

2025/26 DRAFT ANNUAL REPORT

2025/26 PŪRONGO-Ā-TAU

Waitomo District Council

Cover photo: Motakiora view northeast

CONTENTS

INTRODUCTION 4

FROM THE MAYOR AND CHIEF EXECUTIVE 5
YOUR COUNCIL 6
OUR IMPACT ON THE DISTRICT 7
OUR FINANCIAL PERFORMANCE 8
FINANCIAL REPORTING AND PRUDENCE BENCHMARKS 11
OUR COMMUNITY OUTCOMES 15
OUR PRIORITY AREAS 17

SERVICE PERFORMANCE 17

SUMMARY 18
LEADERSHIP 21
COMMUNITY AND PARTNERSHIPS 25
RECREATION AND PROPERTY 29
REGULATORY SERVICES 33
RESOURCE MANAGEMENT 37
SOLID WASTE 40
STORMWATER 44
WASTEWATER 48
WATER SUPPLY 52
ROADS AND FOOTPATHS 60

FINANCES 64

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR ENDED 30 JUNE 2026 65
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2026 65
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2026 66
CASHFLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2026 67
NOTES TO THE FINANCIAL STATEMENTS 69
COUNCIL CONTROLLED ORGANISATIONS 123
CO-LAB 125

AUDIT 127

STATEMENT OF COMPLIANCE 128
AUDIT OPINION 129



Everything we do at Waitomo District Council is linked to our vision.

"Te hanga tahi o tātou Takiwa
Shaping our District together"

Our aim is to make the District an attractive place that people will want to come and visit, work and live in. The intention is to enhance the liveability of our District, facilitate our communities to be vibrant and thriving and to do this in a financially prudent and sustainable manner. Waitomo District Council has set areas of focus to drive this vision and guide our efforts:

- strengthening relationships;
- preparing for the future;
- effective management of resources.

We have made excellent progress in our focus areas during the 2025/26 year.

Key highlights are included in the following pages with further detail of our achievements in the activity areas included in the 'Service Performance' section of the full Annual Report which is available at www.waitomo.govt.nz/council/publications

INTRODUCTION
KŌRERO WHAKATAKI

FROM THE MAYOR AND CHIEF EXECUTIVE

This is the first annual report of the current Council elected in October 2025 which has brought together a mix of new and existing members. It is also the last annual report where water and wastewater activities sit directly under Waitomo District Council, from 1 July 2026 Waikato Waters will report on these activities. Staff's commitment and hard work throughout the year helped ensure a smooth transition.

October 2025 also delivered another severe weather event in Waitomo which caused damage to 120 sites on our roading network, the most significant being the large landslide on Kopaki Road, Council is still evaluating the options for repair or closure of this road considering affordability and functioning of the roading network in the area.

The majority of repairs for these weather events are funded by New Zealand Transport Agency Waka Kotahi (NZTA). Staff work with NZTA to get approval for the repairs that must be fit for purpose and cost effective. This process can take considerable time.

This year sees the last of the 2023 storm event repairs being completed, combining this with the 2025/26 weather event repairs has resulted in one of our largest annual roading programmes with about $15.4 million capital investment made into our roading network.

One of our most significant infrastructure projects, Te Kuiti Water Resilience, has got underway this year installing a new rising main and water storage reservoir, once completed this will increase the treated water supply and create a more robust water network. On 1 July the project transitioned to Waikato Waters and is on track to be completed in November 2026.

Stormwater improvement works in Te Kuiti have been completed in priority areas of Te Kuiti west. Further investment will be needed, however the completed works have performed well during recent storms.

Council net debt is similar to last year and now sits at $32.6 million. Our operating surplus this year was $9.2 million mostly due to external funding for capital projects. We sit in a good fiscal position at year end.

This year we have continued to be faced with local government reforms including rates capping, removal of regional councils and possibility of council amalgamations. Waitomo and Otorohanga Councils came together and agreed to submit a proposal to form a combined unitary council for both districts. A strong collaborative approach demonstrated across our area is important as we continue through local government reform.

We asked our community through our annual residents survey to give us feedback on how we are delivering our activities and services. Overall the response was very positive with leadership and trust ranking highest compared to 22 other councils in the survey group.

We remain committed to delivering the best possible outcomes for our community while keeping you informed about Council's work, projects and decisions.

We are pleased to present this Annual Report 2025/26.



John Robertson
Mayor



Ben Smit
Chief Executive

YOUR COUNCIL



JOHN ROBERTSON

Mayor
John.Robertson@waitomo.govt.nz



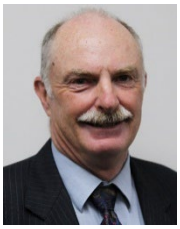
EADY MANAWAITI

Deputy Mayor
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OLIVIA BUCKLEY

Councillor: Rural
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DAN TASKER

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Councillor: Rural
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ISAIAH WALLACE

Councillor: Urban
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Our Impact on the District

Here's a sample of our performance and what we delivered last year across the district.



We had **9,204** followers on Facebook

Our Facebook page views was **5,106, 370**

There were **119,289** Page visits



89% of residents are happy they received or found Council information when needed

100% of resource consents processed within 20 days

99% of building consents processed within 20 working days

78% of residents rate their **quality of life** as either good or excellent



We received **802 3 Waters related service requests**

We received 4,942 **service requests**

79% are satisfied with Council's overall water management

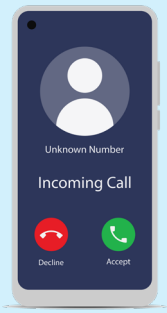


10,625 users/ participants through bookings for the Gallagher Recreation Centre

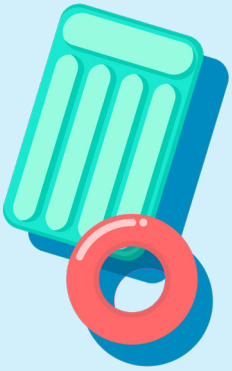
There were **6,464** visits to The Customer Services and Visitor Hub



397 Rate Rebates were processed



There were **16,688** visits to the Aquatic Centre



Customer Service handled **10,542** calls

83% of residents are happy with Council's engagement and consultation with the community

The library's public internet was accessed 9,278 times

21,695 physical items were borrowed from the library

73% of residents say they are **proud to live in the Waitomo District**



280 new or returning members joined the library



We have **2809** registered dogs



We completed **85** playground inspections

There were 22,505 visits to the library



91% of residents are satisfied with Council's **open spaces**

77% of residents are satisfied with Council's **rubbish and recycling services**



Resurfacing **29.3km** of sealed roads

We received **1079 roading related service requests**

97% of residents are satisfied with the Les Munro Centre

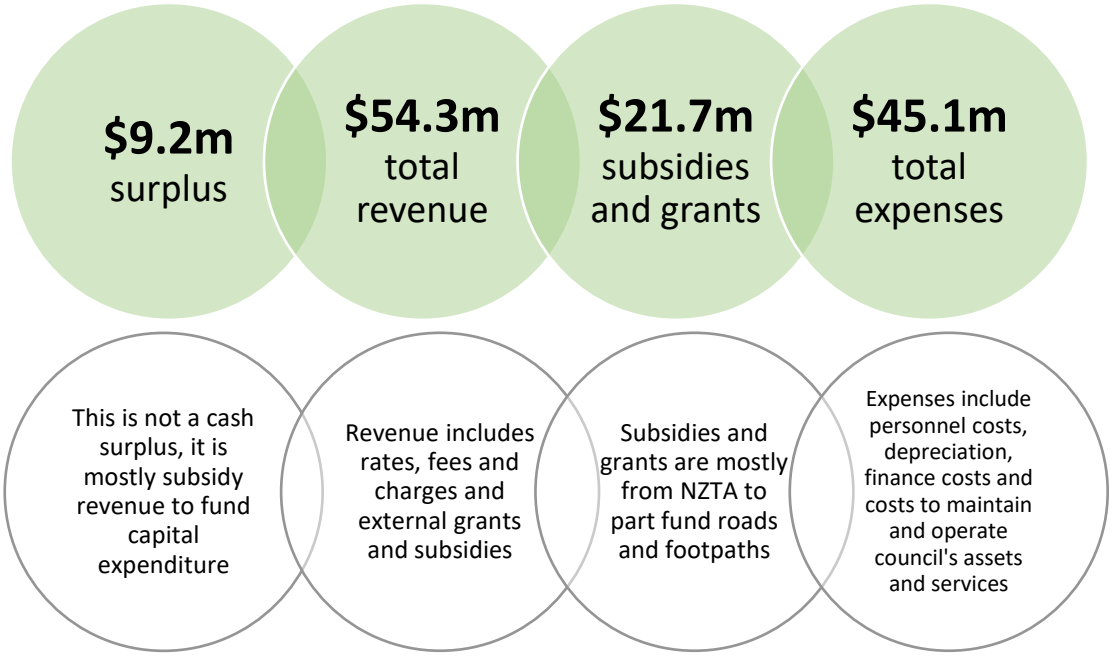
OUR FINANCIAL PERFORMANCE

This overview provides a summary of the key highlights of our financial performance for the 12 months ended 30 June 2026.

A snapshot of Council's financial performance for the year

Council's operating surplus for the year was **$9.2 million**.

The surplus is an accounting surplus and is not a cash surplus and is not directly due to increases in rates charged. The surplus is mainly the result of subsidy and grant revenue received for capital expenditure projects, offset in part by not fully rate funding depreciation expense.



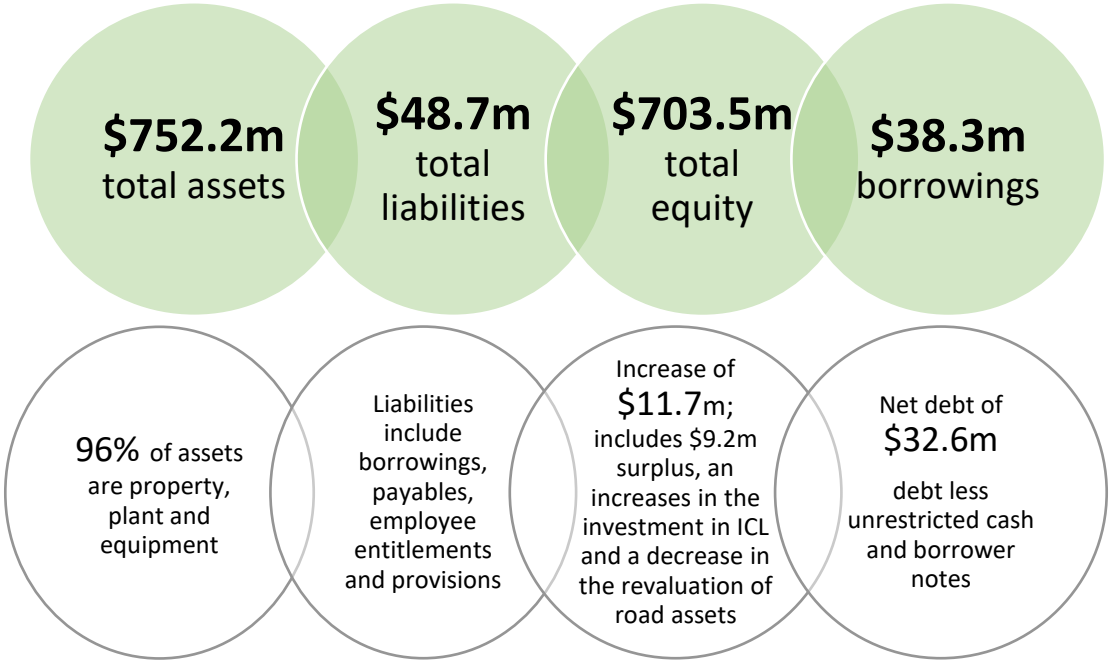
Overall results

Revenue for the year was **$54.3 million** against a budget of $44.2 million. Subsidy revenue was more than forecast due to the timing of road repairs for storm-related damage which were not forecast in the Annual Plan. Some of the of the planned works were still in progress at June 2026 and will continue into 2026/27. Additional revenue was also received for waste minimisation levy and trade waste. Revenue on vested assets was recognised for water, wastewater, stormwater and assets installed at Te Ara O Ngapaki, Atiria Lane and Fabia Factory Lane.

Expenses for the year were **$45.1 million** against a budget of $43.1 million. Expenditure for maintaining and operating council's assets and services was above forecast for additional road costs incurred for emergency reinstatement first response, drainage maintenance and environmental maintenance. Additional expenditure was also recognised for water supply for additional engineering support, reactive maintenance and transition costs for the transfer of water services and assets on 1 July 2026. Staff costs were below budget, reflecting changes in the organisation structure associated with the transfer of water services and assets.

Financial Position

Council's total equity increased to **$703.5 million**, this was less than the forecast equity of $720.6 million. The revaluation of road assets was less than forecast in the Annual Plan. The valuation of Council's investment in Inframax Construction Ltd was also more than forecast.



Council borrows externally to fund assets and services that will provide benefit well into the future. Our net debt to total revenue was **60%** which was well within the 165% borrowing limit set in the Financial Strategy.

Council's borrowing increased to $38.3 million at 30 June 2026 to fund the Te Kuiti water resilience project. Borrowings were lower than the Annual Plan forecast for 2025/26 of $44.4 million. The Te Kuiti transfer station improvement project did not proceed as originally planned due to lower waste volumes expected through the transfer station and the lack of central government funding for the project.

Capital expenditure projects

This year we invested in **$24.8 million** of capital improvements and renewal of existing infrastructure and other assets across the district. This included the continued repairs to our roading network from storm damage from prior year events along with emergency reinstatements from three further weather events in July, October and April (largely funded by NZTA subsidy. The Te Kuiti water resilience design and build project continued with significant work underway on the pipeline and the new reservoir.

CAPITAL EXPENDITURE

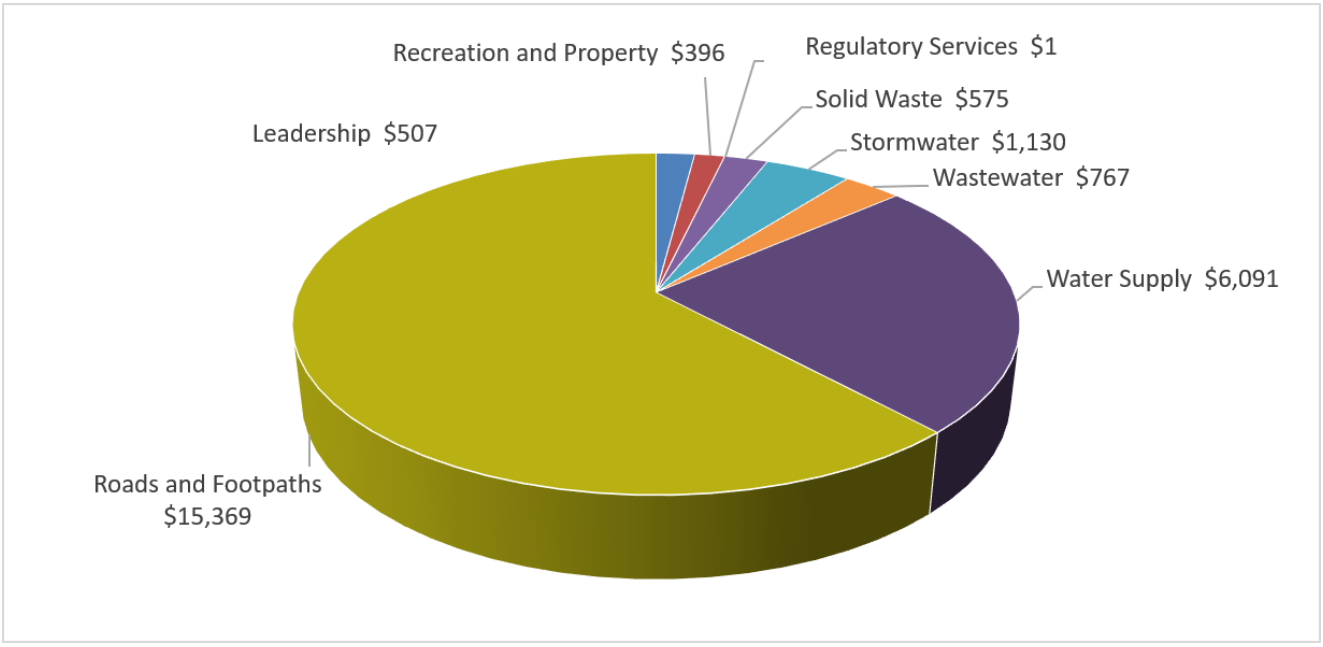
The 2025/26 approved capital budget was $22.0 million; the actual spend for the capital portfolio was **$24.8 million**.

Several capital expenditure projects that were not completed during the year will be deferred to the 2026/27 year. Progress on these projects was affected by longer than expected planning timeframes, delays in the resource consent renewal process, internal resourcing constraints, severe weather events and the reprioritisation of work programmes.

Some key projects undertaken were:

- Weather-related reinstatement work was a significant portion of this year's roading programme.
- Road repairs for damage from prior years events have been completed, alongside emergency reinstatement and renewal activities for three additional weather events that occurred during the year.
- Continuation of the Crown resilience road projects including stabilisation work for Kent Street, Te Kuiti.
- Installation of variable speed signage around schools and traffic calming measures.
- The Te Kūiti water resilience project is progressing with laying a rising main pipeline and building a new reservoir at the Hospital Road site.
- Completion of the Cultural Walkway Storyboards project with Ngati Rora and the upgrade of the walking track through Te Kuiti.
- Public facilities and amenity renewals around the district were completed.
- Pavement rehabilitation projects for Te Anga Road.
- The surface sealing programme has been completed for the year and was undertaken as part of the Maintenance Contract.

TOTAL CAPITAL EXPENDITURE BY ACTIVITY 2025/26 ($000's)



FINANCIAL REPORTING AND PRUDENCE BENCHMARKS

ANNUAL REPORT DISCLOSURE STATEMENT FOR THE YEAR ENDING 30 JUNE 2026

The purpose of this statement is to disclose the Council's 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 report 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. The regulations can be found on the New Zealand legislation website legislation.govt.nz.

RATES AFFORDABILITY BENCHMARK

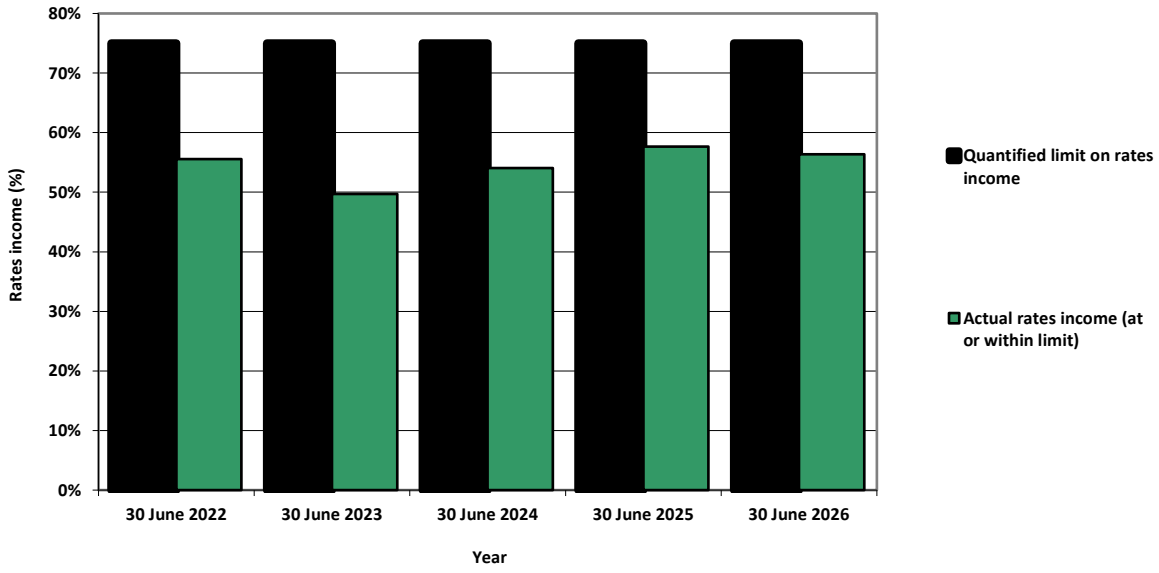
The Council meets the rates affordability benchmark if:

- its actual rates income equals or is less than each quantified limit on rates; and
- its actual rates increases equal or are less than each quantified limit on rates increases.

RATES (INCOME) AFFORDABILITY

The following graph compares the Council's actual rates income with a quantified limit on rates contained in the financial strategy included in the Council's long-term plan.

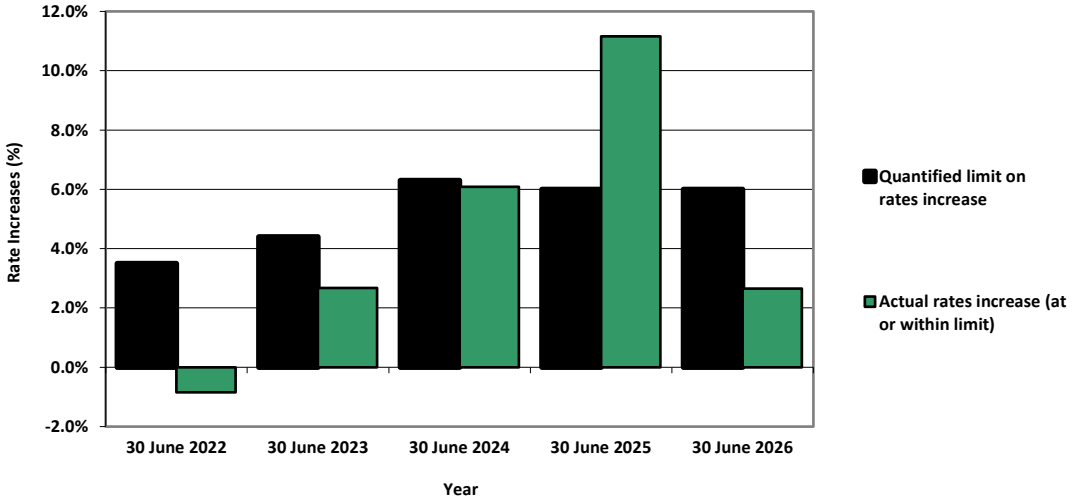
The quantified limit on rates income is that total rates revenue will be limited to 75% of total operating expenditure. Total rates revenue includes penalties for 2025/26. Rates income was 56% of operating expenditure in 2025/26.



RATES (INCREASES) AFFORDABILITY

The following graph compares the Council's actual rates increases with a quantified limit on rates increases in the financial strategy included in the Council's 2024-34 Long Term Plan (LTP). The quantified limit for rates increases is limited to an average rates increase of 6% over the ten years of the LTP. The annual rates increase per year may exceed 6% as the limit is based on the average increase over 10 years. The increase takes into account with the forecast rate revenue in the Annual Plan 2025/26 and future increases in the LTP resulting in an average rates increase over the 10 years of 3.81%. The actual rates increase from 2024/25 to 2025/26 was 2.65%.

For the years 2022-2024 the rates increases were limited to a cap of the forecast Local Government Cost Index for that year plus 2% as set out in the LTP 2021-31.



DEBT AFFORDABILITY BENCHMARK

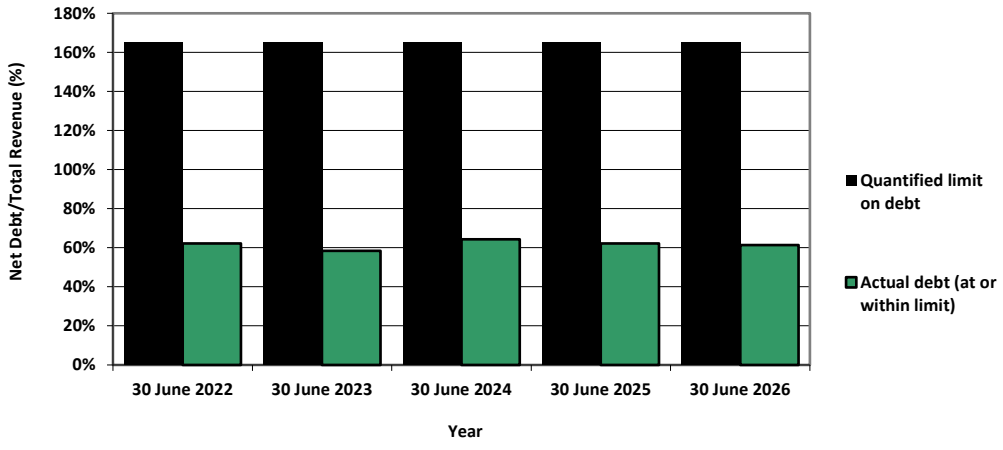
The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing. There are two quantified limits described in the long-term plan.

Total interest expense includes interest on borrowings and finance leases.

Total revenue includes rates revenue and penalties, government grants and subsidies for operating and capital expenditure, interest revenue, gains on sale of assets, and other revenue. Total revenue excludes gains or losses from change in value of investment property and available for sale non-current assets, gains on derivatives, gains on forestry and revenue on acquisition of property plant and equipment at nominal value.

Net debt will not exceed 165% of total revenue

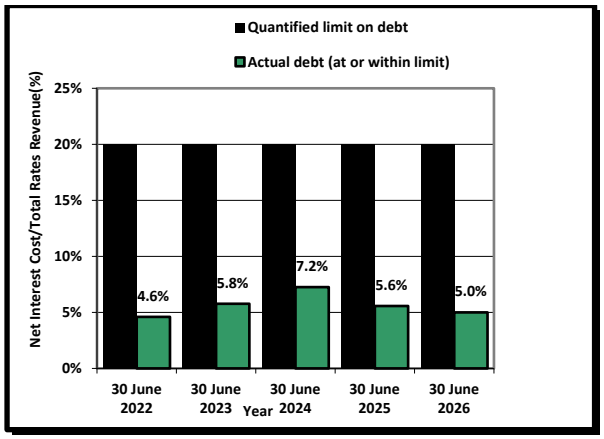
The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council's long-term plan. The quantified limit is net debt will not exceed 165% of total revenue. A value of less than 165% indicates compliance with the prudential limit.



DEBT AFFORDABILITY BENCHMARK (CONT.)

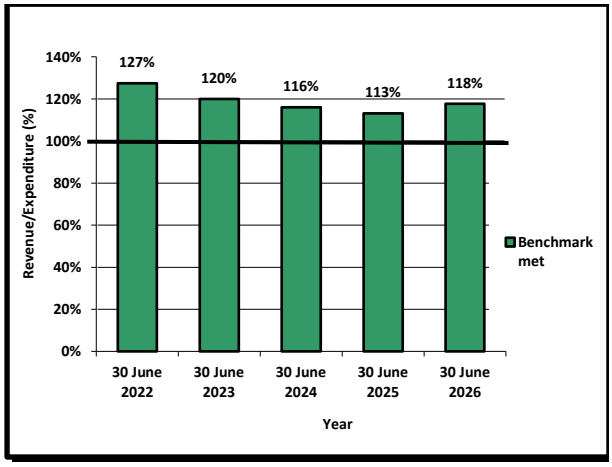
Net interest will not exceed 20% of annual rates

The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council's long-term plan. The quantified limit is net interest will not exceed 20% of annual rates. A value of less than 20% indicates compliance with the prudential limit.



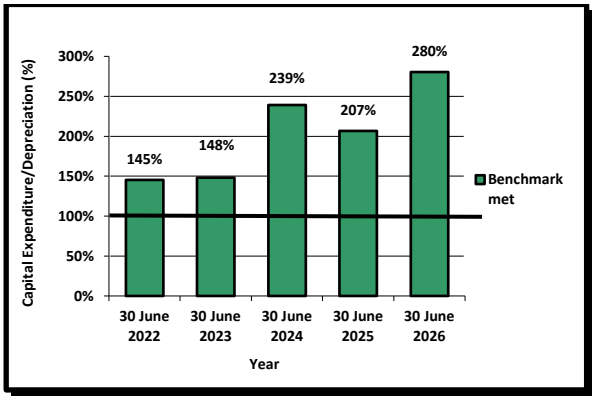
BALANCED BUDGET BENCHMARK

The following graph displays the Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment). The Council meets this benchmark if its revenue equals or is greater than its operating expenses. Revenue expenditure excludes rates received or paid on Council properties.



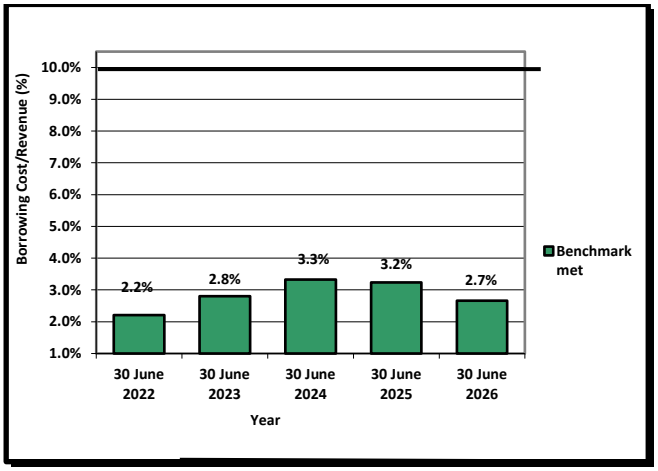
ESSENTIAL SERVICES BENCHMARK

The following graph displays the Council's capital expenditure on network services as a proportion of depreciation on network services. The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



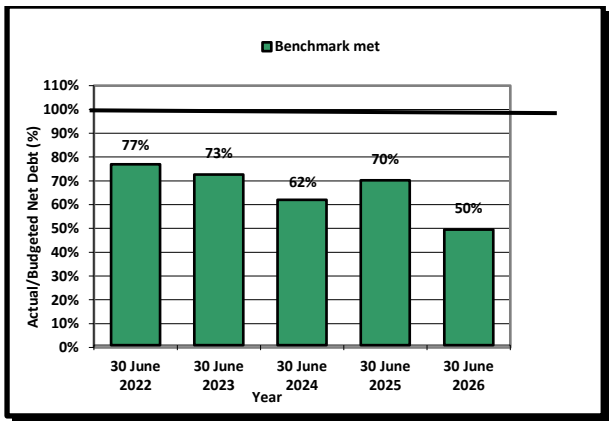
DEBT SERVICING BENCHMARK

The following graph displays the Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment). Because Statistics New Zealand projects the Council's population will grow more slowly than, the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



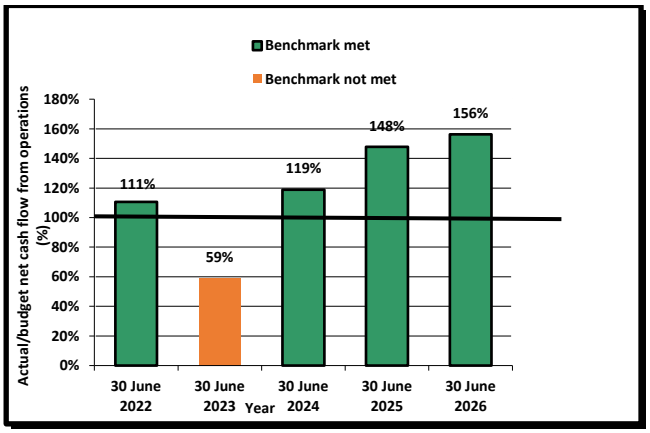
DEBT CONTROL BENCHMARK

The following graph displays the Council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities (excluding employee entitlements and provisions) less financial assets (excluding trade and other receivables). The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



OPERATIONS CONTROL BENCHMARK

This graph displays the Council's actual net cash flow from operations as a proportion of its planned net cash flow from operations. The Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



GROUP PERFORMANCE

The Group consists of the Council and its 100% owned subsidiary, Inframax Construction Ltd.

