THE ANNUAL REPORT

PŪRONGO Ā-TAU

Year 2 of the LTP 2024-34

2025-26



South Waikato District Council

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WHAT YOU WILL FIND IN THIS DOCUMENT

Every three years, Council develops a Long-Term Plan detailing budgets and work programmes for the following three years with a longer-term view out to ten years. The current 2024-34 Long Term Plan (LTP) was adopted in September 2024.

We produce an annual report every year, which we use to report back to the community on the progress we have made and our performance on the LTP targets.
This annual report presents our key achievements for the 2025-26 year (1 July 2025 to 30 June 2026) which is year 2 of the LTP. Additionally, an annual plan is produced in year three of the LTP to update the projects and budgets for those years.

Within this document you'll find information including:

- A message from the Mayor.
- Statement of Compliance.
- Our Councillors.
- Reports on the relationships and challenges Council faces.
- Reporting on the Council's strategic direction, vision and goals as outlined in the LTP.
- An overview of the services Council delivers and how they are progressing.
- Performance Measures.
- Financial statements and notes to the financial statements.
- The Auditors Report.

The diagram below shows our planning cycle and where we are right now.



LONG TERM PLAN 2024 - 2034 (LTP)

Council's plans for the next 10 years:
what Council will do, how much it will cost and how it will be funded.

ANNUAL PLAN

Produced every non-Long Term Plan year:
Council's work programme for the upcoming year and how it will be paid for.

ANNUAL REPORT ← WE ARE HERE

Produced every year: evaluating our progress whether the Council did what it said it was going to do.

MAYOR'S MESSAGE
He kōrero nā te Koromatua

Three years on from our Council setting itself the ambitious goal of balancing the books and getting back on track, I'm incredibly proud to say that we have returned to a pathway that leads towards financial sustainability.

It's taken significant hard graft to achieve that, and it hasn't been easy on our communities, who have had to absorb some high rates increases over the past couple of years in order for us to make up for years of inaction, which put us well behind the eight ball and left future generations facing the prospect of carrying a massive burden.

The positive result against budget for this period puts us ahead of our projected timeline, with improved cost efficiencies meaning we are now funding operations appropriately, removing the need to borrow for our day-to-day expenses.

The fact that Council has been able to accomplish all this ,without having to reduce the levels or quality of the services we offer to our community, is a credit to the efforts of staff. Core services have been maintained and actual spending was focused on asset maintenance and resilience.

Council set an efficiency target of 1% per annum - which is worth approximately $960,000 in 2025-26 - and has achieved this. The report notes actual performance exceeded these expectations, contributing to our improved financial results and debt serviceability levels.

Alongside all this we have executed an ambitious capital projects programme, which involved planned budgeted works which has exceeded the amount spent in the previous five years combined. It means that projects which have been talked about for years, actually got done.

Among other things, this has included some essential upgrades to facilities which are crucial to our District. Both the South Waikato Aquatic Centre (formerly South Waikato Indoor Pools) and Huihuinga Rau Community Hub & Library (formerly the Tokoroa Library) upgrades are on track to be delivered on time and on budget.

Transport and roading was another spending focus, and during this period Council has strengthened its roads, resurfacing 30km of network, along with renewing footpaths, drainage assets, culverts and kerb-and-channel infrastructure across the District, to protect long-term asset performance and reduce future costs.

With the Government's rates capping on the horizon in 2029, our Council is on track to be able to meet the 2-4% increase limit, without having to put additional pressure on ratepayers - which is a position many other Councils may struggle to attain.

In the past 12 months, Council has also made active efforts to increase engagement activities with our community and enhance local voice.

We are listening, and have not only levelled up our social media engagement strategy, we have also established the People's Panel - and there are ongoing efforts to engage more with younger residents through new digital channels, such as email newsletters and website engagement tools.

"COUNCIL IS CONTINUALLY LOOKING TO BALANCE OUR LOCAL INVESTMENT NEEDS AGAINST THE RATEPAYER AFFORDABILITY. ECONOMIC PRESSURES AND FUTURE PROOFING FOR GROWTH CONTINUE TO SHAPE OUR FINANCIAL DECISIONS."

Collectively, we have taken a big leap together. Making bold choices to move away from 'the red' can be intimidating and comes with pressure and challenges for both the Council and our community. But now we can say, we are moving in a positive financial direction - and I am deeply gratified for our District to be 'back in the black' as we step into the future.

Ngā mihi,
Mayor Gary Petley
South Waikato District Council



STATEMENT OF COMPLIANCE

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

Gary Petley
Mayor
29 October 2026

Susan Law
Chief Executive
29 October 2026



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OUR DISTRICT

Tō tatou rohe o Waikato ki te Tonga

RELATIONSHIPS

CHALLENGES

STRATEGIC DIRECTION

GOALS & STRATEGIC MEASURES

FINANCIAL STRATEGY LIMITS



OUR COUNCIL RELATIONSHIPS

Ngā taunekeneke o te Kaunihera

IWI MĀORI

The South Waikato District Council acknowledges the District's rich Māori cultural heritage and values its relationships with local hapū, iwi Māori, and mana whenua, who collectively contribute to the Council's efforts. Council recognises the importance and principles of Te Tiriti o Waitangi as the foundation of Aotearoa's cultural landscape.

Raukawa is recognised as the preeminent iwi of the South Waikato District and is valued as tāngata whenua with mana whenua authority over these lands. Council also acknowledges the cultural significance of neighbouring iwi, Ngāti Koroki Kahukura and Ngāti Hauā. The invaluable insights iwi have into Māori cultural values, natural resources, and treasured taonga provide crucial guidance and enlightenment are key to the provision of strong relationships with Iwi.

Council has direct relationships with:

- Raukawa Settlement Trust
- Raukawa Charitable Trust
- Te Arawa River Iwi Trust (TARIT)

These enduring partnerships are built on mutual respect, understanding, and acknowledgment of individual mana, ensuring that iwi Māori voices are heard. Through 2025-26 Council held joint management agreements (JMA) and memorandum of understanding (MOU)
to ensure that they are involved in decision-making and were integral in ensuring that projects like the completion of Te Waihou walkway could take place and that mahi can continue at the Maraetai Road Intermodal Business Park.

Our Kaitohutohu Matua Mātauranga Māori (Principal Advisor) is a conduit between Council and Iwi and has enabled Council to develop protocols (tikanga) ensuring respect for the Mātauranga Māori, Tikanga Māori and Te Ao Māori.

MULTICULTURAL COMMUNITIES

Our diverse ethnic communities play a vital role and make significant contributions to the diverse fabric of the South Waikato District. Together, we strive to build authentic and meaningful relationships to ensure that these communities are well represented.

The South Waikato Pacific Islands Community Trust (SWPICS), focus primarily on enabling Pacific families to improve their health and wellbeing and their full potential. This is one entity that Council continues to have a relationship with and has collaborated with for events that bring the

community together like the Christmas parade and events held in December 2025. They are also an integral part of the emergency management Local Community Welfare Committee as a co-chair.

LOCAL GOVERNMENT

- Council has collaborated and shared information between networks within the Local Government sector to build on their relationships.

- Local Government New Zealand (LGNZ) and Taituarā (formerly the Society of Local Government Managers) are two formal entities that our Council has been involved with. During the 2025-26 year, Council participated in programmes and activities with LGNZ and Taituarā that included:
- Te Mauata Whānui Māori Advisory
- Super Local Government Advisory
- Rural Sector Government Hui
- All of Government Hui
- Sector Good Work Programmes
- Local Government Community Planning
- Taituarā Excellence Awards
- Local Government Reform Forum
- Co-Lab, the Local Authority Shared Services entity, supports twelve councils in the wider Waikato Region. During the 2025-26 year, Council participated in programmes and activities that included:
- Lakes Coast Cluster - Building consent authority group
- Waikato Mayoral Forum
- Joint Contract Management
- Insurance Advisory Group
- Energy and Carbon Management Group
- Regional Asset Technical Accord (RATA)
- Procurement Advisory and Shared Services

During the 2025-26 year, Council collaborated with Waikato Regional Council (WRC) in the areas of land use, air quality, transport, emergency management and water quality.

Collaboration and sharing information ensures our Council is functioning at its best to ensure our community can thrive.

CENTRAL GOVERNMENT

- Council has strong and growing relationships with Central Government agencies to improve the opportunities for our communities to benefit from Government funding initiatives and programmes.
- During the 2025-26 year, Council worked alongside agencies that included:
- New Zealand Transport Agency Waka Kotahi (NZTA)
- Kāinga Ora
- Ministry of Housing and Urban Development (MHUD)
- Department of Internal Affairs (DIA)
- Water Services Authority Taumata Arowai
- Through these agencies, Council was able to access funding and guidance to ensure that Council could:
  - Maintain, renew and operate local roads based on a three-year programme approved by NZTA.
  - Assess and action matters in relation to Local Water Done Well requirements to work towards the establishment of a Council controlled organisation (CCO) and water service delivery plan.
  - Partner in the building of social,

affordable and progressive housing solutions in Tokoroa.

- Have standard guidelines for the provision of water services

Our regulatory teams and their associated Government agencies continued to work together through the 2025-26 year to adapt to relative reform and legislative changes.

CO-LAB

Council Controlled Organisations (CCOs)

We are required under the Local Government Act 2002 to include information in our annual report on Council-Controlled Organisations (CCOs) in which we are a shareholder.

The Council is a shareholder in one CCO being CoLab which is the trading name of Waikato Local Authority Shared Services Limited (WLASS). CoLab was established in 2005-06 and is a legal entity to help foster and develop shared service initiatives throughout the Waikato region.

Co-Lab is jointly owned by the local authorities of the region: Waikato Regional Council, Hamilton City Council, Hauraki, Matamata-Piako, South Waikato, Thames-Coromandel, Taupō, Waikato District, Ōtorohanga, Waitomo, and Waipā District Councils.

CoLab has three main functions:

- Acts as an "ideas laboratory" - working with councils to investigate and develop opportunities to work together
- Delivered shared services to Councils: and
- Enters joint procurement arrangements

Company objective

The objective of CoLab is to provide local authorities of the Waikato Region with a vehicle to procure shared services. The constitution of CoLab sets out the principles of 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.

Council policies and objectives relating to CCOs

South Waikato District Council's policy on Appointment of Directors to CCOs states that, where Council is but one of a group of councils jointly controlling a CCO, then Council shall provide representatives (as appropriate) to consider the appointment and remuneration. CoLab is governed by a board of directors made up of the chief executives of the local authority shareholders. Council's involvement in CoLab is consistent with its Appointment of Directors to CCO's Policy.

Council's involvement in CoLab 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.

Nature of Activities

Co-Lab has three main functions:

- act as an "ideas laboratory" - working with councils to investigate and develop opportunities to work together;
- deliver shared services to councils;
- and enter joint procurement arrangements

OUR VISION

Council collaboration through Co-Lab maximises community wellbeing

OUR PURPOSE

Support our councils to achieve this vision by helping them identify and realise shared opportunities

PERFORMANCE FRAMEWORK OUTCOMES

Reduce Costs

- Achieve efficiency gains & economies of scale
- Reduce duplication of effort & eliminate waste through repetition
- Help councils achieve an appropriate balance in risk & return

Create Value for Councils

- Improved levels of quality & service
- Increased skills & expertise
- Improved compliance
- Improved decision making

Enable Innovation & Change

- Research & development
- Promote & contribute to the development of best practice
- Coordinated & consistent approach to provision of services
- Communities engage with councils in our region on a consistent basis

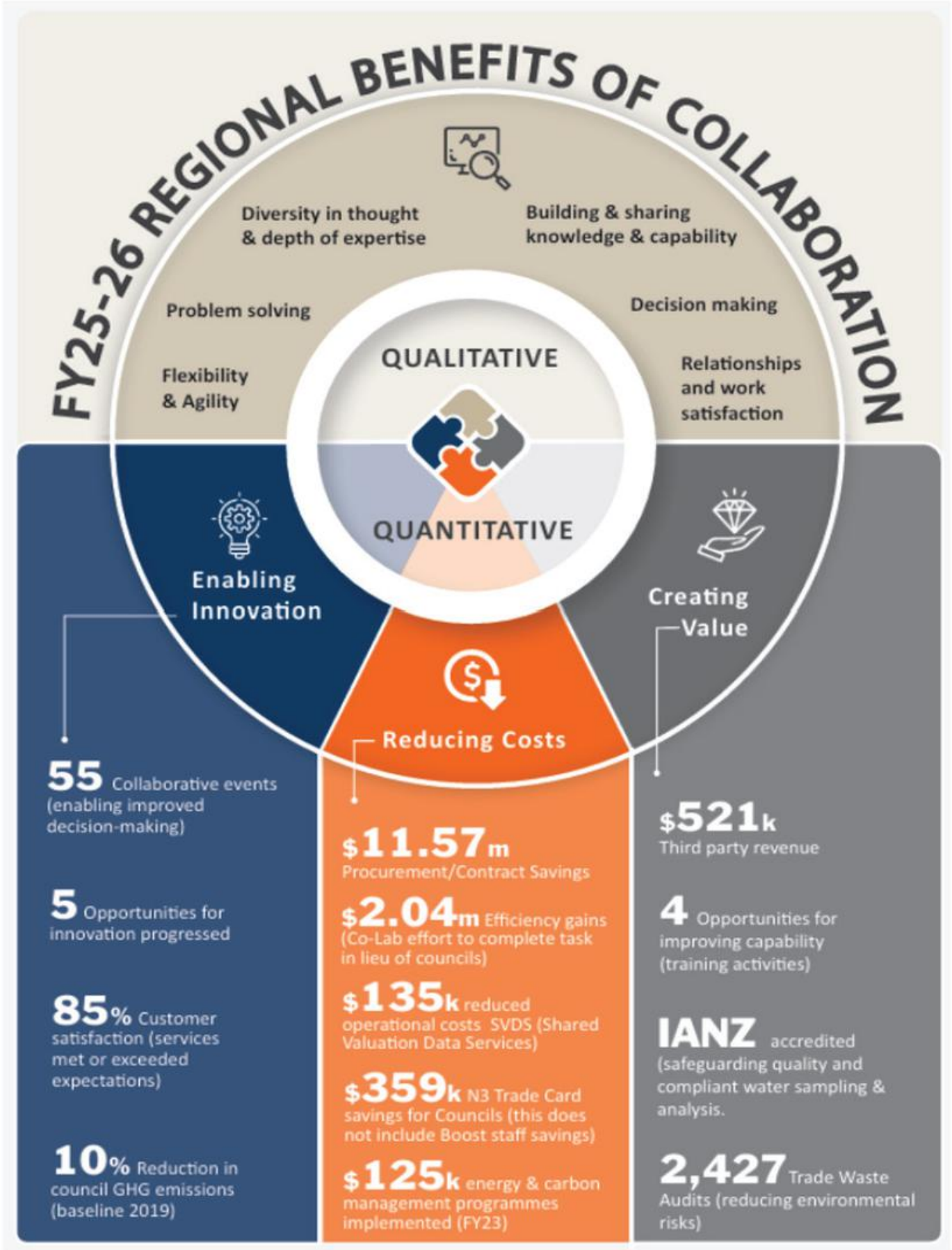
3-YEAR S.M.A.R.T. GOALS

Strategic Goals (3-Year)	Objectives
1. Shareholding Councils understand we provide them value	• We know the value we provide shareholders has improved by 15%, by 30 June 2027 • By 30 June 2027, 80% of shareholders agree they get value from Co-Lab
2. Deliver value by growing the scale of our shared service function	• 28 New instances of Co-Lab's shared services being utilised by 30 June 2027
3. Diverse, talented and motivated people work for us	• Staff engagement is maintained at 85% or above, by 30 June 2027 • Staff turnover is less than 15% per annum • Our vacancies are filled by suitable candidates within 3 months

Baseline y/e 30 June 2023

PERFORMANCE MEASURES

Strategic Goal	3-Year Objective	3-Year Tracking	Annual Target:	FY25-26	FY24-25
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).*	On track	Year-on-year increase in the value we provide to councils.	**FY25-26: $14.7m in value we provide to councils as measured by our benefit analysis.**	**FY24-25:** $11.4m in value we provide to councils as measured by our benefit analysis.
	By 30 June 2027, 80% of shareholders agree they get value from Co-Lab.	On track	80%+ of council survey respondents believe those Co-Lab services they received met or exceeded their expectations (evidenced by an annual survey).	**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 received)	**FY24-25:** 88% of council survey respondents believe those Co-Lab services they received met or exceeded their expectations (evidenced by an annual survey) in FY25. The survey response rate was 41% (350 were invited to participate with 142 responses received).
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	On track	Year-on-year increase in the utilisation of services we provide to councils.	**FY25-26 entities onboarded:** • 2 Co-Lab Water Services • 1 RIMU Service • 6 Co-Lab Building Services • 3 Professional Services Panel	**FY24-25:** New onboardings: • 5 RATA Spaces and Places councils • 1 Smart Water • 1 ECM • 1 Sampling & Analysis • 1 Co-Lab Building Services • 1 Professional Services Panel
			Year-on-year increase in the number of services available to councils.	**FY25-26:** Introduced RIMU.	**FY24-25:** • Introduced RATA Spaces & Places • Launched Co-Lab Building Services
	All shareholders take up at least one additional shared service.	On track	Year-on-year increase in the utilisation of services we provide to councils.	**FY25-26:** 8 existing services taken up.	**FY24-25:** 4 existing services taken up.
GOAL 3: Diverse, talented and motivated people work for us	Maintain staff engagement above 85%.	On track	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).	**FY24-25:** The engagement score was 86%. The survey response rate was 45% (49 were invited to participate with 22 responses received).
	Staff turnover is less than 15%.	On track	Staff turnover is less than 15%.	**FY25-26:** 16.7% staff turnover.	**FY24-25:** 10.5% staff turnover.
	Our vacancies are filled by suitable candidates within 3 months. *(baseline y/e 30 June 24)*	On track	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.	**FY24-25:** The one advertised position was vacant for two months.


FY25-26 REGIONAL BENEFITS OF COLLABORATION
Diversity in thought & depth of expertise
Building & sharing knowledge & capability
Problem solving
Decision making
Flexibility & Agility
Relationships and work satisfaction
QUALITATIVE
QUANTITATIVE
Enabling Innovation
Creating Value
Reducing Costs
55 Collaborative events (enabling improved decision-making)
5 Opportunities for innovation progressed
85% Customer satisfaction (services met or exceeded expectations)
10% Reduction in council GHG emissions (baseline 2019)
$11.57m Procurement/Contract Savings
$2.04m Efficiency gains (Co-Lab effort to complete task in lieu of councils)
$135k reduced operational costs SVDS (Shared Valuation Data Services)
$359k N3 Trade Card savings for Councils (this does not include Boost staff savings)
$125k energy & carbon management programmes implemented (FY23)
$521k Third party revenue
4 Opportunities for improving capability (training activities)
IANZ accredited (safeguarding quality and compliant water sampling & analysis.
2,427 Trade Waste Audits (reducing environmental risks)

THE NUMBERS

Summary financial results for the year:	2026 (000's)	2025 (000's)	Change
Total Income	$15,044	$9,718	55%
Net Surplus Before Tax	$354	($75)	572%
Cash on Hand	$7,357	$1,161	534%

Co-Lab recorded a net surplus before tax of $354k for 2026, an improvement of 572% from the prior year. Total income increased by 55%, reflecting increased activity across Co-Lab's services and projects. Cash on hand was also significantly higher at year end, with $4.97m of the balance relating to funds held on behalf of a related party. Co-Lab remains in a sound financial position.

OPPORTUNITY DEVELOPMENT & SHARED SERVICES

OPPORTUNITY DEVELOPMENT



During the year, Co-Lab progressed several opportunities to extend the value of collaboration, improve council services and develop new shared solutions.

- **Building Consent Authority Collaboration:** Completed an indicative business case exploring greater BCA collaboration for Waikato councils. Subsequently these Councils have been joined by Bay of Plenty and Gisborne Councils in the development of a design and decision case.
- **RIMU:** Established a new national road condition data service in partnership with NZTA's Road Efficiency Group, building on Co-Lab's RATA expertise and creating value both within and beyond the shareholder group.
- **Building Consent Checking Assistant:** Progressed an AI-enabled solution to improve the speed and consistency of building consent processes.

SHARED SERVICES



Co-Lab's shared services continued to deliver specialist expertise, efficiencies and consistent regional approaches, while supporting councils through sector change.

- **RATA:** Delivered regional asset data and technical support for 10 councils, with the shared model generating approximately $900,000 in annual savings.
- **Water Services:** Maintained 90%+ customer satisfaction, retained IANZ laboratory accreditation and supported councils preparing for new water service delivery arrangements.
- **WRTM:** Began redevelopment of the next-generation strategic transport model and introduced a new portal for data and modelling requests.
- **Geospatial Services:** Improved OneView and the Waikato Open Data Hub, including progressing automated data publishing and regional standards.
- **Procurement Services:** Completed five collaborative procurement projects, including regional aerial imagery, valuation services and transport modelling procurement.
- **Waikato Building Consent Group (WBCG):** Strengthened regional building control capability through shared training, quality assurance and tools, including the inaugural Development Day attended by 160+ staff.
- **RITS:** Published RITS Version 2, providing updated and consistent infrastructure standards across participating councils.
- **RIMU:** Successfully completed its first year of operation, delivering national road condition datasets that met required quality standards.
- **Shared Valuation Data Service:** Secured new valuation arrangements for nine councils, representing approximately $11.6 million in contracts.
- **Co-Lab Building Services:** Continued to grow shared building consent processing support, while strengthening workflows, technical capability and quality assurance.
- **Energy & Carbon Management:** Supported nine councils with energy and emissions management, with preliminary results showing a 10.1% reduction in energy intensity and 18.0% reduction in greenhouse gas intensity.

WAIKATO WATERS LIMITED

Waikato Waters Limited is a council-controlled organisation established during 2025/2026 under the Local Water Done Well framework to deliver drinking water and wastewater services for participating Waikato councils. The company was incorporated following agreement between seven Waikato councils: Hauraki District Council, Matamata-Piako District Council, Ōtorohanga District Council, South Waikato District Council, Taupō District Council, Waipā District Council and Waitomo District Council. There are six councils that will move to stage 2 as Taupō District Council will look to provide water services in-house.

South Waikato District Council is a shareholder in Waikato Waters Limited. At incorporation, each participating council held 100 Stage 1 shares.

Nature and scope of activities

Waikato Waters Limited has been established to provide safe, reliable, sustainable and financially responsible drinking water and wastewater services across the participating council areas. Its activities include operating and maintaining water supply and wastewater networks, planning and delivering renewals and capital investment, supporting compliance with water quality and environmental requirements, and providing customer-focused water services.

The establishment of Waikato Waters Limited enables participating councils to retain local ownership while working together regionally to deliver water services. The model is intended to support long-term affordability, access to financing, consistent service delivery, and compliance with the regulatory requirements applying to water service providers.

During the 2025/26 year, Waikato Waters Limited activities were focused primarily on establishment, governance, and transition planning in preparation for assuming responsibility for drinking water and wastewater services from 1 July 2026. Accordingly, the nature and scope of activities undertaken during the year were consistent with the company's establishment purpose and implementation programme

Council policies and objectives relating to ownership and control

Council's objective in becoming a shareholder in Waikato Waters Limited is to ensure drinking water and wastewater services are delivered in a way that is financially sustainable, compliant with regulatory standards, responsive to growth, and accountable to local communities.

Council's ownership interest is exercised through the shareholder arrangements set out in the Waikato Waters Limited Constitution and Shareholders' Agreement.

A Shareholder Representative Forum has been established to provide shareholder oversight, set shareholder expectations, appoint directors, and monitor the company's performance. Council intends to use these

arrangements to ensure that Waikato Waters Limited operates consistently with the expectations of its shareholding councils and in the long-term interests of the communities it serves.

Key performance targets and measures

As Waikato Waters Limited was established during the 2025/26 year and did not assume responsibility for South Waikato's drinking water and wastewater services until 1 July 2026, no operational full-year performance targets or measures for water service delivery were included in this Annual Report.

Future performance will be assessed through the company's accountability documents, including its statement of intent, half-yearly reports and annual reports. Performance measures are expected to include service reliability, drinking water compliance, wastewater compliance, customer service, delivery of renewals and capital works, financial sustainability, and progress against agreed shareholder expectations.

OUR COMMUNITY AND BUSINESS PARTNERS

During the 2025-26 year, South Waikato District Council collaborated with numerous community and business groups. Council has served as a partner, facilitator, enabler, commissioner, advocate, or funder, depending on the organisation and objectives. These groups include:

Economic Development

The Council works closely with key partners and stakeholders to promote District growth. Council made a funding contribution to the Soda Start Up Programme through local business advocates, SWIFT. Soda is a regional facility which connects business people from all industries and stages and provides the right advice, support and resources to accelerate business growth and drive innovation. This is a positive move made by Council to increase its place in supporting growth.

Education Partnerships

The Council partnered with tertiary education providers, such as Toi Ohomai and Te Wānanga o Aotearoa, to enhance trades training and increase student enrolment through Pūkenga Rau. The Mayoral Task for Jobs (MTFJ) service that Council has, supported students by providing study assistance at Te Pūkenga in courses relevant to our local industries like mechanical engineering.

Business Associations

The Waikato Chamber of Commerce (WCC) has supported and advocated for businesses at local, regional, and Central Government levels. Council funded the start-up, support and delivery of the South Waikato Business Association provided by the WCC. This has been a project that has been worked through in different ways and the reintroduction of support from WCC has moved this forward.

Leisure and Recreational Services

We collaborated closely with our partner, Sport Waikato, whose focus is on play, active recreation, and sport. Dedicated to helping people develop a lifelong love of physical activity. Council contributed funding for the delivery of the Waikato Regional Active Spaces Plan as part of this partnership. This plan has reviewed requirements within our district and the alignment requirement under the memorandum of understanding between both parties.

Emergency Management

The Local Community Welfare Committee, co-chaired by Raukawa, South Waikato Pacific Island Community Trust (SWPIC) and the Council, involved multiple agencies to manage emergency responses. There were two committee meetings during the year that focused on what was needed in this space as part of the district response in relation to welfare, how it would be administered and then delivered when necessary. As strong partners within this space, Raukawa and SWPIC have shown that their expertise will ensure that the committee are in good hands.

OUR CHALLENGES

Ngā mahi uauatanga

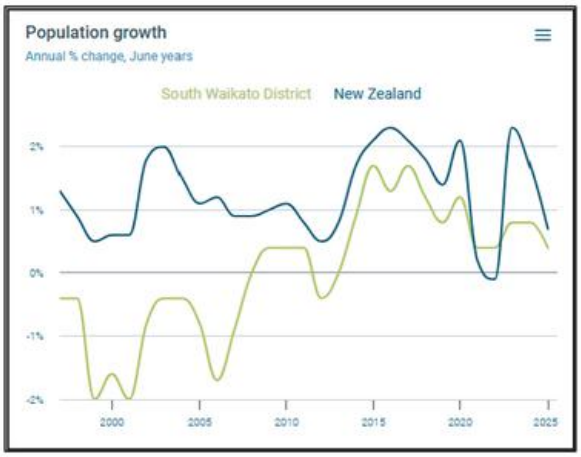
Deprivation: The South Waikato District continues to face entrenched socioeconomic deprivation challenges. The New Zealand Index of Deprivation (NZDep), produced by Environmental Health Intelligence New Zealand (EHINZ), is an area-based measure of socioeconomic deprivation in Aotearoa New Zealand. It draws on census variables including, but not limited to:

- Number of people aged 18-64 who are unemployed
- Number of people aged 18-64 receiving a means tested benefit
- Number of people aged 18-64 without any qualifications
- Number of people aged 18-64 not living in their own home

A score of 1 reflects areas of least deprivation, while a score of 10 reflects areas of greatest deprivation. NZDep 2023 identifies South Waikato District as one of the most deprived communities in New Zealand, with 75% of the district rated at deprivation level 9 or 10. Although the index has not been updated since last year's Annual report[RB4.1], current information on several of the contributing measures is provided below. These measures indicate worsening trends in many areas and show that deprivation remains a significant and persistent issue for South Waikato.

GROWTH

South Waikato's population reached 26,000 in 2025, a small increase since 2004. Growth has slowed to 0.4% in 2025, down from 0.8% in 2024. Compared with New Zealand overall, South Waikato has a higher proportion of people aged under 15 and over 65. Under-15s make up 21.9% of the district's population, compared with 18.2% nationally, while those aged 65 and over make up 17.7%, compared with 16.9% nationally. As a result, the district has a smaller working-age population (60.4% ages 15-64, compared with 64.9% nationally) and a higher dependency ratio (65.6%, compared with 54.2% nationally).

