



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

**Date:** Tuesday, 17 February 2026  
**Time:** 1:00 pm  
**Location:** Council Chamber, Wairoa District Council,  
Coronation Square, Wairoa

# **AGENDA**

## **Assurance, Risk & Infrastructure Committee Meeting**

**17 February 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 (Independent)

The agenda and associated papers are also available on our website: [www.wairoadc.govt.nz](http://www.wairoadc.govt.nz)

For further information please contact us 06 838 7309 or by email [info@wairoadc.govt.nz](mailto:info@wairoadc.govt.nz)



**Order Of Business**

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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 of 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**

Nil

## 8 GENERAL ITEMS

### 8.1 FINANCIAL FORECAST REPORT AS AT 31 JANUARY 2026

**Author:** Martin Bacon, Assistant Accountant

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

**Appendices:** [↓](#)1. Financial Forecast January 2026

#### 1. PURPOSE

- 1.1 This report provides full year forecasted information on Council's operating financial performance as at 31 January 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 Assistant 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.
- 2.4 The Financial Forecast report as at 31 January 2026, attached as **Appendix 1**, sets out the financial estimates.

**WAIROA DISTRICT COUNCIL**  
**FORECAST FINANCIAL REPORT**

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31 January 2026

## HE TAUĀKĪ PŪTEA WHIWHI ME TE PŪTEA WHAKAHAERE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the period ended 31 January 2026

	YTD	YTD	Variance		2026	2026
	Forecast	Annual Plan	\$000	%	Forecast	Budget
	\$000	\$000	\$000	%	\$000	\$000
<b>Revenue</b>						
Rates	18,534	17,765	769	4%	24,776	23,437
Subsidies and grants	26,998	36,890	(9,892)	-27% A	67,729	63,241
Petrol tax	20	48	(28)	-58%	79	82
Construction Revenue	-	-	-	0%	-	-
Fees and charges	2,120	1,937	183	9%	3,380	3,112
Investment revenue	385	528	(143)	-27%	680	620
Miscellaneous Revenue	16	-	16	0%	16	-
<b>Total revenue</b>	<b>48,073</b>	<b>57,168</b>	<b>(9,095)</b>	<b>-16%</b>	<b>96,660</b>	<b>90,492</b>
<b>Expense</b>						
Water supply	2,176	1,910	(266)	-14%	3,550	3,493
Stormwater	618	524	(94)	-18%	1,029	1,072
Wastewater	2,010	2,021	11	1%	3,314	3,824
Waste Management	1,732	1,898	166	9%	2,782	3,169
Transport	16,742	26,327	9,585	36% A	43,870	45,417
Community facilities	3,076	2,591	(485)	-19% B	5,046	4,235
Planning and regulatory	3,275	2,642	(633)	-24%	5,654	4,715
Governance and Community	1,616	1,625	9	1%	2,707	2,890
Corporate Services	626	1,432	806	56% C	303	1,066
<b>Total expense</b>	<b>31,871</b>	<b>40,970</b>	<b>9,099</b>	<b>22%</b>	<b>68,255</b>	<b>69,881</b>
<b>Net surplus / (deficit) for the year</b>	<b>16,202</b>	<b>16,198</b>	<b>(18,194)</b>	<b>-112%</b>	<b>28,405</b>	<b>20,611</b>

A. Subsidies and Grants and Transport: Operational subsidies are lower from NZTA (\$9.5M). This has been continually improving since November and is expected to be complete by year end.

B. Community Facilities: Community facilities is over budget due to the changes to the community center management contract and higher costs for reserve upkeep.

