



I, Matthew Lawson, Tumu Whakarae | Chief Executive, hereby give notice that Assurance, Risk & Infrastructure Committee Meeting will be held on:

Date: Wednesday, 27 May 2026
Time: 1:00 pm
Location: Council Chamber, Wairoa District Council,
Coronation Square, Wairoa

AGENDA

Assurance, Risk & Infrastructure Committee Meeting

27 May 2026

MEMBERSHIP: His Worship the Mayor Craig Little, Cr Benita Cairns, Cr Jeremy Harker, Cr Roslyn Thomas, Cr Michelle Tahuri, Cr Trevor Waikawa, Cr Sara Bird, Mr Philip Jones

The agenda and associated papers are also available on our website: www.wairoadc.govt.nz

For further information please contact us 06 838 7309 or by email info@wairoadc.govt.nz

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1 KARAKIA**2 APOLOGIES FOR ABSENCE****3 DECLARATIONS OF CONFLICT OF INTEREST**

Members need to stand aside from decision-making when a conflict arises between their role as a member of the Council and any private or other external interest they might have.

This note is provided as a reminder to members to review the matters of the agenda and assess and identify where they may have a pecuniary or other conflict of interest, or where there may be a perception of a conflict of interest.

If a member feels they do have a conflict of interest, they should publicly declare that at the start of the meeting, or at the relevant item of business, and refrain from participating in the discussion or voting on that item.

If a member thinks they may have a conflict of interest, they can seek advice from the Chief Executive or the Chief Operations Officer (preferably before the meeting). It is noted that while members can seek advice, the final decision as to whether a conflict exists rests with the member.

4 CHAIRPERSON'S ANNOUNCEMENTS**5 LATE ITEMS OF URGENT BUSINESS****6 PUBLIC PARTICIPATION**

A maximum of 30 minutes has been set aside for members of the public to speak on any item on the agenda. Up to 5 minutes per person is allowed. As per Standing Order 15.1 requests to speak must be made to the Chief Executive Officer at least one clear day before the meeting; however this requirement may be waived by the Chairperson. Requests should also outline the matters that will be addressed by the speaker(s).

7 MINUTES OF THE PREVIOUS MEETING

Ordinary Meeting - 29 April 2026

**MINUTES OF WAIROA DISTRICT COUNCIL
ASSURANCE, RISK & INFRASTRUCTURE COMMITTEE MEETING
HELD AT THE COUNCIL CHAMBER, WAIROA DISTRICT COUNCIL, CORONATION SQUARE,
WAIROA
ON WEDNESDAY, 29 APRIL 2026 AT 1:03 PM**

PRESENT: His Worship the Mayor Craig Little, Cr Benita Cairns, Cr Jeremy Harker, Cr Roslyn Thomas, Cr Michelle Tahuri, Cr Trevor Waikawa, Cr Sara Bird, Mr Philip Jones (online)

IN ATTENDANCE: **Matthew Lawson** (Tumu Whakarae | Chief Executive), **Gary Borg** (Tumu Whakarae Tuarua | Deputy Chief Executive & Pouwhakarae – Pūtea/Tautāwhi Rangapū | Group Manager - Finance and Corporate Support), **Juanita Savage** (Chief of Operations), **Hinetaakoha Viriaere** (Pouwhakarae Whakamahere me te Waeture | Group Manager Planning & Regulatory), **Kamal Narang** (Pouwhakarae – Hua Pūmau | Group Manager - Assets and Infrastructure), **Hinemoa Hubbard** (Kaiurungi Mana Ārahi | Governance Officer), **Kate Standring** (Executive Principal), **Martin Bacon** (Senior Accountant | Kaitiaki Pūtea Matua), **Jamie Cox** (Project Manager)

The meeting was chaired by Cr Cairns.

1 KARAKIA

The opening karakia was given by His Worship the Mayor Craig Little.

2 APOLOGIES FOR ABSENCE

Nil.

3 DECLARATION OF CONFLICT OF INTEREST

Cr Harker declared a conflict of interest with Items 9.1 - Wairoa Airport Upgrade - Project Update and 9.2 – PX Assets & Infrastructure Update.

4 CHAIRPERSON'S ANNOUNCEMENTS

Nil.

5 LATE ITEMS OF URGENT BUSINESS

Nil.

6 PUBLIC PARTICIPATION

Nil.

7 MINUTES OF THE PREVIOUS MEETING

COMMITTEE RESOLUTION 2026/304

Moved: Cr Jeremy Harker

Seconded: Cr Sara Bird

That the minutes and confidential minutes of the Ordinary Meeting held on 17 February 2026, and the minutes of the Reconvened Ordinary Meeting held on 24 February 2026 be confirmed subject to amendment.

CARRIED

Amendment: Inclusion of the Chairperson's name.

8 GENERAL ITEMS

8.1 PLANNING AND REGULATORY QUARTERLY REPORT

COMMITTEE RESOLUTION 2026/305

Moved: Cr Trevor Waikawa

Seconded: Cr Jeremy Harker

The Committee receives the report titled 'Planning and Regulatory Report'.

CARRIED

The Group Manager of Planning and Regulatory introduced the report, noting:

- A brief update on the IANZ audit
 - 20 general non-compliances relating to minor procedural and system matters, with no serious non-compliance identified.
 - Assessors acknowledged the involvement of the Chief Executive, noting this was not common practice.
 - Wairoa District Council had previously been classified as a high-risk council, with a transition to low-risk status anticipated.
- Property Department now sits within the Planning and Regulatory team.

The Committee:

- Noted concerns regarding constrained budgets, rates capping, and uncertainty arising from government reform, including potential impacts on Council resources and delivery capacity.
- Discussed development levies and the implications of ongoing legislative reform and housing growth initiatives for council.
 - The Chief Executive advised that staff were progressing work to quantify the infrastructure and service impacts of additional residential growth.
 - It was further noted that this work would align with the Long-Term Plan, Infrastructure Strategy, and regional spatial planning processes.
- Requested future reporting include budget costs by area or overall report totals to assist with understanding service level implications.
- Requested an update on the Dog Pound project.

- The designation process for the Dog Pound site was discussed.
- Agreed that section 2.1.2 of the report, relating to Minor Residential Units, would be discussed in public excluded to protect the privacy of the applicant.
- Queried the variation in building inspection numbers outlined in section 3.2.1, with staff advising this related to work associated with two subdivisions within the township.
- Raised concerns regarding placards remaining in place, with the Chief of Operations advising that work was underway to address the matter and external support funded through recovery funding was being considered.

8.2 CUSTOMER SERVICES REQUEST (CSR) UPDATE

COMMITTEE RESOLUTION 2026/306

Moved: Cr Michelle Tahuri

Seconded: Cr Sara Bird

The Committee receives the report as information only.

CARRIED

The Group Manager of Assets & Infrastructure introduced the report, noting there has been a reduction in the amount of outstanding Customer Service Request (CSR) to 91.

The Committee:

- Requested a demonstration of the CSR process, including how requests are actioned and closed, noting the importance of follow-up communication.
 - Staff advised some requests had been resolved but remained open in the system where closure communication had not been recorded, while others were informational notices that did not require follow-up contact.
- Queried whether CSR's were used to monitor contractor performance, with staff confirming this assisted managers.
- Discussed the use of customer call-backs and surveys to assess the effectiveness of Council processes and reduce reputational risk.

8.3 COUNCIL DECISION MAKING

COMMITTEE RESOLUTION 2026/307

Moved: His Worship the Mayor Craig Little

Seconded: Cr Roslyn Thomas

The Committee receives the report.

CARRIED

The Chief Executive introduced the report, outlining Council decision-making requirements under the Local Government Act 2002.

The Committee discussed:

- The reporting of elevated risks and whether current risk reporting templates were sufficient.
 - The Chief Executive noted that risk should be discussed in greater detail and did not support traffic light or table-style reporting alone, advising that effective monitoring depended on Council engagement with the process.

8.4 PROPERTY INVENTORY

COMMITTEE RESOLUTION 2026/308

Moved: Cr Jeremy Harker

Seconded: Cr Sara Bird

The Committee receives the report.

CARRIED

The Chief Executive introduced the report and provided an additional Council Property Inventory spreadsheet during the meeting, noting it was a living document. He further noted that recruitment for a Senior Property Officer was underway.

The Committee:

- Queried whether the property portfolio included both land and buildings, with the Chief Executive confirming it did.
- Requested timelines and prioritisation of property work to provide assurance on progress and assist with mitigating risk.
 - The Group Manager of Planning and Regulatory advised regular reporting would be provided once the Senior Property Officer position had been filled.

8.5 QUARTER 3 FINANCIAL REPORT 2025/26

COMMITTEE RESOLUTION 2026/309

Moved: Cr Jeremy Harker

Seconded: Cr Michelle Tahuri

The Committee receives the report.

CARRIED

The Group Manager of Finance and Corporate Support introduced the report.

The Committee:

- Raised concerns regarding forecast working capital deficits and borrowing levels, with staff advising forecasts remained subject to refinement and additional borrowing was likely.
- Queried variances in subsidies and grants, with staff advising this largely related to multi-year NZTA emergency works projects.
- Sought clarification on community facilities being over budget, with staff advising this related to mowing and community centre costs.
- Discussed reserves and Annual Plan forecasting, including the treatment of underspends and the potential impact on rates.
 - Staff advised underspends within Corporate Services would be transferred to reserves.
 - The Committee queried whether identified savings could be applied through the Annual Plan rather than retained in reserves, noting potential fluctuations to the Corporate Services rate.
 - The Chief Executive noted uncertainty remained around salary negotiation, with discussions involving PSA members occurring during the Annual Plan process, and advised maintaining reserves supported prudent financial management.
- Noted the risks associated with using one-off savings to reduce rates and the importance of a clear reserves strategy.

9 PUBLIC EXCLUDED ITEMS

RESOLUTION TO EXCLUDE THE PUBLIC

COMMITTEE RESOLUTION 2026/310

Moved: Cr Trevor Waikawa

Seconded: Cr Jeremy Harker

That the public be excluded from the following parts of the proceedings of this meeting at 3pm.

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
9.1 - Wairoa Airport Upgrade - Project Update	s7(2)(i) - the withholding of the information is necessary to enable Council to carry on, without prejudice or	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the

	disadvantage, negotiations (including commercial and industrial negotiations)	disclosure of information for which good reason for withholding would exist under section 6 or section 7
9.2 - PX-Assets & Infrastructure Update	<p>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</p> <p>s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities</p>	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7

CARRIED

COMMITTEE RESOLUTION 2026/311

Moved: Cr Jeremy Harker
 Seconded: Cr Michelle Tahuri

The Committee moves out of the Public Excluded Session into the Open Session at 4:20pm.

CARRIED

The Meeting closed with a closing karakia by all present at 4:20pm.

The minutes of this meeting were confirmed at the Assurance, Risk & Infrastructure Committee Meeting held on 27 May 2026.

.....
CHAIRPERSON

Assurance, Risk and Infrastructure Committee – Action Sheet

<u>ACTION</u>	<u>MEETING THE ACTION WAS RAISED IN</u>	<u>OFFICER RESPONSIBLE</u>	<u>COMMENTS</u>	<u>STATUS</u>
Provide a comprehensive project plan on the Dog Pound project	29/04/2026 <i>(Item 8.1- Planning and Regulatory Quarterly Report)</i>	Group Manager – Assets and Infrastructure	Verbal updates on the project to be provided during the site visit	In progress
Organise a site visit to the existing Dog Pound and the proposed location for the new Dog Pound	29/04/2026 <i>(Item 8.1- Planning and Regulatory Quarterly Report)</i>	Group Manager – Planning and Regulatory	Site Visit organised for 2 June 2026	Completed
Arrange a workshop outlining the CSR Process (How requests are received, assessed, and managed through to completion)	29/04/2026 <i>(Item 8.2 – Customer Services Request (CSR) Update)</i>	Group Manager – Assets and Infrastructure/Governance		In progress
Arrange a workshop on the Pensioner Flats – Possible Site Visit to see if works correlate to the spreadsheet.	29/04/2026 <i>(Item 8.4 – Property Inventory)</i>	Governance		In progress

8 GENERAL ITEMS

8.1 EXTERNAL AUDIT PLAN FOR THE YEAR ENDING 30 JUNE 2026

Author: Gary Borg, Group Manager - Finance and Corporate Support

Authoriser: Matthew Lawson, Tumu Whakarae | Chief Executive

Appendices:

1. [Audit Plan 2026](#) ↓
2. [Audit Proposal 2026-28](#) ↓
3. [Audit 2026-28 Engagement Letter](#) ↓

1. PURPOSE

- 1.1 To present to the Committee the proposed timetable for the preparation and audit of the Annual Report for the year ending 30 June 2026.
- 1.2 This matter is presented to the Committee in support of its obligations under its Terms of Reference to monitor Council's audit programme and oversee the compilation of the Annual Report.
- 1.3 The Committee has a critical role in ensuring that effective oversight is applied to the integrity and timeliness of the process and the information contained in the final Annual Report that is recommended for adoption by Council.