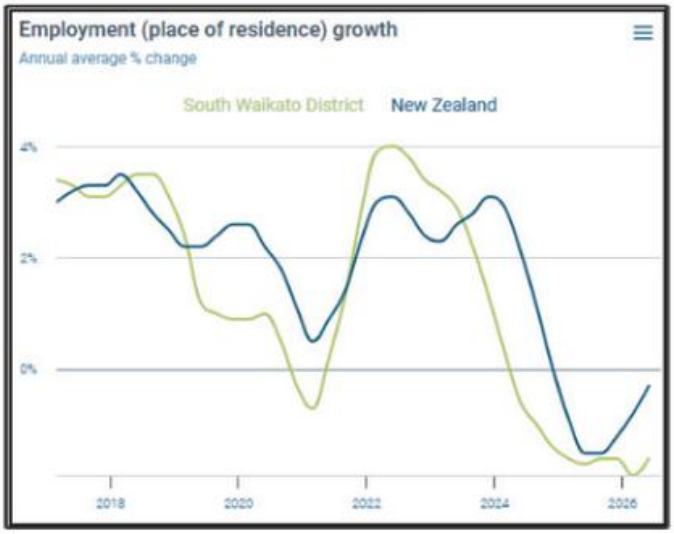


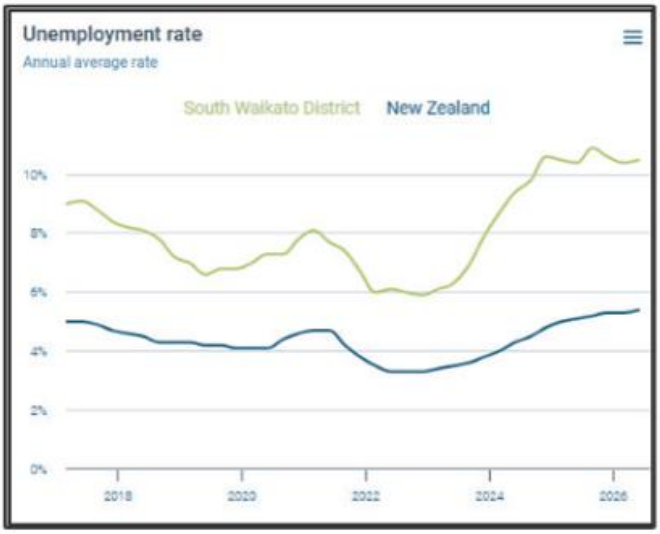
(Infometrics Regional Economic Profile 2025)

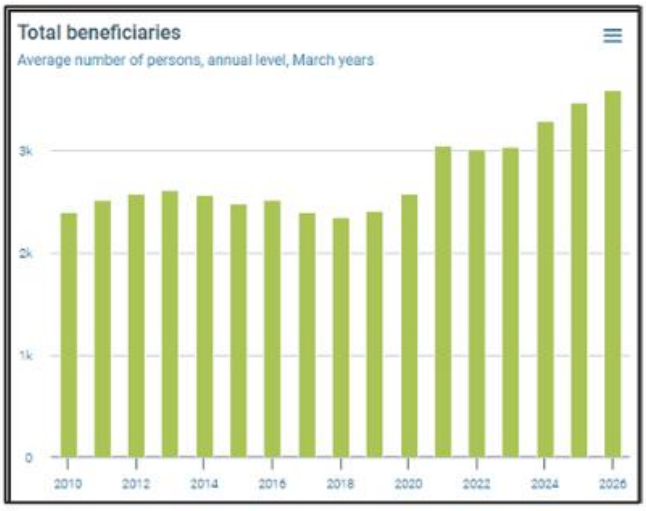
EMPLOYMENT

Employment continues to show negative growth in South Waikato (1.6%) for the year ended June 2026 but shows a recovery from March 2026 where it hit a low of 1.9%. The unemployment rate (10.5%) continues to be significantly higher than the rest of New Zealand (5.4%) and is slightly up on the 10.4% in the previous 12 months. At the same time our beneficiary numbers have also continued to increase.

South Waikato District has a heavy reliance on the manufacturing agriculture and forestry industries and challenges in this sector continue to impact on our employment opportunities.







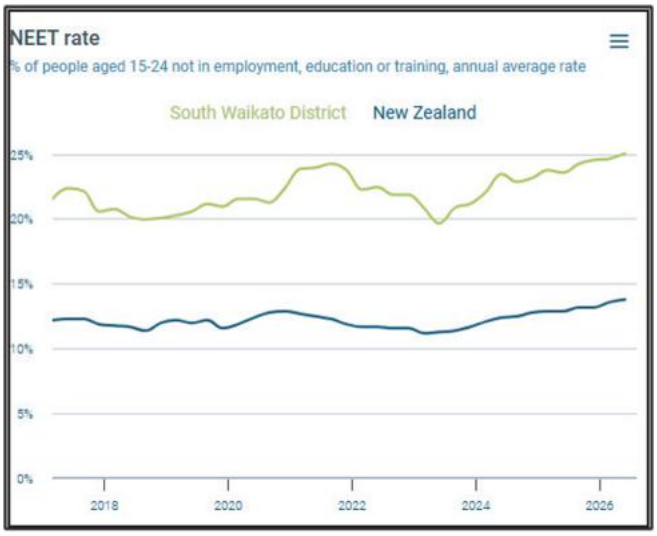
Our smaller working-age population and high unemployment create increased pressure on our services as well as affordability challenges. Supporting investment in training pathways and job opportunities will continue to be important to strengthening our long-term community wellbeing.

(Infometrics Quarterly Economic Monitor 2026)

EDUCATIONAL ACHIEVEMENT

The Not in Education, Employment or Training (NEET) rate of our Districts young population (15 -24 years old) has increased again in June 2026 to 25.1% after a small decrease at the same time last year. This rate is significantly higher than for New Zealand (13.8%).

(Infometrics Quarterly Monitor, June 2026)

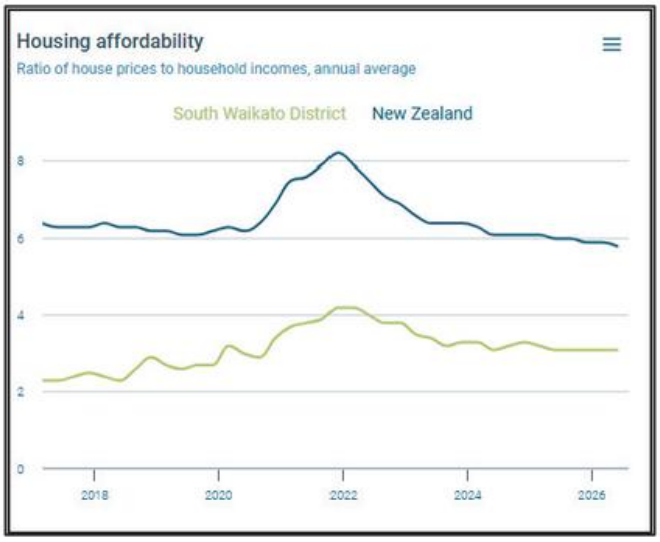


Councils' role in the Mayoral Task Force For Jobs programme that supports young people in finding employment or undertaking some form of education or training continues to play a vital part in supporting our young people into work and education. Last year, it placed 60 young people into full-time employment (FTE) positions and made 49 referrals to other agencies.

(South Waikato District Council KPI report June 2026)

HOUSING AND AFFORDABILITY

In June 2026, housing in South Waikato (3.1) is more affordable than in New Zealand (5.8). Affordability has remained stable over the last year, with the ratio of house prices to household incomes remaining at 3.1, while housing affordability across New Zealand had slightly improved.



Rent is a major component of household spending and approximately 36% of residents in South Waikato in homes that they don't own (Census 2023). Rents have shown a moderate mean average increase between March 2025 and March 2026 (from $453-$473). This is lower than the mean average weekly rental in New Zealand ($564). Mortgage payment as a proportion of income in South Waikato has also slightly decreased between March 2025 and March 2026 from 19.2% down to 18.2%. Any cost benefits are, however, likely to have been offset by increases in energy and other basic items.

(Infometrics Quarterly Economic Monitor 2026)

Council continues to work with its housing partners to ensure plentiful land for housing supply (as described further under Goal 1, page 25)

FINANCIAL CHALLENGES

Similar to other Local Authorities within New Zealand, Council has faced significant fiscal challenges arising from cost increases and under-investment in infrastructure in prior years. This has been evident in the 2025-26 year and the relative detail in relation to these matters have been identified within the report through service statements and financial statements. During the 2025-26 year Council budgeted for a 1% efficiency target of $960k that was a challenge to meet but it was achieved. Although this may not be specifically identified, the fact that there is a smaller deficit than budgeted indicates that we exceeded the expected efficiency.

OUR STRATEGIC DIRECTION

Tō mātou rautaki ahunga

South Waikato District Council must comply with the Local Government Act 2002. This legislation tells us that the purpose of Local Government is to promote community wellbeing.

This means that we, as local authorities, are responsible for promoting the social, economic, environmental and cultural wellbeing of our communities at present and in the future. Council's Vision statement reflects aspirations of contributing to our District economy's improved quality of life for the next ten years and beyond. Together, with the community outcomes, it paints a picture of the future state of our District.

OUR VISION

A thriving community and robust economy that outpaces the rest of NZ

THRIVING COMMUNITIES

Our diverse people are healthy and well, with ample opportunities to support their quality of life.

SUSTAINABLE ENVIRONMENT

The District is a national leader in benefitting from a circular economy.

ROBUST ECONOMY

Leveraging our location and rich soils, we rebuilt a strong foundation for our grandchildren.



GOAL 1) More people own their own home than ever before

GOAL 2) More people participate in community activities and events than ever before

GOAL 3) No waste or rubbish leaves the District

GOAL 4) Our economy grows faster than anywhere else in the country

GOAL 5) All our young people are in education or employment

The five Goals complete Council's strategic framework and provide direction across all activity and service areas for our communities. Each goal is supported by metrics that will be tracked and used as a performance framework guiding the work of each team. These metrics will be reported annually as part of our Annual Report requirements.

Separate to these goals are our statement of service performance measures that were outlined in our 2024-34 LTP which are reported on in Our Services Measures section of the annual report.



OUR GOALS & STRATEGIC MEASURES

GOAL 1) More people own their own home than ever before

STRATEGIC MEASURE	OUTCOME 2024-25	TARGET 2025-26	RESULT 2025-26
Individual home ownership increases over time. Baseline will be measured by internal data and updated 2023 Census data when released.	Trending up	Trending up	Unable to be measured

Commentary: No new census data is available since last year's Annual Report, however house sales have declined between June 2025 and 2026 by -5.1%. Despite this residential subdivision enabled by rezoning of land (43 new sections) and developments taking place in the District, which are providing more home ownership opportunities across the district.

GOAL 2) More people participate in community activities and events than ever before

STRATEGIC MEASURE	OUTCOME 2024-25	TARGET 2025-26	RESULT 2025-26
Measure of community participation in services and facilities, voter tumout, targeted satisfaction surveys and census data is increasing over time.	Trending up	Trending up	Trending up

Commentary: The overall service delivered by the library has remained consistently high at 90% over the past two years, whereas users' satisfaction with our community pools is at an all-time low of 58% due to it being closed for the past 18 months for an upgrade. Despite this, attendance numbers have increased at our two outdoor summer season pools from 2,161 to 3,225 attendees in Tīrau and 6,433 to 11,969 attendees in Putāruru. Community events such as Christmas parades and Balloons Visit South Waikato 2026 attracted approximately 8-10,000 attendees, with Wings and Wheels over South Waikato newly added this year.

GOAL 3) No waste or rubbish leaves the District

STRATEGIC MEASURE	OUTCOME 2024-25	TARGET 2025-26	RESULT 2025-26
Waste to landfill tonnage decreases over time. Baseline of 6,042 tonnes of waste to landfill for the 2022-23 financial year.	Trending down	Trending down	Trending down

Commentary: We have had 5,822 tonnes of waste to landfill during the 2025-26 year. This target of trending down was achieved as the tonnage is 220 tonnes less than the baseline of 6,042 tonnes. The annual measure for materials diverted from landfill was 48.23%.

GOAL 4) Our economy grows faster than anywhere else in the country

STRATEGIC MEASURE	OUTCOME 2024-25	TARGET 2025-26	RESULT 2025-26
District GDP increases at a higher rate than the national average. Baseline of $1.5 billion in 2024 (Infometrics measure), employment and business growth.	Trending down	Trending up	Trending up

Commentary: South Waikato's GDP for the year ending June 2026 was $1.7b, down slightly on the previous year (-0.1%). This has been impacted by unemployment increases as a result of large manufacturing and associated industry closures in the district including the paper manufacturing at Kinleith Mill. An upward trend has continued from the base year benchmark set in the Long Term Plan 2024-34.

GOAL 5) All our young people are in education or employment

STRATEGIC MEASURE	OUTCOME 2024-25	TARGET 2025-26	RESULT 2025-26
District's NEET rate decreases over time. Baseline of 22.6% of young persons population.	Trending down	Trending down	Trending up

Commentary: The latest information available from Infometrics indicates that the NEET measurement is 25.1% for the South Waikato District, which is significantly higher than New Zealand at 13.8%. This is an increase from last years NEET measurement (22%). Youth unemployment in South Waikato continues to be significant community challenge.

OUR FINANCIAL STRATEGY LIMITS

Tō mātou rautaki ahumoni

The Financial Strategy sets our guiding principles for managing Council's finances and making budgetary decisions. It tells the story about the levels of service, costs, risks and trade-offs that Council needs to consider,
ensuring that we can help set and communicate priorities to the community.

Council recognises the financial constraints on our community. It is imperative that Council maintains and protects financial integrity. Council has set limits on the amount of rates that it can collect and the amount of debt that it can accumulate. Whether we have achieved compliance with these limits is discussed below:

FINANCIAL MEASURE	LIMIT	ACHIEVED	COMMENT
Rates increase	Rates revenue increases will not be larger than 9% for any one year.	Yes	Average rates increase for the 2025-26 financial year was 8.9%
External debt	External loans will not exceed the self-imposed limit of Council of 150% of total revenue. The prudence benchmark indicates that external loans will not exceed 175% of total revenue.	Yes	External loans as at 30 June 2026 was $65m. Net debt is $49.3m which is 76% when compared to total revenue for 2025-25 of $67.3m.

OUR SERVICES

Ā mātou ratonga

TRANSPORT & ROADING
NGĀ RATONGA MOMO WAKA ME NGĀ HUARAHI

SOLID WASTE & RECYCLING
NGĀ RATONGA PARA KORE ME TE HANGARUA?

WATER SUPPLY
NGĀ RATONGA WAI

WASTEWATER
NGĀ RATONGA WAIPARA

STORMWATER
NGĀ RATONGA WAIĀWHĀ

LEISURE & WELLBEING
NGĀ RATONGA PĀREKAREKA ME TO ORANGA TONUTANGA

GOVERNANCE
NGĀ RATONGA KĀWANATANGA

STRATEGY
NGĀ RATONGA RAUTAKI

REGULATORY
NGĀ RATONGA WHAKAHAERETANG

TRANSPORT & ROADING SERVICES

Ngā ratonga momo waka me ngā huarahi

The South Waikato District Council owns, operates, and maintains the Land Transport Network (excluding State Highways) to ensure safe, reliable, and efficient access for residents 24/7. This supports the needs of the community, provides local representation for transportation needs, and ensures sound management of the network for future generations. The Council oversees activities such as road and cycleway resealing, road pavement rehabilitation, seal widening, maintenance of signs, street lighting, road drainage, footpaths, road marking, and general maintenance of both sealed and unsealed roads. While external contractors handle physical work, internal SWDC staff manage the network.

The Council's roading network ensures secure access throughout the district, facilitating business development, safe movement for residents and visitors, and easy access to facilities and services, thereby supporting economic growth and operational efficiency.

Land Transport Activities will focus on meeting Government Policy Statement requirements, coordinating national, regional, and local transport networks, ensuring long-term sustainability through asset management and risk practices, enhancing sustainability and resilience, continuing network performance modelling, ensuring NZTA and legislative compliance, and adhering to the District Land Transport Strategy, which guides the South Waikato Land Transport System.

Council has several performance measures that align with the vision and goals. These metrics for Transport & Roading Services are found in the Our Services Measures section of this document.

The 2025-26 financial year is the second year of reporting of the 2024-34 Long Term Plan and the comparative detail for 2025 actuals has been reorganised to reflect the service and the way it is delivered. Where applicable, there will be additional disclosures to comment on relative variances.

WHAT WE DELIVERED THIS YEAR IN TRANSPORT & ROADING SERVICES

- Strengthened and rehabilitated 2.1km of local roads to extend pavement life and improve network resilience (Main Street, Old Taupō Road, Okoroire Road and Waotu Road).
- Maintenance and management of 497km of sealed roads and 34.3km of unsealed roads and associated transport assets including bridges, culverts and drainage systems, footpaths, kerb channel, road signs, road markings, and street lighting.
- Resurfacing 30km of chipseal and asphalt roads to improve water proofing, protect the underlying pavement, and enhance skid resistance for safer travel.
- Renewal of 225m of footpaths to remove trip hazards and provide safer, more accessible pedestrian routes.
- Renewal and construction of 234m of kerb and channel to improve stormwater drainage and reduce water infiltration into the road pavement.
- Renewal of 100m of culverts to improve drainage performance and support the long-term resilience of the transport network.

TRANSPORT & ROADING SERVICES CAPITAL PROJECTS

Below is a summary of the capital project work undertaken in the 2025-26 financial year.

TRANSPORT & ROADING WORK PROGRAMME	ACTUAL SPEND 2026 $000s	BUDGET SPEND 2026 $000s	ACTUAL SPEND 2025 $000s
Pavement rehabilitation	2,751	1,518	66
Low cost low risk improvements	458	-	86
Drainage renewals	175	424	253
Speed Management Plan implementation	29	-	-
Traffic services and street lighting renewals	325	266	294
Footpath renewals	58	30	25
Sealed roading resurfacing and widening	2,072	1,835	554
Tokoroa and Tīrau CBD – hazardous paving renewal	-	600	-
Total	**5,868**	**4,673**	**1,278**

The variance between budget and actual spend for capital project work in the 2025-26 financial year was significant. This is due to the prioritisation of over capital work such as pavement rehabilitation and resurfacing work during the year, with Council continuing to maximise NZTA funding where it was able.

TRANSPORT & ROADING FUNDING IMPACT STATEMENT

For the year ended 30 June 2026

	LTP 2024-25 $000's	LTP 2025-26 $000's	ACTUAL 2025-26 $000's
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	5,439	6,249	5,514
Subsidies and grants for operating purposes	3,727	3,992	3,972
Fees and charges	14	15	106
Internal charges and overheads recovered	-	-	-
Interest & dividends from investments	36	26	-
Local authorities fuel tax, fines, infringement fees, other receipts	180	180	263
Total operating funding (A)	**9,396**	**10,462**	**9,855**
APPLICATION OF OPERATING FUNDING			
Payments to staff and suppliers	6,945	7,155	5,701
Finance costs	133	165	165
Internal charges and overheads applied	2,992	2,969	2,391
Total application of operating funding (B)	**10,070**	**10,289**	**8,257**
Surplus/(deficit) of operating funding (A-B)	**(674)**	**173**	**1,598**
SOURCES OF CAPITAL FUNDING			
Subsidies & grants for capital expenditure	3,425	4,055	3,812
Development & financial contributions	263	268	458
Increase (decrease) in debt	2,672	2,083	-
Total sources of capital funding (C)	**6,360**	**6,406**	**4,270**
APPLICATION OF CAPITAL FUNDING			
Capital expenditure:			
- to meet additional demand	-	-	-
- to improve the level of services	2,096	2,605	431
- to replace existing assets	3,590	3,974	5,437
- Increase (decrease) in reserves	-	-	-
Total application of capital funding (D)	**5,686**	**6,579**	**5,868**
Surplus/(deficit) of capital funding (C-D)	**674**	**(173)**	**(1,598)**
Funding balance ((A-B)+(C-D))	**-**	**-**	**-**

SOLID WASTE & RECYCLING SERVICES

Ngā ratonga para kore me te hangarua

Council owns, operates (under contracts), and maintains various assets and services to promote waste minimisation and environmental protection, as mandated by the Waste Minimisation Act 2008.

We provide a weekly kerbside household rubbish collection and disposal service, as well as a fortnightly kerbside household recycling collection and processing service. Additionally, we offer a greenwaste drop-off and processing service to ensure proper management of organic waste. To facilitate waste disposal and recycling, we operate waste transfer stations in Tokoroa and Putāruru, along with three recycling drop-off centres.

Furthermore, we oversee the maintenance and aftercare of three closed landfills, ensuring responsible management of these sites. Recognising the importance of education and community engagement, we provide waste minimisation education in schools and offer practical workshops to encourage our communities to better manage their waste.

We actively promote behaviour change, community engagement, and policy development to achieve waste minimisation and reduction. Moreover, we investigate, enforce, and encourage the reduction of illegal dumping, ensuring a clean and sustainable environment for our communities.

The Waste Minimisation Act 2008 promotes waste reduction to safeguard the environment and provide environmental, social, economic, and cultural benefits. This Act mandates the Council to prepare and regularly update a Waste Management and Minimisation Plan (WMMP). The current WMMP, established in 2022, outlines the Council's activities for the next six years and is scheduled for review in 2028.

The 2025-2026 financial year is the second year of reporting of the 2024-34 Long Term Plan and the comparative detail for 2025 actuals has been reorganised to reflect the service and the way it is delivered. Where applicable, there will be additional disclosures to comment on relative variances.

WHAT WE DELIVERED THIS YEAR IN SOLID WASTE & RECYCLING SERVICES

- Researched and identified more cost-effective options for reducing organic waste to landfill in our communities in preference to introducing a kerbside organics collection.
- Council participated in the Waikato Regional Council Circular Economy internship programme for the third year. The focus for this year is on resource recovery at a community level and includes valuable follow-up work from the 2024 Farm Waste project.
- Provided 42 programmes for zero waste education, waste awareness workshops and paper trees across our community.
- Supported forestry workers cleaning up 15 tonnes of illegal dumping at forestry road entrances during Keep NZ Clean week.
- Completed a full review and re-write of the Solid Waste Bylaw and the Solid Waste Asset Management Plan to better align with the current waste environment.
- Introducing our Mobile Recycling Trailer to rural communities to encourage recycling in our rural communities and at community events.

SOLID WASTE & RECYCLING SERVICES CAPITAL PROJECTS

Below is a summary of the capital project work undertaken in the 2025-26 financial year.

WORK PROGRAMME	ACTUAL SPEND 2026 $000s	BUDGET SPEND 2026 $000s	ACTUAL SPEND 2025 $000s
Solid waste renewals	164	105	12
Other Projects - Solid Waste	38	-	68
Total	**202**	**105**	**80**

The variance between budget and actual spend for capital project work in the 2025-26 financial year was significant. This is due to increased solid waste renewals work being undertaken during the year, along with other solid waste project costs not included in the budget.

SOLID WASTE & RECYCLING FUNDING IMPACT STATEMENT

For the year ended 30 June 2026

	LTP 2024-25 $000's	LTP 2025-26 $000's	ACTUAL 2025-26 $000's
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	2,445	1,790	3,363
Targeted rates	1,366	1,384	1,405
Subsidies and grants for operating purposes	-	-	506
Fees and charges	1,099	1,071	1,277
Interest & dividends from investments	39	22	-
Local authorities fuel tax, fines, infringement fees, other receipts	405	405	35
Total operating funding (A)	**5,354**	**4,672**	**6,586**
APPLICATION OF OPERATING FUNDING			
Payments to staff and suppliers	3,747	3,763	4,951
Finance costs	142	133	123
Internal charges and overheads applied	1,155	1,146	913
Other operating funding applications	5	5	16
Total application of operating funding (B)	**5,049**	**5,047**	**6,003**
Surplus/(deficit) of operating funding (A-B)	**305**	**(375)**	**583**
SOURCES OF CAPITAL FUNDING			
Subsidies & grants for capital expenditure	-	-	-
Increase (decrease) in debt	4	480	-
Total sources of capital funding (C)	**4**	**480**	**-**
APPLICATION OF CAPITAL FUNDING			
Capital expenditure:			
- to improve the level of services	206	-	38
- to replace existing assets	103	105	165
Increase (decrease) in reserves	-	-	380
Total application of capital funding (D)	**309**	**105**	**583**
Surplus/(deficit) of capital funding (C-D)	**(305)**	**375**	**(583)**
Funding balance ((A-B)+(C-D))	**-**	**-**	**-**

WATER SUPPLY SERVICES

Ngā ratonga wai

Council manages four urban (Tokoroa, Putāruru, Tīrau, Arapuni) and two rural (Lichfield and Athol) water supplies, which include 10 reservoirs, 10 bore water pumps, and 228km of reticulation. Water is treated using various methods, including chlorination, filtration, pH correction, fluoridation, and ultraviolet disinfection, to ensure high quality and safety standards.

Tokoroa's water is supplied by two bores and treated before being pumped to Colson Hill reservoirs. Putāruru water comes from the Glenshea Memorial Park Bore and Blue Spring, with water from both sources treated and distributed via reservoirs. Tīrau's water is sourced from the Oraka River and treated before being pumped to reservoirs for distribution. Arapuni's water is treated and pumped to a reservoir, with a booster pump for firefighting purposes. Lichfield's water comes from a bore, and residents are advised to have storage tanks. Athol's water supply is purchased from Oji and treated by them.

Ensuring a reliable and clean water supply is essential for public health, community safety, and supporting businesses. Council has been committed to maintaining high-quality water services to try and meet all statutory and environmental standards. Unfortunately, Council was not able to meet all requirements under the statutory and environmental standards during the year. More details can be found in the Our Services Measures Section.

The Government's "Local Water Done Well" (LWDW) Policy aims to ensure long term planning and financial sustainability for Council-managed water services.

Council has explored options regarding water services while maintaining a local voice and achieving the best outcomes for communities and complying with legislation related to the LWDW policy. Council has decided to deliver water services through a multi-council owned, multi water services Council-controlled organisation (WSCCO), Waikato Waters Limited (WWL), from 1 July 2026.

Council has several performance measures that align with the vision and goals. These metrics for Water Supply Services are found in the Our Services Measures section of this document.

WHAT WE DELIVERED THIS YEAR IN WATER SUPPLY SERVICES

- Completed the pH correction upgrade undertaken at the Billah Street headworks.
- Completed the installation of the pH correction in Putāruru.
- Completed the scope and design of the new drinking water bore for Tīrau Water Supply.
- Completed the automation of the Tokoroa and Putāruru water filling stations.
- Completed the water renewals for reticulation.

WATER SUPPLY SERVICES CAPITAL PROJECTS

Below is a summary of the capital project work undertaken in the 2025-26 financial year.

WORK PROGRAMME	ACTUAL SPEND 2026 $000s	BUDGET SPEND 2026 $000s	ACTUAL SPEND 2025 $000s
Plant and equipment replacement	269	382	106
Water supply renewals	2,717	1,410	786
Health and safety improvements	61	42	29
Reservoir assessments and upgrades	273	3,824	24
Water supply improvements	1,256	632	453
Investigations into new water source (Tīrau)	73	-	-
Other Projects - Water	217	158	822
Total	**4,866**	**6,448**	**2,220**

The variance between budget and actual spend for capital project work in the 2025-26 financial year was significant. This is due to planned reservoir assessments and upgrades not being fully undertaken during the year, while being partly offset by increased water supply renewals and improvement work. The actual spend in 2025-26 financial year will include project work as identified in the “what we delivered this year” section above.

WATER SUPPLY FUNDING IMPACT STATEMENT

For the year ended 30 June 2026

	LTP 2024-25 $000's	LTP 2025-26 $000's	ACTUAL 2025-26 $000's
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	3,931	4,511	4,627
Fees and charges	359	572	845
Internal charges and overheads recovered	-	-	-
Interest & dividends from investments	36	54	-
Local authorities fuel tax, fines, infringement fees, other receipts	-	-	9
Total operating funding (A)	**4,526**	**5,137**	**5,481**
APPLICATION OF OPERATING FUNDING			
Payments to staff and suppliers	2,572	2,442	3,791
Finance costs	134	333	245
Internal charges and overheads applied	1,394	1,365	806
Other operating funding applications	-	-	5
Total application of operating funding (B)	**4,100**	**4,140**	**4,847**
Surplus/(deficit) of operating funding (A-B)	**426**	**997**	**634**
SOURCES OF CAPITAL FUNDING			
Development & financial contributions	185	189	422
Increase (decrease) in debt	2,071	7,314	3,809
Total sources of capital funding (C)	**2,256**	**7,503**	**4,231**
APPLICATION OF CAPITAL FUNDING			
Capital expenditure:			
- to meet additional demand	-	3,924	366
- to improve the level of services	1,432	2,674	1,412
- to replace existing assets	1,250	1,902	3,087
Increase (decrease) in reserves	-	-	-
Total application of capital funding (D)	**2,682**	**8,500**	**4,865**
Surplus/(deficit) of capital funding (C-D)	**(426)**	**(997)**	**(634)**
Funding balance ((A-B)+(C-D))	**-**	**-**	**-**

WASTEWATER SERVICES

Ngā ratonga waipara

Council owns, operates and maintains wastewater collection networks and disposal schemes for the communities of Arapuni, Tīrau, Putāruru, and Tokoroa.

