



Waikato Waters Limited

First Half Yearly Report

Company registration number: 9358922

For the period ending
31 December 2025



**Waikato
Waters**

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Introduction

This half-year report is provided to shareholders under section 66 of the Local Government Act 2002. It covers the period from the incorporation of Waikato Waters Limited (Waikato Waters) on 24 July 2025 through to 31 December 2025 (Reporting Period).

This Reporting Period represents the company's early months of the establishment phase. During this time, Waikato Waters has focused on building the foundations required to support the transition of water services from its shareholding councils and to position itself to start operating as a water organisation under the Local Government (Water Services) Act 2025 from 1 July 2026.

Performance for the Reporting Period is assessed against the approved Establishment Strategy (as incorporated in the Waikato Waters Shareholders' Agreement) and the associated establishment budget. This report concentrates on progress against establishment objectives, expenditure against the approved establishment budget, and key matters relevant to shareholders as Waikato Waters moves from incorporation toward operational readiness.

Waikato Waters Journey

The Waikato is known nationally for its leadership in managing water to help ensure better long-term outcomes for the Waikato and Waipā rivers, Hauraki Coromandel rivers and Tīkapa Moana/ Hauraki Gulf.

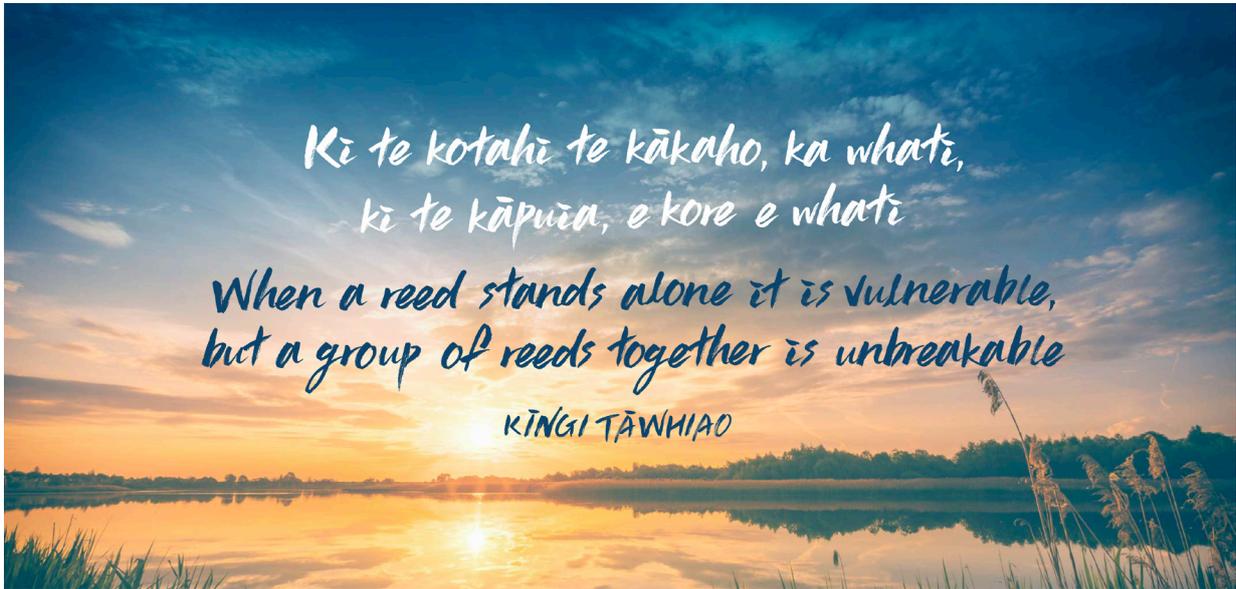
The journey to establishing Waikato Waters commenced in July 2023 when Waikato Iwi Chairs and Waikato Council Mayors initiated a programme of work that became known as Waikato Water Done Well. Under this banner, councils co-designed a model for the delivery of water services that can address their common challenges. The model is centred around the vision of Te Mana o Te Wai, Te Mana o Te Tangata | Healthy Water, Healthy People.