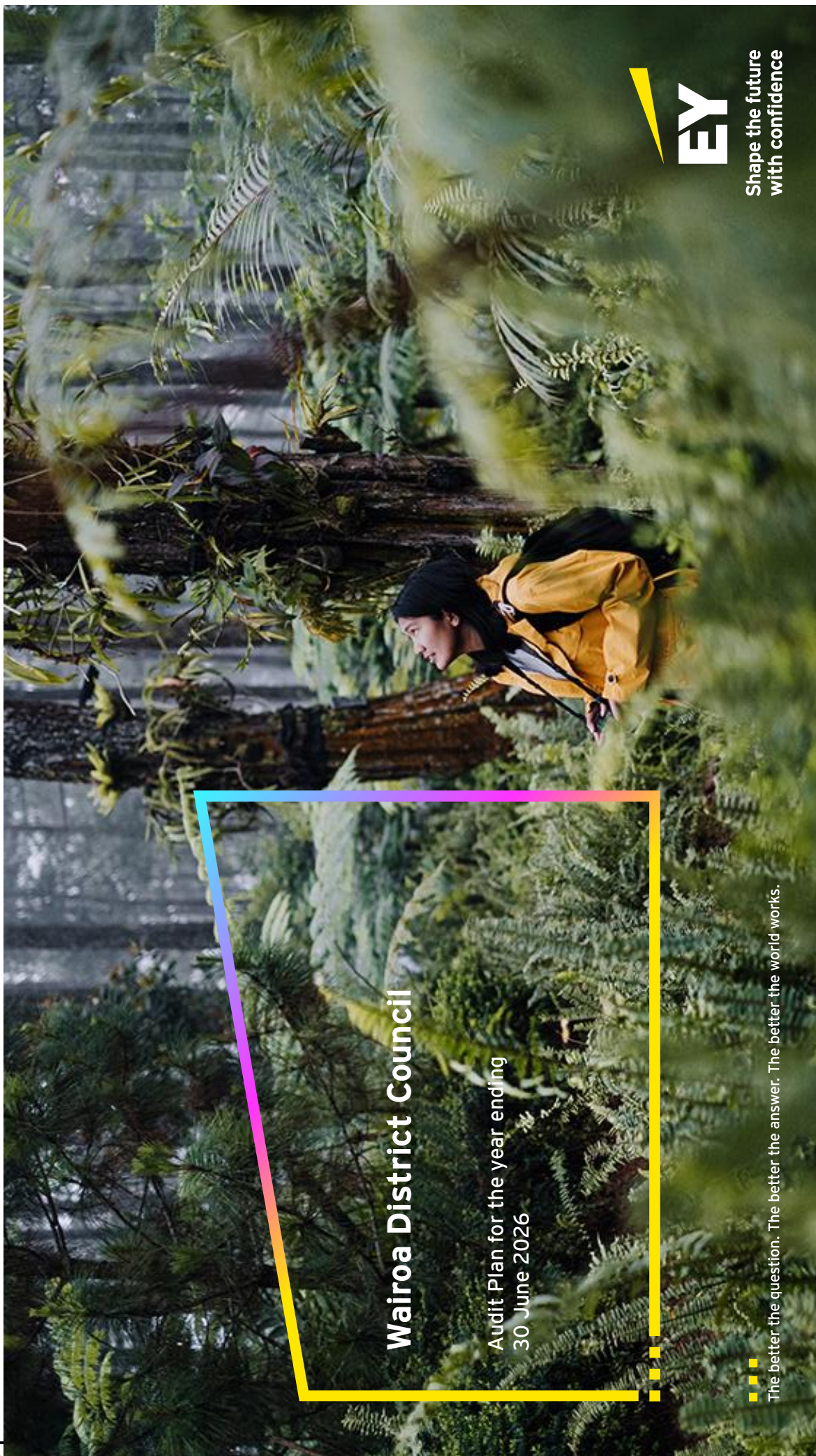
RECOMMENDATION

The Group Manager - Finance and Corporate Support RECOMMENDS that Committee:

- I. Approves the External Audit Plan for the year ended 30 June 2026,
- II. Endorses the 2026-2028 Audit Proposal and,
- III. Endorses the signing of the 2026-28 Audit Engagement Letter

2. BACKGROUND

- 2.1 The proposed audit plan has been prepared by Council's external auditor and is attached as **Appendix 1**. This sets out the auditor's responsibilities to Council and its approach to the audit, quality assurance and risk management.
- 2.2 The auditor will be present at the Committee meeting to support discussion and provide clarification of roles and responsibilities.



Wairoa District Council

Audit Plan for the year ending
30 June 2026

EY
Shape the future
with confidence

■ ■ ■ The better the question. The better the answer. The better the world works.

EY | Wairoa District Council | For the Year ending 30 June 2026

Wairoa District Council Audit Plan For The Year Ending 30 June 2026

Dear Members of the Assurance, Risk & Infrastructure Committee (“the Committee”)

We are pleased to present our Audit Plan (“Plan”) for the audit of the financial statements and service performance information of Wairoa District Council (“WDC”) for the year ending 30 June 2026. This Plan outlines the scope of our services, identifies Ernst & Young (“EY”) professionals that will serve you and presents our understanding of some key considerations that will affect the 30 June 2026 audit. We look forward to our meeting with the Committee on 27 May to discuss our Plan, the scope of our work, confirm your current expectations and make certain that our efforts are aligned with your expectations.

We conduct our audit in accordance with the Auditor General’s auditing standards which incorporate International Standards on Auditing (New Zealand). Our audit will be conducted to provide reasonable assurance that the financial statements and service performance information for the year ending 30 June 2026 are free of material misstatement.

Our plan has been prepared based on our understanding of WDC and the local government sector. We have considered, and will continue to consider, WDC’s current and emerging operating risks and assess those that could materially affect the financial statements and performance reporting and align our procedures accordingly. The Plan will be responsive to your needs and will maximise audit effectiveness so we can deliver the high-quality audit you expect.

Should you have any questions or comments, please do not hesitate to contact me on 021 923 431 (David).

Yours faithfully



David Borrie
Partner



Lindley Hofilena
Manager

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EXECUTIVE SUMMARY

4 Areas of Assurance Focus

Key focus areas identified that remain broadly consistent with the prior year

The Areas of Audit Focus and the level of complexity or management judgement to be applied are:

- Infrastructure assets MEDIUM
- Rates setting, invoicing and collection MEDIUM
- Waka Kotahi and other grants LOW
- Non-financial performance reporting. LOW

See Areas of Audit Focus section for details on other areas of audit focus.

Team and Fee

David Borrie, who has been the Council's auditor for the past four years, will be supported by Lindley Hofilena as audit manager. Proposed audit fees for the FY26 audit are \$160.4k and are detailed in the 2026-28 audit proposal letter.

This fee includes the OAG's ASQS charge and excludes disbursements and GST.



\$1.5M

Planning Materiality

Our planning materiality has been set at \$1.5m, calculated at 3% of forecast expenditure. The basis for calculating planning materiality is consistent with the prior year. We will report all audit differences over \$75k to the Committee.

Audit Scoping

Audit of Financial Statements and Service Performance Information

Our audit will be conducted to provide reasonable assurance as to whether the financial statements and statement of service performance of the Council for the year ending 30 June 2026 are free of material misstatement.

Trustee reporting

We have an obligation to provide a report to the Trustee in relation to the Council's debt at the completion of our audit.

Independence

We will confirm our independence throughout the audit and remain in compliance with the NZICA Code of Ethics and the Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners (Including International Independence Standards)* (New Zealand) independence requirements and the Auditor General's independence requirements.



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EY | Wairoa District Council | For the Year ending 30 June 2026

AREAS OF AUDIT FOCUS

Infrastructure assets

MEDIUM

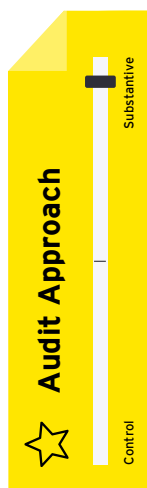
Our Understanding

- Infrastructure assets dominate Wairoa District Council's balance sheet with the total carrying value of infrastructure assets at 31 December 2025 being \$485m.
- Infrastructure assets are held at fair value less accumulated depreciation and are revalued on a systematic basis in line with Council's accounting policy.
- Wairoa District Council anticipates engaging a third-party valuer to assess whether the Council's water infrastructure has experienced a material movement and determining whether a valuation will be required for 2026. Indications are that carrying value is expected to continue to be a reasonable approximation of fair value.
- Roading assets are expected to be revalued at 30 June 2026 and Council are currently finalising an agreement for a third party to complete this work.
- The integrity of the classification of maintenance and/or capital expenditure is critical given the nature and useful life of work carried out. This is particularly relevant to expenditure incurred on roading and pipeline assets.

Planned Audit Approach

Our planned audit procedures for testing infrastructure assets includes:

- We will review and test the year end reconciliation and roll forward of the fixed assets register to the general ledger, including additions, disposals and depreciation
- We will review the third-party assessment of water asset value, including the key assumptions applied, and assess consistency with current asset management plans and recent operational experience to confirm that asset values remain appropriate. We will also discuss with management potential indicators of impairment at balance date
- For the valuation of roading infrastructure our audit procedures will include testing the underlying data provided to the valuer and consider the reasonableness of cost and useful life assumptions
- We will obtain assurance in relation to the appropriateness of work in progress (WIP) cut-off at balance date and confirm that the carrying value of WIP is supportable in relation to both valuation and that the nature of cost incurred is in line with PBE IPSAS 17
- We will review capitalised costs and maintenance expenditure to obtain assurance over the accuracy of cost classification
- We will review other significant additions and disposals of assets during the year
- We will review the appropriateness of depreciation recognised against the estimated useful life in the Council's latest valuation and other supporting information
- Assess capital projects for their impact upon capital commitments and other related disclosures
- We will maintain a watching brief on the progress made in relation to three waters reforms. We will work with Council to check appropriate disclosures are included in the financial statements.



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Rates setting, invoicing and collection

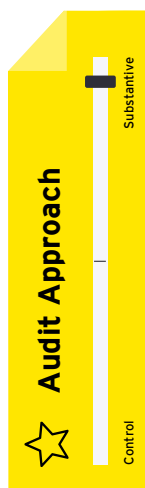
MEDIUM

Background

- Rates income levied represents the Council's primary revenue source. There is specific legislation in place which must be adhered to for the rates strike to be legal. In the local authority context, failure to comply with rating law and the associated consultation requirements can create significant risks to the integrity of rates revenue
- The requirement for there to be consistency between the rates resolution, the Funding Impact Statement for that year, and the Revenue and Financing Policy in the LTP is fundamental because this is the thread that links community consultation to the rates levied by Council forming the core of the Council's revenue
- The accuracy of rates setting is dependent on the integrity of the rates database. The reliability of the billing system should also ensure rates are billed appropriately
- Legal challenges against local authorities have identified a range of issues relating to the legislative compliance, and therefore legality of rates sought
- Certain rate paying groups present rates collection risk to the Council.

Planned Audit Approach

- We will review the Council's procedures for ensuring the rates set are in compliance with the Local Government Rating Act and test that the rates set are being applied appropriately to the rating database and invoiced accordingly
- We will test the accuracy of the use of underlying valuation information (as prepared by Quotable Value) within the rating database and its applications to the rates that were set
- We will assess the setting of rates by Council for the period and how this has been applied to rates debtors and reflected within Council's annual reporting
- We will review the nature and form of the rates resolution and the invoicing of rates in terms of risks that may impact the financial statements
- We will test the integrity of the rates debtor management system
- We will review any provision for impairment of rates debtors to consider whether it is appropriate in the circumstances
- We will assess the appropriateness of any judgmental determinations made in relation to any disputes over rate charges in consideration of correspondence and any other relevant documentation.



Waka Kotahi and other grants

LOW

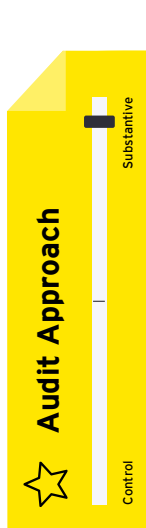
Background

- Wairoa has had a number of weather events in recent years, which have required a significant quantum of recovery works in order to open key roads and renew Council assets to keep the district connected
- There continues to be some ongoing work across the district.
- Waka Kotahi provides emergency funding, on an as-needed basis subject to approval based on estimated costs and does not necessarily cover 100% of costs incurred in remediation. Such funding is provided on the basis the work will return the roads to the previous condition and not improve the level of service from the damaged road. Waka Kotahi has monitoring and compliance requirements in order to provide funding, which is claimed in arrears based on actual amounts incurred.

Planned Audit Approach

We will perform the following audit procedures to validate the revenue and recovery works cost recognised during the year:

- Obtain any new agreements, amendments or correspondence between WDC and funding providers in respect of approved funding
- Review WDC's procedures for revenue recognition and monitoring the conditions of the grants received
- Check, on a sample basis, that revenue is being recognised in line with obligations/undertakings being satisfied
- Examine cost claims from Waka Kotahi, on a sample basis, to check the expenditure is allowed to be claimed and that the funding assistance rate applied is appropriate
- For a sample of revenue recognised in the year across all grants, vouch receipt of funds to cash received
- Carry out an assessment of the reasonability of Waka Kotahi income and its completeness in consideration of the levels of costs incurred for the period
- Assess the disclosures in the annual report in relation to each funding agreement is in line with relevant accounting standards.



Non-financial performance reporting

LOW

Our Understanding

- The Council is required to report its performance against levels of service expectations and performance measures included in the Long-Term Plan (LTP). These measures are key to the Council providing a “performance story” to the community
- Our audit opinion on the service performance report covers compliance with generally accepted accounting practice, and whether or not the service performance report fairly reflects the Council’s actual service performance for the period
- During the last few years there has been a significant focus on Council’s compliance with wastewater outflows as well as drinking water compliance (as a result of changing standards)
- Council is required to report on mandatory measures in relation to drinking water, as governed by the Department of Internal Affairs (DIA). We expect Council to continue to engage an independent drinking water assessor to perform audits of sufficient regularity to support Council’s drinking reporting in the annual report.

Audit Approach



Control

Substantive

Planned Audit Approach

Our planned procedures over non-financial performance reporting include:

- Update our understanding of key performance reporting processes and review the collation methodologies applied by Council
- Examine, on a sample basis, the Statement of Service Performance to determine that the measures have been reported on and outputs have been achieved where stipulated. For the selected measures, obtain the underlying supporting documentation and review calculations on a test basis
- Assess the completeness and effectiveness of the performance framework utilised
- Check whether all mandatory performance measures stipulated by the Non-Financial Performance Measures Rules 2013 have been included in Council’s reporting.



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Other areas of audit focus



FOCUS AREAS



BACKGROUND



PLANNED AUDIT APPROACH

Audit and Consolidation of Quality Rooding Services (QRS)



- The consolidation of QRS into the Council's group financial statements is an important element of the financial statement close process.

- The QRS financial statements are prepared under NZ IFRS RDR. We will review the approach adopted to consolidate QRS into the Council's group financial statements
- We will assess whether all transactions and balances between QRS and Council have been eliminated appropriately in the consolidation.

Core Controls Over Operating Expenditure, Procurement and Tendering



- Council incurs significant operating costs across a range of activities
- Appropriateness of Councilor and management expenditure is an area of interest to ratepayers
- The Council's Capital works procurement programme involves significant cash flows
- Areas of expenditure such as travel, accommodation, training and catering can present opportunities for personal benefit.

- We will review the incurrence and approval of operational expenditure
- We will review the use of credit cards and obtain assurance that expenditure has been incurred for a reasonable purpose
- We will review the application of procurement policies
- We will review areas of potential sensitivity for appropriateness
- Obtain assurance that appropriate processes and controls are in place
- For a sample of contracts tendered during the year we will establish an understanding of how the tendering process was managed. This will be completed with reference to the Council's tendering policies and good practice.



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AREAS OF AUDIT FOCUS

Specific areas of focus

Background

- The OAG each year outlines certain areas of focus to be considered during the audit process. This year areas with relevance to our audit of the Council include:
 - Fraud
 - Sensitive expenditure
 - Legislative compliance
 - Procurements and conflict of interest.
- The OAG has guidance on the control of sensitive expenditure; *Controlling sensitive expenditure: Guide for public organisations.*

Planned Audit Approach

- Fraud: We will hold discussions with management and other business / accounting process owners to understand and identify management policies and procedures surrounding fraud detection and prevention exist, and whether there had been any instance of fraud that had come to their attention during the year. We will remain alert to fraud indicators throughout the performance of our audit procedures. We will also carry out analytical review procedures to assess whether movements in key account balances are reasonable and in line with our expectations
- Sensitive expenditure: We will perform sensitive expenditure testing on a judgmental basis across costs relating to areas such as entertainment and travel
- Legislative compliance: Throughout the performance of our audit procedures and discussions with management we will remain aware of any issues in relation to non-compliance with legislation
- Procurement and conflict of interest: We will review policies and procedures surrounding procurement and conflict of interests and assess whether these procedures have been applied appropriately.