The wastewater undergoes rigorous treatment processes to achieve high-quality standards before being discharged into water bodies or land. The wastewater services provided to the community through these assets include wastewater collection throughout the urban areas of Tokoroa, Putāruru, Tīrau, and Arapuni, as well as gravity and pumped delivery of the wastewater to the respective treatment plants for each town.

The provision of wastewater collection networks and treatment plants is vital to meet the needs of all District residents. These services ensure safe, reliable, and efficient disposal of wastewater from homes, schools, and businesses 24 hours a day, 365 days a year, in a manner that safeguards human health and the environment.

The Government's "Local Water Done Well" (LWDW) Policy aims to ensure long term planning and financial sustainability for council-managed water services, including wastewater.

Council has explored options regarding water services while maintaining a local voice and achieving the best outcomes for communities and complying with legislation related to the LWDW policy. Council has decided to deliver wastewater services through a multi-council owned, multi water services Council-controlled organisation (WSCCO), Waikato Waters Limited (WWL), from 1 July 2026.

There are no significant variations between the Water and Sanitary Services Assessment in 2006 and the 2024-34 Long Term Plan.

Council has several performance measures that align with the vision and goals. These metrics for Wastewater Services are found in the Our Services Measures section of this document.

The 2025-26 financial year is the second year of reporting of the 2024-34 Long Term Plan and the comparative detail for 2025 actuals has been reorganised to reflect the service and the way it is delivered. Where applicable, there will be additional disclosures to comment on relative variances.

WHAT WE DELIVERED THIS YEAR IN WASTEWATER SERVICES

- Completed the disk filter upgrade to increase capacity at the Tokoroa Wastewater Treatment Plant.
- Completed an upgrade at the Tokoroa Tasman Drive Pump Station.
- Completed the rehabilitation/renewal of the wastewater pipes for the Putāruru Gravity Mains project.
- Completed the scope and design of the Tokoroa Wastewater Treatment Plant MBBR.
- Completed the scope and design for the Inlet Screen to improve grit removal and hydraulic capacity at the Tīrau Wastewater Treatment Plant.

WASTEWATER SERVICES CAPITAL PROJECTS

Below is a summary of the capital project work undertaken in the 2025-26 financial year.

WORK PROGRAMME	ACTUAL SPEND 2026 $000s	BUDGET SPEND 2026 $000s	ACTUAL SPEND 2025 $000s
Plant and equipment replacement	182	448	99
Wastewater pump station upgrades	106	905	163
Wastewater renewals	829	632	1,196
Health and Safety upgrades	66	42	8
Wastewater growth upgrades	-	-	16
Putāruru WWTP de- nitrification	-	5,263	-
Tokoroa WWTP de-nitrification	852	-	290
Tokoroa and Putāruru WWTP cultural treatment	-	-	1
Wastewater treatment plant upgrades	913	1,947	306
Other Projects - Wastewater	1,049	337	1,003
Total	**3,997**	**9,574**	**3,082**

The actual spend for capital project work in the 2025-26 financial year is significantly lower than expected. This is due to planned wastewater treatment plant upgrades and de-nitrification work not being fully undertaken during the year, while being partly offset by increased wastewater renewals and other wastewater project work.

WASTEWATER FUNDING IMPACT STATEMENT

For the year ended 30 June 2026

	LTP 2024-25 $000s	LTP 2025-26 $000s	ACTUAL 2025-26 $000s
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	8,105	9,355	9,733
Subsidies and grants for operating purposes	-	-	-
Fees and charges	177	286	414
Internal charges and overheads recovered	778	722	-
Interest & dividends from investments	210	165	-
Local authorities fuel tax, fines, infringement fees, other receipts	-	-	65
Total operating funding (A)	**9,270**	**10,528**	**10,212**
APPLICATION OF OPERATING FUNDING			
Payments to staff and suppliers	5,127	5,525	4,579
Finance costs	765	1,035	876
Internal charges and overheads applied	1,858	1,825	1,199
Other operating funding applications	-	-	99
Total application of operating funding (B)	**7,750**	**8,385**	**6,753**
Surplus/(deficit) of operating funding (A-B)	**1,520**	**2,143**	**3,459**
SOURCES OF CAPITAL FUNDING			
Development & financial contributions	155	158	496
Increase (decrease) in debt	6,904	10,747	41
Total sources of capital funding (C)	**7,059**	**10,905**	**537**
APPLICATION OF CAPITAL FUNDING			
Capital expenditure:			
- to meet additional demand	278	316	963
- to improve the level of services	7,374	9,706	2,513
- to replace existing assets	927	3,026	520
Increase (decrease) in reserves	-	-	-
Total application of capital funding (D)	**8,579**	**13,048**	**3,996**
Surplus/(deficit) of capital funding (C-D)	**-1,520**	**-2,143**	**-3,459**
Funding balance ((A-B)+(C-D))	**-**	**-**	**-**

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STORMWATER SERVICES

Ngā ratonga waiāwhā

Council owns, operates, and maintains 123km of stormwater collection networks and disposal schemes for the communities of Arapuni, Tīrau, Putāruru, and Tokoroa. These networks collect stormwater from homes and businesses through a system of pipes and channels, directing it by gravity to natural watercourses.

The stormwater assets provide the community with a reticulated system of pipes and channels designed to cope with frequent rainfall events. The Council also employs gross pollutant traps or similar treatment devices to reduce debris and contaminant levels in stormwater discharge, safeguarding the receiving natural watercourses. The stormwater infrastructure plays a vital role in the district's wellbeing. It ensures the safe and efficient disposal of rainwater 24/7, protecting both residents and property.

The Government's "Local Water Done Well" (LWDW) Policy aims to ensure long term planning and financial sustainability for council-managed water services, including stormwater.

The Council has explored options to ensure that communities continue to receive quality and value in their water services while maintaining a local voice and achieving the best outcomes and complying with legislation related to the LWDW Policy. Council has decided to maintain the delivery of stormwater services in-house.

Council has several performance measures that align with the vision and goals. These metrics for Stormwater Services are found in the Our Services Measures section of this document.

The 2025-26 financial year is the second year of reporting of the 2024-34 Long Term Plan and the comparative detail for 2025 actuals has been reorganised to reflect the service and the way it is delivered. Where applicable, there will be additional disclosures to comment on relative variances

WHAT WE DELIVERED THIS YEAR IN STORMWATER SERVICES

- Completed the stormwater upgrade across the district undertaken to improve performance and reduce risk of flooding.
- Completed district wide CCTV inspections, pipe remediation and renewals.

STORMWATER SERVICES CAPITAL PROJECTS

Below is a summary of the capital project work undertaken in the 2025-26 financial year.

STORMWATER WORK PROGRAMME	ACTUAL SPEND 2026 $000s	BUDGET SPEND 2026 $000s	ACTUAL SPEND 2025 $000s
Putāruru stormwater growth upgrades	218	2,105	169
Stormwater renewals	180	63	325
Stormwater improvements	1,206	1,407	1,477
Total	**1,604**	**3,575**	**1,971**

STORMWATER FUNDING IMPACT STATEMENT

For the year ended 30 June 2026

	LTP 2024-25 $000's	LTP 2025-26 $000's	ACTUAL 2025-26 $000's
SOURCES OF OPERATING FUNDING			
Targeted rates	1,169	1,828	1,646
Interest & dividends from investments	31	35	-
Local authorities fuel tax, fines, infringement fees, other receipts	-	-	4
Total operating funding (A)	**1,200**	**1,863**	**1,650**
APPLICATION OF OPERATING FUNDING			
Payments to staff and suppliers	576	606	742
Finance costs	114	218	139
Internal charges and overheads applied	510	496	273
Other operating funding applications	-	-	5
Total application of operating funding (B)	**1,200**	**1,320**	**1,159**
Surplus/(deficit) of operating funding (A-B)	**-**	**543**	**491**
SOURCES OF CAPITAL FUNDING			
Increase (decrease) in debt	1,819	3,032	1,113
Total sources of capital funding (C)	**1,819**	**3,032**	**1,113**
APPLICATION OF CAPITAL FUNDING			
Capital expenditure:			
- to meet additional demand	-	-	746
- to improve the level of services	1,788	3,512	653
- to replace existing assets	31	63	205
Increase (decrease) in reserves	-	-	-
Total application of capital funding (D)	**1,819**	**3,575**	**1,604**
Surplus/(deficit) of capital funding (C-D)	**-**	**(543)**	**(491)**
Funding balance ((A-B)+(C-D))	**-**	**-**	**-**

LEISURE & WELLBEING SERVICES

Ngā ratonga pārekareka me te oranga tonutanga

Our Leisure and Wellbeing Services aim to enhance the overall wellbeing and vitality of the South Waikato community by providing services that contribute to physical, social, economic and cultural wellness.

There are six activities in this group:

Swimming Pools
Provides a diverse range of aquatic recreational opportunities to support the health and wellbeing of the community.

Libraries
Serves as a community hub, facilitating lifelong learning, social engagement and access to educational and cultural resources for all patrons.

Parks and Reserves
These spaces provide recreational opportunities, green landscapes and restful environments that enhance the visual appeal of our communities.

Economic Development
Facilitates and supports initiatives to enhance the District's long-term economic sustainability.

Community Development
Fosters community wellbeing by empowering local organisations and private entities to deliver tailored services and activities that address the diverse needs of our community.

South Waikato Sport and Events Centre
Offers indoor recreational activities to improve physical and social wellness through active engagement and corporate meeting spaces.

Council has several performance measures that align with the vision and goals. These metrics for Leisure & Wellbeing Services are found in the Our Services Measures section of this document.

The 2025-26 financial year is the second year of reporting of the 2024-34 Long Term Plan and the comparative detail for 2025 actuals has been reorganised to reflect the service and the way it is delivered. Where applicable, there will be additional disclosures to comment on relative variances.

WHAT WE DELIVERED THIS YEAR IN PARKS AND RESERVES

- Installed drainage, new surfacing and washed out a section of the Lancaster Reserve walkway.
- Installed 3 additional picnic tables at the Glenshea Memorial Pools.
- Installed bollards at the Ireland Reserve.
- Installed 2 bench seats in Tīrau Domain.
- Constructed Burial berms in Tokoroa Cemetery and Domain Road Cemetery.
- Refurbished the carousel at the Overdale Street Playground.
- Completed the Street and Reserve tree planting programme.
- Completed the Native species planting programme.

PARKS AND RESERVES CAPITAL PROJECTS

Below is a summary of the capital project work undertaken in the 2025-26 financial year.

PARKS AND RESERVES WORK PROGRAMME	ACTUAL SPEND 2026 $000s	BUDGET SPEND 2026 $000s	ACTUAL SPEND 2025 $000s
Cemetery renewals	14	16	29
Bridges/boardwalks, walkways and internal road renewals	34	79	288
Signage, furniture, bins and fencing renewals	200	16	40
Lake Moananui, Colson's Hill and Arapuni retaining wall renewals	290	-	350
Playground renewals	9	61	237
Sportsgrounds renewals	-	-	51
Te Waihou Walkway boardwalk and track renewals	-	-	3
Te Waihou Emergency Works	6	-	2,040
Other Projects - Parks & Reserves	91	32	11
Total	**644**	**204**	**3,049**

The actual spend is higher than budget for capital project work in the 2025-26 financial year mainly due to increased signage, furniture, bins and fencing renewals and retaining wall renewals that were completed during the year.

Council manages and maintains several community facilities, such as the South Waikato Sport and Events Centre, libraries and pools. Ensuring the proper upkeep of our existing infrastructure involves renewing aging assets and complying with required standards.

WHAT WE DELIVERED THIS YEAR IN COMMUNITY FACILITIES

Leisure Services

- Organised and facilitated programmes and sessions across the pools and sports and events centre that included:
  - 25 holiday programmes and open play sessions.
  - Indoor sporting leagues for netball, volleyball and pickleball club.
  - 4 sports taster and development courses to educate and encourage participation in recreation.
  - 2 Healthy hearts sessions per week with 20-40 participants.
  - Waterwise water and boat safety sessions at both Tīrau and Putāruru summer pools.

Libraries

- Provided the Books 2 U service to South Waikato residents who are housebound and unable to visit in person.
- Hosted Justice of Peace and Inland Revenue NZ clinics.
- Organised 38 toddler time sessions during the year to engage with mums and toddlers, with an average of 9 toddlers and mums attending each session.
- Organised 55, 30-minute Wriggle and Rhyme sessions during the year, for young ones aged 0 to 2 years old.
- Organised 22 Love Crafty Hands, 11 Library Lovers Book clubs and 5 Library Lovers Books club for Young Adults sessions, first launching in April 2026.
- Delivered 36 lego, and 68 coding session programmes to our Tamariki ages 7 to 13 years old.

COMMUNITY FACILITIES CAPITAL PROJECTS

Below is a summary of the capital project work undertaken in the 2025-26 financial year.

COMMUNITIY FACILITIES WORK PROGRAMME	ACTUAL SPEND 2026 $000s	BUDGET SPEND 2026 $000s	ACTUAL SPEND 2025 $000s
South Waikato Indoor pool renewal and upgrade	10,375	11,579	3,400
Tokoroa Library Building renewal	1,581	-	238
South Waikato Sport and Event Centre renewals	223	89	104
Library collections and information resources	211	158	364
Libraries shelving and equipment upgrades	6	16	35
Total	**12,396**	**11,842**	**4,141**

The actual spend is higher than the budget for capital project work in the 2025-26 financial year mainly due to progress on the South Waikato Indoor Pool renewal and upgrade, along with the Tokoroa Library Building renewal work carried forward from the 2024-25 financial year.

Council's involvement in economic development supports South Waikato's businesses, communities and individuals to effectively collaborate and take advantage of South Waikato's position to become a thriving and sustainable economy. This involves building on existing strengths, advocating for Central Government investment and building business and industrial capacity, creating jobs and supporting growth in our communities.

WHAT WE DELIVERED THIS YEAR IN ECONOMIC & COMMUNITY DEVELOPMENT

Economic Development

- Continued delivery of WorkiT, connecting rangatahi with education, training and employment opportunities through partnerships with schools, employers and community organisations.
- Supported workforce development initiatives through project Phoenix, bringing together industry, government and community partners to respond to local employment challenges.
- Progressed capacity-building initiatives aimed at supporting small and medium-sized enterprises (SMEs) and strengthening the local economy.

Community Development

- Strengthened relationships with community organisations, iwi, Pasifika leaders, youth organisations, and government agencies to support collaborative delivery of community initiatives.
- Facilitated community engagement across a range of strategic projects, ensuring local voices informed Council decision-making and project outcomes.
- Successfully implemented Council's Community Investment Framework, supporting a range of community-led initiatives that align with the Long-Term Plan.

ECONOMIC DEVELOPMENT CAPITAL PROJECTS

Below is a summary of the capital project work undertaken in the 2025-26 financial year.

ECONOMIC DEVELOPMENT WORK PROGRAMME	ACTUAL SPEND 2026 $000s	BUDGET SPEND 2026 $000s	ACTUAL SPEND 2025 $000s
Maraetai Road Intermodal Business Park	3,274	1,800	5,860
Growth Cell 4 access - Princes St, Putāruru	218	686	956
Stanley Park Housing Development	5	-	224
Rural Residential Subdivision	21	-	198
Other Projects - Economic Development	1	-	282
Total	**3,519**	**2,486**	**7,520**

The actual spend is higher than budgeted for capital project work in the 2025-26 financial year mainly due to increased spending on MRIBP. MRIBP, Stanley Park Housing Development and Rural Residential Subdivision are long term projects for Council that are impacted by the timing of spend.

LEISURE AND WELLBEING FUNDING IMPACT STATEMENT

For the year ended 30 June 2026

	LTP 2024-25 $000's	LTP 2025-26 $000's	ACTUAL 2025-26 $000's
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	12,377	14,841	13,129
Targeted rates	-	-	-
Subsidies and grants for operating purposes	260	-	232
Fees and charges	956	1.102	914
Internal charges and overheads recovered	1,277	1,265	967
Interest & dividends from investments	138	141	-
Local authorities fuel tax, fines, infringement fees, other receipts	26	26	91
Total operating funding (A)	**15,034**	**17,375**	**15,333**
APPLICATION OF OPERATING FUNDING			
Payments to staff and suppliers	8,342	8,401	8,950
Finance costs	506	885	718
Internal charges and overheads applied	3,346	3,327	2,007
Other operating funding applications	1,466	1,195	847
Total application of operating funding (B)	**13,660**	**13,808**	**12,522**
Surplus/(deficit) of operating funding (A-B)	**1,374**	**3,567**	**2,811**
SOURCES OF CAPITAL FUNDING			
Subsidies & grants for capital expenditure	-	1,800	75
Development & financial contributions	88	89	243
Increase (decrease) in debt	7,170	10,706	10,037
Gross proceeds from sale of assets	8,965	-	3,293
Total sources of capital funding (C)	**16,223**	**12,595**	**13,648**
APPLICATION OF CAPITAL FUNDING			
Capital expenditure:			
- to meet additional demand	7,421	3,539	3,518
- to improve the level of services	5,453	11,595	253
- to replace existing assets	4,723	1,028	12,802
Increase (decrease) in reserves	-	-	(114)
Increase (decrease) of investments	-	-	-
Total application of capital funding (D)	**17,597**	**16,162**	**16,459**
Surplus/(deficit) of capital funding (C-D)	**(1,374)**	**(3,567)**	**(2,811)**
Funding balance ((A-B)+(C-D))	**-**	**-**	**-**

GOVERNANCE SERVICES

Ngā ratonga Kāwanatanga

Our governance services support democratic processes, encourage strong relationships, provide user-friendly services, maintain public facilities and ensure preparedness for emergencies. There are five activities in this group:

Democracy
Supports local democracy by providing governance advice and democratic services to elected members, the public and staff.

Iwi Liaison
Strengthens the Council's collaboration with Iwi and Māori, providing cultural guidance and preserving vital partnerships with our Treaty partners across the District.

Business Support
Delivers reliable and user-friendly access to Council information and online services. Facilitates the smooth operation of all its activities.

Property
Responsible for maintaining community facilities and pensioner housing. Managing leases and licences for community buildings and associated services.

Civil Defence Emergency Management
oversees Civil Defence Emergency Management to handle emergencies and recovery in the district.

Council has several performance measures that align with the vision and goals. These metrics for Governance Services are found in the Our Services Measures section of this document.

The 2025-26 financial year is the second year of reporting of the 2024-34 Long Term Plan and the comparative detail for 2025 actuals has been reorganised to reflect the service and the way it is delivered. Where applicable, there will be additional disclosures to comment on relative variances.

WHAT WE DELIVERED THIS YEAR IN GOVERNANCE SERVICES

Business Support

- Helped drive a 45.93% turnout of the 2025 Local Elections, which put the District well above the national average of 39.42%.
- Execution of District Information Board project which saw the replacement of eight existing signs and the installation of five new signs.
- Produced over 800 social media posts, generating more than 6.3 million views.

Iwi Liaison

- Facilitated and supported the inclusion of te reo Māori and tikanga in council communications, signage, and documents to reflect the district's bicultural commitment.

Civil Defence Emergency Management

- Strengthened Council emergency managements assurance, readiness capability, partnerships and continuous improvement in line with the Waikato CDEM Group Strategic Plan 2025-2030.
- Supported the Ōtorohanga Emergency Operations Centre during the State of Emergency in February 2026 and responded to Ex-Tropical Cyclone Vaianu in April 2026.

Democracy

- Facilitated local elections process, which saw an increase in voter turnout (45.93%).
- Processed 113 LGOIMA/Privacy requests.
- Organised and coordinated 6 citizenship ceremonies which welcomed 122 new citizens of New Zealand.

Property

- Continued ongoing Council building asset maintenance and rationalization programme including refurbishment of pensioner housing, Tīrau community hall and Putāruru Plaza.
- Continued with the fleet vehicle renewal programme and asset transition to WWL.

GOVERNANCE SERVICES CAPITAL PROJECTS

Below is a summary of the capital project work undertaken in the 2025-26 financial year.

WORK PROGRAMME	ACTUAL SPEND 2026 $000s	BUDGET SPEND 2026 $000s	ACTUAL SPEND 2025 $000s
Council offices and depot	29	157	259
Council vehicle fleet	687	316	247
General Property	106	64	640
Halls	49	86	5
Knowledge Base	40	-	390
Pensioner Housing	95	166	244
Other Projects - Knowledge & Technology	146	195	154
Other Projects - Governance	145	421	34
Total	**1,297**	**1,405**	**1,973**

GOVERNANCE FUNDING IMPACT STATEMENT

For the year ended 30 June 2026

	LTP 2024-25 $000's	LTP 2025-26 $000's	ACTUAL 2025-26 $000's
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	5,255	4,243	6,478
Targeted rates	-	-	-
Fees and charges	1,065	1,298	1,017
Internal charges and overheads recovered	9,461	9,452	8,132
Interest & dividends from investments	70	37	316
Local authorities fuel tax, fines, infringement fees, other receipts	-	-	732
Total operating funding (A)	**15,851**	**15,030**	**16,675**
APPLICATION OF OPERATING FUNDING			
Payments to staff and suppliers	11,475	11,678	13,100
Finance costs	346	332	227
Internal charges and overheads applied	1,361	1,345	3,111
Other operating funding applications	30	30	145
Total application of operating funding (B)	**13,212**	**13,385**	**16,583**
Surplus/(deficit) of operating funding (A-B)	**2,639**	**1,645**	**92**
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Increase (decrease) in debt	(993)	(240)	-
Gross proceeds from sale of assets	-	-	-
Total sources of capital funding (C)	**(993)**	**(240)**	**-**
APPLICATION OF CAPITAL FUNDING			
Capital expenditure:			
- to improve the level of services	639	495	163
- to replace existing assets	1,007	910	1,135
Increase (decrease) in investments	-	-	(1,206)
Total application of capital funding (D)	**1,646**	**1,405**	**92**
Surplus/(deficit) of capital funding (C-D)	**(2,639)**	**(1,645)**	**(92)**
Funding balance ((A-B)+(C-D))	**-**	**-**	**-**

STRATEGY SERVICES

Ngā ratonga rautaki

Strategy Services support the future planning and delivery of community's objectives and goals. There are three activities in this group:

Growth planning

Manages and plans the targeted growth and development of the community.

A new Growth Plan was developed in 2023 to ensure that there is sufficient residential and business land to provide and encourage growth in the District. This will be incorporated into the District Plan to ensure certainty for those that wish to develop.

Strategic planning

Focuses on the development of plans, policies and strategies to ensure the community's aspirations and desired outcomes are defined and met. This includes identification of opportunities and threats, setting priorities and allocating resources.

Infrastructure strategy

Takes a long term view of our infrastructural assets. It plans for growth and renewal to ensure that investment in these assets is maximised. It works closely with Growth Planning to ensure our infrastructure projects fit our strategic goals.

Council has several performance measures that align with the vision and goals. These metrics for Strategy Services are found in the Our Services Measures section of this document.

The 2025-26 financial year is the second year of reporting of the 2024-34 Long Term Plan and the comparative detail for 2025 actuals has been reorganised to reflect the service and the way it is delivered. Where applicable, there will be additional disclosures to comment on relative variances.

WHAT WE DELIVERED THIS YEAR IN STRATEGY SERVICES

Growth Planning

- Approved the Plan Change 4 proposing new Residential Growth cells in the urban areas of the district.

Strategic Planning

- Facilitated the adoption of the 2025-26 Annual Report in June 2026.
- Facilitated the adoption of a Determination Report and resolved to prepare a stormwater bylaw in January 2026.

Infrastructure Strategy

- Transferred 2 Waters to Waikato Water Limited on 1st July 2026.
- Completed proposed capital projects and asset information for 2 Waters, with preparation for transfer to Waikato Waters Limited.

STRATEGY FUNDING IMPACT STATEMENT

For the year ended 30 June 2026

	LTP 2024-25 $000's	LTP 2025-26 $000's	ACTUAL 2025-26 $000's
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	-	-	1,792
Fees and charges	21	21	-
Internal charges and overheads recovered	2,455	2,382	2,518
Total operating funding (A)	**2,476**	**2,403**	**4,310**
APPLICATION OF OPERATING FUNDING			
Payments to staff and suppliers	2,444	2,370	4,127
Internal charges and overheads applied	32	33	183
Total application of operating funding (B)	**2,476**	**2,403**	**4,310**
Surplus/(deficit) of operating funding (A-B)	-	-	-
SOURCES OF CAPITAL FUNDING			
Increase (decrease) in debt	-	-	-
Total sources of capital funding (C)	-	-	-
APPLICATION OF CAPITAL FUNDING			
Capital expenditure:			
- to meet additional demand	-	-	-
Total application of capital funding (D)	-	-	-
Surplus/(deficit) of capital funding (C-D)	-	-	-
Funding balance ((A-B)+(C-D))	-	-	-

REGULATORY SERVICES

Ngā ratonga whakahaeretanga

Through our Regulatory Services, we prioritise the safety of our residents and the wellbeing of the environment. By providing guidance and support to communities in implementing safe planning and operations, we foster a culture of sustainability that builds resilience for our District's future.
There are four activities in this group:

Resource Management
Support sustainable management of the district's natural and physical resources.

Building Control
Processing and supervision of building consents and issuance of Code of Compliance Certificates. Monitor and enforce earthquake-prone building regulations.

Compliance
Provides animal control services
related to dog registration, responding to complaints, managing wandering livestock and enforcing general animal control regulations.

Health and Alcohol
Oversees registration, licensing and inspections of food and alcohol businesses to ensure compliance with regulations, prioritising public health and safety in line with legislative mandates.

Council has several performance measures that align with the vision and goals. These metrics for Regulatory Services are found in the Our Services are found in the Our Services Measures section of this document.

The 2025-26 financial year is the second year of reporting of the 2024-34 Long Term Plan and the comparative detail for 2025 actuals has been reorganised to reflect the service and the way it is delivered. Where applicable, there will be additional disclosures to comment on relative variances.

WHAT WE DELIVERED THIS YEAR IN REGULATORY SERVICES

Building Control

- Granted 99.15% of building consent applications and issued 99.61% of code compliance certificates within 20 working days.

Resource Management

- 78% of land use resource consents and 71% of subdivision resource consents were processed within the statutory timeframe.

Compliance

- Issued 318 dog infringements, 265 parking infringements and received 3,060 complaints.

REGULATORY FUNDING IMPACT STATEMENT

For the year ended 30 June 2026

	LTP 2024-25 $000's	LTP 2025-26 $000's	ACTUAL 2025-26 $000's
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	3,756	3,677	1,813
Subsidies and grants for operating purposes			1
Fees and charges	1,329	1,427	1,892
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, other receipts	62	63	96
Total operating funding (A)	**5,147**	**5,167**	**3,802**
APPLICATION OF OPERATING FUNDING			
Payments to staff and suppliers	3,816	3,840	3,068
Finance costs	-	-	-
Internal charges and overheads applied	1,321	1,316	734
Other operating funding applications	10	11	-
Total application of operating funding (B)	**5,147**	**5,167**	**3,802**
Surplus/(deficit) of operating funding (A-B)	-	-	-
SOURCES OF CAPITAL FUNDING			
Increase (decrease) in debt	-	-	-
Total sources of capital funding (C)	-	-	-
APPLICATION OF CAPITAL FUNDING			
Capital expenditure:			
- to improve the level of services	-	-	-
- to replace existing assets			
Increase (decrease) in reserves			
Total application of capital funding (D)	-	-	-
Surplus/(deficit) of capital funding (C-D)	-	-	-
Funding balance ((A-B)+(C-D))	-	-	-

OUR SERVICES MEASURES

PERFORMANCE MEASURES
NGĀ INENGA WHAKAHIRAHIRA



PERFORMANCE MEASURES

Ngā inenga whakahirahira

The South Waikato District Council is committed to upholding its responsibilities. These measures ensure that Council operations are transparent, efficient and aligned with our vision, goals and statutory requirements, ultimately benefitting the community.

