

Report To: Council



Meeting Date: 30 June 2026

Subject: **Adoption of the Annual Plan 2026/27, Policies and Fees and Charges 2026/27**

Type: Decision Required

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1 Purpose of Report

1.1 The purpose of this business paper is to :

- a) Present the draft Revenue and Financing Policy 2026 as per Section 102 of the Local Government Act 2002 and draft Significance and Engagement Policy 2026, draft Appointment of Directors to Council Controlled Organisations 2026 for consideration and adoption; and
- b) Present a draft Annual Plan 2026/27 (dAP) for Council consideration and adoption as per Section 95 of the Local Government Act 2002; and
- c) Set the rates for the 2026-27 financial year pursuant to Sections 23 and 24 of the Local Government (Rating) Act 2002 (LGRA 2002); and
- d) Set the Fees and Charges for the 2026/27 financial year.

2 Suggested Resolutions

2.1 The following are suggested resolutions only and do not represent Council policy until such time as they are adopted by formal resolution.

- 1 The business paper on Adoption of the Annual Plan and Fees and Charges 2026/27 be received.
- 2 Council adopts the Revenue and Financing Policy 2026 as presented with/or without amendments.
- 3 Council adopts the Significance and Engagement Policy 2026 as presented with/or without amendments.
- 4 Council adopts the Appointment of Directors to Council Controlled Organisations Policy 2026 as presented with/or without amendments.
- 5 Council adopts the Annual Plan 2026/27 document including Fees and Charges schedule for 2026/27.
- 6 The Chief Executive be authorised to make any final editorial amendments to the Annual Plan 2026/27 document, and any changes directed by the Council at this meeting.

- 7 Pursuant to Sections 23 and 24 of the Local Government (Rating) Act 2002, Council set the rates, charges, and instalment due dates for the 2026/27 financial year commencing 1 July 2026 and ending on 30 June 2027 as follows:

1. GENERAL RATE

A General Rate set under section 13 of the Local Government (Rating) Act 2002 (LGRA) made on every rating unit across the District, assessed as a rate per \$100 of capital value. The General Rate is not set differentially. The General Rate will contribute to the funding of:

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

Requirement in 2026/27 (incl. GST)

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

2. UNIFORM ANNUAL GENERAL CHARGE

A Uniform Annual General Charge (UAGC) per separately used or inhabited part of a rating unit across the District, set under Section 15(1)(b) of the LGRA. The UAGC will contribute to the funding of:

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

Requirement in 2026/27 (incl. GST)

| Uniform Annual General Charge | Charge per SUIP | Total Revenue Requirement (\$000) |
|--------------------------------------|------------------------|--|
| All rating units in the district | \$100 | 559 |

Definition of SUIP

A separately used or occupied part of a rating unit includes any part of a rating unit that is used or occupied by any person, other than the ratepayer, having a right to use or inhabit that part by virtue of a tenancy, lease, licence, or other agreement, or any part or parts of a rating unit that are used or occupied by the ratepayer for more than one single use. This definition includes separately used parts, whether or not actually occupied at any particular time, which are provided by the owner for rental (or other form of occupation) on an occasional or long-term basis by someone other than the owner.

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

3. TARGETED RATES

Targeted Rates are set on categories of land defined by some factor, such as geographic location, provision of service, area or the use to which the land is put. The titles of 'Targeted Rate' (TR) and 'Targeted Fixed Rate' (TFR) are used by this Council. Targeted Fixed Rates are based on a uniform amount set per separately used or inhabited part of a rating unit (SUIP) or set per rating unit. Targeted Rates are assessed based on capital value or water consumption.

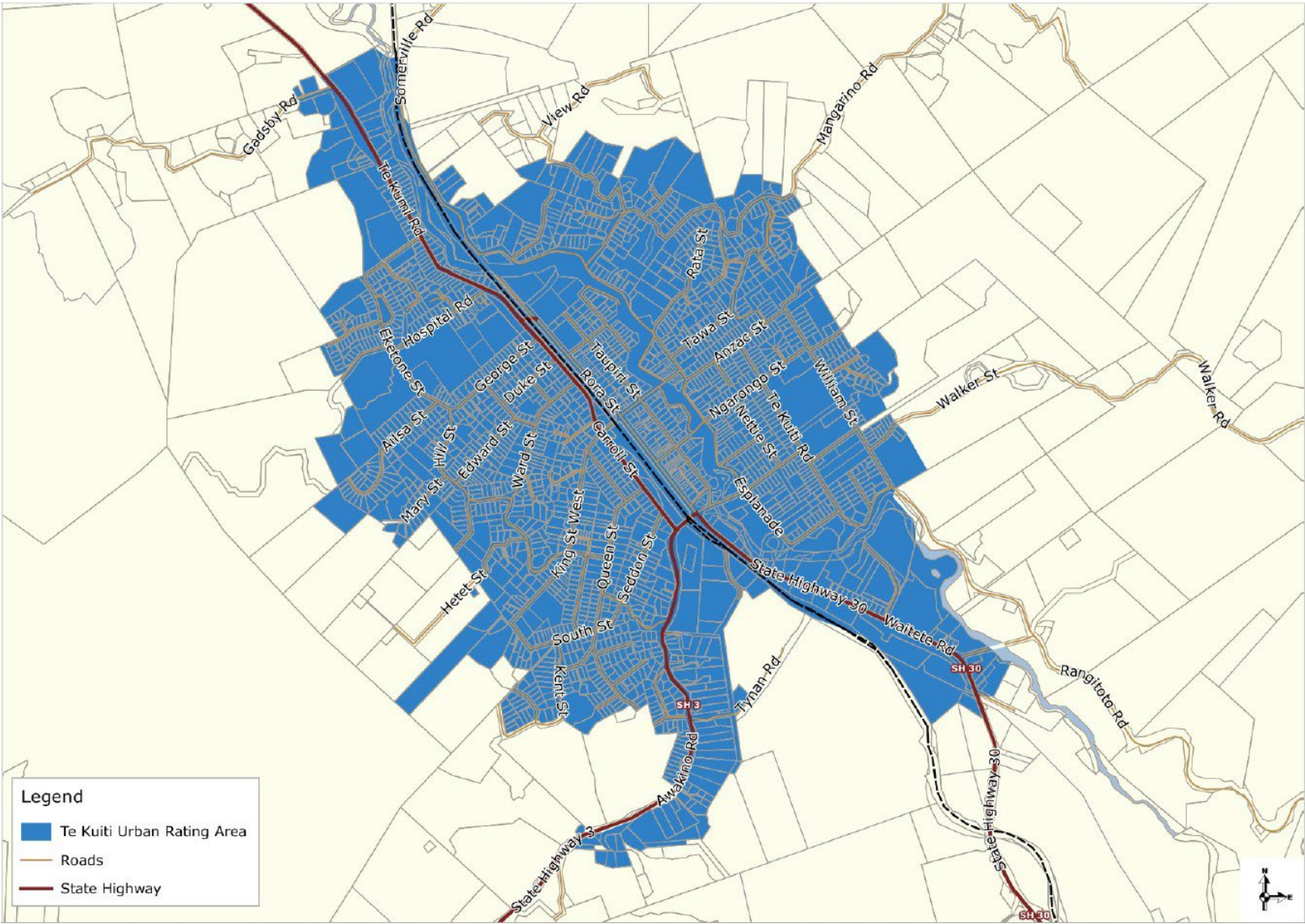
Targeted Rates Differentiated on Location

