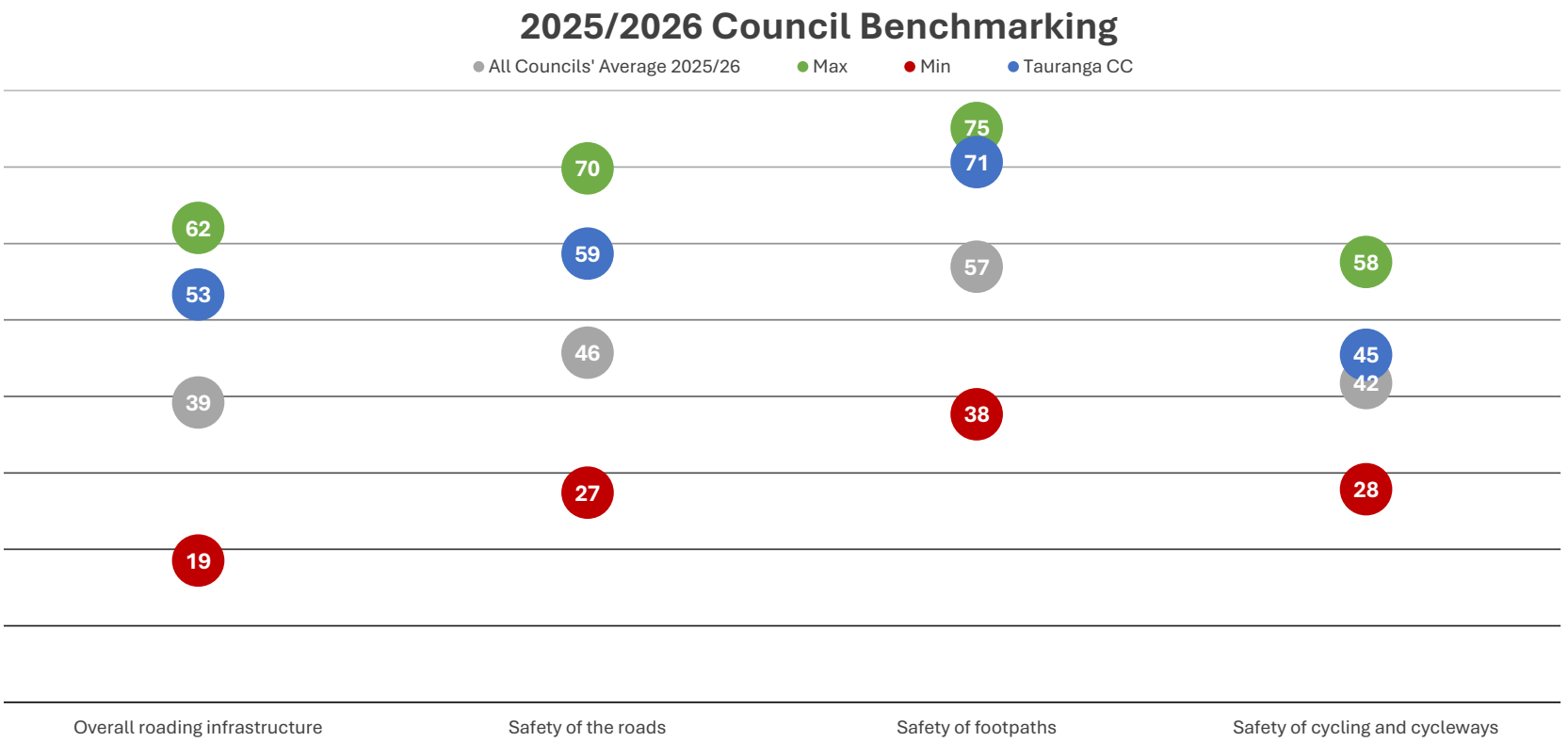
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Waste management

% 7-10	Your Council %	Average based on 22 Councils %	point diff %	Top performance %	point diff %	Lowest performance %	point diff %
Overall waste management	78	**62**	**+16**	**85**	**-7**	**27**	**+51**
Kerbside rubbish and recycling collection	89	**72**	**+17**	**89**	**-**	**51**	**+38**
Litter control	76	**55**	**+21**	**76**	**-**	**26**	**+50**
Transfer stations	75	**62**	**+13**	**79**	**-4**	**48**	**+27**

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Roading infrastructure



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Roading infrastructure

% 7-10	Your Council %	Average based on 22 Councils %	point diff %	Top performance %	point diff %	Lowest performance %	point diff %
Overall roading infrastructure	53	**39**	+14	**62**	-9	**19**	+34
Safety of the roads	59	**46**	+13	**70**	-11	**27**	+32
Safety of footpaths	71	**57**	+14	**75**	-4	**38**	+33
Safety of cycling and cycleways	45	**42**	+3	**58**	-13	**28**	+17

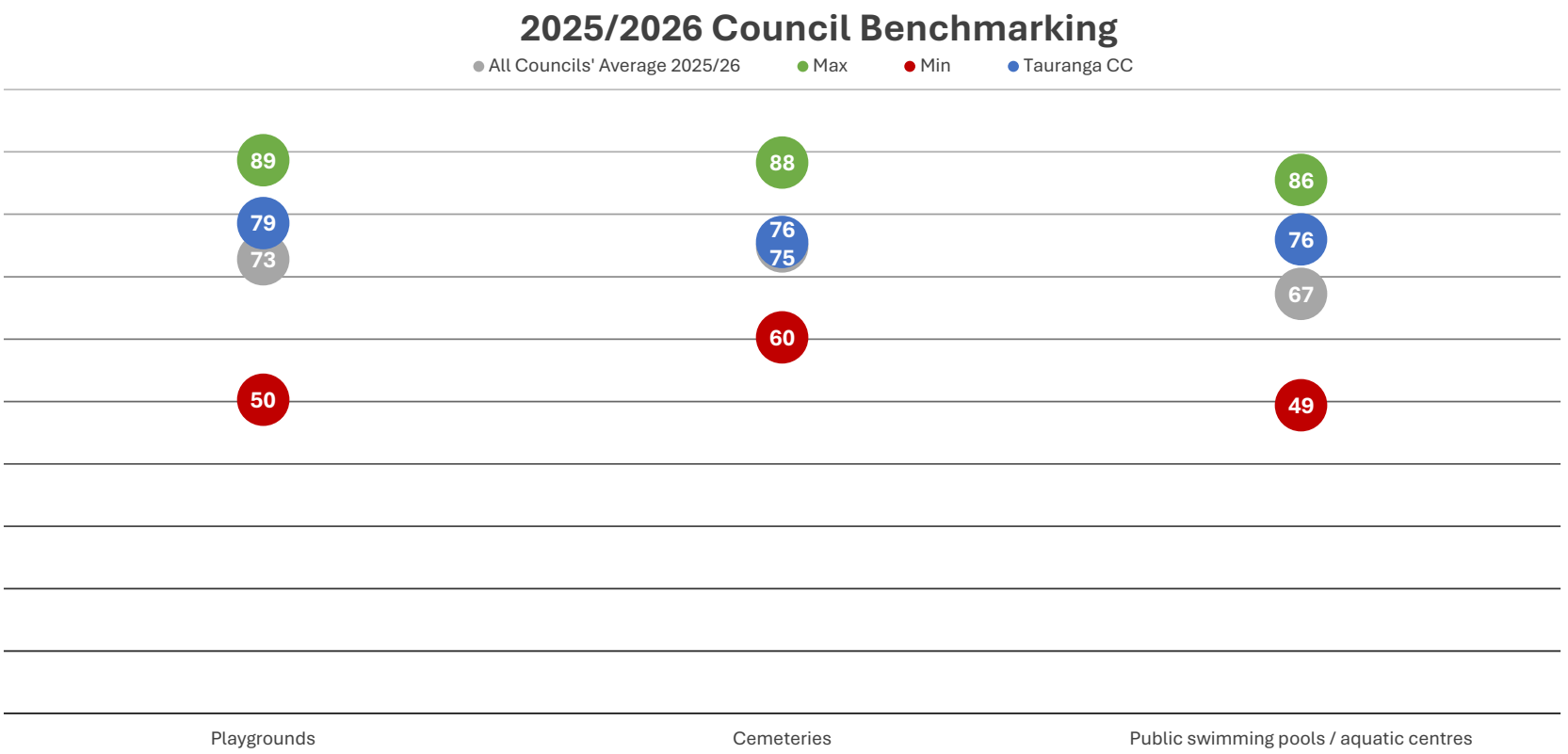
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ARS Benchmarking – 2025/2026

Public facilities and open / outdoor spaces



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Public facilities and open / outdoor spaces

% 7-10	Your Council %	Average based on 22 Councils %	point diff %	Top performance %	point diff %	Lowest performance %	point diff %
Playgrounds	79	**73**	+6	**89**	-10	**50**	+29
Cemeteries	76	**75**	+1	**88**	-13	**60**	+16
Public swimming pools / aquatic centres	76	**67**	+9	**86**	-10	**49**	+27

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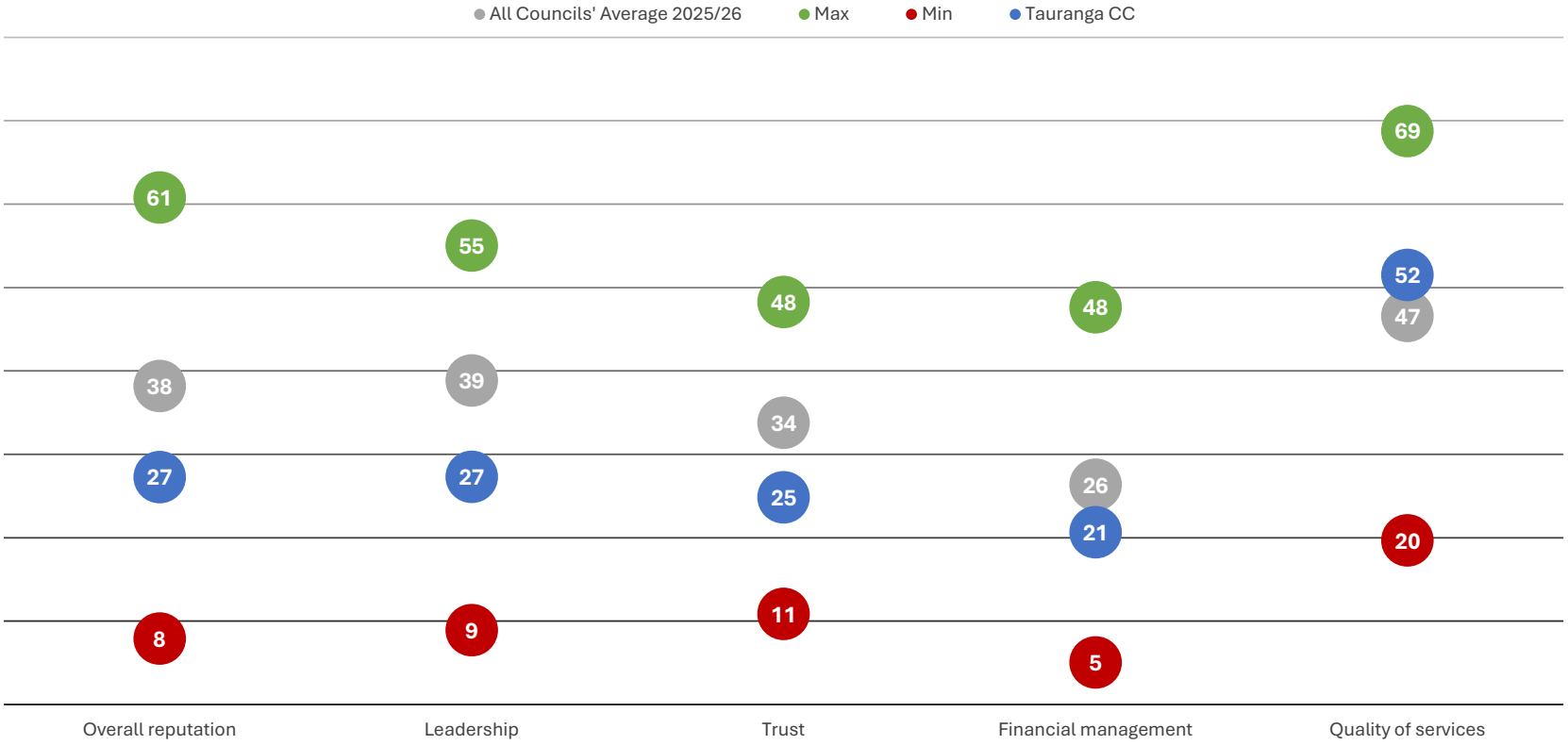
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ARS Benchmarking – 2025/2026

Reputation

2025/2026 Council Benchmarking



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Reputation

% 7-10	Your Council %	Average based on 22 Councils %	point diff %	Top performance %	point diff %	Lowest performance %	point diff %
Overall reputation	27	**38**	**-11**	**61**	**-34**	**8**	**+19**
Leadership	27	**39**	**-12**	**55**	**-28**	**9**	**+18**
Trust	25	**34**	**-9**	**48**	**-23**	**11**	**+14**
Financial management	21	**26**	**-5**	**48**	**-27**	**5**	**+16**
Quality of services	52	**47**	**+5**	**69**	**-17**	**20**	**+32**

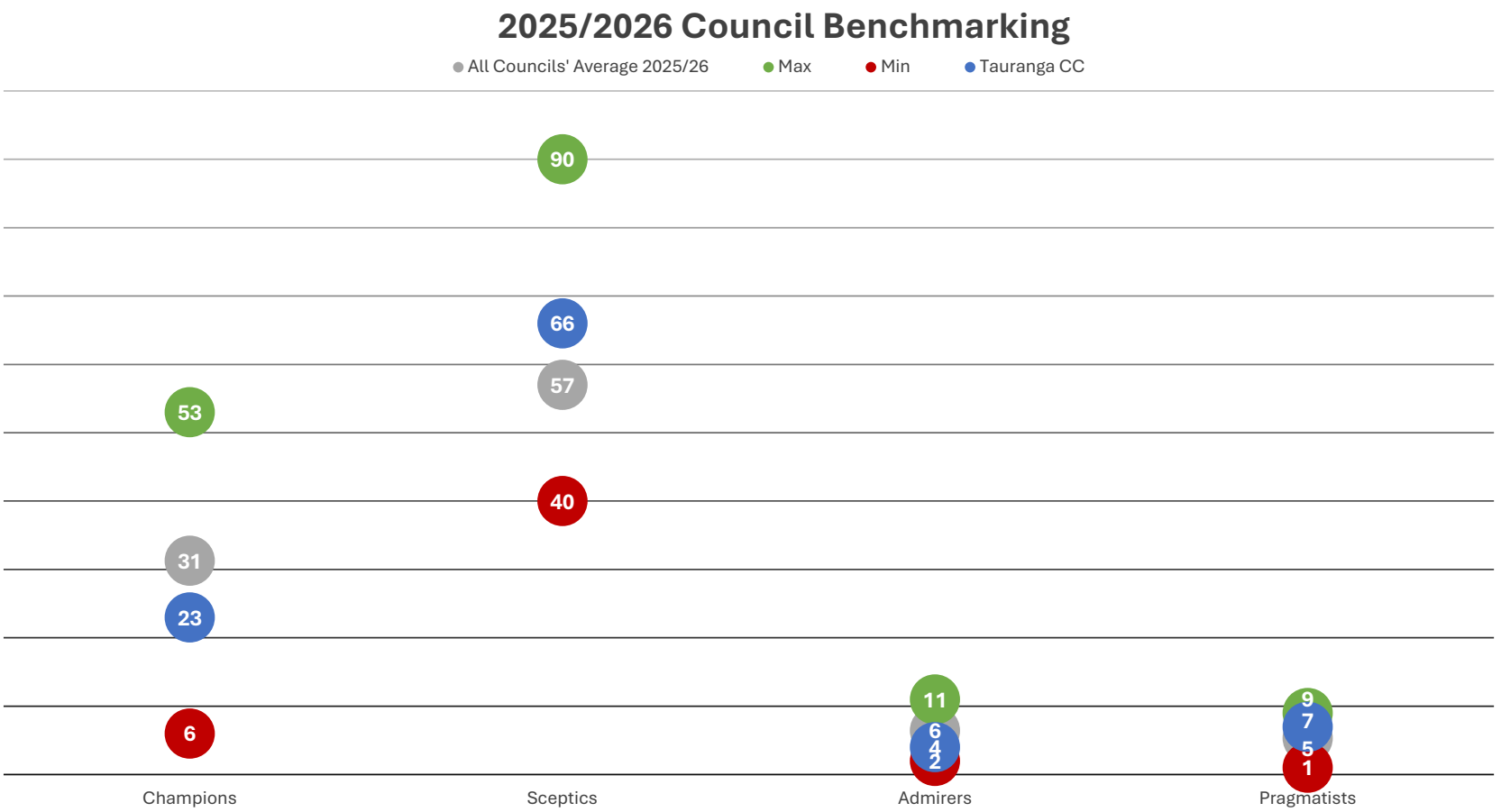
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ARS Benchmarking – 2025/2026

Reputation profile



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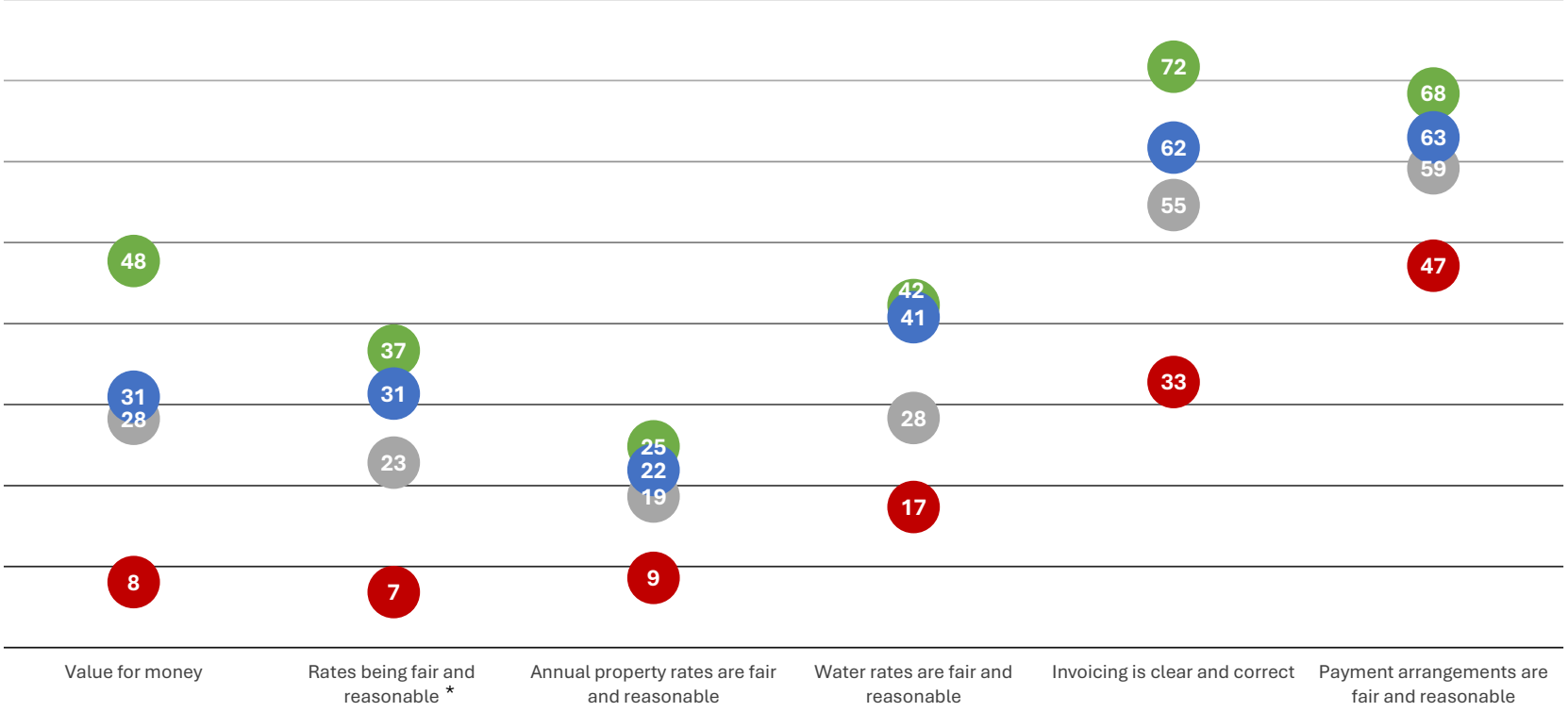
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ARS Benchmarking – 2025/2026

Value for money

2025/2026 Council Benchmarking



* To allow for better and more extensive benchmarking, these measures are presented as an average score of all related measures.

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Value for money

% 7-10	Your Council %	Average based on 22 Councils %	point diff %	Top performance %	point diff %	Lowest performance %	point diff %
Value for money	31	**28**	+3	**48**	-17	**8**	+23
Rates being fair and reasonable	31	**23**	+9	**37**	-6	**7**	+24
Annual property rates are fair and reasonable	22	**19**	+3	**25**	-3	**9**	+13
Water rates are fair and reasonable	41	**28**	+13	**42**	-1	**17**	+24
Invoicing is clear and correct	62	**55**	+7	**72**	-10	**33**	+29
Payment arrangements are fair and reasonable	63	**59**	+4	**68**	-5	**47**	+16

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9.7 Council-Controlled Organisations - Annual Reports 2025/2026

File Number: **A19424300**

Author: **Caroline Lim, CCO Specialist**
Jeremy Boase, Head of Strategy, Governance & Climate Resilience

Authoriser: **Christine Jones, General Manager: Strategy, Partnerships & Growth**

PURPOSE OF THE REPORT

1. For Tauranga City Council to formally receive the Annual Reports 2025/26 of seven of its council-controlled organisations, as required by the Local Government Act 2002.
2. These annual reports represent the council-controlled organisations' ongoing reporting to its shareholder. There are no risks or legal implications with this cover report, or the council-controlled organisations' annual reports.

RECOMMENDATIONS

That the City Delivery Committee:

(a) Receives the report "Council-Controlled Organisations - Annual Reports 2025/2026".

(b) Receives the Annual Reports 2025/26 for the year to 30 June 2026 for:

I. Bay Venues Limited (Attachment One);

II. Tauranga Art Gallery Trust (Attachment Two);

III. Tourism Bay of Plenty (Attachment Three);

IV. Te Manawataki o Te Papa Limited (Attachment Four);

V. Te Manawataki o Te Papa Charitable Trust (Attachment Five);

VI. Bay of Plenty Local Authority Shared Services Limited (Attachment Six); and

VII. Local Government Funding Agency (Attachment Seven).

(c) Notes that as joint shareholder of Tourism Bay of Plenty, Western Bay of Plenty District Council will formally receive Tourism Bay of Plenty's Annual Report at its meeting scheduled on 19 November 2026.

EXECUTIVE SUMMARY

3. This cover report asks Council to formally receive the CCOs' Annual Reports for 2025/26.
4. In accordance with the CCOs' Statements of Intent (SoIs), Bay Venues Limited (Bay Venues), Tauranga Art Gallery Trust (TAGT), Tourism Bay of Plenty (TBoP), Te Manawataki o Te Papa Limited (TMoTPL), Te Manawataki o Te Papa Charitable Trust (TMoTP Charitable Trust), Bay of Plenty Local Authority Shared Services Limited (BoPLASS) and the Local Government Funding Agency (LGFA), are required to provide draft annual reports to the Council within two months of the end of the financial year (by 31 August).
5. In accordance with the Local Government Act (LGA) 2002, the CCOs are required to provide their final audited annual reports to the Council within three months of the end of the financial year (by 30 September).
6. Note Bay Venues and TAGT provided their final audited annual reports on 2 October, later than anticipated due to an extended audit process. TAGT subsequently resubmitted its

audited annual report on 12 October after an error was identified in the design proofing stage following the original submission.

7. The provision of these Annual Reports 2025/26 forms part of the CCOs' accountability to ensure their performance is consistent with their SoIs 2025/26-2027/28 and other accountability documents.

8. A CCO's annual report is a key indicator of how well it has performed against the financial and non-financial performance measures outlined in its SoI, for a specific financial year.

9. At the time of this cover report being written, all the annual reports are audited except for TMoTPL and TMoTP Charitable Trust whose reports are currently being audited by Silks Audit, with completion pending soon.

10. The CCOs' annual performance is summarised in the table below:

CCO	Total targets	Achieved	Not achieved	On track
Bay Venues	13	8	5	
TAGT	16	15	1	
TBoP	10	8	1	1
TMoTPL	17	17	0	
TMoTP Charitable Trust	6	6	0	
BoPLASS	6	6	0	
LGFA	21	18	3	
Total	**89**	**78**		

11. In the "Background" section below, a summary of each CCO's annual report has been provided, outlining the following information:

- Performance targets
- Key financial information
- Key achievements, and
- 2026/27 focus.

12. There are no risks or legal implications with this cover report, or the CCOs' annual reports.

13. The key financial summary for 2025/26 is outlined in the main body of this cover report and for a full account of the CCOs' financials, please refer to Attachments One to Seven. At the time of this cover report being written, staff are working on the comprehensive revenues and expenses[1] information for the CCOs where the Council has 100% shareholding. This information will be tabled at the meeting.

14. Overall, the Annual Reports 2025/26 indicate that the CCOs performed well against their respective objectives, delivered meaningful community value, maintained sound governance and financial stewardship, and continued to invest in long-term sustainability, resilience and service delivery for their stakeholders and communities.

15. No decision or options analysis is required as this cover report serves to formally present the Annual Reports 2025/26 to the City Delivery Committee as part of the CCOs' annual reporting responsibilities to its shareholder. Note as joint shareholder of TBoP, Western Bay of Plenty District Council (WBoPDC) will formally receive TBoP's Annual Report at its meeting scheduled on 19 November 2026.

[1] This information was requested at the City Delivery Committee meeting on 4 November 2025, with the expectation that it be included in all half-year and annual cover reports going forward.

16. Following the Council's formal receipt, the CCOs' annual reports will be shared on the Council's website.

BACKGROUND

Bay Venues Limited's annual highlights 2025/26 (Attachment One – Audited)

17. The following table outlines Bay Venues' performance targets, key financial information, key achievements and 2026/27 focus:

Performance targets	• A total of 13 performance targets. Eight targets achieved and five targets not achieved, and these are: ○ No preventable serious harm incidents in facilities – a near drowning incident at Baywave. ○ Reduce energy consumption by 5% on key sites – energy consumption reduced by 2.2% in FY26, below the 5% target, due to higher energy use at Baywave and Baypark, offsetting reductions achieved elsewhere. ○ The FY26 EBITDA of $174k – this was $132k below budget and below the SoI target. Despite this, a Net Surplus Before Tax (Unfunded) of $37k was achieved, demonstrating financial stability amid rising costs, reduced operating funding, and changing customer spending patterns. Refer to page 5 of Attachment One for the calculation. ○ Secure one commercial partnership – a high volume of commercial partnership opportunities was pursued, however, no partnership was secured as challenging economic conditions have reduced partnership appetite. ○ Achieve >65% staff engagement score – staff engagement score was at 63%, below the target but was up 5% from FY25's results.
Key financial information	• Bay Venues reported net surplus before tax (unfunded) of $37,363, which was 11% behind budget. • Bay Venues' actual total operating revenue was $32,728,118, which was 8% ahead of budget.
Key achievements	• A total of 2,100,902 visitors across the network of facilities, which was 0.04% ahead of target. • Scored 85.1% in customer satisfaction, ahead of the 85% target. • Hosted 95 significant events (with more than 500 people), which was 27% ahead of target (75 significant events). • Award winning innovative learn-to-swim programmes with more than 10,000 annual enrolments across five venues in Tauranga and Western Bay. • Bay Catering, named Industry Supplier of the Year at the 2025 Entertainment Venues Association of New Zealand Awards. • Regional approach to aquatic facility management with securing contract to manage the Te Puke and Katikati community swimming pools.
2026/27 focus	• Planning for the proposed Memorial Park Aquatic Centre. • Working on the extension of Mercury Baypark Arena. • Progressing the relocation of Tauranga Netball Centre to Mercury Baypark. • Progressing new arrangements for speedway. • Longer-term network planning to respond to growth, ageing assets

	and changing participation needs. • Continuing to work with the Council, Mauao Trust and the community on the future of the Mount Hot Pools.

Tauranga Art Gallery Trust's annual highlights 2025/26 (Attachment Two – Audited)

18. The following table outlines TAGT's performance targets, key financial information, key achievements and 2026/27 focus:

Performance targets	• A total of 16 performance targets. Fifteen targets achieved and one target not achieved, and this is: ○ Diversity framework is underway but hasn't yet been completed. This is due to the focus on the reopening of Toi Tauranga Art Gallery. Postponed to early 2027.
Key financial information	• TAGT has reported a net surplus of $7,055,829, compared to the previous year's net surplus of $3,766,558. Both years are impacted by the redevelopment of Toi Tauranga Art Gallery and the net surplus in each year reflects the extraordinary nature of some of the capital transactions. Refer to page 38 of Attachment Two ("Notes" section) for explanation on these variances. • TAGT's BAU deficit was $242,759, compared to the previous year's BAU surplus of $334,044[2]. These exclude the capital transactions associated with the redevelopment, land sale and asset write-offs. • TAGT's total revenue was $7,191,816, a decrease to the previous year's total revenue of $8,764,642. • TAGT's total expenses were $135,987 when compared to the previous year's total expenses of $4,998,085.
Key achievements	• The reopening of the new Toi Tauranga Art Gallery building on 15 November 2025, which will secure the long-term preservation and enhancement of a vital cultural institution for generations to come. This included working on enhancing visitor experience and implementing the Māori Engagement Strategy. • Since the reopening, Toi Tauranga Art Gallery has welcomed 98,126 visitors from Tauranga and beyond, 43,000 new website visits, 1.81 million social media views, 1,955 school students engaged through art programmes, 185 tamariki attending holiday programmes, 4,760 people attending talks and events, 20 exhibitions and 45 artists.
2026/27 focus	• Developing a special programme of events and exhibitions to celebrate Toi Tauranga Art Gallery turning twenty. • Planning two exhibition tours to other national venues to increase Toi Tauranga Art Gallery's reach and profile beyond Tauranga. • Delivering an art history lecture series and a Toi Māori lecture series.

[2] The BAU surplus of $334,044 includes funding received from the Council to support the relocation of the art collection to an offsite facility, shared funding for a project manager, and costs associated with the fit-out and lease of a temporary pop-up gallery. The surplus primarily reflects the timing of income received by TAGT during the reporting period.

Tourism Bay of Plenty's annual highlights 2025/26 (Attachment Three – Audited)

19. The following table outlines TBoP's performance targets, key financial information, key achievements and 2026/27 focus:

Performance targets	• A total of 10 performance targets. Eight targets achieved, one target not achieved, and one target on track, and these are: ○ **Not achieved:** Economic wellbeing: -3.1% total spend ($612.2 million); -6.9% domestic spend ($493.3 million) and +16.6% international spend ($118.8 million). This is due to a number of factors such as the challenging economic conditions and cost-of-living. ○ **On track:** Supported 40 business event bids and secured eight event bids, with 26 still to be confirmed.
Key financial information	• TBoP has reported a deficit of $180,837, an improvement compared to the previous year's deficit of $281,686. • TBoP's actual total revenue was $3,325,121, a decrease on the previous year's actual total revenue of $3,737,150. • TBoP's actual total expenses was $3,505,958, a decrease on the previous year's total expenses of $4,018,836.
Key achievements	• The cruise season welcomed 77 ships, 69 ship days, 143,647 passengers and 63,614 crew. Note the cruise season's total direct and indirect Bay of Plenty economic output for 2025/26 will be provided when available from the New Zealand Cruise Line Association – for 2024/25 this came to $101.6 million. • Flavours of Plenty attracted 3,800 attendees with 50+ events and 150+ contributors, with total ticket sales at 89%, which generated 963 additional bed nights and 89% visitor return intent. • Supported 40 business event bids and secured eight event bids, with 26 still to be confirmed. • Distributed 35,000 visitor guide booklets and 6,500 cycle trail booklets. • Profiled in 194 online articles and earned an advertising equivalent value of $2.69 million.
2026/27 focus	• Continuing to attract major events and business events by positioning the region as a premier events hub. • Progressing the Tauranga Place Brand delivery across community, councils, corporates and local iwi. • Continuing to advocate for the cruise sector. • Continuing to explore new funding models with central and local government, including potential visitor-pay funding levies. • Delivering highly targeted campaigns during the low season to generate year-round regional spend. • Managing the fitout, design, new booking and PoS system for the new i-SITE as part of the Te Manawataki o Te Papa precinct development.

Te Manawataki o Te Papa Limited's annual highlights 2025/26 (Attachment Four – Unaudited)

20. The following table outlines TMoTPL's performance targets, key financial information, key achievements and 2026/27 focus:

Performance targets	• A total of 17 performance targets and all targets were achieved.
Key financial information	• TMoTPL's actual total revenue and actual total expenses was at $297,342. This is a decrease from the previous year's actual total revenue and actual total expenses of $651,199. • This CCO managed a portfolio worth $568 million (Te Manawataki o Te Papa projects, Strand Waterfront projects and other projects e.g. civic administration building, Haumaru Sport and Recreation Centre and the Toi Tauranga Art Gallery's redevelopment).
Key achievements	• Completed 100% delivery of Haumaru Sport and Recreation Centre with installation of the lifts and seismic strengthening works, and completed the redevelopment of the Toi Tauranga Art Gallery building. • Received three notable awards – The Making Tauranga Better Award, The Property Council New Zealand Supreme Award and The Sustainability Award. • Continued the collaboration with the Otamataha Trust with the visually impactful Waharoa located on Masonic Park, a cultural gateway between Te Awanui Tauranga Harbour and Te Manawataki o Te Papa, which marks the transition between the waterfront and the new civic precinct. • Conducted 48 health and safety monitoring inspections and 14 due diligence site visits by officers across all Te Manawataki o Te Papa projects focusing on critical risks, worker engagement, safety observations and potential areas for improvement.
2026/27 focus	• Opening of the new Library and Community Hub on 16 October 2026. • Progressing the Civic House, Exhibition and Museum building for construction completion in December 2027 and opening in mid-2028. • Progressing the next phase of the Memorial Park Aquatic Centre project (implementation), subject to the Council's approval of the design options. • Progressing the major infrastructure and transport projects as part of this CCO's expanded portfolio. • Continuing to focus on maintaining high standards of Health and Safety, with ongoing efforts to reinforce and enhance robust safe work practices, and to continue to align with both TCC's Risk Management Framework and ISO31000:2018.

Te Manawataki o Te Papa Charitable Trust's annual highlights 2025/26 (Attachment Five – Unaudited)

21. The following table outlines TMoTPL's performance targets, key financial information, key achievements and 2026/27 focus:

Performance targets	• A total of six performance targets and all targets were achieved.
Key financial information	• TMoTP Charitable Trust's actual total revenue and actual total expenses was at $4,055. This is for the auditing fee which is paid by Council on behalf of this CCO. Note this is an expense that's required every year.
Key achievements	• Continued to develop close and collaborative relationships with TCC and TMoTPL Board. • Continued to act as the cultural advisor to the Te Manawataki o Te Papa Limited Civic Development Advisory Group. • Continued to ensure that the Te Manawataki o Te Papa Civic Precinct Development project respect and reflect the significant history and importance of the area to mana whenua. • Ensured the history of Te Papa was captured and protected for future generations by establishing an archive of stories and knowledge. • Completed the subsequent ground lease of Lot 45 back to TCC.
2026/27 focus	• Continuing to develop close and collaborative relationships with TCC and TMoTPL Board. • Continuing to act as the cultural advisor to the Te Manawataki o Te Papa Limited Civic Development Advisory Group. • Progressing the stories captured on the history of Te Papa.

Bay of Plenty Local Authority Shared Services Limited's annual highlights 2025/26 (Attachment Six – Audited)

22. The following table outlines BoPLASS' performance targets, key financial information, key achievements and 2026/27 focus:

Performance targets	• A total of six performance targets and all targets were achieved.
Key financial information	• BoPLASS has reported a deficit of $8,226, a slight decrease when compared to the previous year's deficit of $9,243. • BoPLASS's actual total revenue was $1,610,108, a decrease on the previous year's actual total revenue of $1,753,571. • BoPLASS's actual total expenses was $1,618,334, a decrease on the previous year's total expenses of $1,762,814.
Key achievements	• Successfully managed and renewed key supplier agreements across critical service areas including geospatial software, media services, asset management systems, procurement services, and health and safety platforms.

	• Delivered significant value through the regional insurance programme, including improved insurance terms, further pricing discounts, strong insurer engagement, and enhanced risk management capability across councils. • Completed the regional aerial imagery programme, providing orthophotography, coastal imagery, and 3D modelling to support planning and asset management across member councils. • Progressed a broad range of regional procurement and shared service initiatives, including office supplies, underground asset databases, wellbeing tools, media monitoring, health and safety training, and support for emerging water service organisations.
2026/27 focus	• Managing and renewing supplier contracts to ensure member councils achieve ongoing value for money and service continuity. • Completing and implementing procurement initiatives already underway, particularly office supplies, underground asset databases and field technology solutions. • Advancing emerging shared service opportunities including waste data systems, CCTV monitoring services and support arrangements for water service organisations. • Assessing new opportunities for regional and cross-regional ICT shared services. • Developing further the regional insurance programme, including capability building, training, and risk management improvements across councils. • Strengthening inter-regional collaboration with other LASS groups to expand service reach, improve procurement leverage, and deliver consistent approaches across local government. • Maintaining strong engagement with council subject matter experts and advisory groups to ensure future initiatives continue to meet operational and strategic needs.

Local Government Funding Agency's annual highlights 2025/26 (Attachment Seven – Audited)

23. The following table outlines LGFA's performance targets, key financial information, key achievements and 2026/27 focus:

Performance targets	• A total of 21 performance targets. Eighteen targets achieved and three targets not achieved, and these are: ○ Due to movements in exchange rates, the value of the euro-denominated bond and its hedge increased, causing Treasury exposure limits to be marginally exceeded. ○ Total operating expenses (excluding Approved Issuer Levy) was at $13 million, against a target of less than $12.1 million. ○ One new Climate Action Loan (CAL) borrower approved, against a target of two new borrowers.
Key financial information	• Overall, 2025/26 demonstrated LGFA's ability to provide cheaper funding to the Local Government sector, while

	growing its lending portfolio and maintaining a strong financial position. • These strong financial results were primarily driven by: o A significant increase in net operating profit (up 85% to $35.1 million) o Lower funding costs achieved through diversified offshore borrowing programmes o Strong growth in net interest income (up to $51.9 million) o Continued growth in lending and market share (98% of council borrowing), and o A stronger balance sheet, with equity increasing to $146.5 million and total assets reaching $28.8 billion.
Key achievements	• Secured the sector's lowest-cost borrowing through successful domestic and international debt issuance, with borrowing margins continuing to narrow relative to New Zealand Government Bonds and swap rates. • Strengthened funding resilience by securing a larger and longer-term Crown Liquidity Facility, reinforcing Central Government's support for LGFA and the Local Government sector. • Supported the implementation of Local Water Done Well (LWDW), partnering with Central Government, councils and establishment entities to onboard four Water CCOs as members, with a further 13 expected to join next year. • Expanded funding options through two new lending products – the Cash Advances Facility and the Sustainable Water Action Loan for the water sector. • Maintained strong sector engagement, with 123 meetings completed with councils and CCOs throughout the year.
2026/27 focus	• Supporting the implementation of LWDW, including onboarding additional Water CCOs, facilitating debt transfers from councils, and ensuring new entities have access to long-term, efficient funding • Growing its sustainable lending programmes, including Green and Social (GS) Loans, CALs, and the newly launched Sustainable Water Action Loan, to encourage sustainability and environmental performance across the sector. • Continuing funding significant local government infrastructure investment, particularly in water services, growth infrastructure, asset renewals, and resilience projects, as councils respond to increasing investment demands. • Continuing accessing both domestic and international capital markets to secure competitive borrowing costs, diversify funding sources, and strengthen funding resilience for the sector • Increasing engagement and monitoring activities to support members' long-term financial sustainability and covenant compliance • Continuing to actively lead by working closely with central government, councils and sector organisations on water reform, infrastructure funding, sustainable finance initiatives,

	and broader sector challenges.

Core purpose of the council-controlled organisations

24. The following table outlines the core purpose of the Council's CCOs:

CCO	Core purpose
Bay Venues	To connect the community with exceptional experiences through hosting activities and events at community facilities across Tauranga including aquatic centres, indoor sport and fitness facilities such as the Haumaru Sport and Recreation Centre, event venues, community centres and halls, and the Adams Centre for High Performance.
TAGT	To create and deliver exceptional art experiences that engage, inspire, challenge and educate visitors through exhibitions, public programmes and events.
TBoP	To lead the sustainable growth of the Western BoP visitor economy, the management of the region as a visitor destination, and the management of iSITE Visitor Information Centres at Tauranga, Mount Maunganui and the Port of Tauranga (during the cruise season only).
TMoTPL	To govern the effective delivery of a suite of projects across Tauranga city centre, to benefit the whole community.
TMoTP Charitable Trust	To own the land referred to as 'Site A' of the Te Manawataki o Te Papa civic precinct, and to provide certainty on how the land will be used in the future, so that everyone in the community benefits.
BoPLASS	To foster collaboration in the delivery of shared services and joint procurement on behalf of the participating councils, maximising cost savings and developing opportunities for sharing of services.
LGFA	To benefit local communities through delivering efficient financing for local government.

Requirement to report

25. Specifically, the Statement of Intent requires that the Annual Report includes:

    (i) Statement of Financial Performance (balance sheet);

    (ii) Statement of Comprehensive Income (income statement);

    (iii) Statement of Movements in Equity;

    (iv) Statement of Cash Flows;

    (v) Disclosure of related party transactions;

    (vi) Notes to the Financial Statements; and

    (vii) Such other statements as may be necessary to fairly reflect the financial position of the Company and its subsidiaries, the resources available to the Company and its subsidiaries and the financial results, of the operations of the Company and its subsidiaries.

26. CCO boards are also required to provide a board report, including a summary of the financial results, a report of the operations, and a comparison of performance in relation to objectives.

STATUTORY CONTEXT

27. The LGA 2002 requires CCOs to provide audited annual reports to their shareholders.

28. The annual reports are helpful when developing the Council's letters of expectation for its CCOs for the following financial year, to assist with the next round of the CCOs' SoIs.

STRATEGIC ALIGNMENT

29. The CCOs actively work in partnership with the Council, mana whenua and our community to achieve great community outcomes, and help facilitate Tauranga becoming a vibrant city that attracts businesses, events, people and visitors, is well planned, connected, accessible and inclusive. This is reflected in their annual reports and their performance against financial and non-financial measures:

	Contributes
We are an inclusive city	✓
We value, protect and enhance the environment	✓
We are a well-planned city that is easy to move around	☐
We are a city that supports business and education	✓
We are a vibrant city that embraces events	✓

OPTIONS ANALYSIS

30. There are no options available as this cover report seeks Council to formally receive the CCOs' annual reports.

FINANCIAL CONSIDERATIONS

31. The key financial summary for 2025/26 is outlined in the main body of this cover report and for a full account of the CCOs' financials, please refer to Attachments One to Seven.

32. At the time of this cover report being written, staff are working on the comprehensive revenues and expenses information for the CCOs where the Council has 100% shareholding. This information will be tabled at the meeting.

RISKS AND LEGAL IMPLICATIONS

33. There are no risks or legal implications with this cover report, or the CCOs' annual reports.

34. The annual reports meet the legislative requirements for the CCOs to provide the Council with an overview of performance against their SoIs on both financial and non-financial measures.

TE AO MĀORI APPROACH

35. Te Ao Māori approach is important to the CCOs, examples include:

- Te Kāhu ō Hinewa, a Māori Advisory Group, continues to provide guidance and support to TAGT and Toi Tauranga Art Gallery with advancing Māori art, and empowering Māori artists and communities.
- TMoTPL continues to work collaboratively with representatives of the Otamataha Trust, who act as Cultural Advisor to the Te Manawataki o Te Papa Limited Civic Development Advisory Group.

CLIMATE IMPACT

36. Climate issues are important to the CCOs, examples include:

- Following the success of the Green Room Programme, TBoP continues to make a significant contribution to fostering improved sustainability by aligning with Tourism Industry Aotearoa's nationwide AkiAki Programme.
- LGFA continues to prioritise sustainability with its GS and CAL loans, with eight new GS projects and one new CAL borrower approved. This CCO has also introduced a new Sustainable Water Action Loan for its Water CCOs.

CONSULTATION / ENGAGEMENT

37. It is not required or expected to consult on a CCO's annual report under the LGA 2002.

SIGNIFICANCE

38. The Local Government Act 2002 requires an assessment of the significance of matters, issues, proposals and decisions in this report against the Council's Significance and Engagement Policy. The Council acknowledges that in some instances a matter, issue, proposal or decision may have a high degree of importance to individuals, groups, or agencies affected by the report.

39. In making this assessment, consideration has been given to the likely impact, and likely consequences for:

    (a) the current and future social, economic, environmental, or cultural well-being of the district or region

    (b) any persons who are likely to be particularly affected by, or interested in, the matter.

    (c) the capacity of the local authority to perform its role, and the financial and other costs of doing so.

40. In accordance with the considerations above, criteria and thresholds in the policy, it is considered that the matter is of low significance, as the CCOs' annual reports form part of their ongoing reporting responsibilities to their shareholder.

ENGAGEMENT

41. Taking into consideration the above assessment, that the matter is of low significance, officers are of the opinion that no further engagement is required prior to Council making a decision.

NEXT STEPS

42. The CCOs will be informed of the Council's consideration of this cover report, and WBoPDC will be informed of the Council's consideration of TBoP's annual report.

43. The CCOs' Annual Reports 2025/26 will be made public via the Council's website.

ATTACHMENTS

1. **Bay Venues Annual Report FY26 - FINAL AUDITED - A21218845**
2. **TAGT Annual Report FY26 - FINAL AUDITED - A21217553**
3. **TBoP Annual Report FY26 - FINAL AUDITED - A21213413**
4. **TMoTP Limited Annual Report FY26 - DRAFT UNAUDITED - A21280254**
5. **TMoTP Charitable Trust Annual Report FY26 - DRAFT UNAUDITED - A21031626**
6. **BoPLASS Annual Report FY26 - FINAL AUDITED - A21162666**
7. **LGFA Annual Report FY26 - FINAL AUDITED - A21030210**



BayVenues

ANNUAL REPORT

Financial Statements for the Year ended 30 June 2026

Tauranga City

Bay Venues is a Tauranga City Council organisation.

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Facilities

- Mercury Baypark (Arena, Stadium and Pavilions)
- Adams Centre for High Performance
- Three Community Centres
- Five Sports Centres
- Seven Aquatic Facilities
- Six Community Halls

Tauranga City

These facilities are operated by Bay Venues, a Tauranga City Council organisation.

Mercury BAYPARK · COMMUNITY CENTRES & HALLS · TAURANGA POOLS · BayActive · BaySwim · CLUBfit · Baywave · MOUNT HOT POOLS · ADAMS CENTRE FOR HIGH PERFORMANCE · BayAudioVisual · BayCatering

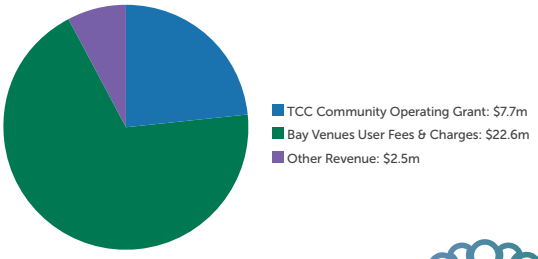
OUR YEAR IN NUMBERS

NET SURPLUS BEFORE TAX (UNFUNDED)*

$37,363

(11% behind budget)

OPERATING REVENUE SOURCES



OPERATING REVENUE

$32,728,118

(8% ahead of budget)

- **$7.7m** TCC COMMUNITY OPERATING GRANT
- **$0.8m** COMMUNITY HUBS
- **$7.9m** AQUATICS
- **$10.5m** EVENTS & ASSOCIATED ACTIVITIES
- **$5.3m** SPORTS & FITNESS
- **$0.5m** BUSINESS SUPPORT

NON-OPERATING REVENUE

- **$7.2m** TCC RENEWALS FUNDING
- **$0.9m** TCC DEBT SERVICING

VISITS TO OUR FACILITIES

2,100,902

(0.04% ahead of target)

755,584
AQUATICS

304,957
COMMUNITY HUBS

846,971
SPORTS & FITNESS

193,390
EVENTS

CUSTOMER SATISFACTION SCORE

85.1%

(0.1% ahead of target)

SIGNIFICANT EVENTS (OVER 500 PEOPLE)

95

(27% ahead of target)

OUR PEOPLE

Full Time Equivalent (FTE)	**188**
Number of Staff (Headcount)	**265****

FY26 PAY GAP REPORTING

Gender 3.6% (32% ahead of national benchmark***) **Māori** 0.1% **Pacific Peoples** 3.2%

Bay Venues is registered to Mind the Gap, an organisation dedicated to supporting and publishing New Zealand organisations' efforts in addressing pay equity.

**Net Surplus Before Tax (Unfunded) is net profit after funding and capital costs on assets Bay Venues is responsible for funding. It does not include funding and capital costs on assets funded by Tauranga City Council. It does include estimated Mount Hot Pools insurance proceeds.*

***Includes permanent full-time & part-time staff, as well as fixed-term staff. Excludes casuals.*

****Manatū Wāhine (Ministry for Women) reported a national gender pay gap of 5.3% for 2026.*

OUR YEAR IN REVIEW

Strong Community Outcomes and Financial Stability in a Resilient Year

Our network of community facilities continued to deliver strong outcomes for the people of Tauranga and Western Bay of Plenty in the year ended 30 June 2026. Supported by Tauranga City Council's ongoing investment in community infrastructure, we achieved both visitation and customer satisfaction targets and hosted a busy and varied events programme that added vibrancy to our city and attracted thousands of visitors.

This was also a year that tested our resilience, with sustained economic challenges as well as significant community disruption following the Mauao landslide tragedy in January. Through strict cost controls, targeted efficiencies and new revenue-generating initiatives, we withstood the financial pressures while also absorbing an 8.5% decrease in operating funding, finishing the year with a balanced budget and small surplus.

This positive performance reflects the adaptability, dedication, and hard work of our people and our focus, as a team, to deliver more for less. All while protecting the quality and accessibility of the spaces and experiences that connect our community every day. We would like to thank Tauranga City Council for its enduring support, guidance, and collaboration.

Spaces to Belong, Experiences to Connect

Community demand remains high right across our venue network. We finished the year with 2,100,902 visits, even with the Mount Hot Pools being closed for the second half of the year. Customer satisfaction also remained on target, finishing slightly above 85%.

This year, our facilities hosted 95 significant events (each attended by 500 or more people), including major sporting tournaments, cultural gatherings, conferences, gala dinners, expos, live music and comedy, weddings, as well as other community celebrations and entertainment offerings. Highlights included The Classic basketball tournament by HoopNation, the ever-growing Zespri AIMS Games, two national kapa haka festivals, the Zespri Momentum international conference, the Civil Contractors New Zealand conference, and Famous Last Words, a sold-out New Year's Eve music festival at Mercury Baypark. These events, alongside the everyday sport, recreation and community activities that fill our venues each week, show the enduring value of shared public spaces in our fast-growing city.





Mauao and the Mount Hot Pools

The Mauao landslide tragedy and resulting damage and closure of the Mount Hot Pools in late January created one of the most significant challenges in Bay Venues' history. Our first priority was supporting our people, customers, and community, while working closely with Tauranga City Council, mana whenua, emergency services and other agencies through the response and recovery phases. The impact of the Mauao and Welcome Bay landslides will be felt for a long time, and this has been a heartbreaking year for our community. Our thoughts remain with all the families directly affected. We will continue to work with Council, the Mauao Trust and the community to understand the future of the Mount Hot Pools and how we can achieve the best outcome for our city.

Financial Stability in a Constrained Operating Environment

This year Bay Venues maintained financial stability in what has been an increasingly constrained environment of rising costs, reduced operating funding, and changing customer spending patterns. Operational discipline, along with commercial partnerships and new revenue streams, helped deliver a small Net Surplus Before Tax (Unfunded) of $37,363, which was 11% behind budget. Total revenue for the year was $32,728,118 – 8% ahead of budget.

Our commercial operations continued to strengthen and diversify our revenue base, which is helping to offset the cost of running the city's network of community facilities. Our swim school BaySwim is performing strongly and was recognised with a national award this year for its innovative learn-to-swim programmes, which now have more than 10,000 annual enrolments across five venues in Tauranga and Western Bay, from babies right through to adults.

Bay Catering was also named Industry Supplier of the Year at the national 2025 EVANZ Awards and has expanded its reach beyond Mercury Baypark to cater for weddings, conferences and other business functions at venues across the city and further afield. These are just two examples of how we are balancing community needs with commercial opportunities. Being commercial in mind, while keeping community at heart, remains essential to us delivering value for money for Tauranga City Council and our ratepayers.

OUR YEAR IN REVIEW



Regional Approach to Aquatics

This year, Bay Venues was awarded a pool service delivery contract by Western Bay of Plenty District Council to operate its two seasonal community pools in Te Puke and Katikati, marking an important step in our regional approach to aquatic facility management. Our Aquatics team successfully completed its first season operating both pools, strengthening local access to aquatic activities while keeping management within the region. Our team has also supported planning for the Mount Maunganui College 50m pool project.

Kaitiaki of Community Facilities

We continue to balance day-to-day delivery with the long-term stewardship of more than 20 community facilities, many of which are decades old. The end-of-life Memorial Pool was closed this year after 70 years of operation, making way for the new Memorial Park Aquatic Centre development that is proposed to be built on the same site. Planning is also underway for future improvements at Baywave, Ōtūmoetai Pool, and Queen Elizabeth Youth Centre.

Several important maintenance and renewal projects were completed across the network this year, including replacing the roof and painting at Mount Maunganui Sport & Recreation Centre, resurfacing six sports courts at Mercury Baypark Arena, and refurbishing and painting areas of Arataki Community Centre. We have been adding more prominent Tauranga City Council branding as we update signage around our venues as part of our renewal programme. Renewal work was also completed in the main commercial kitchen and café at Mercury Baypark for the first time in 25 years. Queen Elizabeth Youth Centre is now the home of the Tauranga Whai men's and women's basketball games, with improvements made to ensure the venue is fit for purpose including floor-mounted hoops.

Future-Focused Projects

Alongside our day-to-day operations, Bay Venues also progressed major projects with Tauranga City Council and other partners that will support future community needs. These included planning for the proposed Memorial Park Aquatic Centre, the extension of Mercury Baypark Arena, the relocation of Tauranga Netball Centre to Mercury Baypark, new arrangements for speedway, and longer-term network planning to respond to growth, ageing assets and changing participation needs. These projects are important steps toward addressing capacity constraints across Tauranga's community infrastructure, particularly aquatic and indoor court space.

Looking Ahead

This year has reinforced the importance of organisational preparedness and resilience. Bay Venues continues to strengthen its approach to health and safety, risk management, and asset stewardship, with a strong focus on enhancing the systems, controls, and oversight that protect our people and keep our visitors and assets safe. This work also supports sustainable performance and informed decision-making.

The year also brought changes to the Bay Venues Board, with Shadrach Rolleston and Gareth Green joining as new directors, along with new Board intern Carey Manuel. We would like to welcome our new Board members and also acknowledge outgoing directors Jeremy Curragh and Gareth Wallis and thank them for their contribution over the past five years.

We enter the new financial year with persistent pressure on funding, facility demand at peak times, and delivery capacity, but also with strong foundations. The revenue impact of the current Mount Hot Pools closure will be offset by insurance proceeds until approximately December 2026, after which lost profit will not be covered. We will keep exploring new and innovative ways to generate revenue while also trying to find a fair balance between what Council and ratepayers contribute and what users pay. This means regularly reviewing user fees and charges, as well as service levels.

Our refreshed governance team has the experience and focus needed to guide the organisation through this complex period. Across the organisation, our people are adapting to change while maintaining high service standards for our customers and community.

The year ahead will require ongoing discipline, collaboration, and adaptability, and our purpose remains clear: creating spaces to belong and experiences to connect. This purpose guides our everyday work and is made possible by the combined efforts of our Bay Venues team, Tauranga City Council, our partners, customers, user groups, and the wider community.



Simon Clarke, Chair



Chad Hooker, CEO

FINANCIAL PERFORMANCE

	FY26 SOI ($000's)	FY26 Budget (Updated) ($000's)	FY26 Actual ($000's)
Operating Revenue	30,284	30,284	32,728
Less: Operating Expenses	(29,978)	(29,978)	(32,554)
EBITDA	306	306	174
Less: Finance & Depreciation Costs (Unfunded)	-	(264)	(137)
Net Surplus Before Tax (Unfunded)	306	42	37
Add:			
TCC Renewal Funding	7,667	7,367	7,160
TCC Debt Servicing Grant	929	1,174	929
Less:			
Finance & Depreciation Costs (Funded)*	(11,325)	(11,061)	(10,658)
Profit/(Loss) on Disposal **			(3,147)
Net Surplus /(Deficit) Before Tax	(2,423)	(2,478)	(5,679)

**Finance and depreciation costs were not split between funded & non-funded in the FY26 SOI.*

***The loss on disposal primarily reflects the partial disposal of building assets arising from facility upgrade projects, the decommissioning of Memorial Pool, and assets written off following the January 2026 Mount Hot Pools landslide event.*

STATEMENT OF INTENT PERFORMANCE

Activity	Target	Status	Commentary
We will maximise activity and events	Host >2.1 million visits to our facilities	✓	2.101 million visits were recorded in FY26. This result was achieved despite the Mount Hot Pools closure from January 2026.
	Host >75 significant events (500+ people)	✓	A total of 95 significant events were held in FY26 across all Bay Venues venues (incl sports tournaments).
	Achieve a customer feedback rating >85%*	✓	Of 2,082 survey responses received, 1,772 were highly satisfied or satisfied, resulting in a year end satisfaction rating of 85.1%.
	No preventable serious harm incidents in our facilities**	⛔	In September 2025, a 3-year-old at Baywave experienced a near drowning after entering the leisure pool unsupervised; the child was successfully resuscitated. While this was the only preventable serious harm incident recorded during the year, the measure is assessed on a zero-incident basis and therefore the target was not achieved.
We will look after our assets	No preventable unplanned facility closures (>4 Hours)	✓	There were no preventable unplanned closures this year.
	Capital Programme v budget within 5%	✓	We delivered 98.3% of our overall capital programme of $9.7m in FY26.
	Reduce energy consumption by 5% on key sites	⛔	Energy consumption across key facilities decreased by 2.2% in FY26, falling short of the 5% reduction target. Increased energy consumption at Baywave and Baypark offset reductions at the Mount Hot Pools and the Adams Centre following solar panel installation, with the Mount Hot Pools closure also contributing.
	Key capital projects within 5% of budget	✓	Final kitchen project cost was $1.21m with a budget of $1.18m (3% over). The Arena 6 court re-surfacing budget was $222,097 and was completed for $222,795 (0.3% over budget).
We will leverage our capability	Financial performance	⛔	FY26 EBITDA of $174k was $132k below budget. Despite missing the Statement of Intent EBITDA target against budget, Bay Venues was pleased to report a Net Surplus Before Tax (Unfunded) of $37k, maintaining financial stability in what has been an increasingly constrained environment of rising costs, reduced operating funding, and changing customer spending patterns. See page 5 for calculation.
	Secure one commercial partnership	⛔	A high volume of commercial partnership opportunities have been pursued during the reporting period, however no agreements have been secured. Challenging economic conditions have reduced partner appetite and slowed sponsorship commitments.
We will build our capability	Achieve >65% team engagement	⛔	Annual staff engagement score of 63% was up 5% year on year and slightly below the 65% target.
	Achieve <30% staff turnover	✓	Overall staff turnover is currently tracking at 27%, ahead of the FY26 target of 30%. This reflects a significant difference between our permanent full-time workforce (14%), and our more mobile part-time workforce (40%).
	Implement stakeholder engagement plan	✓	The stakeholder engagement strategy and plan have been developed and approved, meeting the FY26 success measure. Implementation is underway as part of a multi-year programme of work.

Traffic Light Status Key ✓ On track and remaining so ⛔ Off track and needing further monitoring

Refer to the Statement of Intent for Individual Weightings of Balanced Scorecards Measures.

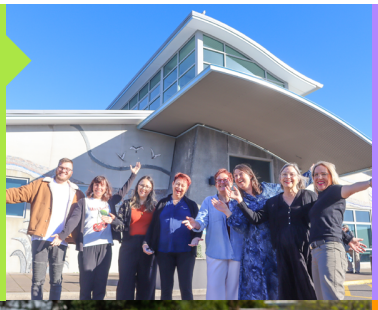
** This measure is from a survey of customers who on a 5-point rating scale, with 3 being neutral, rated their satisfaction as satisfied or better.*

*** Preventable means that Bay Venues was reasonably able to identify a hazard before it occurred and stop harm from occurring by eliminating a hazard or minimising the hazard so far as reasonably practicable.*

OUR STORIES

Community Hub Marks Milestone

Pāpāmoa celebrates the 20th birthday of its local library and community centre.



Pouwhenua ō Tamapahore

A significant but seldom seen artwork depicting a prominent Ngā Pōtiki chief has been relocated to stand proudly at the entrance of Mercury Baypark.





Bay Venues Now Operates Two Western Bay Pools

The partnership brings new aquatic opportunities for the Te Puke and Katikati communities, while keeping the running of the pools local.

Haumaru is Humming!

Tauranga's newest indoor sports facility has become a thriving hub of community connection, competition and recreation in the central city.





Race You To The Bottom!

Meet the Hulsebosch siblings: a downhill duo at the top of their mountain biking game, making the most of the Adams Centre for High Performance in Mount Maunganui, a world-class facility in their own backyard.



The Rebound Lab

A low-impact community workout with high-impact benefits, these classes at Bethlehem Hall have quickly formed a dedicated following.



Tauranga's SWISH Ballers Have Got Game

The walking basketball group is proving there is no age limit when it comes to playing the sport you love.



BaySwim Recognised Nationally for its Innovative Programmes

More than 10,000 learn-to-swim enrolments have been delivered this year, from babies through to adults, across five aquatic venues in Tauranga and the Western Bay.

Read all our stories at bayvenues.co.nz

FINANCIAL STATEMENTS 2025-2026

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES for the Year Ended 30 June 2026

	Note	Actual 2026 ($000's)	Budget 2026 ($000's)	Actual 2025 ($000's)
Revenue				
User Revenue		22,592	22,516	22,252
Other Revenue		1,336	414	629
Other Grants		826	-	107
TCC Operational Grant		7,666	7,355	7,602
TCC Debt Servicing Grant		929	929	1,098
TCC Renewal Funding		7,160	7,667	13,798
Rehabilitation Expense Funding		309	-	693
Total Operational Revenue	2	**40,818**	**38,881**	**46,179**
Expenditure				
Employee Expense	3	19,341	18,112	17,922
Administrative Expense	7	1,977	1,792	1,681
Consulting & Governance Expenses	4	879	757	1,286
Operating Expenses (incl. COGS)	5	8,866	8,339	8,306
Repairs & Maintenance Expense		1,182	978	991
Rehabilitation Expense		309	-	693
Profit/Loss on Disposal	13	3,147	-	2,664
Finance Costs		956	1,145	999
Depreciation and Amortisation Expense	6	9,839	10,180	9,345
Total Operating Expenditure		**46,496**	**41,303**	**43,887**
Surplus/(Deficit) Before Tax		**(5,678)**	**(2,422)**	**2,292**
Income Tax (Expense)/Benefit	8	1,889	-	(1,043)
Surplus/(Deficit) After Tax		**(3,789)**	**(2,422)**	**1,249**
Impairment on Revalued Property, Plant & Equipment	13	(754)	-	-
Tax on Revaluation		583	-	-
		(172)	-	-
Total Comprehensive Income		**(3,961)**	**(2,422)**	**1,249**

Summary of significant accounting policies and the accompanying notes form part of these financial statements.

FINANCIAL STATEMENTS 2025-2026

STATEMENT OF CHANGES IN EQUITY for the Year ended 30 June 2026

	Note	Actual 2026 ($000's)	Budget 2026 ($000's)	Actual 2025 ($000's)
Share Capital				
Share Capital at beginning of the year		84,232	102,566	84,232
Loan Conversion		-	800	-
Share Capital at End of Year		**84,232**	**103,366**	**84,232**
Retained Earnings				
Retained Earnings at Beginning of the Year		(42,118)	(32,048)	(43,425)
Surplus/ (Deficit) for the Year		(3,789)	(2,423)	1,249
Transfer to Mercury Reserve	18	(149)	(200)	(140)
Transfer to University of Waikato Reserve		(97)	-	(59)
Disposal of Property, Plant & Equipment		653	-	257
Retained Earnings at End of the Year		**(45,500)**	**(34,671)**	**(42,118)**
Asset Revaluation Reserves				
Asset Revaluation Reserves at Beginning of the Year		56,584	56,840	56,841
Net Revaluation Gains/(Loss)	19	(825)	-	(257)
Asset Revaluation Reserves at End of the Year		**55,759**	**56,840**	**56,584**
Other Reserves				
Other Reserves at Beginning of the Year		330	331	131
Mercury Reserve	20	149	200	140
University of Waikato Reserve		97	-	59
Other Reserves at End of Year		**577**	**531**	**330**
Equity Contribution from Owners				
Loan Conversion at Beginning of the Year		18,097	-	-
Loan Conversion		-	-	15,000
New Capital Funding	21	1,558	-	3,097
Loan Conversion at End of the Year		**19,656**	**-**	**18,097**
EQUITY AT END OF THE YEAR		**114,724**	**126,066**	**117,124**

Summary of significant accounting policies and the accompanying notes form part of these financial statements.

FINANCIAL STATEMENTS 2025-2026

STATEMENT OF FINANCIAL POSITION as at 30 June 2026

	Note	Actual 2026 ($000's)	Budget 2026 ($000's)	Actual 2025 ($000's)
ASSETS				
Current Assets				
Cash & Cash Equivalents	9	1,040	787	1,005
Inventories	10	399	475	427
Debtors & Other Receivables	11	2,867	1,231	4,605
Total Current Assets		**4,306**	**2,493**	**6,037**
Non-Current Assets				
Other Non-Current Assets		-	5,670	-
Intangible Assets	12	347	208	380
Property, Plant & Equipment	13	157,368	162,388	161,831
Total Non-Current Assets		**157,715**	**168,266**	**162,211**
Total Assets		**162,021**	**170,759**	**168,248**
LIABILITIES				
Current Liabilities				
Employee Entitlements	14	2,464	1,373	2,285
Creditors & Other Payables	15	3,039	828	5,447
Borrowings - UoW Adams Centre Loan	16	1,000	1,000	1,000
Total Current Liabilities		**6,503**	**3,201**	**8,732**
Non-Current Liabilities				
Borrowings - Tauranga City Council	16	20,885	20,153	20,011
Deferred Tax	8	19,910	21,339	22,381
Total non-current liabilities		**40,795**	**41,492**	**42,392**
Total liabilities		**47,298**	**44,693**	**51,124**
Net Assets		**114,724**	**126,066**	**117,124**
EQUITY				
Share Capital	17	84,232	103,366	84,232
Retained Earnings	18	(45,500)	(34,671)	(42,119)
Other Reserves	20	577	531	330
Loan Conversion	21	19,656	-	18,097
Revaluation Reserves	19	55,759	56,840	56,584
Total Equity		**114,724**	**126,066**	**117,124**

Summary of significant accounting policies and the accompanying notes form part of these financial statements.

Simon Clarke – Director | September 30 2026 Date

Wayne Beilby – Director | September 30 2026 Date

FINANCIAL STATEMENTS 2025-2026

STATEMENT OF CASHFLOWS for the Year ended 30 June 2026

	Note	Actual 2026 ($000's)	Budget 2026 ($000's)	Actual 2025 ($000's)
Cash Flows from Operating Activities				
Cash Received from Customers		25,893	22,516	20,697
Grants Received		16,582	15,951	22,499
Dividend received		-	6	-
Cash Received from Other Sources		85	408	168
Goods & Services Tax (net)		397	-	(454)
Resident Withholding Tax		24	-	(34)
Payments to Employees		(19,162)	(18,112)	(17,831)
Payments to Suppliers		(16,014)	(11,867)	(11,133)
Interest Paid		(956)	(1,145)	(999)
Net Cash Flow from Operating Activities	23	**6,849**	**7,757**	**12,913**
Cash flows from investing activities				
Proceeds from Sale of Property, Plant and Equipment		63	-	63
Purchase of Property, Plant & Equipment		(9,310)	(8,942)	(17,038)
Transfer to Depreciation Investment		-	(40)	-
Net Cash Flow from Investing Activities		**(9,246)**	**(8,982)**	**(16,975)**
Cash Flows from Financing Activities				
Proceeds from Borrowings		5,433	1,187	5,042
Repayment of TCC borrowings		(3,000)	-	(1,500)
Net Cash Flow From Financing Activities	23	**2,433**	**1,187**	**3,542**
Net Increase / Decrease in Cash Held		36	(38)	(520)
Cash & Cash Equivalents at Beginning of Year		1,005	826	1,526
Cash, Cash Equivalents, and Bank Overdrafts at the End of the Year	9	**1,041**	**788**	**1,006**

Summary of significant accounting policies and the accompanying notes form part of these financial statements.

STATEMENT OF **ACCOUNTING POLICIES AND NOTES** for the Year Ended 30 June 2026

1.1 ENTITY STATEMENT

Bay Venues Limited is a Council Controlled Organisation (CCO) as defined in Section 6 of the Local Government Act 2002. The company is wholly owned by Tauranga City Council. The company is registered under the Companies Act 1993 and is a reporting entity for the purposes of the Financial Reporting Act 1993.

The primary objective of Bay Venues Limited is to provide goods and services for the community or social benefit, rather than making a financial return. Accordingly, Bay Venues Limited, as part of the Tauranga City Council group, has designated itself as a Public Benefit Entity (PBE) for financial reporting purposes.

The financial statements of Bay Venues Limited are for the year ended 30 June 2026. The financial statements were authorised for issue by Bay Venues Limited Directors on 30th September 2026.

1.2 BASIS OF PREPARATION

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

The financial statements of Bay Venues Limited have been prepared in accordance with the requirements of the Companies Act 1993, the Financial Reporting Act 1993 and the Local Government Act 2002, which includes the requirements to comply with New Zealand generally accepted accounting practice (GAAP).

These financial statements and service performance information have been prepared in accordance with Tier 1 Public Benefit Entity (PBE) accounting standards. These financial statements comply with PBE standards.

The accounting notes set out below have been applied consistently to all periods presented in these financial statements.

Measurement Base
The financial statements have been prepared on historical cost basis, modified by the revaluation of land, plant and buildings

Functional and Presentation Currency
The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ($ 000). The functional currency of Bay Venues Limited is New Zealand dollars.

Standards, Amendments, and Interpretations Issued that are Not Yet Effective
Standards, amendments, and interpretation issued that are not yet effective will have a minimal impact on the entity.

1.3 REVENUE RECOGNITION

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

Sale of Goods
Revenue from the sale of goods is recognised when the product is sold to the customer.

User Fees & Charges
User fees and charges are recognised on the basis of actual services provided. Any fees and charges received in advance are recognised as unearned income.

Grant Income
Grant income is recognised upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

Revenue is classified as exchange and non-exchange. Subsidised income received is recognised as non-exchange revenue.

1.4 BORROWING COSTS

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.5 INCOME TAXATION

Income tax expense includes components relating to current tax and deferred tax, and is calculated using tax rates and tax laws that have been enacted or substantively enacted at balance date.

Current tax is the income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

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

Current and deferred tax is recognised against the profit or loss for the period, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.



1.6 LEASES

(i) Operating Lease

An operating lease is a lease that does not transfer substantially all the risks and benefits of ownership of the leased item to the lessee.

Lease payments under an operating lease are recognised as expenses in the surplus or deficit on a straight line basis over the lease term.

1.7 CASH AND CASH EQUIVALENTS

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

1.8 DEBTORS AND OTHER RECEIVABLES

Debtors and other receivables are included at their net realisable value after deduction of a provision for doubtful debts.

1.9 IMPAIRMENT OF FINANCIAL ASSETS

Financial assets are assessed for objective evidence of impairment at each balance date. Impairment losses are recognised in the surplus or deficit.

Receivables

Impairment is established when there is objective evidence that Bay Venues Limited will not be able to collect amounts due according to the original terms of the debt. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy and default on the payments are considered indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectable, it is written off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (that is not past due). Impairment in term deposits is recognised directly against the instrument's carrying value.

1.10 INVENTORIES

Inventories (such as spare parts and other items) held for distribution or consumption in the provision of services that are not supplied on a commercial basis is measured at cost, adjusted when applicable, for any loss of service potential. The loss of service potential of inventory held for distribution is determined on the basis of obsolescence. Where inventories are acquired at no cost or for nominal consideration, the cost is the current replacement cost at the date of acquisition.

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

Inventories held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at cost adjusted for any loss of service potential.

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

1.11 PROPERTY, PLANT AND EQUIPMENT

Property, plant, and equipment consists of land, buildings & improvements, plant & equipment, and motor vehicles.

Property, plant, and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses.

Revaluation

Land, buildings and plant are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years. All other asset classes are carried at depreciated historical cost. Revaluations of property, plant, and equipment are accounted for on a class of asset basis.

The net revaluation results are credited or debited to other comprehensive income and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive income but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expenses.

The most recent valuations were performed by Quotable Value on Buildings & Land and by Forbes Valuation on Property, Plant & Equipment, with the valuations being effective as at 30 June 2024.

Additions

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

STATEMENT OF **ACCOUNTING POLICIES AND NOTES** for the Year Ended 30 June 2026

Costs incurred subsequent to initial recognition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to Bay Venues Limited and the cost of the item can be measured reliably.

In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

Work in progress is recognised at cost less impairment and is not depreciated.

The costs of day-to-day servicing of property, plant and equipment are recognised in surplus or deficit as they are incurred.

Disposals

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposal are included in the surplus or deficit. When revalued assets are sold, the amounts included in the asset revaluation reserves in respect of those assets are transferred to retained earnings.

Depreciation

All assets are depreciated over their expected useful lives. Depreciation is provided on a straight line (SL) basis on all plant, property and equipment other than land, at rates calculated to allocate the asset cost less estimated residual value over the estimated useful life. When assets are revalued, depreciation rates are overridden by the new annual depreciation rates to accurately reflect the useful life of the asset.

Class of Asset Depreciated	Estimated Useful Life (Years)	Depreciation Method
Operational Assets		
Buildings & Improvements	1-100	SL
Plant & Equipment	1-100	SL
Computer Equipment	3-10	SL
Office Furniture & Equipment	1-20	SL
Motor Vehicles	4.5-10	SL

1.12 INTANGIBLE ASSETS

Software Acquisition and Development

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

Intellectual Property Development

Class of Intangible Asset	Estimated Useful Life	Amortisation Rates
Acquired Computer Software	3-10 years	10% - 33.3%

1.13 IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the carrying amount of property, plant and equipment exceeds its recoverable amount. Any impairment loss is recognised immediately in surplus or deficit unless the asset is revalued, in which case any impairment loss is treated as a revaluation decrease. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

Assets are considered cash generating if their primary objective is to provide a commercial return. The value in use for cash generating assets is the present value of expected future cash flows. For non cash generating assets, value in use is determined using an approach based on a depreciated replacement cost.

Following the January 2026 landslide event that impacted the Mount Hot Pools facility, management assessed affected assets for impairment. Assets assessed as destroyed were written off, while damaged assets were impaired to reflect the estimated reduction in service potential at balance date. The assessment incorporated engineering advice, site inspections and management judgement regarding the extent of damage and expected future service potential. These estimates will be reviewed as further information becomes available.