TRANSPORT AND ROADING SERVICES

LEVELS OF SERVICE	PERFORMANCE MEASURE [MANDATORY]	2024-25 RESULT	COMMENTARY	2025-26 RESULT	COMMENTARY
Council maintains its sealed road surface to allow users to travel efficiently to their desired destinations and as part of its renewal targets set by the Asset Management Plan.	The three-year rolling average of annual resurfacing completed is no less than 6% of the networks total seal area.	Not Achieved	1.17% in 2022-23 7.51% in 2023-24 1.24% in 2024-25 A 3-year average of 3.31%. the underachievement in the year 2024-25 was due to the limited availability of contractor resources and prevailing weather conditions during the resealing period. This will impact this measure for another year.	Not Achieved	7.51% in 2023-24, 1.24% in 2024-25, 6.59% in 2025-26. A 3-year average of 5.11%. Although the percentage in 2025-26 was higher than the rolling average expectation, the results of 2024-25 will continue to impact the measure for at least one more year.
	The percentage of vehicle kilometres travelled on smooth sealed local roads is at least 80%.	Achieved	The percentage of travel on roads categorised as "smooth" was calculated as 90% using the standard NZTA methodology.	Achieved	The percentage of travel on roads categorised as "smooth" was calculated as 92% using the standard NZTA methodology.
Users of our roading network can expect their enquiries and service requests relating to the roading network to be responded to in a timely manner.	Council will respond to 95% of all urgent service requests within two working days of notice.	Achieved	11 service requests were received. 100% were responded to on time. The measure has been updated from 90% in 2023-24 to 95% in 2024-25.	Achieved	12 urgent service requests received and 100% of requests were responded to on time.
	Council will respond to 90% of all non-urgent service requests within ten working days of notice.	Achieved	995 non-urgent service requests were received. 866 were responded to on time. 90.3% achieved.	Not Achieved	1,304 non-urgent service requests, and 1,091 were responded to on time. 83.7% achieved. The underachievement in the 2025-26 year was due to the limited availability of contractor resources to attend to requests.
Council continues to provide a safer roading network. (Baseline 2024: 1 fatality and 3 serious injury crashes)	The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network expressed as a number.	Achieved	There were one (1) fatal and five (5) serious injury accidents on the local road network in 2024-25. Zero (0) were directly attributable to road factors.	Achieved	There were four (4) serious injury accidents on the local road network in 2025-26. Zero (0) were directly attributable to road factors.
Council has a footpath network that allows its users to travel safely and easily to their desired destination	An annual audit of at least 10% of the footpath network will be undertaken each year.	Achieved	Annual audit survey of 10% was completed.	Achieved	Annual audit survey of 18.3% was completed.
	90% of the footpath network that was audited should have a displacement (trip hazard) of less than 15mm.	Achieved	99.9% of the footpath network that was audited has a displacement of less than 15 mm.	Achieved	99.9% of the footpath network that was audited has a displacement of less than 15 mm.

SOLID WASTE AND RECYCLING SERVICES

LEVELS OF SERVICE	PERFORMANCE MEASURE [MANDATORY]	2024-25 RESULT	COMMENTARY	2025-26 RESULT	COMMENTARY
To promote environmental sustainability and reduce the environmental impact of waste, the Council will implement targeted education and support initiatives aimed at increasing the percentage of waste diverted from landfill by increasing environmentally sustainable waste practices across the district.	Percentage of waste material diverted from the landfill. Target of 45% or more.	Achieved	Average for the year was 49.93%	Achieved	Average for the year was 48.23%.
	Waste Minimisation messaging and initiatives are promoted District wide through multimedia communications. Target of 12 messaging and initiatives.	Achieved	21 Waste Minimisation events were undertaken for the year.	Achieved	47 Waste minimisation events were undertaken for the year.
	South Waikato kerbside collection service, users rate overall satisfaction of 75% or above annually.	Achieved	Result from the Resident Survey was 77% overall satisfaction.	Achieved	Result from the Resident Survey was 89% overall satisfaction.

WATER SUPPLY SERVICES

LEVELS OF SERVICE	PERFORMANCE MEASURE [MANDATORY]	2024-25 RESULT	COMMENTARY	2025-26 RESULT	COMMENTARY
Council operates and maintains four urban and two rural water supplies. This includes 10 reservoirs, 10 bore water pumps and 228 km of pipes. Council ensures that residents, who are serviced by Council's water supply, have high-quality water available at all times, for drinking and to meet other household and business needs. Council is responsible for looking after the network and making sure all statutory requirements and environmental standards are met.	To the extent to which Council's drinking water supply complies with the required parts of the NZ Drinking Water Quality Assurance Rules	Partially Achieved	The assessment looked at whether the tested standards are all met (AM), almost met(ALM), partially met (PM) or not met (NM) under the Drinking Water Quality Assurance Rules (DWQAR). This is different to prior years that assessed compliance or non-compliance. The assessment is based upon the Drinking Water Compliance Specialist's interpretation of the rules. DWQAR Category 1 rules were revised in November 2024. Therefore, from July 2024 to December 2024 the previous rules were used. From January 2025 to July 2025, the revised rules became the official compliance levels. During the year there were a number of occasions when the standards were almost met resulting in a partially achieved. The relative rules and types of results are based on the following: Rules that apply to connections to water supply for each community/township. Athol (AT) is D1, Lichfield (LI) is T1, Arapuni (AR) is T2 and Tokoroa (TO), Putāruru (PU) and Tīrau (TI) are T3. The relative types are as follows: Protozoal Compliance Rate (PCR) Bacterial Compliance Rate (BCR) Bacterial Distribution Zone (BDZ)	Partially Achieved	The assessment looked at whether the tested standards are all met (AM), almost met(ALM), partially met (PM) or not met (NM) under the Drinking Water Quality Assurance Rules (DWQAR). This is different to prior years that assessed compliance or non-compliance. The assessment is based upon the Drinking Water Compliance Specialist's interpretation of the rules. DWQAR Category 1 rules were revised in November 2024. Therefore, from July 2024 to December 2024 the previous rules were used. From January 2025 to July 2025, the revised rules became the official compliance levels. During the year there were a number of occasions when the standards were almost met resulting in a partially achieved. The relative rules and types of results are based on the following: Rules that apply to connections to water supply for each community/township. Athol (AT) is D1, Lichfield (LI) is T1, Arapuni (AR) is T2 and Tokoroa (TO), Putāruru (PU) and Tīrau (TI) are T3. The relative types are as follows: Protozoal Compliance Rate (PCR) Bacterial Compliance Rate (BCR) Bacterial Distribution Zone (BDZ)

WATER SUPPLY SERVICES (CONTINUED)

LEVELS OF SERVICE	PERFORMANCE MEASURE [MANDATORY]	2024-25 RESULT	COMMENTARY	2025-26 RESULT	COMMENTARY

2024-2025

Rule	Type	Area	Result	Percentage
D1	BDZ	AT	AM	100%
T1	PCR	LI	AM	100%
T1	BCR	LI	AM	100%
T2	PCR	AR	ALM	97.50%
T2	BCR	AR	ALM	98.30%
T3	PCR	TI	PM	91.20%
T3	BCR	TI	ALM	97.90%
T3	BDZ	TI	ALM	98.30%
T3	PCR	PU	ALM	99.50%
T3	BCR	PU	ALM	99%
T3	BDZ	PU	AM	100%
T3	PCR	TO	ALM	98.90%
T3	BCR	TO	ALM	99.10%
T3	BDZ	TO	ALM	98.30%

2025-2026

Rule	Type	Area	Result	Percentage
T1	BDZ	AT	AM	100%
T1	PCR	LI	AM	100%
T1	BCR	LI	AM	100%
T2	PCR	AR	AM	100%
T2	BCR	AR	AM	100%
T2	BDZ	AR	AM	100%
T3	PCR	TI	PM	28.20%
T3	BCR	TI	ALM	99.20%
T3	BDZ	TI	PM	90%
T3	PCR	PU	ALM	97%
T3	BCR	PU	ALM	97%
T3	BDZ	PU	PM	90%
T3	PCR	TO	PM	88.40%
T3	BCR	TO	ALM	95.10%
T3	BDZ	TO	PM	88.30%

WATER SUPPLY SERVICES (CONTINUED)

LEVELS OF SERVICE	PERFORMANCE MEASURE [MANDATORY]	2024-25 RESULT	COMMENTARY	2025-26 RESULT	COMMENTARY
Council operates and maintains four urban and two rural water supplies. This includes 10 reservoirs, 10 bore water pumps and 228 km of pipes. Council ensures that residents, who are serviced by Council's water supply, have high-quality water available at all times, for drinking and to meet other household and business needs. Council is responsible for looking after the network and making sure all statutory requirements and environmental standards are met.	Where Council attends to water supply issues resulting from a fault or interruption in the Council's water supply system, the median response times measured: Respond to 'urgent callouts' - 95% within one hour.	Not Achieved	Median response time was 5.02 hours. The response often occurred when the fault was fixed rather than at the point of notification which is why the measure was not achieved. *This result was adjusted from prior year due to incorrect computation*.	Not Achieved	Median response time was 2.34 hours with 41% responded to within 1 hour. The response often occurred when the fault was fixed rather than at the point of notification which is why the measure was not achieved.
	Where Council attends to water supply issues resulting from a fault or interruption in the Council's water supply system, the median response times measured: Respond to 'non-urgent callouts' - 95% within 5 working days.	Not Achieved	860 requests received. 665 attended on time. 77% of the requests met the median response time requirement.	Not Achieved	896 requests received. 797 attended on time. 89% of the requests met the median response time requirement.
	Where Council attends to water supply issues resulting from a fault or interruption in the Council's water supply system, the median resolution times measured: Resolve 'urgent callouts' - 95% within 24 hours.	Not Achieved	109 requests received. 53% of requests were resolved within the 24-hour period. *This result was adjusted from prior year due to incorrect computation*.	Not Achieved	98 requests were received. 71% of requests were resolved within the 24-hour period.
	Where Council attends to water supply issues resulting from a fault or interruption in the Council's water supply system, the median resolution times measured: Resolve 'non-urgent callouts' - 95% within 10 working days	Not Achieved	860 requests received. 742 attended on time. 86% of the requests met the median resolution time requirement. Council did not have enough resources to resolve these requests within the timeframe.	Achieved	894 requests received. 100% of the requests met the median resolution time requirement.
	The total number of complaints about any of the following water supply issues: (a) Drinking water clarity, (b) Drinking water taste, (c) Drinking water odour, (d) Drinking water pressure/flow, and (e) continuity of supply does not exceed one complaint per 1,000 connections to Council's water supply system.	Achieved	There were zero (0) complaints, normal callouts and domestic issues.	Achieved	There were zero (0) complaints, normal callouts and domestic issue.
	The water loss from Council's reticulation network will be no more than 20%. Method for calculation based on Water New Zealand and DIA guidelines based on system size minimum night flow (MNF) verification against water balance of the total annual system input.	Not Achieved	The water loss calculation is 31.7% across the district. There was a significant leak in Tīrau that took some time to resolve and impacted on the water loss calculation.	Not Achieved	An updated water balance assessment was not undertaken during the 2025-26 financial year due to the transition of Council's water business to Waikato Waters Limited. The previous assessment identified that reducing network losses would require a multi-year programme of investigation, renewals and leakage management to achieve sustained improvement.
	The average amount of water consumed per resident per day is less than 500 litres.	Achieved	The consumption in litres per resident per day was 498 litres.	Achieved	The consumption in litres per resident per day was 437 litres.

WASTEWATER SERVICES

LEVELS OF SERVICE	PERFORMANCE MEASURE [MANDATORY]	2024-25 RESULT	COMMENTARY	2025-26 RESULT	COMMENTARY
Council maintains about 167km of wastewater reticulation and 18 pumping stations. Each year the wastewater network carries about 55,430 cubic metres of wastewater to the Council's treatment plants. Council will operate its wastewater treatment systems in an environmentally responsible manner and ensure that it complies with the conditions of the resource consents it holds with the Waikato Regional Council.	Compliance with resource consents for discharge from Council's sewerage system measured by the number of: (a) abatement notices (b) infringement notices (c) enforcement orders, and (d) convictions, received by the territorial authority in relation to those resource consents.	Not Achieved	Council received two formal warnings received from WRC for 2022-2023 this year and one formal warning received in September 2025 that related to the period between 31 January and 3 February 2025. The first two related to unlawful discharge under the Tokoroa Wastewater Treatment Plant Resource Consent. The third was a breach of section 338(1)(a) of the Resource Management Act as discharge of human sewerage into the Pokaiwhenua Stream.	Not Achieved	Council received six formal warnings from WRC. Four warnings were issued on 13 May 2026 in relation to non-compliance with resource consent conditions at the Tīrau (1), Putāruru (1), and Tokoroa (2) wastewater treatment plants for the period 1 July 2024 to 30 June 2025. A further formal warning was received on 20 August 2026 regarding a wastewater discharge at 6 Depot Street, Tīrau, relating to the period 1 July 2025 to 30 June 2026. An additional formal warning was received on 25 March 2026 following an overflow from the Grey Street Pump Station.
Residents can expect a reticulated wastewater treatment system that is reliable and does not fail unnecessarily. If interruptions to the wastewater reticulation system occur, residents can expect timely responses.	The total number of complaints received about any of the following: wastewater odour, wastewater system faults, wastewater system blockages and Council's response to any of these issues expressed as one per 1,000 connections to Council's wastewater system.	Achieved	There are 7808 wastewater connections. There was one (1) complaint received.	Achieved	No complaints were received.
	Where Council attends to wastewater overflows resulting from a blockage or other fault in the Council's wastewater system, the median response times are measured: Respond - 95% within one hour	Not Achieved	9 requests received. 8 requests responded to within one hour of notice. 89% of the requests met the median response time requirement.	Not Achieved	16 service requests received. 7 requests were responded to within one hour of notice. 89% of the requests met the median response time requirement.
	Where Council attends to wastewater overflows resulting from a blockage or other fault in the Council's wastewater system, the median resolution times are measured: Resolve - 95% within 24 hours.	Not Achieved	9 requests received. 7 requests resolved within 24 hours. 77% of the requests met the median resolution time requirement. Council did not have enough resources to resolve these requests within the timeframe.	Not Achieved	16 service requests received. 13 were resolved within 24 hours. The median resolve time was 5 hours.
Residents can expect a reticulated wastewater treatment system that is reliable and does not fail unnecessarily. If interruptions to the wastewater reticulation system occur, residents can expect timely responses.	The total number of dry weather overflows* from the public wastewater system shall not exceed three per 1,000 wastewater connections from the wastewater system. A dry weather overflow is when a blockage causes wastewater in the reticulated system to spill into the environment.	Achieved	There are 7808 connections to the wastewater system. 21 overflows per year are allowed. 9 overflows occurred.	Achieved	There were 16 dry weather overflows during this reporting period. This is less than the 21 allowable.

STORMWATER SERVICES

LEVELS OF SERVICE	PERFORMANCE MEASURE [MANDATORY]	2024-25 RESULT	COMMENTARY	2025-26 RESULT	COMMENTARY
Council effectively manages stormwater and maintains 123 km of pipes that make up the stormwater networks so that there is no flooding of habitable dwellings under a storm event less than a 1% Annual Exceedance Probability.	The number of flood events that occur in the district does not exceed two.	Achieved	No flood event.	Achieved	No flood event.
	For each flood event, the number of habitable floors affected per 1000 properties connected to the territorial authority's stormwater system	Achieved	Zero (0) habitable floor areas flooded. 100% achieved.	Achieved	Zero (0) habitable floor areas flooded. 100% achieved.
The network complies with all statutory requirements and that public health and safety risks are minimised. This work includes maintaining the network and monitoring stormwater for contaminants to ensure harmful contaminants do not enter waterways.	The total number of complaints received does not exceed one complaint per 1,000 connections to Council's stormwater system.	Achieved	There was one (1) complaint received.	Achieved	There was one (1) complaint received.
	The median response times for callouts in response to a fault or interruption to Council's stormwater reticulation system does not exceed four hours of notice during a flood event. A flood event causes flooding to compliant rateable habitable dwellings in urban areas due to exceeding the capacity of the stormwater system.	Achieved	There were no callouts to respond to as there were no storm events (1% Annual exceedance probability/ 100-year flood) where habitable floors were flooded due to a fault or interruption caused by Councils stormwater reticulation.	Achieved	There were no callouts to respond to as there were no storm events (1% Annual exceedance probability/ 100-year flood) where habitable floors were flooded due to a fault or interruption caused by Council stormwater reticulation.
	Number of abatement notices received by Council in relation to Resource Consents for discharge from our stormwater system.	Achieved	Zero (0) abatement notices received.	Achieved	Zero (0) abatement notices received.
	Number of infringement notices received by Council in relation to Resource Consents for discharge from our stormwater system.	Achieved	Zero (0) infringement notices received.	Achieved	Zero (0) infringement notices received.
The network complies with all statutory requirements and that public health and safety risks are minimised. This work includes maintaining the network and monitoring stormwater for contaminants to ensure harmful contaminants do not enter waterways.	Number of enforcement orders received by Council in relation to Resource Consents for discharge from our stormwater system.	Achieved	Zero (0) enforcement orders received.	Achieved	Zero (0) enforcement orders received.
	Number of convictions received by Council in relation to Resource Consents for discharge from our stormwater system.	Achieved	Zero (0) convictions received.	Achieved	Zero (0) convictions received.

LEISURE AND WELLBEING SERVICES

LEVELS OF SERVICE	PERFORMANCE MEASURE	2024-25 RESULTS	COMMENTARY	2025-26 RESULTS	COMMENTARY
PARKS AND RESERVES					
Maintain appealing, safe parks and reserves that balance visual amenities, environmental wellbeing, safety, and community use.	Users of South Waikato parks and reserves rate the overall satisfaction level at an average of 85% or above annually.	Not Achieved	82% of residents, as per the resident survey, are satisfied with Council sports-fields, parks, playgrounds, cemeteries and other open spaces.	Achieved	85% of residents, as per the resident survey, are satisfied with Council sports-fields, parks, playgrounds, cemeteries and other open spaces
COMMUNITY FACILITIES					
Council owns and operates the district's indoor heated pool complex (South Waikato Indoor Pools) in Tokoroa and, during the summer months, outdoor pools in Putāruru and Tīrau. These facilities provide a range of aquatic recreational opportunities that cater for the needs of a wide range of people - from young children and their parents, youth, swimming clubs and school groups to retired people and individuals wanting exercise.	South Waikato pools facility users (Tokoroa, Putāruru and Tīrau) rate their overall satisfaction at 90% or above at the end of the summer period.	Not Achieved	Result from resident survey was 61%.	Not Achieved	Result from resident survey was 58%. Council's main all year-round pool was closed from February 2025 to October 2026.
That Council provides libraries which are community spaces that provide users with access to lifelong learning, social interaction and the ability to access educational and cultural organisations and material.	South Waikato Library customers rate overall satisfaction at 95% or above annually.	Not Achieved	Annual residents survey reported an overall satisfaction level of 90%.	Not Achieved	Annual residents survey reported an overall satisfaction level of 88%.
COMMUNITY DEVELOPMENT					
Council is involved in community development to facilitate and support cohesive and strong connections between community groups and partners to strengthen our cultural diversity and vibrancy.	Residents' satisfaction with a range of Council-organised community programmes and events is rated satisfied or above through the annual residents' survey.	Not Achieved	Overall satisfaction with Council facilities programmes (Waikato Sports & Events Centre, Swimming Pool, Libraries, Community Halls and Public Toilets) is 71%. Satisfaction with the Waikato Sports & Events Centre was 87% and the Swimming Pools was 34%.	Not Achieved	Overall satisfaction with Council facilities (Waikato Sports & Events Centre, Swimming Pool, libraries, community halls and public toilets) was 75%. Satisfaction with library services was 90%. Satisfaction with the Waikato Sports & Events Centre was 91% and the Swimming Pools was 58%.
Youth in our District are supported in employment and education.	Number of registered young people in the district are placed into employment, training or education opportunities. Target of 4 per month or 48 per year.	Not Achieved	There were 30 registered young people that were placed into employment, or education opportunities. The number of opportunities for young people has been hindered by location, limited job options and qualifications/experience.	Not Achieved	There were 30 registered young people that were placed into employment, or education opportunities. The number of opportunities for young people has been hindered by location, limited job options and qualifications/experience.

GOVERNANCE SERVICES

LEVELS OF SERVICE	PERFORMANCE MEASURE	2024-25 RESULTS	COMMENTARY	2025-26 RESULTS	COMMENTARY
EMERGENCY MANAGEMENT					
Council plans and prepares for a Civil Defence emergency within the district. Council trains staff in order to increase response capability in the event of a Civil Defence emergency.	The evaluation of an annual exercise (or Emergency Operations Centre activation within 6 months of a planned exercise) as a measure of effectiveness of training. Targets are: ≥60% Yr 1, ≥65% Yr 2 ≥70% Yr 3	Not Achieved	Council is in the late developing phase with a response capability score of 59% to the exercise undertaken. The target for year 1 was to be greater than or equal to 60%. The targets for years two and three are 65% and 70%.	Not Achieved	Council did not have an evaluation during the 2025-26 year due to an actual response being required for Cyclone Vaianu in April 2026. Council established an Emergency Operations Centre and Community Welfare Hubs in response to the Cyclone Vaianu region wide declaration of a state of emergency. A Waikato wide independent after-action report has been commissioned by the Waikato CDEM Group Office with the report on our response scheduled for completion later this calendar year in conjunction with other impacted Councils.
Council works with regional partners to promote and offer education and awareness programmes within the community to improve our collective readiness for natural hazards and emergencies.	Percent of respondents to the Annual Survey are prepared for an emergency. Targets are: ≥50% Yr 1 ≥53% Yr 2 ≥55% Yr 3	Not Achieved	As per the Annual Residents Survey, 39% of residents have supplies to last at least 3 days and 43% have a household emergency plan.	Not Achieved	44% of residents have supplies to last at least 3 days and 45% have a household emergency plan.

STRATEGY SERVICES

LEVELS OF SERVICE	PERFORMANCE MEASURE	2024-25 RESULTS	COMMENTARY	2025-26 RESULTS	COMMENTARY
That the public can expect to contribute to the development of Annual Plans and Long Term Plans and that these documents meet statutory requirements so that they can access information about the Council business in a timely manner.	Annual Plans and Long Term Plans will be adopted in compliance with the requirements and deadlines of the Local Government Act 2002.	Achieved	2025-2026 Annual Plan adopted June 25. The 2024-34 Long Term Plan was adopted on 2 September 2024 within the extension allowed under Water Services Acts Repeal Act 2024.	Achieved	2026-27 Annual Plan adopted June 2026.

REGULATORY SERVICES

LEVELS OF SERVICE	PERFORMANCE MEASURE	2024-25 RESULTS	COMMENTARY	2025-26 RESULTS	COMMENTARY
RESOURCE MANAGEMENT					
To promote sustainable management of the district's natural and physical resources through the processing of resource consents.	All consents are processed within the statutory timeframe.	Not Achieved	91% completed within statutory timeframes.	Not Achieved	91% completed within statutory timeframes.
BUILDING CONTROL					
To maintain Building Consent Authority accreditation and to ensure that building work that is completed is safe and complies with the requirements of the legislation.	Council will maintain accreditation as a Building Consent Authority.	Achieved	Accreditation was retained following assessment.	Achieved	Accreditation was retained following assessment.
Council works with applicants to meet the Building Act requirements within a timely manner.	All building consents are processed within statutory timelines (20 working days).	Not Achieved	99% of building consents were processed within 20 working days.	Not Achieved	99% of building consents were processed within 20 working days.
COMPLIANCE					
We will provide animal control services to minimise the danger, distress, and nuisance caused by dogs and wandering stock and to ensure all known dogs are recorded and registered.	100% of urgent* animal service requests are attended to within one hour on 24/7 basis. *Urgent means wandering stock on roads, roaming or aggressive or attacking dogs	Achieved	100% achieved within an hour.	Achieved	100% achieved within an hour.
HEALTH AND ALCOHOL					
Provide health and licensing services and provide general protection to public health and safety.	Of the premises registered under the Food Act 2014 that have selected South Waikato District Council as their Verification Agency, 100% will be verified in accordance with legislative requirements.	Not Achieved	92 total verifications. 95% were verified in accordance with legislative requirements.	Not Achieved	111 total verifications. 74% were verified in accordance with legislative requirements.
Ensure alcohol licensing complies with statutory and licensing provisions.	100% of all licensed premises will be inspected annually.	Achieved	43 of 43 inspections were completed.	Achieved	41 of 41 inspections were completed.



FINANCES

Ngā Kaupapa ahumoni

REPORTS ON ACHIEVEMENT OF OBJECTIVES IN FUNDING AND FINANCIAL POLICIES

ANNUAL REPORT DISCLOSURE STATEMENT FOR THE YEAR ENDED 30 JUNE 2026

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS



REPORTS ON ACHIEVEMENT OF OBJECTIVES IN FUNDING AND FINANCIAL POLICIES

RATES REMISSION AND POSTPONEMENT POLICIES REPORT

Council has adopted policies in relation to the remission and postponement of rates. There are a number of circumstances in which applications are considered.

Remissions include:

- Community, sporting and other organisations.
- Rates on land protected for natural, historical or cultural conservation purposes.
- Uniform annual general charges and targeted rates on non-contiguous rural rating units in common ownership.
- Penalties.
- Māori freehold land.
- Uncollectable rates.
- Multiple dwellings with a common use on one rating unit.
- Water rates due to leaks.

REMISSION GRANTED	2025-26		2024-25	
	NUMBER	AMOUNT ($) INCLUDING GST	NUMBER	AMOUNT ($) INCLUDING GST
Community, sporting and other organisations	53	234,389	54	205,712
Rates on land protected for natural, historical or cultural conservation purposes	3	157	3	143
Uniform annual general charges and targeted rates on non-contiguous rural rating units in common ownership	12	6,039	13	6,437
Penalties	609	106,507	609	108,420
Māori freehold land	21	28,997	22	29,939
Uncollectable rates	0	0	0	0
Multiple dwellings with a common use on one rating unit	3	5,241	3	4,791
Water rates due to leaks	18	37,371	16	10,521

RATING INFORMATION

As at 30 June 2026, the number and value of the rating units in the South Waikato District were:

NUMBER OF RATING UNITS	TOTAL CAPITAL VALUE OF THE RATING UNITS	TOTAL LAND VALUE OF THE RATING UNITS
10,646	9,546,994,400	5,091,954,500

ANNUAL REPORT DISCLOSURE STATEMENT FOR THE YEAR ENDED 30 JUNE 2026

Ngā tauākī whākinga mō Te Purongo ā-tau

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

The Council is required to include this statement in its annual 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.

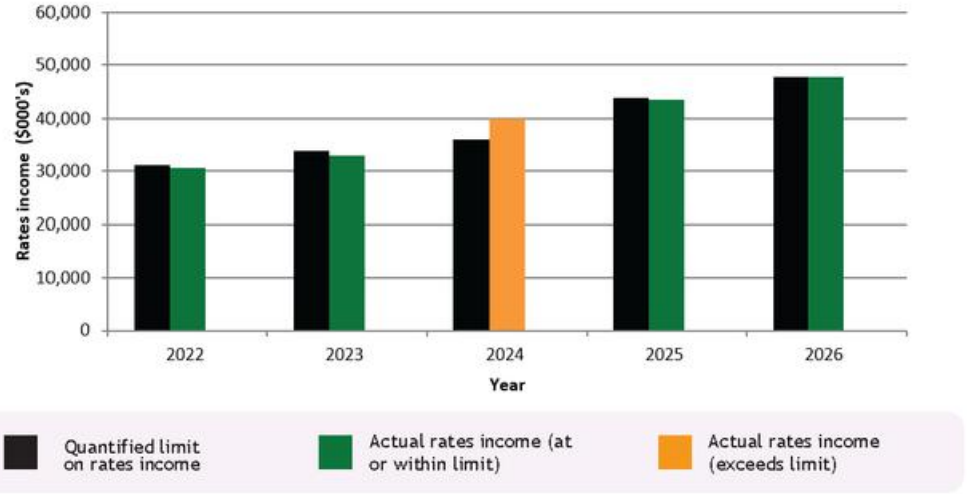
RATES AFFORDABILITY BENCHMARK

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

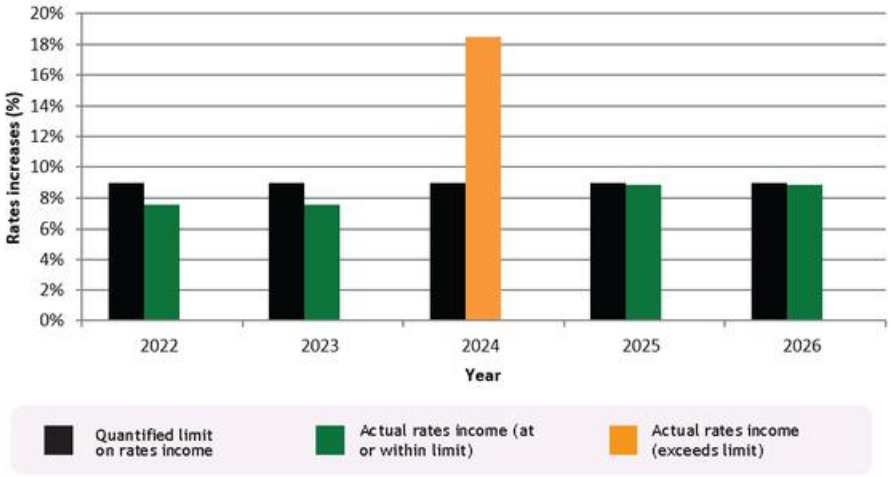
The following graph compares Council's actual rates income with a quantified limit on rates contained in the financial strategy included in Council's Long-Term Plan. The quantified limit is rates increases will be no more than 9%.