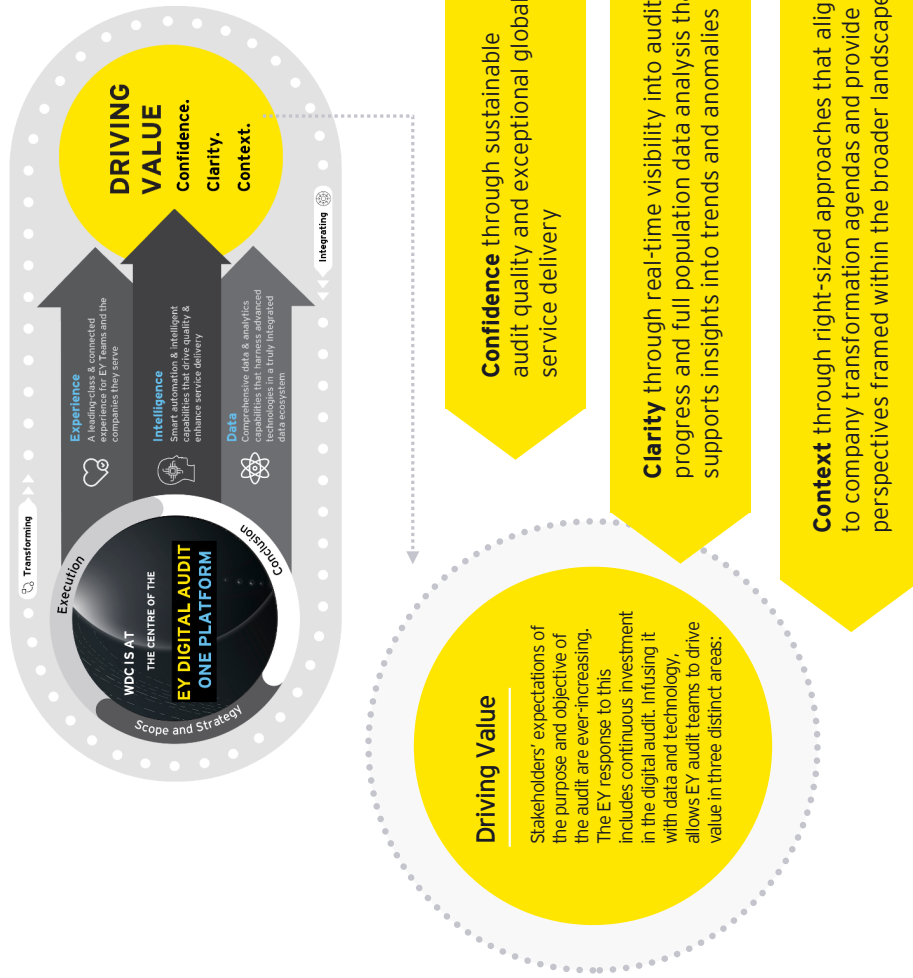
Digital audit approach

Delivering a digital audit is standard to the way we execute. What is personalised is the journey

Digitalisation continues to be one of the most important drivers of transformation, especially in these changing times. The evolving business landscape has challenged the usual accounting and reporting cycles for many organisations, prompting a faster transition to digital work environments. It is even more critical now for organisations to share trustworthy and readily available financial information for stakeholders.

Data-driven Audit

The EY Digital Audit improves the way our auditors look at risk and reduces management burden in supporting the audit.



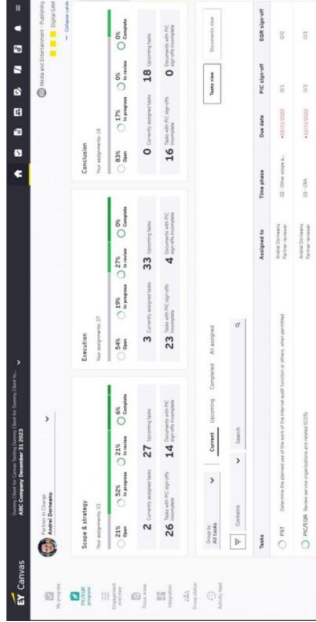
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EY Digital Audit - Experience

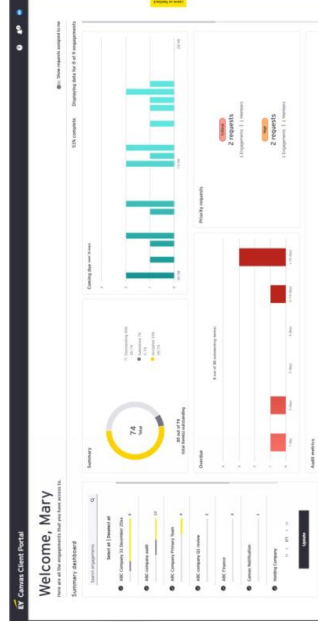
Connecting WDC seamlessly and securely

Powered by Microsoft Azure Cloud, EY Canvas enables a consistent and highly integrated audit.

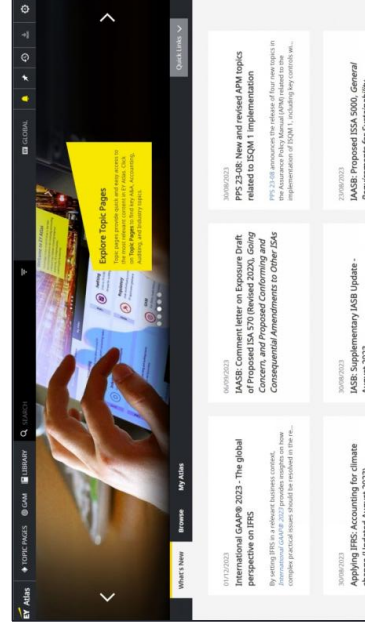
The EY Canvas Client Portal connects Wairoa District Council directly to the EY team, giving real time visibility of audit requests, better security over your data, streamlined communication and automated uploading to our tools.



EY Canvas



EY Canvas Client Portal



EY Atlas Client Edition

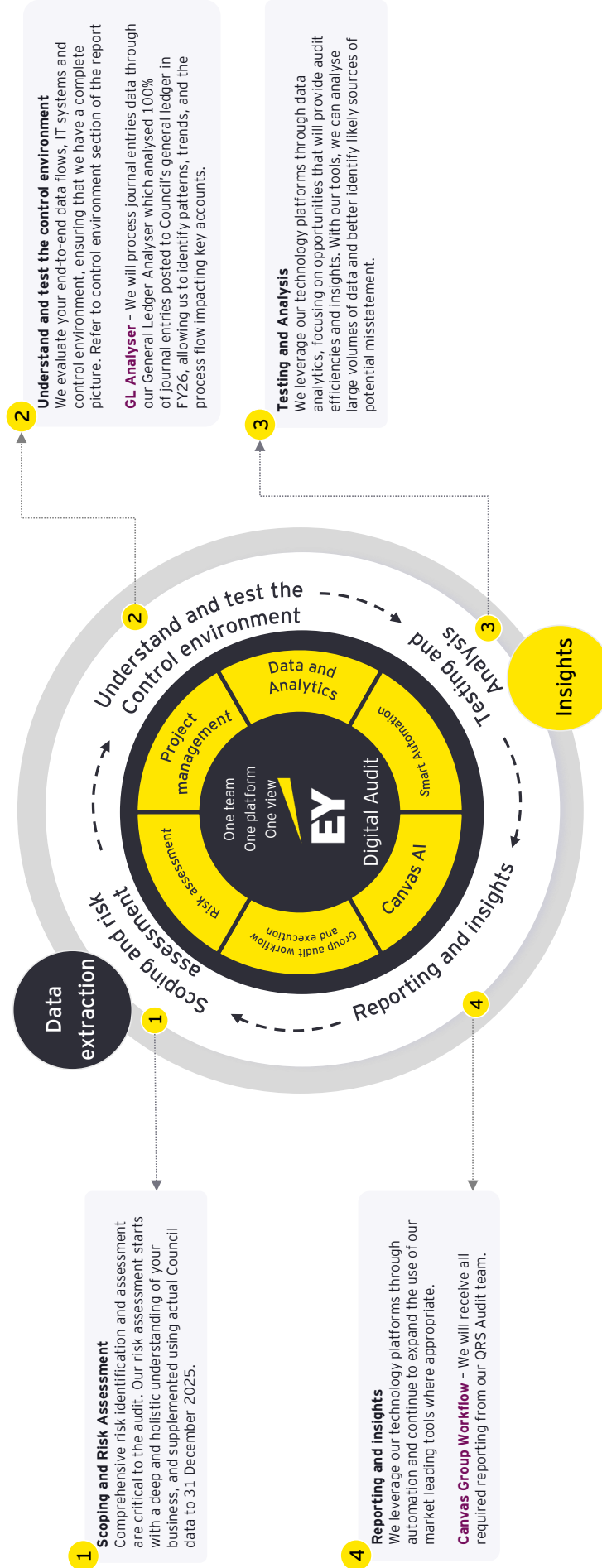
EY Atlas Client Edition is an online resource to access accounting and financial reporting literature, including external standards, EY interpretations and thought leadership.

1. Faster and better research results.
2. Integration with EY Canvas to bring the most relevant up-to-date accounting, auditing and industry information.
3. Direct access to EY technical insights relating to accounting, financial reporting and regulatory filing matters.

Fuelled by Wairoa District Council data, powered by EY Digital Technology

Driving better risk analysis and a higher quality audit

The EY audit methodology is underpinned by a range of tools and platforms that are highly integrated. But we know that any technology is only as powerful as the people who use it. Our understanding of your organisation and financial processes, combined with our advanced technology and a single, digitally-enabled approach enhances the way we look at risk, and delivers higher-quality audits - while continuing to drive a culture of digital innovation.



Internal control environment

The primary responsibility for the design and operating effectiveness of the internal control environment, including the prevention and detection of fraud and error, rests with those charged with governance and management.

We obtain an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit is not designed to express an opinion on the effectiveness of internal control we are required to communicate significant deficiencies in internal control to you.

Our assessment of internal controls covers:

- The control environment including entity level controls
- The design and operating effectiveness of internal controls.

We provide management with a Report on Control Findings during the audit process, outlining our findings and our recommendations on where improvements in internal controls can be made. Where significant deficiencies come to our attention, we will communicate these to the Committee.

Assessment of Internal Control Environment

In accordance with the Auditor General's auditing standards, we will perform a review of the design and operating effectiveness of the Council's significant recording and reporting processes.

We will ensure that any significant deficiencies that come to our attention during the course of our audit are communicated to the Committee and management in a timely manner. We will revisit our 2024/2025 control findings during our audit to check if management's responses have been implemented during the year as agreed.

Assessing the Risk of Fraud

Our responsibility as the external auditor is to consider the risk of fraud and the factors that are associated with it so as to provide reasonable assurance that the financial statements are free from material misstatement resulting from fraud. However, it is important to note that while our external audit work is not primarily directed towards the detection of fraud or other irregularities, we will report any matters identified during the course of our work.

When developing our Audit Plan we use professional judgement in determining whether a fraud risk factor is present. We determine fraud risk factors in the context of the three conditions generally present when fraud occurs (i.e., incentive/pressure, opportunity and attitude/rationalisation).

Our approach to fraud risks are outlined below:

Understanding the organisation and the control environment - We will enhance this understanding to provide a foundation for our risk assessment. Our understanding includes the business model as well as external factors and internal factors, including the governance and monitoring structures in place.

Identification of risks of material misstatement due to fraud - We will challenge risk assessments in line with the current environment, applying the fraud triangle when making these risk assessments, focusing on sources of fraud risk factors.

Responding to risks of material misstatements due to fraud - We will take into account our understanding of the entity's business and its control environment, designing tailored responses to identified risks of fraud and evaluating the reliability of audit evidence obtained.

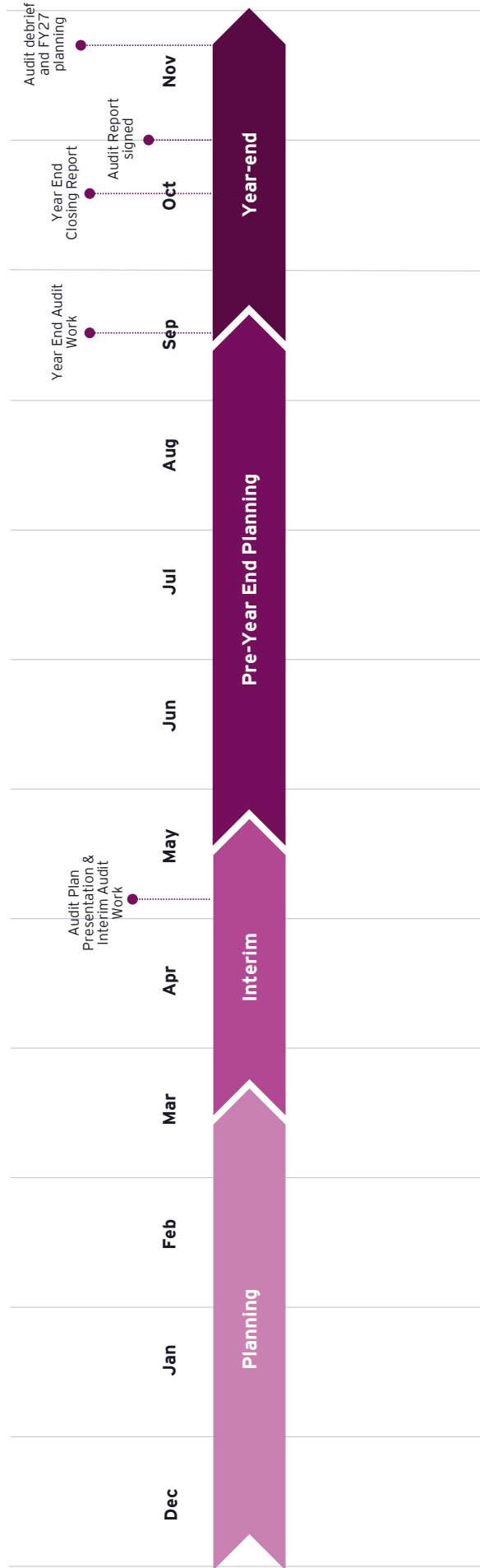
Identifying and responding to fraud risks in an audit - We will apply data analytics to enhance identification of and response to identified fraud risks.

Communicating identified or suspected fraud - We will report any instances of suspected fraud to management and the Committee in accordance with obligations under both auditing and ethics standards.



Engagement execution

FY26 Audit Timeline



Legend:

- EY Key audit activity

∞ Continuous communication approach

We will have continuous communication with management and the finance team throughout the year. We anticipate meeting to discuss business operations, financing and transactions, as well as perspectives on other key matters as we collaboratively progress the audit.