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

## HE TAUĀKĪ TŪ PŪTEA

### STATEMENT OF FINANCIAL POSITION

As at 31 January 2026

	YTD	YTD	Variance		2026	2025
	Forecast	Annual Plan			Forecast	Actual
	\$000	\$000	\$000	%	\$000	\$000
<b>Current assets</b>						
Cash and cash equivalents	3,243	12,252	(9,009)	-74%	7,456	1,981
Inventories	67	51	16	31%	67	71
Trade and other receivables	9,800	7,794	2,006	26%	23,366	13,545
<b>Total current assets</b>	<b>13,110</b>	<b>20,097</b>	<b>(6,987)</b>	<b>-35%</b>	<b>30,889</b>	<b>15,597</b>
<b>Current liabilities</b>						
Trade and other payables	6,188	9,800	3,612	37%	26,986	16,298
Employee benefit liabilities	530	610	80	13%	530	967
Borrowings	10,568	-	(10,568)	0%	7,568	8,500
<b>Total current liabilities</b>	<b>17,286</b>	<b>10,410</b>	<b>(6,876)</b>	<b>-66%</b>	<b>35,084</b>	<b>25,765</b>
Working capital	(4,176)	9,687	13,863	143%		(10,168)
<b>Non-current assets</b>						
Property, plant and equipment	484,927	490,633	(5,706)	-1%	484,927	490,048
Work in progress	28,798	28,376	422	1%	47,117	11,149
Investment in subsidiary	1,250	1,250	-	0%	1,250	1,250
Loan to Subsidiary	985	1,026	(41)	-4%	985	1,037
Investment property	8,064	8,240	(176)	-2%	8,064	8,147
Other non-current assets	808	1,004	(196)	-20%	808	1,140
<b>Total non-current assets</b>	<b>524,832</b>	<b>530,529</b>	<b>(5,697)</b>	<b>-1%</b>	<b>543,151</b>	<b>512,771</b>
<b>Non-current liabilities</b>						
Trade and other payables	56	56	-	0%	56	56
Landfill aftercare	3,432	2,032	(1,400)	-69%	3,432	3,432
Borrowings	1,026	17,286	16,260	94%	1,026	1,124
<b>Total non-current liabilities</b>	<b>4,514</b>	<b>19,374</b>	<b>14,860</b>	<b>77%</b>	<b>4,611</b>	<b>4,612</b>
<b>Net assets</b>	<b>516,142</b>	<b>520,842</b>	<b>(6,694)</b>	<b>-1%</b>	<b>538,540</b>	<b>497,991</b>

D. Cash and cash equivalents: We have borrowed \$2m in December to get over the holiday period comfortably and to ensure we have enough cash before we renew our borrowings in April.

E. Borrowings: We have 10.5m of loans maturing in April. As part of the treasury management process we will be ensuring the maturity dates in the future are spread more in line with policy. Total borrowings are \$6.5m below the levels expected from the annual plan.

## HE TAUĀKĪ KAPEWHITI STATEMENT OF CASHFLOWS

As at 31 January 2026

	YTD Forecast \$000	YTD Annual Plan \$000	Variance		2026 Forecast \$000	2025 Actual \$000
			\$000	%		
<b>Cash flows from operating activities</b>						
Receipts from rates revenue	13,550	12,781	769	6%	25,933	21,765
Other revenue received	2,051	1,984	67	3%	3,376	4,914
Subsidies and grants received	33,790	36,890	(3,100)	-8%	54,826	54,260
Investment Income	385	528	(143)	-27%	680	1,541
Payments to suppliers and employees	(47,610)	(21,709)	(25,901)	119%	(36,210)	(53,300)
Taxation						
Interest Paid	(245)	(558)	313	-56%	(441)	(506)
<b>Net cash flows from operating activities</b>	<b>1,921</b>	<b>29,916</b>	<b>(27,995)</b>	<b>-94%</b>	<b>48,164</b>	<b>28,674</b>
<b>Cash flows from investing activities</b>						
Insurance Proceeds	16	-	16	0%	-	238
Purchase of property, plant and equipment	(18,800)	(25,669)	6,869	-27%	(41,658)	(27,836)
<b>Net cash flows used in investing activities</b>	<b>(18,784)</b>	<b>(25,669)</b>	<b>6,885</b>	<b>-27%</b>	<b>(41,658)</b>	<b>(27,598)</b>
<b>Cash flows from financing activities</b>						
Loans raised/(repaid)	1,969	4,152	(2,183)	-53%	(1,031)	(1,402)
<b>Net cash flows (used in)from financing activities</b>	<b>1,969</b>	<b>4,152</b>	<b>(2,183)</b>	<b>-53%</b>	<b>(1,031)</b>	<b>(1,402)</b>
Net increase/(decrease) in cash and cash equivalent	(14,894)	8,399	(23,293)	-277%	5,475	(326)
Cash and cash equivalents at beginning of year	1,981	3,853	(1,872)	-49%	1,981	2,307
<b>Cash and cash equivalents at end of year</b>	<b>(12,913)</b>	<b>12,252</b>	<b>(25,165)</b>	<b>-205%</b>	<b>7,456</b>	<b>1,981</b>
Made up of:						
Cash	6,243	12,252	(6,009)	-49%	7,456	1,981
<b>Cash and cash equivalents at end of year</b>	<b>6,243</b>	<b>12,252</b>	<b>(6,009)</b>	<b>-49%</b>	<b>7,456</b>	<b>1,981</b>

