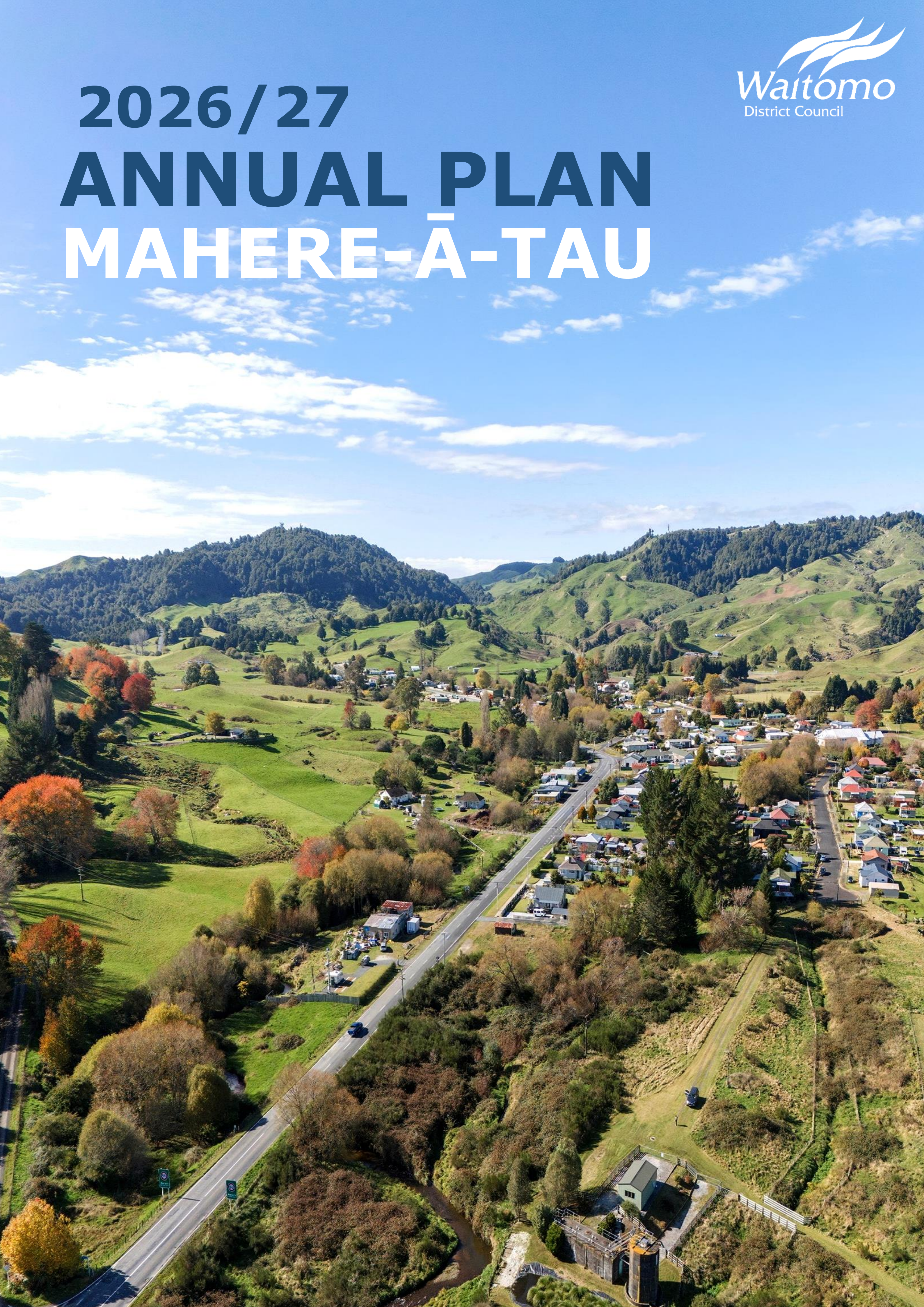
Waitomo District Council

2026/27 ANNUAL PLAN
MAHERE-Ā-TAU



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2026-2027

INTRODUCTION
KŌRERO WHAKATAKI

FROM THE MAYOR AND CHIEF EXECUTIVE

Kia ora, welcome to the 2026/27 Annual Plan. The Plan outlines what we set out to deliver this financial year, what that will cost, and the impact on rates.

Central government is proposing reforms that if enacted, would lead to Council amalgamations. These proposed changes have not been taken into account in what we have included in this Plan.

We have reached a major milestone on our journey through water reforms. From 1 July 2026 Waikato Waters (WWL) will take on the responsibility for supplying drinking water and receiving and treating wastewater for connected properties in our District.

For this financial year we will continue to collect the rates for water and wastewater services. We will pass this revenue on to WWL. Our customer services team will remain the first point of contact for the coming year.

Council has removed all districtwide rates for water and wastewater. This means that those connected will pay more in rates, those not connected will pay less.

Another major change beginning on 1 July 2026 is all our rubbish and recycling will be processed at facilities outside our District. This was confirmed in the previous Annual Plan. The capping of Te Kūiti landfill will be completed during the 2026/27 year.

Te Kūiti Transfer Station will still operate much the same as it does now so users will not notice much difference. The planned further development of this Transfer Station was not eligible for government funding, so this development will not progress.

A significant local issue Council consulted on was the illegal dumping of rubbish in and around Mōkau. This is particularly a problem over the summer months and at the recycling station on the main road by the public toilets. We revisited the proposal to relocate the transfer station from Awakino to Mōkau to help mitigate this problem. At a public meeting and through submissions many locals told us they did not support this proposal, and so Council will not be moving the transfer station.

Upgrades to Te Kūiti's stormwater network are progressing on the western side of Te Kūiti. Work will continue this year on other priority sites with $2 million allocated for improvements and renewals.

Elected Members have agreed to increase revenue sourced from property rates by 2.88% (excluding water and wastewater activities) to cover operating costs and capital expenditure. Including water and wastewater the increase in rates revenue is 3.79%.

Our focus is very much on core business and spending wisely keeping rate increases as low as possible, while still being able to deliver services the community needs.

The level of Council's external debt is forecast to be $8.8 million on 1 July 2026. This is a reduction from $38 million due to the transfer of water and wastewater debt to WWL.

We thank those of you who submitted on this Plan, expressed your views to elected members, and attended the public meeting in Mōkau. Hearing from the community has been an important part of developing this Plan.

We are pleased to present the final version in this document.

Ngā mihi

John Robertson
Mayor

Ben Smit
Chief Executive

YOUR COUNCIL

JOHN ROBERTSON

Mayor
John.Robertson@waitomo.govt.nz

EADY MANAWAITI

Deputy Mayor
Eady.Manawaiti@waitomo.govt.nz

OLIVIA BUCKLEY

Councillor: Rural
Olivia.Buckley@waitomo.govt.nz

ALLAN GODDARD

Councillor: Rural
Allan.Goddard@waitomo.govt.nz

DAN TASKER

Councillor: Urban
Dan.Tasker@waitomo.govt.nz

JANETTE OSBORNE

Councillor: Rural
Janette.Osborne@waitomo.govt.nz

ISAIAH WALLACE

Councillor: Urban
Isaiah.Wallace@waitomo.govt.nz

DELIVERING ON OUR COMMUNITY OUTCOMES

KO NGĀ WHAKATŪTUKITANGA HAPORI

OUR STRATEGIC DIRECTION

Our community outcomes

Our Community Outcomes describe what we want for our community and what the community can expect us to be working towards.

Our Priorities provide focus areas for how we deliver and provide services to our community.

These outcomes and priority areas shaped the development of the 2024-34 Long Term Plan and this Annual Plan.

All our activities contribute to the overall achievement of our community outcomes and our vision – *Te hanga tahi o tātou Takiwa - Shaping our District together.*

A prosperous district
We enable a thriving and sustainable economy to create greater benefits for everyone.

A district that cares for its environment
We ensure the wise use and management of all land and resources, now and for future generations.

A district for all people
Our district is a great place to live because it is accessible, safe, affordable, and inclusive. We promote health, wellbeing, and participation.

A district that values culture
We value the whakapapa of our district, and we promote cultural, creative, and recreational activities where traditions, heritage and arts are celebrated.

OUR PRIORITIES

Our priority areas

Strengthening Relationships

We will continue to shape our relationships with all our community, iwi, and mana whenua groups to build partnerships that will benefit the district.

Local government is changing, some of these changes are happening now with more in the pipeline. Much is still uncertain about how local government will look post reforms.

The relationships we have with our communities are vital to ensuring we continue to deliver what is important at a local level.

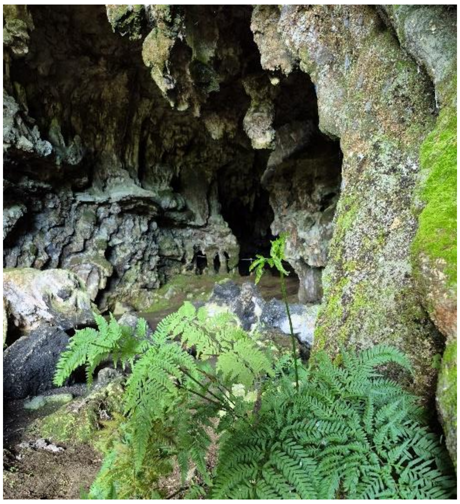
We will continue to work closely with our iwi and mana whenua groups through the reform process supported by the Te Raangai Whakakaupapa Koorero committee.

Preparing for the future

We will ensure we are ready for the future by adapting to changes at a global, national, and local level. Demonstrating great leadership to support all the services we deliver.

Collaboration and working with our neighbouring Councils is now essential in how we will deliver Council services in the future. Retaining our local voice and representation is paramount while finding ways to deliver services more efficiently and effectively.

Waikato Waters have the responsibility for delivering drinking water and treatment of wastewater from 1 July 2026 for connected properties in the Waitomo district. WDC will continue to support this transition as Waikato Waters grow their team and systems.



Effective management of resources

We manage all of our resources effectively delivering value to our community, we keep sustainability and affordability at the forefront of what we do.

Keeping our rate increases to a minimum has been a priority, to achieve this we must carefully evaluate all spending and the public value it provides.

Essential repairs and renewals will always take priority to ensure core services are maintained. Stormwater continues to be an area of investment for the year ahead.

GROUPS OF ACTIVITIES
NGĀ WHAKATŪTUKITANGA

HOW TO READ THIS SECTION

Waitomo District Council has ten groups of activities outlined within this section. Sometimes a group activity may have multiple activities within it. This section provides the following details on each group of activities.

Water and wastewater are included in this Annual Plan document, however, Waikato Waters Limited (WWL) are responsible for delivering these activities. The revenue collected by WDC for these activities will be transferred to WWL.

ACTIVITY

Provides a brief description of each activity that makes up the group.

MAIN FOCUS AREAS FOR 2026/27

Identifies projects the council will be undertaking during the financial year.

VARIANCE TO YEAR 3 (2027) OF THE LTP 2024-34

The variance comments for each group of activities focuses on variance in budgets of the Annual Plan 2026/27 to the same financial year, being the third year of the LTP.

VARIANCE TO 2025/26 ANNUAL PLAN (AP)

The variance comments for each group of activities focuses on variance in budgets of the Annual Plan 2026/27 to the previous financial year, being the 2025/26 Annual Plan.

PROSPECTIVE FUNDING IMPACT STATEMENTS

Describes what we will deliver to the community and our measures of success.

LEADERSHIP

This group comprises representation, investments, strategy and engagement. Financial and treasury management, customer and information services, and other corporate functions are also included in this group.

ACTIVITY

Representation involves enabling, promoting, and supporting local democracy by providing governance advice and democratic services to elected members, the public and staff.

Strategy and Engagement involves research and analysis to prepare strategies, policies, plans and bylaws. This activity also coordinates and undertakes community engagement and consultation.

Financial and Treasury management includes all processes related to finance including reporting, budgeting, insurance, debt and investments and transactional processing.

Customer and Information services includes management of all digital assets, databases and platforms, technical support for staff and cyber security.

Investments include the investment in Co-Lab, Inframax Construction Ltd (ICL), Waikato Waters Limited (WWL) and council owned quarries.

MAIN FOCUS AREAS FOR 2026/27

- Embedding the transition of water and wastewater activities to WWL.
- Development of the LTP 2027-2037 and associated strategies for adoption by 30 June 2027.
- Working with Ōtorohanga District Council on a Head Start Proposal for amalgamating the two Councils and continuing to work through central government reforms.
- Review and consult on relevant statutory and non-statutory documents.
- Continue to work with Iwi, mana whenua, stakeholders and community groups to maintain our relationships and local voice.

VARIANCE TO YEAR 3 OF THE LTP

1. Rates revenue is less than forecast compared to LTP due to an overall reduction in expenditure forecast.

2. Expenditure, internal charges and overheads applied and recovered are lower than forecast in the LTP due to reductions in forecast staff and fleet costs, loan repayments for cloud migration costs, and audit fees.

3. Renewal expenditure is below LTP forecast for information technology renewals, mower replacement, and Queen St carpark resealing.

4. As renewal expenditure is lower, reserve funding is also forecast to reduce. Less rate funding for asset replacement is forecast as fleet vehicles have been transferred to Regulatory Services, Recreation and Property and Roads and Footpaths.

VARIANCE TO 2025/26 AP

Rates revenue is forecast to increase to offset the expected reduction in interest revenue and to fund increases for finance costs and allocated costs. Additional fees and charges revenue is forecast for services provided to WWL and shared services. No dividend revenue is forecast.

Expenditure is forecast to decrease compared to prior year for staff and fleet costs, cloud migration costs (loan funded) and election expenses. Additional expenditure is forecast for software licencing, cyber security and elected members remuneration. Capital expenditure forecast is lower for fleet renewals due to the transfer of mower renewals to Recreation and Property.

PROSPECTIVE FUNDING IMPACT STATEMENT

Leadership ($000's)	Adjusted Annual Plan 2026	Adjusted Long Term Plan 2027	Annual Plan 2027	Variation to Annual Plan 2026	Variation to Long Term Plan 2027	Ref
Sources of operating funding						
General rates, uniform annual general charges, rates penalties	2,917	3,260	3,109	192	(151)	1
Targeted rates	0	0	0	0	0	
Subsidies and grants for operating purposes	0	0	0	0	0	
Fees and charges	35	109	158	123	49	
Internal charges and overheads recovered	7,786	8,381	6,581	(1,205)	(1,800)	2
Local authorities fuel tax, fines, infringement fees and other receipts	342	69	53	(289)	(16)	
Total operating funding (A)	**11,080**	**11,819**	**9,901**	**(1,179)**	**(1,918)**	
Applications of operating funding						
Payments to staff and suppliers	8,673	9,218	7,514	(1,159)	(1,704)	2
Finance costs	309	377	357	48	(20)	
Internal charges and overheads applied	1,771	2,174	1,808	37	(366)	2
Total applications of operating funding (B)	**10,753**	**11,769**	**9,679**	**(1,074)**	**(2,090)**	
Surplus (deficit) of operating funding (A-B)	**327**	**50**	**222**	**(105)**	**172**	
Sources of capital funding						
Subsidies and grants for capital expenditure	0	0	0	0	0	
Increase (decrease) in debt	56	(25)	(13)	(69)	12	
Gross proceeds from sale of assets	0	0	0	0	0	
Lump sum contribution	0	0	0	0	0	
Total sources of capital funding (C)	**56**	**(25)**	**(13)**	**(69)**	**12**	
Applications of capital funding						
Capital expenditure - to improve the level of service	40	31	0	(40)	(31)	
Capital expenditure - to replace existing assets	540	641	433	(107)	(208)	3
Increase (decrease) in reserves	(197)	(647)	(224)	(27)	423	4
Total applications of capital funding (D)	**383**	**25**	**209**	**(174)**	**184**	
Surplus (deficit) of capital funding (C-D)	**(327)**	**(50)**	**(222)**	**105**	**(172)**	
Funding Balance ((A-B)+(C-D))	**0**	**0**	**0**	**0**	**0**	

*AP 2026 and LTP 2027 comparators have been adjusted to recognise the Emergency Management under Regulatory Services.

COMMUNITY AND PARTNERSHIPS

This group represents a range of collaborative and partnership approaches and initiatives involving many agencies and organisations. The activities involve the common theme of promoting a better quality of life and a better living environment within the district.

ACTIVITY

Community Development supports the wellbeing of our communities by enabling local organisations and private providers to deliver a variety of community-based services and activities to meet the needs of our community.

District Development is delivered through working in collaboration with a range of community partners for the benefit of the community.

Waitomo District Library Services provide a wide range of services and facilities including physical and online educational and recreational materials, programmes, events, internet and wifi services, technology lessons and online services.

Customer Service & Visitor Hub provide a customer service one-stop-shop centrally located in the main street of Te Kūiti. Information services are also available, providing residents and visitors access to quality, up to date information and advice for activities, attractions, accommodation, and events in the district.

Council Recreation Services engage operators specialising in facility management to manage the Waitomo District Aquatic Centre and Gallagher Recreation Centre.

MAIN FOCUS AREAS FOR 2026/27

- Provision of community grants in accordance with the Community and Partnership Fund Policy.
- Delivery of district and community events.
- Continue to enhance services and facilities available at the Waitomo District Library.
- Delivery of the Waitomo District Play, Active Recreation and Sport Plan in conjunction with Sport Waikato.
- Promotion of the district through our Customer Services & Visitor Hub.
- Delivery of the Rangatahi Engagement Plan.
- Working with and supporting our community groups.

VARIANCE TO YEAR 3 OF THE LTP

1. Rates revenue is less than forecast due to reduced expenditure for community partnership grants, visitor information, staff costs, district development and district and regional promotions.

2. Subsidy revenue is forecast for Better Off funding for the sports development initiative and Mayors Taskforce for Jobs programme.

3. Internal charges and overheads applied were lower than LTP forecast due to reduced allocated costs, reflecting lower organisational overhead expenditure following the transfer of water and wastewater assets to WWL.

VARIANCE TO 2025/26 AP

Rates revenue is forecast to decrease to fund lower overall operating expenditure for Community and Partnerships including reduced staff and allocated costs.

Forecast expenditure includes a budget provision for Mayors Taskforce for Jobs programme and the sports development initiative (funded by central government subsidy) and increased rates remissions costs. These were partly offset by reduced staff and allocated costs.

PROSPECTIVE FUNDING IMPACT STATEMENT

Community and Partnerships ($000's)	Annual Plan 2026	Long Term Plan 2027	Annual Plan 2027	Variation to Annual Plan 2026	Variation to Long Term Plan 2027	Ref
Sources of operating funding						
General rates, uniform annual general charges, rates penalties	1,455	1,670	1,340	(115)	(330)	1
Targeted rates	16	14	0	(16)	(14)	
Subsidies and grants for operating purposes	178	10	310	132	300	2
Fees and charges	7	4	6	(1)	2	
Internal charges and overheads recovered	0	0	0	0	0	
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	0	0	
Total operating funding (A)	**1,656**	**1,698**	**1,656**	**0**	**(42)**	
Applications of operating funding						
Payments to staff and suppliers	1,158	1,150	1,203	45	53	
Finance costs	0	0	0	0	0	
Internal charges and overheads applied	488	587	447	(41)	(140)	3
Total applications of operating funding (B)	**1,646**	**1,737**	**1,650**	**4**	**(87)**	
Surplus (deficit) of operating funding (A-B)	**10**	**(39)**	**6**	**(4)**	**45**	
Sources of capital funding						
Subsidies and grants for capital expenditure	0	0	0	0	0	
Increase (decrease) in debt	0	0	0	0	0	
Gross proceeds from sale of assets	0	0	0	0	0	
Lump sum contributions	0	0	0	0	0	
Total sources of capital funding (C)	**0**	**0**	**0**	**0**	**0**	
Applications of capital funding						
Capital expenditure - to improve the level of service	0	0	0	0	0	
Capital expenditure - to replace existing assets	0	0	0	0	0	
Increase (decrease) in reserves	10	(39)	6	(4)	45	
Total applications of capital funding (D)	**10**	**(39)**	**6**	**(4)**	**45**	
Surplus (deficit) of capital funding (C-D)	**(10)**	**39**	**(6)**	**4**	**(45)**	
Funding Balance ((A-B)+(C-D))	**0**	**0**	**0**	**0**	**0**	

RECREATION AND PROPERTY

This group comprises parks and recreation, housing and other properties, community facilities and public facilities.

ACTIVITY

Parks and Recreation involves the provision of parks and reserves for recreation, green places that are restful and enhance the visual amenity of our communities.

Housing and Property involves provision of housing and community facilities such as halls.

Community Facilities involves the provision of recreation and cultural opportunities to support the health and well-being of the community.

Public Facilities involves the provision of cemeteries, public car parks, public toilets, street furniture and our CCTV system.