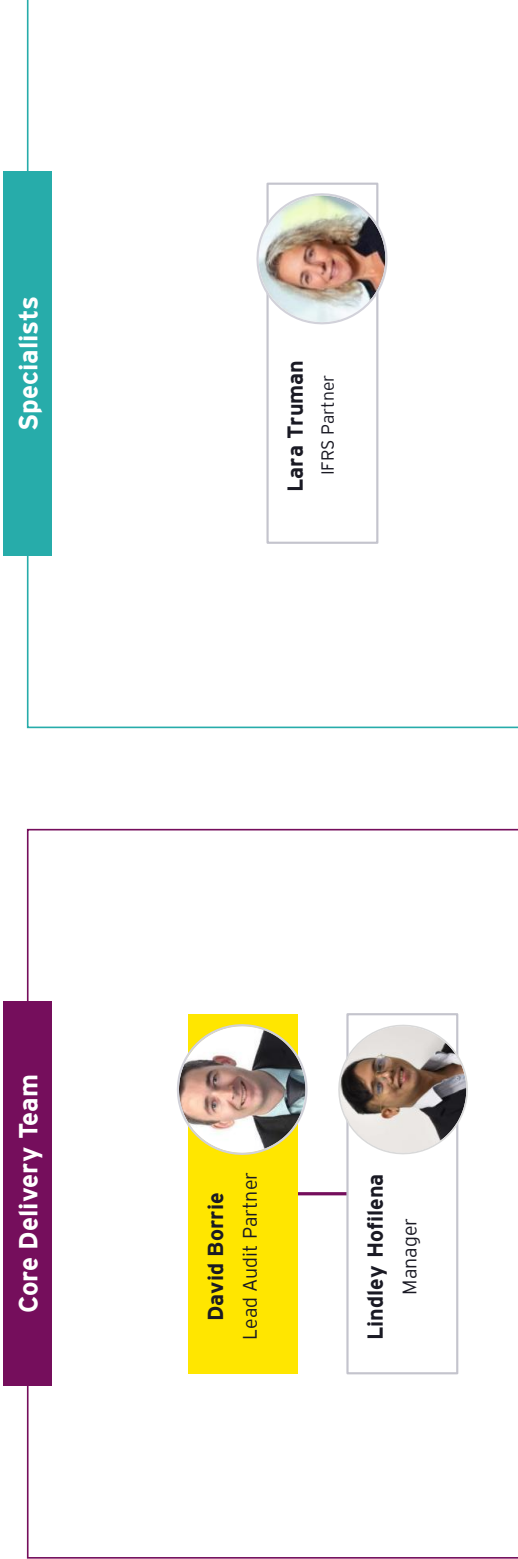


EY | Wairoa District Council | For the Year ending 30 June 2026

Your EY Team

We understand that our team is the most important element of your relationship with us. Our team has been involved in the audit of Wairoa District Council for a number of years. This stability provides Wairoa District Council with continuity, historical knowledge of your organisation and industry expertise. These combined factors enable us to focus on the issues relevant to your organisation. Further we have incorporated experts to assist us in addressing particular areas where there is greater complexity or specialist knowledge is required.

Throughout the audit process David will attend Assurance, Risk & Infrastructure Committee meetings and are available to meet the Committee or the Board at any time during the year.



EXECUTIVE SUMMARY

AREAS OF ASSURANCE FOCUS

AUDIT APPROACH

ENGAGEMENT EXECUTION

YOUR EY TEAM

APPENDICES

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Appendices

A. Independence

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A. Independence

Independence is fundamental to EY as our ongoing reputation and success is connected to our ability to meet both Council and broader regulatory independence requirements.

We have consistently complied with all professional regulations relating to auditor independence including those outlined in:

- PES 1 International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)
- OAG independence rules.

Accordingly, we ensure that there are controls in place and actions taken on a regular basis that mitigate any risks to our independence.

There are no matters that, in our professional judgement, bear on our independence which need to be disclosed to the Committee.

Non-audit services provided by EY are as follows:

	Fee Independence (000's) threats identified	Actions taken to address the threat and safeguards adopted
Debiture Trust Deed Reporting	4	Self interest threat independence assurance services
Total Fees	4	

We will confirm our independence throughout the audit in accordance with auditing standards and remain in compliance with NZICA Code of Ethics and the Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners (Including International Independence Standards) (New Zealand)* independence requirements.

Meeting your independence requirements

- The scope of non-audit services provided to you will be based upon both the letter and spirit of the current rules governing auditor independence
- We have no actual, potential or perceived conflicts of interest
- All team members have personally confirmed their independence
- We will adhere to strict confidentiality requirements
- We will ensure that EY, its Partners and current service team members do not hold any financial interests in Wairoa District Council.



Independent In "Appearance"

- We will bring differences in opinion to management and Board
- We will adhere to the independence requirements of Wairoa District Council
- We will not provide any prohibited services
- We will comply with all independence legislation and guidelines.

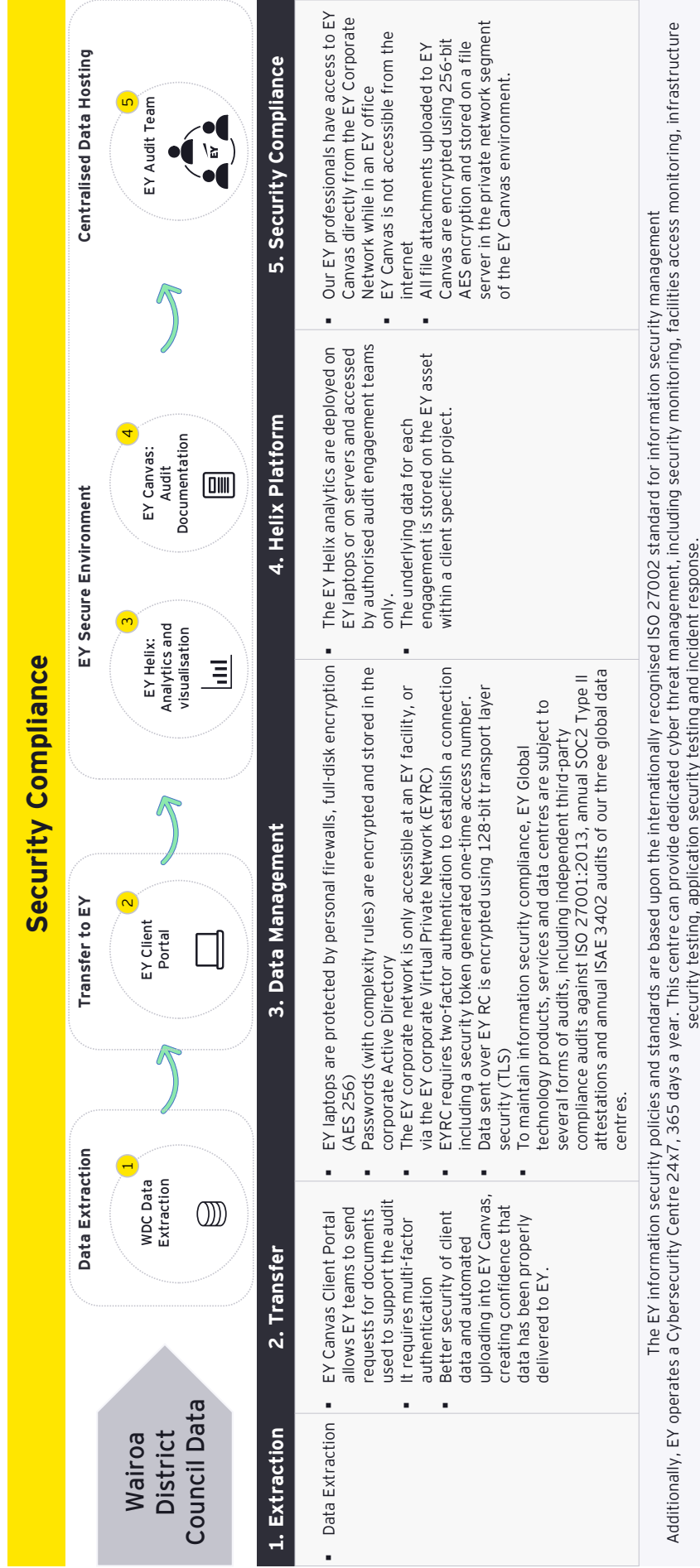


Independent In "Mind"



B. Data security and privacy

Protecting your data



C. System of quality management

The annual evaluation conclusion for EY New Zealand is that the objectives of the System of Quality Management is being achieved as of 30 June 2024 and that they support the consistent performance of quality audits and related engagements.

EY's approach to quality management

Professional and Ethical Standard 3 ("PES 3", which is the NZ version of ISQM 1) is applicable to all firms that perform audits and other similar engagements. As a result, we are required to design, implement and operate a system of quality management ("SQM") to provide reasonable assurance that:

- The member firm and its personnel fulfil their responsibilities in accordance with professional standards and applicable legal and regulatory requirements, and conduct engagements in accordance with such standards and requirements
 - Engagement reports issued by the member firm or engagement partners are appropriate in the circumstances.
- We are also required to monitor, remediate and annually evaluate the SQM as well as communicate to those charged with governance how the SQM supports the consistent performance of quality engagements. The following slides explain our approach and the results of our most recent assessment.
- Individuals with SQM roles have the appropriate experience, knowledge, influence and authority, and sufficient time to fulfil their System of Quality Management roles and are accountable for fulfilling their responsibilities.

Note: In the context of the annual evaluation of the SQM, EY New Zealand refers to the following member firms performing audits or reviews of financial statements or other assurance or related services engagements: Ernst & Young (partnership), Ernst & Young Limited and Ernst & Young Strategy and Transactions Limited.

EY is dedicated to delivering high-quality audits and assurance engagements and serving the public interest.

Key elements of EY's SQM



EY member firms, which include the relevant New Zealand firms, are ultimately responsible for the design, implementation, and operation of their SQM, and have the responsibility to:

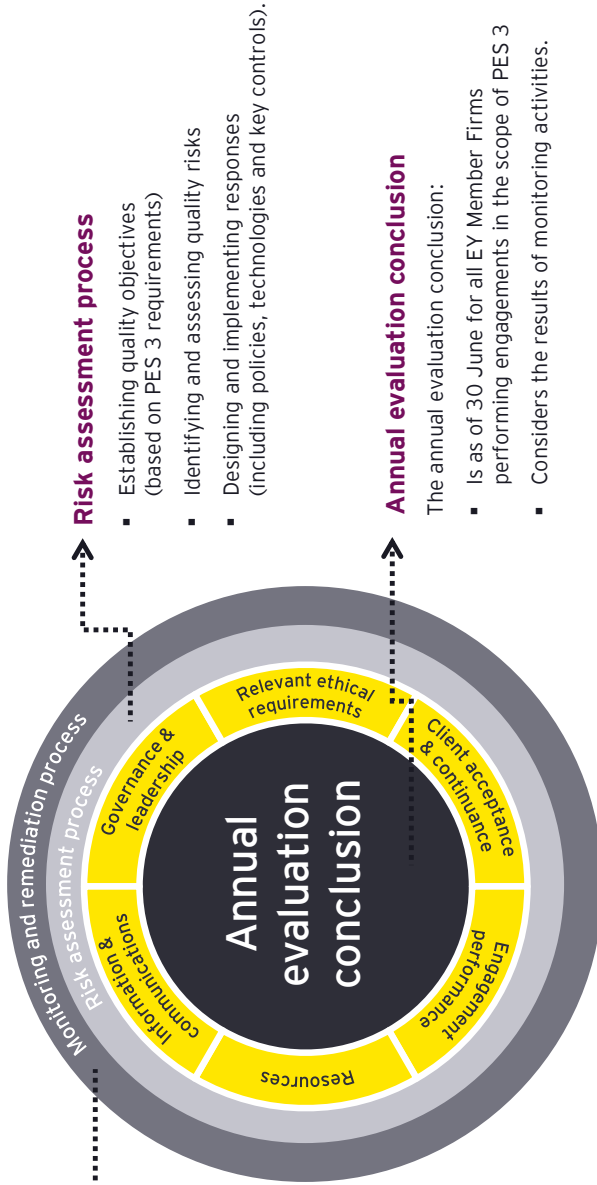
- Evaluate policies, technologies, strategies, programs and baseline elements provided to them, and
- Determine if they need to be supplemented by the member firm to be appropriate for use.

C. System of quality management (Continued)

SQM processes to support quality audits

Monitoring and remediation process

- Provide relevant, reliable and timely information about the design, implementation and operation of the SQM and a basis for the identification of deficiencies in the SQM
- Monitoring activities include monitoring the entire SQM (e.g., testing SQM controls, internal inspections of completed engagements, assessing member firm and personnel's compliance with ethical requirements related to independence)
- If deficiencies are identified, they are corrected on a timely basis and an action plan is designed, implemented and evaluated for effectiveness.



Risk assessment process

- Establishing quality objectives (based on PES 3 requirements)
- Identifying and assessing quality risks
- Designing and implementing responses (including policies, technologies and key controls).

Annual evaluation conclusion

- The annual evaluation conclusion:
- Is as of 30 June for all EY Member Firms performing engagements in the scope of PES 3
 - Considers the results of monitoring activities.

Key roles within the SQM include:

- The Country Managing Partner: assigned ultimate responsibility and accountability for the SQM by concluding on its effectiveness
- The Country Assurance Managing Partner: assigned operational responsibility for the System of Quality Management. This includes recommending the System of Quality Management annual evaluation conclusion to the Country Managing Partner
- The Country Independence leader: assigned operational responsibility for compliance with independence requirements
- The Country Professional Practice Director: assigned operational responsibility for monitoring the SQM including concurring with or proposing changes to the recommended SQM annual evaluation conclusion.

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EY is building a better working world by creating new value for clients, people, society and the planet, while building trust in capital markets.

Enabled by data, AI and advanced technology, EY teams help clients shape the future with confidence and develop answers for the most pressing issues of today and tomorrow.

EY teams work across a full spectrum of services in assurance, consulting, tax, strategy and transactions. Fuelled by sector insights, a globally connected, multi-disciplinary network and diverse ecosystem partners, EY teams can provide services in more than 150 countries and territories.

All in to shape the future with confidence.

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ED None

This report is intended solely for the information and use of the Audit and Risk Committee, other members of the Board of Directors and senior management of Waioa District Council, and should not be used for any other purpose nor given to any other party without our prior written consent. We disclaim all responsibility to any other party for any loss or liability that the other party may suffer or incur arising from or relating to or in any way connected with the contents of this report, the provision of this report to the other party or the reliance upon this report by the other party.

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8 April 2026

Craig Little
Mayor
Wairoa District Council
Coronation Square, Queen Street
Wairoa 4108

Copy: Director Auditor Appointments
Office of the Auditor-General
PO Box 3928
Wellington

Dear Craig

Proposal to conduct the audit of Wairoa District Council on behalf of the Auditor-General for the 2026, 2027 and 2028 financial years

1 Introduction

The Auditor-General proposes to appoint me to carry out the audit of your organisation for the next three years. As required by the Office of the Auditor-General (OAG), I set out below information relating to the audit for the three financial years ending 30 June 2026, 2027 and 2028. The purpose of this proposal is to provide information on:

- the statutory basis for the audit and how audit fees is set;
- the entities covered by this proposal;
- key members of the audit team;
- the hours we plan to spend on the audit and reasons for any change in hours;
- our proposed fees for the audit for the financial years ending 30 June 2026 and 2027 and reasons for any change. The Council's Water Services Delivery Plan anticipates a new Council Controlled Organisation ('CCO') being established for water services delivery for the 2028 financial year. Given this is a notable change we will set audit fees for this year closer to the time once more details are known;
- assumptions relating to the proposed audit fees, including what we expect of your organisation;
- what the OAG Audit Standards and Quality Support charge provides;
- certification required by the Auditor-General; and



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- our commitment to conduct the audit in accordance with the Auditor-General's Auditing Standards.