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

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

| | |
|----------------------------|--|
| Te Kūiti Urban Rating Area | <i>All rating units situated within the Te Kūiti Urban Rating Area (Refer to Revenue and Financing Policy for further details)</i> |
| Rural Rating Area | <i>All rating units situated within the Rural Rating Area (Refer to Revenue and Financing Policy for further details)</i> |

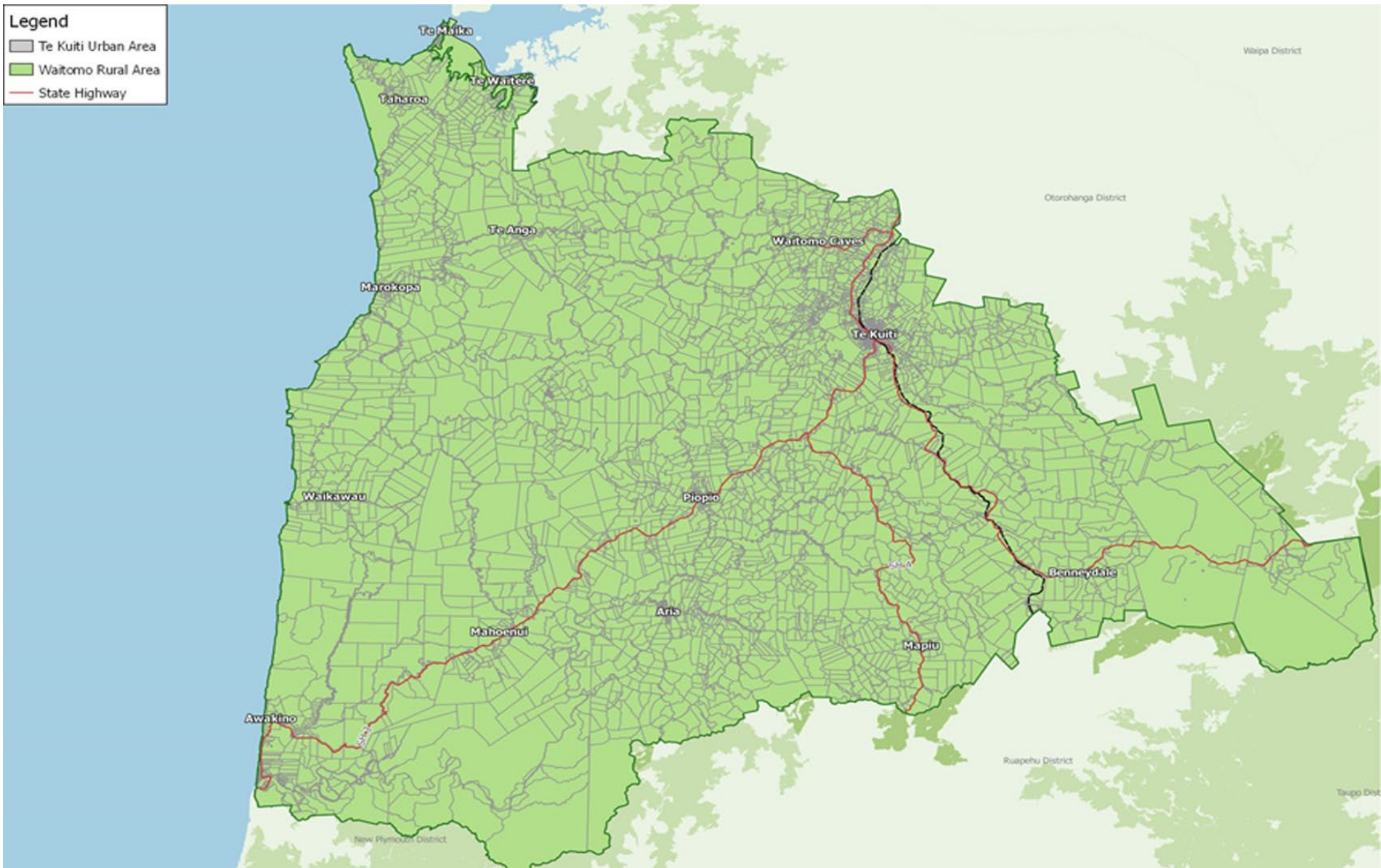
TE KŪITI URBAN RATING AREA



RURAL RATING AREA

Legend

- Te Kuiti Urban Area
- Waitomo Rural Area
- State Highway



Differentials and factors of liability

Targeted rates may be set differentially, with different categories of land attracting a different level of rate. Council has chosen to differentiate the District Roding Rate into two categories and will use the 'use to which the land is put' to define land liable for these rates (schedule 2 (1) LGRA).

Differential Category Definitions

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

a) District Roding Rate - General

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

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

b) District Roding Rate -Forestry Exotic

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

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

Properties with a mixed use

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

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

3.1 District Roding Rates

Council set a TFR under section 16 of the Local Government (Rating) Act 2002 on every rating unit within the district differentiated on the basis of use. The TR will be assessed as a rate per \$100 of capital value to part fund the Roads and Footpaths Activity. The rationale for use of this rate is contained in the Revenue and Financing Policy.

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

3.2 Rural Stormwater TFR

Council set a TFR under section 16 of the Local Government (Rating) Act 2002 per separately used or inhabited part of a rating unit in the Rural Rating Area of the District to fund the Rural Stormwater Activity.

Requirement in 2026/27 (incl. GST)

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

3.3 Te Kūiti Urban Stormwater TFR and Targeted Rate

- (i) Council set a TFR under section 16 of the Local Government (Rating) Act 2002 per rating unit in the Te Kūiti Urban Rating Area to partly fund the Te Kūiti Urban Stormwater Activity.