MAIN FOCUS AREAS FOR 2026/27

- Parks and playground renewals and maintenance.
- CCTV camera renewals.
- Supporting Brook Park Committee with improving the useability of Motakiora/Brook Park.
- Continuation of collating and updating asset data management system.
- Leases and licencing verification and database registration.
- Accessway for new section of Te Kūiti Cemetery

VARIANCE TO YEAR 3 OF THE LTP

1. Rates revenue is forecast to decrease mostly due to a reduction in the level of funding for asset replacement forecast in the LTP, lower project management and finance costs.
2. Fees and charges are lower than LTP forecast, mostly due to the sale of rental properties over the last two years which has reduced rental revenue (and operating costs) and the removal of Marokopa campground revenue to reflect the new lease arrangement.
3. Finance costs are lower than LTP forecast as overall debt has reduced following the debt settlement from the transfer of water and wastewater assets to WWL.
4. Internal charges and overheads applied were lower than LTP forecast due to reduced allocated costs, reflecting lower organisational overhead expenditure following the transfer of water and wastewater assets to WWL.

VARIANCE TO 2025/26 AP

Rates revenue is forecast to increase due to additional funding for asset replacement compared to the prior year (based on increased asset values from the June 2025 building valuation), and repairs and maintenance costs.

Capital expenditure improvements forecast are lower as the prior year included a budget allocation for the installation of services and surfacing for the Eketone Street sections. Renewal expenditure forecasts are more than prior year for mower renewals (transferred from Leadership activity) and minor property renewals.

PROSPECTIVE FUNDING IMPACT STATEMENT

Recreation and Property ($000's)	Annual Plan 2026	Long Term Plan 2027	Annual Plan 2027	Variation to Annual Plan 2026	Variation to Long Term Plan 2027	Ref
Sources of operating funding						
General rates, uniform annual general charges, rates penalties	4,324	4,891	4,644	320	(247)	1
Targeted rates	0	0	0	0	0	
Subsidies and grants for operating purposes	1	1	1	0	0	
Fees and charges	625	742	577	(48)	(165)	2
Internal charges and overheads recovered	0	0	0	0	0	
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	0	0	
Total operating funding (A)	**4,950**	**5,634**	**5,222**	**272**	**(412)**	
Applications of operating funding						
Payments to staff and suppliers	2,625	2,832	2,843	218	11	
Finance costs	140	175	0	(140)	(175)	3
Internal charges and overheads applied	1,037	1,301	1,165	128	(136)	4
Total applications of operating funding (B)	**3,802**	**4,308**	**4,008**	**206**	**(300)**	
Surplus (deficit) of operating funding (A-B)	**1,148**	**1,326**	**1,214**	**66**	**(112)**	
Sources of capital funding						
Subsidies and grants for capital expenditure	0	0	0	0	0	
Increase (decrease) in debt	(178)	(238)	(228)	(50)	10	
Gross proceeds from sale of assets	0	0	0	0	0	
Lump sum contributions	0	0	0	0	0	
Total sources of capital funding (C)	**(178)**	**(238)**	**(228)**	**(50)**	**10**	
Applications of capital funding						
Capital expenditure - to improve the level of service	341	134	184	(157)	50	
Capital expenditure - to replace existing assets	270	512	433	163	(79)	
Increase (decrease) in reserves	359	442	369	10	(73)	
Total applications of capital funding (D)	**970**	**1,088**	**986**	**16**	**(102)**	
Surplus (deficit) of capital funding (C-D)	**(1,148)**	**(1,326)**	**(1,214)**	**(66)**	**112**	
Funding Balance ((A-B)+(C-D))	**0**	**0**	**0**	**0**	**0**	

REGULATORY SERVICES

Our regulatory activities are governed and directed by legislation, national, regional and local policies and bylaws. We undertake many activities that contribute to keeping our community and district a safe place to be.

ACTIVITY

Building Services responsible for processing and monitoring building consents and issuing Code of Compliance Certificates pursuant to the Building Act 2004. This activity also covers the monitoring and enforcement of earthquake–prone building requirements, and swimming pools.

Alcohol Licensing responsible for administering the Sale and Supply of Alcohol Act 2012 at a local level by way of the Waitomo District Licensing Committee on behalf of the Alcohol Regulatory and Licensing Authority.

Environmental Health provides a range of services to ensure food outlets maintain high food safety standards, and that noise and nuisance complaints, hazardous substances and contaminated sites are all managed.

Bylaw Administration involves managing a range of bylaws to allow Council to manage issues associated with community nuisance, protect public health, and manage Council’s assets.

Animal and Dog Control delivers animal control services in the areas of dog registration, complaint response, wandering stock, and general animal control, as required by the Dog Control Act 1996, Impounding Act 1955 and Council’s Dog Control Policy and Bylaw.

Emergency Management involves the administration of the Civil Defence Emergency Management function to coordinate a response to an emergency, and to manage recovery in the district.

MAIN FOCUS AREAS FOR 2026/27

- Continue implementation of earthquake-prone building requirements under the Building Act 2004, including preparing for and giving effect to proposed reforms of the earthquake-prone building regime.
- Partnering with neighbouring Councils to further develop shared regulatory services.
- Development of a Recovery Plan for Civil Defence and further refinement of our Community Response Plans.

VARIANCE TO YEAR 3 OF THE LTP

1. There is a forecast decrease in rates revenue due to the reduction in staff and allocated costs, animal control costs and legal expenses for building services, animal control and environmental health.
2. Operational expenditure forecast is lower than LTP due to the reduction in staff costs for building services reflecting shared services arrangement with Ōtorohanga District Council. Legal expenses and noise control costs are also expected to be less than forecast in the LTP.
3. Internal charges and overheads applied are forecast to reduce for building services to reflect the changes in shared services delivery.

VARIANCE TO 2025/26 AP

There is a forecast increase in rates revenue to fund fleet costs transferred from Leadership and building accreditation costs.

Additional fees and charges revenue is forecast for shared services for animal control, higher alcohol licencing and building services revenue. Increased allocated costs are forecast for emergency management.

PROSPECTIVE FUNDING IMPACT STATEMENT

Regulatory Services ($000's)	Adjusted Annual Plan 2026	Adjusted Long Term Plan 2027	Annual Plan 2027	Variation to Annual Plan 2026	Variation to Long Term Plan 2027	Ref
Sources of operating funding						
General rates, uniform annual general charges, rates penalties	1,636	1,877	1,675	39	(202)	1
Targeted rates	0	0	0	0	0	
Subsidies and grants for operating purposes	0	0	0	0	0	
Fees and charges	665	733	731	66	(2)	
Internal charges and overheads recovered	0	0	0	0	0	
Local authorities fuel tax, fines, infringement fees and other receipts	27	26	27	0	1	
Total operating funding (A)	**2,328**	**2,636**	**2,433**	**105**	**(203)**	
Applications of operating funding						
Payments to staff and suppliers	1,232	1,448	1,265	33	(183)	2
Finance costs	0	1	0	0	(1)	
Internal charges and overheads applied	958	1,170	1,035	77	(135)	3
Total applications of operating funding (B)	**2,190**	**2,619**	**2,300**	**110**	**(319)**	
Surplus (deficit) of operating funding (A-B)	**138**	**17**	**133**	**(5)**	**116**	
Sources of capital funding						
Subsidies and grants for capital expenditure	0	0	0	0	0	
Increase (decrease) in debt	4	8	(1)	(5)	(9)	
Gross proceeds from sale of assets	0	0	0	0	0	
Lump sum contributions	0	0	0	0	0	
Total sources of capital funding (C)	**4**	**8**	**(1)**	**(5)**	**(9)**	
Applications of capital funding						
Capital expenditure - to improve the level of service	0	0	0	0	0	
Capital expenditure - to replace existing assets	5	10	5	0	(5)	
Increase (decrease) in reserves	137	15	127	(10)	112	
Total applications of capital funding (D)	**142**	**25**	**132**	**(10)**	**107**	
Surplus (deficit) of capital funding (C-D)	**(138)**	**(17)**	**(133)**	**5**	**(116)**	
Funding Balance ((A-B)+(C-D))	**0**	**0**	**0**	**0**	**0**	

*AP 2026 and LTP 2027 comparators have been adjusted to recognise the Emergency Management under Regulatory Services.

RESOURCE MANAGEMENT

The resource management group involves the administration, application and enforcement of the Operative Waitomo District Plan and District Planning.

ACTIVITY

District Plan Administration covers the planning functions under the Resource Management Act 1991 (RMA), including the processing, issuing, and monitoring of resource consents, designations and other application types. It also includes monitoring compliance with the Operative Waitomo District Plan.

District Planning involves setting the direction, form, and shape of our urban and rural communities to ensure development is sustainably managed, while protecting our cultural and historic heritage, outstanding landscapes, and significant natural features. District Plan reviews and structure planning are included in this activity.

MAIN FOCUS AREAS FOR 2026/27

- Continue to progress the Proposed Waitomo District Plan (PDP) through the Schedule 1 process of the Resource Management Act 1991(RMA). Staff are currently working to resolve the three outstanding appeals to the PDP.
- Work will begin on participating in the development of regional spatial plan under the Planning Act once the legislation has been enacted.
- Transitioning consenting processes and ensuring compliance with new national direction and standards as they are introduced through the implementation of the new resource management legislation.

VARIANCE TO YEAR 3 OF THE LTP

1. Rates revenue is forecast to be lower than the LTP as finance costs and allocated costs are expected to be less.
2. Finance costs are lower than LTP forecast as overall debt has reduced following the debt settlement from the transfer of water and wastewater assets.
3. More internal loan funding is forecast to fund potential legal costs that may be required to complete the District Plan. The LTP assumed that the District Plan would be finalised by June 2026.

VARIANCE TO 2025/26 AP

Rates revenue is forecast to decrease as finance costs are reduced due to the overall reduction in debt.

Expenditure forecast for the development of the District Plan has reduced as the project nears completion. As these costs were previously loan funded, forecast internal loan funding has also reduced compared to prior year.

PROSPECTIVE FUNDING IMPACT STATEMENT

Resource Management ($000's)	Annual Plan 2026	Long Term Plan 2027	Annual Plan 2027	Variation to Annual Plan 2026	Variation to Long Term Plan 2027	Ref
Sources of operating funding						
General rates, uniform annual general charges, rates penalties	631	690	564	(67)	(126)	1
Targeted rates	0	0	0	0	0	
Subsidies and grants for operating purposes	0	0	0	0	0	
Fees and charges	192	225	192	0	(33)	
Internal charges and overheads recovered	0	0	0	0	0	
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	0	0	
Total operating funding (A)	**823**	**915**	**756**	**(67)**	**(159)**	
Applications of operating funding						
Payments to staff and suppliers	298	117	175	(123)	58	
Finance costs	69	88	0	(69)	(88)	2
Internal charges and overheads applied	377	428	357	(20)	(71)	
Total applications of operating funding (B)	**744**	**633**	**532**	**(212)**	**(101)**	
Surplus (deficit) of operating funding (A-B)	**79**	**282**	**224**	**145**	**(58)**	
Sources of capital funding						
Subsidies and grants for capital expenditure	0	0	0	0	0	
Increase (decrease) in debt	(61)	(282)	(205)	(144)	77	3
Gross proceeds from sale of assets	0	0	0	0	0	
Lump sum contributions	0	0	0	0	0	
Total sources of capital funding (C)	**(61)**	**(282)**	**(205)**	**(144)**	**77**	
Applications of capital funding						
Capital expenditure - to improve the level of service	0	0	0	0	0	
Capital expenditure - to replace existing assets	0	0	0	0	0	
Increase (decrease) in reserves	18	0	19	1	19	
Total applications of capital funding (D)	**18**	**0**	**19**	**1**	**19**	
Surplus (deficit) of capital funding (C-D)	**(79)**	**(282)**	**(224)**	**(145)**	**58**	
Funding Balance ((A-B)+(C-D))	**0**	**0**	**0**	**0**	**0**	

SOLID WASTE

This group provides for the environmentally safe reduction, diversion, collection, and disposal of the district's solid waste.

ACTIVITY

Waste Minimisation focuses on the reduction and diversion (reduce, reuse, recycling and recovery) of solid waste.

Kerbside Collection we are responsible for the kerbside collection and safe management of domestic rubbish, and recycling. Weekly rubbish and recycling collections are provided to the residents of Te Kūiti, Piopio, Awakino, Mōkau and Waitomo Village area.

Waste Disposal Transfer we transport waste to out of district disposal facilities from Te Kūiti and waste transfer stations that are provided at the communities of Maniaiti/Benneydale, Piopio, Marokopa, Kinohaku, and Mōkau/Awakino.

MAIN FOCUS AREAS FOR 2026/27

- Road maintenance and weighbridge software upgrade for the Te Kūiti Transfer Station.
- Final capping of the Waitomo District landfill.
- Safety improvements of Transfer Stations
- Delivery of waste minimisation promotion programmes and education initiatives.

VARIANCE TO YEAR 3 OF THE LTP

1. Fees and charges are less than forecast in the LTP. Rubbish bag revenue is now collected by the contractor. Lower waste volumes are also forecast compared to LTP, with no dewatered sludge forecast to be received.

2. Forecast expenditure is lower for waste minimisation levy reflecting reduced waste volumes compared to LTP forecast. Emission trading scheme costs forecast are lower than LTP, as depositing waste at an external waste facility will provide a lower cost for carbon credits. These reductions are partly offset by additional costs forecast for consolidation and haulage of waste to an external waste facility.

3. Finance costs are lower than LTP forecast as overall debt has reduced following the debt settlement from the transfer of water and wastewater assets and, as the new cell development did not proceed as forecast, loan funding was lower.

4. Internal loan funding is forecast to decrease due to the repayment of existing loans and no new loans forecast.

5. Renewal expenditure was less than forecast in the LTP as the cell development will not proceed at this time.

VARIANCE TO 2025/26 AP

More rates revenue is forecast to an increase in kerbside collection and recycling costs, additional rate funding for asset replacement and loan repayments. This is partly offset by reduced interest costs and lower contract costs for rural transfer stations.

No new capital expenditure is forecast for the 2026/27. The prior year included budgets for a covered transfer station, loading area and capping of the existing landfill cell, a portion of which will be carried over to complete the final capping and safety improvements.

PROSPECTIVE FUNDING IMPACT STATEMENT

Solid Waste ($000's)	Annual Plan 2026	Long Term Plan 2027	Annual Plan 2027	Variation to Annual Plan 2026	Variation to Long Term Plan 2027	Ref
Sources of operating funding						
General rates, uniform annual general charges, rates penalties	63	70	71	8	1	
Targeted rates	1,841	1,953	1,962	121	9	
Subsidies and grants for operating purposes	0	0	0	0	0	
Fees and charges	1,761	2,435	1,686	(75)	(749)	1
Internal charges and overheads recovered	0	0	0	0	0	
Local authorities fuel tax, fines, infringement fees and other receipts	125	125	194	69	69	
Total operating funding (A)	**3,790**	**4,583**	**3,913**	**123**	**(670)**	
Applications of operating funding						
Payments to staff and suppliers	3,183	3,445	3,029	(154)	(416)	2
Finance costs	114	245	13	(101)	(232)	3
Internal charges and overheads applied	464	508	482	18	(26)	
Total applications of operating funding (B)	**3,761**	**4,198**	**3,524**	**(237)**	**(674)**	
Surplus (deficit) of operating funding (A-B)	**29**	**385**	**389**	**360**	**4**	
Sources of capital funding						
Subsidies and grants for capital expenditure	0	0	0	0	0	
Increase (decrease) in debt	2,315	(160)	(468)	(2,783)	(308)	4
Gross proceeds from sale of assets	0	0	0	0	0	
Lump sum contributions	0	0	0	0	0	
Total sources of capital funding (C)	**2,315**	**(160)**	**(468)**	**(2,783)**	**(308)**	
Applications of capital funding						
Capital expenditure - to improve the level of service	2,517	28	0	(2,517)	(28)	
Capital expenditure - to replace existing assets	134	339	0	(134)	(339)	5
Increase (decrease) in reserves	(307)	(142)	(79)	228	63	
Total applications of capital funding (D)	**2,344**	**225**	**(79)**	**(2,423)**	**(304)**	
Surplus (deficit) of capital funding (C-D)	**(29)**	**(385)**	**(389)**	**(360)**	**(4)**	
Funding Balance ((A-B)+(C-D))	**0**	**0**	**0**	**0**	**0**	

STORMWATER

This group provides for the collection, diversion, and disposal of urban surface water runoff following rainfall. Surface water flooding can occur in the absence of an effective stormwater drainage system.

ACTIVITY

Providing, maintaining and upgrading council's stormwater network comprising of open drains, pipes and manholes.

MAIN FOCUS AREAS FOR 2026/27

- Progress the final phase of consent renewal for comprehensive stormwater discharge consent across the entire district.
- Compliance with stormwater consents, including meeting discharge requirements and erosion minimisation.
- Options assessment for medium to long term infrastructure solutions.
- Continuation of network improvements such as wingwalls and scruffy domes.
- Ongoing monitoring and flood maintenance of stormwater exit and entry points.

VARIANCE TO YEAR 3 OF THE LTP

1. Targeted rates revenue is lower than forecast due to reduced finance costs and lower project management costs.

2. Finance costs lower than LTP forecast as overall debt has reduced following the debt settlement from the transfer of water and wastewater assets. Delays in the stormwater improvement programme also contributed to the lower debt level.

3. Better Off funding from central government is forecast to be applied to part fund stormwater improvements.

4. Internal loan funding is forecast to be lower due to the re-sequencing of the stormwater improvements programme and application of Better Off funding.

5. The scope and timing of stormwater improvement programme has been revised based on initial stormwater modelling. A total of $1.5 million is now forecast to continue the improvements to the stormwater network, partly funded by Better Off funding.

6. Reserve funding is forecast to be lower than the LTP due to a higher level of rate-funded depreciation transferred to the reserve and less reserve funding required for loan repayments.

VARIANCE TO 2025/26 AP

Targeted rates revenue is higher than prior year due to forecast increases in compliance and sampling costs and more rate funding for asset replacement. These additional forecast costs are partly offset by reduced project management costs and the completion of the stormwater modelling project.

Better Off funding is forecast to part fund stormwater improvements. The scope and timing of improvements programme has been revised based on the stormwater modelling, with $1.5 million now forecast for 2026/27. Reserve funding is forecast to be higher than the prior year to fund stormwater renewals.

PROSPECTIVE FUNDING IMPACT STATEMENT

Stormwater ($000's)	Annual Plan 2026	Long Term Plan 2027	Annual Plan 2027	Variation to Annual Plan 2026	Variation to Long Term Plan 2027	Ref
Sources of operating funding						
General rates, uniform annual general charges, rates penalties	0	0	0	0	0	
Targeted rates	925	1,207	986	61	(221)	1
Subsidies and grants for operating purposes	0	0	0	0	0	
Fees and charges	0	0	0	0	0	
Internal charges and overheads recovered	0	0	0	0	0	
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	0	0	
Total operating funding (A)	**925**	**1,207**	**986**	**61**	**(221)**	
Applications of operating funding						
Payments to staff and suppliers	499	534	472	(27)	(62)	
Finance costs	28	141	(1)	(29)	(142)	2
Internal charges and overheads applied	170	229	146	(24)	(83)	
Total applications of operating funding (B)	**697**	**904**	**617**	**(80)**	**(287)**	
Surplus (deficit) of operating funding (A-B)	**228**	**303**	**369**	**141**	**66**	
Sources of capital funding						
Subsidies and grants for capital expenditure	370	0	1,152	782	1,152	3
Increase (decrease) in debt	475	1,386	424	(51)	(962)	4
Gross proceeds from sale of assets	0	0	0	0	0	
Lump sum contributions	0	0	0	0	0	
Total sources of capital funding (C)	**845**	**1,386**	**1,576**	**731**	**190**	
Applications of capital funding						
Capital expenditure - to improve the level of service	641	1,306	1,527	886	221	5
Capital expenditure - to replace existing assets	495	637	564	69	(73)	
Increase (decrease) in reserves	(63)	(254)	(146)	(83)	108	6
Total applications of capital funding (D)	**1,073**	**1,689**	**1,945**	**872**	**256**	
Surplus (deficit) of capital funding (C-D)	**(228)**	**(303)**	**(369)**	**(141)**	**(66)**	
Funding Balance ((A-B)+(C-D))	**0**	**0**	**0**	**0**	**0**	

WASTEWATER

Waikato Waters Limited (WWL) will deliver wastewater services to the community from 1 July 2026. Council has worked with WWL to determine its revenue requirements for these services, and has agreed to set and collect that revenue for WWL. This will be through the setting of rates and fees and charges for those services, with the revenue provided to WWL to support its delivery of these services.

WWL will develop and adopt its first Water Services Strategy (WSS) by 1 July 2027. The WSS outlines how water services will be managed and will contain the proposed charges to be set by WWL under the Local Government (Water Services) Act 2025 and those charges will apply from 1 July 2027.

The wastewater group provides for the environmentally safe collection, treatment and disposal of the District's sewage waste in Te Kūiti, Te Waitere, Maniaiti/Benneydale and Piopio.

ACTIVITY

Providing, maintaining and upgrading council's wastewater network comprising treatment plants and disposal systems, pump stations and sewer pipe network.