The Group's overall performance for the year was an after tax surplus of $10.2 million.

At 30 June 2026 total equity of the Group was $698.6 million, an increase of $7.9 million from the prior year. This increase in equity reflects the following net asset increases:

- The Group's after tax surplus of $10.2 million.
- Current assets increased by $6.0 million reflecting an increase in cash and cash equivalents and other financial assets.
- Current liabilities increased by $28.2 million due mainly to the reclassification of Council borrowings to current liabilities due to the agreed repayment of debt on 1 July 2026 reflecting the transfer of water assets and services to Waikato Waters Ltd.
- Non current assets increased by $7.5 million arising mostly from property, plant and equipment additions.
- Non current liabilities decreased by $22.5 million due mainly to the reclassification of some Council borrowings to current liabilities due to the agreed repayment of debt on 1 July 2026 reflecting the transfer of water assets and services to Waikato Waters Ltd.

Inframax Construction Ltd

Inframax Construction Ltd delivered a strong year-end result despite ongoing challenges across the civil construction and infrastructure sectors. The company reported a net profit after tax of $2.7 million for the year ended 30 June 2026, an improvement of $2.1 million on the prior year (2025: $0.55 million).

Equity increased to $16.0 million, with the company maintaining a solid equity ratio of 55%.

Revenue rose to $43.6 million, up $5.7 million from the previous year (2025: $37.9 million), while expenditure increased to $39.9 million compared with $37.1 million in 2025.

A dividend of $200,000 was paid to Waitomo District Council during the year (2025: $200,000). Further information on the company's performance results against the targets set out in the Statement of Intent can be found on page 120.



OUR COMMUNITY OUTCOMES

Our Community Outcomes and Priority Areas describe what we aim to achieve for our community and what the community can expect us to work towards.

These outcomes and focus areas shaped the development of the 2024-2034 Long Term 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



Our outcomes are:

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

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

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 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.

We have had eight public consultations with the community this year covering a variety of topics from speed limits, bylaws, and transfer stations with community input being a valuable part of the decisions made by Council. Te Raangai Whakakaupapa Koorero committee continued their work supporting iwi, whare, marae, hapu and individuals bringing issues to or on a pathway to a resolution.

Local events are an important way to bring our community together, working alongside the Shearing Committee we delivered one of the most successful Great NZ Muster events this year. Our community also enjoyed other local events such as Top of the Town, Tech Step and Christmas parades.

Our Community and Partnerships Fund has continued to help over many local groups and clubs to provide a range of community activities and facilities such as sports, recreation, museums and arts including helping put local tamariki artwork on display around Piopio.

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.

We are continuing to work closely with our neighbouring Councils with combined services including Animal Control, Building Services, Regulation and Compliance and Emergency management.

Hamilton City Council and Ōtorohanga District Council have also provided additional inspection capacity to help cover staffing changes within the Building Control team. Animal control services also continue to be delivered as a shared service with Ōtorohanga District. Council has also been working with Te Nehenehenui to formalise an iwi liaison role within the Emergency Operating Centre.

Waitomo and Otorohanga Councils agreed to develop a proposal to amalgamate in response to Central Governments Head Start pathway through the Simplifying Local Government reforms.

Many staff have worked throughout the year on the transition of water and wastewater activities to Waikato Waters to ensure a smooth hand over of services, staff, and projects.

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.

Our infrastructure requires on-going renewals to maintain what we have, priority is given to critical assets. A significant investment into Te Kuiti's water supply resilience has been one of the major projects this year increasing treated water storage.

Our roading network has been significantly impacted by weather events, this puts strain on our resources to manage storm repairs and normal work programmes. Our staff and contractors have stepped up to meet this challenge and delivered the full maintenance programme, previous storm repairs and immediate storm response throughout the year.

Investment into our stormwater network has continued with



SERVICE PERFORMANCE

PAEARU MAHI RATONGA

SUMMARY

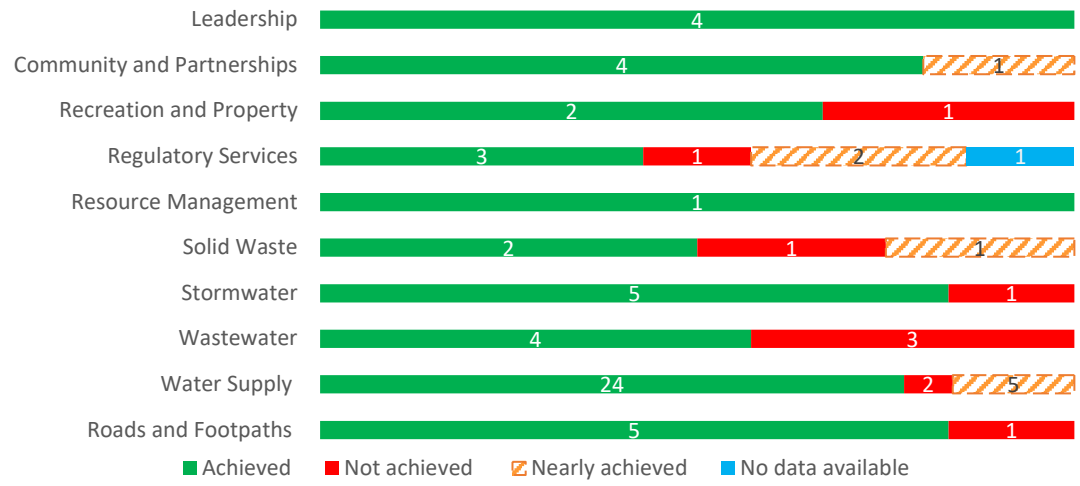
This part of the Annual Report covers the services we provide and how we performed against our service commitments for 2025/26.

Our 2024-2034 Long Term Plan divided the business into 10 activity groups that contribute to the delivery of our community outcomes.

Of the 74 measures that we use to track performance, the summary graph below shows that we have met the target for 54 measures, nearly achieved nine measures, one measure has no data, and we have not met the targets for 10 measures.

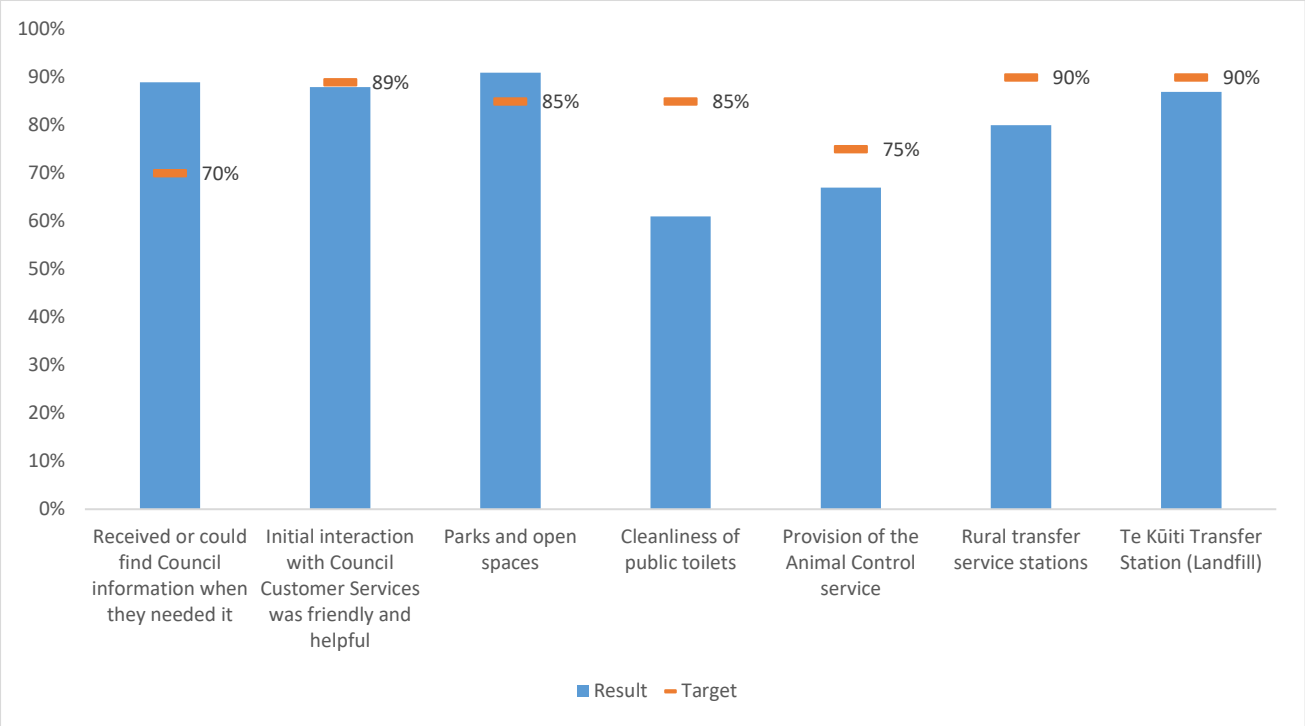
A nearly achieved result is shown when a measure has not been achieved but was close to achieving. This occurs when a result is within 5% of the target, this being within the margin of error for Resident Survey results.

PERFORMANCE RESULTS SUMMARY BY GROUPS OF ACTIVITIES



Our Resident's survey was undertaken in May/June 2026. Below is a summary of these results.

PERFORMANCE AGAINST RESIDENT SURVEY



COMMUNITY OUTCOMES

In the following section of the Annual Report, we present the identified effects of our activities on our community outcomes. Some of our activities contribute to all community outcomes, while others may only touch on one.

Our Community Outcomes
What we want for our community

A prosperous district

A district for all people

A district that cares for its environment

A district that values culture



LEADERSHIP

WHAT WE DO

This group comprises Representation, Strategy and Engagement, and Investments. Treasury management and organisational overhead activities and service groups are also included in this group.

- **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.
- **Investments** include investment in Co-Lab, Inframax Construction Ltd (ICL), Civic Financial Services Ltd, Waikato Waters Limited and Council owned quarries.

COMMUNITY OUTCOMES

PRIMARY

A district for all people

SECONDARY

A prosperous district
A district that values culture
A district that cares for its environment

DELIVERING ON OUR LONG TERM PLAN

Waitomo District Council started the financial year with a significant change, water supply and treatment of wastewater activities have now transitioned to Waikato Waters Limited (WWL) on 1 July 2026. Included in the transition were staff changes and the debt associated with these two activities meaning WDC now has significantly reduced debt.

Local Body Elections were held on 11 October 2025, the results saw some returning elected members and some newcomers. WDC staff have throughout the year run induction workshops and site visits to assist the new and existing members with their understanding of WDC's activities and functions.

In November 2025 central government announced further local government reforms called Simplifying Local Government which aims to make local government more efficient, this progressed to a later announcement on 5 May 2026 of a pathway called Head Start. This gave a three month window for two or more Councils to submit a proposal forming a unitary council ahead of local government reforms. Staff worked on initial options considering various amalgamations.

Elected members unanimously passed a resolution on 26 May 2026 to develop a Head Start proposal on amalgamation of Waitomo and Otorohanga District Councils to be submitted by 9 August to central government. This was a key focus for senior staff through June and into July.

Waitomo Council as an active member of the Western Waikato Emergency Group assisted Otorohanga Council with the flooding event in February 2026. This event also impacted the Waipa district who also based their response from Otorohanga. This was a fast moving event with evacuations and damaging flood waters involving multiple teams across the Councils.

The Resident survey was completed in May 2026 with positive results overall. Most areas maintained a good level of satisfaction, public toilets and roading were areas for improvement.

The Annual Plan for 2026/27 was adopted in June following public consultation on local and districtwide matters. At a public meeting in Mokau, and through formal submissions, the majority of the community did not support moving the Awakino transfer station to Oha Street in Mokau. Based on this the project was not progressed into the final 2026/27 Annual Plan. Removal of districtwide rates for waters services, and other policy updates were supported and adopted.

We have also reviewed and updated some of our policies and bylaws this year including Solid Waste Bylaw, Procurement and Sensitive Expenditure Policies.



SERVICE PERFORMANCE MEASURES

Key:

Achieved	All components of the performance measure have been met.	Not achieved	Some or all components were not achieved as per schedule or target.	Nearly achieved	A nearly achieved result occurs when a result is within 5% of the target.

YOU CAN EXPECT	MEASURE	TARGET/RESULT	HOW WE PERFORMED	
Provide and promote governance processes that are robust and transparent for our community.	The percentage of Council agendas that are publicly available before a Council meeting.	**Target:** ≥ 70% available 4 working days prior and 100% available 2 working days prior **Result:** Achieved **Previous result:** Achieved		Achieved.
Effective communication with our community.	Percentage of residents satisfied that they received or could find Council information when they needed it.	**Target:** Between 70 - 100% **Result:** 89% **Previous result:** 87%		Result of the June 2026 Resident Survey for the effectiveness and usefulness of Council communications is 89%.
Communicate regularly with our community about what matters.	The number of posts on our Facebook page per week.	**Target:** ≥ 5 week for at least 45 weeks **Result:** Achieved **Previous result:** Achieved		Achieved.
We get back to our customers to let them know the outcome of their service requests.	The percentage of service requests where an officer has contacted the customer to inform them of the outcome of the request.	**Target:** Increasing trend **Result:** 100% **Previous result:** Achieved		All customers that required feedback had been contacted for this year.



FUNDING IMPACT STATEMENT

Waitomo District Council: Funding impact statement for Leadership ($000's)	LTP 2024-34 2025	LTP 2024-34 2026	ACTUAL 2025/26
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	3,341	3,474	3,148
Targeted rates	0	0	0
Subsidies and grants for operating purposes	270	20	1
Fees and charges	105	107	67
Internal charges and overheads recovered	7,857	8,128	7,836
Local authorities fuel tax, fines, infringement fees and other receipts	66	72	339
Total operating funding (A)	**11,639**	**11,801**	**11,391**
Applications of operating funding			
Payments to staff and suppliers	9,290	9,263	8,640
Finance costs	365	376	317
Internal charges and overheads applied	2,086	2,167	2,032
Other operating funding applications	0	0	0
Total applications of operating funding (B)	**11,741**	**11,806**	**10,989**
Surplus (deficit) of operating funding (A-B)	**(102)**	**(5)**	**402**
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	127	28	(23)
Gross proceeds from sale of assets	0	0	254
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	**127**	**28**	**231**
Applications of capital funding			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	41	31	17
Capital expenditure - to replace existing assets	667	589	490
Increase (decrease) in reserves	(683)	(597)	126
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	**25**	**23**	**633**
Surplus (deficit) of capital funding (C-D)	**102**	**5**	**(402)**
Funding Balance ((A-B)+(C-D))	**0**	**0**	**0**

WHAT'S BEHIND THE VARIATIONS

VARIANCE FROM YEAR 2 OF THE 2024-34 LTP

Total operating funding

1 Rates revenue was below the forecast in the LTP due to forecast reductions in staff costs, information services costs and regional initiatives, and a forecast increase in interest revenue.

2 Grant revenue for the Joint Management Agreement (JMA) was forecast in the LTP. The JMA funding was recognised in the prior year.

3 Fees and charges revenue was lower for royalties on council owned quarries due to reduced use of the quarries by the lessee.

4 Internal charges and overhead recovered was below LTP forecast for staff costs, IT and emerging software costs, photocopier expenses, recruitment expenses, audit fees, fleet and staff costs.

5 Interest revenue was more than forecast, with favourable bank rates for cash held in the operating account and contracts retentions funds account. Dividend revenue was also received from Council's investment in Inframax Construction Limited.

Applications of operating funding

6 Operating expenditure was below forecast for fleet and staff costs, IT and emerging software costs, cloud migration, consultants' fees, regional initiatives, photocopier expenses, risk management, audit fees and recruitment expenses. These were partly offset by additional expenditures for cyber security, elected members remuneration, doubtful debts provision and software licencing.

7 Finance costs were below forecast due to more favourable interest rates than forecast in the LTP.

8 Internal charges and overheads applied were below forecast for fleet and staff costs, IT and emerging software costs, consultants' fees, photocopier expenses, audit fees and recruitment expenses.

Sources of Capital Funding

9 There was a decrease in debt as no internal loan funding was required for cloud migration costs and the loan funding for quarry safety improvements was lower than forecast in the LTP.

10 Proceeds from the sale of fleet vehicles were recognised, however were not forecast in the LTP.

Applications of Capital Funding

11 Renewal expenditure was below forecast for hardware and IT equipment renewals and quarry safety improvements offset in part by additional fleet renewal expenditure.

12 The increase in reserves reflects higher than expected revenue, increased transfers of rate funding for asset replacement to reserves, and only minor hardware and equipment renewals recognised during the year.

COMMUNITY AND PARTNERSHIPS

WHAT WE DO

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.

- **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.
- **District Development** is delivered through working in collaboration with a range of community partners.
- **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** we engage operators specialising in facility management to manage the Waitomo District Aquatic Centre and Gallagher Recreation Centre.

COMMUNITY OUTCOMES

PRIMARY



A district for all people

SECONDARY

A prosperous district
A district that values culture
A district that cares for its environment

DELIVERING ON OUR LONG TERM PLAN

Community Development continued to focus on strengthening social, economic and cultural outcomes across the Waitomo District through collaboration and partnership.

The library continued to provide a wide range of educational, recreational, and digital services. Highlights included a three-month 3D Print Quest, which introduced new users to 3D printing through reading and STEM-based activities, participation in the Tech Step event to showcase library technologies, and the expansion of the library's activity kit collection. The library also delivered a variety of new and established programmes, including Reading to Dogs sessions, and introduced a free self-service scanning facility. These initiatives complemented the library's ongoing provision of physical and online resources, internet and Wi-Fi access, technology support, online services, and programmes that promote lifelong learning, digital inclusion, and community engagement.

The Community and Partnerships Fund Policy, continued to support community organisations delivering activities and services that benefit the district. Contestable grant funding was allocated in accordance with the Policy.

Council's events programme continued to provide opportunities for communities to connect and celebrate. The Great New Zealand Muster remained Council's premier community event, with increased attendance reflecting its continued growth and popularity. Top of the Town was delivered as a new addition to the events programme, alongside the Waitomo Christmas Parade and Community Movie Nights, providing a broader range of opportunities for community participation.

The Rangatahi Engagement Plan provided a new approach to youth engagement. Activities included guest speakers, Youth Week initiatives, leadership opportunities and ongoing involvement in Council projects and community activities.

Council continued to work with a range of partners to support pathways into employment, training and greater independence. The Mayors Taskforce for Jobs continued to connect rangatahi with employment and training opportunities, while the Novice Driver Training Programme supported young people to progress through the driver licensing system, contributing to improved road safety, independence and access to employment.

Council was awarded the ALGIM Customer Experience Award, recognising the outstanding work of our Customer Services team. This was a major highlight for the year.

SERVICE PERFORMANCE MEASURES

Key:

Achieved	All components of the performance measure have been met.	Not achieved	Some or all components were not achieved as per schedule or target.	Nearly achieved	A nearly achieved result occurs when a result is within 5% of the target.

YOU CAN EXPECT	MEASURE	TARGET/ RESULT	HOW WE PERFORMED	
Contestable grant * funding is disseminated through a robust process.	All contestable grant funding is disseminated fairly and equitable in accordance with our Policy.	**Target:** Achieved **Result:** Achieved **Previous result:** Achieved		All grants allocated in accordance with the Community and Partnerships Fund Policy.
We will work in partnership with others on projects or events that enhance the culture and wellbeing of residents.	The number of projects or events that promote culture or wellbeing delivered in partnership with other organisations.	**Target:** ≥ 2 **Result:** 3 **Previous result:** Achieved (3)		The Great NZ Muster was held on Saturday 11 April 2026 in partnership with the NZ Shearing Championships Committee. Centennial Park Open Day was held on 27 September 2025 in partnership with Centennial Park sports organisations. Waitomo District Christmas Parade was held on 12 December 2025 in partnership with Legendary Te Kūiti.
We provide a comprehensive and well used Library service for our community.	The number of active library members.	**Target**: ≥ 2% on the year previous (>927 members, which is 2% increase on 909 active members in 2024/25) **Result**: 1005 active members **Previous result:** Nearly Achieved		Achieved.
We deliver a range of well attended activities and programmes at the Waitomo District Library.	The number of participants in Library programmes and activities.	**Target:** ≥ 5% on the year previous (>1752 participants, which is 5% increase on 1,669 participants in 2024/25) **Result:** 1977 participants **Previous result:** Achieved		Achieved.
Our customer service team are friendly and helpful.	The percentage or residents satisfied their initial interaction with council customer services was friendly and helpful.	**Target:** increasing trend **Result:** Nearly Achieved 88% **Previous result:** 88%		Result of the June 2026 Resident Survey is 88%.
* *Contestable grant funding is the Multi-Year Community Partnership Grant.*				

FUNDING IMPACT STATEMENT

Waitomo District Council: Funding impact statement for Community and Partnerships ($000's)	LTP 2024-34 2025	LTP 2024-34 2026	ACTUAL 2025/26
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	1,570	1,626	1,448
Targeted rates	13	13	16
Subsidies and grants for operating purposes	735	62	329
Fees and charges	4	4	15
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding (A)	**2,322**	**1,705**	**1,808**
Applications of operating funding			
Payments to staff and suppliers	1,907	1,220	1,175
Finance costs	0	0	0
Internal charges and overheads applied	556	576	558
Other operating funding applications	0	0	0
Total applications of operating funding (B)	**2,463**	**1,796**	**1,733**
Surplus (deficit) of operating funding (A-B)	**(141)**	**(91)**	**75**
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	**0**	**0**	**0**
Applications of capital funding			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	3	0	0
Capital expenditure - to replace existing assets	0	0	0
Increase (decrease) in reserves	(144)	(91)	75
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	**(141)**	**(91)**	**75**
Surplus (deficit) of capital funding (C-D)	**141**	**91**	**(75)**
Funding Balance ((A-B)+(C-D))	**0**	**0**	**0**

WHAT'S BEHIND THE VARIATIONS

VARIANCE FROM YEAR 2 OF THE 2024-34 LTP

Total operating funding

1 Rates revenue was below LTP forecast due to a forecast reduction in expenditure for community partnership grants, promotions and district and regional development.

2 Subsidies and grants revenue was above forecast for the Mayors' Taskforce for Jobs programme and Better Off funding for Rangitahi pathways initiative and the Les Munro Centre revitalisation. The Mayors' Taskforce for Jobs funding was not forecast in the LTP.

3 Fees and charges were more than forecast for the Great New Zealand Muster. No event revenue was forecast in the LTP.

Applications of operating funding

4 Operational expenditure was below forecast for staff costs, district promotions, district development and the housing strategy implementation costs. These were partly offset by additional expenditure for rates remissions and Mayors' Taskforce for Jobs programme.

Applications of Capital Funding

5 There was an increase in reserves for the year as reserve funding for the housing strategy implementation was not required and operational budgets were not fully spent for the year.



RECREATION AND PROPERTY

WHAT WE DO

This group comprises of parks and recreation, housing and property, community and public facilities.

- **Parks and Recreation** involves the provision of parks and reserves for recreation, green spaces and landscapes that are restful and enhance the visual amenity of our communities.
- **Housing and Property** involves the provision of housing community facilities such as halls and housing.
- **Recreation and Culture** 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.

COMMUNITY OUTCOMES

PRIMARY

A district for all people

SECONDARY

A prosperous district
A district that values culture
A district that cares for its environment

DELIVERING ON OUR LONG TERM PLAN

During 2025/26, Council continued to maintain and improve its property and community facilities, with a focus on safe, fit-for-purpose assets and planning for future renewals.

Further investigation and remedial work were undertaken at the Les Munro Centre to improve the performance and reliability of the HVAC system.

The district-wide quarry safety improvement programme was completed, addressing identified priority safety works across Council-owned quarries.

Council continued to improve its asset and condition information, with implementation of the Asset Data System nearing completion to support future maintenance and renewal planning.

Work progressed on Council's jetties, including planning in conjunction with the Te Waitere community for the replacement of the Te Waitere pontoon, and further assessment of the Mōkau Jetty.

Planning also progressed for future cemetery capacity at Te Kūiti and Mōkau, while public toilet monitoring was introduced to better understand usage and inform cleaning and renewal requirements. We also relocated the ablution block from Te Kuiti Holiday Park to Marokopa Campground.

Council continued its CCTV renewal programme and ongoing maintenance and renewal of parks, playgrounds, community facilities and housing assets across the district.





SERVICE PERFORMANCE MEASURES

Key:

Achieved	All components of the performance measure have been met.	Not achieved	Some or all components were not achieved as per schedule or target.	Nearly achieved	A nearly achieved result occurs when a result is within 5% of the target.

YOU CAN EXPECT	MEASURE	TARGET	HOW WE PERFORMED	
We provide parks and open spaces across our district.	Percentage of residents satisfied with our parks and open spaces.	**Target**: ≥ 85% **Result**: 91% **Previous year Result:** 92%		Result of the June 2026 Resident Survey is 91%.
We provide community facilities that are compliant with legislative standards.	Ensure facilities with compliance schedules have current Building Warrant of Fitness (BWOF).	**Target**: Achieve **Result**: Achieved **Previous year Result:** Achieved		All facilities have current Building Warrant of Fitness (BWOF).
We provide clean public toilets for our community and visitors.	Percentage of residents satisfied with the cleanliness of public toilets.	**Target**: ≥ 85% **Result**: 61% **Previous year Result:** 63%		Result of the June 2026 Resident Survey is 61%. Council is working to improve cleanliness with additional deep cleaning.



FUNDING IMPACT STATEMENT

Waitomo District Council: Funding impact statement for Recreation and Property ($000's)	LTP 2024-34 2025	LTP 2024-34 2026	ACTUAL 2025/26
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	4,486	4,637	4,303
Targeted rates	0	0	0
Subsidies and grants for operating purposes	101	1	9
Fees and charges	667	720	640
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	3
Total operating funding (A)	**5,254**	**5,358**	**4,955**
Applications of operating funding			
Payments to staff and suppliers	2,793	2,673	2,493
Finance costs	132	155	124
Internal charges and overheads applied	1,207	1,249	1,259
Other operating funding applications	0	0	0
Total applications of operating funding (B)	**4,132**	**4,077**	**3,876**
Surplus (deficit) of operating funding (A-B)	**1,122**	**1,281**	**1,079**
Sources of capital funding			
Subsidies and grants for capital expenditure	446	0	44
Development and financial contributions	0	0	0
Increase (decrease) in debt	68	(269)	(211)
Gross proceeds from sale of assets	0	0	977
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	**514**	**(269)**	**810**
Applications of capital funding			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	825	172	177
Capital expenditure - to replace existing assets	268	365	219
Increase (decrease) in reserves	543	475	1,493
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	**1,636**	**1,012**	**1,889**
Surplus (deficit) of capital funding (C-D)	**(1,122)**	**(1,281)**	**(1,079)**
Funding Balance ((A-B)+(C-D))	**0**	**0**	**0**

WHAT'S BEHIND THE VARIATIONS

VARIANCE FROM YEAR 2 OF THE 2024-34 LTP

Total operating funding

1 Rates revenue was below LTP forecast due to a forecast reduction in the level of funding for asset replacement, reductions in repairs and maintenance and lower interest expense.

2 Tourism Infrastructure Fund (TIF) revenue was recognised to part fund the walkways project and operational costs for public toilets at Waikawau and Kiritehere.

3 Fees and charges revenue was below LTP forecast for housing rentals due in part to the sale of rental properties. Revenue was also below forecast for campground revenue due to lower use of these facilities than forecast and the closure of the Te Kuiti holiday park. Revenue was also lower for the aerodrome and hireage of the Les Munro Centre.

Applications of operating funding

4 Operational expenditure was lower than LTP forecast for property and public amenities maintenance and repairs, erosion control, tree maintenance, legal and insurance costs. These were partly offset by higher costs for electricity and gas, staff costs, cleaning contract costs and security camera maintenance.

Sources of Capital Funding

5 Subsidy revenue was recognised for the Better Off programme for the completion of the walkway in Te Kūiti.

6 Proceeds were recognised for the sale of the residential property on Te Kumi Road and vacant sections on Mangarino Street in Te Kūiti. These proceeds were not forecast in the LTP.

Applications of Capital Funding

7 Renewal expenditure was below the LTP forecast for playgrounds and minor building renewals.

8 The increase in reserves reflects the proceeds from sale of assets and as renewal expenditure was lower than forecast, reserve funding of renewal expenditure was also less.



REGULATORY SERVICES

WHAT WE DO

This group undertakes many activities that contribute to keeping our community and district a safe place to be. These activities are governed and directed by legislation, national, regional and local policies, and bylaws.

- **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** deliver 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.

COMMUNITY OUTCOMES

PRIMARY

A district for all people

SECONDARY

A prosperous district
A district that values culture
A district that cares for its environment

DELIVERING ON OUR LONG TERM PLAN

Building control processes are monitored biannually through an audit undertaken by IANZ (International Accreditation New Zealand). The bi-annual assessment was completed in June 2026, with Council's accreditation expected to remain at low risk, once finalised in October 2026.

Work on the Earthquake Prone Building (EPB) programme is on hold until an assessment under the new Building (Earthquake-prone Buildings) Amendment Act 2025 is undertaken. This system is more risk-based with narrower building criteria and allows remediation extensions of up to 15 years. The new provisions are likely to change the scope, timeframes, and number of buildings remaining in Waitomo's EPB programme.

Pool inspections were completed throughout the district for the financial year.

Council continued to develop shared regulatory services with neighbouring councils this year. Waitomo and Ōtorohanga District Councils have brought their building control teams closer together under a joint Building Control Manager, with inspections and other workflows increasingly undertaken jointly.

Staff involved in Emergency Management progressed the recovery planning and Community Response Plan work identified as a focus area for the year. A Pre-Disaster Recovery Planning Gap Analysis identified several recommendations across governance, management, social, built, economic, and natural environment areas. This work, together with lessons from Ōtorohanga District's recovery post the February 2026 severe weather event, is now informing a joint Strategic Plan for Recovery being developed with both Councils.

The Animal control team has maintained a high standard of service, continuing to focus on an educational and proactive approach to animal control alongside enforcement, when required.