Council made a conscious decision to budget for an 18.5% rates increase in the 2023-24 Annual Plan which was outside the quantified limit of 9.0%. This was to deal with increasing costs that had not been previously budgeted in the 2021-31 Long Term Plan but had been identified as part of the review of operations in 2022-23. That is why the 2024 actual rates increase exceeded the limit.

RATES (INCREASES) AFFORDABILITY

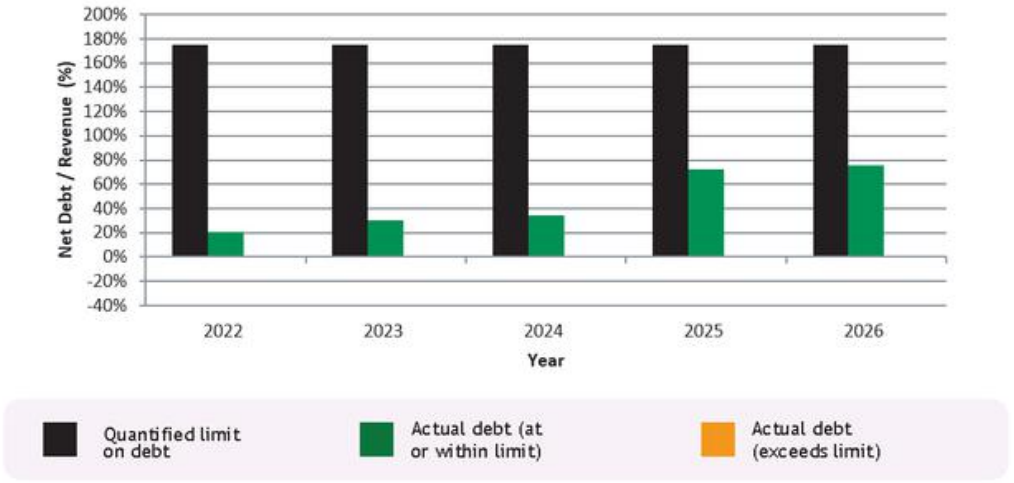
The following graph compares Council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in Council's Long Term Plan. The quantified limit is rates increases will be no more than 9%. The rates increase percentages shown exclude the impact of growth from new subdivisions and newly rateable properties. This allows the graph to show the rates increase experienced by existing ratepayers on a like-for-like basis.



Council made a conscious decision to budget for an 18.5% rates increase in the 2023-24 Annual Plan which was outside the quantified limit of 9.0%. This was to deal with increasing costs that had not been previously budgeted in the 2021-31 Long Term Plan but had been identified as part of the review of operations in 2022-23. That is why the 2024 actual rates increase exceeded the limit.

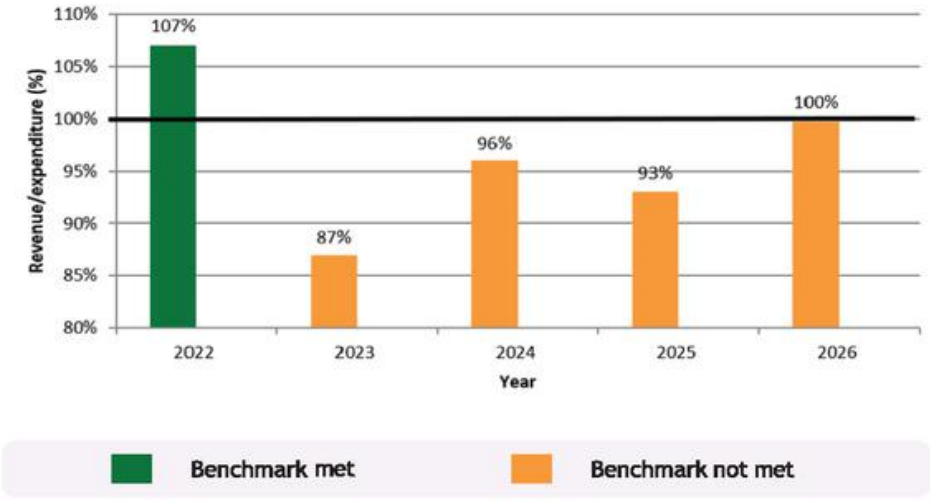
DEBT AFFORDABILITY BENCHMARK

The Council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing. The following graph compares Council's actual debt with a quantified limit on borrowing stated in the financial strategy included in this Long-Term Plan. The quantified limit is net debt will not exceed 175% of revenue, as per the Local Government Funding Agency (LGFA) agreement. The presentation of this graph has changed from previous annual reports to ensure it is consistent with the presentation outlined in the 2024-34 Long Term Plan.



BALANCED BUDGET BENCHMARK

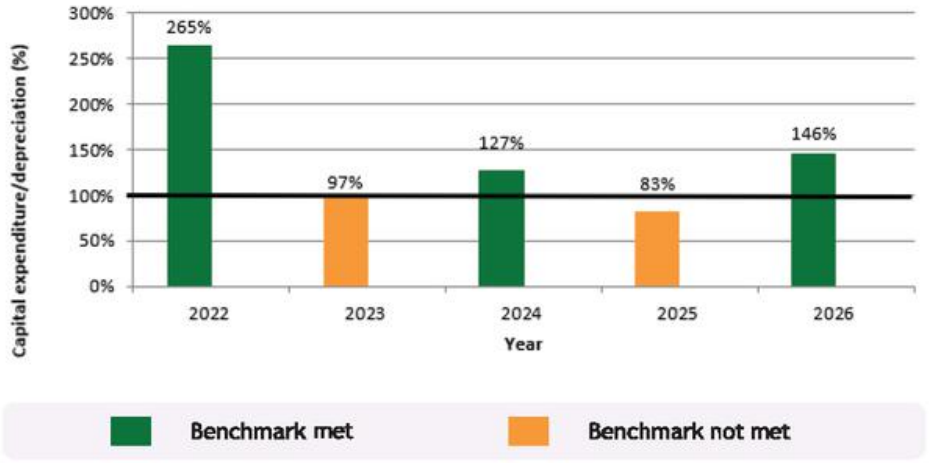
The following graph displays the Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluation of property, plant, or equipment) as a proportion of operating expenses (excluding losses on derivative financial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



Council did not meet this benchmark as their operating revenue was less than their operating expenses for the year. This was expected, as it was identified in the 2024-34 Long Term Plan that Council was not to increase rates and other revenue to the extent required to maintain the same level of planned operations for the community but to transition there over time.

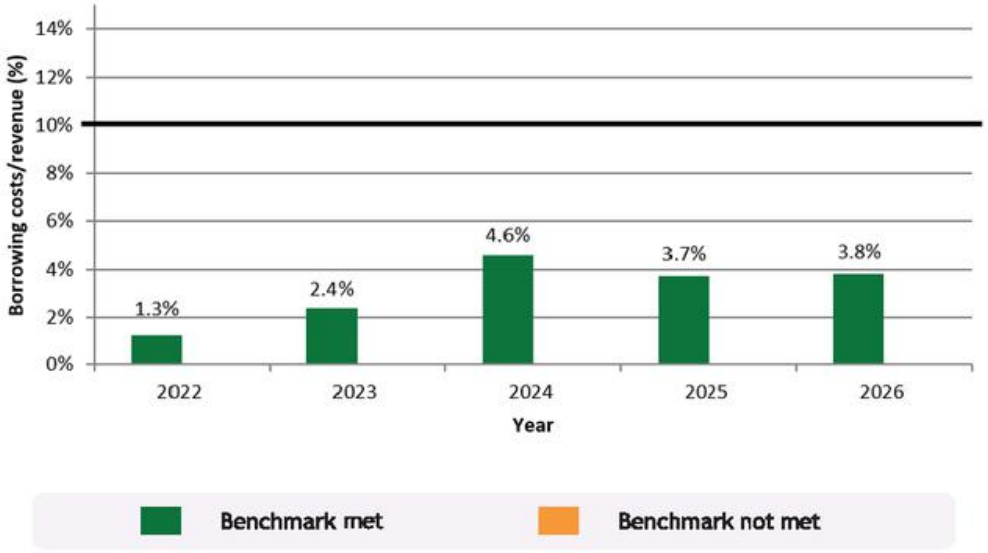
ESSENTIAL SERVICES BENCHMARK

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.



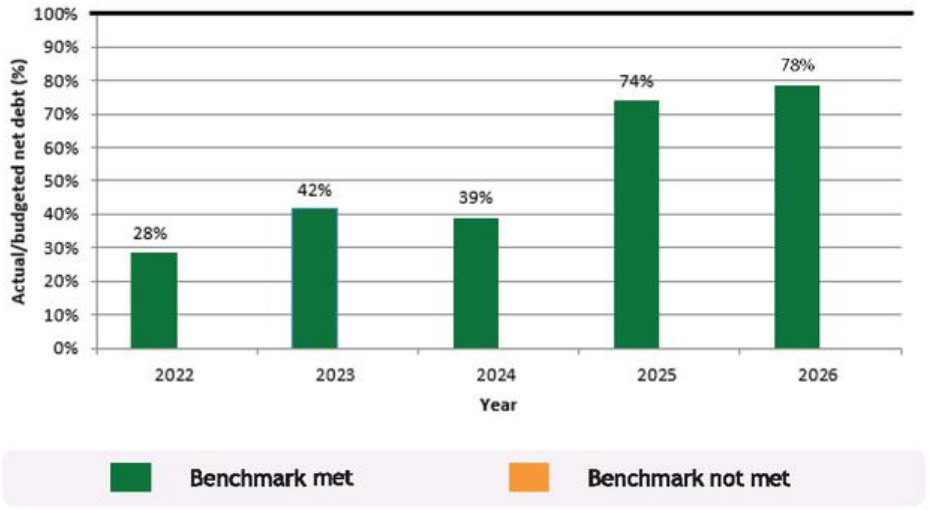
DEBT SERVICING BENCHMARK

The following graph displays 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 planned borrowing costs equal or are less than 10% of its revenue.



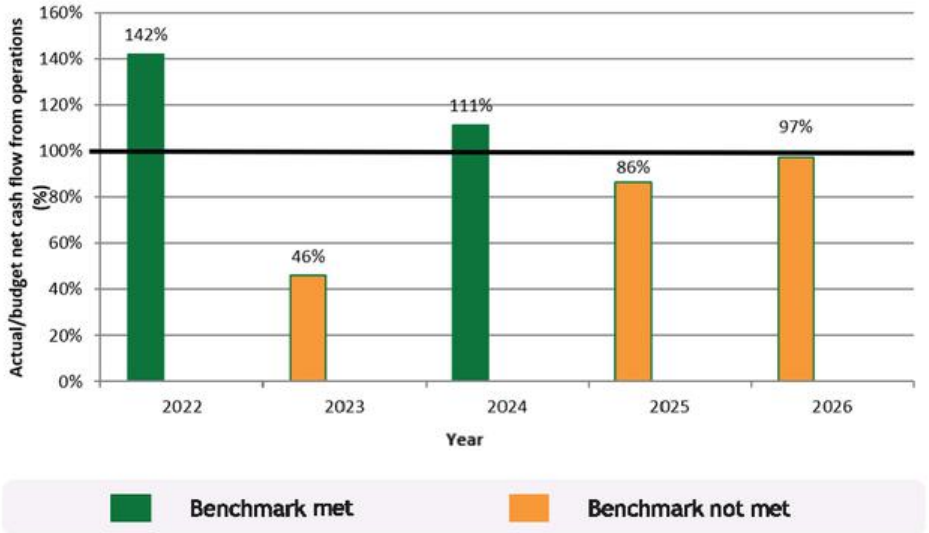
DEBT CONTROL BENCHMARK

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, 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.



OPERRATIONS 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.



Council did not meet this benchmark as the proportion of net cashflow from operations as a proportion of its planned net cash flow from operations, as the operating revenue was less than operating expenses. This was expected, as outlined in the 2024-34 Long Term Plan, that Council was not to increase operational revenue to the extent required to maintain the same level of planned operations for the community but to transition there over time.

FINANCIAL STATEMENTS

Ngā tauākī ahumoni

The information in the financial statements is based on the actual financial results that have been achieved for the period 1 July 2025 to 30 June 2026 in comparison with budget and the previous financial year. Events and circumstances may not have occurred as expected, or may not have been predicted, or Council may have taken actions that differ from the courses of action on which the 2025-26 budget was prepared.

Council and management of Council accept responsibility for the preparation of the financial statements and all other required disclosures. Minor rounding may exist in the numbers included in the financial statements.

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the year ended 30 June 2026

	Note	ACTUAL 2026 $000s	BUDGET 2026 $000s	ACTUAL 2025 $000s
REVENUE				
Rates, excluding targeted water supply rates	4	47,753	47,649	43,619
Fees, charges and targeted rates for water supply		6,136	5,722	5,746
Development and financial contributions		1,619	705	594
Subsidies and grants	5	8,598	8,552	8,199
Finance revenue	6	967	480	901
Other revenue	7	2,259	898	1,606
Total revenue	**3**	**67,332**	**64,006**	**60,665**
EXPENDITURE				
Personnel costs	8	17,332	17,168	16,384
Finance expenses	6	2,675	2,932	3,242
Depreciation and amortisation	15/15b/16	14,515	14,624	13,336
Other expenses	9	31,084	30,532	31,629
Total expenditure		**65,606**	**65,256**	**64,591**
Operating surplus (deficit)		**1,726**	**(1,250)**	**(3,926)**
OTHER COMPREHENSIVE REVENUE AND EXPENSE				
Gain/loss asset revaluation reserves	21	139,928	6,336	22,924
Gain/loss investment revaluation reserve	21	-	-	625
Total other comprehensive revenue and expense		**139,928**	**6,336**	**23,549**
Total comprehensive revenue and expense		**141,654**	**5,086**	**19,623**

These statements are to be read in conjunction with the notes on pages 84 to 143.

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2026

	NOTE	ACTUAL 2026 $000s	BUDGET 2026 $000s	ACTUAL 2025 $000s
Equity balance at 1 July		604,388	589,717	584,765
Total comprehensive revenue and expense		141,654	5,086	19,623
Equity balance at 30 June		**746,042**	**594,803**	**604,388**
ACCUMULATED COMPREHENSIVE REVENUE AND EXPENSE				
Balance at 1 July	21	166,051	169,353	170,060
Operating surplus (deficit)	22a	1,726	(1,250)	(3,926)
Transfer to retained earnings		6,746	-	-
Transfer from/(to) restricted, asset revaluation & council created reserves		(265)	-	(83)
Balance at 30 June		**174,258**	**168,103**	**166,051**
RESTRICTED AND COUNCIL CREATED RESERVES				
Balance at 1 July	21a	1,147	1,504	864
Transfer from (to) reserves	21	265	-	283
Balance at 30 June	**21a**	**1,412**	**1,504**	**1,147**
ASSET REVALUATION RESERVES				
Balance at 1 July	21	430,507	412,802	407,783
Revaluation gains (losses)	21	139,928	6,336	22,924
Transfers to retained earnings on disposal	21	(63)	-	(200)
Balance at 30 June	**21**	**570,372**	**419,138**	**430,507**
INVESTMENT REVALUATION RESERVES				
Balance at 1 July	21	6,683	6,058	6,058
Revaluation gains (losses)		-	-	625
Transfer to retained earnings on disposal	21	(6,683)	-	-
Balance at 30 June	**21**	**-**	**6,058**	**6,683**
Equity balance at 30 June		**746,042**	**594,803**	**604,388**

These statements are to be read in conjunction with the notes on pages 84 to 143.

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STATEMENT OF FINANCIAL POSITION

For the year ended 30 June 2026

	NOTE	ACTUAL 2026 $000s	BUDGET 2026 $000s	ACTUAL 2025 $000s
ASSETS				
Current assets				
Cash and cash equivalents	10	9,251	12,000	8,064
Receivables	11	8,711	5,189	6,826
Inventory	12	72	126	72
Assets held for sale	14	16,353	-	6,807
Derivative financial instruments	28	112	-	199
Other assets	13	862	852	195
Total current assets		**35,361**	**18,167**	**22,163**
Non-current assets				
Property, plant and equipment	15	782,290	667,864	633,907
Intangible assets	16	478	500	1,060
Derivative financial instruments	28	21	-	195
Other assets	13	5,619	11,153	9,468
Total non-current assets		**788,408**	**679,517**	**644,630**
TOTAL ASSETS		**823,769**	**697,684**	**666,793**
LIABILITIES				
Current liabilities				
Payables and deferred revenue	17	9,610	9,465	9,301
Employee entitlements	19	1,103	1,428	1,688
Borrowings	20	36,000	9,000	9,000
Derivative financial instruments	28	45	-	157
Provisions	18	77	53	49
Total current liabilities		**46,835**	**19,946**	**20,195**
Non-current liabilities				
Employee entitlements	19	558	255	396
Borrowings	20	29,000	82,049	41,000
Derivative financial instruments	28	139	-	92
Provisions	18	1,195	631	722
Total non-current liabilities		**30,892**	**82,935**	**42,210**
TOTAL LIABILITIES		**77,727**	**102,881**	**62,405**
NET ASSETS		**746,042**	**594,803**	**604,388**
EQUITY				
Accumulated funds	21	174,258	168,103	166,051
Restricted and council created reserves	21	1,412	1,504	1,147
Asset revaluation reserves	21	570,372	419,138	430,507
Investment revaluation reserves	21	-	6,058	6,683
TOTAL EQUITY		**746,042**	**594,803**	**604,388**

These statements are to be read in conjunction with the notes on pages 84 to 143.

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STATEMENT OF CASH FLOWS

For the year ended 30 June 2026

	Note	ACTUAL 2026 $000s	BUDGET 2026 $000s	ACTUAL 2025 $000s
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash will be provided from:				
Rates		47,711	47,649	42,601
Subsidies and grants		7,973	8,552	7,964
Development and financial contributions		1,780	705	1,136
Finance revenue		967	480	901
Fees, charges and other revenue		7,370	6,620	6,268
		65,801	64,006	58,870
Cash will be applied to:				
Payments to employees		17,332	17,168	16,384
Payments to suppliers		32,803	30,532	31,752
Finance expenses		2,675	2,932	2,213
		52,810	50,632	50,349
Net cash inflows/(outflows) from operating activities	22a	12,991	13,374	8,521
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash will be provided from:				
Proceeds from investments		3,378	-	7,398
Proceeds from sale of property, plant and equipment		-	-	-
		3,378	-	7,398
Cash will be applied to:				
Purchase of property, plant and equipment		30,182	40,312	23,029
		30,182	40,312	23,029
Net cash inflows/(outflows) from investing activities		(26,804)	(40,312)	(15,631)
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash will be provided from:				
Loans raised		24,000	33,938	12,000
		24,000	33,938	12,000
Cash will be applied to:				
Loans repaid		9,000	9,000	6,000
Net cash inflows/(outflows) from financing activities	22b	15,000	24,938	6,000
Net increase/(decrease) in cash and cash equivalents		1,187	(2,000)	(1,110)
Cash and cash equivalents balance at 1 July	10	8,064	14,000	9,174
Cash and cash equivalents balance at 30 June	10	9,251	12,000	8,064

These statements are to be read in conjunction with the notes on pages 84 to 143.

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WHOLE OF COUNCIL FUNDING IMPACT STATEMENT

For the year ended 30 June 2026

	ANNUAL PLAN 2025 $000's	ACTUAL 2025 $000's	ANNUAL PLAN 2026 $000's	ACTUAL 2026 $000's
SOURCES OF OPERATING FUNDING				
General rates, uniform annual general charges, rates penalties	29,272	30,152	31,891	32,089
Targeted rates	14,571	15,056	17,306	17,411
Subsidies and grants for operating purposes	3,987	5,278	4,294	4,711
Fees and charges	5,220	5,746	5,722	6,465
Interest & dividends from investments	560	312	480	316
Local authorities fuel tax, fines, infringement fees, other receipts	673	1,090	376	1,295
Total operating funding (A)	**54,283**	**57,634**	**60,069**	**62,287**
APPLICATION OF OPERATING FUNDING				
Payments to staff and suppliers	45,042	45,216	47,731	49,009
Finance costs	2,140	2,234	2,932	2,493
Other operating funding applications	1,511	1,388	996	1,117
Total application of operating funding (B)	**48,693**	**48,838**	**51,659**	**52,619**
Surplus/(deficit) of operating funding (A-B)	**5,590**	**8,796**	**8,410**	**9,668**
SOURCES OF CAPITAL FUNDING				
Subsidies & grants for capital expenditure	3,425	2,921	4,259	3,887
Development & financial contributions	691	594	705	1,619
Increase (decrease) in debt	19,647	6,000	24,938	15,000
Gross proceeds from sale of assets	8,965	-	-	3,293
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	**32,728**	**9,515**	**29,902**	**23,799**
APPLICATION OF CAPITAL FUNDING				
Capital expenditure:				
- to meet additional demand	7,699	8,792	4,884	5,593
- to improve the level of services	18,988	5,623	11,928	5,463
- to replace existing assets	11,631	10,899	23,500	23,351
Increase (decrease) in reserves	-	283	-	266
Increase (decrease) of investments	-	(7,286)	(2,000)	(1,206)
Total application of capital funding (D)	**38,318**	**18,311**	**38,312**	**33,467**
Surplus/(deficit) of capital funding (C-D)	**(5,590)**	**(8,796)**	**(8,410)**	**(9,668)**
Funding Balance ((A-B)+(C-D))	-	-	-	-

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NOTES TO THE FINANCIAL STATEMENTS

Tauākī mō ngā kaupapa here taurangi pūtea

1. STATEMENT OF ACCOUNTING POLICIES REPORTING ENTITY

The South Waikato District Council (Council) is a territorial local authority governed by the Local Government Act 2002 (LGA) and is domiciled in New Zealand.

The primary objective of Council is to provide services and social benefits to the community rather than making a financial return. Accordingly, Council has designated itself as a public benefit entity for the purposes of financial reporting.

- The reporting date of the Council is 30 June.
- The financial statements of the Council are for the year ended 30 June 2026.
- The financial statements were authorised for issue on 29 October 2026.

BASIS OF PREPARATION

Statement of Compliance

The financial statements of the Council have been prepared in accordance with the requirements of the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014, which include the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP). The financial statements have been prepared in accordance with NZ GAAP and they comply with Tier 1 Public Benefit Entity (PBE) Standards. These financial statements have been prepared on a going concern basis and the accounting policies have been consistently applied throughout the period.

Measurement Base

The financial statements have been prepared on a historical cost basis, modified by the revaluations of land and buildings, certain infrastructural assets, and certain financial instruments (including derivative instruments).

Presentation Currency and Rounding

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

Changes in Accounting Policies

There have been no changes in accounting policies.

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STANDARDS ISSUED BUT NOT YET EFFECTIVE

The council will adopt the following accounting standard in the reporting period after the effective date, PBE IFRS 17 Insurance Contracts for public sector entities and the 2024 Omnibus Amendments to the PBE standard. This standard establishes principles for the recognition, measurement, presentation, and disclosure of insurance contracts. It is effective for reporting periods for the year ending 30 June 2027 with early adoption permitted. The council has not assessed the effect of the new standard in detail.

MATERIAL ACCOUNTING POLICIES

FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions (including those subject to forward foreign exchange contracts) are translated into New Zealand dollars (the functional currency) using the spot exchange rate at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

GOODS AND SERVICES TAX

Items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated as GST inclusive. Where GST is not recoverable as an 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. The net GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows. Commitments and contingencies are disclosed exclusive of GST.

BUDGET FIGURES

The budget figures are those approved by the Council in its 2024-34 LTP. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Council in preparing these financial statements.

REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to Council and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods or services in the normal course of business, net of discounts and sales related taxes.

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

REVENUE FROM NON-EXCHANGE TRANSACTIONS

Rates

Rates are set annually by a resolution from Council and relate to a financial year. All ratepayers are invoiced within the financial year to which the rates have been set. Rates revenue is recognised when payable. Rates charged to Council properties are excluded from rates income in the profit or loss.

Government Grants

Government grants are recognised when:

- claimed, for work completed on previously approved programmes.
- eligibility has been established by the grantor.

Council receives Government grants from the New Zealand Transport Agency, which subsidises part of the costs of maintaining the local roading infrastructure. These subsidies are recognised upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

Vested Assets

Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised as income. Assets vested in the Council are recognised as income when control over the asset is obtained.

REVENUE FROM EXCHANGE TRANSACTIONS

Provision of Services

Revenue from the provision of services (fees and charges) is recognised as income when the obligation to pay, by reference to the stage of completion of the transaction at balance date, arises.

Interest and Dividends

Interest income is recognised as it accrues using the effective interest rate method.
The effective interest rate is the rate that discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial instrument.

Dividends are recognised as revenue when the right to receive payment has been established.

Water Meters

Revenue from water rates by meter is recognised on an accrual basis. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.

FINANCIAL AND DEVELOPMENT CONTRIBUTIONS

Financial and Development contributions are recognised as revenue when Council provides, or is able to provide, the services for which the contribution was charged. Otherwise, the financial contributions are recognised as liabilities until such time as Council provides, or is able to provide, the service.

BORROWING COSTS

All borrowing costs are recognised as an expense in the period in which they are incurred.

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 Council has no obligation to award on receipt of the grant application and are recognised as expenditure when approved by Council and the approval has been communicated to the applicant.

COST ALLOCATION POLICY

Direct costs are charged directly to significant activities.

Indirect costs are charged to significant activities based on a single step allocation model.

Direct costs are those costs directly attributable to a specific activity. Indirect costs are those costs that cannot be identified in an economically feasible manner with a specific significant activity.

SINGLE STEP ALLOCATION OF INDIRECT COSTS

The cost of internal services not directly charged to activities is allocated based on a percentage basis relative to the size of the activity and function of the indirect cost support level.

ASSETS HELD FOR SALE

Assets are classified as held for sale if the carrying amount will be recovered through a sale rather than continuing use. This condition is met only when the sale is highly probable, and the asset is available for sale in its present condition. Assets classified as held for sale are measured at the lower of the asset's carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of assets held for sale are recognised in surplus or deficit. Any increase in fair value, less costs to sell, is recognised in surplus or deficit up to the level of any impairment losses that have been previously recognised.

PROPERTY, PLANT AND EQUIPMENT (INCLUDING CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS)

Operational Assets

These are tangible assets and include land, buildings, improvements, heritage assets, motor vehicles, major non infrastructural plant and equipment including swimming pools and library collections.

Infrastructural Assets

These are fixed utility systems that provide a continuing service to the community and are not generally regarded as tradeable.

They include:

- all property, plant and equipment associated with water supply, wastewater, storm water and waste disposal, including the land that they are located upon
- all roads, service lanes, footpaths, streetlights, car parks and associated street furniture
- all public toilets and restrooms, public halls and the land they are situated on.

Restricted assets

These assets cannot be disposed of because of legal or other restrictions and provide a benefit or service to the community.

They include:

- all property (excluding South Waikato Indoor Pools) associated with recreation, scenic, historic purposes, esplanade and local purpose reserves, including the reserve land
- all cemeteries
- all land contained within road reserves

Measurement at Recognition

All items of property, plant and equipment that qualify for recognition as assets are initially measured at cost. An item of property, plant and equipment is recognised as an asset only if it is probable that any future economic benefits or service potential associated with them will flow to Council and the cost of the item can be measured reliably. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Measurement after Recognition

Property, plant and equipment are shown at cost or revalued amount, less accumulated depreciation and impairment losses. Those asset classes that are revalued are generally valued on a three year rotational basis. An asset class may be valued out of cycle if the fair value is expected to be materially different. All revaluations are either performed by independent and qualified valuers or in-house and peer-reviewed by independent and qualified valuers. All other asset classes are carried at depreciated historical cost.

Library Collection, Motor Vehicles, Plant and Equipment, Furniture and Fittings, Street Furniture

Valuation is at cost less accumulated depreciation and any impairment costs.

Land and Buildings

Land and buildings including land underneath roads were revalued effective 30 June 2024 by CBRE Limited, Rotorua at current market value.

LAND

Land has been valued based on its current zoning, making allowance for any recent changes and designations effective from the Operative District Plan. Comparable sales have been analysed from a wide range of land sales and applied dependent on the location, use and zoning of the property. Adjustments have been made for contour, size and other factors.