MAIN FOCUS AREAS FOR 2026/27

- Maintenance and renewals will be continued as outlined in the WDC Water Services Delivery Plan 2025 (WSDP).
- Capital projects will be continued as outlined in the WSDP.
- For more details, please visit https://www.waikatowaters.co.nz/

VARIANCE TO YEAR 3 OF THE LTP

1. Rates revenue is lower than forecast in the LTP, offset by a forecast increase in trade waste revenue.
2. Additional trade waste revenue is forecast, consistent with actual revenue trends to date.
3. From 1 July 2026, wastewater services will be delivered by WWL, which was not reflected in the LTP.
4. The reduction in debt reflects the debt settlement associated with the transfer of wastewater assets to WWL.
5. Wastewater assets will be transferred to WWL on 1 July 2026. WWL will be responsible for delivering wastewater services, including capital improvements and renewals.

VARIANCE TO 2025/26 AP

Rates revenue is forecast to be more than prior year for rate funded asset replacement. Fees and charges forecast are higher for trade waste fees, reflecting actual revenue trends to date.

The reduction in debt reflects the debt settlement associated with the transfer of wastewater assets to WWL.

WWL will be responsible for delivering capital improvements and renewals.

PROSPECTIVE FUNDING IMPACT STATEMENT

Wastewater ($000's)	Annual Plan 2026	Long Term Plan 2027	Annual Plan 2027	Variation to Annual Plan 2026	Variation to Long Term Plan 2027	Ref
Sources of operating funding						
General rates, uniform annual general charges, rates penalties	0	0	0	0	0	
Targeted rates	3,041	3,342	3,137	96	(205)	1
Subsidies and grants for operating purposes	0	0	0	0	0	
Fees and charges	838	838	1,007	169	169	2
Internal charges and overheads recovered	0	0	0	0	0	
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	0	0	
Total operating funding (A)	**3,879**	**4,180**	**4,144**	**265**	**(36)**	
Applications of operating funding						
Payments to staff and suppliers	3,225	2,827	4,144	919	1,317	
Finance costs	239	303	0	(239)	(303)	
Internal charges and overheads applied	542	637	0	(542)	(637)	
Total applications of operating funding (B)	**4,006**	**3,767**	**4,144**	**138**	**377**	3
Surplus (deficit) of operating funding (A-B)	**(127)**	**413**	**0**	**127**	**(413)**	
Sources of capital funding						
Subsidies and grants for capital expenditure	0	0	0	0	0	
Increase (decrease) in debt	224	8	(11,065)	(10,841)	(11,073)	4
Gross proceeds from sale of assets	0	0	0	0	0	
Lump sum contributions	0	0	0	0	0	
Other Dedicated Capital Funding	0	0	11,065	11,065	11,065	4
Total sources of capital funding (C)	**(224)**	**8**	**0**	**224**	**(8)**	
Applications of capital funding						
Capital expenditure - to improve the level of service	15	121	0	(15)	(121)	
Capital expenditure - to replace existing assets	709	556	0	(709)	(556)	
Increase (decrease) in reserves	(1,075)	(256)	0	1,075	256	
Total applications of capital funding (D)	**(351)**	**421**	**0**	**351**	**(421)**	5
Surplus (deficit) of capital funding (C-D)	**127**	**(413)**	**0**	**(127)**	**413**	
Funding Balance ((A-B)+(C-D))	**0**	**0**	**0**	**0**	**0**	

WATER SUPPLY

Waikato Waters Limited (WWL) will deliver water supply services to the community from 1 July 2026. Council has worked with WWL to determine its revenue requirements for these services, and has agreed to set and collect that revenue for WWL. This will be through the setting of rates and fees and charges for those services, with the revenue provided to WWL to support its delivery of these services.

WWL will develop and adopt its first Water Services Strategy (WSS) by 1 July 2027. The WSS outlines how water services will be managed and will contain the proposed charges to be set by WWL under the Local Government (Water Services) Act 2025 and those charges will apply from 1 July 2027.

The water supply activity provides for the environmentally safe collection, treatment and reticulation of council's public water supplies to Drinking Water Quality Assurance Rules. Water supply schemes are provided by council at Te Kūiti, Maniaiti/Benneydale, Piopio and Mōkau.

ACTIVITY

Providing, maintaining and upgrading council's water supply schemes comprising of water treatment plants and intake systems, reservoirs, pump stations and pipe reticulation network.

MAIN FOCUS AREAS FOR 2026/27

- Maintenance and renewals will be continued as outlined in the WDC Water Services Delivery Plan 2025 (WSDP).
- Capital projects will be continued as outlined in the WSDP.
- For more details, please visit https://www.waikatowaters.co.nz/

VARIANCE TO YEAR 3 OF THE LTP

1. From 1 July 2026, water supply services are delivered by WWL, which was not reflected in the LTP. Operating funding is now forecast to be transferred to WWL.
2. The reduction in debt reflects the debt settlement associated with the transfer of water supply assets to WWL.
3. Water supply assets will be transferred to WWL on 1 July 2026. WWL will be responsible for delivering water supply services, including capital improvements and renewals.

VARIANCE TO 2025/26 AP

Rates revenue forecast is more than prior year for rate funded asset replacement and additional interest costs for the Te Kūiti water resilience project.

The reduction in debt reflects the debt settlement associated with the transfer of water supply assets to WWL.

WWL will be responsible for delivering capital improvements and renewals.

PROSPECTIVE FUNDING IMPACT STATEMENT

Water Supply ($000's)	Annual Plan 2026	Long Term Plan 2027	Annual Plan 2027	Variation to Annual Plan 2026	Variation to Long Term Plan 2027	Ref
Sources of operating funding						
General rates, uniform annual general charges, rates penalties	0	0	0	0	0	
Targeted rates	4,021	4,385	4,367	346	(18)	
Subsidies and grants for operating purposes	0	0	0	0	0	
Fees and charges	0	0	0	0	0	
Internal charges and overheads recovered	0	0	0	0	0	
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	0	0	
Total operating funding (A)	**4,021**	**4,385**	**4,367**	**346**	**(18)**	
Applications of operating funding						
Payments to staff and suppliers	2,459	2,126	4,367	1,908	2,241	
Finance costs	326	674	0	(326)	(674)	
Internal charges and overheads applied	616	660	0	(616)	(660)	
Total applications of operating funding (B)	**3,401**	**3,460**	**4,367**	**966**	**907**	1
Surplus (deficit) of operating funding (A-B)	**620**	**925**	**0**	**(620)**	**(925)**	
Sources of capital funding						
Subsidies and grants for capital expenditure	0	0	0	0	0	
Increase (decrease) in debt	7,911	(307)	(21,674)	(29,585)	(21,367)	2
Gross proceeds from sale of assets	0	0	0	0	0	
Lump sum contributions	0	0	0	0	0	
Other Dedicated Capital Funding	0	0	21,674	21,674	21,674	2
Total sources of capital funding (C)	**7,911**	**(307)**	**0**	**(7,911)**	**307**	
Applications of capital funding						
Capital expenditure - to improve the level of service	7,335	37	0	(7,335)	(37)	
Capital expenditure - to replace existing assets	991	583	0	(991)	(583)	
Increase (decrease) in reserves	205	(2)	0	(205)	2	
Total applications of capital funding (D)	**8,531**	**618**	**0**	**(8,531)**	**(618)**	3
Surplus (deficit) of capital funding (C-D)	**(620)**	**(925)**	**0**	**620**	**925**	
Funding Balance ((A-B)+(C-D))	**0**	**0**	**0**	**0**	**0**	

ROADS AND FOOTPATHS

The roads and footpaths group provides a safe and reliable transport infrastructure network to facilitate the movement of people and goods, which includes the provision of roads (excluding state highways), footpaths, bridges, traffic services, streetlights, carparks and traffic safety programmes.

ACTIVITY

Road Network: We manage and maintain a network of 459km of sealed roads and 547km of unsealed roads. This includes identifying the need for and undertaking maintenance and renewals of the road network, footpaths and ancillary systems such as streetlights, signs and road markings.

Subsidised Roading: NZ Transport Agency (NZTA) provides a subsidy for works that meet their criteria via Waikato Regional Council's Land Transport Programme.

Unsubsidised Roading: These activities are carried out to ensure safe and efficient travel within and through the District as necessary for road or pedestrian safety and convenience, but are not subsidised by NZTA.

Other unsubsidised services include maintaining amenity lights, street cleaning and maintenance of on-street carparks.

MAIN FOCUS AREAS FOR 2026/27

- Delivery of the road rehabilitation and resealing programmes.
- Flood damage repair works from severe weather and storm events is ongoing being a significant spend this year.
- Programme of works improving the resilience of the roading network.
- New street light contract.

VARIANCE TO YEAR 3 OF THE LTP

1. The rates revenue forecast is lower than LTP due mostly to the reduction in forecast finance costs and the increase in fees and charges which reduced the rates revenue requirement.
2. Subsidy revenue for operating expenditure is forecast to be higher than LTP due to a forecast increase in drainage maintenance and sealed pavement maintenance. The Funding Assistance Rate (FAR) is 75%.
3. Fees and charges are higher than forecast in the LTP for heavy vehicle permits and contributions received to part fund road maintenance.
4. Expenditure forecasts are higher than LTP for environmental and drainage maintenance and sealed pavement maintenance.
5. Finance costs lower than LTP forecast as overall debt has reduced following the debt settlement from the transfer of water and wastewater assets which has reduced overall interest costs.
6. Subsidy revenue is forecast to be more than LTP for storm damage renewals for weather events that damaged the road network in July and October 2025. These events were not forecast in the LTP.
7. Debt is forecast to decrease as no loan funding is forecast for the year.
8. No road improvement expenditure is planned due to the change in external funding of the 2024-27 roading programme.
9. Renewal expenditure forecasts are higher than the LTP for storm damage renewals and additional renewal expenditure approved by NZTA after the adoption of the LTP.
10. Additional reserve funding is forecast to fund the local share of the storm damage renewals and the additional renewal expenditure approved by NZTA after the adoption of the LTP.

VARIANCE TO 2025/26 AP

Subsidy revenue is more than forecast in prior year to part fund storm damage renewals.

Additional expenditure is forecast for sealed and unsealed pavement maintenance and environmental maintenance.

Finance costs are lower due to the reduction in overall debt from the transfer of water and wastewater assets.

No capital expenditure for road improvements is planned due the change in the external funding of the 2024-27 roading programme.

Renewal expenditure forecast is more than the LTP for storm damage renewals and additional renewal expenditure approved by NZTA after the adoption of the LTP.

Additional reserve funding is forecast to fund the local share of the storm damage renewals and additional renewal expenditure (partly funded by NZTA).

PROSPECTIVE FUNDING IMPACT STATEMENT

Roads and Footpaths ($000's)	Annual Plan 2026	Long Term Plan 2027	Annual Plan 2027	Variation to Annual Plan 2026	Variation to Long Term Plan 2027	Ref
Sources of operating funding						
General rates, uniform annual general charges, rates penalties	0	0	0	0	0	
Targeted rates	5,322	5,523	5,327	5	(196)	1
Subsidies and grants for operating purposes	6,809	6,961	7,585	776	624	2
Fees and charges	267	172	302	35	130	3
Internal charges and overheads recovered	0	0	0	0	0	
Local authorities fuel tax, fines, infringement fees and other receipts	130	146	130	0	(16)	
Total operating funding (A)	**12,528**	**12,802**	**13,344**	**816**	**542**	
Applications of operating funding						
Payments to staff and suppliers	8,223	8,400	9,179	956	779	4
Finance costs	320	386	35	(285)	(351)	5
Internal charges and overheads applied	1,069	1,201	1,141	72	(60)	
Total applications of operating funding (B)	**9,612**	**9,987**	**10,355**	**743**	**368**	
Surplus (deficit) of operating funding (A-B)	**2,916**	**2,815**	**2,989**	**73**	**174**	
Sources of capital funding						
Subsidies and grants for capital expenditure	6,164	6,516	16,539	10,375	10,023	6
Increase (decrease) in debt	(973)	(542)	(963)	10	(421)	7
Gross proceeds from sale of assets	0	0	0	0	0	
Lump sum contributions	0	0	0	0	0	
Total sources of capital funding (C)	**5,191**	**5,974**	**15,576**	**10,385**	**9,602**	
Applications of capital funding						
Capital expenditure - to improve the level of service	0	494	0	0	(494)	8
Capital expenditure - to replace existing assets	8,007	8,335	19,583	11,576	11,248	9
Increase (decrease) in reserves	100	(40)	(1,018)	(1,118)	(978)	10
Total applications of capital funding (D)	**8,107**	**8,789**	**18,565**	**10,458**	**9,776**	
Surplus (deficit) of capital funding (C-D)	**(2,916)**	**(2,815)**	**(2,989)**	**(73)**	**(174)**	
Funding Balance ((A-B)+(C-D))	**0**	**0**	**0**	**0**	**0**	

FINANCES

FINANCIAL SUMMARY

Prospective All of Council Cost of Service Statement for the Year Ending 30 June 2027

($000's)	Annual Plan 2026	Long Term Plan 2027	Annual Plan 2027	Variation to Annual Plan 2026	Variation to Long Term Plan 2027
Total Operating Income	18,536	19,114	30,650	12,114	11,536
Total Operating Expenditure	43,604	45,048	43,608	4	(1,440)
Net Operating Cost/(Surplus)	**25,068**	**25,934**	**12,958**	**(12,110)**	**(12,976)**
Total Capital Expenditure	22,041	13,765	22,729	688	8,964
Total Net Expenditure	**47,109**	**39,699**	**35,687**	**(11,422)**	**(4,012)**
Funded by					
Internal Loans Raised	12,610	3,832	683	(11,927)	(3,149)
Other Funding Adjustments	8,307	6,985	7,820	(487)	835
General Rates, UAGC and Service Charges	26,192	28,882	27,184	992	(1,698)
Total Funding	**47,109**	**39,699**	**35,687**	**(11,422)**	**(4,012)**

VARIANCE TO YEAR 3 OF THE LTP

Operating income is forecast at $30.6 million, $11.5 million more than LTP. Subsidy revenue is forecast to part fund repairs to the road network from recent storm events. Mayor Taskforce for Jobs programme funding is forecast along the Better Off funding forecast to fully fund the sports development initiative and part fund stormwater improvements for Te Kūiti.   These increases are partly offset by reductions in landfill revenue from declining waste volumes, reduced revenue from property rentals due to the sale of properties and lower interest revenue.

Operating expenditure is forecast at $43.6 million, $1.4 million lower than LTP. Reductions in expenditure include community partnership grants, district and regional promotions, cloud migration costs, staff costs, audit fees and interest costs, legal and noise costs, reduced waste minimisation levies and carbon credits from lower waste volumes. These reductions are partly offset by additional haulage and consolidation costs for the landfill and increased sealed pavement maintenance, environmental and drainage maintenance.

Capital expenditure of $22.7 million is forecast which is $9.0 million more than year 3 of the LTP. The increase is mostly for additional capital expenditure of $10.5 million for repairs to the road network from recent storm events, offset by the removal of water and wastewater capital expenditure which is now the responsibility of WWL.

Internal loans are forecast to be $683,000; $3.1 million less than year 3 of the LTP. The loans forecast for 2026/27 include loans to part fund stormwater improvements, the remaining costs to finalise the District Plan and an accessway for the new berm area of Te Kūiti cemetery. The LTP included loan funding for water and wastewater projects of $1.3 million now transferred to WWL and loan funding for landfill improvements and roading improvements that are no longer proceeding.

The overall **rates requirement** is $27.2 million; $1.7 million less than forecast for 2026/27 in the LTP. The decrease is due to reductions in staff costs reflecting lower organisational costs and interest costs following the transfer of water and wastewater assets to WWL. Additional rates funding is forecast for increased costs of kerbside collection and recycling, more rate funding for asset replacement and to offset lower property rental revenue and interest revenue.

VARIANCE TO 2025/26 ANNUAL PLAN

Operating income is forecast at $30.6 million; $12.1 million more than the prior year. The increase is mostly due to the increase in subsidy revenue to part fund the repairs to the road network from recent storm events. Fees and charges revenue is more for trade waste revenue, shared services revenue and additional revenue for services to be provided to WWL.

Operating expenditure is forecast at $43.6 million; with no change overall from the prior year. Reductions are forecast for finance costs and staff costs following the transfer of water and wastewater assets to WWL, legal costs, cloud migration costs, and election expenses. These reductions are partly offset by an increase in sealed and unsealed pavement maintenance and environmental maintenance and increased interest costs for water supply for the Te Kūiti water resilience project (transferred to WWL).

Capital expenditure is forecast at $22.7 million; $688,000 more than forecast for 2025/26. The significant projects planned for 2026/27 include the repairs to the road network from recent storm damage and the continuation of stormwater improvements and renewals for Te Kūiti.

Forecast i**nternal loans** are $11.9 million less than the 2025/26 year as the prior year included loans for significant projects including the Te Kūiti water resilience project and landfill improvements.

Funding for asset replacement (excluding water and wastewater)

Total funding for asset replacement forecast in the 2026/27 year (excl water and wastewater) is **$5.2 million** (2026: $5.0 million).

The increase in forecast asset replacement funding is due to increased asset values following valuations undertaken in June 2025, new assets and fully funding stormwater depreciation from 2026/27 onwards.

Council elected to not fully fund depreciation on some property assets and roading assets in the financial strategy adopted as part of the LTP 2024-34. The total amount of depreciation forecast not funded by rates or other revenue for the 2026/27 is $6.8 million summarised in the following table.

$000's	Annual Plan 2026	Long Term Plan 2027	Annual Plan 2027	Variation to Annual Plan 2026	Variation to Long Term Plan 2027
Recreation and Property	724	530	714	(10)	184
Stormwater	16	0	0	(16)	0
Roads and Footpaths	5,659	5,384	6,095	436	711
Total Depreciation and Amortisation Not Funded	**6,399**	**5,914**	**6,809**	**410**	**895**

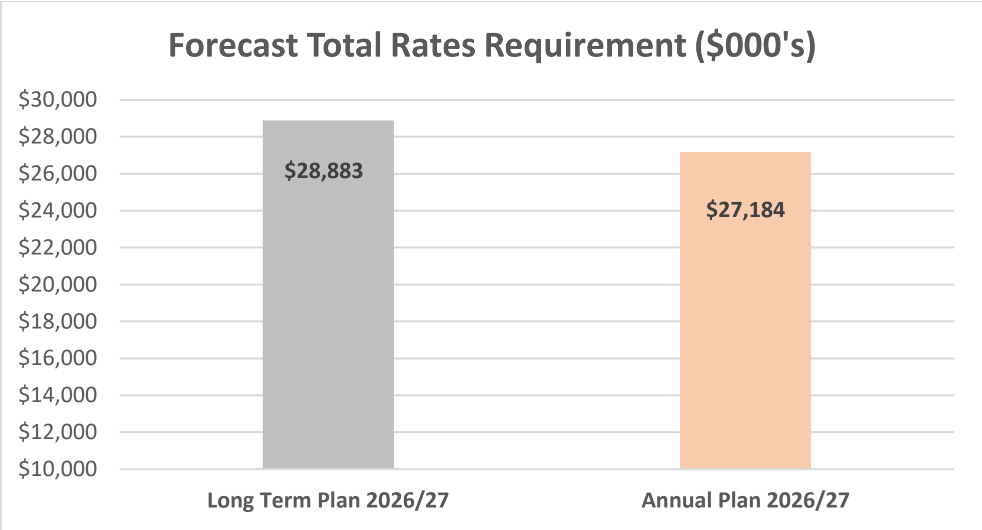
The replacement of some Recreation and Property assets are not fully funded as it is unlikely that these assets would be replaced at the end of their life.

Council has elected to fund an amount equal to the local share (25%) of the road renewal expenditure projects and also fund loan repayments. NZTA subsidy will fund 75% of the road renewals. The local share of road renewals expenditure and loan repayments is directly funded from rates totalling $3.0 million (2026: $2.8 million).

Forecast total rates requirement

The total rates requirement for the 2026/27 financial year is $27.2 million (excluding GST). The forecast in the LTP for the same year was $28.9 million; a decrease of $1.7 million.

This is an overall increase of **3.79%** in rates revenue, which is significantly less than the 5.29% in the LTP for 2026/27.



Comparison to prior years rates requirement

The total rates requirement of $27.2 million (excluding GST) for the 2026/27 year, an increase of $992,000 compared with the prior year. This is an overall increase in rates revenue requirement of **3.79%**.

Of the forecast increase in rates requirement, $550,000 relates to the rates requirement excluding water and wastewater rates, which is a **2.88%** increase on prior year rates requirement.