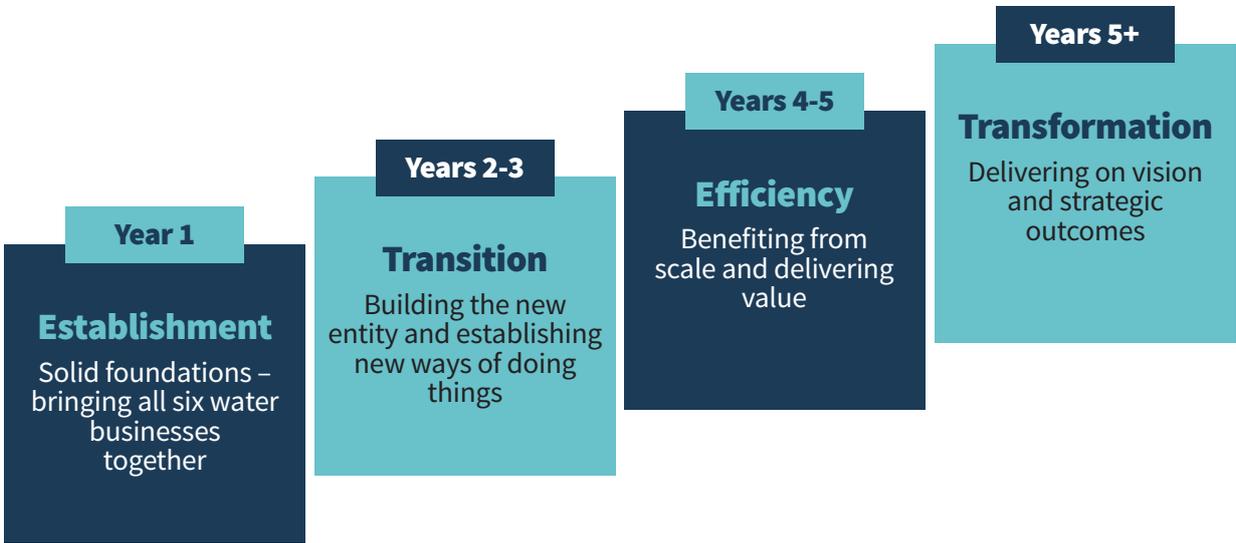
The strategic outcomes set by the shareholding councils in Waikato Waters are: financial sustainability; leading workforce; customer focus, delivering on expectations (including those represented in Treaty settlements and applicable joint management agreements) and protecting public health and the environment.

Shareholding councils recognise that by working together, there is the opportunity to get a better return on financial investment and achieve better outcomes in terms of the health of water bodies. Waikato Waters provides a future-focused opportunity that transcends boundaries, allowing councils to show leadership in water services delivery for generations to come, with a unified voice and increased scale.

This strategic opportunity to work together for the benefit of communities and the wider region was recognised during negotiations with reference to the whakataukī by the late King Tāwhiao:



The vision will be achieved with reference to the following roadmap:



Message from the Chair

The Establishment Board was formally appointed by the Shareholder Representative Forum with effect from 1 September 2025. Our role is to provide the governance leadership required to guide the company through this critical formative phase.

Before turning to our progress, the Board wishes to acknowledge the significant impact of the recent severe weather across the Waikato and beyond, and to extend our sympathy to the communities in Ōtorohanga and Waipā following the recent States of Emergency. We recognise the disruption and distress this has caused for residents, landowners, businesses and whānau, and we acknowledge the tireless work of emergency services, council teams, contractors, and community organisations supporting people's safety and recovery.

Turning back to Waikato Waters, I would like to acknowledge and thank the initial Board (being the Chief Executives of our shareholding councils) who preceded the Establishment Board. Their hard work, dedication, and collective leadership were instrumental in establishing Waikato Waters.

Since its incorporation, Waikato Waters has taken several important steps in its establishment journey. One of the Board's most recent decisions was to appoint Neil Brennan as Interim Chief Executive. Neil brings deep experience, steady leadership, and a strong understanding of the operating environment we are entering. His appointment gives the organisation focus and momentum as we move from incorporation into active establishment.