Where a property is designated, adjustment for the lifting of the designation has been made. Where a property is zoned reserve, these assets have been valued on an underlying zoning basis. From this zoned reserve, has been a deduction for the base valued as rural, and with the difference applied, a change of which is added back to the base value to arrive at the reserve value. This is the normally accepted method for the valuation of reserve land.

SPECIALISED BUILDINGS

Where there is no reliable market data available for such specialised buildings, the valuations have been prepared on a Depreciated Replacement Cost Approach.

The replacement cost of the assets is adjusted, where required, for optimisation due to over-design or surplus capacity.

The replacement cost is derived from analysis of cost information held on the valuer's files, costing information derived from the marketplace, and costing information provided by Quantity Surveyors and other building experts. Construction costs vary dramatically depending on the building.

NON-SPECIALISED BUILDINGS

Non-specialised buildings are those where there are known and active markets e.g. residential houses, office buildings, industrial workshops, warehouses and residential flats. These have been valued at fair value using market-based sales evidence.

PARKS AND RESERVES

Parks and reserves assets were revalued effective 30 June 2024 at depreciated replacement value. The revaluation peer review was undertaken using external consultant, Beca Projects NZ Limited. The external consultant has an extensive knowledge base and background in parks and reserves asset management.

The external consultant reviewed the useful lives and replacement cost unit values on Council's fixed assets register. The replacement cost unit values were updated to current market values by using either:

- available current contract-supplier unit rates for equivalent asset types (giving the highest level of confidence) or
- the 2021 asset values/purchase cost adjusted for industry-specific inflation indices to represent estimated replacement costs for modern equivalent asset (MEA) components as at 30 June 2024 (giving a high level of confidence).

As part of the revaluation process, where assets that continue to be in commission are found to have a remaining life of nil (on Council's fixed assets register), an adjusted remaining useful life of 2.5% of the original base life has been made.

LAND UNDER ROADS

Land underneath roads is the assessment of the value based upon an indicated value of the land adjoining the roads. Rural and urban roads have been separated and the average land value for adjoining land for each separate division applies.

CLOSED LANDFILL

Closed landfill cells and sites, pipes and pumps are valued at cost less accumulated depreciation and any impairment costs.

ROADS, FOOTPATHS, STREETLIGHTS, LARGE CULVERTS AND BRIDGES

Roads, footpaths, streetlights, large culverts and bridges were revalued effective 30 June 2026 by Beca Projects New Zealand Limited, Auckland at optimised depreciated replacement value. Each asset component was valued considering its remaining useful life.

The valuation was performed in accordance with the International Accountancy Standard (IAS 16) modified to New Zealand requirements (IPSAS 17), and with New Zealand Local Authority Asset Management Practice, New Zealand Infrastructure Asset Management Manual (NZIAMM) and Valuations/Depreciation Guidelines. The RAMM valuation module has been used to complete the valuation.

Replacement cost is the cost of building the existing infrastructure using present day technology, but maintaining the originally designed level of service, assuming current technology ensures that no value results from the additional cost of outdated and expensive methods of construction. Maintaining the original level of service ensures that the existing asset with all its faults is valued, not the currently desirable alternative.

Replacement cost was calculated by multiplying asset quantities by unit cost rates factored to allow for other direct costs such as professional fees.

Unit rates are obtained from a variety of sources, including the following:

- Recent maintenance contracts for SWDC
- Recent capital work undertaken for SWDC

Costs have been used which reflect the increased difficulties and constraints of undertaking construction, maintenance and renewal work simultaneously with continued operation of the infrastructure networks. Operational constraints include access, delivery, safety, security, material handling and storage, traffic control and hours available for construction work. The unit cost rates used for valuing the SWDC assets reflect an average cost rate for local construction. Paper roads with a total length of 151.378km are recorded at land value.

The roading network valuation increased significantly compared with the previous valuation completed three years ago. The increase was primarily driven by improvements in the quality and availability of asset information, particularly relating to the depth and composition of road pavement layers, which enabled a more accurate assessment of the network. The higher valuation reflects improved information on road pavement depths, resulting in a more accurate assessment of the roading network.

WASTEWATER, STORMWATER AND WATER

Wastewater, stormwater and water, plant and equipment were revalued on 30 June 2025 by professionally qualified in-house staff, and peer reviewed by Beca Projects NZ Limited at optimised depreciated replacement value.

The underground reticulation pipework was also revalued on 30 June 2025 by professionally qualified, in-house staff and peer reviewed by Beca Projects NZ Limited, at optimised depreciated replacement value. These assets have been valued by the optimised depreciated replacement cost approach. No allowance or adjustment has been made for the costs of bringing the asset into working condition for its intended use as the condition of the assets as part of the valuation were all considered 100% optimised.

These assets were revalued in the Assetfinda database using replacement unit costs based on actual costs from recent contracts and where required an inflation adjustment applied.

Costs incurred in obtaining any resource consents are capitalised as part of the asset to which they relate. If a resource consent application is declined, then all capitalised costs are written off.

ACCOUNTING FOR REVALUATIONS

Council accounts for revaluations on property, plant and equipment on a class of asset basis.

The results of revaluing are recognised in other comprehensive income and accumulated as a separate component of equity in the asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed through surplus or deficit.

Any subsequent increase on revaluation that offsets a previous decrease in value recognised in surplus or deficit will be recognised first in surplus or deficit up to the amount previously expensed and then credited to other comprehensive income.

DEPRECIATION

Property, plant and equipment are depreciated on a straight-line basis at rates that reflect their estimated useful lives.

Depreciation is charged to write-off the cost or valuation of assets, other than land and properties under construction and road formation cost, over their estimated useful lives. The depreciation rates are applied at a component level and are dependent on the remaining useful life of each component.

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

STANDARDS ISSUED BUT NOT YET EFFECTIVE

Heritage Assets	Not depreciated
Land	Not depreciated
Buildings	40 - 100 years
Plant and Equipment	5 - 30 years
Swimming Pools	40 - 100 years
Motor Vehicles	5 years
Computer Equipment and Furniture	3 - 10 years
Library Equipment and Collection	5 - 10 years

ROADING NETWORK

Top Surface - Rural	1 - 18 years
Top Surface - Urban	1 - 22 years
Pavement - Rural	40 - 70 years
Pavement - Urban	40 - 99 years
Culverts	25 - 80 years
Footpaths	10 - 80 years
Kerbs	80 years
Signs	6 - 9 years
Streetlights and Poles	25 - 70 years
Bridges	78 - 118 years
Land (including land under roads)	Not depreciated

SOLID WASTE

Closed Landfills, Pipes and Pumps	7 - 100 years

WASTEWATER SYSTEMS

Manholes	80 years
Treatment Plant	5 - 80 years

STORMWATER SYSTEMS

Reticulated Pipework	50 - 90 years
Manholes and Cesspits	90 years
Detention Dams	60 years

WATER SYSTEMS

Reticulated Pipework	55 - 95 years
Valves and Hydrants	80 years
Pump Stations	Up to 100 years (dependent on componentry)
Storage Tanks	25 - 80 years

OTHER ASSETS

Infrastructural Buildings	40 - 100 years
Street Furniture	3 - 10 years

IMPAIRMENT

All assets, current and non-current, are tested annually for indicators of impairment or whenever events or changes in circumstances indicate 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 the 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 an 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 impaired and the carrying amount is written down to the recoverable amount. For revalued assets the impairment loss is recognised in other comprehensive income. Where that results in a debit balance in other comprehensive income, the balance is recognised in surplus or deficit.

For assets not carried at a revalued amount, the total impairment loss is recognised in surplus or deficit. The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for the class of asset was previously recognised in surplus or deficit, a reversal of the impairment loss is also recognised in surplus or deficit. For assets not carried at a revalued amount the reversal of an impairment loss is recognised in surplus or deficit.

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 surplus or deficit. When revalued assets are sold, the amounts included in the asset revaluation reserves in respect of those assets are transferred to general equity.

SUBSEQUENT COST

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 Council and the cost can be measured reliably.

ASSETS UNDER CONSTRUCTION

Capital works under construction are valued at cost. The total cost of the project is transferred to the relevant asset class on its completion and then depreciated.

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VESTED ASSETS

Certain infrastructure assets have been vested in Council and are recognised in surplus or deficit at fair value. These assets have been valued based on the actual quantities of infrastructure components vested and the current 'in the ground' cost of providing identical services. On initial recognition the fair value of vested assets is recognised in surplus or deficit. Subsequent to these vested assets are revalued together with other property, plant and equipment, and surpluses or deficits arising on revaluation are treated in the same way as other property, plant and equipment.

RENTAL PROPERTY

Rental property is included in property, plant and equipment in accordance with Public Business Entity International Public Sector Accounting Standard (PBE IPSAS), as the rental property is held to provide a social service rather than for rental income, capital appreciation or both.

INTANGIBLE ASSETS

Computer Software

Acquired computer software is capitalised on the basis of the cost incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software are recognised as expense when incurred.

Easements

No value is attached to easements due to the difficulty in establishing their original cost or fair value.

Amortisation of Intangible Assets

The carrying amount of an intangible asset with a finite life is amortised on a straight- line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in surplus or deficit. The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

- Computer Software 3 - 7 years

FINANCIAL INSTRUMENTS

Financial Assets

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned. Investments are initially measured at fair value plus transaction costs except for those financial assets classified as fair value through surplus or deficit which are initially measured at fair value. Financial assets are classified into the following specified categories: financial assets 'at amortised cost', 'at fair value through surplus or deficit (FVTSD)', or 'fair value through other comprehensive revenue and expense (FVTOCRE)' as per PBE IPSAS 41. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Investments are carried at FVTOCRE.

Financial assets at fair value through surplus or deficit are stated at fair value, with any resultant gain or loss recognised in surplus or deficit. The net gain or loss includes any dividend or interest

earned on the financial asset and interest rate swaps.

Council does not employ hedge accounting techniques in its accounting for derivative financial instruments. After initial measurement these assets are measured at fair value. Any gain or loss arising from a change in the fair value is recognised in surplus or deficit.

AMORTISED COST

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 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 and heat swap loans.

IMPAIRMENT OF FINANCIAL ASSETS

At initial recognition of the financial asset, an entity recognises a loss allowance equal to 12 months expected credit losses which consist of expected credit losses from default events possible within 12 months from the entity's reporting date. An exception is purchased or originated credit impaired financial assets.

The impairment requirements are applied to:

- Financial assets measured at amortised cost (including trade receivables)
- Financial assets measured at FVTOCRE
- Loan commitments at below market interest rate
- Financial guarantees contracts which are not insurance contracts under the scope of PBE IFRS 4 Insurance Contracts
- Lease Receivables

FINANCIAL LIABILITIES

Financial liabilities including debt instruments issued by Council are classified according to the substance of the contractual arrangements entered into.

The accounting policies adopted for specific financial liabilities are as follows:

LGFA BORROWING

Interest bearing LGFA loans are initially measured at fair value net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method.

DEBT INSTRUMENTS

Council issues bonds from time to time to raise funds. These are initially measured at fair value net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method.

TRADE PAYABLES

Trade payables are initially measured at fair value and are subsequently measured at amortised cost.

INVENTORIES

Inventories held for distribution or consumption in the provision of services are measured at the lower cost or current replacement cost. The cost to these inventories is assigned by using the weighted average cost formula. The write down from cost to current replacement cost is recognised in surplus or deficit.

DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are used to manage exposure to foreign exchange risks arising from Council's operational activities and interest rate risks arising from Council's financing activities. In accordance with its Treasury Management Policy, Council does not hold or issue derivative financial instruments for trading purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance date. The associated gains or losses on derivatives that are not hedge accounted are recognised in surplus or deficit.

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.

The use of financial derivatives is governed by Council's policies as approved by Council resolution and provides written principles on the use of financial derivatives consistent with Council's risk management strategy.

INVESTMENTS IN COUNCIL CONTROLLED ORGANISATIONS (CCO)

Waikato Local Authority Shared Services Limited

Council has an interest (2.7%) in a Council Controlled Organisation (CCO), the Waikato Local Authority Shared Services Limited. Council has no significant influence on operational or financial policies.

As this investment is not traded on an active market and quoted market prices of similar financial assets are not available, the fair value cannot be measured reliably. The investment is therefore measured at cost.

Waikato Waters Limited

South Waikato District Council is a shareholder in Waikato Waters Limited (WWL), a council-controlled organisation established by seven Waikato councils to provide drinking water and wastewater services under the Local Water Done Well framework. The participating councils are South Waikato District Council, Waipā District Council, Waitomo District Council, Matamata-Piako District Council, Ōtorohanga District Council, Hauraki District Council and Taupō District Council. There are six councils that will move to stage 2 as Taupō District Council will look to provide water services in-house. WWL was incorporated on 23 July 2025. At incorporation, each participating council received 100 Stage 1 shares.

The purpose of WWL is to deliver transferred drinking water and wastewater services in a manner that achieves the objectives of shareholder councils, supports long-term financial sustainability, service resilience and regulatory compliance, and provides consistent and improving service levels across the participating districts. Stormwater services are excluded from WWL and remain the responsibility of Council.

During 2025/26, WWL's activities were focused on establishment, governance, financing, transition planning and operational readiness. WWL did not provide drinking water or wastewater services within the South Waikato district during the year. Accordingly, no operational performance measures are reported by WWL within Council's 2025/26 Annual Report.

Council's ownership interest is exercised through the WWL Constitution, Shareholders' Agreement and participation in the Shareholder Representative Forum. Council's objective is to ensure water services continue to be delivered safely, reliably, sustainably and in a financially responsible manner while maintaining local ownership and appropriate oversight.

Council considers its significant ownership and control objectives were implemented during 2025/26 through establishment of WWL, development of governance arrangements, execution of the Transfer Agreement and preparation for transfer of drinking water and wastewater services effective 1 July 2026.

FOREIGN CURRENCIES

All foreign currency transactions during the financial year are brought into account using the exchange rate in effect at the date of the transaction. At each balance sheet date, monetary items denominated in foreign currencies are re-translated at the rates prevailing on the balance sheet date. Non- monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of transaction.

Exchange differences arising on the settlement of monetary items, and on the re-translation of monetary items is included in surplus or deficit for the period. Exchange differences arising on the re-translation of non-monetary items carried at fair value are included in surplus or deficit for the period except for differences arising on the re-translation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. For such non- monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, demand deposits and other short- term highly liquid investments with original maturities of three months or less from the date of acquisition.

EMPLOYEE BENEFITS

Short Term Employee Entitlements

Employee benefits expected to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

A liability for sick leave is recognised to the extent that compensated absences in the coming year are expected to be greater than the sick leave entitlement 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 it will be used by staff to cover those future absences.

PRESENTATION OF EMPLOYEE ENTITLEMENTS

Sick leave, annual leave, vested long service leave and non-vested long service leave, and retirement gratuities expected to be settled within 12 months of balance date, are classified as a current liability. All other employee entitlements are classified as a non-current liability.

Long Term Entitlements

Entitlements that are payable beyond 12 months, such as long service leave and retiring leave have been calculated on an actuarial basis using the service of professional actuaries. The actuarial calculations are based on an assumed salary increase of 3% (2025: 3%) per annum and a discount rate between 2.97% and 4% (2025: 3.14% - 5.99%) per annum. The discount rate is derived from the forward rates on NZ Government Bonds over recent periods.

It's also assumed that all employees will retire at the age of 65 and will resign in accordance with the withdrawal rate assumption taken from the Treasury Circular 1998/15. Any actuarial gain or loss resulting from re-measurement of these liabilities is recognised in surplus or deficit.

Employees appointed to staff prior to 31 December 1989 who retire from Council with not less than ten years continuous service are eligible for retirement leave. Employees appointed to staff prior to 1 April 1992 are eligible for long service leave unless excluded under individual employment contracts.

SUPERANNUATION SCHEMES

Defined Contribution Scheme Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in surplus or deficit.

PUBLIC EQUITY

Public equity is the community's interest in the Council, as measured by the value of total assets less total liabilities. Public equity is disaggregated and classified into a number of reserves to enable clearer identification of the specific uses Council makes of its accumulated surpluses.

The components of equity are:

- General Equity (Retained Earnings) Restricted Reserves
- Council Created Reserves
- Asset (Property) Revaluation Reserves
- Investment Revaluation Reserves

Reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned.

COUNCIL CREATED RESERVES

Council created reserves are a part of the accumulated balance and are established at the will of Council. Council may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of Council.

ASSET (PROPERTY) REVALUATION RESERVES

Revaluation reserves arise from certain asset classes being revalued.

GENERAL EQUITY (RETAINED EARNINGS)

General equity refers to reserves that do not fall into any of the other categories below.

RESTRICTED RESERVES

Restricted reserves are those reserves subject to specific conditions accepted as binding by the Council and which may not be revised by Council without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specific purposes or if certain specified conditions are met.

The reserves represent balances held from the collection of targeted rates and charges on activities that are funded from targeted rating or those same activities funding depreciation.

INVESTMENT REVALUATION RESERVES

Investment revaluation reserves contain cumulative gains and losses in investments classified as 'FVTOCRE'. The investment portfolio has been disposed of.

LEASING

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Council as Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Council as Lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Provisions

Council recognises a provision for future expenditure of uncertain amount when there is a present obligation (legal or constructive) as a result of a past event, it is probable that expenditures 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 expenditure expected to be required to settle the obligation, using a pre-tax discount rate that reflects current market assessments, the time at 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.

Financial Guarantee Contracts

A financial guarantee contract is a contract that requires Council to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are disclosed as contingent liabilities. The amount of these contingent liabilities is equal to the loan balances guaranteed.

Landfill Closure and Post Closure Provision

Council, as operator of the Tokoroa landfill, has a legal obligation under its resource consent, to provide on-going maintenance and monitoring services at the landfill site after closure. A provision for closure and post-closure costs is recognised as a liability when the obligation for closure and post-closure expenses arises.

A calculation of these future costs has been discounted and is measured based on the present value of future cash flows expected to be incurred, taking into account future events, including new legal requirements and known improvements in technology. The discount rate used is a pre-tax rate that reflects current market assessments of the time, value of money and the risks specific to Council. Amounts provided for landfill closure and post- closure are capitalised in the landfill asset where they give rise to future economic benefit to be obtained. Components of the capitalised landfill asset are depreciated over their useful lives.

Assumptions about the future have been made in the calculation of the landfill closure and post closure cost provisions. These are disclosed in the notes to the financial report.

CRITICAL JUDGEMENTS AND ESTIMATIONS

The preparation of financial statements in conformance with PBE IPSAS requires judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditures.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revisions affect both current and future periods.

Management consider property, plant and equipment to have judgements and estimations that will have the most significant effect on the amounts recognised in the financial statements.

PROPERTY, PLANT AND EQUIPMENT

As the Council is a Public Benefit Entity, property, plant and equipment are initially valued at cost. After recognition, assets are valued at cost price, valuation, or depreciated replacement cost, that is based on an estimate of either fair value or current gross replacement costs of improvement less allowances for physical deterioration and optimisation for obsolescence and relevant surplus capacity. There are certain assets such as wastewater or stormwater related assets which may be affected by changes in the measurement of qualitative standards which could affect the results of future periods.

The depreciation method used reflects the service potential of assets and is reviewed each year to ensure that there is no under maintenance of assets which could affect the results of future periods.

2. COST OF SERVICES

	ACTUAL 2026 $000s	BUDGET 2026 $000s	ACTUAL 2025 $000s
Revenue			
Revenue from significant activities			
Transport and Roading Services	8,605	6,650	5,683
Solid Waste and Recycling Services	3,213	2,889	3,096
Water Supply Services	5,771	5,488	4,773
Wastewater Services	10,688	10,236	9,036
Stormwater Services	1,449	1,545	1,207
Leisure and Wellbeing Services	1,044	2,775	3,209
Governance Services	34,183	32,529	31,614
Strategy Services	-	-	-
Regulatory Services	2,379	1,894	2,047
Total service statement revenue	**67,332**	**64,006**	**60,665**
Expenditure			
Expenditure from significant activities			
Transport and Roading Services	13,947	15,979	15,373
Solid Waste and Recycling Services	6,167	5,250	5,677
Water Supply Services	6,440	5,971	5,519
Wastewater Services	9,409	10,750	8,974
Stormwater Services	2,049	2,217	1,960
Leisure and Wellbeing Services	12,397	13,847	13,114
Governance Services	9,802	5,611	8,771
Strategy Services	1,119	898	868
Regulatory Services	4,276	4,733	4,335
Total service statement expenditure	**65,606**	**65,256**	**64,591**
Net surplus/ (deficit) before tax	**1,726**	**(1,250)**	**(3,926)**

3. EXCHANGE/NON EXCHANGE REVENUE

	ACTUAL 2026 $000s	BUDGET 2026 $000s	ACTUAL 2025 $000s
Revenue from exchange transactions			
Finance revenue	967	480	901
Total revenue from exchange transactions	**967**	**480**	**901**
Revenue from non-exchange transactions			
Development contributions	1,619	705	594
Subsidies and grants	8,598	8,552	8,199
Fees and user charges including water by meter	6,136	5,722	5,746
Other revenue	1,780	898	1,136
Rates	47,753	47,649	43,619
Vested assets	479	-	470
Total revenue from non-exchange transactions	**66,365**	**63,526**	**59,764**
Total revenue	**67,332**	**64,006**	**60,665**

4. RATES REVENUE

	ACTUAL 2026 $000s	ACTUAL 2025 $000s
General rates	**31,532**	**29,526**
Targeted rates attributable to activities		
Water Supply	4,628	4,122
Wastewater	9,734	8,302
Stormwater	1,646	1,250
Solid Waste and Recycling	1,404	1,381
Governance	-	-
Business Promotion	-	-
Public Halls	-	-
Less rates charged to Council properties	(1,191)	(962)
Total rates, excluding targeted water supply rates	**47,753**	**43,619**

Council's rates policy allows Council to remit rates on churches, marae, play centres, schools and other community or sporting organisations. There are also remissions on protected land or in certain cases where land is being commercially developed.

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In accordance with the Local Government (Rating) Act 2002, certain properties cannot be rated for in general rates. This includes schools, places of religious worship, public gardens and reserves. These non-rateable properties, where applicable, may be subject to targeted rates in respect of wastewater, water and refuse. Non-rateable land does not constitute a remission under council rates remission policy.

The amount of rates written off for the financial year ending 30 June 2026 was $9,477 (2025: $6,235).

5. SUBSIDIES AND GRANTS

	ACTUAL 2026 $000s	ACTUAL 2025 $000s
New Zealand Transport Roading subsidies	7,783	5,212
National Waste Levy	506	486
Sundry other	309	2,501
Total subsidies and grants	**8,598**	**8,199**

There are no unfulfilled conditions and other contingencies attached to subsidies and grants (2025: nil).

6. FINANCE INCOME AND FINANCE COSTS

	ACTUAL 2026 $000s	ACTUAL 2025 $000s
Finance income		
Interest Income		
- Call account	895	901
- Gain on interest rate swap	72	-
- Realised gain/(loss) on investment	-	-
Total finance income	**967**	**901**
Finance cost		
Interest cost		
- Loss on interest rate swap	196	1,029
- Interest on bank borrowings	2,479	2,213
Total finance costs	**2,675**	**3,242**

7. OTHER REVENUE

	ACTUAL 2026 $000s	ACTUAL 2025 $000s
Petrol tax	233	156
Vested assets	479	470
Rates penalties	627	634
Other	920	346
Total other revenue	**2,259**	**1,606**

8. EMPLOYEE BENEFIT EXPENSES

Defined benefit retirement leave provision	ACTUAL 2026 $000s	ACTUAL 2025 $000s
The principal assumptions used for the purpose of the actuarial valuations were as follows:		
Discount rate	2.97%-4%	3.14%-5.99%
Expected rate of salary increase	3%	3%
Retirement age for all employees	65	65
Amounts recognised in the balance sheet in respect of the defined benefit retirement plan are as follows:		
Present value of unfunded obligation	151	142
Net liability recognised in the balance sheet	**151**	**142**
Comprising:		
Current	7	7
Non-current	144	135
Total employee benefit obligations	**151**	**142**
Amounts recognised in the statement of comprehensive revenue and expense in respect of the defined benefit retirement plan are as follows:		
Current service cost	4	4
Interest cost	3	3
Actuarial gains/(losses)	(7)	(7)
Total	-	-
The charge for the year is included in the employee benefits expense in the statement of comprehensive revenue and expense.		
Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	**142**	**53**
Current service cost	(4)	(4)
Interest cost	(3)	(3)
Actuarial gains/(losses)	16	96
Less: benefits paid	-	-
Closed defined benefit obligation	**151**	**142**

Defined benefit retirement leave provision

At the time of retirement from the Council, including early retirement on medical grounds, every employee who has completed not less than ten years current continuous service will be entitled to retirement leave.

The amount of the leave entitlement payable will be calculated at the rate of one weeks leave for each year of current continuous service, with a maximum of 26 weeks.

Any employee who was appointed to the staff of Council after December 31, 1989, will not be entitled to any retirement leave. If any eligible employee dies whilst in the service of the Council, the Council will pay in lieu to his or her estate.

No retirement leave entitlement will accrue to an employee who resigns, is dismissed or made redundant.

Employer contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are expensed in the surplus or deficit as incurred.

8. EMPLOYEE BENEFIT EXPENSES (CONTINUED)

Defined benefit long service leave provision	ACTUAL 2026 $000s	ACTUAL 2025 $000s
The present value of long service compensated leave	**37**	**31**
Comprising:		
Current	4	4
Non-current	33	27
Total employee benefit obligations	**37**	**31**
Amounts recognised in the surplus or deficit in respect of Council's long service compensated leave and salaries are as follows:		
Salaries	17,332	16,384
Current service cost	2	3
Interest cost	1	1
Actuarial gains/(losses)	(3)	(4)
Total	**17,332**	**16,384**
The charge for the year is included in the employee benefits expense in the surplus or deficit.		
Changes in the present value of long service compensated leave are as follows:		
Opening long service compensated leave obligation	**(35)**	**(35)**
Current service cost	2	3
Interest cost	1	1
Past service cost	-	-
Less: benefits paid	-	-
Actuarial (gains)/losses	(3)	(4)
Closed long service compensated leave obligation	**(35)**	**(35)**

Total employee benefits expense recognised in the surplus or deficit	17,332	16,384
Current portion of employee benefit obligations recognised in the statement of financial position	1,103	1,688
Non-current portion of employee benefit obligations recognised in the statement of financial position	558	396

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Long service compensated leave

Every employee who has completed a period of 15, 20, and 25 years current continuous service who was employed prior to 1 April 1992 is entitled to a special holiday of two weeks, three weeks and four weeks respectively.

Every employee who was employed on or after 1 July 2003 who is under coverage of the Officers (Public Service Association) Collective Employment Agreement and who has completed a period of 10, 15 and 20 years current continuous service will be entitled to a special holiday of one week at each of those anniversaries. This clause will not apply to employees who have, or will, become entitled in terms of the previous clause.

Severance payments

During the year to 30 June 2026 there were five severance payments totalling $211,940 made to employees of the South Waikato District Council (2025: $175,423).

9. OTHER EXPENSES

	ACTUAL 2026 $000s	ACTUAL 2025 $000s
Audit Fees - audit of financial statements	245	237
Audit fees - trustee reporting	9	8
Impairment/(recovery) of receivables	(92)	104
Rates remissions	242	215
Councillors Remuneration (including meeting allowances)	674	634
Insurance	723	728
Subscriptions, fees and contribution to other organisation	419	297
Legal and settlement fees	1,876	305
Donations and grants	701	954
Economic & Community Development funded expenditure	174	219
Inventories consumed	-	(1)
Gain/(Losses) on disposal of property, plant and equipment	(772)	556
Repairs and maintenance	6,849	7,163
Energy	1,764	1,824
Other operational expenses	18,272	18,386
Total other expenses	**31,084**	**31,629**

Please note that Legal and settlement fees include the costs of settlement for a number of long running legal matters.

10. CASH AND CASH EQUIVALENTS

	ACTUAL 2026 $000s	ACTUAL 2025 $000s
Cash at bank and in hand	2	1
Cash investments	-	360
Call account balances	9,249	7,703
Total cash and cash equivalents	9,251	8,064

The carrying amount of short-term deposits with maturity dates of three months or less approximates their fair value. The weighted average effective interest rate for cash and cash equivalents is 1% (2025: 1%).

Cash investments represent the cash portion of the value of the share portfolio in other financial assets.