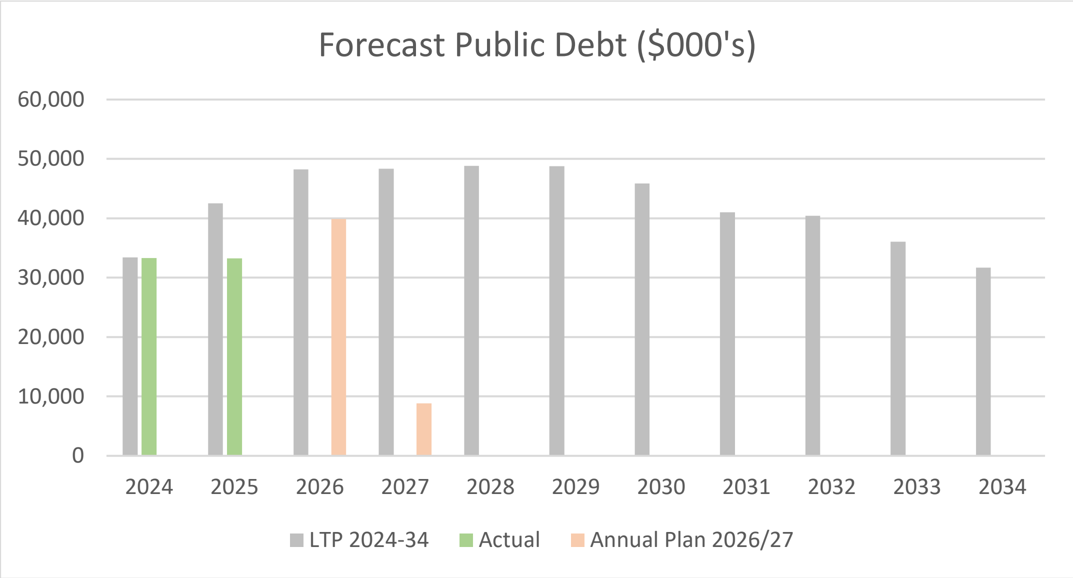
The forecast increase in rates requirement for water and wastewater rates is $442,000, a 6.26% increase on prior year.

The main contributors to the increase are:

- Increase in funding for asset replacement due to increased asset values and fully funding stormwater depreciation
- Increased costs of kerbside refuse and recycling collection
- Increase in operational costs for water supply and wastewater (including additional finance costs for the Te Kūiti water resilience project and increases in asset replacement funding)
- Reduction in forecast interest revenue
- Increase in rate funded loan repayment.

OVERALL PUBLIC DEBT

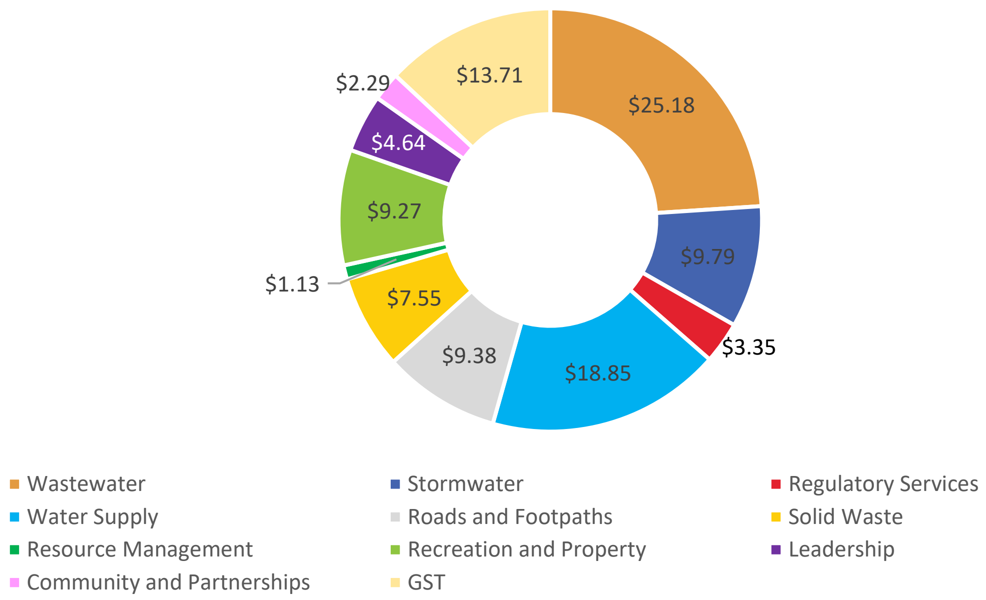
Public debt is forecast to be **$8.8 million** at 30 June 2027, $39.5 million less than forecast in the LTP. This significant reduction in debt is following the transfer of water supply and wastewater assets to WWL on 1 July 2026 and associated debt settlement.



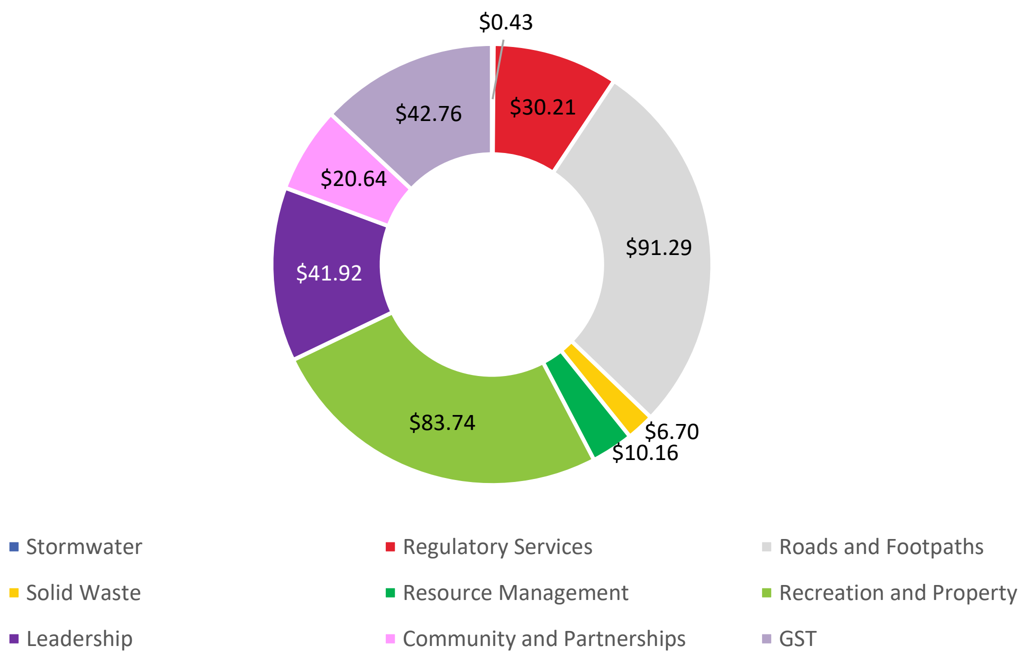
WHERE YOUR RATES ARE SPENT

The following provides a summary of where rates are spent on a weekly basis using indicative residential and rural properties as examples.

Te Kuiti Residential Property with a Capital Value of $450,000
(paying $105.13 per week)



Rural Drystock Property with a Capital Value of $4.4m
(paying $327.86 per week)



INTRODUCTION

This section outlines Council’s prospective financial performance and position for the 2026/27 financial year in prospect. The information that follows shows the financial impact of the measures and decisions Council has taken as detailed in this plan.

Whole of Council Prospective Funding Impact Statement

($000's)	Annual Plan 2026	Long Term Plan 2027	Annual Plan 2027	Variation to Annual Plan 2026	Variation to Long Term Plan 2027
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	11,026	12,459	11,404	377	(1,055)
Targeted rates	15,166	16,424	15,780	613	(645)
Subsidies and grants for operating purposes	6,988	6,972	7,896	908	924
Fees and charges	4,390	5,258	4,659	269	(599)
Interest and dividends from investments	342	69	53	(289)	(16)
Local authorities fuel tax, fines, infringement fees and other receipts	282	297	351	69	54
Total operating funding (A)	**38,194**	**41,479**	**40,143**	**1,947**	**(1,337)**
Applications of operating funding					
Payments to staff and suppliers	31,281	32,612	34,193	2,910	1,580
Finance costs	1,545	2,390	404	(1,141)	(1,986)
Other operating funding applications	0	0	0	0	0
Total applications of operating funding (B)	**32,826**	**35,002**	**34,597**	**1,769**	**(406)**
Surplus (deficit) of operating funding (A-B)	**5,368**	**6,477**	**5,546**	**178**	**(931)**
Sources of capital funding					
Subsidies and grants for capital expenditure	6,534	6,516	17,691	11,157	11,175
Increase (decrease) in debt	9,325	(152)	(34,193)	(43,518)	(34,041)
Gross proceeds from sale of assets	0	0	0	0	0
Lump sum contributions	0	0	0	0	0
Other dedicated capital funding	0	0	32,739	32,739	32,739
Total sources of capital funding (C)	**15,859**	**6,364**	**16,237**	**378**	**9,873**
Applications of capital funding					
Capital expenditure - to improve the level of service	10,889	2,151	1,711	(9,178)	(419)
Capital expenditure - to replace existing assets	11,151	11,613	21,018	9,867	9,384
Increase (decrease) in reserves	(813)	(923)	(946)	(133)	(23)
Total applications of capital funding (D)	**21,227**	**12,841**	**21,783**	**556**	**8,942**
Surplus (deficit) of capital funding (C-D)	**(5,368)**	**(6,477)**	**(5,546)**	**(178)**	**931**
Funding Balance ((A-B)+(C-D))	**0**	**0**	**0**	**0**	**0**

Prospective Statement of Comprehensive Revenue and Expense for the Year Ending 30 June 2027

($000's)	Annual Plan 2026	Long Term Plan 2027	Annual Plan 2027
Revenue			
Rates revenue including rates penalties	24,388	27,050	25,483
Metered water rates	1,350	1,422	1,422
Subsidies and grants	13,522	13,489	25,587
Dividend revenue	200	0	0
Interest revenue	142	69	53
Fees and charges	4,399	5,268	4,659
Other revenue including gains/(losses)	273	289	351
Total Revenue and Gains/(Losses)	**44,274**	**47,587**	**57,555**
Expenditure			
Employee benefit expenses	7,875	8,063	5,983
Depreciation and amortisation expense	10,778	10,892	9,013
Finance costs	1,545	2,390	596
Other expenses	22,953	23,291	27,929
Total Expenditure	**43,151**	**44,636**	**43,521**
Surplus/(Deficit)	**1,123**	**2,951**	**14,034**
Other Comprehensive Revenue and Expense			
Gains/(Losses) on revaluation of property, plant and equipment	31,531	9,062	0
Gains/(Losses) on cash flow hedges	(636)	0	593
Total Other Comprehensive Revenue and Expense	**30,895**	**9,062**	**593**
Total Comprehensive Revenue and Expense for the year	**32,018**	**12,013**	**14,627**

Prospective Statement of Changes in Equity for the Year Ending 30 June 2027

($000's)	Annual Plan 2026	Long Term Plan 2027	Annual Plan 2027
Opening balance at 1 July	**688,599**	**733,589**	**724,234**
Revaluation of property, plant and equipment	31,531	9,062	0
Gains/(Losses) on cash flow hedges	(636)	0	593
Net Income recognised directly in equity	**30,895**	**9,062**	**593**
Net Surplus/(Deficit) for the year	1,123	2,951	14,034
Total Recognised Income for the years ended 30 June	**1,123**	**2,951**	**14,034**
Total Comprehensive Revenue and Expense for the year	**32,018**	**12,013**	**14,627**
Balance at 30 June	**720,617**	**745,602**	**738,861**

Prospective Statement of Financial Position as at 30 June 2027

($000's)	Annual Plan 2026	Long Term Plan 2027	Annual Plan 2027
Equity			
Accumulated funds	254,871	257,644	316,521
Other reserves	31,340	31,542	31,550
Revaluation reserve	434,406	456,416	390,790
Total Equity	**720,617**	**745,602**	**738,861**
Current Assets			
Cash and cash equivalents	1,593	1,553	3,766
Other financial assets	298	54	86
Inventory	120	140	68
Receivables under exchange transactions	543	487	475
Receivables under non exchange transactions	6,455	4,967	6,104
Derivative financial instruments	0	297	0
Total Current Assets	**9,009**	**7,498**	**10,499**
Current Liabilities			
Payables and deferred revenue under exchange transactions	5,877	5,864	5,443
Payables and deferred revenue under non exchange transactions	1,009	1,062	752
Current portion of borrowings	21,424	14,332	2,819
Provisions	2	4	6
Employee entitlements	701	923	711
Derivative financial instruments	100	0	100
Total Current Liabilities	**29,113**	**22,185**	**9,831**
Net Working Capital	**(20,104)**	**(14,687)**	**668**
Non Current Assets			
Property, plant and equipment	742,954	773,315	669,868
Intangible assets	5,441	7,249	5,295
Intangible asset - Interest in Waikato Waters Ltd	0	0	53,639
Investment property	2,127	2,581	869
Other financial assets	758	889	584
Investment in CCO and Civic Financial Services Ltd	12,903	10,622	13,546
Deferred Tax Asset	0	0	784
Derivative financial instruments	0	260	0
Total Non Current Assets	**764,183**	**794,916**	**744,585**
Non Current Liabilities			
Borrowings	22,991	34,000	6,000
Provisions	271	627	392
Derivative financial instruments	200	0	0
Total Non Current Liabilities	**23,462**	**34,627**	**6,392**
Net Assets	**720,617**	**745,602**	**738,861**

Prospective Statement of Cash Flows for Year Ending 30 June 2027

($000's)	Annual Plan 2026	Long Term Plan 2027	Annual Plan 2027
Cashflows from Operating Activities			
Cash forecast to be provided from:			
Rates revenue (including penalties)	26,192	28,768	27,184
Subsidies and grants	13,522	13,489	28,407
Property rentals	387	630	413
Petroleum tax proceeds	130	146	130
Dividend revenue	200	0	0
Interest revenue	142	69	53
Receipts from fees and charges and other revenue	4,155	4,780	4,467
	44,728	**47,882**	**60,654**
Cash forecast to be applied to:			
Payments to suppliers and employees	30,715	30,974	37,078
Elected members	600	543	559
Interest paid on borrowings	1,545	2,390	405
	32,860	**33,907**	**38,042**
Net Cash Inflows from Operating Activities	**11,868**	**13,975**	**22,612**
Cashflows from Investing Activities			
Cash forecast to be provided from:			
Proceeds from the transfer of property, plant and equipment to Waikato Waters Limited	0	0	32,571
Proceeds from surrender or sale of financial assets	0	0	833
	0	**0**	**33,404**
Cash forecast to be applied to:			
Purchase and development of property, plant and equipment	22,042	13,744	22,729
Purchase of intangible assets	0	21	0
Purchase of financial assets	251	250	0
	22,293	**14,015**	**22,729**
Net Cash Inflow /(Outflow) from Investing Activities	**(22,293)**	**(14,015)**	**10,675**
Cashflows from Financing Activities			
Cash forecast to be provided from:			
Cash was provided from borrowings	23,925	15,040	7,231
	23,925	**15,040**	**7,231**
Cash forecast to be applied to:			
Repayment of borrowings	15,000	15,000	38,306
	15,000	**15,000**	**38,306**
Net Cash Inflows /(Outflows) from Financing Activities	**8,925**	**40**	**(31,075)**
Net increase/(decrease) in cash and cash equivalents	**(1,500)**	**0**	**2,212**
Cash and cash equivalents at the beginning of the year	3,093	1,553	1,554
Cash and cash equivalents at the end of the year	**1,593**	**1,553**	**3,766**
Cash at the end of the year represented by:			
Cash at bank and in hand	**1,593**	**1,553**	**3,766**

Prospective Statement of Public Debt for the Year Ending 30 June 2027

($000's)	Annual Plan 2026	Long Term Plan 2027	Annual Plan 2027
Opening Balance	**35,439**	**48,241**	**39,894**
Loans raised	23,976	15,091	7,231
Loans repaid	(15,000)	(15,000)	(38,306)
Closing Balance	**44,415**	**48,332**	**8,819**

Note: Loans raised or repaid shown in the Public Debt, Cash Flow and Statement of Financial Position prospective statements are based on budgeted cash flow requirements, which includes working capital movements and do not equate to either the internal loans drawn or the external loan repayments shown in the Prospective Statement of Funding Sources or the Prospective Funding Impact Statement.

Prospective Statement of Reserve Fund Movements for Other Reserves for the Year Ending 30 June 2027

($000's)	Annual Plan 2026	Long Term Plan 2027	Annual Plan 2027
Opening Balance	**19,586**	**20,274**	**19,425**
Transfer to/(from) Reserves	(1,013)	(74)	(1,676)
Total Council Created Reserves	**18,573**	**20,200**	**17,749**
Investment Revaluation Reserves	13,530	10,606	13,530
Cashflow Hedging Reserve	(322)	736	271
Total Other Reserves	**32,633**	**31,542**	**31,550**

Reserves form part of Council's total equity which is matched by net assets (i.e. assets less liabilities). Reserves are not matched by available cash.

Generally, the use of reserves as a funding tool results in either a decrease in available cash, or when cash is not available, an increase in borrowings.

Prospective Depreciation and Amortisation Expense for the Year Ending 30 June 2027

($000's)	Annual Plan 2026	Long Term Plan 2027	Annual Plan 2027	Variation to Annual Plan 2026	Variation to Long Term Plan 2027
Leadership	754	855	569	185	286
Community and Partnerships	13	11	6	7	5
Recreation and Property	1,673	1,725	1,787	114	62
Regulatory Services	19	17	35	16	18
Solid Waste	132	205	151	19	54
Stormwater	283	303	358	75	55
Wastewater	1,151	1,175	0	1,151	1,175
Water Supply	1,036	1,157	0	1,036	1,157
Roads and Footpaths	5,717	5,444	6,107	390	663
Total Forecast Depreciation and Amortisation	**10,778**	**10,892**	**9,013**	**1,765**	**1,879**

Forecast Capital Expenditure for the Year Ending 30 June 2027

($000's)	Annual Plan 2026	Long Term Plan 2027	Annual Plan 2027	Variation to Annual Plan 2026	Variation to Long Term Plan 2027
Leadership					
Investments	41	42	43	2	1
Overhead	539	630	390	149	240
	580	**672**	**433**	**147**	**239**
Recreation and Property					
Park and Recreation	80	211	194	114	17
Housing and Other Property	351	73	54	297	19
Community Facilities	108	142	132	24	10
Internal Services Business Unit	0	0	50	50	50
Public Facilities	72	220	187	116	33
	611	**646**	**617**	**7**	**29**
Regulatory Services	**5**	**10**	**5**	**0**	**5**
Solid Waste Management					
Waste Management	**2,651**	**367**	**0**	**2,651**	**367**
Stormwater					
Te Kūiti Urban Stormwater	1,060	1,859	2,006	946	147
Rural Stormwater	76	84	84	8	0
	1,136	**1,943**	**2,090**	**954**	**147**
Wastewater					
Te Kūiti	424	448	0	424	448
Te Waitere	7	7	0	7	7
Maniaiti/Benneydale	155	168	0	155	168
Piopio	138	54	0	138	54
	724	**677**	**0**	**724**	**677**
Water Supply					
Te Kūiti	7,812	445	0	7,812	445
Mōkau	299	77	0	299	77
Piopio	166	77	0	166	77
Maniaiti/Benneydale	50	21	0	50	21
	8,327	**620**	**0**	**8,327**	**620**
Roads and Footpaths					
Subsidised roading	8,007	8,687	19,584	11,577	10,897
Unsubsidised roading	0	142	0	0	142
	8,007	**8,829**	**19,584**	**11,577**	**10,755**
Total Forecast Capital Expenditure	**22,041**	**13,764**	**22,729**	**689**	**8,965**

Set out in the following table is the forecast capital projects for 2026/27 grouped by improvements in level of service (LOS) and renewals. The categorisation is based on the more significant reason for the expenditure as there can be an element of both for a project. There are no projects forecast due to an increase in demand of a service.

The funding source for each project is provided, where "loan" indicates an internal loan will be raised to fund the project. Use of the asset replacement reserve means funding will be from the relevant depreciation reserve. Where "subsidy" has been indicated, subsidy is from an external funding source such as NZTA subsidy or Better Off Funding from central government. "Rates for local share" indicates that the expenditure will be funded directly from rates with the balance from NZTA subsidy. LOS indicates improvements for an increase in Level of Service.

Forecast Capital Expenditure Projects for Year Ending 30 June 2027

($000's)	Annual Plan 2027	Funding Source	Classification
Leadership			
Quarry Safety Improvements	43	Loan	LOS
Information Services Hardware Renewals	100	Asset Replacement Reserves	Renewals
Fleet Replacements	240		
Minor Building Renewals	50		
	433		
Recreation and Property			
Parks and Reserve Improvements	40	Loan	LOS
Te Kūiti Cemetery accessway	63		
Parks and Reserves Renewals	123	Asset Replacement Reserves	Renewals
Playground Renewals	31		
Les Munro Centre Renewals	46		
Minor Property Renewals	176		
Library Books Renewals	46		
Mower Replacement	50		
Security Camera Renewals	42		
	617		
Regulatory Services	**5**	Asset Replacement Reserves	Renewals
Stormwater			
Stormwater Improvements	1,527	Loan and Better Off Funding	LOS
Rural Stormwater Renewals	84	Loan	Renewals
Stormwater Renewals	474	Asset Replacement Reserves and Loan	Renewals
Stormwater Discharge Resource Consent Renewals	5	Asset Replacement Reserves	
	2,090		
Roads and Footpaths			
Crown Resilience Projects	401	Subsidy and R ates for Local Share	Renewals
Footpath Renewals	19		
Drainage Renewals	754		
Pavement Rehabilitation	1,663		
Sealed Surfacing Renewals	3,348		
Bridge and Bridge Structures Replacements	550		
Traffic Services Renewals	19		
Unsealed Road Metalling Renewals	1,600		
Emergency reinstatement renewals	730		
Storm renewals – July and October 2025 events	10,500	Subsidy and Asset Replacement Reserves for local share	
	19,584		
Total Forecast Capital Expenditure	**22,729**		

FUNDING IMPACT STATEMENT AND RATING INFORMATION

Introduction

Council is required under clause 20 of Schedule 10 of the Local Government Act 2002 (LGA) to adopt a Funding Impact Statement.