SERVICE PERFORMANCE MEASURES

Key:

Achieved	All components of the performance measure have been met.	Not achieved	Some or all components were not achieved as per schedule or target.	Nearly achieved	A nearly achieved result occurs when a result is within 5% of the target.	No data	

YOU CAN EXPECT	MEASURE	TARGET/ RESULT	HOW WE PERFORMED	
We ensure the public sale and supply of alcohol is undertaken safely and responsibly.	All premises that sell alcohol are licensed.	**Target**: 100% Compliance **Result**: 100% **Previous year Result:** Achieved - 100%		All premises that sell alcohol are licensed.
Building consents are processed in a timely fashion.	Building consents are processed within 20 working days.	**Target:** 100% **Result:** Nearly Achieved 99% **Previous year Result:** Nearly Achieved - 99%		One application exceeded the statutory timeframe due to admin error.
We provide regulatory services for food licences.	All premises that sell food are licensed and registered.	**Target:** 100% Compliance **Result:** 100% **Previous year Result:** Achieved - 100%		All premises that sell food are licensed.
Council will process, inspect, and certify building work in the Waitomo District.	WDC maintains building control systems and process to meet IANZ Audit requirements.	**Target**: BCA accreditation maintained **Result:** BCA accreditation maintained **Previous year Result:** Achieved		The current BCA accreditation continues to be valid while the June 2026 assessment is underway.
We provide land information Services (LIMs) efficiently.	LIM applications are processed within 10 working days.	**Target**: 100% **Result:** Nearly Achieved 95% **Previous year Result:** Nearly Achieved - 99%		Eight LIMs exceeded 10 days due to critical staff involved in the Western Waikato Emergency Operations Centre in February, combined with process and administrative issues.
We provide an effective Animal Control Service.	Percentage of residents satisfied with the provision of the Animal Control Service.	**Target: ≥ 75%** **Result:** 67% **Previous year Result:** Achieved - 63%		Result of the June 2026 Resident Survey is 67%. Increased enforcement, the complexity of cases being managed and reluctance to log complaints to Animal Control are all likely factors contributing to reduced satisfaction.
WDC is resourced and staff trained to effectively support operations of Civil Defence Headquarters during an emergency.	The evaluation of the annual exercise as a measure of effectiveness of training.	**Target: ≥ 61% (comprehensive score)** **Result:** No data **Previous Result:** Nearly Achieved - 58%		An exercise was not required as there was an Emergency Operation Centre (EOC) activation within six months of the measurement being due. The Civil Defence Emergency Management Group will undertake an after-action review and provide improvement opportunities in lieu of a qualitative measure.

FUNDING IMPACT STATEMENT

Waitomo District Council: Funding impact statement for Regulatory Services ($000's)	LTP 2024-34 2025	LTP 2024-34 2026	ACTUAL 2025/26
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	1,420	1,545	1,337
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	705	704	788
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	25	25	31
Total operating funding (A)	**2,150**	**2,274**	**2,156**
Applications of operating funding			
Payments to staff and suppliers	1,200	1,226	985
Finance costs	0	1	0
Internal charges and overheads applied	995	1,032	959
Other operating funding applications	0	0	0
Total applications of operating funding (B)	**2,195**	**2,259**	**1,944**
Surplus (deficit) of operating funding (A-B)	**(45)**	**15**	**212**
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	9	9	(1)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	**9**	**9**	**(1)**
Applications of capital funding			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	0	0	0
Capital expenditure - to replace existing assets	10	10	1
Increase (decrease) in reserves	(46)	14	210
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	**(36)**	**24**	**211**
Surplus (deficit) of capital funding (C-D)	**45**	**(15)**	**(212)**
Funding Balance ((A-B)+(C-D))	**0**	**0**	**0**

WHAT'S BEHIND THE VARIATIONS

VARIANCE FROM YEAR 2 OF THE 2024-34 LTP

Total operating funding

1 Rates revenue was below LTP forecast due to forecast reductions in overall operating expenditure across the regulatory services functions.

2 Higher fees and charges revenue were recognised to fund the shared service with Otorohanga District Council for animal control as well as increased accreditation levy revenue, and Health Act and alcohol licencing revenue.

Applications of operating funding

3 Operating expenditure was lower than LTP for staff costs and legal costs, noise control, animal control and earthquake prone building budgets were not fully spent.

4 Internal charges and overheads applied were below forecast due to reduced expenditure for staff and fleet costs, IT and emerging software costs, audit fees and recruitment expenses.

Applications of Capital Funding

5 Reserves have increased above the forecast in the LTP as fees and charges revenue was more than forecast and building control operational budgets were not fully spent.



RESOURCE MANAGEMENT

WHAT WE DO

This group involves the administration, application and enforcement of the Operative Waitomo District Plan and District Planning.

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

- **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.

COMMUNITY OUTCOMES

PRIMARY

A district that cares for its environment

SECONDARY

A prosperous district
A district that values culture
A district for all people

DELIVERING ON OUR LONG TERM PLAN

The Proposed District Plan was notified in October 2022, followed by two rounds of submissions and hearings in 2024. The decision version was notified on 19 June 2025.

Notification of the decisions version bought the plan into the final appeals stage. The appeal period closed on 1 August 2025, with five appeals and 18 section 274 notices received.

During the year, two of the five appeals were resolved by consent order issued by the Environment Court following negotiation between the parties.

Council continues to work through the remaining appeals, seeking resolution through direct negotiation with the parties.

Where agreement cannot be reached, matters may be progressed through the Environment Court process, however it is expected that all appeals will be resolved within the 2026-27 year. This will enable Council to notify the new fully Operative District Plan.

SERVICE PERFORMANCE MEASURES

Key:

Achieved — All components of the performance measure have been met.

Not achieved — Some or all components were not achieved as per schedule or target.

Nearly achieved — A nearly achieved result occurs when a result is within 5% of the target.

YOU CAN EXPECT	MEASURE	TARGET/ RESULT	HOW WE PERFORMED	
Resource consents are processed in accordance with legislation.	All non-notified resource consents are processed within statutory timeframes.	**Target**: Achieve **Result**: 100 % **Previous year Result:** Achieved		All resource consents are processed within statutory timeframes of 20 days.

FUNDING IMPACT STATEMENT

Waitomo District Council: Funding impact statement for Resource Management ($000's)	LTP 2024-34 2025	LTP 2024-34 2026	ACTUAL 2025/26
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	445	654	628
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	216	221	363
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding (A)	**661**	**875**	**991**
Applications of operating funding			
Payments to staff and suppliers	562	370	369
Finance costs	67	81	59
Internal charges and overheads applied	408	420	413
Other operating funding applications	0	0	0
Total applications of operating funding (B)	**1,037**	**871**	**841**
Surplus (deficit) of operating funding (A-B)	**(376)**	**4**	**150**
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	376	(4)	(146)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	**376**	**(4)**	**(146)**
Applications of capital funding			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	0	0	0
Capital expenditure - to replace existing assets	0	0	0
Increase (decrease) in reserves	0	0	4
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	**0**	**0**	**4**
Surplus (deficit) of capital funding (C-D)	**376**	**(4)**	**(150)**
Funding Balance ((A-B)+(C-D))	**0**	**0**	**0**

WHAT'S BEHIND THE VARIATIONS

VARIANCE FROM YEAR 2 OF THE 2024-34 LTP

Total operating funding

1 Resource consent revenue was above forecast for the LTP for resource consent consultants' fees recovered from applicants and more LIM revenue received.

Sources of Capital Funding

2 Debt funding was lower than forecast for district plan development expenditure.



SOLID WASTE

WHAT WE DO

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

- **Waste minimisation** aims to reduce and divert solid waste through education programmes that promote reduction, reuse, recycling, and recovery practices.
- **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 operate a landfill, transfer Station and recycling facility at Te Kūiti and waste transfer stations are provided to the communities of Maniaiti/Benneydale, Piopio, Marokopa, Kinohaku, and Mōkau/Awakino.

COMMUNITY OUTCOMES

PRIMARY

A district that cares for its environment

SECONDARY

A prosperous district
A district that values culture
A district for all people

DELIVERING ON OUR LONG TERM PLAN

The Waitomo District landfill has continued to experience dropping waste volumes this year, with the decision by Council not to develop the next waste cell made in June 2025, the most cost effective option was to close the last waste cell on 30 June 2026.

Staff have worked on making this transition as smooth as possible with the new contractor ensuring all waste streams are appropriately managed for transport to out of district facilities from 1 July 2026.

Council retested the proposal with the community this year on whether to move the Awakino Transfer Station to an industrial site in Mokau. A well attended public meeting was held in Mokau during the month long consultation in April 2026. At the conclusion of the consultation most submissions and feedback did not support this proposal, Council considered all the feedback the decision was made not to move the Awakino Transfer Station.

The project to improve the roadways at Maniaiti/Benneydale, Kinohaku, and Piopio transfer stations was completed in May 2026.

The Solid Waste Bylaw has been reviewed and adopted by Council on 30 June 2026, this bylaw helps regulate kerbside collections and transfer stations so they can be managed efficiently and keeping staff, contractors and members of the public safe.

Kerbside recycling audits were undertaken in Te Kuiti in November 2025 educate residents on proper waste separation and encourage more sustainable disposal practices.



SERVICE PERFORMANCE MEASURES

Key:

Achieved	All components of the performance measure have been met.	Not achieved	Some or all components were not achieved as per schedule or target.	Nearly achieved	A nearly achieved result occurs when a result is within 5% of the target.

YOU CAN EXPECT	MEASURE	TARGET/ RESULT	HOW WE PERFORMED	
We provide effective and fit for purpose solid waste facilities.	Percentage of users that are satisfied with the rural transfer service stations.	**Target**: ≥90% **Result**: Not Achieved 80% **Previous year Result:** 77%		Result of the June 2026 Resident Survey is 80%. New contractor in place and improved signage will be undertaken in 2026/27.
	Percentage of users that are satisfied with the Waitomo District Landfill.	**Target:** ≥ 90% **Result:** Nearly Achieved 88% **Previous year Result:** Nearly Achieved 87%		Result of the June 2026 Resident Survey is 88%. New contractor in place and planned improvements to the roadway, signage, resource recovery, and safety will be undertaken in 2026/27.
We will provide a reliable kerbside rubbish collection to stop rubbish becoming a health risk*.	The number of justifiable complaints per week about uncollected rubbish.	**Target:** < 7 per week **Result:** Achieved **Previous year Result:** Achieved		No week exceeded 7 complaints
We encourage waste minimisation by providing recycling services to reduce waste sent to landfill.	Diversion rate** of the District's waste to landfill.	**Target:** Increasing trend of diversion rate to ≥ 50% (2024/25 diversion rate 52%) **Result:** Achieved 60% **Previous year Result:** Achieved 52%		Achieved.

** Services offered in Te Kūiti, Waitomo Village, Piopio and Mōkau.*

*** (Diversion rate means not sending unwanted materials to disposal facilities. Instead, materials are repurposed through the process of **reuse, recycling,** or **recovery**. The diversion rate is found by dividing the weight of diverted waste only by the weight of all waste and multiplying this by 100 to get a percentage).*



FUNDING IMPACT STATEMENT

Waitomo District Council: Funding impact statement for Solid Waste ($000's)	LTP 2024-34 2025	LTP 2024-34 2026	ACTUAL 2025/26
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	66	69	63
Targeted rates	1,567	1,819	1,880
Subsidies and grants for operating purposes	0	0	0
Fees and charges	2,237	2,335	1,601
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	125	125	208
Total operating funding (A)	**3,995**	**4,348**	**3,752**
Applications of operating funding			
Payments to staff and suppliers	3,210	3,341	2,972
Finance costs	124	220	102
Internal charges and overheads applied	497	520	511
Other operating funding applications	0	0	0
Total applications of operating funding (B)	**3,831**	**4,081**	**3,585**
Surplus (deficit) of operating funding (A-B)	**164**	**267**	**167**
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	2,792	279	(192)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	**2,792**	**279**	**(192)**
Applications of capital funding			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	10	10	457
Capital expenditure - to replace existing assets	3,131	745	118
Increase (decrease) in reserves	(185)	(209)	(600)
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	**2,956**	**546**	**(25)**
Surplus (deficit) of capital funding (C-D)	**(164)**	**(267)**	**(167)**
Funding Balance ((A-B)+(C-D))	**0**	**0**	**0**

WHAT'S BEHIND THE VARIATIONS

VARIANCE FROM YEAR 2 OF THE 2024-34 LTP

Total operating funding

1 Fees and charges were less than forecast due to lower waste volumes being received than forecast in the LTP.

2 More waste minimisation levy revenue was received from central government for initiatives to reduce waste and encourage resource recovery.

Applications of Operating Funding

3 Operational expenditure was below the LTP forecast for staff costs, and waste minimisation levy expenditure and emission trading scheme costs due to lower waste volumes. This was offset in part by increased landfill operations contract costs; removal of recycling costs and landfill bin movement charges were more than forecast. Consultants' fees were incurred for advice on the landfill options to inform the future operations of the landfill and to support the joint procurement of the waste services contract with Otorohanga District Council.

Sources of Capital Funding

4 Debt funding was lower than forecast as the planned gas flaring installation did not proceed. Following a review of the project, Council resolved to not develop the landfill cell as this time and transport waste out of the district. The landfill will be capped in the 2026/27 year.

Applications of Capital Funding

5 Capital expenditure included the recognition of the landfill aftercare asset and the necessary work undertaken on the landfill highwall overburden and transfer station improvements.

6 The gas flaring installation did not proceed as forecast. Following a review of the landfill operation, Council resolved to close the landfill and transport waste out of the district. Pavement repairs and resealing for Benneydale, Piopio and Kinohaku transfer stations was completed during the year.

7 Reserve funding was utilised to fund the consultants fees' for the joint procurement of the waste services contract and to fund the shortfall in fees and charges for the landfill and the landfill after care asset.



STORMWATER

WHAT WE DO

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.

The main activities of this group is providing, monitoring, maintaining and upgrading Council's stormwater network comprising of open drains, wingwalls, scruffy domes, pipes and manholes.

COMMUNITY OUTCOMES

PRIMARY

A district for all people

SECONDARY

A prosperous district
A district that values culture
A district that cares for its environment

DELIVERING ON OUR LONG TERM PLAN

Consent renewal application has been submitted to Waikato Regional Council to renew all seven stormwater discharge consents which expired on 1 July 2024. A comprehensive stormwater management plan was completed and lodged together with the application as a requirement with Waikato Regional Council, which we are awaiting feedback on.

Stormwater modelling in the Te Kuiti area is continuing to progress to evaluate the most cost effective solutions for improving the stormwater network and the ability to cope with storm events.

Improvement works completed on the Te Kūiti Stormwater network included installation of concrete wingwalls, scruffy domes and widening of existing drains, on Butler, Queen, Princess, Bayne and Williams Streets.

We continue to monitor our level sensors at critical locations. These level sensors will provide real time monitoring of stormwater flow through these critical open channels during times of heavy rainfall. High level warnings will alert on-site checks and removal of any blockages during rain events.



SERVICE PERFORMANCE MEASURES

Key:

Achieved	Not achieved	Nearly achieved
All components of the performance measure have been met.	Some or all components were not achieved as per schedule or target.	A nearly achieved result occurs when a result is within 5% of the target.

YOU CAN EXPECT	MEASURE	TARGET/ RESULT	HOW WE PERFORMED	
We maintain and operate the stormwater network in a way that minimises the likelihood of stormwater entering habitable buildings.	The number of flooding events* that occur in the district in a financial year.	**Target**: ≤ 2 **Result**: 0 **Previous year Result:** Achieved (0)		No flooding events.
	For each flooding event the number of habitable floors** affected in a financial year.	**Target:** ≤ 5 per 1000 properties (1,862 properties) **Result:** 0 **Previous year Result:** Achieved (0)		No flooding events.
We comply with our resource consent conditions and minimise the impact of stormwater on the environment	Compliance with resource consents for discharge from its Stormwater system, measured by the number of the following (received by Council with a financial year):			
	The number of infringement notices related to the management of the stormwater system.	**Target**: ≤ 2 **Result:** 0 **Previous year Result:** Achieved (0)		There have been no notices received.
	The number of abatement, enforcement or conviction actions related to the management of the stormwater system.	**Target**: 0 **Result**: 0 **Previous year Result:** Achieved (0)		There have been no notices received.
We will respond within a reasonable timeframe to flooding.	The median response^ time to attend a flooding event, (measured from the time that the notification is received to the time that service personnel reach the site).	**Target**: ≤ 180 minutes (3hrs) **Result:** Achieved **Previous year Result:** Achieved		No flooding events.
The Council provides a reliable stormwater collection service.	The number of complaints received about the performance of the Council's urban stormwater system per 1,000 properties connected.	**Target:** ≤ 5 complaints per 1000 properties (1,862 properties) **Result:** Not Achieved **Previous year Result:** Achieved (2 complaints per 1000 properties)		Total 10 complaints received, which translates to 5.4 complaints per 1000 properties. Further stormwater improvements are planned for 2026/27.

** A flooding event means an overflow of stormwater from a territorial authority's stormwater system that enters a habitable floor.*

*** Habitable floor refers to the floor of a building (including a basement) but does not include ancillary structures such as stand-alone garden sheds or garages.*

^ The median response times for resolution, in a year, measured from the time that the Council receives notification to the time that service personnel confirm resolution of the blockage or other fault.

FUNDING IMPACT STATEMENT

Waitomo District Council: Funding impact statement for Stormwater ($000's)	LTP 2024-34 2025	LTP 2024-34 2026	ACTUAL 2025/26
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	918	1,023	939
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding (A)	**918**	**1,023**	**939**
Applications of operating funding			
Payments to staff and suppliers	466	485	536
Finance costs	40	88	25
Internal charges and overheads applied	185	191	193
Other operating funding applications	0	0	0
Total applications of operating funding (B)	**691**	**764**	**754**
Surplus (deficit) of operating funding (A-B)	**227**	**259**	**185**
Sources of capital funding			
Subsidies and grants for capital expenditure	719	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	608	1,334	486
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	**1,327**	**1,334**	**486**
Applications of capital funding			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	1,240	1,271	799
Capital expenditure - to replace existing assets	548	514	331
Increase (decrease) in reserves	(234)	(192)	(459)
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	**1,554**	**1,593**	**671**
Surplus (deficit) of capital funding (C-D)	**(227)**	**(259)**	**(185)**
Funding Balance ((A-B)+(C-D))	**0**	**0**	**0**

WHAT'S BEHIND THE VARIATIONS

VARIANCE FROM YEAR 2 OF THE 2024-34 LTP

Applications of Operating Funding

1 Additional operating expenditure was incurred for consultants' fees for the stormwater water modelling project and legal fees, partly offset by lower stormwater sampling costs, open drain maintenance and inspection programme costs.

2 Finance costs were lower than LTP forecast due to less loan funding for the stormwater activity.

Sources of Capital Funding

3 Less debt funding was utilised for the stormwater activity as the stormwater improvements in Te Kūiti and rural areas were delayed and will continue into the next financial year.

Applications of Capital Funding

4 Stormwater improvements were completed on the Te Kūiti network and work is ongoing for a district wide resource consent for stormwater. Improvement works included wingwalls, safety grills and gabion baskets around outlets. Vested assets were recognised for stormwater assets installed at Te Ara o Ngapaki, Atiria Lane and Fabia Factory Lane in Te Kuiti.

5 Renewal expenditure included rehabilitation of stormwater pipes which is ongoing.

Applications of Capital Funding

6 Reserve funding was utilised to fund the stormwater network renewals and resource consent renewals completed during the year. Vested assets revenue was also recognised for stormwater assets installed for residential developments.

WASTEWATER

WHAT WE DO

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

There are three key aspects to this activity, namely:

- Maintenance.
- Renewals and replacements.
- Improvements.

COMMUNITY OUTCOMES

PRIMARY

A district for all people

SECONDARY

A prosperous district
A district that values culture
A district that cares for its environment

DELIVERING ON OUR LONG TERM PLAN

Investigation work on inflow and infiltration into the wastewater network has continued. Reinspection of sites with illegal gully traps have been followed up showing most property owners have rectified these issues.

Maniaiti/Benneydale Wastewater Treatment Plant discharge consent renewal has been progressed this year for stream and land disposal, finalisation of this consent will be undertaken by Waikato Waters.

A project to stabilise the wastewater oxidation ponds embankments at the Te Kuiti Wastewater Treatment Plant was completed.

Sludge removal and dewatering project at Te Kuiti Wastewater Treatment Plant to fill seven geobags* was completed in June 2025. The geobags have been monitored however the water content has not reduced to a level suitable for transport, so no sludge has been moved off site this year as a result.

Minor plant and reticulation renewals continued from last financial year have been completed during the year throughout the district.



*A water permeable geotextile bag designed for dewatering sludge

SERVICE PERFORMANCE MEASURES

Key:

Achieved	All components of the performance measure have been met.	Not achieved	Some or all components were not achieved as per schedule or target.	Nearly achieved	A nearly achieved result occurs when a result is within 5% of the target.

YOU CAN EXPECT	MEASURE	TARGET/ RESULT		HOW WE PERFORMED
We will attend and resolve issues with the wastewater system within a reasonable timeframe*.	The median attendance time for call-outs, from the time that we received notification to the time that our service personnel reach the site**.	**Target**: ≤180 minutes (3hrs) **Result**: 54 mins **Previous year Result**: Achieved (1hr 30mins)		This is the median attendance time by our contractors for callouts to service requests.
	The median resolution time of call-outs, from the time that we received notification to the time that our service personnel confirm the fault or interruption has been resolved.	**Target**: Piopio ≤480 minutes (8hrs) **Result:** 5hrs 19mins **Previous year Result:** Achieved (4hrs 22mins)		This is the median resolution time by our contractors for completing service requests callouts in Piopio.
		Target: Rest of District ≤480 minutes (8hrs) **Result:** 2hrs 38mins **Previous year Result:** Achieved (3hrs 4mins)		This is the median resolution time by our contractors for completing service requests callouts.
We comply with our resource consent conditions and minimise the impact of wastewater on the environment.	**The median response times for resolution, in a year, measured from the time that the Council receives notification to the time that service personnel confirm resolution of the blockage or other fault.* *** Previous year did not include Piopio. To better capture the overall wastewater performance throughout the district, we have now included Piopio.* **** Previous year included both connected and serviceable (ability to connect) properties. This year, we have included only the connected properties.*			
	0 abatement notices, infringement notices, enforcement orders or convictions issued.	**Target:** 0 **Result:** Not Achieved **Previous year Result:** Not Achieved (1)		Three notices issued for the year. These are related to non-compliant discharges of wastewater and wastewater discharge events related to a period of high rainfall. This is now transitioned to Waikato Waters.
Our wastewater system is operated and maintained to minimise odour and blockages.	The number of complaints about wastewater odour, system faults or blockages and complaints about our response to issues with its wastewater system.	**Target:** Piopio ≤200 complaints per 1,000 connections (204)*** **Result:** Not Achieved **Previous year Result:** Not Achieved (232 per 1000 connections)		Total 102 complaints, which is 500 complaints per 1000 connections, largely related to system faults with septic tanks. This is now transitioned to Waikato Waters.
		Target: Rest of District ≤35 complaints per 1,000 connections (2085) **Result:** Achieved **Previous year Result:** Achieved (23 per 1000 connections)		51 complaints or 24 complaints per 1000 connections.
Our wastewater system is optimised to reduce the risk of harm to the community and environment.	Number of dry weather overflows in a financial year	**Target:** ≤5 complaints per 1,000 connections (2269) **Result:** Not Achieved **Previous year Result:** Not Achieved (10 per 1,000 connections		A total of 31 complaints which equates to 13.5 complaints per 1000 connections. This is now transitioned to Waikato Waters.

FUNDING IMPACT STATEMENT

Waitomo District Council: Funding impact statement for Wastewater ($000's)	LTP 2024-34 2025	LTP 2024-34 2026	ACTUAL 2025/26
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	2,713	2,936	3,080
Subsidies and grants for operating purposes	0	0	0
Fees and charges	796	816	1,125
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding (A)	**3,509**	**3,752**	**4,205**
Applications of operating funding			
Payments to staff and suppliers	2,625	2,715	2,348
Finance costs	217	259	215
Internal charges and overheads applied	588	612	615
Other operating funding applications	0	0	0
Total applications of operating funding (B)	**3,430**	**3,586**	**3,178**
Surplus (deficit) of operating funding (A-B)	**79**	**166**	**1,027**
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	1
Development and financial contributions	0	0	0
Increase (decrease) in debt	(133)	(86)	(177)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	**(133)**	**(86)**	**(176)**
Applications of capital funding			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	75	67	195
Capital expenditure - to replace existing assets	418	528	572
Increase (decrease) in reserves	(547)	(515)	84
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	**(54)**	**80**	**851**
Surplus (deficit) of capital funding (C-D)	**(79)**	**(166)**	**(1,027)**
Funding Balance ((A-B)+(C-D))	**0**	**0**	**0**

WHAT'S BEHIND THE VARIATIONS

VARIANCE FROM YEAR 2 OF THE 2024-34 LTP

Total Operating Funding

1 Additional trade waste revenue was recognised for Te Kūiti for the large commercial operators based on volume discharged and nutrient loading.

Applications of Operating Funding

2 Wastewater reticulation maintenance costs were below LTP forecast due to reduced sludge disposal costs, chemicals and electricity costs. These were partly offset by increased contract costs, reticulation reactive maintenance at Piopio and additional sampling costs were incurred during the year.

Sources of Capital Funding

3 Debt funding was below LTP forecast to fund the Te Kūiti major mains renewal project which was originally forecast in the prior year.

Applications of Capital Funding

4 Vested assets were recognised for wastewater assets installed at Te Ara o Ngapaki, Atiria Lane and Fabia Factory Lane.

5 Renewal expenditure included major wastewater mains renewal at King Street East in Te Kūiti, treatment plant renewals for replacement pumps and the Imhoff tank and filter at Benneydale. Additional costs were incurred for the renewal of the resource consent for Maniaiti/Benneydale.

6 Reserves increased as more revenue was recognised than forecast in the LTP and as the sludge dispsoal costs were not incurred as planned, reserve funding was not required.



WATER SUPPLY

WHAT WE DO

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.

The main activities are providing, maintaining and upgrading council's water supply schemes comprising of water treatment plants and intake systems, reservoirs, pump stations and pipe reticulation network.

COMMUNITY OUTCOMES

PRIMARY

A district for all people

SECONDARY

A prosperous district
A district that values culture
A district that cares for its environment

DELIVERING ON OUR LONG TERM PLAN

The Te Kūiti Water Resilience Project physical works began in February 2026, with the main pipeline progressing through Rora Street, continuing up to the Hospital reservoir and then on to the Hetet reservoir.

The existing Hospital reservoir was demolished, and the foundation for the new reservoir is progressing well. The project is on track to finish in November 2026, prior to the increased water usage during the summer months.

This has been a significant project for Council and has required temporary road closures and water outages, although these are disruptive, the long term benefits of this project will benefit residents with improved water security and network reliability.

The project and associated contracts transition to Waikato Waters on 1 July 2026. This means there will be no disruption to the work being undertaken and the project completion date.

All the water services staff have been involved in the transition to Waikato Waters this year. This included responding to information requests, feedback on processes, policies, and staff structures, site tours, and some early training and inductions. Costs incurred for the transition were transferred to Waikato Waters on 1 July 2026.

Delivery of reticulation renewal programme continued for this financial year with renewals completed on William Street and Matai Street.

Consent renewal work has continued for Mōkau and Piopio Water Treatment Plants, finalising these consents will be undertaken by Waikato Waters.





SERVICE PERFORMANCE MEASURES

Key:

Achieved	All components of the performance measure have been met.	Not achieved	Some or all components were not achieved as per schedule or target.	Nearly achieved	A nearly achieved result occurs when a result is within 5% of the target.

YOU CAN EXPECT	MEASURE	TARGET/ RESULT		HOW WE PERFORMED
We provide water that is safe to drink and hygienic to use which meets the drinking water standards.	Compliance has been measured against the Drinking Water Quality Assurance (Very Small to Medium Drinking Water Supplies) Amendment Rules 2024 which came into effect from 1 January 2025. In our Long Term Plan, the measures were set in accordance with DWQAR 2022. This report reflects the current DWQAR amended 2024.			
	Water quality complies with the drinking water standards for T2 Treatment Monitoring Rules.	**Target**: Mōkau Achieve Compliance **Result**: Almost met (97.9%) **Previous Result:** Almost met (97.6%)		One missing *E. coli* and total coliform sample in June 2026 prevented the supply from achieving the 'all met' performance measures.
		Target: Maniaiti/Benneydale Achieve Compliance **Result**: All met (100%) **Previous Result:** All met (100%)		Compliance Achieved.
	Water quality complies with the drinking water standards for T2 Protozoal Rules.	**Target:** Mōkau Achieve Compliance **Result:** Almost met (98.6%) **Previous Result:** Almost met (98.8%)		One missing *E. coli* and total coliform sample in June 2026 prevented the supply from achieving the 'all met' performance measures.
		Target: Maniaiti/Benneydale Achieve Compliance **Result:** All met (100%) **Previous Result:** All met (100%)		Compliance Achieved.
	Water quality complies with the drinking water standards for T2 Filtration Rules.	**Target**: Mōkau Achieve Compliance **Result**: All met (100%) **Previous Result:** All met (100%)		Compliance Achieved.

YOU CAN EXPECT	MEASURE	TARGET/ RESULT	HOW WE PERFORMED	
		Target: Maniaiti/Benneydale Achieve Compliance **Result**: All met (100%) **Previous Result:** All met (100%)		Compliance Achieved.
	Water quality complies with the drinking water standards for T2 Chlorine Rules.	**Target**: Mōkau Achieve Compliance **Result**: All met (100%) **Previous Result:** All met (100%)		Compliance Achieved.
		Target: Maniaiti/Benneydale Achieve Compliance **Result**: All met (100%) **Previous Result:** All met (100%)		Compliance Achieved.
	Water quality complies with the drinking water standards for T3 Bacteria Rules.	**Target**: Te Kūiti Achieve Compliance **Result**: Almost met (98.9%) **Previous Result:** All met (100%)		The Te Kuiti Treatment Plant achieved 'almost met' for the T3 Bacterial Rules due to instances whereby the contact time for chlorination could not be demonstrated in 5 of the 12 months, and ultraviolet light disinfection (UV) indicting significant periods of flow rate exceedances.
		Target: Piopio Achieve Compliance **Result**: All met (100%) **Previous Result:** All met (100%)		Compliance Achieved.
	Water quality complies with the drinking water standards for T3 Protozoa Rules.	**Target**: Te Kūiti Achieve Compliance **Result**: Almost met (99.8%) **Previous Result:** All met (100%)		There were instances of turbidity exceedances in 7 of the 12 months, with the UVs failing their dose, UV transmissivity and UV sensor checks not being undertaken, as required in December 2025.
		Target: Piopio Achieve Compliance **Result**: Almost met (99.7%) **Previous Result:** Almost met (99.8%)		Issues with direct integrity tests of the filter membrane and exceedances of turbidity prevented the 'all met' performance rating.
	Water quality complies with the drinking water	**Target**: Mōkau Achieve Compliance		Compliance Achieved.