1.14 CREDITORS AND OTHER PAYABLES

Creditors and other payables are recognised at fair value and subsequently measured at amortised cost.

1.15 BORROWINGS

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest rate method.

Borrowings are classified as current liabilities unless Bay Venues Limited has an unconditional right to defer settlement of the liability for at least 12 months after balance date, or if the borrowings are expected to be settled within 12 months of balance date.

STATEMENT OF **ACCOUNTING POLICIES AND NOTES** for the Year Ended 30 June 2026

1.16 EMPLOYEE ENTITLEMENTS

Short-term Employee Entitlements
Salaries, wages and annual leave, that are due to be settled within 12 months after the end of the period in which the employee renders the related service, are measured at nominal values based on accrued entitlements at current rates of pay.

Long-Term Employee Entitlements
Employee entitlements are those entitlements that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave and retirement gratuities. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlement information; and
- the present value of the estimated future cash flows.

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

Annual leave and long service leave, expected to be settled within 12 months or balance date, are classified as a current liability. All other employee entitlements are classified as a non-current liability.

1.17 PROVISIONS

Bay Venues Limited recognises a provision for future expenditure of an uncertain amount or timing when there is a present obligation, (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. Provisions are not recognised for future operating losses.

1.18 EQUITY

Capital Management
Bay Venues Limited capital is its equity, which comprises accumulated comprehensive revenue and expenses and all equity reserves. Equity is represented by net assets.

Bay Venues Limited is a Council Controlled Organisation as defined by the Local Government Act 2002 which includes restrictions on how it operates and defines reporting and accountability processes. Tauranga City Council has a general security agreement over all Bay Venues Limited assets which restricts the ability to dispose of certain property and to enter into new borrowing arrangements.

Bay Venues Limited manages its revenues, expenses, assets, liabilities and general financial dealings prudently and in a manner that promotes the current and future interest of the community. Bay Venues Limited's equity is largely managed as a by-product of managing revenues, expenses, assets, liabilities and general financial dealings.

The objective of managing Bay Venues Limited's equity is to ensure that it effectively and efficiently achieves the goals and objectives for which it has been established, while remaining a going concern.

There have been no changes in relation to Capital Management during the current financial period.

Accounting Policy
Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components.

- Share Capital - (Note 17)
- Retained Earnings - (Note 18)
- Property, Plant and Equipment Revaluation Reserve - (Note 19)
- Other reserves - (Note 20)
- Equity Contribution from Owners - (Note 21)

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

The revaluation reserve will be realised when the assets within the class of property, plant and equipment to which the surplus relates to, are retired or disposed of.



Other Reserves
This reserve relates to the Mercury naming rights & University of Waikato naming rights reserve.

Loan Conversion
This reserve relates to loan conversions including an annual loan conversion for funded capital.

1.19 GOODS & SERVICES TAX

All items in the financial statements are exclusive of goods and services tax (GST) with the exception of receivables and payables, which are stated with GST included. When GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

Commitments and contingencies are disclosed exclusive of GST.

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

The net GST paid to, or received from the IRD, including GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

1.20 BUDGET FIGURES

The budget figures are those adopted by Bay Venues Limited and approved by Tauranga City Council in its 2025/26 Statement of Intent. The budget figures have been prepared in accordance with NZ GAAP and are consistent with the accounting policies adopted by Bay Venues Limited for the preparation of the financial statements.

1.21 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING ESTIMATES

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

Note 13 - Property Plant and Equipment

Note 27 - Financial Instruments

1.22 EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

Note 26 provides explanations of major variances against budget.

STATEMENT OF **ACCOUNTING POLICIES AND NOTES**
for the Year Ended 30 June 2026

NOTE 2: REVENUE FROM EXCHANGE AND NON-EXCHANGE TRANSACTIONS

	2026 Actual ($000's)	Actual 2025 ($000's)
Non-Exchange		
TCC Operational Grant	7,666	7,602
TCC Debt Servicing Grant	929	1,098
Other Grants*	826	107
TCC Renewal Funding	7,160	13,798
Aquatics**	4,070	5,097
Indoor Facilities*	2,402	2,303
Memberships	302	269
Rehabilitation Expense Funding	309	693
COVID-19 Leave Subsidy	-	-
Total non-exchange	23,664	30,967
Exchange		
Memberships	2,678	2,613
Events and Catering	10,489	9,632
Other Revenue	2,112	1,347
Learn to Swim	1,874	1,619
Total Exchange	17,153	15,211
Total Exchange and Non-Exchange	**40,817**	**46,178**

**Schools in Pools funding has been moved from Non Exchange Indoor Facilities to Other Grants in 2026 and 2025 for comparatives.*
***Reduction in Aquatics revenue from prior year due to temporary closure of Mount Hot Pools in January 2026.*

NOTE 3: EMPLOYEE EXPENSES

	2026 Actual ($000's)	2025 Actual ($000's)
Salaries & Wages	18,539	17,231
Defined Contribution Plan Employer Contributions (Kiwisaver)	376	329
Other Personnel Expense	426	362
Total Employee Expenses	**19,341**	**17,922**

NOTE 4: CONSULTING & GOVERNANCE EXPENSES

	2026 Actual ($000's)	2025 Actual ($000's)
Fees incurred for services provided by Audit New Zealand		
Audit of the Financial Report*	185	156
Total fees incurred for services provided by Audit New Zealand	185	156
Consulting**	395	826
Director Fees	251	254
TCC Shared Services	22	24
Tax Advisory	26	26
Total Consulting & Governance Expenses	**879**	**1,286**

**Total audit fees incurred for services provided by Audit New Zealand in FY26 were for the annual financial report audit. Includes $15k of additional audit fees from FY24 and FY25.*
*** Broadly, consultancy expenses in FY26 comprised legal, asset management, health and safety and general consultancy fees. Prior year included SaaS implementation costs of $320k.*

STATEMENT OF **ACCOUNTING POLICIES AND NOTES** for the Year Ended 30 June 2026

NOTE 5: OPERATING EXPENSES

	2026 Actual ($000's)	2025 Actual ($000's)
Cost of Goods Sold	2,671	2,561
Electricity	1,512	1,379
Insurance	647	774
Other*	3,621	3,214
Events Expenses	11	-
Marketing	404	378
Total Operating Expenses	**8,866**	**8,306**

**Other Operating Expenditure includes such items as: (i) Cleaning (ii) Rates (iii) Recoverable Expenses*

NOTE 6: DEPRECIATION & AMORTISATION EXPENSE

	2026 Actual ($000's)	2025 Actual ($000's)
Buildings & Improvements	4,638	4,926
Intangibles	86	36
Office Furniture & Equipment	1,425	1,394
Plant & Equipment	3,585	2,875
Motor Vehicles	105	114
Total Depreciation and Amortisation	**9,839**	**9,345**

NOTE 7: ADMINISTRATIVE EXPENSES

	2026 Actual ($000's)	2025 Actual ($000's)
Operating Lease Costs	69	84
Other Administrative Expenses*	1,909	1,596
Total Administrative Expenses	**1,977**	**1,681**

**Current year includes SaaS implementation costs of $310k, prior year were included in consulting and governance expenses.*

STATEMENT OF **ACCOUNTING POLICIES AND NOTES**
for the Year Ended 30 June 2026

NOTE 8: INCOME TAX EXPENSE / (BENEFIT)

	2026 Actual ($000's)	2025 Actual ($000's)
(A) Operational Surplus /(Deficit) before Taxation	(5,678)	2,292
Prima Facie Taxation at 28% (2025: 28%)	(1,590)	642
Non-Deductible Expenditure	2,730	2,755
Non Taxable Income	(2,730)	(2,755)
Deferred Tax Adjustment	-	401
Change in Expected Manner of Recovery	(299)	
Tax Expense / (Benefit)	**(1,889)**	**1,043**
Components of Tax Expense		
Current Taxation	-	-
Deferred Taxation Expense/(Benefit)	**(1,889)**	**1,043**

(B) Deferred Tax Asset /(Liability)

	Property, Plant & Equipment ($000's)	Employee Entitlements ($000's)	Other Provisions ($000's)	Tax Losses ($000's)	Total ($000's)
Entity					
Balance at 30 June 2024	**(37,287)**	**456**	**17**	**15,476**	**(21,339)**
Charged to Surplus or Deficit	(1,334)	7	9	275	(1,043)
Balance at 30 June 2025	**(38,621)**	**463**	**26**	**15,751**	**(22,381)**
Charged to Surplus or Deficit	1,362	10	2	515	1,889
Charged to Other Comprehensive Revenue and Expense	583	-	-	-	583
Balance at 30 June 2026	**(36,677)**	**473**	**28**	**16,265**	**(19,910)**

NOTE 9: CASH & CASH EQUIVALENTS

	2026 Actual ($000's)	2025 Actual ($000's)
Cash at Bank	1,030	993
Cash in Hand	10	12
Total Cash & Cash Equivalents	**1,040**	**1,005**

The carrying value of cash at bank or till floats approximates their fair value. There is no restriction on their use.

NOTE 10: INVENTORIES

	2026 Actual ($000's)	2025 Actual ($000's)
Held for Commercial Inventories		
Merchandise at Cost	243	210
Food & Beverages	156	217
Total Inventory	**399**	**427**

There is no write down of inventory during the year. No inventory is pledged as security for liabilities (2025 $nil).

STATEMENT OF **ACCOUNTING POLICIES AND NOTES** for the Year Ended 30 June 2026

NOTE 11: DEBTORS AND OTHER RECEIVABLES

	2026 Actual ($000's)	2025 Actual ($000's)
Trade Debtors*	715	1,653
Accruals	1,654	2,237
Provision for Doubtful Receivables	(58)	(54)
GST Receivable	-	385
RWT Receivable	-	33
Prepayments	553	353
Total Debtors & Other Receivables	**2,864**	**4,607**
Receivables from Non Exchange Transactions	2,276	3,082
Receivables from Exchange Transactions	588	1,525
Total Debtors & Other Receivables	**2,864**	**4,607**

**Prior year includes TCC renewal funding washup and Ministry of Education receivables.*

	2026 Gross ($000's)	Impairment ($000's)	2026 Net ($000's)	2025 Gross ($000's)	Impairment ($000's)	2025 Net ($000's)
Trade & Related Parties Debtors						
Not past due	420	-	420	1,298	-	1,298
Aged Receivables: 31-60 days	145	-	145	75	(4)	71
Aged Receivables: 61-90 days	17	(5)	13	161	-	161
Aged Receivables: Greater than 90 days	133	(54)	79	117	(50)	67
Total	**715**	**(58)**	**657**	**1,651**	**(54)**	**1,597**

FAIR VALUE

Debtors and Other receivables are non interest bearing and receipt is normally 30 day term. Therefore, the carrying amount of debtors and other receivables approximates to their fair value. .

IMPAIRMENT

An impairment of $58,330 was provided for doubtful debt at 30 June 2026. (2025: $54,364)

No debtor is pledged as security for liabilities (2025: $nil).

EXPECTED CREDIT LOSS (ECL) ALLOWANCE

Bay Venues Limited consider a financial asset to be in default when the financial asset is more than 90 days past due. Bay Venues Limited may determine a default occurs prior to this if internal or external information indicates the entity is unlikely to pay its credit obligations in full.

OTHER FINANCIAL ASSETS

ECL measured for other financial assets are trivial. They are low risk and Bay Venues Limited has not identified any indications that credit risk associated with those instruments has significantly increased since initial recognition.

RECEIVABLES

ECL for other receivables is based on the payment profile of revenue on credit over the prior two years the measurement date and the corresponding historical credit losses experienced for that period. This historical loss rates are adjusted for current and forward-looking macroeconomic factors that might affect the expected recoverability of receivables. Given the short period of credit risk exposure, the effects of macroeconomic factors are not considered significant. There have been no changes in the estimation techniques or significant assumptions in measuring the loss allowance.

STATEMENT OF **ACCOUNTING POLICIES AND NOTES**
for the Year Ended 30 June 2026

NOTE 12: INTANGIBLE ASSETS

	Computer Software ($000's)	Total ($000's)
As at 30 June 2026		
Opening Book Value	380	380
Additions	175	175
Disposals	(204)	(204)
Amortisation	(86)	(86)
Amortisation Write Back on Disposal	204	204
Work in Progress	(121)	(121)
Closing Book Value 2026	**347**	**348**
As at 30 June 2026		
Cost	1,807	1,807
Accumulated Amortisation and Impairment	(1,460)	(1,460)
Closing Book Value 2026	**347**	**347**
As at 30 June 2025		
Opening Book Value	208	208
Additions	126	126
Disposals	(3)	(3)
Amortisation	(36)	(36)
Work in Progress	82	82
Closing Book Value 2025	**377**	**377**
As at 30 June 2025		
Cost	1,957	1,957
Accumulated Amortisation	(1,577)	(1,577)
Closing Book Value 2025	**380**	**380**

	2026 Actual ($000's)	2025 Actual ($000's)
Intangible Work in Progress		
Opening Work in Progress	121	39
Movement	(121)	82
Closing Work in Progress	**-**	**121**

There are no restrictions over the title of intangible assets. No intangible assets are pledged as security for liabilities.

STATEMENT OF **ACCOUNTING POLICIES AND NOTES**
for the Year Ended 30 June 2026

NOTE 13: PROPERTY PLANT AND EQUIPMENT

Bay Venues Limited As at 30 June 2026	2025 Cost / Valuation ($000's)	2025 Accum Depn ($000's)	Opening Book Value ($000's)	2026 Asset Additions ($000's)	2026 Asset Disposals ($000's)	Current Depn ($000's)	Disposal Depn Write Back ($000's)	Impairment 2026 ($000's)	Cost Reval ($000's)	2026 Accum Depn ($000's)	2026 Closing Book value ($000's)
At Cost & Valuation											
Land	2,400	-	2,400	-	-	-	-	-	2,400	-	2,400
Buildings & Improvements	129,345	(4,926)	124,419	3,496	(1,649)	(4,638)	426	(754)	130,437	(9,138)	121,299
Plant & Equipment	22,944	(2,875)	20,069	8,859	(2,202)	(3,585)	401	-	29,599	(6,059)	23,541
Office Furniture & Equipment	12,436	(6,012)	6,424	1,424	(815)	(1,425)	637	-	13,044	(6,800)	6,244
Motor Vehicles	1,467	(615)	852	7	(22)	(105)	17	-	1,452	(703)	749
Subtotal	**168,592**	**(14,427)**	**154,164**	**13,786**	**(4,689)**	**(9,753)**	**1,480**	**(754)**	**176,933**	**(22,700)**	**154,233**
Work in Progress	7,668	-	7,668	9,256	(13,786)	-	-	-	3,138	-	3,138
Total	**176,260**	**(14,427)**	**161,832**	**23,042**	**(18,475)**	**(9,753)**	**1,480**	**(754)**	**180,071**	**(22,700)**	**157,371**

Work in Progress : additional work is shown within the New Assets column and any capitalised assets are shown in Assets Disposed column.

Bay Venues Limited As at 30 June 2025	2024 Cost / Valuation ($000's)	2024 Accum Depn ($000's)	Opening Book Value ($000's)	2025 Asset Additions ($000's)	2025 Asset Disposals ($000's)	Current Depn ($000's)	Disposal Depn Write Back ($000's)	Impairment 2025 ($000's)	Cost Reval ($000's)	2025 Accum Depn ($000's)	2025 Closing Book Value ($000's)
At Cost & Valuation											
Land	2,400	-	2,400	-	-	-	-	-	2,400	-	2,400
Buildings & Improvement	126,050	-	126,050	5,762	(2,467)	(4,926)	-	-	129,345	(4,926)	124,419
Plant & Equipment	19,730	-	19,730	3,495	(282)	(2,875)	-	-	22,944	(2,875)	20,069
Office Furniture & Equipment	9,129	(4,618)	4,511	3,321	(15)	(1,394)	-	-	12,436	(6,012)	6,424
Motor Vehicles	1,110	(500)	610	383	(26)	(114)	-	-	1,467	(615)	852
Sub Total	**158,419**	**(5,118)**	**153,301**	**12,962**	**(2,789)**	**(9,309)**	**-**	**-**	**168,592**	**(14,427)**	**154,164**
Work in Progress	3,737	-	3,737	16,893	(12,962)	-	-	-	7,668	-	7,668
Total	**162,156**	**(5,118)**	**157,038**	**29,855**	**(15,751)**	**(9,309)**	**-**	**-**	**176,260**	**(14,427)**	**161,832**

STATEMENT OF **ACCOUNTING POLICIES AND NOTES** for the Year Ended 30 June 2026

VALUATION

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Land & Buildings

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

Adjustments have been made where there is a designation against the land or the use of the land is restricted because of reserve or endowment status, the valuation approach reflects the restriction in use.

These adjustments are intended to reflect the negative effect on the value of the land where an owner is unable to use the land more intensively. Specialised buildings are valued at fair value using Optimised Depreciated Replacement Cost (ODRC) because no reliable market data is available for such buildings.

- Optimised Depreciated Replacement Cost is determined using a number of significant assumptions. Significant assumptions include:
- The replacement costs of the specific assets are adjusted where appropriate for optimisation due to over-design or surplus capacity. There have been no optimisation adjustments for the most recent valuations.
- The replacement cost is derived from recent construction contracts of similar assets and Property Institute of New Zealand cost information.
- The remaining useful life of assets is estimated after considering factors such as the condition of the asset, future maintenance and replacement plans, and experience with similar buildings.
- Straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

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

The building valuation was performed by a registered independent valuer, Ashley Pont of the firm Quotable Value Limited, and the valuation is effective 30 June 2024.

Restrictions

Bay Venues Limited does not own any of the land that Building and Improvements are located on, except for a house at Miro Street. All land is owned by Tauranga City Council, with some of this land being reserve land. As such there are restrictions on both use and disposal of these Buildings and Improvements.

There is no restriction on the other classes of asset in the account and no amount of any property, plant and equipment was pledged as security for liabilities.

Plant

The approach utilised is a "fair" or "equitable" value which is reflected as market value for the existing use. Market value being defined as the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arms length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Generally values have been calculated utilising either a comparable sales approach or on a depreciated replacement cost basis, whichever was more appropriate. Depreciated replacement cost is defined as the gross current replacement cost reduced by factors providing for age, physical depreciation and technical and functional obsolescence taking into account the assets total estimated useful life and anticipated residual value.

The age of each asset has been established utilising:

- Data provided;
- Research;
- On-site assessment;
- Assessment based on the assets being combined with other fixtures.

The most recent plant valuation was undertaken by a registered independent valuer, Ewan Forbes of the firm Forbes Valuation, on behalf of Quotable Value Limited, and the valuation is effective 30 June 2024.

WORK IN PROGRESS

The total amount of property, plant, and equipment in the course of construction is $3,138,470 (2025 $7,788,922)

STATEMENT OF **ACCOUNTING POLICIES AND NOTES** for the Year Ended 30 June 2026

DISPOSAL OF ASSETS

The loss on disposal primarily reflects the partial disposal of building assets arising from facility upgrade projects, the decommissioning of Memorial Pool, and assets written off following the January 2026 Mount Hot Pools landslide event.

NOTE 14: EMPLOYEE ENTITLEMENT LIABILITIES

	Actual 2026 ($000's)	Actual 2025 ($000's)
Accrued Pay	581	449
Annual Leave*	1,691	1,654
ACC Employer Contribution	43	39
Payroll Taxes	149	143
Total Employee Entitlements	**2,464**	**2,285**

**Annual Leave includes estimate of $607k for Holiday Act Remediation (2025: $630k).*

NOTE 15: CREDITORS AND OTHER PAYABLES

	Actual 2026 ($000's)	Actual 2025 ($000's)
Income in Advance	902	682
Trade & Other Payables	918	2,006
Accrued Expenditure	1,179	2,732
Deposits & Bonds	38	27
GST payable	2	-
Total Creditors & Other Payables	**3,039**	**5,447**
Payables from Non Exchange Transactions	666	440
Payables from Exchange Transactions	2,373	5,007
Total Creditors & Other Payables	**3,039**	**5,447**

Accounting Policy

Short-term creditors and other payable are measured at the amount payable.

Trade and other payables are non-interest bearing and are normally settled on 30 day terms, therefore the carrying value of trade and other payables approximates their value.

There is a liability calculated by ASB Bank for our Credit Card Clearing account of $23,684 (2025 : $16,073)

STATEMENT OF **ACCOUNTING POLICIES AND NOTES** for the Year Ended 30 June 2026

NOTE 16: BORROWINGS

	Actual 2026 ($000's)	Actual 2025 ($000's)
Current Borrowings		
Adams Centre for High Performance	1,000	1,000
Total Current Portion	**1,000**	**1,000**
Non-current Borrowings		
Loan from Tauranga City Council	20,885	20,011
Total Non-Current Portion	**20,885**	**20,011**

SECURITY

Tauranga City Council loan is unsecured.

Council has agreed to guarantee the University of Waikato Adams Centre for high performance loan on the terms contained in the agreement.

FINANCE COSTS

Tauranga City Council charge interest at 4.75%. (2025 : 5.25%)

University of Waikato charge interest to the value of 55% of the total rental fee for the High Performance Centre.

NOTE 17: SHARE CAPITAL

Fully Paid Ordinary Shares

	Actual 2026 ($000's)	Actual 2025 ($000's)
Balance at Beginning of Financial Year	84,232	84,232
Reclassification of Capital	-	-
Closing Balance of Ordinary Shares Issued	**84,232**	**84,232**

- Fully paid ordinary shares carry one vote per share and carry the right to dividends.
- No ready market for these shares so recognised at cost.
- Shares have no par value.
- Bay Venues Limited also holds $18,000,000 uncalled shares of $1 per share.
- 84,232,000 ordinary shares at $1 per share are fully paid out and carry the right to dividends per share.

NOTE 18: RETAINED EARNINGS

	Actual 2026 ($000's)	Actual 2025 ($000's)
Accumulated Funds		
Balance at 1 July	(42,117)	(43,425)
Surplus/(Deficit) for the Year	(3,789)	1,249
Transfer to Mercury Reserve	(149)	(140)
Transfer to University of Waikato Reserve	(97)	(59)
Disposal of Property, Plant and Equipment	653	257
Balance 30 June 2026	**(45,500)**	**(42,117)**

STATEMENT OF **ACCOUNTING POLICIES AND NOTES** for the Year Ended 30 June 2026

NOTE 19: REVALUATION RESERVE

	Actual 2026 ($000's)	Actual 2025 ($000's)
Balance at 1 July	56,584	56,841
Net Revaluation Gains	(825)	(257)
Balance at 30 June	**55,759**	**56,584**

NOTE 20: OTHER RESERVES

	Actual 2026 ($000's)	Actual 2025 ($000's)
Naming Rights	577	330
Total Reserves	**577**	**330**

The Naming Rights reflects the Mercury naming rights arrangement for Mercury Baypark and the University of Waikato naming rights arrangement at Haumaru.

NOTE 21: EQUITY CONTRIBUTION FROM OWNERS

	Actual 2026 ($000's)	Actual 2025 ($000's)
Balance at 1 July	18,097	-
Loan Conversion	-	15,000
New Capital Funding	1,558	3,097
Total	**19,656**	**18,097**

Loan conversion is the reduction of part of the loan from Tauranga City Council to Bay Venues Limited, converting the loan to equity. New Capital Funding is recognising Tauranga City Council's funding of 80% of the funded capital network via debt to equity conversion.

NOTE 22: CONTINGENCIES

Bay Venues Limited has no contingent liabilities at 30 June 2026 (2025: nil).

Bay Venues Limited has no contingent assets at 30 June 2026 (2025: nil).

Bay Venues Limited has no contingent rent recognised during the year. (2025: nil).

NOTE 23: RECONCILIATION OF NET SURPLUS / (DEFICIT) AFTER TAX TO NET CASHFLOW FROM OPERATING ACTIVITIES

	Actual 2026 ($000's)	Actual 2025 ($000's)
Net Surplus / (Deficit) from Statement of Comprehensive Income	**(3,789)**	**1,249**
Add/(Deduct) Non Cash Items		
Depreciation/Amortisation + Loss on Disposal	12,986	12,010
Add/(Deduct) Movements in Working Capital		
Movement in Trade and Other Receivables	1,324	(3,342)
Movement in Inventories	28	47
Movement in Employee Entitlements	179	90
Movement in Trade and Other Payables	(2,410)	2,303
Movement in GST Payable	397	(454)
Movement in Deferred Tax Relating to Operating Activities	(1,889)	1,043
Movement in RWT Payable	24	(34)
Net Cash Inflow/(Outflow) from Operating Activities	**6,849**	**12,912**

STATEMENT OF **ACCOUNTING POLICIES AND NOTES** for the Year Ended 30 June 2026

NOTE 23: (A) RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Loan from Tauranga City Council 2026 ($000's)	Loan from Tauranga City Council 2025 ($000's)
Balance as at 1 July 2025	**20,010**	**34,565**
Cash Inflows	5,433	5,042
Cash Outflows	(3,000)	(1,500)
Non-Cash Changes	(1,558)	(18,097)
Balance as at 30 June 2026	**20,885**	**20,010**

NOTE 24: CAPITAL COMMITMENTS AND OPERATING LEASES

Capital Commitments

Capital commitments represent capital expenditure contracted for at balance date but not yet incurred.

	Actual 2026 ($000's)	Actual 2025 ($000's)
Mother Grid Truss & Motors	-	240
Baypark Storage Shed Contract Variation	233	-
Total Capital Commitments	**233**	**240**

OPERATING LEASES AS LESSEE

The Company leases equipment in the normal course of its business for a range of terms from 1 – 60 months. The future aggregate minimum lease payments payable under non-cancellable operating leases are as follows:

	Actual 2026 ($000's)	Actual 2025 ($000's)
Not Later Than One Year	4	37
Later Than One Year and Not Later Than Five Years	17	-
Total Non-Cancellable Operating Leases	**21**	**37**

OPERATING LEASES AS LESSOR

The Company provides the lease of facilities in the normal course of its business. Signed lease agreements are in place for periods from 12 to 250 months.

	Actual 2026 ($000's)	Actual 2025 ($000's)
Not Later Than One Year	787	280
Later Than One Year and Not Later Than Five Years	1,445	743
Later Than Five Years	1,913	1,634
Total Non-Cancellable Operating Leases	**4,145**	**2,656**

No contingent rents have been recognised during the year (2025: nil).

STATEMENT OF **ACCOUNTING POLICIES AND NOTES** for the Year Ended 30 June 2026

NOTE 25: RELATED PARTY TRANSACTIONS

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

Related party disclosures have also not been made for transactions with Council (such as funding), where the transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such transactions.

Key Management Personnel are considered related parties because they have the authority and responsibility for planning, directing and controlling the organisation. A summary of these costs are below.

	Actual 2026 ($000's)	Actual 2025 ($000's)
Transactions with Key Management Personnel		
Salaries & Other Short Term Employee Benefits	1,119	1,352
Directors Fees & Travel	254	254
Total Key Management Personnel Remuneration	**1,373**	**1,606**
Total Full-Time Equivalent Personnel	**6**	**7**

Key management personnel include the Board of Directors, Chief Executive, General Manager Finance & Commercial, General Manager Community Experience, General Manager Community Facilities and General Manager People & Engagement. Directors fees and travel excludes meeting costs such as catering. Due to the difficulty in determining the full-time equivalent for all Directors, the full-time equivalent is taken as one.

NOTE 26: EXPLANATIONS OF MAJOR VARIANCES AGAINST BUDGET

Statement of Comprehensive Revenue & Expense

- Other revenue was $0.92m ahead of budget due to business interruption insurance received for Mount Hot Pools closure.
- Other grants were $0.83m ahead of budget due to a new contract to operate two Western Bay Pools, which was unbudgeted.
- Employee expenditure was $1.2m higher than budget due to additional staff required to run two Western Bay pools and a new café, neither of which were budgeted.

NOTE 27: FINANCIAL INSTRUMENTS

(A) FINANCIAL INSTRUMENT CATEGORIES

	Actual 2026 ($000's)	Actual 2025 ($000's)
FINANCIAL ASSETS		
Loans & Receivables		
Cash and Cash Equivalents	1,040	1,005
Debtors and Other Receivables	657	1,598
Total Financial Assets	**1,697**	**2,603**
FINANCIAL LIABILITIES		
Financial Liabilities at Amortised Cost		
Creditors and Other Payables	966	2,043
Borrowings - UoW Adams Centre Loan	1,000	1,000
Borrowings - TCC Loan	20,885	20,011
Total Financial Liabilities	**22,851**	**23,054**

STATEMENT OF **ACCOUNTING POLICIES AND NOTES** for the Year Ended 30 June 2026

(B) FINANCIAL INSTRUMENT RISKS

Bay Venues Limited complies with Tauranga City Councils' policies to manage the risks associated with financial instruments. Bay Venues Limited is risk averse and seeks to minimise exposure from its financial instruments. Bay Venues Limited complies with Tauranga City Council's established Council approved Liability Management and Investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

(i) Market Risk

Fair Value Interest Rate Risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The main objective of interest rate risk management is to reduce uncertainty around net interest expense as interest rates change. All current borrowings are from Tauranga City Council. The interest rates are fixed by Tauranga City Council annually on 1 July each year therefore Bay Venues Limited is not subject to market interest rate fluctuations during the financial year.

Cash Flow Interest Rate Risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Bay Venues Limited only borrows, or invests, with Tauranga City Council and the interest rates on these borrowings are fixed by Tauranga City Council annually on 1 July each year therefore Bay Venues Limited is not subject to fluctuating market interest rates during the financial year.

Currency Risk

Currency risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in foreign exchange rates.

Bay Venues Limited purchases events from overseas event promoters, which require it to enter into transactions dominated in foreign currencies. As a result of these activities, exposure to currency risk arises.

It is Bay Venues Limited's policy to manage foreign currency risks arising from contractual commitments and liabilities that are above $20,000 by entering into forward foreign exchange contracts to manage the foreign currency risk. This means that Bay Venues Limited is able to fix the New Zealand dollar amount payable for the delivery of these events.

Sensitivity Analysis

The table below illustrates the potential effect on the surplus or deficit and equity for reasonably possible market movements, with all other variables held constant based on Bay Venues Limited's financial instrument exposure at balance date.

	Interest Rate Risk	
	-50BPS	+50BPS
30 JUNE 2026	**Surplus/(Deficit) ($000's)**	**Surplus/(Deficit) ($000's)**
Financial Liabilities		
Secured Loans	109	(109)
Total Sensitivity	**109**	**(109)**

	Interest Rate Risk	
	-100BPS	+100BPS
30 JUNE 2025	**Surplus(Deficit) ($000's)**	**Surplus/(Deficit) ($000's)**
Financial Liabilities		
Secured Loans	105	(105)
Total Sensitivity	**105**	**(105)**

Explanation of Interest Rate Risk Sensitivity

The interest rate risk sensitivity is based on a reasonably possible movement in interest rates, with all other variables held constant, measured as a basis points (bps) movement. For example, a decrease of 100 bps is equivalent to a decrease in market interest rates of 1.0%.

STATEMENT OF **ACCOUNTING POLICIES AND NOTES** for the Year Ended 30 June 2026

The sensitivity for derivatives (interest rate swaps) has been calculated using a derivative valuation model based on a parallel shift in interest rates of 50bps/+50bps (2025: 50bps/+50bps).

(ii) CREDIT RISK

Credit risk is the risk that a third party will default on its obligations to Bay Venues Limited, causing the company to incur a loss. In the normal course of business, Bay Venues Limited incurs credit risk from accounts receivables only.

The carrying value of financial instruments in the Statement of Financial Position reflects their credit risk exposure. The exposures are net of any recognised provisions for losses on these financial instruments. No collateral is held.

Bay Venues Limited complies with Councils Treasury Policy which permits a minimum credit rating of A for registered banks and other organisations. On 30 June 2025 all financial instruments were held with the New Zealand registered trading banks which are rated AA-. There are no major concentrations of credit risk in relation to debtors and other receivables, as it has many credit customers.

Maximum Exposure to Credit Risk

Bay Venues Limited's maximum credit risk exposure for each class of financial instruments is as follows:

	30 June 2026 ($000's)	30 June 2025 ($000's)
Cash at Bank	1,040	1,005
Debtors & Other Receivables	657	1,598
Total Credit Risk	**1,697**	**2,603**

Credit Quality of Financial Assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates.

Counterparties with Credit Ratings	30 June 2026 ($000's)	30 June 2025 ($000's)
Cash at Bank		
AA-	1,040	1,005
Total Credit Risk	**1,040**	**1,005**

Bay Venues Limited has no significant concentrations of credit risk in relation to debtors and other receivables, as it has many credit customers.

(iii) LIQUIDITY RISK

Liquidity risk is the risk that Bay Venues Limited will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities, in Bay Venues Limited case, via funding through Tauranga City Council. Bay Venues Limited mostly manages liquidity risk by continuously monitoring forecast and actual cashflow requirements.

STATEMENT OF **ACCOUNTING POLICIES AND NOTES** for the Year Ended 30 June 2026

Contractual Maturity Analysis

The table below analyses Bay Venues Limited's financial assets and liabilities into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

30 JUNE 2026	**Less than 1 Year ($000'S)**	**Between 1 & 2 Years ($000'S)**	**Between 2 & 5 years ($000's)**	**Over 5 Years ($000'S)**	**Total Contractual Cash Flows ($000's)**
Council 2026					
Financial Assets					
Cash and Cash Equivalents	1,040	-	-	-	1,040
Debtors and Other Receivables	657	-	-	-	657
Total Financial Assets	**1,697**	**-**	**-**	**-**	**1,697**
Financial Liabilities					
Borrowings - UoW Adams Centre Loan	1,000	-	-	-	1,000
Creditors and Other Payables	966	-	-	-	966
Borrowings - TCC Loan	-	-	-	20,885	20,885
Total Financial Liabilities	**1,966**	**-**	**-**	**20,885**	**22,851**

30 JUNE 2025	**Less than 1 Years ($000's)**	**Between 1 & 2 Years ($000's)**	**Between 2 & 5 Years ($000's)**	**Over 5 Years ($000's)**	**Total Contractual Cash Flows ($000's)**
Financial assets					
Cash and Cash Equivalents	1,005	-	-	-	1,005
Debtors and Other Receivables	1,598	-	-	-	1,598
Total Financial Assets	**2,603**	**-**	**-**	**-**	**2,603**
Financial liabilities					
Borrowings - UoW Adams Centre Loan	1,000	-	-	-	1,000
Creditors And Other Payables	2,043	-	-	-	2,043
Borrowings - TCC Loan	-	-	-	20,011	20,011
Total Financial Liabilities	**3,043**	**-**	**-**	**20,011**	**23,054**

NOTE 28: EVENTS AFTER BALANCE DATE

The proposed sale of the Baypark Stadium North Stand to Speedway Racing Limited for nominal consideration of $1, first disclosed as a subsequent event in the prior year, remains subject to the execution of formal agreements.

As at the date of signing these financial statements, the related agreements had not been executed and are expected to be signed during the 2027 financial year. Based on external accounting advice obtained, no sale, lease commencement, or lease receivable has been recognised at 30 June 2026 because the linked agreements remained unsigned. The accounting effects of the transaction will be recognised when the agreements become legally effective.

It should be noted that, while the formal sale and related lease agreements had not been executed as at 30 June 2026, the parties have, by mutual agreement, operated during the 2025/26 speedway season in accordance with certain proposed operating terms of the new stadium lease arrangement. This operational arrangement relates only to those specific aspects of the proposed transaction agreed between the parties and does not represent implementation of the sale and associated lease agreements as a whole. Other than the matter noted above, there were no material events after balance date requiring disclosure or adjustment to these financial statements.



STATUTORY DISCLOSURES

NATURE OF BUSINESS

There have been no changes to the nature of the business of the company.

EMPLOYEES REMUNERATION EXCEEDING $100,000

	Actual Number of Employees	
	2026	2025
$100,001 - $110,000	8	4
$110,001 - $120,000	3	3
$120,001 - $130,000	3	1
$130,001 - $140,000	1	3
$140,001 - $150,000	3	2
$150,001 - $160,000	-	1
$160,001 - $170,000	3	1
$170,001 - $180,000	-	1
$180,001 - $190,000	1	-
$190,001 - $200,000	1	2
$200,001 - $210,000	2	1
$210,001 - $220,000	-	-
$270,001 - $280,000	-	1
$300,001 - $310,000	1	1
Total Employees	**26**	**21**

Remuneration includes paid and payable at 30 June 2026. This also includes employer Kiwisaver contributions.

CHIEF EXECUTIVE REMUNERATION

Total Remuneration Paid or Payable	2026	2025
$300,001 - $310,000	1	1

This is also reflected in the employees remuneration table above.

STATUTORY DISCLOSURES
for the Year Ended 30 June 2026

Directors during the year and directors fees paid and accrued were as follows:

Director	Appointed Date	Resigned Date	Director Fees 2026	Director Fees 2025
Nick Lowe	07/01/2017	30/06/25	-	35,000
Simon Clarke (Chair)	07/01/2021	N/A	70,000	70,000
Julie Hardaker (Deputy Chair)	07/01/2021	N/A	43,750	43,750
Adam Lynch	07/01/2021	30/06/25	-	35,000
Jeremy Curragh	07/01/2021	30/06/26	35,000	35,000
Wayne Beilby	25/07/22	N/A	35,000	35,000
Gareth Wallis	10/05/2021	30/06/26	-	-
Mary-Anne McLeod	01/07/2025	N/A	35,000	-
Clare Swallow	01/07/2025	N/A	35,000	-

Sam Hastings & Carey Manuel were Board Interns in 2026.

There were no Director Remuneration benefits paid in excess of $100,000.

DONATIONS

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

INTEREST REGISTER

There have been no disclosures of self interest during the year.

INDEPENDENT **AUDITOR'S REPORT**

TO THE READERS OF BAY VENUES LIMITED'S FINANCIAL STATEMENTS AND STATEMENT OF INTENT PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2026

The Auditor-General is the auditor of Bay Venues Limited (the company). The Auditor-General has appointed me, Anton Labuschagne, using the staff and resources of The Audit Office, to carry out the audit of the financial statements and the statement of intent performance on his behalf.

OPINION

We have audited:

- the financial statements of the Company that comprise the statement of financial position as at 30 June 2026, the statement of comprehensive revenue and expenses, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information on pages 8 to 31; and
- the statement of intent performance of the Company for the year ended 30 June 2026 on page 6.

In our opinion:

- the financial statements of the Company present fairly, in all material respects its financial position as at 30 June 2026 and its financial performance and cash flows for the year then ended, and comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.:
- the statement on intent performance of the Company accurately reports, in all material respects, the Company's actual performance compared against the performance targets and other measures adopted for the year ended 30 June 2026, and has been prepared, in all material respects, in accordance with section 68 of the Local Government Act 2002 (the Act).

BASIS FOR OUR OPINION

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the *Responsibilities of the auditor* section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS FOR THE FINANCIAL STATEMENTS AND THE STATEMENT OF INTENT PERFORMANCE

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

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

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

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

INDEPENDENT **AUDITOR'S REPORT**

RESPONSIBILITIES OF THE AUDITOR FOR THE AUDIT OF THE FINANCIAL STATEMENTS AND THE STATEMENT OF INTENT PERFORMANCE

Our objectives are to obtain reasonable assurance about whether the financial statements and the statement of intent performance, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the statement of intent performance.

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

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

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- we identify and assess the risks of material misstatement of the financial statements and the statement of intent performance, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- we obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- we evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- we conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the information we audited or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- we evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- we evaluate the overall presentation, structure and content of the statement of intent performance, including the disclosures, and assess whether the statement of intent performance achieves its statutory purpose of enabling the Company's readers to judge the actual performance of the Company against its objectives in its statement of intent.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

OTHER INFORMATION

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

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

In connection with our audit of the financial statements and the statement of intent performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the statement of intent performance or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT **AUDITOR'S REPORT**

INDEPENDENCE

We are independent of the Company in accordance with the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests in, the Company.



Anton Labuschagne

The Audit Office

On behalf of the Auditor-General

Tauranga, New Zealand

30 September 2026


bayvenues.co.nz

Tauranga Art Gallery Trust Annual Report *2025-2026*





Cover image: Pusi and Vaimaila Artist Talk, 2025.
Photography by Brydie Thompson.

Darcy Nicholas, *Forgotten Warriors* (detail), 2024, courtesy of the artist.

Tauranga Art Gallery Trust — Annual Report 2025–2026

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Chair's Report

There are moments in the life of an organisation that define its future. The reopening of Toi Tauranga Art Gallery in November 2025 was one of them.



Rosemary Protheroe

Tiamana (Chair)
Tauranga Art Gallery Trust

The first quarter of the year saw the Gallery team return to the building completion of its redevelopment. What followed was a countdown to reopening the doors and welcoming the community back.

The response was extraordinary.

Over the first fortnight alone, almost 6,000 people attended the pōwhiri, media preview, civic event, community day, art party and visited the refreshed Gallery. The excitement was unmistakable. For many, it was a chance to rediscover a place they had missed. For others, including visitors from across Aotearoa and colleagues from the arts sector, it was an opportunity to experience a public gallery that reflects the ambition and creativity of Tauranga Moana.

For the Trust, it was both a celebration and an affirmation of the value this Gallery brings to the community.

Following the memorable reopening the third and fourth quarters have been the first sustained period in two years focused entirely on delivering our purpose: creating exceptional art experiences that engage, inspire, educate and challenge.

The Gallery has embraced this moment with confidence. We have welcomed over 98,000 in visitation to our café (64,449), retail and gallery (33,677), from Tauranga Moana and beyond, presented an ambitious programme of exhibitions, commissioned significant new works, expanded learning and engagement opportunities and strengthened relationships with artists, mana whenua, partners and our community.

It has also been encouraging to see the Gallery's growing national profile. Extensive positive media coverage across the New Zealand Herald, RNZ, The Listener, The Spinoff, Stuff and other national media, together with increasing digital engagement and overwhelmingly positive visitor feedback, reflects the quality of the organisation's work and the dedication of those who make it possible.



Private View, 2026, installation view, courtesy of the artists. Photography by Sam Hartnett.

Beyond presenting exhibitions, Toi Tauranga Art Gallery contributed to education, city centre vitality, the visitor economy and the creative sector, while providing a place where people gather, learn and connect. As one of the first completed civic projects within Te Manawataki o Te Papa, the Gallery continues to demonstrate how investment in arts and culture creates lasting public value.

As Trustees, our role is to provide governance that enables the organisation to thrive. This means maintaining strong financial oversight, supporting long-term strategic planning, managing risk responsibly and ensuring the Gallery remains responsive to the needs and aspirations of our community. While much of this work happens behind the scenes, it provides the foundation upon which the Gallery's artistic programme and public service are built.

The financial result reflects a year of careful stewardship through a capital project. Reopening the Gallery required significant operational effort too, while strong visitation, commercial performance and growing support from funders, patrons and donors have helped strengthen the organisation's long-term sustainability. The Trust remains committed to prudent financial management, maximising every public dollar invested and continuing to diversify revenue through philanthropy, sponsorship and commercial activity.

Our financial performance shows a significant surplus for the year. This was due to a number of one-off favourable entries from the financing of the redevelopment project, while our normal operating results recorded a small deficit, adversely affected by some additional expenses associated with the re-opening of the gallery. These are explained more fully in the notes to the financial statements.

The Trust acknowledges the ongoing major support of Tauranga City Council, their investment enables us together to deliver lasting public benefit. Their funding remains the foundation of the Gallery's operations, while income from philanthropy, sponsorship, commercial activity, grants and visitor-generated revenue continues to strengthen long-term financial sustainability.

We are equally grateful to Te Kāhu o Hinewa for its guidance, and to the many artists who continue to place their trust in the Gallery.

As we look towards the Gallery's twentieth anniversary in 2027, the foundations established over the past year provide confidence that Toi Tauranga Art Gallery will continue to play a vital role in the cultural life of Tauranga Moana and Te Manawataki o Te Papa for many years to come.

Thank you to everyone who has contributed to another remarkable year.

"Art galleries in Europe feel very universal. But this gallery captures the spirit of New Zealand."

Director's Report

When visitors walked through the doors of the refreshed Toi Tauranga Art Gallery on 15 November 2025, they experienced a calm, welcoming and thoughtfully curated public space.



Sonya Korohina

Kaiwhakahaere Matua (Gallery Director)
Toi Tauranga Art Gallery

Behind that experience were two years of planning, redevelopment, problem-solving and an extraordinary team effort.

Moving back into the building felt a little like moving into a new home — only on a much larger scale, with thousands of visitors expected for the housewarming.

The months leading up to reopening were both exciting and demanding. While exhibitions were being installed, the team was also fitting out the building, commissioning environmental systems to meet the exacting standards required to care for artworks, establishing new operational routines, setting up the Gallery Store and training Visitor Hosts. Like any newly completed public building, there was also a period of learning once the doors opened.

Our visitors became some of our best teachers. We observed how people moved through the building, noted what was selling in the store, or not. Listened to feedback about accessibility and communications, refined signage and wayfinding, and made countless small improvements that have enhanced the visitor experience. Reopening was never a single moment; it was and is a process of continual learning, adaptation and improvement.

There is a unique energy that returns to a gallery when people begin to make it their own.

It can be seen in the conversations that happen in front of an artwork, in children eagerly completing a Curiosity Guide, in artists seeing a newly commissioned work installed for the first time, and in visitors who return simply because they enjoy spending time here.

Over the past seven and a half months we have presented a programme that reflected both ambition and balance. Senior artists were shown alongside emerging voices. Contemporary practice sat comfortably beside art historical works. New commissions invited artists to create work specifically for our spaces, while education and public programmes encouraged audiences to engage more deeply with art and ideas.

Equally important has been the continued stewardship of the Gallery's collection. Through exhibitions such as Private View and Old Friends, alongside displays in the community at 90 Devonport Road, the collection continued to connect audiences with works that reflect the artistic and cultural history of our region and our nation.

None of these achievements happen in isolation. They are the result of collaboration.

I thank the Board of Trustees for their guidance and support, Te Kāhu o Hinewa for their wisdom and partnership, and our many partners across the city and sector for your support.



Civic Evening, 2025. Photography by Brydie Thompson.

Finally, I want to acknowledge our staff.

This report reflects their work. Their creativity, expertise and care that shapes every visitor experience, every exhibition, every learning programme and every conversation that takes place within the Gallery. They have embraced change with professionalism, optimism and an unwavering commitment to creating a welcoming place for everyone who walks through our doors.

Every exhibition lasts only a few months, but the relationships people build with art and ideas can last a lifetime. Our role is to create the conditions for those moments of discovery, curiosity and connection to happen every day.

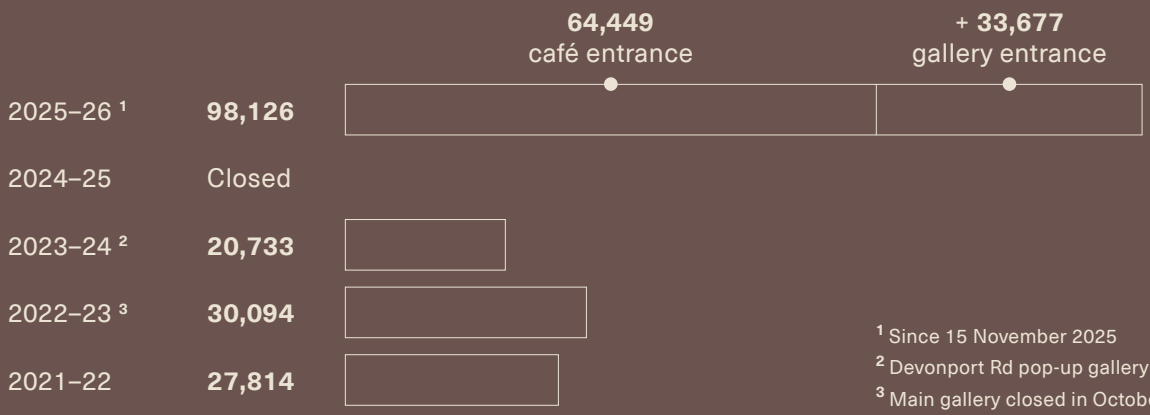
Our Year in Numbers

Great galleries are measured by how people feel when they walk through the door.

We welcomed

98,126

visits to the gallery, gallery store and café



2025–26 [1]	**98,126**
2024–25	Closed
2023–24 [2]	**20,733**
2022–23 [3]	**30,094**
2021–22	**27,814**

[1] Since 15 November 2025
[2] Devonport Rd pop-up gallery
[3] Main gallery closed in October

43k
new website visits

1.81m
social media views

We inspired

"We inspired 1,955 school students, 185 tamariki attending holiday programmes, and 4,760 people attending talks and events."

We created

20 exhibitions

45 artists exhibited

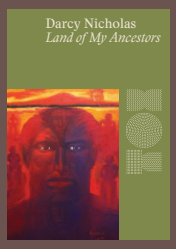
7 artist videos

produced and screened in the gallery and online

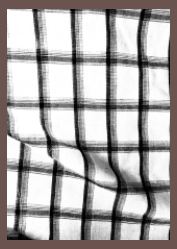
8 new commissions

New work especially created for the Gallery and seen for the first time by the public.

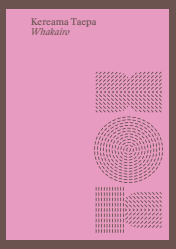
6 publications created



Darcy Nicholas *Land of My Ancestors*, 2025.



Essential Oils Zine, Matthew Harris and Tyrone Waa, 2025.



Kereama Taepa, *Whakairo*, with essay by Karl Chitham, 2025.

500

tamariki exhibited in opening programme

4.6k

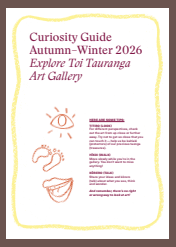
tamariki engaged with Curiosity Guides



Heidi Brickell, *Mātururu Trick*, with essay by Hāwea Apiata.



Curiosity Guide, *Rawe!* 2025–26.



Curiosity Guide, *Autumn–Winter,* 2026.

$30,000

art prize

The Jann Medlicott Award for Contemporary Art awarded to George Watson

Every exhibition was supported by

Text in English, text in Te Reo Māori, recorded bilingual audio, and large print text.

We grew

12%+

from new revenue streams including retail, café lease, admission fees, sponsors and patrons.

67%

retail sales above gross profit target. Most popular were design pieces and publications by Māori artists and designers.

Revenue



TCC	70.09%
Grants, Entry Fees & Donations	12.52%
Naming Partners & Exhibition Sponsors	5.61%
Retail & Café	5.50%
Education & Events	3.94%
WBOPDC	2.34%
Interest Received	0.33%

Artists and Ideas

Every exhibition begins with an artist willing to share an idea.

Darcy Nicholas Artist Talk, 2025.
Photography by Brydie Thompson.



For artists, an exhibition marks the culmination of months — and often years — of research, experimentation and making.

For visitors, it may be the first encounter with a new perspective, a different way of seeing, or an artist whose work stays with them long after they leave the Gallery.

Our role is to bring those two experiences together.

During 2025/26, Toi Tauranga Art Gallery worked with forty-five artists across twenty exhibitions, creating opportunities for audiences to engage with contemporary practice from Aotearoa and beyond.

Established artists were presented alongside emerging voices, while newly commissioned works sat comfortably beside historical collections, creating conversations across generations of artists and ideas.

Each exhibition invited audiences to slow down, look closely and experience art in different ways.

Together they formed a programme that was ambitious, generous and grounded in a strong sense of place — with two exhibitions to tour to other national venues.



Kathryn Tsui, *Chinatown Tote*, 2023–2025, courtesy of the artist.

Exhibitions

2 May 2026
–present

Whatu Aho Rua
Emily Parr and Arielle Walker



Emily Parr, Arielle Walker, *Whatu Aho Rua*, 2020, installation view, courtesy of the artists.

18 Apr 2026
–present

Toko by and by
Madison Kelly

28 Mar 2026
–present

Lustre Harbour
Kathryn Tsui

15 Nov 2025
–10 May 2026

Land of My Ancestors
Darcy Nicholas

Pusi and Vaimaila Artist Talk, 2025. Photography by Brydie Thompson.

15 Nov 2025
–10 May 2026



Lanu Mamanu — Colourful Patterns
Pusi Urale and Vaimaila Urale



Jaime Jenkins Top Floor Talk, 2026.
Photography by Brydie Thompson.

15 Nov 2025
–19 Apr 2026

Ngura Pukulpa — Happy Place
Kaylene Whiskey

15 Nov 2025
–12 Apr 2026

Glimmer
Vanessa Arthur, Moniek Schrijer and Meredith Turnbull

15 Nov 2025
–31 Jan 2026

Tamariki Portrait Show



Nazah Nomany,
Tauranga Intermediate
School, 2025.



Tohumairangi Fox,
Te Kura o Matapihi, 2025.

Commissions

New work especially created for the Gallery and seen for the first time by the public.

6 Jun 2026
–present

Māturuturu Trick
Heidi Brickell

23 May 2026
–present

Almost Touching
Jaime Jenkins



Jaime Jenkins, *Almost Touching*, 2026, installation view, 2026, courtesy of the artist and Jhana Millers Gallery. Photography by Sam Hartnett.



Heidi Brickell, *Māturuturu Trick*, 2026, installation view, courtesy of the artist. Photography by Sam Hartnett.

16 May 2026
–present

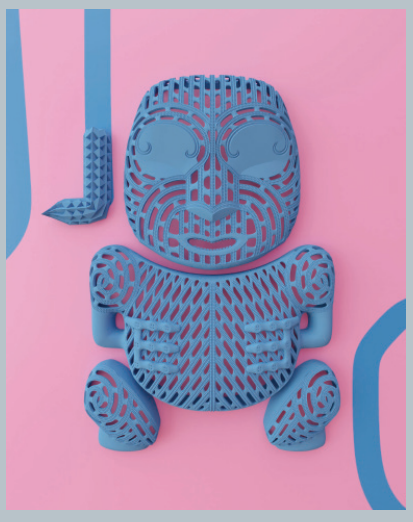
Ladybirdleaf
Richard Killeen

11 Apr 2026
–present

Private Research
Owen Connors

15 Nov 2025
–24 May 2026

Whakairo
Kereama Taepa



Kereama Taepa, *Whakairo* (detail), 2025.

Essential Oils Zine, Matthew Harris and Tyrone Waa, 2025.



15 Nov 2025
–10 May 2026

Tai Timu, Tai Pari —
The Ebb Tide, The Flood Tide
Maraea Timutimu

15 Nov 2025
–19 Apr 2026

Essential Oils
Matthew Harris
and Tyrone Te Waa

15 Nov 2025
–22 Mar 2026

Closet History
Tania Lewis-Rickard
and Tawhai Rickard



Owen Connors, *Private Research*, 2026, installation view, courtesy of the artist and Robert Heald Gallery.

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Collection

5 May 2026
–25 Oct 2026

Private View
Selected works from private and gallery collection



Private View, 2026, installation view, courtesy of the artist.

15 Nov 2025
–24 May 2026

Amo from Tamapahore Wharenui
1896, Meihana Te Tawakura
Tauranga Heritage Collection

15 Nov 2025
–29 Mar 2026

Old Friends
Toi Tauranga Art Gallery Collection

Other Sites

May 2025
–present

Selected works from the Tauranga Art Gallery Collection at 39 Devonport Road.

"Loved Private View, amazing curating, loved everything."

Connecting People

Curiosity is where every creative journey begins. At Toi Tauranga Art Gallery, every visitor experience is designed to encourage curiosity, creativity and connection.

From the moment people walk through our doors, our Visitor Hosts create a warm and welcoming environment, while exhibitions, learning programmes, talks and interactive resources invite audiences of all ages to look more closely, ask questions and discover something new.

Whether it is a first visit to an art gallery, an artist talk, a family activity or a curriculum-linked education programme, every experience is an opportunity to build a lifelong relationship with art.



Pōwhiri, 2025. Photography by Brydie Thompson.

Education

Learning is one of the Gallery's most important public contributions. During the second half of the year, almost 2,000 students participated in curriculum-linked programmes that combined close looking, discussion and hands-on making with meaningful connections to artists, local histories and the New Zealand Curriculum.

Following the Gallery's reopening, demand for education programmes has been exceptionally strong, with sessions fully booked well in advance. Teacher feedback consistently highlighted the quality of the learning experience, the confidence students gained through creative exploration and the way programmes supported classroom learning across multiple curriculum areas.

"Awesome content, relevant and high interest. Loved the interactive part of the learning with music. Well paced and beautifully facilitated. Kids were very engaged in the art activity, provided a good level of challenge while all could achieve."

– Teacher

Beyond the Exhibition

Art comes alive through conversation, participation and shared experience.

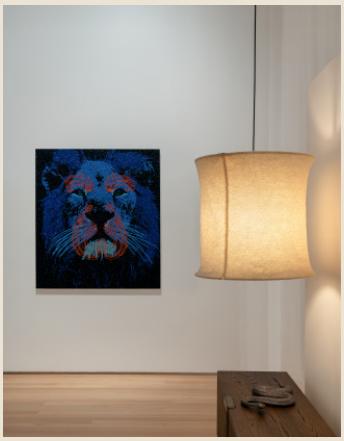
Throughout the year, 4,760 people attended public programmes, demonstrating the community's appetite to engage more deeply.

The programme reflected the breadth of the Gallery's exhibitions and audiences. Families gathered to hear beloved author and illustrator Dame Lynley Dodd, while book signings created memorable moments across generations. Visitors explored the significance of whakairo through talks by senior carvers Dean Flavell and Dr Lyonel Grant, gaining deeper insight into Māori artistic traditions and cultural practice. Hands-on workshops, including Kathryn Tsui's sold-out beading workshop, provided opportunities to learn directly from exhibiting artists, while the introduction of the Art History and (later this year) Toi Māori lecture series, together with upcoming performances by the New Zealand String Quartet, continues to broaden opportunities for lifelong learning and cultural participation.



Lynley Dodd Reading.
Photography by Erin Cave.

Private View, 2026, installation view, courtesy of the artist.
Photography by Sam Hartnett.





Photography by Brydie Thompson.

Extending the Experience

Seven artist profile films were produced during the year, offering visitors unique insights into artists' practices and the ideas behind their work. These short films have become an important interpretive resource within the Gallery while also creating a lasting digital archive that extends the reach of exhibitions beyond their exhibition dates.

For younger visitors, two seasonal Curiosity Guides encouraged tamariki and whānau to explore exhibitions through observation, creativity and play. More than 4,600 guides were produced, helping children engage with art in ways that are imaginative, accessible and fun.



Blessing Ceremony.
Photography by Brydie Thompson.

"Amazing, absolutely loved it. Best gallery I've been to in NZ. Accessible for everyone, enjoyable for all ages."

Celebrating 20 Years

Exhibitions may last only a few months, but the relationships people build with art and ideas, lasts a lifetime.



Blessing Ceremony, 2025. Photography by Brydie Thompson.



Blessing Ceremony, 2025. Photography by Brydie Thompson.

In 2027, Toi Tauranga Art Gallery will celebrate twenty years.

It is an opportunity to reflect on the Gallery's journey — from an ambitious vision for Tauranga to a much-loved civic and cultural institution — and to celebrate the artists, visitors, partners and supporters who have shaped its story.

The anniversary will also look forward. A special programme of events and exhibitions is in development that revisits one of the Gallery's earliest exhibitions, celebrates artistic practice across generations, and reflects the unique stories, creativity and cultural identity of Tauranga Moana.

Twenty years is an important milestone, but it is only one chapter in the Gallery's story. We look forward to celebrating this moment with our community.

Non-Financial Measures

Strategy		Performance Measures	Status
1	Deliver a variety of arts and culture offerings to our local, regional and international visitors	Annual programme of re-opening exhibitions and enhanced experience programmes is delivered	●
		Visitor experience strategy is implemented, and surveys and analytics demonstrate diverse audience engagement and appreciation beyond 2023 reporting	●
2	Building reopens offering enhanced visitor and art experiences	Analytics show increased engagement in events, online and audio experiences beyond 2023 reporting	●
3	Māori engagement framework is implemented	Māori advisory group Te Kāhu ō Hinewa deliver identified outcomes	●
4	Diversity framework developed	Diversity framework completed and Advisory Group appointed	●
5	Effective storytelling clearly demonstrates how the gallery provides value for money	Half-yearly and Annual Reports loaded onto website	●
		Audit report completed	●
6	TCC is clearly recognised as the principal funder across various platforms	Public speeches, print and online platforms clearly communicate the role of Tauranga City Council	●
7	Implement and monitor prudent financial management and processes including a savings of 7% in 2025/26 year to meet the operational grant reduction	Visitor surveys show increased appreciation of gallery services	●
		Approved annual budget and targets met	●
8	Establish and diversify revenue streams that will achieve financial sustainability	Overseas visitor charges implemented	●
9	Work closely with TMoTP partners to grow the profile of the precinct and city	Demonstrated collaboration including works from TAG collection installed in 90 Devonport Road	●
10	Complete the upgrade, and work on air conditioning and lighting, as part of the gallery's redevelopment, in alignment with TCC Climate Action and Investment Plan	Upgrade completed and reported on	●
		Building and infrastructure is properly maintained and fit for purpose	●
11	TAG continues to use environmentally sustainable means through better sourcing of resources, reducing waste and recycling, and continuing to provide the ArtBus for students to attend educational programmes	Waste Reduction Plan implemented and improves effectiveness	●
		ArtBus utilised by schools	●

● Complete ● Postponed to 2026–27

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Entity Information

Tauranga Art Gallery

For the year ended 30 June 2026

Legal Name of Entity

The Tauranga Art Gallery Trust

Entity Identifier

CC38535

Type of Entity

The Tauranga Art Gallery Trust (Trust) is a charitable trust formed in 1998 and is registered as a charitable entity under the New Zealand Charities Act 2005. The Trust also has charitable status with the Inland Revenue Department.

Entity's Purpose or Mission

The primary objective of The Tauranga Art Gallery Trust is to develop and manage a public art gallery for the community, rather than making a financial return.

Entity Structure

The Trust is controlled by the Tauranga City Council and is a Council Controlled Organisation as defined in section 7 of the Local Government Act 2002.

Entity's Governance Arrangements

The Trust comprises a Board of 7 Trustees who oversee the governance of the Trust, a Director who is responsible for the day to day operations of the Trust and reporting to the Trustees, as well as 7 full time and 12 part time staff who support the Director in delivering against the Trust's objectives. The Trustees are appointed by the Tauranga City Council.

Other Entities Controlled by the Entity

There are no other entities controlled by the Trust

Physical Address

108 Willow Street,Tauranga,Tauranga,New Zealand,3110

Postal Address

108 Willow Street, Tauranga, Tauranga, New Zealand,3110

Contact details

108 Willow Street, Tauranga, Tauranga 3110

Box 13255, Tauranga 3141 | New Zealand
Phone 07 578 7933
email: accounts@artgallery.org.nz
www.artgallery.org.nz

Statement of Service Performance

Tauranga Art Gallery

For the year ended 30 June 2026

Description of medium to long term objectives

Vision:
Toi Tu Tauranga: Enduring relationships with Art
Creating life-long relationships with art.

Mission:
He Tauranga Toi: To be an anchorage for Art
To create exceptional experiences that engage, inspire, educate and challenge.

What we do:
Toi Tauranga Art Gallery is the Bay of Plenty's leading art gallery. We strive for excellence in the arts for our local, national, and international communities.

Working with emerging to established practioners, across a wide range of research and creative practice, we seek to inspire, challenge, and reimagine the world we live in - from Aotearoa New Zealand and beyond. We present survey, solo, group, collection exhibitions and art prizes.

Through meaningful encounters with art, we look to serve the widest possible audience, recognising the importance of intergenerational work. Our expanded learning programmes and engagement and events encourage deeper connections with our exhibitions across all ages.

Description of key activities	**Quantity**	
	Current year	**Last year**
Achieve a high level of customer satisfaction	Visitation of 98,126 across gallery, retail and cafe. 43,000 new website visits, 1.81million social media engagement.	Gallery closed
Develop and present a diverse exhibition and events programme	20 exhibitions, 45 artists, 7 artist videos, 4 publications with 2 curiosity guides. 4,760 people attended a talk, workshop or event	Gallery closed
Develop and present a range of education programmes and learning opportunities that meets the needs of our clients	2,064 school children attended curriculum aligned education programmes	Gallery closed
Build our relationship with government agencies, councils and other organisations	Maintained and grew relationships with TCC, WBOPDC, Ministry of Education, Lotteries and Creative New Zealand	Maintained and grew relationships with TCC, WBOPDC, Ministry of Education, Lotteries and Creative New Zealand
Present and maintain a world-class fit for purpose facility	Refreshed gallery reopened to the public 15 November 2025	Gallery closed

Statement of Financial Performance

Tauranga Art Gallery

For the year ended 30 June 2026

'How was it funded?' and 'What did it cost?'

Account	Notes	2026 Actual $	2026 Budget (unaudited) $	2025 Actual $
Revenue				
Funding from Local and Central Government	1	1,531,876	1,508,815	1,717,610
Non-government grants, sponsorship and donations	1	330,631	314,847	140,671
Interest, dividends and other investment revenue	1	67,015	44,000	116,860
Other revenue	1	146,618	82,353	22,659
Capital-related revenue	1	5,115,675	-	6,766,842
Total Revenue		**7,191,816**	**1,950,015**	**8,764,642**
Expenses				
Employee remuneration and other related expenses	2	1,083,647	1,092,202	914,071
Other expenses related to service delivery	2	(947,660)	862,394	4,084,013
Total Expenses		**135,987**	**1,954,595**	**4,998,085**
Surplus/(Deficit) for the Year		**7,055,829**	**(4,581)**	**3,766,558**

Explanation of major variances against budget are provided on Note "14. Explanations of Major Variances to Budget"

This performance report has been approved by those charged with governance.

Date 30/9/26
Signature
Name R Prokaroe
Position Chair

Date 30/9/2026
Signature Rachel Scott
Name Rachel Louise Scott
Position Deputy Chair.

Statement of Financial Position

Tauranga Art Gallery

As at 30 June 2026

	Account	Notes	30-Jun-26	30-Jun-25
Assets				
	Current Assets			
	Bank accounts and cash	3	364,012	1,226,824
	Debtors and prepayments	3	110,559	42,379
	Inventory	3	19,053	-
	Short term deposits	3	1,163,402	1,728,537
			1,657,026	**2,997,741**
	Non-Current Assets			
	Property, plant and equipment	5	14,904,371	14,800,605
	Total Non-Current Assets		**14,904,371**	**14,800,605**
Total Assets			**16,561,398**	**17,798,346**
Liabilities				
	Current Liabilities			
	Creditors and accrued expenses	4	199,813	1,299,377
	Employee costs payable	4	54,613	55,304
	Total Current Liabilities		**254,426**	**1,354,681**
	Non-current Liabilities			
	Other non-current liabilities	4	101,161	101,161
	Total Non-current Liabilities		**101,161**	**101,161**
Total Liabilities			**355,587**	**1,455,842**
	Total Assets less Total Liabilities (Net Assets)		**16,205,811**	**16,342,504**
Accumulated Funds				
	Capital contributed by owners or members		1,000,000	1,000,000
	Accumulated surpluses or (deficits)		14,568,312	9,649,384
	Reserves		637,499	5,693,120
Total Accumulated Funds		6	**16,205,811**	**16,342,504**

Statement of Cash Flows

Tauranga Art Gallery

For the year ended 30 June 2026

Account	2026	2025
Cash Flows from Operating Activities		
Donations, fundraising and other similar receipts	330,631	46,671
Government service delivery grants/contracts	1,496,539	2,180,739
Non-government service delivery grants/contracts	108,620	103,242
Interest, dividends and other investment receipts	62,118	125,450
Employee remuneration and other related payments	(1,112,079)	(914,072)
Other payments related to service delivery	(1,233,023)	(325,187)
Other expenses	(26,659)	(47,301)
Cash flows from other operating activities	-	-
Total Cash Flows from Operating Activities	**(373,853)**	**1,169,542**
Cash Flows from Other Activities		
Receipts from sale of property, plant and equipment	-	-
Payments to acquire property, plant and equipment	(1,054,095)	(173,755)
Sale of investments	565,135	(812,856)
Purchase of investments	-	-
Cash flows from other investing and financing activities	-	-
Total Cash Flows from Other Activities	**(488,959)**	**(986,611)**
Net Increase/(Decrease) in Cash	**(862,812)**	**182,931**
Bank Accounts and Cash		
Opening cash	1,226,824	1,043,893
Closing cash	364,012	1,226,824
Net change in cash for period	**(862,812)**	**182,931**

Statement of Accounting Policies

Tauranga Art Gallery

For the year ended 30 June 2026

Basis of Preparation

This performance report is prepared in accordance with the XRB's Tier 3 (NFP) Standard. The entity is eligible to apply these requirements as it does not have public accountability and has total annual expenses of less than $5,000,000. All transactions in the performance report are reported using the accrual basis of accounting. This performance report is prepared under the assumption that the entity will continue to operate for the foreseeable future.

Treatment of GST

Tauranga Art Gallery is registered for GST and all amounts are recorded on a GST exclusive basis, except for Debtors and Creditors which are stated inclusive of GST.

Income Tax

Tauranga Art Gallery Trust is wholly exempt from New Zealand income tax having fully complied with all statutory conditions for these exemptions.

Grants

Council, government and non-government grants are recognised as revenue when the funding is received or receivable unless there is an obligation to return the funds if conditions of the grant are not met ("use or return condition"). If there is such an obligation, the grant is initially recorded as a liability and recognised as revenue when conditions of the grant are satisfied.

Sale of goods

Revenue from the sale of goods is recognised when the goods are sold to the customer.

Sale of services

Revenue from the sale of services is recognised when the services are provided to the customer.

Donated assets

Revenue from donated assets is recognised upon receipt of the asset, if the asset has a useful life of 12 months or more and the value of the asset is readily obtainable and significant.

Entrance fees

Entrance fees are charged to international visitors only and any revenue is recognised upon receipt of the fee.

Donations

Any revenue in the form of donations is recognised upon receipt of the donation.

Venue hire

Fees charged for events or venue hire are recognised upon attendance at the event or at the time of venue hire. Refundable fees, paid in advance of an event or venue hire are recognised as liabilities until the time of the event or venue hire, at which time they are recognised as revenue. Non-refundable deposits are recognised as revenue at the time of receipt.

Interest and dividend revenue

Interest revenue is recorded as it is earned during the year. Dividend revenue is recognised when the dividend is declared.

Employee related costs

Wages, salaries and annual leave are recorded as an expense as staff provide services and become entitled to wages, salaries and leave entitlements. Performance payments are recorded when the employee is notified that the payment has been granted. Superannuation contributions are recorded as an expense as staff provide the services and become entitled to the contributions.

Advertising, marketing, administration, overhead and fundraising costs

These costs are expensed when the related service has been received.

Lease expense

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

Bank Accounts and Cash

Cash and short-term deposits in the Statement of Financial Position and Statement of Cash Flows comprise cash balances and bank balances (including short term deposits) with original maturities of 90 days or less.

Debtors

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

Inventories

Inventories are initially recorded at cost. Goods held for sale are subsequently measured at the lower of cost and their selling price. Goods for use or distribution are subsequently measured at cost and written down if they become obsolete.

When inventories are sold, exchanged or distributed, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expense is recognised when the goods are distributed or the related service is rendered.

The amount of any write-down of inventories and all losses of inventories is recognised as an expense in the period the write-down loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Investments

Investments comprise term deposits with banks. Bank deposits are initially measured at the amount paid. The carrying value of bank deposits maturing within 12 months approximates their fair value. If it appears that the carrying amount of the investment will not be recovered, it is written down to expected recoverable amount.

Property, Plant and Equipment

All asset classes are measured at cost less accumulated depreciation and impairment losses.

Artwork is revalued with sufficient regularity to ensure that the carrying amount does not differ materially from fair value. A revaluation is undertaken at least every three years with the most recent being 30 June 2025. Revaluation movements are accounted for on a class-of-asset basis. The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed and then recognised in other comprehensive revenue and expense.

Donated assets are recognised upon receipt of the asset if the asset has a useful life of 12 months or more and the current value of the asset can be readily obtainable and significant. For an asset to be used by the Trust, the asset is impaired if the value to the Trust in using the asset falls below the carrying amount of the asset.

Depreciation is provided on a straight line (SL) or diminishing value (DV) basis, at rates that will write the asset off over their useful lives. The useful lives and associated depreciation rates of major classes of assets is unchanged from prior year and estimated as follows:

	Rate	SL and/or DV
Artworks	N/A	N/A
Building	1.0% - 2.0%	SL
Building Improvements	1.0% - 33.3% / 20%	SL/DV
Leasehold Improvements	10%	SL
Furniture and Fittings	8% - 18%	SL
Tools and Office Equipment	4.0% - 33.3%	SL/DV
Exhibition Equipment	6.6% - 30%	SL/DV
Computer Equipment:	20% - 25%	SL
Intangibles	20% - 50%	SL

Creditors and accrued expenses

Creditors and accrued expenses are measured at the amount owed.

Employee costs payable

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

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

Loans

Loans are recognised at the amount borrowed from the lender. Loan balances include interest accrued at year end that has not yet been paid.

Provisions

The Trust recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation as a result of a past event, if it is probable that expenditure will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Credit Card

Tauranga Art Gallery has a total credit card limit of $8,000.

Budget figures

The budget is approved by the Board prior to the beginning of each financial year, via the approval of the Statement of Intent.

The budget figures have been approved in accordance with Tier 3 standards, using accounting policies that are consistent with those adopted by the Board in preparing these financial statements.

Tier 2 PBE Accounting Standards applied

The trust has not applied any Tier 2 PBE accounting standards in preparing these financial statements.

Changes in Accounting Policies

Effective 30 June 2026, the Gallery has changed its accounting policy for the measurement of Building and Improvements from the revaluation model to the cost model. This change was made to better reflect the ongoing use of the assets in delivering services and to simplify reporting requirements under the Tier 3 Not-for-Profit PBE Standard. Under the cost model, assets are carried at their original cost less accumulated depreciation and impairment losses. The change has been applied prospectively from 30 June 2026, as permitted under the Tier 3 PBE Standard. Comparative figures have not been restated. The effect of this change is that revaluation adjustments previously recognised will no longer be updated, and depreciation will be calculated based on the asset's carrying amount at the date of change. A market valuation may be carried out in the future for internal purposes and on an as-needed-bases. This will be disclosed in the notes to the accounts (last year - nil).