The Funding Impact Statement provides a summary of Council's funding sources and how the funds are to be applied, as well as the detailed rate requirement for the 2026/27 financial year.

The Funding Impact Statement represents the fiscal outcome from the Revenue and Financing Policy. The Revenue and Financing Policy is available on Council's website **www.waitomo.govt.nz**

Rates Remissions and Postponements

Remissions

Council has developed a Rates Remissions Policy as per LGA (section 102 (3)(a), 108 and 109) and Local Government (Rating) Act 2002 (LGRA) (Section 85). Remission categories include Properties Used Jointly as a Single Unit, Community Organisations and Clubs and Societies, Penalties, Financial Hardship, Organisations Providing Care for the Elderly, New Residential Subdivisions, Māori Freehold Land, Cases of Land Affected by Natural Calamity, New Businesses and Rates and/or Penalties following a rating sale or abandoned land sale. The estimated value of these rates remissions is $225,400 (excluding GST) for the 2026/27 year.

Postponements

Under the Rates Remission Policy, Council will not offer any permanent postponements of rates.

Separately Used or Inhabited Part of a Rating Unit (SUIP)

Council has resolved that the basis of calculating liability for the Uniform Annual General Charge (UAGC) and for certain targeted fixed rates (TFRs), will be the number of 'separately used or inhabited parts' (SUIPs) of rating units.

Council sets TFRs in all rating areas of the District on a SUIP basis for provision of:

- Water Supplies
- Wastewater Systems
- Solid Waste
- Solid Waste Collection
- Rural Stormwater

Definition of SUIP

A separately used or occupied part of a rating unit includes any part of a rating unit that is used or occupied by any person, other than the ratepayer, having a right to use or inhabit that part by virtue of a tenancy, lease, licence, or other agreement, or any part or parts of a rating unit that are used or occupied by the ratepayer for more than one single use.

This definition includes separately used parts, whether actually occupied at any time, which are provided by the owner for rental (or other form of occupation) on an occasional or long-term basis by someone other than the owner.

For the avoidance of doubt, a rating unit that has only one use (i.e. does not have separate parts or is vacant land) is treated as being one SUIP.

1. STATEMENT OF FUNDING SOURCES

The table on the following page provides a summary of the funding sources for the 2026/27 year. Council's Revenue and Financing Policy and work programmes form the basis for the funding forecasts. The table is produced on a GST exclusive basis.

2. FUNDING CAP FOR UNIFORM CHARGES

Section 21 of the LGRA requires that revenue from certain rates must not exceed 30% of total rates revenue. Those rates include Uniform Annual General Charges and Targeted Rates that are set on a uniform basis.

Council is not in breach of the Funding Cap for this Annual Plan. The uniform charges for 2026/27 are 9.7% of the total rates revenue.

3. SETTING OF THE UNIFORM ANNUAL GENERAL CHARGE (UAGC)

Council will set the value of the UAGC annually taking the following factors into consideration:

- Adherence to the legislative cap (UAGC to be maximum of 30% of total rates excluding any fixed rate charges for water or wastewater) and;
- Set the amount of UAGC such that it is as fair as possible to all ratepayers and in consideration of the principles of affordability and sustainability and;
- The LGCI (Local Government Cost Indicator) for that year.

Prospective Statement of Funding Sources for the Year Ending 30 June 2027

($000's)	Annual Plan 2026	Long Term Plan 2027	Annual Plan 2027	Variation to Annual Plan 2026	Variation to Long Term Plan 2027
Targeted Rates and Services Charges for Water Supply and Wastewater					
Wastewater	3,041	3,342	3,138	97	(204)
Water Supply	2,671	2,963	2,944	273	(19)
Metered Water Supply Rates	1,350	1,422	1,422	72	0
Forecast Total Targeted Rates and Service Charges Water Supply and Wastewater	**7,062**	**7,727**	**7,504**	**442**	**(223)**
Change in Rates Requirement for Water Supply and Wastewater		496	442		
Percentage Change	*9.88%*	*6.86%*	*6.26%*		
Piopio Retirement Village Contribution	16	14	0	(16)	(14)
District Roading Rate	5,322	5,523	5,328	6	(195)
Solid Waste Rate	1,590	1,658	1,569	(21)	(89)
Solid Waste Collection	251	295	393	142	98
Stormwater	925	1,207	986	61	(221)
Forecast Total of Other Targeted Rates and Service Charges	**8,104**	**8,697**	**8,276**	**172**	**(421)**
General Rate	9,434	10,280	10,609	1,175	329
UAGC	1,232	1,803	495	(737)	(1,308)
Rates Penalties Revenue	360	375	300	(60)	(75)
Forecast General Rates and UAGC Requirement	**11,026**	**12,458**	**11,404**	**378**	**(1,054)**
Forecast Other Targeted and General Rates and UAGC Requirement	**19,130**	**21,155**	**19,680**	**550**	**(1,475)**
Change in Rates Requirement		955	550		
Percentage Change	*0.56%*	*4.73%*	*2.88%*		
Forecast Total Rates Requirement	**26,192**	**28,882**	**27,184**	**992**	**(1,698)**
Change in Rates Requirement		1,451	992		
Percentage Change	*2.91%*	*5.29%*	*3.79%*		
Other Revenue Sources					
Subsidises and Grants	13,522	13,489	25,587	12,065	12,098
Interest Revenue	142	69	53	(89)	(16)
Dividend Revenue	200	0	0	(200)	0
Fees and Charges	4,672	5,556	5,010	338	(546)
Total Other Revenue	**18,536**	**19,114**	**30,650**	**12,114**	**11,536**
Other Funding Sources					
Internal Loan Raised	12,610	3,832	683	(11,927)	(3,149)
Total Funding Sources	**57,338**	**51,828**	**58,517**	**1,179**	**6,689**
Funding applied to					
Operating Expenditure	43,604	45,048	43,608	4	(1,440)
Capital Expenditure	22,041	13,765	22,729	688	8,964
Internal Loan Repayments	3,286	3,983	2,137	(1,149)	(1,846)
Debt Repayment from Dividend	200	0	0	(200)	0
Reserve transfers and non-funding of depreciation	(11,793)	(10,968)	(9,957)	1,836	1,011
Total Funding Applied	**57,338**	**51,828**	**58,517**	**1,179**	**6,689**

4. GENERAL RATE

Description and Use

The General Rate set on every rating unit across the District is assessed as a rate per $100 of capital value. The General Rate is not set differentially. The rationale for assessing the General Rate using capital value is contained in the Revenue and Financing Policy.

The General Rate will contribute to the funding of:

- Leadership
- Other Land and Buildings
- District Libraries
- Aquatic Centre
- Les Munro Centre
- Aerodrome
- Public Facilities
- Parks and Reserves
- Elderly Persons Housing
- Community Halls
- Cemeteries
- Community Development
- Economic Development
- District Promotion
- Emergency Management
- Regulatory Services
- Waste Minimisation
- Resource Management
- Gallagher Recreation Centre

Requirement in 2026/27 (incl. GST)

General Rate	Rate per $100 capital value	Total Revenue Requirement ($000)
All rating units in the district	0.25433	11,987

5. UNIFORM ANNUAL GENERAL CHARGE

Description and Use

Council will set a Uniform Annual General Charge (UAGC) per separately used or inhabited part of a rating unit across the District under Section 15(1) (b) of the LGRA. The rationale for use of the UAGC is contained in the Revenue and Financing Policy.

The UAGC will contribute to the funding of:

- Leadership
- Other Land and Buildings
- District Libraries
- Aquatic Centre
- Les Munro Centre
- Aerodrome
- Public Facilities
- Parks and Reserves
- Elderly Persons Housing
- Community Halls
- Cemeteries
- Community Development
- Economic Development
- District Promotion
- Emergency Management
- Regulatory Services
- Waste Minimisation
- Resource Management
- Gallagher Recreation Centre

Requirement in 2026/27 (incl. GST)

UAGC	Charge per SUIP	Total Revenue Requirement ($000)
All rating units in the district	$100	559

6. TARGETED RATES

Description and Use

Rates which can fund a particular activity or group of activities and can apply to certain areas, categories or to certain ratepayers.

The matters and categories used to define categories of rateable land and calculate liability for targeted rates are set out in the Local Government (Rating) Act 2002 Schedule 2 and Schedule 3 and enable categories of land to be defined by some factor, such as geographic location, provision of service, area or the use to which the land is put.

The titles of 'Targeted Rate' ('TR') and Targeted Fixed Rate (TFR) are used by this Council. Targeted Fixed Rates are based on a uniform amount set per separately used or inhabited part of a rating unit (SUIP) or set per rating unit. Targeted Rates are assessed based on capital value or water consumption.

6.1. Targeted rates differentiated on Location

Council will use location (Schedule 2(6) LGRA) to define the land liable for the Rural Stormwater TFR, Te Kūiti Urban Stormwater TFR and targeted rate.

The following location definitions for the respective rating areas will apply:

Te Kūiti Urban Rating Area	*All rating units situated within the Te Kūiti Urban Rating Area (Refer to Revenue and Financing Policy for further details)*
Rural Rating Area	*All rating units situated within the Rural Rating Area (Refer to Revenue and Financing Policy for further details)*

6.2. Differentials and factors of liability

Targeted rates may be set differentially, with different categories of land attracting a different level of rate.

Council has chosen to differentiate the District Roading Rate into two categories and will use the 'use to which the land is put' to define land liable for these rates (schedule 2 (1) LGRA).

Differential Category Definitions

The following land use categories and differential factors will apply to the District Roading Rate:

(a) District Roading Rate - General

All rating units in the district excluding those properties categorised as differential b) below.

The District Roading Rate – General category will have a differential factor of 1.0.

(b) District Roading Rate - Forestry Exotic

Rating units that have been assigned the FE category code (Forestry Exotic) by Council's Valuation Service Provider and/or properties that are partially used for exotic forestry.

The District Roading Rate – Forestry Exotic category will have a differential factor of 3.0.

Properties with a mixed use

Where rating units have a mixed forestry use (eg; pastoral and exotic forestry), and the area of exotic forestry is 20 hectares or more, the rating unit will be apportioned to enable the district roading rate to be charged correctly.

The portion used for exotic forestry will be charged the differential of 3.0 and the remaining portion will be charged the differential of 1.0.

6.3. District Roading Rates

Description and Use

Council will set a differential TR on every rating unit within the district differentiated on the basis of use. The TR will be assessed as a rate per $100 of capital value to part fund the Roads and Footpaths Activity. The rationale for use of this rate is contained in the Revenue and Financing Policy.

Requirement in 2026/27 (incl. GST)

Roading Rate (TR)	Rate per $100 Capital Value	Total Revenue Requirement ($000)
District Roading Rate - General	0.12464	5,748
District Roading Rate - Forestry Exotic	0.37392	379

6.4. Rural Stormwater TFR

Description and Use

Council will set a TFR per separately used or inhabited part of a rating unit in the Rural Rating Area of the District to fund the Rural Stormwater Activity.

Requirement in 2026/27 (incl. GST)

Rural Stormwater (TFR)	Charge per SUIP	Total Revenue Requirement ($000)
Rural Rating Area	$26	92

6.5. Te Kūiti Urban Stormwater TFR and Targeted Rate

Description and Use

(i) Council will set a TFR per rating unit in the Te Kūiti Urban Rating Area to partly fund the Te Kūiti Urban Stormwater Activity.

(ii) Council will set a Targeted Rate to partly fund the Te Kūiti Urban Stormwater Activity, to be assessed as a rate per $100 of Capital value on every rating unit in the Te Kūiti Urban Rating Area excluding those in respect of which there is a current resource consent to discharge stormwater into the Mangaokewa Stream, and so are not using any part of the urban reticulated stormwater or drainage network.

Requirement in 2026/27 (incl. GST)

Te Kūiti Urban Stormwater (TFR)	Charge Per Rating Unit	Total Revenue Requirement ($000)
Te Kūiti Urban Rating Area	$198	367

Requirement in 2026/27 (incl. GST)

Te Kūiti Urban Stormwater Targeted Rate (TR)	Rate per $100 Capital Value	Total Revenue Requirement ($000)
Te Kūiti Urban Rating Area (excluding rating units not using network)	0.08613	675

6.6. Water Supply Rates

Description and Use

Council will set a TFR for Water Supply differentiated on the basis of supply area.

The TFR is set per separately used or inhabited part of a rating unit within Te Kūiti and Rural Communities (Piopio, Maniaiti /Benneydale and Mōkau), with liability calculated based on whether the SUIP is connected, or merely serviceable (Serviceable means the rating unit is within 100m of water main and practicably serviceable in the opinion of Waikato Waters Limited).

Requirement in 2026/27 (incl. GST)

Water Supply (TFR)	Charge		Total Revenue Requirement ($000)
	Per connected SUIP	Per serviceable SUIP	
Te Kūiti	$1,127	$563	2,438
Piopio	$1,583	$791	395
Maniaiti / Benneydale	$1,583	$791	200
Mōkau	$1,583	$791	353

Council will set a TR per cubic metre of water consumed over and above an annual consumption of 292m³ per SUIP, differentiated by supply area that has been fitted with a water meter and/or is defined as having an extraordinary supply (in accordance with Council's Water Services Bylaw).

Requirement in 2026/27 (incl. GST)

Water Supply Rate (TR)	2026/27 Charge per cubic metre (including GST) above 292m3
Te Kūiti	$4.89
Piopio	$5.33
Maniaiti / Benneydale	$5.87
Mōkau	$7.81
Total Revenue Requirement ($000)	1,636

Metered Water Supply Due Dates

	Reading Period	Due Date
Te Kūiti Meat Companies	Monthly	15th of the month following invoice
Te Kūiti, Piopio, Mōkau and Maniaiti / Benneydale	Jul-Dec 2026 Jan-Jun 2027	15th of the month following invoice

6.7. Wastewater Rates

Description and Use

Council will set a TFR to provide for the collection and disposal of sewage. The TFR is set per separately used or inhabited part of a rating unit within the District, with liability calculated based on whether the SUIP is connected to the wastewater network, or merely serviceable (Serviceable means the rating unit is within 30m of sewer reticulation and practicably serviceable in the opinion of Waikato Waters Limited).

Requirement in 2026/27 (incl. GST)

Wastewater (TFR)	Charge		Total Revenue Requirement ($000)
	Per connected SUIP	Per serviceable SUIP	
Te Kūiti (Residential only)	$1,506	$753	2,662
Maniaiti / Benneydale (Residential and Non-residential)	$1,506	$753	175
Te Waitere (Residential and Non-residential)	$1,506	$753	29
Piopio (Residential and Non-residential)	$1,506	$753	315

Wastewater rates for non-residential properties in Te Kūiti

Description and Use

For all non-residential properties in Te Kūiti, Council will assess a Targeted Fixed Rate per SUIP set on a differential basis based on the following categories:

- **Category 1** - All Businesses
- **Category 2** - Education & Community Childcare, Places of Worship, Marae, Clubs and Societies and Emergency Services. This category consists of organisations that are generally deemed 'not for profit'. For avoidance of doubt, Category 2 only covers properties with uses listed within this category and no others.
- **Category 3** - Government Department use, Rest Homes and Hospitals.

All non-residential SUIPs will be charged one base charge for up to four pans and per pan (Pan Charge) for every pan over and above this threshold on the following basis:

Requirement in 2026/27 (incl. GST)
Base Charge:

Non – residential Targeted Rate (TFR)	Base Charge Per SUIP (up to 4 pans)	Per serviceable SUIP	Total Revenue Requirement ($000)
Category 1	$753	$753	153
Category 2	$753	$753	33
Category 3	$1,506	$753	24

Pan Charge:

Non – residential Targeted Rate (TFR)	Number of Pans	Charge per pan (pan charge)	Total Revenue Requirement ($000)
Category 1	5th pan and over	$1,054	109
Category 2	5-10 Pans	$452	7
	Over 10 Pans	$301	36
Category 3	5th Pan and over	$1,054	64

The rationale for the use of this rate is contained in the Revenue and Financing Policy.

6.8. Solid Waste Collection Rate

Description and Use

Council will set a TFR per separately used or inhabited part of a rating unit to which Council provides a kerbside collection and recycling service differentiated by service areas where Council operates kerbside collection and kerbside recycling services (Te Kūiti, Piopio, Mōkau (including Awakino) communities and Waitomo Village and some surrounding parts).

Requirement in 2026/27 (incl. GST)

Solid Waste Collection (TFR)	Charge per SUIP	Total Revenue Requirement ($000)
Te Kūiti	$119	252
Waitomo	$140	95
Piopio	$210	50
Mōkau	$195	55

6.9. Solid Waste Rate

Description and Use

Council will set a TFR per separately used or inhabited part of a rating unit District wide to part fund the solid waste activity.

Requirement in 2026/27 (incl. GST)

Solid Waste (TFR)	Charge per SUIP	Total Revenue Requirement ($000)
All Rating Units in the District	$324	1,804

7. RATES PAYMENTS

Pursuant to Section 24 of the Local Government (Rating) Act 2002, rates for the financial year commencing **1 July 2026** will be payable in four equal instalments with the due dates for payment being:

1st Instalment	31 August 2026 (Monday)
2nd Instalment	30 November 2026 (Monday)
3rd Instalment	26 February 2027 (Friday)
4th Instalment	31 May 2027 (Monday)

Note

The due date for payment of each instalment is the last working day in each of the months specified above.

Rates payments will be allocated to the oldest debt first.

Penalties

Pursuant to sections 57 and 58 of the Local Government (Rating) Act 2002, Council may apply penalties as follows:

(a) A penalty charge of 10 percent (10%) on any part of an instalment that has been assessed for the financial year commencing 1 July 2026 and which remains unpaid after 5pm on the due date for payment of that instalment, to be added on the penalty dates below:

Instalment 1	2 September 2026
Instalment 2	2 December 2026
Instalment 3	2 March 2027
Instalment 4	2 June 2027

(b) A further penalty charge of 10 percent (10%) on any part of any rates assessed before 1 July 2026 that remains unpaid on 1 July 2026, to be added on 6 July 2026.

(c) No penalties will be charged where a ratepayer is paying rates by direct debit or where there is an approved payment arrangement in place.