- (ii) Council set a Targeted Rate under section 16 of the Local Government (Rating) Act 2002 to partly fund the Te Kūiti Urban Stormwater Activity, to be assessed as a rate per \$100 of Capital value on every rating unit in the Te Kūiti Urban Rating Area excluding those in respect of which there is a current resource consent to discharge stormwater into the Mangaokewa Stream, and so are not using any part of the urban reticulated stormwater or drainage network.

Requirement in 2026/27 (incl. GST)

| Te Kūiti Urban Stormwater (TFR) | Charge per rating unit | Total Revenue Requirement (\$000) |
|--|-------------------------------|--|
| Te Kūiti Urban Rating Area | \$198 | 367 |

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

3.4 Water Supply Rates

Council set a TFR under section 16 of the Local Government (Rating) Act 2002 for Water Supply differentiated on the basis of supply area. The TFR is set per separately used or inhabited part of a rating unit within Te Kūiti and Rural Communities (Piopio, Maniaiti/Benneydale and Mokau), with liability calculated based on whether the SUIP is connected, or merely serviceable (Serviceable means the rating unit is within 100m of water main and practicably serviceable in the opinion of Waikato Waters Limited).

Requirement in 2026/27 (incl. GST)

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

3.5 Extraordinary Water Supply Rate

Council set a TR under section 19 of the Local Government (Rating) Act 2002 per cubic metre of water consumed over and above an annual consumption of 292m³ per SUIP, differentiated by supply area that has been fitted with a water meter and/or is defined as having an extraordinary supply (in accordance with Council's Water Services Bylaw). The rates are:

Requirement in 2026/27 (incl. GST)

| Water Supply Rate (TR) | 2026/27 Charge per cubic metre (including GST) above 292m³ |
|-------------------------------|--|
| Te Kūiti | \$4.89 |
| Piopio | \$5.33 |
| Maniaiti/Benneydale | \$5.87 |
| Mokau | \$7.81 |

| Water Supply Rate (TR) | 2026/27 Charge per cubic metre (including GST) above 292m ³ |
|-----------------------------------|---|
| Total Revenue Requirement (\$000) | \$1,636 |

Metered Water Supply Due Dates

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

3.6 Wastewater Rates

Council set a TFR under section 16 of the Local Government (Rating) Act 2002 to provide for the collection and disposal of sewage. The TFR is set per separately used or inhabited part of a rating unit within the district, with liability calculated based on whether the SUIP is connected to the wastewater network, or merely serviceable (Serviceable means the rating unit is within 30m of sewer reticulation and practicably serviceable in the opinion of Waikato Waters Limited).

Requirement in 2026/27 (incl. GST)

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

3.7 Wastewater rates for non-residential properties in Te Kūiti

For all non-residential properties in Te Kūiti, Council set a TFR under section 16 of the Local Government (Rating) Act 2002 per SUIP set on a differential basis based on the following Categories

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

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

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

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

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

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

3.8 Solid Waste Collection Rate

Council set a TFR under section 16 of the Local Government (Rating) Act 2002 per separately used or inhabited part of a rating unit to which Council provides a kerbside collection and recycling service differentiated by service areas where Council operates kerbside collection and kerbside recycling services (Te Kūiti, Piopio, Mokau (including Awakino) communities and Waitomo Village and some surrounding parts).

Requirement in 2026/27 (incl. GST)

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

3.9 Solid Waste Rate

Council set a TFR under section 16 of the Local Government (Rating) Act 2002 per separately used or inhabited part of a rating unit District wide to part fund the Solid Waste activity.

Requirement in 2026/27 (incl. GST)

| Solid Waste (TFR) | Charge per SUIP | Total Revenue Requirement (\$000) |
|----------------------------------|------------------------|--|
| All rating units in the District | \$324 | 1,804 |

4 RATES PAYMENTS

Rates will be payable in four equal instalments with the due dates for payments being:

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

Note: The due date for payment of each instalment is the last working day in each of the months specified above. Rates payments will be allocated to the oldest debt first.

5. RATES REMISSIONS AND POSTPONEMENTS

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

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

6. PENALTIES

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

- (a) A penalty charge of 10 percent (10%) on any part of an instalment that has been assessed for the financial year commencing 1 July 2026 and which remains unpaid after 5pm on the due date for payment of that instalment, to be added on the penalty dates below:
- | | |
|--------------|------------------|
| Instalment 1 | 2 September 2026 |
| Instalment 2 | 2 December 2026 |
| Instalment 3 | 2 March 2027 |
| Instalment 4 | 2 June 2027 |
- (b) A further penalty charge of 10 percent (10%) on any part of any rates assessed before 1 July 2026 that remains unpaid on 1 July 2026, to be added on 6 July 2026.
- (c) No penalties will be charged where a ratepayer is paying rates by direct debit or where there is an approved payment arrangement in place.

3 Executive Summary

3.1 POLICIES

3.2 In conjunction with the dAP associated policies were reviewed and included in the consultation. Due to the waters transition and changes proposed in the dAP the following policies were reviewed:

- Revenue and Financing Policy (RFP) 2025
- Draft Significance and Engagement Policy (S&E Policy) 2024
- Draft Policy on Appointment of Directors to Council Controlled Organisations (CCO Policy) 2024

3.3 The main changes proposed included removal of the district wide benefit rates and trade waste contribution rate, removal of water and wastewater networks as strategic assets and including the WWL directors appointment process.

3.4 DRAFT ANNUAL PLAN 2026/27

- 3.5 The Council has held a series of workshops pertaining to the development of the 2026/27 dAP.
- 3.6 The dAP has been developed over the last 7 months with Council considering the priorities within the current local and economic environment, while being mindful of rates affordability for the community.
- 3.7 At the first workshop on 2 December 2025, Council discussed at a high level the strategic issues to be considered in the development of the dAP, including factors that could potentially have a material impact on the dAP.
- 3.8 At this workshop initial budgets and policy changes were considered alongside strategic issues, with direction given to further work needing to be done on reducing the total rates requirement, recognising that the forecasted 5.29% rate rise in the LTP 2024-34 was not affordable for many.
- 3.9 This process has provided opportunities for Council to consider its priorities for the AP including the capital works programme and levels of service while keeping the total rates increases in line with inflation.
- 3.10 Impact of waters transition including transfer of staff, assets and debt was included in the dAP. With the transfer of water and wastewater activities it was recommended to include in the dAP removal of district wide subsidy rates and trade waste contribution rate, and for general feedback to be sought through consultation.
- 3.11 During the workshops it was also confirmed that setting of the UAGC should be applied to bring more properties closer to the overall rate increase, this is proposed at \$100 compared to the current \$250. This would help moderate the impact of removing the District Wide Benefit Rates.
- 3.12 Further Council workshops were held in February and March 2026 where strategies were considered by Council, specific details refined and then modelled for impact on the overall Total Rates Requirement.
- 3.13 An area of concern was raised regarding rubbish being illegally dumped in Mōkau, especially around the recycling station, and accessibility of the Awakino Transfer Station. It was decided the issue should be put to the community with a preferred option to move the transfer station to Mokau.
- 3.14 At the Council meeting on 10 March 2026, Council considered the updated draft Financial Forecasts (dFF) which included all the decisions made through the previous workshops.
- 3.15 The assumptions and associated budget forecasts for consultation confirmed a required rate funding of \$19.68M, excluding water and wastewater activities, which equated to an additional \$550,000 of rates.