**FORECAST INCOME & EXPENSE STATEMENT**

As at 31 January 2026

	Whole of Council \$'000	Water Supply \$'000	Stormwater \$'000	Wastewater \$'000	Waste Management \$'000	Transport \$'000	Community Facilities \$'000	Planning & Regulatory \$'000	Governance and Community \$'000	Corporate Services \$'000
<b>Revenue</b>										
Rates	18,534	2,062	681	2,577	908	3,606	2,976	2,612	2,124	987
Operational Subsidies and grants	11,756	-	-	-	74	10,644	61	867	110	-
Capital Subsidies and grants	15,242	-	-	21	-	15,286	(19)	-	-	(46)
Other Income	2,541	248	-	32	702	35	32	880	13	597
Internal Recoveries	6,638	-	-	-	-	902	-	294	-	5,441
<b>Total revenue</b>	<b>54,711</b>	<b>2,310</b>	<b>681</b>	<b>2,630</b>	<b>1,684</b>	<b>30,473</b>	<b>3,050</b>	<b>4,653</b>	<b>2,247</b>	<b>6,979</b>
<b>Expense</b>										
Consultancy	1,428	115	4	193	86	443	-	93	135	360
Depreciation and Amortisation	6,355	634	293	528	102	4,115	226	29	-	429
Electricity	249	159	4	46	2	2	14	-	1	20
Staff Costs	4,934	12	-	1	4	141	384	941	759	2,692
Finance Costs	245	-	-	-	-	-	-	-	-	245
Grants	589	-	-	-	-	-	589	-	-	-
Insurance	717	101	20	88	9	5	88	2	14	390
Legal	27	-	-	-	-	-	18	4	-	4
Operating Expenses	2,201	134	12	430	1,053	120	213	26	28	184
Other Expenses	1,916	112	7	74	203	111	252	99	199	859
Recovery Office	1,134	-	-	-	-	-	-	1,134	-	-
Repairs and Maintenance	13,037	314	83	287	-	11,699	513	-	4	138
Internal Charges	5,675	594	195	364	272	1,009	780	1,240	475	748
<b>Total expense</b>	<b>38,507</b>	<b>2,175</b>	<b>618</b>	<b>2,011</b>	<b>1,731</b>	<b>17,645</b>	<b>3,077</b>	<b>3,568</b>	<b>1,615</b>	<b>6,069</b>
<b>Net surplus / (deficit)</b>	<b>16,204</b>	<b>135</b>	<b>63</b>	<b>619</b>	<b>(47)</b>	<b>12,828</b>	<b>(27)</b>	<b>1,085</b>	<b>632</b>	<b>910</b>
Work in Progress	17,651	205	639	391	114	16,129	7	120	102	(55)
<b>Net surplus / (deficit) Less WIP</b>	<b>(1,447)</b>	<b>(70)</b>	<b>(576)</b>	<b>228</b>	<b>(161)</b>	<b>(3,301)</b>	<b>(34)</b>	<b>965</b>	<b>530</b>	<b>965</b>

	Whole of Council				Water Supply			
	Forecast \$000	Budget \$000	Variance \$	Variance %	Forecast \$000	Budget \$000	Variance \$	Variance %
<b>Revenue</b>								
Rates	18,534	17,765	769	4%	2,062	2,067	(5)	0%
Operational Subsidies and grants	11,756	20,601	(8,845)	-43%	-	-	-	0%
Capital Subsidies and grants	15,242	16,290	(1,048)	-6%	-	-	-	0%
Other Income	2,541	2,513	28	1%	248	201	47	23%
Internal Recoveries	6,638	6,292	346	5%	-	-	-	0%
<b>Total revenue</b>	<b>54,711</b>	<b>63,461</b>	<b>(8,750)</b>	<b>-14%</b>	<b>2,310</b>	<b>2,268</b>	<b>42</b>	<b>2%</b>
<b>Expense</b>								
Consultancy	1,428	1,277	(151)	-12%	115	131	16	12%
Depreciation and Amortisation	6,355	5,968	(387)	-6%	634	706	72	10%
Electricity	249	238	(11)	-5%	159	139	(20)	-14%
Staff Costs	4,934	6,021	1,087	18%	12	6	(6)	-100%
Finance Costs	245	558	313	56%	-	-	-	0%
Grants	589	351	(238)	-68%	-	-	-	0%
Insurance	717	720	3	0%	101	81	(20)	-25%
Legal	27	55	28	51%	-	-	-	0%
Operating Expenses	2,201	2,411	210	9%	134	134	-	0%
Other Expenses	1,916	2,269	353	16%	112	110	(2)	-2%
Recovery Office	1,134	162	(972)	-600%	-	-	-	0%
Repairs and Maintenance	13,037	22,826	9,789	43%	314	235	(79)	-34%
Internal Charges	5,675	4,408	(1,267)	-29%	594	367	(227)	-62%
<b>Total expense</b>	<b>38,507</b>	<b>47,264</b>	<b>8,757</b>	<b>19%</b>	<b>2,175</b>	<b>1,909</b>	<b>(266)</b>	<b>-14%</b>
<b>Net surplus / (deficit)</b>	<b>16,204</b>	<b>16,197</b>	<b>7</b>	<b>0%</b>	<b>135</b>	<b>359</b>	<b>(224)</b>	<b>-62%</b>
Work in Progress	17,651	28,376	10,725	38%	205	3,373	3,168	94%
<b>Net surplus / (deficit) Less WIP</b>	<b>(1,447)</b>	<b>(12,179)</b>	<b>10,732</b>	<b>-88%</b>	<b>(70)</b>	<b>(3,014)</b>	<b>2,944</b>	<b>-98%</b>