YOU CAN EXPECT	MEASURE	TARGET/ RESULT	HOW WE PERFORMED	
	standards for D2 Distribution System Rule.	**Result**: All met (100%) **Previous Result:** All met (100%)		
		Target: Maniaiti/Benneydale Achieve Compliance **Result**: All met (100%) **Previous Result:** All met (100%)		Compliance Achieved.
		Target: Piopio Achieve Compliance **Result**: All met (100%) **Previous Result:** All met (100%)		Compliance Achieved.
	Water quality complies with the drinking water standards for D3 Microbiological Monitoring Rule.	**Target:** Te Kūiti Achieve Compliance **Result:** All met (100%) **Previous Result:** Almost met (96.7%)		Compliance Achieved.
We provide an efficient and effective water supply. We will achieve this by undertaking activities such as water leakage* detection and maintaining the network of water pipes.	Percentage of real water loss from the Council's networked reticulation system in a financial year in: *Water leakage includes real losses through leaks in the network and apparent losses through metering inaccuracies or water theft. This does not include unauthorised consumption. Data from January to June 2025 is used to calculate the percentage of water loss.			
	Te Kūiti	**Target**: ≤ 20% **Result:** 9.17% **Previous year Result:** Achieved (9.76%)		Investigations to identify leaks in Maniaiti/Benneydale will be undertaken by Waikato Waters.
	Mōkau	**Target:** ≤ 5% **Result:**0.15% **Previous year Result:** Achieved (1.98%)		
	Piopio	**Target**: ≤5% **Result:** 0.34% **Previous year Result:** Achieved (2.01%)		
	Maniaiti / Benneydale	**Target**: ≤ 5% **Result:** 41.45% **Previous year Result:** No Data		

YOU CAN EXPECT	MEASURE	TARGET/ RESULT	HOW WE PERFORMED	
We will respond within a reasonable timeframe to issues with the water supply**.	The median attendance time^ for urgent call-outs, from the time that we received notification to the time that our service personnel reach the site.	**Target**: ≤ 180 minutes (3hrs) **Result:** 14 mins **Previous year Result:** Achieved (10mins)		Achieved.
	The median resolution time^^ of urgent call-outs, from the time that we received notification to the time that our service personnel confirm the fault or interruption has been resolved.	**Target**: ≤ 540 minutes (9 hrs) **Result:** 2hrs 9mins **Previous year Result:** Achieved (1hr 9mins)		Achieved.
	The median attendance time, in working days, for non-urgent call-outs, from the time that we received notification to the time that our service personnel reach the site.	**Target** ≤ 24 hrs (1day) **Result:** 3hrs 22mins **Previous year Result:** Achieved (1hr 14mins)		Achieved.
	The median resolution time, in working days, of non-urgent call-outs, from the time we received notification to the time that our service personnel confirm the fault or interruption has been resolved.	**Target**: ≤ 96 hours (4 days) **Result:** 20hrs 19mins **Previous year Result:** Achieved (22hrs 34mins)		Achieved.
*** Resolution and attendance based on working days are defined as Monday – Friday, excluding public holidays. If notification is received on the weekend or public holiday the timeframes start from the next working day.* *^ Measured from the time that the local authority received notification to the time that service personnel confirm resolution of the fault or interruption.* *^^Measured from the time that the local authority received notification to the time that service personnel confirm resolution of the fault or interruption.*				
We provide water that is wholesome and is reliably supplied. The measure indicates customers and community satisfaction with the quality of the water.	The total number of complaints received by Council in a year for: (Total number of connections (2678). Previous year included both connected and serviceable (ability to connect) properties. This year, we have included only the connected properties. Complaints related to leaks are not captured below, these are recorded under callouts.			
	Drinking water clarity	**Target**: ≤ 5 per 1000 connections (2678 connections) **Result:** Achieved (1.12) **Previous year Result:** Achieved (1.88)		3 complaints or 1.12 complaint per 1000 connections.
	Drinking water taste	**Target**:		Achieved.

YOU CAN EXPECT	MEASURE	TARGET/ RESULT	HOW WE PERFORMED	
		≤ 2 per 1000 connections (2678 connections) **Result:** 0 **Previous year Result:** Achieved (0)		
	Drinking water odour	**Target**: ≤ 2 per 1000 connections (2678 connections) **Result:** 0 **Previous year Result:** Achieved (0)		Achieved.
	Drinking water pressure flow	**Target**: ≤ 10 per 1000 connections (2678 connections) **Result:** Achieved (3.36) **Previous year Result:** Achieved (1.5)		9 complaints or 3.36 complaints per 1000 connections.
	Continuity of supply	**Target**: ≤ 5 per 1000 connections (2678 connections) **Result:** Not Achieved (5.62) **Previous year Result:** Achieved (3.4)		15 complaints or 5.60 complaints per 1000 connections, hence, end of year result is not achieved.
	Council's response to any of these issues.	**Target:** ≤ 7 per 1000 connections (2678 connections) **Result:** 0 **Previous year Result:** Achieved (0)		Achieved.
We provide efficient management of demand for water for our community.	The average consumption of drinking water per Waitomo District resident, per day.	**Target**: ≤ 400 litres per person per day **Result:** 292 litres /day **Previous year Result:** Achieved (340 litres/day)		Achieved.

FUNDING IMPACT STATEMENT

Waitomo District Council: Funding impact statement for Water Supply ($000's)	LTP 2024-34 2025	LTP 2024-34 2026	ACTUAL 2025/26
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	3,714	4,295	3,813
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	154
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding (A)	**3,714**	**4,295**	**3,967**
Applications of operating funding			
Payments to staff and suppliers	2,199	2,317	2,657
Finance costs	377	582	292
Internal charges and overheads applied	667	694	766
Other operating funding applications	0	0	0
Total applications of operating funding (B)	**3,243**	**3,593**	**3,715**
Surplus (deficit) of operating funding (A-B)	**471**	**702**	**252**
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	13
Development and financial contributions	0	0	0
Increase (decrease) in debt	4,938	4,799	5,433
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	**4,938**	**4,799**	**5,446**
Applications of capital funding			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	4,602	4,666	5,291
Capital expenditure - to replace existing assets	797	862	800
Increase (decrease) in reserves	10	(27)	(393)
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	**5,409**	**5,501**	**5,698**
Surplus (deficit) of capital funding (C-D)	**(471)**	**(702)**	**(252)**
Funding Balance ((A-B)+(C-D))	**0**	**0**	**0**

WHAT'S BEHIND THE VARIATIONS

VARIANCE FROM YEAR 2 OF THE 2024-34 LTP

Total Operating Funding

1 Rates revenue was lower than LTP forecast as finance costs were forecast to be lower due to the resequencing of the Te Kuiti water resilience project and loan funding was also forecast to fund the operational project management costs associated with the project.

2 Metered water revenue was below LTP forecast for all schemes.

3 Connection fees revenue were recognised for Te Kūiti and Piopio and revenue for bulk water take charges were also received during the year. Recovery of transition costs relating to the transfer of water services and assets to Waikato Waters Ltd (WWL) was also recognised.

Applications of Operating Funding

4 Additional operating expenditure was recognised for transition costs of water services and assets to WWL. Sampling, provision for doubtful debt, reactive reticulation maintenance costs, Taumata Arowai levies, additional engineering support and chemicals were higher than forecast.

Sources of Capital Funding

5 Subsidy revenue from NZTA was recognised to part fund the relocation and replacement of pipes on Carroll Street, Te Kūiti.

6 Debt funding was higher than LTP forecast for the Te Kūiti water resilience project construction as the LTP assumed the project would commence in the prior year.

Applications of Capital Funding

7 Improvement expenditure was higher than LTP forecast for the Te Kūiti water resilience project as the LTP assumed the project would commence in the prior year. Vested assets were recognised for water assets installed at Te Ara o Ngapaki, Atiria Lane and Fabia Factory Lane in Te Kuiti.

8 Reserve funding was utilised to fund the increased net operational expenditure for water supply. Vested assets revenue was also recognised for water assets installed for residential developments.



ROADS AND FOOTPATHS

WHAT WE DO

The Roads and Footpaths activity 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.

- **Road Network:** We manage and maintain a network of 459km of sealed roads and 553km 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:** New Zealand 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.

COMMUNITY OUTCOMES

PRIMARY



A district for all people

SECONDARY

A prosperous district
A district that values culture
A district that cares for its environment

DELIVERING ON OUR LONG TERM PLAN

This year was one of the most demanding for the roading network in recent years. Three significant storms, in July 2025, October 2025 and April 2026, caused damage across the district while recovery from earlier events was still being completed. Council's roading capital programme grew from the $8.0 million planned to around $15.4 million, largely because of storm recovery. The additional work was funded mainly by New Zealand Transport Authority (NZTA), with over $21.4 million of subsidy received across maintenance, renewals and recovery.

Recovery from the July 2025 storm was completed during the year, supported by $7.5 million of NZTA funding. Road retreats on Mangatoa and Manganui Roads moved the road away from rivers that had eroded the carriageway. Retaining walls at five sites and buttresses at two sites restored safe access at the most severely damaged locations.

The October 2025 storm caused the most widespread damage of the year, with 120 sites identified across the network. NZTA approved $5.13 million for the first phase of recovery. This funded emergency repairs to keep roads open and the investigation and design of the 23 complex sites. Kopaki Road remains closed at the RP 4.8 landslide while Council assesses options for its reinstatement.

The April 2026 storm brought slips and flooding to the Mōkau, Awakino and Mahoenui areas, and NZTA funded the response and minor repairs. The final repairs from the January 2023 storm were also completed, with only the Ramaroa Road culvert lining remaining for 2026/27.

Council strengthened the network against future events through the Crown Resilience Programme, completing stabilisation works on Taharoa, Speedies and Oparure Roads and at the Kent Street slip.

The renewal programme was delivered alongside the recovery work. 29.4 km of sealed road was resurfaced (6.4% of the sealed network, against a 5% target). 98.3 km of unsealed road was metalled (17.9%), meeting the 15% target for the first time in recent years. The Te Anga Road pavement rehabilitation was completed, and design progressed on four further sites on Te Anga and Haurua Roads.

The school speed zones in WDC's Speed Management Plan were implemented during the year. The permanent speed limit change on Oparure Road, from 80 km/h to 50 km/h outside the school and marae, was consulted on and submitted to NZTA. The bridge maintenance contract was tendered and awarded, with works to be delivered in 2026/27. New professional services and streetlight maintenance contracts will be in place from July 2026.

SERVICE PERFORMANCE MEASURES

Key:

Achieved	All components of the performance measure have been met.	Not achieved	Some or all components were not achieved as per schedule or target.	Nearly achieved	A nearly achieved result occurs when a result is within 5% of the target.

YOU CAN EXPECT	MEASURE	TARGET/ RESULT	HOW WE PERFORMED	
We are working towards a safe network with a vision of a decreasing trend of deaths and serious injuries* on Waitomo District roads within ten years. We aim to achieve this by delivering projects that are focused on maintaining, upgrading, or changing the conditions of the roading environment to keep our community safe.	The change from the previous financial year in the number of fatalities and serious injury* crashes on Waitomo District's local road network.	**Target**: Maintain or reduce from previous year **Result:** 0 fatal and 5 serious crashes **Previous year Result:** Achieved – No fatal or serious crashes		Not Achieved. All crashes were due to excessive speed and loss of control.
We aim for a smooth road that provides comfort for road users and improves the safety of the roads.	The average smooth travel exposure rating** across the sealed road network.	**Target**: 80% (of total network) **Result:** 90% **Previous year Result:** Achieved (90%)		This measure is assessed every three years. The latest validated Smooth Travel Exposure result is 90% and has therefore been reported for 2025/26. The next assessment is expected to be completed in 2027.
We will maintain the road network by resealing it as needed. Resurfacing is only undertaken as required depending on the condition of the surface in that financial year.	The percentage of Waitomo District's sealed local road network that is resurfaced each year.	**Target**: 5% (of total network) **Result:** 6.4% **Previous year Result:** Achieved (8.9%)		The programme surfacing quantity is 29.337km which equates more the target 5%.
We will maintain the overall condition of the unsealed roads to a specified adequate standard.	The percentage of unsealed road metalled each year.	**Target**: ≥ 15% (of total network) **Result:** 17.9% (98.3km) **Previous year Result:** Not Achieved (10.5%)		Achieved.
We will provide footpaths that are well maintained. The measure is the percentage of footpaths that meet the service level.	The percentage of footpath network that falls within a condition rating of 3.	**Target**: ≥ 85% **Result:** 93% **Previous year Result:** Achieved (93%)		Achieved. Survey done in March 2026 shows we need to upgrade 7% of footpath on our network.
We will investigate and respond to the customer about their request for service relating to road and footpath issues.	The percentage of customer service requests relating to roads and foot paths responded to within 10 working days.	**Target**: ≥ 90% **Result:** 97% **Previous year Result:** Achieved (93%)		1046 out of 1079 requests were responded to within 10 working days (97%).

** This is using NZTA Crash Analysis System definitions: fatal is defined as a death occurring as the result of injuries sustained in a road crash within 30 days of the crash, serious is defined as injury (fracture, concussion, severe cuts or other injury) requiring medical treatment or removal to and retention in hospital.*

*** Percentage of measured sealed road lane kilometres not exceeding a NAASRA roughness count rating of 150 to be at least 80%. NAASRA is a generally acceptable measure of road roughness. A NAASRA count of less than 150 indicates an acceptable level of ride comfort.*

Smooth travel exposure value reported was based on the best information available at that time but has subsequently been identified as calculated using some invalid data with a very minor impact on the overall result.

FUNDING IMPACT STATEMENT

Waitomo District Council: Funding impact statement for Roads and Footpaths ($000's)	LTP 2024-34 2025	LTP 2024-34 2026	ACTUAL 2025/26
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	5,197	5,339	5,383
Subsidies and grants for operating purposes	6,851	6,805	8,767
Fees and charges	165	168	310
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	140	143	118
Total operating funding (A)	**12,353**	**12,455**	**14,578**
Applications of operating funding			
Payments to staff and suppliers	8,307	8,219	10,610
Finance costs	299	343	291
Internal charges and overheads applied	1,131	1,165	952
Other operating funding applications	0	0	0
Total applications of operating funding (B)	**9,737**	**9,727**	**11,853**
Surplus (deficit) of operating funding (A-B)	**2,616**	**2,728**	**2,725**
Sources of capital funding			
Subsidies and grants for capital expenditure	6,578	6,139	12,566
Development and financial contributions	0	0	0
Increase (decrease) in debt	(265)	(508)	(897)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	**6,313**	**5,631**	**11,669**
Applications of capital funding			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	386	440	642
Capital expenditure - to replace existing assets	8,520	7,885	14,727
Increase (decrease) in reserves	23	34	(975)
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	**8,929**	**8,359**	**14,394**
Surplus (deficit) of capital funding (C-D)	**(2,616)**	**(2,728)**	**(2,725)**
Funding Balance ((A-B)+(C-D))	**0**	**0**	**0**

WHAT'S BEHIND THE VARIATIONS

VARIANCE FROM YEAR 2 OF THE 2024-34 LTP

Total Operating Funding

1 Subsidies and grants for operating purposes was above forecast as additional subsidy was received for emergency reinstatement first response expenditure as a result of severe weather events. This revenue was not forecast in the LTP.

2 Fees and charges revenue was more than forecast for heavy weight permits and contributions received for road maintenance costs.

Applications of Operating Funding

3 Operating expenditure for emergency reinstatement first response, routine drainage maintenance and environmental maintenance costs were more than forecast in LTP. These were offset in part by reduced expenditure for structures maintenance.

Sources of Capital Funding

4 Subsidies and grants for capital expenditure was above the LTP forecast for storm damage renewals. The LTP assumed that work from previous severe weather events would be completed by June 2024 and therefore no subsidy revenue would be received during the 2025/26 year. There were also three additional weather events in July and October 2025 and April 2026 which were not provided for in the LTP.

5 A lower level of debt funding was required as the LTP included new debt funding for Low Cost Low Risk improvements, however this programme was subsequently not funded by NZTA so did not proceed.

Applications of Capital Funding

6 Renewal expenditure was more than forecast for the storm damage repairs from severe weather events that occurred in previous years. The LTP assumed storm repairs from prior years would be completed by June 2024. The storm damage renewals were completed in the 2025/26 for prior events and three additional weather events occurred in July and October 2025 and April 2026. Work will continue in the following financial year on the storm damage renewals for these events.

7 More reserve funding was utilised to fund the local share of roads renewals for storm damage, resulting in a decrease in reserves. Additional reserve funding was also utilised to fund the local share of the additional NZTA road programme that was approved after the LTP was adopted.







FINANCES
PŪTEA

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR ENDED 30 JUNE 2026

These financial statements should be read in conjunction with the notes to the financial statements on pages **70 to 122.**

($000's)		COUNCIL			GROUP	
	NOTE	2026 BUDGET	2026 ACTUAL	2025 ACTUAL	2026 ACTUAL	2025 ACTUAL
Revenue						
Rates revenue	1	24,388	24,469	23,740	24,447	23,723
Metered water rates	2	1,350	1,116	1,208	1,116	1,208
Subsidies and grants	3	13,522	21,731	18,571	21,731	18,625
Interest revenue		142	139	194	140	198
Dividend revenue		200	200	200	0	0
Fees, charges and income from construction	4	4,399	4,967	4,867	31,139	31,361
Other revenue including gains/(losses)	5	273	1,706	(112)	1,677	(110)
Total Revenue and Gains/(Losses)		**44,274**	**54,328**	**48,668**	**80,250**	**75,005**
Expenses						
Employee benefit expenses	6	7,875	7,221	7,368	19,613	20,415
Depreciation and amortisation expense	7	10,778	10,924	10,097	12,710	11,949
Finance costs	8	1,545	1,424	1,589	1,613	1,903
Other expenses	9	22,953	25,586	23,953	35,039	34,882
Total Expenses		**43,151**	**45,155**	**43,007**	**68,975**	**69,149**
Surplus/(Deficit) Before Tax		**1,123**	**9,173**	**5,661**	**11,275**	**5,856**
Income tax expense/(revenue)	10	0	(468)	0	577	218
Surplus/(Deficit)		**1,123**	**9,641**	**5,661**	**10,698**	**5,638**
Other Comprehensive Revenue and Expense						
Revaluation of property, plant and equipment and quarry assets	11	31,531	(479)	16,790	2,023	16,652
Losses from impairment of revalued property, plant and equipment	11	0	(2,265)	0	(2,265)	0
Gains/(losses) from cash flow hedges	11	(636)	67	(838)	67	(838)
Revaluation of financial assets at FVTOCRE	11, 13	0	7,474	643	0	0
Income tax relating to components of other comprehensive revenue and expense	10	0	0	0	0	74
Total Other Comprehensive Revenue and Expense		**30,895**	**4,797**	**16,595**	**(175)**	**15,888**
Total Comprehensive Revenue and Expense		**32,018**	**14,438**	**22,256**	**10,523**	**21,526**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2026

These financial statements should be read in conjunction with the notes to the financial statements on pages **69 to 118.**

($000's)		COUNCIL		GROUP	
	NOTE	2026 ACTUAL	2025 ACTUAL	2026 ACTUAL	2025 ACTUAL
Total Equity					
Balance at 1 July		691,762	669,506	690,732	669,206
Total Comprehensive Revenue and Expense for the year		14,438	22,256	10,523	21,526
Balance at 30 June		**706,200**	**691,762**	**701,255**	**690,732**

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2026

These financial statements should be read in conjunction with the notes to the financial statements on pages **69 to 118.**

($000's)		COUNCIL			GROUP	
	NOTE	2026 BUDGET	2026 ACTUAL	2025 ACTUAL	2026 ACTUAL	2025 ACTUAL
Equity						
Accumulated Funds	11	254,871	261,826	250,711	267,213	255,041
Other Reserves	11	31,340	41,898	33,801	20,898	20,275
Revaluation Reserve	11	434,406	402,476	407,250	413,144	415,416
Total Equity		**720,617**	**706,200**	**691,762**	**701,255**	**690,732**
Current Assets						
Cash and Cash Equivalents	12	1,593	5,701	3,014	10,774	5,405
Other Financial Assets	13	298	1,956	86	1,956	86
Inventory	14	120	79	97	2,316	2,165
Capitalised Quarry development Asset	25	0	0	0	280	280
Receivables under Exchange Transactions	15	543	422	679	4,073	2,728
Receivables under Non Exchange Transactions	15	6,455	6,571	8,720	6,569	8,720
Assets held for Sale	24	0	303	956	303	956
Derivative Financial Instruments	16	0	15	0	15	0
Total Current Assets		**9,009**	**15,047**	**13,552**	**26,286**	**20,340**
Current Liabilities						
Payables and Deferred Revenue under Exchange Transactions	17	5,877	7,227	7,775	9,785	8,413
Payables and Deferred Revenue under Non Exchange Transactions	17	1,009	763	1,074	1,479	1,198
Current Portion of Borrowings	18	21,424	35,259	9,207	36,959	10,803
Provisions	19	2	859	567	902	608
Employee Entitlements	20	701	660	1,015	2,092	2,305
Derivative Financial Instruments	16	100	434	163	434	163
Total Current Liabilities		**29,113**	**45,202**	**19,802**	**51,651**	**23,490**
Net Working Capital		**(20,104)**	**(30,155)**	**(6,250)**	**(24,736)**	**(3,150)**
Non Current Assets						
Property, Plant and Equipment	21	742,954	712,092	701,740	726,404	715,485
Intangible Assets	22	5,441	5,469	5,655	5,469	5,655
Investment Property	23	2,127	658	869	658	869
Capitalised Quarry Development Asset	25	0	0	0	1,203	1,377
Receivables under Exchange Transactions	15	0	0	0	217	17
Other Financial Assets	13	758	154	917	154	917
Investment in CCO and Civic Financial Services Ltd	13	12,903	21,020	13,546	20	20
Derivative Financial Instruments	16	260	0	18	0	18
Deferred Tax Asset	10	0	468	0	0	0
Total Non Current Assets		**764,183**	**739,861**	**722,745**	**734,125**	**724,358**
Non Current Liabilities						
Borrowings	18	22,991	3,021	24,028	6,554	29,254
Provisions	19	271	471	348	471	348
Derivative Financial Instruments	16	200	14	**357**	14	357
Deferred Tax Liability	10	0	0	**0**	466	516
Total Non Current Liabilities		**23,462**	**3,506**	**24,733**	**7,505**	**30,475**
Net Assets		**720,617**	**706,200**	**691,762**	**701,255**	**690,732**

CASHFLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2026

These financial statements should be read in conjunction with the notes to the financial statements on pages **69 to 118.**

($000's)		COUNCIL			GROUP	
	NOTE	2026 BUDGET	2026 ACTUAL	2025 ACTUAL	2026 ACTUAL	2025 ACTUAL
Cash flows from Operating Activities						
Cash was provided from:						
Rates Revenue (including penalties)		26,192	26,351	25,600	25,920	25,583
Subsidies and Grants		13,522	21,433	18,901	21,473	18,942
Dividends Received		200	0	0	0	0
Property Rentals		387	554	509	576	530
Petroleum Tax		130	121	137	121	137
Interest Revenue		142	97	195	98	198
Receipts from Other Revenue and Construction Contracts		4,155	6,799	2,025	30,836	29,097
		44,728	**55,355**	**47,363**	**79,024**	**74,487**
Cash was applied to:						
Payments to Suppliers and Employees		30,715	34,939	26,724	53,972	52,828
Elected Members		600	503	474	668	634
Interest Paid on Borrowings		1,545	1,363	1,700	1,551	2,010
		32,860	**36,805**	**28,898**	**56,191**	**55,472**
Net Cash Inflow from Operating Activities	28	**11,868**	**18,550**	**18,465**	**22,833**	**19,015**
Cash flows from Investing Activities						
Cash was provided from:						
Proceeds from sale of Property, Plant and Equipment		0	156	916	261	1,058
Proceeds from the sale of Investment Property		0	570	0	570	0
Proceeds from Assets held for sale		0	323	0	323	0
Proceeds from Surrender of Financial Assets		0	75	266	75	266
		0	**1,124**	**1,182**	**1,229**	**1,324**
Cash was applied to:						
Purchase and Development of Property, plant and equipment and Quarry Development Costs		22,042	20,800	19,288	21,718	23,095
Purchase of Intangible Assets		50	241	78	241	78
Purchase of Financial Assets		251	1,140	550	1,140	550
		22,293	**22,181**	**19,916**	**22,099**	**23,723**
Net Cash flows from Investing Activities		**(22,293)**	**(21,057)**	**(18,734)**	**(20,870)**	**(22,399)**
Cash flows from Financing Activities						
Cash was provided from:						
Borrowings		23,925	26,000	35,000	26,000	38,349
Dividend Revenue		0	200	200	0	0
		23,925	**26,200**	**35,200**	**26,000**	**38,349**
Cash was applied to:						
Repayment of Borrowings		15,000	21,000	35,000	22,590	36,674
Repayment of Lease Liabilities		0	6	10	6	15
		15,000	**21,006**	**35,010**	**22,596**	**36,689**
Net Cash Inflow/(outflow) from Financing Activities		**8,925**	**5,194**	**190**	**3,404**	**1,660**
Net increase/(decrease) in cash, cash equivalents and bank overdrafts		(1,500)	2,687	(79)	5,367	(1,724)
Cash, cash equivalents and bank overdrafts at the beginning of the year		3,093	3,014	3.093	5,406	7,129
Cash, cash equivalents and bank overdrafts at the end of the year		**1,593**	**5,701**	**3.014**	**10,773**	**5,405**
Balance at end of year represented by:						
Cash at Bank and In Hand		1,593	5,701	3.014	10,773	5,405
		1,593	**5,701**	**3.014**	**10,773**	**5,405**

Funding Impact Statements
(Local Government (Financial Reporting) Regulations 2011)

The following information is presented in compliance with the Local Government (Financial Reporting) Regulations 2011 and should not be relied on for any other purpose than compliance with those regulations. The purpose of the statements is to present information about sources and applications of funding. This information is derived from accrual accounting records, prepared under GAAP, however transactions with no funding impact, such as depreciation and asset revaluations have been eliminated.

Waitomo District Council: Funding Impact Statement for 2023 to 2025 for Whole of Council ($000's)	LTP 2024-34 2025	Actual 2024/25	AP 2025/26	Actual 2025/26
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	11,328	11,249	11,026	10,927
Targeted rates	14,122	14,162	15,166	15,111
Subsidies and grants for operating purposes	7,957	7,653	6,988	9,106
Fees and charges	4,895	4,915	4,390	5,063
Interest and Dividends from Investments	66	395	342	339
Local authorities fuel tax, fines, infringement fees and other receipts	290	346	282	360
Total operating funding (A)	**38,658**	**38,720**	**38,194**	**40,906**
Applications of operating funding				
Payments to staff and suppliers	33,022	32,150	31,281	33,207
Finance costs	1,621	1,588	1,545	1,425
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	**34,643**	**33,738**	**32,826**	**34,632**
Surplus (deficit) of operating funding (A-B)	**4,015**	**4,982**	**5,368**	**6,274**
Sources of capital funding				
Subsidies and grants for capital expenditure	7,743	10,918	6,534	12,624
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	8,520	22	9,325	4,272
Gross proceeds from sale of assets	0	915	0	1,231
Lump sum contribution	0	0	0	0
Other dedicated capital funding	0	0	0	0
Total sources of capital funding (C)	**16,263**	**11,855**	**15,859**	**18,127**
Applications of capital funding				
Capital expenditure - to meet additional demand	0	0	0	0
Capital expenditure - to improve the level of service	7,182	2,002	10,889	7,578
Capital expenditure - to replace existing assets	14,359	15,854	11,151	17,258
Increase (decrease) in reserves	(1,263)	(1,019)	(813)	(435)
Increase (decrease) of investments	0	0	0	0
Total applications of capital funding (D)	**20,278**	**16,837**	**21,227**	**24,401**
Surplus (deficit) of capital funding (C-D)	**(4,015)**	**(4,982)**	**(5,368)**	**(6,274)**
Funding Balance ((A-B)+(C-D))	**0**	**0**	**0**	**0**

NOTES TO THE FINANCIAL STATEMENTS

Statement of Accounting Policies for the year ended 30 June 2026

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 Group consists of the ultimate parent, Waitomo District Council (the Council), and its subsidiary, Inframax Construction Limited (100% owned). Council's subsidiary is incorporated and domiciled in New Zealand.

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

Council has designated itself and the Group as public benefit entities (PBE's) for financial reporting purposes.

The financial statements of the Council and the Group are for the year ended 30 June 2026. The financial statements were authorised for issue by Council on 27 October 2026.

Basis of Preparation

The financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the period.

Going Concern

The financial statements of the Group have been prepared on a going concern basis.

Statement of Compliance

The financial statements of the Council and Group have been prepared in accordance with the requirements of the Local Government Act 2002 (LGA), which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

These financial statements have been prepared in accordance with Tier 1 PBE accounting standards.

These financial statements comply with PBE standards.

Presentation Currency and Rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ($000).

Measurement Basis

The measurement basis applied is historical cost, modified by the revaluation of land and buildings, certain infrastructural assets and financial instruments, Council's investment in Inframax Construction Limited, investment property and forestry assets. 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.

Standards issued and not yet effective and not early adopted

At the date of authorisation of the financial report the following standards, amendments or interpretations were on issue and not yet effective.

Standards, Amendments or Interpretations	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
Amendments to PBE IFRS 17	1 January 2026	30 June 2027
It is not anticipated this will have any significant effect to the Council's reporting.		

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation

The Group's financial statements incorporate the financial statements of the Council and the entities controlled by the Council (its subsidiaries). Control is achieved where the Council has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in surplus or deficit from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of the subsidiary to bring the accounting policies used into line with those used by other members of the Group.

The consolidated financial statements are prepared by adding together like items of assets, liabilities, equity, revenue and expense of the entities within the Group on a line by line basis. All intra-group transactions, balances, revenue and expenses are eliminated in full on consolidation.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the

amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the Council. Investment in the subsidiary is recorded at fair value in the Council's financial statements.

Revenue

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

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group 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, the 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 as revenue when rates become overdue. Rates revenue is classified as non-exchange revenue.

NZTA roading subsidies

Council receives funding assistance from NZTA, 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. NZ Transport Agency Waka Kotahi 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. Subsidies and other 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 with the exception of on-charging of consultants' fees for resource consents.

Interest Revenue

Revenue is recognised using the effective interest 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.

Property Rental Revenue

Rental revenue arising on property owned by the Group 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.

Rendering of Services and Construction Contracts

Revenue from construction contracting services includes revenue from building and civil contracting services. Revenue and profit are recognised on the basis of value of work completed. Percentage of completion is measured by reference to the value of work performed which is independently certified each month by the customer's engineer to the contract.

Expected losses are recognised in full as soon as they become apparent.