Notes to the Performance Report

Tauranga Art Gallery

For the year ended 30 June 2026

Account	2026	Budget $ (unaudited)	2025
1. Analysis of Revenue			
Funding from Central and Local Government			
Tauranga City Council			
Operating Grant	1,427,122	1,427,122	1,534,539
Other Grants	23,058	-	105,071
Total Tauranga City Council	**1,450,180**	**1,427,122**	**1,639,610**
Western Bay of Plenty District Council	47,696	47,696	44,000
Education ELC Funding	34,000	33,996	34,000
Total Funding from Central and Local Government	**1,531,876**	**1,508,815**	**1,717,610**
Non-government grants, sponsorship and donations			
Exhibition Sponsorship	46,684	5,000	22,375
Artbus Sponsorship	11,500	-	-
Admission Donations	19,146	25,512	770
Friends Membership	6,480	5,168	476
Naming Partners	67,500	91,667	-
Grants Other (Non Ed/Exh related)	151,395	170,000	112,000
Donations	27,927	17,500	5,050
Total non-government grants, sponsorship and donations	**330,631**	**314,847**	**140,671**
Interest, dividends and other investment revenue	67,015	44,000	116,860
Other revenue			
Education programme revenue	28,388	27,100	16,920
Events and exhibitions	3,785	1,900	-
Retail Sales	86,877	40,000	(25)
Venue hire	2,550	7,100	-
Sundry income	25,019	6,253	5,763
Total other revenue	**146,618**	**82,353**	**22,659**
Capital-related revenue			
Gain on sale of asset	3,412,060	-	-
TCC capital revenue	434,548	-	-
Other capital revenue	1,269,067	-	-
TCC capital revenue in-kind	-	-	6,766,842
Total capital-related revenue	**5,115,675**	**-**	**6,766,842**

Account	2026	2026 Budget $ (unaudited)	2025
2. Analysis of Expenses			
Volunteer and employee related costs			
Salaries and wages	931,449	951,974	687,688
Recruitment and HR costs	23,633	13,703	26,453
Staff travel	4,666	8,500	24,933
Staff training	1,190	-	2,574
Other Employee related costs	86,689	118,024	26,994
Contractor expenses	36,020	-	145,429
Total volunteer and employee related costs	**1,083,647**	**1,092,202**	**914,071**
Other Expenses related to service delivery			
Other			
Administration expenses	124,093	119,787	120,348
Audit fees	26,659	41,600	47,301
Professional fees	25,564	-	2,393
Building and maintenance	212,039	88,424	62,085
Consultants and legal	11,991	3,000	28,688
Cost of goods sold	58,659	20,000	(6,848)
Education costs	25,594	46,614	10,133
Insurance	35,831	33,500	32,879
Interest expense	-	-	21
Collection Costs	36,973	38,359	36,022
Offsite Storage	23,600	23,159	23,229
Depreciation and amortisation	194,233	192,859	148,618
Loss on disposal/impairment of assets	(2,182,912)	-	3,334,328
Relocation expenses	-	-	9,158
Lease make good provision	-	-	101,161
Total other	**(1,407,675)**	**607,302**	**3,949,514**
Event, exhibition and experience expenses			
Exhibition Costs	253,863	157,000	65,103
Experience costs	9,862	-	3,515
Event Costs	68,350	20,000	7,001
Total Event, exhibition and experience expenses	**332,075**	**177,000**	**75,619**
Advertising and marketing			
Advertising and marketing	124,849	75,000	56,046
Total advertising and marketing	**124,849**	**75,000**	**56,046**
Lease expense			
TCC Transformer Site Rental	3,092	3,092	2,834
Total lease expense	**3,092**	**3,092**	**2,834**
Total other expenses related to service delivery	**(947,660)**	**862,394**	**4,084,013**

Account	2026	2026 Budget $ (unaudited)	2025
3. Analysis of Assets			
Bank accounts and cash			
BNZ Oncall account	343,866	-	1,224,331
BNZ Operational Account	20,146	-	2,494
Total Bank accounts and cash	**364,012**	**-**	**1,226,824**
Debtors and prepayments			
Debtors	90,403	-	27,906
Accrued Receivables	786		-
Prepayments	-	-	-
Interest Accrued	19,370	-	14,473
Total Debtors and prepayments	**110,559**	**-**	**42,379**
Inventory			
Inventory	19,053	-	-
Investments			
Short term deposits	1,163,402	-	1,728,537

All investments are fixed interest investments deposited with a maturity date of 12 month or less.

Account	2026	2026 Budget $ (unaudited)	2025
4. Analysis of Liabilities			
Creditors and accrued expenses			
Accounts Payable	61,801	-	74,680
Accruals	73,731	-	101,521
Business Credit Card	3,084	-	4,380
GST	12,009	-	52,048
Revelopment Fund	-	-	538,600
Income in Advance	49,187	-	528,149
Total Creditors and accrued expenses	**199,813**	**-**	**1,299,377**
Employee costs payable			
Holiday Pay Accrual	54,613	-	27,278
Salary Accruals	-	-	28,026
Total Employee costs payable	**54,613**	**-**	**55,304**
Other non-current liabilities			
Make good provision	101,161	-	101,161

Note 5 - Property, Plant and Equipment

	Current year					
Asset Class	**Opening Carrying**	**Purchases**	**Disposals**	**Depreciation and Impairment**	**Revaluation Movements**	**Closing Carrying**
Land	4,018,000	-	387,940	-	(3,630,060)	-
* Buildings & Improvements	8,425,830	2,898,678	(2,262,383)	113,593	(1,425,561)	12,047,739
Furniture & Fittings	46,202	422,993	2,082	31,730	-	435,383
Leasehold Improvements	95,541	-	-	9,634	-	85,906
Tools & Office Equipment	42,054	81,540	15,452	10,284	-	97,858
Computer Equipment, Website, Intangible	55,306	103,388	3,135	25,214	-	130,345
Exhibition Equipment	24,122	-	6,754	3,778	-	13,590
Artworks	2,093,550	-	-	-	-	2,093,550
Total	**14,800,605**	**3,506,600**	**- 1,847,021**	**194,233**	**(5,055,621)**	**14,904,371**

	Last year					
Asset Class	**Opening Carrying**	**Purchases**	**Disposals**	**Depreciation and Impairment**	**Revaluation Movements**	**Closing Carrying**
Land	4,018,000	-	-	-	-	4,018,000
Buildings & Improvements	5,110,000	6,766,842	-	3,451,012	-	8,425,830
Furniture & Fittings	-	46,202	-	-	-	46,202
Leasehold Improvements	-	96,344	-	803	-	95,541
Tools & Office Equipment	61,085	5,278	18,216	6,093	-	42,054
Computer Equipment, Website, Intangible	40,104	39,363	14,838	9,323	-	55,306
Exhibition Equipment	56,482	1,269	26,604	7,025	-	24,122
Artworks	1,965,300	-	-	-	128,250	2,093,550
Total	**11,250,971**	**6,955,296**	**59,658**	**3,474,255**	**128,250**	**14,800,604**

* a market valuation was completed as at 30 June 2026 on the Gallery's Building and Improvement assets resulting in a valuation of $10,900,000.

Note 6 - Accumulated Funds

	Current year					
Description	**Capital Contributed by Owners**	**Accumulated Surpluses or Deficits**	**Restricted Reserves**	**Discretionary Reserves**	**Revaluation Reserves**	**Other Reserves**	**Total**
Opening balance	1,000,000	9,649,384	-	-	5,693,120	-	16,342,504
** Prior period adjustment	-	(2,196,668)	-	-	-	-	- 2,196,668
Capital contributed by owners	-	-	-	-	-	-	-
Capital returned to owners	-	-	-	-	-	-	-
Surplus/(Deficit)	-	7,055,829	-	-	-	-	7,055,829
Distributions paid to owners	-	-	-	-	-	-	-
Transfer to restricted or discretionary reserves	-	-	-	-	-	-	-
Transfer from restricted or discretionary reserves	-	-	-	-	-	-	-
Revaluation movements	-	-	-	-	(5,055,621)	-	(5,055,621)
Transfers from revaluation reserve due to disposal of assets	-	-	-	-	-	-	-
Other movements recognised directly in accumulated funds	-	59,768	-	-		-	59,768
Closing balance	**1,000,000**	**14,568,312**	**-**	**-**	**637,499**	**-**	**16,205,811**

	Last year					
Description	**Capital Contributed by Owners**	**Accumulated Surpluses or Deficits**	**Restricted Reserves**	**Discretionary Reserves**	**Revaluation Reserves**	**Other Reserves**	**Total**
Opening balance	1,000,000	5,882,826	-	-	5,564,870	-	12,447,696
Capital contributed by owners	-	-	-	-	-	-	-
Capital returned to owners	-	-	-	-	-	-	-
Surplus/(Deficit)	-	3,766,558	-	-	-	-	3,766,558
Distributions paid to owners	-	-	-	-	-	-	-
Transfer to restricted or discretionary reserves	-	-	-	-	-	-	-
Transfer from restricted or discretionary reserves	-	-	-	-	-	-	-
Revaluation movements	-	-	-	-	128,250	-	128,250
Transfers from revaluation reserve due to disposal of assets	-	-	-	-	-	-	-
Other movements recognised directly in accumulated funds	-	-	-	-	-	-	-
Closing balance	**1,000,000**	**9,649,384**	**-**	**-**	**5,693,120**	**-**	**16,342,504**

Note ** calculated as:

2024/25 TCC capital contribution in-kind	6,766,842
Actual contribution	4,570,174
Prior period adjustment required	(2,196,668)

Account		2026	2026 Budget $ (unaudited	2025

7. Commitments and Contingencies

Commitment	Explanation and Timing			
Commitments to lease of buildings	Less than one year	36,355	-	44,222
	Between two and five years	3,030	-	39,385
	More than five years	-	-	-
	Sub-total	**39,385**	**-**	**83,607**
Commitments to lease of plant and equipment	Less than one year	3,898	-	3,060
	Between two and five years	12,507	-	1,020
	More than five years	-	-	-
	Sub-total	**16,405**	**-**	**4,080.00**
Total less than one year		**40,254**	**-**	**47,282**
Total between two and five years		**15,537**	**-**	**40,405**
Total move than five years		**-**	**-**	**-**
TOTAL		**55,790**	**-**	**87,687**
Commitment to purchase property, plant and equipment	Nil for 2026.	-	-	380,000

Contingent Liabilities and Guarantees
There are no contingent liabilities or guarantees as at balance date (2025 - nil)

8. Significant Grants and Donations with Conditions not Recorded as a Liability
No such revenue noted in 2026 Financial year (2025: Nil)

9. Related Parties

The Gallery sold its land to the Tauranga City Council for $3.8m. The Tauranga City Council contributed $4,570,174 in 2025/26 as a grant in-kind towards the Gallery's redevelopment. For all other transactions, related party disclosures have not been made for transactions with related parties that are within a normal, supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the Trust would have adopted in dealing with the party at arm's length in the same circumstances.

10. Events After the Balance Date

Nature of the Event	Estimate of the financial effect	Effect, if any on the entity's ability to continue operating
Nil in 2026.		

11. Property used as Security

Tauranga Art Gallery Trust property is used as security for Fujifilm Buisness Innovation New Zealand Limited.

12. Ability to Continue Operating

The entity will continue to operate for the foreseeable future.

13. Correction of Errors

In the 2024/25 Statement of Financial Performance, Vested Assets revenue was recorded as $6,766,842 representing the total work-in-progress on the Gallery's redevelopment to 30 June 2025 transferred to the Gallery, the asset owner, by Tauranga City Council, the project owner. This was in fact a grant in-kind from the Tauranga City Council and totalled $4,570,174, a difference of $2,196,669. This amount has been adjusted in Retained Earnings as a prior period adjustment as seen in Note 6.

14. Audit Timing

Tauranga Art Gallery Trust was required under section 67(5)(b) - Amendments to the Local Government Act 2002 which requires the Trust Board to complete its audited financial statements and service performance information three months after the end of the financial year. This timeframe was met.

14. Variances

Account	Notes	2026 Actual $	2026 Budget $	Variance
Revenue				
Funding from Local and Central Government	1	1,531,876	1,508,815	23,061
Non-government grants, sponsorship and donations	2	330,631	314,847	15,784
Interest, dividends and other investment revenue	3	67,015	44,000	23,015
Other revenue	4	146,618	82,353	64,265
Capital-related revenue	5	5,115,675	-	5,115,675
Total Revenue		**7,191,815**	**1,950,015**	**5,241,801**
Expenses				
Volunteer and employee related costs		1,083,647	1,092,202	8,555
Other expenses related to service delivery made up as:				
Other	6	(1,407,675)	607,302	2,014,977
Event, exhibition and experience expenses	7	332,075	177,000	(155,075)
Advertising and marketing	8	124,849	75,000	(49,849)
Lease expense		3,092	3,092	-
Total other expenses related to service delivery		(947,660)	862,394	1,810,053
Total Expenses		**135,987**	**1,954,595**	**1,818,608**
Surplus/(Deficit) for the Year		**7,055,828**	**(4,581)**	**7,060,409**

The following distinguishes business-as-usual (BAU) for the Gallery from the extraordinary net items related to the redevelopment.

BAU Revenue	2,076,140	1,950,015	126,125
BAU Expenses	2,318,899	1,954,595	(364,304)
Surplus/(Deficity for the Year from BAU	**(242,759)**	**(4,580)**	**(238,179)**
Net redevelopment	7,298,587	-	7,298,587
Surplus/(Deficit) for the Year	**7,055,829**	**(4,580)**	**7,060,409**

Notes

1. Higher actuals to budget relate to funding associated with the building redevelopment consultant.
2. The variance is due to higher exhibition sponsorship than expected.
3. The higher interest income is a result of higher than budgeted deposits and interest rates.
4. Higher other revenue mainly relates to higher-than budgeted retail income
5. Variance to budget relates to unbudgeted gain on the sale of the Gallery's land $3.4m and grants received for the Gallery building redevelopment $1.7m.
6. Of the $2.0m net underspend variance, $2.2m pertains to lower actual asset write-offs than provided for in the previous financial year. $3.3m had been provided in the previous financial year however only $1.1m was actually written off in the current financial year. This is offset by $150k overspend, mainly around higher costs associated with moving back into the Gallery from temporary premises and other set-up costs not budgeted for and higher depreciation, $40k above budget.
7. Higher actuals to budget mainly due to higher exhibition costs where additional costs were paid in order to have the opening exhibition delivered on time, to the standard required and within extremely tight deadlines with a later-than-expected move back to the Gallery. Event costs exceeded budget due to the requirements of both reopening the Gallery and opening exhibition, all within months of each other.
8. Higher actuals to budget mainly due to higher costs and unbudgeted costs related to both the reopening of the Gallery and the opening exhibitions.

The Audit Office
Te Mana Arotake

Independent Auditor's Report

To the readers of the Tauranga Art Gallery Trust's financial statements and performance information for the year ended 30 June 2026

The Auditor-General is the auditor of Tauranga Art Gallery (the Trust). The Auditor-General has appointed me, Cameron Town, using the staff and resources of Silks Audit Chartered Accountants, to carry out the audit of the financial statements and the performance information of the Trust on his behalf.

We have audited:

- the financial statements of the Trust that comprise the statement of financial position as at 30 June 2026, the statement of financial performance, statement of changes in net assets/equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information on pages 24 to 38; and
- the performance information that consists of the statement of service performance for the year ended 30 June 2026 on pages 22 to 23.

In our opinion:

- the financial statements of the Trust present fairly, in all material respects its financial position as at 30 June 2026 and its financial performance and cash flows for the year then ended in accordance with Tier 3 (NFP) Standards; and
- the performance information accurately reports, in all material respects, the Trust's actual performance compared against the performance targets and other measures adopted for the year ended 30 June 2026, and has been prepared, in all material respects, in accordance with section 68 of the Local Government Act 2002 (the Act).

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the financial statements and the performance information

The Board of Trustees is responsible on behalf of the Trust for preparing financial statements that are fairly presented and comply with the Public Benefit Entity Standards Reduced Disclosure Regime. The Board of Trustees is also responsible for preparing the performance information contained in the statement of service performance of the Trust in accordance with the Act.

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

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

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

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and performance information.

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

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit.

Also:

- We identify and assess the risks of material misstatement of the financial statements and performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Trustees.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the information we audited or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- We evaluate the overall presentation, structure and content of the performance information, including the disclosures, and assess whether the performance information achieves its statutory purpose of enabling the Trust's readers to judge the actual performance of the Trust against its objectives in its statement of intent.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other Information

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

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

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard

Independence

We are independent of the Trust in accordance with the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

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



Cameron Town
Silks Audit Chartered Accountants Ltd
On behalf of the Auditor-General
Whanganui, New Zealand
30 September 2026



Courtesy of Extended Whānau.
Photography by Māngai Media.

Trustees and Staff

Tauranga Art Gallery Trust Board

Rosemary Protheroe
Chair

Alan Withrington
Trustee, Chair Finance Audit and Risk

Dave Guruge
Trustee

Allanah Winiata-Kelly
Trustee

Grace Hakaria
Observer

Rachel Scott
Deputy Chair, Chair Stakeholder Committee

Hanna Scott
Trustee, Chair Human Resources Committee

Wayne Werder
Trustee

Tania Berryman
Associate Trustee

Richard Cooper
Observer

Toi Tauranga Art Gallery Staff

Director	**Sonya Korohina**
Business Development and Operations Manager	**Iain Griffin**
Office and Accounts Manager	**Janeen Gleeson**
Exhibitions and Collections Manager	**Monique Barnett**
Curator	**Laree Payne**
Technician	**Elliot Mason**
Experience Manager	**Hannah Wynn**
Lead Educator	**Angie Ogilvy-Clark**
Educator	**Jo Gilpin**
Retail	**Karen Kearney**
Management Accountant	**Sophia Benbow**
Visitor Host Manager	**Kim Poole**
Visitor Hosts	**Abbey Goodwin** **Jessica King** **Shalom Rickard** **Brydie Thompson**

Our Partners

Major Partner

Tauranga City

Strategic Partners

TECT

Western Bay of Plenty District Council

Supported by Lotto New Zealand — Funded by NZ Lottery Grants Board

ACORN FOUNDATION WESTERN BAY OF PLENTY

Naming Partners

CRAIGS INVESTMENT PARTNERS

THE PITAU MOUNT MAUNGANUI

John & Debby Meldrum

Peter & Jennifer Glausiuss

Supplier Partners

CLARENCE

Blank Canvas

FEDERAL MERCHANTS & co.

Exhibition Sponsors

Cooney Lees Morgan

CREATIVEQ

Industry Partners

BAYCOURT

creative bay of plenty Te Moana a Toi

TOI-OHOMAI Institute of Technology

LITTLE BIG EVENTS

TAURANGA ARTS FESTIVAL

TE AO MĀRAMA TAURANGA CITY LIBRARIES

TAURANGA HERITAGE COLLECTION

Patrons

Gold

Lesley and Warwick Talbut
Our Place Magazine

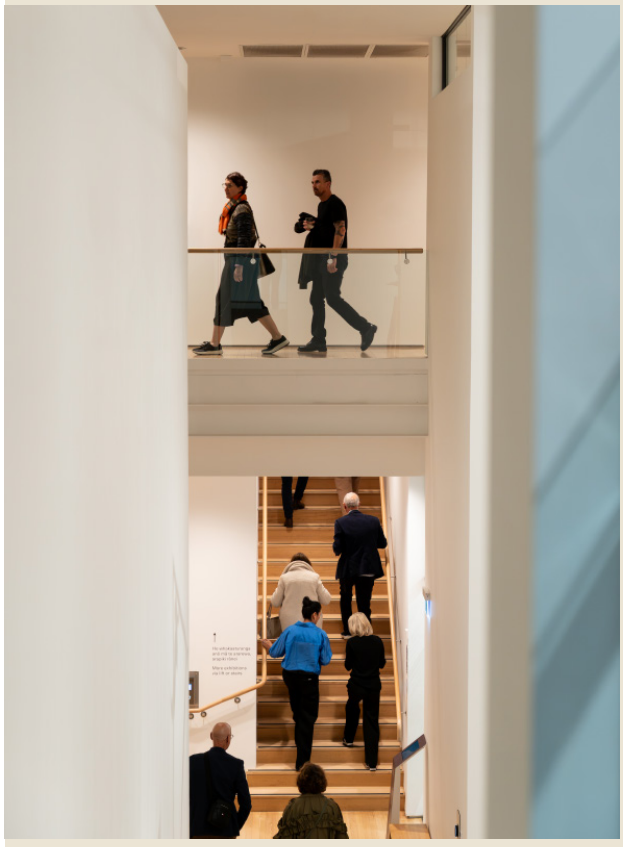
Silver

Alison Blain
Amy and Craig McCondach
Francis Young
Paul and Natalie Hickson
Sanders Family
Sharon Menzies and Ian Morton
Susan and Graeme Horsley

Bronze

Bridget Cummins
Ciska Vogelzang and Neil Tyson
Denise and Gerald Gibbard
Duane Moyle
Gabriele Mross
Hayley and Grant Nelson
Jo Bond and Graham Crow
Judy and Graeme Clarke
Julie Paama-Pengelly
Kim Fifield
Kimberley Cleland and Ryan Milligan
Nick Fletcher and Heather Shepherd
Nicol Sanders-O'Shea
Nigel and Marg McConnochie
Rebecca Graham and Stewart Montgomery
Terry and Dallas Collett
The Collection
Tim Melville
Veronica Seddon

Patrons Event, 2026.





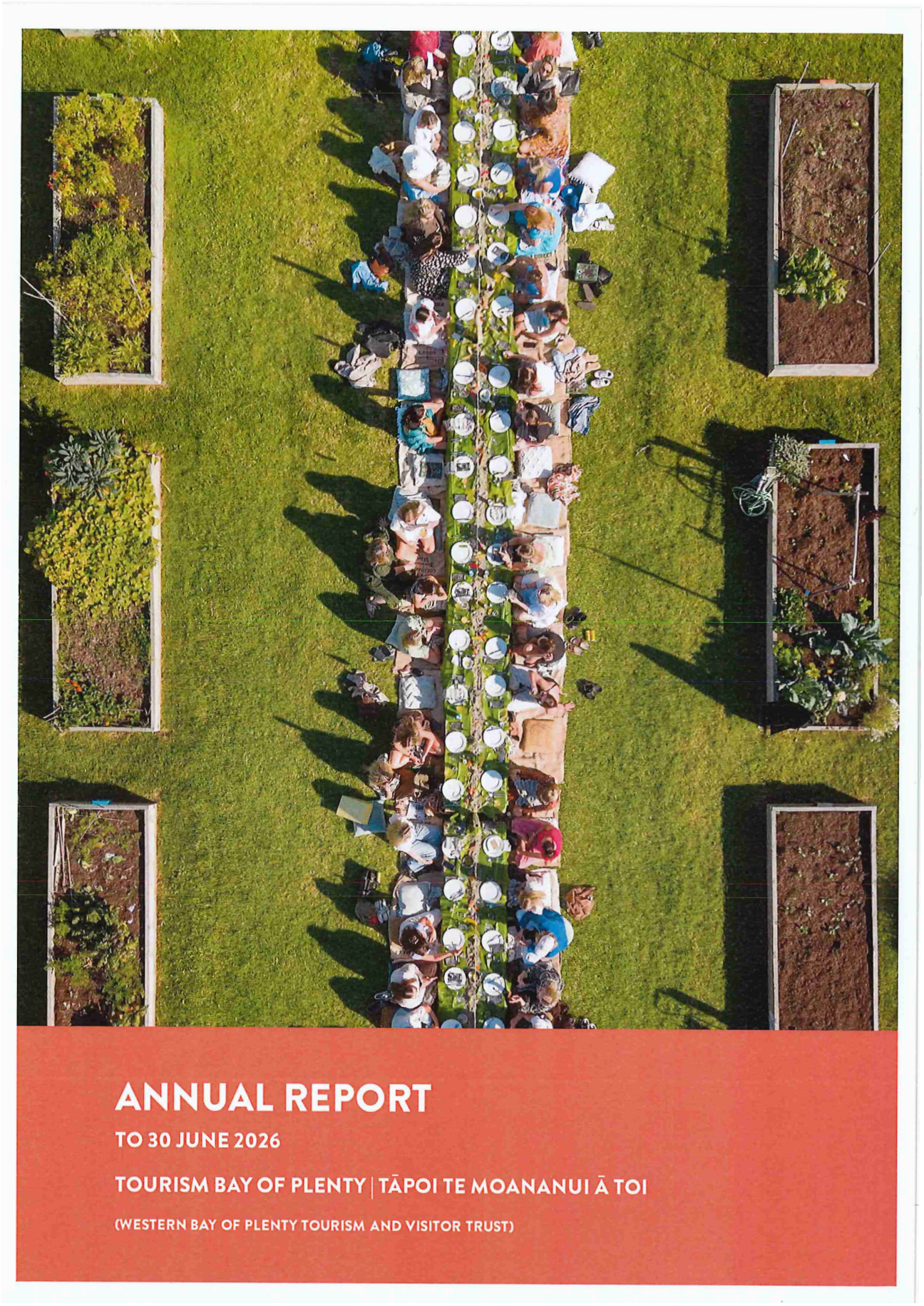
Art Party, 2025. Photography by Brydie Thompson.

"This place is so cool."

– High praise from two teen boys

Tauranga Art Gallery

Tauranga Art Gallery Trust
108 Willow St, Tauranga
artgallery.org.nz



ANNUAL REPORT

TO 30 JUNE 2026

TOURISM BAY OF PLENTY | TĀPOI TE MOANANUI Ā TOI

(WESTERN BAY OF PLENTY TOURISM AND VISITOR TRUST)



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YEAR IN REVIEW

Resilience and agility have defined Tourism Bay of Plenty's (TBOP) delivery across FY 2025-26. Through the tragic slip event in January, compounded by a complex economic and geo-political climate that drove up cost of living and reduced domestic spending; TBOP has managed to successfully adapt delivery to meet market shifts and challenges. By strengthening collaboration locally, deepening iwi partnerships, scaling up focus on high-value business events, and driving visitor reach and efficiencies via targeted social channels and sector campaigns - the organisation has managed to deliver on key performance goals whilst maintaining regional profile in challenging times.

CRUISE SECTOR VISITS: A REGIONAL ECONOMIC DRIVER

TBOP cruise operations continue to facilitate a significant economic output for the Bay of Plenty. TBOP has continued to successfully manage New Zealand's only dedicated on-port visitor operation, utilising a 20ft i-SITE container and dedicated operator desks to give local businesses direct access to cruise passengers. Through collaborative local support, the team successfully maintained high passenger arrival satisfaction ratings and confidence through critical periods, including the disruptive Mauao landslips. This coordinated response safely supported the arrival of 77 total ships, 69 ship days, 143,647 passengers, and 63,614 crew members to our shores.

FLAVOURS OF PLENTY: A PLATFORM GROWING FROM STRENGTH TO STRENGTH

The fifth annual Flavours of Plenty Festival matured into a premier culinary showcase under the theme "Pushing the Palate". Held from 16 April to 2 May 2026, the event achieved strong regional engagement, celebrating local growers, chefs, and hospitality pioneers. The festival drew 3,800 total attendees across 50+ events, fuelled by a record 150+ regional contributors. Total ticket sales reached an exceptional 89%, generating 963 additional bed nights and an impressive 89% visitor return intent. Marketing initiatives also delivered exceptional impact, securing $660k+ in estimated advertising value across 55+ national features and growing our digital network to over 45,000+ website users. Planning is now underway for the 2027 festival theme of "Kiwiana Reimagined".

REACHING OUR VISITORS: THROUGH EFFECTIVE CHANNELS

Targeted domestic and international channels, in online, social and direct to consumer campaign partnerships (through the likes MBIE's Regional Boost Funding) all assisted in leveraging destination storytelling. TBOP collateral included printed and distributed 30,000 copies of the refreshed regional visitor guide nationwide, alongside 6,500 copies of the updated cycle trails booklet featuring 16 off-road trails. Media coverage expanded exponentially; with proactive news responses and campaigns generating a massive $2.69 million in digital advertising value (EAV), reaching a potential audience of 291 million readers across 194 online articles. In addition, TBOP hosted 20 international and domestic travel journalists and content creators, resulting in seven detailed travel features, 11 destination videos, and an additional $210k in digital EAV.

DIGITAL INNOVATION: SHARING OUR STORY IN MORE WAYS WITH MORE PEOPLE

Smart-city design thinking continued to elevate the destination visitor experience. The growing network of digital wayfinding kiosks (4) across Tauranga captured approximately 1,300 monthly interactions for visitors and locals alike, providing deals, locations and place information on key sites, events and tourism and hospitality operators, as well as real-time Civil Defence and MetService alerts and updates. In addition, the destination app (launched July 2025) rapidly scaled to 5,637 active users, ranking highly by visitors according to the Forward Insights domestic visitor satisfaction report.



YEAR IN REVIEW

LEVERAGING EVENTS: DRIVING PROMOTION & PARTNERSHIPS

Events remained a key driver of vibrant regional dispersal throughout the year. TBOP easily supported over 100 events via social, digital, and print channels to varying degrees, coordinating closely with the Tauranga City Council on major initiatives like Blackclash, NZ Cricket matches, and the Zespri AIMS Games. Direct engagement in the Black Clash T20 fixture at Bay Oval helped secure the event's position as TVNZ's most-watched live sporting event on Free to Air TV in the past year. Digital ad campaigns in NZ and AUS successfully captured 2.2k landing page views and 2k new subscribers.

INTERNATIONAL TRADE: GROWING REGION & OPERATOR AWARENESS

International trade collaborations and trade training programmes were heavily reinforced. TBOP completed multiple targeted sales calls to primary overseas travel sellers and hosted a number of dedicated operator connection events to foster collaboration. In addition to TBOP attending, six local operators attended TRENZ, as well as seven at the Explore Show at Eden Park. A highly successful Roady campaign with 4 regional operators yielded 470k in reach and 680k video views. TBOP continued to champion local capability, supporting businesses to achieve Qualmark accreditations and gain direct integration into Tourism NZ's global international marketing channels.

BUSINESS EVENTS: CONFERENCING INTO THE BLUE

TBOP's "Conference and Business Events" sector achieved exceptional results by executing the newly launched *Out of the Boardroom, Into the Blue* strategy. TBOP has been clear in positioning to diversify the local economy, placing 40 professional conference bids against a baseline yearly target of 30. From these efforts, 8 high-value business events have already been confirmed with an additional 26 currently tracking as "To Be Confirmed (TBC)". Conversion of interest into confirmation has also been bolstered by a series of business event familiarisations (famils), hosting key planners from organisations like Plumbing World, Harcourts, AA, and Property Investors. We also secured key leads at major national trade expos, including the BE Expo, PA Expo, and Meetings Expo.

CULTURE LEADING COMMERCE: SHAPING MĀORI TOURISM ENGAGEMENT

Increased cultural integration is a key platform in TBOP's aim to grow Māori participation in tourism. Our founding involvement in the successful Native Nations program continues as new itineraries featuring operators' Muirs Tours and Mana Māori Experiences were developed. From a product development lens, TBOP worked alongside a Ngāti Pūkenga Pākihi Māori to create a cultural kiwifruit orchard experience for the 2026 Flavours of Plenty Festival. Engagement in this way will continue as more travel sellers seek to include cultural experiences with local iwi and their stories. Support also remained a focus during the period with other Māori operators, including the ongoing developments at Te Rere ō Ōmanawa - Ōmanawa Falls experience and their second successful cruise season.

YEAR IN REVIEW

SUSTAINABILITY: A CORNERSTONE THAT UNDERPINS OUR REGION'S DNA

Regenerative tourism and care for the environment remain the bedrock of TBOP's strategic framework. TBOP successfully completed its alignment with Tourism Industry Aotearoa's (TIA's) nationwide sustainability programme, Akiaki. This framework scales up the success of the foundational programme, The Green Room. TBOP successfully negotiated free, open access to Akiaki for all past and future participants looking to sustain and/or elevate their sustainability credentials.

FINANCIAL OVERVIEW & SPEND SUMMARY

For FYE 30 June 2026, Total Visitor Spend reached $612.2 million, down 3.1% YoY and therefore below our KPI of achieving year-on-year growth in visitor spend. While international spend rose strongly to $118.8 million (up 16.6%), this growth was outweighed by domestic card spend contracting to $493.3 million (down 6.9%). The domestic decline reflected a broader nationwide contraction amid challenging economic conditions, constrained discretionary spending and geopolitical uncertainty, compounded locally by the tragic Mauao landslide. A continued focus on highly targeted destination marketing, alongside delivery of the Tauranga Place Brand and greater emphasis on major and business events, will help grow destination awareness, stimulate visitation and strengthen the region's visitor economy going forward.

TBOP closely monitored its financial commitments, managing Total Revenue of $3,325,121 against Total Expenditure of $3,505,958. This resulted in a net deficit of $180,837 for the year, a substantial improvement against our budgeted deficit of $268,834. Total equity at year-end stands at $394,960.

FY 2026 - 2027 TOP-LINE PRIORITIES

Looking forward, the strategic priorities in FY 2026-27 for TBOP will be focussed on:

1. **Major & Business Events:** Driving partnership models with TCC, Bay Venues and other key venue and accommodation partners to position the region as a premier events hub.
2. **Tauranga Place Brand:** Following approval and funding by TCC & WBOPDC's, TBOP will now lead the delivery of this programme across community, councils, corporates and local Iwi.
3. **Cruise Sector Advocacy:** Continue to responsibly advocate for and manage cruise visitation growth while balancing local operators, social license and community expectations.
4. **Funding Resilience:** Work with central and local government to explore new funding models, sector contributions, and potential visitor-pay funding levies.
5. **Low-Season Marketing:** Deliver highly targeted campaigns to shift visitor demand into shoulder periods and generate year-round regional spend.
6. **New Te Manawa o Te Papa iSITE:** Manage the fit-out, design, new booking and POS system integration, and staff training for successful operation (due to open in mid-October, 2026).

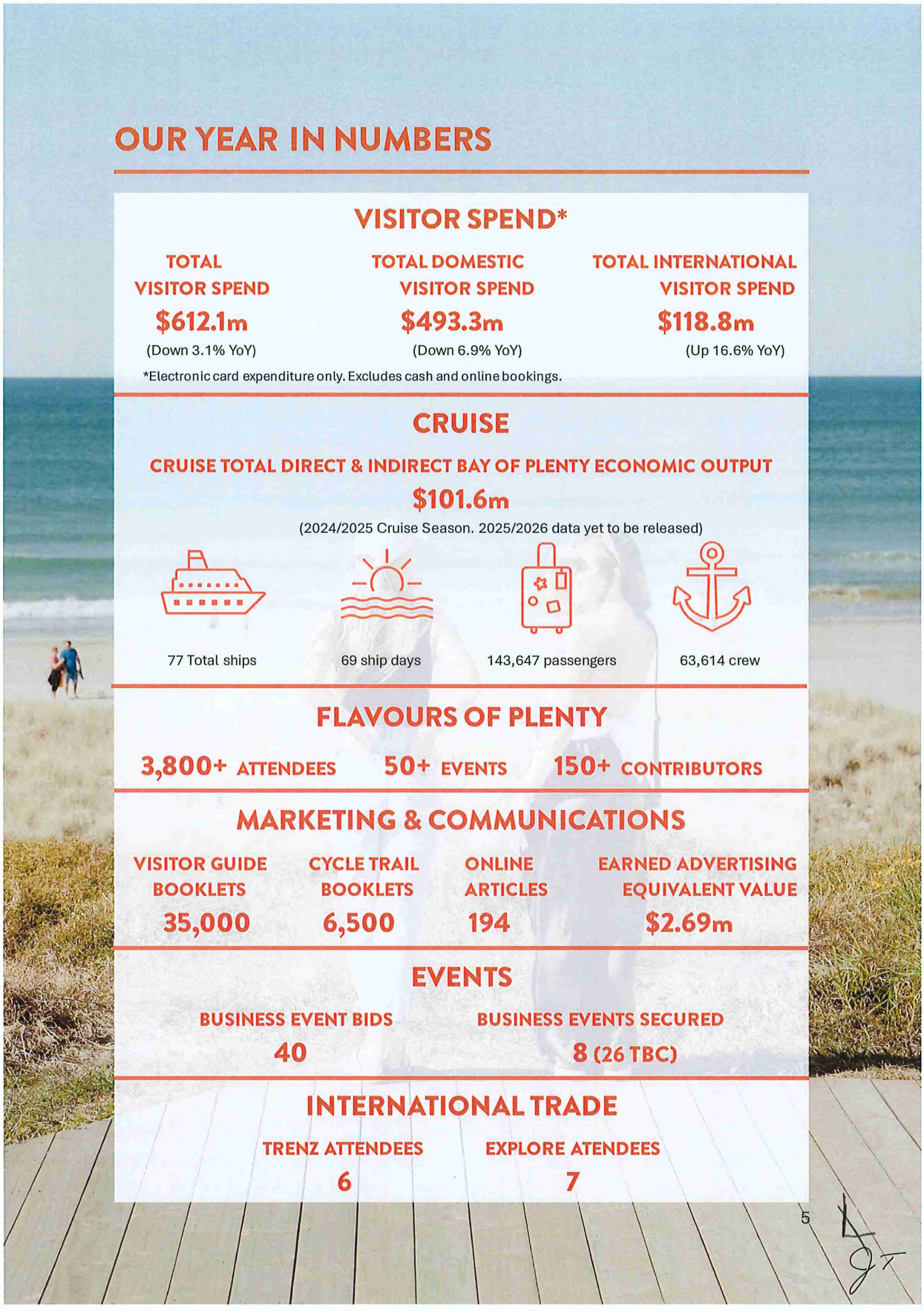
Ngā mihi nui ki a koutou *to the entities and individuals we have the privilege to support, work alongside and represent in our mahi - to lead the prosperity of our people and place through tourism.*

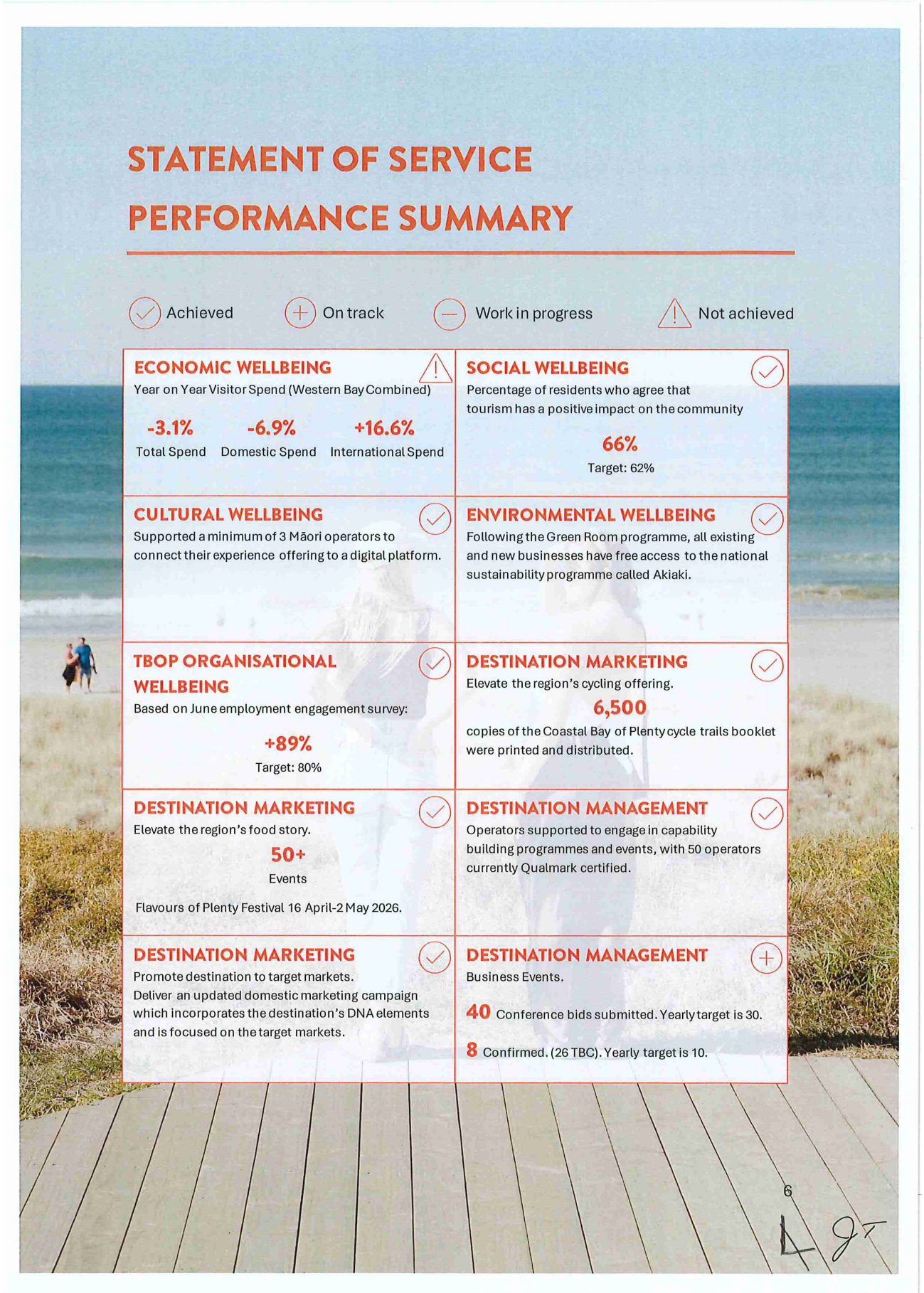


Oscar Nathan
GM | Manahautū



Russ Browne
Chair | Tiamana
(Board of Trustees)


OUR YEAR IN NUMBERS
VISITOR SPEND*
TOTAL VISITOR SPEND
$612.1m
(Down 3.1% YoY)
TOTAL DOMESTIC VISITOR SPEND
$493.3m
(Down 6.9% YoY)
TOTAL INTERNATIONAL VISITOR SPEND
$118.8m
(Up 16.6% YoY)
*Electronic card expenditure only. Excludes cash and online bookings.
CRUISE
CRUISE TOTAL DIRECT & INDIRECT BAY OF PLENTY ECONOMIC OUTPUT
$101.6m
(2024/2025 Cruise Season. 2025/2026 data yet to be released)
77 Total ships
69 ship days
143,647 passengers
63,614 crew
FLAVOURS OF PLENTY
3,800+ ATTENDEES
50+ EVENTS
150+ CONTRIBUTORS
MARKETING & COMMUNICATIONS
VISITOR GUIDE BOOKLETS
35,000
CYCLE TRAIL BOOKLETS
6,500
ONLINE ARTICLES
194
EARNED ADVERTISING EQUIVALENT VALUE
$2.69m
EVENTS
BUSINESS EVENT BIDS
40
BUSINESS EVENTS SECURED
8 (26 TBC)
INTERNATIONAL TRADE
TRENZ ATTENDEES
6
EXPLORE ATENDEES
7



STATEMENT OF SERVICE PERFORMANCE SUMMARY

Achieved | On track | Work in progress | Not achieved

ECONOMIC WELLBEING

Year on Year Visitor Spend (Western Bay Combined)

-3.1% Total Spend

-6.9% Domestic Spend

+16.6% International Spend

SOCIAL WELLBEING

Percentage of residents who agree that tourism has a positive impact on the community

66%

Target: 62%

CULTURAL WELLBEING

Supported a minimum of 3 Māori operators to connect their experience offering to a digital platform.

ENVIRONMENTAL WELLBEING

Following the Green Room programme, all existing and new businesses have free access to the national sustainability programme called Akiaki.

TBOP ORGANISATIONAL WELLBEING

Based on June employment engagement survey:

+89%

Target: 80%

DESTINATION MARKETING

Elevate the region's cycling offering.

6,500

copies of the Coastal Bay of Plenty cycle trails booklet were printed and distributed.

DESTINATION MARKETING

Elevate the region's food story.

50+

Events

Flavours of Plenty Festival 16 April-2 May 2026.

DESTINATION MANAGEMENT

Operators supported to engage in capability building programmes and events, with 50 operators currently Qualmark certified.

DESTINATION MARKETING

Promote destination to target markets.
Deliver an updated domestic marketing campaign which incorporates the destination's DNA elements and is focused on the target markets.

DESTINATION MANAGEMENT

Business Events.

40 Conference bids submitted. Yearly target is 30.

8 Confirmed. (26 TBC). Yearly target is 10.

6

CRUISE SECTOR FACILITATION

I-PORT OPERATIONS

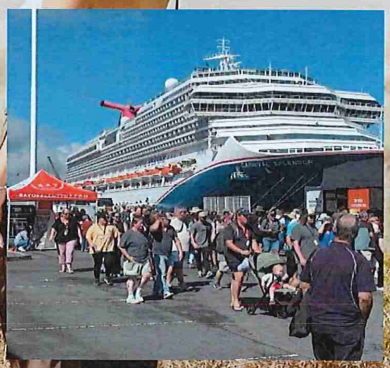
- TBOP continues to manage the only operation in New Zealand with a dedicated presence inside the port gates, including a 20ft i-SITE container and five operator desks. This provides 13 local operators with a direct opportunity to promote and sell their tours to cruise passengers.
- TBOP continues to work closely with Port of Tauranga, Tauranga City Council, Fulton Hogan and NZTA to support the delivery of a safe, seamless and successful visitor experience.





CRUISE SUPPORT

- TBOP continues to coordinate and manage cruise day operations, supporting a seamless visitor experience and local operator sales.
- TBOP provided additional support to the operators, community, local businesses and passengers during the Mauao landslips, including updated visitor information and communications to help manage the flow of passengers and maintain confidence in the destination.
- TBOP supports Mount Mainstreet and Downtown Tauranga businesses through visitor maps, marketing and promotional activity inside the port gates, encouraging cruise passengers to explore local and support local businesses in Tauranga and Mount Maunganui.
- TBOP supports new and existing operators outside port gates with the opportunity to promote their businesses in the iport.





77 Total ships	69 ship days	143,647 passengers	63,614 crew

FLAVOURS OF PLENTY

FLAVOURS OF PLENTY PLATFORM

Flavours of Plenty continues to grow as a year-round platform connecting and championing the Coastal Bay of Plenty's food and hospitality sector. Through industry engagement, storytelling, media activity and the annual festival, the platform brings together chefs, growers, producers and hospitality businesses to strengthen the region's food identity and showcase the people and provenance behind it. During 2025/26, the platform continued to build industry connections and raise the profile of the region's food story, including through collaboration with Tourism New Zealand and visiting media and content creators.

FLAVOURS OF PLENTY FESTIVAL

The fifth annual Flavours of Plenty Festival (16 April–3 May 2026) brought the theme *Pushing the Palate* to life, celebrating culinary creativity, collaboration and innovation across the Coastal Bay of Plenty.

Results included:

- 89% of tickets sold
- 3800 total event attendees
- 963 additional bed nights
- 89% of festival attendees likely to return
- Significant media and marketing impact, with $660k+ in estimated advertising value and 55+ articles or features in national media
- Strong digital engagement included 4,000+ new social followers and 45k+ website users.

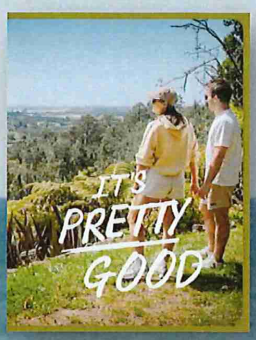
Planning is now underway for the 2027 festival (11-21 March 2027) with the theme - *Kiwiana Reimagined* - building on Tourism New Zealand's new global food and beverage strategy and helping position the Coastal Bay of Plenty within our growing international food story.



MARKETING & COMMUNICATIONS

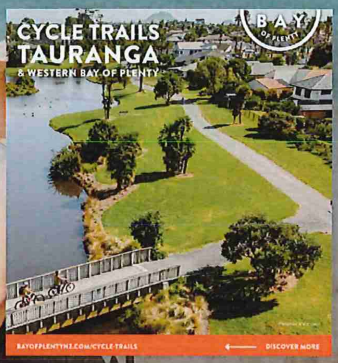
DOMESTIC CAMPAIGNS

- Delivered one major campaign alongside nine smaller tactical activations.
- The off-peak *It's Pretty Good* campaign performed strongly, achieving 51% awareness, with 80% of those aware reporting increased intention to visit.
- Across all campaign activity, including autumn school holidays, Matariki and cycle trail promotion, results included over 2.8m+ impressions, 703k video views, 42k website visits and 3,400 new e-newsletter subscribers.



COLLATERAL

- 30,000 copies of the refreshed regional visitor guide were printed and distributed nationwide across accommodation providers, airports, and ferries. A further 5,000 copies were reprinted following the closure of Mauao, with related content removed to ensure visitor information remained current and accurate.
- 6,500 copies of the latest cycle trails booklets were printed in November. The 2025 version features 16 off-road trails across the Coastal BOP, and these booklets were distributed via information centres, airports, accommodation providers, bike shops, cycle groups,



NEWS & MEDIA COVERAGE

- TBOP news media responses, media releases, and media mentions generated a digital advertising value (EAV) of $2.69 million and reached a potential audience of 291 million readers. (This data excludes print and broadcast coverage.)
- Of the 194 online articles, the most far-reaching were about our GM's appointment as interim deputy chair of the NZ Cruise Association, attendee photos from the launch of our Out of the Boardroom and Into the Blue business events strategy, the start of the 2025/2026 cruise season, how the Mauao closure has negatively impacted nearby businesses, and a Flavours of Plenty Festival article highlighting our longstanding partnership with Toi Ohomai Institute of Technology.
- Hosted 20 travel journalists and content creators (nine international, eleven domestic) to experience the region, resulting in seven in-depth print digital travel stories, over 11 videos promoting the Bay of Plenty and $210K in digital EAV for destination travel stories.

DIGITAL & EVENTS MARKETING

DIGITAL KIOSK NETWORK & DESTINATION APP

TBOP's network of four digital kiosks is now well established across Tauranga, attracting around 1,300 interactions each month and providing convenient access to destination information outside traditional visitor centre hours. Through integration with Emergency Management Bay of Plenty, the kiosks also display real-time Civil Defence and MetService alerts and warnings. Three of the four kiosks remain operational, with the Mount Hot Pools kiosk offline since the January Mauao landslide. Work is underway to expand the network through management of content on the Wharf Street kiosk.

TBOP launched its new destination app in July 2025, providing visitors with an easy way to discover local experiences, events, deals and visitor information on the go. The app has since grown to 5,637 users and now ranks among the top three sources* visitors use to find useful destination information.

**Source: Forward Insights 2025/2026 domestic visitor satisfaction report.*

EVENT PROMOTION

- Supported approximately 100 events via social, digital, and print promotions, including *Kia Ora* magazine submissions and seasonal event guides.
- Worked with Tauranga City Council on key major events including Blackclash, NZ Cricket matches, Zespri AIMS Games and FISHER along with preparation for the upcoming World Triathlon Cup and 2026 T20i Cricket World Championship bid.
- Supported TVNZ, Duco Events & TCC with destination footage, content, key messaging and access for the Black Clash T20 event at Bay Oval which was TVNZ's most watched live sporting event on Free to Air TV in the past year.
- Ran digital ads in New Zealand and Australia to promote the T20I cricket. The campaign generated over 2.2k landing page views and over 2k new subscribers.

DOMESTIC ELECTRONIC CARD VISITOR SPEND

TAURANGA DOMESTIC VISITOR SPEND

Down 7.8% compared to July-June 2025



WESTERN BOP DOMESTIC VISITOR SPEND

Down 1.0% compared to July-June 2025



*Electronic card transactions only. Excludes cash, online & pre-bookings. Source: Marketview

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INTERNATIONAL TRADE & MARKETING

SALES ACTIVITY AND OPERATOR SUPPORT

- TBOP completed sales calls to travel sellers that support international sales in our key markets.
- TBOP hosted one operator connect events to connect our industry and encourage collaboration in our region.
- Supported Kiwi North activity as part of an international campaign, including events and marketing targeting Australia and NAM.
- Attended TRENZ with six operators and Explore with seven operators. Including two operators attending for the first time.
- TBOP Facilitated a Roady campaign with 4 operators that reached 470k people, content has 680k views, 1536 shares and 1473 saves.
- TBOP facilitate regular check-ins with trade to ensure we are identifying needs, leads and key opportunities.
- TBOP continues to support operators to become Qualmark accredited, which in turn also enables them to be included within Tourism New Zealand international marketing and familiarisations.

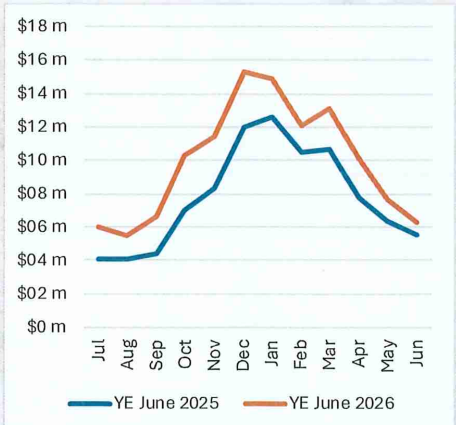




INTERNATIONAL ELECTRONIC CARD VISITOR SPEND

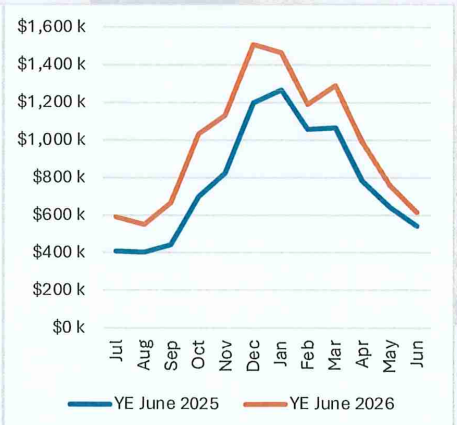
TAURANGA INTERNATIONAL VISITOR SPEND

Up 15.5% compared to July-June 2025



WESTERN BOP INTERNATIONAL VISITOR SPEND

Up 27.7% compared to July-June 2025



*Electronic card transactions only. Excludes cash, online & pre-bookings. Source: Marketview

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BUSINESS EVENTS

BUSINESS EVENTS FAMILIARISATIONS

- TBOP hosted a variety of Professional Conference Organisers and Event Planners from around NZ Including: Plumbing World, Acoustics NZ, Property Investors, Harcourts, Orbit, BCD Travel, Event Revolution, Motive Events, Turners Auto, Duck Horse Events, Automobile Association.
- We hosted a two-day Destination Famil and a target Flavours of Plenty PCO Famil to showcase the region.



OPERATOR SUPPORT

- TBOP hosted BEIA and TNZ in the region to launch our new Out of the Boardroom, Into the Blue strategy.
- Updated BE marketing collateral to showcase 70+ key regional partners, including BID documents highlighting our region's key strengths and sales presentations connecting buyers with local suppliers.
- TBOP, alongside BEIA, presented to 30+ local businesses, sharing upcoming activity, sector trends and opportunities.



SALES ACTIVITY

- TBOP exhibited at BE Expo alongside Mercury Baypark, TCC Venues, University of Waikato, Art Gallery and Trinity Wharf.
- TBOP alongside Mercury Baypark exhibited at the PA Expo.
- TBOP is working closely with Tourism Marketing Solutions to generate new leads for the region.
- TBOP ran a BE Campaign to generate interest, activate leads and build awareness.
- TBOP worked with Meetings News to generate two new regional advertisements.
- TBOP alongside Mercury Baypark showcased at Meetings Expo generating 20 new leads and over 40 new connections.



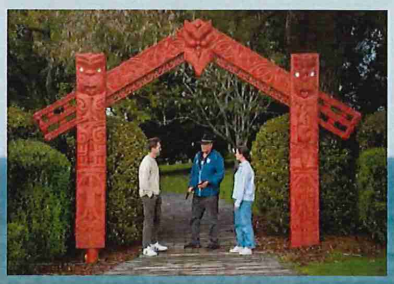


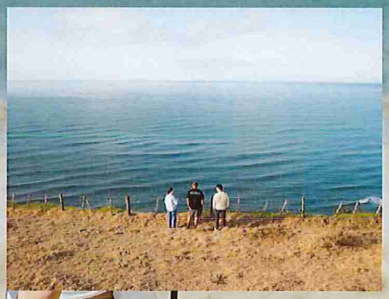
12

ELEVATION OF CULTURAL TOURISM

OPERATOR SUPPORT

- Native Nations itinerary includes both Muirs Tours and Mana Māori Experiences and continues to gain traction across NZ and international trade and media.
- Product development: TBOP worked with operators on new product opportunities, including supporting Ngāti Pukenga to develop a kiwifruit orchard experience for Flavours of Plenty, with opportunities to connect this to cruise and international trade markets.
- Marketing campaigns: Roady and Star RV campaigns featured Muirs Tours, Mauao Adventures and Mana Māori Experiences, generating strong reach and valuable marketing assets for operators to continue using.
- Cultural integration: All TBOP-facilitated famils include cultural product, ensuring visitor experiences connect to our people, stories and place.
- Omanawa Falls: TBOP continues to support the experience through marketing and inclusion in famil programmes.
- Cruise: Cruise operations continues to support cultural product and operators through sales support and timely arrival information.
- Business Events: Cultural experiences are increasingly integrated into TBOP's Business Events programmes, including partner activities, team building, workshops, food and beverage, event supplies and support.





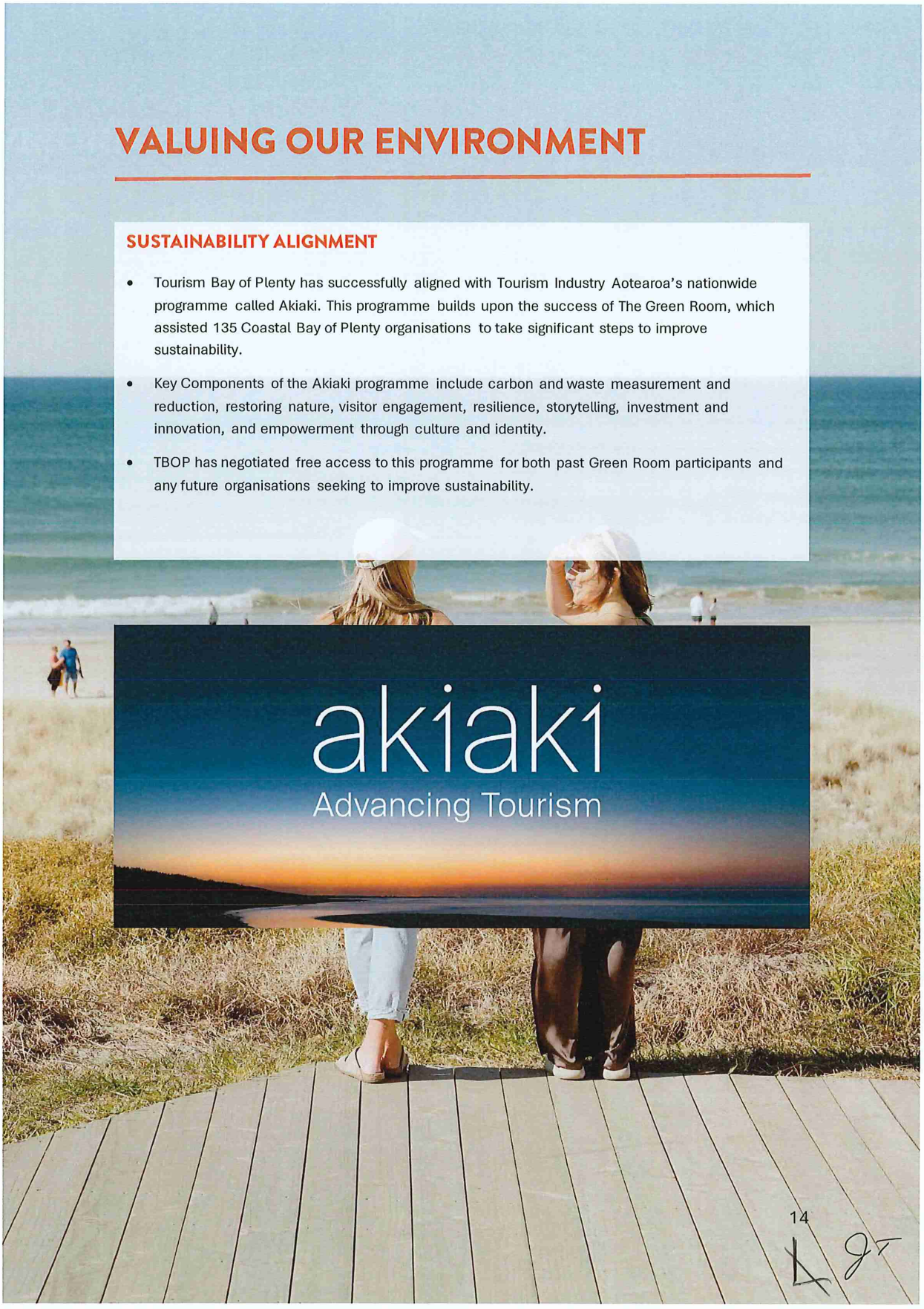


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VALUING OUR ENVIRONMENT

SUSTAINABILITY ALIGNMENT

- Tourism Bay of Plenty has successfully aligned with Tourism Industry Aotearoa's nationwide programme called Akiaki. This programme builds upon the success of The Green Room, which assisted 135 Coastal Bay of Plenty organisations to take significant steps to improve sustainability.
- Key Components of the Akiaki programme include carbon and waste measurement and reduction, restoring nature, visitor engagement, resilience, storytelling, investment and innovation, and empowerment through culture and identity.
- TBOP has negotiated free access to this programme for both past Green Room participants and any future organisations seeking to improve sustainability.



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FINANCIAL STATEMENTS

WESTERN BAY OF PLENTY TOURISM AND VISITORS TRUST

TRUST DIRECTORY AS AT 30 JUNE 2026

LEGAL BASIS
Charitable Trust

STRUCTURE
The Trust comprises a Board of seven Trustees who oversee the governance of the Trust, a General Manager who is responsible for the day-to-day operations of the Trust and reporting to the Trustees, and 19 staff who support the General Manager in delivering the Trust's objectives. The Trustees are appointed by the Tauranga City Council and the Western Bay of Plenty District Council.

MAIN SOURCES OF CASH AND RESOURCES
Operating grants received from the Tauranga City Council and Western Bay of Plenty District Council are the primary sources of funding to the Trust. The Trust also earns revenue from sales of local and domestic products.

TRUSTEES
R. Browne – Chair
J. Tulloch – Deputy Chair
A. Webster
B. Staunton
M. Fleming
M. Redward (Board Intern)
P. Blakeway (Retired 15th April 2026)

SOLICITORS
Holland Beckett
Tauranga

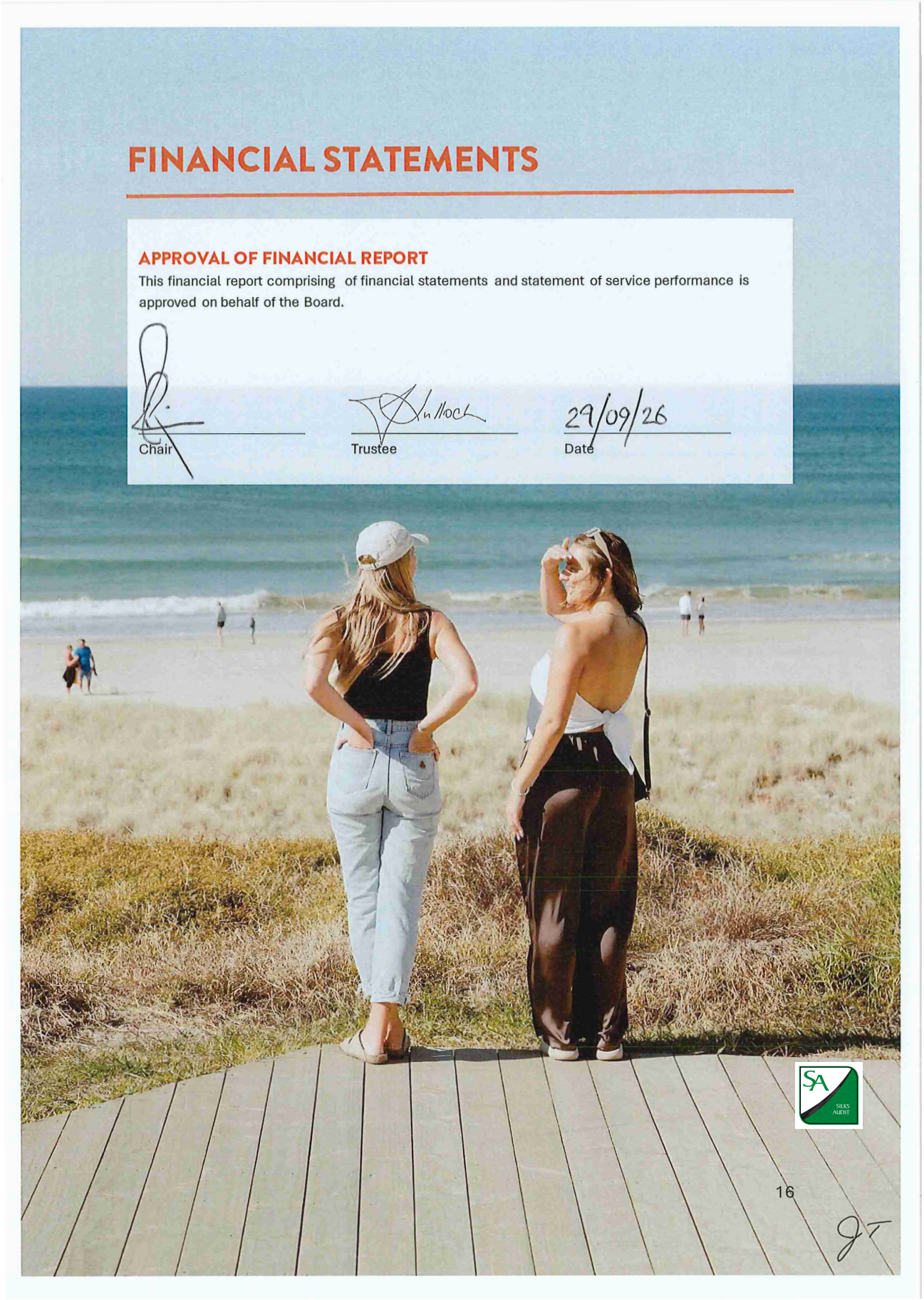
BANKERS
ASB
Tauranga

REGISTERED OFFICE
8 Wharf Street, Tauranga

AUDITORS
Silks Audit Chartered Accountants



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FINANCIAL STATEMENTS
APPROVAL OF FINANCIAL REPORT
This financial report comprising of financial statements and statement of service performance is approved on behalf of the Board.
Chair
Trustee
29/09/26
Date
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FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE REVENUE & EXPENSE FOR THE YEAR ENDED 30 JUNE 2026

	Notes	2026 Actual	2026 Unaudited Budget	2025 Actual
REVENUE				
Funding - Tauranga City Council		1,983,977	1,983,977	2,056,523
Funding - Western Bay of Plenty District Council		350,000	350,000	268,000
Funding - Whakatāne District Council		0	0	86,520
Retail sales		16,561	17,250	16,360
Finance revenue		15,227	16,750	32,890
Other revenue	1	959,356	779,290	1,276,857
Total revenue		3,325,121	3,147,267	3,737,150
EXPENDITURE				
Cost of sales	2	12,649	12,000	12,593
Operating & Marketing	3	1,348,061	1,146,485	1,762,987
Administration & overhead	4	422,875	423,103	427,749
Employee benefit expenses	5	1,587,902	1,684,954	1,658,810
Trustee fees		95,625	97,875	95,625
Depreciation and loss on sale of assets		38,846	51,684	61,072
Total expenditure		3,505,958	3,416,101	4,018,836
SURPLUS/(DEFICIT) before Tax	6	(180,837)	(268,834)	(281,686)
Taxation	7	0	0	0
SURPLUS/(DEFICIT) after tax		(180,837)	(268,834)	(281,686)
Other comprehensive revenue		0	0	0
Total Comprehensive Revenue & Expense		(180,837)	(268,834)	(281,686)

STATEMENT OF CHANGES IN NET ASSETS/EQUITY FOR THE YEAR ENDED 30 JUNE 2026

	2026 Actual	2025 Actual
Net Assets/Equity at start of the year	575,797	857,483
Total comprehensive revenue and expense	(180,837)	(281,686)
BALANCE AT 30 JUNE	394,960	575,797

The accompanying notes form part of these financial statements

FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2026

	Notes	2026	2025
ASSETS			
Current assets			
Cash and cash equivalents	8	964,566	747,031
Investments	9	0	300,000
Debtors & prepayments from exchange transactions	10	64,316	38,279
Debtors & prepayments from non-exchange transactions	10	44,712	22,392
Accrued Income		262	1,436
Inventories		5,415	7,183
Total current assets		1,079,271	1,116,321
Non-current assets			
Other non-current asset - WIP		40,900	15,450
Property, plant and equipment	11	100,363	132,521
Intangible assets	12	27,097	2,862
Total non-current assets		168,360	150,833
TOTAL ASSETS		1,247,631	1,267,154
LIABILITIES			
Current liabilities			
Creditors and accrued expenses	13	511,397	231,818
Revenue received in advance	14	124,962	238,362
Employee benefit liabilities	15	216,312	221,177
Total current liabilities		852,671	691,357
TOTAL LIABILITIES		852,671	691,357
TOTAL ASSETS LESS TOTAL LIABILITIES		394,960	575,797
EQUITY			
Accumulated Surplus		394,960	575,797
TOTAL EQUITY		394,960	575,797

The accompanying notes form part of these financial statements

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FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2026

	2026 Actual	2025 Actual
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Flow from Exchange Transactions:		
Receipts from retail sales	16,561	16,360
Receipts from other revenue	844,818	1,273,762
Interest receipts	15,605	35,475
Dividend receipts	750	500
Payments to suppliers and employees	(3,529,847)	(4,001,159)
Total Cash Flows from Exchange Transactions	(2,652,113)	(2,675,062)
Net cash flow from non-exchange transactions:		
Receipt of funding - Tauranga City Council	1,983,977	2,056,523
Receipt of funding - Western Bay of Plenty District Council	350,000	268,000
Receipt of funding - Whakatane District Council	0	86,520
GST (Net)	22,320	(23,359)
Total cash flows from non-exchange transactions	2,356,297	2,387,684
Net Cash Flow from operating activities	(295,816)	(287,378)
CASH FLOWS FROM INVESTING AND FINANCING ACTIVITIES		
Sale of investments	300,000	400,000
Funds held on behalf of third parties	257,795	0
Receipts from sale of fixed assets	0	0
Payments to acquire fixed assets	(44,444)	(13,610)
Net cash flow from investing and financing activities	513,351	386,390
Net increase / (Decrease) in cash	217,535	99,012
Opening cash and cash equivalents	747,031	648,019
CLOSING BANK ACCOUNTS AND CASH	964,566	747,031

The accompanying notes form part of these financial statements

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FINANCIAL STATEMENTS

STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2026

ENTITY STATEMENT

Western Bay of Plenty Tourism and Visitors Trust is a Council Controlled Organisation (CCO), by virtue of the Council's right to appoint the Board of Trustees. Governance is provided by the Trust Board as per the Trust Deed. The relevant legislation governing the Trust's operations includes the Local Government Act 2002. The financial statements of the Trust have been prepared in accordance with the provisions of section 68 and 69 of the Local Government Act 2002. The Trust is a public benefit entity for financial reporting purposes.

The principle objective of the Trust is to promote the economic welfare and development of the region and its community through marketing and management that impacts on the region as a visitor and tourist destination.

The financial statements and statement of service performance of the Trust are for the year ended 30 June 2026.

BASIS OF PREPARATION

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

The financial statements of the Trust have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZGAAP).

These financial statements have been prepared in accordance with Tier 2 PBE accounting standards on the basis that the Trust is not publicly accountable and expenses are under $33 million. These financial statements comply with Public Benefit Entity Standards Reduced Disclosure Regime.

MEASUREMENT BASE

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

CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies.

FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are presented in New Zealand dollars, and all values are rounded to the nearest dollar. The functional currency of the Trust is New Zealand dollars.

GOODS & SERVICES TAX

The Trust is registered for GST. All amounts in the financial statements are recorded exclusive of GST, except for debtors and creditors, which are stated inclusive of GST. GST is shown as a net amount in the cashflow.



FINANCIAL STATEMENTS

SIGNIFICANT ACCOUNTING POLICIES

REVENUE

GRANTS

Council, government, and non-government grants are recognised as revenue when the funding is received unless there is an obligation to return the funds if conditions of the grant are not met ('use or return condition'). If there is such an obligation, the grant is initially recorded as a liability and recognised as revenue as associated costs are expensed.

SALE OF GOODS

Revenue from the sale of goods is recognised when the goods are sold to the customer.

SALE OF SERVICES

Revenue from the sale of services is recognised when the service is provided.

INTEREST AND DIVIDEND REVENUE

Interest revenue is recorded as it is earned during the year. Dividend revenue is recognised when the dividend is declared.

EMPLOYEE RELATED COSTS

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

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

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

ADVERTISING, MARKETING, ADMINISTRATION, AND OVERHEAD COSTS

These are expensed when the related service has been received.

OPERATING LEASES

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

FINANCE LEASES

At the commencement of the lease term, finance leases are recognised as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum payments. The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability. The amount recognised as an asset is depreciated over its useful life. The lease is fully depreciated over the lease term.

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FINANCIAL STATEMENTS

SIGNIFICANT ACCOUNTING POLICIES

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand, cheque or savings accounts, and deposits held at call with banks, or with original maturity dates of less than three months.

INVESTMENTS

Investments are shares, term deposits, bonds, units in unit trusts, or similar instruments held by the entity.

DEBTORS

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

INVENTORY

Inventory held for sale on a commercial basis is valued at the lower of cost or net realisable value. The cost of the inventory is determined using the weighted average method.

PROPERTY, PLANT, EQUIPMENT

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

For an asset to be sold, the asset is impaired if the market price for an equivalent asset falls below its carrying amount.

For an asset to be used by the Trust, the asset is impaired if the value to the Trust in using the asset falls below the carrying amount of the asset.

Depreciation is provided on a diminishing value or straight line basis on all property, plant and equipment, at rates that will write-off the cost of the assets to their estimated residual values over their estimated useful lives.

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

Furniture and fittings (8.5% - 40%)
Computers and software (40% - 67%)
Buildings and leasehold improvements (10% - 25%)
Office equipment (7% - 67%)

INTANGIBLE ASSETS

Website development costs are capitalised when it is probable that the expected economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. Furthermore, the website must be shown to be capable of generating revenues, including direct revenues from enabling orders to be placed.

FINANCIAL STATEMENTS

SIGNIFICANT ACCOUNTING POLICIES

Website costs are amortised on a diminishing value basis over the asset's useful life. Amortisation begins when the asset is available for use and ceases at the date when the asset is disposed of. The amortisation charge for each year is included with depreciation and recognised in the Statement of Comprehensive Revenue and Expense.

The useful life and associated amortisation rate have been estimated as follows:

Website (50%)

CREDITORS AND ACCRUED EXPENSES

Creditors and accrued expenses are recorded at their face value.

EMPLOYEE ENTITLEMENTS

A liability for employee costs payable is recognised when an employee has earned the entitlement. These include salaries and wages accrued up to balance date and annual leave earned but not yet taken at balance date, using current rates of pay.

LOANS

Loans are recognised at the amount borrowed from the lender. Loan balances include any interest accrued at year end that has not yet been paid.

INCOME TAXATION

The Trust holds a tax exemption from the Inland Revenue Department in terms of section CW40 of the Income Tax Act 2007, as a local or regional promotional body.

BUDGET FIGURES

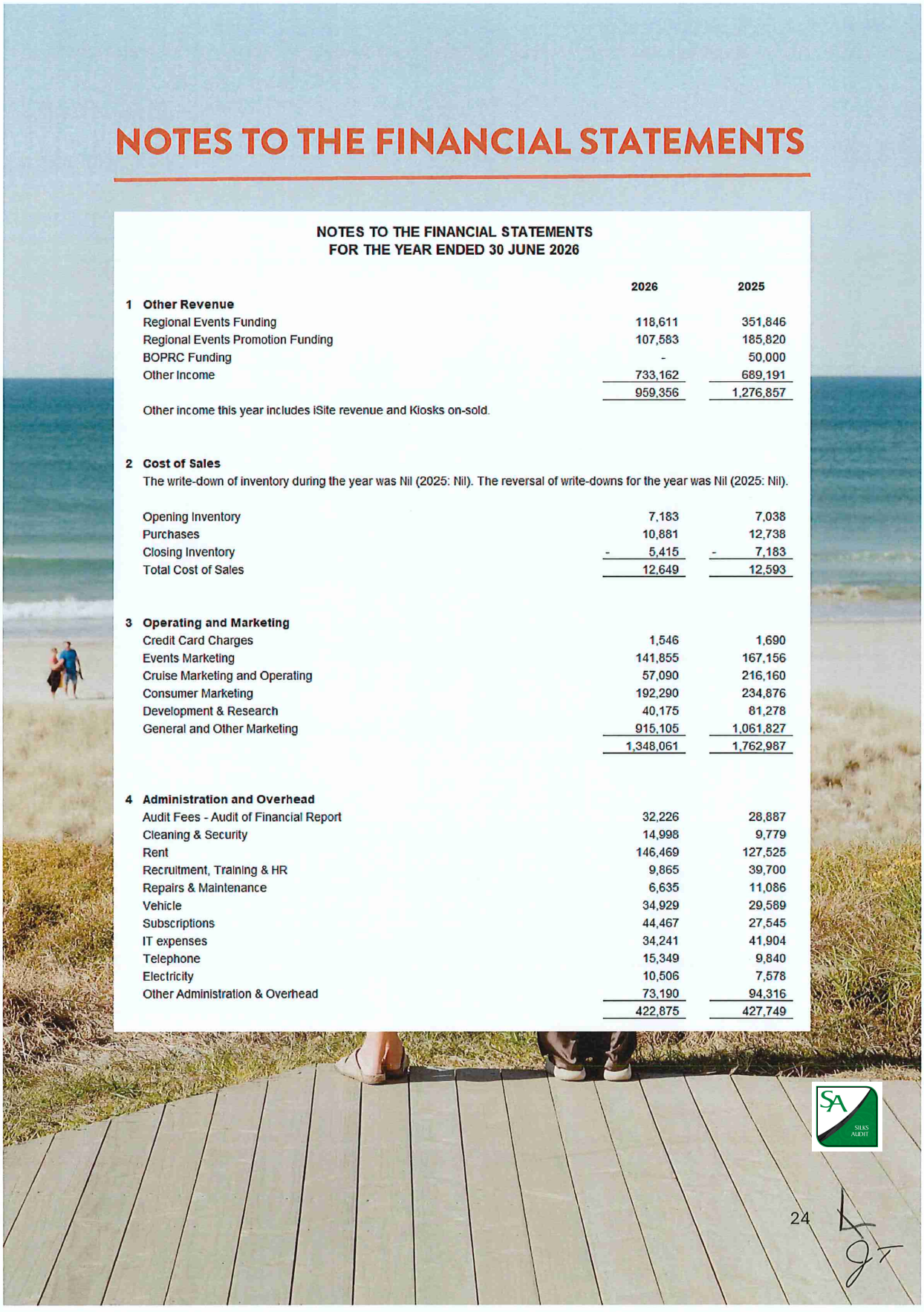
The budget figures are derived from the Statement of Intent as approved by the Board at the beginning of the financial year. The budget figures have been prepared in accordance with Tier 2 standards, using accounting policies that are consistent with those adopted by the Board in preparing these financial statements. Note that the classification of the expenses is different from the Statement of Intent as the employee costs are shown separately in the financial statements.