Repairs and maintenance are over budget due to a loss of mains pressure in Frasertown which is now resolved. Work in Progress is under budget due to works being delayed due to staff capacity. Project managers are being brought in currently to get these back on track

	Stormwater				Wastewater			
	Forecast	Budget	Variance	Variance	Forecast	Budget	Variance	Variance
<b>Revenue</b>								
Rates	681	683	(2)	0%	2,577	2,584	(7)	0%
Operational Subsidies and grants	-	-	-	0%	-	-	-	0%
Capital Subsidies and grants	-	-	-	0%	21	-	21	0%
Other Income	-	-	-	0%	32	15	17	113%
Internal Recoveries	-	-	-	0%	-	-	-	0%
<b>Total revenue</b>	<b>681</b>	<b>683</b>	<b>(2)</b>	<b>0%</b>	<b>2,630</b>	<b>2,599</b>	<b>31</b>	<b>1%</b>
<b>Expense</b>								
Consultancy	4	6	2	33%	193	209	16	8%
Depreciation and Amortisation	293	236	(57)	-24%	528	457	(71)	-16%
Electricity	4	2	(2)	-100%	46	56	10	18%
Staff Costs	-	-	-	0%	1	-	(1)	0%
Finance Costs	-	-	-	0%	-	-	-	0%
Grants	-	-	-	0%	-	-	-	0%
Insurance	20	29	9	31%	88	80	(8)	-10%
Legal	-	-	-	0%	-	-	-	0%
Operating Expenses	12	33	21	64%	430	464	34	7%
Other Expenses	7	12	5	42%	74	190	116	61%
Recovery Office	-	-	-	0%	-	-	-	0%
Repairs and Maintenance	83	81	(2)	-2%	287	298	11	4%
Internal Charges	195	126	(69)	-55%	364	267	(97)	-36%
<b>Total expense</b>	<b>618</b>	<b>525</b>	<b>(93)</b>	<b>-18%</b>	<b>2,011</b>	<b>2,021</b>	<b>10</b>	<b>0%</b>
<b>Net surplus / (deficit)</b>	<b>63</b>	<b>158</b>	<b>(95)</b>	<b>-60%</b>	<b>619</b>	<b>578</b>	<b>41</b>	<b>7%</b>
Work in Progress	639	1,480	841	57%	391	2,916	2,525	87%
<b>Net surplus / (deficit) Less WIP</b>	<b>(576)</b>	<b>(1,322)</b>	<b>746</b>	<b>-56%</b>	<b>228</b>	<b>(2,338)</b>	<b>2,566</b>	<b>-110%</b>

Work in progress is behind budget but the bulk of the work is due to start in March.

Other expenses below budget because of less RMA monitoring due to no river bank breaches or the bar being closed.  
Work in progress is below budget due to work on the Mahia Wastewater upgrade starting in the second half of the year and the storage project being on hold.