Contract costs include all costs directly related to specific contracts, costs that are specifically chargeable to the customer under the terms of the contract and an allocation of overhead expenses incurred in connection with the Group's construction activities in general.

Rendering of services is classified as exchange revenue.

Expenditure

Expenditure is recognised when the Group 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 Group 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 Group's decision.

Borrowing Costs

Borrowing costs are recognised as an expense 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 manner in which 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 or 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 on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank over drafts.

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.

Inventories held by Inframax Construction Limited are valued on the basis of lower of cost, determined on a weighted average cost basis, and net realisable value. Aggregate stocks are valued using a standard cost, this standard cost is based on the average cost of production.

Receivables

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

The Council and group 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 the 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 (Rating) Act 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 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 considers 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 the Council's financing activities. In accordance with its Treasury Management Policy, the 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 remeasured to 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 on 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 item is less than 12 months.

The portion of the fair value of a non-hedge accounted interest rate derivative that is expected to be realised 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 and group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge);or
- hedges of highly probable forecast transactions (cash flow hedge).

The Council and group 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 and group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged 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 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 expense are reclassified 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 and other payables are recognised at their face value when the Group 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) 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.

Payables from exchange transactions include payables to suppliers, retention monies and payables for elected members' and directors' fees.

- Non-exchange transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, the 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 at the amount borrowed plus transaction costs. Interest due on the borrowings is subsequently accrued and added to the borrowings balance.

Good and Service Tax (GST)

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

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

Where the Council and Group are not in possession of 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

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

The provision is a measure based on the present value of future cash flows expected to be incurred, taking into account 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 asset are depreciated over their useful lives.

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 the Group 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 or not title is eventually transferred.

At the commencement of the lease term, finance leases are recognised as assets and liabilities in the 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 so as 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 Group 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 & Equipment

Property, plant and equipment consists of:

Operational Assets

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

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, sewerage reticulation systems, storm water systems, refuse 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 the Council and the Group 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 subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Group and the cost of the item can be measured reliably.

The costs of day to day servicing 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
Kerb and Channel, 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

Water Supply Assets

Pipes	60 – 120 years
Fire Hydrant Valves	75 years
Meters	30 years
Tobies	60 years
Pump Stations	20 – 100 years

Dam Structures	100 years
Reservoir Structures	80 years
Treatment Plants	5 – 100 years
Resource Consents	11 – 35 years or not depreciated

Wastewater Assets

Pipes	50 - 120 years
Manholes	100 years
Separator Tanks	50 years
Pump Stations	15 – 100 years
Treatment Plants	15 – 100 years
Resource Consents	15 – 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 and Driveways	12 – 80 years
Weighbridges and 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 on an asset is reviewed and adjusted where applicable at each balance date.

Revaluation

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.

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

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 would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in 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 recognised in the other comprehensive revenue and expense.

Revaluation of Restricted Assets

Land and buildings in restricted assets are 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 on the basis of 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 Group'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 de-recognised 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 asset (GRC-licence to use the facility) have been estimated as follows:

Computer software	2 – 5 years
Service concession asset	35 years

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 one year 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 held for sale (including those that are part of a disposal group) are not depreciated or amortised while they are classified as 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 (trading as Co-Lab). Council has no significant influence over the company's operational or financial policies.

Council has an interest (0.15%) in Civic Financial Services Limited. Council has no significant influence over the company's operational or financial policies.

Council has an 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 property consists of miscellaneous housing and residential sections properties. Investment property is 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, the Group measures all investment property at fair value as determined annually by an independent valuer. Gains or losses arising from a change in the fair value of investment property are recognised in the surplus or deficit.

Capitalised Quarry Development Costs

The costs of stripping activity which provides a benefit in the form of improved access to rock is recognised as a 'stripping activity asset' where it is probable that the future economic benefit associated with the stripping activity will flow to the Group, the Group can identify the component of the rock for which access has been improved and the costs relating to the stripping activity associated with that component can be measured reliably. A stripping activity asset is depreciated or amortised on a systematic basis, over the expected useful life of the identified component of the rock that becomes more accessible as a result of the stripping activity using the units of production method.

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

Non cash 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 and can 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 effective.

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 the remission from 1 January to 31 December 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 Rangitoto 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.

Budget Figures

The budget figures are those approved by the Council for 2025/26 and Annual Plan 2025/26. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing these financial statements.

Critical Accounting Estimates and Judgements

In preparing these financial statements the Group has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. 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:

Infrastructural Assets

There are a number of assumptions and estimates used when performing depreciated replacement cost valuations over infrastructural assets. These include:

- The physical deterioration and condition of an asset, for example the Group 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 storm water, wastewater and water supply pipes situated underground. This risk is minimised by the Group 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 Group could be over or underestimating the annual deprecation charge recognised as an expense in the surplus or deficit.

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

Experienced independent valuers perform the Group's infrastructural asset revaluations. The carrying value of infrastructure assets is disclosed in Note 21. Where revaluations are not carried out in a particular financial year for an asset class, the carrying fair for that asset class will approximate its fair value.

Property, plant and equipment useful lives and residual values

At each balance date the Group 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 Group to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by the Group, 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 Statement of Financial Position. The Group minimises the risk of this estimation uncertainty by:

- physical inspection of assets;
- asset replacement programs;
- review of second-hand market prices for similar assets; and
- analysis of prior asset sales.

The Group has not made significant changes, apart from those noted above, to past assumptions concerning useful lives and residual values. The carrying amounts of property, plant and equipment are disclosed in Note 21.

Estimating Construction Contract Revenue

Assessment of projects on a percentage of completion basis, in particular with regard to accounting for variations, the timing of surplus recognition and the amount of surplus recognised. The amount recognised in revenue is disclosed in Note 4, the receivable in Note 15 and the payable in Note 17.

Valuation of Investment in Inframax Construction Ltd

The investment in Inframax Construction Limited was revalued as at 30 June 2026 and resulted in a valuation range of $19.5m to $22.5m with a mid-point of $21.0m for the investment. After consideration of the subsidiary's financial statements and forecasts, Council adopted the mid-point valuation of $21.0m to be fair value at 30 June 2026. Adoption of this value resulted in a gain on valuation of $7,474,000, which is included in Other Comprehensive Revenue and Expense. Experienced independent valuers performed the valuation of the investment in Inframax Construction Limited at 30 June 2026.

The valuers used the capitalisation of earnings approach, consistent with the previous valuation, using a number of estimates and assumptions to establish a suitable level of earnings and a market derived multiple, all based on historical and forecast financial performance information.

Deferred Tax Asset Recognition and recoverability

Determining whether or not to recognise a deferred tax asset requires estimation of future cash flows. Any significant deviation from the assumptions used in forecasting future cash flows may affect the carrying value of the asset.

The Group has recognised through surplus or deficit a deferred tax asset for the full utilisation of tax losses brought forward by its subsidiary Inframax Construction Ltd. This recognition is based on budgeted taxable profit for 2026/27 and the expectation of continued profitability for future years.

Deferred tax has been recognised by Council for its tax losses brought forward, due to their utilisation by the group to reduce its tax liability.

Transfer of water service assets and liabilities

Significant judgement is required in determining the appropriate accounting treatment for the transfer of water service assets, liabilities and operations from Waipā, Waitomo and South Waikato district councils to Waikato Waters Limited on 1 July 2026.

The transfer was assessed as a non-exchange transaction under PBE IPSAS 23 on the basis that the transfer arises from statutory water services reform arrangements and is not primarily driven by a commercial exchange between independent parties. The transfer is expected to occur without consideration that approximates the fair value of the net assets transferred.

In forming this judgement, consideration was given to the substance of the transaction, the legislative framework under which the transfer will occur, the nature of the assets and liabilities transferred, and relevant guidance in New Zealand public sector accounting standards.

Given the significance of the assets, liabilities and operations expected to be transferred by Council relative to its financial position at 30 June 2026, this assessment is considered a critical judgement.

Changes in accounting policies

There have been no changes to accounting policies during the year.

Note 1: Rates Revenue (excluding Metered Water Rates)

($000's)	COUNCIL		GROUP	
	2026 ACTUAL	2025 ACTUAL	2026 ACTUAL	2025 ACTUAL
General Rate	9,375	9,176	9,368	9,169
Uniform Annual General Charge	1,231	1,715	1,229	1,714
Targeted Rates - Wastewater	3,080	2,563	3,079	2,561
Targeted Rates - Water	2,697	2,472	2,694	2,469
Targeted Rates - Solid Waste	1,880	1,585	1,877	1,584
Targeted Rates - Roads and Footpaths	5,383	5,226	5,379	5,223
Targeted Rates - Other	955	1,108	953	1,108
Rates Penalties	321	359	321	359
Sub Total	**24,922**	**24,204**	**24,900**	**24,187**
Less Rates paid on Council properties	(453)	(464)	(453)	(464)
Total Rates Revenue	**24,469**	**23,740**	**24,447**	**23,723**
Rates Revenue from non exchange transactions	**24,469**	23,740	**24,447**	23,723

Note 2: Metered Water Rates

Targeted Water Supply Rates under section 19 of the Local Government (Rating) Act 2002

The Local Government (Financial Reporting) Regulations 2011 introduced further disclosure requirements for the Financial Statements. One of the changes is to disclose separately, in the Statement of Comprehensive Revenue and Expense, the amount of revenue received from targeted rates for water supply set under section 19 of the Local Government (Rating) Act 2002. The section allows local authorities to charge for water by meter. The revenue related to water by meter has been disclosed under metered water rates in the Statement of Comprehensive Revenue and Expense and has been excluded from the Rates Revenue note.

($000's)	COUNCIL		GROUP	
	2026 ACTUAL	2025 ACTUAL	2026 ACTUAL	2025 ACTUAL
Metered Water Rates	1,116	1,208	1,116	1,208

Note 3: Subsidies and Grants

($000's)	COUNCIL		GROUP	
	2026 ACTUAL	2025 ACTUAL	2026 ACTUAL	2025 ACTUAL
NZTA Waka Kotahi Roading Subsidy	21,347	17,517	21,347	17,517
Mayor's Taskforce for Jobs	220	280	220	280
Better Off Funding	148	400	148	400
Grassroots Trust	0	248	0	248
Other Grants	16	126	16	180
Total Subsidies and Grants	**21,731**	**20,154**	**21,731**	**18,625**
Subsidies and grants revenue from non-exchange transactions	21,731	20,154	21,731	18,625

Better Off funding

In December 2022, Council entered into a funding agreement with Department of Internal Affairs and Crown Infrastructure Partners Ltd for the Three Waters Reforms Better Off Package. The total funding approved was $3,550,000 with the Better Off projects to be completed by 30 June 2026. Council recognised $400,000 of subsidy revenue at 30 June 2025. In June 2023, a variation to the original agreement was signed and the

agreement was extended to 30 June 2027. At 30 June 2026, Council recognised another $158,000 of subsidy revenue under this agreement.

Mayor's Taskforce for Jobs Community Recovery Programme

The Council has an agreement with Local Government New Zealand for the Mayor's Taskforce for Jobs Programme funded by Ministry of Social Development.

The programme provided funding to support initiatives to secure sustainable employment outcomes (SEOs) 30+ hours per week, for young people identified as a NEET (not in employment, education or training), disabled youth, other youth aged 16-24 and those disadvantaged in the labour market who are not able to readily access MSD products and services.

A one-year agreement was entered totalling $220,000. For the year ended June 2026 $220,000 was received.

Department of Internal Affairs

In August 2022, Council entered into a funding agreement with the Department of Internal Affairs for the Three Waters Services Reforms transition support package. The total funding approved was $374,000. Council received $328,000 of subsidy revenue at 30 June 2023.

In August 2023 a variation to the original funding agreement was signed and the available amount of the transition support package increased to $599,000. At 30 June 2025, Council had recognised $257,000 of subsidy revenue under this agreement. No funding recognised as at 30 June 2026, a balance of $14,000 remains.

Note 4: Fees, Charges and Income from Construction

	COUNCIL		GROUP	
($000's)	**2026 ACTUAL**	**2025 ACTUAL**	**2026 ACTUAL**	**2025 ACTUAL**
Revenue from exchange transactions				
Income from Construction Contracts	0	0	25,034	26,494
Resource Consent Revenue	211	158	211	158
Property Rentals	0	0	19	0
Sale of Goods	235	231	1,416	231
Total	**446**	**389**	**26,680**	**26,883**
Revenue from non-exchange transactions				
Regulatory Services Revenue	607	788	607	788
Property Rentals	635	472	635	472
Rental Revenue from Investment Property	15	29	15	29
Trade Waste Charges	1,122	1,103	1,122	1,103
Solid Waste Disposal Charges	1,369	1,633	1,353	1,633
Resource Consent Revenue	107	13	107	13
Quarry Royalties	45	4	0	4
Other Fees and Charges	620	436	620	436
Total	**4,521**	**4,478**	**4,459**	**4,478**
Total Fees, Charges, and Income from Construction	**4,967**	**4,867**	**31,139**	**31,361**

Note 5: Other Revenue Including Gains and Losses

($000's)	COUNCIL		GROUP	
	2026 ACTUAL	2025 ACTUAL	2026 ACTUAL	2025 ACTUAL
Revenue on Vested Assets	1,216	0	1,216	0
Other Revenue	338	262	309	264
Donations Received	1	1	1	1
Petrol Tax Proceeds	118	134	118	134
Total Other Revenue from non-exchange transactions	**1,673**	**397**	**1,644**	**399**
Gain/(Loss) in Change in Fair Value of Investment Property	116	(38)	116	(38)
Gain/(Loss) Change in Fair Value of Assets held for Sale	(265)	(673)	(265)	(673)
Gain/(Loss) on Sale of Property, Plant and Equipment	182	202	182	202
Total Other Gains/(Losses)	**33**	**(509)**	**33**	**(509)**
Total Other Revenue including Gains/(Losses)	**1,706**	**(112)**	**1,677**	**(110)**

Note 6: Employee Benefit Expenses

($000's)	COUNCIL		GROUP	
	2026 ACTUAL	2025 ACTUAL	2026 ACTUAL	2025 ACTUAL
Salaries and Wages	7,135	7,230	19,078	19,979
Defined Contribution Plan Employer Contributions	135	155	442	453
Increase/(Decrease) in Employee Benefit Liabilities	(49)	(17)	93	(17)
Total Employee Benefit Expenses	**7,221**	**7,368**	**19,613**	**20,415**

Note 7: Depreciation and Amortisation Expense

($000's)	COUNCIL			GROUP	
	2026 BUDGET	2026 ACTUAL	2025 ACTUAL	2026 ACTUAL	2025 ACTUAL
Leadership	754	752	719	752	719
Recreation and Property	13	1,699	1,535	1,699	1,535
Community and Partnerships	1,673	8	9	8	9
Regulatory Services	19	18	17	18	17
Solid Waste	132	114	281	114	281
Stormwater	283	341	258	341	258
Wastewater	1,151	1,198	1,040	1,198	1,040
Water Supply	1,036	1,099	947	1,099	947
Roads and Footpaths	5,717	5,695	5,291	5,695	5,291
Other Activities	0	0	0	1,786	1,852
Total Depreciation and Amortisation Expense	**10,778**	**10,924**	**10,097**	**12,710**	**11,949**

Note 8: Finance Costs

($000's)	COUNCIL		GROUP	
	2026 ACTUAL	2025 ACTUAL	2026 ACTUAL	2025 ACTUAL
Interest on Bank Borrowings	1,411	1,576	1,600	1,890
Interest on Finance Leases	2	1	2	1
Discount Unwinding on Provision (refer note 19)	11	12	11	12
Total Derivative Financial Instrument Assets	**1,424**	**1,589**	**1,613**	**1,903**

Note 9: Other Expenses

($000's)	COUNCIL		GROUP	
	2026 ACTUAL	2025 ACTUAL	2026 ACTUAL	2025 ACTUAL
Bad Debts Written Off	198	218	210	218
Directors Fees	0	0	165	160
Grants Expenditure	234	235	234	235
Insurance Premiums	453	544	896	993
Inventory Consumption	0	0	3,198	2,966
Impairment of Property, Plant and Equipment	0	0	60	0
Loss on Disposal of Property, Plant and Equipment	796	334	768	334
Operating Lease Expenses	19	15	19	572
Impairment of Receivables	(42)	185	(42)	185
Remuneration of Elected Members	503	492	503	492
Subscriptions	130	126	168	126
Road Maintenance Expenditure	11,094	9,419	11,094	9,419
Direct Contract Expenses	0	0	1,195	3,969
Other Expenditure	3,370	3,998	5,695	4,691
Rates and Penalties Remissions	268	197	268	197
Other Maintenance Expenditure	7,650	7,279	9,555	9,213
Audit Fees for Long Term Plan and Consultation Document	0	0	0	0
Investment Property Expenditure	8	5	8	0
Audit Fees for Financial Statements	242	233	382	374
Audit Fees for Trustee Reporting	10	9	10	9
Electricity and Gas Expenditure	653	664	653	726
Total Other Expenditure	**25,586**	**23,953**	**35,039**	**34,882**

Council

Council made a Koha payment of $200 (2025: Nil).

The Operating lease expense relates to various items of office equipment. The lease can be renewed at the Council and Group's option, with rents set by reference to current market rates for items of equivalent age and condition. The Council does have the option to purchase the assets at the end of the lease term. The Group does not have option to purchase the asset at the end of the lease term for leases held by the subsidiary. There are no restrictions placed on Council or Group by any of the finance leasing arrangements.

Note 10: Tax

($000's)	COUNCIL		GROUP	
	2026 ACTUAL	2025 ACTUAL	2026 ACTUAL	2025 ACTUAL
Income tax recognised in Profit or Loss				
Deferred tax on temporary differences	(468)	0	577	218
	(468)	**0**	**577**	**218**
Reconciliation of Accounting Profit/(Loss) before tax and income tax expense				
Surplus before Taxation	9,173	5,661	11,275	5,854
Prima facie taxation at 28% (2025: 28%)	2,568	1,585	3,157	1,640
Taxation effect of non-deductible expenditure	(2,645)	(1,666)	(2,190)	(1,501)
Non-Recognition of Benefit of Tax Losses	0	81	0	77
Recognition of benefit of taxes losses from prior periods	(1,018)	0	(1,018)	
Benefit of tax losses transferred	627		627	
Under/(over) provided in prior periods	0	0	1	(2)
Income tax expense/ (revenue)	**(468)**	**0**	**577**	**218**

($000's)	Depreciation and Amortisation	Employee Entitlements	Other Provisions	Tax Losses Carried Forward	Total Deferred Tax Asset/ (Liability)
Deferred tax balances					
Council 2025					
No deferred tax assets or liabilities were recognised					
Opening Balance	**0**	**0**	**0**	**0**	**0**
(Charged)/Credited to Profit or Loss	0	0	0	(468)	(468)
Closing Balance	**0**	**0**	**0**	**(468)**	**(468)**
Group 2025					
Opening Balance	**(1,413)**	**195**	**(3)**	**848**	**(373)**
(Charged)/credited to Profit or Loss	1	(16)	(41)	(162)	(218)
(Charged)/Credited to Equity	74	0	0	0	74
Under/(over) provided in prior periods	257	0	0	(256)	1
Closing Balance	**(1,081)**	**179**	**(44)**	**430**	**(516)**
Group 2026					
(Charged)/Credited to Profit or Loss	26	33	(48)	39	(50)
Closing Balance	**(1055)**	**212**	**(92)**	**469**	**(466)**

Council

Council has accumulated tax losses of $3,912,000 (2025: $3,636,000) to 30 June 2026. Accumulated tax losses are available to offset future taxable income, thereby reducing income tax liability. Council has recognised a deferred tax asset for all accumulated tax losses as future taxable income in the form of subvention payments and loss offsets is expected from the subsidiary.

Group

The Group has accumulated tax losses of $3,912,000 (2025: $5,170,000) to 30 June 2026. The Group has recognised a deferred tax asset for all remaining accumulated tax losses held by the Subsidiary and Council.

Imputation Credit Account ($000's)	GROUP 2026 ACTUAL	GROUP 2025 ACTUAL
Balance 1 July	3,339	3,416
Imputation credits on dividends paid	(78)	(77)
Closing Balance 30 June	**3,261**	**3,339**

Note 11: Equity

($000's)	COUNCIL 2026 ACTUAL	COUNCIL 2025 ACTUAL	GROUP 2026 ACTUAL	GROUP 2025 ACTUAL
Accumulated Funds				
Balance at 1 July	250,711	242,546	255,041	246,899
Surplus/(Deficit) for the year	9,641	5,661	10,698	5,638
Transfer from Revaluation Reserve on Asset Disposal	2,030	1,919	2,030	1,919
Transfer from Council Created Reserves	(556)	585	(556)	585
Balance at 30 June	**261,826**	**250,711**	**267,213**	**255,041**
Other Reserves				
Council Created Reserves				
Balance at 1 July	20,593	21,178	20,593	21,178
Transfers from Retained Earnings	556	(585)	556	(585)
Balance at 30 June	**21,149**	**20,593**	**21,149**	**20,593**
Investment Revaluation Reserves				
Balance at 1 July	13,530	12,887	4	4
Valuation Gains/(Losses)	7,474	643	0	0
Balance at 30 June	**21,004**	**13,530**	**4**	**4**
Hedging Reserve				
Balance at 1 July	(322)	516	(322)	516
Gains/(Losses) from Cash Flow Hedges	67	(838)	67	(838)
Balance at 30 June	**(255)**	**(322)**	**(255)**	**(322)**
Total Other Reserves at 30 June	**41,898**	**33,801**	**20,898**	**20,275**
Revaluation Reserves				
Balance at 1 July	407,250	392,379	415,416	400,609
Revaluation Gains/(Losses)	(479)	16,790	2,023	16,652
Loss on impairments	(2,265)	0	(2,265)	0
Income tax expense relating to other comprehensive income	0	0	0	74
Transfer from Retained Earnings on Asset Disposal	(2,030)	(1,919)	(2,030)	(1,919)
Balance at 30 June	**402,476**	**407,250**	**413,144**	**415,416**
This is made up of:				
Operational Land	7,167	7,255	8,134	8,223
Operational Buildings	12,149	12,512	13,023	13,386
Library Books	2	2	2	2
Restricted Land	10,681	10,681	10,681	10,681
Restricted Buildings	5,380	5,380	5,380	5,380
Infrastructural Land	1,655	1,655	1,655	1,655
Roading Assets	321,827	323,069	330,126	328,865

($000's)	COUNCIL		GROUP	
	2026 ACTUAL	2025 ACTUAL	2026 ACTUAL	2025 ACTUAL
Water Reticulation Assets	12,843	13,665	12,843	13,665
Wastewater Reticulation Assets	15,784	18,284	15,784	18,284
Stormwater Reticulation Assets	12,446	12,489	12,446	12,489
Solid Waste Assets	2,542	2,258	2,542	2,258
Quarry Plant Assets	0	0	528	528
Total Revaluation Reserves	**400,276**	**407,250**	**413,144**	**400,416**
Total Equity	**706,200**	**691,762**	**701,255**	**690,732**

Information about reserve funds held for a specific purpose is provided below:

($000's)	WAITOMO DISTRICT COUNCIL			
	OPENING BALANCE 1 JULY 2025	TOTAL DEPOSITS	TOTAL WITHDRAWALS	CLOSING BALANCE 30 JUNE 2026
Operational Reserves				
Leadership				
Representation, Strategy and Engagement	1,021	59	(41)	1,039
Investments	1,100	27	(33)	1,096
Emergency Management	518	14	0	532
Natural Disaster	426	0	0	426
	3,067	**100**	**(74)**	**3,093**
Recreation and Property				
Parks and Reserves	1,078	117	0	1,195
Housing and Other Property	602	21	(12)	611
Library	42	0	(21)	21
Aquatic Centre	(5)	0	(50)	(55)
Les Munro Centre	245	0	(49)	196
Aerodrome	3	35	0	38
Gallagher Recreation Centre	29	2	0	31
Public Facilities	559	0	(77)	482
	2,553	**175**	**(209)**	**2,519**
Community and Partnerships	**1,922**	**150**	**(81)**	**1,991**
Regulatory Services	**815**	**214**	**(22)**	**1,007**
Solid Waste				
Kerbside Collection	275	0	(108)	167
Waste Disposal	(1,194)	10	0	(1,184)
Waste Minimisation	(31)	0	(5)	(36)
	(950)	**10**	**(113)**	**(1,053)**
Stormwater				
Te Kūiti Stormwater	62	103	0	165
Rural Stormwater	180	1	0	181
	242	**104**	**0**	**346**
Resource Management	**191**	**4**	**0**	**195**
Wastewater				
Wastewater (Harmonised)	1,240	96	0	1,336
Pre Harmonisation of Rates Reserves				
Te Kūiti Wastewater	1,557	0	0	1,557

($000's)	WAITOMO DISTRICT COUNCIL			
	OPENING BALANCE 1 JULY 2025	TOTAL DEPOSITS	TOTAL WITHDRAWALS	CLOSING BALANCE 30 JUNE 2026
Te Waitere Wastewater	31	0	0	31
Maniati/Benneydale Wastewater	(242)	0	(2)	(244)
Piopio Wastewater	104	0	0	104
	2,690	**96**	**(2)**	**2,784**
Water Supply				
Water Supply (Harmonised)	(1,171)	348	(679)	**(1,502)**
Pre Harmonisation of Rates Reserves				
Te Kūiti Water Supply	(1,057)	0	0	(1,057)
Mōkau Water Supply	(654)	0	0	(654)
Piopio Water Supply	(611)	0	0	(611)
Maniati/Benneydale Water Supply	(50)	0	0	(50)
	(3,543)	**348**	**(679)**	**(3,874)**
Roads and Footpaths				
Subsidised Roads	(131)	0	(117)	(248)
Unsubsidised Roads	422	1	0	423
	291	**1**	**(117)**	**175**
Total Operational Reserves	**7,278**	**1,202**	**(1,297)**	**7,183**
Depreciation Reserves				
Leadership	**8**	**6**	**(1)**	**13**
Recreation and Property				
Parks and Reserves	149	154	(23)	280
Housing	213	26	(1)	238
Community Halls	811	0	0	811
Land and Buildings	474	117	(110)	481
Library	760	105	(50)	815
Aquatic Centre	50	55	(62)	43
Les Munro Centre	884	271	0	1,155
Aerodrome	112	15	(5)	122
Public Facilities	385	217	(160)	442
	3,888	**960**	**(411)**	**4,387**
Community and Partnerships	**69**	**6**	**0**	**75**
Regulatory Services	**(19)**	**19**	**(1)**	**(1)**
Solid Waste	**(1,021)**	**132**	**(306)**	**(1,195)**
Stormwater				
Te Kūiti Stormwater	696	254	(352)	598
Rural Stormwater	70	13	(19)	64
	766	**267**	**(371)**	**662**
Wastewater				
Te Kūiti Wastewater	195	659	(598)	256
Te Waitere Wastewater	(1)	9	(6)	2
Maniati/Benneydale Wastewater	301	58	(56)	303

($000's)	WAITOMO DISTRICT COUNCIL			
	OPENING BALANCE 1 JULY 2025	TOTAL DEPOSITS	TOTAL WITHDRAWALS	CLOSING BALANCE 30 JUNE 2026
Piopio Wastewater	358	170	(51)	477
	853	**896**	**(711)**	**1,038**
Water Supply				
Te Kūiti Water Supply	369	483	(411)	441
Mōkau Water Supply	(212)	117	(92)	(187)
Piopio Water Supply	102	79	(54)	127
Maniati/Benneydale Water Supply	191	30	(15)	206
	450	**709**	**(572)**	**587**
Roads and Footpaths				
Subsidised Roads	5,773	0	(531)	5,242
Unsubsidised Roads	230	58	(23)	265
	6,003	**58**	**(554)**	**5,507**
Business Support				
Business Support	898	506	(33)	1,371
Plant	(12)	340	(328)	0
	886	**846**	**(361)**	**1,371**
Total Depreciation Reserves	**11,833**	**3899**	**(3,288)**	**12,444**
Investment Revaluation Reserves				
Shares in Other Companies	4	0	0	4
Shares in Subsidiary	13,526	7,474	0	21,000
Total Investment Revaluation Reserves	**13,530**	**7,474**	**0**	**21,004**
Special Purpose Reserves				
District Development	16	0	0	16
Cashflow Hedging Reserve	(322)	67	0	(255)
Carbon Credits Reserve	685	0	(8)	677
Forestry Harvesting and Replanting Reserve	423	0	0	423
Waste Minimisation Levy Reserve	296	208	(169)	335
Gallagher Recreation Centre	62	39	(7)	94
Eketone Street Subdivision Development	0	0	(31)	(31)
Total Special Purpose Reserves	**1,160**	**314**	**(215)**	**1,267**
Total Other Reserves	**33,801**	**12,889**	**(4,792)**	**41,898**

The Council maintains reserves as a sub-set of its equity. There are four categories of reserves held.

Operational Reserves

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

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.

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.

Special Purpose Reserves

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

- District Development Reserve - funds were received from Development King Country Trust in April 2012 with the intention to set up a Waitomo District Development Board.
- Cashflow Hedging Reserve - comprises the effective portion of the cumulative net change in the fair value of derivatives designated as cash flow hedges.
- Carbon credits reserve is used to record the funding and expenditures in relation to Council's responsibilities for the Emissions Trading Scheme.
- Forestry replanting reserve is used for funding and expenditures relating to the replanting and harvesting of forestry assets.
- 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.
- Gallagher Recreation Centre reserve is to hold funds specially for the operation of the stadium as detailed in the property sharing agreement.
- Eketone Street Special Reserve is for the development of Council land for subdivision purposes, which will subsequently be sold to recover that deficit reserve.

Note 12: Cash and Cash Equivalents

($000's)	COUNCIL		GROUP	
	2026 ACTUAL	2025 ACTUAL	2026 ACTUAL	2025 ACTUAL
Cash and Cash Equivalents				
Cash at bank and in Hand	5,701	3,014	10,774	5,405
Total Cash and Cash Equivalents	**5,701**	**3,014**	**10,774**	**5,405**

The carrying value of cash at bank approximates their fair value. The Council holds unspent funds, included in cash at bank of $1,165,000 (2025: $1,486,000) that are subject to restrictions. These unspent funds relate to Waste Minimisation Reserve (refer note 11), subsidy and grant revenue received with restrictions and retention monies held. These restrictions generally specify how the funds are required to be spent. Although cash and cash equivalents at 30 June 2026 are subject to the expected credit loss requirements of PRB IPSAS41, no loss allowance has been recognised because estimated loss is immaterial.