2 Statutory basis for the audit and how audit fees are set

The audit of your organisation is carried out under Section 15 of the Public Audit Act 2001, which states that "the Auditor-General must from time to time audit the financial statements, accounts, and other information that a public entity is required to have audited".

Fees for audits of public entities are set by the Auditor-General under section 42 of the Public Audit Act 2001. However, your Council and I have the opportunity to reach agreement first and recommend those fees for approval. The Auditor-General, with assistance from the OAG, will set audit fees directly only if we fail to reach agreement.

Our proposed audit fees are set out in this letter and include an estimate of the reasonable cost of disbursements (including travel and accommodation where necessary).

3 Entities covered by this proposal

This proposal covers the audit of Wairoa District Council ('WDC').

4 Key members of the audit team

Appointed Auditor	David Borrie (2026 and 2027)
Appointed Auditor	Stuart Mutch (2028)
Audit Manager	Lindley Hofilena
Technical Accounting Specialist	Lara Truman

5 Estimated audit hours

We estimate that the following hours will be required to carry out the audit (compared to budgeted and actual data from the previous financial year):

Audit team member	2025 budget	2025 actual*	2026	2027
Appointed Auditor	54	80	54	54
Audit Manager	94	135	94	94
Other CA qualified staff	315	369	315	315
Non CA qualified staff	348	553	348	348
Technical Accounting Specialist	5	4	5	5

2



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Audit team member	2025 budget	2025 actual*	2026	2027
Total audit hours	816	1,141	816	816

* Actual audit hours in the table above have been adjusted to remove any auditor inefficiencies so the hours presented in the table reflect efficiently performed required audit work.

The actual hours for the 2025 audit were higher than the budgeted hours due to:

- Changes in the Council finance team that resulted in a decrease in capacity for the 2025 financial year-end.
- Difficulty reconciling Council's asset management data (stored in AssetFinda) with financial information in the General Ledger and related subledgers.
- Issues with the accuracy of reported performance metrics relating to water services and roading.
- Challenges with timely provision of information to support results presented in the Annual Report. This primarily related to subsidy revenue, infrastructure assets and certain performance measures (such as water loss).

In estimating audit hours for the 2026 and 2027 years we have assumed that the above matters will be satisfactorily resolved and have used the 2025 budgeted hours as a basis rather than the actual hours incurred for 2025 that were higher. There is a risk that some or all of the above matters are not resolved in time for the 2026 audit. To the extent these matters repeating results in us incurring additional time we will work with Council to agree additional audit fees as appropriate.

5.1 Reasons for changes in audit hours

No changes in audit hours are anticipated for the 2026 and 2027 years. As explained above causes of actual hours exceeding budgeted hours during the 2023 to 2025 period are not expected to recur. There are also no new accounting or auditing standards that are expected to have a significant impact on the preparation or audit of the Annual Report for the 2026 and 2027 years.

6 Proposed audit fees

Our proposed fees for the next three audits (compared to budgeted and actual data from the previous financial year) are:



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Structure of audit fees	2025 budget \$	2025 actual \$	2026 \$	2027 \$
Net audit fee (excluding OAG Audit Standards and Quality Support charge and disbursements)	138,656	138,656	143,509	148,532
OAG Audit Standards and Quality Support charge	16,944	16,944	16,940	16,940
Total audit fee (excluding disbursements)	155,600	155,600	160,449	165,472
Estimated Disbursements	10,000	9,813	11,000	12,000
Total billable audit fees and charges	165,600	165,413	171,449	177,472
GST	24,840	24,812	25,717	26,621
Total (including GST)	190,440	190,225	197,166	204,093

The audit fees allow for the audit team to carry out specific tasks identified in the OAG Sector Brief and for the OAG Audit Standards and Quality Support charge. We have also estimated the reasonable cost of disbursements (including travel and accommodation where necessary). Disbursement costs are indicative only and will be charged on an actual and reasonable basis.

6.1 Reasons for changes in audit fees

The reasons for changes in your organisation's audit fee are shown in the table below.

Reasons for increased or decreased audit fees compared to previous period budgeted fees.	2026	2027
Predicted staff salary cost movements at 3.5%*	4,853	5,023
Total increase (decrease) in audit fees	4,853	5,023

* We have included a direct cost increase of 3.5% per annum. This reflects expected increases in costs which are primarily salaries for accounting and auditing staff. The expectation is based on both what we have experienced recently in the market for this group of workers and also estimates of cost pressures for the coming years.



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7 Assumptions relating to our audit fee

You are responsible for the production of your financial statements and anything else that must be audited. Our proposed audit fees are based on the assumption that:

- You will provide to us, in accordance with the agreed timetable, the complete information required by us to conduct the audit.
- Your staff will provide us with an appropriate level of assistance.
- Your organisation's annual report and financial statements (including Statements of Service Performance) will be subject to appropriate levels of quality review by you before being submitted to us for audit.
- Your organisation's financial statements will include all relevant disclosures.
- We will review up to two sets of draft annual reports, one printer's proof copy of the annual report, and one copy of the electronic version of the annual report (for publication on your website).
- There are no significant changes to the structure and/or scale of operations of the entities covered by this proposal (other than as already advised to us).
- There are no significant changes to mandatory accounting standards or the financial reporting framework that require additional work.
- There are no significant changes to mandatory auditing standards that require additional work.
- There are no significant changes to the agreed audit arrangements (set out in an annual letter we will send you) that change the scope of, timing of, or disbursements related to, this audit.
- As outlined in Section 1 the impact of Local Water Done Well has been excluded from this fee proposal. The most notable impact of the Council's Water Services Delivery Plan will be in the first year of the new CCO operating. For this reason audit fees for 2028 are not included in this proposal and will be agreed with Council once more details are available.

If the scope and/or amount of work changes significantly, we will discuss the issues and any implications for our audit costs and your audit fees with you and the OAG at the time.



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8 What the OAG Audit Standards and Quality Support charge provides

Parliament has indicated that it expects the full cost of annual audits under the Public Audit Act (including an OAG Audit Standards and Quality Support charge) to be funded by public entities.

The OAG Audit Standards and Quality Support charge partially funds a range of work that supports auditors and entities, including:

- development and maintenance of auditing standards;
- technical support for auditors on specific accounting and auditing issues;
- ongoing auditor training on specific public sector issues;
- preparation of sector briefs to ensure a consistent approach to annual audits;
- development and maintenance of strategic audit plans; and
- carrying out quality assurance reviews of all auditors, and their audits and staff on a regular (generally, three-year) cycle.

Appointed Auditors are required to return the OAG Audit Standards and Quality Support charge portion of the audit fee, to the OAG.

9 Certifications required by the Auditor-General

We certify that:

- the undertakings, methodology, and quality control procedures that we have declared to the OAG continue to apply;
- our professional indemnity insurance policy covers this engagement; and
- the audit will be conducted in accordance with the terms and conditions of engagement set out in the audit engagement agreement and schedules.

10 Conclusion

As the Appointed Auditor, I am committed to providing you and the Auditor-General with the highest level of professional service. I intend to work with you, the OAG, and the Auditor-General in a partnership environment to resolve any issues that may arise.

If you require any further information, please do not hesitate to contact me.



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Please counter-sign this letter (below) to confirm that you, and the governing body of your organisation, agree with its contents. This letter will then form the basis for a recommendation to the Auditor-General on the audit fee that should be set. The schedules of audit hours and fees will also be incorporated into my audit engagement agreement with the Auditor-General to carry out the audit of your organisation as the agent of the Auditor-General.

Yours sincerely

David Borrie
Partner
Ernst & Young

I accept the audit fees for the audit of the two financial years as stated above.

Full name: _____ Position: _____

Authorised signature: _____ Date: _____

Entity name: _____

Actions to take when agreement has been reached:

- 1 Make a copy of this signed proposal and keep it for your file.
- 2 Send the original to:
 - David Borrie
 - Ernst & Young
 - PO Box 490
 - Wellington 6140



Ernst & Young
Level 2, 40 Bowen Street
Wellington 6011 New Zealand
PO Box 490 Wellington 6140

Tel: +64 4 499 4888
ey.com/nz

8 April 2026

Craig Little
Mayor
Wairoa District Council
Coronation Square, Queen Street
Wairoa 4108

Dear Craig

AUDIT ENGAGEMENT LETTER

This audit engagement letter is sent to you on behalf of the Auditor-General who is the auditor of all "public entities", including Wairoa District Council, under section 14 of the Public Audit Act 2001 (the Act). The Auditor-General has appointed me, David Borrie, using the staff and resources of Ernst & Young, under section 32 and 33 of the Act, to carry out the annual audits of the Wairoa District Council's financial statements and performance information. We will be carrying out these annual audits on the Auditor-General's behalf, for the years ending 30 June 2026, 2027 and 2028.

This letter outlines:

- the terms of the audit engagement and the nature, and limitations, of the annual audit; and
- the respective responsibilities of the Council and me, as the Appointed Auditor, for the financial statements and performance information.

The objectives of the annual audit are:

- to provide an independent opinion on the Council's financial statements and performance information; and
- to report on other matters that come to our attention as part of the annual audit. Typically those matters will relate to issues of financial management and accountability.

We will carry out the 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 (collectively the Auditing Standards). The Auditing Standards require that we comply with ethical requirements, and plan and perform the annual audit to obtain reasonable assurance about whether Wairoa District Council's financial statements and performance

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information are free from material misstatement. The Auditing Standards also require that we remain alert to issues of concern to the Auditor-General. Such issues tend to relate to matters of financial management and accountability.

Your responsibilities

Our audit will be carried out on the basis that the Council acknowledges that it has responsibility for:

- preparing the financial statements and performance information in accordance with any applicable legal requirements and financial reporting standards;
- having such internal control as determined necessary to enable the preparation of financial statements and performance information that are free from material misstatement, whether due to fraud or error; and
- providing us with:
 - access to all information relevant to preparing the financial statements and performance information such as records, documentation, and other information;
 - all other information, in addition to the financial statements and performance information, to be included in the annual report;
 - additional information that we may request from the Council for the purpose of the audit;
 - unrestricted access to Council members and employees that we consider necessary; and
 - written confirmation concerning representations made to us in connection with the audit.

The Council's responsibilities extend to all resources, activities, and entities under its control. We expect that the Council will ensure:

- the resources, activities, and entities under its control have been operating effectively and efficiently;
- it has complied with its statutory obligations including laws, regulations, and contractual requirements;
- it has carried out its decisions and actions with due regard to minimising waste;
- it has met Parliament's and the public's expectations of appropriate standards of behaviour in the public sector in that it has carried out its decisions and actions with due regard to probity; and

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- its decisions and actions have been taken with due regard to financial prudence.

We expect the Council and/or the individuals within the Wairoa District Council with delegated authority, to immediately inform us of any suspected fraud, where there is a reasonable basis that suspected fraud has occurred - regardless of the amount involved. Suspected fraud also includes instances of bribery and/or corruption.

The Council has certain responsibilities relating to the preparation of the financial statements and performance information and in respect of financial management and accountability matters. These specific responsibilities are set out in Annex 1. The Auditor-General and Ernst & Young take seriously their responsibilities under the Health and Safety at Work Act 2015, and we expect you to provide a safe and healthy working environment for our audit staff when they are working at your premises. Specific health and safety responsibilities are set out in Annex 1. We expect members of Council to be familiar with all of the responsibilities set out in Annex 1 and, where necessary, have obtained advice about them.

The Council should have documented policies and procedures to support its responsibilities. It should also regularly monitor performance against its objectives.

Our responsibilities

Carrying out the audit

We are responsible for forming an independent opinion on whether the financial statements of Wairoa District Council:

- present fairly, in all material respects:
 - its financial position as at 30 June 2026, 2027 and 2028; and
 - its financial performance and cash flows for the years then ended;
- comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.

We are also responsible for forming an independent opinion on whether the performance information of Wairoa District Council:

- presents fairly, in all material respects, the performance for the years ended 30 June 2026, 2027 and 2028, including:
 - its performance achievements as compared with forecasts included in the annual plan or long term plan for the financial year; and

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- its actual revenue and expenses as compared with the forecasts included in the annual plan or long term plan for the financial year.
- complies with generally accepted accounting practice in New Zealand.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements and performance information. How we obtain this information depends on our judgement, including our assessment of the risks of material misstatement of the financial statements and performance information, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements and performance information.

We do not examine every transaction, nor do we guarantee complete accuracy of the financial statements and performance information. Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with the Auditing Standards.

During the audit, we obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal controls. However, we will communicate to you in writing about any significant deficiencies in internal control relevant to the audit of the financial statements and performance information that we identify during the audit.

During the audit, the audit team will:

- be alert for issues of effectiveness and efficiency – in particular, how the Council have carried out their activities;
- consider laws and regulations relevant to the audit;
- be alert for issues of waste – in particular, whether the Council obtained and applied the resources of the Council in an economical manner, and whether any resources are being wasted;
- be alert for issues of a lack of probity – in particular, whether the Council has met Parliament's and the public's expectations of appropriate standards of behaviour in the public sector; and
- be alert for issues of a lack of financial prudence.

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Our independence

It is essential that the audit team and Ernst & Young remain both economically and attitudinally independent of Wairoa District Council; including being independent of management personnel and members of Council. This involves being, and appearing to be, free of any interest that might be regarded, whatever its actual effect, as being incompatible with the objectivity of the audit team and the Ernst & Young.

To protect our independence, specific limitations are placed on us in accepting engagements with the Council other than the annual audit. We may accept certain types of other engagements, subject to the requirements of the Auditing Standards. Any other engagements must be the subject of a separate written arrangement between the Council and myself or Ernst & Young.

Reporting

We will issue an independent audit report that will be attached to the financial statements and performance information. This report contains our opinion on the fair presentation of the financial statements and performance information and whether they comply with the applicable reporting requirements. The audit report may also include comment on other financial management and accountability matters that we consider may be of interest to the addressee of the audit report.

We will also issue a management letter that will be sent to the Council. This letter communicates any matters that come to our attention during the audit that, in our opinion, are relevant to the Council. Typically those matters will relate to issues of financial management and accountability. We may also provide other management letters to the Wairoa District Council from time to time. We will inform the Council of any other management letters we have issued.

The management letter is the basis of a letter sent to the Minister and a briefing report sent to the select committee about the results of our audit.

Please note that the Auditor-General may publicly report matters that are identified in the annual audit, in keeping with section 21 of the Public Audit Act 2001.

Next steps

Please acknowledge receipt of this letter and the terms of the audit engagement by signing the enclosed copy of the letter in the space provided and returning it to me. The terms will remain effective until a new Audit Engagement Letter is issued.

If you have any questions about the audit generally, or have any concerns about the quality of the audit, you should contact me as soon as possible. If after contacting me you still have concerns, you should contact the Director of Auditor Appointments at the Office of the Auditor-General on (04) 917 1500.

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If you require any further information, or wish to discuss the terms of the audit engagement further before replying, please do not hesitate to contact me.

Yours faithfully

A handwritten signature in black ink, appearing to read 'D. Borrie', with a horizontal line extending from the end of the signature.

David Borrie
Partner
Ernst & Young
Chartered Accountants
On behalf of the Auditor-General
Wellington, New Zealand

I acknowledge the terms of this engagement and that I have the required authority on behalf of Council.