	Waste Management				Transport			
	Forecast \$000	Budget \$000	Variance \$	Variance %	Forecast \$000	Budget \$000	Variance \$	Variance %
<b>Revenue</b>								
Rates	908	910	(2)	0%	3,606	3,616	(10)	0%
Operational Subsidies and grants	74	245	(171)	-70%	10,644	20,174	(9,530)	-47%
Capital Subsidies and grants	-	69	(69)	-100%	15,286	15,368	(82)	-1%
Other Income	702	753	(51)	-7%	35	36	(1)	-3%
Internal Recoveries	-	-	-	0%	902	1,127	(225)	-20%
<b>Total revenue</b>	<b>1,684</b>	<b>1,977</b>	<b>(293)</b>	<b>-15%</b>	<b>30,473</b>	<b>40,321</b>	<b>(9,848)</b>	<b>-24%</b>
<b>Expense</b>								
Consultancy	86	26	(60)	-231%	443	423	(20)	-5%
Depreciation and Amortisation	102	142	40	28%	4,115	3,962	(153)	-4%
Electricity	2	5	3	60%	2	3	1	33%
Staff Costs	4	3	(1)	-33%	141	353	212	60%
Finance Costs	-	-	-	0%	-	-	-	0%
Grants	-	-	-	0%	-	-	-	0%
Insurance	9	7	(2)	-29%	5	6	1	17%
Legal	-	-	-	0%	-	-	-	0%
Operating Expenses	1,053	1,219	166	14%	120	91	(29)	-32%
Other Expenses	203	309	106	34%	111	154	43	28%
Recovery Office	-	-	-	0%	-	-	-	0%
Repairs and Maintenance	-	-	-	0%	11,699	21,538	9,839	46%
Internal Charges	272	187	(85)	-45%	1,009	924	(85)	-9%
<b>Total expense</b>	<b>1,731</b>	<b>1,898</b>	<b>167</b>	<b>9%</b>	<b>17,645</b>	<b>27,454</b>	<b>9,809</b>	<b>36%</b>
<b>Net surplus / (deficit)</b>	<b>(47)</b>	<b>79</b>	<b>(126)</b>	<b>-159%</b>	<b>12,828</b>	<b>12,867</b>	<b>(39)</b>	<b>0%</b>
Work in Progress	114	2,036	1,922	94%	16,129	16,253	124	1%
<b>Net surplus / (deficit) Less WIP</b>	<b>(161)</b>	<b>(1,957)</b>	<b>1,796</b>	<b>-92%</b>	<b>(3,301)</b>	<b>(3,386)</b>	<b>85</b>	<b>-3%</b>

Operational subsidies are below budget due to Kerbside expansion work not progressing as expected. This funding has been offset to consultancy.  
Work in progress is also below budget due to the upgrade of the recycling centre being delayed.

Repairs and Maintenance is below budget due to emergency operational work starting in November and will get closer to the YTD budget in the coming months if the weather holds.

	Community Facilities				Planning And Regulatory			
	Forecast	Budget	Variance	Variance	Forecast	Budget	Variance	Variance
	\$000	\$000	\$	%	\$000	\$000	\$	%
<b>Revenue</b>								
Rates	2,976	2,984	(8)	0%	2,612	2,619	(7)	0%
Operational Subsidies and grants	61	19	42	221%	867	162	705	435%
Capital Subsidies and grants	(19)	473	(492)	-104%	-	-	-	0%
Other Income	32	121	(89)	-74%	880	669	211	32%
Internal Recoveries	-	-	-	0%	294	294	-	0%
<b>Total revenue</b>	<b>3,050</b>	<b>3,597</b>	<b>(547)</b>	<b>-15%</b>	<b>4,653</b>	<b>3,744</b>	<b>909</b>	<b>24%</b>
<b>Expense</b>								
Consultancy	-	8	8	100%	93	93	-	0%
Depreciation and Amortisation	226	127	(99)	-78%	29	15	(14)	-93%
Electricity	14	13	(1)	-8%	-	-	-	0%
Staff Costs	384	411	27	7%	941	1,164	223	19%
Finance Costs	-	-	-	0%	-	-	-	0%
Grants	589	351	(238)	-68%	-	-	-	0%
Insurance	88	128	40	31%	2	-	(2)	0%
Legal	18	-	(18)	0%	4	19	15	79%
Operating Expenses	213	220	7	3%	26	34	8	24%
Other Expenses	252	200	(52)	-26%	99	198	99	50%
Recovery Office	-	-	-	0%	1,134	162	(972)	-600%
Repairs and Maintenance	513	518	5	1%	-	3	3	100%
Internal Charges	780	616	(164)	-27%	1,240	1,248	8	1%
<b>Total expense</b>	<b>3,077</b>	<b>2,592</b>	<b>(485)</b>	<b>-19%</b>	<b>3,568</b>	<b>2,936</b>	<b>(632)</b>	<b>-22%</b>
<b>Net surplus / (deficit)</b>	<b>(27)</b>	<b>1,005</b>	<b>(1,032)</b>	<b>-103%</b>	<b>1,085</b>	<b>808</b>	<b>277</b>	<b>34%</b>
Work in Progress	7	772	765	99%	120	789	669	85%
<b>Net surplus / (deficit) Less WIP</b>	<b>(34)</b>	<b>233</b>	<b>(267)</b>	<b>-115%</b>	<b>965</b>	<b>19</b>	<b>946</b>	<b>4979%</b>

Capital Subsidies variance is due to climate change resilience work being delayed and a correction from the 2025 financial year in over stated income.