CASHFLOW

Operating activities have been presented in accordance with the direct method.

EQUITY

Equity is the council's interest in the Trust and is measured as the difference between total assets and total liabilities.



NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2026

		2026	2025
1	**Other Revenue**		
	Regional Events Funding	118,611	351,846
	Regional Events Promotion Funding	107,583	185,820
	BOPRC Funding	-	50,000
	Other Income	733,162	689,191
		959,356	1,276,857
	Other income this year includes iSite revenue and Kiosks on-sold.		
2	**Cost of Sales**		
	The write-down of inventory during the year was Nil (2025: Nil). The reversal of write-downs for the year was Nil (2025: Nil).		
	Opening Inventory	7,183	7,038
	Purchases	10,881	12,738
	Closing Inventory	- 5,415	- 7,183
	Total Cost of Sales	12,649	12,593
3	**Operating and Marketing**		
	Credit Card Charges	1,546	1,690
	Events Marketing	141,855	167,156
	Cruise Marketing and Operating	57,090	216,160
	Consumer Marketing	192,290	234,876
	Development & Research	40,175	81,278
	General and Other Marketing	915,105	1,061,827
		1,348,061	1,762,987
4	**Administration and Overhead**		
	Audit Fees - Audit of Financial Report	32,226	28,887
	Cleaning & Security	14,998	9,779
	Rent	146,469	127,525
	Recruitment, Training & HR	9,865	39,700
	Repairs & Maintenance	6,635	11,086
	Vehicle	34,929	29,589
	Subscriptions	44,467	27,545
	IT expenses	34,241	41,904
	Telephone	15,349	9,840
	Electricity	10,506	7,578
	Other Administration & Overhead	73,190	94,316
		422,875	427,749

NOTES TO THE FINANCIAL STATEMENTS

	2026	2025
5 Employee Benefit Expenses		
Salaries and Wages	1,542,129	1,616,420
Employer Superannuation Contributions	42,180	39,269
Other Employee Related Costs	3,593	3,121
	1,587,902	1,658,810

6 Variance Budget to Actual

	Actual	Budget	Variance
INCOME			
Other Revenue			
Digital Resource funding income from TCC amended to 50% of cost	47,973	96,590	- 48,617
MBIE funding for REF and REPF initiatives	226,194	118,000	108,194
Brand project	414,420	300,000	114,420
iSite income	103,776	97,500	6,276
EXPENDITURE			
Brand project	414,420	300,000	- 114,420
Flavours of Plenty costs	134,291	160,000	25,709
MBIE costs for REF and REPF initiatives	228,466	118,000	- 110,466
HR costs under budget mainly due to vacancy not filled	1,587,902	1,684,954	97,052
Depreciation and loss on sale of assets	38,846	51,684	12,838

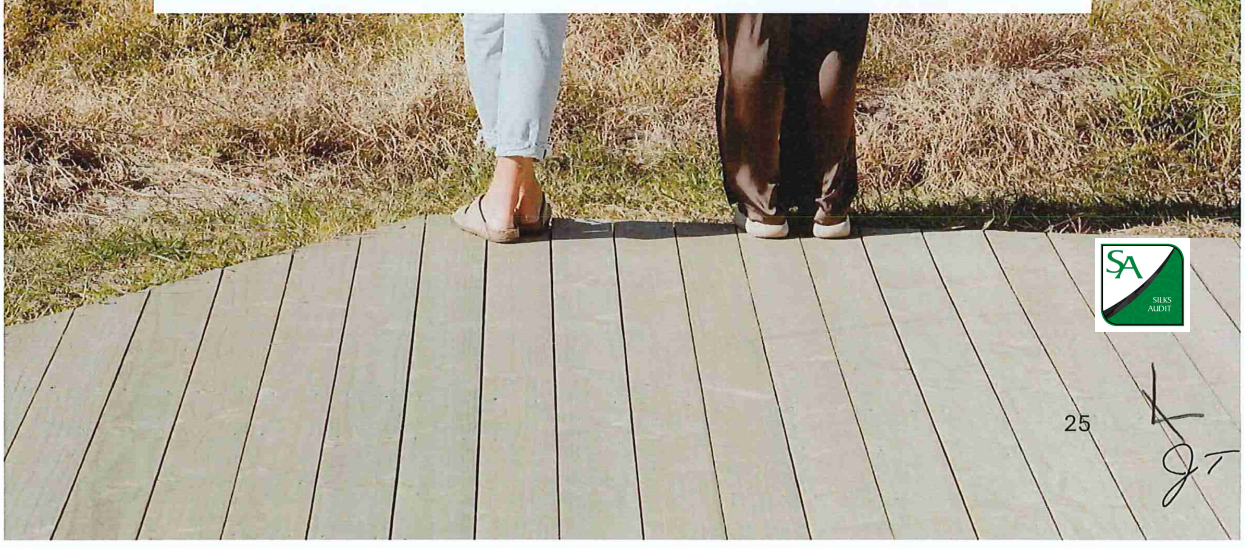
7 Taxation

The Trust holds confirmation of a tax exemption under section CW 40 of the Income Tax Act 2007

8 Cash and Cash Equivalents	2026	2025
Cheque Accounts	99,257	50,734
Savings Accounts	764,509	695,497
Short Term Deposit	100,000	-
Cash on Hand	800	800
	964,566	747,031

9 Investments

Term Deposits at ASB Bank		
	-	100,000
	-	100,000
	-	100,000
	-	300,000



NOTES TO THE FINANCIAL STATEMENTS

10 Debtors and Prepayments	2026	2025
Debtors	27,973	8,668
Prepayments	36,343	29,611
	64,316	38,279
GST	44,712	22,392
	109,028	60,671
Debtors and prepayments from exchange transactions	64,316	38,279
Debtors and prepayments from non-exchange transactions	44,712	22,392
	109,028	60,671

11 Property, Plant and Equipment

2026	Opening NBV	Purchases	Disposals	Accumulated Depreciation	Closing NBV
Total Computers & Software	21,031	9,446	1,717	13,893	14,867
Total Furniture & Fittings	22,907	-	2,417	2,687	17,803
Total Leasehold Improvements	69,321	-	-	10,522	58,799
Total Office Equipment	19,262	-	944	9,424	8,894
Total	132,521	9,446	5,078	36,526	100,363

2026	Cost	Accumulated Depreciation	Closing NBV
Total Computers & Software	96,701	81,834	14,867
Total Furniture & Fittings	80,239	62,436	17,803
Total Leasehold Improvements	259,602	200,803	58,799
Total Office Equipment	109,660	100,766	8,894
Total	**546,202**	**445,839**	**100,363**

2025	Cost	Accumulated Depreciation	Closing NBV
Total Computers & Software	97,531	76,500	21,031
Total Furniture & Fittings	89,924	67,017	22,907
Total Leasehold Improvements	265,829	196,508	69,321
Total Office Equipment	138,218	118,956	19,262
Total	**591,502**	**458,981**	**132,521**

12 Intangible Assets

2026	Cost	Accumulated Amortisation	Closing NBV
Websites	160,485	133,388	27,097
Total	**160,485**	**133,388**	**27,097**

2025	Cost	Accumulated Amortisation	Closing NBV
Websites	90,485	87,623	2,862
Total	**90,485**	**87,623**	**2,862**

NOTES TO THE FINANCIAL STATEMENTS

	2026	2025
13 Creditors and Accruals		
Creditors	206,607	150,553
Accrued Expenses	32,502	61,760
Funds held on behalf of Kiwi North alliance	257,795	-
Funds Received on Behalf of Tourism Operators	14,493	19,505
	511,397	231,818
Creditors and Accruals from Exchange Transactions	511,397	231,818
Creditors and Accruals from Non-exchange Transactions	-	-
	511,397	231,818

The Trust holds credit cards with ASB Bank, with a credit limit of $50,000.

14 Revenue Received in Advance		
Revenue Received in Advance	124,962	238,362
Revenue Received in Advance from exchange transactions	124,962	238,362
Revenue Received in Advance from non-exchange transactions	-	-
	124,962	238,362
15 Employee Benefit Liabilities		
Accrued Salaries and Wages	129,690	138,419
Annual Leave	86,622	82,758
	216,312	221,177

16 Finance Lease

There are currently no finance leases.

17 Capital and Operational Commitments and Operating Leases

Non-cancellable operating leases as lessee:

The Trust leases property, equipment and vehicles in the normal course of its business; total expenditure for the year was $155,319. The lease of 8 Wharf Street expires on 31st July 2027, and the lease of 8 Wharf Street, middle tenancy, is an on-going lease with two months notice of exit. The following amounts relate to 8 Wharf Street leases, Haval vehicle lease, and Eftpos machines and photocopier lease.
The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:

Payable no later than one year	155,178	155,037
Later than one year, not later than five years	24,384	128,140
Later than five years	-	-
	179,562	283,177

18 Contingent Liabilities

The Trust has no contingent liabilities

NOTES TO THE FINANCIAL STATEMENTS

19 Related Party Transactions

The Trust received a significant amount of operating grants from the Councils to deliver its objectives as specified in the Trust Deed.

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

Key Management Personnel compensation		
Trustees		
Number of Trustees	6	7
Remuneration	95,625	95,625
Senior Management Team including CEO		
Members	6	6
Remuneration	757,052	752,346
Total Members	12	13
Total Remuneration	852,677	847,971

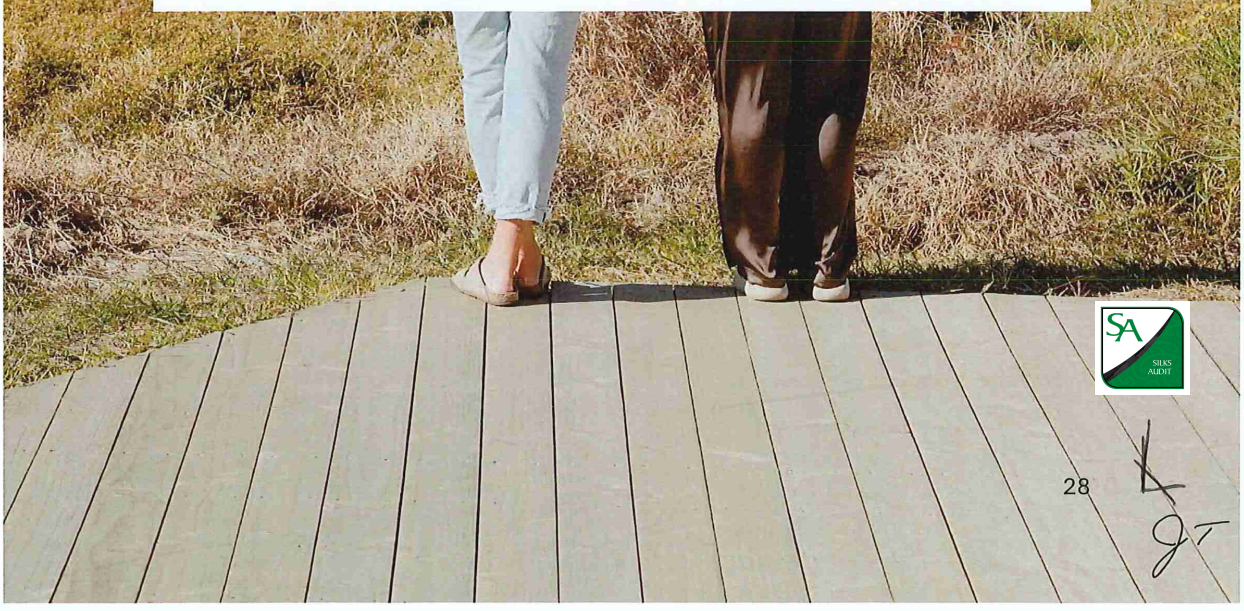
20 Donations

There were no donations paid.

21 Financial Instruments	**2026**	**2025**
Financial Instrument Categories		
FINANCIAL ASSETS AT AMORTISED COST		
Cash & Cash Equivalents	964,566	1,047,031
Debtors & Other Receivables	109,028	60,671
Total Financial Assets	1,073,594	1,107,702
FINANCIAL LIABILITIES AT AMORTISED COST		
Creditors & Other Payables	511,397	231,818
Revenue Received in Advance	124,962	238,362
Total Financial Liabilities at Cost	636,359	470,180

22 Events After Balance Date

There are no significant events post balance date requiring adjustment to or disclosure in the financial statements.



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2026 STATEMENT OF SERVICE PERFORMANCE

PURPOSE OF BUSINESS

The principle objective of Tourism Bay of Plenty is to promote the economic welfare and development of the region and its community through marketing and management that impacts on the region as a visitor and tourist destination.

SELECTION OF SERVICE PERFORMANCE MEASURES

In accordance with the Local Government Act 2002 and Local Government Amendment Act 2019, an annual Statement of Intent (SOI) publicly states the activities and intentions of the Western Bay of Plenty Tourism and Visitors Trust for the next three years. This SOI sets out Tourism Bay of Plenty's strategic framework, activities, and performance measures, as the basis of organisational accountability.

Tourism Bay of Plenty (TBOP) acknowledges the Enduring Statement of Expectations (ESE) and Letter of Expectation (LOE) from Tauranga City Council and Western Bay of Plenty District Council. These articulate the focus areas for TBOP that will contribute to advancing the western bay's economic prosperity.

Accordingly, the Trust's judgement as to the selection, measurement and reporting of service performance measures is driven by its SOI accountability above.

2026 STATEMENT OF SERVICE PERFORMANCE

FOCUS AREA	PROJECT DELIVERABLE	MEASURE	TBOP	SOURCE	TARGET BY JUNE 2026	STATUS
ECONOMIC Wellbeing	Grow the value of tourism to the western bay economy.	Trends in visitor spending via electronic card transactions.	Direct Partnered Indirect	Marketview	Increased visitor spend in the western bay compared to previous YE.	**Not Achieved** Domestic Visitors Spend: -6.9% International Visitor Spend: +16.6% Total Visitor Spend: -3.1%
SOCIAL Wellbeing	Enhance the value of tourism to our community (according to the community).	Residents' sentiment towards tourism. Measured by the percentage of residents who agree that tourism has a positive impact on their community. Residents provide a rating of 1 to 10, where 1 is strongly disagree and 10 is strongly agree.	Direct Partnered Indirect	Annual Resident Surveys.	Tauranga City Residents: 62% NB: WBOPDC no longer tracks this KPI.	**Achieved** Tauranga City Residents: 66% NB: WBOPDC no longer tracks this KPI.
CULTURAL Wellbeing	Improving the cultural wellbeing of the community through tourism.	Facilitation of programmes that elevate the Māori cultural tourism proposition in the western bay region.	Direct Partnered	TBOP Six-Month and Annual Reports.	Supported a minimum of 3 Māori tourism operators to connect their experience offering to a digital platform.	**Achieved** Supported a minimum of 3 Māori tourism operators to connect their experience offering to a digital platform (including website, digital kiosks and app).
ENVIRONMENTAL Wellbeing	Improving the environmental wellbeing of the region via environmental sustainability and regeneration projects.	Industry-focused environmental sustainability and regeneration initiatives facilitated or enabled by TBOP.	Direct Partnered	Programme Reports.	Key actions and programmes are in place which build on climate change mitigation and adaptation progress relating to tourism (connecting with the Tauranga Climate Change AIP, where relevant).	**Achieved** Following the Green Room programme, all existing and new businesses have free access to the national sustainability programme called Akiaki.
TBOP ORGANISATION Wellbeing	Enhance TBOP's ability to achieve its goals through high staff engagement.	TBOP staff engagement.	Direct	Employee Engagement Survey.	Employee Engagement score of ≥80%.	**Achieved** Employee Engagement score of 89%

2026 STATEMENT OF SERVICE PERFORMANCE

FOCUS AREA	PROJECT DELIVERABLE	MEASURE	TBOP	SOURCE	TARGET BY JUNE 2026	STATUS
DESTINATION MANAGEMENT & MARKETING	Elevate the region's cycling proposition.	Develop, update, and promote informative material on cycle trail options in the western bay.	Direct Partnered	Council's feedback.	Cycle trails booklet updated. The western bay region becoming known as a destination for cycling within New Zealand.	**Achieved** 6,500 updated copies of the Western Bay region cycle trails booklet were printed and distributed.
	Build operator capability to enhance the quality of the region's tourism offering.	Provide opportunities for western bay operators to train or upskill in sales, marketing and trade capability areas while also gaining, retaining or achieving higher Qualmark rated certification.	Direct Partnered Indirect	Capability programme report.	Operators supported to engage in capability building programmes, and be endorsed with Qualmark certification when relevant.	**Achieved** Operators supported to engage in capability building programmes and events, with 50 operators currently Qualmark certified.
	Coordinate activity that attracts key business events to the western bay region.	Facilitate leads and bids for business events in the region.	Direct Partnered	TBOP Six-Month and Annual Reports.	Facilitated 30 leads or bids for business events in the region and won 10.	**On Track** Facilitated 40 leads or bids for business events in the region and won 8. (26 are still to be confirmed)
	Elevate the region's food story and proposition.	Promote and support the delivery of the Flavours of Plenty Festival to draw visitors to the Coastal Bay of Plenty region.	Direct Partnered	Festival delivery.	Continued TBOP support of Flavours of Plenty, via key visitor marketing channels, reaffirms the festival as a signature DNA™ event for the region.	**Achieved** Flavours of Plenty Festival successfully marketed and delivered from the 16th of April to the 2rd of May, 2026
	Promotion of the western bay region to key target markets (cultural explorers, surf & beach lovers, outdoor adventurers, and eco-travellers).	Annual development and delivery of marketing campaigns that incorporate our key DNA™ pillars that reach and convert the travel intentions of our target markets to visit, stay and spend in the region.	Direct Partnered	Campaign collateral.	Annual review and delivery of relevant campaigns and related PR activity that incorporates our DNA™ pillars and converts the travel intentions of our key target markets to visit, stay and spend in the region.	**Achieved** "It's Pretty Good" campaign in market from September to mid-November. Forward Insights' domestic visitor research indicated strong cut-through and conversion — 51% campaign awareness and 80% increased intention to travel to the region.

2025 STATEMENT OF SERVICE PERFORMANCE

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

2025 STATEMENT OF SERVICE PERFORMANCE

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


ACKNOWLEDGEMENTS
MAIN FUNDERS
Tauranga City
Western Bay of Plenty District Council
OTHER FUNDING PARTNERS
MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI
THANK YOU FOR YOUR CONTINUED SUPPORT
CONTACT
Tourism Bay of Plenty
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Info@bayofplentynz.com
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BAY OF PLENTY
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The Audit Office
Te Mana Arotake

Independent Auditor's Report

To the readers of Western Bay of Plenty Tourism and Visitors Trust's financial statements and performance information for the year ended 30 June 2026

The Auditor-General is the auditor of Western Bay of Plenty Tourism and Visitors Trust (the Trust). The Auditor-General has appointed me, Cameron Town, using the staff and resources of Silks Audit Chartered Accountants Ltd, to carry out the audit of the financial statements and performance information on his behalf.

Opinion

We have audited:

- the financial statements of the Trust that comprise the statement of financial position as at 30 June 2026, the statement of comprehensive revenue and expense, statement of changes in net assets/equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information on pages 16 to 28; and
- the performance information that consists of the statement of service performance for the year ended 30 June 2026 on pages 29 to 33.

In our opinion:

- the financial statements of the Trust present fairly, in all material respects its financial position as at 30 June 2026 and its financial performance and cash flows for the year then ended in accordance with the Public Benefit Entity Standards Reduced Disclosure Regime.
- the performance information accurately reports, in all material respects, the Trust's actual performance compared against the performance targets and other measures adopted for the year ended 30 June 2026, and has been prepared, in all material respects, in accordance with section 68 of the Local Government Act 2002 (the Act).

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the *Responsibilities of the auditor* section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

The Board of Trustees is responsible on behalf of the Trust for preparing financial statements that are fairly presented and comply with the Public Benefit Entity Standards Reduced Disclosure Regime. The Board of Trustees is also responsible for preparing the performance information contained in the statement of service performance of the Trust in accordance with the Act.

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

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

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

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and performance information.

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

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

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit.

Also:

- We identify and assess the risks of material misstatement of the financial statements and performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Trustees.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the information we audited or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- We evaluate the overall presentation, structure and content of the performance information, including the disclosures, and assess whether the performance information achieves its statutory purpose of enabling the Trust's readers to judge the actual performance of the Trust against its objectives in its statement of intent.

We communicate with the Board of Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

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

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

In connection with our audit of the financial statements and performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the Trust in accordance with the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests in, the Trust.



Cameron Town
Silks Audit Chartered Accountants Ltd
On behalf of the Auditor-General
Whanganui, New Zealand
29 September 2026


TE MANAWATAKI
O TE PAPA
The heartbeat
of Te Papa
Tauranga City
Annual Report
2026

Welcome

Te Manawataki o Te Papa Limited (TMOTPL) was established in December 2022 as a Council Controlled Organisation (CCO) tasked with overseeing the effective delivery of key Tauranga city centre projects that contribute to positive social, cultural and economic outcomes for the entire community.

This report has been completed in accordance with the Council's Statement of Intent and the Local Government Act 2002.



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Chair's report

The past year has been an exciting year of change and growth for the Te Manawataki o Te Papa Limited Board and the Major Projects Division.



The Waharoa at Masonic Park

Over the past year, various key projects and spaces have been opened to the public. These milestones have marked a significant transformation of the city's waterfront and urban landscape, in particular.

The Board was honoured to attend a series of site blessings and opening ceremonies, that celebrated the contributions of project teams, stakeholders, and community members. The completion of the Masonic Park was celebrated with the blessing of the Waharoa. The Council's new offices on 90 Devonport Road are now in full use, having provided a much-needed boost to the business centre in the city. The Haumaru Sport & Recreation Centre received its final finishes with the completion of the lift installation. It too, has proved to be a hugely successful addition to the sport facilities offered by the city to the community. The Toi Tauranga Art Gallery is complete, adding further vibrancy to the city centre as well as a significant enhancement to the city's vibrant arts and cultural landscape.

The Library and Community Hub is nearing completion. It offers a state-of-the-art community facility whilst also achieving several innovative and creative construction and design methodologies. Similarly, the Civic House and Tauranga Museum is taking shape at a rapid pace and is set to provide a world-class facility to our city.

The Board continues to work closely with the Otamataha Trust. This is especially reflected in the artwork on display across all projects, not least of which is the new Library and Community Hub. We are particularly proud to reflect the rich cultural heritage of the city and the specific significance of the site upon the city centre is located.

The Communications and Engagement team has also played a pivotal role, with an enhanced engagement approach, including regular and direct outreach with city centre businesses. This proactive approach has improved sentiment toward Council's efforts to revitalise the city centre. It is a positive sign to see several new small businesses opening within the city centre over the past year along with significantly large private business construction projects being undertaken or completed.



Civic House and Tauranga Museum construction underway

Strong stakeholder relationships remain a priority for the Board and the Major Project's team, with ongoing engagement and collaboration across a range of organisations, including contractors, Council departments, the Otamataha Trust, Toi Tauranga Art Gallery Trust, Bay of Plenty Tourism, and Bay Venues Limited.

Strong stakeholder relationships remain a priority for the Board and the Major Project's team, with ongoing engagement and collaboration across a range of organisations, including contractors, Council departments, the Otamataha Trust, Toi Tauranga Art Gallery Trust, Bay of Plenty Tourism, and Bay Venues Limited.

The Civic Development Team received recognition for their work, earning three prestigious accolades:

The Making Tauranga Better Award, the Property Council New Zealand Supreme Award for Mareanui as well as the Sustainability Award for Mareanui.

At the Civic Precinct site, construction is nearing completion for the Library and Community Hub, with public opening expected in October 2026. The Civic House and Tauranga Museum site is advancing at pace with vertical construction complete and façade works well underway, completion is expected in December 2027 and opening in mid-2028. The Wharewaka is expected to commence in January 2027, with construction of the Southern Strand reserve seawall and related ground works occurring towards the end of 2026. The Civic Precinct and Willow Street, which are currently in design phase, are anticipated to be fully completed in early 2028.

TMOTPL is a dedicated team focussed on delivering complex projects well. It has strong governance, with an experienced Board accountable for outcomes. Risks are actively managed throughout delivery, and finances are carefully controlled and independently audited. Regular reporting keeps Council informed on progress and what's ahead, while maintaining strong relationships with the community and other stakeholders. As an entity with a dedicated focus, we are able to retain institutional knowledge and experience, vital in ensuring effective risk management over multiple projects.

We look forward to continuing to deliver value to the expanded Major Projects team in the years ahead.



Kim Wallace, Chair

The Board extends its sincere appreciation to all contributors who have played a role in these achievements to date and remains committed to the collaborative delivery of these projects and a shared vision for the future of Tauranga.

Our purpose

As an independent Board with relevant commercial, construction, project delivery, infrastructure, and community expertise, TMOTPL provides dedicated governance and delivery capability for Tauranga's significant infrastructure and place-based projects. TMOTPL operates under a Statement of Intent agreed annually with Council and clear delegations of authority. This provides a single, accountable governance line for relevant project delivery outcomes.

Projects are delivered through a standardised, gated methodology from business case to close-out, with defined decision gates for scope and value engineering changes. A dedicated Programme Management Team delivers related projects, supporting consistency and the transfer of lessons learned across the wider programme.

The Board and Council receive regular reporting on cost, schedule, and risk performance, including cost-to-complete forecasts and early identification of variances to support timely decision-making. Financial management is underpinned by ring-fenced budgets, independent audit and assurance, and whole-of-life costing from project inception to ongoing operational expenditure after asset handover.

The Board continues to maintain a strong and collaborative relationship with Elected Members, providing effective strategic oversight across the programme.

Together, these practices reflect TMOTPL's role in providing Council with a dedicated, accountable, and consistent delivery vehicle for its major infrastructure programmes.



Risk and assurance

Risk management remains a key area of focus, underpinned by a proactive approach established from the outset. This approach avoids undue reliance on a solely bottom-up risk identification and management process by placing equal emphasis on a top-down perspective, ensuring corporate, programme, and project risks are identified and addressed early. By combining both approaches, we enhance our ability to anticipate potential issues, improve oversight, and ensure risks are managed effectively across all levels of the programme.

Our proactive and embedded approach to risk management provides confidence that risks are identified early, effectively managed, and consistently monitored and reported.



Our programmes

Te Manawataki o Te Papa

$303m

- Central Library and Community Hub (COMHUB)
- Civic Plaza
- Masonic Park Upgrade (Completed)
- Museum and Civic House
- Baycourt Upgrade
- Willow Street Upgrade
- Hamilton, Durham, and Wharf Street Upgrade
- Art Gallery Door Relocation and Upgrade (Completed)
- Strand Waterfront, Road and Footpath Upgrade
- Waterfront Central Plaza (transferred to Tauranga City Council Community Projects delivery programme)
- Strand Waterfront Wharewaka
- Strand Rail Crossing - Central Plaza (transferred to Tauranga City Council Transport delivery programme)

Strand Waterfront

$66m

- Tunks Reserve Upgrade (Completed)
- Memorial Park to City Centre Pathway - Stage 1 (Completed)
- Strand Seawall North (Completed) and Strand Seawall South
- North (Completed) and South Reserve
- Waterfront Playground (Completed)
- Dive Crescent Carpark (Completed)
- Beacon Wharf Upgrade (Completed)
- Fisherman's Wharf
- Strand Rail Crossings – North and South (transferred to Tauranga City Council Transport delivery programme)

Other projects

$199m

- Civic Administration Building (Completed)
- Civic Heart Building Demolition (Completed)
- Seismic Works – Spring Street Carpark (Completed)
- Memorial Park – Aquatics Centre (transferred to the Community Projects team)
- Haumaru Sport & Recreation Centre (Completed)
- Art Gallery Upgrades on behalf of Toi Tauranga Art Gallery Trust (Completed)
- Emergency Operations Centre Fitout



Annual Report 2026


LIBRARY
AND

Overview

Highlights

Construction of the Library and Community Hub is nearing completion, led by LT McGuinness. Construction began in January 2024 and has now been successfully completed with final fitout underway ahead of the public opening on 16 October 2026. Given the size and scope of this facility, the pace of progress is a remarkable achievement. It marks another significant achievement with the construction of a mass timber building akin to Mareanui (90 Devonport Road). These buildings, along with the Civic House and museum, stand as landmarks in sustainable architecture and urban development. As was the case with Mareanui, the Library and Community Hub construction aims to achieve a NZGBC 6 Green Star Design rating meeting the highest standards in sustainable design and construction.

The Haumaru Sport & Recreation Centre is now fully operational as Tauranga's newest hub for community sport and recreation. The recent installation of the lift marks the completion of the project, delivering a versatile indoor facility that supports a wide range of activities, from casual social games to high-level competitive sport. Extensive seismic strengthening works have also been completed, ensuring the building is safe, compliant, and well-positioned to serve the community for years to come.

The highly anticipated opening of the Library and Community Hub in 2026, followed by the Civic House and Museum in 2028, are delivering world-class community facilities and lasting value for Tauranga residents and visitors, reflecting our rich cultural heritage.

Three notable awards were achieved during the past year.

The Making Tauranga Better Award recognises people that make a significant positive contribution to Tauranga by improving community outcomes, enhancing the city centre, and creating lasting value for residents and visitors. This award was awarded to Sershin Iyer of our Civic Development team, of whom we are extremely proud.

The Rider Levett Bucknall Supreme Award is New Zealand's highest property industry honour. Mareanui received this award in recognition of its excellence in design, construction, sustainability, commercial performance, and its contribution to Tauranga's city centre revitalisation. It was judged to be the country's outstanding property project for 2026.

The Resene Sustainable Building Property Award recognises excellence in environmentally sustainable building design and delivery. Mareanui was recognised for its innovative mass timber construction, reduced carbon footprint, energy efficiency, wellbeing outcomes, and leadership in sustainable commercial development.

We are particularly proud of our collaboration with the Otamataha Trust, with whom we enjoy active, regular and ongoing interaction. This is evident in the stunning artwork that adorns our new facilities, bringing to life the rich cultural history of our city, not least of which is the visually impactful Waharoa located in Masonic Park. It stands as a cultural gateway between Te Awanui Tauranga Harbour and Te Manawataki o Te Papa, marking the transition between the waterfront and the new civic precinct.

Challenges

The tragic event that occurred at Mauao earlier this year has cast a spotlight on risk management and Health, Safety and Wellbeing practices. Whilst TMOTP has been actively managing its risks and conducting monthly due diligence site visits, we continue to focus on ways to improve and ensure all risks are appropriately managed across the board. We are currently reviewing our processes and risks taking into account the implementation plan following the Davison Report, reported by the Chief Executive to Council on 1 September 2026.

Looking ahead

The Library and Community Hub, Civic House and Museum projects are advancing swiftly. The Library and Community Hub is scheduled for public opening on 16 October 2026, and the Civic House and Museum are due to open in mid-2028. Construction is progressing well and remains on schedule to meet these deadlines.



Library and Community Hub rendering

The next phase of the Memorial Park Aquatic Centre project is dependent on Council approval of the design options. Once approved, the Community Projects team will proceed with project implementation.

The integration of the Civic Development and Transport teams into a single Major Projects team creates a valuable opportunity to adopt a more coordinated and holistic approach to the delivery of the city's Major Project portfolio. Bringing these functions together promotes knowledge sharing, the application of best practice, and a continued focus on the efficient and effective delivery of key infrastructure projects.

Health, safety and wellness

Over the past 12 months, a total of 48 health and safety monitoring inspections were conducted across the Te Manawataki o Te Papa projects.

These inspections are conducted collaboratively by project managers and the Health, Safety, and Wellbeing (HSW) business partner, alongside contractors' project managers, site managers, and their health and safety officers. Documentation of the inspections, including findings and any corrective measures are maintained within the council's health and safety portal (DAMSTRA).

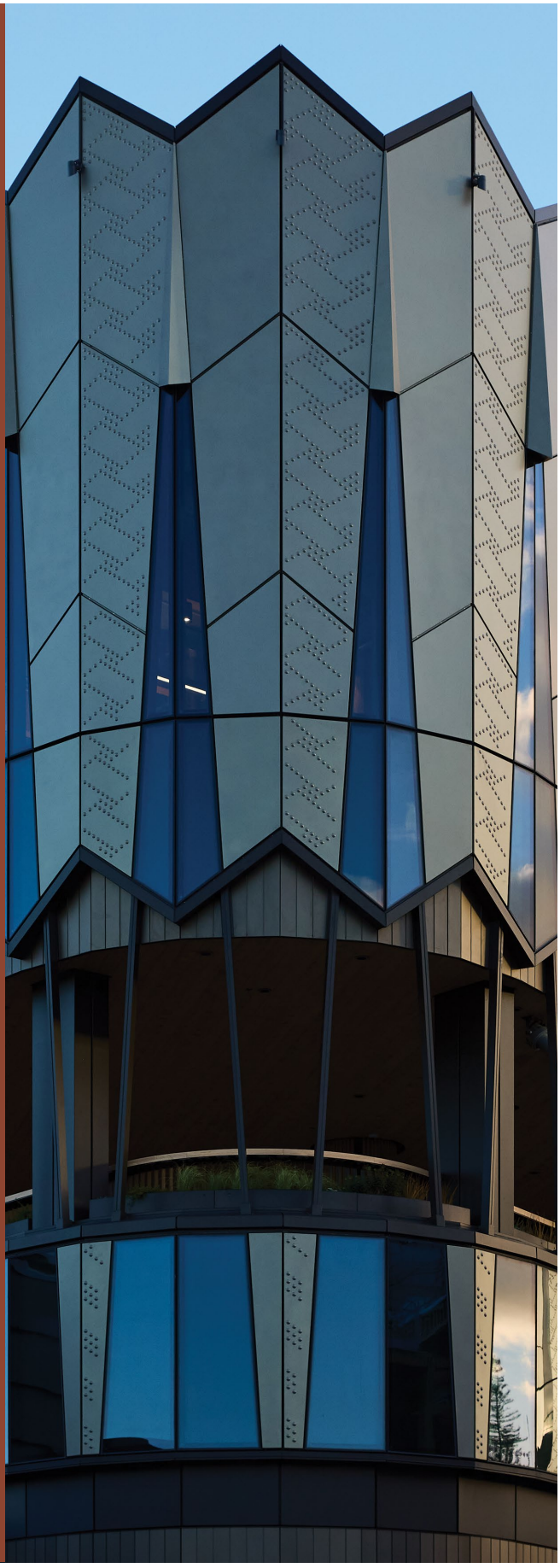
Additionally, 14 due diligence site visits by officers have been completed across all Te Manawataki o Te Papa projects, focusing on critical risks, worker engagement, safety observations, and potential areas for improvement. Critical risks including hot works and crane operations have been reviewed to ensure that the controls in place were effective. This included physical and perceived crane clash procedures.

A due diligence plan was developed and accepted by the Te Manawataki o Te Papa Board members.

Strong focus remains on maintaining high standards of health and safety, with ongoing efforts to reinforce and enhance robust safe work practices.

The Health and Safety at Work Amendment Bill has passed its third reading and received Royal Assent on 9 July 2026. The Amendment Act will come into force on 1 April 2027. The Ministry of Business, Innovation and Employment, as well as the relevant regulators, are working to prepare guidance and information to support people to understand and prepare for the changes. Key aspects of this Bill are a shift in focus from managing all hazards equally to prioritising "critical risks" that can cause death or serious harm. It is envisaged that organisations can direct their time and money toward preventing major accidents rather than minor issues. Regulators will also need to prioritise guidance, education, and serious risk enforcement over immediate enforcement. These changes align with the Chief Executive's organisational plan presented to Council on 1 September 2026, which highlight the importance of building staff capability, strengthening risk awareness, and fostering a proactive risk management culture across the organisation.

Annual Report 2026



Performance targets and measures

Financial performance 2025/26

Financial performance	2026 Actual $000's	2025 Actual $000's
Revenue	297	651
Expenditure	297	651
Net surplus/(deficit) for year	**Nil**	**Nil**

Income derived from council	2026 Actual $000's	2025 Actual $000's
Operational grant	297	651
Total council derived Income	**Nil**	**Nil**

Performance measures 2025/26

Activity	Target	Status	Result
Establish a health, safety, and wellbeing system to ensure all involved with the projects are kept safe and well	Comply with health, safety, and wellbeing system.	Achieved	TMOTP Ltd Board receive monthly reports and dashboards which provide relevant data relating to health and safety issues. Bi-monthly due diligence inspections on two work sites are conducted by Directors. Training is provided to all relevant stakeholders on TCC's Contractor Management procedures.
Manage critical hazards effectively, with baseline lead and lag indicators monitored	Critical risk inspections are carried out on schedule and reported on, with no harm incidents reported in any phase.	Achieved	TCC's Contractor Management procedures ensures critical hazards are managed effectively. All accidents/incidents are reported to the TMOTP Ltd Board monthly. Serious injuries are reported immediately after event with follow up close out reports.
Develop and maintain with TCC, Contractors and Consultants a comprehensive risk register	Total Recordable Incident Frequency Rate (TRIFR) less than 10.0 per 1,000,000 hours worked on the projects.	Achieved	Project risk registers are actively maintained and aligned with the TCC Risk Framework.
Baseline lead and lag indicators are monitored to ensure safety for all	No serious harm (Level 3 and above) incidents during the PCS and D&C phases.	Achieved	Fortnightly H&S monitoring ensures a higher level of compliance against approved SSSP's. PCC event notification procedure is adhered to.
Delegations	Comply with delegations' hierarchy.	Achieved	All delegation hierarchies complied with.
Recommend project delivery to Council	Recommend developed and detailed design for each project, along with relevant contracts.	Achieved	All detailed designs signed off through formal steering groups and TMOTP Ltd Board, and progress on each project reported to Council.
Contract management and legal compliance	Provide oversight of all contracts, expenditure, and progress during all phases in 100% compliance with all standards.	Achieved	Monthly project reports are presented to the TMOTP Ltd Board to provide oversight of project status.
Source local	Consider local procurement opportunities through incorporating Broader Outcomes assessments as per Council's Procurement Policy.	Achieved	Monthly project reports are presented to the TMOTP Ltd Board to provide oversight of project status, including procurement data related to local contractors.

Activity	Target	Status	Result
Risk management and lessons learnt	Proactively manage risk through timely risk workshops and the Contract Oversight Group.	Achieved	Project completion reports are reported to the TMOTP Ltd Board. A database of lessons learned is maintained and forms part of ongoing improvement of project management plans. Risk and assurance specialist participates in monthly risk workshops and reports findings to the Board.
Delivery on time and at expected quality	Ensure the programme is delivered within specification and agreed timelines. Any future deviations to be communicated to Council in a timely manner.	Achieved	Delivery of programmes are ongoing and are regularly reviewed to ensure agreed timelines are met. Components of the programme are evaluated as part of the project completion reporting for each project.
Deliver the programme on or below budget	Capital and whole of life costs optimised. Operational implications considered.	Achieved	Ongoing evaluation of project estimated costs to completion versus approved budget with an emphasis on value engineering to ensure projects and programmes remain within budget prior to tendering.
Reporting and consultation	Report and discuss with Council any risk of budget being exceeded prior to any approval for increased budget.	Achieved	Where, following value engineering, evaluation of projects identifies additional funding requirements to meet design standards and/ or regulatory compliance, Council is reported to and appropriate authorisation obtained.
Advocate efforts by Council or other opportunities for third party funding	Third party funding opportunities advocated	Achieved	Several sources of external funding have been secured to date. The board have participated in and supported fund-raising activities.
Prepare and agree regular reporting programme which ensures Council is fully informed in a timely manner of all major issues, project progress against PMP and opportunities for further enhancement	100% compliance with reporting requirements outlined in SIO and major issues are raised on a no surprise basis.	Achieved	TMOTP Ltd Board has reported to the Council monthly and as requested.
Nurture respectful, collaborative, and open relationships in the best interests of the city	Ensure all stakeholders receive regular updates on progress of the programme.	Achieved	TMOTP Ltd Board engages regularly with mana whenua, the community and other key stakeholders.
Cultural connection	Engage with mana whenua to ensure cultural narrative incorporated into design.	Achieved	Cultural design and interpretation form a key part of the design process.
Clear sustainability standards developed for the Programme during the PCS and D&C phases	Monitor Programme sustainability outcomes on project delivery.	Achieved	Current designs include sustainable design solutions to achieve Green Star accreditation where relevant.

Financial statements for the year ended 30 June 2026

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Entity information

"Who are we?", "Why do we exist?"

Legal name of entity:	Te Manawataki o Te Papa Limited
Other name of entity (if any):	TMOTP Ltd
Type of entity and legal basis (if any):	NZ Limited Company
Company number:	8595250

Entity's purpose or mission:

The purpose of the Entity is to:
Deliver on behalf of Tauranga City Council the development of the Tauranga civic precinct and Strand waterfront. Projects to be delivered include (but are not limited to) a library, civic house, museum, aquatics facility and indoor courts, the Strand waterfront, and beautification of the surrounding areas.

Entity structure:

Te Manawataki o Te Papa Limited. The Tauranga City Council owns 100% of shares

Main sources of the entity's cash and resources:

Tauranga City Council grant funding

General description of the entity's outputs:

TMOTP Limited was incorporated on the 16th of February 2023.

Directors:

Kim Wallace, Nathan Speir (did not seek reappointment at the end of his first term), Peter Neven, Barry Bragg

Contact details:

Postal address:	Te Manawataki o Te Papa Ltd Private Bag 12022, Tauranga Mail Centre, Tauranga 3143
Email/website:	tmotpl@tauranga.govt.nz

Statement of financial performance

"How was it funded?" and "What did it cost?"

	Note	Actual Year ended 30 June 2026 $	Budget Year ended 30 June 2026 $	Actual Year ended 30 June 2025 $
Revenue				
Grant revenue	1	297,040	355,498	650,858
Interest, dividends and other investment revenue	1	302	–	341
Total revenue		**297,342**	**355,498**	**651,199**
Expenses				
Costs related to providing goods or services	2	297,342	355,498	651,199
Total expenses		**297,342**	**355,498**	**651,199**
Surplus/(deficit) for the year		**–**	**–**	**–**

Statement of financial performance as at 30 June 2026

"What the entity owns?" and "What the entity owes?"

	Note	Actual Year ended 30 June 2026 $	Budget Year ended 30 June 2026 $	Actual Year ended 30 June 2025 $
Assets				
Current assets				
Bank accounts and cash	3	29,109	-	51,234
Other current assets	3	2,302	-	3,232
Total current assets		**31,411**	**-**	**54,465**
Total assets		**31,411**	**-**	**54,465**
Liabilities				
Current liabilities				
Creditors and accrued expenses	3	17,556	-	24,232
Other current liabilities	3	13,855	-	30,234
Total current liabilities		**31,411**	**-**	**54,465**
Total liabilities		**31,411**	**-**	**54,465**
Total assets less total liabilities (net assets)		**-**	**-**	**-**
Accumulated funds				
Total accumulated funds		**-**	**-**	**-**

The unaudited financial statements were approved by the Board of Directors on 20 July 2026.

Statement of cash flows

"How the entity has received and used cash"

	Actual Year ended 30 June 2026 $	Budget Year ended 30 June 2026 $	Actual Year ended 30 June 2025 $
Cash flows from operating activities			
Cash was received from:			
Grant revenue	331,092	-	609,608
Interest receipts	302	-	341
Net GST	2,684	-	(13,879)
Total current assets	**31,411**	**-**	**54,465**
Total assets	**31,411**	**-**	**54,465**
Cash was applied to:			
Payments to suppliers and employees	356,202	-	634,928
Net cash flows from operating activities	**(22,124)**	**-**	**(38,858)**
Net increase / (decrease) in cash	**(22,124)**	**-**	**(38,858)**
Opening cash	**51,234**	**-**	**90,092**
Closing cash	**29,109**	**-**	**51,234**
This is represented by:			
Bank accounts and cash	**29,109**	**-**	**51,234**

Statement of accounting policies

"How did we do our accounting?"

Basis of preparation

Te Manawataki o Te Papa Limited has elected to apply PBE SFR-A (NFP) Public Benefit Entity Simple Format Reporting - Accrual (Not-For-Profit) on the basis that it does not have public accountability and has total annual expenses of equal to or less than $2,000,000. All transactions in the Performance Report are reported using the accrual basis of accounting. The Performance Report is prepared under the assumption that the entity will continue to operate in the foreseeable future.

Goods and services tax (GST)

Te Manawataki o Te Papa Limited is registered for GST.

Bank accounts and aash

Bank accounts and cash in the Statement of Cash Flows comprise cash balances and bank balances (including short term deposits) with original maturities of 90 days or less.

Changes in accounting policies

There have been no changes in accounting policies during the financial year (last year - nil)

Subsequent events

There were no significant events subsequent to 30 June 2026.

Notes to the financial statements for the year ended 30 June 2026

Note 1: Analysis of revenue

		Year ended 30 June 2026 $	Year ended 30 June 2025 $
Revenue item	**Analysis**		
Grant revenue	Grant - Tauranga City Council	297,040	650,858
	Total	**297,040**	**650,858**

Revenue item	**Analysis**		
Interest, dividends and other investment revenue	Interest	302	341
	Total	**302**	**341**

Note 2: Analysis of expenses

		Year Ended 30 June 2026 $	Year Ended 30 June 2025 $
Expense item	**Analysis**		
Costs related to providing goods or services	Board remuneration	217,500	225,000
	Governance and board support	65,269	402,757
	Subscriptions	980	888
	Travel	10,994	18,919
	Consultancy	113	-
	Protective clothing & equipment	1,051	-
	Meeting expenses	1,435	3,635
	Total	**297,342**	**651,199**

Note 3: Analysis of assets and liabilities

		Year ended 30 June 2026 $	Year ended 30 June 2025 $
Asset item	**Analysis**		
Bank accounts and cash	Current account	29,109	51,234
	Total	**29,109**	**51,234**
	Total	**-**	**-**
Asset item	**Analysis**		
Other current assets	GST receivable	2,302	3,232
	Total	**2,302**	**3,232**
Liability item	**Analysis**		
Creditors and accrued expenses	Accounts payable	17,556	24,232
	Total	**17,556**	**24,232**
Liability item	**Analysis**		
Other current liabilities	Grant received in advance	13,855	28,627
	GST and WHT payable	-	1,607
	Total	**17,556**	**24,232**


Te Manawataki o Te Papa Limited
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Te Manawataki o Te Papa - Tauranga Museum and Civic House


TE
MANAWATAKI
O TE PAPA
The Heartbeat
of Te Papa
07 577 7189
tmotpl@tauranga.govt.nz
temanawatakiotepapa.co.nz
Willow Street, Tauranga 3110



Te Manawataki o Te Papa Charitable Trust

ANNUAL REPORT 2025-26

INTRODUCTION

Te Manawataki o Te Papa Charitable Trust is incorporated under the Charitable Trusts Act (1957) as a not-for-profit entity. Te Manawataki o Te Papa Charitable Trust has charitable status with Inland Revenue.

This report has been completed in accordance with the Te Manawataki o Te Papa Charitable Trust's Statement of Intent with Tauranga City Council and the Local Government Act (2002), which requires that the Trust reports to Council on a six-monthly and annual basis.

PURPOSE

Joint land ownership – the right thing to do

To achieve the objectives of restoring mana of the whenua to hapū and iwi and provide certainty for how the land will be used in the future for the community, a new council-controlled organisation (CCO) was established as a charitable trust in 2023, called Te Manawataki o Te Papa Charitable Trust.

The Council and Otamataha Trust each appointed 50 percent of the trustees to the CCO Charitable Trust.

The purpose of the CCO Charitable Trust is to:

- Own the land referred to as Site A of the civic precinct – the land bounded by Willow Street, Wharf Street, Durham Street, and Hamilton Street.
- Support and encourage the development of Site A of the civic precinct, including (but not limited to) a library, civic whare, museum and exhibition centre and the beautification of surrounding areas.

In addition, the Trust was established to:

- Formally recognise long-standing grievances associated with this land and provide certainty for how the land will be owned and used in the future, so that everyone in the community can benefit.
- Ensure that Te Manawataki o Te Papa development respects and reflects the significant history and importance of the area to mana whenua.
- Restore the original trust relationship to which our ancestors (both Māori and the Church Missionary Society) agreed. The relationship with mana whenua will be pivotal to the success of many of the outcomes to be achieved on the civic precinct site.

KEY DELIVERABLES AND PERFORMANCE MEASURES

Key Deliverables		Status	2025-2026 Results
Review annually the Statement of Intent (SoI) by 30 June			Achieved. The CCO Charitable Trust confirmed at its half-yearly board meeting that the current SoI FY26-28 is still fit for purpose for FY27-29 (until 30 June 2027).
Provide Annual and Half-yearly reporting and monitoring			Achieved.
Annual audit			Achieved.
Review redevelopment projects			Achieved.
Ensure that the history of Te Papa is captured and protected for future generations by establishing an archive of stories and knowledge			Achieved.
Develop close and collaborative relationships with Tauranga City Council and Te Manawataki o Te Papa Limited Board			Achieved.
Divest Lot 45 reserve with Department of Conservation consent			Achieved. Subsequent ground lease of Lot 45 from the CCO Charitable Trust back to TCC has been completed.
Objective	**Performance Measures**	**Status**	**2025-2026 Results**
Support and encourage the development of a vibrant civic precinct.	Quarterly meetings with Te Manawataki o Te Papa Limited Board.		Achieved.

	A representative from Te Manawataki o Te Papa Limited Board attends the CCO Charitable Trust's Annual General Meeting to provide update.		
Ensure that the project respects and reflects the significant history and importance of the area to mana whenua.	Representative of Otamataha Trust to act as Cultural Advisor to the Te Manawataki o Te Papa Limited Civic Development Advisory Group.		Achieved.
Stakeholder relationships	Nurture respectful and open relationships in the best interest of the community and the city. Develop close and collaborative relationships.		Achieved.
Approach to governance	Otamataha Trust and Tauranga City Council both have the power, exercisable by deed, to appoint up to two persons as Trustees. Te Manawataki o Te Papa Charitable Trust will have Annual and Half-Yearly board meetings.		Achieved. Appointment of Rāwiri Winiata as Chair in November 2025 for a 12-month tenure, providing strategic leadership and guidance to the board. The annual board meeting was held on 24 November 2025. The half-yearly board meeting was held on 11 May 2026.
Accounting policies	The CCO Charitable Trust will adopt accounting practices that comply with NZIFRS, the requirements of the Local Government Act (2002), and the Financial Reporting Act (1993).		Achieved.
Financial reporting	Within three months after the end of each financial year, the CCO Charitable Trust will deliver audited financial statements in respect of that financial year.		Achieved.



Te Manawataki o Te Papa Charitable Trust – Signing of the Deed of Transfer 2022 and witnessed by former PM Jacinda Ardern

ATTACHMENT TO THE REPORT
Attachment A – Financial Statement 30 June 2026

Te Manawataki O Te Papa Charitable Trust

Performance Report

For the year ended
30 June 2026

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Te Manawataki O Te Papa Charitable Trust

Entity Information

"Who are we?", "Why do we exist?"

For the year ended
30 June 2026

Legal Name of Entity:	Te Manawataki o Te Papa Charitable Trust
Other Name of Entity (if any):	TMOTP Charitable trust
Type of Entity and Legal Basis (if any):	Registered Charity
Registration Number:	CC60888

Entity's Purpose or Mission:

The purpose of the CCO Charitable Trust is to:
• Own the land referred to as Site A of the civic precinct – the land bounded by Willow Street, Wharf Street, Durham Street, and Hamilton Street.
• Support and encourage the development of Site A of the civic precinct, including (but not limited to) a library, civic whare, museum and exhibition centre and the beautification of surrounding areas.

Entity Structure:

Te Manawataki o Te Papa Charitable Trust (CCO Charitable Trust). The Tauranga City Council and OtamatahaTrust each appointed 50 percent of the trustees to the CCO CharitableTrust.

Main Sources of the Entity's Cash and Resources:

Local Government and Iwi

Main Methods Used by the Entity to Raise Funds:

Title amalgamation, transfer to the CCO and subsequently leased back to Tauranga City Council

Entity's Reliance on Volunteers and Donated Goods or Services:

Te Manawataki o Te Papa Charitable Trust (CCO Charitable Trust) is relient on the return of Crown land

Contact details

Postal Address:	Te Manawataki o Te Papa Charitable Trust Private Bag 12022, Tauranga Mail Centre, Tauranga 3143
Email/Website:	https://www.tauranga.govt.nz/council/working-with-organisations/council-controlled-organisations/te-manawataki-o-te-

Te Manawataki O Te Papa Charitable Trust

Statement of Financial Performance

"How was it funded?" and "What did it cost?"

For the year ended

30 June 2026

	Note	Actual 2026 $	Budget 2026 $	Actual 2025 $
Revenue				
Donations, fundraising and other similar revenue		-	-	
Fees, subscriptions and other revenue from members		-	-	
Revenue from providing goods or services		-	-	
Interest, dividends and other investment revenue		-	-	
Grant revenue		4,055	-	4,055
Total Revenue		4,055	0.0	4,055
Expenses				
Expenses related to public fundraising		-	-	
Volunteer and employee related costs		-	-	
Costs related to providing goods or services		-	-	
Grants and donations made		-	-	
Other expenses		4,055	-	4,055
		4,055		
Total Expenses		4,055	0.00	4,055
Surplus/(Deficit) for the Year		0.00	0.00	0.00

Te Manawataki O Te Papa Charitable Trust

Statement of Financial Position

"What the entity owns?" and "What the entity owes?"

As at
30 June 2026

	Note	Actual 2026 $	Budget 2026 $	Actual 2025 $
Assets				
Current Assets				
Bank accounts and cash		-	-	
Debtors and prepayments		-	-	
Inventory		-	-	
Accrued Revenue		8,270	-	12,165
Total Current Assets		8,270	0.00	12,165
Non-Current Assets				
Property, plant and equipment		1	-	1
Investments		-	-	
Other non-current assets		-	-	
Total Non-Current Assets		1.00	0.00	1.00
Total Assets		8,271	0.00	12,166
Liabilities				
Current Liabilities				
Bank overdraft		-	-	
Creditors and accrued expenses		8,271	-	12,166
Employee costs payable		-	-	
Unused donations and grants with conditions		-	-	
Other current liabilities		-	-	
Total Current Liabilities		8,271	0.00	12,166
Non-Current Liabilities				
Loans		-	-	
Other non-current liabilities		-	-	
Total Non-Current liabilities		0.00	0.00	-
Total Liabilities		8,271	0.00	12,166
Total Assets less Total Liabilities (Net Assets)		0.00	0.00	0.00
Accumulated Funds				
Capital contributed by owners or members		-		-
Accumulated surpluses or (deficits)		-		-
Reserves		-		-
Total Accumulated Funds		0.00	0.00	0.00

This performance report has been approved by the Trustees for and on behalf of Te Manawataki O Te Papa Charitable Trust

Date		Date	
Signature		Signature	
Name		Name	
Position		Position	

Te Manawataki O Te Papa Charitable Trust

Statement of Cash Flows

"How the entity has received and used cash"

For the year ended
30 June 2026

	Actual 2026 $	Budget 2026 $	Actual 2025 $
Cash Flows from Operating Activities			
Cash was received from:			
Donations, fundraising and other similar receipts	-	-	
Fees, subscriptions and other receipts from members	-	-	
Receipts from providing goods or services	-	-	
Interest, dividends and other investment receipts	-	-	
Net GST	-	-	
Cash was applied to:			
Payments to suppliers and employees	-	-	
Donations or grants paid	-	-	
Net Cash Flows from Operating Activities	**0.00**	**0.00**	**0.00**
Cash flows from Investing and Financing Activities			
Cash was received from:			
Receipts from the sale of property, plant and equipment	-	-	
Receipts from the sale of investments	-	-	
Proceeds from loans borrowed from other parties	-	-	
Capital contributed from owners or members	-	-	
Cash was applied to:			
Payments to acquire property, plant and equipment	-	-	
Payments to purchase investments	-	-	
Repayments of loans borrowed from other parties	-	-	
Capital repaid to owners or members	-	-	
Net Cash Flows from Investing and Financing Activities	**0.00**	**0.00**	**0.00**
Net Increase / (Decrease) in Cash	**0.00**	**0.00**	**0.00**
Opening Cash	**0.00**		
Closing Cash	**0.00**	**0.00**	**0.00**
This is represented by:			
Bank Accounts and Cash	**0.00**	**0.00**	**0.00**

Te Manawataki O Te Papa Charitable Trust

Statement of Accounting Policies

"How did we do our accounting?"

For the year ended
30 June 2026

Basis of Preparation
Te Manawataki O Te Papa Charitable Trust has elected to apply PBE SFR-A (NFP) Public Benefit Entity Simple Format Reporting - Accrual (Not-For-Profit) on the basis that it does not have public accountability and has total annual expenses of equal to or less than $5,000,000. All transactions in the Performance Report are reported using the accrual basis of accounting. The Performance Report is prepared under the assumption that the entity will continue to operate in the foreseeable future.

Goods and Services Tax (GST)
Te Manawataki O Te Papa Charitable Trust is registered for GST. Therefore amounts recorded in the Performance Report are exclusive of GST (if any).

Income Tax
Te Manawataki O Te Papa Charitable Trust is wholly exempt from New Zealand income tax having fully complied with all statutory conditions for these exemptions.

Bank Accounts and Cash
Bank accounts and cash in the Statement of Cash Flows comprise cash balances and bank balances (including short term deposits) with original maturities of 90 days or less.

Changes in Accounting Policies
There have been no changes in accounting policies during the financial year (last year - nil)

Related Party Transactions

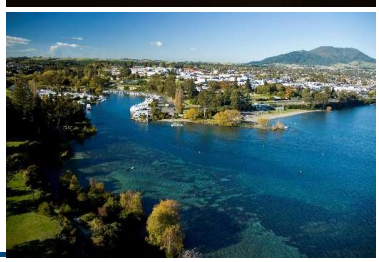
Subsequent Events

BOPLASS Ltd
"COUNCILS PARTNERING FOR VALUE AND SERVICE"









ANNUAL REPORT 2025-2026

For the year ended 30 June 2026

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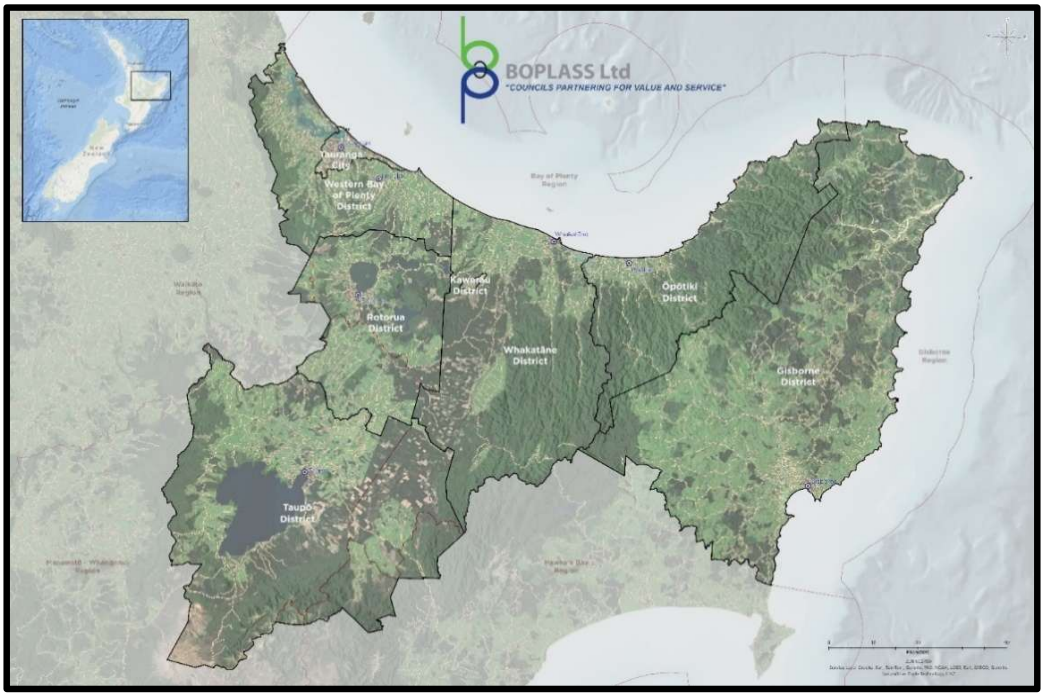
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BOPLASS Ltd

PART ONE – OUR YEAR



BOPLASS Chair's Report

On behalf of the Board, I am pleased to present the BOPLASS Annual Report for the year ended 30 June 2026.

This year has included a focus across a broad programme of procurement and shared service activity. BOPLASS has achieved all performance targets set out in the Statement of Intent, while continuing to strengthen how councils work together to deliver efficient, consistent, and practical outcomes across the region.

Given BOPLASS' success in procurement over preceding years, a key area of focus and responsibility has been in the active management and renewal of supplier agreements to ensure best value continues to be delivered to member councils. During the year, BOPLASS has successfully negotiated and maintained a range of key contracts across core service areas, including geospatial software, media services, asset management tools, procurement services, and health and safety systems. In several cases, these arrangements operate in markets with limited provider options, making coordinated regional management particularly important to ensure continuity of service and appropriate commercial outcomes for councils.

Alongside this, a range of procurement initiatives have progressed, reflecting both immediate delivery and longer-term development. The completion of the regional aerial programme this year, including urban and coastal orthophotography and 3D modelling, provides a strong foundation for planning and asset management across multiple councils. Work has also advanced in areas such as office supplies, underground asset databases, and technologies to support staff working in the field, with a number of these initiatives continuing into the coming year.

The BOPLASS insurance programme remains one of the more significant and mature shared services in operation and continues to deliver exceptional value to our councils. The most recent renewals delivered improved terms and further discounts to our pricing. BOPLASS was able to generate strong market engagement from insurers and supported this through delivering coordinated activities such as group loss modelling, enhanced data quality, and highlighting the group's diversified risk for insurers. Additional insurance initiatives undertaken by BOPLASS, including workshops and targeted training, have continued to build capability across councils and support a consistent approach to risk management.

Further shared services have also been progressed during the year. These include coordinated training services through the health and safety panel, ongoing provision of software platforms such as wellbeing tools and media monitoring, and continued support for emerging areas such as water service organisations. Work is also underway on longer-term initiatives, including waste data systems and CCTV monitoring, which are expected to further strengthen regionally aligned service delivery over time.

During the year BOPLASS has continued to work closely with other LASS groups to align initiatives and extend the reach of services where appropriate. Several projects are now being delivered across multiple regions, enabling improved market positioning and helping to ensure that councils benefit from consistent approaches and shared capability.

Advisory groups, made up of subject matter experts from across the region, continue to play a critical role in shaping and guiding BOPLASS initiatives. This approach ensures that BOPLASS initiatives recognise operational requirements and are responsive to council priorities.

During the year, there have been two changes within the Board. I would like to acknowledge the contribution of Miriam Taris, and the significant value she contributed to our board, and welcome Matt Potton as the Western Bay of Plenty District Council CEO and BOPLASS director. Craig O'Connell finished in his role as independent director last year and his contribution over a long tenure has been much appreciated. The continued commitment of our directors is essential to maintaining the strategic direction and effectiveness of the organisation.

Looking ahead, BOPLASS will continue to build on the progress made this year by extending existing services and progressing new initiatives that enable councils to operate with greater alignment and shared capability. There are clear opportunities to further develop services in areas where consistent approaches and coordinated service delivery will provide ongoing benefits.

The board views the development of shared services as only becoming more important as local government goes through a period of substantial change. BOPLASS is considered well-positioned to support greater collaboration within local government and add incremental value regardless of future structures.

On behalf of the BOPLASS board, I would like to acknowledge the contribution of BOPLASS staff, council staff, advisory group members, and partner organisations. Their continued commitment plays a key role in the outcomes delivered through BOPLASS.

Stace Lewer
Chair



Company Directory

Nature of Business:	Shared Service Provider
Registered Office:	Regional House, 1 Elizabeth Street, Tauranga 3110
Telephone:	+64 7 577 7342
Email:	contact@boplass.govt.nz
Website:	https://www.boplass.govt.nz
Incorporation Number:	2074873
Incorporation Date:	14 January 2008
IRD Number:	98-965-361
Directors:	Fiona McTavish Julie Gardyne Andrew Moraes Martin Grenfell Matt Potton Nedine Thatcher-Swann Morgan Godfery Steven Perdia Stace Lewer
Shareholders:	Bay of Plenty Regional Council Gisborne District Council Kawerau District Council Ōpōtiki District Council Rotorua Lakes Council Taupō District Council Tauranga City Council Western Bay of Plenty District Council Whakatāne District Council
Auditor:	BDO Tauranga
Bankers:	ANZ Bank
Solicitors:	Cooney Lees and Morgan

Statement of Intent and Performance

The company has complied with section 64 of the Local Government Act 2002 (LGA) and has had the Statement of Intent for 2026-2029 and associated budget formally adopted by the directors by resolution on 26 June 2026.

Performance Targets 2026-2029

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

Targets 2026-2029	**How**	**Measure**
Ensure supplier agreements are proactively managed to maximise benefits for BOPLASS councils.	Manage and/or renegotiate existing contracts.	Contracts are reviewed annually to test for market competitiveness. New suppliers are awarded contracts through a competitive procurement process involving two or more vendors where applicable.
Investigate new Joint Procurement initiatives for goods and services for BOPLASS councils.	Procure from sources offering best value, service, continuity of supply and/or continued opportunities for integration.	A minimum of four new procurement initiatives investigated. Initiatives provide financial savings of greater than 5% and/or improved service levels to the participating councils.
Identify opportunities to collaborate with other LASS in Procurement or Shared Service projects where alliance provides benefits to all parties.	BOPLASS to regularly engage with other LASS to identify and explore opportunities for further inter-regional collaboration.	Quarterly reporting on engagement and a minimum of one new collaborative initiative undertaken annually.
Implement Shared Services demonstrating best practice and added value to participating councils and stakeholders.	Identify Shared Services projects of benefit to two or more councils and lead the implementation.	Initiate at least one new Shared Service each year and no less than two Shared Services successfully implemented within three years.
Ensure current funding model is appropriate.	Review BOPLASS expenditure and income and review council contributions and other sources of funding.	Performance against budgets reviewed quarterly. Company remains financially viable.

Statement of Intent and Performance continued

The following is a report of performance against targets set in the Statement of Intent for 2025/28.

Target 2025/26	**Result**	**Narration**
Ensure supplier agreements are proactively managed to maximise benefits for BOPLASS councils. Manage and/or renegotiate existing contracts. Contracts are reviewed annually to test for market competitiveness. New suppliers are awarded contracts through a competitive procurement process involving two or more vendors where applicable.	Achieved	Contracts negotiated and/or renewed for: NZ Archaeological Association (NZAA) *(GIS)* – NZAA implemented new licensing and fees in 2025, resulting in a proposed substantial cost increase for all BOPLASS councils. BOPLASS has negotiated a collective agreement with NZAA ensuring BOPLASS councils now receive a tailored service with significant financial savings. *No alternative suppliers* Media Monitoring service *(Media Services)* – A collective contract continues to provide BOPLASS councils with a more cost-effective and broader service including print, online, broadcast media, social media and 'social listening' services that analyse social media feedback or sentiment. GIS software and services – Key contracts for councils' geospatial software have been reviewed and renewed through collective BOPLASS agreements: • FME Software • ESRI Enterprise Licensing Agreement *Contracts renegotiated and renewed – no alternative suppliers* Media Copyright Agency (MCA) *(Media Services)* – A collective contract providing savings for all BOPLASS councils has been renegotiated with MCA (originally PMCA) for councils' print and media copyright services. *Sole NZ provider of print and media copyright services* IPWEA Membership *(Engineering)* – BOPLASS has renegotiated a single BOPLASS membership with The Institute of Public Works Engineering Australasia (IPWEA) covering all councils and providing membership savings. *No alternative provider in NZ* NAMS+ Subscription *(Asset Management)* – BOPLASS renewed the collective NAMS+ agreement with discounted joining rates for BOPLASS councils. *No alternative provider in NZ*

Target 2025/26	Result	Narration
		VertiGIS Studio *(GIS)* – Contracts for the previously named Geocortex Essentials and Analytics were renewed as VertiGIS Studio. BOPLASS councils continue to benefit from the renewed collective contract through reduced pricing and collective training. *No alternative provider in NZ* n3 *(Procurement)* – A collective purchasing group membership has been negotiated by BOPLASS. Councils achieve significant savings on membership costs and have access to trade pricing through the group scheme. The agreement has been renewed with the same discounted rates. *No alternative provider in NZ* Standards NZ *(Procurement)* – BOPLASS has renewed the agreement with Standards NZ for discounted access to the full Standards catalogue at significantly reduced pricing for all BOPLASS councils. *No alternative provider in NZ* Health & Safety Management Software *(H&S)* – BOPLASS has renegotiated the collective contract with Ideagen (ex Damstra/Vault) as H&S management software provider for the BOPLASS and Waikato councils. Negotiations included options for a transition to upgraded software, with no increase in price for BOPLASS councils, including complementary provision of professional services. My Everyday Wellbeing *(H&S)* – BOPLASS has re-signed an agreement for the staff online wellbeing platform. Discounted pricing is provided to BOPLASS as a single entity, allowing all participating councils to benefit from the associated savings. Increased participation from MW LASS, Co-Lab and BOPLASS councils has resulted in further financial savings for the collective. Cyber Insurance *(Insurance)* – BOPLASS was able to facilitate the renewal of councils' cyber insurance policies on favourable terms with Berkshire Hathaway by working closely with councils to ensure all underwriter requirements were met and demonstrated through the collective approach. This included tailored cyber security insurance training to council IT Managers. *Cyber cover is an annual agreement that requires going to market every year.*

Target 2025/26	Result	Narration
Investigate new Joint Procurement initiatives for goods and services for BOPLASS councils. Procure from sources offering best value, service, continuity of supply and/or continued opportunities for integration. A minimum of four new procurement initiatives investigated. Initiatives provide financial savings of greater than 5% and/or improved service levels to the participating councils.	Achieved	Procurement initiatives which have been investigated during the year are as follows: Aerial Imagery *(GIS)* – Two tenders were awarded for urban and coastal orthophotography covering Tauranga, Rotorua, Western BOP, Whakatāne, Ōpōtiki, and Gisborne regions. Aerial capture was completed ahead of schedule in December 2025. Digital Built Aotearoa Foundation – Underground Asset Register (UAR) *(GIS)* – BOPLASS has actively engaged with the Digital Built Aotearoa Foundation to assess regional opportunities associated with the NZ Forward Works Viewer (NFWV) and the emerging Underground Asset Register. This national platform is designed to consolidate underground and above-ground asset information into a single, accessible map, improving safety, reducing asset-strike risk, and supporting better coordination of infrastructure works. As part of this work, BOPLASS has negotiated pricing incentives for our group of councils, however, discounted pricing is contingent on all councils' participation. Office supplies *(Procurement)* – BOPLASS is leading a secondary procurement process to engage All of Government (AoG) panellists for the provision of general office supplies. Coordinating the procurement process collectively offers efficiencies in time and resources and may provide enhanced leverage with suppliers. *Project still underway* Water CCOs GIS Software *(GIS)* – BOPLASS has assessed opportunities to utilise its ESRI enterprise agreement to support the establishment of standalone GIS capabilities within Water Service Organisations. Lone worker field solutions *(IT/H&S)* – BOPLASS has been working with the Health and Safety and IT advisory groups to identify new technologies and solutions to support council staff operating in lone worker environments. A common requirement for wearable security devices has been identified, with a collective procurement opportunity currently being developed. *Project still underway* 3D Modelling aerial photography *(GIS)* – A contract was awarded to provide 3D textured models based on aerial imagery captured through the BOPLASS aerial imagery programme.

Target 2025/26	Result	Narration
		First aid supplies *(H&S)* – BOPLASS undertook a survey of councils to assess opportunities for the joint procurement of first aid supplies. Due to the relatively low level of expenditure across councils, a BOPLASS-led procurement exercise was not recommended at this stage. Infrastructure Insurance *(Insurance)* – The BOPLASS collective insurance programme continues to deliver significant benefits to all member councils. The November 2025 renewals provided further improvements in terms, coverage, and premium rates, with over $2.2M saved across infrastructure and MDBI policies when compared with premiums for the year prior. The 2025 engagement with the markets was particularly successful and was supported by several proactive initiatives such as group loss modelling (saving over $171,000 by doing this collectively), detailed underwriter presentations, and a focus on enhanced data quality. Additional workstreams that continue to support the collective programme include the development of an insurance MOU, parametric and disaster waste insurance options, data analysis, and coordination of insurance workshops. These activities ensure councils maintain strong market positioning and continue to secure optimal outcomes. Health & Safety training panel *(H&S)* – BOPLASS has worked in conjunction with Co-Lab to develop a supplier panel through a collective RFP and has entered into agreements with the panel providers on behalf of BOPLASS councils. This provides BOPLASS councils with access to agreed training services at discounted rates. GeoJobe GIS services and software *(GIS)* – BOPLASS has engaged with GeoJobe (USA) to investigate opportunities for councils to establish a collective purchasing agreement to reduce costs for councils and provide standard administration tools for ArcGIS online, including portal backup, content migration, and bulk licence allocation. *Project still underway* Personal safety and security devices *(H&S)* – BOPLASS undertook a council survey to understand the current solutions in place across councils. BOPLASS is now working in conjunction with Co-Lab to develop a collective procurement process. *Project still underway*

Target 2025/26	Result	Narration
		Above Ground Earthquake Loss Modelling *(Insurance)* – The existing BOPLASS Material Damage placement does not have an overarching loss limit making it less attractive to underwriters. BOPLASS engaged Aon to undertake a high-level loss modelling exercise to determine and set appropriate loss limits for the region and for BOPLASS councils. GIS training *(GIS)* – BOPLASS procured and coordinated specialised GIS ArcPro training across the BOPLASS councils. Substantial savings were achieved through the collective training while also helping to bring all councils up to similar skill levels.
Identify opportunities to collaborate with other LASS in Procurement or Shared Service projects where alliance provides benefits to all parties. BOPLASS to regularly engage with other LASS to identify and explore opportunities for further inter-regional collaboration. Quarterly reporting on engagement and a minimum of one new collaborative initiative undertaken annually.	Achieved	LASS leads meet regularly to identify additional opportunities for inter-regional procurement and shared services. It has been agreed that all projects under development or consideration by individual LASS will be made available to the other LASS groups, reinforcing a collaborative approach to collectively achieve efficiencies and improved outcomes. BOPLASS is also working with Co-Lab to offer preferential rates for councils wishing to access existing shared services. Some of the shared service projects offered to BOPLASS include: • *Debt Management – MW LASS* • *Archives – MW LASS* • *Building Consent Authority Collaboration project – Co-Lab* BOPLASS is leading or managing, on behalf of other LASS: • *Waste Operator and Licensing Data System* • *Staff wellbeing portal* • *Regional contractor database* • *Insurance Markets Joint Communications* • *Occupational Health Services* • *Postal and Courier Services* Engagement with other LG collaborative groups – BOPLASS continues to offer support to other local government collaborative groups looking to leverage benefits from working collectively. Health & Safety training – BOPLASS and Co-Lab have established aligned contracts with Health & Safety trainers. To provide improved market leverage and ensure the best value is delivered to all councils, it was agreed to tender for service as a collective covering all BOPLASS and Co-Lab councils.