I would like to thank our shareholders for the confidence you have placed in us and in the establishment arrangements to date. The constructive, pragmatic support

of shareholding councils has been a real strength and an important enabler as we work collectively toward a successful transition.

The Board also acknowledges the contribution made by Vaughan Payne, the Programme Director for Waikato Waters who resigned from the programme in January of this year. Vaughan was part of the original vision (alongside Iwi and council leaders) and led the collaboration that resulted in the establishment of Waikato Waters. This aggregation of councils is the most complex of all New Zealand's water and wastewater service CCOs established under Local Water Done Well, and Vaughan's leadership has been pivotal in getting us to this point.

Waikato Waters started with a simple idea: by working together and putting "healthy water and healthy people" at the centre of how we deliver water services, our communities will thrive and flourish for generations. The Board is incredibly grateful for Vaughan's contribution, and we offer him our sincere thanks.

As a Board, our immediate focus is firmly "eyes down" on the work of establishment, building the right foundations and preparing the organisation to assume responsibility for water services in line with agreed expectations. At the same time, we are keeping our "eyes up", scanning ahead to ensure that decisions we make position Waikato Waters for long-term success, resilience, and public value once operational responsibility transfers.

There is still significant work ahead, but the progress to date gives us confidence that Waikato Waters is on the right path. The Board looks forward to continuing to work closely with shareholders as we move through the next phase of establishment and toward operational commencement.

The Establishment Board



Elena Trout
Chair

Elena is a civil engineer and experienced company director with leadership roles across transport, infrastructure, and energy. She serves on boards such as Citycare, EECA, LGFA, WorkSafe, and Contact Energy. Elena is a Fellow of the Institute of Directors and a Distinguished Fellow of Engineering NZ.



Jaydene Kana
Director (Waikato)

Ko Taupiri me Orangiwhao ngā maunga, ko Waikato te awa, ko Tahaaroa ngā roto, ko Tainui te waka, ko Waikato te Iwi, ko Ngāti Mahuta te hapū, ko Te Kōraha te marae.

Jaydene brings extensive experience in governance, finance, and Iwi leadership, serving across public, private, and not-for-profit sectors. Her focus is ensuring that te ao Māori and community perspectives guide decision-making and uphold the mana of our region.



Jon Lamonte
Director

Jon has significant experience in water and transport, including CEO roles at Watercare, the Auckland/Northland Water Services Entity, Sydney Metro, and Transport for Greater Manchester. He is a Fellow of the Chartered Institute of Logistics and Transport and a former Air Vice-Marshal in the Royal Air Force.

The Board was appointed by the Shareholder Representative Forum (SRF) on behalf of the partner councils.

Performance against the Establishment Strategy

The Establishment Objectives

As stated in the Shareholders' Agreement dated July 2025, the Establishment Objective set by you as shareholders is to “safely transfer responsibility and authority for drinking water and wastewater services from each Transferring Shareholding Council into the Company on each agreed transfer date”.

Progress against this objective is reported below by reference to Waikato Waters' establishment workstreams, which together are focussed on the critical pathway to becoming operational on 1 July 2026.

Overall position

At a high level, Waikato Waters remains focused on achieving operational commencement on 1 July 2026, with all establishment activity aligned to the above critical milestones. Towards the end of the Reporting Period, the Board commissioned an independent assessment of the workstreams to ascertain if there were any areas of improvement for progressing the set of integrated workstreams. The review made a number of recommendations to ensure success robust foundations for the company from Day One and beyond.

The establishment programme is directionally on track, with the core foundations for governance, leadership, funding, transition planning and operational readiness now in place. It is challenging but achievable as long we retain careful oversight and focus on the critical elements of the programme.

What went well during the Reporting Period

- **Governance and decision-making are established**

The Shareholder Representative Forum is in place, a minimum governance framework has been designed, and the legal architecture required to support transfer is well advanced. This provides clarity of accountability and oversight through establishment and into operations.