Signature:

Name:

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Annex 1 – Respective specific responsibilities of the Council and the Appointed Auditor

Responsibilities for the financial statements and performance information	
<i>Responsibilities of the Council</i>	<i>Responsibilities of the Appointed Auditor</i>
<p>You are required by legislation to prepare financial statements and performance information in accordance with legal requirements and financial reporting standards.</p> <p>You must also ensure that any accompanying information in the annual report is consistent with that reported in the audited financial statements and performance information.</p> <p>You are required by legislation to prepare the financial statements and performance information and provide that information to us before the statutory reporting deadline. It is normal practice for you to set your own timetable to comply with statutory reporting deadlines. To meet the reporting deadlines, we are dependent on receiving the financial statements and performance information ready for audit and in enough time to enable the audit to be completed. "Ready for audit" means that the financial statements [and performance information] have been prepared in accordance with legal requirements and financial reporting standards, and are supported by proper accounting records and complete evidential documentation.</p>	<p>We are responsible for carrying out an annual audit, on behalf of the Auditor-General. We are responsible for forming an independent opinion on whether the financial statements:</p> <ul style="list-style-type: none"> ▪ present fairly, in all material respects: <ul style="list-style-type: none"> ▪ the financial position as at 30 June 2026, 2027 and 2028 and ▪ the financial performance and cash flows for the years then ended; ▪ comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards. <p>We are also responsible for forming an independent opinion on whether the performance information:</p> <ul style="list-style-type: none"> ▪ presents fairly, in all material respects, the performance for the years ended 30 June 2026, 2027 and 2028, including: <ul style="list-style-type: none"> ▪ the performance achievements as compared with forecasts included in the annual plan or long term plan for the financial year; and ▪ the actual revenue and expenses as compared with the forecasts included in the annual plan or long term plan for the financial year. ▪ complies with generally accepted accounting practice in New Zealand <p>We will also read the other information accompanying the financial statements and performance information and consider whether there are material inconsistencies with the audited financial statements and performance information.</p>

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	<p>Materiality is one of the main factors affecting our judgement on the areas to be tested and on the timing, nature, and extent of the tests and procedures performed during the audit. In planning and performing the annual audit, we aim to obtain reasonable assurance that the financial statements and performance information do not have material misstatements caused by either fraud or error. Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence the audit report addressee's overall understanding of the financial statements and performance information.</p> <p>If we find material misstatements that are not corrected, they will be referred to in the audit opinion. The Auditor-General's preference is for you to correct any material misstatements and avoid the need for them to be referred to in the audit opinion.</p> <p>An audit also involves evaluating:</p> <ul style="list-style-type: none"> ▪ the appropriateness of accounting policies used and whether they have been consistently applied; ▪ the reasonableness of the significant accounting estimates and judgements made by those charged with governance; ▪ the appropriateness of the content and measures in any performance information; ▪ the adequacy of the disclosures in the financial statements and performance information; and ▪ the overall presentation of the financial statements and performance information. <p>We will ask you for written confirmation of representations made about the financial statements and performance information. In particular, we will seek confirmation that:</p> <ul style="list-style-type: none"> ▪ the adoption of the going concern basis of accounting is appropriate;
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	<ul style="list-style-type: none"> ▪ all material transactions have been recorded and are reflected in the financial statements and performance information; ▪ all instances of non-compliance or suspected non-compliance with laws and regulations have been disclosed to us; and ▪ uncorrected misstatements noted during the audit are immaterial to the financial statements and performance information. <p>Any representation made does not in any way reduce our responsibility to perform appropriate audit procedures and enquiries.</p> <p>We will ensure that the annual audit is completed by the reporting deadline or, if that is not practicable because of the non-receipt or condition of the financial statements and performance information, or for some other reason beyond our control, as soon as possible after that.</p> <p>The work papers that we produce in carrying out the audit are the property of the Auditor-General. Work papers are confidential to the Auditor-General and subject to the disclosure provisions in section 30 of the Public Audit Act 2001.</p>
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Responsibilities for the accounting records	
<i>Responsibilities of the Council</i>	<i>Responsibilities of the Appointed Auditor</i>
<p>You are responsible for maintaining accounting and other records that:</p> <ul style="list-style-type: none"> ▪ correctly record and explain the transactions of the public entity; ▪ enable you to monitor the resources, activities, and entities under your control; ▪ enable the public entity's financial position to be determined with reasonable accuracy at any time; 	<p>We will perform sufficient tests to obtain reasonable assurance as to whether the underlying records are reliable and adequate as a basis for preparing the financial statements and performance information.</p> <p>If, in our opinion, the records are not reliable or accurate enough to enable the preparation of the financial statements and performance information and the necessary evidence cannot be obtained by other means, we will need to consider the effect on the audit opinion.</p>

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<ul style="list-style-type: none"> ▪ enable you to prepare financial statements and performance information that comply with legislation (and that allow the financial statements and performance information to be readily and properly audited); and ▪ are in keeping with the requirements of the Commissioner of Inland Revenue. 	
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Responsibilities for accounting and internal control systems	
<i>Responsibilities of the Council</i>	<i>Responsibilities of the Appointed Auditor</i>
<p>You are responsible for establishing and maintaining accounting and internal control systems (appropriate to the size of the public entity), supported by written policies and procedures, designed to provide reasonable assurance as to the integrity and reliability of financial and - where applicable - performance information reporting.</p>	<p>The annual audit is not designed to identify all significant weaknesses in your accounting and internal control systems. We will review the accounting and internal control systems only to the extent required to express an opinion on the financial statements and performance information.</p> <p>We will report to you separately, on any significant weaknesses in the accounting and internal control systems that come to our notice and that we consider may be relevant to you. Any such report will provide constructive recommendations to assist you to address those weaknesses.</p>

Responsibilities for preventing and detecting fraud and error	
<i>Responsibilities of the Council</i>	<i>Responsibilities of the Appointed Auditor</i>
<p>The responsibility for the prevention and detection of fraud and error rests with you, through the implementation and continued operation of adequate internal control systems (appropriate to the size of the public entity) supported by written policies and procedures.</p> <p>We expect you to formally address the matter of fraud, and formulate an appropriate policy on how to minimise</p>	<p>We design our audit to obtain reasonable, but not absolute, assurance of detecting fraud or error that would have a material effect on the financial statements and performance information. We will review the accounting and internal control systems only to the extent required for them to express an opinion on the financial statements and performance information, but we will:</p>

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<p>it and (if it occurs) how it will be dealt with. Fraud also includes bribery and corruption.</p> <p>We expect you to consider reporting all instances of actual, suspected, or alleged fraud to the appropriate law enforcement agency, which will decide whether proceedings for a criminal offence should be instituted. We expect you to immediately inform us of any suspected fraud where you, and/or any individuals within the Wairoa District Council with delegated authority have a reasonable basis that suspected fraud has occurred - regardless of the amount involved.</p>	<ul style="list-style-type: none"> ▪ obtain an understanding of internal control and assess its ability for preventing and detecting material fraud and error; and ▪ report to you any significant weaknesses in internal control that come to our notice. <p>We are required to immediately advise the Office of the Auditor-General of all instances of actual, suspected, or alleged fraud.</p> <p>As part of the audit, you will be asked for written confirmation that you have disclosed all known instances of actual, suspected, or alleged fraud to us.</p> <p>If we become aware of the possible existence of fraud, whether through applying audit procedures, advice from you, or management, or by any other means, we will communicate this to you with the expectation that you will consider whether it is appropriate to report the fraud to the appropriate law enforcement agency. In the event that you do not report the fraud to the appropriate law enforcement agency, the Auditor-General will consider doing so, if it is appropriate for the purposes of protecting the interests of the public.</p>
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Responsibilities for compliance with laws and regulations	
<i>Responsibilities of the Council</i>	<i>Responsibilities of the Appointed Auditor</i>
<p>You are responsible for ensuring that the public entity has systems, policies, and procedures (appropriate to the size of the public entity) to ensure that all applicable legislative, regulatory, and contractual requirements that apply to the activities and functions of the public entity are complied with. Such systems, policies, and procedures should be documented.</p>	<p>We will obtain an understanding of the systems, policies, and procedures put in place for the purpose of ensuring compliance with those legislative and regulatory requirements that are relevant to the audit. Our consideration of specific laws and regulations will depend on a number of factors, including:</p> <ul style="list-style-type: none"> ▪ the relevance of the law or regulation to the audit; ▪ our assessment of the risk of non-compliance; ▪ the impact of non-compliance for the addressee of the audit report

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	<p>The way in which we will report instances of non-compliance that come to our attention will depend on considerations of materiality or significance. We will report to you and to the Auditor-General all material and significant instances of non-compliance.</p> <p>We will also report to you any significant weaknesses that we observe in internal control systems, policies, and procedures for monitoring compliance with laws and regulations.</p>
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Responsibilities to establish and maintain appropriate standards of conduct and personal integrity	
<i>Responsibilities of the Council</i>	<i>Responsibilities of the Appointed Auditor</i>
<p>You should at all times take all practicable steps to ensure that your members and employees maintain high standards of conduct and personal integrity. You should document your expected standards of conduct and personal integrity in a "Code of Conduct" and, where applicable, support the "Code of Conduct" with policies and procedures.</p> <p>The expected standards of conduct and personal integrity should be determined by reference to accepted "Codes of Conduct" that apply to the public sector.</p>	<p>We will have regard to whether you maintain high standards of conduct and personal integrity – particularly in matters relating to financial management and accountability. Specifically, we will be alert for significant instances where members and employees of the public entity may not have acted in accordance with the standards of conduct and personal integrity expected of them.</p> <p>The way in which we will report instances that come to our attention will depend on significance. We will report to you and to the Auditor-General all significant departures from expected standards of conduct and personal integrity that come to our attention during the audit.</p> <p>The Auditor-General, on receiving a report from us, may, at his discretion and with consideration of its significance, decide to conduct a performance audit of, or an inquiry into, the matters raised. The performance audit or inquiry will be subject to specific terms of reference, in consultation with you. Alternatively, the Auditor-General may decide to publicly report the matter without carrying out a performance audit or inquiry.</p>

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Responsibilities for conflicts of interest and related parties	
<i>Responsibilities of the Council</i>	<i>Responsibilities of the Appointed Auditor</i>
<p>You should have policies and procedures to ensure that your members and employees carry out their duties free from bias.</p> <p>You should maintain a full and complete record of related parties and their interests. It is your responsibility to record and disclose related-party transactions in the financial statements and performance information in accordance with generally accepted accounting practice.</p>	<p>To help determine whether your members and employees have carried out their duties free from bias, we will review information provided by you that identifies related parties, and will be alert for other material related-party transactions. Depending on the circumstances, we may enquire whether you have complied with any statutory requirements for conflicts of interest and whether these transactions have been properly recorded and disclosed in the financial statements and performance information.</p>

Responsibilities for publishing the audited financial statements on a website	
<i>Responsibilities of the Council</i>	<i>Responsibilities of the Appointed Auditor</i>
<p>You are responsible for the electronic presentation of the financial statements and performance information on the public entity's website. This includes ensuring that there are enough security and controls over information on the website to maintain the integrity of the data presented.</p> <p>If the audit report is reproduced in any medium, you should present the complete financial statements, including notes, accounting policies, and any other accountability statements.</p>	<p>Examining the controls over the electronic presentation of audited financial statements and performance information, and the associated audit report, on your website is beyond the scope of the annual audit.</p>

Responsibilities under the Health and Safety at Work Act 2015	
<i>Responsibilities of the Council</i>	<i>Responsibilities of the Appointed Auditor</i>
<p>We expect you to work with us to ensure the health and safety of our audit staff.</p> <p>You must ensure, so far as is reasonably practicable, the health and safety of our audit staff while they are on your premises, or otherwise engaging with you on their audit work. We expect you to provide a safe and</p>	<p>The Auditor-General and Ernst & Young take seriously their responsibility to provide a safe working environment for audit staff. Under the Health and Safety at Work Act 2015, as a person conducting a business or undertaking (PCBU) we will make arrangements with you to keep our audit staff safe while they are working at</p>

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<p>healthy work environment, which includes, but is not limited to, providing:</p> <ul style="list-style-type: none"> ▪ information, training, instruction, and supervision to protect them from work related health and safety risks, including inductions on workplace emergency evacuation procedures; ▪ suitably designed workstations that support and maintain an ergonomically correct body posture, including adequate lighting and ventilation; ▪ adequate welfare facilities, such as appropriate bathroom and washing amenities, suitable drinking water, and rest facilities; ▪ appropriately labelled and equipped first-aid kits; ▪ personal protective equipment (PPE) when all other control measures can't adequately eliminate or minimise risks to a worker's health and safety; and ▪ protection from offensive conduct such as aggressive slurs and/or behaviours, physical assaults or threats, intimidation, ridicule or mockery, insults, or put-downs. <p>We expect you to work with us to resolve any health and safety concerns related to our audit staff.</p>	<p>your premises or otherwise engaging with you on their audit work.</p> <p>We will obtain an understanding of health & safety systems, policies, and procedures put in place for the purpose of ensuring compliance with legislative and regulatory requirements.</p> <p>We will take reasonable care of our own health and safety, and we will take reasonable care that what we do or don't do does not adversely affect the health and safety of other people.</p> <p>We will cooperate with the workplace health and safety policies and procedures of the Wairoa District Council and comply with any reasonable instructions given.</p> <p>We will monitor the health and safety of our audit staff (in particular, to ensure you are providing the things listed under your responsibilities to ensure a safe and healthy work environment for our audit staff when they are on your premises), and we may advise someone at your premises (such as a Chief Financial Officer and/or a health and safety representative) if we have a health and safety concern related to our audit staff. We will work with you to resolve any health and safety concerns related to our audit staff.</p>
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8.2 APRIL 2026 FINANCIAL REPORT

Author: Martin Bacon, Senior Accountant

Authoriser: Gary Borg, Group Manager - Finance and Corporate Support

Appendices: 1. April 2026 Monthly Report [↓](#)

1. PURPOSE

- 1.1 This report provides full year forecasted information on Council's operating financial performance as at 30 April 2026.
- 1.2 This is an information report because it provides an update on Council's progress against objectives established and decisions previously made in the Long-term Plan 2024-27 and the Annual Plan for the year ending 30 June 2026.