11. TRADE AND OTHER RECEIVABLES

	ACTUAL 2026 $000s	ACTUAL 2025 $000s
Rates receivable	4,826	4,403
Metered water	89	41
Sundry debtors	2,122	1,785
Prepayments	629	267
Accrued revenue	1,259	634
	8,925	**7,130**
Less allowance for expected credit losses	214	304
Total trade and other receivables	**8,711**	**6,826**
Receivables from non-exchange transactions include outstanding amounts for rates, grants, infringements, and fees and charges that are partly subsidised by rates	5,977	5,444
Receivables from exchange transactions include outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates	2,734	1,382
The age of rates receivables overdue but not impaired are as follows:		
Arrears (> 1 year)	2,241	1,916
Current (< 1 year)	2,127	2,008
Penalties	455	479
Carrying amount	**4,823**	**4,403**
Movements in the allowance for expected credit losses are as follows:		
At 1 July	304	199
Increase/ (decrease) in provisions made during the year	(90)	105
At 30 June	**214**	**304**

Rates receivable

The Council provides specific rates receivable. Council has various powers under the Local Government (Rating) Act 2002 (LG(R)A 2002) to recover any outstanding debts. These powers allow the Council to commence legal proceedings to recover any rates that remain unpaid four months after the due date for payment. If payment has not been made within three months of the Court's judgment, then the Council can apply to the Registrar of the High Court to have the judgment enforced by sale or lease of the rating unit.

Ratepayers can apply for payment plan options in special circumstances. Where such repayment plans are in place, debts are discounted to their present value of future payments if the effect of discounting is material. The carrying amount of trade and other receivables approximates their fair value.

The Chief Executive approved the write-off of rates receivable during the year under the LG(R)A 2002 as follows:

- Section 90A: $Nil (2025: Nil)
- Section 90B: $Nil (2025: Nil)

Other receivables

The ECL rates for other receivables at 30 June 2026 are based on the payment profile of revenue on credit over the prior two years at the measurement date and the corresponding historical credit losses experienced for that period. The historical loss rates are adjusted for current and forward-looking macroeconomic factors that might affect the expected recoverability of receivables. Given the short period of credit risk exposure, the effects of macroeconomic factors are not considered significant.

12. INVENTORIES

	ACTUAL 2026 $000s	ACTUAL 2025 $000s
Reticulation repairs stock	72	72
Total Inventories	**72**	**72**

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13. OTHER ASSETS

	ACTUAL 2026 $000s	ACTUAL 2025 $000s
Current portion		
Heat swap paying providers	162	195
Corporate bonds, deposits and other fixed interests	700	-
Total current portion	**862**	**195**
Non-current portion		
Corporate bonds, deposits and other fixed interests	1,125	4,170
Share portfolio-local and overseas	-	4,584
Shared Valuation Database Systems	43	43
Civic Financial Services Limited	40	40
Heat swap paying providers	410	631
Waikato Waters Establishment Funding	4,001	-
Total non-current portion	**5,619**	**9,468**

Fair value

The shares in Civic Financial Services Limited, and Shared Valuation Database Systems are unlisted. The fair value of these unlisted shares has not been disclosed for these instruments because their fair value cannot be measured reliably. It cannot be reliably measured due to a lack of an active market and a lack of appropriate cashflow projection information for Civic Financial Services Limited. Shared Valuation Database Systems shares cannot be reliably measured due to the lack of an active market and reliable revenue stream information. Council does not intend to dispose of the unlisted shares. If they were disposed, they would be converted to cash.

The fair value of borrowers notes are $1.8m, which are included in other fixed interests.

Investment in Waikato Waters Limited

Council holds 100 Stage 1 shares in Waikato Waters Limited as at 30 June 2026. Each Stage 1 share was issued at $1.00 on incorporation. Under the Shareholders' Agreement, Stage 1 shares do not carry rights to dividends or distributions and are cancelled on the issue of Stage 2 shares following transfer of water services. Stage 2 shares are allocated based on water connections within each participating council area.

The shareholding is held for governance and ownership purposes and does not represent an investment held for financial return. At 30 June, SWDC have $4m owing from Waikato Waters for costs incurred from transition costs associated to the transfer of water assets.

Please refer to Note 26 Related Parties for further details.

Impairment

No impairment provisions were made for other assets.

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14. ASSETS HELD FOR SALE

	ACTUAL 2026 $000s	ACTUAL 2025 $000s
42-52 Logan Street Tokoroa	913	913
15-19 Maraetai Road Tokoroa	12,314	2,689
21 Maraetai Road Tokoroa	63	63
15-19 Braeside Avenue Tokoroa	1,923	1,923
Lot 2 Pukerimu Place Tokoroa	-	-
Lots 1 and 3-11 Pukerimu Place Tokoroa	660	739
2,4,6 and 10 Currie Street Tokoroa	480	480
Total assets held for sale	**16,353**	**6,807**

Assets held for sale have increased significantly during the year as a result of site improvements to 15-19 Maraetai Road.

Council has approved the sale of these properties. They are currently available for sale and being actively marketed. The completion date of the properties listed under current is expected to be 30 June 2027.

The accumulated property revaluation reserve recognised in equity for these properties at 30 June 2026 is $2,178,493 (2025: $2,048,376).

Asset Class	Cost/ Revaluation 1 $000s	Accumulated depreciation and impairment changes $000s	Carrying amount 1 July 2025 $000s	Current year additions $000s	Vested assets $000s	Current year disposals/ transfers $000s	Revaluation surplus $000s	Current year depreciation $000s	Depreciation write offs on disposals $000s	Cost/ Revaluation 30 June 2026 $000s	Accumulated depreciation and impairment charges $000s	Carrying amount 30 June 2026 $000s
Operational assets												
Heritage assets	145	-	145	-	-	-	-	-	-	145	-	145
Library collection	844	(446)	398	129	-	(91)	-	(111)	90	882	(467)	415
Buildings	33,230	(1,620)	31,610	142	-	-	-	(491)	-	33,372	(2,111)	31,261
Fixture and fittings	3,625	(2,511)	1,114	15	-	(37)	-	(258)	27	3,603	(2,742)	861
Equipment	7,084	(6,543)	541	64	-	(1)	-	(279)	2	7,147	(6,820)	327
Land	8,096	(6)	8,090	-	-	-	-	-	-	8,096	(6)	8,090
Motor vehicles	2,057	(1,093)	964	707	-	(324)	-	(400)	225	2,440	(1,268)	1,172
Other major plant	1,532	(820)	712	10	-	-	-	(125)	-	1,542	(945)	597
Total operational assets	**56,613**	**(13,039)**	**43,574**	**1,067**	**-**	**(453)**	**-**	**(1,664)**	**344**	**57,227**	**(14,359)**	**42,868**
Infrastructural assets												
Bridges	9,982	(1,820)	8,162	-	-	-	1,042	(263)	-	11,024	(2,083)	8,941
Culverts	14,722	(1,787)	12,935	92	-	-	1,826	(362)	-	16,640	(2,149)	14,491
Buildings	8,482	(426)	8,056	59	-	(15)	-	(125)	1	8,526	(550)	7,976
Land	6,389	-	6,389	-	-	-	-	-	-	6,389	-	6,389
Landfill	6,213	(3,068)	3,145	83	-	-	-	(102)	-	6,296	(3,170)	3,126
Pipes	13	(5)	8	-	-	-	-	-	-	13	(5)	8
Pumps	267	(267)	-	-	-	-	-	-	-	267	(267)	-
Roads and footpaths	330,892	(24,011)	306,881	5,172	-	(1,883)	137,874	(4,778)	1,483	472,055	(27,306)	444,749
Sewerage treatment plant and facilities	28,728	-	28,728	2,126	-	(9)	-	(1,315)	6	30,845	(1,309)	29,536
Sewerage other (includes reticulation)	30,591	-	30,591	2,764	-	(475)	-	(1,352)	381	32,880	(971)	31,909
Street furniture	1,068	(650)	418	-	-	-	5	(89)	-	1,073	(739)	334
Streetlights	6,986	(1,816)	5,170	266	-	-	(819)	(285)	-	6,433	(2,101)	4,332
Stormwater system	44,876	-	44,876	346	-	(522)	-	(1,091)	274	44,700	(817)	43,883
Water treatment plant and facilities	7,865	-	7,865	1,676	-	(12)	-	(598)	8	9,529	(590)	8,939
Water other (includes reticulation)	36,631	-	36,631	1,738	-	(1,442)	-	(1,128)	1,149	36,927	21	36,948
Total infrastructural assets	**533,705**	**(33,850)**	**499,855**	**14,322**	**-**	**(4,358)**	**139,928**	**(11,488)**	**3,302**	**683,597**	**(42,036)**	**641,561**
Restricted assets												
Other major plant	9	(7)	2	-	-	-	-	-	-	9	(7)	2
Parks and reserves	13,729	(1,168)	12,561	613	77	(289)	-	(722)	253	14,130	(1,637)	12,493
Restricted buildings	4,152	(235)	3,917	-	395	(813)	-	(60)	197	3,734	(98)	3,636
Restricted land	36,122	-	36,122	-	-	-	-	-	-	36,122	-	36,122
Total restricted assets	**54,012**	**(1,410)**	**52,602**	**613**	**472**	**(1,102)**	**-**	**(782)**	**450**	**53,995**	**(1,742)**	**52,253**
Capital work in progress	37,876	-	**37,876**	**22,367**	-	**(14,635)**	-	-	-	**45,608**	-	**45,608**
Total all assets	**682,206**	**(48,299)**	**633,907**	**38,369**	**472**	**(20,548)**	**139,928**	**(13,934)**	**4,096**	**840,427**	**(58,137)**	**782,290**

Asset Class	Cost/ Revaluation 1	Accumulated depreciation and impairment changes	Carrying amount 1 July 2024	Current year additions	Vested assets	Current year disposals/ transfers	Revaluation surplus	Current year depreciation	Depreciation write offs on disposals	Cost/ Revaluation 30 June 2025	Accumulated depreciation and impairment charges	Carrying amount 30 June 2025
	$000s	$000s	$000s	$000s	$000s	$000s	$000s	$000s	$000s	$000s	$000s	$000s
Operational assets												
Heritage assets	145	-	145	-	-	-	-	-	-	145	-	145
Library collection	761	(363)	398	119	-	(36)	-	(112)	29	844	(446)	398
Buildings	33,188	(1,137)	32,051	42	-	-	-	(483)	-	33,230	(1,620)	31,610
Fixture and fittings	3,554	(2,250)	1,304	71	-	-	-	(261)	-	3,625	(2,511)	1,114
Equipment	6,808	(6,261)	547	298	-	(22)	-	(303)	21	7,084	(6,543)	541
Land	8,547	(6)	8,541	29	-	(480)	-	-	-	8,096	(6)	8,090
Motor vehicles	2,146	(1,075)	1,071	247	-	(336)	-	(285)	267	2,057	(1,093)	964
Other major plant	1,523	(685)	838	9	-	-	-	(135)	-	1,532	(820)	712
Total operational assets	**56,672**	**(11,777)**	**44,895**	**815**	**-**	**(874)**	**-**	**(1,579)**	**317**	**56,613**	**(13,039)**	**43,574**
Infrastructural assets												
Bridges	9,982	(1,558)	8,424	-	-	-	-	(262)	-	9,982	(1,820)	8,162
Culverts	14,575	(1,426)	13,149	147	-	-	-	(361)	-	14,722	(1,787)	12,935
Buildings	8,215	(306)	7,909	494	-	(227)	-	(120)	-	8,482	(426)	8,056
Land	6,329	-	6,329	60	-	-	-	-	-	6,389	-	6,389
Landfill	6,213	(2,968)	3,245	-	-	-	-	(100)	-	6,213	(3,068)	3,145
Pipes	13	(3)	10	-	-	-	-	(2)	-	13	(5)	8
Pumps	267	(267)	-	-	-	-	-	-	-	267	(267)	-
Roads and footpaths	327,742	(19,323)	308,419	3,507	-	(357)	-	(5,017)	329	330,892	(24,011)	306,881
Sewerage treatment plant and facilities	27,515	(4,897)	22,618	5,481	-	(625)	1,732	(1,080)	602	28,728	-	28,728
Sewerage other (includes reticulation)	31,176	(5,627)	25,549	481	223	(137)	5,470	(1,108)	113	30,591	-	30,591
Street furniture	751	(626)	125	386	-	(69)	-	(91)	67	1,068	(650)	418
Streetlights	6,492	(1,535)	4,957	494	-	-	-	(281)	-	6,986	(1,816)	5,170
Stormwater system	43,146	(4,807)	38,339	744	142	(173)	6,651	(928)	101	44,876	-	44,876
Water treatment plant and facilities	8,464	(2,412)	6,052	1,517	-	(79)	713	(403)	65	7,865	-	7,865
Water other (includes reticulation)	31,274	(5,398)	25,876	3,551	82	(2,101)	8,295	(881)	1,809	36,631	-	36,631
Total infrastructural assets	**522,154**	**(51,153)**	**471,001**	**16,862**	**447**	**(3,768)**	**22,861**	**(10,634)**	**3,086**	**533,705**	**(33,850)**	**499,855**
Restricted assets												
Other major plant	9	(5)	4	-	-	-	-	(2)	-	9	(7)	2
Parks and reserves	11,252	(1,000)	10,252	2,894	23	(440)	-	(587)	419	13,729	(1,168)	12,561
Restricted buildings	4,152	(175)	3,977	-	-	-	-	(60)	-	4,152	(235)	3,917
Restricted land	36,122	-	36,122	-	-	-	-	-	-	36,122	-	36,122
Total restricted assets	**51,535**	**(1,180)**	**50,355**	**2,894**	**23**	**(440)**	**-**	**(649)**	**419**	**54,012**	**(1,410)**	**52,602**
Capital work in progress	36,453	-	**36,453**	**20,267**	-	**(18,844)**	-	-	-	**37,876**	-	**37,876**
Total all assets	**666,814**	**(64,110)**	**602,704**	**40,838**	**470**	**(23,926)**	**22,861**	**(12,862)**	**3,822**	**682,206**	**(48,299)**	**633,907**

15B. DEPRECIATION AND AMORTISATION BY GROUP ACTIVITY

	ACTUAL 2026 $000s	ACTUAL 2025 $000s
Transport and roading	5,693	5,929
Solid waste and recycling	188	182
Water supply	1,726	1,284
Wastewater	2,675	2,199
Stormwater	1,091	929
Leisure & Wellbeing	2,223	1,990
Governance	916	820
Strategy	-	-
Regulatory	3	3
Total depreciation and amortisation by group activity	**14,515**	**13,336**

The net carrying amount of property, plant and equipment held under a finance lease is $Nil; (2025 $Nil). No impairment losses have been recognised in infrastructural assets due to damage or rapid wear and tear. No compensation has been received from insurance claims for damage to motor vehicles and equipment (2025 $Nil). The closing balance of the revaluation reserve is $570,372,000 (2025 $430,507,000).

REPLACEMENT COST BY GROUP OF ACTIVITY

Network infrastructure	Most recent estimate of replacement cost $000s	Date of estimate
Roads and Footpaths	672,180	30/06/2026
Wastewater Treatment plant and facilities	46,616	30/06/2025
Wastewater - Other	105,532	30/06/2025
Water Systems Treatment plant and facilities	17,856	30/06/2025
Water Systems - Other	96,958	30/06/2025
Stormwater System	98,973	30/06/2025
Total	**1,038,115**	

16. INTANGIBLE ASSETS

	ACTUAL 2026 $000s	ACTUAL 2025 $000s
Computer Software		
Cost	2,074	3,607
Accumulated amortisation and impairment	(1,014)	(3,030)
Opening carrying amount	1,060	577
Additions/(disposals)	-	957
Amortisation charge	(582)	(474)
Closing carry amount intangible assets	**478**	**1,060**

The intangible assets included above have finite useful lives of 3- 4 years, over which the assets are amortised. These assets are amortised on a straight-line basis. Amortisation charge for the year is included in the depreciation and amortisation expense in the Statement of Comprehensive Revenue and Expense.

17. TRADE AND OTHER PAYABLES

	ACTUAL 2026 $000s	ACTUAL 2025 $000s
Sundry Creditors	5,100	4,427
Accrued expenses	1,957	2,792
Income received in advance	2,553	2,082
Total	**9,610**	**9,301**
Payables and deferred revenue under non-exchange transactions	2,477	2,150
Payables and deferred revenue under exchange transactions	7,133	7,151

Trade and other payables are non-interest bearing and are normally settled on 30-day terms. Therefore, the carrying amount of the trade and other payables approximates their fair value.

18. LANDFILL PROVISIONS

	ACTUAL 2026 $000s	ACTUAL 2025 $000s
Opening balance	**771**	**601**
Additional provision made during the year	694	281
Amounts used during the year	(179)	(89)
Unused amount revered during the year	-	-
Discount unwind	(14)	(22)
Total landfill provision	**1,272**	**771**
Presented by:		
Current provision	77	49
Non-current provision	1,195	722
Total landfill provision	**1,272**	**771**

Council is responsible for three closed landfill sites - Tīrau, Putāruru and Tokoroa. The cash outflows for landfill post-closure costs are expected to occur until 2050. The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The future cash outflows have been estimated taking into account existing technology and known changes to legal requirements. An annual inflation factor ranging from 2.00% to 2.70% (2025: 1.98% to 2.10%) has been applied in estimating the future cash outflows. Discount rates ranging from 2.97% to 5.85% (2025: 3.14% to 5.99%) have been used to discount the estimated future cash outflows. The pre discounting and pre inflation provision is $1,715,000 (2025: $1,071,000).

19. EMPLOYEE BENEFIT LIABILITIES

	ACTUAL 2026 $000s	ACTUAL 2025 $000s
Accrued Pay	9	670
Annual Leave	1,158	1,090
Long service leave	37	31
Retirement gratuities	151	142
Sick leave	306	151
Total employee benefit liabilities	**1,661**	**2,084**
Comprising		
Current	1,103	1,688
Non-current	558	396
Total employee benefit liabilities	**1,661**	**2,084**

20. BORROWINGS

	ACTUAL 2026 $000s	ACTUAL 2025 $000s
Secured loans - Current portion	36,000	9,000
Secured loans - Non-current portion	29,000	41,000
Total borrowings	**65,000**	**50,000**

Interest terms for secured loans

Council has $24 million of its total debt of $65 million issued at fixed rates of interest (2025: $10 million of $50 million). The remainder of Council's secured loans are issued at floating rates of interest. Floating rate debt interest rates is reset quarterly based on the 90-day bank bill rate plus a margin for credit risk.

The current portion of secured loans includes $21 million in loans transferred to Waikato Waters Limited.

Security

Council's secured loans have been issued in accordance with the Local Government Act 2002. The loans are secured through the debenture trust deed over all rates.

Fair values

The carrying amounts of borrowings repayable within one year approximate their fair value as the effect of discounting is not significant. Due to interest rates on debt resetting to the market rate every three months, the carrying amounts of the majority of secured loans approximates their fair value.

21. EQUITY

	ACTUAL 2026 $000s	ACTUAL 2025 $000s
Retained earnings		
Opening Balance	166,051	170,060
Net surplus/(deficit) for the year	1,726	-3,926
Transfers (to)/from:		
Property Revaluation Reserves	63	200
Restricted Reserves	-	-
Council Created Reserves	-265	-283
Investment Revaluation Reserve	6,683	-
Closing balance	**174,258**	**166,051**
Other Reserves		
Restricted Reserves		
Opening Balance	-	-
Transfers to General Equity	17,411	15,055
Transfers from General Equity	-17,411	-15,055
Closing balance	-	-
Council Created Reserves		
Opening Balance	1,147	864
Transfers to General Equity	484	383
Transfers from General Equity	-219	-100
Closing balance	**1,412**	**1,147**
Property Revaluation Reserves		
Opening Balance as previously reported	430,507	407,783
Increase/(decrease) in revaluation	139,928	22,924
Transfers to retained earnings on disposal	-63	-200
Closing balance	**570,372**	**430,507**
Represented by:		
Land (Restricted)	27,226	27,226
Land (Operational)	8,076	8,076
Buildings (Infrastructural)	765	765
Buildings (Operational)	19,549	19,549
Building (Restricted)	1,654	1,717
Parks and Reserves	5,792	5,792
Roading	400,756	260,828
Sewerage	35,761	35,761
Stormwater	35,114	35,114
Water	35,679	35,679
	570,372	**430,507**
Investment Revaluation Reserve		
Opening Balance	6,683	6,058
Valuation gains/(losses) taken to equity	-	625
Transfer to retained earnings on disposal	-6,683	-
Closing balance	-	**6,683**
Total other reserves	**571,784**	**438,337**

21A. RESERVE MOVEMENTS

	ACTUAL 1 July 2025 $000s	TRANSFERS in $000s	TRANSFERS out $000s	ACTUAL 30 June 2026 $000s
Council Created Reserves				
Riverside access	547	-	114	432
National waste levy	600	484	105	980
Total Council Created Reserves	**1,147**	**484**	**219**	**1,412**
Restricted Reserves				
Water	-	4,628	4,628	-
Wastewater	-	9,733	9,733	-
Stormwater	-	1,646	1,646	-
Refuse collection	-	1,404	1,404	-
Total other reserves	**-**	**17,411**	**17,411**	**-**

Riverside access

To use the sale proceeds from some stopped roads to open up public access to the Waikato River in the South Waikato.

National waste levy

To encourage a reduction in the amount of waste generated and disposed of in New Zealand, and to lessen the environmental harm of waste. Enabled by the Waste Minimisation Act 2008, funds are received from the Ministry of Environment and applied to waste minimisation activities and initiatives.

Restricted reserves

Ensure that the targeted rates collected for these activities from specific groups of ratepayers are used for the supply of those services.

22A. RECONCILIATION OF NET CASHFLOWS FROM OPERATING ACTIVITIES TO NET SURPLUS

	ACTUAL 2026 $000s	ACTUAL 2025 $000s
Net surplus/(deficit)	**1,726**	**(3,926)**
Add/(deduct) non-cash items		
Depreciation and amortisation of plant, property and equipment	14,515	13,336
Assets vested in Council	(479)	(470)
Loss on sale of property, plant and equipment	(772)	556
Trade and other receivables	(1,885)	(1,096)
Trade and other payables	309	(60)
Inventories	-	32
Employee benefits	(423)	149
Net cash inflow/(outflow) from operating activities	**12,991**	**8,521**

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22B. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	ACTUAL $000s
2025 Opening Balance	
Current borrowings	6,000
Non-current borrowings	38,000
Total opening balance	**44,000**
Cashflow movements - current	
Repayment of borrowings - current	(6,000)
New borrowings	9,000
Cashflow movements - non-current	-
New borrowings	3,000
Total cash movements	6,000
Non cashflow movements	-
Total movements	6,000
Closing balance	
Current borrowings	9,000
Non-current borrowings	41,000
Total closing balance	**50,000**
2026 Opening Balance	
Current borrowings	9,000
Non-current borrowings	41,000
Total opening balance	**50,000**
Cashflow movements - current	
Repayment of borrowings - current	(9,000)
New borrowings	14,000
Cashflow movements - non-current	-
New borrowings	10,000
Total cash movements	**15,000**
Non cashflow movements	-
Total movements	**15,000**
Closing balance	
Current borrowings	36,000
Non-current borrowings	29,000
Total closing balance	**65,000**

23. CAPITAL COMMITMENTS AND CONTINGENCIES

Capital commitment represents capital expenditure contracted for at balance date but not yet spent. There is $6.9m of capital commitments as at 30 June 2026 (2025: $15.65m). This relates to numerous projects across the district with the majority of the work relating to the South Waikato indoor pools upgrade, Wastewater treatment plant, stormwater upgrades and Maraetai Road Intermodal Business Park (MRIBP). This work Is currently contracted as at 30 June 2026 for the acquisition of property, plant and equipment.

Ongoing obligation relating to New Zealand Mutual Liability Riskpool scheme

South Waikato District Council previously obtained public liability and professional indemnity insurance cover as a member of the New Zealand Mutual Liability Riskpool scheme until 30 June 2017. Riskpool operated as a mutual fund where each member made an annual contribution to obtain cover, however should claims exceed contributions then calls can be made on the members of that fund year, for the shortfall amount. The scheme is in wind-down. South Waikato District Council has an on-going obligation to contribute to the scheme should a funding call be made in respect of historical claims (to the extent those claims are not covered by reinsurance or where reinsurance recovery is delayed), and to fund the on-going operations of the scheme. Ongoing litigation involving other Council members of Riskpool has introduced a high level of uncertainty about both the level of South Waikato District Council's potential financial exposure and its timing. At this stage, Riskpool cannot quantify the total potential liability associated with these matters.

Waikato Waters Limited Guarantee

Council is a guarantor of Waikato Waters Limited (WWL). WWL was established to provide drinking water and wastewater services for participating Waikato councils. To enable WWL to obtain funding through the New Zealand Local Government Funding Agency (LGFA), Council, together with the other participating councils, is required to provide support arrangements in favour of LGFA. Under the Shareholders' Agreement, no participating council is intended to ultimately be responsible for more than its agreed proportionate amount of WWL borrowings.

The Council is exposed to liquidity risk as a guarantor of WWL borrowings. The guarantee would become enforceable only if WWL failed to meet its obligations when due. Council considers the probability of default by WWL to be extremely low.

Council has assessed the expected credit losses associated with this guarantee at 30 June 2026. Based on the nature of the underlying assets, ownership arrangements and expected financial position of WWL, the estimated expected credit losses are immaterial and therefore no liability has been recognised.

New Zealand Local Government Funding Agency Limited (LGFA)

South Waikato District 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 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, the Council is one of 31 local authority shareholders and 71 local authority guarantors of the NZLGFA. 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 2026, NZLGFA had borrowings totalling $28,427m (2025: $26,338m).

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

- It is 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 raise sufficient funds to meet any debt obligations if further funds were required.

Credit Risk

The Council is exposed to credit risk as a guarantor of all NZLGFA's borrowings. Information about this exposure is explained in note 27.

Liquidity risk

The Council is exposed to liquidity risk as a guarantor of all of NZLGFA's borrowings. This guarantee becomes callable in the event of the NZLGFA failing to pay its borrowings when they fall due. Information about this exposure is explained in note 27.

24. REMUNERATION

CHIEF EXECUTIVE	ACTUAL 2026 $000s	ACTUAL 2025 $000s
Susan Law (1 July 2025 - 30 June 2026)		
Base Salary	317	299
Vehicle (market value plus FBT)	9	9
KiwiSaver Employer's Contribution	13	12
Total remuneration	**339**	**320**

Chief Executive

During the year ended 30 June 2026 the Council's Chief Executive was remunerated as disclosed.

For the year ended 30 June 2026, the total annual cost including fringe benefit tax to the South Waikato District Council of the remuneration package being received by the Chief Executive is calculated at $339,000 (2025: $320,000).

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KEY MANAGEMENT PERSONNEL

KEY MANAGEMENT PERSONNEL	ACTUAL 2026 $000s	ACTUAL 2025 $000s
Salaries and other short term employee benefits	1,060	987
Post employment benefits	-	-
Other long-term benefits	-	-
Termination benefits	-	-
Total key management personnel	**1,060**	**987**

Key management personnel

Key management personnel include the Mayor, Councillors, Chief Executive and other senior management of Council.

COUNCIL EMPLOYEES

COUNCIL EMPLOYEES	ACTUAL 2026 $000s	ACTUAL 2025 $000s
<$60,000	52	61
$60,000 - $79,999	29	35
$80,000 - $99,999	45	42
$100,000 - $119,999	25	30
$120,000 - $139,999	15	7
$140,000 - $159,999	4	7
$160,000 - $179,999	8	1
$180,000 - $199,999	2	-
$200,000 - $219,999	-	2
$220,000 - $239,999	-	1
$240,000 - $259,999	3	-
$260,000>	1	1
Total employees	**184**	**187**

Council Employees

Total annual remuneration by band for employees as at 30 June 2026:

Total remuneration includes non-financial benefits provided to employees. At balance date, the Council employed 136 fulltime employees (2025: 133), with the balance of staff representing 24.47 (2025: 23.06) fulltime equivalent employees. A fulltime employee is determined on the basis of a 37.5 or 40 hour working week (depending on their start date).

Please note the comparative values for 2025 have been updated to reflect the 2026 updated remuneration brackets.

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25. ELECTED MEMBERS' REMUNERATION

	ACTUAL 2026 $000s	ACTUAL 2025 $000s
Mayor and Councillors		
Stephen Petley (Mayor)	149	139
William Machen	18	54
Hamish Daine (Deputy Mayor to 16 October 2025)	21	60
Marie Farrell	15	44
Rebekah Garner	-	31
Zeljko Latinovic	31	-
Thomas Lee	58	54
Ani Lipscombe	31	-
Johannes Nelis	15	46
Kerry Purdy	46	44
David Shaw	31	-
Maria Te Kanawa (Deputy Mayor from 29 October 2025)	60	44
Josiah Teokotai	58	52
Michael Thomas	31	-
Elvisa Van der Leden	31	-
Sandra Wallace	54	44
Total Councillors	**649**	**612**
Community Board Members		
Gaby Bond	1	4
Christopher Hunt	3	-
Fiona Lent	3	-
Graham Singers	7	4
Mandeep Singh	3	-
Kevin Slater	1	4
Jessica Wanden	2	7
Total Community Board members	**20**	**19**

Elected representatives

The monetary and non-monetary remuneration above was paid to Councillors and Community Board representatives during the year. Monetary remuneration excludes payment of non-taxable allowances which are considered reimbursement of actual expenses incurred.