3.16 CONSULTATION

- 3.17 A Consultation period was open from 30 March to 30 April 2026. One topic was presented for consultation to the community and feedback on six topics were sought. The CD presented the overall rates revenue increase for the district proposed at 2.88% excluding water and wastewater, 3.79% including water and wastewater, and an average increase of 3% for fees and charges.
- 3.18 A public notice was published in the King Country News; information and links were prominent on the WDC website; and posts were made to the WDC Facebook page and hardcopies made available around the district.
- 3.19 A public meeting was held in Mokau on 8 April 2026 to present the proposal to move the Awakino Transfer Station to Mokau, this was attended with over 50 people coming to hear about the proposal and some to voice their concerns.

3.20 COUNCIL DECISIONS

- 3.21 Council received a total of 38 submissions for the dAP and Fees and Charges and heard from three submitters at the Council Hearing on 13 May 2026. Council deliberated on the submissions at the Council meeting 26 May 2026 and considered officers analysis across the submission points.
- 3.22 The majority of the submissions related to the proposal to move Awakino Transfer station with 28 against the proposal. Council gave direction that the dAP should not include the relocation of Awakino transfer station as there was a lack of community support.

3.23 CHANGES TO DRAFT ANNUAL PLAN

- 3.24 The rates revenue requirement remained the same as the dAP with the forecast for rates funding required representing an increase of 2.88% for rates revenue (excluding water and wastewater) for the rating year (AP 2026/27), and 3.79% including water and wastewater.

4 Background

- 4.1 The Local Government Act 2002 (LGA) requires the development of an Annual Plan for each year in between the LTP review cycle of three years. The purpose of the Annual Plan as per section 95(5) of the LGA is to:

- a) Contain the proposed annual budget and funding impact statement for the year to which the annual plan relates; and
- b) Identify any variation from the financial statements and funding impact statement included in the Council's long term plan in respect of that year; and
- c) Provide integrated decision making and co-ordination of the resources of Council; and
- d) Contribute to the accountability of the Council to the community.

- 4.2 The Annual Plan is an 'Exceptions' based document that is required to focus on any variations from the forecast and plans identified for the corresponding year in the LTP.

- 4.3 Section 95(5)(b) of the LGA requires Council to identify any variations from Financial Statements and the Funding Impact Statement from a local authorities long term plan to the relevant annual plan year.

4.4 Council Workshop – 2 December 2025

- 4.5 In line with usual practice for development of a dAP, at its workshop on 2 December 2025, Council discussed strategic issues to be considered in the development of the dAP, including factors that could potentially have a material impact on the dAP development process.

- 4.6 The following issues were discussed and subsequent impacts and level of consultation:

| Strategic Issue | Estimated costs or revenue for dAP 2026/27 consideration | Consultation |
|--|---|---------------------|
| Water Services Transition | Fee + 5% of transition cost | Inform |
| Districtwide Subsidies | Rate impact = low-high | Consult |
| Waitomo District Landfill and Sludge Removal | Possible variation | Inform |
| Roading – Storm damage | \$1,000,000 +/- | Inform |
| Delivery of Capital Programme | Risk level - medium | Inform |
| Rate Increase | 5.29% (LTP 2024-34) | Inform |

- 4.7 Policies impacted by the Waters transition requiring minor amendments were discussed:

- Revenue and Financing Policy
- Significance and Engagement Policy
- Appointment of Directors to CCOs Policy

- 4.8 Overall variations to the 2026/27 AP were presented to provide an early indication of the increase in the Total Rates Requirement, this amount indicated a 4.32% increase in rate revenue (excluding water and wastewater rates) for 2026/27 against a planned increase of 4.73% for rates revenue (excluding water and wastewater rates) in the LTP for the 2026/27 year.

- 4.9 The total forecast rate requirement is \$19.9 million compared to \$19.1 million for the current year, an increase of \$827,000. This forecast requirement was \$1.2 million less than forecast in the LTP for the same year.

- 4.10 The main rate types contributing to this increase are solid waste management and solid waste collection, Te Kuiti stormwater and General Rate/UAGC.
- 4.11 During the workshop it was noted that WDC will continue to rate for water and wastewater revenue on behalf of Waikato Waters during the 2026/27 year and pass this revenue over to WWL. This revenue will be treated as rates revenue in the dAP 2026/27 and be set and collected under the Local Government Rating Act 2002 (LGRA). The combined rates revenue requirement was shown as a forecast increase of 5.49% on current year.
- 4.12 This level of rate increase was not considered affordable as still above inflation (Annual inflation for 2025 at 30 September was 3.0%), so Council has worked through a process of prioritising expenditure and finding other methods to reduce costs.
- 4.13 The amount of the debt settlement is assumed to be \$35 million for the dFF, being the internal loans for water and wastewater at 30 June 2025 plus new internal loans of \$9 million forecast to be raised in the current year. The forecast closing debt balance at 30 June 2027 was assumed at \$8.8 million.

4.14 Council Workshop – 9 December 2025

- 4.15 More detailed information was presented to Council on operating expenses to consider where reductions could be made to further reduce rates.
- 4.16 Other detailed information was provided on kerbside collections costs, and landfill fees. A more extensive breakdown of costs in the recreation and property activity and other direct expenses. Discussion and consideration of savings to further reduce.
- 4.17 Consideration of additional NZTA funding was discussed and direction given to include the local share in the dAP.
- 4.18 Further details were still to come at later workshops for landfill operations and waters transition so the dFF rate requirement could be considered.