RECOMMENDATION

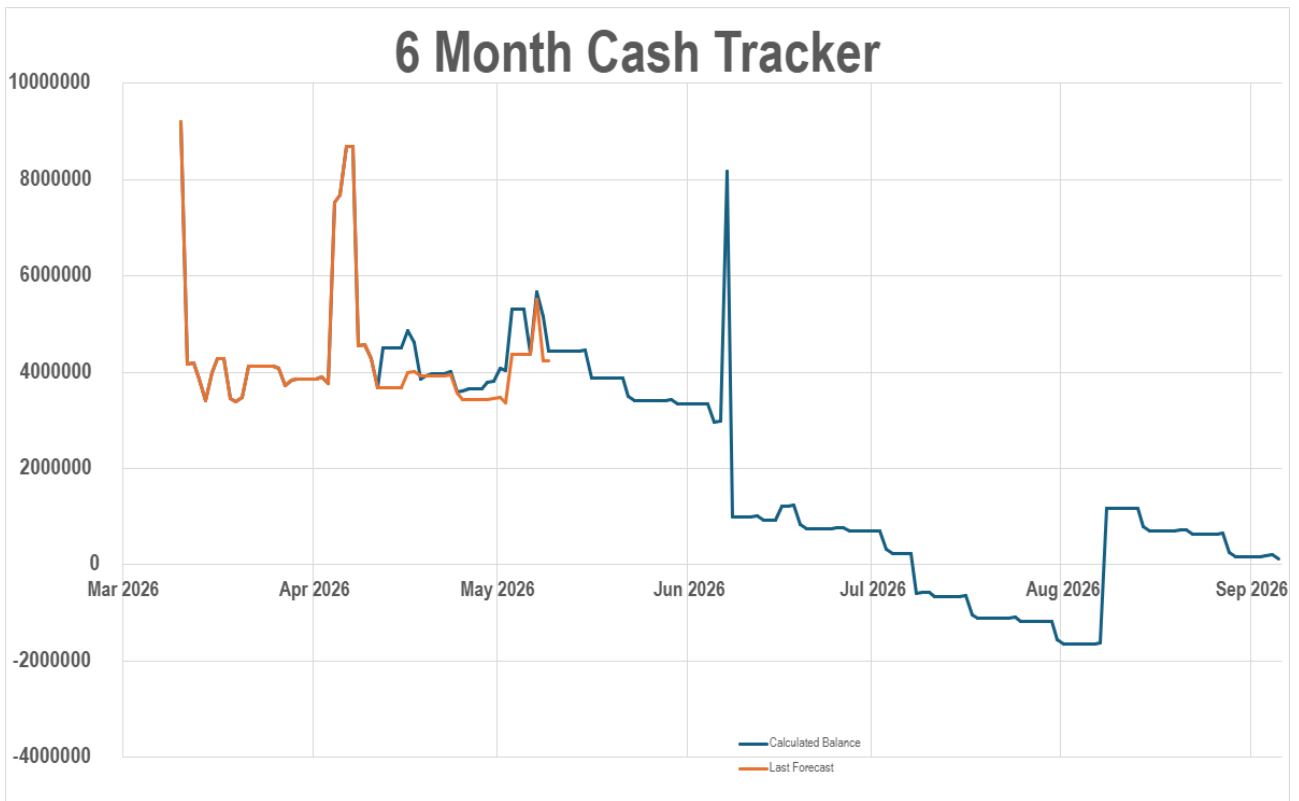
The Senior Accountant RECOMMENDS that Committee receive the report.

2. BACKGROUND

- 2.1 Council's minimum statutory obligations regarding reporting, public accountability and financial management are contained in Part 6 of the Local Government Act 2002. Monitoring financial performance is integral to this.
- 2.2 Beyond this, regular performance reporting is good practice, keeping Council and the community informed of its financial performance and position.
- 2.3 In addition, full year forecasting provides the opportunity for timely corrective actions and informs the decision-making process for each subsequent Annual Plan and Long-term Plan.

3. REPORTING UPDATES

Below is the monthly cashflow graph which shows the forecast cashflows from our cash tracking sheet we have been using since June 2025. This graph shows the previous 60 days actuals and the forecast for the next 120 days. We are expecting to require more borrowing in July to fund forecast capital expenditure.





Te Kaunihera o
Te
WAIROA
District Council

Monthly Report

April 2026

This report covers the period 1 July 2025 through 30 April 2026

Te Matapae Whiwhinga Pūtea me te Utu Whakahaere

Income and Expense Statement

	Whole of Council							
	Year to Date				Full Year			
	Actual \$000	Budget \$000	Variance \$	Variance %	Forecast \$000	Budget \$000	Variance \$	Variance %
Revenue								
Rates	24,362	23,624	738	3%	24,531	23,437	1,094	5%
Operational Subsidies and grants	19,214	29,430	(10,216)	-35%	25,570	35,315	(9,745)	-28%
Capital Subsidies and grants	18,130	23,271	(5,141)	-22%	19,687	27,925	(8,238)	-30%
Other Income	3,831	3,293	538	16%	4,439	3,814	625	16%
Total revenue	65,537	79,618	(14,081)	-18%	74,227	90,491	(16,264)	-18%
Expense								
Consultancy	1,661	1,824	163	9%	1,941	2,189	248	11%
Depreciation and Amortisation	9,080	8,526	(554)	-6%	10,895	10,231	(664)	-6%
Electricity	374	339	(35)	-10%	445	405	(40)	-10%
Staff Costs	7,200	8,655	1,455	17%	8,670	10,514	1,844	18%
Finance Costs	391	797	406	51%	470	957	487	51%
Grants	904	501	(403)	-80%	961	612	(349)	-57%
Insurance	783	851	68	8%	783	851	68	8%
Legal	38	79	41	52%	38	95	57	60%
Operating Expenses	4,881	5,463	582	11%	5,867	6,440	573	9%
Other Expenses	1,306	1,173	(133)	-11%	1,476	1,422	(54)	-4%
Recovery Office	1,036	231	(805)	-348%	1,042	278	(764)	-275%
Repairs and Maintenance	19,499	30,998	11,499	37%	25,526	37,198	11,672	31%
Internal Recoveries	(8,258)	(7,379)	(879)	12%	(9,903)	(8,855)	(1,048)	12%
Internal Charges	8,254	6,297	(1,957)	-31%	9,887	7,547	(2,340)	-31%
Total expense	47,149	58,355	9,448	16%	58,098	69,884	9,690	14%
Net surplus / (deficit)	18,388	21,263	(2,875)	-14%	16,129	20,607	(4,478)	-22%
Work in Progress	23,032	40,849	17,817	44%	25,956	49,060	23,104	47%
Net surplus / (deficit) Less WIP	(4,644)	(19,586)	(14,942)	76%	(9,827)	(28,453)	(18,626)	65%

Finance costs are under budget due to lower than budgeted borrowing.

Grants are over budget mainly due to the mayors taskforce for jobs not being budgeted for but is fully subsidised.

Recovery office is mostly unbudgeted work but is all fully subsidised.

Repairs and Maintenance for transport is \$11.4m below budget due to emergency operational work not

able to progress much recently due to the wet weather. This is forecast to keep the same variance to year end. Plans are in place to carry this forward to next year. With updated processes we expect to be able to do more in the construction season next year. This is the same cause of the operational subsidies being below budget.

Work in progress is forecast to be below budget with details shown on the project tracker on the following pages.

Te Aroturuki Kaupapa Project Tracker

Project Name	WIP b/f	Cost to Date	Forecast Cost	Adjusted Budget	Remaining Budget		Project Status	Scope	Schedule	Budget	Overall	Comment
					\$	%						
Carry Forward Recycling Centre Upgrade	0	67,313	231,313	2,546,191	2,314,878	91%	Design	2	3	1	3	Approval from Council re design, consenting issues need to be managed so there may be a change in scope
Carry Forward Marine Parade Replacement Main	0	0	0	1,900,000	1,900,000	100%	Procurement	2	3	1	3	Plans being updated due to change in scope. This will start in the 2026/27 financial year.
Sewerage Wairoa Ponds	0	76,089	79,003	1,352,000	1,272,997	94%	Investigation	1	2	1	2	Land irrigation designed IWI and Consent requires discharge to land. Feasibility study for UV proposal is underway.
Dog Pound Renewal	28,611	10,648	13,768	1,227,600	1,213,833	99%	Design	1	2	1	2	Designs approved. Going out to tender in May 2026 and expected to be completed in April 2027.
Te Reinga Bridge	5,042,047	8,292,961	9,292,961	9,700,000	407,039	4%	Construction	1	1	1	1	Opened April 2026. Bailey bridge removal scheduled for May.
Mortuary Waste	4,081	23,844	30,515	130,000	99,485	77%	Construction	1	1	1	1	Work at the undertakers is yet to start, work at the cemetery is in procurement and the trailer is in construction.
Stormwater Drainage Prior Year	1,667	184,418	184,418	0	-184,418	-100%	Complete	1	1	3	3	Prior year costs have been recorded in July 2025 but relate to works done in June 2025.
Stormwater Piping open drains	0	105,584	105,584	0	-105,584	-100%	Complete	1	1	3	3	Relates to the McLean St Piping. Commenced 2024/25. Will be bringing carry forward request to council.
Kerbside Expansion	0	0	0	481,230	481,230	100%	Investigation	3	3	1	3	Tied to roadside Bins. Council considering a change in scope which may mean no longer eligible for funding from WMF
Road 38	0	70,912	70,912	43,000	-27,912	-65%	Construction	1	1	3	3	100% Externally funded. Discussions with NZTA to transfer utilised budgets to cover overspend.
Economic Development	0	27,156	27,156	102,300	75,144	73%	Construction	1	3	1	3	The rubbish compunt at Ahi Komau has been completed and the CBD enhancement is yet to start.
Camping Grounds	-231	0	671	35,000	34,329	98%	Hold	2	3	1	3	Project placed on hold due to insufficient budget. Plans are being developed to reroof the toilet.
Community Centre Building	0	4,999	4,999	0	-4,999	-100%	Investigation	1	1	3	3	Carry forward is required. 24 hour gym access for new operator.
Community Centre Building External Funding	0	0	0	572,880	572,880	100%	Hold	3	3	1	3	This project is on hold as the cost to complete is higher than available funding.
Community Centre Gym Equipment	59,117	16,383	16,383	0	-16,383	-100%	Investigation	1	1	3	3	Carry forward is required. This equipment was needed for the new operator to take over.
Information Services	3	105,334	107,334	53,299	-54,035	-101%	Construction	1	1	3	3	Project over budget due to new staff members requiring equipment.
Recovery 24	0	12,790	12,790	670,065	657,275	98%	Hold	0	3	1	3	Climate change resilience project for \$511,500 is dependent on external funding which has not been sourced at this time.
Carry Forward Archives Building	0	0	0	50,000	50,000	100%	Investigation	1	2	1	2	Working on new pricing below A&I and also setting up a meeting with the Museum
Carry Forward Mahia Beach Wastewater System	19,817	221,793	312,091	2,576,449	2,264,358	88%	Construction	1	2	1	2	Work has commenced but will continue into the next financial year.
Carry Forward New Stormwater	109,845	332,653	332,653	1,950,155	1,617,502	83%	Design	2	2	1	2	Change in scope after plans presented. Updating Plans in light of new instructions.
Carry Forward Playground Renewals	0	0	0	225,000	225,000	100%	Procurement	1	2	1	2	Procurement completed about to start on McLean St Park. North Clyde playground will start next year.
Carry Forward Stadium Floor Refurbishment	0	0	0	100,000	100,000	100%	Investigation	1	2	1	2	Awaiting Insurance response. Assessor was on site 24 April 2026.
Water Treatment Tuai Chlorination	0	4,333	4,333	214,644	210,311	98%	Procurement	1	2	1	2	Put out to tender on 10 April.
Stormwater Drainage	4,628	27,125	27,125	587,600	560,476	95%	Construction	1	2	1	2	Scope change to include Newworld carpark. Upsizing pipesize on Paul St. Investigating Carol street works.
Landfill Closure	0	0	0	309,785	309,785	100%	Consultation	2	2	1	2	Intermediate Cap created Nov/Dec 26. Some residual waste going to landfill that isn't transported out of the District
Infrastructure Business Unit	0	561	561	9,216	8,655	94%	Construction	1	2	1	2	linked to new cadets which are currently being recruited
Nuhaka Opoutama Coastal Erosion Protection	592,528	577,778	611,864	5,650,536	5,038,672	89%	Construction	1	2	1	2	Project expected to roll over to 2027. Funding to be secured.
Roading Subsidised	0	4,517,729	4,779,106	6,905,674	2,126,568	31%	Construction	2	1	1	2	BAU work on track
Parks and Reserves	236,013	104,115	108,279	519,985	411,706	79%	Hold	1	2	1	2	Riverbank enhancement project on hold until the flood mitigation plan is confirmed.
Property Corporate	13,055	84,543	89,637	233,799	144,162	62%	Construction	1	2	1	2	Consists of four projects including seismic assessments. Opus completed report on compliance.
Cemeteries	40,444	2,759	6,237	82,888	76,651	92%	Hold	1	2	1	2	Wairoa Cemetery work tied in with Mortuary Waste project
Gaiety Theatre	0	0	0	10,752	10,752	100%	Consultation	1	2	1	2	CCTV and Panic button requested. Discussions underway with property owner,

Project Name	WIP b/f	Cost to Date	Forecast Cost	Full Budget	Remaining Budget		Project Status	Scope	Schedule	Budget	Overall	Comment
					\$	%						
Carry Forward Purchase Vehicles	0	120,088	120,088	120,088	0	0%	Complete	1	1	1	1	Project Completed.
Carry Forward Pensioner Housing Fence Renewal	0	6,380	6,380	25,000	18,620	74%	Construction	1	1	1	1	Work will start after ANZAC weekend.
Carry Forward Refurbish - Exit of iSite	31,478	13,138	13,138	28,522	15,384	54%	Construction	1	1	1	1	80% delivered to date. On track for Delivery by 30 June 2026
Carry Forward Wastewater Pump Stations	0	420,612	483,456	611,515	128,059	21%	Construction	1	1	1	1	On Track for delivery by year end.
Carry Forward Water Treatment Plant Upgrade	0	20,122	20,122	22,187	2,065	9%	Complete	1	1	1	1	Final Report received
Water Reticulation System	141,319	149,952	1,131,419	3,478,800	2,347,381	67%	Procurement	1	1	1	1	Lahore St in construction. Kitchener St, Carole St and Frasertown Pumping Main are in design phase.
Water Treatment Plant	0	28,598	28,598	104,684	76,086	73%	Construction	1	1	1	1	BAU works on track
Wastewater	59,776	130,960	161,131	347,360	186,229	54%	Construction	1	1	1	1	Waiting for final cost from SH2 and North Clyde Pump stations before looking to next stage.
Mahia Recycling Centre	43,298	113,947	113,947	203,450	89,503	44%	Construction	1	1	1	1	Landscapping and final checks underway
Roading Emergency	0	3,897,027	3,954,317	4,776,951	822,634	17%	Construction	1	1	1	1	Discussions with NZTA to transfer utilised budgets to cover overspend.
Parking	0	17,191	17,191	18,615	1,424	8%	Complete	1	1	1	1	Project complete.
Roading Blacks Beach Blowhole	660,112	2,845,563	3,045,563	3,045,563	0	0%	Construction	1	1	1	1	Project will be completed by the end of May. This is fully funded by NZTA and BOF (88% & 12%)
Wairoa Airport	350,447	12,225	12,225	1,982,550	1,970,325	99%	Investigation	1	1	1	1	Contract with MBIE is signed.
Library	0	36,095	44,535	51,200	6,665	13%	Construction	1	1	1	1	Ongoing purchase of library books
New Isite Building	2,985,871	51,745	51,745	74,000	22,255	30%	Construction	1	1	1	1	Final works being completed.
Pensioner Housing Upgrades	0	18,973	24,142	50,000	25,858	52%	Construction	1	1	1	1	One unit completed and the next one started in April.
Vehicle Purchases	0	154,709	154,709	458,640	303,931	66%	Construction	1	1	1	1	Vehicles have been ordered. Waiting on delivery and invoicing.
Gabrielle Extreme Weather Events Recovery Contract	728,793	100,494	101,275	101,275	0	0%	Complete	1	1	1	1	Project complete.
Commercial Properties	0	0	0	44,880	44,880	100%	Hold	1	1	1	1	Not required at this stage. Spend is on an as needed basis
Community Centre Renewals	0	22,089	22,769	137,381	114,612	83%	Investigation	1	1	1	1	Pool renewals and Remedial works are spent on an as needed basis
Total	11,152,719	23,031,726	25,956,440	53,922,710	27,966,270							
Less Budget Adjustment				-4,863,087	-4,863,087							
Totals Per Financial Reports	11,152,719	23,031,726	25,956,440	49,059,623	23,103,183							
Significant issues	60,556	594,888	761,559	6,403,965	5,642,406	88%	13					
Potential issues	1,044,941	5,960,124	6,364,654	22,006,083	15,641,429	71%	17					
On track	10,047,222	16,476,714	18,830,226	25,512,662	6,682,436	26%	22					