- **Funding and commercial pathways are progressing**

Establishment funding arrangements are operating as intended, and work to secure financing capability - including engagement with LGFA - progressed in parallel with transfer planning. Amendment of the arrangements with Taupō will be necessary in the first part of 2026 to meet LGFA requirements. However, under the proposal, the position of Taupō will be preserved.

- **Asset management and capital delivery are stable**

This workstream is largely tracking to plan, with asset transfer planning underway and capital delivery considerations integrated into establishment activities. This provides confidence that asset stewardship and investment programmes can transition smoothly on Day One.

- **Programme discipline is strong**

The establishment programme is structured around agreed milestones, with dependencies actively managed across workstreams. This integrated approach has helped mitigate the impact of delays and keeps attention firmly on what is critical for safe and effective operations from Day One.

Where pressure remains

The areas where ongoing pressure remains are set out below. However, we have put in mitigations to address each of these.

- **People and capability**

Recruitment sequencing, organisational design and staff transition remain on the critical path but time is tight.

- **Systems and technology**

Core systems are planned to be operational by April 2026. This is essential to support business processes, payroll, asset management and safety. Configuration, testing and data readiness between April and May represent a key risk window that is being closely monitored.

- **Operations readiness**

Operational planning has matured, with greater clarity on scope (including confirmation that stormwater is out of scope for Day One). Additional effort has been required to reduce risk exposure at commencement, but the focus remains firmly on safe, reliable service continuity from Day One.

- **LGFA and financing**

Securing borrowing capability through LGFA remains a critical activity. Active engagement is underway and this remains a key area of focus

Bottom line for shareholders

- Waikato Waters has made tangible progress across all establishment workstreams, and the programme remains aligned to the Establishment Objective of operational commencement on 1 July 2026.
- The organisation is operating in a high-delivery phase, with some schedule pressures and critical dependencies being resolved. This is anticipated in an establishment programme of this scale and complexity.
- However, the fundamentals are sound: governance is in place, funding pathways are progressing, asset and operational planning is well advanced, and programme controls are actively managing risk.
- The next phase will be about execution discipline - resolving the most critical issues, maintaining pace, and ensuring that people, systems, assets and processes come together seamlessly for Day One.

Governance Decisions

Over the Reporting Period, Waikato Waters has continued to build momentum against the priorities set by you.

Since appointment, the Establishment Board has actively sought to understand the realities of the operating environment and the assets that will transfer across and which will underpin service delivery. Although outside scope of this Reporting Period, a particular highlight was a tour of several wastewater treatment plants in January, providing first-hand insight into both the strengths of the current network and the areas where targeted investment and renewal will deliver the greatest benefit. The visit was widely regarded as highly valuable, strengthening shared understanding, grounding strategic discussions in operational reality, and recognising the skill and commitment of the teams who operate and maintain these critical assets every day. It also reinforced the essential role wastewater infrastructure plays in protecting public health and the environment.

Key governance activity during the reporting period included:

- Adoption of Establishment Plan by Initial Board (August 2025)
- Approval of key controls for establishment phase (including Code of Conduct, Transitional Delegations and Procurement policy).
- Direction given on Minimum Governance Framework for Day One operational activity
- Systems preparation: approved vendors for Finance, HR and Payroll systems. GIS option approved. Infor asset management system implementation approved
- Engagement with shareholder representative forum, including clarity on Board expectations.
- Approved approach for Waikato Waters to validate Water Infrastructure debt, Day One pricing and endorsed Day One finance structure endorsed
- Approved template Transfer Agreement
- Business requirements for a long-term office endorsed



Looking forward: What's next/upcoming activities

In the short term, Waikato Waters' focus will be unambiguously on operational readiness for 1 July 2026 - building the capability, confidence, and momentum needed for a successful transition. This means our attention is “eyes down” on the practical milestones that must be delivered: progressing Transfer Agreements through to signing and completion, advancing the transfer of assets and land, and preparing for staff onboarding and Day One operating arrangements. At the same time, we are keeping our “eyes up”, scanning ahead to ensure the wider ingredients for success are coming together - including establishing our new office, appointing a permanent Chief Executive, and embedding the systems, processes, and partnerships that will support a seamless, well-managed commencement of operations.