Grants are over budget due to the changes to the Community Centre management contract.

Other expenses relates to higher costs for reserve upkeep.

Other expenses is below budget due to pausing work on plan development due to the central Government Regulatory changes.

	Governance and Community				Corporate Services			
	Forecast	Budget	Variance	Variance	Forecast	Budget	Variance	Variance
	\$000	\$000	\$	%	\$000	\$000	\$	%
<b>Revenue</b>								
Rates	2,124	2,130	(6)	0%	987	172	815	474%
Operational Subsidies and grants	110	-	110	0%	-	-	-	0%
Capital Subsidies and grants	-	-	-	0%	(46)	379	(425)	-112%
Other Income	13	20	(7)	-35%	597	698	(101)	-14%
Internal Recoveries	-	-	-	0%	5,441	4,871	570	12%
<b>Total revenue</b>	<b>2,247</b>	<b>2,150</b>	<b>97</b>	<b>5%</b>	<b>6,979</b>	<b>6,120</b>	<b>859</b>	<b>14%</b>
<b>Expense</b>								
Consultancy	135	52	(83)	-160%	360	329	(31)	-9%
Depreciation and Amortisation	-	9	9	100%	429	315	(114)	-36%
Electricity	1	-	(1)	0%	20	19	(1)	-5%
Staff Costs	759	764	5	1%	2,692	3,319	627	19%
Finance Costs	-	-	-	0%	245	558	313	56%
Grants	-	-	-	0%	-	-	-	0%
Insurance	14	-	(14)	0%	390	389	(1)	0%
Legal	-	-	-	0%	4	36	32	89%
Operating Expenses	28	47	19	40%	184	168	(16)	-10%
Other Expenses	199	273	74	27%	859	824	(35)	-4%
Recovery Office	-	-	-	0%	-	-	-	0%
Repairs and Maintenance	4	4	-	0%	138	149	11	7%
Internal Charges	475	477	2	0%	748	197	(551)	-280%
<b>Total expense</b>	<b>1,615</b>	<b>1,626</b>	<b>11</b>	<b>1%</b>	<b>6,069</b>	<b>6,303</b>	<b>234</b>	<b>4%</b>
<b>Net surplus / (deficit)</b>	<b>632</b>	<b>524</b>	<b>108</b>	<b>21%</b>	<b>910</b>	<b>(183)</b>	<b>1,093</b>	<b>-597%</b>
Work in Progress	102	121	19	16%	(55)	636	691	109%
<b>Net surplus / (deficit)</b>	<b>530</b>	<b>403</b>	<b>127</b>	<b>32%</b>	<b>965</b>	<b>(819)</b>	<b>1,784</b>	<b>-218%</b>

Consultancy is above the YTD budget due to additional audits.

Other expenses are lower than budget due to the LGA subscription not falling due yet.

Finance costs are below budget due to a lower than expected borrowing position.

Work in progress is below budget due to delays in works on the community centre.

## 8.2 2025/26 HALF YEAR REPORT

**Author:** Michael West, Business Analyst

**Authoriser:** Gary Borg, Tumu Whakarae Tuarua | Deputy Chief Executive & Group Manager - Finance and Corporate Support

**Appendices:** 1. [Wairoa District Council 2025/26 Half Year Report](#) ↓

### 1. PURPOSE

- 1.1. This paper provides a summary of the attached Half-Year Report and highlights the key points.

### RECOMMENDATION

The Business Analyst RECOMMENDS that Committee receive the 2025/26 half year report.

### 2. BACKGROUND

- 2.1 Wairoa District Council's half year report for the 2025/26 year is attached.
- 2.2 The half year report provides an update as to current performance against targets for both financial and non-financial indicators as set out in the 2025/26 Annual Plan.
- 2.3 Results from the half year report can be used to indicate potential focus areas for the remaining half of the 2025/26 financial year.
- 2.4 Full year audited financial and non-financial results along with performance stories will be presented in the 2025/26 Annual Report.