Te Matapae Aroā Whiwhinga Pūtea me te Utu Whakahaere

Statement Of Comprehensive Revenue And Expense

For the period ended 30 April 2026

	YTD Actual \$000	YTD Annual Plan \$000	Variance			2026 Forecast \$000	2026 Annual Plan \$000
			\$000	%			
Revenue							
Rates	24,362	23,624	738	3%		24,531	23,437
Subsidies and grants	37,344	52,700	(15,356)	-29%	A	45,257	63,241
Petrol tax	41	68	(27)	-40%		81	82
Fees and charges	3,250	2,642	608	23%		3,754	3,112
Investment revenue	524	583	(59)	-10%		588	620
Miscellaneous Revenue	16	-	16	0%		16	-
Total revenue	65,537	79,617	(14,080)	-18%		74,227	90,492
Expense							
Water Supply	3,040	2,770	(270)	-10%		3,529	3,493
Stormwater	889	751	(138)	-18%		1,046	1,072
Wastewater	2,881	2,893	12	0%		3,305	3,824
Solid Waste	2,418	2,666	248	9%		2,896	3,169
Transport	26,340	37,607	11,267	30%	A	34,082	45,417
Community Facilities	3,553	3,141	(412)	-13%	B	4,161	3,618
Planning and Regulatory	4,162	3,774	(388)	-10%	C	4,764	4,715
Governance & Community	3,112	2,827	(285)	-10%		3,561	3,507
Corporate Services	752	1,925	1,173	61%	D	759	1,066
Total expense	47,147	58,354	11,207	19%		58,103	69,881
Net surplus / (deficit) for the year	18,390	21,263	2,873	14%		16,124	20,611

A. Subsidies and Grants and Transport:

Subsidies and Grants are below budget due to less works happening with the current volatile weather conditions. We have done a conservative forecast to year end keeping the current variance.

B. Community Facilities:

Community facilities is mainly over budget due to higher costs for reserve upkeep.

C. Planning and Regulatory:

Planning and regulatory is over budget due to recovery works which were fully subsidised.

D. Corporate Services:

Corporate services is under budget due to lower interest expenses and vacancies.

Te Matapae Pūtea

Statement of Financial Position

As at 30 April 2026

	YTD Actual \$000	YTD Annual Plan \$000	Variance		2026 Forecast \$000	2026 Annual Plan \$000
			\$000	%		
Current assets						
Cash and cash equivalents	3,782	16,249	(12,467)	-77%	4,937	21,344
Inventories	60	51	9	18%	60	51
Trade and other receivables	7,648	7,794	(146)	-2%	4,348	7,794
Total current assets	11,490	24,094	(12,604)	-52%	9,345	29,189
Current liabilities						
Trade and other payables	8,105	9,800	1,695	17%	9,332	9,800
Staff Costs	497	610	113	19%	497	610
Borrowings	14	-	(14)	0%	14	(173)
Total current liabilities	8,616	10,410	1,794	17%	9,843	10,237
Working capital	2,874	13,684	10,810	79%	E (498)	18,952
Non-current assets						
Property, plant and equipment	481,672	486,247	(4,575)	-1%	481,672	481,821
Work in progress	33,661	40,849	(7,188)	-18%	36,586	49,060
Investment in subsidiary	1,250	1,250	-	0%	1,250	1,250
Loan to Subsidiary	985	1,026	(41)	-4%	985	1,026
Investment property	8,009	8,237	(228)	-3%	6,194	8,234
Biological asset - forestry	932	1,029	(97)	-9%	932	1,046
Total non-current assets	526,509	538,638	(12,129)	-2%	527,619	542,437
Non-current liabilities						
Trade and other payables	56	56	-	0%	56	56
Landfill aftercare	3,432	2,032	(1,400)	-69%	3,432	2,032
Borrowings	9,526	19,065	9,539	50%	F 9,526	21,710
Total non-current liabilities	13,014	21,153	8,139	38%	4,611	23,798
Net assets	516,369	531,169	14,800	3%	522,510	537,591

E. Working Capital:

Working capital is back to being positive this month due to the refinancing of debt and the 4th installment of rates pushing up Trade and other receivables. This is expected to return to a small negative at year end but this includes retentions(\$1.5m) and income in advance(\$1.9m) which are only partially released monthly.

F. Borrowings:

Total borrowings are \$8m below the levels expected from the annual plan due to a delays in capital works.

Ngā Matapae Kapewhiti

Statement of Cashflows

For the period ended 30 April 2026

	YTD Actual \$000	YTD Annual Plan \$000	Variance		2026 Forecast \$000	2026 Annual Plan \$000
			\$000	%		
Cash flows from operating activities						
Receipts from rates revenue	19,303	23,624	(4,321)	-18%	25,583	23,437
Other revenue received	3,230	2,709	521	19%	3,769	3,193
Subsidies and grants received	45,607	52,700	(7,093)	-13%	50,713	63,241
Investment Income	524	583	(59)	-10%	588	620
Payments to suppliers and employees	(43,352)	(36,015)	(7,337)	20%	(49,367)	(40,905)
Interest Paid	(391)	(797)	406	-51%	(470)	(957)
Net cash flows from operating activities	24,921	42,804	(17,883)	-42%	30,816	48,629
Cash flows from investing activities						
Insurance Proceeds	16	-	16	0%	16	-
Purchase of property, plant and equipment	(23,052)	(36,339)	13,287	-37%	(27,793)	(41,846)
Net cash flows used in investing activities	(23,036)	(36,339)	13,303	-37%	(27,777)	(41,846)
Cash flows from financing activities						
Loans raised/(repaid)	(84)	5,931	(6,015)	-101%	(84)	8,404
Net cash flows (used in) from financing activities	(84)	5,931	(6,015)	-101%	(84)	10,808
Net increase/(decrease) in cash and cash equivalents	1,801	12,396	(10,595)	-85%	2,955	17,591
Cash and cash equivalents at beginning of year	1,981	3,853	(1,872)	-49%	1,981	3,853
Cash and cash equivalents at end of year	3,782	16,249	(12,467)	-77%	4,936	21,444
Made up of:						
Cash	3,782	16,249	(12,467)	-77%	4,936	21,344
Cash and cash equivalents at end of year	3,782	16,249	(12,467)	-77%	4,936	21,344



Getting in Touch

Your feedback plays a big role in making our district a better place to live, work and play. We are keen to hear from you, and welcome your ideas and comments.

Here's how you can get in touch:

- www.wairoadc.govt.nz
- facebook.com/wairoadistrictcouncil
- info@wairoadc.govt.nz
- (06) 838 7309
- 97-103 Queen Street, Wairoa 4108
- Wairoa District Council, P.O. Box 54, Wairoa 4160

8.3 MANA WHAKAHONO Ā ROHE: IWI PARTICIPATION ARRANGEMENTS

Author: Hinetaakoha Viriaere, Pouwhakarae - Whakamahere me te Waeture | Group Manager Planning and Regulatory

Authoriser: Matthew Lawson, Tumu Whakarae | Chief Executive

Appendices: Nil

1. PURPOSE

1.1 This report provides an overview of Mana Whakahono ā Rohe (MWaR) iwi participation arrangements under the Resource Management Act 1991 (RMA), outlines the Mana Whakahono ā Rohe initiations received by Wairoa District Council to date, and provides context regarding the current resource management reform programme and potential implications for Council.

1.2 No decisions are sought from Committee at this stage.

RECOMMENDATION

The Pouwhakarae - Whakamahere me te Waeture | Group Manager Planning and Regulatory RECOMMENDS that Committee receive the report titled “Mana Whakahono ā Rohe – Iwi Participation Arrangements”.

2. BACKGROUND

2.1 Mana Whakahono ā Rohe Overview

Mana Whakahono ā Rohe (MWaR) are formal iwi participation arrangements provided for under the *Resource Management Act 1991 (RMA)*.

The provisions were introduced through the *Resource Legislation Amendment Act 2017* and provide a mechanism for iwi authorities and local authorities to discuss and agree how they will work together on resource management matters.

Broadly, MWaR arrangements are intended to support:

- early and meaningful engagement;
- clearer participation pathways in planning and consenting processes;
- improved understanding of expectations between iwi authorities and councils;
- recognition of Treaty settlement arrangements and iwi planning documents; and
- stronger relationships in relation to resource management and environmental management matters.

Under section 58O of the RMA, iwi authorities may formally initiate a Mana Whakahono ā Rohe process with one or more local authorities.

Following initiation, an initial hui must generally be convened within 60 working days unless otherwise agreed between the parties.

The legislation provides flexibility regarding the scope and structure of any agreement. Arrangements are not intended to be “one size fits all” and may vary depending on the aspirations, priorities and geographic interests of participating authorities.

The Resource Management Act 1991 also enables local authorities to initiate Mana Whakahono ā Rohe arrangements directly with iwi authorities or hapū where appropriate.

2.2 Current Mana Whakahono ā Rohe Initiations

Wairoa District Council has recently received formal Mana Whakahono ā Rohe initiations.

These include initiations from:

- Ngāti Pāhauwera Development Trust;
- Te Wairoa Tapokorau Whānui Trust; and
- Maungaharuru-Tangitū Trust.

The initiations generally seek to establish strengthened and enduring arrangements between iwi authorities and councils and include matters for discussion including:

- district planning;
- spatial planning;
- resource consenting and notification processes;
- monitoring and compliance;
- mātauranga Māori and cultural values;
- climate adaptation and natural hazards; and
- Treaty settlement implementation.

The initiations also reference the importance of iwi management plans, mātauranga Māori, Treaty settlement arrangements and existing relationship agreements as part of future resource management and planning discussions.

The initiations received also acknowledge the significant changes currently occurring within the resource management system and the need to establish enduring relationship frameworks capable of operating within evolving legislative settings.

2.3 Resource Management Reform Context

The current resource management reform environment is highly dynamic and is contributing to increased activity in this area.

Central Government has signalled significant reform of the resource management system, including proposed replacement legislation for the Resource Management Act 1991.

At present, councils, PSGE partners, iwi authorities, hapū, and other stakeholders are navigating multiple overlapping reform processes, planning programmes, and strategic initiatives including:

- ongoing National Direction changes;
- freshwater reform implementation;
- spatial planning discussions;
- climate adaptation work;

- Treaty settlement implementation obligations;
- local government reform discussions; and
- uncertainty regarding future planning legislation and governance structures.

The Government has indicated that further announcements and progression of proposed planning legislation is expected later in 2026.

Accordingly, many iwi authorities and councils are seeking to proactively establish or strengthen relationship arrangements now, prior to further legislative transition.

There is also increasing recognition nationally that:

- iwi participation arrangements need to function effectively across future planning systems;
- environmental systems and catchments extend beyond territorial boundaries;
- planning processes need to better integrate mātauranga Māori;
- earlier engagement can reduce conflict and uncertainty later in statutory processes.

This also intersects with ongoing discussions regarding spatial planning, regional coordination, climate adaptation and proposed local government reform, including discussions regarding potential future governance and planning structures within Hawke's Bay.

As a result, iwi authorities and councils are increasingly seeking to establish relationship frameworks capable of operating across evolving planning and governance systems.

2.4 Risks and Considerations

2.4.1 Capacity and Resourcing

Both councils and iwi authorities may face capacity and resourcing constraints associated with negotiating, implementing and maintaining Mana Whakahono ā Rohe arrangements, particularly while multiple reform programmes and strategic planning processes are occurring concurrently.

Council will seek to manage these pressures through coordinated engagement planning, prioritisation of key workstreams, and alignment with existing planning and reform programmes where possible.

Council will also seek opportunities to support efficient and collaborative processes through technical advice, information sharing, administrative assistance, and collaborative drafting support where appropriate.

2.4.2 Legislative Uncertainty

The current resource management reform programme creates uncertainty regarding how future planning legislation and local government reform may interact with existing Mana Whakahono ā Rohe arrangements and associated governance structures.

Council will continue monitoring Government reform announcements and seek to ensure any future arrangements remain sufficiently flexible to adapt to evolving legislative settings.

2.4.3 Cross-Boundary Coordination

Some Mana Whakahono ā Rohe initiations involve multiple councils and cross-boundary rohe, which may increase coordination complexity, governance considerations and alignment requirements between participating authorities.

Ongoing coordination with neighbouring councils and participating iwi authorities may assist in reducing duplication and supporting more consistent approaches across shared rohe and catchments.

2.4.4 Implementation Considerations

Mana Whakahono ā Rohe arrangements are relationship and process-based mechanisms and do not override statutory decision-making responsibilities or legislative requirements under the Resource Management Act 1991.

Early clarification of roles, expectations, processes and communication pathways may assist in supporting effective implementation and relationship management over time.

2.5 Next Steps

Council officers are currently progressing preliminary engagement and coordination discussions with initiating iwi authorities.

Initial hui are expected to focus on:

- confirming participating parties;
- agreeing negotiation processes;
- establishing timeframes and milestones; and
- identifying key priority issues and areas of mutual interest.

Given the broader reform environment, Council considers it important that engagement and relationship discussions occur in a coordinated and strategic manner.

At this stage, no formal agreements have been entered into.

Further reports may be provided to Council and relevant committees as discussions progress and as greater clarity emerges regarding the Government's proposed planning reforms.

2.6 Contribution to Council Vision and Outcomes

Mana Whakahono ā Rohe arrangements support strengthened relationships and engagement with tangata whenua in relation to environmental management, planning and regulatory processes.

The arrangements also support collaborative approaches to future planning, resilience and environmental outcomes within the district.

Further Information

- [Ministry for the Environment – Mana Whakahono ā Rohe Guidance](#)
- [Resource Management Act 1991 – Mana Whakahono ā Rohe Provisions](#)
- [Mana Whakahono ā Rohe Guidance Document \(MfE PDF\)](#)

References (to or from other Committees)

This report is also intended to be presented to the Māori Standing Committee on June 23rd, 2026.

9 PUBLIC EXCLUDED ITEMS**RESOLUTION TO EXCLUDE THE PUBLIC****RECOMMENDATION**

That the public be excluded from the following parts of the proceedings of this meeting.

The general subject matter of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48 of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
9.1 - PX-Assets & Infrastructure Update	<p>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</p> <p>s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities</p>	<p>s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7</p>