The Board also acknowledges the importance of our Iwi partners in the journey ahead. We value the relationships being built and the guidance provided as Waikato Waters is established and recognise the role Iwi play as partners with enduring interests in water, place, and community wellbeing. As Waikato Waters moves through establishment and toward operational commencement, we are committed to continuing to engage in a way that is respectful, constructive, and grounded in shared outcomes for current and future generations.

Over the coming period, the role of shareholders remains critical. This includes advancing the Statement of Expectations. . The Board looks forward to receiving the first Statement of Expectation and to preparing the first water services strategy in accordance with its obligations.

Financials

Financial Statements for **Waikato Waters Limited** For the period ending 31 December 2025

Statement of Financial Performance

For the period 24 July 2025 to 31 December 2025

Account	Note	Jul-Dec 2025
Expenses		
Operating Expenses	2	5,021,767.46
Depreciation		3,022.98
Finance Expenses	2	154,705.20
Total Expenses		5,179,495.64
Gross Profit		(5,179,495.64)
Other Income		
Interest Received	3	38,233.43
Total Other Income		38,233.43
Net Profit		(5,141,262.21)

Statement of Financial Position

As at 31 December 2025

Account	Note	31 Dec 2025
Assets		
Current Assets		
Funds held by Co-Lab	4	6,450,628
GST Refund Due		591,315
Total Current Assets		7,041,944
Fixed Assets		
Leasehold Improvements		18,178
Computer Equipment		14,687
Office Equipment		1,305
Accumulated Depreciation		(3,023)
Total Fixed Assets		31,147
Total Assets		7,073,091
Liabilities		
Current Liabilities		
Trade and other payables		1,181,756
Establishment Loan	1	11,032,597
Total Current Liabilities		12,214,353
Net Assets		(5,141,262)
Equity		
Current Year Earnings		(5,141,262)
Total Equity		(5,141,262)

Notes to the Financial Statements

- 1 Waikato Waters Limited was incorporated on 24 July 2025 under the Companies Act 1993. The financial statements cover the period from that date to 31 December 2025. At reporting date Waikato Waters is a Council Controlled Organisation under the Local Government Act 2002.

The company has been established to deliver drinking water and wastewater services to the districts of its transferring shareholding councils.

The statements have been prepared on a going concern basis. While the company has negative equity at balance date and will continue to do so in the immediate future, the company's shareholders have agreed to support the company through its establishment phase. This support is provided by way of agreement under which the company can make calls on shareholders for funding (establishment loans) to meet establishment costs within approved budgets.

On 1 July 2026 the first three shareholding councils have agreed to transfer their waters operations to Waikato Waters, at which time Waikato Waters will begin to derive revenue by way of charges for water use, to enable it to meet ongoing operations and repay debt.

Expenses

- 2 Expenses reflect the costs associated with executing the agreed establishment strategy, including the enabling structure, systems and processes for the company to be a fully operational water organisation from 1 July 2026.

Finance expenses are interest accrued on the establishment loans: the monies advanced by shareholding councils under the terms of the Shareholders' Agreement.

- 3 Income

Interest received is interest derived on the funds from the establishment loans to the extent they have not been applied toward payment of expenses.

Balance sheet

- 4 Funds held by Co-Lab: Co-Lab is a CCO owned by 12 Councils, six of which are shareholders in Waikato Waters.

Waikato Waters did not in its own right have banking facilities in place during the Reporting Period. For this reason, the shareholding councils, Waikato Waters and Co-Lab agreed that Co-Lab would act as an intermediary providing accounting and cash management services on behalf of the company. In that capacity Co-Lab receives and holds the funding calls from councils and applies this money to pay the costs of Waikato Waters.

The 'Funds held by Co-Lab' therefore represent the money Co-Lab holds for the benefit of Waikato Waters at the end of the Reporting Period.



**Waikato
Waters**