Target 2025/26	Result	Narration
		Self-insurance options – BOPLASS participated in a project led by MW LASS to assess the viability of councils' self-insuring for high-frequency claims, with the aim of increasing deductibles to reduce premiums. Modelling of current claim scenarios indicated this approach would not deliver any anticipated savings, as insurers were unwilling to provide premium relief. Current deductible levels remain the most cost-effective option for councils. Waste Operator and Licensing Data System (WOLDS) – BOPLASS is leading the collective WOLDS project for BOPLASS and Co-Lab councils: a cross-regional system designed to centralise waste operator licensing and data reporting through a secure portal. This initiative builds on previous collaborative work to standardise waste bylaws and will deliver consistent regulation, improved data quality, and cost efficiencies for councils and operators. Phase 1 councils will incorporate WOLDS licensing into their fees with operator licensing and data reporting then managed centrally. *Project still underway* LGOIMA requests – BOPLASS has continued to work in conjunction with the other two LASS in the development of a centralised platform for the sharing of LGOIMA information to assist with establishing consistency and best practice with responses. *Project still underway* RFP facilitator – BOPLASS led a procurement process for the appointment of an independent facilitator to lead a collective RFP covering BOPLASS, Co-Lab, MW LASS and Hawke's Bay councils for insurance brokerage services. BOPLASS has entered into a facilitator agreement on behalf of these groups of councils.



MahiTahi Local Government Collaboration Portal

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

Target 2025/26	Result	Narration
Implement Shared Services demonstrating best practice and added value to participating councils and stakeholders. Identify Shared Services projects of benefit to two or more councils and lead the implementation. Initiate at least one new Shared Service each year and no less than two Shared Services successfully implemented within three years.	Achieved	Insurance information workshops – BOPLASS has coordinated a series of short focused online workshops to enhance council staff understanding of insurance processes. Each session addresses a specific topic relevant to council operations. The first workshop, Insurance 101, established a shared baseline of knowledge, followed by sessions on fine arts insurance (covering placement and risk management for art and heritage collections), and disaster waste insurance – a known critical area for councils. Cross-Regional Waste Strategy and Waste Infrastructure Plan – Bay of Plenty and Waikato councils are collaborating on the development of a joint regional waste strategy and waste infrastructure plan, led by Waikato Regional Council. The Ministry for the Environment has provided funding through the Waste Minimisation Fund to support this initiative. BOPLASS and Co-Lab are both supporting the project. This multi-phased project will cover multiple years. Government procurement rules – BOPLASS has attended government webinars on the updated procurement rules and has worked closely with council procurement managers to ensure alignment with best practice. While the new rules are not mandatory for local government, they emphasise supporting the New Zealand economy and engaging local suppliers – objectives that are particularly relevant for councils. Information sharing and the approach to new regulatory requirements have been undertaken collectively. Water CCOs insurance support – BOPLASS has assessed options for including the Bay of Plenty water CCOs within the BOPLASS insurance programme. Agreement was reached with insurers and brokers to include water service organisations within the BOPLASS programme. This BOPLASS insurance shared service now encompasses councils, CCOs, and the Water Service Organisation currently being established in the Western Bay of Plenty. CCTV Monitoring – As a second phase of the BOPLASS CCTV project, BOPLASS is investigating an opportunity to establish CCTV monitoring as a shared service across multiple councils. Centralisation of these services also helps with improved alliance with police requirements. *Project still underway*

Target 2025/26	Result	Narration
		Inter-Council Network (ICN) – The Kordia service currently provides primary connectivity to the ICN for councils, with additional network vendors supporting specific parts of the network. BOPLASS is reviewing future options for this service, including assessing whether the ICN remains fit for purpose in today's technological landscape. The ICN is predominantly used to support council WAN services. *Project still underway* Zoom Video Conferencing Services – BOPLASS has provided a managed Zoom video conferencing service for councils over several years, with the service reviewed and renewed annually on their behalf. While Microsoft Teams is generally the primary platform for internal communications, Zoom continues to be used for governance-related activities and council-wide webinars. This year a review was undertaken of all council licencing and usage to ensure the best value was being delivered.
Communicate with each shareholding council at appropriate levels. Actively engage in obtaining political support for identified projects. Information provided to elected members, and feedback sought, on BOPLASS projects, benefits to local communities, and value added to each council.	Achieved	BOPLASS continues to regularly engage with our constituent councils, senior management, and shareholders to ensure opportunities continue to be developed to the benefit of all stakeholders. Additionally, advisory groups, comprising subject matter experts from each council, meet regularly to identify and lead specific projects providing benefits to all councils through collaboration. The BOPLASS Statement of Intent, Annual and Half-Yearly reports are provided to council for comment or feedback, and the CEO is available to attend council meetings as requested.
Ensure current funding model is appropriate. Review BOPLASS expenditure and income and review council contributions and other sources of funding. Performance against budgets reviewed quarterly. Company remains financially viable.	Achieved	The sources of BOPLASS funding and the viability of the funding model are regularly reviewed with financial reporting provided to the BOPLASS Board. Council contributions were levied with annual council contributions CPI adjusted. Contributions were received from activities that are producing savings. An annual contribution from Co-Lab, Regional Software Holdings (RSHL) and BOPLASS councils is received for membership of the MahiTahi Local Government Collaboration Portal. Monthly and quarterly performance reviewed. Financial statements and budget variances reported and reviewed at Board meetings. Financial position year end 30 June 2026: (8,226)

Other Value-Add Projects (non-financial)

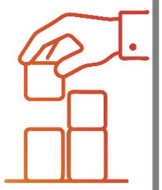
Project	Narration
Safety in Council Chambers	Through the BOPLASS Health & Safety Advisory Group (HASAG), councils collaborated in the development of a Safe Job Procedure focused on safety and security within council chambers. In response to a request from the BOPLASS Board, existing practices across councils were reviewed and consolidated into a regionally shared procedure that establishes baseline expectations while allowing individual councils to adapt controls to their specific circumstances and risk profiles. This initiative strengthened collaboration between councils, promoted greater consistency in managing public-facing meeting environments, and provided a practical resource that has been distributed to health and safety practitioners across the region.
Contactor Management and SHE Prequalification Improvements	Councils continue to collaborate on contractor management practices through BOPLASS HASAG and participation in national special interest groups. This collective engagement with SHE Prequal supports councils to better understand upcoming system enhancements, reporting capabilities, and opportunities to improve contractor oversight. The introduction of a new software platform is expected to deliver greater functionality for both councils and contractors, including improved reporting and streamlined administration.
BOP Procurement Staff Collaboration Event	Hui held for procurement staff across BOPLASS councils, targeting practical topics including water reform and lessons learned from other regions.
New Government Procurement Rules	Through the BOPLASS advisory group, the councils' various responses to changes in the Government Procurement Rules have been compared, with the intention of establishing regional alignment but through this advisory group a wider perspective was provided on how to incorporate the changes into council procurement.
Shared Training and Professional Development	Councils in the BOPLASS advisory groups regularly share opportunities for collective training initiatives, sharing of resources, and creating opportunities for staff development across organisations. By promoting access to existing training opportunities and sharing resources between organisations, councils are able to reduce their training costs and also leverage collective expertise across the region.
Contactor Management and SHE Prequalification Improvements	BOPLASS councils have explored opportunities to improve workforce health and wellbeing through shared learning and engagement with external providers. Presentations from Stroke Aotearoa highlighted the importance of preventative health measures, including blood pressure monitoring, health risk profiling, education, and early intervention programmes. While a collective programme was not progressed, the discussions increased awareness of available wellbeing initiatives and provided councils with information to support informed decisions about workplace health programmes within their own organisations.

Project	Narration
Workplace Health and Wellbeing Awareness	Through BOPLASS, councils have explored opportunities to improve workforce health and wellbeing, including shared learning and engagement with external providers. As an example, presentations from Stroke Aotearoa highlighted the importance of preventative health measures, including blood pressure monitoring, health risk profiling, education, and early intervention programmes. These types of collective discussions arranged through BOPLASS have increased awareness of available wellbeing initiatives and provided councils with information to support informed decisions about workplace health programmes within their own organisations that they would not have been able to access individually.
Council Supplier Panels	A survey was undertaken across BOPLASS councils on existing supplier panels to identify potential areas for collaboration. This opportunity has helped remove some of the duplication of effort, with councils now aware of other supplier panels within the region that they may have access to.
Artificial Intelligence (AI) in procurement	AI is being increasingly used to support a range of procurement activities, including drafting procurement documentation, reviewing submissions, analysing pricing and identifying risks within contracts. Usage across the BOPLASS councils in procurement has been reviewed to allow councils to collectively learn and access solutions that have been previously developed individually (often in parallel).

Building Blocks

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

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



Statement of Intent and Performance continued

The following is a report of performance against targets set in the Statement of Intent for 2024/25 and is provided for comparative purposes.

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

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

Target 2024/25	Result	Narration
		My Everyday Wellbeing (*H&S*) – BOPLASS renewed the agreement for the staff online wellbeing platform. Discounted pricing is provided to BOPLASS as a single entity, allowing all member councils to benefit from the associated savings. The agreement has been extended to cover MW LASS and Co-Lab councils. Increased participation from MW LASS, Co-Lab and BOPLASS councils this year has resulted in further financial savings for all participating councils. Media Copyright Agency (MCA) – A collective contract providing savings for all BOPLASS councils has been renewed with MCA (originally PMCA) for councils' print and media copyright services. *Sole NZ provider of print and media copyright services.* Cyber Insurance – All councils have successfully secured full cyber insurance cover through the collective BOPLASS programme, despite increasingly stringent requirements from insurers. Maintaining this cover requires consistently high standards of cyber security across all councils. To support this, BOPLASS facilitated a cyber-crime information session for IT Managers led by a cyber security insurance expert. This was provided at no cost to the councils and provided insights into evolving insurer expectations, emerging cyber threats, and best practices for incident response. *Cyber cover is an annual agreement that requires going to market every year.* Standards NZ – BOPLASS has renewed the agreement with Standards NZ for discounted access to the full Standards catalogue at significantly reduced pricing for all BOPLASS councils. In addition to the financial savings for councils, the BOPLASS agreement provides full access to all standards and the full standards library for councils. *No alternative provider in NZ.*

Target 2024/25	Result	Narration
Investigate new Joint Procurement initiatives for goods and services for BOPLASS councils. Procure from sources offering best value, service, continuity of supply and/or continued opportunities for integration. A minimum of four new procurement initiatives investigated. Initiatives provide financial savings of greater than 5% and/or improved service levels to the participating councils.	Achieved	Procurement initiatives which have been investigated during the year are as follows: Oblique Aerial Imagery – BOPLASS investigated collaborative opportunities for the capture of Oblique Aerial Imagery for the BOPLASS councils. Working with the councils a free trial was negotiated. Group pricing has been investigated but, given the limited number of councils currently able to commit, the benefits are not significant enough at this time. Infrastructure Earthquake Loss Modelling – BOPLASS engaged Aon, as our risk advisor, to provide a collective loss modelling proposal covering all BOPLASS councils. This project was essential for reassessing risk exposure and informing decisions on insurance coverage and risk transfer strategies. Approaching the procurement collectively through BOPLASS resulted in a 39% saving, when compared with if councils were to undertake the risk modelling independently. Risk Management Resourcing – Quality and accuracy of valuation and asset data continues to hold high-importance with insurance underwriters and the quality of this data has a direct impact on councils' premium rates. While these data demands are equally applicable to all councils, some of the smaller councils may not have dedicated risk management resource to deliver on all the requirements. In collaboration with our risk advisors, a specialised service has been established to provide on-demand expert assistance in areas such as risk appetite, maturity assessments, policy and framework reviews, business continuity planning, strategic risk, and organisational risk registers. Not only has this initiative strengthened councils' ability to meet insurance requirements, but it has also helped improve overall risk governance without the need to employ specialist staff. Starlink Management – As a result of the major interruptions to communication technologies during and following Cyclone Gabrielle, BOPLASS IT Managers explored the potential of collective procurement of Starlink satellite WAN services to enhance business continuity and disaster recovery capabilities.

Target 2024/25	Result	Narration
		While collective procurement options did not yield financial benefits, councils opted to assess and implement Starlink solutions based on individual needs, ranging from disaster recovery to supporting remote operations. The initiative fostered significant knowledge sharing across councils. Additionally, a separate project is underway to evaluate Starlink and alternative technologies for improving connectivity for lone workers in remote areas, led by BOPLASS Health & Safety and IT Managers. *Project still underway* High Volume Print – BOPLASS is working with councils to investigate a collective approach to high-volume printing in response to rising costs and evolving council requirements. Councils currently operate with a mix of in-house and outsourced services, and there is strong interest in assessing the opportunity for councils to address print requirements as a strategic group. Engagement is underway to evaluate alignment across councils and identify opportunities for coordinated procurement that deliver improved service outcomes and cost efficiencies. *Project still underway* Office supplies – BOPLASS is leading a collective secondary procurement process to engage All of Government (AoG) panellists for the provision of general office supplies. Coordinating the procurement process collectively offers efficiencies in time and resources and may provide enhanced leverage with suppliers. *Project still underway* Energy Services – An Eastern Bay consortium of councils has appointed a provider for energy services. BOPLASS has investigated the opportunity for Western Bay councils to participate in the arrangements. Most of the other BOPLASS councils are contracted directly with providers or through the All of Government agreement. Opportunities for savings will continue to be investigated. *Project still underway* Infrastructure Insurance – Placements for BOPLASS councils' infrastructure insurance are only provided on a 12-month term and all placements need to be procured annually through a process involving multiple underwriters and insurance syndicates. This involves identifying and negotiating with alternative

Target 2024/25	Result	Narration
		markets every year and considering options to undertake placements through new or different insurers. Negotiations for councils' infrastructure insurance were undertaken in late 2024 through direct engagement with the international and local markets. The size of the collective BOPLASS account allows us to undertake this direct engagement. Particularly good outcomes were achieved for the 2024-25 infrastructure placements, with an average reduction of approximately 5% on last years rates, and a saving of up to 20% when compared with councils that don't procure through a collective group. The high standard of the information being provided by BOPLASS councils, and our historical relationships with the international markets, have proven to be a strength for us at renewal time. Most insurers demonstrate ongoing support for the BOPLASS programme, however, BOPLASS continues to review alternative risk transfer options and alternative markets. Aerial Imagery – Two tenders for aerial imagery were managed by BOPLASS on behalf of participating councils. Tenders were awarded to Woolpert for urban orthophotography covering Tauranga City, Kawerau, Ōpōtiki, and Whakatāne, with additional capture over Moutohora and Whakaari Islands. Occupational Health Services Tender – Working in conjunction with Co-Lab, a joint tender for the procurement of occupational health services for BOPLASS and Waikato councils has been awarded. While each LASS will be managed independently, the aggregated tender volumes provided greater leverage for securing competitive pricing and enhanced services. Contours from LiDAR – A regional initiative is in progress to generate contour mapping for the entire Bay of Plenty using LiDAR data acquired collectively by BOPLASS councils. This will deliver a comprehensive topographic layer for council mapping systems. The joint procurement approach ensures cost savings and operational efficiency through a streamlined process. *Project still underway*

Target 2024/25	Result	Narration
Identify opportunities to collaborate with other LASS in Procurement or Shared Service projects where alliance provides benefits to all parties. BOPLASS to regularly engage with other LASS to identify and explore opportunities for further inter-regional collaboration. Quarterly reporting on engagement and a minimum of one new collaborative initiative undertaken annually.	Achieved	BOPLASS continues to work closely with MW LASS and Co-Lab with the LASS leads engaging regularly and aiming to meet formally on a quarterly basis. Shared services projects being undertaken by other LASS have been offered to BOPLASS councils. Equally, most BOPLASS projects are offered to the other LASS. Some of the shared service projects offered to BOPLASS councils include: • Wellbeing health and safety training • Debt Management • Archives • Building Consent services BOPLASS is leading or managing, on behalf of other LASS: • Waste Operator and Licensing Data System • Staff wellbeing portal • Regional contractor database • Rates collections • Inter-council secondments • Insurance broker renewal/appointment • Workforce management system Workforce Management System – BOPLASS has engaged with the incumbent supplier on behalf of Co-Lab and BOPLASS councils to address service issues and to negotiate collective pricing. Occupational Health Services – BOPLASS and Co-Lab collectively initiated a joint procurement project for occupational health services across BOPLASS and Waikato councils. NZ Aerial Imagery consortium – BOPLASS engaged with other regions to explore the potential for a national aerial imagery consortium. The concept aimed to improve pricing and coordination of flying schedules through a larger, collective tender. BOPLASS participated in meetings to assess the feasibility and potential benefits of the initiative. After reviewing the proposal against the existing BOPLASS aerial imagery programme, which has consistently delivered strong results through smaller, regionally focused tenders, it was determined that a national approach would not offer additional value to BOPLASS councils. The current model ensures timely delivery, equitable service to smaller councils, and maintains market competitiveness. Engagement with other LG collaborative groups – In addition to the two North Island LASS, BOPLASS continues to offer support to other local government collaborative groups looking to leverage benefits from working collectively.

Target 2024/25	Result	Narration
Further develop and extend the Collaboration Portal for access to, and sharing of, project information and opportunities from other councils and the greater Local Government community to increase breadth of BOPLASS collaboration. Increase usage of the Collaboration Portal by providing support and training material for new and existing users. Proactively market the benefits to councils. Number of active users to increase by 5% per year.	Achieved	Collaborative projects continue to be added to the MahiTahi Local Government Collaboration Portal, along with several specific Teams or Channels established for confidential projects outside of the main Portal. There has been continued promotion of the MahiTahi LG Collaboration Portal within local government and this has seen a 5% increase in registered users with numbers increasing from 507 to 539. Induction and training material has been developed for creating smooth on-boarding of any new members. The Te Uru Kahika hub (regional and unitary councils) has continued to grow and is hosted within the same environment as the MahiTahi Collaboration Portal. There are now 3,191 users within the wider portal.
Communicate with each shareholding council at appropriate levels. Meeting with members of Executive Leadership Team. At least one meeting per year.	Achieved	BOPLASS continues to regularly engage with our constituent councils, senior management, and shareholders to ensure opportunities continue to be developed to the benefit of all stakeholders. In addition, BOPLASS chairs and coordinates meetings and activities for specific council advisory groups that manage or lead new collaborative initiatives. These groups generally comprise of managers from each council. The BOPLASS Statement of Intent, Annual and Half-Yearly reports are provided to council for comment or feedback and the CEO is available to attend council meetings as requested.
Ensure current funding model is appropriate. Review BOPLASS expenditure and income and review council contributions and other sources of funding. Performance against budgets reviewed quarterly. Company remains financially viable.	Achieved	The sources of BOPLASS funding and the viability of the funding model are regularly reviewed with financial reporting provided to the BOPLASS Board. Council contributions were levied with annual council contributions CPI adjusted. Contributions were received from activities that are producing savings. An annual contribution from Co-Lab, MW LASS, Regional Software Holdings (RSHL) and BOPLASS councils is received for membership of the MahiTahi Local Government Collaboration Portal. Monthly and quarterly performance reviewed. Financial statements and budget variances reported and reviewed at Board meetings. Financial position year end 30 June 2026: (8,226) deficit.

BOPLASS Ltd

PART TWO – ACCOUNTABILITY STATEMENTS



Statement of Responsibility

The following pages 27-50 outline the financial statements and notes for year ended 30 June 2026 for BOPLASS Limited.

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

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

The directors are pleased to present the financial statements of BOPLASS Ltd for the twelve months ended 30 June 2026.

For and on behalf of the Board of Directors:

Signed: Stace Lewer – Chair Date: 09/09/2026

Signed: Marty Grenfell – Director Date: 09/09/26

The Audit Office
Te Mana Arotake

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF BOPLASS LIMITED'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2026

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

Opinion

We have audited:

- the financial statements of the Company that comprise the statement of financial position as at 30 June 2026, the statement of financial performance and statement of cashflows for the year ended on that date, and the notes to the financial statements, including accounting policies and other explanatory information, on pages 31 to 51; and
- the performance information that consists of the Statement of Intent and Performance for the year ended 30 June 2026 on pages 7 to 25.

In our opinion:

- the financial statements of the Company present fairly, in all material respects, its financial position as at 30 June 2026 and its financial performance and cash flows for the year then ended in accordance with the Tier 3 Public Sector Entities Standard issued by the New Zealand Accounting Standards Board; and.
- the performance information accurately reports, in all material respects, the Company's actual performance compared against the performance targets and other measures adopted for the year ended 30 June 2026, and has been prepared, in all material respects, in accordance with section 68 of the Local Government Act 2002 (the Act).

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our

responsibilities under those standards are further described in the *Responsibilities of the auditor* section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the financial statements and performance information

The Board of Directors is responsible on behalf of the Company for preparing financial statements that are fairly presented and comply with the Tier 3 Public Sector Entities Standard issued by the New Zealand Accounting Standards Board. The Board of Directors is also responsible for preparing the performance information contained in the Statement of Intent and Performance of the Company in accordance with the Act.

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

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

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

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements and performance information.

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

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

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the information we audited or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- We evaluate the overall presentation, structure and content of the performance information, including the disclosures, and assess whether the performance information achieves its statutory purpose of enabling the Company's readers to judge the actual performance of the Company against its objectives in its statement of intent.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Board of Directors is responsible for the other information. The other information comprises all of the information included in the annual report other than the financial statements and

performance information consisting of the Statement of Intent and Performance, and our auditor's report thereon.

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

In connection with our audit of the financial statements and performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the Company in accordance with the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests in, the Company.



Donna Taylor

BDO Tauranga

On behalf of the Auditor-General

Tauranga, New Zealand

Date: 9 September 2026

Financial Statements – Statement of Financial Position

STATEMENT OF FINANCIAL POSITION - AS AT 30 JUNE 2026			
BOP LASS LTD	**Notes**	**BOP LASS Ltd**	
		2025/26 Actual	**2024/25 Actual**
ASSETS - CURRENT			
Bank accounts and cash	10	908,460	722,667
Short Term Investments	10	0	0
Debtors and Other Receivables	11	322,741	743,065
Prepayments	12	106,149	88,042
Total Current Assets		**1,337,350**	**1,553,774**
ASSETS - NON-CURRENT			
Intangible Assets	13	3,153	4,104
Plant and Equipment	14	9,935	8,782
Total Non-Current Assets		**13,088**	**12,886**
TOTAL ASSETS		**1,350,438**	**1,566,660**
LIABILITIES - CURRENT			
Creditors and Accrued Expenses	15	50,689	186,417
Employee Costs Payable	16	41,474	28,128
Income in Advance	17	1,248,546	1,334,162
Borrowings	18	0	0
Total Current Liabilities		**1,340,709**	**1,548,706**
TOTAL LIABILITIES		**1,340,709**	**1,548,706**
TOTAL ASSETS less TOTAL LIABILITIES		**9,728**	**17,954**
EQUITY			
Accumulated Deficits	19	89,274	81,048
Share Capital	19	99,002	99,002
TOTAL EQUITY		**9,728**	**17,954**

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

For and on behalf of the Board of Directors:

Signed: _____ Stace Lewer – Chair Date: 09/09/2026

Signed: _____ Marty Grenfell – Director Date: 09/09/26

Financial Statements – Statement of Financial Performance

STATEMENT OF FINANCIAL PERFORMANCE - FOR THE YEAR ENDED 30 JUNE 2026

BOP LASS LTD	Notes	BOP LASS Ltd 2025/26 Actual	2025/26 Budget	2024/25 Actual
REVENUE				
Council Contribution	2	380,630	369,630	359,710
Project Revenue	2	1,215,375	1,317,000	1,338,360
Interest Revenue	3	4,103	11,500	18,171
Other Income	2.5	10,000	0	37,330
Total Revenue		**1,610,108**	**1,698,130**	**1,753,571**
EXPENSES				
Depreciation and Amortisation	4	3,958	6,000	5,041
Employee Related Costs	5	380,965	335,051	353,762
Directors Costs	6	20,222	23,000	21,865
Finance Cost	7	0	0	0
Other Expenses	8	1,213,189	1,334,079	1,382,146
Total Expenses		**1,618,334**	**1,698,130**	**1,762,814**
Surplus/(Deficit) before tax		**(8,226)**		**(9,243)**
Income Tax Expense/(Benefit)	9	0		0
Surplus/(Deficit) after tax		**(8,226)**	**0**	**(9,243)**

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

Media Monitoring

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



Financial Statements – Statement of Cashflows

STATEMENT OF CASHFLOWS - FOR THE YEAR ENDED 30 JUNE 2026			
BOP LASS LTD	**Notes**	**BOP LASS Ltd**	
		2025/26 Actual	**2024/25 Actual**
CASHFLOWS FROM OPERATING ACTIVITIES			
Council Contribution		380,630	359,710
Other Revenue		10,000	0
Project Revenue		1,410,225	1,271,718
Interest Revenue		4,102	18,171
Tax Paid - RWT (net)		5,442	
Goods and Services Tax (net)			91,047
Total Cash Provided		**1,810,399**	**1,740,646**
Employee Related Costs		(382,518)	(371,318)
Payments to Suppliers		(1,151,314)	(1,494,356)
Interest Paid			
Tax Paid - RWT (net)			(5,996)
Goods and Services Tax (net)		(86,614)	
Total Cash Applied		**(1,620,446)**	**(1,871,670)**
NET CASHFLOWS FROM OPERATING ACTIVITIES		**189,953**	**(131,024)**
CASHFLOWS FROM INVESTING ACTIVITIES			
Acquisition of Investments			
Purchase of Plant and Equipment		(4,160)	
Purchase of Intangibles			
Total Investing Cash Applied		**(4,160)**	**0**
NET CASHFLOWS FROM INVESTING ACTIVITIES		**(4,160)**	**0**
CASHFLOWS FROM FINANCING ACTIVITIES			
Proceeds from Loans			
Repayment of Loans			
NET CASHFLOWS FROM FINANCING ACTIVITIES		**0**	**0**
NET INCREASE/(DECREASE) IN CASH		**185,793**	**(131,024)**
CASH AT BEGINNING OF THE YEAR		**722,667**	**853,691**
CASH AT END OF THE YEAR	10	**908,460**	**722,667**

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

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

Entity Information for the Year Ended 30 June 2026

LEGAL NAME

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

TYPE OF ENTITY AND LEGAL BASIS

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

COMPANY'S PURPOSE

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

STRUCTURE OF COMPANY'S OPERATIONS INCLUDING GOVERNANCE ARRANGEMENTS

The company is owned and controlled by the nine councils and comprises a Board of ten directors who oversee the governance of the company. A Chief Executive is responsible for the day-to-day operations of the company and reports to the Board, with two other staff supporting the Chief Executive in delivering against the company's objectives. The Board is made up of nine Chief Executives from participating councils and one independent director. Refer Statutory Disclosure note page 51 for list of councils.

MAIN SOURCE OF THE COMPANY'S CASH AND RESOURCES

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

OUTPUTS

As per the Statement of Intent and Performance.

All of Government (AoG) Procurement

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



Statement of Accounting Policies

Statement of Accounting Policies for the Year Ended 30 June 2026

ACCOUNTING POLICIES APPLIED:

BASIS OF PREPARATION

The Board has elected to apply the Reporting Requirements for Tier 3 Public Sector Entities (Tier 3 (PS) Standard) issued by the External Reporting Board (XRB), on the basis that the company does not have public accountability and has annual expenses less than $5 million.

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

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

SIGNIFICANT ACCOUNTING POLICIES

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

GOODS AND SERVICES TAX

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

REVENUE RECOGNITION

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

Contributions received from the nine shareholder councils are BOPLASS Limited's primary source of funding for the 12 months ended 30 June 2026.

Council contributions are recognised as revenue when they become receivable unless there is an obligation to return the funds if conditions of the contributions are not met. No such obligation is attached to the council contributions received for the twelve months ended 30 June 2026.

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

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

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

EMPLOYEE RELATED COSTS

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

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

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

ADMINISTRATION, OVERHEADS AND PROJECT EXPENDITURE COSTS

These are expensed when the related service has been received.

LEASE EXPENSES

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

BANK ACCOUNTS AND CASH

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

DEBTORS AND OTHER RECEIVABLES

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

PLANT AND EQUIPMENT

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

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

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

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

Office equipment	5 years	20%
Computer equipment/ICN	4 years	25%
Mobile Phone	3 years	67%

INTANGIBLE ASSETS

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

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

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

2022 Computer Software	2 years	50%

CREDITORS AND ACCRUED EXPENSES

Creditors and accrued expenses are measured at the amount owed.

EMPLOYEE COSTS PAYABLE

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

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

INTEREST BEARING LOANS AND BORROWINGS

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

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

INCOME TAX

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

BUDGET FIGURES

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

COMMITMENT AND CONTINGENT LIABILITIES

Commitments and contingencies are disclosed exclusive of GST.

EQUITY

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

Print Services

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



Notes to Financial Statements

NOTE 2: COUNCIL CONTRIBUTION / PROJECT REVENUE

	Notes	BOP LASS Ltd		
		2025/26 Actual	2025/26 Budget	2024/25 Actual
Core Revenue				
Council Contribution		380,630	369,630	359,710
		380,630	**369,630**	**359,710**
Project Revenue				
Rebates	*	0	0	0
Aerial Photography Revenue	**	223,714	400,000	532,496
Video Conferencing Revenue	***	14,755	15,000	13,104
Revenue - ICN	****	142,322	137,000	140,588
Recoveries	*****	807,161	720,000	615,518
Crime Prevention		0	0	0
Collaboration Portal Revenue	******	27,423	45,000	36,655
TOTAL CORE AND PROJECT REVENUE		**1,596,005**	**1,686,630**	**1,698,071**

* Rebates for Services contracted by BOPLASS Ltd are received from NZ Post Ltd and a final from CSG.

** Aerial Photography revenue is offset by Aerial Photography expenditure paid by BOPLASS Ltd on behalf of the councils. Refer to Note 8.

*** Video Conferencing Revenue is offset by Video Conferencing expenditure.

**** ICN Revenue is offset by ICN expenditure.

***** Recovery Revenue is offset by recovery expenditure refer to Note 8. This is the recovery of BOPLASS project or procurement costs incurred on behalf of the participating councils.

****** Collaboration Portal Revenue is offset by Collaboration Portal expenditure.

NOTE 2.5: OTHER INCOME

	Notes	BOP LASS Ltd		
		2025/26 Actual	2025/26 Budget	2024/25 Actual
Other Income				
LINZ		10,000	0	40,000
Income Tax Refund		0	0	(2,670)
TOTAL OTHER INCOME		**10,000**	**0**	**37,330**

NOTE 3: INTEREST REVENUE

	Notes	BOP LASS Ltd		
		2025/26 Actual	2025/26 Budget	2024/25 Actual
Core Revenue				
Interest Revenue - Current account		3,086	10,000	15,612
Project Revenue				
Interest Revenue - Aerial Trust account		1,016	1,500	2,559
TOTAL INTEREST REVENUE		**4,103**	**11,500**	**18,171**

NOTE 4: DEPRECIATION AND AMORTISATION EXPENSE

	Notes	BOP LASS Ltd		
		2025/26 Actual	2025/26 Budget	2024/25 Actual
Core Expenditure				
Intangibles	*	950	2,000	1,262
Plant and Equipment	**	3,008	4,000	3,778
TOTAL DEPRECIATION AND AMORTISATION EXPENSE		**3,958**	**6,000**	**5,040**

* Intangibles refer to Note 13.

** Plant and Equipment refer to Note 14.

NOTE 5: EMPLOYEE RELATED COSTS

	Notes	BOP LASS Ltd		
		2025/26 Actual	2024/25 Budget	2024/25 Actual
Core Expenditure				
Salary and Wages		331,818	306,101	303,444
Superannuation	*	21,719	0	25,725
Direct Personnel Overheads	**	27,428	28,950	24,593
TOTAL EMPLOYEE RELATED COSTS		**380,965**	**335,051**	**353,762**

* Superannuation includes employer contributions to Kiwisaver.

** Direct Personnel Overheads include ACC, Fringe Benefit Tax, staff training costs and other staff support costs.

NOTE 6: DIRECTORS COSTS

	Notes	BOP LASS Ltd		
		2025/26 Actual	2025/26 Budget	2024/25 Actual
Core Expenditure				
Directors Costs (Fees & Travel)	*	20,222	23,000	21,865
TOTAL DIRECTORS COSTS		**20,222**	**23,000**	**21,865**

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



Insurance

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

NOTE 7: FINANCE COST

	Notes	BOP LASS Ltd		
		2025/26 Actual	2025/26 Budget	2024/25 Actual
Core Expenditure				
Interest on Borrowings	*	0	0	0
TOTAL FINANCE COST		**0**	**0**	**0**

* Interest on Tauranga City Council loan refer to Note 18.

NOTE 8: OTHER EXPENSES

	Notes	BOP LASS Ltd		
		2025/26 Actual	2025/26 Budget	2024/25 Actual
Core Expenditure				
Audit Fees	*	24,003	25,000	25,185
Administration Expenses	**	21,736	20,000	18,730
Consultancy	***	5,200	5,500	9,800
General Costs	****	8,925	13,900	8,379
Insurance		13,530	16,000	13,066
Crime Prevention		0	0	0
		73,394	**80,400**	**75,159**
Project Expenditure				
Aerial Photography	*	223,714	400,000	532,496
Video Conferencing	**	14,053	14,100	16,830
Inter Council Network (ICN)	**	125,912	131,600	129,840
Recoveries	***	759,906	680,000	606,519
Collaboration Portal Opex	****	16,210	27,979	21,302
		1,139,795	**1,253,679**	**1,306,987**
TOTAL OTHER EXPENSES		**1,213,189**	**1,334,079**	**1,382,146**

Core

* Audit Fees for 2026 are $24,000

** Administration Expenses

*** Consultancy includes tax advice for both 2026

**** Accommodation & Travel, Bank Fees, Conferences, General Expenses, Health & Safety, Legal, Subscriptions

Project

* BOPLASS Ltd has a contract for aerial photography on behalf of the councils. This expenditure is offset from the revenue received from the councils. BOPLASS Ltd is acting on behalf of the councils.

** ICN Expenses. This expenditure is offset from the revenue received from the councils. BOPLASS Ltd is acting on behalf of the councils.

*** Recoveries - This expenditure is offset from the revenue received from the councils for project work.

**** Collaboration Portal Opex - to assist in accelerating growth of shared service strategies and projects throughout local government in New Zealand by increasing visibility of councils' opportunities to collaborate.

NOTE 9: INCOME TAX EXPENSE

	Notes	BOP LASS Ltd	
		2025/2026 Actual	2024/2025 Actual
Components of tax expense			
Current Tax Expense		0	0
Adjustments to current tax in prior years		0	0
Tax Expense		0	0
INCOME TAX EXPENSE		**0**	**0**
Relationship between tax expense and accounting profit			
Net surplus (deficit) before Taxation*		(8,226)	(9,243)
Tax calculation @ 28%		2,303	2,588
Plus/(Less) Taxation effect of:		0	0
Non-deductible Expenditure		380,630	359,710
Imputation credit adjustment		0	0
Non-taxable (income)/expenditure		(380,630)	(359,710)
Prior Period Adjustment		0	0
Income not included in accounting profit		0	0
Tax Losses not recognised		0	0
Deferred tax adjustment		(2,303)	(2,588)
TOTAL INCOME TAX EXPENSE		**0**	**0**

Joint Procurement

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



NOTE 10: BANK ACCOUNTS, CASH AND OTHER FINANCIAL ASSETS

	Notes	BOP LASS Ltd	
		2025/26 Actual	2024/25 Actual
Cash at Bank – Current account		647,295	692,357
Cash at Bank – Aerial Trust account		260,016	29,165
Cash at Bank – Crime Prevention		1,149	1,145
TOTAL BANK ACCOUNTS AND CASH		**908,460**	**722,667**

NOTE 11: DEBTORS AND OTHER RECEIVABLES

	Notes	BOP LASS Ltd	
		2025/26 Actual	2024/25 Actual
Debtors – Other		257,968	682,229
Goods and Services		0	0
Accrued Revenue		66,857	57,478
Tax (Payable) / Receivable		(2,084)	3,358
TOTAL DEBTORS AND OTHER RECEIVABLES		**322,741**	**743,065**

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

NOTE 12: PREPAYMENTS

	Notes	BOP LASS Ltd	
		2025/26 Actual	2024/25 Actual
Under 1 Year		106,149	88,042
TOTAL PREPAYMENTS		**106,149**	**88,042**



Aerial Imagery

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

NOTE 13: INTANGIBLE ASSETS

	Notes	BOP LASS Ltd	
		2025/26 Actual	2024/25 Actual
Computer Software			
Cost			
Cost at beginning of Year		79,174	79,174
Current Year Additions		0	0
Current Year Disposals		0	0
Cost Balance at Year End		**79,174**	**79,174**
Accumulated Amortisation and Impairment			
Cost at beginning of Year		(75,071)	(73,808)
Amortisation Expense		(950)	(1,263)
Impairment Losses			
Accumulated Amortisation and Impairment Balance at Year End		**(76,021)**	**(75,071)**
Carrying Amounts			
Cost at beginning of Year		4,103	5,366
Carrying Amount at Year End		**3,153**	**4,103**

Amortisation Expense was at varying rates between 15% to 60%.
No impairment losses have been recognised for intangible assets.

NOTE 14: PLANT AND EQUIPMENT

	Notes	BOP LASS Ltd	
		2025/26 Actual	2024/25 Actual
Office and Computer Equipment			
Cost			
Cost at beginning of Year		29,613	29,613
Current Year Additions	*	4,160	0
Current Year Disposals		0	0
Cost Balance at Year End		**33,773**	**29,613**
Accumulated Depreciation and Impairment			
Cost at beginning of Year		(20,831)	(17,052)
Depreciation Expense		(3,008)	(3,779)
Impairment Losses		0	0
Loss on Disposal of Asset		0	0
Accumulated Depreciation and Impairment Balance at Year End		**(23,838)**	**(20,831)**
Carrying Amounts			
Cost at beginning of Year		8,782	12,560
Carrying Amount at Year End		**9,935**	**8,782**

Office equipment has been depreciated over its life (5 years).
Computer equipment has been depreciated over its life (4 years). Mobile Phone (3 years).

NOTE 15: CREDITORS AND ACCRUED EXPENSES

	Notes	BOP LASS Ltd	
		2025/26 Actual	2024/25 Actual
ANZ Business Credit Card		0	137
Creditors		22,814	89,007
Accrued Expenses	*	14,600	17,537
Goods and Services Tax Payable		12,215	61,380
Retentions		1,060	18,356
TOTAL CREDITORS AND ACCRUED EXPENSES		**50,689**	**186,417**

ANZ Business Credit Card facilities were arranged primarily to pay international accounts for software to reduce the fees charged and to improve expense processes and reporting.
Creditors are non-interest bearing and are normally settled on 30-day terms. Therefore, the carrying value of creditors and other payables approximates their fair value.

* Accrued Expenses relates to Audit Fees for the 2026 financial year.

NOTE 16: EMPLOYEE COSTS PAYABLE

	Notes	BOP LASS Ltd	
		2025/26 Actual	2024/25 Actual
Salaries and Wages Payable		8,466	8,061
Annual Leave		23,911	7,733
PAYE		9,096	12,334
TOTAL EMPLOYEE COSTS PAYABLE		**41,474**	**28,128**

NOTE 17: INCOME IN ADVANCE

	Notes	BOP LASS Ltd	
		2025/26 Actual	2024/25 Actual
Income in Advance		1,248,546	1,334,162
TOTAL INCOME IN ADVANCE		**1,248,546**	**1,334,162**

Staff Wellbeing

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



NOTE 18: BORROWINGS

	Notes	BOP LASS Ltd	
		2025/26 Actual	2024/25 Actual
Maturing in Under 1 Year		0	0
TOTAL BORROWINGS		**0**	**0**

BOPLASS Ltd has a reciprocal borrowing arrangement with Tauranga City Council which allows for the borrowing of funds and placement of excess funds. The current loan balance as at 30 June 2026 is $NIL. Interest is accrued during each interest period.

This loan facility is still available to BOPLASS Ltd.

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

NOTE 19: EQUITY

	Notes	BOP LASS Ltd	
		2025/26 Actual	2024/25 Actual
Share Capital			
Balance at beginning of Year		99,002	99,002
Fully Paid up Shares		0	0
Balance at Year End		**99,002**	**99,002**
Accumulated Surpluses/(Deficit)			
Balance at beginning of Year		(81,048)	(71,805)
Surplus/(Deficit) after Taxation		(8,226)	(9,243)
Balance at Year End		**9,728**	**17,954**

Share Capital - As at 30 June 2026, share capital comprised of thirty-one Ordinary Shares and twenty-two Non-Voting Shares.

The holders of the ordinary shares are entitled to receive dividends as declared from time to time, are entitled to one vote per share at meetings of the Company, and rank equally regarding the Company's residual assets.

Dividends - No dividends have been paid or are proposed by the Company.

NOTE 20: CONTINGENCIES

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

NOTE 21: EVENTS OCCURRING AFTER BALANCE DAY

No events have occurred since balance date for BOPLASS Ltd.

Coalition of the Willing

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



NOTE 22: STATEMENT OF COMMITMENTS

	Notes	BOP LASS Ltd	
		2025/26 Actual	2025/26 Actual
Capital Commitments		0	0
TOTAL CAPITAL COMMITMENTS		**0**	**0**

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

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

OPERATING LEASES AS LESSEE	Notes	BOP LASS Ltd	
		2025/26 Actual	2024/25 Actual
Not later than one year		0	0
Later than one year and not later than five years		0	0
Later than five years		0	0
TOTAL OPERATING LEASES AS LESSEE		**0**	**0**

The expense of $125,912 for the Inter Council Network is recognised in the Statement of Financial Performance refer to Note 8. Participating councils are invoiced by BOPLASS Ltd on a quarterly basis to recover the costs of the Inter Council Network. The pricing is reviewable not less than annually and adjustments are to be made for market trends and for the number of councils participating.

RECOVERY OF OPERATING LEASES PAYMENTS FROM PARTICIPATING COUNCILS	Notes	BOP LASS Ltd	
		2025/26 Actual	2024/25 Actual
Not later than one year		0	0
Later than one year and not later than five years		0	0
Later than five years		0	0
TOTAL OPERATING LEASES AS LESSOR		**0**	**0**

NOTE 23: RELATED-PARTY TRANSACTIONS

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

Related party required to be disclosed

Tauranga City Council provided accounting services to BOPLASS Ltd during the financial year to 30 June 2026 free of charge. An estimated value of the accounting services provided for the year is $15,000.

NOTE 24: EXPLANATIONS OF MAJOR VARIANCES AGAINST BUDGET

BOP LASS Ltd	
Statement of Financial Performance	**Variance against Budget**
Recoveries and Projects – Recoveries (Note 2 & 8)	Project timing is often impacted by reprioritisation of workstreams and effects the Project Recoveries and Expenditure. Both the project expense and revenue remained proportional.
Aerial Photography (Note 2 & 8)	Aerial photography income and expenditure were both below budget due to the delay of flying and capture that was not completed in the current year due to weather events.
Interest Revenue (Note 3)	Lower interest rates and cash on hand have resulted in a decrease in bank interest earned against budget.
Employee Related Expenses (Note 5)	Salaries has increased when compared to budget which was a result of fewer hours being spent on the Collaboration Portal and specific projects that off-set salaries along with unbudgeted annual leave.
Employee related costs (Note 5)	The increase in employee costs against budget is due to growing annual leave along with an underbudget estimated at the start of the year

NOTE 25: BOPLASS CONTRACTUAL OFFSETTING REVENUE & EXPENDITURE TRANSACTIONS

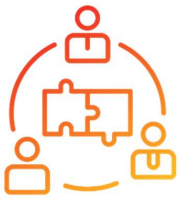
	BOP LASS Ltd 2025/26			
	Revenue	**Expenditure**	**Net Operating Surplus/(Deficit)**	**Explanation**
Core				
Council Contribution	380,630	0	380,630	BOPLASS Ltd receives funds from nine councils to fund administrative costs not related to projects. Includes CPI adjustment.
Interest Revenue	4,102	0	4,102	Refer Note 3.
Other Income –	10,000	0	0	Refer Note 2.5.
Depreciation & Amortisation	0	3,958	(3,958)	Refer to Note 4.
Salary and Wages	0	331,818	(331,818)	Refer to Note 5.
Superannuation	0	21,719	(21,719)	Refer to Note 5.
Direct Personnel Overheads	0	27,428	(27,428)	Refer to Note 5.
Directors Fees & Costs	0	20,222	(20,222)	Refer to Note 6.
Administration Expenses	0	21,736	(21,736)	Refer to Note 8.
Audit Fees	0	24,003	(24,003)	Refer to Note 8.
Consultancy	0	5,200	(5,200)	Refer to Note 8.
Insurance	0	13,530	(13,530)	Refer to Note 8.
General	0	8,925	(8,925)	Refer to Note 8.
Tax Expense	0	0	(0)	Refer to Note 9.
Total	**394,732**	**478,539**	**(83,807)**	

Projects				
Aerial Photography	223,714	223,714	0	Participating councils are invoiced by BOPLASS Ltd and the vendor is paid as percentages of the work on the project are completed.
Canon Video Conferencing	14,755	14,053	702	Councils pay BOPLASS Ltd an amount charged by Canon plus an administrative fee for BOPLASS Ltd maintaining a service and maintenance contract on behalf of the councils.
Inter Council Network	142,322	125,912	16,410	Participating councils are invoiced by BOPLASS Ltd on a quarterly basis to recover the cost for the Inter Council Regional Network Platform. ICN revenue includes recovery of other operating expenditure - ICN, interest on borrowings - ICN loan and BOPLASS Ltd administration fees.
Recoveries	807,161	759,906	47,255	BOPLASS charges an administration fee for management of project recoveries
Collaboration Portal	27,423	16,210	11,213	The Portal is to assist in accelerating growth of shared service strategies and projects throughout local government in New Zealand by increasing visibility of councils' opportunities to collaborate. Membership Revenue lower than expected.
Total	**1,215,375**	**1,139,795**	**75,580**	

Overall Total	**1,610,107**	**1,618,334**	**(8,227)**	

LASS Collaboration

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



	BOP LASS Ltd 2024/25		
	Revenue	**Expenditure**	**Net Operating Surplus/(Deficit)**
Core			
Council Contribution	359,710	0	359,710
Interest Revenue	18,171	0	18,171
Other Income – Reimbursement	37,330	0	37,330
Depreciation & Amortisation	0	5,041	(5,041)
Salary and Wages	0	317,216	(317,216)
Superannuation	0	25,725	(25,725)
Direct Personnel Overheads	0	24,593	(24,593)
Directors Fees & Costs	0	21,865	(21,865)
Administration Expenses	0	18,730	(18,730)
Audit Fees	0	25,185	(25,185)
Consultancy	0	9,800	(9,800)
Insurance	0	13,066	(13,066)
General	0	8,379	(8,379)
Tax Expense	0	0	(0)
Total	**415,211**	**455,829**	**(40,618)**
Projects			
Aerial Photography	532,496	532,496	0
Canon Video Conferencing	13,104	16,830	(3,726)
Inter Council Network	140,588	129,840	10,748
Recoveries	615,518	606,519	8,999
Crime Prevention	0	0	0
Rebates	0	0	0
Collaboration Portal	36,655	21,302	15,353
Total	**1,338,361**	**1,306,987**	**31,374**

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



Cyber Insurance

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

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

NATURE OF BUSINESS

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

DIRECTORS APPOINTED

Under the Shareholder Agreement directors are appointed by the constituent councils.

Directors and their dates of appointment are as follows:

Independent director	Craig O'Connell	26 February 2015 to 30 June 2026 Chair until 26 June 2026
Opotiki District Council	Stace Lewer	23 September 2022 Chair from 26 June 2026
Kawerau District Council	Morgan Godfery	28 February 2024
Bay of Plenty Regional Council	Fiona McTavish	30 June 2018
Western Bay of Plenty District Council	Miriam Taris Matt Potton	31 March 2025 to 10 May 2026 11 May 2026
Rotorua Lakes Council	Andrew Moraes	24 April 2024
Whakatane District Council	Steven Perdia	17 October 2024
Tauranga City Council	Martin Grenfell	3 September 2018
Taupo District Council	Julie Gardyne	2 June 2023
Gisborne District Council	Nedine Thatcher-Swann	13 March 2017

INTEREST REGISTER

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

DIRECTORS REMUNERATION

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

DONATIONS

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



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

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

Contents photo: Bund construction, The Amberley Beach Proactive Relocation Project. **Hurunui District Council**



Message from the Chair and Chief Executive
He karere nā te Heamana me te Tumu Whakarae

For the year ended 30 June 2026

The 2025–26 financial year was another strong year for LGFA, with the Agency delivering record financial results while continuing to expand access to capital markets, enhance funding flexibility, and maintain its focus on delivering new lending products and value to members.

These results were underpinned by several significant milestones achieved during the year, including:

- Sourced the cheapest cost of borrowing for the sector through successful issuance across domestic and international debt markets, with borrowing spreads over New Zealand Government Bonds and swap continuing to narrow.
- Strengthened LGFA's funding resilience by securing a larger and longer tenor Crown Liquidity Facility, which underlines Central Government's ongoing support for LGFA and the wider local government sector.
- Successfully supported the implementation of Local Water Done Well by working with Central Government, councils and establishment entities to bring on four water Council Controlled Organisations (CCOs) as members, laying the foundation for a further 13 expected to join during the coming year.
- Expanded access to funding through the introduction of two new lending products – the Cash Advances Facility for all borrowers and the Sustainable Water Action Loan (SWALe) for the water sector.
- Achieved 18 of our 21 Statement of Intent performance targets.

A major achievement during the year was the ongoing diversification of our funding programme.

Following the establishment of our European Medium Term Note (EMTN) Programme in early 2025, LGFA successfully issued a USD 500 million five-year bond, a EUR 500 million 6.5-year bond and a CHF 180 million nine-year bond. After hedging back into New Zealand dollars, each transaction achieved a lower all-in funding cost than equivalent domestic issuance. These transactions demonstrate the value of maintaining diversified funding sources, extending funding tenor and providing reliable access to international capital markets.

Our NZD Bond Repurchase Programme, established in May 2025, also strengthened our liquidity management. Weekly repurchase tenders support secondary market liquidity, reduce refinancing concentrations and provide investors with additional confidence that LGFA bonds remain actively supported throughout their life. During the year, NZD 227 million of the April 2026 bond and NZD 60 million of the April 2027 bond were repurchased.

Supporting the delivery of the Local Water Done Well programme remained a major priority throughout the year. LGFA assisted Central Government with the review of Water Services Delivery Plans submitted by councils, successfully onboarded four water CCOs as members and completed our first loan to a water CCO in April 2026. This work establishes the foundation for the expected onboarding of a further 13 water CCOs during the coming year and expands long-term access to efficient funding for the sector.

Back to contents

Borrowing processes for our members were also simplified. Legislation currently before Parliament will significantly reduce the administrative requirements for councils when confirming that their borrowing arrangements meet legal requirements. Changes have also been made to allow council borrowers to issue a single Global Security Stock Certificate rather than a new certificate for each borrowing. This will reduce administrative burden and make access to LGFA funding simpler and more efficient.

Financial and operational performance

The Directors are pleased to report another strong financial result.

Interest income for the year reflected the lower interest rate environment, with the average three-month bank bill mid-rate (BKBM) falling from 4.27% during 2024–25 to 2.69% during 2025–26. As a result, total interest income decreased by 15.6% compared with the previous year, while interest expense reduced by 17.4%.

Operating income exceeded the Statement of Intent forecast primarily because our expanded offshore funding programme delivered lower all-in funding costs, after hedging, than comparable domestic issuance. This demonstrates the financial benefits of maintaining diversified funding sources and actively accessing international capital markets. Operating income increased by 54.8% compared with the previous year.

Operating expenses, excluding Approved Issuer Levy (AIL), were above budget, reflecting additional legal and implementation costs associated with onboarding water CCOs and introducing new lending products. AIL expense totalled NZD 7.073 million for the year and remains LGFA's largest single operating cost.

Net operating profit of NZD 35.1 million was an increase of 84.8% over the previous year, reflecting the stronger growth in operating income despite higher operating expenses associated with strategic initiatives.

Shareholders' equity increased during the year to NZD 147 million, strengthening LGFA's financial position. Together with Borrower Notes, LGFA's capital base at NZD 950 million continues to support a balance sheet of NZD 28 billion.

Maintaining a strong capital position is increasingly important as councils face higher debt levels and a more challenging financial environment. Strong capital and the guarantee structure underpin LGFA's credit ratings, investor confidence and our ability to continue providing reliable, low-cost funding throughout changing market conditions. During the year LGFA's AA+ credit ratings were reaffirmed by both Fitch Ratings (but placed on negative outlook) and S&P Global Ratings (stable outlook).

Lending activity

LGFA continued to meet the borrowing requirements of its members throughout the year.

Long-term lending totalled NZD 3.873 billion through 233 loans to 69 councils and CCOs, with an average loan term of 5.0 years. Sustainable lending through our Green and Social (GS) and Climate Action Loan (CAL) products totalled NZD 1.171 billion, representing 29.8% of total lending.

Our rolling twelve-month market share remained at an estimated 98% of council and CCO long-term borrowing, well above our Statement of Intent target of 80%, demonstrating the confidence members continue to place in LGFA as their preferred funding provider.

Short-term lending increased by 46% to NZD 1.536 billion, providing borrowers with additional flexibility in managing their liquidity requirements.

Operationally, LGFA processed more than 16,000 transactions with gross cash flows exceeding NZD 73 billion, including approximately 2,500 new trades. Every transaction settled successfully without error, reflecting the strength of our operational systems, disciplined risk management and extensive use of straight-through processing to minimise operational risk.

Membership at 30 June 2026 comprised 77 councils, 8 CCOs and 4 water CCOs, with the addition of the water CCOs representing the only membership change during the year.

Statement of Intent performance

LGFA achieved 18 of its 21 Statement of Intent performance targets during the year.

The three targets not achieved related to operating expenses (excluding AIL), Treasury Policy compliance and the number of new Climate Action Loan borrowers.

Operating expenses exceeded budget due to additional legal and implementation costs associated with onboarding water CCOs and introducing the Cash Advances Facility and Sustainable Water Action Loan products.

A minor Treasury Policy breach occurred during the hedging of the EUR 500 million bond issue. While two counterparties were used to minimise credit exposure, the recent depreciation in the NZD exchange rate meant the exposure was above limits.

One council was approved for Climate Action Loans during the year compared with the target of two borrowers.

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Stakeholder engagement

Engagement with members remained a key priority throughout the year, with LGFA holding 123 meetings with councils and council-controlled organisations.

We expect engagement to continue increasing as the sector responds to rising debt levels, the potential impacts of local government reform and revenue constraints, including rates capping, as well as climate-related events.

Additional resources have been dedicated to member engagement and monitoring, recognising that many new water CCOs will operate with higher leverage than their predecessor councils and will require robust long-term financial strategies to achieve and maintain investment-grade credit ratings.

During the financial year, LGFA was notified of a breach of its lending policy financial covenants by Mackenzie District Council as at 30 June 2025. The breach was promptly identified, reported to LGFA, and rectified. While the breach had no ongoing impact, maintaining covenant compliance remains fundamental to protecting all members and supporting investor confidence.

Sustainability continues to be an important component of LGFA's lending strategy. During the year seven projects were approved for Green and Social loans, one new Climate Action Loan borrower joined the programme, and the Sustainable Water Action Loan product was developed for launch on 1 July 2026.

LGFA also continues to provide a financial subsidy to assist councils approved as CAL borrowers, that will go towards the cost of achieving external assurance of their operational Greenhouse Gas Emissions in developing independently audited greenhouse gas emissions plans with appropriate emissions reduction targets, supporting eligibility for Climate Action Loans.

At 30 June 2026, 23.7% of outstanding long-term loans were Green and Social or Climate Action Loans receiving discounted lending margins.

We also acknowledge the support from the group of domestic and global banks who support the primary market issuance and secondary market activity in our bonds and bills issued under our Domestic Bonds and Bills, Australian Medium-Term Notes, European Medium-Term Notes and Euro Commercial Paper programmes.

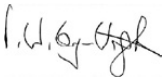
Acknowledgements

Craig Stobo will complete his tenure on the Board at the Annual Meeting of shareholders in November 2026. Craig has served as LGFA's Chair since its inception in December 2011, leading its growth from a start-up to a mature organisation with a NZ$28 billion balance sheet. The Board thanks Craig for his outstanding service. Philip Cory-Wright was elected Chair in December 2025 and will succeed Craig.

We also acknowledge the outstanding contribution of Linda Robertson, who retired from the Board after ten years of service, including as Chair of the Audit and Risk Committee. We also thank Kathryn Sharplin for her leadership as Chair of the LGFA Shareholders' Council.

The Agency's achievements continue to reflect the commitment and support of our staff, fellow Directors, the Shareholders' Council, Central Government, the Minister of Local Government and the Minister of Finance. We thank them all for their continued contribution to LGFA's success.

LGFA enters the coming year from a position of strength. With diversified funding sources, strong investor support, an expanding membership, ongoing support from Central Government and a strengthened balance sheet, we are well positioned to continue providing local government with efficient financing services and support.



Philip Cory-Wright
Chair, LGFA Board



Mark Butcher
Chief Executive

5-year summary
He whakarāpopoto 5-tau

	2026	2025	2024	2023	2022
Financial Statements	**$m**	**$m**	**$m**	**$m**	**$m**
Net interest income	51.9	34.8	19.5	10.3	17.5
Net operating profit	**35.1**	**19.0**	**10.1**	**2.5**	**10.7**
Total comprehensive income	26.4	10.4	9.1	2.5	10.7
Loans to local government sector	24,130	22,657	20,549	16,314	14,042
Other assets	4,645	3,811	2,959	1,861	2,208
Total assets	**28,775**	**26,468**	**23,508**	**18,175**	**16,250**
Bills / ECP on issue	1,304	1,605	920	792	563
Bonds on issue	24,870	22,556	21,306	15,943	14,016
Other liabilities	2,454	3,524	2,089	2,126	2,130
Total liabilities	**28,628**	**26,080**	**23,395**	**18,069**	**16,146**
Equity	**146**	**122**	**113**	**106**	**105**
Equity + borrower notes	949	791	606	466	388
Bonds issued over year (NZD equivalent)					
NZD	2,000	2,150	3,730	3,533	3,900
AUD	-	862	2,650	-	-
EMTN (EUR, CHF, USD)	2,287	2,243	-	-	-
Total bonds issued	**4,287**	**5,255**	**6,380**	**3,533**	**3,900**
LGFA Members					
Guarantors	74	72	72	70	68
Non-guarantors	3	5	5	7	7
CCO members	12	8	5	3	1
Estimated share of LG sector debt	98%	90%	90%	93%	80%
% of loans to guarantors	96%	99%	99%	99%	99%
Credit rating					
S&P Global Foreign / Domestic	AAA/AA+	AAA/AA+	AAA/AA+	AAA/AA+	AAA/AA+
Fitch Foreign / Domestic	AA+/AA+	AA+/AA+	AA+/AA+	AA+/AA+	AA/AA+

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Our history
Tō mātou hītori

by financial year ended



2012 — **INCORPORATED ON 1 DEC 2011**

Commenced bond issuance February 2012

2013

KangaNews NZ Domestic Issuer of the Year 2012

INFINZ award for Best Bond issue of 2012

Inaugural LGFA Borrowers' Forum

2014

Inaugural dividend of $1.5 million declared

2015

Bespoke lending introduced

Implemented Treasury Management System and transitioned outsourced services from NZDM

Total lending $5 billion

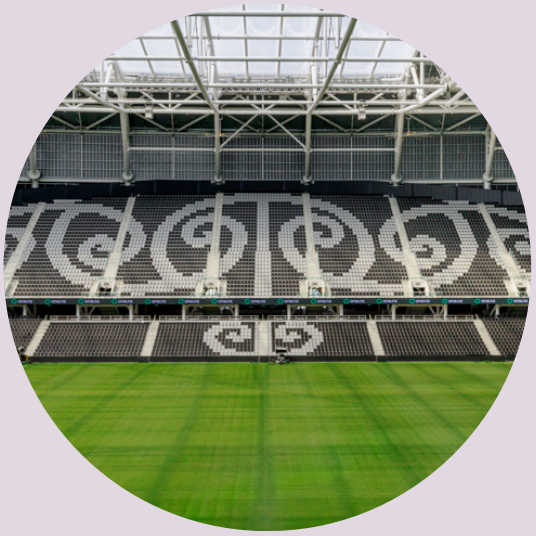
2016

LGFA Bonds listed on NZX November 2015

Commenced LGFA Bill issuance

Introduced short-term lending for councils

Transitioned to Financial Markets Conduct Act



2017

Bond lending facility established October 2016

2018

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

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2019
- Inaugural syndication ($1billion)

2020
- KangaNews. NZ Domestic Bond Deal of the Year
- Reserve Bank adds LGFA bonds to its Large Scale Asset Purchase programme
- Total lending $10 billion

2021
- S&P AAA credit rating achieved

2022
- 10 year anniversary
- Commenced lending to Council-controlled Organisations
- Future Director programme launched

2023
- KangaNews New Zealand Issuer of the Year 2022
- Total lending $15 billion

2024
- KangaNews. Five awards at 2023 Awards
- Inaugural AUD bond issue
- Inaugural ECP issue
- INFINZ Excellence in Treasury Award
- Total lending $20 billion

2025
- LGFA to lend to future Water CCOs
- Financial covenants increase for high-growth councils
- Crown Liquidity Facility Agreement increased to $3 billion.
- Inaugural EMTN issuance
- NZD Bond Repurchase Programme commenced

2026
- Cash Advance Facility launched
- First Water CCOs onboarded and loans approved
- People, Performance and Culture Committee established

Our sustainability timeline and achievements are shown separately on page 30.

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

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

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

Stakeholder engagement

In the 12 months to June 2026, we conducted 123 meetings with councils, Council Controlled Organisations (CCOs) members and prospective Water CCOs, the majority of which were held in person.

The number of meetings was higher than normal as we proactively assisted councils and their advisors with the process for Water CCOs joining LGFA and the available options for transferring water debt.

We also increased our engagement with councils on sustainability. In addition to our Green and Social Loan product and Climate Action Loans for councils, we developed the Sustainable Water Action Loan (SWALe) lending programme, a new sustainable water loan product for Water CCOs.

We also actively engaged with councillors, attending nine council meetings over the past 12 months. These meetings included presentations on LGFA's Statement of Intent, annual report, sustainability lending and water reforms.

We have maintained our long-standing relationship with Taituarā. Our key sponsorships are the Taituarā LGFA Local Government Excellence Awards, the Taituarā Strategic Finance Forum and the Taituarā Funding and Rating Forum. We are also members of Infrastructure New Zealand, The Centre for Sustainable Finance – Toitū Tahua, Water New Zealand, the Planetary Accounting Network and the Institute of Finance Professionals New Zealand Inc (INFINZ).

We contributed to several conferences and industry workshops during the year, including KangaNews, Infrastructure New Zealand, Water New Zealand and Taituarā.

Local Water Done Well

We have been actively involved with central and local government over the past year to support the operationalisation of the Central Government's Local Water Done Well programme.

We had two staff members on the Water Service Review Panel established by the Department of Internal Affairs to review all Water Service Delivery Plans submitted by councils. During this process, we worked with the Department of Internal Affairs, Taumata Arowai, the Commerce Commission and the National Infrastructure Funding and Financing agency to help ensure approved Water Service Delivery Plans complied with the Local Government (Water Services) Act.

Following approval of the Water Service Delivery Plans in late 2025, we actively engaged with Water CCOs and councils forming CCOs to support a seamless transition of funding arrangements for water services.

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Of the potential 18 Water CCOs, four had joined LGFA by 30 June 2026, with one CCO, Selwyn Water, borrowing from LGFA in April 2026. The remaining 14 CCOs are forecast to join LGFA over the next year, with all Water CCOs expected to borrow through LGFA from 1 July 2027.

Waikato Waters, Tiaki Wai and IAWAI joined LGFA as members between April and June 2026. Along with Selwyn Water, the four CCOs represent 332,000 water connections and serve an approximate population of 910,000.

Throughout this process, we have engaged with councils and the wider water sector to support the successful implementation of the water reforms and the transition of water services into new delivery arrangements. This included ongoing engagement with the Department of Internal Affairs, Taituarā, Local Government New Zealand, Water New Zealand, the Commerce Commission, Taumata Arowai, the National Infrastructure Funding and Financing agency, and the New Zealand Infrastructure Commission.

Ratepayers Assistance Scheme

We continue to actively support the local government sector-led initiative to develop a Ratepayer Assistance Scheme (RAS), with the objective of providing lower-cost financing options to ratepayers.

Products being considered for inclusion in the RAS include development contributions, rates deferral and property improvement loans.

Central Government received a revised RAS business case in late 2025. Ministers are awaiting officials' advice and have yet to determine next steps.

LGFA Sustainable Finance Series

In March 2026, we held the second Sustainable Finance Workshop Series, following the success of the inaugural series in 2025.

We organised a series of panel discussions and keynote presentations designed to:

- Provide guidance to councils on accessing climate-related funding and green and social financing instruments.
- Assist councils in building capability to effectively source climate-related funding.
- Highlight useful data and tools to support sustainable finance decision-making.

The first two sessions of the series provided an overview of LGFA's Green and Social Loan and Climate Action Loan criteria, which were updated in September 2025, and included information to support members in considering their eligibility for financing under these programmes.

The third session provided an overview of the Local Government Sector Climate Scenarios, followed by a session on the development of a sustainable finance offering for Water CCOs.

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

- **Jo Hendy** – Chief Executive, Climate Change Commission
- **Alec Tang** – Partner, Climate, Sustainability and ESG Lead, KPMG New Zealand
- **Kate Meyer** – Founder and CEO, The Planetary Accounting Network

2025 Shareholder / Borrower Day

Our annual Shareholder Borrower Day was held in Wellington in November and attracted more than 100 attendees from member organisations across the country.

The key themes for the day included infrastructure, water reform, sustainability initiatives and the Ratepayers Assistance Scheme, with presentations from the following contributors:

- **Stephen Toplis** – Head of Research, BNZ Markets
- **Peter Nunns** – General Manager Strategy, NZ Infrastructure Commission
- **Allan Pragnell** – CEO, Taumata Arowai
- **Lori Hand** – Executive Director, Water Reform. DIA
- **Alex Cabrera** – CEO Selwyn Water
- **Bevan Gray** – Waikato Waters
- **Sean Mallon** – Kapiti Coast District Council
- **Dr Kate Meyer** – Founder/CEO The Planetary Accounting Network
- **Hugo Ellis** – Cameron Partners.

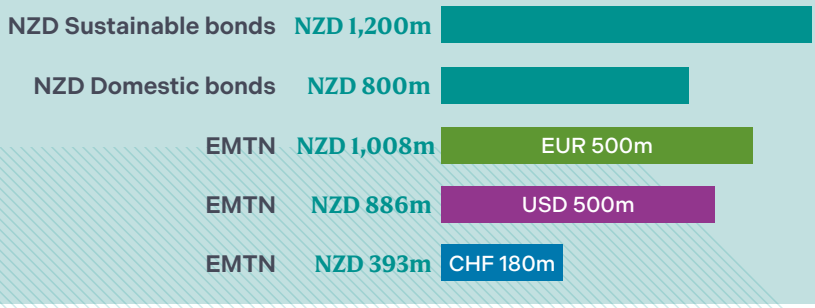
Quarterly Updates

We provided quarterly business update webinars to councils and CCOs on our operations and initiatives, as well as hosting three economic and financial market updates for members throughout the year.

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Funding and markets
Te pūtea me ngā mākete

2025-26 Long-term Issuance: NZD 4,287 million



NZD issuance
11 Tenders **1** Syndication

A tender is a primary market auction where investors bid for bonds at different prices. A primary market syndication is where a group of banks markets the bonds, builds an order book, determines the clearing price, and allocates bonds to investors at that price.

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

LGFA funding requirements are met through the following programmes:

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

Year in review

During the year, we continued to optimise our funding mix by utilising both NZD and foreign currency financing instruments to minimise our overall cost of borrowing. We continued to build our access to offshore capital markets through additional bond issuances in CHF, EUR and USD, enhancing the depth and diversity of our funding programme. At year end, our offshore issuance comprised four AUD-denominated, two EUR-denominated, two CHF-denominated and two USD-denominated bond issues. This offshore borrowing has diversified our financing sources and investor base, reducing our refinancing risk.

Year ended	Funding currencies	Funding mix % of NZD bonds
2022/23	NZD	NZD 100%
2023/24	NZD, AUD	NZD 57%
2024/25	NZD, AUD, EUR, USD, CHF	NZD 41%
2025/26	NZD, EUR, USD, CHF	NZD 46%

The average tenor of our bond issuance during the year increased to 6.7 years from 6.0 years in the prior year. While this is an improvement, it remains shorter than our preferred tenor, as longer-term debt reduces refinancing risk.

Council and CCO members borrowed for an average term of 5.0 years during the year ended June 2026. While this was longer than the prior year, it remains relatively short and limits our ability to issue bonds with significantly longer maturities while maintaining an appropriate match between our funding and lending profiles.

The NZD yield curve flattened and bond yields declined over the year as the Reserve Bank (RBNZ) completed the easing cycle that began in October 2024, cutting the Official Cash Rate (OCR) by a further 1.0% between June and November 2025 to a low of 2.25%. By year end, financial markets had begun pricing in OCR increases from July 2026.

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Longer-dated bond yields declined more than shorter-dated yields, reflecting an improved fiscal outlook and expectations of lower New Zealand Government Bond (NZGB) issuance following guidance provided in the Budget Economic and Fiscal Update released in May 2026.

The yield on the 2037 LGFA NZD bond declined by 47 basis points over the year, compared with a 26 basis point decline for the 2028 LGFA NZD bond, reflecting the stronger fall in longer-dated bond yields.

The spreads at which LGFA bonds trade to NZGBs and interest rate swaps narrowed over the year. Spreads to NZGBs narrowed by between 5 basis points (2028 bond) and 21 basis points (2037 bond), while spread to swaps narrowed by between 25 basis points (2028 bond) and 36 basis points (2033 bond).

This tightening was consistent with movements in other offshore markets and for other high-grade New Zealand issuers. The large supply of NZGBs continued to be the dominant influence on the domestic bond market.

We completed repurchases of our shortest-dated bonds during the year under the LGFA Bond Repurchase Programme. Over the year, we repurchased NZD 227 million of the April 2026 bond and NZD 60 million of the April 2027 bond. The programme supports our liquidity management, reduces refinancing risk and provides additional support to the secondary market.

Short-term funding through LGFA bills and the Euro Commercial Paper (ECP) programme totalled NZD 1.3 billion as at 30 June 2026.

Bonds and bills on issue as at 30 June 2026

FACE VALUE NZD MILLION	OUTSTANDING AT 30 JUNE 2026	2025-26 NET CHANGE[1]
New Zealand dollar bonds		
NZD Bonds	12,646	(1,862)
NZD Sustainable Finance Bonds	4,160	1,200
Foreign currency bonds		
AUD issuance programme	4,198	482
Euro Medium Term Note programme	4,663	2,420
Bills and ECP		
NZD Bills	830	(166)
Euro-Commercial Paper programme	480	(135)
Total borrowings	**26,977**	**1,939**

1. Net change includes new issuance, bond maturities and repurchases, and change in NZ principal for foreign currency bonds due to changes in FX rates.

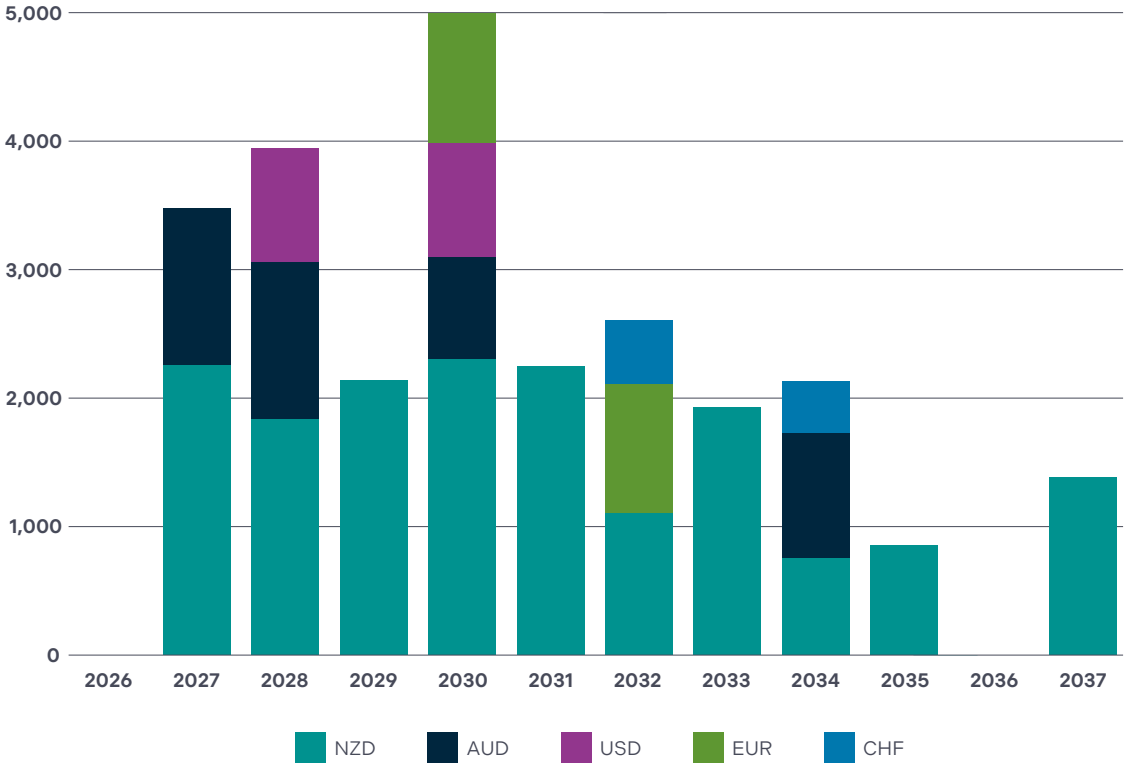


Pleura Dam, **Gore District Council**

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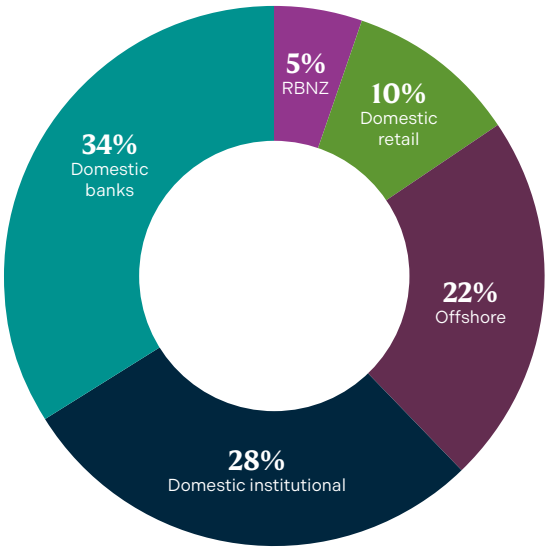
LGFA bonds on issue

NZD millions as at 30 June 2026, excluding treasury stock

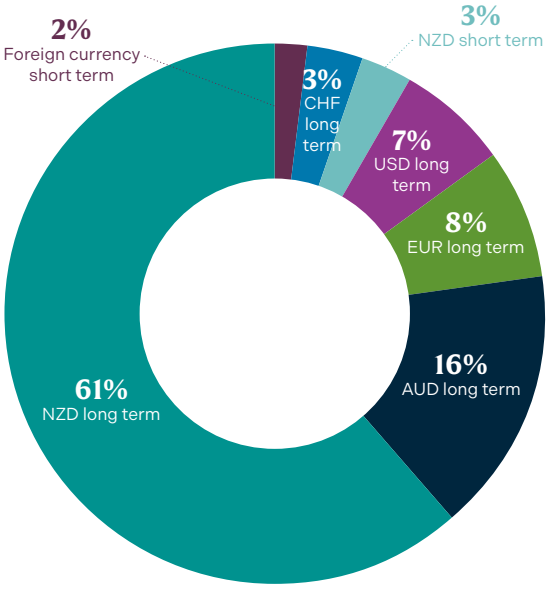


LGFA bond holders by investor group as at 30 June 2026

Source: LGFA analysis of Computershare Registry data



LGFA sources of funding as at 30 June 2026



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Local government's financing partner for investment in infrastructure and communities

Te hoa tuku pūtea o te kāwanatanga ā-rohe mō te haumi ki te tūāhanga, ki ngā hapori hoki

Local government faces a significant infrastructure investment challenge over the coming decade, driven by the need to renew ageing assets, support growth, and maintain essential services. As the sector's financing partner, LGFA is committed to providing long-term, low-cost financing that enables councils to meet these challenges and deliver the infrastructure New Zealand communities rely on.