RATES EXAMPLES

Rates Examples 2026/27

(Including GST) Capital Value $ as at September 2024	Te Kūiti Residential $450,000 2026/27	Te Kūiti Commercial $375,000 2026/27	Te Kūiti Wider Rating Area $1,070,000 2026/27	Waitomo Commercial $1,160,000 2026/27 (2 parts)	Maniaiti/ Benneydale Residential $160,000 2026/27	Piopio Residential $335,000 2026/27	Piopio Wider Rating Area $670,000 2026/27	Mōkau Residential $505,000 2026/27	Drystock Rural $4,380,000 2026/27	Dairy Farm Rural $5,970,000 2026/27 (4 parts)	Te Waitere Residential $420,000 2026/27
Uniform Annual General Charge (UAGC)	100	100	100	200	100	100	100	100	100	400	100
General Rate	1,144	954	2,721	2,950	407	852	1,704	1,284	11,140	15,184	1,068
District Roading Rate	561	467	1,334	1,446	199	418	835	629	5,459	7,441	523
Stormwater Urban Fixed Charge	198	198	0	0	0	0	0	0	0	0	0
Stormwater Urban Capital Value	388	323	0	0	0	0	0	0	0	0	0
Stormwater (Rural)	0	0	26	52	26	26	26	26	26	104	26
Solid Waste	324	324	324	648	324	324	324	324	324	1,296	324
Solid Waste Collection & Recycling	119	119	140	280	0	210	0	195	0	560	0
Total rates excluding water supply and wastewater rates	**2,834**	**2,485**	**4,645**	**5,576**	**1,056**	**1,930**	**2,989**	**2,558**	**17,049**	**24,985**	**2,041**
Water supply and wastewater rates											
Water Supply (Te Kūiti and Rural)	1,127	1,127	0	0	1,583	1,583	0	1,583	0	0	0
Wastewater (Uniform)	1,506	753	0	0	1,506	1,506	0	0	0	0	1,506
Total water supply and wastewater rates	**2,633**	**1,880**	**0**	**0**	**3,089**	**3,089**	**0**	**1,583**	**0**	**0**	**1,506**
Proposed Total Rates 2026/27	**5,467**	**4,365**	**4,645**	**5,576**	**4,145**	**5,019**	**2,989**	**4,141**	**17,049**	**24,985**	**3,547**
Total Rates (Actual) 2025/26	**5,191**	**4,214**	**4,584**	**5,580**	**3,949**	**4,750**	**3,119**	**4,042**	**16,204**	**23,933**	**3,511**
Change (%)	**5.3%**	**3.6%**	**1.3%**	**-0.1%**	**5.0%**	**5.6%**	**-4.2%**	**2.5%**	**5.2%**	**4.4%**	**1.0%**
Change ($)	**276**	**151**	**61**	**-4**	**196**	**269**	**-130**	**99**	**845**	**1,052**	**36**

Rates Examples 2025/26

(Including GST) Capital Value $ as at September 2024	Te Kūiti Residential $450,000 2025/26	Te Kūiti Commercial $375,000 2025/26	Te Kūiti Wider Rating Area $1,070,000 2025/26	Waitomo Commercial $1,160,000 2025/26 (2 parts)	Maniaiti/ Benneydale Residential $160,000 2025/26	Piopio Residential $335,000 2025/26	Piopio Wider Rating Area $670,000 2025/26	Mōkau Residential $505,000 2025/26	Drystock Rural $4,380,000 2025/26	Dairy Farm Rural $5,970,000 2025/26 (4 parts)	Te Waitere Residential $420,000 2025/26
Uniform Annual General Charge (UAGC)	250	250	250	500	250	250	250	250	250	1,000	250
General Rate	1,026	855	2,439	2,644	365	763	1,527	1,151	9,982	13,606	957
District Roading Rate	565	470	1,342	1,455	201	420	841	634	5,495	7,490	527
District Benefit Water	40	40	40	40	40	40	40	40	40	40	40
District Benefit Wastewater	43	43	43	43	43	43	43	43	43	43	43
Stormwater Urban Fixed Charge	193	193	0	0	0	0	0	0	0	0	0
Stormwater Urban Capital Value	365	304	0	0	0	0	0	0	0	0	0
Stormwater (Rural)	0	0	22	44	22	22	22	22	22	88	22
Water Supply (Te Kūiti and Rural)	966	966	0	0	1,356	1,356	0	1,356	0	0	0
Wastewater (Uniform)	1,300	650	0	0	1,300	1,300	0	0	0	0	1,300
Piopio Retirement Village Contribution	0	0	0	0	0	24	24	0	0	0	0
Te Kūiti Trade Waste Contribution	42	42	42	42	42	42	42	42	42	42	42
Solid Waste	330	330	330	660	330	330	330	330	330	1,320	330
Solid Waste Collection & Recycling	71	71	76	152	0	160	0	174	0	304	0
Total Rates (Actual) 2025/26	**5,191**	**4,214**	**4,584**	**5,580**	**3,949**	**4,750**	**3,119**	**4,042**	**16,204**	**23,933**	**3,511**

Rates Examples 2026/27 – Residential and Lifestyle

(Including GST) Capital Value $ as at September 2024	Te Kūiti Average Residential $375,000 2026/27	Piopio Average Residential $300,000 2026/27	Maniaiti/ Benneydale Average Residential $165,000 2026/27	Mōkau Average Residential $425,000 2026/27	Te Waitere Average Residential $440,000 2026/27	Low Value Residential $155,000 2026/27	High Value Residential $780,000 2026/27	Low Value Lifestyle $285,000 2026/27	Average Value Lifestyle $640,000 2026/27	High Value Lifestyle $1,240,000 2026/27
Uniform Annual General Charge (UAGC)	100	100	100	100	100	100	100	100	100	100
General Rate	954	763	420	1,081	1,119	394	1,984	725	1,628	3,154
District Roading Rate	467	374	206	530	548	193	972	355	798	1,546
Stormwater Urban Fixed Charge	198	0	0	0	0	0	198	0	0	0
Stormwater Urban Capital Value	323	0	0	0	0	0	672	0	0	0
Stormwater (Rural)	0	26	26	26	26	26	0	26	26	26
Solid Waste	324	324	324	324	324	324	324	324	324	324
Solid Waste Collection & Recycling	119	210	0	195	0	0	119	140	0	140
Total rates excluding water supply and wastewater rates	**2,485**	**1,797**	**1,076**	**2,256**	**2,117**	**1,037**	**4,369**	**1,670**	**2,876**	**5,290**
Water supply and wastewater rates										
Water Supply	1,127	1,583	1,583	1,583	0	1,583	1,127	0	0	0
Sewerage	1,506	1,506	1,506	0	1,506	1,506	1,506	0	0	0
Total water supply and wastewater rates	**2,633**	**3,089**	**3,089**	**1,583**	**1,506**	**3,089**	**2,633**	**0**	**0**	**0**
Proposed Total Rates 2026/27	**5,118**	**4,886**	**4,165**	**3,839**	**3,623**	**4,126**	**7,002**	**1,670**	**2,876**	**5,290**
Total Rates (Actual) 2025/26	**4,864**	**4,627**	**3,966**	**3,759**	**3,582**	**3,930**	**6,624**	**1,811**	**2,989**	**5,185**
Change (%)	**5.2%**	**5.6%**	**5.0%**	**2.1%**	**1.1%**	**5.0%**	**5.7%**	**-7.7%**	**-3.8%**	**2.0%**
Change ($)	**254**	**259**	**199**	**80**	**41**	**196**	**378**	**-141**	**-113**	**105**

Rates Examples 2025/26 – Residential and Lifestyle

(Including GST) Capital Value $ as at September 2024	Te Kūiti Average Residential $375,000 2025/26	Piopio Average Residential $300,000 2025/26	Maniaiti / Benneydale Average Residential $165,000 2025/26	Mōkau Average Residential $425,000 2025/26	Te Waitere Average Residential $440,000 2025/26	Low Value Residential $155,000 2025/26	High Value Residential $780,000 2025/26	Low Value Lifestyle $285,000 2025/26	Average Value Lifestyle $640,000 2025/26	High Value Lifestyle $1,240,000 2025/26
Uniform Annual General Charge (UAGC)	250	250	250	250	250	250	250	250	250	250
General Rate	855	684	376	969	1,003	353	1,778	650	1,459	2,826
District Roading Rate	470	376	207	533	552	194	979	358	803	1,556
Stormwater Urban Fixed Charge	193	0	0	0	0	0	193	0	0	0
Stormwater Urban Capital Value	304	0	0	0	0	0	632	0	0	0
Stormwater (Rural)	0	22	22	22	22	22	0	22	22	22
Water Supply (Te Kūiti and Rural)	966	1,356	1,356	1,356	0	1,356	966	0	0	0
Wastewater (Uniform)	1,300	1,300	1,300	0	1,300	1,300	1,300	0	0	0
Solid Waste	330	330	330	330	330	330	330	330	330	330
Solid Waste Collection & Recycling	71	160	0	174	0	0	71	76	0	76
Piopio Retirement Village Contribution	0	24	0	0	0	0	0	0	0	0
Te Kūiti Trade Waste Contribution	42	42	42	42	42	42	42	42	42	42
District Wide Benefit Water	40	40	40	40	40	40	40	40	40	40
District Wide Benefit Sewerage	43	43	43	43	43	43	43	43	43	43
Total Rates (Actual) 2025/26	**4,864**	**4,627**	**3,966**	**3,759**	**3,582**	**3,930**	**6,624**	**1,811**	**2,989**	**5,185**

Rates Examples 2026/27 – Pastoral, Dairy and Commercial

(Including GST) Capital Value $ as at September 2024	Low Value Pastoral $870,000 2026/27	Average Value Pastoral $2,620,000 2026/27	High Value Pastoral $11,300,000 2026/27 (4 parts)	Low Value Dairy $1,240,000 2026/27	Average Value Dairy $3,650,000 2026/27 (3 parts)	High Value Dairy $16,700,000 2026/27 (7 parts)	Low Value Commercial $435,000 2026/27	Average Value Commercial $740,000 2026/27 (1 part & up to 4 pans)	High Value Commercial $12,300,000 2026/27 (2 parts & 11 pans)
Uniform Annual General Charge (UAGC)	100	100	400	100	300	700	100	100	200
General Rate	2,213	6,663	28,739	3,154	9,283	42,473	1,106	1,882	31,283
District Roading Rate	1,084	3,266	14,084	1,546	4,549	20,815	542	922	15,331
Stormwater Urban Fixed Charge	0	0	0	0	0	0	198	198	198
Stormwater Urban Capital Value	0	0	0	0	0	0	375	637	10,594
Stormwater (Rural)	26	26	104	26	78	182	0	0	0
Solid Waste	324	324	1,296	324	972	2,268	324	324	648
Solid Waste Collection & Recycling	0	0	0	140	420	980	119	119	238
Total rates excluding water supply and wastewater rates	**3,747**	**10,379**	**44,623**	**5,290**	**15,602**	**67,418**	**2,764**	**4,182**	**58,492**
Water supply and wastewater rates									
Water Supply	0	0	0	0	0	0	1,127	1,127	2,254
Wastewater	0	0	0	0	0	0	753	753	4,668
Total water supply and wastewater rates	**0**	**0**	**0**	**0**	**0**	**0**	**1,880**	**1,880**	**6,922**
Proposed Total Rates 2026/27	**3,747**	**10,379**	**44,623**	**5,290**	**15,602**	**67,418**	**4,644**	**6,062**	**65,414**
Total Rates (Actual) 2025/26	**3,802**	**10,009**	**42,464**	**5,185**	**15,057**	**63,884**	**4,475**	**5,800**	**61,020**
Change (%)	**-1.4%**	**3.7%**	**5.1%**	**2.0%**	**3.6%**	**5.5%**	**3.8%**	**4.5%**	**7.2%**
Change ($)	**-55**	**370**	**2,159**	**105**	**545**	**3,534**	**169**	**262**	**4,394**

Rates Examples 2025/26 – Pastoral, Dairy and Commercial

(Including GST) Capital Value $ as at September 2024	Low Value Pastoral $870,000 2025/26	Average Value Pastoral $2,620,000 2025/26	High Value Pastoral $11,300,000 2025/26 (4 parts)	Low Value Dairy $1,240,000 2025/26	Average Value Dairy $3,650,000 2025/26 (3 parts)	High Value Dairy $16,700,000 2025/26 (7 parts)	Low Value Commercial $435,000 2025/26	Average Value Commercial $740,000 2025/26 (1 part & up to 4 pans)	High Value Commercial $12,300,000 2025/26 (2 parts & 11 pans)
Uniform Annual General Charge (UAGC)	250	250	1,000	250	750	1,750	250	250	500
General Rate	1,983	5,971	25,754	2,826	8,319	38,061	991	1,687	28,033
District Roading Rate	1,092	3,287	14,177	1,556	4,579	20,952	546	928	15,432
Stormwater Urban Fixed Charge	0	0	0	0	0	0	193	193	193
Stormwater Urban Capital Value	0	0	0	0	0	0	353	600	9,973
Stormwater (Rural)	22	22	88	22	66	154	0	0	0
Water Supply (Te Kūiti and Rural)	0	0	0	0	0	0	966	966	1,932
Wastewater (Uniform)	0	0	0	0	0	0	650	650	4,030
Piopio Retirement Village Contribution	0	24	0	0	0	0	0	0	0
Solid Waste	330	330	1,320	330	990	2,310	330	330	660
Solid Waste Collection & Recycling	0	0	0	76	228	532	71	71	142
Te Kūiti Trade Waste Contribution	42	42	42	42	42	42	42	42	42
District Wide Benefit Water	40	40	40	40	40	40	40	40	40
District Wide Benefit Wastewater	43	43	43	43	43	43	43	43	43
Total Rates (Actual) 2025/26	**3,802**	**10,009**	**42,464**	**5,185**	**15,057**	**63,884**	**4,475**	**5,800**	**61,020**

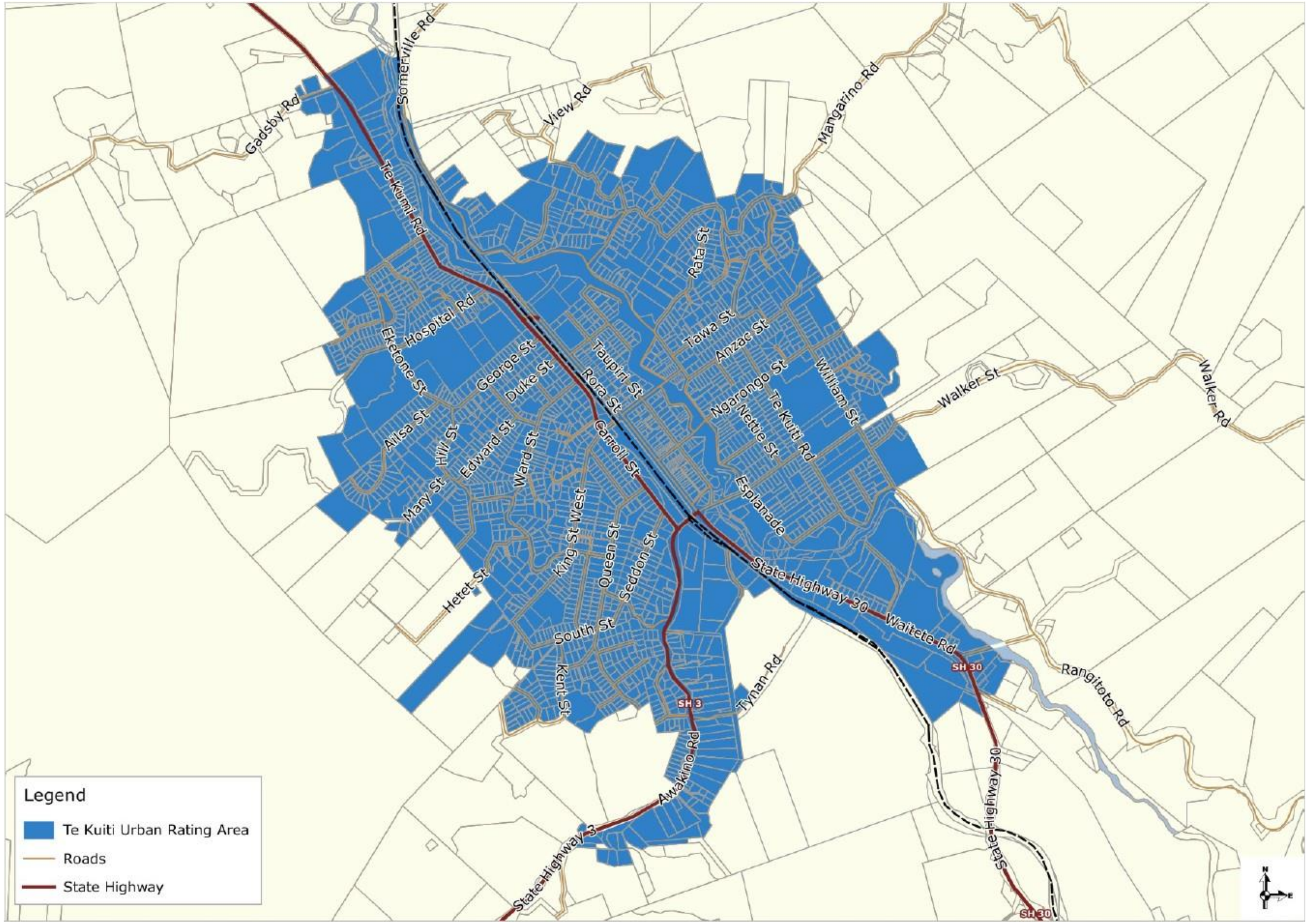
Rates Examples 2026/27 – Forestry

(Including GST) Capital Value $ as at September 2024	Low Value Forestry $175,000 2026/27	Average Value Forestry $1,294,000 2026/27	High Value Forestry $3,257,000 2026/27	Highest Value Forestry $13,695,000 2026/27	Mixed Use Forestry $1,910,000 2026/27
Uniform Annual General Charge (UAGC)	100	100	100	100	100
General Rate	445	3,291	8,284	34,830	4,858
District Roading Rate - Forestry Exotic	654	4,839	12,179	51,208	2,505
District Roading Rate	0	0	0	0	1,546
Stormwater (Rural)	26	26	26	26	26
Solid Waste	324	324	324	324	324
Proposed Total Rates 2026/27	**1,549**	**8,580**	**20,913**	**86,488**	**9,359**
Total Rates (Actual) 2025/26	**1,785**	**8,570**	**20,433**	**83,486**	**9,158**
Change (%)	**-13.2%**	**0.1%**	**2.3%**	**3.6%**	**2.2%**
Change ($)	**-236**	**10**	**480**	**3,002**	**201**

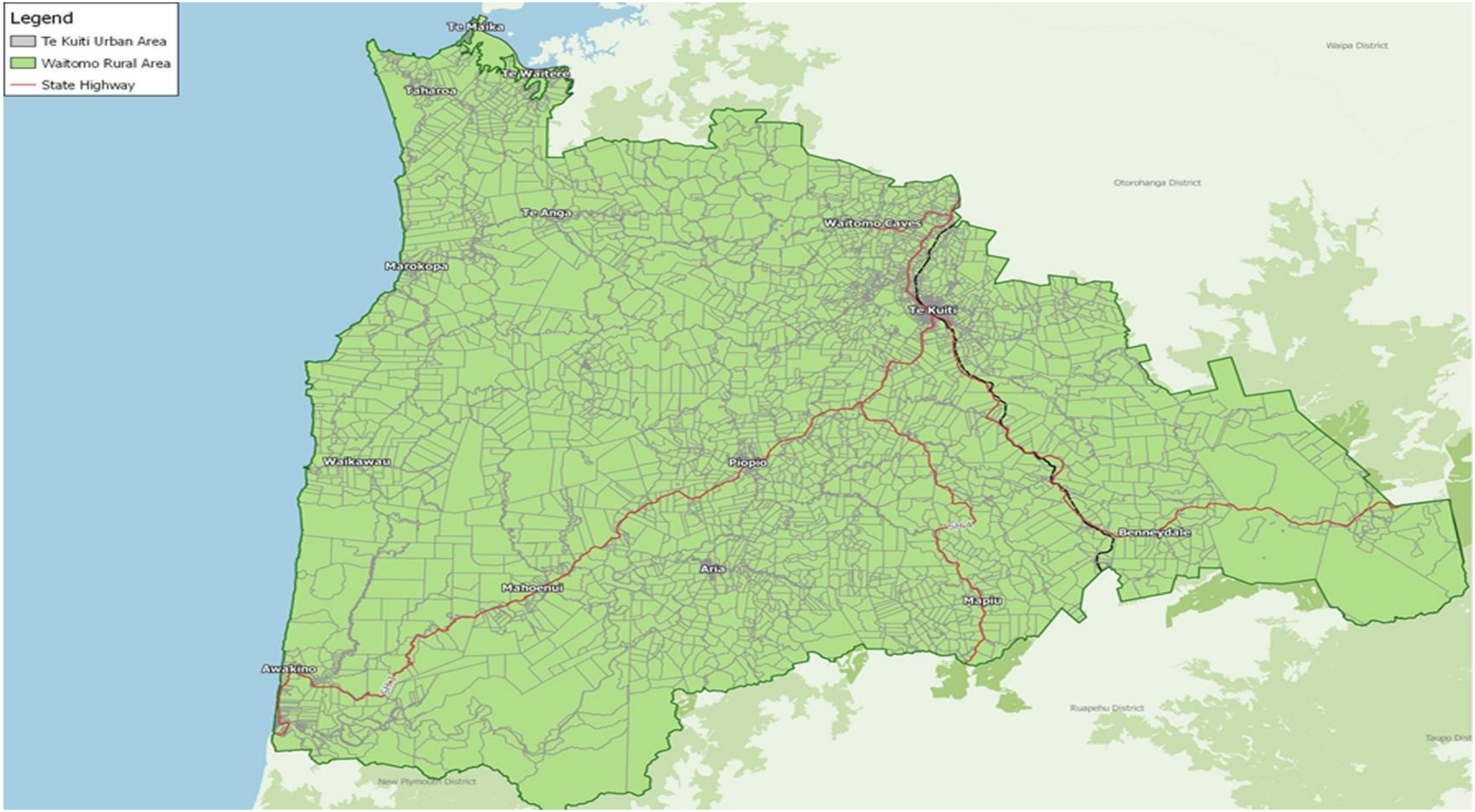
Rates Examples 2025/26 – Forestry

(Including GST) Capital Value $ as at September 2024	**Low Value Forestry $175,000 2025/26**	**Average Value Forestry $1,294,000 2025/26**	**High Value Forestry $3,257,000 2025/26**	**Highest Value Forestry $13,695,000 2025/26**	**Mixed Use Forestry $1,910,000 2025/26**
Uniform Annual General Charge (UAGC)	250	250	250	250	250
General Rate	399	2,949	7,423	31,212	4,353
District Roading Rate - Forestry Exotic	659	4,870	12,259	51,547	2,522
District Roading Rate	0	0	0	0	1,556
Stormwater (Rural)	22	22	22	22	22
Piopio Retirement Village Contribution	0	24	24	0	0
Solid Waste	330	330	330	330	330
Te Kūiti Trade Waste Contribution	42	42	42	42	42
District Wide Benefit Water	40	40	40	40	40
District Wide Benefit Wastewater	43	43	43	43	43
Total Rates (actual) 2025/26	**1,785**	**8,570**	**20,433**	**83,486**	**9,158**

Te Kūiti Urban Rating Area



Rural Rating Area



PROSPECTIVE STATEMENT OF RESERVE FUNDS

The Council maintains reserves as a sub-part of its equity. Schedule 10(16) Local Government Act 2002 requires certain information on Reserve Funds to be included in the Council's Long Term Plan. The following represents a Summary of Reserve Funds over the period of the plan and provides information on:

- The purpose of the Reserve Fund;
- The activity to which the fund relates;
- The amount expected to be in the fund at:
  - the commencement of the year to which the LTP relates; and
  - the end of the last year to which the LTP relates; and
- The amount expected to be deposited in the fund in the period to which the LTP relates; and
- The amount expected to be withdrawn from the fund in the period to which the LTP relates.