4.19 Council Workshop – 10 February 2026

- 4.20 Subsequent to the Council workshops in December, further budget reviews identified additional budget savings of \$276,000 across the organisation, further reducing the forecast rates requirement to achieve a rates increase similar to inflation. The table below summarises the savings.

| Description | \$000's |
|---|----------------|
| WWL revenue for services provided post transfer | (110) |
| Solid waste landfill operations reduced | (112) |
| Additional reserve funding of silviculture costs | (30) |
| Other minor changes/savings | (24) |
| Reduction in rates requirement since last workshop | (276) |

- 4.21 Some operational reserves were utilised (namely to fund the local share of roads expenditure, silviculture costs and budgets for the development of surplus land for residential sections) and waste minimisation levy reserve (to fund the purchase and distribution of kerbside crates and waste minimisation initiatives).
- 4.22 The dFF rates requirement (excluding water and wastewater rates) was \$19.68 million, compared to the 2025/26 rates requirement of \$19.13 million, which resulted in a forecast rates revenue increase of 2.88% (\$551,000).
- 4.23 The rate types that contribute to the overall increase over the current year were:
- Solid Waste collection – 56% increase
 - Stormwater – 7% increase
 - General Rate/UAGC – 4% increase
 - Rates penalties – 20% decrease

- Piopio Retirement Village contribution –rate type removed and replaced with General Rate/UAGC funding)

4.24 Council was presented with modelling including total rates examples for fixing the UAGC at \$100 as compared to the current \$250 at the proposed 2.88% rates revenue increase. This was to help smooth the impact of removing the districtwide subsidies and bring more properties closer to the overall rates revenue increase.

4.25 The modelling showed how the percentage change and dollar amounts impacted the example properties differently.

4.26 Council Workshop – 10 March 2026

4.27 The final dFF , supporting documents, and draft CD were presented to Council that included the direction given at previous workshops.

4.28 There were no changes to the require rate revenue since the February workshop. Confirmation of landfill operation costs were discussed.

4.29 Forecast debt is \$8.8 million at 30 June 2027, against a forecast in the LTP Year 3 of \$48.3 million which is within Council’s debt capacity.

4.30 Council considered the Awakino relocation proposal and confirmed this would be tested with the community and included as the preferred option in the CD.

4.31 The consultation document content was confirmed during the workshop Council’s with preferred option to move the Awakino Transfer Station, and general feedback for removal of district wide benefit rates, trade waste contribution rate and the funding of Piopio retirement village contribution rate be replaced with General rates. A page was provided by WWL to cover the basic information about water and wastewater charges in the coming year. Increases across Fees and charges most being 3%, some increases in consents and some fees held at current levels. The CD was later adopted for public consultation by Council at the monthly meeting on 24 March 2026.

4.32 COMMUNITY CONSULTATION

4.33 Council recognised the importance of community consultation for the dAP topics especially the topic related to relocating the Awakino Transfer Station to 2 Oha Street in Mōkau.

4.34 A public meeting was held in Mōkau on 8 April 2026 to discuss the proposal to consider relocating the Awakino Transfer Station to 2 Oha Street in Mōkau. This meeting was well attended with over 50 people taking the opportunity to listen and raise their concerns, and a range of feedback was received.

4.35 The majority of those in attendance did not support the proposal to moving the transfer station, the main concerns were odour, noise, rodents, managing site hazards, dumping rubbish at the gates or over the fence, visual impact for neighbouring properties, impact on the surrounding environment, cost of setting up new site. Several people also stated the distance to travel to Awakino and back was not an issue.

4.36 A number of suggestions were made on how to improve the current situation. These ranged from prosecuting those dumping rubbish, installing CCTV cameras, providing more or larger bins through to removing the recycling and rubbish bins by the toilet blocks.

4.37 Hearings and Deliberations

4.38 31 submissions and two late submissions were received for Draft Annual Plan 2026-27, and three submissions and one late submission was received for Proposed Fees and Charges 2026-27. A public hearing was held on 13 May 2026. Council heard from three submitters - two submitters spoke to their written submissions, and one additional verbal submission was made at the Council hearing.

4.39 The majority of the submissions received related to the relocation of Awakino transfer station. Overall, 28 submitters supported keeping the transfer station at Awakino, one submission supported the proposal.

4.40 Waikato Regional Council (WRC) also spoke to their submission. They were supportive of pursuing an adaptative approach with WDC citing positive journeys with other Councils. They are developing

a Framework and Plan for Resilience to Natural Hazard Risk, which is expected to be publicly available later in the year. WRC leads the Coastcare programme in the Waikato region. They encouraged territorial authorities to work with Coastcare to restore and protect coastlines in their regions.

4.41 The Deliberations meeting was held on 26 May 2026, where Council deliberated on the submissions and considered officers advice across all the submission points raised during consultation.

4.42 Formal submission responses will be sent to all those who have submitted providing responses and the options Council have adopted.

4.43 SUMMARY FINANCIALS

4.44 The forecast Rates Revenue Requirement, excluding water and wastewater, for the 2026/27 year is \$19.68 million, a decrease of \$550,000 compared to the current year. The forecasted increase in rates revenue requirement excluding water and wastewater is 2.88% The overall forecast rates revenue including water and wastewater was 3.79%, compared to the LTP for the same year of 5.29%.

4.45 Council decided to make use of the discretion allowed for in the Revenue and Financing Policy when setting the UAGC for 2026/27. This was to help bring more properties closer to the overall rate increase, the final reduced amount set for the UAGC is \$100.

4.46 Setting the UAGC at a lower rate will moderate the impact of removing the district wide benefit rates bringing more properties closer to the overall rate increase, however there is still a wide range of movement for individual properties.

4.47 Total public debt at 30 June 2027 of \$8.8 million is forecast which is significantly reduced from current year and LTP due to the waters debt settlement on 1 July 2026.

5 Policies

5.1 The following policies are impacted by the transition of water and wastewater activities to Waikato Waters Limited (WWL) triggering the need to review. These draft policies were workshopped with Council during the development of the dAP.

- Draft Revenue and Financing Policy 2026 - **Attachment 1**
- Draft Significance and Engagement Policy 2026 - **Attachment 2**
- Draft Policy on Appointment of Directors to Council Controlled Organisations 2026 - **Attachment 3**

5.2 In preparation for the following year when water charges will be set by WWL, and to ensure a smooth transition to 2027/28, aid staff administration and provide clarity for customers, it was proposed to remove the following rate types for the 2026/27 year:

- District Wide Benefit Subsidy Rates for water and wastewater
- Trade Waste Contribution Targeted Fixed Rate

5.3 The contribution for Piopio Retirement Village was proposed as part of the dAP to be funded through the General Rate in line with similar rating applications.