26. RELATED PARTIES

Related party transactions should be disclosed when they are other than that which would occur within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those which it is reasonable to expect the entity would have adopted if dealing with that individual or entity at arm's length in the same circumstances.

Waikato Waters Limited

Waikato Waters Limited is a related party of Council as Council is a shareholder and participant in the governance arrangements established under the Shareholders' Agreement. During the year Council incurred costs and received funding relating to the establishment and transition of WWL.

Transactions were undertaken on normal commercial terms and in accordance with the Shareholders' Agreement, Water Services Delivery Plan and Transfer Agreement.

At 30 June 2026 Council had receivables due from WWL arising from establishment funding, transition costs and transfer activities totalling $4.001m. Relevant balances are disclosed in the financial statements.

27. FINANCIAL INSTRUMENTS

	Note	ACTUAL 2026 $000s	ACTUAL 2025 $000s
Financial assets			
Fair value through surplus or deficit			
Derivative financial instrument assets	28	133	394
Total fair value through surplus or deficit		**133**	**394**
Amortised cost			
Cash and cash equivalents	10	9,251	8,064
Trade and other receivables	11	6,823	5,925
Other financial assets:			
Waikato Waters Establishment Fund	26	4,001	-
Sundry loans	13	572	826
Total amortised cost		**20,647**	**14,815**
FVTOCRE			
Other financial assets:			
Bonds, deposits and other fixed interests	13	1,825	4,170
Unlisted shares	13	83	83
Listed shares	13	-	4,584
Total FVTOCRE		**1,908**	**8,837**

FINANCIAL INSTRUMENTS

	Note	ACTUAL 2026 $000s	ACTUAL 2025 $000s
Financial liabilities			
Fair value through surplus or deficit			
Derivative financial instrument liabilities	28	184	249
Total fair value through surplus or deficit		**184**	**249**
Financial liabilities at amortised cost			
Trade and other payables	17	5,100	4,427
Secured loans	20	65,000	50,000
Total financial liabilities at amortised cost		**70,100**	**54,427**

Fair values hierarchy disclosures

For those instruments recognised at fair value in the balance sheet, fair values are determined according to the following hierarchy.

Quoted market price (level 1) - financial instruments with quoted prices for identical instruments in active markets.

Valuation technique using observable inputs (level 2) - financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in active markets and financial instruments valued using models where all significant inputs are observable. Valuation techniques with significant non-observable inputs (level 3) - financial instruments valued using models where one or more significant inputs are not observables. The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the statement of financial position.

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the statement of financial position.

FINANCIAL INSTRUMENTS

	Total	Quoted Market Price $000 Level 1	Observable Inputs $000 Level 2	Significant non-observable input $000 Level 3
30 June 2026				
Financial assets				
General Funds				
Bank security bonds (AA-)	-	-	-	-
Corporate bonds (BBB+ to AA-)	-	-	-	-
Local Government bonds (A to AA)	-	-	-	-
NZ Government Bonds (AA+)	-	-	-	-
International bonds (not rated)	-	-	-	-
30 June 2025				
Financial assets				
General Funds				
Bank Security bonds (AA-)	108	108	-	-
Corporate bonds (BBB+ to AA-)	1,523	1,523	-	-
Local Government bonds (A to AA)	17	17	-	-
NZ Government Bonds (AA+)	440	440	-	-
International bonds (not rated)	5,116	5,116	-	-

There were no transfers between the different levels of the fair value hierarchy.

Financial instruments risks

The Council's activities expose it to a variety of financial instrument risks, including market risk, credit risk, and liquidity risk. The Council has a series of policies to manage the risks associated with financial instruments and seeks to minimise exposure from its treasury activities. The Council has established Council-approved Liability Management and Investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market

prices. Council is exposed to price risk on its equity and bond investments, which are classified as fair value through other comprehensive revenue and expense (FVTOCRE).
The price risk is managed by diversification of Council investment portfolio in accordance with the limits set out in Council Investment policy.

Currency risk

Currency risk is the risk that cash flows relating to certain forecast transactions or firm commitments will fluctuate. Council is managing this risk through forward foreign exchange contracts.

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of financial instruments will fluctuate because of changes in market interest rates. Borrowing and investment at fixed interest rates expose Council to fair value interest rate risk. Council can also use interest rate derivatives such as interest rate swaps and options to manage interest rate risks when the need arises. Interest rates on borrowings are subject to quarterly repricing.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of financial instruments will fluctuate because of changes in floating interest rates and borrowings. Council is exposed to cash flow interest rate risk on cash and cash equivalents.

Generally, the Council raises long-term borrowings at floating rates. The Council uses interest rate swaps to manage borrowing costs and mitigate interest rate risk. Interest rate swaps have the economic effect of converting borrowings at floating rates into fixed rates that are generally lower than those available if the Council borrowed at fixed rates directly. Under the interest rate swaps, the Council agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

Sensitivity analysis

The table below illustrates the potential surplus or deficit and equity (excluding retained earnings) impact for reasonably possible market movement, with all other variables held constant, based on Council's financial instruments exposures at the balance date. The particular sensitivities chosen for the analysis reflect the actual movements that occurred in the relevant immediately preceding financial year.

Sensitive analysis	Note	2026 $000s				2025 $000s			
Interest rate risk		**Surplus**	**Other Equity**	**Surplus**	**Other Equity**	**Surplus**	**Other Equity**	**Surplus**	**Other Equity**
Financial assets			0.5%		(0.5%)		0.5%		(0.5%)
NZ fixed interest bonds			-		-		3		(3)
Financial liabilities		0.3%		(0.3%)		0.3%		(0.3%)	
Borrowings		195		(195)		150		(150)	
Foreign exchange risk		**Surplus**	**Other Equity**	**Surplus**	**Other Equity**	**Surplus**	**Other Equity**	**Surplus**	**Other Equity**
Financial assets			0.5%		(0.5%)		0.5%		(0.5%)
International fixed interest bonds			-		-		10		(10)
International equity			-		-		16		(16)
Australasian equity			-		-		7		(7)
International cash			10%		(10)		10%		(10%)
US dollar denominated cash			-		-		-		-
Price risk		**Surplus**	**Other Equity**	**Surplus**	**Other Equity**	**Surplus**	**Other Equity**	**Surplus**	**Other Equity**
Financial assets			5.0%		(5.0%)		5.0%		(5.0%)
NZ equity investments			-		-		-		-
NZ property investments			-		-		-		-
International equity investments			-		-		158		(158)
Australasian equity investments			-		-		72		(72)

Explanation of interest rate risk sensitivity

The interest rate sensitivity is based on a reasonably possible movement in interest rates, with all other variables held constant, measured as a percentage movement in interest rate. We have used the following sensitivity measures for the categories exposed to this risk:

- Financial assets +/- 0.50%
- Financial liabilities +/- 0.25%

Explanation of foreign exchange risk sensitivity

The foreign exchange rate sensitivity is based on a reasonably possible movement in foreign exchange rates, with all other variables held constant, measured as a percentage movement in foreign exchange rate. We have used the following sensitivity measures for the categories exposed to this risk:

- Financial assets +/- 0.50%

Explanation of equity price risk sensitivity

The equity price sensitivity is based on a reasonably possible movement in listed equity prices, with all other variables held constant, measured as a percentage movement in listed equity prices. We have used the following sensitivity measures for the categories exposed to this risk:

- Financial assets +/- 5.00%

Credit Risk

Credit risk is the risk that a third party will default on its obligations to Council, causing Council to incur a loss. Council has no significant concentration of credit risk, as it has a large number of credit customers, mainly ratepayers, and Council has powers under the Local Government (Rating) Act 2022 to recover outstanding debts from ratepayers. Investments are also well diversified across a wide range of companies and industries. Accordingly, Council does not require any collateral or security. The maximum exposure to credit risk is equal to the carrying amount of all financial assets subject to credit risk.

Credit quality financial assets

The credit quality of financial assets that are neither past due nor impaired are assessed by reference to Standard and Poor's or other recognised credit ratings, or historical information about counterparty default rates:

FINANCIAL INSTRUMENTS

	ACTUAL 2026 $000s	ACTUAL 2025 $000s
Cash and cash equivalents:		
Cash and short-term deposits	9,251	8,064
Total cash and cash equivalents	**9,251**	**8,064**
General Funds:		
Sundry corporate and government securities	-	1,523
Bank security bonds	-	108
Local Government Bonds	-	17
NZ Government Bonds	-	440
International Bonds (Not rated)	-	5,116
Total general fund bonds	**-**	**7,204**

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

Liquidity risk

Management of liquidity risk

Liquidity risk is the risk that Council will encounter difficulty raising funds to meet commitments as they fall due. Prudent liquidity management implies maintaining sufficient cash, the ability to close out market positions and having committed credit facilities.

The Council measures its liquidity requirements in accordance with its Liability Management Policy and Treasury Management Policy. In meeting its liquidity requirements, Council maintains access to sufficient cash reserves to meet the minimum policy covenants and also is able to close out equity investments if required. The Local Government Funding Agency also provides ready access to funding.

Fair value

Contractual maturity analysis of financial liabilities

The table below analyses financial liabilities (excluding derivatives) into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. Future interest rates on floating rate debt are based on the floating rate on the instrument at balance date. The amounts disclosed are the contractual undiscounted cash flows and include interest payments.

FINANCIAL INSTRUMENTS

	Carrying amount $000s	Contractual Cashflows $000s	Less than 1 years $000s	2 - 5 years $000s	More than 5 years $000s
30-Jun-26					
Trade and other payables	5,100	5,100	5,100	-	-
Net settled derivative liabilities	184	197	54	141	2
Borrowings	65,000	69,667	39,054	30,613	-
Total	**70,284**	**74,964**	**44,208**	**30,754**	**2**
30-Jun-25					
Trade and other payables	4,427	4,427	4,427	-	-
Net settled derivative liabilities	249	311	90	197	24
Borrowings	50,000	55,780	11,045	44,735	-
Total	**54,676**	**60,518**	**15,562**	**44,932**	**24**

Contractual maturity analysis of financial assets

The table below analyses financial assets into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows and include interest receipts.

FINANCIAL INSTRUMENTS

	Contractual Cashflows $000s	Less than 1 years $000s	2 - 5 years $000s	More than 5 years $000s
30 June 2026				
Cash and cash equivalents	9,251	9,251	-	-
Trade and other receivables	6,823	6,823	-	-
Net settled derivative assets	133	112	21	-
Sundry loans	572	572	-	-
Bonds, deposits and other fixed interest	1,825	700	1,125	-
Unlisted shares	83	-	-	83
Listed shares	-	-	-	-
Total	**18,687**	**17,458**	**1,146**	**83**
30 June 2025				
Cash and cash equivalents	8,064	8,064	-	-
Trade and other receivables	5,925	5,925	-	-
Net settled derivative assets	394	199	195	-
Sundry loans	826	826	-	-
Bonds, deposits and other fixed interest	4,170	4,170	-	-
Unlisted shares	83	-	-	83
Listed shares	4,584	-	-	4,584
Total	**24,046**	**19,184**	**195**	**4,667**

28. DERIVATIVE FINANCIAL INSTRUMENTS

	ACTUAL 2026 $000s	ACTUAL 2025 $000s
Current asset portion		
Interest rate swaps	112	199
Total Current asset portion	**112**	**199**
Non-current asset portion		
Interest rate swaps	21	195
Total non-current asset portion	**21**	**195**
Total derivative financial instrument assets	**133**	**394**
Current liability portion		
Interest rate swaps	45	157
Total current liability portion	**45**	**157**
Non-current liability portion		
Interest rate swaps	139	92
Total non-current liability portion	**139**	**92**
Total derivative financial instrument Liabilities	**184**	**249**

The fair values of interest rate swaps have been determined by calculating the expected future cash flows 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 fair values of discounted cash flows valuation technique based on quoted market prices. The inputs into the valuation model are from independently sourced market parameters such as currency rates. Most market parameters are implied from instrument prices.
The notional principal amounts of the outstanding interest rate swap contracts for the Council was $38 million (2025 $48 million).

At 30 June 2026 the fixed interest rates of fair value interest rate swaps ranged from 1.49% to 4.05% (2025 1.49% to 4.05%). The Council has no fair value hedges.

29. OPERATING LEASE AS LESSOR

	ACTUAL 2026 $000s	ACTUAL 2025 $000s
Not later than one year	233	224
Later than one year and not later than five years	529	725
Later than five years	712	608
Non-current asset portion	**1,474**	**1,557**

Council leases its operational properties under operating leases. The great majority of these leases have a non-cancellable term that ranges between one and thirty years. The future aggregate minimum lease payments to be collected under non-cancellable leases are as follows: No contingent rents have been recognised in the surplus and deficit during the period (2025: $nil).

30. INSURANCE CONTRACTS

South Waikato District Council is part of a regional collective of local authorities for insurance purposes. Through the collective economies of scale Council has access to the better process and cover.
As at the end of the financial year, Council had the following insurance cover in place:

- Material damage excluding fire - $150,000,000.
- Material damage fire only - $125,000,000.

Council's Material Damage cover is based on a Maximum Probable Loss model (MPL) which means that its assets are insured for the value of the largest probable loss that could result from a disaster in the South Waikato. Council is insured within a $150 million primary layer which is shared between the Regional collective. A separate policy is in place which is shared by the Regional collective which provides cover for damage that is caused by fire, or fire following a natural disaster, with SWDC limit being $30 million.

Commercial motor vehicles

Motor insurance up to the market value of each individual vehicle.

Infrastructure

Based on risk engineering and loss modelling for the Waikato hazard scape a $300 million shared loss limit is in place with the Regional collective. Each council then has its own sublimit in place based on their individual exposures. SWDC loss limit is $50m. Insurance is to the level of 40% in anticipation of 60% contribution from central government in the event of a disaster.

Business interruption

A shared $10 million Additional Increased Cost of Working limit with the Regional collective and provides cover for consequential loss through the physical damage to any property used by Council. There is also an additional $2.5 million claim preparation costs cover associated with this contract.

Professional indemnity - $15,000,000

Primary layer individual to Council and a $145,000,000 excess layer obtained through London shared across 45 councils.

Public liability - $15,000,000

Primary layer individual to Council and a $145,000,000 excess layer obtained through London share across 45 councils.

Other cover included:

- Employers' liability - $1,000,000
- Statutory liability - $1,000,000
- crime - $2,000,000
- Cyber - $1,000,000
- Airport owners and operators - $10,000,000

31. MAJOR BUDGET VARIATIONS

Statement of comprehensive revenue and expense

Fees and charges were $414k higher than expected, driven by an increased number of Land Information Memoranda (LIM) applications, higher building consent fees and levies, a boost in trade waste income, and transfer station fees.

An additional $914k in development and financial contributions reflects increased growth across the district, primarily driven by applications received for new lots and other property developments.

Finance and other revenue is performing above budget, largely driven by realised gains from the BNZ

Wealthnet portfolio, higher vested assets (assets transferred or donated to Council at no cost), including a $73k contribution from the Ministry of Business, Innovation and Employment (MBIE) toward the Arapuni Retaining Wall replacement within Parks and Reserves and $395k for A & P Building at 37 Mossop Road, Tokoroa
Other expenses were $552k higher than budget. This variance was driven by a range of factors, including increased litter disposal and operational costs at the transfer station, higher roading maintenance expenditure associated with vegetation control requirements, and remediation works following weather-related landslides across the district. Additional expenditure included $101k for event delivery and $96k for the demolition and removal of the former Pirates Clubrooms at Mossop Road, Tokoroa.

These additional costs were partially offset by savings of $324k in wastewater treatment plant operations due to efficient plant performance, and $545k lower expenditure on roading operations. Further underspends included $241k on district plan activities and $740k on wastewater treatment chemicals across the district, primarily due to the timing of planned activities not aligning with the anticipated budget profile.

Statement of Financial Position
Other reserves are higher than expected. This is mainly due to the increase in the property revaluation reserve as a result of Roading revaluation undertaken in 2025-26 and a significant increase in the restricted and council created reserves. An additional $484k was received during the year for the national waste levy programme but were not utilised for waste minimisation projects as expected, instead they have been held for future use.

Property, plant and equipment and current assets held for sale are higher than expected, showing the effect of Roading assets revaluation outcome along with a capital expenditure programme lagging behind what was expected to be done. The lagging capital expenditure programme is reflected in the lower-than-expected borrowings.

The $5 million reduction in other assets reflects the realisation of investments held in the BNZ WealthNet Portfolio.

The uplift in value of Current Assets is driven by the movement in Assets Held For Sale. This is primarily because of the site improvements to the 15-19 Maraetai Road, Tokoroa development which added $9.625m to the carrying value.

Statement of cashflows
Purchase of property, plant and equipment is lower than budget due to capital programme delivery capabilities by contractors. Cash and cash equivalents at balance date were $3 million below budget, primarily due to lower-than-expected investment returns and decrease in cash at the bank due to the timing of payments from customers prior to the balance date.

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32. CAPITAL MANAGEMENT

Council's capital is its equity (or ratepayers' funds), which comprise retained earnings and reserves. Equity is represented by net assets.
The Local Government Act 2022 (the Act) 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. Ratepayer's 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 Act and applied by Council. Intergenerational equity requires today's rate payers to meet the costs of utilising Council's assets and not expecting them to meet the full cost of long-term assets that will benefit ratepayers in future generations. Additionally, 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 Act requires 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 Act sets out the factors that 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 funding and financial policies in Council's LTP.
The South Waikato District Council has the following reserves:

- Reserves for different areas of benefit
- Self-insurance reserves
- Trust reserves
- Other reserves

Reserves for different areas of benefits are used where there is a discrete set of rate or levy payers as distinct from the general rate. Any surplus or deficit relating to these separate areas of benefit is applied to the specific reserves.

Trust reserves are set up where Council has been donated funds that are restricted for particular purposes. Interest is added to trust reserves where applicable, and deductions are made where funds have been used for the purpose they were donated. Other reserves are created to set aside funding from general rates for future expenditure on specific projects or activities as approved by Council. Council categorises self-insurance reserves and other reserves as "Council Created Reserves", while the others are categorised as "Restricted Reserves" (refer Note 21).

33. SIMPLIFYING LOCAL GOVERNMENT REFORM

Following balance date, the Government continued its programme to simplify local government arrangements. The reform programme includes a Head Start pathway under which groups of councils may submit proposals for the establishment of new unitary authorities, alongside a future backstop process for regional reorganisation. The outcome, scope and timing of these reforms remain uncertain.

On 30 July 2026, South Waikato District Council resolved to participate in the preparation and submission of a Western Waikato Head Start proposal, based on a Waikato River catchment model, and to work with other participating councils on the development of the proposal. The Western Waikato proposal was identified by Council as its preferred option for influencing future local government arrangements.

The Government announced on 24 September that Cabinet is expected to consider these proposals in early 2027. If the proposals are endorsed by Cabinet, they will be developed in detail and considered for final approval later in 2027, with Head Start changes intended to be in place ahead of the 2028 local government elections.

As a result, there remains significant uncertainty regarding whether any proposed reorganisation will proceed, its final form, the councils that may be affected, and the timing of implementation. No adjustments have been made to these financial statements in relation to the proposed reforms because the outcome cannot presently be determined.

The financial statements have been prepared on a going concern basis. Council continues to operate as a separate legal entity and deliver its services as normal while the Government considers the future structure of local government and any associated legislative changes.

34. EVENTS AFTER BALANCE DATE: TRANSFER OF DRINKING WATER AND WASTEWATER SERVICES TO WAIKATO WATERS LIMITED

On 1 July 2026, Council completed the transfer of its drinking water and wastewater operations to Waikato Waters Limited (WWL), a multi-council water services council-controlled organisation established under the Local Water Done Well reforms. WWL is jointly owned by six participating councils and has been established to provide drinking water and wastewater services on behalf of those councils. Stormwater services were excluded from the transfer and remain the responsibility of Council. WWL is governed by an independent Board, with shareholder oversight exercised through the Shareholder Representative Forum in accordance with the Constitution and Shareholders' Agreement.

Initially, 100 $1 shares were issued to Council, the fair value of these stage one shares cannot be reliably determined at balance date. On transfer date of the 1 July 2026 the initial shares were cancelled and replaced with stage two shares, issued proportionate to councils' number of connections and these shares carry voting rights. Council was issued with 17 shares, 4.8% of total shares on issue. This shareholding proportion has subsequently increased to 6.2% as of 1 October 2026 but is not expected to change further as part of the washup calculations to take place in November 2026.

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.

At 30 June 2026, all drinking water and wastewater assets, liabilities, employees, contracts and operational responsibilities remained under Council ownership and control and are therefore recognised in these financial statements. Water supply and wastewater assets recognised by Council at 30 June 2026 had carrying values of approximately $45.9 million and $61.4 million respectively, together with associated capital work in progress, inventories and working capital balances.

Under the Transfer Agreement, specified drinking water and wastewater assets, liabilities and operational responsibilities transferred to WWL from 1 July 2026. As part of the transfer arrangements, borrowings of $21.0 million were novated to WWL. The transfer also included infrastructure assets, selected contracts, regulatory obligations, resource consent responsibilities and employees whose primary responsibilities related to the delivery of drinking water and wastewater services. Council held a receivable of $4.001 million at 30

June 2026 relating to Waikato Waters establishment funding, which forms part of the agreed transition and settlement arrangements. Council also held 100 Stage 1 shares in WWL and, following completion of the transfer, became entitled to receive Stage 2 shares allocated under the agreed water connection methodology contained within the Shareholders' Agreement.

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 is expected to 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 2026/27 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.

The sources and applications of funding in relation to wastewater and water supply service operations for the year ended 30 June 2026 are included in the funding impact statements on pages:
- Wastewater page 40
- Water supply page 37

The establishment of WWL has required Council to incur costs associated with governance establishment, legal and financial advisory services, programme management, transition planning, employee transfer activities, systems implementation and other readiness work. In addition, Council will continue to provide certain transitional customer, billing and administrative services to WWL for a defined period following transfer to support continuity of service delivery to customers. During this period, water and wastewater customers will continue to experience minimal operational change while new arrangements are embedded.

The transfer occurred after balance date and therefore represents a non-adjusting event under PBE IPSAS 14. Accordingly, no transferred assets, liabilities, borrowings or ownership interests have been de-recognised or recognised in these financial statements as at 30 June 2026. The final settlement amount, debt allocation adjustments, ownership interests, transfer values and other post-completion reconciliations continue to be finalised in accordance with the Transfer Agreement. Future financial statements will reflect the completed transfer, including derecognition of transferred water and wastewater assets and liabilities, recognition of Council's ongoing ownership interests in WWL, and any associated intangible assets or other balances arising from the final settlement process. While WWL is expected to provide long-term benefits through regional collaboration, improved resilience, enhanced access to capital and regulatory compliance, there remains uncertainty regarding the final financial impacts of the transfer until all settlement and post-completion processes have been concluded.

Deloitte. for Identification

INDEPENDENT AUDITOR'S REPORT

Pūrongo a te kaiarotake

The Audit Office
Te Mana Arotake

Independent Auditor's Report

To the readers of the annual report of South Waikato District Council for the year ended 30 June 2026

The Auditor-General is the auditor of South Waikato District Council (the Council. The Auditor-General has appointed me, Matt Laing, using the staff and resources of Deloitte Limited, to carry out the audit on his behalf.

We have audited the information in the annual report of the Council that we are required to audit in accordance with the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the Council has complied with the requirements of Schedule 10 of the Act (Schedule 10) that apply to the annual report; and

- the completeness and accuracy of the Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014 (the Regulations).

We refer to this information as "the disclosure requirements" in our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 79 to 82 and 84 to 143 present fairly, in all material respects, the Council's financial position as at 30 June 2026, and the results of the operations and cash flows for the year ended on that date, in accordance with Public Benefit Entity Standards;

- the statement of service performance for the year ended 30 June 2026 on pages 60 to 68:

- is appropriate and meaningful and prepared in accordance with the Council's measurement bases or evaluation methods and Public Benefit Entity Standards; and

- presents fairly, in all material respects, the Council's actual levels of service for each group of activities, including the levels of service achieved compared with the intended levels of service, whether any intended changes to levels of service were achieved, and the reasons for any significant variation between the levels of service achieved and the intended levels of service.

- the funding impact statement for the year ended 30 June 2026 on page 83 has been prepared, in all material respects, in accordance with clause 30 of Schedule 10;

- the funding impact statements for each group of activities for the year ended 30 June 2026 on pages 29 to 57 have been prepared, in all material respects, in accordance with clause 26 of Schedule 10; and

- the statements comparing actual capital expenditure to budgeted capital expenditure for each group of activities for the year ended 30 June 2026 on pages 29 to 57, have been prepared, in all material respects, in accordance with clause 24 of Schedule 10.

Report on the disclosure requirements

We report that:

- the Council has complied with the information disclosure requirements of Part 3 of Schedule 10 for the year ended 30 June 2026, and

- the Council's disclosures about its performance against benchmarks required by Part 2 of the Regulations for the year ended 30 June 2026 are complete and accurate.

Emphasis of matter: Simplifying Local Government reform

The government has announced it wants to simplify local government, including reducing the number of local authorities by amalgamations within regions. As described in note 33, the council is part of an amalgamation proposal under the Head Start pathway which may, if approved, be implemented before the 2028 local elections. The eventual outcome for the council is dependent on future cabinet decisions and enactment of enabling legislation. Because of the significant uncertainty about the outcome and timing of any future reorganisation, the financial statements have continued to be prepared on a going concern basis. Our opinion is not modified in respect of this matter.

Basis for our opinion on the audited information and the disclosure requirements

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards, the International Standards on Auditing (New Zealand), and New Zealand Auditing Standard 1 (Revised): *The Audit of Service Performance Information* issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the *Responsibilities of the auditor for the audited information and the disclosure requirements* section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information and our report on the disclosure requirements.

Responsibilities of the Council for the audited information and the disclosure requirements

The Council is responsible for preparing the audited information and the disclosure requirements in accordance with the Act. The Council's responsibilities include the preparation and fair presentation of the financial statements and service performance information in accordance with Public Benefit Entity Standards.

This includes:

- the selection of elements/aspects of service performance, performance measures and/or descriptions, and measurement bases or evaluation methods to enable the presentation of service performance information that is appropriate and meaningful; and

- the preparation of a statement of service provision, in accordance with the Council's measurement bases or evaluation methods, that provides an appropriate and meaningful basis to enable readers to assess what has been achieved for the year.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the audited information and the disclosure requirements that are free from misstatement, whether due to fraud or error.

In preparing the audited information and the disclosure requirements the Council is responsible for assessing the Council's ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the Council or there is no realistic alternative but to do so.

The Council's responsibilities arise under the Act and the Regulations.

Responsibilities of the auditor

Responsibilities for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the Council's Annual plan or Long-term plan as applicable.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.

- We evaluate whether the selection of elements/aspects of service performance, performance measures and/or descriptions and measurement bases or evaluation methods present an appropriate and meaningful assessment of the Council's service performance.

- We evaluate whether the service performance information is prepared in accordance with the Council's measurement bases or evaluation methods, and presents fairly, in all

material respects, in accordance with Public Benefit Entity Standards, the actual service performance achieved compared with the intended levels of service.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Council to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the information we audited or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Council to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Responsibilities for the disclosure requirements

Our objective is to provide reasonable assurance about whether the Council has complied with the disclosure requirements. To assess whether the Council has met the disclosure requirements we undertake work to confirm that:

- the Council has made all of the disclosures required by Part 3 of Schedule 10 to the Act and Part 2 of the Regulations; and

- the disclosures required by Part 2 of the Regulations accurately reflect information drawn from the audited information and, where applicable, the Council's long-term plan and annual plans.

Our responsibilities for the audited information and for the disclosure requirements arise from the Act and the Public Audit Act 2001.

Other information

The Council is responsible for the other information included in the annual report. The other information comprises all the information included in the annual report other than the audited information and the disclosure requirements, and our auditor's report thereon.

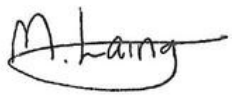
Our opinion on the audited information and our report on the disclosure requirements do not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the audited information and our report on the disclosure requirements, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the Council in accordance with the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* as applicable for audits of public interest entities issued by the New Zealand Auditing and Assurance Standards Board.

Other than the statutory audit and our report on the disclosure requirements, including the audit of the long term plan and assurance services related to Trustee Reporting, we have no relationship with, or interests in, the Council.



Matt Laing, Partner
for Deloitte Limited
On behalf of the Auditor-General
Hamilton, New Zealand
29 October 2026

South Waikato District Council

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