Note 13: Other Financial Assets

($000's)	COUNCIL		GROUP	
	2026 ACTUAL	2025 ACTUAL	2026 ACTUAL	2025 ACTUAL
Current				
NZLGFA Borrower Notes	944	86	944	86
Establishment Funding – Waikato Waters Limited	1,012	0	1,012	0
Total	**1,956**	**86**	**1,956**	**86**
Non Current				
NZLGFA Borrower Notes	154	917	154	917
Total	**154**	**917**	**154**	**917**
Total Other Financial Assets	**2,110**	**1,003**	**2,110**	**1,003**

NZLGFA Borrower Notes

NZLGFA Borrower Notes are a debt the NZ Local Government Funding Agency issues to its Council borrowers. The amount borrowed by the agency is at a rate 5.0% (2025:5.0%) for new or 5.0% (2025: 2.5%) for existing borrowings of the amount a council borrows in long term (greater than one year) debt from the NZLGFA. The purpose of the arrangement is to provide liquidity to the Agency.
The fair value of the NZLGFA Borrower Notes is $1,093,000 (2025: $1,005,000).

Establishment Funding – Waikato Waters Limited

As part of the reorganisation of Council's water and wastewater services to be transferred to Waikato Waters Limited, funding was provided by Council along with other councils to provide liquidity for the establishment of the company. The company became operational from the 1 July 2026, when assets, liabilities and operations were formally transferred and the Establishment Funding, including interest was repaid to Council.

Investment in Council Controlled Organisation (Inframax Construction Ltd)

Council has 100% shareholding in the unlisted shares of Inframax Construction Ltd (2025:100%). The principal activity of the subsidiary is roading, construction and maintenance with its head office in Te Kūiti. The balance date of the subsidiary is 30 June.

As at 30 June 2026 Council revalued its investment in Inframax Construction Ltd which resulted in a fair value of $21,000,000 (2025: $13,526,000). The valuation was undertaken by Mark Paterson from EY-Parthenon.

Unlisted Shares in Companies

Council is a shareholder in Waikato Local Authority Shared Services Ltd (trading as Co-Lab). Co-Lab is jointly owned by 12 local authorities and has been set up to develop shared service initiatives, including a valuation database.

Council holds 16,940 shares in Civic Financial Services Ltd (2025: 16,940). The investment is recorded at cost which approximates their fair value.

Council holds 4,944 shares in Waikato Waters Limited, proportionate to the number of water connections held by Council relative to other transferring councils. The shareholding has no value as an investment due to the arrangement being as a result of an amalgamation of councils' water and wastewater services.

	COUNCIL		GROUP	
($000's)	**2026 ACTUAL**	**2025 ACTUAL**	**2026 ACTUAL**	**2025 ACTUAL**
Unlisted Shares in Subsidiary	21,000	13,526	0	0
Unlisted Shares in Companies	20	20	20	20
Total Investments in CCO and Companies	**21,020**	**13,546**	**20**	**20**

Note 14: Inventory

	COUNCIL		GROUP	
($000's)	**2026 ACTUAL**	**2025 ACTUAL**	**2026 ACTUAL**	**2025 ACTUAL**
Metal Stockpiles and Landfill Stock	0	0	2,237	2,068
Fuels, Spares and Consumables	79	97	79	97
Total Inventory	**79**	**97**	**2,316**	**2,165**

Note 15: Receivables

	COUNCIL		GROUP	
($000's)	**2026 ACTUAL**	**2025 ACTUAL**	**2026 ACTUAL**	**2025 ACTUAL**
Receivables under Exchange Transactions				
General Debtors	165	385	684	931
Amounts due from Customers for Contract Work	0	0	2,799	870
Retentions Receivable	0	0	285	245
Prepayments	293	294	558	682
Receivables prior to Impairment	**458**	**679**	**4,326**	**2,728**
Less Expected Credit Losses	(36)	0	(36)	0
Total Receivables under Exchange Transactions	**422**	**679**	**4,290**	**2,728**
Receivables under Non Exchange Transactions				
Rates Receivables *	2,213	2,467	2,213	2,468
Related Party Receivables	0	1	0	0
General Debtors	5,065	6,953	5,063	6,953
Receivables prior to Impairment	**7,278**	**9,421**	**7,276**	**9,421**
Less expected credit losses	(707)	(701)	(707)	(701)
Total Receivables Under Non Exchange Transactions	**6,571**	**8,720**	**6,569**	**6,720**

($000's)	COUNCIL		GROUP	
	2026 ACTUAL	2025 ACTUAL	2026 ACTUAL	2025 ACTUAL
Total Receivables	**6,993**	**9,399**	**10,859**	**11,488**

* Included in the Rates Receivable figure is an amount of $747,633 $ (2025: $871,861) relating to rate penalties.

($000's)	COUNCIL		GROUP	
	2026 ACTUAL	2025 ACTUAL	2026 ACTUAL	2025 ACTUAL
Current				
Receivables under Exchange Transactions	422	679	4,073	2,711
Receivables under Non Exchange Transactions	6,571	8,720	6,569	8,720
Total Current Receivables	**6,993**	**6,399**	**10,642**	**11,431**
Non Current				
Receivables under Exchange Transactions	0	0	217	17
Total Non Current Receivables	**0**	**0**	**217**	**17**

Aging and Impairment of Receivables ($000's)	COUNCIL		GROUP	
	2026 ACTUAL	2025 ACTUAL	2026 ACTUAL	2025 ACTUAL
Gross Receivables				
Not past due	6,083	7,597	9,677	9,065
Past due 1-30 days	39	617	39	617
Past due 31-60 days	19	9	21	15
Past due 61-90 days	1	126	6	308
Past due > 90 days	1,301	1,457	1,301	1,462
Total Gross Receivables	**7,443**	**9,806**	**11,044**	**11,467**
Impairment of Receivables				
Not past due	(190)	0	(190)	0
Past due 1-30 days	(0)	0	(0)	0
Past due 31-60 days	(5)	0	(5)	0
Past due 61-90 days	(1)	0	(1)	0
Past due > 90 days	(547)	(701)	(547)	(701)
Total Impairment of Receivables	**(743)**	**(701)**	**(743)**	**(701)**
Net Receivables				
Current	5,893	7,597	9,487	9,065
Past due 1-30 days	39	617	39	617
Past due 31-60 days	14	9	16	15
Past due 61-90 days	0	126	5	308
Past due > 90 days	754	756	754	761
Total Net Receivables	**6,700**	**9,105**	**10,301**	**10,766**
Plus Prepayments	293	294	558	682
Total Receivables	**6,993**	**9,399**	**10,859**	**11,448**
Individual Impairment	743	701	743	701
Collective Impairment	0	0	0	0
Total Provision for Impairment	**743**	**701**	**743**	**701**
Current	190	0	190	0
Past due 1-30 days	0	0	0	0
Past due 31-60 days	5	0	5	0
Past due 61-90 days	1	0	1	0
Past due > 90 days	547	701	547	701
Total Individual Impairment	**743**	**701**	**743**	**701**
Balance at 1 July	**(701)**	**(886)**	**(701)**	**(886)**

Aging and Impairment of Receivables ($000's)	COUNCIL		GROUP	
	2026 ACTUAL	2025 ACTUAL	2026 ACTUAL	2025 ACTUAL
Additional expected credit loss provisions made during the year	(240)	(26)	(240)	(26)
Receivables written off during the period	198	211	198	211
Balance at 30 June	**(743)**	**(701)**	**(743)**	**(701)**

The Chief Executive approved the write off rates receivable during the year under the Local Government (Rating) Act 2002 as follows:

- Section 90A $141,929 (2025: $182,462)
- Section 90B $nil (2025: $nil)

Note 16: Derivative Financial Instruments

($000's)	COUNCIL		GROUP	
	2026 ACTUAL	2025 ACTUAL	2026 ACTUAL	2025 ACTUAL
Current Asset Portion				
Interest rate swaps - cash flow hedges	15	0	15	0
Non Current Asset Portion				
Interest rate swaps - cash flow hedges	0	18	0	18
Total Derivative Financial Instrument Assets	**15**	**18**	**15**	**18**
Current Liability Portion				
Interest rate swaps - cash flow hedges	434	163	434	163
Non Current Liability Portion				
Interest rate swaps - cash flow hedges	14	357	14	357
Total Derivative Financial Instrument Liability	**448**	**520**	**448**	**520**

Interest Rate Swaps

The fair value of interest rate swaps held by Council has been determined by calculating the expected cashflows under the terms of the swaps and discounting these values to present value. The inputs into the valuation model are from independently sourced market parameters such as interest rate yield curves. Most market parameters are implied from instrument prices.

The notional principal amounts of the outstanding interest rate swap contracts for Council and Group were $20,000,000 (2025: $20,000,000) of which all were effective at balance date and $16,000,000 (2025: $16,000,000) swaps that have a future start date. At 30 June 2026 the fixed interest rates applicable to the swap contracts ranged from 2.89% to 4.65% (2025: 2.89% to 4.65%).

The Council and Group have no fair value hedges.

Note 17: Payables and Deferred Revenue

($000's)	COUNCIL		GROUP	
	2026 ACTUAL	2025 ACTUAL	2026 ACTUAL	2025 ACTUAL
Payables and Deferred Revenue under Exchange Transactions				
Trade Payables and Accrued Expenses	4,912	5,025	9,046	7,019
Related Party Payables	1,526	1,644	0	0
Retention Monies	789	1,106	413	1,106
Amounts due to Customers for Contract Work	0	0	0	0
Elected Members and Directors Fees Payable	0	0	0	0
Deferred Revenue	0	0	326	288

($000's)	COUNCIL		GROUP	
	2026 ACTUAL	2025 ACTUAL	2026 ACTUAL	2025 ACTUAL
Total	**7,227**	**7,775**	**9,785**	**8,413**
Payables and Deferred Revenue under Non Exchange Transactions				
GST and Income Tax Payable	0	0	716	124
Deposits and Bonds	85	54	85	54
Deferred Revenue	678	1,021	678	1,021
Total	**763**	**1,075**	**1,479**	**1,198**
Total Payables and Deferred Revenue	**7,990**	**8,850**	**11,264**	**9,611**

Payables are generally non-interest bearing and are normally settled on 30 day terms. Therefore, the carrying value of payables approximates their fair value.

Note 18: Borrowings

($000's)	COUNCIL		GROUP	
	2026 ACTUAL	2025 ACTUAL	2026 ACTUAL	2025 ACTUAL
Current				
Secured Loans	35,252	9,201	36,952	10,797
Lease Liabilities	7	6	7	6
Total Current	**35,259**	**9,207**	**36,959**	**10,803**
Non Current				
Secured Loans	3,000	24,000	6,533	29,226
Lease Liabilities	21	28	21	28
Total Non Current	**3,021**	**24,028**	**6,554**	**29,254**
Total Borrowings	**38,280**	**33,235**	**43,513**	**40,057**

Council

Council's borrowings consisted of $27,000,000 (2025: $27,000,000) Floating Rate Notes with a range of applicable interest rates of 3.25% to 3.45% (2025: 3.89% to 4.31%) and Commercial Paper of $11,000,000 (2025: $6,000,000) with applicable interest rate of 2.75% (2025: 3.53%).

The Westpac Call Advance was not drawn at 30 June 2026 (2025: Nil) with applicable interest rate of 3.55% (2025: 4.80%) when drawn.

All interest rates quoted above, except for the fixed rate bond are based floating rates with 90 day resets and include the interbank market interest rate (BKBM) or the Westpac prime interest rate plus credit margin. Interest rate exposure is hedged through executing Receive-Floating-Pay-Fixed interest rate swaps which effectively converts floating rate debt into a fixed rate. The effective weighted average interest rate for all floating rate notes, commercial paper and credit facility fees is 3.98% (2025: 4.49%).

There is a range of maturity dates apply for the Floating Rate Notes of August 2026 to August 2027 (2025: August 2025 to July 2027). The Commercial Paper (CP) has maturity date of July 2027 (2025: August). It is anticipated the maturing CP in August 2025 will be funded through the issue of new CP. However due the transfer of debt to Waikato Waters Limited, the initial maturity dates for debt to be transferred was altered to the 1 July 2026, being transfer date.

Council has a Wholesale Advance credit facility from Westpac Banking Corporation Limited with a limit of $6,000,000 (2025: $6,000,000) of which $6,000,000 (2025: $6,000,000) was available as at 30 June 2026. The maturity date of the facility is 1 July 2027 (2025: 1 July 2026).

Group

In addition to the facility held by Council, as noted above, Inframax Construction Limited has a bank overdraft of $1,000,000 (2025: $1,000,000) of which $1,000,000 (2025: $1,000,000) was undrawn. Asset Finance Facility of $6,600,000 (2025: $6,600,000) of which $2,008,000 (2025: $933,571) was undrawn. Term Loan of $625,000 (2025: $1,125,000) of which nil (2025: $0) was undrawn. It also has Performance Guarantees of $2,046,000 (2025:

$2,273,000).

Inframax Construction Limited undertook to achieve specified gearing, debt servicing and equity ratios each quarter. All gearing, debt servicing and equity ratios were met.

At balance date the loan which had a maturity date of 28 February 2027 had a fixed rate of 5.17% (2025: 5.87%) with repricing occurring in August 2026. Interest is payable between one and three months after the funds are drawn.

Stock Issued under Debenture Trust Deed
At 30 June 2026 the total amount of Stock issued and outstanding under the Debenture Trust Deed was:

	COUNCIL	
($000's)	**2026 ACTUAL**	**2025 ACTUAL**
Debenture Stock	38,078	33,053
Security Stock	45,000	45,000
Total Stock Issued	**83,078**	**78,053**

Security Stock issued is a general security instrument issued to Westpac Banking Corporation Limited for security of the Call Advance facility and Interest Rate Swap contracts. No principal money was owing under the Security Stock (2025: Nil).

Security Stock (Floating Nominal Amount)

Security Stock for a floating nominal amount has been issued to TEL Security Trustee (NZ LGFA) Limited for the guarantee and indemnity of the New Zealand Local Government Funding Agency Limited of which Council is one of 74 (2025: 72) local authority guarantors of thereof. Additional disclosure of this guarantee and indemnity is provided in Note 27: Contingencies.

Security Stock for a floating nominal amount has been issued to the New Zealand Local Government Funding Agency Limited for accession to the Multi-Issuer Deed, the Equity Commitment Deed and in respect to debt securities issued to the NZ LGFA since 19 June 2017.

Security

Council
Council borrowings are secured over annual rates on every rateable property within the Waitomo District. On the 6 August 2010 a Debenture Trust Deed was executed, whereby security in the form of a charge over rates revenue is held by a trustee for the benefit of Council's lenders.

The Debenture Trust Deed was amended on the 10 April 2017 and additional deeds were acceded to join as guarantor and borrower from the NZ LGFA.

Group
In addition to security issued by Council, security in the form of a General Security Deed over all present and after acquired property of Inframax Construction Ltd dated 27 February 2022 and a Senior Facility Agreement is held by the ASB Bank Limited was amended and restated 2 March 2023.

Finance Leases
Finance lease liabilities are effectively secured as the right to the leased asset reverts to the lessor in the event of default.

Analysis of Finance Lease Liabilities	COUNCIL		GROUP	
($000's)	**2026 ACTUAL**	**2025 ACTUAL**	**2026 ACTUAL**	**2025 ACTUAL**
Total Minimum Lease Payments Payable				
Not later than one year	7	6	7	6
Later than one year and not later than five years	21	28	21	28
Present Value of Minimum Lease Payments	**28**	**34**	**28**	**34**

The finance leases are for various items of office equipment. The net carrying amount of the leased items is shown as a separate class of property, plant, and equipment as disclosed in note 21. The finance lease can be renewed at the Group's option. There is an option to purchase the assets at the end of the lease term and there are no restrictions placed on Group by any of the finance leasing arrangements.

Internal Loans

Internal borrowings are eliminated on consolidation of activities of Council's financial statements. The following table summarises the internal loans held for each group of activities.

($000's)	OPENING BALANCE 1 JULY 2025	LOAN REPAYMENTS	LOANS RAISED	CLOSING BALANCE 30 JUNE 2026	INTERNAL INTEREST PAID
Activity Loans					
Leadership	195	(50)	27	173	(4)
Recreation and Property	6,382	(316)	105	6,173	(99)
Regulatory Services	4	(1)	0	4	0
Solid Waste	4,699	(373)	186	4,512	(91)
Stormwater	1,285	(41)	526	1,771	(25)
Resource Management	3,047	(231)	85	2,902	(59)
Wastewater	11,085	(637)	460	10,908	(215)
Water Supply	15,075	(570)	6,003	20,509	(292)
Roads and Footpaths	15,021	(967)	70	14,124	(291)
Total	**56,793**	**(3,186)**	**7,462**	**61,076**	**(1,076)**

Note 19: Provisions

Provision for Landfill Aftercare

Council owns the Waitomo District Landfill and is responsible for a number of closed landfill sites located in Te Kūiti, Mōkau, Piopio, Aria and Maniaiti/Benneydale. Council has closure and post closure responsibilities for these landfills imposed under the resource consents issued and non-compliance may lead to prosecution under the Resource Management Act.

Closed Landfills

For the closed landfills at Mōkau, Piopio, Aria and Maniaiti/Benneydale it became apparent that leachates discharging into the ground water and surface water had become inert and Council was to be released from ongoing leachate monitoring of these sites. The provision for the prior year was reduced accordingly in recognition of these reduced future costs. However, it has now become apparent that future ongoing monitoring will be required including additional costs for access fees to these sites and the provision in respect of the closed landfills has been increased as a result.

Waitomo District Landfill

For the operational landfill, located at William Street, Te Kūiti, closure responsibilities include final cover application and vegetation, completing facilities for leachate collection, ground water quality and gas monitoring, ongoing site maintenance, including weed and pest control and remedial measures if required.

On 30 June 2026 the landfill was closed with no further refuse being deposited into the landfill cells and an intermediate layer cover was applied. The new consent, although granted is not activated but is available should circumstances change making further development of the landfill cells economic. Nothwithstanding this the cost estimate for final capping and site stabilisation was revised, totalling $911,000 over two years. Post closure monitoring costs of $11,000 per for 30 years is assumed. Costs expressed on a non-inflated or non-discount basis.

(2025: Council gained a resource consent for additional capacity of 467,000m3 for the Waitomo District Landfill, whereas the old, consented capacity was for 268,000m3. Council at its option has opted to close the landfill under the existing old consent and keep the new consent in place but unexercised. The impact of this decision is to bring forward both the final capping costs and post closure monitoring costs. Capping costs are forecast to be $550,000 and will be undertaken during 2026 and monitoring costs to $11,000 for the following 30 years, with costs expressed on a non-inflated or non-discounted basis. There is an ongoing obligation of maintenance of the site, however due to the cost of this amount is unknown it has not been included in the provision calculation).

Discount and Inflation Rates

The discount rates used range from 4.80% to 5.85% (2025: 3.14% to 5.99%) and inflation rates range from 1.96% to 2.70% (2025: 1.98% to 2.10%).

Provision for Long Term Maintenance for 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 35 year maintenance plan for the facility. The provision is based on forecast expected maintenance that is significant, with minor expenditure being expensed when incurred. The major maintenance items includes amount other items, replacement lighting, replacement perforated corrugate ceiling lining, replacement fire alarm system, metal structure repainting and exterior Colorsteel replacement.

The provision calculation is based on expected expenditure of the first ten years of the 35 year maintenance plan, with inflation rates of between 1.98% and 2.70% (2025: 1.8% to 2.2%) being applied. Discounting of future costs has not been applied.

Group

In addition to Council's provision the following provision is applicable to the Group.

Defect liabilities in respect of Construction Contracts

The company has a provision of $43,000 (2025: $41,000) in relation to the defect liability period of construction contracts. The defect liability period is 12 months from practical completion being issued).

Uncertainty Around Provisions

These are the key assumptions around the calculation of the provision, however due to the long-term nature of the liability, there are inherent uncertainties in estimating costs that will be incurred.

	COUNCIL		GROUP	
($000's)	**2026 ACTUAL**	**2025 ACTUAL**	**2026 ACTUAL**	**2025 ACTUAL**
Provision for Landfill Aftercare				
Balance at 1 July	812	478	812	478
Amounts provided in the period	355	324	355	324
Unused Provision Reversed	1	0	1	0
Amounts used during the year	(6)	(2)	(6)	(2)
Discount unwinding	11	12	11	12
Balance at 30 June	**1,173**	**812**	**1,173**	**812**
Gallagher Recreation Centre Long Term Maintenance Provision				
Balance at 1 July	103	51	103	51
Additions to the Provision for the Year	54	52	54	51
Balance at 30 June	**157**	**103**	**157**	**102**
Provision for Enforceable Undertaking				
Balance at 1 July	0	0	0	251
Amounts used during the year	0	0	0	(251)
Balance at 30 June	**0**	**0**	**0**	**0**
Provision for Legal Fees				
Balance at 1 July	0	0	0	250
Unused Provision Reversed			0	(250)
Balance at 30 June	**0**	**0**	0	**0**
Defects Liabilities in Respect of Construction Contracts				
Balance at 1 July	0	0	41	0
Amounts provided in the period	0	0	33	41
Amounts used during the year	0	0	(31)	0

($000's)	COUNCIL		GROUP	
	2026 ACTUAL	2025 ACTUAL	2026 ACTUAL	2025 ACTUAL
Balance at 30 June	**0**	**0**	**43**	**41**
Total Provisions	**1,330**	**915**	**1,373**	**956**
This is made up of:				
Current	859	567	902	608
Non Current	471	348	471	348
Total Provisions	**1,330**	**915**	**1,373**	**956**

Note 20: Employee Entitlements

($000's)	COUNCIL		GROUP	
	2026 ACTUAL	2025 ACTUAL	2026 ACTUAL	2025 ACTUAL
Accrued Pay	41	344	581	810
Annual, Long Service and Sick Leave	619	671	1,510	1,495
Total Employee Entitlements	**660**	**1,015**	**2,092**	**2,305**
This is made up of:				
Current entitlements	660	1,015	2,092	2,305
Total Employee Entitlements	**660**	**1,015**	**2,092**	**2,305**

Note 21: Property, Plant and Equipment

Council 2026 $000's	Cost/ Revaluation 30.06.25	Acc Depn & Impairment Charges 30.06.25	Carrying Value 30.06.25	Current Year Additions	Current Year Disposals	Reclassification	Current Year Depreciation	Revaluation Gain/(Loss) & Impairment Charges	Cost/ Revaluation 30.06.26	Acc Depn & Impairment Charges 30.06.26	Carrying Value 30.06.26
Operational Assets											
Land	8,121	0	8,121	0	0	(91)	0	0	8,030	0	8,030
Buildings	14,059	0	14,059	217	73	0	1,107	(80)	14,043	1,007	13,016
Plant and equipment	1,186	672	514	93	10	0	97	0	1,269	769	500
Motor Vehicles	3,812	2,788	1,024	447	54	0	221	0	4,205	3,009	1,196
Furniture and fittings	1,997	1,503	494	33	0	0	52	0	2,030	1,555	475
Computers	3,203	2,651	552	44	1	0	199	0	3,246	2,850	396
Library Books	1,459	1,304	155	48	6	0	46	0	1,501	1,3506	151
Finance leases – office equipment	102	71	31	0	0	0	7	0	102	78	24
Total Operational Assets	**33,939**	**8,989**	**24,950**	**882**	**144**	**(91)**	**1,729**	**80**	**34,426**	**24**	**23,788**
Restricted Assets											
Land	11,771	0	11,771	0	0	0	0	0	11,771	0	11,771
Buildings	10,419	0	10,419	63	95	0	547	0	10,387	547	9,840
Total Restricted Assets	**22,190**	**0**	**22,190**	**63**	**95**	**0**	**547**	**0**	**22,158**	**547**	**21,611**
Infrastructural Assets											
Land	2,301	0	2,301	2	0	0	0	0	2,303	0	2,303
Roads	557,487	10,160	547,327	15,364	9	0	5,696	(1,208)	555,778	0	555,778
Water Reticulation	33,140	0	33,140	1,215	487	0	1,099	(295)	33,278	804	32,474
Sewerage Reticulation	37,853	0	37,853	1,250	61	0	1,198	(1,410)	36,434	0	36,434
Stormwater Systems	15,998	0	15,998	912	44	0	341	0	16,866	341	16,525
Refuse Systems	6,110	392	5,718	579	0	0	112	373	6,558	0	6,558
Land under Roads	9,956	0	9,956	0	0	0	0	0	9,956	0	9,956
Total Infrastructural Assets	**662,845**	**10,552**	**652,293**	**19,322**	**601**	**0**	**8,446**	**(2,540)**	**661,173**	**1,145**	**660,028**
Contract Work in Progress	2,307	0	2,307	7,992	3,511	0	0	(123)	6,665	0	6,665
Total Council Assets	**721,281**	**19,541**	**701,740**	**28,259**	**4,351**	**(91)**	**10,722**	**(2,743)**	**728,422**	**12,330**	**712,092**

Council 2025 $000's	Cost/ Revaluation 30.06.24	Acc Depn & Impairment Charges 30.06.24	Carrying Value 30.06.24	Current Year Additions	Current Year Disposals	Reclassification	Current Year Depreciation	Revaluation Gain/(Loss) & Impairment Charges	Cost/ Revaluation 30.06.25	Acc Depn & Impairment Charges 30.06.25	Carrying Value 30.06.25
Operational Assets											
Land	9,368	0	9,368	0	321	(299)	0	(627)	8,121	0	8,121
Buildings	13,617	1,900	11,717	307	441	(84)	983	3,543	14,059	0	14,059
Plant and equipment	1,040	593	447	146	0	0	79	0	1,186	672	514
Motor Vehicles	3,394	2,562	832	482	64	0	226	0	3,812	2,788	1,024
Furniture and fittings	1,978	1,452	526	19	0	0	51	0	1,997	1,503	494
Computers	3,119	2,433	686	84	0	0	218	0	3,203	2,651	552
Library Books	1,415	1,259	156	45	1	0	45	0	1,459	1,304	155
Finance leases – office equipment	66	58	8	36	0	0	13	0	102	71	31
Total Operational Assets	**33,997**	**10,257**	**23,740**	**1,119**	**827**	**(383)**	**1,615**	**2,916**	**33,939**	**8,989**	**24,950**
Restricted Assets											
Land	11,870	0	11,870	0	0	3	0	(102)	11,771	0	11,771
Buildings	8,054	872	7,182	917	72	(29)	464	2,885	10,419	0	10,419
Total Restricted Assets	**19,924**	**872**	**19,052**	**917**	**72**	**(26)**	**464**	**2,783**	**22,190**	**0**	**22,190**
Infrastructural Assets											
Land	2,995	0	2,995	0	0	0	0	(694)	2,301	0	2,301
Roads	543,157	4,871	538,286	14,330	0	0	5,289	0	557,487	10,160	547,327
Water Reticulation	31,244	1,847	29,397	887	147	0	947	3,950	33,140	0	33,140
Sewerage Reticulation	35,492	2,153	33,339	661	17	0	1,038	4,908	37,853	0	37,853
Stormwater Systems	13,289	509	12,780	554	5	0	258	2,927	15,998	0	15,998
Refuse Systems	5,749	113	5,636	361	0	0	279	0	6,110	392	5,718
Land under Roads	9,956	0	9,956	0	0	0	0	0	9,956	0	9,956
Total Infrastructural Assets	**641,882**	**9,493**	**632,389**	**16,793**	**169**	**0**	**7,811**	**11,091**	**662,845**	**10,552**	**652,293**
Contract Work in Progress	3,453	0	3,453	3,432	4,578	0	0	0	2,307	0	2,307
Total Council Assets	**699,256**	**20,622**	**678,634**	**22,261**	**5,646**	**(409)**	**9,890**	**16,790**	**721,281**	**19,541**	**701,740**

Group 2026 $000's	Cost/ Revaluation 30.06.25	Acc Depn & Impairment Charges 30.06.25	Carrying Value 30.06.25	Current Year Additions	Current Year Disposals	Reclassification	Current Year Depreciation	Revaluation Gain/(Loss) & Impairment Charges	Cost/ Revaluation 30.06.26	Acc Depn & Impairment Charges 30.06.26	Carrying Value 30.06.26
Operational Assets											
Land	9,239	0	9,239	0	0	(91)	0	2	9,150	0	9,150
Buildings	17,523	924	16,599	378	76	0	1,210	(80)	17,665	2,054	15,611
Plant and equipment	1,186	672	514	93	10	0	97	0	1,269	769	500
Motor Vehicles	25,664	13,999	11,665	701	134	0	1,780	(60)	25,487	15,094	10,393
Furniture and fittings	652	437	215	6	0	0	43	0	658	480	178
Computers	2,993	2,321	672	82	5	0	133	0	3,070	2,454	616
Library Books	3,203	2,651	552	44	1	0	199	0	3,246	2,850	396
Finance leases – office equipment	1,459	1,304	155	48	6	0	46	0	1,501	1,350	151
Total Operational Assets	**62,092**	**22,450**	**39,642**	**1,352**	**303**	**(91)**	**3,515**	**(138)**	**62,148**	**25,129**	**37,019**
Restricted Assets											
Land	11,771	0	11,771	0	0	0	0	0	11,771	0	11,771
Buildings	10,419	0	10,419	63	95	0	547	0	10,387	547	9,840
Total Restricted Assets	**22,190**	**0**	**22,190**	**63**	**95**	**0**	**547**	**0**	**22,158**	**547**	**21,611**
Infrastructural Assets											
Land	2,301	0	2,301	2	0	0	0	0	2,303	0	2,303
Roads	556,472	10,160	546,312	15,433	9	0	5,696	(1,208)	555,847	0	555,847
Water Reticulation	33,140	0	33,140	1,215	486	0	1,099	(295)	33,279	804	32,475
Sewerage Reticulation	37,853	0	37,853	1,250	61	0	1,198	(1,410)	36,434	0	36,434
Stormwater Systems	15,998	0	15,998	912	44	0	341	0	16,866	341	16,525
Refuse Systems	6,110	392	5,718	579	0	0	112	373	6,558	0	6,558
Land under Roads	9,956	0	9,956	0	0	0	0	0	9,956	0	9,956
Total Infrastructural Assets	**661,830**	**10,552**	**651,278**	**19,391**	**600**	**0**	**8,446**	**(2,540)**	**661,243**	**1,145**	**660,098**
Contract Work in Progress	2,375	0	2,375	8,911	3,487	0	0	(123)	7,676	0	7,676
Total Council Assets	**748,487**	**33,002**	**715,485**	**29,717**	**4,485**	**(91)**	**12,508**	**(2,801)**	**753,225**	**26,821**	**726,404**

Group 2025 $000's	Cost/ Revaluation 30.06.24	Acc Depn & Impairment Charges 30.06.24	Carrying Value 30.06.24	Current Year Additions	Current Year Disposals	Reclassification	Current Year Depreciation	Revaluation Gain/(Loss) & Impairment Charges	Cost/ Revaluation 30.06.25	Acc Depn & Impairment Charges 30.06.25	Carrying Value 30.06.25
Operational Assets											
Land	10,363	0	10,363	0	323	(299)	0	(502)	9,239	0	9,239
Buildings	17,250	2,729	14,521	401	441	(84)	1,078	3,280	17,523	924	16,599
Plant and equipment	1,040	593	447	146	0	0	79	0	1,186	672	514
Motor Vehicles	22,977	13,262	9,715	3,981	180	0	1,851	0	25,664	13,999	11,665
Quarry Production Equipment	652	390	262	0	0	0	47	0	652	437	215
Furniture and fittings	2,902	2,185	717	92	1	0	136	0	2,993	2,321	672
Computers	3,119	2,433	686	84	0	0	218	0	3,203	2,651	552
Library Books	1,415	1,259	156	45	1	0	45	0	1,459	1,304	155
Finance leases – office equipment	137	129	8	36	0	0	13	0	173	142	31
Total Operational Assets	**59,855**	**22,980**	**36,875**	**4,785**	**946**	**(383)**	**3,467**	**2,778**	**62,092**	**22,450**	**39,642**
Restricted Assets											
Land	11,870	0	11,870	0	0	3	0	(102)	11,771	0	11,771
Buildings	8,054	872	7,182	917	72	(29)	464	2,885	10,419	0	10,419
Total Restricted Assets	**19,924**	**872**	**19,052**	**917**	**72**	**(26)**	**464**	**2,783**	**22,190**	**0**	**22,190**
Infrastructural Assets											
Land	2,995	0	2,995	0	0	0	0	(694)	2,301	0	2,301
Roads	542,507	4,871	537,636	13,965	0	0	5,289	0	556,472	10,160	546,312
Water Reticulation	31,244	1,847	29,397	887	147	0	947	3,950	33,140	0	33,140
Sewerage Reticulation	35,492	2,153	33,339	661	17	0	1,038	4,908	37,853	0	37,853
Stormwater Systems	13,289	509	12,780	554	5	0	258	2,927	15,998	0	15,998
Refuse Systems	5,749	113	5,636	361	0	0	279	0	6,110	392	5,718
Land under Roads	9,956	0	9,956	0	0	0	0	0	9,956	0	9,956
Total Infrastructural Assets	**641,232**	**9,493**	**631,739**	**16,428**	**169**	**0**	**7,811**	**11,091**	**661,830**	**10,552**	**651,278**
Contract Work in Progress	3,572	0	3,572	3,381	4,578	0	0	0	2,375	0	2,375
Total Council Assets	**724,583**	**33,345**	**691,238**	**25,511**	**5,765**	**(409)**	**11,742**	**16,652**	**748,487**	**33,002**	**715,485**

Valuation

Land (operational, restricted, and infrastructural)

The valuations for both land and buildings were performed by an independent registered valuers Ashley Pont, Mairi MacDonald and Maria McHugh from Quotable Value Limited performed Council's valuation and an independent valuer performed Inframax Construction Limited valuation. The valuation is effective as at 30 June 2025.

Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values. Adjustments have been made to the "unencumbered" land value where there is a designation against the land or the use of the land is restricted because of reserve or endowment status. These adjustments are intended to reflect the negative effect on the value of the land where an owner is unable to use the land more intensely.

Asset Class	Valuation Date	Total Value
Council: Operational, Restricted and Infrastructural Land	30 June 2025	$22,193,000
Inframax Construction Limited: Operational Land	30 June 2025	$1,120,000

Buildings (operational and restricted)

Specialised buildings are valued at fair value using depreciated replacement cost because no reliable market data is available for such buildings.

Depreciated replacement cost is determined using a number of significant assumptions. Significant assumptions include:

- The replacement asset is based on the replacement with modern equivalent assets with adjustments where appropriate for obsolescence due to over-design or surplus capacity.
- The replacement cost is derived from recent construction contracts of similar assets and Property Institute of New Zealand cost information.
- The remaining useful life of assets is estimated.
- Straight-line deprecation has been applied in determining the depreciated replacement cost value of the asset.

Non-specialised buildings (for example, residential buildings) are valued at fair value using market-based evidence. Market rents and capitalisation rates were applied to reflect market value. These valuations include adjustments for estimated building strengthening costs for earthquake prone buildings and the associated lost rental during the time to undertake the strengthening work.

Asset Class	Valuation Date	Total Value
Council: Operational and Restricted Buildings	30 June 2025	$24,478,000
Inframax Construction Limited: Operational Buildings	30 June 2025	$2,536,000

Infrastructural asset classes: water utilities infrastructure, refuse systems and roads.

The valuation of utilities infrastructure; sewerage reticulation, water reticulation, and storm water systems refuse systems and roads was performed by an independent registered valuer, Miles Wyatt, Mark Gordon (for roading) an independent valuer from AECOM New Zealand Limited. The valuation for sewage reticulation, water reticulation and storm water systems is effective as at 30 June 2025 and for Refuse Systems and Roads as at 30 June 2026.

The valuation method use for all these asset classes was the depreciated replacement cost method. There are a number of estimates and assumptions used in this valuation method. These include:

- Estimating any obsolescence or surplus capacity of the asset.
- Estimating the replacement cost of the asset. The replacement cost is derived from recent construction contracts in the region for similar assets.
- Estimates of the remaining useful life over which the asset will be depreciated. These estimates can be affected by the local conditions. If useful lives do not reflect the actual consumption of the benefits of the asset, then the Council could be over or under-estimating the annual deprecation charge recognised as an expense in the statement of comprehensive revenue or expense. To minimise this risk, infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration, and condition-modelling are also carried out regularly as part of asset management planning activities, which provides further assurance over useful life estimates.

Set out below is the summary of current valuations for infrastructural asset classes.

Asset Class	Valuation Date	Total Value *(Optimised Depreciated Replacement Cost)*
Roads	30 June 2026	$555,778,000
Refuse Systems	30 June 2026	$6,558,000
Storm water systems	30 June 2025	$15,998,000
Wastewater Reticulation	30 June 2025	$37,853,000
Water Supply Reticulation	30 June 2025	$33,140,000

Land under roads

Land under roads was valued based on fair value of adjacent land determined by Adrian Doyle of Doyle Valuations Limited, effective 1 July 2001. On transition to NZ IFRS, the Council elected to use the fair value of land under roads as at 1 July 2001 as deemed cost and land under roads is no longer revalued.

Quarry Production Equipment

The valuation of heavy quarry production equipment held by Inframax Construction Limited was performed by an independent registered valuer. The valuation is effective as at 14 August 2024. All quarry production equipment is used or held for operational requirements and as such is valued under the requirements of NZ IAS 16 using a market comparison approach taking into consideration recent sales of similar assets.
An impairment test is performed each year to ensure that the valuations do not materially differ from that which would be determined using fair value at the end of the reporting period.

Asset Class	Valuation Date	Total Value
Inframax Construction Limited: Quarry Production Equipment	14 August 2024	$367,000

Library collections

The library collection was valued by North Langley & Associates as at 1 July 2004. The value of the collection at that date was $493,000. Subsequent carrying values have been determined through subsequent additions, less accumulated depreciation and disposals. On transition to NZ IFRS the Council elected to use the fair value of library books as at 1 July 2004 as deemed cost and library books are no longer revalued.

Disposals

During the year a number of motor vehicles, library books and parts of operational property assets were disposed through being sold or replaced including Jennings St. Te Kūiti, flats and building and a dwelling on Esplanade, Te Kūiti. A number of water reticulation and plant projects were undertaken during the year as such replaced asset components were disposed of.

Transfers

A house and section and a bare land section, both located in Te Kūiti, are actively being offered to the market and consequently have been transferred to Assets Held for Sale asset class.

Work in progress

The total amount of property, plant, and equipment in the course of construction is $6,655,000 (2025: $2,307,000).

Leasing

The net carrying amount of plant and equipment held by Council under finance leases is $24,000 (2025: $31,000) and $24,000 (2025: $31,000) for the Group.

Reconciliation of Additions to Property, plant and equipment and Intangible Assets to Capital Expenditure in Note 28

The following assets were added to Property, plant and equipment and Intangible Assets which were included in the capital expenditure from Council significant activities.

Asset Class	Total Value
Capital Expenditure for the year included as Property, plant and equipment (Note 30)	**$24,836,000**
Total Additions to Property, Plant and Equipment (Note 21)	$28,259,000
Less Prior Years Work in Progress added (Note 21)	($3,423,000)
Total Asset Additions	**$24,836,000**

Note 22: Intangible Assets

($000's)	COUNCIL		GROUP	
	2026 ACTUAL	2025 ACTUAL	2026 ACTUAL	2025 ACTUAL
Software				
Cost				
Balance at 1 July	1,431	1,431	2,021	2,021
Additions	28	0	28	0
Disposals	(10)	0	(10)	0
Balance at 30 June	**1,449**	**1,431**	**2,039**	**2,021**
Accumulated Amortisation				
Balance at 1 July	1,361	1,325	1,951	1,915
Amortisation expense for the year	32	36	32	36
Impairment	0	0	0	0
Disposals	0	0	0	0
Balance at 30 June	**1,393**	**1,361**	**1,983**	**1,951**
Net Book Value at 30 June	**56**	**70**	**56**	**70**
Emission Trading Units				
Balance at 1 July	8	442	8	442
Additions	223	8	223	8
Amounts surrendered during the year	(224)	(442)	(224)	(442)
Balance at 30 June	**7**	**8**	**7**	**8**
Service Concession Asset				
Balance at 1 July	5,990	5,990	5,990	5,990
Additions	0	0	0	0
Balance at 30 June	**5,990**	**5,990**	**5,990**	**5,990**
Accumulated Amortisation				
Balance at 1 July	413	242	413	242
Amortisation expense for the year	171	171	171	171
Balance at 30 June	**584**	**413**	**584**	**413**
Net Book Value at 30 June	**5,406**	**5,577**	**5,406**	**5,577**
Balance at 30 June	**5,469**	**5,655**	**5,469**	**5,655**

Note 23: Investment Property

($000's)	COUNCIL		GROUP	
	2026 ACTUAL	2025 ACTUAL	2026 ACTUAL	2025 ACTUAL
Balance at 1 July	869	2,127	869	2,222
Transfer to Assets Held for Sale	(328)	(1 ,220)	(328)	(1,220)
Gains/(Losses) due to change in Fair Value	117	(38)	117	(38)
Balance at 30 June	**658**	**869**	**658**	**869**

The Riverview Heights Sections, Te Kūiti land assets were transferred to Assets Held for Sale, in light of a conditional sales contract entered into with an entity who is planning an extensive housing development for the land.

The valuation of investment property was performed by Mairi MacDonald, Maria McHugh and James Jennings, independent valuers from Quotable Value Limited. They are experienced valuers with extensive market knowledge in the types and location of the investment properties owned by Council.

The fair value of investment property has been determined using either the Direct Sales Approach or the Income Approach. The Direct Sales Approach was used as an estimate of value based on a comparison of the asset to similar assets that have recently sold, with adjustments made for the assets physical features and condition. Where the Income Approach was used, it reflects what a prudent investor would pay for an asset given an expected return with

consideration of the risks involved in the investment and two approaches were used; capitalisation of income and discounted cash flow.

The valuation was effective as at 30 June 2026.

Note 24: Assets Held for Sale

($000's)	COUNCIL		GROUP	
	2026 ACTUAL	2025 ACTUAL	2026 ACTUAL	2025 ACTUAL
Balance at 1 July	956	0	956	0
Transfer from Property, plant and equipment	91	409	91	409
Transfer from Investment Properties	328	1,220	328	1,220
Additions	2	0	2	0
Changes in fair value less expected sales costs.	(264)	(673)	(264)	(673)
Disposals	(810)	0	(810)	0
Balance at 30 June	**303**	**956**	**303**	**956**
This is made up of:				
Current	303	956	303	956
Current Assets held for Sale	**303**	**956**	**303**	**956**

Assets Held for Sale consist of three asset groups; The River View Heights sections, located in Te Kūiti which are subject to a conditional sales contract to an entity for the purposes of residential housing development. In addition to this a house and section and bare section, both located in Te Kūiti is being actively marketed on the open market.

The carrying value of assets is at the lessor of market value less sales costs or carrying value.

Note 25: Capitalised Quarry Development Costs

($000's)	COUNCIL		GROUP	
	2026 ACTUAL	2025 ACTUAL	2026 ACTUAL	2025 ACTUAL
Balance at 1 July	0	0	1,657	1,303
Stripping costs capitalised during the year	0	0	10	559
Stripping & building costs amortised (with raw materials cost)	0	0	(184)	(205)
Balance at 30 June	**0**	**0**	**1,483**	**1,657**
This is made up of:				
Current	0	0	280	280
Non Current	0	0	1,203	1,377
Total Capitalised Quarry Development Costs	**0**	**0**	**1,483**	**1,657**

Note 26: Capital and Operating Commitments

($000's)	COUNCIL		GROUP	
	2026 ACTUAL	2025 ACTUAL	2026 ACTUAL	2025 ACTUAL
Commitments for capital contracted but not provided for:				
Water supply assets	3,495	1,496	3,495	1,496
Road assets	11,154	15,678	11,154	15,678
Plant and Equipment	0	0	0	4
Operational buildings	0	37	0	37
Other assets	0	0	1,162	0
Total Capital Commitments	**14,649**	**17,211**	15,811	**17,215**
Operational Commitments				
Not later than one year	10,588	12,831	10,588	12,882
Later than one year but not later than five years	10,989	19,022	10,989	19,096
Later than five years	0	0	0	0
Total Operational Commitments	**21,577**	**31,853**	**21,577**	**31,978**

($000's)	COUNCIL		GROUP	
	2026 ACTUAL	2025 ACTUAL	2026 ACTUAL	2025 ACTUAL
Total Commitments	**36,226**	**49,064**	**37,388**	**49,193**

The operating lease is for various items of office equipment. The net carrying amount of the leased items is shown as a separate class of property, plant and equipment is disclosed in note 21. The finance lease can be renewed at the Council's option, with rents set by reference to current market rates for items of equivalent age and condition. The Council does have the option to purchase the assets at the end of the lease term. There are no restrictions placed on Council by any of the finance leasing arrangements.

Note 27: Contingencies

Council

Mining Licence
In respect of the mining licence for McKenzies Quarry, Council has provided the Ministry of Commerce with a land reinstatement bond of $10,700 (2025: $10,700), in lieu of a cash deposit.

Co-Lab

Council is a shareholder in Waikato Local Authority Shared Services Ltd (trading as Co-Lab). Co-Lab is jointly owned by 12 local authorities and has been set up to develop shared service initiatives, including a valuation database. There is uncalled capital of $34,221 (2025: $34,221) that Council may be required to pay if called. Council considers it unlikely that it will be called upon for the capital and therefore have not provided for this claim.

New Zealand Local Government Funding Agency Limited

Council is a guarantor of the New Zealand Local Government Funding Agency Limited (NZLGFA). The NZLGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. NZLGFA has a local currency rating from S&P Global Ratings of AAA and a foreign currency rating of AA+ and a local currency rating and foreign currency rating of AA+ from Fitch.

Guarantees
Accounting Standards require the Council to initially recognise the guarantee liability by applying the 12-month expected credit loss model (as fair value could not be reliably measured) and subsequently at the higher of the provision for impairment at balance date determined by the expected credit loss model and the amount initially recognised. At the end of financial year, the council have assessed the 12-month expected credit losses of the NZLGFA guarantee liability, based on market information of the underlying assets held by the NZLGFA. The estimated 12-month expected credit losses are immaterial due to the extremely low probability of default by the NZLGFA in the next 12 months, and therefore, the council have not recognised a liability.

Uncalled capital
As at 30 June 2026, there were 30 local authority shareholders and 74 (2025: 72) local authority guarantors of the NZLGFA of which Council is a guarantor. [In that regard it has uncalled capital of $20m. When aggregated with the uncalled capital of other shareholders, $20m is available in the event that an imminent default is identified]. Also, together with the other shareholders and guarantors, the Council is a guarantor of all of NZLGFA's borrowings. At 30 June 2025, NZLGFA had borrowings totalling $26,977m (2025: $25,038m).

The Council considers the risk of NZLGFA defaulting on repayment of interest or capital to be very low on the basis that:

- We are not aware of any local authority debt default events in New Zealand; and
- Local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

Waikato Waters Limited

Guarantees
Council is a guarantor of Waikato Waters Limited (WWL). WWL was incorporated in 25 July 2025 with the purpose of providing water and wastewater services to the greater Waikato region. To enable WWL to borrow from the NZLGFA, Council along with other shareholding councils is required to provide a separate, bilateral guarantee in favour of NZLGFA specifically for WWL, in a specified proportions and that the guarantee is also joint and several.

At the end of financial year, the council have assessed the 12-month expected credit losses of the WWL guarantee liability, based on market information of the underlying assets held by the WWL. The estimated 12-month expected credit losses are immaterial due to the extremely low probability of default by the WWL in the next 12 months, and therefore, the council have not recognised a liability.

New Zealand Mutual Liability Riskpool

Waitomo District Council was previously a member of the New Zealand Mutual Liability Riskpool scheme ('Riskpool'). The Scheme is in wind down; however, the Council has an ongoing obligation to contribute to the scheme should a call be made in respect of any historical claims (to the extent those claims are not covered by reinsurance), and to fund the ongoing operation of the scheme. The likelihood of any call, in respect of historical claims, diminishes with each year as limitation periods expire. However, as a result of the Supreme Court decision on 1 August 2023 in Napier City Council v Local Government Mutual Funds Trustee Limited, it has been clarified that Riskpool has a liability for that member's claim in relation to non-weathertight defects (in a mixed claim involving both weathertight and non-weathertight defects). Riskpool made a call on members with Waitomo District Council of call contribution being $20,000, paid September 2025 and has advised further calls will be likely to settle future claim liabilities as they arise.

Defective Water Infrastructure Pipe Installation

Recently installed pipes for waters infrastructure under three contracts are subject to a dispute with the contractor over the use of materials and installation methods not being to the required industry standards. The mediation process has been completed with an action agreed to resolve the defects.

Group

Contingent Liability for Unfulfilled Contractual Obligations and Quarry Rehabilitation and Maintenance Obligations.

In addition to the above, the group has a contingent liability of $173,000 in relation to rehabilitation and maintenance obligations at the expiry of grant of resource consents for a quarry operation by the company. Post balance date the Group has arranged with the ASB Limited for a bank guarantee of $29,000 in favour of Waikato Regional Council related to these resource consents.

Performance bonds have been issued in favour of local authorities and government agencies. The Group knows of no reason why these performance related bonds or guarantee would be called upon by external parties and therefore have not recognised them in the balance sheet.

Contingent Asset for Insurance Claim for Flood Damage

The Group has a contingent asset at balance date for an insurance claim for flood damage at a quarry in February 2022. The claim is yet to be settled for damaged assets to be either repaired or replaced.

Note 28: Operating Cashflow Reconciliation

The Operating cashflow reconciliation provides a link between the Surplus/Deficit amount from the Statement of Comprehensive Revenue and Expense (page 63) and cash flows from operating activities from the Cashflow Statement (page 65).

	COUNCIL		GROUP	
($000's)	**2026 ACTUAL**	**2025 ACTUAL**	**2026 ACTUAL**	**2025 ACTUAL**
Net Surplus/(Deficit)	9,641	5,661	10,698	5,638
Add/(Less) Non Cash Items				
Depreciation and Amortisation	10,294	10,097	12,710	11,949
Surrender of Carbon Credits	224	512	224	512
(Gain)/Loss in change of fair value of Investment Property	(116)	38	(116)	38
(Gain)/Loss in change of fair value less expected sales costs of Assets Held for Sale	264	673	264	673
Loss/(Gain) on Disposal of Assets or Impairment of Assets	614	152	586	126
Non cash acquisition of Assets	(1,216)	0	(1,216)	0
Unused Provision Amounts Reversed	(1)	(42)	(1)	(42)
Change in Deferred Taxation Asset/Liability	(468)	0	578	218
Add/(Less) Movements in Working Capital Items				
Increase/(Decrease) in Trade and Other Payables	(858)	1,960	1,023	(704)
(Increase)/Decrease in Trade and Other Receivables	2,387	(2,403)	584	(1,135)
(Increase)/Decrease in Other Financial Instruments	1,870	0	1,870	0

($000's)	COUNCIL		GROUP	
	2026 ACTUAL	2025 ACTUAL	2026 ACTUAL	2025 ACTUAL
(Increase)/Decrease in Inventories	18	23	(151)	58
Increase/(Decrease) in Employee Entitlements	(359)	46	(213)	(11)
Increase/(Decrease) in Provisions	414	387	416	(74)
Add/(Less) Items Classified as Investing or Financing Activities	(4,788)	1,361	(4,423)	1,769
Net Cash Flows from Operating Activities	**18,550**	**18,465**	**22,833**	**19,015**

Note 29: Capital Expenditure

($000's)		COUNCIL 2026 BUDGET	2026 ACTUAL	2025 ACTUAL
Capital by Significant Activity				
Leadership		580	507	751
Recreation and Property		611	396	1,134
Community and Partnerships		0	0	0
Regulatory Services		5	1	6
Solid Waste		2,650	575	399
Stormwater		1,136	1130	526
Wastewater		725	767	1,365
Water Supply		8,327	6,091	1,355
Roads and Footpaths		8,007	15,369	12,320
Total Capital Expenditure		**22,041**	**24,836**	**17,856**
Shown as Additions to				
Property, plant and equipment		22,041	24,808	17,856
Intangible assets		0	28	0
Investment Property		0	0	0
Total Capital Expenditure		**22,041**	**24,836**	**17,856**
Funded by				
Internal Loans		12,610	7,456	2,244
Subsidy Revenue and Contributions to Capital Expenditure		6,534	12,624	10,918
Rates Funding and Other Revenue		2,739	1,763	1,438
Reserve Funding		158	2,993	3,256
Total Capital Expenditure		**22,041**	**24,836**	**17,856**

Summary of Significant Capital Additions and Replacements

Activity (Total spend in $000's)	Description	Budget $000's	Actual Expenditure $000's		
			Additional demand	Improve performance	Replace existing asset
Leadership (Total spend $507)	Office furniture and equipment, computer hardware and licences, vehicles and plant equipment required to meet organisational needs.	567	0	17	490
	WDC administration building renovation and miscellaneous building renewals.	13	0	0	8
Recreation and Property (Total spend $396)	Better Off walkway project. This is fully funded by central government.		0	28	0
	Playground and park renewals		0	13	38
	Relocation of ablution block at Marokopa campground		0	105	0
	Aquatic Centre general renewals.	20	0	0	39
	Library book stock renewal to maintain the standard of books available, library technology and building renewals.	54	0	0	51
	Development of surplus land	331	0	15	0
	Miscellaneous renewals, elderly persons housing, public toilets, cemetery, street furniture and security cameras	206		16	91
Community and Partnerships (Total Spend $0)	Minor capital items	0	0	0	0
Regulatory Services (Total spend $1)	Animal and dog pound renewals	5	0	0	1
Solid Waste (Total spend $575)	Landfill cell development and gas flaring equipment.		0	0	0
	Transfer station improvement, highwall overburden, catchpits culverts at landfill.	2,650	0	102	118
	Landfill aftercare asset		0	355	0
Stormwater (Total spend $1,130)	Vested assets	0	0	459	0
	Stormwater improvements and rehabilitation and other minor renewals.	1,136	0	340	331
Wastewater (Total spend $767)	Vested assets	0	0	195	0
	Ongoing renewals of Council wastewater infrastructure assets, Sludge Disposal infrastructure, pipes, pump stations and treatment plants.	300	0	0	79
	Te Kūiti Wastewater mains and reticulation renewals.	425	0	0	493
Water Supply (Total spend $6,091)	Vested assets	0	0	199	0
	Te Kūiti water resilience project construction	7,000	0	4,976	0
	Ongoing improvements and renewal of water supply infrastructure assets, covering reticulation, treatment plant, resource consent and other improvements.	1,327	0	116	800
Roads (Total spend $15,369)	Vested assets	0	0	361	0
	Area wide variable speed sign installations.	19	0	281	0
	Pavement rehabilitation renewals.	1,732	0	0	530
	Sealed surfacing renewals.	2,604	0	0	2,765
	Bridge and bridge structure replacement.	381	0	0	53
	Unsealed road metalling renewals.	898	0	0	1,455
	Storm and wet weather reinstatements.	714	0	0	7,126
	Other road renewals.	1,659	0	0	2,798
	Unsubsidised road improvements.	0	0	0	1
(Total spend $24,836)		**24,836**	**0**	**7,578**	**17,258**

Note 30: Financial Instruments

($000's)	COUNCIL		GROUP	
	2026 ACTUAL	2025 ACTUAL	2026 ACTUAL	2025 ACTUAL
Financial Instrument Categories				
Amortised Cost				
Cash and Cash Equivalents	5,701	3,014	10,774	5,405
Receivables Under Exchange and Non Exchange Transactions	7,443	9,806	11,046	11,467
Loans and Advances - Current	1,956	86	1,956	86
Loans and Advances - Non Current	154	917	154	917
Total Loans and Receivables	**15,254**	**13,823**	**23,930**	**17,875**
Fair Value through surplus and deficit (FVTSD)				
Derivative Financial Instrument Assets	15	18	15	18
Fair Value through other comprehensive revenue and expense (FVTOCRE)				
Unlisted Shares in Companies	20	20	20	20
Unlisted Shares in Subsidiaries	21,000	13,526	0	0
Total FVTOCRE	**21,020**	**13,546**	**20**	**20**
Financial Liabilities				
Fair Value through surplus and deficit (FVTSD)				
Derivative Financial Instrument Liabilities	448	520	448	520
Financial Liabilities at Amortised Cost				
Payables and Deferred Revenue under Exchange and Non Exchange Transactions - Current	3,081	7,775	6,745	8,249
Secured Loans - Current	35,252	9,201	36,951	10,797
Secured Loans - Non Current	3,000	24,000	6,533	29,226
Lease Liabilities - Current	7	6	7	6
Lease Liabilities – Non Current	21	28	21	28
Total Financial Liabilities at Amortised Cost	**41,361**	**41,010**	**50,257**	**48,306**

Credit Risk

Credit risk is the risk that a third party will default on its obligation to the Group, causing the Group to incur a loss. Due to the timing of its cash inflows and outflows, the Group holds surplus cash in interest bearing accounts which gives rise to credit risk.

The Group also minimises credit risk by limiting investments to registered banks, local government stock and other entities with a S&P Global Ratings credit rating no less than AA-.

The Group has no collateral or other credit enhancements for financial instruments that give rise to credit risk.

Guarantor of LGFA's borrowings

The Council is exposed to credit risk as a guarantor of all of LGFA's borrowings. Information about this exposure is explained in note 26. Council considers this risk to be extremely low.

Guarantor of Waikato Waters Limited's borrowings

The Council is exposed to credit risk as a guarantor of all of Waikato Waters Limited borrowings. Information about this exposure is explained in note 26. Council considers this risk to be extremely low.

Maximum Exposure to Credit Risk
Council's maximum credit exposure for each class of financial instrument is as follows:

($000's)	COUNCIL		GROUP	
	2026 ACTUAL	2025 ACTUAL	2026 ACTUAL	2025 ACTUAL
Cash and Cash Equivalents	5,701	3,014	10,774	5,405
Receivables Under Exchange and Non Exchange Transactions	7,443	9,806	11,046	11,467
Loans and Advances	2,110	1,003	2,110	1,003
Total Credit Risk	**15,254**	**13,823**	**23,930**	**17,875**

Credit Quality of Financial Assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to S&P Global Ratings credit rating (if available) or to historical information about counter-party default rates:

($000's)	COUNCIL		GROUP	
	2026 ACTUAL	2025 ACTUAL	2026 ACTUAL	2025 ACTUAL
Counter-parties with Credit Ratings:				
Cash and Cash Equivalents				
AA- Long Term Rating	5,701	3,014	10,774	5,405
Derivative Financial Instrument Assets				
AA- Long Term Rating	15	18	15	18
Other Financial Assets - Loans and Advances				
AAA Domestic Long Term	1,098	1,003	1,098	1,003

Debtors and other receivables mainly arise from Group's statutory functions, therefore there are no procedures in place to monitor or report the credit quality of debtors and other receivables with reference to internal or external credit ratings.

The Group has no significant concentrations of credit risk in relation to debtors and other receivables, as it has a large number of credit customers, mainly ratepayers, and the Council has a range of powers under the Local Government (Rating) Act 2002 to recover outstanding debts from the ratepayers, the property mortgagee and/or through property sales.

Liquidity Risk
Management of Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, and the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

The Group aims to maintain flexibility in funding by keeping committed credit lines available. The Group manages its borrowings in accordance with its funding and financial policies, which include the Treasury Policy (incorporating Council's investment and liability management policies)

Guarantor of LGFA borrowings

The Council is exposed to liquidity risk as a guarantor of all of LGFA's borrowings. This guarantee becomes collectable in the event of LGFA failing to pay its borrowings when they fall due. Information about this exposure is explained in note 26. Council considers this risk to be extremely low.

Guarantor of Waikato Waters Limited borrowings

The Council is exposed to liquidity risk as a guarantor of all of Waikato Waters Limited borrowings. This guarantee becomes collectable in the event of Waikato Waters Limited failing to pay its borrowings when they fall due. Information about this exposure is explained in note 26. Council considers this risk to be extremely low

Contractual Maturity Analysis of Financial Liabilities

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. Future interest payments on floating rate debt are based on the floating rate on the instrument at balance date. The amounts disclosed are the contractual un-discounted cash flows:

($000's)	Effective Interest Rates %	Carrying Amount $000's	Total Contractual Cashflows $000's	Less than One Year $000's	1-2 Years $000's	2-5 Years $000's	More than Five Years $000's
Council 2026							
Payables and Deferred Revenue under Exchange and Non Exchange Transactions - Current	0.00%	3,081	**3,081**	3,081	0	0	0
Finance Leases	7.25%	28	**33**	9	9	15	0
Secured Loans - Current	3.17%	35,252	**35,252**	35,252	0	0	0
Secured Loans – Non-current	3.38%	3,000	**3,187**	103	3,084	0	0
Derivative Financial Instruments	0.00%	448	**445**	430	15	0	0
Total		**41,809**	**41,998**	**38,875**	**3,108**	**15**	**0**
Council 2025							
Payables and Deferred Revenue under Exchange and Non Exchange Transactions - Current	0.00%	7,783	**7,775**	7,775	0	0	0
Finance Leases	7.25%	34	**41**	9	9	23	0
Secured Loans - Current	3.65%	9,201	**9,201**	9,201	0	0	0
Secured Loans – Non-current	4.18%	24,000	**25,760**	1,002	13,634	11,124	0
Derivative Financial Instruments	0.00%	520	**487**	165	204	139	(21)
Total		**41,538**	**43,264**	**18,152**	**13,847**	**11,286**	**(21)**
Group 2026							
Trade and other payables (Current)	0.00%	6,745	**6,745**	6,745	0	0	0
Lease Liabilities	7.25%	28	**33**	9	9	15	0
Secured Loans - Current	3.17%	36,951	**35,894**	35,894	0	0	0
Secured Loans - Non-current	3.38%	6,533	**8,410**	1,394	4,283	2,366	367
Derivative Financial Instruments	0.00%	448	**445**	430	15	0	0
Total		**50,705**	**51,527**	**44,472**	**4,307**	**2,381**	**367**
Group 2025							
Payables and Deferred Revenue under Exchange and Non Exchange Transactions - Current	0.00%	8,217	8,249	8,249	0	0	0
Lease Liabilities	7.25%	34	41	9	0	23	0
Secured Loans - Current	4.08%	10,797	10,797	10,797	0	0	0
Secured Loans - Non-current	4.28%	29,226	31,997	1,336	15,584	14,163	914
Derivative Financial Instruments	0.00%	520	487	165	204	139	(21)
Total		**48,794**	**51,571**	**20,556**	**15,797**	**14,325**	**893**

Sensitivity Analysis

The table below illustrates the potential impact on surplus/ (deficit) for reasonably possible market movements, with all other variables held constant, based on Group's financial instrument exposures at balance date. The impact on Equity is the same as the surplus/ (deficit) impact below except for cashflow hedges which only have an impact on equity. A movement of 50bps (basis points), which is 0.50% and represents managements' assessment of the reasonably possible change in interest rates:

($000's)	COUNCIL		GROUP	
	2026 ACTUAL	2025 ACTUAL	2026 ACTUAL	2025 ACTUAL
Interest Rate Risk				
Market Interest Rates increase by 50bps	(5)	(65)	(34)	(104)
Market Interest Rates decrease by 50bps	5	65	34	104

The sensitivity analysis is prepared assuming the amount of liability outstanding at balance date was outstanding for the whole year.