5.4 These changes have been applied to the draft RFP 2026. The changes also reflect the change in water and wastewater revenue being collected on behalf of WWL and changes to kerbside revenue accounting for the arrangement with the new contract.

5.5 As required under the LGWSA when transitioning waters activities Councils must amend their S&E Policy by removing any matters that are no longer needed and are instead required to be included in the significance and engagement policy of a water organisation, essentially this means the two S&E policies cannot overlap.

5.6 WDC's draft S&E Policy has removed the water and wastewater networks as strategic assets, these are now covered by WWL. Included as **Attachment 5** for Council's information is WWL's interim Significance and Engagement Policy 2026 which has been adopted by the WWL Board.

- 5.7 WDC's CCO Policy was updated with references to WWL process for appointing directors. Although it is not a requirement under LGWSA to have this policy in place, the changes were proposed to provide a more complete policy covering appointment of directors.

6 2026/27 Financial Forecasts

- 6.1 The Financial Forecast presented for Council's consideration has been modelled and prepared to ensure consistency with the direction adopted in Council's 2024-2034 LTP.
- 6.2 This is the same fiscally prudent approach Council has been rigorously applying to the development of APs for many years, with the consideration of rates affordability a fundamental standard component of this practice.
- 6.3 The exceptions and variations to expenditure proposed in the final AP are to address legally mandated/statutory requirements, or to implement decisions taken by Council previously. Other amendments have been proposed to address new issues that have arisen, or to respond to new costs of contract, historical trends, etc.
- 6.4 No change has been made to the rates revenue forecasts since the consultation document was adopted for consultation in March 2026.
- 6.5 Budgets were added for both revenue and expenditure to reflect the Mayors Taskforce for Jobs programme. Minor updates have also flowed through the primary statements as we work with better information available since March to firm up the forecasts, such as the forecast increase in asset values from the roads and solid waste valuation.
- 6.6 Financial Reporting and Prudence Benchmarks
- 6.7 All financial reporting and prudence benchmarks have been met and are well within the limits.
- 6.8 Forecast rates requirement for 2026/27
- 6.9 The forecast rates revenue requirement for the 2026/27 year is \$27.2 million including water and wastewater, a decrease of \$1.7 million compared to the same year forecast in the LTP and is summarised in the following table.

| (\$'000's) | Annual Plan 2026 | Long Term Plan 2027 | Annual Plan 2027 | Variation to Annual Plan 2026 | Variation to Long Term Plan 2027 |
|--|------------------|---------------------|------------------|-------------------------------|----------------------------------|
| Targeted Rates and Services Charges for Water Supply and Wastewater | | | | | |
| Wastewater | 3,041 | 3,342 | 3,138 | 97 | (204) |
| Water Supply | 2,671 | 2,963 | 2,944 | 273 | (19) |
| Metered Water Supply Rates | 1,350 | 1,422 | 1,422 | 72 | 0 |
| Forecast Total Targeted Rates and Service Charges Water Supply and Wastewater | 7,062 | 7,727 | 7,504 | 442 | (223) |
| Change in Rates Requirement for Water Supply and Wastewater | | 496 | 442 | | |
| <i>Percentage Change</i> | 9.88% | 6.86% | 6.26% | | |
| | | | | | |
| Piopio Retirement Village Contribution | 16 | 14 | 0 | (16) | (14) |
| District Rooding Rate | 5,322 | 5,523 | 5,328 | 6 | (195) |
| Solid Waste Rate | 1,590 | 1,658 | 1,569 | (21) | (89) |
| Solid Waste Collection | 251 | 295 | 393 | 142 | 98 |
| Stormwater | 925 | 1,207 | 986 | 61 | (221) |
| Forecast Total of Other Targeted Rates and Service Charges | 8,104 | 8,697 | 8,276 | 172 | (421) |
| General Rate | 9,434 | 10,280 | 10,609 | 1,175 | 329 |
| UAGC | 1,232 | 1,803 | 495 | (737) | (1,308) |
| Rates Penalties Revenue | 360 | 375 | 300 | (60) | (75) |
| Forecast General Rates and UAGC Requirement | 11,026 | 12,458 | 11,404 | 378 | (1,054) |

| (\$000's) | Annual Plan 2026 | Long Term Plan 2027 | Annual Plan 2027 | Variation to Annual Plan 2026 | Variation to Long Term Plan 2027 |
|---|------------------|---------------------|------------------|-------------------------------|----------------------------------|
| Forecast Other Targeted and General Rates and UAGC Requirement | 19,130 | 21,155 | 19,680 | 550 | (1,475) |
| Change in Rates Requirement | | 955 | 550 | | |
| Percentage Change | 0.56% | 4.73% | 2.88% | | |
| Forecast Total Rates Requirement | 26,192 | 28,882 | 27,184 | 992 | (1,698) |
| Change in Rates Requirement | | 1,451 | 992 | | |
| Percentage Change | 2.91% | 5.29% | 3.79% | | |

- 6.10 WWL will deliver water supply and wastewater services from 1 July 2026. Council has worked with WWL to determine its revenue requirements for these services and has agreed to set and collect that revenue for WWL. Wastewater rates revenue is lower than LTP, as this is offset by additional trade waste revenue forecast.
- 6.11 District roading rate is lower than LTP forecast due to a reduction in forecast finance costs and increases in other sundry revenue (which offsets the forecast rates requirement).
- 6.12 The solid waste rate is lower than forecast in the LTP mostly due to reduced contract costs for rural transfer stations and lower finance costs.
- 6.13 Solid waste collection rates are more than forecast in the LTP due to the increase in kerbside and recycling collection contract costs.
- 6.14 Stormwater rates are less than forecast in the LTP due to reduced finance costs and lower project management costs.
- 6.15 The general rate and UAGC combined are lower than forecast in the LTP due to reductions in overall operating expenditure in the Regulatory, Recreation and Property and Leadership activities. These include reductions in finance costs, legal and audit fees, community partnership grants, district development and district and regional promotion, and lower organisational overhead following the transfer of water and wastewater asset to WWL. Partly offsetting these reductions is an increase in rate funding for asset replacement.
- 6.16 The UAGC revenue forecast is also lower due to the reduction in the UAGC charge to \$100 for the 2026/27 year.
- 6.17 Whole of Council Prospective Funding Impact Statement
- 6.18 The financial forecasts for the Whole of Council are provided below.

