

Chief Executive Report – February 2026

1. Storm Event January 2026

The storm event in January 2026 had devastating impacts across the upper North Island—tragically including loss of life from landslides in Mt Maunganui and Pāpāmoa, and local states of emergency in Hauraki and Thames-Coromandel districts.

For Matamata-Piako, our team activated response protocols and maintained close monitoring throughout the event. The main impacts we managed were power outages (at one point over 7,000 properties did not have power), keeping water and wastewater services running and ensuring local roads and public spaces were safe. Our teams—both office-based and in the field—worked through challenging conditions to keep essential services going and communities informed. We came through with no injuries, services restored, and local road closures cleared.

I want to acknowledge the efforts of all the staff, agencies companies who worked tirelessly to keep our communities safe and functioning.

There has also been a significant effort in dealing with storm debris. We are grateful to the many individuals, community groups and businesses who volunteered their time and resources and helped us with the clean-up.

The Bay of Plenty landslides have sharpened our focus on land instability risk across our district. We're looking at how we're using our hazard information—particularly where it intersects with buildings and critical assets—and whether it's good enough, or whether we need better data and analysis. Regional CDEM is also taking a lead to strengthen knowledge and capabilities in this area.

A full report on the event is being prepared for Council.

2. Financial Position Overview – November 2025

This summary is based on the November 2025 financial report presented to Council on 11 February 2026.

Overall Position

Council's financial position is stable. We're meeting our obligations and tracking within budgets overall. Key variances by activity:



Revenue and Activity Performance

Community Facilities – Revenue is below budget due to lower visitor numbers at pools and spas. This is partly planned (pool liner work at Matamata) and partly seasonal. We're managing costs tightly and have secured external grant funding which helps offset the shortfall.

Water – Metered water income is \$300k (19%) below budget. This reflects both the new staggered meter reading approach across the three wards and lower consumption from a major industrial customer. The industrial variation appears seasonal and may recover, but we're watching this closely.

Wastewater and Water Capital – Both programmes are behind budget, but this is timing rather than a delivery issue. Construction is seasonal, and the Matamata WWTP upgrade is progressing (\$5.7m spent against a combined annual and carried-forward budget of \$42.3m).

Roading – Both subsidies and expenditure are below budget due to weather delays affecting maintenance work and the timing of NZTA subsidy claims. This pattern is typical at this point in the year.

Consents and Licensing – Revenue is \$1.1m ahead of budget, driven by higher building consent, resource consent, and licensing activity, plus the timing of annual dog registration fees.

The recent storm event has resulted in additional unplanned costs related mainly to tree damage. We will report on these costs once all relevant work is completed.

Waikato Waters Transition

Costs associated with the October 2026 transfer to Waikato Waters Ltd are being tracked separately. These will form part of the asset and liability transfer to the new entity.

Treasury and Debt Management

Council is compliant with borrowing limits and debt affordability settings. Interest rate exposure is being managed within policy.

There is one intentional policy exception: we're operating outside our standard funding risk limits during the transition to Waikato Waters. Council approved this approach in September



2025. The rationale is straightforward – debt that will transfer to the new entity in October 2026 is being funded over shorter maturities to simplify the handover. This is a temporary position and will resolve on transfer.

Financial Reporting Timeliness

Financial reporting to Council is running behind schedule. This has been caused by the delayed adoption of the 2024/25 Annual Report and the resource demands of the Waikato Waters transition.

Financial controls and budget monitoring remain in place, but the reporting delay does reduce Governance oversight. We're working to bring this back on track.

The Half-year report incorporating budget forecasts to 30 June 2026 is being finalised.

3. 2026/2027 Annual Plan

At its meeting on 11 February 2026, Council considered the draft Annual Plan 2026/27 and supporting analysis, including the assessment of significance and materiality. Council approved the preliminary Draft Annual Plan 2026/27 budget and confirmed there are no significant or material differences from year three of the Long Term Plan (LTP) 2024–34.

As a result formal consultation on the Plan is not required. Council has instead requested that an information campaign is developed.

Key Features of the Draft Annual Plan

The Annual Plan represents year three of the LTP 2024–34 and largely delivers what the community was consulted on through that process.

Rates and Financial Position

- The total proposed rates increase for 2026/27 is within LTP limits, less than 1% higher than the 5.1% LTP forecast.
- Three waters rates are at the upper end of the LTP forecast but within limits, reflecting compliance, monitoring, depreciation, and transition costs associated with water reform.
- Overall debt and debt-to-revenue ratios remain within the Financial Strategy parameters, and total borrowing is slightly lower than forecast in the LTP. Capital Programme.
- There are no significant or material changes to the capital programme approved through the LTP.
- Key projects such as the Matamata Wastewater Treatment Plant upgrade proceed in 2026/27 after earlier deferral.
- Other changes are primarily timing deferrals, not removals (e.g. Te Aroha Library delivery moved to 2027/28; Te Aroha Spa deferred pending further investigation).



Waters Reform Transition

- The Plan incorporates the transition of water and wastewater services to Waikato Waters Ltd from 1 October 2026, including transitional funding, governance, and administrative arrangements.
- Legislative amendments mean this transfer does not trigger an LTP amendment, and delivery obligations under the Water Services Delivery Plan continue.