### 3. SUMMARY OF PROGRESS

- 3.1 Overall non-financial half year results show steady progress against targets set in the Annual Plan and Long-Term Plan with many results in line with previous years.
- 3.2 Most measures reported as not met are measures gleaned from residents' satisfaction survey results – these results are traditionally low.
- 3.3 Measures across the three waters and waste management areas continue to be met with highlights being the very low levels of complaints received in these areas during the first six months of the 2025/26 year.
- 3.4 Progress results in the transport and community areas are currently skewed as several measures in these areas are only measured annually.

### 4. FINANCIAL OVERVIEW

- 4.1 Operating expenditure for the period was under budget by \$6.8m or 20% (\$28.2m actual vs \$35.1m budget). largely due to an underspend in the transport budget
- 4.2 Repairs and Maintenance charges in the Transport results to 31 December 2025 are below budget due to emergency operational work starting in November 2025 and are expected to get closer to the budget in the coming months if the weather holds.
- 4.3 Operational subsidies received for Waste Management are currently below expected amounts due to the Kerbside expansion project not progressing as expected.

- 4.4 The Community facilities budget is currently showing as \$463,000 over its expected year to date budget due to charges related to the change in management of the community centre.

**5. NEXT STEPS**

- 5.1 There will be continued monitoring of progress toward year-end targets for both financial and non-financial measures.
- 5.2 Full financial year results (both financial and non-financial) will be prepared following the end of the financial year, these results will be audited as part of the annual external audit process.





































































































**8.3 QRS LETTER OF EXPECTATION, DIRECTOR REMUNERATION AND DIRECTOR ROTATION**

**Author:** Matthew Lawson, Tumu Whakarae | Chief Executive

**Authoriser:** Matthew Lawson, Tumu Whakarae | Chief Executive

**Appendices:**

1. **24-QRS - Letter of Expectation** [↓](#)
2. **Letter of Expectation** [↓](#)
3. **Director Skills Matrix** [↓](#)

The purpose of this report is to action a letter of expectation from Council to the directors of Quality Roding Solutions Ltd (QRS), to set directors remuneration and to adopt a revised scheme for director rotation for QRS.

RecommendationThe Tumu Whakarae | Chief Executive RECOMMENDS that Council receives this report and:

1. That Council resolves to provide a letter of expectation along the lines of attachment 2 with or without amendments as resolved at the meeting.
2. That Council resolved to have the directors of QRS remuneration determined by reference to Institute of directors existing reports. In the alternative, Council could resolve to have the directors of QRS remuneration determined by reference to a report commissioned from the Institute of directors for that purpose.
3. That Council resolved to adopt a director rotation policy whereby no more than one QRS director rotates in any one calendar year. It is suggested that one position becomes available by rotation in 2026, one in 2027 and one in 2028 with Guy Gaddums position coming up in 2029, effectively making his current term a 4 year term.

**BACKGROUND**

- 1.1 Each year Council provides the board of QRS with a letter of expectation setting out Council's expectations, including expectations regarding governance, management, financial performance, Council collaboration and community engagement. A copy of last years LoE is attached as attachment 1.
- 1.2 A letter of expectation is required for the next financial year and a draft for 2025/26 is attached as attachment 2.
- 1.3 In drafting the letter of expectation, I have taken on board the matters discussed at the workshop on this matter including the fact that many of the matters contained in previous letters of expectation, could be considered as "going without saying" and/or telling commercial directors how to do their job.
- 1.4 Attachment 2 is provided as a discussion document to see whether a simplified letter of expectation achieves councils intent in providing the same.
- 1.5 Also discussed at the QRS AGM was a need for the remuneration of directors to be fixed and it was resolved that this should be done by reference to an independent resource such as those provided by the Institute of directors. The Institute has confirmed that they can undertake a recommendation report for what would be appropriate director remuneration at a cost of \$4750.

- 1.6 As previously discussed, the Institute of directors has already provided some general market guidance and councillor Harker would be able to provide us with that report. That is one option. It is also an option to commission a QRS specific report at a cost of \$4750 which would be payable by QRS. A third option is for Council to simply set the remuneration.
- 1.7 The third issue for action is to look at the rotation of directors. At present QRS has four director positions that are up for re-appointment/appointment before July 2026. Having the potential for having multiple changes of directorship at a governance level is undesirable and a rotation should be put in place which sees one director retiring by rotation each year.
- 1.8 The current matrix showing the relative skill set and the duration of appointment is attached as attachment 3.