OPERATIONAL RESERVES (1)

Operational reserves are created to hold short term funding surpluses/(deficits) arising from the various activities of Council. A deficit may occur when operating expenditure exceeds budget, operating revenue is less than budget or a combination of both.

A balance in the operational reserve forms part of the Council's funding considerations for a particular activity in the subsequent years budget. Council ensures that rates collected for a particular activity from an identified group of ratepayers are used only for that activity and for the benefit of that identified ratepayer.

DEPRECIATION RESERVES (2)

The Council sets aside accumulated funds from rates in specific Depreciation Reserves to fund The Council sets aside accumulated funds from rates in specific Depreciation Reserves to fund repayments on loans raised for capital expenditure and to maintain the service capacity and integrity of assets throughout their useful lives. Council ensures that funds accumulated for a particular activity from an identified group of ratepayers can only be used for that activity and for the benefit of that identified group. The purpose of the Depreciation Reserves is to ensure that Council's ability to provide services to the District's communities is maintained.

SPECIAL PURPOSE RESERVES (3)

Council maintains special purpose reserves to hold specific funds in relation to an activity. There are currently five special purposes reserves held as follows:

- Gallagher Recreation Centre reserve is to hold funds specially for the operation of the stadium as detailed in the property sharing agreement.

- Community Housing Strategy Reserve is to implement a housing strategy for the district.

- District Development Reserve funds were received from the Development King Country Trust in April 2012 with the intention to set up a Waitomo District Development Board.

- Carbon credits reserve is used to record the funding and expenditures in relation to Council's responsibilities for the Emissions Trading Scheme.

- Waste Minimisation Levy Reserve - The waste minimisation reserve is used to record the funding and expenditure in relation to the Council's share of the waste disposal levy received from Central Government under the Waste Minimisation Act 2008. The funds received are required to be expended on initiatives and projects to promote or achieve waste minimisation in accordance with the Council's Waste Management and Minimisation Plan.

OTHER RESERVES (4)

- **Investment Revaluation Reserves** - Council investment activities include its subsidiary company. Council is obliged to periodically review the value of its investment in its subsidiary. Investment revaluation reserves are therefore created when the value of Council's investment either increases or decreases as a result of that revaluation.

- **Cashflow Hedging Reserve** - comprises the effective portion of the cumulative net change in the fair value of derivatives designated as cash flow hedges.

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

Prospective Statement of Council Created Reserve Funds for the Year Ending 30 June 2027

($000'S)	Projected Reserve Balance 30 June 2026	Forecast Reserve Deposits	Forecast Reserve Withdrawals	Forecast Reserve Balance 30 June 2027
Operational Reserves (1)				
Leadership				
Representation, Strategy and Engagement	1,053	0	(10)	1,043
Investments	1,072	0	0	1,072
	2,125	**0**	**(10)**	**2,115**
Community and Partnerships	**1,928**	**6**	**0**	**1,934**
Recreation and Property				
Parks and Recreation	1,140	0	0	1,140
Housing and Property	190	0	0	190
Library	26	0	0	26
Aquatic Centre	(48)	0	0	(48)
Les Munro Centre	239	0	0	239
Aerodrome	2	0	0	2
Gallagher Recreation Centre	29	0	0	29
Public Facilities	461	0	0	461
	2,039	**0**	**0**	**2,039**
Regulatory Services				
Regulatory Services	884	0	0	884
Emergency Management	527	0	0	527
Natural Disaster	426	0	0	426
	1,837	**0**	**0**	**1,837**
Resource Management	**193**	**0**	**0**	**193**
Solid Waste				
Kerbside Collection	137	0	0	137
Waste Disposal	(978)	0	0	(978)
Waste Minimisation	(31)	0	0	(31)
	(872)	**0**	**0**	**(872)**
Stormwater				
Te Kūiti	80	0	0	80
Rural	177	0	0	177
	257	**0**	**0**	**257**
Wastewater	**2,936**	**0**	**(2,936)**	**0**
Water Supply	**(3,604)**	**0**	**3,604**	**0**
Roads and Footpaths				
Subsidised Roads	(293)	0	0	(293)
Unsubsidised Roads	422	0	0	422
	129	**0**	**0**	**129**
Total Operational Reserves	**6,968**	**6**	**658**	**7,632**
Depreciation Reserves (2)				
Leadership	**14**	**0**	**(1)**	**13**

($000'S)	Projected Reserve Balance 30 June 2026	Forecast Reserve Deposits	Forecast Reserve Withdrawals	Forecast Reserve Balance 30 June 2027
Community and Partnerships				
Visitor Information Centre	75	0	0	75
	75	**0**	**0**	**75**
Recreation and Property				
Parks and Recreation	139	148	(234)	53
Housing and Property	218	26	(21)	223
Community Halls	811	0	0	811
Land and Buildings	391	123	(150)	364
Library	810	107	(65)	852
Aquatic Centre	25	46	(45)	26
Les Munro Centre	1,122	277	(46)	1,353
Aerodrome	122	15	(6)	131
Public Facilities	417	238	(190)	465
	4,055	**980**	**(757)**	**4,278**
Regulatory Services	**(1)**	**33**	**(5)**	**27**
Solid Waste	**(1,184)**	**151**	**(320)**	**(1,353)**
Stormwater				
Te Kūiti	294	341	(511)	124
Rural	80	17	(3)	94
	374	**358**	**(514)**	**218**
Wastewater	**814**	**0**	**(814)**	**0**
Water Supply	**587**	**0**	**(587)**	**0**
Roads and Footpaths				
Subsidised Roads	4,948	0	(1,075)	3,873
Unsubsidised Roads	267	0	(22)	245
	5,215	**0**	**(1,097)**	**4,118**
Business Support				
Business Support	1,260	511	(370)	1,401
Plant	(140)	136	(50)	(54)
	1,120	**647**	**(420)**	**1,347**
Total Depreciation Reserves	**11,069**	**2,169**	**(4,515)**	**8,723**
Special Purpose Reserves (3)				
District Development	16	0	0	16
Forestry Harvesting and Replanting	403	0	(30)	373
Waste Minimisation Reserve	389	194	(134)	449
Gallagher Recreation Centre	121	27	0	148
Carbon Credits	462	0	0	462
Community Housing Strategy	(3)	0	(51)	(54)
Total Special Purpose Reserves	**1,388**	**221**	**(215)**	**1,394**
Total Council Created Reserves	**19,425**	**2,368**	**(4,044)**	**17,749**
Net Movement in Council Created Reserves			**(1,676)**	
Other Reserves (4)				
Investment Revaluation Reserves	13,530	0	0	13,530

($000'S)	Projected Reserve Balance 30 June 2026	Forecast Reserve Deposits	Forecast Reserve Withdrawals	Forecast Reserve Balance 30 June 2027
Cashflow Hedging Reserve	(322)	593	0	271
Total Council and Other Reserves	**32,633**	**2,886**	**(3,969)**	**31,550**
Revaluation Reserves	**424,394**	**0**	**(33,604)**	**390,790**

Note: Credit balances indicate that the reserve is overdrawn.

Reconciliation between the Prospective Statement of Council Created Reserve Funds and other Statements

($000'S)	Annual Plan 2027
Prospective Statement of Council Created Reserve Funds	
Forecast Reserve Deposits	2,396
Forecast Reserve Withdrawals	(4,072)
Net Deposit to/(Withdrawal from) Council Created Reserves	**(1,676)**
Prospective Statement of Funding Sources	
Reserve Transfers	(9,956)
Less Total Depreciation Expense	9,013
Transfer Wastewater and Water Supply Reserves to Equity	(733)
Net funding from Reserves	**(1,676)**
Variance	**0**
Prospective Funding Impact Statement: Whole of Council	
Increase (decrease) in reserves	(1,676)
Net funding from Reserves	**(1,676)**
Variance	**0**

ACCOUNTING POLICIES

STATEMENT OF RESPONSIBILITY

The Annual Plan 2026/27 was adopted by Council on 30 June 2026.

The purpose of the plan is to provide a roadmap to the Council and community on the planned activities and expenditure of Council over the next year. The use of this information for purposes other than for which it is prepared may not be appropriate.

Council is responsible for the prospective financial statements presented, including the appropriateness of the underlying assumptions and related disclosures. The prospective financial statement has been prepared in compliance with the PBE FRS 42 Prospective Financial Statements.

Council, who are authorised to do so, believe the assumptions underlying the Prospective Financial Statements are appropriate and as such, adopted the Annual Plan 2026/27 on 30 June 2026.

No actual financial results have been incorporated within these prospective financial statements.

STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

Waitomo District Council is a territorial local authority established under the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant legislation governing the Council's activities is the LGA and the Local Government (Rating) Act 2002.

The Council provides local infrastructure, local public services, and performs regulatory functions to the community. The Council does not operate to make a financial return.

The financial information contained within the Annual Plan 2026/27 may not be appropriate for purposes other than those described.

Basis of Preparation

The prospective financial statements are for Waitomo District Council as a separate legal entity. Consolidated prospective financial statements comprising the Council and its controlled entities and associates have not been prepared.

STATEMENT OF COMPLIANCE

The prospective financial statements have been prepared in accordance with the requirements of the LGA, which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The prospective financial statements have been prepared in accordance with Tier 1 PBE (Public Benefit Entity) accounting standards.

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

PRESENTATION CURRENCY AND ROUNDING

The reporting period for these prospective financial statements is the year ending 30 June 2027. The prospective financial statements are presented in New Zealand dollars, rounded to the nearest thousand ($000's), unless otherwise stated.

MEASUREMENT BASIS

The measurement basis applied is historical cost, modified by the revaluation of land and buildings, certain infrastructural assets and financial instruments and investment property. The accrual basis of accounting has been used unless otherwise stated.

For the assets and liabilities recorded at fair value, fair value is defined as the amount for which an item could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's-length transaction.

For investment property, the fair value is determined by reference to market value. The market value of a property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction.

REVENUE

Revenue comprises rates, revenue from operating activities, grant revenue, interest revenue, and other revenue and is measured at the fair value of consideration received or receivable.

Revenue is recognised to the extent that is probable that the economic benefits will flow to the Council and the revenue can be reliably measured.

Revenue may be derived from either exchange or non-exchange transactions. These are defined as:

Exchange transactions

Exchange transactions are transactions where the Council receives assets (primarily cash) or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services, or use of assets) to another entity in exchange.

Non-exchange transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, Council either receives value from or gives value to another entity without directly giving or receiving approximately equal value in exchange.

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the Council satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

The following specific recognition criteria must also be met before revenue is recognised.

RATES REVENUE

Rates are set annually by resolution from the Council and relate to a particular financial year. All ratepayers are invoiced within the financial year for which the rates have been set. Rates revenue is recognised as revenue when rates are levied. Rates arising from late payment penalties are recognised when rates become overdue. Rates revenue is classified as non-exchange revenue.

NZTA ROADING SUBSIDIES

The Council receives funding assistance from NZ Transport Agency (Waka Kotahi), which subsidises part of the costs of maintenance and capital expenditure on the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled. NZTA subsidies are classified as non-exchange revenue.

OTHER SUBSIDIES AND GRANTS RECEIVED

Other subsidies and grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grants are satisfied. Other subsidies and grants received are classified as non-exchange revenue.

FEES, LEVIES & CHARGES

Other fees, levies and charges are recognised as revenue when the obligation to pay arises or, in the case of licence fees, upon renewal of the licence. Fees, levies and charges are classified as non-exchange revenue.

INTEREST REVENUE

Revenue is recognised using the effective interest rate method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument. Interest revenue is classified as exchange revenue.

SALE OF GOODS

The sale of goods is recognised when products are sold to the customer, and all risks and rewards of ownership have transferred to the customer. This revenue is classified as exchange revenue.

PROPERTY RENTAL REVENUE

Rental revenue arising on property owned by the Council is accounted for on a straight-line basis over the lease term. Property rental revenue is generally classified as non-exchange.

DONATED, SUBSIDISED OR VESTED ASSETS

Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised when the control of the asset is transferred to Council. The fair value of this asset is recognised as revenue, unless there is a use or return condition attached to the asset and is classified as non-exchange revenue.

EXPENDITURE

Expenditure is recognised when Council has been supplied with the service or has control of the goods supplied.

GRANT EXPENDITURE

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where the Council has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of the Council’s decision.

DEPRECIATION AND AMORTISATION

Depreciation of property, plant and equipment and amortisation of intangible assets are charged on a straight-line basis over the estimated useful life of the associated assets.

BORROWING COSTS

Borrowing costs are recognised in the period in which they are incurred.

INCOME TAX

Income tax expense includes components relating to both current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantially enacted at balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the Statement of Financial Position and the corresponding tax bases used in the computation of taxable profit.

Deferred tax is measured at the tax rates that are expected to apply when the asset is realised or the liability is settled based on tax rates (and tax laws) that have been enacted or substantially enacted at the balance sheet date. The measurement of deferred tax reflects the tax consequences that would follow from the way the entity expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that the taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

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

Current and deferred tax is recognised against the surplus of deficit for the period, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive revenue and expense or directly into equity.

CASH AND CASH EQUIVALENTS

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

INVENTORY

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

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

RECEIVABLES

Short-term receivables are recorded at the amount due, less an allowance for Expected Credit Losses (ECL).

The Council apply the simplified ECL model of recognising lifetime ECL for short-term receivables.

In measuring ECLs, receivables have been grouped into rates receivables, and other receivables, and assessed on a collective basis as they possess shared credit risk characteristics. They have then been grouped based on the days past due. A provision matrix is then established based on historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

Rates are written off when remitted in accordance with Council's rates remission policy and:

- In accordance with the write off criteria of sections 90A (where rates cannot be reasonably recovered and
- 90B (in relation to Māori freehold land) of the local Government Act (Rating) 2002.

Other receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the debtor being in liquidation or the receivable being more than one year overdue.

OTHER FINANCIAL ASSETS

Other financial assets (other than shares in subsidiaries) are initially recognised at fair value. They are then classified as, and subsequently measured under, the following categories:

- amortised cost;
- fair value through other comprehensive revenue and expense (FVTOCRE); and
- fair value through surplus and deficit (FVTSD)

Transaction costs are included in the value of the financial asset at initial recognition unless the it has been designated at FVTSD, in which case it is recognised in surplus or deficit.

The classification of a financial asset depends on its cash flow characteristics and the Council and group's management model for managing them.

A financial asset is classified and subsequently measured at amortised cost if it gives rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal outstanding and is held within a management model whose objective is to collect the contractual cash flows of the asset.

Financial assets that do not meet the criteria to be measured at amortised cost or FVTOCRE are subsequently measured at FVTSD. However, the Council and group may elect at initial recognition to designate an equity investment not held for trading as subsequently measured at FVTOCRE.

Subsequent measurement of financial assets at amortised cost

Financial assets classified at amortised cost are subsequently measured at amortised cost using the effective interest method, less any expected credit losses (ECL). Where applicable, interest accrued is added to the investment balance. Instruments in this category include term deposits, NZLGFA borrower notes, and loans to subsidiaries and associates.

Subsequent measurement of financial assets at FVTOCRE

Financial assets in this category that are equity instruments designated as FVTOCRE are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense. There is no assessment for impairment when fair value falls below the cost of the investment. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred to accumulated funds within equity. The Council and group designate into this category all equity investments that are not held for trading as they are strategic investments that are intended to be held for the medium to long-term.

Interest revenue and dividends recognised from these financial assets are separately presented within revenue.

Subsequent measurement of financial assets at FVTSD

Financial assets in this category are subsequently measured at fair value with fair value gains and losses recognised in surplus or deficit.

Interest revenue and dividends recognised from these financial assets are separately presented within revenue.

Other than for derivatives, the Council and group has no instruments in this category.

Expected credit loss allowance (ECL)

The Council and group recognise an allowance for ECLs for all debt instruments not classified as FVTSD. ECLs are the probability-weighted estimate of credit losses, measured at the present value of cash shortfalls. Which is the difference between the cash flows due to Council and group in accordance with the contract and the cash flows it expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

ECLs are recognised in two stages. ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). However, if there has been a significant increase in credit risk since initial recognition, the loss allowance is based on losses possible for the remaining life of the financial asset (Lifetime ECL).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition. The Council and group consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Council and group's historical experience and informed credit assessment and including forward-looking information.

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

Council measure ECLs on loan commitments at the date the commitment becomes irrevocable. If the ECL measured exceeds the gross carrying amount of the financial asset, the ECL is recognised as a provision.

Unlisted shares in the subsidiary and other companies

Investments in subsidiaries and other companies is carried in Council and group financial statements in the following way;

- Investment in the subsidiary is carried at fair value through other comprehensive revenue and expense (FVTOCRE).
- Investments in other companies is carried at cost, which materially approximate their fair value.

DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are used to manage exposure to interest rate risks arising from financing activities. In accordance with its treasury policy, Council does not hold or issue derivative financial instruments for trading purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each balance date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and, if so, the nature of the item being hedged.

The associated gains or losses of derivatives that are not hedge accounted are recognised in surplus or deficit.

The full fair value of a hedge accounted derivative is classified as non-current if the remaining maturity of the hedged item is more than 12 months, and as current, if the remaining maturity of the hedged items is less than 12 months.

The portion of the fair value of a non-hedge accounted interest rate derivative that is expected to be realized within 12 months of balance date is classified as current, with the remaining portion of the derivative classified as non-current.

HEDGE ACCOUNTING

The Council designates certain derivatives as either:

- Hedges of highly probable forecast transactions (cash flow hedge); or
- Derivatives that do not qualify for hedge accounting.

The Council documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Council also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedge transactions are highly effective in offsetting changes in fair values or cash flows of hedges items.

CASH FLOW HEDGE

The portion of the gain or loss on a hedging instrument that is determined to be an effective hedge is recognised in other comprehensive revenue and expense, and the ineffective portion of the gain or loss on the hedging instrument is recognised in the surplus or deficit as part of finance costs.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognised in other comprehensive revenue and expenses are classified into surplus or deficit in the same period or periods during which the asset acquired or liability assumed affects the surplus or deficit. However, if it is expected that all or a portion of a loss recognised in other comprehensive revenue and expense will not be recovered in one or more future periods, the amount that is not expected to be recovered is reclassified to surplus or deficit.

When a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, or a forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the associated gains and losses that were recognised in other comprehensive revenue and expense will be included in the initial cost or carrying amount of the asset or liability.

If a hedging instrument expires or is sold, terminated, exercised, or revoked, or it no longer meets the criteria for hedge accounting, the cumulative gain or loss on the hedging instrument that has been recognised in other comprehensive revenue and expense from the period when the hedge was effective will remain separately recognised in equity until the forecast transaction occurs.

When a forecast transaction is no longer expected to occur, any related cumulative gain or loss on the hedging instrument that has been recognised in other comprehensive revenue and expense from the period when the hedge was effective is reclassified from equity to surplus or deficit.

HEDGE INEFFECTIVENESS

Hedge ineffectiveness in a hedge relationship can arise from:

- Differences in the timing of cash flows of the hedged items and hedging instruments
- Changes to the forecasted amount of cash flows of hedged items and hedging instruments
- The counterparties credit risk effecting fair value movements of hedging instruments and hedged items.

PAYABLES

Payables are recognised at their face value when the Council becomes obligated to make future payments resulting from the purchase of goods or services.

Payables may be derived from either exchange or non-exchange transactions. These are defined as:

Exchange transactions

Exchange transactions are transactions where the Council receives assets (primarily cash) goods, assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash) to another entity in exchange.

Payables from exchange transactions include payables to suppliers, retention monies and payables for elected members and director’s fees.

Non-exchange transactions

A non-exchange transaction is a transaction where Council either receives value from or gives value to another entity without directly giving or receiving approximately equal value in exchange.

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the Council satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Non exchange payables include payables for GST, deposits and bonds held and deferred grant revenue.

BORROWINGS

Borrowings on normal commercial terms are initially recognised as the amount borrowed plus transaction costs. Interest due on the borrowings is subsequently accrued and added to the borrowing's balances.