Explanation of Sensitivity Analysis - Council

Council has floating rate debt with a principal amount totalling $1,000,000 (2025: $13,000,000). A movement in interest rates of plus or minus 50bps would result in a movement of $5,000 (2025: $60,000). A movement in market interest rates on fixed rate debt does not have any impact because secured loans are accounted for at amortised cost using the effective interest method. Due to the debt settlement with NZ LGFA on 1 July 2026 as part of the water and wastewater amalgamation with Waikato Waters Limited, Council's exposure to interest rate fluctuations is now limited to remaining floating interest rate exposure debt relating to Council's investment in Inframax Construction Limited.

Explanation of Sensitivity Analysis - Group

Group has floating rate debt with a principal amount totalling $6,864,000 (2025: $19,822,000). A movement in interest rates of plus or minus 50bps would result in a movement of $104,000 (2025: $104,000). A movement in market interest rates on fixed debt does not have any impact because secured loans are accounted for at amortised cost using the effective interest method.

Fair Value

The carrying value of cash and cash equivalents, debtors and other receivables, loans, advances, current borrowings, creditors and other payables approximate their fair value. The fair value of non-current portion of borrowings of Council is $3,021,000 (2025: $24,467,000) and for the Group $6,551,000 (2025: $29,692,729).

Council holds a small shareholding interest in NZ Local Government Insurance Corporation Limited, Waikato Local Authority Shared Services Limited and Waikato Waters Limited, of which it has no intention of disposing of. The fair value of these unlisted companies cannot be reliably measured, due to a lack of an active market and lack of appropriate projected cash flow and revenue stream information for these securities.

Fair Value Measurement

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

($000's)	Level 1	Level 2	Level 3	Total
Council 2026				
Financial assets at FVTOCRE				
Unlisted Shares in Subsidiary	0	0	21,000	20,000
Unlisted Shares in Companies	0	0	20	20
	0	**0**	**21,020**	**20,020**
Financial Assets at FVTSD				
Derivative Financial Instrument Assets	0	15	0	15
Financial Liabilities at FVTSD				
Derivative Financial Instrument Liabilities	0	448	0	448

($000's)	Level 1	Level 2	Level 3	Total
Council 2025				
Financial assets at FVTOCRE				
Unlisted Shares in Subsidiary	0	0	13,526	13,526
Unlisted Shares in Companies	0	0	20	20
	0	**0**	**13,546**	**13,546**
Financial Assets at FVTSD				
Derivative Financial Instrument Assets	0	18	0	18
Financial Liabilities at FVTSD	0	520	0	520
Derivative Financial Instrument Liabilities				
Group 2026				
Financial Assets at FVTOCRE				
Unlisted Shares in Companies	0	0	20	20
Financial Assets at FVTSD				
Derivative Financial Instrument Assets	0	15	0	15
Financial Liabilities at FVTPL				
Derivative Financial Instrument Liabilities	0	448	0	448
Group 2025				
Financial Assets at FVTOCRE				
Unlisted Shares in Companies	0	0	20	20
Financial Assets at FVTSD				
Derivative Financial Instrument Assets	0	18	0	18
Financial Liabilities at FVTSD				
Derivative Financial Instrument Liabilities	0	520	0	520

Recognition of Level 3 fair value measurements of financial assets

The table below sets out the movement in fair value of Level 3 financial instruments.

	COUNCIL		GROUP	
($000's)	**2026 ACTUAL**	**2025 ACTUAL**	**2026 ACTUAL**	**2025 ACTUAL**
Balance at 1 July	13,526	12,883	20	20
Revaluation of financial assets at FVTOCRE	7,474	643	0	0
Balance at 30 June	**21,000**	**13,526**	**20**	**20**

Note 31: Related Party Transactions

The Council is the ultimate parent of the Group. Related parties include its subsidiary Inframax Construction Ltd, the Council's investment in Waikato Local Authority Shared Services Ltd and Civic Financial Services Ltd.

Council
Council has a 100% shareholding in Inframax Construction Ltd. The following related party transactions are included in Council's financial statements.

	COUNCIL	
($000's)	**2026 ACTUAL**	**2025 ACTUAL**
Transactions with Inframax Construction Ltd		
Road construction and maintenance expenditure	17,390	11,321
Dividends Received	200	200
Fees and charges and income from construction	115	36

($000's)	COUNCIL 2026 ACTUAL	COUNCIL 2025 ACTUAL
Balances Outstanding with Inframax Construction Ltd		
Payables	1,902	1,644
Receivables	2	1

Waikato Local Authority Shared Services

The Council has 1.6% of the issued shares in Waikato Local authority Shared Services Ltd Trading as Co-Lab.
The following related party transactions are included in the Council's financial statements.

($000's)	COUNCIL 2026	COUNCIL 2025
Revenue shared services	0	0
Expenses shared services	868	802

Waikato Waters Limited

Council was issued with shares and provided $1,012,000 establishment funding as a loan to Waikato Waters Ltd. The loan was subsequently repaid on the date of transition 1 July 2026.

($000's)	COUNCIL 2026	COUNCIL 2025
Interest Received	22	0
Balances Outstanding with Waikato Waters Ltd		
Other Financial Asset – Establishment Funds	1,012	0

Remuneration of the Chief Executive (Council)

In the 2025/26 financial year the total remuneration paid to the Council's Chief Executive was $304,956 (2025: $299,471).

Elected Representatives and Directors

($000's)	COUNCIL 2026 ACTUAL	COUNCIL 2025 ACTUAL	GROUP 2026 ACTUAL	GROUP 2025 ACTUAL
Mayor Robertson	132	127	132	127
Deputy Mayor Goddard (to 16.10.25)	25	90	25	90
Deputy Mayor Manawaiti (from 29.10.25)	58	0	58	0
Councillor New (to 16.10.25)	17	54	17	54
Councillor Goddard (from 16.10.25)	41	0	41	0
Councillor Manawaiti (to 28.10.25)	18	54	18	54
Councillor Osborne	57	56	57	56
Councillor Tasker	57	54	57	54
Councillor Todd (to 16.10.25)	17	54	17	54
Councillor Buckley (from 16.10.25)	41	0	41	0
Councillor Wallace (from 16.10.25)	41	0	41	0
Directors Fees	0	0	165	160
Total Elected Members Remuneration and Directors Fees	**504**	**489**	**669**	**649**

Key Management Personnel

($000's)	COUNCIL 2026 ACTUAL	COUNCIL 2025 ACTUAL	GROUP 2026 ACTUAL	GROUP 2025 ACTUAL
Elected Members and Directors				
Remuneration	504	489	669	649
Number of elected members and directors	7	7	11	11
Key Management Personnel				

Key Management Personnel ($000's)	COUNCIL		GROUP	
	2026 ACTUAL	2025 ACTUAL	2026 ACTUAL	2025 ACTUAL
Remuneration excluding contribution to a defined contribution plan	1,068	1,269	1,667	1,853
Contributions to a defined contribution plan	7	6	7	6
Total Remuneration	**1,075**	**1,275**	**1,674**	**1,859**
Full time equivalent members	5	6	10	11

Council's key management personnel include the Mayor, Councillors, Chief Executive and other senior management personnel. The Group's key management personnel include the Mayor, Councillors, Chief Executive and other senior management personnel and the Directors and executive staff of Inframax Construction Ltd. Due to the difficulty in determining the full time equivalent for elected members and directors, the number of elected members and directors has been reported instead of the full time equivalent.

Council Employees ($000's)	COUNCIL
	2026 ACTUAL
Total number of employees per remuneration band at 30 June:	
<$60,000	13
$60,000 - $79,999	25
$80,000 - $119,999	21
$120,000 - $299,999	10
Total Employees	**69**

Council Employees ($000's)	COUNCIL
	2025 ACTUAL
Total number of employees per remuneration band at 30 June:	
<$60,000	25
$60,000 - $79,999	27
$80,000 - $119,999	29
$120,000 - $289,999	10
Total Employees	**91**

The number of full time equivalent employees at 30 June 2026 was 63 (2025: 80).

Note 32: Severance payments

Council
There were five severance payments made during the year totalling $48,148: (2025: Nil).

Group
There were five severance payments made during the year totalling $48,148. (2025: Nil).

Note 33: Events after balance date

Waikato Waters Limited

After balance date Council, along with Waipa and South Waikato councils transferred their drinking water and wastewater services, assets and liabilities to a newly formed council controlled organisation; Waikato Waters Limited.

Waikato Waters Limited was incorporated on the 24 July 2025 as a council-controlled organisation and is jointly owned by Hauraki, Matamata-Piako, Otorohanga, South Waikato, Waipa and Waitomo district councils. Initially 100 $1 shares were issued to Council, however these were later cancelled and replaced with stage two shares issued proportionate to councils' number of connection and these share carry voting rights. Council has been issued with 4,944 shares.

The purpose of the company is to provide drinking water and wastewater services to the communities the company serves. Once the remaining three councils transfer their services, assets and liabilities the company will be responsible for 50,000 connections, 60 treatment plants and 2,300 km of pipes across the greater South Waikato – Hauraki plans region. Financial returns are not the primary objective of the company and any profits it does generate are to be reinvested in the company or reduce debt. Any distributions to shareholding councils are specifically prohibited.

The regulatory environment the company will operate under is multilayered and includes the Waters Services Act 2021, the Local Government (Water Services) Act 2025 and other acts and regulations. The company is and will be governed by an independent board of directors, who are appointed by the Shareholder Representatives Forum. The forum's membership is one elected member per each shareholding council, and its purpose is to oversee and provide direction to the Board and including the facilitation of a Statement of Expectations.

Throughout the 2025/26 financial year Council along with the shareholding councils contributed Establishment Funding of $1,012,000 to enable the company to establish its systems and processes in readiness for operations, asset and debt transfers with the first councils occurring on the 1 July 2026. These are recorded as Other Financial Instruments in Note 13.

On the 1st of July, Waipa, South Waikato and Waitomo district councils completed their transfers to Waikato Waters Limited. This included their operations, staff, assets and liabilities under a Transfer Agreement. As part of the transfer arrangements the establishment funding contributed by councils was repaid including interest. Waitomo District Council's assets of $83,738,000 including water supply and wastewater above and below assets, affected infrastructural land, motor vehicles and mobile plant were transferred. Waitomo District Councils external debt transferred which was based on the internal loan balances less credit balance reserves relating the water supply and wastewater was also transferred.

The method of transfer was the receipt of cash from Waikato Waters Limited which was immediately paid to LGFA on the day of transfer for the settlement of outstanding relevant debt. Total debt transferred was $32,564,000. There will be final washup calculation of assets and debt transferred in November 2026 after final balances are known from completion of the annual reporting process.

The transfer is accounted by under PBE IPSAS 40: PBE Combinations and the "net" amount transferred, being the value of the assets less that of the debt transferred will be accounted for as an intangible asset in Council's balance sheet. The value of the intangible asset is not recognised until the date of the transfer cannot be reliably measured until the value all assets and liabilities is finalised, which will occur during 226/27 financial year. This asset will not be amortised but will be subject to impairment testing, based on the going concern assumption applied to Waikato Waters Limited.

Under the transfer arrangements, there is a seamless transfer of services for ratepayers and connected properties. Billing for water and wastewater services will be carried out by Council for the 2026/27 financial year as a rate under the Rating Act 2002, then by the Company for 2027/28 as fees and charges.

There remains uncertainty of the financial impact for ratepayers for both fees and charges set by Waikato Waters Limited for drinking water and wastewater services and rates (and fees and charges) for Council for the remaining services provided by Council. Fees and charges set by Waikato Waters Limited will be subject to economic regulation by the Commerce Commission.

Local Government Reform

The Government is progressing a range of reforms that may have implications for the future structure and functions of local government in New Zealand. These reforms include the Simplifying Local Government programme, which is considering potential changes to local government arrangements and governance structures. As at the date of signing these financial statements, the outcomes, scope, implementation approach and timing of any reform remain uncertain and subject to further Government decisions.

The Council has prepared these financial statements on a going concern basis. At the date of signing, there is insufficient certainty regarding the outcome, timing, and potential impacts of local government reform to determine any financial implications for the Council. Accordingly, no adjustments have been made to the financial statements in relation to these reforms.

Head Start Pathway

The reform programme includes a voluntary "Head Start" pathway for councils wishing to pursue reorganisation proposals ahead of the 2028 local elections, and a separate backstop process for councils that

do not progress through the Head Start pathway. In 2026, Waitomo District Council participated in the Government's voluntary Head Start pathway and, together with Otorohanga District Council, submitted an outline proposal supporting the establishment of single unitary authority for the King Country. The proposal was developed in response to the Government's invitation for councils to put forward locally led reorganisation arrangements ahead of broader local government reform.

As announced by the Government on 24 September 2026, Cabinet is expected to consider Head Start proposals in early 2027. If a proposal is endorsed, further detailed analysis, consultation, design work, and Government approval would be required before any legislative changes are considered. The Government has indicated that any approved Head Start changes are intended to be implemented prior to the 2028 local elections.

Backstop Process

If the Council's Head Start proposal is not accepted, or if no final proposal is approved, the Council may be subject to the Government's backstop reform process. The Government has indicated that councils not progressing through the Head Start pathway will be considered through a compulsory reform process following the 2028 local elections. The detailed design of this process has not yet been confirmed.

As a result, there remains significant uncertainty regarding the future structure of local government in the King Country and any potential impacts on the Council's governance, operations, assets, liabilities, revenues, and expenditures. No reliable estimate of any financial effects can currently be made.

Cash Advances Facility

Subsequent to balance date Council has replaced its cash advance facility with Westpac with a similar facility with NZLGFA. The facility amount credit limit is $6,000,000 and is used for day to day cash management needs.

Note 34: Explanations of Variances to Budget (Council)

Statement of Comprehensive Revenue and Expenditure

Revenue was $10.0 million more than forecast. The main variances were:

- Subsidy revenue was above forecast due to higher than forecast roads renewals and emergency first response for storm damage.
- Fees and charges were above forecast for trade waste revenue, resource consent consultants' fees recovered from applicants, building accreditation levies and additional building inspections revenue.
- Other revenue was more than forecast mostly due to waste minimisation levy revenue which funds waste minimisation programmes. Vested asset revenue was recognised for road, water, wastewater and stormwater assets installed at Te Ara O Ngapaki, Atiria Lane and Fabia Factory Lane. A gain on valuation of investment properties was recognised at 30 June 2026, along with a gain on the sale of the residential property at Te Kumi Road, Te Kuiti and the sale of fleet vehicles. These gains were offset by a loss on the change in fair value of assets held for sale.

Expenditure was $2.0 million more than forecast. The main variances were:

- Other expenditure was $2.6 million above forecast for increased road costs for emergency reinstatement first response, drainage maintenance and environmental maintenance, and increased expenditure for additional engineering support, reactive maintenance for Te Kuiti and Piopio water schemes and transition costs relating to the transfer of water services and assets. Losses on disposal of assets were also recognised for water, wastewater, stormwater and recreation and property assets.
- Employee benefit expenses were lower than forecast reflecting changes to the organisation structure associated with the transfer of water services and assets on 1 July 2026.

Statement of Financial Position

Total equity was $14.4 million less than forecast due to:

- The surplus was $8.5 million more than forecast.
- Other reserves were $10.6 million more than forecast due mainly to the increase in the valuation of the investment in Inframax Construction Ltd.
- The revaluation reserve was $34.1 million lower than forecast primarily due to the revaluation of road assets. The budget assumed a gain on revaluation of $31.5 million however the actual valuation resulted in a loss of $0.5 million. The valuation loss largely reflects the treatment of pavement formation assets. The unit rate for pavement formation remained unchanged since the last valuation but a significant

value of additions over the last three years at higher unit rates. This meant the carrying value of these assets exceeded the valuation, resulting in a valuation loss.

- Current assets were $6.0 million were above forecast. There was an increase in cash and cash equivalents, and other financial assets which include the establishment funding provided to Waikato Waters Ltd (to be repaid on 1 July 2026).
- Current liabilities $16.1 million above forecast as the portion of borrowings classified as most of the borrowings were reclassified as current due to the agreed repayment of debt on 1 July 2026 reflecting the transfer of water assets and services to Waikato Waters Ltd. Payables were also higher than forecast for contracted spend on the Te Kuiti water resilience project.
- Non current assets were $24.3 million less than forecast primarily due to lower than expected values for road assets revalued at 30 June 2026. This was offset by an increase in the value of Council's investment in Inframax Construction Ltd.
- Non current liabilities were $20.0 million less than forecast as a greater portion of borrowings were classified as current due to the agreed repayment of debt on 1 July 2026 reflecting the transfer of water assets and services to Waikato Waters Ltd.

Note 35: Local Government Act Disclosures

Under the LGA, the Council is required to disclose the following rating base information for the end of the preceding financial year.

Rating base information	COUNCIL 2025 ACTUAL
Number of rating units	5,982
Total Capital value of rating units	5,002,673,900
Total Land value of rating units	3,234,524,700

Insurance ($000's)	Carrying Value 30 June 2026	Covered by Insurance Contracts	Covered by Financial Risk Sharing Arrangement	Covered by Self Insurance
Stormwater, Wastewater and Water Supply	85,433	152,452	0	426
Operational and Restricted Buildings and Contents	23,902	115,047	0	0
Motor Vehicles	1,196	1,849	0	0
Total	**110,531**	**269,348**	**0**	**426**

Network Assets ($000's)	Estimate of Replacement Cost 30 June 2025	Estimate of Replacement Cost 30 June 2026	Carrying Value 30 June 2026	Assets Constructed during 2025/26
Roads	700,268	733,322	555,778	15,364
Stormwater Drainage	29,953	30,865	16,525	912
Wastewater - Other Assets	33,335	30,670	18,165	320
Wastewater - Treatment Plants and Facilities	30,351	34,266	18,265	930
Water Supply - Other Assets	27,756	27,150	14,981	361
Water Supply - Treatment Plants and Facilities	26,789	28,611	17,493	854
Total	**848,452**	**884,884**	**641,207**	**18,741**

Network assets with an estimated replacement cost of $1,214,000 (2025: Nil) were transferred to Council during 2025/26.

Note 36: Capital Management

The Council's capital is its equity (or ratepayers' funds), which comprise accumulated funds and reserves. Equity is represented by net assets.

The LGA requires the Council to manage its revenues, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the

community. Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the LGA and applied by Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Councils' assets and not expecting them to meet the full cost of long-term assets that will benefit ratepayers in future generations. Additionally, the Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The LGA requires the Council to make adequate and effective provision in its Long-Term Plan (LTP) and in its Annual Plan (where applicable) to meet the expenditure needs identified in those plans. The LGA sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the Revenue and Financing policies in the Council's LTP.

Council has the following council created reserves:

- Operational reserves are held for short term funding surpluses (or deficits) that arise from the various activities of Council.
- Depreciation reserves are held from accumulated funds from rates to fund repayments of loans raised for capital expenditure and to maintain the service capacity and integrity of assets throughout their useful lives.
- Investment revaluation reserves are held from the periodical review of the value of its investment in its subsidiary. These valuation movements do not form part of the revaluation reserve shown in the equity section of the Statement of Financial Position.
- Special purpose reserves are held when Council has received funds that are restricted for particular purposes.

Note 37: Exchange and non-exchange revenue

($000's)	COUNCIL		GROUP	
	2026 ACTUAL	2025 ACTUAL	2026 ACTUAL	2025 ACTUAL
Revenue from exchange transactions				
Interest revenue	139	194	140	198
Fees and charges and income from construction	446	389	26,680	26,883
Total Revenue from exchange transactions	**585**	**583**	**26,820**	**27,081**
Revenue from non-exchange transactions				
Rates revenue	24,469	23,740	24,447	23,723
Metered water rates revenue	1,116	1,208	1,116	1,208
Subsidies and grants	21,731	18,571	21,731	18,625
Fees and charges and income from construction	4,521	4,478	4,459	4,478
Other revenue from non-exchange transactions	1,873	597	1,644	399
Total Revenue from non-exchange transactions	**53,710**	**48,594**	**53,397**	**48,433**
Other gains/(losses)	33	(509)	33	(509)
Total Revenue	**54,328**	**48,668**	**80,250**	**75,005**

COUNCIL CONTROLLED ORGANISATIONS

Council controlled organisations (CCOs) are essentially any company with a majority Council shareholding, or a trust or similar organisation with a majority of Council-controlled votes or Council-appointed trustees.

Council is involved in three CCOs:

- Inframax Construction Limited (a wholly owned subsidiary of the Council); and
- Waikato Local Authority Shared Services (WLASS) Limited.
- Waikato Waters Ltd

INFRAMAX CONSTRUCTION LIMITED

Background

Inframax Construction Limited (ICL) is a roading construction and maintenance company with its head office situated in Te Kūiti.

Shareholders

ICL is a wholly owned subsidiary of Waitomo District Council.

Company Objectives

The principle objective of Inframax Construction Limited is to operate as a successful business and to contribute to the well-being of the communities in which it operates.

In pursuing the principle objective the Company and Directors shall:

- Maximise the long term viability and profitability consistent with the Shareholder's objectives for ownership and value creation.
- Seek and develop profitable business opportunities that make best use of the people, technical and financial resources of the Company.
- Continue to review the available options for the share ownership of the Company, so as to be able to provide informed advice to the Shareholder, as to the most efficient arrangements to enhance both profitability and or Shareholder value.
- Ensure assets and liabilities are prudently managed consistent with the nature of a contracting business.
- Ensure transparent and informed relationships are maintained with the Shareholder within the spirit of 'no surprises'.
- Act as a good employer by:

  ◇Providing a work environment that recruits, fosters and maintains safe, competent, motivated, committed and productive employees

  ◇Recognising and rewarding excellent performance of any staff.
- Act in an environmentally and socially responsible manner and implement sustainable business practices.

Nature and Scope of Operations

The core business of the Company is roading maintenance and construction, quarrying and crushing of aggregates and maintenance and construction of utilities and infrastructure assets.

The Company competes for infrastructure contracts in the central western North Island Districts and in other areas where it is identified that such contracts will yield an appropriate rate of return or where the Company believes that there are sound commercial reasons for doing so.

The Company may expand into other ventures and/or activities that are consistent with the Company's objectives and the provisions of the Local Government Act 2002.

Performance Results for the year ended 30 June 2026

The results achieved compared with the performance criteria contained in the Statement of Corporate Intent as follows:

Financial Performance	**Statement of Corporate Intent**		**Actual Achievement**	
	2026	**2025**	**2026**	**2025**
Equity ratio	52%	51%	55%	55%
Current Ratio	Positive	Positive	Positive	Positive
EBITDA	$3.6 million	$3.5 million	$5.7 million	$2.9 million
Revenue	$41 million	$45 million	$44 million	$38 million
Banking covenants	Met	Met	Met	Met

The Equity ratio is the ratio of average shareholder's funds expressed as a percentage of average total assets. Average assets and average shareholder's funds are based on 30 June 2026 and 30 June 2025 figures.

Non-Financial Performance

	Statement of Intent 2026		Statement of Intent 2025	
	Achieved	**Target**	**Achieved**	**Target**
Health and safety observations leadership per year	478	360	N/A	N/A
Field safety inspections (critical risk controls checks) per year	497	300	N/A	N/A
LTI Frequency Rate	3	<5	31	Zero
Notifiable Injuries	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Accident weekly compensation days Prior Injuries New Injuries	N/A	N/A	 510 392	 100 0
ISO9001 accreditation	Standard achieved	Standard achieved	Standard achieved	Standard achieved
ISO45001 accreditation	Standard achieved	Standard achieved	Standard achieved	Standard achieved
Environmental Consent Compliance Low risk Non-compliant Partially compliant Highly compliant Fully compliant Not assessed	 1 0 0 3 0	All	 0 2 0 6 1	All
Number of Broader Outcomes Initiatives	33	15	40	15

LTI frequency rate: The multiplier reduced from 1,000,000 in 2025 to 200,000 in 2026 and the target increased from the prior year to align with broader NZ industry practice and to provide a more meaningful and readily interpretable measure for businesses like Inframax Construction Ltd, with lower total hours worked.

Accident Compensation days are measured on a 1 April to 31 March year.

Inframax Construction Ltd - Statement of Comprehensive Revenue and Expense: Year ended 30 June 2026

($000's)	**2026 ACTUAL**	**2025 ACTUAL**
Total Revenue	43,626	37,887
Total Expenditure (including Depreciation and Interest)	39,924	37,121
Net Profit/(Loss) Before Tax	**3,702**	**766**
Company Tax/(Credit)	1,045	218
Net Profit /(Loss) After Tax	**2,657**	**548**

CO-LAB

Background

Waikato local authorities have worked closely together over a number of years on mutually beneficial joint projects. These projects have demonstrated the benefits that can be gained both in terms of outcomes achieved and reduction in costs to the community. The local authorities believe that the company will generate savings through economies of scale and through additional purchasing power and the ability to recover costs.

There are a number of services provided by local authorities, particularly in respect of information collection and management, where improved services at lower aggregate cost can be achieved by having a number of authorities participate in purchase or development of the infrastructure for the service, and ongoing operation of it.

Co-Lab is the current trading name for Waikato Local Authority Shared Services (WLASS) Limited, formally known as LASS (Local Authority Shared Services) up until 4 April 2016.

Shareholders

Co-Lab is a Council Controlled Organisation (CCO) owned equally by 12 local authorities in the Waikato Region, being Waikato Regional Council, Hamilton City Council, Hauraki, Matamata-Piako, Otorohanga, Rotorua, South Waikato, Taupo, Thames- Coromandel, Waikato, Waipa, and Waitomo District Councils. The company was incorporated in December 2005.

Company Objectives

The objective of Co-Lab is to act as an 'umbrella' organisation providing Waikato local authorities with a corporate structure under which they can develop and promote shared services to other local authorities.

The constitution of Co-Lab sets out principles according to which the company will be operated and governed. This includes shareholders' rights and the appointment of directors. The company's Annual Statement of Intent identifies its activities, intentions for the year and the objectives to which those activities will contribute.

Nature and Scope of Activities

The principal nature and scope of the activity for the company is to:

1. Provide shared services to all local authorities within the Waikato Region. The company also intends to sell processes and systems as set up under individual agreements to local authorities outside the Region.
2. Pursue all opportunities to develop shared services that may benefit the community, either through enhanced services or reduced costs.
3. Give consideration to developing shared service products which a majority of local authorities of the region believe are of value. The objective is to provide the most effective access to regional information that may be of value to the community using modern technology and processes.
4. Explore all possible avenues to provide these services itself, or contract them from outside parties, each depending on a rigorous business case.

In terms of the Local Government Act 2002, Council's involvement in Co-Lab is consistent with its Appointment of Directors to CCO's Policy. Council's involvement in Co-Lab was confirmed, following public consultation through its Annual Plan 2005-06. Council at present has no formal objectives other than to maintain its current shareholding.

STRATEGIC GOAL	3-YEAR OBJECTIVE	ANNUAL KPI	FY25-26
Goal 1: Shareholding Councils understand we provide them value	We know the value we provide shareholders has improved by 15%, by 30 June 2027* (baseline y/e 30 June 24). *Based on the regional benefits of collaboration (not an individual councils' benefits from collaboration).	Year-on-year increase in the value we provide to councils. 80%+ of council survey respondents believe those Co-Lab services they received meet or exceed their expectations (evidenced by an annual survey).	**FY25-26:** $14.7m in value we provide councils as measured by our benefit analysis. **FY25-26:** 85% of council survey respondents believe those Co-Lab services they received met or exceeded their expectations. The survey response rate was 32% (307 were invited and 99 responses were received).
	By 30 June 2027, 80% of shareholders agree they get value from Co-Lab.		
Goal 2: Deliver value by growing the scale of our shared service function	24 new instances of Co-Lab shared services being utilised, by June 2027 (baseline y/e 30 June 24) As outlined in our 2026 Statement of Intent, we will increase this to 28 for FY2027.	Year-on-year increase in the utilisation of services we provide to councils. Year-on-year increase in the number of services available to councils.	**FY25-26**: entities onboarded: • 2 Co-Lab Water Services • 1 RIMU Service • 6 Co-Lab Building Services • 3 Professional Services Panel **FY25-26**: Introduced RIMU.
	All shareholders take up at least one additional shared service.	Year on Year increase in the utilisation of services we provide to councils.	**FY25-26**: 8 existing services taken up.
Goal 3: Diverse, talented and motivated people work for us	Maintain staff engagement above 85%.	Maintain staff engagement above 85%.	**FY25-26:** The overall engagement score was 90%. The survey response rate was 40% (61 were invited to participate with 25 responses received).
	Staff turnover is less than 15%.	Staff turnover is less than 15%.	**FY25-26:** 16.7% staff turnover.
	Our vacancies are filled by suitable candidates within 3 months. (All baselined y/e 30 June 24)	Vacancies are filled by suitable candidates within 3 months.	**FY25-26:** Target met for most vacancies. Three exceptions arose due to unsuccessful recruitment rounds or recruitment being placed on hold.



AUDIT
TĀTARI KAUTE

STATEMENT OF COMPLIANCE

COMPLIANCE

The Council of Waitomo District Council confirms that all statutory requirements in relation to the Annual Report, as outlined in the Local Government Act 2002, have been complied with.

RESPONSIBILITY

Council and the Management of Waitomo District Council accept the responsibility for the preparation of the annual financial statements and statements and the judgement used in them.

Council and the Management of Waitomo District Council accept the responsibility for establishing and maintaining the internal controls designed to provide reasonable assurance as to the integrity and reliability of Financial Reporting.

In the opinion of Council and the Management of Waitomo District Council, the annual Financial Statements for the year ended 30 June 2026 fairly reflect the financial position and operations of Waitomo District Council.

JOHN ROBERTSON
MAYOR

BEN SMIT
CHIEF EXECUTIVE

AUDIT OPINION

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Waitomo District Council

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