| (\$000's) | Annual Plan 2026 | Long Term Plan 2027 | Annual Plan 2027 | Variation to Annual Plan 2026 | Variation to Long Term Plan 2027 |
|---|------------------|---------------------|------------------|-------------------------------|----------------------------------|
| Sources of operating funding | | | | | |
| General rates, uniform annual general charges, rates penalties | 11,026 | 12,459 | 11,404 | 377 | (1,055) |
| Targeted rates | 15,166 | 16,424 | 15,780 | 613 | (645) |
| Subsidies and grants for operating purposes | 6,988 | 6,972 | 7,896 | 908 | 924 |
| Fees and charges | 4,390 | 5,258 | 4,659 | 269 | (599) |
| Interest and dividends from investments | 342 | 69 | 53 | (289) | (16) |
| Local authorities fuel tax, fines, infringement fees and other receipts | 282 | 297 | 351 | 69 | 54 |
| Total operating funding (A) | 38,194 | 41,479 | 40,143 | 1,947 | (1,337) |
| Applications of operating funding | | | | | |
| Payments to staff and suppliers | 31,281 | 32,612 | 34,193 | 2,910 | 1,580 |
| Finance costs | 1,545 | 2,390 | 404 | (1,141) | (1,986) |
| Other operating funding applications | 0 | 0 | 0 | 0 | 0 |
| Total applications of operating funding (B) | 32,826 | 35,002 | 34,597 | 1,769 | (406) |
| Surplus (deficit) of operating funding (A-B) | 5,368 | 6,477 | 5,546 | 178 | (931) |

| (\$000's) | Annual Plan 2026 | Long Term Plan 2027 | Annual Plan 2027 | Variation to Annual Plan 2026 | Variation to Long Term Plan 2027 |
|---|------------------|---------------------|------------------|-------------------------------|----------------------------------|
| Sources of capital funding | | | | | |
| Subsidies and grants for capital expenditure | 6,534 | 6,516 | 17,691 | 11,157 | 11,175 |
| Increase (decrease) in debt | 9,325 | (152) | (34,193) | (43,518) | (34,041) |
| Gross proceeds from sale of assets | 0 | 0 | 0 | 0 | 0 |
| Lump sum contributions | 0 | 0 | 0 | 0 | 0 |
| Other dedicated capital funding | 0 | 0 | 32,739 | 32,739 | 32,739 |
| Total sources of capital funding (C) | 15,859 | 6,364 | 16,237 | 378 | 9,873 |
| Applications of capital funding | | | | | |
| Capital expenditure - to improve the level of service | 10,889 | 2,151 | 1,711 | (9,178) | (419) |
| Capital expenditure - to replace existing assets | 11,151 | 11,613 | 21,018 | 9,867 | 9,384 |
| Increase (decrease) in reserves | (813) | (923) | (946) | (133) | (23) |
| Total applications of capital funding (D) | 21,227 | 12,841 | 21,783 | 556 | 8,942 |
| Surplus (deficit) of capital funding (C-D) | (5,368) | (6,477) | (5,546) | (178) | 931 |
| Funding Balance ((A-B)+(C-D)) | 0 | 0 | 0 | 0 | 0 |

6.19 The main variances to LTP forecast are detailed in the following paragraphs.

6.20 Total operating funding is \$1.3 million less than forecast in the LTP mostly for rates revenue which was less than forecast for the reasons detailed above under the Forecast Rates Requirement section. Fees and charges revenue was also less than forecast for solid waste due to declining waste volumes and removal of rubbish bags sales revenue, and lower rental revenue due to the sale of some rental properties. Subsidy revenue forecast was higher as NZTA approved additional road programme funding after the LTP was adopted.

6.21 Total operating expenditure is \$400,000 less than forecast in the LTP due mostly due to lower interest costs forecasts and the reductions in expenditure detailed in Forecast Rates Requirement section above.

6.22 Subsidy revenue of \$17.7 million is forecast for capital expenditure, \$11.2 more than forecast for the NZTA subsidy on road renewals for storm damage and Better Off funding applied to stormwater improvements. The LTP assumed the Better Off funding would be applied to stormwater improvements in the 2024/25 year however this programme was re-sequenced.

6.23 The decrease in debt of \$34.2 million reflects the repayment of internal loans for water and wastewater on 1 July 2026.

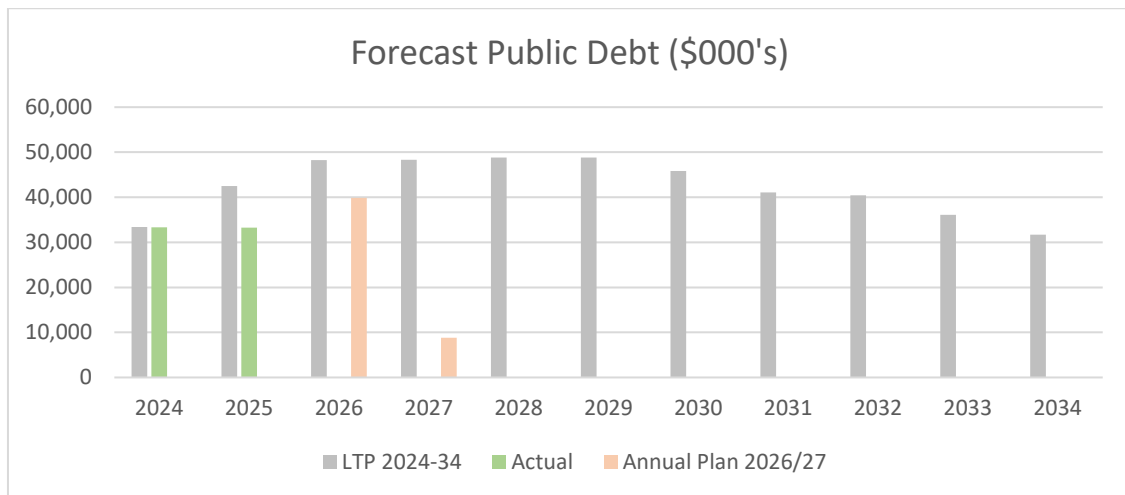
6.24 Total capital expenditure (improvements and replacement of existing assets) is forecast to be \$22.7 million, \$9.0 million more than the LTP. The significant projects planned for 2026/27 include:

- \$10.5 million for road renewals following recent storm events (part funded by NZTA subsidy)
- \$9.1 million for other road renewals (part funded by NZTA subsidy)
- \$2.1 million for stormwater improvements and renewals (part funded by Better Off funding)
- \$0.6 million for recreation and property improvements and renewals

6.25 The significant variances to the LTP forecasts for 2026/27 year and to current year (2025/26) are included within the AP document under each activity.