GOOD AND SERVICES TAX (GST)

All items in the prospective financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Prospective Statement of Financial Position.

Where the Council is not in possession or issued a valid tax invoice at balance date, the GST portion is not accounted for in either receivables or payables.

Commitments and contingencies are disclosed exclusive of GST.

PROVISIONS

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

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in finance costs.

LANDFILL POST CLOSURE COSTS

Council has a legal obligation under its resource consents held for both open and closed landfills to provide for ongoing maintenance and monitoring at the landfill sites after closure. A provision for post closure costs is recognised as a liability when the obligation for post closure expenditure arises.

The provision is a measure based on the present value of future cash flows expected to be incurred, considering future events including legal requirements and known improvements in technology. The provision includes all costs associated with landfill post closure. Amounts provided for landfill post closure are capitalised to the landfill asset where they give rise to future economic benefits to be obtained. Components of the capitalised landfill post closure asset is depreciated over its useful life.

LONG TERM MAINTENANCE PROVISION FOR THE GALLAGHER RECREATION CENTRE

Council has an obligation to the Ministry of Education and Te Kūiti High School Board of Trustees to maintain the Gallagher Recreation centre that Council uses to provide recreation services to the community.

The obligation is established under the Property Sharing Agreement for the facility.

A Long-Term Maintenance Provision is established to recognise this obligation and is based on a 30 year maintenance plan for the facility.

EMPLOYEE ENTITLEMENTS

Short-Term Employee Entitlements

Employee benefits expected to be settled within 12 months after the end of the period which the employee renders the related service are measured based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retiring and entitlements expected to be settled within 12 months, and sick leave.

A liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that Council anticipates it will be used by staff to cover those future absences.

LEASES

Finance Leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether title is eventually transferred.

At the commencement of the lease term, finance leases recognised as assets and liabilities in the Prospective Statement of Financial Position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

A finance charge is charged to the surplus or deficit over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether the Council will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

PROPERTY, PLANT AND EQUIPMENT

Property, Plant and Equipment consist of operational assets, restricted assets, and infrastructural assets.

OPERATIONAL ASSETS

Operational assets are tangible assets, able to be dealt with as part of the operating strategy and include land, buildings, furniture and fittings, computer hardware, plant and equipment, library books, and motor vehicles.

RESTRICTED ASSETS

Restricted assets cannot be disposed of because of legal and other restrictions but provide a benefit or service to the community. These are mainly assets associated with reserves vested under the Reserves Act, endowments and other property held in Trust for specific purposes.

INFRASTRUCTURAL ASSETS

Infrastructural assets are the fixed utility systems providing an ongoing service to the community but are not generally regarded as tradable. They include infrastructural land, roads, water reticulation systems, solid waste assets, sewerage reticulation systems, stormwater systems, and land under roads.

Land (operational, restricted and infrastructural) is measured at fair value. Buildings (operational and restricted) and all infrastructural assets (except for land under roads) are measured at fair value less accumulated depreciation. All other asset classes are measured at cost less accumulated depreciation and impairment losses.

ADDITIONS

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

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

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

DISPOSALS

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

SUBSEQUENT COSTS

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

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

DEPRECIATION

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land, land under roads, work in progress and those assets in the tables below that are not depreciated, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives.

Operational Assets

Operational assets are depreciated on a straight-line basis. The estimated useful lives are as follows:

Operational buildings	15-100 years
Plant and equipment	4-13 years
Motor vehicles	5-7 years
Furniture and fittings	5-30 years
Computers	4-5 years
Library books	7 years
Archive books	Not depreciated

Restricted Assets

Restricted assets are depreciated on a straight line basis as follows:

Restricted Buildings	15 – 100 years

Infrastructural Assets

Infrastructural assets are depreciated on a straight-line basis. The estimated useful lives are as follows:

Roads and Footpaths

Pavement formation	Not depreciated
Pavement subbase	160 years or not depreciated
Pavement base	120 years
Sealed surface	10 – 80 years
Metal surface	Not depreciated
Bridges and major culverts	60-100 years
Retaining walls and other structures	20-100 years
Footpaths and footpath crossings	50-80 years
Drainage and culverts	60-80 years
Kerbs and channels, Stormwater Channels	K & C 80 years, SWC not depreciated
Guard rails	20-50 years
Streetlights and Poles	Lanterns 20-25 years, poles and brackets 30-60 years
Road signs	Signs 15-20 years, Signposts 40 years
Resource consents	10-35 years

Stormwater Assets

Pipes	60-120 years
Manholes and Cesspits	100 years
Resource consents	20 years

Solid Waste Assets

Landfill cells and earthworks	Not depreciated
Building and shelters	15-60 years
Oxidation ponds	80 years
Roading & driveways	12-80 years
Weighbridges & automatic gates	15-50 years
Bins and containers	15-80 years
Retaining walls	25 years
Fencing and other assets	15-50 years
Resource consents	30-35 years

The depreciation rates are applied at a component level and are dependent on the remaining useful life for each component. The residual value and useful life of an asset is reviewed and adjusted where applicable at each balance date.

REVALUATIONS

Revaluations of property, plant and equipment are on a class of asset basis.

Land and buildings (operational and restricted) and infrastructural assets (except for land under roads) are revalued with sufficient regularity to ensure that their carrying value does not materially differ from fair value and at least every three years. The carrying values of revalued items are assessed annually to ensure that they do not differ materially from fair value. If there is a material difference, then an off-cycle revaluation is carried out for that asset class.

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

REVALUATION OF RESTRICTED ASSETS

Land and buildings in the restricted asset class are assets subject to either restrictions on use, or disposal, or both. This includes restrictions from legislation (such as land declared as a reserve under the Reserves Act 1977), or other restrictions (such as land or buildings under a bequest or donation that restricts the purpose for with the assets can be used).

INTANGIBLE ASSETS

Computer Software

Computer software licenses are capitalised based on the costs incurred to acquire and bring to use the specific software. The costs associated with maintaining computer software are recognised as an expense as incurred. The costs associated with the development and maintenance of the Council's website are recognised as an expense as incurred. Staff training costs are recognised in the surplus or deficit when incurred.

Carbon Credits

Purchased carbon credits are recognised at cost on acquisition. They are not amortised but are instead tested for impairment annually. They are derecognised when they are used to satisfy carbon emission obligations.

Service Concession Asset

Through a property sharing agreement with the Te Kūiti High School Board of Trustees and the Ministry of Education for the Gallagher Recreation Centre, Council is enabled to offer recreational and sporting services to the wider community. This arrangement is recognised as a service concession asset which is an intangible asset and is recognised at cost.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life for software. Amortisation begins when the asset is available for use and ceases at the date that the asset is de-recognised. The amortisation charge for each period is recognised in the surplus or deficit.

The useful lives and associated amortisation rates for software and service concession assets (GRC-licence to use the facility) have been estimated as follows:

Computer software	2 - 5 years
Service Concession Asset	35 years

FORESTRY ASSETS

Standing forestry assets are independently revalued annually at fair value less estimated costs to sell for one growth cycle. Fair value is determined based on the present value of expected future cash flows discounted at a current market determined rate. The calculation is based on assessment of growth, timber prices, felling costs and silvicultural costs and takes into consideration environmental, operational and market restrictions.

Gains and losses arising on initial recognition of forestry assets at fair value less costs to sell and from a change in fair value less costs to sell are recognised in the surplus or deficit.

Forestry maintenance costs are recognised in the surplus or deficit when incurred.

NON-CURRENT ASSETS HELD FOR SALE

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. This condition is regarded as met only when the sale is highly probable and the assets (or disposal group) is available for immediate sale in its present condition and the sale of the asset (or disposal group) is expected to be completed within 12 months from the date of classification. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of non-current assets held for sale are recognised in the surplus or deficit.

Any increases in fair value less costs to sell are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as assets held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

INVESTMENT IN UNLISTED SHARES

Council has an interest (1.6%) in a Council Controlled Organisation (CCO); Waikato Local Authority Shared Services Limited. Council has no significant influences over operational or financial policies of the company.

Council has an interest (0.15%) in Civic Financial Services Ltd. Council has no significant influence over the company’s operation of financial policies.

Council has interest (0.04%) in New Zealand National Mutual Riskpool. Council has no significant influence on operational or financial policies.

These three investments are carried at fair value through other comprehensive revenue and expense (FVTOCRE), however because there is no active market for these shares as they are unlisted and quoted market prices for similar financial assets are not available, their cost currently approximates their fair value.

INVESTMENT PROPERTY

Investment properties are held primarily for capital growth, rental or similar revenue. Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation.

Investment property is measured initially at its cost, including transaction costs. After initial recognition, it is measured at fair value, determined annually by an independent valuer. Gains or losses arising from a change in fair value are recognised within surplus or deficit.

COST ALLOCATION

The Council has derived the cost of service for each significant activity. Direct costs are expensed directly to the activity. Indirect costs relate to the overall costs of running the organisation and include staff time, office space and information technology costs. These costs are allocated to Council activities using appropriate cost drivers such as resource use, staff numbers, and floor area. All overhead costs have been allocated to significant activities.

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Property, plant and equipment and intangible assets that have a finite useful life are reviewed annually for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the assets ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential.

If an asset's carrying amount exceeds its recoverable amount the asset is regarded as impaired and the carrying amount is written down to the recoverable amount. For revalued assets the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit.

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit.

Value in use for non-cash generating assets

Noncash generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Value in use cash generating assets

Cash generating assets are those assets that are held with the primary objective of generating a commercial return.

The value in use for cash generating assets and cash generating units is the present value of expected future cash flows.

EQUITY

Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

- Accumulated funds;
- Other reserves; and
- Property revaluation reserves.

Other Reserves

Other reserves are a component of equity and consist of Council created reserves, investment revaluation reserves and the hedging reserve.

Council created reserves include operational reserves where separate revenue streams are held, depreciation reserves which are held for funding internal loan repayments or asset renewals, and special purpose reserves. Some reserves are restricted an only be used for their stated purpose unless revised by the group through reference to the courts or the affected third parties.

The investment revaluation reserves relate to revaluations of council's shareholdings in its subsidiary and or other companies.

The cashflow hedging reserve relates to cumulative changes in the net value of derivatives for hedges that are deemed affective.

PROPERTY REVALUATION RESERVES

Property revaluation reserves relate to the revaluation of property, plant and equipment to fair value.

EMISSIONS TRADING SCHEME (ETS)

The regulations for landfill methane emissions under the New Zealand Emissions Trading Scheme (NZ ETS) require waste disposal facility operators to surrender New Zealand Units (NZU's) by 31 May of each year to match their emissions of the preceding calendar year. The cost of meeting ETS obligations is mandatory and Council is required to surrender NZU's for the landfill methane emissions associated with the Waitomo District Landfill. NZU's that are purchased to meet these liabilities are recognised at cost and subsequently recognised at cost subject to impairment. Where there is an obligation to return units the expense and liability are recognised and are measured at the carrying value of units on hand plus the fair value of any additional units required.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of prospective financial statements using PBE standards requires the use of judgements, estimates and assumptions. Where material, information on the main assumptions is provided in the relevant accounting policy. The estimates and assumptions are based on historical experience as well as other factors that are believed to be reasonable under the circumstances. Subsequent actual results may differ from these estimates. Further information around assumptions used in this Annual Plan can be found in the 2024-2034 LTP.

The estimates and assumptions are reviewed on an ongoing basis, and adjustments are made where necessary.

Interest Rate Assumption

The interest rate assumption has been revised to a weighted average interest rate of 4.80% for AP 2026/27 (LTP 2024-34: 4.90%) to reflect the expected interest rate for 2026/27 based on anticipated market conditions.

Estimates that affect Balance Sheet carrying values

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Landfill Aftercare Provision

The Council has a legal obligation under resource consents for open and closed landfills to provide ongoing maintenance and monitoring service at the sites after closure. A provision for post closure costs is recognised as a liability when the obligation for post closure arises.

The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred.

Infrastructural Assets

There are several assumptions and estimates used when performing discounted replacement cost valuations over infrastructural assets. These include:

- The physical deterioration and condition of an asset. For example, the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets, which are not visible, for example stormwater, wastewater and water supply pipes situated underground. This risk is minimised by the Council performing a combination of physical inspections and condition modelling assessments of underground assets.
- Estimating any obsolescence or surplus capacity of an asset; and
- Estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then the Council could be over or underestimating the annual depreciation charge recognised as an expense in the surplus or deficit.

To minimise this risk the Council's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by Apopo Infrastructure Asset Management Professional Inc and have been adjusted for local conditions based on experience. Asset inspections and condition modelling are also carried out regularly as part of the Council's asset management planning activities, which gives the Council further assurance over its useful life estimates.

Experienced independent valuers perform Council's infrastructural asset revaluations. Where revaluations are not carried out in a particular financial year for that asset class, the carrying value for that asset class will approximate its fair value.

Property, plant and equipment useful lives and residual values

At each balance date the Council reviews the useful lives and residual values of its property, plant and equipment. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires the Council to consider several factors such as the physical condition of the asset, expected period of use of the asset by the Council, and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will impact on the depreciable amount of an asset, therefore impacting on the depreciation expense recognised in the surplus or deficit, and carrying amount of the asset in the Prospective Statement of Financial Position. The Council minimises the risk of this estimation uncertainty with:

- Physical inspection of assets.
- Asset replacement programs.
- Review of second-hand market prices for similar assets; and
- Analysis of prior asset sales.

Council has not made significant changes to past assumptions concerning useful lives and residual values.

Water Services Reform Programme

Waikato Waters Ltd is a multi-water services council-controlled organisation, with seven participating councils in the greater Waikato region. The councils have confirmed their transition dates to WWL as follows:

Council	Agreed to Transfer Date
Waitomo District Council	**1 July 2026**
South Waikato District Council	1 July 2026
Waipa District Council	1 July 2026
Matamata-Piako District Council	1 October 2026
Ōtorohanga District Council	1 July 2027
Hauraki District Council	1 July 2027

Taupo District Council has opted to retain its water service in-house, and will undertake a further review of its water services delivery model by 1 July 2030.

Council's transfer of water and wastewater operations has impacted the prospective statement of financial position by an estimated $86.2 million of assets and $32.6 million of liabilities. Council will receive shares in WWL based on the number of connections at transfer date, however as the shares do not meet the definition of equity within the PBE standards, the interest in WWL has been recognised as an intangible asset of an estimated $53.6 million.

On transfer date, WWL will provide a debt settlement to Council based on the projected water and wastewater internal loans at 30 June 2026 net of projected water and wastewater reserves, and the repayment of establishment funding. A final debt settlement will be calculated after the 2025/26 Annual Report is adopted and actual balances are known, which may result in a wash-up payment.

Council will continue to carry out billing and customer interface services for WWL for 2026/27.

COMPARATIVES

To ensure consistency with the current year, certain comparative information is reclassified where appropriate. This could occur where:

- Classifications have changed between periods.
- The Council has made additional disclosure in the current year, and where a greater degree of disaggregation of prior year amounts and balances is therefore required; and
- There has been a change of accounting policy.

PUBLIC BENEFIT ENTITY FINANCIAL REPORTING STANDARD 42 PROSPECTIVE FINANCIAL STATEMENTS (PBE FRS 42)

The Council has complied with PBE FRS 42 in the preparation of these prospective financial statements. In accordance with PBE FRS 42, the following information is provided:

(i) Description of the nature of the entity's current operation and its principal activities.

The Council is a territorial local authority, as defined in the Local Government Act 2002. The Council's principal activities are outlined within this Annual Plan.

(ii) Purpose for which the prospective financial statements are prepared.

It is a requirement of the Local Government Act 2002 to present prospective financial statements that span one year and include them within the Annual Plan. This provides an opportunity for ratepayers and residents to review the projected financial results and position of the Council. Prospective financial statements are revised annually to reflect updated assumptions and costs.

(iii) Bases for assumptions, risks and uncertainties.
The financial information has been prepared based on best estimate assumptions as the future events which the Council expects to take place. The Council has considered factors that may lead to a material difference between information in the prospective financial statements and actual results.

These factors, and the assumptions made in relation to the sources of uncertainty and potential effect, are outlined within this Annual Plan.

(iv) Cautionary Note.
The financial information is prospective. Actual results are likely to vary from the information presented and the variations may be material.

(v) Other Disclosures.
These prospective financial statements were authorised for issue on 30 June 2026 by Waitomo District Council.

The Council is responsible for the prospective financial statements presented, including the assumptions underlying prospective financial statements and all other disclosures.

The Information for this Annual Plan is prospective and as such contains no actual operating results.

RATING BASE INFORMATION

The projected number of rating units within our district at 30 June 2026 is 5,998.

The projected total capital value of rating units within our district at 30 June 2027 is $5,019,919,200.

The projected total land value of rating units within our district at 30 June 2027 is $3,238,051,500.

ANNUAL PLAN DISCLOSURE STATEMENT

FOR THE YEAR ENDING 30 JUNE 2027

WHAT IS THE PURPOSE OF THIS STATEMENT?

The purpose of this statement is to disclose the Council's planned financial performance in relation to various benchmarks to enable the assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The Council is required to include this statement in its annual plan in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

Financial Reporting and Prudence Benchmarks	Description	Annual Plan 2027	Met [Yes/No]
Rates (Income) Affordability Benchmark	The quantified limit is total rates revenue will be limited to an average of 75% of total operating expenditure	62%	Yes
Rates (Increases) Affordability Benchmark	The quantified limit is total rates increases will be limited to an average rate increase of 6% over the ten years of the LTP 2024-34.	3.67%	Yes
Debt Affordability Benchmark	The quantified limit is total net debt will not exceed 165% of total revenue	13%	Yes
Debt Affordability Benchmark	The quantified limit is the ratio of net interest will not exceed 20% of annual rates	2%	Yes
Balanced Budget Benchmark	The benchmark is met if planned revenue equals or is greater than planned operating expenditure	132%	Yes
Essential Services Benchmark	The benchmark is met if planned capital expenditure on network services equals or is greater than expected depreciation on network services	335%	Yes
Debt Servicing Benchmark	The benchmark is met if its planned borrowing costs is equal or is less than 10% of planned revenue	1%	Yes

NOTES

1. Rates Affordability Benchmark

i For this benchmark

(a) Council's planned rates income for the year is compared with a quantified limit on rates contained in the financial strategy included in the Council's Long Term Plan; and

(b) Council's planned rates increases for the year are compared with a quantified limit on rates increases for the year contained in the financial strategy included in the Council's Long Term Plan.

ii Council meets the rates affordability benchmark if:

(a) Its planned rates income for the year equals or is less than each quantified limit on rates; and

(b) Its planned rates increases for the year equal or are less than each quantified limit on rates increases.

2. Debt Affordability Benchmark

i For this benchmark, Council's planned borrowing is compared with quantified limits on borrowing contained in the financial strategy included in Council's Long Term Plan.

ii The council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing.

3. Balanced Budget Benchmark

i For this benchmark, the Council's planned revenue (excluding development contributions, vested assets, financial contributions, gains on derivative financial instruments, and revaluations of property, plant, or equipment) is presented as a proportion of its planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

ii The council meets the balanced budget benchmark if its revenue equals or is greater than its operating expenses.

4. Essential Services Benchmark

i For this benchmark, Council's planned capital expenditure on network services is

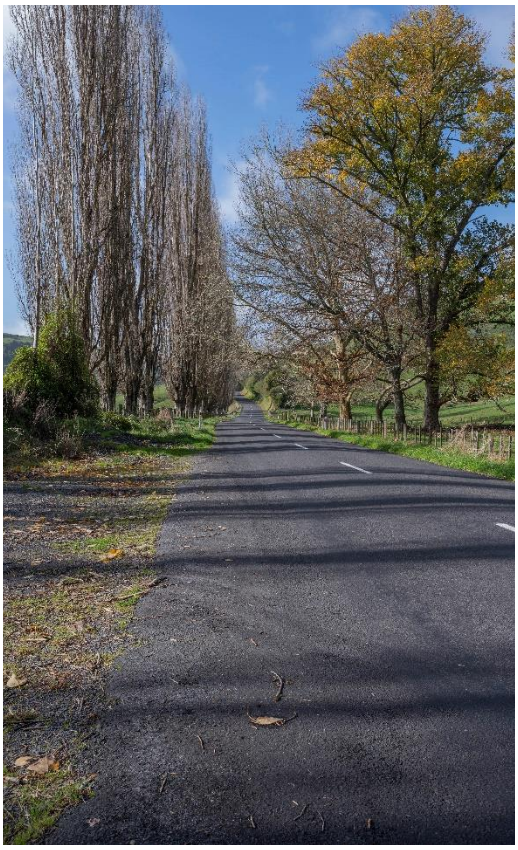
presented as a proportion of expected depreciation on network services.

ii The council meets essential services benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.

5. Debt Servicing Benchmark

i For this benchmark, the Council's planned borrowing costs are presented as a proportion of planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant or equipment).

ii Because Statistics New Zealand projects that the council's population will grow slower than the national population growth rate, it meets the debt servicing benchmark if it's planned borrowing costs equal or are less than 10% of its planned revenue.



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Waitomo District Council