Local government owns and operates 26% of New Zealand's infrastructure assets. These include essential infrastructure such as drinking water, wastewater, stormwater, flood protection, and roads. Councils also own and manage a wide range of community facilities, including libraries, swimming pools, parks, and community halls.

Local government is entering a period of sustained infrastructure investment as councils respond to the need to renew ageing assets, accommodate population growth, and maintain resilient, reliable infrastructure for their communities. This is driving significantly higher capital expenditure and increased borrowing across the sector, with investment expected to remain elevated over the coming decade.

Much of this investment requirement reflects historically lower investment in infrastructure renewal. Until 1996, councils were not legally required to fully fund depreciation and, as a result, many local authorities did not set aside sufficient funds to replace infrastructure assets at the end of their useful lives. This contributed to a insufficient investment during the 1980s and 1990s and created an infrastructure renewal backlog that many councils continue to address today.

Over the past five years, local authorities have invested more in capital expenditure than their annual depreciation expense. This increased investment is gradually reducing the infrastructure deficit while supporting growth and maintaining levels of service.

Looking ahead, this higher level of investment is expected to continue. Based on councils' 2024–2034 Long-Term Plans (LTPs), LGFA expects capital expenditure to be significantly higher than the levels forecast in the 2021–2031 LTPs. Capital expenditure and sector debt have both increased significantly over the past five years and are expected to remain elevated, reflecting the scale of infrastructure investment required and the important role borrowing plays in funding long-lived assets.

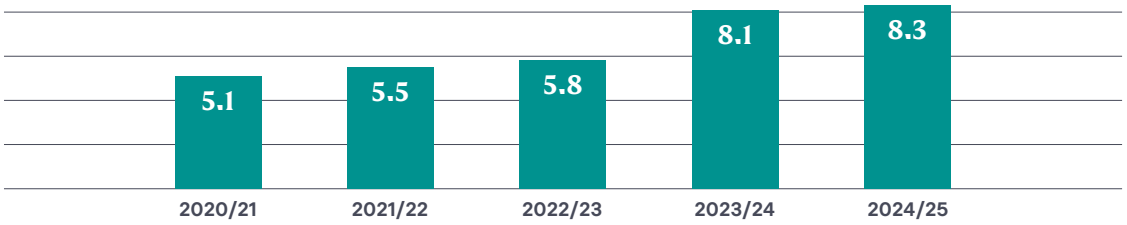
Investment is increasing across all infrastructure activities and expenditure classifications. Growth-related capital expenditure has experienced the largest proportional increase, while renewal expenditure has recorded the largest increase in absolute value. This reflects the dual challenge facing councils: replacing ageing infrastructure while investing to support future growth.

Water services are becoming an increasingly significant component of local government infrastructure investment, rising from 36% of sector capital expenditure in 2021 to a forecast 49% by 2030. This reflects both the scale of investment required to renew existing assets and the additional infrastructure needed to meet future demand.

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Local Government Capital Expenditure

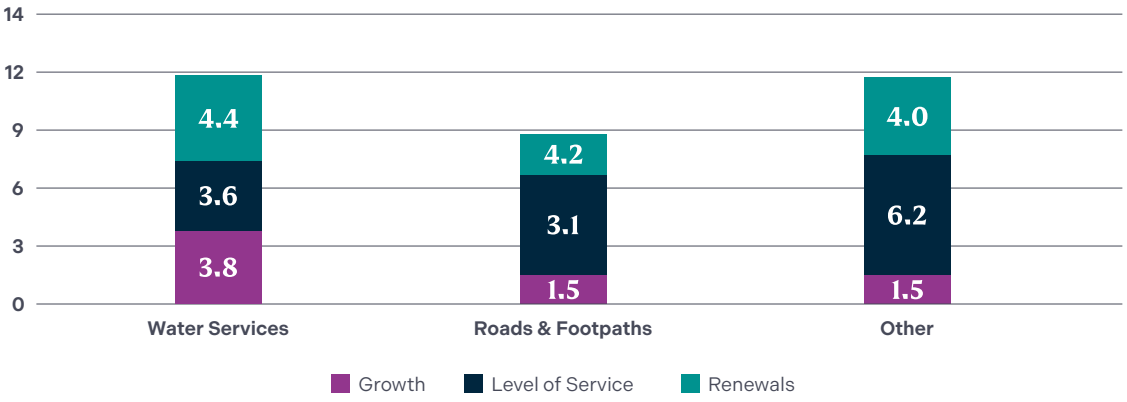
Total expenditure by fiscal year $billion



Source: New Zealand local authorities, published financial statements.

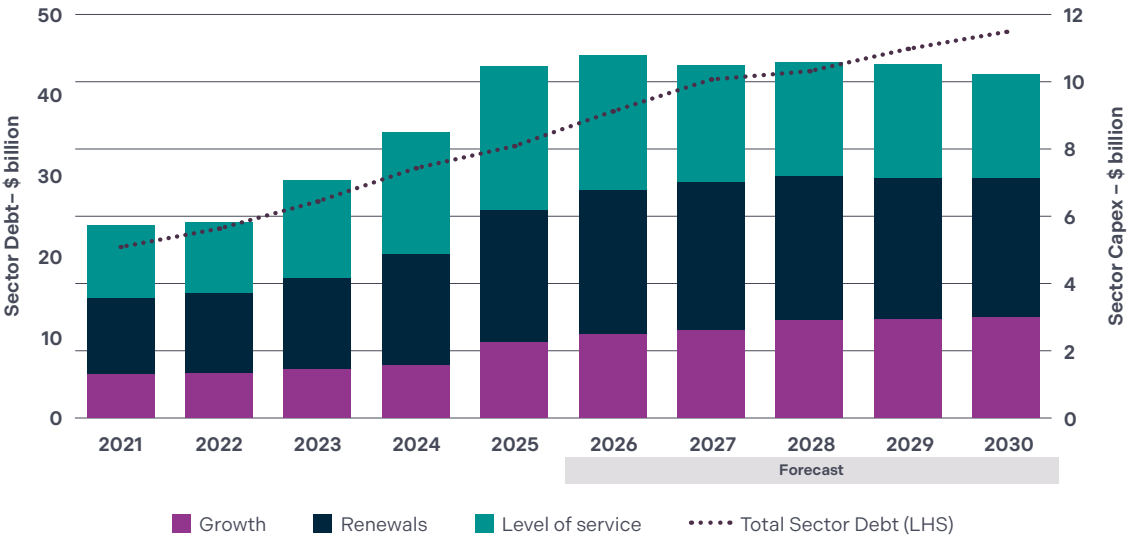
Local Government Capital Expenditure

Total expenditure over period 2020-2024 $billion



Source: New Zealand local authorities, published financial statements.

Local Government Debt and Capital Expenditure Over Time



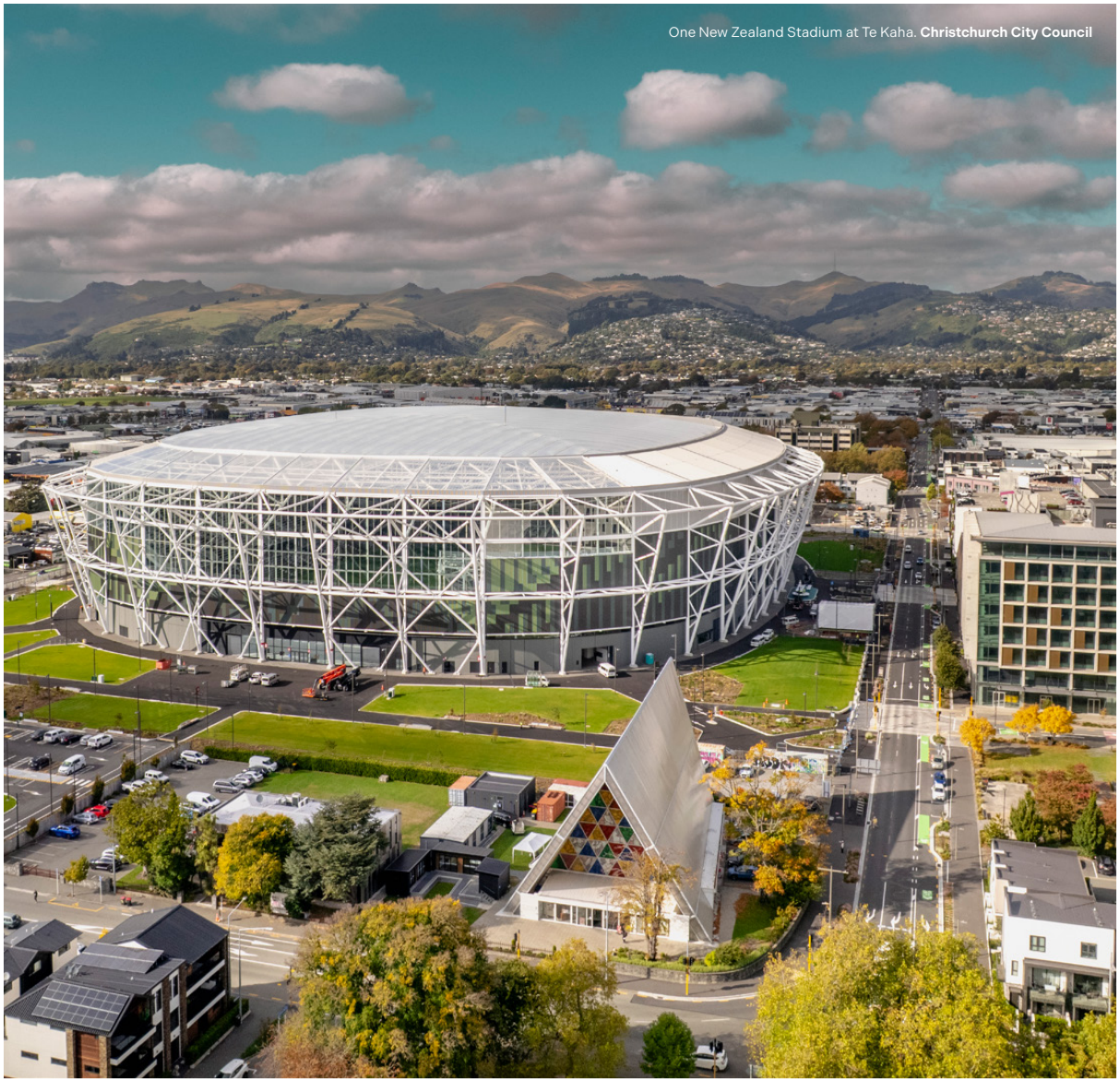
Source: New Zealand local authorities, published financial statements; LGFA

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The scale and longevity of these infrastructure challenges reinforce the importance of having a strong and reliable financing partner. As the principal lender to the local government sector, LGFA plays a critical role in enabling councils to access long-term financing for infrastructure investment.

Through our scale, strong capital markets presence, and diversified borrowing programme, we provide members with access to competitive financing, longer maturities, and certainty of funding. As the sector's infrastructure needs continue to evolve, we are working alongside councils and the sector to support emerging financing requirements, including those associated with Local Water Done Well and the establishment of new water entities. This includes developing sustainable water lending solutions to support long-term investment in essential water infrastructure.

The following contributions from Selwyn Water and Napier City Council demonstrate how LGFA financing has supported members' infrastructure programmes and helped deliver projects that benefit their communities.



One New Zealand Stadium at Te Kaha. **Christchurch City Council**

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Selwyn Water: Investing in water infrastructure for future generations

Heather Geddes
Deputy Chief Executive, Selwyn Water Limited

Selwyn Water

Selwyn is one of New Zealand's fastest-growing districts, with its population expected to reach around 120,000 over the next decade. This rapid growth is driving increased demand for drinking water and wastewater services and placing greater pressure on essential infrastructure.

Supporting this growth requires sustained investment in water networks that protect public health, safeguard the environment and provide reliable services for current and future communities.

Building a new model for water services

To help meet these challenges, Selwyn Water was established as New Zealand's first Council Controlled Water Services Organisation under the Government's Local Water Done Well framework.

The organisation was created to provide safe, reliable and sustainable drinking water and wastewater services while strengthening long-term planning, improving financial sustainability and ensuring the infrastructure needed to support the district can be delivered efficiently and affordably.

Since its establishment, Selwyn Water has built the governance, operational and financial foundations needed to operate as an independent water services organisation. Over the next decade, it expects to invest more than $600 million in critical water infrastructure, supporting growth, improving resilience and meeting increasingly stringent regulatory requirements.

Supporting long-term investment

Delivering water infrastructure is a long-term commitment. Assets such as treatment plants, reservoirs, pipelines and pump stations are built to serve communities for many decades, making access to stable, affordable long-term funding essential.

As a newly established water organisation, Selwyn Water sought a funding partner that could provide certainty, flexibility and value for customers over the long term. Membership of the Local

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Government Funding Agency (LGFA) provides access to competitively priced, long-term debt funding that supports responsible investment while maintaining prudent financial management.

For Selwyn Water, accession to LGFA in April 2026 represented a significant milestone. It established the financial platform needed to deliver major infrastructure investment while ensuring that the cost of long-life assets is shared fairly between today's customers and future generations who will also benefit from them.

Delivering value for customers and communities

Access to long-term, competitively priced funding enables Selwyn Water to invest in essential infrastructure while minimising financing costs, helping ensure more customer funding is directed towards infrastructure and service improvements rather than higher borrowing costs.

LGFA funding also provides greater certainty for long-term planning. It allows infrastructure projects to be prioritised and delivered in a planned and sustainable way, supporting population growth, improving network resilience and helping meet evolving regulatory standards.

LGFA's commitment to develop new products that support a pathway to investment in long-term sustainable finance offerings such as the Sustainable Water Action Loan (SWALe) Lending Programme makes LGFA an attractive choice for the development of water infrastructure.

Equally important, the funding framework supports strong financial discipline and responsible stewardship of public assets, ensuring investment decisions are made with a long-term view of affordability and value for the communities Selwyn Water serves.

A strong foundation for the future

Selwyn Water's accession to LGFA represents more than access to funding. It reflects the organisation's commitment to prudent financial management, strong governance and long-term stewardship of essential public infrastructure.

Membership of LGFA provides the confidence and financial capability to invest in infrastructure that will support Selwyn's continued growth while maintaining affordable, reliable and resilient water services.

Selwyn Water is helping demonstrate how sustainable funding, sound governance and long-term planning can work together to deliver better outcomes for communities.

By combining prudent financial management with a clear long-term investment strategy, Selwyn Water is creating the infrastructure foundations needed to support one of New Zealand's fastest-growing districts for generations to come.



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LGFA funding support of Te Kete – Napier's Civic Precinct Project

Alister Edie
Senior Financial Strategy &
Treasury Lead, Napier City Council

NAPIER CITY COUNCIL
Te Kaunihera o Ahuriri

Project overview and contribution to the community

Central Napier is being enlivened with a 'civic precinct' space known as Te Kete. It will be a cornerstone of community connection for years to come. From a place to learn, to family-friendly spaces, this is about creating an environment that fosters learning, creativity, civic participation and community connection.

The project presents a rare opportunity to design a community hub that is an expression of Napier's residents and our aspirations as citizens. It will celebrate our cultural values and unique history. Once complete, Te Kete will be a special place for ceremonial events and celebrations that acknowledge Napier's history and its diverse cultures.

The desire is that the redevelopment of this area will create energy in what is currently a quiet part of the city. It will help to stimulate economic activity and encourage growth in new businesses and business confidence in this area.

In developing an overall civic precinct, rather than just a library, a strong and vibrant civic hub is being established for the community that enables complementary community activities to take place. The individual aspects of the development are:

- Community library hub
- Public meeting space and council chamber
- Redeveloped office tower – to house Council staff
- Redeveloped public outdoor space

This project will drive local job creation and economic momentum. The goal is for 87% of the contract value to be delivered by locally based subtrades and workforce. National suppliers will be utilised as required but will be required to work with local providers for installation. This will upskill the local market and provide further economic benefit to Hawke's Bay.

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Why LGFA funding was chosen

Te Kete will provide long-term benefits to the Napier community. Long-term debt funding has therefore been utilised to create intergenerational equity. The outcome is a fair allocation of costs over time – debt repayments align with the period of benefit received by the community.

In line with other New Zealand Councils, Napier City Council (NCC) borrows debt from LGFA because it provides cheaper, dependable, and more efficient access to capital markets than borrowing individually. LGFA issues large wholesale bonds to institutional investors. Due to a strong credit profile and liquidity in capital markets, LGFA provides Councils borrowing margins closer to the New Zealand Government bond curve. This creates annual interest cost savings to NCC vs. borrowing from the institutional banks.

Other benefits to NCC from borrowing with LGFA are improved access to long term-funding options (to match the life of long-term assets), improved certainty of funding/liquidity during different market conditions, a standardized borrowing framework covering all Council lending and improved administrative efficiency from LGFA.



How LGFA funding has added value

NCC designed Te Kete in an environmentally sustainable way. Ratepayers will realise long term savings due to the developments '5 Green Star Design & As-Built NZ v1.1 Certified Design Rating' from the New Zealand Green Building Council. Its sustainable design will deliver long-term operational savings for ratepayers and a healthier, safer environment for occupants and visitors.

LGFA has a Green & Social lending programme intended to:

- Accelerate low-carbon and sustainable infrastructure investment
- Improve environmental and social outcomes in communities
- Provide cost-effective funding for councils
- Support emissions reduction and resilience across the sector

NCC was successful in securing a Green and Social lending facility from LGFA for Te Kete. The development qualified for a Green and Social Loan due to the following key aspects:

- High sustainability design standards: Te Aka (the library) and Maranga (the office tower) are targeting 5-Green star ratings
- Energy efficiency: Te Aka is targeting ~80 kWh/m²/year and Maranga is targeting ~45 kWh/m²/year
- Low carbon design & materials: mass timber construction, low carbon concrete and steel and reuse of materials from demolition. The development is targeting ~57% upfront carbon reduction for Maranga vs new build and >50% reduction in operational emissions
- Water use and resource efficiency: targets of 10% potable water reduction, low-emission materials and low-VOC finishes used
- Co designed with mana whenua
- Integrates civic, cultural, and community services into a single precinct

LGFA's Green and Social loan provides NCC specific funding for the Te Kete development at a 5-basis point discount to generic LGFA borrowing. This materially reduces the cost of loan interest rates for ratepayers and supports the continued delivery of the sustainable and social aspects of Te Kete for the community.

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

LGFA plays an active role in New Zealand's local government debt market, working closely with central government, councils and other key stakeholders to support efficient access to funding and address issues affecting the sector's long-term financial resilience. This collaborative approach helps ensure councils also have access to sustainable financing solutions while contributing to the continued depth and stability of New Zealand's capital markets.

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

This is achieved through:

- Delivering lower borrowing costs over time.
- Providing flexible funding solutions across short-term and long-term borrowing requirements.
- Supporting certainty of access to debt markets through all market conditions.
- Maintaining a strong, trusted partnership with New Zealand's local government sector.

New members

LGFA is pleased to welcome the following Council-Controlled Organisations (CCOs) as new members during the year ended 30 June 2026.

- Waikato Waters
- Selwyn Water
- Tiaki Wai Limited
- IAWAI-Flowing Waters



Parakiore Recreation and Sports Centre, **Christchurch City Council**

LGFA's flexible funding solutions provide members with a comprehensive range of borrowing options tailored to their financing needs, including:

- Short-term lending for terms of up to 12 months.
- Long-term lending on either a fixed or floating rate basis, with bespoke maturities available on any date through to April 2037.
- Sustainable lending products, including Green and Social Loans and Climate Action Loans.
- Standby facilities.
- Cash advance facilities.

Over the past 12 months, LGFA has worked closely with the local government sector and newly established water entities to develop sustainable lending solutions that support investment in essential water infrastructure. This work reflects LGFA's ongoing commitment to partnering with members to meet evolving funding needs while supporting long-term environmental sustainability and the delivery of resilient water services.

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Lending activity to members

Over the 12 months to 30 June 2026

$3,873 million of long-term loans were lent to **69** members across **323** individual term loans with an average term of **5.0** years

As at 30 June 2026

$1,523 million of short term loans were outstanding to **59** members

Member loans outstanding

As at 30 June 2026

74 Council members

$23,129 million Total loans outstanding

12 CCO members

$988 million Total loans outstanding

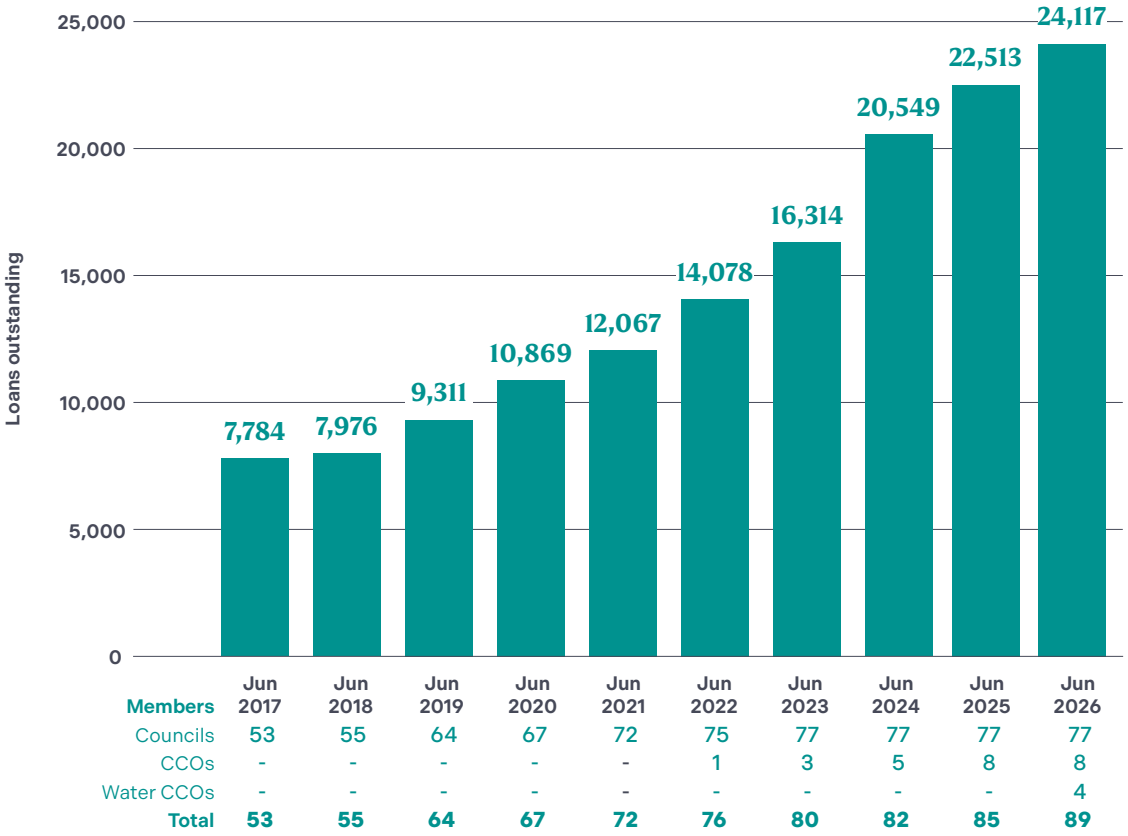


Te Marua Twins Lakes, Tiaki Wai Ltd

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LGFA members: Total loans outstanding

NZD MILLION FACE VALUE



Members	Jun 2017	Jun 2018	Jun 2019	Jun 2020	Jun 2021	Jun 2022	Jun 2023	Jun 2024	Jun 2025	Jun 2026
Councils	53	55	64	67	72	75	77	77	77	77
CCOs	-	-	-	-	-	1	3	5	8	8
Water CCOs	-	-	-	-	-	-	-	-	-	4
Total	**53**	**55**	**64**	**67**	**72**	**76**	**80**	**82**	**85**	**89**

Top 10 Member borrowers	Amount borrowed	% of total borrowings
NZD MILLION FACE VALUE		
Auckland Council	2,956	12%
Christchurch City Council	2,592	11%
Wellington City Council	2,016	8%
Tauranga City Council	1,378	6%
Greater Wellington Regional Council	1,123	5%
Hamilton City Council	1,016	4%
Queenstown Lakes District Council	712	3%
Dunedin City Treasury	685	3%
Hutt City Council	609	3%
Rotorua District Council	530	2%
72 other member councils and CCOs	10,501	44%
	24,117	**100%**

Councils with an external rating of

AA- or better comprise

76%

of total loans

77

of New Zealand's 78 councils

are approved borrowers as at 30 June 2026

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Council guarantors

As at 30 June 2026

74 councils are guarantors of LGFA

LGFA's obligations are supported by a joint and several guarantee provided by its council guarantors, strengthening the agency's credit quality and market access.

The Guarantee includes provisions that allocate each guarantor council's liability based on its proportionate share of the total rates revenue of all guarantor councils. Each council's obligations under the Guarantee are secured by its rates revenue. While CCOs are not guarantors of LGFA, any council that is a shareholder of a CCO is required to be a guarantor.

Membership and ongoing credit oversight

Councils and CCOs seeking to become LGFA members are required to complete a formal application process. As part of this process, LGFA undertakes a comprehensive assessment of their financial position and capacity to comply with LGFA's financial covenants. All membership applications are subject to approval by the Board.

Members are required to provide an annual compliance certificate confirming compliance with LGFA's financial covenants. This is complemented by LGFA's ongoing monitoring of councils' and CCOs annual reports, annual plans and long-term plans to assess financial performance, monitor covenant compliance and ensure forecast financial positions remain consistent with LGFA's lending requirements.

Taituarā LGFA Local Government Excellence Awards

The LGFA Taituarā Local Government Excellence Awards recognise outstanding achievement, innovation and leadership across New Zealand local government. This year's awards celebrated excellence across collaboration, community engagement, digital innovation, environmental leadership, placemaking, Māori–council partnerships and cost-effectiveness.

Waikato Regional Council took out the LGFA Taituarā Supreme Award, at the 2026 LGFA Taituarā Local Government Excellence Awards.

Waikato received the award for its Pathways to the Sea Strategy – Ngā Rerenga ki te Moana, a project that demonstrates how innovation, science, mātauranga Māori, partnership and long-term thinking can be brought together to solve complex environmental challenges and deliver lasting benefits for communities and the environment.

Judges said the project stood out for its national and international relevance.

"The high level of national and international interest in this project makes this one of the year's most transferable entries."

What began as a challenge unique to Waikato has evolved into a nationally recognised framework that is influencing infrastructure design, informing freshwater management, and supporting councils across Aotearoa to better protect native species and waterways.

Source: Taituara



Philip Cory-Wright (LGFA Board Chair) with award recipients from Waikato Regional Council

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Sustainable funding and lending
Te pūtea me te hoatu taurewa toitū

As at June 2026

Sustainable Financing Bonds
$4.61 billion

Sustainable Finance Loan Asset Pool
$5.30 billion

Climate Action Loans
$4.68 billion

Green and Social Loans
$615 million

LGFA is committed to advancing sustainability within its own operations and enabling New Zealand's local government sector to deliver improved sustainability and climate outcomes for the communities it serves.

LGFA recognises the emerging climate-related risks facing councils and CCOs and supports their efforts to deliver sustainable outcomes for their communities. As the primary lender to New Zealand's local government sector, LGFA plays an important role in financing members' investment in resilient infrastructure and essential services for residents and visitors. These investments are a key component of LGFA's broader sustainability context and contribute to building a more resilient and sustainable future for New Zealand communities.

Climate-related disclosure framework

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

Disclosures under the Climate Standards cover governance arrangements, risk management processes, strategies, and metrics and targets for managing climate-related risks and opportunities. LGFA's Climate Statement for the year ended 30 June 2026 represents our third annual disclosure under the Climate Standards. It will be published on 30 October 2026 and will be available on our website at the following link.

LGFA Climate Statement for the year ended 30 June 2026

TOITŪ NET CARBON ZERO ISO 14064-1 ORGANISATION

Toitū Net Carbon Zero Certification

LGFA has maintained Toitū net carbonzero certification since 2021. The certification recognises the processes LGFA has established to measure its greenhouse gas (GHG) emissions and implement management plans to reduce its operational emissions. Where emissions cannot be eliminated, LGFA offsets them through the purchase of high-impact carbon credits from Gold Standard-certified international projects.

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Sustainability Committee

The LGFA Sustainability Committee supports LGFA in achieving its sustainability objectives.

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

The Committee's purpose is to advise the Chief Executive on sustainability issues and opportunities across LGFA's operations, borrowing activities, and lending activities. The Committee's responsibilities include providing input into the governance and oversight of LGFA's Green and Social Loans (GS) lending programme, Climate Action Loans (CAL) lending programme, and Sustainable Water Action Loan (SWALe) lending programme.

Applications for GS, CAL and SWALe lending are reviewed by the Sustainability Committee, which provides recommendations to the Chief Executive for approval.

Independent members of the LGFA Sustainability Committee as at 30 June 2026:

Alison Howard

Erica Miles

Chris Thurston

David Woods

LGFA Sustainable Financing Bond Framework

In March 2023, LGFA established its Sustainable Financing Bond Framework, which was updated on 17 September 2025.

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

The Framework enables LGFA to:

- demonstrate its commitment to supporting council and CCO borrowers to finance sustainable assets and activities, while incentivising greenhouse gas (GHG) emissions reductions;
- issue bonds that are notionally allocated to eligible Sustainable Loans on LGFA's balance sheet; and
- advance the sustainable finance market by providing an innovative opportunity for investors to support council and CCO borrowers in achieving their sustainability objectives.

The Framework follows the proceeds-based pillars of internationally recognised sustainable finance market standards, including the International Capital Markets Association's Green Bond Principles (GBP), Social Bond Principles (SBP), and Sustainability Bond Guidelines (SBG). However, LGFA does not claim full alignment of the Framework with these principles.

The Framework is supported by a Second Party Opinion (SPO) provided by Sustainalytics. The latest SPO was issued on 17 September 2025.

As at 30 June 2026, LGFA had three sustainable bonds on issue, with a total value of $4.61 billion:

May 2030	May 2032	May 2034
4.5%	4.5%	4.75%
NZD 2.46 billion	NZD 1.25 billion	NZD 0.9 billion

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Sustainable lending products

Offering members innovative sustainable lending products supports LGFA's commitment to demonstrating sector leadership in sustainable finance and incentivising member councils and CCOs to pursue sustainability opportunities.

LGFA's sustainable lending products comprise GS Loans, CAL lending programme, and the SWALe lending programme.

Green and Social Loans

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

LGFA recognises the importance of financing projects that deliver positive environmental and wellbeing benefits for New Zealand communities through eligible green and/or social projects.

Launched in 2021, LGFA's GS Loans programme provides funding to members for projects across ten eligible green project categories and three eligible social project categories.

Green Project Categories

- Energy Efficiency
- Green Buildings
- Clean Transportation
- Sustainable Water and Wastewater Management
- Renewable Energy
- Pollution Prevention and Control
- Environmentally Sustainable Management of Living Natural Resources and land use
- Climate Change Resilience and Adaptation
- Terrestrial and Aquatic Biodiversity Restoration, Conservation and Enhancement
- Circular Economy Adapted Products, Production Technologies, Processes and Business Models

Social Project Categories

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

Under the GS programme, LGFA lends to councils and CCOs at a discounted margin to incentivise projects that deliver positive environmental and social outcomes across the New Zealand local government sector.

During the year ended 30 June 2026, $160.9 million was advanced under the GS lending programme. As at 30 June 2026, LGFA had approved fifteen GS loans across six green project categories and one social project category, totalling $1.32 billion in approved lending, of which $615 million had been advanced.

In the twelve months to 30 June 2026, LGFA approved eight new GS loans.

These included three additional loans in our Climate Change Resilience and Adaptation category, with aggregate approvals of $80.4 million. We also approved a further Green Buildings loan of $100 million for Napier City Council.

During the year, we approved our second Affordable Housing project, with loan approvals of $432.5 million. We were also pleased to approve the first loans under three new eligibility categories: Clean Transportation ($15 million), Renewable Energy ($14.6 million for New Plymouth District Council, featured below), and Sustainable Water and Wastewater Management ($1.6 million for Stratford District Council).

These approvals reflect the ongoing growth and diversification of LGFA's sustainable lending programme, supporting local government investment across an expanding range of environmental and social outcomes.

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Napier City Council

LGFA approved a GS Loan to Napier City Council in October 2025, for the Maranga and Te Aka green building project, incorporating a library and civic precinct, as well as Council office accommodation.

The Civic Precinct consists of a public realm that spans from the southern lane running east-west adjacent to the Court House and Dalton House on the southern edge, Hastings Street on the east, Station Street on the north and Dalton Street on the west. Within the public realm sits three interconnected buildings – Te Aka made up of the Library and Chambers, and the Office accommodation building (Maranga).

Napier City Council will borrow up to $100 million towards developing the civic precinct.

For more information on LGFA funding support of Napier's Te Kete project, please refer to page 19, Supporting investment in infrastructure and communities.

Stratford District Council

Stratford District Council is completing the rollout of universal smart water metering across more than 3,100 connections, transitioning from largely unmetered residential water use to 100% metering coverage. The project will provide real-time data to identify leaks, reduce non-revenue water, and improve network efficiency, enabling more effective management of water resources and lowering unnecessary abstraction from the Patea River. By supporting demand reduction, the initiative will also reduce the energy and chemical intensity of water treatment while introducing a fair, transparent user-pays model that empowers residents with better information about their water use.

Under the Sustainable Water and Wastewater Management category, Stratford District Council borrowed $1.6 million to support this programme, helping to modernise the district's water infrastructure and improve resource efficiency.

The project demonstrates the Council's commitment to data-driven water stewardship and the sustainable management of water resources, delivering benefits for current and future generations.

New Plymouth District Council

New Plymouth District Council's CCO, Papa Rererangi i Puketapu Ltd (PRIP), is completing a 10.02 MW solar farm at New Plymouth Airport that will generate approximately 14.7 GWh of renewable electricity annually and avoid around 1,490 tonnes of CO_2e emissions each year. The project will supply renewable electricity to airport operations, with surplus generation supporting Council facilities through a medium-term power purchase agreement, including civic buildings, community facilities, and the New Plymouth Water Treatment Plant.

Under the Renewable Energy category, NPDC was granted borrowing of up to $14.6 million to support the completion of the solar farm on Airport Drive, New Plymouth.

The project advances the Council's strategic vision by reducing emissions, strengthening energy resilience, and supporting long-term environmental sustainability.



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

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Construction of Ōmōkihi South Library and Customer Service Hub, **Christchurch City Council**

Climate Actions Loans

A commitment to incentivise our members to act on climate change and reduce greenhouse gas emissions.

CALs are target-based lending structures designed to incentivise councils and CCOs to take action to manage and reduce organisational GHG emissions.

A CAL provides borrowers with a lending margin discount where they have adopted an Emissions Reduction Plan that establishes specific Emissions Reduction Targets for operational GHG emissions at the member council or CCO level. CALs are available to all members, including those that may not have eligible projects to access GS loans.

During the year ended 30 June 2026, $1.01 billion was advanced under the CAL lending programme. As at 30 June 2026, LGFA had advanced CAL loans totalling $4.68 billion across eight member councils.

Sustainable Water Action Loans

LGFA developed a new sustainable finance lending programme for launch in July 2026 for eligible Water CCOs being established as part of the broader water sector reforms. The Sustainable Water Action Loan lending programme (SWALe) has been developed to support the sector's transition by incentivising improved environmental outcomes through sustainable financing.

SWALes are target-based incentive lending structures designed to incentivise Water CCOs to improve their environmental performance and contribution towards the Planetary Boundaries framework.

To qualify for a SWALe, Water CCOs must commit to adopting and achieving science-based targets aligned with the Planetary Boundaries framework.

The Planetary Boundaries are a scientific framework that defines a "safe operating space for humanity". This framework sets out the critical global environmental limits within which we need to stay to avoid irreversible and catastrophic environmental change.

All Water CCOs must report against and meet two key performance indicators (KPIs): the mandatory Nitrogen & Phosphorus KPI, and one of three optional KPIs covering Biogenic GHG Emissions, Embodied Carbon, or Water Efficiency.

The Planetary Accounting Network

LGFA partnered with the Planetary Accounting Network (PAN) to develop science-based, Planetary Boundaries-aligned KPIs for the SWALe. The KPIs were informed by stakeholder engagement and the first national Planetary Accounting assessment of New Zealand's water sector.

The project established nationally benchmarked, externally verifiable KPIs and practical implementation guidance for future Water CCOs, enabling preferential financing to be linked to measurable environmental performance. To our knowledge, SWALe is the world's first Planetary Boundaries-aligned sustainable financing product, providing a credible mechanism to incentivise ambitious, science-based environmental outcomes across the sector.

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Our Sustainability timeline

- **Apr 2021** — Head of Sustainability appointed
- **Jun 2021** — Toitū Envirocare net carbonzero certification
- **Sep 2021** — Sustainability Committee established
- **Oct 2021** — Green, Social & Sustainability Lending Programme launch
- **Dec 2021** — First Green, Social & Sustainability Loans approved
- **Dec 2022** — Climate Action Loans Lending Programme launch
- **Mar 2023** — Sustainable Financing Bond Framework Established; First Climate Action Loans approved
- **Apr 2023** — $1.1 billion Inaugural 2030 Sustainable Financing Bond issued
- **Oct 2023** — Climate Action Loans surpass $1 billion
- **Apr 2024** — Environmental Finance. 2024 Sustainability bond of the year – supranational
- **Oct 2024** — $800 million 2032 Sustainable Financing Bond issued
- **Nov 2024** — Senior Manager Sustainable Finance Appointed
- **Jan 2025** — Total Sustainable Financing Bond issuance reaches $3 billion
- **Mar 2025** — Sustainable Finance Workshop Series
- **Jun 2025** — Combined Sustainable Loan Asset Pool reaches $4.1 billion
- **Sep 2025** — First Clean Transportation and Renewable Energy GS loans approved
- **Mar 2026** — First Sustainable Water and Wastewater Management GS loan approved
- **Apr 2026** — Combined Sustainable Loan Asset Pool reaches $5.0 billion; $850 million 2034 Sustainable Financing Bond Issued



Mills Street stop bank, Riverlink Project.
Greater Wellington Regional Council

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Governance
Te mana urungi

The LGFA Board is responsible for providing strategic direction and oversight of LGFA's activities.

The Board is committed to maintaining high standards of corporate governance and to ensuring that LGFA continues to operate in accordance with sound governance principles. It expects the highest standards of integrity and professional conduct from both directors and staff, consistent with the organisation's values and essential to protecting and enhancing LGFA's reputation.

LGFA governance policies and documents

Audit and Risk Committee Charter
Board Charter
Code of Ethics
Diversity and Inclusion Policy
Internal Audit Charter
LGFA Constitution
LGFA Foundation Policies
People, Performance and Culture Committee Charter
Remuneration Policy
Responsible Investment Policy
Risk Management Policy
Shareholders Agreement
Sustainability Policy
Treasury Policy.

NZX Corporate Governance Code

LGFA is a listed issuer on the NZX Debt Market and is committed to maintaining governance practices that align with the eight core principles of the NZX Corporate Governance Code (March 2026).

For the year ended 30 June 2026, LGFA considers that its governance practices did not materially differ from the recommendations of the NZX Corporate Governance Code. Where LGFA has adopted alternative governance measures, these are outlined below.

An issuer should establish a nomination committee to recommend director appointments to the board.	→ **The process for the nomination and remuneration of directors is documented in the Constitution of New Zealand Local Government Funding Agency Limited and outlined on page 39.**
An issuer should have a remuneration committee which operates under a written charter.	→

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Ethics and standards of conduct

LGFA's standards of conduct are set out in its Code of Ethics and are reflected throughout key governance documents, including the Constitution, Shareholders' Agreement, Board Charter, Audit and Risk Committee Charter, People, Performance and Culture Committee Charter, Internal Audit Charter, and Diversity and Inclusion Policy.

Code of Ethics

LGFA has adopted a formal Code of Ethics, which incorporates its Conflicts of Interest Policy and Code of Conduct. The Code of Ethics sets out the standards of integrity, ethical behaviour, and professional conduct expected of all directors and employees.

Impartiality and transparency in governance and administration are fundamental to maintaining the integrity of LGFA. Accordingly, the Conflicts of Interest Policy provides guidance to directors and employees on identifying, disclosing, and managing actual, potential, and perceived conflicts of interest, including specific guidance for non-independent directors where potential conflicts may arise.

Directors and employees are expected to avoid actions, relationships, or circumstances that could compromise, or reasonably be perceived to compromise, their ability to discharge their duties objectively and in the best interests of LGFA.

Our Code of Conduct requires employees and directors to uphold high standards of integrity and professional conduct by clearly setting out the behaviours and standards expected of them. The Code also reflects LGFA's commitment to treating employees fairly and reasonably, and to providing a safe, respectful, and supportive working environment.

Protected Disclosures and Whistleblowing

Our Protected Disclosures and Whistleblowing Policy outlines the procedures, support, and protections available to individuals who disclose information that they reasonably believe relates to serious wrongdoing within or by LGFA.

Financial Products Trading Policy

Our Financial Products Trading Policy applies to directors, employees, and contractors and sets out the requirements governing dealings in listed debt securities issued by LGFA and any other LGFA-quoted financial products.

Transparency and disclosure

Transparency and disclosure are fundamental to maintaining the confidence of shareholders, rating agencies, and investors. LGFA's commitment to these principles is supported through its obligations and requirements under the following frameworks:

- **Shareholders' Agreement**
- **NZX Listing Rules**
- **Financial reporting standards**
- **Regulatory requirements**

We are committed to maintaining the highest standards of financial reporting and ensuring the timely and transparent disclosure of all relevant information.

Transparency in our operations is fundamental to achieving the objectives of our shareholders and maintaining the confidence of our wider stakeholders, including investors, banks, other financial intermediaries, and credit rating agencies.

This commitment to transparency is reflected in the operating requirements set out in LGFA's foundation documents, including the Constitution, Shareholders' Agreement, and Board Charter, as well as in key policies covering Continuous Disclosure, Financial Products Trading, and Protected Disclosures and Whistleblowing.

We demonstrate our commitment to transparency through the publication of our annual Statement of Intent (SOI) and quarterly reporting to shareholders on our performance against the objectives set out in the SOI.

The Audit and Risk Committee is responsible for providing assurance to the Board that appropriate processes have been followed in the preparation and audit of the financial statements. The Committee also oversees the processes and activities in place to support compliance with relevant regulatory and statutory requirements.

We have adopted a formal Continuous Disclosure Policy, which sets out the requirements to ensure compliance with the continuous disclosure obligations under the NZX Listing Rules, including the disclosure of material environmental, social, and governance (ESG) factors.

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Audit and Risk Committee

The Audit and Risk Committee is a committee of the Board and operates under its own Charter.

The purpose of the Committee, as set out in the Charter, is to provide advice, assurance, and observations to the Board regarding the effectiveness and adequacy of LGFA's internal control framework and risk management systems, processes, and activities.

The Committee assists the Board in fulfilling its responsibilities by considering, reviewing, and monitoring:

- Risk management frameworks and processes;
- Internal control environments and mechanisms;
- The operation and effectiveness of the internal audit function;
- The preparation and audit of financial statements;
- The integrity of performance information, including financial reporting;
- Governance frameworks and processes;
- Processes to support compliance with legislation, policies, and procedures; and
- Statutory and regulatory disclosures, reporting requirements, and performance against Statement of Intent targets.

Audit and Risk Committee members are appointed by the Board. The Committee comprises at least three directors, the majority of whom must be independent.

People, Performance and Culture Committee

The People, Performance and Culture Committee, established in June 2026, is a committee of the Board and operates under its own Charter.

The purpose of the Committee, as set out in the Charter, is to assist the Board in the discharge of its responsibilities and oversight relative to:

- People, performance and culture policies and practices;
- Remuneration and employment conditions;
- Performance management and setting of Key Performance Indicators;
- Health and safety policy and practices;

People, Performance and Culture Committee members are appointed by the Board. The Committee comprises at least three directors.

Internal audit

Our internal audit function provides assurance that our risk management framework, governance arrangements, and internal control environment are operating effectively.

The Audit and Risk Committee is responsible for overseeing the internal audit function, including:

- Reviewing the Internal Audit Charter, the operation of internal audit, and the organisational structure of the internal audit function;
- Approving the annual internal audit plan;
- Reviewing the effectiveness of the internal audit function; and
- Meeting separately with the internal auditor to discuss any matters that the Committee or Internal Audit considers appropriate to address privately.

External audit

The external audit of LGFA is conducted in accordance with section 14 of the Public Audit Act 2001, with the Auditor-General responsible for the appointment of LGFA's external auditors.

The Audit and Risk Committee is responsible for overseeing all processes relating to the audit of the financial statements, including the approval of audit fees and ensuring the independence and objectivity of the auditors.

The external audit of LGFA is conducted in accordance with a formal external audit plan, which is reviewed and approved annually by the Audit and Risk Committee. The external auditor also attends LGFA's Annual General Meeting.

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Our Board

The LGFA Board Charter sets out the roles and responsibilities of the Board. The Charter provides that the Board's role is to ensure LGFA achieves its objectives. In fulfilling this role, the Board directs and oversees the management of LGFA's business and affairs.

The Board's responsibilities include:

- Ensuring that LGFA's goals are clearly established, and that strategies are in place for achieving them;
- Establishing policies to support and strengthen LGFA's performance;
- Ensuring strategies are in place to meet the expectations set out in the Statement of Intent, and monitoring performance against those expectations, including LGFA's primary objective of optimising debt funding terms and conditions for participating borrowers;
- Monitoring the performance of management;
- Appointing the CEO, determining the terms and conditions of the CEO's employment, and, where necessary, terminating the CEO's employment;
- Taking all necessary steps to protect LGFA's financial position and its ability to meet its debts and other obligations as they fall due;
- Ensuring that LGFA's financial statements are true and fair and comply with applicable legal requirements;
- Ensuring that LGFA maintains high standards of ethics and corporate behaviour;
- Ensuring that LGFA has appropriate risk management and regulatory compliance policies and frameworks in place. Day-to-day operations of LGFA are delegated to management, with the Board satisfying itself that LGFA is achieving its objectives and maintaining effective engagement and communication with the Shareholders' Council; and
- Engaging and communicating with shareholders.

Board composition

The Board comprises six independent directors and one non-independent director. An independent director is defined as a director who, during the five years preceding appointment, was not an employee of any shareholder, an employee of a CCO owned by a shareholder, or a councillor of any local authority that is a shareholder.

Under our Constitution, LGFA indemnifies directors against potential liabilities and costs they may incur arising from acts or omissions in their capacity as directors.



Philip Cory-Wright

Independent Chair

LLB (Hons), BCA Business Management INFINZ (Cert), C.F.Inst.D

Philip is a full-time non-executive director focused on building long-life businesses in New Zealand. He was previously a solicitor and corporate adviser and capital markets specialist for more than 30 years. He was a member of the Local Government Infrastructure Expert Advisory Group tasked with advising the Minister of Local Government on improvements in local government infrastructure efficiency.

Chair

Papa Rererangi i Puketapu
(New Plymouth Airport)
South Port New Zealand Limited

Director

Matariki Forests
Powerco Limited

Advisory Board

United Civil Construction Ltd

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Alan Adcock

Non-Independent Director
Member Audit and Risk Committee

B.Com, MBA (with Distinction)

Alan has over 35 years' experience in the financial services and local government sectors at executive level, with over twenty years in banking, insurance and funds management followed by his current role as General Manager Corporate/CFO at Whangarei District Council.

His involvement with LGFA began in its initial planning stage, as a representative of the 'tight nine' councils that worked together to turn the concept into reality in 2011. He was an inaugural member of the Shareholders' Council, which he chaired from 2014 before joining the Board in 2021.

Chief Financial Officer
Whangarei District Council

Director
Whangarei Waste Ltd



Paul Anderson

Independent Director
Chair Audit and Risk Committee

Paul is an experienced executive and director and has held senior roles in a wide range of sectors including local government, banking, telecommunications and tourism.

He is currently Chief Executive Officer of Queenstown-based NZSki Limited and Executive Director of its parent company, Trojan Holdings Limited. Trojan Holdings owns and operates a range of well-known tourism businesses and has investments in a range of business including transport, logistics, farming and property.

Paul's governance experience spans private sector and council controlled trading organisations including the Establishment Board of the Local Government Funding Agency, EcoCentral Limited and Port Hills Leisure Limited.

Paul previously held executive roles in the private, public and local government sectors. Prior to his current role, he was General Manager Corporate Services for Christchurch City Council. He has also held corporate and business finance roles for Telecom New Zealand and London-based Natwest Global Financial Markets. He started his career as a policy analyst at The New Zealand Treasury.

Paul holds a Master of Commerce (First Class Honours) from the University of Canterbury. He is a Chartered Accountant (CA) and a Chartered Member of the Institute of Directors.

Chief Executive Officer
NZSki Limited

Executive Director
Trojan Holdings Ltd

Director
Queenstown Snow Business Ltd
Tahuna Hostel Ltd
Creative Licence Ltd
Threepwood Custodians Ltd

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David Rae

Independent Director
Chair, Sustainability Committee
Member Audit and Risk Committee

M.Sc (distinction) in Economics, London School of Economics, C.M.Inst.D

David is a co-owner of an investment consulting firm, Māpua Wealth Ltd, which provides portfolio advice and implementation for institutional investors including charitable trusts and iwi. His background is in economic policy and investing, having worked for the NZ Superannuation Fund and the OECD.

He has held current and past roles as an investment trustee and as a director of regulated utilities in the gas and transport sectors both in New Zealand and overseas.

David has an M.Sc in Economics from the London School of Economics, and a B.Soc. Sci (Hons) in Economics and Physics from the University of Waikato.

Director and Shareholder
Māpua Wealth Ltd (Group)
Rue de Candie Investments Ltd

Director and Owner
David Rae Associates Ltd

Director
Galileo Green Energy GmbH
New Zealand Refining Nominees Ltd

General Disclosure
New Zealand Refining Company Pension Fund – Trustee

Te Puia Tapapa Ltd Partnership – Investment Committee Member

Public Infrastructure Partners Fund III – Advisory Committee Member



Helen Robinson ONZM

Independent Director
Chair People Performance and Culture Committee
Member Audit and Risk Committee

Helen is an experienced business leader locally and internationally mostly in the technology and sustainability sectors. Helen was Managing Director of Microsoft New Zealand, VP of Pivotal Corporation Asia Pacific and Managing Director, Markit Group (co-founding its Environmental Registry; now part of S&P Global).

Helen has decades of governance experience acting as Director or Chair for numerous public, private and public sector organisations.

She is a member of Global Women, INFINZ, a Chartered Member of the NZ Institute of Directors, and has been recognised in numerous awards for business and innovation including the NZ Women of Influence Supreme Award and as an Officer of Merit in the Queens Honours.

Chair
Kara Technologies Limited
Astrix Astronautics Limited
REANNZ (Research and Education Advanced Network New Zealand)
Group Shared Services, Auckland Council
JUNOFEM Limited

Director and Shareholder
Organic Initiative Limited
Penguin Consulting Limited

Director
Generate Kiwisaver and associated companies

Board Member
NZTech

Chair and Advisor
NZTE Beachhead Advisors

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Craig Stobo

Independent Director
Member People Performance and Culture Committee

BA (Hons) Economics First Class, Otago;

Chartered Fellow, Institute of Directors

Mt Eliza Business School, Executive Education

The Wharton School, Philadelphia, Advanced Management Programme

Harvard Kennedy School, Executive Education

Associate Member, CFA Society New Zealand.

Craig has worked as a diplomat, economist, investment banker, Chief Investment Officer, CEO, professional director and adviser. He has authored reports to the New Zealand Government on the Taxation of Investment Income (which led to the PIE regime), and the creation of New Zealand as a funds domicile. He currently works as a professional director, business owner and adviser.

Chair

Legend Terrace Limited

Appello Services Limited

Biomarine Group Limited

Saturn Portfolio Management Limited Investment Committee

Sahara Ltd

Cancer Society Finance Risk and Audit Committee (Auckland and Northern)

Director

Stobo Group Limited

Desert Holdings Ltd

Auckland Future Fund

Advisor

AMP Financial Services Investment Committee

University of Otago Business School.

Trustee

Waitaki Boys High School Foundation



Elena Trout

Independent Director
Member People Performance and Culture Committee

B Technology (Biotechnology) Massey

M Engineering (Civil) Canterbury CF Ins D, DistF Eng NZ and Past President Eng NZ.

Elena is an experienced company director and a professional engineer who has held a number of leadership positions in the transport, infrastructure and energy sectors. She has over 30 years of experience in the management, planning and delivery of large projects and continues to provide advice on nationally significant infrastructure developments.

She is a well-seasoned professional director, has held a number of governance roles including chairing independent government inquiries and reviews by local authorities in accordance with Section 17 (a) of the Local Government Act. Her current directorships include Chair of one of the newly formed water companies, Waikato Water Ltd, Chair of Chartered Professional Engineers Council,Chair of Callaghan Innovation, Chair of Ara Ake Ltd, director of City Care Ltd, Tiaki Wai Ltd. Opuha Water Ltd, Worksafe and Pioneer Energy Ltd..

Chair

Chartered Professional Engineers Council

Callaghan Innovation

Waikato Waters Ltd (Establishment Chair)

Director

Kaikohe Berry Fruit Ltd

City Care Ltd and subsidiaries

Te Rāhui Herenga Waka Whakatāne

Opuha Water Ltd

Tiaki Wai Ltd

WET (Gisborne) Ltd

Pioneer Energy Ltd and subsidiaries

Chair

Ara Ake Ltd

Member

Worksafe

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Director tenure and meetings of the Board

Linda Robertson, Independent Director, retired from the Board on 18 November 2025. Linda was appointed to the Board on 24 November 2015 and served as a Director for 10 years.

Paul Anderson, Independent Director, was appointed to the Board on 18 November 2025.

There were 8 scheduled Board meetings and 5 Audit and Risk Committee meetings held during the year. The Board also held 6 additional meetings during the year.

All directors are considered by the LGFA Board to be independent in accordance with NZX Listing Rule 2.6, with the exception of Alan Adcock, who is the General Manager Corporate at Whangarei District Council.

Director	Date commenced in office	Scheduled Board meetings held/attended	Audit and Risk Committee held/attended
Philip Cory-Wright (Chair)	1 December 2011	8/8	N/A
Alan Adcock	23 November 2021	8/8	5/5
Paul Anderson	18 November 2025	4/4	4/4
David Rae	23 November 2023	8/8	4/5
Linda Robertson	24 November 2015	4/4	2/2
Helen Robinson	23 November 2022	7/8	4/5
Craig Stobo	1 December 2011	7/8	N/A
Elena Trout	19 November 2024	7/8	N/A

LGFA Board of Directors, from left: Paul Anderson, Alan Adcock, Helen Robinson, Craig Stobo, Elena Trout, Philip Cory-Wright (Chair). David Rae.



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Board performance review

The Board undertakes an annual formal self-assessment process to evaluate the performance and effectiveness of directors, the Board and its committees.

In 2025, the Board commissioned an independent review of the skills and competencies required of LGFA directors.

Nomination of Directors

Director nominations may only be made by a shareholder by written notice to LGFA and the Shareholders' Council, no more than three months and no less than two months before a meeting of shareholders.

All valid nominations received are required to be provided by LGFA to all persons entitled to attend the meeting.

Retirement and re-election of Directors

Directors are appointed to the Board by ordinary resolution of shareholders.

A Director must not hold office without re-election beyond the third annual meeting of the Company following their appointment, or beyond three years, whichever period is longer.

A retiring Director is eligible for re-election.

Directors' and Officers' Liability Insurance

LGFA has arranged directors' and officers' liability insurance covering directors and management acting on behalf of the company. The insurance provides cover for damages, judgments, fines, penalties, awarded legal costs, and defence costs arising from wrongful acts committed in the course of their duties for LGFA.

The insurance does not cover dishonest, fraudulent, or malicious acts or omissions, wilful breaches of statute or regulation, breaches of duty owed to LGFA, improper use of information to the detriment of LGFA, or breaches of professional duty.

Remuneration

The remuneration of the Board reflects LGFA's size, complexity, and the responsibilities, skills, performance, and experience of its directors. LGFA periodically engages an independent specialist adviser to assess the appropriateness of Board remuneration.

Board remuneration is determined by ordinary resolution of shareholders. The current Board remuneration arrangements were approved by shareholders at the Annual General Meeting held on 19 November 2024.

Director annual fee breakdown

Position. Fees per annum	2026	2025
Board Chair	$127,720	$127,720
Audit and Risk Committee Chair	$80,340	$80,340
Director/ARC Member	$75,190	$75,190
Director	$72,100	$72,100

Director	2026
Philip Cory-Wright (Chair)	$104,985
Alan Adcock	$75,190
Paul Anderson	$49,469
David Rae	$75,190
Linda Robertson	$33,475
Helen Robinson	$75,190
Craig Stobo	$96,172
Elena Trout	$72,100

Chief Executive remuneration

The remuneration of the CEO is determined by the Board and reviewed annually, taking into consideration the scope and complexity of the role and benchmarked against the remuneration of CEOs of comparable organisations. LGFA periodically engages an independent specialist adviser to assess the appropriateness of the CEO's remuneration.

The CEO remuneration package comprises a fixed cash component of $804,518 per annum as at 30 June 2025 ($804,518 as at 30 June 2024) and an at-risk short-term incentive opportunity at a percentage of the fixed cash component. The short-term incentive payment is made annually at the discretion of the Board, subject to the CEO and LGFA achieving a range of specified performance objectives for the financial year.

Per annum	2026	2025
Salary	$825,435	$804,518
Taxable benefits	-	-
Subtotal	$825,435	$804,518
Pay for Performance STI	$123,815	$172,971
Kiwisaver Employer Contribution	$39,917	$39,100
Total remuneration	**$989,167**	**$1,016,589**

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Staff interests

Mark Butcher

Chair

Waikato-Tainui Group Investment Committee

Member

Nominating Committee for Guardians of New Zealand Superannuation

Board member, NZ Financial Markets Association



Construction of Ōmōkihi South Library and Customer Service Hub, **Christchurch City Council**

Staff remuneration

The following table sets out the number of staff who received total remuneration exceeding $100,000, presented in $10,000 remuneration bands.

Total remuneration	2026
$130,000 to $140,000	1
$170,000 to $180,000	1
$180,000 to $190,000	1
$230,000 to $240,000	1
$250,000 to $260,000	1
$260,000 to $270,000	1
$290,000 to $300,000	2
$330,000 to $340,000	1
$350,000 to $360,000	1
$380,000 to $390,000	1
$410,000 to $420,000	1
$900,000 to $1,000,000	1

Shareholders

Foundation documents

The Constitution and the Shareholders' Agreement are the foundation documents governing LGFA's ownership, governance, and shareholder arrangements.

The Constitution defines the rights and powers of shareholders, the acquisition and redemption of company shares, the conduct of shareholder meetings, voting rights and the right to demand polls, shareholder proposals, and the review of management.

The Shareholders' Agreement is an agreement between LGFA and its shareholders that sets out LGFA's business, objectives, the role of the Board, the establishment and role of the Shareholders' Council, and shareholder approval rights.

Members of the Shareholders Council as at 30 June 2026

Steve Ballard (Chair)
Christchurch City Council

Gary Connelly
Hamilton City Council

Adele Henderson
Western Bay of Plenty District Council

Andrew John
Auckland Council

Kumaren Perumal
Bay of Plenty Regional Council

Leonie Rae
Tasman District Council

John Scott
New Plymouth District Council

Kathryn Sharplin
Tauranga City Council

David Stanley
New Zealand Government – The Treasury

James Stratford
New Zealand Government – Department of Internal Affairs

Alasdair Woodman
Wellington City Council

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People and culture
Ngā tāngata me te ahurea

Our purpose

Benefiting local communities through delivering efficient financing for local government.

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 council borrowers, investors, and all other organisations that we deal with. We listen to them and act in their best interests to deliver results that make a positive difference.



We 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 are innovative
He auaha mātau

To meet our ever-changing customer requirements, we will encourage innovation and provide a diverse range of financial products and services.



We provide leadership
He kaiārahi mātau

We are here for our stakeholders in being strategically minded, providing resilience and executing our strategy. We embrace a high-performance culture and can be relied upon to deliver results.

Health, safety and wellbeing

LGFA is committed to providing a safe and healthy working environment for all employees, supported by a flexible workplace that promotes employee engagement, productivity, and the attraction and retention of talented people.

We maintain policies on health and safety, remote working, diversity and inclusion, and employment that reflect our ongoing commitment to the health, safety and wellbeing of our people.

Our Health and Safety Policy sets out the responsibilities of directors and staff under the Health and Safety at Work Act 2015. Our staff Health and Safety Committee continually reviews health and safety matters, monitors ongoing compliance with the Act, and reports to each People, Performance and Culture Committee meeting and Board meeting.

We provide staff with access to professional support, including confidential counselling services, individual case management, and ongoing support to ensure they can access the assistance they need.

Capability and development

We are committed to the ongoing education and professional development of our staff and directors by supporting professional development courses, membership of professional bodies, and attendance at industry conferences.

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The Future Director programme, launched in 2021 by the Board and Shareholder Council, provides talented people from the local government sector with an interest in corporate governance the opportunity to observe and participate in Board discussions over an 18-month period. The Future Director actively participates in Board meetings but has no voting rights.

Bruce Allan was appointed as our third Future Director in August 2025 for an 18-month term.

Diversity and inclusion

We are committed to fostering a diverse and inclusive workplace culture where employees and directors are valued, respected and supported to contribute and succeed. To support this commitment, we have formally adopted a Diversity and Inclusion Policy that applies across our organisation.

Diversity and inclusion at LGFA means recognising and valuing the unique skills, experiences, backgrounds and perspectives that our people bring to the organisation. It involves acknowledging the value of individual differences and fostering a workplace where everyone is respected, supported and has the opportunity to contribute.

Diversity at LGFA encompasses a range of attributes, including gender, age, ethnicity, cultural background, sexual orientation, religious belief, disability, education and family responsibilities. We support our people by encouraging participation, creating opportunities for growth, and enabling everyone to reach their full potential.

Each year, we undertake a diversity review, with findings reported to the People, Performance and Culture Committee. As part of our commitment to fair and inclusive recruitment practices, interview selection panels are structured to include gender diversity.

Appointments to our Board are made in accordance with the requirements of LGFA's Constitution and Shareholders Agreement.

	2026		2025	
	Female	Male	Female	Male
Board	2	5	3	4
Staff	4	10	4	7

	2026			2025		
	Under 30 years	30-50 years	Over 50 years	Under 30 years	30-50 years	Over 50 years
Board	-	-	100%	-	-	100%
Staff	-	36%	64%	-	33%	67%

The new Cambridge Wastewater Treatment Plant went into service on 30 June 2026, Waikato Waters Ltd



Managing risk
Te whakahaere tūraru

An effective risk management framework is a critical part of LGFA's approach to managing the business and treasury risks arising from its activities of raising funds and on-lending them to local councils and approved CCOs.

The objective of LGFA's risk management function is to ensure that appropriate frameworks and controls are in place to manage risks effectively and comply with LGFA's governance and legislative requirements.

The risk management function helps ensure that LGFA achieves the objectives set out in its Statement of Intent, while operating within the risk appetite approved by the Board and shareholders.

The objective of LGFA's risk management framework is to ensure that the organisation operates within the risk limits approved by the Board and shareholders.

LGFA's risk management framework is based on the following core elements:

- The Board oversees the organisation's risk appetite and ensures it is consistent with the Constitution and Shareholders' Agreement.
- The Board and Audit and Risk Committee approve policies that give effect to the approved risk appetite.
- Management implements these policies and associated controls to ensure that relevant risks are identified, assessed, monitored, and managed effectively.
- The Risk and Compliance and Internal Audit functions provide independent assurance to the Board and the Audit and Risk Committee on the effectiveness of internal controls and the risk management framework.

LGFA adopts the three lines of defence model to ensure that risk management responsibilities are clearly defined and applied through a systematic approach aligned with industry best practice.

- **First line of defence:** Operational management owns risk and is responsible for identifying and maintaining effective controls, and implementing appropriate risk mitigation measures.
- **Second line of defence:** The Risk and Compliance function establishes risk control within the organisation and maintains the risk management framework, ensuring policies remain current, monitoring compliance, reviewing risk reporting, and ensuring that risks are actively and appropriately managed.
- **Third line of defence:** The Internal Audit and external audit functions provide independent assurance to management and the Board by assessing the effectiveness of internal controls and identifying control weaknesses and opportunities for improvement.

LGFA risk register

The LGFA risk register is a key component of the company's risk management framework.

The purpose of the risk register is to ensure that risks are identified, assessed, and monitored on an ongoing basis.

The risk register:

- Identifies the inherent risks associated with LGFA's core business activities.
- Assesses the likelihood and potential impact of those risks.
- Describes the internal controls and management processes used to manage and mitigate identified risks.
- Records internal audit coverage of key risks, controls, and management processes.
- Assesses the residual risk for each identified risk and compares the results with the approved risk appetite and risk tolerance levels.

The risk register is reviewed monthly by management and at each meeting of the Audit and Risk Committee.

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Treasury risk management

LGFA funds its operations through domestic and international wholesale and retail debt capital markets, with the funds raised on-lent to members. LGFA's activities are governed by the Local Government Borrowing Act 2011, the Local Government Act 2002, and the Companies Act 1993. In addition, the company is required to comply with the Foundation Policies set out in the Shareholders' Agreement. Any changes to the Foundation Policies require shareholder approval.

LGFA's risk management framework uses an approved risk identification and assessment process to actively monitor and manage treasury and financial risks, applying best practice risk management principles and processes.

LGFA has treasury exposures arising from its normal business activities of raising and on-lending funds. These exposures include debt issuance and refinancing, liquidity, interest rate, foreign exchange, counterparty credit, operational, and lending risks.

LGFA manages treasury exposures under a Board-approved Treasury Policy, which has the following objectives:

- Effectively manage treasury risks within approved compliance limits to protect LGFA's capital position and net interest margin over time.
- Fund members in the most cost-effective manner while operating in accordance with LGFA's principles, values, and objectives.
- Protect LGFA's assets and prevent unauthorised transactions.
- Minimise operational risk by maintaining effective internal controls, systems, and staffing capability.
- Provide timely reporting to the Board through meaningful and accurate measurement of risk exposures and compliance with policy requirements.

Key treasury risks

Counterparty credit risk	**Counterparty credit risk is the risk of financial loss arising from a counterparty's failure to meet its obligations under an investment, security, or financial instrument held by or entered into by LGFA.**	**Counterparty credit risk** is managed through the application of counterparty limits for investments. These limits are determined based on the investment term, liquidity, and the credit quality of the counterparty, as measured by a recognised credit rating. Derivative contracts are subject to formal collateral arrangements to mitigate counterparty credit risk. Investments are restricted to approved financial instruments specified in the Treasury Policy.
Debt Funding and Refinancing Risk	**Funding risk is the risk that LGFA may be unable to access capital markets to meet its on-lending requirements.** **Refinancing risk is the risk that LGFA may be unable to issue new debt to meet maturing debt obligations.**	**Funding and refinancing risk** is managed through diversifying the concentration of debt instruments and maturities, and through the establishment of diverse funding programmes; long-term and short-term, onshore and offshore. Other important aspects include ongoing engagement with the investor community and maintaining a strong credit rating.
Foreign currency risk	**Foreign currency risk is the risk of an adverse change in the fair value of a financial instrument arising from movements in foreign exchange rates.**	Exposure to **foreign currency risk** arises when LGFA accesses foreign capital markets for funding purposes. Foreign exchange risk is managed by fully hedging foreign currency cash flows back into New Zealand dollars. Any residual foreign currency risk arising from timing mismatches in foreign currency cash flows or from operational expenditure is not material and is managed within a Board-approved risk limit.

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Interest rate risk	Interest rate risk is the risk that financial assets may reprice or mature at a different time and/or by different amounts than financial liabilities.	**Interest rate risk** is managed through Value at Risk (VaR) and Partial Differential Hedge (PDH) limits, which are used to mitigate potential changes in the value of the balance sheet arising from movements in interest rates. • VaR estimates the potential loss that a portfolio could incur over a specified time period. It is calculated by applying historical changes in underlying risk variables to the current portfolio • PDH measures the sensitivity of a portfolio to a one basis point movement in underlying interest rates. In addition, LGFA undertakes scenario analysis to model the potential impact of changing market conditions on the balance sheet.
Lending risk	Lending risk is the risk of financial loss arising from lending funds to councils or CCOs.	LGFA is restricted through the Foundation Policies to lending only to councils and CCOs that are members of LGFA. The Foundation Policies establish the conditions of borrowing that members must comply with. These include providing security, maintaining equity commitment liabilities and guarantee liabilities (where relevant), complying with their own internal borrowing policies, and meeting the financial covenants outlined in the Foundation Policies. **Lending risk** is further managed through regular engagement with borrowers and LGFA's monitoring of compliance with the lending covenants set out in the Foundation Policies.
Liquidity risk	Liquidity risk is the risk that LGFA may be unable to meet its financial obligations as they fall due under normal or stressed operating conditions.	**Liquidity risk** is managed using a forecast cash flow approach measured over a 90-day period. LGFA is required to maintain sufficient liquidity, comprising cash holdings, liquid investments, and a Crown liquidity facility, to support six months of funding commitments.
Operational risk	Operational risk, in the context of treasury management, is the risk of financial and/or reputational loss arising from human error, fraud, negligent behaviour, system failures, or inadequate procedures and controls.	**Operational risk** is managed through internal controls and procedures across operational functions. Segregation of duties between staff authorised to enter into transactions with external counterparties and those responsible for controlling, checking, and confirming these transactions is a fundamental internal control principle.

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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's objectives and performance targets for 2025–26 are aligned with 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 four quarters' ended June 2026 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 30 June 2026
Demonstrate best-practice corporate governance.	LGFA is committed to maintaining high standards of corporate governance. Each year, we report on our compliance with the eight core principles of the NZX Corporate Governance Code. This Annual Report contains our governance disclosures, including our assessment of compliance with the Code for the 2026 reporting period.
Set and model high standards of ethical behaviour.	LGFA has adopted a formal Code of Ethics, which incorporates its Conflicts of Interest and Code of Conduct policies. The Code sets out the standards of conduct and ethical behaviour expected of directors and employees.
Achieve the shareholder-agreed objectives and performance targets specified in this Statement of Intent.	Our performance against the shareholder-agreed objectives and performance targets set out in the Statement of Intent is reported quarterly to shareholders and annually in this section of the Annual Report.
Ensure products and services offered to participating borrowers are delivered in a cost-effective manner.	LGFA prepares annual operating budgets and monitors performance against these budgets monthly. Our performance against the financial performance targets for the year ended 30 June 2026 is summarised below in the performance targets section.
Be a good employer by providing safe working conditions, training and development and equal opportunities for staff.	We have met this objective and comply with the relevant requirements. This Annual Report provides our most recent disclosures on our health, safety and wellbeing practices and policies, compliance with the Health and Safety at Work Act, diversity and inclusion, and capability and development initiatives.

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Bund construction, The Amberley Beach Proactive Relocation Project. **Hurunui District Council**

Performance targets	2025-2026 target	Our performance to 30 June 2026
Comply with the Shareholder Foundation Polices and the Board-approved Treasury Policy at all times.	No breaches.	No Foundation Policy breaches occurred. A Treasury Policy counterparty settlement limit was marginally exceeded due to NZD/EUR movements increasing the settlement exposure associated with the hedging of a EUR-denominated bond.
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. Our credit ratings remain equivalent to those of the New Zealand Government from both S&P Global Ratings and Fitch Ratings. In February 2026, S&P Global Ratings affirmed our domestic currency credit rating at AAA. In March 2026, Fitch Ratings revised LGFA's our rating outlook to Negative following its sovereign rating action, while affirming the AA+ credit rating.
LGFA's total operating income, excluding unrealised gains / (losses) on financial instruments, for the period to 30 June 2026.	>$44.7 million.	Achieved. $53.4 million as at 30 June 2026, excluding unrealised gains and losses on hedged foreign currency issuance.
LGFA's total operating expenses (excluding AIL) for the period to 30 June 2026.	<$12.1 million.	Not achieved. $13.0 million as at June 2026 (excluding AIL).

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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	Our performance to 30 June 2026
Provide interest cost savings relative to alternative sources of financing.	LGFA's borrowing margins remained competitive relative to those of other high-grade issuers in the New Zealand capital markets.

Comparison to other high-grade issuers - secondary market spread to swap (bps)

30 Jun 26	2027	2028	2029	2030	2031	2032	2033	2034	2035	2037
LGFA (AAA)	6	17	23	30	37	42	47	50	61	73
Kainga Ora (AAA)	21	23		30					66	
Asian Development Bank (AAA)	2	19			26					
IADB (AAA)	5	22		27						
International Finance Corp (AAA)	16	21	25							
KBN (AAA)	5			33						
Nordic Investment Bank (AAA)			23	26						
Rentenbank (AAA)	1		19							
World Bank (AAA)	15	19		26		31	34			
ASB (AA-)	25			53						
ANZ (AA-)		44		53						
Kiwibank (AA-)	43	52	60							
BNZ (AA-)	25	40	49		56					
Westpac Bank (AA-)	17		52	58						
SSA Average	7	20	22	28	26	31				
Bank Average	28	45	54	55	56					

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 (from one year to April 2037), Green and Social Loans, Climate Access Loans, and standby facilities. • During the year ended 30 June 2026, members borrowed $3.889 billion through 323 long-term loans, with an average term of 5.0 years. • As at 30 June 2026, $1,588 million of short-term loans were outstanding to 60 members. • As at 30 June 2026, standby facilities totalled $782 million across 19 members.
Deliver operational best practice and efficiency for lending services.	Over the year-ended 30 June 2026, LGFA operations staff successfully: • settled 2,604 new trades with a gross value of $48 billion, • processed 16,040 cash flows with a gross value of $94 billion, and • rate set 14,658 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 across both the primary market (tender and syndicated issuance) and the secondary market. During the year ended 30 June 2026, we issued NZD 1,200 million of Sustainable Financing Bonds, NZD 800 million of retail bonds, and NZD 2,287 million of Medium-Term Notes (USD, EUR and CHF). Secondary market turnover in our NZD retail bonds totalled $13.87 billion.