6.26 Forecast Public Debt

6.27 Public debt at 30 June 2027 is forecast to be \$8.8 million, \$39.5 million less than LTP, due to the debt settlement following the transfer of water and wastewater assets which was not forecast in the LTP.



7 Fees and Charges 2026/27

- 7.1 As part of the annual planning process, fees and charges are reviewed to ensure the costs of providing these Council services are recovered by those who use them. Due to the increased operating costs most fees and charges are proposed to be increased by 3% in line with current inflation. Some fees are proposed to increase or change to actual costs so that costs are fully recovered as much as possible.
- 7.2 Hireage Les Munro Centre It is proposed to make the Supper Room at Les Munro available at a cheaper rate this may encourage more community use of this facility. The other hire fees are retained at the current price.
- 7.3 Alcohol Licensing The second stage of fee increases that was adopted by Council with the Alcohol Fees Bylaw in 2025 are being applied this year from 1 July 2026. This will increase the cost recovery of the licensing activity and reduce the ratepayer contribution. 15 DR
- 7.4 Consenting fees have been impacted by changes in legislation and external cost increases, a PIM fee for granny flats and a 5% increase for building consents are proposed to reduce the impact on ratepayers of these changes.
- 7.5 Charges for rubbish bags and general waste are proposed to increase due to increasing operating costs and waste minimisation levy.
- Changes to water and wastewater fees
 - Te Kuiti Transfer Station and rubbish bags
 - Alcohol Licensing as consulted with the Alcohol Fee Bylaw last year.
 - Hireage Les Munro Centre
- 7.6 Three submissions and one late submission was received for Proposed Fees and Charges 2026-27. No submitters asked to be heard regarding Fees and Charges. The concerns related to solid waste fees. Submitters recognised the need to apply an inflation increase where necessary, also there was support for the more affordable Supper Room hireage at Les Munro.
- 7.7 The Deliberations meeting was held on 26 May 2026, where Council deliberated on the submissions and considered officers advice across all the submission points raised during consultation.
- 7.8 There was one change recommended from the late submission to include GST to the Building Research Levy, this has been applied to the Fees and Charges Schedule 2026/27.

8 Analysis of Options

- 8.1 Council is required by the Local Government Act 2002 to adopt an Annual Plan prior to 1 July.
- 8.2 Council is required by the Local Government (Rating) Act 2002 to set rates prior to 1 July.

- 8.3 Council completed its Hearings and Deliberations on submissions made during the public consultation process for the draft AP 2026/27 and agreed on the direction to take regarding the AP. Agreed changes have been made to the final draft AP 2026/27.
- **Option 1:** Council has the option of agreeing to adopt the final Revenue and Financing Policy, Significance and Engagement Policy, Appointment of Directors to Council Controlled Organisations, dAP 2026/27 and Fees and Charges Schedule 2026/27 as enclosed, or
 - **Option 2:** Council can require further changes to the final Revenue and Financing Policy, Significance and Engagement Policy, Appointment of Directors to Council Controlled Organisations, dAP 2026/27 and Fees and Charges Schedule 2026/27.

9 Considerations

9.1 RISK

- 9.2 There has been a consultation process followed and public have had the opportunity to put forward written and verbal submissions. As there was a lack of community support for relocating the Awakino transfer station, this project is not included in the dAP.
- 9.3 Contracts and agreements are in place for both transporting waste out of the district, and transfer of water and wastewater activities.
- 9.4 The forecast rates revenue increase is aligned to inflation, is lower than LTP forecast and comparably low across other Councils nationally. It is therefore considered low risk adopting the dAP as presented.

9.5 CONSISTENCY WITH EXISTING PLANS AND POLICIES

- 9.6 The Financial Forecasts for the AP 2026/27 are consistent with the forecasts provided during the AP workshops and subsequent updates in standalone documents.
- 9.7 Transporting waste out of the district and the transfer of water and wastewater activities are not consistent with the LTP 2024-2034, however this is consistent with the current AP 2025/26 and the approved Water Services Delivery Plan. Neither of these changed triggered the requirement to amend the LTP.

9.8 SIGNIFICANCE AND COMMUNITY VIEWS

- 9.9 Section 78 of the LGA requires Council to, in the course of its decision making, give consideration to the views and preferences of persons likely to be affected by, or to have an interest in, the matter. One proposal was consulted on with the community due to the level of significance being the Relocation of Awakino Transfer station.
- 9.10 There was a lack of support for this proposal from both written and verbal submissions, and attendees at the public meeting in Mokau. Overall, 28 submitters did not support relocating the transfer station, and just one submission in support. Suggestions were made on how to improve the current situation at the public meeting and through the submission process. These ranged from prosecuting those dumping rubbish, installing CCTV cameras, providing more or larger bins through to removing the recycling and rubbish bins by the toilet blocks.
- 9.11 There were four submissions relating to fees and charges with suggestion to reduce refuse fees and others acknowledging the need to increase fees in line with costs.
- 9.12 Submissions were received on other topics not specifically covered in the CD from Creative Waikato, Federated Farmers, Waikato Regional Council and Waikato Environment Centre.
- 9.13 Council has considered these community views and made an informed decision balancing rates affordability, risks, and public benefit and were satisfied that the financial position as contained in the dFF for the 2026/27 period is largely robust and all financials are within the covenants set out in the Financial Strategy.
- 9.14 Council's decision on the 2026/27 AP will be communicated with the community, and the 2026/27 AP will be available on Council's website, printed copies will be available at the public library or by request.

10 Recommendation

- 10.1 Council undertook a robust process in developing the Annual Plan for 2026/27. The program of work in the final 2026/27 dAP and the Financial Forecasts therein are aligned decisions made by Council in the course of developing, consulting and deliberating this AP.
- 10.2 It is recommended that Council now adopt its 2026/27 AP together with the required and supporting policies, rates setting steps and fees and charges.
- 10.3 The setting and assessment of the rates for FY 2026/27 is provided for in this business paper and reflects the funding requirement of the 2026/27 dAP document as presented.

11 Attachments/Separate Enclosures

Separate Enclosures:

- 1 Supporting Policies and Fees and Charges:
 - Draft Revenue and Financing Policy 2026 (Doc # 947992)
 - Draft Significance and Engagement Policy 2026 (Doc # 951745)
 - Draft Policy on Appointment of Directors to Council Controlled Organisations (Doc # 947889)
 - Draft Fees and Charges Schedule 2026/27 (Doc # 981656)
 - Waikato Waters – Interim Significance and Engagement Policy 2026 (Doc # 979618)
- 2 Draft Annual Plan 2026/27 (Doc # 983145)