## 2. DISCUSSION

### Letter of expectation

- 2.1 QRS is set up as a council-controlled organisation. One of the driving forces for setting up a council-controlled trading organisation is to bring commercial expertise in governance to what is effectively a business operation that is expected to operate in, survive and thrive in commercial markets.
- 2.2 Council itself has an expectation that QRS will compete with other providers in the market. As a result, it is imperative that whatever Council expectations are of its CCO, those expectations must be seen in the light of the commercial imperatives of a commercial operation as directors of a limited liability company.
- 2.3 The current letter of expectations has the potential to be interpreted as cutting across some of the commercial imperatives that arise as a result of the need for QRS to be a successful business. It also has the potential to negate a director's obligations to act Bona Fide in the best interests of the company and its shareholders.
- 2.4 As an example, it was discussed at the workshop that the potential limitation on investment decisions for investment over \$500,000 being subject to Council approval seems counterintuitive when a new grader that is needed by QRS has a pricetag of over \$750,000. The short point being that if QRS believe that they have a sound business case for the purchasing of a piece of machinery and that the purchase of that machinery is in the best interests of the company, Council should not be seen as second-guessing that investment decision. The question is, how does any staff or member of Council have any information or how are they better placed to make such an investment decision than the directors that have been entrusted with that function.
- 2.5 The corollary is that, if Council were to refuse an investment recommended by the directors, would there be a corresponding diminution in the expectations regarding profit and performance if that piece of machinery were seen as being necessary for the continued operation of QRS.
- 2.6 A letter of expectation is needed, and a draft is provided as attached. That draft is subject to any amendments that may be required as discussed at the council meeting.

### Directors' remuneration

- 2.7 Also as discussed there is a need to set the directors remuneration. That remuneration should be set independently with the potential to include a requirement to take into account an element of public service appointment to a directorship of a council - controlled organisation.
- 2.8 The options are to have that remuneration independently assessed by the Institute of directors at a cost of \$4750. Such an assessment would take into account the value of the company, the turnover of the company, the hours involved in being a director and any other relevant factors.
- 2.9 Another option is to utilise existing reports and attempt to benchmark the QRS remuneration against other reported remuneration put out by the Institute of directors.

**Director rotation**

- 2.10 The rotation of directors ideally should see only one director being changed or potentially changed each year. The potential for three or four directors to cease being directors in a single year presents a business risk through having a lack of continuity at a governance level.
- 2.11 Attached as attachment 3 is the current skills matrix which also includes the current duration of appointment for each director.
- 2.12 On the basis of the current scenario, Guy Gaddum has just been reappointed in July 2025. Based on a 3 year appointment, Fenton Wilson’s position is due for retirement by rotation, Tony Gray is up for retirement by rotation in March 2026 and Lauren Jones would be up for retirement by rotation in July 2026.
- 2.13 I would recommend realigning that sequence so that one position becomes available by rotation in 2026, one in 2027 and one in 2028 with Guy Gaddums position coming up in 2029, effectively making his current term a 4-year term.

**3. OPTIONS**

3.1 The options identified are:

**Letter of Expectation**

- a. provide a similar letter of expectation to that provided in previous years; or
- b. adopt a letter of expectation along the lines as attachment 2 with any amendments as resolved at the meeting.

**Directors’ remuneration**

- a. engage the Institute of Directors to set directors’ remuneration at a cost of \$4750; or
- b. utilise existing Institute of directors reporting to benchmark directors’ salaries

**Director rotation**

- a. the Council stay with the existing director rotation policy and program; or
- b. that Council adopt a director rotation policy which limits the exposure to Council to multiple directorship changes in QRS each year.

<b>Cultural wellbeing</b>	<b>Economic wellbeing</b>	<b>Social Wellbeing</b>	<b>Environmental Wellbeing</b>
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Valued and cherished community.	Strong and prosperous economy.	Safe, supported and well-led community.	Protected and healthy environment
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**4. RISK MANAGEMENT**

4.1 In accordance with the Council’s Risk Management Policy the inherent risks associated with this matter are:

<b>Human</b>	<b>Financial</b>	<b>Regulatory</b>
Low	Low	low
<b>Operations</b>	<b>Employees</b>	<b>Image &amp; Reputation</b>
Low	Low	Moderate

**Confirmation of statutory compliance**

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,
- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.













**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:

<b>General subject of each matter to be considered</b>	<b>Reason for passing this resolution in relation to each matter</b>	<b>Ground(s) under section 48 for the passing of this resolution</b>
<b>9.1 - Submission on Local Government Reform</b>	s7(2)(g) - the withholding of the information is necessary to maintain legal professional privilege  s7(2)(i) - the withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	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