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Performance targets	2025-2026 target	Our performance to 30 June 2026
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%	Achieved. 98% market share.
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.	90% satisfaction score in December 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 30 June 2026
Assist the local government sector in achieving their sustainability and climate change objectives.	As at 30 June 2026, we had approved 15 Green and Social (GS) projects with a combined pre-approved loan value of $1.32 billion. Of this amount, $615 million had been drawn. We had also approved eight councils and CCOs as Climate Action Loan (CAL) borrowers, with a combined approved loan value of $4.68 billion. During the year, we approved $1.17 billion of sustainable lending (comprising GS and CAL loans), representing 30% of total long-term lending. As at 30 June 2026, outstanding sustainable loans totalled $5.30 billion, representing 24% of our long-term lending portfolio. Our fourth Annual Impact Report, which details the allocation of proceeds from our Sustainable Financing Bond issuances, will be published on 30 September 2026. Our third annual Climate Statement will be published on 30 October 2026. In March 2026, LGFA hosted the second series of panel discussions and keynote presentations for council members. The programme provided guidance on accessing climate-related financing instruments and highlighted data, tools, and best practices to support the identification, assessment, and communication of climate-related risks.
Improve sustainability outcomes within LGFA.	In 2021, LGFA directors committed to reducing our per employee emissions by 30% by 2030, compared with a 2018/19 base year. We continue to monitor our organisational emissions and remain within target. In addition, we have released our Climate Statement in compliance with XRB Aotearoa Climate Reporting Standards.

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Performance targets	2025-2026 target	Our performance to June 2026
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 tCO_2e annual per person GHG emissions.	Achieved. 3.2 tCO_2e.
Increase our GS lending book and Climate Action Loans.	Two new GS loans undertaken. Two new borrowers enter into CALs.	Partially achieved. Eight new GS projects approved. However, only one new CAL borrower.
Develop a sustainable financing option for the water sector.	New sustainable financing option is available to water entities.	Achieved. Sustainable Water Action Loans (SWALe) developed over the year and launched on 1 July 2026.
Enhance our insight into climate-related risks through council lending.	Climate change is incorporated into LGFA's credit risk assessments.	Achieved.
Assess required governance skills for LGFA's climate-related risks and opportunities.	Develop a director skills matrix.	Achieved. Climate related training undertaken.

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 June 2026
Proactively monitor and review each Participating Borrower's financial position, including its financial headroom under LGFA policies.	Throughout the year, we monitored the financial performance and governance of all members on the LGFA borrower watchlist through ongoing reviews of council annual plans, meeting agendas, and management reports.
Analyse finances at the Council group level where appropriate and report to shareholders.	We received compliance certificates confirming compliance with LGFA's financial covenants from all members with debt outstanding as at 30 June 2025. No council requested to be assessed on a group basis. A small number of compliance certificates were initially submitted based on unaudited financial statements due to delays in the completion of external audits. These certificates were subsequently verified following the publication of the relevant councils audited annual reports.
Endeavour to meet each participating borrower annually, including meeting with elected officials as required, or if requested.	During the year ended 30 June 2026, LGFA met with council CCO members on 123 occasions.
Ensure a smooth transition of water-related loans if the Local Water Done Well Reforms progresses over forecast period.	Over the past 12 months, we have actively engaged with central and local government, our council members, and their advisers to support the implementation of the Government's Local Water Done Well reforms. Further information on our engagement is provided in the Industry and Leadership Engagement section of this annual report.

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Performance targets	2025-2026 target	Our performance to June 2026
Review each Participating Borrower's financial position.	100%	Achieved.
Arrange to meet each Participating Borrower over a 15-month period, including meeting with elected officials as required, or if requested.	100%	Achieved.

Industry leadership and engagement

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

Objectives	Our performance to June 2026
Take a proactive role to enhance the financial strength and depth of the local government debt market and work with key central government and local government stakeholders on sector and individual council issues.	The Industry Leadership and Engagement section of this annual report discusses our performance in relation to these two objectives.
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.	

Performance targets	2025-2026 target	Our performance to June 2026
Provide quarterly updates to shareholders and borrowers on sector developments that are impacting LGFA.	Four quarterly updates to councils and CCOs.	Achieved.
Meet annually with Infrastructure Commission, Local Government New Zealand, Taituara, Water New Zealand, Infrastructure New Zealand, Crown Infrastructure Partners, Department of Internal Affairs, Treasury and Minister's office to discuss sector issues from an LGFA perspective.	Nine meetings across stakeholders.	Achieved.
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. The Industry Leadership and Engagement section of this Annual Report outlines our support for the Government's Local Water Done Well reforms over the past 12 months.
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) was appointed as Future Director in 2025.

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Income statement

For the year ended 30 June 2026 in $000s

	Note	2026	2025
Interest income		1,069,740	1,267,103
Interest expense		1,017,862	1,232,327
Net interest income	4	**51,878**	**34,776**
Other operating income	5	1,537	1,551
Gains / (losses) on financial instruments	6	1,780	(680)
Total operating income		**55,195**	**35,647**
Operating expenses	7	**20,088**	**16,653**
Net operating profit		**35,107**	**18,994**

Statement of comprehensive income

For the year ended 30 June 2026 in $000s

	Note	2026	2025
Net operating profit		**35,107**	**18,994**
Items that may be re-classified to subsequently to the Income Statement			
Net change in cash flow hedge reserve	10	(296)	(6,477)
Net change in cost of hedging reserve	10	(8,421)	(2,079)
Total comprehensive income		**26,390**	**10,438**

These statements are to be read in conjunction with the notes to the financial statements.

The Board of Directors of the New Zealand Local Government Funding Agency Limited authorised these statements for issue on 28 August 2026.

Philip Cory-Wright
Board Chair

Paul Anderson
Chair, Audit and Risk Committee

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Statement of changes in equity

For the year ended 30 June 2026 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					35,107	35,107
Other comprehensive income / (expense)			(296)	(8,421)		(8,717)
Total Comprehensive Income of the Year		**-**	**(296)**	**(8,421)**	**35,107**	**26,390**
Transactions with owners						-
Dividend paid on 1 September 2025					(1,675)	(1,675)
Equity as at 30 June 2026	29	**25,000**	**(1,237)**	**(17,031)**	**139,768**	**146,500**

These statements are to be read in conjunction with the notes to the financial statements.

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Statement of financial position

As at 30 June 2026 in $000s

	Note	2026	2025
Assets			
Financial assets			
Receivables	12	1,394	2,973
Cash and cash equivalents		463,393	325,728
Cash pledged as collateral	11	-	187,836
Marketable securities		3,051,294	2,458,427
Deposits		409,166	578,878
Derivatives in gain	11	718,228	255,271
Loans to members	13	24,130,000	22,657,300
Non-financial assets			
Other assets	14	1,273	1,339
Total assets		**28,774,748**	**26,467,752**
Equity			
Share capital	29	25,000	25,000
Reserves	10	(18,265)	(9,551)
Retained earnings		139,765	106,336
Total equity		**146,500**	**121,785**
Liabilities			
Financial liabilities			
Cash received as collateral	11	298,163	-
Payables and provisions	15	74,059	6,414
Repurchased bonds	18	379,335	341,756
Derivatives in loss	11	893,239	1,067,121
Debt securities issued:			
At amortised cost	16	25,696,422	23,645,696
At fair value through income statement	17	478,943	613,077
Borrower notes	19	803,359	669,030
Non financial liabilities			
Other liabilities	20	4,728	2,873
Total liabilities		**28,628,248**	**26,345,967**
Total equity and liabilities		**28,774,748**	**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 year ended 30 June 2026 in $000s

	Note	2026	2025
Cash flows from operating activities			
Cash applied to loans	13	(1,425,356)	(2,119,168)
Interest paid on bonds issued		(811,932)	(737,888)
Interest paid on bills issued		(49,252)	(102,178)
Interest paid on borrower notes		(10,077)	(7,785)
Interest paid on bond repurchases		(9,528)	(9,682)
Interest received from loans		883,041	1,124,661
Interest received from cash & cash equivalents		10,940	27,512
Interest received from marketable securities		90,178	71,558
Interest received from deposits		20,171	56,100
Net interest on derivatives		(34,900)	(383,051)
Cash proceeds from provision of standby facilities		1,537	1,551
Payments to suppliers and employees		(17,658)	(15,730)
Net cash flows from operating activities	33	**(1,352,836)**	**(2,094,100)**
Cash flows from investing activities			
Purchase of marketable securities		(574,313)	(1,008,422)
(Purchase)/maturity of deposits		653,318	200,470
Net cash flows from investing activities		**79,005**	**(807,952)**
Cash flows from financing activities			
Cash proceeds from bonds issued	16	4,167,392	5,014,063
Cash outflows from bond maturities and early bond repurchases	16	(2,661,770)	(2,719,000)
Cash proceeds (outflows) from bills issued	16, 17	(374,223)	(118,711)
Cash proceeds (outflows) from bond repurchases		37,600	283,303
Cash proceeds from borrower notes		120,383	158,273
Dividends paid		(1,675)	(1,843)
Cash applied to derivatives		123,786	138,086
Net cash flows from financing activities		**1,411,496**	**2,754,171**
Net increase / (decrease) in cash		**137,665**	**(147,881)**
Foreign exchange gains / (losses) on cash balances		3	1
Net cash flows from all activities		**137,668**	**(147,880)**
Cash, cash equivalents at beginning of year		325,728	473,609
Cash, cash equivalents at end of year		**463,393**	**325,728**

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 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 Grant Thornton House, Level 8, 215 Lambton Quay, Wellington Central, Wellington 6011.

The financial statements are as at and for the year ended 30 June 2026.

These financial statements were authorised for issue by the Directors on 28 August 2026.

2. Statement of compliance

LGFA is an FMC reporting entity under the Financial Markets Conduct Act 2013 (FMCA). These financial statements have been prepared in accordance with that Act and the Financial Reporting Act 2013. LGFA's bonds are quoted on the NZX Debt Market.

LGFA is a profit orientated entity as defined under the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP) and they comply with NZ IFRS and other applicable Financial Reporting Standard, as appropriate for Tier 1 for-profit entities. The financial statements also comply with International Financial Reporting Standards (IFRS).

3. Basis of preparation

MEASUREMENT BASE

The financial statements have been prepared on a historical cost basis except for certain assets and liabilities held at fair value.

The financial statements are prepared on an accrual basis.

FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are presented in New Zealand dollars rounded to the nearest thousand, unless separately identified. The functional currency of LGFA is New Zealand dollars.

FOREIGN CURRENCY CONVERSIONS

Transactions denominated in foreign currency are translated into New Zealand dollars using exchange rates applied on the trade date of the transaction.

CHANGES IN ACCOUNTING POLICIES

There have no changes to accounting policies during the year (2025: nil).

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.

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FINANCIAL INSTRUMENTS

Financial assets

Financial assets, other than derivatives, are recognised initially at fair value plus transaction costs and subsequently measured at either:

- Amortised cost using the effective interest rate method; or
- Fair value through income statement (FVTIS).

Financial assets are classified as FVTIS if they are derivative financial assets or if LGFA chooses to classify financial assets as FVTIS if the use of the classification removes or significantly reduces an accounting mismatch. This classification includes assets 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.

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.

LGFA applies the following assumptions for assessing expected credit losses:

- For loans to member councils, LGFA assumes full recovery of any arrears in the event of loan default. Under the Local Government Act 2002, all member council loans are secured by a charge over either a specified rate or general rates revenue. A charge over rates revenue is created when a local authority enters a Debenture Trust Deed (DTD), which establishes a security interest in favour of a Debenture Trustee holding the security on behalf of secured creditors of the local authority. If a local authority fails to meet its financial obligations, the Trustee may enforce the security interest under the DTD, including the appointment of a receiver. Under section 115(2) of the Act, the receiver may assess and collect an annual rate sufficient to meet the local authority's loan obligations in that year.
- For financial assets held for liquidity purposes, individual securities are assigned a probability of default over the 12-month period year based on their S&P, Fitch or Moody's credit rating, with the estimated recovery rate assigned using the S&P recovery rating scale.

Impairment losses on financial assets will ordinarily be recognised on initial recognition as a 12-month expected loss allowance and move to a lifetime expected loss allowance if there is a significant deterioration in credit risk since acquisition.

Financial liabilities

Financial liabilities, other than derivatives, are recognised initially at fair value less transaction costs and subsequently measured at either:

- Amortised cost and subsequently measured at amortised cost using the effective interest rate method; or
- Fair value through income statement (FVTIS).

Financial liabilities are classified as FVTIS if they are derivative financial liabilities or if LGFA chooses to classify financial liabilities as FVTIS if the use of the classification removes or significantly reduces an accounting mismatch. This classification includes debt issues that are designated at FVTIS where LGFA has economically hedged the foreign exchange and interest rate risk using derivatives, but hedge 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.

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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 debt securities.

Income tax

LGFA is exempt from income tax under Section 14 of the Local Government Borrowing Act 2011.

Goods and services tax

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

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

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

SEGMENT REPORTING

LGFA operates in one segment being funding of participating borrowers in New Zealand.

JUDGEMENTS AND ESTIMATIONS

The preparation of these financial statements requires judgements, estimates and assumptions that affect the application of policies and reported amounts. For example, the fair value of financial instruments depends critically on judgements regarding future cash flows, including 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.

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Revenue and expenditure

4. Net interest income

For the year ended 30 June 2026 in $000s	2026	2025
Interest income		
Cash and cash equivalents	11,177	27,668
Cash pledged as collateral	-	6,171
Marketable securities	110,486	99,965
Deposits	19,905	47,014
Derivatives	70,007	-
Loans	858,165	1,086,285
Total interest income	**1,069,740**	**1,267,103**
Interest expense		
Cash pledged as collateral	2,127	-
Bills	49,424	84,790
Treasury Stock Lending	9,508	9,832
Derivatives	-	249,784
Bonds	933,531	862,245
Borrower notes	23,272	25,676
Total interest expense	**1,017,862**	**1,232,327**
Net interest income	**51,878**	**34,776**

5. Other operating income

As at 30 June 2026, LGFA had provided standby facilities totalling $782 million (2025: $867 million) to selected councils. As at balance date, there were no drawdowns outstanding under the facilities.

For the year ended 30 June 2026 in $000s	2026	2025
Standby facilities fee income	1,537	1,551
Total other operating income	**1,537**	**1,551**

6. Gains / (losses) on financial instruments

Gains/(losses) on financial instruments comprise the net impact of realised and unrealised revaluations of financial instruments, together with any hedge ineffectiveness recognised during the year.

Realised gains and losses arise from the close-out of liquid assets for liquidity management purposes, the early repayment of council loans, and the repurchase of LGFA bonds before maturity. They also include the close-out of associated interest rate swaps that are part of designated hedge relationships.

Unrealised gains and losses primarily reflect hedge ineffectiveness recognised on cross-currency interest rate swaps used to hedge the foreign currency and interest rate risks associated with LGFA's offshore issuance programme. They also include fair value movements on interest rate swaps that are not in designated hedge relationships, and the revaluation of financial instruments measured at fair value through profit or loss. These include instruments associated with the European Commercial Paper (ECP) programme, foreign currency assets, and their related designated hedging instruments.

For the year to 30 June 2026, Gains / (losses) on financial instruments comprised ($000's):

- Hedge ineffectiveness – Cross currency swaps $1,242 gain (2025: $1,719 loss)
- Hedge ineffectiveness – Interest rate swaps $343 loss (2025: $106 gain)

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- AUD bond investment revaluations, including hedging $530 gain (2025: nil)
- Realised gains $395 (2025: $630)
- Other net gains and losses $44 loss (2025: $303 gain)

7. 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 2026 in $000s	2026	2025
Issuance & onlending expenses		
Approved issuer levy[1]	7,073	5,392
Rating agency fees	1,404	811
NZDM facility fee	650	937
Legal fees – issuance	894	1,262
NZX	755	768
Trustee fees	123	119
Regulatory, registry, other fees	508	435
	11,407	**9,724**
Other operating expenses		
Information technology	1,049	922
Consultants	575	348
Directors fees	582	553
Insurance	102	107
Legal fees	677	242
Other expenses	900	672
Auditors' remuneration		
Audit of the financial statements	182	172
Audit or review related services[2]	18	17
Other assurance services[3]	8	11
Personnel	4,588	3,885
	8,681	**6,929**
Total operating expenses	**20,088**	**16,653**

1. The amount of Approved Issuer Levy is a function of securities held by offshore holders of certain LGFA bond maturities.
2. Includes fees relating to offer document reviews
3. Includes assurance engagement relating to green house gas statements

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Financial instruments

8. Financial instruments accounting policy

Financial instruments are recognised in the statement of financial position at amortised cost.

Fair values of financial instruments not recognised in the statement of financial position at fair value are determined for note disclosure as follows:

CASH AND BANK, TRADE AND OTHER RECEIVABLES, TRADE AND OTHER PAYABLES

The carrying value of cash and bank, trade and other receivables, trade and other payables approximate their fair value as they are short-term instruments.

CASH PLEDGED AS COLLATERAL

LGFA enters derivative financial instruments for hedging purpose which may require LGFA to post collateral as security with counterparties.

In line with standard industry practice, collateral is provided for derivative transactions in accordance with Credit Support Annexes (CSAs). LGFA's practice is to annex each CSA to the International Swaps and Derivatives Association (ISDA) Master Agreement it has with derivative counterparties.

LGFA is required to pledge cash deposits at call to meet its obligations under the CSAs for derivative positions. The pledged assets will be returned to LGFA when the underlying transaction is terminated, but in the event of default the counterparty is entitled to apply the collateral to settle the outstanding liability.

MARKETABLE SECURITIES AND BONDS

The fair value of bonds and marketable securities are determined using the quoted price for the instrument where these are available. Where these are not available, the fair value is determined using discounted cash flow analysis.

DEPOSITS

The fair value for deposits is determined using a discounted cash flow analysis. The interest rates used to discount the estimated cash flows are based on current market interest rates.

LOANS

The fair value of loans is determined using a discounted cash flow analysis. The interest rates used to discount the estimated cash flows are based on LGFA bond yields at the reporting date plus an appropriate credit spread to reflect the counterparty's credit risk.

LEASES

The lease liability is recognised at the present value of the remaining lease payments, discounted using LGFA's incremental borrowing rate, with the corresponding right-of-use asset recognised as an equal amount.

BORROWER NOTES

The fair value of borrower notes is determined using a discounted cash flow analysis. The interest rates used to discount the estimated cash flows are based on LGFA bond yields at the reporting date.

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FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The following table shows the fair value of financial assets and financial liabilities, together with the carrying amounts shown in the statement of financial position.

As at 30 June 2026 in $000s	Financial liabilities at amortised cost	Financial liabilities at fair value through income statement	Financial assets at amortised cost	Financial assets measured at fair value in accordance with NZ IFRS 9	Fair value
Financial assets					
Receivables	-	-	1,394	-	1,394
Cash and bank balances	-	-	463,393	-	463,393
Marketable securities	-	-	2,952,973	98,321	3,089,991
Deposits	-	-	409,166	-	409,166
Derivatives	-	-	-	718,228	718,228
Loans	-	-	24,130,000	-	24,690,544
	-	**-**	**27,956,926**	**816,549**	**29,372,716**
Financial liabilities					
Cash received as collateral	298,163	-	-	-	298,163
Payables and provisions	74,059	-	-	-	74,059
Bond repurchases	379,335	-	-	-	379,335
Derivatives	-	-	-	893,239	893,239
Bills	825,532	-	-	-	825,626
ECP	-	478,943	-	-	478,943
Bonds	24,870,890	-	-	-	24,864,452
Borrower notes	803,359	-	-	-	799,425
	27,251,338	**478,943**	**-**	**893,239**	**28,613,241**

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As at 30 June 2025 in $000s	Financial liabilities at amortised cost	Financial liabilities at fair value through income statement	Financial assets at amortised cost	Financial assets measured at fair value in accordance with NZ IFRS 9	Fair value
Financial assets					
Receivables	-	-	2,973	-	2,973
Cash and bank balances	-	-	325,728	-	325,728
Cash pledged as collateral	-	-	187,836	-	187,836
Marketable securities	-	-	2,458,427	-	2,501,062
Deposits	-	-	578,878	-	579,011
Derivatives	-	-	-	255,271	255,271
Loans	-	-	22,657,300	-	23,227,171
	-	**-**	**26,211,142**	**255,271**	**27,079,052**
Financial liabilities					
Payables and provisions	6,414	-	-	-	6,414
Bond repurchases	341,756	-	-	-	341,756
Derivatives	-	-	-	1,067,121	1,067,121
Bills	992,159	-	-	-	992,340
ECP	-	613,077	-	-	613,077
Bonds	22,653,537	-	-	-	22,492,491
Borrower notes	669,030	-	-	-	662,582
	24,662,896	**613,077**	**-**	**1,067,121**	**26,175,781**

9. Derivative financial instruments

LGFA use three different types of derivative financial instruments: interest rate swaps, cross currency interest rate swaps and foreign exchange transactions (spot and forward).

Derivative financial instruments are recognised in the statement of financial position at fair value. Derivatives are categorised as following:

- Derivatives designated into hedge accounting relationships to minimise profit or loss volatility by matching movements in underlying positions relating to hedges of the LGFA's exposures to interest rate risk and currency risk.
- Derivatives designated to manage risks that are not in a designated hedge accounting relationship.

Derivative financial instruments are valued under level 2 of the following hierarchy.

Level 1 Quoted market prices: Fair value based on quoted prices in active markets for identical assets or liabilities.

Level 2 Valuation techniques using observable market inputs: Fair value based on a valuation technique using other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 Valuation techniques using significant non-observable market inputs: Fair value based on a valuation technique using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of derivative financial instruments is determined using a discounted cash flow analysis. Interest rates represent the most significant assumption used in valuing derivative financial instruments. The interest rates used to discount estimated cash flows are based on the New Zealand dollar swap curves at the reporting date.

Treatment of any fair value gains or losses depends on whether the derivative is designated as a hedging instrument. If the derivative is not designated as a hedging instrument, the remeasurement gain or loss is recognised immediately in the Consolidated income statement.

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10. 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 both the following risks:

- Interest rate risk due to a mismatch between fixed and floating interest rates on NZD-denominated assets and liabilities; and
- Combined interest rate risk and foreign exchange risk on liabilities that are denominated in currencies other than New Zealand dollars.

LGFA enters into interest rate swaps to hedge interest rate risks on NZD-denominated assets and liabilities.

LGFA also enters cross-currency interest rate swaps to hedge the foreign currency and foreign interest rate risks on issued foreign currency bonds and EMTNs. Using the cross-currency interest rate swaps, LGFA will pay New Zealand Dollar floating interest rates plus a fixed margin and receive foreign currency fixed interest with coupon payments matching the underlying notes.

LGFA has designated cross currency interest rate swaps into hedge relationships with foreign currency bonds and Euro medium-term notes, which are decomposed into four hedge components:

- Fair Value Hedge: This hedge component manages the interest rate risk of the fixed foreign currency coupons on the designated debt instruments.
- Cash Flow Benchmark and Principal Hedge: This hedge component manages the interest rate and basis risk of converting the floating-rate foreign currency liability to a floating rate NZD liability.
- Cash Flow Margin Hedge: This hedge component manages the cross-currency risk of converting any remaining fixed foreign currency interest rate into a fixed NZD margin.
- Cost of Hedging Reserve: This hedge component manages exposure to changes in forward points, being the difference between spot and forward FX rates.

Any residual portion of the above hedge components is treated as hedge ineffectiveness and is recognised as gains or losses on financial instruments in the Income Statement.

EFFECT OF HEDGING ON THE FINANCIAL STATEMENTS

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

	Asset / (liability) adjustment		Reserves		Gains & (losses)
$'000	**Derivative fair value adjustment**	**Fair value hedge adjustment**	**Cash flow hedge reserve**	**Cost of hedging reserve**	
Balances as at 30 June 2025	118,220	(128,631)	(941)	(8,610)	
		(10,411)		**(9,551)**	**(860)**
			Other comprehensive income / (expense)		**Gains & (losses)**
YTD Movement	(186,361)	178,888	(296)	(8,421)	
		(7,473)		**(8,717)**	**1,244**
			Reserves		
Balances as at 30 June 2026	(68,140)	50,257	(1,237)	(17,031)	
		(17,883)		**(18,268)**	**385**

The table below shows the nominal amount of hedging instruments, for both foreign currency hedges and NZD hedges:

$'000	**2026**	**2025**
Cross currency swaps	8,249,271	6,002,398
Interest Rate Swaps	17,642,043	17,472,048

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11. Offsetting

NZ IAS 32: Financial Instruments Presentation allows financial assets and liabilities to be offset only when there is a current legally enforceable right to set off the amounts and there is an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

LGFA does not offset any amounts.

The following table shows the amounts subject to an enforceable master netting arrangement or similar agreement that are not offset in the statement of financial position.

As at 30 June 2026 in $000s	Derivative assets	Derivative liabilities
Gross amounts	718,228	893,239
Amounts offset	-	-
Carrying amounts	718,228	(718,228)
Amounts that don't qualify for offsetting	-	-
Financial assets & liabilities	(718,228)	(718,228)
Collateral	298,163	-
Net amount	**298,163**	**175,011**

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**

12. Receivables

As at 30 June 2026 in $000s	2026	2025
Borrower notes to be received	1,000	-
Trade debtors	394	2,973
Total receivables	**1,394**	**2,973**

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13. Loans

As at 30 June 2026 in $000s	2026		2025	
	Short-term loans	Loans	Short-term loans	Loans
Ashburton District Council	6,017	129,295	20,044	124,440
Auckland Council	-	2,956,173	48,672	3,111,545
Bay of Plenty Regional Council	49,990	258,834	117,701	224,766
Buller District Council	17,836	20,288	9,909	10,018
Canterbury Regional Council	-	81,389	-	96,421
Carterton District Council	-	27,258	-	27,279
Central Hawkes Bay District Council	-	48,376	-	49,434
Central Otago District Council	10,027	86,749	5,038	45,618
Christchurch City Council	-	2,592,064	-	2,749,479
Clutha District Council	15,517	152,268	15,522	130,327
Dunedin City Treasury	-	684,613	-	443,747
Far North District Council	24,291	169,143	35,204	120,785
Far North Holdings Ltd	43,492	26,521	49,036	26,521
Gisborne District Council	34,841	191,700	9,920	185,413
Gore District Council	8,528	56,339	8,534	49,873
Greater Wellington Regional Council	24,912	1,098,130	-	1,021,955
Grey District Council	3,976	41,806	3,971	31,768
Hamilton City Council	80,556	935,753	101,343	922,069
Hastings District Council	19,979	476,193	18,974	456,568
Hauraki District Council	41,598	130,676	-	141,000
Hawkes Bay Regional Council	10,054	132,566	-	115,630
Horizons Regional Council	9,962	73,439	9,952	69,472
Horowhenua District Council	14,046	189,050	14,054	227,539
Hurunui District Council	14,058	88,121	14,079	73,632
Hutt City Council	82,015	526,666	-	577,424
Infrastructure Holdings Ltd	11,995	109,191	9,994	109,297
Invercargill City Council	24,115	176,667	28,187	126,432
Invercargill City Holdings Ltd	-	10,039	-	-
Kaikoura District Council	-	9,357	-	7,354
Kaipara District Council	6,818	37,206	-	44,314
Kapiti Coast District Council	27,957	377,406	-	367,751
Kawerau District Council	-	8,069	-	6,058
Mackenzie District Council	5,017	20,221	4,016	19,255
Manawatu District Council	11,531	102,411	11,594	93,445
Marlborough District Council	14,638	298,102	14,606	230,935
Masterton District Council	-	73,014	-	66,918
Matamata-Piako District Council	27,376	72,004	-	85,673

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As at 30 June 2026 in $000s	2026		2025	
	Short-term loans	Loans	Short-term loans	Loans
Napier City Council	15,200	130,901	-	65,572
Nelson City Council	15,013	329,978	-	266,619
New Plymouth District Council	62,014	340,060	-	357,122
Northland Regional Council	2,486	59,825	6,883	59,605
Opotiki District Council	-	15,602	4,102	10,588
Otago Regional Council	157,214	20,128	42,767	132,638
Otorohanga District Council	15,052	-	10,123	2,019
Palmerston North City Council	4,104	371,730	-	305,995
Porirua City Council	24,979	334,071	-	362,827
Queenstown Lakes District Council	90,211	621,740	88,141	619,296
Rangitikei District Council	19,083	40,294	10,037	44,385
Rotorua District Council	7,036	522,563	-	472,652
Ruapehu District Council	10,034	54,159	10,039	54,191
Selwyn District Council	-	226,265	40,375	256,744
Selwyn Water Limited	26,582	60,403	-	-
South Taranaki District Council	-	166,936	-	137,017
South Waikato District Council	13,874	51,286	-	50,369
Southland District Council	-	92,373	-	92,384
Southland Regional Council	-	7,056	-	7,003
South Wairarapa District Council	28,054	6,723	17,125	11,565
Stratford District Council	-	41,830	-	38,927
Taranaki Regional Council	4,951	67,921	-	57,934
Tararua District Council	14,103	58,380	-	80,621
Tasman District Council	15,155	379,071	31,537	317,397
Taupo District Council	-	200,108	-	200,203
Tauranga City Council	19,971	1,357,622	4,840	1,272,492
Thames-Coromandel District Council	-	99,606	-	91,729
Timaru District Council	19,867	237,373	39,727	212,425
Timaru District Holdings Ltd	12,520	3,019	9,316	-
Upper Hutt City Council	-	217,146	-	216,098
Waikato District Council	49,141	221,312	14,621	221,629
Waikato Regional Council	31,107	35,252	10,042	39,323
Waikato Waters Limited	52,382	-	-	-
Waimakariri District Council	12,069	214,149	-	221,613
Waimate District Council	-	7,550	-	5,035
Waipa District Council	142,305	305,439	63,492	341,285
Wairoa District Council	-	9,601	-	9,624
Waitaki District Council	9,939	81,498	1,997	71,474

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As at 30 June 2026 in $000s	2026		2025	
	Short-term loans	Loans	Short-term loans	Loans
Waitomo District Council	11,078	27,134	6,024	27,165
Wellington City Council	-	2,016,086	-	1,843,472
West Coast Regional Council	2,993	30,256	2,991	21,234
Western Bay Of Plenty District Council	20,223	231,425	15,109	161,226
Westland District Council	2,813	38,471	3,928	35,051
Whakatane District Council	-	208,619	-	178,821
Whanganui District Council	7,543	235,383	7,551	196,538
Whangarei District Council	14,853	298,789	48,915	246,882
Fair value hedge adjustment	-	12,682	-	10,322
	1,575,088	**22,554,912**	**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 greater than 12 months at origination. As at 30 June 2026, all short term loans and $3,748 million of loans will mature within 12 months.

14. Other assets

As at 30 June 2026 in $000s	2026	2025
Prepayments	731	980
Furniture and Fixtures	87	105
Right-of-use lease asset	455	254
Total other assets	**1,273**	**1,339**

15. Payables and provisions

As at 30 June 2026 in $000s	2026	2025
Loans to be advanced	72,382	-
Trade creditors	1,140	5,909
Credit provision	334	301
Other provisions	203	204
Total payables	**74,059**	**6,414**

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16. Debt securities issued at amortised cost

As at 30 June 2026 in $000s	Face Value	Unamortised premium	Accrued interest	Fair value hedge adjustment	Total
NZD Fixed interest bonds					
15 April 2027	2,261,000	12,965	21,405		2,295,370
15 May 2028	1,843,000	(41,248)	5,296		1,807,048
20 April 2029	2,137,000	(76,764)	6,306		2,066,542
15 May 2030	2,310,000	(27,363)	13,276		2,295,913
15 May 2031	2,245,000	(179,453)	6,451		2,071,998
14 May 2032	1,100,000	(2,901)	6,457		1,103,556
14 April 2033	1,930,000	(30,209)	14,396		1,914,187
15 May 2034	750,000	(10,100)	4,550		744,450
15 May 2035	850,000	(61,628)	3,257		791,629
15 April 2037	1,380,000	(184,178)	5,807		1,201,629
Fair value hedge adjustment				(304,022)	(304,022)
	16,806,000	**(600,879)**	**87,201**	**(304,022)**	**15,988,300**
FCY Fixed interest bonds & EMTN					
8 September 2027	1,216,918	(1,174)	16,733		1,232,477
20 March 2028	885,740	(782)	10,226		895,184
1 August 2028	1,216,918	(1,431)	23,700		1,239,187
1 April 2030	1,008,282	(1,241)	7,227		1,014,268
30 September 2030	885,740	(5,390)	8,394		888,744
28 November 2030	790,996	(1,874)	3,727		792,849
2 April 2032	481,077	(1,200)	925		480,802
6 October 2032	1,008,282	(3,221)	7,165		1,012,226
8 March 2034	973,534	(6,194)	15,211		982,551
6 October 2034	393,609	(1,210)	2,160		394,559
Fair value hedge adjustment				(50,257)	(50,257)
	8,861,096	**(23,717)**	**95,468**	**(50,257)**	**8,882,590**
Total Fixed interest bonds	**25,667,096**	**(624,596)**	**182,669**	**(354,279)**	**24,870,890**

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As at 30 June 2026 in $000s	Face Value	Unamortised premium	Accrued interest	Fair value hedge adjustment	Total
NZD Bills					
15 July 2026	50,000	-	(49)		49,951
21 July 2026	75,000	-	(107)		74,893
30 July 2026	35,000	-	(73)		34,927
5 August 2026	70,000	-	(176)		69,824
12 August 2026	30,000	-	(92)		29,908
21 August 2026	50,000	-	(186)		49,814
26 August 2026	45,000	-	(179)		44,821
2 September 2026	50,000	-	(227)		49,773
10 September 2026	200,000	-	(1,045)		198,955
7 October 2026	25,000	-	(181)		24,819
13 October 2026	50,000	-	(391)		49,609
4 November 2026	25,000	-	(244)		24,756
23 November 2026	50,000	-	(565)		49,435
2 December 2026	25,000	-	(305)		24,695
10 December 2026	50,000	-	(648)		49,352
Total NZD Bills	**830,000**	**-**	**(4,468)**	**-**	**825,532**
Total debt securities issued at amortised cost	**26,497,096**	**(624,596)**	**178,201**	**(354,279)**	**25,696,422**

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As at 30 June 2025 in $000s	Face Value	Unamortised premium	Accrued interest	Fair value hedge adjustment	Total
NZD Fixed interest bonds					
15 April 2026	2,602,097	(33,254)	8,212		2,577,055
15 April 2027	2,321,000	29,456	21,973		2,372,429
15 May 2028	1,693,000	(57,147)	4,865		1,640,718
20 April 2029	1,992,000	(90,984)	5,878		1,906,894
15 May 2030	2,110,000	(38,228)	12,127		2,083,899
15 May 2031	2,195,000	(206,372)	6,308		1,994,936
14 May 2032	850,000	(5,841)	4,989		849,148
14 April 2033	1,835,000	(26,924)	13,687		1,821,763
15 May 2035	640,000	(38,955)	2,452		603,497
15 April 2037	1,230,000	(155,661)	5,175		1,079,514
Fair value hedge adjustment				(418,101)	(418,101)
	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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17. Debt securities issued at fair value through income statement

As at 30 June 2026 in $000s	Face Value	Unamortised premium	Accrued interest	Fair value adjustment	Total
Euro Commercial Paper	479,633		(1,233)	543	**478,943**

As at 30 June 2025 in $000s	Face Value	Unamortised premium	Accrued interest	Fair value adjustment	Total
Euro Commercial Paper	614,538	-	(1,693)	232	**613,077**

18. Treasury stock and bond repurchases

Periodically, LGFA subscribes for LGFA bonds as part of its tender process and holds these bonds as treasury stock. LGFA bonds held by LGFA as treasury stock are derecognised at the time of issue and no liability is recognised in the statement of financial position. As at 30 June 2026, $1,450 million of LFGA bonds had been subscribed as treasury stock (2025: $1,300 million).

LGFA makes treasury stock bonds available to banks authorised as its tender counterparties to borrow under short-term repurchase transactions. The objective of the bond lending facility is to assist with improving secondary market liquidity in LGFA bonds. Bonds lent to counterparties are disclosed as a separate stock lending liability on the face of the statement of financial position.

As at 30 June 2026 in $000s	2026	2025
15 April 2027	12,242	-
15 May 2028	34,315	5,769
15 May 2030	18,516	112,942
15 May 2031	25,891	-
14 May 2032	101,161	132,314
14 April 2033	-	25,928
15 May 2034	76,103	-
15 May 2035	95,045	-
15 April 2037	16,062	64,803
	379,335	**341,756**

19. 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.

20. Other liabilities

As at 30 June 2026 in $000s	2026	2025
Lease liability	455	255
Accruals	4,273	2,618
Total other liabilities	**4,728**	**2,873**

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21. Operating leases

As at 30 June 2026 in $000s	2026	2025
Less than one year	63	8
Between one and five years	288	197
Greater than five years	104	50
Total non-cancellable operating leases	**455**	**255**

Risk management

22. Financial risk management

The Board of Directors has overall responsibility for carrying out the business of LGFA in accordance with risk management policies, including those relating to investing, lending, borrowing and treasury activities. The use of financial instruments exposes LGFA to financial risks, the most significant being market risk, credit risk, and liquidity risk. The exposure and management of these risks is outlined below.

23. Market risk

Market risk is the risk that changes in market prices will affect LGFA's income or value of financial instruments. The most significant market risk which LGFA is exposed to is interest rate risk. LGFA has no significant unhedged exposure to foreign exchange risk and a 10% increase or decrease in the exchange rate, with all other variables held constant, would have minimal impact on profit and equity reserves of LGFA.

24. Interest rate risk

Interest rate risk is the risk that future cash flows or the fair value of financial instruments will decrease because of a change in market interest rates. LGFA is exposed to interest rate risk through its interest-bearing financial assets and liabilities.

Interest rate risk is managed using Value at Risk (VaR) and Partial Differential Hedge (PDH) limits to mitigate the potential change in value of the balance sheet due to changes in interest rates. PDH risk measures the sensitivity of a portfolio to a one basis point change in underlying interest rates, whereas VaR measures the expected loss for a given period with a given confidence.

The following table indicates the earliest period in which the interest-bearing financial instruments reprice.

As at 30 June 2026 in $000s	Face value	Less than 6 months	6 months-1 year	1-2 years	2-5 years	Over 5 years
Financial assets						
Cash and bank Balances	463,393	463,393	-	-	-	-
Marketable securities	3,056,229	1,302,381	218,017	241,940	1,185,891	108,000
Deposits	111,175	111,175	-	-	-	-
Loans	23,934,787	18,773,935	1,103,050	1,010,826	2,373,018	673,958
Financial liabilities						
Bills	(830,000)	(830,000)	-	-	-	-
ECP	(479,632)	(479,632)	-	-	-	-
Bond repurchases	(379,153)	(379,153)	-	-	-	-
Derivatives	-	(19,203,929)	1,303,021	2,944,994	6,986,894	7,969,021
Bonds	(25,667,094)	-	(2,261,000)	(3,945,657)	(10,593,935)	(8,866,502)
Borrower notes	(732,020)	(573,067)	(22,781)	(32,542)	(78,620)	(25,010)
Total	**(522,315)**	**(814,898)**	**340,307**	**219,561**	**(126,752)**	**(140,533)**

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As at 30 June 2025 in $000s	Face value	Less than 6 months	6 months-1 year	1-2 years	2-5 years	Over 5 years
Financial assets						
Cash and bank Balances	325,728	325,728	-	-	-	-
Marketable securities	2,459,831	892,125	154,650	525,096	692,960	195,000
Deposits	764,493	714,493	50,000	-	-	-
Loans	22,508,207	17,282,842	805,385	822,837	2,722,274	874,869
Financial liabilities						
Bills	(996,000)	(996,000)	-	-	-	-
ECP	(614,538)	(614,538)	-	-	-	-
Bond repurchases	(341,553)	(341,553)	-	-	-	-
Derivatives	-	(17,790,649)	1,967,000	1,119,982	7,150,141	7,553,526
Bonds	(23,427,392)	-	(2,602,097)	(2,321,000)	(9,738,685)	(8,765,610)
Borrower notes	(611,420)	(466,374)	(11,308)	(20,523)	(82,577)	(30,638)
Total	**67,356**	**(993,927)**	**363,630**	**126,392**	**744,113**	**(172,853)**

INTEREST RATE SENSITIVITY

Changes in interest rates impact the fair value of fixed rate assets and liabilities, cash flows on floating rate assets and liabilities, and the fair value and cash flows of interest rate swaps. A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss and equity by the amounts shown in the following table. This analysis assumes that all other variables remain constant.

For the year ended 30 June 2026 in $000s	2026		2025	
	P&L	Equity	P&L	Equity
Fair value sensitivity analysis				
100bps increase	630	5,310	1,184	4,287
100bps decrease	(635)	(5,585)	(1,203)	(4,520)

25. Credit risk

Credit risk is the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations. LGFA is exposed to credit risk through its lending and investing activities.

Credit risk associated with lending activities is managed by requiring local authorities that borrow from LGFA to meet specific credit lending criteria and to provide security against the borrowing. The LGFA's credit risk framework restricts credit exposures to specific counterparties.

Credit risk associated with investing activities, excluding on-lending, is managed by only investing with New Zealand Government Agencies or counterparties that meet a minimum credit rating of A (Standard & Poor's equivalent). The LGFA's credit risk framework limits concentrations of credit risk for any single counterparty.

Credit risk for derivatives is managed under International Swaps and Derivatives Association (ISDA) agreements, which include provisions such as netting and collateral arrangements to mitigate counterparty risk.

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EXPOSURE TO CREDIT RISK

LGFA monitors the concentration of credit risk by the type of counterparty. The following table shows the carrying value and maximum exposure to credit risk at the reporting date, before taking account of collateral or other credit enhancements, for significant counterparty types.

As at 30 June 2026 in $000s	NZ government agencies	NZ local authorities	NZ registered banks	Other counter-parties	FV hedge adjustment	Total carrying value
Financial assets						
Receivables	-	-	-	1,394	-	1,394
Cash and cash equivalents	456,872		6,521			463,393
Cash pledged as collateral	-	-	-	-	-	-
Marketable securities	1,004,283	58,598	1,527,241	451,218	9,954	3,051,294
Deposits			409,166	-		409,166
Derivatives	23,614	-	403,465	291,149	0	718,228
Loans	-	24,117,318	-	-	12,682	24,130,000
	1,484,769	**24,175,916**	**2,346,393**	**743,761**	**22,636**	**28,773,475**

As at 30 June 2025 in $000s	NZ government agencies	NZ local authorities	NZ registered banks	Other counter-parties	FV hedge adjustment	Total carrying value
Financial assets						
Receivables	-	-	-	2,973	-	2,973
Cash and bank balances	325,098		630			325,728
Cash pledged as collateral	-	-	187,836	-	-	187,836
Marketable securities	730,484	68,470	1,139,772	501,175	18,526	2,458,427
Deposits			578,878	-		578,878
Derivatives	38,958	-	116,157	100,156	-	255,271
Loans	-	22,646,978	-	-	10,322	22,657,300
	1,094,540	**22,715,448**	**2,023,273**	**604,304**	**28,848**	**26,466,413**

COLLATERAL AND CREDIT ENHANCEMENTS

LGFA holds collateral against borrowings from local authorities in the form of debenture securities and guarantees.

CREDIT QUALITY OF FINANCIAL ASSETS

All financial assets are neither past due nor impaired. The carrying value of the financial assets is expected to be recoverable.

26. Liquidity risk

Liquidity risk is the risk that LGFA will encounter difficulty in meeting the obligations of its financial liabilities. LGFA manages liquidity risk by holding cash and a portfolio of liquid assets to meet obligations when they fall due. LGFA is required by policy to maintain sufficient liquidity (comprising a committed liquidity facility and holdings of cash and liquid investments) to meet all operating and funding commitments over a rolling 12-month period.

The Treasury (New Zealand Debt Management) provides a committed liquidity facility that LGFA can draw upon to meet any exceptional and temporary liquidity shortfall. As at 30 June 2026, the undrawn committed liquidity facility was $600 million (2025: $750 million). The facility is due to expire in April 2037.

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27. Contractual cash flows of financial instruments.

The following table shows the contractual cash flows associated with financial assets and liabilities.

As at 30 June 2026 in $000s	On demand	Up to 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	Total contractual cash flows	Total carrying value
Financial assets							
Receivables	1,394	-	-	-	-	1,394	1,394
Cash and bank balances	463,393	-	-	-	-	463,393	463,393
Marketable securities	-	463,511	628,260	2,094,456	116,823	3,303,050	3,051,294
Deposits	-	409,166	-	-	-	409,166	409,166
Loans	-	1,203,293	4,783,466	16,796,880	3,859,627	26,643,266	24,130,000
Financial liabilities							
Cash received as Collateral	298,163						298,163
Payables and provisions	(74,059)	-	-	-	-	(74,059)	(74,059)
Bond repurchases	-	(379,365)	-	-	-	(379,365)	(379,335)
Derivatives	-	(40,270)	88,414	512,931	112,849	673,923	(175,011)
Bills	-	(605,000)	(225,000)	-	-	(830,000)	(825,532)
Bonds	-	(114,584)	(2,976,526)	(16,823,203)	(9,650,233)	(29,564,546)	(24,870,890)
ECP	-	(479,632)	-	-	-	(479,632)	(478,943)
Borrower notes	-	(4,796)	(112,908)	(586,084)	(184,624)	(888,412)	(803,359)
	688,891	**452,322**	**2,185,706**	**1,994,980**	**(5,745,558)**	**(721,822)**	**746,281**

As at 30 June 2025 in $000s	On demand	Up to 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	Total contractual cash flows	Total carrying value
Financial assets							
Receivables	2,973	-	-	-	-	2,973	2,973
Cash and bank balances	325,728	-	-	-	-	325,728	325,728
Cash pledged as collateral	187,836	-	-	-	-	187,836	187,836
Marketable securities	-	295,407	306,865	1,853,457	205,110	2,660,839	2,458,427
Deposits	-	350,473	233,622	-	-	584,095	578,878
Loans	-	962,672	3,802,395	16,703,202	4,422,368	25,890,637	22,657,300
Financial liabilities							
Payables and provisions	(6,414)	-	-	-	-	(6,414)	(6,414)
Bond repurchases	-	(341,765)	-	-	-	(341,765)	(341,756)
Derivatives	-	(93,481)	(42,760)	(397,974)	(265,205)	(799,420)	(811,850)
Bills	-	(951,000)	(45,000)	-	-	(996,000)	(992,159)
Bonds	-	(87,550)	(3,218,110)	(14,198,405)	(9,549,657)	(27,053,722)	(22,653,537)
ECP	-	(565,103)	(49,436)	-	-	(614,538)	(613,077)
Borrower notes	-	(5,564)	(74,284)	(505,669)	(174,754)	(760,271)	(669,030)
	510,123	**(435,909)**	**913,291**	**3,454,612**	**(5,362,138)**	**(920,021)**	**123,319**

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Capital and dividends

28. Share capital

As at 30 June 2026, 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.

29. Shareholder information

Registered holders of equity securities	As at 30 June 2026		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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30. Capital management

LGFA's capital is equity, which comprises share capital and retained earnings. The objective of managing LGFA's equity is to ensure LGFA achieves its goals and objectives for which it has been established, whilst remaining a going concern.

31. Dividend

LGFA paid a dividend of $1,675,500 on 1 September 2025, being $0.0670 per paid up share (2025: $1,842,500 on 2 September 2024 being $0.0737 per paid up share).

32. Capital commitments

As at 30 June 2026, there are no capital commitments.

Other notes

33. Reconciliation of net profit to net cash flow from operating activities

For the year ended 30 June 2026 in $000s	2026	2025
Net profit/(loss) for the period	**35,107**	**18,994**
Cash applied to loans	(1,425,356)	(2,119,168)
Non-cash adjustments		
Financial instrument amortisation	36,895	6,189
Working capital movements	518	(115)
Net Cash From Operating Activities	**(1,352,836)**	**(2,094,100)**

34. Contingencies

There are no contingent liabilities at balance date.

35. Related parties

IDENTITY OF RELATED PARTIES

LGFA is related to the local authorities set out in the Shareholder Information in note 28.

LGFA operates under an annual Statement of Intent that sets out the intentions and expectations for LGFA's operations and lending to participating borrowers.

Shareholding local authorities, and non-shareholder local authorities who borrow more than $20 million, are required to enter a guarantee when they join or participate in LGFA. The guarantee is in respect of the payment obligations of other guaranteeing local authorities to the LGFA (cross guarantee) and of the LGFA itself.

RELATED PARTY TRANSACTIONS

LGFA was established for the purpose of raising funds from the market to lend to participating borrowers. The lending to individual councils is disclosed in note 12, and interest income recognised on this lending is shown in the statement of comprehensive income.

The purchase of LGFA borrower notes by participating borrowers. Refer note 18.

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

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL:

Salaries (2) $1,405,043 (2025: $1,413,300)

Fees paid to directors are disclosed in operating expenses in Note 6.

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36. Subsequent events

On 28 August 2026, the Directors of LGFA declared a dividend of $1,625,000 ($0.0650 per paid up share). Subsequent to balance date, LGFA has issued bonds of NZD 325 million.

Subsequent to balance date, on 1 July 2026, the following loans and borrower notes were novated from councils to CCOs in which the councils are shareholders:

$000's Council counterparty before novation	Loans	Borrower Notes	CCO counterparty after novation
Greater Wellington Regional Council	339,000	11,325	Tiaki Wai Ltd
Upper Hutt City Council	88,500	2,754	Tiaki Wai Ltd
Porirua City Council	283,500	8,620	Tiaki Wai Ltd
Hutt City Council	262,186	4,890	Tiaki Wai Ltd
Wellington City Council	653,000	22,175	Tiaki Wai Ltd
South Waikato District Council	184,433	4,625	Waikato Waters Ltd
Waipa District Council	21,000	675	Waikato Waters Ltd
Total	**1,831,619**	**55,064**	

The novated loans were transferred at their carrying amount as at the date of novation, as the shareholding councils provided guarantees that preserved LGFA's exposure to substantially all of the risks and rewards associated with the loans, and the novation did not alter the loans' contractual terms and conditions.

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The Audit Office
Te Mana Arotake

INDEPENDENT AUDITOR'S REPORT TO THE READERS OF NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY LIMITED'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2026

The Auditor-General is the auditor of New Zealand Local Government Funding Agency Limited (the **Company**). The Auditor-General has appointed me, David Gates, using the staff and resources of KPMG, to carry out the audit of the financial statements and performance information on his behalf.

Opinion

We have audited:

- the financial statements of the Company on pages 52 to 79, that comprise the statement of financial position as at 30 June 2026, and the statement of income, statement of comprehensive income, statement of changes in equity and its statement of cash flows for the year then ended and the notes to the financial statements, including material accounting policy information; and
- the performance information that consists of the statement of service performance of the Company for the year ended 30 June 2026 on pages 46 to 51.

In our opinion:

- the financial statements present fairly, in all material respects, the financial position of the Company as at 30 June 2026, and its financial performance and its cash flows for the year then ended, in accordance with New Zealand Equivalents to International Financial reporting Standards (**NZ IFRS**) and International Financial Reporting Standards (**IFRS**); and
- the performance information accurately reports, in all material respects, the Company's actual performance compared against the performance targets and other measures adopted for the year ended 30 June 2026, and has been prepared, in material respects, in accordance with section 68 of the Local Government Act 2002 (the **Act**).

Basis for opinion

We conducted our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements and the performance information* section of our report. We are independent of the Company in accordance with the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, as applicable to audits of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

For part of the financial year, the prior Chair of the Audit and Risk Committee of the Company was a member of the Auditor-General's Audit and Risk Committee. The Auditor-General's Audit and Risk Committee is regulated by a Charter that specifies that it should not assume any management functions. There are appropriate safeguards to reduce any threat to auditor independence, as a member of the Auditor-General's Audit and Risk Committee (when acting in this capacity) has no involvement in, or influence over, the audit of the Company.

In addition to the audit, we have carried out engagements in the areas of limited assurance over greenhouse emissions and comfort letter services in relation to the Company's offshore funding programme, which are compatible with those independence requirements. We have no other relationship with, or interests in, the Company.

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Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements and the performance information of the current period. These matters were addressed in the context of our audit of the financial statements and the performance information as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of key audit matter	How we addressed this matter
Existence of loans	
Refer to Note 13 to the Financial Statements. The loans the Company has provided to local government make up approximately 84% of total assets. The loans are recognised at amortised cost and the nature of the counterparties is such that we do not consider these loans to be at high risk of significant misstatement. However, based on their materiality, they are considered to be an area which had a significant effect on our overall audit strategy and allocation of resources in planning and completing our audit.	Our audit procedures included: • performing a walkthrough to understand the processes and controls the Company has in place to assess borrowers and to record loan transactions. • agreeing the 30 June 2026 loan balances to external confirmations received from NZ Clear. We did not identify material differences in relation to the existence of loans.
Application of hedge accounting	
Refer to Notes 8, 9 and 10 to the Financial Statements. The Company enters into derivatives (interest rate swaps and cross currency interest rate swaps) to manage interest rate and foreign exchange risk related to issuing fixed rate borrowings, fixed rate loans and investing in fixed rate securities. Hedge accounting is applied where specific requirements are met around documentation of the hedge relationship and the relationship is demonstrated as being an effective hedge. Hedge accounting is complex, particularly in the area of whether the requirements (both initial and ongoing) for its application are met. Should the requirements for hedge accounting not be met, the Company could experience significant volatility in the Statement of Comprehensive Income, from changes in the fair value of the derivatives. Due to the size of the derivative positions and the complexity of hedge accounting, they are considered to be an area which had a significant effect on our overall audit strategy and allocation of resources in planning and completing our audit.	Our audit procedures included: • reviewing the Company's accounting policies related to financial instruments. • agreeing the terms of the derivatives to the confirmation provided by the derivative counterparty. • ensuring the hedge documentation supporting the application of hedge accounting was in accordance with NZ IFRS 9. • using our treasury valuation specialists we: - independently recalculated the fair value of all of the derivatives recorded by the Company; and - evaluated the hedge effectiveness of the derivatives, including independently modelling the future changes in value of these instruments, to assess whether the hedge relationships were effective. • ensuring the disclosures made in the financial statements were appropriate. We did not identify any material differences in relation to the application of hedge accounting.

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Other information

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

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

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the financial statements and the performance information

The Board of Directors is responsible on behalf of the Company for the preparation and fair presentation of the financial statements in accordance with NZ IFRS and IFRS. The Board of Directors is also responsible for the preparation of the performance information contained in the statement of performance in accordance with the Act. The Board of Directors is responsible for such internal control as it determines is necessary to enable the preparation of financial statements and the performance information that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors' responsibilities arise from the Local Government Act 2002 and the Financial Markets Conduct Act 2013.

Auditor's responsibilities for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of readers taken on the basis of these financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Evaluate the overall presentation, structure and content of the performance information, including the disclosures, and assess whether the performance information achieves its statutory purpose of enabling the Company's readers to judge the actual performance of the Company against its objectives in its statement of intent.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements and the performance information of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Our responsibilities arise from the Public Audit Act 2001.



David Gates
KPMG
On behalf of the Auditor-General
Wellington, New Zealand
28 August 2026

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Other disclosures
Ērā atu whākinga

Net Tangible Assets
Net tangible assets per $1,000 of listed bonds as at 30 June 2026 is $5.71 (2025: $5.20).

Earnings per security
Earnings per $1,000 of bonds on issue as at 30 June 2026 is $1.37 (2025: $0.81).

Amount per security of final dividends
Not applicable

Spread of Quoted Security Holders NZD Bonds

Holding Range NZD 000's	Holder Count	Holder Count %	Holding Quantity NZD 000's	Holding Quantity %
10,000 to 49,999	352	45%	8,105	0.04%
50,000 to 99,999	109	14%	6,754	0.04%
100,000 to 499,999	155	20%	31,329	0.17%
500,000 to 999,999	40	5%	26,230	0.14%
1,000,000 or more	122	16%	18,183,582	99.60%
Total including treasury stock	**778**	**100%**	**18,256,000**	**100.00%**

Top 20 bondholders across all NZD bonds

As at 30 June 2026	Total NZD 000's
BNP Paribas Nominees (NZ) Limited	2,290,238
HSBC Nominees (New Zealand) Limited O/A Euroclear Bank	2,181,313
Bank of New Zealand	1,710,208
ANZ Bank New Zealand Limited	1,632,775
HSBC Nominees (New Zealand) Limited	1,446,652
Citibank Nominees (New Zealand) Limited	1,086,922
New Zealand Local Government Funding Agency Limited[1]	1,056,000
Westpac New Zealand Limited	1,047,592
Reserve Bank Of New Zealand	882,000
ASB Bank Limited	794,300
HSBC Nominees (New Zealand) Limited A/C State Street	668,555
Apex Custodian Nominees (NZ) Limited	636,235
FNZ Custodians Limited	299,319
Kiwibank Limited	295,000
Custodial Services Limited	284,003
Forsyth Barr Custodians Limited	234,772
Commonwealth Bank Of Australia	167,941
JBWere (NZ) Nominees Limited	122,699
JPMorgan Chase Bank NA NZ Branch	110,683
Generate Kiwisaver Public Trust Nominees Limited	101,350

1 Treasury stock.

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Riverlink Project. **Greater Wellington Regional Council**



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

9.8 Quarter One 2026/27 Financial Monitoring

File Number: **A21351264**

Author: **Vida McCord, Governance Advisor**

Authoriser: **Sarah Holmes, Team Leader: Governance & CCO Support Services**

BACKGROUND

1. The report accompanying this agenda item, ‘Quarter One 2026/27 Financial Monitoring’, will be circulated separately prior to the meeting.

9.9 Treasury Policy Triannual Review

File Number: **A20444559**

Author: **Sheree Covell, Manager: Treasury & Financial Processes**

Authoriser: **Craig Rice, Chief Operating and Financial Officer**

PURPOSE OF THE REPORT

1. This report seeks approval for the Tauranga City Council (TCC) Treasury Policy for the forthcoming three-year period.

RECOMMENDATIONS

That the City Delivery Committee:

(a) Receives the report "Treasury Policy Triannual Review ".

(b) Adopts the updated Treasury Policy

EXECUTIVE SUMMARY

2. Section 8 of the Treasury Policy requires a formal review on a triennial basis. Bancorp Treasury Services Limited was engaged to undertake this review.

3. The policy is designed to be scalable across varying debt levels. At this stage the mechanisms and implication for transfer of debt to the water entity have not been finalised. It is noted that further permanent or temporary adjustments may be recommended as debt divestment arrangements for the waters organisation are finalised.

4. There are no material changes proposed to the core policy. However, amendments to the reporting framework are proposed and are outlined in the background section of this report.

BACKGROUND

5. The objective of the Treasury Policy is to ensure that investments and liabilities (treasury risks) are managed in a prudent, effective, and efficient manner, and that all external borrowing, investments, and incidental financial arrangements comply with the requirements of the Local Government Act 2002. The Policy establishes the operational framework for managing treasury risk.

6. In accordance with Section 8, the Treasury Policy is required to undergo a formal review on a triennial basis. It was last formally reviewed as part of the Long-term Plan 2024–2034 in September 2023. There have been two minor revisions since the formal review. The first revision was to incorporate the LGFA bespoke covenant into the policy and the second revision was to update delegations following an organisational restructure.

7. The proposed changes to the policy are outlined below:

Section 5.1.5 Borrowing Limits

8. This section previously contained the debt to revenue ratios limits as set by LGFA for the 2023/24, 2024/25 and 2025/26 financials years. This has now been updated to reflect the e debt to revenue ratio limit in the bespoke covenant of 330%.

Section 7 Reporting

9. This section has been updated to reflect the current reporting content, cadence and audience.

10. A tracked changed version of the policy is attached for reference.

STATUTORY CONTEXT

11. The Treasury Policy sets the framework in which staff manage funding, interest rate, liquidity and credit risks to achieve a balance between the lowest possible net interest cost to Council and certainty over net interest costs. This covers all borrowing, investments and hedging activities. This contributes to financial sustainability and sound financial management.

STRATEGIC ALIGNMENT

12. This contributes to the promotion or achievement of the following strategic community outcome(s):

	Contributes
We are an inclusive city	✓
We value, protect and enhance the environment	✓
We are a well-planned city that is easy to move around	✓
We are a city that supports business and education	✓
We are a vibrant city that embraces events	✓

13. The Treasury policy requires prudent, effective and efficient borrowing to allow Council to meet its community outcomes.

OPTIONS ANALYSIS

14. This report recommends that the Committee approve the revisions to the Treasury Policy as outlined above.

15. The Committee may decide to not approve the amendments proposed in this report and continue with the existing policy. However this is not a recommended option as it does not reflect best practice for Council.

FINANCIAL CONSIDERATIONS

16. Treasury Policy sets the risk framework to manage net debt to achieve a balance between the lowest possible net interest costs and certainty.

RISKS AND LEGAL IMPLICATIONS

17. The Local Government Act requires Council to have Liability Management and Investment Policies. Treasury Policy covers both liability management and investments which include all external borrowing, financial investment and incidental financial arrangements.

TE AO MĀORI APPROACH

18. This report has no impact on Te Ao Māori approach because it is an administrative procedure.

SIGNIFICANCE

19. The Local Government Act 2002 requires an assessment of the significance of matters, issues, proposals and decisions in this report against Council's Significance and

Engagement Policy. Council acknowledges that in some instances a matter, issue, proposal or decision may have a high degree of importance to individuals, groups, or agencies affected by the report.

20. In making this assessment, consideration has been given to the likely impact, and likely consequences for:

    (a) the current and future social, economic, environmental, or cultural well-being of the district or region

    (b) any persons who are likely to be particularly affected by, or interested in, the .

    (c) the capacity of the local authority to perform its role, and the financial and other costs of doing so.

21. While the levels of debt and investment and related interest flows are significant, the above changes are not considered significant in terms of Council's Significance and Engagement policy. These changes are part of ongoing management operational risk in relation to treasury activities.

ENGAGEMENT

22. Taking into consideration the above assessment, that the matter is of low significance, officers are of the opinion that no further engagement is required prior to Council making a decision.

NEXT STEPS

23. Staff to incorporate these changes in the day-to-day decision making and operation of the Treasury function.

ATTACHMENTS

1. Treasury Policy June 2026_marked up PDF - A20509634

TREASURY POLICY

Policy type	Council		
Authorised by	City ~~Delivery~~ Delivery Committee		
First adopted	13 March 2012	**Minute reference**	M12/10.6
Revisions/amendments	25 February 2015 19 December 2017 3 November 2020 18 September 2023 7 April 2025 14 October 2025 (Delegations only)	**Minute reference**	M15/5.11 M17/120.8 CO11/20/4 SFR6/23/3 CDC/25/2/4 CFC/25/6/8
Review date	September 2026		

1. POLICY OBJECTIVES

To ensure investments and liabilities are managed in a prudent, effective and efficient manner that supports the social, economic, environmental and cultural well-being of the Tauranga community. As a net borrower, within the stated statutory and general objectives, to achieve the lowest possible net interest costs obtainable within the policy parameters by proactively managing funding and interest rate exposures.

1.1 Statutory Objectives

- All external borrowing, investments and incidental financial arrangements (e.g. use of interest rate hedging financial instruments) will meet requirements of the Local Government Act 2002 and incorporate the Liability Management Policy and Investment Policy.

1.2 General Objectives

- Minimise Council's costs and risks in the management of its external borrowings.
- Minimise Council's exposure to adverse interest rate movements.
- Monitor, evaluate and report on treasury performance.
- Borrow funds and transact risk management instruments within an environment of control and compliance under the Council approved Policy so as to protect Council's financial assets and manage costs.
- Recognise that investment decisions should be consistent with financial strategy and support the purpose of local government to promote the social, economic, environmental, and cultural well-being of communities.

- Arrange and structure external long term funding for Council at an acceptable margin and cost from debt lenders. Optimise flexibility and spread of debt maturity terms within the funding risk limits established by this Policy statement.
- Monitor and report on financing/borrowing covenants and ratios under the obligations of Council's lending/security arrangements.
- Comply with financial ratios and limits stated within this Policy.
- Monitor Council's return on investments.
- Maintain appropriate liquidity levels and manage cash flows within Council to meet known and reasonable unforeseen funding requirements.
- Ensure that all statutory requirements of a financial nature are adhered to.

2. PRINCIPLES

Council's management of treasury activities is primarily a risk management function focused on managing financial risks, protecting the Council's budgeted interest costs and stabilising the Council's cash flows.

Council's management of treasury activities will also ensure that Council's investment decisions have regard to Council's role in promoting the social, economic, environmental, and cultural well-being of the Tauranga community.

3. BACKGROUND

This policy provides the policy framework for all of the Council's treasury activities and defines the operating framework within which borrowing, investment and risk management activities are to be carried out.

It specifically covers financial risks such as funding, interest rate, liquidity risk and credit risk arising from investment and liability management, including forecasting future debt through the LTP process. All other relevant operating procedures and associated internal controls are included in the Treasury Procedures document.

4. RESPONSIBILITIES

An effective policy requires a clear understanding and definition of the structure of the treasury function and the responsibilities of all personnel involved in treasury management.

Appendix 2 details the staff roles primarily responsible for the management of the treasury activities of the Council.

5. POLICY STATEMENT

5.1 Liability Management (Section 104 LGA 2002)

Council has a large number of infrastructural assets which have a long economic life and long term benefits. Council also has a significant strategic investment holding.

Council sees the use of debt as an appropriate and efficient mechanism for promoting intergenerational equity between current and future ratepayers by aligning long-term assets with long-term funding sources (in relation to Council's assets and liabilities) to ensure that the costs are met by those future ratepayers benefiting from the investment.

5.1.1 Interest Rate Exposure (Section 104 (a))

Council is exposed to interest rate fluctuations on existing and future borrowings.

Council will minimise interest rate risk by managing its floating and fixed interest rate exposures as per the following control limits:

Fixed Interest Rate Hedging Profile Limits

Period	Minimum Fixed Rate	Maximum Fixed Rate
0 to 2 years	40%	100%
2 to 5 years	20%	80%
5 to 8 years	0%	60%
8 to 10 years	0%	30%
10 to 15 years	0%	10%

Approved interest rate risk management instruments are detailed in Appendix 1.

5.1.2 Liquidity (Section 104 (b))

Liquidity risk arises when there are insufficient funds to meet obligations in an orderly manner when they fall due resulting from differences in the timing of cash receipts and disbursements. Liquidity risk increases when unanticipated obligations arise and when anticipated receipts do not eventuate.

Cash management (cash receipts and disbursements) activities will be undertaken to ensure that:

- Net cash surpluses will be invested to:
  - optimise investment returns on surpluses; and
  - Ensure Council's overdraft is only utilised in exceptional circumstances.

Debt management activities are undertaken to ensure that:

- External term debt plus committed bank debt facilities and cash or cash equivalent investments must be maintained at an amount of 100% above 12-month peak forecast net external debt.
- Council has the ability to pre-fund up to 12 months ahead of forecast debt requirements including re-financings.
- No more than 25% of debt shall be subject to refinancing in any rolling 12 month period.
- A debt maturity schedule outside these limits requires specific Council approval.

- Disaster recovery requirements will be met through the liquidity ratio and debt headroom (i.e relative Treasury Policy covenants).

5.1.3 Credit Exposure (Sections 104 (c))

Council will manage its credit exposure to borrowing margins by ensuring that a Strong Issuer Credit Rating is maintained. Council is also exposed to counterparty credit risk which is the risk of losses (realised or unrealised) arising from a counterparty defaulting on a financial instrument where the Council is a party.

Credit exposure will be managed by:

- Compliance with the borrowing limits outlined in 5.1.5 of this policy.
- Compliance with the limits and matrix guide in Appendix 6 of this policy.
- Limits and exposures being spread amongst a number of counterparties to avoid concentrations of credit exposure.

5.1.4 Debt Repayment (Sections 104 (d))

Council will repay borrowings from general funds, proceeds from the sale of investments and assets unless the Council specifically directs that the funds will be put to another use.

Debt will be repaid as it falls due in accordance with the applicable loan agreement. Subject to the appropriate approval and debt limits, a loan may be rolled over or re-negotiated as and when appropriate.

Council will manage debt on a net portfolio basis and will only borrow externally when it is commercially prudent to do so.

5.1.5 Borrowing Limits (Sections 101A(3)(b)(1))

In managing debt, Council will adhere to the following limits:

- Net interest expense (after interest rate risk management costs/benefits) on external debt as a percentage of annual operating revenue will not exceed 20%; and
- Net interest expense (after interest rate risk management costs/benefits) on external debt as a percentage of annual rates revenue will not exceed 25%; and
- Net external debt as a percentage of annual operating revenue (including Bay Venues Limited) will note exceed 330%. Noting that the LGFA bespoke limit of 350% requires 20% head room:.

~~Financial Year~~	~~Debt to Revenue Ratio as set in 2024-34 Long Term Plan*~~
~~2023/24~~	~~290%~~
~~2024/25~~	~~285%~~
~~2025/26~~	~~280%~~

~~*This limit was based on LGFA limits for standard borrowing covenants. There is now a bespoke covenant which allows an effective limit from LGFA of 330% after a 20% debt headroom requirement for TCC to enable growth investment. Council has yet to confirm a revised borrowing limit from that set in the 2024-35 LTP.~~

5.1.6 Security (Sections 101A(3)(c))

Council will generally offer security for its general borrowing and interest rate risk management activities by way of a floating charge over rates revenue. Council recognises that utilising rates revenue as security lowers the risk involved for lenders and, therefore, will lower the cost of borrowing to the Council.

Council offers security through a Debenture Trust Deed which allows Council to provide security over rates revenue from time to time made by Council under the Local Government (Rating) Act 2002.

There may be occasions where the Council will borrow without offering security.

In the normal course, Council will not offer security over any assets other than rates revenue. However, where doing so would help further the Council's community goals and objectives, Council may offer such security on a case by case basis.

Council may offer security for both long and short term borrowing and for appropriate incidental arrangements (including approved interest rate risk management instruments).

5.1.7 Guarantees

Specific council decision would be required for Council to act as guarantor to financial institutions on loans or enter into incidental arrangements for organisations, clubs, Trusts, or Business Unit. This should only occur when the purposes of the loan are in line with Council's strategic objectives and prudence requirements are satisfied.

Council is not allowed to guarantee loans to Council-controlled trading organisations under Section 62 of the Local Government Act.

Council will ensure that sufficient funds or lines of credit exist to meet amounts guaranteed. Guarantees given will not exceed any amount agreed by Council or an appropriate Council Committee in aggregate.

Guarantees provided to the Local Government Funding Agency Limited ("LGFA") are expressly excluded from the maximum guarantee limit above.

Guarantees are reported on a quarterly basis.

5.1.8 Internal borrowing

Council uses its reserves and external borrowing to internally fund both operating and capital expenditure. The Council approves overall borrowing by resolution during the annual planning and/or LTP process.

The following operational parameters apply in relation to the management of Council's internal loan portfolio:

- All internal borrowing activities are consistent with the principles and parameters, outlined throughout this policy.
- Council seeks to firstly utilise reserve funds and if insufficient reserves are available, utilises external borrowing.
- Interest is charged on the month-end loan balances and interest is also allocated to the specific reserve accounts for funds provided.

- Interest rates are set annually as part of the annual planning and/or LTP process.
- Internal loan repayment amounts are undertaken on the following basis:
  - Rate Funded Activities:
    i. general loan repayment percentages range from 2.00% to 20.00% taking into account each activity's fixed assets portfolio and expected asset lives;
    ii. generally loan repayments are funded from the Depreciation Reserves; and
    iii. any specific loan repayments rates are approved by Council.
  - Self Funded Activities:
    i. general loan repayment percentages range from 4.00% to 20.00% depending on each activity's fixed assets portfolio and expected asset lives;
    ii. generally loan repayments are funded from the Depreciation Reserves;
    iii. apply any surplus/deficit against the loan balance on an annual basis; and
    iv. any specific loan repayments rates are approved by Council.
  - Loans Funding Growth:
    i. Apply both Development Contributions and Financial Contributions revenue to repay loans.

5.1.9 NZ Local Government Funding Agency Limited

Council borrows from the LGFA and, in connection with that borrowing, may enter into the following related transactions to the extent it considers necessary or desirable:

a) contribute a portion of its borrowing back to the LGFA as an equity contribution to the LGFA;

b) provide guarantees of the indebtedness of other local authorities to the LGFA and of the indebtedness of the LGFA itself;

c) commit to contributing additional equity (or subordinated debt) to the LGFA if required;

d) subscribe for shares and uncalled capital in the LGFA; and

e) secure its borrowing from the LGFA, and the performance of other obligations to the LGFA or its creditors with a charge over the Council's rates and rates revenue.

5.2 Investment (Section 105)

5.2.1 Objectives (Section 101A(3)(d))

Council will seek to:

- Protect the capital amounts invested;
- Optimise returns in the long-term while balancing risk and return considerations;
- Ensure investments are liquid;
- Manage potential capital losses due to interest rate movements if investments need to be liquidated before maturity.

- Make investment decisions that support the purpose of local government to promote the social, economic, environmental, and cultural well-being of communities.

Council recognises that:

- As a responsible public authority any investment that it holds should be low risk;
- Lower risk generally means lower returns.

5.2.2 Investment Mix and Associated Specific Objectives (Section 105 (b))

Council has a significant portfolio of investments including:

Property:

- Council's overall objective is only to own property that is necessary to achieve its strategic objectives and where it relates to a primary output of Council.
- Investment property may be retained to achieve diversification of investments and to provide flexibility to manage strategic property initiatives.

Forestry:

- Forestry assets are held to protect water catchment areas. These are regarded as long term investments for the benefit of the Water Activity.

Financial:

- The primary objective of financial investing is the protection of its investment. Council maintains financial investments primarily to allow:
  - investment of surplus cash; and
  - investment of amounts allocated to special funds and trust funds.

Council may also hold small investments of other types from time to time for the short or medium term, where such investments are convenient for the achievement of Council's other goals (e.g. holdings of co-operative company shares while Council owns land temporarily supporting an activity which requires the holding of such shares).

Council will not hold financial investments other than those involving special funds, trust funds and cash management balances.

Council may only invest in approved creditworthy counterparties. Creditworthy counterparties and investment restrictions are covered in Appendix 6.

5.2.3 Acquisition of New Investments (Section 105 (c))

All acquisitions and disposals of property and forestry assets are as per the Annual Plan / Long Term Plan and or approved by Council on a case by case basis. All property activities are managed by the council team designated with strategic property investment.

All financial investments and interest rate risk management instruments are to be undertaken with institutions that are of high quality credit to ensure amounts owing to the Council are paid in full and on due date.

All new financial investment acquisitions are:

- Required to comply with counterparty exposure and credit rating requirements criteria outlined Appendix 6.
- Council may only invest in financial instruments as details in Appendix 3.

All bank deposits, registered certificates of deposits, treasury bills and commercial paper investments are limited to a term no greater than six months unless linked to a debt pre-funding strategy.

5.2.4 NZ Local Government Funding Agency Limited (LGFA)

Council may invest in shares of the LGFA and may borrow to fund that investment.

Council's objective in making any such investment will be to:

a) obtain a return on the investment; and

b) ensure that the LGFA has sufficient capital to become and remain viable, meaning that it continues as a source of debt funding for the Council.

Because of this dual objective, Council may invest in LGFA shares in circumstances in which the return on that investment is potentially lower than the return it could achieve with alternative investments.

If required with the investment, Council may also subscribe for uncalled capital in the LGFA.

5.2.5 Management and Reporting Procedure for Investments and Borrowing (Section 105 (d))

Reporting on property and forestry assets generally on a quarterly or on a case by case basis as appropriate.

Council will, on a quarterly basis, discuss the activity for the previous quarter together with likely activity for the coming months. Council is responsible for approving investment and liability management strategies on at least a semi-annual basis.

5.3 Assessment and Management of risks associated with Financial Investments (Section 105 (e))

Assessment and management of risks associated with property and forestry assets will be reported to Council as required and will be monitored through the Risk Register reported to Audit & Risk Committee

Council's primary objective when making financial investments is the protection of its investment. Accordingly, only credit worthy counterparties are selected on the basis of their current long term S&P credit rating ratings (or equivalent Fitch or Moody's rating) being A- and above and/or short term rating of A-1 or above. A table detailing exposure limits can be found in Appendix 6.