Key Risks

- The usual Annual Plan risks apply: affordability pressures, inflation on contracts and capital, uncertainty around revenue streams that are variable or based on demand.
- The new risk is the Waters transition. Shifting water and wastewater services to Waikato Waters Ltd on 1 October introduces operational, financial, and governance complexity we haven't managed before. Transitional funding flows, service continuity, and accountability arrangements will need close oversight through the remainder of this year.

Council's decision meets statutory requirements and known risks are being managed. The issue of whether our organisation is adequately prepared for a rate-capped future will need to be addressed during the 2027 LTP process.

4. Organisational Review

The Executive Team is working through a structured organisational review to position ourselves for the water services transition to Waikato Waters on 1 October 2026, and to respond to ongoing legislative change across local government.

We're using a single five-stage framework for this work and any future organisational change: Define → Organise → Plan → Execute → Monitor. The intent is to reduce change risk, engage staff and unions appropriately, and be clear about decision-making and accountability.

Right now we're in the early Define stage. We're mapping what's confirmed and what's uncertain, assessing early impacts from Waikato Waters, and developing a high-level organisational design. No decisions have been made on detailed structures or individual roles yet. The Executive Team will complete the draft high-level design by late February, then move into detailed design work in March.

Formal staff consultation won't start until we have detailed proposals ready – that's not expected until later in the process, likely late May. We've been explicit with staff that timeframes may shift as national direction becomes clearer.

Key Risks



The key risks we're managing are workforce uncertainty, change fatigue, potential loss of critical capability, and reputational risk. We're mitigating these through staged and transparent decision-making, leadership support, and appropriate engagement.

I will provide updates to Council and this Committee through the process.

5. Te Ohu Takatū Anamata | Future Ready Update

Te Ohu Takatū Anamata has met twice since the last Risk and Assurance Committee meeting and has continued to closely monitor proposed legislative changes impacting local government.

The group oversees the organisation's response to these changes. Over the past two months this has included preparing local submissions on behalf of MPDC, as well as contributing to regional-level submissions.

A summary of the key legislative changes and the status of submissions is included in the quarterly risk report within the agenda.

The Policy team is currently undertaking a detailed assessment of the potential impacts of these legislative changes, including implications for activity, revenue and costs, organisational capability, and governance. Further information from this assessment will be reported to the next Risk and Assurance Committee meeting.

6. Waikato Waters Limited – Transfer of Water and Wastewater Services

The Waikato Waters transition to transfer water and wastewater staff and assets to the Council-Controlled Organisation on 1 October 2026.

The internal transition team meets fortnightly to coordinate eight active workstreams: governance and legal, people, finance, operations, assets, iwi engagement, technology and communications. The team handles information requests from Waikato Waters, reviewing transfer drafts, and supporting staff during this organisational change.

Neil Brennan has been appointed as the Interim CEO of Waikato Waters Limited, taking over the leadership of the transition team from Vaughan Payne.

Debt Guarantee

Council committed to guaranteeing Waikato Waters' debt when we approved and signed the Shareholders Agreement in July 2025. We are now working through two related matters: LGFA's specific requirements for its lending to Waikato Waters, and the framework for guarantee arrangements should Waikato Waters borrow from commercial lenders.



LGFA's requirements trigger some structural and technical changes to shareholder arrangements. The six transferring councils are working collectively on these matters, supported by joint legal advice from Simpson Grierson.

Waikato Waters is seeking delegation of signing authority for all Shareholder Councils this month. Council has had one briefing on the issue and will formally consider the matter on 25 February.

For assurance purposes, while the guarantee will be joint and several, it is intended to operate as follows:

- Debt to establish Waikato Waters to be proportionate based on shareholding
- Transferred debt to be proportionate based on Shareholder debt amounts.

Timelines

As we move through the transition, practical choices are being made because of the amount of work involved. This means some timelines are shifting, but key milestones will remain unchanged.

Transfer agreements

The Transfer Agreement between Council and Waikato Waters Limited sets the legal and operational framework for the transfer of Council's water and wastewater services. It covers:

- The transfer of assets, liabilities and associated debt
- Staff transition arrangements
- Acceptance of the capital programme, property and land interests
- The things that must be in place before Council can legally complete the transfer to Waikato Waters Ltd
- Obligations that continue after the legal transfer (e.g post-completion service and support arrangements to ensure service continuity through the transition period)

The first three transferring Councils are scheduled to sign their transfer agreements in March. We will be signing in June.

Key risks

The risk register (developed in September 2025, due for February review) continues to show very high residual risks around:

- Staff wellbeing and organisational culture
- Achievement of strategic objectives
- Information security



- Executive capacity
- Relationships with mana whenua

These haven't changed materially. This is a major organisational change and has caused uncertainty for affected staff.

Additional resources have been or are being engaged to help manage the impact of this programme of work.

Waikato Waters Ltd has released the organisation structure which is a major milestone and will help provide certainty for transferring staff.

In summary, this remains a complex transition. For this Committee's purposes:

- The Debt Security arrangements is an important issue for all parties and agreement on the details of this matter is critical to the project
- People risks are persistent and are expected to lessen to an extent with the release of the Waikato Waters organisation structure
- The details of transitional arrangements will become clearer this month as the agreements are finalised for the first three Councils that transfer.

We're managing what we can control. The collaborative work with six other councils has been extremely beneficial as we share knowledge and expertise.

Manaia Te Wiata

Chief Executive Officer