Council will minimise its credit exposure by:

- Ensuring all investments, cash management, interest rate risk management and any foreign exchange transactions are undertaken with entities that comply to the credit ratings below;

– Limiting total exposure by spreading investments and limiting to prescribed amounts; and

– Regular monitoring of compliance against set limits.

Note electricity hedging contracts may be with parties rated lower than this level on approval of the Chief Operating and Financial Officer.

Exposures to each counterparty are computed and reported as follows:

- Total amounts invested with that counterparty (i.e. the principal or face value).

- Interest rate contracts - determined by adding 3% of the notional 'face' value of the contract to its mark-to-market valuation. If this sum is negative (i.e. the instrument is substantially 'out of the money'), there is no counterparty credit exposure on the contract.

• Foreign exchange contracts - determined by multiplying the notional value of outstanding transactions by 10%.

• Electricity price hedging contracts - determined by multiplying the notional value of outstanding transactions by 15%.;

Credit ratings are monitored regularly although they may be reviewed more frequently especially if the Council becomes aware of a change to a counterparty's credit rating. If any counterparty's credit rating falls below the minimum specified level in the above table then all practical steps will be taken to reduce the credit exposure to that counterparty to zero as soon as possible.

Counterparty exposures exceeding limits will be reported to Council and approved as a policy exception.

5.4 Foreign Exchange (Section 112)

Council has foreign exchange exposure through the occasional purchase of foreign exchange denominated services, plant and equipment.

Any confirmed commitments for foreign exchange above $250,000 is to be hedged using foreign exchange contracts, once expenditure is approved and legally committed. Both spot and forward foreign exchange contracts can be used by Council.

Council does not borrow or enter into incidental arrangements within or outside New Zealand in currency other than New Zealand currency. Council will not engage in speculative foreign currency transactions.

Council does not hold investments denominated in foreign currency.

5.5 Electricity hedging

Council is exposed to price volatility of the electricity spot market through its electricity supply contracts. Council manages this risk through transacting electricity hedge contracts and Contracts For Differences (CFD) with the following conditions:

– An electricity hedge contract will be in place for at least the term of any spot physical supply agreement.

- The price exposure can be hedged via an over the counter electricity swaps contract, a contract for difference.
- The face value of the hedge contract will be in New Zealand dollars.
- The hedge contract will be for a maximum term of no more than three years, and will be signed no earlier than 6 months prior to contract commencement.
- For any given reporting year, the volume will be hedged to a fixed price for at least 90 percent of forecast volume consumption. The hedge ratio will be monitored and reported quarterly.

The credit rating of the hedge counterparty for electricity hedging will be at least investment grade from S&P (or equivalent) at the time of entering into the contract (i.e., a long-term rating of not less than BBB). In the event of the rating falling below the minimum credit rating Council would be advised on a recommended course of action for approval.

If the preferred hedge counterparty does not have an external credit rating, or that rating is below BBB, then the Chief Operating and Financial Officer must independently review the financial and credit position of the counterparty and provide a recommendation for approval by the Chief Executive.

6. RETENTIONS

Consistent with the Construction Contracts (Retention Money) Amendment Act 2023, retentions on commercial construction contracts entered into or renewed after 5 October 2023 are held in a separate trust account used solely for holding retentions with Council's transactional banker. Any interest earned on retentions is retained by Council and netted into our operational interest inflows

7. REPORTING

The following reports will also be produced and any exceptions are reported to Council:

Daily – reported to Treasury Manager
Cashflow monitoring
Monthly – Reported to executive
Gross & net debt positions including forecasts
Average cost of borrowing measured against adopted budget and benchmark
Debt to revenue ratio measured against adopted budget
Quarterly – Reported to City Delivery Committee
Gross & net debt positions including forecasts
Average cost of borrowing measured against adopted budget and benchmark
Debt to revenue ratio measured against adopted budget
Debt maturity profile
Performance of key metrics against benchmark and budgets
Fixed and floating debt profile
On and off balance sheet debt against adopted budget and forecasts
Status of all policy metrics and advise of any breaches

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~~**Daily**~~
~~Cashflow monitoring~~
~~**Monthly Exec Update**~~
~~Gross and Net Debt Position including forecasts~~
~~Current Fixed Debt Levels~~
~~Interest Revenue & Expenditure~~
~~Borrowing Limit Compliance~~
~~Performance against benchmarks~~
~~**Six Monthly Treasury Strategy Update – reported via APFC**~~
~~Debt maturity profile~~
~~Performance against benchmarks and budgets~~
~~Fixed & Floating Debt profile~~
~~Liquidity Risk~~
~~LGFA - Total debt and TCC debt~~

8. MEASURING TREASURY PERFORMANCE

In order to determine the success of Council's treasury management function, performance benchmark measures that provide a direct measure of the performance of treasury staff (operational performance and management of debt and interest rate risk) are used

In order to determine the success of the Council's treasury management function, the following benchmark has been prescribed.

The actual funding cost for the Council taking into consideration the entering into of interest rate risk management transactions should be below the budgeted interest cost. When budgeting forecast interest costs, the actual physical position of existing loans and swaps must be incorporated together with all fees.

Management is granted discretion by the Council to manage debt and interest rate risk within specified limits of this policy, the actual funding rate achieved must be compared against an appropriate external benchmark interest rate that assumes a risk neutral position within existing policy. In this respect, a risk neutral position is always precisely at the mid-point of the minimum and maximum percentage control limits specified within the policy.

Given current fixed/floating risk control limits and fixed rate maturity profile limits as defined in this policy, the market benchmark (composite) indicator rate will be calculated as follows:

- 30% Average 90 day bill rate for reporting month.
- 10% 2 year swap rate at end of reporting month.
- 10% 2 year swap rate, 2 year ago.
- 10% 5 year swap rate at end of reporting month.
- 10% 5 year swap rate, 5 years ago.
- 5% 7 year swap rate at end of reporting month.
- 5% 7 year swap rate, 7 years ago.
- 10% 10 year swap rate at end of reporting month.
- 10% 10 year swap rate, 10 years ago.

The actual reporting benchmark is the 12 month rolling average of the monthly calculated benchmarks using the above parameters. This is compared to actual cost of funds, excluding all credit margins and fees.

9. POLICY REVIEW

The Policy is to be formally reviewed on a triennial basis, and annually for internal purposes.

The Chief Operating and Financial Officer (COFO) has the responsibility to prepare the annual review report that is presented to the Council. The report will include:

- Recommendation as to changes, deletions and additions to the Policy.
- Overview of the treasury function in achieving the stated treasury objectives and performance benchmarks.
- Summary of breaches of Policy and one-off approvals outside Policy.

The Council receives the report, approves Policy changes and/or rejects recommendations for Policy changes.

10. REFERENCES AND RELEVANT LEGISLATION

Local Government Act 2002, in particular Part 6 including sections 101,102, 104 and 105.

Local Government (Financial Reporting and Prudence) Regulations 2014, in particular Schedule 4.

Trustee Act 1956. When acting as a trustee or investing money on behalf of others, the Trustee Act highlights that trustees have a duty to invest prudently and that they shall exercise care, diligence and skill that a prudent person of business would exercise in managing the affairs of others. Details of relevant sections can be found in the Trustee Act 1956 Part II Investments.

APPENDIX 1 - INSTRUMENTS

The following interest rate risk management instruments may be utilised to protect interest costs and to manage the interest rate profile:

- Fixed rate borrowing such as: loan stock, LGFA bonds, debentures, medium term notes, bank term loan.
- Borrowing on a floating basis, for example: short term revolving stock, LGFA bonds, bank borrowing, and short-term borrowing programme. Floating rate debt may be spread over any maturity out to 12 months. Bank advances may be for a maximum term of 12 months.
- Forward rate agreements.
- Interest rate swaps and fixed rate debt. Any interest rate swap or fixed rate debt with a maturity beyond 15 years must be approved by Council.
- Forward start swaps and collar options
- Purchase of interest rate option products including caps, floors, bond options and swaptions. Interest rate options will not be sold outright. Purchased borrower swaptions mature within 12 months.
- Interest rate options with a maturity date beyond 12 months, that have a strike rate (exercise rate) higher than 2.00% above the appropriate swap rate, will not be counted as part of the fixed rate cover percentage calculation.
- Interest rate collar type option strategies. 1:1 collar option structures are allowable whereby the sold option is matched precisely by amount and maturity to the simultaneously purchased option. During the term of the option, the sold side of the collar may be closed out by itself, effectively leaving the bought side of the collar. The sold option leg of the collar structure must not have a strike rate “in-the-money” (i.e. the strike rate cannot be more favourable to the Council than the relevant forward rate)
- Any other financial instrument will be separately approved by Council on a case-by-case basis.

APPENDIX 2

- Full Council (of elected members).
- City Delivery Committee
- Chief Executive ("CE") or
- Chief Operating and Financial Officer ("COFO")
- Manager of Treasury and Financial Processes
- Treasury Support Team
- Head of Finance ("HoF")

The respective responsibilities of those personnel involved in the treasury function are detailed below.

Council – or approved committee of council

- Approves total borrowing through the borrowing resolution
- Approves the treasury policy.
- Approves any risk management strategies proposed from time to time outside the delegated authorities outlined in this policy.
- Approves any amendments to the policy as recommended by the executive.
- Approves amendments to existing LGFA agreements
- Approves any new borrowing or financing arrangements outside normal general borrowing as approved under the borrowing resolution including allowable financial instruments.

City Delivery Committee

The role of the City Delivery Committee is:

- To ensure community involvement in, and support for, Council projects, proposals, initiatives and services.
- To monitor delivery of Council-funded delivery by community-led organisations partnering with or other contracted to. Council.
- To review and improve public confidence and participation in Council decision making processes.
- To ensure that approved projects are effectively planned and delivered on a timely basis and in a way that provides a good social, economic and environmental outcomes, including value-for-money, for the community.
- To monitor the financial and no-financial performance of Council.
- To provide oversight of the Annual Report.

Executive (CE and COFO)

- Approves any amendments to the Treasury Policy recommended by the manager of Treasury and Financial Processes/ Head of Finance
- Approves funding from bank facilities and the capital markets including the Local Government Funding Agency ("LGFA").
- Recommends the borrowing resolution to council based on relevant approved annual plan and LTP.

Manager of Treasury and Financial Processes

- Organises all new or amended borrowing facilities which shall then be submitted to the CE for approval or GM as appropriate per delegation
- Undertake borrowing and investment consistent with Treasury Policy
- Undertake interest rate risk management in accordance with the Treasury Policy.

- Reports quarterly and semi annually to the APFC on treasury risk management activities.
- Manages the funding and liquidity activities of the Council.
- Maintains lender relationships with the banks and the capital markets including the LGFA.
- Monitors and reviews the ongoing treasury risk management performance of the Council to ensure compliance with the policy parameters.
- Responsible for preparation of all treasury reports.
- Determines in consultation with the Head of Finance the level of future core debt to be used for interest rate risk management purposes.

Treasury Support Team

- Undertakes all treasury transactions which will include but not be limited to the following:
  - Funding from bank facilities and the capital markets including the LGFA.
  - Interest rate derivative transactions relating to the hedging of the Council's debt.
  - Placing of deposits in the short term money market or fixed interest market.
  - Investing in bonds in the fixed interest market.
  - Interest rate derivative transactions relating to the hedging of the Council's debt.
  - Undertakes short term borrowing transactions with the bank or from the LGFA.
  - Invests surplus cash for terms generally not exceeding 90 days.
  - Checks external counterparty advices on treasury transactions to records generated internally by other staff.

Head of Finance

- Provides support and review to Treasury function
- Ensures borrowing resolution and Treasury activities consistent with annual plan/LTP and current business issues and operations
- Maintains lender relationships with the banks and the capital markets including the LGFA.
- Monitors and reviews the ongoing treasury risk management performance to ensure compliance with the policy parameters.
- Reviews performance of Treasury function and overall strategy

APPENDIX 3

The Council's financial investment acquisitions are restricted to the following instruments:

- Government Issued or Government Guaranteed Investments;
- Registered Bank Investments;
- LGFA issued borrower notes and commercial paper;
- Local authority issued commercial paper;

Approved investment instruments:

- Call bank deposits;
- Short term bank deposits;
- Bank registered certificates of deposit;
- Treasury bills;
- Government bonds;
- Commercial paper.

APPENDIX 4 – RELEVANT DELEGATIONS

Activity	*Delegated to:*	*Limit*
Approve policy document	*Council (or appropriate Committee)*	*Unlimited*
Alter policy document	*Council (or appropriate Committee)*	*Unlimited*
Acquisition and disposition of investments other than financial investments	*Council (or appropriate Committee)*	*Unlimited*
Approving new and reviewing re-financed bank facilities.	*Chief Operating and Financial Officer or CE*	*Subject to Policy*
Approval of borrowing programme for the year	*Council (or appropriate Committee)*	*Unlimited (subject to legislative and other regulatory limitations)*
Approval for charging assets as security over borrowing	*Council (or appropriate Committee)*	*Unlimited*
Approve interest rate, foreign currency and electricity price risk management instruments	*Council (or appropriate Committee) (outside policy as otherwise delegated to Manager of Treasury and Financial Processes through this policy*	*Subject to Policy*
Open/close bank accounts	*Chief Operating and Financial Officer*	*Unlimited*
Loan and legal derivative documentation	*Chief Operating and Financial Officer*	*N/A*
Approve authorised cheque/electronic signatories	*Manager of Treasury and Financial Processes/ Head of Finance or other authorised signatories two required*	*Unlimited*
Maximum daily transaction amount (borrowing, investing, interest rate, foreign currency, electricity price risk management and cash management) excludes roll-overs on existing debt and interest rate swaps.	*Council (or appropriate committee)* *Chief Executive or* *Chief Operating and Financial Officer*	*Unlimited* *$120m*
Approve Treasury Strategy	*Council (or appropriate committee)*	*N/A*
Amend counterparty limit exposures	*Council (or appropriate committee)*	*Unlimited*
Implement Policy	*Chief Executive and sub delegated to Chief Operating and Financial Officer*	*Per policy risk control limits*
Ensuring compliance with Policy	*Chief Operating and Financial Officer*	*N/A*
Approving transactions outside Policy	*Council (or appropriate committee)*	*Unlimited*
Triennial review of Policy	*Chief Operating and Financial Officer*	*N/A*

APPENDIX 5 - DEFINITIONS

Annual Operating Revenue includes earnings from rates revenue, government grants and subsidies, user charges, interest, dividends, financial and other revenue (excluding vested assets and development contributions).

Net External Debt is defined as total external debt less available liquid financial assets/investments (i.e. Cash and Cash Equivalents).

Commercial Paper, is issued by borrowers who usually have a credit rating and standing in the market that is sufficient to enable the paper to be issued without endorsement or acceptance by a bank. The paper is usually supported by financial institutions to ensure that the borrower obtains the desired amount of funds. CP is generally issued with maturities of around 90 days. The face value of the paper is repaid in full to the holder on maturity. CP is negotiable and can be bought and sold in the secondary market.

Bond Options is an agreement between two counterparties whereby the buyer (Call) has the right but not the obligation to buy a specified government bond maturity on an agreed date and time and at an agreed rate.

Cap A series or string of interest rate put options whereby a borrower can have protection against rising short term interest rates, but participate in the lower rates if market rates remain below the "capped rate." A cap is normally for more than one 90-day funding period.

Collars Two option contracts linked together into the one transaction or contract. A borrower's collar is always a **"cap"** above current market rates and a **"floor"** below current rates. Over the term of the collar contract, if rates go above the cap the borrower is protected and pays an interest cost no more than the cap rate. Likewise, if market rates fall below the floor, the borrower pays the floor rate and does not participate in the lower market rates.

Counterparty. The contracting party to a financial transaction or financial instrument.

Credit Risk is the risk that an organisation will suffer a financial loss due to the unwillingness or inability of a counterparty to meet its obligations as they fall due.

Fixed Rate Debt is defined as debt with interest rate repricing beyond 3 months forward on a continuous rolling basis.

Floating Rate Debt is defined as debt with interest rate repricing within 3 months.

Floating Rate The interest rate on a loan, debt or investment instrument is re-set at the ruling market interest rates on the maturity date of the stipulated funding period (usually 90-days).

Floor means Interest Rate Floor. The opposite of a "cap." An investor will buy a floor, or a series/string of call options (the right to buy) to protect against falling interest rates, but be able to invest at higher interest rates if rates move upwards. The buyer pays a fee (premium) for the arrangement.

Foreign Exchange Contracts is an agreement to buy or sell one currency for another for specified future delivery at a specified rate.

Foreign Exchange Risk (also referred to as Currency Risk) is a risk that an organisation may suffer financial loss due to a movement in foreign exchange rates relative to its functional currency (New Zealand dollar for Council).

Forward Rate Agreements ("FRA") is an obligation to buy or sell a given asset on a specified date at a price agreed at the time of transaction. Generally, the buyer of a FRA is attempting to protect against a rise in interest rates and the seller is protecting against a fall in rates.

Interest Rate Options is an interest rate option (i.e. cap or floor) where the buyer has the right, but not the obligation, to either borrow or invest an amount at an agreed interest rate.

Interest Rate Risk is the risk that profitability in current or future periods can be adversely affected by interest rate movements.

Interest Rate Swaps is an agreement between two counterparties to exchange interest rate obligations from a fixed or floating rate basis. The interest payments and receipts under the interest rate swap contract offset the underlying physical debt to generate the desired final fixed or floating rate position.

Investment is money or capital that Council has committed to achieve an expected return or further the needs of the community.

Liquidity is the ability to access funds at short notice.

Liquidity Risk is the risk that a business will find itself short of funds and unable to meet obligations in an orderly manner when they fall due, resulting from differences in the timing of cash receipts and disbursements. Liquidity risk increases when unanticipated obligations arise and when anticipated receipts do not eventuate.

Stock and Debentures are the debt issued to third parties by an organisation.

Strong Issuer Credit Rating is credit rating issued by S&P Global Ratings (S&P) or equivalent of:

- Short-term A-1 or better.
- Long-term A+ or better.

Swaption is an agreement between two counterparties whereby the buyer has the right, but not the obligation to enter into a predetermined interest rate swap. The buyer pays a premium amount for the contract.

Yield, interest rate, always expressed as a percentage.

Yield Curve is the plotting of market interest rate levels from short term (90-days) to long term 10 year rates on a graph i.e. the difference in market interest rates from one term (maturity) to another.

APPENDIX 6

Institution	*Minimum S&P or equivalent Long Term / Short Term Credit Rating*	*Investments Maximum Per Counterparty ($m)*	*Electricity Price Risk Management Instrument (CFD) Maximum Per Counterparty ($m)*	*Interest Rate Risk Management Exposure Maximum Per Counterparty ($m)*	*Total Exposure Limit for each counterparty*
Government	*N/A*	*Unlimited*	*N/A*	*None*	*Unlimited*
Local Government Funding Agency (LGFA) (on balance sheet exposures only)	*AA-/A-1*	*$50 million*	*N/A*	*None*	*$50 million*
NZ Registered Bank - *On balance sheet exposures* - *Off balance sheet exposures*	*A+ / A-1** *A+ / A-1**	*$120 million*	*$10 million*	*$50 million*	*Total $180 million*
Local authority	*A+/A-1*	*$10 million*	*N/A*	*None*	*$10 million*
Electricity generators e.g. MRP	*BBB/A-2*	*N/A*	*$5 million*	*N/A*	*$5 million*

Authorised Asset Classes	Overall Portfolio Limit as a Percentage of the Total Portfolio	Approved Financial Market Investment Instruments (must be denominated in NZ dollars)	Credit Rating Criteria – Standard and Poor's (or Moody's or Fitch equivalents)	Limit for each issuer
New Zealand Government	100%	Government Stock/ Treasury Bills	Not Applicable	Unlimited
Supranationals	50%	Bonds/MTNs/FRNs	AAA	Maximum of $10 million
New Zealand Registered Banks	100%	Call/Deposits/Bank Bills/Commercial Paper Bonds/MTNs/FRNs	Short term S&P rating of A-1+ Short term S&P rating of A-1 Long term rating of A+ or better	Maximum of $120million Maximum of $20 million Maximum of $20 million
Rated Local Authorities ("RLA")	50%	Commercial Paper/ Bonds/MTNs/FRNs	Minimum short term S&P rating of A-1 or minimum long term S&P rating of A+	Maximum of $10 million
State Owned Enterprises ("SoE")	50%	Commercial Paper/ Bonds/MTNs/FRNs	Short term S&P rating of A-1+ or long term rating of A+ or better Short term S&P rating of A-1 or long term rating of BBB to A	Maximum of $10 million Maximum of $5 million
Corporates	30%	Commercial Paper/ Bonds/MTNs/FRNs	Short term S&P rating of A-1+ or long term rating of A+ or better Short term S&P rating of A-1 or long term rating of BBB to A	Maximum of $7 million Maximum of $3 million
Financials	30%	Commercial Paper/ Bonds/MTNs/FRNs	Short term S&P rating of A-1+ or long term rating of A+ or better Short term S&P rating of A-1 or long term rating of BBB to A	Maximum of $5 million Maximum of $2 million

The combined holdings of entities rated BBB to A shall not exceed $10 million
The combined holdings of corporates and financials shall not exceed $10 million

9.10 Local Government Funding Agency - Annual General Meeting Proxy Voting

File Number: **A19549405**

Author: **Caroline Lim, CCO Specialist**

Authoriser: **Craig Rice, Chief Operating and Financial Officer**

PURPOSE OF THE REPORT

1. The Local Government Funding Agency's (LGFA) Annual General Meeting (AGM) is being held on 25 November 2026 in Wellington. The agreement on resolutions to vote in support of, and the agreement to a proxy, are requested based on the recommendations of the LGFA Shareholders Council.
2. This is a standard decision that takes place annually to assist with the proxy voting process. There are no risks or legal implications associated with this report.

RECOMMENDATIONS

That the City Delivery Committee:

(a) Receives the report "Local Government Funding Agency - Annual General Meeting Proxy Voting".

(b) Approves the following resolutions to allow voting by proxy for the Local Government Funding Agency Annual General Meeting (Attachments One to Six of this report):

Resolution 2 – Director Elections:

(i) The **re-election of Philip Cory-Wright** as an Independent Director to the Local Government Funding Agency Board (Proxy Form Resolution 2(a)).

(ii) The **re-election of David Rae** as an Independent Director to the Local Government Funding Agency Board (Proxy Form Resolution 2(b)).

(iii) The **election of Ian Blair** as an Independent Director to the Local Government Funding Agency Board (Proxy Form Resolution 2(c)).

Resolution 3 – Nominating Local Authorities Elections (Choose two of the following three nominating local authorities for two available positions on the Shareholder Council):

(iv) The **re-election of New Plymouth District Council** as a Nominating Local Authority to the Shareholders Council (Proxy Form Resolution 3(a)).

(v) The **election of Greater Wellington Regional Council** as a Nominating Local Authority to the Shareholders Council (Proxy Form Resolution 3(b)).

(vi) The **election of Thames-Coromandel District Council** as a Nominating Local Authority to the Shareholders Council (Proxy Form Resolution 3(c)).

Resolution 4 – Directors' Remuneration:

(vii) The approval of the Director's Remuneration, payable with effect 1 July 2026 (Proxy Form Resolution 4(a)).

(viii) The approval of the Director's Remuneration, payable with effect 1 July 2027 (Proxy Form Resolution 4(b)).

Resolution 5 – Foundation Policy Changes:

(ix) The approval of the changes to the Foundation Policies of the Company (Proxy Form Resolution 5)

(c) Authorises by way of proxy, the Tauranga City Council Mayor or Deputy Mayor to sign the proxy form, and for the Chair of the Local Government Funding Agency to act as the proxy on behalf of Tauranga City Council.

EXECUTIVE SUMMARY

3. This report seeks Council's approval of a request to authorise by way of the Tauranga City Council Mayor or Deputy Mayor to complete the proxy form on behalf of the Council.
4. The LGFA's AGM provides the Council with the opportunity to vote on matters covered under the Shareholders agreements requiring shareholder approval such as Director appointments, Shareholders Council (SC) appointments, Director remuneration, and amendments to LGFA's Foundation Policies.
5. The AGM will be held in Wellington on 25 November 2026, and voting can be undertaken by proxy with Tauranga City Council (TCC) usually identifying the Chair of LGFA as the proxy. TCC's SC representative will also attend the AGM.
6. The Council's shareholding in the LGFA is 8.3% (paid up capital).
7. The SC has provided recommendations on:
    - The re-appointment of two directors, and the appointment of one director.
    - Director's Remuneration payable with effect 1 July 2026 and 1 July 2027.
    - Proposed changes to the Company's Foundation Policies.
8. The SC has not provided recommendations on the three nominating local authorities for appointment to the SC, with two positions being available.
9. The SC AGM recommendations letter, the SC director remuneration recommendation letter, the notice of meeting and explanatory notes, AGM agenda, along with the proxy form to be completed following the decisions from this meeting, are attached to this report (Attachments One to Six).
10. The advantages and disadvantages of requesting authorisation is provided in the "Options analysis" section below.
11. There are no risks or legal implications associated with this report or the recommendations. This is a standard decision that takes place annually to assist with the proxy voting process.
12. If approved by Council, then the proxy form will be signed by either the TCC Mayor or Deputy Mayor at the completion of the City Delivery Committee meeting, and after the AGM on 25 November, decisions will be known.

Resolution 2a, 2b, 2c – Director Elections

13. The SC has considered the nominations for election of company directors in the light of the skills required for the LGFA Board, and recommends the **re-appointment of two independent Board nominees** and the **appointment of one independent Board nominee**.
14. This recommendation is based on the skills required for the LGFA Board, that there is an extremely high level of core expertise in capital and financial markets, and financial risks management, and that there is a prudent balance to be achieved between continuity and fresh perspectives around the board table, in light of continued significant changes facing LGFA and the Local Government sector over the next few years.
15. In summary with respect to **Resolution 2**, the SC recommends:

    a) **Philip Cory-Wright is re-elected** as an Independent Director for an additional two-year term.

    b) **David Rae is re-elected** as an Independent Director for an additional three-year term.

c) **Ian Blair is elected** as an Independent Director for a three-year term.

16. Please refer to **Attachments One, Four and Five of this report** for more detail on this resolution including the nominees' biographies.

Resolution 3a, 3b, 3c – Nominating Local Authorities Elections

17. Wellington City Council is resigning and New Plymouth District Council (NPDC) is scheduled for rotation, resulting in up to two available positions on the SC.

18. In summary with respect to **Resolution 3**, three Local Authorities have offered themselves for nomination for two available positions:

    a) The **re-election of NPDC** to the SC.

    b) The **election of Greater Wellington Regional Council (GWRC)** to the SC.

    c) The **election of Thames-Coromandel District Council (TCDC)** to the SC.

19. The current SC membership comprises representatives from Auckland Council, Bay of Plenty Regional Council, Christchurch City Council, Hamilton City Council, New Plymouth District Council, Tasman District Council, Tauranga City Council, and Western Bay of Plenty District Council.

20. In considering this matter, shareholders are encouraged to take into account the size, skills, experience and contributions of the existing SC members, and how each nominating local authority may complement and strengthen the collective capability and diversity of the SC.

21. The SC has not made a recommendation on this matter and leaves this decision to shareholders.

22. Please refer to **Attachments One, Four and Five of this report** for more detail on this resolution.

Resolution 4a, 4b – Directors' Remuneration

23. The proposed resolution seeks shareholder approval **to increase Directors' fees from 1 July 2026 and from 1 July 2027.** The recommended increases are based on an independent benchmarking review conducted by Ernst & Young (EY) (initiated by the LGFA Board) and would bring Director remuneration to approximately 85% of the market median identified in the review.

24. The fee increases have been endorsed by the SC and reflect the organisation's increased size and complexity, along with additional Director responsibilities arising from water reform, sustainability initiatives, and the establishment of a people, performance and culture committee**.**

25. Directors' fees were last reviewed and adjusted in November 2024, with those changes taking effect from 1 July 2024. LGFA fees are normally reviewed every two to three years, so the current review is intended to cover the period from 1 July 2026 until 30 June 2028 or 2029.

26. Contrary to historical LGFA practice (i.e. that any changes approved at the AGM will be applied to the current FY27, and not in advance for the next FY28), the SC considered it appropriate to recommend a remuneration increase in two steps – one for each of the 2026/27 and 2027/28 financial years.

27. The proposed two-step increase is to allow remuneration to keep pace with anticipated market movements over the period without an appropriately large increase in year 1.

28. In summary with respect to **Resolution 4**, the SC recommends:

    a) The approval of the Director's Remuneration, **payable with effect 1 July 2026**.

    b) The approval of the Director's Remuneration, **payable with effect 1 July 2027**.

29. Please refer to **Attachments One, Two, Four and Five of this report** for more detail on this resolution, including a table of fee comparison with three relevant public sector comparators.

Resolution 5 – Foundation Policy Changes

30. The Board is seeking shareholder approval for several updates to the Company's Foundation Policies:

    - **Net Debt / Total Revenue** – which was introduced in 2020 to provide pandemic-related financial flexibility and was intended to expire on 30 June 2025. It is now considered no longer necessary.
    - **Net Interest / Annual Rates Income** – Shareholder approval is sought to enable the Board to approve a bespoke group-level Net Interest / Annual Rates Income covenant of up to 50% where significant revenue is generated through subsidiaries. Councils would still need to comply with the existing covenant requirements at the council level.
    - **Security** – the amendments confirm that the Board may require both a CCO and its subsidiaries to provide security to the Company when borrowing, reflecting current practice.

31. If approved, the amendments will be formally incorporated into an updated and restated Shareholders' Agreement (SHA).

32. In summary with respect to **Resolution 5**, the SC recommends:

    a)The **approval of all the changes to LGFA's Foundation Policy**.

33. Please refer to **Attachments One, Three, Four and Five of this report** for more detail on this resolution.

BACKGROUND

The Local Government Funding Agency's core purpose and membership

34. LGFA's core mandate is to support community wellbeing by providing efficient and cost-effective financing solutions to the local government sector.

35. The LGFA comprises 31 shareholder members (including the New Zealand Government), 77 council members, eight CCO members and four Water CCO members. All territorial authorities, with the exception of the Chatham Islands District Council, are members of the LGFA.

36. TCC is one of the 31 shareholders of the LGFA.

37. TCC holds an 8.3% shareholding in LGFA, which currently has total equity of $121 million.

Responsibilities of the Local Government Funding Agency Shareholders Council

38. Under the LGFA's SHA, the SC is required to:

    - Make recommendations to Shareholders about the appointment, removal, re-election, replacement and remuneration of Directors.
    - Make recommendations to Shareholders about any matters which require the approval of Shareholders.

39. The SC recommendations on the meeting resolutions are provided in a letter to shareholders attached to this report. The SC recommendations and rationale are supported by TCC staff. TCC is a member of the SC. The resolutions and recommendations are summarised above.

Composition of the Local Government Funding Agency Board

40. The Board is required to have between five and seven Directors, with at least five being Independent Directors, as per the 2021 Shareholders' Resolution and clause 3.1 of the SHA.

41. Currently, the Board has seven members, including six Independent Directors and one non-Independent Director.

42. With Craig Stobo, Philip Cory-Wright and David Rae all reaching the end of their current appointment terms, shareholders may appoint up to three Independent Directors in total at the upcoming AGM.

Composition of the Local Government Funding Agency Shareholders Council

43. The SC comprises between five and ten members.

44. The New Zealand Government can appoint a member, and the remaining members are nominated by up to nine Nominating Local Authorities.

45. At least two must retire or seek re-election at each AGM. Current members are Auckland Council, Bay of Plenty Regional Council, Christchurch City Council, Hamilton City Council, New Plymouth District Council, Tasman District Council, Tauranga City Council, and Western Bay of Plenty District Council.

46. With Wellington City Council and the NPDC both reaching the end of their current appointment terms, shareholders may appoint up to two local authorities in total from three nominations received at the upcoming AGM.

47. The SC has not made any recommendations on this matter and shareholders vote must be for the Nominating Local Authority, not the employee that represents the council.

STATUTORY CONTEXT

48. The Council's involvement in the LGFA allows access to long-term funding and lower debt servicing costs.

49. The LGFA supports the Local Government sector and adds depth to the New Zealand debt capital markets.

50. TCC's partnerships with LGFA and its other CCOs, help to successfully deliver community outcomes and facilitate Tauranga becoming a vibrant city that attracts businesses, people and visitors, and is well-planned, connected, and inclusive.

STRATEGIC ALIGNMENT

51. LGFA is the Council's primary lender and operates with the main purpose of being a low-cost provider of efficient and diversified funding sources for New Zealand local authorities. The Council borrows funds to deliver long-term assets and infrastructure to provide services to the Tauranga community.

52. The Council's decision as a shareholder of LGFA to nominate a board member (Ian Blair) in August 2026 and to support voting by proxy at the AGM at end of November 2026, supports the effective continued operation of LGFA, and therefore contributes to the Council's ability to provide cost-effective infrastructure and assets through its borrowing:

	Contributes
We are an inclusive city	✓
We value, protect and enhance the environment	✓
We are a well-planned city that is easy to move around	✓
We are a city that supports business and education	✓
We are a vibrant city that embraces events	✓

OPTIONS ANALYSIS

Option 1: Approve all resolutions in the Notice of the Annual General Meeting in accordance with the recommendations of the LGFA Shareholders Council – **RECOMMENDED**

53. Council can agree to vote by proxy on all resolutions proposed in the Notice of AGM.

54. The SC recommends voting in favour of all resolutions in the AGM pertaining to the nominations of Philip-Cory Wright, David Rae and Ian Blair. The SC supports the proposed

re-appointments and appointment of the nominees to provide the necessary experience, skills and continuity for the Board in the next few years, when there will be continued significant changes for LGFA and the Local Government sector.

55. The SC wishes to maintain its current membership of between five and ten members. Three nominating local authorities have expressed interest in filling the two available positions on the SC - NPDC, GWRC and TCDC. The current SC membership comprises representatives from Auckland Council, Bay of Plenty Regional Council, Christchurch City Council, Hamilton City Council, New Plymouth District Council, Tasman District Council, Tauranga City Council, and Western Bay of Plenty District Council. In considering the appointments, shareholders are encouraged to take into account the size, skills, experience and contributions of the existing SC members, and how each nominating local authority may complement and strengthen the collective capability and diversity of the SC. The SC has not made a recommendation on this matter and leaves this decision to shareholders.

56. The SC recommends voting in favour of the Directors' Remuneration increase payable with effect 1 July 2026 and 1 July 2027, based on an independent Ernst & Young benchmarking review. The proposed fees would remain below the market median at approximately 85% of benchmark levels and reflect the organisation's increased size and complexity, as well as greater Director responsibilities associated with water reform, sustainability initiatives, and the establishment of a people, performance and culture committee.

57. The SC recommends voting in favour of the proposed changes to the Company's Foundation Policies to remove an outdated pandemic-era debt covenant, provide greater flexibility for councils with subsidiary-generated revenue, and clarify security requirements for CCO borrowing, and, if approved by shareholders, will be incorporated into an updated SHA.

Option 2: Do not approve all resolutions as recommended by the LGFA Shareholders Council – **NOT RECOMMENDED**

58. Council can agree to vote by proxy on all resolutions proposed in the Notice of AGM but can vote against some or all of the resolutions and recommendations of the SC.

59. The main implication for the LGFA is that if the resolutions are not passed by a majority of voters, there will be a delay in having a full Board in place and the LGFA will not be able to retain its current number of board members. The LGFA Board will have to continue its recruitment process.

FINANCIAL CONSIDERATIONS

60. Decisions on voting for directors and membership to the SC do not directly affect the Council's borrowing from LGFA.

RISKS AND LEGAL IMPLICATIONS

61. There are no identified risks or legal implications if the request to vote by proxy is approved.

TE AO MĀORI APPROACH

62. The matters addressed in this report are of a legislative and procedural nature, and are not directly affected by Council's Te Ao Māori approach.

CLIMATE IMPACT

63. The matters addressed in this report are of a legislative and procedural nature, and are not directly affected by Council's climate impact.

CONSULTATION / ENGAGEMENT

64. It is not required or expected to consult with the public on the decision on voting by proxy at the LGFA's AGM.

SIGNIFICANCE

65. The Local Government Act 2002 requires an assessment of the significance of matters, issues, proposals and decisions in this report against Council's Significance and Engagement Policy. Council acknowledges that in some instances a matter, issue, proposal or decision may have a high degree of importance to individuals, groups, or agencies affected by the report.

66. In making this assessment, consideration has been given to the likely impact, and likely consequences for:

    (a) the current and future social, economic, environmental, or cultural well-being of the district or region

    (b) any persons who are likely to be particularly affected by, or interested in, the decision.

    (c) the capacity of the local authority to perform its role, and the financial and other costs of doing so.

67. In accordance with the considerations above, criteria and thresholds in the policy, it is considered that the decision is of low significance because this is a standard decision that takes place annually to assist with the proxy voting process.

ENGAGEMENT

68. Taking into consideration the above assessment, the recommendations from the SC, the options analysis that has been undertaken and that the decision is of low significance, officers are of the opinion that no further engagement is required prior to Council making a decision.

NEXT STEPS

69. If approval is given to vote by proxy, the proxy form will be signed by either the Mayor or Deputy Mayor at the conclusion of the City Delivery Committee Meeting, voting will be counted at the LGFA's AGM and decisions will be known after 25 November 2026.

ATTACHMENTS

1. **Shareholder Council AGM Recommendations Letter - A21123072**
2. **Shareholder Council Director Remuneration Recommendation Letter - A21211446**
3. **Foundation Policy - Tracked Changes - A21211444**
4. **Notice of AGM - A21211438**
5. **Proxy Form - A21211443**
6. **Agenda - A21296419**

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

16 October 2026

The Shareholders
NZ Local Government Funding Agency Limited

Dear Shareholder,

AGM 2026 – Recommendations from the Shareholders' Council (SHC)

LGFA will hold its Annual General Meeting on 25 November 2026; the Agenda and supporting materials were distributed on 29 September.

The role of the SHC is set out in clause 4 of the Shareholder's Agreement, which was adopted at the same time as LGFA's Constitution. This role includes making recommendations to shareholders about:

- The appointment, removal, re-election, replacement, and remuneration of Directors; and
- Any matters which require the approval of shareholders.

The SHC wishes to make recommendations on the matters to be voted on at the AGM, to help with your decision-making.

Resolution 2, Director Elections

The Board must comprise five to seven Directors, at least five of whom must be independent. There are currently five independent Directors (Paul Anderson, Philip Cory-Wright, David Rae, Helen Robinson, and Elena Trout), and one non-independent Director (Alan Adcock, GM Corporate, Whangarei District Council). Directors are normally appointed for a three-year term.

SHC's objectives in monitoring Board composition are to ensure an adequate level of core expertise in financial markets; a level of governance & commercial experience reflective of LGFA's scale and financial risk; a diversity of backgrounds & thinking around the Board table; and an appropriate level of rotation, to achieve a prudent balance between continuity and fresh perspectives.

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The following Director appointments have been proposed in the AGM materials:

- Philip Cory-Wright (re-election)
  Philip is a professional Director with significant experience in infrastructure and capital markets. He has been on the LGFA Board since its inception in 2011, and Chair since January 2026; he brings valuable continuity to a Board on which only one other independent Director has served more than one term.

- David Rae (re-election)
  David Philip is a financial markets expert, including previous employment at the NZ Superannuation Fund and Reserve Bank of New Zealand. He is an experienced Director and was appointed to the LGFA Board at the 2023 AGM.

- Ian Blair (election)
  Ian offers deep banking experience, including at General Manager, Director, and Risk Committee Chair level for major New Zealand banks. He is currently Managing Director at WSP New Zealand, a professional services firm specializing in governance advisory for major engineering and infrastructure projects.

  Ian was identified following a recruitment process led by Board Dynamics and the SHC, and has been formally nominated (as required by clause 3.5 of the Shareholders' Agreement) by Tauranga City Council.

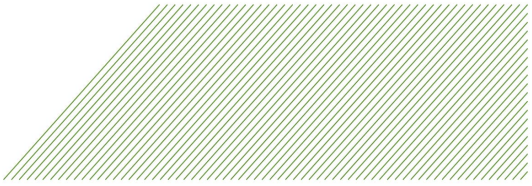
The SHC recommends that shareholders vote "For" all three of these appointments.

Resolution 3, Nominating Local Authorities to the SHC

The SHC must have between five and ten members, including one appointed by the Crown. Apart from the Crown appointee, members must be employees of their local authorities (each one a "Nominating Local Authority"), and at least two must retire or seek re-election at each AGM. At the AGM, shareholders vote for the Nominating Local Authority, not the employee.

Current members (and the date of their last election / re-election) are Auckland (2024), Bay of Plenty Regional (2022), Christchurch City (2025), Hamilton City (2022), New Plymouth District (2021), Tasman District (2025), Tauranga City (2023), and Western Bay of Plenty District (2023). Roles and contact details are appended to this letter.

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Wellington City is resigning and New Plymouth District is scheduled for rotation, resulting in up to two available positions. Three councils have offered themselves as Nominating Local Authorities:

- New Plymouth District (re-election) – primary representative John Scott (General Manager Finance & Planning)
  John is a Chartered Accountant with broad public and private sector experience, who brings a practical, down-to-earth approach to finance, treasury, and governance. He values robust discussion, strong relationships, and making complex issues easier to understand, and would bring this perspective to the Shareholders' Council.

- Greater Wellington Regional (election) – primary representative Matthias Zuschlag (Manager Treasury)
  Matthias is responsible for Treasury Management at GWRC and Wellington Regional Council Holdings and has been with GWRC since 2007. He was involved with the establishment of the LGFA, via GWRC's role as a founding member, and has a good working knowledge of the LGFA. Prior, he held roles in Finance in New Zealand and as a Finance and Treasury Manager of a German bank.

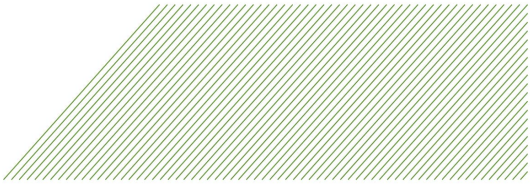
- Thames-Coromandel District – primary representative Peter Bridgewater (Chief Financial Officer)
  Peter is responsible for Council's finance and rating functions, financial strategy and treasury. He has seven years' local government experience, having previously held CFO and Group Manager roles at Ōpōtiki District Council, following an earlier career in assurance at PwC. He brings a provincial council perspective, broad financial and risk management experience, and a strong interest in the long-term financial sustainability and affordability challenges facing the sector.

The SHC does not make any recommendation for these appointments.

Resolution 4, Directors' Remuneration

Proposed remuneration is set out in a letter from the SHC to the LGFA Chair, which was included with the 29 September AGM Notice. Note that, consistent with historical LGFA practice, any changes approved at the AGM will be applied to the current 2026/27 financial year (ie. not in advance for 2027/28).

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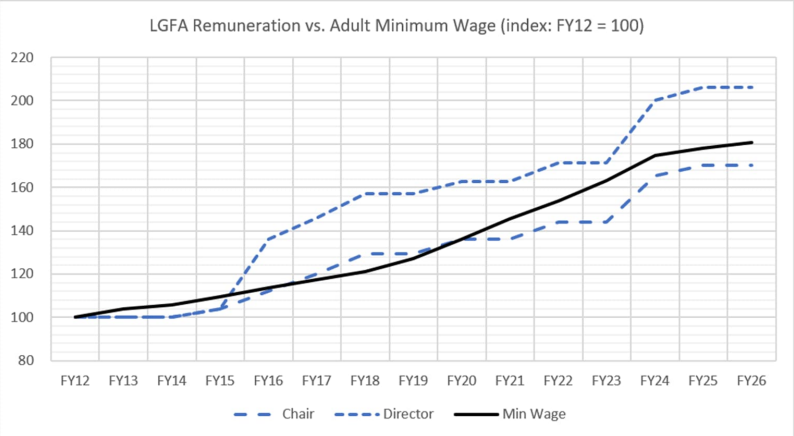
The SHC's proposal was informed by a benchmarking review conducted by EY (engaged by the LGFA Board in conjunction with the SHC) and the policies of a number of councils and the Crown that Director remuneration should be at or below the median rate for comparable organisations. Based on EY's benchmarking, LGFA fees for the 2025/26 financial year were around 80% of comparable medians for Directors and around 70% for the Chair.

The SHC considers it appropriate to recommend a remuneration increase in two steps; one for each of the 2026/27 and 2027/28 financial years. The intention is to allow remuneration to keep pace with anticipated market movements over the period (while remaining at or below comparable medians) without an inappropriately large increase in year 1.

For context, the table below compares the proposed Chair and Director fees with three relevant public sector comparators: Kiwibank (Kiwi Group Capital Ltd), the NZ Super Fund (Guardians of NZ Superannuation), and ACC.

	Kiwibank *(actual)*	**NZ Super** *(actual)*	**ACC** *(actual)*	**LGFA FY26** *(actual)*	**LGFA FY27** *(proposed)*	**LGFA FY28** *(proposed)*
Chair	150,140	141,990	160,800	127,720	140,000	158,800
Directors	75,070	70,995	80,400	72,100	75,000	79,400

Comparisons against general wage levels are more difficult, but the legal minimum wage offers a reasonable proxy. The chart below is an index showing historical growth in the Adult Minimum Wage and LGFA Board Fees since LGFA's inception in the 2011/12 financial year.



The SHC recommends that shareholders vote "For" this proposal.

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Resolution 5, Foundation Policy Changes

LGFA's Foundation Policies were set out in the Shareholders' Agreement, and may only be changed by Ordinary Resolution. An explanation and mark-up of the proposed changes was included with the 29 September AGM Notice. The SHC considers that all three changes are appropriate and will not have a material impact on LGFA's risk profile – in particular:

- Net Debt / Total Revenue – the amended bullet points and table remove the alternative ratio limits that were put in place as a temporary measure in response to Covid; the transition period ended on 30 June 2026, so the wording is no longer required.

- Net Interest / Annual Rates Income – the new bullet point allows the LGFA Board to approve a bespoke limit of up to 50% for a council whose covenants are measured at a Group level. It is intended as a practical change to reflect that Rates revenue may be a relatively small proportion of Group revenue for some councils. It is not intended to reduce credit standards – the 30% limit will still apply for the council as a stand-alone "parent", and all other covenant ratios will be unchanged.

- Security – the amended bullet point relates to LGFA loans to CCOs, and allows LGFA to seek security from the CCO's subsidiaries if required.

The SHC recommends that shareholders vote "For" these proposals.

Yours sincerely,



Steve Ballard
Chair
LGFA Shareholders' Council

cc. Mark Butcher, Chief Executive LGFA

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Appendix: Current Nominating Local Authority Contacts

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

Name	Council	Role	email
Andrew John	Auckland	Head of Group Treasury	andrew.john@aucklandcouncil.govt.nz
Kumaren Perumal	Bay of Plenty Regional	Chief Financial Officer	kumaren.perumal@boprc.govt.nz
Steve Ballard	Christchurch City	Group Treasurer	steve.ballard@ccc.govt.nz
Gary Connolly	Hamilton City	Chief Financial Officer	gary.connolly@hcc.govt.nz
John Scott	New Plymouth District	General Manager Finance & Planning	john.scott@npdc.govt.nz
Leonie Rae	Tasman District	Chief Executive	leonie.rae@tasman.govt.nz
Kathryn Sharplin	Tauranga City	Head of Finance	Kathryn.Sharplin@tauranga.govt.nz
Adele Henderson	Western Bay of Plenty District	Programme Director, Water Organisation	adele.henderson@westernbay.govt.nz

Christchurch City Council

03 941 8999

53 Hereford Street
Christchurch 8013

PO Box 73013
Christchurch 8154

ccc.govt.nz

25 September 2026

Philip Cory-Wright

Chair
Local Government Funding Agency Ltd
PO Bx 5704
Wellington 6145

Dear Philip,

Director Remuneration – for approval at this year's AGM

Thank you for your input with this year's review, including the commissioning of the independent EY review and our various emails and conversations.

The Shareholders' Council (SHC) acknowledges the significant growth in the scale, complexity, and strategic importance of LGFA over recent years, including the substantial increase in funding under management, establishment of off-shore funding programmes, increased regulatory requirements, new growth associated with the establishment of Water Organisations, and credit rating implications of Rates-capping, amalgamations and other potential sector reforms. These factors support the case for a remuneration review and movement toward improved market alignment.

The SHC wishes to maintain an appropriate balance between, on the one hand, ensuring that remuneration is sufficient to attract and retain high-calibre directors to govern an increasingly complex financial institution; and, on the other hand, to comply with the expectation of the government and local authority elected members that CCO remuneration should be below market medians for comparable organisations. The current position versus market medians (as set out in the EY review) and the appropriateness of an increase is acknowledged, but the SHC's preference is to achieve this as a more gradual transition over two financial years rather than in one step, noting that final approval at this year's AGM will come via votes decided by elected members.

At a more granular level, the SHC has discussed the balance between the core director fee and the additional marginal fees associated with specific roles. The final proposed balance reflects two key objectives:

- To ensure that clear additional responsibilities and accountability are acknowledged in remuneration (although noting that the base director fee should already assume a significant level of governance contribution, including participation in committee activities, preparation, oversight and engagement beyond attendance at Board meetings); and
- To ensure a logical consistency between the remuneration of directors with different committee commitments (in particular, the avoidance of undue cumulative fee increases for directors participating in more than one committee).

Christchurch City Council

Christchurch City Council

It is noted that LGFA's historic practice of setting individual fees, rather than an overall Pool, is unusual and (to my knowledge) has not been reviewed since LGFA's establishment. There are advantages and disadvantages of each approach, and it may be helpful for the SHC and Board to discuss and confirm a preferred approach prior to the next remuneration review.

As a result of these considerations, the SHC would like the following remuneration increases to be presented to the AGM for approval.

		Current	Proposed for 2026/27	Proposed for 2027/28
Role	**Count**	**Fee**	**Fee**	**Fee**
Chair	1	127,720	140,000	158,800
Director	6	72,100	75,000	79,400
ARC Chair	1	8,240	10,000	12,900
ARC Member	3	3,090	5,000	6,500
PPC Chair	1	0	4,000	4,100
PPC Member	3	0	2,000	2,100
Water Chair	1	0	4,000	4,100
Water Member	3	0	2,000	2,100
Sustainability Chair	1	0	4,000	4,100
Total Pool		**577,830**	**639,000**	**692,500**

The proposed Fees for 2027/28 equate to an overall Pool that is 85% of the market median identified in the EY review, which reflects market conditions in the 2025/26 financial year.

Yours sincerely,

Steve Ballard
Chair
LGFA Shareholders' Council

cc. Mark Butcher, Chief Executive LGFA

Russell McVeagh

SCHEDULE 1
Foundation Policies
(Clause 5.1 of the Shareholders' Agreement)

These foundation policies may only be changed by a resolution of shareholders in accordance with clause 5.1 of the Shareholders' Agreement

Credit Risk

Lending Policy

All Local Authorities that borrow from the Company will:

- Provide debenture security in relation to their borrowing from the Company and related obligations, and (if relevant), equity commitment liabilities to the Company and (if relevant) guarantee liabilities to a security trustee approved for the Company's creditors.
- Issue securities (bonds / FRNs / CP) to the Company and/or enter into facility arrangements with the Company.
- Comply with their own internal borrowing policies.
- Comply with the financial covenants outlined in the following table, provided that:
  - Local Authorities without a long-term credit rating can have bespoke financial covenants that exceed the:
    - Lending policy covenants outlined in the following table with the approval of the Board;
    - Foundation policy covenants outlined in the following table with the approval of an Ordinary Resolution.
  - Local Authorities with a long-term credit rating:
    - will not be required to comply with the lending policy covenants in the following table; and
    - can have bespoke financial covenants that exceed the foundation policy covenants outlined in the following table:
      - with the approval of an Ordinary Resolution; or
      - in respect of the Net Debt / Total Revenue covenant, with the approval of the Board, can have a bespoke Net Debt / Total Revenue covenant of up to 350%; or~~:~~

        ~~with the approval of the Board, can have a bespoke Net Debt / Total Revenue covenant of up to 350%.; or~~

        ~~until the financial year ending 30 June 2026, will not be required to comply with the Net Debt / Total Revenue foundation policy covenant outlined in the following table. Until that date, such Local Authority must comply with the Net Debt / Total Revenue~~

Russell McVeagh

~~covenant set out in the table entitled "Alternative Net Debt / Total Revenue Covenant" below.~~

- in respect of the Net Interest / ~~Total~~Annual Rates Income covenant, when tested on a consolidated group basis, with the approval of the Board, can have a bespoke Net Interest / Annual Rates Income covenant of up to 50% in addition to the Net Interest / Annual Rates Income covenant that applies to the Local Authority individually.~~:~~

~~with the approval of the Board, a council that is measured at group level, can have a bespoke Net Interest / Total Rates covenant of up to 50%.~~

- Any Board or Ordinary Resolution approval of bespoke financial covenants will only be provided after a robust credit analysis and any approval must also include bespoke reporting and monitoring arrangements.

- If the principal amount of a Local Authority's borrowings, or the Company's commitment under a facility agreement with a Local Authority, is at any time greater than NZD 20 million, be a party to a deed of guarantee and an equity commitment deed (in each case in a form set by the Company).

Financial covenant	Lending policy covenants	Foundation policy covenants
Net Debt / Total Revenue	<175%	<280%
Net Interest / Total Revenue	<20%	<20%
Net Interest / Annual Rates Income	<25%	<30%
Liquidity	>110%	>110%

~~Alternative Net Debt / Total Revenue Covenant~~	
~~Financial Year ending~~	~~Net Debt / Total Revenue~~
~~30 June 2020~~	~~<250%~~
~~30 June 2021~~	~~<300%~~
~~30 June 2022~~	~~<300%~~
~~30 June 2023~~	~~<295%~~
~~30 June 2024~~	~~<290%~~
~~30 June 2025~~	~~<285%~~

Total Revenue is defined as cash earnings from rates, grants and subsidies, user charges, interest, dividends, financial and other revenue and excludes non government capital contributions (e.g. developer contributions and vested assets).
Net debt is defined as total debt less liquid financial assets and investments.
Liquidity is defined as external debt plus committed loan facilities plus liquid investments divided by external debt.
Net Interest is defined as the amount equal to all interest and financing costs less interest income for the relevant period~~.~~
Annual Rates Income is defined as the amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002 together with any revenue received from other local authorities for services provided (and for which the other local authorities rate).

Russell McVeagh

Financial covenants are measured on Council only basis and not consolidated group basis, unless requested by a Local Authority and approved by the Board.

Auckland Council will be limited to a maximum of 40% of the Company's total Local Authority (including CCO) assets.

Subject to implementation of any amendments or other actions considered necessary, advisable or expedient by the Board and the approval of the Board in relation to the relevant CCO (as defined below) (which may be a council-controlled trading organisation, as defined in the Local Government Act), an approved CCO may borrow from the Company provided that:

- The CCO is a "council-controlled organisation" as defined in section 6 of the Local Government Act, where the CCO is a company in which equity securities carrying at least 51% or more of the voting rights at a meeting of the shareholders of the CCO are held or controlled, directly or indirectly, by one or more Local Authorities (respectively, a "CCO" and each such Local Authority being a "CCO Shareholder");
- Each CCO Shareholder provides a guarantee in respect of the CCO in favour of the Company and/or there is sufficient uncalled capital in respect of the CCO to meet the financial obligations of the CCO;
- Each CCO Shareholder provides equity commitment liabilities to the Company, guarantees liabilities to a security trustee approved for the Company's creditors, and provides debenture security for its equity commitments to the Company and guarantee liabilities to the security trustee;
- Each CCO Shareholder complies with Lending policy financial covenants, Foundation policy financial covenants or other financial covenants required by the Board (if any).
- The CCO complies with any covenants required by the Board; and
- If required by the Board, the CCO and any of its subsidiaries will grant security in favour of the Company (which may be subject to any intercreditor arrangements acceptable to the Board).

Where the Company agrees to provide funding to the CCO, it must within 90 days of receiving annual financial covenant reporting from a CCO Shareholder (in its capacity as a borrower) report to the Shareholders' Council, holders of ordinary shares in the Company and any Local Authority guarantors of the Company's liabilities as to whether that CCO Shareholder has complied with its financial covenants on an individual and consolidated group basis.

Notwithstanding the definition of "CCO" set out above, the Board may not approve a CCO to borrow from the Company unless 100% of the equity securities carrying voting rights at a meeting of shareholders of the CCO are held or controlled, directly or indirectly, by one or more Local Authorities and the Crown (if applicable).

NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY LIMITED NOTICE OF ANNUAL MEETING

Notice is given that the 2026 annual meeting of shareholders of New Zealand Local Government Funding Agency Limited ("**Company**" or "**LGFA**") will be held at the **Intercontinental Hotel**, **2 Grey Street, Wellington** on **25 November 2026** commencing at **3:00pm**.

For those shareholders unable to attend in person you can attend via Teams. **Jane Phelan will provide the Teams link upon request at jane.phelan@lgfa.co.nz.**

BUSINESS

1. **FINANCIAL STATEMENTS AND REPORTS**: To receive and consider the financial statements of the Company for the year ended 30 June 2026 together with the directors' and auditor's reports to shareholders.

2. **ELECTION OF COMPANY DIRECTORS**

   In accordance with clause 3.3 of the Shareholders' Agreement dated 7 December 2011 (as amended and restated on 10 December 2024, taking effect on and from 19 November 2024) ("**SHA**"), **Philip Cory-Wright retires** by rotation and being eligible, offers himself for re-election as an Independent Director for a two year term.

   In accordance with clause 3.3 of the SHA, **David Rae** retires by rotation and being eligible, offers himself for re-election as an Independent Director for a three year term.

   In accordance with clause 3.5 of the SHA, **Ian Blair** has been nominated by **Tauranga City Council** to the Independent Director position made available by the retirement of Craig Stobo.

   Accordingly, to:

   (a) Re-elect **Philip Cory-Wright** as an Independent Director of the Company for a two year term, by way of Ordinary Resolution;

   (b) Re-elect **David Rae** as an Independent Director of the Company for a three year term, by way of Ordinary Resolution;

   (c) Elect **Ian Blair** as an Independent Director of the Company for a three year term, by way of Ordinary Resolution.

   (See Explanatory Note 2)

3. **ELECTION OF NOMINATING LOCAL AUTHORITIES TO THE SHAREHOLDERS' COUNCIL**

   In accordance with clause 4.6 of the SHA, **Wellington City Council** and **New Plymouth District Council** retire as Nominating Local Authorities by rotation. Wellington City Council is not seeking re-election while **New Plymouth District Council**, being eligible, offers themselves for re-election.

Thames-Coromandel District Council an**d Greater Wellington Regional Council**, each being eligible, have also offered themselves for election.

Accordingly, to re-elect or elect (as appropriate) as a Nominating Local Authority, by way of Ordinary Resolution two of the following:

(a) **New Plymouth District Council** as a Nominating Local Authority;

(b) **Greater Wellington Regional Council** as a Nominating Local Authority

(c) **Thames-Coromandel District Council** as a Nominating Local Authority

(See Explanatory Note 3)

4. **DIRECTORS' REMUNERATION**

(a) In accordance with clause 3.6 of the SHA, to approve, by way of Ordinary Resolution, the Directors' fees payable with effect from 1 July 2026, as set out in the table below.

(b) Conditional on Resolution 4(a) being approved, in accordance with clause 3.6 of the SHA, to approve, by way of Ordinary Resolution, the Directors' fees payable with effect from 1 July 2027 "as set out in the table below.

	Fee as at 30 June 2026	Proposed Fee effective 1 July 2026	Proposed Fee effective 1 July 2027
Board Chair	$127,720	$140,000	$158,800
Director	$72,100	$75,000	$79,400
Chair - Audit and Risk Committee	$8,240	$10,000	$12,900
Member - Audit and Risk Committee	$3,090	$5,000	$6,500
Chair - People, Performance and Culture Committee	Nil	$4,000	$4,100
Member - People, Performance and Culture Committee	Nil	$2,000	$2,100
Chair - Water Committee	Nil	$4,000	$4,100
Member - Water Committee	Nil	$2,000	$2,100
Chair - Sustainability Committee	Nil	$4,000	$4,100

(See Explanatory Note 4)

5. **CHANGES TO FOUNDATION POLICIES**

In accordance with clause 5.1(c) of the SHA, to approve, by way of Ordinary Resolution, the amendments to the foundation policies of the Company ("**Foundation Policies**") as explained in Explanatory Note 5.

6. **QUESTIONS AND COMMENTS FROM SHAREHOLDERS**

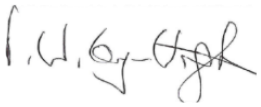
Opportunity for shareholders to comment or question directors, Shareholders' Council or management.

7. **GENERAL BUSINESS**

To consider such other business as may properly be raised at the meeting.

Please refer to the explanatory notes that accompany this notice of meeting.

By order of the board:



Philip Cory-Wright, LGFA Board Chair
29 September 2026

***ORDINARY RESOLUTIONS**: Ordinary resolutions are resolutions approved by a simple majority of more than 50% of the votes of the shareholders entitled to vote and voting at the annual meeting.*

***SHAREHOLDERS ENTITLED TO ATTEND AND VOTE**: Pursuant to section 125 of the Companies Act 1993, for the purposes of voting at the annual meeting, those registered shareholders of the Company as at 9.00am on Monday 23 November 2026 shall be entitled to exercise the right to vote at the meeting.*

***CAPITALISED TERMS**: Unless otherwise defined in this notice, capitalised terms have the meanings given to them in the SHA.*

EXPLANATORY NOTES

EXPLANATORY NOTE 1 - PROXY VOTE

A shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of the shareholder. The proxy need not be a shareholder. To be effective, a copy of the proxy form must be received by the Company at **Level 8, Grant Thornton House, 215 Lambton Quay, Wellington 6145 or via email to jane.phelan@lgfa.co.nz** not later than 48 hours before the start of the meeting.

A corporation may appoint a person to attend the meeting as its representative in the same manner as that in which it could appoint a proxy.

EXPLANATORY NOTE 2 - ELECTION OF DIRECTORS

Clause 3.3 of the SHA was amended by Ordinary Resolution at the 2021 annual meeting of Shareholders to state that a director must not hold office (without re-election) past the third annual meeting of the Company following the Director's appointment or three years, whichever is longer. A retiring Director shall be eligible for re-election.

In this case, **Philip Cory-Wright** who was re-elected on 22 November 2023 shall retire at this annual meeting. Philip, being eligible, offers himself for re-election as an Independent Director of the Company for a two year term.

David Rae who was re-elected on 22 November 2023 shall retire at this annual meeting. David, being eligible, offers himself for re-election as an Independent Director of the Company for a three year term.

Ian Blair offers himself as an Independent Director of the Company for election for a three year term.

In accordance with the Ordinary Resolution passed by Shareholders at the 2021 annual meeting of Shareholders, and clause 3.1 of the SHA, the size of the Board shall be no less than five and no more than seven Directors, including no less than five Independent Directors. The Board currently consists of six Directors (being Alan Adcock (non-Independent Director), Philip Cory-Wright (Independent Director), David Rae (Independent Director), Helen Robinson (Independent Director), Elena Trout (Independent Director) and Paul Anderson (Independent Director)). As Craig Stobo retired during the year and both Philip Cory-Wright and David Rae are retiring at this meeting, the Shareholders will need to appoint at least two Independent Directors and up to three Directors in total to the Board.

The following biographies have been provided by the candidates and are attached at Appendix One to this notice of meeting:

- **Philip Cory-Wright**
- **David Rae**
- **Ian Blair**

If none of the candidates' appointments are approved by an Ordinary Resolution the Board will be inquorate (as it will have too few Directors and/or too few Independent Directors). In that case, a further meeting of Shareholders will need to be called to either amend the Board composition provisions in the SHA or to fill the relevant vacancy or vacancies.

EXPLANATORY NOTE 3 - ELECTION OF NOMINATING LOCAL AUTHORITIES TO THE SHAREHOLDERS' COUNCIL

Clause 4.3 of the SHA provides that a Principal Shareholder may be appointed or removed as a nominator to the Shareholders' Council ("**Nominating Local Authority**") at any time by an Ordinary Resolution, provided that no more than nine Nominating Local Authorities may be so appointed. Each Nominating

Local Authority, and the New Zealand Government (for so long as it is a Shareholder), may appoint one member of the Shareholders' Council, and remove and replace any member so appointed, in accordance with clause 4.4 of the SHA.

Clause 4.6 of the SHA provides that, beginning at, and including, the annual meeting for 2013, the Shareholders shall ensure that two Nominating Local Authorities retire from office at the annual meeting of the Company in each year. The Nominating Local Authorities to retire shall be those who have been longest in office since their last election, and if two or more of those Nominating Local Authorities were last elected on the same day, the Nominating Local Authority to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Nominating Local Authority is eligible for re-election.

In this case, New Plymouth District Council having been re-elected on 23 November 2021, Bay of Plenty Regional Council having been re-elected on 23 November 2022, and Hamilton City Council having been re-elected on 23 November 2022 are the Nominating Local Authorities who have been longest in office since their last election (Tauranga City Council having been re-elected on 23 November 2023, Western Bay of Plenty District Council having been elected on 23 November 2023, Auckland Council having been re-elected on 21 November 2024, Wellington City Council having been re-elected on 21 November 2024, Christchurch City Council having been re-elected on 18 November 2025, and Tasman District Council having been re-elected on 18 November 2025). **Wellington City Council** resigned as a Nominating Local Authority on 13 August 2026. Accordingly, being the longest in office since their last election, **New Plymouth District Council** shall retire by rotation at this annual meeting.

Pursuant to clause 4.1 of the SHA, the Shareholders' Council is comprised of between five and ten members. The New Zealand Government can appoint a member, and the remaining members are nominated by up to nine Nominating Local Authorities. Following the resignation of **Wellington City Council** and the retirement of **New Plymouth District Council** there are currently two positions available.

New Plymouth District Council, being eligible, offers themselves for re-election as a Nominating Local Authority.

Greater Wellington Regional Council, being eligible, offers themselves for election as a Nominating Local Authority.

Thames-Coromandel District Council, being eligible, offers themselves for election as a Nominating Local Authority.

EXPLANATORY NOTE 4 – DIRECTORS' REMUNERATION

This resolution seeks Shareholders' approval for an increase in Directors' remuneration with effect from 1 July 2026 and 1 July 2027 (as applicable). The proposed fee increases for Directors (as set out in the notice of meeting) have been calculated based on an external independent benchmarking review undertaken by Ernst & Young ("**EY Review**").

The proposed fee increases have been recommended by the Shareholders' Council and Director fees if approved are approximately 85% of the market median outlined in the EY Review. A copy of the Shareholders' Council letter of recommendation accompanies this Notice of Meeting.

The proposed fee increases recognise the change in the size and complexity of the business over the past two years and the increased Director duties relating to Water Reform, sustainability and the formation of the people, performance and culture committee.

The Director remuneration was last adjusted in November 2024 with effect from 1 July 2024.

EXPLANATORY NOTE 5 – CHANGES TO FOUNDATION POLICIES

The Foundation Policies of the Company are set out in Schedule 1 to the SHA. Clause 5.1(c) of the SHA provides that neither the Board nor any Shareholder shall take or permit any action to cause any alteration to any of the Foundation Policies unless it is approved by Ordinary Resolution of the Company's shareholders (or, if required by law or clause 5.1(k), a Special Resolution). The Company has confirmed that none of the changes to the Foundation Policies are required to be approved by Special Resolution.

The Board recommends that Shareholders approve the proposed changes to the Foundation Policies. Firstly, the changes remove the Alternative Net Debt / Total Revenue covenant ("**Alternative Covenant**") that was approved by Shareholders at the 30 June 2020 Special General Meeting. The Alternative Covenant was intended to provide relief to Councils following the 2020 pandemic for a five year period until 30 June 2025. The Alternative Covenant is no longer relevant, so it is proposed to remove it from the Foundation Policies.

Secondly, if a council decides to undertake a significant amount of activities through its subsidiaries, a large part of the revenue of the group is not rates revenue. This other revenue can service debt obligations of the group and therefore a higher Net Interest to Annual Rates Income covenant could be appropriate when tested at the group level. It should be noted that if the Board agrees to permit a council to have a higher Net Interest / Annual Rates Income covenant (when tested at the group level), that council would still be required to comply with the Net Interest / Annual Rates Income covenant that applies at the council level. Shareholder approval is sought to allow the Board to approve a request from a council for a bespoke Net Interest / Annual Rates Income covenant when tested at the group level of up to 50%.

Thirdly, in relation to the conditions for an approved CCO to borrow from the Company, there is a clarification to reflect that the Board may also require the CCO's subsidiaries (in addition to the CCO) to grant security in favour of the Company. This reflects LGFA's current practice.

A tracked change version of the proposed amendments to the Foundation Policies is attached at Appendix Two to this notice of meeting. Following the meeting and assuming the amendments to the Foundation Policies are approved by Ordinary Resolution, LGFA intends to record the approved amendments in an amendment and restatement of the SHA.

APPENDIX ONE: PHILIP CORY-WRIGHT, DAVID RAE AND IAN BLAIR BIOGRAPHIES

PHILIP CORY-WRIGHT - BIOGRAPHY

Philip is a full-time non-executive director focused on building long-life businesses in New Zealand. He was previously a solicitor and corporate adviser and capital markets specialist for more than 30 years. He was a member of the Local Government Infrastructure Expert Advisory Group tasked with advising the Minister of Local Government on improvements in local government infrastructure efficiency.

Philip is the Chair of Papa Rererangi i Puketapu (New Plymouth Airport) and South Port New Zealand Limited. He is a director of Matariki Forests and Powerco Limited and sits on the Advisory Board of United Civil Construction Ltd.

Philip holds an LLB (Hons), BCA Business Management INFINZ (Cert), and C.F.Inst.D.

DAVID RAE - BIOGRAPHY

David is an investment consultant and company director. He is a co-owner of Māpua Wealth, an investment consulting business that advises institutional investors including charitable trusts and iwi.

He is a director of Galileo Green Energy GmbH (a European wind and solar developer), a trustee of The New Zealand Refining Company staff pension scheme and is a member of the investment committees of the Public Trust and the Māori-backed Te Puia Tāpapa private equity fund. He has had past chair and director roles in a range of sectors including energy, infrastructure, finance and aviation training.

David spent eight years at the New Zealand Superannuation Fund, much of it as Head of Investment Analysis. He had a range of private market and direct investing experience, being involved in the infrastructure, forestry, farmland and insurance mandates. He was a member of the Fund's investment committee and led the Responsible Investment team.

He has previously worked in the Economics Department at the OECD in Paris, the National Bank of New Zealand and the Reserve Bank of New Zealand. He holds a Master of Science (Distinction) from the London School of Economics and is a Chartered Member of the Institute of Directors.

IAN BLAIR - BIOGRAPHY

Ian has led WSP in New Zealand since 2017. Prior to this, he spent most of his career in banking and consultancy. Ian has led very large teams in Australia and New Zealand, responsible for annual revenues in excess of $1bn and thousands of people. He has also worked in the banking industry in USA and Asia.

With a career characterised by growth, a client focus and innovation, Ian thrives in fast paced environments. Ian is also passionate about creating diverse and inclusive work environments where his teams can thrive.

During his time at WSP the business has experienced exponential growth. Ian has enjoyed building an exceptional team that is driven to help clients deliver innovative solutions for the benefit of Aotearoa New Zealand. Ian also sits on the Global Leadership Team of WSP guiding a business of 83,000 professionals across over 40 countries.

Ian’s governance career includes three, three year terms as a Director of KiwiBank, including several years as Chair of Risk.

APPENDIX TWO: TRACKED CHANGE VERSION OF THE FOUNDATION POLICIES

NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY LIMITED

PROXY FORM

I/We _____

of _____

being a Shareholder of New Zealand Local Government Funding Agency Limited ("**Company**") appoint _____

of _____ or failing him/her _____

of _____ as my/our proxy to vote for me/us at the annual meeting of the Company to be held on 25 November 2026 and at any adjournment thereof.

If you wish to direct the proxy how to vote, please indicate with a ☒ in the appropriate box below. Unless otherwise instructed, the proxy will vote as he or she thinks fit.

		For	Against	Abstain
2 (a)	To re-elect **Philip Cory-Wright** as an Independent Director	☐	☐	☐
2 (b)	To re-elect **David Rae** as an Independent Director	☐	☐	☐
2 (c)	To elect **Ian Blair** as an Independent Director	☐	☐	☐

		For	Against	Abstain
3 (a)	To re-elect **New Plymouth District Council** as a Nominating Local Authority to the Shareholders' Council	☐	☐	☐
3 (b)	To elect **Greater Wellington Regional Council** as a Nominating Local Authority to the Shareholders' Council	☐	☐	☐
3 (c)	To elect **Thames-Coromandel District Council** as a Nominating Local Authority to the Shareholders' Council	☐	☐	☐

		For	Against	Abstain
4 (a)	To approve the Director's Remuneration payable with effect 1 July 2026 as set out in the table	☐	☐	☐
4 (b)	To approve the Director's Remuneration payable with effect 1 July 2027 as set out in the table	☐	☐	☐

		For	Against	Abstain
5	To approve the changes to the Foundation Policies of the Company	☐	☐	☐

(Please refer to the notice of meeting for details of the resolutions)

_____

Signature of Shareholder

Dated: 2026

Notes:

1. If you wish you may appoint as your proxy the chairperson of the meeting.

2. If you are a body corporate, this proxy form must be signed on behalf of the body corporate by a person acting under the body corporate's express or implied authority.

3. For this proxy form to be valid, you must complete it and provide it to the Company at least 48 hours before the time for holding the meeting. You can provide it to the Company by delivering it to **Level 8, Grant Thornton House, 215 Lambton Quay, Wellington or via email to jane.phelan@lgfa.co.nz. It must be received at least 48 hours before the time for holding the meeting.**

4. If this proxy form has been signed under a power of attorney, a copy of the power of attorney (unless already deposited with the Company) and a signed certificate of non-revocation of the power of attorney must be provided to the Company with this proxy form.

5. If you return this form without directing the proxy how to vote on any particular resolution, the proxy can vote how he or she thinks fit if authorised by you in this proxy form by ticking the appropriate box. Otherwise, the proxy will be deemed to have abstained from voting on that matter.

6. Capitalised terms in this proxy form have the meanings given to them in the Shareholders' Agreement in respect of New Zealand Local Government Funding Agency Limited dated 7 December 2011, as amended and restated on 23 November 2021, between the Company and its Shareholders.

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

Agenda

Annual Meeting

25 November 2026

Intercontinental Hotel, Wellington

3:00pm – 4:00pm

Microsoft Teams details upon request from jane.phelan@lgfa.co.nz

	Agenda Item	Leading Discussion
1	Afternoon Tea on arrival	All
2	Introduction from Chair	Philip Cory-Wright
3	Quorum	Philip Cory-Wright
4	Financial Statements and Reports	Mark Butcher
5	Election of Company Directors	Philip Cory-Wright
6	Election of Nominating Local Authorities to Shareholders' Council	Philip Cory-Wright
7	Directors' Remuneration	Steve Ballard
8	Changes to Foundation Policies	Mark Butcher
8	Questions and Comments from Shareholders	Philip Cory-Wright
9	General Business	Philip Cory-Wright

9.11 Digital Services Quarterly Report

File Number: **A21351266**

Author: **Vida McCord, Governance Advisor**

Authoriser: **Sarah Holmes, Team Leader: Governance & CCO Support Services**

BACKGROUND

1. The report accompanying this agenda item, ‘Digital Services Quarterly Report’, will be circulated separately prior to the meeting.

10 DISCUSSION OF LATE ITEMS

11 PUBLIC EXCLUDED SESSION

Resolution to exclude the public

RECOMMENDATIONS

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
11.1 - Public Excluded Minutes of the City Delivery Committee meeting held on 15 September 2026	s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons s7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information s7(2)(j) - The withholding of the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage	s48(1)(a) - 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

12 CLOSING KARAKIA